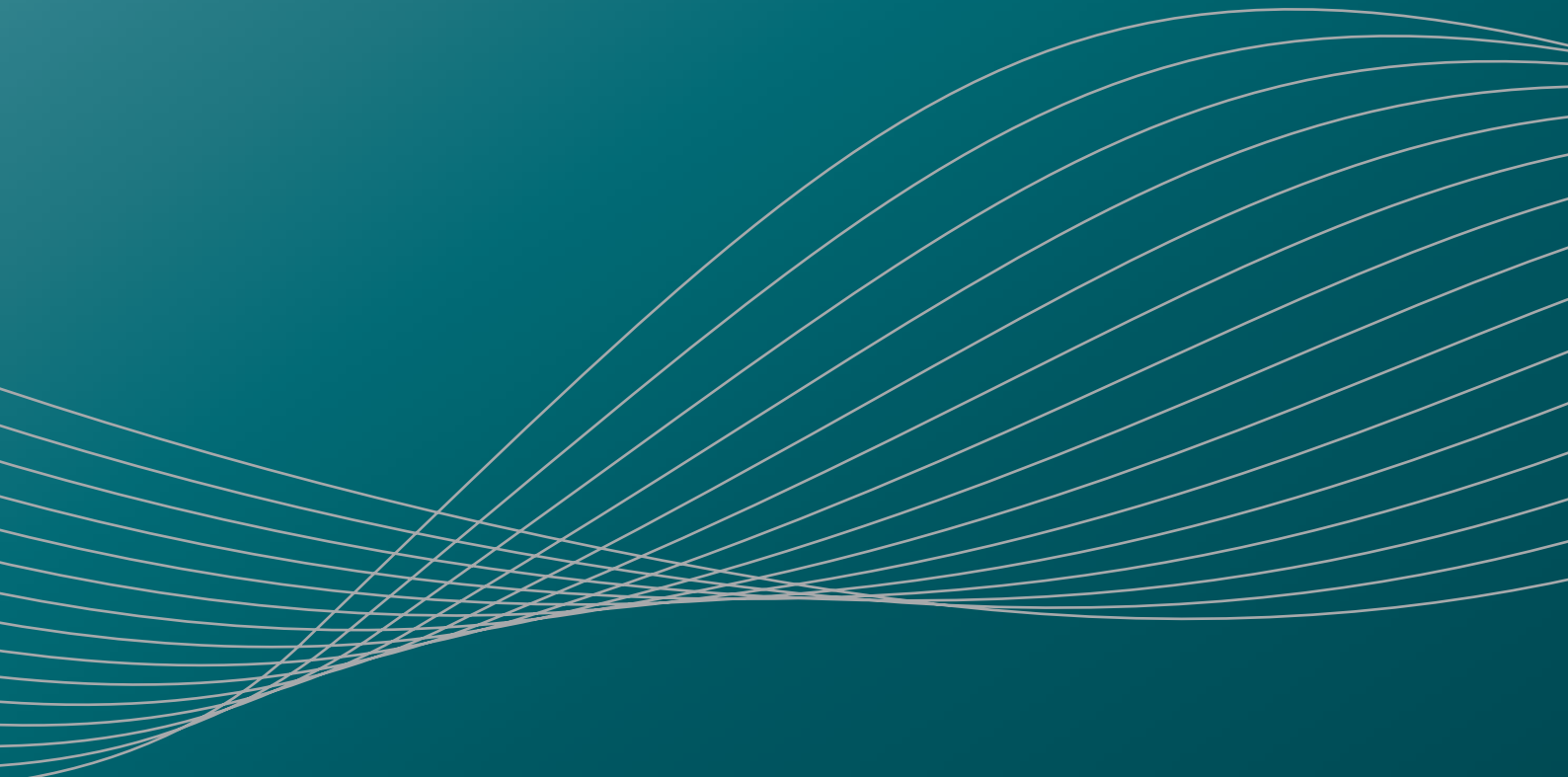
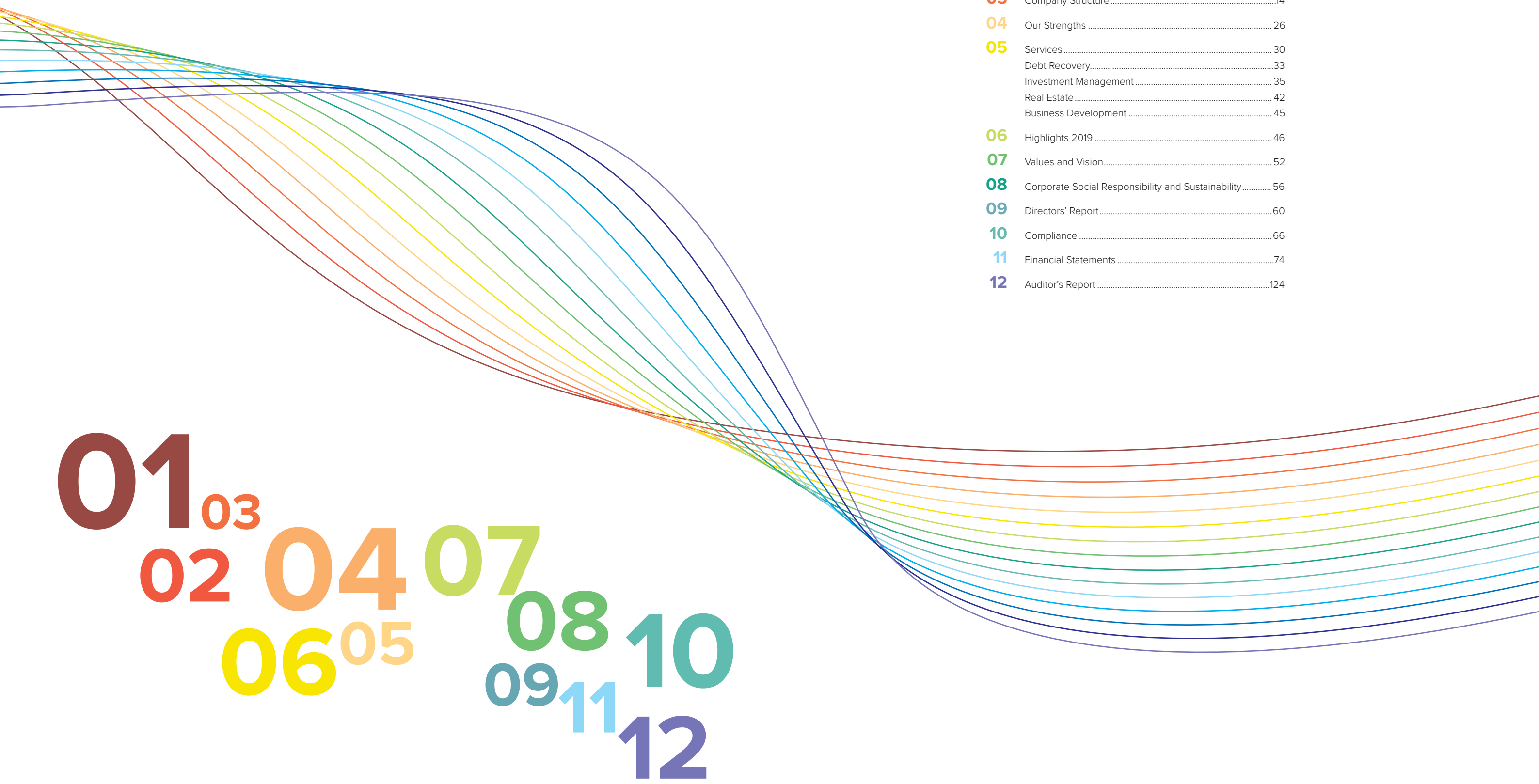


APS



ANNUAL REPORT



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LETTER FROM THE CEO

Dear esteemed investors, business partners, and colleagues,

A lot has happened since 2004, and even more has changed. We have expanded and have grown tremendously in numbers and experience. APS manages 94 portfolios valued at EUR 9.4 billion, and the turnover of the entire holding has reached EUR 46 million with a net profit of EUR 4.6 million – that is why I like to say that every year is a good year.

In our 15th anniversary year, we managed to strengthen our position as a regional leader in investment, management, and recovery for problematic portfolios; among other achievements, this was due to successful acquisitions in Bosnia and Herzegovina and in Montenegro. These acquisitions were a symbolic culmination of the effort that started with opening local offices in these countries in the second half of 2018.

Having established such a strong position, we now have sufficient energy, the requisite manpower, and a reliable enough network of stable and strong partners that we can think of opening new offices in Western Europe in the coming years and, more importantly, reach beyond the shores of the Old Continent. We are currently exploring opportunities in Commonwealth of Independent States (CIS) countries and selected Asia and Latin America markets. Of course, the transformation of APS into a global player will not happen overnight – it will have to be accomplished gradually in stages, much in the same manner in which APS expanded into Central, Eastern, and South-eastern Europe.

I already mentioned our successes in the Balkans during 2019. We acquired a Bosnian portfolio, secured predominantly by commercial property, with a nominal value of EUR 441 million; another acquisition of problematic debts after maturity is valued nominally at EUR 192 million.

We were also active in our traditional market in Cyprus where we acquired an NPL portfolio contain-



ing approximately 8,800 consumer loans and 900 loans to small and medium-sized businesses, valued nominally at EUR 245 million. This acquisition has underlined our commitment to investments into the Cypriot economy and to helping local banks with deleveraging. Together with our partners, we have completed acquisition of an NPL portfolio held by UniCredit Bulbank; the nominal value of these NPL receivables is EUR 50 million.

Aside from these acquisitions, we gained several servicing deals in the recovery area: in Cyprus, we service a Hellenic Bank portfolio valued at EUR 160 million; in Romania, we facilitate servicing for our partners from the banking, telecommunication, business, and leasing industries.

We have also been successful in Central Europe, namely in Poland and the Czech Republic. In Poland, we have entered into a service contract with Telemedycyna Polska; meanwhile, the Czech branch of APS is servicing more than 20,000 loans in collaboration with Generali Group and has been very successful in car repossession for its largest client, Volkswagen Financial Services.

Among the top news of the year is the establishment of a separate APS Real Estate division. The main motivation and driver for strengthening our real estate team was the number of successful acquisitions of real estate portfolios in the past two years: previously in Austria, and this year we acquired real estate assets in Hungary. With the new division up and running, we have started working in earnest on residential real estate development projects in the heart of Prague and in Bucharest.

In the last few paragraphs, I would like mention the activities of the APS charity foundation, Seeding Knowledge. At APS, we are well aware of the current social and environmental challenges. We do not ignore these challenges, but on the contrary take our share of responsibility by supporting charitable projects in three different ways: (a) donating funds raised among employees to a specific good cause; (b) APS branches supporting non-profit organizations or initiatives in their region; and (c) sponsoring the APS Seeding Knowledge foundation, which is active in Romania and the Czech Republic.

In Romania, the foundation focuses on, among other areas, supporting the education of talented children from socially disadvantaged families. APS also partners with the famous Rapid Bucharest football club and supports its junior academy.

In the Czech Republic, the foundation focuses on subsidizing education for elderly citizens, non-profit organization education, and support for environment protection and human rights initiatives that promote equal opportunities and a prejudice-free society. The foundation also includes employees in

its activities, whether they're providing expertise or voting on specific projects.

In March 2020, APS Group was affected by the COVID-19 pandemic. APS is currently facing the necessary measures adopted by local governments to mitigate the social and economic impacts of the COVID-19 pandemic.

We expect that the current situation caused by the outbreak of COVID-19 will have a short-term negative impact on our revenues as a result of a decline in loan repayment caused by restrictive and protective measures adopted by national governments. Furthermore, we expect a decrease in investment activity by our main investors as a result of elevated uncertainty on the market.

In the mid-term horizon, we anticipate significant growth in the volume of NPLs in all countries where the Group operates, and our main business activity is acquisition and subsequent asset management of these.

Therefore, we expect that APS will conduct, together with its foreign investors, remarkable acquisitions and follow-up management of big corporate NPL portfolios in the upcoming months and years, which will lead to an increase in revenues and profit for the Group.

In closing, I would like to thank everyone who has invested their time, commitment, and energy into the APS brand during 2019. That includes not only our employees but also you, our investment and business partners. Without you, none of what we do would be possible.

Sincerely,

Martin Machoň
Chairman of the Board and CEO



02

Company Profile
and History

COMPANY PROFILE AND HISTORY

APS was founded in 2004 in Prague, Czechia, as a captive servicer of Slavia Capital Group. Since then, it has become a multinational asset management company specialized in distressed debt investing that operates in 13 countries, located primarily in Central and South-eastern Europe, with a total of 886 employees. As of 31 December 2019, we managed 94 NPL portfolios with a total nominal value of more than EUR 9.4 billion.

The core of our activities comprises three key business lines – alternative asset management, debt recovery, and real estate investment. The APS Investment division carries out a full range of professional services related to investments into all classes of distressed assets and management of the entire investment process. Our Recovery teams cover all types of collection activities that lead to successful debt recovery of portfolios, either on our books or serviced by us. Our Real Estate organization serves as an investor and manager of real estate assets with the potential to create superior value.

Our operations would not be conceivable without a large pool of highly-skilled and knowledgeable professionals. Currently, there are more than 800 specialists working for the group. Thanks to their expertise, they are able to take into account the specificities and volatility of each market and prepare tailor-made solutions for our clients.

At APS, we strictly adhere to the highest ethical stan-

dards of business conduct. This value has been an essential and integral part of our corporate strategy from the very beginning and serves as a compass in all decisions we make – from large transactions to daily contact with our partners, clients and customers.

An equally important value for us is continuity. Long-term cooperation with national institutions and supranational regulators and banks makes APS a trusted, reliable, and stable partner.

Distressed debt poses a burden for both creditors and debtors as well as a serious risk for entire economies. Our mission is to enter these adverse situations and bring as much benefit as possible to all parties involved. Distressed asset investment has proven to be the most effective tool for banks to improve their credit quality, achieve better liquidity, and become more resistant to sudden economic fluctuations. We also help defaulting debtors to find the best way to free themselves of bad debts. The results we deliver bring profit to the whole society.

APS AT A GLANCE

Headquarters in Luxembourg

Operating in Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Czechia, Greece, Hungary, Montenegro, Poland, Romania, Serbia, Slovakia, Luxembourg.

- 15 YEARS OF EXPERIENCE IN THE AREA OF DISTRESSED DEBT INVESTMENT AND RECOVERY
- A MARKET LEADER IN THE CESEE REGION
- 94 MANAGED NPL PORTFOLIOS
- EUR 9.4 BILLION NV OF ACQUIRED ASSETS UNDER ADVISORY
- OVER 500,000 LOANS UNDER MANAGEMENT
- ADHERENCE TO THE STRICTEST BUSINESS ETHICAL PRINCIPLES

HISTORY

Ceaseless accomplishment, advancement, strengthening our position as a leader on the Central and South-eastern European market, and further expansion into new markets have marked the history of APS. Over the course of our 15-year presence on the market, we have succeeded in setting up APS as a sound and reliable partner on a European-wide scale.

APS started its activities in 2004 when it was founded as a member and captive servicer of Slavia Capital Group. The great dedication of its former team led to the first remarkable achievement: a portfolio purchased from Česká Spořitelna (a member of Erste Group) with a nominal value (NV) of EUR 25 million, which was met within the same year. The current sole shareholder, Martin Machoň, was hired to develop greenfield projects under a Czech permit as a supervisor. With his unique skills and a competitive approach, he rapidly enlarged the company while choosing the best experts on the market to join and received a minority share in APS.

In 2005, APS made its first cross border transactions in Serbia and Slovakia and gradually expanded its operations and services.

In 2007, APS saw a year of significant growth. New investment platforms were developed in Poland and Romania with the backing of London- and US-based investors.

In 2009, Slavia Capital consolidated its portfolio of NPLs and raised new capital for Loan Management, a Slovak-Cypriot investment structure. In addition, a large securitization fund was bought from Varde in Poland.

In 2012, greenfield expansion into Bulgaria took place and the first corporate NPL portfolio ever to be marketed in that region was successfully obtained.

In 2013, APS marked another important step in its history by introducing its first closed-end investment fund for eligible investors – APS Fund Alpha. Another

turning point for our growth in 2013 was the start of our trusted relationship with the International Finance Corporation (IFC; a member of the World Bank Group).

In 2014, APS won its first secured retail portfolio from Volksbank Romania with a NV surpassing EUR 500 million.

In 2015, Martin Machoň, CEO and previously a minority shareholder, purchased the majority interest and became the sole shareholder. In the same year, we launched a brand-new real estate investment services division, thereby broadening our portfolio of products.

In 2016, we carried out the largest acquisition of its kind in South-eastern Europe and acquired portfolios totalling EUR 1.3 billion. We continued to grow and entered the markets in Croatia, Hungary and Cyprus. In addition, this year was marked by the launch of APS Delta, a non-regulated securitization vehicle in Luxembourg.

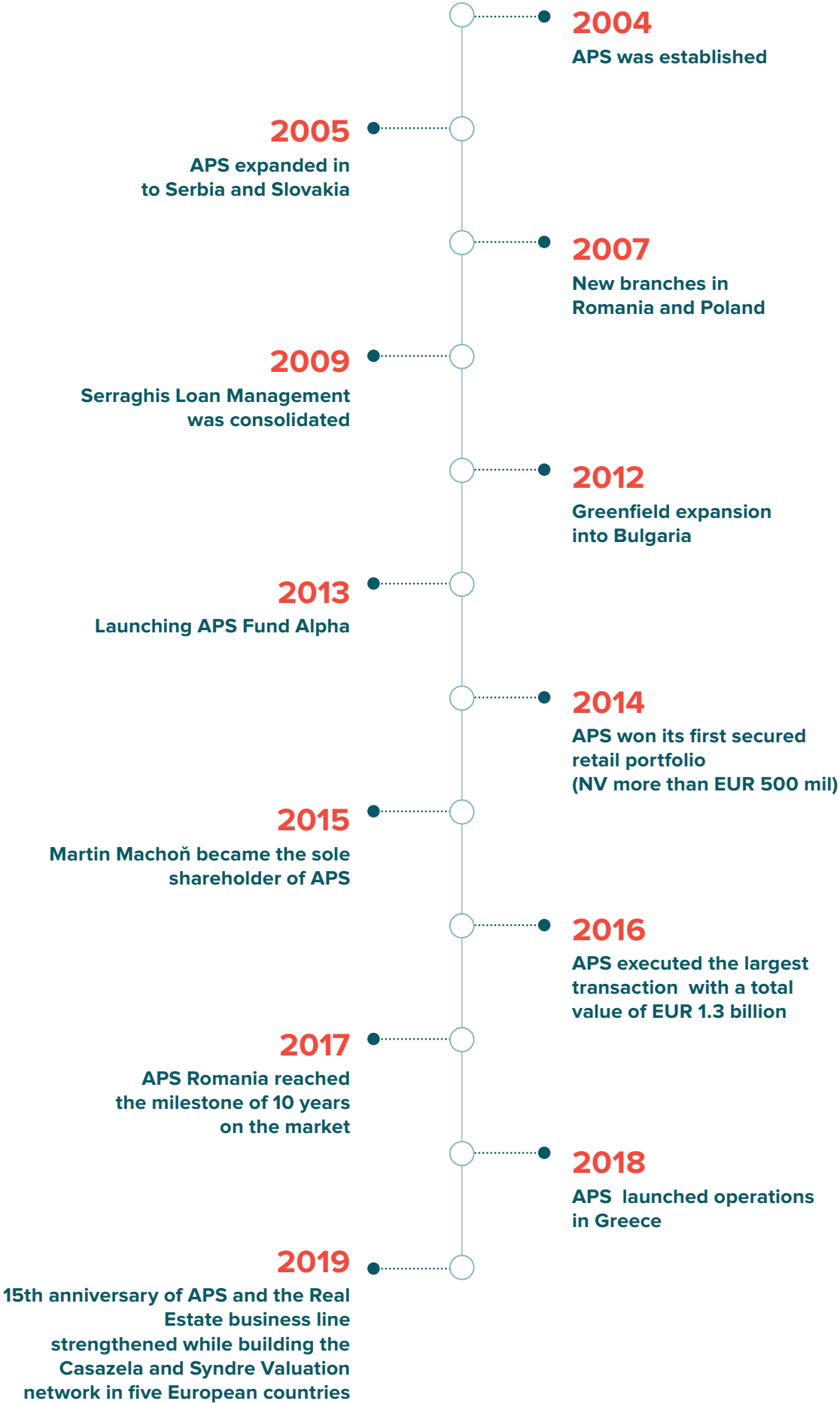
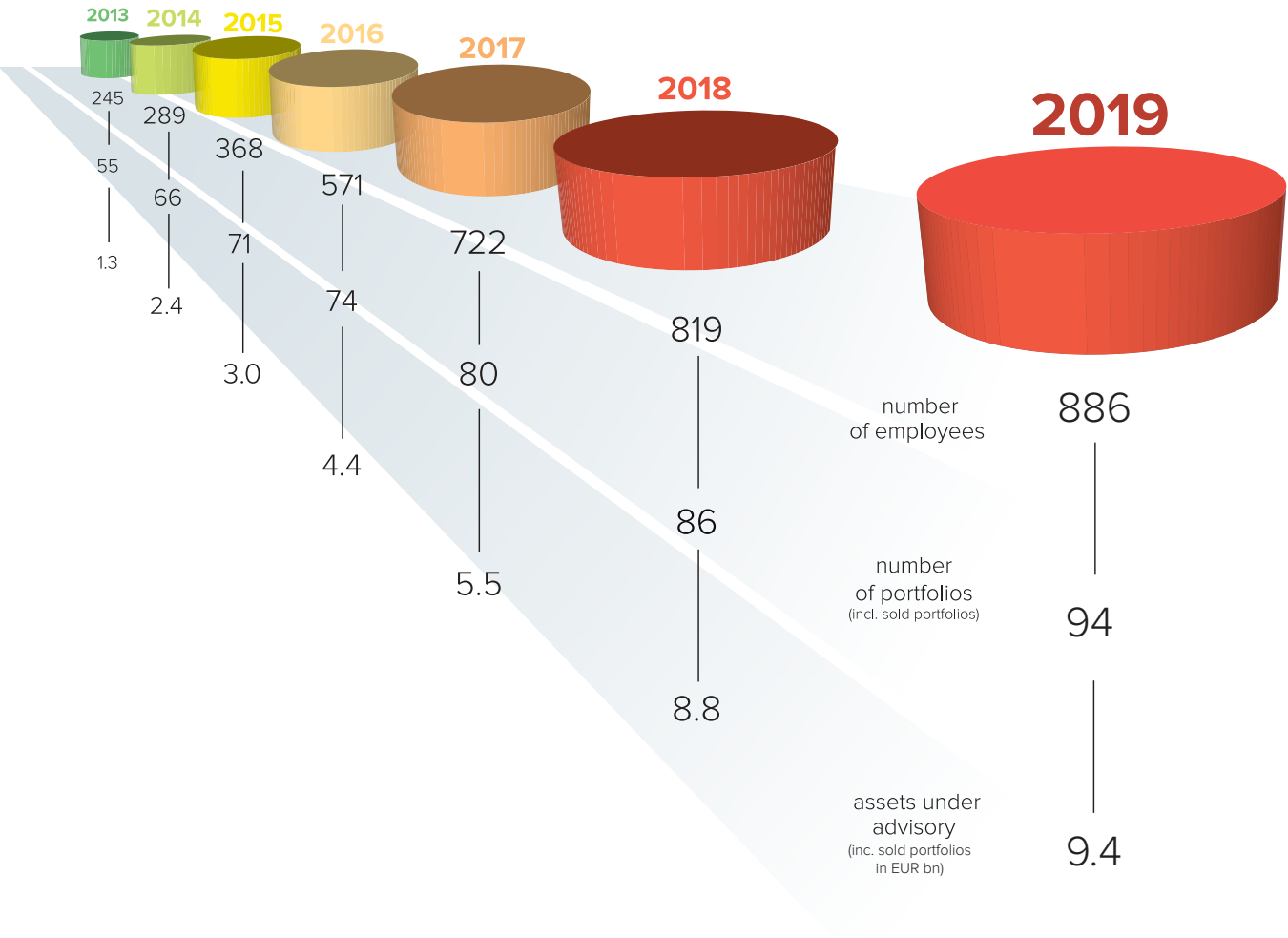
In 2017, APS purchased the NPL and real estate management company of Hellenic Bank Public Company Ltd in Cyprus, thereby facilitating the full operation of the new Real Estate division. The goal of the partnership was based on the concept of a joint venture in support of Cypriot economic recovery. In the same year, APS Romania celebrated the 10th anniversary of its presence on the market.

In 2018, our presence was significantly extended as we proceeded to set up offices in Bosnia and Herzegovina and Montenegro. We launched operations in Greece by securing the largest deal in our history

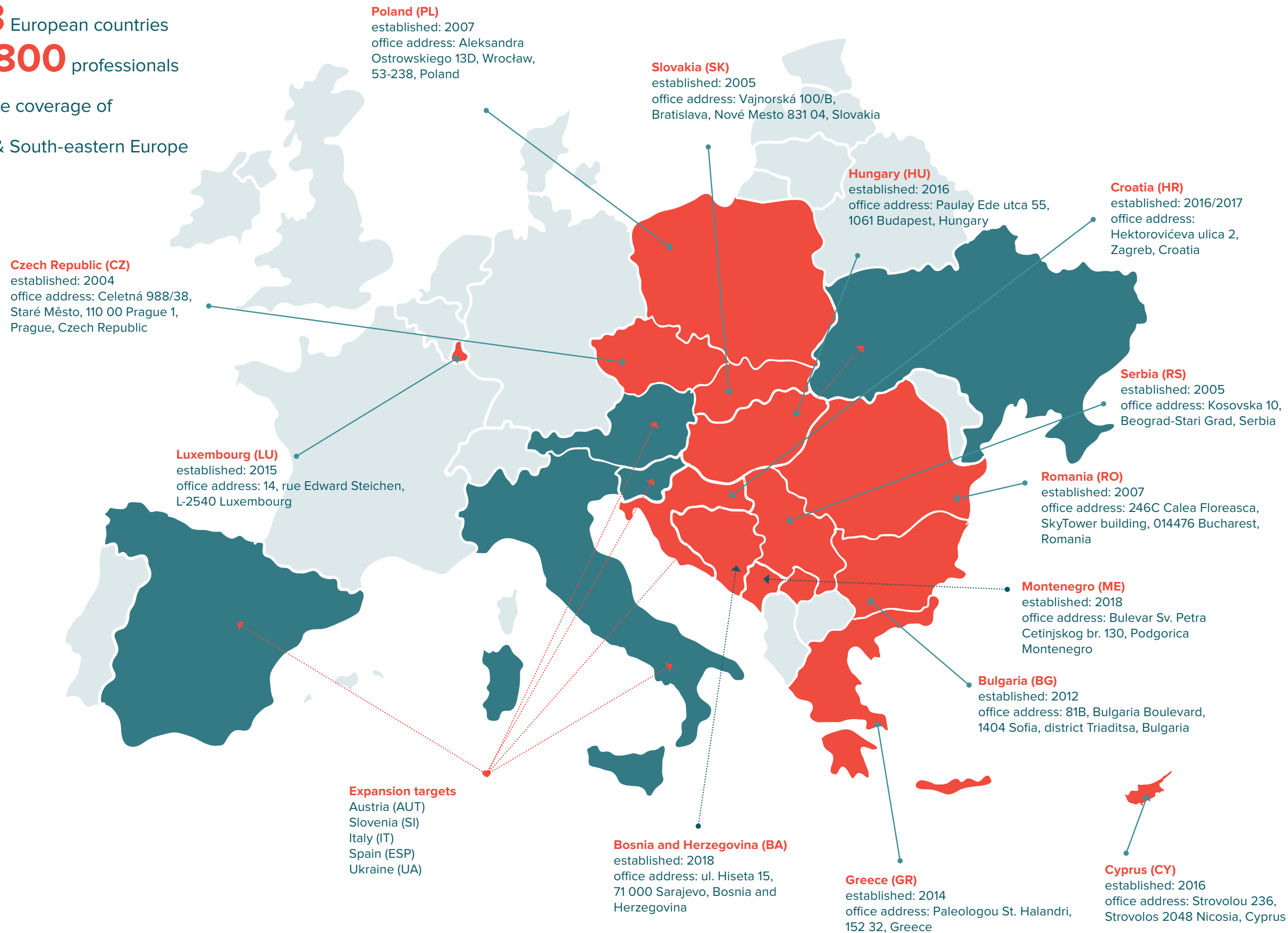
– Piraeus Bank’s NPL portfolio with an NV exceeding EUR 2.3 billion. The APS Real Estate wing took over part of the commercial leasing portfolio originally held by the Real Estate Division of Immigon and started managing contracts with a total value of EUR 13 million.

In 2019, APS significantly strengthened its position in the region as we acquired two NPL portfolios in

Bosnia and Herzegovina and Montenegro, thereby aspiring to the position of fastest growing distressed debt investor and servicer in South-eastern Europe. Moreover, APS’s Real Estate business line strengthened while building the Casazela and Syndre Valuation network, which is currently functioning in five European countries (Croatia, the Czech Republic, Hungary, Romania, and Serbia).



Presence in **13** European countries
with more than **800** professionals
enables complete coverage of
Central Europe & South-eastern Europe





03

Company Structure

COMPANY STRUCTURE

APS Holding S.A. (the “**Company**”) was established as a joint stock company (société anonyme) existing under the laws of the Grand Duchy of Luxembourg and registered with the Luxembourg Trade and Companies Register (Registre de Commerce et des Sociétés) under reg. No. B 201461 on 16 November 2015.

The registered office of the Company is 14, rue Edward Steichen, L-2540 Luxembourg, Grand Duchy of Luxembourg.

The subscribed share capital of the Company is fixed at EUR 31,000. The Company is owned by the sole shareholder Martin Machoň.

As the parent of the APS Group, the Company holds 100% ownership interest and/or issued share capital in the following companies:

• APS Management Services s.r.o., ASP Recovery a.s., and APS Finance a.s., all established and existing under the laws of the Czech Republic; and

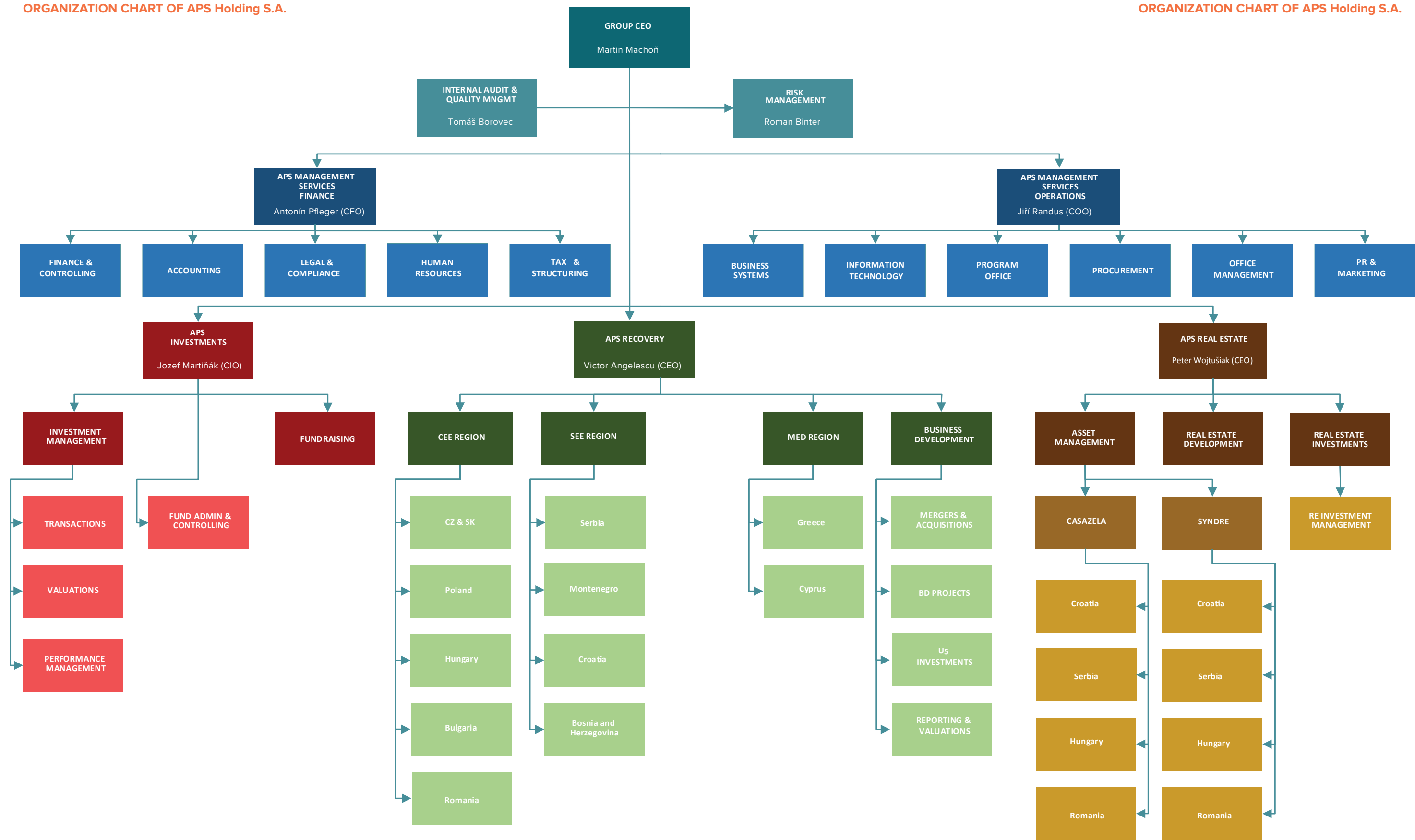
• APS Investments S.à r.l. and APS Investment Funds S.à r.l., both established and existing under the laws of the Grand Duchy of Luxembourg.

The Company is administered by the Board of Directors (Conseil d’administration) with three members, comprising Nicoletta Leone, Reebea Nachtegaele, and Martin Machoň.

APS Holding S.A. is the parent company of individual APS Group entities through either direct or indirect ownership of shares or ownership interests in the group companies.

Organization chart of APS Group; as modified during 2019, the group comprised these main subsidiaries:







MARTIN MACHOŇ
Owner and CEO

Martin has over 16 years of experience in distressed asset management and advisory and has been an integral part of APS from its inception. He has been involved in all phases of APS development since its founding in 2004. Prior to establishing APS, Martin held management positions at Société Générale and Lucent Technologies.

Antonín has 15 years of experience in financial management, operations, internal and external auditing, consolidation, and treasury and project management. Prior to joining APS, Antonín worked for 5 years at EY. Antonín is an internationally recognized Fellow Member of the Chartered Association of Certified Accountants (FCCA).

ANTONÍN PFLEGER
Chief Financial Officer



Jiří has over 20 years of management experience in service management, IT, telecommunications, and software development. Prior to joining APS, Jiří built and managed a global customer support department for a major telco supplier, ran payment integration programs with mobile phone app store providers, and acted as a technical authority within a software development division.

JIŘÍ RANDUS
Chief Operations Officer





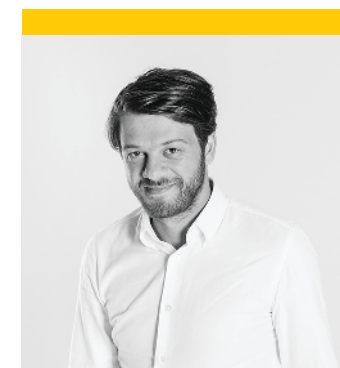
Jozef started his career at Slavia Capital focusing on distressed debt investments (executed via APS) from 2008 to 2011. Afterward, he worked at Petrus Advisers on the management of a special situations fund, an active long/short equity fund focused on listed companies in Europe. He rejoined APS Investments in 2013 and has since executed distressed debt transactions with aggregate volume exceeding EUR 500 million in investment value. Jozef has also overseen advisory and portfolio construction of a variety of investment vehicles under APS advisory.

JOZEF MARTIŇÁK
Chief Investment Officer



Peter has over 20 years of experience in the fields of design, construction, and real estate investment, during which time he has developed a holistic industry perspective and in-depth knowledge and understanding of the real estate industry across the residential, retail, office, and industrial sectors. Prior to joining APS, Peter held the position of Associate Director at CBRE Capital Markets, transacting over EUR 600 million worth of real estate from value-add to core prime assets. Peter is responsible for transaction origination and execution as well as overseeing the Asset Management and Valuations teams in the CE and SEE region.

PETER WOJTUSIAK
CEO of APS Real Estate



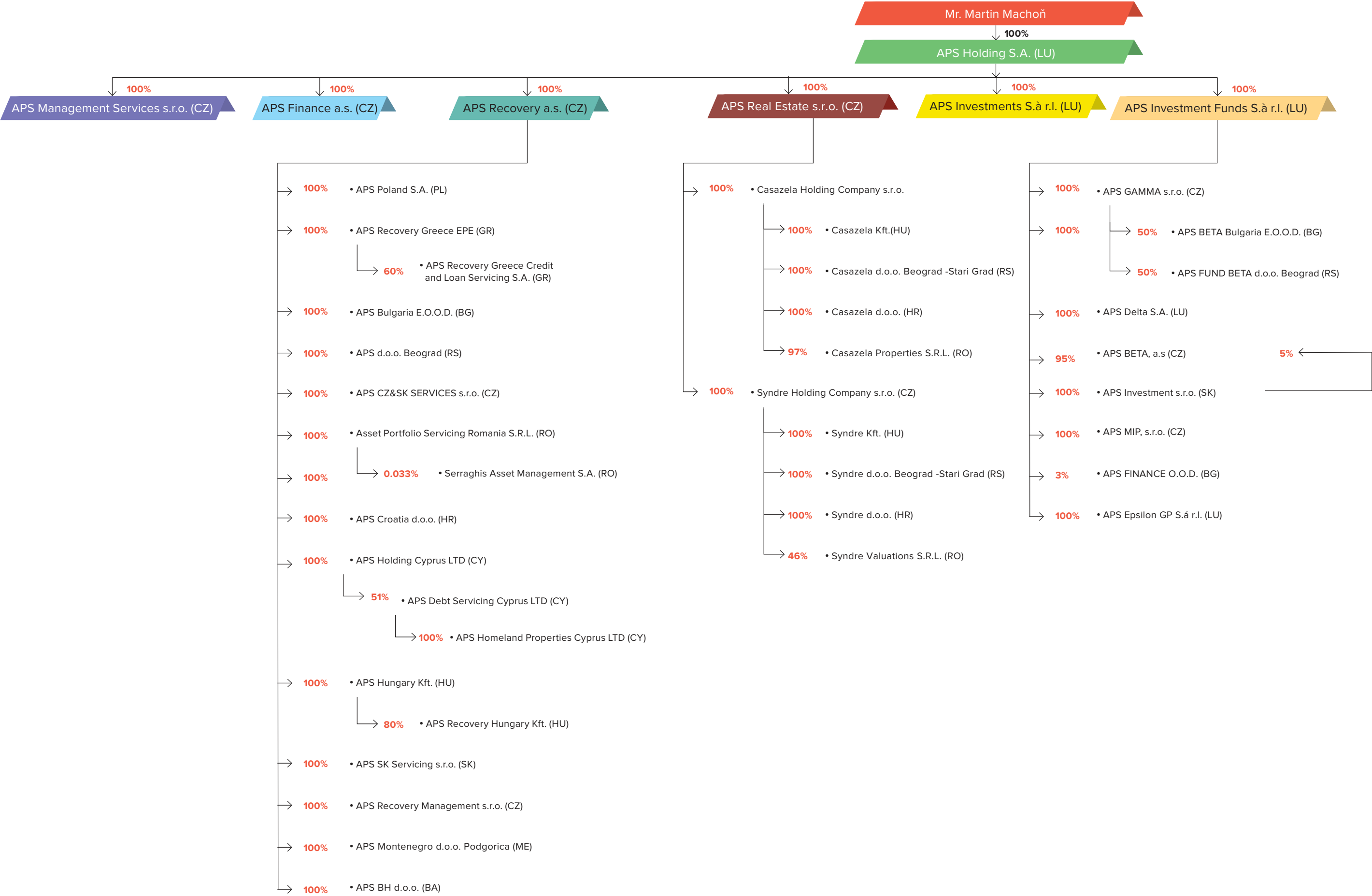
With over 10 years of experience in collecting receivables, Victor Angelescu is responsible for coordinating the activity of APS Romania and developing the APS Group in such SEE countries as Bulgaria, Serbia, and Greece. Prior to joining APS Romania, Victor held management positions at Eurobank EFG and ProfiCredit IFN.

VICTOR ANGELESCU
CEO of APS Recovery



Roman oversees risk management for the APS Group. Roman has spent close to a decade in the City of London serving as a portfolio manager and a risk manager, managing investment pools in excess of USD 1 billion of AUM (assets under management), and overseeing risk across 20 investment funds with aggregate AUM totalling USD 4 billion. Roman joined APS in 2018 and brings robust experience with asset and risk management, broad knowledge of liquid and illiquid investments, and strong strategic thinking.

ROMAN BINTER
Chief Risk Officer





04

Our Strengths

OUR STRENGTHS

APS is a company built on strong principles. Integrity, reliability, and trustworthiness are not mere words for us but the very foundations of our operations. We are prepared to offer our profound expertise, long-term experience, and customized solutions to a broad range of companies and institutions.



APS entered the distressed debt market in 2004 as a captive servicer of Slavia Capital Group for Czechia. Since then, we have developed into a full-fledged multinational company that has gradually

entered 13 countries located predominantly in the CESEE region. In each country, we have created a robust infrastructure of experienced employees led by top experts with detailed knowledge of local market

Ready to meet the highest demands and provide innovative, customized solutions.

specifics and the competitive environment. Thanks to their expertise, the transactions we conclude prove to not only be profitable for our investors but also have a positive impact on local communities and economies.

Distressed debt specialist with 15 years of experience.

We specialize in acquiring, advising, and servicing non-performing and also sub-performing and performing portfolios. Thanks to our commitment to providing excellent services and delivering strong results, we have become a valued and trusted partner to the world's top institutions and firms, including the International Finance Corporation (IFC; a member of

Through APS, non-productive capital returns to the market.

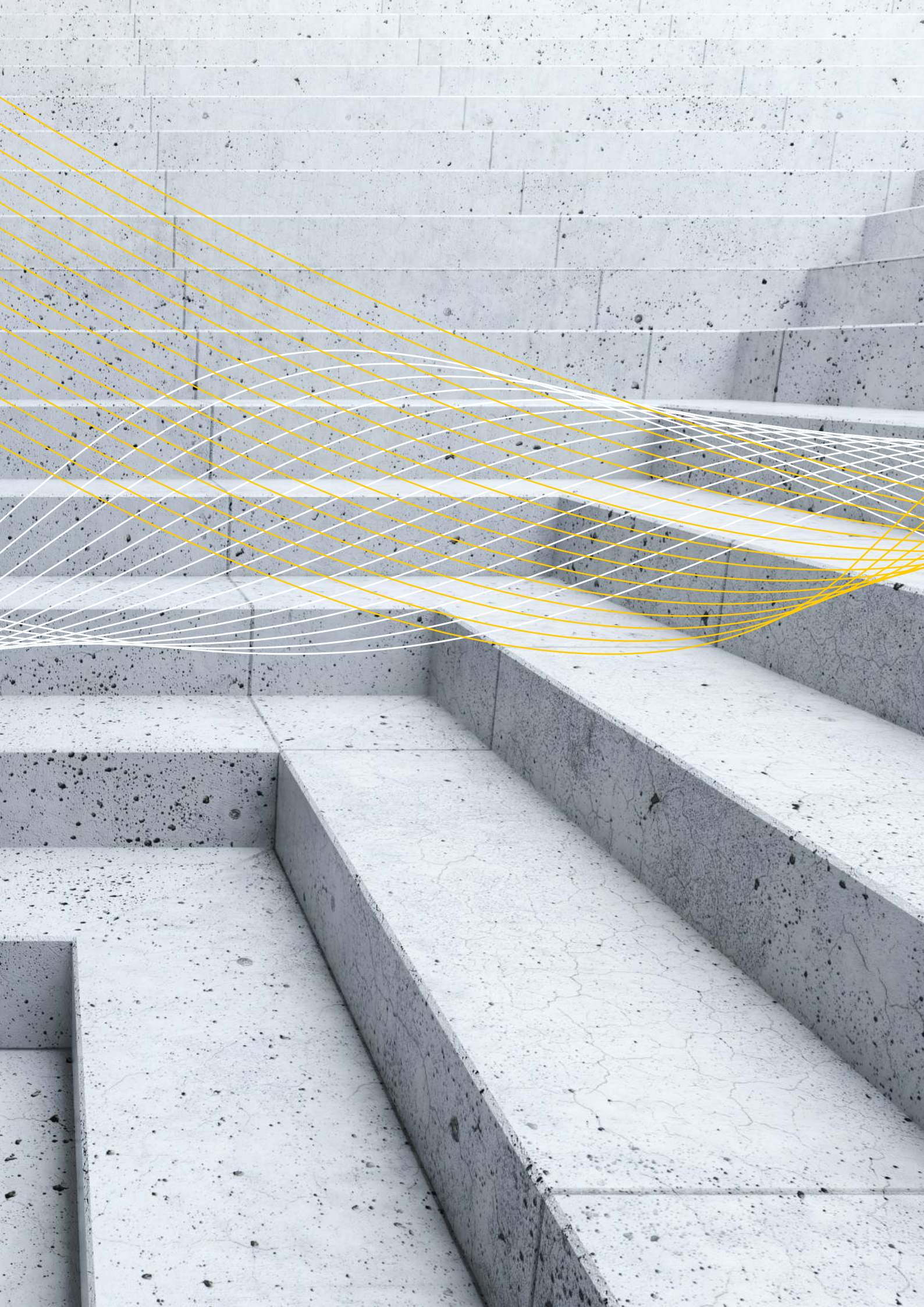
Management of 91 portfolios totalling EUR 9.4 bn.

the World Bank Group), AnaCap Financial Partners, large financial houses from both Europe and the US, investment funds, and private investors.

As a dynamic company, we continually expand our market portfolio and search for new markets and investment opportunities not only in CESEE, but also in Western Europe and outside the Old Continent, es-

A trusted and reliable partner to the world's top companies and institutions, including the IFC and EBRD.

pecially in so-called emerging markets. Every effort we make is aimed at reaching our objectives: creating great long-term profits for investors, helping debtors, and benefiting local economies.



05

Services

SERVICES

KEY BUSINESS LINES

In 2019, our business lines comprised three main areas. The first is our strong Investments business line consisting of the Investment Management division and the Fund Management division. The traditional Debt Recovery management of debts serviced by us or on our books was carried out mainly through our local branches. And the third is our expanding Real Estate division.

INVESTMENTS

Our investment and fund management teams provide comprehensive professional services related to investments into all classes of distressed assets. We serve as an investment advisor across the lifetime of the investment: starting with deal origination and acquisition and followed by performance management and administration related to the ownership and management of the transactions. We identify investment opportunities across the CEE and SEE region, targeting portfolio transactions as well as acquisitions of operating entities with portfolios on the books. When processing the acquisition of the distressed asset, APS is engaged in comprehensive investment advisory services such as portfolio valuation, collateral analyses, recovery strategies analysis, and due diligence support. Our team manages the transaction through financial closing and continues with fund administration, reporting, and performance and cash flow management. Our advised transactions are funded by funds and accounts advised by APS as well as institutional investors and family offices. On a deal-by-deal basis, we also co-invest alongside reputable institutional pan-European and global investors. We are a trusted partner to the world's top financial institutions and private investors as well as supranational institutions, including the IFC, a member of the World Bank, and the EBRD.

DEBT RECOVERY

We have always provided recovery services covering the full range of soft, field, and legal collection activities. We focus mainly on corporate collection and also on retail recovery. Our clients are small and large banks, insurance companies, funds, telcos, and institutional partners. The company employs hundreds of call centre and recovery specialists. APS puts a great emphasis on supporting collection processes with technology. The competency and expertise of the recovery specialists are also vital to us. Sharing best practices across countries helps our specialists to expand their horizons and find more effective processes and technological solutions.

REAL ESTATE

Our real estate platform is a business line focusing on advisory and transaction support to investors, commercial property developers, corporates, and homeowners for their personal and business property needs. We also offer valuation and management of real estate portfolio investments and financial real estate advisory for both commercial and personal properties.

DEBT RECOVERY

Debt recovery is one of the core services that APS provides, and we have been doing so since our inception. With more than 15 years of experience with distressed debt management across multiple jurisdictions, APS is a trusted, reputable servicer to a large number of institutional investors and banks, having under management a wide range of exposures including secured and unsecured retail and corporate debts.

We are recommended by our proven competitive advantages:

- Multi unit, cross-country infrastructure for all kinds of collection activities via locally based APS branches
- The capability to export know-how and best practices to new regions
- Continuous recovery process monitoring, data analysis, reporting
- An emphasis on innovation and quality in a way that challenges most leading debt collection agencies in the world
- Experience as the first company to start servicing corporate loans
- Strong collection and recovery teams; extensive knowledge of legal procedures (insolvency and enforcement) and the real estate market
- Case Managers recruited from insolvency companies in the banking sector with extensive experience in recovery (5–10 years of experience), some of whom are also qualified as insolvency practitioners
- Recovery services offered to over 100 clients and a habit of keeping them thoroughly informed and in control of the recovery process
- 94 portfolios managed and more than 500,000 loans under management

PEOPLE

With more than 800 professionals across 13 regional offices, APS has always relied significantly on developing and growing its own employees. We have had many success stories of booming career paths within the group, including reaching group – and country – management positions. We are proud to provide space and time to internal talents who pay us back with their great results. Dedication, motivation, and talent combined with appropriate training and know-how sharing are the keystone of APS culture.

The internal pool of employees is then supplemented by specific skill sets from the market by recruiting experienced experts from banks, advising companies, law firms, and other businesses.

We always take good care of them by implementing new retention measures, better induction plans, coaching and mentoring programmes, and rewards for creative thinking. We praise initiative and drive and encourage our employees to step up and raise the standard.

SYSTEMS

The core recovery system that APS uses is Collection Application One (Capone), state-of-the-art recovery software that has been significantly tailored to the specific uses of APS. Capone, which has been used at APS for several years, has proven itself to be a great tool for managing, tracking, and optimizing collection strategies and processes. The system is also a very effective source of data for the purpose of reporting to APS itself and to its clients and investors.

For several years, APS has been using some of the most advanced IT systems on the distressed debt management market: Capone and Mediatel. This is a highly automated, state-of-art integration that facilitates full range management of all Recovery business lines. With the advantage of such comprehensive technical tools, APS efficiently manages secured and unsecured portfolios, contingency projects, and legal and pre-legal streams.

The advantage of the system is that it is constantly being developed and adjusted to the specifics of local markets, while it also enables the use of group know-how and common features. A high level of flexibility also enables full integration with the systems of our customers, leading to automatic and regular data

exchanges. Capone can store and display complete and detailed data about every entity: loan contracts, guarantees, people, execution files, insolvency files, bankruptcy files, and employers.

Capone allows the end user to fill in detailed data about all steps in the legal process, including assessments, auctions, insolvency, bankruptcy, execution, queries to government institutions, live links to insolvency gazettes, and wage garnishments. End users can also set up reminders, terms, and tasks that can be monitored from the application’s calendar or by accessing the queue statistics tab, thus making sure all legal proceedings are completed on time.

COLLECTION APPLICATION ONE (CAPONE)

The core recovery management platform used by all APS branches. A scalable system built on top of an Oracle database, Capone grants 100% stability and efficiency.

Capone is a comprehensive system that gathers under a single umbrella all necessary features, data content, and process dynamics. With its straight-forward structure, Capone provides countless options for defining data exports for the scope of reporting to APS itself and to its clients and investors.

Capone is built on hierarchical levels, which adds an extra point to the business user experience by offering a 360° view of all parties involved in a business process. The system is continuously evolving in order to accommodate the most recent and demanding distressed debt market strategies and regulations. Another advantage is its flexibility, with Capone being available for integration with several types of interfaces such as our clients’ systems, telecom services, and public institution platforms.

MEDIATEL

This is the call centre system used within all APS branches, with complete real-time integration with Capone. A scalable system built on top of an MS Server database, Mediatel accommodates countless phone lines and agents.

As comprehensive dialler software, Mediatel incorporates such services as: outbound and inbound campaigns, IVR, call recording, on-the-spot agent coaching, and monitoring.

Mediatel’s extensive efficiency is based on several complex call distribution algorithms. These embedded mechanisms automatically set up for the agent: lead links based on agent skills scoring, dialling rules and speed, and line overflow.

INVESTMENT MANAGEMENT

In 2019, the steady sale of NPLs in the CESEE region continued. The NPL ratio of significant institutions in the euro area stood at 3.55% as of mid 2019, in contrast to 4.32% a year previously. It has more than halved since 2014. In absolute terms, the European Banking Authority estimates that the total stock of NPLs on commercial banks’ balance sheets reduced by more than EUR 100 billion over the past year. This trend will most likely continue in 2020 as the “Action plan to tackle non-performing loans in Europe” will continue to maintain pressure on banks to reduce the stock of NPLs.

From 2010 until 2018, European loan sale activity was setting new records in volume every single year. The year 2019 was the first year after nearly a decade where the volume did not surpass the previous year’s high. Although there were transactions involving more than 140 billion of non-performing exposures in 2019 on the European market, this lagged behind the 202 billion in 2018 and even the 153 billion in 2017. Deal flow remained robust, but competition has intensified, yields have been compressed, and sellers were more and more unwilling to sell at prices below their expectations.

In 2020, we expect a robust pipeline of deals and a higher volume of secondary portfolio sales. In addition, we expect to see a higher volume of REO portfolios as many banks aim to offload repossessed assets from previous years. This phenomenon has been especially visible in Spain. On the other hand, securitization will play a more significant role in countries where the government provides state guarantees on senior tranches.

In Romania, Croatia, Slovenia, and Hungary, NPL sale activity continued as in previous years, while

in Greece, Italy, and Spain the activity even picked up, with major NPL transactions taking place in 2019. Although NPL activity has been significant across all European countries, the most notable reductions have been in Spain, Italy, and Greece. Although Greece and Cyprus saw robust deal flow, they remained at the top of the list of the highest NPL ratios in the region, with 39.2% and 21.5%, respectively, down from 45% and 34%, respectively, in 2018. In Spain, half of the volumes transacted were REO portfolios, while the Italian market is fragmented with transactions involving both large and small portfolios.

Deleveraging through write-offs and NPL disposals continued thanks to various supranational initiatives that aim towards more strict regulations of the banking sector in terms of capital adequacy and NPL ratios. In addition, the EBA, the ECB, and the European Commission continued their efforts to develop a well-functioning NPL transaction platform in order to create liquidity, reduce information asymmetry, reduce market failures of the past, and stimulate secondary NPL markets. Vibrant NPL markets, namely Greece, Cyprus, Portugal, Italy, Bulgaria, Slovenia, Hungary, Croatia, Ireland, Poland, Romania, and Spain, have above-average NPL ratios, but pending and future transactions may reverse the situation.

STRENGTHENING OUR CORE MARKETS AND ENTERING NEW ONES

In Hungary, we have been active in 2019 by advising on the acquisition of two NPL/REO portfolios. The first is a non-performing secured retail portfolio with a nominal value of EUR 75 million as of transaction closing. The deal was acquired by Momentum Credit Zrt., a licensed single-purpose vehicle for APS and

Balbec, our business partner and a global investment company. For the second, we have advised our partner Balbec Capital on the acquisition of a pure REO portfolio formerly owned by a Hungarian commercial bank. The assets range from residential apartment units to development land, and the market value is close to EUR 10 million.

In Bulgaria, along with our partner Balbec Capital, we have acquired a non-performing corporate and retail portfolio with secured and unsecured exposures from UniCredit Bulbank. The portfolio with a nominal value of about EUR 50 million will be serviced by the local APS servicing branch.

In the Czech Republic, we have advised Balbec Capital on the acquisition of a sizeable unsecured retail portfolio that is now serviced by APS.

In Croatia, we have advised on the acquisition of a small non-performing secured retail portfolio.

In Serbia, we have acquired a small non-performing unsecured corporate portfolio.

In Greece, we submitted multiple offers on various transactions within 2019. Through various portfolio sales in 2019, the current NPL ratio stands at around 39% and remains the highest in Europe, while the total NPL stock has been reduced to about EUR 65 billion from its peak of EUR 105 billion in 2015. We expect a significant amount of that portion to be available for sale. As Greek banks face continued pressure from the ECB and the Bank of Greece to decrease their NPL ratios further, we expect more activity on the market in the coming year, which could establish Greece as the third-largest NPL market in 2020 in terms of volume.

In Cyprus, in the second quarter of 2019 APS has acquired, in a consortium with Balbec Capital, a EUR 245 million unsecured retail portfolio from the Bank of Cyprus, further establishing its position as one of the most important servicers on the island, as it also manages the NPL portfolio of Hellenic Bank. We continue to participate in many NPL portfolio sales that are taking place in Cyprus and are optimistic that another transaction might come in 2020.

LOOKING AHEAD

In 2019, APS primarily focused on NPL transactions in CEE and SEE. We managed to close several deals in our core markets, namely Hungary, Croatia, the Czech Republic, Bulgaria, Romania, Serbia, and Cyprus. In 2020, our focus will be to further strengthen our investment management capabilities and execute more deals within debt restructuring and special situations on existing markets as well as expand geographically into new markets.

The Spanish NPL market is one of the most active markets in Europe, having divested more than EUR 135 billion of non-core assets since the peak in 2013, but it has a sizeable book of unresolved NPLs remaining, estimated at over EUR 100 billion. The Spanish NPL market differs slightly from other markets in that most of the sales are REO portfolios. The new provisioning guidelines resulting in higher risk weighting for REO assets for banks has, to a great extent, shaped this trend. APS envisages entering the Spanish market through a smaller-sized REO portfolio or a secondary/tail sale portfolio previously acquired by a large player.

In Ukraine, deal flow has shown some signs of improvement but is still nowhere near its European counterparts, although the stock of NPLs is estimated to be around EUR 20 billion. Since the introduction of NPL e-auctions, activity on the market is picking up, and the country's political situation is slowly improving. With some interesting opportunities in the pipeline and a sizeable volume outstanding for sale, we expect a gradual increase in activity in the coming years.

INVESTMENT PROCESS

Our unified and precisely defined investment process enables us to follow numerous transactions simultaneously while creating a synergic effect using internal and external resources. Regarding key internal resources participating in projects, our transactions department combines a team of experienced investment managers leading individual transactions with a team of dedicated analysts working on valuation models. Our projects usually engage as

external sources local legal advisors, property appraisal advisors, and experts with experience in NPL recovery.

We engage the most reputable and highly experienced advisors in order to obtain quality inputs for our valuation models, which enables us to determine the real value of the portfolios assessed. The involvement of local APS recovery teams is crucial for defining recovery strategy and targets on a granular case-by-case basis.

Within the investment process, the most important phase is due diligence, which combines legal review, real estate collateral review, and financial due diligence for complex transactions. During the legal phase, a comprehensive legal review of receivables and documentation related to a portfolio is conducted.

This is performed by local lawyers who have experience with similar portfolios in the region. Simultaneously, property appraisal advisors are engaged to assess the real estate collateral used to secure the receivables.

Based on the due diligence findings, internal and external experts on recovery strategy prepare tailor-made recovery strategies on a case-by-case basis. Outcomes of the due diligence process and conclusions from roll-up meetings are summarized for application in the valuation models prepared by our valuation department. Assumptions used in the valuation models are discussed not only with local managers responsible for the collection process but also with external lawyers and experts on recovery and the specifics of the local market.

APS ADVISED FUNDS AND VEHICLES

Serraghis Loan Management

- Established in 2009
- Investment period 2010–2012
- Non-regulated investment vehicle from Cyprus
- The first APS investment vehicle for regional institutional investors and family offices
- Invested in 35 portfolios worth EUR 650 million. All types of NPLs and distressed assets
- CEE and SEE
- APS the exclusive investment advisor
- At the end of 2019, the performance of Serraghis Loan Management reached ca 101%, proving the portfolios' potential – expected IRR is 17–19% with an expected overall net cash multiple of over 2. Due to diversification, performance oscillates around the target performance.

APS Fund Alpha

- Investment period 2013–2014, fully invested in December 2014
- Former Qualified Investor Fund domiciled in CZ and regulated by the Czech National Bank until September 2019; since then regular joint-stock company
- Investors are family offices and HNWI operating under jurisdiction of Czechia, Slovakia, Hungary, Cyprus, Malta, USA, UK
- Investments in 13 portfolios with total nominal value of EUR 1.2 billion
- All types of NPLs and distressed assets CEE and SEE
- APS has been the exclusive investment advisor
- The overall performance of APS Fund Alpha reached 97.3% due to the shift of some key recoveries from the end of 2019 to 2020. The performance of APS Alpha is within expected volatility. For investors, the net break-even point was reached and exceeded in December 2017.

APS BETA, former APS Fund Beta

- Established in 2013
- Investment period 2014–2018
- Non-regulated investment vehicle from Czechia (delicensing from a regulated Qualified Investors Fund was finished in early 2018)
- Special fund created by APS to partner with the IFC
- All types of NPLs and distressed assets
- Invested in 4 Romanian portfolios with a nominal value of EUR 1.07 billion.
- APS has been the exclusive investment advisor
- The overall performance of APS Beta reached ca 63.62% in 2019, compare to 88% in 2018. Further gradual improvements in overall performance are expected. Weakness is caused by recovery time shifts and delayed cases (cases with debtor appeals).

APS Delta

- Established in 2016
- First investment in Q1/2016 with additional resources committed
- Open for investment
- Luxembourg unregulated securitization vehicle with an independent Luxembourg-based administrator
- Investors include distressed credit funds and supranational institutions
- For investors that prefer to invest on a deal-by-deal basis
- Target investors to commit EUR 10–50 million each
- Assets held in dedicated bankruptcy-remote compartments
- Investors hold bonds issued by the compartment. Investors receive distributions on a monthly basis
- So far, investment performance oscillates within the expected range, with a couple of assets lagging slightly behind their target. In general, the outlook for 2020 is positive, but certain portfolios will be impacted by government measures and the general economic situation related to COVID-19.

LM IF

- Established in 2016
- Investment period 2016–2018
- Qualified Investor Fund regulated by the Czech National Bank
- Licence for self-governance obtained in November 2018
- Investors operating under jurisdiction of Slovakia
- As of 31 December 2019, 17 investments have been made
- All types of NPLs and distressed assets CEE and SEE
- APS has been the exclusive investment advisor

- The performance of LM IF reached ca 82% due to additional investment in two new portfolios in 2019. These portfolios had a slow start compared to the model, which resulted in a decrease in overall performance. The overall performance of LM IF is within expected volatility.

LM II

- Established in 2014
- Non-regulated investment vehicle from Slovakia
- All types of NPLs and distressed assets
- APS has been the exclusive investment advisor

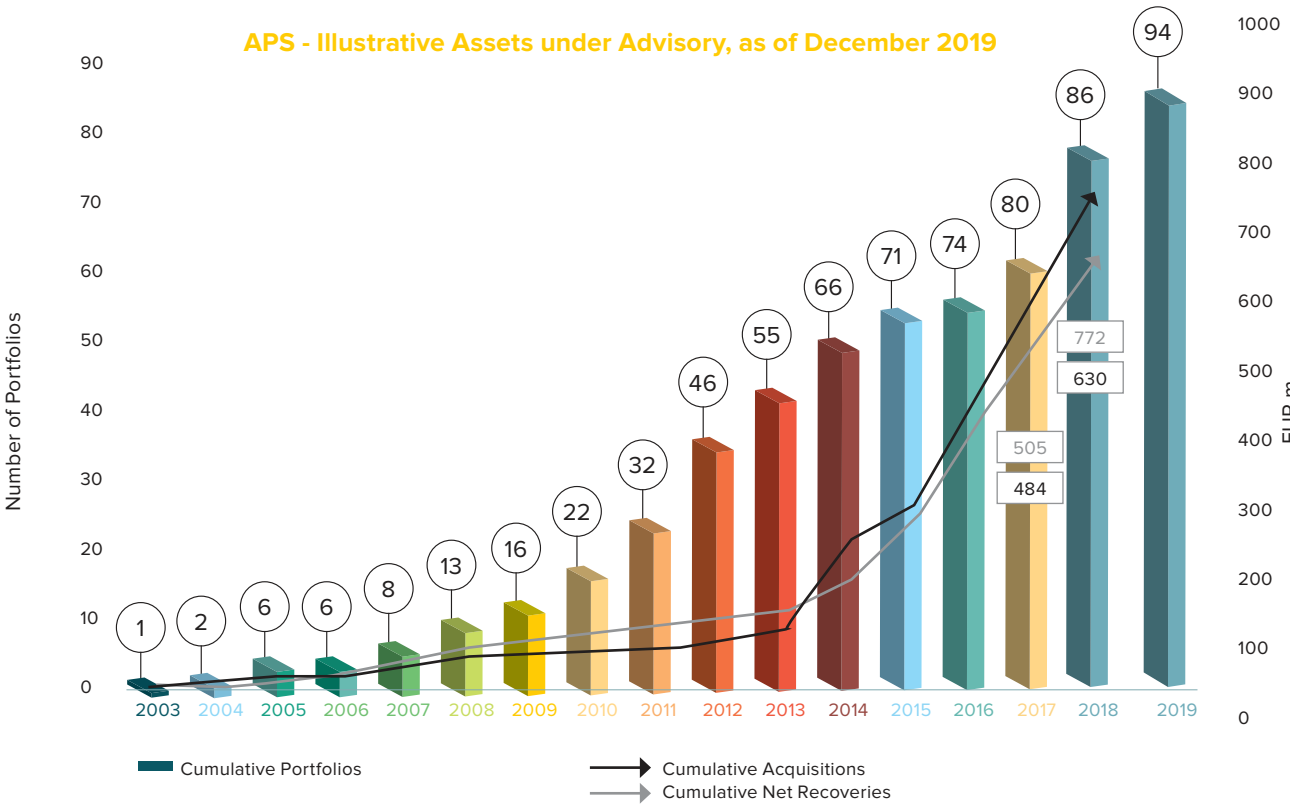
FOCUS IN 2020

In 2020, our focus will remain on APS Epsilon, the first commingled Luxembourg-based regulated Reserved Alternative Investment Fund (RAIF) advised by APS, intended for large institutional investors focusing on distressed assets. The recovery process for portfolios acquired through APS Epsilon will be managed by local APS servicing subsidiaries. In terms of territory, APS Epsilon will invest in Central and South-eastern Europe.

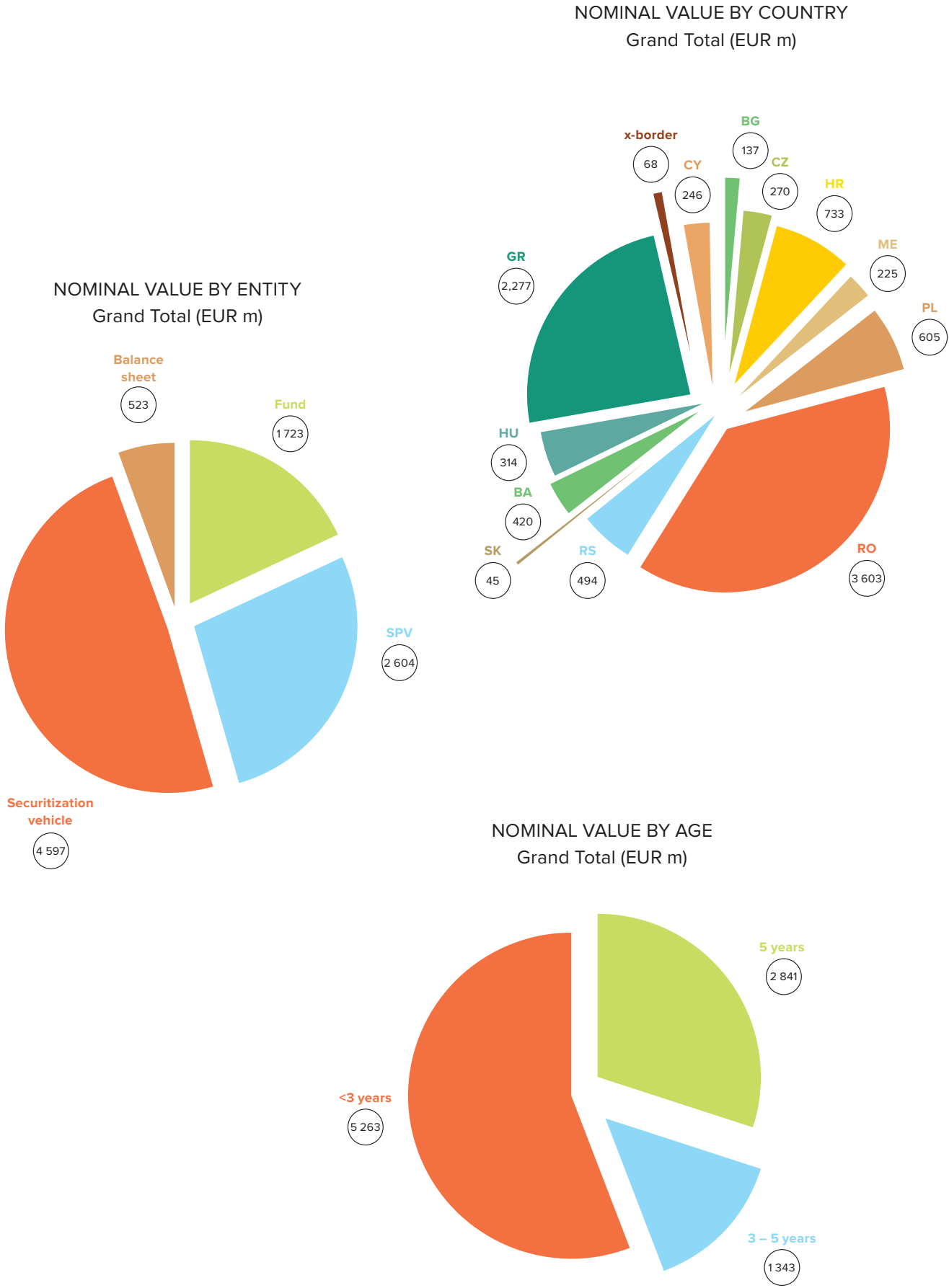


APS IN SUMMARY AND NUMBERS

APS is an advisor to several investors, investment vehicles, and funds located in various jurisdictions that invest in all types of distressed assets.



As of December 2019, assets under advisory by APS had reached EUR 9.4 billion in nominal value. Cumulative acquisitions had reached EUR 836 million, and cumulative net recoveries EUR 799 million.



REAL ESTATE

The APS Group has established a Real Estate division – a business line focusing on real estate investment into both income-producing assets and development projects. In addition, the division provides property and asset management services for both institutional and private equity investors.

Following our continuous success in the area of distressed assets, a great proportion of which was secured by real estate, the decision was made to leverage our accumulated knowledge within the more “traditional” real estate investment sector. Headquartered in Prague, our Real Estate division is staffed by specialists who seek out and evaluate investment opportunities, manage transactions, structure deals, and provide property and asset management services.

The division primarily aims to identify value-add and opportunistic investments, although “Core+”, fixed-income opportunities are also considered for clients seeking lower risk-adjusted returns. The value-add segment entails implementing asset management strategies that maximize the value of assets which are underutilized. Examples of this include building refurbishment, change of use (e.g. conversion of a B-class office building into a higher-value residential scheme), expansion of a retail or logistics park, and the repositioning of an asset by implementing a capital expenditure plan. Investments into the value-add segment aim to provide returns within a period of three to five years. The opportunistic strategy typically involves the complete reconstruction of an existing building or a new ground-up “greenfield” land development or construction project where little or no income is received during the course of the development project.

For our business partners, we provide comprehensive services encompassing the identification of investment opportunities, due diligence and valuation services,

and management of the entire acquisition process. For stable income-producing real estate investments, we are able to manage cash flow for owners during the holding period through consistent and transparent asset management and finally manage the disposal process in order to achieve a successful and profitable transaction life cycle.

The APS Real Estate division is based on 3 key pillars:

- (i) Investment;
- (ii) Development; and
- (iii) Asset Management.

REAL ESTATE INVESTMENT

The Real Estate Investment platform focuses mainly on mid- to large-scale real estate (income-producing) investments with a total acquisition value of between EUR 5 and 20 million for individual assets (or small portfolios) within the office and industrial & logistics segments.

The company has flexible investment platforms, accommodating the risk/return profile of a wide pool of investors, including corporate and financial institutions, family offices, and high-net-worth individuals.

Investment deal structuring is based on single asset (or portfolio) club deals, i.e. joint ventures with pre-qualified institutional and private equity investors from Western Europe, the CEE region, and the Balkans seeking attractive risk-adjusted returns. The strategy for income-producing investments is to leverage the assets with debt financing up to a maximum loan-to-value ratio of 65%, depending on the assets.



In addition to the above, in 2018 the APS Real Estate Division acquired and took under management a portfolio originally held by the Austrian VB Real Estate Services GmbH. This performing leasing portfolio is secured by several commercial properties in Central Europe, including a Viennese hotel and a 22,000 m² football stadium located in Tyrol. The total value of the managed contracts amounts to EUR 13 million.

The main target is value-add and opportunistic assets within an investment period ranging between three and five years.

REAL ESTATE DEVELOPMENT

The Real Estate Development platform focuses mainly on projects in the residential and retail park segments

with a gross development value (GDV) of up to EUR 25 million. During the second half of 2019, APS Real Estate was involved in two projects at different stages of the development process.

In Prague, APS Real Estate is the development manager for the Savoy Apartments project, which entails the complete reconstruction of the roof space of a historical building located in a prime city centre location that will ultimately comprise four exclusive apartments with a total floor area of over 550 m². The newly created apartments are intended for rental with the main aim of the project being to target long-term modest capital growth.

In Bucharest, APS Real Estate is evaluating an investment into a two-phase residential development con-

sisting of 448 apartments with a gross built area of over 36,000 m². The GDV of this project exceeds EUR 60 million. While this is significantly in excess of the platform's project focus size, it was decided to pursue the project with co-investors on account of the attractive target returns that the project is expected to deliver upon completion, with contributions from the dynamic nature of the Bucharest residential market.

Broadly, our aim is to create attractive and valuable projects delivering superior risk-adjusted returns for investors with consideration to market cycles.

ASSET MANAGEMENT

The Asset Management platform is a key element of the APS Real Estate service offer that specializes in the active property management of assets, brokerage services, and real estate valuations and provides a comprehensive scope of services for real estate investment and development projects.

Our services for real estate investment and development projects include underwriting support during the acquisition phase, property management, new and existing lease negotiations, tenant mix optimization, service charge budget overviews to decrease any possible leakage from net operating income, repositioning strategies for investment properties, and divestment advisory services.

Through our established networks of local service providers, including facilities managers and legal, financial, tax, technical, and design/marketing consultants, the Asset Management team is in position to provide invaluable assistance in all aspects of real estate investment and development projects.

Our valuations service line offers dynamic, well-researched real estate appraisal services for all segments of the real estate sector, tailored to the needs of each of our clients, including owners, purchasers, lenders, and investors.

The extensive range of real estate valuation services includes due diligence evaluations for secured NPL and/or REO portfolios as well as real estate valuations for tax and sales purposes. In addition to real estate appraisal services, the valuations team is also equipped to provide other valuation advisory services, including for audits, company restructuring, secured financing, loan applications, IPOs, taxation, insurance, legal matters, internal management, and mergers and acquisitions.

Our Asset Management team, as an international team of experienced professionals, provide APS Real Estate with first-hand knowledge of local markets and access to a network of local experts. Their proximity to assets and tenants provides APS Real Estate with invaluable current market information as well as insights into trends, challenges, and opportunities in their respective markets.

The Asset Management Platform is currently active in several jurisdictions, including Romania, Hungary, Croatia, and Serbia. Our Serbian team also covers the real estate markets in Bosnia and Herzegovina and Montenegro.

05

BUSINESS DEVELOPMENT 2019

The main responsibility of the Business Development Division (“BD”) is to introduce APS and its standards, policies, and services to new markets and coordinate all APS units in supporting such set-ups. The BD also provides support to newly established entities during the first year of their operation to ensure full compliance with APS Group requirements and enable a smooth hand-over to the new management.

Within 2019, new tasks were given to the BD: (i) operational reporting for all APS Recovery subsidiaries, i.e. debt recovery platforms; and (ii) underwriting and valuation of NPL portfolios with purchase prices below EUR 5 million.

WHAT WAS ACHIEVED IN 2019

In 2019, APS fully entered Montenegro with the acquisition of a major portfolio of corporate secured NPLs with a gross book value of EUR 0.2 billion. The office in Podgorica, the capital of Montenegro, currently employs a team of professionals tightly cooperating with other subsidiaries in the region (Croatia, Serbia, and Bosnia and Herzegovina), especially in the areas of IT, reporting, system administration, and HR. We have proudly observed that the newly established office has surpassed its 2019 targets.

The BD also continued providing support to recently set up entities: APS Bosnia and Herzegovina, which has already become an important contributor to APS Group financial results and growth, and APS Recovery Greece.

EXPANSION TARGETS FOR 2020 AND ONWARDS

APS is constantly evaluating business opportunities in other countries, especially in the Mediterranean region, and future expansion may happen in 2020 or the following years. Among the monitored targets, the following markets are the most prominent.

Spain

Spain is a mature NPL market, both primary and secondary. Even though competition is high in both in-

vestment and servicing and the NPL ratio dropped below 5% at the end of 2019, it is still appealing as NPL volumes remain high and above EUR 55 billion.

Italy

With an NPL ratio of around 8% and a total NPL market of some EUR 155 billion, Italy remains among the largest European NPL markets. APS continues to observe ongoing transactions and awaits an opportunistic entry.

Ukraine

With probably the highest NPL ratio in Europe, at ca 50%, Ukraine hit the radar of APS and is currently being evaluated with a highly opportunistic approach. Market specifics, such as political, economic, and currency stability and the development of the anti-corruption movement, are being reviewed.

Moldova and Slovenia

APS is also observing opportunities in smaller NPL markets that would be beneficial add-ons to our current geographical presence. These primarily include Slovenia (nearby presence of APS subsidiaries in Croatia, Serbia, and more) and Moldova (the APS Romania office in Iași is just about 10 km from the Moldovan border).

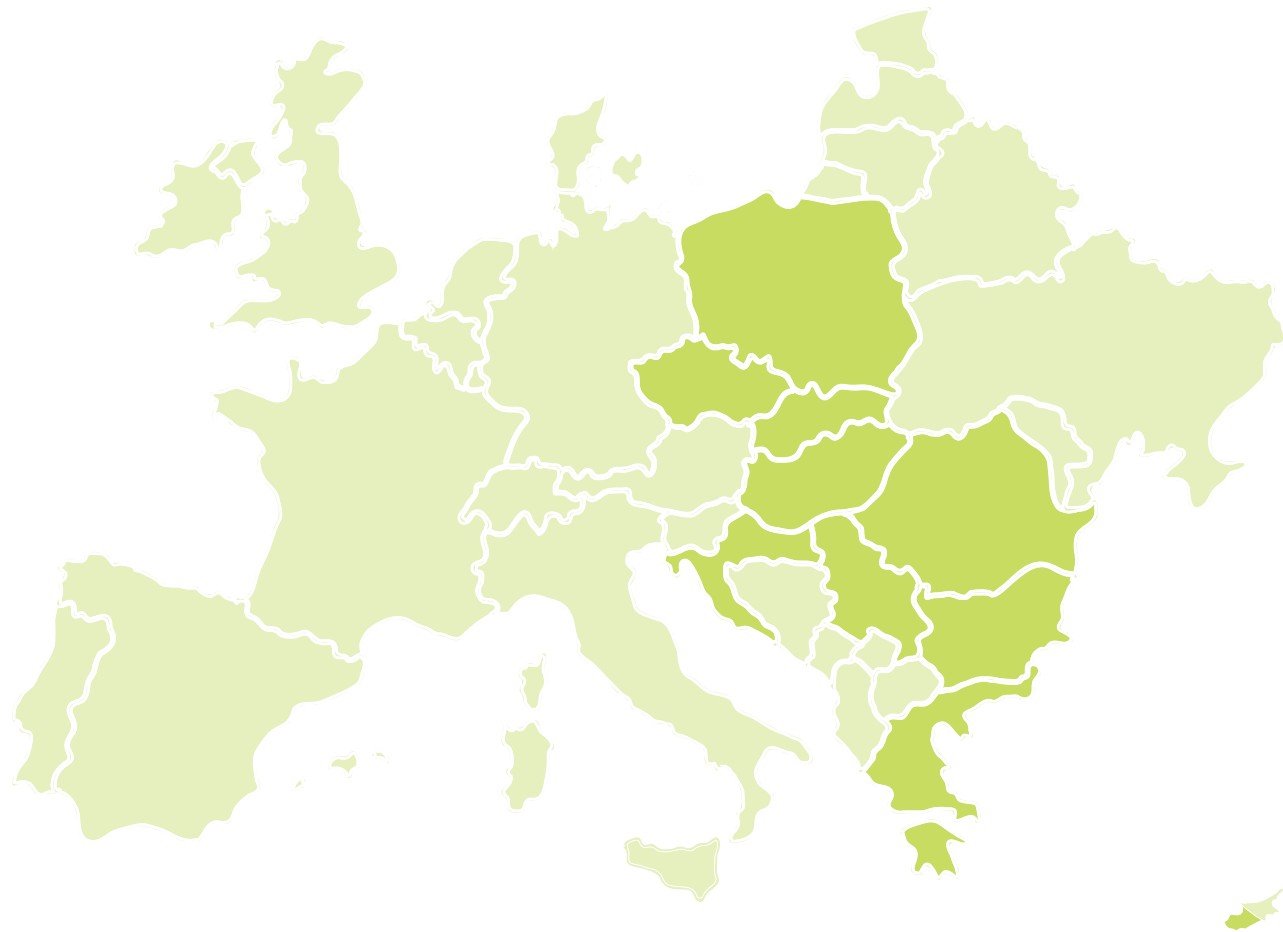


06

Highlights 2019

06

HIGHLIGHTS 2019



ROMANIA

APS Romania:

2019 achievements

For us, 2019 was a very long roller coaster ride, rushed by the positive feeling of new achievements and, at the same time, with both the pressure and the excitement of signing multi-million euro transactions on corporate portfolios. With exceptional efforts, we have managed to meet a very challenging annual target.

At a glance, the biggest achievements were 6 new servicing projects onboarded and the overall contribution margin for third-party servicing raised from EUR 20,000 in 2018 to EUR 300,000 in 2019. We have also successfully set up the Avala project, a corporate secured NPL portfolio sold by Alpha Bank, the first single ticket in the history of the APS Group that brought us revenue of EUR 650,000. Regarding secured portfolios, we managed to close 13 transactions with a total value of over EUR 1.5 million, and for our oldest portfolios, such as Tokyo, Rosemary, Orion, and Saturn, we managed to keep revenue at about the same level as the previous year while optimizing costs by approximately 8%.

2020 foresight

APS Romania is viewed as a trendsetter on the local market, and we plan on making use of this in coming months to increase the number of targeted industries. The pioneering initiative that began in 2019 with customer care, help desk, and telesales services is already paying off by contributing to the APS client portfolio and growing our business. Servicing for corporate cases is another new service promoted by APS that had never been offered previously.

Despite lower NPL volumes, APS Romania's strategy is to keep growing by gaining new secured corporate portfolios. For now, we are the preferred bidder for two important portfolios (Danube 2 and Sinope, originating from the National Bank of Greece and Bank of Cyprus, respectively), but we plan to continue our expansion in servicing, raising our visibility as a service provider on the Romanian market. We are confident in our ability to do so because of our competitive advantages, high quality services, and coverage of both B2B and B2C.

In relation to our current portfolios, by deploying cutting edge strategies, we will keep collections at the level of business plans and estimate that we will bring into our accounts more than EUR 76 million by the end of the year.

We place an emphasis on innovation especially in our employees' development by challenging them with creative contests to exceed their previous performance. The training programme for 2020 is finalized with the addition of new modules meant to emphasize care for our employees' skills.

We consider 2020 to be a year in which we will consolidate our business and further develop the new market opportunities identified by the courageous initiatives already started.



CROATIA

The year 2019 was challenging for APS Croatia. Not only did we want to keep performance standards

high, but we were also focused on acquiring new NPL portfolios offered on the market as a result of a few large due diligence processes we were involved in from the start.

Last year's results can be synthesized as 97% recovered investment for a secured portfolio acquired in May 2017, with 45% of the total initial units of collateral sold, and 132% for a secured NPL portfolio from January 2017, with 63% of the total initial units of collateral sold.

In the first quarter, a EUR 5 million settlement was finalized after approximately 6 months of negotiations with the debtors, third-party buyer, and financing bank and EUR 1.1 million was cashed in from court after more than 9 months since the auction took place.

In the second quarter, two large cases comprising one big industrial facility with 22,500 m² of land were closed and EUR 7.7 million was cashed in from the auction sale.

The biggest challenge in Croatia is to collect money from auction sales as the courts are often overloaded, improperly equipped, and lacking in auxiliary personnel. Our permanent goal is to shorten the timing between auction date and distribution date from 9–12 months or even more to a maximum of 6 months. In December 2019, we succeeded in bringing in EUR 4.1 million from auctions held in September 2019.

Looking ahead to 2020, APS Croatia's goal is always the same – to thrive! We have an amazing team of professionals and we are always moving forward, facing everything together. APS Croatia is always focused on consolidating our position on the NPL market and maintaining or increasing the profitability of current portfolios, and we have high hopes we will continue to bring great results in future.



BULGARIA

The year 2019 was dynamic and progressive for APS Bulgaria. We took on a significant role in a few due

diligence processes and along with investors managed to acquire one of the top three NPL portfolios sold on local market, called Lion-2. The total nominal value of NPLs under APS management in Bulgaria reached EUR 138 million. Based on an optimized workflow for retail collection, our second biggest portfolio, TBI, continued its positive trend of over-performing. As a second business line, APS phone collection increased operations on the local market by attracting for services one of the largest local companies dealing with electricity.



CYPRUS

In 2019, APS Debt Servicing Cyprus Ltd. continued its successful run after the great results from 2018. Building on our expertise as the first fully functional servicing platform on the island, we continued to focus on delivery of the company's goals and targets. In the full year of 2019, performance was very solid with revenue and profit before tax of circa EUR 16.8 million and EUR 3.2 million, respectively.

The recovery and real estate departments continued their momentum of previous years and produced strong results. Several major cases have been resolved and all three recovery departments and the real estate department managed to get close to or, in many cases, beyond their financial targets, with constant support from centralized teams always functioning with enthusiasm and professionalism towards this common goal. On the business development front, APS Cyprus explored new opportunities on the local market. The main success was the commencement of the operation of a servicing contract for a portfolio of EUR 245 million of unsecured retail loans by APS Loan Management acquired from Bank of Cyprus. Another important development is the expansion of the relationship with Hellenic Bank, increasing the servicing contract by including former CCB cases amounting to more than EUR 400 million.

For the coming months, our target remains to continue delivering on all financial and recovery targets and to explore new business opportunities despite the highly competitive environment in Cyprus. We

are optimistic that APS Cyprus will continue growing and attaining sound performance.



CZECH REPUBLIC

In the Czech Republic, APS has decided to relocate collection activities from Prague to Pardubice. The relocation project was launched in October 2019 and will be finalized in April 2020. The main driver of the relocation is the lack of appropriate labour sources in Prague to run collection activities effectively. During 2019, APS also started the Broker project. The common understanding and aim of the project is to connect the world of debt (receivables) with the world of financial service provision. The meeting point is financial education and the main sense is the expectation that an educated debtor who obtains information on how to behave responsibly on the financial market is a good source for providing financial services. We also expect this activity to strengthen the APS brand. The details of this project were finalized during the last quarter of 2019, and project launch is expected in January 2020 when the first group of debtors will be contacted.



SLOVAKIA

The Slovak market is very fragile due legislation in favour of debtors. During 2019, legislation was issued that ends perpetual enforcement proceedings and gives the bailiff authority to demand termination of proceedings if several conditions are not met (including cash in a given time period). That is why we do not act actively on the market and only keep or service assets that we have had under control in the past.



SERBIA

We consider 2019 a successful year for APS Serbia with robust collections across our five secured portfolios. In addition, we have managed to close our first deal under EUR 5 million, Grey 4, which, though not very significant in size, paves the way for future

similar deals. Our team currently numbers 17 very motivated members, and with the strong pipeline expected in 2020 we hope to expand further. We are very proud that some of our interns have proven their dedication and skill and become full members of the APS family. The year 2020 will see us competing for 2 large state-owned secured NPL portfolios constituting the majority of the remaining corporate NPL exposures on the market. Also, we are constantly scanning the market for smaller portfolios or single-ticket transactions with attractive potential returns.



POLAND

In 2019, APS carried out its activities in accordance with the assumptions adopted in previous years. Throughout the year, we managed our clients' debt portfolios as a third-party servicer. We provided services to altogether 32 clients, mainly corporate clients from the banking sector but also clients from the utilities and fast-moving consumer goods sectors.

We managed to prepare almost 5,000 financial reports providing our clients with extremely precise information on the entities analysed. At the same time, this allowed us to conduct a market analysis of potential clients' needs and build the knowledge necessary to expand our services.

During 2019, we actively participated in almost 30 tenders for debt portfolios from various sectors, focusing on banking portfolios. Moreover, we participated in three bank tenders in third-party servicing organized by the largest banks in Poland. The year in numbers is as follows:

- 359,317 exposures (cases), and
- EUR 804 million total value.



GREECE

In 2019, APS Greece launched full operations and took over the servicing of a retail NPL portfolio com-

prising 130,000 debtors and 200,000 tickets, which was acquired in 2018 from a Greek systemic bank by APS Delta S.A., an affiliated securitization vehicle based in Luxembourg.

The portfolio is currently serviced by the APS Greece in-house team and two subcontracted law firms that are among the most reputable on the local market. Preparations for the takeover began in late 2018 by recruiting new management for the company, but the majority of staff joined APS Group in the first quarter of 2020. Since then, work on optimizing all processes has begun and the recovery strategy is constantly being improved.

APS Greece is an entity duly licensed by the Bank of Greece for the full spectrum of NPLs, and Greece remains in the long-term plans for the growth of APS Group. New opportunities for further portfolio acquisitions or potential third-party servicing arrangements are regularly monitored and APS is participating in the majority of such tenders. More than EUR 70 billion of NPLs are still reported by the Bank of Greece with an NPL rate above 40%.



HUNGARY

In 2019, APS in Hungary continued its growth and implemented useful efficiency measures on its operations. The biggest milestone was reaching the break-even point for the first portfolio under management, which increased the trust and appreciation of our investors. As a result, APS was successful in acquiring the last sizeable secured retail portfolio on the Hungarian market. The branch continued to expand and in parallel to the new acquisition also set its foot into the real estate market by acquiring substantial distressed real estate from a commercial bank.

In 2020, our aim is to strengthen the new business lines and to open up to new asset classes, focusing on secured loan portfolios and restructuring deals. Our main aim is to provide high-quality management and assessment services to our partners by building on our extensive experience in collection.



07

Values and Vision

VALUES AND VISION

APS is an asset management company active in the field of alternative assets: distressed debt, real estate investment, and debt recovery. Since our establishment in 2004, we have started operations in 13 countries within CESEE, becoming a market leader in the region. Thanks to our experience and expertise, we can offer our partners tailor-made comprehensive services based on a deep knowledge of both business procedures and market specifics.

We have built our reputation on excellent business knowledge, highly professional skills, and ethical integrity. We know that building trust is not something that happens instantly. Creating a solid business partnership takes time and requires daily commitment. Through the continuous harnessing of our skills and knowledge, we can crown our efforts with tangible results: bringing profit to our partners and benefits to local communities.

At APS, we know that every partner is unique. We are therefore prepared to carefully consider every aspect of a joint project and come up with a unique solution that best fits the purpose of our cooperation.

The values we cherish are also reflected in our hiring processes. From our employees, we expect hard work and compliance with our rules and principles.

In exchange, we support their professional development and we strive to meet their needs for a work-life balance. We are not afraid of challenges and we see them as opportunities to grow professionally.

Working with global market leaders as business partners is both a big honour and an obligation for us, and we are doing our best to keep pace with them in providing excellent services.

In the near future, we wish to further strengthen our position in our traditional markets and explore both the large Western European distressed debt markets and some markets as yet uncharted by distressed debt investors. In order to be prepared for both local and global challenges, we will also focus on strengthening our personnel and technological infrastructure.



We are committed to acting in good faith with honesty, trust, and respect.



We are market leaders in Central and South-eastern Europe.



We provide opportunities for professional growth and internal promotion.



We focus on employee needs and respecting their work-life balance.



We follow best practices.



We act responsibly, effectively, and above all transparently.



We value integrity.



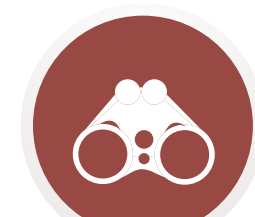
We apply the latest technology related in particular to automation and digitization.



Our company is a team of dynamic, professional, and loyal individuals.



We are always improving our skills and developing ourselves in challenging environments.



We value long-term relationships.



08

**Corporate Social
Responsibility
and Sustainability**

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY

APS and its Seeding Knowledge foundation have continued to actively meet their commitments in the area of social responsibility and sustainability. The fund's strategy is built on three pillars – helping senior citizens, education and equal opportunity support, and environmental activities. Apart from this, there are also employee grassroots initiatives within APS as well as fundraising activities to support specific causes. These are commonly found at all of our offices. APS has also become a partner of the Rapid Bucharest football club, which, apart from its cup ambitions, has a well-developed trainee academy.

We don't live in a vacuum – we are well aware that today's society faces various challenges and issues. We also know that the vast majority of these, whether social inequality, the unavailability of education, issues arising from ageing populations, or climate change, have no simple solution. Simple solutions, though rhetorically attractive, won't bring any long-term effects in the form of a sustainable and prosperous future. We're also aware that our journey is going to be long. Therefore, in the spirit of social responsibility and sustainability, we focus on long-term projects and long-term cooperation with stable partners from the ranks of non-governmental organizations (NGOs) and civic society.

"WE'RE OPEN TO NEW IDEAS AND SOLUTIONS. ANYONE WITH AN IDEA, INITIATIVE, OR SOLUTION CAN APPROACH US. ANY MEANINGFUL OFFER TO BRING ABOUT POSITIVE CHANGE HAS A CHANCE TO SUCCEED OR WIN ONE OF OUR PERIODICALLY ANNOUNCED GRANTS."

An integral part of the APS CSR strategy is investment in our employees, which takes the form of training, workshops, and a novel approach to human resources, as well as upholding the most stringent ethical and professional standards in the entire industry. We are striving to decrease our environmental footprint. In our internal processes, the group is migrating to the concept of a "paperless office", which prioritizes the use of digitalization over needless printing. In all our offices, we are minimizing the use of disposable plastics, separating our waste, preventing needless waste, and saving energy.

INTERGENERATIONAL DIALOG AND HELPING SENIOR CITIZENS

In 2019, Seeding Knowledge Endowment Fund continued to support educational and therapeutic activities aimed at senior citizens. As a part of a nationwide initiative by Český rozhlas, we have funded garden therapy classes for clients of nursing homes. These classes are aimed at improving fine motor skills, increasing sensory perception, and including the clients within a long-term project to improve their mental state.

Another big project in this area is our recent cooperation with Elpida. This organization has won a Seeding Knowledge call for proposals that attracted ten organizations with varied projects. Our cooperation with Elpida began in autumn of 2019 and will last until the end of 2020. Elpida publishes the magazine Vital. This periodical is aimed primarily at senior citizens. It offers smart reading including interviews with opinion leaders, relevant tips, and articles concerning current affairs, such as finance, fake news, and others. The greatest benefit this magazine offers, however, is its attempt to offer reading that enables intergenerational dialog. This means that its articles are of the same high quality as articles in leading opinion-forming and mainstream media. APS will fund the distribution of Vital to more than 300 nursing homes and to those who can't afford a subscription.

EDUCATION AND HELPING THE HELPERS

This leads us to the second pillar of the fund – education and equal opportunity support. As stated above, APS invests in our employees in the form of various education activities under different departments and HR.

There is also an interest in information sharing and providing expert know-how to those who help. In cooperation with the management of the Nadace Nezis-kovky.cz foundation, the fund has organized two trainings aimed at management, fundraising, legal support, and communication. Both workshops were divided between NGO experts and volunteers from the ranks of APS employees. The experts helped the NGOs with topics such as project management in the NGO sector, management, and fundraising. Mean-

while, APS employees gave lessons on topics such as legal support, the GDPR, and marketing. Feedback has shown that several of the attending organizations have subsequently succeeded in attracting sponsors.

Our Romanian Seeding Knowledge foundation is aimed at the development of children, parents, and teachers. The purpose of the fund is to provide talented children and children from socially disadvantaged backgrounds with education that respects their needs. The aim of the education is not only to provide knowledge but also to inspire a passion for exploration in the students. Simultaneously, the fund provides education scholarships. These scholarships will help talented children until the age of 18.

FINANCIAL BACKGROUND MUST NOT BE AN IMPEDIMENT TO ACHIEVING GREATNESS.

600+ hours of individual personal development

100+ hours of group personal development sessions

800+ hours of meditation

5 various sports played over time

This pillar also includes support for equal opportunities and the defense of human rights. The Prague office of APS and its employees participated in the Prague Pride march. This pride march, which is regularly held in the heart of the Czech capital city, increases awareness of the unequal rights of the LGBTQ community and discrimination against people. The aim of the pride march is to celebrate respect, love, and diversity. The fund has also invested in support for Prague Pride helplines. These helplines and chats are aimed at providing teenagers and young adults with guidance concerning bullying due to different sexual orientations.

PLANTING TREES

The most recent CSR pillar is support for environmental activities. APS is trying to decrease its environmental footprint. We have also begun to cooperate with the Újezdský strom organization in participating in a Czech tree-planting challenge. At the end of the year and during the next suitable growing season, approximately 100 trees will be planted thanks in part to our support.

RAPID BUCHAREST PARTNERSHIP

APS has partnered with Rapid Bucharest, which was once a great European football club. During the course of our partnership, the club has already progressed from the third league to the second league. This is a sport that is globally recognized and has proven to connect people. Not only as fans but also primarily as players. Rapid has an exceptional trainee academy and a history of extensive work with youths. Football, and sports in general, is a great preventive measure against negative social issues among young people in large cities.

This brief summary of APS CSR activities is by no means exhaustive and cannot include all of the activities, fundraising efforts, and initiatives in which the fund or individual employees have participated. Regardless, I would like to sincerely thank all the active and committed individuals for the work they have put into making our world a better place.



09

Directors' Report

DIRECTORS' REPORT

MARKET SITUATION 2019

The distressed debt market in emerging Europe in 2019 once again showed growing trends with respect to traded volumes, dominated by RE asset-backed portfolios, and more value-added products offered.

Banks and other financial institutions are more widely acknowledging that deleveraging their balance sheets and cooperating with distressed debt specialists represent the most effective and efficient solution to NPLs. This idea is strongly supported also by European authorities, currently developing concepts and tools that could enhance secondary NPL markets

across Europe. The number of traded portfolios and their nominal values were increasing across emerging Europe. Benefiting from our good reputation, excellent expertise, and innovative approach, we kept up with the market and reconfirmed our leading position in Central and South-eastern Europe.

In 2019, NPL servicing business backed corporate and retail portfolios across our markets, including land-mark transactions in Romania, Serbia, Croatia, and Hungary. We successfully launched our operations with the aim of positively impacting local economies.



STRATEGY

The main activities of our group remain debt recovery services, distressed asset and special situation investment management, and real estate. These are the areas that continue to form the core of our business, with a special focus on our newly formed Real Estate division, which during the course of 2020 will look to establish its position on the market.

We strive to maintain our debt recovery services at the highest professional level with ethical standards and efficient collection guaranteed. We focus on all major NPL, PL, and RE portfolio auctions within our traditional markets, and we are expanding into new territories. Our strategy is tightly connected to our company values. We always look to the future and aim to establish long lasting business with a solid network of reliable partnerships built on trust. This remains our main strategy also for the year 2020.

Our strategy is to strengthen all of our business lines.

With hard work while following our ethical and professional standards, we will continue to strengthen our leading position on the market. We consider expansion to be the foundation for growth, and growth is our primary strategy. We are open to moving into other non-European markets, while we retain great interest in the European market with a focus on South-eastern Europe.

We are adapting our internal structure, processes, and systems to match our growth and expansion. Our corporate governance undergoes regular internal audits in order to improve the management system and adopt best practices and international standards.

FINANCIAL STATEMENTS

We present the financial statements for the financial year 1 January–31 December 2019. The Board of Di-

rectors is of the opinion that the financial statements provide a true picture of the assets and financial situation of APS for the year 2019. The financial statements are presented in accordance with the International Financial Reporting Standards adopted by the European Union and have been audited by Deloitte Audit S.à.r.l.

In 2019, our business delivered very positive results and confirmed slight revenue growth. Revenue has increased to more than EUR 46 million, which represents 1% growth over the prior year.

PROFIT AND LOSS

In the year 2019, we achieved net profit of EUR 4.6 million, which is lower than in the prior year. The decrease in profit is driven by increased costs due to implementation of strategic IT projects and higher salary costs in the European labour market.

CASH FLOWS

The key sources of the group's cash flow were operating activities and the issuance of bonds which are publicly traded on the Prague Stock Exchange.

EQUITY

The company's capital structure is EUR 31,000 divided into 62,000 shares each with a nominal value of 0.50 EUR. The company does not have any type of ordinary shares which are not connected to regular payment of dividends.

GROUP STRUCTURE

On the level of APS Holding S.A., the restructuring comprised establishment and set up of APS Management Services s.r.o., APS Investments S.à r.l., and APS Investment Funds S.à r.l. Effective from 1 January 2018, APS Recovery a.s. (formerly APS Holding a.s.) divided its business activities as follows:

APS Recovery a.s.

- renamed from APS Holding a.s.
- to remain as a holding company for all local servicing subsidiaries

APS Investments S.à r.l.

- to serve as a holding company for underwriting, fund management, and other services to investment vehicles and funds

APS Management Services s.r.o.

- to provide management and other services to APS group entities

APS Real Estate s.r.o.

- to carry out investment and asset management activities in the real estate sector and provide advisory services to the NPL division in relation to selected real estate assets

APS Investment Funds S.à r.l.

- to serve as a holding company for investment funds and vehicles

RISK MANAGEMENT AND INTERNAL CONTROL

We are exposed to a variety of financial risk factors, including market risk, currency fluctuation risk, credit risk, interest fluctuation risk, liquidity risk, and operating risk arising from the organization's financial instruments. We have defined a set of guidelines for risk management to follow.

When evaluating a client's creditworthiness, we prepare thorough financial and non-financial analyses. The non-financial analysis takes into consideration qualitative indicators and publicly accessible information about the client as well as information obtained directly from the client.

Assets and liabilities in foreign currencies, including off-balance sheet items, represent a currency risk which we are exposed to. We conduct our business transactions in such currencies as EUR, USD, CZK, PLN, RSD, BGN, HRK, HUF, BAM, and RON.

Interest fluctuation risk relates to the possibility of losses arising from fluctuations in interest rates. Given our portfolio of assets and liabilities, our risk from fluctuating interest rates is relatively minor. Term deposits in banks have been arranged to cover the short-term.

We define liquidity risk as the possibility of losses on our revenues and our own resources resulting from the company's inability to cover its liabilities on time without incurring unnecessary losses.

We define operating risk as the possibility of losses on our revenues and our own resources resulting from shortcomings in the internal control system and the organization of the risk management system. This risk is a function of internal control mechanisms, information systems, lack of employee perfection, and operational processes. This risk exists in all products, services, and processes. It occurs daily in all companies which process transactions.

HUMAN RESOURCES

At APS, we aim to establish long-term relationships with our staff founded on trust and mutual respect. We provide our employees with working conditions to motivate them to achieve their optimal performances. We provide equal conditions for employees, a friendly environment, and possibilities for career growth and further education. At APS, we are well aware that only our qualified and motivated employees make it possible for us to be a success on the highly demanding and competitive distressed asset market.

We organise various non-working team activities for our employees throughout the year to build team spirit. Moreover, we provide our employees with various workshops for both soft skills and increasing their qualifications.

At APS, we comply with all legal working regulations applicable to employers. Compliance with legal and internal regulation is subject to regular monitoring, and if there should happen to be any possible problems, we implement the remedy immediately.

DIVERSITY

The Group ensures diversity through equal opportunities for all employees, regardless of religion, gender, sexual orientation, race, ethnics, age, etc. Employees have complete freedom to avow any the aforementioned characteristics and not be discriminated against. This is ensured by internal rules such as our Code of Ethics, regular employee trainings, and the overall corporate culture promoted by the top management of APS. The company employs people from different countries around the world with different culture heritages and backgrounds. A recent example of raising APS employee awareness is a support for educational activities of gender equality and donation to the Pride Festival 2020 by our Seeding Knowledge charity.

We are aware of the need for the sustainable development of society. For this reason, we view all our activities from the perspective of their potential negative influence on the environment. At APS, we follow very strict social and environmental standards set by the World Bank and its International Finance Corporation subsidiary. For this purpose, we introduced our own system to steer and reduce potential environmental and social risks during our daily activities. Following these standards excludes cooperation with clients or debtors whose activities are connected with excessive environmental burdens (see the IFC Exclusion List; examples include companies producing or trading in radioactive materials and companies conducting excessive fishing) or whose activities are unethical or violate human rights.

ENVIRONMENT

The annual financial statements have been prepared on a going-concern basis, and it is the opinion of the Board of Directors that the financial statements provide a fair presentation of our business and financial results. We confirm that the going-concern assumption has been satisfied.

GOING CONCERN AND OUTLOOK

During 2019, the Group was active in portfolio acquisition and servicing and the real estate sector. We believe that the goals set for the year were fulfilled and new targets are defined.

The outlook for NPL investments and servicing in Central and South-eastern Europe remains positive

as banks continue disposal of these assets and focus their attention on new lending. Implementation of IFRS 9 and pressure from the side of regulators further push the banks to not only dispose of late stage NPL portfolios but also create provisions on a forward-looking basis, which in combination with a potential slow-down of the economy is expected to generate a bigger flow of early stage NPLs/SPLs over the coming years. The shift towards earlier recognition of problematic loans will demand on the side of the investors and servicers the ability to address restructuring situations in a holistic manner and bring in tailor-made solutions in order to maximize recovery. This may also on a case-by-case basis mean providing new capital to the business in order to stabilize it. APS has proven over recent years to be able to tackle complex situations and manage restructurings, and thus we expect to benefit from the expected higher flow of these sub-performing loans to the market.

In 2019, we acquired the first real estate portfolios which were historically accumulated by banks from on-going debt-to-asset swap programs. REO portfolios are a typical product in more mature NPL markets such as Spain and Portugal, but we expect to see increased volume of such accumulated REO portfolios in CEE/SEE going forward. APS will in the future focus more on potential improvements to these properties, which is in turn expected to improve their liquidity and marketability and of course also lead to higher selling prices.

Geographically, the southern economies such as Italy, Greece, Cyprus, and Spain continue to dominate NPL markets with the highest stock of NPLs and the most active NPL markets in Europe. In 2020, we are targeting the establishment of a presence in Spain. Even though the Spanish NPL market is very mature and competitive, we see attractive opportunities in secondary trades and small-ticket NPL and REO portfolios. Cyprus is set to have a record volume of NPLs traded in 2020, and APS will seek to grow its business in Cyprus via offering its servicing expertise and capacity to new-coming investors with APS Debt Servicing Cyprus as currently the largest independent NPL servicer on the island. In Greece, we continue to actively pursue NPL opportunities and selectively bid for small to mid-size unsecured and secured portfolios.

os. With regard to the fact that the Greek NPL market is relatively young and relatively competitive, we are taking a prudent approach to new Greek investment opportunities.

RESEARCH AND DEVELOPMENT

APS did not perform any activities in the field of research and development during 2019.

INFORMATION ON COVID-19 IMPACT

APS is currently facing the necessary measures adopted by local governments to mitigate the social and economic impacts of the COVID-19 pandemic.

We expect that the current situation caused by the outbreak of COVID-19 will have a short-term negative impact on our revenues as a result of a decline in the repayment of loans caused by the restrictive and protective measures adopted by national governments. Furthermore, we expect a decrease in investment activity by our main investors as a result of the elevated uncertainty on the market.

In the mid-term horizon, we anticipate significant growth in the volume of NPLs in all countries where the group operates, and our main business activity is acquisition and subsequent asset management of these.

Therefore, we expect that APS will conduct, together with its foreign investors, remarkable acquisitions and follow-up management of big corporate NPL portfolios in the upcoming months and years, which will lead to an increase in revenues and profits for the group.

In March 2020, the APS Group adopted cost-reduction measures to ensure that the group will overcome any short-term drop in revenues and will be well prepared for the expected business opportunities that will arise after the restrictions connected to pandemic have loosened.

Based on the group's budget revision, the cost reduction will lead to approximately 35% cost savings within the group as compared to the original budget.

It covers a variety of measures including a headcount reduction, a temporary decrease in working hours and a related decrease in salaries (including additional measures for board members and top management), a temporary cancellation of benefits, travel and hire freezes, and putting non-crucial projects on hold.

To mitigate the impact on liquidity, the procurement department also renegotiated terms with suppliers where possible.

A negative impact on revenue is expected from delays in collection due to COVID-19 measures in different countries (for example courts not working, it being impossible to contact the debtor, limited working space for collectors).

Based on our latest assessment, the consolidated group earnings before interest, taxes, depreciation, and amortization for the year 2020 will decrease approximately by 30% as compared to 2019. The decrease is caused by a drop in revenues from asset management fees, expected mostly between April and July and minimal investment activities budgeted.

In these months, per the latest available information (the group is constantly evaluating and updating), the countries where APS Group operates put in place the strongest COVID-19 measures, which also affects the group's ability to run its business.

Considering the group's latest cash-flow predictions, the group's liquidity will be adequate during 2020 and the group should not have any issues with repayment of its liabilities, considering the repayment of publicly issued bonds as well.

The group is evaluating the impact in three different scenarios, and the scenario mentioned above is the most pessimistic one. The most pessimistic scenario completely excludes investments into new portfolios and revenue generated from these. The other two scenarios consider different levels of revenue generated from new investments.

Our human resources in cooperation with the Internal Audit department have implemented a policy on

the business continuity of statutory bodies and senior management. The policy was created to eliminate any potential negative COVID-19 impact on Board Members and senior management and provides back-up guidelines for the worst case scenarios.

We are going to continuously monitor and assess in detail the impact of the COVID-19 outbreak on the

group, but we strongly believe that the economic consequences of restrictive measures taken in individual countries will increase our potential market in near future.

The Board of Directors emphasizes that every assessment of future conditions necessarily involves an element of uncertainty.



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Compliance

COMPLIANCE

As our company grows, so does our Compliance team as a part of the Legal and Compliance department that plays an essential role in helping to preserve the integrity and reputation of the group. The scope of the Compliance team, its processes, organizational requirements, and the regular reporting obligations of APS entities towards the group are clearly established within the group through the framework compliance policy. The Group Compliance Officer manages the work of Compliance employees and is responsible for reporting significant compliance matters to the relevant executive and supervisory corporate bodies to ensure effective oversight of the compliance function within the group. The Group Compliance Officer reports to the Board of Directors in compliance matters and to the Head of the Department in organizational and technical matters in order to ensure the independence of the compliance function within the group.

- (i) compliance risk management,
- (ii) anti-money laundering (AML) and counter terrorist financing (CFT),
- (iii) application of applicable sanctions and embargoes,
- (iv) protecting and processing personal data,
- (v) fraud prevention and deterrence,
- (vi) prevention of conflicts of interest, and
- (vii) handling claims and complaints about APS operations.

During 2019, amendments were made to the documentation, instructions, and forms used on a daily basis for anti-money laundering (AML) measures and investment fund management, incorporating the new 5th Anti-Money Laundering Directive, which introduces local registers of ultimate beneficial owners, as well as the new Alternative Investment Fund Managers Directive, which regulates the management, administration, and marketing of alternative investment funds in the EU.

Some APS entities are directly classified as obliged entities pursuant to the AML Directive, including APS

affiliates that purchase NPLs and collect terminated loans and/or sell property that was repossessed in the course of enforcement or bankruptcy proceedings.

Even though APS is not always classified as an obliged entity, all APS entities voluntarily submit to the rules in the Group AML Policy with the aim of pursuing the highest AML standards. APS is therefore highly committed to preventing any reputational risks, pursuing the best AML practices, and facilitating the finest investor relations. All employees are required to complete adequate mandatory training on recognizing AML risks, relevant

AML and sanctions laws, and internal APS procedures to know what obligations they must comply with.

APS uses both manual and automatic know-your-client verification (World Check from Thomson Reuters) and complies with the policies of the International Finance Corporation (IFC) and the European Bank for Reconstruction and Development (EBRD) – two of the biggest APS investors. Given that processing speed is essential for accepting parties and for detecting and reporting risk or suspicious transactions, excessive speed can lead to inaccurate risk assessments that are often impossible to verify, which can consequently allow money launderers to utilize legal channels for money laundering. In order to prevent these negative effects, companies are striving to create an intelligent automated AML system that can process large amounts of data, build predictive models to assess risks, and implement software learning that minimizes human error. This is

related to the APS need to introduce automated methods of detecting suspicious behaviour, primarily in the area of transaction monitoring within the APS Group, that will notify our employees of suspicious, unusual, or complex transactions.

Regarding the other compliance areas, APS recognizes the importance of having effective and independent management of compliance risks, personal data protection, fraud prevention and deterrence, conflicts of interest prevention, environmental and social risks monitoring, and handling claims and complaints about APS operations. Through the compliance programme that is in effect within the entire group, APS ensures that members of its corporate bodies, directors, executives, officers, employees, and advisors and contractors are aware of their rights and obligations. All APS activities are performed in compliance with the applicable regulations.

AML	anti-money laundering
AUM	assets under management
BD	Business Development division
B2B	business-to-business
B2C	business-to-customer
CCB	Cyprus Coopertive Bank
CE	Central Europe
CEE	Central and Eastern Europe
CEO	Chief Executive Officer
CESEE	Central, Eastern, and South-eastern Europe
CFO	Chief Financial Officer
CFT	countering the financing of terrorism
CIO	Chief Investment Officer
CIS	Commonwealth of Independent States
COO	Chief Operation Officer
COVID-19	Coronavirus disease 2019
CSR	corporate social responsibility
EBA	European Banking Authority
EBRD	European Bank for Reconstruction and Development
ECB	European Central Bank
EY	Ernst and Young
FCCA	Fellow Member of the Chartered Association of Certified Accountants

GDPR	General Data Protection Regulation
GDV	gross development value
HNWI	high-net-worth individual
IAS	International Accounting Standards
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
IPO	initial public offering
IRR	internal rate of return
IT	information technology
IVR	interactive voice response
LGBTQ	lesbian, gay, bisexual, transgender, and queer or questioning
MED	Mediterranean Sea region
NGO	non-governmental organization
NPL	non-performing loan
NV	nominal value
PR	public relations
RAIF	Reserved Alternative Investment Fund
REO	real estate owned
SEE	South-eastern Europe
SPL	sub-performing loan

AUT	Austria
BA	Bosnia and Herzegovina
BG	Bulgaria
CY	Cyprus
CZ	Czech Republic
ESP	Spain
GR	Greece
HR	Croatia
HU	Hungary

IT	Italy
LU	Luxembourg
ME	Montenegro
RO	Romania
RS	Serbia
SI	Slovenia
SK	Slovakia
UA	Ukraine