

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 the 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

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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