

13/10/2021

**Progress Report
SEDIPEES/ KEDIPEES up to 30/6/2021**

- ***€95,3mln cash inflows in Q2 2021. Inflows exceeded one bln from the beginning of operations***
- ***The repayment of State Aid exceeded half a billion €***
- ***Signing of Collective Agreement with SEK and PEO***
- ***Initiation of Voluntary Redundancy Scheme and Compensation Scheme of the ex-CCB staff employed by Altamira***

Statement by the Chairman of the Board of Directors Lambros Papadopoulos

Cash inflows in Q2 2021 remained high and reached €95,3 mln despite the small reduction of 6,8% compared to Q1 2021. From beginning of operations cash inflows exceeded 1 bln euro and amounted to €1.018mln. Cash inflows in Q3 2021 remained at high levels and reached €90mln. With the new payment of €50mln to the State in September 2021 the repayment of State Aid, during pandemic, amounted to €510mln.

Following our previous announcements, new Collective agreement has been signed with the trade unions SEK and PEO, with the terms of the agreement applied to all staff.

Today, KEDIPEES has 390 employees while existing and future needs of the company in staff, do not exceed 260 persons, despite the potential evolution of KEDIPEES to a National Asset Management Company. Aiming the proper organizational structure of KEDIPEES, and the specific today's mission for maximizing the repayment of State Aid, a Voluntary Redundancy Scheme has been announced, targeting the exit of around 100-130 staff members of KEDIPEES. Further, a Compensation Scheme to the ex- CCB staff transferred to Altamira Asset Management Cyprus (Altamira) has been announced, or the termination of the right of future return to KEDIPEES. Regarding the Project Ledra for the sale of Loan portfolio amounting to €465mln, the submission of binding offers from the final list of investors/bidders who meet the criteria of the competition and they have advanced to the next phase, is expected during Q4 2021.

The negotiations regarding the changes to the Servicing Agreement with Altamira, under the Commitments towards the Competition Authority of the European Commission, are at the final stage.

Financial Developments Q2 2021

- Cash inflows in Q2 2021 remain at satisfactory levels amounted to €95,3mln indicating a decrease of 6,8% against €102,2mln in Q1 2021, but a significant increase of 79,8% against €53,0mln in Q2 2020 where the effect of the pandemic was significantly intense. Inflows from the management of loans and properties amounted to €94,3mln or 1,3% of the nominal value of the loan and properties portfolio amounting to €7.253mln at the end of Q1 2021.
- The cumulative cash inflows from the beginning of operations of KEDIPEs from 1/9/2018 to 30/6/2021 amounted to €1.018mln Inflows from the management of loans and properties amounted to €974,5ml. or 12,1% of the initial nominal value of loans and properties amounting to €8.051mln.
- Operating expenses and management expenses for Q2 2021 amounted to €28,0mln, increased by 7,69% against €26,0mln in Q1 2021. The increase is due to the portfolio management expenses which relate to the increased restructuring solutions.
- Loan balances at nominal value were €6.581mln at the end of Q2 2021 compared to €6.634mln at the end of Q1 2021. Total deleveraging from the beginning of operations on 1st September 2018 until Q2 2021 reached up to 10,7%. Excluding capitalized interest, total deleveraging from the beginning of operations is 25,4%.
- Total restructuring and/or recovery solutions performed through Altamira reached €172mln in Q2 2021 compared to €161mln in Q1 2021 and €96mln to the corresponding quarter of the previous year. Total solutions from the beginning of operations of KEDIPEs to Q2 2021 amounted to €2.427mln or 32.9% of the initial loan balance of €7.371mln.
- Assets at the end of Q2 2021 were €7.411mln in nominal value and include €167mln cash, €619mln immovable property and €607mln performing loans. Total deleveraging from the beginning of operations on 1st September 2018 to Q2 2021 reached up to 10,2%. Excluding capitalized interest, total deleveraging from the beginning of operations is 23,3%.

Other Developments after the reporting date

- As announced, at 24th of September 2021 the Collective Agreement has been signed between KEDIPEs - SEK - PEO for the years 2019 - 2022.

In parallel, the Voluntary Redundancy Scheme (VRS) for the reduction of the number of KEDIPEs staff, as well as available options to staff transferred from ex- CCB to Altamira have been announced.

The above target the proper organizational structure and the reduction of staff of KEDIPEs to 260 persons which is the requested number of staff for the well – functioning and effective operation, the maximization of repayment of State Aid and the rational and fair handling of the staff.

Relevant detailed announcement has been posted on the website of KEDIPEs at the link <https://bit.ly/3AYVR5C>

- Phase 2 of Project Ledra for the sale of loan portfolio amounted to €465mln (excluding €104mln parked loans for write offs) is progressing and is within the implementation framework. Upon the completion of Phase 2, the submission of binding offers is expected within Q4 2021 with the aim, assuming there is a successful result, the signing of the agreement by the end of this year.
- Regarding the Servicing Agreement of Altamira Asset Management and after the recent signing of the Head Terms of the key financial terms, the procedure of negotiations for the remaining basic terms (Basic Performance Indicators, Monitoring Framework, Reporting Framework and other terms of the Servicing Agreement) is at final stage.
- Under the Asset Protection Scheme claims amounting to €105,8mln have been filed to date by Hellenic Bank (HB) for the period 1st September 2018 to 31st March 2021. The most recent claim for Q1 2021 amounted to €6,7mln, while the claim for Q4 2020 amounted to €12,7mln. The last claims relate to increased accounting provisions due to the pandemic and the suspension of foreclosures. KEDIPEs, has made an additional payment amounting to €8,4mln in August 2021 with total payments reaching €73,8mln. SEDIPES/KEDIPEs and HB are in the process of negotiations to confirm the remaining amount of the claim.

According to Hellenic Bank records, the contractual values of the assets under the Scheme at 31/3/2021 amounted to €1.883mln compared to €2.608mln at the beginning of the Scheme. The reference value of the assets at 31/3/2021 amounted to €1.515mln compared to €2.271mln at the beginning of the Scheme (reference price is the price covered by the Scheme) indicating a decrease of 33% from the initiation of the Scheme.

- Regarding Project ESTIA, until 31st August 2021 the applications evaluated to meet the criteria, correspond to 448 accounts with a contractual balance of €93mln, of which 443 accounts with a contractual balance of €92,5mln have the final approval of the Ministry of Labor. There is an appeals procedure under process by the Ministry of Labor.
- Cumulative cash inflows to date amounted to €1,1bln from the beginning of operations of KEDIPEs. Despite the improvement of the wider economic climate, the danger from the coronavirus pandemic continues with the uncertainty for the future cash flows, the behavior of the borrowers after the termination of the schemes for the suspension of instalments and economic

support, and also the claims of Hellenic Bank under the Asset Protection Scheme.

- The Board of Directors of KEDIPES approved a new cash payment of €50mln against State Aid in September 2021, increasing the total amount of repayment of State Aid in cash to €190mln in 2021 and to €510mln from the beginning of KEDIPES operations in September 2018. There is a pending transfer of immovable properties of around €140mln to the State, which will increase the total repayment to €650mln. Further repayment of State Aid in 2021 is directly related to the potential evolution of KEDIPES to a national asset management company, as per the announcements of the Ministry of Finance. KEDIPES is ready to contribute in that direction but until decisions and final approvals are granted, we remain focused to our current mission under the Commitments undertaken towards the Competition Authority of the European Commission.

A detailed presentation on the management results to 30/6/2021 has been posted on the website of KEDIPES at the following link:

<https://kedipes.com.cy/αποτελεσματα-διαχειρισης/>