EUREKO

PRESS RELEASE

15 MARCH 2011 - EUREKO ANNOUNCES 2010 RESULTS

SOLID CAPITAL POSTION; STRONGLY IMPROVED RESULTS

2010:

- NET PROFIT €1.2 BILLION; PROFIT BEFORE TAX FROM REGULAR ACTIVITIES +38%
- SOLVENCY UP TO 220% INCLUDING SIGNIFICANT DIVIDEND PAYMENTS
- VNB MARGIN UP TO 2.1% IN THE NETHERLANDS
- WELL ON TRACK IN ACHIEVING COST AND FTE REDUCTION TARGETS

Willem van Duin, Chairman of the Executive Board comments:
'Eureko can look back on 2010 with satisfaction. Providing good quality insurance products and services for our clients is our main objective. We continued our course that will lead to reduced complexity and cost efficiency in our operations. With a profit before tax of €1.2 billion in 2010, combined with a robust financial position, we have created the conditions for continuity of our Group, serving the interests of all our stakeholders: customers, business partners, employees, and shareholders. The process of continuous improvement we have put in place is well on track but there is still much to do. In our international business, we divested a number of non-core activities so that we can now focus on developing and building our business in selected markets, such as Turkey, Russia and Greece.'

ANNOUNCEMENT OF 2010 ANNUAL RESULTS ON 15 MARCH 2011:

A press conference starts at Eureko's headquarters at Handelsweg 2 in Zeist at 11.00 CET.

A press conference call for international media starts at 13.00 CET. Please dial +31 10 294 42 71.

A conference call for analysts starts at 14:00 CET. Please dial +31 10 294 42 91.

In addition, on May 31st an analyst meeting will be organised.

More details can be found on Eureko's website: www.eureko.com.

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Eureko's financial statements are prepared in accordance with the International Financial Reporting Standards - including International Accounting Standards (IAS) and Interpretations - as at 31 December 2010 and as adopted by the European Union. Figures in this press release are unaudited.

Note: Because of rounding, numbers may not add up.

Eureko can look back on 2010 with satisfaction. We are reporting some gratifying results and the satisfactory progress of a number of issues. These include the IPO of the Polish insurer PZU, the unit-linked settlement and a reduction in both organisational and structural complexity. In 2010, we reviewed and further reinforced our commercial partnership with major shareholder and distribution partner, Rabobank. We also announced a merger with health-insurer De Friesland Zorgverzekeraar that, subject to regulatory approval, should take place in 2011. In our international business, we divested a number of non-core activities so that we can now focus on developing and building our business in selected markets, such as Turkey, Russia and Greece. At the end of 2010, Standard & Poor's improved Eureko's outlook from negative to stable. Current rating is A^{+} for the insurance entities and A^{-} for Eureko B.V. This makes us the only Dutch insurer whose rating has not been downgraded since the crisis began in 2008.

Financial Position

In 2010, profit before tax from regular activities increased 38% to €504 million (2009: €365 million), this is excluding the proceeds of the subsequent sale of our remaining stake in Polish insurer PZU and the IPO of PZU (€835 million), divestments and an additional provision for unit-linked products. Eureko's total net profit in 2010 was €1.2 billion. Insurance markets in the Netherlands continue to be highly competitive, but we were still able to increase total premium income and improve our insurance results. Financial markets stabilised further resulting in improved investment results. The results of our international operating companies increased €57 million, but remained negative. During 2010, we were able to further increase total equity to €10.4 billion, up from €10.1 billion in the previous year even though we paid out over €1 billion in dividends to shareholders.

Market conditions

Competition in all insurance business lines is increasing. In the Netherlands, we are operating in a highly saturated market. For the coming years, our forecasts show no more than 1% growth. Competition often comes from new entrants with a lower cost base. These developments were expected. Eureko has already responded to a changing marketplace. Internet insurer InShared was launched some years ago and has captured promising growth.

Customer satisfaction

In the largest and most extensive survey ever undertaken among customers in the Netherlands, in 2010, the Association of Insurers found that policyholders generally rated their own insurance provider with solid average scores of well above 7 out of 10. Just about all our Dutch labels outperformed the industry average. The Trust Mark launched by the Association in 2010 was also achieved by almost all our labels.

Strategic change

We have a clear strategy focused on structural cost reductions, the embedding of a continual and customer-oriented improvement programme (SENS), reduction of complexity in products and processes, more commercial focus, professionalism and choices in what and where we operate. Through 2010, we made progress on all these strategic components. For example, we have been successful in reducing structural costs by €268 million in the past two years. We are confident that we will meet the target of €300 million end 2011. SENS has now been implemented in all business units in the Netherlands. Complexity reduction has led to the creation of so-called domains. These will act as integrated back-offices for our diversified brands and generator of new propositions. It is here we are concentrating new IT resources following a strong reduction in legacy systems.

Employee commitment

At a time of change, it is usual to see a decline in employee satisfaction and commitment. Not at Eureko in 2010. We achieved the highest ever response and score on an Employee Satisfaction and Commitment survey. The high scores were just as apparent in external surveys. In 2010, Eureko was judged the second best employer in the Netherlands and the top place to work in both the finance and the insurance sectors.

Revitalisation cooperative identity

Revitalising our cooperative background, we are committed to maintaining the solidarity principle in insurance that is an irrevocable part of our cooperative heritage. Both solidarity and trust are core concepts for Eureko. We see insurance as a way of sharing risks. That is how we win our customers' trust. From that point of departure, the step to corporate social responsibility is a logical one. For us, it is not a special activity. It is part of the traditions and culture of our organisation.

Looking ahead

We had designated 2009 and 2010 as transitional years. In 2011, we aim to further build on what we have already achieved. The aim is an efficient customer-oriented, lean organisation with clear propositions for our customers. By reinforcing our cooperative identity and the membership policy in cooperation with major shareholder Vereniging Achmea, we will firmly put our customers at the centre of everything we do.

Willem van Duin, Chairman of the Executive Board
Zeist, 15 March 2011

(€ million)

	2010	2009	Δ %	H2 2010	H2 2009	Δ %
Results						
Gross written premiums	19,852	19,645	1%	9,139	9,143	0%
Of which Health	12,289	10,617	16%	6,100	4,851	26%
Of which Non-Life	3,992	4,030	-1%	1,551	1,662	-7%
Of which Life	3,571	4,998	-29%	1,488	2,630	-43%
Investment income including associates	2,697	1,048	157%	818	1,162	-30%
Fee and commission income	481	553	-13%	238	306	-22%
Other income	2,275	3,514	-35%	1,964	3,819	-49%
Total income	**25,305**	**24,760**	**2%**	**12,159**	**14,430**	**-16%**
Claims and movements in insurance liabilities	19,753	18,859	5%	9,520	10,700	-11%
Operating expenses	3,268	3,226	1%	1,665	1,685	-1%
Other expenses	1,058	1,168	-9%	583	632	-8%
Total expenses	**24,079**	**23,253**	**4%**	**11,768**	**13,017**	**-10%**
Profit before tax	**1,226**	**1,507**	**-19%**	**391**	**1,413**	**-72%**
Income tax	6	126	-95%	35	147	-76%
Net profit	**1,220**	**1,381**	**-12%**	**356**	**1,266**	**-72%**
Profit before tax by segment						
Health	262	342	-23%	100	197	-49%
Non-Life	401	259	55%	182	156	17%
Life	107	-108	n.m.	206	6	n.m.
Banking	49	-47	n.m.	-1	-60	98%
Other activities	407	1,061	-62%	-97	1,115	n.m.
Total	**1,226**	**1,507**	**-19%**	**390**	**1,414**	**-72%**
Balance sheet	**31-12-10**	**31-12-09**				
Total assets	93,946	93,189	1%			
Total equity	10,357	10,127	2%			
Investments	40,459	39,115	3%			
Insurance liabilities	35,623	35,112	1%			
Solvency						
Regulatory solvency ratio Group	220%	216%	4%pts			
Regulatory solvency ratio insurance entities	227%	251%	-24%pts			
FTEs						
Internal staff	20,185	21,209	-5%			
External staff	2,212	2,467	-10%			
Total FTEs	**22,397**	**23,676**	**-5%**			
Total staff (headcount)	25,613	27,126	-6%			

n.m. not meaningful

2009 figures adjusted for comparison reasons

GENERAL

We can look back on 2010 with satisfaction. The IPO and subsequent sale of our remaining stake in the Polish insurer PZU made a significant contribution to results. But what would prove even more important is the measures we took to achieve an improved performance, a stronger solvency position and an enhanced liquidity level.

RESULTS 2010

Net profit/profit before tax

Profit before tax from regular activities was up 38% to €504 million (2009: €365 million). This encouraging increase is due mainly to good insurance results and better investment results. It is partly offset by higher investment in strategic projects mainly related to complexity reduction in our organisation. Several items impacted results in 2010. One of them were the gains from PZU, these were €835 million in 2010 compared to €1,238 million in 2009. In addition to the PZU contribution, we achieved a positive result (€36 million) on divestments, such as Interlife Cyprus and Achmea Re Luxembourg. We have taken an additional provision for the unit-linked policy arrangement we announced in 2010 in the amount of €149 million. Including these items profit before tax amounted to €1,226 million (2009: €1,507 million).

PROFIT BEFORE TAX (€ million)

	2010	2009	Change
Profit before tax from regular activities	504	365	139
PZU results	835	1,238	-403
Divestments	36	0	36
Unit-linked provision	-149	-96	-53
Profit before tax	**1,226**	**1,507**	**-281**

Net profit, excluding the PZU settlement/IPO, increased in 2010 by 22% to €386 million (2009: €317 million). Including these results, net profit amounted to €1,220 million (2009: €1,381 million). However, the exit from this Polish insurer will impact future results. This impact is already apparent in 2010 and will become much more evident from 2011.

Profit before tax by business line

All Eureko's business lines, Non-life, Health, Life and Banking contributed to profit. Non-life results improved to €401 million (2009: €259 million) due to better investment income and lower operating expenses. Basic and supplementary Health insurance results decreased to €262 million (2009: €342 million) due primarily to adjustments in previous years' claims in 2009 in Basic Health insurance. This was partly offset by lower operating costs and a release of provisions in Supplementary Health. Results in Life were higher (€107 million) than in 2009 (-€108 million) due to better investment results and lower operating expenses but were offset by unit-linked provisions (€149 million) and the effect of the new mortality tables (additionally €45 million). Banking results improved to €49 million (2009: -€47 million) despite a significantly lower interest margin. The increase was mainly due to lower additions to loan loss provisions at Friends First Finance in Ireland and lower operating expenses.

Net profit per country

Besides the Netherlands Eureko operates in seven other countries. Excluding the PZU results (realised on holding level), Dutch operations generated €451 million in 2010 or 3% up on the previous year (2009: €440 million, excluding PZU). This increase is due to better insurance and investment results but was partly offset by provisioning for unit-linked policies, longevity and higher investments in strategic projects. The other European operating companies achieved better results (up €57 million in 2009) but are still loss making (€-66 million) due primarily to challenging economic conditions. In Turkey, Eureko Sigorta's net profit improved €6 million to €28 million thanks to solid underwriting results. Friends First in Ireland is recovering. Additions to loan loss provisions were significantly lower and hence the results improved from a loss of €105 million in 2009 to a loss of €26 million in 2010. The situation in Greece is extremely difficult, also due to austerity measures and more taxation imposed by government. This has led to a greater outflow and lower sales. As a result, Interamerican Greece's net profit declined €34 million to a loss of €28 million. Our Russian business Oranta's results improved but it is making losses of €21 million compared to a loss of €28 million in 2009.

PZU Initial Public Offering (IPO)

As part of the settlement reached with the Polish state on insurer PZU, there was an IPO of PZU in May 2010. In the IPO, Eureko offered 20% of the outstanding PZU shares, as agreed in the settlement. The Polish Treasury sold 4.9% of its shares in PZU and Eureko received pre-determined fixed proceeds on these shares. In November, the remaining 13% holding in PZU was sold and in total the PZU settlement in 2010 resulted in an additional net profit of €834 million.

Longevity risk

At the end of 2009, the Dutch Statistics Office (in Dutch: CBS) published adjusted life expectancy based on 2007 and 2008 figures on mortality. These show a substantial improvement in life expectancy in the Netherlands. Based on the CBS figures, the Association of Insurers (in Dutch: Verbond van Verzekeraars (VvV)) set new mortality tables at the end of 2010. Due to the substantial nature of the improvement in life expectancy, prognoses for future improvements were also adjusted positively. The increased life expectancy will mean longer pay outs and will therefore have a significant impact on insurers and pension funds. Eureko determines insurance liabilities (€20 billion at year-end 2010) based on VvV mortality tables. When determining insurance liabilities, most recent observations from 2007 and 2008 have been taken into account. To date, in determining insurance liabilities, prognoses on future improvements in life expectancy had not been taken into account due to uncertainties on the future development of life expectancy. Eureko has increased its insurance liabilities by €45 million. At year-end 2010, Eureko's liability adequacy testing took into account both improved life expectancy and future improvements included in prognoses. In spite of these developments, Eureko's insurance liabilities are still more than adequate. Eureko's solvency has decreased by 5%-points as a consequence of this adjustment. This effect is compensated in part by an increase in interest rates especially in the final quarter of 2010.

Gross written premiums

Excluding the merger of our Pension Funds in 2009 (€1.1 billion), gross written premiums increased by 7%. Including this merger, premiums grew slightly to €19.9 billion (2009: €19.6 billion). Health was able to increase gross written premiums (+16%) mainly as a result of higher government contributions. Non-life remained more or less stable (-1%). The slightly lower gross written premiums in Non-life were the result of lower premiums in Property & Casualty in the Netherlands; this was only partly off set by higher premiums in Europe. Premiums from IP were stable. If the merger between the two Achmea pension funds is excluded, then premiums in Life were down 8%.

Expenses

Our gross operating expenses (excluding commissions, re-insurance commissions and cost allocations) declined €66 million or 2% to €2,829 million (2009: €2,895 million). The decline was limited to 2% as a result of a significant increase in investments in strategic projects from €90 million in 2009 to well over €200 million in 2010. An additional one-off vacancy provision (€20 million) and costs related to the PZU settlement (€12 million) are also included in gross operating expenses. If the vacancy provision and PZU settlement expenses are excluded, then since 2008 gross operating expenses have declined by €268 million (or 9%). We are well on track to achieve our announced target of €300 million cost reduction by the end of 2011 versus the 2008 baseline. Total operating expenses increased 1% to €3,268 million (2009: €3,226 million). This increase is due mainly to higher commissions.

FTEs

We are also well on track in realising an FTE reduction in the Netherlands of 2,500 by the end of 2011 compared to year-end 2008. In the previous two-year period, we have realised a reduction of 1,708 FTEs. In 2010, the total number of FTEs (internal and external) decreased by 1,279 to 22,397 (2009: 23,676). In 2010, the number of external employees decreased 10% to 2,212. In Europe, the number of employees fell 12% to 4,591. Higher efficiency is one driver. Another is the divestment of activities such as the operating companies in Cyprus and the sale of the medical clinic in Romania. In the Netherlands, the total number of (internal and external) FTEs fell by 639 or more than 3% to 17,806 in 2010.

CAPITAL MANAGEMENT

Development of total equity (€ million)

	2010
Total equity start of year	10,127
Net income	1,220
Cash dividend and coupons hybrid capital	-1,171
Revaluation reserves	-168
FX and Hedge reserves	314
Other	35
Total equity end of year	**10,357**

Eureko's capital base grew 2% in 2010, from €10,127 million to €10,357 million despite the pay out of €585 million in regular dividend in April 2010 and an interim dividend of €480 million in the autumn. The increase is due to gains from the PZU settlement, improved operational results and positive foreign exchange results in the investment portfolio. The Group's solvency position is aligned to the capital base and further improved to 220% against 216% in 2009. As stated earlier the new mortality tables impacted the solvency negatively by 5%-points. The solvency of insurance entities decreased to 227% from 251%, mainly because in 2009 Eureko included

PZU's required and available capital. Following the IPO, this is no longer the case.

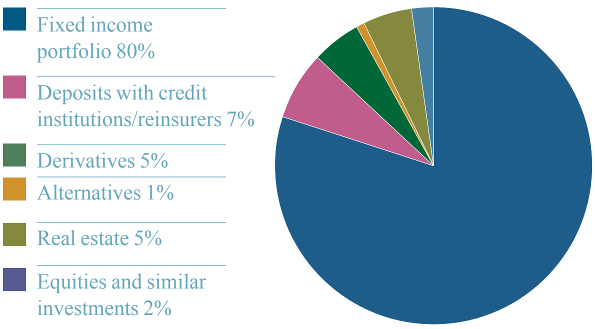
Eureko's external borrowings, excluding banking and finance operations, improved slightly to €825 million (2009: €867 million). Debt leverage (debt including perpetuals divided by total equity plus debt minus goodwill) improved from 22.8% at year-end 2009 to 22.0% at 31 December 2010.

Eureko will propose to the General Meeting of Shareholders the pay out of a final dividend of €41 million on the ordinary shares (€0.10 per ordinary share), after an interim dividend of €1.15 per ordinary share in the second half of 2010.

Investments

Eureko's own risk investment portfolio increased 3% to €40.5 billion (2009: €39.1 billion)*. The increase is due primarly to the bond portfolio. Compared to last year the composition of the portfolio changed slightly. The relative position of fixed income securities, including loans and mortgages, increased to 80% (2009: 78%) of the total investment portfolio. In 2009, at 10%, deposits with credit institutions were relatively large as a consequence of the PZU dividend received in late 2009. In 2010, the share decreased to 7%. Only 3% of the portfolio is currently invested in equities or alternatives. Impairments amounted to €46 million compared to €161 million in 2009.

Total investment portfolio year-end 2010 (€40 billion)



*This is excluding investments in associates and investments related to cash collateral received in securities lending but including investment property.

Fixed income portfolio

The fixed income portfolio increased in the reporting year by €1.6 billion to €32.0 billion (2009: €30.4 billion). The majority of investments (61%) or €19.4 billion (2009: 64%) are invested in government bonds or government related. These are predominantly Dutch and German government bonds. The position in loans (11%) consists mainly of savings accounts related to mortgages and pension products with Rabobank. A modest part of our fixed income portfolio consists of corporate bonds. Approximately 8% is invested in covered bonds and asset backed securities. The fixed income portfolio is rather conservative. Of the portfolio, 83% has a triple A rating and only 1% is non-investment grade.

Relative position of fixed income by nature

	31-12-2010	31-12-2009
Governments bonds/ government related	61%	64%
Covered bonds	5%	8%
Credits	16%	14%
Convertibles	1%	1%
High yield	1%	1%
Asset backed securities	3%	2%
Structured credits	2%	0%
Loans	11%	10%
Total	**100%**	**100%**

Fixed income portfolio by rating

	2010	2009
AAA	83%	80%
AA	3%	5%
A	7%	6%
BBB	5%	5%
<BBB	1%	1%
Not rated	1%	3%
Total	**100%**	**100%**

Over the past year, our position in financial bonds (€7.7 billion) has shifted to more senior financial bonds and we have deleveraged the position in Tier 1 and Tier 2 bonds. Of the financial bond portfolio, only 3% is Tier 1 or Tier 2 bonds.

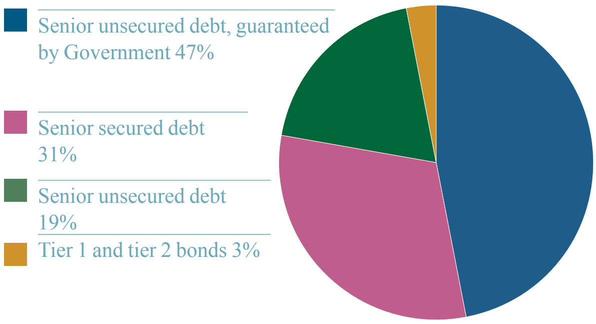
A development that could affect the performance of our portfolios is the shift in government risk. Often known as 'risk free' investment, the situation of countries such as Greece, Ireland, Italy, Spain and Portugal (the so-called GIIPS countries) have brought about a shift in perceptions. We had already reduced our exposure to these countries in 2008 and 2009;

exposure to Greece and Ireland relates almost exclusively to our activities in those countries. At year-end 2010, our sovereign exposure on these countries only amounted to €740 million or 2.3% of the fixed income portfolio. Our assumption is that some countries, e.g. Germany and the Netherlands can still be considered 'risk free'. Policy is to concentrate on bonds issued by strong euro countries. We are monitoring the situation closely.

Sovereign Exposure GIIPS Countries (€ million)

	31-12-2010	in % of fixed income portfolio	31-12-2009	in % of fixed income portfolio
Greece	97	0.3%	149	0.5%
Italy	89	0.3%	205	0.7%
Ireland	384	1.2%	538	1.8%
Portugal	49	0.2%	110	0.4%
Spain	121	0.3%	60	0.2%
Total	**740**	**2.3%**	**1,062**	**3.5%**

Relative position of financial bond portfolio, year-end 2010, total €7.7 billion



Equity portfolio

The equity portfolio is rather small at only 2% of the total investment portfolio. At year-end 2010, total equities amounted to €0.8 billion compared to €1.1 billion at the end of 2009. Besides the equity portfolio Eureko has also invested €0.7 billion (2009: €0.5 billion) in alternatives such as private equity, hedge funds, infrastructure and commodities. The equity and alternatives portfolio is, besides foreign exchanges risk, not hedged.

Real-estate portfolio

Our real-estate portfolio amounted to €1.8 billion (year-end 2009: €1.7 billion). The portfolio consists of €1.4 billion direct real estate and €0.4 billion indirect real estate. The value of direct investment property is determined by the property's occupancy rates. It would seem that the real-estate market is finally bottoming out and the value remained relatively stable during the reporting year.

- Good result in Property & Casualty despite weather conditions
- Income Protection under pressure due to economic slowdown
- Expense ratio further improved

(€ million)

	2010	2009	Δ %	H2 2010	H2 2009	Δ %
Results						
Gross written premiums	3,992	4,030	-1%	1,551	1,662	-7%
The Netherlands	3,260	3,318	-2%	1,195	1,322	-10%
Of which Property & Casualty	*2,572*	*2,632*	*-2%*	*1,039*	*1,102*	*-6%*
Of which Income Protection	*688*	*686*	*0%*	*156*	*220*	*-29%*
Europe	732	712	3%	356	340	5%
Investments	302	169	79%	193	115	68%
Fee and commission income	119	153	-22%	54	78	-31%
Other income	-188	-243	23%	360	259	39%
Total income	**4,225**	**4,109**	**3%**	**2,158**	**2,114**	**2%**
Claims and movements in insurance liabillities	2,591	2,573	1%	1,326	1,304	2%
Operating expenses	1,158	1,210	-4%	597	612	-2%
Other expenses	75	67	12%	53	42	26%
Total expenses	**3,824**	**3,850**	**-1%**	**1,976**	**1,958**	**1%**
Profit before tax	**401**	**259**	**55%**	**182**	**156**	**17%**
Key figures			Δ %pts			Δ %pts
Claims ratio	68.1%	67.8%	0.3	70.3%	68.5%	1.8
Expense ratio	27.6%	28.1%	-0.5	28.7%	29.4%	-0.7
Combined ratio	**95.7%**	**95.9%**	**-0.2**	**99.0%**	**97.9%**	**1.1**
Regulatory solvency ratio	281%	246%	35			
Number of internal FTE	7,935	8,209	-3%			

2009 figures adjusted for comparison reasons

GENERAL

Non-life business is a core activity for Eureko. Premiums and margins are under pressure. However, we can look back on a good year thanks to the measures we have taken, such as focus on customers, innovation and cost control as well as improved investment results. Non-life consist of Property & Casualty (P&C) and Income Protection (IP).

Gross written premiums were down 1% from €4,030 million to €3,992 million, due to a decrease in P&C in the Netherlands. Premiums outside the Netherlands represent around 20% of total Non-life premiums. These rose 3%. IP premiums were stable. Profit before tax was up 55% to €401 million (2009: €259 million) as a result of better investment results (€133 million) and lower operating expenses (€52 million). The claims ratio was up slightly from 67.8% to 68.1%. This is due to a relatively strong increase in the IP claims ratio; the claims ratio on P&C improved.

Total operating expenses expressed as a percentage of net earned premiums (net expense ratio) improved from 28.1% in 2009 to 27.6%. 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 IT systems, translate into performance. The combined ratio improved from 95.9% in 2009 to 95.7% in 2010. Solvency improved 35%-points to 281% mainly due to better results.

In February 2010, Eureko announced the sale of its Cyprus activities through a management buyout. In January 2011, we also sold our Belgian business.

From 2010, Occupational Health Services form part of Non-life and figures have been adjusted for comparison purposes.

THE NETHERLANDS

Market developments

The Dutch P&C market can be seen as the arena where the 'new insurance' is clearly taking shape. Price-fighting, internet-only providers moved strongly into P&C products, primarily car insurance, driving down premiums to create intense competition for established insurers. This has long been a saturated, mature market with very little growth potential. The forecast of approximately 1% growth per year is generated primarily through indexing and inflation. Achmea is market leader in P&C (stable market share at an estimated 20% in 2010) in the Netherlands.

The adverse economic environment has led to a reduction of premiums in IP, often known as Occupational Health through higher numbers of bankruptcies, stagnating growth in SMEs, higher jobless figures in certain segments of the labour market and a lower insurance take-up due to cost-reduction measures. Another factor is the diminished trust in insurers; customers want more transparency, more web-based information and communication and better pricing. Brokers are also demanding more web-based administration and knowledge-based support. Moreover, lower investment income and fierce (price) competition in most segments leads to eroding profitability. However, we still expect this segment to generate around 3% premium growth in the next three years. There is upside potential if privatisation of certain social security insurances, such as unemployment benefits, takes place although timing is uncertain and it could be years before this occurs. Raising the state-pensionable age from 65 to 66, expected in 2020, could also have a positive effect as all insured extend their disability insurance to cover the additional year. In 2010, the estimated market share increased marginally to slightly over 19%.

Results

Non-life makes a significant contribution to Group total gross written premiums. Gross written premiums in the Netherlands decreased 2% to €3,260 million (2009: €3,318 million), mainly as a result of a shrinking motor and agricultural portfolio for business customers and a drop in individual motor and recreation. This is partly offset by higher sales of single-premium contracts in IP Profit before tax improved to €394 million (2009: €240 million) mainly due to better investment results and lower costs.

Property & Casualty – results

In a fiercely competitive marketplace, gross written premiums in the Netherlands decreased 2% to €2,572 million (2009: €2,632 million) primarily because of a decline in the business motor and agriculture portfolio and lower motor and recreation premiums for individual customers. The combined ratio in 2010 was an exceptional 90.9%, a significant improvement on the previous year (2009: 93.4%). The claims ratio improved to 65.3% (2009: 67.1%) as a result of lower net claims (in motor and legal assistance), due primarily to refocusing of the corporate portfolio and the release of old injury claims provisions. The expense ratio improved to 25.6% from 26.3% in 2009 through lower FTEs and project costs. Our goals in 2010 included the reduction of expense ratios primarily through complexity reductions in IT systems. This goal has been achieved and we will continue to work on further reductions. Profit before tax increased significantly to €409 million (2009: €191 million) due to lower claims, reduced operational expenses and higher investment income.

Income Protection - results

In 2010, gross written premiums in our IP business increased marginally to €688 million (2009: €686 million). Single-premium for full disability (WIA) contracts rose significantly but growth was partly offset by lower premiums on absence and disability (AOV). The claims ratio increased 9.2%-points to 84.7% from 75.5% in 2009 mainly because new insights led us to take additional provisions on WIA. Corrected for this additional provision the claims ratio was slightly up to 75.9%. The expense ratio improved to 24.7% from 25.3% in 2009 mainly through lower IT and project costs. Profit before tax was down significantly to €1 million (2009: €72 million) due to higher provisions for WIA (impact:
-€63 million) and lower investment income.

In addition to IP insurance, Achmea also offers Occupational Health Services to its customers under the 'Achmea Vitale' brand. Integrating our SME absence insurance with Occupational Health Services should help us to reduce our claims ratio.
In 2010, results on these services was -€16 million (2009: -€23 million) due to lower operational costs achieved by steering on costs and FTE efficiencies.

OUR EUROPEAN MARKETS

In 2010, our European operations generated Gross Written premiums of €732 million, 3% higher than in the previous year (2009: €712 million). The growth is due primarily to increased premiums at Eureko Sigorta

Turkey, Interamerican Greece and Union Slovakia. Growth in our European markets was offset by a fall in premiums in Russia. In 2010, we announced the sale of our Belgian activities and the transaction was closed in January 2011.

Turkey

With an estimated market share of more than 5%, Eureko Sigorta Turkey aims to grow that share to 8% by 2012. In the coming years, we will be further expanding our agency and broker channels alongside bank distribution. This should enable us to grow our market share in parallel. Gross written premiums were up to €289 million (2009: €250 million).

Greece

Interamerican Greece continues to hold the number two position in the Greek Non-life market. In spite of the economic environment, the Greek market for Non-life products is forecast to grow 4% in 2011 and Interamerican Greece is outperforming the market. Gross written premiums were up by €5 million to €216 million (2009: €211 million) as a result of premium indexation and new customers.

Russia

Our Russian operating company, Oranta, is currently 24th out of 600 players in a market where the top 30 already occupy 80% of the market. In 2010 gross written premiums in Non-life segments (specifically motor and Personal Accident including travel, property and cargo) were down €19 million to €59 million (2009: €78 million) in a market characterised by slow development and aggressive pricing. Around half of this decrease can be attributed to the transfer of health activities to the Health segment.

Slovakia

Union Slovakia is still achieving growth in an economically challenging market. Overall, Union Slovakia is the number five player and is outperforming the market. This is due in part to expansion of its range of distribution channels. Union Slovakia continues to be the top insurer in the travel segment and has now begun marketing these products to the neighbouring Czech Republic. In 2010, gross written premiums were up significantly to €28 million (2009: €22 million), primarily as a result of growth in travel, the recently introduced motor insurance and growing direct distribution.

- Premiums up mainly as a result of higher government contributions
- Better results achieved when corrected for releases of provisions

(€ million)

	2010	2009	Δ %	H2 2010	H2 2009	Δ %
Results						
Gross written premiums	12,289	10,617	16%	6,100	4,851	26%
The Netherlands	11,942	10,319	16%	5,935	4,700	26%
Of which Basic health insurance	*10,669*	*9,082*	*17%*	*5,343*	*4,117*	*30%*
Of which Supplementary health insurance	*1,273*	*1,237*	*3%*	*592*	*583*	*2%*
Europe	347	298	16%	165	151	9%
Investments	84	167	-50%	46	119	-61%
Fee and commission income	52	51	2%	26	89	-71%
Other income	-152	-30	n.m.	78	289	-73%
Total Income	**12,273**	**10,805**	**14%**	**6,250**	**5,348**	**17%**
Claims and movements in insurance liabilities	11,293	9,746	16%	6,017	4,748	27%
Operating expenses	591	586	1%	337	356	-5%
Other expenses	127	131	-3%	-204	47	n.m.
Total expenses	**12,011**	**10,463**	**15%**	**6,150**	**5,151**	**19%**
Profit before tax	**262**	**342**	**-23%**	**100**	**197**	**-49%**
Key ratios basic health insurance			Δ %pts			Δ %pts
Claims ratio	96.8%	95.7%	1.1	97.3%	94.9%	2.4
Expense ratio	3.0%	3.3%	-0.3	3.4%	3.6%	-0.2
Combined ratio	99.8%	99.0%	0.8	100.7%	98.5%	**2.2**
Key ratios supplementary health insurance						
Claims ratio	71.0%	77.3%	-6.3	67.4%	73.1%	-5.7
Expense ratio	10.6%	11.6%	-1	12.6%	13.2%	-0.6
Combined ratio	81.6%	88.9%	-7.3	80.0%	86.3%	-6.3
Regulatory solvency ratio	192%	201%	-9			
Number of internal FTE	4,078	4,357	-6%			

2009 figures adjusted for comparison reasons

GENERAL

In 2010, total gross written premiums in the Health business increased 16% from €10,617 million in 2009 to €12,289 million. Growth is due mainly to an increased government contribution of €1,241 million through higher claim forecasts on basic health insurance. Gross written premiums received from private individuals increased by 8% to €5,647 million (2009: €5,217 million), due mainly to increased prices and growth in the number of customers. This was partly offset by higher discounting on group premiums and a higher percentage of group policies. Europe's gross written premiums grew 16% to €347 million (2009: €298 million) primarily as a result of the launch of Health insurance by Eureko Sigorta in Turkey in 2008 and through the reallocation of Oranta Russia's health business to this business line. In 2009, it was still part of Non-life.

Profit before tax decreased to €262 million (2009: €342 million), due to adjustments in previous years' claims and lower operating costs in the Netherlands. In 2009, results had been positively impacted by releases from previous years (€189 million). When corrected for this amount, profit before tax increased by €109 million, due mainly to a release of provisions in Supplementary Health insurance (€60 million) and lower costs. Other income decreased from a loss of €30 million in 2009 to a loss of €152 million in the reporting year. The decrease is related to High-cost compensation (in Dutch: HKC). This is a special component in the health system that compensates an insurer if very high costs are incurred for a particular customer. These negative compensations are accounted for under other income and had a positive effect on claims. Operating expenses increased marginally with 1% to €591 million (2009: €586 million) due to increased costs in Europe; in the Netherlands the costs continued to decrease. Solvency of our Health activities amounted to 192%. Compared to 2009 this is a decrease of 9%-points due to increased solvency requirements from 8% to 9% of gross written premiums for basic health insurance.

In 2010, Occupational Health Services was reallocated to Non-life. Comparative figures have been adjusted.

THE NETHERLANDS

Market developments

The reporting year, 2010, marks the first full five years of a new health insurance structure introduced by the Dutch government at the start of 2006. The underlying concept is an inclusive healthcare system based on the solidarity principle that is demand driven and offers high(er) quality care; essentially, it is to become a system that operates through market forces.

In 2010, the Dutch Central Bank (DNB) increased minimum solvency requirements from 8% to 9% of gross written premiums for basic health insurance. Further increases in solvency requirements, also under Solvency II, could take place due to ongoing government withdrawal.

The expectation is that the cost of care will certainly increase in the near future due to ageing populations. This will result in an annual increase in premiums of at least 3% over the next three years and ensuing price sensitivity. We are convinced that prevention and the quality and efficiency of procurement are key to limiting the cost of care. There is already a clear shift towards transparency in all aspects of healthcare delivery, and an equally clear shift to improved quality of care. Achmea is fully focused on both shifts. In September 2010, Eureko announced the intended merger with De Friesland Zorgverzekaar. The merger is subject to approval by the Dutch regulator NMa (Dutch Competition Authority)

Results in the Netherlands

For Eureko, Health is both a core business and a core competence. We are market leader in the Netherlands; one of our ongoing goals is to retain that position. We offer basic and supplementary Health insurance through a number of top brands using all distribution channels (direct, bank and broker). The health insurance market is relatively stable but also saturated. There is a high entry threshold and only four insurers have more than one million customers (we have close to five million). If the intended merger with De Friesland is approved by the NMa, then the number of customers would be over 5 million.With our customers, we generated gross written premiums for basic and supplementary Health insurance of €11,942 million or 16% up on the previous year (2009: €10,319 million) due to higher government contributions and higher prices.

Profit before tax from basic Health decreased to €24 million (2009: €203 million), mainly as a result of previous years' settlements by the Dutch Health Insurers Body (in Dutch: Zorgverzekeringsfonds), €189 million in 2009. Corrected for this one-off, profit before tax improved €10 million. The expense ratio improved from 3.3% to 3.0% due to cost savings also as a result of the SENS programme. The claims ratio deteriorated from 95.7% to 96.8%, however, if corrected for the one-off in 2009, then the claims ratio improved 1%-point. The combined ratio was 99.8% (2009: 99.0%).

Profit before tax from supplementary Health insurance improved €96 million to €236 million (2009: €140 million), primarily due to the release of €60 million in provisions and a lower claims burden. The supplementary Health expense ratio decreased from 11.6% in 2009 to 10.6% in 2010 as a result of lower costs. The claims ratio improved to 71.0% (2009: 77.3%), due mainly to the release of previous years' provisions and lower claims in 2010. As a result, the combined ratio improved to 81.6% (2009: 88.9%).

OUR EUROPEAN MARKETS

Eureko is also active in various European health insurance markets. It currently has operations in Slovakia, Greece, Turkey, Russia and Romania. We offer both basic and supplementary health insurance in Slovakia as well as private alternatives to state-provided care in Greece, Turkey, Russia and Romania. In 2010, our Health business in Europe generated

€347 million in gross written premiums (2009: €298 million). A small part of this increase involved the transfer of the Russian Health activities from Non-life to Health.

Slovakia

In Slovakia, Eureko offers both basic and supplementary health insurance under its Union brand label and currently ranks third in basic health insurance.
In 2010, Union's gross written premiums increased by 9% to €197 million (2009: €181 million); it was the only Slovak insurer able to attract more new customers in 2010 than the number that switched provider. We were able to improve premium collection efficiency and claims cost containment, leading to improved loss and combined ratios.

Greece

Interamerican, Eureko's brand in Greece, continues to be among the top health insurance players in the market. The economic turmoil in the Greek market clearly had its effect on the private health insurance market, which acts as an alternative (i.e. not mandatory) to state provided care. This effect was particularly visible with the low levels of new business and the high level of lapses. Despite this, gross written premium grew slightly by €1 million to €115 million.

Other Countries

In the other countries (Turkey, Russia, Romania) both gross written premiums and underwriting results improved further. Gross written premium increased 16% due primarily to an increase in premiums in Turkey and Russia.

- Premiums declined in line with market developments
- Improved results despite provision unit-linked and impact of the new mortality tables
- Improvement of VNB margin in the Netherlands

(€ million)

	2010	2009	Δ %	H2 2010	H2 2009	Δ %
Results						
Gross written premiums	3,571	4,998	-29%	1,488	2,630	-43%
Fee and commission income	305	344	-11%	158	194	-19%
Investments	1,379	467	n.m.	395	735	-46%
Other income	1,681	1,709	-2%	825	1,610	-49%
Total income	**6,936**	**7,518**	**-8%**	**2,865**	**5,169**	**-45%**
Claims and movements in insurance liabilities	5,869	6,542	-10%	2,178	4,648	-53%
Operating expenses	799	901	-11%	374	437	-14%
Other expenses	161	183	-12%	107	78	38%
Total expenses	**6,829**	**7,626**	**-10%**	**2,659**	**5,163**	**-48%**
Profit before tax	**107**	**-108**	**n.m.**	**206**	**6**	**n.m.**
Key figures	**31-12-10**	**31-12-09**				
Embedded value*	4,969	4,910	1%			
Value added by new business**/***	25	36	-31%	19	25	-24%
New business APE***	230	280	-18%	108	275	-61%
PVNBP***	1,806	2,267	-20%	795	1,839	-57%
New business margin***	1.4%	1.6%	-0.2%pts			
Value added by new business as a % of APE***	10.8%	12.8%	-2.0%pts			
Regulatory solvency ratio	223%	220%	3%pts			
Number of internal FTE	3,912	4,441	-12%			

* Eureko applies the European Embedded Value Principles
** After effect of economic assumptions
*** Without the effect of the merger of Eureko's pension funds in 2009

GENERAL

Gross written premiums decreased 8% excluding the one-off merger of our two pension funds into Stichting Pensioenfonds Achmea (SPA) in 2009. Including the merger, premiums declined 29% to €3,571 million (2009: €4,998 million). The decline is mainly the result of lower single premiums. The decrease was a number of percentage points higher if a reclassification at Eureko Re was not taken into account. Annual premiums increased slightly.

Breakdown of gross written premiums (€ million)

	2010	2009	Change
Single premiums	745	2,229	-67%
Annual premiums	2,826	2,769	2%
Total	**3,571**	**4,998**	**-29%**
Traditional	1,882	3,119	-40%
Unit-linked	1,689	1,879	-10%
Total	**3,571**	**4,998**	**-29%**

Profit before tax improved by €215 million to €107 million (2009: -€108 million), mainly due to better investment results which were partly offset by unit-linked and longevity risk provisions. Eureko has allocated an additional €149 million to the provision for unit-linked policies. Operating expenses contributed positively as these were down 11% to €799 million from €901 million in 2009. The decline is due primarily to lower expenses at Syntrus Achmea, sale of Interlife Cyprus and cost savings.

In February 2010, a management buyout was announced of our Cyprus activities and the sale of our business in France was negotiated during the reporting year; closing is expected during the first half of 2011. New longevity tables published by the Actuaries Association and the Dutch Association of Insurers in the second half of 2010 have had a negative effect on results and solvency. Even though we have always taken a gradual increase in life expectancy into the structure of our insurance liabilities, we have increased our insurance liabilities additionally with €45 million. The impact of these new tables caused a 12%-point decline in solvency. Partly as a result of this development, improvements in solvency were no more than 3%-points, increasing to 223% (2009: 220%).

Excluding the merger, APE declined by 18% or €50 million to €230 million (2009: €280 million). Lower sales via bank distribution and in Europe are the main causes of the decline. In bank distribution, Rabobank is now offering so-called 'bank savings' products. We are now seeing the effects of no longer offering our own savings and mortgage-linked life products. Total APE in the Netherlands declined (excluding the merger) by 22% to €122 million.

Value New Business (VNB) amounted to €25 million. Compared to 2009, this is an increase of €15 million including the merger of our pension funds. Excluding this merger, VNB decreased €11 million. Despite lower APE in bank distribution, this channel achieved an increase in VNB thanks to successful sales in term insurance. VNB mainly declined in Europe and in our Pension business. In Ireland and Greece especially, the profitability in terms of VNB declined as a result of the current economic environment.

Value Added by New Business 2010 (€ million)

	Netherlands	Europe	Total
Value added by new business	24	1	25
Present value of new business premiums PVNBP)	1,119	687	1,806
Value added by new business as a % of PVNBP	2.1%	0.2%	1.4%
New business APE (annual premiums + 10% of single premiums	122	108	230
Value added by new business as a % of APE	19.7%	0.9%	10.8%

Value Added by New Business 2009 (€ million)

	Netherlands	Europe	Total
Value added by new business	22	14	36
Present value of new business premiums PVNBP)	1,429	838	2,267
Value added by new business as a % of PVNBP	1.5%	1.7%	1.6%
New business APE (annual premiums + 10% of single premiums	157	123	280
Value added by new business as a % of APE	14.0%	11.4%	12.8%

* excluding the merger of our pensions funds

Interamerican Greece was able to maintain its sales volume at the same level as 2009 but margins decreased. Sales for Friends First Ireland were only down 10%, declining less steeply than the market, as we pursued market share rather than profitability. The value of new business at Interlife Cyprus and Império France is not included in the 2010 results. VNB margin was in 2010 1.4%. (2009: 0.3% and excluding merger 1.6%). The VNB margin in the Netherlands, excluding the merger, improved but this was more than offset by a decline in Europe, where margins deteriorated in all countries. In the Netherlands margin improved from 1.5% to 2.1% despite lower sales, reflecting the focus on profitability instead of growth. Margins on term insurance especially improved.

Embedded value

The following information offers a high level overview of how Embedded Value developed in 2010.

Embedded Value summary (€ million)

	2010	2009
Required capital	1,766	1,815
EV Free surplus	2,269	1,921
Shareholders Net Worth	4,035	3,736
Value of In-Force Life Business before cost of required capital	1,628	1,864
Cost of required capital	-694	-690
Value of In-Force Life Business after cost of required capital	934	1,174
Embedded Value	4,969	4,910

Embedded value increased by 1% to €4,969 million. Shareholder Net Worth explains €299 million of this growth. Higher investment gains (€114 million) and projected surplus (€155 million) are the most material positive contributors. Additional provisions for compensation on costs of unit-linked contracts reduced Shareholder Net Worth with a net effect of €116 million. The decline in value of in-force business is partly explained by de-risking the investment portfolio and increased hedge positions (together -€130 million). Besides active portfolio management, future investment returns are assumed to be lower than last year due to economic forecasts (impact -€133 million). New longevity assumptions (increase in life expectancy) led to a decrease of value in-force of €164 million.

THE NETHERLANDS

Pension insurance - premium development

When the economic crisis first hit in 2008, the response of most companies – including many of our customers for pension insurance – was to take cost out of their operations through efficiency and austerity measures. Now, with pension-fund assets and cover into the future under pressure, employers, while still committed to providing employees with reasonable retirement plans, also want to spread the risk more equitably with employees. This development coincides with a systematic drop off in single-premium sales over recent years. Sales are primarily unit-linked and there is a growing demand for related defined contribution products, with a steady 3% shift per year away from defined benefit. There is still demand for guaranteed pension products although this has fallen off, also through lack of confidence in insurers and greater interest in defined-contribution plans. Because of the current low-interest rate environment, Achmea was cautious in offering these products.

In this segment, our combined brands have an estimated 10% market share. In 2010, our strategic choices generated gross written premiums of €853 million (2009: €1,217 million excluding merger; a decrease of 30%. Single premiums were down to €252 million (2009: €478 million, excluding the pension-fund merger) while annual premiums also decreased to €601 million (2009: €739 million). The decrease was felt particularly in traditional products (-47%); the decline in unit-linked products was limited to 16%.

Individual life insurance - premium development

The saturated individual Life market is facing ongoing decline except in individual term insurances; the market for unit-linked and single premium products collapsed in the wake of the economic crisis and the success of 'bank savings' products. The economic crisis continues to affect the housing market and the ensuing decline in the number of new mortgages has impacted the individual life insurance market. The same applies for banking alternatives to traditional products although we are convinced competition will flatten out once interest rates begin to rise again. Over the next three years we are expecting gross written premiums to decline by at least 1% per annum. Achmea labels have an estimated 10% (2009: 14%) of the individual life market, provided through our various distribution channels.

Gross written premiums in 2010 were down 8% to €1,855 million (2009: €2,006 million) due to a decline (-20%) in single-premium products; annual premiums were stable. Premiums were under pressure in all product lines except for term insurance. Premiums for these products increased due to a successful launch of a new innovative product in bank distribution channel.

Unit-linked compensation

In 2010, Eureko recalculated all relevant components of the provisions related to Dutch unit-linked Life insurances. In calculating the provision, Eureko applied the recommendations of the Financial Services Ombudsman and further takes into account arrangements made by other insurers. This resulted in an additional provision of €149 million. The main reason for increased provisioning is that we reimburse any overpayment of costs upfront rather than when the policy matures. In this way, Achmea, as the first major insurer, has determined that compensation will be deposited directly into the policy (rather than on maturity). Future costs will also be compensated. If in the future customers decide to terminate the policy, then there will be no reduction of the compensation amount already received.

Pension services

Under the Syntrus Achmea brand, we offer management services to the second-pillar segment – industry and sector pension funds. With over 3.5 million clients participating in its 80 pension funds, we are a major player in de the Dutch pension market.

In 2010, our pension services activities generated stable results. Syntrus Achmea has an estimated market share of 21% (2009: 31%), based on number of pension participants. The decrease is due primarily to the departure of a number of large customers. Assets under management on behalf of institutional clients increased to €62 billion (2009: €58 billion), mainly due to better investment results. Syntrus Achmea's real-estate portfolio is part of assets under management. In 2010, the portfolio remained stable at €14 billion. Total fee and commission income decreased 14% to €294 million (2009: €343 million) due to the departure of a number of large customers. Recently, Syntrus Achmea contracted a number of new clients. In the medium-term (after 2011), this will result in an increase in fee income.

OUR EUROPEAN MARKETS

In 2010, Eureko's operating companies outside the Netherlands generated €390 million (2009: €437 million) or 11% of the Group's life gross written premiums. APE in our European countries declined 12% to €108 million (2009: €123 million). Eureko is active in two of Europe's most troubled economies. However, Interamerican in Greece and Friends First in Ireland both responded well to the crisis by reducing costs and focusing on profitable business areas. In 2010, Eureko divested its Interlife Cyprus life and pensions business and announced the sale of its French operation Império – a niche life insurer active in the Portuguese community in France.

Ireland

The economic situation continued to weigh heavily on the life and pensions market in Ireland during the reporting year. Although the recession ended in 2010, the turmoil in the sovereign debt markets added further uncertainty towards the end of the year. New business sales declined 8% to €72 million compared to 2009. As a result, market share declined slightly to an estimated 6.5%.

Gross written premiums for Friends First Ireland in 2010 were €212 million versus €238 million in 2009. Strong sales of single premium pension business helped increase the contribution of investment contracts to €315 million compared to €291 million in 2009. Whilst the reduction in profits in 2010 is mainly due to one-off factors, general trading conditions have led to a reduction in VNB margins. The total number of internal FTEs fell 12% across the business units.

Greece

Interamerican Greece contributed €160 million to gross written premiums, including €57 million in investment contracts. Despite the challenging economic environment New Business APE is only 2% lower than in 2009. However, the two primary distribution channels, bank and agency, both performed well. The agency channel especially improved sales of pension, savings and capital unit-linked products while the bank channel performed strongly on all life products.

Other countries

Union Slovakia, Eureko Romania and Interamerican Bulgaria have all seen a significant decline in gross written premium to €19 million (2009: €43 million of which €20 million Cyprus). This is offset in part by an equally significant fall in operating expenses following the implementation of successful cost reduction programmes. All three countries are suffering from very difficult economic environments. High unemployment and lapse rates are the main causes. Restructuring the life product portfolio will give them a strong starting position when economic circumstances improve.

- Higher results thanks to lower additions to loan/loss provisions
- Core tier 1 ratio remains strong
- Cost/income ratio improved to 62%

(€ million)

	2010	2009	Δ %	H2 2010	H2 2009	Δ %
Results						
Net interest margin	151	185	-18%	48	75	-36%
Net commission income	5	4	25%	3	2	50%
Other income	20	19	5%	15	17	-12%
Total income	**176**	**208**	**-15%**	**66**	**94**	**-30%**
Operating expenses	106	132	-20%	55	75	-27%
Other expenses	4	2	100%	1	-6	n.m.
Additions to loan loss provisions	17	121	-86%	11	85	-87%
Total expenses	**127**	**255**	**-50%**	**67**	**154**	**-56%**
Profit before tax	**49**	**-47**	**n.m.**	**-1**	**-60**	**98%**
Key ratio			**Δ %pts**			**Δ %pts**
Cost/income ratio	62%	64%	-2	83%	80%	3
Banking Credit Portfolio	**31-12-10**	**31-12-09**	**Δ %**			
Achmea Hypotheekbank*	12,879	13,586	-5%			
Staalbankiers	2,013	2,939	-32%			
Achmea Retail Bank	214	385	-44%			
Friends First Finance	319	466	-32%			
Other	0	114	n.m.			
Total	**15,425**	**17,490**	**-12%**			
Core tier 1 ratio			**Δ %pts**			
Achmea Hypotheekbank**	13.6%	10.4%	3.2			
Staalbankiers**	13.7%	14.7%	1.0			
Number of internal FTE	501	568	-12%			

* Nominal values of the mortgage portfolio

** Based on statutory basis

GENERAL

In 2010, our banking activities generated profit before tax of €49 million, up on the previous year's -€47 million. The increase is due primarily to lower additions to loan loss provisions in Ireland. Lower interest margins as a result of higher funding costs at Achmea Bank were offset to some extent by higher fair value changes. Interest margins, fair value changes and commission income improved at Staalbankiers. Operating expenses were down to €106 million from €132 million in 2009. The decrease is due mainly to lower expenses at Friends First Finance (run-off construction), no issues with the Dutch guarantee system (DSB in 2009) and cost reductions. Mainly as a result of this, the cost-income ratio improved to 62%. The total number of FTEs fell 12% primarily through a reduction at Friends First Finance.

THE NETHERLANDS

Achmea Hypotheekbank (AHB)

AHB offers mortgages through our direct channel brands, Centraal Beheer Achmea and FBTO, and through the broker channel. In the past two years, transaction volumes have fallen in the Dutch mortgage market while house prices fell slightly. To ensure continued profitability, AHB is focusing on creating value rather than volume growth. As a consequence, in the reporting year, production amounted to €139 million (2009: €323 million). The total mortgage portfolio declined by €0.7 billion to €12.9 billion (2009: €13.6 billion). Despite volatile conditions on capital markets, we were able to issue two tranches of our Residential Mortgage-Backed Securities programme for €0.7 billion and €1.2 billion, respectively. Profit before tax in 2010 amounted to €55 million (2009: €77 million) due to lower results on interest rates and higher re-financing costs. The core tier 1 ratio improved to 13.6% (2009: 10.4%), due mainly to the successful securitisation transactions.

Achmea Retailbank

In line with a strategy of focussed growth and restructuring of the balance sheet, Achmea Retailbank (ARB) announced the sale of its consumer credit activities (total portfolio of approximately €200 million). Finalisation of the actual transfer occured on 1 March 2011. Building on the strength of the Achmea brand, ARB was very successful in launching a current-account savings programme. ARB will continue to take advantage of a wider market trend of strong growth in fiscally facilitated retail savings products. Total savings at the end of 2010 amounted to €2.1 billion, €742 million higher than in the previous year due to a successful savings campaign by Centraal Beheer Achmea in the third quarter of 2010. Profit before tax remained stable at €5 million.

Staalbankiers

Staalbankiers was able to further increase its AuM base in 2010 to €1.6 billion (up 17%); its client satisfaction rating also increased whereas its peer group saw a fall in approval. In 2010, the balance-sheet assets decreased to €2.0 billion (2009: €2.9 billion) due almost exclusively to the netting of debit and credit balances that pension and real-estate funds maintain at the bank. Profit before tax was -€19 million, up from -€36 million in 2009. The increase is due to higher net interest income and more commission income from the increase in assets under management. Operational costs were in line with 2009 in spite of ongoing investment in new IT systems and operational processes. In line with strategy, Staalbankiers retains a strong core tier 1 ratio of 13.7%, an ample liquidity position and a modest risk profile.

IRELAND

Friends First Finance

Friends First Ireland ceased operating its consumer finance division, Friends First Finance, in August 2009. The phased closure is expected to take between five and seven years to complete. In 2010, Friends First Finance made significant progress in collecting its loan book, reducing the portfolio from €466 million at the end of 2009 to €319 million at the end of December 2010. Although the poor performance of the Irish economy led to a continued need for high loan loss provisions, these were kept at their 2009 level. Profit before tax was €8 million (2009: €-93 million).

OTHER ACTIVITIES

(€ million)

	2010	2009	Δ %	H2 2010	H2 2009	Δ %
Results						
PZU, including IPO	982	1,516	-35%	150	1,238	-88%
F&C Asset Management	9	16	-44%	18	3	n.m.
Other Income	136	40	n.m.	73	-11	**n.m.**
Total income	**1,127**	**1,572**	**-28%**	**241**	**1,230**	**-80%**
Operating expenses	614	352	74%	311	-54	n.m.
Interest and similar expenses	91	121	-24%	47	74	-36%
Other expenses	15	38	-61%	-20	95	n.m.
Total expenses	**720**	**511**	**41%**	**338**	**115**	**n.m.**
Profit before tax	**407**	**1,061**	**-62%**	**-97**	**1,115**	**n.m.**
Number of internal FTE	3,760	3,635	3%			

GENERAL

Shared service centres, the Holding staff and strategic shareholdings make up ‘Other activities’.

In 2010 profit before tax amounted to €407 million compared to €1,061 million in 2009.

The results in Other activities were significantly impacted by the PZU divestment/settlement. Impact on Profit before tax amounted to €835 million (2009: €1,238 million). Corrected for this one-off, Other activities realised a loss of €428 million compared to a loss of €177 million in 2009. The main reason for the decline were the costs of Group-wide investment programmes and lower regular results from PZU. In 2010, major investment programmes of over €200 million were under way that impacted total expenses. These include value management programmes, including Solvency II, IT and the creation of domains for the Group’s main business lines to improve efficiency. Also included in expenses is a vacancy provision of €20 million and €12 million for the charitable Eureko Achmea Foundation. In total, expenses were €720 million (2009: €511 million).

Other income rose significantly due mainly to non-recurring positive results on FX relating to Eureko Sigorta Turkey and realised gains on sales of Interlife Cyprus and Medicom Romenia.

PZU settlement

The IPO of PZU took place in May 2010 in line with the settlement reached in 2009. Until the IPO, Eureko held a 33% stake in PZU, which was considered an Associated company. As a consequence of the IPO, Eureko’s stake in PZU declined to 13%. In November, the remaining shares in PZU were sold via a book-built offering to institutional investors. In total, the divestment added €835 million to the Group’s profit before tax. The regular contribution of PZU to our profits for the period up to the IPO amounted to €94 million, this is €170 million lower than 2009 (€264 million). The impact from the exit from PZU in our regular results is apparent and will also become evident in 2011.

F&C Asset Management

As a consequence of F&C Asset Management’s increasing share price, Eureko recorded a reversal of impairment loss of €9 million on its interest in 2010.

Garanti Emeklilik

In Turkey, Eureko currently has 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. The option can be exercised from mid-June 2010 through mid-June 2012. Garanti Bank has a put option on 20% of the shares in Eureko Sigorta Turkey that can be exercised from July 2010.