

EUREKO

2010 HALF YEAR REPORT



**Board Report**

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**Condensed Consolidated Interim Financial Statements**

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## SOLID RESULTS CONTINUED, COMPLEXITY REDUCTION ON TRACK

With its large share of the competitive Dutch insurance market, we are facing a number of challenges in the current economic climate which demanded our undivided attention in the past half-year. Streamlining and further integrating of the group and reducing our costs are the main themes in forming our internal operations. Our aim is to offer our customers relevant insurance products that provide continuity when misfortune occurs. While better customer focus is a priority for the group, we ensure that we also take into account the interests of our other stakeholders: our staff, our shareholders and our business partners. The first half of 2010 was also influenced by balancing these interests so that we can evolve into a unified insurer with strong brands, which works with its distribution partners to respond more effectively to the customer's needs, while continuing to take our responsibilities as a good employer.

### Financial results

We ended the first half of 2010 with a good net profit of €864 million, a significant increase compared to the figure of €115 million for the same period last year. The settlement with the Polish government in respect of insurer PZU S.A. (PZU) was a major factor in this increase, but even without it our net profit would have been slightly higher than last year. There was also a modest increase in total premium income in the first half-year, to just over €10.7 billion. Higher premium income from Health and Non-life business was offset by lower premium income from Life business. Total equity and the solvency ratio, important measures of financial strength, continued to improve over the reporting period, reflecting further progress in Eureko's financial position.

### Efficiency and customer focus

Despite the limited growth in the market, there are enough opportunities to maintain our profitability, not least by raising operational efficiency and reducing costs. Our cost-reduction programmes progressed as planned in the first half-year, yielding economies of scale.

We continued in the first half of 2010 to implement the measures we had previously announced. The proposed reduction of 2,500 full-time equivalents is proceeding as planned and, by the end of the period, we had achieved a reduction of some 1,900 FTEs, with few compulsory redundancies.

The customer-driven efficiency programme and the 'Together Cost-Aware' cost-reduction programme together achieved a structural reduction in operating expenses of €77 million in the first half of the year. This, together with earlier achieved savings, brings us close to our previously announced target of a structural reduction in operating costs of €300 million. It should be noted that substantial operating costs were incurred in the first half of 2010 in connection with investments in the installation of a group-wide IT infrastructure. We are going to start on integrating Agis and our health insurance operations, to create one new integrated Achmea health operation. Progress has also been made in integrating the back offices in our other main business domains: Non-life and Life.

### Europe

Eureko Sigorta in Turkey, Interamerican in Greece and Oranta in Russia, which are the focus markets in our international strategy, delivered good performances. Eureko Sigorta and Oranta reported better operating results and Interamerican achieved satisfactory results given the difficult market circumstances.

During the reporting period we completed the sale of Interlife in Cyprus and announced the sale of Avéro Insurance Belgium in July 2010. These initiatives are consistent with our strategy of focusing on countries where we can achieve economies of scale and pursue our core business model in Europe: Non-life, Health and Income Protection products sold via the direct and bank channels.

### Trust

Our customers want good insurance at a reasonable price, with insurance policies that are easy to understand and deliver what they promise. In most cases that is what the customer gets, but the public debate on unit-linked insurance is still overshadowing the insurance market. Restoring trust, among both policyholders and future customers, is therefore a priority. That is why we support sector-wide initiatives, such as a trustmark for insurance companies and compensation for overly expensive unit-linked insurance policies. But we go further than that, for example in 2009 we started developing a set of standards for all our insurance policies. We made a start in the first half of the year and will continue this work in the second.

**Outlook**

The emphasis in 2010 will continue to be on reducing cost and complexity, to enable our strong brands to offer relevant, easily understandable and affordable insurance products. We shall continue to implement our group-wide customer-driven efficiency programme. The role of Life insurance in our product portfolio is as relevant as ever, but our Life business has been under pressure for some time, chiefly from the growth in bank savings (banksparen) schemes. Rising life expectancy may have an adverse effect on the results of our Life business.

In the second half of 2010, we will also be paying close attention to the imminent political decision on privatisation of a part of the Work and Income (Ability to Work) Act (WIA). Its execution can be done more efficiently and that is why we are in favour of full privatisation of the Reintegration Scheme for the Partially Disabled (WGA). We have the expertise to assist employers and employees with disability and reintegration and we can do it more efficiently.

Achmea, Eureko's Dutch subsidiary, has won another award this year as a top employer, even in difficult times when we have no choice but to let people go. Creating the right working environment which enables our staff to reach their full potential is still our goal.

**UNCERTAINTIES IN H2 2010**

As at 30 June 2010 Eureko faces several uncertainties that may affect 2010's second half performance and net profit.

**Health insurance**

Uncertainties in the health insurance industry remain and can still have a significant impact on the performance of Eureko's Health insurance activities. Despite the second final settlement for over/under financing for the claim year 2006, the College for Zorgverzekeringen (CVZ) has decided to reopen this settlement following an appeal.

**Longevity**

People are living longer. This trend towards greater life expectancy can impact life insurance liabilities. New life expectancy tables are expected from the Dutch Association of Actuaries in the second half of 2010. They may have a significant impact on life insurance liabilities and net income in the second half of the year.

**Summer storms and major fires**

In July 2010, the Netherlands was hit by several severe storms that caused significant damage to private and corporate property and greenhouses. Total claims related to these recent summer storms are currently estimated at an amount of €60 million, net of reinsurance and before taxation. In addition to storms, our Non-Life business faced some severe fire claims in the corporate segment. Preliminary estimates show additional claims (including the effects of reinsurance) of over €10 million (before tax).

**Foreign exchange rate exposure**

Eureko hedges the foreign exchange risk in its equity investment portfolio through foreign exchange derivative contracts. The equity investment portfolio is primarily classified as an available for sale portfolio, with changes in fair value through Total equity, while the foreign exchange derivatives are classified at fair value through profit and loss. As a consequence there is an inherent accounting mismatch.

**PZU Settlement**

After PZU's IPO, Eureko holds a 13% stake in PZU corresponding with a fair value of €951 million as at 30 June 2010. PZU's exchange rate is denominated in Polish Zlotys. Eureko aims to hedge this Zloty exposure up to 80%. This hedge will most probably be completed in August 2010. After completion of the hedge Eureko will apply hedge accounting for this risk after which both from an economic and as an accounting perspective changes in the Zloty Euro rate will have a limited impact on net profit.

As from the IPO date, Eureko's remaining 13% stake in PZU is recognised as an investment with fair value changes in Total equity. As a result, Eureko's Total equity and therefore solvency margin are impacted by changes in PZU's share price. The previous accounting (equity method) did not take fair value changes on PZU into account.

**Exposure to GIIPS countries**

In the first half of 2010 the adverse developments within the so-called GIIPS (Greece, Italy, Ireland, Portugal and Spain) countries were monitored closely. Government bond exposure to these countries was decreased in the first half of 2010.

Willem van Duin  
Chairman of the Executive Board  
16 August 2010

The Executive Board reviewed the Eureka B.V. Condensed Consolidated Interim Financial Statements on 16 August 2010 and authorised their issue.

The Executive Board of Eureka B.V. hereby declares that, to the best of their knowledge, the Eureka B.V. Condensed Consolidated Interim Financial Statements 2010, which have been prepared in accordance with IAS 34 'Interim Financial Reporting', give a true and fair view of the assets, liabilities, financial position and net profit of Eureka B.V. and its subsidiaries included in the consolidation as a whole. Furthermore, we acknowledge that the Board Report includes a fair view of the information required pursuant to section 5:25d, subsection 8 and 9 of the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht).

Zeist, 16 August 2010  
Executive Board

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

EUREKO B.V.

CONDENSED CONSOLIDATED INTERIM

FINANCIAL STATEMENTS

30 JUNE 2010

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

	(€ million)	
	30 june 2010	31 december 2009
<b>Assets</b>		
Intangible assets	2,128	2,084
Investments in associated companies and participating interests	215	1,542
Investment property	1,366	1,440
Investments	41,431	37,675
Investments backing linked liabilities	22,237	21,282
Investments related to cash collateral received in securities lending	596	1,552
Banking credit portfolio	18,524	19,302
Deferred tax assets	960	799
Deferred acquisition costs	490	437
Income tax receivable	-	-
Amounts ceded to reinsurers	1,092	1,011
Receivables	3,972	3,765
Other assets	930	915
Cash and cash equivalents	1,472	1,385
	<b>95,413</b>	<b>93,189</b>
Assets classified as "held for sale"	293	-
<b>Total assets</b>	<b>95,706</b>	<b>93,189</b>
<b>Equity</b>		
Equity attributable to holders of equity instruments of the Company	10,715	10,121
Non-controlling interest	5	6
<b>Total equity</b>	<b>10,720</b>	<b>10,127</b>
<b>Liabilities</b>		
Insurance liabilities	37,110	35,112
Insurance liabilities for policyholders	20,250	19,341
Investment contracts	2,318	2,315
Liabilities related to cash collateral received in securities lending	616	1,584
Employee benefits	1,101	1,142
Other provisions	285	287
Banking customer accounts	4,532	5,050
Loans and borrowings	13,756	13,348
Derivatives	1,358	1,124
Deferred tax liabilities	633	452
Income tax payable	163	198
Other liabilities	2,625	3,109
	<b>84,747</b>	<b>83,062</b>
Liabilities classified as "held for sale"	239	-
<b>Total liabilities and Total equity</b>	<b>95,706</b>	<b>93,189</b>

## CONSOLIDATED INCOME STATEMENT

	(€ million)	
	First half year 2010	First half year 2009*
<b>INCOME</b>		
Gross written premiums Non-Life	2,441	2,368
Gross written premiums Health	6,189	5,766
Gross written premiums Life	2,083	2,368
<b>Gross written premiums</b>	<b>10,713</b>	<b>10,502</b>
Reinsurance premiums	-709	-632
Change in provision for unearned premiums (net)	-770	-650
<b>Net earned premiums</b>	<b>9,234</b>	<b>9,220</b>
Contributions received for health pooling	13	25
Income from associated companies and participating interests	730	132
Investment income	683	731
Realised and unrealised gains and losses	466	-977
Income from investments backing linked liabilities	1,208	326
Income from investments related to cash collateral received in securities lending	3	65
Banking income	444	462
Fee and commission income, and income from service contracts	243	288
Other income	122	99
<b>Total income</b>	<b>13,146</b>	<b>10,371</b>
<b>EXPENSES</b>		
Claims and movements in insurance liabilities	9,540	8,684
Claims and movements in insurance liabilities ceded to reinsurers	-666	-453
Profit sharing and bonuses	543	-664
Movements in insurance liabilities for policyholders	824	591
Benefits and losses on investment contracts	-8	9
Operating expenses	1,603	1,599
Interest expenses from liabilities related to cash collateral received in securities lending	1	46
Banking expenses	299	342
Interest and similar expenses	43	21
Other expenses	132	102
<b>Total expenses</b>	<b>12,311</b>	<b>10,277</b>
<b>Profit before tax</b>	<b>835</b>	<b>94</b>
Income tax expenses	-29	-21
<b>Net profit</b>	<b>864</b>	<b>115</b>
Attributable to:		
Holders of equity instruments of the Company	864	115
Non-controlling interest	-	-
Average number of outstanding ordinary shares	408,884,542	365,761,113
Earnings per share from continuing operations (euro) and diluted earnings per share from continuing operations (euro)	1.97	0.15

\* Adjusted for comparison reasons where necessary

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	(€ million)	
	First half year 2010	First half year 2009
<b>Net profit</b>	<b>864</b>	<b>115</b>
<b>Other comprehensive income</b>		
Currency translation differences on intangible assets and associated companies and participating interests	22	-133
Net unrealised gains/(losses) on available for sale instruments	849	-245
Share in other comprehensive income of associated companies and participating interests	-9	13
Transfer from/to provision for profit sharing and bonuses	-593	167
Net gains/(losses) on available for sale instruments reclassified to the Income Statement on disposal	51	88
Impairment charges on available for sale instruments reclassified to the Income Statement	26	95
Net unrealised gains/(losses) on cash flow hedging instruments	-12	-17
<b>Comprehensive income</b>	<b>1,198</b>	<b>83</b>
Attributable to:		
Holders of equity instruments of the Company	1,198	83
Non-controlling interest	-	-

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

	(€ million)	
	First half year 2010	First half year 2009
Balance at 1 January	10,127	7,451
Comprehensive income	1,198	83
Dividends and coupon payments to holders of equity instruments	-655	-70
Issue, repurchase and sale of equity instruments	-	1,028
Other movements	50	7
<b>Balance at 30 June</b>	<b>10,720</b>	<b>8,499</b>

Dividends to holders of equity instruments consist of dividend paid to holders of preference shares of €26 million (2009: €26 million), dividend paid on ordinary shares €585 million (2009: €0 million) and coupon payments to holders of Other equity instruments of €44 million (2009: €44 million).

Besides regular coupon payments on the Other equity instruments Eureko, in the second half of 2010, will propose to the General Meeting of Shareholders to pay €471 million interim dividend on ordinary shares (€1.15 per ordinary share).

## CONSOLIDATED STATEMENT OF TOTAL EQUITY

	(€ million)	
	30 June 2010	31 December 2009
Share capital	11,861	11,861
Own shares	-45	-45
Legal reserves	841	1,250
Revaluation reserve	765	758
Retained earnings	-4,788	-5,989
Net foreign exchange difference	-96	-422
Profit for the (half) year	864	1,381
Hedging reserves	-12	2
Other equity instruments	1,325	1,325
<b>Equity attributable to holders of equity instruments of the Company</b>	<b>10,715</b>	<b>10,121</b>
Non-controlling interest	5	6
<b>Total equity</b>	<b>10,720</b>	<b>10,127</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(€ million)	
	First half year 2010	First half year 2009*
Net cash and cash equivalents as at 1 January (less liability bank balances)	1,385	769
Cash flow from operating activities	-305	-200
Cash flow from investing activities	1,383	1,321
Cash flow from financing activities	-991	327
<b>Net cash flow</b>	<b>87</b>	<b>1,448</b>
<b>Net cash and cash equivalents as at 30 June</b>	<b>1,472</b>	<b>2,217</b>
Net cash and cash equivalents include the following items:		
Cash and cash equivalents	1,472	2,369
Less: liability bank balances	-	152
<b>Net cash and cash equivalents as at 30 June</b>	<b>1,472</b>	<b>2,217</b>

\* Adjusted for comparison reasons where necessary

### A. Statement of compliance

The Condensed Consolidated Interim Financial Statements have been prepared in accordance with the International Financial Reporting Standards, including International Accounting Standards (IAS) and Interpretations as at 30 June 2010 and as adopted by the European Union (hereafter EU-IFRS) and specifically IAS 34 'Interim Financial Reporting'. The Condensed Consolidated Interim Financial Statements should be read in conjunction with the Eureko Annual Report 2009. The Eureko Annual Report 2009 is available at [www.eureko.com](http://www.eureko.com). All amounts in the Condensed Consolidated Interim Financial Statements are in millions of euros unless stated otherwise.

### B. Consolidation framework

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

### C. Accounting framework

The accounting policies applied by Eureko B.V. in these Condensed Consolidated Interim Financial Statements are the same as those applied in the Eureko Annual Report 2009, except for the following accounting policy:

Due to a change in IAS 28 'Investments in Associates' (applicable from 1 January 2010 for Eureko), Eureko treated the loss of significant influence over its associated company as a full disposal with gains and losses going through profit or loss. Any remaining interest in the former associated company is treated as an investment in the financial statements and is measured at fair value.

Eureko applies this policy to account for its loss of significant influence over PZU S.A.. As the change in this policy has no effect on the previous periods

presented, no adjustments have been made to comparative amounts. The impact of the change in the standard has been included in the disclosure in Note 2 Exceptional items.

Other IFRS standards and interpretations effective from 1 January 2010 did not have a material impact on Eureko.

Since the financial statements for the year ended 31 December 2009 were published, the International Accounting Standards Board (IASB) has issued two statements containing amendments to Standards and Interpretations that are not yet effective for the period ending 30 June 2010 and hence have not been applied in preparing these Statements. The possible impact of these statements to Eureko are:

#### **Improvements to International Financial Reporting Standards (affects various standards) – issued May 2010.**

In May 2010, the IASB issued 'Improvements to IFRSs', a collection of minor amendments to a number of IFRSs. The IASB uses the annual improvements project to make necessary, but non-urgent, amendments to IFRSs. At the end of June 2010, the improvements had not been endorsed by the European Union and hence not applied by Eureko. These amendments have different application dates (mostly from 1 January 2011) and are not expected to have a material impact on Eureko.

#### **Other**

The IASB has issued an additional exemption for First-time Adopters (amendments to IFRS 1). As Eureko has already adopted IFRS since 2005 this standard is not applicable to Eureko and hence has no effect on the (Interim) Financial Statements of Eureko.

**PZU - Initial Public Offering (IPO)**

On 2 October 2009 the State Treasury of the Republic of Poland and Eureko B.V. concluded an agreement (the PZU settlement) whose subject is to establish the rules for amicably ending the arbitration dispute between the Republic of Poland and Eureko B.V. This agreement was partly effected in 2009 and completed in 2010. The completion of the settlement was reached with the Initial Public Offering (IPO) of PZU S.A. (PZU) at 6 May 2010 (first trading day 12 May 2010). At that date Eureko, through the IPO, divested a stake of 20%, half of which directly and half of which through a special-purpose vehicle established in 2009.

**Recognition and measurement of Eureko's stake in PZU S.A.**

Eureko held a 33% stake in PZU S.A. which was considered to be an Associated company as Eureko, through its shareholding and seats in PZU's Supervisory Board, had significant influence. As a consequence of the IPO, Eureko's stake in PZU S.A. declined significantly to 13%. Furthermore, as a part of the PZU-settlement, Eureko gave up its seats in PZU's Supervisory Board and as a consequence lost significant influence. As from the date of the IPO, Eureko's stake of 13% in PZU S.A. is reclassified from Associated companies to Investments and is measured at fair value. The reclassification resulted in a gain of €260 million, which is included in Capital gain on divestment PZU S.A. shares.

Based on the share price of PZU S.A. as at 30 June 2010, Eureko's remaining stake in PZU S.A. has been valued for an amount of €951 million. The investment is classified as 'Available for sale'. The fair value change as from the date of the IPO amounts to €103 million and has been recognised in the Revaluation reserve.

## INCOME AND EXPENSES RELATED TO PZU

	(€ million)
	<b>First half year 2010</b>
<b>Income from associated companies</b>	<b>750</b>
- Net income PZU S.A. on Eureko IFRS	88
- Adjustment related to preliminary reported PZU S.A. income for 2009	6
- Capital gain on divestment PZU S.A. shares	656
<b>Investment income</b>	<b>48</b>
- Fair value change on a total return swap on PZU S.A. shares	48
<b>Realised and unrealised gains and losses</b>	<b>18</b>
- Fair value changes on foreign exchange contracts	18
<b>Other income</b>	<b>16</b>
- Fair value change on fixed amount on the 4.9% stake*	15
- Net foreign currency differences	1
<b>Operating expenses</b>	<b>-12</b>
- Staff and other expenses related to PZU settlement	-12
<b>Impact on Profit before tax</b>	<b>820</b>
Impact on Income tax expenses	-1
<b>Impact on Net profit</b>	<b>819</b>
Regular PZU S.A. results	94
PZU IPO	725
<b>Total impact on Net profit</b>	<b>819</b>

\* This item relates to the 4.9% stake in PZU S.A., contributed by the State Treasury of the Republic of Poland to the special-purpose vehicle.

### 3. SEGMENT REPORTING

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Eureko Group evaluates the results of its operating segments using a financial performance measure as reported in the technical account for business lines Non-Life, Health and Life. For Eureko's banking activities results are evaluated using the Income statement Banking.

#### SEGMENT RESULTS

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	(€ million)	
	First half year 2010	First half year 2009*
Result technical account Non-Life	203	181
Result non-technical account Non-Life	16	-78
<b>Result Non-Life</b>	<b>219</b>	<b>103</b>
Result technical account Health	192	152
Result non-technical account Health	-30	-9
<b>Result Health</b>	<b>162</b>	<b>143</b>
Result technical account Life	-156	-44
Result non-technical account Life	56	-73
<b>Result Life</b>	<b>-100</b>	<b>-117</b>
Result Banking	49	13
Result Other activities	505	-48
<b>Profit before tax</b>	<b>835</b>	<b>94</b>

\* Adjusted for comparison reasons where necessary

#### SEGMENT ASSETS

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	(€ million)	
	30 June 2010	31 December 2009*
Non-Life	11,718	9,549
Health	5,671	6,809
Life	54,256	53,110
Banking	20,503	20,237
Other activities	6,007	7,082
Eliminations	-2,449	-3,598
<b>Total assets</b>	<b>95,706</b>	<b>93,189</b>

\* Adjusted for comparison reasons where necessary

## TECHNICAL ACCOUNT NON-LIFE

	(€ million)	
	First half year 2010	First half year 2009*
<b>INCOME</b>		
Gross written premiums Non-Life	2,441	2,368
Reinsurance premiums	-169	-173
<b>Net written premiums</b>	<b>2,272</b>	<b>2,195</b>
Change in provision for unearned premiums	-423	-413
Reinsurer's share	43	62
<b>Net earned premiums</b>	<b>1,892</b>	<b>1,844</b>
Investment income	119	124
Realised and unrealised gains and losses	-7	-65
Other technical income	-3	4
<b>Total income</b>	<b>2,001</b>	<b>1,907</b>
<b>EXPENSES</b>		
Gross claims	1,219	1,290
Reinsurer's share	-79	-62
	<b>1,140</b>	<b>1,228</b>
Gross change in outstanding claims provisions	175	-15
Reinsurer's share	-66	25
	<b>109</b>	<b>10</b>
<b>Claims, net of reinsurance</b>	<b>1,249</b>	<b>1,238</b>
Profit sharing and bonuses	16	31
Operating expenses	511	532
Investment expenses	3	5
Investment income allocated to the non-technical account	21	-73
Other technical expenses	-2	-7
<b>Total expenses</b>	<b>1,798</b>	<b>1,726</b>
<b>Result technical account Non-Life</b>	<b>203</b>	<b>181</b>

## NON-TECHNICAL ACCOUNT NON-LIFE

<b>INCOME</b>		
Result technical account Non-Life	203	181
Allocated investment income	21	-73
Fee and commission income, and Income from service contracts	65	75
Income from investments related to cash collateral received in securities lending	1	13
Other income	3	5
<b>Total income</b>	<b>293</b>	<b>201</b>
<b>EXPENSES</b>		
Operating expenses	59	75
Interest expenses from liabilities related to cash collateral received in securities lending	-	8
Other expenses	15	15
<b>Total expenses</b>	<b>74</b>	<b>98</b>
<b>Profit before tax</b>	<b>219</b>	<b>103</b>

\* Adjusted for comparison reasons where necessary

## TECHNICAL ACCOUNT HEALTH

	(€ million)	
	First half year 2010	First half year 2009*
<b>INCOME</b>		
Gross written premiums Health	2,955	2,717
Contribution received from ZvF**	3,234	3,049
<b>Gross written premiums</b>	<b>6,189</b>	<b>5,766</b>
Reinsurance premiums	-17	-19
Reinsurance premiums HKC***	-380	-305
<b>Net written premiums</b>	<b>5,792</b>	<b>5,442</b>
Change in provision for unearned premiums	-162	-137
<b>Net earned premiums</b>	<b>5,630</b>	<b>5,305</b>
Contributions received for health pooling	13	25
Investment income	40	61
Realised and unrealised gains and losses	-	-12
Income from investments backing linked liabilities	-1	1
Other technical income	9	26
<b>Total income</b>	<b>5,691</b>	<b>5,406</b>
<b>EXPENSES</b>		
Gross claims	5,792	5,210
Reinsurer's share	-389	-293
	<b>5,403</b>	<b>4,917</b>
Gross change in outstanding claims provisions	-118	100
Reinsurer's share	-8	-17
	<b>-126</b>	<b>83</b>
<b>Claims, net of reinsurance</b>	<b>5,277</b>	<b>5,000</b>
Operating expenses	223	235
Investment expenses	1	1
Interest and similar expenses	9	1
Investment income allocated to the non-technical account	-22	3
Other technical expenses	11	14
<b>Total expenses</b>	<b>5,499</b>	<b>5,254</b>
<b>Result technical account Health</b>	<b>192</b>	<b>152</b>

## NON-TECHNICAL ACCOUNT HEALTH

<b>INCOME</b>		
Result technical account Health	192	152
Allocated investment income	-22	3
Income from investments related to cash collateral received in securities lending	-	4
Fee and commission income, and income from service contracts	27	18
Other income	551	422
<b>Total income</b>	<b>748</b>	<b>599</b>
<b>EXPENSES</b>		
Operating expenses	32	39
Interest expenses from liabilities related to cash collateral received in securities lending	-	3
Other expenses	554	414
<b>Total expenses</b>	<b>586</b>	<b>456</b>
<b>Profit before tax</b>	<b>162</b>	<b>143</b>

\* Adjusted for comparison reasons where necessary

\*\* ZvF: Zorgverzekeringsfonds (health insurance fund)

\*\*\* HKC Hoge Kosten Compensatie (High Cost Compensation)

## TECHNICAL ACCOUNT LIFE

	(€ million)	
	First half year 2010	First half year 2009*
<b>INCOME</b>		
Gross written premiums Life	2,083	2,368
Reinsurance premiums	-142	-133
<b>Net written premiums</b>	<b>1,941</b>	<b>2,235</b>
Change in provision for unearned premiums	-229	-162
<b>Net earned premiums</b>	<b>1,712</b>	<b>2,073</b>
Investment income	548	638
Realised and unrealised gains and losses	477	-880
Income from investments backing linked liabilities	1,210	325
Other technical income	6	10
<b>Total income</b>	<b>3,953</b>	<b>2,166</b>
<b>EXPENSES</b>		
Gross claims policyholders	2,501	2,265
Reinsurer's share	-87	-87
	<b>2,414</b>	<b>2,178</b>
Changes in provisions for Life insurance	-31	-168
Reinsurer's share	-37	-18
<b>Claims, net of reinsurance</b>	<b>2,346</b>	<b>1,992</b>
Profit sharing and bonuses	527	-697
Movements in insurance liabilities for policyholders	826	590
Benefits and losses on investment contracts	-8	9
Operating expenses	273	353
Investment expenses	41	28
Interest and similar expenses	3	-1
Investment income allocated to the non-technical account	88	-90
Other technical expenses	13	26
<b>Total expenses</b>	<b>4,109</b>	<b>2,210</b>
<b>Result technical account Life</b>	<b>-156</b>	<b>-44</b>

## NON-TECHNICAL ACCOUNT LIFE

<b>INCOME</b>		
Result technical account Life	-156	-44
Allocated investment income	88	-90
Income from investments related to cash collateral received in securities lending	2	48
Fee and commission income, and income from service contracts	147	191
Other income	9	11
<b>Total income</b>	<b>90</b>	<b>116</b>
<b>EXPENSES</b>		
Operating expenses	152	174
Interest expenses from liabilities related to cash collateral received in securities lending	1	35
Other expenses	37	24
<b>Total expenses</b>	<b>190</b>	<b>233</b>
<b>Profit before tax</b>	<b>-100</b>	<b>-117</b>

\* Adjusted for comparison reasons where necessary

## INCOME STATEMENT BANKING

	(€ million)	
	First half year 2010	First half year 2009*
Interest income	426	455
Interest expenses	-323	-345
<b>Net interest margin</b>	<b>103</b>	<b>110</b>
Commission income	7	7
Commission expenses	-5	-5
<b>Net commission income</b>	<b>2</b>	<b>2</b>
Realised and unrealised results	-	1
Other operating income	1	1
<b>Operating income</b>	<b>106</b>	<b>114</b>
Operating expenses	51	59
Loan loss provision	6	36
Other expenses	-	6
<b>Total expenses</b>	<b>57</b>	<b>101</b>
<b>Profit before tax</b>	<b>49</b>	<b>13</b>

\* Adjusted for comparison reasons where necessary

## INCOME STATEMENT OTHER ACTIVITIES

	(€ million)	
	First half year 2010	First half year 2009*
<b>INCOME</b>		
Income from associated companies and participating interests	730	133
Investment income	65	11
Realised and unrealised gains and losses	-	-18
Other income	92	48
<b>Total income</b>	<b>887</b>	<b>174</b>
<b>EXPENSES</b>		
Operating expenses	303	138
Interest expenses	44	47
Other expenses	35	37
<b>Total expenses</b>	<b>382</b>	<b>222</b>
<b>Profit before tax</b>	<b>505</b>	<b>-48</b>

\* Adjusted for comparison reasons where necessary

#### 4. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

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

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted prices in active markets for similar instruments, quoted prices for

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

- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation, such as venture capital investments, private equity investments, private sector loans and advances which are part of the Banking credit portfolio.

(€ million)

	30 june 2010				31 december 2009*			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Assets</b>								
Investments								
<i>equities and similar investments</i>	2,191	443	431	3,065	1,165	491	370	2,026
<i>bonds</i>	20,150	8,410		28,560	19,363	7,185		26,548
<i>loans and mortgages</i>	1	405		406	7	561		568
<i>deposits with credit institutions</i>	3,648	1		3,649	3,816	8		3,824
<i>derivatives</i>	5	2,369		2,374	1	1,276		1,277
<i>other financial investments</i>	202	5		207	265	12		277
Investments backing linked liabilities								
<i>equities and similar investments</i>	9,924	456	111	10,491	9,591	498	41	10,130
<i>bonds and other fixed-income investments</i>	8,620	765		9,385	7,512	612		8,124
<i>derivatives</i>	10	569		579	13	98		111
<i>cash and other financial investments</i>	438	608		1,046	1,790	204		1,994
Investments related to cash collateral received in securities lending								
	572	24		596	791	761		1,552
Banking credit portfolio			441	441			453	453
Cash and cash equivalents	1,472			1,472	1,385			1,385
<b>Total financial assets measured at fair value</b>	<b>47,233</b>	<b>14,055</b>	<b>983</b>	<b>62,271</b>	<b>45,699</b>	<b>11,706</b>	<b>864</b>	<b>58,269</b>
<b>Liabilities</b>								
Loans and borrowings		4		4		3		3
Derivatives		1,358		1,358		1,124		1,124
<b>Total financial liabilities measured at fair value</b>		<b>1,362</b>		<b>1,362</b>		<b>1,127</b>		<b>1,127</b>

\* Adjusted for comparison reasons where necessary

The movements of level 3 financial instruments are as follows:

## ASSETS

	(€ million)	
	First half year 2010	First half year 2009
Balance at 1 January	864	861
Investments	4	-
Disinvestments and disposals	-24	-17
Fair value changes	118	-12
Changes in fair value hierarchy	21	-25
<b>Balance at 30 June</b>	<b>983</b>	<b>807</b>

During the first half year of 2010 financial instruments with a value of €21 million were transferred from level 2 to level 3.

The total amount of gains and losses accounted for during the first half year of 2010 of financial instruments with a level 3 fair value still held at the end of June 2010 amounted to €118 million (2009: €-12 million), of which €78 million (2009: €-12 million) was included in the Income Statement and €40 million (2009: €0 million) in Comprehensive income. The amounts related to financial instruments still held at the end of June 2010 included in the Income Statement are presented as Realised and unrealised gains and losses (€71 million (2009: €-10 million)) and as Banking income for an amount of €7 million (2009: €-2 million)). The amounts included in Total equity are part of the Revaluation reserve.

The fair value of level 3 Equities and similar investments is determined using an adjusted equity value method. The fair value of private sector loans and advances part of the Banking credit portfolio is based on the present value of expected future cash inflows, using current interest rates for loans with a similar risk profile and a similar remaining term to maturity. The interest rate is based on the money-market and swap curves, both of which are in the public domain. A mark-up for liquidity and default risks has been applied to the effective rate of interest, based on transactions in the market. Expected future cash inflows are based on contracted cash flows adjusted for estimates of prepayments. In determining fair value, Eureka also considers the specific loan characteristics and inherent credit risk of the loan portfolio and risk mitigating factors such as collateral arrangements.

**Held for sale and discontinued operations**

On 12 May 2010, Eureko has closed the sale of 98.9% of shares in the Interlife Insurance Co. Ltd. and 100% of the shares in Interamerican Assistance Ltd. Interlife was Eureko's operating company in Cyprus. In 2009, both companies together reported Gross written premiums of €34 million, Net profit of €-4 million and Total assets of €82 million.

These subsidiaries are not presented as discontinued operations in the Income Statement as the operations and the result on the sale of the operations are not material to Eureko.

On 20 July 2010, Eureko announced the sale of Avéro Schade Benelux N.V. (Avéro Insurance Belgium). Avéro Schade Benelux N.V. was mainly operating in Belgium and was included in the Non-Life segment. For the full year 2009, the company reported Gross written premiums of €124 million and Net profit of €19 million. As at 30 June 2010, Total assets amounted to €293 million. Per 30 June 2010, the assets and liabilities have been reclassified to "Assets as held for sale" respectively and "Liabilities as held for sale" respectively. The subsidiary is not presented as discontinued operation in the Income Statement as the operation and the result on the sale of the operation are not material to Eureko.

## INTANGIBLE ASSETS

	(€ million)	
	30 June 2010	31 December 2009
Goodwill	1,403	1,325
Internally developed software	44	44
Brandnames	67	72
Value of business acquired	329	360
Distribution networks	210	206
Other intangible assets finite	75	77
	<b>2,128</b>	<b>2,084</b>

The increase in Goodwill and Distribution networks is caused by foreign currency exchange rate differences.

## INVESTMENTS IN ASSOCIATED COMPANIES AND PARTICIPATING INTERESTS

## MOVEMENTS IN ASSOCIATED COMPANIES

	(€ million)	
	First half year 2010	First half year 2009
Balance at 1 January	1,442	2,135
Disposals	-1,390	-
Annual results	93	160
Revaluations	-9	13
Dividend received	-2	-
Foreign currency differences	16	-98
Impairments	-9	-
Reversal of impairments	-	13
<b>Balance at 30 June</b>	<b>141</b>	<b>2,223</b>

At 6 May 2010 Eureko, as part of the IPO, sold a 20% stake in PZU S.A.. As a result, Eureko's full stake in PZU is treated as a disposal. The shares still held by Eureko are subsequently recognised as Investments. Reference is made to Note 2 (Exceptional events).

## MOVEMENTS IN PARTICIPATING INTERESTS

	(€ million)	
	First half year 2010	First half year 2009
Balance at 1 January	100	382
Disposals	-	-253
Fair value changes	-26	-42
<b>Balance at 30 June</b>	<b>74</b>	<b>87</b>

## INVESTMENTS

	(€ million)			
	Available for sale	At fair value through profit or loss	Loans and receivables	30 June 2010
Equities and similar investments	2,701	364		3,065
Bonds	23,913	4,647		28,560
Loans and mortgages	404	2	3,170	3,576
Deposits with credit institutions	3,611	38		3,649
Derivatives		2,374		2,374
Other financial investments	207			207
	<b>30,836</b>	<b>7,425</b>	<b>3,170</b>	<b>41,431</b>

	(€ million)			
	Available for sale	At fair value through profit or loss	Loans and receivables	31 december 2009
Equities and similar investments	1,702	324		2,026
Bonds	22,019	4,529		26,548
Loans and mortgages	542	26	3,155	3,723
Deposits with credit institutions	3,773	51		3,824
Derivatives		1,277		1,277
Other financial investments	277			277
	<b>28,313</b>	<b>6,207</b>	<b>3,155</b>	<b>37,675</b>

The proceeds of PZU's IPO are partly received in the special-purpose vehicle (€945 million). This amount is placed on deposit with Polish Banks as it cannot be transferred to Eureko B.V., without adverse tax effects, before February 2011.

In 2010, impairments amounting to €17 million before tax (2009: €128 million) were accounted for relating to 'Available for sale' investments in Equities and similar investments and Bonds.

At each reporting date Eureko assesses whether there is objective evidence which may lead to the recognition of an impairment of a recognised asset.

## INSURANCE LIABILITIES

	(€ million)	
	30 june 2010	31 december 2009*
<b>Non-Life insurance:</b>		
Unearned premiums	1,767	1,352
Provision for premium deficiency	56	74
Provision for unexpired risks (including ageing provision)	23	15
Outstanding claims (including IBNR)	5,090	5,098
Profit sharing, bonuses and rebates	103	95
<b>Total Non-Life insurance</b>	<b>7,039</b>	<b>6,634</b>
<b>Health insurance:</b>		
Unearned premiums	314	31
Provision for premium deficiency	14	13
Outstanding claims (including IBNR)	4,107	3,956
<b>Total Health insurance</b>	<b>4,435</b>	<b>4,000</b>
<b>Life insurance:</b>		
Provision for life policy liabilities	24,075	24,007
Less: Deferred interest surplus rebates	108	122
<b>Net provision for life policy liabilities</b>	<b>23,967</b>	<b>23,885</b>
Profit sharing and bonuses	1,669	593
<b>Total Life insurance</b>	<b>25,636</b>	<b>24,478</b>
<b>Total Insurance liabilities</b>	<b>37,110</b>	<b>35,112</b>

\* Adjusted for comparison reasons where necessary

### Health insurance

The private health insurance system in the Netherlands consists of two parts: basic health insurance and supplementary health insurance. Coverage within basic health insurance is influenced by political processes. Furthermore, within basic health insurance a system of risk mitigation features is in force which also introduces additional uncertainty related to the final settlements. Settlement of medical care costs between health insurers and Dutch hospitals has been based on the so-called 'Diagnose Behandel Combinaties' (DBC's) since 2005. This settlement method covers a whole medical treatment period in which the claim compensation for separate treatments is specified. The final settlement with the health insurer is at the end of the treatment period. Presently, The Dutch Healthcare Authority (NZa) is in the process of the calculation of the total impact and the allocation of the amount to the health insurers. Eureka follows the settlements received from NZa. For more details regarding the uncertainties in health insurance, reference is made to the Risk Management paragraph of the Eureka Annual Report 2009 (Note 57).

### Life Insurance

Late 2009 Statistics Netherlands (CBS) published information showing that experiences over the years 2007 and 2008 resulted in higher than expected increases in longevity rates. This information is at 30 June 2010 not taken into account in calculating life insurance liabilities as it has not yet been translated into new mortality tables. These new tables may have a significant impact on life insurance liabilities. Liability adequacy tests performed at 30 June 2010 take into account the increased longevity experience rates as published by CBS. These tests indicate that insurance liabilities at 30 June 2010 are adequate.

### Dutch unit-linked policies

During the first half year of 2010 all relevant components of the provision related to Dutch individual unit-linked life insurances have been recalculated. In calculating the provision, Eureka applies the recommendations from the Financial Services Ombudsman and further takes into account arrangements made by other insurers. The total provision for the compensation of policyholders as per 30 June amounts to €248 million (31 December 2009: €99 million). The provision covers compensation for expired and active Dutch individual unit-linked life insurances.

### July

On 20 July 2010, Eureka and Baloise announced that they have signed an agreement which will lead to the sale and purchase of Avéro Schade Benelux N.V. in Belgium. The selling price amounts to €75 million, and closing of the deal is foreseen in the second half of 2010. Finalisation of the transaction is subject to approval by the regulatory authorities. Avéro Schade Benelux N.V. has 177 employees and reported a Gross written premium volume of €124 million in 2009. The gain on the sale of approximately €21 million will be recorded in the second half year.

Zeist, 16 August 2010

### The Supervisory Board

A.H.C.M. (Arnold) Walravens, Chairman  
M. (Marinus) Minderhoud, Vice-Chairman  
U. (Urs) Berger  
B. (Bernard) Bijvoet  
F.J.F. (Flip) Buurmeijer  
E.A.J. (Erik) van de Merwe  
P.F.M. (Paul) Overmars  
H.J. (Henk) Slijkhuis  
A.W. (Aad) Veenman  
A.J.A.M. (Antoon) Vermeer  
B.J. (Bé) van der Weg

### The Executive Board

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

TO: THE EXECUTIVE BOARD AND SUPERVISORY BOARD OF EUREKO B.V.

### **Introduction**

We have reviewed the accompanying condensed consolidated interim financial statements for the six month period ended 30 June 2010, of Eureka B.V., Amsterdam as set out on pages 6 to 23. The condensed consolidated interim financial statements comprise the consolidated statement of financial position as at 30 June 2010, the consolidated income statement, consolidated statement of comprehensive income, condensed consolidated statement of changes in equity, consolidated statement of total equity, condensed consolidated statement of cash flows and the selected explanatory notes for the six month period then ended. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

### **Scope of review**

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

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at 30 June 2010 are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

Amstelveen, 16 August 2010  
KPMG ACCOUNTANTS N.V.

J.G. Bakker RA