

PRESS RELEASE

17 AUGUST 2010 - EUREKO ANNOUNCES 2010 INTERIM RESULTS

SOLID RESULTS CONTINUED, COMPLEXITY REDUCTION ON TRACK

H1 2010:

- NET PROFIT UP TO €864 MLN INCLUDING PZU SETTLEMENT
- PREMIUMS UP SLIGHTLY IN DIFFICULT MARKET CIRCUMSTANCES
- CONTINUED FOCUS ON EFFICIENCY AND COMPLEXITY REDUCTION; STRUCTURAL COST REDUCTIONS 7%
- SOLVENCY FURTHER STRENGTHENED TO 225%

Willem van Duin, Chairman of the Executive Board comments:

'Our cooperative Group performed strongly in the first half of 2010 and our financial position improved further. Serving our customers with good insurance at a reasonable price is our prime objective. That is why efficiency, reducing complexity and enhancing operational excellence will remain a priority.'

ANNOUNCEMENT OF 2010 INTERIM RESULTS ON 17 AUGUST 2010:

Press conference call for Dutch media starts at 11.00 CET. Please dial +31 10 294 42 20.

A press conference call for international media starts at 13.00 CET. Please dial +31 10 294 42 28.

A conference call for analysts starts at 14:00 CET. Please dial +31 10 294 42 71.

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

Eureko's Condensed Consolidated Interim Financial Statements are prepared in accordance with IAS 34, Interim Financial Reporting and Applicable Interpretations - as at 30 June 2010 and as adopted by the European Union. KPMG accountants N.V., Eureko's auditors have issued an unqualified review opinion on the Condensed Consolidated Interim Financial Statements.

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

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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, Eureka'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.

Willem van Duin
Chairman of the Executive Board
17 August 2010

GROUP PERFORMANCE EUREKO

	(€ million)		
	H1 2010	H1 2009*	Δ %
Results			
Gross written premiums	10,713	10,502	2%
<i>Of which Non-life</i>	2,441	2,368	3%
<i>Of which Health</i>	6,189	5,766	7%
<i>Of which Life</i>	2,083	2,368	-12%
Investment income including associated companies and participating interests	1,879	-114	n.m.
Fee and commission income	243	288	-16%
Other income	311	-305	n.m.
Total income	13,146	10,371	27%
Claims and movements in insurance liabilities	10,233	8,167	25%
Operating expenses	1,603	1,599	0%
Other expenses	475	511	-7%
Total expenses	12,311	10,277	20%
Profit before tax	835	94	n.m.
Income tax	-29	-21	35%
Net profit	864	115	n.m.
Profit before tax by segment			
Non-life	219	103	113%
Health	162	143	13%
Life	-100	-117	-15%
Banking	49	13	277%
Other activities	505	-48	n.m.
Total	835	94	n.m.
Balance sheet			
	30-06-10	31-12-09	Δ %
Total assets	95,706	93,189	3%
Total equity	10,720	10,127	6%
Investments	41,431	37,675	10%
Insurance liabilities	37,110	35,112	6%
Solvency			
	30-06-10	31-12-09	Δ %pts
EU solvency cover Group	225%	216%	9
FTEs			
	30-06-10	30-06-09	Δ %
Internal staff	20,893	21,365	-2%
External staff (Netherlands)	2,060	2,605	-21%
Total FTEs	22,953	23,970	-4%

n.m. = not meaningful

*2009 figures adjusted for comparison reasons

Gross written premiums

Gross written premiums increased modestly to €10.7 billion (H1 2009: €10.5 billion). Non-life contributed €2.4 billion, up 3% on the same period last year. Total gross written premiums in Health increased 7%. Premiums from policyholders rose through growth in number of and higher premiums per policyholder. The health insurance related contributions received from the Dutch State also increased. Gross written premiums in Life were down 12%, due primarily to increasing competition from banks (fiscally facilitated saving products) and in the Group pensions business.

Net profit / Profit before tax

In the first half of 2010, Eureka's net profit improved to €864 million (H1 2009: €115 million). Profit before tax amounted to €835 million (H1 2009: €94 million). Profit before tax was impacted by several items such as the PZU settlement (€726 million), provision for the unit-linked scheme (€143 million), investments in strategic projects (€83 million), better investment results (€224 million) and two one-offs (€32 million). Corrected for these one-offs, profit before tax was €142 million.

Profit before tax by country

In the first half of 2010, the majority of Eureka's result was generated by activities in the Netherlands. In Europe, Eureka Sigorta in Turkey achieved sound results. Profit before tax was up €4 million to €22 million. Interamerican Greece's profit before tax deteriorated to €1 million compared to last year (H1 2009: €25 million) due to lower levels of new business and increased claims ratios. Our Russian business Oranta realised results in line with our expectations. The loss of €20 million in the first half of 2009 was reduced to a loss of €13 million. Friends First's contribution was negative at €6 million (H1 2009: €-12 million), mainly as a result of a write-off (€24 million).

Profit before tax by business line

In Non-life, results improved to €219 million (H1 2009: €103 million). This increase is mainly driven by better investment results and a reduction in operating expenses. In addition, both claims and expense ratios improved. In Health, results improved, primarily due to higher premiums and a decline in operating expenses. Overall, profit before tax for the Health segment increased to €162 million (H1 2009: €143 million). Like the whole traditional Life sector, Eureka's Life business is under major

pressure. In 2010, as competition remained fierce in an environment where confidence has still to be restored. Profit before tax in the first half of 2010 was €-100 million (H1 2009: €-117 million). Excluding the one-off loss relating to the unit-linked provision of €143 million, profit before tax increased to €43 million in the first half-year of 2010. In spite of the decrease in gross written premiums, the Life business results improved due to better investment results and cost reduction programmes.

PZU

On May 14, 2010 the Initial Public Offering (IPO) of PZU took place. Eureka sold 20% of outstanding shares of PZU. After the IPO, Eureka retains a shareholding of 13% in PZU. On balance, impact on profit before tax is €726 million.

Expenses

In addition to a 7% structural cost reduction achieved in the first half of 2010, we were able to further improve the claims process, effectively lowering claims ratios. The development of operating expenses is driven by a number of factors. Operating expenses for the first half of 2010 were stable at €1,603 million compared to the same period last year (H1 2009: €1,599 million). Commission expenses were €34 million lower at €442 million. Total operating expenses adjusted for commission expenses increased 3% to €1,161 million (H1 2009: €1,123 million). The main reason for this increase is that in the first half of 2010 we made significant investments in strategic projects. These projects are aimed at further reinforcing and streamlining the organisation and include the creation of shared domains, value management programmes (including Solvency II) and IT. In the first half of 2010, investments in these projects were €83 million higher at €114 million (H1 2009: €31 million). None of these project costs have been capitalised but have been taken directly in our results. If these costs were capitalised operating expenses would have been approx. €100 million lower. Included in our operating costs are also two one-offs, a vacancy provision of €20 million and €12 million costs related to the PZU settlement. Excluding the one-offs and the investments in strategic projects, operating costs excluding commission expenses decreased €77 million or 7%. This reduction puts us well on track to meet our announced target of structural cost reduction of €300 million.

FTEs

During the first half of 2010, a further reduction of 723 FTEs was achieved. The total staff was 1,930 FTE lower at 22,953 compared to 24,883 at the end of 2008. Our target is to reduce 2,500 FTEs by the end of 2011 compared to the end of 2008.

During the first half of 2010, ongoing efficiency programmes have resulted in a reduction of 316 internal FTEs to 20,893. This reduction is spread across all business lines with a major part in the Netherlands and the remainder elsewhere in Europe. The decrease outside the Netherlands is mainly due to the sale of Eureko's operating company in Cyprus.

Expenses for external employees decreased by 23% compared to the first six months of 2009. The total number of external FTEs was reduced by 21% (545) to 2,060.

CAPITAL MANAGEMENT

Development of total equity	(€ million)
Total equity end 2009	10,127
Net income	864
Dividend and coupon payments to holders of equity instruments	-655
Revaluation equity portfolio	162
Revaluation fixed income portfolio	68
Revaluation associated and participating interests	117
Other	37
Total equity end June 2010	10,720

In 2010, our capital base was further strengthened primarily as a result of the completion of the PZU settlement, complemented by positive revaluations on our investments and offset by dividend payments.

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 of €585 million (2009: €0) and after coupon payments to holders of Other equity instruments of €44 million (2009: €44 million).

Compared to year-end 2009, Eureko's Group solvency position improved 9%-points to 225% of the minimum regulatory requirements. The solvency of our insurance entities decreased to 221% from 251%, mainly because in 2009 Eureko included PZU's required and available capital. Following the IPO, this is no longer the case.

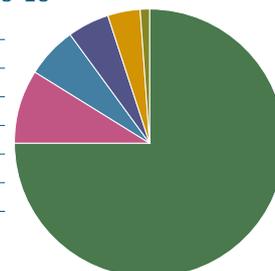
Eureko will propose to the General Meeting of Shareholders the pay out of an interim dividend of €471 million on the ordinary shares (€1.15 per ordinary share).

Eureko's external borrowings, excluding banking and finance operations, remained stable. Debt leverage (debt including perpetuals divided by total equity plus debt minus goodwill) improved from 22.7% at year-end 2009 to 21.4% at 30 June 2010.

INVESTMENT PORTFOLIO

Investment portfolio at 30-06-10

Fixed income securities	75%
Deposits/cash	9%
Derivatives	6%
Equities	5%
Real Estate	4%
Alternatives	1%



In the first half 2010, Eureko's investment portfolio increased €3.7 billion to €42.8 billion.*

The increase of Eureko's investment portfolio in 2010 is mainly due to lower interest rates, resulting in positive revaluations of the fixed income assets, including derivatives, and the reclassification of the investment in PZU. Due to the PZU IPO in May 2010, the shares in PZU are classified as being part of Eureko's investment portfolio as of the date of PZU's IPO. As a result of our timely de-risking strategy, we had already limited government bond exposure to GIPS (Greece, Italy, Portugal and Spain) countries to under 2%. Including Ireland, exposure to GIIPS countries amounted to less than 4% as per end of 2009. Exposure has been further reduced to less than 3% of our fixed income portfolio at the end of the first half of 2010. The government bond exposure in Greece and Ireland relates to our business activities in those countries. No considerable reductions are expected in the second half of the year as the present government exposure is in line with our risk profile.

* Excluding investments related to cash collateral received in securities lending and investments in associated companies and participating interests.

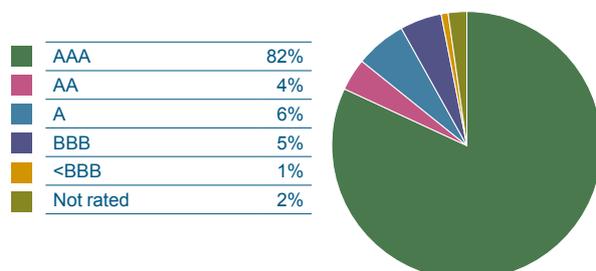
Government bond exposure (€ million)

	30-06-10	in % of fixed income portfolio	31-12-09	in % of fixed income portfolio
Portugal	91	0.3%	110	0.4%
Italy	92	0.3%	205	0.7%
Ireland	476	1.5%	538	1.8%
Greece	107	0.3%	149	0.5%
Spain	48	0.1%	60	0.2%
Total	814	2.5%	1,062	3.5%

Impairments in the first half of 2010 amounted to €17 million against €128 million in the first half of 2009. The impairments consist mainly of corporate bonds (€11 million) and investments in real estate funds (€4 million).

Fixed income portfolio

Fixed income portfolio at 30-06-10



The fixed income portfolio increased €2 billion to €32 billion. The main reasons are further investments and positive revaluations. During the crisis in GIIPS countries the interest rate on other sovereign bonds decreased. As a result, our bond portfolio increased. More than half of our fixed income portfolio is invested in AAA sovereign bonds.

Equity portfolio

The relative share of equities in our total investment portfolio is limited and amounted to 5% or €2.1 billion on 30 June 2010 compared to €1.1 billion at the end of 2009. The increase is due mainly to the reclassification of the PZU shares as being part of the equity portfolio after the IPO in May 2010. At the end of June the investment in PZU amounted to €951 million.

Real estate portfolio

Our real estate portfolio remained stable at €1.7 billion (year-end 2009: €1.7 billion). The portfolio consists of €1.4 billion direct real estate and €0.3 billion indirect unlisted real estate.

NON-LIFE

- Gross written premiums up 3%
- Improved result: better investment results, lower cost base and lower claims ratio
- Combined ratio improved to 93.0% from 96.0%

	H1 2010	H1 2009*	Δ %
(€ million)			
Results			
Gross written premiums	2,441	2,368	3%
Investments	109	54	102%
Fee and commission income	65	75	-13%
Other income	-548	-502	-9%
Total income	2,067	1,995	4%
Claims and movements in insurance liabilities	1,265	1,269	0%
Operating expenses	570	607	-6%
Other expenses	13	16	-19%
Total expenses	1,848	1,892	-2%
Profit before tax	219	103	113%
Key figures			
	H1 2010	H1 2009	Δ %pts
Net claims ratio	66.0%	67.1%	-1.1
Net expense ratio	27.0%	28.9%	-1.9
Net combined ratio	93.0%	96.0%	-3.0
	30-06-10	31-12-09	Δ %pts
Solvency ratio	269%	246%	23
	30-06-10	30-06-09	Δ %
Number of internal FTE	8,175	8,350	-2%

*2009 figures adjusted for comparison reasons

GENERAL

Eureko's Non-life business accounts for 23% of our total gross written premiums. Non-life is a core business and core competence for Eureko. As from 1 January 2010 Occupational Health Services is part of Non-life and 2009 figures have been adjusted for comparison reasons. We operate our Non-life activities in a number of European markets: the Netherlands, Turkey, Greece, Russia, Slovakia, Romania and Bulgaria. In May 2010, Eureko sold its Cyprus activities via a management buy out. In July 2010, Eureko announced the sale of Avéro Insurance Belgium to Swiss insurance company Baloise for €75 million. Expected profit on the sale in the second half of 2010 is approximately €21 million.

In the first half of 2010, we achieved total gross written premiums of €2,441 million (H1 2009: €2,368 million and if Cyprus is excluded: €2,363 million). The growth of 3% is primarily in the Netherlands, Greece and Turkey.

Our Non-life business realised a profit before tax of €219 million (H1 2009: €103 million). This increase is mainly driven by higher investment income, a reduction in operating expenses and lower claims ratio. One of our stated goals was a reduction in the expense ratio. This was achieved in the reporting period with the expense ratio improving from 28.9% (H1 2009) to 27.0%. The expense ratio is expected to decline further. This improvement is partly the result of operational measures and efficiencies, including a reduction of the number of legacy systems, which translate into performance. The claims ratio improved 1.1%-points to 66.0%. In the Netherlands, only Income Protection shows higher claim activity. Portfolio management and less major fire and weather-related claims in the first half of 2010 have resulted in a lower claims ratio within Property & Casualty in the Netherlands.

THE NETHERLANDS

Achmea has a leading position in the Dutch market for Non-life insurance. Products are offered through a range of Achmea brands and numerous distribution channels. The Dutch Non-life market is saturated and competition is fierce. Compared to the same period last year, gross written premiums in the Netherlands increased to €2,064 million (H1 2009: €1,996 million). This growth is mainly the result of higher (non-recurring) premiums in Income Protection. The expense ratio in the Netherlands improved from 26.5% (H1 2009) to 24.5%. The claims ratio improved slightly to 67.5% (H1 2009: 67.7%).

Property & Casualty

Total gross written premiums in Property & Casualty (P&C) remained stable at €1,532 million (H1 2009: €1,530 million). The lack of growth in GWP in all three distribution channels (bank, direct and broker) is due to a decline in the Motor segment, following changes in the no-claim system in favour of the customer, and a fall in average premium. This is compensated by price changes and indexing in the Property and Legal assistance segments. P&C's combined ratio improved 5.5%-points to 89.0% with significant improvements in all distributions channels. Both the claims- and expense ratios improved. The expense ratio decreased 2.4%-points to 24.7% mainly as a result of lower overhead charges, lower IT costs and implemented cost reduction programmes. Only the broker channel had an increase in the expense ratio due to additional costs relating to the transformation to a marketing and sales organisation. The claims ratio improved from 67.4% to 64.3% due to fewer large claims, less fire and weather-related claims and portfolio management of the corporate portfolios.

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 in July 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). These claims will be recorded in the second half of 2010.

Income Protection and Occupational Health Services

Occupational Health insurance provides insurance solutions for Income Protection and the prevention and reduction of absenteeism due to illness and disability. In the first half of 2010, gross written premiums increased 14% from €466 million to €532 million. Growth was achieved in the (long-term)

disability segments mainly due to non-recurring sales of single premium policies. It was partly offset by lower premiums in absenteeism. Total operating expenses decreased primarily through a reduction in personnel within Occupational Health Services that has been brought in line with current levels of activities. Combined ratio was 8.3%-points higher at 101.7% due to higher claims ratio which was partly offset by a lower expense ratio. IT costs and overhead charges also decreased, resulting in a lower expense ratio of 23.9% (H1 2009: 24.4%). The claims ratio increased to 77.8% (H1 2009: 69.0%). All product groups show higher claim activity as the current economic situation is generating more claims.

OUR EUROPEAN MARKETS

Turkey

Over the first half of 2010, gross written premiums of Eureko Sigorta increased by 7% to €141 million (H1 2009: €132 million). Despite economic pressure due to the current environment, Eureko Sigorta is performing well and has maintained its seventh position of Turkey's Non-life providers.

Greece

Interamerican is the number two player in the Greek market. Distribution is mainly through agents and brokers. The direct channel Anytime is performing well. In spite of economic uncertainty in Greece and a highly competitive market, Non-life activities achieved growth in gross written premiums of 8% to €114 million (H1 2009: €106 million).

Russia

Over the first half of 2010, Oranta contributed €32 million to gross written premiums (H1 2009: €37 million). There is growth in the Motor segment, but a decrease in the other lines of business, mainly property, due to the current economic situation (both in euros and local currency).

Belgium

Avéro Insurance Belgium contributed €68 million to the gross written premiums (H1 2009: €71 million). On 20 July Eureko announced the sale of Avéro Insurance Belgium, which is foreseen to take place in the second half of 2010.

Slovakia

Already the top player in the travel insurance segment, Union Slovakia successfully launched Motor insurance in October 2009. In the first half of 2010, Union contributed €14 million to the gross written premiums, an increase of 31% compared to the first half of last year.

- Combined ratios improved again
- Basic Health: over 96% paid out in customer care

	(€ million)		
	H1 2010	H1 2009*	Δ %
Results			
Gross written premiums	6,189	5,766	7%
The Netherlands			
Of which Basic health insurance	5,326	4,965	7%
Of which Supplementary health insurance	682	654	4%
Europe	181	147	23%
Investments	38	49	-22%
Fee and commission income	27	18	50%
Other income	14	16	-13%
Total Income	6,268	5,849	7%
Claims and movements in insurance liabilities	5,276	5,000	6%
Operating expenses	255	274	-7%
Other expenses	575	432	33%
Total expenses	6,106	5,706	7%
Profit before tax	162	143	13%
Key ratios basic health insurance			
	H1 2010	H1 2009	Δ %pts
Claims ratio	96.4%	96.5%	-0.1
Expense ratio	2.6%	3.0%	-0.4
Combined ratio	99.0%	99.5%	-0.5
Key ratios supplementary health insurance			
Claims ratio	74.6%	81.7%	-7.1
Expense ratio	8.6%	10.0%	-1.4
Combined ratio	83.2%	91.7%	-8.5
Solvency ratio			
	30-06-10	31-12-09	Δ %pts
Solvency ratio	194%	201%	-7
Number of internal FTE			
	30-06-10	30-06-09	Δ %
Number of internal FTE	3,738	3,693	1%

* 2009 figures adjusted for comparison reasons

GENERAL

Health is both a core business and a core competence. It represents 58% of total Eureko gross written premiums. From 1 January 2010, Occupational Health Services has been reclassified to Non-life.

Under the Achmea umbrella in the Dutch market, we offer basic and supplementary health insurance. In a selected number of European markets, Eureko offers basic, supplementary and private health insurance. These markets are Greece, Russia, Slovakia, Romania

and Turkey. Total gross written premiums increased 7% to €6,189 million (H1 2009: €5,766 million). Premiums from policyholders increased 5% to €2,955 million (H1 2009: 2,808 million) through growth in number of and higher premiums per policyholder. Contributions from the Dutch State increased by €275 million to €3,234 million.

Profit before tax rose 13% to €162 million. This is due primarily to a decline in operating expenses.

Other expenses rose 33% from €432 million to €575 million in the reporting period. This rise is due to the increase in patient care budgets that form part of the Exceptional Medical Expenses Act (AWBZ). The related revenues are recognised under income.

THE NETHERLANDS

The new Health system launched in 2006 led to many uncertainties for insurers. Over time, these are gradually being clarified but have not yet been fully removed. One clear change is the role now played by insurers. Increasingly, they mediate between customers and providers of care. As part of our goal to become the most trusted insurer where the customer is the focus of everything we do, we are increasingly concerned with getting the best care for policyholders.

Basic health

In basic health, gross written premiums increased by €361 million to €5,326 million (H1 2009: €4,965 million), primarily through higher contributions (€275 million) from the government fund due to expected higher claims. The premium from private individuals increased €86 million, mainly as a result of higher premiums per customer to cover the increased cost of health care, but also a result of more customers (+7,000).

Profit before tax from basic health decreased €23 million to €63 million (2009: €86 million), primarily due to a release of provisions in 2009 of €34 million related to the former Dutch health insurance system. In 2010, lower investment results reflect the low interest-rate environment. The decrease was offset by lower operating expenses of €12 million and a re-evaluation of provisions for hospital stays and specialist help of €10 million.

The combined ratio improved to 99.0% (H1 2009: 99.5%). In spite of the release in 2009, at 96.4%, the claims ratio in 2010 remains as solid as in the first half of 2009 (96.5%).

The fall in operating costs on basic health insurance is apparent in the expense ratio that decreased from 3% to 2.6%, primarily through the replacement of external personnel with own employees. A reduction had been a stated aim.

Supplementary health

Gross written premiums for supplementary health insurance increased by €28 million to €682 million (H1 2009: €654 million), primarily due to higher premiums per customer.

Profit before tax from supplementary health increased €60 million to €114 million (2009: €54 million), primarily due to re-evaluation and adjustment of the claims provision by €37 million. This release mainly relates to less expected claims in physiotherapy. Moreover, in 2010, supplementary health reduced its operating expenses by €7 million to €54 million (2009: €61 million).

The combined ratio amounted to 83.2% which is an improvement of 8.5%-points. Increased revenue and reduced claims (including a release of provisions) are apparent in the improved claims ratio of 74.6% (H1 2009: 81.7%). Reductions in operating costs in supplementary health insurance have led to a decrease in the expense ratio from 10.0% to 8.6%. This is mainly due to lower marketing costs and less external personnel.

OUR EUROPEAN MARKETS

Greece

Our Greek company, Interamerican, holds a strong position in the market, offering private health insurance as an alternative to state provided care. Despite the turmoil in the Greek market, Interamerican managed to increase its gross written premiums by 4% compared to last year from €56 million to €58 million. Despite this growth, we see that in particular our New Business production and business retention levels are under pressure due to economic pressure on the country and its inhabitants. New commercial initiatives are being explored in order to further stimulate sales and retention levels.

Slovakia

Eureko's Union brand ranked third in the Slovakian market at the beginning of 2010. Union currently offers both basic and supplementary health insurance. Union increased gross written premiums to €98 million, up 9% compared to 2009 (H1 2009: €90 million). This is primarily driven by higher premium contributions from customers in an improving economic environment. We continue to pursue improved operational results and have maintained the total number of customers at around 370,000.

Other European Countries

In our other European markets (Turkey, Russia, Romania), gross written premiums grew €24 million. This increase is due primarily to our entry into the Turkish market and new business in Russia.

LIFE

- Long-term focus on profitability resulted in lower premiums
- Provision of €143 million taken for unit-linked policies
- Profit excluding provision for unit-linked policies recovers to €43 million

	(€ million)		
	H1 2010	H1 2009*	Δ %
Results			
Gross written premiums	2,083	2,368	-12%
Fee and commission income	147	191	-23%
Investments	984	-270	n.m.
Other income	856	99	n.m.
Total income	4,070	2,388	70%
Claims and movements in insurance liabilities	3,691	1,894	95%
Operating expenses	425	527	-19%
Other expenses	54	84	-36%
Total expenses	4,170	2,505	67%
Profit before tax	-100	-117	15%
Key figures			
	30-06-10	31-12-09	
Embedded value**	5,150	4,910	5%
Value added by new business***			
	H1 2010	H1 2009	
Value added by new business***	6	11	-45%
New business APE	122	140	-13%
PVNBP	1,011	1,137	-11%
New business margin	0.6%	1.0%	-0.4%pts
Value added by new business as a % of APE	4.9%	7.9%	-3.0%pts
Solvency ratio			
	30-06-10	31-12-09	Δ %pts
Solvency ratio	214%	220%	-6
Number of internal FTE			
	30-06-10	30-06-09	Δ %
Number of internal FTE	4,005	4,347	-8%

* 2009 figures adjusted for comparison reasons

** Eureko applies the European Embedded Value Principles

*** After effect of actual economic assumptions

Breakdown of Gross written premiums			
	H1 2010	H1 2009	Δ %
Single premiums	384	608	-37%
Annual premiums	1,699	1,760	-3%
Total	2,083	2,368	-12%
Traditional	1,112	1,394	-20%
Unit-linked	971	974	0%
Total	2,083	2,368	-12%

GENERAL

Life is a major business for Eureko. Besides individual life and pension insurance, it includes group pension insurance and pension services and represents 19% of total gross written premiums.

The traditional Life sector as a whole is under major pressure primarily due to loss of consumer confidence. There is also a clear trend in growing life expectancy. As reported earlier, this could have a considerable impact on the Life business. A further factor in the

traditional segment is that guaranteed products are very challenging for insurers as long interest rates are extremely low and offer little in terms of returns. This explains most of the decline in traditional premiums. Moreover, we are feeling the competitive effects of comparable products offered by banks (banksparen).

Anticipating these shifts and market reality, Eureko has made a number of changes within the Life segment in the Netherlands. One is that broker distribution is gradually transforming into a marketing and sales organisation. At pension services, we are streamlining Syntrus Achmea's pension fund administration unit to raise the quality of service and increase efficiency.

Profit before tax in the first half of 2010 is €-100 million (H1 2009: €-117 million). Excluding the provision to the unit-linked policies of €143 million, and a write-off of €24 million in our business in Ireland, the profit before tax increased to €67 million in the first half of 2010. In spite of falls in gross written premiums, the Life business's results improved due to better investment results and cost reductions. Operating expenses decreased €102 million of which €29 million is due to lower commission expenses and €22 million to reduced costs at Pension Services following departure of a number of clients.

The value new business (VNB) decreased to €6 million (H1 2009: €11 million). VNB was stable in the Netherlands despite 16% lower Annual Premium Earned (APE). It was under pressure at Friends First in Ireland and Interamerican in Greece. A stated goal is to increase the new business margin but this aim has not yet been achieved. New business margin declined to 0.6% from 1.0% in the first half of 2009. The decline is due entirely to lower margins in our European operations; margins remained stable at 1.1% in the Netherlands.

Embedded Value increased €240 million to €5,150 million compared to year-end 2009 mainly as a result of the positive Embedded Value Profit of €297 million (2009: €314 million).

Embedded value	(€ million)	
	30-06-10	31-12-09
Shareholders' net worth	3,976	3,736
Value of In-Force Life business before cost of required capital	1,904	1,864
Cost of required capital	-730	-690
Value of In-Force Life business after cost of required capital	1,174	1,174
Embedded Value	5,150	4,910

Embedded value profit life business	(€ million)	
	H1 2010	H1 2009
Embedded Value at start of year (before model changes)	4,910	4,123
Changes in composition of the Group	-18	-
Model changes	57	-76
Embedded Value at start of year (after model changes)	4,949	4,047
Operating profit after tax	120	-14
Economic profit after tax	50	-171
Embedded Value profit after tax	170	-185
Dividends and capital movements	31	594
Embedded Value at end of period	5,150	4,456

The increase in embedded value to €5,150 million at the end of June 2010 is mainly attributable to the embedded value profit. Changes in composition of the Group are related to the sale of Interlife Cyprus. Economic profits are mainly related to higher investment returns in the first half of 2010. Operating profits were impacted negatively due to compensation for unit-linked policies. Expense improvement contributed well to operating profit.

THE NETHERLANDS

During the first half year of 2010 all relevant components of the provision related to Dutch unit-linked Life insurances have been recalculated. 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 €143 million. The provision covers compensation for expired and active Dutch unit-linked Life insurances. The main reason for increased provisioning is that we have brought forward the individual provisions that would normally have been taken throughout the unit-linked policies' remaining tenor. We have decided to carry this provision in its totality now so that we have clarity on where we stand and do not need to take new provisions every reporting year. In this way, we hope to contribute to a rapid settlement of an issue that has cast a shadow over our sector for too long.

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.

Pension insurance

Gross written premiums decreased 7% to €810 million (H1 2009: €868 million). Achmea has made a strategic decision to focus on generating long-term returns while seeking solutions to the challenges of the greying population. We are not competing on price but rather on quality. To this end, we are fully focused on reducing the number of legacy systems and through that the cost of products, reductions that can ultimately be passed on the customer.

Individual Life Insurance

Achmea offers individual Life insurance products via direct and bank distribution channels and more complex income and pension products through the broker channel. Gross written premiums fell 15% to €797 million (H1 2009: €934 million). Our bank distribution is feeling the effects of so-called bank savings products most acutely as these are offered by bank partner Rabobank. Furthermore, the decrease in gross written premiums can also be attributed in part to slow recovery in the mortgage market and the increase in cancelled policies. Gross written premiums generated by our direct distributors were also lower. This is due primarily to a reduction in the sale of annuities and a lower average amount invested in new annuities.

Pension Services

Under the Syntrus Achmea brand, we offer management services to pension funds. The Assets under Management (AuM) were €57 billion at the end of June 2010, up from €50 billion in the same period last year. This increase is mainly due to developments in financial markets and new customers. Nevertheless, in the first half of 2010, total fee and commission income fell 16% to €142 million (H1 2009: €169 million) due to the departure of a number of customers in pension services. This decline was compensated in part by an increase in fee income in our AuM business. Syntrus Achmea is focused on streamlining its organisation, especially the sector-wide pension fund activity, improving efficiency and positioning as a full-service provider. This is essential in a market that is hugely competitive. Cover ratios are under pressure and there are increased governance and transparency requirements. A further trend is ongoing economies of scale.

OUR EUROPEAN MARKETS

Greece

New Business increased 16% on the same period in 2009, due in part to the launch of new pension products in the first half of 2010. However, Interamerican Greece generated €3 million (H1 2009: €56 million) less gross written premiums due to higher lapses in a very challenging economy. Operating expenses are significantly lower compared to last year due to cost reduction programmes.

Ireland

The Irish economy continues to be hard hit with the crisis still spilling over into all sectors. Although Friends First gross written premium is down 14% compared to 2009 in a shrinking market with intense price competition, we have been able to maintain market share even though the recession is impacting retention rates across the industry.

Over the first half of 2010, Friends First generated €117 million (H1 2009: €136 million) in gross written premiums. The results were negatively impacted mainly as a result of a write-off and by the continuing extreme economic situation.

Other European Countries

In the first half of 2010, Imperio France, Union Slovakia, Eureka Romania and Interamerican Bulgaria saw a combined slight increase in gross written premium of 2% compared to 2009 (H1 2010: €45 million; H1 2009: €44 million). With the exception of France, these countries are in economic recession coupled with high unemployment and increasing default rates. As a result, it is difficult to generate new business. Restructuring the life product portfolio will give all three a strong starting position when economic circumstances improve.

In May 2010, we announced the sale of our business in Cyprus. The sale's impact on gross written premiums is immaterial.

BANKING

- Increased profit before tax to €49 million
- Lower net interest margin more than offset by higher efficiency

	(€ million)		
	H1 2010	H1 2009*	Δ %
Results			
Net interest margin	103	110	-6%
Net commission income	2	2	0%
Other income	1	2	-50%
Total income	106	114	-7%
Expenses			
Operating expenses	51	59	-14%
Other expenses	0	6	-100%
Additions to loan loss provisions	6	36	-83%
Total expenses	57	101	-44%
Profit before tax	49	13	277%
Key ratio			
Cost/income ratio	48%	57%	-9%pts
Banking Credit Portfolio			
	30-06-10	31-12-09	Δ %
Achmea Hypotheekbank**	13,290	13,586	-2%
Staalbankiers	2,113	2,939	-28%
Achmea Retail Bank	463	385	20%
Friends First Finance	392	466	-16%
Other	6	114	-95%
Total	16,264	17,490	-7%
Tier 1 ratio			
	30-06-10	31-12-09	Δ %pts
Achmea Hypotheekbank***	10.8%	10.4%	0.4
Staalbankiers***	14.5%	14.7%	-0.2
Number of internal FTE			
	30-06-10	30-06-09	Δ %
Number of internal FTE	512	644	-20%

* 2009 figures adjusted for comparison reasons

** Nominal values of the mortgage portfolio

*** Based on statutory basis

GENERAL

For Eureko, banking is a complementary business in the Netherlands to ensure customers have a complete service offering. Banking products and services are provided in the Netherlands through Achmea Bank (Achmea Hypotheekbank and Achmea Retailbank) and private-banker Staalbankiers.

The net interest margin shows a decrease to €103 million (H1 2009: €110 million). A smaller mortgage portfolio and a decreasing margin due to higher funding costs at Achmea Hypotheekbank are the main

drivers in the reduction of the net interest margin compensated by results on interest rate sensitive instruments.

Focus on reducing operational expenses at Achmea Hypotheekbank, Achmea Retailbank, Staalbankiers and the decision to cease Friends First Finance activities has led to a considerable reduction of operating expenses. Furthermore, FTEs for the whole business have decreased 20% to 512 (H1 2009: 644 FTEs). The cost/income ratio has improved to 48% (H1 2009: 57%).

Loan loss provisions have been reduced to €6 million (H1 2009: €36 million). As a result of these developments the profit before tax increased to €49 million (H1 2009: €13 million).

THE NETHERLANDS

Achmea Hypotheekbank

Achmea Hypotheekbank offers mortgages through our direct channel brands, Centraal Beheer Achmea, FBTO and Woonfonds.

Profit before tax increased significantly to €57 million (H1 2009: €40 million) mainly due to positive fair value results. The net interest margin remained stable as a result of a decrease due to the smaller mortgage portfolio and to higher funding costs and an increase because of positive effects of interest rate sensitive instruments. Achmea Hypotheekbank's mortgage portfolio decreased to €13.3 billion (2009: €13.6 billion). The Tier 1 ratio increased to 10.8%.

Achmea Retailbank

Achmea Retailbank provides loans and savings products to consumers through direct channel brands Centraal Beheer Achmea and FBTO, and through broker brand Avéro Achmea.

Total savings at the end of June 2010 were stable at €1,328 million (2009 €1,324 million). Margins on savings remain under pressure but with the reduction of operating expenses the profit before tax remained stable.

Staalbankiers

Staalbankiers focuses its services on wealthy private individuals, institutions as well as government and semi-government agencies.

In line with its strategy, Staalbankiers has retained its focus on the long-term relationship with its clients.

Assets under Management increased slightly to €3.0 billion (2009 €2.9 billion). Commission income has improved compared to H1 2009 due to last year's strong growth of assets under management but remains low because clients are cautious given economic circumstances and are keeping their investments liquid. Since there has not been a significant change in money market rates, margins on savings and deposits remained under pressure affecting the interest result negatively. Staalbankiers is a strong and stable bank with a solvency ratio of 18% (significantly above the 8% minimum requirement of the Dutch Central Bank), a Tier 1 ratio of 14.5%, an ample liquidity position and a modest risk profile.

IRELAND

Friends First Finance

The extreme impact of the global credit crisis led to the announcement in August 2009 that Friends First Finance would cease operations. Its business model of borrowing from the inter-bank market is no longer sustainable in the current climate. This change is now in full progress.

OTHER ACTIVITIES

	(€ million)		
	H1 2010	H1 2009*	Δ %
Results			
PZU, including IPO	832	160	n.m.
MillenniumBCP	-21	-40	48%
F&C Asset Management	-9	13	n.m.
Other Income	85	41	107%
Total income	887	174	n.m.
Operating expenses			
Operating expenses	303	138	120%
Interest and financial expenses	44	47	-6%
Other expenses	35	37	-5%
Total expenses	382	222	72%
Profit before tax	505	-48	n.m.
Number of internal FTE (including shared services)			
	30-06-10	30-06-09	Δ %
Number of internal FTE (including shared services)	4,463	4,331	3%

*2009 figures adjusted for comparison reasons

GENERAL

This segment consists primarily of the following: shared service centres, the Holding entities and strategic shareholdings.

Compared to the same period last year, profit before tax increased to €505 million (H1 2009: €-48 million). This is due almost exclusively to the completion of the PZU Settlement, including the IPO in May 2010.

Operating Expenses

In the first half of 2010 costs related to Group-wide investments in programmes that are financed at Group level impacted total expenses in the first half of 2010 by €114 million (H1 2009: €31 million). These investments include value management programmes (including Solvency II), IT and the creation of shared domains for our main business lines.

Also included in expenses is a vacancy provision of €20 million, €12 million for PZU settlement and €12 million for the Eureko Achmea Foundation.

Other Income

Other income doubled from €41 million in the first half of 2009 to €85 million in H1 2010 due primarily to the revaluation of the put option on Eureko Sigorta and the sale of our operation in Cyprus.

PZU S.A.

As part of the PZU Settlement agreed in 2009, the IPO of PZU took place in May 2010. Until that date, Eureko's share in PZU's results was €94 million, including an adjustment of €6 million on the 2009 results. Until the IPO, Eureko held a 33% stake in PZU,

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 declined significantly to 13%. Furthermore, as part of the PZU-settlement, Eureko gave up its seats in the 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 is reclassified from Associated companies to Investments. Based on the share price of PZU as at 30 June 2010, Eureko's remaining stake in PZU 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 transferred to the Revaluation reserve.

The gain on the sale of Eureko's 20% stake in PZU and the reclassification of the remaining 13% resulted in a capital gain of €656 million. In addition, results on derivatives, foreign currency differences, the fair value change on the receivable from the State Treasury of the Republic of Poland related to the 4.9% stake and a cost allocation were accounted for. Total Net profit related to the IPO of PZU amounted to €725 million.

MillenniumBCP

Eureko continues to hold a direct shareholding and voting interest of 2.52% in MillenniumBCP. Due to a decreasing share price, Eureko has recorded an additional impairment charge of €12 million over the first half year of 2010. In addition to the direct stake in MillenniumBCP, Eureko also holds collared swaps

with MillenniumBCP shares as collateral. The fair value change of the collared swap resulted in a loss of €11 million. Dividend income amounted to €2 million.

F&C Asset Management

As a consequence of F&C Asset Management plc's decreasing share price, in the first half of 2010, Eureko recorded an impairment charge of €9 million on our interest.

Garanti Bank

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. On the other hand, Garanti Bank has a put option on 20% of the shares in Eureko Sigorta that can be exercised from July 2010. To date, neither option has been exercised.