

16/4/2021

**Progress Report
SEDIPE/ KEDIPE up to 31/12/2020**

- ***Agreement with Altamira on revised key financial terms***
- ***€80mIn cash payment against State Aid in April 2021. Total amount of repayment to date reached €400mIn***
- ***€96,6mIn cash inflows in Q4 2020. 14.7% increase***
- ***€39,9mIn inflows from properties. Highest quarterly level***
- ***€825mIn restructuring solutions from the beginning of operations***

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

Cash inflows in Q4 2020 amounted to €96,6mIn indicating an increase of 14,7% compared to €84,2mIn in the previous quarter of 2020. Inflows from the management of properties reached the highest quarterly level from beginning of operations, at €39,9mIn. The cumulative cash flows for the year 2020 amounted to €311,8mIn, decreased by 23,6% compared to the previous year, mainly reflecting the impact of the pandemic. In 2020 the repayments against State Aid in cash amounted to €200mIn, of which €40mIn in the last quarter of 2020.

In the context of implementation of Commitment 18 an agreement has been reached on the revised key financial terms of the Servicing Agreement with Altamira. The revised terms have been approved by the Board of Directors of KEDIPE. According to the provisions of the Commitment, the new Servicing Agreement will have retroactive effect from 1/1/2020. The total fee of the servicing company for the period 2020-2027, on the basis of a revised recoveries plan, will be decreased by 24% compared to the existing terms and will consist mainly of a variable fee based to the performance of Altamira, as the fixed fee will be decreased by 58% and will constitute only 27% of the total fee, compared to 50% under the existing terms. Also, significant reductions have been agreed for the potential termination fee (up to 70%) while the fee for the removal of assets from the perimeter of the servicing company have been reduced to half of the existing fees.

As part of the negotiations with Altamira, an agreement was initially reached on the target recoveries plan which now targets the gradual but full repayment of the State Aid to the ex CCB in 2018 amounting to €3,54bln. The agreement on the key financial terms is subject to the conclusion of a new Servicing

Agreement which will also cover the remaining terms of cooperation and will be approved by the competent authorities.

It is noted that the operation of a stable and effective foreclosures framework which will govern the operations of physical and electronic auctions is an important factor for the fulfillment of the business plan, particularly for the effective handling of strategic defaulters. In case of negative (for KEDIPES) changes in the existing foreclosures framework, the repayment of State Aid will be negatively affected.

Cash inflows in Q1 2021 were highly satisfactory at around €100mln. Excluding the possible inflows from Project “Ledra”, the target of cash inflows for 2021 is €325mln.

The Board of Directors of KEDIPES decided a new cash payment of €80mln in April 2021 against State Aid, increasing the total amount of repayment of State Aid in cash to €400mln 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 €540mln.

The 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 approvals are granted, we remain focused on our current mission.

Project ‘Ledra’ for the potential sale of performing and restructured loans runs with some delay, with the perimeter of the first partial sale expected to be around €400-500mln of contractual balances and the launch a competitive procedure expected to be in Q3 2021.

Financial Developments Q4 2020

- Cash inflows in Q4 2020 amounted to €96,6mln indicating an increase of 14,7% against €84,2mln in the previous quarter of 2020. An important factor for the recovery of cash inflows were the inflows from the management of properties that reached the highest quarterly level from the beginning of operations (€39,9mln), assisted by targeted campaigns for promoting properties of low and medium marketability outside the urban centers. Inflows from the management of loans and properties amounted to €95,7mln or 1,3% of the nominal value of the loan and properties portfolio amounting to €7.480mln at the end of Q3 2020.
- The cumulative cash inflows for 2020 amounted to €311,8mln, decreased by 23,6% compared with the previous year.
- The cumulative cash inflows from the beginning of operations of KEDIPES from 1/9/2018 to 31/12/2020 amounted to €821,3mln. Inflows from the management of loans and properties amounted to €781,7mln or 9,7% of the initial nominal value of loans and properties amounting to €8.051mln.
- Operating expenses and asset management expenses for Q4 2020 totaled €32,0mln, increased by 27,6% against €25,1mln in the previous quarter of 2020, mainly due to the increase of portfolio management expenses which relate to the increased restructuring and/or recovery solutions and also the payment of the 13th salary.
- Cumulative operating expenses for 2020 amounted to €105,8mln decreased by 9,3% compared to the previous year.
- Loan balances at nominal value were €6.688mln at the end of Q4 2020 compared to €6.823mln of the previous quarter of 2020. Total deleveraging since the beginning of operations on 1st September 2018 until Q4 2020 reached 9,3%. Excluding capitalized interest, total deleveraging from the beginning of operations is 21,5%.
- Total restructuring and/or recovery solutions performed through Altamira reached €306,0mln in Q4 2020 compared to €328,0mln in the previous quarter. Total solutions from the beginning of operations until Q4 2020 amounted to €2.104mln or 28,5% of the initial loan balance of €7.371mln.
- Assets at the end of Q4 2020 were €7.505mln in nominal value and include cash at €113mln, immovable property at €635mln and performing loans at €581mln. Total deleveraging from the beginning of operations on 1st September 2018 until Q4 2020 reached up to 9,1%. Excluding capitalized interest, total deleveraging from the beginning of operations is 20,0%.
- The Board of Director of KEDIPES decided a new cash payment of €40mln in Q4 2020 increasing the total cash repayment against State Aid to €200mln for 2020 or €320mln from the beginning of KEDIPES's operations in September 2018.

- In relation to liabilities, under the Asset Protection Scheme, six claims have been filed to date by Hellenic Bank, amounting to €86,4mln for the period 1st September 2018 to 30th September 2020. The claims for the three quarters of 2020 were increased due to accounting provisions due to the pandemic and reached in total €14,1mln, with the final claim in Q3 2020 amounting to €1,5mln.

KEDIPEs has made a partial payment of the claim amounting to €55,6mln on 30th December 2020 against the first two claims which have been filed under the Scheme of €72,9mln. SEDIPES/KEDIPEs and Hellenic Bank are in the process of negotiations to confirm the remaining amount of the claims.

Other Developments after the reporting date

- In the context of implementation of Commitment 18, an agreement has been reached on the revised key financial terms of the Servicing Agreement with Altamira. The revised terms have been approved by the Board of Directors of KEDIPEs. According to the provisions of the Commitment, the agreement will have retroactive effect from 1/1/2020. The total fee for the period 2020-2027, on the basis of a revised recoveries plan, will be decreased by 24% compared to the existing terms and will consist mainly of a variable fee based to the performance of Altamira, as the fixed fee will be decreased by 58% and will constitute only 27% of the total fee compared to 50% under the existing terms. Also, significant reductions have been agreed for the potential termination fee (up to 70%) while the fee for the removal of assets from the perimeter of the servicing company have been reduced to half of the existing fees.

As part of the negotiations with Altamira an agreement was initially reached on the target recoveries plan which now targets to the gradual but full repayment of State Aid to the ex-CCB in 2018 amounted to €3,54bln. The agreement on the key financial terms is subject to the conclusion of a new Servicing Agreement which will also cover the remaining terms of cooperation and will be approved by the competent authorities.

- Project “Ledra” for the potential sale of performing and restructured loans of contractual balances up to €1,2bln runs with some delay. The strategy and timing for the sale of portfolio take into account developments regarding the pandemic and the suspension of payment of loan instalments in accordance to the relevant decree, in order to maximize the selling price. The perimeter of the first partial sale is expected to be around €400-€500mln and the launch of the competitive procedure is expected to be in Q3 2021.
- Regarding project ESTIA, until 26 March 2021:
 - 2.967 applications have been filed which correspond to 3.788 accounts with balances amounting to €906mln.
 - Fully completed applications reached 1.682 corresponding to 2.113 accounts and balances totaling €486mln.

- Applications to date which have been evaluated that they meet the criteria, correspond to 699 accounts with contractual balance of €151mln, of which 191 accounts with contractual balance of €40mln have the final approval by the Ministry of Labor.
- KEDIPES, in coordination with the Ministry of Finance is developing a Mortgage to Rent scheme which aims to allow housing protection to people with low capability of repayment of their loan.
- In relation to loans participating in the suspension of payment instalments scheme which was announced in March 2020 and expired in December 2020, payment delays appear for accounts with balances of €103mln or 24% of the accounts which had an instalment in the period January-February 21 amounting to €431mln. These loans are under review and the effort is to offer the appropriate solutions to the debtors facing economic difficulties.

Regarding the new scheme for the suspension of payment instalments which covers the period January - June 2021, 29 accounts have participated with a balance of €3,5mln.

Targets for the year 2021

- The impact of Coronavirus pandemic is expected to affect key economic indicators both in the short term as well as in the long term, primarily on the growth rate of the economy and on the prices of immovable properties.
- As a result, there is an increased uncertainty in relation to the cash flows for 2021, while the claims of Hellenic Bank under the Asset Protection Scheme may be affected negatively.
- Cash inflows for Q1, were highly satisfactory and amounted to approximately €100mln, including some inflows from the sale of properties of the previous year, indicating an increase of 30% from the corresponding quarter of 2020 during which was significantly affected by the pandemic in March. Excluding the potential inflows from Project “Ledra”, the target of cash inflows for 2021 is €325mln.
- The Board of Directors of KEDIPES decided a new cash payment of €80mln against State Aid in April 2021, increasing the total amount of repayment of State Aid in cash to €400mln 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 €540mln. The 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 approvals are granted, we remain focused on our current mission under the Commitments undertaken towards the Competition Authority of the European Commission.

A detailed presentation on the management results up to 31/12/2020 has been posted on the website of KEDIPES at the following link:

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