EUREKO 2008 ANNUAL REPORT

FIVE YEARS' KEY FIGURES

KEY FIGURES

(€ MILLION)

RESULTS	2008	2007	2006	2005	2004
Gross written premiums	19,306	14,853	14,302	6,577	5,524
Contribution investment contracts	307	757	623	448	383
Profit before tax	-2,620	1,041	1,215	826	386
Net profit	-2,118	979	985	706	1,023
Insurance gross written premiums					
Health	11,991	7,521	7,154	2,072	1,735
Life	4,231	4,417	4,464	2,807	2,312
Non-Life	3,084	2,915	2,684	1,699	1,477
Banking					
Net interest margin	191	157	142	161	136
Net profit per Operating Company					
Achmea Benelux	-1,224	622	757	467	297
Friends First Ireland	-21	39	35	29	21
Interamerican Greece	7	6	25	-58	-
Union Slovakia	-7	-8	-17	1	1
Eureko Sigorta Turkey	32	12	-	-	-
Other Operating Companies	-44	6	12	9	1
GROUP BALANCE SHEET					
Total assets	92,453	100,582	86,448	83,293	52,911
Total investments (excluding unit-linked)*	38,768	40,328	38,736	39,062	23,500
Banking credit portfolio	18,921	18,035	17,272	16,459	16,942
Total equity	7,451	10,375	9,632	8,525	3,251
Embedded value Life business	4,123	6,374	6,089	4,537	2,348

**Includes Investments in associated companies and participating interests, Investment property and Investments.*

(%)

KEY RATIOS

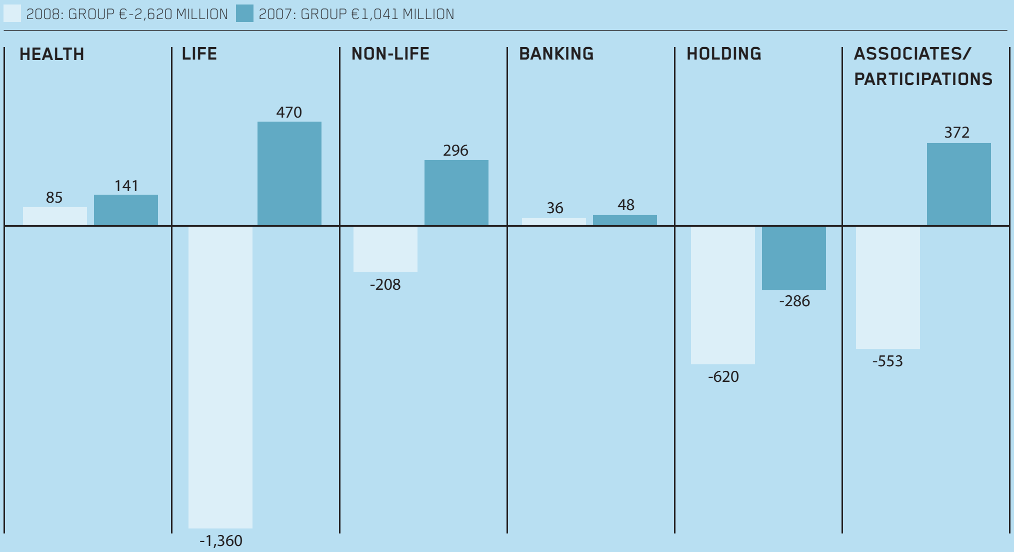
	2008	2007	2006	2005	2004
Group					
Solvency	150	232	239	218	255
Return on equity	-23.4	9.7	13.0	12.7	10.9
Return on adjusted equity	-38.6	12.9	14.7	16.9	17.1
Debt leverage	16.1	11.0	6.1	9.6	12.8
Insurance					
Combined ratio Non-Life	96.7	96.4	88.5	89.9	92.6
Combined ratio Health	100.3	99.0	100.4	94.5	97.4
Banking					
Cost/income ratio	61.9	64.7	84.2	72.2	103.9
BIS ratio*	14.5	15.2	14.2	16.0	13.5
Figures per ordinary share (€)					
Net profit	-6.65	2.92	2.92	2.98	1.74
(Proposed) dividend on ordinary shares	-	1.41	1.41	1.41	1.96
EMPLOYEES					
Full-time equivalents (FTEs)	24,934	24,035	21,784	20,166	14,550
Employee satisfaction**	76%	73%	68%	64%	-

* *Dutch activities; years 2008 and 2007 based on Basel II.*

** *Dutch activities*

PROFIT BEFORE TAX

(€ MILLION)



EXECUTIVE BOARD STATEMENT

The reporting year, 2008, with its unprecedented turmoil in the financial markets, turned out to be a difficult year for Eureko. Against the backdrop of severe falls in equity markets, Eureko reports a sharp decrease in net result for 2008. The negative result amounts to €2.1 billion after tax compared to €979 million profit in 2007, driven primarily by impairments, losses on equity instruments and widened credit spreads.

The negative results on our investment portfolio also affected our capital position, down €2.9 billion. The solvency ratio decreased in 2008 as a result of this. At year-end the solvency ratio stood at 150% at Group level. We are gratified that our shareholders Vereniging Achmea and Rabobank confirmed their confidence in Eureko through a €1 billion capital increase which will take place in April 2009. As a consequence of this capital increase, the pro-forma Group solvency ratio improved to 175% based on year-end 2008 figures. More steps were taken. We will reinforce our risk management framework and a de-risking strategy has been implemented .

Operating results

Our operating results from insurance activities did not meet expectations, mainly as a result of the declining Life market and shrinking margins in the Non-Life business. Our Health business and Banking operations contributed well to net profit. Competition in our home market in the Netherlands is fierce. In an environment in which operational results from insurance activities are under pressure in general, gross written premiums rose 30%, mainly as the result of the successful merger with Agis.

In the Netherlands, we have maintained our leading market positions, responding to a competitive market that is changing. Customers are increasingly demanding easy access to day-to-day products and transparency – especially on unit-linked policies. This sends a clear message to the whole financial services sector. Confidence in the sector is under pressure and transparency can help regain what is lost. In our view, that is a prerequisite for doing business into the future.

In the Health business, the new, market-based healthcare system launched in 2006 is stabilising. One of the key benefits to customers is that it forces insurers to focus on quality and cost efficiency. Yet, there are still issues in the system that need to be resolved, such as the improvement of the risk equalisation system. Further liberalisation and the embedding of market forces must be expected. Health providers must be quality driven, cost effective and accountable. Insurers cannot be expected to use customer premiums to prop up providers in financial dismay, however rare such an occurrence. Again, this is a transparency issue. We would support the government's initiative to implement an early-warning system that would monitor the financial stability of health-care providers.

Throughout 2008, we have been working on our innovative InShared concept. Launched in early 2009, this new Non-Life internet insurance company offers not only user-friendly access to clear products, funds reserved but not used for claims will be refunded in a new take on the 'no-claim bonus'. In addition, InShared is the first insurer to offer real-time insight into financial details, such as premiums received and claims settled. This is a true innovation. InShared is the first fully web-based insurance cooperation in de world.

We did expand our European activities in 2008. Oranta Insurance in Russia is a Non-Life specialist with a multi-channel distribution network with strong growth prospects.

On the long-running dispute with the Polish government on the privatisation of PZU, in which we have a significant stake holding, we have filed a Call for Settlement Attempt with the City of Warsaw's Regional Court. We hope to finally end this conflict in an amicable way.

Necessary measures

In a normal year, these developments would be considered 'highlights'. The reporting year was not a normal year. In the current economic climate, with its spate of negative results from almost every sector, ascribing end results to the

EXECUTIVE BOARD STATEMENT

MOVING FORWARD IN TIMES OF CRISIS

financial crisis, however valid in some respects, is not an option for Eureko. There were other factors in our business that came together in 2008.

The Executive Board has decided to reinforce the sense of urgency. At the beginning of 2009, we accelerated the implementation of a strategic refocus called 'SENS' that is designed to boost operational performance. SENS is an approved method to gain efficiency that will improve all processes related to customer needs within Achmea, Eureko's Dutch operation, and will also lead to optimised operations. It impacts both customer satisfaction and operational efficiency. In 2007, it was implemented in our Health business with very positive results. In the current year, we have also introduced an important cost reduction programme. This programme concentrates on various cost centres, such as procurement and marketing communications costs, company-wide. In 2011, the estimated impact of these measures will be 2,500 reduction in FTEs and a cost reduction of €300 million on an annual basis.

Our IT investment has been thoroughly revised and now focuses on speeding up the roll-out of those systems that will generate returns within the next years.

As in many other countries, the Dutch government has made a major support package available to the financial services sector. Although we have not made use of state support, we fully concur with the general need for support and applaud the rapid action taken by the government and the Dutch Central Bank. However, we would also stress the need for a return to normal market conditions as soon as it is feasible so that the playing field is level for all.

Moving forward

We are even more convinced today that managing on a stakeholder rather than shareholder model creates more long-term value, enabling us to keep the various interests of customers, employees, shareholders and suppliers in careful balance. We will continue to nurture our position as a cooperative insurer. In our view, focusing on short-term shareholder value creation precludes the long horizons that are key in the insurance business.

We thank our 25,000 employees around Europe for their commitment in sometimes difficult conditions. We are grateful for the efforts of our Supervisory Board, especially during the second half of 2008 when the full effects of the financial crisis emerged. We appreciate the cooperation with our Central Works' Council. Over time, we have built mutual respect; it represents a key part of our checks and balances.

We would like to express our gratitude to former Chairman Maarten Dijkshoorn who resigned in January 2009 for personal considerations. Mr Dijkshoorn joined the Executive Board in 2002 and chaired it from 2005 to 2008. He contributed to the strong growth of the Group during this time. Thanks also go to both Roel Wijmenga, who stepped down as CFO in 2008, and to Huub Hannen who retired in the same year after a 38-year career with Interpolis and Eureko.

Eureko has had a very challenging year and 2009 will be anything but easy. We have a comprehensive package of policy-driven measures aimed at reinforcing our position. These will require full commitment from our people, in the Netherlands and around Europe. Also during the financial crisis we will continue to meet our customers' demands. Eureko is a top-three player in almost all segments of the Dutch market for insurance, pensions and employability and has a unique brand portfolio to consolidate that position. In 2009, we will strongly focus on organic growth and creating value so that we reinforce our current presence in both the Netherlands and Europe.

Willem van Duin
Chairman of the Executive Board, Eureko B.V.
6 April 2009

VISION AND MISSION

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.

PROFILE

Eureko is the holding for a group of strong insurance brands in 11 countries: Belgium, Bulgaria, Cyprus, France, Greece, Ireland, the Netherlands, Romania, Slovakia, Turkey and, from 2008, Russia. In the Netherlands we have a multi-brand and multi-distribution strategy. We market our products and services through well-known brands such as Agis, Avéro Achmea, Centraal Beheer Achmea, FBTO, Interpolis, Syntrus Achmea and Zilveren Kruis Achmea, offering the full range of distribution channels – direct writing, bank and broker – so that customers can choose. From our leading position in the Dutch market, Eureko aims to position in Europe as an innovative player in all our markets. We drive these goals by focusing on selective growth and transferring knowledge and best practice.

We are different from the majority of our competitors as our main shareholders are cooperative organisations. As a result, our mindset is a balanced stakeholder approach, rather than focusing primarily on shareholders. Eureko's goal is to create value for all our equally important stakeholders: customers, distribution partners, shareholders and employees.

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

THE EUREKO BRANDS

Achmea unburdens. Health, income for later, work and working conditions or business continuity – Achmea is there, insuring and ensuring. But Achmea is more than a provider of products and services. We invest in solutions to social issues, explore ways to do things differently, better. By continually asking the question: what are we doing?

A vital organisation is dynamic, powerful and keeps personnel on top of business. Achmea Vitale is our sector-focused approach and offers a unique combination of vitality and absentee management services. Achmea Vitale is there for small and medium-sized enterprises (SMEs) and major corporates that aim to be more vital.

Good health is precious. That is why Agis works to improve the care and health of its customers. And at Agis, everyone has a right to good, accessible and affordable care. Customers rate Agis at 7.4 in satisfaction surveys.

Offers a complete range of insurance and financial solutions. Avéro Achmea offers life, non-life, income protection and health insurance to corporate and private customers as well as mortgages and banking products. Avéro Achmea works with and through independent brokers and advisors. Brokers rate Avéro Achmea at 6.8 in satisfaction surveys.

Provides pensions, life and non-life insurance and offers financial services to private customers, employees and businesses. It also has administrative services and support aimed at non-life and risk management, delivering directly to the client. Private customers rate Centraal Beheer Achmea at 7.9 and business customers at 7.0 in satisfaction surveys.

Offers insurance for car and motor-cycle, health and accident, savings and investment, liability and legal aid, travel and recreation, home, borrowing and death. Our customers can put together the package of insurances that suits them best so they only pay for what they need. FBTO provides clear insight into customer data. Customers rate FBTO at 7.7 in satisfaction surveys.

Interpolis, through the Rabobank branch network, offers consumers and entrepreneurs concrete and relevant insurance solutions for the risks they run. All Interpolis products are as accessible and simple as we can make them. We call that: Crystal clear. Customers rate Interpolis at 7.3 in satisfaction surveys.

Zilveren Kruis Achmea has long been more than a health-insurer alone, offering insured customers opportunities for a healthier and more vital life. Customers benefit through, for example, the health programme. Zilveren Kruis Achmea also works with partners to improve care. Customers rate Zilveren Kruis Achmea at 7.1 in satisfaction surveys.

Avéro Belgium provides 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.

Currently, Interamerican Bulgaria is a small player but it is also an ambitious one, offering life and non-life products and services through all distribution channels.

Our Interlife Cyprus brand offers a full range of life, non-life and health products and ranks number five in the Cypriot life market.

With a full range of life, non-life and health products and services, Interamerican Greece is the number two player in the Greek market. It is the only insurer in Greece to provide emergency assistance.

Friends First has a long standing presence in Ireland and has built up a reputation as a leading financial services group in this market. We provide a comprehensive range of pension, investment, protection and finance products and services.

One of the few insurers in Romania to offer a full range of life, non-life and health in this growing market. Interamerican is recognized as a pioneer in the health segment.

Union Insurance offers life, non-life and supplementary health insurance to both individual and corporate customers. It is the top travel insurer in the Slovak market. Union Health offers basic health insurance.

Offering a full range of non-life products, Eureko Sigorta is a top player in the Turkish market. It will be launching health insurance in 2009.

With a multi-distribution structure throughout Russia, Oranta's main business focus is on motor insurance. Property insurance is a profitable secondary business line, with major growth potential.

SUPERVISORY BOARD REPORT

The reporting year has been a difficult period for the whole financial sector. Eureko was also caught up in the turbulence on financial markets and the abrupt fall in equity markets. The market environment meant that in addition to its more usual strategic tasks, Eureko's Supervisory Board was closely involved in the crisis-related challenges facing Eureko. Key issue in 2008 was, of course, the credit crisis that quickly turned into a global financial crisis. With equal rapidity, we saw this crisis spill over into the real economy. It was against this backdrop that we monitored the effects of the crisis on Eureko's performance and its ongoing activities.

Special, non-scheduled meetings of the Audit Committee were devoted to this challenging environment. As the year drew to a close, the full impact of turbulent financial markets became increasingly clear. Over the reporting year, Eureko is reporting a Net loss of €2.1 billion against a Net profit of almost €1 billion in 2007. One response has been to agree a capital increase from our main shareholders, the Achmea Association and Rabobank, in February 2009. €1 billion has been committed, with €600 million from the Association and €400 million from Rabobank. The new capital will be issued as common equity and will not affect the current ownership proportions. It was needed to bolster Eureko's own equity and reinforce its solvency position, which had declined to 150% of regulatory minimum requirements. Through the capital increase, solvency is now pro forma a sufficient 175%.

During 2008 there were discussions with MN Services on a merger between MN Services and Syntrus Achmea, the pension services company. It was decided in December to postpone further discussions in view of the current credit crisis which requires all attention now.

At the end of 2008, Mr Maarten Dijkshoorn, Chairman of the Executive Board, decided to step down for personal considerations. The Supervisory Board took the decision to appoint Mr Willem van Duin as the new Chairman of the Executive Board on 10 February 2009.

Developments in Europe

In late 2008, Eureko acquired Russia's Oranta Insurance Company, creating a foothold in this high-potential market. Eureko divested 75% of its stake in a number of health clinics that provide quality care to customers in Greece. However, through its 25%, Eureko manages referrals that will support cost efficiencies.

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. On 15 January 2009, Eureko filed a Call for Settlement at Warsaw's Regional Court. Through this settlement attempt, Eureko once again will explore the possibilities for ending the long-lasting dispute on the privatisation of PZU with the Republic of Poland.

Business planning 2009 – 2011

The Supervisory Board was fully apprised of the Executive Board's proposed strategy and business plans for the period 2009 - 2011 and has approved the strategy and business plans, although planning for the future is a difficult task in this financial crisis.

Central Works' Council

Through our stakeholder model, employees play a crucial role in Eureko's continuity. 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

HOW WE ARE SUPERVISED

this body. As in previous years, almost all Dutch members attended a Central Works' Council meeting during 2008. 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 key topics were explored, such as developments in the Pensions Division, including the separation into pension insurance and pension fund services, location policies, the implementation of new compliance requirements and the annual Employee Satisfaction Survey. The Supervisory Board once again experienced at first hand a Central Works' Council that combines its critical role with a constructive approach.

SUPERVISORY BOARD COMMITTEES

In 2008, there were nine full Supervisory Board meetings. One meeting was hosted by Eureko Sigorta and Garanti Bank in Turkey during which members were able to gain greater insight in this recent acquisition (2007) and the potential of its market.

The Supervisory Board has three dedicated committees: the Audit, the Remuneration and the Selection and Appointment Committees. The Supervisory Board takes decisions based on, among others, the advice of its committees. Three Supervisory Board members form the Audit Committee. The CFO and the Executive Board member responsible for audit and risk attend Audit Committee meetings. The Audit Committee also meets annually with KPMG to evaluate management. The Remuneration Committee and the Selection and Appointment 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. The Remuneration Committee met once in 2008 and the Selection and Appointment Committee met three times in 2008.

The Audit Committee

The Audit Committee is responsible for monitoring Eureko'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 2008, the Audit Committee met seven times; external auditor KPMG is always present. Regular meetings are scheduled ahead of key reporting dates and on an ad hoc basis where necessary. As the financial crisis took hold, the Audit Committee was closely involved in strategies relating to investment policy, risk management, specifically organisation, capital and liquidity management, and policy on impairments.

The Audit Committee met once with the auditors, KPMG, without management, and furthermore reviewed full-year 2007 results, annual reporting, and individual business components, such as actuarial reports on the adequacy of insurance liabilities. In addition, they discussed the management letter. These topics, along with risk management, compliance reporting, internal auditing and control plans and the financial aspects of proposed mergers and acquisitions, are regular agenda points throughout the year. Eureko's preparations on Solvency II and International Financial Reporting Standards on insurance contracts were also important topics during the year.

The transition to Market Based Interest accounting, in preparation for future regulatory requirements, was also a topic during the year, although as yet no policy changes have been made. The Audit Committee paid extensive attention to Eureko's investment policy and operational performance.

SUPERVISORY BOARD REPORT

HOW WE ARE SUPERVISED

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 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 long-term variable income components. 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. In 2008, the average remuneration amounted to €1.23 million; the variable component, €0.21 million, relates to performance in 2007 and approved by the Supervisory Board in April 2008. The Executive Board has declined any variable remuneration over 2008 for senior management due to the disappointing results over that year. Although it is the Remuneration Committee's responsibility to make recommendations on variable compensation of the Executive Board, members of that board have decided to waive all variable payments over 2008.

AVERAGE REMUNERATION (€ MILLIONS)

	2008	2007
Fixed remuneration	0.62	0.66
Short-term employee benefits	0.21	0.28
Post-employment benefits active board members	0.40	0.41
Total	**1.23**	**1.35**

The Selection and Appointment 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. In 2008, the Committee discussed the resignations of Mr Roel Wijmenga as per 1 July 2008 for personal reasons and the retirement of Mr Huub Hannen on 1 October 2008 and the leaving of Mr Dijkshoorn as per 1 January 2009. In addition, they supervised the appointment of Mr Thomas van Rijckevorsel as of 1 April 2008, and Messrs Jeroen van Breda Vriesman and Danny van der Eijk as of 1 October 2008. On the same date, Messrs van Duin and van Olphen were appointed vice-chairmen of the Executive Board.

CHANGES IN SUPERVISORY BOARD COMPOSITION

Mr Flip Buurmeijer's nomination to the Supervisory Board was approved by the General Shareholders' Meeting of 24 December 2007 and became effective as of 1 January 2008. Messrs Walravens, Minderhoud and Slijkhuis were reappointed for a second term effective March 2008. Mr Lense Koopman's term expires in 2009 and he will not be seeking reappointment due to other commitments. Mr Stambouli has decided to step down as per 31 December 2008. We are grateful for their contribution over the past four years. The two vacancies will be filled in the coming months.

SUPERVISORY BOARD REPORT

HOW WE ARE SUPERVISED

2008 FINANCIAL STATEMENTS AND DIVIDEND

The financial statements have been audited by KPMG Accountants N.V. They have issued an unqualified opinion. 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 2008 Financial Statements and, due to the results in 2008, proposes not to pay dividend on ordinary shares. However, the proposal will be for the payment of dividend on preference shares and hybrid capital securities. As well as adopting the Financial Statements and the dividend proposal, the General Meeting of Shareholders 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, 2008.

We are grateful for the commitment of Mr Wijmenga to the Eureko Group in recent years. Our thanks also go to Huub Hannen, who retired on 1 October 2008, for his role at Eureko and Interpolis for almost 38 years. We express our gratitude for the contribution of Mr Dijkshoorn as Chairman of the Executive Board and thus to the development of the Group. On 10 February 2009, Willem van Duin, who has served on the Executive Board since 2004, was appointed Chairman of the Executive Board.

We would like to take this opportunity to thank the Executive Board, all the 25,000 Eureko people across Europe and the Works' Council for all their hard work and commitment during what has been a historically challenging year.

Arnold Walravens
Chairman of the Supervisory Board
6 April 2009

EXECUTIVE BOARD REPORT

EUREKO'S STRATEGY

The 2008 crisis has had a serious effect on the financial sector itself and on perceptions among customers. Trust has disappeared, especially in mature markets, such as the Netherlands, where a clear shift in demand for greater transparency was already on-going. Controvercies relating to unit-linked policies had taken their toll. Concerns about the solidity of financial institutions, and their ability to meet commitments to customers in the longer term, are now the norm. The effect of impairments on our capital position and delays in achieving operational synergies has made us take a long, hard look at the quality of our operations.

STRATEGIC PRIORITIES

The general strategic objectives, such as maintaining and growing its dominant position in Eureko's original domestic market, the Netherlands, are sound. Our European expansion plans to position the organisation as a significant player in a select number of markets ahead of forecast consolidation in Europe, are equally sound. The hard look focused on how to pursue those long-term objectives. We have prioritised. Rebuilding trust is imperative. Increasing transparency and reducing complexity are priorities in both our interaction with customers and business processes. This ties in with our accelerated drive to improve operational performance so that we strengthen our rating, and therefore our standing with professional financial counterparties. Furthermore, in the coming year, we will be focusing on organic growth rather than expansion through acquisitions, both in the Netherlands and Europe. We will be reinforcing partnerships with like-minded, reputable organisations, such as the cooperative Rabobank in the Netherlands and Turkey's Garanti Bank, and seeking new partnerships that can generate greater distribution opportunities for our products.

The Eureko identity

Eureko is different from most competitors as the majority of our main shareholders are cooperative organisations. As a result, our ultimate goal is the creation of stakeholder – customers, distribution partners, shareholders and employees - rather than shareholder value alone. In the current crisis and beyond, we believe our model reinforced through a clear identity, can inspire the trust and confidence essential in today's market. In 2008, we launched a 'rediscovery' process of our long-standing cooperative roots in the Netherlands. Identity in the market is more than name recognition. It is about what an organisation stands for. Achmea, Eureko's Dutch umbrella organisation, is a community of involved people whose primary aim is to ensure customers feel they are well insured. Driven by our cooperative culture, Achmea is result-oriented and customer driven. Together, we create solutions for both the customer and society as a whole. We will be engaged in a comparable process in our European operating companies from 2009, as we aim to be the most trusted insurer in our selected markets in Europe. From this 'rediscovery' process, we have further refined our organisational core values: empathy, innovation and delivery. With this mindset and culture coupled with our multi-brand, multi-distribution reach, we are convinced we can maintain and grow our business into the future.

STRATEGY IN THE NETHERLANDS

The Netherlands is one of the most mature insurance markets in Europe. 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. There is little opportunity for growth through merger and acquisition. This market reality informs our strategic multi-brand, multi-distribution channel approach; our aim is quality rather than price leadership. The combination of more demanding customers and competition means we

EXECUTIVE BOARD REPORT

EUREKO'S STRATEGY

must push forward with the service models already under development. Our aim is to ensure that customers understand we have translated their demands into more transparent products, lower costs, improved service and real focus on innovation. This involves continued innovation in our value propositions and streamlining systems. In spite of the current economic environment, we have retained our innovation budget in 2009 as we see it as a cornerstone of (financial) continuity.

Business drivers

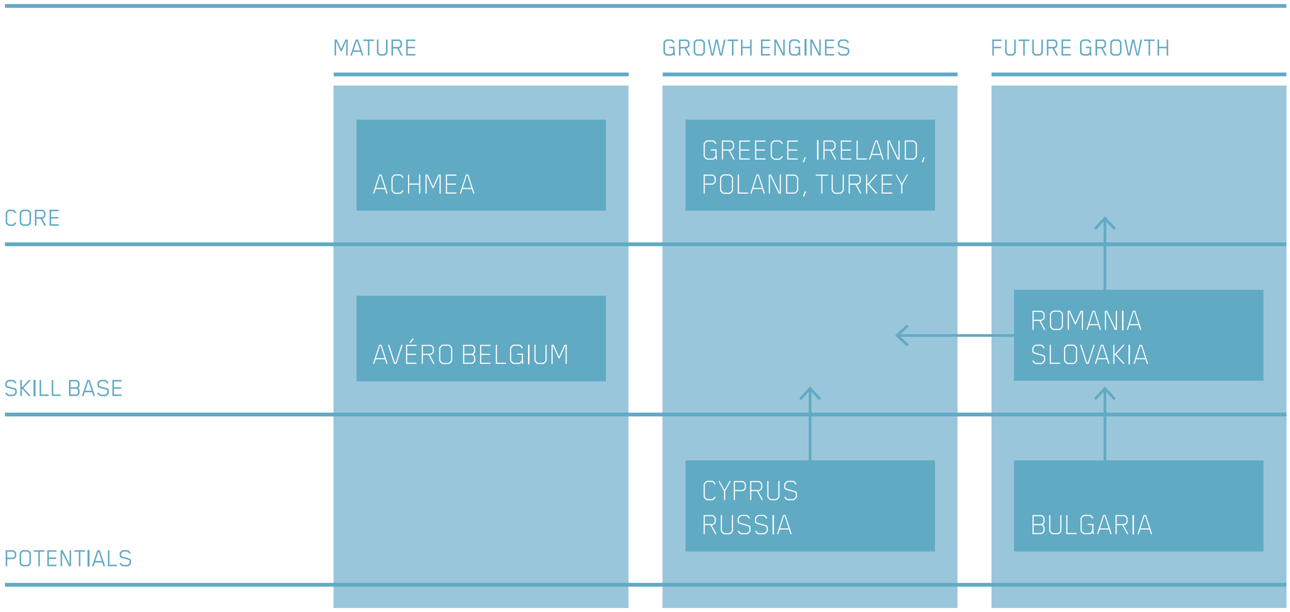
We already have top-three positions in all sectors. Our aim is to maintain and grow that position through strategic focus on development of the following key business drivers:

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 most of our brands, specifically internet. Direct distribution is further positioning its two brands, Centraal Beheer Achmea and FBTO, along target customer lines, with FBTO migrating to an internet-based provider. The launch of an innovative, internet-based brand, InShared, is fully in line this objective.

Bank distribution is firmly focused on developing insurance products under the Interpolis brand that match partner Rabobank's integrated financial services concepts. Brokers are served by specialised brand Avéro Achmea, which we are transforming into a marketing and sales organisation to better meet broker and customer needs.

COUNTRY/MARKET STRATEGY



EXECUTIVE BOARD REPORT

EUREKO'S STRATEGY

Operational excellence and cost efficiency

Operational excellence has been designated as our primary focus in 2009 and 2010. As Achmea is a group of strong brands, often brought into Eureko through merger or partnership, we must take a strategic approach to our operational excellence and cost efficiency. Our divisional structure concentrates product, service and distribution expertise. We are in the process of combining back offices so that we can standardise product development, distribution and administration to support brand-specific front-office services to customers. This process, called SENS, will be accelerated in 2009, not least through the development of common process optimalisation. SENS is a new way of working within Achmea that enables us to evaluate and improve the way our processes work from the client's perspective. SENS has already been implemented successfully in our Health business, helping to achieve operational synergy and the cost efficiencies this will generate.

STRATEGY IN EUROPE

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 must accommodate the differences in these markets. What unites all activities in all markets is the pursuit of profitable growth in existing brands, specifically through on-going innovation and cost efficiency.

The key driver behind Eureko's long-term 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 that offer opportunities for growth. Forecasts are that, in the longer term, there will be consolidation in the European insurance sector. Medium-sized players could be marginalised. If Eureko is to position strongly in the new European constellation, it must develop a substantial base over time. Our ultimate goal is to be a significant player in a number of markets rather than a small player in many markets. A key component in our strategy is partner-based distribution. This means we seek cooperation with partners where our combined expertise can create real value for both.

To achieve this position, our strategy is:

- Economic significance: A healthy balance between volume and growth with a number of strong positions now and investment in strong positions for the future.
- Competence-based growth: Eureko has a strong competence in distributing insurance products in close cooperation with partners, such as banks and employers. We aim to focus on this competence, also through seeking like-minded partners to further grow our distribution channels.
- Strong fit with the Eureko identity: Through the recent crisis, Eureko has strengthened its positioning as a reliable and solid player focused on stakeholder value. All our activities must contribute to this major distinguishing feature.

GROUP PERFORMANCE

- Negative result at €2.1 billion compared to a Net profit of €979 million in 2007, due mainly to losses on investment portfolio and associated companies.
- Total contributions insurance and investment contracts at €19.6 billion (2007: €15.6 billion).
- Value of new business (life insurance) at €41 million (2007: €67 million).
- Total equity down 28% to €7.5 billion.
- De-risking balance sheet ongoing, cost efficiency programmes initiated.

IMPACT FINANCIAL CRISIS

The numbers speak for themselves in what has been one of the most turbulent years in living memory. The financial crisis has taken its toll on Eureko's performance in 2008, especially through impairments on equity investments and associates. This led to a weakening of our solvency position. As in many European countries, the Dutch state has created a capital buffer for its financial institutions. Many of our listed peers drew on this facility. Eureko did not. We have reinforced our capital position by attracting capital from our main shareholders in early 2009. Our biggest shareholder, the Achmea Association and second largest-shareholder Rabobank have provided a capital increase of €1 billion, injecting €600 million and €400 million, respectively. With this contribution our shareholders affirm our longstanding relationship and their confidence in Eureko and Eureko's strategy.

De-risking policy

Another measure has been to de-risk the balance sheet, also as a means of further freeing up capital. We aim to rebalance our investment portfolio by reducing our equity exposure in a disciplined manner. Compared with peers, Eureko had a relatively high share of its otherwise-conservative investment portfolio in equity instruments, but we have hardly any exposure to sub-prime and Alt-A mortgages. However, in light of the size of our balance sheet and high liquidity, we were not overweight in equity instruments. To protect us against significant decreases in the equity portfolio we decided in May 2008 to hedge our listed equity exposure.

FINANCIAL ANALYSIS

Net profit

In 2008, Eureko realised a Net loss for the year of €2,118 million against a Net profit of €979 million in 2007. The financial crisis has led to significant impairment losses on our equity instruments and bonds (€1,921 million), including impairments on our stakes in BCP, Portugal and F&C, United Kingdom, and lower realised capital gains on the sale of equity investments (€819 million). These negative contributions are partly compensated by positive results on the equity collar (€251 million).

As a consequence of declining interest rates additional provisions (€136 million) have been made to cover interest-rate guarantees in segregated investment funds related to our pension business.

Part of Eureko's annuity portfolio is valued at fair value through profit and loss. The related investments are also valued at fair value through profit and loss. Part of this investment portfolio consists of corporate bonds. Due to the widening of the credit spreads the value of the credit portfolio decreased more than the related insurance liabilities and therefore Eureko recognised losses in the amount of €462 million. The estimated total effect on Eureko's Profit before tax amounts to €2.9 billion.
From an operational perspective our Health business and Banking operations developed well, offset by Life and Non-Life, partly due to higher costs. Due to fierce competition in both Pension services and Health services, market share declined. To align the organisation with lower production levels, expenses were higher and provisions were made.

GROUP PERFORMANCE

Capital position

The negative impact of the financial crisis also had a serious effect on Eureko's Total equity and solvency position. Total equity declined 28%, from €10.4 billion at year-end 2007 to €7.5 billion at year-end 2008. The impact of deep falls in financial markets on the revaluation reserve, part of Total equity, was € 728 million. The movements in the revaluation reserve consist of a decrease of €2.4 billion in unrealised gains and losses on Available for Sale investments, offset by impairments, which resulted in an increase of the revaluation reserve of €1.7 billion. Around 72% of the decline in our capital position is attributable to the net loss. We have reinforced our capital position by attracting capital from our main shareholders in early 2009. Shareholders Achmea Association (Vereniging Achmea) and Rabobank have together made a capital increase of €1 billion. With this contribution, our shareholders affirm our long-standing relationship and their confidence in Eureko and Eureko's strategy.

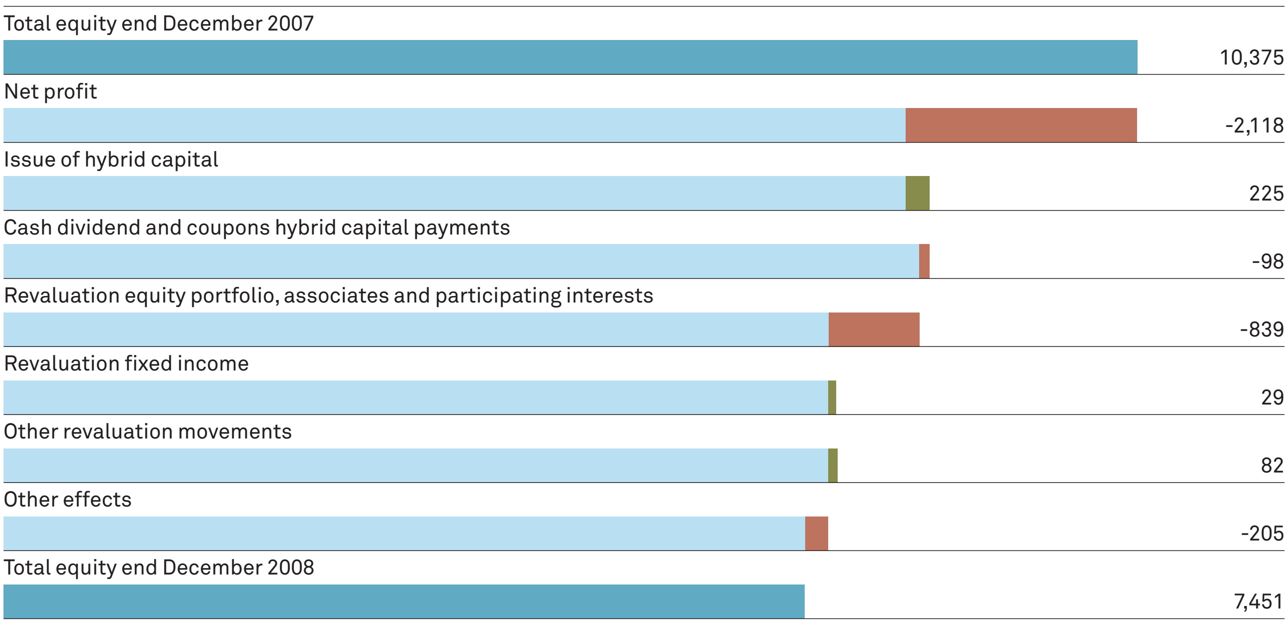
Solvency

The capital increase will support our solvency position. At year-end 2008, our Group solvency had declined to 150% (2007: 232%) due to the €2.9 billion decrease in equity. Following the capital increase, Group solvency cover is (pro forma) sufficient at 175% of minimum regulatory requirements, based on year-end 2008 figures. However, we must also take targeted measures to prevent any repetition of this situation. De-risking of the investment portfolio is already ongoing.

Investment portfolio

Turmoil on the financial markets, especially from the third quarter of 2008, has had a significant negative impact on Eureko's investment portfolio and Net profit. Eureko's investments amount to €36.2 billion (2007: €37.0 billion), excluding investments related to cash collateral received in securities lending, investments in

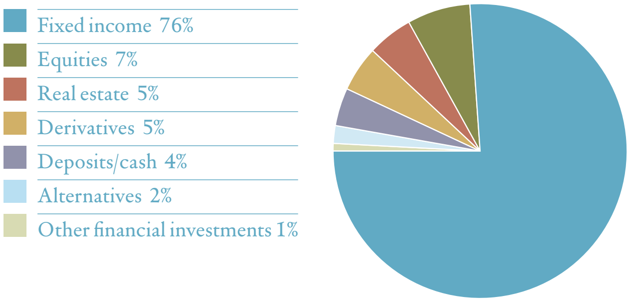
EQUITY POSITION (€ MILLION)



GROUP PERFORMANCE

strategic partners, such as PZU, Poland and BCP, Portugal, and underpin many of our future liabilities, specifically in our Life business. Besides organic changes in the portfolio, the value is heavily impacted by lower rates on the equity markets and increasing credit spreads in the market for corporate bonds. Specific characteristics of this market situation were that almost all asset categories were hit. In many cases, liquidity had almost disappeared which made it virtually impossible to make risk-management driven portfolio adjustments that may have been desirable. In addition, the value has also been affected by under-benchmark performance by our asset managers.

TOTAL INVESTMENT PORTFOLIO YEAR-END 2008 | €36 BILLION



Equity portfolio

Our equities (7% of total investments) have taken a beating; performance was down 43% and our overall position declined by 50% to €2.5 billion (2007: €5.1 billion). All major indices fell by between 40 and 55%. Equity risk is one of the key components of the investment portfolio's total risk. As part of our market risk strategy, in May 2008 we opted for an option construction, a '70/130% equity collar' to hedge against significant decreases in share prices. As share prices decreased further during the course of 2008, this proved a sound move. The fair value of the equity collar has increased to €283 million and a profit has been recognised of €251 million. However, impairments were made of €1,054 million on our equity portfolio. In the second half of 2008, Eureko's impairment policy was sharpened. The level at which equity instruments are impaired was lowered from 30% to 20% below cost. Furthermore, equity instruments that are 12 months below cost are also impaired (previously: for 12 months more than 10% below cost). This sharpening of the policy resulted in additional impairments of €338 million.

Prompted by excessive volatility in the equity markets, our response is de-risking the full portfolio, specifically by lowering our equity exposure in a prudent manner. In the first two months of 2009, we divested approximately €1 billion or 50% of our listed equity portfolio and we have taken a reverse hedge on part of the equity collar to close our exposure.

GROUP PERFORMANCE

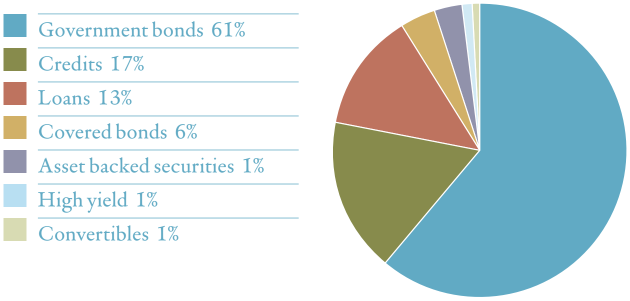
Fixed-income portfolio

A significant share (€28 billion) of the Eureko investment portfolio is in fixed-income. The percentage rose from 73% at year-end 2007 to 76% at year-end 2008. Over 60% of the fixed-income portfolio consists of government bonds; asset-backed securities represent only 1% of the total fixed-income portfolio. We have no exposure to the US sub-prime or Alt-A markets; the largest share of asset-backed securities is in Europe. Furthermore, we have no exposure to structures secured by mono-line insurers. In the reporting year, we had to impair our fixed-income assets for €71 million and this is due mainly to the failure of Lehman Brothers. The fixed-income portfolio is only impaired if full payment of interest and principal is not expected and/or we do not want to keep the bond until maturity. As part of the de-risking policy, our exposure to AAA rated counterparties has been increased from around 54% to 68%.

EUREKO IN THE MARKET

Financial markets in free fall from September 2008 required every effort. However, while tackling these unprecedented and rapid developments, also through the creation of a dedicated executive task force, we could not lose sight of the longer-term and structural nature of the ongoing changes in our core insurance business, such as the shift to internet-based distribution. The whole organisation has remained focused on pursuing our strategy. In the Netherlands, our domestic and still by far our biggest market, our brands continue to ensure a market-leading position.

FIXED INCOME PORTFOLIO BY NATURE YEAR-END 2008 | €28 BILLION



EUREKO'S OPERATING RESULTS

The level of impairments in 2008 has completely overshadowed our operating results. In the current environment it would be easy to lose sight of long-term horizons. However, we must also continue to focus on our longer-term strategic goals and objectives. In the Netherlands, our Health business line performed well. The whole insurance sector is under pressure here and in the Life business we

ASSET BACKED SECURITIES (AT FAIR VALUE)

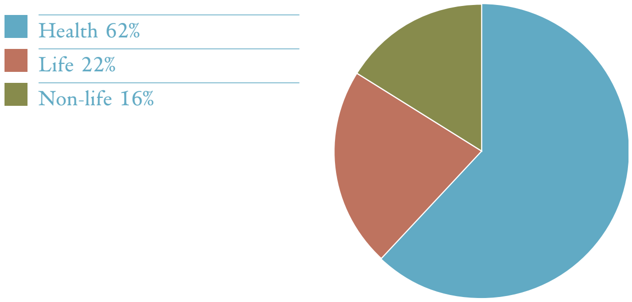
(€ MILLION)

	AAA	AA	A	BBB	BB	TOTAL	FAIR VALUE/NOMINAL VALUE
ABS	122	8	12	22	2	166	65%
RMBS	70	41	11	22	-	144	66%
CMBS	12	11	16	2	-	41	63%
CDO	9	4	6	-	-	19	68%
Total	213	64	45	46	2	370	65%

EXECUTIVE BOARD REPORT

GROUP PERFORMANCE

GROSS WRITTEN PREMIUMS 2008



have seen the expected decline continue through 2008. Non-Life was challenged by aggressive new entrants, however we succeeded in growing our gross written premiums by 6%. Recent acquisition Eureko Sigorta in Turkey and the merger with Agis in the Netherlands (both in 2007) contributed positively to Eureko's performance.

Gross written premiums increased 30% to €19.3 billion (2007: €14.9 billion). This increase is mainly related to the merger with Agis and the acquisition of Eureko Sigorta in 2007. The reporting year is the first year in which their (full) premium income is consolidated. Besides the impact of mergers, gross written premiums within the Health and Non-Life business increased slightly. There was a slight decrease in gross written premiums in the Life business.

Expenses

During 2008 programmes were implemented to improve our performance for our customers and to reduce expense ratios. As yet, these programmes have still to generate the desired improvements. Cost reduction is a priority as both our costs and expense ratios are too high, so we are accelerating the process. We have already implemented this optimisation process, called SENS, in our Health business where they have proved positive, both from a customer and from a financial perspective. Plans are being put in place to set up similar projects in the other business lines in the coming years.
The increase in total number of employees by 4% to 24,934 (2007: 24,035) is due mainly to the acquisition of Oranta (+1,250) offset by the divestment of two medical facilities in Greece (-634).

HOLDING AND OTHER ACTIVITIES (€ MILLION)

	2008	2007	%
Total income	**424**	**556**	**-24%**
Operating expenses	748	567	32%
Interest and financial expenses	190	181	5%
Impairments	25	-	-
Other expenses	81	94	-14%
Total expenses	**1,044**	**842**	**24%**
Profit before tax	**-620**	**-286**	**-118%**

'Holding and other activities' consists mainly of the following: shared service centres and the Holding entities, pension administration services and asset management.

Profit before tax decreased to €-620 million. Total income decreased in pension administration. Costs increased strongly primarily through higher personnel and project costs.

EXECUTIVE BOARD REPORT

GROUP PERFORMANCE

HOLDING ENTITIES

In December, we announced the completion of the transfer of a 75% stake in Medicom Systems S.A., our medical clinics in Greece, to South Eastern Europe Fund L.P. The gain on the sale, €40 million, has been recorded in total income. An impairment charge of €23 million was taken for our Friends Provident shares and a small equity position in the trading portfolio resulted in a loss of € 28 million. Operating expenses include amortisation charges on intangible assets related to mergers and acquisitions of €10 million (2007: €9 million). Although some expenses are one-offs, operational expenses are clearly too high. Personnel costs increased by €33 million in 2008. Project-related costs also increased by €32 million. Cost control is a focus area for 2009 and 2010.

Shared service centres

The shared service centres underperformed compared to last year; profit before tax was down €52 million. This is due primarily to an unfavourable mix of external / internal employees. IT Services shows higher costs as a result of a high number of external personnel, and an increase in capacity costs. Also project costs increased € 19 million. Costs for Facility Services increased due to several vacancy provisions and higher maintenance costs, and Financial Services had more external personnel for strategic projects. In the Achmea Transfer Centre costs were €18 million higher than in 2007. In December, a restructuring for our services activities within the Occupational Health Division was announced. At corporate level, €40 million has been provided for.

Pension administration and asset management

Our pension services manage assets and property and administer a large share of all industry schemes through Syntrus Achmea with a 39% market share. We have €40 billion in assets under management. In 2008, we were discussing a possible merger with MN Services, however this have been postponed as we focus on managing the present financial crisis.

Fee and commission income decreased to €356 million in 2008 (2007: €367 million). In both Real Estate and Asset Management income increased to €58 million and €40 million (2007: €40 million and €37 million), respectively. For our pension services (Syntrus Achmea) Fee and Commission income was stable at €232 million. Profit before tax on pension services decreased by €69 million to a loss of €22 million in 2008.
Negative financial market developments and a lower number of customers resulted in lower income of €12 million compared to 2007. These circumstances led to impairment of capitalised costs of €13 million. A high number of external personnel also caused a €30 million increase in operating expenses.

ASSOCIATED COMPANIES AND PARTICIPATING INTERESTS

(€ MILLION)

	2008	2007	%
PZU	238	333	-29%
Impairments	-796	-	-
Other associated companies and participating interests	5	39	-87%
Profit before tax	-553	372	-249%

EXECUTIVE BOARD REPORT

GROUP PERFORMANCE

PZU S.A., Poland

For the measurement of Eureko's investment in PZU S.A. (PZU) as per 31 December 2008 financial data, as provided by PZU, were used. Eureko calculated its share in PZU's Total equity as per 31 December 2008 and Net profit for the year. Total equity as at 31 December 2008 amounts to €1,621 million (2007: €1,591 million) and its share in Net profit for the year amounts to €238 million (2007: €333 million). Based on audited Financial Statements of PZU S.A. for previous years (2006 and 2007) an adjustment of €3 million for those years has been included in the results of 2008. On 15 January 2009, Eureko filed a Call for Settlement at Warsaw's Regional Court. Through this settlement attempt, Eureko once again will explore the possibilities for ending the long-lasting dispute on the privatisation of PZU with the Polish Ministry of State Treasury.

MillenniumBCP, Portugal

Under its impairment policy, Eureko has taken an impairment charge of €693 million. At 31 December 2008, Eureko held a 9.95% economic interest.

F&C Asset Management plc

As a consequence of F&C Asset Management plc's decreasing share price, we have taken an impairment charge of €103 million on our interest.

Garanti Emeklilik

In Turkey, we currently have a 15% stake in Garanti Emeklilik, our partner Garanti Bank's life and pension business. We have the option to acquire a further 35% of this business in 2010.

Friends Provident plc

Eureko's interest in Friends Provident was reclassified from 'Investments in associated companies and participating interests' to 'Investments', due to Eureko's changed intentions.

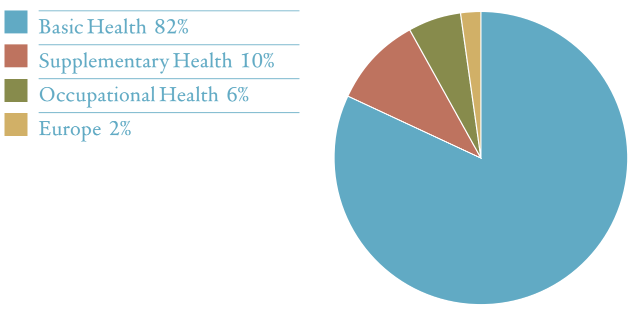
BUSINESS LINE | HEALTH

Representing a 62% (2007: 51%) share of total Eureko gross written premiums, Health is a core business for Eureko. It covers basic, supplementary and occupational health insurance and health services.

OUR GOALS

Netherlands: Retain and build on market-leading position through innovative and quality care for a reasonable premium.
Greece: Retain and expand our leading health insurance position through managed care.
Romania: Retain and expand leading position while firming up our presence in the pre-paid market.
Slovakia: Gradual expansion of current 7% of the market.
Turkey: Enter the health market in 2009.

GWP BY BUSINESS | 2008



OPERATING RESULTS BY BUSINESS LINE | HEALTH (€ MILLION)

	2008	2007
Gross written premiums	**11,991**	**7,521**
Health service revenues	287	303
Technical result		
Basic health insurance	8	-52
Supplementary health insurance	102	38
Occupational health insurance	113	166
Europe	-10	-23
Other	-20	-5
Profit before tax	**85**	**141**

EUREKO'S HEALTH BUSINESS

In the Netherlands, where we are market leader following the merger with top brand Agis in 2007, we offer basic, supplementary and occupational health insurance and health services. Health service activities include disability prevention, health care and absenteeism prevention. In Slovakia, we offer both basic and supplementary cover. In Greece, Romania, Cyprus and Turkey when we enter this market, the cover offered is for in and outpatient costs whereby customers can choose between private healthcare and provider. In essence, our offering is a full alternative to state-supplied care. Our strategy Europe-wide is based on the fundamental principle of facilitating and enabling access to quality care.

Gross written premiums in the Health business increased to €11,991 million from €7,521 million in 2007. Our Dutch operation in particular contributed to the increase, also as a result of the contribution from Agis. Although profit before tax decreased by 40% to €85 million (2007: €141 million),

BUSINESS LINE | HEALTH

the technical result increased from €124 million in 2007 to €194 million in 2008, reflecting the good operational results and reducing expense ratios. The expense ratio for basic health insurance improved from 5.3% in 2007 to 3.2% in 2008. The good results in both basic and supplementary health are driven by greater efficiency in operational processes, including back-office integration, and the merger with Agis, which contributed €34 million in 2008. The technical result was more than offset by the volatile equity markets. The non-technical result declined from a contribution of €14 million in 2007 to a loss of €67 million in 2008, mainly reflecting an impairment loss on equity investments of €52 million, which was necessary after the major decline in equity markets.

Health Services showed a negative development. Revenues decreased from €303 million in 2007 to €287 million in 2008. The decrease is a result of price pressure and increased competition which also led to lower profit before tax compared to 2007. Profit before tax declined from a loss of €3 million in 2007 to a loss of €42 million in 2008. The organisation is being restructured in order to meet changed market conditions. At corporate level, a restructuring provision of €40 million has been made.

In addition to regulatory solvency requirements on health insurance business, Eureko has set its own stringent coverage ratios equal to 125% and 150% of the minimum solvency requirements for its basic health and supplementary health businesses, respectively. At year-end 2008, our solvency ratio was a comfortable 162%.

MARKET REVIEWS AND OPERATING RESULTS

The Netherlands

The changes in the Dutch health insurance system introduced by the government in 2006 and aimed at embedding market forces into the sector, are gradually taking full shape. Basic health cover is the same for everyone. Where insurers can distinguish their offer is through the quality of service and the provision of supplementary services. The role of insurers changed with the system. In addition to providing insurance, the insurer increasingly acts as a procurer. They mediate between customers seeking health care and the medical institutions and professionals who provide it. Our focus is to use existing expertise to continually expand and improve the quality offer to customers. We do that by acting as facilitating partner and leveraging our leading position to stimulate supplier excellence and easier access to quality care.

Achmea in the market

The Dutch system consists of basic health insurance that provides cover for everyone. In addition, customers can opt for supplementary insurance packages. We further offer occupational health insurance and related Health Services. These are insurance solutions for disability, illness, prevention and workforce vitality. They form the third component in the overall cover that ranks the Netherlands as top health-care system in Europe (Euro Health Consumer Index, 2008). To stimulate competition in the market, from 2006, customers can change their insurer annually.

Traditionally, Achmea has focused on providing group cover, specifically through employers, industry sectors and umbrella organisations, so we are well positioned to offer this type of group insurance; 75% of Achmea policies are group-related. Agis also has considerable market share in specific target groups, such as the chronically ill and ethnic minorities. This focus is further reflected in our ability to mediate health care regionally. This is a key factor in customer choice. Quality is top priority, but local availability is equally important. Agis has significant expertise in urban delivery. This was one of the drivers behind the merger with Agis. Another was Agis's strength in procurement, specifically of quality health care; it initiated 'league tables' for hospital care. In 2008, for the second year running, it ranked number one in procurement based on quality of care. Furthermore, Agis has set up branches and support offices in Turkey, Morocco and Surinam to serve customers from ethnic communities who spend significant periods of time in their country of origin.

BUSINESS LINE | HEALTH

CLIENT

DIRECT DISTRIBUTION
BANK DISTRIBUTION
BROKER DISTRIBUTION

ACHMEA HYPOTHEEKBANK
AGIS
AVERO ACHMEA
AVERO BELGIUM
ACHMEA VITAL
CENTRAAL BEHEER ACHMEA
EUREKO SIGORTA TURKEY
FBTO
FRIENDS FIRST
INTERPOLIS
INTERAMERICAN BULGARIA
INTERAMERICAN GREECE
INTERAMERICAN ROMANIA
INTERLIFE CYPRUS
ORANTA RUSSIA
STAALBANKIERS
SYNTRUS ACHMEA
UNION SLOVAKIA
ZILVEREN KRUIS

LIFE/PENSIONS
NON-LIFE
HEALTH
BANKING

Best quality care

Quality, pricing and access are now increasingly the key drivers in the Dutch health market. Our health insurance brands pursue all three on the basis of quality care for a reasonable premium. This means our own expertise must grow continually so that we can ensure customers receive the best care. In 2008, we undertook a number of initiatives aimed at stimulating both quality and prevention. Many of our customers are insured through company or sector insurance. We have analysed the way customers use health-care services and have proactively arranged for local, targeted provision. For example, some sectors employ a high share of younger women. Their requirement for midwifery or other related care is greater than in groups with a higher share of men in the workforce.

Another innovation is the elimination of the mandatory ‘own risk’ component that comes into force from 2009. Achmea offers treatments for nine specific disorders without ‘own risk’. The only condition is that Achmea advises on which hospital and we arrange the logistics. Agis has a similar programme for three disorders with referral handled by general practitioners. The rationale is that if we can offer higher quality for a better price, then we can pass the cost efficiency on to clients by eliminating their ‘own risk’. Both these innovations show how Achmea and Agis are responding to the ‘market’ reality of the Dutch health system. To streamline our own quality delivery, we are almost finished integrating the back office that serves all the Achmea brands; FBTO will be integrated in 2011.

Gross written premiums for basic and supplementary health insurance increased to €10,990 million (2007: €6,474 million). This increase is largely due to the merger with Agis which contributed €3,472 million. Furthermore, in the basic health insurance market the introduction of mental health care (GGZ) as part of basic health cover generated an increase of €755 million.
Profit before tax from basic health increased a massive €60 million to €8 million (2007: €-52 million), including a loss of €24 million following the introduction of mandatory

EXECUTIVE BOARD REPORT

BUSINESS LINE | HEALTH

own risk in 2008, which resulted in more bad debtors. For basic health, greater efficiency in operational processes, including back-office integration, drove results, and is also reflected in the cost ratio. Furthermore, premium levels have become more appropriate. Agis is included for the first time. Agis performed well and contributed €9 million to basic health insurance results.

Profit before tax from supplementary health insurances increased from €38 million in 2007 to €102 million in 2008, primarily due to changing policy terms, which were necessary after excessive claim behaviour in 2007. This resulted in a lower claims ratio compared to 2007. Agis contributed €20 million to profit before tax.

Occupational Health

Occupational Health's primary activities are income protection (19% market share) and the prevention and reduction of absenteeism due to illness. Occupational health has been successful in helping to reduce absenteeism. There is a growing recognition among employers that a vital workforce generates real benefits. At the same time, the way occupational health legislation is regulated means it is complex for employers to manage alone. Achmea Occupational Health is at the forefront of innovating a combined, no-nonsense approach to insurance solutions that cover both income protection and stimulates prevention and workforce vitality in a single package with no overlap. Achmea's labels and full range of distribution channels enables us to offer this kind of package how the customer wants it. Achmea Vitale has developed the V-plan, a service employers can offer their employees as a benefit. It is an individualised service that helps people monitor and improve their vitality levels. Our approach has earned Achmea a top position in independent customer satisfaction ratings. In 2009, getting people back to work faster will be enhanced by the launch of Customer Contact Centres where targeted support can be offered to accelerate the recovery process. Innovations of this kind are designed to improve quality of service, but also to combat growing competition in this segment.

Gross written premium decreased from €773 million to €732 million, mainly because prevention and improved absentee management has proved successful. Deteriorating market conditions and price pressure are reflected in the results on individual disability and sick leave. Customer volatility increased substantially, mainly as a result of an increase in the number of insurance companies offering this type of product. Profit before tax of occupational health insurance decreased €53 million to €113 million. Main reasons are deteriorating market conditions and a one-off profit in 2007 of €67 million as a result of a reduction in insurance provisions due to lower sick leave and disability payments.

OUR EUROPEAN MARKETS

In **Greece**, our Interamerican label offers private health insurance as an alternative to state-provided care. In 2008, we achieved a profitable portfolio through a turnaround programme. Like elsewhere, the focus is quality. That is why we not only insure customers, but until year-end 2008, also wholly owned the hospitals and clinics where they receive care. As we build our leading position in the health insurance market, we are seeking to strengthen our position as health insurer through partnership with providers of quality care. In 2008, we divested a 75% stake in two of our medical facilities to Global Finance. We believe this partnership in combination with our existing presence and offering in the primary care sector will further enhance the ability to provide access to quality and cost-effective health-care for customers. This managed care approach could act as a blueprint for developing health markets with similar characteristics in other countries.

With gross written premiums of €113 million, Interamerican Greece generated a portfolio growth of 5% compared to 2007, due to the price increases implemented in 2008 and the good market reception of new Medisystem products. Profit before tax in 2008 of €2 million is €18 million higher than in 2007 due to the Health turnaround project.

BUSINESS LINE | HEALTH

Health is a key building block in our growth strategy in **Romania**, both in terms of presence and expertise. With pensions, this is a core business for Eureko in Romania. Our goal is to support the development and quality standards of a strong health sector. Our Interamerican label also owns private medical facilities. These are key for our quality goals. However, we are proactively pursuing partnership options with strong providers.

Our **Slovakian** health business was launched in 2006 following deregulation. Like all newly created markets, it is still in formation. Our Union label has quickly achieved a considerable market share. However, the Slovakian government has taken a number of measures that are designed to discourage private health insurers. Despite these measures, we will be launching a package combining benefits from supplementary and basic health insurance in 2009 and aim to take advantage of cross-selling opportunities provided by our health client base. Gross written premiums in 2008 of €154 million declined slightly compared to the previous year due to reduced sales performance. The loss before tax of €9 million increased compared to a loss of €6 million in 2007.

EXECUTIVE BOARD REPORT

BUSINESS LINE | LIFE & PENSIONS

Life (including pension insurance) is a core business for Eureko and represents 22% (2007: 29%) of Eureko's total gross written premiums.

OUR GOALS

Netherlands: Retain top-3 and top-5 position in individual life and pension insurance, respectively.

Ireland: Broadening and deepening distributor relationships to meet changing environment.

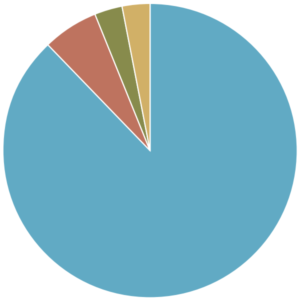
Greece: Ensure we are well positioned to take full advantage of expected future pension reforms to grow market share. Support efficiency improvements in our agents.

Slovakia: Focus on volume growth in our Life business.

Romania: Build on our number five position in the second-pillar pension market.

Bulgaria: Develop embryonic Life business; strengthen distribution reach.

GWP BY COUNTRY | 2008



OPERATING RESULTS BY BUSINESS LINE | LIFE

(€ MILLION)

	2008	2007
Gross written premiums	**4,231**	**4,417**
Contribution investment contracts	307	757
Total contributions	4,538	5,174
Technical result	**-710**	**286**
Profit before tax	**-1,360**	**470**

Eureko operates its Life and Pensions business in the Netherlands, Ireland, Greece, France, Slovakia, Romania, Bulgaria and Cyprus. Our strategy in Life is to offer competitive products and services at realistic premiums, focusing primarily on sustainable value creation rather than exclusively on growth in volume. Quality is the driver. The goal is to be perceived as the best in the market by meeting client demand with quality service.

Within the Life business there was a slight decrease in gross written premiums. Gross written premiums (including pension insurance) are down 4% from €4,417million in 2007 to €4,231 million in 2008. Business outside the Netherlands also includes investment contracts. This type of contract focuses strongly on investment and contains minimal insurance risk. For that reason their contributions are not included in gross written premiums. In 2008, Eureko's investment contract business suffered from the poor performance on the financial markets, especially the Irish markets. This is the main driver behind the sharp decrease in total contribution of investment contracts from €757 million in 2007 to €307 million in 2008.

Turmoil on the financial markets, especially in the second half of 2008, has had a significant negative impact on profit before tax. Profit before tax decreased sharply to a

EXECUTIVE BOARD REPORT

BUSINESS LINE | LIFE & PENSIONS

CLIENT

DIRECT DISTRIBUTION
BANK DISTRIBUTION
BROKER DISTRIBUTION

ACHMEA HYPOTHEEKBANK
AGIS
AVERO ACHMEA
AVERO BELGIUM
ACHMEA VITAL
CENTRAAL BEHEER ACHMEA
EUREKO SIGORTA TURKEY
FBTO
FRIENDS FIRST
INTERPOLIS
INTERAMERICAN BULGARIA
INTERAMERICAN GREECE
INTERAMERICAN ROMANIA
INTERLIFE CYPRUS
ORANTA RUSSIA
STAALBANKIERS
SYNTRUS ACHMEA
UNION SLOVAKIA
ZILVEREN KRUIS

LIFE/PENSIONS
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loss before tax of €1.360 million (2007: € 470 million profit). The Life business is severely hit by impairment losses on our equity instruments and bonds (€699 million) and lower realised capital gains on the sale of equity investments (€270 million). These negative contributions were partly compensated (€165 million) by positive results on the equity collar that was closed in May 2008 and that protects us against further declines in the equity markets.

As a consequence of declining interest rates additional provisions (€136 million) have been made to cover interest-rate guarantees in segregated investment funds related to our pension business.

In our annuity portfolio, widening credit spreads impacted the value of the credit portfolio which decreased more than the related insurance liabilities. As a result, Eureko recognised losses in the amount of €462 million.

In addition to regulatory solvency requirements on the life insurance business, Eureko has set its own stringent coverage ratios equal to 170% of the minimum solvency requirements for its Life business. At year-end 2008, our solvency ratio was 160%.

MARKET REVIEWS AND OPERATING RESULTS

The Netherlands

Gross written premiums are down 4% to €3,748 million (2007: €3,886 million) as competition in the Dutch life insurance market is fierce. The players are no longer limited to traditional insurers. From 2008, banks are able to offer savings products with comparable tax advantages. At the same time, in recent years there has been a steady decline in customer confidence with lack of transparency as primary cause. Cost-loading in unit-linked products has fuelled greater demand for transparency. Single premiums showed a decrease compared to 2007. The main reason is that in 2007 a greater number

EXECUTIVE BOARD REPORT

BUSINESS LINE | LIFE & PENSIONS

of large incidental single-premium contracts were sold. Gross written premiums on unit-linked contracts have shown a premium decrease, which development is a consequence of turmoil in financial markets and market sentiment about cost loading.

Pension insurance and management

In 2008, the former pension division was separated into pension insurance and pension services under the Syntrus Achmea brand (please note that Syntrus Achmea performance is included under Holding and other activities). This will enable us to drive operational excellence, our primary focus in 2009 and 2010, by concentrating fully on further improving customer service. We can also further target our commercial activities in both segments. However, the market is very competitive. We believe quality, transparency, standardisation of product, also to improve transparency and communication to customers, will help us achieve the desired value creation. For that reason, we are gradually integrating our IT systems to facilitate standardisation. In pension insurance, Achmea brands focus primarily on the second pillar of the Netherlands' three-pillar structure. The first pillar is the state pension and the third is private pension plans. The second pillar comprises industry and sector pensions. Pension insurance is a key activity and our combined brands have 14% of the market.

Gross written premiums in our Pension business are down from €1,251 million in 2007 to €1,197 million in 2008. Single premiums decreased €61 million, annual premiums showed an increase of €7 million. As a result of declining interest rates, Eureko had to take a provision of €136 million for segregated investment funds where a minimum annual return is guaranteed to customers. Furthermore, impairments on internally developed software amounted to €29 million.

Life insurance

The Achmea brands offering individual life remain focused on solid products for a reasonable price so that we achieve value creation for customers. In spite of our alternative approach, our individual life business still has 14% of the Dutch market. The aim is to 'keep it simple' so that customers can easily understand what is on offer, giving them the transparency that is now an integral requirement in this highly competitive segment.

Individual life insurances are offered through our three distribution channels: direct, bank and brokerage.

Direct: We offer life insurance products through our brands Centraal Beheer Achmea and FBTO. We have a moderate market share (3%) primarily because individual life insurances are often complex and customers tend to prefer personal advice on this kind of product. Direct distribution contributed gross written premiums of €393 million, an increase compared to €375 million in 2007.

Bank: With a market share of 9%, currently Interpolis generates the largest part of our life insurance premiums. However, this is going to change in the near future. Bank partner Rabobank, has decided to phase out its current savings and mortgage-linked life products. This is due to changes in Rabobank's own policy of no longer offering insurance-based products if they have comparable banking alternatives. Interpolis will focus on developing complementary insurance products, developing the full package in tandem with the bank. Bank distribution contributed gross written premiums of €1,576 million to our Life business, a decrease of 12% compared to 2007. This is due mainly to the fact that in 2007 a greater number of large single-premiums contracts were sold.

Brokerage: Through our Avéro Achmea brand we offer life insurance products to the brokerage channel where the focus is on advisory on more complex life products. Currently, we are realigning our strategy to meet the pension insurance needs of SMEs and large corporates. Our market share is around 2%. Gross written premiums through our brokerage channel increased slightly from €382 million in 2007 to €390 million in 2008.

BUSINESS LINE | LIFE & PENSIONS

Ireland

The Irish economy is suffering badly from the financial crisis. In addition to the global issues, Ireland has been hard hit by the collapse of the property market. High public-sector costs and a high budget deficit are further exacerbating the issues. Taken together, these factors have made the Life business exceedingly difficult. For our Friends First brand, this means that in line with the whole Irish market, we face difficult challenges in 2009. Our response is to strengthen our distribution while maintaining a keen focus on cost containment. Our distribution focus will be through third-party independent and semi-captive brokers and to deliver product initiatives and innovations, for example through group and income protection products and defensive investment propositions.

Gross written premiums remained stable at €253 million compared to €258 million in 2007. Current market conditions strongly affected the level of new deposits on investment contracts, as demand for this type of product declined dramatically. Total contributions in 2008 amounted to €250 million compared to €689 million in 2007 (down 64%). Profit before tax decreased from €48 million in 2007 to €8 million in 2008.

Greece

Interamerican has a strong position in the Greek market with a top four position in Life. Agents continue to be the key distributors of individual life and pension products, however bank distribution is gaining increasing popularity with customers. We expect future pension reforms to open up the Greek life and pensions market and aim to position Interamerican to take full advantage of these opportunities as they arise. Gross written premiums decreased to €120 million compared to €129 million in 2007. In today's market less unit-linked products are sold and sales of traditional products has slowed.Contrary to market developments in most other European countries, Interamerican Greece succeeded in increasing new deposits on investment contracts by 8% to €57 million (2007: €53 million).This growth is due partly to a new single premium product, called 'maximum income', which was introduced in 2008. Impairment losses on equities of €23 million heavily impacted profit before tax. Profit before tax decreased from €17 million in 2007 to €1 million in 2008.

Other European markets

Gross written premiums in Other European countries comprise Eureko's operations in Romania, Slovakia, Bulgaria, Cyprus and France (currently a divestment activity).

In 2008, Interamerican **Romania** was active in the newly privatised pensions market and achieved an Internal Rate of Return of nearly 12% on these sales. As at the end of 2008, we have achieved a top six position in the second pillar market. Our aim is to build on this position and enter the third pillar segment in 2009. In **Bulgaria**, we launched a new life company in mid-2008. Interlife **Cyprus** continues to build essential increases in scale. Currently number five in the life segment, Interlife is anticipating legislative reform on pensions. We will enter this market and launch competitive products once liberalisation is formalised.

For these countries, gross written premiums totalled €110 million, a decrease of 24% compared to 2007.

EMBEDDED VALUE

The following information offers a high level overview of how Embedded Value developed in 2008. Eureko publishes a separate Embedded Value report which can also be reviewed on our website, www.eureko.net. Tables in this section compare results in 2008 with results in 2007 on a statutory basis except where otherwise stated.

BUSINESS LINE | LIFE & PENSIONS

EMBEDDED VALUE SUMMARY

(€ MILLION)

	2008	2007
Required capital	1,787	1,925
Embedded Value Free Surplus	935	2,474
Shareholder Net Worth	**2,722**	**4,399**
Value of In-Force Life Business before cost of required capital	2,071	2,665
Cost of required capital	-670	-690
Value of In-Force Life Business after cost of required capital	1,401	1,975
Embedded Value	**4,123**	**6,374**

EMBEDDED VALUE PROFIT LIFE BUSINESS

(€ MILLION)

	2008	2007
Embedded Value at start of year	**6,374**	**6,089**
Model changes	-43	-15
Embedded Value at start of year (adjusted)	**6,331**	**6,074**
Operating Profit after tax	-129	547
Economic Profit after tax	-2,604	-16
Embedded Value Profit after tax	**-2,733**	**531**
Dividends paid	0	-350
Capital movements	525	119
Embedded Value at year-end	**4,123**	**6,374**

Eureko's embedded value fell 35% to €4,123 million. Shareholder net worth decreased €1,677 million after dividends and capital transfers. The required capital is €138 million lower than in 2007.

EMBEDDED VALUE EXPLAINED

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, a group representing a number of large European insurers, for the valuation of its Life Business. The Life Business is that reported as such to the local regulators in the territories in which Eureko operates, excluding on grounds of materiality, the value of Interamerican Bulgaria.

The embedded value profit of €-2,733 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 decrease is due mainly to negative economic profit.
As a result of the turmoil on the financial markets, economic profit is negative at €-2,604 million. Investment returns in 2008 were lower than expected (€-1,709 million), further de-risking of the investment portfolio and lower assumed future returns had a negative effect (€ - 628 million). Historically extremely high implied volatilities and long-term interest rates just above 3.5% had a negative effect on the value of options and guarantees of €-267 million.

The main contributors to operating losses of €-129 million, above the expected unwinding of the discounting in the Value in Force (€-36 million), and the expected return on Shareholder Net Worth (€421 million), were revised mortality and morbidity assumptions (€-86 million) and worsened persistency assumptions (€-208 million) based on new and improved experience investigations for Eureko's Dutch activities Achmea, higher assumed administration expenses (€-250 million) and the value of new business (€41 million). This decreased slightly in the Netherlands to €33 million and fell in Ireland and includes €-14 million for the pension company in Romania.

BUSINESS LINE | LIFE & PENSIONS

VALUE ADDED BY NEW BUSINESS (VNB)

(€ MILLION)

	2008	2007
Value added by new business	**41**	**67**
Present Value of new business premiums (PVNBP)	3,191	3,855
Value added by new business as a % of PVNBP (New business margin)	1.3%	1.7%
New business APE (Annual premiums + 10% of Single Premiums)	408	493
Value added by new business as a % of APE	10.0%	13.6%

VNB is an important part of Operating Profit. It is the value-at-outset at the risk discount rate of the projected flow of after-tax distributable profits from business sold in the relevant year. A positive VNB 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.

VNB in the Netherlands

At Group level, the value of new business decreased by 39% to €41 million. VNB held up well in the Netherlands, with a slight decrease from €37 million in 2007 to €33 million, mainly due to lower interest rates and high guarantee costs.

VNB in Europe

VNB in Europe declined €23 million to €8 million. The main reasons for the decline are negative developments in Ireland and newly privatised business in Romania. The VNB of Friends First decreased €10 million with sharply reduced sales on savings products due to the downturn in the Irish economy, although as term insurance sales remained buoyant, profitability margins were up slightly on 2007. The VNB of Romania is negative, €-14 million, due to the high risk discount rate. This business is largely one-off in 2008. Interamerican Greece achieved a positive VNB of €1 million (2007: €-1 million).

EXECUTIVE BOARD REPORT

BUSINESS LINE | NON-LIFE

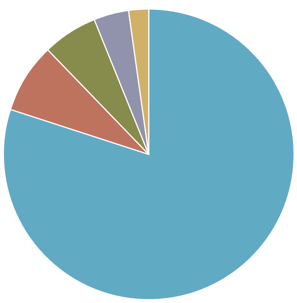
Non-Life insurance is a core business for Eureko and accounts for 16% (2007: 20%) of Eureko's total gross written premiums.

OUR GOALS

Netherlands: Maintain our market-leading position.
Turkey: Systematically grow its market position from nine to top five by 2012.
Belgium: Increase profitability and explore new product lines that could successfully be distributed through established network.
Greece: Maintain current market share levels through operational excellence.
Slovakia: Achieve 5% market share in the motor insurance segment within three years.
Bulgaria: Improve profitability by doubling gross written premiums in the next three years and changing IT platform.
Cyprus: Increase profitability through operational excellence.
Russia: Maintain Oranta's top 30 position and reach profitability.

GWP BY COUNTRY | 2008

- Netherlands 80%
- Turkey 8%
- Greece 6%
- Belgium 4%
- Others 2%



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

	2008	2007
Gross written premiums	3,084	2,915
Technical result	172	253
Profit before tax	-208	296
Net claims ratio (%)	65.0	67.2
Net expense ratio (%)	31.7	29.2

Our Non-Life business comprises the full range of products for most personal and commercial line customers. We are active in Non-Life in a number of Europe markets: the Netherlands, Turkey, Greece, Belgium, Slovakia, Romania, Bulgaria, Cyprus and, since the end of 2008, in Russia.

Gross written premiums were up 6% from €2,915 million to €3,084 million, largely due to the full year consolidation of Eureko Sigorta (acquired mid 2007). Profit before tax deteriorated significantly (down €504 million) compared to 2007. Technical result Non-Life decreased by €81 million to €172 million, reflecting mainly a decreased net result on investments (investment income and (un)realised results) of €50 million. The pre-tax loss of €208 million is due mainly to negative realised gains on sale of equity instruments of €142 million and impairments on equity investments and bonds of € 349 million.

The claims ratio for 2008 was influenced by large fires (e.g. the fire at the University of Delft) and weather-related claims (e.g. the hailstorm in June) in the Netherlands. However, the claims ratio in the previous year was influenced even more negatively by wind storm Kyrill (first half 2007) and large fires. Hence, the claim ratio improved compared to the previous year, from 67.2% to 65.0%. Total operating expenses expressed as a percentage of Net

BUSINESS LINE | NON-LIFE

CLIENT

DIRECT DISTRIBUTION
BANK DISTRIBUTION
BROKER DISTRIBUTION

ACHMEA HYPOTHEEKBANK
AGIS
AVERO ACHMEA
AVERO BELGIUM
ACHMEA VITAL
CENTRAAL BEHEER ACHMEA
EUREKO SIGORTA TURKEY
FBTO
FRIENDS FIRST
INTERPOLIS
INTERAMERICAN BULGARIA
INTERAMERICAN GREECE
INTERAMERICAN ROMANIA
INTERLIFE CYPRUS
ORANTA RUSSIA
STAALBANKIERS
SYNTRUS ACHMEA
UNION SLOVAKIA
ZILVEREN KRUIS

LIFE/PENSIONS
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earned premiums (net expense ratio) increased from 29.2% (2007) to 31.7% (2008) mainly reflecting higher IT costs and acquisition costs.In addition to regulatory solvency requirements on Non-Life insurance business, Eureko has set its own stringent coverage ratios equal to 160% of the minimum solvency requirements for its Non-Life business. At year-end 2008, our solvency ratio was 199%.

MARKET REVIEWS AND OPERATING RESULTS

The Netherlands

In spite of aggressive new entrants, gross written premiums in the Netherlands are in line with last year (2008: €2,469 million and 2007: €2,472 million). Through the Achmea brands and full range of distribution channels, Eureko is the market leader in Non-Life products in the Netherlands. Competition in this saturated market is fierce. New web-based entrants are competing, specifically in the motor segment, but also in home insurance. In commercial lines, the underwriting cycle has probably almost bottomed out, with premiums stabilising and claims increasing in 2009. Achmea's brands are able to maintain their leading position (22% market share) primarily because they have high recognition and offer customers tailored distribution options. Direct distributors, Centraal Beheer Achmea, which celebrated its centenary in early 2009, and FBTO, are both household names, achieving high customer satisfaction rates. Our bank distributor Interpolis ranks top of the customer preferred Non-Life insurer table. Through our Avéro Achmea brand, we serve more than 3,000 brokers. We are currently blue-printing the consolidation of legacy back-office systems into a single IT platform that will also enable us to embed optimalisation processes into our delivery. This has already been rolled out in our Health operations and we are benefiting from that experience.

Direct: Currently, products are offered via direct distribution through Centraal Beheer Achmea and FBTO. We are market leader in direct distribution, with a market share of almost 8%. Of the Non-Life product marketed by FBTO,

BUSINESS LINE | NON-LIFE

around 52% is sold online. In early 2009, we launched a new concept in direct insurance, InShared. This new Non-Life internet provider offers not only user-friendly access to transparent products. In addition, funds reserved but not claimed are refunded to customers.
Direct distribution contributed gross written premiums of € 892 million (2007: € 903). Net expense ratio 2008 increased to 23.6% (2007: 19.5%), mainly due to projects designed to improve front-office IT systems.

Bank: Market share in Non-Life of more than 11%. Over half of the agricultural sector is insured with Interpolis, with that share reaching 80% in certain segments. Interpolis works closely with Rabobank. Its focus is on prevention and insuring only what is important for the customer without overlap cover. The bank distribution channel achieved a gross written premium of €1,247 million (2007: €1,195 million). Net expense ratio in 2008 improved to 34.2% (2007: 35.4%).

Brokerage: With a market share of 3% Avéro Achmea is a modest player in the Non-Life business. For the SMEs and large corporates, brokerage will remain an important channel for this business but the future expectation is that private individuals will switch increasingly to the direct channel for simple products. The brokerage channel achieved total gross written non-life premiums of €326 million (2007: €318 million). Net expense ratio in 2008 increased to 44.7% (2007: 37.0%), mainly due to a provision relating to early termination of brokerage contracts and an overall increase in operational costs.

Turkey

Acquired in 2007, Eureko Sigorta Turkey is currently in the top 10 Non-Life providers. Its aim is to grow that position to the top five by 2012. Through strong retained links with former parent and historic shareholders, Garanti Bank of Turkey, bank distribution is a key component in our strategy and currently represents 70% of sales. As part of our multi-channel distribution strategy, we are developing sales through agents and brokers. The 2008 gross written premiums amount to €254 million. In the second half, gross written premiums amounted to €122 million, compared to €115 million in the second half of 2007.

Belgium

Avéro Belgium has a significant position in the niche marine (cargo, hull, CRM, trucks) and special risk businesses. In this market, we offer a full range of Non-life broker-driven products to both individuals and corporate clients. We are exploring new product options for distribution through our exclusively broker channel. Gross written premiums increased 4%, from €121 million in 2007 to €126 million in 2008.

INSHARED – REAL INNOVATION

It is a simple principle. Customers buy insurance online. They pay a reasonable premium. The insurer calculates what that premium should be based on regular claims behaviours and creates a reserve to meet those claims. At the end of the year, the insurer matches actual claims with premiums paid and gives the difference in the reserve back to the customer. And the customer does not have to take InShared's word for it. Customers can follow claims development online in real time. They are encouraged to keep claims low by active prevention, such as installing fire and burglar alarms at home and sensors to their cars. This is a very new take on an old favourite: the no-claims bonus. Through InShared it is in cash and reduced premiums. We will transfer successful features to our other brands.

BUSINESS LINE | NON-LIFE

Greece

Non-Life activities achieved growth in gross written premiums, despite an increasingly competitive market. Interamerican is responding by streamlining its operational excellence. In 2008, it launched a comprehensive programme to reduce six legacy systems to a single IT platform. Roll-out of initial phases commenced mid-2008. Interamerican is currently the number two player in the Greek market. Gross written premiums amounted to €170 million (2007: €162 million).

Slovakia

Already the top player in the travel insurance segment with 44% of the market, Union Slovakia is poised to enter the motor segment. It has ambitious goals. The aim is to achieve 5% market share within three years. One method is through data-mining for cross-selling opportunities for both motor and property and liability insurance. In 2008, Union generated gross written premiums of €22 million (2007: €20 million).

Russia

The acquisition of Oranta Insurance in Russia fits our strategic and geographic strategy. Oranta has a mixed portfolio and considerable potential in motor and property insurance. It is presently in the top 30 by gross written premiums (€104 million in 2008). With over 1,000 employees, a multi-channel distribution network, coverage of 72 of the 85 regions in Russia, and main operations centres in both Moscow and St Petersburg, this Non-Life specialist is growing rapidly. Oranta's 2008 financial statements have not been consolidated into Eureko's profit and loss account.

BUSINESS LINE | BANKING

For Eureko, banking is a complementary business in the Netherlands through Achmea Bank (Achmea Hypotheekbank and Achmea Retailbank) and private-banker Staalbankiers and in Ireland where Friends First Finance offers consumer finance.

OUR GOALS

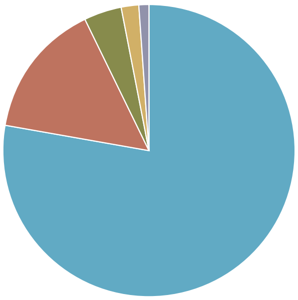
- Optimise capital structure and profitability.
- Stable funding base.
- Optimise cooperation with the distribution channels.
- Operational excellence.

OPERATING RESULTS BY BUSINESS LINE | BANKING (€ MILLION)

	2008	2007
Income		
Net interest margin	191	157
Net commission income	4	12
Profit before tax	36	48
Banking credit portfolio	18,921	18,035
Of which: mortgages	15,610	14,560

CREDIT PORTFOLIO | YEAR-END 2008

- Achmea Hypotheekbank 78%
- Staalbankiers 15%
- Friends First Finance 4%
- Achmea Retailbank 2%
- Others 1%



Profit before tax declined €12 million to €36 million. The decrease is mainly due to higher loan loss provisions in Ireland; the addition to the loan loss provision increased €30 million to €47 million. The cost/income ratio improved from 65% to 62%. The net interest margin rose strongly by 22% to €191 million in 2008. This growth is mainly attributable to Achmea Hypotheekbank. It managed to increase interest income due to market conditions and maintain its funding costs at stable levels through the covered bond programme introduced in 2007. Commission income was down due to fewer transactions and lower assets under management.

MARKET REVIEWS AND OPERATING RESULTS

The Netherlands

Achmea Hypotheekbank

The Dutch new mortgage market slowed down in the second half of 2008. Over the year, the mortgage market shrank by 15.5%, in part as a result of the financial crisis. Many non-domestic players withdrew in 2008. All remaining mortgage providers tightened their underwriting criteria. Starters and seniors especially are finding it harder to finance their properties. However, this has not reduced fierce competition in this segment. Achmea Hypotheekbank offers mortgages through our direct channel brands, Centraal Beheer Achmea and FBTO, and through our broker brands Avéro Achmea and Woonfonds. We specialise in lower-budget products and modular mortgages that enable home buyers to tailor their mortgages to specific needs and circumstances. Despite difficult market conditions, Achmea Hypotheekbank has been able to fund its activities, primarily through a covered bond and securitisation through the National Mortgage Guarantee. Liquidity is adequate in 2009 but remains tight.

BUSINESS LINE | BANKING

CLIENT

DIRECT DISTRIBUTION
BANK DISTRIBUTION
BROKER DISTRIBUTION

ACHMEA HYPOTHEEKBANK
AGIS
AVERO ACHMEA
AVERO BELGIUM
ACHMEA VITAL
CENTRAAL BEHEER ACHMEA
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INTERLIFE CYPRUS
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UNION SLOVAKIA
ZILVEREN KRUIS

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Profit before tax over 2008 is €43 million (2007: €20 million), including an impairment on the mid-office IT system of €10 million. The Tier 1 ratio is 9.6%, almost 6% above the minimum 4% regulatory requirement. In spite of the shrinking new mortgage market in the Netherlands, Achmea Hypotheekbank managed to increase its banking credit portfolio to €14.8 billion, in part through the introduction of new modular mortgages via our FBTO brand. It was also able to increase market share from 1.5% to 2.0%.

Achmea Retailbank

As its name suggests, our retail bank offers loans and savings products to consumers through its direct-channel brands Centraal Beheer Achmea and FBTO, and through broker brand Avéro Achmea. The trend in the Netherlands appears to be a more conservative customer behaviour. Many are moving out of investment funds to savings products, especially time deposits. Following the financial crisis, banks are attracting liquidity through savings products by offering high interest rates. Saving through internet providers is also more and more popular. Achmea Retailbank took advantage of this trend by creating a successful on-line, high-interest deposit product for Centraal Beheer Achmea (€190 million) and FBTO (€67 million).

Profit before tax of €7 million (2007: €8 million) included a mandatory €1 million contribution to the Netherlands' Deposit Guarantee Programme in the wake of the Icesave collapse.

Staalbankiers

Focussing on managing assets for high net-worth individuals, charitable organisations and foundations, Staalbankiers is a fully specialised private bank that aims to maintain its personal client relationships while growing its business. Strong solvency and liquidity are key drivers, with ratios far above Dutch Central Bank requirements. The reporting year has been a tough one for all the Dutch private banks. Staalbankiers is no exception. It saw assets under management decrease 37% to €1.6 billion as a

BUSINESS LINE | BANKING

consequence of the negative developments in the financial markets. Funds entrusted increased by 3% to €2.6 billion. Liquidity and solvency remained strong, with the solvency rate at more than 20% and a Tier 1 ratio at 16.1%. According to a recent survey, the bank further reinforced its customer-based ranking in the top five private banks in the Netherlands in 2008.

Profit before tax decreased to €4 million (2007: €11 million), due mainly to decreasing commission income from assets under management and fewer transactions. More additions for loan loss provisions were needed and no real-estate partnerships were placed in 2008.

Ireland

Friends First Finance

In Ireland, the banking portfolio was heavily impacted by the effects of the global financial crisis, and with Ireland one of the first countries officially to go into recession, the effects were felt sooner than in other territories. With the recession came a reduction in inter-bank lending, as well as a decline in consumer appetite for loan financing. Friends First management is currently embarking on a strategic review of the business model of Friends First Finance to reflect this changed operating environment.

Profit before tax decreased to a loss of €23 million from a profit of €9 million in 2007, with the downturn on the Irish financial markets as the main cause. Loan loss provisions have been significantly increased to reflect current market conditions, with €27 million added in December. Despite the Irish economy's slowdown, Friends First Finance grew its banking credit portfolio in the first half of 2008, but it declined in the second half. At year-end, the banking credit portfolio was still 15% higher than in 2007.

CAPITAL AND LIQUIDITY MANAGEMENT

Managing the unprecedented turmoil on financial markets in 2008 has only reinforced the need for strong structural capital and liquidity management, also through our dedicated team. For Eureko, severe losses on the investment portfolio due to massive falls on equity markets and widening of credit spreads put real pressure on both own equity and solvency. Total equity decreased to €7,451 million (2007: €10,375 million) and the Group solvency ratio decreased to 150% from a robust 232% in 2007. A significant capital increase from shareholders agreed in February 2009 will provide the essential buffer that reinforces own equity and brings solvency well above internal and external minimum requirements. Liquidity has not been an issue for Eureko in 2008 due to the highly liquid nature of the investment portfolio and the access to committed credit lines.

OUR GOALS

- Ensure continuity for stakeholders.
- Maintain financial strength.
- Maintain credit rating of Eureko B.V. in A category.

Capital increase

The 28% fall in Eureko's own equity in 2008, driven down by €1.9 billion in impairments, tested our solvency position. To strengthen the capital position, in May 2008 Eureko had issued successfully €225 million in hybrid capital securities in an over-subscribed offering. When markets deteriorated rapidly in the second half of 2008, additional measures were necessary. The main measure taken is a €1 billion capital increase agreed in February 2009 with major shareholders Achmea Association and Rabobank of €600 and €400 million, respectively. The minority shareholders have also been offered to participate in the capital increase.

Solvency position

Eureko's solvency position against regulatory requirements is monitored frequently. In line with our conservative and prudent overall policies, Eureko has set stringent internal requirements with 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. At year-end 2008, Life was at 160% which is lower than internal requirements. Non-Life and Health more than satisfied internal requirements. Due to the capital increase, Eureko's solvency ratio (pro forma) improved to 175% (based on December 2008 figures). For our banking activities the new Basel II regulatory regime applied in 2008. We opted for the standardised approach to measure capital requirements for credit risk. The Tier 1 ratio declined marginally to 11.1% (2007: 11.2%). Besides managing our capital resources on regulatory requirements, rating agencies requirements and the internally developed Economic Capital (ECAP, see also chapter Risk Management) is also taken into account.

EQUITY POSITION

(€ MILLION)

	2008	2007
Share capital	10,833	10,398
Own shares	-45	-45
Legal reserves	1,548	1,227
Revaluation reserve	-3	866
Retained earnings	-3,841	-4,065
Profit for the year	-2,118	979
Other equity instruments	1,325	1,084
Other reserves	-254	-71
Equity attributable to holders of equity instruments	**7,445**	**10,373**
Minority interest	6	2
Total equity	**7,451**	**10,375**

EXECUTIVE BOARD REPORT

CAPITAL AND LIQUIDITY MANAGEMENT

SOLVENCY REQUIREMENTS | REGULATORY (€ MILLION)

	2008	EUREKO GROUP 2007
Available Capital	5,921	8,927
Required Capital	3,960	3,853
Surplus Capital	1,961	5,074
Ratio Available / Required Capital	150%	232%

	2008	INSURANCE ACTIVITES 2007
Available Capital	6,855	7,777
Required Capital	3,481	3,318
Surplus Capital	3,374	4,459
Ratio Available / Required Capital	197%	234%

	2008	BANKING ACTIVITIES* 2007
Core Capital - Tier-1	664	638
Available Capital	869	866
Risk Weighted Assets	5,987	5,688
Tier-1 ratio	11.1%	11.2%
BIS ratio	14.5%	15.2%

* Dutch activities

OVERVIEW CASH FLOW AND REALLOCATION OF CAPITAL (€ MILLION)

	2008
Cash remitted by business:	
Non-Life	350
Health	73
Associates	8
Proceeds from divestments	83
Net interest paid	-83
Dividend and coupons on capital securities paid	-115
Net proceeds from issuance of shares	225
Net change in borrowings	394
Tax settlements	198
Corporate activities	-177
Investments in business and associates:	
Health	-218
Non-Life	-149
Life and pensions	-533
Other	-92
Associates and participating interests	-129
Net change in cash	**-165**

Funding and liquidity

Eureko's funding strategy is based on assuring excellent access to international capital and credit markets, 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 and other forms of capital and loans. As a holding company, Eureko, and its major Dutch holding entities, relies principally on distributions of internal dividends and short term excess liquidity from operating subsidiaries and associated companies to meet its funding needs. Such distributions and internal funding are usually subject to regulatory restrictions, and, in the case of associated companies, by the dividend policies as determined by those companies.

Eureko and its principal holding entities' cash flow gives a comprehensive, high-level overview of the Group's sources of capital as a complement to the cash flow statement in the financial statements.

Liquidity - holding

For liquidity purposes, Eureko and its principal Dutch holding entities maintain committed and uncommitted credit facilities with a variety of international banks. At year-end 2008, Eureko had used €750 million in committed credit lines. We redeemed a €500 million medium-term note in 2008, but due to difficult markets did not refinance in the capital markets. Earlier in the year, Eureko had issued €225 million in hybrid capital securities. Eureko's external borrowings not allocated to its banking and finance operations amounted to €1,470 million at year-end 2008 (2007: €1,334 million). Debt leverage, measured as non-banking

EXECUTIVE BOARD REPORT

CAPITAL AND LIQUIDITY MANAGEMENT

debt as a percentage of the sum of Total equity and non-banking debt, increased from 11.0% to 16.1%, due primarily to the decline in equity, rather than an increase in borrowings. Non-banking debt excludes debt related to re-insurance contracts at Eureko Re amounting to €38 million (2007: €51 million).

Liquidity – insurance entities

The liquidity position of our insurance entities is sound as we maintain a high level of liquid investments in the investment portfolio including short term deposits, liquid government bonds and listed equities.

Liquidity – banking

It has been an extremely difficult year for the banking sector. Funding was scarce. Achmea's banking operations were more than able to maintain their position, with liquidity well above regulatory requirements. Our mortgage bank's liquidity position is adequate, but remains a focus in 2009 as new funding will be necessary. The (mortgage) banks can also use the ECB repo facility and savings. In 2008, both Centraal Beheer Achmea and FBTO offered a highly successful, high-interest product to the retail market. Staalbankiers, finally, also has a more than adequate liquidity position.

Ratings

One of Eureko's primary goals is to maintain ratings in the A category. Eureko B.V. has an A- rating and the most important insurance operating companies have an A+ rating. At Group level, capital adequacy is measured based on Standard & Poor's capital adequacy model. Eureko seeks to maintain its Group capital and capital structure within this rating. In December 2008, Standard & Poor's revised its outlook on core entities from stable to negative, emphasising the need for an improvement in operational performance, specifically in the Life and Pension business. In the same report, Eureko's capital strength was rated as 'strong' (the capital increase was already included). Achmea Hypotheekbank's A- rating with stable outlook was affirmed in November 2008.

STANDARD & POOR'S RATINGS

	TYPE	
Eureko B.V.	CCR	A-
Achmea Holding N.V.	CCR	A-
Achmea core Insurance entities.	CCR/IFSR	A+
Achmea Hypotheekbank N.V.		
	CCR (long term)	A-
	CCR (short term)	A-2
	Secured debt programme	A+
	Covered bond programme (S&P's/Moody's)	AAA/Aaa*

*Review for possible downgrade.

CCR: Counterparty Credit Rating | IFSR: Insurer Financial Strength Rating.

Solvency II preparations

Solvency II is a fundamental review of the capital adequacy regime for the European insurance industry, with implementation expected in 2012. It aims to establish a revised set of EU-wide capital requirements and risk management standards that will replace the current Solvency I requirements. 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 (QIS). We have a dedicated international team preparing the Group for Solvency II. Capital requirements under Solvency II may be calculated using a standard formula or, if there is supervisory approval, using capital models developed inhouse. Eureko aims to use its own internal models. In 2008, Eureko participated in the fourth QIS study based on the standardised approach as well as the internal model approach. Although the insurance industry had comments on the design and calibration of the standard model, Eureko would still meet comfortably the capital requirements based on the QIS 4 requirements.

RISK MANAGEMENT

At Eureko, the aim of risk management is to optimise the balance between risk and return, taking 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. The 2008 financial environment had a significant impact on our business. Through the year we increased our risk monitoring among others by the creation of a taskforce that brings together experts from across the full range of disciplines. Further, we decided that we need to strengthen our risk management organisation. Actions have been taken and include a reinforced risk management organisation.

OUR GOALS

- To optimise the balance between risk and return.
- Securing the continuity and solvency of the group.
- Reinforce management and control of risk based on lessons learned in 2008.

MANAGING RISK

As an insurer, risk management is an integral part of our business. We have a long-term horizon, specifically in terms of our commitments to customers. Our risk management is organised and driven by that long-term view. We continued implementing market-based principles into the Group's business planning and control processes and the embedding of those principles into the measurement and management of the Group's risk profile. We closely follow the developments on Solvency II, the new risk-based regulatory regime for European insurance companies, and IFRS Phase II, which, among others, will require insurance companies to report insurance liabilities at market value in the balance sheet. However, like the majority of organisations that work in financial markets, the reporting year, 2008, threw up realities that resulted in 'tail' outcomes on risk assessments. We suffered considerable losses due to impairments on our investment portfolio following rapid falls in equity markets. Widening credit spreads also impacted performance negatively. Therefore, although the basic framework and governance we use to manage our risk are comprehensive, viable and solid, we also identified some areas where our risk management function needs to be strengthened, especially on our Group steering. Actions have been taken to address them.

Framework

Eureko's risk management framework enables us to identify, assess, measure, manage and monitor the risks to which we are exposed. The framework has been implemented throughout the whole organisation at all levels. At the same time, great effort is put into risk awareness. Risk governance is based on a three-line defence that ensures risk management processes are embedded at every relevant level of the organisation.

A complex of policies and procedures is in place for the management of our risk position. These include risk limits, procedures and contingency plans. Policies and procedures are designed and structured to ensure our risk profile is in line with our strategic risk budget and takes into account relevant regulatory requirements. Policies and procedures are reviewed on a regular basis and updated via the relevant risk committees.

Our risk position is reviewed and evaluated through regular reporting. Risk reporting assesses whether our risk profile is within predefined risk limits and action is taken when necessary. A Eureko Risk Dashboard has been developed and implemented to provide an overview of all key risk indicators. The Group Financial Risk Committee, the Executive Board and the Audit Committee discuss this

RISK MANAGEMENT

THREE LINE DEFENCE

FIRST LINE

The first line of defence is Division and Operating Company management and Group staff departments.

SECOND LINE

Group Risk Committees, all chaired by Executive Board members:
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 coordinates 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 & Investment Committee (GAIC) has the same responsibility for market risk and credit risk of the insurance portfolios.

- The Group Capital and Liquidity Committee (GCLC) has the same responsibility for solvency risk and liquidity risk.

Risk management departments at Group and divisional level, with functional reporting lines.

Banking operations are overseen by the Bank Asset and Liability Committee (ALCO).

THIRD LINE

Group Audit & Risk Services department 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.

RISK MANAGEMENT

overview on a quarterly basis. Due to the financial crisis, monitoring frequency was increased substantially and several risks were monitored on a daily basis. Eureko applies several methods and models to measure our risk profile including regulatory and rating models. Furthermore, an economic capital model has been developed to provide an overall view of our Group risk profile.

ECONOMIC CAPITAL

Economic Capital allows us to quantify our risks per risk category, product group, division, legal entity, and for the Group as a whole using comparable measures of risk, in a consistent and transparent way using market-consistent principles. The results are used more and more as input for day-to-day business, for our investment and reinsurance strategies, but also as input for value management related activities like Embedded Value. The model was further improved during 2008, taking into account recent developments in the insurance industry as a whole, such as the QIS4. Both IFRS and Solvency II have endorsed the 'Cost of Capital' approach as a market consistent way to value the unhedgeable risks in insurance liabilities.

Economic Capital by business area

Economic Capital after the impact of diversification as of 31 December 2008 amounted to €3.7 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).

Economic Capital is categorised by each major business activity. All risks (insurance, market, credit and operational risk) within each major business activity are aggregated.

ECONOMIC CAPITAL AT 99.95% (€ BILLION)

	2008 YEAR END	2007 YEAR END
Life segment	2.0	2.1
Non-Life segment	2.3	2.1
Health segment	0.5	0.4
Other	0.4	0.5
Banking segment	0.2	0.3
Total Eureko before diversification	**5.4**	**5.4**
Diversification	-1.7	-1.6
Total Eureko after diversification	**3.7**	**3.8**

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 'Other'. Diversification benefits accrue 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 decrease of our Economic Capital is mainly due to decreased market risk as a result of lower exposure to equity risk.

Economic Capital by risk type

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. The risks resulting from our non-consolidated strategic investments are also included in market risk. The market risk decreased significantly mainly a result of a hedge of the largest part of the equity portfolio.

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 reinsurance protection above the

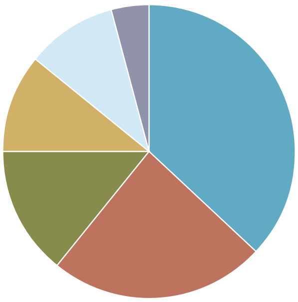
EXECUTIVE BOARD REPORT

RISK MANAGEMENT

confidence level of 99.5%. Life risk has increased as we have taken more severe scenarios for longevity risk and also included a pandemic scenario in mortality risk. Business risk has also increased as the lapse risk on some life products grew because the potential impact of lapses is more servere due to decreased interest rates.

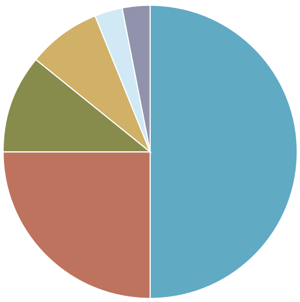
ECONOMIC CAPITAL BY RISK TYPE AT 99.95% YEAR-END 2008

- Market risk 37%
- Insurance Non-Life risk 24%
- Operational & Business risk 14%
- Insurance Life risk 11%
- Credit risk 10%
- Insurance Health risk 4%



ECONOMIC CAPITAL BY RISK TYPE AT 99.95% YEAR-END 2007

- Market risk 50%
- Insurance Non-Life risk 25%
- Operational & Business risk 11%
- Credit risk 8%
- Insurance Life risk 3%
- Insurance Health risk 3%



RISK CATEGORIES

Our main risk categories are insurance risk, market risk, credit risk, liquidity risk and operational risk.

INSURANCE RISK

Eureko is engaged in selling a full range of life, non-life, disability and health insurance products. The risks are primarily managed through standard underwriting policies, reserve adequacy testing and our reinsurance policy. Underwriting includes product design review processes and risk limitations related to insurance policy terms and conditions with the customer.

In the life insurance business the main risks are longevity, mortality and morbidity, policy lapses and expense risk. These risks are monitored regularly based on historic and current data. We regularly make sensitivity analyses to calculate the impact on our Embedded Value.

SENSITIVITIES EMBEDDED VALUE

(€ MILLION)

	2008	2007
Embedded Value	4,123	6,374
- 5% Mortality and morbidity (Life insurance)	+ 54	+ 53
- 5% Mortality and morbidity (Annuity business)	- 91	- 68
- 10% Maintenance expenses	+ 238	+202
- 10% Lapses, Paid up policies, early retirements	+ 67	+ 63

In the non-life and health sectors the main risks are fire, hail, storm, motor accident, pandemic risk, disability risk and health risk. Mitigation of these risks is managed primarily through risk diversification within and between business lines and, for larger risks, through reinsurance. Although measured in gross written premiums, Health is our largest business, health risk is very limited due to the equalisation funds in the Dutch health system.

RISK MANAGEMENT

SENSITIVITY TO SHIFTS RELATED TO NON-LIFE & OCCUPATIONAL HEALTH

(€ MILLION)

	MAINTENANCE EXPENSES +10%	GROSS CLAIM RATIOS +5%
Non-Life insurance	-119	-130
Occupational health	-29	-56

REINSURANCE

In general, large risks are covered by excess of loss treaties. Risks that exceed the treaty limit are reinsured on a facultative basis. Catastrophe risks, such as wind storm, hail or earthquake are covered by catastrophe excess of loss treaties. The main danger in the Netherlands is wind-storm risk. The upper limits are based on 1 in 200-year events. The upper limit for the Dutch 2009 property catastrophe programme is €1,275 million and for the greenhouses catastrophe programme €235 million. In 2008, Eureko participated for 40% in the top layer to optimise the risk-return profile. For 2009, Eureko has placed 100% of the top layer in the market to reduce the risk profile. In the current financial climate, the market has hardened rapidly, primarily due to cost of capital. This is reflected in the pricing for 2009.

MARKET RISK

Our main source of market risk is the investment portfolio and our strategic investments. Eureko manages market risk positions on its investment portfolio within an Asset and Liability Management (ALM) framework. It is a key tool in determining the investment mix, management of interest-rate exposure and regulatory solvency. We have been hit hard by the rapid decline of equity prices and the equally fast increase in credit spreads – these are two of the primary risks within the market category. Others are regular interest-rate, property and foreign-exchange rate risk. Eureko has an investment policy in place to manage market risk. The decision to maintain only a limited exposure to asset backed securities proved a wise one. Given our exposure to listed equity (7% of our investments), at the beginning of 2008, Eureko decided to hedge a significant part of the downside risk. However, this could not prevent considerable losses. We have decided to continue reducing exposure to equity risk in 2009.

Equity risk

Our equity risk management and mitigation was tested to the hilt in 2008. Eureko is obliged to report serious losses on the equity component in its investment portfolio. Impairments are €1,054 million. The derivative contract we put in place in May 2008 to hedge the risk of decreasing equity prices for our Dutch insurance entities proved foresighted. The option contract can be broken down into two separate call-put combinations (equity collar) with different maturities. In both cases the put option had, at the time of purchase, a strike price of 70% of the underlying equity basket and the call option had a strike price of 130% of the underlying equity basket. The notional amount of both combinations is €3.2 billion. The fair value move-

EUREKO RE

Reinsurance is managed by a dedicated operating company, Eureko Re. The Eureko Group can carry more risk than the individual operating companies. Reinsurance risks are often transferred to Eureko Re and combined into a Group programme. Eureko Re N.V. retrocedes 100% or less to the reinsurance market. To spread risk, Eureko Re works with 50 to 60 reinsurers, all with a rating A- or stronger.

EXECUTIVE BOARD REPORT

RISK MANAGEMENT

ments on the equity hedge included in Profit before tax amounted to €251 million. At year-end 2008, our exposure to listed equity was €2 billion.

SENSITIVITIES TO EQUITY MARKETS

	IMPACT ON SHAREHOLDERS' EQUITY	IMPACT ON SOLVENCY LEVELS
Equity markets – 10%	-0.6%	-1.6 pts
Equity markets – 20%	-0.6%	-1.6 pts
Equity markets – 30%	-0.6%	-1.6 pts

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 of each major legal entity can and generally does mitigate this risk. Our duration matching is managed on an economic, rather than accounting basis. 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.

Some life products contain minimum guarantees. If the return on the underlying assets is insufficient to cover the guarantee, then Eureko is obliged to supplement the shortfall. Eureko has a hedging programme in place for these interest-rate risks.

Property risk

As part of our diversification strategy we also invest in direct and indirect property. At year-end 2008, total investments in direct investment property amounted to €1.5 billion (4%) of total investment portfolio. The greater part is invested in direct real estate in the Netherlands, with a sound spread over all major categories, including residential, office, retail and industrial premises. Indirect unquoted investments in Europe and the US have the same diversifying effects. We have no exposure to the US sub-prime market.

Foreign-exchange rate risk

As an international group, Eureko is exposed to foreign exchange risk. Eureko has not hedged 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 pound sterling, through the investments in F&C Asset Management, and the Turkish lira, through the investments in Eureko Sigorta and Garanti Emeklilik, and the Russian rouble through our recently-acquired Oranta. In addition, Eureko invests part of its regular investment portfolio, both equities and fixed income, in non-euro denominated assets, particularly in US dollars. At the end of 2008, the investment portfolio was fully hedged.

SENSITIVITY TO SHIFTS IN FOREIGN CURRENCY RATES

(€ MILLION)

	IMPACT ON SHAREHOLDERS' EQUITY	IMPACT ON PROFIT BEFORE TAX
Euro versus all other foreign currencies -10%	321	67
Euro versus all other foreign currencies +10%	-321	-67

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. Eureko deals with counterparties of good credit standing and, when appropriate, obtains collateral. The financial crisis showed us that even counterparties with good credit standing were not immune and we have increased our counterparty monitoring procedures and frequency considerably. In a limited number of special cases, we bought protection with credit default swaps. 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. However,

RISK MANAGEMENT

impairments in 2008 still amounted to €71 million (2007: no impairments). The following table provides information regarding the aggregated credit risk exposure for financial assets with external credit ratings:

CREDIT RATING	2008
AAA	68%
AA/A	23%
BBB	4%
<BBB Not rated	5%
Total	**100%**

The counterparty exposures on reinsurers are managed by a set of limits per reinsurer and thresholds per rating category, based on a weighted exposure of claim reserves, reinsurance premiums and catastrophe capacity. The minimum rating is A- (S&P or AM Best) for short tail contracts and A+ (S&P) for long tail contracts.

LIQUIDITY RISK

We distinguish between funding and market liquidity risk. The former is the risk that counterparties will withdraw or not roll over on short-term funding. An overview of how we manage our funding and related risk is included in Capital and Liquidity management. Eureko's banking subsidiaries have access to a diversified funding base. Funds are raised through a range of instruments. In the current financial crisis, we expect some funding sources are more appropriate, others unavailable. In 2009, we expect liquidity will be tight but manageable. The aim is to maintain a balance between continuity of funding and flexibility through the use of liabilities with a range of maturities.

Market liquidity risk

This is the risk that general disruption in asset markets will make normally liquid assets illiquid. Contingency planning enables Eureko holding companies to operate for a minimum of 90 days without any access to financial markets. The insurance entities must hold sufficient liquid/marketable assets of their own.

OPERATIONAL RISK

We define operational risk as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risks, as specified in the risk control framework used throughout Eureko, encompass a wide variety of risk arising from amongst others: processes, information and communication technology, project management, information security, fraud, compliance, safety and business continuity. 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

This is the risk of legal or regulatory sanctions, material financial loss, or loss of reputation that a financial institution 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. Eureko has in place a risk framework to manage and mitigate this risk – the Eureko Compliance Programme.

RISK MANAGEMENT

Within this framework, compliance with rules and regulations and their integration 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 2008 the focus was on implementing rules and regulations, including those related to a new incidents policy and a whistle-blower's charter. 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 have been used from the beginning of 2008.

EXECUTIVE BOARD REPORT

HUMAN RESOURCES

Eureko's business model is stakeholder based: customers, distribution partners, shareholders and, last but not least, employees. We aim to create value for all our stakeholders. For employees, this means we must actively create a working environment in which they can use their skills and talents to full effect while maintaining a healthy work-life balance. We aim to be a preferred employer. But we are equally selective in our recruitment and retention. That is because the people who create value for all stakeholders need to have a particular mindset. They need to be performance driven and at Eureko, performance means both result focused and customer service-driven.

OUR GOALS

- Implementation Achmea work concept.
- Introduction e-learning facilities.
- Implementation extended management development programme.

HR challenges

We ask a lot of our employees. Whether they work for one of our brands or distribution divisions in the Netherlands, at the holding, or at one of our operating companies around Europe, Eureko seeks the same commitment to customer service. But we ask even more. As a European organisation, we must be aware and prepare for changing demographics, greying populations, diversity. In 2010, the labour force in the Netherlands is expected to decrease for the first time in modern history; other European countries are in the midst of similar demographic change. In the current economic environment, 2010 may seem a long way into the future. However, Eureko is convinced that we cannot lose sight of the longer-term realities that will challenge us in the future.

Employee satisfaction

Every year, Achmea in the Netherlands carries out an Employee Satisfaction and Commitment Survey. The aim is to discover employees' perceptions of the organisation, how committed they feel to Achmea and how effective measures resulting from previous surveys have been. In 2008, it is gratifying to conclude that employee commitment and general satisfaction has grown, with response levels (69%) almost the same as in 2007 (70%).

KEY INDICATORS SURVEY

	2008	INCREASE/ DECREASE
Response	69%	- 1%
Employee commitment	63%	+4%
Commitment to Achmea:	54%	+5%
I am proud to work at Achmea	62%	+9%
Commitment business line	71%	+3%
Satisfaction	76%	+3%
Motivation	80%	+1%
Confidence	62%	+1%
2008 key goals		
Communication & information	69%	+3%
Using talents and development	55%	+7%
Quality line management	71%	+4%

Key goals in 2009 are talent development and deployment of employees and enhancing the quality of management.

Preferred employer

We work consistently on becoming the kind of preferred employer that not only establishes Collective Labour Agreements (CLA; CAO in Dutch) for its people, but also helps them to grow their employability. Eureko people must also be aware of the bigger social picture. One example is the joint 'life-stage diversity' programme we

HUMAN RESOURCES

have launched in the Netherlands with the Universities of Utrecht and Tilburg, trades unions and the works' council. 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. One immediate result is that in a recent independent survey our umbrella-brand Achmea earned the top position as employer for working parents. Achmea ranks among the top five preferred employers in the Netherlands.

Diversity programmes

Also in the Netherlands, we have launched pilots on what we call the Achmea Work Concept. The 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 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. As part of the new CLA, we have already introduced a special 'diversity day' holiday. There are also special arrangements so that employees can do voluntary and community work. It is initiatives like this that drive home Achmea's commitment to corporate social responsibility and help ensure Achmea ranks in the top five of preferred employers.

Management development

Another key component in our Human Resources strategy is management development. We further accelerated the Management Development (MD) programme by reviewing and profiling every individual manager and specialist in the top 1,000 (2007: 300). 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 programme is driven by MD Committees in every division, operating company, at Achmea and Eureko levels and in the functional disciplines. From 2009, we will be introducing succession planning Europe-wide.

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. 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. Group-wide, our strategic programmes include:

The Eureko Academy

The Eureko Academy focuses on stimulating the exchange of knowledge and expertise, also through e-learning, within Eureko. In addition to the Eureko Group, it also works with Eurapco partners, arranging workshops, meetings and seminars. All programmes, designed in

EMPLOYEE DIVERSITY

	MALE 2008	FEMALE 2008	MALE 2007	FEMALE 2007
Director level	83%	17%	85%	15%
Senior Management	83%	17%	85%	15%
Middle Management	74%	26%	74%	26%

HUMAN RESOURCES

cooperation with academic partners from around the world, are tailored to meet organisational business objectives. Within the Eureko Academy framework, we have developed a number of dedicated 'business schools' that focus on specific disciplines, such as marketing, HR and finance alongside existing programmes for actuaries.

Management programmes

We have an extensive range of management development programmes, including leadership, accelerated learning to fast-track managers, and the annual 'Challenge'. This brings together our commitment to corporate social responsibility and the development of our (future) leaders. This programme started in 2005 and ended in 2008. In total, seven groups of 15 managers participated. Themes included housing for people with dementia, youth unemployment and homelessness, literacy, safety and care, diabetes and informal care.

Traineeships

Eureko's International Management Traineeship is an award-winning programme, with international opportunities throughout Eureko 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. From 2008, our operating companies in Greece and Turkey have also launched the traineeship opportunity. Furthermore, we are offering actuarial traineeships in the Netherlands to colleagues from the operating companies in Eastern Europe.

CORPORATE SOCIAL RESPONSIBILITY

As a cooperative insurer, we take our social responsibility very seriously. As an insurer, we have a long-term horizon. In combination, social responsibility and long-term continuity translate into clear goals. We aim to set the trend for sustainable business. By definition, this means we must also integrate our corporate social responsibility (CSR) into all areas of our activities.

OUR GOALS

- Support customer confidence in the financial services sector.
- Stimulate prevention of illness/disability.
- Pursue sustainable and responsible investment.
- Foster initiatives to reduce climate change.
- Support the development of micro-insurance in emerging markets.

SHAPING CSR

Our services are by definition socially relevant and driven. We offer insurances for health, income protection, retirement and a host of others. All our products touch the daily lives of our customers. So customers must be central to everything we do. We see ourselves as part of a community of involved people where customers can have confidence that we are working continually to create innovative solutions that serve both them and society in general. This is what 'cooperative' means for us. This approach translates into how we organise and carry out our business. We shape our social responsibility by:

- embedding CSR into core processes: We are continually reviewing our processes based on duty of care to customers and transparency. Dialogue with customers is key here. We discuss with them their levels of risk, how they can control these, and which risks should be insured. We invest the premiums they pay according to the 'enhanced engagement' philosophy so that we can influence the sustainable behaviours of those companies.
- engaging in social debate: We can and must play a key role in the dialogue between stakeholders in the community – government, social partners, interest groups. We are committed to contributing to policy development. That means we offer our expertise, organise themed meetings and bring in interested parties into these debates.
- pursuing CSR in the way we do business: We establish objectives aimed at improving the work place and reducing our environmental footprint. We aim to be CO_2 neutral by 2012. Our goal is to be in the top three employers.
- taking social initiatives: We facilitate employees who want to make a contribution to society. That aspiration is supported by making available (human) resources. In addition, we fund the Eureko Achmea Foundation that undertakes charitable work around the world and we support numerous initiatives on micro-insurance in the developing world.

Major social issues

In the current crisis, a major theme for us is the restoration of confidence in the financial sector and our duty of care to customers. We achieve that by working continually on increasing transparency, accessibility and user-friendliness in our products and services. Our goal is a good product for a reasonable premium, whereby prevention and efficient claims handling are embedded in the service. These are all very practical ways we demonstrate our responsibility to customers. As a result, two of our brands rank in the top three of the most trusted insurers in the Netherlands, according to the annual Eureopean Trusted Brands Survey. Interpolis takes the first place for the third year in succession and Centraal Beheer Achmea is the number three. In a wider social context, issues such as solidarity, graying

CORPORATE SOCIAL RESPONSIBILITY

PART OF THE COMMUNITY

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 graying populations.

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. 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.

The role of prevention

At Eureko, we see every claim as a loss for society in general. Whether the claim relates to damage to a car or a home, or to a customer's health, it leads to economic loss. Our aim is to prevent that loss wherever possible, also to keep premiums down. By focusing on prevention, risk is reduced. That is one of our core tasks and responsibilities. In recent years, we have seen a number of major fires. Following investigation on cause, it appeared that often faulty electrical wiring was to blame. We entered into discussions with professional organisations to develop a quality standard for installers. If a building has the quality stamp, then we offer a reduction on the premium in the form of advisory, training or the cost involved in obtaining the quality standard. In health insurance, we are continually innovating to keep people healthy. One of our services is to help people who become ill to get back to work. In 2008, we began combining all our health-related services, including vitality in the work place through Achmea Vitale. Now, employers have a single contact point for all their queries on health insurance, absence through illness and disability.

The big five

No less than 74% of the total health-insurance budget is spent on five illnesses: heart disease, cancer, diabetes, depression and chronic obstructive pulmonary disease (COPD). What we have done is create so-called care chains for a number of these diseases. We are doing this in combination with medical and care providers. While this cooperation aims to improve care, the ultimate objective of care chains is prevention. One example is the Better Diabetes Care programme in the north-eastern Netherlands. Complications, such as chronic heart failure, heart attack and stroke, that occur frequently in diabetics have been reduced significantly. The project will be expanded from the current 30,000 patients to 100,000 in all regions of the Netherlands in 2009. Care chains for the other four diseases are in various stages of development.

Sustainable investment

Our customers pay premiums for our insurance products and services. We invest those premiums so that we can meet our commitment to policyholders. Our investment policy is based on limiting our risk where possible by spreading our investments over various assets and asset classes, geographies and sectors. Sustainable investment is incorporated into Achmea's investment philosophy; the financial crisis has not changed that approach. We work on the basis of 'enhanced engagement'. This means we do not invest in companies that appear on the list of excluded activities compiled by the Dutch government, including weapons. As shareholder, we enter into dialogues with companies in our portfolio. If they demonstrate undesirable behaviours, then we give them three years to take measures to redress those behaviours. If that does not occur, then we withdraw as investors. This enhanced engagement was launched at the start of 2008 in close cooperation with our asset managers F&C and Robeco. At local level, most of our operating companies also have specific programmes for sustainable investment.

PART OF THE COMMUNITY

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?

Responsible use of resources

Our CSR policy for internal use of resources is based on consumption of energy, how we manage our waste, responsible purchasing and a sustainable approach to construction and building management. We have already moved to the exclusive use of 'green' energy. Our aim is to be CO_2 neutral by 2012. In 2008, an external consultancy developed energy-saving plans for three of our key locations in the Netherlands; the other five will be reviewed in 2009. Waste was a theme in 2008. A number of proposals to improve our footprint were developed in 2008, including collection of non-degradable refuse, packaging returns and bio-degradable coffee beakers. We also approach demolition of buildings and new-builds in a sustainable way, with around 98% of materials being recycled. The new conference centre at Eureko head office in Zeist was completed in 2008. It incorporates energy-efficient climate controls, motion detection and automated heating and lighting regulation. In the reporting year, we began planning new builds in Leiden and Apeldoorn in the Netherlands. Both projects offer a wide variety of environmentally responsible options. These are just some of the ways we aim to contribute to climate change by reducing the burden on the environment.

Climate and insurance

The Netherlands is often called the low countries for very good reason. Much of the total land surface is below sea level and the confluence of many of Europe's major rivers, the Rhine, the Meuse, reach the sea just under Rotterdam. At this time, flooding risk is still considered 'uninsurable'. However, we believe there has to be at least some level of insurance available on flooding through breaks in sea or river dikes. We would favour the concept of a flood fund in which government and insurers participated to ensure there was at least some cover for damage repair. We initiated negotiations on the creation of a flood fund in 2008 with government ministries and the Association of Insurers. As yet, there are no results to report.

CSR world-wide

More than half the world population has no access to insurance. Experience shows that social and development impact in emerging economies is more likely to be sustainable if there is a sound financial services sector, including insurance, in place. In recent years, we have been closely involved in helping to establish micro-insurance in the poorest countries. Specific examples of programmes are:

- 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. In the reporting year, MIAN organized missions to India, Nepal and Uganda.
- In 2008, we hosted the Micro-insurance conference on the social responsibility of mutual insurers. We were also involved in a number of projects in Sri Lanka through our partnership with HealthNet TPO. This non-profit organization works in regions devastated by conflict, disaster and poverty.

PART OF THE COMMUNITY

Eureko Achmea Foundation

The Foundation is normally funded through the allocation of 0.5% of the Group's net profits. In light of the current financial crisis, in 2009, we will use reserves to ensure the continuity of our activities. The Foundation is administered by an independent body which evaluates applications for funding, and approves payments accordingly. Through the reporting year, €2.8 million had been disbursed to new projects proposed by all operating companies. There are two primary destinations – projects in countries where we work and emerging markets. These are just some of the donations made in 2008:
Netherlands: a foundation that focuses on the children of asylum-seekers received €180,000;
Turkey: start-up of a multi-functional centre to stimulate the emancipation of girls in rural areas, €105,000;
Bolivia: the Microjustice project that develops legal aid for people who normally have no access, received €250,000;
Africa: the World Granny foundation stimulates the elderly to take on 'grandparenting' of children who have lost their parents. Both benefit as the 'granny' has a new function and the children gain a grandparent, €292,820.

This sector of the 2008 Eureko annual report is no more than a brief summary of our activites. Our Dutch umbrella organization, Achmea, publishes a full corporate social responsibility report every year. It is available digitally and can be reviewed on or downloaded from www.achmea.nl. In 2008, the Ministry of Economic Affairs' transparency benchmark for social reporting ranked the 2007 report 11th; around 170 reports were evaluated.

TRANSPARENCY STATEMENT

STATEMENT OF THE EXECUTIVE BOARD OF EUREKO B.V.

The Executive Board of Eureko B.V. is responsible for the preparation of the 2008 Annual Report, including the 2008 Consolidated Financial Statements. The 2008 Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The Company 2008 Financial Statements and 2008 Executive Board Report are prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the Financial Supervision Act part 5.1A.

The Executive Board reviewed the Eureko B.V. Consolidated and Company Financial Statements on 6 April 2009 and authorised their issue.

The Executive Board of Eureko B.V. declares that, to the best of its knowledge, the Eureko B.V. 2008 Consolidated and Company Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of Eureko B.V. and that the information contained herein has no omissions likely to modify significantly the scope of any statements made.

The Executive Board of Eureko B.V. also declares that the 2008 Executive Board Report gives a true and fair view of the situation on 31 December 2008, the development and performance during 2008 and describes the principal risks of the businesses of the Group.

The Eureko B.V. 2008 Consolidated Financial Statements and 2008 Company Financial Statements will be submitted to the Annual General Meetings of Shareholders for approval on 7 April 2009.

Zeist, 6 April 2009

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

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. The majority of our main shareholders are unlisted European companies and associations with cooperative roots. Our Dutch customers are represented in Eureko's largest shareholder, the Vereniging (Association) Achmea through the Stichting Administratiekantoor Achmea. The Stichting Administratiekantoor Achmea is the shareholder that has, in its turn, issued depository receipts to Vereniging Achmea. Rabobank, the largest bank on the Dutch market, is Eureko's second largest shareholder; it is also a cooperative organisation. Although in real terms Eureko is governed, organised and managed in the same way as any major listed organisation, its cooperative origins contribute to 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. In December 2008, the Corporate Governance Monitoring Committee (often known as the Frijns Commission) proposed a number of amendments to the Code. In the coming months, Eureko will evaluate what amendments are pertinent to the Group and, if necessary, how they will be implemented.

Transparency directive

The European Union directive on transparency was included in the Dutch Financial Supervision Act (Wft) on 24 December 2008 with immediate effect. From 2008, all annual reports and financial statements must meet the directive requirements. Eureko has adjusted its annual financial reporting accordingly. In addition, tighter publication timing is required. Publication processes will be adapted to meet these requirements. The Transparency Statement is published in the annual report; the required description of Eureko's main risks and uncertainties are included in the risk management section.

Eureko's shares

At 31 December 2008, 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 2008, total issued share capital was € 357,322,601. The total number of issued ordinary shares is 333,418,540.

Our shareholders

Main shareholder, through Stichting Administratiekantoor Achmea, is Vereniging Achmea ('Achmea'). 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. As per 31 December 2008, Achmea, through Stichting Administratiekantoor Achmea, holds the 'A' share and 54.49% of the ordinary shares (2007: 54.37%). Certain decisions require the 'A' shareholder's approval. Following the merger with Interpolis, Rabobank holds 39.54% (2007: 39.47%) of the ordinary shares. Other shareholders include members of the Eurapco Alliance of independent European financial services providers (for more information on participations,

HOW WE ARE GOVERNED

please see the Financial Statements). In addition to the Annual General Meeting of Shareholders, extraordinary meetings can be convened by a shareholder with more than 10% of voting rights. For full information on shareholder powers, please visit www.eureko.net.

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 net result. 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 Net profit attributable to ordinary shareholders.

Co-ordination Committee

In the merger 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 entitled to 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 four seats and 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 and nominates the Chairman. 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 which has right of recommendation for 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.

CORPORATE GOVERNANCE

HOW WE ARE GOVERNED

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, which advise the full Supervisory Board. All Supervisory Board members receive the minutes of the individual committee meetings. Financial, audit and compliance 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 audit and risk; the directors 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.

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 Executive Board biographies), 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 for a complete overview of this committee structure and the direct reporting lines that provide committees with data and information.

SUPERVISORY BOARD | BIOGRAPHIES

Arnold H.C.M. Walravens (1940)

Chairman, Dutch nationality, was re-appointed in 2008.

His current term expires in 2012. Mr Walravens is also a member of the Supervisory Board of Rabobank Nederland and Chairman of the Supervisory Board of Sneep Industrie B.V. In addition, he is Vice Chairman of the Board of Directors of Vereniging Achmea and holds various other positions within Eureko. He is a retired professor from Delft University.

Marinus Minderhoud (1946)

Vice Chairman, Dutch nationality, was re-appointed in 2008.

His current term expires in 2012. Mr Minderhoud is member of the Supervisory Board of Rabobank Nederland, 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 Dimence. He holds a number of supervisory positions, including 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 and he will not seek reappointment. 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 the 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 emeritus professor at Groningen University.

Erik A.J. van de Merwe (1950)

Dutch nationality, was re-appointed in 2006.

His current term expires in 2010. Mr van de Merwe holds various supervisory board positions, including Chairman of the Supervisory Board of Fornix Biosciences, Exact Holding N.V., GWK Travelex, INEOS NOVA International SA and Welke Beheer B.V. Furthermore, he is member of the Supervisory Board and Chairman of the Audit Committee of Mizuho Corporate Bank (Netherlands) and Fortis Bank Nederland, a member of the Advisory Board and Chairman of the Audit Committee of the Dutch Burns Foundation, jury member of the 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.

CORPORATE GOVERNANCE

SUPERVISORY BOARD | BIOGRAPHIES

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. 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 2012, following re-appointment 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.

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.

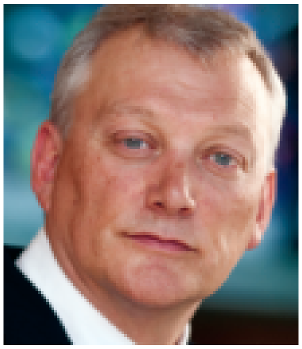
His current term expires in 2009. Mr Yntema is a stockbreeder. He is Chairman of the Supervisory Board of Rabobank Sneek Zuidwest Friesland and a member of the Supervisory Board of Agis. In addition, he is a member of the Board of Directors of Vereniging Achmea and of the Board of Stichting PVF Nederland.

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

EXECUTIVE BOARD

Willem A.J. van Duin (1960)
Chairman of the Executive Board, Dutch nationality.

Joined the Group in 1987. Held various positions at holding level and in the health, broker and direct distribution divisions before being appointed to the Executive Board in 2004. After being appointed vice-chairman on 1 October 2008, he became Chairman of the Executive Board on 10 February 2009. In addition to his overall responsibility for Eureko, his core responsibilities include HR and MD policy, Communications policy, the Central Works' Council, Group Compliance & Regulatory Affairs and Corporate Social Responsibility.
In addition to supervisory directorships of a number of Eureko entities, he is a member of the Board of the European Alliance Partners Eurapco. Furthermore, he is chairman of the Dutch Association of Insurers and vice-chairman of the Dutch Association of Health Insurers and a board member of a number of charitable foundations in the Netherlands.



Gerard van Olphen (1962)
Chief Financial Officer and vice-chairman, 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. Subsequently, in 2008, he was again appointed CFO and, on 1 October 2008, vice-chairman of the Executive Board. His portfolio also includes PZU, Poland. 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.

Danny van der Eijk (1958)
Dutch nationality

After obtaining his professional insurance qualifications, he undertook an MBA at Henley (UK). He has worked in a number of different positions in Achmea: Director Personal Lines and Underwriting Agencies; Director Non-Life, Netherlands and Life at R&SA, Benelux; Deputy Managing director at Avéro Achmea; Managing Director Achmea Corporate Clients, Centraal Beheer Achmea, and, most recently, Managing Director of the Direct Distribution Division. He became a member of the Executive Board as of October 2008. His core responsibilities include Non-Life, the Direct, Broker and Occupational Health divisions, Group Communications and Group HR.

Jeroen L.L.M. van Breda Vriesman (1967)
Dutch nationality

After studying law at the University of Utrecht, he started his career at the ING Group. Within the ING organization (Nationale Nederlanden) he fulfilled several management positions. In 2004, he joined Achmea as Division Chairman, Sociale Zekerheid. From 2006 till September 2008 he was the chairman of the Division Achmea Zorg (Health).
As of October 2008, he became a member of the Executive Board of Eureko. His core responsibilities include Health, Life & Pensions and Group Information Management & Technology.

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 the Banking Distribution Division, Division Europe, Achmea Bank and Staalbankiers. He is a supervisory director of Greenfee B.V. and Rabo Wielerploeg B.V.

ABBREVIATED FINANCIAL STATEMENTS

ABBREVIATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET (BEFORE APPROPRIATION OF PROFIT)

(€ MILLION)

	31 DECEMBER 2008	31 DECEMBER 2007
Assets		
Intangible assets	2,266	2,389
Investments in associated companies and participating interests	2,517	3,334
Investment property	1,529	1,600
Investments	34,722	35,394
Investments backing linked liabilities	17,416	21,122
Banking credit portfolio	18,921	18,035
Deferred tax assets	1,268	469
Deferred acquisition costs	486	542
Income tax receivable	12	21
Amounts ceded to re-insurers	1,181	1,191
Receivables	4,069	4,932
Other assets	1,256	1,062
Investments related to cash collateral received in securities lending	5,057	9,201
Cash and cash equivalents	1,180	845
	91,880	**100,137**
Assets classified as 'held for sale'	573	445
Total assets	**92,453**	**100,582**
Equity attributable to holders of equity instruments	7,445	10,373
Minority interest	6	2
Total equity	**7,451**	**10,375**
Liabilities		
Insurance liabilities	36,471	34,153
Insurance liabilities for policyholders	15,452	17,789
Investment contracts	2,207	3,278
Employee benefits	1,194	2,163
Other provisions	322	286
Banking customer accounts	5,088	4,916
Loans and borrowings	13,413	13,676
Derivatives	859	371
Deferred tax liabilities	526	454
Income tax payable	270	300
Liabilities related to cash collateral received in securities lending	5,287	9,216
Other liabilities	3,366	3,170
	84,455	**89,772**
Liabilities classified as 'held for sale'	547	435
Total liabilities and Total equity	**92,453**	**100,582**

ABBREVIATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

(€ MILLION)

	2008	2007
Income		
Gross written premiums Life	4,231	4,417
Gross written premiums Non-Life	3,084	2,915
Gross written premiums Health	11,991	7,521
Gross written premiums	**19,306**	**14,853**
Re-insurance premiums	-922	-1,031
Change in provision for unearned premiums (net)	-56	-73
Net earned premiums	**18,328**	**13,749**
Contribution received for health pooling	51	-91
Income from associated companies and participating interests	-553	405
Investment income	1,530	1,428
Realised and unrealised gains and losses	-1,149	-37
Income from investments backing linked liabilities	-3,324	453
Banking income	986	939
Fee and commission income, and income from service contracts	632	643
Income from investments related to cash collateral received in securities lending	260	285
Other income	165	179
Total income	**16,926**	**17,953**
Expenses		
Claims and movements in insurance liabilities	17,850	12,315
Claims and movements in insurance liabilities ceded to re-insurers	-708	-911
Profit sharing and bonuses	199	87
Movements in insurance liabilities for policyholders	-1,885	1,186
Benefits on investment contracts	-996	-145
Operating expenses	3,588	3,072
Banking expenses	743	668
Interest and similar expenses	132	68
Interest expenses from liabilities related to cash collateral received in securities lending	298	269
Other expenses	325	303
Total expenses	**19,546**	**16,912**
Profit before tax and discontinued operations	**-2,620**	**1,041**
Income tax expenses	-502	62
Profit after tax before discontinued operations	**-2,118**	**979**
Discontinued operations (net of tax)	-	-
Net profit	**-2,118**	**979**
Attributable to:		
Holders of equity instruments	-2,119	979
Minority interest	1	-
Earnings per share from continuing operations (Euro) and diluted earnings per share from continuing operations (Euro)	-6.65	2.92

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

(€ MILLION)

2008	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 2008	10,398	-45	1,227	866	-4,065	-85	979	14	1,084	10,373	2	10,375
Currency translation differences not recognised in the Income Statement						-244				-244		-244
Net revaluation on property for own use				-7						-7		-7
Net unrealised gains/(losses) on available for sale instruments				-2,377		100				-2,277		-2,277
Transfer to provision for profit sharing and bonuses				-34						-34		-34
Net gains/(losses) on available for sale instruments re-classified to the Income Statement on disposal				13						13		13
Impairment charges of available for sale instruments re-classified to the Income Statement				1,677						1,677		1,677
Net unrealised gains/(losses) on cash flow hedging instruments								-39		-39		-39
Total gains and losses recognised directly in equity (net of taxes)				**-728**		**-144**		**-39**		**-911**		**-911**
Net profit							-2,119			-2,119	1	-2,118
Total profit				**-728**		**-144**	**-2,119**	**-39**		**-3,030**	**1**	**-3,029**
Appropriations to reserves			321	-142	800		-979					
Dividends and coupon payments to holders of equity instruments	427				-540					-113		-113
Issue, re-purchase and sale from/ to holders of equity instruments									225	225		225
Other movements	8			2	-36				16	-10	3	-7
Balance at 31 December 2008	**10,833**	**-45**	**1,548**	**-2**	**-3,841**	**-229**	**-2,119**	**-25**	**1,325**	**7,445**	**6**	**7,451**

Share capital includes €10,476 million share premium (2007: €10,051 million).

ABBREVIATED FINANCIAL STATEMENTS

CONSOLIDATED 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	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 instruments				-839		28				-811		-811
Transfer to provision for profit sharing and bonuses				623						623		623
Net gains/(losses) on available for sale instruments 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	288				-420					-132		-132
Issue, re-purchase and sale from/ to holders of equity instruments	-68	240								172		172
Other movements			1	5	95					101		101
Balance at 31 December 2007	**10,398**	**-45**	**1,227**	**866**	**-4,065**	**-85**	**979**	**14**	**1,084**	**10,373**	**2**	**10,375**

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED CASH FLOW STATEMENT

(€ MILLION)

	2008	2007
Cash flow from operating activities		
Profit before tax and discontinued operations	-2,620	1,041
Adjustments of non-cash items:		
– Unrealised results on investments	1,803	350
– Foreign exchange difference	86	226
– Impairment and amortisation	569	331
– Dividend income	-137	-259
– Interest income	-2,329	-2,175
– Interest expenses	843	734
Changes in operating assets and liabilities:		
– Capitalised deferred acquisition cost	-43	-86
– Changes in receivables and short-term debts	490	96
– Changes in insurance liabilities	2,686	-321
– Changes in credit portfolio related to banking activities	-285	-889
– Changes in customer accounts, debt securities	-228	2,704
– Other changes	-1,174	-1,493
Income taxes paid	-50	-266
Changes in income tax	-196	-233
	-585	**-240**
Cash flow from investing activities		
Investments and acquisitions:		
– Group companies, associated companies and participating interests	-309	-1,300
– Other investments	-7,621	-7,884
– Equipment and property for own use	-124	-153
– Investment property and equity investments	-5,598	-6,430
– Fixed-income securities	-39,284	-25,858
– Dividends received	141	259
– Interest received	2,135	1,965
	-50,660	**-39,401**
Disinvestments and disposals:		
– Group companies, associated companies and participating interests	1	124
– Other investments	8,162	7,947
– Equipment and property for own use	72	74
– Investment property and equity investments	6,080	6,441
– Fixed-income securities	37,448	25,012
	51,763	**39,598**

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(€ MILLION)

	2008	2007
Cash flow related to cash collateral in securities lending		
Investments and acquisitions:		
– Cash collateral received in securities lending	30,730	30,880
– Investments related to cash collateral received in securities lending	-31,142	-30,880
	-412	**0**
Disinvestments and disposals:		
– Repayment of cash collateral received in securities lending	-34,659	-21,664
– Investments related to cash collateral received in securities lending	35,246	21,679
	587	**15**
Cash flow from financing activities		
Issue and sale of shares	8	677
Re-purchase of shares		-505
Issue of other equity instruments	225	
Dividends paid	-113	-132
Interest paid	-859	-654
Other credit facilities	131	609
	-608	**-5**
Net cash flow	**85**	**-33**
Cash and cash equivalents at 1 January	663	597
Change in composition of the Group	21	99
Net cash and cash equivalents at 31 December	**769**	**663**
Cash and cash equivalents include the following items:		
Cash	28	12
Bank balances	957	542
Call deposits	195	291
Less: liability bank balances	411	182
Net cash and cash equivalents at 31 December	**769**	**663**

AUDITOR'S REPORT

Introduction

We have audited whether the accompanying abbreviated financial statements of Eureko B.V., Amsterdam, for the year 2008 (as set out on pages 73 to 78) have been derived consistently from the audited financial statements of Eureko B.V., for the year 2008. In our auditor's report dated 6 April 2009 we expressed an unqualified opinion on these financial statements. Management is responsible for the preparation of the abbreviated financial statements in accordance with the accounting policies as applied in the 2008 financial statements of Eureko B.V. Our responsibility is to express an opinion on these abbreviated financial statements.

Scope

We conducted our audit in accordance with Dutch law. This law requires that we plan and perform the audit to obtain reasonable assurance that the abbreviated financial statements have been derived consistently from the financial statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these abbreviated financial statements have been derived consistently, in all material respects, from the 2008 financial statements of Eureko B.V.

Emphasis of matter

For a better understanding of the company's financial position and results and the scope of our audit, we emphasize that the abbreviated financial statements should be read in conjunction with the audited financial statements, from which the abbreviated financial statements were derived and our unqualified auditor's report thereon dated 6 April 2009. Our opinion is not qualified in respect of this matter.

Amstelveen, 6 April 2009
KPMG ACCOUNTANTS N.V.

H. Arendse RA

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FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET (BEFORE APPROPRIATION OF PROFIT)

(€ MILLION)

	NOTES	31 DECEMBER 2008	31 DECEMBER 2007
Assets			
Intangible assets	5	2,266	2,389
Investments in associated companies and participating interests	6	2,517	3,334
Investment property	7	1,529	1,600
Investments	8	34,722	35,394
Investments backing linked liabilities	9	17,416	21,122
Banking credit portfolio	10	18,921	18,035
Deferred tax assets	11	1,268	469
Deferred acquisition costs	12	486	542
Income tax receivable		12	21
Amounts ceded to re-insurers	13	1,181	1,191
Receivables	14	4,069	4,932
Other assets	15	1,256	1,062
Investments related to cash collateral received in securities lending	16	5,057	9,201
Cash and cash equivalents	17	1,180	845
		91,880	**100,137**
Assets classified as 'held for sale'	3	573	445
Total assets		**92,453**	**100,582**
Equity attributable to holders of equity instruments	18	7,445	10,373
Minority interest	19	6	2
Total equity		**7,451**	**10,375**
Liabilities			
Insurance liabilities	20	36,471	34,153
Insurance liabilities for policyholders	21	15,452	17,789
Investment contracts	22	2,207	3,278
Employee benefits	23	1,194	2,163
Other provisions	24	322	286
Banking customer accounts	25	5,088	4,916
Loans and borrowings	26	13,413	13,676
Derivatives	27	859	371
Deferred tax liabilities	28	526	454
Income tax payable		270	300
Liabilities related to cash collateral received in securities lending	29	5,287	9,216
Other liabilities	30	3,366	3,170
		84,455	**89,772**
Liabilities classified as 'held for sale'	3	547	435
Total liabilities and Total equity		**92,453**	**100,582**

FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

(€ MILLION)

	NOTES	2008	2007
Income			
Gross written premiums Life	33	4,231	4,417
Gross written premiums Non-Life	34	3,084	2,915
Gross written premiums Health	35	11,991	7,521
Gross written premiums		**19,306**	**14,853**
Re-insurance premiums		-922	-1,031
Change in provision for unearned premiums (net)		-56	-73
Net earned premiums		**18,328**	**13,749**
Contribution received for health pooling		51	-91
Income from associated companies and participating interests	36	-553	405
Investment income	37	1,530	1,428
Realised and unrealised gains and losses	38	-1,149	-37
Income from investments backing linked liabilities	39	-3,324	453
Banking income	40	986	939
Fee and commission income, and income from service contracts	41	632	643
Income from investments related to cash collateral received in securities lending	42	260	285
Other income	43	165	179
Total income		**16,926**	**17,953**
Expenses			
Claims and movements in insurance liabilities	44	17,850	12,315
Claims and movements in insurance liabilities ceded to re-insurers	44	-708	-911
Profit sharing and bonuses	45	199	87
Movements in insurance liabilities for policyholders		-1,885	1,186
Benefits on investment contracts	46	-996	-145
Operating expenses	47	3,588	3,072
Banking expenses	48	743	668
Interest and similar expenses	49	132	68
Interest expenses from liabilities related to cash collateral received in securities lending	50	298	269
Other expenses	51	325	303
Total expenses		**19,546**	**16,912**
Profit before tax and discontinued operations		**-2,620**	**1,041**
Income tax expenses	52	-502	62
Profit after tax before discontinued operations		**-2,118**	**979**
Discontinued operations (net of tax)	3		
Net profit		**-2,118**	**979**
Attributable to:			
Holders of equity instruments		-2,119	979
Minority interest		1	
Earnings per share from continuing operations (euros) and diluted earnings per share from continuing operations (euros)	53	-6.65	2.92

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

(€ MILLION)

2008	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	10,398	-45	1,227	866	-4,065	-85	979	14	1,084	10,373	2	10,375
Currency translation differences not recognised in the Income statement						-244				-244		-244
Net revaluation on property for own use				-7						-7		-7
Net unrealised gains/(losses) on available for sale instruments				-2,377		100				-2,277		-2,277
Transfer to provision for profit sharing and bonuses				-34						-34		-34
Net gains/(losses) on available for sale instruments re-classified to the Income Statement on disposal				13						13		13
Impairment charges of available for sale instruments re-classified to the Income Statement				1,677						1,677		1,677
Net unrealised gains/(losses) on cash flow hedging instruments								-39		-39		-39
Total gains and losses recognised directly in equity (net of taxes)				**-728**		**-144**		**-39**		**-911**		**-911**
Net profit							-2,119			-2,119	1	-2,118
Total profit				**-728**		**-144**	**-2,119**	**-39**		**-3,030**	**1**	**-3,029**
Appropriations to reserves			321	-142	800		-979					
Dividends and coupon payments to holders of equity instruments	427				-540					-113		-113
Issue, re-purchase and sale from/ to holders of equity instruments									225	225		225
Other movements	8			2	-36				16	-10	3	-7
Balance at 31 December	**10,833**	**-45**	**1,548**	**-2**	**-3,841**	**-229**	**-2,119**	**-25**	**1,325**	**7,445**	**6**	**7,451**

Share capital includes €10,476 million share premium (2007: €10,051 million).
Reference is made to Notes 18 and 19.

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	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 instruments				-839		28				-811		-811
Transfer to provision for profit sharing and bonuses				623						623		623
Net gains/(losses) on available for sale instruments 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	288				-420					-132		-132
Issue, re-purchase and sale from/ to holders of equity instruments	-68	240								172		172
Other movements			1	5	95					101		101
Balance at 31 December	**10,398**	**-45**	**1,227**	**866**	**-4,065**	**-85**	**979**	**14**	**1,084**	**10,373**	**2**	**10,375**

FINANCIAL STATEMENTS

CONSOLIDATED CASH FLOW STATEMENT

(€ MILLION)

	2008	2007
Cash flow from operating activities		
Profit before tax and discontinued operations	-2,620	1,041
Adjustments of non-cash items:		
– Unrealised results on investments	1,803	350
– Foreign exchange difference	86	226
– Impairment and amortisation	569	331
– Dividend income	-137	-259
– Interest income	-2,329	-2,175
– Interest expenses	843	734
Changes in operating assets and liabilities:		
– Capitalised deferred acquisition cost	-43	-86
– Changes in receivables and short-term debts	490	96
– Changes in insurance liabilities	2,686	-321
– Changes in credit portfolio related to banking activities	-285	-889
– Changes in customer accounts, debt securities	-228	2,704
– Other changes	-1,174	-1,493
Income taxes paid	-50	-266
Changes in income tax	-196	-233
	-585	**-240**
Cash flow from investing activities		
Investments and acquisitions:		
– Group companies, associated companies and participating interests	-309	-1,300
– Other investments	-7,621	-7,884
– Equipment and property for own use	-124	-153
– Investment property and equity investments	-5,598	-6,430
– Fixed-income securities	-39,284	-25,858
– Dividends received	141	259
– Interest received	2,135	1,965
	-50,660	**-39,401**
Disinvestments and disposals:		
– Group companies, associated companies and participating interests	1	124
– Other investments	8,162	7,947
– Equipment and property for own use	72	74
– Investment property and equity investments	6,080	6,441
– Fixed-income securities	37,448	25,012
	51,763	**39,598**

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CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(€ MILLION)

	2008	2007
Cash flow related to cash collateral in securities lending		
Investments and acquisitions:		
– Cash collateral received in securities lending	30,730	30,880
– Investments related to cash collateral received in securities lending	-31,142	-30,880
	-412	
Disinvestments and disposals:		
– Repayment of cash collateral received in securities lending	-34,659	-21,664
– Investments related to cash collateral received in securities lending	35,246	21,679
	587	**15**
Cash flow from financing activities		
Issue and sale of shares	8	677
Re-purchase of shares		-505
Issue of other equity instruments	225	
Dividends paid	-113	-132
Interest paid	-859	-654
Other credit facilities	131	609
	-608	**-5**
Net cash flow	**85**	**-33**
Cash and cash equivalents at 1 January	663	597
Change in composition of the Group	21	99
Net cash and cash equivalents at 31 December	**769**	**663**
Cash and cash equivalents include the following items:		
Cash	28	12
Bank balances	957	542
Call deposits	195	291
Less: liability bank balances	411	182
Net cash and cash equivalents at 31 December	**769**	**663**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

A INTRODUCTION

The Eureko Consolidated Financial Statements, including the 2007 comparative figures, have been prepared in accordance with the International Financial Reporting Standards – including International Accounting Standards (IAS) and Interpretations – as at 31 December 2008 and as adopted by the European Union (hereafter EU-IFRS).

The exemption pursuant to Article 402 of Book 2, part 9 of the Dutch Civil Code, applies in the Company Income Statement of Eureko B.V.

In certain cases, current presentation differs from the previous year presentation. Where applicable, comparative figures have been reclassified in the relevant disclosure notes. These reclassifications do not have an effect on Total equity or Net profit.

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 were published by the International Accounting Standard Board (IASB) in 2008 or prior years but are not yet effective for the year ended 31 December 2008, and have not been applied in preparing these Consolidated Financial Statements. This regards:

IAS 1: Presentation of Financial Statements
On 22 May 2008, the IASB 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.

IAS 23: Borrowing Costs
On 29 March 2007, the IASB 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 will have a positive effect on Net profit of Eureko in the year borrowing costs are incurred. This Standard will have no direct impact on Total equity of Eureko. However the borrowing costs will be amortised in the future years.

IAS 32: Financial Instruments: Presentation and IAS 1: Presentation of Financial Statements
On 14 February 2008, the IASB issued amendments to improve the accounting for particular types of financial instruments that have characteristics similar to those of ordinary shares but that at present are classified as financial liabilities. The amendments affect IAS 32, Financial Instruments: Presentation and IAS 1, Presentation of Financial Statements. This amendment is applicable as from the financial year 2009 (with earlier application permitted) and will have no material effect on Net profit or Total equity of Eureko. At the end of 2008 these amendments were not yet endorsed by the European Union.

IAS 39: Financial Instruments: Recognition and Measurement
On 31 July 2008, the IASB issued an amendment to IAS 39 clarifying how the existing principles underlying hedge accounting should be applied in two particular situations (i.e. a one-sided risk in a hedged item and inflation in a financial hedged item). This amendment is applicable as from the financial year 2009 (with earlier application permitted) but not yet endorsed by the European Union. The amendments will have no material effect on Net profit or Total equity of Eureko.

IAS 39: Financial Instruments: Recognition and Measurement and IFRIC 9: Reassessment of Embedded Derivatives
On 22 December 2008, the IASB published for public comment an Exposure Draft, Embedded Derivatives. The proposal is to clarify the accounting treatment for embedded derivatives. The amendments were not adopted by the IASB nor were they endorsed by the European Union at the end of 2008. The amendments will have no material effect on Net profit or Total equity of Eureko.

IFRS 1: First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements
On 22 May 2008, the IASB issued an amendment to IFRS 1, First-time Adoption of International Financial Reporting Standards, related to the cost of an investment in a subsidiary in the

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

separate financial statements of a parent. This amendment is applicable as of the 2009 financial year (with earlier application permitted) and will have no material impact on Eureko. The amendments were not endorsed by the European Union at the end of 2008.

IFRS 2: Share-based payments

On 17 January 2008, the IASB issued an amendment to IFRS 2, Share-based payments. This amendment clarifies that vesting conditions are service conditions and performance conditions only and introduces non-vesting conditions. It also specifies that all cancellations, whether by the entity, the counterparty or by both parties, should receive the same accounting treatment. This amendment is applicable as of the 2009 financial year (with earlier application permitted). Eureko currently reviews the share-based payment schemes in which employees are still within the vesting period to determine whether any conditions need to be reclassified between vesting and non-vesting conditions. To the extent that a condition becomes a non-vesting condition, Eureko will consider whether the grant date fair value of the award needs to be changed retrospectively. Lapsed awards may give rise to an expense under the amendment in situations in which a condition is now deemed to be a non-vesting condition.

IFRS 3: Business Combinations and related revisions to IAS 27: Consolidated Separate Financial Statements

On 10 January 2008, the IASB published a revised version of IFRS 3, Business Combinations and related revisions to IAS 27, Consolidated Separate Financial Statements. In the new version of IFRS 3, transaction costs directly attributable to the acquisition are no longer included in the cost of the business combination. Furthermore, under IFRS 3 the acquirer can elect to measure any non-controlling interest at fair value at the acquisition date, or at its proportionate interest in the fair value of the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis. This revised version of IFRS 3 is not yet endorsed by the European Union. This amendment is applicable for new business combinations.

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 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 Union. This Interpretation is expected to have no impact on Net profit or Total equity of Eureko.

IFRIC 15: Agreements for the Construction of Real Estate

The objectives of IFRIC 15 are to provide guidance on how to determine whether an agreement for the construction of real estate is within the scope of IAS 11 Construction Contracts or IAS 18 Revenue and when revenue from the construction should be recognised. This Interpretation is effective as of 1 January 2009. This Interpretation is not yet endorsed by the European Union. This Interpretation is expected to have no impact on Net profit or Total equity of Eureko.

IFRIC 16: Hedges of a Net Investment in a Foreign Operation

The objective of IFRIC 16 is to provide guidance on accounting for the hedge of a net investment in a foreign operation in the entity's consolidated financial statements. IFRIC 16 eliminates the possibility of an entity applying hedge accounting for a hedge of the foreign exchange differences between the functional currency of a foreign operation and the presentation currency of the parent's consolidated financial statements. This Interpretation is effective as of 1 October 2008. This Interpretation is not yet endorsed by the European Union. This Interpretation is expected to have no impact on Net profit or Total equity of Eureko.

IFRIC 17: Distributions of Non-cash Assets to Owners

The objective of IFRIC 17 is to standardise practice in the accounting treatment of distribution of non-cash assets to owners. This Interpretation is effective as of (for annual periods beginning on or after) 1 July 2009. This Interpretation is not yet endorsed by the European Union. The interpretation is expected to have no impact on Net profit or Total equity of Eureko.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Improvements to International Financial Reporting Standards – 2007 (affects various standards)

On 22 May 2008, the IASB issued 'Improvements to IFRSs', a collection of minor amendments to a number of IFRSs. On 27 November 2008, the IASB published a reformatted version of IFRS 1. At the end of 2008, the improvements had not been endorsed by the European Union. These amendments have different application dates and have no material effect on Eureko.

B CHANGES IN REPORTING

Changes in accounting estimates

In the second half of 2008, Eureko refined its quantitative criteria for determining when an impairment on investments in equity instruments should be accounted for. Due to the turbulence in the financial markets and the sharp decline in value of equity instruments, Eureko decided to evaluate its criteria for defining a significant or prolonged decline in value. The criteria formerly applied were 30% below cost price for a waiting period of three months (significant) and at least 10% below cost price during 12 months (prolonged). In the second half of 2008, Eureko decided that equity investments that are 20% below cost price (significant) and equity investments that are below cost for 12 consecutive months (prolonged) will be assesed and labelled 'impaired'. This change in accounting estimate was applied retrospectively. The cumulative negative impact of this change in accounting estimates on Profit before tax for 2008 amounts to €338 million and is reported as part of Realised and unrealised gains and losses. If these criteria had been applied during the first half of 2008, Profit before tax as reported for the first half of 2008 would have decreased by an amount of €666 million. The future impact depends on developments of the financial markets and is therefore difficult to predict.

C 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 in 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.

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;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

– The asset is actively marketed for sale at a price that is reasonable in relation to its current fair value; and
– The sale is 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.

D ACCOUNTING FRAMEWORK

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

Recognition

Assets are resources controlled by Eureko that arise from past events and that 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 cost or value of the item can be reliably measured. Liabilities arise from past events and 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.

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 financial 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

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or where Eureko has transferred substantially all risks and rewards of ownership. If Eureko neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, it derecognises the financial asset if it no longer has control over the asset. In transfers where control over the asset is retained, Eureko continues to recognise the asset to the extent of its continuing involvement. The extent of continuing involvement is determined by the extent to which Eureko is exposed to changes in the value of the asset.

A financial liability (or a part of a financial liability) is derecognised from the balance sheet when, and only when it is extinguished (i.e. when the obligation specified in the contract is discharged or cancelled or expired).

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 financial assets and financial liabilities.

Foreign currency differences

Items included in the financial statements of all Eureko's subsidiaries are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in euros, which is Eureko's functional and presentation currency.

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.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in Net profit, except when deferred in equity as part of qualifying cash flow hedges or qualifying net investment hedges.

The net asset value of 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 rates 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.

Impairment

In general, an impairment of assets exists when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. 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.

Intangible assets acquired in a business combination that have a finite life will be tested for impairment when an indication of impairment is identified. Irrespective of whether there is any indication of an event leading to an impairment test, Eureko tests goodwill acquired in a business combination for impairment annually. Intangible assets with an indefinite life will also be tested for impairment annually.

At each reporting date, Eureko assesses whether there is objective evidence that may lead to the recognition of an impairment of a recognised asset. In case of investments in equities classified as available for sale, objective evidence that the cost may not be recovered can be demonstrated through a significant or prolonged decline in the fair value below its cost. In case of fixed-income securities an asset is impaired if there is objective evidence as a result of one or more events and that loss event has an impact on the estimated future cash flows of the financial instrument (incurred 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 increase 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 are 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. An impairment loss regarding goodwill and intangible assets with an indefinite life is not reversed. Impairment losses on fixed-income securities classified as 'Available for sale' will be reversed through the Income Statement; impairment losses on equity instruments classified as 'Available for sale' will be reversed through the Revaluation reserve, part of Total equity.

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.

Estimates and assumptions

Estimates and assumptions are used in the preparation of the Eureko Consolidated Financial Statements. These estimates and assumptions affect the reported amounts of the assets and liabilities and the amounts of the contingent assets and liabilities at the balance sheet date, as well as reported income and expenses for the year. The actual outcome may differ from these estimates.

A more elaborate description is presented in section H of this disclosure note and, if relevant, in the other disclosure notes to the Eureko Consolidated Financial Statements.

NOTES TO THE 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.

Finance leases

Finance 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 finance income and the amortisation of the outstanding capital. The recognition of finance income reflects a constant periodic rate of return on the outstanding balance of the finance lease.

E 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. Transactions between segments are settled at 'arm's-length'.

F 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. For the purpose of impairment testing, goodwill is allocated to the Cash Generating Units (CGU) that are expected to benefit from the business combination. This is done on the basis of synergies expected to be realised by the combination. 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
– There is a clear indication of a future market for the product or process, or its usefulness can be demonstrated.

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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 the appropriate useful life, with a maximum of 20 years, on a case-by-case basis. 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 straight-line 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 a 'multi-period excess earnings method', with the use of market observable variables and management expectations. The valuation techniques used are commonly applied within the industry.

Based on management expectations, Eureko assesses the appropriate useful life, generally not exceeding 20 years, on a case-by-case basis. 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. Acquisition costs paid to a third party and related to Greenfield operations are included under Other intangible assets. Greenfield operations are activities which are at a start-up phase, where Eureko sets up a business activity itself and does not acquire a company or portfolio of insurance contracts. Greenfield operations usually do not exceed a period of more than one year.

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 the appropriate useful life, generally not exceeding 20 years, on a case-by-case basis. 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 when incurred.

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 as Other expenses. Intangible assets are amortised from the date they are available for use.

Impairments

An intangible asset is impaired when the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. The 'fair value less costs to sell' is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. Value in use is the present value of estimated

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.
At each reporting date, Eureko assesses if an impairment loss for an asset (other than goodwill/intangibles with an indefinite life) recognised in prior periods may no longer exist or may have decreased. Eureko considers the various indicators, such as whether the asset's market value has increased significantly during the period; significant changes with a favourable effect on Eureko have taken place during the period (technological, market, economic or legal environment); and market interest rates have decreased and are likely to affect the discount rate used in calculating value in use and increase the recoverable amount materially.

Impairment losses are recognised as Other expenses in the Income Statement.

Investments

Classification of investments

Investments classified as 'Available for sale'
The classification 'Available for sale' is used for all investments of Eureko that are backing '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 if the fair value of the fixed-income securities increases subsequently. 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 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 will 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 uncollectibility. If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's

carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). A new amortised cost schedule is determined which governs the future interest income recognised in the Income Statement. The interest income recognised on an impaired loan is disclosed separately.

The carrying amount of the financial asset is reduced through use of an allowance account and the amount of the impairment loss is recognised in the Income Statement. Amounts are only removed from the Balance Sheet when the financial asset is fully derecognised (the allowance account is credited against the financial asset).

Derivatives

Eureko uses derivatives (i.e. 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 embedded in other 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).

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 I).

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 as '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, and 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 and assumptions. 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 method.

Investments backing linked liabilities

Investments backing linked liabilities are investments where the policyholder bears the investment risk or which are backing '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 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 the non-techni-

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cal account, based on the level of the insurance liabilities and allocated capital.

Banking credit portfolio

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 some of its banking and treasury operations. See also Hedge accounting (section I).

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) and which 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.

Any unrecoverability as a result of loss recognition testing leads to a subsequent impairment loss. The impairment loss is included in the operating expenses.

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

Deferred acquisition costs related to Greenfield operations are not part of Deferred acquisition costs, but are included within Other Intangible assets.

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 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 amortisation 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

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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. The useful economic life of each building 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 Income Statement. However, the decrease will 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 Eureko's free disposal. They can only be used to repay the collateral provided by the borrower on 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 of 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 is presented as a separate component within Total equity and is equal to the minority interest share in the subsidiary's equity.

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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 cover provided.

A loading for expenses is included in premiums. 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 costs 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 and are based on the prudency guidelines of the supervisory authorities and/or contractually agreed. Most of the variables used in the models for the insurance liabilities are based on objective, externally published data or, when not available, sufficient internal data.

Where 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 respective 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 carry 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.

Eureko tests the adequacy of the recognised insurance liabilities and related assets, always at the balance sheet date and more often if deemed necessary. 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 a loss by first 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 the current tables used in the industry, which are adjusted to reflect Eureko's own experience and to allow for the trend in the 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'. All fair value changes are transferred to the 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%,

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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 value of Profit sharing and bonuses 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 increasing 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 calculation 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 Total equity and subsequently transferred to 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.

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 the reporting date. These claims are determined either case-by-case or statistically. This provision also includes 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 judgment 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, subrogation and other expected recoveries from third parties. These are accounted for under non-insurance assets acquired by exercising rights to recoveries, as 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 claim payments, calculated on the basis of a fixed interest rate (3%). Waiting periods are taken into account when determining the provision. The average term is 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

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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'. The future benefits that employees have earned in return for their service in the current period and prior periods is estimated using this method. 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 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 or 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 one 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

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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 Eureko's financial risk management policy. See also Hedge accounting (section I).

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.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at balance sheet date, and any adjustment to current tax 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 interest or rebates are received on the collateral, the amortised cost equals the nominal value.

G 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.

H KEY ACCOUNTING ESTIMATES

For the measurement of certain balance sheet items, Eureko uses assumptions and estimates concerning future results or other developments, including the likelihood, timing or amounts of future transactions or events. There can be no assurance that the actual results will not differ materially from those estimates. The accounting policies that are most critical to Eureko's business operations and to the understanding of its results, and which involve complex or subjective decisions or assessments, are presented below.

Impairment testing of intangible assets

Asset recoverability is an area involving management judgment. It requires assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters. EU-IFRS requires management to

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undertake an annual test for impairment of assets with an indefinite life (including goodwill) and, for assets with a finite life, to test for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment testing is subjective in nature and significant judgment is involved in projecting the cash flows related to the intangible assets.

Assumptions regarding goodwill impairment testing relate amongst others to the growth rate and discount rate and are further disclosed in note 5, 'Intangible assets'.

Fair value of financial assets determined using valuation techniques

In the absence of an (active) market, the fair value of non-quoted investments in financial assets is estimated by using present value or other valuation techniques. For example, the fair value of non-quoted fixed interest debt instruments is estimated by discounting expected future cash flows using a current market rate applicable to financial instruments with similar yield, credit quality and maturity characteristics. Valuation techniques are subjective in nature and significant judgment is involved in establishing fair values for certain financial assets and liabilities. Valuation techniques involve various assumptions regarding the pricing factors. The use of different valuation techniques and assumptions could have an effect on fair value.

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 non-euro subsidiaries.

Impairment of financial assets

There are a number of significant risks and uncertainties inherent in the process of monitoring investments and determining if impairment exists. These risks and uncertainties include the risk that Eureko's assessment of an issuer's ability to meet all of its contractual obligations will change based on changes in the credit characteristics of that issuer, and the risk that the economic outlook will be worse than expected or have more of an impact on the issuer than anticipated.

A fixed-income security is impaired if there is objective evidence that an event has occurred after the initial recognition of the asset that has a negative impact on the estimated future cash flows. A specific fixed-income security is considered to be impaired when it is determined that it is probable that not all amounts due (both principal and interest) will be collected as scheduled.

Objective evidence of impairment of an investment in an equity instrument classified as Available for sale includes information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered. A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is also objective evidence of impairment. Equity securities held in an unrealised loss position that are below cost for over 12 months, or significantly below cost (20%) at the balance sheet date, are impaired; when determining the impairment, the quantitative factors are also used to determine if an impairment is required before these thresholds are met.

In the banking credit portfolio, future cash flows are evaluated for impairments for a portfolio of financial assets on the basis of the contractual cash flows of the assets in the portfolio and historical loss experience for assets with credit-risk characteristics similar to those in the portfolio. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based, and to remove the effects of conditions in the historical period that do not exist currently. Current observable data may include changes in unemployment rates, property prices and commodity prices. The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Recognition of deferred tax assets

Deferred tax assets are established for the tax benefit related to deductible temporary differences, carry-forwards of unused tax losses, and carry-forwards of unused tax credits when, in the management's judgment, it is more likely than not that

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Eureko will receive the tax benefits. As there is no absolute assurance that these assets will ultimately be realised, management reviews Eureko's deferred tax positions periodically to determine if it is more likely than not that the assets will be realised. Furthermore, management considers tax-planning strategies it can utilise to increase the likelihood that the tax assets will be realised.

Other receivables – Health segment

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) that cover the complete duration of medical treatment; claim compensation for separate treatments is specified. The final settlement is determined at the end of the treatment period. The implementation of this DBC-method put significant pressure on Dutch hospital administrations. As a consequence, although the claims related to 2006 are largely settled, settlement has not yet been achieved for 2007 and 2008 and estimates were made.

Furthermore, hospitals were over-financed in 2005, 2006 and 2007 (for 2008, Eureko expects the effect of this to be negligible, either a minor negative or positive). This means the hospitals received more income than budgeted and this has to be reimbursed to the insurers. Therefore, insurers correct hospital claims by these amounts. However, for 2007 and 2008, these amounts are only estimates and final settlement will only occur when actual data are available. In its financial reporting, Eureko takes claim corrections due to over-financing of hospitals into account. Eureko's risk on hospital claims is mitigated due to the macro-neutrality of the equalisation fund (including standard nominal premium) payments for all insurers to the actual level of hospital claims (corrected for over-financing).

Insurance liabilities including deferred acquisition costs (DAC) and value of business acquired (VOBA)

The valuation of insurance liabilities, including DAC and VOBA, is an inherently uncertain process, involving assumptions about factors such as changes in laws, social, economic and demographic trends, inflation, investment returns, policyholder behaviour and other factors, and, in the life and part of the health insurance business, assumptions concerning mortality and morbidity trends. Specifically, significant assumptions related to these items that could have a material impact on financial results include interest rates, mortality, morbidity, property and casualty claims, foreign-currency exchange rates and assumptions used in the liability adequacy test.

For the calculation of the insurance liabilities of the Dutch basic health insurance, the data used to calibrate the provision are based on historical information gathered from public healthcare, private healthcare and estimates. This may result in a flawed distribution of the equalisation fund among health insurers. As it takes some years before all relevant information is final, results on the equalisation fund (including standard nominal premium) and claims level are preliminary and will probably shift between insurers for some years. Eureko re-assesses provisions for the underwriting year on an annual basis based on the latest information on claims level and macro-neutrality and settlements with the Dutch government (equalisation fund allocation for the underwriting year in question). When appropriate, Eureko has made additional provisions. Therefore, changes in the equalisation fund allocation for prior underwriting years will have an effect on results in the coming years.

In addition, the adequacy of provision for life policies, net of DAC and VOBA, is evaluated regularly. The assumptions used 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 (e.g. mortality tables), and similar bodies throughout Europe. Where possible, Eureko uses market observable variables and models/techniques which are commonly used in the sector. The use of different assumptions in this evaluation could lead to a different outcome.

Insurance liabilities also include the impact of minimum guarantees which are contained within certain insurance products. This impact is dependent on the difference between the potential minimum benefits payable, and the total account balance, expected mortality and surrender rates. The determination of the potential minimum benefits payable also involves the use of assumptions about factors such as inflation, investment returns, policyholder behaviour, and mortality and morbidity trends. The use of different assumptions about these factors could have an effect on insurance provisions and underwriting expense.

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Valuation of defined benefit plans

The liability recognised in the balance sheet in respect of the defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date, less the fair value of the plan assets, together with adjustments for unrecognised actuarial gains and losses, and unrecognised past service costs. The determination of the defined benefit plan liability is based on actuarial models and calculations using the projected unit credit method. Inherent in these actuarial models are assumptions including discount rates, rates of increase in future salary and benefit levels, mortality rates, healthcare costs trend rates, consumer price index, and the expected return on plan assets. The assumptions are based on available market data and the historical performance of plan assets, and are updated annually. The actuarial assumptions may differ significantly from the actual results due to changes in market conditions, economic and mortality trends, and other assumptions. Any changes in these assumptions could have an impact on the valuation of defined benefit plans and the level of pension expenses recognised in the future may be affected.

Recognition of other provisions

Other provisions are established for contingent liabilities when it is probable that a past event has given rise to a present obligation or loss and the amount can be reasonably estimated. Management exercises judgment in evaluating the probability that a loss will be incurred. The estimate of the amount of a loss requires management judgment in the selection of a proper calculation model and the specific assumptions related to the particular exposure.

Recognition of (contingent) assets

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise. When the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

I HEDGE ACCOUNTING

Eureko may apply 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 Total equity into a separate component. Only the fair value changes related to the unused part of the hedging instrument and ineffective part of the hedge relationship are recognised in the Income Statement. Amounts accumulated in Total equity are recycled into the Income statement in the periods in which the hedged item affects net profit.

J FAIR VALUE

The following summarises the main methods (and assumptions) used in estimating the fair values of financial instruments reflected in the Eureko Consolidated Financial Statements.

The fair value measurement of investments follows a fair value hierarchy. Valuation is related to the existence of an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. Fair value is defined in terms of a price agreed by a willing buyer and a willing seller in an arm's length transaction.

The following levels in the fair value hierarchy are identified:
- Level 1: Quoted prices in active markets for the same instrument (i.e. without modification or repackaging);
- Level 2: Quoted prices in active markets for similar assets or liabilities or other valuation techniques for which all significant inputs are based on observable market data;
- Level 3: Valuation techniques for which any significant input is not based on observable market data.

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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.

The fair value for fixed-income securities is calculated based on quoted market prices or, 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 transferred to Investments or Investments in associated companies at the moment they are listed on an accepted stock exchange. If 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 quoted market price is based on discounted cash flows using interest rates for new debts with similar remaining maturity.

The valuation principles applied reflect the way management reports internally and is subject to a governance and controls structure over the valuation process within Eureko (e.g. application and verification of fair value measurement by internal or external experts, calibration and back testing of valuation models, analyses of valuation movements).

The fair value of Investment property is based on appraisals by 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Foreign currencies

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

		CLOSING RATES		AVERAGE RATES	
		2008	2007	2008	2007
Australian dollar	AUD	2.0250	1.6750	1.7395	1.6329
Canadian dollar	CAD	1.7080	1.4420	1.5577	1.4665
Danish kronar	DKK	7.4500	7.4580	7.4560	7.4505
Japanese yen	JPY	126.4000	165.0000	152.2631	161.0755
Polish zloty	PLN	4.1700	3.5800	3.5093	3.7807
Pound sterling	GBP	0.9542	0.7333	0.7952	0.6835
Russian rouble	RUB	41.2830	35.9860	38.6345	35.3330
Slovak koruna	SKK	30.1260	33.5000	31.2276	33.7370
Swedish kronar	SEK	10.9100	9.4150	9.6045	9.2426
Swiss franc	CHF	1.4880	1.6550	1.5867	1.6424
Turkish lira	TRY	2.1470	1.7150	1.9041	1.7831
US dollar	USD	1.4000	1.4735	1.4698	1.3694

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 both items directly attributable to a segment and 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 various operating companies sell their products:
- **Achmea:** the Netherlands, Belgium and Luxembourg.
- **Friends First:** Ireland.
- **Interamerican Greece:** Greece.
- **Union:** Slovakia.
- **Eureko Sigorta:** Turkey.
- **Oranta:** Russia.
- **Other:** France, Cyprus, Bulgaria, and Romania.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SEGMENT GROUP CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2008

(€ MILLION)

2008	LIFE INSURANCE	NON-LIFE INSURANCE	HEALTH	BANKING	OTHER ACTIVITIES	INTERSEGMENT ADJUSTMENTS	TOTAL 2008
Assets							
Intangible assets	353	205	118		1,590		2,266
Investments in associated companies and participating interests	16	4	2		2,495		2,517
Investment property	1,440	13	4	17	55		1,529
Investments	26,257	5,261	4,902	723	435	-2,856	34,722
Investments backing linked liabilities	17,392		24				17,416
Banking credit portfolio				18,921			18,921
Deferred tax assets	510	48	33	47	45	585	1,268
Deferred acquisition costs	327	115	44				486
Income tax receivable	330	32	28	5	49	-432	12
Amounts ceded to re-insurers	690	440	51				1,181
Receivables	817	601	3,011	76	541	-977	4,069
Other assets	4	351	221	187	512	-19	1,256
Investments of cash collateral received in securities lending	3,992	892	173				5,057
Cash and cash equivalents	1,362	246	475	179	421	-1,503	1,180
	53,490	**8,208**	**9,086**	**20,155**	**6,143**	**-5,202**	**91,880**
Assets classified as 'held for sale'	573						573
Total assets	**54,063**	**8,208**	**9,086**	**20,155**	**6,143**	**-5,202**	**92,453**
Capital and reserves	3,074	1,014	1,973	644	740		7,445
Minority interest	6						6
Total equity	**3,080**	**1,014**	**1,973**	**644**	**740**		**7,451**
Liabilities							
Insurance liabilities	26,350	4,191	6,521			-591	36,471
Insurance liabilities for policyholders	15,442		10				15,452
Investment contracts	2,207						2,207
Employee benefits	6	2	37	1	557	591	1,194
Other provisions	55	12	52	11	192		322
Banking customer accounts				6,436		-1,348	5,088
Loans and borrowings	14	92	46	11,938	2,304	-981	13,413
Derivatives				782	77		859
Deferred tax liabilities	427	93	11	2		-7	526
Income tax payable	3	3	52	53		159	270
Liabilities related to cash collateral received in securities lending	4,165	938	184				5,287
Other liabilities	1,767	1,863	200	288	2,273	-3,025	3,366
	50,436	**7,194**	**7,113**	**19,511**	**5,403**	**-5,202**	**84,455**
Liabilities classified as 'held for sale'	547						547
Total liabilities and Total equity	**54,063**	**8,208**	**9,086**	**20,155**	**6,143**	**-5,202**	**92,453**

The intersegment adjustments consist of the elimination of intersegment finance activities.
The following capital expenditures are included in segments: Life insurance €43 million (2007: €253 million), Non-Life insurance €9 million (2007: €8 million), Health €6 million (2007: €10 million), Banking €18 million (2007: €9 million) and Other activities including intersegment adjustments €78 million (2007: €111 million).

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	502	309	128		1,450		2,389
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
	59,817	**8,341**	**10,067**	**19,110**	**9,095**	**-6,293**	**100,137**
Assets classified as ‘held for sale’	445						445
Total assets	**60,262**	**8,341**	**10,067**	**19,110**	**9,095**	**-6,293**	**100,582**
Capital and reserves	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	17,757		32				17,789
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
	55,805	**6,661**	**8,185**	**18,498**	**6,916**	**-6,293**	**89,772**
Liabilities classified as ‘held for sale’	435						435
Total liabilities and Total equity	**60,262**	**8,341**	**10,067**	**19,110**	**9,095**	**-6,293**	**100,582**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SEGMENT GROUP CONSOLIDATED INCOME STATEMENT FOR THE YEAR 2008

(€ MILLION)

	LIFE INSURANCE	NON-LIFE INSURANCE	HEALTH	BANKING	OTHER ACTIVITIES	INTERSEGMENT ADJUSTMENTS	TOTAL 2008
Income							
Gross written premiums	4,231	3,084	11,991				19,306
Re-insurance premiums	-187	-272	-463				-922
Change in provision for unearned premiums (net)		-47	-9				-56
Net earned premiums	**4,044**	**2,765**	**11,519**				**18,328**
Contributions received for health pooling			51				51
Income from associated companies and participating interests					-553		-553
Investment income	1,207	251	153		44	-125	1,530
Realised and unrealised gains and losses	-662	-479	40		-61	13	-1,149
Income from investments backing linked liabilities	-3,319		-5				-3,324
Banking income				988		-2	986
Fee and commission income, and income from service contracts	22		263		356	-9	632
Income from investments related to cash collateral received in securities lending	187	59	14				260
Other income	36	38	78		85	-72	165
Total income	**1,515**	**2,634**	**12,113**	**988**	**-129**	**-195**	**16,926**
Expenses							
Net claims and movements in insurance liabilities	4,548	1,798	10,802			-6	17,142
Profit sharing and bonuses	191		8				199
Movements in insurance liabilities for policyholders	-1,885						-1,885
Benefits on investment contracts	-996						-996
Operating expenses	722	876	1,124	130	748	-12	3,588
Banking expenses				770		-27	743
Interest and similar expenses	11	4	11		190	-84	132
Interest expenses from liabilities related to cash collateral received in securities lending	211	69	18				298
Other expenses	73	95	65	52	106	-66	325
Total expenses	**2,875**	**2,842**	**12,028**	**952**	**1,044**	**-195**	**19,546**
Profit before tax and discontinued operations	**-1,360**	**-208**	**85**	**36**	**-1,173**		**-2,620**
Income tax expenses							-502
Profit after tax before discontinued operations							**-2,118**
Discontinued operations (net of tax)							
Net profit							**-2,118**

The following amortisation charges are included in the segments: Life insurance €50 million (2007: €51 million), Non-Life insurance €66 million (2007: €62 million), Health €33 million (2007: €18 million), Banking €1 million (2007: €1 million) and Other activities €83 million (2007: €79 million).
The following sum of all impairments were recognised in the segments: Life insurance €736 million (2007: €7 million), Non-Life insurance €348 million (2007: €3 million), Health €53 million (2007: €1 million), Banking €21 million (2007: €4 million) and Other activities €819 million (2007: €0 million).

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	1,187					-1	1,186
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	86	59	39	6	94	19	303
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**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

TECHNICAL ACCOUNT LIFE INSURANCE

(€ MILLION)

	2008	2007
Income		
Gross written premiums Life	4,231	4,417
Re-insurance premiums	-187	-205
Net written premiums	**4,044**	**4,212**
Change in provision for unearned premiums		
Net earned premiums	**4,044**	**4,212**
Investment income	1,298	1,319
Realised and unrealised gains and losses	-662	-132
Income from investments backing linked liabilities	-3,319	477
Other technical income	11	17
Total income	**1,372**	**5,893**
Expenses		
Gross claims policyholders	4,711	4,165
Re-insurer's share	-92	-103
	4,619	**4,062**
Changes in provisions for Life insurance	-50	-393
Re-insurer's share	-21	-130
	-71	**-523**
Claims net of re-insurance	**4,548**	**3,539**
Profit sharing and bonuses	191	25
Movements in insurance liabilities for policyholders	-1,885	1,187
Benefits on investment contracts	-996	-145
Operating expenses	722	690
Investment expenses	91	84
Interest and similar expenses	11	10
Investment income allocated to the non- technical account	-648	201
Other technical expenses	48	16
Total expenses	**2,082**	**5,607**
Result technical account Life	**-710**	**286**

NON-TECHNICAL ACCOUNT LIFE INSURANCE

(€ MILLION)

Income		
Result technical account Life	-710	286
Allocated investment income	-648	201
Other investment income non-technical account Life		-2
Fee and commission income, and income from service contracts	22	25
Income from investments related to cash collateral received in securities lending	187	205
Other income	25	20
Total income	**-1,124**	**735**
Expenses		
Interest expenses from liabilities related to cash collateral received in securities lending	211	194
Other expenses	25	71
Total expenses	**236**	**265**
Profit before tax and discontinued operations	**-1,360**	**470**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

TECHNICAL ACCOUNT NON-LIFE INSURANCE

(€ MILLION)

	2008	2007
Income		
Gross written premiums Non-Life	3,084	2,915
Re-insurance premiums	-272	-206
Net written premiums	**2,812**	**2,709**
Change in provision for unearned premiums	-51	-42
Re-insurer's share	4	-10
Net earned premiums	**2,765**	**2,657**
Investment income	259	228
Realised and unrealised gains and losses	-479	10
Other technical income	6	1
Total income	**2,551**	**2,896**
Expenses		
Gross claims policyholders	1,893	1,757
Re-insurer's share	-112	-89
	1,781	**1,668**
Gross change in outstanding claims provisions	67	115
Re-insurer's share	-50	1
	17	**116**
Claims, net of re-insurance	**1,798**	**1,784**
Profit sharing and bonuses		-5
Operating expenses	876	777
Investment expenses	8	8
Interest and similar expenses	4	6
Investment income allocated to the non-technical account	-340	68
Other technical expenses	33	5
Total expenses	**2,379**	**2,643**
Result technical account Non-Life	**172**	**253**

NON-TECHNICAL ACCOUNT NON-LIFE INSURANCE

(€ MILLION)

	2008	2007
Income		
Result technical account Non-Life	172	253
Allocated investment income	-340	68
Income from investments related to cash collateral received in securities lending	59	55
Other income	32	33
Total income	**-77**	**409**
Expenses		
Interest expenses from liabilities related to cash collateral received in securities lending	69	52
Other expenses	62	61
Total expenses	**131**	**113**
Profit before tax and discontinued operations	**-208**	**296**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

TECHNICAL ACCOUNT HEALTH

(€ MILLION)

	2008	2007
Income		
Gross written premiums Health	5,852	5,048
Contribution received from ZvF *	6,139	2,473
Gross written premiums	**11,991**	**7,521**
Re-insurance premiums	-19	-13
Re-insurance premiums HKC *	-444	-607
Net written premiums	**11,528**	**6,901**
Change in provision for unearned premiums	-9	-21
Net earned premiums	**11,519**	**6,880**
Contributions received for health pooling	51	-91
Investment income	155	94
Realised and unrealised gains and losses	40	71
Income from investments backing linked liabilities	-5	1
Other technical income	31	20
Total income	**11,791**	**6,975**
Expenses		
Gross claims policyholders	10,764	7,393
Re-insurer's share gross claims	-9	-19
Re-insurer's share HKC *	-460	-589
	10,295	**6,785**
Gross change in outstanding claims provisions	471	-722
Re-insurer's share	36	19
	507	**-703**
Claims, net of re-insurance	**10,802**	**6,082**
Profit sharing and bonuses	8	65
Operating expenses	802	642
Investment expenses	2	2
Interest and similar expenses	2	1
Investment income allocated to the non-technical account	-41	38
Other technical expenses	22	21
Total expenses	**11,597**	**6,851**
Result technical account Health	**194**	**124**

** See glossary of terms*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NON-TECHNICAL ACCOUNT HEALTH

(€ MILLION)

	2008	2007
Income		
Result technical account Health	194	124
Allocated investment income	-41	38
Other investment income non-technical account Health		-1
Fee and commission income, and income from service contracts	263	264
Negative goodwill		
Income from investments related to cash collateral received in securities lending	14	25
Other income	47	39
Total income	**477**	**489**
Expenses		
Investment and interest expenses	9	7
Operating expenses	322	300
Interest expenses from liabilities related to cash collateral received in securities lending	18	23
Other expenses	43	18
Total expenses	**392**	**348**
Profit before tax and discontinued operations	**85**	**141**

INCOME STATEMENT BANKING

(€ MILLION)

	2008	2007
Interest income	948	904
Interest expenses	-757	-747
Net interest margin	**191**	**157**
Commission income	17	25
Commission expense	-13	-13
Net commission income	**4**	**12**
Realised and unrealised results	16	9
Other operating income	7	6
Operating income	**218**	**184**
Operating expenses	130	134
Other expenses	52	2
Total expenses	**182**	**136**
Profit before tax and discontinued operations	**36**	**48**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

INCOME STATEMENT OTHER ACTIVITIES

(€ MILLION)

	2008	2007
Income		
Income from associated companies and participating interests	-553	383
Investment income	44	70
Realised and unrealised gains and losses	-61	20
Fee and commission income, and income from service contracts	356	367
Other income	85	94
Total income	**-129**	**934**
Expenses		
Operating expenses	748	567
Interest expenses	190	181
Other expenses	106	94
Total expenses	**1,044**	**842**
Profit before tax and discontinued operations	**-1,173**	**92**

GEOGRAPHICAL SEGMENT REPORTING, INCLUDING INTERGROUP ADJUSTMENTS

(€ MILLION)

	BENELUX	IRELAND	GREECE	SLOVAKIA	TURKEY	RUSSIA	OTHER	TOTAL 2008	TOTAL 2007
Gross written premiums Life	3,748	253	120	12			98	4,231	4,417
Gross written premiums Non-Life	2,609		170	22	254		29	3,084	2,915
Gross written premiums Health	11,722		113	154			2	11,991	7,521
Total gross written premiums	**18,079**	**253**	**403**	**188**	**254**		**129**	**19,306**	**14,853**
Banking income	924	62						986	939
Fee and commission income, and income from service contracts	528	4	100					632	643
Total assets	84,884	5,195	1,742	150	374	107	1	92,453	100,582
Capital expenditure	134	2	10	1	6		1	154	391

3 HELD FOR SALE AND DISCONTINUED OPERATIONS

DFA Services B.V.

On 5 June 2008, an agreement was signed to divest 100% of the shares in DFA Services B.V., a subsidiary providing administrative services for healthcare providers. Proceeds from the transaction for Eureko were €3 million. The 2007 Total income for DFA Services B.V. was €5 million. Closing took place on 9 September 2008. DFA Services was part of segment 'Other'.

Interpolis Luxembourg S.A.

On 30 May 2008, an agreement was signed to divest the business portfolio of Interpolis Luxembourg S.A. for a consideration of €2 million. Closing took place on 25 November 2008. Interpolis Luxembourg S.A. provided life insurance products to Rabobank

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

customers living abroad. The 2007, Total income of Interpolis Luxembourg S.A. was €3 million. Assets and liabilities of Interpolis Luxembourg S.A. were re-classified to Assets classified as 'held for sale' and Liabilities classified as 'held for sale' as of December 2007. The business portfolio of Interpolis Luxembourg S.A. was part of the Life segment.

Medicom Systems S.A.

On 31 July 2008, an agreement was signed to sell Eureko's stake in Medicom Systems S.A. to South Eastern Europe Fund L.P. (SEEF). Medicom Systems S.A. is the holding company for Euroclinic Athens and Euroclinic Children's hospital. Closing took place on 17 December 2008.

The transaction included the sale of 100% of the Medicom Systems shares to a new leveraged investment vehicle, Hippokrates B.V., for a total consideration of €110 million, while at the same time acquiring a 25% stake in Hippokrates B.V. for €20 million. The stake in Hippokrates B.V. is accounted for as Associated company (refer to Note 6). Both Eureko and SEEF also entered into a long-term partnership to develop and provide high-quality healthcare products and services in Greece. In 2008, Euroclinic Athens and Euroclinic Children's hospital contributed a net profit of €4 million. The operations were part of the Health segment.

Império France S.A.

By the end of 2008, Eureko decided to terminate and sell its life insurance activities in France. 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'. The contribution to net profit 2008 amounts to €-6 million.

The operations discontinued during 2008 do not represent major lines of business or geographical areas of operations and are of no material impact to Eureko. As a consequence, the result on net profit is not separately disclosed in the Income Statement.

4 BUSINESS COMBINATIONS

Business combination Eureko – In Motion Health Centers B.V.

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 opened two new Achmea Health Centers in 2008.

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

	(€ MILLION)
Cost paid in cash	8
Less: fair value of the net assets acquired	3
Goodwill	5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

	ACQUIREE'S CARRYING AMOUNT 1 JAN 2008	FAIR VALUE 1 JAN 2008
Assets		
Other assets	4	4
Total assets	**4**	**4**
Liabilities		
Other liabilities	1	1
Total liabilities	**1**	**1**
Equity	**3**	**3**

The acquired business contributed €1 million to the net profit of Eureko in 2008.

Business Combination Achmea Verzekeringsholding N.V. – N.V. Risicofonds voor het Onderwijs

On 4 June 2008, an agreement was signed to acquire 100% of the shares of N.V. Risicofonds voor het Onderwijs, a specialist insurance company covering absenteeism risks in the education sector. The transaction price was €12 million. Closing took place on 1 September 2008.

The acquired business contributed net premiums of €8 million and net profit of €1 million to Eureko for the period from acquisition. Had the acquisition occurred at the beginning of the financial year, premiums would have been €24 million, and net profit would have been €3 million.

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

COST OF THE BUSINESS COMBINATION (€ MILLION)

Cost paid in cash	12
Less: fair value of the net assets acquired	5
Goodwill	7

No intangible assets were identified in this business combination.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

THE PROVISIONAL CARRYING AMOUNT OF THE ASSETS AND LIABILITIES ACQUIRED ARE: (€ MILLION)

	ACQUIREE'S CARRYING AMOUNT 1 SEP 2008	FAIR VALUE 1 SEP 2008
Assets		
Investments	5	5
Other assets	2	2
Cash and cash equivalents	15	15
Total assets	**22**	**22**
Liabilities		
Insurance liabilities	13	13
Other liabilities	4	4
Total liabilities	**17**	**17**
Equity	**5**	**5**

Business Combination Eureko Eastern Europe B.V. – Oranta

On 11 September 2008, an agreement was signed to acquire 100% of the shares in LLC Insurance Company Oranta and CJSC Insurance Company Oranta-M (collectively known as 'Oranta') from PromSvyazGroup. Oranta is a Non-Life insurance company in the Russian market, providing mostly motor and property insurance. Closing took place on 9 December 2008; the transaction price was €96 million. In 2007, Oranta reported a total revenue of €2,236 million Russian Roubles (€63 million).

Due to limited time available between the closing of the transaction and balance sheet date, the Oranta balance sheet is included on a provisional basis, based on equity value of Oranta. No intangible assets have yet been identified. The difference between the purchase price and the provisional fair value of the net assets acquired is accounted for as provisional goodwill. The purchase price allocation will be finalised in the course of 2009.

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

COST OF THE BUSINESS COMBINATION (€ MILLION)

Total provisional cost paid in cash	96
Less: Fair value of the net assets acquired	-8
Goodwill	104

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The provisional carrying amount of the assets and liabilities acquired are:

(€ MILLION)

	ACQUIREE'S CARRYING AMOUNT 9 DEC 2008	PROVISIONAL FAIR VALUE 9 DEC 2008
Assets		
Investments	46	46
Other assets	31	31
Cash and cash equivalents	6	6
Total assets	**83**	**83**
Liabilities		
Insurance liabilities	80	80
Other liabilities	11	11
Total liabilities	**91**	**91**
Equity	**-8**	**-8**

In 2008, the acquired business did not contribute to the Income Statement of Eureko.

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.

These Consolidated Financial Statements include the Allied Insurance Consultants Limited figures for the full year 2008. The comparable figures in the Consolidated Income Statement for the year 2007 also include Allied Insurance Consultants Limited figures.

Business Combination Eureko B.V. – Garanti Sigorta A.S.

As of 21 June 2007, Eureko effectively obtained control over 80% of the shares of Garanti Sigorta A.S., a Turkish Non-Life insurance company, from 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 wants to sell these 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. For the full year 2007, gross written premium of Eureko Sigorta was €233 million and net result was €25 million.

These Consolidated Financial Statements include the Garanti Sigorta A.S. figures for the full year 2008. The comparable figures in the Consolidated Income Statement for the year 2007 only include the period 21 June 2007 to 31 December 2007.

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.

These Consolidated Financial Statements include the Agis figures for the full year 2008. The comparable figures in the Consolidated Income Statement for the year 2007 do not include Agis figures.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

WagenPlan B.V.

In 2008, Eureko's control in WagenPlan B.V. changed. From 2008 on, Eureko consolidates this company and consequently recognises a minority interest. Until 2007, WagenPlan B.V. was accounted for as an associated company. (Refer also to notes 6 and 19.)

5 INTANGIBLE ASSETS

(€ MILLION)

	GOODWILL	INTERNALLY DEVELOPED SOFTWARE	BRAND NAME	VALUE OF BUSINESS ACQUIRED	DISTRIBUTION NETWORKS	OTHER INTANGIBLE ASSETS FINITE	**TOTAL 2008**	TOTAL 2007
Cost								
Balance at 1 January	1,315	223	116	737	323	96	2,810	2,276
Acquisitions	116						116	527
Change in composition of the Group	**116**						**116**	**527**
Internally developed		38					38	27
Other movements	26			1			27	-9
Foreign currency differences	-58			-1	-42		-101	11
Balance at 31 December	**1,399**	**261**	**116**	**737**	**281**	**96**	**2,890**	**2,832**
Amortisation and impairment losses								
Balance at 1 January	3	128	20	230	28	12	421	268
Amortisation charge for the year		36	12	80	23	6	157	172
Impairment loss		46					46	3
Balance at 31 December	**3**	**210**	**32**	**310**	**51**	**18**	**624**	**443**
Carrying amount								
At 1 January	1,312	95	96	507	295	84	2,389	2,008
At 31 December	**1,396**	**51**	**84**	**427**	**230**	**78**	**2,266**	**2,389**

As part of the accounting of the Interpolis business combination, Eureko opted for the expanded presentation on the acquired insurance liabilities (including the insurance liabilities for policyholders). This expanded presentation was not applied properly to the accounting for the insurance liabilities for policyholders. This omission was identified in 2008 and reclassifications have been applied accordingly, resulting in an increase of Value of business acquired by €93 million as from 1 January 2007. (See also Note 21.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 at its division and operating company level.

GOODWILL AT DIVISIONAL LEVEL CAN BE PRESENTED AS FOLLOWS: (€ MILLION)

	2008 CARRYING AMOUNT	2008 RECOVERABLE AMOUNT (METHOD)	2007 CARRYING AMOUNT	2007 RECOVERABLE AMOUNT (METHOD)
Division Health	10	Value-in-use	5	Value-in-use
Division Agis	9	Value-in-use	9	Value-in-use
Division Occupational Health	139	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	296	Value-in-use	224	Value-in-use
	1,396		**1,312**	

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 movement in goodwill at Division Europe is caused by currency fluctuations and the acquisition of Oranta, Russia. The intangible assets identified from the acquisition of Oranta are still included in the preliminary goodwill amount, as the purchase price allocation had not yet been performed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 uses the cash flow projections based on budgeting and forecasting models endorsed by the Executive Board of Eureko. After this period, Eureko extrapolates the cash flows up to five years. To reflect the business-specific circumstances, a forecast period is sometimes extended. 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 applying a perpetual growth rate to the perpetual dividend. The following are the most sensitive key assumptions:

(%)

	2008 DISCOUNT RATE	2008 GROWTH RATE	2007 DISCOUNT RATE	2007 GROWTH RATE
Division Health	12.39	3.0	9.61	6.0
Division Agis	12.39	3.0	9.61	6.0
Division Occupational Health	12.39	3.0	9.61	4.5
Division Pensions	10.8-12.39	3.0	8.45	3.0
Division Bank Distribution	12.39	3.0	9.61	3.0-6.0
Division Broker Distribution	12.39	3.0	9.61	3.0-6.0
Division Europe	21.99	3.0	9.61	14.0

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.

6 INVESTMENTS IN ASSOCIATED COMPANIES AND PARTICIPATING INTERESTS

(€ MILLION)

	NET EQUITY METHOD	AVAILABLE FOR SALE	TOTAL 2008	TOTAL 2007
Associated companies	2,135		2,135	2,189
Participating interests		382	382	1,145
	2,135	**382**	**2,517**	**3,334**

ASSOCIATED COMPANIES

(€ MILLION)

NAME OF THE COMPANY	COUNTRY	DESCRIPTION OF BUSINESS	DATE OF ACQUISITION	% OWNERSHIP 2008	NET ASSET VALUE 2008	BOOK VALUE 2008	BOOK VALUE 2007
PZU S.A.	Poland	Insurance	1999-2006	33.00% 1)	1,621	1,982	1,938
F&C Asset Management plc	United Kingdom	Asset management	2004	10.39%	31	31 2)	138
Garanti Emeklilik ve Hayat A.S.	Turkey	Insurance	2007	15.00%	3	85	96
Hippokrates B.V.	Greece	Healthcare	2008	25.00%	20	20	
Other						17	17
						2,135	**2,189**

1 Less one share.
2 After impairment, the recoverable amount for F&C Asset Management plc is based on quoted prices and amounts to €31 million as per 31 December 2008, which represents 10.39% of the shares (2007: €134 million which represents 10.39% of the shares).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At the same time as the sale transaction of 100% of the Medicom Systems shares took place (refer to note 3), Eureko acquired a 25% stake in Hippokrates B.V. for €20 million. Hippokrates B.V. is a new leveraged investment vehicle to which 100% of the shares of Eureko's former subsidiary 'Medicom Systems' were sold in 2008.

Simultaneously with the acquisition of 15% of the shares in Garanti Emeklilik ve Hayat A.S. in 2007, Eureko obtained a call option. The call option on 35% of the shares 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 an amount of €75 million.

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

(€ MILLION)

	2008	2007
Balance at 1 January	2,189	1,827
Investments and loans granted	22	4
Disposals		-111
Goodwill		49
Annual results	242	365
Revaluations	55	44
Dividend received	-4	-11
Foreign currency differences	-290	-1
Impairments	-103	
Other changes	24	23
Balance at 31 December	**2,135**	**2,189**

Regarding the associated companies, the summarised financial statements are included in the table below. As the 2008 financial statements are not yet publicly available, values are based on the published financial statements of the associated companies for the 2007 financial year and calculated in accordance with the accounting principles of the associated companies. The amounts are translated into euros at the exchange rate ruling at balance sheet date. Total revenue and Total profit are translated using the weighted average exchange rate for the year.

(€ MILLION)

COMPANY NAME	ASSETS	LIABILITIES	TOTAL REVENUE	TOTAL PROFIT
PZU S.A.	14,708	9,997	4,428	952
F&C Asset Management plc	3,135	2,189	387	25
Garanti Emeklilik ve Hayat A.S.	469	414	50	21

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

INVESTMENTS IN PARTICIPATING INTERESTS

(€ MILLION)

COMPANY NAME	COUNTRY	2008	2007
Friends Provident plc	United Kingdom		94
MillenniumBCP	Portugal	382	1,051
		382	**1,145**

(€ MILLION)

	2008	2007
Balance at 1 January	1,145	852
Investments and loans granted	130	417
Fair value changes	-799	-114
Foreign currency differences		-10
Changes due to reclassification	-94	
Balance at 31 December	**382**	**1,145**

In February 2008, MillenniumBCP announced a rights issue of €1.3 billion. This rights issue was aimed at reinforcing the bank's capital and giving it the financial means to pursue its strategic goals in various business areas. The issue was carried out in April 2008 at €1.20 per share. Eureko B.V. acquired 108 million shares.

In 2008, two loans have been provided to Eureko of €91 million and €39 million, respectively. A total of 331,956,248 shares in MillenniumBCP stock was given as collateral in relation to these loans. The risks and rewards of the MillenniumBCP stock given as collateral remain for Eureko. Furthermore, and in relation to the loan amounting to €39 million, a collar was entered into to limit the market risk of value increases at value of €1.3958 and value decreases at value of €0.9663. At 31 December 2008, the collar has a fair value of €12 million.

In 2008, impairments amounting to €693 million before tax were accounted for relating to the investment in MillenniumBCP. The impairments are directly related to the turbulence on the financial markets.

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

Due to its changed intention, Eureko's interest in Friends Provident was reclassified from 'Investments in associated companies and participating interests' to 'Investments'.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 INVESTMENT PROPERTY

(€ MILLION)

	2008	2007
Balance at 1 January	1,600	1,648
Purchases	33	235
Disposals	-35	-390
Fair value changes recognised in income	-115	98
Accrued rent	-4	2
Other movements	1	3
Transfer from property for own use	49	4
Balance at 31 December	**1,529**	**1,600**

The carrying amount of investment property is fair value. Of the total fair value of the investment property, 95% (2007: 67%) is determined by a registered independent expert surveyor. For 5% (2007: 33%) of the investment property's fair value, expert surveys were conducted internally.

8 INVESTMENTS

INVESTMENTS CLASSIFIED BY NATURE

(€ MILLION)

2008	AVAILABLE FOR SALE	AT FAIR VALUE THROUGH INCOME STATEMENT	LOANS AND RECEIVABLES	TOTAL
Equities and similar investments	3,229	206		3,435
Bonds	19,660	4,265		23,925
Loans and mortgages	421	36	3,234	3,691
Deposits with re-insurers	9			9
Deposits with credit institutions	1,501	38		1,539
Derivatives		1,914		1,914
Other financial investments	203	5	1	209
	25,023	**6,464**	**3,235**	**34,722**

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**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The investments designated as At fair value through income statement amounts to €4,550 million (2007: €5,337 million). The carrying value of securities lent in programmes amounts to €5,103 million (2007: €12,799 million). Eureko has a variety of collateral policies in place.

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. The fair value of the accepted collateral related to securities which were lent amounted to €5,287 million as at 31 December 2008 (2007: €9,303 million).

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 2008**	TOTAL 2007
Balance at 1 January	5,960	23,013	607	9	1,546	810	206	32,151	30,944
Acquisitions					69		5	74	447
Disposals					-1			-1	
Change in composition of the Group					**68**		**5**	**73**	**447**
Investments and loans granted	2,649	23,617	90		12,099	3,473	331	42,259	28,312
Disinvestments and disposals	-2,995	-22,037	-228		-12,070	-3,328	-317	-40,975	-26,251
Fair value changes	-2,350	-403	17			960	-8	-1,784	-984
Foreign currency differences	157	60	1		-61	-1		156	-260
Accrued interest		20	-1		-5	-2		12	20
Changes due to reclassification	7	-350	-1		-37		-6	-387	-92
Other movements	7	5	-28		-1	2	-3	-18	15
Balance at 31 December	**3,435**	**23,925**	**457**	**9**	**1,539**	**1,914**	**208**	**31,487**	**32,151**

Changes due to reclassification in 2008 are mainly related to the reclassification of Eureko's interest in Friends Provident and the reclassification of the assets of Império France to assets as 'held for sale'. Due to a change in intention, the shares of Friends Provident were reclassified from 'Investments in associated companies and participating interests' to 'Investments'.

Changes due to reclassification in 2007 are mainly related to the reclassification of the assets related to Eureko's life insurance activities in Luxembourg to assets as 'held for sale'.

The fair value of fixed-income securities measured 'at fair value through income statement' is, amongst others, subject to changes in credit risk of the counterparty (issuer) of Eureko. The impact on the fair values of the investments is €-314 million (2007: €-31 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

In May 2008, Eureko entered into a derivative contract to hedge the risk of decreasing equity prices for the Dutch insurance entities. The option contract can be broken down into two separate call-put combinations (collar) with different maturities. In both cases, the put option has a strike price of 70% of the underlying equity basket and the call option has a strike price of 130% of the underlying equity basket. The notional amount of both combinations is €3.2 billion. The fair value movements on the equity hedge included in profit before tax amounted to €251 million. This equity collar is included in the derivative position as at 31 December 2008.

Investments measured at fair value are valued in accordance with the various levels in the fair value hierarchy. When using valuation techniques, it could be necessary to use assumptions that are not supported by observable current market transactions and/or available observable market data. During the financial year, no significant changes in assumptions other than market related changes were identified.

INVESTMENTS MEASURED AT FAIR VALUE

(€ MILLION)

	AVAILABLE FOR SALE	AT FAIR VALUE THROUGH INCOME STATEMENT	**TOTAL 2008**	TOTAL 2007
Fair value measurement based on:				
Quoted prices in active markets (level 1)	17,814	2,300	20,114	29,377
Valuation techniques for which all significant inputs are based on observable market data (level 2)	6,837	4,164	11,001	2,540
Valuation techniques for which all/any significant input is not based on observable market data (level 3)	372		372	234
	25,023	**6,464**	**31,487**	**32,151**

Most of Eureko's equity investments are listed and are classified as level 1 investments with a fair value based on quoted prices in active markets. Unlisted equity investments are classified as level 2 non-quoted investments due to the availability of observable market data. Corporate bonds and derivatives are unlisted and were classified as level 1 investments for 2007 due to the availability of quoted prices on the financial markets. However, due to the distress in the market and the resulting illiquidity on the financial markets, it was concluded that no active market exists any longer for unlisted corporate bonds and derivates as per 31 December 2008. This results in a shift from level 1 quoted investments at year-end 2007 to level 2 non-quoted investments at year-end 2008.

Level 3 investments comprises alternative investments such as private equity, venture capital investments, commodities and hedge funds.

For the financial year 2008, gains and losses related to assets measured at fair value based on valuation techniques for which any significant input is not based on observable market data (level 3) amounted to €-6 million (2007: €9 million), with no impact on the income statement (2007: €1 million).

In 2008, impairments amounting to €1,054 million before tax (2007: €11 million) were accounted for, relating to investments in Equities and similar investments. The impairments are directly related to the turbulence on the financial markets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

EQUITIES AND SIMILAR INVESTMENTS

(€ MILLION)

	2008	2007
Equity investments	3,200	5,743
Venture capital investments	147	144
Other	88	73
	3,435	**5,960**

BONDS

(€ MILLION)

	2008	2007
Bonds and notes issued by:		
– Government	15,661	14,147
– Other public sector issuers	99	37
– Other issuers	8,165	8,829
	23,925	**23,013**

LOANS AND MORTGAGES

(€ MILLION)

	2008	2007
Investment loans	292	490
Loans and mortgages to policyholders	161	111
Other loans and mortgages	4	6
	457	**607**

DEPOSITS WITH RE-INSURERS

(€ MILLION)

	2008	2007
Deposits within the European Union	9	9
	9	**9**

DEPOSITS WITH CREDIT INSTITUTIONS

(€ MILLION)

	2008	2007
Deposits within the European Union	1,375	1,427
Other	164	119
	1,539	**1,546**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DERIVATIVES

(€ MILLION)

	2008	2007
Interest rate derivatives	1,403	662
Currency derivatives	166	40
Equity derivatives	309	98
Other derivatives	36	10
	1,914	**810**

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

ANALYSIS OF FIXED-INCOME SECURITIES CARRIED AT FAIR VALUE BY EXPECTED REMAINING TIME TO MATURITY

(€ MILLION)

2008	BONDS	LOANS AND MORTGAGES	DEPOSITS WITH RE-INSURERS	DEPOSITS WITH CREDIT INSTITUTIONS	OTHER FINANCIAL INVESTMENTS	TOTAL
Under 3 months	293	24		985	4	1,306
3–12 months	912	30	9	545	14	1,510
1–2 years	2,497	101		1		2,599
2–3 years	3,176	94				3,270
3–4 years	1,427	24				1,451
4–5 years	1,917	14				1,931
Over 5 years	13,703	170		8	190	14,071
Balance at 31 December	**23,925**	**457**	**9**	**1,539**	**208**	**26,138**

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**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

IMPAIRMENTS

(€ MILLION)

	AVAILABLE FOR SALE	2008	2007
Impairment loss during the year	-1,130	-1,130	-11
Reversal of impairment loss	2	2	1

The impairment loss in 2008 is mainly related to Investments in equities and similar investments. The carrying amounts of these instruments were written down to their recoverable amount.

Furthermore, in 2008 impairments were accounted for relating to Investments in fixed-income securities. The nominal value of the impaired fixed-income securities at year-end 2008 amounted to €71 million (2007: €0 million). The interest income recognised on impaired fixed-income securities was nil in 2008.

The impairment loss is included in Realised and unrealised gains and losses (Note 38).

INVESTMENTS MEASURED AT AMORTISED COST

(€ MILLION)

	2008	2007
Balance at 1 January (excluding Allowance account)	3,243	3,465
Investments and loans granted	503	337
Disinvestments and disposals	-501	-511
Foreign currency differences	-1	-6
Other movements	-9	-42
Balance at 31 December (excluding Allowance account)	**3,235**	**3,243**

Investments measured at amortised cost are mainly saving accounts related to saving products held by 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 investments measured at amortised cost does not substantially differ from the amortised cost. The measurement is mainly based on inputs from observable market data.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

	TOTAL 2008	TOTAL 2007
3–12 months	1	
1–2 years	43	56
2–3 years		22
Over 5 years	3,191	3,165
Balance at 31 December	**3,235**	**3,243**

9 INVESTMENTS BACKING LINKED LIABILITIES

Investments backing linked liabilities 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.

Investments backing linked liabilities are separated from other investments and are invested in accordance with the requirements towards the policyholders. Investments are held on account for and at risk of life insurance policyholders and holders of investment contracts. Policyholders are, therefore, 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, 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'.

INVESTMENTS BACKING LINKED LIABILITIES (€ MILLION)

	INVESTMENT PROPERTY	EQUITIES AND SIMILAR INVESTMENTS	BONDS AND OTHER FIXED INCOME	DERIVATIVES	CASH AND OTHER	**TOTAL 2008**	TOTAL 2007
Balance at 1 January	1,176	12,740	5,127	-21	2,100	21,122	20,416
Investments and loans granted	263	2,653	2,975	1,415	1,127	8,433	12,381
Disinvestments and disposals	-66	-2,984	-2,612	-1,422	-1,418	-8,502	-11,422
Fair value changes recognised in income	-373	-3,732	51	305	11	-3,738	-21
Foreign currency differences		-30				-30	-32
Accrued interest and rent					188	188	148
Changes due to reclassification		-36			-21	-57	-348
Balance at 31 December	**1,000**	**8,611**	**5,541**	**277**	**1,987**	**17,416**	**21,122**

Other investments backing linked liabilities mainly concerns saving accounts related to unit-linked life insurance policies, which are held by the Rabobank Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 BANKING CREDIT PORTFOLIO

BANKING CREDIT PORTFOLIO CLASSIFIED BY NATURE

(€ MILLION)

2008	LOANS AND RECEIVABLES	AT FAIR VALUE THROUGH INCOME STATEMENT	TOTAL
Credit institutions	518		518
Loans	17,914	489	18,403
	18,432	**489**	**18,921**

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

(€ MILLION)

	2008	2007
Credit institutions		
Loans and advances to banks	257	1,040
Treasury bills and other bills eligible for rediscounting with the Central Bank	220	181
Cash advances, overdrafts and other balances due on demand	41	46
	518	**1,267**
Loans		
Secured by mortgages	15,610	14,560
Other loans and advances to private sector	1,155	893
Other corporate loans	1,658	1,343
Non-performing	60	39
	18,483	**16,835**
Total (excluding Allowance account)	**19,001**	**18,102**
Allowance account	80	67
	18,921	**18,035**

Mandatory reserve deposits amounting to €209 million (2007: €152 million) , as included in loans and advances to banks, are not available for use in day-to-day banking operations. Balances with central banks amounting to €95 million (2007: €79 million) are non-interest bearing. Other money-market placements are floating-rate balances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

BANKING CREDIT PORTFOLIO MEASURED AT AMORTISED COST

(€ MILLION)

	CREDIT INSTITUTIONS	LOANS	**TOTAL 2008**	TOTAL 2007
Balance at 1 January (excluding Allowance account)	1,267	16,319	17,586	16,761
Investments and loans granted	8	2,727	2,735	2,717
Disinvestments and disposals	-757	-1,641	-2,398	-2,013
Amortisation		-6	-6	-2
Change in value due to fair value hedge accounting		585	585	-117
Other movements		10	10	240
Balance at 31 December (excluding Allowance account)	**518**	**17,994**	**18,512**	**17,586**
Balance at 1 January (Allowance account)		67	67	74
Additional allowances		61	61	22
Allowances used		-32	-32	-25
Amounts released		-14	-14	-5
Recoveries		-3	-3	-2
Effect of changes in assumptions		1	1	3
Balance at 31 December (Allowance account)		**80**	**80**	**67**
Carrying amount				
At 1 January	1,267	16,252	17,519	16,687
At 31 December	**518**	**17,914**	**18,432**	**17,519**

Results on hedge accounting

Eureko applies fair value hedge accounting on its investments in the banking credit portfolio that are measured at amortised cost. The results on fair value hedge accounting are as follows:

(€ MILLION)

	GAINS	LOSSES	**NET 2008**	NET 2007
Fair value hedges				
Fair value changes of the hedged item attributable to the hedged risk	982	397	585	-117
Fair value changes of the hedged derivatives (including discontinuation)	371	910	-539	118

The fair value of the banking credit portfolio measured at amortised cost at year-end is €18,241 million (2007: €18,369 million). The fair value is based on the discounted value of the expected cash flows and on inputs from observable market data. No significant changes were identified during the financial year in assumptions used to determine these fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2008, the carrying amount of the loans is affected by impairment losses amounting to €122 million (2007: €67 million). The carrying amount is reduced through use of an allowance account. The impairment loss at 31 December 2008 is mainly a result of individual assessments of the expected cash flows in relation to the loans.

For the year ending 31 December 2008, the interest income related to impaired financial instruments was €5 million (2007: €4 million).

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

BANKING CREDIT PORTFOLIO MEASURED AT FAIR VALUE (€ MILLION)

	2008	2007
Balance at 1 January	516	585
Disinvestments and disposals	-49	-62
Fair value changes	22	-7
Balance at 31 December	**489**	**516**

The fair value is determined based on the discounted value of the expected cash flows. No significant changes were identified during the financial year in assumptions used to determine these fair values.

Part of the banking credit portfolio that is measured at fair value is valued in accordance with the various levels in the fair value hierarchy. When using valuation techniques, it could be necessary to use assumptions that are not supported by observable current market transactions and/or available observable market data. During the financial year, no significant changes in assumptions were identified.

Fair value measurement based on: (€ MILLION)

	2008	2007
Quoted prices in active markets (level 1)		
Valuation techniques for which all significant inputs are based on observable market data (level 2)	489	516
Valuation techniques for which all/any significant input is not based on observable market data (level 3)		
	489	**516**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The fair value of the banking portfolio is subject to changes in the credit risk of Eureko's counterparty (issuer). The impact on the fair values of the banking credit portfolio is as follows:

FAIR VALUE CHANGE RELATED TO CHANGES IN CREDIT RISK

(€ MILLION)

	2008	2007
Current period	38	22

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

(€ MILLION)

	CREDIT INSTITUTIONS 2008	LOANS 2008	**TOTAL 2008**	CREDIT INSTITUTIONS 2007	LOANS 2007	TOTAL 2007
On demand	253	860	1,113	223	639	862
Under 3 months	259	1,038	1,297	999	1,134	2,133
3–12 months	5	1,283	1,288	40	1,238	1,278
1–2 years		973	973	5	1,173	1,178
2–3 years		1,234	1,234		1,175	1,175
3–4 years		1,168	1,168		1,097	1,097
4–5 years		1,137	1,137		1,071	1,071
Over 5 years	1	10,790	10,791		9,308	9,308
	518	**18,483**	**19,001**	**1,267**	**16,835**	**18,102**

As at 31 December 2008, €13,843 million (2007: €13,475 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)

	2008	2007
Pledge by means of trust arrangements	3,050	4,161
Pledge by means of securitisation	5,342	4,414
Third-party pledge	5,451	4,900
	13,843	**13,475**

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 2008	RECOGNISED IN INCOME	RECOGNISED IN EQUITY	OTHER MOVEMENTS	**BALANCE AT 31 DECEMBER 2008**
Intangible assets	66			-26	40
Investments	10	12	-17	-5	
Bank assets	4	-1			3
Deferred acquisition costs	67			68	135
Other assets	24			-24	
Insurance liabilities	127	-1		220	346
Employee benefits	110			41	151
Other provisions	10	2		3	15
Amortisation	2				2
Impairments	28				28
Other liabilities	3	3		-6	
Securities lending				33	33
Tax value of loss carry-forwards	18	4		493	515
	469	**19**	**-17**	**797**	**1,268**

The tax rates used in calculating Eureko's deferred tax assets are the applicable national rates, which in 2008 and 2007 ranged from 10.0% to 34.0%. Changes in tax rates already enacted as at 31 December 2008 are taken into account.

The other movements are primarily caused by loss carry-forwards and changes from deferred to current tax positions.

UNRECOGNISED DEFERRED TAX ASSETS

(€ MILLION)

	2008	2007
Tax losses	22	15
	22	**15**

The unrecognised deferred tax assets do 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)

2008	INSURANCE CONTRACTS	INVESTMENT CONTRACTS	TOTAL
Balance at 1 January	495	47	542
Addition of deferred acquisition costs	37	6	43
Amortisation	-98	-7	-105
Foreign currency differences	-1		-1
Other movements	7		7
Balance at 31 December	**440**	**46**	**486**

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**
Addition of deferred acquisition costs	60	26	86
Amortisation	-77	-7	-84
Other movements	8		8
Balance at 31 December	**495**	**47**	**542**

13 AMOUNTS CEDED TO RE-INSURERS

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

(€ MILLION)

	2008	2007
Provision for life policy liabilities, non-participating benefits	232	158
Provision for life policy liabilities, participating benefits	458	409
Life insurance liabilities – re-insurance	**690**	**567**
Unearned premiums	62	64
Outstanding claims (including IBNR)	378	424
Non-Life insurance liabilities – re-insurance	**440**	**488**
Unearned premiums	-1	1
Outstanding claims (including IBNR)	52	135
Health insurance liabilities – re-insurance	**51**	**136**
Amounts ceded to re-insurers	**1,181**	**1,191**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 RECEIVABLES

(€ MILLION)

	2008	2007
Receivables from direct insurance:		
– Policyholders	1,004	1,101
– Agents	134	150
– Other	34	44
	1,172	**1,295**
Receivables on re-insurance	22	12
Investment receivables	252	96
Contribution from ZvF	973	2,157
Other receivables	1,650	1,372
	4,069	**4,932**

Receivables include loans provided to Executive Board members and Supervisory Board members for an amount of €1 million (2007: €1 million). The average interest rate of these loans is 5.7% (2007: 5.7%).

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

15 OTHER ASSETS

(€ MILLION)

	2008	2007
Equipment	264	177
Property for own use	485	590
Other prepayments and accrued income	375	152
Non-insurance assets acquired by exercising rights to recoveries	51	39
Other assets	81	104
	1,256	**1,062**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

EQUIPMENT

(€ MILLION)

	SOFTWARE	HARDWARE	OFFICE FURNITURE	OTHER	**TOTAL 2008**	TOTAL 2007
Cost						
Balance at 1 January	84	228	160	114	586	507
Acquisitions				65	65	10
Disposals						
Change in composition of the Group				**65**	**65**	**10**
Purchases and acquisitions	13	12	32	35	92	88
Sale and disposals		-2		-2	-4	-28
Other changes	1			-4	-3	9
Balance at 31 December	**98**	**238**	**192**	**208**	**736**	**586**
Amortisation and impairment losses						
Balance at 1 January	55	183	94	77	409	355
Sale and disposals						-3
Amortisation	16	25	12	10	63	57
Balance at 31 December	**71**	**208**	**106**	**87**	**472**	**409**
Carrying amount						
At 1 January	29	45	66	37	177	152
At 31 December	**27**	**30**	**86**	**121**	**264**	**177**

Other equipment includes assets in relation to operational lease activities by WagenPlan B.V. amounting to €79 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

PROPERTY FOR OWN USE (€ MILLION)

	IN DEVELOPMENT	IN USE	**TOTAL 2008**	TOTAL 2007
Revalued amount				
Balance at 1 January	52	598	650	612
Acquisitions				9
Disposals				
Change in composition of the Group				**9**
Purchases and acquisitions	22	10	32	68
Sale and disposals		-68	-68	-55
Revaluation recognised in equity		-5	-5	33
Amortisation eliminated against the gross carrying amount due to revaluation				-14
Foreign currency differences		-2	-2	-1
Transfer to investment property	-45	-4	-49	-4
Other changes				2
Balance at 31 December	**29**	**529**	**558**	**650**
Amortisation and impairment losses				
Balance at 1 January		60	60	32
Impairment losses recognised in the Income Statement				25
Impairment losses reversed in the Income Statement		1	1	-1
Amortisation charge for the period		13	13	16
Amortisation eliminated against the gross carrying amount due to revaluation		-1	-1	-12
Balance at 31 December		**73**	**73**	**60**
Carrying amount				
At 1 January	52	538	590	580
At 31 December	**29**	**456**	**485**	**590**

In 2008, a registered, independent expert surveyor determined 38% of the total fair value of the property for own use; valuation of 62% of the investment property's fair value was conducted internally.

16 INVESTMENTS RELATED TO CASH COLLATERAL RECEIVED IN SECURITIES LENDING

In 2007, 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 funds' investment objective 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 investments in these funds.

Investments in the money market funds are subject to a risk of change in value. The maximum weighted average maturity of the funds' investments is 90 days. About 56% of the fund has an S&P rating of AAA, 34% AA and 10% A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Investments in the investment funds are not at Eureko's free disposal. They 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.

The lending agent executing the securities lending transactions and investments of collateral to these money market funds has indemnified Eureko against borrowers' default. If a 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 collateral invested in these money market funds.

(€ MILLION)

	2008	2007
Balance at 1 January	9,201	
Investments	31,142	30,880
Disinvestments	-35,076	-21,679
Fair value changes	-210	
Balance at 31 December	**5,057**	**9,201**

The shares in the investment money market funds are unlisted and measured using the net asset value as calculated by the Investment Manager.

17 CASH AND CASH EQUIVALENTS

(€ MILLION)

	2008	2007
Cash	28	12
Call deposits	195	291
Bank balances	957	542
	1,180	**845**

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 23 April 2008, Eureko B.V. issued 10,164,343 ordinary shares: 5,889,591 ordinary shares to Vereniging Achmea and 4,274,752 ordinary shares to Rabobank, both in respect of stock dividend.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	333,418,540	333.4	23,904,060	23.9			1	
Available for issuance	**406,581,459**	**406.6**	**36,095,940**	**36.1**	**10,000,000**	**10.0**		
Shares issued 1 January 2007	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**	
Shares issued in 2008	10,164,343	10.1						
Shares issued 31 December 2008	**333,418,540**	**333.4**	**23,904,060**	**23.9**			**1**	

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 shareholders' 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 next 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 as well as Health segment subsidiary companies that are subject to regulatory requirements.

An amount of €277 million (2007: €311 million) of Total equity contributed by subsidiaries at year-end 2008, 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 so far as this amount is not included in the revaluation reserve, it has been included in the legal reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 (i.e. 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. For 2008, an amount of €7 million is transferred (2007: €10 million).

The amounts presented within the revaluation reserve cannot be distributed to shareholders.

Hedging reserve

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 Total equity into a separate component. Amounts accumulated in the hedging reserve are recycled to the Income Statement in the periods in which the hedged item will affect net profit.

Other equity instruments

In May 2008, Eureko B.V. issued €225 million of Perpetual Capital Securities (Capital Securities), with a coupon of 8.375% per annum. The Capital Securities were issued to retail investors in the Benelux, Germany and selected other European countries. The coupon interest (in the amount of €83.75 per Capital Security of € 1,000 par) will be paid annually on 23 May, with the first payment on 23 May 2009, and will be charged to Retained earnings, part of Equity attributable to holders of equity instruments. Eureko B.V. has the right to call the issue at par on 23 May 2013, or annually thereafter. The Capital Securities can also be called earlier by Eureko B.V. in specific circumstances, as noted in the Base Prospectus. The Capital Securities qualify as hybrid Tier-1 capital for regulatory solvency purposes. The issue is accounted for net of transaction costs in Total equity. Coupon payments are at the discretion of Eureko, subject to other limitations as described in the prospectus.

On 1 November 2006, Eureko B.V. issued €600 million of Perpetual Capital Securities with a coupon of 6.0%, 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 issue will be used for Eureko's general corporate purposes. 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 base 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)

	2008	2007
Woonalliantie Woerden C.V.	1	1
WagenPlan B.V.	4	
Interamerican Romania Insurance Company S.A.	1	1
	6	**2**

In 2008, Eureko's control in WagenPlan B.V. changed. From 2008, this company is consolidated. Until 2007, this was an associated company.

20 INSURANCE LIABILITIES

This note should be read in conjunction with Note 13, Amounts ceded to re-insurers.

(€ MILLION)

	2008	2007
Life insurance		
Provision for life policy liabilities	25,235	24,643
Less: Deferred interest surplus rebates	160	202
Net provision for life policy liabilities	**25,075**	**24,441**
Profit sharing and bonuses	684	44
Total Life insurance	**25,759**	**24,485**
Non-life insurance		
Unearned premiums	1,170	1,097
Outstanding claims (including IBNR)	3,021	3,134
Total Non-Life insurance	**4,191**	**4,231**
Health Insurance		
Unearned premiums	186	182
Provision for premium deficiency	97	177
Provision for unexpired risks (including ageing provision)	43	40
Outstanding claims (including IBNR)	6,195	5,038
Total Health insurance	**6,521**	**5,437**
Total Insurance liabilities	**36,471**	**34,153**

These provisions are essentially of a long-term nature, with the exception of the provision for unearned premiums.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MOVEMENT TABLE FOR PROVISION FOR LIFE POLICY LIABILITIES

(€ MILLION)

	2008 GROSS	2008 RE-INSURANCE	2007 GROSS	2007 RE-INSURANCE
Non-participating benefits				
Balance at 1 January	7,364	158	7,700	133
Benefits paid	-1,597	-62	-1,628	-62
Net premiums received	1,229	139	1,523	119
Technical result	179	-50	-274	-13
Additions/disposals due to acquired/sold portfolios	-22			
Foreign currency differences	4		-8	
Unwinding of discount	252		233	
Effect of change in benchmark rate			-2	
Effect of changes in assumptions	46		-27	-2
Changes due to reclassification	-438	47	-153	-17
Balance at 31 December	**7,017**	**232**	**7,364**	**158**
Participating benefits				
Balance at 1 January	17,279	409	17,428	299
Benefits paid	-1,225	-30	-1,299	-41
Net premiums received	1,013	48	627	86
Technical result	-375	30	-120	-10
Fair value changes attributable to policyholders			12	
Additions/disposals due to acquired/sold portfolios	14			1
Foreign currency differences	-2		-1	
Unwinding of discount	599	1	526	36
Effect of changes in assumptions	50		-10	17
Changes due to reclassification	-89		116	21
Other changes	954			
Balance at 31 December	**18,218**	**458**	**17,279**	**409**
Life policy liabilities	**25,235**	**690**	**24,643**	**567**

The actuarial interest-rate range for the Dutch activities was mainly between 3% and 4%. The Life liabilities for foreign operating companies are calculated in accordance with local statutory requirements, generally based on discounting at the technical interest rate guaranteed for the product. The results are subject to a Liability Adequacy Test using prudent assumptions and discounting at a locally determined risk-free rate.

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

Furthermore, as a result of the Agreement of Execution ('Uitvoeringsovereenkomst') of the pension scheme between Eureko and the Trustees of the Pension Fund, the plan assets, presented as part of the Insurance liabilities, increased by €1 billion. This is presented as Other changes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DEFERRED INTEREST SURPLUS REBATES

(€ MILLION)

	2008	2007
Balance at 1 January	202	273
Rebates granted	-16	11
Amortisation	-26	-82
Balance at 31 December	**160**	**202**

PROFIT SHARING AND BONUSES

(€ MILLION)

	2008	2007
Balance at 1 January	44	800
Additions/disposals due to acquired/sold portfolios	-15	
Effect of changes in assumptions	13	
Net movements during the period	660	-754
Distributions to policyholders during the period	-18	
Change due to valuation differences charged or credited to the Income Statement		-2
Balance at 31 December	**684**	**44**

MOVEMENT TABLE PROVISION FOR UNEARNED PREMIUMS NON-LIFE

(€ MILLION)

	2008 GROSS	2008 RE-INSURANCE	2007 GROSS	2007 RE-INSURANCE
Balance at 1 January	1,097	64	930	17
Acquisitions	51	1	116	56
Disposals				
Change in composition of the Group	**51**	**1**	**116**	**56**
Added during the year	3,084	272	2,915	206
Released to the Income Statement	-3,041	-266	-2,868	-215
Additions/disposals due to acquired/sold portfolios			4	
Foreign currency differences	-21	-9		
Balance at 31 December	**1,170**	**62**	**1,097**	**64**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

(€ MILLION)

	2008 GROSS	2008 RE-INSURANCE	2007 GROSS	2007 RE-INSURANCE
Balance at 1 January	3,134	424	2,872	316
Acquisitions	32	1	91	67
Disposals				
Change in composition of the Group	**32**	**1**	**91**	**67**
Current period claims reported	2,320	95	2,068	154
Previous period claims reported/released	-394	2	-137	-24
Plus claims reported	**1,926**	**97**	**1,931**	**130**
Current period claims paid	1,250	48	1,107	38
Previous period claims paid	726	64	636	51
Less claims paid	**1,976**	**112**	**1,743**	**89**
Additions/disposals due to acquired/sold portfolios	-11			
Foreign currency differences	-22	-18		
Unwinding of discount			-5	
Effect of changes in assumptions	5	-11	-7	5
Changes due to reclassification	-67	-3	-5	-5
Balance at 31 December	**3,021**	**378**	**3,134**	**424**

CLAIMS DEVELOPMENT TABLE FOR NON-LIFE INSURANCE

(€ MILLION)

	2008	2007	2006	2005	2004	2003	2002	2001	TOTAL
Estimate of cumulative claims:									
At end of underwriting year	2,143	2,107	1,717	1,982	957	864	775	701	
One year later		1,976	1,722	1,944	999	910	819	706	
Two years later			1,644	1,981	943	922	810	708	
Three years later				1,892	910	871	848	765	
Four years later					883	843	810	730	
Five years later						829	777	800	
Six years later							747	814	
Seven years later								789	
Estimate of cumulative claims	**2,143**	**1,976**	**1,644**	**1,892**	**883**	**829**	**747**	**789**	**10,903**
Cumulative payments	-1,250	-1,350	-1,227	-1,292	-772	-727	-683	-721	-8,022
	893	**626**	**417**	**600**	**111**	**102**	**64**	**68**	**2,881**
Insurance liabilities claims prior years (<2001)									140
Value recognised in the Balance Sheet at 31 December 2008									**3,021**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MOVEMENT TABLE PROVISION FOR UNEARNED PREMIUMS HEALTH

(€ MILLION)

	2008 GROSS	2008 RE-INSURANCE	2007 GROSS	2007 RE-INSURANCE
Balance at 1 January	182	1	149	1
Added during the year	5,852	9	5,048	13
Released to the Income Statement	-5,848	-11	-5,030	-13
Changes due to reclassification			15	
Balance at 31 December	**186**	**-1**	**182**	**1**

PROVISION FOR PREMIUM DEFICIENCY HEALTH

(€ MILLION)

	2008	2007
Balance at 1 January	177	222
Acquisitions		54
Disposals		
Change in composition of the Group		**54**
Increase charged to the Income Statement	45	161
Released to the Income Statement	-125	-260
Balance at 31 December	**97**	**177**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MOVEMENT TABLE OF OUTSTANDING CLAIMS (INCLUDING IBNR) HEALTH

(€ MILLION)

	2008 GROSS	2008 RE-INSURANCE	2007 GROSS	2007 RE-INSURANCE
Balance at 1 January	5,038	135	4,697	132
Acquisitions	13		918	29
Disposals				
Change in composition of the Group	**13**		**918**	**29**
Current period claims reported	11,151	-30	6,685	-10
Previous period claims reported/release	627	-3	-81	5
Plus claims reported	**11,778**	**-33**	**6,604**	**-5**
Current period claims paid	6,871	37	4,856	-28
Previous period claims paid	3,787	15	2,437	47
Less claims paid	**10,658**	**52**	**7,293**	**19**
Unwinding of discount	24	2	17	-2
Changes due to reclassification			95	
Balance at 31 December	**6,195**	**52**	**5,038**	**135**

The changes due to reclassification in 2007 relate to the reclassification of the Health Rider portfolio in Greece from the Life segment to the Health segment.

As of 1 January 2006, a new private health insurance system is in force in the Netherlands. This 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 'Diagnose Behandel Combinaties' (DBCs) since 2005. This settlement method covers a whole medical treatment period in which the claim compensation for separate treatments is specified. The final settlement with the health insurer is at the end of the treatment period. Presently, Nederlandse Zorgautoriteit (NZa) is in the process of calculating the total impact and the allocation of the amount to the health insurers. Eureko follows the settlements received from NZa.

For more details regarding the uncertainties in health insurance, reference is made to the Risk management section (Note 54).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CLAIMS DEVELOPMENT TABLE FOR HEALTH INSURANCE

(€ MILLION)

	2008	2007	2006	2005	2004	2003	2002	2001	TOTAL
Estimate of cumulative claims:									
At end of underwriting year	11,151	8,655	8,022	3,364	1,806	1,392	1,206	1,043	
One year later		8,389	7,429	3,336	1,669	1,350	1,238	1,028	
Two years later			7,415	3,349	1,627	1,330	1,214	1,019	
Three years later				3,350	1,648	1,313	1,207	1,017	
Four years later					1,648	1,287	1,171	1,051	
Five years later						1,340	1,236	1,015	
Six years later							1,195	1,030	
Seven years later								1,053	
Estimate of cumulative claims	**11,151**	**8,389**	**7,415**	**3,350**	**1,648**	**1,340**	**1,195**	**1,053**	**35,541**
Cumulative payments	-6,871	-7,300	-7,231	-2,842	-1,600	-1,299	-1,166	-1,034	-29,343
	4,280	**1,089**	**184**	**508**	**48**	**41**	**29**	**19**	**6,198**
Insurance liabilities claims prior years (<2001)									83
Effect of discounting									-86
Value recognised in the Balance Sheet at 31 December 2008									**6,195**

The data used to calibrate the provision is based on historical information gathered from public healthcare, private healthcare and estimates. The results on the equalisation fund (including standard nominal premium) and claims level are preliminary and will probably shift between insurers for some years. Eureko re-assesses provisions for the underwriting year on an annual basis, based on the latest information on claims level and macro-neutrality and settlements with the Dutch government (equalisation fund allocation for the underwriting year in question). When appropriate, Eureko has made additional provisions.

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)

	2008	2007
Balance at 1 January	17,789	16,651
Benefits paid	-1,889	-1,238
Net premiums received	1,989	2,267
Technical result	9	-167
Additions/disposals due to acquired/sold portfolios	6	-7
Foreign currency differences		-1
Unwinding of discount	109	402
Effect of changes in other assumptions	49	
Effect of fair value changes related to financial assets	-2,147	-48
Changes due to reclassification	-463	-70
Balance at 31 December	**15,452**	**17,789**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As part of the accounting of the Interpolis business combination, Eureko opted for the expanded presentation on the acquired insurance liabilities (including the insurance liabilities for policyholders). This expanded presentation was not applied properly for the accounting for the insurance liabilities for policyholders. This omission was identified in 2008 and reclassifications have been applied accordingly, resulting in an increase of Value of business acquired by €93 million as from 1 January 2007. (See also Note 5.)

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

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. These liabilities are essentially of a long-term nature.

MOVEMENT TABLE INVESTMENT CONTRACTS

(€ MILLION)

	2008	2007
Balance at 1 January	3,278	3,657
(Net) consideration received	307	757
Consideration paid	-349	-573
Effect of fair value changes related to financial assets	-996	-144
Changes due to reclassification	-33	-419
Balance at 31 December	**2,207**	**3,278**

Changes due to reclassification are mainly related to reclassification of the assets from Império France to Liabilities classified as 'held for sale' (see Note 3). In 2007 an amount of €428 million has been reclassified as Liabilities classified as 'held for sale' for the liabilities of Interpolis Luxemburg S.A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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)

2008	THE NETHERLANDS	OTHER COUNTRIES	TOTAL
Defined benefit obligation	3,634	68	3,702
Fair value of total plan assets	-3,280	-54	-3,334
Fair value of non-qualifying plan assets	591		591
Unfunded status	**945**	**14**	**959**
Unrecognised actuarial gains and losses	238	-3	235
Recognised liability for defined benefit obligations	**1,183**	**11**	**1,194**

(€ MILLION)

2007	THE NETHERLANDS	OTHER COUNTRIES	TOTAL
Defined benefit obligation	3,414	65	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**	**15**	**1,843**
Unrecognised actuarial gains and losses	321	-1	320
Recognised liability for defined benefit obligations	**2,149**	**14**	**2,163**

In 2008, the Agreement of Execution (“Uitvoeringsovereenkomst”) of the pension scheme between Eureko and the Trustees of the Pension fund changed. This leads to a change in control for Eureko. As a result, the plan assets are presented as part of the employee benefits provision, which decreased by €1 billion with the offset in insurance liabilities.

The non-qualifying plan assets consist of insurance policies issued by Eureko group companies. Under EU-IFRS only insurance policies issued by an insurer that is not a related party can be considered as funding for a defined benefit obligation.

Pensions funds

Eureko maintains defined benefit retirement plans in the major countries in which it operates. These plans generally cover all employees and provide benefits that are related to the remuneration and service of employees upon retirement.

Annual contributions are paid to the plans at a rate necessary to adequately finance the accrued liabilities of the plans calculated in accordance with local legal requirements. Plans in all countries comply with applicable local regulations concerning investments and funding levels.

Certain group companies sponsor defined contribution pension plans. The assets of all Eureko’s defined contribution plans are held in independently administered funds. Contributions are generally determined as a percentage of pay. These plans do not give rise to balance sheet provisions, other than relating to short-term timing differences included in current liabilities.
The amount incurred in 2008 was €14 million (2007: €13 million).

Liability for defined benefit obligations

Eureko contributes to several defined benefit plans that provide pension benefits for employees upon retirement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MOVEMENT TABLE EMPLOYEE BENEFITS

(€ MILLION)

	THE NETHERLANDS	OTHER COUNTRIES	TOTAL 2008	TOTAL 2007
Net liability at 1 January	2,149	14	2,163	2,054
Acquisitions				64
Disposals				
Change in composition of the Group				**64**
Contributions made	-191	4	-187	-260
Net expense recognised in the Income Statement	149	-2	147	189
Other changes	-924	-5	-929	2
Effect of asset ceiling				-38
Intergroup adjustments				152
Net liability at 31 December	**1,183**	**11**	**1,194**	**2,163**

EXPENSE RECOGNISED IN THE INCOME STATEMENT

(€ MILLION)

	THE NETHERLANDS	OTHER COUNTRIES	TOTAL 2008	TOTAL 2007
Current service costs	123	5	128	151
Interest on benefit obligation	185		185	161
Expected return on plan assets	-151	3	-148	-130
Amortisation of actuarial losses/(gains)	-8	-10	-18	7
Total, included in Operating expenses	**149**	**-2**	**147**	**189**

MOVEMENTS TABLE QUALIFYING PLAN ASSETS

(€ MILLION)

	2008	2007
Balance at 1 January	1,636	1,327
Acquisitions		312
Disposals		
Change in composition of the Group		**312**
Contributions into plan by employer	187	112
Benefits paid by the plan	-75	-55
Expected return on plan assets	148	75
Unrecognised actuarial gains and losses	-114	-85
Effect of asset ceiling		-38
Other changes	961	-12
Balance at 31 December	**2,743**	**1,636**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

QUALIFYING PLAN ASSETS

The qualifying plan assets comprise the following investment categories: (%)

Equity instruments	19.4
Fixed-income securities	76.2
Investment property	4.4

ACTUAL RETURN ON PLAN ASSETS

(%)

	THE NETHERLANDS	OTHER COUNTRIES
2008		
Qualifying plan assets	2.22	-29.00
Non-qualifying plan assets	6.59	
2007		
Qualifying plan assets	5.44–5.60	5.50
Non-qualifying plan assets	3.80	

MOVEMENTS IN THE LIABILITY FOR DEFINED BENEFIT PLANS

(€ MILLION)

	2008	2007
Balance at 1 January	3,479	3,452
Acquisitions		300
Disposals		
Change in composition of the Group		**300**
Benefits paid by the plan	-76	-88
Current service costs and interest	313	309
Unrecognised actuarial gains and losses	-9	-488
Other movements	-5	-6
Balance at 31 December	**3,702**	**3,479**

Determination of Expected Return on Assets

An important element for financial reporting is the assumption for returns on plan assets. These returns are updated at least annually, taking into consideration the pension funds' asset allocation, the historical returns and the current economic environment. Based on these components, an annual average return is calculated for a long term. These estimations take into account a reduction for administrative and investment expenses. Furthermore, it is assumed that the target asset allocation of the pension funds will be consistent over a long term. Changes in the asset allocation could impact pension expenses recognised in the Income Statement, the funded status of the plans and the need for future cash contributions.

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Principal actuarial assumptions at the balance sheet date (expressed as weighted average assumptions)

(%)

2008	THE NETHERLANDS	OTHER COUNTRIES
Discount rate at 31 December	5.20	4.45–5.70
Expected return on qualifying plan assets	3.72–5.47	3.00–7.70
Expected return on non-qualifying plan assets	3.72	
Future salary increases	2.50	3.00
Future pension increases	2.00	2.00

2007	THE NETHERLANDS	OTHER COUNTRIES
Discount rate at 31 December	5.30	4.45–5.69
Expected return on qualifying plan assets	5.20–5.60	5.00–5.49
Expected return on non-qualifying plan assets	3.90	
Future salary increases	2.50	3.00–3.50
Future pension increases	2.00	2.00

HISTORICAL INFORMATION

(€ MILLION)

	2008	2007	2006	2005	2004
Present value of the defined benefit obligations	3,702	3,479	3,452	3,277	1,977
Fair value of qualifying plan assets	2,743	1,636	1,327	1,137	267
Deficit in the plan	**959**	**1,843**	**2,125**	**2,140**	**1,710**
Experience adjustments arising on plan liabilities	-587	-570	82	-100	
Percentage of scheme liabilities	-15.9%	-16.4%	2.4%	-3.1%	
Experience adjustments arising on plan assets	99	99	-14	16	
Percentage of scheme assets	3.6%	6.1%	-1.1%	1.4%	

Eureko expects to pay €225 million in contributions to defined benefit plans in 2009.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 OTHER PROVISIONS

(€ MILLION)

2008	RESTRUCTURING	EQUITY PARTICIPATION PLAN	OTHER	TOTAL
Balance at 1 January	57	23	206	286
Provisions made during the period	93	-1	122	214
Provisions used during the period	-52	-12	-102	-166
Provisions reversed during the period			-13	-13
Effect of fair value changes				
Foreign currency differences			1	1
Balance at 31 December	**98**	**10**	**214**	**322**
Non-current	5		20	25
Current	93	10	194	297
Balance at 31 December	**98**	**10**	**214**	**322**

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**

Restructuring

In 2008, provisions were made due to the restructuring costs arising from business process redesign programmes. As per year-end 2008, €40 million relates to a provision made for the segment Health.

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 depository receipts

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

acquired 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. In 2008, 220,000 options (2007: 228,750) were granted to active and former members of the Executive Board, and 630,174 options (2007: 438,071) were granted to other employees employed by Eureko.

The summaries below show the changes in 2008 and 2007 and the details of the options outstanding at the end of 2008.

MOVEMENTS IN OPTIONS GRANTED UNDER THE EQUITY PARTICIPATION PLAN

	NUMBER OF OPTIONS 2008	WEIGHTED AVERAGE EXERCISE PRICE (IN €) 2008	NUMBER OF OPTIONS 2007	WEIGHTED AVERAGE EXERCISE PRICE (IN €) 2007
Outstanding, at the beginning of the year	2,449,599	32.85	2,663,929	28.34
Granted during the year	850,174	42.08	666,821	41.28
Exercised during the year	-777,049	29.15	-881,151	25.58
Expired during the year	-35,762	42.08		
Outstanding, at the end of the year	**2,486,962**	**37.03**	**2,449,599**	**32.85**
Exercisable, at the end of the year	**498,429**	**28.04**	**494,231**	**21.37**

In 2008, a number of 100,264 options for returied employees were recognised as being 'Granted during the year'.

OPTIONS GRANTED AND THE NUMBER OF OPTIONS OUTSTANDING

	OPTIONS GRANTED 2008	OPTIONS GRANTED 2007	NUMBER OF OPTIONS AS AT 31 DECEMBER 2008
Active and former members of the Executive Board	220,000	228,750	975,342
Employees	630,174	438,071	1,511,620
	850,174	**666,821**	**2,486,962**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR	ORIGINAL NUMBER OF OPTIONS GRANTED	OPTIONS OUTSTANDING AS AT 1-JAN-2008	OPTIONS OUTSTANDING AS AT 31-DEC-2008	EXERCISE PRICE (IN €)	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE IN YEARS
2003	637,090	195,425	26,252	17.54	3.70
2004	716,770	298,806	152,886	23.87	4.23
2005	680,745	572,366	319,334	30.90	4.93
2006	843,122	716,181	668,034	34.48	5.18
2007	666,821	666,821	606,308	41.28	8.25
2008	850,174		714,148	42.08	9.25
		2,449,599	**2,486,962**		**6.99**

The fair value of options granted was determined using the option pricing model, substantially similar to the Black-Scholes model, with the following assumptions:

	2008	2007
Expected volatility (in %)	68.55	24.88
Option life (contractual in years)	6.99	6.50
Option life (expected in years)	3.44	3.20
Average risk-free interest rate (in %)	3.32	4.58
Underlying price (in €)	20.42	41.28

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 annually using the Eureko valuation process, as Eureko is not a listed company;
– Exercise price;
– Maturity of the options;
– Expected volatility; and
– 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 trade market for Eureko shares, Eureko uses an implied volatility of similar entities.

Share-based payment expense

The total expense recognised for the year arising from share-based payment transactions and recorded in the Income Statement amounts to:

	2008	2007
Cash-settled share-based payment expense	-1	16

Other

Other provisions include provisions for short-term employee benefits and indemnities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25 BANKING CUSTOMER ACCOUNTS

CLASSIFIED BY NATURE

(€ MILLION)

2008	DEPOSITS	OTHER FUNDS ENTRUSTED	TOTAL
Balance at 1 January	491	4,425	4,916
Money deposited	93	516	609
Money withdrawn	-405	-32	-437
Balance at 31 December	**179**	**4,909**	**5,088**

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**

The fair value of Banking Customer Accounts measured at amortised cost at year-end is €4,415 million (2007: €5,625 million).

DEPOSITS

(€ MILLION)

	2008	2007
Deposits from other banks	71	3
Other money market deposits	108	488
	179	**491**

ANALYSIS BY CONTRACTUAL REMAINING TIME TO MATURITY

(€ MILLION)

	2008			2007		
	DEPOSITS	OTHER FUNDS ENTRUSTED	TOTAL	DEPOSITS	OTHER FUNDS ENTRUSTED	TOTAL
On demand	7	2,500	2,507	1	2,211	2,212
Less than 3 months	76	781	857	155	815	970
3–12 months	70	742	812	278	399	677
1–2 years		168	168	25	304	329
2–3 years	6	238	244	5	180	185
3–4 years	20	183	203	6	193	199
4–5 years		198	198	20	172	192
Over 5 years		99	99	1	151	152
	179	**4,909**	**5,088**	**491**	**4,425**	**4,916**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26 LOANS AND BORROWINGS

CLASSIFIED BY NATURE

(€ MILLION)

2008	LOANS AT FAIR VALUE	LOANS AT AMORTISED COST	TOTAL
Secured bank loans		11,746	11,746
Unsecured loans		1,279	1,279
Financial re-insurance liabilities		41	41
Subordinated loans		115	115
Others	3	229	232
	3	**13,410**	**13,413**

2007	LOANS AT FAIR VALUE	LOANS AT AMORTISED COST	TOTAL
Secured bank loans		11,586	11,586
Unsecured loans		1,424	1,424
Financial re-insurance liabilities		53	53
Subordinated loans		122	122
Others	7	484	491
	7	**13,669**	**13,676**

(€ MILLION)

	SECURED BANK LOANS	UNSECURED LOANS	FINANCIAL RE-INSURANCE LIABILITIES	SUBORDINATED LOANS	OTHER	TOTAL 2008	TOTAL 2007
Balance at 1 January	11,586	1,424	53	122	491	13,676	10,531
Acquisitions					25	25	
Disposals							
Change in composition of the Group					**25**	**25**	
Money deposited	1,285	3,320		7	10	4,622	8,516
Money withdrawn	-1,372	-3,484		-15	-292	-5,163	-5,369
Amortisation	-3	-1				-4	-26
Effect of change in the benchmark rate	18	6		1	-3	22	
Change in value due to fair value hedge accounting	215	4	-9			210	
Foreign currency differences			-3			-3	-1
Accrued interest (for financial instruments measured at fair value)	17	10			1	28	20
Changes due to reclassification							5
Balance at 31 December	**11,746**	**1,279**	**41**	**115**	**232**	**13,413**	**13,676**

In 2007 an amount of €4 million has been reclassified as Liabilities classified as 'held for sale' (see Note 3).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

RECONCILIATION NOMINAL AMOUNTS AND CARRYING AMOUNTS 'AT FAIR VALUE CLASSIFICATION'

(€ MILLION)

	TOTAL 2008	TOTAL 2007
Carrying amount	3	7
Nominal amount	5	9
Difference	**-2**	**-2**

As at 31 December 2008, total loans outstanding to finance the banking activity were €11,943 million (2007: €12,343 million).

The fair value of loans and borrowings measured at amortised cost at year-end is €12,907 million (2007: €12,507 million).

ANALYSIS BY CONTRACTUAL REMAINING TIME TO MATURITY:

(€ MILLION)

	2008	2007
On demand	2	4
Less than 3 months	1,008	841
3–12 months	2,374	2,266
1–2 years	2,327	900
2–3 years	651	1,837
3–4 years	2,484	1,246
4–5 years	1,602	2,592
Over 5 years	2,965	3,990
	13,413	**13,676**

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 collateralised 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)

	2008	2007
Debenture loans issued by Achmea Holding N.V.		491
Commercial paper issued by Achmea Hypotheekbank N.V.	99	209
Syndicated Revolving Credit Facility issued by Friends First Finance Ltd.	328	274
Loans with Rabobank issued by Friends First Finance Ltd.	100	100
Syndicated Credit Facility issued by Eureko B.V.	752	350
	1,279	**1,424**

Unsecured loans and borrowings

The debentures issued by Achmea Holding N.V. carried interest at 5.75% per annum and matured 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 5.15% (2007: 4.33%). 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 of which €70 million matures in June 2012 and €680 million in June 2013.

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 2008 was 5.6% (2007: 4.7%).

27 DERIVATIVES

(€ MILLION)

2008	INTEREST RATE	CURRENCY	OTHER	TOTAL
Balance at 1 January	334	34	3	371
Consideration received	423	90		513
Consideration paid		-35	-3	-38
Fair value changes	13			13
Balance at 31 December	**770**	**89**		**859**

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 reclassification			3	3
Balance at 31 December	**334**	**34**	**3**	**371**

Details of the nature of the derivative instruments outstanding at the 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 2008	RECOGNISED IN INCOME	RECOGNISED IN EQUITY	OTHER MOVEMENTS	**BALANCE AT 31 DECEMBER 2008**
Investments	194	-1	- 41	174	326
Deferred acquisition costs				9	9
Other assets	200	1	- 41	-48	112
Re-insurance	26			-26	
Other liabilities	34	4		41	79
	454	**4**	**-82**	**150**	**526**

The tax rates used in calculating Eureko's deferred taxes are the applicable national rates, which in 2008 and 2007 ranged from 10.0% to 34.0%. Changes in tax rates already enacted as at 31 December 2008 are taken into account.

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

29 LIABILITIES RELATED TO CASH COLLATERAL RECEIVED IN SECURITIES LENDING

In 2007, Eureko entered into an updated securities lending programme. 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 Investment Funds held by a Lending Agent on behalf of Eureko. The cash collateral is invested in money market funds. The investments in these funds are included in Investments related to cash collateral received in securities lending (see Note 16).

(€ MILLION)

	2008	2007
Balance at 1 January	9,216	
Money deposited	30,730	30,880
Money withdrawn	-34,659	-21,664
Balance at 31 December	**5,287**	**9,216**

The fair value of the liabilities which are measured at amortised cost at year-end is €5,057 million. The maximum weighted average maturity of the liabilities is 90 days.

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30 OTHER LIABILITIES

(€ MILLION)

	2008	2007
Liabilities out of direct insurance		
– Policyholders	897	902
– Agents	257	109
– Prepaid premiums	32	45
Other investment liabilities	93	55
Credit institutions	2	1
Re-insurance liabilities	64	162
Taxes and social security premiums	135	132
Creditors	78	123
Cash liabilities	411	182
Employee benefits	40	35
Accruals and deferred income	542	536
Other	815	888
	3,366	**3,170**

OPERATING LEASES AND RENTAL CONTRACTS

(€ MILLION)

	2008	2007
Less than one year	83	70
Between one and five years	190	183
More than five years	92	83
	365	**336**

In 2008, €5 million was recognised as an expense in the Income Statement in respect of operating leases (2007: €6 million). €7 million was recognised as income in respect of subleases (2007: €4 million).

31 CONTINGENCIES

Legal procedures

Eureko B.V. and companies forming part of Eureko 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 of Eureko B.V.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINGENT LIABILITIES

(€ MILLION)

	2008	2007
Guarantees	645	618
Irrevocable letters of credit	397	627
Other commitments	9	
	1,051	**1,245**

The Netherlands-based insurance companies of Eureko have given guarantees to Nederlandse Herverzekeringsmaatschappij voor Terrorismeschaden N.V. to a maximum of €92 million (2007: €93 million). Nederlandse Herverzekeringsmaatschappij voor Terrorismeschaden N.V. is a company in which the participating insurance companies pool the claims and risks relating to terrorism.

Contingencies related to shares subject to repurchase agreement

Pursuant to certain share repurchase agreements, several shareholders of Eureko B.V. 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 financial year 2008 are reflected in the following table:

	OUTSTANDING AS AT 31 DECEMBER 2007	OUTSTANDING AS AT 31 DECEMBER 2008
Option type 1		
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
	10,347,424	**10,347,424**

The exercise price of the options is Eureko's share price as determined by the Eureko Valuation Model. As of 31 December 2008, Eureko's share price was determined at €20.42. The option plan has been maximised to €270 million for type 1 options.

Contingent assets – PZU S.A.

Dispute between the Polish State and Eureko

Eureko currently holds 33% minus 1 share in the 55% state-owned Polish insurance company PZU S.A. The privatisation agreement between Eureko and 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, under the First Addendum, Eureko would at that time acquire a further 21% of the shares. The State Treasury has defaulted on its obligations under the First Addendum.

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.

On 15 January 2009, Eureko filed a Call for Settlement Attempt in the City of Warsaw's Regional Court. Through this filing Eureko intends finally to end the long-lasting dispute on the privatisation of PZU by finding an amicable solution.

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, Eureko maintains various types of ordinary business relations (particularly in the area of insurance, banking and asset management) with related companies and parties. Besides this, the 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, 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 under the Balance Sheet disclosure 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)

	2008	2007
Fixed remuneration	3.6	3.8
Short-term employee benefits	1.2	1.6
Post-employment benefits active board members	2.3	2.4
Post-employment benefits former board members	1.3	1.4
Termination benefits	3.2	
Share-based payment active board members	1.5	0.3
Share-based payment former board members	3.8	2.8
	16.9	**12.3**

The amount stated under 'Short-term employee benefits' for the year 2008 deals with benefits granted for performance in the year 2007.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

In 2008, 220,000 options were granted to the Executive Board relating to the Equity Participation plan, with an exercise price of €42.08 and an expiry date of 30 March 2018. During 2008, the Executive Board exercised options with a total excercise price of €9 million. The exercising period of the options was from 30 March 2008 until 2 May 2008.

Although it is the Remuneration Committee's responsibility to make recommendations on variable compensation of the Executive Board, members of that board have decided to waive all variable payments over 2008.

(€ MILLION)

	2008	2007
Number of Executive Board members in active service	6.0	5.0
Average number of Executive Board members during the year	5.8	5.8

Average remuneration of an Executive Board member (excluding termination benefits and equity participation plan): (€ MILLION)

	2008	2007
Fixed remuneration	0.62	0.66
Short-term employee benefits	0.21	0.28
Post-employment benefits	0.40	0.41
	1.23	**1.35**

Supervisory Board members received a total remuneration of €0.8 million (2007: €0.7 million). Supervisory Board members are not entitled to any bonuses or stock options.

Rabobank

For its operations, Eureko uses various regular banking services of the Rabobank Group. All services and transactions with 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 has paid commission of €289 million to local Rabobanks over 2008 (2007: €281 million). With the introduction of Basic Health Insurance, a specific offer has been made to the affiliated members ('aangesloten leden') of the Rabobank. They are granted a 7.5% discount on 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, over 2008, Achmea has paid fees amounting to €7 million (2007: €9 million).

Facility services

Amongst others, Achmea obtains ICT services from Rabofacet, the facility service unit within the Rabobank Group. For these services, over 2008, Achmea paid fees amounting to €9 million (2007: €19 million).

Insurance services delivered to Rabobank

Rabobank has insured several risks with Achmea, including a collective health insurance contract with Zilveren Kruis. The premiums related to this insurance coverage over 2008 are €71 million (2007: €71 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Balance as of 31 December 2008 with Rabobank Group:

Savings accounts that are backing financial liabilities for policyholders and a credit facility that is reported as Loans and borrowings.

F&C Asset Management plc

In 2004, Eureko merged its fully 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 2008, is no longer the controlling shareholder in the new combination. As part of the transaction, agreements have been made between parties about the continuation of the Asset Management activities for Eureko by the new combination for a ten-year period. For these activities over 2008, Eureko paid fees amounting to €33 million (2007: €29 million). The fees are determined at regular market rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED INCOME STATEMENT

33 GROSS WRITTEN PREMIUMS LIFE

(€ MILLION)

	2008	2007
Individual	1,293	1,708
Group	949	442
Account policyholder	1,989	2,267
	4,231	**4,417**

GROSS WRITTEN PREMIUMS LIFE

(€ MILLION)

	SINGLE PREMIUM	ANNUAL PREMIUM	TOTAL 2008	TOTAL 2007
Individual Life insurance				
– with profit sharing	492	193	685	838
– without profit sharing	176	432	608	870
– for account policyholders	269	1,092	1,361	1,359
	937	**1,717**	**2,654**	**3,067**
Group Life insurance				
– with profit sharing	284	362	646	340
– without profit sharing	9	294	303	102
– for account policyholders	328	300	628	908
	621	**956**	**1,577**	**1,350**
	1,558	**2,673**	**4,231**	**4,417**

The 2007 figures have been reclassified for comparison purposes.

34 GROSS WRITTEN PREMIUMS NON-LIFE

(€ MILLION)

	2008	2007
Accident	97	106
Motor liability	698	709
Motor other	669	646
Transport/aviation	97	83
Property	1,039	924
General liability	240	233
Legal assistance	168	161
Other	76	53
	3,084	**2,915**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 GROSS WRITTEN PREMIUMS HEALTH

(€ MILLION)

	2008	2007
Basic health insurance	9,812	5,661
Supplementary health insurance	1,178	813
Occupational health insurance	732	773
Other health insurance	269	274
Total	**11,991**	**7,521**

36 INCOME FROM ASSOCIATED COMPANIES AND PARTICIPATING INTERESTS

(€ MILLION)

	2008	2007
Income from investments in associated companies	140	365
Income from investments in participating interests	-693	40
	-553	**405**

INCOME FROM ASSOCIATED COMPANIES

(€ MILLION)

	2008	2007
PZU S.A.	238	333
F&C Asset Management plc	4	17
Income from associated companies	**242**	**350**
Impairment loss	-103	
Capital gain from the sale of associated companies		15
Other	1	
	140	**365**

INCOME FROM PARTICIPATING INTERESTS

(€ MILLION)

	2008	2007
Direct income:		
Dividend		28
Realised gains and losses		12
Impairment loss	-693	
	-693	**40**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37 INVESTMENT INCOME

INCOME FROM INVESTMENTS BASED ON ACCOUNTING TREATMENT OF INVESTMENTS

(€ MILLION)

	2008	2007
Investment property	105	103
Investments 'Available for sale'	1,039	982
Investments 'At fair value through income statement'	296	233
'Loans and receivables'	189	188
	1,629	**1,506**
Investment expenses	-75	-65
Direct operating expenses investment property	-24	-13
	1,530	**1,428**

INCOME FROM INVESTMENTS BASED ON THE NATURE OF INVESTMENTS

(€ MILLION)

	2008	2007
Investment property	105	103
Direct income from other financial investments:		
Equities and similar investments	141	148
Bonds	1,046	967
Loans	229	229
Mortgages	3	6
Deposits	62	51
Derivatives	-45	-12
Other investments	88	14
	1,629	**1,506**

INCOME FROM INVESTMENTS BASED ON THE NATURE OF THE INCOME

(€ MILLION)

	2008	2007
Interest:		
'Available for sale'	975	850
'At fair value through income statement'	219	217
'Loans and receivables'	189	188
Rental income	105	103
Dividends	141	148
	1,629	**1,506**

The interest income includes no accrued interest on impaired loans.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38 REALISED AND UNREALISED GAINS AND LOSSES

(€ MILLION)

	2008	2007
Realised and unrealised gains and losses on financial assets:		
Investment property	-115	98
Investments 'Available for sale'	-338	181
Investments 'At fair value through income statement'	548	-400
Impairment losses on investments	-1,130	-11
Reversals of impairment losses on investments	2	1
Foreign currency differences	-130	88
	-1,163	**-43**
Realised and unrealised gains and losses on financial liabilities:		
Loans and borrowings		4
Other	14	6
Foreign currency differences		-4
	14	**6**
	-1,149	**-37**

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 €692 million of the unrealised results from fair value changes is related to investments which are measured using a valuation technique (2007: €-110 million). These fair value changes are mainly related to investment property, unlisted derivatives and unlisted equities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39 INCOME FROM INVESTMENTS BACKING LINKED LIABILITIES

(€ MILLION)

	2008	2007
Direct income from:		
Investment property	47	42
Equities and similar investments	105	153
Fixed-income securities	282	274
Derivatives	6	46
Other investments	28	22
	468	**537**
Net foreign currency differences	-31	-36
Unrealised and realised revaluation results:		
Investment property –	-373	-72
Equities and similar investments	-3,732	220
Fixed-income securities	51	-111
Derivatives	305	-77
Other	11	19
	-3,301	**480**
Investment expenses	-23	-27
	-3,324	**453**

Direct income from fixed-income secrities includes interest income related to saving accounts.

40 BANKING INCOME

(€ MILLION)

	2008	2007
Interest income	946	902
Unrealised and realised results	16	7
Fee and commission income of financial instruments not classified as at fair value	17	25
Other	7	5
	986	**939**

41 FEE AND COMMISSION INCOME, AND INCOME FROM SERVICE CONTRACTS

(€ MILLION)

	2008	2007
Fee income from trust and other fiduciary activities	622	575
Income from service contracts	10	68
	632	**643**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

42 INCOME FROM INVESTMENTS RELATED TO CASH COLLATERAL RECEIVED IN SECURITIES LENDING

(€ MILLION)

	2008	2007
Direct investment income	347	288
Losses related to defaults	-82	
Investment expenses	-5	-3
	260	**285**

43 OTHER INCOME

(€ MILLION)

	2008	2007
Net foreign currency differences	6	
Gain on sale of subsidiary companies	40	
Other income	119	179
	165	**179**

44 CLAIMS AND MOVEMENTS IN INSURANCE LIABILITIES

(€ MILLION)

	2008 GROSS	2008 RE-INSURANCE	2007 GROSS	2007 RE-INSURANCE
Life				
Claims paid	4,711	92	4,165	103
Changes in insurance liabilities	-50	21	-393	131
	4,661	**113**	**3,772**	**234**
Non-Life				
Claims paid	1,976	112	1,743	89
Changes in insurance liabilities	67	50	114	-1
Claim handling expenses	122		127	
Recoveries	-205		-112	
	1,960	**162**	**1,872**	**88**
Health				
Claims paid	10,658	469	7,293	608
Changes in insurance liabilities	471	-36	-722	-19
Claim handling expenses	114		110	
Recoveries	-14		-10	
	11,229	**433**	**6,671**	**589**
Total claims and movements in Insurance liabilities	**17,850**	**708**	**12,315**	**911**

45 PROFIT SHARING AND BONUSES

(€ MILLION)

	2008	2007
Amortisation interest surplus rebates	26	82
Profit sharing	505	-19
Benefits policyholders	-332	24
	199	**87**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

46 BENEFITS ON INVESTMENT CONTRACTS

(€ MILLION)

	2008	2007
Fair value changes investment contracts	-996	-144
Other benefits on investment contracts		-1
	-996	**-145**

47 OPERATING EXPENSES

(€ MILLION)

	2008	2007
Salaries	990	910
Social security charges	100	80
Pensions	147	189
Share-based payment expense	-1	16
Others	781	669
Staff costs	**2,017**	**1,864**
Marketing and advertising expenses	152	137
Acquisition costs	798	823
General expenses	960	590
	3,927	**3,414**
Less: claims handling expenses	240	237
Less: direct operating expenses from investment property generating rental income		-6
Less: direct operating expenses from investment property not generating rental income		19
Less: Investment expenses	99	92
	3,588	**3,072**

NUMBER OF EMPLOYEES (AT THE END OF THE YEAR, BASED ON FTE)

ACHMEA	FRIENDS FIRST	INTERAMERICAN GREECE	EUREKO SIGORTA	UNION	OTHER	TOTAL 2008	TOTAL 2007
19,804	532	1,529	529	550	1,990	24,934	24,035

Other includes 1,250 employees of Oranta Russia. In December 2008, part of Interamerican Greece was divested, which included 634 employees. The number of employees mentioned above also includes employees with temporary contracts. An FTE is based on a 38-hour working-week.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Included within Other operating expenses are expenses related to audit firms performing the audit of the annual accounts of Eureko B.V. which are summarised as follows:

(€ MILLION)

	2008	2007
Audit annual accounts	8	6
Audit related services	2	4
Other services	7	5
	17	**15**

The table above contains an overview of the expenses related to audit firms performing the audit on the annual accounts of Eureko and all its subsidiaries. Expenses related to non-KPMG Accountants N.V. audit firms are as follows: Audit annual accounts €1 million (2007: € 1 million), other services €7 million (2007: €5 million).

48 BANKING EXPENSES

(€ MILLION)

	2008	2007
Interest expenses	711	666
Other fee and commission expenses	4	2
Other banking expenses	28	
	743	**668**

Operating expenses, such as staff costs, are included in Note 47.

49 INTEREST AND SIMILAR EXPENSES

(€ MILLION)

	2008	2007
Interest expenses	132	68
	132	**68**

50 INTEREST EXPENSES FROM LIABILITIES RELATED TO CASH COLLATERAL RECEIVED IN SECURITIES LENDING

(€ MILLION)

	2008	2007
Interest expenses	298	269
	298	**269**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

51 OTHER EXPENSES

(€ MILLION)

	2008	2007
Amortisation charges	233	246
Impairments	46	4
Re-insurance profit sharing and commission	-24	-16
Other expenses	70	69
	325	**303**

AMORTISATION CHARGES

(€ MILLION)

	2008	2007
Intangible assets	157	172
Property for own use	13	16
Equipment	63	57
Other		1
	233	**246**

As part of the accounting of the Interpolis business combination, Eureko opted for the expanded presentation on the acquired insurance liabilities (including the insurance liabilities for policyholders). This expanded presentation was not applied properly for the accounting for the insurance liabilities for policyholders. This omission was identified in 2008 and reclassifications were applied accordingly as of 1 january 2007. In the Income Statement, 'Movements in insurance liabilities for policyholders' has been reduced by an amount of €22 million, whereas 'Other expenses' increased by €22 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

52 INCOME TAX EXPENSES

RECONCILIATION OF EFFECTIVE TAX AMOUNT

(€ MILLION)

	2008	2007
Profit before tax and discontinued operations	-2,620	1,041
Domestic corporation tax rate	25.5%	25.5%
Income tax using the domestic corporation tax rate	-668	266
Effect of tax rates in foreign jurisdictions	10	-13
Tax effect on:		
Non-deductible expenses	7	5
Tax exempt revenues	-18	-4
Tax facilities		2
Untaxed realised investment gains	4	
Untaxed gains on disposal of subsidiaries	-1	8
Participation exemption	153	-107
Non-deductible losses	19	9
Tax losses utilised		
Other	-6	9
Under/(over) provided in prior years	-2	-113
Effective tax amount	**-502**	**62**

In 2007, 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.

The effective tax rate in 2008 amounts to -19.2% (2007: 6.0%).

(€ MILLION)

	2008	2007
Current tax expense		
Current year	-625	166
Under/(over) provided in prior years	-2	-113
	-627	**53**
Deferred tax expense		
Origination and reversal of timing differences	125	9
Total income tax expense in Income Statement	**-502**	**62**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

53 EARNINGS PER SHARE

Basic earnings per share

The calculation of earnings per share at 31 December 2008 is based on the net profit attributable to ordinary shareholders of €-2,198 million (2007: €916 million) and a weighted average number of ordinary shares outstanding during the year ended 31 December 2008 of 330,291,051 (2007: 313,609,178).

NET PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS

(€ MILLION)

	CONTINUING OPERATIONS	DISCONTINUED OPERATIONS	**TOTAL 2008**	CONTINUING OPERATIONS	DISCONTINUED OPERATIONS	TOTAL 2007
Net profit	-2,119		-2,119	979		979
Dividends on non-redeemable cumulative preference shares	25		25	25		25
Payments on other equity instruments	73		73	62		62
Tax on other equity instruments	19		19	24		24
Net profit attributable to ordinary shareholders	**-2,198**		**-2,198**	**916**		**916**

WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES

	2008	2007
Issued ordinary shares at 1 January	323,254,198	313,212,274
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
Effect of shares issued in April 2008	7,036,853	
Weighted average number of ordinary shares at 31 December	**330,291,051**	**313,609,178**

NET PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS

(€)

	2008	2007
Earnings per share – continuing operations	-6.65	2.92
Earnings per share – discontinued operations	0.00	0.00
Basic earnings per share	**-6.65**	**2.92**

The diluted earnings per share equal the earnings per share from continuing operations.

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54 RISK MANAGEMENT

INTRODUCTION

Taking risks is fundamental for financial institutions 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 Eureko's continuity, solvency and professionalism. The following sections present Eureko's risk-management framework and provide an overview of Eureko's risk position, including main changes and a description of the management of those risks.

Main Developments Risk Management 2008

Developments financial markets

The financial crisis that spread rapidly through global markets from the second half of 2008 put extreme pressure on our risk-management systems. Eureko's risk profile is based on stringent predefined limits. However, like the majority of organisations that work in financial markets, the reporting year, 2008, threw up realities that resulted in 'tail' outcomes on risk assessments. We suffered considerable losses due to impairments on our investment portfolio following rapid falls in equity markets. Widening credit spreads also impacted performance negatively. Therefore, although the basic framework and governance we use to manage our risk are comprehensive, viable and solid, we also identified some areas where our risk management function needs to be strengthened, especially on our group steering. Actions have been taken to address them.

Dutch unit-linked policies

Eureko has sold in the Netherlands, both directly and by independent agents, unit-linked individual life insurance policies for saving purposes.

In the course of 2006, a public discussion began on the level of charges and risk premiums, whether the information provided at sale was adequate and whether the risks were understood by policyholders given the consequences of all these elements on the return actually available on unit-linked policies.

Consumer groups have been set up as representatives of policyholders, aiming for compensation in this discussion.

On 4 March 2008, the Financial Services Ombudsman published a Recommendation. On 9 October 2008 the Dutch Financial Markets Regulator (AFM), instructed by Ministry of Finance, published a Factual Investigation on unit-linked policies.

Eureko does not consider itself liable for complaints that come from the above Recommendation and Factual Investigation, and for any compensation of charges, risk premiums that were accounted for with customers, or any losses whatsoever. Nevertheless, given the public debate, and in order to contribute to recovery of confidence, Eureko has striven to meet policyholders in their desire for compensation.

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In December 2008, a proposal to compensate Achmea customers was approved by the Executive Board. The proposal consists of a compensation by maximising charges and risk premiums, and a special compensation for distressing cases.

The total estimated amount of compensation is partly accounted for as a technical reserve at the end of 2008, and partly seen as a charge against future profits, which results in a lower value of in-force business.

EUREKO'S RISK FRAMEWORK

Risk management organisation

Eureko's risk governance is organised along three lines of defence. This ensures 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 Dutch divisions' investments and re-insurance activities.
The second line of defence at Group level includes the following Group Risk Committees, each chaired by an Executive Board member and comprising the directors of relevant staff departments.

Group Risk Committees

- 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 coordinates 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 & Investment Committee (GAIC) has the same responsibility for market risk and credit risk of the insurance portfolios.
- 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 case 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 includes risk-management departments at Division and Group level with divisional risk management departments along functional reporting lines to staff departments at Group level. Finally, it 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.

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Risk policies

Several policies and procedures are in place for the management of our risk position, such as a product development procedure, an investment policy and a re-insurance policy. These include risk limits and contingency planning. The policies and procedures are set such that our risk profile is in line with our strategic risk budget and takes into account relevant regulatory requirements. Policies and procedures are reviewed on a regular basis and updated via the relevant risk committees.

Risk reporting

Reports on our risk position are discussed on a regular basis. Regular reporting includes an interest-rate monitor, claims development and reserve adequacy reporting, the solvency monitor and reporting on our product development and underwriting. Our risk reporting assesses whether our risk profile is within the predefined risk limits and, if necessary, action is taken. An Eureko Risk Dashboard has been developed to monitor our Group risk profile. It provides an overview of all key risk indicators; these are discussed on a quarterly basis by the Group Financial Risk Committee, the Executive Board and the Audit Committee.

Risk measurement

We apply several methods and models to measure our risk position. These are described in the relevant sections on risk types. Risk measurement provides insight into our risk position; it is the common factor in our decision making and risk control consisting of setting risk policies and monitoring through our risk reporting.

An economic capital model has been developed to provide an overall view of our Group risk profile. Economic capital information allows management to make consistent and more informed strategic choices on capital allocation, performance management, asset mix, product pricing, re-insurance strategy, decisions on business mix, merger and acquisition prospects and future dividend strategy.

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. At Divisional level, a confidence level of 99.5% is used. The difference between the confidence level at Group and Division levels is explained by the impact of diversification, which is taken into account at Group level only.

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 uses 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. The model has been further improved during 2008, taking into account recent developments in the insurance industry as a whole such as, for example, the quantitative impact study 4 of CEIOPS.

Risk mitigation

Eureko may apply several risk mitigation instruments to limit certain risk exposures. The main instruments are strict underwriting, re-insurance and capital market instruments. These include the traditional hedge instruments, such as interest rate and equity derivatives, but also other instruments like catastrophe bonds and alternative risk transfer.

EUREKO'S RISK PROFILE

Eureko is exposed to insurance risk, market risk, credit risk, liquidity risk and operational risk. In terms of economic capital our largest exposures are market risk and the insurance risk associated with the Non-Life business.

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Market risk reflects the net exposure to the capital markets, including equity, property and fixed-income investments. The risks resulting from our shares in the associated companies and/or participating interests, which consist primarily of our exposure to PZU, Poland and Millennium BCP, Portugal, are also included in market risk. Our equity risk decreased significantly in 2008, mainly as a result of the equity collar which Eureko entered into in 2008.

More information on the nature and the management of these risk types can be found in the specific sections.

INSURANCE RISK

Insurance risk is the risk of a change in value due to a deviation of the actual claims payments from the expected amount of claims payments (including claim handling expenses) and encompasses Life risk, Non-Life risk, Disability risk and Health risk. Catastrophe risk and concentration risk, if present, are included separately in the risk types mentioned.

Eureko manages the insurance risk position primarily through strict underwriting policies, reserve adequacy testing and its re-insurance policy.

Underwriting

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. By offering a range of different products the insurance risks are balanced across the portfolio. As far as the law allows, medical selection is included in Eureko's underwriting procedures, with premiums varied to reflect the applicant's health and family medical history.

A product development procedure is in place for the introduction of new insurance products. This procedure includes requirements that must be adhered to during the development process, and both profit-testing requirements and explicit approvals.

Reserve adequacy

Insurance provisions for Life insurance, Non-Life insurance, Occupational Health and Health insurance are tested periodically and more often if considered necessary.

In the Life business (individual and group) calculations are carried out to test the adequacy of the insurance liabilities taking longevity into account. Calculations are based on mortality tables derived from industry statistics. Prudency is explicitly included in the reserve adequacy testing.

Calculations for Non-Life insurance are carried out on a regular basis to test the adequacy of the insurance liabilities. These calculations take into account outstanding claims that can be exposed to claims inflation from prior-year losses in those lines of business with long claim-development patterns (long tail). Liabilities in Non-Life insurance 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. The levels of these required margins are reviewed at least annually. The prudence margin for all lines combined in the Netherlands is calculated at a 98.5% confidence level.

Re-insurance

In general, major risks are covered in re-insurance treaties and risks that exceed the treaty limit are covered on a facultative basis. In 2008, the highest retention per risk was €10 million (2007: €6 million).

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For Life insurance, re-insurance is used to limit the risk assumed on individual lives or groups of lives that may present a concentration or catastrophe risk. For Non-Life insurance, Eureko mitigates risk exposures through re-insurance contracts only, and not through catastrophe bonds or other alternative risk transfers. See the Non-Life section for more information on the re-insurance programme of 2008 and changes for 2009.

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.

Risk of losses due to terrorism

The 'Nederlandse Herverzekeringsmaatschappij voor Terrorismeschaden N.V. (NHT)' guarantee fund covers all claims on Dutch policies related to terrorism attacks up to €1 billion. Terrorism claims above this maximum are excluded in the policies. Like all 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. The maximum risk of Eureko is €92 million.

Life risk

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 the guaranteed investment return equal to the interest that is 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.

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. There are no other 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 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 if circumstances require.

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 on the assumption that 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.

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In 2008, Eureko analysed the pandemic risk in the largest Eureko life portfolios, i.e. Achmea, Friends First and Interamerican Greece, supported by RMS and Swiss Re. The expected claim in excess of normal mortality based on a weighted average of those models for a once-in-200 year event is €160 million. Based on those results, Eureko decided not to re-insure pandemic risk.

In 2008, Achmea, Friends First and Interamerican Greece were all protected by re-insurance to protect the large sums insured. A part of the Achmea portfolio was protected by catastrophe cover. This cover has not been renewed for 2009, as the risk is remote and the impact of an extreme scenario will be limited. The re-insurance covers of the Achmea portfolios have been integrated in one programme with a priority of €2 million for 2009.

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 2008	-22	-5	-6
Non linked insurance liabilities 2007	-21	-5	-6

The sensitivities are calculated on the situation at year-end 2008. The split in insurance and annuitant mortality is derived from the technical accounts of the business units.

Non-Life risk

Non-Life insurance covers the most prevalent risks, such as fire, hail, storm and motor accident. 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 amounts insured that exceed €300 million.

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, Turkey, 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 and to a large extent 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 calibrated annually 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.

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The table below is based on the insurance portfolio, re-insurance programmes and price level in 2008.

CONCENTRATION RISK (€ MILLION)

	MOTOR OTHER	PROPERTY RESIDENTIAL/ INDUSTRIAL	PROPERTY GREENHOUSES	TOTAL
Gross losses				
Results from meteorological models				
Windstorm that occurs 1-in-50 years		592	110	702
Hail event that occurs 1-in-50 years	40		39	79
Historical windstorm and hail events in the Netherlands				
Impact of heavy windstorm in 1990 (Daria)	17	431	95	543
Impact of heavy hail event in 2008	35		3	38
Historical large fires and explosions				
Largest fire over past 10 years		28	3	28
Enschede fireworks explosion		71		71
Re-insurance cover				
Results from meteorological models				
Windstorm that occurs 1-in-50 years		452	85	537
Hail event that occurs 1-in-50 years	28		14	42
Historical windstorm and hail events in the Netherlands				
Impact of heavy windstorm in 1990 (Daria)	5	291	70	366
Impact of heavy hail event in 2008	23			23
Historical large fires and explosions				
Largest fire over past 10 years		22		22
Enschede fireworks explosion		47		47
Net losses				
Results from meteorological models				
Windstorm that occurs 1-in-50 years		140	25	165
Hail event that occurs 1-in-50 years	12		25	37
Historical windstorm and hail events in the Netherlands				
Impact of heavy windstorm in 1990 (Daria)	12	140	25	177
Impact of heavy hail event in 2008	12		3	15
Historical large fires and explosions				
Largest fire over past 10 years		6	3	6
Enschede fireworks explosion		24		24

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 for property and greenhouses. Eureko has taken a 40% participation in the top layers of the property programme to optimise the risk-return profile. The range of this top layer is €800 million to €1,200 million for property. The upper limit of the greenhouses programme is €220 million. 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.

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LARGEST PROGRAMMES 2008 (€ MILLION)

	PRIORITY (RETENTION BELOW COVER)	UPPER LIMIT
Property catastrophe Netherlands	140	1,200
Greenhouses catastrophe Netherlands	25	220
Motor hull catastrophe Netherlands	12	120
Property and motor hull catastrophe Belgium	5	65
Earthquake Greece	2	155
Earthquake Turkey	6	170
Property per risk Netherlands	10	50

In 2009, the priority of the property catastrophe programme in the Netherlands is maintained at €140 million and the upper limit increased to €1,275 million. To reduce our risk profile, Eureko no longer participates in the top layer. For greenhouses, the priority is maintained at €25 million and the upper limit increased to €235 million.

On 22 June 2008, there was a major hailstorm, resulting in a Motor hull loss for Achmea of over €35 million. This loss led to an upward pressure on the re-insurance premiums as well as on the priority. For that reason, the priority has been increased from €12 million to €15 million. Furthermore, Eureko Re has updated the flood model for Motor hull. Given the uncertainties about the flood model (assumptions are based on expert opinions), Eureko has chosen to increase the upper limit of the programme from €120 million to €300 million, by including Motor hull in the first layer of the property catastrophe re-insurance cover.

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 approximately 167 (2007: 130) for property, 36 (2007: 35) for general liability and 6 (2007: 10) for other business lines.

The following table provides an overview of the impact of non-life sensitivities on profit before tax:

NON-LIFE INSURANCE SENSITIVITIES, IMPACT ON PROFIT BEFORE TAX (€ MILLION)

	MAINTENANCE EXPENSES + 10%	GROSS CLAIM RATIOS + 5%
Non-Life insurance	-119	-130

The sensitivities are calculated on the situation at year-end 2008.

Sensitivities on expenses and gross claim ratios will only have impact on Equity through the Income Statement.

Disability risk

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 also 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.

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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.

In Ireland, disability insurance is an important business line written on a standalone basis; these products are also offered as part of Life insurance (PHI). The PHI contracts guarantee the premium rates for the duration of the contract in case of individual business and for a limited period in the case of group contracts. In the underwriting, policy restrictions and limits (including medical) are in force to limit selection by the insurer.
Claims are reserved based on generally accepted actuarial principles, taking recovery rates into account.

The following table provides an overview of the impact of occupational health sensitivities on profit before tax:

OCCUPATIONAL HEALTH INSURANCE SENSITIVITIES, IMPACT ON PROFIT BEFORE TAX (€ MILLION)

	MAINTENANCE EXPENSES + 10%	GROSS CLAIM RATIOS + 5%
Occupational health insurance	-29	-55

The sensitivities are calculated on the situation at year-end 2008.

Health risk

Eureko is the largest health insurer in the Netherlands. Under the Dutch health system which came into force on 1 January 2006, healthcare consists of two components: basic and supplementary health insurance.

Supplementary health insurance provides additional cover for policyholders. This insurance is voluntary and is similar to non-life insurance in methodology and approach.

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 that apply to basic health insurance, for instance mandatory acceptance and maximum discounts for group contracts (currently 10%);
- Payments from the equalisation fund to health insurers (see below);
- The standard nominal premium level generally needed to cover the total claims level (insurers have to apply an additional premium to this premium to cover costs, discounts, profit, etc.).

Equalisation fund

Apart from the premium received from policyholders, an insurer receives payments from an equalisation fund financed by employers and the Dutch government. Payments by this fund to a health insurer depend on the risk profile of their insured portfolio; this and the standard nominal premium are expected to equalise the claims level for all insurers. A system of risk mitigation features has been introduced, which mitigates the risks of:
- a ‘non-average’ portfolio in terms of age, gender, health of insured, occupation (source of income), socio-economic status (average income per household member) and region (4-digit postal code);

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- general health cost inflation. Across the Dutch health insurers, the payments received from the equalisation fund and the standard nominal premium ultimately equalises the actual claims level of all insurers (this is called macro-neutrality). 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 not material;
- higher than average claims with extreme claim amounts (until 2007 above €12,500 per insured, and from 2008 onwards above €20,000 per insured);
- hospital claims, due to the ex-post compensation mechanism (if equalisation fund payments fall short of hospital claims, the insurer is compensated for 63% of the shortfall, and vice versa (for 2009, this is 48%)).

Compared with other non-life insurances, the features above mitigate the insurance risk for basic health insurance considerably. Due to the equalisation scheme mechanism, 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 healthcare, private healthcare and estimates. This may result in a flawed distribution of the equalisation fund among health insurers. From 2009 onwards, the system is calibrated on information from the basic health insurance.

Additional uncertainty on hospital claims

From 1 January 2005, settlement of medical care costs between health insurers and Dutch hospitals is based on 'Diagnose Behandel Combinaties' (Diagnosis treatment combinations, DBCs) that cover the whole duration of medical treatment; claim compensation for separate treatments is specified. The final settlement is determined at the end of the treatment period. The implementation of this DBC-method put significant pressure on Dutch hospital administrations. As a consequence, although the claims related to 2006 are more or less settled, this has not yet been achieved for 2007 and estimates were made. Health insurers are, therefore, uncertain about what amounts should be recognised as insurance liability at year-end.

Furthermore, hospitals were over-financed in both 2005 and 2006 by €713 million and €1,804 million, respectively (at year-end 2007, these estimates were €880 million and €1,700 million). For 2007, our estimate is €1,100 million, and for 2008 we expect it to be negligible, either a minor negative or positive. This means the hospitals received more income than budgeted and this has to be reimbursed to the insurers. Therefore, insurers correct hospital claims by these amounts. However, for 2007 and 2008, these amounts are only estimates and final settlement will only occur when actual data are available. In its financial reporting, Eureko takes claim corrections due to over-financing of hospitals into account. It must be noted that insurers' risk on hospital claims is mitigated due to the macro-neutrality that ultimately equalises the equalisation 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 negative run-off on the claims reserves of the former Eureko health insurers (private and public) of negative €5 million, due to the settlement of the hospital over-financing in 2005 and the settlement of former years of the public health insurance. At year-end 2008, the former Eureko health insurers (public and private) made no further technical provisions for health activities.

MARKET RISK

Market risk is the risk of changes in values caused by market prices or volatilities of market prices differing from their expected values. It encompasses interest-rate risk, equity risk, property risk and foreign-exchange rate risk.

Besides the market risk that results from our investment portfolios, market risks arise due to embedded options in our insurance products.

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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 and investment contracts. The ALM's key objective is to maximise expected returns on assets within the overall risk position and objectives.

The main aspects of the ALM framework are managing interest-rate exposure, setting the strategic investment mix, policy setting and periodic monitoring.

Managing of interest-rate exposure

This involves setting the right investment profile to hedge the duration and the embedded options in insurance liabilities.

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. Decisions are taken at Group level but the limits have to be adhered to by 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 annually, or more frequently when appropriate.

Policy setting and periodic monitoring

Policies take into account the impact of adverse developments on profitability and solvency and may involve hedge accounting on either a fair-value or cash-flow basis. Specific mitigation policies are in place, such as for the interest-rate risk and currency risk exposure. The market risk position is monitored on a periodic basis. The interest-rate risk position and the risk of regulatory insolvency especially are monitored quarterly, or more often when appropriate, based on shocks to yield curves and to equity/property prices.

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 traditional life insurance, 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 €15.8 billion (2007: €12.7 billion).

In the Netherlands, less than 15% of the carrying amount of occupational health insurance includes profit sharing on technical profits. Further, two occupational health insurance contracts, with 10% of the carrying amounts, include the option of crediting investment return if it exceeds a specific ceiling.

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. 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 on these policies 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 profits on mortality and expenses into account. The total amount of the related insurance liabilities is €1.7 billion (2007: €2.0 billion).

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In general, profit sharing in Greece, France and Slovakia is a percentage of the excess investment return above the guaranteed rate. The related insurance liabilities are €0.7 billion (2007: €0.7 billion) for Greece; €0 billion (2007: €0.5 billion) for France; and €42 million (2007: €9 million) for Slovakia.

Investments of cash collateral received in securities lending

In 2007, Eureko entered into an enhanced securities lending programme. Eureko lends securities to borrowers, who in turn pay cash collateral. The received cash collateral at 31 December 2008 amounted to €5.3 billion (2007: €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.

About 56% of the funds' investments has an S&P rating of AAA, 34% AA and 10% 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

Eureko has interest-rate risk in its insurance operations. This risk relates to the interest sensitivity of the difference in market value between the financial investments backing the insurance liabilities and the insurance liabilities.

Interest-rate policy

The Group interest-rate policy is to manage the duration of investments and liabilities on an economic basis using matching duration. Duration mismatch must remain within an allowed bandwidth; changes in the investment portfolio are implemented to correct mismatches. Further, interest rate derivatives are used to improve matching of assets and liabilities. The interest-rate sensitivity of the net position is assessed quarterly, both on individual entity and at Achmea level.

DURATION (YEARS)

	FINANCIAL INSTRUMENTS	INSURANCE CONTRACTS	MATCHING DURATIONS
Life	10.1	10.7	12.1
Non-Life/Health	2.3	2.5	2.2
Total insurance operations	**7.4**	**8.2**	**8.6**

Friends First is excluded due to the with-profit contracts.

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. At a total level, the actual duration (7.4) of financial instruments is substantially shorter than the matching duration (8.6) due to the increase in the credit spread of the instruments during the last quarter of 2008. The impact on economic equity of changes in interest rates at 31 December 2008 is approximately €35 million per 10 basis points. A reduction in rates leads to a reduction in economic equity. In accordance with the policy, the duration mismatch has been brought within the agreed bandwidth in the first quarter of 2009.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

liabilities. The total value of the interest-rate derivative position is €1,050 million (2007: €259 million) and notional amount of €21.3 billion (2007: €17.2 billion).

The 'accounting' interest-rate sensitivity of bonds, loans and derivatives is shown below:

INTEREST RATE SENSITIVITY (€ MILLION)

	TOTAL EQUITY	PROFIT BEFORE TAX
Interest rate +1%	-688	5
Interest rate -1%	-213	-531

The table above shows the effect of a parallel interest-rate shift on Total equity and Profit before tax, taking into account the impact on both investments and insurance liabilities, including the effect of correcting, through the liability adequacy test, any shortfall that may arise in the technical provisions. The results shown reflect the extent of the mismatch between investments and liabilities. This is substantially affected for the majority of the liability portfolio, by the accounting principles, so that the impact on Total equity is different from that on economic equity. For the greater part of the Dutch Life insurance portfolio, fair value changes of fixed-income securities are accounted for in the Provision for profit sharing and bonuses (part of the Insurance provisions and, therefore, have no impact on equity unless the provision has a zero value). A negative balance is not allowed and in that case, any negative fair value changes are suspended and remain part of Total equity.

Equity 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.

Eureko assesses whether the equity price risk is to be mitigated on a case-by-case basis. Eureko invests in equity derivatives for either risk mitigation purposes, efficient portfolio management or to enhance strategic objectives. In 2008 Eureko entered into an equity collar with a notional amount of €3.2 billion and an initial premium of €25 million. This equity collar protects the equity exposure for a drop in equity markets with more than 30% since inception date. If equity markets increase, the profits are limited to 30%. At 31 December 2008, the value of the equity collar is calculated at €283 million.

The sensitivity of equity, including participating interests, for a change in market value of +10% is €178 million and - 10% is €171 million. As Eureko's equity investments are classified as available for sale, this will only affect Total equity, except in case of impairment losses.

Exchange-rate risk

Eureko's policies on foreign currencies and hedging strategies lead to the acceptance of certain exposures to changes in foreign currencies. Appropriate hedge instruments are used to maintain foreign exchange exposure within predefined limits. In the Netherlands, major foreign currency exposures on fixed-income securities are hedged. In 2008, the currency-hedge ratio in the Netherlands increased from more than 50% to almost 100% for equity investments and listed real estate in foreign currencies. Eureko has not hedged the net investment in, or the income streams from, its non-euro operations. The main exposures are the Polish zloty, through the investment in PZU, the UK pound sterling, through the investments in F&C Management, the Turkish lira, through the investments in Eureko Sigorta and Garanti Emeklilik, and the Russian rouble through recently acquired Oranta.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated exposures are as follows at year-end:

EXCHANGE-RATE RISK

(€ MILLION)

	2008			2007		
	TOTAL EXPOSURE	NOTIONAL AMOUNT OF HEDGING INSTRUMENTS	NET EXPOSURE	TOTAL EXPOSURE	NOTIONAL AMOUNT OF HEDGING INSTRUMENTS	NET EXPOSURE
Assets						
US dollar	4,323	3,427	896	2,476	1,908	568
Pound sterling	373	323	50	603	240	363
Polish zloty	2,173		2,173	2,241		2,241
Turkish lira	422	44	378	619		619
Russian rouble	121		121			
Other	282	371	-89	1,073	1,103	-30
	7,694	**4,165**	**3,529**	**7,012**	**3,251**	**3,761**
Liabilities						
US dollar	2,537	1,815	722	110	160	-50
Pound sterling	53	182	-129	34	28	6
Other	468	649	-181	266	317	-51
	3,058	**2,646**	**412**	**410**	**505**	**-95**
Net position						
US dollar	1,786	1,612	174	2,366	1,748	618
Pound sterling	320	141	179	569	212	357
Polish zloty	2,173		2,173	2,241		2,241
Turkish lira	422	44	378	619		619
Russian rouble	121		121			
Other	-186	-278	92	807	786	21
	4,636	**1,519**	**3,117**	**6,602**	**2,746**	**3,856**

Note: Investments of cash collateral received in securities lending are not included in this table.

This table shows the general business' total exposure to the major currencies. Net positions on the Polish zloty, Turkish lira and Russian rouble are related to Eureko's 'Investments in Subsidiary and Associated companies'.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	
2008	LESS THAN 3 MONTHS	BETWEEN 3 AND 12 MONTHS	MORE THAN 12 MONTHS	TOTAL	ASSETS	LIABILITIES
OTC-products:						
Forward exchange contracts	430	-1	1	430	105	74
Currency/cross currency swaps	-435	-7	-144	-586	35	15
Other foreign exchange contracts	1,675			1,675	26	
Total currency derivatives	**1,670**	**-8**	**-143**	**1,519**	**166**	**89**

	NOTIONAL AMOUNT WITH REMAINING LIFE OF:				FAIR VALUE	
2007	LESS THAN 3 MONTHS	BETWEEN 3 AND 12 MONTHS	MORE THAN 12 MONTHS	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**

Eureko uses scenario analysis to assess the effect of changes in foreign currencies on Total equity and Net profit against the euro.

EURO VERSUS ALL OTHER FOREIGN CURRENCIES +10%

(€ MILLION)

	TOTAL EQUITY	PROFIT BEFORE TAX
Financial instruments	-45	-41
Associated companies	-229	-24
Subsidiary companies	-47	-2
	-321	**-67**

The table shows the estimated approximate effects on the Total equity and Profit before tax at 31 December 2008, if the euro versus all other foreign currencies appreciates +10%.

On the basis that all other variables remain constant, a 10% weakening of the euro against all other foreign currencies at 31 December 2008, would have had an equal but opposite effect on the amounts shown in the table above.

In some cases, Eureko has foreign exchange-rate risk on insurance liabilities. This risk is usually mitigated by holding financial instruments in the same foreign currency or through hedging.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CREDIT RISK

Credit risk is the risk of a change in value due to actual credit losses deviating from expected credit losses due to the failure to meet contractual debt obligations.

Credit risk associated with investment activities, re-insurers, brokers and policyholders is managed within diversified investment portfolios and generic and specific risk limits. Eureko deals with counterparties of good credit standing and, when appropriate, obtains collateral. During 2008, Eureko obtained €178 million by taking possession of 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. In the turmoil of the financial crisis in 2008 we increased the group monitoring of our large counterparties.

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

CREDIT RATING (S&P)

(€ MILLION)

	2008 FAIR VALUE AT BALANCE SHEET DATE	2007 FAIR VALUE AT BALANCE SHEET DATE
AAA	19,844	15,317
AA/A	6,844	10,884
BBB	1,036	1,279
<BBB/Not rated	1,440	938
Total	**29,164**	**28,418**

Note: Investments of cash collateral received in securities lending are not included in the table above.

IMPAIRMENTS BY CREDIT RATING (S&P)

(€ MILLION)

	2008 IMPAIRMENT
AAA	
AA/A	58
BBB	
<BBB/Not rated	13
Total impairments through P&L	**71**

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 €5 billion, is invested in money-market funds run by BNY Mellon with high-quality rating and short maturities.

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The counterparty exposures on re-insurers are managed by a set of limits per re-insurer and thresholds per rating category, based on a weighted exposure of claim reserves, re-insurance premiums and catastrophe capacity. The minimum rating is A- (S&P or AM Best) for short-tail contracts and A+ (S&P) for long-tail contracts.

Lehman Re had a small share in the Achmea general catastrophe programme (€4 million capacity, €0.2 million premium). As Lehman Re went into liquidation, Eureko replaced the participation with Glacier Re (AM Best rating A-) for a slightly higher pro rata premium.

The following table provides an overview of the carrying amounts of financial assets that have been impaired and the ageing of financial assets that are past due but not impaired.

FINANCIAL ASSETS THAT ARE PAST DUE OR IMPAIRED

(€ MILLION)

2008	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	23,917	1					7	23,925
Loans	2,990						12	3,002
Other investments	6,400						1,394	7,794
Banking credit portfolio	18,663	134	6	8	35	49	75	18,921
Re-insurance assets	1,181							1,181
Receivables	3,206		226	487	8	721	142	4,069

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	17,785	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

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LIQUIDITY RISK

Liquidity risk is the risk arising from the lack of marketability of an investment that cannot be bought or sold quickly enough to prevent or minimise a loss.

Eureko distinguishes 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.

Contingency planning enables Eureko companies to operate for a minimum of 90 days without any access to financial markets. The insurance companies 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, underpinned by credit ratings in line with its peers. In general, each operating company is responsible for financing its own activities. However, as the holding company, Eureko 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.

In May 2008, Eureko B.V. issued €225 million of Perpetual Capital Securities with a coupon of 8.375 % per year. This provided Eureko with liquidity and capital. In July 2008, a €0.5 billion Medium-Term Note expired. Eureko refinanced this through using our committed credit lines and cash that was internally available. Due to the problems in the credit markets, it was not possible to raise debt on an acceptable level. At the end of 2008, Eureko has a positive cash position. At insurance level, this is a combination of excess cash from operating companies and using committed credit lines for financing. The liquidity forecast was monitored even more closely during the reporting year, primarily due to the problems in external markets. In 2008, counterparty limits also had our full attention, this to mitigate concentration and counterparty risk. 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

For each main category of insurance and investment business, the following table shows the gross liability at 31 December 2008 analysed by the estimated timing of net cash flows:

LIQUIDITY RISK WITHIN INSURANCE OPERATIONS (€ MILLION)

2008	TOTAL	WITHIN 1 YEAR	1-5 YEARS	5-15 YEARS	OVER 15 YEARS
Life					
Non-linked insurance	25,759	406	2,287	8,915	14,151
Non-Life	4,191	1,735	1,572	805	79
Health					
Occupational health	2,315	275	735	811	494
Health	4,206	4,206			

2007	TOTAL	WITHIN 1 YEAR	1-5 YEARS	5-15 YEARS	OVER 15 YEARS
Life					
Non-linked insurance	24,485	242	5,725	7,163	11,355
Non-Life	4,231	1,219	1,828	1,087	97
Health					
Occupational health	2,137	333	626	842	336
Health	3,300	3,300			

For Life insurance, the cash-flows are derived from the modelling of the characteristics of the individual policies. For Non-Life policies, the cash-flows are derived from company run-off experience.

BANKING ACTIVITIES

The main financial risk types within our banking activities are interest-rate risk, credit risk and liquidity risk. Operational risk is described in the last general section on operational risk.

Interest-rate risk

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 economy-related 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 exact 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.

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SENSITIVITIES DUTCH BANKING OPERATIONS

	2008	2007
Income at Risk + 100 basis points	2	-3
Value at Risk	25	47
Stress test -100 basis points	9	27
Stress test +100 basis points	-11	-31

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)

2008	NOTIONAL AMOUNT	FAIR VALUE ASSETS	FAIR VALUE LIABILITIES
OTC-products:			
Interest-rate swaps	22,211	355	768
Total derivatives used for hedging	**22,211**	**355**	**768**

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**

Credit risk

Eureko's credit risk in banking operations of both Achmea Bank and Staalbankiers is concentrated in mortgage lending activities and counterparty exposures in the capital markets.

The credit risk in mortgage lending is managed by applying strict credit approval criteria set by the Executive Board of the division. 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. 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.

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As participants in financial markets, Eureko's banking entities are also subject to counterparty risk. The major source of this risk is related to an ample cash position (Staalbankiers) and the use of interest-rate derivatives to hedge the interest exposure of its mortgage business (Achmea Bank). During the recent turmoil in the financial markets the banks frequently revised their counterparty risk policy to reflect the rapidly changing environment. Currently, only a limited number of explicitly authorised counterparties are allowed. To date, this policy has been successful, as no counterparty losses have occurred.

Liquidity risk

Eureko's banking subsidiaries have access to a diversified funding base. Funds are raised using a broad range of instruments, such as securitisations, covered bonds, bank lines, central bank funding, retail funding (deposits, current and savings accounts) and intragroup funding from the insurances companies. In the current market circumstances, some funding sources are more appropriate than others. 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) against 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.

In addition, the banks frequently perform stress tests to investigate liquidity positions in times of severe market disruption and have adequate contingency planning available.

OPERATIONAL RISK

We define operational risk as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risks, as specified in the risk-control framework used throughout Eureko, encompass, among others, strategic risk, compliance risk, financial crime, business continuity risk and information security.

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 focused on areas such as internal control, IT-security, financial crime, compliance, etc. 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. The Group Operational Risk Committee creates a complete overview of operational risks and assesses operational risks in their mutual dependence.

As the third line of defence, the internal audit department (Group Audit and Risk Services), which has a strong and independent position within the organisation, 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 by the internal audit department is

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

the Audit Memorandum, issued twice a year. The Audit Memorandum is based on the internal auditors' own observations and includes a complete status report on all audit issues which are earmarked as (very) urgent. Another key report is the annual 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 reassess 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 are able to address the most important risk issues and continuously improve their control level. In the ICS, the effects of the credit crisis are visible in elevated net risk exposures for financial risks. The ICS process contributes to continuous growing of risk awareness and ownership of risk-control issues within business entities. To warrant that this process will also in the future be an outstanding tool to manage our risks and to control our processes, we work on the integration of the risks assessments that are part of the ICS process and the strategy and business planning of business entities. Through its stringent ICS procedures, Eureko is confident that all operational risks are dealt with consistently.

Strategic risk

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.

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. Every year, operating companies and divisions develop 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.

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Compliance risk

Compliance risk is defined as the risk of legal or regulatory sanctions, material financial loss, or loss of reputation that a financial institution 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.

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.

In addition to activities related to the full implementation of the Eureko Compliance Programme, in 2008 the focus was on implementing rules and regulations. Furthermore, policies on privacy, insider trading and competition were developed, which will be implemented in the first quarter of 2009. An agreement was reached with the Dutch Financial Services Authority (AFM) concentrating on greater transparency and internal oversight. In 2008, focus was given to the development of new instruments, such as Toolbox and e-Learning modules, to further enhance compliance awareness within the organisation in 2009.

Financial crime

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 or bank related contract to obtain a payment without entitlement.

Financial crime is controlled by a specialised department. This department directs the investigation of (internal) incidents, develops policies and communicates on these topics. Incidents are centrally reported by all Dutch divisions to the Group Operational Risk Committee. In cooperation with Divisions and personnel, annual reports (fraud-pictures) on internal and external crime are developed to manage and increase awareness of both types of risk.

The use of data mining has been intensified. The pre-employment screening policy in the Netherlands was revised and implemented.

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Business Continuity Risk

Business Continuity Risk within Eureko is defined as the risk of material damage or loss due to the break down of business process chains, leading to a crisis. Business Continuity Management (BCM) will mitigate this specific risk. Regulatory and legislative drivers in addition to several internal drivers emphasize the importance for Eureko to organize and execute BCM. Therefore the Executive Board decided to initiate a BCM programme supporting all Eureko businesses to bring BCM to the required level.

In 2008, the BCM programme delivered a Eureko BCM Strategy and Policy describing the objectives and framework for implementing, executing and securing BCM within Eureko.

As from the second quarter of 2008, the BCM programme started to roll out the new BCM Strategy and Policy by running sequential BCM projects for each of the organisational parts. The BCM programme also supports the organisational parts in embedding BCM within their organisation structure, resulting in the appointment of BCM officers at organisational unit level and the setup of a Group BCM Office. The next step is that line management will deal with weaknesses by implementing the relevant BCM measures, facilitated and monitored by the BCM officers. The Group BCM Office meets the BCM officers on a regular basis and reports twice a year on the status of BCM to the Group Operational Risk Committee.

Information Security

Information Security is the protection of information from various threats with the purpose of:
- ensuring business continuity;
- minimise the risk of fraud and erroneous information processing;
- enable value creation by establishing customer confidence.

Within Eureko, the Divisions and Operating Companies are primarily responsible for the daily management of Information Security. Consequently, in every Division and Operating Company at least one Information Security Manager is installed. Yet, all group entities have to comply with Eureko's Group Information Security standards and a minimum set of controls which ensures an effective and efficient implementation of unified information security processes within Eureko. The coordination and supervision thereof is assigned at Group level; to the Group Information Security Officer (GISO).

Group related Information Security standards, procedures and issues are discussed, prepared, reviewed and approved in Information Security Board meetings, chaired by the GISO. The international ISO/IEC standard 27002:2005 is the foundation for standards, procedures and measures.

55 CAPITAL MANAGEMENT

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. In addition, Eureko has set prudent internal requirements, well above the regulatory requirements. For Eureko, severe losses on the investment portfolio due to massive falls on equity markets and increased credit spreads put real pressure on the Group's own equity. Total equity decreased to €7,451 million (2007: €10,375 million). The solvency ratio decreased to 150% (2007: 232%). A capital increase of €1 billion from shareholders in the second quarter of 2009 has provided the essential buffer that brings solvency well above internal and external limits.

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(€ MILLION)

	2008	2007
Total equity	7,451	10,375
Deductions	-1,647	-1,570
Subordinated loans	117	122
Available capital	**5,921**	**8,927**
Required capital insurance activities	3,481	3,318
Required capital banking activities	479	535
Required capital	**3,960**	**3,853**
Surplus capital	1,961	5,074
Ratio available/required capital	**150%**	**232%**

Insurance activities

Various European Union directives have been issued on capital requirements of Insurance companies in order to protect the interests of policyholders. Eureko measures its capital position based on these requirements and also applies stringent internal requirements as Group norm. Our internal requirements are set at minimum coverage ratios equal to 170% and 160% of the minimum regulatory solvency requirements for its Life and Non-Life businesses, respectively. For Health insurance, the minimum coverage ratio is 125% for basic health insurance and 150% for supplementary insurance coverage:

(€ MILLION)

	2008	2007
Available capital	6,855	7,777
Required capital	3,481	3,318
Surplus capital	**3,374**	**4,459**
Ratio available/required capital	197%	234%

Banking activities

The European Union has also issued various directives on capital requirements of 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. The BIS ratio decreased to 14.5% (based on Basel II) compared to 15.2% in 2007 (based on Basel II), due primarily to the increase in the risk weighted assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(€ MILLION)

	2008	2007
Equity attributable to equity holders of the banking entities	664	638
Core Capital - Tier 1	**664**	**638**
Supplementary capital – Tier 2	205	228
Available capital	**869**	**866**
Risk-weighted assets	5,987	5,688
Tier-1 Ratio	11.1%	11.2%
BIS ratio	14.5%	15.2%

56 SUBSEQUENT EVENTS

February 2009

On 16 February 2009, agreement was reached between Eureko and its major shareholders, Vereniging Achmea and the Rabobank Group, on the issuance of €1.0 billion of ordinary share capital. This issuance will strengthen Eureko's capital base and will support Eureko's current A+ rating as well as its competitive position within the European insurance industry. The transaction will not affect the current ownership proportions of Eureko's major shareholders, Achmea Association and the Rabobank Group. In the coming period, Eureko's minority shareholders will also be offered to participate in the capital increase.

In February 2009, the envisaged sale of Império France to ESCA was assessed by the French regulatory authorities. No approval was granted, due mainly to the disruptions in the economic environment. Eureko's strategic intentions concerning Império France, however, remain unchanged.

COMPANY FINANCIAL STATEMENTS

COMPANY BALANCE SHEET (BEFORE APPROPRIATION OF PROFIT)

(€ MILLION)

	NOTES	31 DECEMBER 2008	31 DECEMBER 2007
Assets			
Intangible assets	2	1,992	2,200
Investments in:	3		
Subsidiary companies		4,807	6,899
Associated companies		2,066	2,133
Participating interests		285	716
Other investments	4	287	289
Income tax receivable		168	
Receivables	5	98	87
Cash and cash equivalents	6	10	14
Total assets		**9,713**	**12,338**
Equity attributable to holders of equity instruments	**7**	**7,445**	**10,373**
Liabilities			
Provisions	8	42	45
Loans and borrowings	9	1,282	707
Deferred tax liabilities	10	140	189
Income tax payable			22
Other liabilities	11	804	1,002
		2,268	**1,965**
Total liabilities and equity		**9,713**	**12,338**

COMPANY INCOME STATEMENT

(€ MILLION)

	NOTES	2008	2007
Income			
Investments in:	12		
Subsidiary companies		-1,526	684
Associated companies		139	352
Participating interests		-521	15
Other results (before tax)	13	-286	-212
Income tax expenses	14	-75	-140
Net profit		**-2,119**	**979**

COMPANY FINANCIAL STATEMENTS

COMPANY STATEMENT OF CHANGES IN EQUITY

(€ MILLION)

2008	SHARE CAPITAL	OWN SHARES	LEGAL RESERVES	REVALUATION RESERVE	RETAINED EARNINGS	NET FOREIGN EXCHANGE DIFFERENCE	PROFIT FOR THE YEAR	HEDGING RESERVES	OTHER EQUITY INSTRUMENTS	EQUITY ATTRIBUTABLE TO HOLDERS OF EQUITY INSTRUMENTS
Balance at 1 January 2008	10,398	-45	1,227	866	-4,065	-85	979	14	1,084	10,373
Currency translation differences not recognised in the Income Statement						-244				-244
Net revaluation on property for own use				-7						-7
Net unrealised gains/(losses) on available for sale instruments				-2,377		100				-2,277
Transfer to provision for profit sharing and bonuses				-34						-34
Net gains/(losses) on available for sale investments re-classified to the Income Statement on disposal				13						13
Impairment charges of available for sale investments re-classified to the Income Statement				1,677						1,677
Net gains/(losses) on cash flow hedging instruments								-39		-39
Total gains and losses recognised directly in equity (net of taxes)				**-728**		**-144**				**-911**
Net profit							-2,119			-2,119
Total profit				**-728**		**-144**	**-2,119**	**-39**		**-3,030**
Appropriations to reserves			321	-142	800		-979			
Dividends and coupon payments to holders of equity instruments	427				-540					-105
Issue, re-purchase and sale from/to holders of equity instruments									225	225
Other movements	8			2	-36				16	-10
Balance at 31 December 2008	**10,833**	**-45**	**1,548**	**-2**	**-3,841**	**-229**	**-2,119**	**-25**	**1,325**	**7,445**

Share capital includes €10,476 million share premium (2007: €10,051 million).

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	HEDGING RESERVES	OTHER EQUITY INSTRUMENTS	EQUITY ATTRIBUTABLE TO HOLDERS OF EQUITY INSTRUMENTS
Balance at 1 January 2007	10,178	-285	808	1,190	-4,297	-29	985	-4	1,084	9,630
Currency translation differences not recognised in the Income Statement						-84				-84
Net revaluation on property for own use				22						22
Net unrealised gains/(losses) on available for sale instruments				-839		28				-811
Transfer to provision for profit sharing and bonuses				623						623
Net gains/(losses) on available for sale investments re-classified to the Income Statement on disposal				-145						-145
Net unrealised gains/(losses) on cash flow hedging instruments								18		18
Total gains and losses recognised directly in equity (net of taxes)				**-339**		**-56**		**18**		**-377**
Net profit							979			979
Total profit				**-339**		**-56**	**979**	**18**		**602**
Appropriations to reserves			418	10	557		-985			
Dividends and coupon payments to holders of equity instruments	288				-420					-132
Issue, re-purchase and sale of equity instruments	-68	240								172
Other movements			1	5	95					101
Balance at 31 December 2007	**10,398**	**-45**	**1,227**	**866**	**-4,065**	**-85**	**979**	**14**	**1,084**	**10,373**

COMPANY FINANCIAL STATEMENTS

COMPANY CASH FLOW STATEMENT

(€ MILLION)

	2008	2007
Cash flow from operating activities		
Interest received	23	18
Interest paid	-113	-50
Service fees and other income received	2	7
Income taxes paid	-98	
Payments to suppliers and employees	-32	-10
	-218	**-35**
Cash flow from investing activities		
Dividends received	8	639
Investments in subsidiaries and associated companies	-252	-1,148
Other investments		967
Loans and borrowings	533	
Proceeds from sale of investments	83	115
	372	**573**
Cash flow from financing activities		
Issue of other equity instruments	225	
Dividends paid	-113	-132
Issue and sale of shares	8	677
Re-purchase of own shares		-505
Credit facilities	752	
Intercompany financing (net)	-1,030	-595
	-158	**-555**
Net cash flow	**-4**	**-17**
Movements in cash and cash equivalents		
Cash and cash equivalents at 1 January	14	31
Net cash flow	-4	-17
Cash and cash equivalents at 31 December	**10**	**14**

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

Introduction

General
The Company Financial Statements are part of the 2008 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 Dutch 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 Dutch Civil Code. By making use of this option the Consolidated shareholders' equity equals 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 XX 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.

In those instances where the amounts in 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 2008**	TOTAL 2007
Cost								
Balance at 1 January	1,286	83	116	636	315	94	2,530	2,008
Acquisitions								519
Disposals								
Change in composition of the Group								**519**
Other	26						26	-9
Foreign currency differences	-48			-1	-42		-91	12
Balance at 31 December	**1,264**	**83**	**116**	**635**	**273**	**94**	**2,465**	**2,530**
Amortisation and impairment losses								
Balance at 1 January	4	41	19	228	27	11	330	199
Amortisation charge for the year		24	12	79	23	5	143	131
Balance at 31 December	**4**	**65**	**31**	**307**	**50**	**16**	**473**	**330**
Carrying amount								
At 1 January	1,282	42	97	408	288	83	2,200	1,809
At 31 December	**1,260**	**18**	**85**	**328**	**223**	**78**	**1,992**	**2,200**

3 INVESTMENTS IN SUBSIDIARY COMPANIES, ASSOCIATED COMPANIES AND PARTICIPATING INTERESTS

(€ MILLION)

	SUBSIDIARY COMPANIES	ASSOCIATED COMPANIES	PARTICIPATING INTERESTS	TOTAL 2008	SUBSIDIARY COMPANIES	ASSOCIATED COMPANIES	PARTICIPATING INTERESTS	TOTAL 2007
Balance at 1 January	6,899	2,133	716	9,748	6,289	1,777	419	8,485
Investments and loans granted	154	20	171	345	720	4	417	1,141
Sales and disposals	-83			-83		-92		-92
Goodwill						49		49
Annual results	-1,526	238		-1,288	684	352		1,036
Revaluations	-732	53	-553	-1,232	-236	36	-115	-315
Dividend received		-4		-4	-613	-11		-624
Foreign-currency differences	-28	-281		-309	-84	-1	-5	-90
Impairments		-103		-103				
Changes due to reclassification			-49	-49				
Other changes	123	10		133	139	19		158
Balance at 31 December	**4,807**	**2,066**	**285**	**7,158**	**6,899**	**2,133**	**716**	**9,748**

NOTES TO THE COMPANY FINANCIAL STATEMENTS

4 OTHER INVESTMENTS

The movements of the other investments can be specified as follows: (€ MILLION)

	EQUITIES AND SIMILAR INVESTMENTS	DERIVATIVES	DEPOSITS WITH CREDIT INSTITUTIONS	**TOTAL 2008**	TOTAL 2007
Balance at 1 January		4	285	289	380
Investments and loans granted			57	57	821
Disinvestments and disposals			-32	-32	-937
Fair value changes	-24		-39	-63	
Foreign currency differences	-7		-8	-15	23
Accrued interest			2	2	2
Changes due to reclassification	49			49	
Balance at 31 December	**18**	**4**	**263**	**287**	**289**

5 RECEIVABLES

(€ MILLION)

	2008	2007
Group companies	84	77
Other receivables	14	10
	98	**87**

6 CASH AND CASH EQUIVALENTS

(€ MILLION)

	2008	2007
Bank balances	10	14
	10	**14**

7 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 23 April 2008, Eureko B.V. issued 10,164,343 ordinary shares: to Vereniging Achmea 5,889,591 ordinary shares and to Rabobank 4,274,752 ordinary shares in respect of stock dividend.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

SHARE CAPITAL AND SHARE PREMIUM

(€ MILLION)

	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	333,418,540	333.4	23,904,060	23.9			1	
Available for issuance	**406,581,459**	**406.6**	**36,095,940**	**36.1**	**10,000,000**	**10.0**		
Shares issued 1 January 2007	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**	
Shares issued in 2008	10,164,343	10.1						
Shares issued 31 December 2008	**333,418,540**	**333.4**	**23,904,060**	**23.9**			**1**	

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 if no cash or stock dividends are paid. Terms on the percentage will be reviewed every ten years. The next 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)

	2008	2007
Balance at 1 January	45	41
Provisions made during the period	3	11
Provisions used during the period	-6	-7
Balance at 31 December	**42**	**45**

NOTES TO THE COMPANY FINANCIAL STATEMENTS

Other

Provisions are made for share options and indemnities in relation to the sale of subsidiary companies.

9 LOANS AND BORROWINGS

(€ MILLION)

	SECURED BANK LOANS	UNSECURED LOANS	OTHER	**TOTAL 2008**	TOTAL 2007
Balance at 1 January		350	357	707	15
Consideration received	526	3,050	37	3,613	1,616
Consideration paid	-13	-2,671	-399	-3,083	-930
Accrued interest (for financial instruments measured at fair value)	17	23	5	45	6
Balance at 31 December	**530**	**752**		**1,282**	**707**

10 DEFERRED TAX LIABILITIES

Deferred tax liabilities are attributable to the following items:

(€ MILLION)

	BALANCE AT 1 JANUARY 2008	RECOGNISED IN EQUITY	**BALANCE AT 31 DECEMBER 2008**
Intangible assets	187	-41	146
Investments	2	-8	-6
	189	**-49**	**140**

Eureko B.V. and its Dutch subsidiaries together form a fiscal unity 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)

	2008	2007
Group companies	660	864
Other	144	138
	804	**1,002**

FINANCIAL STATEMENTS

OTHER INFORMATION

12 INCOME FROM SUBSIDIARY COMPANIES, ASSOCIATED COMPANIES AND PARTICIPATING INTERESTS

(€ MILLION)

	SUBSIDIARY COMPANIES	ASSOCIATED COMPANIES	PARTICIPATING INTERESTS	TOTAL 2008	SUBSIDIARY COMPANIES	ASSOCIATED COMPANIES	PARTICIPATING INTERESTS	TOTAL 2007
Income from subsidiary and associated companies	-1,526	238		-1,288	684	339		1,023
Dividend		4		4			15	15
Impairment loss		-103	-521	-624				
Capital gain from the sale of associated companies						13		13
	-1,526	**139**	**-521**	**-1,908**	**684**	**352**	**15**	**1,051**

13 OTHER RESULTS

(€ MILLION)

	2008	2007
Other income	60	13
Other expense	346	225
	-286	**-212**

14 INCOME TAX EXPENSES

RECONCILIATION OF EFFECTIVE TAX RATE

(€ MILLION)

	2008	2007
Other result before tax	-286	-212
Income tax using the domestic corporation tax rate	-73	-54
Tax facilities	-2	3
Other	1	5
Under/(over) provided in prior years	-1	-94
Effective tax amount	**-75**	**-140**

OTHER INFORMATION

15 REGISTERED SEAT

Eureko B.V. is seated in Amsterdam, the Netherlands, and registered at the Chamber of Commerce, trade register Amsterdam 33235189.

Zeist, 6 April 2009

The Supervisory Board

A.H.C.M. (Arnold) Walravens, Chairman
M. (Marinus) Minderhoud, Vice-Chairman
F. (Flip) Buurmeijer
L. (Lense) Koopmans
E.A.J. (Erik) van de Merwe
P.F.M. (Paul) Overmars
H.J. (Henk) Slijkhuis
A.J.A.M. (Antoon) Vermeer
B.J. (Bé) van der Weg
B.Y. (Bouke) Yntema

The Executive Board

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

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 PROFIT IS PROPOSED TO BE DISTRIBUTED AS FOLLOWS:

(€ MILLION)

	2008
Net profit	-2,119
Dividend on preference shares	25
Coupon payments on other equity instruments after tax	54
	-2,198

TO BE DISTRIBUTED AS FOLLOWS:

(€ MILLION)

	2008
Proposed final dividend on ordinary shares	
Distribution to retained earnings	-2,198
	-2,198

OTHER INFORMATION

56 EUREKO SHAREHOLDERS AT 31 DECEMBER 2008

COMPANY	COUNTRY	NUMBER OF SHARES	SHARE % (ORDINARY)	SHARE % (INCL. PREFS)
Vereniging Achmea associated entities of which				
Stichting Administratiekantoor Achmea (incl. 1 A share)	The Netherlands	181.658.380	54,49%	50,85%
BCP Group of which	Portugal			
Bitalpart B.V.	The Netherlands	9.033.137	2,71%	2,53%
Rabobank of which				
Coöperatieve Centrale Raiffeisenboerenleenbank B.A.	The Netherlands	131.850.317	39,54%	36,90%
LF Group of which				
Länsförsäkringar Liv Försäkringsab (publ)	Sweden	1.832.627	0,55%	0,51%
Länsförsäkringar SAK Försäkringsab (publ)	Sweden	1.832.626	0,55%	0,51%
Gothaer Group of which				
Gothaer Allgemeine Versicherung AG	Germany	2.072.055	0,62%	0,58%
Gothaer Finanz Holding AG	Germany	2.370.153	0,71%	0,66%
Swiss Mobiliar of which				
Schweizerische Mobiliar Holding AG	Switzerland	2.769.246	0,83%	0,77%
Eureko Tussenholding B.V. (preference shares)	The Netherlands	23.904.060		6,69%
Total ordinary shares		**333.418.541**	**100,00%**	
Total ordinary shares and preference shares		**357.322.601**		**100,00%**

The number of the shares held by Stichting Administratiekantoor Achmea include one A share. Eureko has only 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.

EUREKO SUBSIDIARIES

Unless otherwise stated the interest is 100% or almost 100% on 31 December 2008.

The Netherlands

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 Vitale B.V., registered in Amsterdam
Achmea Zorgkantoor N.V., registered in Utrecht

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Achmea Zorgverzekeringen N.V., registered in Noordwijk
Agis Assurantiën B.V., registered in Amersfoort
Agis Participaties B.V., registered in Amersfoort
Agis Tussenholding N.V., registered in Amersfoort
Agis Ziektekostenverzekeringen 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
Beleggings- 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
BiZZPro B.V., registered in Zeist
BMG Groep B.V., registered in Tilburg
Commit Services B.V., registered in De Meern
Eureko Claims Centre B.V., registered in Zeist
Eureko Consulting Services B.V., registered in Zeist
Eureko Eastern Europe Holding 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 Apeldoorn
Groene Land PWZ Achmea Zorgverzekeringen N.V., registered in Utrecht
Health Capital II B.V. (79%), registered in Apeldoorn
Health Center Arnhem B.V., registered in Arnhem
Health Center Barneveld B.V., registered in Apeldoorn
Health Center Deventer B.V., registered in Colmschate
Health Center Doetinchem B.V., registered in Arnhem
Health Center Oss B.V., toegevoegd, registered in Oss
Health Center Zutphen B.V., registered in Zutphen
In Motion Health Centers B.V., registered in Apeldoorn
InShared Holding B.V. (85%), registered in Hoevelaken
InShared Nederland B.V., registered in Hoevelaken
Insurance Network Services B.V., registered in Rotterdam
Interpolis Bedrijfszorg Beheer B.V., registered in De Meern
Interpolis Computercentrum B.V., registered in Zeist
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 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
N.V. Interpolis Schade, registered in Tilburg
N.V. Interpolis Tivoli, registered in Tilburg
N.V. Risicofonds voor het Onderwijs, registered in Huis ter Heide
OV Deposito Groeifonds N.V., registered in Amersfoort
OWM Aquapol (65%), registered in The Hague
OWM Molest Risico WA, registered in Apeldoorn
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
Popescu Holding B.V., registered in Zeist
Practis B.V., registered in Amsterdam
Practis Holding B.V., registered in Gorinchem
PVF Management B.V., registered in Amsterdam
PVF Nederland N.V., registered in Amsterdam
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
Sportschool-Fitnesscentrum Theo ten Tije Deventer B.V., registered in Epe
Staal Bank Fondsen Beheer B.V., registered in The Hague
Staal Satelliet I B.V., registered in The Hague
Staalbankiers N.V., registered in The Hague

OTHER INFORMATION

Staalbankiers Vastgoedfondsen Beheer B.V., registered in The Hague
Sterpolis Schadeverzekeringen N.V., registered in Arnhem
Stigas Agrarisch Preventief B.V., registered in Zoetermeer
Tropina Interbel B.V., registered in The Hague
WagenPlan B.V. (50%), registered in Schiphol-Rijk
Winnock B.V., registered in Utrecht
Zilveren Kruis Achmea Zorgverzekeringen N.V., registered in Utrecht

Greece

Anyrisk Agency Company of Insurance and Reinsurance Services S.A., registered in Athens
Athinaiki General Clinic 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
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 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
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 US Property Company 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 Nominees Ltd, registered in Dublin
Liberty Property Investment 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

OTHER INFORMATION

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

Eureko Asigurãri S.A., registered in Bucharest
Interamerican - Societate de Administrare a Fondurilor de Pensii Private S.A., registered in Bucharest
Interamerican Romania Medical Assistance S.R.L., registered in Bucharest
Medisystem Hospital S.A., registered in Bucharest
Medisystem Romania S.A., registered in Bucharest

Bulgaria

EuroCross International Bulgaria E.A.D., registered in Sofia
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
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 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., registered in Lausanne, Switzerland
Insurance Company Oranta-M CJSC., registered in Moscow, Russia
J. Haenecour & Co. N.V., registered in Brussels, Belgium
Liberty Property Investment Ltd, registered in Cheshire, United Kingdom
Oranta Insurance Company LLC., registered in Moscow, Russia
Practis Belgium N.V., registered in Sint-Niklaas, Belgium

OTHER INFORMATION

Statement of the Executive Board of Eureko B.V.

The Executive Board of Eureko B.V. is responsible for the preparation of the Annual Report 2008, including the Consolidated Financial Statements 2008. The Consolidated Financial Statements 2008 are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The Company Financial Statements 2008 and Executive Board Report 2008 are prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the Financial Supervision Act part 5.1A.
The Executive Board reviewed the Eureko B.V. Consolidated and Company Financial Statements on 6 April 2009 and authorised their issue.

The Executive Board of Eureko B.V. declares that, to the best of its knowledge, the Eureko B.V. Consolidated and Company Financial Statements 2008 give a true and fair view of the assets, liabilities, financial position and profit or loss of Eureko B.V. and that the information contained herein has no omissions likely to modify significantly the scope of any statements made.
The Executive Board of Eureko B.V. also declares that the Executive Board Report 2008 gives a true and fair view of the situation on 31 December 2008, the development and performance during 2008 and describes the principal risks of the businesses of the Group.

The Eureko B.V. 2008 Consolidated Financial Statements and 2008 Company Financial Statements will be submitted to the Annual General Meetings of Shareholders for approval on 7 April 2009.

Zeist, 6 April 2009

Executive Board

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

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 2008 of Eureko B.V., Amsterdam as set out on pages xxx to yyy. 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 2008, the Consolidated Income Statement, 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 2008, the Company Income Statement, the Company Statement of changes in Equity and the 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 Dutch Civil Code, and for the preparation of the Executive Board report in accordance with Part 9 of Book 2 of the Dutch 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

Auditor's 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 auditor's judgment, 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.

Opinion with respect to the Consolidated Financial Statements

In our opinion, the Consolidated Financial Statements give a true and fair view of the financial position of Eureko B.V. as at 31 December 2008, and of its result and its cash flows 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 Dutch Civil Code.

OTHER INFORMATION

Opinion with respect to the Company Financial Statements
In our opinion, the Company Financial Statements give a true and fair view of the financial position of Eureko B.V. as at 31 December 2008, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements
Pursuant to the legal requirement under 2:393 sub 5 part f of the Dutch Civil Code, we report, to the extent of our competence, that the management board report is consistent with the Financial Statements as required by 2:391 sub 4 of the Dutch Civil Code.

Amstelveen, 6 April 2009

KPMG ACCOUNTANTS N.V.

H. Arendse RA