



**BANK OF GREECE**  
**EUROSYSTEM**

CREDIT AND INSURANCE COMMITTEE

**Meeting 195/29.07.2016**

**Subject: Revision of the 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 1/20.12.2012 “Re-establishment of the Credit and Insurance Committee and assignment of tasks” (Government Gazette B 3410), as currently in force following its amendment by Executive Committee Act 40/30.5.2014 “Amendment to Executive Committee Acts 1/20.12.2012, 4/8.1.2013 and 6/8.1.2013” (Government Gazette B 1567);
- (c) Credit and Insurance Committee Decision 116/1/25.8.2014 “Introduction of a Code of Conduct under Law 4224/2013” (Government Gazette B 2289), as amended by Credit and Insurance Committee Decisions 129/2/16.2.2015 and 148/10/5.10.2015 (Government Gazette B 486 and B 2219, respectively)
- (d) Law 4224/2013 (Government Gazette A 288), in particular Article 1(2) and (4) thereof, as amended by Article 12 of Law 4281/2014 (Government Gazette A 160) and Article 98 of Law 4389/2016 (Government Gazette A 94);
- (e) Law 4354/2015 (Government Gazette A 176), as amended by Article 70 and Article 73 of Law 4389/2016;
- (f) the definition of “cooperating borrower”, as defined by the Government Council for Private Debt Management in accordance with Article 73(2) of Law 4389/2016;
- (g) “reasonable living expenses”, as estimated by the Government Council for Private Debt Management in accordance with Article 73(2) of Law 4389/2016;
- (h) the fact that no expenditure shall be incurred by the Government Budget as a result of the provisions hereof;

HEREBY DECIDES as follows:

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

CHAPTER ONE



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**SCOPE, DEFINITIONS, POLICIES AND PROCEDURES**

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**ARREARS RESOLUTION PROCEDURE (ARP) FOR CLAIMS ON NATURAL PERSONS AND PROFESSIONALS**

**A. ARREARS RESOLUTION PROCEDURE (ARP) FOR NATURAL PERSONS, INCLUDING PROFESSIONALS**

1. Step 1: Communication with the borrower
2. Step 2: Collection of financial and other information from the borrower
3. Step 3: Assessment of financial data
4. Step 4: Proposal of an appropriate solution
5. Step 5: Appeals Review Process

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**CHAPTER THREE**



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**ARREARS RESOLUTION PROCEDURE (ARP) FOR CLAIMS ON MICRO ENTERPRISES**

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3. Step 3: Assessment of financial data
4. Step 4: Proposal of an appropriate solution
5. Step 5: Appeals Review Process

**CHAPTER FOUR**

**PRINCIPLES AND PROCEDURES APPLYING TO CORPORATE BORROWERS OUTSIDE  
THE SCOPE OF CHAPTER THREE**

**CHAPTER FIVE**

**GUARANTOR**

**CHAPTER SIX**

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**CHAPTER ONE**

**SCOPE, DEFINITIONS, POLICIES AND PROCEDURES**

**A. Scope and exclusions**

**A.1. Scope**

The provisions of this Code shall apply to all supervised institutions that extend any type of credit in Greece under 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, the financial institutions referred to in Article 3(1) point 22 of Law 4261/2014 and the companies referred to in Article 1 of Law 4354/2015, as currently in force. The obligations introduced by the present Code do not affect the obligation of an institution to comply with other legislative provisions, monitoring compliance with which comes under the responsibility of other authorities, as appropriate (including, but not limited to, legislation on consumer protection, protection of privacy, banking secrecy, good faith and fair dealing, and, in general, legislation aiming to ensure respect for the personality and economic freedom of debtors within the meaning of Article 2 of Law 3758/2009).

For the purpose of reaching forbearance or resolution and closure solutions, the provisions of this Code shall also apply to loans guaranteed by the Greek State, subject to, in relation to the implementation of any solution reached, the Greek State's consent, where such consent is required under the guarantee agreement.

**A2. Exclusions**

1. The following shall be excluded from the scope of this Code:

- (a) claims arising from agreements that have already been terminated before 1.1.2015;
- (b) claims on a borrower which has applied for inclusion in the scope of Law 3869/2010 and a trial date has been set;
- (c) claims on a borrower which is subject to judicial enforcement proceedings instituted by third-party creditors or a borrower which has already been placed under liquidation, in accordance with the legislation in force.



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2. Exclusion from the scope of the Code under the preceding paragraph shall not prevent an institution from applying the arrears resolution procedure (ARP) of the second or third chapter, as appropriate, on its own initiative. Where a borrower, on his own initiative, appears and submits the information required under the present Code for an assessment of his repayment capacity, the institution shall be obliged, as well, to assign such borrower to Step 3 of ARP, irrespective of whether the relevant claims fall within the scope of exclusions under points (a) and (b) above. Institutions shall duly mention this right of borrowers in the section of their website on the implementation of this Code.

**B. Definitions**

For the purposes of this Code, the concepts of “cooperating borrower” and “reasonable living expenses”, as defined from time to time by the Government Council for Private Debt Management under Law 4389/2016, shall apply.

1. “Loan” means any debt arising from any type of credit owed to any institution falling within the scope of this Code.
2. “Micro enterprise” means an enterprise (legal person) with an annual turnover of up to one million euro (€1,000,000) on average during the last three fiscal years;
3. “Forbearance solution” means the modification of a loan agreement by new repayment arrangements for borrowers facing financial difficulties, under which a renegotiation of the total debt cannot be excluded (see indicative types in Sections I and II of Annex II hereto).
4. “Resolution and closure solution” means an agreement between an institution and a borrower, after a forbearance solution has been considered and excluded in accordance with the actions provided for in Step 4 of ARP, to finally settle the debt on terms that can include a change in the ownership of collateral or other assets of the borrower, with the latter’s consent (see indicative types in Section III of Annex II hereto).

**C. General principles**



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1. This Code lays down general principles of conduct and introduces best practices, aimed to foster mutual trust, commitment and information exchange between borrowers and lending institutions, so that each party can weigh the benefits and consequences of alternative forbearance or resolution and closure solutions for loans in arrears, with the ultimate goal of working out the best solution following case-by-case assessment.

By its Executive Committee Act 42/30.05.2014, the Bank of Greece provided guidelines to the credit institutions under its supervision regarding the design and evaluation of viable types of arrears resolution workouts, providing indicative types; 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 modification does not serve to conceal the true levels of risk entailed by the exposures in question and thus lead to a heavier burden on the borrower and higher potential losses to the bank. In this light, for the purposes of the Code, an “appropriate solution” shall be considered to be one which ensures the bank’s compliance with supervisory requirements and, at the same time, duly takes into consideration the borrower’s overall financial condition (i.e. income, realisable assets – other debts and remaining income to cover the minimum level of “reasonable living expenses”, where the borrower is a 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 entered in the register referred to in Article 18 of Joint Ministerial Decision 70330oik/09.07.2015 (Government Gazette B 1421) or in the register of accredited mediators referred to in Article 7 of Law 3898/2010 (Government Gazette A 211,16.12.2010) or by the competent courts of law.

2. (a) “Written” communication under this Code shall be conducted by registered letter or an equivalent type of post or personal delivery to the borrower himself/herself or a person authorised by the borrower, or by any electronic medium that can equivalently ensure confirmation of dispatch and receipt, record-keeping and confidentiality. The first mandatory notification shall be provided exclusively in paper form. The notifications concerning the declassification as “cooperating borrower” shall also be provided in paper form, unless indent



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(vi) of subparagraph (cc) of paragraph (a) of Step 1 of the second chapter or indent (ff) of paragraph (c) of Step 1 of the third chapter is applicable.

(b) The institution shall be required to prove the dispatch of the written notification referred to in para. (a) to the last known address of the borrower. If the borrower is absent on the day of delivery of the registered letter or refuses to receive the letter, receipt shall be presumed at the date of the proven return of the non-received notification to the sender.

(c) The starting date of the timelines associated with the maintenance of the status of “cooperative borrower” shall be the date of receipt by the borrower of the respective notice from the bank to provide information and data.

3. Any proposal for a forbearance solution or resolution and closure solution submitted to the borrower shall be in writing and shall include as a minimum the terms required to be included in the proposal under Step 4 of the ARP.

**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 (hereinafter ApRP) according to indent (e) below;

(b) ensure that its ARP allows for the treatment of each and every case of borrower, using all available information;

(c) take all necessary measures to ensure compliance with the transparency and proper and timely customer information rules;

(d) set up an Appeals Committee composed of at least three senior officers. The Appeals Committee should be supported by adequate resources (infrastructure and staff). The members of the Appeals Committee shall be independent from the credit extension, approval and audit 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 or shall be selected from among persons (professionals with relevant expertise) not being part of the staff of



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the institution. Where the Appeals Committee is reviewing an appeal in respect of which any of its members considers that he/she has a conflict of interest with the borrower or the institution, such member shall state so in writing and ask to be replaced or abstain from decision making on the appeal under review;

(e) clearly define an Appeals Review Procedure (ApRP), for reviewing appeals against the procedure leading to the classification of a borrower as “non-cooperating”, and duly notify such procedure to the borrower in accordance with the relevant provisions, additionally ensuring for every borrower falling within the scope of this Code the following:

(aa) immediate and easy access to predefined points of contact with its staff involved in the Appeals Review Procedure;

(bb) standardised Appeal Forms;

(cc) the acknowledgment of receipt of appeals and their prompt referral to the Appeals Review Committee; and

(dd) prior information on any documentation required for the review of the appeal and on the applicable deadlines for lodging/reviewing an appeal.

The decision of the Appeals Review Committee shall not take longer than three (3) months from the submission of the borrower’s appeal and shall be in writing and duly reasoned.

If the appeal is upheld, the institution shall notify the borrower of the corrective actions it intends to take or any revised solution and the step of this Code to which the case is referred (back to Step 3 or a re-run of Step 4).

The staff involved in the ApRP shall organisationally be placed within the ANPLM function and be subject to the independence requirements of Executive Committee Act No. 42/30.5.2014;

(f) staff its ANPLM with duly qualified personnel, with proper training and 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 appropriate training programmes;



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(g) staff from the ANPLM function shall represent the institution in any out-of-court settlement procedure which may be initiated by the borrower, in accordance with current legislation, and which may also involve a review of any rejecting decision of the Appeals Committee;

(h) keep complete records to prove compliance with the specific provisions laid down in chapter seven.

**E. Communication policies and procedures**

1. Every institution shall, as a minimum:

(a) establish detailed and documented communication policies and procedures applicable to the cases that fall within the scope of this Code, without prejudice to specific provisions of Law 3758/2009, as currently in force, regarding debtor notification for debts in arrears;

(b) to the extent possible, standardise the relevant communications to ensure that their content is clear, informative, accurate and comprehensible;

(c) adapt the frequency and content of communications according to the arrears bracket and category of borrower (natural/legal person), in any case adhering to the time limits set out in the present Code, as appropriate;

(d) ensure that communications are conducted in an honest manner and in a spirit of good cooperation, encouraging further communication in pursuit of an appropriate solution;

(e) ensure that the borrower is contacted at appropriate times, unless agreed otherwise, also taking into account the relevant provisions of law;

(f) observe the principles of personal data protection in respect of the borrower (if a natural person) and of confidentiality, in compliance with relevant legislation and the decisions of competent authorities, as appropriate;

(g) notify the borrower of any transfer of the claim under the provisions of Law 4354/2015, and maintain on its website section related to the implementation of this Code an updated list with the names and postal and email addresses of credit servicing firms cooperating with the



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institution or any other third parties assigned with the implementation of any ARP Step on behalf of the institution;

(h) 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;

(i) put in place dedicated contact points to receive inquiries, provide guidance and receive declarations and other documentation and to conduct any communications specifically for the purposes of this Code;

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

(k) follow a procedure and request documentation to check the authorisation of any third parties authorised by the borrower, similar to the procedure and documentation established and required for its other services to, and interactions with, customers;

(l) take delivery of any document produced by the borrower, providing at the same time an acknowledgment of receipt and certifying a copy where the document is submitted by the borrower in duplicate; and

(m) specify, on its webpage related to the implementation of the Code, any additional data, further to those envisaged by the "Standardised Financial Statement", which are normally required of borrowers, as well as the documentation required to verify the relevant information.

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

(a) an explanation of the concepts of "cooperating borrower" and "reasonable living expenses", as well a general description of the financial and legal implications of not cooperating and in particular the risk of exclusion of a non-cooperating borrower from favourable treatment under specific legislation (Law 3869/2010 and Law 4354/2015) and from any advantages a borrower



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can enjoy by cooperating towards an appropriate solution (such as the institution's refraining from court action, a possible consideration of debt relief, etc.);

(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 evaluating the appropriateness of solutions;

(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 (governmental or otherwise) authorised by law to provide advice or assistance;

(f) a brief description of the institution's communication policy and procedures;

(g) a description of the ApRP, with a reference to the borrower's right to appeal against the procedure under indent (e) of Section D of this Chapter, including the procedure and time frames for such appeal;

(h) information on any consequences of failure to reach an agreement and, in particular, on the possibility that the institution may institute legal/court proceedings and on the possibility that the borrower may still be liable for any outstanding amount of debt, on which interest will continue to accrue (including information on interest rate determination) regardless of the realisation of any collateral or the pledging of other assets, in the case where no forbearance or resolution and closure solution is reached;

(j) information regarding the institution's right to request additional data and information from sources other than the borrower, under Step 2 of Chapters Two and Three below, as the case may be, subject to compliance with the provisions of data protection legislation in force.

3. Every institution shall make available, both in hard copy at every branch and online on its website, the "Standardised Financial Statement" (SFS) envisaged under Step 2 of Chapter Two below; such statement shall indicate the following:

(a) the borrower's ability to seek guidance, in order to complete the statement, from the "Dedicated Contact Point" which the institution must have in place;



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(b) the entities, governmental or otherwise, authorised by law which the borrower may contact to seek advice and assistance;

(c) the borrower's obligation to complete the "Standardised Financial Statement" (SFS) in full honesty within the deadline specified in the definition of "cooperating borrower" from the receipt of the written notification under Step 1 of the ARP;

(d) the borrower's obligation to notify any subsequent material changes in his/her financial situation within the deadline specified in the definition of "cooperating borrower".

4. For the repayment of any outstanding debt following any liquidation of the borrower's residence, the institution shall establish appropriate policy and procedures to comply with Article 28 of Directive 2014/17/EU, as explained in point 27 of its preamble and transposed to Greek legislation.

**F. Treatment of non-cooperating borrower**

**1. After classifying a borrower as non-cooperating**

(a) under Chapter Two, where such classification could lead to the auctioning of the borrower's primary residence, the institution shall inform him/her thereof in writing within fifteen (15) calendar days, notifying to him/her, as a minimum, the following:

(aa) the fact that he/she has been classified as non-cooperating and the specific reason(s) for such classification;

(bb) details of the institution's timetable, under which the institution intends to proceed in the future (e.g. liquidation process);

(cc) the risk that the institution may liquidate any collateral provided by guarantors;

(dd) whether the borrower and, where applicable, guarantors will continue to be liable for any amount of debt outstanding after any liquidation of collateral, as well as the interest rate to be applied to such debt and the accrual method;



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(ee) the fact that the declassification of the borrower as cooperating may result in his/her exclusion from favourable treatment under specific provisions of legislation (Law 3869/2010 and Law 4354/2015);

(b) under Chapter Three, the borrower shall be notified about the fact and the specific reason/s for his classification as non-cooperating at the time of the contract termination or earlier.

**Appeals Review Process**

2. The borrower shall have the right to appeal against his/her classification as non-cooperating, through the procedure established by the institution in accordance with paragraph (e) of Section D.

The borrower may have recourse to this step only once per case of implementation of the ARP.

**CHAPTER TWO**

**ARREARS RESOLUTION PROCEDURE (ARP) FOR CLAIMS ON NATURAL PERSONS AND PROFESSIONALS**

**A. ARREARS RESOLUTION PROCEDURE (ARP) FOR NATURAL PERSONS, INCLUDING PROFESSIONALS**

In dealing with cases of borrowers in arrears or pre-arrears, each 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

(a) Early arrears communication

Optional communication



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(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 take the following actions:

It may attempt a consultative contact with the borrower, focusing on investigating the underlying circumstances that could lead to arrears, in order for the borrower to have the chance to consider in a timely manner joining the ARP with a view to examining 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 shall not entail 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 of Chapter One and designation of a “Dedicated Contact Point” for further communications.

**1st Mandatory notification**

(bb) If the loan is in arrears by more than sixty (60) calendar days past due, the institution shall notify the borrower in writing within the next thirty (30) calendar days, unless the overdue instalment is fully paid in the meantime. In the event of new arrears on the same loan, the dispatch of the first written notification need not be repeated in paper form, unless one year has elapsed since its last dispatch.

(cc) The written notification 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 repayments), 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 and of his/her obligation to complete the SFS;
- (iv) the “Information Booklet for Borrowers in Financial Difficulties”, and the institution’s “Dedicated Contact Point” for conducting communication with the borrower and providing



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clarifications to him/her, including full contact details of the relevant staff or any other persons authorised to act on behalf of the institution, if it has not already been sent;

(v) the “Standardised Financial Statement” (SFS) to which the list of the required supporting documents is attached;

(vi) notification of the fact that communication in the frames of ARP may also be made electronically by using the last email address that the borrower has given, unless the borrower visits the Dedicated Contact Point, requests and receives the relevant information in paper form.

(dd) The written notification may be accompanied by a telephone call to arrange a face-to-face meeting, in which the next follow-up communication will be scheduled for close monitoring of the situation.

(b) 2nd notification

In the event of lapse of the deadline specified in the definition of “cooperating borrower” without the borrower

(aa) responding (i.e. submitting the SFS); or

(bb) taking any of the actions referred to in paragraph (d) of Step 4,

the institution shall send to the borrower, within thirty (30) calendar days following the lapse of the above deadlines, a second letter warning of the possibility and implications of the borrower being classified as non-cooperating. This warning letter shall include the following information:

(aa) the specific actions which the borrower could take to prevent his classification as non-cooperating borrower, and the relevant deadline for taking such actions, which may not be shorter than the deadline specified in the definition of “cooperating borrower”, along with a warning that failure to act would entail a classification of the borrower as non-cooperating without further notice;

(bb) the measures that the institution may take as a result of the classification of the borrower as non-cooperating;



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(cc) the ability of the borrower to seek advice and assistance from governmental entities or third parties of his/her choice;

(dd) whether, following liquidation, any outstanding amount of the loan will continue to be an interest-bearing claim of the institution, specifying the level and method of determination of the interest rate.

The 2nd notification under this paragraph (b) shall be provided mandatorily only in cases of borrowers for which declassification as “cooperating borrowers” could imply the auctioning of their primary residence through judicial enforcement proceedings that the institution could initiate, irrespective of whether the property is encumbered by a mortgage prenotation securing the claim.

Borrower notification about his classification as “non-cooperating” borrower

The institution shall follow the procedure of subparagraph (a.) of paragraph 1 of section F. of Chapter One.

**2. Step 2: Collection of financial and other information from the borrower**

(a) The institution shall receive, and acknowledge receipt in writing, the completed “Standardised Financial Statement” provided in Annex I.

(b) The institution may require the borrower to provide any supporting evidence/documentation as necessary to verify the information submitted, setting to the borrower a deadline not shorter than that specified in the definition of “cooperating borrower” and reasonably reflecting the time needed for issuing or obtaining such evidence/documentation, the other deadlines set in this Code being extended accordingly.

(c) Each institution shall take due care to collect adequate, complete and accurate information on the borrower’s financial condition from other sources, in addition to the Standardised Financial Statement, in particular from entities that keep and monitor assets and credit history data, in order to evaluate the appropriateness of alternative forbearance or resolution and closure solutions.



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(d) The information shall be stored by the institution also in electronic format, subject to the relevant provisions of data protection legislation.

**3. Step 3: Assessment of financial data**

(a) Every institution shall make use of the information submitted in Step 2 in order to assess, to the extent possible, as a minimum, the following:

(aa) the borrower's assets/wealth;

(bb) the borrower's current repayment capacity, taking into account in all cases the total amount and the nature of the borrower's debts owed to other institutions, including any debts to tax or other public authorities or social security funds;

(cc) the borrower's credit record; and

(dd) the borrower's future repayment capacity over the period to the end of the proposed workout.

(b) Assessment under point (dd) above shall mandatorily take into account the following:

(aa) the minimum level of "reasonable living expenses".

(bb) the parameters described in Chapter A.2 of BoG Executive Committee Act 54/2015 (age, occupation, family status, health, etc.) in order to ensure that, when assessing repayment capacity, the borrower's health, social and other circumstances that could materially affect the borrower's repayment capacity are taken into account.

(c) Every institution shall obtain market valuations (Presidential Decree 59/2016, Government Gazette A' 95/27.5.2016) of any assets pledged by the borrower as collateral (or any other asset(s) of the borrower which, with the latter's consent, could be used as additional collateral) according to the requirements of Article 19 of Directive 2014/17/EU as transposed to Greek law. 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 involving the relevant assets.



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(d) Every institution shall conduct the valuation on the basis of historical data as well as realistic assumptions regarding future developments. To this end, the institution shall explain to the borrower the advantages and necessity of remaining cooperating.

(e) Every institution shall use reasonable efforts to cooperate with the borrower throughout the assessment process in order to determine the borrower's repayment capacity with a view to reaching a mutual agreement on an appropriate solution.

**4. Step 4: Proposal of an appropriate solution**

(a) Following the above assessment, every institution shall provide to a borrower classified as cooperating a proposal of one or more alternative forbearance solutions, or if none of such solutions is agreed upon, one or more resolution and closure solutions (see indicative types in Annex II of the present decision), without this being considered as a new service to the borrower (Article 12 of Law 4281/2014). The fulfilment of this obligation by the institution shall not be made conditional on prior repayment of any debts of the borrower to other creditors.

(b) In evaluating the appropriateness of each solution, the institution shall, in all cases, take account of the need to comply with the applicable supervisory requirements, as well as the specific provisions of the arrears management guidelines of the Bank of Greece (ECA 42/2014, as currently in force) or, as appropriate, of any other authority responsible for the supervision of the institution. The assessment shall also be based on defined and transparent criteria and procedures that the institution has in place in accordance with the aforementioned prudential supervision requirements, taking into account the minimum level of the "reasonable living expenses" relevant to the borrower's case.

(c) 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, return receipt required, the proposed forbearance solution, or any alternative proposed forbearance solutions and, if none of them is agreed upon, the resolution and closure solutions (see indicative types in Annex II hereto, taken together with the relevant definitions in Chapter One of this Code), through the "Standardised Document for Proposing Forbearance or Resolution and Closure Solutions". The time frame for the delivery by the institution of the proposal may not exceed four (4) months starting from the receipt of the SFS.



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(d) Within the deadline specified in the definition of “cooperating borrower”, the borrower shall either:

(aa) agree to the proposed solution or one of the proposed solutions; or

(bb) make a counter-proposal in writing, requesting, if he/she wishes so, the mediation of a third party of his/her choice; or

(cc) declare in writing that he/she rejects any proposal;

(e) 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) (interest rate, accrual period, repayment period, any grace period, amount and schedule of instalments, price at which an asset may be repurchased in the case of financial lease, accrued interest relief, etc.), in a manner enabling comparison both across alternatives and with the current debt service burden (broken down into principal, interest and charges), in compliance with the transparency and customer information rules of Bank of Greece Governor’s Act 2501/2002, as currently in force, with particular regard to future change in the interest rate;

(bb) an indication that the document is drawn up under the provisions of this Code;

(cc) an indication that the evaluation of the appropriateness of the proposed solution(s) has taken into account the amount of outstanding debt, the type and value of collateral in relation to the borrower’s repayment capacity, as assessed in Step 3 of the ARP, in particular on the basis of the information collected in Step 2;

(dd) a calculation of the present value of the proposed settlement plan, or of any counter-proposal submitted by the borrower, and a recent estimate of the liquidation value of the relevant property (Presidential Decree 59/2016), complying with the requirements of Article 19 of the Directive 2014/17/EU, as transposed to Greek law, in the event that a forbearance solution has been ruled out and a resolution and closure solution is proposed instead which entails disposal of the borrower’s primary residence, as well as a clear statement of repayment terms for any outstanding amount of the debt following the disposal of the primary residence;



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- (ee) information to the borrower on his/her right to seek or receive advice from an independent governmental entity or a third party of his/her choice to assist him/her in making a decision or a counter-proposal, if deemed necessary by the borrower;
- (ff) information to the borrower that he/she may take any of the actions referred to in point (d) above, within the deadline specified in the definition of “cooperating borrower”:
- (gg) information on the next steps to be taken by the institution and/or the legal consequences in any of the above cases (including in particular the period after which collateral liquidation procedures may be instituted);
- (hh) a reminder to the borrower of his/her obligation to inform the institution in a timely manner in the event of any change in his/her financial condition, on the basis of which the proposed solution has been evaluated.
- (f) Every institution shall consider, if deemed appropriate by the institution or requested by the borrower, a single forbearance solution for all the debts of a borrower to it, irrespective of whether these debts arise from one or more loan agreements of the same type or of different types.
- (g) In the event of a counter-proposal by the borrower, the institution shall be required to assess the counter-proposal and, within two (2) months from its receipt, shall either:
- (aa) consent to the counter-proposal; or
  - (bb) respond in writing that it has rejected the counter-proposal and that the institution’s initial proposal remains valid, with the basic relevant justification; or
  - (cc) submit a new proposal, which shall be the final one.
- (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 standardised – to the extent possible – and comprehensible information to help them understand the proposed solution or, as appropriate, 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**



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This step is an ARP step, which may be activated after the classification of a borrower as non-cooperating in accordance with paragraph 2 of section F of Chapter One.

**B. Treatment of borrowers belonging to socially vulnerable groups**

1. a. The institution shall adopt a policy regarding the treatment of borrowers facing special health problems (e.g. visual/hearing impairment, serious or long-term illness, mental problems) that warrant alternative communication methods, by incorporating relevant criteria into its policy.

b. In this regard, an institution that in Step 1 or Step 2 of the ARP receives information and evidence of such problems from a borrower shall adapt the way of communication with him/her accordingly.

2. For a cooperating borrower who provenly faces serious financial distress, i.e. income less than the minimum level of “reasonable living expenses” and lack of realisable assets owned by the borrower or the borrower’s spouse or children other than the borrower’s residence the objective value of which is no more than one hundred and forty thousand (140,000) euro, the institution shall propose, in the respective step of the ARP, either:

(a) A long-term forbearance solution. For the time frame and the level of instalments to be paid, all apparent factors that may reasonably affect the repayment capacity of the borrower (such as any high level of disability) shall be taken into account; or,

if such a solution has been considered but has been ruled out as not “appropriate”,

(b) a resolution and closure solution by considering for its choice also in this specific case the specific characteristics of the borrower, especially if there are any health problems alongside with his financial distress. If the resolution and closure solution entails the disposal of the borrower’s primary residence at a liquidation price, as estimated by a certified appraiser, lower than the debt, the solution shall provide for facilitating the borrower to repay any outstanding debt, in accordance with the provisions of in Article 28 of Directive 2014/17/EU, as explained in point 27 of its preamble and transposed to Greek legislation.



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CHAPTER THREE

ARREARS RESOLUTION PROCEDURE (ARP) FOR CLAIMS ON MICRO ENTERPRISES

In respect of borrowers falling within the scope of this chapter and having debts in arrears or pre-arrears, every institution shall apply 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

Step 5: Appeals Review Procedure

1. Step 1: Communication with the borrower

Optional communication

(a) In the event that the borrower fails to pay in part or in full one instalment when due according to the agreed repayment schedule, the institution may take the following actions:

It shall attempt a consultative contact with the borrower, focusing on investigating the underlying circumstances that could lead to arrears, in order for the borrower to have the chance to consider in a timely manner joining the ARP with a view to examining 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 shall not entail its 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 of Chapter One and designation of a “Dedicated Contact Point” for further communications.

Mandatory notification



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(b) If the loan is in arrears by more than sixty (60) calendar days, the institution shall notify the borrower in writing within the next thirty (30) calendar days, unless the overdue instalment is fully paid in the meantime. In the event of new arrears on the same loan, the dispatch of the first written notification need not be repeated, in paper form, unless one year has elapsed since its last dispatch.

(c) The written notification shall include, as a minimum:

(aa) the date when the borrower went in arrears;

(bb) the number and total amount of overdue instalments (including partial repayments), the total amount of outstanding debt, as well as the interest rate charged to the non-performing part of the debt;

(cc) notification to the borrower of his/her placing under the ARP and of his/her obligation to provide the specific financial information required for legal persons;

(dd) the “Information Booklet for Borrowers in Financial Difficulties” and the institution’s “Dedicated Contact Point” for conducting communication with the borrower and providing clarifications to him/her, including full contact details of the institution’s relevant staff or any other persons authorised to act on its behalf, if such booklet has not already been sent;

(ee) a standardised Financial Statement and the web address listing the data and supporting documents that are typically required by the institution for the purpose of assessing the viability of the legal person in accordance with the standard methodology of the institution, with due regard to the prudential guidelines issued by the Bank of Greece (ECA Decision 42/30.05.2014) on the management of credit risk and in particular of loans in arrears or, as appropriate, the guidelines of any other authority responsible for the supervision of the institution. The data and information to be reported by the borrower must also make clear whether the borrower consents to (i) being subject to an audit of the financial condition of the enterprise by an independent certified auditor, if deemed necessary by the institution; and (ii) a multi-creditor workout in respect of the debts of the enterprise to be pursued.

(ff) notification of the fact that communication in the frames of ARP may also be made electronically by using the last email address that the borrower has given, unless the



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borrower visits the Dedicated Contact Point, requests and receives the relevant information in paper form.

(d) The written notification may be accompanied by a telephone call to arrange a face-to-face meeting, in which the next follow-up communication will be scheduled for close monitoring of the situation.

**2. Step 2: Collection of financial and other information from the borrower**

(a) The institution shall receive, against written acknowledgement of receipt, the Financial Statement to be submitted by the firm, so that assessment under Step 3 can follow.

(b) The institution may require the borrower to provide any supporting evidence/documentation as necessary to verify the information submitted, setting to the borrower a deadline not shorter than that specified in the definition of “cooperating borrower” and 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 adequate, complete and accurate information on the borrower’s financial condition, in addition to the Standardised Financial Statement, from other sources, in particular from independent agencies involved in the keeping and monitoring of assets and credit history data, in order to evaluate the appropriateness of alternative forbearance or resolution and closure solutions.

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

**3. Step 3: Assessment of financial data**

Every institution shall make use of the financial information submitted by the borrower and derived from any other sources, in order to assess, to the extent possible, the recoverability of claims in view of the current and future financial condition of the borrower and of the partners in the enterprise. This procedure shall be implemented following the guidelines on the management of credit risk, as specified by the Bank of Greece (ECA 42/2014, as currently in force) or, as appropriate, by any other competent supervisory authority.



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Borrower notification about his classification as “non-cooperating” borrower

The institution shall notify the borrower of the fact that he/she has been classified as non-cooperating in accordance with subparagraph (b) of paragraph 1 of section F of Chapter One.

**4. Step 4: Proposal of an appropriate solution**

(a) Following the above assessment, every institution shall provide to a borrower classified as cooperating a proposal of one or more alternative forbearance solutions and, if no agreement is reached, one or more resolution and closure solutions (see indicative types in Annex II of the present), without this being considered as a new service to the borrower (Article 12 of Law 4281/2014). The fulfilment of this obligation by the institution shall not be made conditional on prior repayment of any debts of the borrower to other creditors.

(b) In evaluating the appropriateness of each solution, the institution shall, in all cases, take account of the need to comply with the applicable supervisory requirements, as well as the specific provisions of the arrears management guidelines of the Bank of Greece (ECA 42/2014, as currently in force) or, as appropriate, of any other authority responsible for the supervision of the institution. The assessment shall also be based on defined and transparent criteria and procedures that the institution has in place in accordance with the aforementioned prudential supervision requirements.

(c) 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, return receipt required, the proposed forbearance solutions or any alternative proposed forbearance solutions and, if none of them is agreed upon, the resolution and closure solutions (see indicative list in Annex II hereto taken together with the relevant definitions in Chapter One of this Code), through the “Standardised Document for Proposing Forbearance or Resolution and Closure Solutions”. The time frame for the delivery by the institution of the proposal may not exceed four (4) months starting from the receipt of the information of Step 2.

(d) Within the deadline specified in the definition of “cooperating borrower”, the borrower may either:

(aa) consent to the proposed solution or one of the proposed solutions; or



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(bb) make a counter-proposal in writing, requesting, if he/she wishes so, the mediation of a third party of his/her choice; or

(cc) declare in writing that he/she rejects any proposal.

(e) 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) (interest rate, accrual period, amount and schedule of instalments, repayment period, any grace period, the price at which an asset may be repurchased in the case of financial lease, any accrued interest relief, etc.), in a manner enabling comparison across alternatives as well as with the current debt service burden (broken down into principal, interest and charges), in compliance with the transparency and customer information rules of Bank of Greece Governor's Act 2501/2002, as currently in force, with particular regard to the future change in the interest rate;

(bb) an indication that the document is drawn up in under the provisions of this Code;

(cc) an indication that the evaluation of the appropriateness of the proposed solution(s) has taken into account the amount of outstanding debt, the type and value of collateral in relation to the borrower's repayment capacity, as assessed in Step 3 of the ARP, in particular on the basis of the information gathered in Step 2;

(dd) information to the borrower on his/her right to seek or receive advice from an independent governmental entity or a third party of his/her choice to assist him/her in making a decision or a counter-proposal, if deemed necessary by the borrower;

(ee) information to the borrower that he/she may take any of the actions referred to in point (d) above, within the deadline specified in the definition of "cooperating borrower";

(ff) information on the next steps to be taken by the institution and/or the legal consequences in any of the above cases (including in particular the period after which collateral realisation procedures may be instituted);



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- (gg) a reminder to the borrower of the importance of timely information to the institution in the case of any events or agreements that are reasonably expected to have a material impact on the financial condition of the borrower.
- (f) Every institution shall consider, if deemed appropriate by the institution or requested by the borrower, a single forbearance solution for all the debts of a borrower to it, irrespective of whether these debts arise from one or more loan agreements of the same type or of different types.
- (g) In the event of a counter-proposal by the borrower, the institution shall be required to assess the counter-proposal and, within two (2) months from its receipt, shall either:
- (aa) agree to the counter-proposal; or
  - (bb) respond in writing that it has rejected the counter-proposal and that the institution's initial proposal remains valid, with the basic relevant justification; or
  - (cc) submit a new proposal, which shall be the final one.
- (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 Procedure**

This step constitutes a step of the ARP that can be activated after classifying a borrower as non-cooperating according to paragraph 2 of section F of Chapter One.

**CHAPTER FOUR**

**PRINCIPLES AND PROCEDURES APPLICABLE TO CORPORATE BORROWERS OUTSIDE THE SCOPE OF CHAPTER THREE**



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1. In the cases of corporate borrowers (legal persons) not falling within the scope of Chapter Three, only those among the provisions of this decision that are included in Section C of Chapter One shall mandatorily apply.
2. In such cases of borrowers, and in view of the more complex negotiation requirements when the interests of more than one creditor are involved, it is advisable to follow, as the most appropriate procedure for the out-of-court negotiation and arrears workout, the stipulations of the relevant legislation (Law 4307/2014 or Article 99 seq. of Law 3588/2007 (Government Gazette A 153), as currently in force).

**CHAPTER FIVE**

**GUARANTOR**

1. For the purposes of this Code, any provision applying to a borrower in arrears shall be understood to apply respectively also to the respective guarantor(s).
2. For natural persons acting as guarantors of claims on natural persons, including professionals, the provisions of Chapter Two shall apply. Any exceptions applying to the primary debtor shall also apply to the guarantor, if the latter is liable as a primary debtor (having waived the benefit of discussion).
3. For natural persons acting as guarantors of claims on legal persons, the provisions of Chapter Three or Chapter Four shall apply, depending on the size of the enterprise, if the latter is liable as a primary debtor (having waived the benefit of discussion).
4. The beginning of the application of the ARP shall be notified to the primary debtor and the guarantor simultaneously.

**CHAPTER SIX**

**MULTIPLE CREDITORS**

1. In the cases of multiple creditors, the relevant institutions are recommended to seek a commonly acceptable solution in line with the best practices set out in Annex III.



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2. In this context, if the information and data submitted by the borrower in Step 2 indicate the existence of other creditor institutions with claims on the borrower, whether overdue or otherwise, it is advisable to follow the steps below:

(a) The institution that holds the highest amount of debt in arrears shall ask the borrower's consent to pursue a joint solution for all debts together with the institutions involved, possibly designating an independent consultant/mediator, to be proposed by the borrower or the institution.

(b) If consent is granted and the other institutions respond, a period of abstention from legal action shall be agreed among them, during which prospects for the borrower to cover his debts shall be assessed, jointly or by the said mediator, on the basis of relevant information which the borrower has made available to all institutions, according to Steps 2 and 3 of the Code.

3. In case of non-response or non-agreement of all institutions-creditors on a joint forbearance or resolution and closure solution, or in the case of significant debts of the borrower to other creditors falling outside the scope of the Code, the institution which took the initiative shall examine the possibility of bringing the case under Law 4307/2014 or Law 3588/2007, as in force from time to time.

**CHAPTER SEVEN**

**DEMONSTRATION OF COMPLIANCE, TRANSITIONAL AND FINAL PROVISIONS**

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

(a) keep a full record of all information it has received, for a minimum period of six (6) years from receipt, and of all the data of every borrower for at least six (6) years after the end of the relationship with the borrower. Such record shall include documentation of (aa) the pursuit of a



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solution in accordance with the ARP; or (bb) the reasons that prevented a solution from being pursued through this procedure;

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

(c) complete the steps envisaged in this Code before initiating any enforcement proceedings against a “cooperating” borrower;

(d) submit the policy and the documented procedures that it has adopted in order to comply with the provisions laid down in section B of Chapter Two to the Bank of Greece until the end of October 2016.

2. The Bank of Greece shall monitor and check (a) the manner of implementation of this Code of Conduct and (b) the full and effective establishment of systems; require corrective measures as it may deem necessary; and impose sanctions under Article 55 A of its Statute in the event of (a) systematic non-compliance with the Code of Conduct and (b) identified weaknesses in institutions’ systems.

3. By authority of law, the Bank of Greece shall receive complaints and investigate them for the exclusive purpose of assessing institutions’ compliance with the actions required by this Code, without however dealing with any individual disputes between creditors and borrowers that may arise from the implementation of this Code of Conduct and in connection with either the substance or the procedure of the workout.

4. For the purpose of monitoring compliance with this Code, the Bank of Greece shall require institutions to regularly report data, as specified in a separate decision of the Bank of Greece, and shall reserve the right to require, also on a non-regular basis, any relevant data or information for supervisory purposes, as well as the right to conduct on-site inspections.

5. The provisions hereof modifying the content and time limit for dispatching the mandatory standardised documents (Information booklet, SFS – Standardised Document for Proposing Forbearance or Resolution and Closure Solutions) shall enter into force not later than 1 October 2016.

6. For arrears resolution procedures/actions not completed by the entry into force hereof, the terms and conditions provided for herein shall apply until their completion.



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7. As from the entry into force hereof, Credit and Insurance Committee Decision 116/1/25.08.2014 (Government Gazette B 2289), as currently in force, shall be repealed, without prejudice to Article 99 of Law 4389/2016. In this context, the time limit for borrowers to respond shall remain 15 working days, as specified in the definition of “cooperating borrower”, until any adjustment to that limit by a new decision of the Government Council for Private Debt Management.

8. The Banking Supervision Department is hereby authorised to provide clarifications and guidance on the implementation hereof.

Annexes I, II and III form an integral part hereof.



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**ANNEX I**

<b>"Standardised Financial Statement (SFS)</b> <b>for use in the context of the Arrears Resolution Procedure (ARP)</b> <b>under the Code of Conduct referred to in Law 4224/2013"</b>			
<b>PART A: GENERAL DATA</b>			
	Capacity		
	BORROWER <input type="checkbox"/>		
	GUARANTOR <input type="checkbox"/>		
<b>BORROWER'S DATA</b>			
A1a	Details of loan agreement (number, date, etc.) <sup>(1)</sup>		
A1b	Number of loan servicing account <sup>(1)</sup>		
A1c	Full name		
A1d	ID/Passport number		
A1e	Tax Identification Number		
<b>CONTACT DETAILS</b>			
<b>DATA OF PERSON SUBMITTING THE SFS</b>			
A2a	Postal address of primary residence		
A2b	Other preferred correspondence address <sup>(2)</sup>		
A2c	Telephone number		
A2d	Other phone number <sup>(2)</sup>		
A2e	Personal email <sup>(2)</sup>		
A2f	Contact through process agent (if you choose this mode, please complete at least one of fields A3c to A3e below)	YES NO	<input type="checkbox"/> <input type="checkbox"/>
<b>DATA OF PROCESS AGENT (if applicable)</b>			
A3a	Full name/Registered name and name of representative		
A3b	ID number/Passport number		
	Tax Identification Number		
A3c	Postal address		
A3d	Telephone number		
A3e	Email <sup>(2)</sup>		
<b>BORROWER'S MARITAL/EMPLOYMENT STATUS</b>			
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/RETIRED, if you receive pension)	YES NO RETIRED	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
A7b	Sector/firm/occupation (e.g. teacher, civil engineer, tourist 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)		
<b>ADDITIONAL INFORMATION<sup>(3)</sup></b>			



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(1) To be completed by the institution if non available to the borrower/guarantor

(2) Optional

(3) Please indicate any particular issues that could place the borrower under socially vulnerable groups

Place:

Date:

Signature:

Full name:



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"Standardised Financial Statement (S.F.S) for use in the context of the Arrears Resolution Procedure (ARP) under the Code of Conduct referred to in Law 4224/2013"					
Part B: MONTHLY INCOME					
		Borrower/guarantor		Spouse <sup>(2)</sup>	
		DATA for previous year	ESTIMATED FUTURE DATA	DATA for previous year	ESTIMATED FUTURE DATA
B1	Gross labour or pension income (before taxes, social security contributions deducted at source, etc.)				
B2	Net labour or pension income (after income tax, social security contributions, etc.)				
B3α	BENEFITS from public sector entities/social security funds				
B3β	Spouse alimony/Child support				
B4α	Income from unencumbered real estate				
B4β	Income from encumbered real estate (e.g. where mortgage prenotation has been registered by an institution)				
B5	Income from non-real estate assets (e.g. deposit interest, dividends)				
B6	OTHER Income				
B	TOTAL Income				
(2) Optional					



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Part C: REAL ESTATE ASSETS

Property (Type/Use: residence, vacation home,  House let/rented (occupational use)	Objective value (in euro)	Market Value <sup>(1)</sup>	Location (Prefecture, City, Street)	Area	Acquisiti on year	Acquisition method (donation, heritage, purchase, parental gift, etc.)	Ownership type	Encumbrances (mortgage, lien)

(1) Optional



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Part D: OTHER ASSETS

	Type of asset	Value/ estimated value in euro	Number of account	Type (term deposit, savings account, etc.)	Name of institution	Acquisition year	Free of encumbrances (YES/NO)
D1	Savings/Deposits						
D2	Car(s)						
D3	Life insurance						
D4	Shares/securities (1)						
D5	Other(1)						
D	TOTAL						

(1) Please specify



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Part E: DEBT

	Type of debt	Amount in arrears	Amount outstanding <i>[not in arrears]</i>	Maturity date of debt	Payable monthly instalment	Type of collateral
Greek State						
Social security funds						
Private insurance						
Banks						
Individuals						



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**ANNEX II**

**INDICATIVE TYPES OF MEASURES**

This Annex sets out, by way of illustration, the types of forbearance measures and resolution and closure solutions that are the most widely used in international practice for debtors experiencing financial difficulties in meeting their debt commitments. It is not meant as an exhaustive list of all possible types of forbearance measures and resolution and closure solutions, but rather as an attempt at a minimum standardisation of commonly used types, with a view to ensuring comparability, transparency and better monitoring of their performance at the level of each institution and of the banking system as a whole.

**Section I. Types of short-term forbearance measures**

Short-term forbearance measures are those with duration of less than two years, applicable in cases where the repayment difficulties are reasonably judged to be temporary.

**(a) Arrears Capitalisation:** capitalisation of the amount in arrears and adjustment of the repayment schedule for the outstanding debt.

**(b) Arrears Repayment Plan:** an arrangement whereby the amount in arrears will be settled according to an agreed repayment schedule.

**(c) Reduced Payment above IO:** for a specified short-term period, each periodic amortisation payment is reduced to a level higher than under the “interest only” arrangement.

**(d) Interest only:** for a specified short-term period, the borrower will only pay interest.

**(e) Reduced Payment below IO:** for a specified short-term period, each periodic amortisation payment is reduced to a level lower than under the “interest only” arrangement. Unpaid interest is capitalised or settled.

**(f) Grace Period:** suspension of payments for a specified period. Unpaid interest is capitalised or settled.

**Section II. Types of long-term forbearance measures**

Long-term forbearance measures are those with duration of more than two years and aimed to reduce the amortisation payment and/or debt burden, based on conservative assumptions regarding the borrower’s future repayment capacity throughout the repayment period.



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- (a) Interest Rate Reduction:** reduction in the interest rate or the interest rate spread.
- (b) Loan term extension:** extension of the repayment period, i.e. a postponement of the contractual date of the final payment on the loan.
- (c) Split balance:** the outstanding amount of the debt is split into two parts (tranches):
- (i) the part of the loan which is likely to be repaid, on the basis of the borrower's existing and estimated future repayment capacity; and
  - (ii) the remaining part of the loan, which is set aside for repayment at a later date, following a sale of assets or other arrangement agreed in advance by the two parties.
- (d) Partial Debt Forgiveness/Write Down:** the institution's total claim is written down, so that the remaining part is reduced to a level likely to be serviced without problems.
- (e) Operational Restructuring:** reorganisation of an enterprise aimed to restore its viability and repayment capacity. This reorganisation may involve actions such a change in management, sale of assets, cost-cutting, corporate transformation, rollover of credit lines and/or new lending.
- (f) Debt/equity swap:** a part of the debt is converted into equity, so that the remaining part is reduced to a level likely to be serviced without problems.

**Section III – Types of resolution and closure solutions**

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

- (a) Other Out-of-Court Settlements:** extrajudicial actions that do not fall into any of the categories below.
- (b) Voluntary surrender:** a borrower unable to fulfil the contractual terms of a mortgage loan voluntarily surrenders to the institution (without the latter having to open legal proceedings) the ownership of his/her property serving as collateral. The property in question may be residential or occupational property.



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**(c) Mortgage to Rent/Lease:** the borrower transfers the ownership of the real estate property collateral to the institution and enters into a rental/financial leasing contract, enabling the lease of the property for a specified minimum period. This solution may apply to collateral in the form of residential or occupational property.

**(d) Voluntary Sale of Property:** the borrower voluntarily sells the real estate property collateral to a third party with the consent of the institution. If the sale price is less than the total debt, the institution shall write off the remaining debt. This solution may apply to collateral in the form of residential or occupational property.

**(e) Settlement of Loans:** out-of-court agreement whereby the institution receives either a lump sum in cash (or cash equivalents) or a set of predefined partial payments. As part of the settlement, the institution may write down its claim.

**(f) Auction - Collateral Repossession:** the institution, as the successful bidder in an auction, acquires ownership of the real estate property or other collateral in the context of an overall agreement on settlement of the debt with the borrower's consent.

**(g) Full Debt Write-off:** the institution may decide to write off the entire debt if there are no realisable assets and no further recovery can be expected.



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**ANNEX III**

**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 advisers 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.

**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.



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

THE SECRETARY

THE MEMBERS

THE CHAIRMAN

Yannis Stournaras

True and exact copy

Athens, 2 August 2016

The Secretary

[signed]

M. Pallikari