

19/6/2023

**Progress Report
KEDIPE up to 31/3/2023**

- ***Repayment of State Aid €60m for Q1 2023 and further repayment €60m for Q2 2023.***
- ***Cash repayment of 1 billion Euro from the beginning of operations.***
- ***Total cash inflows of €106,7m for Q1 2023. The quarter was negatively impacted by suspensions of foreclosures and problems in the Land Registry's electronic systems.***
- ***Improvement of cash inflows in Q2 2023, due to the normalization of the above challenges. There is a concern however, with part of the legislation proposals.***

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

In its almost five years of operation, KEDIPE has repaid to the State a total amount of €1bn in cash related to the State Aid received by the ex-Cooperative Central Bank. Additionally, immovable property approaching €140m will be transferred to the State soon. A reserve of €60m has also been created regarding the "Mortgage to Rent" Scheme. The amount of €1bn in cash is considered satisfactory, considering the significant internal and external challenges that the Company has faced since the beginning of its operations.

Total cash inflows in Q1 2023 amounted to €106,7m indicating a decrease of 6,5% compared to €114,1m in Q4 2022 and a decrease of 8,3% compared to €116,3m in Q1 2022.

Inflows in Q1 2023 from the management of loans and properties amounting to €105,6m include the sale of certain high value immovable properties. Excluding these sales, inflows of Q1 2023, indicate a decrease of 24% compared to Q1 2022.

Cash inflows of KEDIPE encountered considerable pressure due to the cumulative effect of the continuous horizontal suspension of foreclosures, as we have warned several times in the past. Also, the problems of the Land Registry's electronic system impacted negatively our activities. The

normalization of the above challenges, however, attributed towards the improvement of results of Q2 2023 compared to cash inflows of Q1.

However, we are concerned about the legislation proposals that are currently in the foreground which concern changes to the legal framework governing foreclosures, with the aim of suspension/termination of the process of foreclosures on the basis of court process for reasons such as disputing the balance of a loan.

As we underlined in the letter we submitted to the Finance and Budget Committee of the House of Representatives, the proposed amendments will deprive KEDIPES of the possibility to effectively use the tool of foreclosures, which is deemed necessary and consequently will have a negative impact in cash inflows which will result to the decrease of KEDIPES ability to repay the State Aid.

Regarding the repayment of State Aid, in Q1 2023 we paid an amount of €60mln while in Q2 2023 we repaid an additional amount of €60mln. KEDIPES also maintains additional cash reserves amounting to approximately €150mln including €60mln which, as we mentioned above, concern possible future acquisitions of immovable properties, under the «Mortgage to Rent» Scheme. For the implementation of the Scheme, a positive response is expected soon from the Competition Authority of the European Commission.

Financial Developments of Q1 2023

- Cash inflow of Q1 2023 amounted to €106,7mln indicating a decrease of 6,5% against to €114,1mln in Q4 2022, and a decrease of 8,3% against €116,3mln of Q1 2022. Inflows of Q1 2023, from the management of loans and properties, amounted in total to €105,6mln or 1,57% of the nominal value of the loan and properties portfolio amounted to €6.706mln at the end of Q4 2022. It is noted that the inflows in Q1 2023 have benefited from the completion of the sale of certain high value properties. Excluding this transaction, cash inflows are decreased by 24% compared to Q1 2022. The decreased is mainly due to the postponement of transactions due to the problems of the Land Registry's electronic systems and the cumulative effect from the suspension of foreclosures.

Cumulative cash inflows from the beginning of operations of KEDIPES on 1/9/2018 up to 31/03/2023 amounted to €1.770mln. Inflows from the management of loans and properties amounted to €1.695,5mln or 21,1% of the nominal value of the loan and properties portfolio amounting to €8.051mln as at 1/9/2018.

- Operating expenses and asset management expenses in Q1 2023 amounted to €26,9mln, increased by 3,7% from €25,9mln in Q4 2022 and decreased by 4,6% from €28,2mln in Q1 2022.

- Loans at nominal value amounted to €6.127mln at the end of Q1 2023 from €6.144mln at the end of Q4 2022 and €6.374mln at the end of Q1 2022. Total deleveraging from the beginning of operations of KEDIPES from 1st September 2018 until 31st March 2023 amounted to 16,9% and excluding capitalized contractual loan interest reached 35,3%.
- Total restructuring and/or recovery solutions performed through Altamira amounted to €93mln in Q1 2023 compared to €179mln in Q4 2022 and €144mln in the corresponding quarter of the previous year. The decrease is due to the important reasons which are mentioned above and they affected adversely both in restructuring and/or recovery solutions and in the sale of immovable properties.

Total solutions from the beginning of KEDIPES operations until Q1 2023 amounted to €3.361mln or 45,6% of the initial balance of the loans amounting to €7.371mln.

- Assets at the end of Q1 2023 amounted to €6.829mln in nominal value and included cash €148mln, immovable property amounting to €525mln and €660mln performing loans. Total deleveraging from the beginning of operations on 1st September 2018 until 31st March 2023 reached to 17,2% and excluding capitalized loan interest reached 33,7%.
- Regarding Asset Protection Scheme which concerns Hellenic Bank, the contractual value of the assets under the Scheme as at 31/12/2022 amounted to €1.561mln compared to €2.608mln at the beginning of the scheme, indicating a total reduction of 40% since the beginning of the scheme. The reference value of the assets at 31/12/2022 amounted to €1.220mln compared to €2.271mln at the beginning of the Scheme (reference value is the amount covered by the Scheme) indicating a total reduction of 46% from the starting date.

Under the Scheme claims amounting to €105,5mln have been filed to date by Hellenic Bank (HB) for the period 1st September 2018 to 31st December 2022. Claims of the last 15 months relate to decrease of €6,7mln, mainly due to the stabilization of credit risk and the deleveraging of assets covered under the Scheme. KEDIPES has made total payments amounting to €78,2mln or 74% of the claims filled to date. KEDIPES and Hellenic Bank are in the process of negotiations to confirm the remaining amount of the claims.

Total payments of Hellenic Bank to the State as a guarantor of the Scheme amounted cumulatively to €43,1mln.

- Net cash inflows, after the payment of expenses and liabilities in Q1 2023 amounted to €78,3mln, indicating a decrease of 11,1% compared to €88,1mln in Q4 2022, and a decrease of 10,7% compared to €87,8mln in Q1 2022. Cumulatively, from the beginning of operations of KEDIPES, net cash inflows after the payment of expenses amounted to €1.006,8mln.

- A cash payment of €60mln against State Aid was made in Q1 2023, increasing the total amount of repayment of State Aid in cash to €940mln from the beginning of KEDIPEs operations in September 2018 to the end of Q1 2023. Additionally, after the Board of Director's decision a payment of €60mln was made on 15th of June 2023 increasing the total amount of the repayment of State Aid in cash to €1bln. In parallel, KEDIPEs maintains €60mln as a reserve related to future acquisitions of immovable properties under the "Mortgage to Rent" Scheme.

A detailed presentation on the progress up to 31/03/2023 has been posted on the website of KEDIPEs at the following link:

<https://kedipes.com.cy/en/management-results/>