



Statement by the Chairman of the CSE Council, Mr. Marinos Christodoulides, on the course of the CSE stock market in 2024, the initiatives and development of the Stock Exchange, as well as its importance for the corporate and economic growth of businesses and the Cyprus economy in general

2024

- **Improved performance, investment interest and stock market activity on the CSE during 2024**
- **CSE General Price Index: Increase of 57.29% in 2024 compared to 2023**
- **Daily trading activity in 2024: 1.38 million (2023: 0.37 million) [increase of 271% compared to 2023]**
- **CSE capitalisation: 23.3 billion vs 9.9 billion in 2023 (increase of 135%)**
- **Trading activity of Remote Members: increase of 142% compared to 2023**
- **CSE privatisation under way**
- **Engagement in a broad range of strategic developments and initiatives**

Another year is coming to a close, marked by improved performance and trading activity for the Cyprus Stock Exchange compared to the corresponding performance of 2023. More specifically, up until 27 December 2024, the CSE General Price Index increased by 57.29%, compared to the price of the Index on 31 December 2023, when a similar year-on-year increase of 51.88% was also recorded compared to 2022.

Trading activity also rose substantially in 2024, with the average daily trading volume reaching €1.38 million as against €377 thousand in 2023. The total capitalisation of the Cyprus Stock Exchange has also increased significantly, reaching €23.3 billion (€9.9 billion in 2023). The same trend is reflected in the participation of foreign investors in the capitalisation of listed companies, which rose to 49% of the total capitalisation (up from 39.3% in 2023). Similarly, the participation of Members (brokerage companies) operating remotely from abroad also rose significantly, from 9.6% in 2023 to 23.46% of the daily trading activity in 2024.

The markedly improved performance recorded this year is the result of increased interest mainly stemming from the improved performance of a number of listed companies, including those of the banking sector, further to their improved profitability, the payment of dividends to their shareholders and improved prospects.

It is important to note that this performance is a more general reflection of the significant improvement in the financial metrics and prospects of important businesses in the country, as well as the broader Cyprus economy, as demonstrated by the recent and successive positive assessments of international credit rating agencies.

The Council, the Management and the Staff of the Stock Exchange have continued to pursue in 2024 the development of new initiatives and the implementation of the Organisation's strategic planning, with the aim of further expanding the products, markets and services provided, as well as strategically positioning the Stock Exchange as a reliable partner in the new emerging landscape.

Here follows a brief description of the activities / developments promoted in this context:

- In 2024, as a result of the creation of a link with the Swiss Depository, SIX SIS, that enables the facilitation of cross-border transfers of securities between Depositories, the parallel listing of the European EMTNs of the Republic of Cyprus on the CSE was achieved in March 2024, in addition to the London Stock Exchange on which they were already listed. Moreover, the Stock Exchange is currently considering, in consultation with the Ministry of Finance, which is the issuer of Government Bonds, the introduction of the Delivery Versus Payments (DvP) arrangement, in relation to the primary issue of T-Bills and other categories of similar Bonds, with the aim of attracting an increased number of investors and continuously improving relevant procedures.
- Efforts to further expand the government and corporate bonds market on the CSE intensified in 2024.
- Regarding government bonds, the CSE submitted proposals to the Ministry of Finance to promote the issue of bonds on the domestic market, in order to expand the investment base in this important investment product, as well as their secondary marketability, through the CSE.
- Regarding corporate bonds, as a result of relevant actions undertaken by the CSE, improved tax arrangements have been enacted, aiming to encourage the development of this market as well.
- Following relevant adjustments to the CSE pricing policy, 2024 saw the listing of the first green bond on the CSE. Due to the particular significance of the Energy sector for our economy, we expect this important Green Bond market to further grow through the CSE.
- The Stock Exchange continued to be actively involved in the Energy Market, both through the auctions of the Republic's Greenhouse Gas Emission Allowances, following a relevant authorisation by the Government, and its active participation since 2019 in the Hellenic Energy Exchange, of which it

is a founding shareholder. Furthermore, with the preparation of the relevant infrastructure, in 2025 the CSE will undertake, as planned, the clearing of transactions, as well as the operations of the coverage institution in the competitive electricity market once it becomes operational, through the Cyprus Transmission System Operator.

- As already announced, the Stock Exchange also explored with its Partners in the Energy sector and in particular with the Hellenic Energy Exchange, the possibility to enable the trading of Guarantees of Origin certificates (GOs) from renewable energy sources.
- It is imperative to provide tax incentives for the development of the Stock Exchange, through the listing of new companies, in order to raise the necessary funds, as well as increase investment activity. In this context, the Stock Exchange has submitted its recommendations to the competent committee appointed by the Ministry of Finance with a mandate to promote the tax reform of the State.
- Moreover, recognising the need to further increase its liquidity, the Cyprus Stock Exchange, as announced, has recently finalised the procedures to introduce the Market Maker, an institution that operates with success in international markets and contributes to the supply of increased liquidity.

As we have repeatedly stated, like all exchanges worldwide, the Cyprus Stock Exchange is a key driver of growth for businesses and the economy, raising the funds that are necessary for corporate growth and providing investors with a broad range of investment options.

Our Stock Exchange is in no way inferior to other developed stock exchanges in terms of products, markets, services, as well as infrastructure, and should therefore be supported and, above all, further used by the business community of Cyprus. This is in line with the broader approach currently prevailing in the European Union, within the framework of the EU plan for the integration of capital markets (Capital Markets Union – CMU), which seeks to further channel funds and resources to listed companies through the Markets, aiming to implement productive investments in the EU, introduce new technology, contribute to sustainable growth, support the development of small and medium-sized enterprises (SMEs) and achieve digital transition.

Like all European stock exchanges, it is imperative that the Cyprus Stock Exchange grows and contributes decisively to the country's corporate and economic development, as well as to the competitiveness of businesses. Companies and organisations, both private and public, should expand their investment base through the listing of shares, bonds and other securities, further grow through the Stock Exchange and raise the necessary funds, to be channelled towards the country's most productive investments.

Cyprus boasts a significant number of outstanding companies engaging in a broad range of operations. These companies should place the Stock Exchange high on their strategic agenda. Examples include companies involved in large projects and infrastructure (e.g. in the sectors of energy, electricity, casinos, marinas), private universities, hospitals, shipping companies, tourist developments, technology companies, start-ups, etc.

Privatisation of the CSE

In addition to the above, the culmination of all the initiatives undertaken by the CSE is none other than its privatisation, a key parameter for the development of the Stock Exchange. It is expected that the intensive efforts already undertaken will result in significant developments in 2025. These relate in general to a massive, large-scale project of paramount importance for the capital market. Privatisation is an innovative project by Cypriot standards, with several complex issues requiring regulation. The legal vetting of the bill that will govern this regulation is currently being finalised and, once it is passed into law, the Government will proceed with the tendering process to select the appropriate strategic investor.

We estimate that the fruition of these efforts, namely the arrival of a strategic investor - stock exchange, will open up new prospects for our Stock Exchange through the expertise that will be gained and new experiences. This development will have a positive contribution to the corporate ecosystem and our economy.

In conclusion, I would like to note that in 2025 the CSE will pursue its dynamic growth, aiming as always to serve market participants and businesses without fail.

The Cyprus Stock Exchange is here to assist companies, the economy and the investment community of Cyprus.

I wish you all the best in the new year.