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**Progress Report
SEDIPE/ KEDIPE up to 31/12/2021**

- **€115,5mln cash inflows in Q4 2021, at the highest quarterly level from the beginning of the pandemic**
- **The repayment of State Aid amounted to €60mln in Q4 2021 and €250mln in total in 2021, cash repayment of State Aid amounted to €570mln from the beginning of operations of KEDIPE**
- **Project Ledra, final stage of the sale of loan portfolio, at the phase of exclusive negotiation with the preferred bidder**
- **Formal negotiations with trade unions for the redundancy of job positions**

**Statement by the Chairman of the Board of Directors Lambros
Papadopoulos**

Cash inflows in Q4 2021 which amounted to €115,5mln showed a significant increase of 28,3% compared to €90,0mln in Q3 2021 and were at the highest quarterly level from the beginning of the pandemic. The annual cash inflows in 2021 amounted to €403,0mln, showing a significant increase of 29% compared to inflows of €311,8mln in 2020, while the cumulative cash inflows from the beginning of operations of KEDIPE amounted to €1,2bln. Cash inflows have exceeded business plan targets, partly due to the new framework of the agreement between KEDIPE and ALTAMIRA, on the basis of which the fee of the servicing company is substantially variable and highly dependent on the performance with regards to the management of assets.

Including the final cash repayment of €60mln to the State in December 2021, the total amount of cash repayment of State Aid amounted to €250mln in 2021 and to €570mln from the beginning of KEDIPE operations.

While the good performance of 2021 has been positively affected from the stability of the legal framework for foreclosures, any negative changes of both the framework and the other existing or proposed laws which relate to KEDIPE and credit acquiring companies / asset management companies in general, which are under discussion at the House of Representatives, will affect significantly the fulfilment of the Business Plan and the ability of full repayment of State Aid. Finding sustainable restructuring solutions with customers remains a strategic pursuit of KEDIPE as indicated by the level of restructurings, which amount to €1,1bln to date.

Significant progress has been achieved regarding Project Ledra, as the Company has entered the final phase of exclusive negotiation with the preferred bidder for the purchase of loan portfolio. We expect that the signing of the

agreement will take place within February and the completion of the transaction within the first six months of 2022.

Negotiations with ALTAMIRA regarding the key financial terms, the revised Service Level Agreement (SLA), the key performance indicators (KPIs) and the Reverse SLA have almost been completed, and are subject to approval from the corresponding Board of Directors of both Companies, as well as from the Competition Authority (DG Comp) of the European Commission, regarding Commitment 18 and the condition that the Service-Level Agreement is consistent with market terms (market conformity).

The compensation scheme of the ex-CCB staff transferred to ALTAMIRA has been successfully completed, with 119 persons choosing the termination of the right to return to KEDIPEs. Additionally, 10 persons have returned to KEDIPEs from ALTAMIRA, while other 20 persons have accepted the Voluntary Redundancy Scheme (VRS). These actions have a potential saving to the annual salary cost of KEDIPEs up to €6mln – with total implementation cost for KEDIPEs of €7,5mln.

With regards to KEDIPEs staff, the VRS has been accepted by only 39 persons and KEDIPEs is in the process of negotiations with trade unions for the redundancy of a significant number of job positions. The negotiation is conducted on the basis of an updated study from an external HR consultant, which was presented to the trade unions, and indicates that the number of KEDIPEs's staff should not exceed 300 at present.

Financial Developments Q4 2021

- Cash inflows in Q4 2021 amounted to €115,5mln indicating a significant increase of 28,3% against €90,0mln in Q3 2021 and 19,6% against €96,6mln in Q4 2020. Inflows in Q4 from the management of loans and properties amounted in total to €114,0mln or 1,6% of the nominal value of the loan and properties portfolio amounting to €7.128mln at the end of Q3 2021.

Annual cash inflows in 2021 amounted to €403,0mln indicating a significant increase of 29,4%, compared to inflows of €311,8mln in 2020. The annual inflows in 2021 from the management of loans and properties amounted in total to €394,8mln or 5,4% of the nominal value of the loan and properties portfolio of €7.323mln as at 31st December 2020. The cumulative cash inflows from the beginning of operations of KEDIPEs on 1/9/2018 up to 31/12/2021 amounted to €1.224mln. Inflows from the management of loans and properties amounted to €1.176,5mln or 14,61% of the nominal value of the loan and properties portfolio of €8.051mln as at 1/9/2018.

- Operating expenses and asset management expenses in Q42021 amounted to €33,4mln, increased by 30,7% against €25,7mln in Q3 2021, while increased by 4,3% against €32,0mln in Q4 2020.

The annual operating expenses and asset management expenses in 2021 amounted to €113,2mln, increased by 7,0% against €105,7mln in 2020.

The increase relates mainly to salary costs as in September 2021 the unified collective agreement has been signed and staff benefits have been paid retroactively for the period from 1st of July 2020, and also to expenses for the management of assets.

- As already announced, on 1st November 2021 the Voluntary Redundancy Scheme (VRS) and the scheme that included the three available options to the ex – CCB staff transferred to ALTAMIRA have been completed. The VRS has been chosen by 59 persons in total from which 39 from the staff of KEDIPEs, whereas the remaining 20 from ex – CCB staff transferred to ALTAMIRA. Regarding the Scheme for the ex – CCB staff transferred to ALTAMIRA, from the 149 affected members of staff, 119 chose to remain to ALTAMIRA terminating at the same time the right of future return to KEDIPEs while 10 persons decided to return to KEDIPEs.

After the completion of VRS and of the scheme regarding ALTAMIRA's staff, KEDIPEs's staff amounted to 360 persons. KEDIPEs examines all legal and other options provided by the legislation including examining the possibility of employee redundancies and is in the process of negotiations with all trade unions.

- Loan balances at nominal value were €6.422mln at the end of Q4 2021 compared to €6.506mln at the end of Q3 2021 and €6.688mln at the end of Q4 2020. Total deleveraging from the beginning of operations on 1st September 2018 until Q4 2021 reached 12,9% and excluding capitalized contractual loan interest reached 30,1%.
- Total restructuring and/or recovery solutions performed through ALTAMIRA reached €191mln in Q4 2021 compared to €174mln in Q3 2021. Total solutions in 2021 amounted to €703mln compared to €876mln in 2020. Total solutions from the beginning of operations of KEDIPEs to Q4 2021 amounted to €2.797mln or 38% of the initial loan balance of €7.371mln.
- Assets at the end of Q4 2021 were €7.181mln in nominal values and included cash €117mln, immovable property €609mln and €623mln performing loans. Total deleveraging from beginning of operations on 1st September 2018 until Q4 2021 reached 13,0% and excluding capitalized contractual loan interest reached 28,4%.
- Regarding Project ESTIA, until 31st December 2021, applications relating to 486 accounts and contractual balance of €102,2mln were evaluated and approved by the Ministry of Labor. The evaluation of the appeals is under process by the Ministry of Labor.
- Under the Asset Protection Scheme claims amounting to €112,2mln have been filed to date by Hellenic Bank (HB) for the period 1st September 2018 until 30th September 2021, with the most recent claim for Q3 2021

amounting to €0,4mln. KEDIPES, has made an additional payment of €4,4mln in November 2021, with total payments reaching €78,2mln or 70% of the claims that have been filled to date. SEDIPES/KEDIPES and Hellenic Bank are in the process of negotiations to confirm the remaining amount of the claims.

According to Hellenic Bank records, the contractual value of the assets under the Scheme at 30/9/2021 amounted to €1.797mln compared to €2.608mln at the beginning of the Scheme. The reference value of the assets at 30/9/2021 amounted to €1.434mln compared to €2.271mln at the beginning of the Scheme (reference price is the price covered by the Scheme) indicating a decrease of 37% from the beginning of the Scheme.

Moreover, at the end of October 2021, according to the terms of the agreement, Hellenic Bank exercising a specific option during the third anniversary, has withdrawn loans with a reference price of €2,3mln and has paid a fee of €22,8mln to the State. As a result, total payments of Hellenic Bank to the State as the guarantor of the Scheme amounted to €42,1mln.

- Net cash inflows after the payment of the expenses and liabilities in Q4 2021 amounted to €65,9mln, indicating an increase of 19,5% compared to €55,1mln in Q3 2021, and a significant increase of 694% compared to €8,3 in Q4 2020 which included a payment against Assert Protection Scheme of €55,6mln. Net cash inflows after the payment of expenses amounted to €254,0mln in 2021 compared to €146,0mln in 2020 and in €606mln cumulatively from the beginning of KEDIPES's operations.
- Following the approval of the Board of Directors of KEDIPES a new cash payment of €60mln against State Aid was made on 21st December, increasing the total amount of repayment of State Aid in cash to €250mln in 2021 and to €570mln 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 €710mln. Future repayment of State Aid 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 to 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.

Other Developments after the reporting date

- Project Ledra has entered the final phase of exclusive negotiation with the preferred bidder for the purchase of loan portfolio. We expect that the signing of the agreement will take place within February and the completion of the transaction within the first six months of 2022.

- Negotiations with ALTAMIRA regarding key financial terms, the revised Service Level Agreement (SLA), the key performance indicators (KPIs) and the Reverse SLA have almost been completed. They are subject to approval from the corresponding Board of Directors of both Companies, as well as from the Competition Authority of the European Commission, regarding the Commitment 18 and the term that the Service Level Agreement should be consistent with market terms.

A detailed presentation on the management results up to 31/12/2021 has been posted on the website of KEDIPES at the following link:

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