

05/03/2024

**Progress Report
KEDIPE up to 31/12/2023**

- **Cash inflows of €129,6mln in Q4 2023 – Cash inflows of €440,8mln for 2023, the highest quarterly and annual inflows since the beginning of operations of KEDIPE.**
- **Repayment of State Aid of €80mln in cash in Q4 2023 (in total €280mln for 2023 and €1,16bln since the beginning of operations).**

Other developments – Q4 2023 / Q1 2024:

- **Successful commencement of the Mortgage to Rent (MTR) Scheme with approximately 1.300 applications.**
- **Signing of a €58mln portfolio sales agreement. Approval by the Competition Commission.**
- **Signing of a dispute resolution agreement for the Asset Protection Scheme with Hellenic Bank and decrease of the cumulative claim up to 30/06/2023, by €15mln. New claim of €7,4mln in Q3 2023 with cumulative claims totaling €100,1mln.**
- **Signing of a Collective Agreement with SEK – PEO. New Voluntary Redundancy Scheme in progress.**
- **Renewal of the Interest Rate Subsidy Scheme for restructured loans linked to the ECB base rate for the borrowers with performing loans and for 2024. Subsidy of interest of €7,4mln for Q2 2023 – Total interest subsidy of €12mln for 2023.**
- **Commencement of targeted campaign for full repayment of loans secured by a primary residence under €350,000 based on the value of property.**

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

2023 is the year with the highest annual cash inflows since the beginning of KEDIPE operations in 2018, as they reached €440,8mln compared to the inflows of 2022 which reached €438,7mln.

Cash inflows in Q4 2023 were €129,6mln, increased by 38,2% compared to €93,7mln in Q3 2023 and increased by 13,6% compared to €114,1mln in Q4 2022.

A cash payment of €80mln against State Aid was made in Q4 2023, increasing the total amount of repayment of State Aid in cash to €1,16bln since the beginning of KEDIPE operations in September 2018.

In parallel, KEDIPE maintains €60mln as a cash reserve for the purchase of immovable properties under the «Mortgage to Rent» Scheme.

« Mortgage to Rent »Scheme – Legislation Amendments – New Campaign:

The implementation of «Mortgage to Rent» (MTR) Scheme, an important Government initiative for the support of vulnerable borrowers who have as a security their primary residence, has commenced last December. About 1.300 applications have been received to date, with a positive assessment for the possible inclusion of at least 800 borrowers in the Scheme, in line with the initial estimates.

In parallel, through a new targeted campaign to the borrowers with non-performing loans secured by a primary residence under €350 thousand, we also provide the possibility of full repayment of the loan based on the value of the property.

Through these coordinated actions, as well as the existing options we offer: viable restructurings (over €1,5bln since the beginning of KEDIPES operations), debt to asset swaps with the exchange of immovable property (over €1,0bln), the Government schemes for vulnerable and cooperative borrowers (ESTIA, OIKIA and MTR) and the legislative amendments which were recently voted by the House of Representatives, which are deemed to be effective and functional, we consider that all borrowers will be afforded constructive support and cooperation for a consensual solution.

Deleveraging of Portfolio under management – Project LEDRA:

Regarding the strategy of KEDIPES for the deleveraging of the portfolio under management, at the end of the previous year, we proceeded with the signing of an agreement with Bank of Cyprus for the sale of a portfolio of performing loans amounting approximately to €58mln. The Competition Commission has approved the market conformity of the concentration regarding the acquisition of the KEDIPES performing loans portfolio by Bank of Cyprus. The transaction and cash settlement is expected to be completed within 1 to 2 weeks.

The deleveraging of the assets is a key target of our business plan. In the future, it is expected that KEDIPES will make further loan portfolios sales in line with its business plan.

Interest Subsidy Scheme:

Regarding the results of the Interest Subsidy Scheme, which was announced by KEDIPES last March, following consecutive increases of the main refinancing interest of the European Central Bank, I note that:

- Accounts rewarded for being up to date with their payment obligations amounted to 3.335 accounts as at 31/12/2023.
- In Q2 2023 the subsidy amounted to €7,2mln while for 2023 the total subsidy amounted to €12mln.
- The subsidy assisted loans of €94mln which were in arrears at 31/12/2022 as well as within 2023, to cover their arrears and to be added to the interest subsidy perimeter.
- The Board of Directors of KEDIPES has decided that the Interest Subsidy Scheme will be continued in 2024, in the same format as the previous 2023 Scheme, i.e. the total interest charged to the borrowers who comply to the repayment schedule of their facilities, to be 3,50% for housing loans and 4% for credit facilities for other purposes.

Labor Issues:

Regarding labor issues and following the signing of Collective Agreement with ETYK (13/03/2023), I inform you that on 30/11/2023 the Collective Agreement with SEK-PEO has

been renewed with effect for the years 2023-2025. With the signing of this Agreement, there is now an identical Collective Agreement for all staff, something that has always been the goal of KEDIPEs.

Also, in an effort to reduce operating expenses, there is in force since last October, a Voluntary Redundancy Scheme (VRS) for staff members who wish to depart. The VRS period ends at the end of March.

Asset Protection Scheme:

Regarding the Asset Protection Scheme (APS) I would like to note the signing of an agreement between KEDIPEs and Hellenic Bank for the resolution of disputes, which led to the decrease of the cumulative claim of Hellenic Bank until 30/06/2023 by €15mIn to €92,7mIn. In Q3 2023, Hellenic Bank has filed a claim amounting to €7,4mIn, with the cumulative claim from the beginning of the Scheme reaching €100,1mIn.

In conclusion, I reiterate once more that we remain committed to our initial goal, that of full repayment of State Aid as soon as possible, although the challenges to achieve this goal, have increased.

Financial Developments Q4 2023

- Cash inflows of Q4 2023 amounted to €129,6mIn indicating an increase of 38,2% against €93,7mIn in Q3 2023, and an increase of 13,6% against €114,1mIn in Q4 2022.

Annual cash inflows for 2023 amounted to €440,8mIn, remaining at the same high levels with inflows of €438,7mIn for 2022. Annual inflows of 2023 from the management of loans and properties amounted to €434,7mIn or 6,5% of the nominal value of the loan and properties portfolio of €6.706mIn as at 31 December 2022.

Cumulative cash inflows from the beginning of operations of KEDIPEs on 1/9/2018 up to 31/12/2023 amounted to €2.104mIn. Inflows from the management of loans and properties amounted to €2.025mIn or 25,1% of the nominal value of the loan and properties portfolio of €8.051mIn as at 1/9/2018.

- Operating expenses and asset management expenses in Q4 2023 amounted to €31,1mIn, increased by 17,3% against €26,5mIn in Q3 2023 and by 20,0% from €25,9mIn in Q4 2022.

Annual operating expenses and asset management expenses for 2023 amounted to €108,9mIn increased by 2,5% from €106,4mIn for 2022.

- Loans at nominal value amounted to €5.895mIn at the end of Q4 2023 compared to €6.023mIn at the end of Q3 2023 and €6.144mIn at the end of Q4 2022.
- Total restructuring and/or recovery solutions performed through servicing company doValue amounted to €232mIn in Q4 2023 compared to €140mIn in Q3 2023 and €179mIn the corresponding quarter of the previous year.

Total solutions for 2023 amounted to €654mIn decreased by 1,4% compared to €663mIn for 2022.

Total solutions from the beginning of operations of KEDIPEs to Q4 2023 amounted to €3.922mIn or 53,2% of the initial loan balance of €7.371mIn.

- Assets at the end of Q4 2023 amounted to €6.568mln in nominal value and included cash €164mln, immovable property amounting to €471mln and €709mln of performing loans. Total deleveraging from the beginning of operations on 1st September 2018 until 31st December 2023 reached 20,4% and excluding capitalized loan interest reached 38,8%.
- Under the Asset Protection Scheme which concerns Hellenic Bank, the contractual value of the assets under the Scheme as at 30/09/2023 amounted to €1.406mln compared to €2.608mln at the beginning of the Scheme indicating a total decrease of 46% since the beginning of the Scheme. The reference value of the assets at 30/09/2023 amounted to €1.086mln compared to €2.271mln at the beginning of the Scheme (reference value is the amount covered by the Scheme) indicating a total reduction of 52% from the starting date.

Under the Scheme, claims amounting to €100,1mln have been filed to date, by Hellenic Bank (HB) for the period 1st September 2018 to 30th September 2023. The previous claim up to 30 June 2023 of €107,9mln decreased by €15,2mln on the basis of the agreement for the disputes resolution, while afterwards Hellenic Bank has filed a claim amounting to €7,4mln for Q3 2023 relating to impairment losses recorded in the financial results of Hellenic Bank. According to Hellenic Bank impairment losses recognised for the 9M2023 was a result of updating the LGD models (Losses Given Default), as emerged by the latest discussions held in the House of Parliament regarding the amendments relating to the foreclosure framework and the foreclosure moratorium announced by the Association of Cyprus Banks.

In parallel, until today payments have been made amounting to €97,4mln or 97% of the total claims, including the payment of €13,7mln in Q4 2023, made under the agreement for resolution of the disputes and payment of €5,5mln in Q1 2024 regarding the Q3 2023 claim.

Total payments of Hellenic Bank to the State as a guarantor of the Scheme amounted cumulatively to €44,1mln.

- Net cash inflows, after the payment of expenses and liabilities in Q4 2023 amounted to €82,6mln, indicating an increase of 22,7% compared to €67,3mln in Q3 2023, and a decrease of 6,2% compared to €88,1mln for Q4 2022. Net cash inflows after the payment of expenses amounted to €314,6mln in 2023 compared to €322,5mln in 2022 and to €1.243,1mln cumulatively from the beginning of KEDIPES operations.
- A cash payment of €80mln against State Aid was made in Q4 2023, increasing the total amount of repayment of State Aid in cash to €1,16bln from the beginning of KEDIPES operations in 2018. In parallel, KEDIPES maintains €60mln as a cash reserve relating to future acquisition of immovable properties under the «Mortgage to Rent » Scheme.

A detailed presentation on the progress results up to 31/12/2023 has been posted on the website of KEDIPES at the following link:

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