2005 ANNUAL REPORT

ETHNIKI
FIRST IN INSURANCE

«THE ETHNIKI» HELLENIC GENERAL INSURANCE COMPANY S.A.

This Annual Report was prepared with purpose of providing ordinary and adequate information to investors, pursuant to the provisions of
Article 10 Law 3401/2005

CONTENTS

1ST CHAPTER

INFORMATION ON THE PREPARATION OF THE ANNUAL REPORT & THE COMPANY AUDITORS

1.1 General Information

The present Annual Report contains all the information and financial elements necessary for the proper appraisal of the assets, financial position, results and outlook of the group of companies “The Ethniki Hellenic General Insurance Company S.A” (Hereinafter referred to as the “Group” or “ETHNIKI INSURANCE GROUP”), on behalf of investors.

Investors interested in additional information may refer, during business days and hours to the company Head Offices: 103-105 Syggrou Avenue, Athens Greece, tel. 0030-210-9099231. (Ref. Mr Argyropoulos).

The preparation and distribution of the present Annual Report was conducted in accordance to the principles of the current legislation whilst the contents of it covers the investors’ reporting requirements as they are defined by the no.7/372/15.2.2006 Decision of the Hellenic Capital Market Commission.

The persons responsible for the preparation of the Annual Report and the accuracy of its contents are:

- Mr. I. Vassilatos Deputy General Manager, resident of Athens Greece, 103-105 Syggrou Avenue, Athens Greece tel. 0030-210-9099421.
- Mr. K. Argyropoulos Financial Director, resident of Athens Greece, 103-105 Syggrou Avenue, Athens Greece, tel. 0030-210-9099231.

The Board of Directors of the Company “The Ethniki Hellenic General Insurance Company S.A” (hereinafter “Maternal Company” or “Company” or “Ethniki Insurance”) declares that all its members are aware of the contents of this Annual Report and along with the editorial staff declare that:

1. All the information and data contained in the Annual Report are complete and true.
2. No other data exists, and no other incident has taken place, the concealment or omission of which could render the total or part of the information and data contained in this Annual Report misinforming.
3. There are no outstanding legal disputes or arbitrations involving the Company or its subsidiaries that could materially affect their financial condition.

1.2 Regular Financial Audit

The company is audited by Certified Public accountant Auditors. The audit of the business year that ended at 31 December 2005 was conducted by Mr Andreas Mparlikas (R.N.S.O.E.L. 13991) of DELOITTE.

The companies that participate in the consolidated financial statements, through the full consolidation method, namely SOCIETATE COMERCIALA GARANTA ASIGURARI S.A. (hereiafter "Garanta S.A."), the companies ETHNIKI INSURANCE (CYPRUS) Ltd and ETHNIKI GENERAL INSURANCE (CYPRUS) Ltd (subsidiary) are audited by DELOITTE. Our subsidiary "AUDATEX Hellas S.A." (due to different business object), is not audited by Certified Public accountant Auditors.
Moreover, NATIONAL INSURANCE BROKERS S.A. is audited by KPMG.

The associate Company "EUROPA SOCIETE ANONYME for GENERAL INSURANCE" which is consolidated by the net equity method was audited for the years 2004 and 2005 by Mr. Demetis (R.N.S.O.E.L. 10471).

1.3 Tax audit

"Ethniki Insurance" has been audited by the Greek tax authorities for up to the year 2002, whilst for the years 2003 and 2004, the tax audit has been completed, and the publication of the respective certificate is outstanding.

The subsidiaries "GARANTA S.A.", "AUDATEX HELLAS S.A." and "NATIONAL INSURANCE BROKERS S.A." have been audited by a regular tax audit, for up to the year 2002.

The associate company "EUROPA SOCIETE ANONYME for GENERAL INSURANCE" was audited for tax purposes for up to the year 2002.

With regards to the tax audit of the Cypriot subsidiaries of the company, [ETHNIKI INSURANCE (CYPRUS) Ltd and ETHNIKI GENERAL INSURANCE (CYPRUS) Ltd], audited financial statements of every year, up to the year ending 31st December 2004 have been filed with the Income Tax Office. For the year ending 31st December 2005, the audited financial statements will have been filed by the 31st December 2006.

The Internal Revenue Department is authorized to review the tax year up to 6 years ahead. The tax rate applied at 2005 is 10%. Up to 2004, an additional tax rate of 5% applied for profits exceeding 1.000.000 Cypriot Pounds.

For the companies operating in the life insurance sector, the payment of a minimum tax charge of 1,5% on written life premiums, is in effect.

The calculation of income tax of the above-mentioned Cypriot subsidiaries for the years up to that ending 31st December 2004 has not been audited by the Income Tax Office. No specific additional tax charges are expected to outcome.

Additionally, an extraordinary payment of 15% on the calculated distributed profits (70% of profits) is in effect. This payment is not applied on profits that apply to shareholders who do not reside in the Cypriot Republic.

1.4 Solvency-Capital Adequacy- Investment of Reserves

The Greek Ministry of Development monitors the Company for its solvency, its adequacy and the manner in which the mathematical and technical reserves are invested.

It is noted that, according to the legislation, insurance companies are obliged to cover their obligation for investments in insurance investment of the technical results they accumulate at the end of each year, within six months starting at the year end and consequently, the respective certificates on behalf of the Ministry, are published during the last two months of the year, and apply to the previous year.

As the relevant certificate of the Ministry of Development states, the company equity capital exceeds the required solvency margin for the year 2004 and the company has a positive Adjusted Solvency that amounts to € 112.727,920 thousands.

More specifically, the required solvency margin, for the years 2000 up to 2004 shapes as follows:

Year	**Ministry of Development Certificates**	**Required Solvency Margin**	**Coverage ratio**
2001	K3/7696/22.11.2002	81.344,66	2,06
2002	K3/12304/28.11.2003	86.814,35	1,18
2003	K3/13382/28.02.2005	95.811,97	1,64
2004	K3/12250/14.2.2006	100.891,45	2,12
2005	-	10.909,82	1,60*

*The coverage ratio of the solvency margin by equity capital has been determined by the Company in accordance with IFRS for the year ended 31.12.2005 and in accordance with Greek Accounting Principles for the previous years, and in accordance with the Certificates issued by the Ministry of Development.

2ND CHAPTER

PRIVATE INSURANCE IN GREECE

2.1 General

The private insurance sector in Greece is continuously expanding. Gross Written Premiums in 2005 topped approximately €3.871 millions, representing a 2,26% share of Greek G.D.P., compared with 2,19 % last year. According to Ministry of Development data,in 2005, the upward trend of Gross Written Premiums continues, albeit at a slower pace, as the following table demonstrates.

Table Gross Written Premiums 2001–2005 (million €)

Year	Gross Written Premiums	Y.o.y. change (%)
2001	2.636	2,7%
2002	2.895	9,5%
2003	3.235	11,7%
2004	3.624	12,0%
2005*	3.871	6,8%

* SOURCE: Ministry of Development

Non-Life insurance business has marked a 3,9% rise in Gross Written Premiums in 2005 to € 1.968,8 million, compared with € 1.895,2 million in 2004. Life insurance business topped € 1.901,9 million in 2005, compared with € 1.728,7 million in 2004, (10,01% rise).

The percentage of contribution of the two lines of business in total domestic production, for the year 2005 has shaped up to 50,86% for Non-Life and 49,14% for Life Insurance respectively.

The Greek market shows significant potential for further expansion due to the low, still improving insurance penetration, the favourable macroeconomic environment and the low per capita premiums. Premiums per capita are estimated at € 350 in 2005, compared with € 328, in 2004.

2.2 Structure of the Greek Insurance Market

Out of 97 Insurance Companies operating in Greece, 18 underwrote Life insurance business, 66 Non-Life insurance and 13 both lines (composite Insurance Companies).

Out of 97 Insurance Companies, 68 were registered Societe Generale in Greece and 29 as branches of Overseas Insurance Companies.

Despite the large number of companies, it is a fact that the sector is characterized by high concentration levels as the 10 leading firms account for 61,76 % of direct insurance Gross Written Premiums, as the following table shows:

Table: Gross Written Premiums, 2005

Company	**Gross Written Premiums 2005** (million €)	Market share
1. ETHNIKI INSURANCE S.A.	577,76	14,93%
2. EFG LIFE INSURANCE	364,87	9,43%
3. ALICO	266,11	6,88%
4. INTERAMERICAN LIFE.	262,67	6,79%
5. FOINIX-METROLIFE.	208,85	5,40%
6. ING S.A. LIFE	179,04	4,63%
7. AGROTIKI INSURANCE	162,77	4,21%
8. ALPHA INSURANCE S.A.	148,67	3,84%
9. ASPIS PRONOIA S.A.	110,85	2,86%
10. INTERAMERICAN GENERAL.	108,84	2,81%
Gross Written Premiums of 10 leading companies	**2.390,46**	**61,76%**
Rest of the market	1.480,22	38,24%
Total	**3.870,68**	**100,0%**

* SOURCE: Ministry of Development

In the Life insurance business, the leading firms in terms of direct insurance premiums are presented in the following table. It is worth the while denoting that, this line shows a large concentration level between the ten leading companies, the share of which accounts for 90,15 % of the total market.

Table: Life Insurance production, 2005

Company	**Life insurance** (mill. €)	**Market share**
1. EFG LIFE INSURANCE	364,88	19,18%
2. ETHNIKI INSURANCE S.A.	273,08	14,35%
3. INTERAMERICAN LIFE S.A.	262,67	13,81%
4. ALICO AIG LIFE INS. CO.	232,08	12,02%
5. ING S.A. LIFE	179,04	9,41%
6. ASPIS PRONOIA LIFE S.A.	106,22	5,58%
7. ALLIANZ LIFE S.A.	91,41	4,80%
8. FOINIX -METROLIFE EMPORIKI S.A.	73,89	3,88%
9. ALPHA INSURANCE S.A.	73,50	3,86%
10. AGROTIKI INSURANCE S.A.	61,77	3,24%
Gross Written Premiums of 10 leading companies	**1.718,54**	**90,15%**
Total	**1.901,92**	**100,0%**

In the Non-Life insurance business, the companies that achieved the highest direct Insurance Gross Written premiums in 2005 are the following:

Table: Non-Life Gross Written Premiums, 2005

Company	**General Insurance** (mill. €)	**Market share**
1. ETHNIKI INSURANCE S.A.	304,68	15,47%
2. FOINIX-METROLIFE EMPORIKI S.A.	134,95	6,85%
3. INTERAMERICAN GENERAL S.A.	108,84	5,52%
4. AGROTIKI INSURANCE S.A.	100,99	5,13%
5. INTERNATIONAL ASSOCIATION S.A.	77,55	3,94%
6. GENERAL UNION S.A.	75,53	3,83%
7. ALPHA INSURANCE S.A.	75,16	3,82%
8. ALLIANZ GENERAL S.A.	60,88	3,09%
9. ASPIS PRONOIA GENERAL S.A.	51,92	2,64%
10. COMMERCIAL VALUE INSURANCE S.A.	50,13	2,54%
Gross Written Premiums of 10 leading companies	**1.040,63**	**52,85%**
Total	**1.968,88**	**100,0%**

3rd CHAPTER

"ETHNIKI INSURANCE S.A." COMPANY INFORMATION

3.1 General Background

The ETHNIKI HELLENIC GENERAL INSURANCE COMPANY S.A. was established in 1891 under the R.D of 15 June 1891. It is situated in the Municipality of Athens, 103-105 Syggrou Avenue and it is registered at the Societe Anonyme records of the Ministry of Development (Department of Commerce, Insurance Company and Actuarial Division), reg. no. 12840/05/B/86/20. The current corporate form of the company will expire on 31.12.2089.

According to article No. 4 of the Company's Articles of Association, the aim of the company carries out in Greece and abroad, all insurance, reinsurance and financial activities that insurance companies are allowed to engage in, according to Greek and E.U. Law in force. The Company can perform the to the extent permitted by Law, on behalf of a third party, or in co-operation or joint venture with other legal entities or physical persons of any nationality.

The main objectives of the Company are:

a. To underwrite all Non-Life insurance risks in any line of business.
b. To underwrite Life insurance risks.
c. To underwrite all Life and Non-Life reinsurance risks and to cede such risks to reinsurers.
d. To manage or liquidate insurance portfolios, insurance accounts, of Greek or overseas insurance and reinsurance companies', Lloyd's of London brokers, social security funds and mutual insurance cooperatives.
e. To establish Societes Anonymes or/and financial activities in general.
f. To participate in financial services companies in general.
g. To participate in other companies, of any legal form that carry out the same or related activities.
h. To represent overseas insurance and reinsurance companies of any kind, organizations etc.
i. Any relevant, to the abovementioned purposes (or not) activity.

It is noted that, during the course of the years 2001-2005, the statutory purpose of the Company has not been modified.

"ETHNIKI INSURANCE" is a composite insurance company, and underwrites both Life and Non-Life insurance risks.

3.2 Historical Background

The National Bank of Greece and four other smaller banks founded Ethniki Insurance in 1891. Its founders' ambition was to create an international calibre company that could underwrite any insurance risk, and develop wherever in the world Hellenism was thriving.

In its early years, the Company operated in various insurance lines of business –most importantly in the Fire, Transport and Accident businesses- while the formation of its agency network –the development of which was a constant concern of the Company's management up to the present- was planned and materialized. It is notable that in the end of the 19th century, Ethniki Insurance had a widespread business network that covered the entire Mediterranean, the Euxine Sea, the West coast of Europe, the North Sea, England, and reached as far as New York and Buenos Aires.

Ethniki Insurance is the only Greek insurance company that reached the doorstep of the 20th century and for more than 110 years has been a part of Greece's modern history, while significantly contributing to the creation of insurance consciousness in the Greek society. Supported by the oldest and largest financial institution in Greece, the National Bank of Greece, Ethniki Insurance has significantly contributed to the economic and social development of the country, while constituting the driving force, in the Greek insurance market.

Ethniki Insurance was listed on the Athens Exchange on 2 August 1946.

The last 35 years, (1970-2005), a period that has been known as "a new era" for private insurance in Greece, as a result of the adoption of the legal framework for the regulation of the insurance industry, and the harmonization of the Greek Law with the EU Law. Ethniki Insurance has remained in the forefront of all new developments.

The most important development, during the abovementioned period, was the formulation of a unified insurance vehicle, with the merger all the insurance subsidiaries of the National Bank of Greece namely "ETHNIKI", "ASTIR", "ETEBA" and "PANELLINIOS".

As part of it's business strategy in the Balkans and the East Mediterranean, in 1997, S.C. Garanta Asigurari S.A. was founded in Romania, while in 1 January 2001, two Cypriot subsidiaries were founded, a life insurance company, Ethniki Insurance Cyprus Ltd and a non-life insurance company Ethniki General Insurance Cyprus Ltd.

Ethniki Insurance acquired in 2004 the stake of Bankpost in Garanta S.A., and as a result, it's share in the Romanian company reached 93,27%. The co-operation with the former shareholder nevertheless continues with the promotion of Garanta S.A. products through the Bankpost branches, while the co-operation with Banka Romanesca, a subsidiary of the National Bank of Greece, is strengthening the presence of the company in the local market. In addition to that, in the end of 2005, the Company acquired "NATIONAL Insurance Brokers S.A.".

In early 2006, the Company acquired Alpha Insurance Romania, which is expected to merge with Garanta S.A., and also proceeded in a joint venture agreement with the United Bulgarian Bank and A.I.G. for the establishment Life and non-Life insurance companies in Bulgaria.

3.3 Present Company position

The company has held a leading position in the Greek market for the past decades, and has earned the respect of its client base. During 2005, the company's operational restructuring project, along with the relocation of the company's headquarters in the new, state-of-the-art building on Syggrou Avenue, have marked the beginning of its new dynamic course, which has been confirmed by its spectacular return to profitability.

In particular, the Life insurance gross written premiums production has risen by 10,75%. This noteworthy performance was the result of the rise in sales of new individual Life annuities and the successful introduction of the "Triploun" product to the National Bank of Greece client base during the last quarter of the year, thus placing the company at the 2nd place of the Greek market.

With regards to Non-Life business, gross written premiums have risen by 5,06%, out performing the market which has posted a 3,9% increase overall. An impressive rise was posted by the Fire (11,36%), General Third Party Liability (31,16%) All risks (23,36%) and Credit Risk (16,52%) branches.

The main factors that drove profitability were:

- The introduction of new Life and Fire retail products, accompanied by a competitive pricing policy for Fire protection products.
- Completion of the bancassurance platform with the objective of exploiting synergies with the National Bank of Greece Group. Development of Life insurance products, bundled with mortgages and introduction of a new Unit/Linked product, which brought in € 15 mill. in gross written premiums.
- Rise in the productivity of our insurance agents' (9% rise in the number of policies per agent).
- Competitive pricing policy through the revisiting of the reinsurance policy.
- Copmletion of the early retirement scheme, which derived € 2,4m in cost cuts and targeted 18% of personnel.
- Rationalization of the administrative branches of Ethniki Insurance, by closing down 10 out of 57 branches.
- Rationalization of office space property, by centralizing all administrative processes, from 11 buildings into 1 building and by achieving significant savings in rental expenses (circa € 2mill. p.a.) and increasing productivity through consolidation of administrative processes.
- Consolidation and automation of commission payment practices.

Given all of the above, net profit after tax for the 2005 year, has topped € 25,155mill. significantly exceeding the target set in the Company Budget.

The Company constantly aims towards the improvement of its technical margin, the containment of its operating costs, and the maximization of the return of its large real estate property and investments portfolios, with the objective of maximizing return from the clients' and the company equity capital. Moreover, through the co-operation with the National bank of Greece, a long-term horizon strategic decision, Bancassurance operation, is constantly developing.

3.4 Administration-Business Management

3.4.1. Board of Directors of the Company

The Company Board of Directors, according to the art. 20 of the Company Articles of Association, consists of a minimum of 9 and a maximum of 15 members the service of which is 3 years. The Company Board of Directors as elected by the Shareholders Annual General Meeting, is comprised of the following 13 members:

Name	Position at the Board	Member Status	Election date	Profession
Efstratios-Georgios Arapoglou son of Athanasios	Chairman	Non executive	15.6.2004	Chairman & CEO National Bank of Greece
Doukas-Pavlos Palaiologos son of Ioannis	Deputy Chairman	Executive	5.8.2004	CEO Ethniki Insurance
Spyridon Leftheriotis son of Tilemachos	Member	Executive	15.6.2004	General Manager Ethniki Insurance
Anastasios Pagonis son of Athanasios	Member	Executive	5.8.2004	General Manager Ethniki Insurance
Ioannis Kollias son of Christos	Member	Non executive	15.6.2004	Employee Ethniki Insurance
Aleksandros Georgitsis son of Platonas (*)	Member	Non executive	25.10.2005	General Manager, National Bank of Greece
Ioannis Politis son of Nikolaos	Member	Non executive	2.2.2005	Employee Ethniki Insurance
Vasilios Panagiotopoulos son of Vasilios	Member	Non executive	15.6.2004	Lawyer
Anthimos Thomopoulos son of Konstantinos	Member	Non executive	30.1.2004	General Manager, National Bank of Greece
Avraam Moisis son of Esdras	Member	Non executive	31.5.2005	Actuary
Stefanos Pantzopoulos son of Giannoulis	Member	Non executive	2.2.2005	Financial Concultant
Vasileios Fourlis son of Stylianos	Member	Independent, non executive	14.5.2002	Entepreneur
Konstantinos Lampropoulos son of Christos	Member	Independent, non executive	31.5.2005	Financial Concultant

(*) Mr Georgitsis has filled the place of the resigned Mr Ioannis Filos, son of Athanasios, former General Retail Manager of the National Bank of Greece and member of the Board of the Company from the 15th June 2004 under the no.2055/25/10/2005 record of the Board.

The current Board of Directors term expires at the 31st June 2008.

Mr Kollias and Mr Politis represent the employees of the Company, at the Board.

The Company is legally represented by the Chief Executive Officer Mr Doukas-Pavlos Palaiologos, who is responsible for the administration and management of the Company in accordance to art.551B1 of the L.D. 400/70.

3.4.2 Executive Committee

The Company's Executive Committee consists of the following members:

a) Doukas-Pavlos Palaiologos son of Ioannis, Chairman
b) Spyridon Leftheriotis son of Tilemachos
c) Anastasios Pagonis son of Athanasios
d) Kyriakos Paravantis son of Konstantinos
e) Athanasios Andreopoulos son of Konstantinos
f) Ioannis vasilatos son of Gerasimos

The Committee objective is to monitor the materialization of the Board of Directors directives, as well as, in general, to ensure uninterrupted course of the Company.

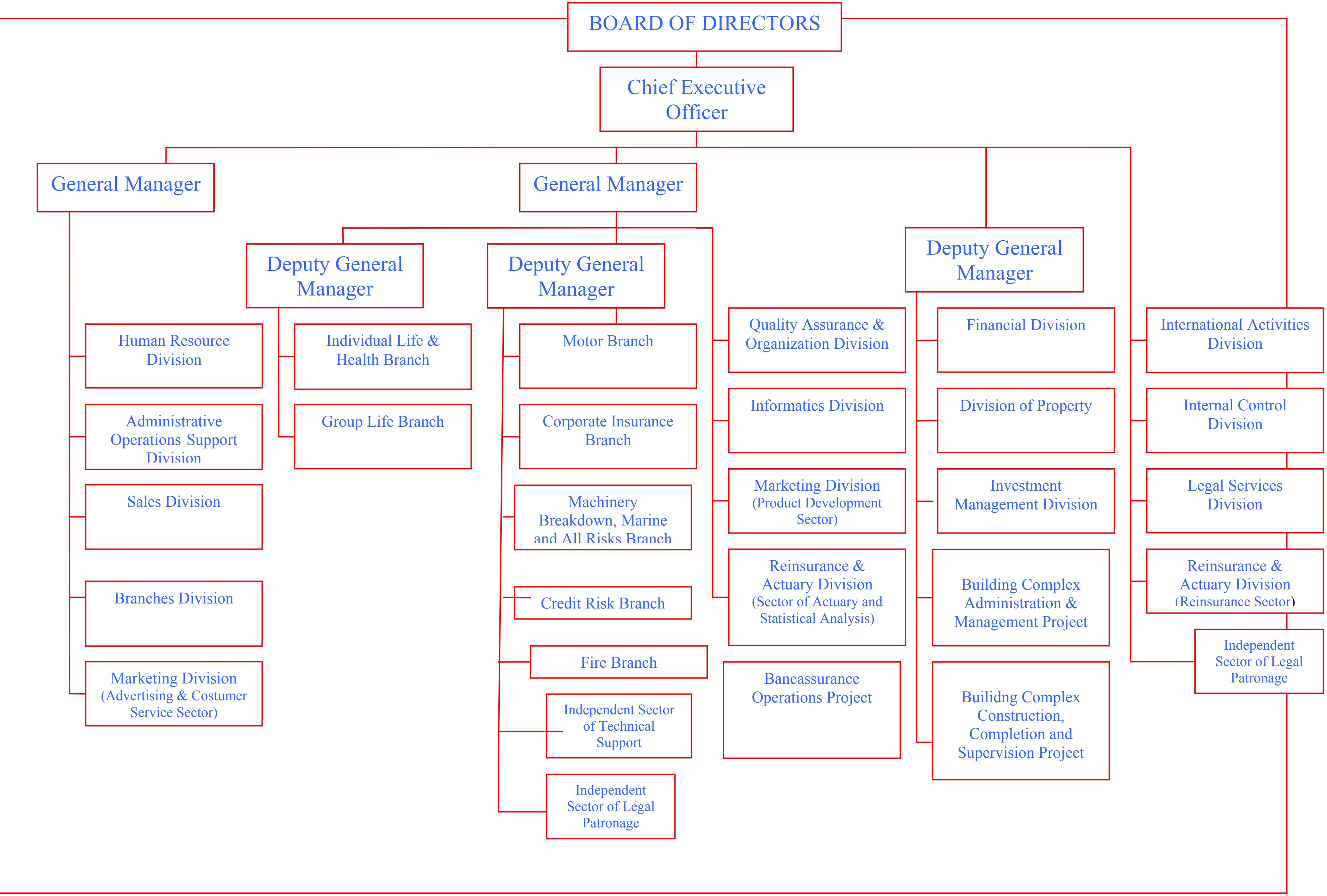
3.4.3 Internal Control Committee

The Committee consists of three non-executive members of the Company Board of Directors, as follows:

a) Konstantinos Lampropoulos son of Christos (independent, non executive member).
b) Avraam Moisis son of Esdras (non executive member).
c) Vasilios Panagiotopoulos son of Vasilios (Independent, non executive member).

The objective of the committee, according to L.3016/2002, to monitor the internal control of the Company.

3.5 ORGANIZATION CHART



According to the above organization chart the following should be noted:

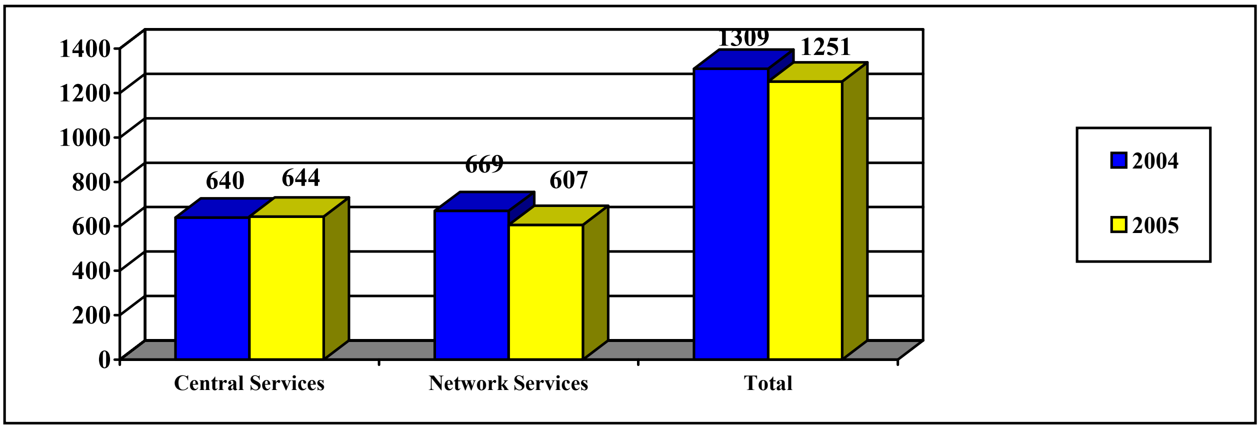
- During the 2nd February 2005 meeting of the Board of Directors, Mr. Ch. Sotiripoulos, Chief Internal Inspector, was appointed as the Internal Auditor of the Company. He was supervized by the non executive member of the Board of Directors Mr. Vasilio Panagiotopoulo until the 31st May 2005 when he resigned and had his position filled by Mr. Konstantinos Lambropoulos, a new non executive member.
- A Sector of Taxation and Shareholders, a Shareholders Department, and a Shareholders Services Unit operate within the Financial Department (contact person: Mr. X. Papadopoulos, tel. (0030) 210 9099652, e-mail: xpapadopoulos@insurance.nbg.gr).

3.6 Human Resources

The development of the average number of administrative staff of the Company (according to the appendix in the balance sheets), during the years 2004-2005, is the following:

Annual average	2004	2005
Central Services	640	644
Network Services	669	607
Total	1.309	1.251

Table: Annual Average of the administrative staff during the years 2004-2005

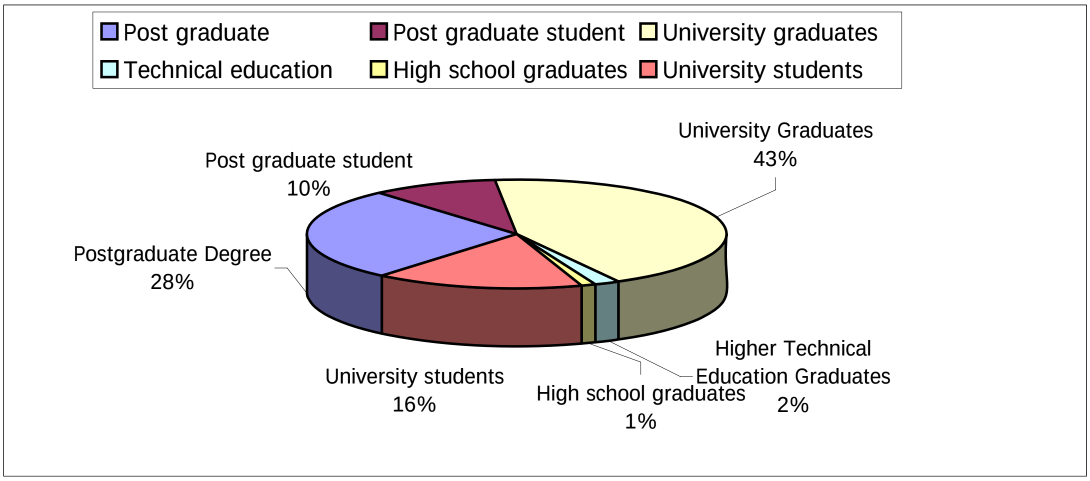


It is noted that at 31st December 2005 the Company employed 1.251 persons. The personnel compensation is based on the Corporate Collective Contract of Employment. The payroll expenses at 2005 amounted up to the sum of € 62.657 thousands.

Within the year 2005 the early retirement scheme which was initiated at 2004, was completed and 244 people retired.

Also, a written contest took place in order to –immediately- hire 110 employees while 50 more are to be gradually employed until 31st December.2007.

Table: Personnel's structure per education level



3.7 **Education**

The Company has always considered its Human Resources as leverage for the achievement of its goals and gives great importance in the development of knowledge and abilities of its staff and associates. Based on its long-term experience, the Company designs and implements Training Programs, in order to offer its employees an in-depth understanding and knowledge of Insurance Business as well as managerial skills training, in line with the client-orientated culture of the Company.

Moreover, our Training Center -which is a certified Agents Educational Center, recognized by the Technical Committee for Training & Examinations for Insurance Agents of the Ministry of Development- undertakes the training of new Insurance Consultants, which is now one of the conditions in order to acquire a License.

In 2005 the Company proceeded to an innovative action by installing an Electronic Training System (e-learning), which is expected to facilitate Integrated Training Solutions in a cost efficient way.

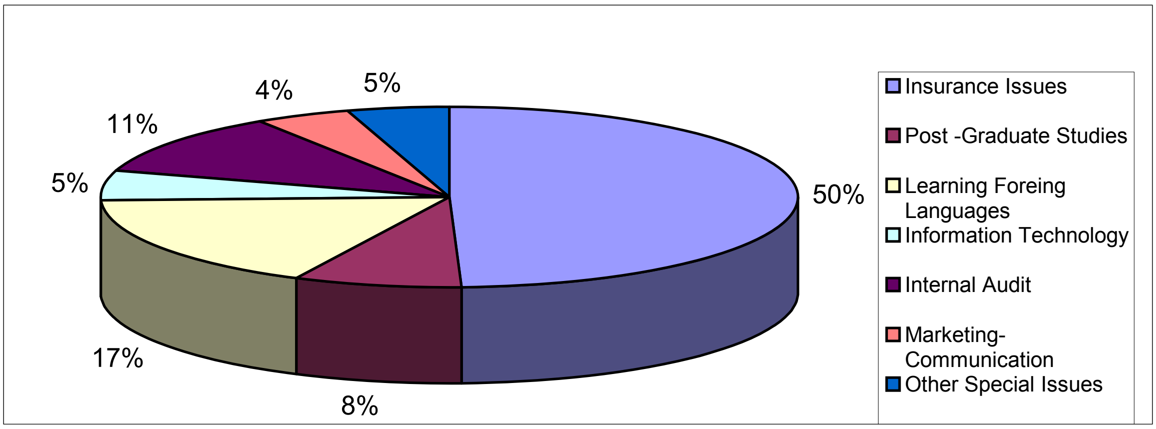
The Training Program in 2005 developed as following:

a) <u>Administrative Employees Training</u>

In order to reduce costs, a number of employees from the countrywide network were assigned to organize and support the training programs to the respective branches.

Also our employees have attended seminars on Management, Marketing, Technology, Finance, International Accounting Standards, Total Quality Systems, specialized programes in Life Insurance and Non-Life Insurance, Software Use and Development etc, organized by both Greek and Foreign institutions.

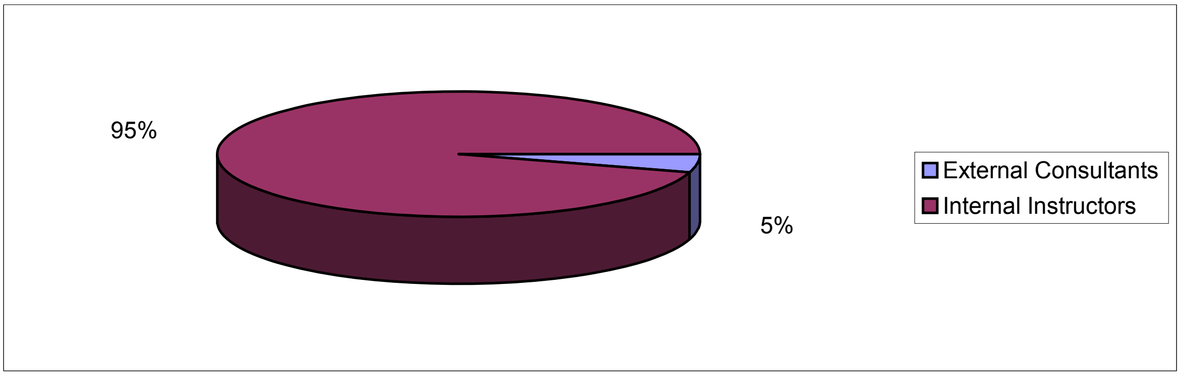
Table: Participations per category of seminars



b) <u>Sales Network Training</u>

Internal instructors, with tutorial ability and significant career experience, were assigned the overall support in the majority of training programs that our Associates attended. For special issues we co-operated with external consultants.

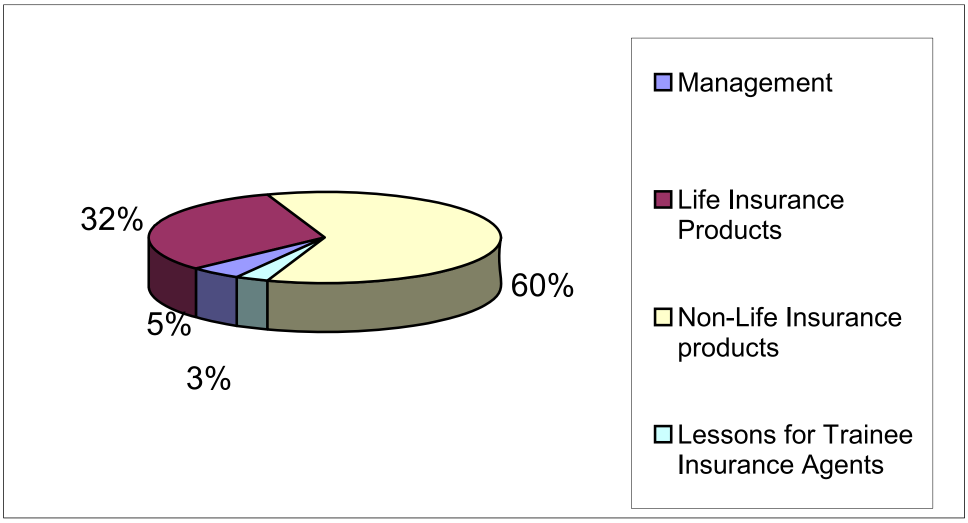
Table: Training Programs that were supported by internal instructors and external consultants



Throughout the year, the total number of participants in Training Programs amounted to 7.488. The basic content of the seminars was the following:

100-hour program for Trainee Insurance Agents pursuing the Insurance Practice license, Specialized insurance issues, Management and Recruitment, New Products.

Table : Participations per category of seminars



3.8 Business Objectives –Main Insurance Branches

The Company underwrites all Life and Non-Life insurance risks. During 2005 Gross Written premium from direct Insurance business amounted to € 577,763 thousands.

The table below presents the change in direct Gross Written Premiums from direct business per insurance branch during the period 2004 – 2005.

Table: Analysis of Gross written Premium for direct business per Insurance Branch (in € thousands)

Insurance Branch	**2004**	**2005**
FIRE & RELEVANT BRANCHES	60.975	67.802
MOTOR	185.859	190.032
TRANSPORT CARGO	6.391	5.643
MARINE HULLS & AVIATION	7.928	7.106
OTHER	28.843	34.100
NON-LIFE TOTAL	**289.996**	**304.683**
LIFE – INDIVIDUAL	191.953	213.114
LIFE – GROUP	54.632	59.966
LIFE TOTAL	**246.584**	**273.080**
GRAND TOTAL	**536.580**	**577.763**

3.8.1 Non Life Insurance Branch

The **Non Life** business consecutively represents the largest portion of Gross written premiums for direct business, while the Motor and Fire Branches hold the largest share in the Company's portfolio. During 2005 the allocation direct Gross Written premiums between Non Life and Life branches was 52,73% and 42,27% respectively. The percentage of the Motor branch reached 32,89% of Gross Written premiums.

As regards the Motor Branch, the Company continues to lead the market by launching innovative products and services. The «ETHNIKI & CAR» product was further supplemented by the addition of the new cover packages E15 SYN and therefore it is now offered with a choice of 6 packages (E10, E15, E15 SYN, E20, E51 & E55). All packages designed with the criterion to achieve the most complete coverage possible at the lowest cost.

In addition, the Company offers the "Accident Care" cover, which significantly upgrades the services offered to the insured, while carries a lighter administrative burden. Further on, in co-operation with MONDIAL ASSISTANCE, the largest Road Assistance Company in Europe, the Company offers road, travel and medical assistance to the insured, with its "ETHNIKI Road assistance" package.
Furthermore, in co-operation with AUDATEX HELLAS, the Company uses the Electronic Survey system that helps to reduce administrative costs, while at the same time damage can be estimated objectively.

Our Company participates in the Amicable Settlement system providing reimbursement to the non-liable driver directly from its own insurance company, up to the amount of € 6.000.

Recently, in the context of the effort to improve its benefits and services, the Company has created and offers NEW covers and benefits such as:

Bonus Protection, Coverage of Own Damage of stolen car, New coverage of personal Accident, Car replacement in case of theft, coverage of damage caused by an uninsured car, coverage of Third Party Liability within guarded area, discount in the car theft cover, New Family discounts as well as Trust Reward with a discount offered to loyal customers.

The **Fire Branch** is the second largest Branch of the Non-Life business after the Motor Branch and during 2005 it contributed to 13.5% of Gross Written premiums. The Branch introduced the "ETHNIKI & HOME" product, which offers four insurance packages (A, B, C, D) that cover the residence and its contents against all risks, in correspondence to costumers' individual needs.

A new evolved product called "Ethniki & Business" is offered with two alternative packages (BASIC & FULL) providing an extensive range of covers, at an affordable rate.

Further, Ethniki Insurance Company, with the support of leading Reinsurance Companies, insures the largest Commercial and Industrial companies in Greece. The Company's strategic goal is to offer the most complete insurance products to its customers, at the most competitive rates possible.

Ethniki Insurance Company offers 2 NEW products (Basic and Full) that fully respond to the needs of Hotels, Pensions, and Hostels with an insured capital of up to € 4.400.000. These new products offer a wide range of covers bundled in a single contract, while being extremely flexible and offered at a competitive rate.

In addition, the Company has designed special products of household residence insurance especially for mortgages. These products are offered since November 2002 through NBG in the context of Bancassurance operations.
Also, NBG branches offer the Bancassurance product "Life & Permanent Total Disability" that covers the repayment of the loan in case of death or permanent disability of the loaner.

3.8.2 Individual Life and Health Insurance Branch

During 2005, the total Life Insurance production amounted to € 273.080 thousands, out of which 78.04% corresponds to the production of the Individual Life Insurance Branch and 21.96% to the Group Life Insurance Branch.

The Individual Life and Health Insurance Branch produced approximately 47,3% of total premiums during 2005 (including the percentage of Group Life Insurance).

The Individual Life and Health Insurance Branch offers innovative products in the following sectors: BASIC LIFE INSURANCE, HEALTH INSURANCE and OTHER RISKS.

BASIC LIFE INSURANCE products, apart from other traditional products, such as Pure Death Insurance, Mixed, Endowment Assurance, Childcare etc., also include, since mid 1997, a new generation of health insurance policies that are linked with investments (Unit Linked). The innovative aspect of these products is that the Company guarantees, at the policy expiry date, the payment of a guaranteed lump sum, regardless the actual investments' yield. These products combine the advantages of the Mutual Funds and Life Insurance, in the best way, and range from the following:

"ETHNIKI & PENSION", a Life insurance savings program with periodic payments. Its objective is to cover the pension needs in addition to the social security benefits.

The product "ETHNIKI & CHILD" is a savings orientated, periodic installments life insurance program that aims at the financial security of children when they reach adulthood (studies, career etc.) with a supplemental insurance cover in case of death or permanent total disability of the policyholder.

The "INVESTMENT FUND", a single premium life insurance policy, constitutes a groundbreaking alternative investment proposal that combines an investment in Mutual Funds with Portfolio Management, guaranteed maturity value and insurance coverage.

Finally, it must be noted that through the NBG network, two mew products, namely "TRIPLOUN" and "PROSTHETO^{+}" are being endorsed. The Investment product "TRIPLOUN" combines the three factors: Investment - Guaranteed Return – Insurance, and ensures a guaranteed capital and a guaranteed annual return of 2% (at the end of the product's period), the possibility of high returns (above the guaranteed) in a long term horizon and Insurance cover to the investor. "PROSTHETO^{+}" is a Group Insurance product that guarantees a predetermined amount of lifelong monthly pension benefits or of lifelong monthly pension benefits with a guaranteed payment period of ten (10) years or an equivalent lump-sum amount, to be paid in a pre-fixed date. The innovative, pioneering and unique advantage of "PROSTHETO^{+}" is that it gives the customer the potential of preferential financing from the Bank. Soon the above products will also be offered from the Ethniki Insurance sales network.

In the context of the HEALTH INSURANCE branch, the most competitive hospital relief products of the Company are those under the brand "ETHNIKI & HEALTH" that cover: a) hospital relief expenses or /and b) diagnostic medicals.

Six customized health insurance products have been designed namely:

- "UNLIMITED" in which the Company covers 100% of the hospital expenses.
- "INTEGRATED" which offers a maximum Company liability limit in the treatment expenses of € 99.039 per treatment.

Deduction of up to € 661 per treatment.

The insured contributes 10% of the treatment expenses (after the deduction).

• "SUPPLEMENTARY", which offers a maximum limit of liability of the Company in the treatment expenses of € 132.053 per treatment.

Deduction up to € 1.650 per treatment.

The insured contributes 10% of the treatment expenses (after the deduction).

• "ECONOMICAL", which offers a maximum limit of liability of the Company in the treatment expenses of € 165.065 per treatment.

Deduction of up to € 3.302 per treatment.

The insured contributes 10% of the treatment expenses (after the deduction).

• "SPECIAL", which offers a maximum limit of liability of the Company in the treatment expenses of € 330.131 per treatment.

Deduction of up to € 9.904 per treatment.

The insured contributes 10% of the treatment expenses (after the deduction).

• "ADVANTAGEOUS", which offers a maximum limit of liability of the Company in the treatment expenses of € 300.000 per treatment and a maximum limit in Hospitalization & Nutrition expenses of € 500 daily.

Deduction up to € 1.500 for Class A, € 1.275 for Class B and € 1.050 for Class C.

The insured contributes 30% (after the deduction) of the treatment expenses – per treatment – only for the Luxury Class.

The "UNLIMITED", "INTEGRATED" and "SUPPLEMENTARY" products cover expenses for out-of-hospital diagnostic medicals up to the amount of € 661 annually per insured, as long as these examinations are performed in Company affiliated diagnostic centers.

Besides the abovementioned hospital products, the Company has upgraded and is now offering the new **"Hospital & Surgical Benefit"** product THAT COVERS those who wish to be hospitalized in any hospital in Greece or abroad avoiding bureaucratic procedures with original treatment invoices, offering the following benefits:

- Hospital cash benefit of 50 € or 100 € or 150 € per day up to a maximum of 180 days.
- Recuperation benefit equal to 50% of the respective hospital benefit for the same duration of treatment.
- Surgical benefit with a maximum limit of 3.000 € based on the gravity of the surgical operation (based on a table).
- Cover of birth expenses regarding caesarian section, up to 850 €, while in the same time a hospital benefit is given to the insured for a duration of up to 7 days.

3.8.3 Group Life Insurance Branch

The Group Life Insurance Branch enjoys a leading position in the market with a share that exceeds 20%. It offers Life, Accident and Health insurance products (primary and secondary relief) to large domestic and multinational companies with approximately 1.000.000 insured benefiting from insurance coverage.
Significant consideration is given to annuity/lump sum savings plans that supplement the social security benefits, where reserves amounting to € 160.000.000 are being managed.

OTHER RISKS products provide all life insurance supplement covers, such as Insurance of Personal Accident, Permanent Total Disability, Daily Compensation and Bonus Insurance.

3.9 Business Growth Policy

3.9.1 Sales Network

The Company's Sales Network covers the entire country and consists of (as at 31.12.2005) 128 Sales Offices with 2.000 Insurance Agents and 1.250 Brokers. The Network is supported by 47 well-organized Local Branches with administrative Stuff, in major cities of the country. Products of the Company are also offered through the 555 Branches of the National Bank of Greece.

The main factor of Business Growth will be the aggressive promotion of Insurance Products to the largest part of the National Bank of Greece customer base, as part of the Bancassurance Scheme.

Furthermore, in October 2005, a Department of Banking and Investment Products was established with the aim to promote the Products of the National Bank of Greece through the Network of Ethniki Insurance.

The table that follows presents Gross Written Premiums of the Company for the years 2004 and 2005 per Geographical Segment.

Table : Gross Written Premiums per Geographical Segment 2004 and 2005

Geographical Area	Local Branches	Sales Offices	Agents	NBG BRANCHES	Premiums 12/2004 (Mil. €)	Market Share	Premiums 12/2005 (Mil. €)	Market Share
ATTICA	10	60	730	233	403.926	75%	442.719	76,6%
DIVISION OF CENTRAL – EASTERN MACEDONIA & THRACE	11	18	245	95	53.166	9,9%	54.655	9,5%
DIVISION OF CENTRAL GREECE & WESTERN MACEDONIA	10	13	80	56	21.857	4,1%	20.345	3,5%
DIVISION OF PELOPONISOS & WESTERN GREECE	13	30	130	91	40.804	7,6%	42.986	7,4%
DIVISION OF CRETE	3	7	65	23	16.827	3,1%	17.058	3,0%
TOTAL:	**47**	**128**	**1.250**	**498**	**536.580**	**100%**	**577.763**	**100%**

3.9.2 Sustainability of Contracts

Minimization of the percentage of cancellation of Insurance Contracts is a major priority of the Sales Policy of the Company.

According to the criteria of Sustainability for the Portfolio of Contracts, “Ethniki Insurance” is among the companies with the highest ranking. As for the Insurance Contracts of the Individual Life Branch that were issued in year 2002 with duration until 31 December 2004, Sustainability Percentage reaches 80%.

3.10 Promotion and Advertising

An annual Promotion and Advertising plan is developed in line with the relevant funds in the budget. This plan allocates advertising expenses per product and medium and includes a timetable.

The expenses allocation per communication medium was:

- Television 20% approximately
- Radio 23% approximately
- Press 39,5% approximately
- Other media 17,5% approximately

Both national and local media are used for advertisement purposes.

Additionally, part of the advertising budget was used for the promotion of the company via sponsorships in cultural, artist, sport and social welfare activities as well as scientific activities.

The efficiency of advertisement activities is reviewed periodically through surveys and polls, while activities of competitors are also monitored.

Up to this day, advertising campaigns of the company emphasized on “prestige” advertisements and product advertisements targeting to promote new products and services that the company offers to the public. Furthermore, special emphasis was given to the relocation of Ethniki Insurance Company to its new state-of-the-art Building Complex on Syggrou Avenue, through advertisements on press and radio.

3.11 Reinsurance Policy

The reinsurance policy of the Company consists of either quota share or non-quota share treaties that are contracted with foreign reinsurance companies –mostly directly but also through brokers. The purpose of these treaties is to protect company's interest and to cover the needs of technical branches.

The main reasons for which our company implements reinsurance policy are the following:

a) To provide cover to insured clients against all kinds of risk regardless of the size and the complexity of the peril.
b) To transfer part of the undertaken risk to several foreign insurance companies (risk diversification).
c) To "stabilize" its financial results and assure a firm premiums-to-losses ratio.
d) To indirectly protect it's equity capital and, thus, its shareholders.

During the second semester of each year, a number of "general" and "specific" studies regarding the needs of each technical branch take place.

Throughout the planning stage of any reinsurance policy (type of the reinsurance treaty, "capacity" of the treaty, own retention etc.) against all risks, the following factors are taken into consideration:

a) The nature, kind and the size of risk.
b) Portfolio analysis results.
c) The particular requirements of each reinsurance cover.
d) The development of insurance products that can be launched through Bancassurance.
e) The "coverages" provided by international market.
f) The cost of coverages offered.
g) The terms that should be satisfied from each contracting part.

The determination of own retention in a reinsurance treaty is an issue of principal matter (either as a percentage of the insured amount or a fixed amount, depending on the kind of the treaty i.e. quota share or non-quota share). "Ethniki" uses several scientific methods in order to decide its own retention, taking into account the following aspects:

a) The share capital and free equity reserves.
b) Its financial liquidity (in order to meet claim requirements).
c) The portfolio structure of the respective branch.
d) The losses-to-premiums ratio (of the respective branch) in previous years.

The criteria of selecting a reinsurance company are:

a) The financial position of the specific and results of operations.
b) Its solvency.
c) The rating that it has received from international organizations.

d) Its immediate respond to our requests in case of compensation.
e) The “quality” of previous co-operation.
f) The additional benefits that the company offers to "The Ethniki" i.e. its “know-how” in reinsurance issues or opportunities it presents for our employees for participation in its seminars etc.

The reinsurance firms with which "The Ethniki" is mainly co-operating are: Munich Re, Swiss Re, New Re, Mapfre Re, Partner Re, Lloyd’s.

3.12 Land plots & yards - Buildings

The Headquarters of the Company are located at 103-105 Syggrou Avenue in a new state-of-the-art and privately owned building. Furthermore, the Company owns a significant number of real estate assets both in Athens and in several big cities of Greece. This property is used either to accommodate its own offices or earn rental income.

A detailed property list is presented in the following table:

		LAND	BUILDINGS		
	Address of Real Estate	Cost as at 31.12.2005	Cost as at 31.12.2005	TOTAL DEPRECIATION AS AT 31.12.2005	RESIDUAL VALUE OF BUILDINGS
1	103-105 Syggrou Ave., Athens	38.040.900,00	32.579.604,72	651.592,10	31.928.012,62
2	4 Korai St. & Stadiou 30, Athens	30.000.000,00	40.065.356,44	10.870.401,15	29.194.955,29
3	100 Acharnon St., Athens	0,00	0,00	0,02	-0,02
4	1 Efpolidos-Apellou St. & Lykourgou St., Athens	1.400.000,00	6.816.670,33	2.488.431,60	4.328.238,73
5	1 Skouleniou St., Athens	899.999,99	3.947.057,92	1.629.978,16	2.317.079,76
6	310-312 Iera Odos, L/P Aegaleo	64.000,00	318.896,67	108.537,77	210.358,90
7	5 Ag. Glykerias St., Galatsi	178.793,18	786.133,43	376.259,94	409.873,49
8	40 Amalias St., Athens	2.700.000,00	6.462.555,23	2.461.691,22	4.000.864,01
9	14-16 Akti Posidonos St., Peireus	1.829.146,00	6.489.276,56	2.606.583,24	3.882.693,32
10	25-27 Ethniki Antistaseos, Peireus	2.101.152,00	5.379.153,07	2.154.074,39	3.225.078,68
11	35th st., L/P Hellenikon	6.249.600,00	0,00	0,00	0,00
12	62 Athinas St., Athens	1.700.000,00	2.484.495,08	560.258,38	1.924.236,70
13	8 Karagheorghi Servias St., Athens	6.100.000,00	15.067.776,96	5.797.382,59	9.270.394,37
14	7 Voulis St., Athens	434.234,23	2.264.552,46	1.137.941,01	1.126.611,45
15	5 Mitropoleos St., Athens	0,00	0,00	0,00	0,00
16	58 Athinas St., Athens	2.500.000,00	5.147.144,41	2.069.219,35	3.077.925,06
17	7 Ithakis St., L/P Alimos	1.638.500,00	0,00		0,00
18	6 Merlin St., Athens	0,00	0,00	0,00	0,00
19	7 Merlin St., Athens	450.000,00	1.915.049,26	713.981,17	1.201.068,09
20	5 Hypatias St., Athens	2.980.432,51	7.439.303,37	3.379.074,45	4.060.228,92
21	17 Tim. Vassou St., Athens	45.000,00	220.605,45	91.457,48	129.147,97
22	20 Themistokleous St., Shop 1, Cholargos	175.851,17	125.455,53	30.829,29	94.626,24
23	20 Themistokleous St., Shop 2, Cholargos	109.148,83	85.543,01	21.021,20	64.521,81
24	135 Syngrou Ave., Athens	4.082.000,00	6.870.548,24	2.764.703,87	4.105.844,37
25	137 Syggrou Ave., Athens	589.554,00	1.515.545,53	347.152,99	1.168.392,54
26	7 Stadiou St., Athens	100.028,76	257.491,83	68.871,49	188.620,34
27	13 Mitropoleos & 2 Rogoti St., Thessaloniki	735.818,05	2.234.430,29	1.110.150,43	1.124.279,86
28	37 Skalidi St., Chania	350.182,98	499.964,32	303.721,36	196.242,96
	SUBTOTAL TO BE FORWARDED	*105.454.341,70*	*148.972.610,11*	*41.743.314,65*	*107.229.295,46*

	Address of Real Estate	Cost as at 31.12.2005	Cost as at 31.12.2005	TOTAL DEPRECIATION AS AT 31.12.2005	RESIDUAL VALUE OF BUILDINGS
	SUBTOTAL CARRIED FORWARD	*105.454.341,70*	*148.972.610,11*	*41.743.314,65*	*107.229.295,46*
29	4 Vas. Constantinou St., L/P Argos	120.000,00	866.163,85	219.838,48	646.325,37
30	7 El. Venizelou St., Veria	33.740,44	251.069,66	109.821,24	141.248,42
31	20 Iasonos St., Volos	2.046.048,72	550.673,64	152.384,14	398.289,50
32	37 El. Venizelou St., Yannitsa	61.877,30	346.328,01	165.645,27	180.682,74
33	43-45 Democratias St., Edessa	10.568,63	436.388,88	179.172,11	257.216,77
34	19 Vas. Gheorghiou Sq., Ioannina	203.235,33	208.471,22	86.698,26	121.772,96
35	51 Vas. Konstantinou St., Komotene	18.091,80	255.387,97	95.852,72	159.535,25
36	Ethnikis Antistaseos Sq., Kalamata	60.181,94	539.788,29	219.341,97	320.446,32
37	Anopoleos & Eletherias Sq., Herakleion	199.909,06	355.202,34	161.602,36	193.599,98
38	V. Sofias & Papakyriazi, Larisa	127.845,77	327.793,25	125.510,96	202.282,29
39	Mich. Karaoli & Thermopylon, Xanthi	31.679,41	234.298,98	86.169,27	148.129,71
40	48, 25th Martiou St., Ptolemais	17.055,89	81.483,64	35.666,17	45.817,47
41	22 Eletherias Sq., Serres	54.780,67	192.191,71	71.212,79	120.978,92
42	68 Vas. Gheorghiou St., Argostoli	162.480,25	264.622,89	170.442,79	94.180,10
43	28 Alexandrou St., Drama	45.652,70	276.546,93	130.507,09	146.039,84
44	27 Tsimiski St., Thessaloniki	724.402,54	897.578,67	367.956,76	529.621,91
45	Maezonos & Zaimi St., Patra	600.000,00	3.081.541,77	1.066.120,95	2.015.420,82
46	72 Papanastasiou St., Larisa	275.903,88	533.946,46	212.942,80	321.003,66
47	17 Hatzidimitriou St., Yannitsa	24.651,50	85.212,83	37.523,39	47.689,44
48	9 Patron St., Pyrgos	93.750,00	351.394,83	126.367,99	225.026,84
49	Eletherias Sq., Herakleion	79.235,64	159.529,96	69.373,92	90.156,04
50	46, 28th Oktovriou St., Tripolis	56.805,05	131.034,44	66.372,27	64.662,17
51	19 Leonidou St., Athens	205.119,74	0,00	0,00	0,00
52	36 Kolokynthous & Iasonos St., Athens	568.140,00	0,00	0,00	0,00
53	66th klm N.R. Athens-Lamia, L/P	221.048,66	0,00	0,00	0,00
54	Kalamaki, Isthmia L/P, Corinth	58.694,06	0,00	0,00	0,00
55	L/P Fragholada, Argolis	4.826,12	0,00	0,00	0,00
56	L/P Styfoyannis, Almyros	5.135,73	0,00	0,00	0,00
57	(Acc 1107) Bldg Installations 3rd Parties bldg´s	0,00	2.441.345,01	2.319.578,36	121.766,65
	TOTAL	**111.565.202,53**	**161.840.605,34**	**48.019.416,71**	**113.821.188,63**

4TH CHAPTER

PERFORMANCE OF COMPANY SHARE

4.1 Performance of company share

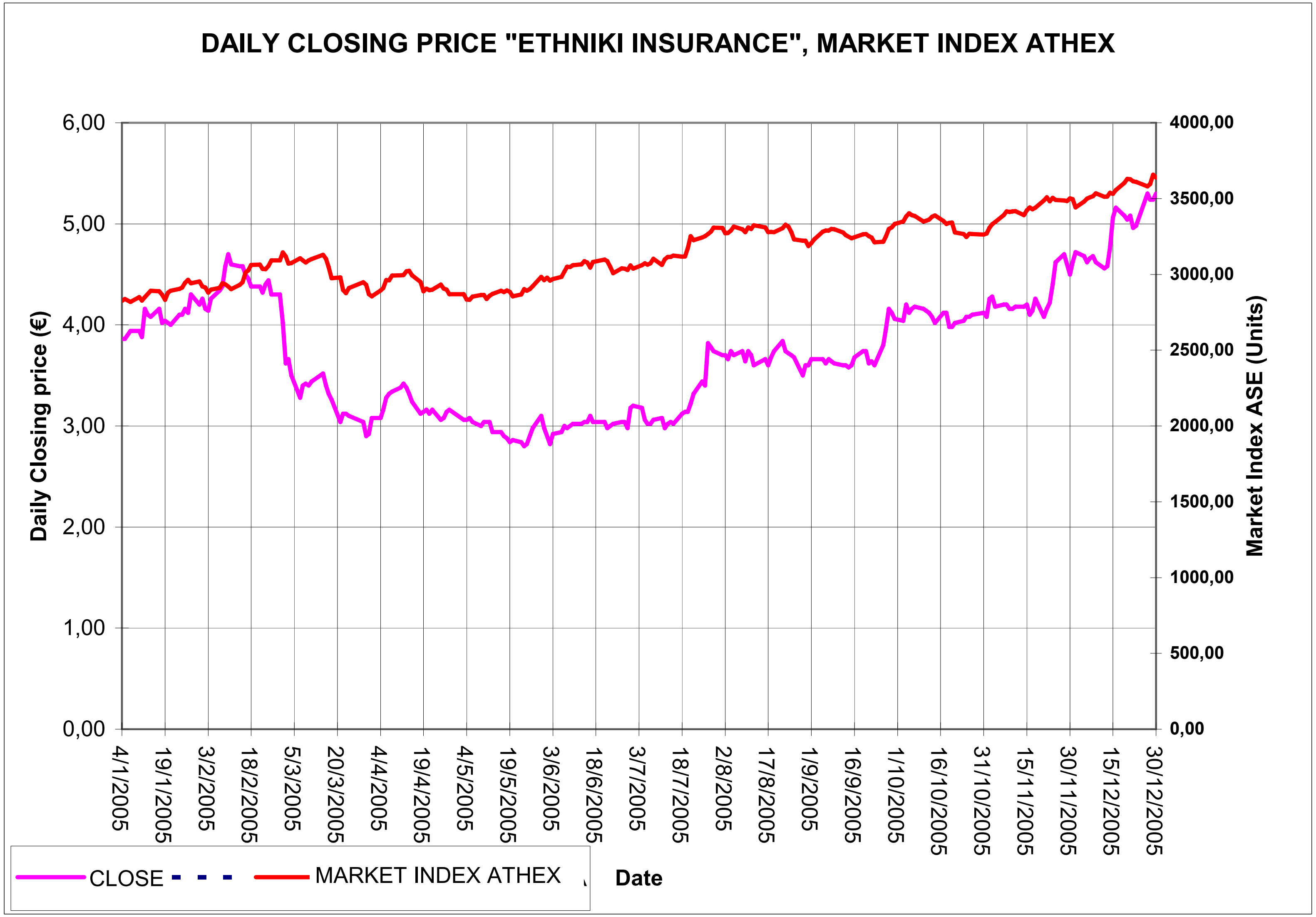
During 2005, the ‘Ethniki Insurance’ share has followed the momentum of both the Greek and International markets, albeit at a stronger pace after the second semester of 2005, due to the achievement of the 3-year business targets, as regard profitability.

	2004	**2005**
Price at year end	4,36	5,30
Year high	4,64	5,30
Year low	2,72	2,80
Year average	3,74	3,97

The following table shows the monthly movement in share price and total monthly transaction volume.

Month	**Price in €***	**Total monthly transaction volume (no of shares)**
January	4,80	2.047.639
February	4,30	2.835.042
March	2,92	3.282.817
April	3,15	824.116
May	2,97	1.193.304
June	3,18	1.096.384
July	3,73	1.585.480
August	3,59	1.768.375
September	4,06	2.154.111
October	4,11	1.484.297
November	4,50	2.438.807
December	5,30	2.999.179

(*): Closing price on the last trading day of each month



DAILY CLOSING PRICE "ETHNIKI INSURANCE", MARKET INDEX ATHEX
Daily Closing price (€)
Market Index ASE (Units)
6,00
5,00
4,00
3,00
2,00
1,00
0,00
4000,00
3500,00
3000,00
2500,00
2000,00
1500,00
1000,00
500,00
0,00
4/1/2005
19/1/2005
3/2/2005
18/2/2005
5/3/2005
20/3/2005
4/4/2005
19/4/2005
4/5/2005
19/5/2005
3/6/2005
18/6/2005
3/7/2005
18/7/2005
2/8/2005
17/8/2005
1/9/2005
16/9/2005
1/10/2005
16/10/2005
31/10/2005
15/11/2005
30/11/2005
15/12/2005
30/12/2005
CLOSE
MARKET INDEX ATHEX
Date

4.2 Shareholders

The Major shareholders as at 31 December 2005 were as follows:

Table: Shareholders of the Company

Shareholders	No of shares outstanding	% of share capital
NATIONAL BANK OF GREECE S.A.	98.958.142	76,65
M/F “DILOS” BLUE CHIPS SELECTED EQUITY	2.200.079	1,70
“ETHNIKI INSURANCE” EMPLOYEE INSURANCE FUND	1.972.951	1,53
M/F INSURANCE ORGANIZATIONS-JOINT DOMESTIC	1.601.305	1,24
«ETHNIKI INSURANCE” MUTUAL EMPLOYEE FUND	831.652	0,64
OTHER SHAREHOLDERS	23.542.671	18,24
TOTAL	**129.106.800**	**100,00**

4.3 Major shareholder: NATIONAL BANK OF GREECE S.A.

The National Bank of Greece is the major shareholder of "Ethniki Insurance" with 76,65% of total shares outstanding.

The National Bank of Greece S.A. was founded at 1841 and it's share floated on the Athens Exchange in 1880. Its registered offices are in Athens, 86 Aiolou St (registered Numbers of S.A. 6062/06/B/86/01), tel.: (0030) 210 33.41.000. Under a decision of the Board of Directors, the Bank can set up Branches, Brokerage Houses and Representation Offices throughout Greece or overseas. The bank duration has been prolonged until 27 February 2053.

According to the art.3 of its Articles of Association, the Bank conducts, in Greece and overseas, all banking and credit finance operations allowed to Banking Societe Anonymes under the Greek or Community Law.

In more than 160 years of operation, the Bank has evolved to a modern and complete group of financial sector companies, covering the continuously expanding needs of its clientele in a global perspective.

During 2005, a new series of suggestions for the improvement of the corporate governance policy were approved, and the Bank new Business Plan was set. The objective of the Business Plan is the provision of a clear and vigorous course-setting strategy for the group, with a 3-year horizon. This strategy combines the quest for high performance and targets with firm strategic moves, so that the Bank results to emerge as the leading, most trustworthy financial group in S.E. Europe, securing high revenues for shareholders.

The composition of the Board of Directors of the NATIONAL BANK OF GREECE (31.12.05) is as follows:

Efstratios-Georgios	Arapoglou	Chairman & Chief Executive Officer	Executive Member
Ioannis	Pechlivanidis	Deputy Chief Executive Officer	Executive Member
Honourable Metropolitan Bishop of Ioannina	Theoklitos	Member	Independent non-executive member
Georgios	Athanasopoulos	Member	Non-executive member
Stefanos	Vavalidis	Member	Independent non-executive member
Ioannis	Vartholomaios	Member	Independent non-executive member
Ioannnis	Giannidis	Member	Non-executive member
Dimitrios	Daskalopoulos	Member	Independent non-executive member
Nikolaos	Efthimiou	Member	Independent non-executive member
Georgios	Lanaras	Member	Independent non-executive member
Ioannis	Panagopoulos	Member	Non-executive member
Stefanos	Pantzopoulos	Member	Independent non-executive member
Konstantinos	Pylarinos	Member	Independent non-executive member
Ploutarchos	Sakellaris	Member	Independent non-executive member
Drakoulis	Foudoukakos-Kyriakakos	Member	Independent non-executive member

The NATIONAL BANK OF GREECE investments in subsidiaries (31.12.05) are as follows:

Name	Headquarters	% of ownership	
		31.12.2005	31.12.2004
National Company for Portfolio Invesments	Greece	-	46,42%
National securities	Greece	100,00%	100,00%
National Capital	Greece	100,00%	100,00%
Diethniki	Greece	100,00%	100,00%
EAEDO	Greece	100,00%	100,00%
Ethniki l Leasing S.A.	Greece	100,00%	100,00%
Ethniki Mutual Fund Management	Greece	100,00%	100,00%
Ethniki Investments	Greece	100,00%	100,00%
Ethniki N. Greece Development A.E.K.E.S. (under liquidation)	Greece	-	65,00%
NBG Balkan Fund Ltd.	Cyprus	100,00%	100,00%
NBG Greek Fund Ltd.	Cyprus	100,00%	100,00%
ETEBA Emerging Markets Fund Ltd.	Cyprus	100,00%	100,00%
ETEBA Estate Fund Ltd	Cyprus	100,00%	100,00%
ETEBA Venture Capital Management Ltd	Cyprus	100,00%	100,00%
NBG Bancassurance S.A.	Greece	100,00%	100,00%
Atlantic Bank of N.Y.	U.S.A.	100,00%	100,00%
NBG Canada	Canada	100,00%	100,00%
S.A.B.A.	S. Africa	99,50%	99,47%
NBG Cyprus Ltd	Cyprus	100,00%	100,00%
National Securities Co (Cyprus Ltd)	Cyprus	100,00%	100,00%
NBG Management Services Ltd.	Cyprus	100,00%	100,00%
Stopanska Banka A.D.	FYROM	71,20%	71,20%
United Bulgarian Bank (UBB)	Bulgaria	99,91%	99,91%
NBG International Ltd	United Kingdom	100,00%	100,00%
NBGI Inc. (NY)	U.S.A.	100,00%	100,00%
NBG Private Equity Ltd.	United Kingdom	100,00%	100,00%
NBG Finance plc	United Kingdom	100,00%	100,00%
Interlease A.D. (Sofia)	Bulgaria	87,50%	87,50%
ETEBA Bulgaria A.D.	Bulgaria	100,00%	100,00%
ETEBA Romania S.A	Romania	100,00%	100,00%
ETEBA Advisory SRL	Romania	100,00%	100,00%
NBGI Jersey Limited	United Kingdom	-	100,00%
NBG Luxembourg Holding S.A.	Luxembourg	100,00%	100,00%
NBG Lux Finance Holding S.A.	Luxembourg	100,00%	100,00%
National Real Estate S.A.	Greece	-	79,60%
Innovative Enterprises S.A. (I-Ven)	Greece	100,00%	100,00%
NBG Funding Ltd	United Kingdom	100,00%	100,00%
Banca Romaneasca S.A	Romania	97,14%	90,87%
The Ethniki Hellenic General Insurance Company S.A	Greece	76,65%	76,00%
Astir Palas Vouliagmenis	Greece	78,06%	76,75%
ASTIR Aleksandroupolis	Greece	100,00%	100,00%
Grand Hotel Summer Palace A.E.	Greece	100,00%	100,00%
Educational Center NBG	Greece	100,00%	100,00%

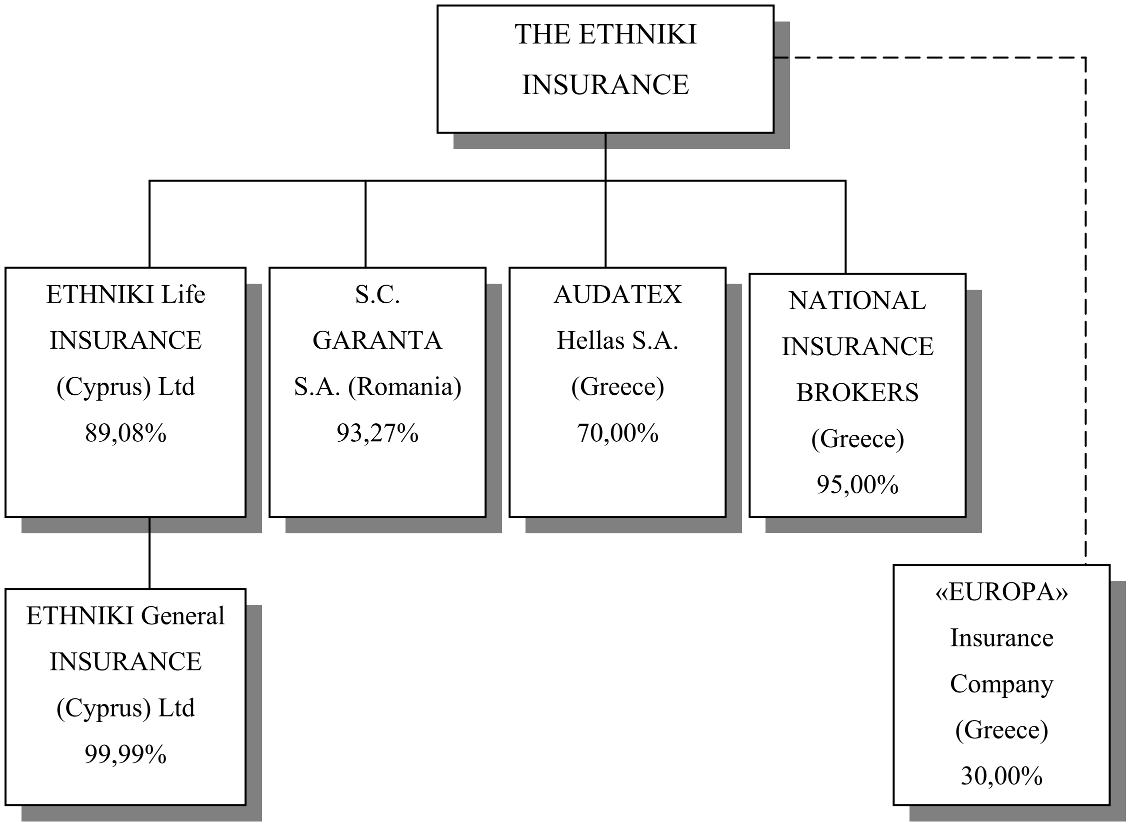
[continues]

Name	Headquarters	% of ownership	
		31.12.2005	31.12.2004
Ethnodata S.A.	Greece	100,00%	100,00%
KADMOS S.A.	Greece	100,00%	100,00%
DIONYSOS A.E.	Greece	99,91%	79,52%
EKTENEPOL Construction company	Greece	100,00%	79,60%
PROTYPOS S.A.	Greece	100,00%	79,60%
Hellenic Tourist Operations	Greece	77,76%	61,90%
Εθvoplan S.A.	Greece	100,00%	97,00%
Ethniki Real Estate Management S.A.	Greece	100,00%	-
NBGI Private Equity Funds	United Kingdom	100,00%	100,00%
NBG International Holdings BV	Holland	100,00%	-
Eurial Leasing SRL	Romania	70,00%	-
Ethniki insurance (Cyprus) Ltd	Cyprus	79,19%	78,64%
Ethniki general Insurance Cyprus Ltd	Cyprus	79,19%	78,64%
Societate Comerciala de Asigurare Reasigurare Eleno-Romana Garanta S.A	Romania	71,49%	63,48%
Audatex Hellas S.A.	Greece	53,65%	53,21%
Narional Insurance Brokers S.A.	Greece	72,82%	-

5TH CHAPTER
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES OF ETHNIKI INSURANCE COMPANY

5.1 Organizational Structure of the Group

The diagram bellow presents the Organizational Structure of the "Ethniki Insurance" Group of Companies as at 31 December 2005:



Ethniki Insurance Company, as shown on the diagram, has a direct interest in the Share Capital of five Companies and indirect interest in "ETHNIKI General INSURANCE (Cyprus) Ltd".

5.2 Subsidiary Companies

5.2.1 ETHNIKI LIFE INSURANCE (Cyprus) Ltd

The company was established in 2000 with its registered offices in Cyprus and it is located in private premises at 23A Ariadnis St, 1010 Nicosia. The Founding Act was registered under chapter 113 of the Corporate Law and the company is registered in the registry of S.A's under the 109043 code number. The company is operating since 01.01.2001 in Life, while practicing General insurance business through its subsidiary Ethniki General Insurance Cyprus Ltd, of which owns 99,9%.

The Company is currently in full operation in its private premises, while it has been staffed with experienced personnel. Its sales network is comprised of 5 branches located in large cities of Cyprus (Nicosia (2), Limassol, Pafos, Larnaka) and includes 60 brokers and 25 insurance agents.

In 31st December 2005, the Company's share capital amounted to 3.587.239,50 Cypriot Pounds (€ 5.732.224,76) while its revenue and net profits for the year 2005 were € 12.522 thousands and € 1.126 thousands respectively.

SHAREHOLDER	% INTEREST	NUMBER OF SHARES
THE ETHNIKI INSURANCE	89,08%	6.391.644
NATIONAL BANK (CYPRUS) LTD	10,92%	782.835
Total	**100,00 %**	**7.174.479**

The web site of the company is http://www.ethnikiinsurance.com/

5.2.2 GARANTA S.A.

The company was established in 1997 under the name SOCIETATE COMERCIALA DE ASIGURARE REASIGURARE ELENO-ROMANA GARANTA S.A. according to the provisions of laws 31/1990 and 47/1991 that concern insurance companies under Romanian law and was registered in the Bucharest Trade Registry. Its entry code was J/40/7688/1997 and duration is unlimited. The registered office is cited in Bucharest - Romania in private premices.

The company operates insurance and re-insurance business since March 1998. Today it is fully organized operating from private buildings in the central business district of Bucharest and is staffed with experienced personnel. Its sales network comprises 11 branches located in large Romanian cities and 356 salespersons, while its insurance products are also franchised by the networks of Banca Romaneasca (Affiliate of National Bank of Greece), BankPost, Piraeus Banc Romania and Romextera.

In 31st December 2005, the Company's share capital amounted to RON 16.541.800 (€ 5.458.998,31) while its revenue and net profits for the year 2005 were € 10.481 thousands and € 395 thousands respectively.

The Share Capital structure of GARANTA S.A has as follows:

SHAREHOLDER	% INTEREST	NUMBER OF SHARES
ETHNIKI INSURANCE	93,2652	617.110
JEAN VALVIS	5,0001	33.084
RADIOCOMUNICATII	0,7263	4.806
ROMTELECOM	0,5882	3.892
POSTA ROMANA	0,4202	2.780
Total	**100,0000**	**661.672**

It is worth the while to note that early in 2006 "Ethniki Insurance" bought out the total number of shares of Alpha Insurance Romania S.A., reinforcing its presence on the local market significantly. The company has been renamed to NBG Asigurari and will continue to offer its products through Alpha Bank Romania with which an agreement for a 5-year cooperation is outstanding, while a plan of a merger with Garanta is on the way.

The website of Garanta is www.garanta.ro

5.2.3 AUDATEX HELLAS S.A.

The company was established in 1997 with registered offices in Athens District (1 Skouleniou st). Its duration is until 2027 and it was registered in the registry of S.A`s of Athens District with code number 39529/01/B/97/608.

AUDATEX provides complete electronic survey reports of car damages in the Greek market through the use of the AUDATEX trademark, which has an exclusive license to use within Greece. AUDATEX is an integrated computer application , of which the exclusive right to use in Greece lies with AUDATEX HELLAS S.A, having acquired it from AUDATEX Switzerland. AUDATEX is used in order to issue objective survey reports of car damages, electronically.

In 31st December 2005, the Company's share capital amounted to €1.467,5 thousands (50.000 shares, nominal price €29,35 per share) while its revenue and net profits for the year 2005 were € 1.133 thousands and € -55.000 respectively.

The Share Capital structure has as follows:

SHAREHOLDER	% INTEREST	NUMBER OF SHARES
ETHNIKI INSURANCE COMPANY S.A	70,0%	35.000
INTERAMERICAN (Non-Life) S.A.	10,0%	5.000
AGROTIKI S.A.	10,0%	5.000
FOINIX S.A.	10,0%	5.000
Total	100,0%	50.000

Information that concern the company can be found in the web-site of the Ethniki Insurance Company that is http://www.ethniki-asfalistiki.gr/

5.2.4. NATIONAL INSURANCE BROKERS S.A.

The abovementioned company was controlled by ALPHA BANK until Nov 2005 when it was bought out by 95% on behalf of "ETHNIKI INSURANCE".

NATIONAL INSURANCE BROKERS started operating in the Greek market in 1962, having great experience and reputation for intermediation in Marine and Aviation insurance, with a leading position in the market, in terms of premiums and commissions.

In 31st December 2005, the Company's share capital amounted to €58,7 thousands (€ 3.000 shares of € 29,35) while its revenue and net profits for the year 2005 were € 1.366 thousands and € 280 thousands respectively.

SHAREHOLDER	**% INTEREST**	**NUMBER OF SHARES**
ETHNIKI INSURANCE COMPANY	95,00	1900
GEORGIOS KARAMANOS	5,00	100
Total	100,00	2000

Information regarding the company can be found in the web site of the Ethniki Insurance: http://www.ethniki-asfalistiki.gr/

5.3 Associated Companies

EUROPA Non-Life S.A.

The company was founded in 1985 with registered offices in Athens (25 Filelinon st). Its duration is until year 2084 and it is registered in the registry of S.A`s of Athens District with the code number 12856/05/B/86/36.

EUROPA deals with Non-Life business and specializes in covering big trade and industrial risks, whereas it has developed Technical Insurance to a great extent, undertaking important specialized construction projects in Greece, built by large domestic and foreign firms.

The company operates in personal accidents, motor, transit, fire and other Non-Life Branches.

Co-operation with Reinsurance Companies such as SCORE RE, GREAT LAKES, CONVERIUM, GOTHAERE RUCK, FOLKSAM, SIRIOUS, LIBERTY and MUTUAL.

In 31st December 2005, the Company's share capital amounted to € 5.490 thousands (3.000.000 shares of nominal price € 1,83 per share) while its revenue and net profits for the year 2005 were € 6.726 thousands and € 765 thousands respectively.

SHAREHOLDER	NUMBER OF SHARES	% INTEREST
ETHNIKI INSURANCE COMPANY	900.000	30,0%
N. MAKROPOULOS	2.100.000	70,0%
Total	**3.000.000**	**100,0%**

6th CHAPTER

ANNUAL FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR 2005
1 JANUARY UNTIL 31 DECEMBER 2005

ON A COMPANY AND CONSOLIDATED BASIS

« THE ETHNIKI, HELLENIC GENERAL INSURANCE COMPANY S.A. »
General Registration Number: 12840/05B86/20
103-105 Sygrou Avenue
117 45 Athens

ANNUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR 2005

1 JANUARY UNTIL 31 DECEMBER 2005

CONTENTS **Page**

These financial statements are a translation. In case of any differences, the Greek version shall prevail.

The Group's and Parent Company's Financial Statements have been prepared in accordance to the International Accounting Standards and the International Financial Reporting Standards and have been published in the company's website www.ethniki-asfalistiki.gr

INCOME STATEMENT						
	Note	GROUP		PARENT		
		31/12/2005	31/12/2004	31/12/2005	31/12/2004	
		(In '000s €)				
Gross written premiums and related revenue	6	**626.513**	**616.511**	**603.510**	**594.847**	*
Minus:Ceded premiums	7	(74.347)	(88.895)	(64.206)	(81.391)	
Net of reinsurance written premiums and related revenue		**552.166**	**527.616**	**539.304**	**513.456**	
Change in Unearned Premium Reserve	8	(9.968)	28.218	(8.423)	31.664	
Net written premiums and related revenue		**542.198**	**555.834**	**530.881**	**545.120**	
Investment Income	9	37.505	36.088	36.273	34.401	*
Net realized gains from sale/maturity of financial assets	10	30.795	27.183	30.582	27.189	
Net fair value gains of financial assets	11	18.411	9.078	17.601	8.843	
Share of profit of associated companies		169	271	0	0	
Other income	12	4.963	4.370	2.442	2.721	
		634.041	**632.824**	**617.779**	**618.274**	
Benefits and claims paid	13	(286.063)	(315.243)	(280.231)	(308.858)	*
Commission expenses	14	(69.266)	(67.474)	(67.720)	(65.444)	
Change in insurance reserves	15	(95.923)	(92.285)	(95.209)	(90.944)	
Selling and distribution expenses	16	(98.664)	(125.702)	(94.368)	(121.317)	
Administrative expenses	17	(37.962)	(29.924)	(37.187)	(29.466)	*
Other Expenses	20	(5.671)	(18.429)	(4.572)	(18.172)	
Profit/(Loss) before tax and minority interests		**40.492**	**(16.233)**	**38.492**	**(15.927)**	
Income tax expense	21	(15.337)	(6.446)	(15.087)	(6.287)	
Net profit/loss for the year		**25.155**	**(22.679)**	**23.405**	**(22.214)**	
Attributed to the parent company		25.003	(22.490)	23.405	(22.214)	
Minority interests		152	(189)	-	-	
Basic earnings per share (In €s)	22	**0,29**	(0,32)	**0,27**	(0,32)	
Earnings per share attributable to the parent company (In €s)	22	**0,29**	(0,32)	-	-	

The notes in the following pages are considered to be integral part of the Annual Financial Statements.

(*) Last year's figures noted with an asterisk are comparable to the respective figures of 2005, only by taking into consideration the paragraph 11 in note 4 and note 46.

BALANCE SHEET						
		GROUP		PARENT COMPANY		
	Note	31/12/2005	31/12/2004	31/12/2005	31/12/2004	
		(In '000s €)				
ASSETS						
Investment properties	23	110.310	112.792	108.412	111.060	
Available for sale financial assets	24	508.955	379.735	507.172	377.294	
Financial assets at fair value through income statement	25	163.789	146.712	160.047	144.925	
Investments in assosiated companies	26	1.895	2.059	12.323	9.661	
Investments for the benefit of life insurance policyholders who bear the investment risk (UNIT LINKED)	27	320.396	251.508	309.463	240.364	
		1.105.345	**892.806**	**1.097.417**	**883.304**	
Property, plant and equipment	28	164.251	148.693	161.557	147.123	
Intangible Assets	29	5.708	4.110	3.544	4.064	
Deferred tax assets	30	55.455	10.187	55.455	10.086	
Premium receivables	31	196.592	173.796	184.669	170.569	
Reinsurers' receivables	32	78.821	104.415	66.620	96.460	
Receivables from reinsurance activities		1.314	3.089	1.314	3.089	
Deferred acquisition costs	33	55.113	53.689	54.081	52.870	
Other receivables	34	48.507	50.368	47.999	49.653	
Loans to employees, insurers and to life insured clients	35	22.152	22.611	22.152	22.611	
Cash and cash equivalents	36	304.625	309.667	287.038	293.155	
		932.538	**880.625**	**884.429**	**849.680**	
Total assets		**2.037.883**	**1.773.431**	**1.981.846**	**1.732.984**	
LIABILITIES						
Mathematical Reserves & Technical Provisions						
Life actuarial technical reserves	37	688.668	646.340	685.463	636.461	*
Life & Non-life outstanding losses	37	373.517	303.859	365.824	301.650	*
Unearned premium reserves	37	146.800	139.463	132.183	132.406	
Life Insurance mathematical provisions where the policyholder bear the investment risk (Unit Linked)	37	320.396	251.508	309.463	240.364	
Other insurance reserves	37	7.747	7.547	7.038	7.081	
		1.537.128	**1.348.717**	**1.499.971**	**1.317.962**	
Liabilities						
Liabilities due to agents, brokers and other sales network		39.390	28.520	30.641	28.310	
Liabilities due to reinsurers		16.772	40.968	14.488	37.731	
Liabilities due to reinsurance operations		976	267	976	267	
Other liabilities	38	195.919	65.295	192.463	62.167	*
Liabilities due to personnel	39	75.091	85.848	74.966	85.853	
Deferred tax liability	30	2.483	1.445	2.483	1.361	
		330.631	**222.343**	**316.017**	**215.689**	
Total liabilities and provisions		**1.867.759**	**1.571.060**	**1.815.988**	**1.533.651**	
Share capital	40	322.767	215.178	322.767	215.178	
Share premium	40	38.732	17.214	38.732	17.214	
Retained earnings		(250.227)	(103.345)	(250.651)	(103.218)	
Reserves	41	57.333	72.191	55.010	70.159	
		168.605	**201.238**	**165.858**	**199.333**	
Minority rights		1.519	1.133	0	0	
Total equity		**170.124**	**202.371**	**165.858**	**199.333**	
Total Liabilities		**2.037.883**	**1.773.431**	**1.981.846**	**1.732.984**	

The notes in in the following pages are considered to be integral part of the Annual Financial Statements.

(*) Last year's figures noted with an asterisk are comparable to the respective figures of 2005, only by taking into consideration note 46.

STATEMENT OF CHANGES IN EQUITY

GROUP

	Share Capital	Share premium	Reserves	Retained earnings	Minority rights	Total
				(In 000s €)		
Balance as at 01/01/2004	114.762	17.214	154.970	(71.236)	1.388	217.098
Profit for the year	0	0	0	(22.490)	(189)	(22.679)
Transfer to reserves	0	0	2.106	0	0	2.106
Net fair value gains on available for sale financial assets	0	0	15.694	0	(72)	15.622
Share capital increase	100.416		(100.416)	0	0	0
Dividends paid	0	0	0	(8.608)	0	(8.608)
Other movements (Exchange rates differences from overseas subsidiaries, etc.)	0	0	(163)	(1.011)	6	(1.168)
Balance as at 31/12/2004	**215.178**	**17.214**	**72.191**	**(103.345)**	**1.133**	**202.371**
Restatement of retained earnings as of 01/01/2005 due to first adoption of IFRS 4	0	0	0	(169.500)	0	(169.500)
Balance as at 01/01/2005	**215.178**	**17.214**	**72.191**	**(272.845)**	**1.133**	**32.871**
Profit for the year	0	0	0	25.003	152	25.155
Net fair value gains on available for sale financial assets	0	0	(15.149)	0	0	(15.149)
Share capital increase	107.589	21.518	0	0	0	129.107
Share capital increase expenses	0	0	0	(1.338)	0	(1.338)
Other movements (Exchange rates differences from overseas subsidiaries, etc.)	0	0	291	(1.047)	234	(522)
Balance as at 31/12/2005	**322.767**	**38.732**	**57.333**	**(250.227)**	**1.519**	**170.124**

PARENT COMPANY

	Share capital	Share premium	Reserves	Retained earnings	Total Equity
			(In '000s €)		
Balance as at 01/01/2004	**114.762**	**17.214**	**154.881**	**(72.324)**	**214.533**
Profit for the period	**0**	**0**	**0**	(22.214)	(22.214)
Net fair value gains on available for sale financial assets	**0**	**0**	15.694	(72)	15.622
Share capital increase	100.416	0	(100.416)	0	0
Dividends paid	0	0	0	(8.608)	(8.608)
Balance as at 31/12/2004	**215.178**	**17.214**	**70.159**	**(103.218)**	**199.333**
Restatement of retained earnings as of 01/01/2005 due to first adoption of IFRS 4.	0	0	0	(169.500)	(169.500)
Balance as at 01/01/2005	**215.178**	**17.214**	**70.159**	**(272.718)**	**29.833**
Profit for the year	0	0	0	23.405	23.405
Net fair value gains on available for sale financial assets	0	0	(15.149)	0	(15.149)
Share capital increase	107.589	21.518	0	0	129.107
Share capital increase expenses	0	0	0	(1.338)	(1.338)
Balance as at 31/12/2005	**322.767**	**38.732**	**55.010**	**(250.651)**	**165.858**

The notes in the following pages are considered to be integral part of the Annual Financial Statements.

CASH FLOW STATEMENT				
	GROUP		PARENT COMPANY	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
	(In '000s €)		(In '000s €)	
Profit (loss) after tax	25.155	(22.679)	23.405	(22.214)
Depreciation and amortisation costs	9.338	10.672	9.095	9.707
Loss from valuation and sale of financial assets	(86.711)	(72.349)	(84.456)	(70.433)
Cash flows from operating activities before changes in operational assets	**(52.218)**	**(84.356)**	**(51.956)**	**(82.940)**
Changes in operating assets				
(Incease)/ Decrease of receivables	(39.677)	56.573	(26.952)	65.270
Incease / (Decrease) in liabilities	(33.105)	629	(41.065)	397
Incease in insurance reserves	99.962	65.042	93.560	55.840
Net cash flows from operating activities	**(25.038)**	**37.888**	**(26.413)**	**38.567**
Cashflows from investing activities				
Purchase of property and equipment	(34.909)	(19.032)	(31.022)	(18.083)
Sale of tangible and intangible fixed assets	16.780	195	16.780	191
Purchase of securities	(1.475.463)	(925.054)	(1.474.584)	(922.675)
Sale of securities	1.400.997	957.472	1.397.974	955.607
Purchase of financial assets for UNIT LINKED products	(52.683)	(41.609)	(52.894)	(40.466)
Investment income	37.505	36.088	36.273	34.401
Net cashflows from investing activities	**(107.773)**	**8.060**	**(107.473)**	**8.975**
Cash flows from financing activities				
Expenses paid for share capital increase	(1.338)	0	(1.338)	0
Dividends paid during the year	0	(8.536)	0	(8.536)
Increase of share capital	129.107	0	129.107	0
Net cash flows from financing activities	**127.769**	**(8.536)**	**127.769**	**(8.536)**
Net incease (decrease) in cash and cash equivalents	**(5.042)**	**37.412**	**(6.117)**	**39.006**
Cash and cash equivalents at the beginning of the year	**309.667**	**272.255**	**293.155**	**254.149**
Cash and cash equivalents at the end of the year	**304.625**	**309.667**	**287.038**	**293.155**

1.
2.

The notes in the following pages are considered to be integral part of the Annual Financial Statements.

1. GENERAL INFORMATION

The Group of Ethniki Insurance (the Group) operates mainly in the insurance sector, providing a wide range of insurance services to corporations and individuals. The Group employs on average 1.347 employees and operates mainly in Greece, with subsidiaries in Greece, Romania and Cyprus.

The Group's parent company is Ethniki Insurance, a limited liability company that was incorporated in 1891. It is a subsidiary of The National Bank of Greece and it was listed on the Athens Stock Exchange in 1946. The National Bank of Greece has 76.65% participation in the parent company. The parent company is registered in the Municipality of Athens and its Headquarters are located at Syggrou Avenue 103-105, 11745, Athens. According to its Articles of Association the main purpose of the parent company is to be engaged in activities, both locally and abroad, which relate to insurance, reinsurance and general financial services as stipulated by the Greek and European Legislation.

The accompanying financial statements of the Ethniki Insurance Group were authorized for issue in accordance with a resolution of the board of directors on 24 February 2006.

2.ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Parent Company and the Group have been prepared for the first time in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union. The Group's transition date to IFRS is 1 January 2004, and accordingly its opening balance sheet as of this date was prepared in accordance with IFRS 1. The Parent Company and the Group adopted the exemption clause of IFRS 1 concerning the application of IFRS 4 "Insurance Contracts" as from 1 January 2005 as well as the preparation of the comparative information concerning IFRS 4. The accounting principles which have been adopted for the insurance contracts for 2004 and 2005 are disclosed below.

The accompanying financial statements are a complete set of annual financial statements prepared in accordance with International Financial Reporting Standards (IFRS).

The effect of the transition from Greek generally accepted accounting principles to IFRS, on the financial position of the Group and of the Parent Company is shown in Note 4.

The financial statements have been prepared on a historical cost basis except for the available for sale financial assets at fair value through the income statement and financial assets at fair value for trading purposes. The financial statements are presented in Euros and all values are rounded to the nearest thousand (€'000s).

The preparation of financial statements in accordance with generally accepted accounting principles requires the use of estimates, and judgements which may affect the reported values of assets, liabilities and contingent assets and liabilities at the balance sheet date as well as the reported income and expenses for the period ended. Although the estimates are based on best knowledge and judgment of the facts existing at the balance sheet date, the future actual outcome may differ significantly from these estimates, and this may have a material affect on the financial statements.

2.2 Basis of Consolidation

Assets, liabilities and contingent liabilities which are acquired through a merger are valued on the date of acquisition at fair value and the difference between the cost of acquisition and the fair value of individual assets and liabilities acquired is shown as goodwill if the cost of acquisition exceeds fair value. If the total cost of acquisition is lower than the fair value of the acquired assets and liabilities, the difference is reported directly in the profit and loss account.

Based on paragraph 15 of IFRS 1, the mergers that took place before the date of transition to IFRS and were accounted for in accordance with the uniting of interest's method and continue to be reported in the same manner.

Subsidiaries: are entities in which the parent owns either directly or indirectly more than 50% of the voting rights, or exercises control over their financial and operating policies. All subsidiaries are being fully consolidated. The Parent Company is obligated to consolidate all subsidiaries from the date on which control is transferred to the Group and cease to be consolidated from the date control is transferred out of the Group.

Receivables and payables, income and expenses, gains or losses arising from intra group transactions have been eliminated. Whenever necessary, the accounting policies of the subsidiaries have been changed in order to be consistent with the accounting policies adopted by the Parent Company.

Associates: Investments in associate companies are incorporated in the consolidated financial statements using the equity method of accounting. An associate is an undertaking over which the Group has a significant influence on but which it does not control and holds 20% to 50% of the voting rights. Provisions are created for potential reduction in the value of these entities, and are utilized only in the case of evidence of a long term reduction in their value.

Under the equity method of accounting, an investment in an associate is initially recorded at cost. Subsequent to this date, the cost of the investment is increased or decreased in accordance with the share of the Group in the profit or loss of the associate. Any dividends received from the associate during the period are deducted from the carrying value of the investment.

Unrealized gains and losses arising from transactions between the Group and its associates are eliminated proportionally to the Group's controlling stake in the associates. Whenever necessary, the accounting policies of the associates have been changed in order to be consistent with the accounting policies adopted by the group.

In the financial statements of the Parent Company, investments in subsidiaries and associates are accounted for at cost less any impairment in value. As the Parent Company subsidiaries are not listed in the stock exchange, there is no indication of their current market value, consequently they have been valued at cost as allowed by IFRS.

2.3 Transactions in foreign currencies

The Group's and the Parent Company's exchange currency is the Euro (€).

Transactions in foreign currencies are converted to the functional currency according to the prevailing rate of exchange at the date of the transaction. The exchange gains and losses which arise from these transactions, as well as from the translation of monetary assets and liabilities denominated in foreign currencies are taken into the profit and loss account. The exchange differences arising from the translation of financial assets and other monetary assets to fair value are also taken to the income statement.
The exchange differences of non-monetary assets represent a major element of the change in their fair value. Exchange differences of non-monetary assets are taken to the income statement (as for example for financial assets at fair value) or to equity when the non-monetary financial assets have been classified as available for sale.
During the preparation of the financial statements, the assets and liabilities of foreign subsidiaries are translated into Euros using the rate of exchange ruling at the balance sheet date, and their income statements are translated using the weighted average exchange rates for the year. The exchange differences which arise from the use of the rates of exchange on the balance sheet date, the period's average rates of exchange and the revaluation of the entity's opening balance of equity using the rate of exchange on the balance sheet date, are taken directly to equity.

2.4 Reporting of transactions

The Group and the Parent Company report all the transactions on the trading day.

2.5 Netting off of assets and liabilities

The reporting in the financial statements of the net amount from the consolidation of the financial assets and liabilities is permitted only in case there exists a contractual right that permits the consolidation of the amounts and at the same time there is intention either for mutual settlement of the whole amount, for both assets and liabilities, or for a settlement of the net amount resulting after the consolidation.

2.6 Segmental Reporting

The Group and the Parent Company are organized in two business segments (Life Insurance and General Insurance) and provide products or services subject to risks and returns that differ between the business sectors. This organizational structure constitutes the basis on which the Group/Parent Company presents economic information on its business segments.

Geographical segment is a distinct part of a company which provides products or services in a specific economic environment and which are subject to risks and returns that differ from those places that operate in a different economic environment. The Company operates in Greece as well as in Cyprus and Romania through its subsidiaries. Greece is the main geographical segment since the assets and the results of the Parent Company represent 98% and 97% of the respective amounts of the Group.

2.7 Financial Assets

The Group and the Parent company classify investments into the following categories; financial assets at fair value through the income statement, held to maturity financial assets and available for sale financial assets. Their classification is determined at the time of their acquisition.

2.7.1.Financial assets at fair value through income statement

The financial assets at fair value through the income statement are securities (such as shares, debentures, mutual funds and other financial assets) which are acquired with the intention to earn profit from short-term price fluctuations or are a part of a portfolio with a short-term profit target.

The financial assets at fair value through the income statement are initially recorded at cost. Any acquisition cost relating to these financial assets is not capitalized but is taken directly to the income statement. After their initial recognition they are measured at fair value.

The realized gains and losses from the sale or repurchase of these financial assets as well as their fair value adjustments are recorded in the income statement. The interest and dividend income earned by these financial assets is also recorded in the income statement.

2.7.2. Available for sale financial assets

Financial assets are classified as available for sale, according to the decision of Group's management on the date of their acquisition, which are either held to maturity, or are sold in order to cover short term cash flow needs or to earn profit from the change in the interest rate or fluctuations in price.
After initial recognition at cost the available for sale financial assets are measured at fair value.

The fair value of the available for sale securities that are traded in organized financial markets is determined by reference to quoted market bid prices, security traders or discounted cash flow models. For financial assets, where there is no active market, fair value is determined using accepted valuation techniques.

The unrealized gains and losses which arise from fluctuations in fair value are recognized as a separate component of equity until the financial asset is sold or derecognized for any other reason, at which time, the cumulative gain or loss previously reported in equity is included in the income statement.

An investment in securities is considered to be impaired when its accounting value exceeds its recoverable amount and events and circumstances indicate that the carrying amount may not be recoverable in the future.

The interest and dividend income arising from investment securities is reported in the income statement.

2.7.3 Held to maturity financial assets

Financial assets with fixed or determinable payments, and fixed maturity dates are classified as held to maturity when the Group has the positive intention and ability to hold to maturity. Held to maturity financial assets is measured at amortized cost using the effective interest rate method. Amortized cost is computed as the amount initially recognized, the premium or discount which may arise on the date of acquisition, less any provision for impairment.

2.8 Insurance contracts

2.8.1 IFRS 4 implementation

- **2004 Financial year**

All contracts which have been issued up to 31 December 2004 are considered to be insurance contracts and as regards the Parent Company they are in full respect to the Greek legislation for "Private Insurance Companies" (400/1970) as well as the relevant decisions of the Ministry of Development apply for the Parent Company. For the subsidiaries the corresponding legislation is applied in each case.

- **2005 financial year**

As mentioned above, the Group and the Parent company adopted IFRS 4 as of 1 January 2005. On this date, contracts were classified as insurance or investment contracts and the liability adequacy test was performed.

2.8.2.Classification of financial and insurance risk

In accordance with the requirements of IFRS 4 the Company classified its contracts into insurance contracts and investment contracts.

When an insurance contract contains both insurance and financial risk the Group does not unbundle the financial risk as the contracts were considered to be insurance contracts.

2.8.3 Insurance contracts

Insurance contracts are defined as those contracts that contain significant insurance risk at the inception of the contract, or those where at the inception of the contract there is a scenario with commercial substance where the level of insurance risk may be significant. The significance of insurance risk is dependant on both the probability of an insured event and the magnitude of its potential effect.

A contract which exposes the insurance company to financial risk without material insurance risk is not an insurance contract. Some contracts expose the company to financial risk over and above the accepted significant insurance risk.

The insurance contracts are categorized in two categories according to the nature of the insurance risk.

A) Life insurance contracts

Life insurance products insure, in their majority, events which are expected to occur in the long term. The associated premiums are recognized as revenue when they become due from the policyholder. The premiums shown have not been reduced by the related commissions.

No embedded derivatives are included in these contracts.

- **Traditional insurance contracts**

This category contains contracts issued to cover the risk of death, whole life benefits, pension, disability, accidents, illness on an individual as well as on a group basis.

<u>Insurance contracts with discretionary participation features</u>

The majority of traditional life insurance products incorporate profit participation formula. These contracts provide the policyholder with an additional benefit on top of those guaranteed by the contract. The value and timing of these features are in the discretion of the company and in accordance with the contract terms and the returns of the investments in relation to these products.

<u>Insurance contracts without discretionary participation features</u>

An immaterial part of the traditional life portfolio consists of products without profit participation formula (term contracts).

➢ **Life insurance contracts for which the policy holder bears the financial risk (Unit Linked)**

Investment contracts transfer the financial risk to the policyholder. At the same time the insurer keeps some of the financial risk by providing a guaranteed return. These contracts contain significant insurance risk as well (death cover, disability, accident and illness).

B) Non-Life insurance contracts

Premiums from several insurance contracts are recognized as revenue (written premium) on a pro rata basis over the related policy duration. At the balance sheet date the written premium for periods in the future, is carried over to the unpaid premium reserve. The premiums are reported before the deduction of the related commissions.

No embedded derivatives are included in these contracts.

➢ **General insurance contracts – Motor Third Party Liability**

This category contains the contracts that the company issues to cover motor third party liability.

➢ **General insurance contracts – Other risks**

This category contains the contracts which cover the risks of fire, earthquake, theft, transportation, general public liability, credit, guarantees, road assistance, marine, crews and others.

C) Investment contracts

Deposit Administration Funds (DAF)

This is the group policy by which an investment administration insurance is agreed according to which the insured benefit is provided either on the departure of the insured member for any reason from the policy or with the completion of a certain age. The insurance company pays out based on the sufficiency of the deposit-administered fund. In case of insufficiency in the account, the insured member has no claim against the insurance company. The administration of the account is performed either by the insurance company with or without guidance of the insured group. The responsibility of the insurance company ends when the funds of the account are zeroed even if the agreement in the form of investment administration insurance expires earlier.

2.8.4 Acquisition costs

Commissions and other acquisition costs incurred during the financial period for securing new investment contracts and or renewing existing contracts but which are related to subsequent financial periods are reported in the balance sheet account "Deferred Acquisition Costs" and are amortized over the life of the contract.

2.8.5 Insurance reserves

Insurance reserves are the insurance company's net contractual obligations that are originated from the insurance contacts.

The insurance provisions are analyzed in the following categories:

Mathematical reserves: contain the life insurance and capitalization mathematical reserve and are the difference created on the financial statement date between the present value of the cash obligations that the insurance company has taken up for every life insurance contract, including the discretionary participation profit reserve, and the net present value of the premiums owed by the policy holder which are payable to the insurance company in the future. This difference is calculated using actuarial methods and according to the Ministerial decision 85538/7254/1970 in combination with the K3-3974/11.10.1999 Ministry of Development Decision or the corresponding legislation where the subsidiaries operate.
Unearned premium reserves: include the ratio of written premiums that relate to future periods for the contracts that are in force at the reporting date.

In force risk reserve: it is the additional reserve created at each reporting date when the unearned premium reserve is not considered sufficient to cover the forecasted claims and expenses of the in force policies.

Outstanding claims reserve: it is the reserve calculated at each reporting date for the total cover of the insurance risk liabilities that have incurred before the balance sheet date, regardless of whether they have been reported or not, for which the equivalent claims have not been paid out or the exact amount has not been determined exactly or there is an uncertainty with regards to the level of responsibility of the insurance company. The amount of the reserves is calculated according to the available information at the reporting date such as experts' reports, doctors' reports, and court rulings.

The outstanding claims reserve incorporates a reserve for incurred but not reported claims. The calculation is performed in accordance with the Ministerial Decision K3-3974/11.10.1999.
The outstanding claims reserve which relates to the motor third party liability is calculated in accordance with the Ministerial Decision K3-3975/11.10.1999 and the outcome of the method which results in the higher level of reserve is taken into account.

Payable benefits: are the insurance benefits that are owed to the policyholders and for various reasons have not been paid off at the reporting date.

UNIT LINKED reserves: are the reserves intended to cover the obligations which are equal to the value of the financial assets placed for UNIT LINKED contracts whose value or return is dependant on these financial assets.

The estimation of the insurance reserves is performed at each reporting date according to the principles and rules of each insurance risk. Law 400/1970 is used as the basis for the insurance reserves calculation, as it has been amended to date, while the local regulations of the countries in which the subsidiaries operate are considered. In addition, the requirements of IFRS 4 are taken into consideration regarding first time adoption as described in the paragraphs which follow.

The change in insurance reserves concerns the increase/decrease in relation to the prior year insurance reserves. The company's portion on the change of insurance reserves is transferred to the income statement and the remaining amount is debited in the reinsurance account according to the reinsurance treaties. The company's portion of insurance reserve account the balance of which is transferred to the reinsurers, according to the reinsurance treaties.

Exception to the above, are the valuation adjustments performed on Unit Linked contracts and any gain or loss from this valuation affects the level of these insurance reserves. In these cases the insurance company adjusts the insurance reserves in amounts equal to the gains or losses from valuation adjustments and the insurance reserve change is transferred to the corresponding income statement account.

2.8.6 Liability Adequacy Test

At each reporting date a liability adequacy test is performed to ensure the adequacy of the unearned premiums. In performing the test current best estimates of future contractual cash flows claims handling and policy administration expenses, as well as investment income from the assets backing such liabilities are used. Any inadequacy is immediately charged to the income statement increasing the equivalent inadequate reserve.

2.8.7 Reinsurance treaties

The benefits resulting for the insurance company from the reinsurance treaties are recognized in the asset account "Receivables from reinsurers". Liabilities to the reinsurers mainly represent the payable reinsurance premiums.

The company reviews whether the receivables from the reinsurers have been impaired at the financial statement date and if this is the case it reduces their accounting value and recognizes the impairment loss in the income statement.

Reinsurance assets are impaired only if there is evidence that the Group may not collect all amounts due under the terms of the contract and that this can be measured reliably.

2.9 Property and equipment

Property and equipment include land and buildings, leasehold improvements and transportation and other equipment, held by the Group and the Parent Company for operational purposes.

Property and equipment is initially recorded at cost, which includes all costs required to bring the asset to its working condition. At the date of transition to IFRS, the Group decided to implement the exception clause of paragraph 17, of IFRS 1; in other words to consider as historical cost, the book value as of 1 January 2004 which does not significantly differ from the fair value.

Subsequent to initial recognition, property and equipment is valued at cost less accumulated depreciation and any impairment in value.

Costs incurred subsequent to the acquisition of an asset, are capitalized only when it is considered possible that these specific costs will result in future economic benefits for the Group/Parent Company beyond those anticipated for the asset at its acquisition date. In any other situation, they are transferred to the income statement as incurred.

Depreciation of an item of property and equipment begins when it is available for use and ceases when disposed or retired from active use provided that no future financial benefits are expected from it. Property and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Land	No depreciation
Building used in operation	Up to 50 years
Leasehold improvements	During the leasing period, not exceeding 10 years
Furniture and related equipment	Up to 12 years
Transportation equipment	Up to 10 years
Electronic and other equipment	5 years

2.10 Investment properties

Investment in property includes land and buildings owned by the Group and the Parent Company with the intention of earning rentals or capital appreciation or both. Investment properties are initially measured at cost including transaction costs. At the date of transition to IFRS, the Group decided to implement the exception clause of paragraph 17, of IFRS 1; in other words to consider as historical cost, the book value as of 1 January 2004 which does not significantly differ from the fair value.

Subsequent to initial recognition, investment property is stated at cost less accumulated deprecation and any other accumulated impairment losses.

Investment property is depreciated on a straight-line basis over its estimated useful life, which is estimated to be 50 years.

2.11 Intangible assets

The account «Intangible assets» comprises the company's Goodwill, software expenses and other intangible assets.

Goodwill represents the excess value of purchase of a company against the fair value of the acquired company by the Group and the Parent Company at the acquisition date.

The Group's management is obligated to review goodwill at least annually to indicate whether the current value may be impaired.

Especially at the company's first balance sheet date, in accordance with IFRS and without overwriting the above, the Group and the Parent company applied the exception clause provided from paragraph 15 of IFRS 1 in reference with differences on consolidation from acquisitions and mergers of companies recognized in accordance with Greek GAAP as was applied up to this date. In particular, the Group and the Parent company netted off goodwill with the balance of the "retained earnings" account.

Computer Software includes expenses directly associated with specific software products acquired by the Group and the Parent Company and from which financial benefits are anticipated which will last for more than one year. The above expenses include wages and salaries of the employees involved in the software development as well as a portion of general expenses. Expenses that improve or expand the function of software programs over and above their initial specifications are capitalized and added to their acquisition cost. Expenses incurred during the development of the software are recognized as intangible assets and depreciated on a straight-line basis which cannot exceed 5 years.

2.12 Depreciation of the value of assets

At the balance sheet date, the Group's and the Parent's company management reviews the value of the assets´ and assesses whether there is any indication of impairment. If such indications exist an analysis is performed to assess whether the book value of the specific assets can be recovered. The recoverable amount is the highest amount between the net value of sale (value of sale reduced by the sale expenses) and of the book value (as calculated from the net cash flows). If the book value of an intangible asset exceeds its recoverable value, then an impairment loss is recorded in the income statement.

2.13 The Group and the Parent Company as the lessor

Assets leased under operating leases are included in the balance sheet based on the nature of the asset. The leased assets are depreciated systematically over their useful lives, as exactly happens with similar owned property used for the operational needs of the Group. Rental income is recognized on a straight-line basis over the lease term.

2.14 Cash and Cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than 3 months maturity from the balance sheet date.

2.15 Loans

Loans to employees, insurers and life policy holders are recorded at cost at the date of issue and related expenses are capitalized. Subsequently loans are measured at amortizes cost using the effective interest rate method.

If a loan is considered doubtful , its book value is reduced to the assessed recoverable value, which is defined as the present value of the future cash flows, taking into account the present value of future cash flows from any collaterals discounted with the effective interest rate.

2.16 Provisions

The Group and the Parent company raise provisions for potential obligations and risks when the following circumstances exist: a) there is an existing legal or constructive obligation as a result of past events b) for the obligation to be settled an outflow of resources embodying economic benefits is possible and c) a reliable estimate of the amount of the obligation can be made.

2.17 Employee Benefits

The companies of the Group, depending on the various conditions and practices that apply to the countries in which they operate, participate in various retirement benefit plans. These plans concern defined employee retirement benefits plans, defined contribution plans as well as other retirement benefit plans such as the health benefits plans during the employment and post-retirement.

2.17.1 Defined Benefit Plans

A defined benefits plan is defined as the plan with which the Group/Parent Company assumes the actuarial risk based on a number of factors such as age, years of service or salary and as a result assumes the obligation to pay to the employees who leave the company the legal or constructive benefits. Legal benefits are those imposed by Law such as the compensation of Greek Law 2112/20 and constructive are those provided by the company voluntarily. An example of the latter is when the company provides refunds to the employees who leave the company which are higher than those for which they are obliged by Law. For the defined benefit plans, the pension liability is the present value of the defined benefit obligation at the balance sheet date minus the fair value of the plan assets, including any adjustments for unrecognized actuarial gains/losses and past service costs.

The Group and the Parent Company applies the «corridor» approach of IAS 19 ¨Employee Benefits¨ according to which a certain amount of actuarial gains and losses remains unrecognized. The present value of the defined obligation is determined by the estimated future cash outflows, using interest rates of government securities, which have duration matching that of the related liability. The change in the value of the liability is accordingly charged or credited to the income statement.

2.17.2 Other post-retirement benefit plans

In addition, the Group and the Parent Company pay premiums so as to finance the employees´ benefits post-retirement plans. The expected cost of the specific benefits is gradually recognized during the years of employment and its calculation methodology has a very small difference from the method imposed by Law for a respective benefit plan which typically includes the payment of contributions both from the employer and the employees for specific periods. The assets of benefit plans mainly consist of bonds and shares.

The liabilities that result from the above plans are valued annually by independent qualified actuaries.

2.17.3 Defined Contribution plans

A defined benefit plan is defined as the plan according to which the Group and the Parent Company are obliged to pay fixed contributions into a Fund (namely TAPE) and has no other legal or constructive obligation to pay further contributions in case the fund does not hold sufficient assets to pay all employees´ benefits relating to employee service in the current and prior years. The contributions of the Group/Parent Company to the fixed contributions plans are charged to the income statement in the year to which they relate.

2.18 Income Tax

The liability to pay income tax on gains is defined in relation to the taxation law in force and is recognized as expense in the period in which profits arise.

Deferred tax is calculated in accordance with the balance sheet method and is calculated on all temporary differences, resulting between the assets´ book value and liabilities comprised in the financial statements and the tax value attributed to them in accordance with the tax policies in force.

The tax benefits which can result from unused tax losses carried forward are recognized as assets provided that it is possible that sufficient taxable profits will be available against which these losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applicable in the period when the asset is realized or the liability is settled. The calculation of the future tax rates is based on laws that have been enacted at the balance sheet date.

2.19 Share Capital and Dividends

Expenses incurred for the issue of new shares, other than business combinations, are deducted from equity.

Dividends on ordinary shares are recognized as a liability in the period in which they are approved by the Annual General Meeting of the Shareholders of the Parent Company.

2.20 Related Party Transactions

Related parties include entities, which the Parent Company has the ability to control or exercise significant influence in making financial and operating decisions. In addition, related parties include directors of the Group, their close relatives, companies owned or controlled by them and over which they can influence the financial and operating policies.

All the transactions within the Group, including interest rates and collateral, and the related parties, are effected with similar terms with those prevailing at the same time for similar transactions with unrelated parties.

2.21 Earnings per Share

The earnings per share ratio (EPS) is calculated by dividing the net profit or loss of the period attributable to ordinary shares by the weighed average number of ordinary shares during the period.

The diluted earnings per share ratio, is computed using the same method as for basic EPS, but the profits and the number of shares are accordingly adjusted to reflect the potential reduction in profits per share occurred if convertible debt securities, options, warrants or other contracts to issue ordinary shares were converted or exercised into ordinary shares.

2.22 Recognition of Revenue

Revenue is recognized to the extent that it is probable that the economic benefits related to the transaction will flow to the company. Revenue recognition from insurance contracts is described in note 2.8.

Interest Income – Revenue is recognized as interest accrues.

Dividends – the revenues from dividends are recognized when the company's right to receive the payment is established.

Rental income – rental income arising on investment properties is accounted on a systematic basis over the period of the lease.

2.23 New accounting standards and interpretations of IASB

The International Accounting Standards Board along with the Interpretation Committee have already issued new accounting standards and interpretations that will be effective from the 2006 financial year. The Group believes that the consequences of these new standards will be as follows:

IFRS 6: Exploration for and evaluation of mineral resources.
Does not apply to the Group and will not affect the financial statements.

IFRIC Interpretation 3: Emission rights
Does not apply to the Group and will not affect the financial statements.

IFRIC Interpretation 4: Determining whether an arrangement contains a lease.

The Group and the Parent company will adopt IFRIC Interpretation 4 in their 2006 financial statements according to the transition policies, which means that IFRIC Interpretation 4 will be applied as of 1 January 2005. The implementation will not lead to a change in the accounting treatment for any of the Group's legal agreements.

IFRIC Interpretation 5: Rights to interests arising from decommissioning, restoration and environmental rehabilitation
Does not apply to the Group and will not affect the financial statements.

3. Risk Management

The Group and the Parent company issue contracts that include either insurance risk or financial risk or both.

3.1 Insurance risk

The risk for each insurance contract is the probability of the occurrence of the insured risk and the uncertainty of the claim amounts. The insurance risk is both uncertain and not forecasted, due to the nature of the insurance contracts.

In an insurance portfolio that the law of probabilities is applied for the pricing and the estimation of the insurance reserves the main risk that the company faces is the occurrence of higher claims in relation to the insurance reserves. This can occur when the frequency and the amount of the claims is higher than what was expected.

The Group and the Parent company have adopted an insurance risk acceptance policy that allows them to minimize the anti-selection risk of selection. This means that the claims arising from the insured population will not significantly differ and may even be lower than the expected claims arising from the general population. So that the risks are diversified and there is a better distribution in each category of risk that the company accepts. In addition, part of the risk is mitigated by the use of reinsurance.

3.2 Financial Risk

The Group and the Parent company is exposed to financial risk through its financial assets and liabilities, the receivables from the reinsures and the insurance reserves. The key aspects of the financial risk are the interest rate risk, the market risk, the foreign exchange risk and the credit risk.

The basic principle of the Group as far as the management of the financial risk is concerned, is the equivalent matching of assets and liabilities deriving from the insurance contracts and the investment contracts.

3.2.1. Interest rate risk

The interest rate risk is the only financial risk that affects the assets and liabilities of the Group.

The interest rate risk is the risk that arises from changes in the future financial cash flows due to fluctuations of interest rates.

The fluctuation of interest rates also affects considerably the present value of the expected flows of an investment or a liability.

The Group and the Parent company closely monitor the consequences of interest rate risk analyzing the duration of its security portfolio along with its relevant liabilities in combination with the money market developments. The Group's policy is to invest a significant part of its portfolio in fixed interest rate bonds with matching duration to that of its liabilities.

3.2.2. Guarantee risk

Due to the long term cover that the life insurance contracts offer, the interest rate plays a significant role in the calculation of the premiums. The interest rate that is used in these calculations is referred to as technical interest rate. An inappropriate choice in the technical interest rate is a factor which may lead to a surplus or deficit of the mathematical reserve.

In its effort to reduce this risk, the Parent company, uses a conservative technical interest rate on its pricings, which is lower than the highest acceptable rate as determined by the Ministry of Development.

3.2.3. Credit risk

The Group and the Parent company are also subject to credit risk, which is the risk that a counter party will be unable to meet its obligations as they fall due. The reinsurers are the main source of credit risk, since they might be unable to cover their part of the insurance obligation or of the insurance claims that have already been attributed to the policyholders. Other counterparties contributing to the credit risk are policyholders that do not pay the premiums due and the Group's counter parties (insurers, agents, brokers and others).

The Group and the Parent company review on a regular basis the credit limits of the counterparties and take actions accordingly.

3.2.4. Market risk

Market risk refers to the probability of losses due to changes or fluctuations in the market prices of securities , interest rates and exchange rates that directly influence the valuations of securities. The Group and the Parent company use modern methods for the measurement of market risk like the Value-at-Risk.

The Value-at-Risk measure assesses potential losses on a portfolio over a given future time period with a given degree of confidence. It does not however assess losses arising from exceptionally unusual changes.

3.2.5. Liquidity risk

The liquidity risk concerns the ability of the Group to fulfill its financial obligations as they become due.

The management of the liquidity risk is concentrated on the timing of the cash in-flows and out-flows as well as in the adequacy of the available cash and high liquidity securities. For this, the Group and the Parent company estimate and correlates all the expected cash flows from all the items of the Balance Sheet.

3.2.6. Exchange rate risk

The Group and the Parent Company operate in Europe and are subject to exchange rate risk coming mainly from the reinsurance liabilities that have been contracted in foreign currencies.

Additional exchange rate risk source is the translation of the subsidiary accounts in Romania and Cyprus according to annual average currency rates.

The Group and the Parent Company match receivables and liabilities denominated in the same currency in order to minimize exchange rate risk.

4. ADJUSTING & RECLASSIFICATION ENTRIES FOR THE FINANCIAL YEAR 2004							
PARENT COMPANY							
BALANCE SHEET CHANGES	**Notes**	**Greek GAAP N.2190**	**Accounting Changes**	**IFRS**	**Greek GAAP N.2190**	**Accounting Changes**	**IFRS**
		1/1/2004			**31/12/2004**		
		(in '000s €)					
Real Estate investment	(1), (4)	0	113.642	**113.642**	0	111.060	**111.060**
Portfolio	(2), (3)	521.782	(6.718)	**515.064**	728.558	(12.658)	**715.900**
Investment in affiliated companies		7.641	0	**7.641**	9.661	0	**9.661**
Investments for the benefit of Life Insurance Policyholders who bear the investment risk (UNIT LINKED)		190.422	0	**190.422**	240.364	0	**240.364**
Total Investments		**719.845**	**106.924**	**826.769**	**978.583**	**98.402**	**1.076.985**
Property, plant & equipment	(4), (1)	249.749	(113.641)	**136.108**	253.536	(106.413)	**147.123**
Intangible assets	(5)	5.176	(864)	**4.312**	4.810	(746)	**4.064**
Deffered Tax assets	(6)	0	6.286	**6.286**	0	10.086	**10.086**
Premium receivables	(7)	217.203	0	**217.203**	175.269	(4.700)	**170.569**
Reinsurers receivables	(7),(8)	8.147	90.038	**98.185**	6.808	89.652	**96.460**
Receivables for reinsurance actibities		1.638	0	**1.638**	3.089	0	**3.089**
Deffered Acquisition Cost		57.527	0	**57.527**	52.870	0	**52.870**
Other receivables	(3),(7)	55.954	12.722	**68.676**	35.784	13.869	**49.653**
Loans to employees,insurers and agents		21.093	0	**21.093**	22.611	0	**22.611**
Cash and cash equivalents		254.149	0	**254.149**	99.474	0	**99.474**
Total		**870.636**	**(5.459)**	**865.177**	**654.251**	**1.748**	**655.999**
Total Assets		**1.590.481**	**101.465**	**1.691.946**	**1.632.834**	**100.150**	**1.732.984**
Actuarial reserves for non-reinsured life risk		598.135	0	**598.135**	636.461	0	**636.461**
Non.reinsured claims payable	(8)	262.985	38.016	**301.001**	264.662	36.988	**301.650**
Unpaid Premium Reserve	(8)	140.321	25.383	**165.704**	108.180	24.226	**132.406**
Other insurance reserves		6.860	0	**6.860**	7.081	0	**7.081**
Life Insurance Mathematical Provisions where the policyholders bear the investment risk (Unit Linked)		190.422	0	**190.422**	240.364	0	**240.364**
Liabilities due to agents, brokers and other sales network		32.081	0	**32.081**	28.310	0	**28.310**
Liabilities to reinsurers	(8)	22.388	26.513	**48.901**	9.295	28.436	**37.731**
Liabilities due to reinsurance activities		440	0	**440**	267	0	**267**
Other Liabilities	(10)	64.259	(5.876)	**58.383**	61.916	251	**62.167**
Pension Liability	(9)	871	74.329	**75.200**	503	85.350	**85.853**
Deferred Tax Liability	(6)	0	286	**286**	0	1.361	**1.361**
Total Liabilities		**1.318.762**	**158.651**	**1.477.413**	**1.357.039**	**176.612**	**1.533.651**
Share Capital		114.762	0	**114.762**	215.178	0	**215.178**
Share Premium		17.214	0	**17.214**	17.214	0	**17.214**
Retained earnings		646	(72.970)	**(72.324)**	934	(104.152)	**(103.218)**
Accumulated gains (losses)		139.097	15.784	**154.881**	0	0	**0**
Other Reserves		0	0	**0**	42.469	27.690	**70.159**
Minority rights		0	0	**0**	0	0	**0**
Total Assets		**271.719**	**(57.186)**	**214.533**	**275.795**	**(76.462)**	**199.333**
Total Liabilities		**1.590.481**	**101.465**	**1.691.946**	**1.632.834**	**100.150**	**1.732.984**

FINANCIAL YEAR 2004 RESULTS - INCOME STATEMENT CHANGES		Greek GAAP N.2190	Accounting Changes	IFRS
PARENT COMPANY				
	Note	(In '000s €)		
Gross written premiums and related revenues		594.847	0	594.847
Minus: Reinsurance premiums		(81.391)	0	(81.391)
Net of reinsurance written premiums and related revenues		**513.456**	**0**	**513.456**
Change in Unpaid Premium Reserve		31.664	0	31.664
Net written premiums and related revenues		**545.120**	**0**	**545.120**
Investment revenue		51.608	(17.207)	34.401
Gains from investment sale/maturity	(2)	16.051	11.138	27.189
Gains from investment valuation	(2)	19.602	(10.759)	8.843
Other revenues		2.721	0	2.721
		635.102	**(16.828)**	**618.274**
Operational Revenue				
Insurance claims		(308.858)	0	(308.858)
Commissions		(65.444)	0	(65.444)
Expenses due to insurance reserves		(94.454)	3.510	(90.944)
Administrative expenses	(4), (9),	(110.663)	(9.766)	(120.429)
Operating expenses		(30.754)	0	(30.754)
Other expenses		(13.049)	(4.723)	(17.772)
Profit (loss) before tax		**11.880**	**(27.807)**	**(15.927)**
Income tax expense		(11.520)	5.233	(6.287)
Net profit		**360**	**(22.574)**	**(22.214)**

For the preparation of the financial statements according to the International Accounting Standards, the Company modified certain amounts published in previous balance sheets under Greek accounting principles (Law 2190/1920). Further information on how IFRS adoption influenced the financial statements is provided below. The clarifications given for the Parent Company to a great extent apply to the Group as well.

Description of material adjustments on the balance sheet and the income statement.

1. Reclassification of the property that the Group/Company owns for the purpose of earning rental income and/ or capital income.

2. The shares included in the securities portfolio are fair valued as at the reporting date. This is in contrast to the Greek Accounting Standards where the fair valuation was determined according to the average price of the last month of the financial year.

3. Reclassification of accrued interest of financial assets to other receivables.

4. Depreciation expense per Greek Accounting Standards was calculated in accordance with depreciation rates as stipulated by tax legislation.

5. Write off of intangible assets including capitalized expenses (expenses paid on share capital increase and reorganization expenses) that did not meet the IFRS recognition criteria.

6. According to previous Accounting Standards, receivables or obligations from deferred income tax were not recognized. Detailed analysis and agreement between deferred income taxes is provided in Note 30.

7. The Company established provisions for doubtful debts under the Greek Tax legislation amounting at €7.093 thousands as at 31 December 2004. Under previous Accounting Standards the balance as of 31 December 2004 was €7.093 thousand.

During the 2004 financial year, an additional reserve of €4.700 thousands has been established bringing the total provision to €11.793 thousands.

8. Reclassification of the proportion of reinsurers included in the insurance provisions. The Company depicted ratio of the reinsured insurance reserves decrease in the liability because part of the ratio becomes due from the reinsurers when the relative claim is paid out.

9. Recognition under IFRS of the group deposit administration fund liability, according to an actuarial study. This provision amounts to €58.391 thousands as at 31 December 2004. In addition, according to the Greek labor law, employees are entitled to compensation in case of dismissal or retirement, the amount of which depends on the years of employment, the salary level at that time and the cause (dismissal or retirement). In accordance to IFRS a provision was established according to the actuarial study and the additional provision amounted to €26.959 on 31 December 2004.

10. Write off of foreign exchange differences that had been capitalized according to previous accounting standards and formation of additional income tax provision.

11. If IFRS 4 had been adopted as of the 1 January 2004 the Group should have tested the adequacy of its reserves and part of the additional provision on the 1 January 2005 would have been attributed to the retained earnings of the 1 January 2004. In addition there would have been a classification of DAF contracts as investment contracts. This classification would not have affected the period's results, but the total of the DAF insurance provisions should have been reported under the "Other Liabilities" account and would have been higher by €147.664 thousands.

5. ETHNIKI INSURANCE SEGMENTAL REPORTING

The Group is organized in the following two business segments:

- **Life Insurance**: Mainly includes life insurance, death, mixed, permanent disability and other accident insurance, unit linked and hospital care policies.

- **Non-Life Insurance**: Mainly includes disease insurance, accident, marine, fire and other natural catastrophe insurance, theft, cargo insurance, general third part liability, credit business, guarantees, road assistance, legal protection and other cash losses.

GROUP

INCOME STATEMENT

	2005				
	LIFE	MOTOR THIRD PARTY LIABILITY	FIRE	OTHER BRANCHES	TOTAL
	(in 000s €)				
Net earned premiums	239.679	183.967	39.105	79.447	542.198
Revenue from investments/Net realised gains from sale/maturity of financial assets	65.048	14.533	2.906	4.224	86.711
Benefits and claims paid	(125.874)	(122.900)	(7.150)	(30.139)	(286.063)
Commision expenses	(29.818)	(25.492)	(9.262)	(4.694)	(69.266)
Change in insurance provision	(90.443)	(148)	(772)	(4.560)	(95.923)
Profit (Loss) per segment	**58.592**	**49.960**	**24.827**	**44.278**	**177.657**
Actuarial valuation of associates	0	0	0	169	169
Other revenue	0	1.923	187	2.853	4.963
Operating, administrative and other expenses	(55.813)	(49.613)	(11.840)	(25.031)	(142.297)
Profit (Loss) before tax	**2.779**	**2.270**	**13.174**	**22.269**	**40.492**

INCOME STATEMENT					
	2004				
	LIFE	MOTOR VEHICLE THIRD PARTY LIABILITY	FIRE	OTHER BRANCHES	TOTAL
	(In 000s €)				
Net earned premiums	246.615	203.575	29.555	76.089	555.834
Revenue from Investments/Net realised gains from sale/maturity of financial assets	47.548	16.797	2.999	5.005	72.349
Benefits and claims paid	(148.280)	(133.128)	(5.796)	(28.039)	(315.243)
Commission expenses	(30.409)	(29.210)	(3.655)	(4.200)	(67.474)
Change in insurance provisions	(79.961)	(6.618)	(3.628)	(2.078)	(92.285)
Profit (Loss) per segment	**35.513**	**51.416**	**19.475**	**46.777**	**153.181**
Actuarial valuation of associates	0	0	0	271	271
Other revenue	0	2.170	164	2.036	4.370
Operating, administrative and other expenses	(69.333)	(49.561)	(20.416)	(34.745)	(174.055)
Profit (Loss) before tax	**(33.820)**	**4.025**	**(777)**	**14.339**	**(16.233)**

- **PARENT COMPANY**

INCOME STATEMENT					
	2005				
	LIFE	MOTOR VEHICLE THIRD PART LIABILITY	FIRE	OTHER BRANCHES	TOTAL
	(In 000s €)				
Net earned premiums	236.587	180.623	39.105	74.566	530.881
Revenue from Investments/Net realised gains from sale/maturity of financial assets	63.626	13.700	2.906	4.224	84.456
Benefits and claims paid	(123.936)	(121.229)	(7.150)	(27.916)	(280.231)
Commission expenses	(29.342)	(25.505)	(8.428)	(4.445)	(67.720)
Change in insurance provision	(90.376)	(148)	(671)	(4.014)	(95.209)
Profit (Loss) per segment	**56.559**	**47.441**	**25.762**	**42.415**	**172.177**
Other revenue	0	1.923	187	332	2.442
Operating, administrative and other expenses	(53.037)	(49.613)	(11.840)	(21.637)	(136.127)
Profit (Loss) before tax	**3.522**	**(249)**	**14.109**	**21.110**	**38.492**

INCOME STATEMENT					
	2004				
	LIFE	MOTOR VEHICLE THIRD PARTY LIABILITY	FIRE	OTHER BRANCHES	TOTAL
	(In 000s €)				
Net earned premiums	243.929	197.022	29.555	74.614	545.120
Revenue from Investments/Net realised gains from sale/maturity of financial assets	46.634	15.795	2.999	5.005	70.433
Benefits and claims paid	(146.365)	(128.658)	(5.796)	(28.039)	(308.858)
Commission expenses	(29.905)	(27.685)	(3.655)	(4.199)	(65.444)
Change in insurance provisions	(79.612)	(5.626)	(3.628)	(2.078)	(90.944)
Profit (Loss) per segment	**34.681**	**50.848**	**19.475**	**45.303**	**150.307**
Other expenses	0	2.170	164	387	2.721
Operating, administrative amd other expenses	(67.582)	(49.561)	(20.416)	(31.396)	(168.955)
Profit (Loss) before tax	**(32.901)**	**3.457**	**(777)**	**14.294**	**(15.927)**

6. GROSS WRITTEN PREMIUMS AND RELATED REVENUES

	GROUP		PARENT COMPANY	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
	(In '000s €)			
Life insurance	244.176	251.087	239.388	246.674
* General Insurance - Motor	178.484	178.300	174.353	174.875
* General Insurance -Other	196.782	177.028	182.747	164.825
Premiums from insurance activities	**619.442**	**606.415**	**596.488**	**586.374**
Life insurance	462	1.115	462	273
* General Insurance -Motor	1.282	2.242	1.282	1.483
* General Insurance -Other	5.327	6.739	5.278	6.717
Premiums from reinsurance activities	**7.071**	**10.096**	**7.022**	**8.473**
Written premiums and other related revenues	**626.513**	**616.511**	**603.510**	**594.847**

* The gross written premiums and other related revenues for 2005 represent a full year production against an eleven (11) month production period for the 2004 financial year in certain segments:
α) In the Motor insurance business, for technical reasons premiums and January renewal expenses were recorded in the previous December. In 2004 due to IFRS adoption, the Company's management did not follow the same policy resulting in recording 11 month production period. Thus, in the 2004 financial year production appears reduced by €26.119,80 thousands.
β) Also, in the Fire insurance business, part of the January premium production was recorded in the previous year. In the 2004 financial year the same approach as in a) was followed, leading to a reduction in production of €3.033,60 thousands.

7. REINSURANCE PREMIUMS AND OTHER RELATED EXPENSES

	GROUP		PARENT COMPANY	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
	(In '000s €)			
Life Insurance	(4.073)	(3.551)	(3.263)	(3.018)
General Insurance - Car	(3.022)	(6.824)	(2.519)	(6.343)
General Insurance - Other	(67.252)	(78.520)	(58.424)	(72.030)
	(74.347)	**(88.895)**	**(64.206)**	**(81.391)**

From the 1st of January the Parent Company changed the reinsurance treaties from Surplus Quota Share to Excess of Loss for certain branches of the General Insurance business. This resulted in a significant decrease in the reinsurance premiums of the reporting year as compared to 2004.

8. CHANGE IN UNEARNED PREMIUM RESERVES

➢ **GROUP**

	TOTAL	REINSURED PART	GROUP	TOTAL	REINSURED PART	GROUP
	31/12/2005			31/12/2004		
	(In '000s)					
Life Insurance	(1.066)	180	(886)	(1.644)	450	(1.194)
General Insurance - Car	7.088	(1.466)	5.622	27.103	(729)	26.374
General Insurance - Other	(10.624)	(4.080)	(14.704)	1.337	1.701	3.038
	(4.602)	**(5.366)**	**(9.968)**	**26.796**	**1.422**	**28.218**

➢ **PARENT COMPANY**

	TOTAL	REINSURED PART	GROUP	TOTAL	REINSURED PART	GROUP
	31/12/2005			31/12/2004		
	(In '000s)					
General Insurance - Car	7.372	(1.466)	5.906	27.288	(729)	26.559
General Insurance - Other	(7.137)	(7.192)	(14.329)	5.498	(393)	5.105
	235	**(8.658)**	**(8.423)**	**32.786**	**(1.122)**	**31.664**

9. INVESTMENT INCOME

	GROUP		PARENT COMPANY	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
	(In '000's €)			
Financial assets at fair value through income statement				
Dividends	75	2.130	75	2.130
Interest	3.827	2.581	3.827	2.581
Others	0	301	0	301
TOTAL	**3.902**	**5.012**	**3.902**	**5.012**
Available for sale financial assets				
Dividends	2.316	618	2.316	618
Security interest	15.578	13.589	15.578	13.589
Others	0	839	0	0
TOTAL	**17.894**	**15.046**	**17.894**	**14.207**
OTHER INVESTMENTS				
Unit-Linked guarantees	2.213	1.717	2.213	1.717
Rental income	6.893	6.425	6.893	6.425
Procceeds from the sale of property investment	6.192	19	6.192	19
DAF	-7.437	0	-7.437	0
Interest income on deposits	6.662	7.324	6.403	7.324
Others	1.186	545	213	-303
	15.709	**16.030**	**14.477**	**15.182**
Total ivestment income	**37.505**	**36.088**	**36.273**	**34.401**

10. GAINS FROM SALE / MATURITY OF INVESTMENTS

	GROUP		PARENT COMPANY	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
	(In '000s €)			
Financial assets at fair value through income statement				
Shares	3.467	22.132	3.431	22.141
Bonds	3.839	(453)	3.839	(456)
Mutual funds	35	0	35	0
TOTAL	**7.341**	**21.679**	**7.305**	**21.685**
AVAILABLE FOR SALE FINANCIAL ASSETS				
Shares	13.404	1.819	13.404	1.819
Bonds	10.050	3.685	9.873	3.685
Total	**23.454**	**5.504**	**23.277**	**5.504**
Total net realized gains from sale/maturity of financial assets	**30.795**	**27.183**	**30.582**	**27.189**

11. NET FAIR VALUE GAINS OF FINANCIAL ASSETS

	GROUP		PARENT COMPANY	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
	(In '000s €)			
TRADING PORTOFOLIO				
Financial assets at fair value through income statement				
Shares	977	338	257	145
Bank Notes	1.144	(569)	1.138	(603)
Mutual Funds	84	(167)	0	(175)
Total	**2.205**	**(398)**	**1.395**	**(633)**
OTHER INVESTMENTS				
Non liquidated gains Unit - Linked	26.727	13.074	26.727	13.074
Valuation adjustments regarding Unit-Linked	(10.521)	(3.598)	(10.521)	(3.598)
Total	**16.206**	**9.476**	**16.206**	**9.476**
Total net fair value gains of financial assets	**18.411**	**9.078**	**17.601**	**8.843**

12. OTHER INCOME

	GROUP		PARENT COMPANY	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
	(In '000s €)			
Proceeds from the sale of tangible asset	74	4	74	8
Income from non operating activities	877	742	877	742
Foreign Exchange Income	1.411	1.634	1.411	1.634
Other	2.601	1.990	80	337
Total other income	**4.963**	**4.370**	**2.442**	**2.721**

13. BENEFITS AND CLAIMS PAID

- **Group**

	TOTAL	REINSURANCE PART	GROUP PART	TOTAL	REINSURANCE PART	GROUP PART
	31/12/2005			31/12/2004		
	(In '000s €)					
Life Insurance	(132.290)	6.595	(125.695)	(148.302)	1.885	(146.417)
General Insurance - Car and Motor	(125.731)	5.222	(120.509)	(130.214)	1.270	(128.944)
General Insurance - Other	(62.264)	26.962	(35.302)	(56.586)	20.653	(35.933)
Insurance benefits and claims paid	**(320.285)**	**38.779**	**(281.506)**	**(335.102)**	**23.808**	**(311.294)**
Life Insurance	(179)	0	(179)	(1.863)	0	(1.863)
General Insurance - Car and Motor	(2.390)	0	(2.390)	(1.548)	0	(1.548)
General Insurance - Other	(1.988)	0	(1.988)	(538)	0	(538)
Reinsurance benefits and claims paid	**(4.557)**	**0**	**(4.557)**	**(3.949)**	**0**	**(3.949)**
Total benefits and claims paid	**(324.842)**	**38.779**	**(286.063)**	**(339.051)**	**23.808**	**(315.243)**

➢ **Parent**

	TOTAL 31/12/2005	REINSURER PART 31/12/2005	COMPANY PART 31/12/2005	TOTAL 31/12/2004	REINSURER PART 31/12/2004	COMPANY PART 31/12/2004
	(In '000s €)					
Life Insurance	(130.059)	6.302	(123.757)	(145.703)	1.201	(144.502)
General Insurance- Car and Motor	(124.023)	5.185	(118.838)	(127.973)	863	(127.110)
General Insurance- Other	(56.882)	23.803	(33.079)	(52.461)	19.164	(33.297)
Insurance benefits and claims paid	**(310.964)**	**35.290**	**(275.674)**	**(326.137)**	**21.228**	**(304.909)**
Life Insurance	(179)	0	(179)	(1.863)	0	(1.863)
General Insurance- Car and Motor	(2.390)	0	(2.390)	(1.548)	0	(1.548)
General Insurance- Other	(1.988)	0	(1.988)	(538)	0	(538)
Reinsurance benefits and claims paid	**(4.557)**	**0**	**(4.557)**	**(3.949)**	**0**	**(3.949)**
Total	**(315.521)**	**35.290**	**(280.231)**	**(330.086)**	**21.228**	**(308.858)**

14. FEE AND COMMISSION EXPENSES

➢ **Group**

	COMMISSION EXPENSES 31/12/2005	REINSURANCE COMMISSION EXPENSES 31/12/2005	TOTAL 31/12/2005	COMMISSION EXPENSES 31/12/2004	REINSURANCE COMMISSION EXPENSES 31/12/2004	TOTAL 31/12/2004
	(In '000s €)					
Life Insurance	31.004	(1.186)	29.818	31.608	(1.199)	30.409
General Insurance- Car and Motor	26.383	(58)	26.325	28.335	0	28.335
General Insurance- Other	21.137	(8.014)	13.123	21.385	(12.655)	8.730
Commission Expenses	**78.524**	**(9.258)**	**69.266**	**81.328**	**(13.854)**	**67.474**

➢ **Parent Company**

	COMMISSION EXPENSES 31/12/2005	REINSURANCE COMMISSION EXPENSES 31/12/2005	TOTAL 31/12/2005	COMMISSION EXPENSES 31/12/2004	REINSURANCE COMMISSION EXPENSES 31/12/2004	TOTAL 31/12/2004
	(In '000s €)					
Life Insurance	30.314	(972)	29.342	31.104	(1.199)	29.905
General Insurance- Car and Motor	25.549	(44)	25.505	27.722	0	27.722
General Insurance- Other	20.887	(8.014)	12.873	20.472	(12.655)	7.817
Commission Expenses	**76.750**	**(9.030)**	**67.720**	**79.298**	**(13.854)**	**65.444**

15. INSURANCE PROVISIONS COSTS

➢Group

	TOTAL LIABILITY	REINSURANCE PART	GROUP PART	TOTAL LIABILITY	REINSURANCE PART	GROUP PART
	31/12/2005			31/12/2004		
	(In '000s €)					
Life Insurance	(89.652)	(791)	(90.443)	(80.320)	359	(79.961)
General Insurance- Car and Motor	1.638	(1.887)	(249)	(11.671)	4.283	(7.388)
General Insurance- Other	(7.202)	1.971	(5.231)	(2.067)	(2.869)	(4.936)
Total	**(95.216)**	**(707)**	**(95.923)**	**(94.058)**	**1.773**	**(92.285)**

➢Parent Company

	TOTAL LIABILITY	REINSURANCE PART	GROUP PART	TOTAL LIABILITY	REINSURANCE PART	GROUP PART
	31/12/2005			31/12/2004		
	(In '000s €)					
Life Insurance	(90.062)	(314)	(90.376)	(79.880)	268	(79.612)
General Insurance- Car and Motor	2.068	(2.216)	(148)	(11.274)	4.160	(7.114)
General Insurance- Other	(6.118)	1.433	(4.685)	(554)	(3.664)	(4.218)
Total	**(94.112)**	**(1.097)**	**(95.209)**	**(91.708)**	**764**	**(90.944)**

16. DISTRIBUTION EXPENSES

	Notes	GROUP		PARENT COMPANY	
		31/12/2005	31/12/2004	31/12/2005	31/12/2004
		(In '000s €)			
Salaries	18	(59.314)	(82.277)	(56.791)	(80.250)
Third Party Fees		(10.753)	(9.788)	(10.346)	(9.744)
Advertising Expenses		(3.877)	(2.830)	(3.590)	(2.670)
Taxes/ Duties		(363)	(252)	(362)	(252)
Depreciation	19	(7.140)	(8.970)	(6.896)	(8.005)
Telecommunication Expenses		(2.731)	(2.921)	(2.589)	(2.801)
Rents		(4.239)	(4.082)	(4.085)	(3.940)
Subscription Contribútions		(149)	(409)	(149)	(372)
Other		(10.098)	(14.173)	(9.560)	(13.283)
Total		**(98.664)**	**(125.702)**	**(94.368)**	**(121.317)**

17. ADMINISTRATION EXPENSES

	Notes	GROUP		PARENT COMPANY	
		31/12/2005	31/12/2004	31/12/2005	31/12/2004
		(In '000s €)			
Salaries	18	(21.317)	(18.324)	(21.317)	(18.221)
Other- Third Party Fees		(7.935)	(5.316)	(7.854)	(5.227)
Depreciations	19	(2.198)	(1.702)	(2.198)	(1.702)
Telecomunication expenses		(1.446)	(1.267)	(1.446)	(1.267)
Rents		(1.844)	(1.746)	(1.844)	(1.746)
Other Expenses		(3.222)	(1.569)	(2.528)	(1.303)
Total		**(37.962)**	**(29.924)**	**(37.187)**	**(29.466)**

Including in “Other Expenses” is a provision of € 600 thousands for executives’ compensations that are under approval by the 2006 Annual General Shareholder’s Meeting.

18. PAYROLL AND STAFF EXPENSES

The total cost of payroll and staff expenses that is included in the administration and distribution expenses is analysed as follows:

	GROUP		PARENT COMPANY	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
	(In '000s €)			
Salaries and wages	(51.487)	(57.608)	(49.187)	(55.668)
Social Security Contributions	(18.688)	(17.354)	(18.465)	(17.164)
Defined Benefit Plan expenses	(10.456)	(25.639)	(10.456)	(25.639)
Total	**(80.631)**	**(100.601)**	**(78.108)**	**(98.471)**

As of 31 December 2005, approximately 1.347 people were employed by the Group (1.213 in the Parent Company). During the previous financial year the equivalent number was 1.450 (1.322 in the Parent Company)

19. DEPRECIATION

The total Depreciation cost that is included in the administrative expenses and disposals is analyzed as follows:

	GROUP		PARENT COMPANY	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
	(In '000s €)			
Investment Properties	(2.650)	(3.134)	(2.648)	(2.636)
Property, plant and equipment	(4.545)	(5.701)	(4.319)	(5.242)
Intangible Assets	(2.143)	(1.837)	(2.127)	(1.829)
Total	**(9.338)**	**(10.672)**	**(9.094)**	**(9.707)**

20. OTHER EXPENSES

	Group		Parent Company	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
	(In '000s €)			
Financial Expenses	1.354	1.181	1.354	1.112
Expenses from interest payable to reinsurers	1.540	1.502	1.516	1.360
Interest expenses (income)	129	0	0	0
Exchange rate differences	1.142	2.034	1.142	2.034
Provisions for doubtfull debt	500	12.137	500	12.137
Other	1.006	1.575	60	1.529
Total	**5.671**	**18.429**	**4.572**	**18.172**

21. INCOME TAX EXPENSE

According to the tax legislation, the tax rate applicable to corporations (S.A.) up to 31 December 2004 was 35%. According to the statutory law 3296/14.12.04, the existing tax rate will be decreased gradually from 35% to 25%. In particular, for financial year 2005, the tax rate decreased to 32%. For financial year 2006 the tax rate will be 29% whereas for financial year 2007 the tax rate will be 25%.

The total income tax expense, as presented in the financial statements, is analysed below:

	GROUP		PARENT COMPANY	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
	(In '000s €)			
Income Tax (Current Year)	3.084	9.086	2.834	9.011
Deferred Tax	12.253	(2.640)	12.253	(2.724)
Total	**15.337**	**6.446**	**15.087**	**6.287**

Tax authorities interpret Greek tax legislation and relevant regulations. Income statements are annually submitted, with the profits or losses declared for taxation purposes held temporarily until the taxation authorities look through the taxation declarations and the company's books. After this tax obligations are settled. The tax losses, up to the point that are recognized by the tax authorities can be used to reduce the next five financial period's profits that follow the period they refer to.

The tax authorities up to the 2002 financial years have audited the Parent Company. For the 2003 and 2004 financial years Ethniki Insurance S.A has submitted to the Athens DOY FAEE the 18139/26.5.2005 letter, requesting a tax audit. As far as the subsidiaries are concerned the 2734/26.5.2005 request has been submitted to DEK Athens for the tax audit of EUROPE Insurance, which has been audited up to 2002, and of AUDATEX HELLAS AE which has been audited up to 1998. GARANTA SA, the Romanian subsidiary has not been tax audited since 1998.

Regarding the tax audit of the Cypriot subsidiaries of Ethniki Insurance, the audited income tax statements till December 2004 have been submitted to the relevant Income Tax office. The Company has been audited up to the 2004 financial year. For the 2005 financial year the audited financial statements will be submitted by the end of 2006. The National Insurance Brokers S.A. has been audited up to 31 December 2002.

The management of the Parent Company considers its tax obligations as fulfilled in total. The Group and the Parent Company have prudently provisioned against possible future additional taxes that might arise from the tax audits of the previous financial years.

In case where Parent Company's untaxed reserves are distributed to the shareholders they will be subjected to income tax with the applicable at the date of distribution. In case of distribution of the retained earnings no income tax will be imposed.

22. BASIC EARNINGS PER SHARE

The basic earnings per share are calculated as follows:

	GROUP		PARENT COMPANY	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
	(In '000s €)			
Profits / (Losses) after taxes	25.155	(22.679)	23.405	(22.214)
Average number of shares issued during the financial year	87.603.975	70.224.667	87.603.975	70.224.667
Basic and diluted earnings per share (€)	0,29	(0,32)	0,27	(0,32)
Earnings proportional to the Parent Company	25.003	(22.490)	-	-
Earnings per share proportinal to the Parent Company	0,29	(0,32)	-	-

As mentioned in note 40 (Share Capital), the number of shares has changed during the reporting year due to a share capital increase.

23. INVESTMENT PROPERTIES

Investment properties are analyzed below:

	Group			Parent Company		
	Land	Buildings	Total	Land	Buildings	Total
	(In '000s €)					
Start						
* Acquisition cost	48.550	81.960	**130.510**	48.315	79.898	**128.213**
Accrued Depreciations and Impairements	0	(14.639)	**(14.639)**	0	(14.571)	**(14.571)**
Amortisation cost 01/01/2004	**48.550**	**67.321**	**115.871**	**48.315**	**65.327**	**113.642**
Plus:						
Purchases/Additions	0	55	**55**	0	54	**54**
Less:						
Depreciation charged for the year	0	(3.134)	**(3.134)**	0	(2.636)	**(2.636)**
Net book value 31/12/2004	**48.550**	**64.242**	**112.792**	**48.315**	**62.745**	**111.060**
Plus:						
Purchases/Additions	0	168	**168**	0	0	**0**
Less:						
Depreciation charged for the year	0	(2.650)	**(2.650)**	0	(2.648)	**(2.648)**
Net book value 31/12/2005	**48.550**	**61.760**	**110.310**	**48.315**	**60.097**	**108.412**
Acquisition cost	48.550	82.015	**130.565**	48.315	79.952	**128.267**
Accrued Depreciations and Impairements	0	(17.773)	**(17.773)**	0	(17.207)	**(17.207)**
Net book value 31/12/2004	**48.550**	**64.242**	**112.792**	**48.315**	**62.745**	**111.060**
Acquisition cost 31/12/2005	48.550	82.183	**130.733**	48.315	79.952	**128.267**
Accrued Depreciations and Impairements 31/12/2005	0	(20.423)	**(20.423)**	0	(19.855)	**(19.855)**
Net book value 31/12/2005	**48.550**	**61.760**	**110.310**	**48.315**	**60.097**	**108.412**

The Group, as already mentioned in note 2.10, applied the exemption clause of paragraph 17, IFRS 1, and considered the historical cost of the accounting value as at 01.01.2004 which is similar to the fair value calculated by independent assessors. The fair value at 31st of December 2005 does not significantly differ from that of 1st of January 2004.

For the financial year ended at the 31 December 2005, rental income reached €6.893 thousand (respectively € 6.425thousand at the 31 December 2004).

The Parent Company in order to fulfill its obligation for insurance investment that derives from the insurance law has registered a prenotation of mortgage of € 184.438 thousands on its property. Parent Company's property present value reaches € 238.071thousands (Notes 23 and 28). Apart from this prenotation of mortgage there is no other engagement or surety on the Parent Company's property against other obligations.

Future rental revenues and expenses are analysed below:

	Up to 1 year	1 to 5 years	More than 5 years
	(In '000's €)		
Revenues	5.940	19.032	23.415
Expenses	1.678	7.304	6.212

24. AVAILABLE FOR SALE FINANCIAL ASSETS

	GROUP		PARENT COMPANY	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
	(In 000's €)			
BONDS				
Government Bonds	208.294	186.170	206.511	183.876
Corporate listed bonds	110.657	72.697	110.657	72.697
Total Bonds	**318.951**	**258.867**	**317.168**	**256.573**
SHARES				
Listed	90.260	36.206	90.260	36.059
Non Listed	30	28	30	28
Total Shares	**90.290**	**36.234**	**90.290**	**36.087**
MUTUAL FUNDS				
Greek	76.815	63.636	76.815	63.636
EU countries	22.899	20.498	22.899	20.498
Total Mutual Funds	**99.714**	**84.134**	**99.714**	**84.134**
OTHERS	0	500	0	500
Total	**508.955**	**379.735**	**507.172**	**377.294**

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH INCOME STATEMENT

	GROUP		PARENT COMPANY	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
	(in '000s €)			
BONDS				
Government Bonds	31.900	23.680	30.438	22.871
Corporate listed bonds	117.380	109.743	117.380	109.743
Total Bonds	**149.280**	**133.423**	**147.818**	**132.614**
SHARES				
Listed	13.830	11.063	12.229	10.683
Non Listed	87	87	0	0
Total Shares	**13.917**	**11.150**	**12.229**	**10.683**
MUTUAL FUNDS				
Greek	592	511	0	0
EU countries	0	1.628	0	1.628
Total Mutual Funds	**592**	**2.139**	**0**	**1.628**
OTHERS				
Total	**163.789**	**146.712**	**160.047**	**144.925**

26. INVESTMENTS IN ASSOCIATED COMPANIES

Investments in associated companies are analysed below. The following tables show the changes that have taken place from 31 December 2004 to 31 December 2005

Participation	Country of Incorporation	31/12/2005 % Participation	31/12/2005 Book Value	31/12/2004 % Participation	31/12/2004 Book Value
		(in '000s €)			
SOCIETATE COMERCIALA DE ASIGURARE ELENO-ROMANA GARANTA S.A.	ROMANIA	93,265%	2.636	93,265%	2.636
ETHNIKI ASFALISTIKI KYPROU LTD	CYPRUS	89,089%	4.119	89,089%	4.119
AUDATEX HELLAS SA.	GREECE	70,000%	1.061	70,000%	971
EVROPI AEGA	GREECE	30,000%	2.057	30,000%	1.935
NATIONAL INSURANCE BROKERS SA	GREECE	95,000%	2.450		
Total			**12.323**		**9.661**

The Parent Company purchased in November 2005 95% of National Insurance Brokers SA's stocks. Therefore financial year 2005 is the first that the subsidiaries have been incorporated in the consolidated financial statements.

None of the above affiliates is a publicly traded company. As a result there are no relevant stock market valuations and the fair value of these investments in not possible to be estimated. The consolidation of the affiliated companies is attained according to IAS No.27 (Total Consolidation). The consolidation of the related company EVROPI AEGA, was accomplished according to IAS No.28 (Net Assets Method).

27. INVESTMENS FOR THE BENEFIT OF LIFE INSURANCE POLICYHOLDERS WHO BEAR THE INVESTMENT RISK (UNIT LINKED)

The analysis of the investments for the benefit of life insurance policyholders who bear the investment risk is presented below:

	GROUP		PARENT COMPANY	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
	(In '000s €)			
Mututal fund	255.924	187.254	255.598	187.018
Securities	35.314	12.359	33.485	10.600
Shares	1.900	723	0	0
Short-term investments	6.693	8.307	0	0
Cash and cash equivalents	20.380	42.746	20.380	42.746
Other investments	185	119	0	0
Total	**320.396**	**251.508**	**309.463**	**240.364**

28. PROPERTY, PLANT AND EQUIPMENT

The activity in Parent Company's property, plant and equipment account up to 31.12.2005 is presented below:

PARENT COMPANY	Property	Buildings	Transportation	Equipment	Improvements in third party leases	Property under development	Total
	(In '000s €)						
Opening balance							
Acquisition cost	67.127	56.270	833	23.043	2.441	22.291	172.005
Accumulated depreciation and impairement		(15.456)	(480)	(18.045)	(1.995)	0	(35.976)
Net book value as of 1/1/2004	**67.127**	**40.814**	**353**	**4.998**	**446**	**22.291**	**136.029**
Plus:							
Additions	0	69	305	1.268	0	14.806	16.448
Less:							
Disposals	(11)	(101)	0	0	0	0	(112)
Depreciation charge for the year	0	(1.910)	(79)	(3.070)	(183)	0	(5.242)
Net book value as at 31/12/2004	**67.116**	**38.872**	**579**	**3.196**	**263**	**37.097**	**147.123**
Plus:							
Additions	0	32.599	447	3.683	0	25.285	62.014
Less:							
Disposals	(3.866)	(6.725)	(82)	0	0	(32.599)	(43.272)
Depreciation charge for the year	0	(2.111)	(155)	(1.912)	(141)	0	(4.319)
Others	0	0	0	11	0	0	11
Net book value 31/12/2005	**63.250**	**62.635**	**789**	**4.978**	**122**	**29.783**	**161.557**
Acquisition cost	67.116	56.238	1.061	24.400	2.441	37.097	188.353
Accumulated depreciation and impairement	0	(17.366)	(482)	(21.204)	(2.178)	0	(41.230)
Net book value 31/12/2004	**67.116**	**38.872**	**579**	**3.196**	**263**	**37.097**	**147.123**
Acquisition cost	63.250	82.112	1.503	27.994	2.441	29.783	207.083
Accumulated depreciation and impairement	0	(19.477)	(714)	(23.016)	(2.319)	0	(45.526)
Net book value 31/12/2005	**63.250**	**62.635**	**789**	**4.978**	**122**	**29.783**	**161.557**

The activity in Group's property, plant and equipment account up to 31 December 2005 is presented below:

GROUP	Property	Buildings	Transportation	Equipment	Improvements in third party leases	Property under development	Total
	(In '000s €)						
Opening balance							
Acquisition cost	67.133	57.350	1.056	23.484	2.441	22.291	173.755
Accumulated depreciation and impairement	0	(15.796)	(536)	(18.274)	(1.995)	0	(36.601)
Net book value as of 1/1/2004	**67.133**	**41.554**	**520**	**5.210**	**446**	**22.291**	**137.154**
Plus:							
Additions	15	183	336	2.012	0	14.806	17.352
Less:							
Disposals	(11)	(101)	0	0	0	0	(112)
Depreciation charge for the year	0	(1.910)	(113)	(3.495)	(183)	0	(5.701)
Net book value as at 31/12/2004	**67.137**	**39.726**	**743**	**3.727**	**263**	**37.097**	**148.693**
Plus:							
Additions	0	33.607	481	4.236	0	25.285	63.609
Less:							
Disposals	(3.859)	(6.733)	(86)	(240)	0	(32.599)	(43.517)
Depreciation charge for the year	0	(2.117)	(213)	(2.074)	(141)	0	(4.545)
Others	0	0	0	11	0	0	11
Net book value 31/12/2005	**63.278**	**64.483**	**925**	**5.660**	**122**	**29.783**	**164.251**
Acquisition cost	67.137	57.432	1.392	25.496	2.441	37.097	190.995
Accumulated depreciation and impairement	0	(17.706)	(649)	(21.769)	(2.178)	0	(42.302)
Net book value 31/12/2004	**67.137**	**39.726**	**743**	**3.727**	**263**	**37.097**	**148.693**
Acquisition cost	63.278	84.306	1.787	29.492	2.441	29.783	211.087
Accumulated depreciation and impairement	0	(19.823)	(862)	(23.832)	(2.319)	0	(46.836)
Net book value 31/12/2005	**63.278**	**64.483**	**925**	**5.660**	**122**	**29.783**	**164.251**

The Group has selected to use the exemption clause of paragraph 17, IFRS 1, for the property, plant and buildings and to accept as historical cost the theoretical acquisition cost, the balance of which is equal to the 1 January 2004 fair value, valued by independent valuers, considering their nature and use.

"Property" acquisition costs include €6.249 thousands which relate to a Company's property (Elliniko plot – 35th street). The government used this property to build a school. After a court ruling against this action, the Company is considering together with the School Building Association alternatives to ensure that no financial damage will result for the Company.

The Company during the 2005 financial year sold a property for a total of € 16.782 thousands. The related costs for the disposals were covered by the buyers. The resulting €6.192 thousands gain is included in the income statement.

29. INTANGIBLE ASSETS

The balance of the intangible assets account is related to the Group and Parent company's software programs, whose movement is as follows:

	GROUP	PARENT COMPANY
	(In '000s €)	
Opening balance		
Acquisition cost	7.607	7.570
Accumulated depreciation and impairements	(3.290)	(3.258)
Amostized cost 01/01/2004	**4.317**	**4.312**
Plus:		
Additions	1.625	1.581
Minus:		
Depreciation charge for the period	(1.837)	(1.829)
Exchange differences	5	0
Amortized cost 31/12/2004	**4.110**	**4.064**
Plus:		
Additions	3.731	1.607
Minus:		
Depreciation charge for the period	(2.143)	(2.127)
Net exchange differences	10	0
Amortized cost 31/12/2005	**5.708**	**3.544**
Recapitalization		
Acquisition cost 31/12/2004	9.237	9.151
Accumulated depreciation and impairement	(5.127)	(5.087)
Accumulated amortization and impairment	**4.110**	**4.064**
Acquisition cost	12.963	10.758
Accumulated amotization and impairement	(7.255)	(7.214)

The acquisition gain from the acquisition of "National Insurance Brokers" was €2.086 thousands. In the Parent Company's balance sheet, it is included in the account "Investments in associated companies". The acquiring company has the obligation to annually reassess the recoverable value of the goodwill in order to test for impairment.

30. DEFERRED TAX ASSETS

The deferred tax relates exclusively to the Parent company and is as follows:

	GROUP		PARENT COMPANY	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
	(In '000s €)			
Property and equipement depreciation	154	288	154	187
Impairement of assets	2.338	3.034	2.338	3.034
Employee benefit obligations	3.443	6.865	3.443	6.865
Insurance provisions	49.520	0	49.520	0
Tax asset	**55.455**	**10.187**	**55.455**	**10.086**
Change in property	1.547	451	1.547	451
Change in investment properties	711	711	711	711
Other temporary differences	225	283	225	199
Tax liabilities	**2.483**	**1.445**	**2.483**	**1.361**
Total	**52.972**	**8.742**	**52.972**	**8.725**

31. PREMIUM RECEIVABLES

Premiums receivables relate to receivables from insurance contracts issued until the financial reporting date and have not as yet been paid. In case the premiums are not collected within the agreed time limits, the contract is either cancelled or the installment due is rescheduled to a future period.

	GROUP		PARENT COMPANY	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
	(In '000s €)			
Claims insurance receivables	208.778	186.295	195.948	182.361
Reserves for insurance receivables	(12.186)	(12.499)	(11.279)	(11.792)
Total	**196.592**	**173.796**	**184.669**	**170.569**

32. REINSURERS' RECEIVABLES

The balance of receivables from reinsurers is as follows:

	GROUP		PARENT COMPANY	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
	(In '000s €)			
Claims reinsurance receivables due from reinsurers / Portion of claims paid	16.084	7.628	16.084	6.809
Reserves for reinsurance receivables	62.737	96.787	50.536	89.651
Total	**78.821**	**104.415**	**66.620**	**96.460**

Reinsurers accept part of the insured risk and participate in the claims paid and in the insurance reserves.

33. DEFERRED ACQUISITION COST as of 31.12.2005

	GROUP			PARENT COMPANY		
	LIFE	GENERAL	TOTAL	LIFE	GENERAL	TOTAL
	(In '000s €)					
Deffered Acquisition Costs 21/12/2004	**37.888**	**15.801**	**53.689**	**37.720**	**15.150**	**52.870**
Deffered Acquisition Cost 31/12/2005	**39.143**	**15.970**	**55.113**	**38.817**	**15.264**	**54.081**

34. OTHER RECEIVABLES

Analysis of other receivables has as follows:

	GROUP		PARENT CO
	31/12/2005	31/12/2004	31/12/2005
	(in '000s €)		
Prepaid Expenses	8.475	10.227	8.475
Prepaid Taxes and Other tax liabilities	4.806	5.185	4.806
Accrued Interests and commissions	14.799	13.871	14.799
Other Receivable Revenues	20.427	21.085	19.919
Total	**48.507**	**50.368**	**47.999**

35. LOANS TO EMPLOYEES, INSURERS AND LIFE INSURED CLIENTS

The balance relates fully to the Parent Company and it is analysed as follows:

	31/12/2005	31/12/2004
	(In '000s €)	
LOANS TO EMPLOYEES-AGENTS		
Personal loans	3.560	2.992
Mortgages	14.543	14.390
Loans for Agents	4.049	5.229
Total	**22.152**	**22.611**

36. CASH AND CASH EQUIVALENTS

The balance of the account is analyzed as follows:

	GROUP		PARENT COMPANY	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
	(In '000s €)			
FOR TRADING PORTFOLIO				
Stocks	3.467	22.132	3.431	22.141
Bonds	3.839	(453)	3.839	(456)
Unit Trusts	35	0	35	0
TOTAL	**7.341**	**21.679**	**7.305**	**21.685**
AVAILABLE FOR SALES SECURITY PORTFOLIO				
Stocks	13.404	1.819	13.404	1.819
Bonds	10.050	3.685	9.873	3.685
TOTAL	**23.454**	**5.504**	**23.277**	**5.504**
TOTAL PROFIT FROM SALES OF SECURITIES	**30.795**	**27.183**	**30.582**	**27.189**

The deposits in Banks are bearing interest rates, which are based on the bank's monthly interest deposit rates.

37. MATHEMATICAL RESERVES AND TECHNICAL PROVISIONS

GROUP						
	GROUP	REINSURER	TOTAL	GROUP	REINSURER	TOTAL
	31/12/2005			31/12/2004		
	(In '000s €)					
LIFE RESERVES						
Mathematical reserves	686.600	2.068	688.668	645.348	992	646.340
Outstanding claims reserves	32.656	1.287	33.943	29.688	733	30.421
Other mathematical reserves	7.043	20	7.063	7.084	21	7.105
Total life reserves	**726.299**	**3.375**	**729.674**	**682.120**	**1.746**	**683.866**
MOTOR T.P.L. INSURANCE RESERVES						
Unearned premium reserves	64.783	726	65.509	68.539	2.192	70.731
Outstanding claims reserves	236.499	13.655	250.154	180.553	14.295	194.848
Total non life insurance reserves - motor	**301.282**	**14.381**	**315.663**	**249.092**	**16.487**	**265.579**
OTHER NON-LIFE INSURANCE RESERVES						
Unearned premium reserves	59.330	21.961	81.291	43.631	25.101	68.732
Outstanding claims reserves	36.044	53.376	89.420	28.305	50.285	78.590
Other insurance provisions	684	0	684	442		442
Total non life insurance reserves -other	**96.058**	**75.337**	**171.395**	**72.378**	**75.386**	**147.764**
Total	**1.123.639**	**93.093**	**1.216.732**	**1.003.590**	**93.619**	**1.097.209**
UNIT LINKED contract reserves	320.396	0	320.396	251.508	0	251.508
Total	**1.444.035**	**93.093**	**1.537.128**	**1.255.098**	**93.619**	**1.348.717**

	COMPANY	REINSURER 31/12/2005	TOTAL	COMPANY	REINSURER 31/12/2004	TOTAL
	(Ποσά σε χιλιάδες €)					
LIFE RESERVES						
Mathematical reserves	684.762	701	685.463	635.643	818	**636.461**
Outstanding claims reserves	32.311	538	32.849	28.906	734	**29.640**
Other mathematical reserves	7.038	0	7.038	7.081	0	**7.081**
Total life reserves	**724.111**	**1.239**	**725.350**	**671.630**	**1.552**	**673.182**
MOTOR T.P.L. INSURANCE RESERVES						
Unearned premium reserves	62.689	726	**63.415**	68.539	2.192	**70.731**
Outstanding claims reserves	234.455	12.699	**247.154**	180.553	14.293	**194.846**
Total general insurance reserves - motor	**297.144**	**13.425**	**310.569**	**249.092**	**16.485**	**265.577**
OTHER NON-LIFE INSURANCE RESERVES						
Unearned premium reserves	53.821	14.947	68.768	39.535	22.140	**61.675**
Outstanding claims reserves	34.539	51.282	85.821	27.690	49.474	**77.164**
Total general insurance reserves -other	**88.360**	**66.229**	**154.589**	**67.225**	**71.614**	**138.839**
Total	**1.109.615**	**80.893**	**1.190.508**	**987.947**	**89.651**	**1.077.598**
UNIT LINKED contract reserves	309.463	0	**309.463**	240.364	0	**240.364**
Total	**1.419.078**	**80.893**	**1.499.971**	**1.228.311**	**89.651**	**1.317.962**

Liability Adequacy Test

As of 1 January 2005, with the adoption of IFRS 4 “Insurance Contracts”, the Group performs a liability adequacy test at the end of each reporting period to assess the adequacy of its insurance liabilities, which are estimated according to the provisions of local insurance law.

As at 1 January 2005, additional liabilities of €173.000 thousands for life business (hospitalization riders) and €63.000 thousands for property and casualty business (motor branch) increased the carrying amounts of insurance reserves and were charged-off to equity. The after tax effect on Group retained earnings was €169.500 thousands.

The process followed for the liability adequacy test performed as at 31 December 2005 and the results of this test are set out below:

Life business

Life business was disaggregated into four main groups:

1 Individual traditional policies (whole life, endowment, pure endowment, term, with profit pension plans):

The test was based on an analysis of the sensitivity of liabilities to changes in mortality, interest rates and expenses for the remaining term of insurance contracts. No additional liabilities resulted from the above process.

2.Unit-linked contracts

Analysis considered both risks associated to basic parameters (mortality, interest rates) and risks associated to guaranteed returns at the end of the contract terms. No additional liabilities resulted from the above process.

3. Pension benefit programs which stem from Deposit Administration Funds (“DAF”)

The process followed was similar to that of individual traditional policies (the only difference being that expenses were not a factor). The test produced a liability that exceeded reserves calculated according to local law by €2.800 thousands, with a corresponding increase in insurance reserves. The net effect on profit for the year was €2.100 thousands.

4. Hospitalization riders

The test was based on assumptions for future lapses, premiums increase, medical inflation and expenses increase.

Conditions prevailing as at 31 January 2005, were not significantly different to those prevailing as at 31 December 2005, resulting in the additional liability of €173.000 thousands as at the beginning of the year remaining unchanged as at the end of the year.

B. Property and Casualty business

As regards the motor branch, historical data was examined on a per claim basis for each accident year from 2000 up to and including 2005. Claims were split into three main categories: motor TPL – property damage, motor TPL – human injury and motor own vehicle damage. Individual human injury claims exceeding €250 thousand were examined separately. Projections of paid claims, incurred claims and average incurred claims were performed for each group, with expenses being taken into account.

The process took into account the increase in reserves for specific claim files, which resulted from revising outstanding claims on a case per case basis, in accordance with local insurance law, during 2005. The outcome was that a larger part of the total liability estimated with the liability adequacy test was covered by the reserves estimated in accordance to local law, hence rendering the additional liability lower than the additional liability as at 1 January 2005. Therefore, even though total reserves of property and casualty business increased during the year ended 2005, the additional reserves resulting from the liability adequacy test amounted to €24.212 thousands.

38. OTHER LIABILITIES

All the liabilities are short termed and as a result, discounting as of the balance sheet date is not required. Analysis of these liabilities is presented on the following table:

	GROUP		PARENT COMPANY	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
		(In '000s €)		
Accrued expenses	14.086	13.361	12.633	11.222
Commissions and interest payable	68	7.206	0	7.206
Creditors and suppliers	3.822	280	3.113	0
Staff expenses payable	135	80	0	5
Tax liabilities	20.490	25.999	20.308	25.831
Income tax	1.922	1.474	1.593	1.043
Dividends payable	159	252	159	252
Third party receivable obligations	2.040	22	2.016	0
Amounts due to government agancies	4.819	0	4.795	0
Compensations payable	0	8.633	0	8.633
Liabilities from DAF contracts (*)	141.393	0*	141.393	0*
Other liabilities	5097	7.975	4565	7.975
Other provisions	1.888	13	1.888	0
Total	**195.919**	**65.295**	**192.463**	**62.167**

(*) For data comparison of the fiscal year 2004 on the «Liabilities from investment contracts DAF» with those of the fiscal year 2005 note 4 of paragraph 11 and note 46 must be taken into account.

39. LIABILITIES TOWARDS PERSONNEL

With the contracts 2361 and 2740 issued from the Parent Company, a lump sum is given to each employee when leaving the Company unless the reason of leaving is total or partial disability from accident or disease and has received or will receive in future an allowance that derives from a group contract that is also issued from the Parent Company. This contract covers permanent total disability from disease, death, permanent total or partial disability from accident.

The balance of the liabilities is presented below:

		GROUP		PARENT COMPANY	
		31/12/2005	31/12/2004	31/12/2005	31/12/2004
		(In '000s €)			
Plus:	Present value of financed obligations	84.602	93.874	84.602	93.874
Minus:	(Fair value of plan assets)	(7.674)	(28.898)	(7.674)	(28.898)
Plus:	Present value of non financed obligations	20.901	31.447	20.776	31.452
	Unrealised actuarial gains (losses)	(21.991)	(9.775)	(21.991)	(9.775)
Minus:	(Unrealised past service cost)	(747)	(800)	(747)	(800)
	Pension programs	**75.091**	**85.848**	**74.966**	**85.853**
	Defined benefit expenses are as follows:				
	Current service cost	4.037	3.160	4.037	3.160
	Interest cost	5.290	3.874	5.290	3.874
	Expected planned assets investment return	(977)	(1.146)	(977)	(1.146)
	Current realised service cost	57	0	57	0
	Other	2.049	0	2.049	0
		10.456	**5.888**	**10.456**	**5.888**
	Basic Assumptions				
	Interest rate	**5.0%**	**5.0%**	**5.0%**	**5,0%**
	Expected planned assets investment return	**4.5%**	**4.5%**	**4.5%**	**4,5%**
	Future salary increases	**4.0%**	**4.0%**	**4.0%**	**4,0%**
	Future pension increases	**2.5%**	**2.5%**	**2.5%**	**2,5%**

40. SHARE CAPITAL & SHARE PREMIUM

The Parent company's share capital was € 114.762 thousands on the 1st of January 2004, analysed into 57.380.800 shares with a nominal value of €2 per share. The General Shareholder's Meeting of the 30th of March 2004 approved to increase the share capital by € 100.416 thousands with an increase in the nominal value of each share to € 2,5 and the distribution of 5 free shares for every 10 existing shares as a result of the capitalization of the property revaluation according to Law 3229/2004.

The Extraordinary General Shareholder Meeting of the 2nd of November approved the increase of the share capital through cash by €129.106 with the issue of 43.035.600 new shares, on a nominal value of €2,5 each and a share price offer of €3. The difference between the price issue and the nominal value has been included in the share premium reserve, in order for the share capital to reach to €322.767 thousands. The existing shareholders had a preemption right of 5 new shares for every 10 old ones.

41. RESERVES

The reserves are presented below:

	GROUP		PARENT COMPANY	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
	(In '000s €)			
Statutory reserve	25.110	25.126	25.074	25.074
Special reserves	17	169	17	23
Extra reserves	1.205	1.205	1.205	1.205
Real estate revaluation reserves	0	1.836	0	1.836
Revaluation reserve of available for sale securities	18.577	33.818	18.577	33.818
Tax free reserves	5.000	5.000	5.000	5.000
Non-taxable reserve	2.371	2.371	2.371	2.371
Specially taxed reserves	832	832	832	832
Other reserves	4.221	1.834	1.934	0
Total	**57.333**	**72.191**	**55.010**	**70.159**

Statutory reserves: According to the Greek commercial Law companies have to reserve at least 20% of their net profits to a statutory reserve,, up to the point where the reserve becomes at least equal to four times the company's share capital. This reserve is not to be distributed during the operation of the company.

Special Reserves: These reserves have been formed up in accordance to various Greek laws. According to the Greek tax law these reserves are excluded from income tax under the condition that they will not be distributed. The company does not plan to distribute these reserves and in accordance to IFRS 12 has not calculated the deferred tax that would have applied were these reserves to be distributed.

Real estate revaluation reserve: This reserve has been formed after the revaluation of the Parent company's properties that was done in accordance to Law 3229/2004, before the 01.01.2004 adoption of IFRS.

Revaluation reserve of available for sale securities: This reserve has been formed after the valuation of available for sale securities and it is transferred to profits or losses upon their sale or their depreciation.

Extra reserves: These reserves have been formed in the past according to the company's general meeting and contain extra reserves from the merger of the company's subsidiaries.

Non-taxed and specially taxed reserves: These reserves represent interest income that is either non-taxed or has been taxed at 15%. This revenue is not taxable under the condition that profits exist for a non-taxed reserve to be built. According to Greek tax legislation this reserve is not taxable, as long as it is not distributed to the shareholders. The company does not intend to distribute these reserves. Consequently it has not calculated the deferred tax that would have applied were these reserves to be distributed.

42. DIVIDENDS

According to the Hellenic commercial Law, the companies are obliged to distribute part of their profits as a dividend, which is the highest of 35% of the after tax profit and at least 6% of the share capital issued. Dividend lower than 35% of the after tax profit but higher than 6% of the share capital issued, can only be distributed with the approval of the Annual General Shareholder meeting. The company may decide not to distribute any dividends in case that there is approval from the majority of the shareholders.

Additionally the Greek commercial law requires specific conditions in order dividends to be distributed:

(a) Dividend can not be distributed if the company's net assets are lower than the company's share capital plus the obligatory reserves.
(β) According to article 44, paragraph 2, law.2190/1920, the amount distributed to the shareholders can not be higher than the previous period profits, increased by the undistributed gains from the previous periods and the equivalent reserves for which the distribution is allowed and has been approved the distribution from the General Assembly of the shareholders and decreased by previous year losses and the amounts obliged to be reserved in accordance with law and company's status.
(c) The Company's net profits are those deriving from the deduction of every expense, loss, depreciation end every other burden from gross earnings

43. RELATED PARTIES

The consolidated financial statements incorporate the financial statements of Ethniki Insurance and its subsidiaries. Investments in associates are presented in Note 26.

Ethniki Insurance provides reinsurance services mainly to its associates. The terms of the reinsurance treaties are equivalent to those of the Parent company with other companies.

For the 2005 financial year, the company has not created any provision for bad debt from associated companies.

On 31 December 2005 total receivables reached € 313.421 thousands, total liabilities € 2.761 thousands, total revenues € 18.825 thousands and total expenses 4.264 thousands. During financial year 2005 the compensation of the members of the Board Of Directors reached € 1.855 thousands.

44. CONTINGENT LIABILITIES

(α) Legal cases

The Parent Company is involved in several court cases and settlement cases as part of its normal business operations. The Company's management along with its legal advisors believe that all the cases will be settled without having material influence on the Group's financial position or operational results.

(i) Guarantees

The Company had issued guarantee notes as of 31 December 2005 which amount to €1.342 thousands and relate to the participation in competition for new contracts.

(ii) Capital Commitments

On the 31 December 2005 the Company had undertaken capital commitments amounting to € 9.814 thousands, and relating to the construction of the new premises in Syggrou Avenue.

45. POST BALANCE SHEET EVENTS

On the 15 February 2006, the company finalized the acquisition of ALPHA Insurance Romania for €2.700 thousands, representing a participation of 100%.

On the 22 February 2006 the Company came into agreement with U.B.B. AD Bank, an affiliate company of National Bank of Greece in Bulgaria and American International Group Inc (AIG), for the incorporation of a Life Insurance Company and a General Insurance Company in Bulgaria. Ethniki Insurance and U.B.B. AD will posses each 30% of the new companies' share capital while American Life Insurance Company (Alico) and AIG Central Europe & CIS Insurance Holding Corporation will posses the remaining 40% and the management of the companies. The total share capital for the Life Insurance Company was designated in Bulgarian Leva 6.000 thousands, and for the General Insurance Company in Bulgarian Leva 5.400 thousands.

46. EFFECT OF RECLASSIFICATION OF DAF CONTRACTS AS INVESTMENT CONTRACTS ON 2004 FINANCIALS

The effect of the classification of DAF contracts as investment contracts on the 31 December 2004 financial statements, had the Group adopted such an according principle, is presented here for comparability purposes.

ADJUSTMENTS TO THE INCOME STATEMENT GROUP	2004		
(In '000s €)			
Written premiums and related revenues	616.511	(24.092)	592.419
Investment revenues	36.088	(7.263)	28.825
Claims	(315.243)	21.910	(293.333)
Provision expenses	(92.285)	3.561	(88.724)
Administration expenses	(29.924)	5.884	(24.040)

ADJUSTMENTS TO THE INCOME STATEMENT PARENT COMPANY	FINANCIAL YEAR 2004	DAF	AMMOUNTS AFTER RECLASSIFICATION
(In '000s €)			
Written premiums and related revenues	594.847	(24.092)	570.755
Investment revenues	34.401	(7.263)	27.138
Claims	(308.858)	21.910	(286.948)
Provision expenses	(90.944)	3.561	(87.383)
Administration expenses	(30.754)	5.884	(24.870)

BALANCE SHEET ADJUSTMENTS GROUP	FINANCIAL YEAR 2004	DAF	AMMOUNTS AFTER RECLASSIFICATION
(In '000s €)			
Life actuarial reserves	646.340	(146.853)	499.487
Outstanding claim reserves	303.859	(811)	303.048
Other liabilities	65.295	147.664	212.959

BALANCE SHEET ADJUSTMENTS PARENT COMPANY	FINANCIAL YEAR 2004	DAF	AMMOUNTS AFTER RECLASSIFICATION
(In '000s €)			
Life actuarial reserves	636.461	(146.853)	489.608
Outstanding claim reserves	301.650	(811)	300.839
Other liabilities	62.167	147.664	209.831

Chairman of Executive Board	Chief Executive Officer	Deputy Chief Executive Officer	Chief Financial Officer	Chief Actuary	Chief accountant
E. ARAPOGLOU ID L342690	D. PALAIOLOGOS S 095068	I BASSILATOS F 070376	M TZANETIS Lic.No 24729 / A Class	S. GRIBOGIANNIS S 280823	G. PETOUSIS Lic.No. 990 / A Class

AUDITORS' REPORT

To the Shareholders of “The Ethniki, Hellenic General Insurance Company S.A.”. We have audited the accompanying financial statements as well as the consolidated financial statements of “The Ethniki, Hellenic General Insurance Company S.A.”, as of and for the year ended 31 December 2005. These financial statements, as presented in pages 3 to 44, are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Greek Auditing Standards, which are based on the International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, evaluating the overall financial statement presentation as well as assessing the consistency of the Board of Directors' report with the aforementioned financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the aforementioned financial statements give a true and fair view of the financial position of the Company, as of 31 December 2005, and of the results of its operations and changes in shareholders' equity and their cash flows for the year then ended in accordance with the International Financial Reporting Standards that have been adopted by the European Union and the Board of Directors' Report is consistent with the aforementioned financial statements.

Athens, 27 February 2006

The Chartered Auditor Accountant

Andreas Barlikas
HICAA Reg. No. 13991 DELOITTE

Board of Directors' Annual Report for the financial year 2005

Dear Shareholders,

In accordance with the Company's articles of association and Law 2190/20, we hereby present to you the financial activity as at and for the year-ended 31.12.2005.

The Company and the Group adopted International Financial Reporting Standards ("IFRS") for the first time as the basis of preparation of the Financial Statements for the year ended 31.12.2005. The Group posted a significant increase in profit due to the increase in gross written premiums, the increase in investment income, the decline in claims paid and the containment of operating costs at prior year levels.

These achievements significantly exceeded the targets set in the Group's three-year Business Plan for 2005 – 2007.

More specifically, the basic reasons for achieving these results are analyzed below:

Group consolidated profit before tax for the year-ended 31.12.2005 reached €40.5 million (2004: € 16.2 million loss). Group profit after tax topped €25.2 million (2004: €22.7 million loss), thus exceeding the target of € 15.9 million set in the business plan by 158%. Return on average equity reached 13.5%, significantly outperforming the target of 5.8%

Company profit before tax and profit after tax reached € 38.5 million and € 23.4 million respectively with return on average equity topping 12.8%.

1) Gross written premiums for the Company's Life business, including Deposit Administration Fund ("DAF") contracts, reached €273.1 million in 2005 (2004: 246.7 million), up 10.75% y-o-y, due to the and increase in new policy underwriting by 26.9% and the successful launch of the new "Triploun" product to National Bank of Greece customers during Q4 2005, of which gross written premiums amounted to approximately €15 million.

Gross written premiums for the Company's Non-Life business slightly declined to €357.1 million in 2005 (2004: €368.9 million), down 3.2% y-o-y, as a result of a 10.2% drop in the Motor line of business. Remaining Non-Life lines of business posted an increase of 6.5% y-o-y, which significantly outperformed the competition.

Gross written premiums in accordance with IFRS are presented in the table below (Note 6 of Financial Statements)

	GROUP		PARENT COMPANY	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
	(In '000s €)			
Life insurance	244.176	251.087	239.388	246.674
* General Insurance - Motor	178.484	178.300	174.353	174.875
* General Insurance -Other	196.782	177.028	182.747	164.825
Gross written premiums from insurance business	**619.442**	**606.415**	**596.488**	**586.374**
Life insurance	462	1.115	462	273
* General Insurance -Motor	1.282	2.242	1.282	1.483
* General Insurance -Other	5.327	6.739	5.278	6.717
Premiums from reinsurance functions	**7.071**	**10.096**	**7.022**	**8.473**
Written premiums and other related revenues	**626.513**	**616.511**	**603.510**	**594.847**

* The gross written premiums and other related revenues for 2005 represent a full year production against an eleven (11) month production period for the 2004 financial year in certain segments:

a)In the Motor insurance business, for technical reasons premiums and January renewal expenses were recorded in the previous December. In 2004 due to IFRS adoption, the Company's management did not follow the same policy resulting in recording 11-month production period. Thus, in the 2004 financial year production appears reduced by € 26.119,80 thousands.

b) Also, in the Fire insurance business, part of the January premium production was recorded in the previous year. In the 2004 financial year the same approach as in (a) was followed, leading to a reduction in production of € 3.033,60 thousands.

Due to the application of IFRS 4 as of 1 January 2004, DAF policies are classified as investment contracts, which do not generate gross written premiums. Within gross written premiums for the year-ended 31.12.2004, €24.1 million are in respect of DAF contracts.

2) Outward reinsurance premiums declined by €17.2 million, down 21% y-o-y (Note 7 of Financial Statements), due to the restructuring of the Company's reinsurance program in favor of Excess of Loss (XOL) reinsurance, which replaced existing Quota Share reinsurance policies.

3) Net paid claims declined to €280.2 million in 2005 (2004: €286.9 million), down 2.3% y-o-y (Note 13 of Financial Statements).

4) Investment income reached €84.5 million in 2005 (2004: €63.1 million), up 33.7% y-o-y. Included in investment income are profits from sale of buildings amounting to €6.2 million. Investment income for the years ended 31.12 2005 and 31.12.2004 have been decreased by €7.4 million and €7.3 million respectively, which relate to DAF contracts (Notes 9, 10,11 of Financial Statements).

5) Operating expenses, excluding the cost of the successfully completed voluntary retirement scheme, were contained to approximately the same level as the prior year in accordance with the target set.

6) The company's profit and loss accounts per line of business are presented in the table below:

INCOME STATEMENT					
	2005				
	LIFE	MOTOR VEHICLE THIRDPART	FIRE	OTHER BRANCHES	TOTAL
	(In 000s €)				
Net earned premiums	236.587	180.623	39.105	74.566	530.881
Revenue from Investments/Profit from sale or revaluation of Investments	63.626	13.700	2.906	4.224	84.456
Benefits and claims paid	(123.936)	(121.229)	(7.150)	(27.916)	(280.231)
Commission expenses	(29.342)	(25.505)	(8.428)	(4.445)	(67.720)
Change in insurance provision	(90.376)	(148)	(671)	(4.014)	(95.209)
Profit (Loss) per segment	**56.559**	**47.441**	**25.762**	**42.415**	**172.177**
Other revenue	0	1.923	187	332	2.442
Operating, administrative and other expenses	(53.037)	(49.613)	(11.840)	(21.637)	(136.127)
Profit (Loss) before tax	**3.522**	**(249)**	**14.109**	**21.110**	**38.492**

INCOME STATEMENT					
	2004				
	LIFE	MOTOR VEHICLE THIRD PART LIABILITY	FIRE	OTHER BRANCHE S	TOTAL
	(In 000s €)				
Net earned premiums	243.929	197.022	29.555	74.614	545.120
Revenue from Investments/Profit from sale or revaluation of Invesmtents	46.634	15.795	2.999	5.005	70.433
Benefits and claims paid	(146.365)	(128.658)	(5.796)	(28.039)	(308.858)
Commissions expenses	(29.905)	(27.685)	(3.655)	(4.199)	(65.444)
Change in insurance provisions	(79.612)	(5.626)	(3.628)	(2.078)	(90.944)
Profit (Loss) per segment	**34.681**	**50.848**	**19.475**	**45.303**	**150.307**
Other expenses	0	2.170	164	387	2.721
Operating, administrative amd other expenses	(67.582)	(49.561)	(20.416)	(31.396)	(168.955)
Profit (Loss) before tax	**(32.901)**	**3.457**	**(777)**	**14.294**	**(15.927)**

6.1 Profit before tax for the Life business reached € 3.5 million in 2005 (2004: 32.9 million loss).

This significant improvement was predominantly due to a) the decline in operating costs to €53 million in 2005 (2004: €67.6 million) and b) the increase of €41 million in total income to €300.2 million in 2005 (2004: €259.2 million), up 15.80% y-o-y.

6.2 Profit before tax for the Non-Life business increased by €18 million in 2005 to €35 (2004: €17 million).

The increase was due to: a) the reversal of the € 0.8 million loss of the fire line of business in 2004 to a €12.1 million profit in 2005, due to the increase in total income to €42.1 million in 2005 (2004: €32.6 million), b) the decline in operating costs to €11.8 million in 2005 (2004: €20.4 million) and c) the rise in profit before tax of the remaining Non-Life lines of business to €14.3 million (2004: €21.1 million).

7) Retained losses as at 31.12.2005 stood at €250.7 million in accordance with IFRS. Retained losses would have stood at €24.4 in accordance with Greek GAAP. Therefore, it is not possible to propose a dividend for 2005, in accordance with article 44 of Law 2190/20.

8) Group consolidated profits before tax were reinforced for the first time by profits of Ethniki Insurance Company's subsidiaries of €2 million, compared to losses of prior years.

It must be noted that the Company continues its dynamic expansion in Romania after the completion of the acquisition of Alpha Insurance Romania. Business expansion in Bulgaria is ensured by a joint venture agreement between the Company, the Bulgarian banking subsidiary of the National Bank of Greece (UBB SA), and American international Group Inc. (AIG).

Athens, February 24th, 2006.

Chairman of the Board of Directors

E.- G. A. Arapoglou

Appendix

A. Financial position 2004-2005

(Parent Company)

(in € millions)	**2005**	**2004**
Gross written premiums	603.510	594.847
Ceded premiums	64.206	81.391
Net written premiums and related revenue	530.881	545.120
Benefits and claims paid	280.231	308.858
Mathematical reserves & technical provisions	1.499.971	1.317.962
Expenses	136.127	168.955
Income & investment income	84.456	70.433
Profit (Loss) before tax and minority interests	38.492	(15.927)
Income tax expense	15.087	6.287
Net Profit (Loss) for the year	23.405	(22.214)
Total revenue	690.408	668.001
Total assets	1.981.846	1.732.984
Equity	165.858	199.333
Own Retention Ratio	89,4%	86,3%
Expenses Ratio	22,6%	28,4%
Combined Ratio	96%	103%
Solvency Ratio	1,60	2,12
Net Profit (Loss) over Assets Ratio	1,18%	(1,28)%
Net Profit (Loss) over Equity Ratio	14,11%	(11,14)%
Share price as at 31-12	5,30	4,36
Market Value as at 31-12	684.266.040	375.270.432
Number of shares	129.106.800	86.071.200
Staff number as at 31-12	1.251	1.309
Total revenue over staff number Ratio	551,88	510,31

B. Securities List, 31st December 2005

A) AVAILABLE FOR TRADING

α. SHARES	UNITS	ACQUISITION PRICE PER UNIT	ACQUISITION PRICE	FAIR VALUE PER UNIT	FAIR VALUE
O.T.E.	400.000	17,57	7.028.055,77	18,00	7.200.000,00
FOLLI-FOLLIE	24.005	21,35	512.582,25	22,50	540.112,50
EMPORIKI BANK	106.586	22,01	2.345.528,08	28,70	3.059.018,20
GERMANOS	100.000	11,73	1.173.269,60	14,30	1.430.000,00
TOTAL			**11.059.435,70**		**12.229.130,70**

β. BONDS	PAR VALUE	ACQUISITION PRICE PER UNIT	ACQUISITION PRICE	FAIR VALUE PER UNIT	FAIR VALUE
PIRAEUS GR. (2004-2007)	5.000.000,00	100,00%	5.000.000,00	100,13%	5.006.500,00
EMPORIKI GR. (2004-2007)	12.000.000,00	100,00%	12.000.000,00	100,95%	12.114.000,00
ΟΕΔ (2005-15)	30.000.000,00	101,17%	30.351.000,00	101,46%	30.438.000,00
EFG HELLAS (2005-15)	20.000.000,00	100,00%	20.000.000,00	100,00%	20.000.000,00
ALPHA CR. GR. (2004-2009)	30.000.000,00	100,00%	30.000.000,00	100,12%	30.036.000,00
EFG HELLAS (2004-2009)	20.000.000,00	100,00%	20.000.000,00	100,37%	20.074.000,00
EFG HELLAS (2004-2014)	30.000.000,00	100,00%	30.000.000,00	100,50%	30.150.000,00
TOTAL			**147.351.000,00**		**147.818.500,00**

CUMULATIVE COMPOSITION OF SECURITIES PORTFOLIO			
	Acquisition Value	**Fair Value**	**% Total**
A) SHARES	11.059.435,70	12.229.130,70	7,7
B) BONDS	147.351.000,00	147.818.500,00	92,3
TOTAL	**158.410.435,70**	**160.047.630,70**	**100,0**

B) AVAILABLE FOR SALE

α. Shares	UNITS	ACQUISITION PRICE PER UNIT	ACQUISITION PRICE	FAIR VALUE PER UNIT	FAIR VALUE
AGROTIKI BANK	300.000	4,58	1.374.000,00	5,04	1.512.000,00
ALPHA BANK	500.000	25,04	12.518.960,15	24,70	12.350.000,00
PIRAEUS BANK	120.000	17,17	2.060.209,70	18,10	2.172.000,00
GENIKI BANK	172.336	9,10	1.568.468,78	9,98	1.720.212,68
EFG EUROBANK	900.000	26,57	23.916.556,90	26,72	24.048.000,00
BANK OF GREECE	115.000	84,88	9.760.690,25	94,45	10.861.750,00
TITAN (O)	60.000	20,43	1.226.044,58	34,50	2.070.000,00
TITAN (P)	65.000	22,69	1.474.559,72	28,08	1.825.200,00
P.P.C. S.A.	900.000	20,14	18.130.390,00	18,46	16.614.000,00
O.P.A.P. S.A.	213.257	26,83	5.720.749,66	29,10	6.205.778,70
COSMOTE	499.500	15,98	7.980.591,60	18,78	9.380.610,00
ALPHA TRUST ANDROM.	500.000	2,63	1.315.000,00	3,00	1.500.000,00
RINET	200	23,97	4.794,13	23,97	4.794,13
COOPER.BANK OF XANTHI	12	293,47	3.521,64	356,75	4.281,00
MTDC S.A. GREECE	24	146,74	3.521,64	134,77	3.234,48
AMYLLUM HELLAS	28.144	0,91	25.498,46	0,64	18.012,16
TOTAL			**87.083.557,21**		**90.289.873,15**

β. BONDS	PAR VALUE	ACQUISITION PRICE PER UNIT	ACQUISITION PRICE	FAIR VALUE PER UNIT	FAIR VALUE
P.P.C. S.A. (1997-2012)	13.206.162,88	100,00%	13.206.162,88	100,05%	13.212.765,96
NBG FIN PLC (2002-2012)	8.000.000,00	100,00%	8.000.000,00	100,95%	8.076.000,00
RENTAI FRANCAIS	2,76	100,00%	2,76	100,00%	2,76
CHINA GROWTH BASKET	2.500.000,00	100,00%	2.500.000,00	98,17%	2.454.250,00
ΟΕΔ 27/3/03-2025	30.000.000,00	115,31%	34.591.669,12	121,59%	36.477.000,00
FRANCE OAT (1992-2022)	46.800.000,00	120,20%	56.251.616,83	159,28%	74.543.040,00
H.S 23/11/00 2008	632.228,55	100,00%	632.228,55	100,09%	632.797,56
H.S 23/11/00 2011	1.500.000,00	100,37%	1.505.578,26	111,75%	1.676.250,00
HELL. REP.(2005-20)	2.000.000,00	100,00%	2.000.000,00	92,95%	1.859.000,00
HELL. REP.(2005-24)	10.000.000,00	100,00%	10.000.000,00	97,50%	9.750.000,00
HELL. REP.(2005-25)	30.000.000,00	100,00%	30.000.000,00	98,50%	29.550.000,00
BTP 1/11/1997-27	3.000.000,00	116,54%	3.496.405,93	139,65%	4.189.500,00
PIRAEUS GR. (2004-49)	5.000.000,00	100,00%	5.000.000,00	100,95%	5.047.500,00
DEUTSCHE BK CAP (2005-2049)	20.000.000,00	93,00%	18.600.000,00	98,52%	19.704.000,00
EFG PRIVATE BANK (2004-49)	38.000.000,00	100,13%	38.050.000,00	81,00%	30.780.000,00
ALPHA GR. TIER I (2005-49)	20.000.000,00	100,00%	20.000.000,00	81,50%	16.300.000,00
E.I.B. (2005-2020)	30.000.000,00	100,00%	30.000.000,00	91,60%	27.480.000,00
O.E.Δ(2005-15)	30.000.000,00	102,1983%	30.659.500,00	101,46%	30.438.000,00
EGNATIA FIN. PLC	5.000.000,00	100,00%	5.000.000,00	99,95%	4.997.500,00
TOTAL	**295.638.394,19**		**309.493.164,33**		**317.167.606,28**

γ. MUTUAL FUNDS	UNITS	PRICE PER UNIT	ACUISITION PRICE	PRICE PER UNIT	FAIR VALUE
DELOS EUROBOND	8.612.172,837	5,8554	50.427.300,00	6,1519	52.981.223,14
DELOS INTERNATIONAL FINANCIAL SECTOR BOND FUND	1.964.868,158	100,00	20.000.000,00	10,5877	20.803.434,60
DELOS STRAT. POSITION FUND	87.004,375	10,3274	898.533,14	10,9902	956.195,48
NBG ARB. STR. FUND	8.833,220	1.132,0900	10.000.000,00	1.160,3100	10.249.273,50
NBG EUROPEAN ALLSTARS	10.222,753	978,2101	10.000.000,00	1.237,4500	12.650.145,70
DELOS EUROBOND FUND	426.066,764	4,6941	2.000.000,00	4,8682	2.074.178,22
TOTAL			**93.325.833,14**		**99.714.450,64**

CUMULATIVE COMPOSITION OF PORTFOLIO AVAILABLE FOR TRADING			
	Acquisition Price	**Fair Value**	**% Total**
Shares	87.083.557,21	90.289.873,15	17,8
Bonds	309.493.164,33	317.167.606,28	62,5
M/F	93.325.833,14	99.714.450,64	19,7
Total	**489.902.554,68**	**507.171.930,07**	100,0

TOTAL PORTFOLIO			
	ACQUISITION PRICE	**FAIR VALUE**	**% OF FAIR VALUE**
PORTFOLIO AVAILABLE FOR TRADING	158.410.435,70	160.047.630,70	23,99%
PORTFOLIO AVAILABLE FOR SALE	489.902.554,68	507.171.930,07	76,01%
TOTAL	**648.312.990,38**	**667.219.560,77**	**100,00%**

UNIT LINKED

		Acquisition Value		Market Value as at 31/12/2005	
	Number of Shares	**Acquisition Price per Unit**	**Total Acquisition Price**	**Unit Price**	**Total Market Value**
1. UNIT LINKED – ETHNIKI & PENSION					
DELOS EUROBOND FUND – INTERNATIONAL	7.495.050,784	6,1300	43.000.000	6,1519	46.108.802,92
DELOS EUROBOND	471.181,314	6,5845	3.102.499,03	4,8682	2.293.804,87
DELOS INTERNATIONAL	682.149,110	6,4494	4.399.461,03	4,2356	2.889.310,77
NBG SYN.WOR.CL.FUND	5.810,717474	100000	5.810.717,47	1037,6100	6.029.258,56
DELOS INCOME	1.813.390,072	8,2718	15.000.000	8,8443	16.038.165,81
DELOS USA INTERNATIONAL BOND	1.061.702,617	5,6513	6.000.000	5,6216	5.968.467,43
NBG INCOME PLUS SUB – FUND	4.932,766	1013,6301	5.000.000	1073,4400	5.295.028,34
DELOS INTERNATIONAL FINANCIAL SECTOR	2.482.170,123	10,0718	25.000.000	10,5877	26.280.472,61
NBG GROWTH STRATEGY II	12.0000	100000	12.000.000	1066,2400	12.794.880
NBG HELLENIC ALLSTARS /B	14.800,3924	1081,0524	15.999.999,99	1566,2400	23.180.966,59
EUROPEAN ALL STARS SUB FUND	24.522,5510	999,0804	24.500.000	1237,4500	30.345.430,73
NBG GLOBAL HEDGED BOND/B	3.654,3020	1094,6003	4.000.000	1082,8300	3.956.987,83
NBG STRATEGIC BOND/B	4.099,8540	1097,6001	4.500.000	1086,9100	4.456.172,31
NBG INTERNATIONAL GLOBAL EQUITY	1.970,8700	1014,7803	2.000.000	1268,2900	2.499.634,71
NBG INTERN.SICAV EMERG EUROBOND	911,9260	1096,5802	1.000.000	1.093,700	997.373,47
CHINA GROWTH BASKET*	25.00000	99,7500	2.493.750	98,170%	2.484.044,52
OTE BOND 5.8.2003 - 2013*	10.000	100000	10.000.000	105,966%	10.800.709,59
O.E.D. (6-2-2004-2007)	19.862,29	105,5500	20.200.000	105,550%	20.200.000
TOTAL 1			**204.006.427,52**		**222.619.511,06**

2. UNIT LINKED – INVEST. FUND					
DELOS EUROBOND	1.300.0000	5,2172	6.782.299,85	6,1519	7.997.470
DELOS INCOME	938.967,673	1,5202	1.427.377,56	8,8443	8.304.511,79
DELOS BLUE CHIPS	150.426,0310	1,4591	2.592.343,64	13,7654	2.070.674,49
DELOS TOP 30	1.776.673,042	6,9645	6.539.473,59	2,0670	3.672.383,18
TOTAL 2			**17.341.494,64**		**22.045.039,46**
3. UNIT LINKED – ETHNIKI & CHILD					
DELOS EUROBOND INTERNATIONAL FUND	1.256.590,497	5,9455	7.471.080,66	6,1519	7.730.419,08
ATTICA BANK DOMESTIC BOND	8.124,580	3,2509	26.412,33	5,1346	41.716,47
DELOS BLUE CHIPS	60.461,920	24,2690	1.467.351,43	13,7654	832.282,51
DELOS BALANCED	372.463,663	19,0670	7.101.748,38	19,2486	7.169.404,06
ATTICA DOMESTIC BALANCED	17.638,317	6,6553	117.388,11	7,6450	134.844,93
DELOS INTERNATIONAL CORPORATE BOND	1.689.107,1449	10,0645	17.000.000	10,7128	18.095.067,02
DELOS TOP 30	1.370.707,970	1,4591	2.000.000	2,0670	2.833.253,37
HELLENIC ALL STARS FUND/B	1.354,757	1476,2795	2.000.000,01	1566,2400	2.121.874,60
EUROPEAN ALL STARS FUND/B	1.673,066	1195,4101	2.000.000	1237,4500	2.070.335,52
NBG SYN. ARB. STRATEGY FUND	1.766,644	1132,0900	2.000.000	1160,3100	2.049.854,70
TOTAL 3			**41.183.980,92**		**43.079.052,26**
4. UNIT LINKED - MAGNA LINK					
DELOS COMPOSIT	69.602,7760	11,9063	**828.708,2400**	19,2486	1.339.755,99
TOTAL 4					**1.339.755,99**
GRAND TOTAL 1+2+3+4			***263.360.611,32***		***289.083.358,77***

C. Published Corporate Information during the financial year 2005

Table of references according to the Article 10 of L. 3401/2005

Corporate Announcements

Subject	Website Link	Date
Press Release – Company's Goals & Strategic Perspectives	www.ase.gr www.ethniki-asfalistiki.gr	13.1.2005
Internal Auditor Replacement	www.ase.gr	9.2.2005
Announcement of changes in the Company's Board of Directors	www.ase.gr	16.2.2005
Schedule of intended business & Stock Market related events	www.ase.gr	25.2.2005
Company's Net Profits before tax	www.ase.gr	25.2.2005
Press Release – Financial Results 2004	www.ase.gr www.ethniki-asfalistiki.gr	28.2.2005
Financial Statements in accordance with IAS	www.ase.gr	28.2.205
Announcement of readjustments in reserves	www.ase.gr	4.3.2005
New Business Plan 2005-2007	www.ase.gr www.ethniki-asfalistiki.gr	1.4.2005
Business Plan 2005-2007 Presentation for the Institutional Investors Union and Mutual Funds and Portfolio Managers	www.ase.gr	6.4.2005
Respond Letter to Athens Exchange	www.ase.gr	8.4.2005
Invitation for the Annual Ordinary General Meeting of Shareholders	www.ase.gr	5.5.2005
Announcement for the participation in the H.R.O. S.A. public tendering	www.ase.gr	30.5.2005
Announcement for Share Capital Increase	www.ase.gr	31.5.2005
Announcement for the participation in the H.R.O. S.A. public tendering	www.ase.gr	31.5.2005
Decisions by the General Annual Ordinary Shareholders Meeting	www.ase.gr www.ethniki-asfalistiki.gr	1.6.2005
Announcement of changes in the Board of Directors	www.ase.gr	14.6.2005
1st Quarter Results	www.ase.gr www.ethniki-asfalistiki.gr	29.6.2005
1st Quarter Results	www.ase.gr www.ethniki-asfalistiki.gr	30.6.2005
Announcement of new C.F.O. appointment	www.ase.gr.	15.7.2005
Respond Letter to Athens Exchange	www.ase.gr	22.8.2005
Clarifications on Press Releases	www.ase.gr	9.9.2005
Company Headquarters' Relocation Announcement	www.ase.gr	21.9.2005
Three times rise of after tax profits	www.ase.gr www.ethniki-asfalistiki.gr	29.9.2005
Extension of Share Capital Increase date until 31.10.2005	www.ase.gr	30.9.2005
Company Headquarters' Relocation Announcement	www.ase.gr	7.10.2005
1st Semester Results	www.ase.gr	7.10.2005
Share Capital Increase Announcement	www.ase.gr	7.10.2005
Pre-announcement of Extraordinary General Meeting of Shareholders	www.ase.gr www.ethniki-asfalistiki.gr	11.10.2005
Invitation for the Extraordinary General Meeting of Shareholders	www.ase.gr	12.10.2005
Announcement of the Extraordinary General Meeting of Shareholders	www.ase.gr	12.10.2005

Acquisition of ALPHA INSURANCE ROMANIA	www.ase.gr www.ethniki-asfalistiki.gr	12.10.2005
9-month Results	www.ase.gr www.ethniki-asfalistiki.gr	1.11.2005
Decisions of Extraordinary General Meeting of Shareholders	www.ase.gr	3.11.2005
Announcement of changes in the Company's Board of Directors	www.ase.gr	4.11.2005
Date of Share Capital Increase: Announcement of Rights date and Trading period of the rights date.	www.ase.gr	10.11.2005
Share Capital Increase Bulletin	www.ase.gr www.ethniki-asfalisiki.gr	11.11.2005
1st quarter 2005 Financial Statements in accordance with IAS	www.ase.gr	11.11.2005
1st semester 2005 Financial Statements in accordance with IAS	www.ase.gr	11.11.2005
9-month 2005 Financial Statements in accordance with IAS	www.ase.gr	11.11.2005
Announcement of the Share Capital Increase Coverage	www.ase.gr	8.12.2005
Announcement of the Share Capital Increase Full Coverage	www.ase.gr	14.12.2005
New shares market release	www.ase.gr	21.12.2005
Announcement of transactions	www.ase.gr	28.12.2005
Announcement of transactions	www.ase.gr	29.12.2005
Announcement of transactions	www.ase.gr	29.12.2005

Quarterly announcements of results

1st Quarter 2005	www.ase.gr www.ethniki-asfalistiki.gr	30.6.2005
1st semester 2005 Financial Statements in accordance with IAS	www.ase.gr www.ethniki-asfalistiki.gr	7.10.2005
9-month 2005 Financial Statements in accordance with IAS	www.ase.gr www.ethniki-asfalistiki.gr	11.11.2005

Annual Reports

Annual Accounts 2004	www.ase.gr www.ethniki-asfalistiki.gr	28.4..2005
Annual Report 2004	www.ase.gr www.ethniki-asfalistiki.gr	16.5..2005
Share Capital Increase 2005 Bulletin	www.ase.gr www.ethniki-asfalistiki.gr	11.11.2005

Affiliate Companies'Websites

The annual financial statements 2005, the auditing reports of the Certified Public Accounting Auditors as well as the Reports issued by the Board of Directors of the affiliate companies AUDATEX HELLAS S.A. and NATIONAL INSURANCE BROKERS S.A. are available at www.ethniki-asfalistiki.gr

The respective reports as regards the following subsidiaries are available at:

α) THE ETHNIKI GENERAL INSURANCE (CYPRUS) LTD: www.ethnikiinsurance.com/

β) S.C. GARANTA S.A. (ROMANIA): www.garanta.ro

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