

# Progress Report

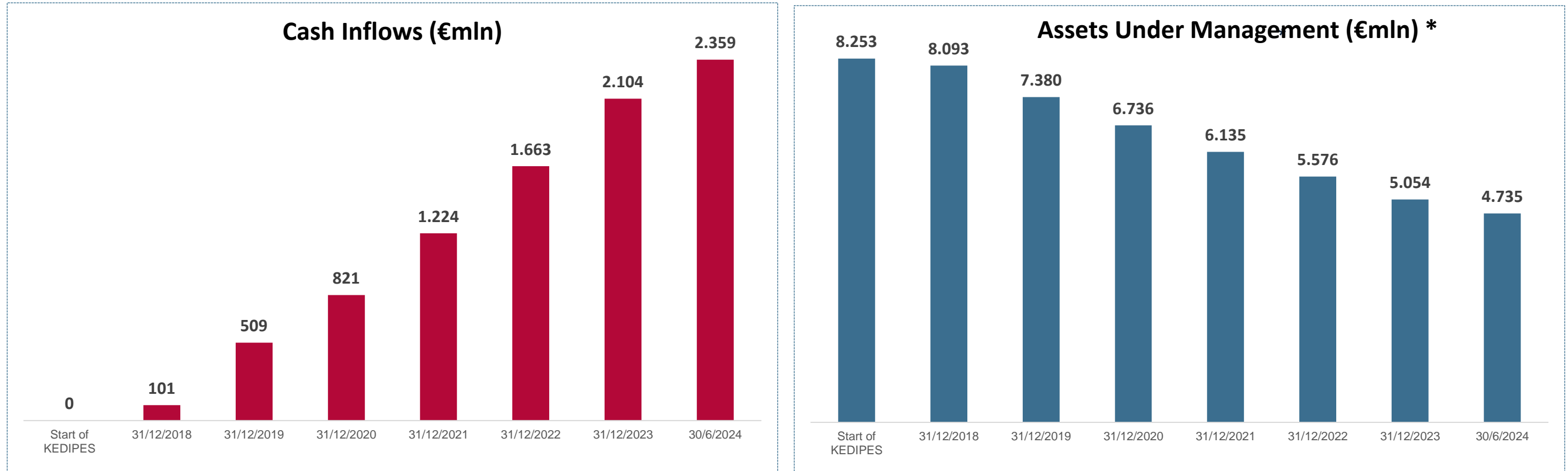
## September 2018 – June 2024



October 2024

**Progress Report**  
**KEDIPES**  
*to 30/06/24*





\* Nominal assets under management excluding €1.612mIn loan interest which has not been recovered or written off.

**€2.359mIn**  
Cash Inflows

**€3.518mIn**  
Deleveraging of Assets Under Management

**€1.360mIn**  
Repayment of State Aid in cash

**€263mIn**  
Property Transfers & other payments to Government Services

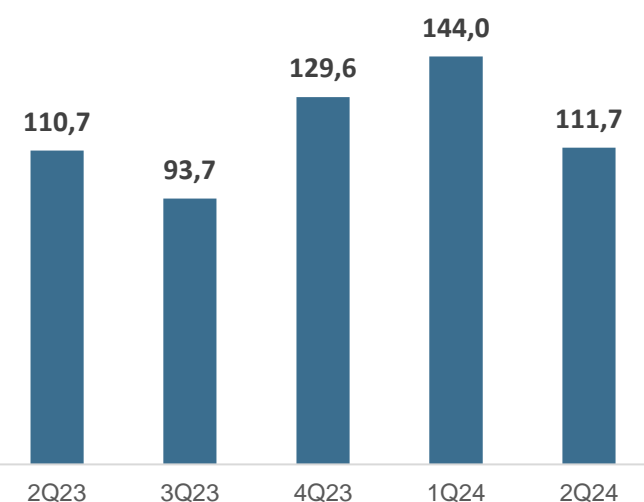
**€291mIn**  
Settlement of Liabilities

**€1.605mIn**  
Restructuring Solutions

**€820mIn**  
Property Sales

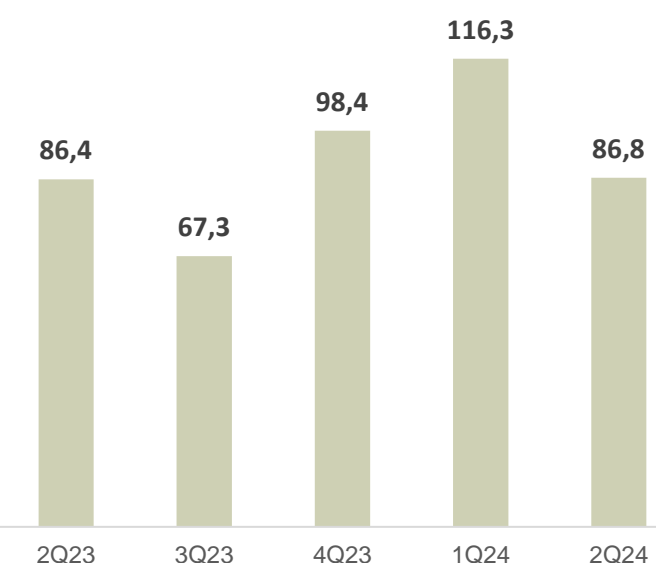
- From the beginning of its operations, KEDIPEs achieved **€2.359mIn** Cash Inflows, with a parallel deleverage of Assets Under Management by **€3.518mIn**.
- Total repayment to State Aid amounted to **€1.360mIn**, of which **€200mIn** in 2024.
- In addition to the repayments of State Aid in cash, property with value of **€130mIn**, under assessment for transfer to the Government, while **€124mIn** was paid to Government Services mainly in the form of taxes and fees, including VAT. Additional **€9,3mIn** repayment of State Aid in Kind relating mainly to repayments of loans under ESTIA scheme and Central Body of Equal Burden-sharing (Κεντρικός Φορέας Ισότητας Κατανομής Βαρών) .
- Payment for the settlement of liabilities amounted to **€290,5mIn**.
- As at the reporting date, **€1.605mIn** Restructuring Solutions and **€820,3mIn** Property Sales were implemented through doValue Cyprus Ltd.

## Cash Inflows (€mln)



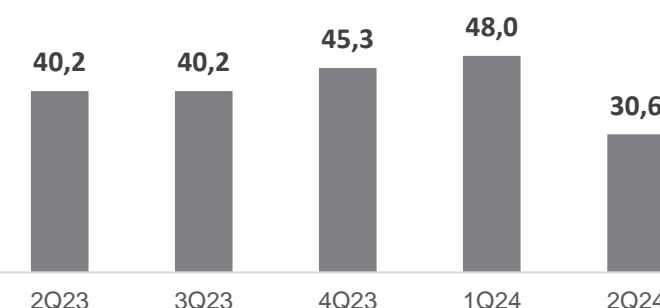
- Cash inflows in 2Q2024, reached €111,7mln, recording a decrease of 22,4% compared to 1Q2024 and an increase of 0,9% compared to 2Q2023.
- Cash inflows in 1Q2024 include receipts from sale of a loan portfolio to BOC and receipts from the sale of a high value property.
- Further details can be found on [page 9](#).

## Operating Cash Flows (€mln)



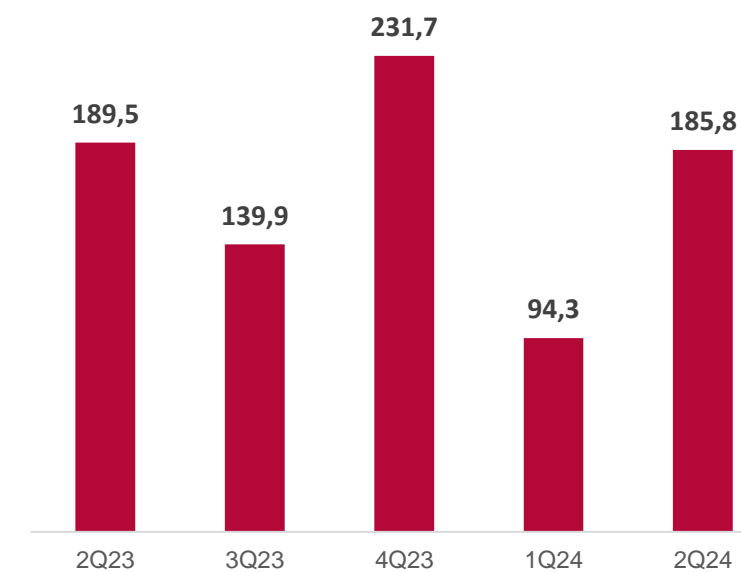
- Operating cash flows in 2Q2024 reached €86,8mln recording a decrease of 25,4% compared to 1Q2024 and at the same level as 2Q2023.
- Further details can be found on [page 11](#).

## REO Sales (€mln)



- REO sales through doValue Cyprus Ltd in 2Q2024 reached €30,6mln, recording a decrease of 36,2% compared to 1Q2024 and a decrease of 23,9% compared to 2Q2023.
- It is noted that in 1Q2024 a high value property of 17,7mln in Limassol was sold directly by KEDIPES resulting in total REO sales of €48,0mln.
- Further details can be found on [page 23](#).

## Total Recovery Solutions (€mln)



- Total recovery solutions in 2Q2024 reached €185,8mln, recording an increase of 97,0% compared to 1Q2024, and a decrease of 1,9% compared to 2Q2023.
- From the start of KEDIPES operations, total recovery solutions amounted to €4.202mln or 57,0% of the initial nominal value of advances amounted to €7.371bln.
- Further details can be found on [page 15](#).

# List of Commitments to DG Competition

KEDIPEs operates on the basis of the “List of Commitments” signed on 15/06/2018 between the Republic of Cyprus and the European Commission’s Directorate-General for Competition (<https://kedipes.com.cy/κεδιπεσ/κατάλογος-δεσμευσεων/>). Compliance with the commitments is monitored by the “Monitoring Trustee”, which is Baker Tilly. The below progress represents the latest progress evaluation of the Monitoring Trustee. Latest progress noted by KEDIPEs.

Commitment	Description of Commitment	Progress
10	All claims of CCB shareholders remain in the Residual Entity (RE) and cannot be transferred to Hellenic Bank (HB) at a later stage.	<b>In compliance</b> and evaluated on an ongoing basis.
11	In return for the state aid that was secured in the process of selling the assets and operations, the RoC must have a claim equal to the value of that aid. Deferrals in payments to finance the MTR not unreasonable.	<b>In compliance</b> and evaluated on an ongoing basis.
12	Sale of SEDIPES shareholding in the joint venture with doValue Cyprus Ltd. An independent expert will verify compatibility with market conditions.	<b>Completed.</b>
13	Surrender of the banking license or reduction in the scope of operations to the minimum necessary for the activities described in Commitment 14.	<b>Completed.</b>
14	The sole activity of the RE will be to manage the assets of the residual entity with the objective of divestment, liquidation or winding down in order to repay the state aid as quick as possible. Purchase and management of properties under the MTR permitted.	<b>Completed.</b>
15	The RE will not acquire a share in any company.	<b>In compliance</b> and evaluated on an ongoing basis.
16	The sole objective of the company is to maximise the recovery of assets as quickly as possible and in an appropriate way. The company will be run by people with specialist knowledge and international experience. It will be independent of the state which can give instructions only relating to the protection of taxpayers’ money and on maximising recovery of the state aid . Management will be granted performance-based remuneration.	<b>Almost Completed</b> – the recruitment of 2 new independent members of the Board of Directors is pending.
17	Success will be evaluated on a regular basis and strategic business plans adjusted accordingly	<b>Completed.</b>
18	Management of the assets will be done by a private Portfolio Servicing Company – either by a new company via a transparent, unconditional tendering process or by the existing provider, doValue Cyprus Ltd, where the terms of the agreement will be assessed by an independent expert. The Servicer’s remuneration will be performance-based. Servicing of MTR properties is permitted.	<b>Completed.</b>
19	The RE retains the right to transfer the entire asset portfolio to any other state-owned asset management company, provided that the financial terms of the transfer do not call into question the assumption of the liability of the shareholders of the CCB.	<b>In compliance</b> and evaluated on an ongoing basis.
20	The terms listed in Commitments 13-19 also apply to the state-owned asset management company which could take over the portfolio of the RE.	<b>In compliance</b> and evaluated on an ongoing basis.

## Strategic Actions

- Termination of banking operations and transformation into an asset management company since 01/09/2018. Transfer of assets from SEDIPES to KEDIPES in 4Q2022.
- Completion of the Transitional Agreement for the Provision of Services to Hellenic Bank (TSA).
- Completion of the financing and management of the initial Staff Voluntary Redundancy Scheme (€128,9mln) and of the subsequent Schemes of 2021/22 which include the termination of employment relations with ex CCB employees who were transferred to doValue Cyprus Ltd (€13,5mln). In addition, 27 employees departed through VRS Scheme that ended on 31 March 2024.
- Repayment of State Aid totaling €1.360mln, of which €120mln in 2019, €200mln in 2020, €250mln in 2021, €310mln in 2022, €280mln in 2023 and €200mln in 6M2024. Set aside €60mln cash reserve for the financing of the Mortgage to Rent Scheme.
- Development and implementation of corporate governance framework and of new organisational structure.
- Completion of the sale of the participation in doValue Cyprus to doValue Spain for €4,5mln in September 2020.
- Agreement with the State for the transfer of properties worth approx. €130mln.
- Management of claims under the Asset Protection Scheme with Hellenic Bank.
- Revision of Business Plan targets full repayment of State Aid.
- Revision of the Service Level Agreement with doValue for the servicing of NPEs and Real Estate Assets.
- Signing of collective agreements with all trade Unions.

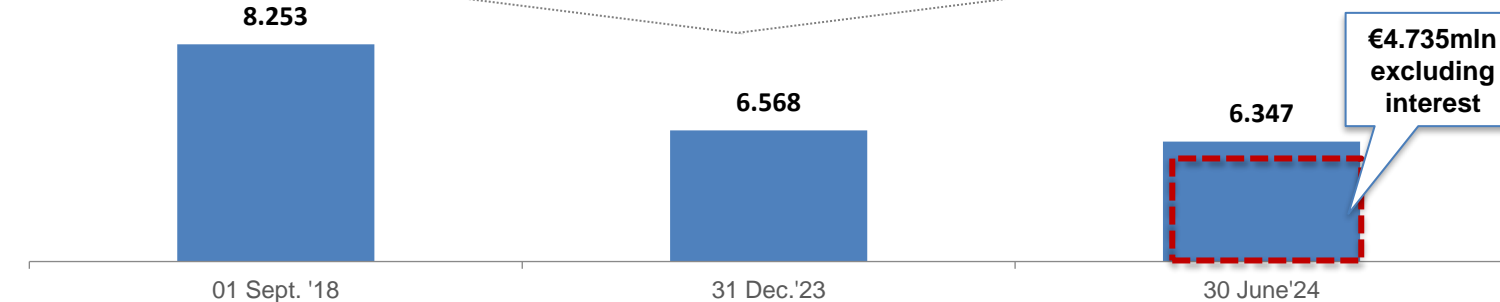
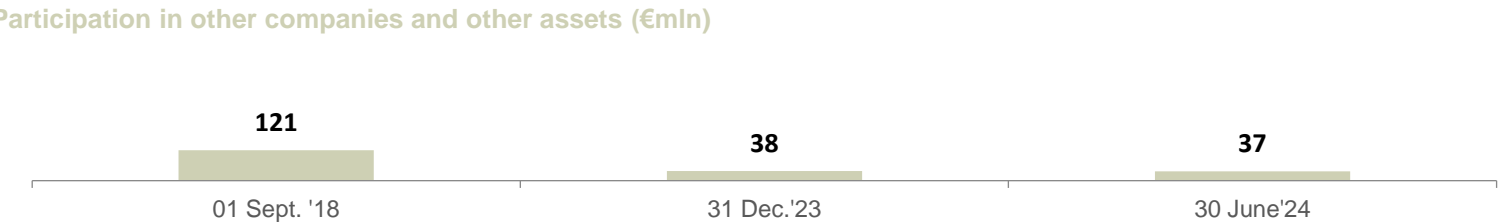
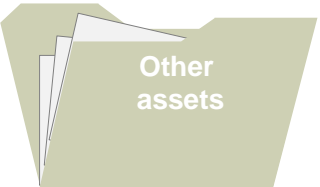
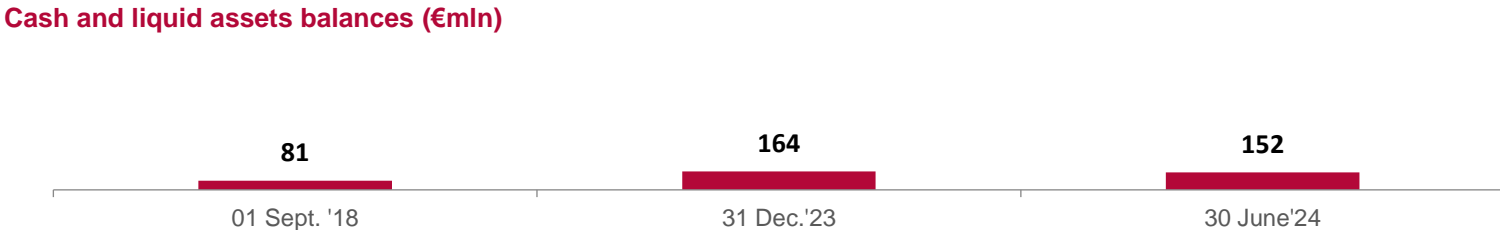
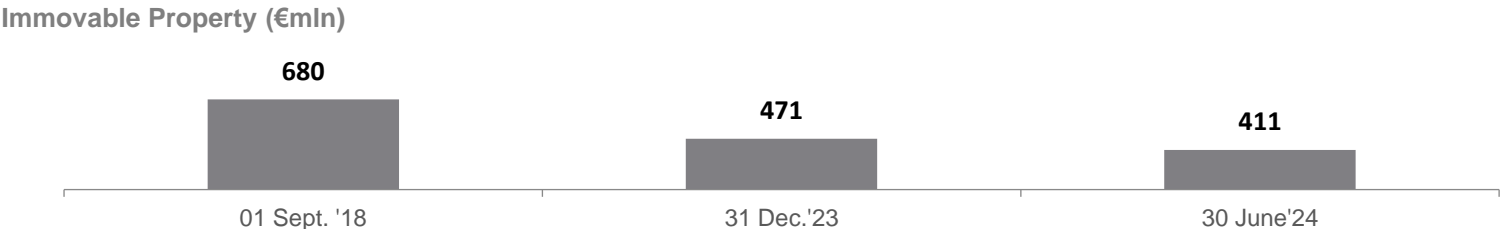
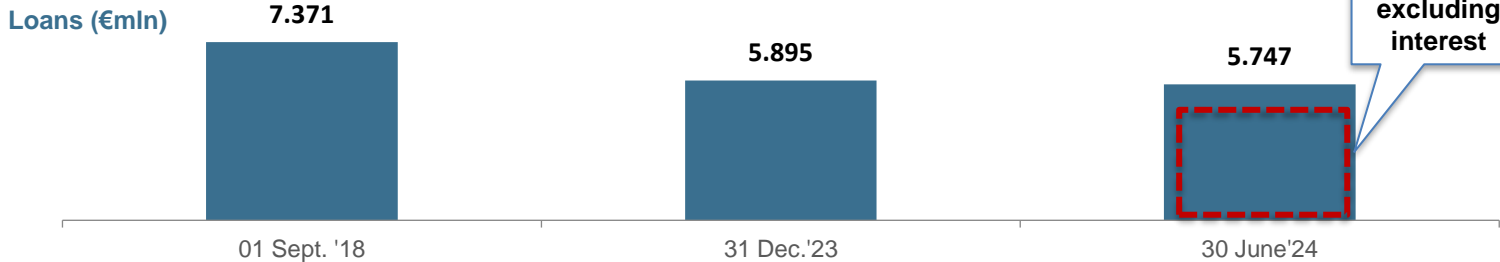
## Challenges

- High interest rates continue to affect borrowers' repayment ability and properties market, albeit to a lesser extent than originally expected.
- Utilization of amended Foreclosure Framework.
- Management of loan portfolio secured by primary residences.
- Sale of loan portfolios and properties.
- Management of the Mortgage to Rent Scheme.
- APS Scheme.
- Management of operating expenses and asset level expenses.
- Management of staff costs.
- Technological upgrade.
- Improvement of data quality.

**Progress Report**  
**KEDIPES**  
*to 30/06/24*



# Assets under Management

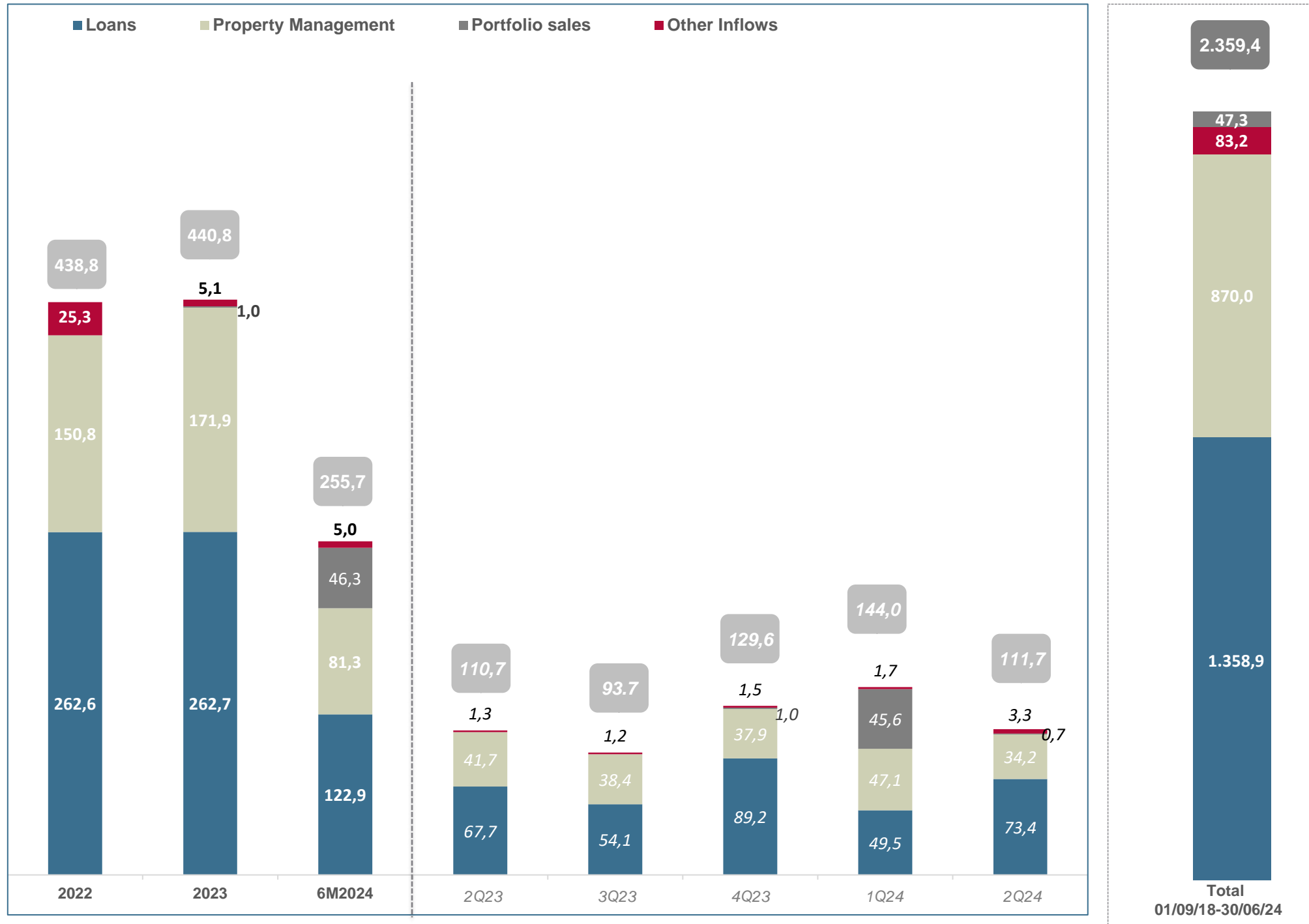


- Initial AuM, including loans at their nominal value, of €8.253mln.
- AuM in 2Q2024 reached €6.347mln or €4.735mln excluding contractual interest.
- Deleveraging of AUM achieved:
  - **23,1%** in nominal terms
  - **42,6%** excluding interest
- The non-audited accounting value of assets as at 30/06/2024 is estimated at €2.397mln.

\* Does not include parked loans promised to be written-off of €527mln, as at 30/06/2024.

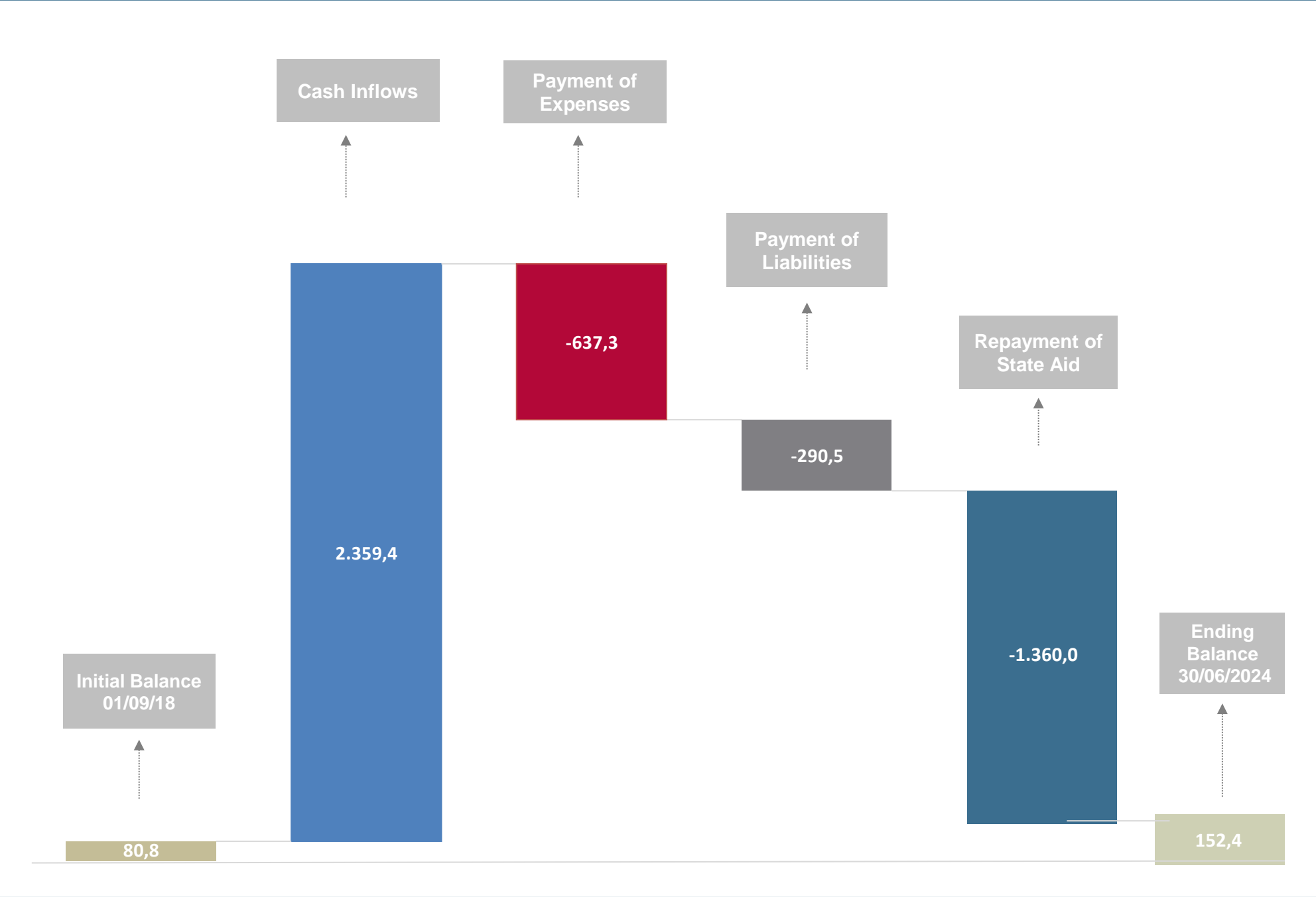
# Cash Inflows

## Cash Inflows (€mIn)



- Cumulative cash flows to 30/06/2024 reached €2.359,4mIn.
- Cash inflows in 2Q2024 reached €111,7mIn recording a decrease of 22,4% compared to €144,0mIn of 1Q2024 and an increase of 0,9% compared to €110,7mIn of the corresponding quarter of 2023.
- Cumulative loan recoveries and disposal of real estate assets contribute 57% and 37% respectively, to total cash inflows.
- Cash inflows in 1Q2024 are significantly increased by the receipts from the completion of the sale of a loan portfolio to BOC.
- Cumulative other cash inflows totaling to €83,2mIn relate mainly to income from services provided to doValue Cyprus Ltd within the framework of the reverse service agreement, cash inflows from the liquidation of other assets, including commercial coops, and interest income on cash and liquid assets.

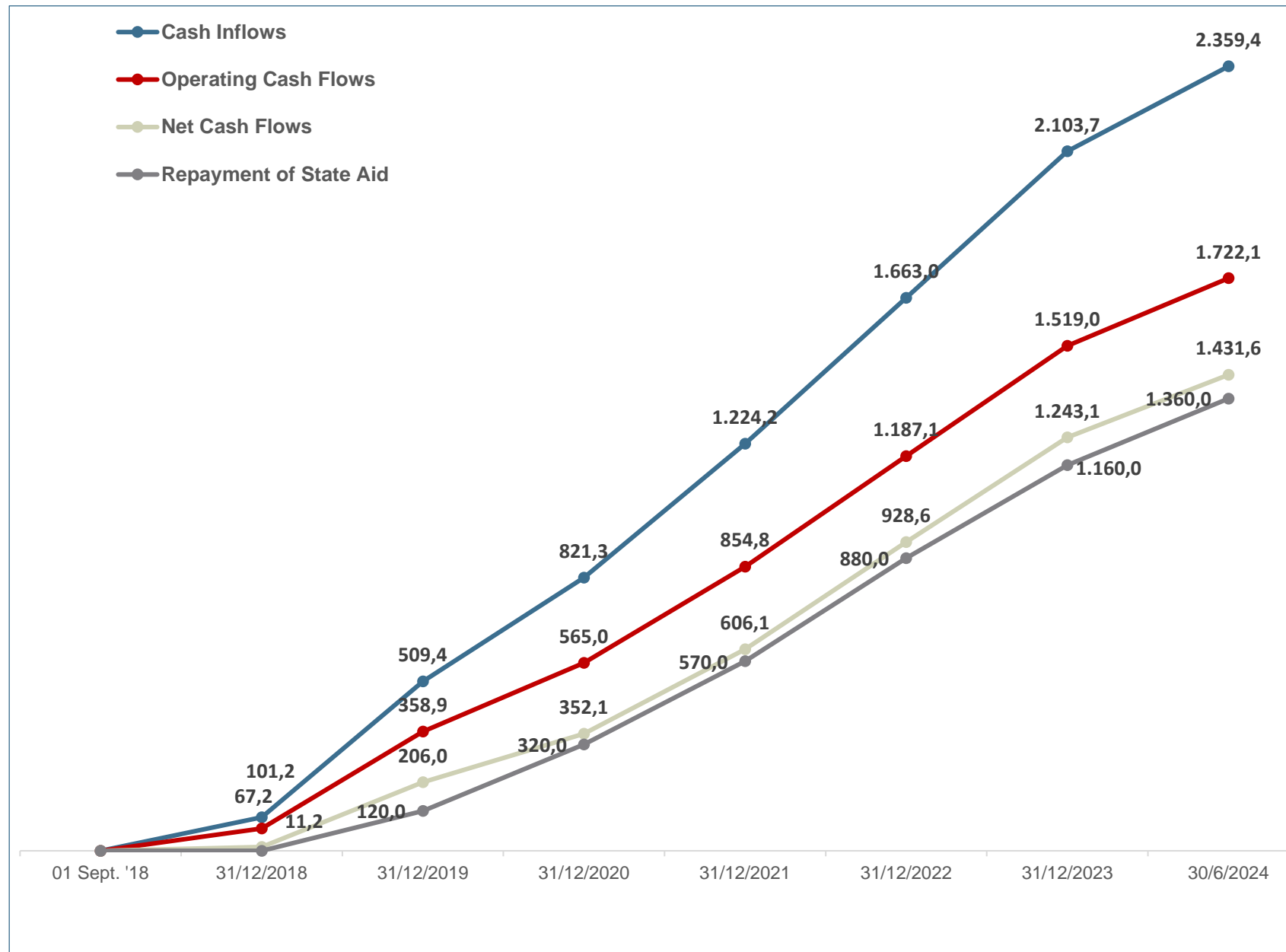
## Cash Inflows and Outflows (€mln)



- Cash and liquid assets position of KEDIPES as at 30/06/2024 was €152,4mln.
- From the start of KEDIPES operations to 30/06/2024, main cash flows are as follows:
  - Cash inflows €2.359,4mln.
  - Payment of operating, servicing and asset management costs €637,3mln.
  - Payment of liabilities €290,5mln.
  - Repayment of the State Aid €1.360mln.

# Cash Flows and Repayment of State Aid

## Cash Flows 01/09/18 – 30/06/24 (€mIn)



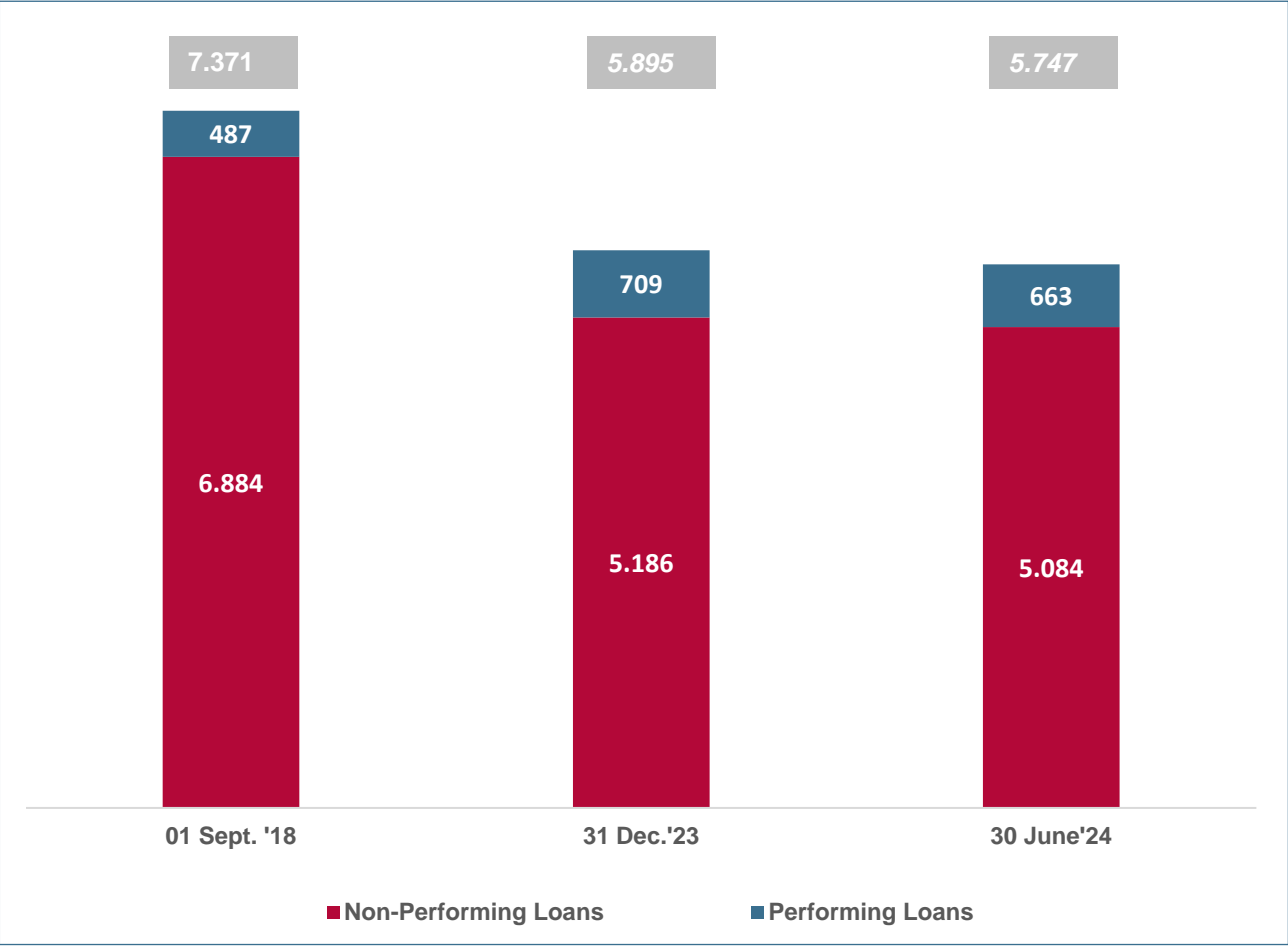
## Repayment of State Aid

- The State Aid repayment is made on a quarterly basis, taking into account cash balances and medium-term obligations.
- Repayments to June 2024 totaled €1.360mIn as follows:
  - €120mIn in 2019
  - €200mIn in 2020
  - €250mIn in 2021
  - €310mIn in 2022
  - €280mIn in 2023
  - €200mIn in 6M2024
- In addition to the cash repayments approximately:
  - €9,3mIn repayment of State Aid in Kind relating mainly to repayments of loans under ESTIA scheme and Central Body of Equal Burden-sharing (Κεντρικός Φορέας Ισότητας Κατανομής Βαρών).
  - €130mIn properties are under assessment for transfer to the State at market prices.

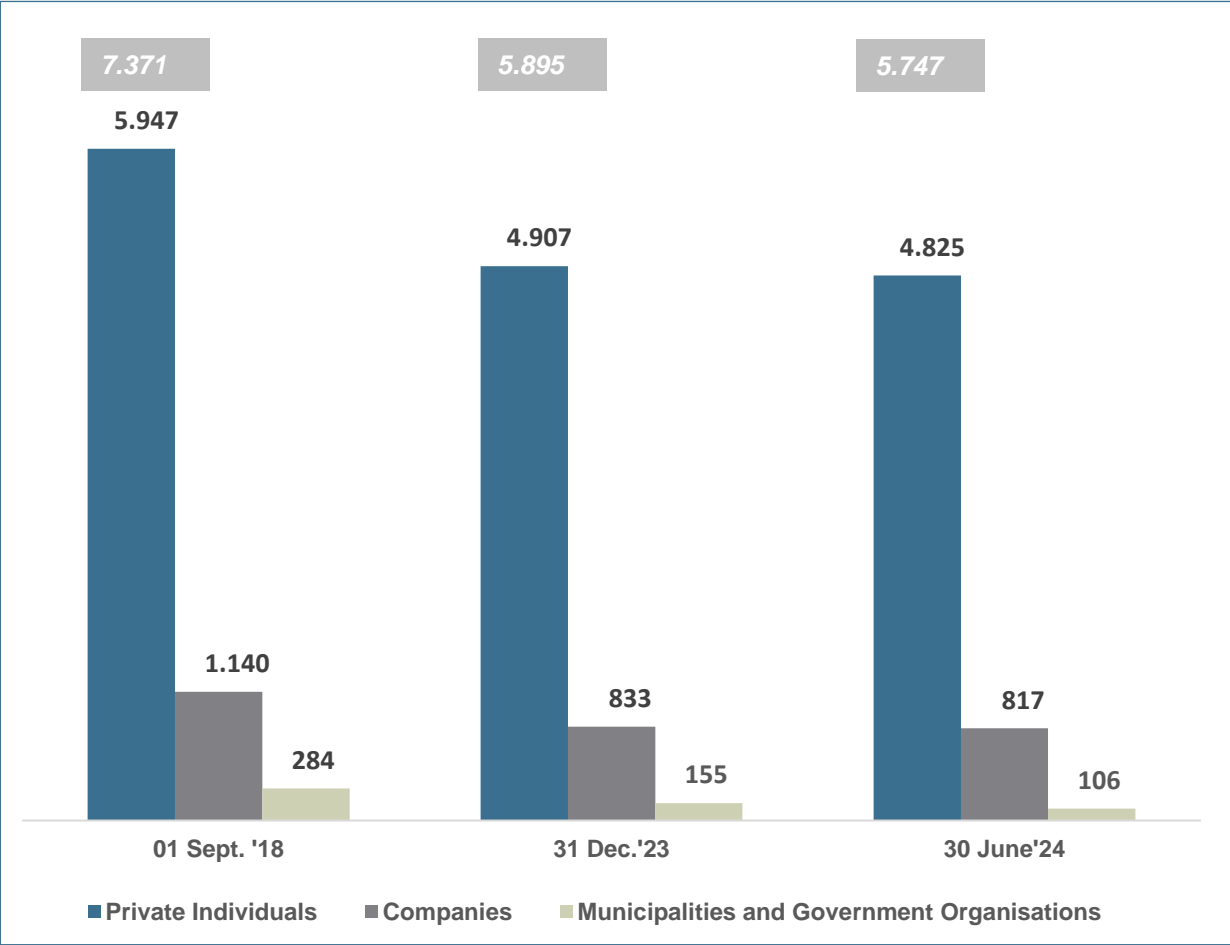
**Progress Report**  
**KEDIPES**  
*to 30/06/24*



Loan by Performance Status (€mln)

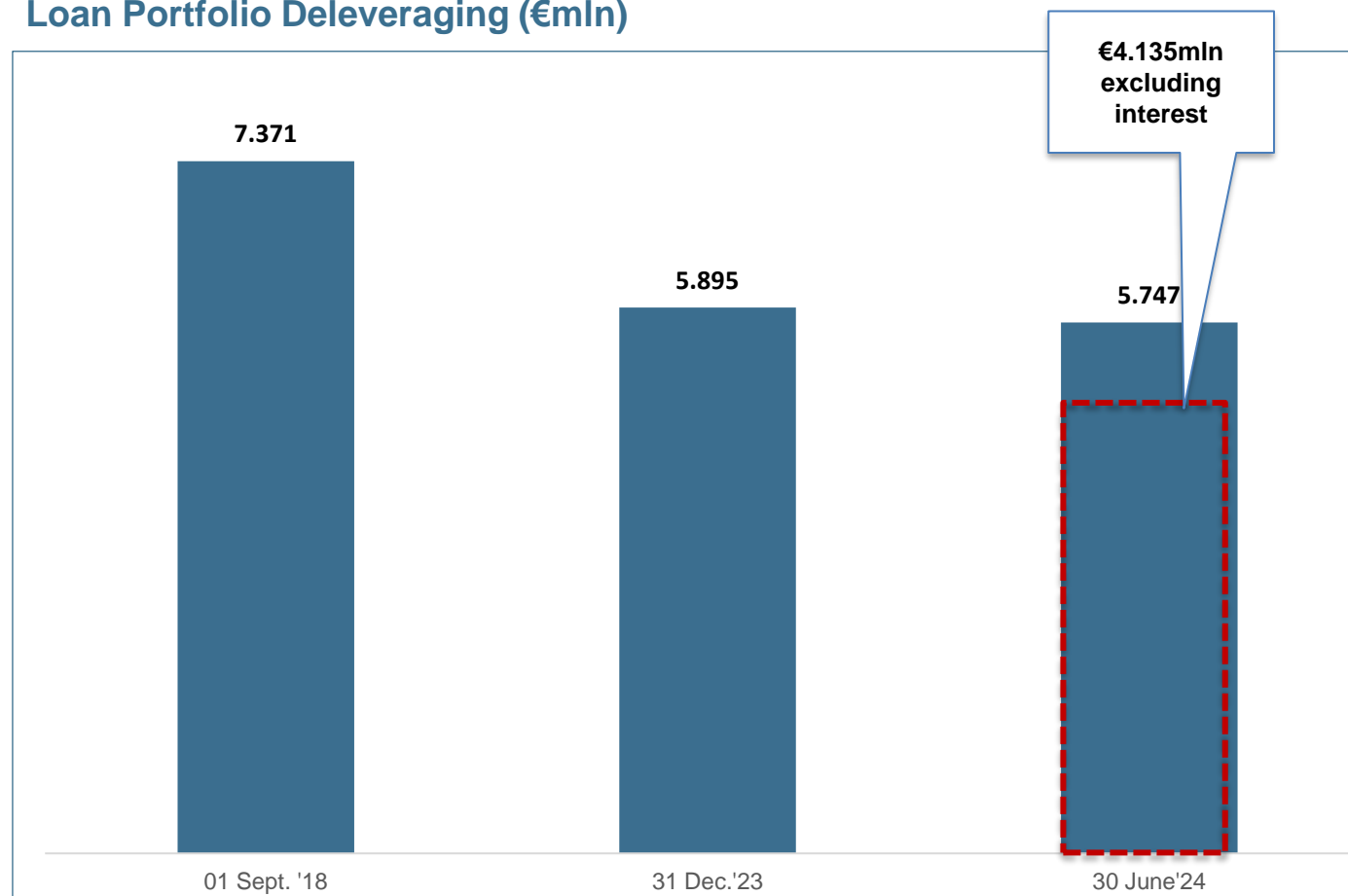


Loans by Institutional Sector (€mln)



- Loans balances were €5.747mln at 30 June 2024, recording a decrease of 1,3% and 22,0% from 31/03/2024 and the initial balance respectively. Total deleveraging since the start of operations excluding interest capitalization, is 43,9%.
- Loans to Municipalities and Government Organizations are decreasing gradually, mainly through regular (usually annual) instalments, with an overall cumulative reduction of 62,7%. At the same time, the reduction in loans to companies totals 28,4% whilst the reduction in loans to Private Individuals is 18,9%.
- The main focus of the KEDIPES business plan is the reduction of the non-performing portfolio through restructuring solutions or recovery solutions.

## Loan Portfolio Deleveraging (€mIn)



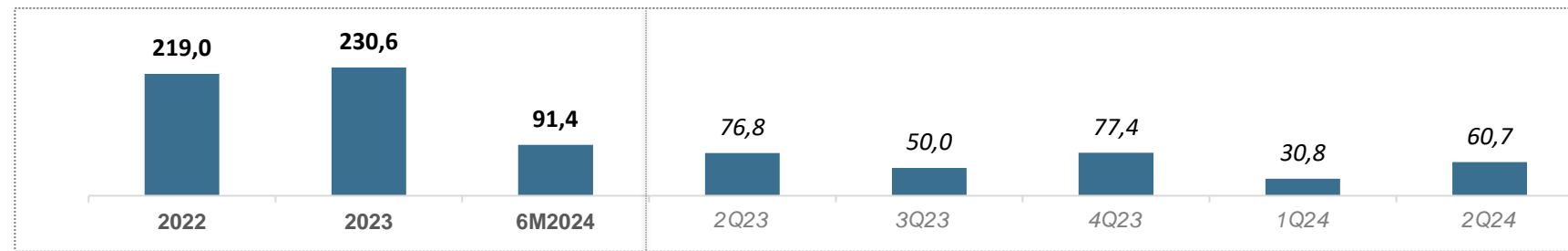
Loan Portfolio Progress		
	€mIn	+ / -
<b>Opening Balance 01/09/2018</b>	<b>7.371</b>	
Recoveries	-2.010	-27,3%
<i>Cash Collections</i>	-1.359	-18,4%
<i>Value of properties on-boarded</i>	-651	-8,8%
Write-Offs (contractual)	-1.733	-23,5%
<i>Interest recovered or written off</i>	+559	+7,6%
Portfolio Sale	-52	-0,7%
<b>Total Deleveraging</b>	<b>-3.236</b>	<b>-43,9%</b>
<b>Balance</b>	<b>4.135</b>	<b>-43,9%</b>
<i>Interest not recovered or written off</i>	+1.612	+21,9%
<b>Closing Balance 30/06/2024</b>	<b>5.747</b>	<b>-22,0%</b>

- Loan portfolio recoveries from inception reached €2.010mIn or 27,3% of the initial gross book value in the form of:
  - ✓ Cash: €1.359mIn or 18,4% of the initial gross book value
  - ✓ Property: €651mIn or 8,8% of the initial gross book value
- In addition, there were write-offs totaling €1.733mIn or 23,5% giving a total deleveraging of 43,9% before interest not recovered or written off.

# Recovery Solutions via doValue Cyprus Ltd



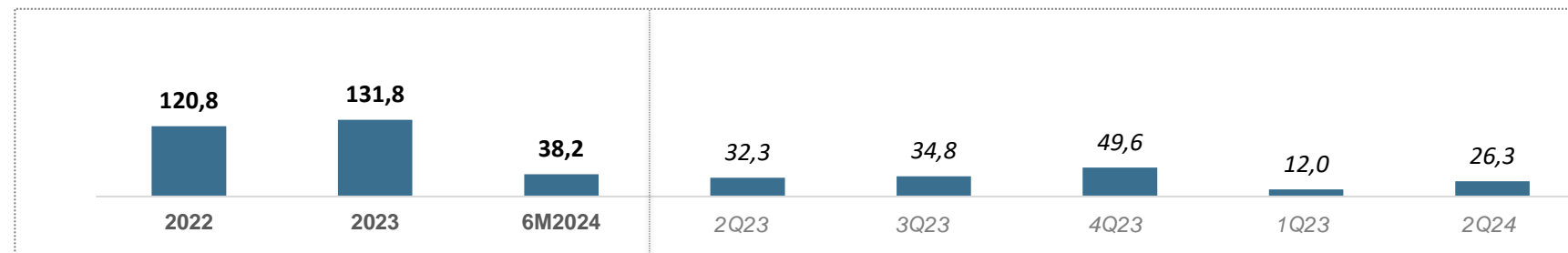
Restructurings



€1.604,7mIn  
(38,2%)



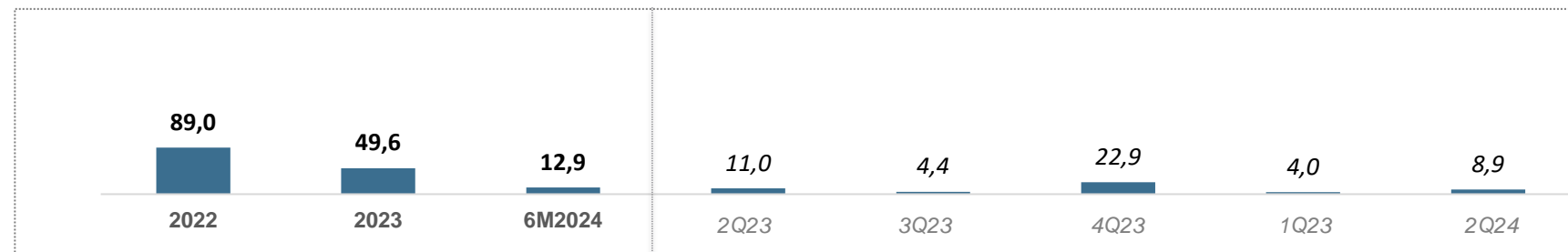
Debt-to-Asset Swaps



€1.087,5mIn  
(25,9%)



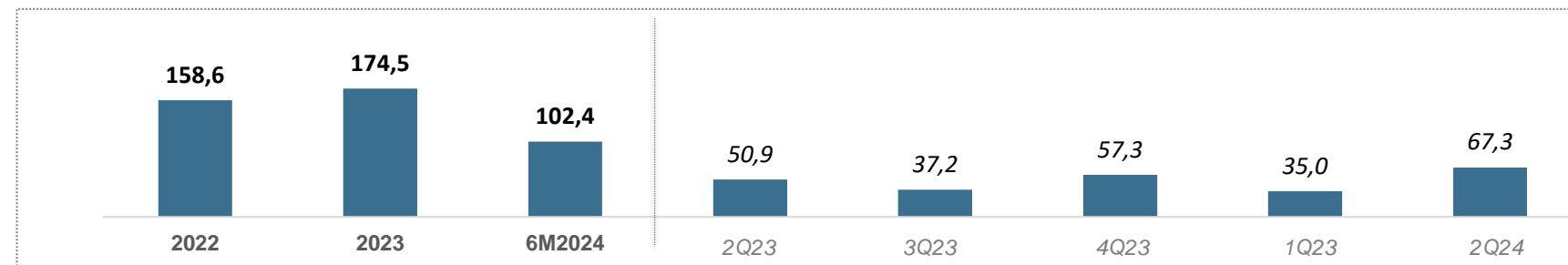
REO  
Repossessions  
following  
unsuccessful  
auctions



€284,0mIn  
(6,8%)



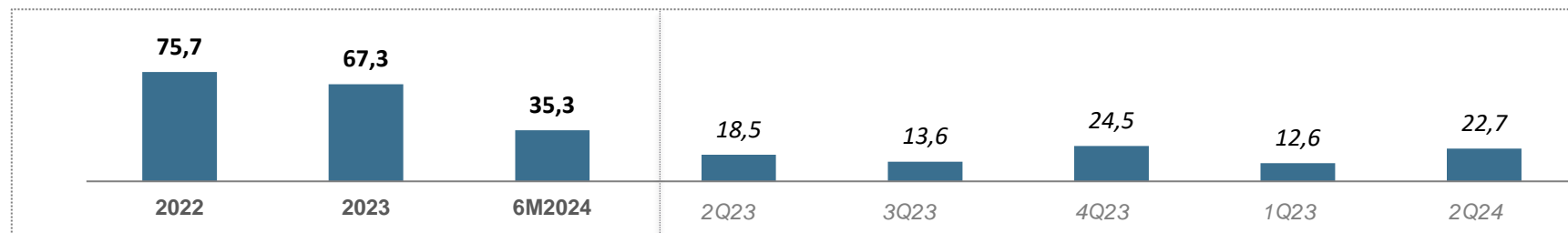
Full  
Settlements



€912,3mIn  
(21,7%)



Cash  
Collections on  
Overdue Loans



€313,5mIn  
(7,5%)

Total

663mIn

654mIn

280mIn

189mIn

140mIn

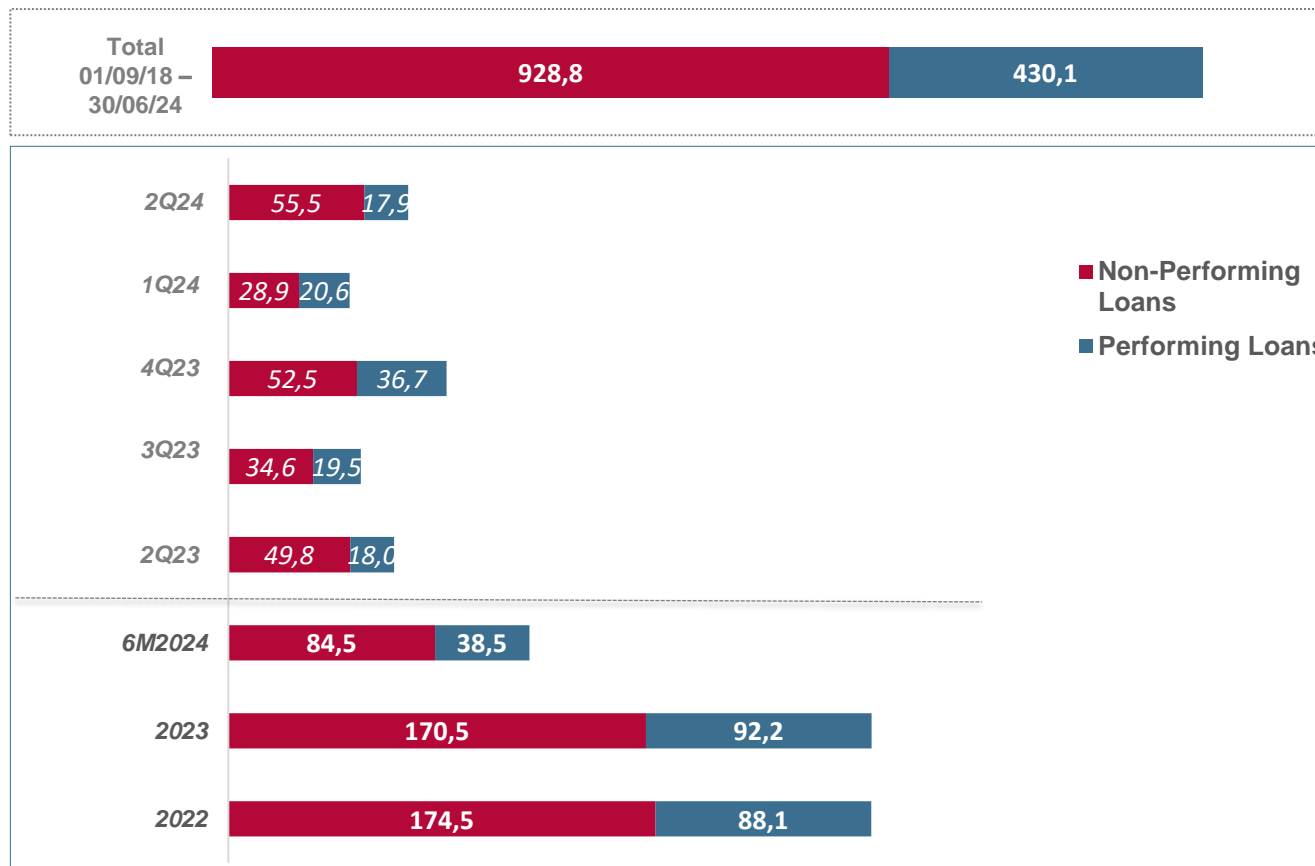
232mIn

94mIn

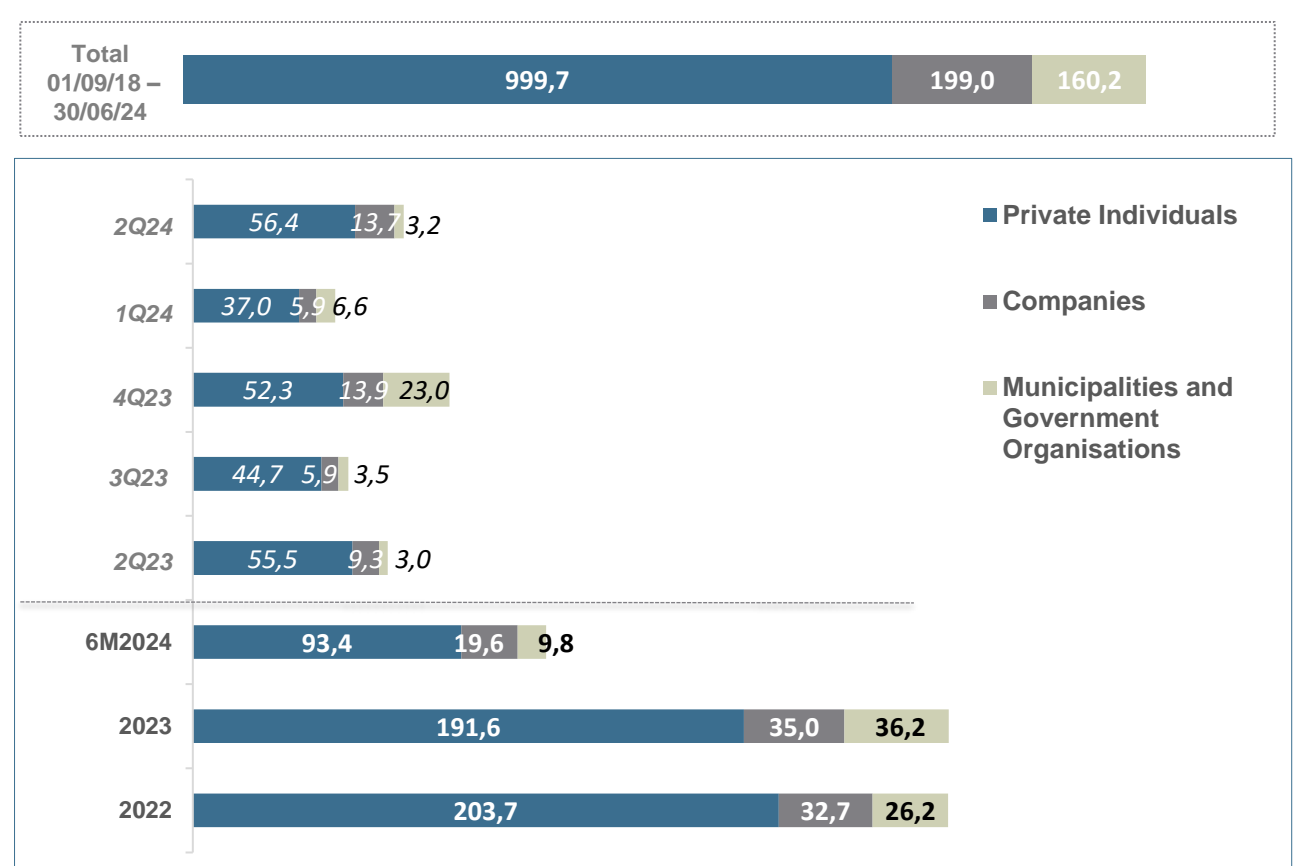
186mIn

**Total Solutions:**  
**€4.202mIn**  
(Nominal loan value basis)

## Inflows by Performance Status (€mln)



## Inflows by Institutional Sector (€mln)



- Inflows from loans in 2Q2024 reached €73,4mln which compared to €49,5mln in 1Q2024 recorded an increase of 48,3% and an increase of 8,4% compared to €67,7mln in 2Q2023.
- Restructuring or recovery solutions through the management company doValue Cyprus Ltd reached €185,8mln during 2Q2024 compared to €94,3mln of the previous quarter and €189,5mln of 2Q2023, recording an increase of 97,0% and a decrease of 1,9% respectively.
- Total solutions since the start of operations amounted to €4.202mln or 57,0% of the initial loans balance of €7.371bln. These solutions lead to direct, or in the case of real estate onboarded, indirect cash flows.



## ESTIA Scheme

### Main Eligibility Criteria for the Scheme

- ❖ Credit facilities secured by mortgage on primary residence with a market value not exceeding €350,000
- ❖ At least 20% of the borrower's total lending exceeds 90 days in arrears. Loans restructured after 30 September 2017 are not eligible
- ❖ Total gross annual income does not exceed €20,000 for single people and €60,000 for a family with at least 4 dependent children
- ❖ The household's net assets, excluding primary residence, should not exceed 80% of the Open Market Value of the primary residence. This total value may not in any case exceed €250,000

### State Support

- ❖ Subsidy of 1/3 of the instalment by the Government where the above criteria are met in full
- ❖ The budget was approved by Parliament in January 2019
- ❖ In effect from 2 September 2019
- ❖ The Scheme will be valid for the entire duration of each loan

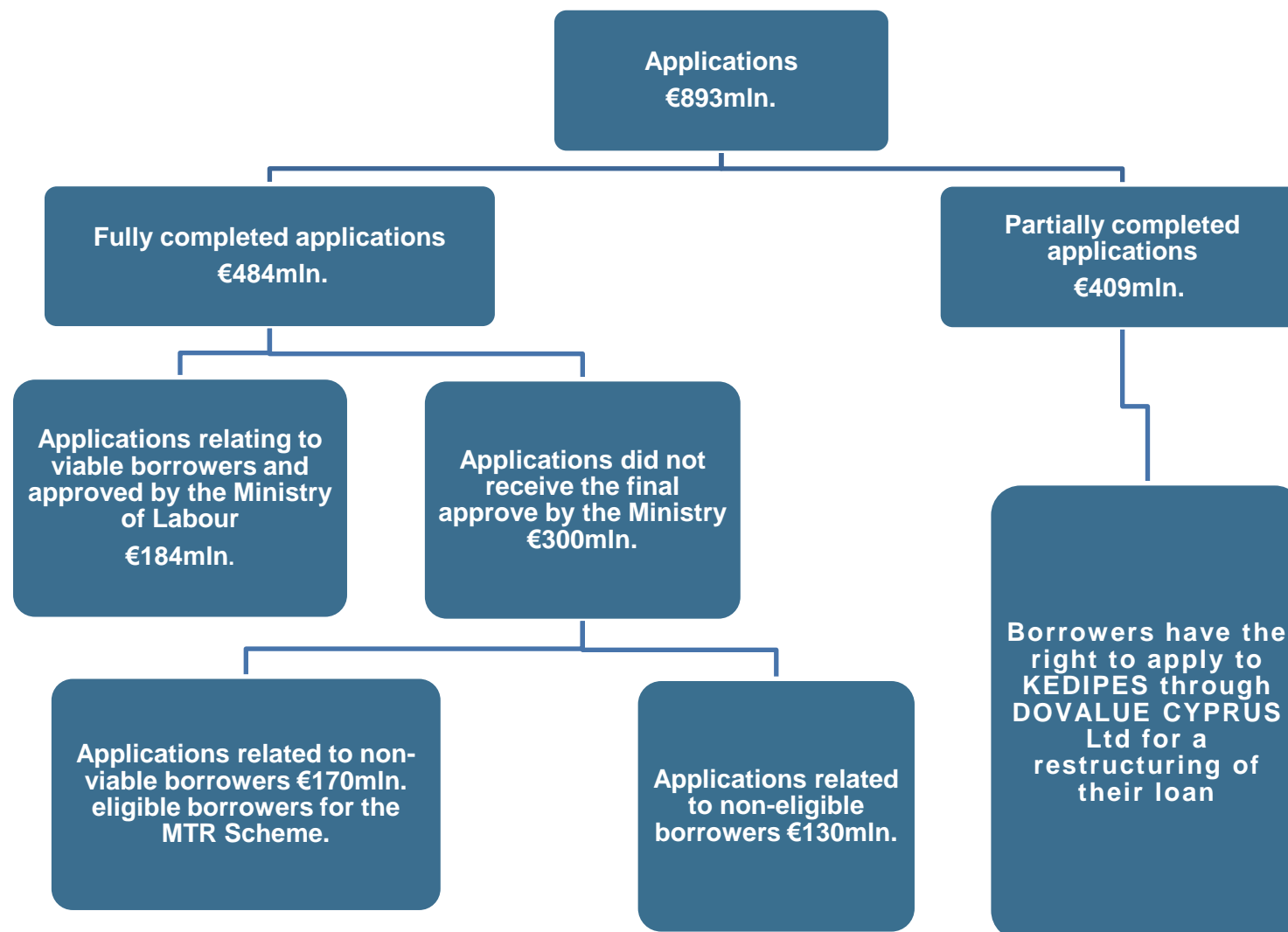
### KEDIPES Portfolio as at 30/06/2024

➤ Applications remaining to the Estia Scheme corresponding to a total of 3.114 accounts amounting to €893mIn

➤ Fully completed applications corresponding to a total of 1.803 accounts amounting to €484mIn

➤ 809 applications amounting to € 300mIn that did not receive the final approval by the Ministry, of which 478 applications amounting €170mIn are related to non-viable borrowers eligible for MTR Scheme and 331 applications amounting €130mIn are related to non-eligible borrowers.

➤ Applications approved by the Ministry until 30/06/2024 correspond to 781 accounts amounting €184mIn (includes amounts that will be written off within the framework of Estia)



Expansion of KEDIPES mandate	<ul style="list-style-type: none"><li>• Following approval by the DG-Comp the scheme has been approved by the Cabinet of Ministers on 12 July 2023.</li><li>• The implementation of the scheme by KEDIPES is now feasible following amendments to the Commitments which:<ul style="list-style-type: none"><li>• Allow KEDIPES to acquire and manage primary residences other than its own portfolio.</li><li>• Allow delay of payments to the State so as to pay for the acquisition of the primary residences and Scheme expenses.</li></ul></li></ul>
Applications	<ul style="list-style-type: none"><li>• Implementation of the scheme has commenced in December 2023.</li><li>• Almost all banks and CACs have agreed to be included as participants.</li><li>• Until 6 September 2024, deadline for submitting applications, 3.095 applications have been received of which 1.128 relate to KEDIPES' own portfolio.</li><li>• Around 73% of applicants (2.143 out of 2.921 screened applications) have passed the initial screening (compliance with scheme criteria) and will be subjected to more detailed technical and legal due diligence to confirm eligibility and facilitate next steps, as per scheme rules.</li><li>• The implementation of required procedures for 41 residences has progressed significantly and is expected that these will be acquired within Q4 2024.</li></ul>

## Main Parameters

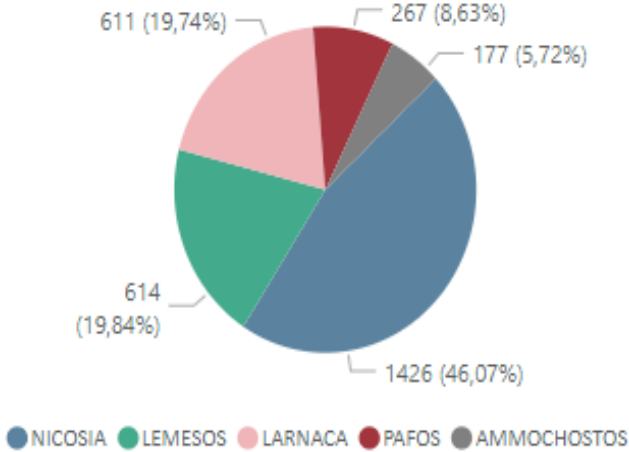
The main parameters of the Scheme are:

- Scheme relates to non-performing loans collateralized by primary residence with Market Value up to €250K.
- Eligible beneficiaries should be physical persons, recipients of certain social welfare benefits. Scheme will also cover ESTIA and OIKIA applicants (involving PPR cases with OMV < €350K) who were otherwise eligible but rejected due to non-viability and those who no longer meet obligations of the scheme (i.e have defaulted). Based on a decision of the Council of Ministers dated April 3, 2024, beneficiaries have expanded with two new, smaller categories within the accepted applications related to the Estia Scheme: (i) borrowers whose creditor did not participate in the Estia Scheme and (ii) approved applicants in the Estia Scheme, whose approval was not implemented due to the inability of the property owners to pay the "memo" on properties.
- Properties are subjected to technical due diligence and valuation.
- KEDIPES acquires the primary residence and pays to the participant (Bank or Credit Acquiring Company) 65% of market value.
- The participant writes-off the remaining part of the mortgage loan after the deduction of the property's purchase price, to the extent not covered by other collaterals.
- Initially Memos on the primary residence are removed within predetermined rates.
- State will cover the rental payments as 65% of Market Rent.
- The owner becomes tenant with 14 years tenancy agreement or tenancy for life if the tenant's age is over 65.
- Tenant has a buy-back option during the 14 years tenancy agreement after the 5<sup>th</sup> year and until the 14<sup>th</sup> year, at a predetermined repurchase price. The purchase price takes into consideration several parameters (including changes in market values, expenses and rent paid) and remains attractive.

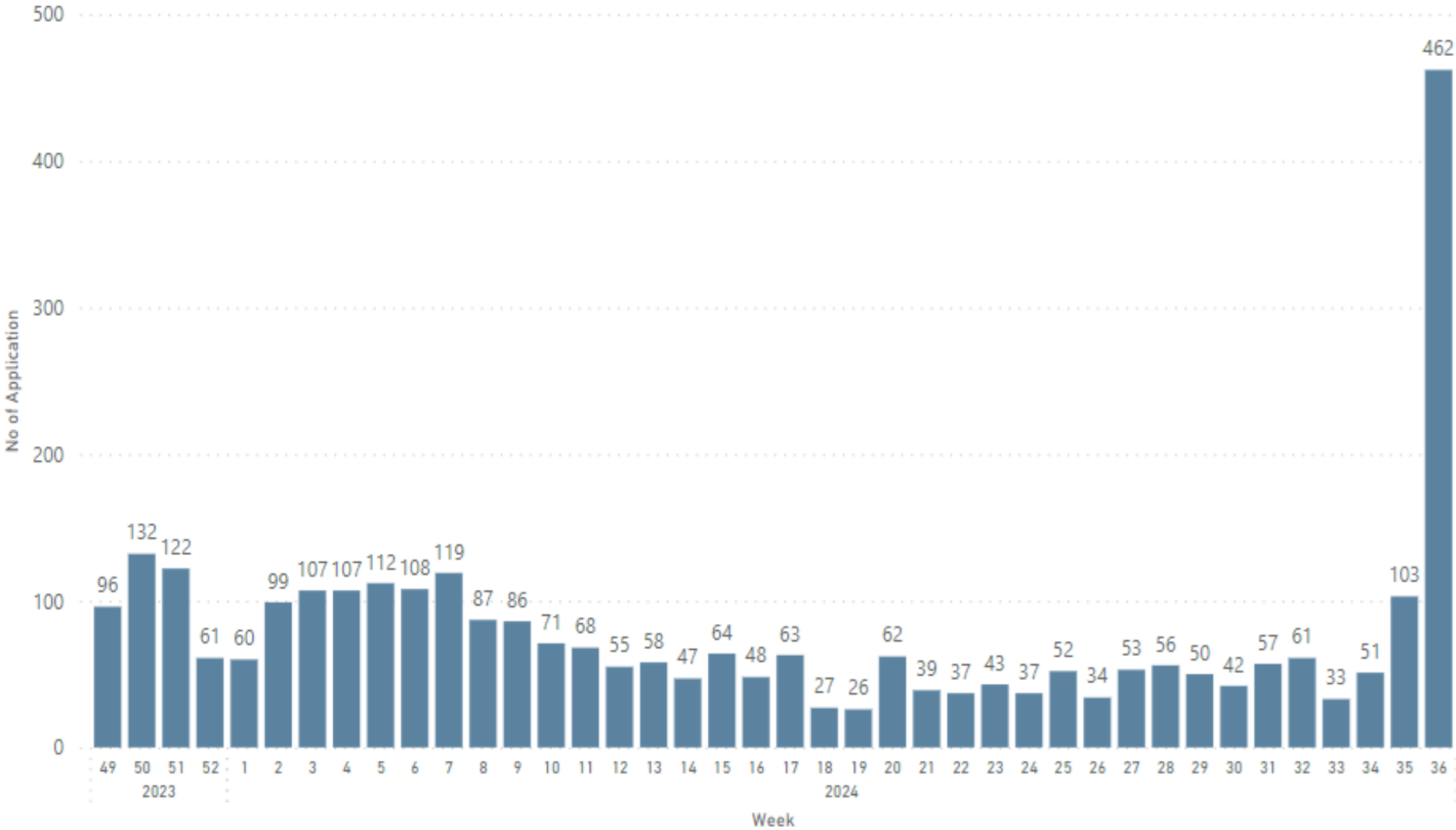
## Applications Received



Applications per District



Weekly Applications Received Diagram

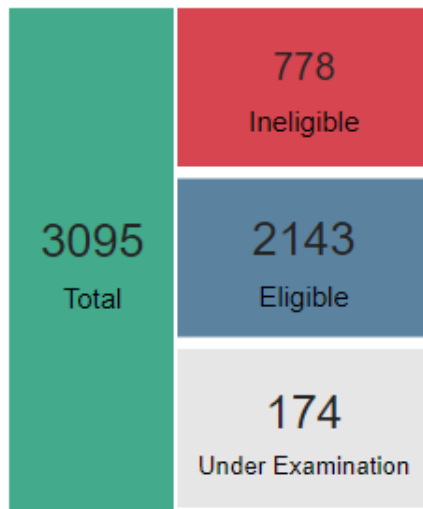


## Process Flow

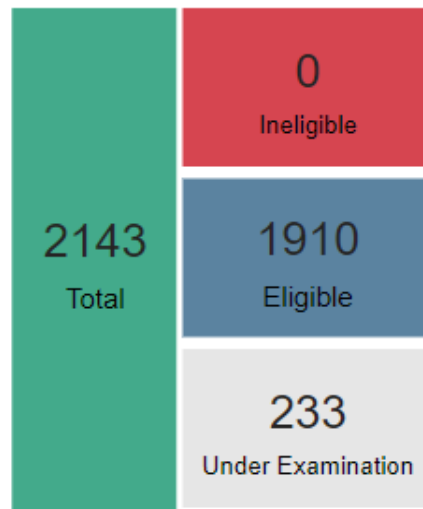
### 1. Applications Received



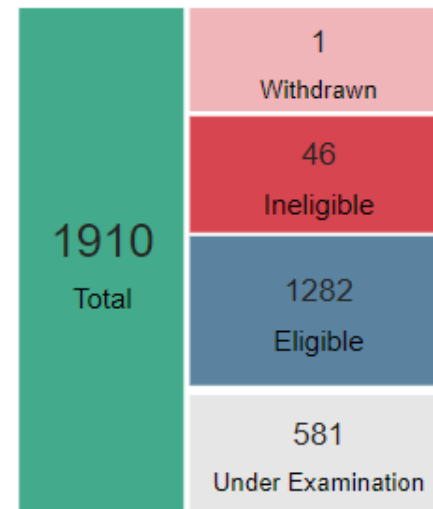
### 2. Applicant's Eligibility



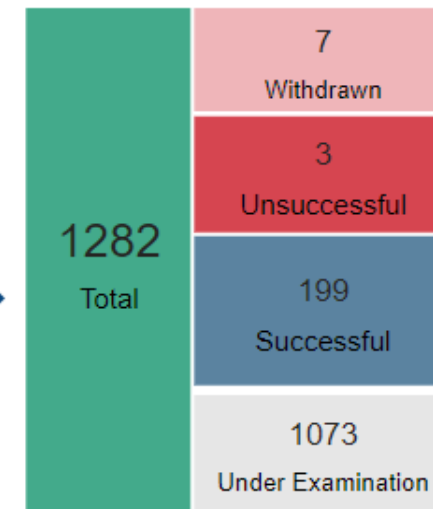
### 3. Applications with full set of documents



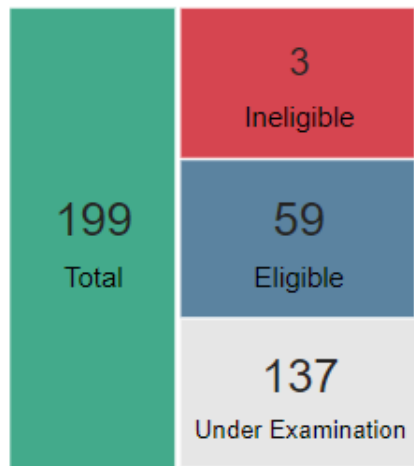
### 4. Loan Eligibility



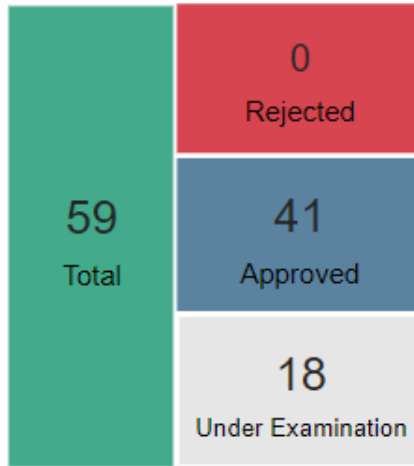
### 5. Property - technical due diligence



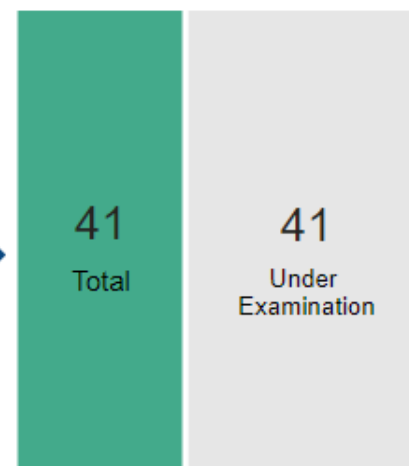
### 6. Property - Evaluation



### 7. Applications in need of Cancellation of Encumbrance



### 8. Applications Eligible for Transfer of Property



### Estimated Purchase Price (65% MV)



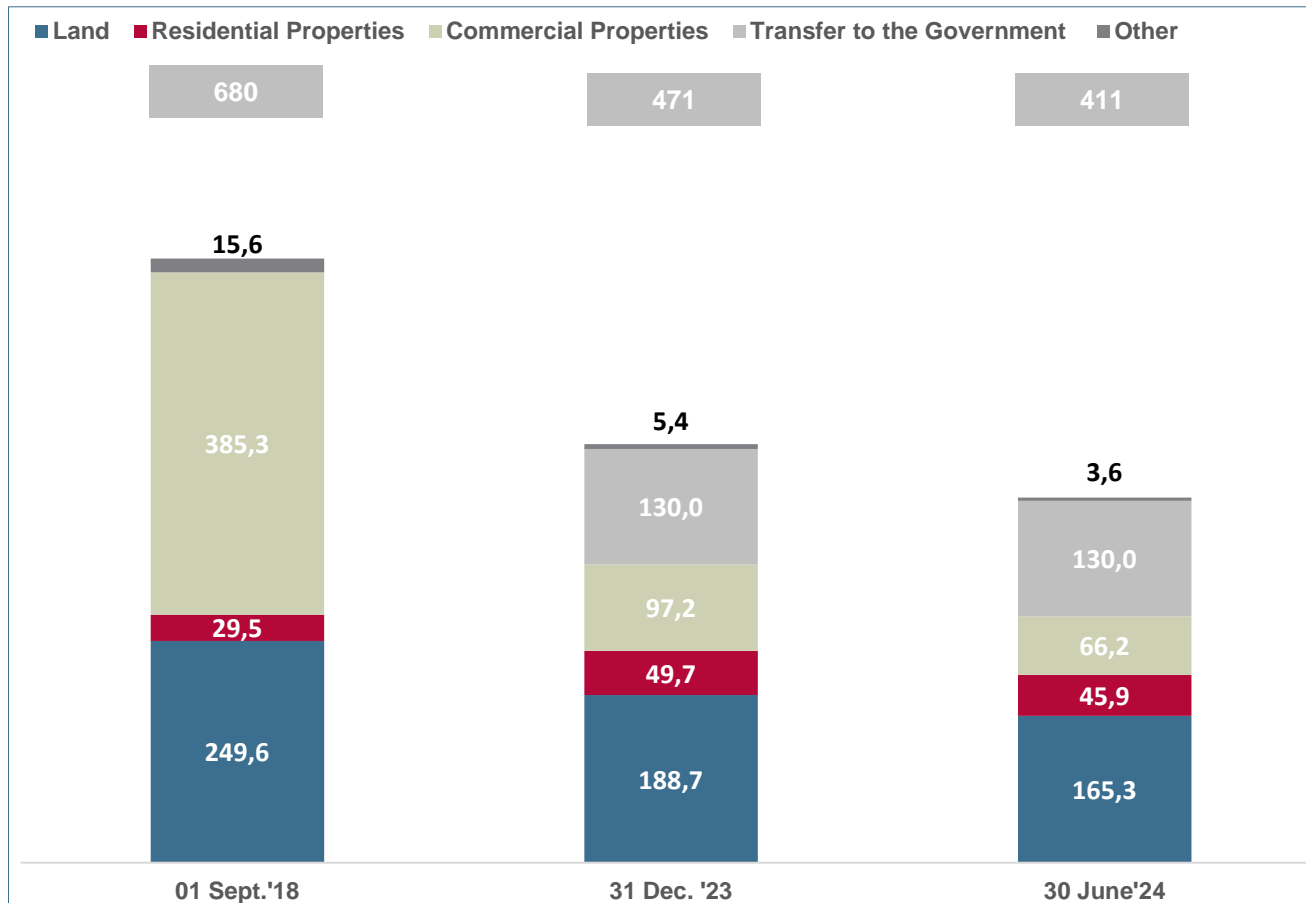
### Estimated Market Value



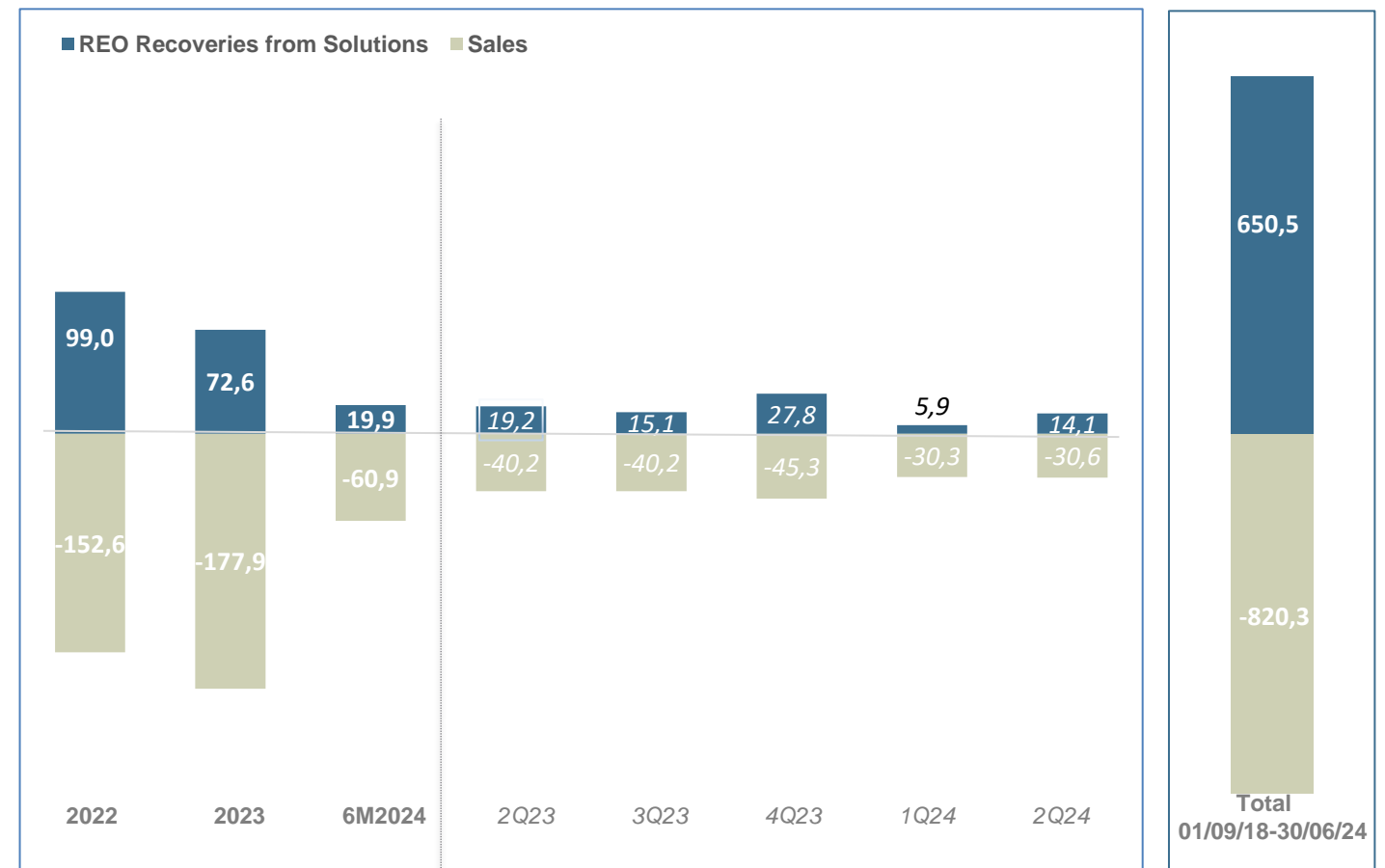
**Progress Report**  
**KEDIPES**  
*to 30/06/24*



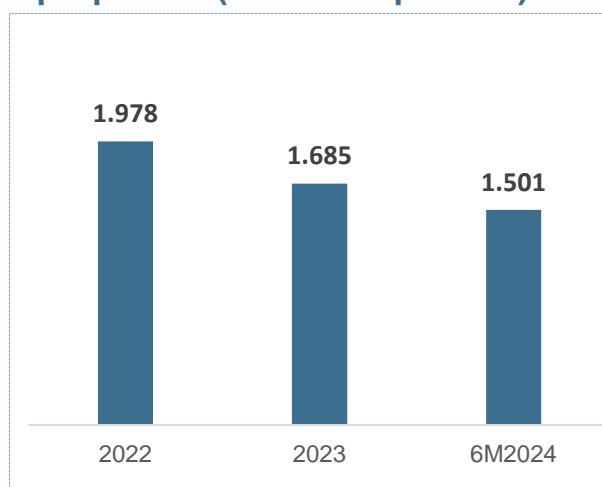
## Property Portfolio by Sector (€mln)



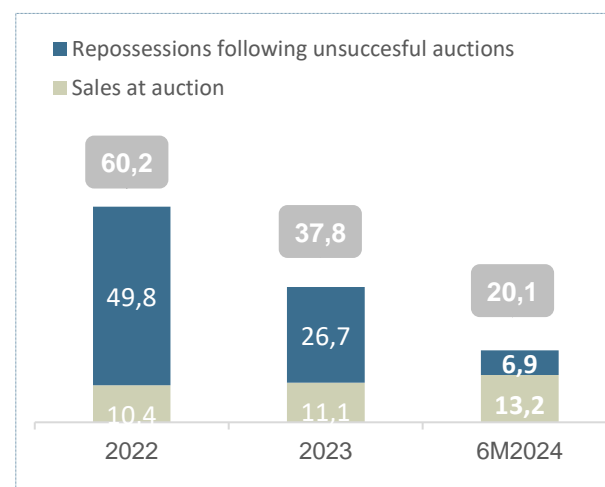
## Property Recoveries and Sales (€mln)



## Auctions of mortgaged properties (No. of Properties)

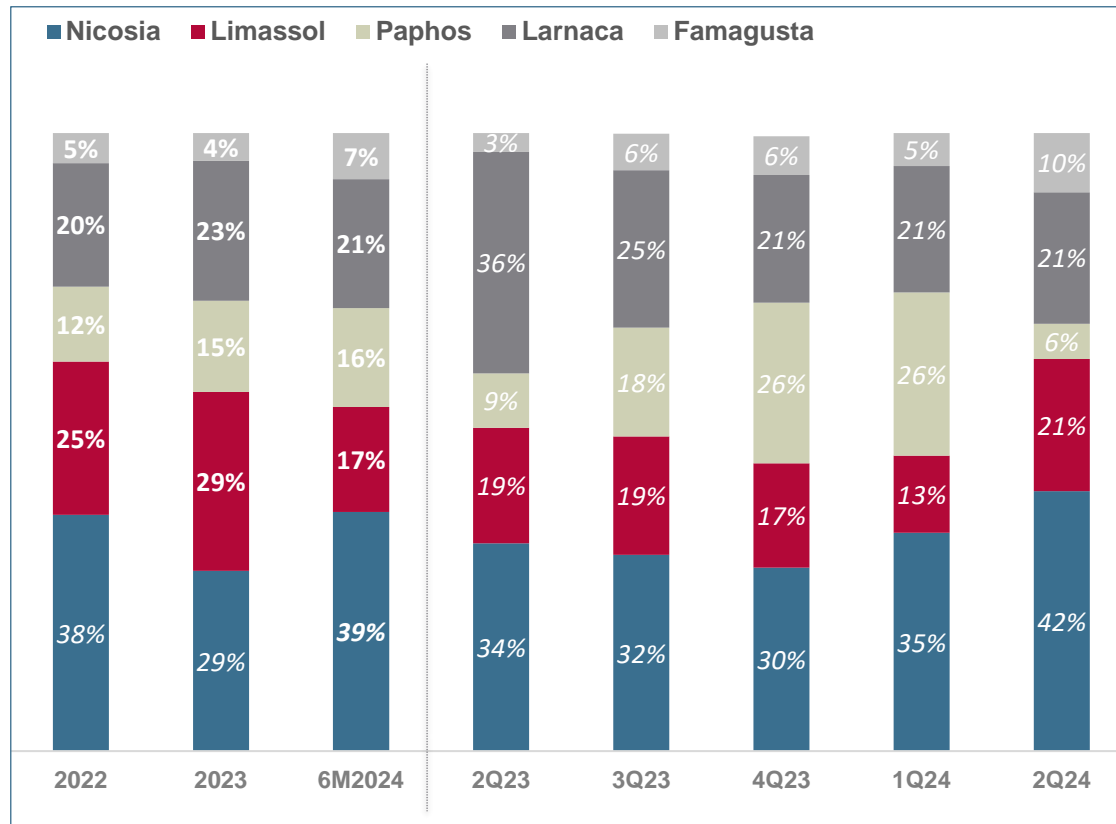


## Auctions Results (€mln)

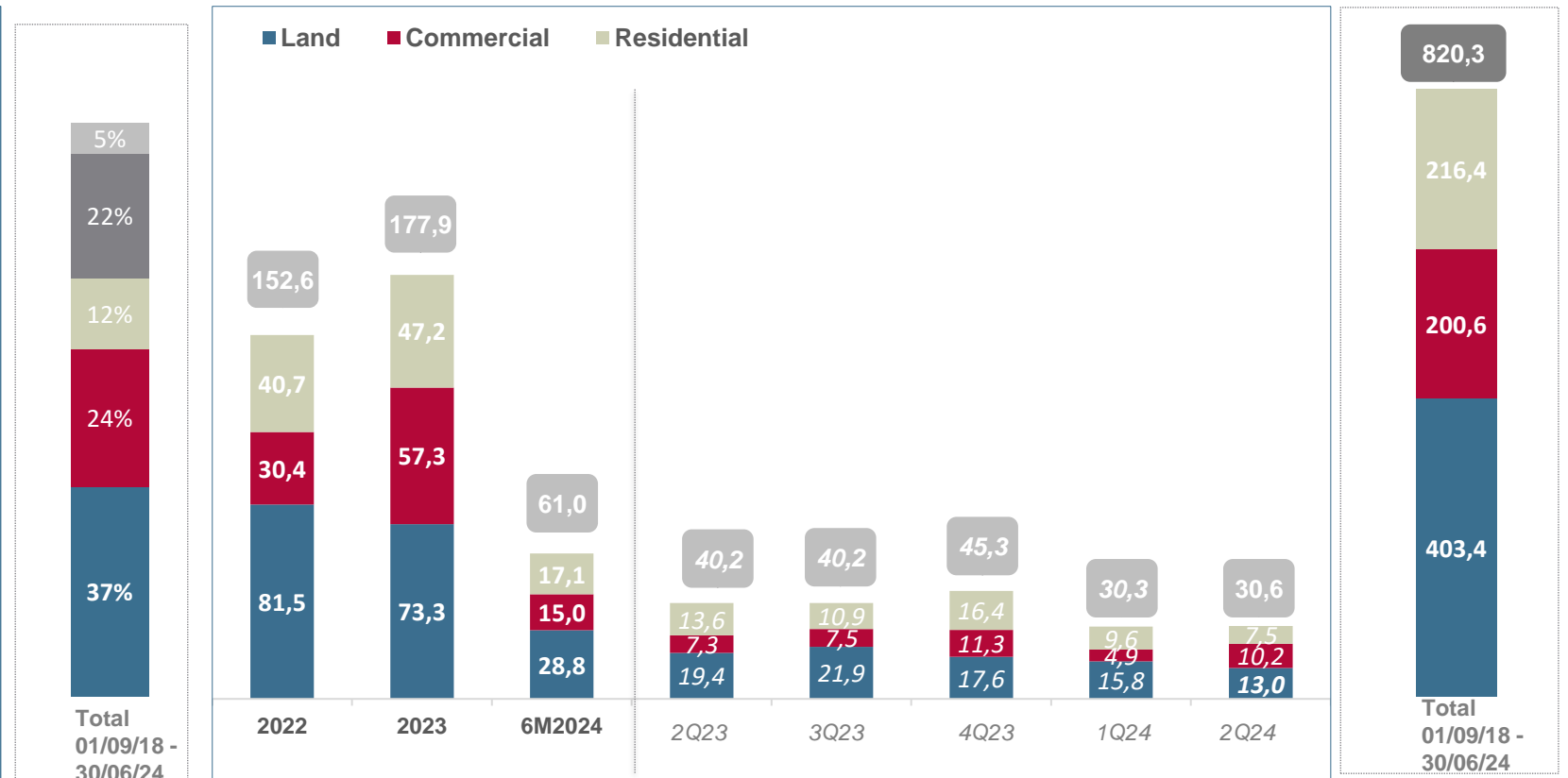


- Real estate sales through servicer amounted to €820,3mln of which €30,6mln were completed in 2Q2024.
- Debt to Asset Swaps (DTAs) totaled €650,5mln, of which €14,1mln were completed in 2Q2024. Properties with onboarding value of €168,6mln relate to repossessed properties after unsuccessful auctions, of which €4,7mln were completed in 2Q2024.
- Total Auctions of 8.299 properties with market value of €917,2mln were carried out since inception. Property sales through auctions reached 900 properties with market value €53,2mln, of which 174 properties with market value of €11,7mln were completed in 2Q2024.
- Real estate worth approximately €130mln has been excluded from the available for sale perimeter and is evaluated to be transferred to the State as repayment of the State Aid.

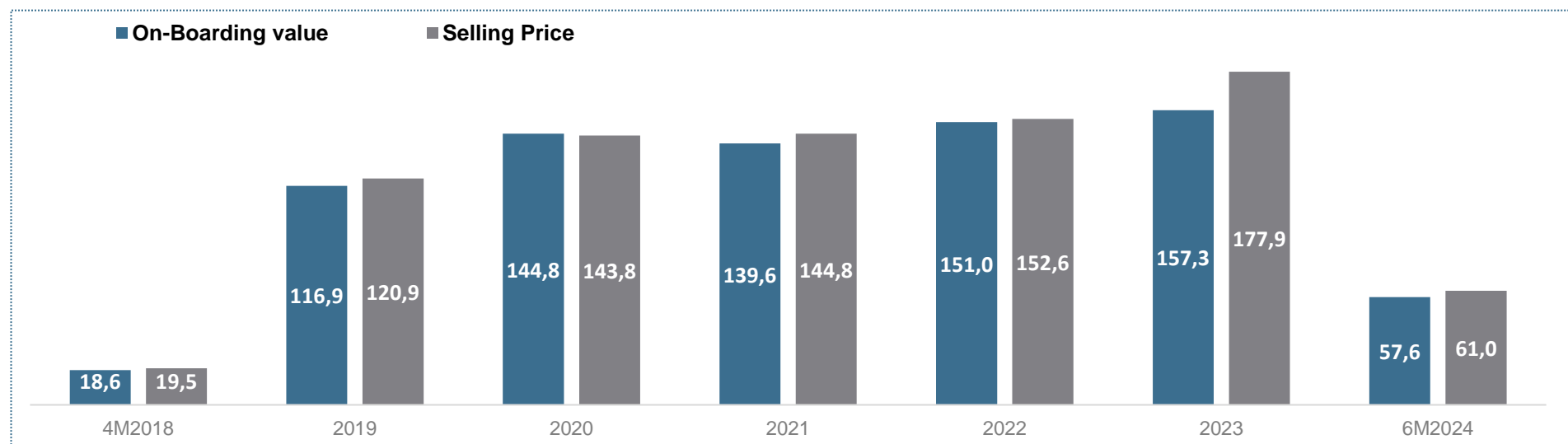
## Property Sales by Region (%)



## Property Sales by Sector (€mln)



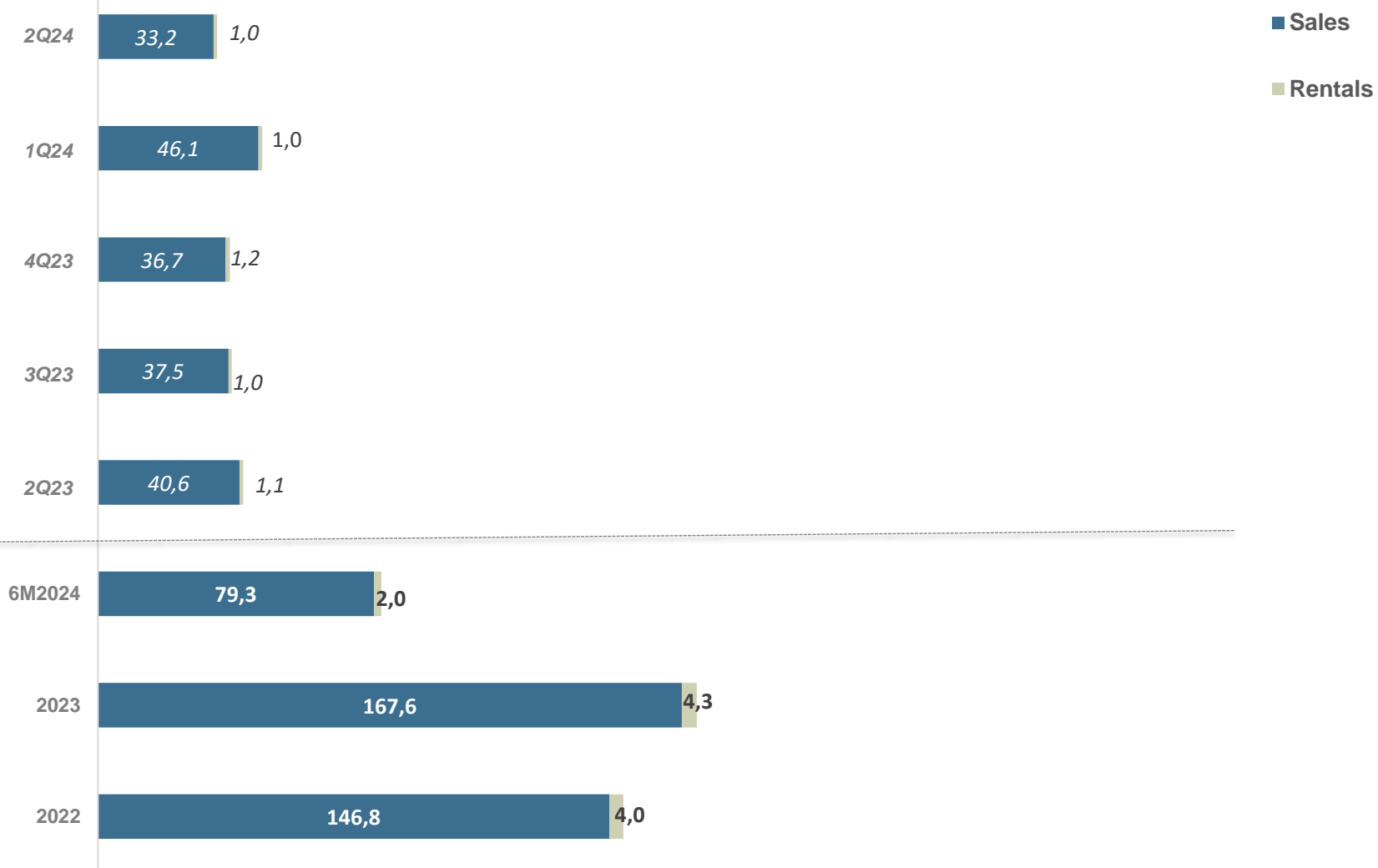
## Sales Price versus On-Boarding (€mln)



- Average selling price from 01/09/18 to 30/06/23 is increased by 4,4% from the on-boarding value adjusted with revaluations.
- A total of 2.747 properties amounting to €276,2mln were sold within 1 year of their recovery, indicating strong investment interest in the market, with the exception of the period March – May 2020 due to the pandemic.

# Cash Inflows from Property Management

## Inflows from Property Management

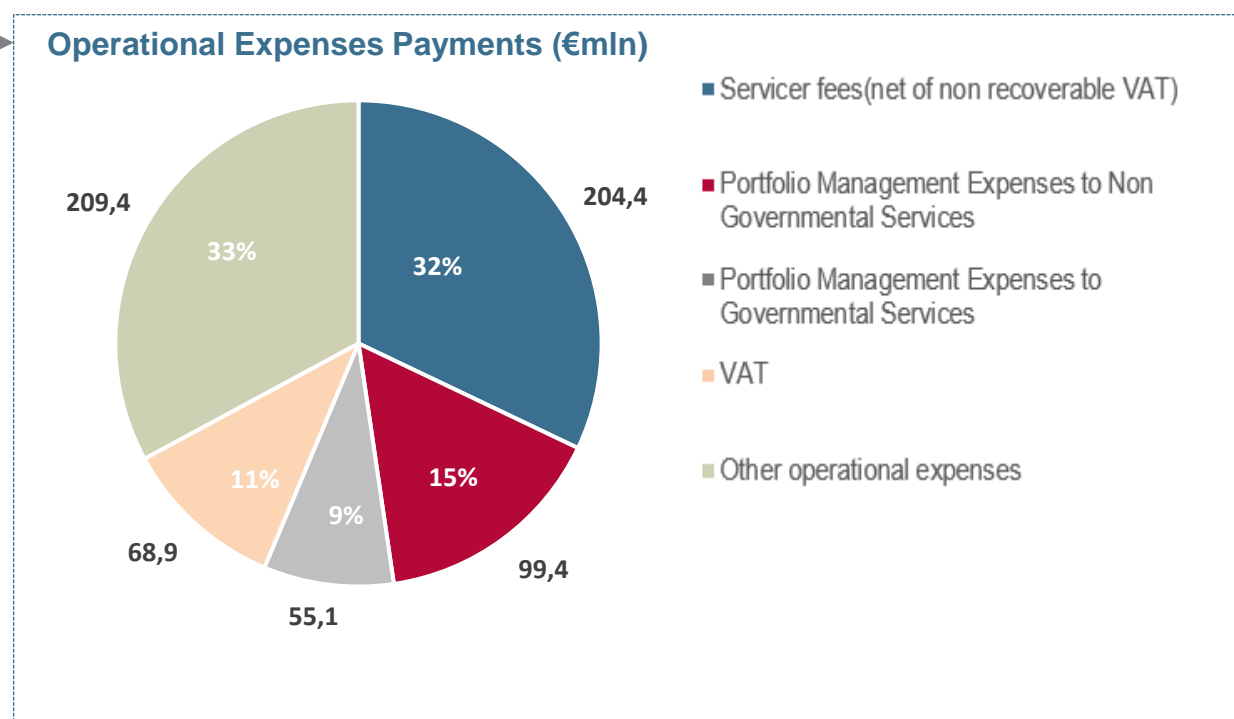
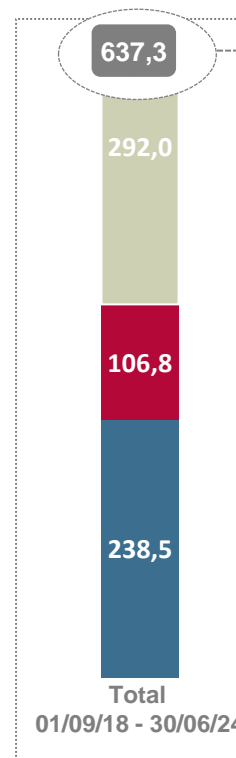
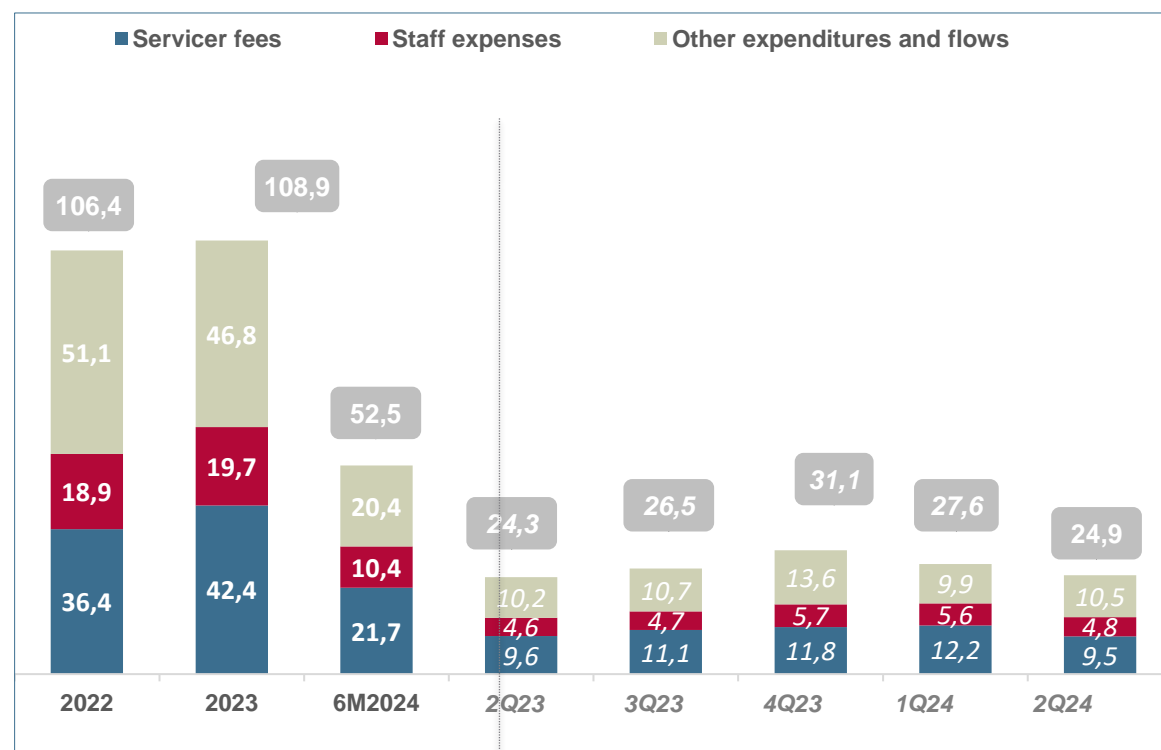


- Cumulative collections from real estate sales through doValue Cyprus Ltd until 30/06/2024 reached €843,4m and cumulative collections from rentals reached €26,6m.
- Collections from sales in 2Q2024 reached €33,2m indicating a decrease of 28,0% compared to previous quarter and a decrease of 18,3% compared to the corresponding quarter of the previous year. It is noted that 1Q2024 sales are increased due to the sale of specific high value properties.
- Rental income in 2Q2024 reached €1,0m, at the same level compared to the previous quarter and to the corresponding quarter of the previous year.
- It is noted that the sale of a property is not pursued where there is a decision by the Council of Ministers for its acquisition by the State for use by Government services or local authorities.

**Progress Report**  
**KEDIPES**  
*to 30/06/24*



## Operational Expenses (€mIn)



### Servicer Expenses

Under the Service Level Agreement with doValue Cyprus Ltd for the management of loans of more than 90 days past due, as well as the sale/rental of properties, a total of €238,5mIn (including non-recoverable VAT) has been paid up to 30/06/2024. The fee comprises a fixed element and a variable element which is based on the restructuring or recovery solutions implemented and on the receipts from property sales and rentals.

### Staff Expenses

KEDIPES cumulative staff costs to 30/06/2024 amounted to €106,8mIn. After the completion of the VRS Scheme, which ended 31 March 2024, and the voluntary departure of 27 employees the number of KEDIPES staff as at 30/06/2024, totaled 313 people.

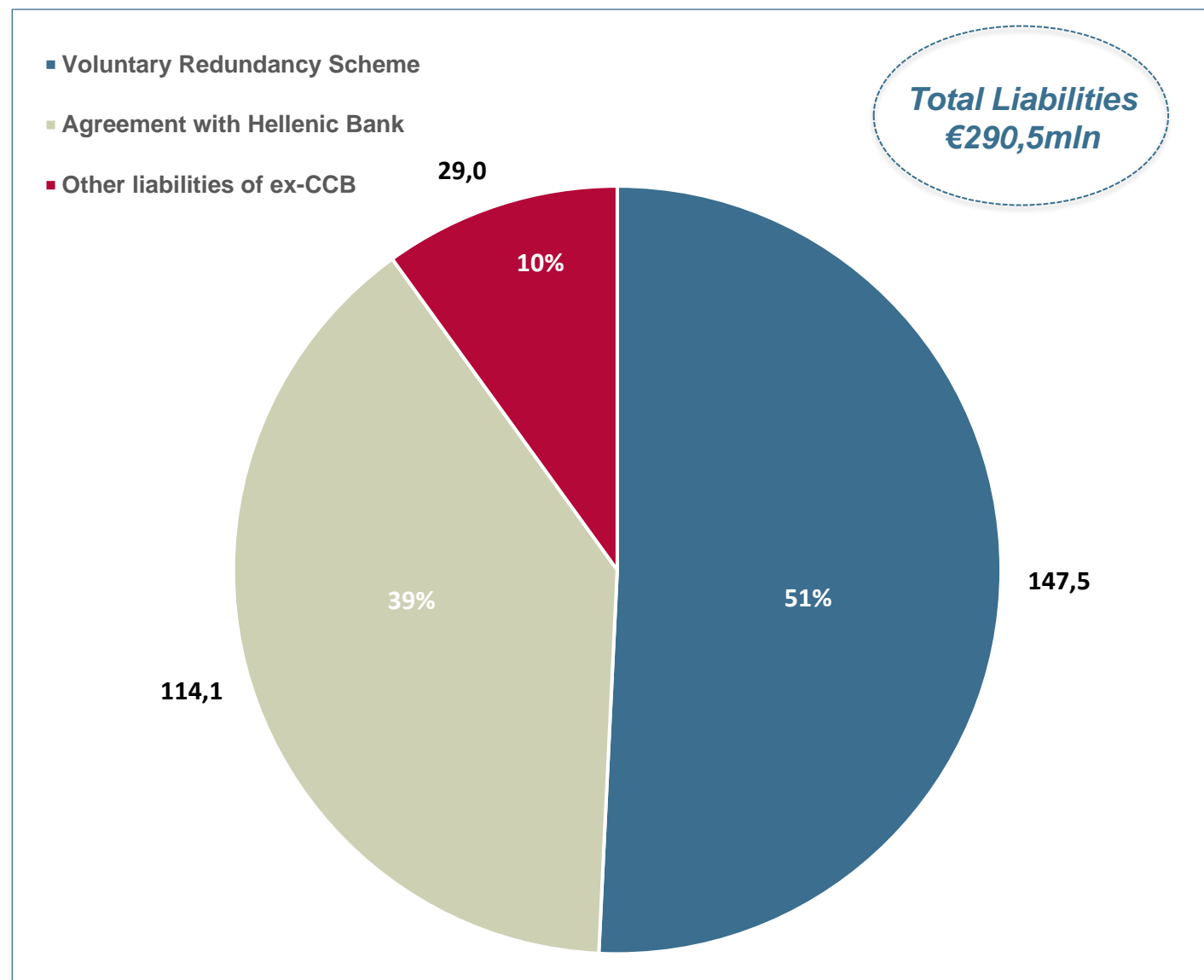
### Other Expenses and Outflows

Other expenses and outflows of €292mIn which mainly relate:

- regular operating expenses (such as buildings costs, computer systems, networks and communications, document management, professional and supervisory expenses etc.). The accounting operational expenses of KEDIPES are €85,8mIn of which €2,1mIn relate to 2Q2024 (€2,6mIn relate to 1Q2024).
- Asset Level Expenses for the management and recovery of assets (such as legal fees, appraisal costs, payment of taxes on the acquisition of property). These costs are €167,2mIn, of which €7,7mIn relate to 2Q2024. An amount of €55,1mIn of the Asset Level Expenses was paid to Government Services.
- capital expenditure and other flows.

**A total of €124,0mIn was paid to the Government in the form of Value Added Tax and Asset Level Expenses.**

## Settlement of Liabilities of the former CCB (€mln)



KEDIPES undertook the management and repayment of ex-CCB liabilities. Until 30 June 2024, a settlement of liabilities totaling €290,5mln was made as follows:

### *Voluntary Redundancy Scheme*

A total of 1.025 employees from the Cyprus Cooperative Bank left under a scheme on 31/08/2018. The total compensation of €128,9mln was paid in three instalments with the final instalment being paid in December 2019.

During November 2021, following the launch of a new scheme and a compensation scheme available to ex CCB employees who were transferred to doValue Cyprus Ltd, KEDIPES paid €11,7mln remuneration for the 59 people who left under the scheme (of which 20 were doValue Cyprus Ltd staff) and the 119 doValue staff for the abolishment of the right to return to KEDIPES.

Further:

- 19 employees departed under a Voluntary Redundancy Scheme in Q2 2022 with a cost of €1,8mln.
- 27 employees departed under a Voluntary Redundancy Scheme that was terminated on 31 March 2024 with a cost of €4,3mln.

Smaller other payments relate to medical and other benefits as provided by the schemes.

### *Agreement with Hellenic Bank*

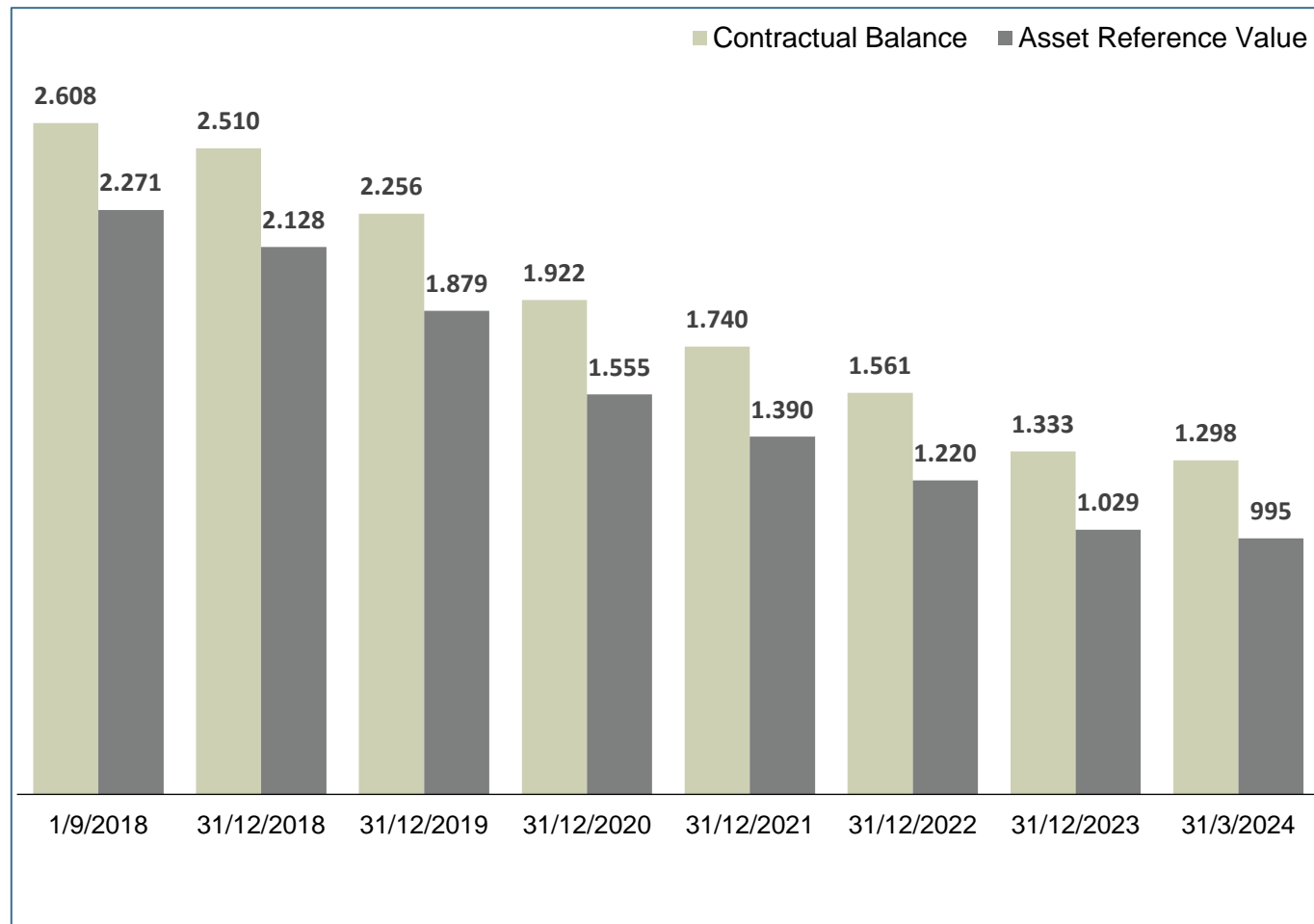
Amounts totaling €15,1mln have been paid to Hellenic Bank in relation to the agreement for the transfer of business.

Under the Asset Protection Scheme with Hellenic Bank total payments of €99,0mln have been made to Hellenic Bank until 30 June 2024.

### *Other Liabilities of ex-CCB*

These mainly concern payments for taxes, social security and supervisory fees of €29,0mln.

## APS Exposure (€mln)



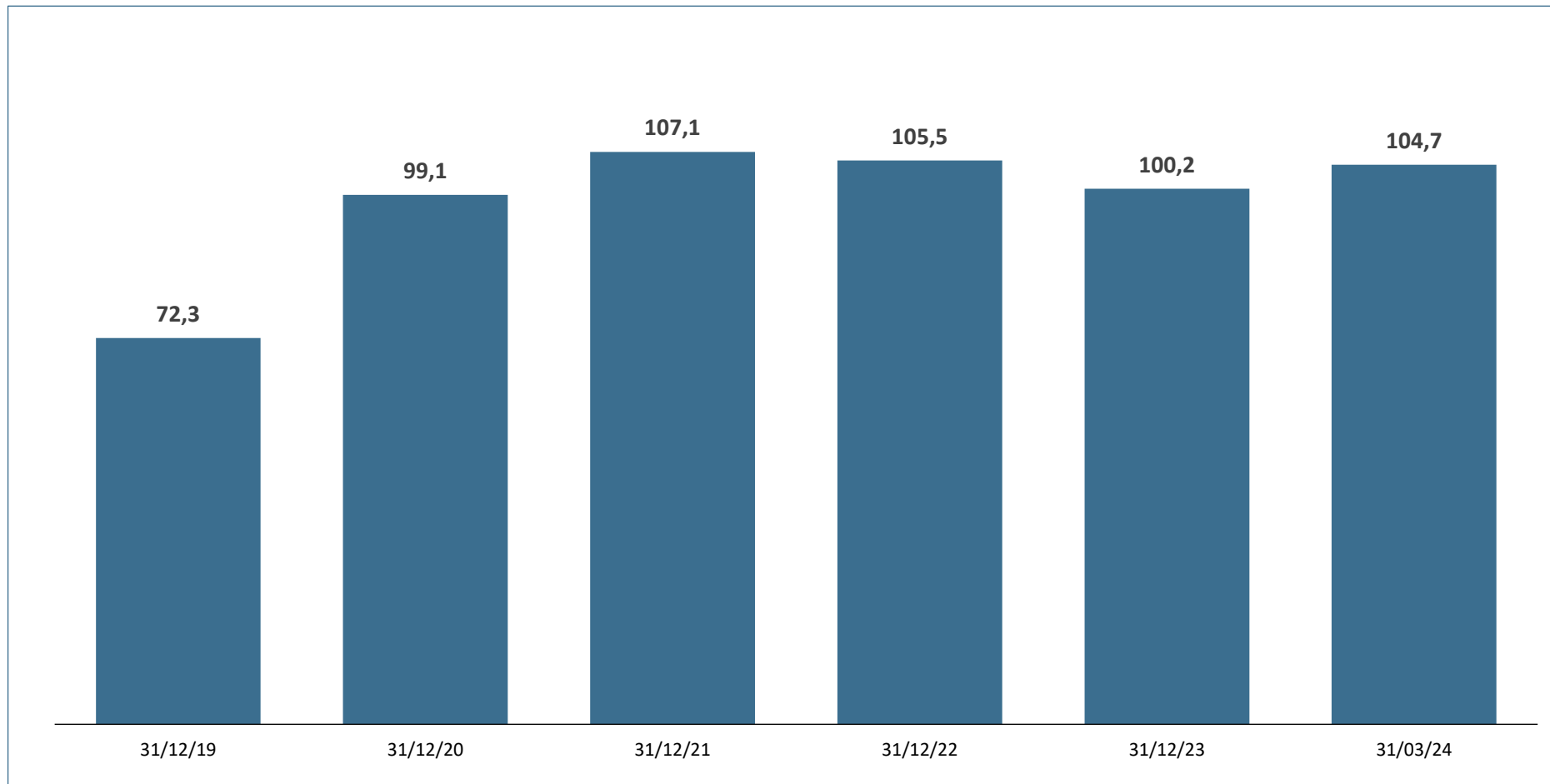
- The Contractual Balance of assets covered as at 31 March 2024 is €1,298mln, compared to €2,608mln at the start of the Scheme recording a decrease of 50%.
- According to the latest data provided by Hellenic Bank, the Reference Value of the assets covered on 31 March 2024 is €995mln. The reduction includes the impact of €184mln asset withdrawals on the second anniversary of the scheme and a small decrease of €2,3mln asset withdrawals on the third anniversary of the scheme. The Asset Reference Value as at 31 March 2024 is reduced by 56% from the start of the scheme.

The terms of the Business Transfer Agreement with Hellenic Bank included the set up of an Asset Protection Scheme (“APS”, “Scheme”) providing protection against future credit losses on the covered assets.

### Key provisions of the Asset Protection Scheme

- The covered assets included loans with initial Contractual Balance of €2.608mln and Reference Value of €2.271mln. The Reference Value represents the initial sales consideration, and also the level of protection under the Scheme. The Reference Value decreases with repayments and losses and increases with unpaid interest.
- The protection offered under the APS is 90% of the losses incurred.
- The APS population consists of all non-performing loans acquired as well as performing loans split into two pools.
- APS Pool 1 includes higher risk loans with initial Reference Value of €1.351mln, including all non-performing loans. The duration of the cover is 12 years.
- APS Pool 2 includes loans with initial Reference Value of €920mln. The duration of the cover is 10 years. Any performing loans becoming non-performing loans are transferred to APS Pool 1.
- Based on the terms of the Scheme, HB has elected on the second anniversary of the scheme, to withdraw loans with Reference Value of €184mln and pay a fee of €4,3mln to the Republic of Cyprus.
- On the third anniversary of the scheme, HB has elected, to withdraw loans with Reference Value of €2,3mln and pay a fee of €22,8mln to the Republic of Cyprus.
- Starting on the fourth anniversary of the scheme, in October, HB is paying a fee of €1mln on each anniversary.
- Total payments by Hellenic Bank to the Republic of Cyprus as guarantor of the scheme reached so far €44,1mln.

## Cumulative APS Claim (€mln)



- As part of the Scheme Hellenic Bank has submitted so far twenty claims for the period 1<sup>st</sup> September 2018 to 31 March 2024 totaling €104,7mln.
- Payments of €99,0mln or 95% of all APS claims have been made to 30 June 2024, including a payment in 2Q2024 of €1,6mln.

## Key provisions of the Asset Protection Scheme (cont'd)

Based on the terms of the Scheme, losses arise when the book value of the assets declines below the Reference Value. As a result, at the initial stages of the Scheme losses reflect accounting provisions while eventual losses will reflect the actual recovery of loans. Reversals of losses are accounted for as recovery.

An important provision of the Scheme is the obligation of Hellenic Bank to manage the assets without discriminating between APS Assets on one hand and non-APS Assets on the other hand ('Non-discrimination principle').

A Monitoring Committee, comprising one member of each party, an independent member and an observer from the Republic of Cyprus has been established to oversee the operation of the Scheme and the application of the Non-Discrimination Principle.

Each claim under the Scheme is supported by a sufficiently detailed calculation data file to allow verification of the losses.

The first claim, following an initial implementation period, covered the period between 1/9/2018 and 30/6/2019. Subsequently, claims are submitted on a regular quarterly basis 30 days after the publication of the financial results by Hellenic Bank.

The presentation entitled “Management Progress September 2018 – June 2024” (hereinafter the “Presentation”) was prepared by the Cyprus Asset Management Company Ltd (hereinafter “KEDIPES”) and has not been verified or validated by any auditor, legal advisor or accountant appointed by KEDIPES.

Inflows and outflows are presented on the basis of management information and analysis of cash movement. Chronological differences cause minor differences between quarters which do not affect the cumulative amounts. Assets are subject to reassessments. The information contained in the Presentation may be revised and/or modified at the sole discretion of KEDIPES.

The information contained in and/or disclosed in the Presentation is provided strictly for information purposes on a non-binding basis and KEDIPES accepts no responsibility in relation to their use for any other purpose.



October 2024