Eureko – because everything you value is vulnerable

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CHAIRMAN'S MESSAGE

The Executive Board and all Eureko stakeholders can look back on 2007 with considerable satisfaction. After some drawbacks in the first half of the year, the second half of 2007 outperformed the same period in 2006, resulting in a stable (- 1%) full-year net profit in 2007 of € 979 million (2006: € 985 million). Eureko's total contribution of insurance and investment contracts in 2007 increased 5% to € 15,610 million, excluding Agis (2006: € 14,925 million).

In 2007, our 'power brands' again proved their strength in the challenging Dutch markets. Our non-life insurance business showed 9% premium growth despite strong competition and pressure on prices. Windstorm Kyrill had an impact of € 132 million on our results. The value of new business in the life insurance business increased to € 67 million, up 16%. Profit before tax of Eureko's total health business increased to € 141 million despite excessive claims on supplementary health insurance policies. Total health business includes basic health insurance and supplementary health insurance with a combined loss of € –14 million, and occupational health insurance with a Profit before tax of € 166 million. Results benefited from the good performance of our occupational health insurance business and lower provisions related to the financial consequences of premium setting for 2008 for basic health insurance. Another important contributor to net profit in 2007 was the contribution from our strategic position in the Polish insurer PZU.

In 2007, the Dutch market for unit-linked products came under pressure. In the past year there has been some negative publicity about this type of financial product. Several consumer interest groups argue that, in the past, information on these products was inadequate. In 2007, Achmea investigated its unit-linked policies from 1993 onwards. The overall conclusion is that Achmea adhered to the laws and regulations that were in force at the time of sale. This applies to the way products were structured and the costs incorporated as well as for other written information, such as brochures and policy conditions. In addition, in 2008, the recommendations of the De Ruiter Committee will be fully implemented. On 4 March 2008, the Ombudsman presented his recommendations. Eureko supports the recommendations, providing it will lead to a binding agreement supported by all stakeholders involved, including the whole sector, and the supervisory authorities. Eureko did not take any related provisions related in 2007.

Merger with Agis

As a result of the merger with health insurer Agis, which was closed in December, Eureko's Dutch operation Achmea has become the largest health insurance group in the Netherlands, with a total of 4.7 million persons insured, resulting in a market share of 29% .

Eureko in Europe

Outside the Netherlands, during the reporting year, Eureko has made considerable progress in implementing its growth plans in Central and Eastern Europe. The transaction with Turkish bank Garanti, in which Eureko acquired 80% of Garanti Bank's non-life insurance business and a 15% stake in its life insurance and pension operations (with an option to acquire a further 35%) included an exclusive long-term distribution agreement through Garanti Bank. The agreement with Garanti Bank resulted in a company name change and the 'Eureko Sigorta' brand was launched on the Turkish market.

Eureko's long-running dispute with the Polish government over the agreement to acquire further shares in state-owned insurer PZU has continued beyond the first phase of international arbitration. We have been very successful in the arbitrage so far and, amongst others, won two appeals from the Polish Government. In February 2008, a 'negotiation memorandum' was concluded by the Polish government and Eureko to conduct negotiations and to work out a possible settlement.

Streamlined processes

We constantly strive to improve our cost-efficiency. We can achieve this with streamlined processes and shared

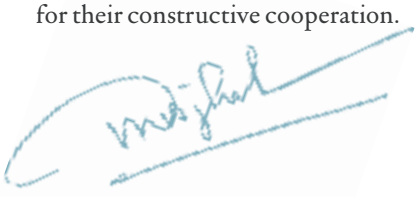
service centres. Examples of streamlined processes in 2007 include the formation of Achmea Rechtsbijstand (legal aid) and Achmea Schadeservice (non-life claims administration), whose services were formerly provided by several different service departments at brands Centraal Beheer Achmea, FBTO and Interpolis. In 2007, we announced the outsourcing of the infrastructure services of our IT systems to KPN, Getronics and Atos Origin.

Outlook

In 2008, we expect marginal growth and continued price competition in the non-life segment in the Dutch insurance market. The life segment is shrinking due to fierce competition and new legislation. We expect modest growth in pensions and some shrinkage in occupational health services. We expect to further improve our results in 2008 with our basic health insurance product and generate a profit in the supplementary health insurance market. Eureko will continue to focus on growth in the Central and Eastern Europe region. The merger process within Eureko is not confined to collecting different brands under one roof. In the Netherlands, it is a long-term streamlining process in which shared service centres will offer their services through a logically diversified and market-oriented front office. When it comes to this merger process Eureko is an organisation 'under construction' showing promising results. This goes hand-in-hand with continuous focus on employee morale and IT systems where cost control is an unavoidable focus. The Executive Board will focus on these challenges in 2008.

Developments in financial markets in the first months of 2008 may have their influence on our results. Eureko's total exposure to US sub-prime and UK non-conforming mortgage-related assets is less than € 25 million. If current equity market levels persist during the rest of the year, this will put a strain on the realisation of capital gains from investments. For Eureko, higher financing costs could be a consequence of the recent credit market turmoil. Operational expectations for 2008 are positive despite challenging markets. Eureko has built a diversified product portfolio and a well-balanced distribution mix with top brands. We are a top three player in almost all segments of the Dutch market for insurance, pensions and employability. But we have only just begun. Synergic value creation, innovation and strengthened distribution lines will be the main themes in the coming years. And we will continue growing in the Central and Eastern Europe region.

On a final note, our thanks go to Ernst Jansen who retired from the Executive Board in October 2007. He was a tireless force behind the expansion of our international business, especially PZU. He is missed. Thanks are also due to all employees. Without their efforts Eureko would not be Eureko. Our gratitude further goes to the Central Works' Council, the Association Achmea and Rabobank for their constructive cooperation.



Maarten W. Dijkshoorn
Chairman and Chief Executive Officer

2 April 2008

MISSION AND VISION

Eureko's vision is to be an integrated international financial services group with a clear and demonstrable focus on value creation. Our core business is insurance – life, non-life and health – and services relating to pensions and health.

Building on our cooperative roots, Eureko's mission is to achieve balanced value creation for all stakeholders: customers, distribution partners, shareholders and employees. Our aim is quality rather than price leadership. We achieve this mission through our commitment to being the best, most customer-centred and innovative financial services provider. We build continually on our reputation for quality and innovative services based on excellent delivery to meet customer needs.

From our leading position in the Dutch market, Eureko aims to position in Europe as an innovative player in all our markets. We have high ambitions for European expansion. We drive these goals by stimulating growth and transferring knowledge and best practice between operations in all 12 countries: Belgium, Bulgaria, Cyprus, France, Greece, Ireland, Luxembourg, the Netherlands, Poland, Romania, Slovakia and Turkey.

EUREKO'S CORE VALUES

Our core values have emerged from our cooperative tradition and our corporate mindset that focuses on creating value for stakeholders and achieving financial continuity now and into the future. In everything we do, we aim to 'unburden' our customers by:

EMPATHISING

We put people – be they customers, employees or business partners – at the heart of everything we do, aiming to understand their needs and concerns. By doing so, we are able to create value for all stakeholders.

INNOVATING

By always looking at our business from the customer's perspective, our people are challenged to develop innovative, superior products and services that meet the real needs of our most important stakeholder group – the clients.

DELIVERING

We aim to deliver financial continuity, quality performance, a great working environment and customer satisfaction by being reliable and transparent in everything we do.

TO 'UNBURDEN' THE CLIENT

FOUR YEARS' KEY FIGURES

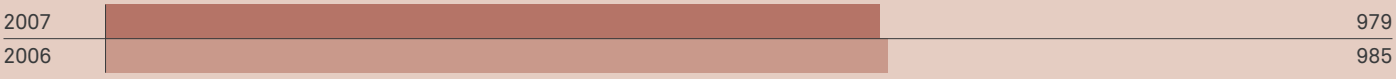
KEY FIGURES

(€ MILLION)

	2007	2006	2005	2004
Gross written premiums	14,853	14,302	6,577	5,524
Contribution investment contracts	757	623	448	383
Profit before tax	1,041	1,215	826	386
Net profit	979	985	706	1,023
Number of employees (FTEs)	24,035	21,784	20,166	14,550
Insurance gross written premiums				
Life	4,417	4,464	2,807	2,312
Non-Life	2,915	2,684	1,699	1,477
Health	7,521	7,154	2,072	1,735
Banking				
Net interest margin	157	142	161	136
Net profit per Operating Company				
Achmea Benelux	622	757	467	297
Friends First Ireland	39	35	29	21
Império France	4	3	3	3
Interamerican Greece	6	25	-58	0
Union Slovakia	-8	-17	1	1
Eureko Sigorta Turkey	12	-	-	-
Other Operating Companies	2	9	6	-2
Group balance sheet				
Total assets	100,489	86,448	83,293	52,911
Total investments (excluding unit-linked)	40,328	38,736	39,062	23,500
Banking credit portfolio	18,035	17,272	16,459	16,942
Total equity	10,375	9,632	8,525	3,251
Embedded value Life business	6,374	6,089	4,537	2,348

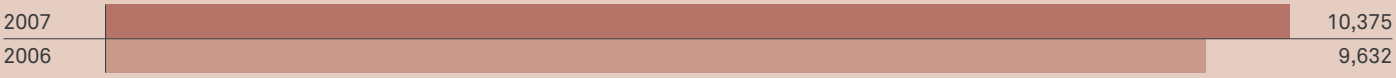
NET PROFIT

(€ MILLION)



TOTAL EQUITY

(€ MILLION)



KEY RATIOS

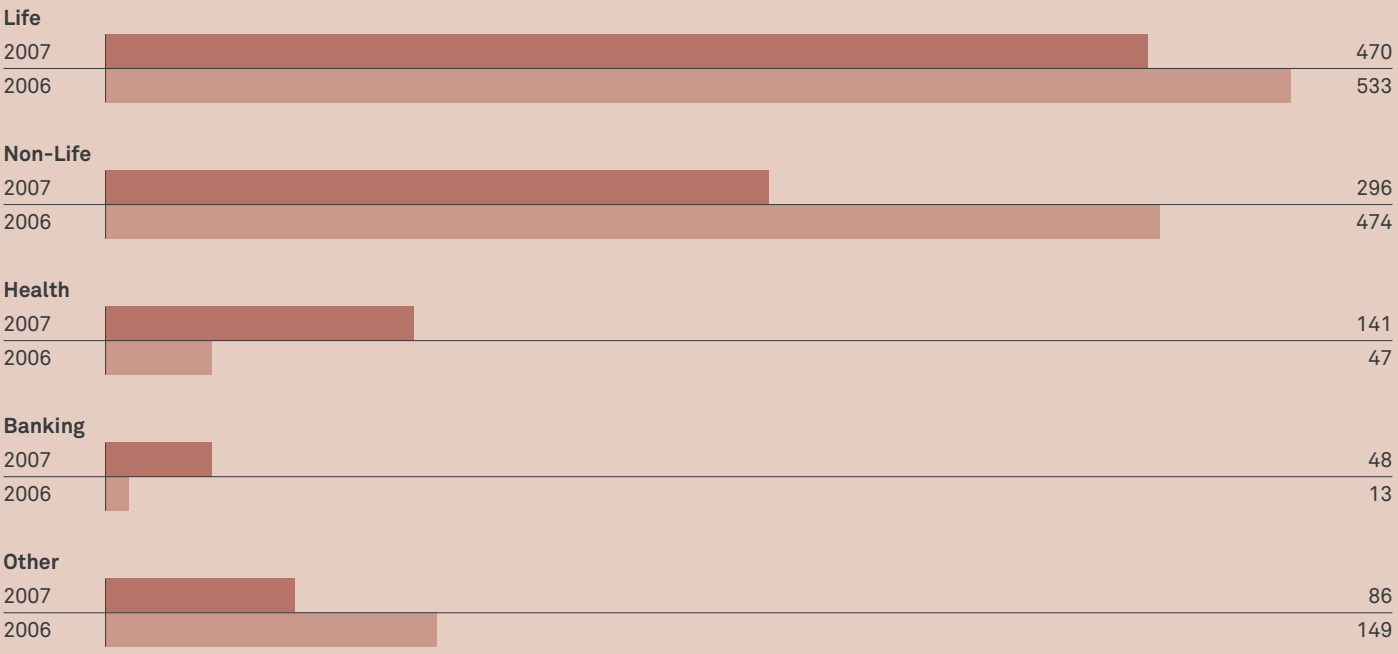
(%)

	2007	2006	2005	2004
Group				
Return on equity	9.7	13.0	12.7	10.9
Return on adjusted equity	12.9	14.7	16.9	17.1
Debt leverage	11.0	6.1	9.6	12.8
Insurance				
Combined ratio Non-Life	96.4	88.5	89.9	92.6
Combined ratio Health	99.0	100.4	94.5	97.4
Banking				
Cost/income ratio	77.7	84.2	72.2	103.9
BIS ratio	12.9	14.2	16.0	13.5
Figures per ordinary share (€)				
Net profit	2.92	2.92	2.98	1.74
(Proposed) dividend	1.41	1.41	1.41	1.96

PROFIT BEFORE TAX

(€ MILLION)

Total 2007 € 1,041 million
Total 2006 € 1,215 million



Because everything you value is vulnerable

DIRECT DISTRIBUTION
OCCUPATIONAL HEALTH
BANKING
BANK DISTRIBUTION
HEALTH
BROKER DISTRIBUTION
PENSIONS
CLIENT
Friends First
EUREKO
achmea
dvz
PWZ
Groene Land
Zilveren Kruis
achmea
vitale
Interpolis
Conraat Balhuur
avéro
Syntrus
FBTO
AGIS ZORGVERZEKERINGEN
PRO LIFE
Staalbankiers
Union
Union
INTERAMERICAN
INTERAMERICAN
INTERAMERICAN
INTERLIFE
IMPERIO

EUREKO IN PROFILE

Active in 12 countries, Eureko is the holding for a group of strong, successful insurance brands. We are different from the majority of competitors as our main shareholders are cooperative organisations. As a result, our mindset is a balanced stakeholder approach, rather than primarily shareholder in orientation.

Eureko's goal is to create value for all our equally important stakeholders: customers, distribution partners, shareholders and employees. At Eureko, creating value is about more than simply offering a full, competitive range of insurance and other financial products and services under our top brands through an equally full range of distribution channels – direct writing, broker and bank. It is about seeing service from the customer's perspective. 'Insurance' has a role in every aspect of our customers' lives – health, income, pensions, home, the things they value. So we are continually searching for innovative ways to create value for our customers through the certainty insurance should provide.

We believe that creating this level of value for customers, whether they are corporate or individuals, ultimately creates value for our other stakeholders. By offering more attractive products and services, our distribution partners are better able to achieve excellence. Employee satisfaction and motivation is a goal in itself. We work continually on creating a working environment that will enable our people to be at their best. In combination, innovative products developed and delivered by committed people generate greater value for our shareholders.

A financially-healthy organisation is a precondition for pursuing and sustaining this four-stakeholder focus. In the Netherlands, our original home market, competition is fierce. We are realists, understanding that growth in the saturated Dutch market is limited. This means that in the longer term, a considerable part of our growth will be generated outside the Netherlands. From our strong position in the Netherlands, we have laid the foundations for internationalisation through building presence in a select group of European markets, primarily in Central and Eastern Europe, adding Turkey in 2007. The current size of our European business is not yet in line with our ambition. However, from a viable base in a number of markets, we are growing into a truly international Group.

We are continually searching for opportunities that will enable us to build on our value creation for stakeholders, both in the Netherlands and in Europe, not least because this approach informs our corporate social responsibility. Eureko plays a leading role in discussions with government and interest groups to co-determine the financial services playing field. In fact, socially responsible entrepreneurship is vital for creating value for all our stakeholders; it forms the basis for our financial and operational health into the future.

EUREKO'S STRATEGY

While Eureko has a dominant position in its original domestic market – the Netherlands, its European activities are still a comparatively small, but growing component. This means that strategies have been defined to accommodate the differences in these markets. What unites all activities in all markets is the pursuit of profitable growth in existing brands, specifically through ongoing innovation and cost efficiency, and by entering into partnerships with like-minded organisations, such as the cooperative Rabobank and Turkey's Garanti Bank. In addition, we search out similarly like-minded merger partners to stimulate growth. In 2007, Agis, a major Dutch health insurer with a cooperative background, joined the Group, and we acquired a majority stake in a leading insurer in Turkey, already re-branded Eureko Sigorta.

STRATEGY IN THE NETHERLANDS

At Eureko, we distinguish between so-called mature and maturing markets. The Netherlands is one of the most mature in Europe and is close to saturation. All near to medium-term indications are that the total Dutch insurance market can expect only limited growth and even a decline in some business lines. This market reality informs our strategic approach; our aim is quality rather than cost leadership. We see opportunities for ongoing growth through continually innovating new, demand-driven products and services. We already have market-leading positions in all sectors under our Achmea umbrella brand. Our aim is to maintain and grow that position through strategic focus on development of four key business drivers:

Strong distribution channels

In all our distribution, we aim to increase our commercial strength through offering customers multi-media access and control. In combination with continual innovation in our products and services, this will, we believe, give new momentum to a saturated market. For this reason, we are in the process of constructing multi-media communication channels for all our brands, specifically internet. Our direct distribution division is further positioning its two brands, Centraal Beheer Achmea and FBTO, along target customer lines, with FBTO eventually migrating to an internet-based provider. Our bank distributor is firmly focused on developing insurance products that match Rabobank's integrated financial services concepts. In our brokerage division, we will focus activities on marketing and sales. This is also an area where we see acquisition as a tool for further growth. The brokerage division is already making full use of back-office and other synergies.

Innovative value propositions

The development of products and services created from a customer perspective is approached in two ways. First, we develop 'simple', i.e. straightforward, user-friendly and easily understood products for all our distribution channels, building on our current offering. Second, we will develop new, complementary products.

Operational excellence and cost efficiency

The merger with Interpolis in 2005 led us to develop a strategic approach to implementing the newly combined organisation. The reporting year, 2007, was our first full year. The divisional structure we have put in place is transforming the Eureko Group in the Netherlands. Synergies are being achieved in both products and services and distribution by streamlining processes. These synergies are based on combined back offices with brand-specific front-office services to customers. As Achmea is a group of strong brands, often brought into the Eureko Group through merger or partnership, this process is ongoing and will take some time. We believed the Achmea/Interpolis integration programme would take three years. Half way through that process, we are well on track. Our systems are currently being aligned in a phased process, supported by some infrastructural outsourcing, to achieve synergy and the cost efficiencies it will generate.

Selective acquisitions & divestments

There are limited merger and acquisition opportunities in the Dutch market; our main priority is to acquire established broker businesses. Divestments of non-core activities will be evaluated on their merits, especially if these operations could perform better in a different organisational context.

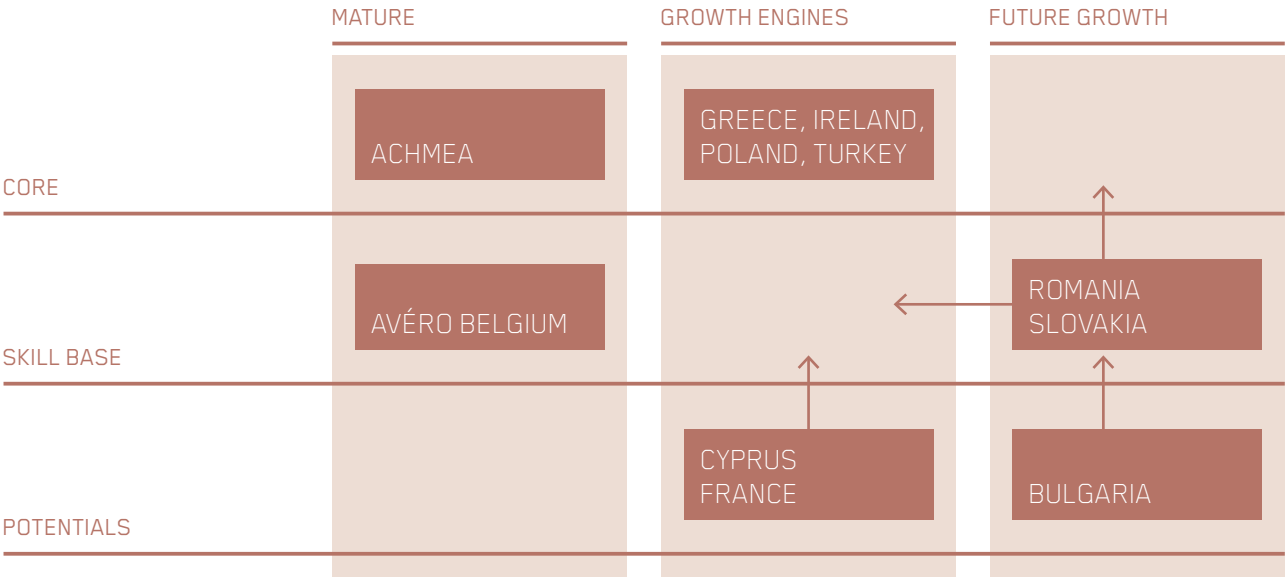
STRATEGY IN EUROPE

The key driver behind Eureko's European strategy is the recognition that a greater geographic spread is in the interests of all stakeholders. A significant share of value will be generated in our European markets. The Netherlands is a fully mature market and Europe, especially, but not exclusively, Central and Eastern, still offers significant opportunities for growth. Forecasts are that, in the longer term, there will be consolidation in the European insurance sector. If Eureko is to position strongly in the new European constellation, it must have a substantial base.

To achieve this position, our strategy is:

- Focused on growing and expanding existing activities, particularly in Central and Eastern Europe. Our activities across Europe are in different stages of development. To create value as a Group, it is essential that Eureko shares best practices across the operating companies. A targeted and ambitious business plan has been developed by each operating company. Functional strategies that bridge the current gap between Eureko's overall strategy and current operating company goals and targets have been put in place. These stategies are known as Flying Squad projects.
- In addition to this organic growth, proactive merger and acquisitions strategies for both existing and new European markets have been put in place.
- Resolution of the PZU Poland issue so that we can fully develop the potential of this significant market.
- Intensifying cooperation with partners and partner groups, such as Rabobank, MillenniumBCP, Garanti Bank and Eurapco; strengthening our position in the more mature European markets.

COUNTRY/MARKET STRATEGY



HIGHLIGHTS IN 2007

JANUARY

In line with its focus on developing international ambitions over the coming years, Eureko announces changes in some Executive Board portfolios, effective 4 April 2007.

–

Windstorm Kyrill, that hit the Netherlands on 18 January 2007, causes Achmea (part of the Eureko Group) a loss of around € 132 million.

FEBRUARY

Achmea Hypotheekbank successfully launches its covered bond programme. The first issue is heavily oversubscribed.

MARCH

Eureko enters a brand-new market by acquiring the insurance business of Garanti Bank of Turkey and entering a long-term exclusive distribution partnership with Garanti Bank.

APRIL

Eureko announces satisfactory full-year results over 2006.

MAY

Eureko sells 9.1% of its 19.6% shareholding in F&C Asset Management plc in order to reallocate capital to core business.

JUNE

Achmea and major Dutch health insurer Agis announce intention to merge.

–

The Eureko-Garanti partnership is closed. The acquired insurance activities are re-branded Eureko Sigorta.

JULY

Union Slovakia receives a prestigious national award for 'Innovation of the year' – the SMS-based travel and mountain rescue insurance product. A first in Europe.

–

Interamerican Greece becomes sponsor of the City of Athen's re-cycling programme.

AUGUST

Interim results announced: Eureko is on course.

–

Eureko Achmea Foundation and Interamerican Greece respond to the plight of victims of the fires that swept Greece with a donation of € 300,000.

SEPTEMBER

Avéro Belgium takes the prestigious Decavi 2007 awards for both car and fire insurance.

OCTOBER

Vice Chairman of the Executive Board Ernst Jansen retires but remains a supervisory director of a number of Eureko companies.

–

'Eureko – Academy of the Future', the second nationwide contest for students of state and private universities in Poland, is launched. The winner receives a € 50,000 cash prize and a year-long paid internship at Eureko.

–

Hosted by Interlife Cyprus, Eureko's first Agents' Conference attracts over 300 top-performing agents from around Europe.

–

Interamerican Romania launches pension products.

NOVEMBER

Friends First is named 'Best Company' in the national quality awards with the highest score ever awarded to any Irish company.

DECEMBER

Achmea is to outsource the management of its IT infrastructure, entering into long-term contracts with Atos Origin, Getronics Pink-Roccade and KPN. A total of around 170 Achmea employees will be transferred to these companies.

–

Interamerican Greece and Oecumenica, a non-governmental organisation, provide aid to livestock farmers in Evoia. The region was devastated by last summer's fires and farmers had serious difficulty in finding food for their herds.

–

The Achmea/Agis merger is finalized on 31 December 2007.

Because everything you value is vulnerable

SUPERVISORY BOARD

Arnold H.C.M. Walravens (1940)

Chairman, Dutch nationality, was appointed in 2000.

His current term expires in 2008. Mr Walravens is also a member of the Supervisory Board of Rabobank Nederland, CSM N.V. and Sneep Industrie B.V. Furthermore, he is Chairman of the Supervisory Board of Wolters Kluwer Nederland B.V. and Tauw Infra Consult B.V. In addition, he is Vice Chairman of the Board of Directors of Vereniging Achmea and holds various other positions within Eureko.

Marinus Minderhoud (1946)

Vice Chairman, Dutch nationality, was appointed in 2004.

His current term expires in 2008. Mr Minderhoud is member of the Supervisory Board of Rabobank Nederland and Heembouw Groep B.V. Furthermore, he is Chairman of the Board of Vodafone International Holdings B.V. and Vodafone Europe B.V., and Chairman of the Agis Supervisory Board.

Flip J.F. Buurmeijer (1940)

Dutch nationality, was appointed in 2007.

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

Lense Koopmans (1943)

Dutch nationality, was appointed in 2005.

His current term expires in 2009. Mr Koopmans is Chairman of the Supervisory Board of Rabobank Nederland and Chairman of the Board of Directors of Stichting TBI. In addition, he is Chairman of the Supervisory Board of Cordares N.V., Siers Groep B.V. and Arriva Nederland B.V., and member of the Supervisory Board of Nuon N.V., KIWA N.V., Universitair Medisch Centrum Groningen, Noordelijke Ontwikkelingsmaatschappij N.V. and Stichting TNO. He is also member of the Board of Stichting Administratiekantoor Unilever N.V. Mr Koopmans is professor at Groningen University.

Erik A.J. van de Merwe (1950)

Dutch nationality, was reappointed in 2006.

His current term expires in 2010. Mr van de Merwe holds various supervisory board positions, amongst them, Chairman of the Supervisory Board of Fornix Biosciences, Exact Holding N.V., GWK Travelex Bank, INEOS NOVA International SA and Welke Beheer B.V. Furthermore, he is member of the Supervisory Board of Mizuho Corporate Bank (the Netherlands), the Advisory Board and Chairman of the Audit Committee of the Dutch Burns Foundation, member of the Jury Sijthoff Award and member of the Arbitration Committee Dutch Security Institute. In addition, he is member of the Board of Directors of Vereniging Achmea, and Chairman of the Supervisory Board and Audit Committee of Achmea Bank Holding N.V. and Staalbankiers.

Paul F.M. Overmars (1945)

Dutch nationality, was appointed in 2005.

His current term expires in 2009. Prior to his retirement in 2004, Mr Overmars was CEO of Achmea and Vice Chairman of the Executive Board of Eureko. He is also member of the Supervisory Board of Rabobank Nederland (as of 15 November 2005). In addition, he is a member of the Board of Directors of Vereniging Achmea and Chairman of the Eureko Achmea Foundation. Until mid-2005, he was Chairman of the Board of the Dutch Association of Insurers and a member of the Management Board of VNO/NCW.

Henk J. Slijkhuis (1946)

Dutch nationality, was appointed in 2003.

His current term expires in 2008. Mr Slijkhuis is an independent farmer. He is Chairman of the Supervisory Board of Countus Accountants- en Belastingadviseurs and is a member of the Board of Directors of Vereniging Achmea.

Martial Stambouli (1947)

French nationality, was appointed in 2007.

His current term expires in 2012. Mr Stambouli is member of the Executive Board of Covéa, CEO of MMA Vie, President of the Board of MAAF Vie and GMF Vie. Futhermore, he is president of Eurapco, Vice President of the Supervisory Board of Ma Banque and a member of the Supervisory Board of Assurland, DAS Assurances Mutuelles, DAS SA and Gesterpargne.

Antoon J.A.M. Vermeer (1949)

Dutch nationality, was appointed in 2005.

His current term expires in 2009. Mr Vermeer is Chairman of the Board of Directors Zuidelijke Land- en Tuinbouw Organisatie and co-owner of a dairy farm. He is Vice Chairman of the Supervisory Board of Rabobank Nederland and Chairman of the Supervisory Board of Sovion N.V. In addition, he is member of the curatorium of the ZLTO Chair Food, Farming and Agribusiness, Tilburg University and Chairman of the HAS Supervisory Board.

Bé J. van der Weg (1943)

Dutch nationality, was re-appointed in 2006.

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

Bouke Y. Yntema (1943)

Dutch nationality, was appointed in 2000.

His current term expires in 2009. Mr Yntema is a stockbreeder. He is a member of the Advisory Council Agro Business Groningen/Friesland/Drenthe and is Chairman of the Supervisory Board of Rabobank Sneek Zuidwest Friesland. In addition, he is a member of the Board of Directors of Vereniging Achmea and of the Board of Stichting PVF Nederland.

SUPERVISORY BOARD REPORT

For Eureko's Supervisory Board, the reporting year was a period devoted to the Group's main strategic priorities. Key issues in 2007 were targeted merger & acquisition projects, resulting in Agis joining the Group as an eighth division. Negotiations with Garanti Bank of Turkey led to Eureko's acquisition of 80% of the Bank's Non-Life insurance business, Garanti Sigorta A.S., and a 15% stake in Garanti Emeklilik ve Hayat A.S., Garanti's Life and Pensions business. The transaction also provides Eureko with an option to acquire a further 35% of Garanti Emeklilik. A long-term agency agreement with Garanti, covering both operating companies' current and new business, means bank distribution is assured into the future.

Synergy targets

The Supervisory Board was closely involved in monitoring progress on expected synergies resulting from the Achmea/Interpolis merger in the Netherlands. The process is on track but challenges are presented by integrating a number of legacy IT systems. This requires considerable investment to create the solid infrastructure through which the Group can gain the undoubted synergetic benefits and advantages.

PZU in Poland

The ongoing dispute with the Polish government on the privatisation of PZU, in which Eureko has a considerable stakeholding, was a continual topic throughout the year. At year-end, initial meetings with government representatives offer some hope of an amicable resolution to this long-running dispute.

Innovation

In a very mature market, such as the Netherlands, customer-focused innovation is a strategic tool for ongoing growth in the business. The Executive Board has kept us informed of projects for innovative development, also as a means for growing the Group's international business through best practice and knowledge sharing.

Business planning 2008 - 2010

The Supervisory Board was fully apprised of the Executive Board's proposed strategy and business plans for the period 2008 - 2010 and has approved the strategy and business plans.

Central Works' Council

During the year, Supervisory Board members maintain regular contact with the Central Works' Council. This is organised on a rotational basis so that all members have an opportunity for dialogue with this body. In 2007, almost all Dutch members attended a Central Works' Council meeting. The Chairman also had informal meetings with the Chairman of the Executive Board and the Board of the Central Works' Council to discuss items including the (re)appointment of Supervisory Board members. During the meetings several important topics were explored, such as the implementation of the Achmea-Interpolis merger (including the Central Works' Council's advice), the merger with Agis, the re-allocation of Achmea Health activities in the Netherlands, IT projects and outsourcing, the annual survey on employee involvement and satisfaction, and the organisation of the Central Works' Council itself within Achmea following a number of mergers in recent years. The visiting Supervisory Board members concluded the Central Works' Council plays an important and critical role in a company's inherent checks and balances. Eureko Achmea is privileged to have a well-functioning Central Works' Council that combines its critical role with a constructive approach.

SUPERVISORY BOARD COMMITTEES

During 2007, there were eight full Supervisory Board meetings. One meeting was hosted by Union Slovakia during which the operating company offered our 11 members greater insight into this potentially attractive insurance market.

SUPERVISORY BOARD REPORT

HOW EUREKO IS SUPERVISED

The Supervisory Board has three dedicated committees: the Audit, the Remuneration and the Appointment and Selection Committees. All committees advise the full Supervisory Board. The Supervisory Board takes decisions based on, among others, the advice of its committees.

Three Supervisory Board members form the Audit Committee. The Remuneration Committee and the Appointment and Selection Committee both consist of five members drawn from the Supervisory Board. The CEO attends the meetings but absents himself during agenda items where his own functioning or remuneration is discussed or in other cases when the Chairman so requests. Both committees met once in 2007.

The Audit Committee

In 2007, a new charter for this committee was approved by the Supervisory Board. The Audit Committee is responsible for monitoring the Group's financial reporting processes, including risk management, compliance and internal control. It advises on the selection of external auditors and actuaries and monitors both their performance and independence. In 2007, the Audit Committee met 10 times, with regular meetings scheduled ahead of key reporting dates and on an ad hoc basis where necessary. The Audit Committee met three times with external auditors, KPMG, without senior management, and furthermore reviewed full-year 2006 results, annual reporting, and individual business components, such as actuarial reports on the adequacy of technical reserves for Life, Non-Life, Health and operating companies. In addition, they discussed the management letter and accounting report. These topics, along with compliance reporting, internal auditing and control plans and the financial aspects of proposed mergers and acquisitions, are regular agenda points throughout the year.

The Audit Committee closely monitored and advised on the financial consequences of several proposed acquisitions. The transition to Market Based Interest accounting was discussed, but no change in policy was proposed to the Supervisory Board. Furthermore, the global liquidity crisis was monitored regularly. Another priority issue was the consequences of high interest levels for the Fund for Future Appropriation. The Committee discussed aspects of interest rate risk management at length with management. The Internal Control Statement and the Audit Year Plan were discussed extensively during 2007. Several compliance issues, such as the implementation of the new Financial Supervision Act, were also monitored closely.

The Remuneration Committee

Monitoring the application of Eureko's remuneration policy is a key task for this Committee. Eureko's policy is aimed at recruiting and retaining the highest calibre executives. A regular review of remuneration is carried out to ensure that reward levels are appropriate to the duties and responsibilities of the role, including a suitable balance

COMMITTEES OF THE SUPERVISORY BOARD

Audit Committee	
Erik van de Merwe	Chairman
Marinus Minderhoud	Member
Bé van der Weg	Member

Remuneration Committee	
Bouke Yntema	Chairman
Marinus Minderhoud	Member
Henk Slijkhuis	Member
Lense Koopmans	Member
Arnold Walravens	Member

Appointment and Selection Committee	
Arnold Walravens	Chairman
Marinus Minderhoud	Member
Lense Koopmans	Member
Henk Slijkhuis	Member
Bouke Yntema	Member

HOW EUREKO IS SUPERVISED

between fixed and performance-related elements. In determining salary levels for executives, comparisons are routinely made across the industry, usually every two years. Through the year, the Remuneration Committee evaluates Executive Board performance against pre-set targets. These targets represent a balanced four-stakeholder – customers, distribution partners, shareholders and employees – approach. They include Net profit, cooperation with Rabobank, performance measurement and employee satisfaction. The committee subsequently makes proposals for variable income components. As a consequence of the new Harrewijn Act in the Netherlands, the Central Works' Council receives a report on total remuneration of both senior management and the Supervisory Board annually. This report was submitted to the Central Works' Council for the first time in 2007.

The Appointment and Selection Committee
As its name suggests, this Committee is focused on recruiting Executive Board members and evaluating the performance of the Executive Board as a team and individually. Performance targets for the Executive Board as a whole and its members are established under its supervision. Furthermore, the Committee evaluates interaction between the Supervisory and Executive Boards.

Changes in Supervisory Board composition
At the Annual General Meeting of Shareholders on 18 April 2007, Mr Tommy Persson stepped down according to the statutory resignation rota. We would like to thank him for his contribution to Eureko's development over the past four years. Mr Martial Stambouli's appointment to the Supervisory Board was approved. Mr Jorge M. Jardim Gonçalves' nomination for reappointment was also approved at this meeting. However, at the meeting of 6 December 2007, Mr Gonçalves announced he was stepping down due to his resignation as chairman of the Supervisory Board of Banco Comercial Portugues. We are grateful for his efforts on behalf of Eureko. Mr Flip Buurmeijer's nomination to the Supervisory Board was approved by the General Shareholders' Meeting of 24 December 2007 and became effective as per1 January 2008.

2007 FINANCIAL STATEMENTS AND DIVIDEND

The financial statements have been audited by KPMG Accountants N.V. They have issued a qualified opinion. The qualification relates to Eureko's share in PZU's Net profit and Total equity. In accordance with the proposal of the Executive Board and the recommendation of the Audit Committee, the Supervisory Board endorses the adoption by shareholders of the 2007 Financial Statements and the profit appropriation. As well as adopting the Financial Statements, the General Meeting is requested to discharge the members of the Executive Board from all liability in respect of their management and to discharge the members of the Supervisory Board from all liability in respect of their supervision for the year under review, 2007. Upon adoption of the Financial Statements and the profit appropriation, ordinary shareholders will receive a dividend of€ 1.41 per ordinary share, and payable in cash and/or stock, according to shareholder preference.

In 2007, Executive Board Vice Chairman Ernst R. Jansen retired. Our thanks are due to him for his commitment to Eureko. At the end of a satisfactory year, we would like to take this opportunity to thank the Executive Board and all the 24,000 Eureko people across Europe for their hard work, commitment and especially the innovative way they are growing the business.

Arnold Walravens
Chairman of the Supervisory Board

2 April 2008

CORPORATE GOVERNANCE

Eureko B.V. is a private company with limited liability with its statutory seat in Amsterdam and head offices in Zeist, both in the Netherlands.

Unlisted European companies and associations with cooperative roots are our main shareholders. Our Dutch customers are represented in Eureko's largest shareholder, the Vereniging (Association) Achmea through the Achmea Administrative Foundation. The Achmea Administrative Foundation is the shareholder that has, in its turn, issued depository receipts to Vereniging Achmea. Although in real terms Eureko is governed, organised and managed in the same way as any major listed organisation, its cooperative origins drive the way governance is structured at Supervisory Board and shareholder level.

Corporate Governance Code and Principles

From 2004, the Dutch Corporate Governance Code (the Code) has been embedded by both listed and non-listed companies alike. It sets out clear governance principles on a 'comply or explain' basis. For Eureko, the primary 'deviations' relate to how its Supervisory Board is composed (see below). In addition, when Eureko's Dutch activities, Achmea, merged with Rabobank's insurer, Interpolis, in 2005, the Group further adopted new Corporate Governance Principles aimed specifically at its post-merger divisional structure and the accountabilities and responsibilities of each division, staff department and the Executive Board. This section of the annual report describes how both the Code and the Eureko Principles have been embedded in the organisation.

Eureko's shares

Vereniging Achmea ('Achmea') is Eureko B.V.'s main shareholder. Achmea is a legal entity that has members. These members are representatives of the policyholders or customers, a primary stakeholder group for Eureko. Achmea's objectives include promoting the interests of customers and members and participating in financing (participations in) activities that are conducive to Eureko's goals.

At 31 December 2007, the authorised share capital comprised 739,999,999 ordinary shares, 1 'A' share, 10,000,000 'M' shares and 60,000,000 preference shares, each share with par value of € 1.00. At year-end 2007, total issued share capital was € 347,158,258.

The number of issued ordinary shares increased due to the repurchasing of 6,667,240 'M' shares from Covea and the conversion of these shares into ordinary shares. Moreover Eureko B.V. issued 3,082,132 ordinary shares for the acquisition of Agis Zorgverzekeringen N.V. shares. As a result of the Agis acquisition, Achmea's shareholding was increased by 9,932,171; Rabobank acquired a further 6,250,000 shares to prevent dilution, and Gothaer increased its stake by 220,732.The total number of issued ordinary shares is now 323,254,197.

Our shareholders

Vereniging Achmea, through Stichting Administratiekantoor Achmea, is the main shareholder in Eureko. As per 31 December 2007, it holds the 'A' share and 54.37% of the ordinary shares (2006: 51.70%; the increase is mainly due to the Agis transaction). Certain decisions require the 'A' shareholder's approval. Following the merger with Interpolis, parent Rabobank holds 39.47% of the ordinary shares. Other shareholders include members of the Eurapco Alliance of independent European financial services providers (for a full overview of partnerships and participations, please see page 225). In addition to the Annual General Meeting of Shareholders, extraordinary meetings can be convened by a shareholder with more than 10% of voting rights.

HOW EUREKO IS GOVERNED

Shareholder approval is required:

1. to amend the Articles of Association;
2. to adopt the Financial Statements including profit allocation and dividend (see below), and to discharge the Executive Board for its management during the financial year concerned;
3. to discharge the Supervisory Board for its supervision during the financial year concerned;
4. to appoint the external auditor;
5. to decide on share issues or on the granting of rights to subscribe for shares (or to designate the Executive Board to resolve on such issues or grants);
6. to exclude or limit the pre-emptive rights of shareholders upon an issue of shares or rights to subscribe for shares in Eureko (except if this power is delegated to the Executive Board);
7. to reduce the share capital of Eureko;
8. to appoint members of the Supervisory Board;
9. to dissolve Eureko;
10. to merge Eureko with another company;
11. to demerge Eureko.

Items 5, 6, 7, 9, 10 and 11 require approval of the 'A' shareholder. Furthermore, the 'A' shareholder proposes one of the Executive Board members as chairman. This proposal is not binding. Holders of depository receipts are entitled to attend the general meetings but they do not have any voting rights. This provision does not apply to holders of a right of usufruct and holders of a right of pledge with voting rights. Shareholders and holders of depository receipts can be represented by written proxy. Members of both the Executive and Supervisory Boards are authorised to attend general meetings; they have an advisory and informative role at these meetings.

Dividend policy

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

Eureko's dividend policy, formulated and implemented in 2004, consists of a stable (or slightly increasing) dividend per share, based on a pay-out ratio of 35% – 45% of normalised net profit attributable to ordinary shareholders. This policy promises shareholders a stable dividend, irrespective of short-term fluctuations in equity markets and non-recurring items affecting reported net profit.

The normalised net profit attributable to ordinary shareholders is defined as net profit after distributions on preference shares and capital instruments, excluding extraordinary gains and losses related to acquisitions and disposals, gains and losses on associated companies and participating interests, impairment of goodwill and other non-operating assets and amortisation of intangibles, and substitutes realised gains and losses on equities with a norm return of 6.0% on the average equity portfolio.

The dividend policy prescribes as a base case a stable development of dividend per share, which is a neutral statement by management on its expectation of the future level of normalised or sustainable net profit. Consequently, a positive (negative) change in dividend per share reflects management opinion on any positive (negative) changes in expectation for future sustainable net profit. As such, the dividend policy becomes a forward-looking statement by management on the future financial position of the company.

Dividend can be paid in cash and/or stock, whereby the value of the stock dividend is based on the last valuation of the Eureko shares.

CORPORATE GOVERNANCE

HOW EUREKO IS GOVERNED

Co-ordination Committee

In the merger agreement between Achmea and Interpolis, it was decided to establish a Co-ordination Committee with representatives from the Achmea Association and Rabobank. The Co-ordination Committee's role is to act as an advisory body on important issues for both the Supervisory and Executive Boards. Issues could be amendments to Eureko's strategy and fundamental strategic transactions that could impact Eureko's strategy. However, the underlying principle is that the committee in no way influences the relationship between Eureko's Supervisory and Executive Boards or their tasks and powers, as set out in Eureko's Articles of Association, legislation and regulations. Furthermore, the Co-ordination Committee takes shareholder interests into account at all times.

THE SUPERVISORY BOARD

Composition

The composition of the Supervisory Board and nominations for vacancies reflect the cooperative shareholder structure and employee participation through Eureko's Central Works' Council. Supervisory Board members are nominated by this board and appointed by the General Meeting of Shareholders. The Supervisory Board has a maximum of 12 members. Profiles, based on requisite expertise, can be reviewed on the website. Members are nominated as follows:

1. MillenniumBCP (Portugal) is represented with one seat;
2. Länsförsäkringar (Sweden), Gothaer (Germany) and Swiss Mobiliar (Switzerland) – all Eurapco partners are jointly represented with one seat;
3. Rabobank is entitled to a representation in proportion to its interest in the ordinary voting capital of Eureko. Rabobank may nominate the Vice Chairman;
4. Achmea Association is entitled to a representation that equals the number of seats in the Supervisory Board that remain after the representations mentioned under 1 to 3 have been taken into account.

In light of the merger with Agis, a Supervisory Board member, Mr Flip F.J. Buurmeijer, has been appointed for a period of five years. Any proposed changes to the composition of the Supervisory Board are submitted to the General Meeting of Shareholders, and discussed with the Central Works' Council. The Central Works' Council has the right to recommend one-third of members (also on reappointments), as set out in article 2:268 sub 6 Dutch Civil Code. This is a reflection of the fact that employees are one of four stakeholder groups within Eureko; the others are customers, distribution partners and shareholders. The Central Works' Council exercises its right of recommendation through confidential discussions with Supervisory Board members. Any recommendations are passed on to the General Meeting of Shareholders by the Supervisory Board.

Accountabilities

Eureko's Supervisory Board is responsible for supervising the Executive Board's conduct and general management of the business. The Supervisory Board and its individual members have a responsibility to obtain all relevant information needed to perform their duties. These needs are made known to the Supervisory Board chairman. Usually, sources are the Executive Board, the Company Secretary and external auditors. However, if deemed appropriate by the Supervisory Board, information can be obtained from corporate officers and external advisors who can be invited to attend Supervisory Board meetings.
In line with the Dutch Corporate Governance Code, the Supervisory Board has three dedicated committees: Audit, Remuneration, and Selection and Appointment (please see page 23), which advise the full Supervisory Board. All Supervisory Board members receive the minutes of the individual committee meetings. Most financial and operational issues are discussed in the Audit Committee. The Chairman of the Audit Committee reports extensively to the full meeting. Audit Committee meetings are always attended by the CFO and the Executive Board member responsible for internal control; the directors

HOW EUREKO IS GOVERNED

of the finance and control, audit and risk, actuarial and compliance departments as well as external auditors are present when their reports are discussed. In addition to financial results, important issues during the year are the Internal Control Statement, the Audit Memorandum and the external auditors' management letter, which give an overview of the operations and any identified risks. The management letter is also discussed during the Supervisory Board meeting in the presence of the external auditors. Meetings with the external auditor take place at least twice a year.

THE EXECUTIVE BOARD

Composition

Members of the Executive Board are appointed by the Supervisory Board at the non-binding nomination of the 'A' shareholder. The Executive Board can have a maximum of 10 members. As a consequence of the Achmea/ Interpolis merger, Rabobank has certain nomination rights for Executive Board membership for two consecutive periods of four years. A vacancy occurred due to the retirement of Ernst R. Jansen, who stepped down on 15 October 2007. As from April 2008, Thomas C.A.M. van Rijckevorsel was appointed to the Executive Board.

All Executive Board members have been selected based on their proven experience and competence in managing a financial services company. All Eureko Executive Board members have been assessed by the Dutch supervisory authorities. The Articles of Association of Eureko B.V. do not contain any retirement rules.

Accountabilities

The Executive Board is responsible for managing Eureko B.V.'s business. It is responsible and has decision-making power for managing the day-to-day business of Eureko in accordance with the principles set out in the Articles of Association. The Executive Board has a comprehensive charter which covers the duties, activities and allocation of tasks to individual members, as well as the decision-making process within the Executive Board. The Executive Board is obliged to notify the Supervisory Board in case of any fundamental differences of opinion between the Executive Board and boards of Eureko companies or entities. It reports directly to the Supervisory Board.

In principle, the Executive Board meets at least weekly. Each member has direct responsibility for specific Eureko activities (please see pages 32 and 33), with clear reporting lines from divisional and staff directors. The full Executive Board is involved in risk management – risk is Eureko's business. Dedicated committees with specific knowledge and expertise in the range of risk managed by Eureko report directly to the Executive Board with at least one member working with each committee as chairman. Please see the Risk Management section on page 52 for a complete overview of this committee structure and the direct reporting lines that provide committees with data and information.

Because everything you value is vulnerable

EXECUTIVE BOARD

Maarten W. Dijkshoorn (1950)

Chairman and Chief Executive Officer, Dutch nationality.

Began his career with insurer RVS. Appointed to the board of Nationale-Nederlanden in 1992. Joined Eureko in 2002. Appointed Chairman and CEO on 1 October 2005. He has overall responsibility for Eureko. His core responsibilities further include Group HR, internal audit and compliance, compliance and regulatory affairs, Eureko Life and Pensions, Achmea performance management, and Corporate Social Responsibility. In addition to supervisory directorships of a number of Eureko entities, he is a Member of the Senior Board of Banco Commercial Portugues, and the Boards of the European Alliance Partners Eurapco and the Eureko Achmea Foundation. He also serves on the boards of a number of sector-related and charitable organisations.

Huub A.J. Hannen (1948)

Vice-Chairman, Dutch nationality.

Joined Interpolis in 1970 and held various positions before being appointed to the Board of Directors. Following the Achmea/ Interpolis merger, appointed to the Executive Board on 28 November 2005. He is responsible for the pensions division, Group re-insurance and the social security business. Besides supervisory directorships of Eureko operating companies, he is a member of the Supervisory Boards of the St Lambertus/De Kreite, the General Educational Study Center and the Trimbos Institute. He is also a Supervisory Board member of the Art & Culture Pension and Life Insurance Company NV and of the Fundament Foundation.

Willem A.J. van Duin (1960)

Dutch nationality.

Joined the Group in 1987. Held various positions at holding level and in both the health and broker distribution divisions before being appointed to the Executive Board in 2004. Currently responsible for the health division, the bank and broker distribution divisions, legal and the Agis division, he is a supervisory director of a number of Eureko operating companies.
He is on the board of the Dutch Association of Health Insurers, the Health Insurers' Innovation Fund and the Dutch Association of Insurers. He is a supervisory director of Agis. Furthermore he is a board member of a number of charitable foundations in the Netherlands.

Gerard van Olphen (1962)

Dutch nationality.

Following senior positions in insurance and finance, appointed CFO and member of the Eureko Executive Board in 2002. In 2007, he became responsible for Eureko's international strategy, including performance management and innovation. His portfolio also includes Poland, IT, direct distribution, Staalbankiers and Group business development and Group information management. He is a Supervisory Director of a number of Eureko entities, including Eureko Sigorta, and is a member of the Supervisory Board of PZU Poland. Furthermore, he is a supervisory board member of the Weekblad Pers Groep and a member of Vangnet HBO.

Roel Th. Wijmenga (1957)

Chief Financial Officer, Dutch nationality.

Taught at the Erasmus University. Held various board positions at AMEV and Fortis ASR. He joined the Board of Interpolis in 2003, becoming a member of the Eureko Executive Board on 18 November 2005. In April 2007, he replaced Gerard van Olphen as CFO. Responsible for overall performance management and all Group financial functions: finance and control, investments, tax, actuarial, capital management and treasury. His portfolio further includes Achmea Bank and the Financial Services Centre. He is chairman of Dutch Association of Insurers' Center for Insurance Statistics' Board in addition to his supervisory directorships of a number of Eureko entities.

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

Dutch nationality.

Joined ABN AMRO after graduating in law at Leiden University. Moved to Rabobank in 1991. From 1994, responsible for international private banking, and from 2006 Head of Private Clients, overseeing bancassurance and Rabobank and Eureko/Achmea joint insurance activities (including Interpolis). Appointed to the Executive Board as of 1 April 2008. Responsibilities include Achmea Bank, Group audit and risk services, Achmea facility services, overall and international performance management, and Achmea corporate relations. He is a supervisory director of Greenfee B.V. and Rabo Wielerploeg B.V.

Company secretary: Wim Janssens
Deputy company secretary: Annick R.M. Wychgel

EXECUTIVE BOARD REPORT

In 2007, Eureko made significant progress on its strategic aim of creating value. Net profit was stable at € 979 million compared to € 985 million in 2006. The 1% decrease reflects the effect of Windstorm Kyrill (€ -132 million Profit before tax) which was compensated by tax benefits from an agreement on prior year loss relief and participation exemptions. Large claims due to major fires further impacted Profit before tax, which, at € 1,041 million was down 14% on the previous year (2006: € 1,215 million). Total contributions insurance and investment contracts increased by 5% to € 15,610 million from € 14,925 million in 2006. Total equity improved by 8% to € 10,375 million from € 9,632 million in 2006. Return on adjusted equity was 12.9% , from 14.7% in 2006.

MARKET DEVELOPMENTS IN THE NETHERLANDS

During 2007, the following developments characterised Dutch insurance markets.

Life

Total new production in Dutch individual life insurances declined by 12% in 2007 compared to 2006. In this declining market, Achmea has lost 1% market share, from 17% to 16%. Nevertheless, we were able to gain market share in almost all separate individual life insurance market segments except for 'life annuities'. As these products account for a considerable share in our total new production, the gained market shares are offset by life annuities, resulting in a decline of 1%.

Main developments during 2007 were the change in fiscal regulations, the announcement of the introduction of 'banksparen' in 2008 and the discussion on unit-linked insurances. These developments led many people to postpone their life insurance decisions. They also led to a further shift from unit-linked policies to traditional life insurances (guaranteed with profit-sharing).

Pension Services

On the edge between public and private, Achmea is a dominant provider of administrative services to pension funds. New legislation in 2007 heavily impacted the business and the performance. Our aim is to cooperate with pension funds not only by delivering services, but also by supporting their boards in the growing complexity of both the pension business and underlying assets and liabilities. In the Dutch market, the landscape for pension services is influenced by new entrances and possible consolidations.

Non-Life

The size of the Dutch non-life sector grew slightly compared to 2006. It is a saturated market, under pressure from strong pricing competition. Achmea increased its market share from 20.5% in 2006 to 21.3% in 2007. Especially our power brands, Centraal Beheer Achmea, FBTO and Interpolis, showed strong performances by introducing innovative products. The non-life market was challenged by some exceptional events during 2007, specifically Windstorm Kyrill, which led to total damages of € 330 million, and the large number of major fires, accounting for € 446 million in damages.

Health

After the liberalisation of the health system in 2006, in 2007, focus was on operating excellence, health procurements and client satisfaction. Premiums and conditions for 2008 have been adjusted to bring them in line with actual claim levels. Achmea is market leader with a market share of 29% (including the merger with Agis).

OPERATING RESULTS

BUSINESS LINE | LIFE

OPERATING RESULTS BY BUSINESS LINE | LIFE (€ MILLION)

	2007	2006
Gross written premiums	**4,417**	**4,464**
Contribution investment contracts	757	623
Total contributions	5,174	5,087
Technical result	**264**	**169**
Profit before tax	**470**	**533**
Embedded value	6,374	6,089
Value added by new business	67	58

Eureko's Life business operates in the Netherlands, Ireland, Greece, France, Slovakia, Romania and Cyprus. In 2007, Life accounted for 30% of Eureko's total gross written premiums, compared to 31% in 2006.

Gross written premiums were down 1% at € 4,417 million. Single premiums decreased by 10% to € 1,784 million, whereas annual premiums rose 6% to € 2,633 million.

Business outside the Netherlands also includes investment contracts. This type of contract focuses strongly on investment and contains no or minimal insurance risk. For that reason, their contributions are not included in the gross written premiums. In 2007, Eureko's investment contract business showed considerable growth by 22%, resulting in total growth in contribution of insurance and investments contracts of 2%.

Profit before tax decreased from € 533 million in 2006 to € 470 million for 2007. The main drivers are extraordinary results in 2006 due to increased interest rates, whereas 2007 interest rates were more stable. Furthermore, capital gains on investments were lower.

The value added by new business (VNB) increased by 16% from € 58 million to € 67 million (on consistent 2006 economic assumptions the increase was 12%), reflecting sustained growth in sales of high-margin products at Friends First (+13%) and an improved contribution of Dutch operations to the value added by new business (+16%).

Embedded value amounted to € 6,374 million at 31 December 2007. The increase of € 285 million compared to 2006 (€ 6,089 million) is mainly due to operating profit of € 547 million, offset by capital movements of € -231 million.

The Netherlands

The market for life insurance products in the Netherlands is under pressure. For Eureko, at € 3,886 million for 2007, gross written premiums showed little change compared to 2006. A breakdown of gross written premiums illustrates a shift from single premiums to annual premiums. Annual premiums increased mainly as a result of the accretion of new customers and organic growth.

Single premiums showed a decrease compared to 2006. The main reason is that in 2006 a greater number of large incidental single premium contracts were sold. Demand for single-premium retirement savings products was down, as some ceased to be tax-deductible after the first quarter of 2006.

Gross written premiums on unit-linked contracts have shown a premium decrease; this development is a consequence of market sentiments about cost loading comprised in unit-linked contracts. In 2007, there was some negative publicity on unit-linked products. Several interest groups argue that, in the past, information on these products was inadequate. Achmea investigated its unit-linked policies from 1993 onwards. The overall conclusion was that Achmea adhered to the laws and regulations in force at the time of sale. In 2008, we will fully implement recommendations by the De Ruiter Committee. On 4 March 2008, the Ombudsman presented his recommendations. Eureko supports the recommendations, provided they will lead to a binding agreement supported by all stakeholders and supervisory authorities. Eureko took no provisions related to this topic in 2007.

OPERATING RESULTS

BUSINESS LINE | LIFE

In the Netherlands the VNB increased from € 32 million to € 37 million. On consistent 2006 assumptions, the value added by new business improved by 9% to € 35 million. This increase of VNB was achieved in a market with heavy competition on pricing.

Ireland

Friends First succeeded in achieving an increase in insurance products (gross written premiums up 6% to € 258 million) as well as in investment contracts (up 24% to € 689 million). The increase in insurance products is partly attributable to higher sales in Executive Pensions; Friends First is also market leader in disability business.

Friends First has been particularly successful in the property investment arena. However, the Irish construction industry is showing signs of slowdown. In anticipation of potential pressure, Friends First is actively expanding the geographic scope of its property products and expanding its product portfolio beyond property-based products.

VNB increased, which is partly a consequence of greater economies of scale as a result of larger volumes.

Greece

At Interamerican, gross written premiums were down 32% at € 129 million, due mainly to a reclassification of a combined Life-Health product to the Health business. This product was included in life insurance at € 59 million in 2006. Excluding this reclassification, premiums at Interamerican decreased by 1% compared to 2006, due to a focus on profitable growth in individual and group contracts. Furthermore, Interamerican contributions to investment contracts remained stable at € 53 million.

France

In 2007, Império changed its contract conditions, which made it possible for the company to achieve an increase in its gross written premiums from € 76 million to € 98 million in 2007. In the reporting year, with € 15 million, Império almost equalled the 2006 level of premiums received on investment contracts.

France's insurance market is partly dependent on the bancassurance network. In the last months of 2007, there was a shift in sales from the bancassurance network to other distribution channels. Império is working on also using the broker channel by expanding its agency contacts.

Other European countries

Gross written premiums by Eureko's developing operations in Romania, Slovakia and Cyprus grew 24%, 8% and 15%, respectively. Combined premiums for these countries totalled € 46 million. Interamerican Romania made a good start in second pillar pensions, resulting in a fifth position in this highly competitive environment.

TOTAL CONTRIBUTIONS PER COUNTRY 2007

	(%)	(€ MILLION)
The Netherlands	75	3,886
Greece	4	182
Ireland	18	947
France	2	113
Other	1	46
Total:	**100%**	**5,174**

TOTAL CONTRIBUTIONS PER COUNTRY 2006

	(%)	(€ MILLION)
The Netherlands	77	3,910
Greece	4	241
Ireland	16	801
France	2	92
Other	1	43
Total:	**100%**	**5,087**

OPERATING RESULTS

BUSINESS LINE | LIFE

EMBEDDED VALUE

The following information is a high-level overview of embedded value development in 2007. Eureko's full 2007 Embedded Value Report is published separately.

An embedded value provides an estimate of the value of the shareholders' interest in a life insurance operation, excluding any value that may be generated from future new business. The embedded value is the sum of the shareholders' net worth (required capital plus free capital surplus) and the value of in-force business.

Eureko applies the European Embedded Value (EEV) principles published by the CFO Forum, for the valuation of the Life business. The Life business is the business reported as such to local regulators in the territories where Eureko operates, excluding, on grounds of materiality, the value of in-force business for the smaller operating companies.

EMBEDDED VALUE SUMMARY

(€ MILLION)

	2007	2006
Required capital	1,925	1,956
Embedded Value Free Surplus	2,474	2,248
Shareholder Net Worth	**4,399**	**4,204**
Value of In-Force Life Business before cost of required capital and Financial Options and Guarantees (FOGs)	2,921	2,702
Cost of required capital	-690	-678
Cost of FOGs	-256	-139
Value of In-Force Life Business	**1,975**	**1,885**
Embedded Value	**6,374**	**6,089**

Eureko's embedded value increased by 5% to € 6,374 million. Shareholder net worth increased € 195 million after dividends and capital transfers. The required capital and the cost of required capital are comparable to last year.

Embedded value profit Life business

The embedded value profit of € 531 million is the change in embedded value of the Life operation from start of year to end of year, adjusted for any dividends from, or capital transfers to, the Life operation, and for exceptional items.

The main contributors to operating profit of € 547 million, above the expected unwinding of the discounting in the Value-in-Force (€ 193 million), and the expected return on the Shareholder Net Worth (€ 154 million), were improvements in the mortality and morbidity assumptions (€ 286 million) based on new experience investigations for Achmea and Interamerican Greece and the improved value of new business (€ 67 million) in those operations that form the main part of the value, offset by higher modelled administration expenses (€ -160 million).

Economic profit is slightly negative, at € -16 million. This in spite of higher than expected investment returns in 2007 (€ 133 million) which were offset by the negative impact of changes in assumed future returns (€ -149 million).

EMBEDDED VALUE PROFIT LIFE BUSINESS

(€ MILLION)

	2007	2006
Embedded Value at start of year (before model changes)	**6,089**	**4,537**
Model changes	-15	138
Embedded Value at start of year (after model changes)	**6,074**	**4,675**
Operating Profit after tax	547	396
Economic Profit after tax	-16	1,017
Embedded Value Profit after tax	**531**	**1,413**
Dividends and capital movements	-231	1
Embedded Value at year-end	**6,374**	**6,089**

OPERATING RESULTS

BUSINESS LINE | LIFE

VALUE ADDED BY NEW BUSINESS

(€ MILLION)

	2007	2006
Value added by new business	67	58
Present Value of new business premiums (PVNBP)	3,855	3,665
Value added by new business as a % of PVNBP	1.7%	1.6%
New business APE (Annual premiums + 10% of Single Premiums)	493	487
Value added by new business as a % of APE (New business margin)	13.6%	11.9%

The value added by new business is an important part of the operating profit. It is shown in the table above. It is the present value at outset at the risk discount rate of the projected stream of after-tax distributable profits from business sold in the relevant year. A positive value of new business means that the after-tax return on new business written is expected to exceed the risk discount rate, based on the assumptions made.
New business margins are calculated as the ratio of the VNB to the present value of new business premiums.

At Group level, the value added by new business increased by 16% to € 67 million. The main drivers were improvements of mortality and morbidity rates for Dutch business, new high-margin products at Friends First, and generally higher interest rates.

OPERATING RESULTS

BUSINESS LINE | NON-LIFE

OPERATING RESULTS BY BUSINESS LINE | NON-LIFE (€ MILLION)

	2007	2006
Gross written premiums	2,915	2,684
Technical result	253	374
Profit before tax	296	474
Net claims ratio (%)	67.2	60.6
Net expense ratio (%)	29.2	27.9

Eureko's Non-Life business operates in the Netherlands, Turkey, Greece, Belgium, Slovakia, Romania, Bulgaria and Cyprus. Eureko also has re-insurance operations in Ireland and Luxembourg. Non-Life accounted for 20% of Eureko's gross written premiums in 2007.

Due to strong advertising and marketing campaigns, innovative products and a strong product range, Achmea managed to increase gross written premiums in the saturated non-life insurance market in the Netherlands by 3%. Total gross written premiums increased 9% from € 2.7 billion to € 2.9 billion, due mainly to 16% growth in Greece, 6% growth in Belgium and the acquisition of Garanti Sigorta, later rebranded Eureko Sigorta.

The Netherlands

Achmea is market leader in the Dutch non-life insurance market. Market share growth in 2007 was achieved, despite intense competition and pressure on prices in the Dutch non-life insurance market. Market share increased from 20.5% in 2006 to an estimated 21.3% in 2007.

Despite a saturated market for non-life insurance and pressure on premiums, Achmea's 3% increase in gross written premiums was generated especially by the property, general liability and accident lines. Constant review of value propositions for the customer is essential in order to strengthen our market position. In 2007, we succeeded in innovating numerous products that win market share in challenging markets.

Belgium

Avéro Belgium is a small but successful niche player, providing a range of non-life products for both private (property, accident, motor) and corporate (property, casualty, engineering) customers. Despite being a niche player and facing tough market conditions, Avéro Belgium increased its gross written premiums in 2007 by 6%.

Greece

The increase in gross written premiums in non-life business (16%) in Greece was due primarily to the car insurance market. The licences of two insurers in this market were withdrawn. Competing against other providers for this business, Interamerican successfully increased its share of the motor insurance market and created a position in the broker distribution channel. Performance was good in other lines, such as property, accident and general liability.

BUSINESS LINE | NON-LIFE

Turkey

As part of Eureko's strategy to focus on development in Central and Eastern Europe, Eureko acquired Garanti Sigorta. As of 21 June 2007, Garanti Sigorta's results were consolidated, with a contribution to gross written premiums of € 115 million. During the second half of 2007, Garanti Sigorta was rebranded as Eureko Sigorta.

Eureko Sigorta is a fast-growing company with great growth opportunities in the near future as a result of good economic conditions, growing prosperity and insurance products' low penetration rate compared to more developed markets. For the full year 2007, Eureko Sigorta achieved growth of almost 40% in gross written premiums compared to 2006.

Other European countries

The operations in Bulgaria, Slovakia, Romania and Cyprus showed a significant increase in gross written premiums. With a total of € 44 million (2006: € 36 million), their contribution to Eureko's gross written premiums is still limited.

GROSS WRITTEN PREMIUMS PER COUNTRY 2007

	(%)	(€ MILLION)
The Netherlands	85	2,473
Greece	5	162
Belgium	4	121
Turkey	4	115
Other	2	44
Total:	**100%**	**2,915**

GROSS WRITTEN PREMIUMS PER COUNTRY 2006

	(%)	(€ MILLION)
The Netherlands	89	2,398
Greece	5	138
Belgium	4	114
Turkey	0	0
Other	2	38
Total:	**100%**	**2,684**

Profit before tax

Profit before tax fell by 38%, from € 474 million in 2006 to € 296 million in 2007. The main driver behind this development is Windstorm Kyrill. Kyrill, which hit Western Europe on 18 January 2007, resulted in net claims of € 132 million before tax. Besides Kyrill and compared to previous years, the Dutch non-life insurance market saw a sharp increase in large claims caused by fires. For Achmea this development resulted in an increase in large claims of € 26 million compared to 2006.

Eureko Sigorta contributed € 15 million to Profit before tax.

The net claim ratio increased from 60.6% in 2006 to 67.2% in 2007, primarily as a consequence of Windstorm Kyrill. If Kyrill is excluded, the claim ratio increased to 62.2% in 2007. This increase is mainly attributable to the increase in large claims and lower premium levels for new non-life policies due to strong competition in the Dutch market.

The net expense ratio increased 1.3% from 27.9% to 29.2%. Operating expenses increased due to the start up of projects, higher commission expenses at the broker distribution division and higher staff costs.

OPERATING RESULTS

BUSINESS LINE | HEALTH

OPERATING RESULTS BY BUSINESS LINE | HEALTH (€ MILLION)

	2007	2006
Gross written premiums		
Basic health insurance	5,595	5,682
Supplementary health insurance	885	715
Occupational health insurance	772	717
Europe	269	40
Total gross written premiums	**7,521**	**7,154**
Health service revenues	303	304
Technical result	**124**	**-65**
Profit before tax	**141**	**47**

Eureko's Health business, covering private health insurance, occupational health insurance and health services, operates in the Netherlands, Slovakia, Greece and Romania. Health business accounted for 51% of total gross written premiums in 2007, compared to 50% in 2006. Health service activities in the Netherlands include disability prevention, healthcare and absenteeism prevention.

Gross written premiums in the health business, which include government contributions for basic health insurance, increased to €7,521 million from €7,154 million in 2006, of which health insurance in the Netherlands accounted for €6,480 million (2006: €6,397 million). The increase in the Netherlands is largely the result of a successful marketing campaign at the end of 2006 which generated 90,000 additional insured in 2007.

Profit before tax increased from €47 million in 2006 to €141 million in 2007, due mainly to substantially lower loss provisions for 2008 (compared to 2007) resulting from the financial consequences of premium setting for 2008 and to positive adjustments of the estimated settlement of 2005 and 2006.

Since the new Dutch health insurance legislation came into force on 1 January 2006, Achmea is one of the largest players on the Dutch health market in terms of number of insured. After the merger with Agis on 31 December 2007, and based on the number of insured, Eureko became the largest player on the Dutch health insurance market with a market share of 29%.

The Netherlands

Health insurance

Gross written premiums for basic and supplementary health insurance increased marginally from €6,397 million in 2006 to €6,480 million in 2007. Excluding special items, premiums increased by 11% due to both growth of the portfolio and increased premiums compared to 2006.

In both 2007 and 2006, there was strong price competition in the market, and claim development in supplementary health insurance during 2007 required Eureko to make changes in both pricing and policy conditions of supplementary health products.

The merger with Agis made Eureko, with its Achmea and Agis labels, market leader in the Netherlands, with almost €4.7 million insured and (pro forma) gross written premiums of €9.3 billion in 2007 (Agis: €2.9 billion).

Agis is not included in the income statement as this transaction was closed on 31 December 2007. The balance sheet as at 31 December 2007 does include Agis figures.

Occupational health insurance

Occupational health insurances are insurance solutions for disability and sickness leave. Gross written premiums increased from €717 million in 2006 to €772 million in 2007, mainly as a result of a larger than expected number of contract renewals. Deteriorating market conditions and price pressures are reflected in the results in individual disability and sick leave. The result in occupational health

BUSINESS LINE | HEALTH

insurance fell short of last year's figure, in the face of strong competition in the Dutch market. Business may be helped by changes in regulations introduced by the new Dutch government. The 'WIA' (work and income in relation to ability to work) product performed well compared to 2006.

Health services

Health service revenues remained stable at € 303 million in 2007 (2006: € 304 million). Volumes in the health service industry still suffered from earlier liberalisation of the legal framework. A positive trend is employers' growing awareness of reinforcing and maintaining the vitality of their workforce. This opens up opportunities for the introduction of innovative service concepts in combination with insurance solutions. By the end of 2007, Eureko launched Achmea Vitale, a new brand with a product which emphasises vitality of employees rather than reducing sickness rates.

Slovakia

In 2007, Union entered the basic health insurance market in Slovakia. The start of 2007 was very successful with 455,000 new customers resulting in gross written premiums of € 158 million in 2007. During 2007, legal changes were imposed by government. The new amendment changed the role of public health insurers and will partly reverse the privatisation that had started. Eureko does not concur with this legislation and will seek to challenge it. The number of customers for 2008 decreased by 125,000.

Greece

Gross written premiums increased from € 38 million in 2006 to € 108 million in 2007, due primarily to the reclassification of the 'health rider' product (combining life and health insurance in one policy) from life insurance to health insurance, which added € 59 million.

GROSS WRITTEN PREMIUMS PER COUNTRY 2007

	(%)	(€ MILLION)
The Netherlands	97	7,252
Slovakia	2	159
Greece	1	108
Other	0	2
Total:	100%	7,521

GROSS WRITTEN PREMIUMS PER COUNTRY 2006

	(%)	(€ MILLION)
The Netherlands	99	7,114
Slovakia	0	0
Greece	1	38
Other	0	2
Total:	100%	7,154

Profit before tax

The Netherlands

The result of Dutch health insurance activities increased from € -39 million in 2006 to € 147 million in 2007, due mainly to € 45 million lower loss provision in 2007 (compared to 2006) and positive adjustments of € 63 million to the estimated settlement for the years 2005 and 2006.

The loss of € 52 million in 2007 (2006: € -91 million) on basic health insurance business includes positive effects of release of loss provisions. In assessing the exact results per underwriting year of the basic health insurance business, companies in the Netherlands rely on information received from CvZ (the administrator of the Dutch equalisation fund).

In the supplementary health insurance business, the result increased from a loss of € 109 million in 2006 to a profit of € 38 million in 2007, which was largely influenced by one-offs. The reporting year showed a large positive incidental result of € 54 million, due mainly to releases of provisions relating to the former health system.

BUSINESS LINE | HEALTH

Our occupational health business again brought in strong profits in sickness insurance and individual disability insurance. The decrease in result, from € 190 million in 2006 to € 166 million in 2007, is driven mainly by deteriorating market conditions and price pressure in individual disability and sick leave.

Results on health services increased from € -14 million in 2006 to € 3 million in 2007, due to improved efficiency.

Slovakia

In Slovakia, Profit before tax increased from € -19 million in 2006 to € -9 million in 2007, following our successful investment in a new basic health insurance portfolio in 2006.

Greece

Profit before tax of Interamerican in Greece turned from a € 4 million profit into a € 6 million loss, due to additional claims from previous years of € 4 million and the reallocation of claims from the 'health rider' product from the life to the health segment.

OPERATING RESULTS

BUSINESS LINE | BANKING

OPERATING RESULTS BY BUSINESS LINE | BANKING (€ MILLION)

	2007	2006
Income		
Net interest margin	157	142
Net commission income	12	11
Profit before tax	48	13
Banking credit portfolio	18,035	17,272
Of which: mortgages	14,560	14,674

BANKING CREDIT PORTFOLIO

2007	(%)	(€ MILLION)
Achmea Hypotheekbank	78	13,994
Staalbankiers	15	2,681
Achmea Retail Bank	3	565
Friends First Finance	3	627
Other	1	168
Total:	**100%**	**18,035**

2006	(%)	(€ MILLION)
Achmea Hypotheekbank	82	13,981
Staalbankiers	12	2,131
Achmea Retail Bank	2	431
Friends First Finance	3	497
Other	1	232
Total:	**100%**	**17,272**

Eureko is active in banking in the Netherlands through Achmea Bank (Achmea Hypotheekbank and Achmea Retail Bank) and Staalbankiers (private banking) and in Ireland with consumer finance operations through Friends First Finance.

The net interest margin rose 11%, from € 142 million in 2006 to € 157 million in 2007, due mainly to improved margins in mortgages and supported by increasing fair value impact of market interest rates and solid commercial performance in Ireland.

The Netherlands

Achmea Hypotheekbank

The fierce competition in the Dutch mortgage market continued in 2007 causing a declining market share at Avéro Achmea, Centraal Beheer Achmea and Woonfonds. This contraction was offset by new mortgages being more profitable than last year. As a result, Profit before tax was significantly higher than last year; the better overall interest margin more than compensated for the decrease in production.

In 2007, Achmea Hypotheekbank introduced a covered bond funding programme (rated AAA/Aaa by S&P and Moody's). This new form of funding enables Achmea Hypotheekbank to issue bonds backed by a portfolio of existing high-quality mortgages. Throughout 2007, Achmea Hypotheekbank issued covered bonds for € 4.2 billion. Although primarily issued to finance new business, the covered bond programme is partly used to replace internal funding. The programme will lead to a gradual reduction in interest expenses.

Penalty interest on early redemptions continued to fall through 2007, reflecting the effect of higher interest rates. Most borrowers who could benefit from re-mortgaging had already done so in 2006.

Staalbankiers

In 2007, Staalbankiers managed to achieve a positive Profit before tax and showed a strong improvement compared to the losses incurred in 2006. This result was obtained by strategic focus on improving results and rationalising operating expenses.

Assets under management and funds entrusted increased to € 4.8 billion, from € 4.1 billion in 2006. However, due to the relatively volatile stock market, private investors

BUSINESS LINE | BANKING

remained reluctant to invest and turned to deposits. As a result, higher return on deposits offset decreasing commission income from assets under management. In 2007, Staalbankiers also successfully placed another real estate partnership; the next real estate partnership will be placed in 2008.

Achmea Retail Bank

Savings deposits are under pressure as the fiscal driven 'levensloop' and 'bedrijfssparen' are not widely accepted by the market yet. Expenses grew due to the introduction of a new calculation method to assess credit risk; as a result, the provision for bad debts grew.

Ireland

The banking portfolio in Ireland showed a significant increase, driven by marketing activities and a strong growth in the Irish market. Profit before tax rose in line with this growth to € 9 million, from € 8 million in 2006.

HOLDING AND OTHER ACTIVITIES

HOLDING AND OTHER ACTIVITIES (€ MILLION)

	2007	2006
Income		
Total income	**556**	**517**
Operating expenses	567	463
Interest and financial expenses	181	126
Other expenses	94	89
Total expenses	**842**	**678**
Profit before tax	-286	-161

'Holding and other activities' consists mainly of the following: pension administration services, asset management, and the Holding entities of Achmea Holding N.V. and Eureko B.V.

Total income increased from € 517 million in 2006 to € 556 million in 2007. Fee and commission income decreased from € 397 million in 2006 to € 367 million in 2007. This was caused by lower income by Friends First Liberty due to the slow down in commercial activity and write-down in property assets. Commission income by pension administration services also decreased. Operating expenses include regular amortisation charges on intangible assets related to mergers and acquisitions of € 91 million (2006: € 80 million).

Holding entities

More costs were incurred through strategic projects within the Shared Service Centres Achmea HR, Group Financial Services and staff departments. Besides, higher costs have been made due to a less favourable mix of internal and external personnel.

Assets under management

Assets under management on behalf of institutional clients increased to € 43 billion. Achmea Vastgoed's real estate asset management portfolio amounts to € 13 billion.

ASSOCIATED COMPANIES AND PARTICIPATNG INTERESTS

ASSOCIATED COMPANIES AND PARTICIPATING INTERESTS (€ MILLION)

	2007	2006
PZU	333	277
Other associated companies and participating interests	39	33
Profit before tax	**372**	**310**

PZU, Poland

For the measurement of Eureko's investment in PZU S.A. as at 31 December 2007, no published or audited financial data of PZU were available. Therefore, Eureko has made an estimate of its share in PZU's Total equity as at 31 December 2007 and of Net profit for the year. This estimate includes and adjustment on PZU's 2006 Net profit. Eureko's share in Net profit for the year 2007 amounts to € 333 million.

Other associated companies

In 2007, the result on our F&C Asset Management participation increased from € -25 million to € 30 million, mainly due to positive capital gains on the partial disposal of our participation. The remainder is mainly related to our participation in MillenniumBCP and Friends Provident. The stake in MillenniumBCP was increased during 2007 from 7.24% to 9.96%.

CAPITAL AND LIQUIDITY MANAGEMENT

In managing our capital and liquidity, our goal is to ensure continuity for our stakeholders. We seek to balance the interests of all our stakeholders because our mindset is stakeholder – customers, distribution partners, shareholders and employees – rather than primarily shareholder in orientation. Our aim is to maintain financial strength; to honour our long-term commitments to our policyholders; to support the growth of our core insurance and insurance-related business; to satisfy the requirements of regulators and rating agencies; and to enhance the returns to our shareholders through the deployment of prudent levels of leverage. In terms of rating targets, we consider a counterparty credit rating in the A category for the holding entities (Eureko B.V. and Achmea Holding N.V.) to be consistent with these objectives.

Total equity increased in 2007 to € 10,375 million, from € 9,632 million (+8%). The main sources of the € 743 million increase are Net profit in 2007 of € 979 million and the share capital increase of € 677 million in connection with the merger with Agis. The increase was partly offset by the repurchase of shares from Covea and Friends Provident (€ -505 million), the pay out of dividends and coupons on hybrid capital instruments (€ -108 million), and revaluations (€ -334 million).

CAPITAL SOURCING

Eureko has a number of sources of capital available to it, including ordinary and preference share capital, hybrid capital securities, and external and internal borrowings. In managing its capital resources, Eureko takes into account rating agency requirements, regulatory requirements and internally developed Economic Capital (ECAP) models.

Funding and liquidity

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

The table below shows the cash flow of Eureko and its principal holding entities which in our view gives a comprehensive high-level overview of the group's sources in addition to the IFRS cash flow statements in the financial statements.

OVERVIEW CASH FLOW AND REALLOCATION OF CAPITAL (€ MILLION)

	2007
Cash remitted by business:	
Non-Life	250
Life	350
Associates	26
Proceeds from divestments	115
Net interest paid	-54
Dividend and coupons on capital securities paid	-129
Repurchase of shares	-275
Net proceeds from issuance of shares	267
Net change in borrowings	693
Tax settlements	-149
Corporate activities	-143
Investments in business and associates:	
Health	-191
Non-Life	-369
Life	-161
Banking	-55
Associates and participating interests	-526
Net change in cash	**-351**

MANAGING OUR CAPITAL AND LIQUIDITY

Value driven

For liquidity purposes, Eureko B.V. and its principal Dutch holding entities maintain committed and uncommitted credit facilities with a variety of international banks. At year-end 2007, Eureko had € 850 million in committed credit lines available, of which € 500 million was undrawn. The market value of Eureko's investments in associated companies (F&C Asset Management) and participating interests (MillenniumBCP, Friends Provident) amounted to € 1,278 million. The majority of these investments are at the holding level, thereby providing an additional source of liquidity.

Eureko's external borrowings not allocated to its banking and finance operations amounted to € 1,334 million at year-end 2007, against € 698 million at year-end 2006. Debt leverage, measured as non-banking debt as a percentage of the sum of Total equity and non-banking debt, increased, from 6.1% to 11.0%. Non-banking debt excludes debt related to re-insurance contracts at Eureko Re amounting to € 53 million (2006: € 73 million).

Major funding issuances in 2007

Achmea Hypotheekbank successfully issued a total € 4.1 billion and CHF 260 million in various public and private transactions under its new AAA/Aaa-rated covered bond programme with maturities between three and 10 years. All transactions were well received by investors.

RATINGS

At Group level, capital adequacy is measured based on Standard & Poor's capital adequacy model. Eureko seeks to maintain its Group capital and its capital structure in accordance with its rating targets as mentioned above. In its report of 28 March 2008, the rating agency rates Eureko's capital strength as 'very strong'.

On 8 November 2007, Standard & Poor's affirmed its 'A-' ratings on Eureko B.V. and Achmea Holding N.V.; and 'A+' ratings on Achmea Pensioen- en Levensverzekeringen N.V., Achmea Schadeverzekeringen N.V. and Achmea Zorgverzekeringen N.V. The outlook on all entities was revised from 'positive' to 'stable'. On the same date, Standard & Poor's affirmed its 'A+' rating (stable outlook) on Interpolis BTL N.V. and N.V. Interpolis Schade, in line with the rating for the major Achmea insurance companies.

This table offers a full overview of Standard & Poor's ratings:

STANDARD & POOR'S RATINGS

	TYPE	8 NOVEMBER 2007
Eureko B.V.	CCR	A-
Achmea Holding N.V.	CCR	A-
Achmea Pensioen- & Levensverzekeringen N.V.	CCR/IFSR	A+
Achmea Schadeverzekeringen N.V.	CCR/IFSR	A+
Achmea Zorgverzekeringen N.V.	CCR/IFSR	A+

	TYPE	8 NOVEMBER 2007
N.V. Interpolis BTL	CCR/IFSR	A+
N.V. Interpolis Schade	CCR/IFSR	A+

	TYPE	28 FEBRUARY 2007
Achmea Hypotheekbank N.V.		
	CCR (long term)	A-
	CCR (short term)	A-2
	Secured debt programme	A+

	TYPE	FEBRUARY 2007
Achmea Hypotheekbank N.V.		
	Covered bond programme (S&P's/Moody's)	AAA/Aaa

CCR: Counterparty Credit Rating
IFSR: Insurer Financial Strength Rating

MANAGING OUR CAPITAL AND LIQUIDITY

REGULATORY ENVIRONMENT

Regulatory capital requirements apply to Eureko's regulated insurance and banking subsidiaries. The minimum solvency requirements imposed by local regulators for its insurance businesses are based on the Solvency I Directive. For Life business these are set, in broad terms, at 4% of insurance liabilities for traditional business and at 1% for unit-linked business plus 0.3% of the sum at risk. For Non-Life and Health businesses, they are set as the greater of 16% of premiums or 23% of claims. As at 1 January 2006, minimum solvency requirements applicable to entities that provide basic health insurance in the Netherlands have been set at 8% of premiums or claims, reflecting the lower risk profile of this type of business. The minimum solvency requirements for Eureko's regulated banking operations are based on the Basel I framework and are set at 8% of risk-weighted assets. Eureko has set minimum coverage ratios equal to 170% and 160% of the minimum solvency requirements for its Life and Non-Life businesses, respectively. For Health insurance, the minimum coverage ratio is 125% for the basic health insurance and 150% for the supplementary insurance coverage.

The regulatory solvency levels of Eureko remained robust during 2007. At the end of the year, available capital was 232% of the required capital for Eureko on a consolidated basis versus 239% at year-end 2006. The available capital for Eureko's regulated insurance subsidiaries was 234% of required capital versus 236% a year earlier. The BIS ratio of our Dutch banking business stood at 12.9% in December 2007 compared to 14.2% in December 2006.

On a consolidated basis, the surplus capital of Eureko's regulated subsidiaries increased to € 5,073 million at year-end 2007, from € 4,739 million at the end of 2006.

The table below offers an overview.

REGULATORY

(€ MILLION)

	EUREKO GROUP		INSURANCE ACTIVITIES	
	2007	2006	2007	2006
Available Capital	8,926	8,143	7,777	7,003
Required Capital	3,853	3,404	3,318	2,972
Surplus Capital	5,073	4,739	4,459	4,030
Ratio Available / Required Capital	232%	239%	234%	236%

	BANKING ACTIVITIES	
	2007	2006
Core Capital - Tier-1	638	543
Available Capital	866	767
Risk Weighted Assets	6,692	5,387
Tier-1 ratio	9.5%	10.1%
BIS ratio	12.9%	14.2%

MANAGING OUR CAPITAL AND LIQUIDITY

The European Commission, European insurance regulators and the insurance industry are cooperating to develop a more risk-based regulatory capital framework, Solvency II. The implementation of Solvency II is currently expected in 2012. Eureko is actively participating in the development of Solvency II through representation in national and international industry groups and by providing information through quantitative impact studies. Eureko has set up a dedicated international team to work on preparing the Group for Solvency II. In 2007, Eureko participated in the Quantitative Impact Study III. Eureko intends to use its internal Economic Capital models as the basis for calculation for Solvency II capital requirements. As of 1 January 2008, the new Basel II regulatory regime will apply to our Dutch banking operations . We have opted for the standardised approach to measure capital requirements for credit risk.

ECONOMIC CAPITAL

Eureko has developed an Economic Capital model which will form the basis for determining the capital required to support the risks on its books and for allocating risk capacity to different business areas, divisions and risk categories. We are able to quantify our risks per risk category, product group, division, legal entity, and for the Group as a whole, using a comparable measure of risk, in a consistent and transparent way using market-based principles. During 2007, further steps were taken to harmonise the main principles and assumptions for application by individual international operating companies. The methodology will be refined and improved on an on-going basis.

Required Economic Capital after the impact of diversification as of 31 December 2007 amounted to €3.8 billion. This outcome is based on a maximum loss over a one-year period using a confidence level of 99.95% and after allowance for taxes (i.e. it represents the maximum after-tax loss Eureko is expected to incur following one or a series of extreme events which, in the aggregate, occur with a probability of 1/2000). We consider this measure to be consistent with the rating objectives for the Group as a whole. The following table presents the Economic Capital categorised by each major business area for both the 2007 year-end as well as for the 2006 year-end situation (as published last year).

ECONOMIC CAPITAL AT 99.95% (€ BILLION)

	2007	2006
Life	2.1	1.7
Non-Life	2.1	2.1
Health	0.4	0.3
Banking	0.3	0.3
Holding	0.5	0.5
Total (before diversification):	**5.4**	**4.9**
Diversification	-1.6	-1.3
Total (after diversification):	**3.8**	**3.6**

The investment in PZU is allocated to Life and Non-Life, based on the estimated contribution of PZU's Life and Non-Life businesses to the combined market value. Eureko's investments in MillenniumBCP, F&C Asset Management and Friends Provident are included in 'Holding'. The table also shows the diversification benefits from operating in different business areas, resulting from the notion that not all potential losses will materialise across all businesses at the same time.

The increase of our Economic Capital for Life is mainly due to the increase in market risk. We have taken more volatility into account for quantifying the risk related to investments in equity. A second, less important, cause is the increase in business risk due to more detailed modelling of expense and lapse risk for our life business. The increase of our Economic Capital for Health is mainly explained by the net effect of, on the one hand, an increase due to the acquisition of Agis, and on the other hand, a decrease due

MANAGING OUR CAPITAL AND LIQUIDITY

to higher expected profitability for 2008 making a loss less likely.

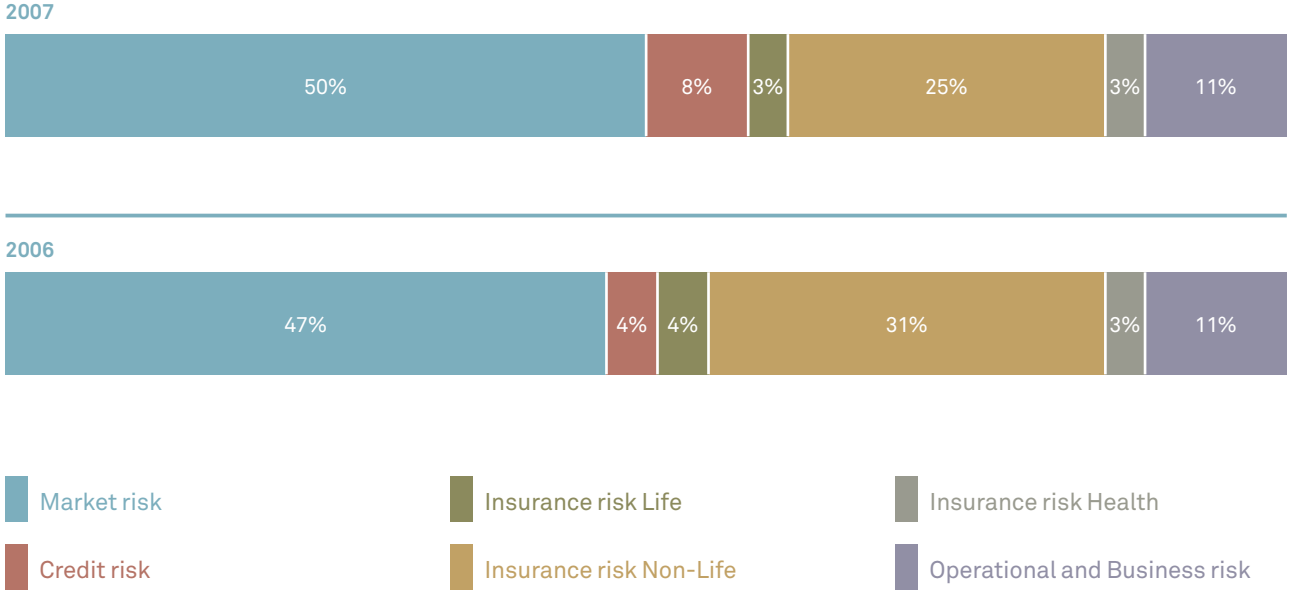
Distribution over risk category

The following graphic presents the distribution of Economic Capital by major risk category for 2007 and 2006 year-end.

Market risk and the insurance risk associated with the Non-Life business dominate Economic Capital. Market risk reflects the net exposure to the capital markets, including equity, property and fixed income. Non-Life insurance risk concerns mostly the exposure to European storm risk, which at the confidence level of 99.95% is quite substantial, as we have chosen to accept this risk and not to obtain re-insurance protection above the confidence level of 99.5%. We use a weighted average of the five most widely-used models for estimating storm risk, as the outcome at higher confidence levels is mostly dependent on the specific model and its underlying assumptions.

The Economic Capital framework will be increasingly used as input for, among others, product pricing, performance measurement, asset-liability management and re-insurance policy.

DISTRIBUTION OVER RISK CATEGORIES (100%)



RISK MANAGEMENT

The Executive Board is committed to further strengthening the risk management function at different levels in the organisation. At Eureko, the aim of risk management is to optimise the balance between risk and return and take only those risks on board which yield an adequate return, creating long-term value for stakeholders and securing the continuity and solvency of the Group.

Eureko continues to enhance its risk management framework, including the implementation of market-based principles into the Group's business planning and control processes and the embedding of those principles in the measurement and management of the Group's risk profile. The main external drivers are Solvency II, the new risk-based regulatory regime for European insurance companies, and IFRS 4 Phase II, which, among others, will require insurance companies to report insurance liabilities at market value in the balance sheet. Both are expected to be fully implemented by 2012. The further development of Economic Capital models and their use in decision-making at both division or operating company level and at Executive Board level will be critical to meet these challenges. In the past year, major steps were taken, particularly in our Dutch operations. The Value & Risk Programme, which seeks to bridge the gap between value-based management and traditional risk management, was successfully concluded at Group level. The principles and tools developed by the Programme will now be transferred to the Dutch divisions for implementation in the business.

Eureko's risk governance is organised along three lines of defence, ensuring that risk management processes are embedded at every relevant level of the organisation. Division and operating company management have primary responsibility for the day-to-day management of risk and belong to the first line of defence. This line of defence also comprises some staff departments at Group level which are responsible for the management of the investment and re-insurance activities of the Dutch divisions.

The second line of defence includes the following five Group Risk Committees, each of which is chaired by an Executive Board member and which further consist of a second Executive Board member and the directors of relevant staff departments.

The Group Operational Risk Committee (GORC) ensures different types of operational risk are managed at Group, operating company and division level.

The Group Financial Risk Committee (GFRC) is responsible for defining the risk appetite and risk profile of Eureko, defining financial risk management policies and procedures and monitoring the overall risk position and capital requirements. The GFRC was newly created during 2007 to coordinate the activities of three other specialised committees:

- The Group Insurance Risk Committee (GIRC) initiates and supervises the management of different types of insurance risk, including catastrophe risk, at Group, operating company and division level.
- The Group ALM and Investment Committee (GAIC) has the same responsibility for market risk and credit risk of insurance portfolios.
- The Group Capital and Liquidity Committee (GCLC) has the same responsibility for solvency risk and liquidity risk.

Furthermore, the second line of defence also includes risk management departments at division and Group level where risk management departments at division level have functional reporting lines to staff departments at Group level. Finally, it also includes the Audit Committees of local operating companies whose members include people with specialised knowledge from Group staff departments and/or other operating companies, thereby promoting the exchange of best-practice risk management throughout the Group.

HOW WE MANAGE RISK

The third line of defence is Eureko's Group Audit and Risk Services department which provides independent assurance on the effectiveness of the overall internal control infrastructure. Tools include the assessment of Internal Control Statements and Operational and Compliance Audits.

The Executive Board discusses risk management developments with the Supervisory Board and the Audit Committee on a regular basis.

Risk categories

Eureko identifies a number of risk categories of which insurance, market, credit, operational and compliance risk are discussed below.

Insurance risk

Eureko is engaged in selling a full range of life, non-life and health insurance products. The risk resulting from the pricing and acceptance of insurance contracts relates to changes in mortality and morbidity for life products and to changes in claims frequency and severity for non-life and health products. These risks are primarily managed through standard underwriting policies, product design review processes and risk limitations related to insurance policy terms and conditions with the customer. Underwriting policies rely on regular review procedures by actuarial personnel in which actual loss occurrence is examined. Statistical analysis tools are systematically employed in each business line to refine underwriting standards and improve loss occurrence. Primary mitigation of insurance risk is through risk diversification within and between business lines and, for large risks, through re-insurance.

Re-insurance's primary application is to manage exposure to weather-related events, natural disasters, events involving multiple victims, major fires and general and motor third-party liability. It has significant bottom-line effects, driven by the type of re-insurance chosen, the retention and limits agreed and established. General catastrophe re-insurance cover for property in the Netherlands is based on a weighted average of five different models (Munich Re, Swiss Re, RMS, EQECAT and AIR). For 2008, the re-insurance upper limit is based on a 1 in 200-year event and equals € 1.2 billion and € 220 million for the Dutch property and greenhouse programmes, respectively. Eureko has taken a 40% participation in the top layer of the property programme to optimise the risk-return profile. The retention for these programmes are € 140 million for property and € 25 million for greenhouses. For operating companies with earthquake risk, Eureko has reinsured the risk on a once every 200 to 500-year basis, depending on the market, with relatively low retention levels.

Market risk

Eureko is exposed to the risk of losses caused by changes in relevant financial market prices, the most important of which are interest rates, foreign exchange rates and equity prices.

Interest rate risk: Eureko bears interest rate risk with many of its insurance and investment products. Investing in assets that closely match the expected cash flow of the insurance liabilities can mitigate this risk. Eureko therefore seeks to closely match the duration of the assets with the duration of the liabilities for each major legal entity. Life products may contain minimum guarantees and profit-sharing features, so-called embedded options. Derivative instruments, such as swaps and swaptions, are used to mitigate the risk that changes in interest rates can affect the market value of liabilities in a different way than the related assets. The latter risk is also known as convexity risk.

Eureko's framework for the management of interest rate risk within insurance operations is based on the valuation of both assets and liabilities on market value principles. However, under IFRS as applied by Eureko, rising interest rates from year-end 2007 levels will have a negative impact on the valuation of fixed income investments and on Total equity, as the accounting valuation of the related insurance liabilities is not affected by interest rate increases.

RISK MANAGEMENT

HOW WE MANAGE RISK

The following table provides an estimate of the impact on Total equity and Profit before tax of an instantaneous shift in interest rates by ± 100 basis points as at year-end 2007:

(€ MILLION)	TOTAL EQUITY	PROFIT BEFORE TAX
Bonds and loans, interest +1%	-990	0
Bonds and loans, interest -1%	149	0

There is no impact on Profit before tax, as all bonds and loans are accounted for at available for sale.

Foreign exchange rate risk: As an international group, Eureko is exposed to foreign exchange risk. Eureko does not hedge the net investment in, or the income streams from, its non-euro operations, the main exposures being the Polish zloty, through the investment in PZU, the UK pound, through the investments in F&C Asset Management and Friends Provident, and the Turkish lira, through the investments in Eureko Sigorta and Garanti Emeklilik. In addition, Eureko invests part of its regular investment portfolio, both equities and fixed income, in non-euro-denominated assets, particularly in US dollars. Part of these assets are not hedged as at year-end 2007.

Eureko uses scenario analysis to assess the effect of changes in foreign currencies against the euro on Total equity and Net profit. The table below shows the tentative impact of a 10% change in foreign currency rates on Total equity and Profit before tax as at year-end 2007:

(€ MILLION)	TOTAL EQUITY	PROFIT BEFORE TAX
Euro versus all other foreign currencies +10%	-286	88
Euro versus all other foreign currencies -10%	286	-88

Equity price risk: Decisions on Eureko's equity investments result from either the outcome of asset-liability studies performed regularly for each major legal entity or from strategic objectives.

The sensitivity of the equity portfolio, including participating interests accounted for at available for sale, for an instantaneous shock of +/- 10% is as follows as at year-end 2007:

(€ MILLION)		TOTAL EQUITY	PROFIT BEFORE TAX
Equity prices	+10%	492	0
Equity prices	-10%	-492	0

There is no impact on Profit before tax, as equities are accounted for at available for sale and, in general, no impairments are assumed to be necessary. However, specific exceptions may occur if, on a structural basis, market value is below 70% of the historical cost price.

Eureko assesses on a case-by-case basis whether the equity price risk is to be mitigated on a portfolio basis or on an individual basis for participating interests. No such hedges were in place as of year-end 2007.

Credit risk

Credit risk associated with Eureko's investment activities and banking activities is managed within diversified investment portfolios and generic and specific risk limits. Credit risk in the fixed income portfolio of the insurance activities is managed based on limits for each rating category.

The following table provides information regarding the aggregated credit risk exposure for financial assets with external credit ratings:

CREDIT RATING	2007
AAA	53.9%
AA/A	38.3%
BBB	4.5%
<BBB Not rated	3.3%
Total:	**100%**

HOW WE MANAGE RISK

To limit re-insurance credit risk, Eureko will only cede insurance liabilities with re-insurance companies with at least an 'A-' rating or similar.

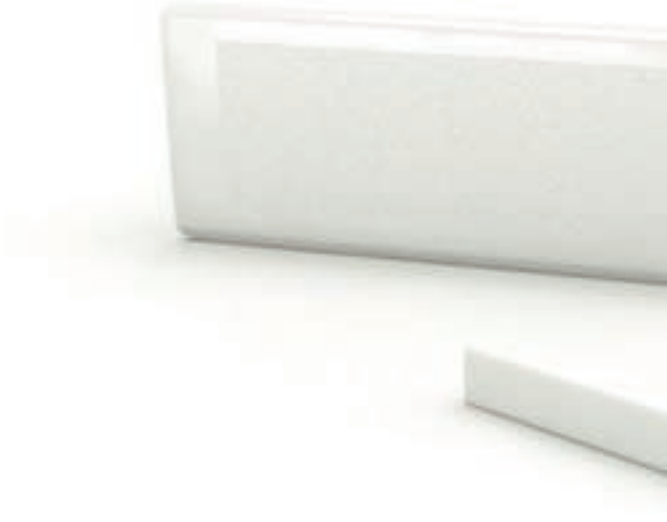
Operational risk

Eureko has in place a comprehensive internal control procedure for operational risk. An Internal Control Statement (ICS) is compiled annually to provide a fair view of risk exposure and level of control over the internal organisation and its processes. All divisions and operating companies are required to complete an Internal Control Statement, demonstrating that the outcome is a true representation of both exposure and control levels. All Internal Control Statements are subject to assessment by the Group Audit and Risk Services department. The Executive Board is also involved in the process as the Board performs its own self-assessment of risk exposures and control levels and discusses the results. The outcome of the ICS process shows that the business entities were able to address the most important risk issues and to improve their control level where necessary.

Compliance risk

The importance attached by the Executive Board to this risk category led in 2006 to the reorganisation of the way compliance is approached and managed within Eureko. In 2007, this resulted in a new risk framework described in the Eureko Compliance Programme. Within this framework, compliance with rules and regulations and integration of these rules and regulations into procedures is secured through three integrated lines of defence. The ambitious Compliance Programme is characterised by an entrepreneurial and risk-based approach. The emphasis lies on embedding compliance into daily business practice and Eureko's risk management framework. In addition to activities related to the implementation of the Eureko Compliance Programme, in 2007 the focus was on implementing rules and regulations, including those related to a new incidents policy and a whistle-blower's charter. Furthermore, relationships with regulators were intensified. In 2007, a further focus point was developing instruments to enhance compliance awareness within the organisation. Based on the compliance awareness plans of the Dutch divisions, these instruments will be used from the beginning of 2008.

For a comprehensive review of risk identification, management, mitigation and control, please see Note 54 of the Financial Statements on pages 190.



Because everything you value is vulnerable

CLIENT
PENSIONS
OCCUPATIONAL HEALTH
BANKING
HEALTH
DIRECT DISTRIBUTION
BANK DISTRIBUTION
BROKER DISTRIBUTION
Friends First
EUREKO
achmea
dvz
PWZ
Staalbankiers
Union
Groene Land
INTERAMERICAN
PRO LIFE
Zilveren Kruis
achmea
vitale
Union
FBTO
Interpolis
INTERAMERICAN
syntrus
avéro
INTERLIFE
INTERAMERICAN
IMPERIO

ORGANISED FOR CUSTOMER SERVICE

In 2007, Eureko had seven divisions; from 2008, Agis forms an eighth division. Six focus on key sectors (health, occupational health and pensions) and distribution (bank, broker and direct) in the current core market – the Netherlands – under the Achmea umbrella brand. In combination, these divisions develop and distribute Achmea's products and services. The seventh is Division Europe which executes our international strategy. What unites all our divisions is organisation along clear lines of expertise. All work increasingly together to share that expertise and create service levels for customers and cost efficiencies that drive forward the goal of developing into an integrated group operating across Europe.

EUREKO IN THE NETHERLANDS

Achmea is the umbrella brand for some of the top names in Dutch insurance: Centraal Beheer Achmea, Zilveren Kruis Achmea, Interpolis, Avéro Achmea, FBTO and Agis. The value of name recognition is immense, so 'Achmea' is added only as a further indication of the individual brand's strength. At first sight, it could appear that many of the brands are in direct competition; many offer products and services in the same business line, such as pensions or healthcare. However, each has a specific target market and/or distribution channel. This operating structure lays strong foundations for the strategic goal of offering targeted and tailored branded products while benefiting from economies of scale in back-office administration and processes.

The market

The Dutch insurance market is mature and even saturated. Major changes in the market's structure have taken place over the past two years. In 2005, life insurance accounted for close to 50% of the total market, with non-life and health at approximately 25% each. In 2006, a new health insurance system, comprising basic and the already existing supplementary insurance, was imposed by government. This has led to a massive shift in health's share of the total market. Now, health accounts for almost 50% of the market, while life has a 35% share and non-life around 15%.

A second major shift is in distribution. The mix has changed just as dramatically in the same period, with the broker share falling from around half to the current 40% and bank channels now accounting for 10%. Direct distribution has become the largest channel, and is still growing. This shift is due in part to the change in how health insurance is organized. It is now usually distributed directly, often through group policies. But it is also due to a change in customer behaviour. Increasingly, knowledgeable customers want more control. They want to choose (combinations of) products that are simple to understand with transparent pricing. They 'shop' around. The direct distribution channel, usually through internet, is increasingly the preferred medium for gaining information and making choices.

Innovations

We are firm believers in innovation as a way to meet our customers' changing needs. It is part of our mission. That is why we have set up a dedicated innovation department for the Netherlands - there is also a similar initiative for our Europe business. Innovation is a Group activity, so the department is organised at Holding level. Its task is to connect people and help them share knowledge and ideas so we innovate smart solutions for our customers.

ORGANISED FOR CUSTOMER SERVICE

HEALTH

Achmea and its top brands, Zilveren Kruis Achmea, Interpolis, Groene Land Achmea, PWZ Achmea and DVZ, and Agis from 1 January 2008, is the leader in Dutch health with a 29% share of the market.

ORGANISED FOR CUSTOMER SERVICE

HEALTH

KEY FIGURES HEALTH 2007 (€ MILLION)

	2007	2006
Gross Written Premiums Health	5,259	5,393
Fee and Commission Income	23	15
Number of FTEs	2,487	3,435

The recent liberalisation of the Dutch health insurance system led to a differentiation between basic health insurance that offers everyone basic insurance services, and the supplementary insurance packages that can be selected by the customer. Increasingly, both basic and supplementary health packages are being negotiated at group level. Employers, industry sectors, umbrella organisations and other consumer groups are joining forces to secure price and package advantages. What all customers want, whether groups or individuals, is the most transparent, highest quality, comprehensive and competitively-priced services. And they want local delivery.

Providing health services is a regional business. For the insurer, purchasing and making available these services locally has become perhaps the biggest priority, also in the fight for customers in a fiercely competitive market. Historically, Achmea's top brands were regionally based. This continues today, giving Achmea purchasing power and leverage to achieve top levels of quality, local service from healthcare providers for its customers. The addition of Agis to the Achmea Group is a strategic move, as this insurer is the major player in one of the Netherlands' most densely populated and ethnically diverse regions, covering the capital Amsterdam and areas to the north-west and north-east, and Utrecht and environs.

In a saturated market, customers tend to choose based on price and quality. The aim of all Achmea's top brands is to leverage our position to ensure providers work continually to improve the quality of care. In line with our quality leadership aims, we focus on providing services such as waiting-list mediation to help our customers speed up the process of diagnosis and treatment. In addition, by giving customers higher quality information, they are able to make better-informed decisions on their needs – and on their preferred insurer. All our brands are shifting their customer communication and information focus from 'being ill' to 'staying healthy'. Customer communication, also through advertising, is geared to prevention and rapid recovery and, when incapacitated, to ways of enabling people to remain at home rather than in hospital (see sidebar).

In 2008, the health division will continue to improve the quality of information, especially on prevention. Responding to customer needs and a growing greying population, the focus will be on developing ways for seniors to remain in their own homes longer and to stimulate their vitality. In addition, focus on the five major killers in the Netherlands – heart disease, respiratory illness, cancer, diabetes (also as a result of obesity) and depression – will spearhead quality preventative information to customers. We expect future positive effects of knowledge sharing and best practices between Agis and Achmea.

Innovations

A series of infomercials with real customers in the leading roles screened in 2007. The infomercials focused on a number of innovations, such as at-home heart monitoring technology, activities to reduce obesity in youngsters, and an electronic pill box that automatically reminds people to take medication.

The Achmea Health Center concept was further expanded to offer access to our 27 centres nationwide. If our customers join up, then they receive a reduction on their basic health insurance premium.

The idea behind Habidrome is to build and renovate existing homes so that they are 'future-proof'. This can range from practical features to in-built care monitoring facilities – all facilities that will meet changing needs of a greying population. Achmea has taken a 10% stakeholding; for more, visit www.habidrome.com.

ORGANISED FOR CUSTOMER SERVICE

OCCUPATIONAL HEALTH

Top Achmea brands offering occupational health products and services, Centraal Beheer Achmea, Zilveren Kruis Achmea, Interpolis, Avéro Achmea and Achmea Vitale, have an 18% market share, making us the number three player in the Dutch market.

ORGANISED FOR CUSTOMER SERVICE

OCCUPATIONAL HEALTH

KEY FIGURES OCCUPATIONAL HEALTH 2007 (€ MILLION)

	2007	2006
Gross Written Premiums Health	687	578
Fee and Commission Income	147	110
Number of FTEs	2,217	2,512

This segment of the Dutch market is primarily driven by ongoing liberalisation, which is giving the customer, in this case usually the employer, more choice and us more opportunities to innovate in response. Legislation requires the self-employed, small and medium-sized enterprises (SMEs) and large companies to insure for absenteeism and disability, and, in the past 10 years, introduced changes in requirements on individual and group disability insurance. The complexity of social insurance rules and regulations is challenging for clients. In response, our occupational health division is working to offer clients fully integrated solutions. These comprise not only insurance, but also include a range of other, preventative services to reduce absenteeism and to improve productivity through stimulating employee vitality.

Income protection and the reduction of absenteeism is still our biggest activity. However, as our integrated solutions indicate, the focus is shifting. Increasingly, customers are recognizing the importance of prevention and work safety, especially as a means to reduce absenteeism. Besides the loss of production, long-term absenteeism especially can have far-reaching effects on employees. This recognition is driving a need for preventative services related to occupational health and work safety. These needs are not legislation driven, but have emerged from business continuity requirements. One response in this field, the award-winning *WerkAttent* programme, supports the rapid return to work of employees. It also covers the majority of costs incurred by employers through absenteeism, including salary.

While *WerkAttent* is distributed exclusively through Interpolis and partner Rabobank, our occupational health division is able to offer similar but differently branded products and services through other distribution channels. All occupational health products are available to all customers, regardless of brand 'loyalty'. Avéro Achmea offers products through the broker channel while Centraal Beheer Achmea distributes via the direct channel (the latter was awarded the best internet insurer for income protection insurance in 2007). Synergies through combined back offices improve efficiency in distribution and in the cost base, a factor that is passed on to our customers wherever possible.

In 2008, the occupational health division will continue to drive its innovative 'V-Plan' service (see sidebar) and will be focusing on creating products for seniors. A comprehensive policy for SMEs, including health, disability and preventive services, is also in development.

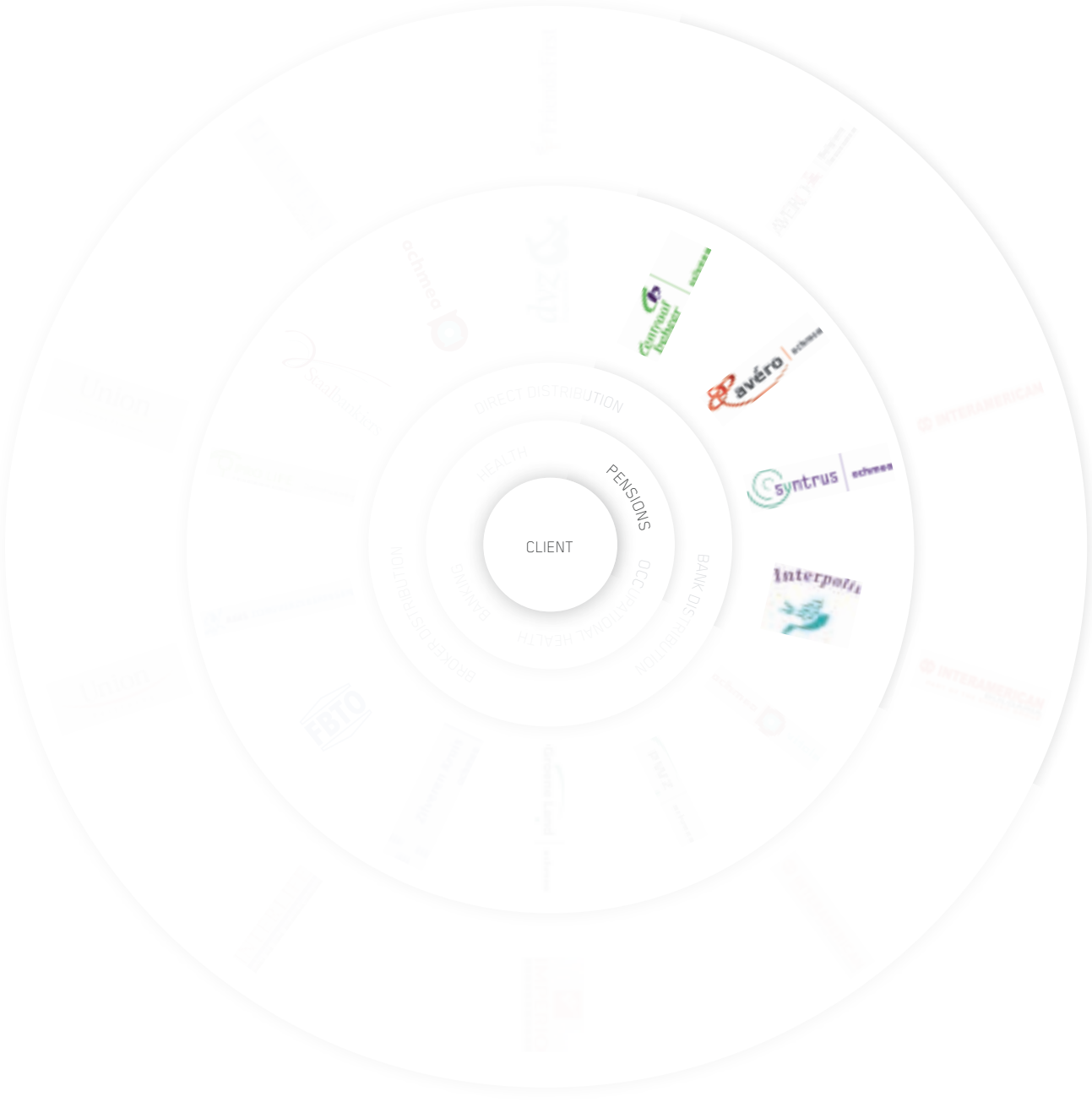
Innovations

Vitality is seen as key to a healthy organisation by both employers and employees. Our response is the V-Plan, launched in 2007. This innovative service can be purchased by employers for personnel. The thinking behind V-Plan is that a vital, healthy employee will experience higher job satisfaction and be more productive. In turn, this generates benefits for the employer. V-online is an individualised internet service, helping people monitor and improve their vitality levels. It offers specialist advice on exercise and nutrition, activities and information on challenges such as smoking and alcohol. For employers, V-Plan management provides support on absenteeism through illness and targeted back-to-work programmes. At year-end 2007, more than 100 major corporations in the Netherlands had bought our new service.

Working closely with the health division, in 2007 programmes were set up to help people recover from illness at work, rather than by staying at home.

ORGANISED FOR CUSTOMER SERVICE

PENSIONS



Through its top brands – Centraal Beheer Achmea, Interpolis, Avéro Achmea and Syntrus Achmea – Achmea ranks number one in pension fund management, number two in property, number four in group pension insurance and holds the fourth position in asset management.

ORGANISED FOR CUSTOMER SERVICE

PENSIONS

KEY FIGURES PENSIONS 2007 (€ MILLION)

	2007	2006
Gross Written Premiums Life	1,253	1,235
Fee and Commission Income	325	301
Number of FTEs	2,943	2,821

Building pension is a way of life for the Dutch in the same way as income protection is embedded in the social system. The Netherlands' pension sector has long ranked as one of the world's largest, most regulated and most solvent. The pension system is based on a three-pillar structure: the state pension accrued by all residents; the industry or sector pension structure, based on collective labour agreements; and private pension plans. Our primary focus is on the so-called second pillar, industry and sector pensions.

Pension products are offered to the two key customer groups. We currently serve more than half of the Netherlands' 103 industry sector-based group pension schemes, offering administrative financial management, fund management and property investment services – see innovation sidebar on Syntrus Achmea. We also offer pension schemes directly to corporate clients ranging from small to major companies. Our goal is proposition leadership by providing excellent communication and administration at competitive cost levels. To achieve this we focus on reducing IT complexity and operational costs. In 2006, we selected our core platform for traditional products and we have developed a new platform for unit-linked products. We will migrate our legacy portfolios to these platforms through a combination of technical and commercial conversion. We will also increase focus on value creation rather than premium volume. We have introduced profit tests for all product groups and large contracts. In addition, we have a shared service centre for life and pension administration which services the Group.

While the Dutch pension structure is firmly embedded, it is subject to almost constant regulatory change. This complexity means our constituencies, the so-called 'social partners' – employers and employees, trades unions, industry sector organisations and companies – increasingly expect their pension fund managers and providers to anticipate and manage change while simplifying products and processes. This business reality is driving the division's approach. Scale is crucial if we are to meet customer needs. It enables us to develop and offer a wide range of quality products and services based on expertise, multi-distribution power and (cost) efficiency.

The challenge in 2008 will be to reinforce our multi-channel distribution supported by dedicated sales teams providing customer intimacy. This represents an on-going challenge to our people, not least as we further integrate Interpolis and Achmea operations.

Innovations

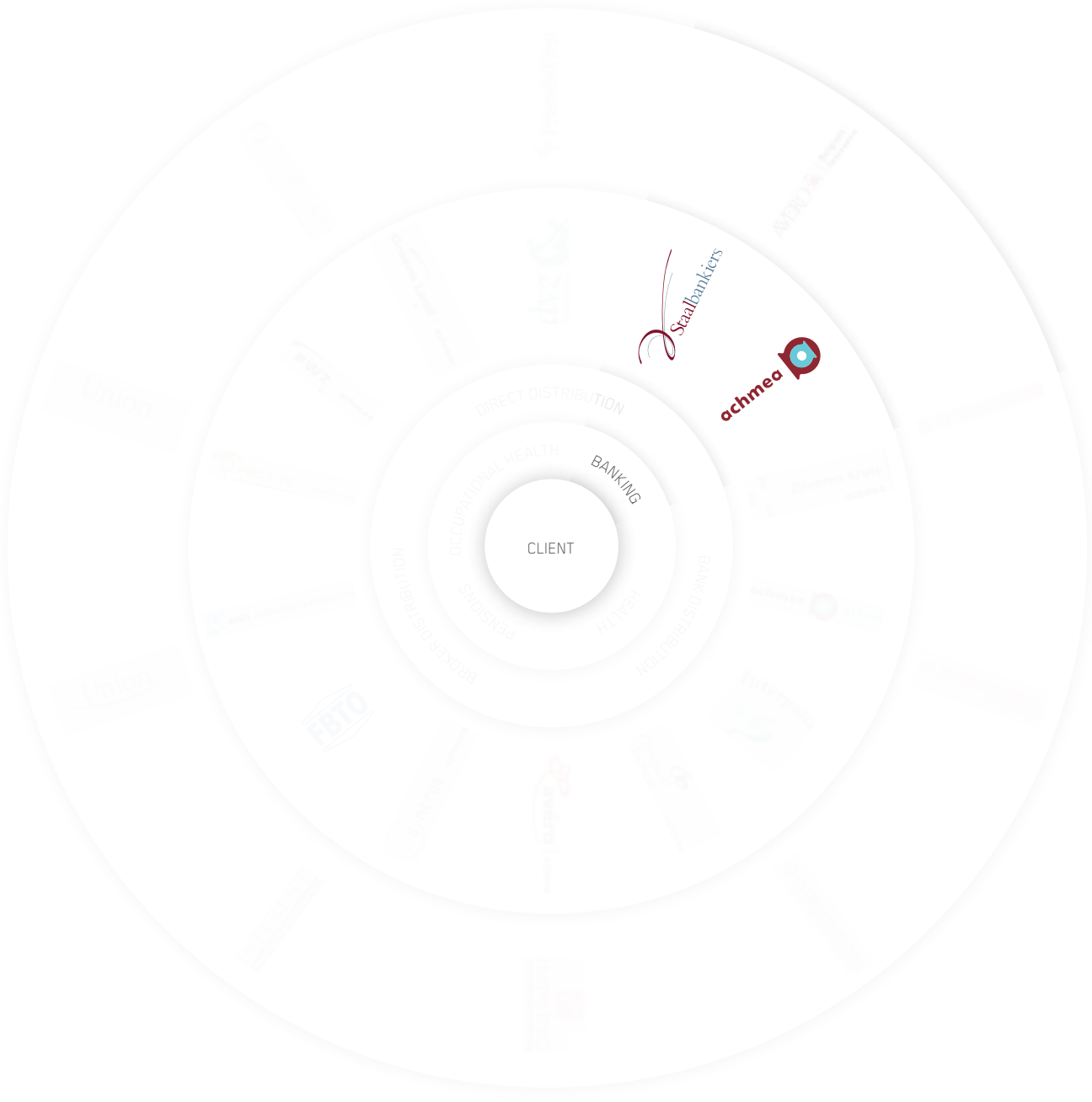
Using its long-standing knowhow in pension structuring and bank distribution, the division successfully piloted a simple pension product for SMEs with bank distribution in 2006. The pilot proved successful and was rolled out in 2007.

Introducing Syntrus Achmea

What do our key clients want? The 'social partners', employers and employees, trades unions and industry sector organisations, want an integrated pension fund management service under a clear name with its own competence centre. This led to the creation of Syntrus, a contraction of 'synergy' and 'trust', that brings together Interpolis Pension and Asset Management, Achmea Real Estate and PVF Achmea. In addition, we established a customer Advisory Council on pensions. Besides regular discussions, the Council's role is to alert us to trends and developments in the pension sector. This recognition of the partnership essential to managing a key component in customers' income protection has been welcomed enthusiastically.

ORGANISED FOR CUSTOMER SERVICE

BANKING



ORGANISED FOR CUSTOMER SERVICE

ACHMEA BANK

KEY FIGURES ACHMEA BANK 2007 (€ MILLION)

	2007	2006
Net Interest Margin	103	94
Net Commission Income	-8	-8
Number of FTEs	325	399

Achmea Bank has three main operating entities: Achmea Hypotheekbank (mortgage specialist), Achmea Retail Bank and Achmea Beleggingsfondsen Beheer (fund manager).

Achmea Hypotheekbank offers mortgage loans to individuals through the Centraal Beheer Achmea, FBTO, Avéro Achmea brands via Direct and Broker distribution. The mortgage market is under considerable pricing pressure, resulting in reduced profit margins. In addition, demand for simple, low-budget mortgages has increased. In response, Achmea Hypotheekbank has introduced a low-budget mortgage product and has concluded a volume contract with a commercial chain. The Bank's primary focus is profitable growth driven by operational excellence.

Achmea Retail Bank provides individuals with loans through the Centraal Beheer Achmea, Avéro Achmea and FBTO brands. It also offers savings products to individuals and through company plans as well as so-called Life Cycle ('levensloop') products. Competition in this market is growing. However, considerable success has been achieved with the Life Cycle Plan distributed through Centraal Beheer Achmea's employee-employer channel.

Innovations

Our mortgage specialist worked closely with the Dutch Association of Home Owners to create a modular mortgage for FBTO, enabling home buyers to tailor the product to their own specific needs and circumstances. Our retail bankers introduced a new form of consumer credit with risk-based pricing, a move that has been welcomed by professional credit brokers. Two new unit-linked funds were developed as an additional offering to pension customers. Achmea Hypotheekbank launched a covered bond programme in 2007 as only the second financial institution in the Netherlands to adopt this instrument.

STAALBANKIERS

KEY FIGURES STAALBANKIERS 2007 (€ MILLION)

	2007	2006
Net Interest Margin	33	28
Net Commission Income	19	18
Number of FTEs	250	224

This is Eureko's specialist private bank offering a broad range of tailored financial services to high-net worth individuals and small to medium-sized institutions.

Staalbankier's primary focus is nurturing its close client relationships. The (small) size of the bank, its dedicated employees and its exclusive focus on private banking, distinguish the bank from its competition.

Leveraging the strength of those relationships, Staalbankiers works to further increase the network of leads and prospects, in order to gain a greater market share.

Innovations

More and more customers are looking at (second) homes in France, attracted by the climate, space and way of life. Staalbankiers has responded by developing a mortgage product especially for that (second) home. This is just one of the structured products available to clients.

Because everything you value is vulnerable

DIRECT DISTRIBUTION
BANK DISTRIBUTION
BROKER DISTRIBUTION
CLIENT
PENSIONS
OCCUPATIONAL HEALTH
HEALTH
BANKING
dvz
PWZ
Groene Land
Zilveren Kruis
achmea
vitale
Interpolis
Centraal Beheer
avéro
Syntrus
FBTO
PRO LIFE

REACHING OUR CUSTOMER

We offer our customers choices when it comes to distribution. They can select the way they want to insure from direct writing, bank and broker options. Whichever way customers choose to handle their insurance, information forms a key component in all our channels, increasingly through the internet. A number of our top brands have built and specialised in distribution through specific channels as the visual shows.

Further reinforcement of the commercial viability of our distribution is a strategic target. It is considered indispensable to the continued growth and (financial) health of the Group. While each channel has its own customer focus groups with related brand loyalty, we see true synergies in combining back-office processes while retaining branded front-office services. This requires us to structure our current IT architecture to take advantage of identified synergies, but specifically to achieve the equally indispensable operational excellence that is the key to our continued success.

DIRECT DISTRIBUTION

Achmea's direct distribution division offers products and services under the Centraal Beheer Achmea and FBTO brands. It is the leading direct writer in the Netherlands with almost 8% of the total Dutch non-life market, 1.3% of the life business, and 0.7% of the health market. In non-life, the biggest single segment is car insurance (62% of total premium volume).

REACHING OUR CUSTOMER

DIRECT DISTRIBUTION

KEY FIGURES DIRECT DISTRIBUTION 2007 (€ MILLION)

	2007	2006
Gross Written Premiums Life	374	330
Gross Written Premiums Non-Life	903	867
Gross Written Premiums Health	260	219
Total Gross Written Premiums	1,537	1,416
Fee and Commission Income	8	8
Number of FTEs	1,971	1,662

The primary goal for this division is to set the trend for the next generation of direct writing products and services. In all segments, margins are under pressure, and competition is increasing, so growth must be generated through efficiency, operational excellence and innovation to meet changing customer needs. This translates into offering customers products that are high in quality, competitively priced and, specifically, easy to understand and use.

Centraal Beheer Achmea is often top-of-mind as brand of choice for both business-to-consumer and business-to-business. Currently, Centraal Beheer Achmea is especially strong in the employee benefit segment, which offers discounts and additional services to customer company employees. This continues to be a growth segment in the Netherlands. Centraal Beheer Achmea's pension and occupational health business is also channelled through direct distribution.

FBTO, one of the primary direct distribution brands, is perfectly positioned to make the move to full internet-based insurer. Customers are already able to put together their own insurance package from a module-based selection that further includes investment products. This is a clear response to growing consumer demand for simplicity, control and choice.

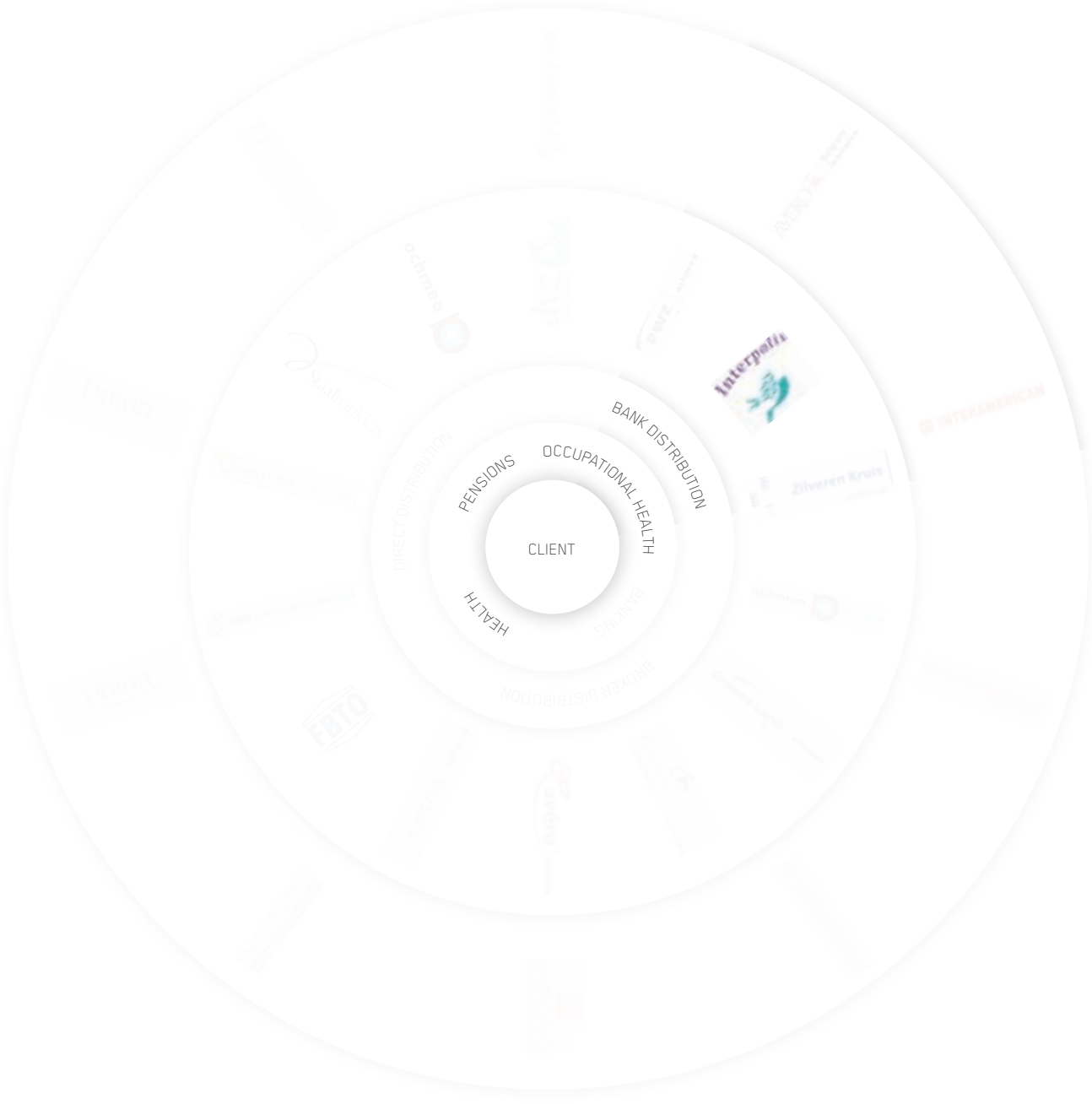
In 2008, the challenge will be to further position both brands as preferred providers for specific target groups. The aim is to clearly distinguish the two brands' offerings in the market. FBTO will increasingly target private individuals while Centraal Beheer Achmea grows its SME business, improving the way customers are serviced. This will be achieved by combining products and new services, facilitating easier purchase. There is a recognition at direct distribution that internet-based service is only as good as the help desks that support it. Continual training to further improve competences and customer support is a key part of the division's strategy. Direct distribution currently has Achmea's highest customer satisfaction rating.

Innovations

In 2007, we introduced an innovative product that is both cost efficient for motor vehicle customers and environmentally friendly. If a vehicle part is damaged, then customers can choose for guaranteed 'recycled' parts rather than new ones. This reduces the customer's premium as the cost savings on using recycled parts can be passed on.

With € 183 million in new contracts, FBTO's new modular mortgage, sold through the Dutch Association of Home Owners (Vereniging Eigen Huis) was a major success.

BANK DISTRIBUTION



Interpolis, in cooperation with major Eureko shareholder Rabobank, has an 11% share of the total Dutch non-life market. In individual life, the division has a 7% share. Non-life for SMEs is 20%.

REACHING OUR CUSTOMER

BANK DISTRIBUTION

KEY FIGURES BANK DISTRIBUTION 2007 (€ MILLION)

	2007	2006
Gross Written Premiums Life	1,803	1,936
Gross Written Premiums Non-Life	1,195	1,157
Gross Written Premiums Health	84	76
Total Gross Written Premiums	3,082	3,169
Number of FTEs	1,707	2,213

The merger with Interpolis gave Achmea an immediate and strong position in the bank distribution segment. Through this channel, Interpolis offers a full range of insurances, from life and non-life through income protection, health and group pensions. The cooperative Rabobank is one of the Netherlands' top three banks; its client base is estimated at half the total Dutch population. One in four Rabobank retail clients already has at least one of our insurance products; at one in three, the number is higher for business clients, including SMEs and large companies. The division's aim is to grow both numbers. Rabobank is increasingly positioning as the leading bancassurance provider. The bank distribution division's role is to ensure a constant source of innovative products geared to customer requirements, both individual and group. We work closely with Rabobank at central level to develop integrated financial services concepts with insurance products as part of the package. In developing these concepts, we are working for the ultimate client and the local Rabobank advisors who sell the product.

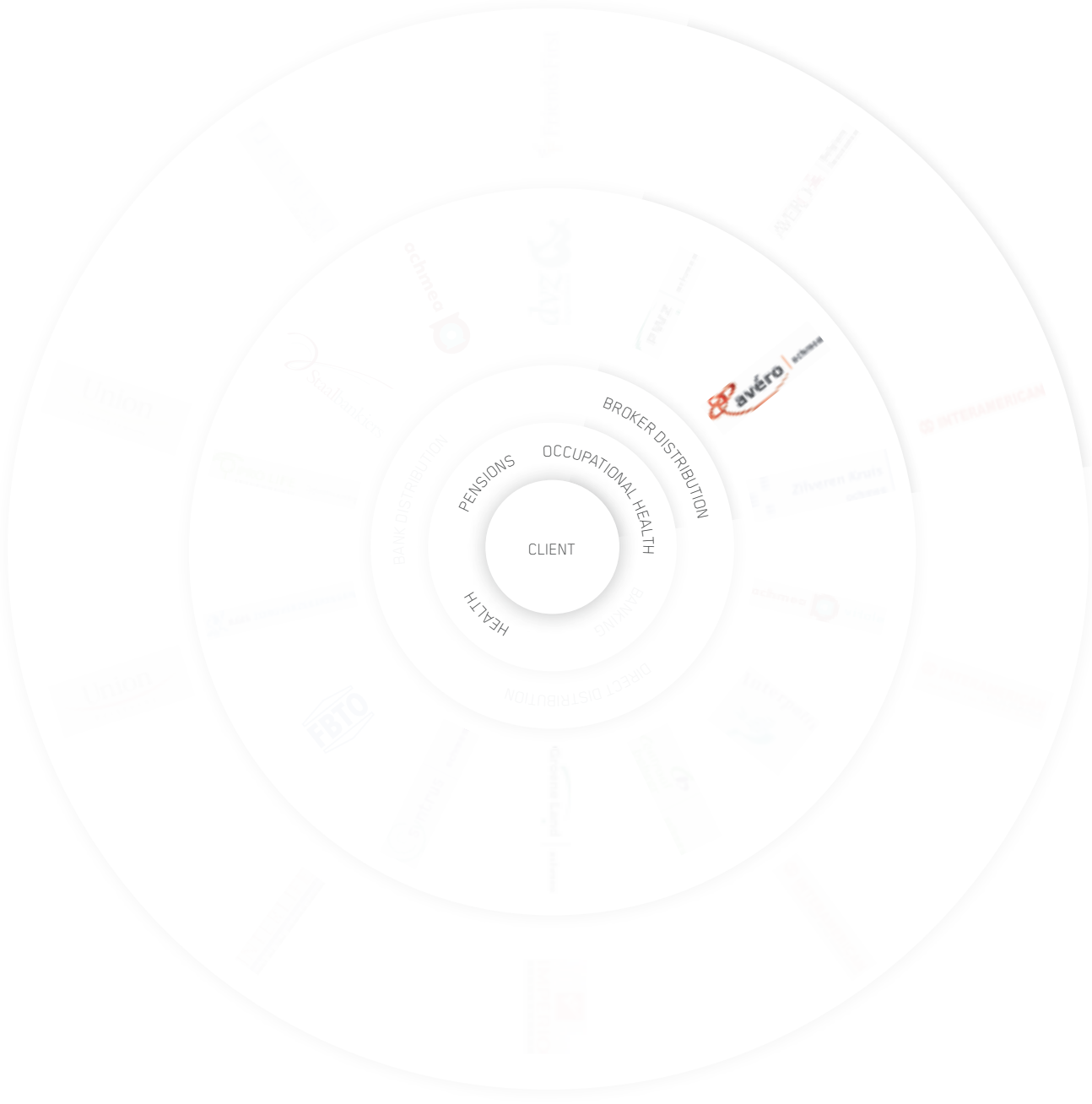
Our bank distribution brand, Interpolis, has huge name recognition in the market. It rates highly on all marketing and customer satisfaction scores. The 'Glashelder' (literally: crystal clear) marketing campaigns rank top in all advertising name recognition surveys. More importantly, it has the same rating on problem-solving for customers. Interpolis' brand promise is that whatever the problem, there will be an expert available 24 hours, seven days a week to help the customer within two hours of making the claim. Repairing any damage rapidly is an increasingly attractive option for customers rather than a cash settlement. In addition, Interpolis offers a comprehensive legal-aid insurance package for both individual and corporate clients.

While Interpolis' image and valuable name recognition have been fully retained, the merger has generated real economies of scale. This was one of the main drivers for joining forces with Achmea. By combining knowhow, merging back-office and administrative processes, crucial (cost) efficiencies are increasingly generated in the saturated and hugely competitive Dutch insurance market.

Innovations

In 2007, we launched the Partner & Child policy. This is a simple product that, as the name suggests, ensures care for both following a death. The 'Outside the home' product enables customers to insure the valuables covered by home insurance if it is taken outside the home. Both are clear propositions, easy to understand for customers and proving very popular.

BROKER DISTRIBUTION



Our broker division, through Avéro Achmea, has a 2.5% market share in non-life, 3% in life, and 3.1% in health insurance. Avéro Achmea has a strong presence in the individual health and non-life segments.

REACHING OUR CUSTOMER

BROKER DISTRIBUTION

KEY FIGURES BROKER DISTRIBUTION 2007 (€ MILLION)

	2007	2006
Gross Written Premiums Life	382	390
Gross Written Premiums Non-Life	318	314
Gross Written Premiums Health	977	858
Total Gross Written Premiums	1,677	1,562
Fee and Commission Income	3	8
Number of FTEs	830	800

There are millions of customers who prefer the reliability of a knowledgeable broker above a 'do-it-yourself' approach. It has value for them and business customers especially are willing to pay a premium to hand over the complexities of ever-changing rules and regulations.

The market position of the broker division has improved considerably over the past two years. A programme of market segmentation, intensified cooperation with the key brokers and new product development has resulted in a fast growing customer base.

The three broker segments are:
- Professional (international) brokers:
  Organisations with considerable scale focusing primarily on the business-to-business market. They offer high-level risk management consultancy mainly in the areas of pension, non-life and health.
- Mortgage brokers:
  These are specialised organisations focusing on mortgages and life. A special segment is the so-called 'dealmakers', where large volumes and swift services are the key differentiators.
- General brokers:
  Mainly the smaller brokers focusing on non-life, life and health.

We focus on the specific needs of the three segments to increase the share of wallet and the profitability of the portfolio. New 'business support programmes, internet solutions and new products and services' are developed to further strengthen our position within the broker segments.

A new version of Avéro Achmea Online, the broker division's extranet, has been introduced.

Within our broker division we are realigning our organisation so that we can provide greater service to our partners in distribution, the brokers. By focusing our activities on sales and marketing, we aim to position as the linking-pin between the broker and the full range of Achmea products and services, and as channel for relevant knowledge transfer. This refocus will require an internal realignment. The merging of back offices with relevant product divisions, such as healthcare, will be accelerated. This will enable us to concentrate fully on the needs of the fast changing brokers market.

Innovations

The broker division introduced a new product 'Machinery Service Package', a combination of an insurance and security by using an electronic track & trace device. The product has produced spectacular results; 80% of the stolen objects are recovered within 24 hours, the remaining 20% is recovered within the next 14 days. This reduces the loss ratio dramatically and the customer has no discontinuity in their processes.

AGIS HEALTH

KEY FIGURES AGIS HEALTH 2007* (€ MILLION)

	2007	2006
Gross Written Premiums Health	2,779	2,686
Profit before tax	23	17
Number of FTEs	1,448	1,517

* Pro forma, based on Agis figures

Agis joins Achmea

In June 2007, Eureko announced a merger between Achmea and Agis, one of the Netherlands' leading health insurers. Agis will remain an autonomous brand, retain its name and become the eighth Achmea division. The merger creates the largest health insurance group in the country and will give a combined Achmea/Agis even greater leverage in healthcare procurement. Agis is strong in the Amsterdam, Utrecht, Amersfoort and Apeldoorn regions. It is recognized as the leader in measuring quality; Agis pioneered 'league tables' on the quality of hospital care.

Like Achmea, Agis has a cooperative background. In terms of philosophy and culture, this is a sound match. It is known for its ability to create tailored products and services for specific groups. Its product offering for the Turkish and Moroccan communities in the Netherlands, has led to an international presence in both countries. Many Turkish and Moroccan people vacation in their original home country. They want high quality health care and the trusted Agis brand offers it to them as the insurer established service centres and offers health insurance in both countries, including elective care. Turkey is a highly popular holiday destination for the Dutch. They too take advantage of Agis' presence.

Innovations

A recognized innovator, in 2007 focus at Agis has been on preventative services. Agis offers the Alan Carr 'easy way to stop smoking' method to its customers. In addition, and in cooperation with the Netherlands' largest supermarket chain, it is behind the 'four-leaf clover' packaging campaign to indicate healthy food.

OTHER ACTIVITIES

EUREKO RE

KEY FIGURES EUREKO RE 2007 (€ MILLION)

	2007	2006
Re-insurance Premiums	611	471
Number of FTEs	52	50

This is the dedicated operating company for re-insurance that acts as a competence centre for the entire Eureko Group and offering support as policy-maker, advisor, risk carrier, re-insurance buyer and entrepreneur.

As policy-maker Eureko Re addresses such matters as protection against catastrophe risks, Eureko's retrocession policy, Group programme structures, and how to make use of diversification advantages.

Eureko Re advises the Achmea divisions and the operating companies on their re-insurance needs, based on analyses of the underlying insurance portfolio. For the operating companies, it acts as sounding board and provides programme reviews and second opinions.

Eureko as a whole can carry more risk than the individual units within the Group. For this reason, the Achmea divisions and some operating companies transfer their re-insurance risks to Eureko Re N.V. in the Netherlands. Eureko Re combines these risks into a Group programme and retrocedes 100%, or less, to its own re-insurance subsidiaries in Ireland and Luxembourg and/or to the re-insurance market. Applying this business model means that re-insurance risks are funnelled, diversification advantages are identified, purchasing power is bundled and the third-party risk for reinsurers rests with Eureko Re.

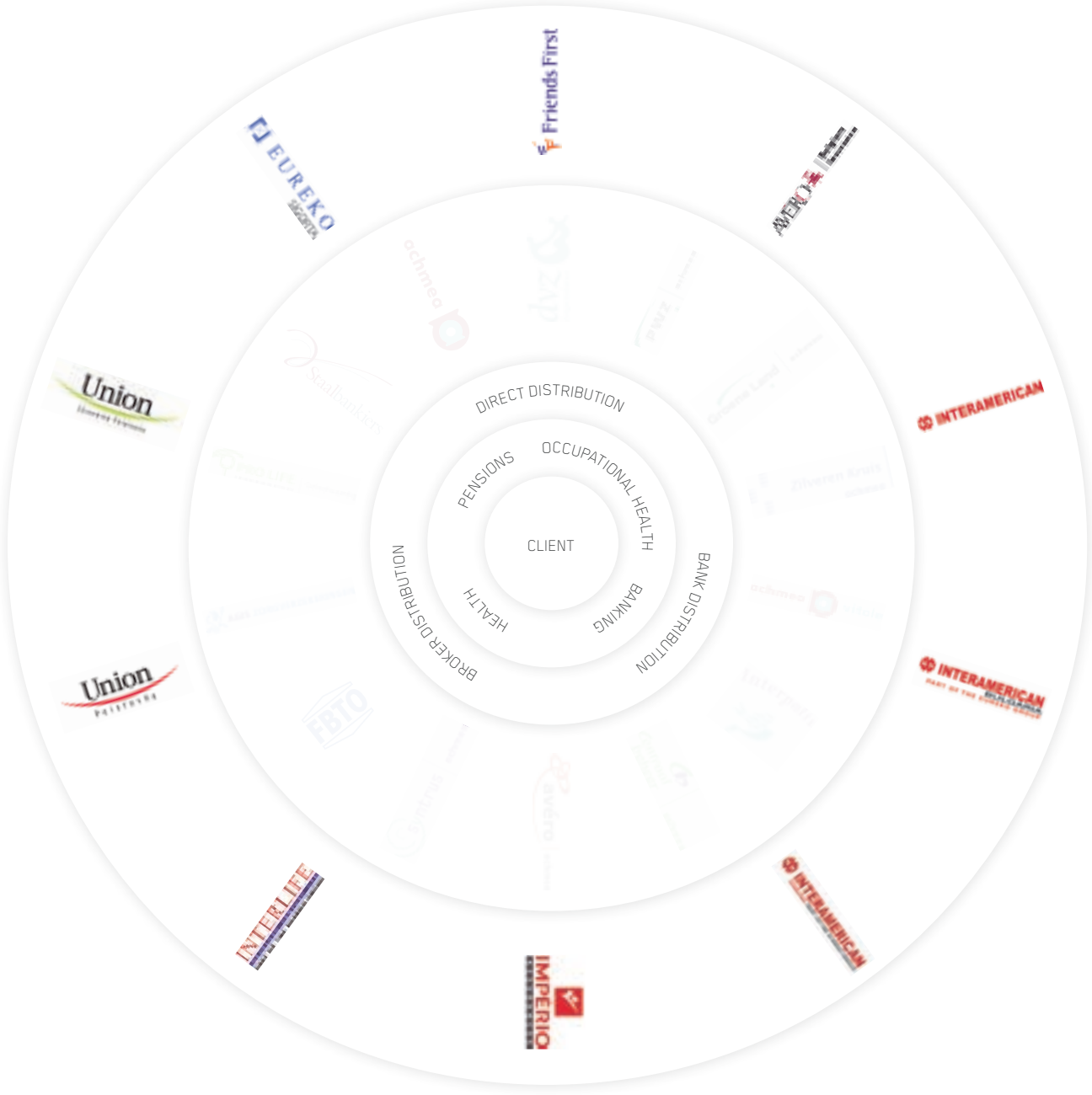
The competence of re-insurance buyer is of major importance to the Group because the major part of Eureko Re's inward re-insurance programme is retroceded to the re-insurance market. Quality and continuity are important points of departure in the relationship with reinsurers.

In order to safeguard the expertise of Eureko Re, it acts on a modest scale as an entrepreneur in the external market. The solutions offered include risk analyses, captive management services and structured life re-insurance.

Innovations

In 2007 Eureko Re put together a conceptual framework for the Eureko Group programme. With this framework in mind the Interpolis re-insurance programme was integrated into the existing Group programme, while at the same time the premium calculation method was changed. As entrepreneur, Eureko Re welcomed two new captive management clients. They are the first Dutch clients to make use of Eureko Re's insurance subsidiary in Ireland.

Because everything you value is vulnerable


DIRECT DISTRIBUTION
OCCUPATIONAL HEALTH
BANK DISTRIBUTION
BANKING
BROKER DISTRIBUTION
HEALTH
PENSIONS
CLIENT
EUREKO
Friends First
AVERO
INTERAMERICAN
INTERAMERICAN
INTERAMERICAN
IMPERIO
INTERLIFE
Union
Union

EUREKO IN EUROPE

Eureko is looking to international expansion to help achieve strategic growth ambitions and to secure stable growth into the future. Our goal is to develop our international operations from a strong position in a selected number of countries. Initially, we are focused on Central and Eastern European growth markets, where we already have a presence. These markets are moving into the privatisation cycle and we see real potential for both organic growth and accelerated growth through selected acquisitions. In 2007, we made a significant acquisition in Turkey (see page 88).

However rapid current growth and future opportunities, it is clear that most markets in Central and Eastern Europe will remain relatively small. Poland forms an exception. If issues (see page 89) are resolved, PZU, and our presence in Turkey, will change the composition of Eureko's bottom line completely. However, we will also continue to focus on more mature markets in Western Europe. Through our Group business development unit, we are continually seeking opportunities, including international partnership options.

As part of our strategic international drive, in 2006, we strengthened our European organisation by grouping operating companies into division Europe. By developing coherent strategies for each business supported by sharing knowledge and best practices, performance has improved across the board.

Our approach is through the implementation of so-called 'Flying Squad' projects. This concept enables us to utilise expertise from the whole Eureko Group to achieve strategic goals in individual operating companies. At present, there are 12 ongoing strategic projects involving personnel from many operating companies and the holding.

Our operating companies

The Group currently has a selected presence outside the Netherlands, with operations in 11 countries (Belgium, Bulgaria, Cyprus, France, Greece, Ireland, Luxembourg, Poland, Romania, Slovakia and Turkey).

Representing 13% of total contributions, our European operating companies generate the following shares:

EUREKO IN THE EUROPEAN MARKET (13% OF TOTAL CONTRIBUTIONS)	(%)	(€ MILLION)
Avéro Belgium	6	121
Eureko Sigorta* Turkey	6	115
First Friends Ireland	47	947
Império France	6	113
Interamerican Bulgaria	0	7
Interamerican Greece	23	452
Interamerican Romania	1	19
Interlife Cyprus	1	28
Union Slovakia	10	190
	100%	**1,992**

* Half-year basis

EUREKO IN EUROPE

BELGIUM

KEY FIGURES AVÉRO BELGIUM 2007

(€ MILLION)

	2007	2006
Gross Written Premiums Non-Life	121	114
Number of FTEs	161	160

Avéro Belgium is a successful niche player, providing a range of non-life products for both individual (property, accident, motor) and corporate (property, casualty, engineering) customers. Avéro Belgium has a significant reputation in the marine (cargo, hull, CMR, trucks) and special risk business. It aims to achieve profitable growth organically and through small-scale acquisitions.

Innovations

Crash & Go, the name of this new service says it all. Motorists insured by Avéro Belgium can now stay mobile following damage to their vehicle. Not only do they receive a replacement car, a local garage will pick up their vehicle, repair it and bring it back again. Repairs are carried out by certified Crash & Go garages so that our customers can be sure they get top service.

BULGARIA

KEY FIGURES INTERAMERICAN BULGARIA 2007

(€ MILLION)

	2007	2006
Gross Written Premiums Non-Life	7	4
Number of FTEs	98	42

This brand-new European Union member is very much an emerging insurance market where Eureko sees significant potential. Accession to the European Union brings new legal requirements for the insurance infrastructure, offering significant opportunities for insurers with extensive know-how in regulatory requirements. Currently, Interamerican Bulgaria is a small player with approximately 1% market share. But it is also an ambitious player. From January 2008, Interamerican Assistance will be a part of Euro-Cross International, the worldwide organisation for (medical) assistance.

Interamerican Bulgaria uses all main distribution channels, with a recent focus on agents and brokers; cooperation with international and local brokers has been strengthened and 48 brokers are now under contract. The agents' network is expanding fast and, in 2007, eight new agencies were established. Currently, Interamerican Bulgaria has a presence in 41 locations throughout the country.

Brand awareness surveys in 2007 show that name recognition has more than doubled following a targeted advertising campaign. This campaign is preparing the ground for the launch of a life company to complement the existing business.

Innovations

Interamerican Bulgaria was awarded the national Golden Effie for 'Corporate reputation, image and identity' following its innovative advertising campaign.

EUREKO IN EUROPE

CYPRUS

KEY FIGURES INTERLIFE CYPRUS 2007

(€ MILLION)

	2007	2006
Gross Written Premiums Life	20	18
Gross Written Premiums Non-Life	8	7
Total Gross Written Premiums	28	25
Number of FTEs	64	60

Interlife offers the full range of insurance products - life, non-life and health. It already ranks number five in the life business. Building on its ongoing success in the Cypriot market, Interlife is working to achieve essential increases in scale.

Innovations

Interlife's new unit-linked product is unique in the Cypriot market. A combination life policy and insurance against critical illness, the whole family is covered under one policy.

FRANCE

KEY FIGURES IMPÉRIO FRANCE 2007

(€ MILLION)

	2007	2006
Gross Written Premiums Life	98	76
Contribution Investment Contracts	15	16
Number of FTEs	56	57

Serving the Portuguese community in France, Império is very much a niche player. Its focus is providing life products to the close to one million Portuguese nationals living and working primarily in the Paris region. Distribution is through two channels – a tied agent network and banks. The biggest challenge in 2007 has been to take advantage of the so-called Fourgous Amendment. This amendment enables insurance policyholders to shift their life-insurance contract from a guaranteed savings product to a unit-linked product without losing their fiscal advantages. In 2007, the most popular unit-linked products sold were new generation fixed and variable-yield funds, distributed in partnership with Exane, part of BNP Paribas Group. In 2007, 1,541 contracts valued at € 32.5 million were transferred under the Fourgous Amendment. Strategic priorities into the future are the addition of new distribution channels to further improve customer service.

Innovations

One of Império's strategic priorities is to expand its risk business and to capture the target youth market. These youngsters are second or third generation Portuguese living in France. In the past three years, Império has launched a new product annually. In 2007, it developed 'Educalia', which finances children's education in the event of the policyholder's accidental death. Children receive a monthly annuity until their 25th birthday. Ahead of the launch in early 2008, a savings component is being added which will enable customers to make deposits free of bank charges.

GREECE

INTERAMERICAN

KEY FIGURES INTERAMERICAN GREECE 2007

(€ MILLION)

	2007	2006
Gross Written Premiums Life	129	189
Gross Written Premiums Non-Life	162	138
Gross Written Premiums Health	108	38
Total Gross Written Premiums	399	365
Contribution Investment Contracts	53	52
Fee and Commisison Income	109	100
Number of FTEs	2,026	1,963

Ranking among the leaders in the Greek life, health and non-life sectors, Interamerican Greece is the only insurer with an extensive emergency assistance infrastructure. Its large client base and strong distribution through a tied agencies network make Interamerican the best-recognized insurance brand in Greece. This recognition is based on its tradition of quality products and services effectively covering all financial and insurance needs.

Increasingly, Interamerican Greece is expanding its distribution to further improve customer access to its products. Direct distribution was launched in 2007 through the introduction of on-line motor insurance early in the year, and most recently home insurance. Currently, it is expanding cooperation with Nova Bank to grow this distribution channel.

Overall, Interamerican Greece is the number two player. It has achieved an increase in market share in almost all segments.

Innovations

Under the sub-brand name 'Anytime', Interamerican Greece launched Anytime Home in September 2007. This is the second product in the range, with Anytime Auto introduced in the first half of 2007. The innovation in the Greek market is that customers can tailor their insurance, choosing from basic and optional cover. If customers opt to pay the premium by credit card at the time they sign up, then they receive a 5% discount; if they already have Anytime Auto, a further 5% reduction is offered. Response has been enthusiastic.

IRELAND

KEY FIGURES FRIENDS FIRST IRELAND 2007

(€ MILLION)

	2007	2006
Gross Written Premiums Life	258	246
Contribution Investment Contracts	689	555
Fee and Commission Income	7	25
Number of FTEs	541	511

One of Ireland's most dynamic and successful financial services groups, its strategy is based on delivering high-value growth. Friends First distinguishes itself in the market through superior customer service – a positioning that meshes firmly with the Eureko Group approach. This strategy received strong external endorsement when the group won the 2007 Overall National Quality and Excellence Award.

Friends First is a leading player in both the life and pensions businesses, with a particularly strong market position in investment products. Currently working primarily through independent brokers and major retail financial institutions, including a growing relationship with ACC, Rabobank's subsidiary in Ireland, the focus into the future is to broaden both direct and indirect distribution to fully leverage its customer service offering.

The group further operates a successful Asset Finance and Loans business under the Friends First Finance label. Focusing primarily on asset-backed hire purchase, leasing, and personal and business loan products, Friends First Finance is offering innovative finance solutions to the high-net worth sector and now also offers commercial mortgages. A new distribution agreement with Rabobank's ACC will support growth in this business.

Friends First

With a total of 250,000 customers, Friends First has a top six position in the total life market, with a >6% share.

Innovations

Friends First's private investment division has brought innovative packaged solutions to the high-net worth customer. A further new offering is the Magnet range of funds to meet growing demand from distributors for packaged solutions. In the autumn of 2007, Friends First piloted a new e-tool for brokers, attracting more than 10,000 visits in the third quarter alone. Since the launch, around 60% of new business has been completed on line. This is the first step towards further improving its already well-recognized top customer service.

ROMANIA

INTERAMERICAN

KEY FIGURES INTERAMERICAN ROMANIA 2007 (€ MILLION)

	2007	2006
Gross Written Premiums Life	8	7
Gross Written Premiums Non-Life	9	7
Gross Written Premiums Health	2	1
Total Gross Written Premiums	19	15
Number of FTEs	374	150

Interamerican is among the few companies to offer a full range of life, non-life and health products and services. This means it is well positioned to take full advantage of new European Union insurance regulations – Romania acceded in 2007. Interamerican Romania aims to build its business step-by-step through innovative product development and quality customer service. In health, it is a recognized pioneer, opening the first private hospital, the Euroclinic, in Bucharest in 2005. Euroclinic is a cornerstone of the Medisystem, the brand name for its health insurance products. Medisystem was the first comprehensive and affordable health insurance package for all customer groups, covering doctors' visits, diagnostic and preventive examinations and hospitalisation. In 2007, it was awarded a pensions license, successfully launching these products in the same year. Interamerican Romania made full use of the opportunity and has gained a significant fourth position in this new segment.

Innovations

A brand-new motor product, 'Casco Light' allows customers to choose an affordable policy to protect their cars against natural disasters, fire and theft. It is the first product of its kind in the Romanian market.
Once again, Interamerican's investment funds have won best performing insurance product in Romania, matching 2006 performance.

SLOVAKIA

KEY FIGURES UNION SLOVAKIA 2007 (€ MILLION)

	2007	2006
Gross Written Premiums Life	11	10
Gross Written Premiums Non-Life	20	19
Gross Written Premiums Health	159	–
Total Gross Written Premiums	190	29
Number of FTEs	558	415

Eureko operates two sister companies in Slovakia which are separate for legal reasons. Union Insurance offers life, non-life and supplementary health insurance to both individual and corporate customers. As a travel insurer, it has grown massively and is now the undisputed market leader. Union Health was launched in 2006 to offer basic health insurance. It builds on the Eureko Group's knowledge and expertise and on the supplementary experience in sister company Union Insurance. Unfortunately, the Slokavian government has rethought its basic health concept. Eureko will take all legal measures to protect its investment.

Both companies take advantage of cross-selling opportunities, not least through a comprehensive distribution structure. Union distributes through direct sales networks (for both individual and corporate customers), broker distribution, call centres and internet.

With an 8% share in the health market, Union is a significant player. Its 50% market share in the travel sector makes is by far the largest insurer whose products are distributed by the biggest travel agencies in the country.

Innovations

In 2007, Union introduced an absolute innovation on the European travel insurance market – an SMS-based travel and mountain rescue insurance that is provided via mobile phones. Union was awarded first place in the prestigious 'Golden Coin' award for this product. Perhaps more gratifying is that this product is also being adopted by Eureko sister companies in the Netherlands.
A second innovation came in the form of a new life insurance product, Flexi Life, which is a unit-linked product offering a large range of accident and health riders.

EUREKO SIGORTA

KEY FIGURES EUREKO SIGORTA 2007* (€ MILLION)

	2007	2006
Gross Written Premiums Non-Life	115	-
Number of FTEs	453	-

* Half-year basis

Introducing Eureko Sigorta

Through a long-term, exclusive insurance partnership with Garanti Bank of Turkey, Eureko has acquired 80% of the Bank's non-life insurance business - Garanti Sigorta A.S., and a 15% stake in Garanti Emeklilik ve Hayat A.S., Garanti's life and pensions business. The transaction also provides Eureko with an option to acquire a further 35% of Garanti Emeklilik. A long-term agency agreement with Garanti Bank, covering both operating companies' current and new business, means bank distribution is assured into the future.

Agreement was reached in March 2007 and the rebranded Eureko Sigorta has already started to work closely with division Europe on knowledge sharing and best practices. Eureko Sigorta's primary aim is to become market leader in the growing Turkish insurance market (penetration rates are still relatively small in all segments). In 2008, the focus will be on growing its motor business and starting an agriculture and health business. Moreover, Eureko Sigorta aims to achieve greater penetration through the important agency and broker channels.

Eureko Sigorta has a 4.5% share in non-life, ranking number nine in the market, with one of the best technical results in the Turkish industry.

Innovations

Eureko Sigorta's young and dynamic team (average age is 29) came up with the idea of innovating through collecting product and service ideas on the company's intranet. The best idea in 2007 was a very new approach to pay-as-you-go motor insurance with monthly renewal option. Customers pay via credit card. Through its clearly innovative mindset, Eureko Sigorta has been selected to lead the drive to initiate and develop new, simple and user-friendly products and services for division Europe.

ASSOCIATED COMPANIES

PZU, POLAND | F&C ASSET MANAGEMENT, UK | MILLENNIUMBCP, PORTUGAL

PZU, POLAND

PZU is the largest Life and Non-Life insurer in Central Europe, with around 45% market share in Poland. In 1999, Eureko B.V., acted as consortium leader with Bank Millennium, investing 3 billion zlotys (approximately € 700 million) to buy 30% of PZU. The acquisition was based on the Polish Government's decision and promise to privatise PZU through an Initial Public Offering (IPO) on the Warsaw Stock Exchange by year-end 2001 at the latest. However, successive Polish governments have refused to execute the privatisation agreement, which eventually led Eureko to seek arbitration under the Dutch-Polish Bilateral Investment Treaty, in 2002, at an International Arbitration Tribunal. Currently, Eureko holds 33% minus 1 share of PZU, with the Polish State retaining majority control of 55%.

Eureko is committed to PZU and Poland. We are not interested in selling our shareholding. We will honour obligations as an investor and buy the additional 21% stake when the company is privatised, as contractually agreed in 2001. As required by Polish regulations, Eureko will finance it by our own means and with unencumbered funds. Eureko expects the Polish State similarly to honour its obligations, as definitively confirmed in arbitration, to protect the rights of bona fide investors. Despite winning all international tribunal arbitrations, Eureko is, as always, prepared to discuss an amicable solution. In early 2008, we had an initial meeting with representatives from the Polish Ministry of State Treasury at which both sides declared an amicable compromise was the best way forward.
For full details on PZU, please visit www.eureko.net.

F&C ASSET MANAGEMENT, UK

F&C Asset Management is a leading European investment group whose UK holding company, F&C Asset Management plc's shares are listed on the London Stock Exchange. F&C Asset Management has some £ 100 billion assets under management (as at 31 December 2007).
Until 2004, F&C Asset Management was a wholly-owned Eureko operating company. Eureko retains a 10.4% shareholding in F&C Asset Management, which acts as one of Eureko's principle asset managers, with long-term mandates.

MILLENNIUMBCP, PORTUGAL

MillenniumBCP is Portugal's leading independent bank. In 2007, Eureko increased its stakeholding to 9.96% through the acquisition of a further 2.72% stake. The two financial players have enjoyed a long association (Banco Comercial Português was one of the early members of the Eureko Alliance), and continue to develop joint business initiatives in complementary European domains.

PARTNERSHIPS

EURAPCO, EUROPEAN ALLIANCE PARTNERS

Eurapco is an alliance of independent European companies operating in the financial services industry. There are seven Partner companies – Eureko, Covéa/MAAF-MMA (France), Friends Provident (UK), Gothaer (Germany), Länsförsäkringar (Sweden) and Swiss Mobiliar (Switzerland) – together operating in 17 countries in Europe. Caser (Spain) joined Eurapco in 2007. Each of the Partners has a strong position in its domestic market. Together, they form one of Europe's leading insurance alliances . The Eurapco Partners aim – through cooperation – to strengthen their ability to compete in their local markets and also wish to benefit from involvement on the international stage. By enhancing the systematic exchange of skills, knowhow and resources, Eurapco creates value and sustainable commercial benefits for its Partners.
Eurapco has around 60 activities, all partner-driven. Currently, the Partners' Marine Group and International Employee Benefits businesses are highly successful. At Eureko, which sees internationalisation as a strategic means of promoting stakeholder interest, there is a growing requirement to further 'harden' the business done through the Alliance. Increasingly, we are building other partnerships, such as Rabobank and Garanti in Turkey. Our aim is to generate greater added value from our participation in Eurapco by intensifying cooperation with partners with similar international aims.

Because everything you value is vulnerable

EUREKO PEOPLE

Eureko's business is a people business. If we are to empathise with our customers, innovate for them and deliver sustainable performance, then our people must subscribe to the Eureko mindset. They must be focused on our customers, but also understand their role in translating that focus into action. So when we say our people are stakeholders, we mean it; this is no lip service.

EUREKO PEOPLE IN THE NETHERLANDS

When Achmea and Interpolis in the Netherlands merged in 2006, we committed to the harmonisation and integration of the two groups into a single motivating environment where our people could use all their skills and talents. Our goal is to create an inspiring and rewarding working environment so that Eureko is considered one of the best employers in the financial services industry. Part of that commitment was to achieve a common Collective Labour Agreement (CLA, or CAO in Dutch) in the Netherlands, with a common employee policy and salary, conditions and benefits structure. Basically, our aim was to offer Eureko people a modern employment package with a lot of choices. In 2007, this goal was achieved when the new CLA was signed in December. At the same time, we integrated two HR back offices and their processes, and implemented successfully a new HR System, SAP HCM. SAP facilitates an efficient HR-operation and represents the next steps towards e-HRM.

The success of the merger of Achmea and Interpolis depends on the success of merging cultures. We launched an intense programme. All 1,600 managers joined this programme on creating the new Achmea by sharing personal and company values. The members of the Executive Board and divisional boards also joined the programme as participants and keynote-speakers.

A second commitment was innovating the way our people can develop their talents. We accelerated the Management Development (MD) programme by reviewing every individual manager and specialist in the top 300 and their successors. This is an ongoing process because we believe that developing our individual specialists and managers is the most effective way to develop the organisation. The MD department doubled capacity. The MD programme is driven by MD Committees in every division, operating company, at Achmea and Eureko levels and in the functional disciplines.

In the Netherlands we began a major programme on 'life-stage-aware-diversity'. Our aim is to attract and retain employees who not only focus on our customers, but who are also aware of the bigger social picture. In a competitive environment, with an ageing and culturally diverse labour market, we aim to remain a sustainable and attractive employer. By recognising and valuing the diverse qualities of individuals we are convinced that Eureko will become even more customer focused and innovative, creating even more value for our stakeholders. The life-stage-diversity programme is a joint programme involving Achmea, the Universities of Utrecht and Tilburg, trades unions and the works' council.

To attract the best employees in a competitive labour market we launched a new employer branding campaign (print, internet, social networks). The campaign links social issues, business issues and the role of our (new) employees.

Innovative working concept

We are in the process of developing what we call the Achmea Work Concept. The concept , based on the Interpolis' flexible work concept, is concerned with how we work in the broadest sense of the word – it explores the physical, mental and virtual environment our people inhabit during their working day. We are looking at

HUMAN RESOURCES

innovations in the way we organise our work station and how IT contributes to facilitating the job. Diversity in solutions is a primary goal – the range of solutions will be diverse because we are a diverse group of people. A blueprint for our diverse working concept will be finalized mid-2008. However, as part of the new CLA, we have already introduced a special 'diversity day' additional holiday.

Commitment and satisfaction

Our working concept is still very much a work in progress. While communication is focused on keeping them abreast of developments, we cannot be complacent. For this reason, we carry out extensive employee commitment and satisfaction surveys.

EMPLOYEE COMMITMENT SURVEY (ECS)

		IN-/DECREASE ECS 2007 AGAINST 2006
Response	70%	+ 9%
Commitment	57%	+ 1%
Satisfaction	73%	+ 4%
Motivation	79%	+ 1%

Achmea in transition

Following the Achmea/Interpolis merger, the Achmea Transfer Centre (ATC) was set up to manage overlap in FTEs. The Centre's task is to help people either find a new challenge within Achmea, or support them in finding a job elsewhere. In 2007, a total of 780 candidates sought support from the ATC of whom 87% were successfully (out-)placed.

EUREKO PEOPLE IN EUROPE

Eureko's growing international presence and activities opens up new challenges for our people and their development. There are increasing opportunities through traineeships, international leadership programmes and international management development. Division Europe is continually looking for ways to achieve its international strategic projects using the Flying Squad concept. Flying Squad objectives include:

- Connecting people to people;
- Connecting people to knowledge and expertise;
- Carrying out projects at the request of operating companies.

Flying Squad members have a challenging additional role alongside their regular jobs.

Eureko remuneration

We reviewed and benchmarked Eureko's top executive remuneration and best practices in most European countries. The aim was to define a coherent European remuneration strategy for senior management throughout Eureko.

Working internationally

We aim to employ a significant number of expatriates on long-term assignments (two to three years) and Flying Squad members on short-term assignments (six weeks to six months). These employees will work abroad for two main reasons:

- To fill strategic management or key specialist positions;
- To broaden and grow their competencies.

EUREKO PEOPLE

HUMAN RESOURCES

EDUCATION AND TRAINING

Our people have to be assured of our commitment to and investment in growing their skills. Eureko offers a wide range of education and training programmes. This includes a Management Development programme for middle and senior management to facilitate individual development. Succession planning for key positions within the Group is also a major focus.

Ensuring the right people are in the right place and equipped with the most appropriate skills is an ongoing challenge. So coaching, action-learning and on-the-job learning are important for personal and professional development.

Our strategic programmes include:

The Eureko Academy

The Eureko Academy focuses on stimulating the exchange of knowledge and expertise within the Group. In addition to the Eureko Group, it also works with Eurapco partners, arranging workshops, meetings and seminars. All programmes, designed in cooperation with academic partners from around the world, are tailored to meet organisational business objectives.

Ashridge Executive Education Programme

Developed in partnership with the Ashridge Business School, this programme directly addresses how senior managers can influence a future that supports company objectives.

The Eurekans Management Development Programme

This is an accelerated learning programme, designed for fast-track managers, who are at a relatively early stage of their career. It is a combination of action learning and essential business theory.

The Challenge Leadership programme

The annual Eureko Leadership programme, 'the Challenge', brings together our commitment to corporate social responsibility and the development of our (future) leaders. 'The Challenge 2007' launched in collaboration with the 'Dutch Diabetes Fund' is a plan to fight the growing obesity problem in the Netherlands.

Traineeships

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

CORPORATE SOCIAL RESPONSIBILITY

With its cooperative tradition, stakeholder focus, and empathy as one of its core values, unsurprisingly Eureko has a clear commitment to achieving its business objectives in a socially responsible way. Many of our activities are concentrated on socially-relevant products and services, such as health care and income protection, both during our customers' working lives and on retirement. A logical extension of the way we work for our customers is to ensure that a responsible approach to impact on society and the environment is embedded in our operations.

Through our close involvement in social issues, our responsibility takes a variety of forms:
- by developing new value propositions based on an open dialogue with relevant stakeholders in the community, we aim to contribute to solving major social issues;
- in-company investment in even deeper integration of corporate social responsibility into core business thinking and processes;
- community investment, also by stimulating our people to volunteer for socially-relevant activities, and support for the underprivileged. Colleagues can take a maximum of four free days a year for volunteer work.

Major social issues

This is a very ambitious goal. Social issues, such as solidarity, greying populations, insurability, multiculturalism and integration, and climate change are challenges in all our markets. As insurers in dialogue with social partners, we can exert some influence on a number of these issues, specifically solidarity and insurability. Through our business, we can play a considerable role in innovating to tackle others, such as greying populations. This issue was the topic of a newly introduced series of debates. Participants were more than 20 talented personnel from the whole organisation but without specific expertise in this field. The aim was to see the issue from a different perspective. Two innovative ideas – we cannot say more for competitive reasons - emerged from these debates which are now being developed.

In-company investment

We are increasingly integrating corporate social responsibility thinking into our business planning and processes. This is a step-by-step approach to identifying socially-responsible concepts already present in our culture and mindset and embedding them into the mainstream. Top of mind here is continually testing our business practices against questions such as: do we really put our customers' interest at the heart of all our products and services? What are our criteria for doing business with counterparties and third-party suppliers? How do we manage the funds that our customers have entrusted to us? How transparent are we in our communication to our stakeholders on these matters? And what are we really doing to embed sustainability into our business environment – how are we using water, paper, transport?

Community investment

Community investment is another area of particular concern for Eureko. This is investment and activities in the community that are outside specific business activities and which are undertaken because of a commitment to social involvement. This usually takes the form of sponsoring and facilitating voluntary work by employees. In 2007, we also made available 25 internships to young people from disadvantaged groups in order to stimulate participation in the labour market. These internships are offered to young immigrants and the chronically ill. We will expand this programme by offering 15 refugees positions within Achmea. We also undertake business-related initiatives, such as the organisation of events aimed at reducing obesity in young people. The objective is always to create benefits for both the community *and* the company.

CORPORATE SOCIAL RESPONSIBILITY

PART OF THE COMMUNITY

One specific example of programmes is:
- Micro Insurance offers the very poorest people in emerging markets the opportunity to insure against risk. Insurance increases their economic opportunities and reduces vulnerability. As a cooperative insurer, Eureko aims to contribute actively in developing micro-insurance in the developing world. We are long-standing, active partners in MIAN (Micro Insurance Association Netherlands). Our people offer their knowhow and expertise on a voluntary basis to help set up micro-insurance cooperatives. Eureko Re acts as the re-insurer.

Sustainable investment is incorporated into Achmea's investment philosophy. It has been implemented through an overlay by F&C and Robeco on the worldwide equity portfolio. This approach involves starting a dialogue with companies to try to change the behaviour of management in areas like environment, ethics, community and work situation. This so-called engagement process can result in the exclusion of a company from the portfolio:
- if it is the end-producer of controversial products and is not;
- inclined to stop production;
- if the engagement with the company does not reach predefined goals over a three-year period. In this way an institutional investor can find a responsible balance between its social responsibility and its financial responsibility to stakeholders;
- At local level, most of our operating companies have specific programmes.

Eureko Achmea Foundation

The Foundation is funded through the allocation of 0.5% of the Group's net profits. It is administered by an independent body which evaluates applications for funding, and approves payments accordingly. At year-end 2007, € 5.5 million had been disbursed to projects proposed by all operating companies. There are two primary destinations – projects in countries where we work and emerging markets. In the wake of the forest fire disaster in Greece in 2007, Interamerican Greece and the Eureko Achmea Foundation arranged €250,000 in aid. The donation was received within 24 hours. In Nigeria and other African countries, a six-year project is underway to create affordable health insurance.

Achmea publishes a corporate social responsibility report every year. It is available digitally and can be reviewed on or downloaded from *www.achmea.nl*. In 2007, the Ministry of Economic Affairs' transparency benchmark for social reporting ranked the 2006 report in the top 10; around 170 reports were evaluated.

Innovations

Eureko established an internal ethics committee in 2007 that is chaired by CEO Maarten Dijkshoorn. In addition, as we further embed social responsibility into the mainstream of our business processes and planning, a network of CSR-ambassadors recruited from our personnel was set up to increase awareness internally.
In 2007, our Interamerican Greece operating company became a co-signatory to the United Nations Environment Programme (UNEP) Finance Initiative, a global partnership between UNEP and the financial sector. Over 160 institutions, including banks, insurers and fund managers, work with UNEP to understand and reduce the impacts their business on society and the environment. Achmea was among the founding financial institutions in the late 1990s. Both Achmea and Interamerican Greece worked on the pioneering UNEP FI publication: 'Insuring for Sustainability: Why and how the leaders are doing it'.

Because everything you value is vulnerable

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FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET (BEFORE APPROPRIATION OF PROFIT)

(€ MILLION)

	NOTES	31 DECEMBER 2007	31 DECEMBER 2006
Assets			
Intangible assets	5	2,296	1,893
Investments in associated companies and participating interests	6	3,334	2,679
Investment property	7	1,600	1,648
Investments	8	35,394	34,409
Investments backing linked liabilities	9	21,122	20,416
Banking credit portfolio	10	18,035	17,272
Deferred tax assets	11	469	759
Deferred acquisition costs	12	542	517
Income tax receivable		21	19
Amounts ceded to re-insurers	13	1,191	898
Receivables	14	4,932	4,308
Other assets	15	1,062	964
Investments related to cash collateral received in securities lending	16	9,201	
Cash and cash equivalents	17	845	666
		100,044	**86,448**
Assets classified as 'held for sale'	3	445	
Total assets		**100,489**	**86,448**
Equity attributable to holders of equity instruments	18	10,373	9,630
Minority interest	19	2	2
Total equity		**10,375**	**9,632**
Liabilities			
Insurance liabilities	20	34,153	34,558
Insurance liabilities for policyholders	21	17,696	16,558
Investment contracts	22	3,278	3,657
Employee benefits	23	2,163	2,054
Other provisions	24	286	260
Banking customer accounts	25	4,916	4,721
Loans and borrowings	26	13,676	10,531
Derivatives	27	371	398
Deferred tax liabilities	28	454	757
Income tax payable		300	689
Liabilities related to cash collateral received in securities lending	29	9,216	
Other liabilities	30	3,170	2,633
		89,679	**76,816**
Liabilities classified as 'held for sale'	3	435	
Total liabilities and Total equity		**100,489**	**86,448**

FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

(€ MILLION)

	NOTES	2007	2006
Income			
Gross written premiums Life	33	4,417	4,464
Gross written premiums Non-Life	34	2,915	2,684
Gross written premiums Health	35	7,521	7,154
Gross written premiums		**14,853**	**14,302**
Re-insurance premiums		-1,031	-965
Change in provision for unearned premiums (net)		-73	-43
Net earned premiums		**13,749**	**13,294**
Contribution received for health pooling		-91	92
Income from associated companies and participating interests	36	405	326
Investment income	37	1,428	1,414
Realised and unrealised gains and losses	38	-37	494
Income from investments backing linked liabilities	39	453	1,409
Banking income	40	939	818
Fee and commission income, and income from service contracts	41	643	630
Income from investments related to cash collateral received in securities lending	42	285	
Other income	43	179	217
Total income		**17,953**	**18,694**
Expenses			
Claims and movements in insurance liabilities	44	12,315	12,693
Claims and movements in insurance liabilities ceded to re-insurers	44	-911	-800
Profit sharing and bonuses	45	87	436
Movements in insurance liabilities for policyholders		1,208	921
Benefits on investment contracts	46	-145	319
Operating expenses	47	3,072	2,896
Banking expenses	48	668	555
Interest and similar expenses	49	68	82
Interest expenses from liabilities related to cash collateral received in securities lending	50	269	
Other expenses	51	281	377
Total expenses		**16,912**	**17,479**
Profit before tax and discontinued operations		**1,041**	**1,215**
Income tax expenses	52	62	230
Profit after tax before discontinued operations		**979**	**985**
Discontinued operations (net of tax)	3		
Net profit		**979**	**985**
Attributable to:			
Holders of equity instruments		979	985
Earnings per share from continuing operations (euro) and diluted earnings per share from continuing operations (euro)	53	2.92	2.92

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

(€ MILLION)

2007	SHARE CAPITAL	OWN SHARES	LEGAL RESERVES	REVALUATION RESERVE	RETAINED EARNINGS	NET FOREIGN EXCHANGE DIFFERENCE	PROFIT FOR THE YEAR	HEDGING RESERVES	OTHER EQUITY INSTRU-MENTS	EQUITY ATTRIBU-TABLE TO HOLDERS OF EQUITY INSTRU-MENTS	MINORITY INTEREST	TOTAL EQUITY
Balance at 1 January 2007	10,178	-285	808	1,190	-4,297	-29	985	-4	1,084	9,630	2	9,632
Currency translation differences not recognised in the Income Statement						-84				-84		-84
Net revaluation on property for own use				22						22		22
Net unrealised gains/(losses) on available for sale investments				-839		28				-811		-811
Transfer to provision for profit sharing and bonuses				623						623		623
Net gains/(losses) on available for sale investments re-classified to the Income Statement on disposal				-145						-145		-145
Net unrealised gains/(losses) on cash flow hedging instruments								18		18		18
Total gains and losses recognised directly in equity (net of taxes)				**-339**		**-56**		**18**		**-377**		**-377**
Net profit							979			979		979
Total profit				**-339**		**-56**	**979**	**18**		**602**		**602**
Appropriations to reserves			418	10	557		-985					
Dividends and coupon payments to holders of equity instruments					-395					-395		-395
Issue, re-purchase and sale from/to holders of equity instruments	220	240								460		460
Other movements			1	5	70					76		76
Balance at 31 December 2007	**10,398**	**-45**	**1,227**	**866**	**-4,065**	**-85**	**979**	**14**	**1,084**	**10,373**	**2**	**10,375**

Share capital includes € 10,051 million share premium (2006: € 9,834 million).
For more detailed information, see Notes 18 and 19.

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

(€ MILLION)

2006	SHARE CAPITAL	OWN SHARES	LEGAL RESERVES	REVALUATION RESERVE	RETAINED EARNINGS	NET FOREIGN EXCHANGE DIFFERENCE	PROFIT FOR THE YEAR	HEDGING RESERVES	OTHER EQUITY INSTRU-MENTS	EQUITY ATTRIBU-TABLE TO HOLDERS OF EQUITY INSTRU-MENTS	MINORITY INTEREST	TOTAL EQUITY
Balance at 1 January 2006	10,092	-127	1,042	752	-4,514	75	706		496	8,522	3	8,525
Currency translation differences not recognised in the Income Statement						-78				-78		-78
Net revaluation on property for own use				5						5		5
Net unrealised gains/(losses) on available for sale investments				-211		-26				-237		-237
Transfer to provision for profit sharing and bonuses				686						686		686
Net gains/(losses) on available for sale investments re-classified to the Income Statement on disposal				-202						-202		-202
Net unrealised gains/(losses) on cash flow hedging instruments								-4		-4		-4
Total gains and losses recognised directly in equity (net of taxes)				**278**		**-104**		**-4**		**170**		**170**
Net profit							985			985		985
Total profit				**278**		**-104**	**985**	**-4**		**1,155**		**1,155**
Appropriations to reserves			-234	112	828		-706					
Dividends and coupon payments to holders of equity instruments					-607					-607		-607
Issue, re-purchase and sale from/to equity instruments	86	-158							588	516		516
Other movements				48	-4					44	-1	43
Balance at 31 December 2006	**10,178**	**-285**	**808**	**1,190**	**-4,297**	**-29**	**985**	**-4**	**1,084**	**9,630**	**2**	**9,632**

FINANCIAL STATEMENTS

CONSOLIDATED CASH FLOW STATEMENT

(€ MILLION)

	2007	2006
Cash flow from operating activities		
Profit before tax and discontinued operations	1,041	1,215
Adjustments:		
– Unrealised results on investments	350	-346
– Foreign exchange difference	226	215
– Impairment and amortisation	331	391
– Dividend income	-259	-170
– Interest income	-2,175	-2,056
– Interest expenses	734	635
Changes in operating assets and liabilities:		
– Capitalised deferred acquisition cost	-86	-127
– Changes in receivables and short-term debts	96	-1,414
– Changes in insurance liabilities	-321	1,389
– Changes in credit portfolio related to banking activities	-889	-74
– Changes in customer accounts, debt securities	2,704	395
– Other changes	-1,493	-786
Income taxes paid	-266	-9
Changes in income tax	-233	51
	-240	**-691**
Cash flow from investing activities		
Investments and acquisitions:		
– Group companies, associated companies and participating interests	-1,300	-115
– Other investments	-7,884	-5,658
– Equipment	-153	-120
– Investment property and equity	-6,430	-6,839
– Fixed-income securities	-25,858	-33,782
– Dividends received	259	306
– Interest received	1,965	1,893
	-39,401	**-44,315**
Disinvestments and disposals:		
– Group companies, associated companies and participating interests	124	229
– Other investments	7,947	5,270
– Equipment and property for own use	74	14
– Investment property and equity	6,441	6,530
– Fixed-income securities	25,012	33,932
	39,598	**45,975**

FINANCIAL STATEMENTS

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(€ MILLION)

	2007	2006
Cash flow related to cash collateral in securities lending		
Investments and acquisitions:		
– Cash collateral received in securities lending	30,880	
– Investments related to cash collateral received in securities lending	-30,880	
	0	
Disinvestments and disposals:		
– Repayment of cash collateral received in securities lending	-21,664	
– Investments related to cash collateral received in securities lending	21,679	
	15	
Cash flow from financing activities		
Issue and sale of shares	677	178
Re-purchase of shares	-505	-250
Issue of other equity instruments		588
Dividends paid	-132	-607
Interest paid	-654	-635
Other credit facilities	609	-337
	-5	**-1,063**
Net cash flow	**-33**	**-94**
Cash and cash equivalents at 1 January	597	531
Change in composition of the Group	99	160
Net cash and cash equivalents at 31 December	**663**	**597**
Cash and cash equivalents include the following items:		
Cash	12	48
Bank balances	542	277
Call deposits	291	341
Less: liability bank balances	182	69
Net cash and cash equivalents at 31 December	**663**	**597**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

A INTRODUCTION

The Eureko Consolidated Financial Statements, including the 2006 comparative figures, have been prepared in accordance with the International Financial Reporting Standards - including International Accounting Standards (IAS) and Interpretations - as at 31 December 2007 and as adopted by the European Union (hereafter EU-IFRS).

In the Company Income Statement of Eureko B.V., use has been made of the exemption pursuant to Article 402 of Book 2, part 9 of the Netherlands Civil Code.

In certain cases, current presentation differs from the previous year presentation, especially as a result of the introduction of IFRS 7. This new Standard required the disclosure of new tables regarding risk management and financial instruments. Where applicable comparative figures have been restated in the relevant disclosure notes. These restatements do not have an effect on Total equity or Net profit.

As from 2007 amounts are noted in millions of euros without decimals. Comparative figures for 2006 have been rounded and may as a consequence show rounding differences in comparison with Eureko's 2006 Financial Statements.

All amounts in the Consolidated Financial Statements are in millions of euros unless stated otherwise.

A number of new Standards, amendments to Standards and Interpretations are published by the International Accounting Standard Board (IASB) in 2007 or previous years, but are not yet effective for the year ended 31 December 2007, and have not been applied in preparing these Consolidated Financial Statements. This regards:

IAS 1: Presentation of Financial Statements

The IASB has issued a new version of IAS 1. This Standard deals with the presentation of the Financial position. This Standard will have no impact on Net profit or Total equity of Eureko. The new IAS 1 is effective as of 1 January 2009. Eureko will not adopt this Standard earlier than the effective implementation date. This Standard is not yet adopted by the European Union.

IAS 23: Borrowing Costs

The IASB has issued a new version of IAS 23. In this Standard borrowing costs are required to be capitalised when appropriate and cannot be expensed when incurred. This revised standard is effective as of 1 January 2009. This Standard is not yet adopted by the European Union. This Standard will have a positive effect on Net profit of Eureko in the year borrowing costs incurred. This Standard will have no direct impact on Total equity of Eureko. However the borrowing costs will be amortised in future years.

IFRS 8: Operating Segments

IFRS 8 requires an entity to provide segment information based on the perspective of management. This Standard will have no impact on Net profit or Total equity of Eureko. IFRS 8 replaces IAS 14. This standard is effective as of 1 January 2009.

IFRIC 11: IFRS 2 – Group and Treasury Share Transactions

IFRIC 11 addresses two issues. The first is whether certain transactions should be accounted for as equity-settled or as cash-settled under the requirements of IFRS 2. The second issue concerns share-based payment arrangements that involve two or more entities within the same group. This Interpretation will become mandatory for the 2008 Eureko Consolidated Financial Statements. This Interpretation is expected to have no impact on Net profit or Total equity of Eureko.

IFRIC 12: Service Concession Arrangements

IFRIC 12 gives guidance on the accounting by operators for public-to-private service concession arrangements. This Interpretation is mainly related to infrastructure and possible accompanying services. This Interpretation is effective as of 1 July 2008. The Interpretation is not yet endorsed by the European Commission. This Interpretation is expected to have no impact on Net profit or Total equity of Eureko.

IFRIC 13: Customer Loyalty Programmes

IFRIC 13 addresses accounting when award credits are granted to customers. If Eureko would grant its customer any award credit it would have to recognise an appropriate provision in accordance with IAS 37. This Interpretation is effective as of 1 July 2008, but is not yet adopted by the European Union. Currently Eureko has no practice in granting award credits.

IFRIC 14: IAS 19 - The limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction

IFRIC 14 addresses how a minimum funding requirement within

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

defined benefit plans has to be accounted for. This Interpretation is effective as of 1 January 2008. This Interpretation is not yet adopted by the European Union. The issuance of this Interpretation is expected to have no impact on Net profit or Total equity of Eureko.

B CONSOLIDATION FRAMEWORK

Basis for consolidation

The following principles apply to the Financial Statements:

- Operating companies over which Eureko exercises a controlling influence are fully consolidated. Generally, controlling influence is presumed to exist when the interest in the company's share capital or voting rights (including potential voting rights) represents more than 50%. Third-party interests are presented in the Financial Statements as Minority interest within Total equity.
- Operating companies over which Eureko exercises significant influence are accounted for using the equity method, based on Eureko's accounting principles. Generally, significant influence is presumed to exist when the participation in share capital or voting rights (including potential voting rights) is between 20% and 50%. These operating companies are presented as associated companies within the balance sheet item Investments in associated companies and participating interests. Operating companies over which Eureko does not exercise significant influence, but have a similar strategic nature as associated companies, are accounted for in accordance with the accounting principles for financial assets classified as 'Available for sale'. These operating companies are presented as Participating interests within the balance sheet item Investments in associated companies and participating interests.
- Operating companies over which Eureko and other entities share joint control by means of contractual arrangements are considered to be joint ventures. Eureko accounts for joint ventures using the proportionate consolidation method.

Intergroup adjustments

Intergroup transactions, balances and results have been eliminated in the Eureko Consolidated Financial Statements.

Results from transactions with Associated companies are eliminated to the extent of Eureko's interest in the Associated company.

Discontinued operations

Discontinued operations are clearly distinguishable components of Eureko's business which are classified as 'Held for sale', that are abandoned or disposed of, and which represent a separate major line of business or geographical area of operations. These operations are presented separately.

Components of Eureko's business are classified as 'Held for sale' when it is highly probable that the carrying amount will be recovered principally through a sale transaction rather than continuing use.

A sale of an asset (or disposal group) is highly probable if:

- Eureko is committed to a plan to sell the asset (or disposal group) and has an active programme to locate the buyer;
- The asset is actively marketed for sale at a price that is reasonable in relation to its current fair value; and
- The sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Discontinued operations classified as 'Held for sale' are measured at the lower of their carrying amount and fair value less costs to sell.

C ACCOUNTING FRAMEWORK

All assets and liabilities are measured at fair value unless a different measurement basis is stated hereafter.

Recognition

Assets are recognised in the Financial Statements if it is probable that any future economic benefit associated with the specific item will flow to Eureko and the item can be reliably measured. Liabilities are recognised in the Financial Statements if it is probable that these liabilities result in an outflow of resources embodying future economic benefits and that these can be reliably measured.

Income is recognised in the Financial Statements when an increase in future economic benefits related to an increase in an asset or decrease of a liability has arisen that can be reliably measured and has sufficient degree of certainty. Expenses are recognised when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be reliably measured.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Revenue is measured at the fair value of the consideration received or receivable. Eureko uses the effective interest rate method as the basis for calculating interest on financial assets and liabilities with an interest or rental component.

Revenue for rendering services is recognised when the services are rendered. The work in progress is measured either at the stage of completion of the contract or the relative passing of time.

Derecognition

An asset is derecognised in the Financial Statements when the contractual rights to the asset's cash flows expire, when Eureko has transferred the asset and substantially all the risks and rewards of ownership, or when Eureko has transferred the asset without transfer or retaining of substantially all the risks and rewards of ownership, provided the other party can sell or pledge the asset. A transfer of an asset generally involves the transfer of the contractual right to receive cash flows of the asset. Assets, in respect of which Eureko has neither transferred nor retained all the risks and rewards, are recognised to the extent of Eureko's continuing involvement.

On derecognition the difference between the disposal proceeds and the carrying amount is recognised in the Income Statement as a realised gain or loss. Any cumulative unrealised gain or loss previously recognised in Total equity is transferred from Total equity to the Income Statement.

Eureko uses the average cost method when derecognising assets and liabilities.

Foreign currency differences

On consolidation, assets and liabilities of foreign subsidiaries, with functional currency other than the euro, are translated into euros at the exchange rates ruling at the balance sheet date. The results of non-euro subsidiaries are translated at the weighted average exchange rates for the year. Translation differences arising from the application of year-end exchange rates to the opening balance of the net assets of non-euro subsidiaries and to the results for the year are recognised in Total equity.

The net asset value of foreign Associated companies, with functional currency other than the euro, is translated into euros at the exchange rates ruling at the balance sheet date. The results of non-euro associated companies are translated at the weighted average exchange rate for the year. Translation differences arising from the application of year-end exchange rates to the opening net asset value of non-euro associated companies and to the results for the year are recognised in Total equity.

Income and expenses arising from foreign exchange transactions are translated at the rates applicable on the transaction date.

Impairment

In general, an impairment of assets exists when the carrying amount of an asset exceeds its recoverable amount. Eureko assesses at each reporting date whether there is an indication that an asset could be impaired and whether it is necessary to recognise an impairment loss.

Impairments on investments are recognised as Realised and unrealised gains and losses in the Income Statement. Impairments on other assets are recognised as Other expenses in the Income Statement. Impairments on investments and other assets that are carried at a revalued amount are treated as a revaluation decrease to the amount of the revaluation reserve, any excess being charged as Realised and unrealised gains and losses or Other expenses.

For assets classified as 'At fair value through income statement', Eureko does not recognise impairment losses, because all changes in the fair value are recognised in the Income Statement.

Impairment losses recognised for an asset in prior years is reversed if, and only if, the reversal can be objectively attributed to the disappearance or removal of the impairment event since the impairment loss was recognised. If this is the case, the carrying amount of the asset shall be increased to its recoverable amount. An increase in the carrying amount due to the reversal of the impairment loss will not exceed the carrying amount if no impairment loss would have been recognised in prior years. The increase is a reversal of an impairment loss and is recognised in the Income Statement.

For goodwill, financial assets classified as 'Available for sale' and 'Property for own use', the impairment process is as stated under Intangible assets, Investments and Other assets respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Estimates and assumptions

For the preparation of the Eureko Consolidated Financial Statements estimates and assumptions are used. The use of those estimates and assumptions is in conformity with EU-IFRS. A more elaborate description is presented in section G of this disclosure note and if relevant in the other disclosure notes of the Eureko Consolidated Financial Statements.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and reported at the net amount in the Financial Statements when Eureko:
- Has a legally enforceable right to set off the recognised amounts, and
- Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial leases

Financial leases (lessor) are presented in the Financial Statements as either Banking credit portfolio or Receivables at an amount equal to the net investment in the lease. Lease rentals are apportioned between the financial income and the amortisation of the outstanding capital. The recognition of financial income reflects a constant periodic rate of return on the outstanding balance of the financial lease.

D SEGMENT REPORTING

Segment information is presented in respect of Eureko's business and geographical segments. Business segments constitute the primary format. The presentation distinguishes between the following activities:
- Life Insurance;
- Non-Life Insurance;
- Health;
- Banking; and
- Other activities.

Other activities mainly consist of Intangible assets, Investments in associated companies and participating interests, Group Treasury, Group HR and Asset and Pension fund management. Segment results, assets and liabilities include items directly attributable to a segment. Unallocated items mainly comprise income-earning assets and revenues, interest-bearing loans, borrowings and expenses, and corporate assets.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical activities of operating companies.

Intergroup adjustments between segments are presented in a separate column. The reporting of the segments is based on the accounting principles as described in this section of the Financial Statements.

E BALANCE SHEET ITEMS

Intangible assets

Goodwill

Goodwill arising on an acquisition (business combination) represents the excess of the cost of the acquisition over the fair value of the net identifiable assets (including separately identified intangible assets), liabilities and contingent liabilities acquired at acquisition date. Goodwill is stated at cost less accumulated impairment losses.

Negative goodwill arising on an acquisition represents the excess of the fair value of the net identifiable assets, liabilities and contingent liabilities acquired over the cost of acquisition. The aforementioned excess is a result of a re-assessment with respect to identification and measurement of the acquired identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the acquired company at acquisition date. Any negative goodwill remaining after that re-assessment is recognised immediately in the Income Statement.

The recognised goodwill is subject to an annually applied impairment test. Any excess of the carrying amount over its recoverable amount will be recognised as an impairment loss for goodwill. The test is performed at a fixed moment within the year, and more frequently if triggering events occur.
An impairment loss recognised for goodwill will not be reversed in a subsequent period.

Internally developed software

Internally developed software is capitalised if the following criteria are met:
- Internally developed software is clearly defined and the costs attributable can be separately identified;
- The technical feasibility can be demonstrated;
- The management has indicated its intention to develop and market, or use, the product or process; and

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

– There is a clear indication of a future market for the product or process, or its usefulness can be demonstrated.

Capitalised internally developed software is amortised over a maximum useful life of five years (or up to ten years when related to base system software).

Brand name

When Eureko enters into a business combination it recognises brand names as an intangible asset. The initial value of this intangible asset is based on the application of the 'relief of royalty method', with the use of market observable variables and management expectations. The valuation techniques used are commonly applied.

Based on management expectations Eureko assesses whether the useful life is either finite or indefinite. When the useful life is finite, an amortisation expense is recognised. Eureko will decide on a case-by-case basis the appropriate useful life with a maximum of 20 years. The amortisation policy is linear unless a different method is more appropriate. When the useful life is indefinite, an annual impairment test is performed to assess the recoverability of the carrying amount.

Value of business acquired

Eureko recognises the value of business acquired (VOBA) as part of the acquisition of a portfolio of (insurance) contracts.

VOBA is equal to the present value of estimated future profits of insurance policies 'in force' related to business acquired at the time of the acquisition or business combination. The VOBA is amortised over the period of the remaining life and subject to loss recognition testing.

Distribution networks

When Eureko enters into a business combination it recognises distribution networks as an intangible asset. The initial value of this intangible asset is based on the application of 'multi-period excess earnings method', with the use of market observable variables and management expectations. The valuation techniques used are commonly applied.

Based on management expectations, Eureko assesses on a case-by-case basis the appropriate useful life generally not exceeding 20 years. The amortisation policy is linear unless a different method is more appropriate.

Other intangible assets finite

Other intangible assets that are acquired by Eureko are stated at cost less accumulated amortisation and impairment losses.

Based on management expectations Eureko assesses whether the useful life is either finite or indefinite. When the useful life is finite an amortisation expense is recognised. Eureko will decide on a case-by-case basis the appropriate useful life generally not exceeding 20 years. The amortisation policy is linear unless a different method is more appropriate. When the useful life is indefinite an annual impairment test is performed to assess the recoverability of the carrying amount.

Internally developed intangible assets

Expenditures on internally generated goodwill, brands and research costs are recognised in the Income Statement as an expense.

Subsequent expenditures

Subsequent expenditures on capitalised intangible assets are capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognised as an expense in the Income Statement.

Amortisation charges

The amortisation charge on intangible assets is recognised under 'Other expenses'. Intangible assets are amortised from the date they are available for use.

Investments

Fair value measurement of investments

The fair value measurement of investments is based on a fair value hierarchy:

– The quoted price in an active market (bid price at trade date);
– If no market for a financial instrument exists or if the market is not active, Eureko establishes the fair value by using valuation techniques. These include recent at arm's length market transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same and discounted cash flow analysis. Recent transactions are used to calibrate the valuation models used; and
– If the above mentioned measurement cannot generate a reliable fair value, it is assumed that the best estimation of the fair value is the original cost of the investment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Classification of investments

Investments classified as 'Available for sale'

The classification 'Available for sale' is used for all Eureko investments that back 'insurance liabilities which are not measured at fair value' or Total equity.

These investments are measured at fair value. Unrealised fair value changes are transferred to a separate component of Total equity net of deferred taxes. For investments in fixed-income securities related to insurance liabilities of which the cash flows are based on locked assumptions within the Dutch life insurance business the unrealised fair value changes are subsequently transferred through Total equity to 'Profit sharing and bonuses' as part of the Insurance liabilities. This transfer is halted whenever the provision for profit sharing and bonuses is negative. The negative amount retained in Total equity may not exceed the difference between the original cost price of the fixed-income securities and the fair value of these fixed-income securities at the reporting date. Any amount exceeding this limit will be recognised in the Income Statement. Any amounts released following this procedure can be reversed through the Income Statement when the fair value of the fixed-income securities subsequently increases. When the reversal is complete, the transfer to 'Profit sharing and bonuses' is resumed. Realised fair value changes are transferred to the Income Statement.

Foreign currency results on fixed-income investments are transferred to the Income Statement. Unrealised foreign currency results on equity instruments are transferred to the Net foreign exchange differences within Total equity.

Interest income is determined by using the effective interest rate method. When optional dividends are taken up as shares, an amount equal to the cash dividend is credited to income.

When a decline in the fair value of an 'Available for sale' financial asset has been recognised directly in Total equity and there is objective evidence that the asset is impaired, the cumulative net loss that has been recognised shall be transferred from Total equity to the Income Statement for the period.

Impairment losses on fixed-income securities will be reversed through the Income Statement; impairment losses on equity instruments will be reversed through the Revaluation reserve, part of Total equity.

Investments classified as 'At fair value through income statement'

The classification 'At fair value through income statement' is used for investments of Eureko that are either designated at initial recognition to be measured at fair value with changes in fair value transferred to the Income Statement regardless of Eureko's intentions, or as 'Held for trading'.

Interest income is determined using the effective interest rate method. When optional dividends are taken up as shares, an amount equal to the cash dividend is credited to income.

Investments classified as 'Loans and receivables'

The classification 'Loans and receivables' is used for all investments of Eureko that are backing financial liabilities measured at amortised cost and for mortgages which are directly linked to insurance liabilities not measured at fair value or market based interest. These investments are stated at amortised cost, less any allowance for uncollectability. Eureko uses the effective interest rate method when recognising interest income. Foreign currency differences are transferred directly to the Income Statement.

Derivatives

Eureko uses derivatives (e.g. interest rate swaps and forward exchange contracts) to manage its exposure to foreign exchange rates, interest rates, and commodity price risks arising from operating, investing and/or financing activities. Derivatives are classified as 'At fair value through income statement'.

Derivatives in financial instruments are separated if they are not closely related to the host instrument. These derivatives are disclosed and measured separately.

A convertible bond is separated into a bond part classified as 'Available for sale' and an equity conversion option classified as a derivative. The bond part is measured according to the valuation of a similar bond with the same characteristics. The fair value of interest rate swaps is the estimated amount that would be received or paid to terminate the swap at balance sheet date, taking into account current interest rates and creditworthiness of the swap counter parties.

Depending on their value derivatives are either presented as Other financial investments (assets) or as Derivatives (liabilities).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For certain portfolios Eureko applies hedge accounting to mitigate the effects of changes of the carrying amount of investments due to changes in the spot rates of foreign currencies and interest rates. See also Hedge accounting (section H).

Venture capital investments

Venture capital investments which are part of an investment portfolio as administered by asset managers are classified, in accordance with the framework as described above either 'At fair value through income statement' or 'Available for sale' depending on the measurement basis of the insurance liabilities. Venture capital investments which are made through the use of a Venture capital organisation, which are not considered to be a subsidiary are classified as 'At fair value through income statement'.

Investment property

Investments in real estate are measured at fair value. The fair value is based on current prices in an active market for similar properties in the same location and condition or on commonly used valuation models. All fair value changes are recognised in the Income Statement.
Rental income from 'Investment property' is recognised in the Income Statement under 'Investment income'. Rental income is calculated using the effective interest rate methodology.

Investments backing linked liabilities

Investments backing linked liabilities are investments where the policyholder bears the investment risk or which back the 'Investment contracts'. These investments comprise segregated investment contracts, deposits for group life contracts with full profit sharing, unit-linked life insurance policies, investment contracts and investments covering obligations under policies where the benefits are index-linked. These investments are classified as 'At fair value through income statement'.

Accounting for agreements to re-purchase or re-sell securities

Securities purchased under re-sale agreements are not shown separately in the Consolidated Balance Sheet, but are included within Investments or Banking credit portfolio as loans and advances. The receivables are shown as collaterised by the underlying security. Securities sold under re-purchase agreements are measured in accordance with the accounting policy for either assets 'At fair value through income statement' or 'Available for sale' as appropriate. The proceeds from the sale of the investments are reported as liabilities.

The difference between the sale and re-purchase considerations is recognised on an accrual basis over the period of the transaction and is included in interest.

Accounting for securities borrowing and lending

Investments lent under securities lending arrangements continue to be recognised in the Consolidated Balance Sheet and are measured in accordance with the accounting policy for assets 'At fair value through income statement' or 'Available for sale' as appropriate.

Allocation of investment income to the non-technical account

All investment income and expenses are included in the technical account, of which part is allocated to non-technical account, based on the level of the insurance liabilities and allocated capital.

Banking credit portfolio

The banking assets consist of loans and advances to customers and loans and advances to credit institutions. These assets are either measured at amortised cost and classified as 'Loans and receivables' or measured at fair value and classified as 'At fair value through income statement'. Foreign currency results are recognised in the Income Statement.

The amortised cost of the Banking credit portfolio is adjusted by an allowance account to reflect identified incurred losses within the portfolio and incurred but not yet reported losses within the portfolio.
Eureko applies hedge accounting for its banking and treasury operations. See also Hedge accounting (section H).

Deferred acquisition costs

Acquisition costs are expenses of insurance companies, which are incurred in connection with the acquisition of new insurance policies or the renewal of existing policies (including investment contracts). They include commissions paid and expenses for processing of proposals.

Acquisition expenses that are directly or indirectly related to the selling of insurance contracts (or investment contracts), that are not measured at fair value, are deferred to the extent that they are deemed recoverable from future revenues. Deferred acquisition costs are subject to recoverability testing at the time of policy issue and included in the liability adequacy test of insurance liabilities at the end of each reporting period. Eureko does not consider anticipated investment income in the determination of the recoverability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Any unrecoverability as a result of loss recognition testing leads to a subsequent impairment loss. The impairment loss is included in the operating expenses of the technical account as an additional amortisation charge.

Deferred acquisition costs are amortised over the lifetime of the insurance contracts.

Amounts ceded to re-insurers

Re-insurance premiums ceded and re-insurance recoveries on benefits and claims incurred are deducted from the respective income and expense accounts. Prepaid re-insurance premium represents the ceded portion of unearned premiums. Amounts recoverable from re-insurance are estimated in a manner consistent with the claim liability associated with the re-insured risk. Eureko adjusts these amounts with the credit risk characteristics associated with the re-insurer. Accordingly, revenues and expenses related to re-insurance agreements are recognised consistently with the underlying risk of the business re-insured.

Receivables

Receivables are measured at fair value, equalling the nominal value of the receivables less any allowance for uncollectability.

Other assets

Equipment

Equipment is measured at cost (including borrowing costs incurred) less accumulated amortisation and impairment losses. If equipment comprises major components having different useful lives, they are accounted for as separate items.

Expenditure incurred to replace a component of an item of equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalised. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the equipment. All other expenditure is recognised in the Income Statement as an expense when incurred.

The depreciation method and useful life of equipment is reviewed periodically and altered if circumstances or expectations have changed significantly. Any change is accounted for as a change in accounting estimate by changing the amortisation charge for the current and future periods.

Amortisation is charged to the Income Statement on a linear basis over the estimated useful lives of items of equipment and major components that are accounted for separately. The estimated useful lives are: equipment (three - six years), fixtures and fittings (five - ten years) and major components (three - five years).

Property for own use

Property for own use is measured at the revalued amount, being its fair value (including borrowing costs) at the date of the revaluation less any subsequent accumulated amortisation and subsequent accumulated impairment losses. Changes in the carrying amount resulting from revaluations of the property are recorded in Total equity net of deferred taxes.

Property that is being constructed or developed for future use as Investment property is classified as Property in development and stated at cost until construction or development is complete, at which moment it is re-classified to Investment property.

Subsequent expenditures are capitalised only when it increases the future economic benefits embodied in the item of property. All other expenditures are recognised in the Income Statement as an expense.

If an item of property comprises major components having different useful lives, they are accounted for as separate items.

Amortisation is charged to the Income Statement on a linear basis over the estimated useful economic lives of items of property and the major components separately accounted for. Land is not amortised. For each building the useful economic life is determined separately with a maximum of 50 years. The amortisation method and useful economic life of items of property are reviewed periodically and altered if circumstances or expectations have changed significantly.

When an item of Property for own use is revalued, the depreciation charge is eliminated against the gross carrying amount of that item of Property for own use.

If the carrying amount is increased as a result of a revaluation, the increase will be credited to Total equity. However, the increase is recognised in the Income Statement to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Income Statement. If the carrying amount is decreased as a result of a revaluation, the decrease is recognised in the

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Income Statement. However, the decrease shall be debited to Total equity to the extent of any credit balance existing in the revaluation reserve in respect of that asset.

Impairment of Property for own use is treated as a revaluation decrease, a reversal of impairment loss is treated as a revaluation increase.

Investments related to cash collateral received in securities lending

Investments related to cash collateral received in securities lending are directly related to invested collateral under securities lending programs. The investments are not at free disposal of Eureko. The investments can only be used to repay the collateral provided by the borrower regarding the securities lending transaction. The repayment obligation with respect to the collateral provided is included in the balance sheet as Liabilities related to cash collateral received in securities lending. These investments are measured at fair value. Unrealised fair value changes are, net of taxes, transferred to the revaluation reserve (part of Total equity), unless defaults in the investment funds occur which will be treated as an impairment loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. For the purpose of the Consolidated Cash Flow Statement, bank overdrafts that are repayable on demand and form an integral part of Eureko's cash management are included as a component of Cash and cash equivalents.

Total equity

Parent company (treasury) shares are accounted for by a reduction of Total equity at the moment of purchase by Eureko or its Operating Companies on the basis of the fair value calculation of Eureko, which corresponds to an approximate market value in accordance with the valuation arrived at by an independent expert. Any results upon the subsequent sale of such treasury shares are directly recognised within Total equity. Any minority interest related to subsidiaries of Eureko are presented as a separate component within Total equity and are equal to the minority interest share in the subsidiary's equity.

Insurance liabilities

General measurement principles

Gross written premiums for Life insurance contracts are generally recognised as premium income when due. Premiums for Non-Life insurance contracts are generally recognised in proportion to the amount of insurance coverage provided.

Included in premiums is a loading for expenses. When the premiums are actually received or become receivable, the loadings emerge and are included in Insurance liabilities and subsequently released in future periods to offset actual expenses, including operating expenses, non-deferrable acquisition expenses and amortisation of the deferred acquisition costs.

When premiums are recognised, liabilities for future contract benefits are recorded, resulting in benefits and expenses being matched with the revenues and profits being recognised over the lifetime of the contracts. The assumptions used in the calculation of the provisions are conservative based on the prudency guidelines of the supervisory authorities and/or contractually agreed. Most variables used in the models for the insurance liabilities are based on objective external published data or when not available sufficient internal data.

In case Eureko has a participation in underwriting pools, co-insurance or guarantee fund agreements an amount equal to the proportionate share in these agreements is recognised under the according liability. The information used is received from the administrators of these agreements.

Options, guarantees and other derivatives embedded in an insurance contract that do not bear any insurance risk and that are not clearly and closely related to the host insurance contract are separately recognised as a derivative. Options and guarantees that are closely related to the insurance contract are included in the measurement of Insurance liabilities.

At least at the balance sheet date, Eureko tests the adequacy of the recognised insurance liabilities and related assets. The Liability Adequacy Test applies to value-in-force/value of business acquired, deferred acquisition costs and insurance liabilities. The test considers current estimates of all contractual cash flows of the insurance liabilities including expected cost for claim handling expenses and guarantees/embedded options. If the test shows that the insurance liabilities are inadequate, Eureko will recognise an impairment loss by first

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reducing any recognised value-in-force/value of business acquired. Any remaining deficit is either compensated by reductions of deferred acquisition costs or by adding to the Provision for premium deficiency or unexpired risk.

Provisions for life policy liabilities

Insurance liabilities for traditional life insurance contracts are established by the net-level premium method, and based on the actuarial and economic assumptions used in pricing the contracts. The assumptions on which the calculations are based vary, particularly with regard to mortality, morbidity and interest rates. These assumptions are initially based on best estimates of future experience at policy inception date, in some cases taking into account a margin for the risk of adverse deviation. The assumptions used are regularly reviewed, compared to actual experience and, if necessary, depending on the type of products, updated. The Provision for unearned premiums, Provision for premium deficiency and unexpired risks and Provision for outstanding claims are included to the extent that these relate to the life insurance business.

Mortality and morbidity rate assumptions are based on current tables used in the industry, which are adjusted to reflect Eureko's own experience and to allow for the trend in mortality risk over the coming years. Persistency assumptions are based on historical experience.

Based on the matching characteristics between (financial) assets and the life policy liabilities and the specific nature of the portfolios, profit sharing features and embedded options, different accounting principles are used to measure the life policy liabilities.

- Insurance liabilities measured at fair value. All assumptions used are based on actual assumptions and current market interest rates. Fair value changes are recognised in the Income Statement. The related financial investments are classified as 'At fair value through income statement'.
- Insurance liabilities of which the cash flows are discounted using market based interest rates. The related financial investments are classified as 'At fair value through income statement'.
- Insurance liabilities of which the cash flows are based on locked assumptions are discounted at either the lowest of actual interest rates or fixed discount rate (3% or 4% depending on their starting date). The fair value changes of related interest sensitive financial instruments, classified as 'Available for sale', are transferred through Total equity to 'Profit sharing and bonuses'. The minimum amount of this provision should be at least the difference between the values of the life policy liabilities discounted at market based interest rate and the fixed discount rate. The value of this provision may not be negative.
- Insurance liabilities of which the cash flows are directly influenced by profit sharing features are adjusted through the application of EU-IFRS shadow accounting. Unrealised fair value changes of investments (classified as 'Available for sale') backing these insurance liabilities are transferred to Total equity. The related change in the value of the insurance liabilities is also transferred to Total equity.

Deferred interest surplus rebates

The deferred interest surplus rebates in the Dutch life insurance industry are netted with the Provision for life policy liabilities of which the cash flows are based on locked assumptions and which are discounted at a fixed discount rate. These rebates are granted in any year on regular or single premiums for pension and life insurance, which are based on the expectation that actual investment yields will exceed the discount rate applied in the pricing of the policies. The rebates are amortised over a ten year period on the basis of annually rising amounts, which is consistent with the manner in which the interest surplus is realised.

Profit sharing and bonuses (Life and Health)

An explicit provision is made for any profit share that the policyholder or beneficiary is entitled to. Vested rights that have not yet been credited to policyholder accounts are reported separately as Provision for profit sharing and bonuses. Other vested rights are included in the provision for life policy liabilities. The calculations of the provision depends on the extent to which policyholders benefit from any surpluses earned on insurance policies.

The provision includes amounts allocated under the relevant local statutory or contractual regulations to the accounts of the policyholders in the form of experience rates or participation in profits.

The provision also includes amounts arising from the valuation of certain fixed-income investments of Eureko at market value. Unrealised gains and losses in connection with the valuation of these investments are recognised in the insurance liabilities to the extent that the policyholder will participate in such gains and losses on the basis of statutory or contractual regulations when they are realised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Provisions for unearned premiums (Non-Life and Health)

Premiums written attributable to income of future years are accrued in unearned premiums. The provision for unearned premiums is determined in proportion to the duration of the contract.

Outstanding claims provision including Incurred but not reported claims (Non-Life and Health)

The outstanding claims provision relates to insurance claims that have not been settled at reporting date. These claims are determined either case-by-case or statistically. This provision includes also estimated amounts for incurred but not reported claims. In determining the provisions, reliable estimates of costs still to be incurred for claims handling are taken into account.

The outstanding claims provision is based on estimates of expected losses and unexpired risks for all lines of business. This takes into consideration management's judgement on the anticipated level of inflation, regulatory risks and trends in claims. Estimates of expected losses are developed using historical claims experience, actual versus estimated claims experience, other known trends and developments, and local regulatory requirements. No deductions are made for salvage, subrogations and other expected recoveries from third parties. These are accounted for under non-insurance assets acquired by exercising rights to recoveries, part of Other assets.

The outstanding claims provision is undiscounted except for disability insurance policies. For this type of insurance contracts the provision reflects the present value of the expected claims payments, calculated on the basis of a fixed interest rate (3%). Waiting periods are taken into account when determining the provision. The average term has been estimated taking into account the probability of rehabilitation.

For some risk exposures no adequate statistical data are available, such as environmental and asbestos claims and large-scale individual claims, because some aspects of these types of claims are still evolving. Provisions have been made for such claims following an analysis of the portfolio in which such risks occur.

Provisions for premium deficiency (Health)

The provision for premium deficiency is calculated individually for each insurance portfolio on the basis of estimates of future claims, costs, premium earned and proportionate investment income. For insurance policies covering a risk which increases during the term of the policy at premium rates independent of age, this risk is taken into account in determining the provision.

Insurance liabilities for policyholders

The insurance liabilities for annual life funds and insurance products where the policyholder bears the investment risk, are accounted for at the value of the associated investments.

The insurance liabilities for segregated investment deposits are generally calculated on the same basis as the provision for life policy liabilities.

Investment contracts

Investment contracts are contracts where insignificant transfer of insurance risk exists. These contracts are measured at fair value with changes through the Income Statement.

The fair value is the higher of the fair value of linked investments (if applicable), the surrender value (adjusted for surrender penalties) or the discounted maturity value (using risk free interest rates). This fair value is adjusted for directly related transaction costs, which are amortised up to the duration of the contracts.

Some specific investment contracts are measured at amortised cost, based primarily on local circumstances.

Employee benefits

Contributions payable to a defined contribution pension plan are recognised as an expense in the Income Statement when incurred.

The net obligation in respect of defined benefit pension plans is calculated separately for each defined benefit plan using the 'projected unit credit method'. In accordance with this method, the future benefits that employees have earned in return for their service in the current period and prior periods is estimated. The rates used for salary developments, interest discount factors, and other pension adjustments reflect the specific country conditions. The liability is then discounted to determine the present value, and the fair value of any qualifying plan assets is deducted.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the Income Statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the Income Statement.

The actuarial gains and losses related to the differences between the actuarial and financial assumptions used in the

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

calculations and the actual amounts obtained, are recognised following the 10%-corridor method.

Eureko's net obligation in respect of other long-term service benefits, other than pension plans, is the amount of future benefits that employees have earned in return for their service in the current period and prior periods. The obligation is calculated using the 'projected unit credit method' and is discounted to its present value and the fair value of any related assets is deducted.

The present value of defined benefit assets at the balance sheet date is recognised to the amount of the economic benefit that will be available to Eureko in the form of refund from the plan of reduction in future contributions.

Other provisions

Other provisions are recognised when a legal or constructive obligation, which can be reliably estimated, exists as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the provision is to be used over a period longer than a year, cash flows are discounted by using Eureko's benchmark curve.

A provision for restructuring is recognised when management has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced to the parties concerned. Costs relating to the ongoing activities of Eureko are not provided for.

The employees of Eureko are provided with an equity participation plan. This plan is classified as a cash settled share-based payment. The liability is measured at an estimation of the fair value.

Banking customer accounts / Loans and borrowings

Deposits and other funds entrusted are recognised under Banking customer accounts. These liabilities are measured at amortised cost.
Loans and borrowings include all loans from external parties to Eureko, financial lease liabilities and financial re-insurance liabilities. These are measured at amortised cost.
Fair value hedge accounting is applied to some loans when this is in accordance with the financial risk management policy. See also Hedge accounting (section H).
Some financial liabilities are measured at fair value when these liabilities are recognised due to the termination of insurance contracts and the future sale of related financial assets.

Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the Income Statement except to the extent that it relates to items recognised directly to equity, in which case it is recognised in Total equity. The taxation is based on valuation against nominal value.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Liabilities related to cash collateral received in securities lending

As there is an obligation to repay the cash received by the lending agent, Eureko recognises the cash collateral received from the borrowers as a financial liability.
These liabilities are measured at amortised cost. As no premiums or discounts are received on the collateral, the amortised cost equals the nominal value.

F CASH FLOW STATEMENT

The Cash Flow Statement has been set up according to the indirect method with a breakdown into cash flows from operating, investing and financing activities, and cash flows related to cash collateral in securities lending.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

G KEY ACCOUNTING ESTIMATES

For the measurement of certain balance sheet items Eureko uses assumptions. Many of the parameters are subject to uncertainty and the actual experience may differ from that assumed. Such variation may be material. This is clearly the case for assumptions on future interest rates, inflation and longevity, but also for assumptions based on legislation affecting claims on general insurance. To control this uncertainty Eureko monitors both liability levels and solvency levels closely. If future experience is expected to differ significantly from the assumptions made in the past, allowances will be made (e.g. longevity assumptions).

The assumptions used by Eureko are as much as possible derived from clearly observable market sources. For all other important assumptions Eureko uses scenario analysis or other assessments to determine the appropriate value of the assumptions. If possible Eureko uses historic data to benchmark the validity of the assumptions. After each reporting period Eureko back-tests all non-clearly observable assumptions.

The assumptions for pricing of new products and for the purpose of testing insurance liabilities are based on a combination of experience within Eureko and market benchmarks such as those supplied by the statistics department of the Dutch Association of Insurers and the Dutch Society of Actuaries (for example mortality tables) and similar bodies throughout Europe. If possible Eureko uses market observable variables and models / techniques which are commonly used in the sector.

When discounting cash flows Eureko uses the risk free interest rate as a benchmark curve. The benchmark curve used is the zero curve as derived from the risk free swap curve, supplied by Bloomberg. For accounting purposes Eureko uses the 'mid swap' of the last working day of each reporting date. Eureko uses similar curves for the Operating Companies which are outside the Euro zone.

H HEDGE ACCOUNTING

Eureko applies fair value hedge accounting for its banking and treasury operations and certain investment portfolios. For this fair value hedge accounting, Eureko recognises a fair value adjustment to reflect the changes in fair value of the hedged items attributable to the hedged risk. These changes are recognised in the Income Statement. Eureko assesses the effectiveness of the hedge relationship at each reporting date. Eureko discontinues the hedge relationship when the effectiveness is not between the 80% and 125% range or when the hedge is terminated or revoked. After discontinuance of the hedge relationship, Eureko starts amortising the related fair value adjustment over the remaining duration of the hedged item.

When Eureko applies cash flow hedge accounting, the fair value changes of the hedging instruments (derivatives) are recognised (effective part of the hedge relationship) in a seperate component of Total equity. Only the fair value changes related to the not-used part of the hedging instrument and ineffective part of the hedge relationship are recognised in the Income Statement. When the hedge relationship is discontinued, the cash flow reserve is only released to the Income Statement to the extent of the materialised risk, which was previously hedged (release is in the same period as the risk).

I FAIR VALUE

The following summarises the major methods (and assumptions used) in estimating the fair values of financial instruments reflected in the Eureko Consolidated Financial Statements when no quoted price in an active market is available.
The fair value for unlisted equity instruments is calculated using broker quoted averages or discounted dividend cash flow techniques using market observable variables if possible.
If this information does not exist and expectations are difficult to state by management, Eureko measures these equity instruments at their cost.

The fair value of Investment property is based on appraisals from independent surveyors. Their appraisals are based upon agreed procedures within their industry. Techniques used are discounted cash flow techniques with adjustments based on comparable investment properties.

The fair value for fixed-income securities is based on quoted market prices. If not available, a discounted cash flow model is used based on a current yield curve appropriate for the remaining term to maturity.

The estimated fair value for venture capital investments is based on the models as advised by the European Venture Capital Association. Venture capital investments are trans-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

ferred to Investments or Investments in associated companies at the moment when they are listed on an accepted stock exchange. When the models are inappropriate Eureko uses a discounted cash flow model based on a current yield curve appropriate for the credit risk and other risk characteristics of the investment.

The Banking credit portfolio is net of provisions for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value. The fair value of floating rate inter-bank placements and overnight deposits is their nominal amount. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and remaining maturity.

The fair value of investment contracts is the higher of the fair value of the financial assets linked to the investment contract, the surrender value (adjusted for any surrender penalties) and the discounted maturity value (against a risk-free interest rate). The fair value for non-linked investment contracts is the higher of the discounted maturity value using a risk-free interest rate or the surrender value (adjusted for surrender penalties).

The estimated fair value of deposits with no stated maturity, which includes non-interest bearing deposits, is the amount re-payable on demand. The estimated fair value of fixed interest-bearing deposits and other borrowings without a quoted market price is based on discounted cash flows using interest rates for new debts with similar remaining maturity.

The principal euro exchange rates are summarised in the following table:

		CLOSING RATES		AVERAGE RATES	
		2007	2006	2007	2006
Australian Dollar	AUD	1.6750	1.6660	1.6329	1.6655
Canadian Dollar	CAD	1.4420	1.5260	1.4665	1.4228
Danish Kronar	DKK	7.4580	7.4560	7.4505	7.4598
Japanese Yen	JPY	165.0000	156.7000	161.0755	145.8943
Polish Zloty	PLN	3.5800	3.8300	3.7807	3.8927
Pound Sterling	GBP	0.7333	0.6707	0.6835	0.6812
Slovak Koruna	SKK	33.5000	34.4000	33.7370	37.1732
Swedish Kronar	SEK	9.4150	9.0350	9.2426	9.2502
Swiss Franc	CHF	1.6550	1.6065	1.6424	1.5726
Turkish Lira	TRY	1.7150	1.8600	1.7831	1.8074
US Dollar	USD	1.4735	1.3186	1.3694	1.2553

2 SEGMENT REPORTING

Segment information is presented in respect of Eureko's business and geographical segments.

Business segments constitute the primary format. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise income-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses, associated companies, goodwill and intangible assets. Intersegment pricing is determined on an 'arm's length' basis.

For the secondary segment format, on the basis of geographical segments, segment revenue is based on the geographical location of customers. The geographical segments are defined by the home countries where the different operating companies sell their products:

- **Achmea:** the Netherlands, Belgium and Luxembourg.
- **Friends First:** Ireland.
- **Interamerican Greece:** Greece.
- **Eureko Sigorta:** Turkey.
- **Union:** Slovakia.
- **Other:** France, Cyprus, Bulgaria and Romania.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SEGMENT GROUP CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2007

(€ MILLION)

2007	LIFE INSURANCE	NON-LIFE INSURANCE	HEALTH	BANKING	OTHER ACTIVITIES	INTERSEGMENT ADJUSTMENTS	TOTAL 2007
Assets							
Intangible assets	409	309	128		1,450		2,296
Investments in associated companies and participating interests	131	6	7		3,318	-128	3,334
Investment property	1,520	23		2	55		1,600
Investments	27,249	4,458	4,131	818	1,720	-2,982	35,394
Investments backing linked liabilities	21,075		47				21,122
Banking credit portfolio				18,035			18,035
Deferred tax assets	375	44	34	26	109	-119	469
Deferred acquisition costs	390	105	47				542
Income tax receivable	60		27	37	234	-337	21
Amounts ceded to re-insurers	567	488	136				1,191
Receivables	467	418	3,820		516	-289	4,932
Other assets	189	389	231	94	369	-210	1,062
Investments of cash collateral received in securities lending	6,433	1,926	842				9,201
Cash and cash equivalents	859	175	617	98	1,324	-2,228	845
	59,724	**8,341**	**10,067**	**19,110**	**9,095**	**-6,293**	**100,044**
Assets classified as 'held for sale'	445						445
Total assets	**60,169**	**8,341**	**10,067**	**19,110**	**9,095**	**-6,293**	**100,489**
Equity attributable to holders of equity instruments	4,021	1,680	1,882	612	2,178		10,373
Minority interest	1				1		2
Total equity	**4,022**	**1,680**	**1,882**	**612**	**2,179**		**10,375**
Liabilities							
Insurance liabilities	26,027	4,231	5,437			-1,542	34,153
Insurance liabilities for policyholders	17,664		32				17,696
Investment contracts	3,278						3,278
Employee benefits	8	2	38	1	572	1,542	2,163
Other provisions	37	11	69	12	157		286
Banking customer accounts				5,297		-381	4,916
Loans and borrowings	81	60	332	12,460	3,340	-2,597	13,676
Derivatives				343	28		371
Deferred tax liabilities	351	141	26		57	-121	454
Income tax payable	129	95	86	32	222	-264	300
Liabilities related to cash collateral received in securities lending	6,443	1,929	844				9,216
Other liabilities	1,694	192	1,321	353	2,540	-2,930	3,170
	55,712	**6,661**	**8,185**	**18,498**	**6,916**	**-6,293**	**89,679**
Liabilities classified as 'held for sale'	435						435
Total liabilities and Total equity	**60,169**	**8,341**	**10,067**	**19,110**	**9,095**	**- 6,293**	**100,489**

The intersegment adjustments consist of the elimination of intersegment finance activities.

The following capital expenditures are included in segments:
Life insurance € 253 million (2006: € 128 million), Non-Life insurance € 8 million (2006: € 2 million), Health € 10 million (2006: € 7 million), Banking € 9 million (2006: € 90 million) and Other activities including intersegment adjustments € 111 million (2006: € 71 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SEGMENT GROUP CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2006

(€ MILLION)

2006	LIFE INSURANCE	NON-LIFE INSURANCE	HEALTH	BANKING	OTHER ACTIVITIES	INTERSEGMENT ADJUSTMENTS	TOTAL 2006
Assets							
Intangible assets	436	132	81		1,244		1,893
Investments in associated companies and participating interests	163	104	65		2,474	-127	2,679
Investment property	1,391	48		89	120		1,648
Investments	28,653	4,541	3,732	678	1,709	-4,904	34,409
Investments backing linked liabilities	20,353		63				20,416
Banking credit portfolio				17,272			17,272
Deferred tax assets	450	14	14	39	322	-80	759
Deferred acquisition costs	384	87	46				517
Income tax receivable	49		11	62	195	-298	19
Amounts ceded to re-insurers	432	333	133				898
Receivables	575	931	3,216	24	727	-1,165	4,308
Other assets	199	20	168	123	613	-159	964
Cash and cash equivalents	506	164	603	103	1,041	-1,751	666
Total assets	**53,591**	**6,374**	**8,132**	**18,390**	**8,445**	**-8,484**	**86,448**
Equity attributable to holders of equity instruments	3,870	1,465	1,302	516	2,477		9,630
Minority interest	1				1		2
Total equity	**3,871**	**1,465**	**1,302**	**516**	**2,478**		**9,632**
Liabilities							
Insurance liabilities	27,045	3,802	5,101			-1,390	34,558
Insurance liabilities for policyholders	16,531		27				16,558
Investment contracts	3,657						3,657
Employee benefits	10	3	17		633	1,391	2,054
Other provisions	36	16	55	16	137		260
Banking customer accounts				7,311		-2,590	4,721
Loans and borrowings	76	57	386	9,952	2,648	-2,588	10,531
Derivatives				342	57	-1	398
Deferred tax liabilities	314	150	20	1	354	-82	757
Income tax payable	333	134	43	14	389	-224	689
Other liabilities	1,718	747	1,181	238	1,749	-3,000	2,633
	49,720	**4,909**	**6,830**	**17,874**	**5,967**	**-8,484**	**76,816**
Total liabilities and Total equity	**53,591**	**6,374**	**8,132**	**18,390**	**8,445**	**-8,484**	**86,448**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SEGMENT GROUP CONSOLIDATED INCOME STATEMENT FOR THE YEAR 2007

(€ MILLION)

	LIFE INSURANCE	NON-LIFE INSURANCE	HEALTH	BANKING	OTHER ACTIVITIES	INTERSEGMENT ADJUSTMENTS	TOTAL 2007
Income							
Gross written premiums	4,417	2,915	7,521				14,853
Re-insurance premiums	-205	-206	-620				-1,031
Change in provision for unearned premiums (net)		-52	-21				-73
Net earned premiums	**4,212**	**2,657**	**6,880**				**13,749**
Contributions received for health pooling			-91				-91
Income from associated companies and participating interests	7	16			383	-1	405
Investment income	1,257	220	93		70	-212	1,428
Realised and unrealised gains and losses	-132	10	71		20	-6	-37
Income from investments backing linked liabilities	453		1			-1	453
Banking income				944		-5	939
Fee and commission income, and income from service contracts	25		264		367	-13	643
Income from investments related to cash collateral received in securities lending	205	55	25				285
Other income	29	18	59		94	-21	179
Total income	**6,056**	**2,976**	**7,302**	**944**	**934**	**-259**	**17,953**
Expenses							
Net claims and movements in insurance liabilities	3,539	1,784	6,082			-1	11,404
Profit sharing and bonuses	25	-5	65			2	87
Movements in insurance liabilities for policyholders	1,209					-1	1,208
Benefits on investment contracts	-145						-145
Operating expenses	690	784	944	134	567	-47	3,072
Banking expenses				756		-88	668
Interest and similar expenses	10	6	8		181	-137	68
Interest expenses from liabilities related to cash collateral received in securities lending	194	52	23				269
Other expenses	64	59	39	6	94	19	281
Total expenses	**5,586**	**2,680**	**7,161**	**896**	**842**	**-253**	**16,912**
Profit before tax and discontinued operations	**470**	**296**	**141**	**48**	**92**	**-6**	**1,041**
Income tax expenses							62
Profit after tax before discontinued operations							**979**
Discontinued operations (net of tax)							
Net profit							**979**
Attributable to:							
Holders of equity instruments						979	

The following amortisation charges are included in the segments:
Life insurance € 51 million (2006: € 52 million), Non-Life insurance € 62 million (2006: € 49 million), Health 18 million (2006: € 20 million), Banking € 1 million (2006: € 1 million) and Other activities € 79 million (2006: € 74 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SEGMENT GROUP CONSOLIDATED INCOME STATEMENT FOR THE YEAR 2006

(€ MILLION)

	LIFE INSURANCE	NON-LIFE INSURANCE	HEALTH	BANKING	OTHER ACTIVITIES	INTERSEGMENT ADJUSTMENTS	TOTAL 2006
Income							
Gross written premiums	4,464	2,684	7,154				14,302
Re-insurance premiums	-220	-167	-578				-965
Change in provision for unearned premiums (net)		-11	-32				-43
Net earned premiums	**4,244**	**2,506**	**6,544**				**13,294**
Contributions received for health pooling			92				92
Income from associated companies and participating interests	30	1			290	5	326
Investment income	1,241	192	105		70	-194	1,414
Realised and unrealised gains and losses	348	51	77		18		494
Income from investments backing linked liabilities	1,407		2				1,409
Banking income				825		-7	818
Fee and commission income, and income from service contracts	22		268		397	-57	630
Other income	38	11	137		44	-13	217
Total income	**7,330**	**2,761**	**7,225**	**825**	**819**	**-266**	**18,694**
Expenses							
Net claims and movements in insurance liabilities	4,281	1,519	6,093				11,893
Profit sharing and bonuses	350	5	81				436
Movements in insurance liabilities for policyholders	950		-29				921
Benefits on investment contracts	319						319
Operating expenses	747	705	900	128	463	-47	2,896
Banking expenses				682		-127	555
Interest and similar expenses	28	7	4		126	-83	82
Other expenses	122	51	129	2	81	-8	377
Total expenses	**6,797**	**2,287**	**7,178**	**812**	**670**	**-265**	**17,479**
Profit before tax and discontinued operations	**533**	**474**	**47**	**13**	**149**	**-1**	**1,215**
Income tax expenses							230
Profit after tax before discontinued operations							**985**
Discontinued operations (net of tax)							
Net profit							**985**
Attributable to:							
Holders of equity instruments						985	

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

TECHNICAL ACCOUNT LIFE INSURANCE

(€ MILLION)

	2007	2006
Income		
Gross written premiums Life	4,417	4,464
Re-insurance premiums	-205	-220
Net written premiums	**4,212**	**4,244**
Change in provision for unearned premiums		
Net earned premiums	**4,212**	**4,244**
Investment income	1,319	1,302
Realised and unrealised gains and losses	-132	348
Income from investments backing linked liabilities	477	1,452
Other technical income	17	16
Total income	**5,893**	**7,362**
Expenses		
Gross claims policyholders	4,165	4,670
Re-insurer's share	-103	-119
	4,062	**4,551**
Changes in provisions for Life insurance	**-393**	**-237**
Re-insurer's share	-130	-33
	-523	**-270**
Claims, net of re-insurance	**3,539**	**4,281**
Profit sharing and bonuses	25	350
Movements in insurance liabilities for policyholders	1,209	950
Benefits on investment contracts	-145	319
Operating expenses	690	747
Investment expenses	84	106
Interest and similar expenses	10	28
Investment income allocated to the non-technical account	201	371
Other technical expenses	16	41
Total expenses	**5,629**	**7,193**
Result technical account Life	**264**	**169**

NON-TECHNICAL ACCOUNT LIFE INSURANCE

(€ MILLION)

Income		
Result technical account Life	264	169
Allocated investment income	201	371
Other investment income non-technical account Life	-2	1
Fee and commission income, and income from service contracts	25	22
Income from investments related to cash collateral received in securities lending	205	
Other income	20	52
Total income	**713**	**615**
Expenses		
Interest expenses from liabilities related to cash collateral received in securities lending	194	
Other expenses	49	82
Total expenses	**243**	**82**
Profit before tax and discontinued operations	**470**	**533**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

TECHNICAL ACCOUNT NON-LIFE INSURANCE

(€ MILLION)

	2007	2006
Income		
Gross written premiums Non-Life	2,915	2,684
Re-insurance premiums	-206	-167
Net written premiums	**2,709**	**2,517**
Change in provision for unearned premiums	-42	-11
Re-insurer's share	-10	
Net earned premiums	**2,657**	**2,506**
Investment income	228	204
Realised and unrealised gains and losses	10	52
Other technical income	1	4
Total income	**2,896**	**2,766**
Expenses		
Gross claims policyholders	1,757	1,513
Re-insurer's share	-89	-37
	1,668	**1,476**
Gross change in outstanding claims provisions	115	104
Re-insurer's share	1	-61
	116	**43**
Claims, net of re-insurance	**1,784**	**1,519**
Profit sharing and bonuses	-5	5
Operating expenses	777	698
Investment expenses	8	13
Interest and similar expenses	6	7
Investment income allocated to the non-technical account	68	143
Other technical expenses	5	7
Total expenses	**2,643**	**2,392**
Result technical account Non-Life	**253**	**374**

NON-TECHNICAL ACCOUNT NON-LIFE INSURANCE

(€ MILLION)

Income		
Result technical account Non-Life	253	374
Allocated investment income	68	143
Income from investments related to cash collateral received in securities lending	55	
Other income	33	8
Total income	**409**	**525**
Expenses		
Interest expenses from liabilities related to cash collateral received in securities lending	52	
Other expenses	61	51
Total expenses	**113**	**51**
Profit before tax and discontinued operations	**296**	**474**

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

TECHNICAL ACCOUNT HEALTH

(€ MILLION)

	2007	2006
Income		
Gross written premiums Health	5,048	4,342
Contribution received from ZvF *	2,473	2,812
Gross written premiums	**7,521**	**7,154**
Re-insurance premiums	-13	-13
Re-insurance premiums HKC *	-607	-565
Net written premiums	**6,901**	**6,576**
Change in provision for unearned premiums	-21	-32
Net earned premiums	**6,880**	**6,544**
Contributions received for health pooling	-91	92
Investment income	94	108
Realised and unrealised gains and losses	71	77
Income from investments backing linked liabilities	1	2
Other technical income	20	13
Total income	**6,975**	**6,836**
Expenses		
Gross claims policyholders	7,393	6,140
Re-insurer's share gross claims	-19	-20
Re-insurer's share HKC *	-589	-553
	6,785	**5,567**
Gross change in outstanding claims provisions	-722	474
Re-insurer's share	19	24
	-703	**498**
Claims, net of re-insurance	**6,082**	**6,065**
Profit sharing and bonuses	65	81
Operating expenses	642	599
Investment expenses	2	3
Interest and similar expenses	1	1
Investment income allocated to the non-technical account	38	48
Other technical expenses	21	104
Total expenses	**6,851**	**6,901**
Result technical account Health	**124**	**-65**

** See glossary of terms*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NON-TECHNICAL ACCOUNT HEALTH

(€ MILLION)

	2007	2006
Income		
Result technical account Health	124	-65
Allocated investment income	38	48
Other investment income non-technical account Health	-1	
Fee and commission income, and income from service contracts	264	268
Negative goodwill		87
Income from investments related to cash collateral received in securities lending	25	
Other income	39	36
Total income	**489**	**374**
Expenses		
Investment and interest expenses	7	3
Operating expenses	300	300
Interest expenses from liabilities related to cash collateral received in securities lending	23	
Other expenses	18	24
Total expenses	**348**	**327**
Profit before tax and discontinued operations	**141**	**47**

INCOME STATEMENT BANKING

(€ MILLION)

	2007	2006
Interest income	904	804
Interest expenses	-747	-662
Net interest margin	**157**	**142**
Commission income	25	24
Commission expenses	-13	-13
Net commission income	**12**	**11**
Realised and unrealised results	9	-12
Other operating income	6	9
Operating income	**184**	**150**
Operating expenses	134	128
Other expenses	2	9
Total expenses	**136**	**137**
Profit before tax and discontinued operations	**48**	**13**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

INCOME STATEMENT OTHER ACTIVITIES

(€ MILLION)

	2007	2006
Income		
Income from associated companies and participating interests	383	290
Investment income	70	70
Realised and unrealised gains and losses	20	18
Fee and commission income, and income from service contracts	367	397
Other income	94	44
Total income	**934**	**819**
Expenses		
Operating expenses	567	463
Interest expenses	181	126
Other expenses	94	81
Total expenses	**842**	**670**
Profit before tax and discontinued operations	**92**	**149**

GEOGRAPHICAL SEGMENT REPORTING, INCLUDING INTERGROUP ADJUSTMENTS

(€ MILLION)

	BENELUX	IRELAND	GREECE	SLOVAKIA	TURKEY	OTHER	TOTAL 2007	TOTAL 2006
Gross written premiums Life	3,886	258	129	11		133	4,417	4,464
Gross written premiums Non-Life	2,594		162	20	115	24	2,915	2,684
Gross written premiums Health	7,252		108	159		2	7,521	7,154
Total gross written premiums	**13,732**	**258**	**399**	**190**	**115**	**159**	**14,853**	**14,302**
Banking income	891	49				-1	939	818
Fee and commission income, and income from service contracts	526	7	109			1	643	630
Total assets	82,267	6,395	2,078	157	352	9,240	100,489	86,448
Capital expenditure	185	195	8	1	1	1	391	298

3 DISCONTINUED OPERATIONS

By the end of 2007, Eureko decided to terminate its Life insurance activities in Luxembourg. As a consequence, assets and liabilities related to these Life insurance activities were re-classified to Assets classified as 'held for sale' and Liabilities classified as 'held for sale'.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 BUSINESS COMBINATIONS

Business Combination Liberty Asset Management (Friends First) - Allied Insurance Consultants Limited

As of 1 January 2007, Liberty Asset Management (a 100% subsidiary of Friends First) effectively obtained control over 100% of the shares of Allied Insurance Consultants Limited, a pension business brokerage in Ireland.

In 2007, Allied Insurance Consultants Limited reported revenues of € 3 million and net result of € 2 million.

Details of the net assets acquired and goodwill (both for 100%) are as follows:

COST OF THE BUSINESS COMBINATION	(€ MILLION)
– Cash Paid	8
Total cost	8
Less: Fair value of the net assets acquired	8
Goodwill	

In this transaction, intangible assets are recognised that relate to the brand name and software. No goodwill has been identified in this transaction.

The carrying amount of the assets and liabilities acquired are:	ACQUIREE'S CARRYING AMOUNT 1 JAN 2007	FAIR VALUE 1 JAN 2007
		(€ MILLION)
Assets		
Intangible assets	0	8
Total assets	**0**	**8**
Liabilities		
Total liabilities	**0**	**0**
Equity	**0**	**8**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Eureko B.V. - Garanti Sigorta A.S.

As of 21 June 2007, Eureko effectively obtained control over 80% of the shares in Garanti Sigorta A.S., a Turkish Non-Life insurance company owned by T. Garanti Bankasý A.S. (Garanti Bank) in Turkey, later renamed Eureko Sigorta S.A. As part of this transaction, Eureko has the obligation to acquire the remaining 20% of the shares within three to five years after the closing date of the transaction if Garanti Bank opts to sell thsse shares. As a consequence, Eureko has classified the obligation to acquire these shares as Other liabilities. The liability is recognised at fair value whereas changes in fair value are adjusted in goodwill.

Details of the net assets acquired and goodwill (both for 100%) are as follows:

COST OF THE BUSINESS COMBINATION	(€ MILLION)
– Cash Paid	365
– Cash Payable	109
– Incremental costs	5
Total cost	479
Less: Fair value of the net assets acquired	252
Goodwill	227

The net assets acquired include the intangible assets that are recognised and relate to the value of current policies, customer base and distribution channels. The calculated goodwill relates to the value attributable to the direct distribution channel and new agents and brokers on one hand, and the control premium paid by Eureko, on the other.

Over the full-year 2007, Eureko Sigorta's gross written premiums were € 233 million and net result was € 25 million.

The carrying amount of the assets and liabilities acquired (100%) are: (€ MILLION)

	ACQUIREE'S CARRYING AMOUNT 21 JUN 2007	FAIR VALUE 21 JUN 2007
Assets		
Investments	86	86
Intangible assets		231
Other assets	213	213
Total assets	**299**	**530**
Liabilities		
Insurance liabilities	195	198
Other liabilities	34	80
Total liabilities	**229**	**278**
Equity	**70**	**252**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Business Combination Eureko B.V. - Agis

As of 31 december 2007, Eureko effectively obtained control of 100% of the shares of Agis Zorgverzekeringen N.V. Agis Zorgverzekeringen N.V. is a major health insurer in the Netherlands and has 1.2 million insured.

Over the full-year 2007, Agis Zorgverzekeringen N.V. reported total revenues of € 2,863 million and a net result of € 23 million.

Details of the net assets acquired and goodwill (both for 100%) are as follows:

PROVISIONAL COST OF THE BUSINESS COMBINATION	(€ MILLION)
– Provisional fair value of the Eureko shares issued	410
– Additional provisional cash consideration	20
Total provisional cost	430
Less: Provisional fair value of the net assets acquired	421
Provisional goodwill	9

To finance th is acquisition, Eureko issued 3,082,132 new shares and 6,850,039 shares formerly classified as Own shares, and initially valued at € 41.28 per share, to Vereniging Achmea. The initial Eureko share price is based on the valuation as of 31 December 2006 and will be adjusted in 2008 on the basis of the final Eureko valuation as of 31 December 2007. The variance will be settled in cash with Vereniging Achmea. The fair value of Eureko's share price at the acquisition date was calculated using Eureko valuation principles. The valuation of Agis Zorgverzekeringen N.V. is based upon a discounted dividend model taking the present value of the future cash flows of Agis Zorgverzekeringen N.V. into account.

The carrying amount of the assets and liabilities acquired are: (€ MILLION)

	ACQUIREE'S CARRYING AMOUNT 31 DEC 2007	PROVISIONAL FAIR VALUE 31 DEC 2007
Assets		
Investments	348	336
Intangible assets		51
Other assets	880	1,181
Total assets	**1,228**	**1,568**
Liabilities		
Insurance liabilities	714	971
Other liabilities	133	176
Total liabilities	**847**	**1,147**
Equity	**381**	**421**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 INTANGIBLE ASSETS

(€ MILLION)

	GOODWILL	INTERNALLY DEVELOPED SOFTWARE	BRAND NAME	VALUE OF BUSINESS ACQUIRED	DISTRIBUTION NETWORKS	OTHER INTANGIBLE ASSETS FINITE	TOTAL 2007	TOTAL 2006
Cost								
Balance at 1 January	1,083	170	91	632	89	96	2,161	2,063
Acquisitions	236	26	25	12	228		527	23
Disposals								
Adjustment intangible assets								55
Change in composition of the Group	**236**	**26**	**25**	**12**	**228**		**527**	**78**
Other movements	-9	27					18	20
Foreign currency differences	5				6		11	
Balance at 31 December	**1,315**	**223**	**116**	**644**	**323**	**96**	**2,717**	**2,161**
Amortisation and impairment losses								
Balance at 1 January	3	90	11	147	10	7	268	107
Amortisation charge for the year		35	9	83	18	5	150	123
Impairment loss		3					3	38
Balance at 31 December	**3**	**128**	**20**	**230**	**28**	**12**	**421**	**268**
Carrying amount								
At 1 January	1,080	80	80	485	79	89	1,893	1,956
At 31 December	**1,312**	**95**	**96**	**414**	**295**	**84**	**2,296**	**1,893**

Goodwill

Eureko has allocated the acquired goodwill due to the business combinations to the lowest level of Cash Generating Units (CGUs) at which the goodwill is monitored. For the purpose of these Consolidated Financial Statements, Eureko has aggregated these CGUs to its recognised divisions and operating companies.

At divisional level, the goodwill can be presented as follows:

(€ MILLION)

	2007 CARRYING AMOUNT	2007 RECOVERABLE AMOUNT (METHOD)	2006 CARRYING AMOUNT	2006 RECOVERABLE AMOUNT (METHOD)
Division Health	5	Value-in-use	5	Value-in-use
Division Agis	9	Value-in-use		
Division Occupational Health	132	Value-in-use	132	Value-in-use
Division Pensions	402	Value-in-use	402	Value-in-use
Division Bank Distribution	373	Value-in-use	373	Value-in-use
Division Broker Distribution	167	Value-in-use	167	Value-in-use
Division Europe	224	Value-in-use	1	Value-in-use
	1,312		**1,080**	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Eureko tests the recognised goodwill annually. An impairment is recognised when the recoverable amount of a CGU is lower than the carrying amount of the CGU. The recoverable amount is the higher of the 'fair value less cost to sell' and the 'value-in-use'. The assumptions are assessed at each reporting date and adjusted when appropriate.

The 'value-in-use' of the CGUs is determined using the Discounted Dividend Model (DDM). For the Life operations Eureko uses an appraisal based model. For the first three years Eureko is using the cash flow projections as based on budgeting and forecasting models as endorsed by the Executive Board of Eureko. After this period Eureko extrapolates the cash flows up to 10 years. The 10- year period is used within the industry when applying the DDM-techniques. Eureko uses the unleveraged cost of capital as the basis for the applied discount rate. Within the DDM techniques Eureko determines the terminal value by means of the 'average consensus method'.

This model is the average of the terminal values calculated by means of a perpetual growth rate (3%) and multiple-to-earnings. The following key assumptions are used, which are the most sensitive:

	2007 DISCOUNT RATE	2007 GROWTH RATE	2006 DISCOUNT RATE	2006 GROWTH RATE
Division Health	9.61%	6.0%	9.02%	6.0%
Division Agis	9.61%	6.0%	9.02%	6.0%
Division Occupational Health	9.61%	4.5%	9.02%	4.5%
Division Pensions	8.45%	3.0%	9.02%	2.0%
Division Bank Distribution	9.61%	3.0-6.0%	9.02%	2.0-6.0%
Division Broker Distribution	9.61%	3.0-6.0%	9.02%	2.0-6.0%
Division Europe	9.61%	14.0%	9.02%	

Where possible, Eureko calibrates the assumptions used to external sources. The discount rate is determined by reference to variables which are used in the industry. The growth rates applied are on a gross basis (not adjusted for inflation) and reflect either expected industry averages or expectations of management.

Internally developed software

In 2007, Eureko added capital expenditures to internally developed software of € 27 million. This is presented as ' Other movements' (2006: €19 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 INVESTMENTS IN ASSOCIATED COMPANIES AND PARTICIPATING INTERESTS

(€ MILLION)

	NET EQUITY METHOD	AVAILABLE FOR SALE	TOTAL 2007	TOTAL 2006
Associated companies	2,189		2,189	1,827
Participating interests		1,145	1,145	852
	2,189	**1,145**	**3,334**	**2,679**

ASSOCIATED COMPANIES

(€ MILLION)

NAME OF THE COMPANY	COUNTRY	DESCRIPTION OF BUSINESS	DATE OF ACQUISITION	% OWNERSHIP 2007	NET ASSET VALUE 2007	BOOK VALUE 2007	BOOK VALUE 2006
PZU S.A.	Poland	Insurance	1999-2006	33.00%[1]	1,591	1,938	1,575
F&C Asset Management plc	United Kingdom	Asset management	2004	10.39%	102	138[2]	231
Garanti Emeklilik ve Hayat A.S.	Turkey	Insurance	2007	15.00%	6	96	
Other						17	21
						2,189	**1,827**

1 Less one share.

2 The fair value of F&C Asset Management plc, based on quoted prices at the balance sheet date, is € 134 million, representing 10.39% of the shares (2006: € 299 million, which represented 19.68% of the shares). In May 2007, Eureko disposed of 44 million ordinary shares in F&C Asset Management plc (F&C), representing approximately 9.1% of F&C's outstanding ordinary share capital. The result on the disposal amounted to € 13 million and is included in net profit.

Eureko uses the published financial statements and information received in its capacity as shareholder to estimate the financial position and performance of associated companies. When no recent financial statements are available, Eureko determines the financial position by means of estimations. After the actual publication of these companies' 2007 Financial Statements, Eureko assesses whether the estimates were correct. Any differences will subsequently be accounted for as a 'change in an accounting estimate' in the following year.

For the measurement of Eureko's investment in PZU S.A. (PZU) as per 31 December 2007, no PZU published or audited financial data as at that date were available. Therefore, Eureko made an estimation of its share in PZU's Total equity as per 31 December 2007 and Net profit for the year. This estimation includes an adjustment on PZU's 2006 net profit and is furthermore based upon third-quarter information published in November 2007, plus an estimation for the fourth-quarter results. Eureko's share in Total equity as per 31 December 2007 amounts to € 1,591 million and net profit for the year of € 333 million.

As of 21 June 2007, Eureko obtained 15% of the shares, plus a call option to acquire another 35% + 1 share, in Garanti Emeklilik ve Hayat A.S., a life insurance company in Turkey for € 100 million from Garanti Bank, Turkey. The call option can be exercised between 21 June 2010 and 21 June 2012 and will lead to joint control with the current majority shareholder. If Eureko does not want to exercise this call option, it has the right to sell the currently owned 15% back to Garanti Bank within the same timeframe for € 75 million. As effective control will not be achieved, the purchase price has been adjusted downwards to € 96 million, resulting in a € 4 million value reduction upon acquisition to reflect the fair value of these shares and options.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Details of the balances and movements in the Associated companies are as follows:

(€ MILLION)

	2007	2006
Balance at 1 January	1,827	1,604
Investments and loans granted	4	85
Disposals	-111	-14
Goodwill	49	
Annual results	365	251
Revaluations	44	42
Dividend received	-11	-137
Foreign currency differences	-1	-1
Other changes	23	-3
Balance at 31 December	**2,189**	**1,827**

Regarding the associated companies stated according to the net equity method, the summarised financial statements are included in the table below. As 2007 financials are not yet available, values are based on the published financial statements of the associated companies for the 2006 financial year, and calculated according to the associated companies' accounting principles. Assets and liabilities are translated into euros at the exchange rate ruling at the balance-sheet date. Total revenue and Total profit are translated using the weighted average exchange rate for the year.

(€ MILLION)

2006	ASSETS	LIABILITIES	TOTAL REVENUE	TOTAL PROFIT
PZU S.A.	13,811	10,088	4,694	980
F&C Asset Management plc	3,585	2,566	374	-35

INVESTMENTS IN PARTICIPATING INTERESTS (CARRIED AT FAIR VALUE)

(€ MILLION)

NAME OF COMPANY	COUNTRY	2007	2006
Friends Provident plc	United Kingdom	94	137
MillenniumBCP	Portugal	1,051	715
		1,145	**852**

(€ MILLION)

	2007	2006
Balance at 1 January	852	919
Investments and loans granted	417	7
Disinvestments and disposals		-215
Fair value changes	-114	138
Foreign currency differences	-10	3
Balance at 31 December	**1,145**	**852**

The free marketability of 116,335,744 shares in MillenniumBCP, as included in the participating interests, is restricted due to shareholder's agreements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 INVESTMENT PROPERTY

(€ MILLION)

	2007	2006
Balance at 1 January	1,648	1,430
Purchases	235	183
Disposals	-390	-94
Fair value changes recognised in income	98	106
Accrued rent	2	-2
Other movements	3	-8
Transfer from property for own use	4	33
Balance at 31 December	**1,600**	**1,648**

The carrying amount of investment property is the fair value. 67% of the total fair value of the investment property was determined by a registered, independent expert surveyor in 2007. For 33% of the investment property's fair value, expert surveys have been conducted internally.

8 INVESTMENTS

INVESTMENTS CLASSIFIED BY NATURE

(€ MILLION)

2007	AVAILABLE FOR SALE	AT FAIR VALUE THROUGH INCOME STATEMENT	LOANS AND RECEIVABLES	TOTAL
Equities and similar investments	5,104	856		5,960
Bonds	18,563	4,450		23,013
Loans and mortgages	607		3,243	3,850
Deposits with re-insurers	9			9
Deposits with credit institutions	1,516	30		1,546
Derivatives		810		810
Other financial investments	205	1		206
	26,004	**6,147**	**3,243**	**35,394**

INVESTMENTS CLASSIFIED BY NATURE

(€ MILLION)

2006	AVAILABLE FOR SALE	AT FAIR VALUE THROUGH INCOME STATEMENT	LOANS AND RECEIVABLES	TOTAL
Equities and similar investments	4,863	907		5,770
Bonds	18,242	4,503		22,745
Loans and mortgages	855	129	3,465	4,449
Deposits with re-insurers	9			9
Deposits with credit institutions	332	48		380
Derivatives		820		820
Other financial investments	236			236
	24,537	**6,407**	**3,465**	**34,409**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The carrying value of securities lending amounts to € 12,799 million (2006: € 9,535 million). Eureko has a variety of collateral policies in place.

The fair value of the accepted collateral related to securities which were lent amounted to € 9,303 million as at 31 December 2007 (2006: € 4,583 million). Collateral requirements vary, depending on the type of facility. The minimum level varies by collateral type, more risky facility types demanding a higher degree of collateralisation.

In 2007, Eureko entered into an updated securities lending programme whereby the cash collateral is invested in shares of money market funds. Reference is made to Note 16, 'Investments related to cash collateral received in securities lending', and to Note 29, 'Liabilities related to cash collateral received in securities lending'.

INVESTMENTS MEASURED AT FAIR VALUE

(€ MILLION)

	EQUITIES AND SIMILAR INVESTMENTS	BONDS	LOANS AND MORTGAGES	DEPOSITS WITH RE-INSURERS	DEPOSITS WITH CREDIT INSTITUTIONS	DERIVATIVES	OTHER FINANCIAL INVESTMENTS	TOTAL 2007	TOTAL 2006
Balance at 1 January	5,770	22,745	984	9	380	820	236	30,944	31,367
Acquisitions	9	292			145		1	447	268
Disposals									
Change in composition of the Group	**9**	**292**			**145**		**1**	**447**	**268**
Investments and loans granted	2,631	15,724	8		5,636	4,032	281	28,312	31,561
Disinvestments and disposals	-2,349	-14,606	-417		-4,633	-3,965	-281	-26,251	-31,405
Fair value changes	99	-976	-22			-76	1	-974	-236
Change in value due to fair value hedge accounting									85
Foreign currency differences	-180	-92			17	-5		-260	-263
Impairments	-11							-11	-4
Reversal of impairments		1						1	
Accrued interest		22	-3		1			20	-41
Changes due to re-classification		-88	45		-4		-45	-92	-368
Other movements	-9	-9	12		4	4	13	15	-20
Balance at 31 December	**5,960**	**23,013**	**607**	**9**	**1,546**	**810**	**206**	**32,151**	**30,944**

A total amount of € 4,411 million (2006: € 3,636 million) of the Investments classified as 'Available for sale' and 'At fair value through income statement' is measured using a valuation technique.

Changes due to re-classification are mainly related to the re-classification of the assets related to Eureko's life insurance activities in Luxembourg to Assets classified as 'held for sale'.

The change in fair value of investments 'At fair value through income statement' related to the change in credit risk of the counter-parties is € -31 million (2006: € 6 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

EQUITIES AND SIMILAR INVESTMENTS

(€ MILLION)

	2007	2006
Equity investments	5,887	5,697
Other	73	73
	5,960	**5,770**
Listed	4,761	4,598
Unlisted	1,199	1,172
	5,960	**5,770**

The valuation of other investments is based primaily on statements of private equity funds.

Unlisted equities and similar investments include investment funds of € 698 million (2006: € 839 million) and venture capital investments of € 144 million (2006: € 146 million). The investment funds mainly invest in listed equities. Venture capital investments are valued in accordance with the EVCA guidelines.

BONDS

(€ MILLION)

	2007	2006
Bonds and notes issued by:		
- Government	14,147	15,276
- Other public sector issuers	37	231
- Other issuers	8,829	7,238
	23,013	**22,745**
Listed	22,979	22,710
Unlisted	34	35
	23,013	**22,745**

Unlisted bonds are measured using the Interpolated Euro Swap Curve, which is a commonly-used market method. Yield spreads and swap curves are obtained from an independent external source.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

LOANS AND MORTGAGES

(€ MILLION)

	2007	2006
Investment loans	490	653
Loans and mortgages to policyholders	111	111
Other loans and mortgages	6	220
	607	**984**

DEPOSITS WITH RE-INSURERS

(€ MILLION)

	2007	2006
Deposits within the European Union	9	9
	9	**9**

DEPOSITS WITH CREDIT INSTITUTIONS

(€ MILLION)

	2007	2006
Deposits within the European Union	1,427	374
Other	119	6
	1,546	**380**

DERIVATIVES

(€ MILLION)

	2007	2006
Interest rate derivatives	662	552
Currency derivatives	40	116
Equity derivatives	98	143
Other derivatives	10	9
	810	**820**

Details of the nature of the derivative instruments outstanding at balance sheet date are set out in Note 54.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

ANALYSIS OF FIXED-INCOME SECURITIES BY EXPECTED TIME TO MATURITY

(€ MILLION)

2007	BONDS	LOANS AND MORTGAGES	DEPOSITS WITH RE-INSURERS	DEPOSITS WITH CREDIT INSTITUTIONS	OTHER FINANCIAL INVESTMENTS	TOTAL
Under 3 months	272	10		1,469	5	1,756
3-12 months	575	126	9	30	20	760
1-2 years	2,072	42		38		2,152
2-3 years	2,567	71		1		2,639
3-4 years	1,879	4				1,883
4-5 years	1,567	26				1,593
Over 5 years	14,081	328		8	181	14,598
Balance at 31 December	**23,013**	**607**	**9**	**1,546**	**206**	**25,381**

ANALYSIS OF FIXED-INCOME SECURITIES BY EXPECTED TIME TO MATURITY

(€ MILLION)

2006	BONDS	LOANS AND MORTGAGES	DEPOSITS WITH RE-INSURERS	DEPOSITS WITH CREDIT INSTITUTIONS	OTHER FINANCIAL INVESTMENTS	TOTAL
Under 3 months	243	19		338	5	605
3-12 months	776	52	9	28	15	880
1-2 years	2,218	355		11		2,584
2-3 years	1,964	46		1		2,011
3-4 years	1,225	70		1		1,296
4-5 years	1,772	5				1,777
Over 5 years	14,547	437		1	216	15,201
Balance at 31 December	**22,745**	**984**	**9**	**380**	**236**	**24,354**

IMPAIRMENTS

(€ MILLION)

	2007	2006
Impairment loss during the year	-11	-4
Reversal of impairment loss	1	

FINANCIAL INVESTMENTS MEASURED AT AMORTISED COST

(€ MILLION)

	2007	2006
Balance at 1 January (excluding Allowance account)	3,465	3,742
Investments and loans granted	337	874
Disinvestments and disposals	-511	-1,017
Amortisation		-2
Foreign currency differences	-6	-8
Changes due to re-classification		-333
Other movements	-42	209
Balance at 31 December (excluding Allowance account)	**3,243**	**3,465**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial investments measured at amortised cost are mainly saving accounts related to saving products. These saving accounts are held by the Rabobank Group.

Based on the credit risk of counterparties, the reduction of amortised cost is considered not material and therefore the allowance account is not presented separately.

The fair value of the financial instruments measured at amortised cost does not substantially differ from the amortised cost.

ANALYSIS OF FIXED-INCOME SECURITIES BY TIME TO MATURITY (EXCLUDING ALLOWANCE ACCOUNT) (€ MILLION)

	2007	2006
Under 3 months		291
3-12 months		1
1-2 years	56	2
2-3 years	22	13
3-4 years		69
4-5 years		283
Over 5 years	3,165	2,806
Balance at 31 December	**3,243**	**3,465**

9 INVESTMENTS BACKING LINKED LIABILITIES

Investments backing linked liabilities comprise mainly investments funding unit-linked life insurance policies, investments to cover obligations under policies where the benefits are index-linked (performance linked contracts) and investment contracts.

Group entities keep these investments separate from other investments and invest them separately, in accordance with the requirements towards the policyholders. Investments are held on account for and at risk of life insurance policyholders. Therefore, policyholders are entitled to all gains recorded and to the total amount of the investments shown under this heading, but they also have to carry any losses. For this reason, the liability heading Insurance liabilities on behalf of policyholders and Investment contracts are related to this account. These investments are classified as 'At fair value through income statement'.

(€ MILLION)

	2007	2006
Investment property	1,176	1,087
Equities and similar investments	12,740	12,975
Bonds and other fixed-income securities	5,127	5,783
Derivatives	-21	49
Cash and other investments	2,100	522
	21,122	**20,416**

Net income on assets held to cover linked insurance liabilities in the Income Statement includes all investment income and expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

INVESTMENTS BACKING LINKED LIABILITIES

(€ MILLION)

	INVESTMENT PROPERTY	EQUITIES AND SIMILAR INVESTMENTS	BONDS AND OTHER FIXED INCOME	DERIVATIVES	CASH AND OTHER	TOTAL 2007	TOTAL 2006
Balance at 1 January	1,087	12,975	5,783	49	522	20,416	19,213
Investments and loans granted	320	3,235	4,154	1,711	2,961	12,381	11,753
Disinvestments and disposals	-159	-3,510	-4,581	-1,704	-1,468	-11,422	-11,439
Fair value changes recognised in income	-72	220	-111	-77	19	-21	1,018
Foreign currency differences		-32				-32	-28
Accrued interest and rent			-11		159	148	129
Changes due to re-classification		-148	-107		-93	-348	-229
Other movements							-1
Balance at 31 December	**1,176**	**12,740**	**5,127**	**-21**	**2,100**	**21,122**	**20,416**

The carrying amount of investment property is fair value. 67% of the total fair value of the investment property was determined by a registered, independent expert surveyor during 2007. For 33% of the investment property's fair value, expert surveys have been conducted internally.

10 BANKING CREDIT PORTFOLIO

BANKING CREDIT PORTFOLIO CLASSIFIED BY NATURE

(€ MILLION)

2007	LOANS AND RECEIVABLES	AT FAIR VALUE	TOTAL
Credit institutions	1,267		1,267
Loans	16,252	516	16,768
	17,519	**516**	**18,035**

2006	LOANS AND RECEIVABLES	AT FAIR VALUE	TOTAL
Credit institutions	917		917
Loans	15,770	585	16,355
	16,687	**585**	**17,272**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(€ MILLION)

	2007	2006
Credit institutions		
Loans and advances to banks	1,040	680
Treasury bills and other bills eligible for re-discounting with the Central Bank	181	163
Cash advances, overdrafts and other balances due on demand	46	74
	1,267	**917**
Loans		
Secured by mortgages	14,560	14,674
Other loans and advances to private sector	893	712
Other corporate loans	1,343	974
Non-performing	39	69
	16,835	**16,429**
Total (excluding Allowance account)	**18,102**	**17,346**
Allowance account	67	74
	18,035	**17,272**

Mandatory reserve deposits, as included in loans and advances to banks, are not available for use in day-to-day banking operations. Balances with central banks are non-interest-bearing. Other money-market placements are floating-rate assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

BANKING CREDIT PORTFOLIO MEASURED AT AMORTISED COST

(€ MILLION)

	CREDIT INSTITUTIONS	LOANS	TOTAL 2007	TOTAL 2006
Balance at 1 January (excluding Allowance account)	917	15,844	16,761	16,562
Investments and loans granted	365	2,352	2,717	5,625
Disinvestments and disposals	-16	-1,997	-2,013	-5,589
Amortisation		-2	-2	1
Change in value due to fair value hedge accounting		-117	-117	-182
Changes due to re-classification				333
Other movements	1	239	240	11
Balance at 31 December (excluding Allowance account)	**1,267**	**16,319**	**17,586**	**16,761**
Balance at 1 January (Allowance account)		74	74	103
Additional allowances		22	22	13
Allowances used		-25	-25	-35
Amounts released		-5	-5	-7
Recoveries		-2	-2	
Effect of changes in assumptions		3	3	
Balance at 31 December (Allowance account)		**67**	**67**	**74**
Carrying amount				
At 1 January	917	15,770	16,687	16,459
At 31 December	**1,267**	**16,252**	**17,519**	**16,687**

The fair value of the banking credit portfolio measured at amortised cost at year-end is € 18,369 million (2006: € 16,321 million).

As at 31 December 2007, the carrying amount of the loans is affected by impairment losses amounting to € 67 million (2006: € 74 million). The carrying amount is reduced through use of an allowance account. The impairment loss at 31 December 2007 is mainly a result of individual assessments of the expected cash flows in relation to the loans.

For the year ended 31 December 2007, the interest income related to impaired financial instruments was € 4 million (2006: € 8 million).

Loans also comprise financial leases given by banking entities to customers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

BANKING CREDIT PORTFOLIO MEASURED AT FAIR VALUE

(€ MILLION)

	2007	2006
Balance at 1 January	585	
Disinvestments and disposals	-62	-7
Fair value changes	-7	-7
Changes due to re-classification		597
Accrued interest		2
Balance at 31 December	**516**	**585**

ANALYSIS OF BANKING CREDIT PORTFOLIO (EXCLUDING ALLOWANCE ACCOUNT) BY EXPECTED TIME TO MATURITY

(€ MILLION)

	2007			2006		
	CREDIT INSTITUTIONS	LOANS	TOTAL	CREDIT INSTITUTIONS	LOANS	TOTAL
On demand	223	639	862	471	362	833
Under 3 months	999	1,134	2,133	441	1,960	2,401
3-12 months	40	1,238	1,278		1,452	1,452
1-2 years	5	1,173	1,178		1,128	1,128
2-3 years		1,175	1,175	5	1,301	1,306
3-4 years		1,097	1,097		901	901
4-5 years		1,071	1,071		1,228	1,228
Over 5 years		9,308	9,308		8,097	8,097
	1,267	**16,835**	**18,102**	**917**	**16,429**	**17,346**

As at 31 December 2007, € 13,475 million (2006: € 12,155 million) of the government-guaranteed and/or mortgage-backed loans was not freely disposable because of money market and capital market pledges.
These pledges can be analysed as follows:

(€ MILLION)

	2007	2006
Pledge by means of trust arrangements	8,880	5,505
Pledge by means of securitisation	4,414	5,056
Third-party pledge	181	1,594
	13,475	**12,155**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 DEFERRED TAX ASSETS

The movements during the year can be specified as follows: (€ MILLION)

	BALANCE AT 1 JANUARY 2007	RECOGNISED IN INCOME	RECOGNISED IN EQUITY	OTHER MOVEMENTS	BALANCE AT 31 DECEMBER 2007
Intangible assets	81			-15	66
Investments	5	-2	8	-1	10
Bank assets	4				4
Deferred acquisition costs	25			42	67
Other assets	90	-4		-62	24
Insurance liabilities	273	-1		-145	127
Employee benefits	141			-31	110
Other provisions	27	1		-18	10
Amortisation	2				2
Impairments	1		-14	41	28
Other liabilities	82	1		-80	3
Tax value of loss carry-forwards utilised	28	-7		-3	18
	759	**-12**	**-6**	**-272**	**469**

The tax rates used in calculating Eureko's deferred tax assets are the applicable national rates, which in 2007 and 2006 ranged from 10.0% to 34.0%. Changes in tax rates already enacted as at 31 December 2007 are taken into account.

The other movements are primarily caused by changes in tax rates and changes from deferred to current tax positions.

UNRECOGNISED DEFERRED TAX ASSETS

(€ MILLION)

	2007	2006
Tax losses	15	60
	15	**60**

The deductible temporary difference does not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the temporary difference can be utilised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 DEFERRED ACQUISITION COSTS

(€ MILLION)

2007	INSURANCE CONTRACTS	INVESTMENT CONTRACTS	TOTAL
Balance at 1 January	489	28	517
Acquisitions	15		15
Disposals			
Change in composition of the Group	**15**		**15**
Deferred acquisition costs	60	26	86
Amortisation	-77	-7	-84
Other movements	8		8
Balance at 31 December	**495**	**47**	**542**

2006	INSURANCE CONTRACTS	INVESTMENT CONTRACTS	TOTAL
Balance at 1 January	528	17	545
Deferred acquisition costs	113	14	127
Amortisation	-151	-3	-154
Foreign currency differences	1		1
Other movements	-2		-2
Balance at 31 December	**489**	**28**	**517**

13 AMOUNTS CEDED TO RE-INSURERS

The re-insurer's share in the insurance liabilities is as follows:

(€ MILLION)

	2007	2006
Provision for life policy liabilities, non-participating benefits	158	133
Provision for life policy liabilities, participating benefits	409	299
Life insurance liabilities - re-insurance	**567**	**432**
Unearned premiums	64	17
Outstanding claims (including IBNR)	424	316
Non-Life insurance liabilities - re-insurance	**488**	**333**
Unearned premiums	1	1
Outstanding claims (including IBNR)	135	132
Health insurance liabilities - re-insurance	**136**	**133**
Insurance liabilities - re-insurance	**1,191**	**898**

This note should be read in conjunction with Note 20, Insurance liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 RECEIVABLES

(€ MILLION)

	2007	2006
Receivables from direct insurance:		
– Policyholders	1,101	1,222
– Agents	150	118
– Other	44	49
	1,295	**1,389**
Receivables on re-insurance	12	6
Investment receivables	96	191
Contribution from ZvF	2,157	1,367
Other receivables	1,372	1,355
	4,932	**4,308**

Receivables include loans provided to Executive Board members and Supervisory Board members for an amount of € 1 million (2006: € 8 million). The average interest rate of these loans is 5.7% (2006: 5.1%).

The other receivables mainly relate to payments to hospitals regarding the delayed invoicing caused by the implementation of DBCs.

15 OTHER ASSETS

(€ MILLION)

	2007	2006
Equipment	177	152
Property for own use	590	580
Other prepayments and accrued income	152	158
Non-insurance assets acquired by exercising rights to recoveries	39	40
Other assets	104	34
	1,062	**964**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

EQUIPMENT

(€ MILLION)

	SOFTWARE	HARDWARE	OFFICE FURNITURE	OTHER	TOTAL 2007	TOTAL 2006
Cost						
Balance at 1 January	59	202	145	101	507	438
Acquisitions	2	2	2	4	10	1
Disposals						
Change in composition of the Group	**2**	**2**	**2**	**4**	**10**	**1**
Purchases and acquisitions	26	28	20	14	88	76
Sale and disposals	-7	-4	-9	-8	-28	-9
Other changes	4		2	3	9	1
Balance at 31 December	**84**	**228**	**160**	**114**	**586**	**507**
Amortisation and impairment losses						
Balance at 1 January	46	159	83	67	355	304
Sale and disposals		-1	-1	-1	-3	-5
Amortisation	9	25	12	11	57	56
Balance at 31 December	**55**	**183**	**94**	**77**	**409**	**355**
Carrying amount						
At 1 January	13	43	62	34	152	134
At 31 December	**29**	**45**	**66**	**37**	**177**	**152**

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

PROPERTY FOR OWN USE

(€ MILLION)

	IN DEVELOPMENT	IN USE	TOTAL 2007	TOTAL 2006
Revalued amount				
Balance at 1 January	33	579	612	601
Acquisitions		9	9	8
Disposals				
Change in composition of the Group		**9**	**9**	**8**
Purchases and acquisitions	24	44	68	43
Sale and disposals		-55	-55	-8
Revaluation recognised in equity		33	33	6
Amortisation eliminated against the gross carrying amount due to revaluation		-14	-14	-2
Foreign currency differences		-1	-1	1
Transfer to investment property	-5	1	-4	-35
Other changes		2	2	-2
Balance at 31 December	**52**	**598**	**650**	**612**
Amortisation and impairment losses				
Balance at 1 January		32	32	22
Sale and disposals				-1
Impairment losses recognised in the Income Statement		25	25	
Impairment losses reversed in the Income Statement		-1	-1	-1
Amortisation charge for the period		16	16	16
Amortisation eliminated against the gross carrying amount due to revaluation		-12	-12	-2
Transfer to investment property				-2
Other changes				
Balance at 31 December		**60**	**60**	**32**
Carrying amount				
At 1 January	33	547	580	579
At 31 December	**52**	**538**	**590**	**580**

The reversal of impairment losses recognised is a result of the annual valuation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 INVESTMENTS RELATED TO CASH COLLATERAL RECEIVED IN SECURITIES LENDING

Eureko entered into an updated securities lending programme. Eureko lends securities to borrowers, who in turn pay cash collateral. This cash collateral is invested in shares of money market funds. These funds have been established for investments and reinvestments of such cash collateral. The investment objective of these funds is to provide investors with as high a level of income as is consistent with the preservation of capital and the maintenance of adequate liquidity to meet the anticipated needs of the investor. Eureko bears the full economic risks and rewards of the investments in these funds.

The investments in the money market funds are subject to an insignificant risk of change in value. About 58% of the investments of the funds has a S&P rating of AAA, 40% AA and 2% A.

The investments in the investment funds are not at Eureko's free disposal. The investments in these funds can only be used to repay the collateral provided by the borrower for the securities lending transaction. The repayment obligation with respect to the cash collateral provided is included in the balance sheet as Liabilities related to cash collateral received in securities lending.

The lending agent executing the securities lending transactions and investments of collateral to these money market funds has indemnified Eureko against borrowers' default. If the borrower defaults on returning the securities that are part of the securities lending transaction, the lending agent will be subrogated and succeeds to all rights and remedies of the cash collateral invested in these money market funds.

(€ MILLION)

	2007	2006
Balance at 1 January		
Investments	30,880	
Disinvestments	-21,679	
Balance at 31 December	**9,201**	

17 CASH AND CASH EQUIVALENTS

(€ MILLION)

	2007	2006
Cash	12	48
Call deposits	291	341
Bank balances	542	277
	845	**666**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 EQUITY ATTRIBUTABLE TO HOLDERS OF EQUITY INSTRUMENTS

The movements in Equity attributable to holders of equity instruments are specified in the Consolidated Statement of Changes in Total equity.

On 12 April 2007, Achmea Holding N.V. purchased 2,632,212 M shares from Covea Part. SAS against a consideration of € 85 million. The consideration was partially settled with the loan granted to Covea Part. SAS.

On 30 May 2007, Eureko B.V. transferred 6,959,792 ordinary shares held as treasury shares from Eureko B.V. to Vereniging Achmea (3,911,854 shares), Rabobank (2,861,901 shares), LF Group (43,229 shares to Länsförsäkringar SAK Försäkringsab (publ) and 43,229 shares to Länsförsäkringar Liv Försäkringsab (publ), respectively) and Gothaer Group (53,305 shares to Gothaer Finanz Holding AG and 46,274 shares to Gothaer Allgemeine Versicherung AG, respectively). This transfer was a stock dividend.

On 1 August 2007, Achmea Holding N.V. purchased 4,035,028 M shares from Covea Part. SAS against a consideration of € 130 million. The consideration was settled with the remaining part of the loan granted to Covea Part. SAS.

On 11 October 2007, Eureko B.V. repurchased 6,667,240 M shares from Achmea Holding N.V. against a cash consideration of € 275 million.

On 3 December 2007, Eureko B.V. converted 6,667,240 M shares into ordinary shares.

On 24 December 2007, Eureko B.V. purchased 6,653,531 ordinary shares from Friends Provident against a consideration of € 41.28 per share. This consideration will be adjusted according to the Eureko valuation as of 31 December 2007.

On 31 December 2007, Eureko B.V. sold 6,470,732 ordinary shares to Rabobank (6,250,000 shares) and Gothaer Group (110,366 shares to Gothaer Finanz Holding AG and110,366 shares to Gothaer Allgemeine Versicherung AG, respectively) against a consideration of € 41.28 per share. There will be an adjustment in cash or shares after the Eureko valuation as of 31 December 2007.

On 31 December 2007, Eureko B.V. issued 3,082,132 ordinary shares. Moreover, Eureko B.V. transferred 9,932,171 ordinary shares to Vereniging Achmea in consideration for the shares in Agis Zorgverzekeringen N.V. There will be an adjustment in cash according to both the Eureko and the Agis valuation as of 31 December 2007.

SHARE CAPITAL AND SHARE PREMIUM

	NUMBER OF ORDINARY SHARES	NOMINAL VALUE ORDINARY SHARES	NUMBER OF PREFERENCE SHARES	NOMINAL VALUE PREFERENCE SHARES	NUMBER OF M SHARES	NOMINAL VALUE M SHARES	NUMBER OF A SHARES	NOMINAL VALUE A SHARES
Authorised	739,999,999	740.0	60,000,000	60.0	10,000,000	10.0	1	
Issued	323,254,197	323.3	23,904,060	23.9			1	
Available for issuance	**416,745,802**	**416.7**	**36,095,940**	**36.1**	**10,000,000**	**10.0**		
Shares issued 1 January 2006	311,116,016	311.1	23,904,060	23.9	6,667,240	6.7	1	
Shares issued in 2006	2,388,809	2.4						
Shares issued 31 December 2006	**313,504,825**	**313.5**	**23,904,060**	**23.9**	**6,667,240**	**6.7**	**1**	
Shares converted in 2007	6,667,240	6.7			-6,667,240	-6.7		
Shares issued in 2007	3,082,132	3.1						
Shares issued 31 December 2007	**323,254,197**	**323.3**	**23,904,060**	**23.9**			**1**	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Eureko has issued one A share. There are special rights attached to the A share. The majority of the decisions of Eureko's General Meeting of Shareholders can only be made after the approval of the holder of the A share.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of Eureko B.V.

Eureko has also issued 23,904,060 preference shares. The preference shares are entitled to dividends and have one vote per share in the General Meeting of Shareholders. The dividends paid are 7.15% per year on the share capital and share premium paid for those shares, but payment is subject to the approval of the General Meeting of Shareholders. The dividend on preference shares will become cumulative in case no cash or stock dividends are paid. Terms on the percentage will be reviewed every ten years. The first review will take place before 1 January 2014.

The preference shares have been issued to Eureko Tussenholding B.V. which exercises the voting rights attached to the preference shares. Eureko Tussenholding B.V. through Stichting Administratiekantoor Eureko Tussenholding has issued certificates of the preference shares to the ultimate investors.

Legal reserve

According to legal requirements in the Netherlands, a legal reserve has been set up for the non-distributable profits in Associated companies and to offset capitalised intangible assets.

An amount of € 311 million (2006: € 249 million) of Total equity contributed by subsidiaries at year-end 2007, was subject to claims under provisions in the Articles of Association of a number of subsidiaries, stipulating that, in the event of liquidation, the equity of these companies must be used for the benefit of public health. In as far as this amount is not included in the revaluation reserve, it has been included in the legal reserve.

Revaluation reserve

Based on the accounting principles used by Eureko, a revaluation reserve is formed as appropriate. Furthermore, based on Dutch regulations, Eureko should form a legal reserve for all positive fair value changes of non-financial assets (e.g. investment property). This part of the reserve may not be negative. This reserve is formed by transferring the required amounts from Retained earnings to the Revaluation reserve. In 2007, an amount of € 10 million was transferred (2006: € 112 million).
The amounts presented within the revaluation reserve cannot be distributed to shareholders.

Other equity instruments

On 1 November 2006, Eureko B.V. issued € 600 million of Perpetual Capital Securities with a coupon of 6.000%, payable annually in arrears. Eureko has the option to redeem the Perpetual Capital Securities annually on the coupon payment date, starting on 1 November 2012. The terms are designed to allow the issue to be part of Eureko's regulatory capital under anticipated Dutch regulatory rules, with a 'Tier 1' equivalent treatment. Coupon payments are at the discretion of Eureko, subject to other limitations as described in the prospectus and will be charged to Retained earnings, part of Equity attributable to holders of equity instruments.

On 24 June 2005, Eureko B.V. issued € 500 million of Perpetual Capital Securities with an initial coupon of 5.125%, payable annually in arrears until the first call date in June 2015. If the issue is not called in 2015, the coupon will reset quarterly at an annual margin of 280 basis points over the 3-month Euribor. The terms are designed to allow the issue to be part of Eureko's regulatory capital under anticipated Dutch regulatory rules, with a 'Tier 1' equivalent treatment. Coupon payments are at the discretion of Eureko, subject to other limitations as described in the prospectus and will be charged to Retained earnings, part of Equity attributable to holders of equity instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19 MINORITY INTEREST

The minority interest in the Balance Sheet can be specified as follows: (€ MILLION)

	2007	2006
Woonalliantie Woerden CV	1	1
Interamerican Romania Insurance Company S.A.	1	1
	2	**2**

Minority interests with a limited impact on equity are not presented separately.

20 INSURANCE LIABILITIES

This note must be read in conjunction with Note 13, 'Amounts ceded to re-insurers'. (€ MILLION)

	2007	2006
Life insurance		
Provision for life policy liabilities	24,643	25,128
Less: Deferred interest surplus rebates	202	273
Net provision for life policy liabilities	**24,441**	**24,855**
Profit sharing and bonuses	44	800
Total Life insurance	**24,485**	**25,655**
Non-life insurance		
Unearned premiums	1,097	930
Outstanding claims (including IBNR)	3,134	2,872
Total Non-Life insurance	**4,231**	**3,802**
Health Insurance		
Unearned premiums	182	149
Provision for premium deficiency	177	222
Provision for unexpired risks (including ageing provision)	40	33
Outstanding claims (including IBNR)	5,038	4,697
Total Health insurance	**5,437**	**5,101**
Total Insurance liabilities	**34,153**	**34,558**

These provisions are essentially of a long-term nature, with the exception of the provision for the unearned premiums. The actuarial interest-rate range was between 3% and 4%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MOVEMENT TABLE FOR PROVISION FOR LIFE POLICY LIABILITIES

(€ MILLION)

	2007 GROSS	2007 RE-INSURANCE	2006 GROSS	2006 RE-INSURANCE
Non-participating benefits				
Balance at 1 January	7,700	133	8,614	117
Benefits paid	-1,628	-62	-1,533	-64
Net premiums received	1,523	119	1,172	51
Technical result	-274	-13	-112	29
Fair value changes attributable to policyholders			2	
Additions/disposals due to acquired/sold portfolios			-222	
Foreign currency differences	-8		-4	
Unwinding of discount	233		411	
Effect of change in benchmark rate	-2		-165	
Effect of changes in assumptions	-27	-2	12	
Changes due to re-classification	-153	-17	-475	
Balance at 31 December	**7,364**	**158**	**7,700**	**133**
Participating benefits				
Balance at 1 January	17,428	299	16,396	303
Benefits paid	-1,299	-41	-1,440	-102
Net premiums received	627	86	1,192	94
Technical result	-120	-10	-82	-1
Fair value changes attributable to policyholders	12		173	
Additions/disposals due to acquired/sold portfolios		1	134	2
Foreign currency differences	-1			
Unwinding of discount	526	36	619	3
Effect of changes in assumptions	-10	17	20	
Changes due to re-classification	116	21	416	
Balance at 31 December	**17,279**	**409**	**17,428**	**299**
Life policy liabilities	**24,643**	**567**	**25,128**	**432**

Changes due to re-classification are mainly related to product and presentation changes between insurance liabilities, insurance liabilities for policyholders and investment contracts.

DEFERRED INTEREST SURPLUS REBATES

(€ MILLION)

	2007	2006
Balance at 1 January	273	336
Rebates granted	11	6
Amortisation	-82	-67
Other movements		-2
Balance at 31 December	**202**	**273**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

PROFIT SHARING AND BONUSES

(€ MILLION)

	2007	2006
Balance at 1 January	800	1,674
Net movements during the period	-754	-874
Change due to valuation differences charged or credited to the Income Statement	-2	
Balance at 31 December	**44**	**800**

Fair value changes of fixed-income investments within the Dutch Life insurance business are accounted for in Profit sharing and bonuses. Due to increased interest rates in 2007, this part of the provision would have a value below zero. As a negative balance is not allowed, the subsequent transfer of negative fair value changes is suspended and remain part of the Revaluation reserve in Total equity. As per 31 December 2007, fair value changes amounting to € 46 million are included in the Revaluation reserve (31 December 2006: € 0).

MOVEMENT TABLE PROVISION FOR UNEARNED PREMIUMS NON-LIFE

(€ MILLION)

	2007 GROSS	2007 RE-INSURANCE	2006 GROSS	2006 RE-INSURANCE
Balance at 1 January	930	17	933	16
Acquisitions	116	56		
Disposals				
Change in composition of the Group	**116**	**56**		
Added during the year	2,915	206	2,684	168
Released to the Income Statement	-2,868	-215	-2,674	-168
Additions/disposals due to acquired/sold portfolios	4		-13	1
Balance at 31 December	**1,097**	**64**	**930**	**17**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MOVEMENT TABLE FOR OUTSTANDING CLAIMS (INCLUDING IBNR) NON-LIFE

(€ MILLION)

	2007 GROSS	2007 RE-INSURANCE	2006 GROSS	2006 RE-INSURANCE
Balance at 1 January	2,872	316	2,802	258
Acquisitions	91	67		
Disposals				
Change in composition of the Group	**91**	**67**		
Current period claims reported	2,068	154	1,509	99
Previous period claims reported/released	-137	-24	92	3
Plus claims reported	**1,931**	**130**	**1,601**	**102**
Current period claims paid	1,107	38	920	17
Previous period claims paid	636	51	585	20
Less claims paid	**1,743**	**89**	**1,505**	**37**
Additions/disposals due to acquired/sold portfolios			-30	-10
Foreign currency differences			2	1
Unwinding of discount	-5			
Effect of changes in assumptions	-7	5	3	1
Changes due to re-classification	-5	-5	-1	1
Balance at 31 December	**3,134**	**424**	**2,872**	**316**

The effect of changes in assumptions in 2007 of € -7 million (2006: € 3 million) relates to changes in the actuarial assumptions for parts of the portfolio and is partially offset by a change in the applied prudency levels.

CLAIMS DEVELOPMENT TABLE FOR NON-LIFE INSURANCE

(€ MILLION)

	2007	2006	2005	2004	2003	2002	2001	TOTAL
Estimate of cumulative claims:								
At end of underwriting year	2,107	1,717	1,982	957	864	775	701	
One year later		1,722	1,944	999	910	819	706	
Two years later			1,981	943	922	810	708	
Three years later				910	871	848	765	
Four years later					843	810	730	
Five years later						777	800	
Six years later							814	
Estimate of cumulative claims	**2,107**	**1,722**	**1,981**	**910**	**843**	**777**	**814**	**9,154**
Cumulative payments	-1,107	-1,195	-1,243	-757	-722	-677	-715	-6,416
	1,000	**527**	**738**	**153**	**121**	**100**	**99**	**2,738**
Insurance liabilities claims prior years (<2001)								396
Value recognised in the Balance Sheet								**3,134**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MOVEMENT TABLE PROVISION FOR UNEARNED PREMIUMS HEALTH

(€ MILLION)

	2007 GROSS	2007 RE-INSURANCE	2006 GROSS	2006 RE-INSURANCE
Balance at 1 January	149	1	132	1
Added during the year	5,048	13	4,342	12
Released to the Income Statement	-5,030	-13	-4,309	-13
Effect of changes in assumptions			-1	
Changes due to re-classification	15			
Other movements			-15	1
Balance at 31 December	**182**	**1**	**149**	**1**

PROVISION FOR PREMIUM DEFICIENCY HEALTH

(€ MILLION)

	2007	2006
Balance at 1 January	222	279
Acquisitions	54	
Disposals		
Change in composition of the Group	**54**	
Increase charged to the Income Statement	161	280
Released to the Income Statement	-260	-332
Effect of changes in assumptions		-5
Balance at 31 December	**177**	**222**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MOVEMENT TABLE OF OUTSTANDING CLAIMS (INCLUDING IBNR) HEALTH

(€ MILLION)

	2007 GROSS	2007 RE-INSURANCE	2006 GROSS	2006 RE-INSURANCE
Balance at 1 January	4,697	132	2,676	141
Acquisitions	918	29	1,319	
Disposals				
Change in composition of the Group	**918**	**29**	**1,319**	
Current period claims reported	6,685	-10	6,470	18
Previous period claims reported/released	-81	5	231	-20
Plus claims reported	**6,604**	**-5**	**6,701**	**-2**
Current period claims paid	4,856	-28	3,924	10
Previous period claims paid	2,437	47	2,108	10
Less claims paid	**7,293**	**19**	**6,032**	**20**
Additions/disposals due to acquired/sold portfolios			-13	10
Unwinding of discount	17	-2	22	3
Changes due to re-classification	95		24	
Balance at 31 December	**5,038**	**135**	**4,697**	**132**

The changes due to re-classification in 2007 relate to the re-classification of the health rider portfolio in Greece from the life segment to the health segment.

As per 1 January 2006, a new private health insurance system is in force in the Netherlands. This new system consists of two parts: basic health insurance and supplementary health insurance. Coverage within basic health insurance is influenced by political processes. Furthermore, within basic health insurance a system of risk mitigation features is in force which also introduces additional uncertainty related to the final settlements.

Settlement of medical care costs between health insurers and Dutch hospitals is based on the so-called 'Diagnose Behandel Combinaties' (DBCs). This settlement method covers a whole medical treatment period in which the claim compensation for separate treatments is specified. The final settlement with the health insurer is at the end of the treatment period. Some hospitals are still not able to supply a timely and clear insight into the a mounts to be settled at year-end. As a result, there are uncertainties in the measurement of insurance liabilities related to the DBC system.

For more details regarding the uncertainties in health insurance, reference is made to Risk management (Note 54).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CLAIMS DEVELOPMENT TABLE FOR HEALTH INSURANCE

(€ MILLION)

	2007	2006	2005	2004	2003	2002	2001	TOTAL
Estimate of cumulative claims:								
- At end of underwriting year	8,655	8,022	3,364	1,806	1,392	1,206	1,043	
- One year later		7,429	3,336	1,669	1,350	1,238	1,028	
- Two years later			3,349	1,627	1,330	1,214	1,019	
- Three years later				1,648	1,313	1,207	1,017	
- Four years later					1,287	1,171	1,051	
- Five years later						1,236	1,015	
- Six years later							1,030	
Estimate of cumulative claims	**8,655**	**7,429**	**3,349**	**1,648**	**1,287**	**1,236**	**1,030**	**24,634**
Cumulative payments	-5,178	-7,222	-2,127	-1,598	-1,244	-1,157	-1,009	-19,535
	3,477	**207**	**1,222**	**50**	**43**	**79**	**21**	**5,099**
Insurance liabilities claims prior years (<2001)								305
Effect of discounting								-366
Value recognised in the Balance Sheet								**5,038**

As from 2006, Health insurance business includes the former public health insurance.

The final settlement with the Dutch health insurers is at the end of the treatment period. It appeared that for 2005, 2006 and 2007, the hospitals charged a higher amount than necessary to cover their expenses. Currently, the total amount is calculated and an allocation method is designed. Eureko assumes that the impact of the overfinancing will be mitigated in the risk equalisation system.

21 INSURANCE LIABILITIES FOR POLICYHOLDERS

The insurance liabilities for policyholders are linked to the Investments backing linked liabilities.

MOVEMENT TABLE INSURANCE LIABILITIES FOR POLICYHOLDERS

(€ MILLION)

	2007	2006
Balance at 1 January	16,558	15,687
Benefits paid	-1,238	-1,650
Net premiums received	2,267	1,746
Technical result	-167	-81
Additions/disposals due to acquired/sold portfolios	-7	1
Foreign currency differences	-1	
Unwinding of discount	402	356
Effect of change in benchmark rate		-12
Effect of changes in other assumptions		-3
Effect of fair value changes related to financial assets	-48	564
Changes due to re-classification	-70	-50
Balance at 31 December	**17,696**	**16,558**

Changes due to re-classification are mainly related to product and presentation changes between insurance liabilities, insurance liabilities for policyholders and investment contracts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 INVESTMENT CONTRACTS

Financial contracts which do not meet the definition of an insurance contract are presented separately as investment contracts. The linked investments are presented as part of Investments backing linked liabilities.

MOVEMENT TABLE INVESTMENT CONTRACTS (€ MILLION)

	2007	2006
Balance at 1 January	3,657	3,060
(Net) consideration received	757	623
Consideration paid	-573	-438
Effect of fair value changes related financial assets	-144	314
Effect of changes in assumptions		15
Changes due to re-classification	-419	83
Balance at 31 December	**3,278**	**3,657**

Changes due to re-classification are mainly related to product and presentation changes between insurance liabilities, insurance liabilities for policyholders and investment contracts. In 2007, an amount of € 428 million has been re-classified as 'Liabilities classified as "held for sale"'(see Note 3).
As of 31 December 2007, Eureko has no investment contracts measured at amortised cost (2006: € 91 million).

23 EMPLOYEE BENEFITS

The pension liability for the Group companies as at 31 December, based on an actuarial valuation of the projected benefits, is as follows: (€ MILLION)

2007	ACHMEA[1]	FRIENDS FIRST	INTERAMERICAN GREECE	OTHER	TOTAL
Defined benefit obligation	3,414	54	9	2	3,479
Fair value of total plan assets	-3,128	-50			-3,178
Fair value of non-qualifying plan assets	1,542				1,542
Unfunded status	**1,828**	**4**	**9**	**2**	**1,843**
Unrecognised actuarial gains and losses	321		-1		320
Recognised liability for defined benefit obligations	**2,149**	**4**	**8**	**2**	**2,163**

[1] Achmea includes Interpolis and Agis (2007 only).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(€ MILLION)

2006	ACHMEA[1]	FRIENDS FIRST	INTERAMERICAN GREECE	OTHER	TOTAL
Defined benefit obligation	3,368	61	22	1	3,452
Fair value of total plan assets	-2,653	-58	-6		-2,717
Fair value of non-qualifying plan assets	1,390				1,390
Unfunded status	**2,105**	**3**	**16**	**1**	**2,125**
Unrecognised actuarial gains and losses	-67		-4		-71
Recognised liability for defined benefit obligations	**2,038**	**3**	**12**	**1**	**2,054**

[1] *Achmea includes Interpolis and Agis (2007 only).*

The non-qualifying plan assets consist of insurance policies issued by Eureko group companies. Under IFRS, only insurance policies issued by an insurer that is not a related party can be considered as funding for a defined benefit obligation.

Liability for defined benefit obligations

The Group makes contributions to several defined benefit plans that provide pension benefits for employees upon retirement. Two of the plans are based upon final salary and five of the plans are based upon average salary.

MOVEMENT TABLE EMPLOYEE BENEFITS

(€ MILLION)

	ACHMEA	FRIENDS FIRST	INTERAMERICAN GREECE	OTHER	TOTAL 2007	TOTAL 2006
Balance at 1 January	2,038	3	12	1	2,054	2,064
Acquisitions	63			1	64	31
Disposals						
Change in composition of the Group	**63**			**1**	**64**	**31**
Goodwill adjustment related to former acquisitions						24
Contributions made	-246	-2	-12		-260	-247
Net expense recognised in the Income Statement	178	3	8		189	182
Other changes	2				2	3
Effect of asset ceiling	-38				-38	
Intergroup adjustments	152				152	-3
Balance at 31 December	**2,149**	**4**	**8**	**2**	**2,163**	**2,054**

EXPENSE RECOGNISED IN THE INCOME STATEMENT

(€ MILLION)

	ACHMEA	FRIENDS FIRST	INTERAMERICAN GREECE	TOTAL 2007	TOTAL 2006
Current service costs	146	3	2	151	170
Interest on obligation	157	3	1	161	148
Expected return on plan assets	-127	-3		-130	-137
Amortisation of actuarial losses/(gains)	2		5	7	1
Total, included in Operating expenses	**178**	**3**	**8**	**189**	**182**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MOVEMENT TABLE QUALIFYING PLAN ASSETS

(€ MILLION)

	2007	2006
Balance at 1 January	1,327	1,137
Acquisitions	312	53
Disposals		
Change in composition of the Group	**312**	**53**
Contributions paid into the plan	112	125
Benefits paid by the plan	-55	-45
Expected return on plan assets	75	75
Unrecognised actuarial gains and losses	-85	34
Changes due to re-classification		-61
Effect of asset ceiling	-38	
Other movements	-12	9
Balance at 31 December	**1,636**	**1,327**

QUALIFYING PLAN ASSETS

The qualifying plan assets comprise the following investment categories:

(%)

	ACHMEA PENSION PLAN	INTERPOLIS PENSION PLAN
Equity instruments	37.0	35.0
Fixed-income securities	49.0	58.0
Investment property	14.0	7.0

ACTUAL RETURN ON PLAN ASSETS

(%)

	ACHMEA	FRIENDS FIRST
2007		
Qualifying plan assets	5.44-5.60	5.50
Non-qualifying plan assets	3.80	
2006		
Qualifying plan assets	5.20-5.58	3.90
Non-qualifying plan assets	3.90	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MOVEMENTS IN THE LIABILITY FOR DEFINED BENEFIT OBLIGATIONS

(€ MILLION)

	2007	2006
Balance at 1 January	3,452	3,277
Acquisitions	300	101
Disposals		
Change in composition of the Group	**300**	**101**
Benefits paid by the plan	-88	-46
Current service costs and interest	309	318
Unrecognised actuarial gains and losses	-488	-182
Other movements	-6	-16
Balance at 31 December	**3,479**	**3,452**

Principal actuarial assumptions at the balance-sheet date (expressed as weighted average assumptions)

(%)

2007	ACHMEA	FRIENDS FIRST	INTERAMERICAN GREECE
Discount rate at 31 December	5.30	5.69	4.45
Expected return on qualifying plan assets	5.20-5.60	5.49	5.00
Expected return on non-qualifying plan assets	3.90		
Future salary increases	2.50	3.50	3.00
Future pension increases	2.00	2.00	

2006	ACHMEA	FRIENDS FIRST	INTERAMERICAN GREECE
Discount rate at 31 December	4.50	5.04	4.58
Expected return on qualifying plan assets	6.00-7.10	3.93	4.53
Expected return on non-qualifying plan assets	4.14		
Future salary increases	2.50	3.02	2.30
Future pension increases	2.00	1.51	

HISTORICAL INFORMATION

(€ MILLION)

	2007	2006	2005	2004
Present value of the defined benefit obligations	3,479	3,452	3,277	1,977
Fair value of qualifying plan assets	1,636	1,327	1,137	267
Deficit in the plan	**1,843**	**2,125**	**2,140**	**1,710**
Experience adjustments arising on plan liabilities	-570	82	-100	
Percentage of scheme liabilities	-16.4%	2.4%	-3.1%	
Experience adjustments arising on plan assets	99	-14	16	
Percentage of scheme assets	6.1%	-1.1%	1.4%	

Eureko expects to pay € 210 million in contributions to defined benefit plans in 2008.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 OTHER PROVISIONS

(€ MILLION)

2007	RESTRUCTURING	EQUITY PARTICIPATION PLAN	OTHER	TOTAL
Balance at 1 January	57	20	183	260
Acquisitions			35	35
Disposals				
Change in composition of the Group			**35**	**35**
Provisions made during the period	53	16	88	157
Provisions used during the period	-45	-13	-65	-123
Provisions reversed during the period	-8		-35	-43
Balance at 31 December	**57**	**23**	**206**	**286**
Non-current	3		36	39
Current	54	23	170	247
Balance at 31 December	**57**	**23**	**206**	**286**

(€ MILLION)

2006	RESTRUCTURING	EQUITY PARTICIPATION PLAN	OTHER	TOTAL
Balance at 1 January	66	14	148	228
Provisions made during the period	50	10	101	161
Provisions used during the period	-53	-4	-57	-114
Provisions reversed during the period	-6		-9	-15
Balance at 31 December	**57**	**20**	**183**	**260**
Non-current			11	11
Current	57	20	172	249
Balance at 31 December	**57**	**20**	**183**	**260**

Restructuring

In 2007, provisions are made due to the restructuring costs arising from business process redesign programmes.

Equity participation plan

Employees (including directors) of Achmea Holding N.V. can be granted the right to acquire depository receipts for shares of Eureko B.V. The right to acquire depository receipts for shares can be exercised for the first time after three years, but not later than 10 years from the date on which the right was granted to the employee. The rules include some exceptions to this. If an option right is exercised, Vereniging Achmea will deliver depository receipts for shares to Eureko B.V. and Eureko B.V. will simultaneously pay the selling price to Vereniging Achmea. Eureko B.V. will deliver the depository receipts to the employee in return for the payment of the exercise price by the employee to Eureko B.V. The employee must, within one year, sell the acquired depository receipts to Vereniging Achmea. The price of the depository receipts associated with the option rights is equal to the value in accordance with the valuation by the independent expert on the basis of the valuation rules agreed for Eureko, which corresponds to an approximate market value.

The options are granted in April of the corresponding years. The option scheme is considered to be a cash settled share-based payment and therefore Eureko assumes a corresponding liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The summaries below show the changes in 2007 and 2006 and the details of the options outstanding at the end of 2007.

Movements in options granted under the equity participation plan mentioned above are as follows:

	NUMBER OF OPTIONS 2007	WEIGHTED AVERAGE EXERCISE PRICE (IN €) 2007	NUMBER OF OPTIONS 2006	WEIGHTED AVERAGE EXERCISE PRICE (IN €) 2006
Outstanding, at the beginning of the year	2,663,929	28.34	2,508,094	28.31
Granted during the year	666,821	41.28	843,122	34.48
Exercised during the year	-881,151	25.58	-227,318	27.06
Expired during the year			-459,969	40.08
Outstanding, at the end of the year	**2,449,599**	**32.85**	**2,663,929**	**28.34**
Exercisable, at the end of the year	**494,231**	**21.37**	**624,716**	**22.73**

YEAR	ORIGINAL NUMBER OF OPTIONS GRANTED	OPTIONS OUTSTANDING AS AT 1-1-2007	OPTIONS OUTSTANDING AS AT 31-12-2007	EXERCISE PRICE (IN €)	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE IN YEARS
2002	696,731	262,437		29.89	n.a.
2003	637,090	362,279	195,425	17.54	3.70
2004	716,770	638,375	298,806	23.87	4.59
2005	680,745	629,683	572,366	30.90	5.27
2006	843,122	771,155	716,181	34.48	6.50
2007	666,821		666,821	41.28	9.25
		2,663,929	**2,449,599**		**6.50**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

OPTIONS OUTSTANDING AND THE MOVEMENTS DURING THE FINANCIAL YEAR OF OPTIONS GRANTED TO CURRENT AND FORMER MEMBERS OF THE EXECUTIVE BOARD

	NUMBER OF OPTIONS					AMOUNTS IN €		
	OUTSTANDING AS AT 31-DEC-06	GRANTED IN 2007	EXERCISED IN 2007	EXPIRED IN 2007	OUTSTANDING AS AT 31-DEC-07	EXERCISE PRICE	SHARE PRICE AT EXERCISE DATE	EXPIRY DATE
G.H.J. van Arkel								
2004	23,564		23,564			23.87	41.28	
2005	23,564				23,564	30.90		29/04/2011
2006	25,000				25,000	34.48		06/04/2011
2007		18,750			18,750	41.28		17/04/2011
	72,128	**18,750**	**23,564**		**67,314**			
C. de Beck								
2002	2,218		2,218			29.89	41.28	
	2,218		**2,218**					
W.A.J. van Duin								
2002	1,797		1,797			29.89	41.28	
2003	2,022				2,022	17.54		14/05/2013
2004	23,564				23,564	23.87		23/04/2014
2005	23,564				23,564	30.90		29/04/2015
2006	25,000				25,000	34.48		06/04/2016
2007		25,000			25,000	41.28		17/04/2017
	75,947	**25,000**	**1,797**		**99,150**			
M.W. Dijkshoorn								
2003	23,564				23,564	17.54		14/05/2013
2004	23,564				23,564	23.87		23/04/2014
2005	32,579				32,579	30.90		29/04/2015
2006	50,000				50,000	34.48		06/04/2016
2007		60,000			60,000	41.28		17/04/2017
	129,707	**60,000**			**189,707**			
H.A.J. Hannen								
2006	25,000				25,000	34.48		06/04/2016
2007		35,000			35,000	41.28		17/04/2017
	25,000	**35,000**			**60,000**			
A.C. Henriques								
2002	2,218		2,218			29.89	41.28	
	2,218		**2,218**					
A. Hoevenaars								
2002	32,579		32,579			29.89	41.28	
	32,579		**32,579**					

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

OPTIONS OUTSTANDING AND THE MOVEMENTS DURING THE FINANCIAL YEAR OF OPTIONS GRANTED TO CURRENT AND FORMER MEMBERS OF THE EXECUTIVE BOARD (CONTINUED)

	NUMBER OF OPTIONS					AMOUNTS IN €		
	OUTSTANDING AS AT 31-DEC-06	GRANTED IN 2007	EXERCISED IN 2007	EXPIRED IN 2007	OUTSTANDING AS AT 31-DEC-07	EXERCISE PRICE	SHARE PRICE AT EXERCISE DATE	EXPIRY DATE
E.R. Jansen								
2002	23,564		23,564			29.89	41.28	
2003	32,579				32,579	17.54		14/05/2008
2004	32,579				32,579	23.87		23/04/2012
2005	32,579				32,579	30.90		29/04/2012
2006	35,000				35,000	34.48		06/04/2012
2007		35,000			35,000	41.28		17/04/2012
	156,301	**35,000**	**23,564**		**167,737**			
J. Medlock								
2003	23,564				23,564	17.54		14/05/2008
2004	23,564				23,564	23.87		23/04/2009
	47,128				**47,128**			
G. van Olphen								
2003	23,564				23,564	17.54		14/05/2013
2004	23,564				23,564	23.87		23/04/2014
2005	23,564				23,564	30.90		29/04/2015
2006	25,000				25,000	34.48		06/04/2016
2007		30,000			30,000	41.28		17/04/2017
	95,692	**30,000**			**125,692**			
P. Overmars								
2004	60,000		60,000			23.87	41.28	
2005	50,000				50,000	30.90		29/04/2010
2006	35,000				35,000	34.48		06/04/2010
	145,000		**60,000**		**85,000**			
G.J. Swalef								
2003	32,579		32,579			17.54	41.28	
2004	100,000		100,000			23.87	41.28	
2005	100,000				100,000	30.90		29/04/2010
2006	100,000				100,000	34.48		06/04/2010
	332,579		**132,579**		**200,000**			
R.Th. Wijmenga								
2006	25,000				25,000	34.48		06/04/2016
2007		25,000			25,000	41.28		17/04/2017
	25,000	**25,000**			**50,000**			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The fair value of options granted was determined using the option pricing model, substantially similar to the Black-Scholes model, with the following assumptions:

	2007	2006
Expected volatility (in %)	24.88	17.80
Option life (contractual in years)	6.50	5.44
Option life (expected in years)	3.20	2.91
Average risk free interest rate (in %)	4.58	4.15
Underlying price (in €)	41.28	34.48

The valuation model includes the human behaviour factors through an adjustment to the expected average life of the options.

The basic factors affecting the valuation of share-based payments are:
- Underlying number of options on Eureko shares granted;
- Underlying price which is determined by the annual Eureko valuation proces as Eureko is not a listed company;
- Exercise price;
- Maturity of the options;
- Expected volatility;
- Risk-free interest rate derived from zero-coupon Dutch government issues.

Expected volatility is a measure of the amount by which the share price is expected to fluctuate during a period. As there is no market for Eureko shares, Eureko uses an implied volatility of similar entities.

Other

Other provisions include provisions for short-term employee benefits and indemnities.

25 BANKING CUSTOMER ACCOUNTS

CLASSIFIED BY NATURE (€ MILLION)

2007	DEPOSITS	OTHER FUNDS ENTRUSTED	TOTAL
Balance at 1 January	730	3,991	4,721
Money deposited	1	584	585
Money withdrawn	-240	-150	-390
Balance at 31 December	**491**	**4,425**	**4,916**

2006	DEPOSITS	OTHER FUNDS ENTRUSTED	TOTAL
Balance at 1 January	1,012	4,323	5,335
Money deposited	4	328	332
Money withdrawn	-286	-667	-953
Changes due to re-classification		7	7
Balance at 31 December	**730**	**3,991**	**4,721**

The fair value of Banking Customer Accounts measured at amortised cost at year-end is € 5,625 million (2006: € 6,554 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DEPOSITS

(€ MILLION)

	2007	2006
Deposits from other banks	3	7
Other money market deposits	488	723
	491	**730**

ANALYSIS BY TIME TO MATURITY

(€ MILLION)

	2007			2006		
	DEPOSITS	OTHER FUNDS ENTRUSTED	TOTAL	DEPOSITS	OTHER FUNDS ENTRUSTED	TOTAL
On demand	1	2,211	2,212	10	2,249	2,259
Less than 3 months	155	815	970	56	535	591
3-12 months	278	399	677	362	282	644
1-2 years	25	304	329	245	136	381
2-3 years	5	180	185	25	298	323
3-4 years	6	193	199	5	248	253
4-5 years	20	172	192	5	91	96
Over 5 years	1	151	152	22	152	174
	491	**4,425**	**4,916**	**730**	**3,991**	**4,721**

26 LOANS AND BORROWINGS

CLASSIFIED BY NATURE

(€ MILLION)

2007	LOANS AT FAIR VALUE	LOANS AT AMORTISED COST	TOTAL
Secured loans and borrowings		11,586	11,586
Unsecured loans and borrowings		1,424	1,424
Financial re-insurance liabilities		53	53
Subordinated loans		122	122
Others	7	484	491
	7	**13,669**	**13,676**

2006	LOANS AT FAIR VALUE	LOANS AT AMORTISED COST	TOTAL
Secured loans and borrowings		9,143	9,143
Unsecured loans and borrowings		1,041	1,041
Financial re-insurance liabilities		73	73
Subordinated loans		93	93
Others	11	170	181
	11	**10,520**	**10,531**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(€ MILLION)

	SECURED LOANS AND BORROWINGS	UNSECURED LOANS AND BORROWINGS	FINANCIAL RE-INSURANCE LIABILITIES	SUBORDINATED LOANS	OTHER	TOTAL 2007	TOTAL 2006
Balance at 1 January	9,143	1,041	73	93	181	10,531	9,866
Money deposited	3,811	983		29	3,693	8,516	3,931
Money withdrawn	-1,358	-596	-20		-3,395	-5,369	-3,257
Amortisation	-10	-16				-26	-20
Effect of change in benchmark rate		1		-1			-2
Effect of changes in assumptions				1	-1		1
Foreign currency differences		-1				-1	
Accrued interest (for financial instruments measured at fair value)		12			8	20	12
Changes due to re-classification					5	5	
Balance at 31 December	**11,586**	**1,424**	**53**	**122**	**491**	**13,676**	**10,531**

In 2007, an amount of € 4 million has been re-classified as Liabilities classified as 'held for sale' (see Note 3).

RECONCILIATION NOMINAL AMOUNTS AND CARRYING AMOUNTS 'AT FAIR VALUE CLASSIFICATION'

(€ MILLION)

	2007	2006
Carrying amount	7	11
Nominal amount	9	13
Difference	**-2**	**-2**

As at 31 December 2007, total loans outstanding to finance the banking activity were € 12,343 million (2006: € 9,833 million). The fair value of loans and borrowings measured at amortised cost at year-end is € 12,507 million (2006: € 10,677 million).

ANALYSIS OF LOANS AND BORROWINGS BY EXPECTED TIME TO MATURITY:

(€ MILLION)

	2007	2006
On demand	4	226
Less than 3 months	841	906
3-12 months	2,266	1,686
1-2 years	900	1,474
2-3 years	1,837	892
3-4 years	1,246	1,098
4-5 years	2,592	947
Over 5 years	3,990	3,302
	13,676	**10,531**

Secured loans and borrowings

Secured borrowings include debentures issued by Achmea Hypotheekbank N.V. under its € 10 billion Secured Debt Issuance Programme, its €10 billion Covered Bond Programme, and various Residential Mortgage Backed Securities issued by special purpose entities controlled by Achmea Hypotheekbank N.V. These debentures are in various base currencies and are collateralized by residential mortgage loans. In addition, secured borrowings include funding obtained by Friends First Finance Ltd. under a € 250 million securitisation facility provided by a bank sponsored Asset Backed Commercial Paper conduit maturing in June 2008.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

UNSECURED LOANS AND BORROWINGS

(€ MILLION)

	2007	2006
Debenture loans issued by Achmea Holding N.V.	491	491
Commercial paper issued by Achmea Hypotheekbank N.V.	209	306
Syndicated Revolving Credit Facility issued by Friends First Finance Ltd.	274	239
Loans with Rabobank issued by Friends First Finance Ltd.	100	
Syndicated Credit Facility issued by Eureko B.V.	350	
Loans issued by Interpolis N.V.		5
	1,424	**1,041**

Unsecured loans and borrowings

The debentures issued by Achmea Holding N.V. carry interest at 5.75% per annum and mature in July 2008. The commercial paper issued by Achmea Hypotheekbank N.V. under its € 1.5 billion Commercial Paper Programme carried an average interest rate of 4.33% (2006: 2.22%). The syndicated revolving credit facility of Friends First Finance Ltd. has a maximum size of € 350 million and matures in November 2011. The bilateral credit facility extended by Rabobank matures in April 2012. The syndicated credit facility of Eureko B.V. has a maximum size of € 750 million and matures in June 2012.

Subordinated loans

The subordinated loans are subordinated to all other current and future liabilities and they are all equal in rank. The average interest rate for 2007 was 4.7% (2006: 5.5%).

27 DERIVATIVES

(€ MILLION)

2007	INTEREST RATE	CURRENCY	OTHER	TOTAL
Balance at 1 January	322	73	3	398
Consideration received	10	28		38
Consideration paid		-56		-56
Fair value changes	2	-11	-3	-12
Changes due to re-classification			3	3
Balance at 31 December	**334**	**34**	**3**	**371**

2006	INTEREST RATE	CURRENCY	OTHER	TOTAL
Balance at 1 January	599	28	4	631
Consideration received		33		33
Consideration paid	-397			-397
Fair value changes	120	12	-1	131
Balance at 31 December	**322**	**73**	**3**	**398**

Details of the nature of derivative instruments outstanding at balance sheet date are set out in Risk management (Note 54).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28 DEFERRED TAX LIABILITIES

Deferred tax liabilities are attributable to the following items: (€ MILLION)

	BALANCE AT 1 JANUARY 2007	RECOGNISED IN INCOME	RECOGNISED IN EQUITY	OTHER MOVEMENTS	BALANCE AT 31 DECEMBER 2007
Intangible assets	172			-172	
Investments	540	-7	-92	-247	194
Other assets	8	5	15	172	200
Other provisions	2			-2	
Re-insurance	25	1			26
Other liabilities	10			24	34
Tax value of loss carry-forwards utilised		-2		2	
	757	**-3**	**-77**	**-223**	**454**

The tax rates used in calculating Eureko's deferred taxes are the applicable national rates, which in 2007 en 2006 ranged from 10.0% to 34.0%. Changes in tax rates already enacted as at 31 December 2007 are taken into account.
The other movements are primarily caused by changes in tax rates and changes from deferred to current tax positions.

29 LIABILITIES RELATED TO CASH COLLATERAL RECEIVED IN SECURITIES LENDING

Eureko entered into an updated securities lending program. Eureko lends securities to borrowers, who in turn pay cash collateral. The liability reflects the amount Eureko owes to the borrowers related to the cash collateral paid by the borrowers and which collateral is invested in money market funds held by a Lending Agent on behalf of Eureko. The investments in these funds are included in Investments related to cash collateral received in securities lending (see Note 16).

(€ MILLION)

	2007	2006
Balance at 1 January		
Money deposited	30,880	
Money withdrawn	-21,664	
Balance at 31 December	**9,216**	

The fair value of the liabilities which are measured at amortised cost at year-end is € 9,201 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 OTHER LIABILITIES

(€ MILLION)

	2007	2006
Liabilities out of direct insurance		
- Policyholders	902	1,083
- Agents	109	87
- Prepaid premiums	45	23
Other investment liabilities	55	72
Credit institutions	1	1
Re-insurance liabilities	162	117
Taxes and social security premiums	132	113
Creditors	123	173
Cash liabilities	182	69
Employee benefits	35	31
Accruals and deferred income	536	420
Other	888	444
	3,170	**2,633**

31 CONTINGENCIES

Legal procedures

Eureko B.V. and companies forming part of the Eureko Group are involved in lawsuits and arbitration proceedings. These actions relate to claims instituted by and against these companies arising from ordinary operations and mergers, including the activities carried out in their capacity as insurers, credit providers, employers, investors and tax payers. Although it is not possible to predict or define the outcome of pending or imminent legal proceedings, the Executive Board believes that it is unlikely that the outcome of the actions will have a material, negative impact on the financial position or the operating results of Eureko B.V.

CONTINGENT LIABILITIES

(€ MILLION)

	2007	2006
Contracted pre-investments	257	55
Guarantees	618	606
Irrevocable letters of credit	627	584
Operating leases and rental contracts	336	275
Other commitments	89	96
	1,927	**1,616**

Eureko's Netherlands-based insurance companies have given guarantees to the Nederlandse Herverzekeringsmaatschappij voor Terrorismeschaden N.V. to a maximum of € 57 million (2006: € 58 million). Nederlandse Herverzekeringsmaatschappij voor Terrorismeschaden N.V. is a company in which the participating insurance companies pool the claims and risks relating to terrorism.

Dutch unit-linked policies

In 2007, there was some negative publicity about unit-linked products in the Netherlands. Several Dutch consumer interest groups argue that, in the past, information on these products was inadequate. In 2007, Achmea investigated its unit-linked policies from 1993 onwards. Overall conclusion is that Achmea adhered to the laws and regulations that were in force at the time of sale.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

This applies to the way products were structured and the costs incorporated as well as for other written information, such as brochures and policy conditions. In addition, in 2008, the recommendations of the De Ruiter Committee will be fully implemented. On 4 March 2008, the Ombudsman presented his recommendations. Eureko supports the recommendations, provided it will lead to a binding agreement supported by all stakeholders involved, and the supervisory authorities. Eureko has taken no provisions related to this topic in 2007.

OPERATING LEASES AND RENTAL CONTRACTS

(€ MILLION)

	2007	2006
Less than one year	70	51
Between one and five years	183	182
More than five years	83	42
	336	**275**

In 2007, € 6 million was recognised as an expense in the Income Statement in respect of operating leases (2006: € 5 million). € 4 million was recognised as income in respect of subleases (2006: € 2 million).

Contingencies related to shares subject to repurchase agreement

Pursuant to certain share repurchase agreements, several Eureko B.V. shareholders have the right to sell their shares on market-based conditions during a certain timeframe to certain third parties which are unrelated to Eureko B.V. When an option is exercised, Eureko B.V. has the subsequent right to purchase these shares or to enter into a derivative transaction with the purchasing third party. Pursuant to this transaction, Eureko B.V. will pay the purchaser an upfront premium equal to the settlement amount due by the purchaser to the selling shareholder under the related option. During the life of the derivative transaction, which has no fixed maturity, Eureko B.V. will receive all dividends distributed to the third party in return for a fixed fee. Upon unwinding of the derivative transaction, Eureko B.V. will receive from the purchaser the upfront premium paid plus part of the change in value of the Eureko B.V. shares held by the third party during the life of the derivative transaction.

The number of outstanding options and the movements during the 2007 financial year are reflected in the following table:

	OUTSTANDING AS AT 31 DECEMBER 2006	EXCHANGED IN 2007	OUTSTANDING AS AT 31 DECEMBER 2007
Option type 1			
Friends Provident Investment Holdings Plc.	6,653,531	-6,653,531	
Länsförsäkringar Liv Försäkringsab (publ)	1,761,294		1,761,294
Länsförsäkringar SAK Försäkringsab (publ)	1,761,294		1,761,294
Schweizerische Mobiliar Holding AG	2,769,246		2,769,246
Gothaer Allgemeine Versicherung AG	1,849,108		1,849,108
Gothaer Finanz Holding AG	2,206,482		2,206,482
	17,000,955	**-6,653,531**	**10,347,424**
Option type 2			
Covea Part. SAS	6,667,240	-6,667,240	
	6,667,240	**-6,667,240**	
	23,668,195	**-13,320,771**	**10,347,424**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The share repurchase agreements contain different types of options. As of 31 December 2007, the total option amount of all outstanding options is maximised at € 270 million. The options are either settled in the form of a perpetual or a 30-year subordinated debt instrument (type 1, maximised at € 270 million). The type 1 options can be exercised until the date of listing of Eureko B.V. on a stock exchange. In 2007, options on 6,653,531 shares (type 1) held by Friends Provident Investment Holdings Plc. were terminated on 24 December 2007 as a result of the repurchase of these shares by Eureko B.V. Options on 6,667,240 shares (type 2) held by Covea Part. SAS were terminated on 12 April 2007 and on 1 August 2007, as a result of the repurchase of these shares by Eureko B.V. as of these dates. In total, 10,347,424 Eureko shares are subject to the option and derivative agreements as of 31 December 2007.

Contingent assets - PZU S.A.

Conflict between the Polish State and Eureko

Eureko currently holds 33% minus 1 share in the partially state owned Polish insurance company PZU S.A. The privatisation agreement between the State Treasury of the Republic of Poland of November 1999 stipulated that PZU would become a listed company before the end of 2001 and Eureko would at that time acquire a further 21% of the shares. Neither of these agreements have come into effect.

Eureko's long-running dispute with the Polish government over the agreement has continued beyond the first phase of the international arbitration. The 2007 elections in Poland resulted in a new government which appears to be willing to negotiate an agreement. Initial meetings were held in January 2008, at which both parties agreed that there is a will to resolve the dispute.

32 RELATED PARTIES

Identity of related parties

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operating decisions. In the normal course of the business, the Eureko Group maintains various types of ordinary business relationships (particularly in the area of insurance, banking and asset management) with related companies and parties. In addition, related parties comprise associated companies, non-consolidated participating interests, joint ventures, key management personnel and close family members of related parties. The transactions with those parties are not considered material to Eureko Group, either individually or in the aggregate.

Remuneration of the Executive Board and the Supervisory Board

In addition to their salaries, Eureko makes contributions to defined benefit plans that provide pension benefits for members of the Executive Board upon retirement. The plans are based upon final salary. For the determination of the defined benefit liability, Eureko uses similar assumptions and methods as used for the other defined benefit plans as disclosed in Note 23, 'Employee benefits'.

Executive Board members also participate in the Group's equity participation plan (see Note 24, 'Other provisions').

TOTAL REMUNERATION OF THE EXECUTIVE BOARD: (€ MILLION)

	2007	2006
Fixed remuneration	3.8	4.6
Short-term employee benefits	1.6	2.7
Post-employment benefits	3.8	3.0[1]
Termination benefits		3.6
Share-based payment	3.1	1.5
	12.3	**15.4**

[1] *Adjusted for comparison*

	2007	2006
Number of Executive Board members in active service	5.0	6.0
Average number of Executive Board members during the year	5.8	8.2

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AVERAGE REMUNERATION OF AN EXECUTIVE BOARD MEMBER IN ACTIVE SERVICE (EXCLUDING TERMINATION BENEFITS AND EQUITY PARTICIPATION PLAN):

(€ MILLION)

	2007	2006
Fixed remuneration	0.66	0.56
Short-term employee benefits	0.28	0.33
Post-employment benefits	0.41	0.30
	1.35	**1.19**

The Supervisory Board members received a total remuneration of € 0.7 million (2006: € 0.7 million). The Supervisory Board members are not entitled to any bonuses or stock options.

Rabobank

For its operations, Eureko uses various regular Rabobank Group banking services. This particularly concerns Interpolis, the former insurer of Rabobank. All services and transactions with the Rabobank are at arm's-length and based on regular market rates.

Distribution channel

Local Rabobanks are a major distribution channel for Achmea insurance products. For the distribution of insurance products, Achmea paid commission of € 281 million to local Rabobanks over 2007 (2006: € 312 million). With the introduction of the basic health insurance, a specific offer was made to affiliated members ('aangesloten leden') of Rabobank. They are granted a 7.5% discount on the basic health insurance premiums and 10% on the premiums for the additional health insurance.

Asset management

Management of Achmea's investments is partly outsourced to Robeco, an important asset manager within the Rabobank Group. For the rendering of these services Achmea has paid fees over 2007 amounting to € 9 million (2006: € 10 million).

Facility services

Achmea obtains ICT services from Rabofacet, the facility service unit within the Rabobank Group. For these services Achmea paid fees over 2007 amounting to € 19 million (2006: € 21 million).

Insurance services delivered to Rabobank

Rabobank has insured several risks with Achmea. The premiums related to this insurance coverage over 2007 are € 71 million (2006: € 13 million). Furthermore, Rabobank entered into a collective Health insurance contract with Zilveren Kruis.

F&C Asset Management plc

In 2004, Eureko merged its wholly-owned F&C Asset Management activities with ISIS Asset Management plc, a fully consolidated listed subsidiary of Friends Provident plc. After the merger, Eureko, which owns 10.39% of the shares as of 31 December 2007, was no longer the controlling shareholder. As part of the transaction, agreements were made between parties about the continuation of asset management activities for the Eureko Group by the new combination for a ten-year period. For these activities Eureko paid fees over 2007 amounting to € 29 million (2006: € 30 million). The fees are determined at regular market rates.

Friends Provident Investment Holdings Plc.

Options on 6,653,531 shares (type 1) held by Friends Provident Investment Holdings Plc. were terminated on 24 December 2007 as a result of the repurchase of these shares by Eureko B.V. as of this date (see also Note 18).

Vereniging Achmea

On 31 December 2007, Eureko B.V. transferred 9,932,171 ordinary shares to Vereniging Achmea in consideration for the shares in Agis Zorgverzekeringen N.V. (see also Note 18).

Covea Part. SAS

Options on 6,667,240 shares (type 2) held by Covea Part. SAS were terminated on 12 April 2007 and on 1 August 2007 as a result of the repurchase of these shares by Eureko B.V. as of these dates (see also Note 18).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED INCOME STATEMENT

33 GROSS WRITTEN PREMIUMS LIFE

(€ MILLION)

2007	INDIVIDUAL	GROUP	ACCOUNT POLICY - HOLDER	TOTAL
Achmea	1,435	256	2,195	3,886
Friends First	89	128	41	258
Interamerican Greece	83	37	10	130
Other	112	9	22	143
	1,719	**430**	**2,268**	**4,417**

2006	INDIVIDUAL	GROUP	ACCOUNT POLICY - HOLDER	TOTAL
Achmea	1,559	491	1,860	3,910
Friends First	64	75	107	246
Interamerican Greece	150	26	13	189
Other	88	12	19	119
	1,861	**604**	**1,999**	**4,464**

GROSS WRITTEN PREMIUMS LIFE

(€ MILLION)

	SINGLE PREMIUM	ANNUAL PREMIUM	TOTAL 2007	TOTAL 2006
Individual Life insurance				
with profit sharing	96	211	307	562
without profit sharing	736	677	1,413	1,299
for account policyholders	264	1,095	1,359	1,326
	1,096	**1,983**	**3,079**	**3,187**
Group Life insurance				
with profit sharing	95	225	320	535
without profit sharing	38	72	110	69
for account policyholders	555	353	908	673
	688	**650**	**1,338**	**1,277**
	1,784	**2,633**	**4,417**	**4,464**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 GROSS WRITTEN PREMIUMS NON-LIFE

(€ MILLION)

2007	ACCIDENT	MOTOR LIABILITY	MOTOR OTHER	TRANSPORT/ AVIATION	PROPERTY	GENERAL LIABILITY	LEGAL ASSISTANCE	OTHER	TOTAL
Achmea	89	605	565	49	781	208	157	19	2,473
Interamerican Greece	3	72	22	3	29	7	4	22	162
Eureko Sigorta	13	8	35	8	45	5		1	115
Other	1	24	24	23	69	13		11	165
	106	**709**	**646**	**83**	**924**	**233**	**161**	**53**	**2,915**

2006	ACCIDENT	MOTOR LIABILITY	MOTOR OTHER	TRANSPORT/ AVIATION	PROPERTY	GENERAL LIABILITY	LEGAL ASSISTANCE	OTHER	TOTAL
Achmea	78	592	558	46	770	190	147	17	2,398
Interamerican Greece	2	57	20	4	28	6	2	19	138
Other	2	20	19	22	63	12		10	148
	82	**669**	**597**	**72**	**861**	**208**	**149**	**46**	**2,684**

35 GROSS WRITTEN PREMIUMS HEALTH

(€ MILLION)

2007	BASIC HEALTH INSURANCE	SUPPLEMENTARY HEALTH INSURANCE	OCCUPATIONAL HEALTH INSURANCE	OTHER HEALTH INSURANCE	TOTAL
Achmea	5,661	813	773	5	7,252
Interamerican Greece				108	108
Other				161	161
	5,661	**813**	**773**	**274**	**7,521**

2006	BASIC HEALTH INSURANCE	SUPPLEMENTARY HEALTH INSURANCE	OCCUPATIONAL HEALTH INSURANCE	OTHER HEALTH INSURANCE	TOTAL
Achmea	5,682	715	717		7,114
Interamerican Greece				38	38
Other				2	2
	5,682	**715**	**717**	**40**	**7,154**

36 INCOME FROM ASSOCIATED COMPANIES AND PARTICIPATING INTERESTS

(€ MILLION)

	2007	2006
Income from investments in associated companies	365	280
Income from investments in participating interests	40	46
	405	**326**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

INCOME FROM ASSOCIATED COMPANIES

(€ MILLION)

	2007	2006
PZU S.A.	333	277
F&C Asset Management plc	17	-27
Other		1
Income from associated companies	**350**	**251**
Impairment loss		-1
Capital gain from the sale of associated companies	15	25
Other		5
	365	**280**

For the measurement of PZU's results reference is made to Note 6.

INCOME FROM PARTICIPATING INTERESTS

(€ MILLION)

	2007	2006
Direct income:		
Dividend	28	25
Other		10
Realised gains and losses	12	10
Other		1
	40	**46**

37 INVESTMENT INCOME

INCOME FROM INVESTMENTS BASED ON ACCOUNTING TREATMENT OF INVESTMENTS

(€ MILLION)

	2007	2006
Investment property	103	99
Investments available for sale	982	971
Investments at fair value through income statement	421	430
	1,506	**1,500**
Investment expenses	-65	-66
Direct operating expenses investment property	-13	-20
	1,428	**1,414**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

INCOME FROM INVESTMENTS BASED ON THE NATURE OF INVESTMENTS

(€ MILLION)

	2007	2006
Investment property	103	99
Direct income from other financial investments:		
Equities and similar investments	148	144
Bonds	967	896
Loans	229	247
Mortgages	6	50
Deposits	39	17
Derivatives		3
Other investments	14	44
	1,506	**1,500**

INCOME FROM INVESTMENTS BASED ON THE NATURE OF THE INCOME

(€ MILLION)

	2007	2006
Interest	1,255	1,257
Rental income	103	99
Dividends	148	144
	1,506	**1,500**

38 REALISED AND UNREALISED GAINS AND LOSSES

(€ MILLION)

	2007	2006
Realised and unrealised gains and losses on financial assets:		
Investment property	98	106
Investments available for sale	181	389
Investments at fair value through income statement	-400	-7
Impairment losses on investments	-11	-4
Reversals of impairment losses on investments	1	
Foreign currency differences	88	6
	-43	**490**
Realised and unrealised gains and losses on financial liabilities:		
Loans and borrowings	4	7
Other	6	6
Foreign currency differences	-4	-9
	6	**4**
	-37	**494**

The realised and unrealised gains and losses arising from financial assets and financial liabilities, which are attributable to banking operations, are presented under Banking income (Note 40).

A total of € -110 million of the unrealised results from fair value changes is related to investments which are measured using a valuation technique (2006: € 115 million). These fair value changes are mainly related to investment property and unlisted derivatives.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39 INCOME FROM INVESTMENTS BACKING LINKED LIABILITIES

(€ MILLION)

	2007	2006
Direct income from:		
Investment property	42	34
Equities and similar investments	153	128
Fixed-income securities	274	250
Derivatives	46	37
Other investments	22	16
	537	**465**
Net foreign currency differences	-36	-28
Unrealised and realised revaluation results:		
Investment property	-72	99
Equities and similar investments	220	1,057
Fixed-income securities	-111	-98
Derivatives	-77	-40
Other	19	-1
	480	**1,454**
Investment expenses	-27	-45
	453	**1,409**

Direct income from fixed-income securities includes interest income related to saving accounts.

40 BANKING INCOME

(€ MILLION)

	2007	2006
Interest income	902	800
Unrealised and realised results	7	-13
Fee and commision income of financial instruments not classified as at fair value	25	21
Other	5	10
	939	**818**

41 FEE AND COMMISSION INCOME, AND INCOME FROM SERVICE CONTRACTS

(€ MILLION)

	2007	2006
Fee income from trust and other fiduciary activities	575	566
Income from service contracts	68	64
	643	**630**

42 INCOME FROM INVESTMENTS RELATED TO CASH COLLATERAL RECEIVED IN SECURITIES LENDING

(€ MILLION)

	2007	2006
Direct investment income	288	
Investment expenses	-3	
	285	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

43 OTHER INCOME

(€ MILLION)

	2007	2006
Negative goodwill		87
Other income	179	130
	179	**217**

44 CLAIMS AND MOVEMENTS IN INSURANCE LIABILITIES

(€ MILLION)

	2007 GROSS	2007 RE-INSURANCE	2006 GROSS	2006 RE-INSURANCE
Life				
Claims paid	4,165	103	4,670	119
Changes in insurance liabilities	-393	131	-237	33
	3,772	**234**	**4,433**	**152**
Non-Life				
Claims paid	1,743	89	1,505	37
Changes in insurance liabilities	114	-1	104	61
Claim handling expenses	127		118	
Recoveries	-112		-110	
	1,872	**88**	**1,617**	**98**
Health				
Claims paid	7,293	608	6,032	573
Changes in insurance liabilities	-722	-19	502	-23
Claim handling expenses	110		116	
Recoveries	-10		-7	
	6,671	**589**	**6,643**	**550**
Total claims and movements in Insurance liabilities	**12,315**	**911**	**12,693**	**800**

45 PROFIT SHARING AND BONUSES

(€ MILLION)

	2007	2006
Amortisation interest surplus rebates	82	68
Profit sharing	5	368
	87	**436**

46 BENEFITS ON INVESTMENT CONTRACTS

(€ MILLION)

	2007	2006
Interest income		3
Fair value changes investment contracts	-144	314
Other benefits on investment contracts	-1	2
	-145	**319**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

47 OPERATING EXPENSES

(€ MILLION)

	2007	2006
Salaries	910	859
Social security charges	80	70
Pensions	189	181
Share-based payment expenses	16	10
Others	669	519
Staff costs	**1,864**	**1,639**
Marketing and advertising expenses	137	144
Acquisition costs	823	745
General expenses	590	732
	3,414	**3,260**
Less: claims handling expenses	237	233
Less: direct operating expenses from investment property generating rental income	-6	4
Less: direct operating expenses from investment property not generating rental income	19	16
Less: Investment expenses	92	111
	3,072	**2,896**

NUMBER OF EMPLOYEES (AT THE END OF THE YEAR, BASED ON FTE)

	ACHMEA	FRIENDS FIRST	INTERAMERICAN GREECE	EUREKO SIGORTA	UNION	OTHER	TOTAL 2007	TOTAL 2006
Life insurance	2,236	384	567		47	94	3,328	3,158
Non-Life insurance	2,704		589	453	241	202	4,189	3,757
Health	6,553		798		264	213	7,828	7,512
Banking	615	95					710	714
Other	7,757	62	72		6	83	7,980	6,643
	19,865	**541**	**2,026**	**453**	**558**	**592**	**24,035**	**21,784**

Achmea includes 1,448 employees of Agis.
The number of employees mentioned above also include employees with temporary contracts.
A FTE is based on a labour week of 38 hours.

48 BANKING EXPENSES

(€ MILLION)

	2007	2006
Interest expenses	666	553
Other fee and commission expenses	2	
Other banking expenses		2
	668	**555**

Operating expenses, like staff costs, are included in Note 47.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

49 INTEREST AND SIMILAR EXPENSES

(€ MILLION)

	2007	2006
Interest expenses	68	82
	68	**82**

50 INTEREST EXPENSES FROM LIABILITIES RELATED TO CASH COLLATERAL RECEIVED IN SECURITIES LENDING

(€ MILLION)

	2007	2006
Interest expenses	269	
	269	

51 OTHER EXPENSES

(€ MILLION)

	2007	2006
Amortisation charges	224	196
Impairment results	4	38
Re-insurance profit sharing and commission	-16	-7
Other expenses	69	150
	281	**377**

AMORTISATION CHARGES

(€ MILLION)

	2007	2006
Intangible assets	150	123
Property for own use	16	16
Equipment	57	56
Other	1	1
	224	**196**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

52 INCOME TAX EXPENSES

RECONCILIATION OF EFFECTIVE TAX AMOUNT

(€ MILLION)

	2007	2006
Profit before tax and discontinued operations	1,041	1,215
Domestic corporation tax rate	25.5%	29.6%
Income tax using the domestic corporation tax rate	266	360
Effect of tax rates in foreign jurisdictions	-13	-10
Tax effect on:		
Non-deductible expenses	5	3
Tax exempt revenues	-4	28
Tax facilities	2	-80
Untaxed gains on disposal of subsidiaries	8	
Participation exemption	-107	-87
Non-deductible losses	9	-1
Reduction in tax rate		40
Other	9	12
Under/(over) provided in previous years	-113	-35
Effective tax amount	**62**	**230**

Under/(over) provided in previous years includes a tax benefit of € 85 million related to an agreement with the Dutch tax authorities for the compensation of tax losses resulting from previous years. The effective tax rate in 2007 amounts to 6.0% (2006: 19.0%)

(€ MILLION)

	2007	2006
Current tax expense		
Current year	166	343
Under/(over) provided in previous years	-113	-35
	53	**308**
Deferred tax expense		
Origination and reversal of timing differences	9	-117
Reduction in tax rate		39
	9	**-78**
Total income tax expense in Income Statement	**62**	**230**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

53 EARNINGS PER SHARE

Basic earnings per share

The calculation of earnings per share at 31 December 2007 was based on the net profit attributable to ordinary shareholders of € 916 million (2006: € 928 million) and a weighted average number of ordinary shares outstanding during the year ended 31 December 2007 of 313,609,178 (2006: 317,272,153).

NET PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS (€ MILLION)

	2007			2006		
	CONTINUING OPERATIONS	DISCONTINUED OPERATIONS	TOTAL	CONTINUING OPERATIONS	DISCONTINUED OPERATIONS	TOTAL
Net profit	979		979	985		985
Dividends on non-redeemable cumulative preference shares	25		25	25		25
Payments on other equity instruments	62		62	32		32
Tax on payments on other equity instruments	24		24			
Net profit attributable to ordinary shareholders	**916**		**916**	**928**		**928**

WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES

	2007	2006
Issued ordinary shares at 1 January	313,212,274	315,020,494
Effect of shares issued in January 2006		2,388,809
Effect of own shares issued in January 2006		2,762,763
Effect of own shares acquired in August 2006		-2,899,913
Effect of own shares acquired in April 2007	-1,822,301	
Effect of shares issued in May 2007	4,282,949	
Effect of own shares acquired in August 2007	-1,551,934	
Effect of own shares acquired in December 2007	-511,810	
Weighted average number of ordinary shares at 31 December	**313,609,178**	**317,272,153**

NET PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS (€)

	2007	2006
Earnings per share continuing operations	2.92	2.92
Earnings per share discontinued operations	0.00	0.00
Basic earnings per share	**2.92**	**2.92**

The diluted earnings per share equals the earnings per share from continuing operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

54 RISK MANAGEMENT

1 INTRODUCTION

Taking risks is fundamental for insurance companies and managing those risks is core to Eureko's business. Managing risks implies the ability to identify, measure, understand, control and mitigate them. In the short term, risk management enables value creation by optimising the balance between risk and return and active selection of profitable risks. In the long term it secures the continuity, solvency and professionalism of Eureko. The following sections present an overview of Eureko's risk management framework. Risk management policies and techniques are described per risk type.

Recent developments

Dutch unit-linked policies

In 2007 there has been some negative publicity about unit-linked products in the Netherlands. Several Dutch consumer interest groups argue that in the past information on these products was inadequate. In 2007 Achmea investigated its unit-linked policies from 1993 onwards. Overall conclusion is that Achmea adhered to the laws and regulations that were in force at the time of sale. This applies to the way products were structured and the costs incorporated as well as for other written information, such as brochures and policy conditions. In addition, in 2008, the recommendations of the 'De Ruiter Committee' will be fully implemented. On 4 March 2008 the 'Ombudsman' presented his recommendations. Eureko supports the recommendations, provided they lead to a binding agreement, supported by all stakeholders involved, and the supervisory authorities. Eureko has not taken any provisions related to this topic in 2007.

US sub-prime market

As of 31 December 2007 Eureko's total exposure to US sub-prime mortgage related assets is € 3 million. The assets are marked by S&P with a AAA-rating. The exposure to UK 'non-conforming mortgage related assets' is € 21 million whereof € 18 million has an S&P rating of A. Both amounts add up to less than 0.01% of Eureko's total fixed income portfolio. All interest payments on these assets have been received. The fair values of the non-conforming UK loans have declined by € 3 million due to recent market developments.

2 EUREKO'S RISK GOVERNANCE

Eureko's risk governance is organised along three lines of defence that ensures that risk management processes are embedded at every relevant level of the organisation. Division and operating company management have primary responsibility for the day-to-day management of risk and belong to the first line of defence. This line of defence also comprises staff departments at group level which are responsible for the management of the investments and re-insurance activities of the Dutch divisions.

The second line of defence includes the following five Group Risk Committees, each of which is chaired by an Executive Board member and which further consists of a second Executive Board member and the directors of relevant staff departments.

The Group Operational Risk Committee (GORC) ensures different types of operational risks are managed at Group, operating company and division level.

The Group Financial Risk Committee (GFRC) is responsible for defining the risk appetite and risk profile of Eureko, defining financial risk management policies and procedures and monitoring the overall risk position and capital requirements. The GFRC was newly created during 2007 to coordinate the activities of three other specialised committees:

- The Group Insurance Risk Committee (GIRC) initiates and supervises the management of different types of insurance risk, including catastrophe risk, at Group, operating company and division level.
- The Group ALM and Investment Committee (GAIC) has the same responsibility for market risk and credit risk.
- The Group Capital and Liquidity Committee (GCLC) has the same responsibility for solvency risk and liquidity risk.

Within the Dutch Banking operations, the Bank Asset and Liability Committee (ALCO) is responsible for the management of interest rate and liquidity risk. Credit risk within the Bank is managed through strict underwriting procedures, and in cases of large or non-standard exposures, risks are assessed by the Credit Committee on a case-by-case basis.

Furthermore, the second line of defence also includes risk management departments at division and group level where the risk management departments at division level have functional reporting lines to staff departments at Group level.

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Finally, it also includes the Audit Committees of local operating companies whose members include people with specialised knowledge from Group staff departments and/or other operating companies, thereby promoting the exchange of best practice risk management throughout the Group.

The third line of defence is Eureko's Group Audit & Risk Services department which provides independent assurance on the effectiveness of the overall internal control infrastructure. Tools include the assessment of Internal Control Statements and Operational and Compliance Audits.

The Executive Board discusses risk management developments with the Supervisory Board and the Audit Committee on a regular basis.

3 ECONOMIC CAPITAL

Economic capital is an important element of Eureko's risk management framework. The main purpose of economic capital is to enable Eureko to understand and be in control of its risk profile. Economic capital requirements translate into information that allows management to make more informed strategic choices on capital allocation, performance management, asset mix, product pricing, re-insurance strategy and decisions on business mix, merger and acquisitions prospects and future dividend strategy.

Eureko's economic capital model reflects insurance risk, market risk, business risk and operational risk. Economic capital is calculated using Value-at-Risk techniques in accordance with an internally developed model. In this model all potential losses over the next 12 months, including adverse revaluation of assets and liabilities, are assessed. Risks per business line are determined using internal, often stochastic, models. For operational risks, Eureko improved modelling by introducing a link with the qualitative Internal Control Statement. The control level reported in the Internal Control Statement is translated into a reduction or surcharge on economic capital for operational risk. The model assures that aggregation of risks takes place in a consistent way.
For the smaller insurers within Eureko, a Solvency I based rule supplemented with a charge for operational and business risk is applied.

Economic capital at Group level is defined as the maximum loss over a one-year period at a 99.95% confidence level, which is consistent with the single A rating target at holding level. On division level, a confidence level of 99.5% is used. The difference between the confidence level at Group and division level can be explained by the impact of diversification which is taken into account only at Group level.

4 INSURANCE RISK

General

Definition

Insurance risk is the risk resulting from the pricing and acceptance of insurance contracts. Life insurance risk relates to changes in mortality and longevity. Non-Life and Health insurance risk relates first to the degree of changes in claims frequency and severity and the uncertainty in development of already incurred claims. Second it relates to claims due to catastrophe risk, such as wind, hailstorms and natural disasters.

Major policies

Underwriting policies rely on regular review procedures by actuarial personnel in which actual loss occurrence is examined. Statistical analysis tools are systematically employed in each business line to refine underwriting standards and improve loss occurrence. The appointed actuaries provide a statement of approval on the adequacy of insurance liabilities as at year-end. In general large risks are covered in re-insurance treaties and risks that exceed the treaty limit are covered on a facultative basis. In 2007 the highest retention per risk was € 6 million.

Mitigation

Primary mitigation of insurance risk is through risk diversification within and between business lines and through re-insurance.

The purchase of re-insurance is governed by Eureko guidelines and managed by a dedicated operating company, Eureko Re. The type of re-insurance used within Eureko is mainly on an excess-of-loss basis. Eureko uses a multi-layered re-insurance structure, focusing on Group-wide retention levels aimed at reducing overall costs by leveraging increased risk-carrying capacity, and combined purchasing power.

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Risk of losses due to terrorism

The 'Nederlandse Herverzekeringsmaatschappij voor Terrorismeschaden N.V. (NHT)' guarantee fund covers all claims on Dutch policies caused by terrorist attacks up to € 1 billion. Above this maximum terrorism claims are excluded in the policies. Like all Dutch insurance companies Eureko pays premiums to the NHT based on market shares. The NHT losses are also divided over all the insurance companies based on market shares. The NHT has re-insured claims that exceed € 400 million.

Life Insurance

Eureko has a full range of life insurance products, covering both mortality risk and longevity risk. This includes traditional products where the minimum investment return is generally guaranteed by Eureko and unit-linked policies where the investment risk is borne by the policyholder.

In Individual Life insurance, several traditional savings products with guaranteed investment returns are offered, such as endowments and whole life policies. Term assurance policies that only insure mortality risk are also sold. Mortgages can be linked to traditional savings or unit-linked policies. In the Netherlands, policies are sold with a guaranteed investment return that equals the interest paid for the mortgage loan.

In Group Life insurance a distinction is made between managed funds (where the investment risk is borne by the policyholder) and insured contracts. The life insurance liabilities can be split into the following categories:

BREAKDOWN OF LIFE INSURANCE LIABILITIES IN INDIVIDUAL AND GROUP (€ MILLION)

	2007 AMOUNT	2007 %	2006 AMOUNT	2006 %
Individual Life insurance				
Traditional saving (mortgage)	2,252	5.3%	2,431	5.8%
Whole Life/funeral expense insurance	695	1.6%	125	0.3%
Traditional saving (other)	8,078	19.2%	8,129	19.3%
Unit-linked	12,954	30.7%	11,291	26.7%
Risk (including riders)	347	0.8%	255	0.6%
Annuities	4,083	9.7%	4,633	11.0%
Total Individual Life insurance	**28,409**	**67.3%**	**26,864**	**63.7%**
Group Life insurance (employer sponsored)				
Traditional insured pension fund	8,028	19.0%	9,518	22.5%
Managed pension fund (GBD)	5,592	13.3%	5,031	11.9%
Risk	108	0.3%		
Total Group Life insurance	**13,728**	**32.6%**	**14,549**	**34.4%**
Profit sharing and bonuses	44	0.1%	800	1.9%
	42,181	**100.0%**	**42,213**	**100.0%**

The insured risk within life insurance contracts is either mortality, longevity or both. By offering a range of different products, the mortality and longevity risks are balanced across the portfolio. Remaining life insurance risk is managed by Eureko's underwriting and re-insurance policy. As far as allowed by law, medical selection is included in Eureko's underwriting procedures, with premiums varied to reflect the applicant's health and family medical history. Re-insurance is used to limit the risk assumed on individual lives or groups of lives that may present a concentration or catastrophe risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The following table shows a breakdown of insurance risk by product type:

PRODUCT TYPE

	LONGEVITY RISK	MORTALITY RISK
Traditional savings		X
Whole Life / funeral expense		X
Unit-linked		X
Risk		X
Annuities	X	
Traditional insured pension fund	X	X
Managed pension fund (GBD)	X	X

In the Dutch life business (individual and group) calculations are carried out to test the adequacy of the insurance liabilities taking longevity into account. The calculations are based on mortality tables derived from industry statistics including prudent assumptions for improvement in the future.

In traditional life insurance premiums are agreed at the start of the contract and usually cannot be adjusted thereafter. In individual contracts written in the Netherlands there is an 'en bloc'-clause allowing the insurer to increase premiums in the last resort. Otherwise there are no mitigating terms and conditions that can reduce the mortality risk. In the group's life insurance segment, mitigation is achieved by setting premium bases for each scheme for a fixed term only, generally five years, and by reducing profit sharing.

Unit-linked insurances written in the Netherlands generally charge for mortality and longevity risk through monthly risk premiums drawn from an account balance. These contracts generally give the insurer the right to change the basis on which these premiums are calculated, allowing the insurer to respond to adverse changes.

In Ireland, there is a significant amount of with-profits business where generated profits are distributed to policyholders (and shareholders) as reversionary or terminal bonuses. Within the margins of meeting reasonable expectations of policyholders, there is discretion to mitigate risk by varying profit distributions. Another major product line in Ireland is disability insurance written on a standalone basis. In the underwriting policy restrictions and limits (including medical) are in force to limit selection by the insurer. Claims are provided for based on generally accepted actuarial principles, taking recovery rates into account.

In Greece, medical expenses insurance is written as a rider to life policies. There is a closed block of business with guaranteed premium rates and these policies are being converted into a more flexible form allowing Eureko to vary terms and conditions when circumstances require.

Sensitivity Analysis

The nature of the insurance business is such that a number of assumptions have been made in compiling the financial statements. The sensitivity of insurance provisions to changes in level of expenses and mortality is set out below. For each sensitivity factor, all other assumptions have been left unchanged.

LIFE INSURANCE SENSITIVITIES, IMPACT ON PROFIT BEFORE TAX (€ MILLION)

	MAINTENANCE EXPENSES + 10%	INSURANCE MORTALITY +5%	ANNUITANT MORTALITY -5%
Non-linked insurance liabilities 2007	-21	-5	-6
Non-linked insurance liabilities 2006	-20	-4	-6

Sensitivities on expenses and gross claim ratios will only have impact on Total equity through the Income Statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Non-Life Insurance

In Non-Life insurance the most prevalent risks, such as fire, hail, storm and motor accident are covered. The classes targeted by the commercial lines portfolio are mid-sized industrial and commercial risks with a normal maximum line size of € 40 million on a maximum possible loss basis. Claims for most of the products are settled within a short period. Eureko has no exposure to industrial risks with sums insured that exceed € 300 million.

The following table provides a breakdown of the Non-Life insurance liabilities by business line:

BREAKDOWN NON-LIFE INSURANCE LIABILITIES BY CLASS OF BUSINESS (€ MILLION)

	2007 AMOUNT	2007 %	2006 AMOUNT	2006 %
Accident	122	2.9%	97	2.6%
Motor liability	1,846	43.6%	1,838	48.3%
Motor other	415	9.8%	345	9.1%
Transport/aviation	139	3.3%	90	2.4%
Property	870	20.6%	696	18.3%
General liability	559	13.2%	549	14.4%
Other	280	6.6%	187	4.9%
	4,231	**100.0%**	**3,802**	**100.0%**

Outstanding claims are exposed to claims inflation from prior year losses in those lines of business with long claim development patterns (long tail). These risks are closely monitored on a periodic basis using actuarial liability adequacy tests.

For Non-Life insurance the liabilities include statistical and non-statistical prudence margins above best estimates.
The non-statistical prudence margin covers upward shifts on known events with an uncertain effect, such as changes in legislation and extreme inflation. The levels of these required margins are reviewed at least annually.
The prudence margin for all lines combined is calculated at a 98.5% confidence level.

The 'property' and 'motor hull insurance' business lines in the Netherlands are exposed to windstorm and/or hail risk. Furthermore 'motor hull insurance' in the Netherlands is also exposed to flood risk. Some European operating companies, such as Interamerican Greece and Eureko Sigorta, are also exposed to earthquake risk. Exposure to natural disasters is limited by the use of catastrophe excess of loss re-insurance. Insured risks with long claim development patterns are generally correlated as, to a large extent, these are exposed to future claim inflation and changes in legislation.

The following table quantifies exposure to concentration risk in certain business lines. The figures in the table are based on two kinds of models. The derived loss probabilities resulting from natural disasters are based on external catastrophe models. The derived loss probabilities resulting from large claims are based on internal stochastic models, which are yearly calibrated using internal data. These models provide an estimation of the magnitude of losses that may occur based on different levels of confidence. Stochastic model results are not factual and do not predict any future events. Actual loss experience can differ significantly. The following table is based on the insurance portfolio, re-insurance programmes and price level in 2007.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONCENTRATION RISK

(€ MILLION)

	MOTOR OTHER	PROPERTY RESIDENTIAL INDUSTRIAL	PROPERTY GREENHOUSES	TOTAL
Gross losses				
Results from meteorogical models				
Windstorm that occurs 1-in-50 years		552	102	**654**
Hail event that occurs 1-in-50 years	29		37	**66**
Historical windstorm and hail events in the Netherlands (see note)				
Impact of heavy windstorm in 1990 (Daria)	17	416	88	**521**
Impact of heavy hail event in 1998	40		16	**56**
Historical large fires and explosions (see note)				
Largest fire over past 10 years		31	6	
Enschede fireworks explosion		67		
Re-insurance cover				
Results from meteorogical models				
Windstorm that occurs 1-in-50 years		426	77	**503**
Hail event that occurs 1-in-50 years	19		12	**31**
Historical windstorm and hail events in the Netherlands (see note)				
Impact of heavy windstorm in 1990 (Daria)	7	291	63	**361**
Impact of heavy hail event in 1998	30			**30**
Historical large fires and explosions (see note)				
Largest fire over past 10 years		24	1	
Enschede fireworks explosion				
Net losses				
Results from meteorogical models				
Windstorm that occurs 1-in-50 years		126	25	**151**
Hail event that occurs 1-in-50 years	10		25	**35**
Historical windstorm and hail events in the Netherlands (see note)				
Impact of heavy windstorm in 1990 (Daria)	10	125	25	**160**
Impact of heavy hail event in 1998	10		16	**26**
Historical large fires and explosions (see note)				
Largest fire over past 10 years		7	5	
Enschede fireworks explosion		67		

Historical observed losses are indexed to 2007 levels based on the development of the written premiums.

Eureko mitigates risk exposure through re-insurance contracts only, and not through catastrophe bonds or other alternative risk transfers.

Re-insurance's primary application is to manage exposure to weather-related events, natural disasters, events involving multiple victims, major fires and motor third-party liability. It has significant bottom-line effects driven by the type of re-insurance chosen, the retention and limits agreed and established. General catastrophe re-insurance cover for property in the Netherlands is based on a weighted average of five different models (Munich Re, Swiss Re, RMS, EQECAT and AIR). The Kyrill loss was in line with the loss modelled by most of these models. Therefore, the Kyrill loss has not led to a change in the use of models. For 2007 the re-insurance upper limit is based on a 1 in 200-year event for property and on a 1 in 150-year event for greenhouses. Eureko has taken a 40% participation in the top layers of both programmes to optimise the risk-return profile. The range of this top layer is € 750 million up to € 1,100 million for property and € 100 million up to € 170 million for greenhouses. For operating companies with earthquake risk, Eureko has re-insured the risk on a once every 200 to 500 year-basis depending on the market.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

LARGEST PROGRAMMES 2007 (€ MILLION)

	PRIORITY (RETENTION BELOW COVER)	UPPER LIMIT
Property catastrophe Netherlands	125	1,100
Greenhouses catastrophe Netherlands	25	170
Motor hull catastrophe Netherlands	10	100
Property and motor hull catastrophe Belgium	5	65
Earthquake Greece	2	155
Earthquake Turkey	6	110
Property per risk Netherlands	6	50

In 2008, the priority of the property catastrophe the Netherlands programme is increased to € 140 million and the upper limit to € 1,200 million. For greenhouses the upper limit is increased to € 220 million. Eureko no longer participates in the top layer of this programme as from 2008.

Eureko's strategy is to limit the number of risks re-insured on a facultative basis. The total number of facultative risks in the Netherlands is around 130 for property, 35 for general liability and 10 for other business lines.

Sensitivity Analysis

The sensitivity of non-life insurance provisions is set out below:

NON-LIFE INSURANCE SENSITIVITIES, IMPACT ON PROFIT BEFORE TAX (€ MILLION)

	MAINTENANCE EXPENSES +10%	GROSS CLAIM RATIOS +5%
Non-life insurance	-77	-120

Sensitivities on expenses and gross claim ratios will only have impact on Total equity through the Income Statement.

Health insurance

Within Health insurance, Eureko covers two classes of products: Dutch healthcare products and disability (known in Ireland as PHI) products. The following table provides a breakdown of the health insurance liabilities by business line:

BREAKDOWN HEALTH INSURANCE LIABILITIES BY CLASS OF BUSINESS (€ MILLION)

	2007 AMOUNT	2007 %	2006 AMOUNT	2006 %
Basic health insurance	2,946	54.2%	2,533	49.7%
Supplementary health insurance	198	3.6%	150	2.9%
Occupational health insurance	2,137	39.3%	2,154	42.2%
Other health insurance	156	2.9%	264	5.2%
	5,437	**100.0%**	**5,101**	**100.0%**

Within 'Other health insurance' Eureko has included the run-off of former public and private health insurance contracts. In Insurance liabilities these amounts are included in the outstanding claims provision.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Dutch Healthcare

On 1 January 2006, a new health system came into force in the Netherlands. In the new system, health care consists of two components: basic and supplementary health insurance. Basic health insurance has some unique elements. The premiums set for basic health insurance are influenced by political decision-making processes. The Dutch government establishes:

- The coverage offered through basic health insurance;
- Terms and conditions which apply to basic health insurance, for instance mandatory acceptance and maximum discounts for group contracts (currently 10%);
- Payments from the equalization fund to health insurers (see below);
- The standard nominal premium level is generally needed to cover the total claims level (insurers have to apply an additional premium to this premium to cover costs, discounts, profit, etc.).

Over time, these elements will change and will affect future premiums received by health insurers.

Apart from the premium received from policyholders, an insurer receives payments from an equalization fund financed by employers and the Dutch government. The funding from the government concerns the premium for the coverage of health claims regarding children under the age of 18. A system of risk mitigation features has been introduced for basic health insurance. It mitigates risks of:

- a 'non-average' portfolio in terms of age, gender, health of the insured, occupation (source of income) and geographic region;
- general health cost inflation;
- higher than average claims with extreme claim amounts (above € 12,500 per insured);
- hospital claims, due to the ex-post compensation mechanism (if equalization fund payments fall short of hospital claims, the insurer is compensated for 70% of the shortfall, and vice versa).

Across the Dutch health insurers the payments received from the equalization fund and the standard nominal premium ultimately equalizes the actual claims level of all insurers. Due to the fact that Achmea has determined that its insured population (4.7 million policyholders) mirrors the Dutch average, the net impact of uncertainty is expected to be immaterial.

Compared with other non-life insurances the features above mitigate the insurance risk for the basic health insurance considerably. Due to the working of the equalization scheme the run-off results are estimated to be in the range of € -50 million to € +50 million.

For the insurance years 2006, 2007 and 2008, the data used to calibrate the system is based on historical information gathered from public health care, private health care and estimates. This may result in a flawed distribution of the equalization fund among health insurers. From 2009 onwards, the system is expected to be calibrated on information from the basic health insurance. At year-end 2007, Eureko re-estimated the result for 2006 and 2007 based on the preliminary 2006 result as calculated by the government using the equalization fund (including standard nominal premium) and claims level. The result for 2006 is still preliminary since there are unknown factors: 1) some variables of the insurers' risk profile (especially the health of the insured) which will affect equalization fund payments; 2) the risk mitigating effect of the extreme claims amounts; 3) the effect of macro-neutrality; 4) the exact size and distribution over the insurers of the correction of the overfinancing of hospitals due to the introduction of the DBCs (see the paragraph below).

This means that the preliminary results on equalization fund (including standard nominal premium) and claims level will shift between insurers.
With respect to the results, Eureko used the latest information on claims level and macro-neutrality. This best estimate is used to calculate insurance liabilities. When appropriate, Eureko has made additional provisions.
Supplementary health insurance provides additional cover for policyholders. This insurance is voluntary and is similar to non-life insurance in methodology and approach.

Additional uncertainty on hospital claims

From 1 January 2005, settlement of medical care costs between health insurers and Dutch hospitals is based on so-called 'Diagnose Behandel Combinaties' (Diagnosis treatment combinations, DBCs) and covers a whole period of medical treatment; claim compensation for separate treatments is specified. The final settlement is at the end of the treatment period. The implementation of this DBC-method puts significant pressure on Dutch hospital administrations. As a consequence, some hospitals are still unable to supply a timely and clear overview of amounts that should have been settled at year-end 2006; subsequently, estimates were made. Health insurers are therefore uncertain about what amounts should be recognised as insurance liability at year-end.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Furthermore, hospitals were over-financed in both 2005 and 2006 for respectively € 880 million and € 1,700 million. This means they received more income than budgeted; this has to be reimbursed to the insurers. Insurers correct hospital claims by these amounts. However, these amounts are only estimates and final settlement will only occur when actual data are available. The same situation applies for 2007; the amount is expected to be substantial. In its financial reporting, Eureko takes claim corrections due to over-financing of hospitals into account. However, insurers' risk on hospital claims is mitigated due to the macro-neutrality that ultimately equalises equalization fund payments (including standard nominal premium) for all insurers to the actual level of hospital claims (corrected for the over-financing).

'Run-off results' of former health insurance

There has been a positive run-off on the outstanding claims provision of the former Eureko health insurers (private and public) of over € 50 million, due to hospital over-financing in 2005 and resulting downward corrections on hospital claims levels. In the outstanding claims provision, Eureko has still included an amount of € 18 million for the remaining run-off. The appropriate provision has been determined based on available data and management expectations. The run-off is expected to be settled by 2009. This settlement will have only a minor effect on results in the coming years as the run-off is almost complete.

In the coming years Eureko will re-assess provisions for the underwriting year on an annual basis based on new insights or information and settlements with the Dutch government (equalization fund allocation for the underwriting year in question). Changes in the equalization fund allocation of prior underwriting years will have an effect on results in the coming years.

Occupational health

Occupational health products cover the risk of a reduction in income resulting from inability to work due to illness or disability. Eureko offers these products based on local regulatory requirements; disability products sold in Ireland (PHI) are offered as part of life insurance.

Insurance liabilities related to occupational health insurance are sensitive to changes in legislation, changes in medical cost levels, the level of absenteeism due to illness, the frequency and extent to which people are considered to be disabled, the rate of recoveries from disability and the level of minimum and actual interest rates.

To mitigate these risks a significant part of the portfolio has a contract term of one year. For the majority of contracts with a term longer than one year the premium can be adjusted using a clause included in policy conditions. The possibility of high claims per risk event for disability is mitigated by limiting the insured income and, in some cases, the use of catastrophe re-insurance.

Sensitivity Analysis

The following table shows the impact on Profit before tax of sensitivities in occupational health:

OCCUPATIONAL HEALTH INSURANCE SENSITIVITIES, IMPACT ON PROFIT BEFORE TAX (€ MILLION)

	MAINTENANCE EXPENSES +10%	GROSS CLAIM RATIOS +5%
Occupational health insurance	-19	-33

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Guarantees, participation feature and investment returns

Most of the disability contracts in the Netherlands do not include participation features or crediting of investment return to policyholders. However, two occupational health insurance contracts with 10% of the carrying amounts in the Netherlands have the possibility of crediting investment return if it exceeds a specific ceiling. Less than 15% of the carrying amount occupational health insurance in the Netherlands includes profit sharing on technical profits. In Ireland the PHI contracts guarantee the premium rates for the duration of the contract in the case of individual business and for a limited period in the case of group contracts.

For health care insurance products in the Netherlands, guarantees, participation features and crediting investment returns to the policyholder do not exist, mainly due to legislation on the health insurance products. The premium is guaranteed for the duration of the contract in a significant number of contracts.

5 MARKET RISK

General

Definition

Market risk is the risk of possible gains and/or losses caused by changes in market prices such as interest rates, foreign exchange rates and equity prices.

Major policies

Exposure to financial market risk is managed by the Group ALM & Investment Committee in the context of the overall risk position determined using Economic Capital models. The models are used to make strategic decisions on the asset mix held. Policies take into account the impact of adverse developments on profitability and solvency and may involve hedge accounting on either fair value or cash flow basis.

Mitigation

Eureko's exposure to financial market risk which consists of the net exposure of liabilities and assets is considered within the context of Asset and Liability Management (ALM), both at Operating Company and Group level. Policy is set by the Group ALM & Investment Committee. Although the overriding objective is to maximise expected returns on assets within the overall risk position, specific mitigation policies are in place for interest rate exposure and currency risk. To improve the matching of assets and liabilities interest rate derivatives are used. To keep foreign exchange exposure within predefined limits appropriate hedge instruments are used. Eureko hedges all major non-base currency-denominated fixed-income investments. Equities and other financial instruments can be partially hedged.

Asset and Liability Management

Eureko manages market risk positions within an ALM framework developed to achieve long-term investment returns in excess of its obligations under insurance, investment contracts and banking liabilities. The key objective of ALM is to maximise expected returns on assets within the overall risk position and objectives.

The ALM framework consists of three main components:

1 Setting the strategic investment mix: different possible asset mixes are tested for their effect on expected profit (measured using market values), risk of loss (again using market values), regulatory solvency position and credit rating. The risk/return effect is leading and the other dimensions impose limits. The decision is taken at Group level but the limits have to be met for each distinct legal entity for which a separate portfolio of assets is maintained. Economic Capital models provide the basis for this analysis. This research is executed at least annually and more frequently when appropriate.

2 Managing of interest rate exposure: this involves setting the right investment profile to hedge the duration and the optionally embedded insurance liabilities. The interest rate exposure is managed primarily on economic principles, in which the market value of the investments is compared with a modelled market value of the insurance liabilities, determined using projected expected cash flows. The interest rate sensitivity of the net position is assessed at least quarterly both on individual entity and Group level. Duration mismatch must remain within an allowed bandwidth; otherwise changes in the investment portfolio are implemented to correct this. Regular reporting and decisions on this exposure are made in the Group ALM & Investment Committee and reported to the Executive Board.

3 Monitoring the (regulatory) solvency: the risk of regulatory insolvency is monitored at least quarterly based on shocks to yield curves and to equity/property prices.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Strategic Investments

Market risk on strategic investments is incorporated in the overall risk assessment. Eureko may use derivatives to mitigate equity price risk and currency risk of strategic investments and applies hedge accounting if appropriate.

Investments of cash collateral received in securities lending

Eureko entered into an updated securities lending program. Eureko lends securities to borrowers, who in turn pay cash collateral. The received cash collateral as per 31 December 2007 amounts to € 9.2 billion. This cash collateral is invested in shares of money market funds. These funds have been established for investment and reinvestments of such cash collateral. The investment objective of these funds is to provide investors with as high a level of income as is consistent with the preservation of capital and the maintenance of adequate liquidity to meet the anticipated needs of the investor. Eureko bears the full economic risks and rewards of the investments in these funds.

The investments in the money market funds are subject to an insignificant risk of change in value. About 58% of the investments of the funds has a S&P rating of AAA, 40% AA and 2% A. Eureko holds no exposure in foreign currency risk, as amounts received in foreign currencies are invested in funds with the same currency.

Interest Rate Risk Insurance Operations

Eureko faces interest rate risk in its insurance operations. This risk relates to interest rate sensitivity of the financial investments backing the insurance liabilities.

Guarantees, participation features and investment returns

In various operating countries Eureko sells products that contain minimum guarantees and profit sharing, i.e. embedded options.

For Dutch non-linked insurance business, profit sharing is determined annually and, when applicable, is based on the difference between the 10-year rolling average of the U-yield on government fixed interest investments, less a margin for the cost of capital, and the premium rate assumption (3%, rising to 4% for older business). For a smaller part of the portfolio, profit sharing is based on actual investment performance. Some managed funds offer profit sharing on the technical results.

The total amount of related insurance liabilities is € 12.7 billion (2006: € 13.1 billion).

Irish with-profit business is based on the 'United Kingdom-model', where discretionary regular and terminal bonuses are given that depend on returns on the participating fund. There is a minimum return of 0%; higher rates, up to 4%, were applied in insurance business sold more than five years ago. These bonuses are set using asset share techniques and take into account profits on mortality and expenses. The total amount of the related insurance liabilities is € 2.0 billion (2006: € 2.3 billion).

Profit sharing on Greek with-profit business is 90% of the excess investment return above the guaranteed rate, after deduction of a margin of 1.25%, and further adjusted for tax. The total amount of the related insurance liabilities is € 0.7 billion (2006: € 0.7 billion).

Profit sharing in France is 85% of the excess over the guaranteed rate less 0.9%, although in practice more can be paid out. The total amount of the related insurance liabilities is € 0.5 billion (2006: € 0.5 billion).

Profit sharing in Slovakia is 85% of the excess over the guaranteed rate. The total amount of the related insurance liabilities is € 9 million (2006: € 0 million).

The surrender value basis is generally fixed, at least in the short term (except in Ireland where a more dynamic approach is used). Insurance liabilities are set assuming no surrenders take place. In general, this is a prudent assumption as the surrender value will be less than the insurance liabilities. Liability adequacy tests include assumptions on the likely surrender rates.

The following table presents the various interest sensitive financial instruments held to cover insurance liabilities to policyholders for which Eureko bears the risks. The carrying amount of these financial instruments is presented in the periods in which they either re-price to market rates or redeem. Items are allocated to time bands by reference to the earlier of the next contractual interest rate re-pricing date and the expected maturity date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FINANCIAL INSTRUMENTS HELD TO COVER INSURANCE LIABILITIES

(€ MILLION)

	2007 AMOUNT	2007 %	2006 AMOUNT	2006 %
Floating rate instruments	1,311	4.6%	443	1.5%
Fixed rate instruments:				
Less than one year	2,329	8.3%	1,686	5.5%
One to five years	7,819	27.7%	9,214	30.3%
More than five years	16,762	59.4%	19,040	62.7%
Total interest sensitive financial instruments	**28,221**	**100.0%**	**30,383**	**100.0%**
Average effective interest rate		4.6%		4.2%

Investments of cash collateral received in securities lending are not included.

As shown above, the majority of interest sensitive financial instruments have an expected term of more than five years. Using ALM-techniques Eureko seeks to optimise the durations of financial instruments and insurance liabilities (vested rights).

DURATION

YEARS

	FINANCIAL INSTRUMENTS	INSURANCE CONTRACTS	MATCHING DURATIONS
Life	7.2	7.3	7.3
Non-Life / Health	4.4	3.8	3.2
Total Insurance operations	6.6	6.7	6.5

The matching duration is the duration which would create a zero duration mismatch between the financial instruments and the related insurance liabilities. Duration calculations are based on market values of financial instruments and insurance contracts. On a total level the actual duration (6.6) of financial instruments is very close to the matching duration (6.5).

The 'accounting' interest rate sensitivity of bonds & loans is shown below:

INTEREST RATE SENSITIVITY

(€ MILLION)

	TOTAL EQUITY	PROFIT BEFORE TAX
Bonds & loans, interest +1%	-990	0
Bonds & loans, interest -1%	149	0

Investments of cash collateral received in securities lending are not included.

The Group policy is to manage duration of investments and liabilities on an economic basis (using matching duration). The impact on economic equity of changes in interest rates of 100 basis points will remain within a range of approximately € 100 million. As a consequence of the applicable accounting principles, the impact on Total equity can be different.

Fair value changes of fixed-income investments within the Dutch life insurance business are accounted for in Profit sharing and bonuses (part of the insurance liabilities). Due to increased interest rates in 2007 this provision has a zero value. If the increase in rates progresses, this would result in a negative provision. As a negative balance is not allowed the subsequent transfer of negative fair value changes is suspended

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

and remains part of Total equity. Interest rate decreases will only increase the Profit sharing and bonuses, but have no positive impact on equity.

For investments related to non-life, an interest-rate decrease of 100 basis points will result in a positive fair value movement of € 149 million.

Eureko has entered into a number of long-term interest rate derivative contracts for its Pensions and Life business. These derivatives are used as a supplement to the conventional fixed-income investments to improve the match with insurance liabilities. Total value of the interest rate derivative position is € 259 million (2006: € 299 million) and the notional amount is € 17.2 billion (2006: €12.4 billion). The remaining maturity is more than five years.

For each main category of insurance and investment business, the following table shows the gross liability, analysed by the estimated timing of net cash flows:

LIQUIDITY RISK WITHIN INSURANCE OPERATIONS (€ MILLION)

2007	WITHIN 1 YEAR	1-5 YEARS	5-15 YEARS	OVER 15 YEARS
Life				
Non-linked insurance	242	5,725	7,163	11,355
Non-life	1,219	1,828	1,087	97
Health				
Occupational health	333	626	842	336
Health	3,300			

2006	WITHIN 1 YEAR	1-5 YEARS	5-15 YEARS	OVER 15 YEARS
Life				
Non-linked insurance	254	5,999	7,505	11,897
Non-life	1,095	1,643	977	87
Health				
Occupational health	336	631	849	338
Health	2,947			

Interest Rate Risk – Banking Operations

Fluctuations in interest rates can affect Eureko's banking operations both economically (market value of assets and liabilities including derivatives) and in terms of earnings. Interest rate risk is not related to trading activity, but is part of normal banking operations.

Various methods are used to measure and control interest rate risk:
- Income at Risk measures the sensitivity of the net interest margin to a one basis point increase in interest rates over a one year horizon.
- Value at Risk measures the maximum loss in market value of equity for a given confidence level (99%) and holding period (one year), based on a five-year historic interest-rate simulation.
- A stress test for a 100 and 200 basis point increase and decrease in interest rates using full valuation measures the sensitivity in market value of equity for larger interest rate changes.

The sensitivity to interest rate fluctuations in currencies other than the euro is negligible.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SENSITIVITIES DUTCH BANKING OPERATIONS:

(€ MILLION)

	2007	2006
Income at Risk + 100 basis points	-3	1
Value at Risk	47	26
Stress test - 100 basis points	27	16
Stress test + 100 basis points	-31	-22

Eureko recognises on its Balance Sheet the following interest rate derivatives for financial instruments related to banking operations (including investment contracts and funding activities).

INTEREST RATE DERIVATIVES

(€ MILLION)

2007	NOTIONAL AMOUNT	FAIR VALUE ASSETS	FAIR VALUE LIABILITIES
OTC-products			
Forward rate agreements	450	1	1
Interest rate swaps	24,252	410	343
Interest rate options	23	1	
Other interest rate contracts	498		
Total derivatives used for hedging	**25,223**	**412**	**344**

2006	NOTIONAL AMOUNT	FAIR VALUE ASSETS	FAIR VALUE LIABILITIES
OTC-products			
Forward rate agreements			
Interest rate swaps	16,122	263	321
Interest rate options	24		
Other interest rate contracts	498		
Total derivatives used for hedging	**16,644**	**263**	**321**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Equity Price Risk

Decisions on Eureko's equity investments result from either Asset and Liability Studies or strategic objectives. The former are presented under investments. The latter are presented under Investments in associated companies and participating interests.

The sensitivity of equity including participating interests for a +/- 10% change in market value is € 492 million. As Eureko's equity investments are classified as 'Available for sale' and except in impairment loss cases, this will only affect Total equity. At each reporting date, Eureko assesses whether an asset could be impaired and if it is necessary to recognise an impairment loss. One of Eureko's impairment triggers for equity instruments is a market value of the instrument lower than 70% of the historical cost for a period of three months or more.

Eureko assesses on a case-by-case basis whether the equity price risk is to be mitigated. Eureko invests in equity derivatives for either risk mitigation purposes, efficient portfolio management or to enhance strategic objectives. The equity derivatives invested in 2007 were aimed primarily at creating efficient portfolio management and to enhance the Group's strategy. The former are invested to generate the necessary equity exposure determined by ALM-studies. The latter are total return swaps for certain equity investments.

The maximum exposure as a result of these investments in equity derivatives amounts to € 353 million as at 31 December 2007 (2006: € 312 million). The average maturity is between one and five years.

Foreign Currency Risk

Eureko's policies on foreign currencies and hedging strategies leads to the acceptance of certain exposures to changes in foreign currencies.

FOREIGN CURRENCY EXPOSURE (€ MILLION)

	2007			2006		
	TOTAL EXPOSURE	NOTIONAL AMOUNT OF HEDGING INSTRUMENTS	NET EXPOSURE	TOTAL EXPOSURE	NOTIONAL AMOUNT OF HEDGING INSTRUMENTS	NET EXPOSURE
Assets						
US Dollar	2,476	1,908	**568**	2,446	1,460	986
Pound Sterling	603	240	**363**	623	418	205
Polish Zloty	2,241		**2,241**	1,580	254	1,326
Turkish Lira	619		**619**			
Other	1,073	1,103	**-30**	1,012	281	731
	7,012	**3,251**	**3,761**	**5,661**	**2,413**	**3,248**
Liabilities						
US Dollar	110	160	**-50**	63	2	61
Pound Sterling	34	28	**6**	49	46	3
Polish Zloty				3		3
Turkish Lira						
Other	266	317	**-51**	153	235	-82
	410	**505**	**-95**	**268**	**283**	**-15**
Net position						
US Dollar	2,366	1,748	**618**	2,383	1,458	925
Pound Sterling	569	212	**357**	574	372	202
Polish Zloty	2,241		**2,241**	1,577	254	1,323
Turkish Lira	619		**619**			
Other	807	786	**21**	859	46	813
	6,602	**2,746**	**3,856**	**5,393**	**2,130**	**3,263**

Investments of cash collateral received in securities lending are not included.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The foreign currency exposure table shows the general business' total exposure to the major currencies. This comparison is made for both assets and liabilities. The third column, net exposure, presents the ultimate balance sheet exposure to changes in various foreign currency rates.
Net positions on the Pound Sterling and Polish Zloty are related to Eureko's investment in F&C Asset Management and PZU S.A., respectively. Major foreign currency exposures on fixed-income securities are hedged. The exposures within equity instruments and investment property are partly hedged.

The table below summarises the notional amounts of Eureko's derivative financial instruments, with details of the remaining periods to maturity and fair values. Foreign currency amounts are translated at currency rates at the Balance Sheet date.

CURRENCY DERIVATIVES

(€ MILLION)

	NOTIONAL AMOUNT WITH REMAINING LIFE OF:				FAIR VALUE	
2007	LESS THAN THREE MONTHS	BETWEEN THREE MONTHS AND ONE YEAR	MORE THAN ONE YEAR	TOTAL	ASSETS	LIABILITIES
OTC-products:						
Forward exchange contracts	759	-77		**682**	17	25
Currency/cross currency swaps	468	-2	186	**652**	27	9
Other foreign exchange contracts	1,412			**1,412**	-4	
Total currency derivatives	**2,639**	**-79**	**186**	**2,746**	**40**	**34**

	NOTIONAL AMOUNT WITH REMAINING LIFE OF:				FAIR VALUE	
2006	LESS THAN THREE MONTHS	BETWEEN THREE MONTHS AND ONE YEAR	MORE THAN ONE YEAR	TOTAL	ASSETS	LIABILITIES
OTC-products:						
Forward exchange contracts	804	8		812	7	66
Currency/cross currency swaps	1,086	-64	29	1,051	78	7
Other foreign exchange contracts	12		255	267	31	
Total currency derivatives	**1,902**	**-56**	**284**	**2,130**	**116**	**73**

Eureko uses scenario analysis to assess the effect of changes in foreign currencies against the euro on Total equity and Profit before tax. The table below shows the tentative impact of a change in foreign currency rates on Total equity and Profit before tax based on the situation at reporting date.

EURO VERSUS ALL OTHER FOREIGN CURRENCIES + 10%

(€ MILLION)

	TOTAL EQUITY	PROFIT BEFORE TAX
Financial instruments	-33	124
Associated companies	-244	-34
Subsidiaries	-9	-2
	-286	**88**

A ten percent weakening of the euro against all other foreign currencies at 31 December 2007 would result in the opposite effect.

Eureko has foreign currency risk on insurance liabilities. This risk is normally mitigated by holding financial instruments in the same foreign currency or through hedging. The following table provides a breakdown of carrying amounts of insurance liabilities:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOREIGN CURRENCY RISK INSURANCE LIABILITIES (€ MILLION)

	2007	2006
US Dollar	79	13
Pound Sterling	29	1
Other	40	75
	148	**89**

6 CREDIT RISK

Definition

Potential losses caused by the inability to pay or a downgrade in the credit rating of debtors or counterparties arising from investment and lending activities and re-insurance.

Major policies

Eureko deals with counterparties of good credit standing and, when appropriate, obtains collateral. Master netting agreements provide for the net settlement of contracts with the same counterparty in the event of default. Credit risk in the fixed-income portfolio is managed based on limits for each rating category. To limit re-insurance credit risk, Eureko only cedes insurance liabilities with re-insurance companies with at least an 'A-' rating or similar.

Mitigation

Credit risk associated with investment activities, banking activities, re-insurers, brokers and policyholders is managed within diversified investment portfolios and generic and specific risk limits. To reduce the counterparty exposure from securities lending activities, in general collateral is received for securities lent out. The cash part of this collateral, about € 9 billion, is invested in money market funds run by BNY Mellon with high quality ratings and short maturities, resulting in a marginal value at risk.

The following table provides a breakdown of carrying amounts of its financial instruments exposures by sector:

FINANCIAL INSTRUMENTS EXPOSURES BY SECTOR (€ MILLION)

2007	FINANCIAL INVESTMENTS AMOUNT	%	BANKING CREDIT PORTFOLIO AMOUNT	%	RECEIVABLES AMOUNT	%
Financial institutions	16,558	46.8%	2,023	11.2%	1,507	24.6%
Trade and industry	4,202	11.9%	551	3.1%	868	14.2%
Service companies	307	0.9%			81	1.3%
Government	13,569	38.3%	187	1.0%	1,691	27.6%
Private sector	758	2.1%	15,274	84.7%	1,976	32.3%
	35,394	**100.0%**	**18,035**	**100.0%**	**6,123**	**100.0%**

2006	FINANCIAL INVESTMENTS AMOUNT	%	BANKING CREDIT PORTFOLIO AMOUNT	%	RECEIVABLES AMOUNT	%
Financial institutions	12,948	37.6%	1,205	7.0%	2,666	51.2%
Trade and industry	4,863	14.1%	515	3.0%	21	0.4%
Service companies	923	2.7%			83	1.6%
Government	15,378	44.7%	3		36	0.7%
Private sector	297	0.9%	15,549	90.0%	2,400	46.1%
	34,409	**100.0%**	**17,272**	**100.0%**	**5,206**	**100.0%**

Investments of cash collateral received in securities lending are not included.
Receivables includes Amounts ceded to re-insurers and are adjusted for Income tax.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The following table provides information on the aggregated credit risk exposure for financial instruments with external credit ratings:

CREDIT RATING

	2007	2006
AAA	53.9%	42.1%
AA/A	38.3%	49.3%
BBB	4.5%	5.8%
<BBB/Not rated	3.3%	2.8%
Total	**100.0%**	**100.0%**

Investments of cash collateral received in securities lending are not included.

The following table provides an overview of the overdue payments and ageing of financial instruments that are past due but not impaired and the carrying amounts of financial assets that have been impaired.

FINANCIAL ASSETS THAT ARE PAST DUE OR IMPAIRED (€ MILLION)

2007	NEITHER PAST DUE NOR IMPAIRED	PAST DUE BUT NOT IMPAIRED				IMPAIRED ASSETS	TOTAL CARRYING AMOUNT
			AMOUNTS PAST DUE				
	CARRYING AMOUNT	CARRYING AMOUNT PRINCIPAL	0-3 MONTHS	3 MONTHS - 1 YEAR	MORE THAN 1 YEAR	TOTAL AMOUNTS PAST DUE	CARRYING AMOUNT AFTER IMPAIRMENT	
Bonds	22,389	624	2			2		23,013
Loans	3,850							3,850
Other investments	8,482	40		1		1	9	8,531
Banking credit portfolio	17,798	134	1	8	4	13	103	18,035
Re-insurance assets	1,191							1,191
Receivables	4,386	543	338	122	83	543		4,932

2006	NEITHER PAST DUE NOR IMPAIRED	PAST DUE BUT NOT IMPAIRED				IMPAIRED ASSETS	TOTAL CARRYING AMOUNT
			AMOUNTS PAST DUE				
	CARRYING AMOUNT	CARRYING AMOUNT PRINCIPAL	0-3 MONTHS	3 MONTHS - 1 YEAR	MORE THAN 1 YEAR	TOTAL AMOUNTS PAST DUE	CARRYING AMOUNT AFTER IMPAIRMENT	
Bonds	22,745							22,745
Loans	4,448							4,448
Other investments	7,161	38		2	3	5	17	7,216
Banking credit portfolio	16,987	160	1	28	5	34	125	17,272
Re-insurance assets	898							898
Receivables	3,918	385	207	81	97	385		4,308

Investments of cash collateral received in securities lending are not included.

Except for the Banking credit portfolio amounts past due are included in the carrying amount of receivables.

During 2007 Eureko obtained no assets by taking possession of collateral.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Eureko's credit risk in banking operations is concentrated in mortgage lending activities of both Achmea Bank and Staalbankiers and is managed by applying strict credit approval criteria set by the Executive Board. Any non-standard conditions imposed on borrowers also require the approval of the Banking operations' credit committee. Procedures have also been laid down for monitoring interest and repayment arrears.
In considering whether the amounts presented in the Balance Sheet need an adjustment for credit risk also depends on provisions within any related insurance liabilities or other financial liabilities with a similar counterparty.
Eureko is actively pursuing a policy of enhancing the risk profile of the Banking credit portfolio by improving risk assessment and by securitisation of existing credit portfolios.

7 LIQUIDITY RISK

Definition

Liquidity risk is the inability to pay liabilities as they fall due. We distinguish between funding liquidity risk and market liquidity risk. Funding liquidity risk is the risk that counterparties providing short-term funding will withdraw or not roll over that funding. Market liquidity risk is the risk of a general disruption in asset markets that make normally liquid assets illiquid.

Major policies and mitigation

Contingency planning enables Eureko holding companies to operate for a minimum of 90 days without any access to financial markets. The insurance entities must have sufficient liquid/marketable assets of their own.
Eureko's funding strategy is based on assuring excellent access to international capital and credit markets at low cost, under pinned by credit ratings in line with its peers. In principle each operating company is responsible for financing its own activities. However, Eureko, as the holding company, coordinates all these activities and in this role may participate in financing the operations of certain subsidiaries, in particular through subordinated debt funding.

As a holding company, Eureko relies principally on distributions of internal dividends and excess liquidity from operating companies and associated companies to meet its funding needs. Such distributions are usually subject to regulatory restrictions and in the case of associated companies, by the dividend policies as determined by those companies. Eureko maintains committed and uncommitted credit facilities with a number of international banks for liquidity purposes. In addition, Eureko has the option to sell investments in associated companies.

Liquidity risk within banking operations

Eureko's banking subsidiaries have access to a diversified funding base. Funds are raised using a broad range of instruments such as securitisations, covered bond programmes, bank lines and deposits. This enhances funding flexibility and limits dependence on any source of funds and generally lowers the cost of funds. Eureko strives to maintain a balance between continuity of funding and flexibility through the use of liabilities with a range of maturities. Eureko continually assesses liquidity risk by identifying and monitoring changes in funding required to meet overall strategic business goals and targets.

For its banking operations Eureko manages its liquidity risk at different levels:
- In the short-term (overnight to one month), the Treasury department manages the bank's cash position on a daily basis.
- In the medium-term (one month to two years), Eureko measures the net funding requirement (NFR) under different scenarios to control its liquidity risk. The NFR measures the amount of funding needed to fulfil obligations, including any refinancing requirement in the capital market and net increase in assets of its retail business (e.g. mortgages).
- For the long-term, the bank strives for a well-diversified funding base both in terms of maturity and diversification.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MATURITY TABLE DUTCH BANKING LIABILITIES (€ MILLION)

	2007				2006			
	LESS THAN ONE YEAR	BETWEEN ONE AND FIVE YEARS	MORE THAN FIVE YEARS	TOTAL	LESS THAN ONE YEAR	BETWEEN ONE AND FIVE YEARS	MORE THAN FIVE YEARS	TOTAL
Financial liabilities	4,783	6,980	4,607	16,370	5,474	5,466	5,636	16,576

8 OPERATIONAL RISK

Definition

Eureko defines operational risk as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk, as specified in the risk control framework used throughout Eureko, encompass a wide variety of risks stemming from amongst others: processes, information and communication technology, project management, information security, fraud, compliance, safety and business continuity.

Major policies and mitigation

Mitigation of operational risk is primarily the responsibility of management (first line of defence) and is therefore managed within the operations of Eureko. As a second line of defence dedicated staff departments or personnel are deployed in the divisions and operating companies to assist in managing specific types of operational risk. These staff departments are focussed on areas such as internal control, IT-security, financial crime, compliance. All these staff departments have their counterparts at Group level in dedicated Group staff departments. These Group staff departments are responsible for drafting and implementing Group policies. Policies are approved by the Group Operational Risk Committee. The Group Operational Risk Committee monitors different forms of operational risk through reports prepared by Group staff departments. These reports are based on information gathered by the dedicated staff departments in the divisions or operating companies. It is the Group Operational Risk Committee's task to create a complete overview on operational risks and to assess operational risks in their mutual dependence. As the third line of defence the internal audit department (Group Audit and Risk Services), which is given a strong and independent position within the company, provides assurance for internal management purposes, about the effectiveness and efficiency of internal control to the Executive Board and Eureko's management. This is done by performing audits as set out in the audit plans and keeping track of the audit issues that are identified during audits. One of the key reports issued by the internal audit department is the Audit Memorandum issued twice a year. The Audit Memorandum is based on the internal auditors' own observations and includes a complete status report of all audit issues which are earmarked as (very) urgent. Another key report from the internal audit department is the yearly report on the extensive review of the Internal control statement process and the resulting Internal control statements within Eureko. This report gives an independent view and appraisal of the Internal control statement and thereby increases the value of the Internal control statement.

Internal Control Statement

An annual Internal control statement (ICS) is compiled providing a fair view of Eureko's risk exposure and level of control. A second objective is that by performing the self assessments necessary to provide this fair view, the organisation is obliged to continually re-assess its risk and risk exposure, thereby raising risk awareness. All business entities within the Group are required to complete the ICS process and demonstrate that the outcome is a true representation of risk exposure and level of risk control. The Executive Board is also involved in the process as the Board performs its own self assessment of risk exposure and risk control level and discusses the results. All ICS results are subject to review by our internal audit department and are discussed by management and the Executive Board. A high level consolidated ICS report is submitted by the Executive Board to the Supervisory Board and the Audit Committee.

The outcome of the ICS process shows that the business entities were able to address the most important risk issues and to improve their control level where necessary. Although a number of divisions and service units mention that the merger

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

between Interpolis and Achmea required significant management attention, overall no material decrease in the level of control has been observed. Growing risk awareness and ownership of risk and control issues within the business entities is the positive outcome of the 2007 ICS process. This shows how Eureko is targeting greater transparency. We believe that this process and its future development is an outstanding tool to manage our risks and to control our processes. Through its stringent ICS procedures, Eureko is confident that all operational risks are dealt with consistently.

Strategic risk

Definition

Strategic risk is the current and prospective impact on earnings or capital arising from adverse business decisions, improper implementation of decisions, or lack of response to industry changes.

This risk is influenced by the compatibility of an organisation's strategic goals, the business strategies developed and resources deployed to achieve these goals and the quality of implementation.

Major policies and mitigation

Strategic risk management is a permanent process and has its own management cycle. It helps to attain strategic business objectives by mitigating the related risks. These objectives form the basis for determining and assessing strategic risks and organising control measures. Operating companies and divisions develop annually a strategy and formulate objectives in a business plan that is discussed with the Executive Board. Results are reviewed against business plans on a monthly basis. At least twice a year the Executive Board and business unit management teams discuss strategy and compatibility with the organisation's strategic goals, the related risks and available capacity for implementation.

Compliance risk

Definition

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

Major policies and mitigation

The importance attached by the Executive Board to this risk category led in 2006 to the reorganisation of the way compliance is approached and managed within Eureko. In 2007 this resulted in a new risk framework described in the Eureko compliance programme. Within this framework compliance with rules and regulations and integration of these rules and regulations in procedures is secured through three integrated lines of defence. The ambitious compliance programme is characterised by an entrepreneurial and risk-based approach. The emphasis lies on embedding compliance into daily business practice and Eureko's risk management framework.

Main developments

In addition to activities related to the implementation of the Eureko compliance programme the focus in 2007 was on implementing rules and regulations including those related to a new incidents policy and a whistle-blower's charter. Furthermore relationships with regulators were intensified. In 2007 a further focus point was developing instruments to enhance compliance awareness within the organisation. Based on the compliance awareness plans of the Dutch divisions, these instruments will be used from the beginning of 2008.

Financial crime

Definition

A distinction is made between external financial crime and internal financial crime. Internal financial crime is defined as an act by one or more employees using deception, theft or embezzlement to obtain a benefit illegally. External financial crime is defined as forgery related to an insurance policy to obtain a payment without entitlement.

Major policies and mitigation

Financial crime is controlled by a specialised staff department. This department directs the investigation of incidents, develops policies and communicates on these topics. Incidents are centrally reported by all Dutch divisions to the Group Operational Risk Committee.

Main developments

Cooperation on data mining between Group Audit & Risk Services was intensified. The pre-employment screening policy in the Netherlands was revised and implemented. A Group Fraud Programme will be started in 2008.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9 CAPITAL REQUIREMENTS

Eureko Group

According to regulations on the supervision of financial conglomerates (based on European directives), Eureko is required to have an amount of available capital that is at least equal to the sum of required capital for insurance activities and required capital for banking activities. Sector rules apply.

(€ MILLION)

	2007	2006
Total equity	10,375	9,632
Deductions	-1,570	-1,580
Subordinated loans	122	91
Available capital	**8,927**	**8,143**
Required capital Insurance activities	3,318	2,973
Required capital banking activities	535	431
Required capital	**3,853**	**3,404**
Surplus capital	5,074	4,739
Ratio available / required capital	**231.7%**	**239.2%**

Insurance activities

Various European Union directives have been issued on capital requirements for insurance companies in order to protect the interests of policyholders. Based on these requirements Eureko has measured its capital position:

(€ MILLION)

	2007	2006
Available capital	7,777	7,003
Required capital	3,318	2,973
Surplus capital	4,459	4,030
Ratio available / required capital	234.4%	235.6%

Banking activities

The European Union has also issued various directives on capital requirements for banks based on the guidelines developed by the Basel Committee on banking supervision. Based on these directives the Dutch Central Bank has issued minimum capital requirements. The minimum tier-1 ratio is 4% and the minimum total capital ratio (BIS-ratio) is 8% of all risk-weighted assets. As of 1 January 2008 banking capital requirements will be governed by the Capital Requirements Directive (Basel II). Eureko will use the Standardised Model to determine its credit risk.

(€ MILLION)

	2007	2006
Equity attributable to equity holders of the Banking entities	638	543
Core Capital - Tier 1	**638**	**543**
Supplementary capital - Tier 2	228	224
Qualifying capital	**866**	**767**
Risk-weighted assets	6,692	5,387
Tier- 1 Ratio	9.5%	10.1%
BIS ratio	12.9%	14.2%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

55 SUBSEQUENT EVENTS

January 2008

As of 1 January 2008, Eureko effectively obtained control over 100% of the shares of In Motion Health Centers B.V. ('IMHC'). IMHC operates four Achmea Health Centers (previously operated through the franchise formula of Achmea Health Centers B.V.) and has planned to open two new Achmea Health Centers in 2008.

Over 2007, IMHC reported total revenues of € 6 million and a net result of € 1 million.

Details of the net assets acquired and goodwill (both for 100%) are as follows:

PROVISIONAL COST OF THE BUSINESS COMBINATION	(€ MILLION)
– Cash Paid	8
Provisional total cost	8
Less: provisional fair value of the net assets acquired	3
Provisional goodwill	5

The consideration has been paid in cash.

The calculated goodwill will be attributable to synergies which can not be individually identified and to intangible assets (mainly customer base) which will be included in goodwill as their amounts are expected to be limited.

The carrying amount of the assets and liabilities acquired (100%) are: (€ MILLION)

	ACQUIREE'S CARRYING AMOUNT 1 JANUARY 2008	PROVISIONAL FAIR VALUE 1 JANUARY 2008
Assets		
Other assets	4	4
Total assets	**4**	**4**
Liabilities		
Other liabilities	1	1
Total liabilities	**1**	**1**
Equity	**3**	**3**

COMPANY FINANCIAL STATEMENTS

COMPANY BALANCE SHEET (BEFORE APPROPRIATION OF PROFIT)

(€ MILLION)

	NOTES	31 DECEMBER 2007	31 DECEMBER 2006
Assets			
Intangible assets	2	2,200	1,809
Investments in:	3		
Subsidiary companies		6,899	6,289
Associated companies		2,133	1,777
Participating interests		716	419
Other investments	4	289	380
Receivables	5	87	294
Cash and cash equivalents	6	14	31
Total assets		**12,338**	**10,999**
Equity attributable to holders of equity instruments	**7**	**10,373**	**9,630**
Liabilities			
Provisions	8	45	41
Loans and borrowings	9	707	15
Deferred tax liabilities	10	189	179
Income tax payable		22	223
Other liabilities	11	1,002	911
		1,965	**1,369**
Total liabilities and equity		**12,338**	**10,999**

COMPANY INCOME STATEMENT

(€ MILLION)

	NOTES	2007	2006
Income			
Investments in:	12		
Subsidiary companies (net)		684	773
Associated companies (net)		352	263
Participating interests (net)		15	25
Other results (before tax)	13	-212	-79
Income tax expenses	14	-140	-3
Net profit		**979**	**985**

COMPANY FINANCIAL STATEMENTS

COMPANY STATEMENT OF CHANGES IN EQUITY

(€ MILLION)

2007	SHARE CAPITAL	OWN SHARES	LEGAL RESERVES	REVALUATION RESERVE	RETAINED EARNINGS	NET FOREIGN EXCHANGE DIFFERENCE	PROFIT FOR THE YEAR	OTHER EQUITY INSTRUMENTS	EQUITY ATTRIBUTABLE TO HOLDERS OF EQUITY INSTRUMENTS
Balance at 1 January 2007	10,178	-285	808	1,186	-4,297	-29	985	1,084	9,630
Currency translation differences not recognised in the Income Statement						-84			-84
Net unrealised gains/(losses) on investments				-176		28			-148
Net gains/(losses) re-classified to the Income Statement on disposal				-145					-145
Total gains and losses recognised directly in equity (net of taxes)				**-321**		**-56**			**-377**
Net profit							979		979
Total profit				**-321**		**-56**	**979**		**602**
Appropriations to reserves			418	10	557		-985		
Dividends and coupon payments to holders of equity instruments					-395				-395
Issue, re-purchase and sale from/to holders of equity instruments	220	240							460
Other movements			1	5	70				76
Balance at 31 December 2007	**10,398**	**-45**	**1,227**	**880**	**-4,065**	**-85**	**979**	**1,084**	**10,373**

Share capital includes € 10,051 million share premium (2006: € 9,834 million).

COMPANY FINANCIAL STATEMENTS

COMPANY STATEMENT OF CHANGES IN EQUITY

(€ MILLION)

2006	SHARE CAPITAL	OWN SHARES	LEGAL RESERVES	REVALUATION RESERVE	RETAINED EARNINGS	NET FOREIGN EXCHANGE DIFFERENCE	PROFIT FOR THE YEAR	OTHER EQUITY INSTRUMENTS	EQUITY ATTRIBUTABLE TO HOLDERS OF EQUITY INSTRUMENTS
Balance at 1 January 2006	10,092	-127	1,042	752	-4,514	75	706	496	8,522
Currency translation differences not recognised in the Income Statement						-78			-78
Net unrealised gains/(losses) on investments				479		-26			453
Net gains/(losses) re-classified to the Income Statement on disposal				-205					-205
Total gains and losses recognised directly in equity (net of taxes)				**274**		**-104**			**170**
Net profit							985		985
Total profit				**274**		**-104**	**985**		**1,155**
Appropriations to reserves			-234	112	828		-706		
Dividends and coupon payments to holders of equity instruments					-607				-607
Issue, re-purchase and sale from/to holders of equity instruments	86	-158						588	516
Other movements				48	-4				44
Balance at 31 December 2006	**10,178**	**-285**	**808**	**1,186**	**-4,297**	**-29**	**985**	**1,084**	**9,630**

COMPANY FINANCIAL STATEMENTS

COMPANY CASH FLOW STATEMENT

(€ MILLION)

	2007	2006
Cash flow from operating activities		
Interest received	18	21
Interest paid	-50	-47
Service fees and other income received	7	40
Payments to suppliers and employees	-10	-67
	-35	**-53**
Cash flow from investing activities		
Dividends received	639	623
Investments in subsidiaries and associated companies	-1,148	-172
Other investments	967	-376
Proceeds from sale of investments	115	166
	573	**241**
Cash flow from financing activities		
Issue of other equity instruments		588
Dividends paid	-132	-607
Issue and sale of shares	677	178
Re-purchase of own shares	-505	-250
Intercompany financing (net)	-595	-100
	-555	**-191**
Net cash flow	**-17**	**-3**
Movements in Cash and cash equivalents		
Cash and cash equivalents at 1 January	31	34
Net cash flow	-17	-3
Cash and cash equivalents at 31 December	**14**	**31**

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

Introduction

General

The Company Financial Statements are part of the 2007 Financial Statements of Eureko B.V.

With reference to the Company Income Statement of Eureko B.V., use has been made of the exemption pursuant to Section 402 of Book 2, part 9 of the Netherlands Civil Code.

Principles for the measurement of assets and liabilities and the determination of the result

For setting the principles for the recognition and measurement of assets and liabilities and determination of the result for its Company Financial Statements, Eureko B.V. makes use of the option provided in section 2:362 (8) of the Netherlands Civil Code. By making use of this option reconciliation is maintained between the Consolidated and the Company shareholders' equity. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the Company Financial Statements of Eureko B.V. are the same as those applied for the Consolidated IFRS Financial Statements. Participating interests, over which significant influence is exercised, are stated on the basis of the equity method. The Consolidated IFRS Financial Statements are prepared according to the standards laid down by the International Accounting Standards Board and adopted by the European Union. Please see page 108 for a description of these principles.

The share in the result of participating interests consists of the share of Eureko B.V. in the result of these participating interests. Results on transactions, where the transfer of assets and liabilities between Eureko B.V. and its participating interests and mutually between participating interests themselves, are not incorporated insofar as they can be deemed to be unrealised.

The cash flow statement in the Company Financial Statements is presented according to the direct method.

All amounts in the Company Financial Statements are in millions of euros unless stated otherwise.

For those instances where the numbers in the notes to these Company Financial Statements are equal or similar to those in the Consolidated Financial Statements reference is made to the explanatory note in the Consolidated Financial Statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

2 INTANGIBLE ASSETS

(€ MILLION)

	GOODWILL	INTERNALLY DEVELOPED SOFTWARE	BRAND NAME	VALUE OF BUSINESS ACQUIRED	DISTRIBUTION NETWORKS	OTHER INTANGIBLE ASSETS DEFINITE	TOTAL 2007	TOTAL 2006
Cost								
Balance at 1 January	1,054	57	91	623	89	94	2,008	1,953
Acquisitions	236	26	25	12	220		519	
Adjustment intangible assets								30
Change in composition of the Group	**236**	**26**	**25**	**12**	**220**		**519**	**30**
Other	-9						-9	25
Foreign currency differences	5			1	6		12	
Balance at 31 December	**1,286**	**83**	**116**	**636**	**315**	**94**	**2,530**	**2,008**
Amortisation and impairment losses								
Balance at 1 January	4	22	10	147	10	6	199	73
Amortisation charge for the year		19	9	81	17	5	131	122
Impairment loss								4
Balance at 31 December	**4**	**41**	**19**	**228**	**27**	**11**	**330**	**199**
Carrying amount								
At 1 January	1,050	35	81	476	79	88	1,809	1,880
At 31 December	**1,282**	**42**	**97**	**408**	**288**	**83**	**2,200**	**1,809**

The increase of intangible assets mainly relates to the mergers with Eureko Sigorta and Agis Zorgverzekeringen N.V. (reference is made to the Consolidated Financial Statements) partly offset by regular amortisation.

3 INVESTMENTS IN SUBSIDIARY COMPANIES, ASSOCIATED COMPANIES AND PARTICIPATING INTERESTS

(€ MILLION)

	SUBSIDIARY COMPANIES	ASSOCIATED COMPANIES	PARTICIPATING INTERESTS	TOTAL 2007		SUBSIDIARY COMPANIES	ASSOCIATED COMPANIES	PARTICIPATING INTERESTS	TOTAL 2006
Balance at 1 January	6,289	1,777	419	8,485		5,761	1,559	482	7,802
Investments and loans granted	720	4	417	1,141		67	84	7	158
Sales and disposals		-92		-92			-9	-139	-148
Goodwill		49		49					
Annual Results	684	352		1,036		773	243		1,016
Revaluations	-236	36	-115	-315		262	63	68	393
Dividend received	-613	-11		-624		-475	-133		-608
Foreign currency differences	-84	-1	-5	-90		-78	-27	1	-104
Other changes	139	19		158		-21	-3		-24
Balance at 31 December	**6,899**	**2,133**	**716**	**9,748**		**6,289**	**1,777**	**419**	**8,485**

NOTES TO THE COMPANY FINANCIAL STATEMENTS

4 OTHER INVESTMENTS

The movements of the other investments can be specified as follows:

(€ MILLION)

	DERIVATIVES	DEPOSITS WITH CREDIT INSTITUTIONS	TOTAL 2007	TOTAL 2006
Balance at 1 January	4	376	380	26
Investments and loans granted		821	821	5,415
Disinvestments and disposals		-937	-937	-5,080
Fair value changes				8
Foreign currency differences		23	23	9
Accrued interest		2	2	2
Balance at 31 December	**4**	**285**	**289**	**380**

5 RECEIVABLES

(€ MILLION)

	2007	2006
Group companies	77	68
Other receivables	10	226
	87	**294**

6 CASH AND CASH EQUIVALENTS

(€ MILLION)

	2007	2006
Bank balances	14	31
	14	**31**

NOTES TO THE COMPANY FINANCIAL STATEMENTS

7 EQUITY ATTRIBUTABLE TO HOLDERS OF EQUITY INTRUMENTS

The movements in Equity attributable to holders of equity instruments are specified in the Statement of Changes in Equity.

On 12 April 2007, Achmea Holding N.V. purchased 2,632,212 M shares from Covea Part. SAS against a consideration of € 85 million. The consideration was partially settled with the loan granted to Covea Part. SAS.

On 30 May 2007, Eureko B.V. transferred 6,959,792 ordinary shares held as treasury shares from Eureko B.V. to Vereniging Achmea (3,911,854 shares), Rabobank (2,861,901 shares), LF Group (43,229 shares to Länsförsäkringar SAK Försäkringsab (publ) and 43,229 shares to Länsförsäkringar Liv Försäkringsab (publ), respectively) and Gothaer Group (53,305 shares to Gothaer Finanz Holding AG and 46,274 shares to Gothaer Allgemeine Versicherung AG, respectively). This transfer was a stock dividend.

On 1 August 2007, Achmea Holding N.V. purchased 4,035,028 M shares from Covea Part. SAS against a consideration of €130 million. The consideration was settled with the remaining part of the loan granted to Covea Part. SAS.

On 11 October 2007, Eureko B.V. repurchased 6,667,240 M shares from Achmea Holding N.V. against a cash consideration of € 275 million.

On 3 December 2007, Eureko B.V. converted 6,667,240 M shares into ordinary shares.

On 24 December 2007, Eureko B.V. purchased 6,653,531 ordinary shares from Friends Provident against a consideration of € 41.28 per share. This consideration will be adjusted according to the Eureko valuation as of 31 December 2007.

On 31 December 2007, Eureko B.V. sold 6,470,732 ordinary shares to Rabobank (6,250,000 shares) and Gothaer Group (110,366 shares to Gothaer Finanz Holding AG and 110,366 shares to Gothaer Allgemeine Versicherung AG, respectively) against a consideration of € 41.28 per share. There will be an adjustment in cash or shares after the Eureko valuation as of 31 December 2007.

On 31 December 2007, Eureko B.V. issued 3,082,132 ordinary shares. Moreover, Eureko B.V. transferred 9,932,171 ordinary shares to Vereniging Achmea in consideration of shares in Agis Zorgverzekeringen N.V. There will be an adjustment in cash according to both the Eureko and the Agis valuation as of 31 December 2007.

SHARE CAPITAL AND SHARE PREMIUM

	NUMBER OF ORDINARY SHARES	NOMINAL VALUE ORDINARY SHARES	NUMBER OF PREFERENCE SHARES	NOMINAL VALUE PREFERENCE SHARES	NUMBER OF M SHARES	NOMINAL VALUE M SHARES	NUMBER OF A SHARES	NOMINAL VALUE A SHARES
Authorised	739,999,999	740.0	60,000,000	60.0	10,000,000	10.0	1	
Issued	323,254,197	323.3	23,904,060	23.9			1	
Available for issuance	**416,745,802**	**416.7**	**36,095,940**	**36.1**	**10,000,000**	**10.0**		
Shares issued 1 January 2006	311,116,016	311.1	23,904,060	23.9	6,667,240	6.7	1	
Shares issued in 2006	2,388,809	2.4						
Shares issued 31 December 2006	**313,504,825**	**313.5**	**23,904,060**	**23.9**	**6,667,240**	**6.7**	**1**	
Shares converted in 2007	6,667,240	6.7			-6,667,240	-6.7		
Shares issued in 2007	3,082,132	3.1						
Shares issued 31 December 2007	**323,254,197**	**323.3**	**23,904,060**	**23.9**			**1**	

NOTES TO THE COMPANY FINANCIAL STATEMENTS

Eureko has issued one A share. There are special rights entitled to the A share. The majority of the decisions of Eureko's General Meeting of Shareholders can only be made after the approval of the holder of the A share.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of Eureko B.V.

Eureko has also issued 23,904,060 preference shares. The preference shares are entitled to dividends and have one vote per share in the General Meeting of Shareholders. The dividends paid are 7.15% per year on the share capital and share premium paid for those shares, but payment is subject to the approval of the General Meeting of Shareholders. The dividend on preference shares will become cumulative in case no cash or stock dividends are paid. Terms on the percentage will be reviewed every ten years. The first review will take place before 1 January 2014.

The preference shares have been issued to Eureko Tussenholding B.V. which exercises the voting rights attached to the preference shares. Eureko Tussenholding B.V. through Stichting Administratiekantoor Eureko Tussenholding has issued certificates of the preference shares to the ultimate investors.

Legal reserves

According to the legal requirements in the Netherlands a legal reserve has been set up for the non-distributable profit in the Associated companies.

8 PROVISIONS

(€ MILLION)

	2007	2006
Balance at 1 January	41	38
Provisions made during the period	11	12
Provisions used during the period	-7	-9
Balance at 31 December	**45**	**41**

Provisions are made for share options and indemnities in relation to the sale of subsidiary companies.

9 LOANS AND BORROWINGS

(€ MILLION)

	UNSECURED LOANS	OTHER	TOTAL 2007	TOTAL 2006
Balance at 1 January		15	15	209
Consideration received	450	1,166	1,616	
Consideration paid	-100	-830	-930	-194
Accrued interest (for financial instruments measured at fair value)		6	6	
Balance at 31 December	**350**	**357**	**707**	**15**

NOTES TO THE COMPANY FINANCIAL STATEMENTS

10 DEFERRED TAX LIABILITIES

Deferred tax liabilities are attributable to the following items:

(€ MILLION)

	BALANCE AT 1 JANUARY 2007	RECOGNISED IN EQUITY	BALANCE AT 31 DECEMBER 2007
Intangible assets	172	15	187
Investments	7	-5	2
	179	**10**	**189**

Eureko B.V. forms together with its Dutch subsidiaries a fiscal unity (of tax consolidated group) for corporate income tax and VAT, and is as a consequence liable for all deferred and current receivables and liabilities relating to corporate income tax.

11 OTHER LIABILITIES

(€ MILLION)

	2007	2006
Group companies	864	900
Creditors		11
Other	138	
	1,002	**911**

12 INCOME FROM SUBSIDIARY COMPANIES, ASSOCIATED COMPANIES AND PARTICIPATING INTERESTS

(€ MILLION)

	SUBSIDIARY COMPANIES	ASSOCIATED COMPANIES	PARTICIPATING INTERESTS	TOTAL 2007	SUBSIDIARY COMPANIES	ASSOCIATED COMPANIES	PARTICIPATING INTERESTS	TOTAL 2006
Income from subsidiary and associated companies	684	339		1,023	773	243		1,016
Dividend			15	15			15	15
Capital gain from the sale of associated companies		13		13		20	10	30
	684	**352**	**15**	**1,051**	**773**	**263**	**25**	**1,061**

13 OTHER RESULTS

(€ MILLION)

	2007	2006
Other income	13	62
Other expenses	225	141
	-212	**-79**

NOTES TO THE COMPANY FINANCIAL STATEMENTS

14 INCOME TAX EXPENSES

RECONCILIATION OF EFFECTIVE TAX RATE (€ MILLION)

	2007	2006
Other result before tax	-212	-79
Income tax using the domestic corporation tax rate	-54	-23
Tax facilities	3	
Other	5	-3
Under/(over) provided in prior years	-94	23
Effective tax amount	**-140**	**-3**

Under/(over) provided in prior years includes a tax benefit of € 85 million related to an agreement with the Dutch tax authorities for the compensation of tax losses resulting from previous years.

15 REGISTERED SEAT

Eureko B.V. is seated in Amsterdam, the Netherlands, and registered at the Chamber of Commerce, trade register Amsterdam 33235189.

Zeist, 2 April 2008

The Supervisory Board

A.H.C.M. (Arnold) Walravens, Chairman
M. (Marinus) Minderhoud, Vice-Chairman
F.J.F. (Flip) Buurmeijer
L. (Lense) Koopmans
E.A.J. (Erik) van de Merwe
P.F.M. (Paul) Overmars
H.J. (Henk) Slijkhuis
M. (Martial) Stambouli
A.J.A.M. (Antoon) Vermeer
B.J. (Bé) van der Weg
B.Y. (Bouke) Yntema

The Executive Board

M.W. (Maarten) Dijkshoorn, Chairman and CEO
H.A.J. (Huub) Hannen, Vice-Chairman
W.A.J. (Willem) van Duin
G. (Gerard) van Olphen
T.C.A.M. (Thomas) van Rijckevorsel
R.Th. (Roel) Wijmenga, CFO

OTHER INFORMATION

STATUTORY REQUIREMENTS FOR APPROPRIATION OF RESULTS

The company's Articles of Association contain the following requirements regarding appropriation of results:

The profit will be distributed pursuant to Article 34 of the Articles of Association of Eureko B.V. The provisions can be summarized as follows:

- The profits shall be at the free disposal of the General Meeting of Shareholders.
- The Company may only make distributions to shareholders and other persons entitled to distributable profits to the extent that its equity exceeds the total amount of its issued share capital and the reserves to be maintained pursuant to the law.
- If the General Meeting of Shareholders decides on the distribution of dividends, first of all, if possible, a dividend equal to 7.15% of the nominal amount shall be paid to preference shareholders.
  Subject to the approval of the Supervisory Board, the Executive Board shall be authorised to increase the above mentioned percentage determined at the time of issue each year with a maximum of 1.8%.
- If no dividend in cash is distributed, a dividend in the form of preference shares can be resolved upon.
- If the General Meeting of Shareholders decides on the distribution of dividends and dividend on preference shares has been passed in previous years, cash dividends shall first be paid to preference shareholders with respect to these previous years, before any distribution can take place on other shares.

THE TOTAL NET PROIT IS PROPOSED TO BE DISTRIBUTED AS FOLLOWS: (€ MILLION)

	2007
Profit after minority interest	979
Dividend on preference shares	25
Coupon payments on other equity instruments after tax	38
	916

TO BE DISTRIBUTED AS FOLLOWS: (€ MILLION)

	2007
Proposed final dividend on ordinary shares	456
Distribution to retained earnings	460
	916

OTHER INFORMATION

EUREKO SHAREHOLDERS AT 31 DECEMBER 2007

COMPANY	COUNTRY	NUMBER OF SHARES	SHARE % (ORDINARY)	SHARE % (INCL. PREFS)
Vereniging Achmea associated entities of which				
Stichting Administratiekantoor Achmea	Netherlands	175,768,789	54.37%	50.62%
BCP Group of which	Portugal			
Bitalpart B.V.	Netherlands	9,033,137	2.79%	2.60%
Rabobank of which				
Coöperatieve Centrale Raiffeisenboerenleenbank B.A.	Netherlands	127,575,565	39.47%	36.75%
LF Group of which				
Länsförsäkringar Liv Försäkringsab (publ)	Sweden	1,832,627	0.57%	0.53%
Länsförsäkringar SAK Försäkringsab (publ)	Sweden	1,832,626	0.57%	0.53%
Gothaer Group of which				
Gothaer Allgemeine Versicherung AG	Germany	2,072,055	0.64%	0.60%
Gothaer Finanz Holding AG	Germany	2,370,153	0.73%	0.68%
Swiss Mobiliar of which				
Schweizerische Mobiliar Holding AG	Switzerland	2,769,246	0.86%	0.80%
Eureko Tussenholding B.V. (preference shares)	Netherlands	23,904,060		6.89%
Total ordinary shares		**323,254,198**	**100.00%**	
Total ordinary shares and preference shares		**347,158,258**		**100.00%**

The number of shares held by Stichting Administratiekantoor Achmea includes one A share. Eureko has only issued one A share. There are special entitlements related to the A share. The majority of the decisions of Eureko's General Meeting of Shareholders can only be made after the approval of the holder of the A share.

OTHER INFORMATION

EUREKO SUBSIDIARIES

Unless otherwise stated, the interest is 100% or almost 100%, on 31 December 2007.

Netherlands

Achmea Arbo B.V., registered in Amsterdam
Achmea Bank Holding N.V., registered in The Hague
Achmea Beleggingsfondsen Beheer B.V., registered in Utrecht
Achmea Beleggingsfondsen N.V., registered in Zaandam
Achmea Health Centers B.V., registered in Apeldoorn
Achmea Holding N.V., registered in Utrecht
Achmea Huisvesting B.V., registered in Apeldoorn
Achmea Hypotheekbank N.V., registered in The Hague
Achmea Inkomensverzekeringsdiensten B.V., registered in Amsterdam
Achmea Innovation Capital B.V., registered in Zeist
Achmea Mens en Werk B.V., registered in Amstelveen
Achmea Non-Life Beleggingen B.V., registered in Zeist
Achmea Pensioen- en Levensverzekeringen N.V., registered in Apeldoorn
Achmea Personeel B.V., registered in Utrecht
Achmea Re Netherlands N.V., registered in Apeldoorn
Achmea Reinsurance Brokers B.V., registered in Utrecht
Achmea Retail Bank N.V., registered in The Hague
Achmea Schadeservice B.V., registered in Utrecht
Achmea Schadeverzekeringen N.V., registered in Apeldoorn
Achmea SZ Holding B.V., registered in Amsterdam
Achmea Vastgoed B.V., registered in Amsterdam
Achmea Vastgoed Beheer B.V., registered in Apeldoorn
Achmea Verzekeringsholding N.V., registered in Utrecht
Achmea Zorgkantoor N.V., registered in Utrecht
Achmea Zorgverzekeringen N.V., registered in Noordwijk
Administratiekantoor Staal B.V., registered in The Hague
Agis B.V., registered in Amersfoort
Agis Tussenholding N.V., registered in Amersfoort
Agis Ziektekostenverzekering N.V., registered in Amersfoort
Agis Zorgverzekeringen N.V., registered in Amersfoort
AP&L Beleggingen B.V., registered in Zeist
Avéro Achmea Financieringen B.V., registered in The Hague
Avéro Achmea Zorgverzekeringen N.V., registered in Utrecht
Avéro Pensioenverzekeringen N.V., registered in Leeuwarden
Avéro Schadeverzekering Benelux N.V., registered in Rotterdam
AVP Beleggingen B.V., registered in Zeist
Beleggingen- en Beheermaatschappij Frankenhagen B.V., registered in The Hague
Beleggingsmaatschappij Alvest B.V., registered in The Hague
Beleggingsmaatschappij Elink B.V., registered in The Hague
BMG Groep B.V., registered in Tilburg
Commit Services B.V., registered in De Meern
DFA Services B.V., registered in Meppel
Dispatch Nederland B.V. (62%), registered in Apeldoorn
Eduard de Graaff & Co. B.V., registered in Amsterdam
Eureko Claims Centre B.V., registered in Zeist
Eureko Consulting Services B.V., registered in Zeist
Eureko Re N.V., registered in Tilburg
Eurocross International Assistance Services B.V., registered in Noordwijk
Eurocross International Holding, B.V., registered in Noordwijk
Eurocross International Insurance N.V., registered in Noordwijk
FBTO Zorgverzekeringen N.V., registered in Utrecht
GlobalNeth B.V., registered in Tilburg
Groene Land Dienstverlening B.V., registered in Meppel
Groene Land PWZ Achmea Zorgverzekeringen N.V., registered in Utrecht
Hadista N.V., registered in The Hague
Interpolis Bedrijfszorg Beheer B.V., registered in De Meern
Interpolis Diensten B.V., registered in Utrecht
Interpolis Facilitaire Dienstverlening B.V., registered in Tilburg
Interpolis Mens & Werk Bedrijfszorg N.V., registered in Tilburg
Interpolis N.V., registered in Tilburg
Interpolis Pensioenbeheer B.V., registered in Utrecht
Interpolis Pensioenen B.V., registered in Tilburg
Interpolis Pensioenen Vermogensbeheer B.V., registered in Tilburg
Interpolis Tussenpersonen B.V., registered in Tilburg
Interpolis Vastgoed B.V., registered in Utrecht
Interpolis Verzekeringen N.V., registered in Tilburg
Interpolis Zorgverzekeringen N.V., registered in Utrecht
Klant Contact Services B.V., registered in Amsterdam
L.M.S. Administratieve Diensten B.V., registered in The Hague
Leefstijl Trainingscentrum N.V. (75%), registered in Amsterdam
Levob Bank N.V., registered in Amersfoort
Levob Financieringen N.V., registered in Amersfoort
Levob Participaties B.V., registered in Amersfoort
Medical Service Center N.V., registered in Amstelveen
N.V. Brand- en Varia Verzekeringsmaatschappij De Twaalf Gewesten, registered in Leidschendam
N.V. Hagelunie, registered in The Hague
N.V. Interpolis BTL, registered in Tilburg
N.V. Interpolis Dierverzekeringen, registered in Tilburg
N.V. Interpolis Kredietverzekeringen (55%), registered in Tilburg
N.V. Interpolis Onroerend Goed, registered in Tilburg

OTHER INFORMATION

N.V. Interpolis Schade, registered in Tilburg
N.V. Interpolis Tivoli, registered in Tilburg
Nefib B.V., registered in The Hague
OV Deposito Groeifonds N.V., registered in Amersfoort
OWM Aquapol (65%), registered in The Hague
OZF Achmea Zorgverzekeringen N.V., registered in Hengelo
P.M. Evenementen B.V., registered in Zwolle
Pien B.V., registered in Zeist
Pim Mulier B.V., registered in Zwolle
Practis B.V., registered in Amsterdam
Practis Holding B.V., registered in Gorinchem
Prevend B.V., registered in Utrecht
PVF Management B.V., registered in Amsterdam
PVF Nederland N.V., registered in Amsterdam
PWZ Dienstverlening N.V., registered in Purmerend
Relan Arbo Groep B.V., registered in Zoetermeer
Residentie Beleggingen N.V., registered in The Hague
Residex B.V., registered in Apeldoorn
Residex Capital III B.V., registered in Apeldoorn
Residex Capital IV B.V., registered in Apeldoorn
RoZeker N.V., registered in Arnhem
SGG Collectief B.V., registered in Zoetermeer
Staal Bank Fondsen Beheer B.V., registered in The Hague
Staal Satelliet I B.V., registered in The Hague
Staal Trust B.V., registered in The Hague
Staalbankiers N.V., registered in The Hague
Staalbankiers Vastgoedfondsen Beheer B.V., registered in The Hague
Sterpolis Assurantiebemiddeling B.V., registered in Arnhem
Sterpolis Holding N.V., registered in Arnhem
Sterpolis Schadeverzekeringen N.V., registered in Arnhem
Stigas Agrarisch Preventief B.V., registered in Zoetermeer
Tropina Interbel B.V., registered in The Hague
Winnock B.V., registered in Bilthoven
Zilveren Kruis Achmea Zorgverzekeringen N.V., registered in Utrecht
Zilveren Kruis Dienstverlening Ziekenfonds Verzekeringen N.V., registered in Heemstede

Greece

Anyrisk Agency Company of Insurance and Reinsurance Services S.A., registered in Athens
Athinaiki General Clinic S.A., registered in Athens
Euroclinic of Children Treatment, Surgical Center S.A., registered in Athens
General Clinic, Diagnostic Treatment Surgical Center - Euroclinic of Athens S.A., registered in Athens
Imperio Life Hellenic Insurance Company S.A., registered in Athens
Interamerican Finance Financial Services S.A., registered in Athens
Interamerican Health General Insurance Company of Health and Assistance S.A., registered in Athens
Interamerican Hellenic Life Insurance Company S.A., registered in Athens
Interamerican Property & Casualty Insurance Company S.A., registered in Athens
Interamerican Road Assistance General Insurance S.A., registered in Athens
Interassistance Commerical Company of Automobile and Tourism, registered in Athens
Interassistance Road Assistance Services S.A., registered in Athens
Interdata Information Technology Development S.A., registered in Athens
Medicom Systems Management of Health Services S.A., registered in Athens
Mentor Assessors, Estimators, Engineers S.A., registered in Athens

Ireland

Acocks Green Ltd, registered in Dublin
Allied Insurance Consultants Ltd, registered in Dublin
Arley Ltd, registered in Dublin
Atrium Nominees, registered in Dublin
Barnt Green Ltd, registered in Dublin
Bewdley Ltd, registered in Dublin
Bray SRH Ltd, registered in Dublin
Bromsgrove Homes Ltd, registered in Dublin
Celtic Autoline Direct Insurance Ltd, registered in Dublin
Celtic Direct Life Ltd, registered in Dublin
Celtic Insurance Services Ltd, registered in Dublin
Celtic International Endowment Policies Ltd, registered in Dublin
Citifriend Nominee Ireland Ltd, registered in Dublin
Eureko Captive Management Services Ltd, registered in Dublin
Eureko Insurance Ireland Ltd, registered in Dublin
Eureko Ireland Ltd, registered in Dublin
Eureko Re Dublin Ltd, registered in Dublin
Eureko Reinsurance Ireland Ltd, registered in Dublin
Finglas SRH Ltd, registered in Dublin
Foxhalls Management Ltd, registered in Dublin
Friends First (Cherrywood) Ltd, registered in Dublin
Friends First Broker Services Ltd, registered in Dublin

OTHER INFORMATION

Friends First Direct Ltd, registered in Dublin
Friends First Finance Ltd, registered in Dublin
Friends First General Insurance Company Ltd, registered in Dublin
Friends First Group Services Ltd, registered in Dublin
Friends First Holdings Ltd, registered in Dublin
Friends First International Ltd, registered in Dublin
Friends First Life Assurance Company Ltd, registered in Dublin
Friends First Managed Pension Funds Ltd, registered in Dublin
Friends First Trustee Services Ltd, registered in Dublin
Friends First UK Commercial Property No. 2 Ltd, registered in Dublin
Friends Provident Ireland Ltd, registered in Dublin
Graytree Ltd, registered in Dublin
Liberty Asset Management Ltd, registered in Dublin
Liberty Asset Management Pensioner Trustee Company Ltd, registered in Dublin
Liberty Mortgage Corporation Ltd, registered in Dublin
Liberty Wealth Management Ltd, registered in Dublin
Naas SRH Ltd, registered in Dublin
Partac Ltd, registered in Dublin
Periplex, registered in Dublin
Q Capital Ltd, registered in Dublin
Redditch Ltd, registered in Dublin
Rednal Ltd, registered in Dublin
Rubery Ltd, registered in Dublin
Selly Oak Ltd, registered in Dublin
Victoria House (Leasing) Ltd, registered in Dublin
Walkinstown SRH Ltd, registered in Dublin
Weoley Castle Ltd, registered in Dublin

France

Globale S.A.R.L., registered in Paris
Império Assurances et Capitalisation S.A., registered in Paris
S.C.I. Interpierre, registered in Paris
S.C.I. Résidence de L'Isle, registered in Paris

Slovakia

Union Broker S.R.O. (98%), registered in Bratislava
Union Poistovna A.S. (98%), registered in Bratislava
Union Zdravotná Poistovna A.S., registered in Bratislava

Cyprus

Interamerican Assistance Ltd, registered in Nicosia
Interlife Insurance Company Ltd, registered in Nicosia

Romania

Interamerican - Societate de Administrare a unui Fond de Pensii Privat S.A., registered in Bucharest
Interamerican Romania Assistance S.R.L., registered in Bucharest
Interamerican Romania Insurance Company S.A. (94%), registered in Bucharest
Medisystem Hospital S.A., registered in Bucharest
Medisystem Romania S.A., registered in Bucharest

Bulgaria

Interamerican Assistance E.A.D., registered in Sofia
Interamerican Bulgaria Life Insurance E.A.D., registered in Sofia
Interamerican Bulgaria Z.E.A.D., registered in Sofia

Luxembourg

Achmea Re Management Company S.A., registered in Luxembourg
Achmea Reinsurance S.A., registered in Luxembourg
Banque Colbert Luxembourg S.A., registered in Luxembourg
Eureko Reinsurance S.A., registered in Luxembourg
Friends First Finance Luxembourg S.A.R.L., registered in Luxembourg
Interpolis Luxembourg S.A., registered in Luxembourg

Other

Blohe N.V., registered in Lier, Belgium
Eureko Participations II ApS, registered in Copenhagen, Denmark
Eureko Polska Spótka z.o.o., registered in Warsaw, Poland
Eureko Portugal SGPS S.A., registered in Lisbon, Portugal
Eureko Sigorta A.S. (80%), registered in, Istanbul, Turkey
EuroCross International Central Europe S.R.O., registered in Prague, Czech Republic
EuroCross International Polska Spótka z.o.o., registered in Warsaw, Poland
First Orion Amber Ltd, registered in St. Helier, United Kingdom
First Orion Cobalt Ltd, registered in St. Helier, United Kingdom
First Orion Crimson Ltd, registered in St. Helier, United Kingdom
First Orion Emerald Ltd, registered in St. Helier, United Kingdom
First Orion Magenta Ltd, registered in St. Helier, United Kingdom
Imperservices S.A. (79%), registered in Lausanne, Switzerland
Interpolis USA Ltd, registered in Delaware, USA
J. Haenecour & Co. N.V., registered in Brussels, Belgium
Liberty Property Investment Ltd, registered in Cheshire, United Kingdom
Practis Belgium N.V., registered in Sint-Niklaas, Belgium

OTHER INFORMATION

AUDITORS' REPORT TO THE GENERAL MEETING OF SHAREHOLDERS AND SUPERVISORY BOARD OF EUREKO B.V.

Report on the Financial Statements

We have audited the accompanying Financial Statements for the year 2007 of Eureko B.V., Amsterdam as set out on pages102 to 223. The Financial Statements consist of the Consolidated Financial Statements and the Company Financial Statements. The Consolidated Financial Statements comprise the Consolidated Balance Sheet as at 31 December 2007, the Consolidated Income Statement, the Consolidated Statement of Changes in Total equity and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The Company Financial Statements comprise the Company Balance Sheet as at 31 December 2007, the Company Income Statement, the Company Statement of Changes in Equity and Company Cash Flow Statement for the year then ended and the notes.

Management's responsibility

Management is responsible for the preparation and fair presentation of the Financial Statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the Executive Board report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the Financial Statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on the Financial Statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Financial Statements.

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

Matters affecting our opinion

The net profit for the year 2007 and the net equity of Eureko B.V. as at 31 December 2007 include Eureko's share in the results of PZU S.A., amounting to a net result of € 333 million and Total equity as at 31 December 2007 of € 1,591 million. The share in the net result has been based by Eureko B.V. upon PZU S.A.'s published (unaudited) third-quarter 2007 financial figures, plus an estimate for the fourth-quarter results, including the impact of the published 2006 results in comparison with the initial estimation. As we are not allowed access to the financial information by PZU S.A. management, we are not in a position to express an opinion on the valuation of Eureko's share in the result for the year 2007 and equity as at 31 December 2007 of PZU S.A.

Opinion with respect to the Consolidated Financial Statements

In our opinion, except for the effect of adjustments in respect of Eureko's share in the equity as at 31 December 2007 and the 2007 results of PZU S.A. referred to in the preceding paragraph, if any, the Consolidated Financial Statements give a true and fair view of the financial position of Eureko B.V. as at 31 December 2007, and of its result and its cash flow for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

OTHER INFORMATION

Opinion with respect to the Company Financial Statements

In our opinion, except for the effect of adjustments in respect of Eureko's share in the equity as at 31 December 2007 and the 2007 results of PZU S.A. referred to in the 'Matters affecting our opinion' paragraph, if any, the Company Financial Statements give a true and fair view of the financial position of Eureko B.V. as at 31 December 2007, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part e of the Netherlands Civil Code, we report, to the extent of our competence, that the Executive Board report is consistent with the Financial Statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Amstelveen, 2 April 2008

KPMG ACCOUNTANTS N.V.

F. van der Wel RA

FINANCIAL STATEMENTS

GLOSSARY OF TERMS

ALM (Asset and Liability Management)
Aims to limit the level and volatility of market risks, while generating the highest possible return within these limits.

APE (Annual Premium Equivalent)
The total amount of annual premium from new regular premium business and 10% of the total amount of single premium business written during the year.

Associate
An entity over which the Group has significant influence, generally through a shareholding of between 20% and 50% of the voting rights, but which is neither a subsidiary nor a joint venture.

AWBZ ('Algemene Wet Bijzondere Ziektekosten', Exceptional Medical Expenses Act)
Dutch legislation covering uninsurable medical risks, e.g. chronic illness of handicapped (young) people.

BIS (The Bank for International Settlements)
BIS is an international organisation which fosters international monetary and financial cooperation and serves as a bank for central banks. BIS has set a minimum for the solvency ratio between capital and risk weighted assets. The ratio should at least be 8%.

Cash Generating Unit
The smallest identifiable group of assets that generates cash inflows which are largely independent of the cash inflows from other assets or groups of assets.

Catastrophe risk
The risk that a single event, or series of events, of major magnitude, usually over a short period (often 72 hours), leads to a significant deviation in actual claims from the total expected claims.

Claim
A demand for payment of a policy benefit because of the occurrence of an insured event, such as the death or disability of the insured or the maturity of an endowment, the incurrence of hospital or medical bills, the destruction of or damage to property and related deaths or injuries, defects in, liens on, or challenges to the title to real estate, or the occurrence of a surety loss.

Claims and claims expenses
The sum of incurred claims and claims expenses, used interchangeably with 'loss and loss adjustment expenses'.

Claims expenses
The expenses of investigating and settling claims, including certain legal and other fees, and the expenses of administering the claims adjustment process.

Claims ratio
The ratio of a property and casualty insurance or re-insurance company's incurred claims and claim expenses to net premiums earned. Also referred to as 'loss ratio'.

Combined ratio
The sum of the claims ratio and the cost ratio for an insurance company or a re-insurance company. A combined ratio of more than 100% does not necessarily mean that there is a loss on insurance policies, because the result also includes the allocated investment income.

Cost of required capital
The cost related to having to hold capital for the risks of operating the business, which is therefore not available for distribution to shareholders. It is calculated as the difference between the required capital itself and the present value of the projected release of this amount and the after-tax investment earnings on the assets deemed to back the required capital.

DBC ('Diagnose Behandel Combinatie')
A settlement method covering a whole medical treatment period in which the claim compensation for separate treatments is specified. The final settlement with the health insurer is at the end of the treatment period.

GLOSSARY OF TERMS

Deferred tax assets

The amounts of income taxes deemed to be recoverable in future periods in respect of:
– deductible temporary differences;
– the carryforward of unused tax losses;
– the carryforward of unused tax credits.

Deferred tax liabilities

The amounts of income taxes payable in future periods in respect of taxable temporary differences.

Defined Benefit Plan

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Defined Contribution Plan

Post-employment benefit plans under which an enterprise pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further contributions if the entity does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Derivatives

Derivatives are financial instruments, which include forwards, futures, options and swaps, whose value is based on an underlying asset, index or reference rate.

Economic capital

The minimum amount of capital that is required to absorb unexpected losses in times of severe stress.

Economic profit

Change in the Embedded Value caused by change in the economic environment.

Embedded Value

The present value of the existing life business at the valuation date and excluding any value attributable to future new business.

Employee benefits

All forms of consideration given by a company in exchange for services rendered by (former) employees.

European Embedded Value

Embedded Value based on the principles set by the CFO forum, a group representing the Chief Financial Officers of major European insurers.

Expense ratio

The ratio of property and casualty insurance operating expenses to net earned premiums.

Experience variance

The difference between the expected and actual result of the reported period.

Fair value

The amount at which an asset or a liability could be traded on a fair basis at the balance sheet date, between knowledgeable, willing parties in arm's-length transactions.

Financial instruments

Financial instruments are contracts that give rise to both a financial asset for one company and a financial liability or equity instrument for another company.

Free surplus

Shareholders net worth reduced by required capital.

Goodwill

The amount of future economic benefits arising from assets that are not capable of being individually identified and separately recognized as an asset in a business combination.

GWP (Gross Written Premiums)

Total premiums (whether or not earned) for insurance contracts written or assumed during a specific period, without deduction for premiums ceded.

GLOSSARY OF TERMS

HKC (‘Hoge KostenCompensatie’, high cost compensation)
For the basic health insurance in the Netherlands some specific types of claims can be recovered from a pool established by the ZvF (Zorgverzekeringsfonds). Each insurer in the Netherlands that sells basic health insurance policies contributes to this pool and can recover claims with extreme claim amounts (above € 12,500 per insured). The related payments and settlements are considered as re-insurance.

Impairment
If the recoverable amount is less than the carrying amount of the asset or group of assets due to a decrease in usefulness as a consequence of, for example, damage or technical obsolescence or other economic factors, a write-down of the asset is necessary.

In-Force Business
Policies or contracts that are effective at the valuation date. Paid-up policies are included.

Intercompany transaction
Intercompany transactions are transactions between the Eureko Group’s companies.

Joint venture
A contractual arrangement whereby two or more parties undertake an economic activity which is subject to joint control.

Liability option
The financial option or guarantee embedded in life insurance products, e.g. profit-sharing option, annuity option, etc.

Minority interest
That part of the net results of operations and of net assets of a subsidiary attributable to interest which are not owned, directly or indirectly through subsidiaries, by the parent.

NBPM (New Business Profit Margin)
Indicator of the profitability of new business that is calculated as a ratio of the present value of the net of tax profits from new business in the period and the present value of expected new business premiums.

Net earned premiums
The portion of net premiums written that is recognised for accounting purposes as income during a period.

Net written premiums
Gross written premiums for a given period less re-insurer premiums ceded during such period.

Notional amounts
Notional amounts represent units of account which, in respect of derivatives, reflect the relationship with the underlying assets. They do not reflect, however, the credit risks assumed by entering into derivative transactions.

Operating profit
Increase in (embedded) value over a period that results from new business written in the period, experience deviations, changes in non-economic assumptions and expected profit from in-force business and net shareholder worth.

Operating segments
Components of an enterprise where discrete information is available that is evaluated regularly by the chief operating decision-maker or decision-making group in deciding how to allocate resources and in assessing performance.

Over-the-counter instrument
Non-standardised financial instrument not traded on a stock exchange but directly between market participants.

Participating business
Covered business in which policyholders have the right to participate (receive additional benefits) in the performance of a specified pool of assets or contracts, fund or company within the Group.

GLOSSARY OF TERMS

Participating interest

A participating interest exists if a corporation or its subsidiary provides capital or causes capital to be provided for the account of either of them to another corporation in order to be durably linked to that corporation in furtherance of its own activities.

Performance-related fee

Fee which is earned when the investment performance of a fund meets specified criteria.

Periodic premium products

Life insurance products that provide for more than one premium payment during the life of the contract.

Policyholders' bonuses

Bonuses (or policyholders' dividend) periodically credited to participating contract holders. Regular bonuses, once credited, are guaranteed on death or maturity.

Post-employment benefit plans

Formal or informal arrangements under which a company provides post-employment benefits for one or more employees. Post-employment benefits are employee benefits other than termination benefits and equity compensation benefits, which are payable after the completion of employment.

Preference share

A preference share is similar to an ordinary share but carries certain preferential rights. These rights usually concern the guarantee of a fixed (cumulative) return to the shareholder or a guaranteed return on the investment.

Premiums earned

That portion of gross written premiums in current and past periods which applies to the expired portion of the policy period, calculated by subtracting changes in the provision for unearned premiums from net premiums.

Re-insurance contract

Re-insurance contract is an insurance contract issued by one insurer (the reinsurer) to compensate another insurer (the assignor) in connection with losses on one or more contracts issued by the assignor.

Required capital

The amount of capital which is necessary to hold on top of the assets covering the liabilities to meet the greater of the regulatory requirements and internal requirements based on the risk assessment.

Return on Adjusted Equity (RoAE)

The ratio of adjusted Net profit to average adjusted Total equity whereas Net profit is adjusted for payments to holders of preference shares and holders of other equity instruments and impairment loss on goodwill. Total equity is adjusted for preference shares, other equity instruments and goodwill.

Return on Equity (RoE)

The ratio of Net profit to average Total equity.

Risk discount rate

Risk discount rate represents the rate which is used for discounting the future cash flows back to valuation date. It reflects the risk of the specific block of business.

Shareholders' net worth

Market value of the shareholders' net assets excluding intangible assets, deferred acquisition costs, prepaid commission, provision for profit sharing and bonuses, and goodwill.

Single premium products

Life insurance products that provide for only one premium to be paid at the issuance of the contract.

Stochastic techniques

Method of estimating the range of outcomes where there is uncertainty about the future development of one or more variables.

GLOSSARY OF TERMS

Subordinated loan
A credit or a liability where, in the event of bankruptcy under the application of the emergency regulations as referred to in the Act on Supervision of the Credit System, or liquidation of the debtor, the outstanding part is not eligible for set-off and is not repayable until all other currently outstanding debts have been re-paid.

Subsidiary
An entity that is controlled by Eureko.

Tier-1 capital
The Tier-1 capital is also referred to as the core capital of Achmea Bank and Eureko. It comprises paid-up share capital, reserves excluding revaluation reserves, fund for general banking risks, retained earnings, and third-party interest.

Tier-1 ratio
The Tier-1 ratio reflects the Tier-1 capital as a percentage of its total risk weighted assets. The minimum set by the Dutch Central Bank is 4%.

Time value of the option
The value of potential future payments not expected to be paid under current economic circumstances but which may become due as a result of future changes in economic conditions.

Total contributions on insurance and investment contracts
Total contribution on insurance and investment contracts includes gross written premiums on insurance contracts and considerations received on investment contracts. Investment contracts do not qualify as an insurance contract as these contracts contain no or limited insurance risk.

Trading portfolio
The trading portfolio comprises those financial instruments which are held to obtain short-term transaction results, to facilitate transactions on behalf of clients or to hedge other positions in the trading portfolio.

Underwriting results
The pre-tax profit or loss experienced by an insurance company or re-insurance company after deducting incurred claims and claims expenses and operating expenses from premiums earned. This profit and loss calculation includes re-insurance assumed and ceded but excludes investment income.

Value-in-Force
Present value of the after tax profits distributable to shareholders from the business in-force at the valuation date, discounted at the risk discount rate.

VNB (Value of New Business)
The present value of expected distributable after tax profits from the new business sold in the reporting period.

WAO ('Wet Arbeidsongeschiktheidsverzekering')
Disablement Insurance Act, one of the Dutch Social Security Acts covering the payment of salary/wages to employees during long-term illness.

WIA ('Wet Werk en Inkomen naar Arbeidsvermogen')
A Dutch Social Security Act replacing the Disablement Insurance Act (WAO).

ZvF ('Zorgverzekeringsfonds', health insurance fund)
A fund related to the basic health insurance in the Netherlands and financed by employers and the Dutch state. From the ZvF, settlements are paid to insurers that sell basic health insurance policies. The settlements are related to the risk mitigating factor as introduced as part of the basic health insurance. This fund also settles the premiums of children 18 years or younger.

CONTACT DETAILS

OPERATING COMPANIES

Eureko
Mailing address
P.O.Box 866
3700 AW Zeist
The Netherlands

Office address
Handelsweg 2
3707 NH Zeist
The Netherlands
T +31 30 693 70 00
F +31 30 693 72 25

www.eureko.net

Achmea
Mailing address
P.O.Box 866
3700 AW Zeist
The Netherlands

Office address
Handelsweg 2
3707 NH Zeist
The Netherlands
T +31 30 69370 00
F +31 30 69372 25

www.achmea.nl

Eureko Re
Mailing address
P.O. Box 90106
5000 LA Tilburg
The Netherlands
T +31 13 462 38 22
F +31 13 462 34 98

www.eureko-re.com

Avéro Belgium
Blvd de la Woluwedal 64
1200 Brussels
Belgium
T +32 2 773 03 11
F +32 2 772 03 45

www.avero.be

Eureko Sigorta
Mete Cad,
Park Han No: 32
34437 Taksim
Istanbul
Turkey
T +90 212 393 10 00
F +90 212 245 01 04

www.eurekosigorta.com.tr

Friends First
Cherrywood Business Park
Loughlinstown
Dublin 18, Ireland
T +353 1 661 06 00
F +353 1 661 66 51

www.friendsfirst.ie

Império France
18-20, rue Clément Bayard
92300 Levallois Perret
France
T +33 1 41 27 75 75
F +33 1 44 69 75 07

www.imperio.fr

Interamerican
124-126 Siggrou Avenue
17680 Kallithea
Athens
Greece
T +30 210 946 20 00
F +30 210 946 20 07

www.interamerican.gr

Interamerican Bulgaria
16, Sveta Nedelya Square
Sofia 1000
Bulgaria
T +359 2 986 76 39-43

www.interamerican.bg

Interamerican Romania
20, Cotroceni Road
060114 Bucharest 6
Romania
T +40 21 202 67 70

www.interamerican.ro

Interlife
PO box 22475-1522
Nicosia
Cyprus
T +357 2 289 60 00

www.interlife.com.cy

Union
Bajkalská 29/A
81360 Bratislava 1
Slovak Republic
T +421 258 31 93 19
F +421 253 63 11 11

www.union.sk

PARTNERS AND ASSOCIATED COMPANIES

Eurapco
Genferstrasse 11
Postfach
CH-8027 Zürich
Switzerland
T +41 44 287 95 00
F +41 44 287 95 01

www.eurapco.com

PZU
PZU Tower
A1 Jana Pawla II 24
00 – 133 Warsaw
Poland
T +48 22 582 26 80
F +48 22 582 26 21

www.pzu.pl

F&C Asset Management
Exchange House
Primrose Street
London, UK
EC2A 2NY
T +44 207 628 80 00
F +44 207 628 81 88

www.fandc.com

COLOFON

Copy
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