



BANK OF GREECE
EUROSYSTEM

CREDIT AND INSURANCE COMMITTEE

Meeting 116/25.08.2014

Agenda item 1: Introduction of a Code of Conduct under Law 4224/2013

THE CREDIT AND INSURANCE COMMITTEE, having regard to:

- (a) Article 55A of the Statute of the Bank of Greece;
- (b) Executive Committee Act No. 1/20.12.2012 re: “Re-establishment of and assignment of tasks to the Credit and Insurance Committee” (Government Gazette B 3410), as amended by Executive Committee Act 40/30.5.2014 re: “Amendment of Executive Committee Acts 1/20.12.2012, 4/8.1.2013 and 6/8.1.2013” (Government Gazette B 1567);
- (c) Law 4224/2013 (Government Gazette A 288), in particular Article 1 (2) and (4), as amended by Article 12 of Law 4281/2014 (Government Gazette A 160);
- (d) the provisions of Law 4261/2014 re: “Access to the activity of credit institutions and prudential supervision of credit institutions and investment firms (transposition of Directive 2013/36/EU), repeal of Law 3601/2007, and other provisions” (Government Gazette A 107);
- (e) the definition of “cooperating borrower”, as decided at the Government Council for Private Debt Management under Law 4224/2013, whereby:

“A borrower is classified as cooperating towards his/her lenders when he/she:

- (a) provides his/her lenders or their duly authorised agents with full and up-to-date contact data (e.g. numbers of fixed and/or mobile phone, fax, email address, home and business address) and designates



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a person (family or friend) as his/her communications agent in case that the borrower is not available;

(b) is willing to make contact with the lender, or the lender's duly authorised agent, and responds sincerely and clearly to calls or letters from the lender or any person or entity legally acting on the lender's behalf, in person or through his/her communications agent, in any appropriate manner, within 15 working days;

(c) makes, in person or through his/her communications agent, a full and honest disclosure of information to the lender or the lender's duly authorised agent, regarding his/her current financial condition, within 15 working days of the date of any change in such condition or of the date when such information is requested by the lender or the lender's duly authorised agent;

(d) makes, in person or through his/her communications agent, a full and honest disclosure of information to the lender or the lender's duly authorised agent, which is likely to have a significant impact on his/her future financial condition, within 15 working days of the date when such information comes to his/her knowledge (e.g. eligibility for a benefit, prospective ownership of new assets [inheritance, etc.], loss of ownership of assets, notice of layoff, termination of a rental contract, redemption of insurance policies, profits of any type, etc.); and

(e) agrees to cooperate with the lender or the lender's duly authorised agent in finding an alternative workout arrangement for his/her debt in accordance with the Code of Conduct referred to in Law 4224/2014";

(f) the methodology for determining "reasonable living expenses", as decided at the Government Council for Private Debt Management referred to in Law 4224/2013;



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- (g) Bank of Greece Executive Committee Act 42/30.5.2014 re: “Supervisory framework for the management of loans in arrears and non-performing loans]” (Government Gazette B 1582);
- (h) EBA-OP-2013-03/13.6.2013 “Opinion of the European Banking Authority on Good Practices for the Treatment of Borrowers in Mortgage Payment Difficulties”;
- i) the fact that no expenditure shall be incurred by the Government Budget as a result of the provisions of this Act;

HAS DECIDED as follows:

To introduce the following Code of Conduct (hereinafter referred to as the “Code”), in implementation of Article 1(2) of Law 4224/2013:

A. Scope

The provisions of this Code shall apply to all credit institutions that extend credit in Greece pursuant to of Article 3(1) points 1 and 22, Article 9(2) and Articles 34, 36, 38, 41 and 43 of Law 4261/2014, including branches of foreign credit institutions and the financial institutions referred to in Article 3(1) point 22 of Law 4261/2014.

B. Definitions

For the purposes of implementation of this Code, the notions of “cooperating borrower” and “reasonable living expenses”, as defined from time to time by the Government Council for Private Debt Management under Law 4224/2013, shall apply.

For the purposes of this Code, “loan” is defined as debt of any type owed to any institution falling within the scope of this Code.



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“Forbearance solution” means the modification of the loan agreement with new repayment terms in view of difficulties faced by the borrower.

“Resolution and closure solution” means an agreement between the lending institution and the borrower on the final settlement of debt on terms that may include, with the borrower’s consent, a change in the ownership of collateral or other assets of the borrower.

C. General principles

This Code lays down general principles of conduct and introduces best practices, aimed to strengthen the climate of confidence, ensure engagement and information exchange between borrowers and lending institutions, so that each party can weigh the benefits or consequences of alternative forbearance or resolution and closure solutions for loans in arrears for which the loan agreement has not been terminated, with the ultimate goal of working out the most appropriate solution for the case in question.

By Executive Committee Act 42/30.05.2014, the Bank of Greece provided guidelines to the credit institutions under its supervision for designing and evaluating viable arrears resolution solution; these guidelines require credit institutions to take into consideration the repayment capacity - current and future, as estimated on the basis of conservative and plausible assumptions - of each borrower, whether a natural or a legal person, in order to ensure that the resolution arrangement does not serve to mask the true levels of risk associated with the exposures in question and thus lead to a heavier burden on the borrower and higher potential losses to the bank. Against this background, for the purposes of the Code, the “appropriate solution” shall be considered the one which ensures the bank’s compliance with supervisory requirements and, at the same time, takes due regard to the borrower’s level of reasonable living expenses, where the borrower is a



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natural person. If, despite the fulfilment of both conditions, the parties fail to reach a mutually acceptable solution, then the dispute may be resolved out-of-court through the Hellenic Consumers' Ombudsman or other mediating agencies or by the competent courts of law.

D. Institutions' strategies, policies, procedures and organisational structures

Every institution that falls within the scope of this Code shall:

- (a) Put in place a detailed and documented **Arrears Resolution Procedure (hereinafter ARP)**, with a classification of loans and borrowers as appropriate for strictly complying with this Code and mandatorily including a detailed and documented **Appeals Review Procedure (ApRP)** according to para. 5 of Section F of the Code.
- (b) Ensure that its ARP allows for the treatment of all individual cases of borrowers using all available information.
- (c) Take all necessary measures to ensure transparency and proper information of borrowers
- (d) Set up an **Appeals Committee** composed of at least three senior officers. The Appeals Committee shall be supported by adequate resources (infrastructure and staff). The members of the Appeals Committee shall be independent from the credit provision, approval and control functions. At least one member of the Appeals Committee shall also be independent from the Arrears and Non-Performing Loans Management (ANPLM) function of the institution. Where the Appeals Committee is reviewing an appeal and any of its members considers that he/she has a conflict of interest with the borrower or the institution, he/she shall declare it in writing and ask to be replaced or abstain from decision making in respect of the appeal in question;



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(e) Have qualified staff, properly trained and with communication skills to effectively handle cases within the scope of this Code, sufficient in number and appropriately allocated geographically, in line with the number of customers. To this end, the institution shall develop suitable training programmes.

(f) The staff referred to in (e) above shall belong to the ANPLM function, subject to the independence requirements of Executive Committee Act No. 42/30.5.2014.

E. Communication policies and procedures

1. Every institution shall, as a minimum:

(a) Establish fully documented communication policies and procedures for the cases that fall within the scope of this Code;

(b) to the greatest possible extent, standardise the content of the relevant communications, seeking to ensure that it is presented in a clear, illuminating, correct and easily understandable manner;

(c) adapt the frequency and content of communications according to the time in arrears and category of borrower (natural/legal person);

(d) ensure that all communications with borrowers are conducted in a timely manner;

(e) ensure that communications are conducted in an open manner and in a spirit of good cooperation, encouraging further communication;

(f) ensure that the institution's staff contact the borrower at appropriate times, unless agreed otherwise, subject to the relevant provisions of law;

(g) observe the principles of personal data protection in respect of the borrower (natural person) and of confidentiality, as specified by law;

(h) notify the borrower, in a timely manner, of any transfer of the claim or any assignment to an intermediary or other third party to act upon the



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institution's instructions and on its behalf, as well as of the terms and scope of such assignment;

(i) provide proper training to the relevant staff or persons intermediating/acting upon the institution's instructions and on its behalf, in order to ensure that communications are conducted in line with high professional standards;

(j) put in place dedicated contact points to deal with inquiries, provide guidance and receive declarations, documents and other evidence and to conduct any communications specifically for the needs of implementation of this Code; and

(k) make information material available, both in paper and in electronic form through a dedicated, easily accessible and user-friendly section of its website, including the Information Booklet referred to in para. 2 below.

2. Every institution shall have an **“Information Booklet for Borrowers in Financial Difficulties”**, drafted in plain language. The Information Booklet above shall be available both in hard copy (mandatorily at the institution's branches) and in electronic format through the institution's website. Such Information Booklet shall include, as a minimum:

(a) definitions of the notions of “cooperating borrower” and “reasonable living expenses”, as well a general description of the economic and legal consequences of failing to cooperate;

(b) a description of the **ARP**;

(c) a brief description of the alternative forbearance and/or resolution and closure solutions offered by the institution to borrowers and of the general criteria and parameters of the methodology for assessing the appropriateness of solutions, drawing the attention of borrowers to the possibility that such



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assessment may not lead to an arrears forbearance solution, as well as a brief description of asset valuation procedures;

(d) information about any agencies with which the data on the borrower's arrears will be shared;

(e) information (including postal address and email) about the agencies authorised by Law 4224/2013 and/or other provisions of law that the borrower may contact for advice;

(f) a brief description of the lender's policy and procedures for communications with borrowers;

(g) a description of the **ApRP**, with information regarding the borrower's right to appeal against the decision of the lender not to offer an alternative repayment arrangement to the lender's Appeals Committee in accordance with Section F.5 below, including the procedure and timelines for such appeal;

(h) information on the possibility that, regardless of the realisation of any collateral or the pledging of other assets, the lender may commence legal/court proceedings, and on the possibility that the borrower may still be liable for any remaining amount of debt, on which interest will continue to accrue (including information on interest rate determination);

(j) information regarding the lender's ability to collect additional data and information from sources other than the borrower, pursuant to Section F.2(c), subject to compliance with the provisions of the legislation in force.

3. Every institution shall make available, both in hard copy at every branch and online on its website, the Standardised Statement of Financial Information referred to in Section F.2 below; such statement shall indicate the following:



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- (aa) the borrower's ability to seek guidance for completing it from the Dedicated Contact Point which the institution must have in place;
- (bb) the public agencies authorised by Law 4224/2013 or other provisions of legislation which the borrower may contact to seek advice;
- (cc) the obligation of the borrower to complete the Standardised Statement of Financial Information in full honesty within a deadline of fifteen (15) business days of the date when the borrower receives the notice in writing of Step 1 of the ARP;
- (dd) the obligation of the borrower to notify any future material changes in his/her financial situation within fifteen (15) business days, in order to continue to be classified as cooperating borrower.

4. Where this Code requires written communication, this may be conducted in the form of a registered letter or in electronic form, provided that confirmation of transmission, receipt, record-keeping and confidentiality are ensured in an equivalent manner.

F. Arrears Resolution Procedure (ARP)

In dealing with cases of borrowers in arrears or pre-arrears, every institution shall apply a procedure involving the following steps:

Step 1: Communication with the borrower

Step 2: Collection of financial and other information

Step 3: Assessment of financial data

Step 4: Proposal of appropriate solutions to the borrower

Step 5: Appeals Review Process.

1. Step 1: Communication with the borrower



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(a) Early arrears communication

(aa) In the event that the borrower fails to pay in part or in full one instalment of his/her debt when due according to the agreed repayment schedule, the institution may immediately take the following action:

Attempt to contact the borrower in order to provide advice, focusing on examining the circumstances that have arisen and may lead to arrears, thereby enabling the early consideration of any alternative solutions. Communication in the next steps of the ARP shall be pursued if the borrower consents. In this step, non-response on the part of the borrower does not imply his/her declassification as “cooperating borrower”.

It is advisable that communication in this step be accompanied by a dispatch of the Information Booklet referred to in Section E.2 above and designation of a “Dedicated Contact Point” for further contacts.

(bb) If the loan is in arrears by more than thirty (30) calendar days, the institution shall send a notification in writing to the borrower within the next fifteen (15) calendar days.

(cc) Notification in writing shall include, as a minimum:

- (i) the date when the borrower went in arrears;
- (ii) the number and total amount of overdue instalments (including partial payments), the total amount of outstanding debt, as well as the interest rate charged to the non-performing part of the debt;
- (iii) notification to the borrower of his/her placing under the **ARP**;
- (iv) the “Information Booklet for Borrowers in Financial Difficulties” and the institution’s “Dedicated Contact Point”, including full contact



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details of the institution's relevant staff or any other persons authorised to act on its behalf;

(v) the “Standardised Statement of Financial Information” referred to in Section F.2 below, if the borrower is a natural person;

(vi) a standardised form with information that as a rule are requested by the institution for the assessment of the legal person's viability, in accordance with the methodology used by the institution for that assessment, taking into account the guidelines of the Bank of Greece (Executive Committee Act 42/30.05.2014) and para. 3 case (b) of this Code.

(dd) Notification in writing may be accompanied by a telephone call to arrange a face-to-face meeting, in which the next follow-up communication will be scheduled.

(b) Communication following the first mandatory notification in writing under Step 1

In the event of expiration of any of the following deadlines:

- (i) fifteen (15) business days after the transmission of the above mandatory notification in writing without a response from the borrower; or
- (ii) the deadline for taking any of the actions described in Section F.4(g)(hh),

the institution shall send to the borrower, within fifteen (15) calendar days from the expiry of the above deadlines, a warning letter about the possibility and implications of the borrower being classified as non-cooperating. The warning letter shall include the information referred to in para. 1 of Section G below.



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The preceding paragraph (b) shall only apply to cases of borrowers for which the disqualification as “cooperating borrowers” could imply the auctioning of their only residence through legal proceedings that the institution intends to initiate.

(c) Communication with borrowers already in arrears at the entry into force of this Code

If a borrower is already in arrears by thirty (30) calendar days at the entry into force of this Code, notification in writing according to para. (a) shall be given not later than six (6) months of the entry into force of this Code, giving the borrower a deadline of fifteen (15) business days to become subject to Step 2 of the ARP by completing and submitting to the institution:

(aa) if the borrower is a natural person, the Standardised Statement of Financial Information;

(bb) if the borrower is a legal person, the information requested by the institution in order to assess the viability of a legal person, according to the methodology used by the institution for such assessment, taking into account the guidelines of the Bank of Greece (Executive Committee Act 42/30.05.2014) and para. 3 case (b) of this Code.

If the borrower fails to respond, the warning letter referred to paragraph (b) above shall be sent to the borrower, within fifteen (15) calendar days from the expiry of the specified deadline, especially in cases of borrowers for which the disqualification as “cooperating borrowers” could imply the auctioning of their only residence through legal proceedings that the institution intends to initiate.

2. Step 2: Gathering financial and other information from the borrower



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(a) The institution shall receive, against written acknowledgement of receipt, the completed Standardised Statement of Financial Information form given in Annex 1, for natural persons, or, for legal persons, the financial information statement submitted by the legal person.

(b) The institution may require the borrower, whether a natural or a legal person, to provide supporting evidence/documentation as necessary to confirm the information submitted, specifying a deadline reasonably reflecting the time needed for issuing or obtaining such evidence/documentation, the other deadlines set in this Code being extended accordingly.

(c) Every institution shall take due care to collect, from other sources, adequate, complete and accurate information on the borrower's financial condition, in addition to those provided by the Standard Financial Statement, in order to evaluate any alternative forbearance or resolution and closure solutions.

(d) The information shall be stored by the institution also in electronic form, subject to the relevant provisions of law.

3. Step 3: Assessing financial data

Every institution shall make use of the financial data submitted by the borrower and any other information available from other sources in order to assess, as a minimum, the following:

(a) For any category of borrowers (natural or legal persons):

(aa) the borrower's financial condition;

(bb) the borrower's total amount and nature of debts, including any debts owed to other institutions;

(cc) the borrower's current repayment capacity;

(dd) the borrower's credit record; and



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(ee) the borrower's estimated future repayment capacity.

In the case of natural persons, estimation under (ee) above shall mandatorily take into account the amount of "reasonable living expenses".

(b) Where the borrower is an enterprise (irrespective of legal form), the institution shall, additionally and on a supplementary basis, also assess, as a minimum, the following:

(aa) the submitted business plan or restructuring plan of the company or group;

(bb) the major shareholders' own participation in the funding plan of the investment;

(cc) the growth prospects of the sector in which the business is active;

(dd) any estimated future cash flows lending support to the view that the outstanding debt can be serviced; and

(ee) the risk factors of the business plan, their possible impact on repayment capacity and possible measures for averting such risks and their consequences.

4. Step 4: Proposing an appropriate forbearance or resolution and closure solution

(a) Following the above assessment, every institution shall propose to the borrower that falls within the scope of this Code and is classified as cooperating -- without this being considered as a new service to the borrower -- one or more alternative forbearance or resolution and closure solutions.

(b) For evaluating the appropriateness of each solution, account shall, in all cases, be taken of the need for the institution to comply with the applicable supervisory requirements, as well as the specific to arrears



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management guidelines of ECA 42/30.5.2014. Assessment shall be based on defined and transparent criteria and procedures that the institution must have put in place under ECA 42/30.5.2014.

(c) Every institution shall use its best efforts to cooperate with the borrower throughout the assessment process in order to determine accurately the borrower's repayment capacity with a view to reaching an appropriate solution.

(d) Every institution shall conduct its assessment having regard to both historical data and reliable forecasts. To this end, the institution shall explain to the borrower the advantages and the necessity of remaining cooperating and to provide in due time additional information as necessary for the institution to assess in particular the borrower's projected income, expenses and unencumbered assets.

(e) Every institution shall carry out valuations of any assets pledged by the borrower as collateral (or any other asset(s) of the borrower which, with the borrower's consent, could be used as additional collateral). Each one of the above valuations shall be notified in writing to the borrower at the same time as the presentation of the proposed forbearance/resolution and closure solution.

(f) Every institution shall, within a reasonable time (notified to the borrower) from receipt and assessment of the financial and other information in Step 2, present to the cooperating borrower the proposed forbearance or resolution and closure solution, or the alternative forbearance or resolution and closure solutions (see indicative list in Annex 2), through the **Standardised Document for Proposing Forbearance or Resolution and Closure Solutions**. Such time may not exceed six (6) months in the case of borrowers that are natural persons.



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(g) The Standardised Document for Proposing Forbearance or Resolution and Closure Solutions shall include, as a minimum:

(aa) A description of the terms and conditions of the proposed solution(s) (e.g. interest rate, duration of grace period, price at which an asset may be repurchased in case of financial lease, etc.);

(bb) A statement to the effect that the proposal form is drawn up in the context of the provisions of this Code;

(cc) The criteria applied to evaluate the appropriateness of the proposed solution(s); in the event that the resolution and closure measure is proposed as the only appropriate solution, the institution shall explain the criteria on the basis of which any forbearance solution has been ruled out;

(dd) An explanation of the consequences of each solution, enabling the borrower to better understand and compare the kind and amount of costs, expenses and charges across alternative solutions, to the extent that these can be reasonably estimated, and the amount of any debt remaining after the implementation of these solutions;

[ee](gg) Information to the borrower of his/her right to seek independent professional advice to assist him/her in making a decision or a counter-proposal, if he/she deems it necessary;

[ff](hh) Information to the borrower of his/her right to take any of the following actions, within a deadline of no more than fifteen (15) business days:

(i) to agree to the proposed solution or one of the proposed solutions,

or

(ii) to make a counter-proposal in writing, or

(iii) to declare in writing that he/she rejects all proposals;

(ii) Information on the next steps and/or the legal consequences in any of the above cases (e.g. the period after which collateral realisation procedures



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may be instituted etc.), as well as on the borrower's right to appeal before the Appeals Committee of the institution within the deadlines specified in the institution's ApRP;

(jj) a warning about the importance of timely notification of the institution in the event of a change in the borrower's financial condition underlying the proposed solution.

(h) In presenting the proposed solution or alternative solutions, the institution shall be open to comments and queries on the part of borrowers, providing them with as much as possible standardised and comprehensible information to help them understand the proposed solution or, as the case may be, the differences across several proposed alternatives, as well as the differences between the existing terms of debt repayment and those implied by the proposed solution.

5. Step 5: Appeals Review Process

Every institution shall clearly define, and duly disclose in accordance with this Code, an Appeals Review Process (ApRP) in connection with the borrower's subjection to Chapter G, additionally ensuring to every borrower that falls within the scope of this Code:

- (a) prompt and easy access to dedicated contact points with the institution's staff involved in the ApRP;
- (b) standardised Appeal Forms;
- (c) receipt of appeals, with acknowledgment of receipt, and prompt forwarding thereof to the Appeals Committee; and
- (d) prior information on any documentation needed in the review of the appeal and the deadlines for the submission and review of appeals.

The decision of the Appeals Committee on the appeal may not be delayed by more than three (3) months and shall be in writing and duly reasoned.



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The decision may not be appealed again.

If the appeal is granted, the institution shall notify the borrower of the corrective actions it plans to take, or of any revised solution, and the step to which his/her case is referred back (e.g. back to Step 3 or re-run of Step 4).

G. TREATMENT OF NON-COOPERATING BORROWERS

1. Before an institution classifies a borrower as non-cooperating, it shall inform him/her in writing of the following:

- (a) the possible actions that the borrower could take, and the deadlines involved, to prevent this development, alerting him/her to the fact that otherwise he/she will be classified as non-cooperating without further notice;
- (b) the measures that the institution may take as a result of the borrower's classification as non-cooperating;
- (c) the borrower's right to seek advice and legal or financial assistance from public agencies operating for the purposes of the implementation of Law 4224/2013 or other relevant provisions of the legislation in force;
- (d) whether, after realisation of assets, the remaining amount of arrears (if any) will continue to be an interest-bearing claim of the institution.

2. After classifying a borrower as non-cooperating, the institution shall inform him/her thereof in writing within fifteen (15) calendar days, notifying to him/her, as a minimum:

- (a) his/her classification as non-cooperating and the specific reason(s) for such classification;
- (b) details of the institution's timetable for future action (e.g. sale of assets);



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(c) the risk that the institution may sell any collateral provided by guarantors;

(d) whether the borrower and any guarantors will continue to be liable for any amount of debt remaining after any sale of collateral, as well as the interest rate to be applied to such debt and the compounding method; and

(e) the possibility that any caps – if provided for by the loan agreement – on charges or increments may be waived, without prejudice to the legislation in force.

3. This chapter shall apply to cases of borrowers whose disqualification as cooperating borrowers could imply the selling of their only residence property.

H. MULTIPLE CREDITORS

In cases of multiple creditors of a borrower that falls within the scope of this Code, the institutions involved are recommended to seek a commonly acceptable solution in line with the best practices set out in Annex 3.

I. LOANS SUBJECT TO FAVOURABLE LEGAL TREATMENT

1. The provisions of this Code regarding Steps 4 and 5 in Section G shall not apply in the event that the borrower opts for an out-of-court settlement of his/her debt through a mediator, in accordance with the provisions of the legislation in force, or, after the entry into force of this Code, protection under other legal provisions, irrespective of whether such provisions imply a more favourable treatment of a loan or borrower than under the provisions of this Code.



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2. Every institution shall treat in a distinct manner the cases falling under the scope of para. 1 above, to facilitate proof of compliance with each of the distinct regulatory frameworks.

J. GUARANTOR

For the purposes of this Code, any provision applicable to a borrower in arrears by more than thirty (30) days shall be understood also to apply to a guarantor(s), if:

- (a) the loan agreement explicitly states that the guarantor becomes subrogated into the borrower's obligations throughout the term of the agreement;
- (b) irrespective of whether the loan agreement explicitly states that the guarantor becomes subrogated into the borrower's obligations throughout the term of the agreement, all actions under the ARP have been taken by the institution and the borrower, including the ApRP, and an agreement has not been reached between the institution and the borrower.

K. PROOF OF COMPLIANCE

1. Every institution should be in a position to prove to the Bank of Greece that it has put in place a system and processes in implementation of this Code, as well as internal procedures for monitoring compliance with this Code and the overall legislation in force, ensuring lawful and consistent treatment of borrowers at all steps of the process. To this end, every institution shall:

- (a) keep full records of relevant cases, for a minimum period of six (6) years from receiving every piece of information, and all the data of every borrower for at least six (6) years after the end of their cooperation; and



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(b) ensure the accessibility, quality, completeness and validity of all relevant data.

2. The Bank of Greece will monitor and control: (a) the manner of implementation of this Code of Conduct and (b) the full and effective fulfilment by institutions of the requirement to have in place the relevant systems, and shall be entitled to require corrective measures as it may judge necessary and impose the sanctions provided for by the law, in the event of (a) systematic non-compliance with the Code of Conduct and (b) identified weaknesses in institutions' systems.

3. In any event, the Bank of Greece will not deal with individual cases of disputes between creditors and borrowers that may arise from the implementation of the Code of Conduct.

Annexes 1 to 3 form an integral part of this Act.

The provisions hereof shall take effect as from 31 December 2014.

4. The Banking Supervision Department is hereby authorised to provide clarifications and guidance on the implementation of this Decision.

This Act shall be published in the Government Gazette and posted on the website of the Bank of Greece.

THE SECRETARY

THE MEMBERS

THE CHAIRMAN

Y. Stournaras

Original Copy,
Athens, 26.8.2014

The Secretary

[Signed]

I. Pantou



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ANNEX 1 Standardised Statement of Financial Information (SSFI) Submitted by natural persons					
Standardised Statement of Financial Information (SSFI) for use in the context of the Arrears Resolution Procedure (ARP) under the Code of Conduct referred to in Law 4224/2013					
PART A: GENERAL DATA					
		Person 1		Person 2	
		BORROWER <input type="checkbox"/> GUARANTOR <input type="checkbox"/>		BORROWER <input type="checkbox"/> GUARANTOR <input type="checkbox"/>	
BORROWER'S DATA					
A1a	Data of loan agreement (number, date etc.)				
A1b	Number of loan servicing account				
A1c	Full name				
A1d	ID/Passport number				
CONTACT MODE/DETAILS (choose at least two modes of contact, to be used unless otherwise specified by the Code of Conduct)					
BORROWER'S DATA					
A2a	Postal address of principal residence		<input type="checkbox"/>		<input type="checkbox"/>
A2b	Other preferred correspondence address		<input type="checkbox"/>		<input type="checkbox"/>
A2c	Fixed telephone number (home)		<input type="checkbox"/>		<input type="checkbox"/>
A2d	Personal mobile phone number		<input type="checkbox"/>		<input type="checkbox"/>
A2e	Personal email		<input type="checkbox"/>		<input type="checkbox"/>
A2f	Fixed phone number (work) (provided there is no legal/contractual obstacle)		<input type="checkbox"/>		<input type="checkbox"/>
A2g	Mobile phone (work) (provided there is no legal/contractual obstacle)		<input type="checkbox"/>		<input type="checkbox"/>
A2h	Email (work) (provided there is no legal/contractual obstacle)		<input type="checkbox"/>		<input type="checkbox"/>
A2i	Contact through representative/communications agent (if you choose this mode, complete at least one of fields A3c to A3e below)		<input type="checkbox"/>		<input type="checkbox"/>
DATA OF REPRESENTATIVE/COMMUNICATIONS AGENT (if applicable)					
A3a	Full name/ Registered name (in case the representative/communications agent is a legal person/ enterprise)				
A3b	ID number/Passport number				
A3c	Postal address		<input type="checkbox"/>		<input type="checkbox"/>
A3d	Telephone number		<input type="checkbox"/>		<input type="checkbox"/>
A3e	Email		<input type="checkbox"/>		<input type="checkbox"/>
BORROWER'S MARITAL/EMPLOYMENT STATUS					
A4	Marital status				
A5	Date of birth				
A6	Number of children/ dependents				
A7a	Current employment (indicate YES if you work/NO if you do not work)				
A7b	Sector/firm/occupation (e.g. teacher, civil engineer, tour guide, telecommunications officer)				
A7c	Labour relationship (Wage-earner/self-employed, etc.)				
A7d	Years/months in current employment				
A7e	Last employment (if you do not work)				
A8	REASON FOR APPLYING TO BECOME SUBJECT TO THE ARP UNDER THE CODE OF CONDUCT:				
Place:					
Date:					
Signature:					
Full name:					



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Part B: MONTHLY INCOME		
	BASIC FINANCIAL DATA (on a monthly basis)	CURRENT DATA
	Full name (indicate BORROWER 1 or BORROWER 2 or GUARANTOR according to Part A)	
B1	Tax Registration Number (mandatory field)	
B2	Gross wage or pension income (before taxes, social security contributions deducted at source, etc.)	
B3	Net income (after income tax, contributions to social security funds, etc.)	
B4	BENEFITS from public sector bodies (on a monthly basis)	
	BENEFITS received by the debtor from private individuals (on a monthly basis)	
B5a	Spouse alimony	
B5b	Child support	
	OTHER income (on a monthly basis)	
B6a	Income from unencumbered real estate	
B6b	Income from encumbered real estate (e.g. where mortgage prenotation has been registered by an institution)	
B7	Income from non-real estate assets (e.g. deposit interest)	
B8	Total Income (on a monthly basis)	
Place:		
Date:		
Signature:		
Full name:		



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Part C: MONTHLY EXPENDITURE			
		Average of the past 12 months (in euro)	Total corresponding debts (if any) (in euro)
C1	TAXES		
C1a	Taxes/duties on real estate (total) (excluding those paid through bills classified under C2, etc.)		
C1b	Taxes other than real estate taxes and vehicle-related duties		
C1c	One-off taxes (e.g. inheritance tax)		
C1d	Tax arrears (if any) (e.g. tax amnesty payments)		
C2	HOUSING EXPENSES (rent, mortgage payments for principal residence, etc.)		
C3	ENERGY, WATER SUPPLY EXPENDITURE, ETC.		
C4	HOUSEHOLD MAIN CONSUMPTION EXPENSES		
C5	MEDICAL EXPENSES		
C6	EDUCATION EXPENSES		
C7	COMPULSORY BENEFIT PAYMENTS (e.g. child support)		
C8	MONTHLY SAVING		
C9	EXPENSES OF OTHER REAL ESTATE (excluding C1)		
C10	OTHER (please specify):		
C11	TOTAL EXPENDITURE (on a monthly basis)		
Place:			
Date:			
Signature:			
Full names:			



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Part D(x): CURRENT MONTHLY PAYMENTS ON CREDITS EXTENDED BY THE INSTITUTION x													
Name of institution:													
	Kind of credit	Purpose	Kind of tangible security (please indicate: NO or YES/the real estate concerned or YES/other real estate (please specify)	Original date of credit agreement (before any forbearance measure)	Has any forbearance measure been taken? (please indicate YES/NO)	Principal (in euro) (if forbearance measures have been taken, please indicate after forbearance)	Amount outstanding (in euro)	Remaining maturity	Amount of collateral	Agreed monthly payment (in euro)	Number of instalments in arrears (if any, otherwise indicate NO)	In arrears since: (please indicate the date)	Amount in arrears: (please indicate: full instalment or other amount in euro)
D(x)1	Loan with disbursement of funds												
D(x)1(a)		purchase of a plot for building principal residence/first home											
D(x)1(b)		construction/purchase of principal residence/first home											
D(x)1(c)		repair/improvement of principal residence/first home											
D(x)1(d)		purchase of a plot for building secondary/other residence											
D(x)1(e)		construction/purchase of secondary/other residence											
D(x)1(f)		repair/improvement of secondary/other residence											
D(x)1(g)		purchase of a plot for building commercial property											
D(x)1(h)		construction/purchase of commercial property											
D(x)1(i)		repair/improvement of commercial property											
D(x)1(j)		purchase of a plot for development/investment											
D(x)1(k)		construction/purchase of property as a development/investment											
D(x)1(l)		repair/improvement of property as a development/investment											
D(x)1(m)		household consumer and other needs											
D(x)1(n)		investment (e.g. purchase of shares)											
D(x)2	Credit card												
D(x)3	Other loan 1:												
D(x)4	Other loan 2:												
D(x)5	Other loan 3:												
D(x)	Total credit extended by the institution x												



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Part E: REAL ESTATE ASSETS														
	Description of property	Location	Real property right (e.g. naked ownership etc.)	Ownership percentage %	Objective value (in euro)	Estimated market value (in euro)	Encumbrance on property (Yes/No)	Amount of encumbrance on property (in euro)	Date of registration of encumbrance	Name of encumbrancee	Seniority of encumbrance	Monthly rental income (in euro)	Total taxes and duties on a monthly basis (in euro)	Monthly maintenance costs, shared expenses, etc. (in euro)
E1														
E2														
E3														
E4														
E5														
E6														
E7														
E8														
E9														
E10														
E11	Total (where applicable)													



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PART F: OTHER ASSETS						
	Kind of asset	Value/ estimated value (in euro)	Free of encumbrances (YES/NO)	Name of encumbrancee (if applicable)	Net monthly income (in euro)	Other relevant details
F1	Savings/Deposits					
F2	Car(s)					
F3	Life insurance					
F4	Shares/securities (please specify below)					
F4(a)	Share/security:					
F4(b)	Share/security:					
F4(c)	Share/security:					
F5	Other investments					
F6	Other (please specify)					
F7	Total					



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ANNEX 2

TYPES OF SOLUTIONS

1. This Annex provides an indicative list of the most common types in international practice of solutions for distressed borrowers that are unable to fulfil the existing terms of their debts. It is not meant to be an exhaustive list of all possible forbearance types, but rather to provide a minimum typology of those that are widely implemented by credit institutions, in the interests of comparability, transparency and better monitoring of their effectiveness in individual credit institutions and at a system-wide level.

Section I. Types of short-term solutions

2. Short-term solutions are those with a duration of less than five years, typically opted for in cases where the repayment difficulties are with good reason judged to be temporary. Meanwhile, a new schedule can be agreed upon regarding the repayment of the outstanding debt beyond the short-term period, based on conservative assumptions on the borrower's estimated long-term debt repayment capacity until the end of the repayment schedule.

(a) Interest only: For a specified short-term period, the borrower will repay interest only.

(b) Reduced payment: For a specified short-term period, the amount of amortisation payments is reduced (the new instalment may be higher or lower than under the “interest only” solution).

(c) Grace Period: this solution offers the borrower a possibility to suspend repayments for a specified period.

(d) Skip payment(s): the borrower is contractually given the possibility to defer one instalment.



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(e) Arrears settlement: settlement of the amount in arrears, typically following an agreement to sell assets, and maintenance of the part of the debt not yet due.

(f) Arrears capitalisation: capitalisation of amounts of arrears and adjustment of the repayment schedule for the outstanding amount of debt.

Section II. Types of long-term solutions

3. Long-term solutions are defined as those with a duration of five years and above and aimed to ensure a reduction of the instalment, possibly along with an increase in the number of instalments and longer repayment period, in any event based on conservative assumptions regarding the borrower's future repayment capacity until the end of the repayment schedule.

(a) Interest rate reduction: Permanent reduction in the interest rate or in the interest rate spread.

(b) Interest rate type change: Change in the type of interest rate, from floating to fixed and vice versa.

(c) Loan term extension: Extension of the repayment period, i.e. of the date of last contractual payment on the loan.

(d) Split balance: Where a credit institution agrees to split a borrower's mortgage loan into two tranches:

- (i) a mortgage loan, which the borrower is likely to repay, on the basis of the existing and estimated future repayment capacity; and
- (ii) a remaining balance of the initial loan, which is set aside for repayment at a later date, following a sale of assets or other settlement agreed in advance by the two parties.



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(e) Partial Debt Forgiveness/Write Down: A part of the credit institution's total claim is written down, so that the remaining part reaches a level that is estimated as likely to be serviced without problems.

(f) Additional collateralisation: It entails the mobilisation of additional collateral in the context of an overall, more favourable for the borrower, arrangement.

(g) Operational restructuring: Change in the management of the business where creditor banks consider the business viable under certain conditions, but the existing management does not cooperate in this direction. This solution is not by itself an arrangement solution for the purposes of reporting on the implementation hereof, but may be combined with any of the other solutions.

(h) Debt/equity swaps: Applied in the context of firm restructuring, where part of the debt is converted into equity and the credit institution becomes a shareholder of the company, so that the remaining debt can be serviced from the expected cash flows of the borrower.

Section III – Types of resolution and closure solutions

[4.] Resolution and closure solutions are defined as any modification or termination of the contractual relationship between a credit institution and a borrower with a view to the final settlement of the credit institution's claim on the borrower. It may be combined with a voluntary or mandatory surrender of collateral to the credit institution in order to reduce the outstanding amount of the claim, or even with a realisation of collateral to satisfy the claim. Below is an indicative list of solutions available in international practice; the adoption of each solution should however be examined in the light of the provisions of Greek law:



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(a) Voluntary surrender: a borrower unable to service a mortgage loan surrenders on a voluntary basis (without the credit institution having to open legal proceedings) the ownership of his/her property serving as collateral to the credit institution. The surrender agreement shall clearly specify the way of settlement of any remaining debt.

(b) Mortgage to Lease: The borrower transfers the ownership of the real estate to the credit institution and signs a financial leasing contract, enabling him/her to rent and use the property for a specified minimum term (typically five years).

(c) Mortgage to Rent: The borrower transfers the ownership of the real estate to the credit institution or to a third party. The agreement can be accompanied by granting of the right to use the property as residence against an agreed rent, for a minimum term (typically three years). The relevant agreement shall clearly specify the way of settlement of any remaining debt.

(d) Outright sale/Disposal/Discounted Pay-off: Transfer of the loan to another institution, creditor or financing scheme.

(e) Trade down: an agreement enabling a distressed mortgage borrower whose loan is secured by his/her primary residence or commercial place of business to sell it and buy a lower value property.

(f) Receivership: a situation in which the credit institution's claim is treated as part of insolvency proceedings.

(g) Collateral realisation/Liquidation: a situation where the credit institution, having terminated the loan agreement, initiates procedures for realising the collateral to satisfy its claim.

(h) Enforcement/Legal Action: action to enforce final settlement, which can be taken in the event of absence or exhaustion of collateral and involve taking legal steps against assets of the borrower to satisfy the claims of the credit institution.



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ANNEX 3

The approach of the International Association Of Restructuring, Insolvency & Bankruptcy Professionals (Insol) for Multi-Creditor Workouts

First principle: Where a borrower is found to be in financial difficulties, all relevant creditors should be prepared to cooperate with each other, allowing for sufficient time (a “standstill period”) for the collection and assessment of information about the borrower’s financial condition, as well as for the preparation and evaluation of proposals for the settlement of their claims on the borrower.

Second principle: During the standstill period, all relevant creditors should agree to refrain from taking any steps aimed to reduce their claim on the borrower.

Third principle: During the standstill period, the borrower is committed not to take any action that might adversely affect the claims of relevant creditors as compared with the position at the standstill commencement date.

Fourth principle: The interests of relevant creditors are best served by coordinating their treatment of the borrower. Such coordination may be facilitated by the set-up of coordination committees bringing together representatives of the relevant creditors, also with the support from professional advisers.

Fifth principle: During the standstill period, the creditors should invite the borrower to provide and allow relevant creditors and/or their professional advisors reasonable and timely access to all relevant information regarding his/her financial condition, enabling the better assessment of such condition for the evaluation of viable options for the settlement of the claims of relevant creditors.



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Sixth principle: Proposals for the settlement of the claims of relevant creditors should take into account the applicable legislation on the ranking of claims.

Seventh principle: Information collected for the purposes of this process and any proposals for resolving the claims should be made available to all relevant creditors and, unless already publicly available, should be treated by them as confidential.

Eighth principle: If additional funding is provided during the standstill period in the context of a forbearance solution, it is reasonable that the repayment of such additional funding is accorded priority status as compared to other claims of relevant creditors.

THE SECRETARY

THE MEMBERS

THE CHAIRMAN

Y. Stournaras

Original Copy,
Athens, 26.8.2014

The Secretary

I. Pantou