

October 2021

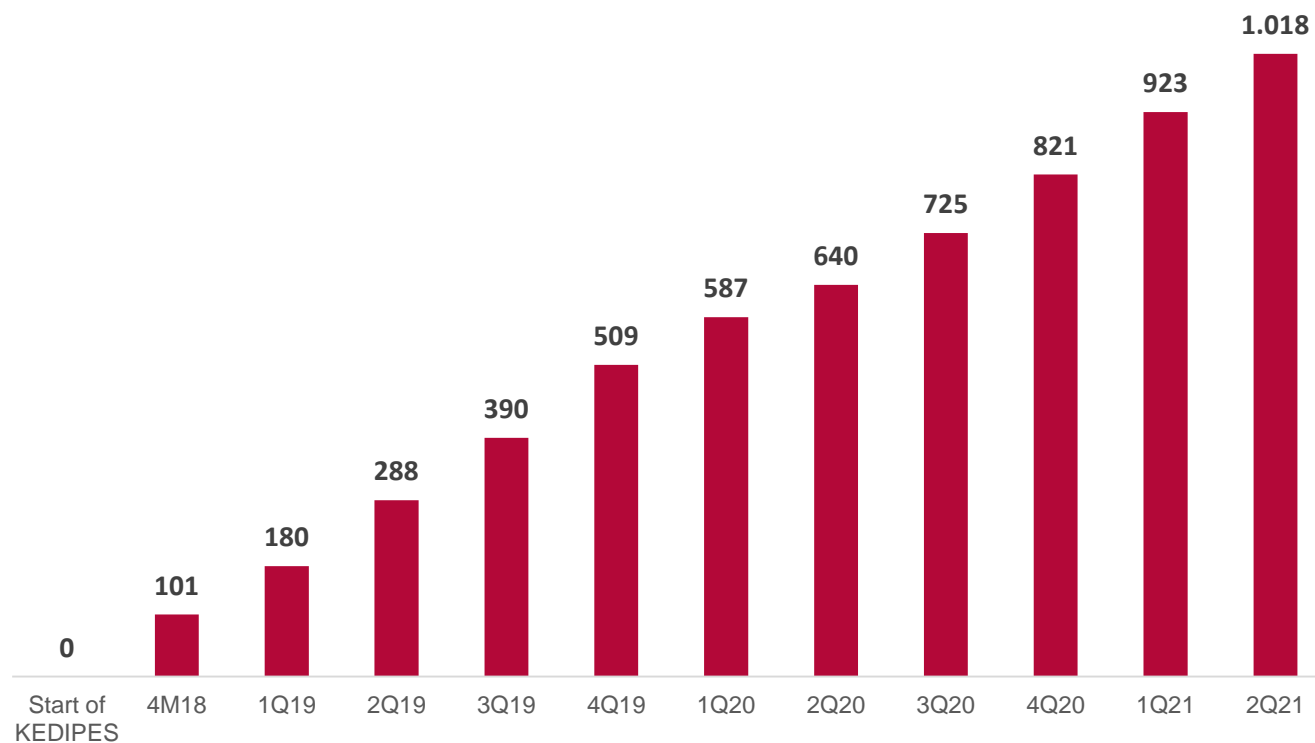
# Progress Report September 2018 – June 2021



**Progress Report**  
**KEDIPES**  
*to 30/06/21*



## Cash Collections (€mIn)



## Assets Under Management (€mIn)

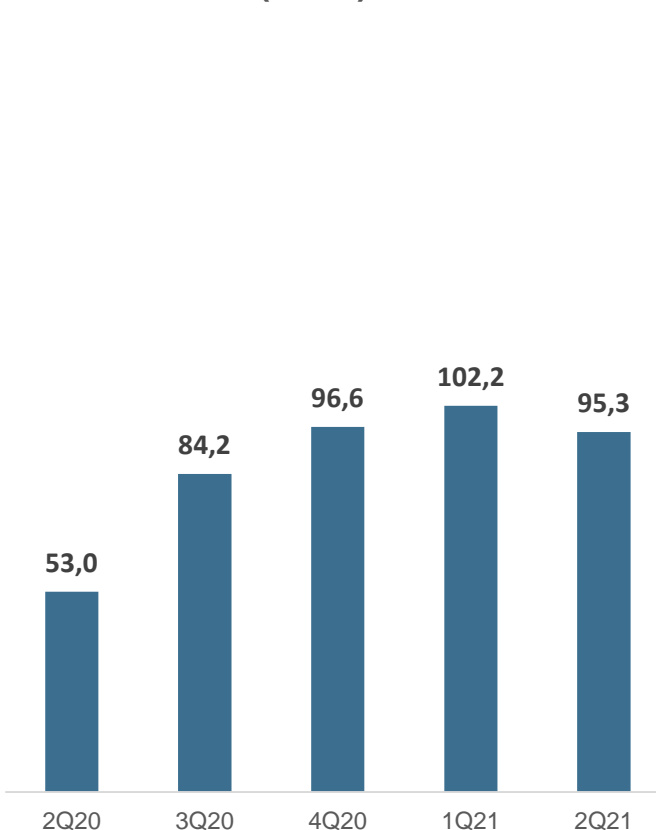


\* Nominal assets under management excluding loan interest

 <b>€1.018mIn</b> Cash Inflows	 <b>€1.927mIn</b> Deleveraging of Assets Under Management	 <b>€400mIn</b> Repayment of State Aid	 <b>€200mIn</b> Property Transfers & other payments to Government Services	 <b>€223mIn</b> Settlement of Liabilities of ex-CCB	 <b>€944mIn</b> Restructured Solutions	 <b>€359mIn</b> Property Sales
---	--	---	---	--	---	---

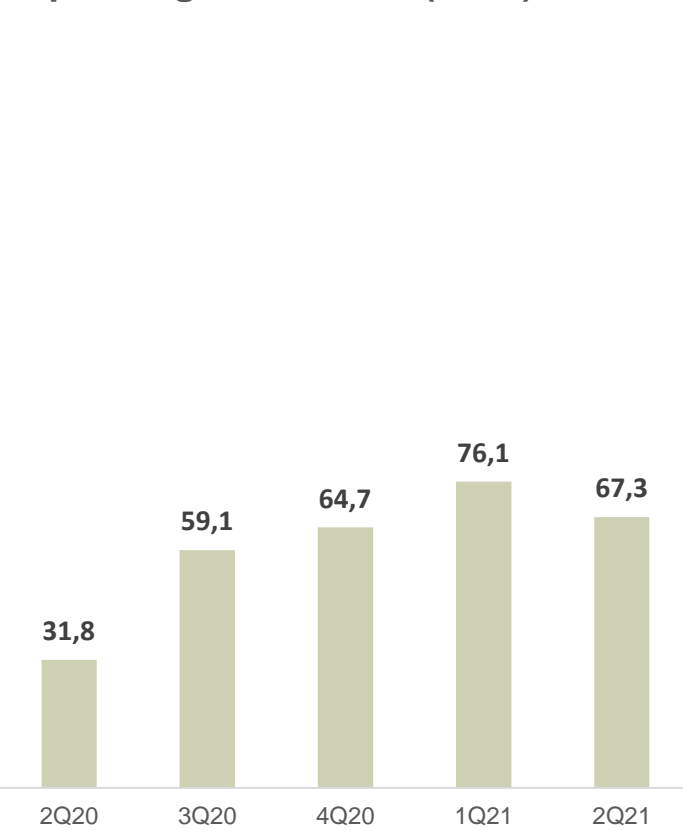
- From the beginning of its operations, KEDIPES managed to succeed **€1.018mIn** totaled Cash Inflows, with a parallel deleverage of Assets Under Management by **€1.927mIn**.
- At the reporting date the total repayment to State Aid amounted to €400mIn, while in July and in September of 2021 new repayments of €60mIn and €50mIn were made, bringing the total repayments to **€510mIn**.
- In addition to the cash repayments, property and art collections will be transferred to the Government valued €140mIn and €1,3mIn respectively, while €59mIn was paid to Government Services mainly in the form of fees and taxes, including VAT. Payments for the settlement of ex-CCB liabilities amounted to **€223mIn**.
- As at the reporting date, **€944mIn** Restructuring Solutions and **€359mIn** Sales of Property, were implemented through Altamira Servicer.

## Cash Inflows (€mln)



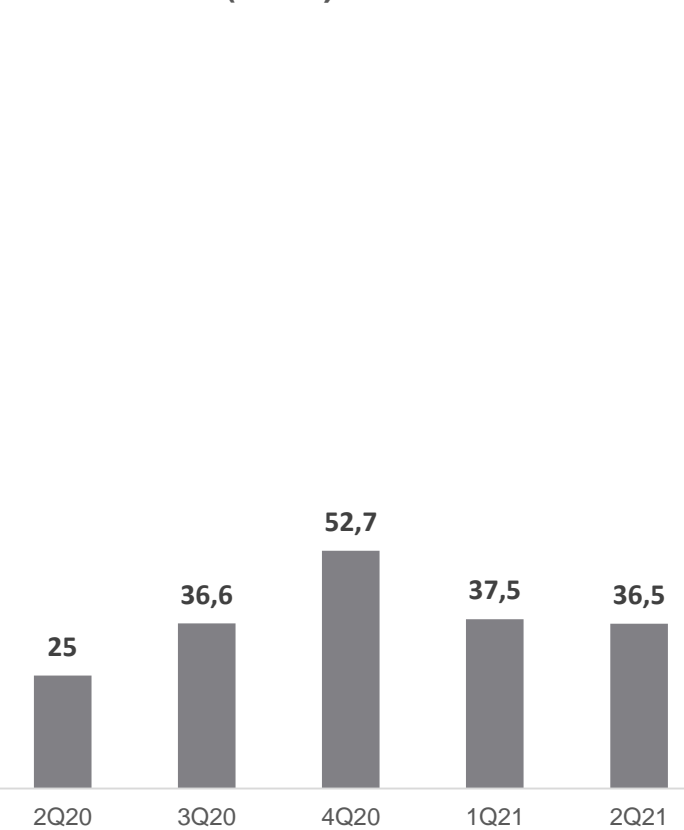
- Cash Inflows in 2Q2021, reached €95,3mln, recording a decrease of 6,8% compared to 1Q2021 and an increase of 79,8% compared to 2Q2020.
- Further details can be found on [page 9](#).

## Operating Cash Flows (€mln)



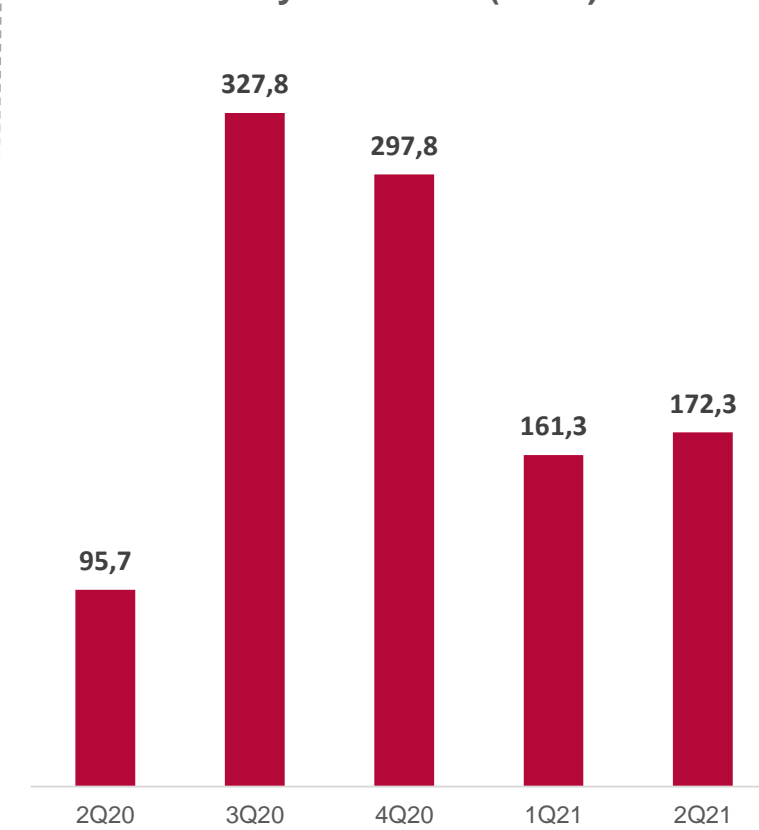
- Operating cash flows during 2Q2021 reached €67,3mln recording a decrease of 11,6% compared to 1Q2021 and an increase of 111,6% compared to 2Q2020.
- Further details can be found on [page 11](#).

## REO Sales (€mln)



- REO sales during 2Q2021 reached €36,5mln, remaining at a high level, although recording a decrease of 2,7% compared to 1Q2021. However, an increase of 46,0% is recorded compared to 2Q2020.
- Despite the pandemic, Altamira campaigns for moderate liquidity and value properties have made a significant contribution to REO sales.
- Further details can be found on [page 21](#).

## Total Recovery Solutions (€mln)



- Total recovery solutions during 2Q2021 reached €172,3mln, recording an increase of 6,8% compared to 1Q2021, and an increase of 80,0% compared to 2Q2020.
- From the start of KEDIPES operations, total recovery solutions amounted to €2.427mln or 32,9% of the initial nominal value of advances amounted to €7.371bln.
- Recovery solutions leads to cash inflow directly or indirectly in the case of property repossession.
- Further details can be found on [page 16](#).

# List of Commitments to DG Competition

KEDIPEs operates on the basis of the “List of Commitments” signed on 15/06/2018 between the Republic of Cyprus and the European Commission’s Directorate-General for Competition (<https://kedipes.com.cy/κεδιπεσ/κατάλογος-δεσμευσεων/>). Compliance with the commitments is monitored by the “Monitoring Trustee”, which is Baker Tilly. The below progress represents the latest progress evaluation of the Monitoring Trustee in September 2021. Latest progress is noted by KEDIPEs.

Commitment	Description of Commitment	Progress
10	All claims of CCB shareholders remain in the Residual Entity (RE) and cannot be transferred to Hellenic Bank (HB) at a later stage.	<b>In compliance</b> and will be evaluated on an ongoing basis.
11	In return for the state aid that was secured in the process of selling the assets and operations, the RoC must have a claim equal to the value of that aid.	<b>In compliance</b> and will be evaluated on an ongoing basis.
12	Sale of SEDIPES shareholding in the joint venture with Altamira Cyprus. An independent expert will verify compatibility with market conditions.	<b>Completed</b> 09/09/2020, following Cyprus Competition Authority’s approval, the sale of share in Altamira Asset Management (Cyprus) Limited from SEDIPES to Altamira Asset Management S.A. The sale price was agreed at €4,5mIn and it has been confirmed by an independent expert that this is consistent with market conditions.
13	Surrender of the banking license or reduction in the scope of operations to the minimum necessary for the activities described in Commitment 14.	<b>Completed.</b>
14	The sole activity of the RE will be to manage the assets of the residual entity with the objective of divestment, liquidation or winding down in order to repay the state aid . In addition, RE will not conduct any other economic activity, nor will it acquire clients or sell products.	<b>Almost Completed</b> – completion is subject to the completion of commitment 18.
15	The RE will not acquire a share in any company.	<b>In compliance</b> and will be evaluated on an ongoing basis.
16	The sole objective of the company is to maximise the recovery of assets as quickly as possible and in an appropriate way. The company will be run by people with specialist knowledge and international experience. It will be independent of the state which can give instructions only relating to the protection of taxpayers’ money and on maximising recovery of the state aid . Management will be granted performance-based remuneration.	<b>Almost Completed</b> – the recruitment process of the new independent members of the Board of Directors is underway.
17	Success will be evaluated on a regular basis and strategic business plans adjusted accordingly	<b>Almost Completed</b> - completion is subject to the completion of commitment 18.
18	Management of the assets will be done by a private Portfolio Servicing Company – either by a new company via a transparent, unconditional tendering process or by the existing provider, Altamira Cyprus, where the terms of the agreement will be assessed by an independent expert. The Servicer’s remuneration will be performance-based.	<b>Not completed</b> - In progress. The Head Terms regarding the main financial terms have been signed. Negotiations for the revision of the remaining key terms of the Service Level Agreement is in progress.
19	The RE retains the right to transfer the entire asset portfolio to any other state-owned asset management company, provided that the financial terms of the transfer do not call into question the assumption of the liability of the shareholders of the CCB.	<b>In compliance</b> - final approval by the Legal Service of the Republic of Cyprus is expected to be received by the end of 2021.
20	The terms listed in Commitment 13-19 also apply to the state-owned asset management company which could take over the portfolio of the RE.	<b>Completed</b> - and will be evaluated on an ongoing basis.

## Initial Actions

- Operation as an asset management company using existing staff and infrastructure
- Segregation of the balance sheet, systems, buildings and staff to execute the transaction with Hellenic Bank
- Cessation of banking operations (eg current accounts) and insurance services
- Securing a licence from the CBC to operate as a Credit Acquiring Company
- Continuation of cooperation with Altamira Cyprus ensuring an uninterrupted flow of restructures
- Establishment and operation of a Transitional Service Agreement with Hellenic Bank
- Management of large volumes of computer and office equipment and other legacy/pending issues of ex-CCB
- Cooperation with the competent State authorities concerning public inquiries / investigations relating to ex-CCB
- Licensing of SEDIPES to allow restructuring to recommence
- Establishment of a new Board of Directors

## Strategic Actions

- Completion of the Transitional Agreement for the Provision of Services to Hellenic Bank (TSA)
- Completion of the financing (€128,9mIn) and management of the Staff Voluntary Redundancy Scheme
- Repayment of State Aid, €120mIn in 2019, €200mIn in 2020 and €190mIn in 2021
- Development of a corporate governance framework
- Completion of the sale of participation in Altamira Cyprus to Altamira Spain for €4,5mIn in September 2020
- Transfer agreement with the State for properties worth approximately €140mIn and other Art Collections worth €1,3mIn.
- Management of claims under the Hellenic Bank Asset Protection Scheme
- Improvement of the organisational structure and gradual implementation of the new organogram
- Business Plan Update
- Gradual implementation of Project Ledra for the possible sale of loans
- Agreement of Head of Terms with Altamira Cyprus for the revised Service Level Agreement

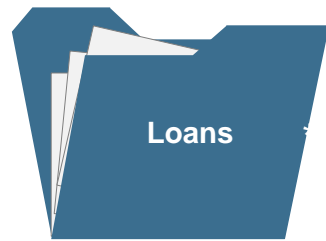
## Challenges

- Uncertainty surrounding practical application of the Insolvency Framework and the law on Foreclosures
- Delay in completing the transfer of assets from SEDIPES to KEDIPES
- Negative effects of the COVID-19 pandemic on cash flows, on the recoverable value of assets, including Project Ledra, and on claims under the Loan Guarantee Scheme
- Compliance with the Commitments of the European Commission's Directorate-General for Competition and revision of the Portfolio Service Level Agreement
- Lack of direct access to the land registry system "Ariadne"
- Improvement of data quality
- Completion of Staff Voluntary Redundancy Scheme and exit of CCB employees transferred to Altamira or resigning of the right to return to KEDIPES
- Low levels of interest in participation in the ESTIA Scheme
- Expected increased supply of properties on the market from other Credit Acquiring Companies
- Significant Increase in the cost of construction material

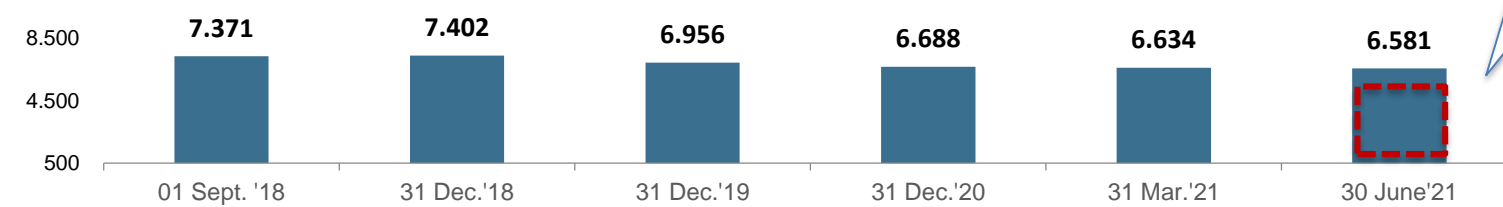
**Progress Report**  
**KEDIPES**  
*to 30/06/21*



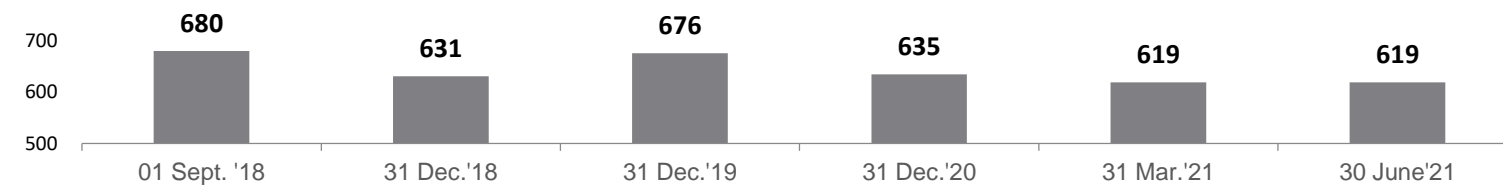
# Assets under Management



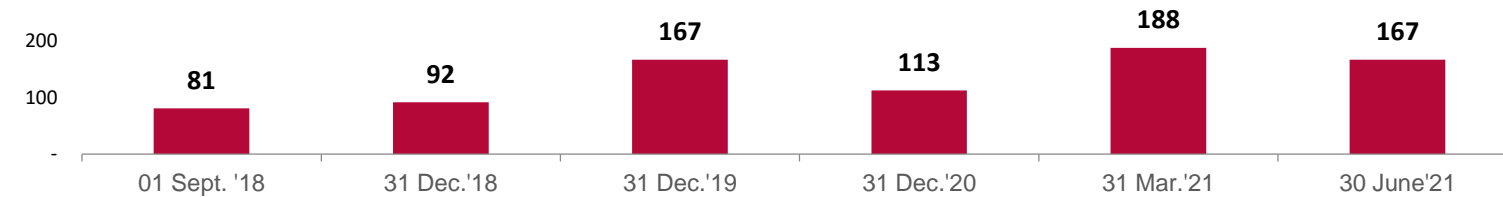
Loans (€mIn)



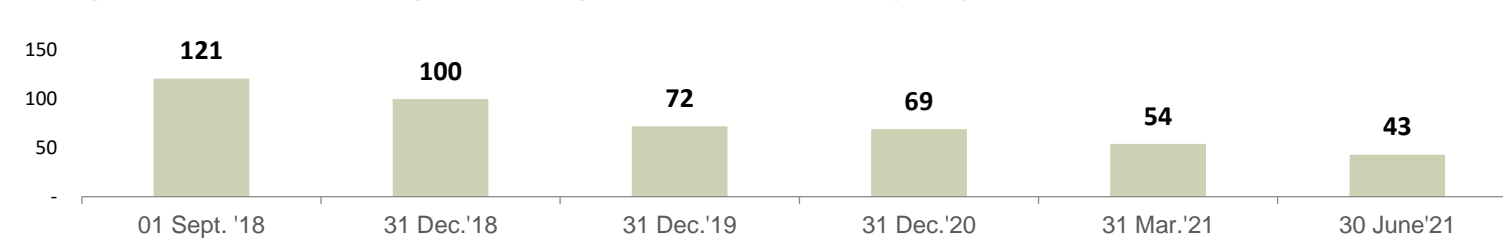
Immovable Property (€mIn)



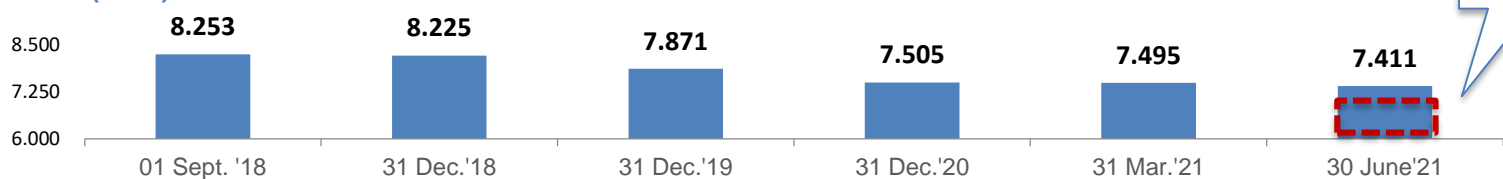
Cash and balances with banks (€mIn)



Participation in commercial cooperative companies and other assets (€mIn)



Total (€mIn)

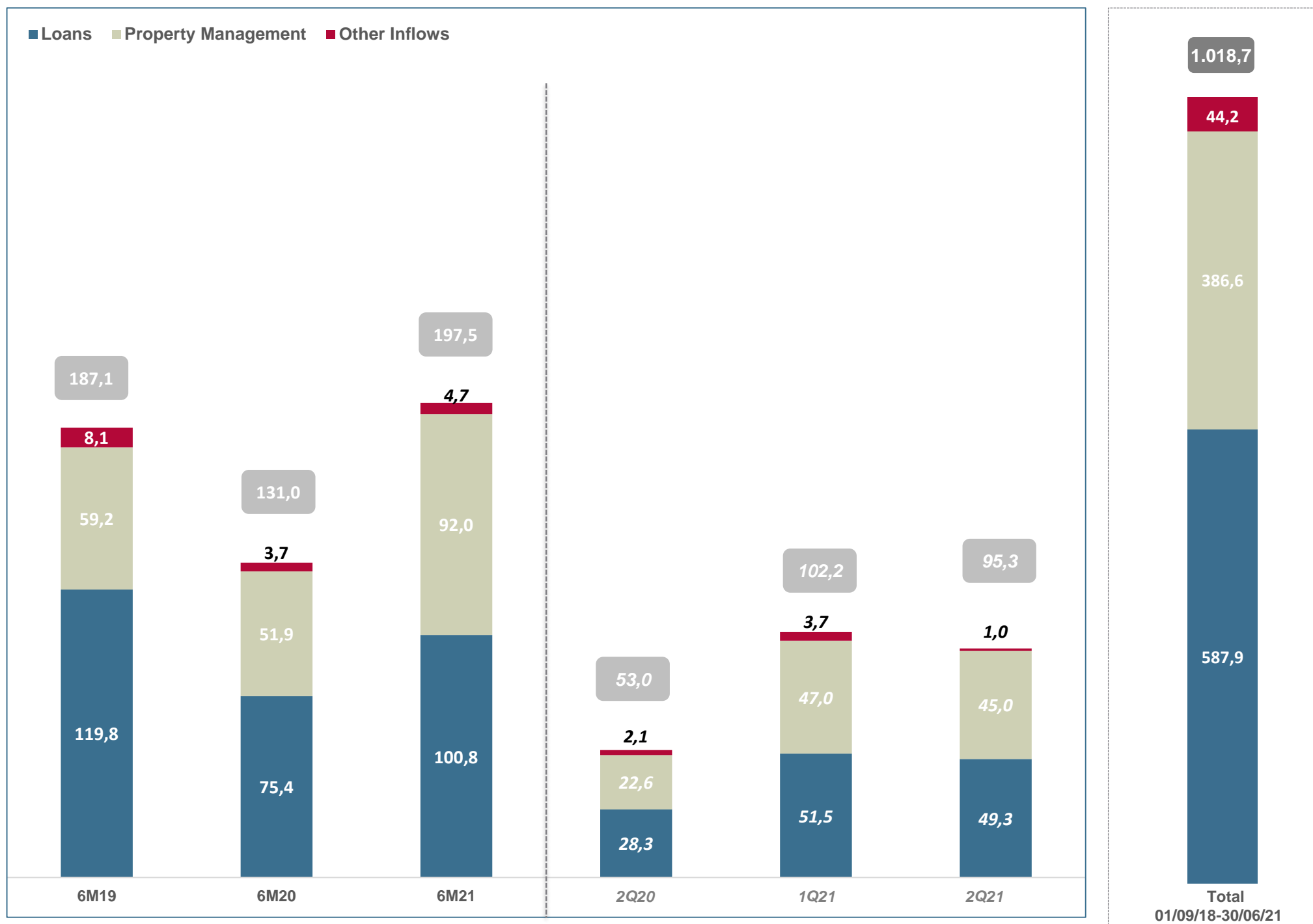


Variance Sept.'18 – June '21

- Loans: 10,7% ↓
- Immovable Property: 9,0% ↓
- Cash and balances with banks: 106,2% ↑
- Participation in commercial cooperative companies and other assets: 64,5% ↓
- Total: 10,2% ↓

- Initial AuM including advances at their nominal value of €8.253mIn.
  - AuM in 2Q2021 were €7.411mIn or €6.326mIn excluding contractual interest.
  - Deleveraging of AUM achieved:
    - 10,2% in nominal terms
    - 23,3% excluding interest
  - The non-audited accounting value of assets as at 30/06/2021, after provisions and impairment, is estimated at €3.299mIn.
- \* Does not include parked loans promised to be written-off of €433,4mIn, as at 30/06/2021

## Cash Inflows (€mln)



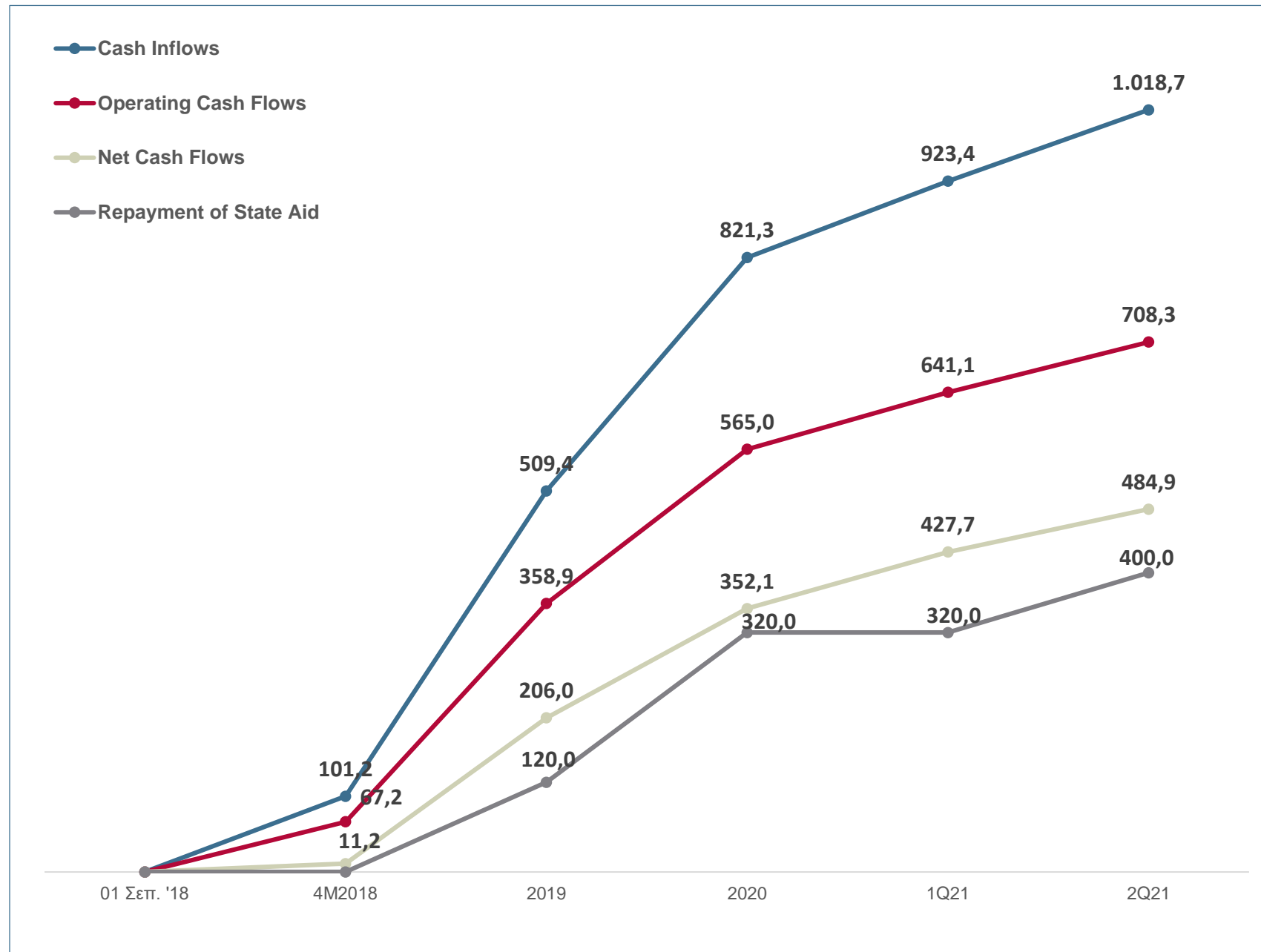
- The cumulative cash flow to 30/06/2021 reached €1.018,7mln.
- Cash inflows in 2Q21 reached to €95,3mln an increase of 79,8% compared to €53mln of the corresponding quarter of 2020, but a decrease of 6,8% compared to €102,2mln of 1Q21.
- Cumulative loan recoveries and disposal of real estate assets contribute 58% and 38% respectively, to total cash inflows.
- Cumulative other cash inflows totaling to €44,2mln relate mainly to income from services provided to Hellenic Bank under the transitional service agreement, as well as from services to Altamira Cyprus also within the framework of the relevant service agreement, and cash inflows from the sales of other assets.

## Cash Position (€mIn)



- Cash position of KEDIPES as at 30/06/2021 was €165,7mIn.
- From the start of KEDIPES operations, main cash inflows are as follows:
  - Cash inflows €1.018,7mIn
  - Payment of operating servicing and asset management costs €310,4mIn
  - Payment of liabilities of the former CCB €223,4mIn
  - Repayment of the State Aid to 30/06/2021 €400mIn
- After the reporting period, in July and September 2021, new repayments of €60mIn and €50mIn were made, bringing the total amount of state aid repaid until now to €510mIn.

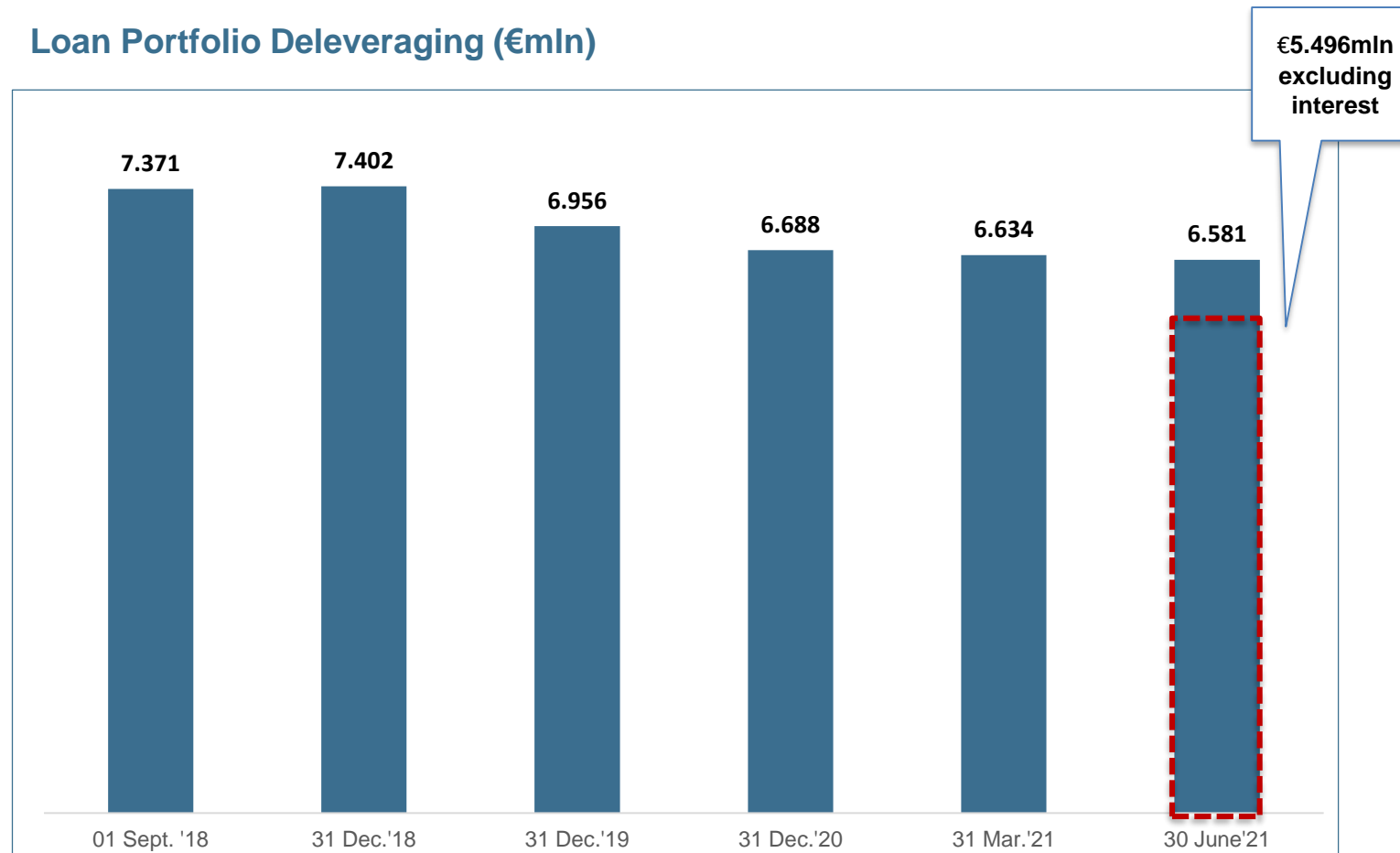
## Cash Inflows 01/09/18 – 30/06/20 (€mln)



## Repayment of State Aid (€mln)

- The State Aid repayment is examined on a quarterly basis, in accordance with cash available and medium term cash needs.
- Repayments to June 2021 totaled €400mln as follows:
  - €120mln 2019
  - €200mln 2020
  - €80mln 2021
- In addition to the cash repayments approximately:
  - €140mln will be repaid in the form of the transfer of property at market prices
  - €1,3mln will be repaid in the form of the transfer of art collections
- After the reporting period, in July and September 2021, new repayments of €60mln and €50mln were made, bringing the total amount of state aid repaid until now to €510mln.
- Further future State Aid payments in 2021 is directly related to the possible evolution of KEDIPES to a National Asset Management Company, as per the related announcements of the Ministry of Finance.

## Loan Portfolio Deleveraging (€mIn)



Loan Portfolio Progress	€mIn	+ / -
<b>Balance 01/09/2018</b>	<b>7.371</b>	
Recoveries	-983	-13,3%
<i>Cash Collections</i>	-588	-8,0%
<i>Value of properties on-boarded</i>	-395	-5,4%
Write-Offs (contractual)	-892	-12,1%
<b>Total Deleveraging</b>	<b>-1.875</b>	<b>-25,4%</b>
<b>Balance 30/06/2021</b>	<b>5.496</b>	<b>-25,4%</b>
<i>Contractual Interest</i>	+1.085	14,7%
<b>Balance</b>	<b>6.581</b>	<b>-10,7%</b>

- Loan portfolio recoveries reached €983mIn or 13,3% of the initial gross book value in the form of:
  - ✓ Cash: €588mIn or 8,0% of the initial gross book value
  - ✓ Property: €395mIn or 5,4% of the initial gross book value
- In addition, there were write-offs totaling €892mIn or 12,1% giving a total deleveraging of 25,4% before contractual interest.

## 1° Loan Installment Deferral Decree 31/03/2020 – 31/12/2020

### Perimeter

Type of Borrower	No. of Accounts Applied	No. of Accounts Approved	Loan Balance Approved (€mln)	Excluding parked loans (€mln)
Individuals	6.087	5.226	536,7	401
Corporates	438	390	110,0	84
Municipalities, Public Entities	68	62	94,6	86
<b>Total</b>	<b>6.593</b>	<b>5.678</b>	<b>741,3</b>	<b>571</b>

## 2° Loan Installment Deferral Decree 01/01/2021 – 30/6/2021

### Perimeter

Type of Borrower	No. of Accounts Applied	No. of Accounts Approved	Loan Balance Approved (€mln)
Individuals	381	27	3,2
Corporates	27	2	0,3
Municipalities, Public Entities	2	0	0,0
<b>Total</b>	<b>410</b>	<b>29</b>	<b>3,5</b>

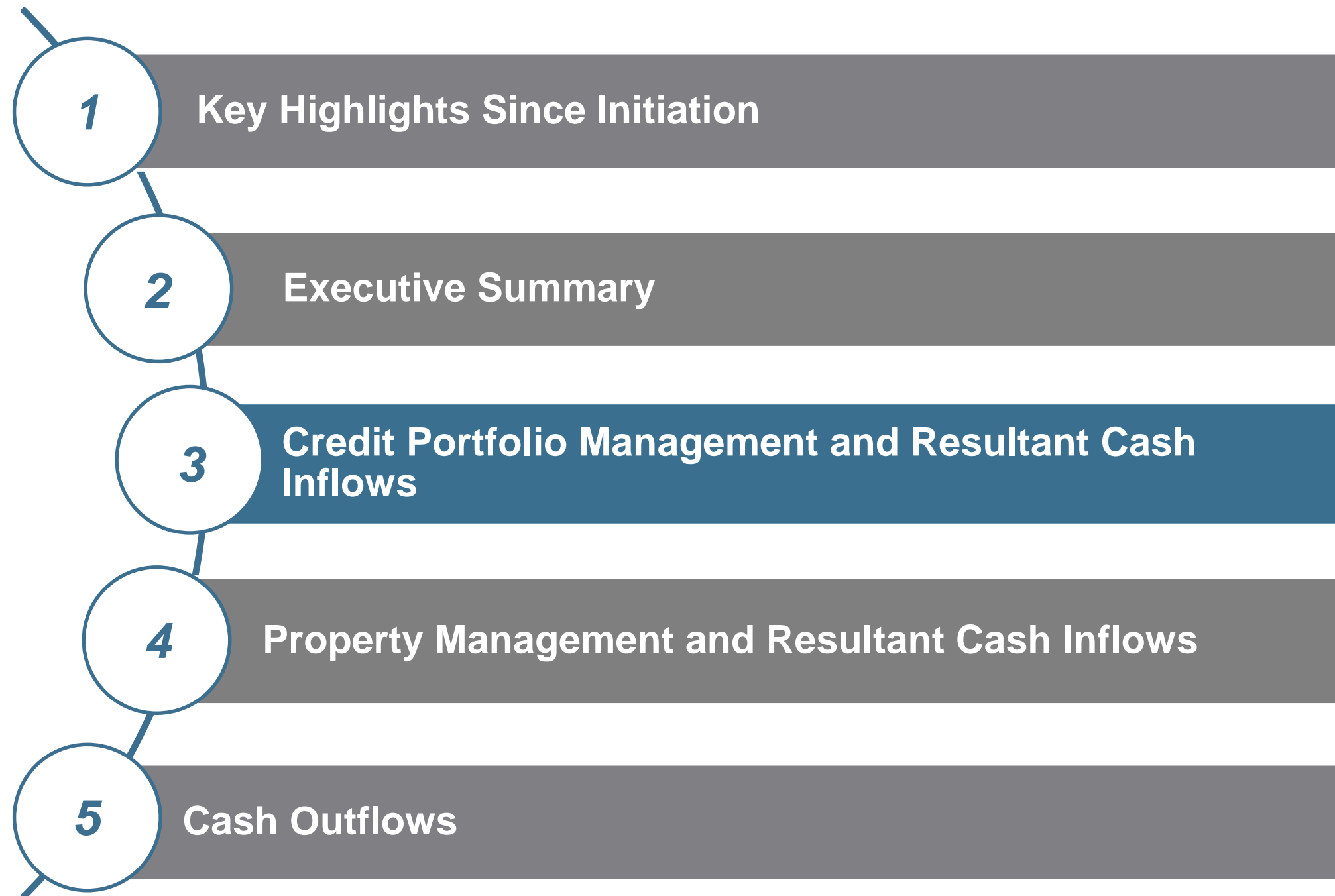
### **Loan Deferred Installment Perimeter Deferral Decree 31/03/20 – 31/12/20**

- In accordance with the provisions of the relevant decree aimed at dealing with the consequences of the pandemic, which allows for instalments to be deferred until the end of 2020, applications have been submitted for 6.593, of which, after assessment of eligible criteria 5,678 loan accounts amounting to €741,3mln with instalments totaling €59mln have been approved. Excluding parked loans, which do not have an installment due, the balance of such loans amounts to €571mln. Individuals represented 72% of the total perimeter.
- At the beginning of the moratorium loans amounting to €142mln of the €571mln were in arrear up to 30 days
- Despite the right to fully defer installments during that period, some borrowers continued to pay installments or settle their balances. As a result KEDIPES collected €19,5mln in cash payments by 31.12.2020.
- At 31 August 2021, loans amounting to €80mln were in arrear (over 90 days)

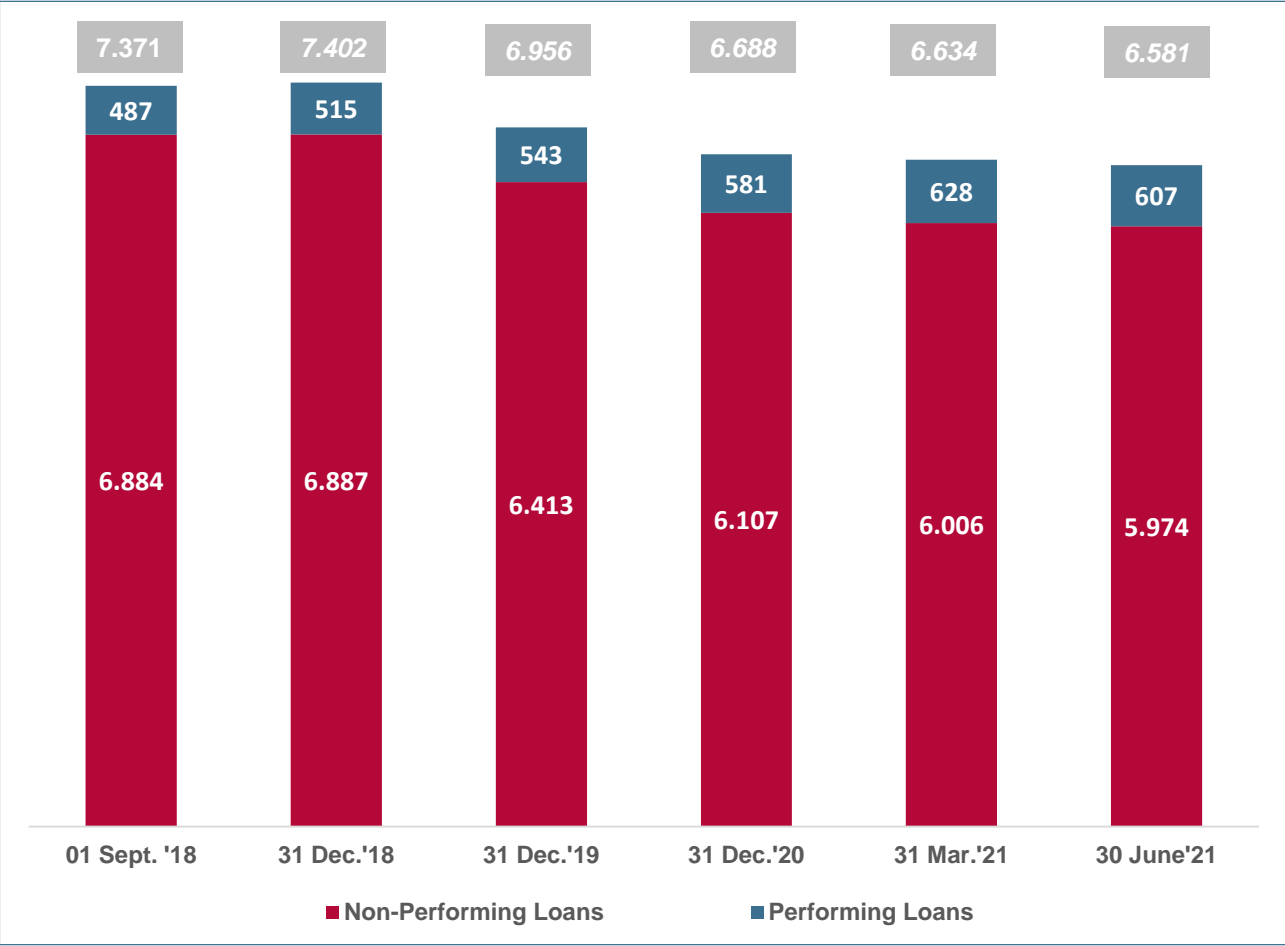
### **Loan Deferred Installment Perimeter Deferral Decree 01/01/21 – 30/6/21**

- In accordance with the latest decree, applications representing 410 facilities were submitted for assessment.
- Following assessment based on the decree criteria, only 29 facilities were approved with a total balance of €3,5mln.

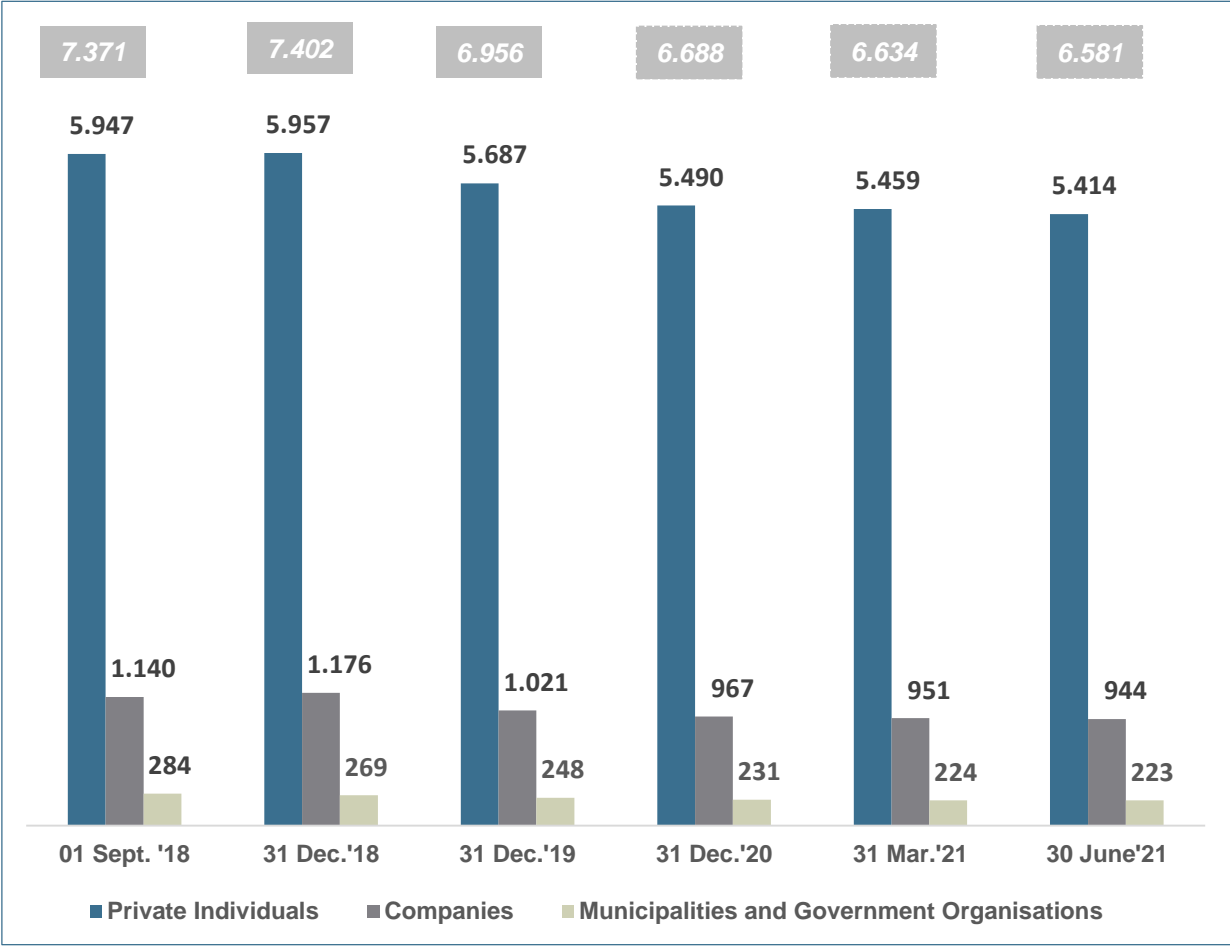
**Progress Report**  
**KEDIPES**  
*to 30/06/21*



Loan Categorisation (€mIn)



Loans by Institutional Sector (€mIn)

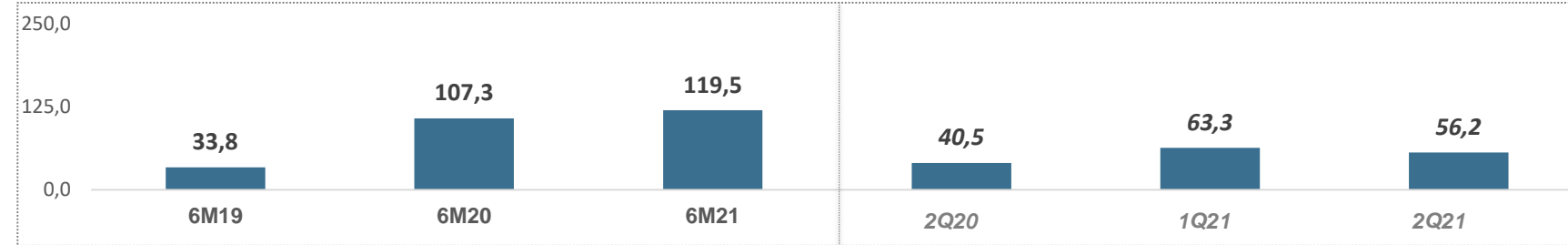


- Loans balances amounted to €6.581mIn at the end of 2Q21, recording a decrease of 0,8% and a total decrease of 10,7% from 1Q21 and initial balance respectively. Total deleveraging since the start of operations excluding interest capitalization, amounts to 25,4%.
- Loans to Municipalities and Government Organizations are decreasing gradually through regular (usually annual) instalments, with an overall reduction of 21,4%. At the same time, the reduction in loans to companies totals 17,2% whilst the decrease of Private Individuals amounts to 9,0%.
- The main focus of the KEDIPES business plan is the reduction of the non-performing portfolio through restructuring solutions or recoveries.
- Project Ledra, regarding a possible sale of a performing loan portfolio of up to €465mIn, is at an advance stage and the sale agreement is expected to be completed by the end of 2021.

# Recovery Solutions via Altamira Cyprus



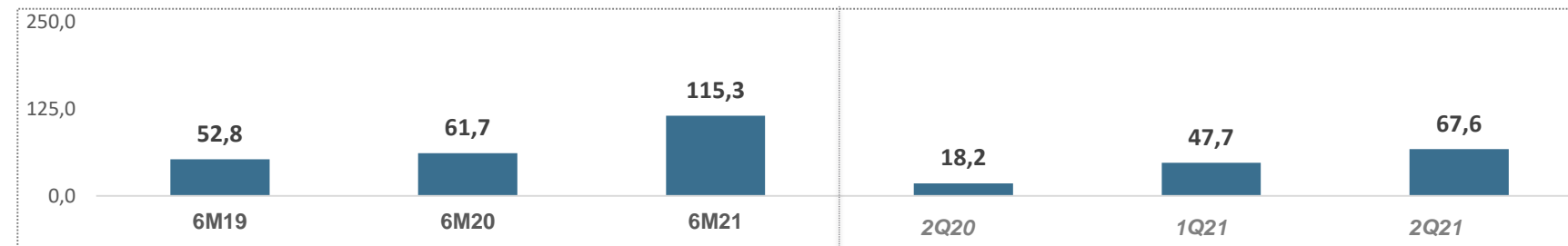
Restructurings



€944,3mln  
(38,9%)



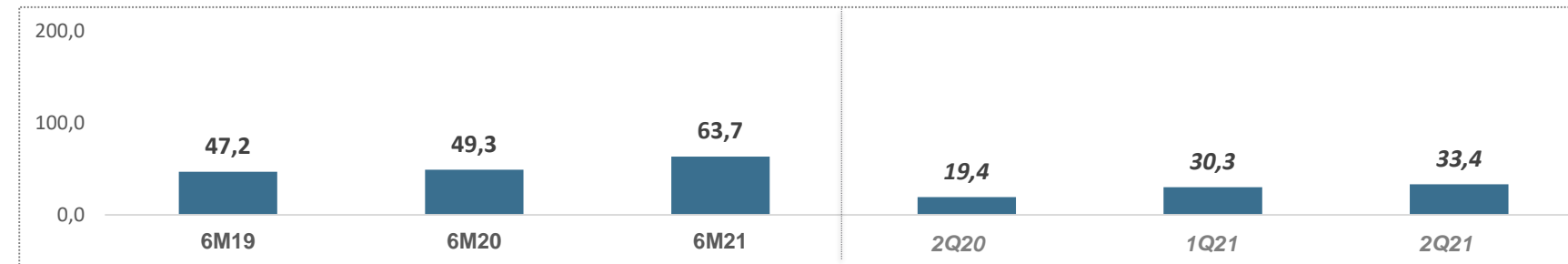
Debt-to-Asset Swaps



€797,2mln  
(32,8%)



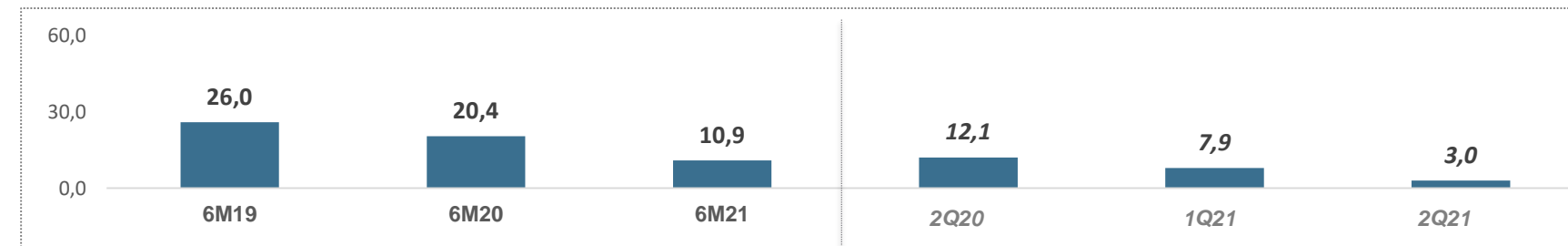
Full Settlements



€399,8mln  
(16,5%)



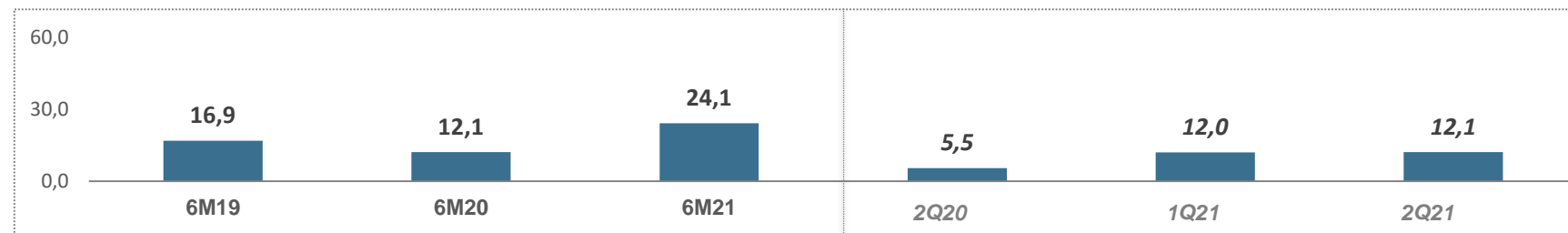
Re-performing Loans



€181,8mln  
(7,5%)



Cash Collections on Overdue Loans



€104,2mln  
(4,3%)

**Total Solutions:**  
**€2.427mln**  
(Nominal loan value basis)

**Total**

177mln

251mln

334mln

96mln

161mln

172mln



**ESTIA Scheme**

**Main Eligibility Criteria for the Scheme**

- Credit facilities secured by mortgage on primary residence with a market value not exceeding €350,000
- At least 20% of the borrower’s total lending exceeds 90 days in arrears. Loans restructured after 30 September 2017 are not eligible
- Total gross annual income does not exceed €20,000 for single people and €60,000 for a family with at least 4 dependent children
- ❖ The household’s net assets, excluding primary residence, should not exceed 80% of the Open Market Value of the primary residence. This total value may not in any case exceed €250,000

**State Support**

- Subsidy of 1/3 of the instalment by the Government where the above criteria are met in full
- The budget was approved by Parliament in January 2019
- In effect from 2 September 2019
- The Scheme will be valid for the entire duration of each loan

**KEDIPES Portfolio as at 31/08/2021**

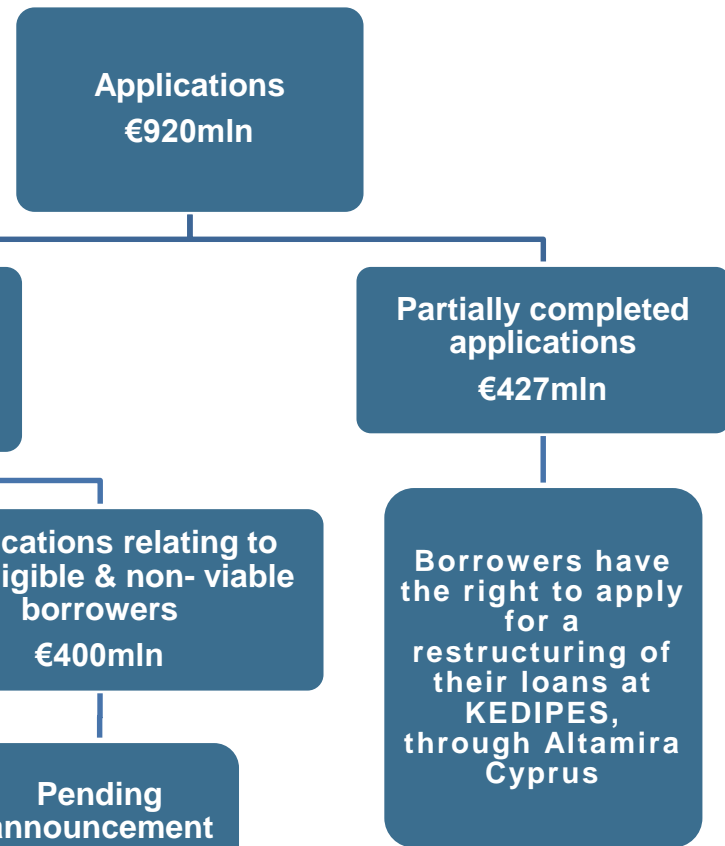
➤ Applications received relate to 3.762 accounts, amounting to €920mIn

➤ Fully completed applications corresponding to a total of 2,106 accounts amounting to €493mIn

➤ Viable applications relate to 448 accounts amounting to €93mIn

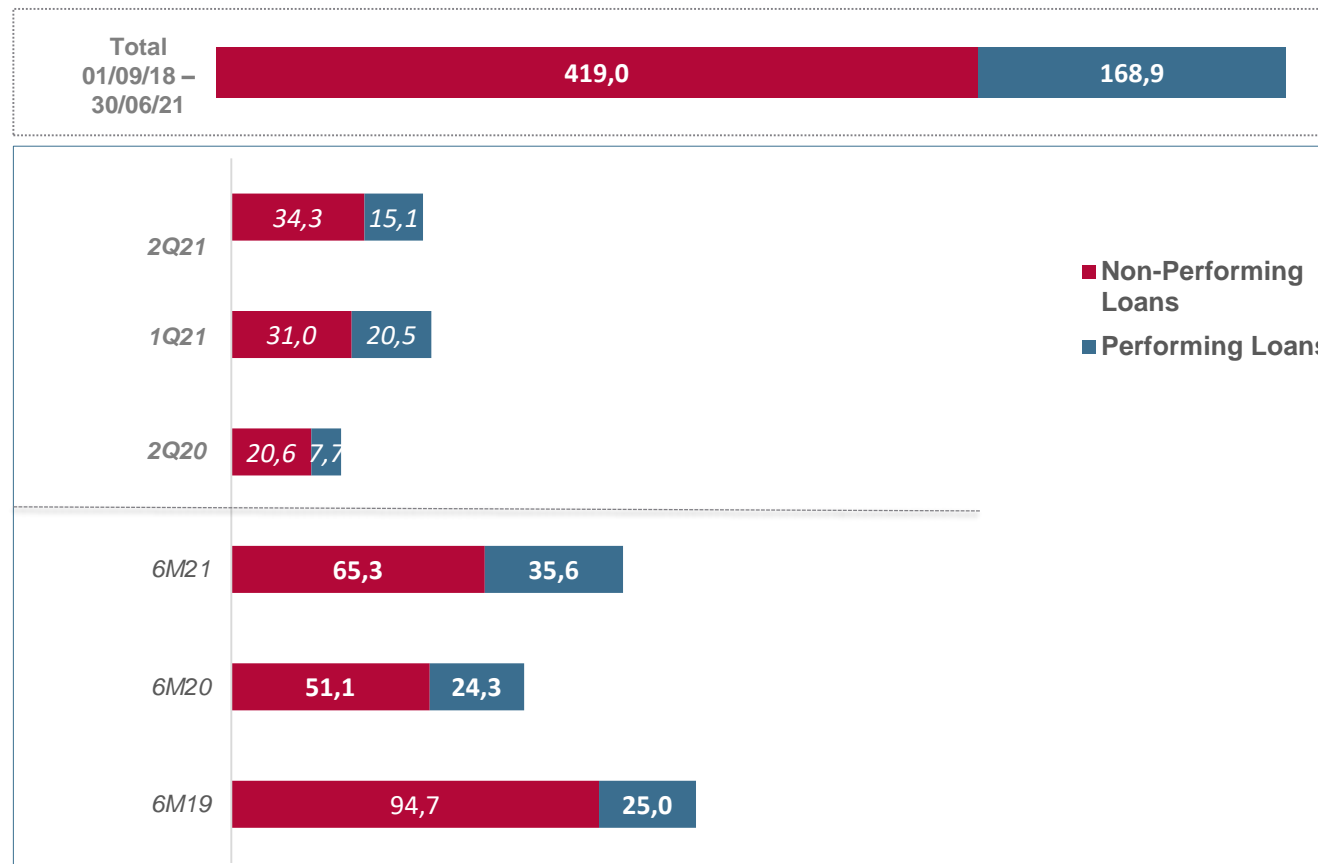
➤ Applications submitted to the electronic platform of the Ministry of Labour, Welfare and Social Insurance (Competent Agency) are limited to 3.762 accounts amounting to €920mIn

➤ Applications approved by the Ministry until 31/08/21 correspond to 443 accounts amounting €92,5mIn (includes amounts that will be written off within the framework of Estia)

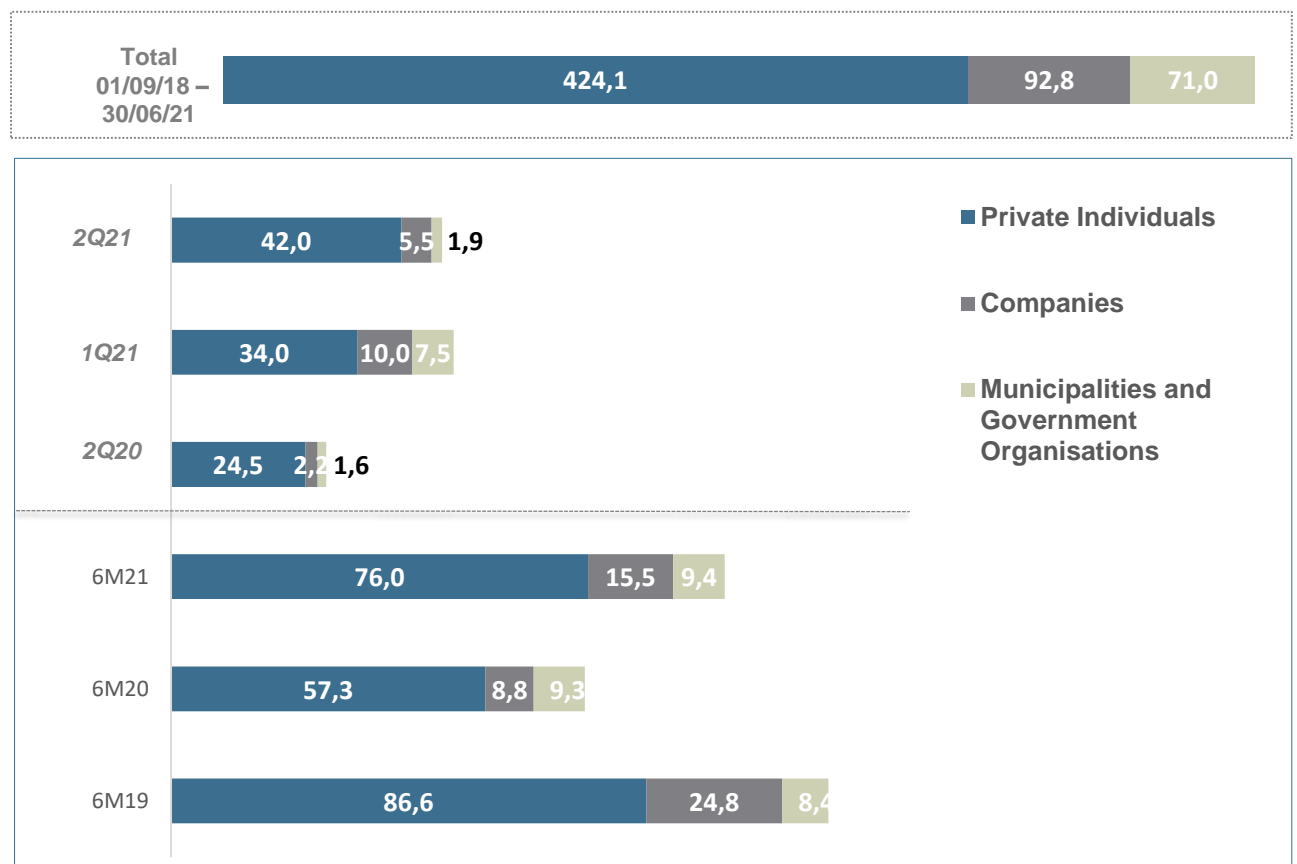


# Cash Inflows from Loans Management

## Inflows from Loans Management (€mln)



## Inflows by Institutional Sector (€mln)

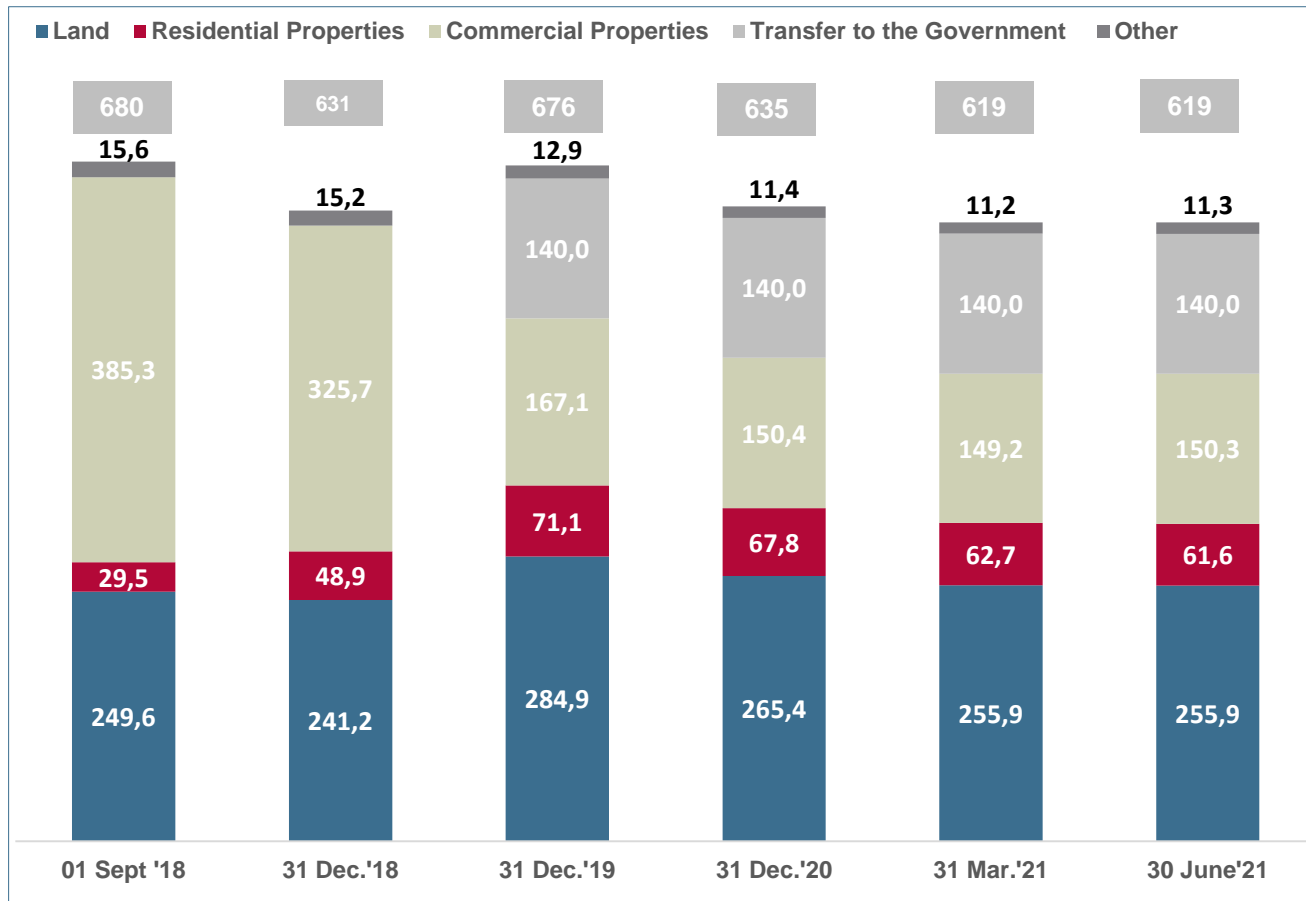


- The operational challenges due to the pandemic continued in 2Q21, however inflows from loans reached €49,4mln compared to €51,5mln of 1Q21 recording a decrease of 4,27%. However, inflows from loans for the first 6 months of 2021 reached €100,9mn compared to €75,4mln of the first 6 months of 2020, an increase of 33,8%. In particular, an increase of 32,6% was noted from Private Individuals.
- Restructuring or recovery solutions through the management company Altamira Cyprus reached to €172,3mln during 1Q21 compared to €161,3mln from the previous quarter, an increase of 6,8%. Total solutions since the start of operations amounted to €2.427mln or 32,9% of the initial lending balance of €7.371bln. These solutions lead to direct, or in the case of real estate recovery indirect, cash flows.

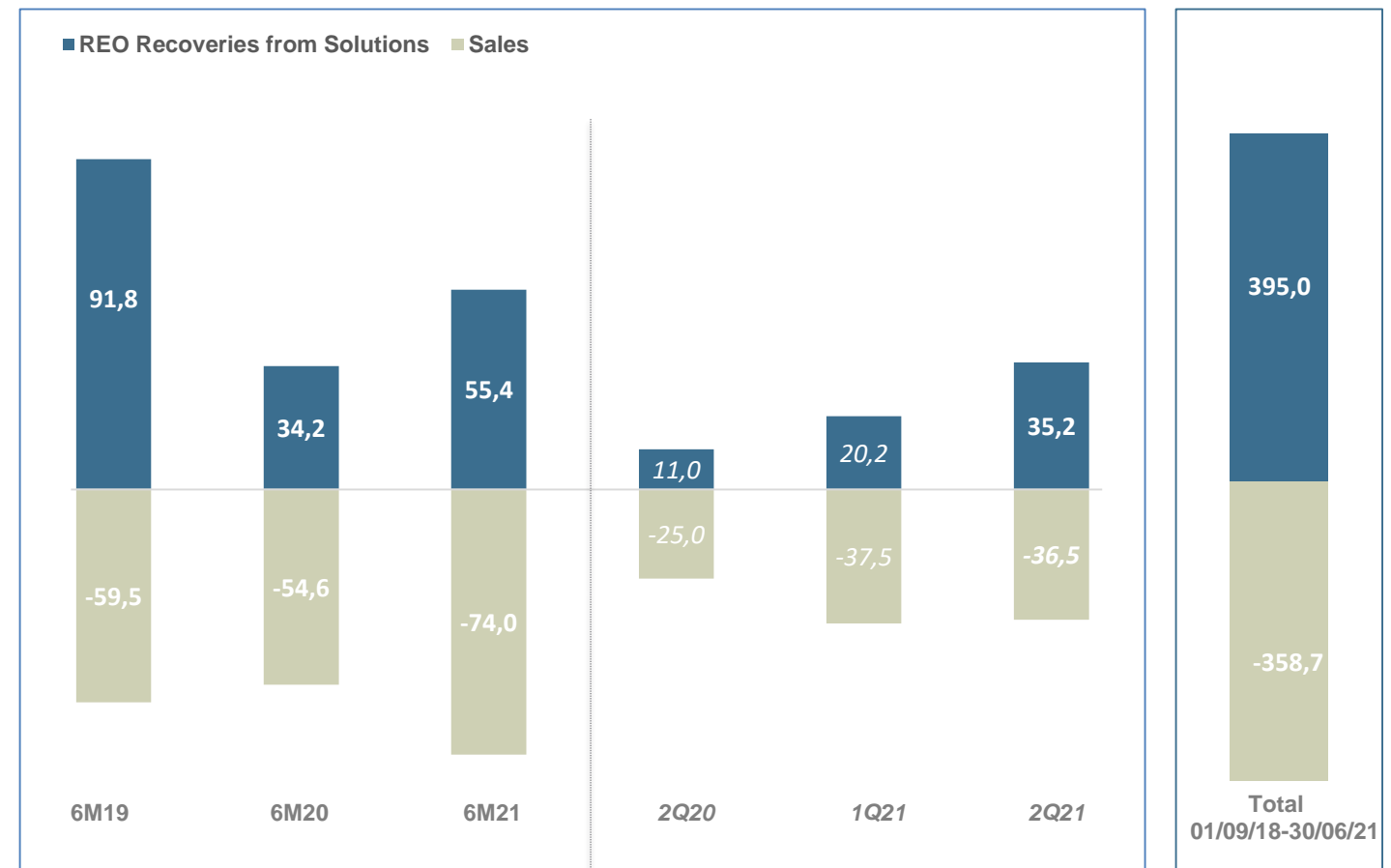
**Progress Report**  
**KEDIPES**  
*to 30/06/21*



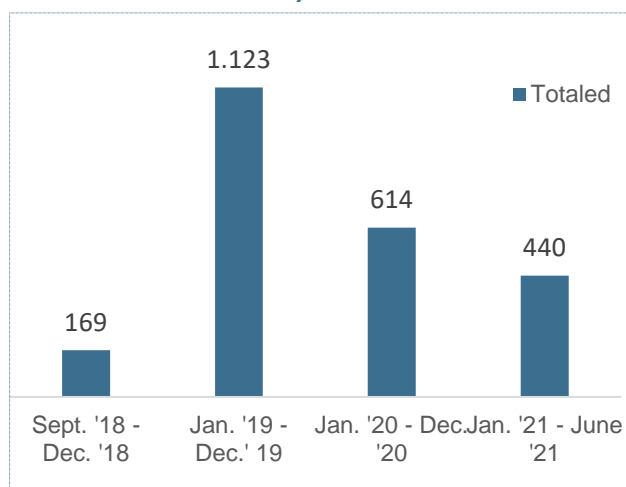
## Property Portfolio by Sector (€mln)



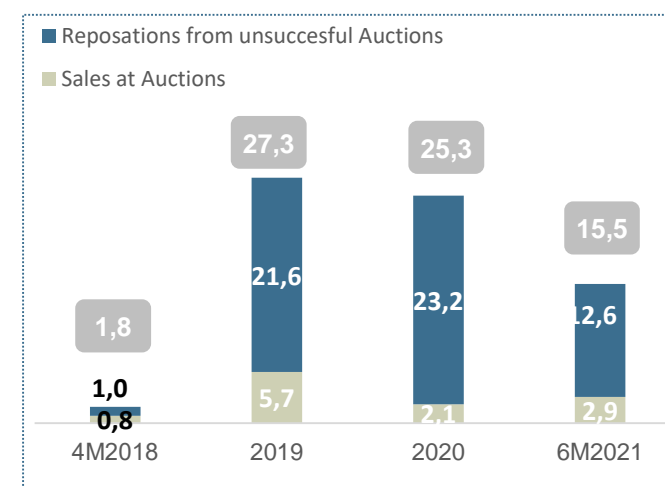
## Property Recoveries and Sales (€mln)



## Auctions (No. of Properties 2.346 Valued €334mln)



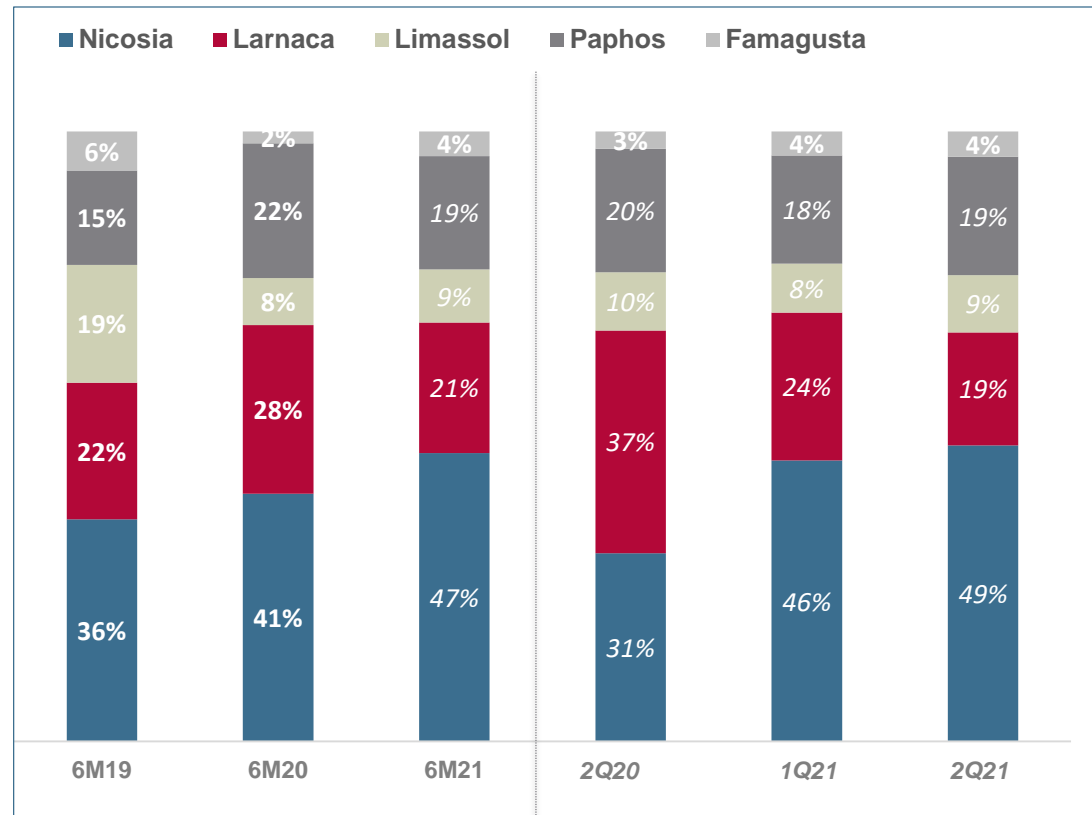
## Auctions Results (€mln)



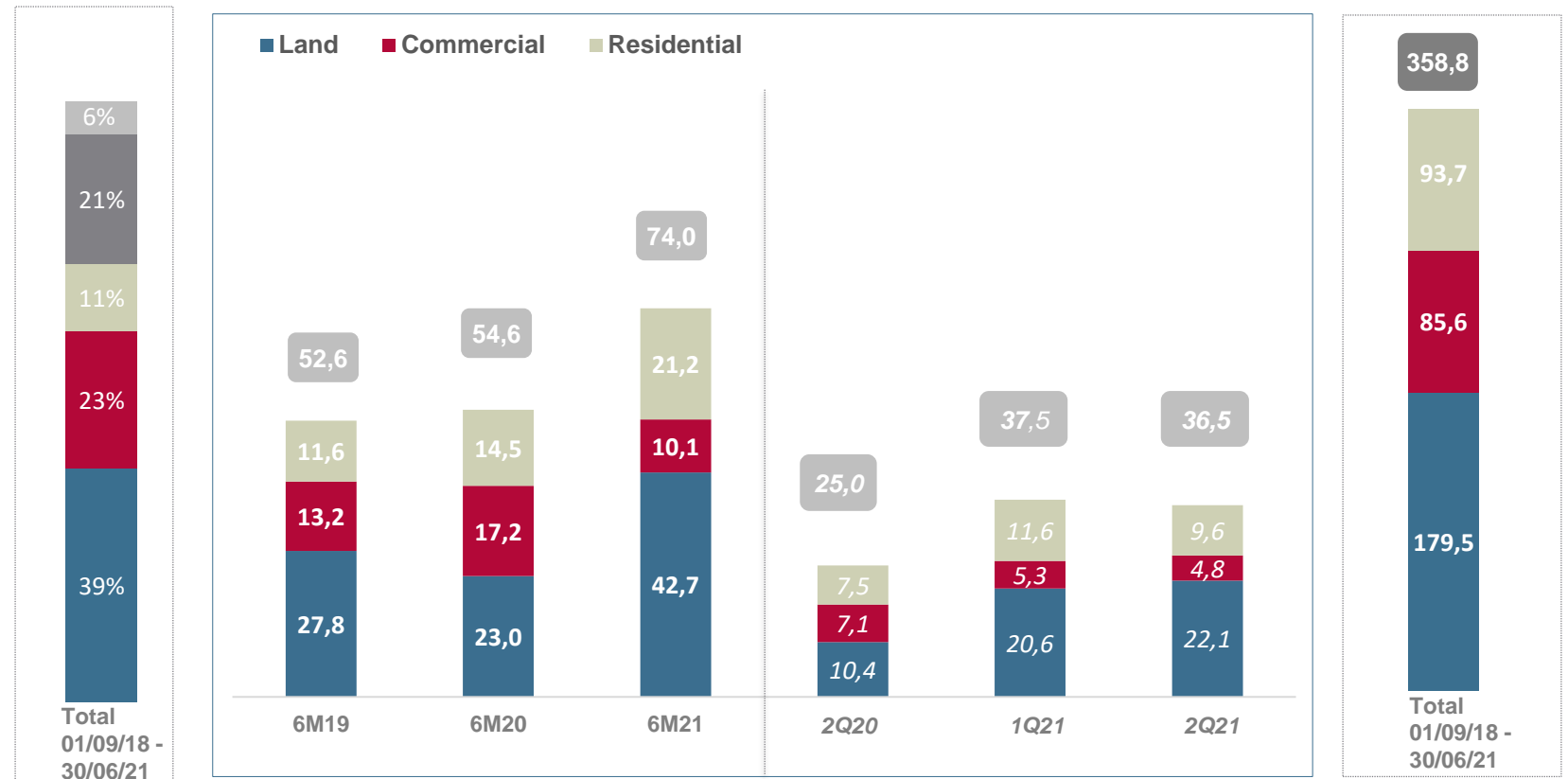
- Sales from real estate stock amounted to €358,7mln of which €36,5mln were completed in 2Q21, increased by 46,0% to the corresponding quarter of 2020.
- DTAs totaled €395mln, of which €58,4mln were recoveries after failed auctions.
- Collections from sales at auctions reached €11,5mln
- Despite the pandemic, Altamira campaigns for moderate liquidity and value properties have made a significant contribution to REO sales.
- Real estate worth €140mln has been excluded from selling activities and will be transferred to the State in repayment of the state aid, immediately upon completion of evaluations by responsible government departments.

# REO Sales by Altamira Cyprus

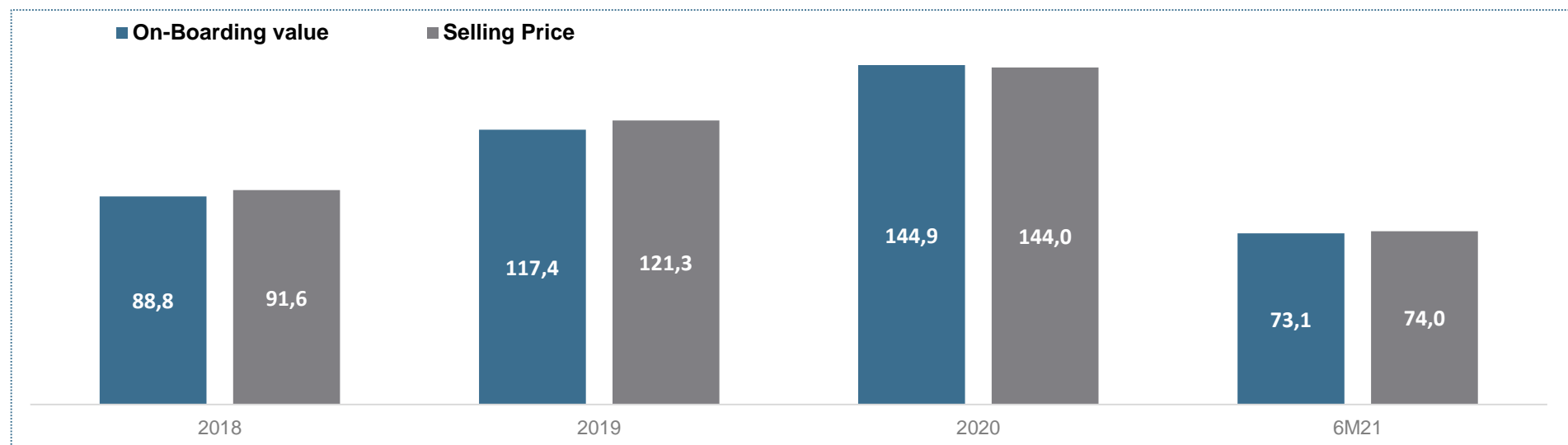
## Property Sales by Region (%)



## Property Sales by Sector (€mln)



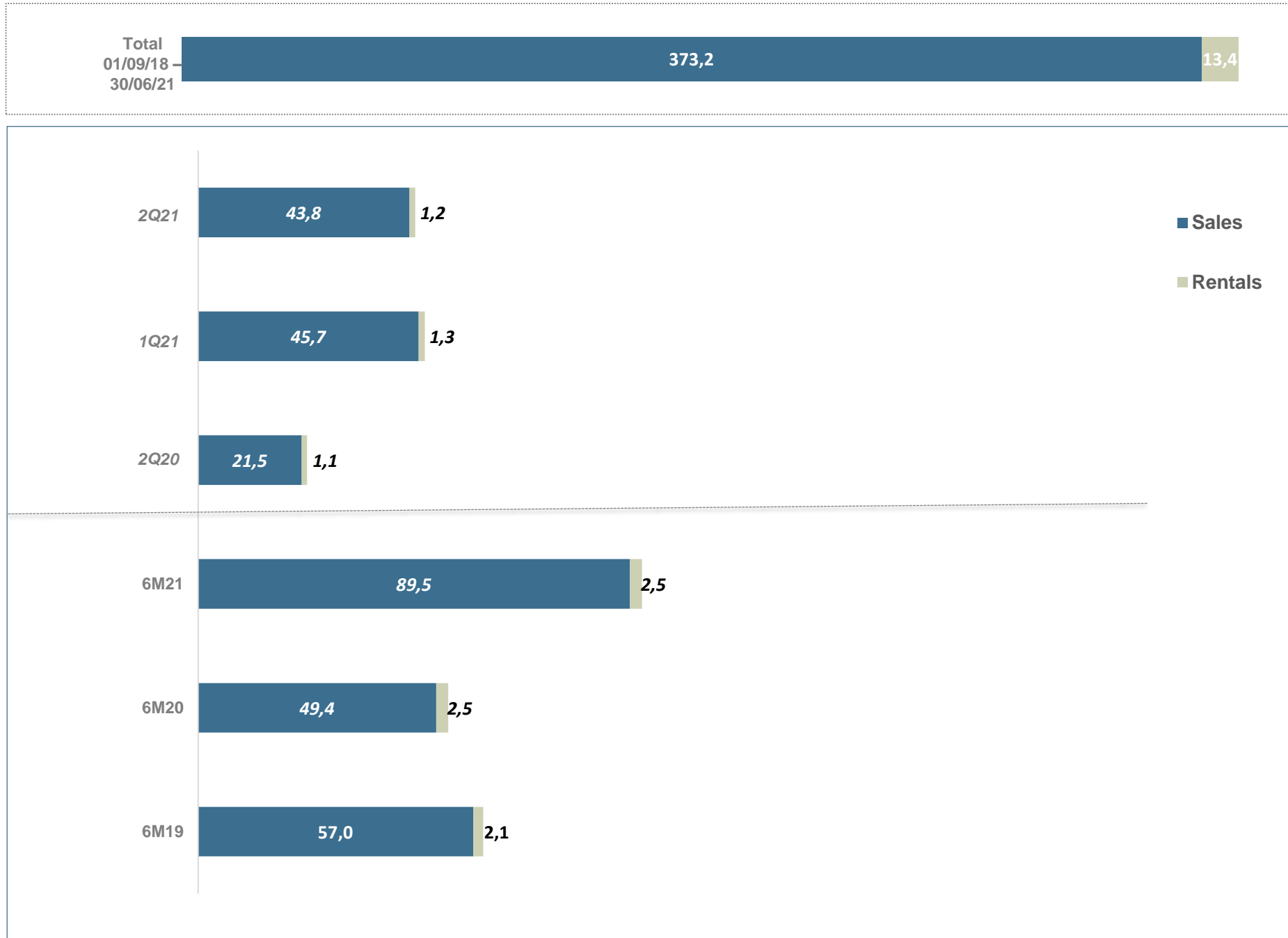
## Sales Price versus On-Boarding & Market Value (€mln)



- Average selling price from 01/09/18 to 30/06/21 is approximately +1,6% from the on-boarding value.
- A total of 1.121 properties amounting to €139,3mln were sold within 1 year of their recovery, indicating strong investment interest in the market with the exception of the period March – May 2020 due to the pandemic.

# Cash Inflows from Property Management

## Inflows from Property Management

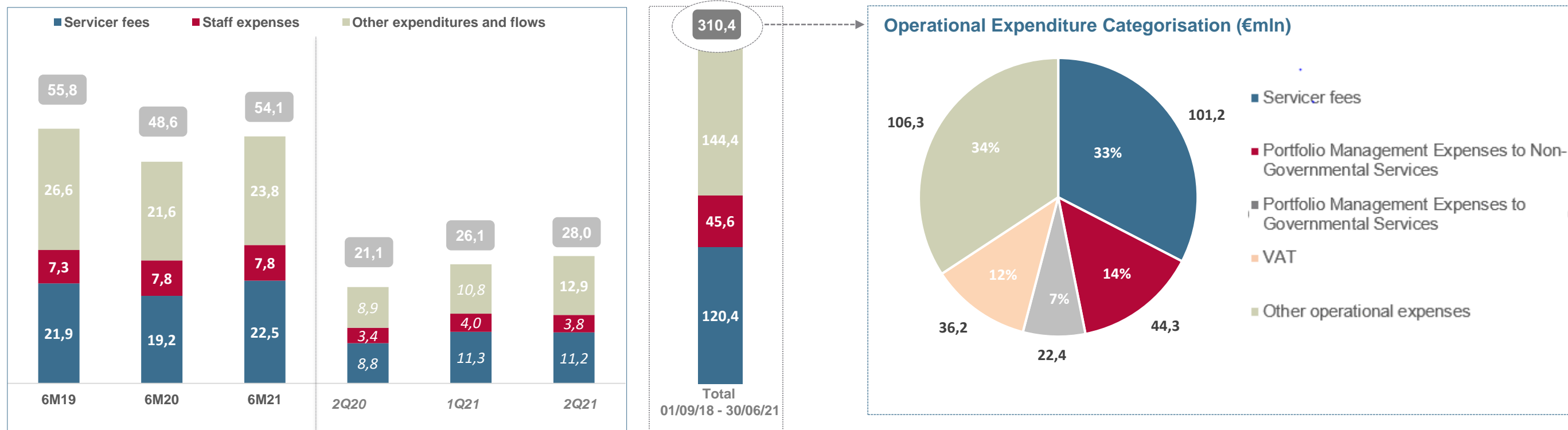


- Total collections from real estate sales through Altamira Cyprus until 30/06/2021 reached €373,2m and total collections from rentals €13,4m.
- Collections from sales in 2Q21 reached €43,8m, a decrease of 4,2% compared to €45,7 of 1Q21. Part of the inflows are related to sales from the previous year.
- Rental income in 2Q21 were maintained as same level as the previous quarter.
- It is noted that the sale of property is not promoted where there is a relevant decision by the Council of Ministers for its acquisition by the State for use by governmental services or local authorities.
- Inflows from the management of assets, despite pandemic, can be considered as at a fairly good level. Campaigns for moderate liquidity and value level of real estate assets promoted by Altamira have made a significant contribution.

**Progress Report**  
**KEDIPES**  
*to 30/06/21*



## Expenses (€mln)



### Servicer Expenses

Under the agreement with Altamira Cyprus for the management of loans of more than 90 days past due, as well as the sales/rentals of properties, a total of €120,4mln (including non-recoverable VAT) has been paid up to 30/06/2021. The fee comprises a fixed element and a variable element which is based on the restructuring or recovery solutions implemented and on the collections from property sales and rents.

### Staff Expenses

KEDIPES staff costs were €45,6mln to 30/06/2021, with the number of KEDIPES staff totaling 386 people (of which 87 returned from Altamira Cyprus), whilst a further 151 people at Altamira Cyprus are staff of ex-CCB

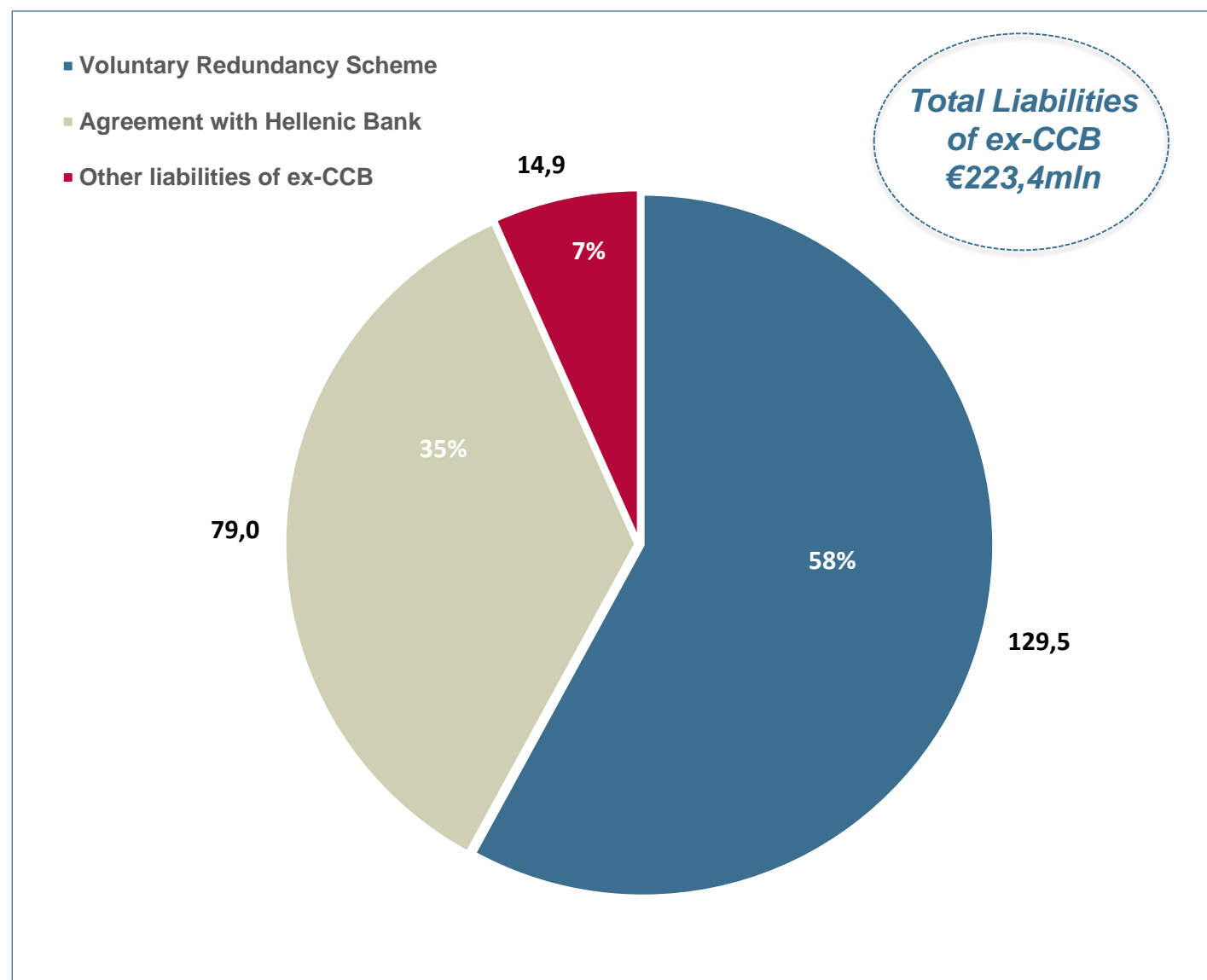
### Other Expenses and Flows

A total cost of €144,4mln which mainly concerns:

- regular operating expenses (such as buildings costs, computer systems, networks and communications, document management, professional and supervisory expenses etc.). The accounting operational expenses of KEDIPES came to €53,1mln of which €2,9mln relate to 2Q2021. A significant part of the operating expenses arose from support provided to Hellenic Bank and was invoiced to Hellenic Bank in line with the relevant agreement.
- expenses related to the management and recovery of assets (such as legal fees, appraisal costs, payment of taxes on the acquisition of property). These costs came to €75,1mln of which €8,8mln related to 2Q21. Of these expenses, €22,4mln is paid for state services and taxes.
- capital expenditure and other flows.

**A total of €58,6mln was paid to the Government in the form of Value Added Tax and asset management costs.**

## Settlement of Liabilities of the former CCB (€mln)



KEDIPES undertakes the management and repayment of ex-CCB liabilities. Settlement of liabilities totaled €223,4mln as follows:

### *Voluntary Redundancy Scheme*

A total of 1.040 people from the Cyprus Cooperative Bank left under the scheme on 31/08/18. The provisioned total compensation of €128,9mln was paid in three instalments, with payment of the final instalment made in December 2019.

Until June 2021 total Voluntary Redundancy Scheme expenditures amounted to €129,5mln, representing 58% of the total expenditures that have been settled.

### *Agreement with Hellenic Bank*

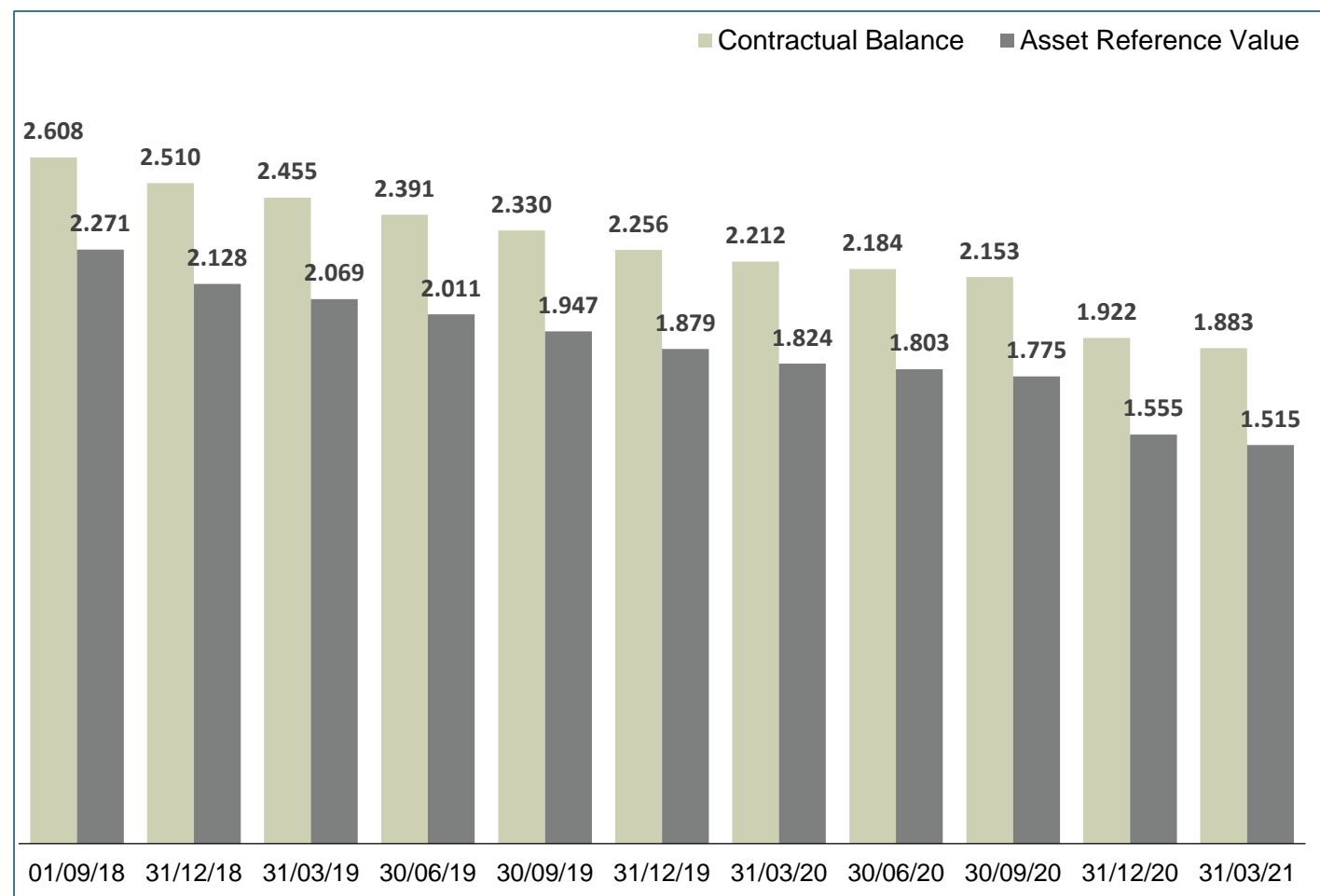
Under the agreement, amounts totaling €13,5mln have been paid to Hellenic Bank in relation to the agreement concerning the transfer of business.

Under the Asset Protection Scheme to Hellenic Bank,(Asset Protection Scheme) , in December 2020, first payment of €55,6mln have been made to Hellenic Bank. In June 2021 a second payment of €9,8mln have been made to Hellenic Bank arising total payments to €65,4mln.

### *Other Liabilities of ex-CCB*

These mainly concern payments for taxes, social security and supervisory fees.

## APS Exposure (€mln)



- The Contractual Balance of assets covered as at 31 March 2021 is €1.883mln, compared to €2.608mln. at the start of the Scheme.
- According to the latest data provided by Hellenic Bank, the Reference Value of the assets covered on 31 March 2021 is €1.515mln which includes a reduction of €184mln as a result of some asset withdrawals on the second anniversary of the scheme. The Asset Reference Value of 31 March 2021 has seen a reduction of 33% from the start of the scheme.

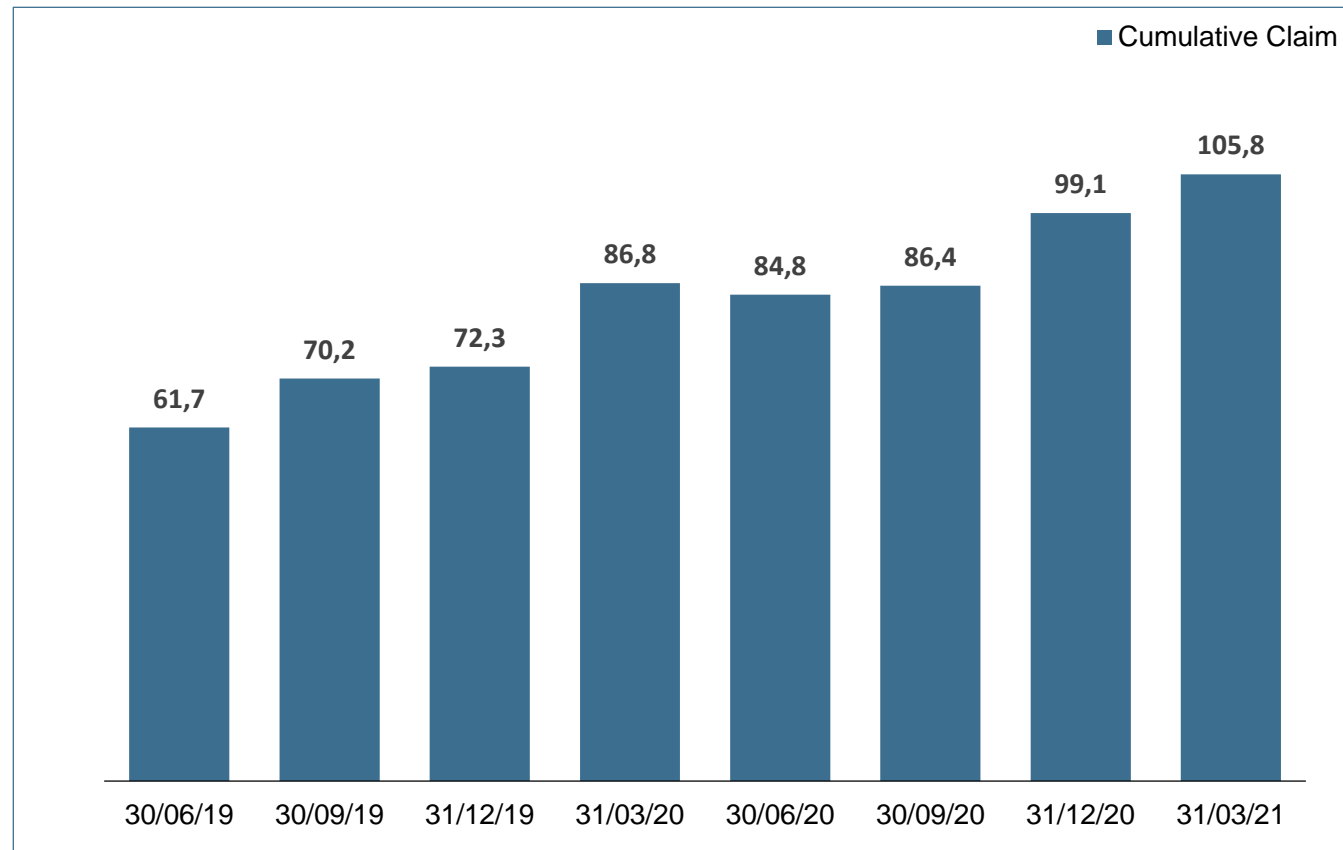
The terms of the Business Transfer Agreement with Hellenic Bank included the set up of an Asset Protection Scheme (“APS”, “Scheme”) providing protection against future credit losses on the covered assets.

### Key provisions of the Asset Protection Scheme

- The covered assets included loans with initial Contractual Balance of €2.608mln and Reference Value of €2.271mln. The Reference Value represents the initial sales consideration and also the level of protection under the Scheme. The Reference Value decreases with repayments and losses and increases with unpaid interest.
- The protection offered under the APS is 90% of the losses incurred.
- The APS population consists of all non performing loans acquired as well as performing loans split into two pools.
- APS Pool 1 includes higher risk loans with initial Reference Value of €1.351mln, including all non performing loans. The duration of the cover is 12 years.
- APS Pool 2 includes loans with initial Reference Value of €920mln. The duration of the cover is 10 years. Any performing loans becoming non performing loans are transferred to APS Pool 1.
- Based on the terms of the Scheme, HB has elected on the second anniversary of the scheme to withdraw loans with Reference Value of €184mln and pay €4,5mln to the Republic of Cyprus.
- As a result the payments by Hellenic Bank to the Republic of Cyprus as guarantor of the scheme reached so far €19,5mln.

# 5. APS Cumulative Claims

## Cumulative APS Claim (€mln.)\*



- As part of the Scheme Hellenic Bank has submitted so far eight claims for a cumulative amount of €105,8mln for the period 1<sup>st</sup> September 2018 to 31 March 2021. The most recent claim for 1Q2021 amounted to €6,7mln.
- KEDIPES has made payments of €73,8mln or 70% of claims submitted to date, including a payment of €8,4mln in August 2021.
- SEDIPES/ KEDIPES and Hellenic Bank are in a process of negotiation to confirm the remaining amount of the claim.

### Key provisions of the Asset Protection Scheme (cont'd)

Based on the terms of the Scheme, losses arise when the book value of the assets declines below the Reference Value. As a result, at the initial stages of the Scheme losses reflect accounting provisions while eventual losses will reflect the actual recovery of loans. Reversals of losses are accounted for as recovery.

An important provision of the Scheme is the obligation of Hellenic Bank to manage the assets without discriminating between APS Assets on one hand and non APS Assets on the other hand ('Non discrimination principle').

A Monitoring Committee, comprising one member of each party, an independent member and an observer from the Republic of Cyprus has been established to oversee the operation of the Scheme and the application of the Non Discrimination Principle.

Each claim under the Scheme is supported by a sufficiently detailed calculation data file to allow verification of the losses.

The first claim, following an initial implementation period, covered the period between 1/9/2018 and 30/6/2019. Subsequently, claims are submitted on a regular quarterly basis 30 days after the publication of the financial results by Hellenic Bank.

\* The historic allocation of the cumulative claim is based on the latest Calculation Data File by HB and reflects progress to date regarding dispute resolution

The presentation entitled “Management Progress September 2018 — June 2021” (hereinafter the “Presentation”) was prepared by the Cyprus Asset Management Company Ltd (hereinafter “KEDIPES”) and has not been verified or validated by any auditor, legal advisor or accountant appointed by KEDIPES.

Inflows and outflows are presented on the basis of management information and analysis of cash movement. Chronological differences cause minor differences between quarters which do not affect the cumulative amounts. Assets are subject to reassessments. The information contained in the Presentation may be revised and/or modified at the sole discretion of KEDIPES.

The information contained in and/or disclosed in the Presentation is provided strictly for information purposes on a non-binding basis and KEDIPES accepts no responsibility in relation to their use for any other purpose.

October 2021

Thank you

