

14/03/2023

**Progress Report  
KEDIPE up to 31/12/2022**

- ***Cash Inflows €114,1mln in Q4 2022 – Cash inflows €438,8 for 2022, the highest annual inflows from the beginning of operations of KEDIPE***
- ***Repayment of State Aid of €80mln in Q4 2022 – Repayment of State Aid €310mln for 2022, the highest annual repayment from the beginning of operations of KEDIPE – Total cash repayment of State Aid €880mln***
- ***Interest rate subsidy of restructured loans linked to the ECB base rate for borrowers who are not in arrears in their loan instalments.***
- ***Approval of the ‘Mortgage to Rent’ Scheme by the Board of Directors of KEDIPE***
- ***Signing of Collective Agreement with ETYK***

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

2022 was a particularly important year for KEDIPE as we achieved the highest annual cash inflows since the beginning of operations, which amounted to €438,8mln. We have also paid the highest annual cash repayment of State Aid which amounted to €310mln.

Cash inflows in Q4 2022 amounted to €114,1mln increased by 22,5% compared to €93,1mln in Q3 2022, and remained at similarly high levels compared to Q4 2021.

However, the continuous horizontal suspensions of foreclosures, as we have warned several times in the past, have now begun to substantially affect our operations, and are now expected to have a negative impact on restructuring solutions/cash inflows from Q1 2023.

We welcome the recent decision of the House of Representatives not to proceed with a new extension of the suspension of foreclosures and we hope that the problem of the continuous horizontal suspension of foreclosures will be resolved with a complete, final and above all, functional solution and to allow the regulatory and supervisory framework, including foreclosures, to function properly so that we can effectively handle the non-

cooperative debtors and the strategic defaulters that form a significant part of our portfolio.

A cash payment of €80mln against State Aid was made in Q4 2022, increasing the total amount of repayment of State Aid in cash to €310mln in 2022 and €880mln from the beginning of KEDIPE's operations.

The amount and timing of future repayment of State Aid is directly related to the potential acquisition of immovable properties under the 'Mortgage to Rent' Scheme, while we note that currently KEDIPE has significant liquidity (over €150mln).

### **Interest Subsidy for Performing Restructured Credit Facilities**

We are particularly concerned about the strong pressure on household and business income, resulting from increasing inflation and interest rates, as they affect the ability to keep existing restructurings sustainable. We note that KEDIPE has carried out restructurings amounting to €1,3bln from the beginning of operations.

Realizing and understanding all these risks, we are announcing today (announcement attached) the interest subsidy for 2023 for the restructured credit facilities which have as base rate, the base rate of the European Central Bank, so that the total interest rate for 2023 does not exceed 3,5% for housing loans and 4,0% for loans for other purposes. This measure applies to accounts that will not show any arrears on the capitalization date provided for in the agreement. This measure excludes loans from Central Agency for Equal Burden Distribution and loans to Municipalities and Communities.

### **'Mortgage to Rent' Scheme**

A major challenge is also the management of non-performing loans secured by a primary residence with a market value of less than €350 thousand.

We believe that the 'Mortgage to Rent' Scheme, which mainly relates to loans secured by a primary residence with a market value of up to €250 thousand will be an important measure to deal with this situation and will bring great relief to verified vulnerable citizens who are unable to repay their obligations.

We are actively involved in the planning and implementation of the Scheme which has been recently approved by the Board of Directors of KEDIPE and we are ready to begin the procedures for its implementation, as soon as the relevant approval from the competent European and national authorities is obtained.

### **Collective Agreement with ETYK**

We have completed a particularly important chapter for KEDIPE concerning the signing of the renewal of the collective agreement with

ETYK. This is the first agreement between KEDIPES and ETYK and concerns years 2019-2023.

The agreement was reached in an atmosphere of mutual goodwill, with the main aim to agree a mutually acceptable Collective Agreement that would serve both the interests of the KEDIPES's staff and the interests of the Company.

The provisions of the agreement will be applied to all KEDIPES staff.

## Financial Developments Q4 2022

- Cash inflows in Q4 2022 amounted to €114,1mln indicating an increase of 22,5% against €93,1mln in Q3 2022, and a decrease of 1,2% against €115,5mln in Q4 2021. Inflows in Q4 2022 from the management of loans and properties amounted in total to €113,0mln or 1,66% of the nominal value of the loan and properties portfolio amounting to €6.818mln at the end of Q3 2022.

Annual cash inflows for 2022 amounted to €438,7mln indicating an increase of 8,9%, compared to inflows of €403,0 for 2021. Annual inflows of 2022 from the management of loans and properties amounted in total to €413,4mln or 5,9% of the nominal value of the loan and properties portfolio of €7.027mln as at 31 December 2021.

Cumulative cash inflows from the beginning of operations of KEDIPEs on 1/9/2018 up to 31/12/2022 amounted to €1.663mln. Inflows from the management of loans and properties amounted to €1.589,9mln or 19,7% 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 Q4 2022 amounted to €25,9mln, increased by 2,8% against €25,2mln in Q3 2022 and decreased by 22,5% from €33,4mln in Q4 2021.

Annual operating expenses and asset management expenses for 2022 amounted to €106,4mln decreased by 6% from €113,2mln for 2021.

- Loans at nominal value amounted to €6.144mln at the end of Q4 2022 compared to €6.236mln at the end of Q3 2022 and €6.422mln at the end of Q4 2021. Total deleveraging from the beginning of operations of KEDIPEs from 1<sup>st</sup> September 2018 until 31<sup>st</sup> December 2022 reached 16,6% and excluding capitalized contractual loan interest reached 34,1%.
- Total restructuring and/or recovery solutions performed through servicing company Altamira reached €178mln in Q4 2022 compared to €167mln in Q3 2022. Total solutions for 2022 amounted to €663mln compared to €683mln for 2021. Total solutions from the beginning of operations of KEDIPEs to Q4 2022 amounted to €3.268mln or 44,3% of the initial loan balance of €7.371mln.
- Assets at the end of Q4 2022 amounted to €6.863mln in nominal value and included cash €130mln, immovable property amounting to €562mln and €631mln of performing loans. Total deleveraging from the beginning of operations on 1<sup>st</sup> September 2018 until 31<sup>st</sup> December 2022 reached to 16,8% and excluding capitalized loan interest reached 32,4%.
- Under the Asset Protection Scheme claims amounting to €105,8mln have been filed to date, by Hellenic Bank (HB) for the period 1<sup>st</sup> September 2018 to 30<sup>th</sup> September 2022. Claims of the last twelve months relate to decrease

of €6,4mln, mainly due to the revision of impairment parameters from HB and the deleveraging of assets 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.

The contractual value of the assets under the Scheme as at 30/09/2022 amounted to €1.610mln compared to €2.608mln at the beginning of the Scheme indicating a total decrease of 38%. The reference value of the assets at 30/09/2022 amounted to €1.277mln compared to €2.271mln at the beginning of the Scheme (reference value is the amount covered by the Scheme) indicating a total reduction of 44%.

- Net cash inflows, after the payment of expenses and liabilities in Q4 2022 amounted to €88,1mln, indicating an increase of 30,3% compared to €67,6mln in Q3 2022, and an increase of 33,7% compared to €65,9mln in Q4 2021. Net cash inflows after the payment of expenses amounted to €322,5mln for 2022 compared to €254,0mln in 2021 and to €928,6mln cumulatively from the beginning of KEDIPEs operations.
- A cash payment of €80mln against State Aid was made in Q4 2022, increasing the total amount of repayment of State Aid in cash to €310mln in 2022 and to €880mln from the beginning of KEDIPEs operations in September 2018. Future repayment of State Aid is directly related to the potential expansion of activities of KEDIPEs to include acquisition of immovable properties under the 'Mortgage to Rent' Scheme in accordance with the relevant announcements by the Ministry of Finance.

A detailed presentation on the management results up to 31/12/2022 has been posted on the website of KEDIPEs at the following link:

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