



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

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

ON A COMPANY AND CONSOLIDATED BASIS

**ANNUAL FINANCIAL STATEMENTS
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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-asfaltiki.gr

ETHNIKI INSURANCE
ANNUAL FINANCIAL STATEMENTS FOR FINANCIAL YEAR 2005

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 pages 7 to 45 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.

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BALANCE SHEET					
	Note	GROUP		PARENT COMPANY	
		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 associated 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 *
Pension Liability	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

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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 pages 7 to 45 are considered to be integral part of the Annual Financial Statements.

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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 activities	(52.218)	(84.356)	(51.956)	(82.940)
Changes in operating activities				
(Increase)/ Decrease of receivables	(39.677)	56.573	(26.952)	65.270
Increase / (Decrease) in liabilities	(33.105)	629	(41.065)	397
Increase 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 financial assets	(1.475.463)	(925.054)	(1.474.584)	(922.675)
Sale of financial assets	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 in cease (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

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The notes in pages 7 to 45 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 which 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 Sygrou 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 and financial assets at fair value for trading purposes through the income statement. 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 which 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 income statement. 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.

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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 policy holder. 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, and illness on an individual as well as on a group basis.

Insurance contracts with discretionary participation features

The majority of traditional life insurance products incorporate profit participation formula. These contracts provide the policy holder 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.

Insurance contracts without discretionary participation features

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 policy holder. 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 contracts.

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.

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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 policy holders 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.

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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 depreciation 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 amortized 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 unrecognised 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) are 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 has 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 mean 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 pricing, 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 correlate 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	Accounting	IFRS	Greek GAAP	Accounting	IFRS
		N.2190	Changes		N.2190	Changes	
		1/1/2004			31/12/2004		
		(in '000s €)					
Investment properties	(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 associated 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 and 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 from reinsurance activities		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 to life insured clientsto staff, 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
Unearned Premium Reserves	(8)	140.321	25.383	165.704	108.180	24.226	132.406
Othes insurance reserves		6.860	0	6.860	7.081	0	7.081
Life Insurance mathematical provisions where the policyholder 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 due 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

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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 PART LIABILITY	FIRE	OTHER BRANCHES	TOTAL
	(in 000s €)				

Net of reinsurance written premium	239.679	183.967	39.105	79.447	542.198
Net realized 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)
Commission 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

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INCOME STATEMENT					
	2004				
	MOTOR LIFE	VEHICLE PART	THIRD LIABILITY	OTHER FIRE BRANCHES	TOTAL
	(In 000s €)				

Net of reinsurance written premium	246.615	203.575	29.555	76.089	555.834
Net realized 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				
	MOTOR LIFE	VEHICLE PART	THIRD LIABILITY	OTHER FIRE BRANCHES	TOTAL
	(In 000s €)				

Net of reinsurance written premium	236.587	180.623	39.105	74.566	530.881
Net realized 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

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INCOME STATEMENT					
	2004				
	LIFE	MOTOR VEHICLE THIRD PART LIABILITY	FIRE	OTHER BRANCHES	TOTAL
	(In 000s €)				
Net reinsurance written premium	243.929	197.022	29.555	74.614	545.120
Net realized 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)
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 and 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 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:

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. CEDED PREMIUM

	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

	GROUP			PARENT COMPANY		
	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**

	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
Proceeds 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 investment 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 €)			

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)

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➤ **Parent**

	TOTAL	REINSURER PART	COMPANY PART	TOTAL	REINSURER PART	COMPANY PART
	31/12/2005			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. COMMISSION EXPENSES

➤ **Group**

Group	31/12/2005			31/12/2004		
	COMMISSION EXPENSES	REINSURANCE COMMISSION EXPENSES	TOTAL	COMMISSION EXPENSES	REINSURANCE COMMISSION EXPENSES	TOTAL
	(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**

Parent Company						
	COMMISSION EXPENSES	REINSURANCE COMMISSION EXPENSES	TOTAL	COMMISSION EXPENSES	REINSURANCE COMMISSION EXPENSES	TOTAL
	31/12/2005			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. CHANGE IN INSURANCE RESERVES

➤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

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. SELLING AND 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 Contributions		(149)	(409)	(149)	(372)
Other		(10.098)	(14.173)	(9.560)	(13.283)
Total		(98.664)	(125.702)	(94.368)	(121.317)

17. ADMINISTRATIVE 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)
Telecommunication 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 analysed 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 doubtful 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 proportional 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 analysed below:

	Group			Parent Company		
	Land	Buildings	Total	Land	Buildings	Total
	(In '000s €)					
* Acquisition cost	48.550	81.960	130.510	48.315	79.898	128.213
Accumulated Depreciation and Impairment	0	(14.639)	(14.639)	0	(14.571)	(14.571)
Net book value 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
Accumulated Depreciation and Impairments	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
Accumulated Depreciation and Impairment 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 fulfil 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 €

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238.071 thousands (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
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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		31/12/2004	
		% Participation	Book Value	% Participation	Book Value
		(in '000s €)			
SOCIETATE COMERCIALA DE ASIGURARE ELENOROMANA 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 is 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. INVESTMENTS 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 €)			
Mutual 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 €)						
Acquisition cost	67.127	56.270	833	23.043	2.441	22.291	172.005
Accumulated depreciation and impairment		(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 impairment	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 impairment	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:

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GROUP							
	Property	Buildings	Transportation	Equipment	Improvements in third party leases	Property under development	Total
	(In '000s €)						
Acquisition cost	67.133	57.350	1.056	23.484	2.441	22.291	173.755
Accumulated depreciation and impairment	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 impairment	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 impairment	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 amortization and impairment	(3.290)	(3.258)
Amortized cost 01/01/2004	4.317	4.312
Plus:		
Additions	1.625	1.581
Minus:		
Amortization 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:		
Amortization 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 amortization and impairment	(5.127)	(5.087)
Accumulated amortization and impairment	4.110	4.064
Acquisition cost	12.963	10.758
Accumulated amortization and impairment	(7.255)	(7.214)
Amortized cost 31/12/2005	5.708	3.544

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 equipment depreciation	154	288	154	187
Impairment 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 instalment due is rescheduled to a future period.

	GROUP		PARENT COMPANY	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
	(In '000s €)			
Premium Receivables	208.778	186.295	195.948	182.361
Provision for doubtful 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 €)			
Due from reinsurers - portion on claims paid	16.084	7.628	16.084	6.809
Due from reinsurers - portion on insurance provision	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 €)					
Deferred Acquisition Costs 31/12/2004	37.888	15.801	53.689	37.720	15.150	52.870
Deferred 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 COMPANY	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
	(Ποσά σε χιλιάδες €)			
Prepaid Expenses	8.475	10.227	8.475	10.349
Prepaid Taxes and Other tax liabilities	4.806	5.185	4.806	5.185
Accrued Interests and commissions	14.799	13.871	14.799	13.871
Other Receivable Revenues	20.427	21.085	19.919	20.248
Total	48.507	50.368	47.999	49.653

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 €)	
<i>LOANS TO EMPLOYEES-AGENTS</i>		
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 analysed as follows:

The balance of the account is analysed 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

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	31/12/2005			31/12/2004		
	COMPANY	REINSURER	TOTAL	COMPANY	REINSURER	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 (hospitalisation 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 policy (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. Hospitalisation 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 agencies	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. PENSION LIABILITY

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 and 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 Sygrou 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 possess each 30% of the new companies' share capital while American Life Insurance Company (Alico) and AIG Central Europe & CIS Insurance Holding Corporation will possess 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.

	FINANCIAL YEAR 2004	DAF	AMMOUNTS AFTER RECLASSIFICATION
ADJUSTMENTS TO THE INCOME STATEMENT			
GROUP			
(In '000s €)			
Written premiums and related revenues	616.511	(24.092)	592.419
Investment income	36.088	(7.263)	28.825
Benefits and claims paid	(315.243)	21.910	(293.333)
Change in reserves	(92.285)	3.561	(88.724)
Administrative expenses	(29.924)	5.884	(24.040)

	FINANCIAL YEAR 2004	DAF	AMMOUNTS AFTER RECLASSIFICATION
ADJUSTMENTS TO THE INCOME STATEMENT			
PARENT COMPANY			
(In '000s €)			
Written premiums and related revenues	594.847	(24.092)	570.755
Investment income	34.401	(7.263)	27.138
Benefits and claim paid	(308.858)	21.910	(286.948)
Change in reserves	(90.944)	3.561	(87.383)
Administrative expenses	(30.754)	5.884	(24.870)

	FINANCIAL YEAR 2004	DAF	AMMOUNTS AFTER RECLASSIFICATION
BALANCE SHEET ADJUSTMENTS			
GROUP			
(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

	FINANCIAL YEAR 2004	DAF	AMMOUNTS AFTER RECLASSIFICATION
BALANCE SHEET ADJUSTMENTS			
PARENT COMPANY			
(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