

## **PRESS RELEASE**

### **9MONTH RESULTS 2006**

The “Ethniki” Insurance Group’s nine month 2006 net earned premiums have increased by 24%, compared to the prior year nine month period, amounting to €484.069.000. Life premium income shows a sharp increase of 51%, mainly attributable to the new bancassurance product “Prostheto<sup>+</sup>”, which has been successfully promoted through the National Bank of Greece’s (NBG) branch network. Furthermore, premium income from Individual Life new business has increased by 28%. As a result, Life total premiums represent 52% of total gross premiums, compared to 41% for the respective prior year nine month period. Property & Casualty net earned premiums increased by 5%, mainly due to a 15% increase of the Fire gross written premiums. This increase together with the conversion of the reinsurance treaties from proportional into excess of loss basis has resulted in an exceptional increase of 68% in the Fire net earned premium, absorbing the effect of the 11% Motor Business decrease over the prior year nine month period. Apart from the successful distribution of insurance products through the NBG network (Bancassurance), Ethniki’s sales network has successfully launched the promotion of banking products (Assurebanking).

The Ethniki Group’s nine month 2006 net profit after tax amounted to €4.496.000. Included in this net profit after tax, is the total cost of the early retirement scheme amounting to €10.700.000 (€ 8.725.000 after tax), which was announced to the employees and is expected to be completed by the end of the year involving 71 employees. Payback period of the respective cost is estimated to be 21 months. Outstanding claims reserves for the Motor Third Party Liability business have been further reinforced by € 24.191.000 (€18.143.000 after tax) which is included in the nine month results. Excluding the above mentioned one-off charges, the Group’s consolidated net profit after tax amounted to €31.364.000, as compared to €21.073.000 for the respective prior year nine month period and to the budget of €31.909.000.

It should be noted that, mainly due to the previously mentioned strengthening of the outstanding claims reserves, the profit for the 2006 year will be considerably different from the budgeted 2006 profit as per the Business Plan.

New business in the Motor Branch increased by 4% in the 2006 nine month period as compared to the respective prior year nine month period, after suffering decreases for five years. Cancellations have experienced a reduction of 18%. This is attributable to the Company’s new marketing policy. Furthermore, average premium per vehicle has remained stable despite price reductions. The sales mix of the Motor Branch has improved with the more

profitable optional coverages' representing 28% of the total Motor Branch premiums as compared to 26% in 2005.

Operating expenses for the nine month period remained lower than last year's respective nine month period.

Net earned premiums of the subsidiary companies' have increased by 46% as compared to the prior year nine month period. This increase supports expectations for significant development in this business area. The subsidiary companies' net profit after tax amounted to €1.617.000, as compared to € 709.000 for the prior year nine month period.

On October 1, 2006, the two Bancassurance companies founded in Bulgaria with Ethniki's participation of 30% in their respective equity began operations. According to the current data, sales have exceeded expectations.