

Athens, 16 February 2023

Press Release

On the occasion of the recent decision of the Supreme Court Plenary Session on the legitimacy of the Loan Servicers, the Hellenic Loan Servicers Association (EEDADP) would like to reiterate the following public positions of its member companies:

Loan Servicers have set as their **priority to find mutually acceptable and sustainable solutions** for the repayment of outstanding debts. **In particular, no vulnerable household is at risk of losing their primary residence**, as once the vulnerability certificate is issued and inclusion in the Intermediate Scheme ensured, the Law imposes the suspension of any enforcement measure.

The commitment of EEDADP's members to the success of the consensus process is evidenced by the fact that, by the end of 2022, bilateral arrangements were achieved for loans exceeding a total of €35 billion, thus helping more than 700,000 borrowers, individuals, and businesses, return to a healthy economic cycle. Of those, loans in excess of €8 billion have reverted to performing status over the past three years and returned to bank balance sheets, restoring access to the banking system for more than 115,000 borrowers. In most cases consensual arrangements include debt forgiveness. **For the first half of 2023, Loan Servicers have set a target of €3.2 billion in debt arrangements and settlements, more than 30% higher than the same period in 2022.**

EEDADP members would like to reiterate that -as has been stated by institutional representatives of the industry and executives of member companies on numerous occasions- under no circumstances are enforcement measures a solution of choice in the management of the defaulted debts. It suffices to note that, in the period 2020 – 2022, EEDADP member companies achieved 83% of the recoveries from Non-Performing Loans through consensual arrangements, and only 17% through auctions.

Enforcement procedures, on the contrary, are a measure of last resort, which is only taken when all other options have been exhausted, either for objective reasons or because

debtors refuse to cooperate despite the repeated and long-standing efforts that are invariably made by EEDADP members - above and beyond any regulatory obligation. It is reminded that no enforcement procedure can be initiated unless the debtor had been previously invited to enter into a compromise settlement of their debt. The industry is one of the most rigorously regulated in the economy and constantly supervised by the Bank of Greece, which licenses EEDADP members to perform this single operation. Debtor's invitation to a debt settlement is in any case ensured under the Code of Conduct for the management of non-performing private debts of the Bank of Greece, as well as under the management policies implemented by the Loan Servicing Firms. Such policies are subject to scrutiny by the competent authorities of the financial sector.

Notwithstanding the above procedure, Loan Servicers offer numerous options to any debtor who wishes to settle their debt on sustainable terms. Borrowers who have outstanding debts are therefore invited to contact the Loan Servicer managing their loan at any stage, even if enforcement procedures have been initiated or auctioning of their asset is imminent. They may rest assured that Loan Servicing Firms focus on consensual arrangement solutions, in a way that takes into account the individual financial and social circumstances of each debtor and that is consistent with their long-term capacity to observe the agreed repayment arrangements, considering, of course, the approved credit policies of the investors (portfolio owners). It goes without saying that in the event of a consensual arrangement, Loan Servicers immediately suspend the enforcement actions, whatever stage they are at.

Especially for businesses, bilateral arrangements **offer a real second opportunity for sustainable growth** and debt restructuring solutions that allow profits (EBITDA) to be used as working capital rather than a means of debt repayment. In addition, Loan Servicing Firms provide consulting services for the inclusion of businesses that are restructured in all available national and European subsidising and funding programs (NSRF, Recovery and Resilience Fund, etc.).

Apart from selecting the optimal bilateral agreement, the State has established a set of mechanisms and alternatives for debtor categories.

As regards **vulnerable borrowers** specifically, the Intermediate Scheme (Law 4916/2022) offers the following possibilities:

- State-subsidised monthly payments of €70-€210 for residential loans of vulnerable debtors for 15 months.
- Suspension of all auction procedures on primary residences of vulnerable debtors, for as long as they are included in the Scheme and benefit from the subsidy.
- Use of the facilities provided by the Sale and Leaseback Organisation, through which vulnerable debtors can retain their primary residence for twelve (12) years through a long-term lease agreement and repurchase the asset upon expiry of such period.

In this context, the platform of the Special Secretariat for Private Debt Management that grants Vulnerable Debtor Certificates was put into operation on February 1, 2023. Approximately 15,000 debtors have already made use of the online platform to receive the relevant certificate as the first step to benefit from the Intermediate Scheme (Law 4916/2022). **Upon inclusion in the Intermediate Scheme, all enforcement procedures, including auctions, are automatically suspended under the relevant law, even if they have been posted and scheduled.**

In addition to the provisions of the Intermediate Scheme, Loan Servicers implement specific policies that, in addition to those under protection, extend to other sensitive social groups such as those with personal or family health conditions, the elderly and the unemployed.

At the same time, there is the **Out-of-Court Workout (OCW) Mechanism**, which can be used by both individuals and businesses for the settlement of their aggregate debts to the State, Insurance Funds and to third parties, such as banking institutions. The rate at which applications are filed and workouts completed is accelerating. **The approval rate** of applications is now at **70% and rising. For cases of debts below €200,000**, which primarily concern individuals, the approval rate of OCW applications **exceeds 75%**.

The of Loan Servicers sector, which employs more than 5,000 employees, supports individuals and businesses in their effort to return to normalcy, contributing to the consolidation and growth of the Greek economy.