



Code of Conduct

Theodore J. Athanassopoulos
Executive General Manager NPL Wholesale
Alpha Bank



Code of Conduct

- ❖ Given Best Practices and relevant provisions of the MoU, Bank of Greece has issued a directive imposing to the Banks the application of a Code of Conduct regulating the process and the correspondence with Borrowers prior to the beginning of possible legal actions
- ❖ It is clear that such document is in line with best practices and imposes a heavy but at the same time definite and clear process for a final and formal negotiation with the Borrowers which will inevitably end up to either a restructuring or the segmentation of the Borrower as uncooperative
- ❖ The Code of Conduct is quite useful especially for retail portfolios and in a sense “protects” borrowers with limited understanding of the process of NPL Resolution while at the same time ends up being the ultimate and main hedging instrument for the Borrower in the case of a future portfolio sale



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- ❖ Experience so far has indicated that the existing Code of Conduct can be a useful instrument both for the lenders as well as the borrowers but at the same time certain amendments need to take place. Such issue has been addressed in the current MoU and we expect shortly such a revision by Bank of Greece
- ❖ Our view is that the basic amendments to take place should:
 - ✓ Exclude from the Code of Conduct legal entities such as Sas (AE) and Limited Liability Companies (ΕΠΕ) with the rationale being that if the Borrower is informative enough to set up a vehicle with BoDs, legal counsels etc he should be in a position to formally follow and negotiate based on existing loan documentation
 - ✓ Limit the Code of Conduct only to persons with liabilities up to Euro 500 k.
 - ✓ Conversion of the Code to a Rule Book rather than an operational document that should be applied not at a specific delinquency bucket but rather prior to denouncement (*nowadays collection practices are conflicted at the 30 dpd bucket*)
 - ✓ Provision for specific consequences to Non Cooperative Borrowers