



## EUREKO PRESENTATION

May 2010



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# Contents

1. Eureka Group
2. Strategy
3. Financial Review
4. Closing remarks

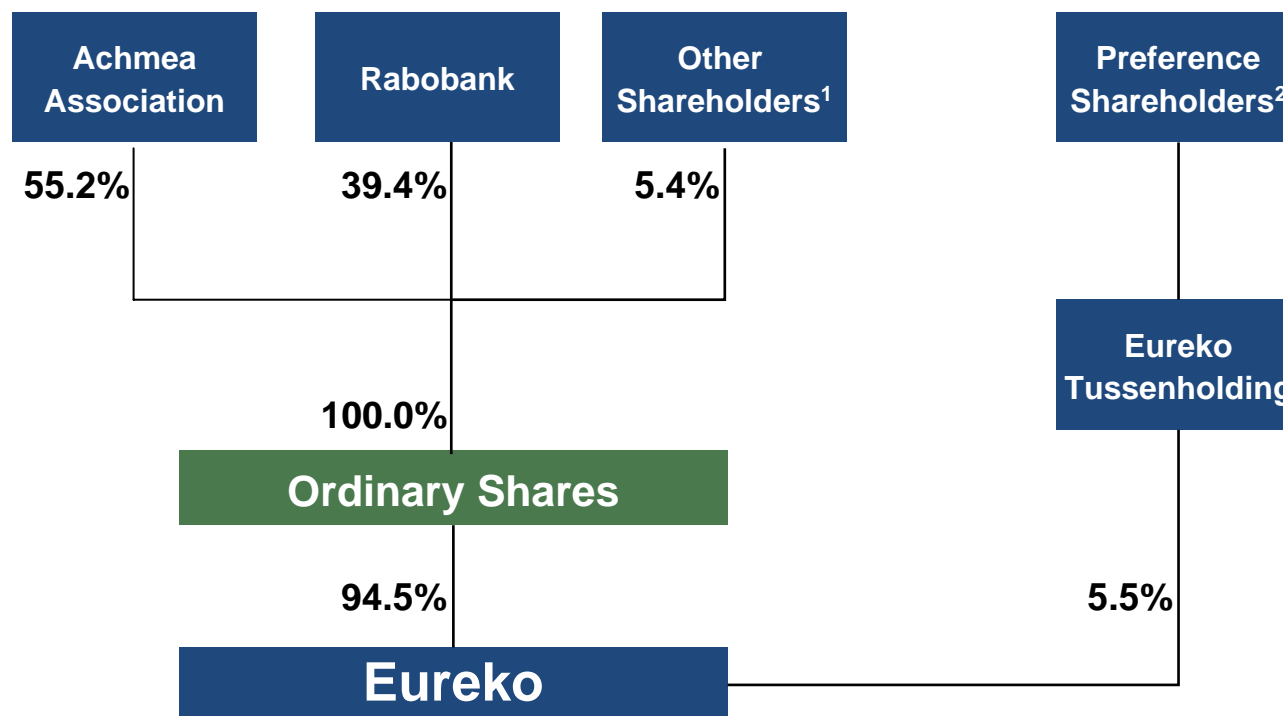
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## Eureko in 2009

- Solid profit supported by a better operational performance, PZU settlement and stabilisation of financial markets
- Strong financial position as a result of reduced balance sheet risks, solid profit and support from shareholders
- Announced measures on operational efficiency and cost reduction well on track
- Business strategy sharpened

## Stable and supportive shareholder base

May 2010

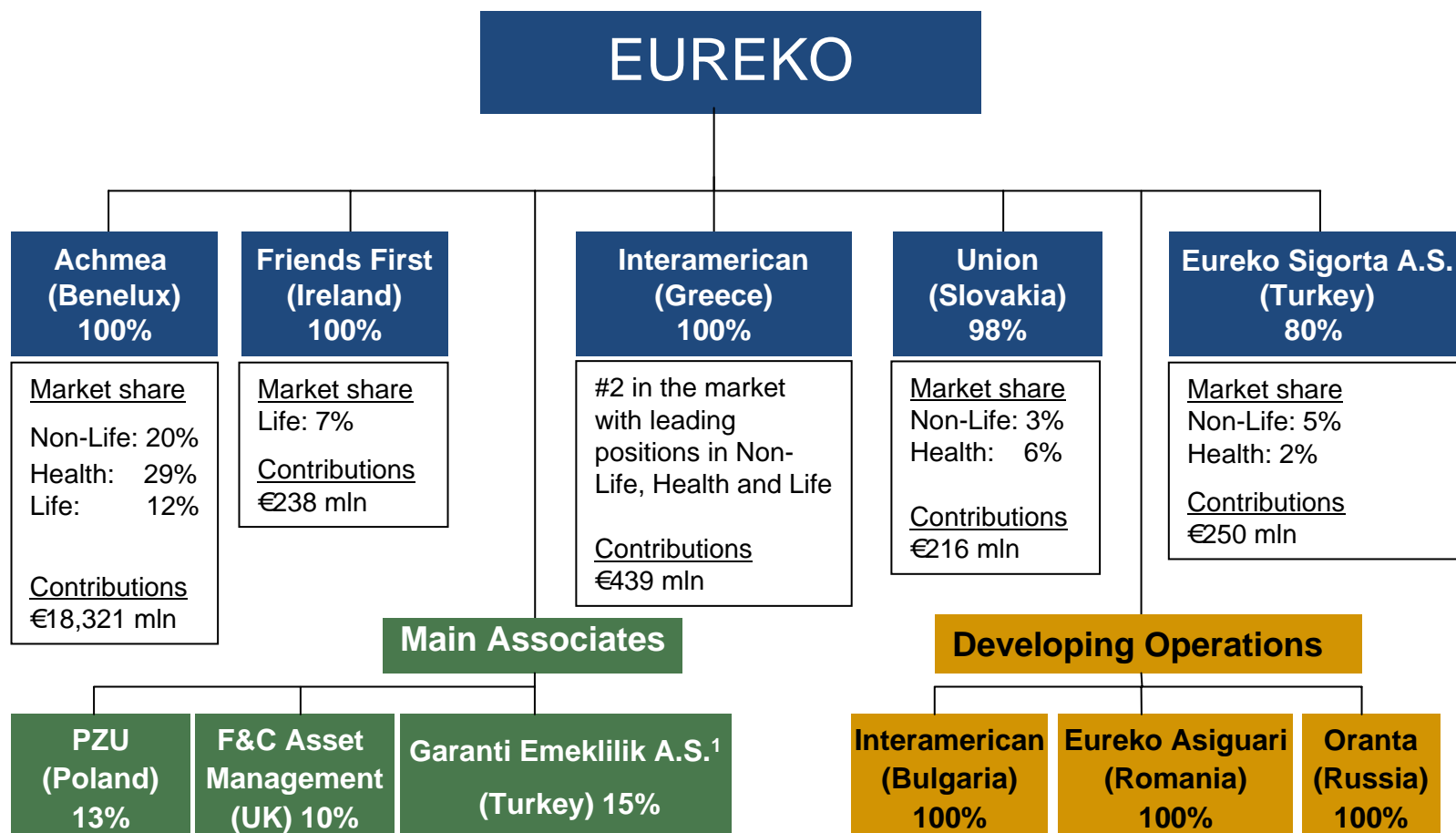


- Strong (proven) support from major existing shareholders

<sup>1</sup> BCP (2.7%), Gothaer (1.1%), LF Group (0.9%) and Swiss Mobiliar (0.7%)

<sup>2</sup> No voting rights

## Eureko group companies



<sup>1</sup> Eureko has the right to acquire another 35% mid 2010 to mid 2012. Garanti Emeklilik ve Hayat A.S. is a Life insurance company.

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## IPO PZU

- 29 April: pricing and allocation
- First day of trading after IPO: 14 May 2010
- IPO valuation of PZU: PLN 27 billion
- We sold 20% of our shares of which 10% via Kappa S.A. and 10% direct
- Estimated cash flow for Eureko approx. €1.6 billion; of which €700 million to H1 2010 profit
- Group Solvency increased with 25% as a results of the IPO
- After the planned IPO Eureko will continue to hold 13% in PZU

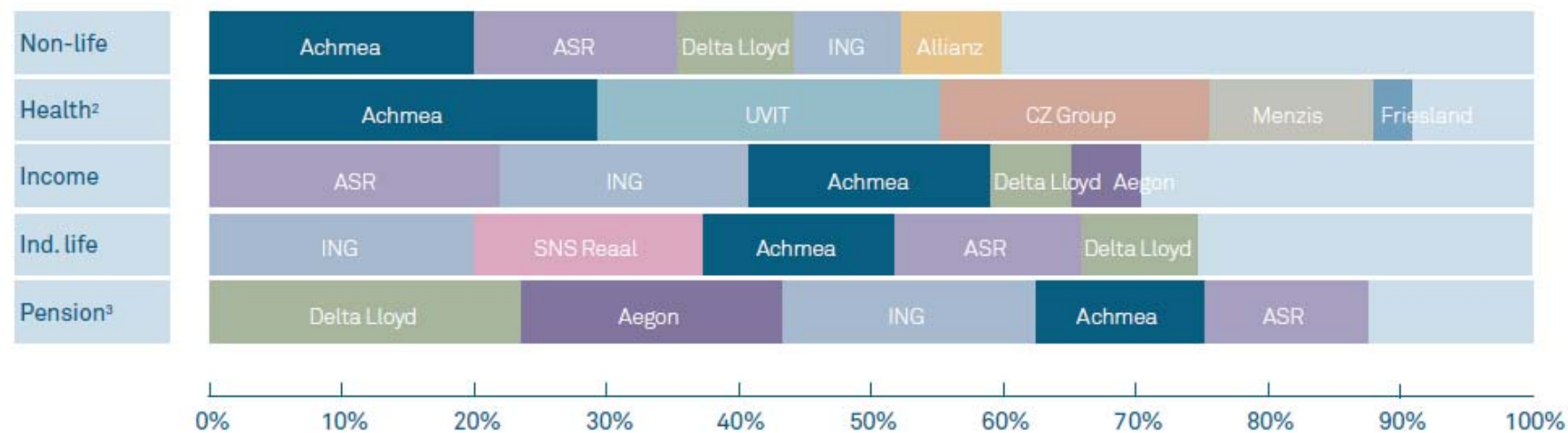
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# Contents

1. Eureka Group
2. Strategy
3. Financial Review
4. Closing remarks

## Achmea market positions in the Netherlands

ACHMEA'S MARKET POSITION IN THE NETHERLANDS IN 2008<sup>1</sup>



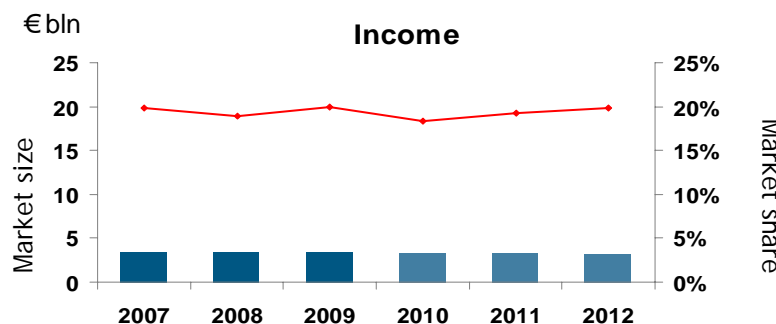
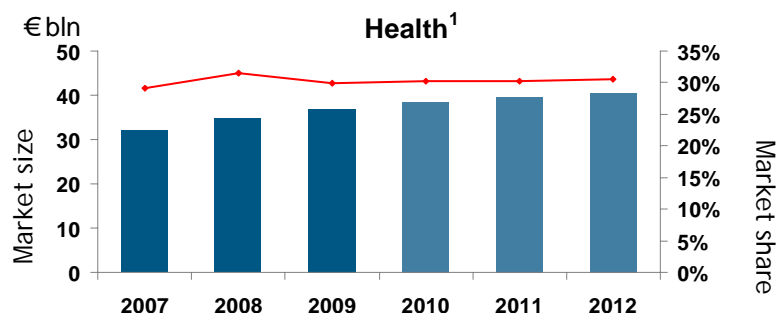
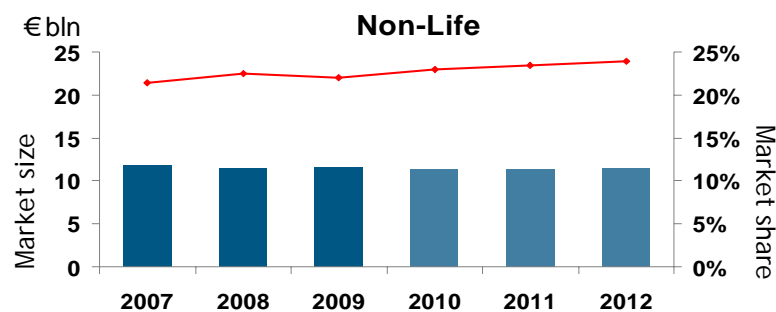
<sup>1</sup> Sources: DNB figures 2008, Market Concerns, Pension insurance, Syntrus and Income Protection divisions.

<sup>2</sup> Based on the number of insured people or participants.

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



## Market expectations in the Netherlands (1)



### Non-Life

- The market for Non-Life products is expected to remain fairly stable. Main growth is expected in direct channel.
- Due to operational excellence more competitive products will be introduced to the market. This will allow Achmea to generate growth above market levels.

### Health

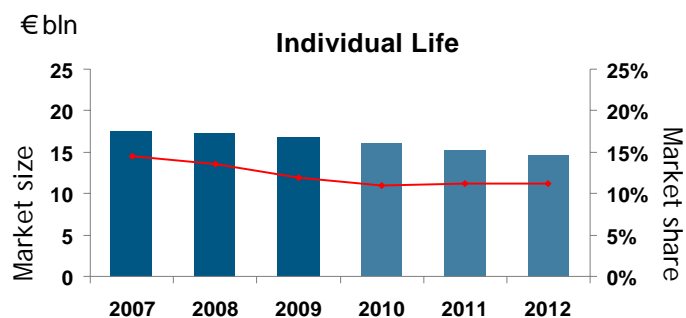
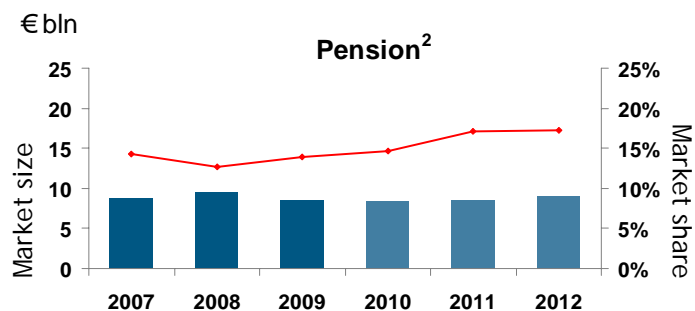
- The market is expected to grow as a result of increasing health care expenses, inflation and increased longevity of the population.
- Achmea is assumed to be able to sustain its market share of around 30% (in 2009 some 4.8 mln insured).

### Income protection

- The income market is expected to shrink from 2009 through 2012 as a result of the current economic circumstances.
- Achmea's market share is expected to be around 20%.

<sup>1</sup> Market share 2009 adjusted for impact from lower contributions received from the Dutch state (ZvF), mainly related to prior years (-€739 mln)

## Market expectations in the Netherlands (2)



### Pension Insurance

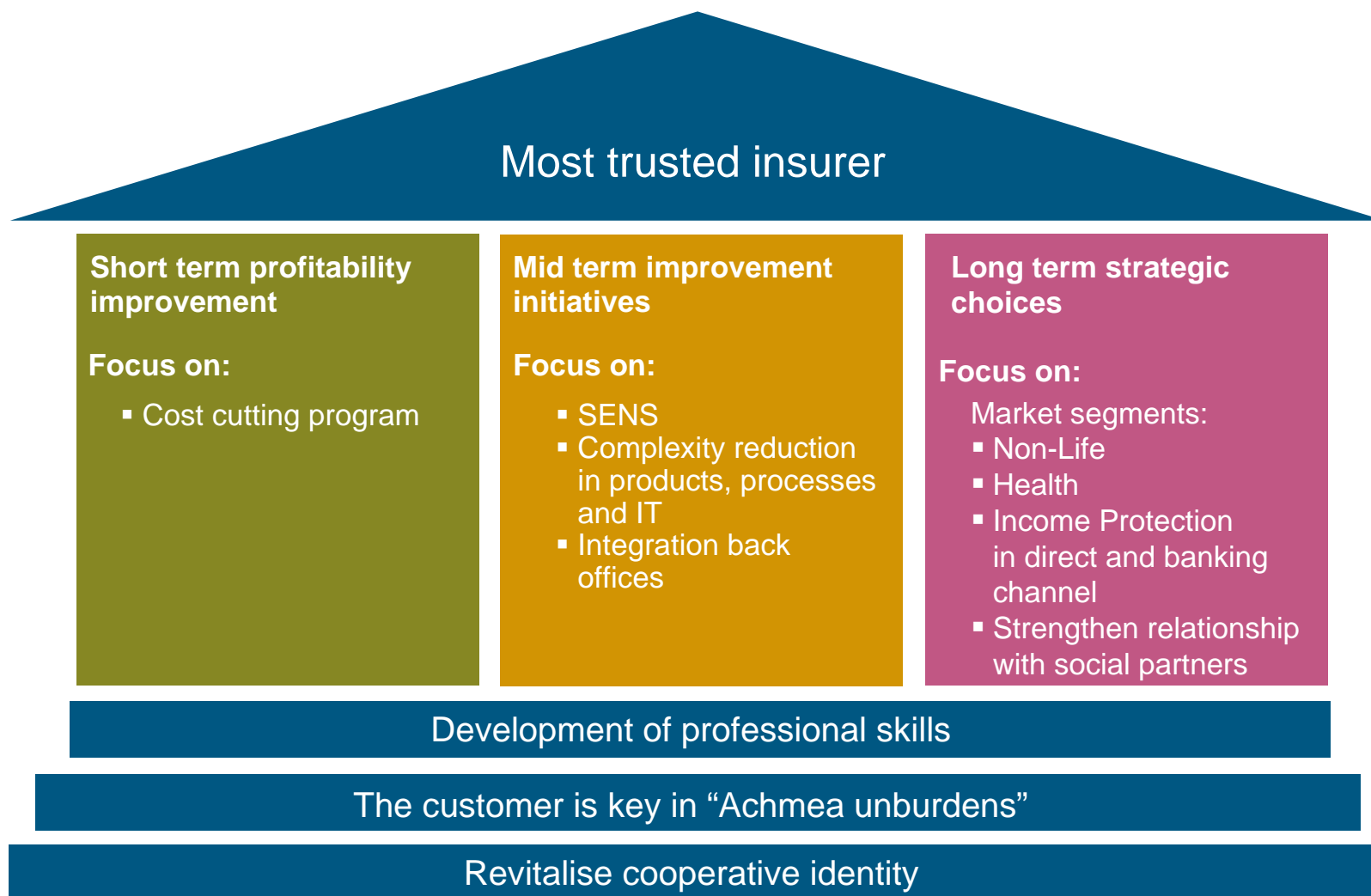
- The Pension market is expected to show limited growth from 2009 through to 2012.
- We expect to be able to increase our market share through additional focus on the SME market.

### Individual Life insurance

- Regulatory changes, transparency and banks as supplier of Life products have and will continue to fundamentally change the Life market.
- For the years 2010 till 2012 a steady decline of the market is expected, due to the decline of the mortgage related products and lower pricing of term insurance products.
- Achmea is expected to be able to retain a market share of around 11%.

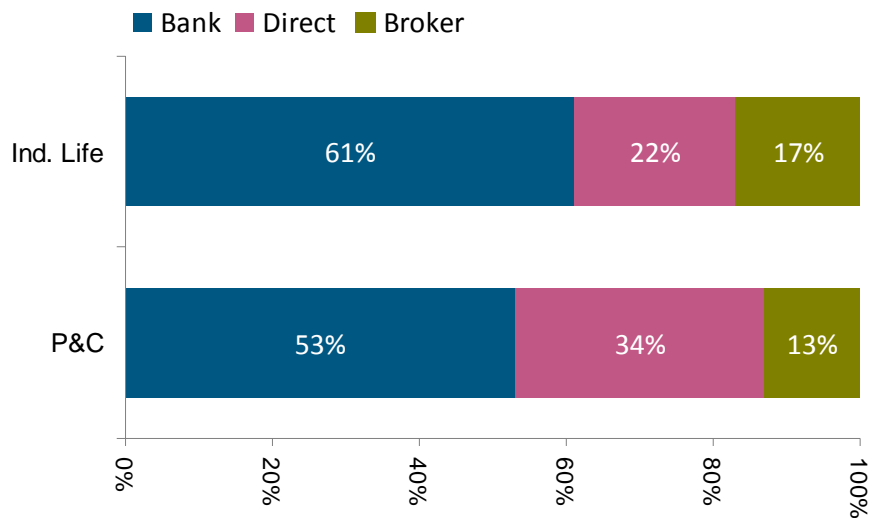
<sup>2</sup> Market share 2009 is excluding the impact from the merger of pension funds SPI/SPAP (+€1.1bln)

## All improvement programmes in the “house of initiatives”



# 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				



## Commercial cooperation with Rabobank

- The commercial partnership is developing well and will be intensified
- Interpolis share<sup>1</sup> in Rabobank insurance products:
  - 97% of retail customers
  - 96% of private banking customers
  - 84% for SMEs
  - 59% for large corporate clients
- Gross written premiums in Non-life went up 3%; more than market average
- Sale of life products suffers from Banksparen, focus is now on term insurance products
- Closer cooperation between Rabobank Corporate Clients and Achmea Corporate Clients
- Both Rabobank and Interpolis invest in forward integration of Interpolis in Rabobank distribution channel (Interpolis 2010)

<sup>1</sup>Market share of 2009 not available yet.

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## Perspective on Dutch consolidation

- We expect that the Dutch Government will reduce its position in financial institutions in the coming years.
- We will follow all developments closely.
- Eureko is only interested in portfolios if they fit our core proposition, this should however, not result in additional complexity of the Group.

## Strategic choices for the International portfolio

### 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				

### Other aspects international strategy

- We consider to exercise the call option for 35% of Garanti Emeklilik and we expect Garanti to exercise its put option for Eureka Sigorta in 2010 (20% of the shares).
- Focus in short term will not be on international expansion but on developing sound operations in our core activities.

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## Contents

1. Eureka Group
2. Strategy
3. Financial Review
4. Closing remarks



## Solid profit strengthened by PZU settlement

Key figures (in €mln)	2009	2008	Change
Net profit	1,381	-2,118	n.m.
Profit before tax	1,507	-2,620	n.m.
Gross written premiums	19,645	19,306	+2%
Operational expenses	3,284	3,664	-10%
Total capital	10,127	7,451	+36%
Solvency Insurance activities	251%	197%	+54%pts
Solvency Group level	216%	150%	+66% pts

- After challenging year, strong recovery of net profit to €1.4 billion.
- Profit before tax €1.5 billion, including PZU settlement of €1,238 million and the effect of financial markets.
- Gross written premiums up slightly.
- Operating expenses -10%.
- Solvency insurance activities improved to 251%.

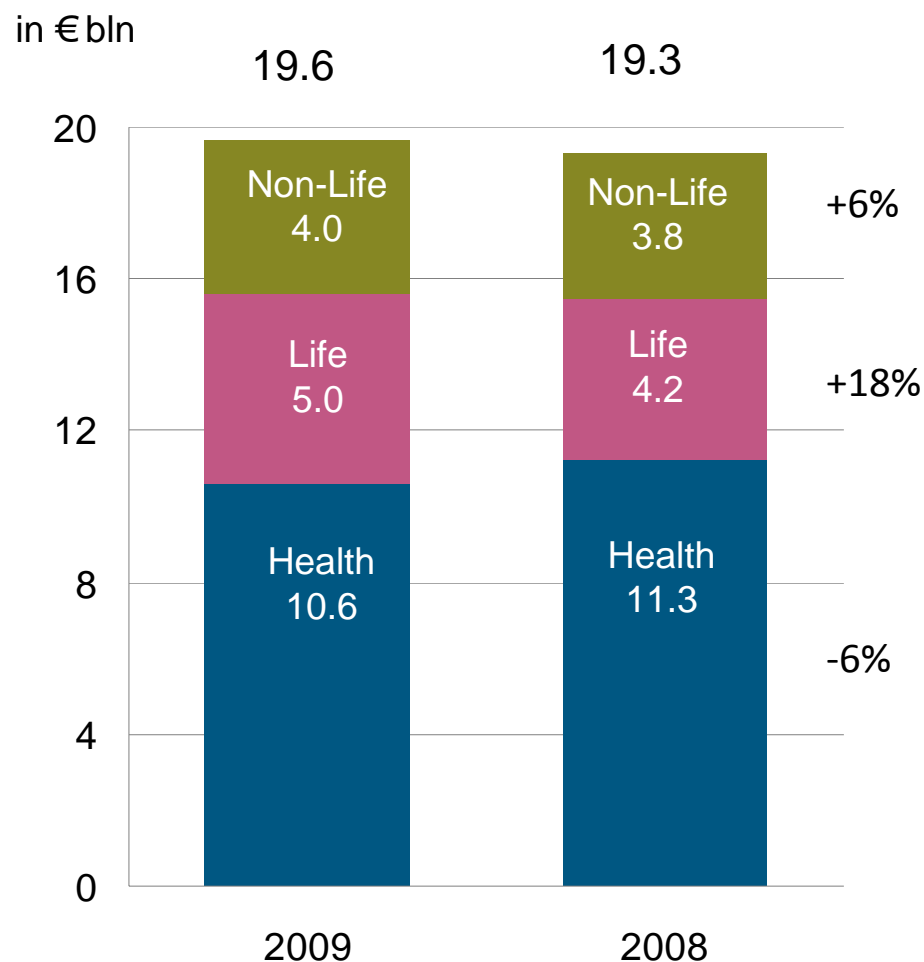
## Solid profit

(in € mln)	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
<b>Adjusted profit before tax</b>	<b>606</b>	<b>77</b>	<b>+529</b>

Specification of impact financial markets (in € mln)	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 investments accounts	-14	-136	+122
Fair value Equity hedge	-31	251	-282
<b>Total</b>	<b>-337</b>	<b>-2,697</b>	<b>+2,360</b>

- Impact financial markets considerably lower than in 2008.
- PZU settlement contributes €1.2 billion before tax
- Profit before tax, adjusted for PZU settlement and impact financial markets, amounts to €606 million
- Improvement of result largely the effect of lower operating expenses
- Realised gains & losses on equity portfolio mainly the result of derisking in first half of 2009 (losses first half €149 million).
- Impairments on investment portfolio mainly relate to real estate.

## Performance business lines: Gross written premiums



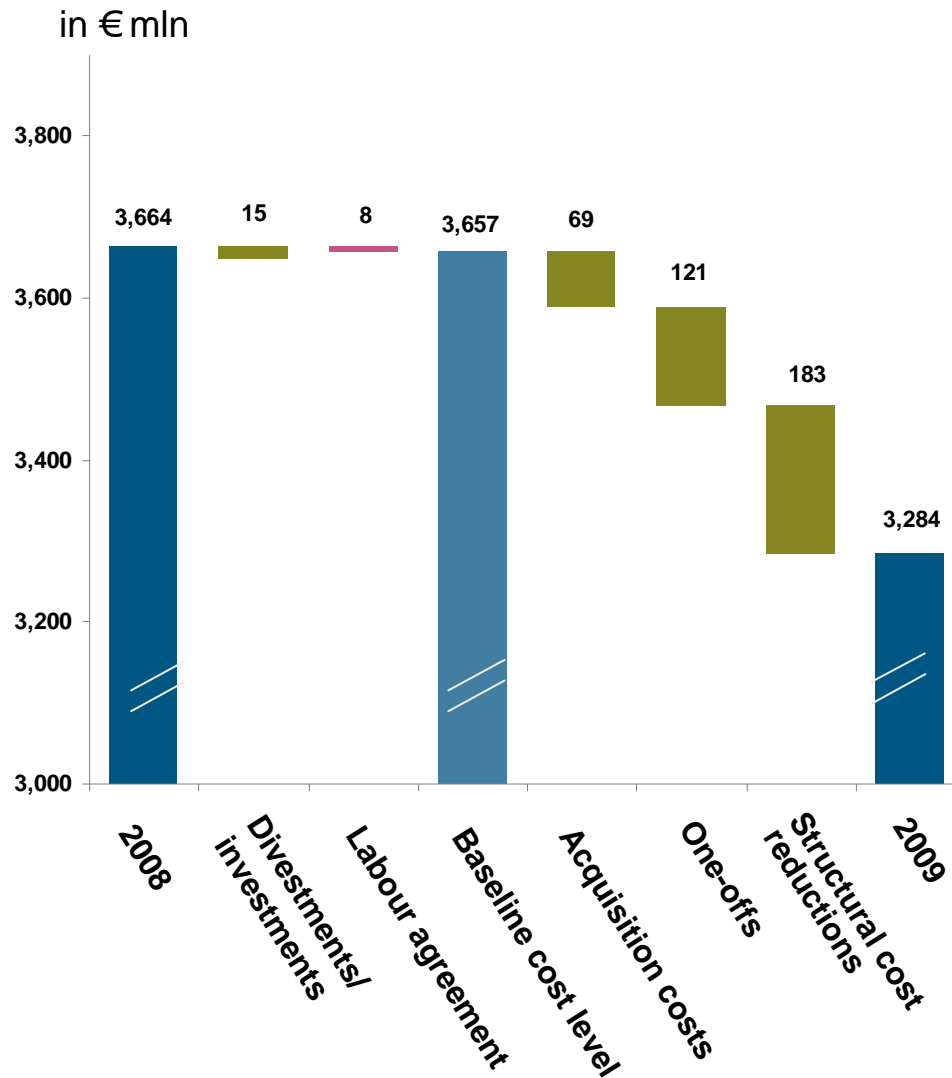
- Gross written premiums (GWP) up 2% to €19.6 billion impacted positively by merger of pension funds. GWP down 4% corrected for merger of pension funds.
- Premiums Health stable excluding lower government contribution.
- Life business remains challenging. Premiums increased significantly by merger of pension funds. Premiums down 8% excluding the merger of the pension funds.
- Non-Life shows strong organic growth of 4%. Consolidation of Oranta adds an extra 2%.

## Performance business lines: Profit before tax

Profit before tax (in €mln)	2009	2008	Change
Health	319	-28	+347
Non-Life	282	-95	+377
Life	-108	-1,381	+1,273
Banking	-47	36	-83
Other activities	1,061	-1,152	+2,213
<b>Total</b>	<b>1,507</b>	<b>-2,620</b>	<b>+4,127</b>

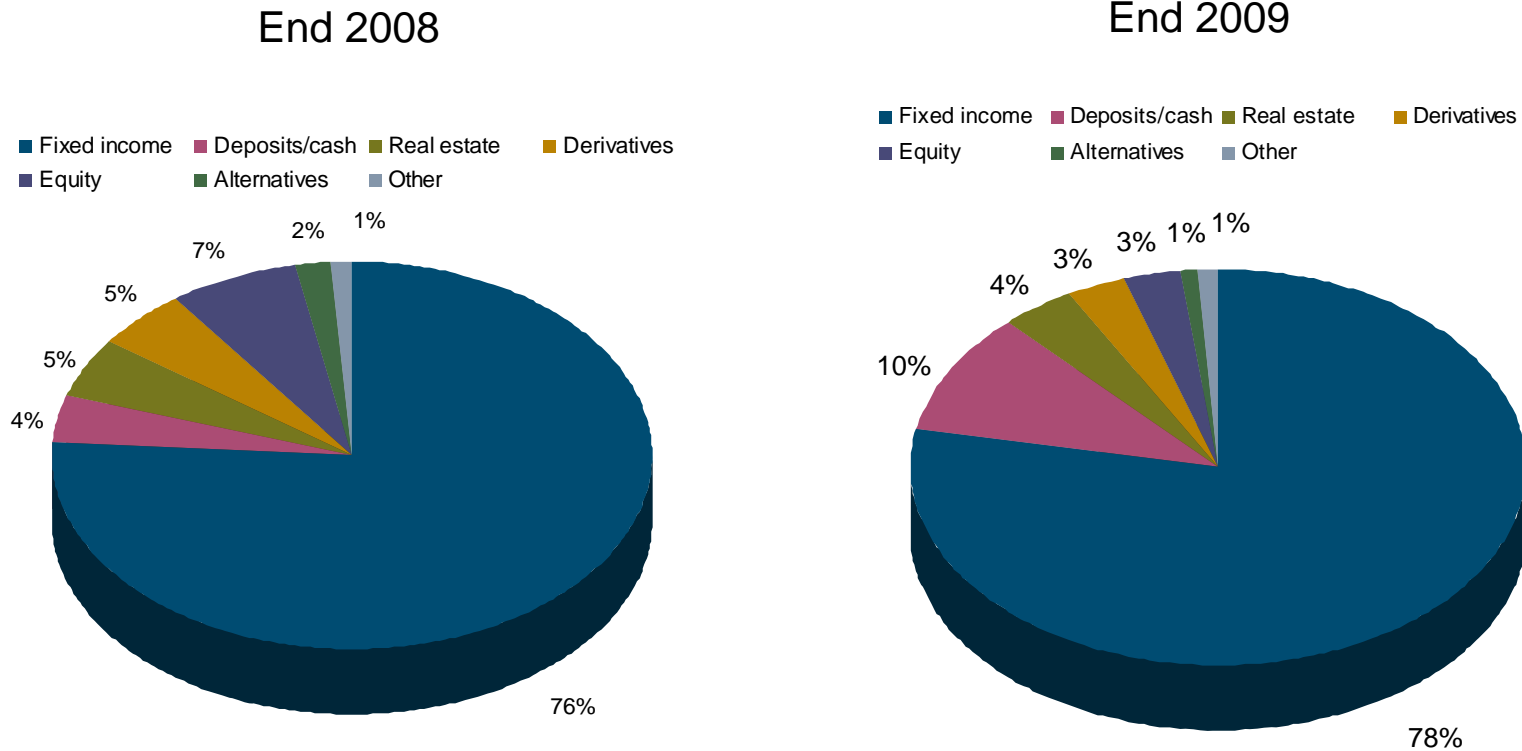
- All business lines, except banking, performed better.
- Good result in Health is mainly due to one-off release of provisions of previous years and cost reductions.
- Strong results in Non-Life driven by a lower expense ratio and financial markets.
- Life results recovered considerably due to better investment results but remain loss making, indicating difficult market circumstances.
- High loan loss provisions in Ireland depresses Banking result.
- Lower impairments and operating expenses and the PZU settlement resulted in significant improvement of the results of Other activities.

## Operational expenses down 10%, cost reduction target 2009 achieved



- Operating expenses down €380 million to €3,284 million.
- Structural cost reductions €183 million; target of €100 million cost reduction in 2009 more than achieved.
- Lower sales resulted in lower acquisition expenses (- €69 million).
- One-offs include delayed project costs and lower marketing & procurement costs.

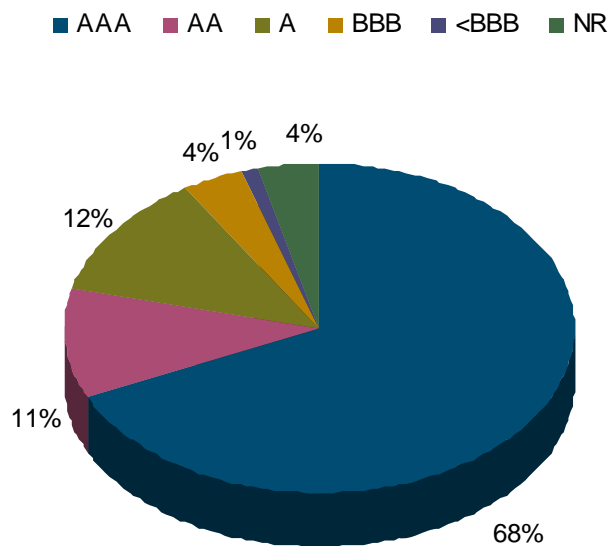
## Derisked considerably: a conservative portfolio



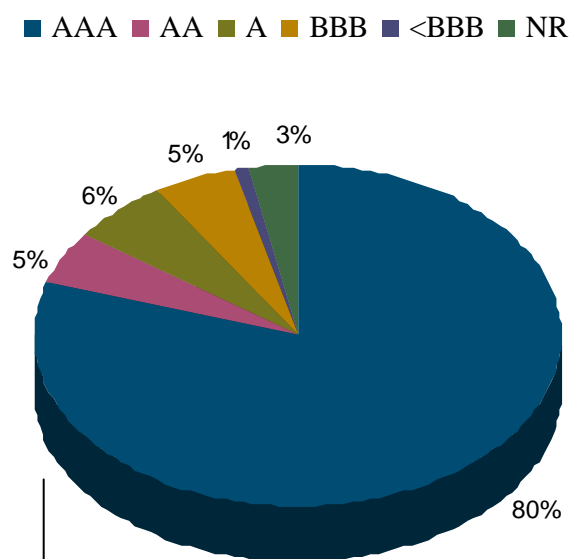
- Equity reduced
- Listed Real Estate divested
- Cash increase mainly due to PZU settlement

# Fixed income switch to AAA

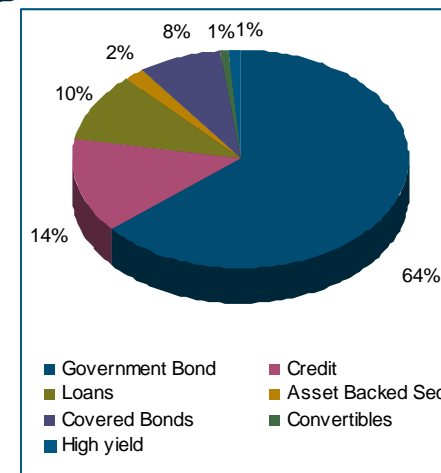
End 2008



End 2009



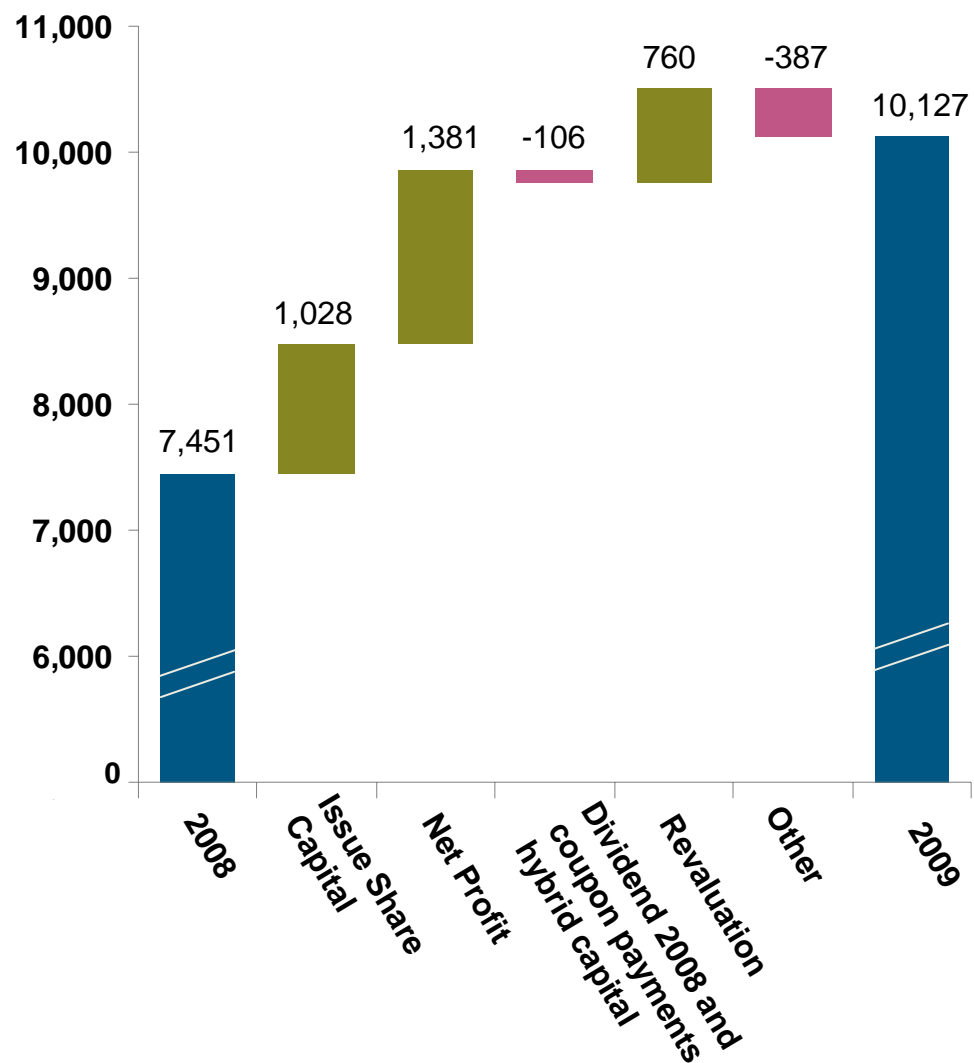
By instrument



- Subordinated bank debt reduced
- AAA Governments expanded
- PIGS exposure small

## Strong recovery capital and solvency position

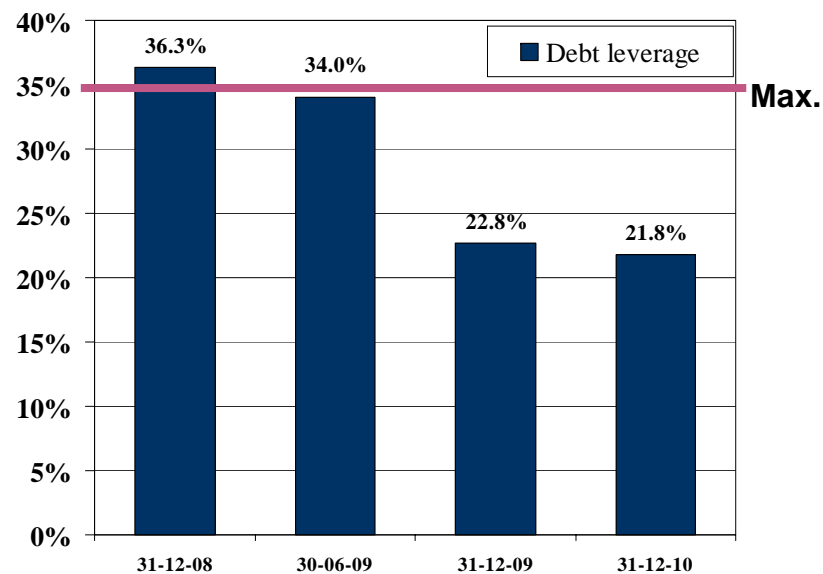
in € mln



- Own equity position up 36%.
- Net profit and capital increase main contributors.
- Recovery of financial markets resulted in revaluations of €760 million on the investment portfolio.
- Dividend of €585 million will be proposed to the Annual General Meeting or €1.43 per share.
- Solvency insurance entities up 54%pts to 251% (based on swap curve). Group Solvency solid at 216%.



## Liquidity: debt position holding decreasing



- In 2009, we lowered our debt position considerably by €520 mln to €867 mln.
- In combination with the improved equity position this resulted in an improvement of debt leverage from 36.4% to 22.8%.
- No double leverage at year-end 2009.

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## Eureko's preparations for Solvency II

- Because of a strong capital position and relatively low risk profile, the stress test (CEIOPS) on 30 June 2009 numbers showed that Eureko's solvency levels would remain significantly above 100% in all scenarios.
- However, linked to the financial crisis, CEIOPS has overreacted in its proposals resulting in a significant increase of capital requirements not in accordance with the real risk.
- Those higher capital requirements may have significant consequences:
  - Investments of insurers in corporate credits will decrease.
  - Health insurance premiums may increase significantly if the specifics of the Dutch health care system are not taken into account.
- Eureko actively participates in discussions on the development of Solvency II implementing measures and guidelines.
- Eureko aims at using (partial) internal models.
- Preliminary calculations for Eureko Group per end of 2009 show that even with the proposed higher charges compared to QIS4 and not taking into account the risk mitigating characteristics of the basic health insurance system, Eureko will be able to meet Solvency II capital requirements (own funds/group SCR ~125%).

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## Strong credit ratings

Insurer Financial Strength Rating: A+ (negative outlook)

Holding Counterparty Credit Rating: A- (negative outlook)

### **S&P has confirmed its ratings on 31st March 2010**

#### **Strengths**

- Strong competitive position in all business lines in the Dutch market
- Strong financial management evidenced by:
  - very strong capitalisation in amount and quality
  - strong and well diversified investment profile and asset-liability management
  - strong liquidity profile based on substantial marketable and near-cash instruments
- Strong financial flexibility

#### **Weaknesses**

- Underperforming life and pensions businesses, particularly in the Netherlands
- High geographic concentration in the Netherlands

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## Contents

1. Eureka Group
2. Strategy
3. Financial Review
4. Closing remarks

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## Closing remarks

### We emerged strongly from crisis in financial markets

- Solid profit of €1.4 billion
- Strong capital position of more than €10 billion
- Structural cost reduction of €183 million

### We will push through announced measures

- Programmes on operational efficiency and cost reduction
- Reduce complexity in products, processes and IT

### The necessary conditions are in place

- Business strategy is sharpened
- Cooperative identity is strengthened

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## Key investment highlights

- Strong capital base with surplus of economic capital (251% solvency insurance activities)
- Stable rating; no downgrade in past 5 years
- Stable and supportive shareholders' base, 39.4%<sup>1</sup> owned by Rabobank (AAA-rated)
- # 1 insurance group in the Netherlands
- Multi-distribution strategy in Dutch market with #1 positions in direct writing and banc assurance
- Balance sheet largely immunised for equity markets; more than 90% of fixed income portfolio rated A or above

<sup>1</sup>As a percentage of total ordinary shares

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## Contact details

**For further information, please contact:**

**Maarten Mes**

Director Capital Management  
Group Balance Sheet Management  
Capital Management & Investor Relations  
+31 (0)30 693 7263

**Sandra van Gils**

Manager Investor Relations  
Group Balance Sheet Management  
Capital Management & Investor Relations  
+31 (0)30 693 7051

Email: [investors@eureko.com](mailto:investors@eureko.com)

Internet: [www.eureko.com](http://www.eureko.com)

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