

# **Greek Economy & Equities**

## **Quarterly Review, October 2006**

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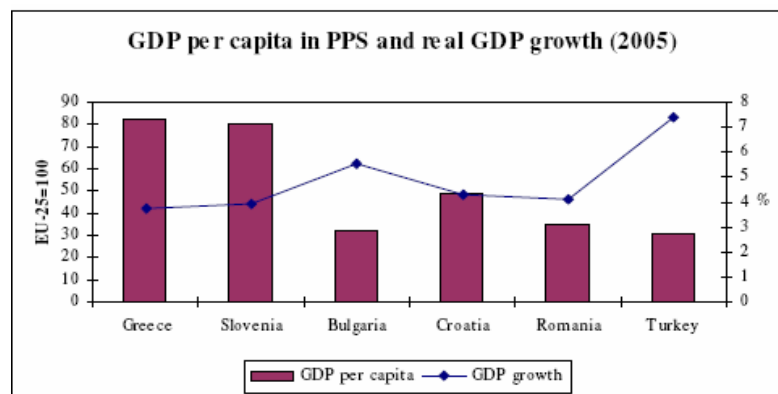
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## The Greek Economy

Economic activity has maintained its momentum in 2006. According to preliminary data by the National Bureau of Statistics, in Q2 2006 Greek GDP growth stood at 4.1%, amongst the highest in the European Union (2.0% in the eurozone and 2.2% in the EU-25) despite soaring oil prices, fiscal consolidation process underway, increasing interest rates and moderate economic performance of the eurozone. This robust performance is expected to continue in coming years, with GDP forecasts of around 3.8% for 2006 and 2007, while the GDP per capita in PPS is projected to reach 80% of EU average in 2008 compared to 64.3% in 1998.

### Greece compared to its neighbors



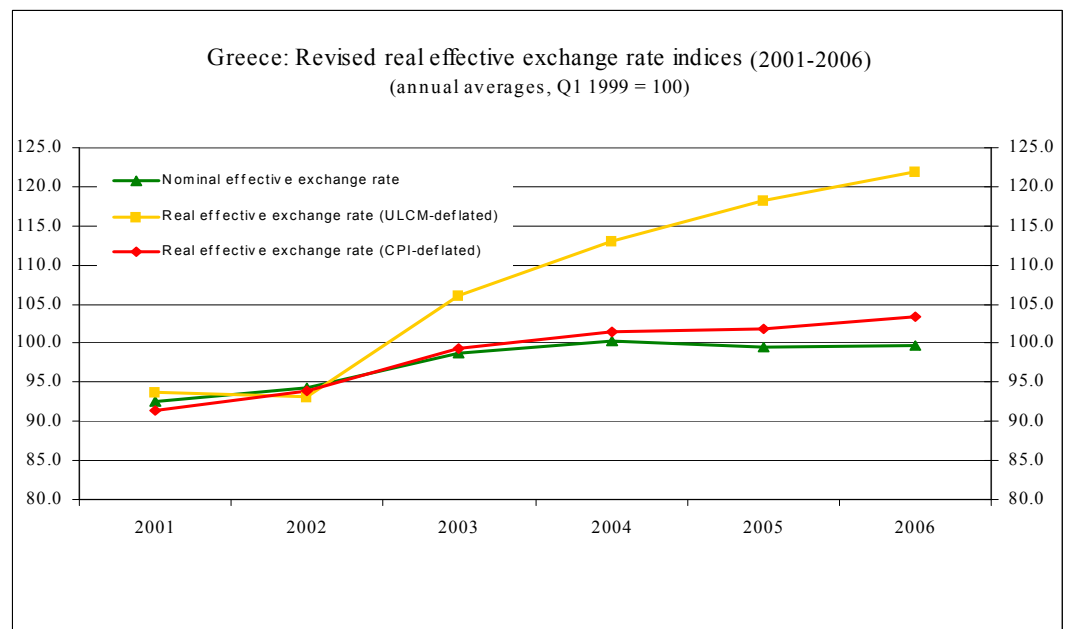
*Note:* Bulgaria and Romania are acceding countries, Croatia and Turkey are candidate countries and Slovenia joined the EU in 2004.

*Sources:* Ministry of Economy and Finance, Eurostat.

In particular, for 2006 strong domestic demand is expected to outstrip the slack created by a worsened current account balance, although exports of goods reported spectacular increase by 22.2% in Jan-June 2006. Total investment is estimated to grow at 8.8% and private consumption at 3.8%, underpinned by continuing growth of the disposable private income, enhanced business investment activity and good overall economic sentiment.

The high rate of growth is likely to continue in 2007, driven mainly by investment and private consumption. Total investment is estimated to grow at 7.4%, supported by the Investment Incentives Law, due to expire in 2008, Public-Private Partnerships, Community Support Framework (CSF) for the period 2007-2013 of €20.1 billion and remaining funds of CSF for the period 2000-2006 of approximately €11 billion. In the same vein, private consumption is also expected to grow along with retail sales volumes, as disposable

incomes steadily improve and total credit expands at double-digit rates, despite the interest rate increases. Moreover, exports' volume is likely to increase in the future, provided that demand in trading partners is robust and Greece enhances its international competitiveness. Recent international rankings show that the country's competitiveness position has improved, by 8 places according to the International Institute for Management, and by 2 places according to the World Bank, as opposed to the World Economic Forum's ranking that reports loss of competitiveness for Greece. Similar conclusions are reached by the use of real effective exchange rate indices as a proxy of competitiveness. The fact remains, however, that inward FDI, tourism and shipping are on rising trend boosting economic activity.



Source: Bank of Greece

The dynamism of the Greek economy reflects important changes on the supply-side conditions. Growth-promoting reforms, taken forward by the government, aim at improving country's international competitiveness and investment climate. Gradual lowering of corporate and individuals' tax rates (Tax Reform Law), simplification of bureaucracy affecting entrepreneurship, New Investment Incentives Law and Law for Public-Private Partnerships are a few examples. Also, other initiatives include enhancement of market liberalisation and competition, through ambitious privatisation

programme, laws liberalising natural gas market and plans for complete liberalisation of electricity market from mid-2007.

On the external side, during the period January-July 2006, the current account deficit widened by €6,296 million over the same period a year ago. This development reflected mainly an increase in the trade deficit and, to a lesser extent, a broadening in the income account deficit (due to higher net interest, dividend and profit payments) coupled with a narrowing of the services and the current transfers' surpluses. In particular, the receipts from goods' exports (excluding oil and ships) showed a remarkable rise (of €778 million), which, however, was more than offset by a hike in the corresponding import bill (of €2,084 million), explained by increasing domestic demand and more expensive oil imports'. The current account deficit is expected to widen by 3 percentage points in 2006 reaching 11% of GDP.

The annual rate of inflation, as measured by the Harmonized Indicator of Consumer Prices (HICP), increased in September 2006 by 2.9% y-o-y compared to 3.9% y-o-y in September 2005, due mainly to the increase in crude oil import prices and fuel prices (2006 annual estimate: 3.3%). The core inflation (i.e. headline inflation excluding food and energy prices) eased to 2.6% during the period January-August 2006 from 3.2% over the respective period in 2005, as the effect of the increase of indirect taxes in 2005 was gradually eliminated in 2006. As upside risks on the demand side remain, the ECB has raised its policy rate by totally 100 basis points since the beginning of 2006, in March, June, August and October, increasing the minimum bid rate to 3.25%. A fifth increase is expected before the end of the year.

The unemployment, although decreased to 8.8% in Q2 2006 (after almost a decade of above 9.0% rates), it remained one of the highest amongst the EU member-states. Indeed, in August 2006 the euro area seasonally-adjusted unemployment stood at 7.9% and the respective average EU-25 at 8.0%. Total employment increased at 1.7% in H1 2006 due to increase in jobs in the services' sector. Employment and labor productivity are projected to rise further in the coming years, as legislative efforts are in progress in order to introduce more flexibility in the labour market by abolishing permanent contracts for new employees in public entities and enterprises, reducing cost of overtime and promoting flexible

working hours. Robust economic activity is expected to further reduce unemployment to 8.2% in 2007.

Recent data on budget execution year-to-August in combination with an estimated real GDP growth of 3.8% in 2006, suggest that Greece will succeed to reduce its budget deficit to below the 3.0% of GDP threshold this year. The comprehensive efforts by the authorities to boost tax collection and reduce tax avoidance seem to have started to bear results on the revenue side. Primary expenditure, however, continued to grow at a higher than the budgeted rate. According to the draft version of the 2007 budget, submitted to the Greek Parliament in October 2006, general government deficit is expected to fall to 2.6% in 2006 (from 5.1% in 2005) and further decrease to 2.4% in 2007. The increase of indirect taxes (i.e. gasoline, cigarettes and mobile telephony) and objective values of houses, as well as the dynamic reclaim of the substantial amount of overdue tax liabilities, will offset the decrease of revenues stemming from further income tax reductions planned for individuals and enterprises. Public debt is also expected to fall at 116.5% of GDP in 2006 and 112.8% in 2007 (from 119.0% in 2005), as the privatization program continues.

<b>Macroeconomic projections: Comparison between Greece and other main economies</b>			
	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Real GDP growth (annual % change)</b>			
Advanced economies	2.6	3.1	2.7
Eurozone	1.3	2.4	2.0
USA	3.2	3.4	2.9
Japan	2.6	2.7	2.1
Greece	3.7	3.8	3.8
<b>Inflation (annual % change)</b>			
Advanced economies	2.3	2.6	2.3
Eurozone	2.2	2.3	2.4
USA	3.4	3.6	2.9
Japan	-0.6	0.3	0.7
Greece	3.5	3.3	3.3
<b>Unemployment (as % of labour force)</b>			
Advanced economies	6.0	5.6	5.5
Eurozone	8.6	7.9	7.7
USA	5.1	4.8	4.9
Japan	4.4	4.1	4.0
Greece	9.9	9.2	8.2
<b>Current account balance (as % of GDP)</b>			
Advanced economies	-1.4	-1.6	-1.7
Eurozone	0	-0.1	-0.2
USA	-6.4	-6.6	-6.9
Japan	3.6	3.7	3.5
Greece	-9.2	-11.0	-7.8
<b>General government balance (as % of GDP)</b>			
Advanced economies	-2.7	-2.3	-2.3
Eurozone	-2.2	-2	-1.9
USA	-3.7	-3.1	-3.2
Japan	-5.6	-5.2	-4.9
Greece	-5,1	-2,6	-2,4

The announcement by the government of a pending upward revision of GDP by 25.7%, as a result of different calculation methodology of the tertiary sector (i.e. trade, services, construction and tourism) and the inclusion of shadow economy activities into the official statistics is expected to result in further improvement of fiscal revenues. On the downside, the upward revision of GDP might result in Greece not being eligible anymore for funding by the Cohesion Fund, in the context of the next Community Support Framework for the period 2007-2013.

Conjectural indicators point to continuing robust growth in domestic demand. According to the latest figures, the turnover in retail trade increased by 14.4 % at current prices in

July 2006 as compared to July 2005, while the volume of retail trade (i.e. turnover in retail trade at constant prices) increased by 10.7 % in the respective period. Growth in manufacturing production was positive (1.6% y-o-y) for the period January-June 2006 and is forecasted to remain positive for the following months, based on Greek PMI data. The volume of residential construction activity (as measured by building permits) increased by 5.4% in the period January-July 2006. Given the surge in building permits during H2 of 2005 and H1 of 2006 and the fact that mortgage lending growth continues to remain high, a substantial increase in residential investment is expected for 2006 (5.5%) and 2007 (2.0%). The National Bureau of Statistics began in 2006 to publish new indices showing the turnover in services. Indicatively, the turnover in telecommunications and post-offices sector increased by 7.3% y-o-y in Q2 2006, while the turnover in information technology increased by 35.6% over the same period.

Growth in total credit expansion is expected to continue at double-digit rates in the remainder of 2006 and in 2007, despite the increase in interest rates. In August 2006 total credit expanded at 19.6% (Q4 2005:14.0%), reflecting, to a great extent, the increased credit supplied to the general government (August 2006: 12.8%, Q4 2005: -0.7%) in the context of MFIs' portfolio restructuring. Meanwhile, credit to enterprises and households continued to expand at a high rate, above 20%. Although total outstanding household credit in Greece (in percentage-of-GDP terms) remains well below the corresponding EU average (38% compared with 56% for the euro area), its rapid rise in recent years could potentially raise macroeconomic risks in the case of sudden and unforeseen adverse events, such as a sharp economic downturn or a significant rise in interest rates. BoG has already taken steps to address these provisional concerns. The Greek banking sector, though, seems to currently enjoy high solvency and capitalization ratios.

**Main Economic Indicators Greece**  
*(annual % change, unless otherwise stated)*

	2004	2005	2006	2007
GDP at constant prices	4.7	3.7	3.8	3.8
Private Consumption	4.7	3.7	3.8	3.8
Public Consumption	2.8	3.1	2.0	1.1
Gross fixed capital formation	5.7	-1.4	8.8	7.4
Exports (goods and services)	11.7	2.9	5.3	6.5
Imports (goods and services)	9.3	-1.2	6.6	7.0

**Note on Southeastern Europe (Bulgaria, Romania, Albania, FYROM, Serbia-Montenegro) and Mediterranean countries (Turkey, Egypt)**

**Bulgaria:** Bulgaria's economy expanded by 5.6% in Q1 2006 (compared to 5.9% in Q1 2005) and is projected to round the year out at 5.3% (compared to 5.5% in 2005). The restrictive monetary environment limited credit expansion and slowed down total consumption to 4.8% y-o-y in Q1 2006. Over the same period, exports accelerated by 12.9% y-o-y, but were outpaced by the strength of imports in both volume and growth terms. The trade deficit during the period January-July 2006 reached a high of 10.8% of GDP, while the current account deficit surged to 7.6% of GDP. Although one-off factors and rising oil prices have contributed to this development, much of the increase of the deficit can be traced to the buoyancy of domestic demand, notably investment but also consumption. Strong FDI, channeled mainly to retail banking, construction and real estate sectors, financed more than two thirds of the current account deficit and contributed to a rising investment-to-GDP ratio. Although, the IMF and the European Commission have pointed out the need to direct more investments towards export market and transportation infrastructure, the country's absorption capacity remains an issue, as institutional capabilities are still insufficient. Unemployment fell to 9.1% in June, the lowest level since 1991, due to strong growth and investments in tourism, while wage pressures remained contained. The average annual inflation rate in January-June 2006 stood at 8.1% (compared to 4.4% the corresponding period last year). Due to accession-related infrastructure investment, the fiscal surplus is expected to drop to 0.8% of GDP in 2007 from 2.6% in 2005. The last monitoring report of the European Commission in September 2006 recommended 1.1.2007 as the date for Bulgaria's accession to the EU, but encouraged at the same time the completion of progress in a number of areas of continuing concern, like the justice system and the fight against corruption and organized crime.

**Romania:** Economic activity accelerated during Q1 2006 at 6.9%, supported by buoyant household consumption (10.9% y-o-y), exports growth (13% y-o-y) and expanding investment (11.4% y-o-y). In the view of EU-accession related spending and the need for increased infrastructure investment, the government approved in June an increase of the budget deficit to 2.5% of GDP, although till May 2006 it run a budget surplus. CPI in June rose to 7.1%, well above this year's target range of 4-6%, due mainly to rising excise taxes. The approved increase in public spending, the high energy costs and the sustained

domestic demand make it unlikely that inflation will considerably fall in 2006, despite further tightening of monetary policy in June by the Bulgarian National Bank (the policy rate has been increased by 125 percentage points to 8.75% since the beginning of the year). The trade deficit expanded by 49% y-o-y in January-May 2006, while the current account deficit expanded by 53% y-o-y. FDI soared by 93% the first five months of 2006, covering roughly 86% of the current account deficit. The unemployment rate dropped to 5.3% in June, the lowest level since 1992. Similarly to Bulgaria, the last monitoring report of the European Commission in September 2006 recommended 1.1.2007 as the date for Romania's accession to the EU, but encouraged at the same time the completion of progress in a number of areas of continuing concern, like the justice system and the fight against corruption and organized crime.

**Albania:** Energy sector reforms and domestic credit expansion should become the main driving forces of GDP growth in 2006 (annual forecast: 5.0%), after the suffering of the economy last year, due to severe power disruptions. Prudent fiscal policies and key structural reforms with an emphasis on further reduction of public debt resulted in improved fiscal position. Trade deficit worsened in Q1 2006 due to rapid growth of imports (22% y-o-y) and deceleration of exports (12% y-o-y). Current account deficit is projected to increase to 8.1% of GDP by the end of the year. Net FDI has continued to suffer, as the pace of structural reforms remains slow, compared to other countries in the region, impeding the development of domestic markets. Despite the high energy costs and the strong credit expansion, CPI remains firmly contained, declining to 2.4% y-o-y in June. On the political front, the Stabilization and Association Agreement with the European Union was signed on 12 June 2006, accelerating Albania's institutional and economic reform efforts.

**FYROM:** Economic activity is expected to grow at 4.0% in 2006, compared to 3.8% in 2005, supported mainly by strengthened domestic demand. CPI rose at 3.1% y-o-y during H1 2006, with the excise duties on tobacco increasing, as a result of EU harmonization policies, and the transport costs rising due to higher energy prices. The government continues to pursue fiscal tightness aiming at a further reduction of the budget deficit. Exports declined by 0.5% y-o-y during January-May 2006, worsening further the current account balance which remains high (2005: 7.8% of GDP).

**Serbia:** The economy of Serbia rebounded at 6.3% in Q1 2006 after the sharp decline of GDP growth in 2005. The government's target of 7.0% growth in 2006 seems achievable, as domestic demand increases, underpinned by strong credit growth and rising wages. These factors, coupled with higher energy prices, amplify inflationary pressures on the economy, keeping CPI at double-digits (15.1% y-o-y in June 2006). FDI inflows remain weak and even decreased by roughly 41.0% by end-April 2006, while the current account deficit deteriorated by 64.0% over the same period. Monetary policy remains very restrictive (as of June, around 34.0% of the banking assets were sterilized by the National Bank of Serbia), while prudent fiscal policy aims at a fiscal surplus of 2.5% of GDP at the end of 2006. On the exchange rate front, a major change has taken place, as the central bank appears to have abandoned the real peg to the euro and adopted a pure floating exchange regime, which has led to a 5.5% nominal appreciation of the CSD against the euro since the beginning of the year. Though output is up nearly 40.0% since 2000, employment has trended down and unemployment is over 20.0% and still rising. Since May 2006, EU negotiations with Serbia have been interrupted due to failure of the Serbian government to fulfill ICTY-related conditionality.

**Montenegro:** In June 2006 the Montenegrin Parliament declared independence. The EU Council expressed the will to develop further the relations with Montenegro as a sovereign, independent state. Bilateral recognitions by Member States followed. The Commission also stated its intention to ask for a new mandate in order to continue negotiating separately with Montenegro on a Stabilization and Association Agreement. On the economic front, real GDP rose by 4.1% in 2005 despite the fall in industrial production by 1.9%, notably due to problems in the coal mine, the thermoelectric power plan and the steelworks. Tourism and financial sectors were the most dynamic factors of the economic growth. The budget deficit continued at 2.6% of GDP, while public debt decreased to 43.0% of GDP. The current account deficit widened to 8.6% of GDP. The major factor for the widening was the significant and growing trade deficit, fuelled by the low competitiveness of the economy, the increase in demand for imported products and the reduction in foreign assistance. Net foreign direct investment (FDI) reached 374.7 million euros, reflecting inflows related to privatizations.

**Turkey:** Economic growth in Q1 2006 slowed down to 6.4% (from 7.4% in 2005 and 8.9% in 2004). Private and public consumption rose above 8.0%, but export growth weakened significantly, widening the current account deficit by 73.0% y-o-y for the period January-May 2006. Turkey's disinflation efforts have been undermined by increasing fresh food and vegetable prices, higher energy prices and the sudden and broad depreciation of the lira versus both the USD and euro (as a result of the turmoil in emerging markets, as well as increasing concerns about rising inflation and a widening current account). Inflation rose to 10.1% y-o-y in June 2006, well above the 5.0% Central Bank's target for the year. In response to this turbulence, the central bank tightened its monetary policy stance by increasing the policy rate by 425 basis points to 17.5%. According to the Ministry of Finance a budget surplus was recorded in H1 2006 for the first time since 1984, as strong growth supported fiscal revenues. The large privatization projects in pipeline are expected to further increase FDI inflows, which amounted to 8.1 billion USD in the first 5 months of 2006 (compared to 628 million USD in the corresponding period last year). Unemployment stood at 10.0% in the period March-May 2006. On the political front, the European Parliament adopted, in September 2006, a Report on Turkey's progress towards accession. MEPs stated that they were critical of the slowdown in the reform process. Relations with Cyprus and Armenia, as well as restrictions on freedom of expression and religion, figured prominently in the Report. A lack of progress in implementing the Ankara protocol will have serious implications for the negotiation process and could even bring it to a halt.

**Egypt:** Wide-ranging reforms, supportive macroeconomic policies and a favorable external environment have contributed to faster growth in Egypt in recent years, especially after 2004. Real GDP growth has accelerated since H2 2005. Buoyant domestic demand, stemming amongst others from a pick-up in credit activity (8.6% y-o-y in June 2006 against 3.6% y-o-y a year ago) and expansionary fiscal policy increased headline inflation sharply and significantly reduced the current account surplus. Inflation soared to 7.3% y-o-y in June 2006 compared with 4.7% a year earlier and the current account surplus dropped to 1.6% of GDP in June 2006 from 3.1% of GDP a year ago. Despite Egypt's strong performance, sustaining the growth momentum and raising employment remain pressing economic issues, as labor force is expanding rapidly. Fiscal consolidation is also a key challenge as fiscal deficit stands currently at 9.0% of GDP.

## Southeastern Europe – Summary of Economic Indicators

<b>Greece</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Real GDP	4.7	3.7	3.8	3.8
Consumer Prices	3.0	3.5	3.3	3.3
Unemployment	10.5	9.9	9.2	8.2
Current account (% of GDP)	-9.5	-9.2	-11.0	-7.8
Fiscal Balance (% of GDP)	-6.9	-5,1	-2,6	-2,4
Public Debt (% of GDP)	108.5	119	116.5	112.8
FDI (net, US \$ mill.)	1074.2	-844.7	1257.1	-

<b>Bulgaria</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Real GDP	5.7	5.5	5.3	6.0
Consumer Prices	6.1	5.0	7.4	3.8
Unemployment	12.0	9.9	9.0	8.3
Current account (% of GDP)	-5.8	-11.8	-12.4	-12.2
Fiscal Balance (% of GDP)	1.9	2.6	3.0	0.8
Public Debt (% of GDP)	38.6	29.9	26.7	22.4
FDI (net, US \$ mill.)	1232	1991	2106	2500

<b>Romania</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Real GDP	8.4	4.1	5.5	5.5
Consumer Prices	11.9	9.0	7.8	5.7
Unemployment	7.6	7.7	7.8	7.6
Current account (% of GDP)	-8,5	-8.7	-10,9	-11,1
Fiscal Balance (% of GDP)	-1.3	-0.4	-2.5	-5.4
Public Debt (% of GDP)	18.5	19.0	14.7	15.4
FDI (net, US \$ mill.)	5020	5230	4480	-

<b>Albania</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Real GDP	5.9	5.5	5.0	6.0
Consumer Prices	2.9	2.4	2.2	3.0
Unemployment	14.5	14.7	14.1	13.8
Current account (% of GDP)	-6.1	-7.1	-8,1	-8.2
Fiscal Balance (% of GDP)	-5.0	-3.3	-4.1	-4.8
Public Debt (% of GDP)	55.6	54.8	55.1	54.7
FDI (net, US \$ mill.)	343	288	339	484

<b>FYROM</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Real GDP	4.1	3.8	4.0	4.0
Consumer Prices	0.1	0.5	2.9	2.0
Unemployment	37.2	36.5	35.6	34.4
Current account (% of GDP)	-7.7	-7,8	-5.0	-4.1
Fiscal Balance (% of GDP)	0.7	0.3	-0.6	-0.6
Public Debt (% of GDP)	44.3	47.6	36.0	35.0
FDI (net, US \$ mill.)	156	97	300	202

<b>Serbia</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Real GDP	9.3	6.3	7.0	5.0
Consumer Prices	10.1	17.3	14.3	9.7
Unemployment	31.7	32.6	32.3	32.0
Current account (% of GDP)	-12.5	-9,6	-10,0	-9,7
Fiscal Balance (% of GDP)	-0.3	0.9	2.5	2.3
Public Debt (% of GDP)	60.2	53.1	51.8	49.4
FDI (net, US \$ mill.)	1031	2020	2000	1610

<b>Turkey</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Real GDP	8.9	7.4	5.8	5.5
Consumer Prices	8.6	8.2	10.2	7.2
Unemployment	10.3	10.3	10.2	9.9
Current account (% of GDP)	-5,2	-6,4	-6,7	-5,8
Fiscal Balance (% of GDP)	-5.7	-1.2	-1.4	-1.0
Public Debt (% of GDP)	76.9	69.6	64.5	60.8
FDI (net, US \$ mill.)	1800	8600	13700	12100

<b>Egypt</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Real GDP	4.1	5.0	5.2	5.2
Consumer Prices	11.7	4.7	3.8	4.0
Unemployment	9.2	9.1	9.0	8.8
Current account (% of GDP)	4.3	3.1	2.0	1.6
Fiscal Balance (% of GDP)	9.5	9.0	9.0	8.4
Public Debt (% of GDP)	65.7	64.6	64.3	63.8
FDI (net, US \$ mill.)	400	3900	5600	6400

Sources: European Commission, IMF, EBRD, NBG

## **The Greek Equity Market during the First Half 2006**

The positive sentiment returned to the Athens Exchange following the massive sell-off of the May-June period, with the General Index climbing again above 4,000 during the first days of October. The privatization of Emporiki Bank that created expectations for the banking sector, the successful listing of Postal Savings Banks, the decline in the price of oil, the falling of long-term interest rates and the solid corporate earnings results announced for the first half of the year, were the main catalysts behind this development. Also, the foreign investors continue to drive the demand holding nearly 50% of the market cap of the high capitalization market, while in the mid-cap sector they doubled their share to 47% compared to the same period of last year, resulting to an average turnover of € 341 million, twice as much compared to the similar period of 2005.

The profitability of the Greek companies with shares listed on Athens Exchange increased by 51% in the first six months of 2006 compared to the same period of 2005, and by 41% if the financial sector is excluded. It worth mentioning that the banks continue reporting strong earnings showing a 63% y-o-y increase in profits after tax, an outcome deriving from the significant increase of interest and fee income and the reduction of operating expenses that brought the efficiency ratio at levels below 50%. The expansion to Balkans strengthened their results with the profits from the operations there representing nearly the 6% of total profits.

Overall, the General Index of the Athens Exchange recouped the losses it reported during the first six months of 2006 and ended 11.2% up y-t-d on the 12th of October 2006. Similar performance was reported for FTSE-20, although again both indices underperformed the mid (35.01%) and small cap (29.84%) segments of the market. The health care sector index continued its impressive performance (122.27%) followed by chemicals (62.65%) and financial services (49.12%), while on the contrary two sectors, technology (-1.90%), and oil and gas (-9.97%), despite the positive momentum of the market, reported negative performance.

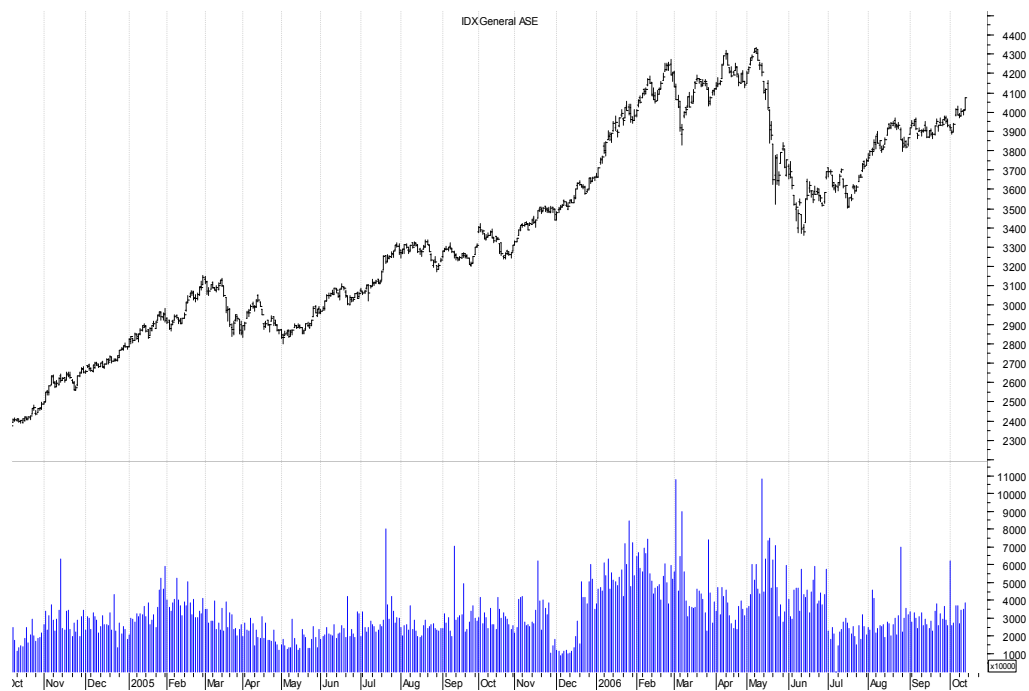
Looking at the performance of individual companies that constitute the three FTSE indices, the Bank of Cyprus that recently entered into FTSE-20 index is by far the most

successful story of 2006 nearly doubling its return, followed by Bank of Piraeus and Viohalco, Germanos and Alpha Bank. On the contrary, Emporiki Bank, Hellenic Petroleum, Agricultural Bank and four more companies belonging to FTSE-20 index reported negative performance. The subsidiaries of Viohalco, Neochimiki and Marfin Financial Group were the top performers in the mid-cap sector with only eight companies reporting negative returns, particularly Technical Olympic due to the slowdown of housing market in USA where TOUSA, its largest subsidiary, operates. In the small-cap sector, the impressive entrance of Lavipharm to the American market resulted in a 363% performance y-t-d, while five more companies reported returns that exceeded 100% and most of them reported a double-digit positive performance. In contrast only four companies reported negative performance.

Notes: Year to date performance concerns the period 30 December 2005 – 12 October 2006

## **Athens Exchange General Index**

January 2005 – October 2006



## Greek Equities - Statistics

NAME	Price			Price 30/12/05	%52W High	%52W Low	%YTD
	12/10/06	52W High	52W Low				
ASE GENERAL INDEX	4,075.48	4,334.18	3,236.90	3,663.90	-5.97%	25.91%	11.23%
FTSE/ASE 20 INDEX	2,241.08	2,366.96	1,792.46	2,019.04	-5.32%	25.03%	11.00%
FTSE/ASE MIDCAP 40 INDEX	4,586.44	4,865.40	2,844.30	3,397.00	-5.73%	61.25%	35.01%
FTSE/ASE SMALL CAP 80 IX	813.66	869.74	516.52	626.64	-6.45%	57.53%	29.84%
FTSE/ATHEX HEALTH CARE	11,113.54	11,216.95	4,924.83	5,000.00	-0.92%	125.66%	122.27%
FTSE/ATHEX CHEMICALS	8,132.52	8,946.65	5,000.00	5,000.00	-9.10%	62.65%	62.65%
FTSE/ATHEX FIN SERVICES	7,455.87	8,247.87	5,001.77	5,000.00	-9.60%	49.06%	49.12%
FTSE/ATHEX CONST & MATER	6,229.86	7,133.01	4,988.09	5,000.00	-12.66%	24.89%	24.60%
FTSE/ATHEX BASIC RESOURC	6,218.00	7,394.50	4,408.89	5,000.00	-15.91%	41.03%	24.36%
FTSE/ATHEX IND GOODS SRV	6,199.49	6,971.07	4,443.12	5,000.00	-11.07%	39.53%	23.99%
FTSE/ATHEX RETAIL	6,121.69	6,236.26	5,000.52	5,000.00	-1.84%	22.42%	22.43%
FTSE/ATHEX BANKS INDEX	5,932.22	6,286.88	4,436.18	5,000.00	-5.64%	33.72%	18.64%
FTSE/ATHEX FOOD & BEV	5,609.29	5,845.22	4,521.78	5,000.00	-4.04%	24.05%	12.19%
FTSE/ATHEX UTILITIES	5,557.35	5,900.27	4,673.19	5,000.00	-5.81%	18.92%	11.15%
FTSE/ATHEX INSURANCE IDX	5,533.89	7,421.36	3,827.45	5,000.00	-25.43%	44.58%	10.68%
FTSE/ATHEX MEDIA	5,409.31	7,090.75	4,180.79	5,000.00	-23.71%	29.38%	8.19%
FTSE/ATHEX TELECOM INDEX	5,321.27	5,425.75	4,314.70	5,000.00	-1.93%	23.33%	6.43%
FTSE/ATHEX PER HOUS GOOD	5,320.69	6,052.41	4,381.81	5,000.00	-12.09%	21.43%	6.41%
FTSE/ATHEX TRAVEL & LEIS	5,148.12	5,855.20	4,492.83	5,000.00	-12.08%	14.59%	2.96%
FTSE/ATHEX TECHNOLOGY	4,904.83	6,587.40	3,862.14	5,000.00	-25.54%	27.00%	-1.90%
FTSE/ATHEX OIL & GAS IDX	4,501.58	5,760.55	4,061.53	5,000.00	-21.86%	10.83%	-9.97%

FTSE-20 MEMBERS	Price			Price 30/12/05	%52W High	%52W Low	%YTD
	12/10/06	52W High	52W Low				
BANK OF CYPRUS LTD	8.98	9.06	3.94	4.60	-0.88%	127.80%	95.22%
PIRAEUS BANK	21.60	21.89	13.15	14.48	-1.32%	64.23%	49.17%
VIOHALCO	9.02	11.14	5.32	6.80	-19.03%	69.55%	32.65%
GERMANOS	18.84	19.04	12.06	14.30	-1.05%	56.22%	31.75%
ALPHA BANK	22.94	23.56	16.50	17.64	-2.62%	39.03%	30.02%
EFG EUROBANK ERGASIAS	26.40	28.85	20.40	22.27	-8.49%	29.41%	18.56%
PUBLIC POWER CORP	20.74	22.02	16.86	18.46	-5.81%	23.01%	12.35%
TITAN CEMENT	38.76	44.70	27.50	34.50	-13.29%	40.95%	12.35%
HELLENIC TELECOM ORG	19.72	20.06	15.40	18.00	-1.69%	28.05%	9.56%
COCA-COLA HELLENIC BOTTLING	26.60	27.70	21.70	24.88	-3.97%	22.58%	6.91%
FOLLI-FOLLIE	23.30	26.28	16.62	22.50	-11.34%	40.19%	3.56%
NATIONAL BANK OF GREECE	34.74	41.60	25.88	33.57	-16.50%	34.21%	3.49%
MOTOR OIL	20.34	26.00	16.90	19.86	-21.77%	20.36%	2.42%
COSMOTE	18.54	20.12	16.26	18.78	-7.85%	14.02%	-1.28%
OPAP	27.12	33.70	23.10	29.10	-19.53%	17.40%	-6.80%
INTRACOM HOLDINGS	5.14	7.84	4.12	5.60	-34.44%	24.76%	-8.21%
HELLENIC DUTY FREE SHOPS	13.14	17.00	11.30	14.90	-22.71%	16.28%	-11.81%
HELLENIC PETROLEUM	9.76	13.30	9.00	11.88	-26.62%	8.44%	-17.85%
AGRICULTURAL BANK OF GREECE	4.06	6.26	3.38	4.99	-35.09%	20.12%	-18.60%
EMPORIKI BANK OF GREECE	22.50	31.80	20.95	28.70	-29.25%	7.42%	-21.60%

FTSE-40 MEMBERS	Price			Price 30/12/05	%52W High	%52W		%YTD
	12/10/06	52W High	52W Low			Low	High	
SIDENOR	7.26	7.50	2.36	3.20	-3.20%	207.63%	126.88%	
NEOCHIMIKI LV LAVRENTIADIS	12.06	13.64	4.52	5.60	-11.58%	166.81%	115.36%	
HALCOR	3.84	4.60	1.44	1.86	-16.52%	166.67%	106.45%	
MARFIN FINANCIAL GROUP	36.40	36.78	16.45	19.90	-1.03%	121.25%	82.93%	
BLUE STAR MARITIME	3.20	3.52	1.07	1.80	-9.09%	199.07%	77.78%	
FRIGOGLOSS	15.68	16.10	5.30	8.88	-2.61%	195.85%	76.58%	
EGNATIA BANK	7.52	7.72	3.84	4.40	-2.59%	95.83%	70.91%	
HELLENIC EXCHANGES HOLDING	13.48	15.51	6.68	8.15	-13.06%	101.83%	65.34%	
JUMBO	12.26	12.50	7.40	7.65	-1.92%	65.68%	60.26%	
ATHENS MEDICAL CENTER	4.38	4.80	2.47	2.77	-8.75%	77.33%	58.12%	
ELVAL ALUMINUM PROCESS	3.26	3.90	1.73	2.08	-16.41%	88.44%	56.73%	
BABIS VOVOS	21.00	21.86	13.00	13.90	-3.93%	61.54%	51.08%	
INTRALOT	22.12	27.82	12.24	14.80	-20.49%	80.72%	49.46%	
PROTON BANK	9.80	10.06	5.00	6.68	-2.58%	96.00%	46.71%	
HERACLES CEMENT	14.54	17.20	8.74	10.00	-15.47%	66.36%	45.40%	
J&P-AVAX	5.68	6.88	3.54	3.98	-17.44%	60.45%	42.71%	
HELLENIC TECHNODOMIKI TEV	7.78	9.06	4.04	5.46	-14.13%	92.57%	42.49%	
TELETYPOS MEGA CHANNEL	5.00	5.67	3.04	3.51	-11.86%	64.69%	42.49%	
TERNA	10.50	13.74	5.84	7.40	-23.58%	79.79%	41.89%	
LAMDA DEVELOPMENT	8.10	8.40	5.20	5.76	-3.57%	55.77%	40.63%	
C. ROKAS	18.00	19.04	9.36	13.32	-5.46%	92.31%	35.14%	
GEK GROUP	6.66	8.80	4.26	5.32	-24.32%	56.34%	25.19%	
ATTICA HOLDINGS	4.20	4.31	2.64	3.42	-2.44%	59.27%	22.81%	
VIVARTIA	12.10	14.30	8.26	10.02	-15.38%	46.49%	20.76%	
FOURLIS	13.80	14.60	6.94	11.46	-5.48%	98.85%	20.42%	
MYTILINEOS HOLDINGS	21.44	27.58	13.74	18.24	-22.26%	56.04%	17.54%	
SARANTIS	7.92	9.46	6.14	7.16	-16.28%	28.99%	10.61%	
ALUMINIUM OF GREECE	16.58	21.90	8.60	15.24	-24.29%	92.79%	8.79%	
ETHNIKI GENERAL INSURANCE	5.74	7.80	3.92	5.30	-26.41%	46.28%	8.30%	
NOTOS COM HOLDINGS	3.58	4.04	2.52	3.36	-11.39%	42.06%	6.55%	
S & B INDUSTRIAL MINERALS	8.88	11.86	7.24	8.78	-25.13%	22.65%	1.14%	
METKA	9.04	11.64	5.78	9.02	-22.34%	56.40%	0.22%	
ATHENS WATER SUPPLY & SEWAGE	6.94	8.74	5.62	7.20	-20.59%	23.49%	-3.61%	
GENIKI BANK	9.50	12.96	7.30	9.98	-26.70%	30.14%	-4.81%	
INFO-QUEST	3.88	4.58	2.81	4.13	-15.19%	38.03%	-5.96%	
LAMBRAKIS PRESS	2.94	4.62	2.40	3.16	-36.36%	22.50%	-6.96%	
FG EUROPE	2.70	3.52	2.43	3.04	-23.30%	11.11%	-11.18%	
ASTIR PALACE HOTELS	5.68	8.74	5.24	6.76	-35.01%	8.40%	-15.98%	
M.J. MAILLIS	2.61	4.26	2.25	3.38	-38.73%	16.00%	-22.78%	
TECHNICAL OLYMPIC	2.89	5.74	2.53	4.70	-49.65%	14.23%	-38.51%	

Notes

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