



# Results of Ethniki Insurance Group for 2006

**May 2007**

This presentation contains forward-looking statements. Such statements include, but are not limited to, discussions regarding targets under average economic and market conditions, our objectives and strategies, and future results of our operations, together with the assumptions regarding the business environment and risk conditions in reliance upon which such statements are made. Such statements can be generally identified by the use of terms such as "believes," "expects," "may," "will," "should," "would," "could," "plans," "anticipates", comparable terms, as well as the negatives of such terms.

However, by their nature, these forward-looking statements involve numerous assumptions and uncertainties, both general and specific. Actual results could differ materially from those expressed or implied in any such statements, in particular as a result of factors such as fluctuations in interest rates, exchange rates and stock indices, the effects of competition in the areas in which we operate, and changes in economic, political, regulatory and technological conditions. Nevertheless, we want to draw your attention to the fact that the foregoing list is not exhaustive.

When relying on forward-looking statements to make decisions, investors should carefully consider the aforementioned factors as well as other uncertainties and circumstances.

We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Any statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future.

**Who we are**

**The market in which we operate**

**2006 achievements**

**Strategy - Goals**

## **Member of the largest financial services group in SEE**

- Majority owned by NBG Group (76,7%), the largest financial services group in SEE
- In Greece, NBG has ~6.5m customers and is the market leader with ~30% market share in deposits

### **Major Shareholder**

### **History**

## **Oldest insurance company in Greece**

- Founded in 1891, Ethniki Insurance has been the undisputable leader of the Greek insurance market, and has an increasing presence in neighbouring countries

## **Largest insurance company in Greece**

- Total premiums of ~€700m\*
- Leader in P&C with a 14,6% market share, ~9pp higher than the second place player
- # 2 in the Life Business with a market share of 16,8%, reducing the gap from the first by 2,9 pp

### **The leading, most trusted and most recognized insurance company in Greece**

### **Market position**

### **Network**

## **Largest distribution network in Greece**

- 2.000 tied agents
- 1.284 independent insurance brokers
- 553 NBG branches
- 46 administrative branch offices spread all over Greece

\*2006 figures

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**Who we are**

**The market in which we operate**

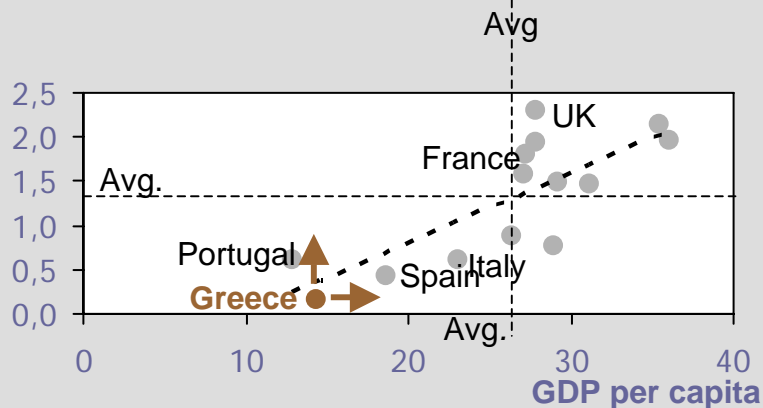
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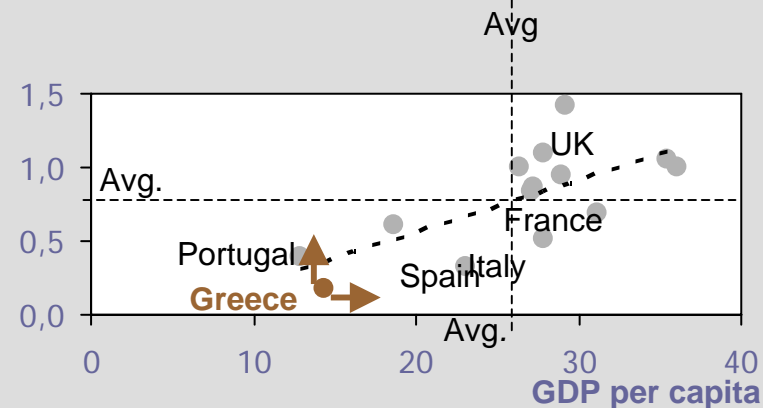
# The market in which we operate (1/3)

## Insurance penetration

Life premiums per capita, €, 2006e



Non-life premiums per capita, €, 2006e



The Greek market has the potential for significant further development due to the current low level of insurance penetration and favourable macroeconomic environment

- Insurance market will benefit in the fore coming years from strong GDP growth
- Insurance penetration in Greece is expected to initially converge at Mediterranean country levels, mainly due to rapidly growing GDP per capita and the development of bancassurance activities
- Expected insurance reforms as well as the adoption of Solvency II will improve market competition

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## The market in which we operate (2/3)

### Life

- Consumers are expected to start looking for investment products over the next 2-3 years
- Synergies with banks have started to produce meaningful and sizeable sales volumes of bancassurance products
- Government offers tax credits for life insurance products
- Expected pension reformations will further boost the sales of savings products
- Probable abolition of stamp from 1<sup>st</sup> of January 2008

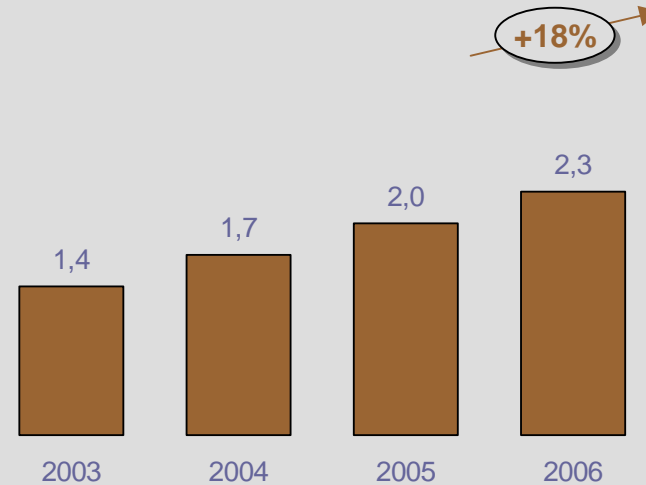
### P & C

- No significant market downturn is expected in the next 3 years
- The strict regulatory framework of Ministry of Development for the solvency margin as well as the new Committee of Monitoring Private Insurance will force the companies of low premium, in the sector of Motor TPL business, to change their policy
- Non-motor segment (36% of total P&C) is low compared to the rest of Europe

### Greek insurance market

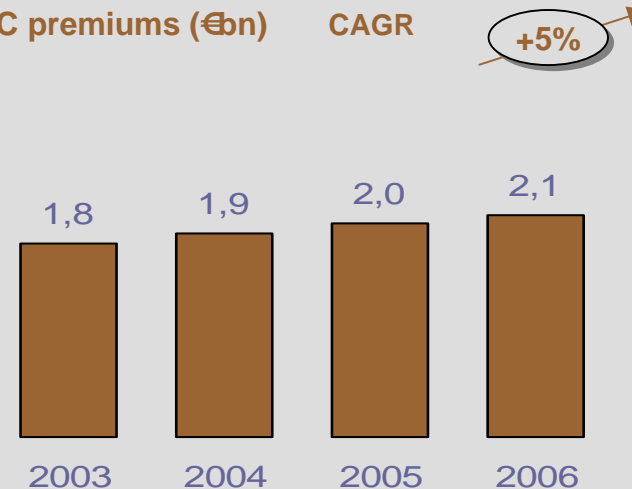
#### Life premiums (€bn)

#### CAGR



#### P&C premiums (€bn)

#### CAGR



Who we are

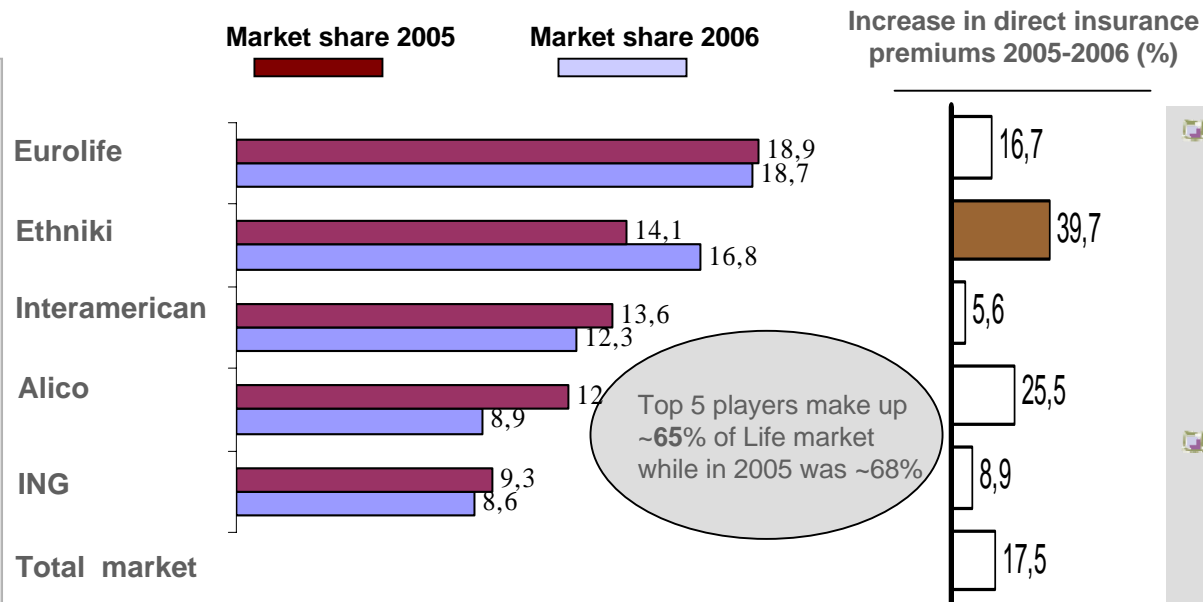
The market in which we operate

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# The market in which we operate (3/3)

## Life



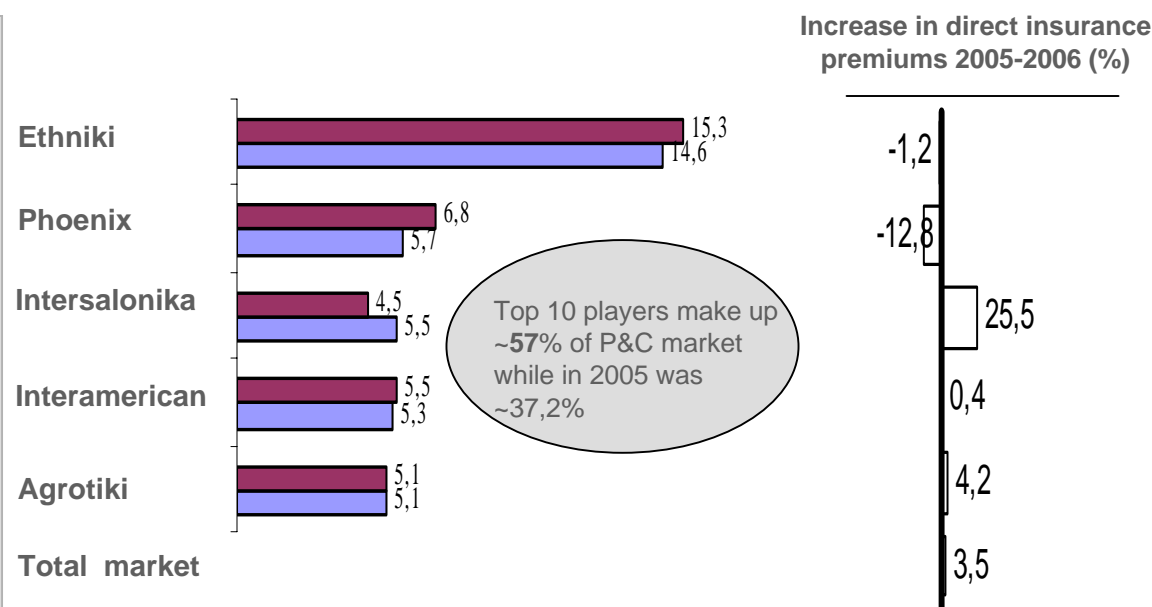
Withdrawal of licenses from 6 insurance companies (with estimated market share of 3% in General insurance and 4% in the Motor business)

Entry of AXA Group in the Greek market via the acquisition of Alpha Insurance Company

Entry of Groupama Group in the Greek market via the acquisition of Phoenix-Metrolife and the withdrawal of its share from A.S.E.

Buy-out of shares of insurance companies from Banks (International Life-Proton Bank, European Faith-Piraeus Bank)

## P & C





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## 2006: Achievements

### Growth

-  Production in the Life Business presented a significant increase of 41%. This increase is mainly attributed to in the Bancassurance products "PROSTHETO+" and "FRONTIZO" and to the 31% increase in the new production of the corporate sales agency network
-  The new commercial policy in the Motor sector gave impressive results in favour of the Company in the last quarter of 2006. While keeping the average per contract premium almost constant, the new applications were increased by 5,7% and the cancellations were decreased by 20% compared to 2005
-  The results achieved by the corporate sales network from the promotion of mortgages were quite encouraging with 1.237 approved loans in 4 months
-  In the Fire Business, there was an increase of production by 14% exceeding the 9,3% of the market
-  Assurebanking: Approval of 1.237 housing loans through the sales network, compared to the initial objective of 1.070 loans for the period 1/5 - 31/12/2006 (beginning of operations: May 2006)

### Operational improvement

-  Control of operating expenses
  - Development of new IT strategy
  - Automation processes
  - Successful installation and application of SAP
-  Empowerment of the organisational structure of the Internal Control department, improvement of processes, determination of roles and responsibilities
-  Completion of Sarbanes – Oxley Act project
-  Completion of reformation program
  - Successful completion of the new early retirement program

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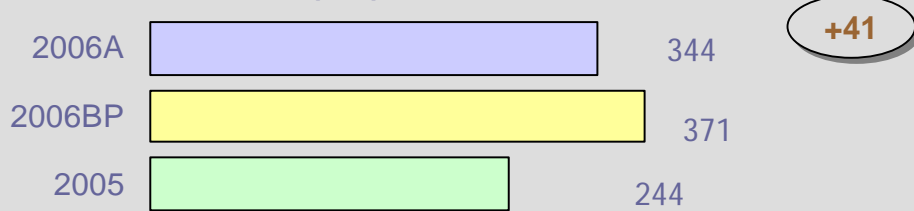
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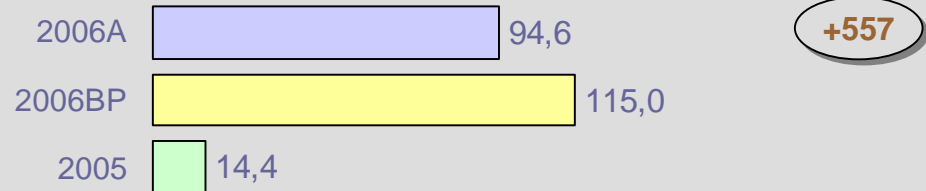
## 2006: Our life business grew significantly in 2006

### Life

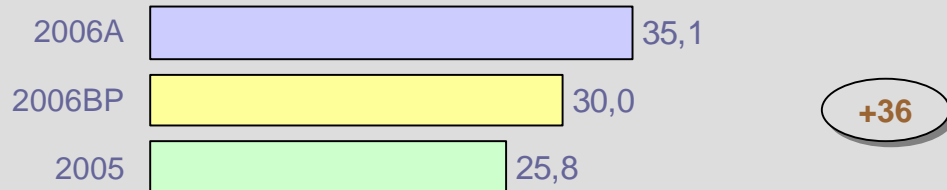
#### Gross earned premiums & related income (€m)\* Change 05-06 (%)



#### New Business – Single Premiums (€m)\* Change 05-06 (%)



#### New Business – Annually Renewable (€m) Change 05-06 (%)



Production in the Life business grew by 41% in 2006 compared to 2005, outperforming by far the market (17,5%)

The promotion of single premiums products by NBG's network was impressive. The variation from the estimates will be covered in 2007

New production increased significantly compared not only to 2005 but also to our initial forecasts

\*Does not include DAF

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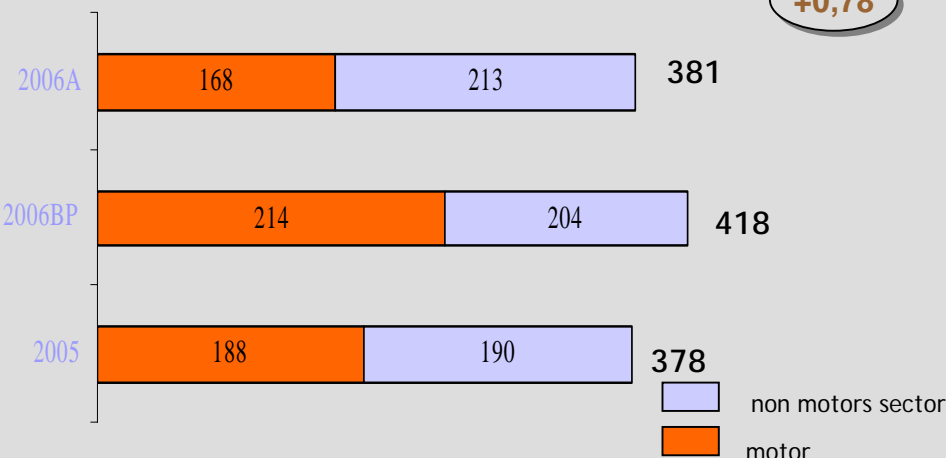
## 2006: Our P&C business results

### P&C

#### Gross earned premiums & related income (€m)\*

Change 05-06 (%)

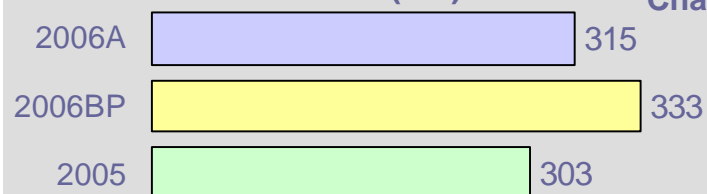
+0,78



#### Net Earned Premiums (€m)

Change 05-06 (%)

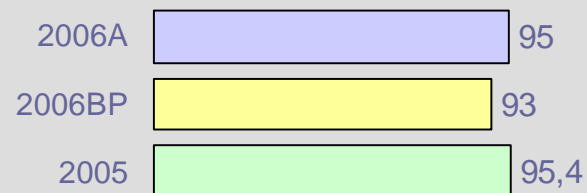
+4



#### Combined ratio (%) – without one offs \*

Change 05-06 (%)

- 0,4



Our Non-Life business, was marginally increased compared to 2005 while following the objectives set in our business plan. The shortfall was mainly due to lower than expected performance of the Motor business, which accounts for the 44% of all P&C premiums, following the declining market trend

On the contrary, the rest of P&C business (excluding motor sector) experienced a growth of 12%

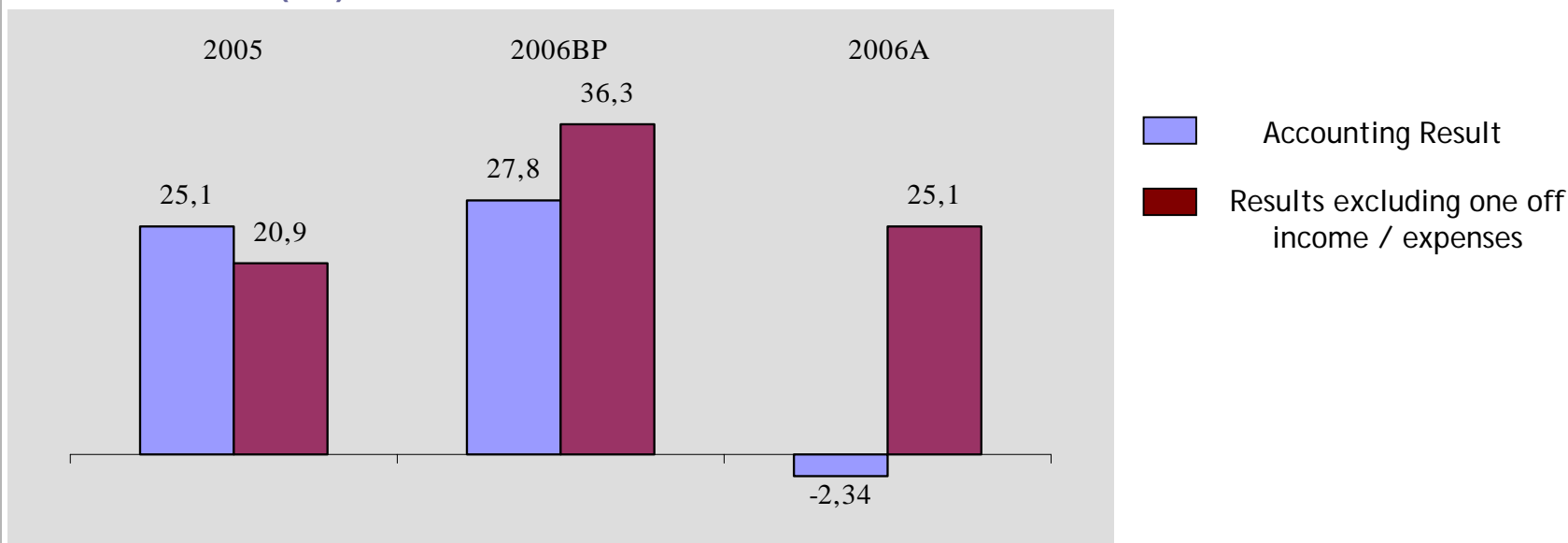
The combined ratio remained stable

\* Early retirement expenses and strengthening of reserves in the Motor business

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## 2006: Results

### Profit after tax (€m)



■ Result, after excluding one off income/expenses, has increased by 20,1% compared to 2005. The deviation from the objective is mainly attributed to :

- the time delay in the realization of the Motor business's new commercial policy, that resulted in a reduction of production by 10,4% compared to 2005, and an increase of 7,8% compared to budget
- the lower performance of part of the investments portfolio against the objective of 4,5%.

■ In 2006, the one off expenses after tax relate to €18,1 m. strengthening of reserves in the Motor business and to €9,3 m. from the early retirement program. Respectively, in 2005, one off items relate to € 4,2 m. after tax profit from the sale of property.

## 2006: International activities

### Romania

- Growth potential from bancassurance business through strategic alliances with domestic financial institutions e.g., Banca Romaneasca, Alpha Bank Romania
- **Premiums 2006: €29.679 th. (+183,2% vs 2005)**
- **PBT 2006: €4.647 th. (+996% vs 2005)**

### Bulgaria

- Focus on bancassurance, taking advantage UBB's (NBG subsidiary) position as the second largest bank of the country
- Life and P&C companies started to operate from October 2006
- Profitable results in December 31<sup>st</sup>, 2006



### Cyprus

- Further increase of profitability and production above market growth
- **Premiums 2006: € 15.762 th. (+25,9% vs 2005)**
- **PBT 2006: € 1.6 th. (+7% vs 2005)**

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### Strategic priorities

Growth

Operational improvement

Control & Governance

International expansion

### Goals

- 🖥️ Increase of Return on Equity
- 🖥️ Market leader in both Life and Non-Life business in Greece
- 🖥️ Efficient and qualitative procedures leading to cost reductions, increase of client satisfaction and improved corporate governance
- 🖥️ Significant presence in neighboring markets where NBG operates

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