



BANK OF GREECE

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CREDIT AND INSURANCE COMMITTEE

Meeting 392/31.05.2021

Agenda item 1: Revision of the Code of Conduct under Law 4224/2013 – Repeal of Credit and Insurance Committee Decision 195/1/29.07.2016 (Government Gazette B 2376)

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 52/2.10.2015 “Composition and responsibilities of the Credit and Insurance Committee and the Resolution Measures Committee of the Bank of Greece” (Government Gazette B 2312) and Executive Committee Act 165/1/17.12.2019 “Amendment to Executive Committee Act 52/2.10.2015” (Government Gazette B 4730);
- (c) Law 4224/2013 “Government Council for Private Debt Management, Institution for Growth in Greece, Hellenic Republic Asset Development Fund and other emergency provisions” (Government Gazette A 288), in particular Articles 1(2) and 1(4) thereof, as currently in force;
- (d) Law 4389/2016 “Emergency provisions for the implementation of the agreement on fiscal targets and structural reforms, and other provisions” (Government Gazette A 94), in particular Articles 79(2)(o), 93(2)(b) and 93A(1) thereof, as currently in force;
- (e) Law 4354/2015 “Non-performing loans management, wage provisions, and other emergency provisions for the implementation of the agreement on fiscal targets



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- and structural reforms” (Government Gazette A 176), in particular (i) Article 1(22); (ii) Article 2(2)(b); and (iii) Article 3(2) thereof, as currently in force;
- (f) Law 4438/2016 “Harmonisation of Greek law with Directive 2014/17/EU of the European Parliament and of the Council of 4 February 2014 on credit agreements for consumers relating to residential immovable property and amending Directives 2008/48/EC and 2013/36/EU and Regulation (EU) No 1093/2010, and other provisions within the responsibilities of the Ministry of Finance” (Government Gazette A 220), in particular Article 27(1) thereof;
- (g) Law 4701/2020 “Microfinance framework, financial sector regulation and other provisions” (Government Gazette A 128), in particular Article 21(3) thereof;
- (h) Law 4738/2020 “Debt forbearance, provision of second chance and other provisions” (Government Gazette A 207), as currently in force;
- (i) the definition of “cooperating borrower”, as defined from time to time by the Government Council for Private Debt Management in accordance with Articles 73(2) and 99(2) of Law 4389/2016 “Emergency provisions concerning the implementation of the agreement on fiscal targets and structural reforms and other provisions” (Government Gazette A 94);
- (j) “reasonable living expenses”, as estimated from time to time by the Government Council for Private Debt Management in accordance with Article 73(2) of Law 4389/2016 “Emergency provisions concerning the implementation of the agreement on fiscal targets and structural reforms and other provisions” (Government Gazette A 94);
- (k) the Guidelines of the European Banking Authority on arrears and foreclosures (EBA/GL/2015/12, 19.08.2015) and the Opinion of the European Banking Authority on good practices for mortgage creditworthiness assessment and arrears and foreclosure, including expected mortgage =payment difficulties (EBA/Op/2015/09, 01 June 2015);
- (l) the Guidelines of the European Banking Authority on legislative and non-legislative moratoria on loan repayments applied in the light of the COVID-19 crisis (EBA/GL/2020/02, 2 April 2020), as currently in force; and
- (m) the fact that no expenditure shall be incurred by the Government Budget as a result of the provisions hereof;

HAS DECIDED AS FOLLOWS:



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to further revise the Code of Conduct under Law 4224/2013 (hereinafter: “the Code”), as amended by Credit and Insurance Committee (hereinafter: “CIC”) Decision 195/1/29.7.2016, which is hereby repealed, as follows:

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FIRST CHAPTER

SCOPE AND DEFINITIONS,

SECTION A: SCOPE

1. The provisions of this Code shall apply to institutions, as defined in para. B.2. below, when they:

(a) grant any type of loans or provide any type of credit , or pursue the financial leasing activity in Greece under the provisions of Article 9(2), Article 11(b) and (c) and Articles 34, 36, 38, 41, 43 and 153 of Law 4261/2014; or

(b) grant microcredit under the provisions of Law 4701/2020; or

(c) service loans or credits which are or have been granted by credit or financial institutions, under the provisions of Article 1(1) of Law 4354/2015.

2. 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, without prejudice to, in relation to the implementation of any solution reached, the Greek State's consent, where such consent is required under the guarantee agreement.

3. The deadlines introduced by this Code for each institution, which start running from the date when a borrower falls in arrears, take into account, apart from the agreed repayment schedule, any suspension of the borrower's repayment obligation (a) provided for by law or (b) arising from a modification of the agreed schedule under generally applicable measures, which meet the criteria set out in the Guidelines of the European Banking Authority on legislative and non-legislative moratoria on loan repayments applied in the light of the COVID-19 crisis (EBA/GL/2020/02, 2 April 2020), as currently in force.

4. The obligations introduced by the present Code do not affect either the obligation of an institution to comply with other legislative provisions, the implementation of which is monitored by other authorities, as appropriate (including, but not limited to, consumer, privacy and personal data protection legislation), neither the application of banking and professional secrecy, good faith and fair dealing, and the general provisions aiming to ensure respect for the personality and economic freedom of debtors.



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SECTION B: DEFINITIONS

For the purposes of this Code:

B.1. The definitions of “cooperating borrower” and “reasonable living expenses”, as defined/estimated from time to time by the Government Council for Private Debt Management under Law 4389/2016, are adopted.

B.2. The following definitions shall apply:

1. “Institution”:

(a) a credit institution, within the meaning of Article 3(1)(1) of Law 4261/2014, authorised in Greece;

(b) a branch in Greece of a credit institution authorised outside Greece;

(c) a credit institution authorised in an EEA country pursuing business in Greece as set out in Section A above, pursuant to Article 38 of Law 4261/2014;

(d) a credit company, within the meaning of Article 153(4) of Law 4261/2014;

(e) a factoring company, within the meaning of Article 4(2) of Law 1905/1990 (Government Gazette A 147);

(f) a financial leasing company, within the meaning of Article 2(1)(a) of Law 1665/1986 (Government Gazette A 194);

(g) a branch in Greece of a financial institution, within the meaning of Article 3(1)(22) of Law 4261/2014, authorised outside Greece;

(h) a financial institution authorised in an EEA country pursuing business in Greece as set out in Section A above, pursuant to Article 43 of Law 4261/2014;

(i) a credit servicing company, within the meaning of Article 1(1.a)(aa) of Law 4354/2015, and a branch as per Article 1(1.a)(bb) of Law 4354/2015, as currently in force;

(j) a creditor, within the meaning of Article 3(2) of Law 4438/2016; and

(k) a microfinance institution, within the meaning of Article 2(b) of Law 4701/2020.

2. “Loan”: any debt arising from any type of credit owed to the institution.

3. “Micro enterprise”: 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;

4. “Forbearance solution”: the modification of a loan agreement by new repayment arrangements for borrowers facing financial difficulties, under which a renegotiation



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of the total debt cannot be excluded (see indicative types in Sections I and II of Annex II hereto).

5. “Resolution and closure solution”: an agreement between an institution and a borrower, after a forbearance solution has been considered and excluded, 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).

6. “Durable medium”: any instrument which enables the borrower to store information addressed personally to him/her/it in a way accessible for future reference for a period of time adequate for the purposes of the information and which allows the unchanged reproduction of the information stored.

7. “Written communication”: communication conducted by registered letter or an equivalent type of post or personal delivery to the borrower himself/herself or to a person authorised by the borrower, or, if the borrower has provided an email address which has been confirmed, by another “durable medium” as long as the confirmation of dispatch, and receipt, the record-keeping, and the protection of personal data are ensured in an equivalent way.

SECTION C: EXCLUSIONS/SUSPENSION

C.1. The following shall be excluded from the scope of the Arrears Resolution Procedure (ARP) under the THIRD Chapter:

(a) Claims arising from agreements that have already been terminated before 1.1.2015.

(b) Claims against a borrower not exceeding any of the limits set out under (aa) and (bb) below:

(aa) the amount of one thousand euro (€1,000), in the case of claims against borrowers which are natural persons, calculated as the total amount due by the borrower to the institution; or

(bb) the amount of five thousand euro (€5,000), in cases of borrowers which are legal persons – micro enterprises, calculated as the total amount due by the borrower to the institution.

(c) Claims on legal persons other than “micro enterprises”.



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C.2. The institution shall not be obliged to initiate or may suspend or shall suspend, as specified by law, the already initiated Arrears Resolution Procedure (ARP) in the following cases:

(a) When the borrower has applied for out-of-court debt settlement under Article 8(1) of Law 4738/2020 or when the institution has communicated to the borrower an invitation for out-of-court debt restructuring under Article 8(2) of Law 4738/2020 and for the time period until the procedure is terminated as unsuccessful for any reason whatsoever;

(b) When a debt restructuring agreement has been signed, which is not subject to consent by the Greek State or a social security fund, and the institution is a covered creditor or the agreement has effects on the institution pursuant to Article 5(2) of Law 4738/2020;

(c) When the borrower or the institution or another creditor has applied for the endorsement of an agreement on the restructuring of the borrower and such agreement is endorsed or concluded under Article 41 of Law 4738/2020 or Article 103(5) of Law 3588/2007, as specified in Article 265(1.a) of Law 4738/2020, and such agreement is binding upon the institution;

(d) When the borrower or the institution or another creditor has filed an application for the adjudication of the borrower in bankruptcy and for the time period until the possible rejection of this application;

(e) When the borrower has requested to become subject to the procedure envisaged by Law 3588/2007 or Law 3869/2010 or Law 4605/2019 or Law 4469/2017, and this request or a court ruling or the procedure itself is pending, or when the borrower has become subject to the procedure provided for in Article 68 of Law 4307/2014, which is pending;

(f) When Article 7(3)(e) of Law 4738/2020 applies;

(g) When the borrower – legal entity has been placed under liquidation; and

(h) Claims against a borrower which is subject to judicial debt enforcement proceedings instituted by third-party creditors.

C.3. The institution shall assign a borrower in Step 3 of the ARP, if he/she appears and submits, on his/her own initiative, the information required under the present Code for an assessment of his/her repayment capacity, unless any point under Section C.2 above applies. Each institution shall duly mention this right of borrowers,



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as well as the above restrictions, in its webpage relevant to the implementation of this Code.

C.4. In case of re-initiation of an ARP that has been suspended under Section C.2 above, the ARP shall be resumed from the Step reached before the suspension, upon due adjustment of the data under assessment and, if applicable, of the proposed solution, if in the meantime significant changes have taken place that may affect the assessment of the long-term sustainability of the proposed solution.

C.5. Once the out-of-court debt settlement procedure has been terminated as unsuccessful for any reason whatsoever, the institution shall initiate or resume the ARP from the Step reached before the suspension:

- (a) either on its own initiative; or
- (b) upon the debtor's request, as specified by law.

If the institution has carried out an assessment of the long-term sustainability of the solution, as envisaged in Chapter E.1 of Executive Committee Act 175/2/29.7.2020 "Adoption of the guidelines of the European Banking Authority on management of non-performing and forborne exposures (EBA/GL/2018/06) – Repeal of Executive Committee Act 42/30.5.2014 "Supervisory framework for the management of loans in arrears and non-performing loans" (Government Gazette B 1582)" (Government Gazette B 3550), this step shall not be repeated.

SECOND CHAPTER

GENERAL PRINCIPLES, POLICIES AND PROCEDURES

SECTION A: GENERAL PRINCIPLES

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

(b) By its Executive Committee Act 175/2/29.7.2020, the Bank of Greece has provided guidelines to supervised credit and financial institutions on the design and evaluation of sustainable types of forbearance solutions, whose objective is the



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return of the borrower to a sustainable repayment status, taking into account the outstanding amount of debt, while minimising the expected losses and ensuring compliance with the applicable consumer protection requirements. Indicative types of solutions were provided with the same Act, which are developed by taking into consideration the repayment capacity – as estimated on the basis of realistic assumptions – of each borrower, whether a natural or a legal person. For this reason, for the purposes of the Code, an “appropriate solution” shall be considered to be one which ensures the supervised institutions compliance with its supervisory requirements and, at the same time, duly takes into consideration the borrower’s overall financial situation (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).

(c) If, despite the fulfilment of both conditions, the parties fail to reach a mutually acceptable solution, then their dispute may be resolved through alternative dispute resolution mechanisms or mediation procedures or in- and out-of-court debt restructuring procedures, in accordance with EU and national legislation, or by the competent courts of law.

A.2. (a) Where this Code requires “written communication”, the individualized delivery and receipt of all the accompanying documents will also be made by “written communication”.

(b) The institution shall be required to prove the dispatch of each “written communication” to the last known postal or email address of the borrower. In the case of dispatch of a letter in paper form and if the borrower refuses to receive it or is absent on the day of delivery of the letter, its receipt shall be presumed to have taken place on the date of the proven return of the non-received notification to the sender.

(c) Similarly, the institution shall receive from the borrower the documents and data required by this Code in a manner equivalent to point (a) above.

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

A.3. Any proposal for a forbearance solution or a resolution and closure solution submitted to the borrower shall be provided by “written communication” and shall include as a minimum the terms required to be included in the proposal under Step 4 of the ARP.



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SECTION B: INSTITUTIONS' STRATEGY, 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 (f) 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 rules and rules on proper and timely disclosure of information against the customer;

(d) engage in the ARP staff with proper training, qualifications and communication skills to effectively handle cases falling within the scope of this Code, sufficient in number and appropriately allocated per dedicated contact point, taking into account the number of customers to be treated. To this end, the institution shall develop suitable educational/training programmes;

(e) 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 any existing credit provision, approval and control functions. At least one member of the Appeals Committee shall also be independent from the Non-Performing Loans Management function of the institution or shall be selected among persons (professionals with relevant expertise) not being part of the staff of the institution. Where the Appeals Committee is reviewing a specific 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;

(f) 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 to every borrower falling within the scope of this Code:

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

(bb) standardised Appeal Forms;



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

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

The decision of the Appeals Committee, which shall be issued no later than two (2) months from the submission of the borrower's appeal, shall be notified by "written communication" and be 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 of the appealing borrower's loan is referred (e.g. back to Step 3 or a re-run of Step 4).

The staff involved in the ApRP shall organisationally be placed within the Non-performing Loans Management Unit (NPL MU) and be subject to the independence requirements of Executive Committee Act 175/2/29.7.2020;

(g) staff from the Non-performing Loans Management Unit (NPL MU) shall represent the institution in any pursuit of an out-of-court dispute resolution procedure, which may be requested 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, in accordance with the specific provisions laid down in the Sixth Chapter;

(i) for the repayment of any debt remaining after the completion of any enforcement proceedings to satisfy a claim arising from a credit agreement falling within the scope of Law 4438/2016, the institution shall establish appropriate policy and procedures to comply with Article 27(4) of this Law;

(j) 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 the amount specified in accordance with Article 3 of Law 4472/2017 "Provisions on State pensions and amendment to provisions of Law 4387/2016, measures for the implementation of fiscal targets and reforms, social support measures and labour regulation, Medium-Term Fiscal Plan Strategy 2018-2021 and other provisions" (Government Gazette A 74), the institution shall propose, in the respective step of the ARP, either:

(aa) a long-term forbearance solution under Part II of Annex II hereof, for the time frame and the level of instalments to be paid in this context, all apparent factors



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that may reasonably affect the repayment capacity of the borrower (such as any high level of disability) shall be taken into account; or,

(bb) if such solution has been considered and excluded as not “appropriate”, 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/her financial distress. If the resolution and closure solution entails the disposal of the borrower’s residence at an estimated, by a certified appraiser, realisation price, lower than the debt, the solution shall provide for facilitating the borrower to repay any remaining amount of debt, in accordance with the provisions of Article 27(4) of Law 4438/2016.

SECTION C: COMMUNICATION POLICY 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 “Debtor notification companies for debts in arrears and other provisions” (Government Gazette A 68), as currently in force;

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

(c) adapt the frequency and content of communication 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 the communication is 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 - natural person, in compliance with relevant legislation and the decisions of competent authorities, as appropriate;

(g) 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 communication is conducted in line with high professional standards;



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

(i) make information material available, both in paper and in electronic format, including the Information Booklet referred to in para. 2 below;

(j) follow a procedure and request documentation for identification and verification of any third parties authorised by the borrower, similar to the procedure and documentation established and required, respectively, for its other services provided to, and transactions with, customers;

(k) have in place a distinct section on its website, dedicated to loans in arrears, easily accessible and user-friendly. In this section, information material shall be made available in electronic format, in a way that enables the borrower to store this material on a “durable medium,” including in particular the following:

(aa) the Information Booklet referred to in para. 2 below;

(bb) the “Standardised Financial Statement” (SFS) provided in Annex I hereto;

(cc) the standardised Appeal Forms, in line with Section B(f)(bb) of this Chapter;

(dd) a list of any data in addition to those envisaged in the “Standardised Financial Statement” (SFS), which are normally required by borrowers, as well as the documentation required to verify the relevant information;

(ee) a list of the “Dedicated Contact Points” referred to in point (h) above;

(ff) a distinct sub-section under the heading “Non-cooperating borrower”, which shall include, as a minimum, the following information:

(i) the definition of “cooperating borrower”;

(ii) the actions which the borrower is required to take to prevent his/her classification as non-cooperating borrower, and the relevant deadlines 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;

(iii) the measures that the institution may take as a result of the borrower’s classification as “non-cooperating”;

(iv) the ability of the borrower to seek advisory assistance and information from public or private entities or third parties of his/her choice, in particular



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those referred to in Articles 3 and 4 of Law 4738/2020 “Debt forbearance, second chance and other provisions” (Government Gazette A 207);

(v) information on the cases where, after the realisation of any security in rem, any outstanding amount of loan in arrears will continue to be an interest-bearing claim of the institution, as well as the way by which the level of interest rate is determined and the way interest rate is accrued;

(hh) an updated list with the names and postal and email addresses of credit servicing firms or other third parties cooperating with the institution assigned with the implementation of any ARP Step on behalf of the institution; and

(ii) an updated list of the notifications to borrowers that institutions are required by law and/or under decisions of Authorities to publish in the press and/or post on their website, in case of debt transfer/securitisation/assignment of servicing, indicating the content of these notifications, in a way that enables the borrower to become aware whether a transactional relationship exists between himself/herself and the transferee or the one that has undertaken the servicing.

2. Every institution shall make available an “Information Booklet for Borrowers in Financial Difficulties”, drafted in plain language. The above Information Booklet shall include, as a minimum, the following:

(a) the definitions of “cooperating borrower” and “reasonable living expenses”;

(b) the description of the ARP;

(c) a brief description of the 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, as the case may be, the appropriateness of solutions;

(d) information about the agencies to which the data on the borrower's arrears are transmitted;

(e) information (including postal address and email) about the agencies (governmental or otherwise) authorised by law to provide advisory assistance and information (in particular the website of the Special Secretariat for Private Debt Management);

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



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(g) a description of the ApRP, with information regarding the borrower's right to appeal against the procedure, including the process and timelines for the submission of the appeal;

(h) information on any consequences of failure to reach an agreement and, in particular, on the possibility that the institution may activate mechanisms for in- or out-of-court debt settlement or endorsement of a restructuring agreement or adjudication in bankruptcy, and on any advantages a borrower can enjoy by cooperating towards reaching an appropriate solution 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 the way of determination of the interest rate) regardless of the realisation of any security in rem or the pledging of other assets, in the case where no forbearance or resolution and closure solution is reached; and

(i) information regarding the institution's right to request additional data and information from sources other than the borrower, under Step 2 of the Third Chapter below, subject to compliance with the provisions of the personal data protection legislation in force.

3. The "Standardised Financial Statement" (SFS) envisaged under the Third Chapter below shall indicate the following:

(a) the potential for providing guidance to the borrower, in order to complete the Statement, via the "Dedicated Contact Point" which the institution must have in place;

(b) the entities, public or otherwise, authorised by law which the borrower may contact to seek advisory assistance;

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

(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. (a) The institution shall adopt a policy regarding communication with borrowers that are natural persons facing special health problems (e.g. visual/hearing impairment, serious or long-term illness, mental problems) that warrant alternative communication methods.



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

THIRD CHAPTER

ARREARS RESOLUTION PROCEDURE (ARP) FOR CLAIMS AGAINST NATURAL PERSONS AND MICRO ENTERPRISES

Each institution shall apply the following steps when handling borrowers (natural persons and micro enterprises) in arrears and in cases where indications of unlikelihood to pay exist.

SECTION A: STEP 1: COMMUNICATION WITH THE BORROWER

(a) Early arrears communication

Initial communication: In the event that the borrower fails to make a full payment or only makes a partial payment by the due date according to the agreed payment schedule, the institution shall take the following actions:

It shall attempt a consultative contact with the borrower, focusing on investigating the underlying causes that have emerged and 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, in compliance with the requirements set out in para. 4 of Section C of Bank of Greece Governor's Act 2501/2002 "Credit institutions' disclosure requirements to customers with respect to terms and conditions governing their transactions" (Government Gazette A 277), as currently in force, and with the provisions of Law 3758/2009 "Debtor notification companies for debts in arrears and other provisions" (Government Gazette A 68). It is advisable that communication in this step be accompanied by a dispatch of the "Information Booklet" referred to in Section C.2 of the First Chapter and designation of a "Dedicated Contact Point" for further contacts.

Non-response on the part of the borrower to communication under this paragraph shall not entail his/her declassification as "cooperating borrower".

(b) Notification

(bb) If the payment is more than thirty (30) calendar days past due, the institution shall notify the borrower by "written communication" within the next fifteen (15)



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calendar days, unless the overdue amount is fully paid in the meantime. In the event of new arrears on the same loan, the dispatch of the Notification need not be repeated, unless one year has elapsed since its last dispatch.

(bb) The 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 on 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 “Standardised Financial Statement” (SFS) provided in Annex I hereto, if the borrower is a natural person;
 - the standardised financial information statement, if the borrower is a legal person - micro enterprise;
- (iv) if the borrower is a natural person, 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 declared, unless the borrower visits the “Dedicated Contact Point”, requests and receives the relevant information in paper form.

(cc) The Notification shall be accompanied by:

- (i) the “Information Booklet for Borrowers in Financial Difficulties”, and a reference to the institution’s “Dedicated Contact Point” for conducting communication with the borrower and providing 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; and
- (ii) if the borrower is a natural person, the “Standardised Financial Statement” (SFS) provided in Annex I hereto and the web address listing the required supporting documents; or
- (iii) if the borrower is a legal person - micro enterprise, a standardised financial information statement and a reference to 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 methodology followed by the institution, with due regard to the prudential guidelines issued by the Bank of Greece on the management of non-performing exposures (Executive Committee Act 175/2/29.07.2020) or, as appropriate, the guidelines of any other authority responsible for the prudential supervision of the institution or in the



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framework of the Single Supervisory Mechanism pursuant to Council Regulation (EU) No 1024/2013 (OJ L 287 of 29.10.2013, p. 63). The data and information to be reported by the borrower must also make clear whether the borrower consents to being subject to an audit of the financial condition of the enterprise by an independent certified auditor, if deemed necessary by the institution.

(dd) The 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.

SECTION B: STEP 2: Collection of financial and other information from the borrower

(a) The institution shall receive, against acknowledgement of receipt, from the borrowers:

(i) the completed “Standardised Financial Statement” (SFS) provided in Annex I hereto, if the borrower is a natural person; or

(ii) the completed standardised financial information statement, if the borrower is a legal person - micro enterprise.

(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, so the deadlines set in this Code are extended accordingly.

(c) The institution shall adjust, and notify the borrower accordingly, the requirements regarding (i) the completion of the SFS or the standardised financial information statement provided by the institution, as the case may be; and (ii) the provision of supporting evidence/documentation, if the required records are accessible by the institution via the digital infrastructures operated by the Special Secretariat for Private Debt Management.

(d) Every institution shall take due care to collect adequate, complete and accurate information on the borrower’s financial condition, in addition to the aforementioned Statement, from other sources, in particular those provided from agencies involved in the keeping and monitoring of assets and financial behaviour data, in order to evaluate the appropriateness of alternative forbearance or resolution and closure solutions.



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

SECTION C: STEP 3: Assessment of financial data

(A) If the borrower is a natural person:

(a) Every institution shall make use of the information submitted in Step 2 in order to assess, 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, including any debts owed to other institutions or to tax or other public authorities or social security funds;

(cc) the borrower's financial behaviour record; and

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

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

(i) the minimum level of "reasonable living expenses"; and

(ii) the parameters described in Chapter A.2 of Executive Committee Act (ECA) 54/15.12.2015 "Procedure and criteria for assessing the maximum repayment capacity of a debtor and the amount that creditors would receive in the event of enforcement proceedings under the procedure laid down in Article 9(2) of Law 3869/2010" (Government Gazette B 2740) (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 estimate the market value [Presidential Decree 59/2016 "Method for determining the market value of foreclosed real estate property pursuant to the Code of Civil Procedure and designation of the competent appraisal body" (Government Gazette A 95/27.5.2016)] of any security in rem (or any other asset(s) of the borrower which, with the latter's consent, could be used as additional security(s)) according to the requirements of Article 18 of Law 4438/2016. Each one of the estimated values 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 its assessment 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.

(B) If the borrower is a legal person - micro enterprise:

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 financial condition and the prospects of the borrower and of the partners in the enterprise. This procedure shall be implemented following the guidelines on the management of non-performing exposures, as specified by the Bank of Greece (ECA 175/2/2020) or, as appropriate, by any other authority responsible for the prudential supervision of the institution or in the framework of the Single Supervisory Mechanism, in accordance with Council Regulation (EU) No 1024/2013 (OJ L 287, 29.10.2013, p. 63).

SECTION D: STEP 4: Proposal of an appropriate solution

(a) Following the above assessment, every institution shall provide, without this being considered as a new service to the borrower (third and fourth sentence of Article 1(2) of Law 4224/2013), to a borrower classified as cooperating a proposal of one or more alternative forbearance solutions, and, 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). The "Standardised Document for Proposing Forbearance or Resolution and Closure Solutions", which shall be delivered within the time limit referred to in point (c) below, shall clearly indicate that the proposal of a resolution and closure solution provided by the institution shall only be effective and activated if the parties fail to reach an agreement on a forbearance solution proposed by the institution or on a counter-proposal of a forbearance solution made by the borrower.

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 guidelines of the Bank of



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Greece on the management of non-performing exposures (ECA 175/2/29.7.2020) or, as appropriate, of any other authority responsible for the supervision of the institution or in the framework of the Single Supervisory Mechanism pursuant to Council Regulation (EU) No 1024/2013 (OJ L 287 of 29.10.2013, p. 63). 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, if the borrower is a natural person, 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, provide to the cooperating borrower, against acknowledgement of receipt, the “Standardised Document for Proposing Forbearance or Resolution and Closure Solutions”. The proposal shall be delivered by the institution no later than two (2) months from receipt of either (i) the SFS, if the borrower is a natural person, or (ii) the completed standardised financial information statement, if the borrower is a legal person - micro enterprise.

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

- (aa) consent 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 refuses to consent to any of the proposals made.

(e) The “Standardised Document for Proposing Forbearance or Resolution and Closure Solutions” shall include, as a minimum, the following:

- (aa) a description of the terms and conditions of the proposed solution(s) (interest rate, accrual period, duration, any grace period, amount and schedule of repayments), other charges and expenses, the price at which an asset may be repurchased in the case of financial lease, any accrued interest relief, etc.) and other appropriate information according to the type of the proposed solution, in a manner enabling comparison both across proposed solutions 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, taking into account, if applicable, the provisions of Article 3(7) of Law 4354/2015, as currently in force;



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

(cc) an indication that the assessment of the appropriateness of the proposed solution(s) has taken into account the amount of outstanding debt, the type and value of collaterals in relation to:

(i) the repayment capacity of the borrower, when the latter is a natural person; or

(ii) the financial condition of the enterprise and its outlook, when the borrower is a legal person - micro enterprise,

as assessed in Step 3 of the ARP, in particular on the basis of the information gathered in Step 2;

(dd) if the borrower is a natural person, a calculation of the present value of the proposed settlement plan or of any counterproposal submitted by the borrower, and a recent estimate of the realisation value of the relevant property by a certified appraiser, on the basis of the appraisal standards laid down in subparagraph C.2 of Law 4152/2013 "Emergency measures for the implementation of Laws 4046/2012, 4093/2012 and 4127/2013" (Government Gazette A 107), 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 amount of debt remaining after the disposal of the primary residence;

(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 or / and the legal effects in any of the above cases (as in particular the time period after which collateral realisation procedures may be instituted);

(hh) a notice:

(i) when the borrower is a natural person, of his/her obligation to inform the institution in a timely manner of any change in his/her financial condition, on the basis of which the proposed solution has been assessed; or

(ii) when the borrower is a legal person - micro enterprise, of the importance of timely notification to the institution of any events or agreements that are



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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 assess the counter-proposal and, within one (1) month from its receipt, shall either:

(aa) consent to the counter-proposal; or

(bb) respond by “written communication” that it rejects 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) It is clarified that, if any of points (bb) or (cc) above applies, within the deadline specified in the definition of “cooperating borrower”, the borrower may either:

(aa) consent to the new or the initial proposal; or

(bb) declare in writing that he/she refuses to consent to the new proposal.

(i) In presenting the proposed solution or alternative solutions, every institution shall be open to comments and queries on the part of borrowers, providing them – to the maximum extent possible – with standardised and comprehensible information to help them understand the proposed solution or, as appropriate, the differences across several proposed alternative solutions, as well as the differences between the existing and the new terms of debt repayment.

SECTION E. Step 5: Appeals Review Procedure (ApRP)

As envisaged in para. (f) of the Second Chapter , Section B hereof, this step is an ARP step, which may be activated following the classification of a borrower as non-cooperating.

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

It should be pointed out that an appeal may be brought against the procedure leading to the classification of the borrower as non-cooperating. The content of the proposal



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or counter-proposal, which is negotiated in accordance with Section D above, is not subject to appeal.

SECTION F. TREATMENT OF NON-COOPERATING BORROWER

(A) After classifying a borrower that is a natural person as non-cooperating, where such classification could lead to the auctioning of the borrower's primary residence, the institution shall inform him/her thereof by "written communication" 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) the 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 sell any collaterals provided by guarantors;

(dd) whether the borrower and the guarantors (if any) will continue to be liable for any amount of debt remaining after realisation of collaterals, as well as the interest rate to be applied to such debt and the accrual method;

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

(ff) the borrower's right to appeal against his/her classification as non-cooperating, through the procedure established by the institution in accordance with para. (f) of Section B of the Second Chapter hereof.

(b) Following the classification of a borrower that is a legal person - micro enterprise as non-cooperating, the borrower shall be notified of the fact and the specific reason/s for this classification at the time of the contract termination or earlier.

FOURTH CHAPTER

GUARANTOR

1. For the purposes of this Code, any provision applying to a borrower in arrears shall also apply to the respective guarantor(s) of the debt.

2. For natural persons acting as guarantors of claims against natural persons, the provisions of the Third Chapter hereof concerning natural persons shall apply. Any



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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 - micro enterprises, the provisions of the Third Chapter hereof concerning legal persons - micro enterprises shall apply, if the natural person acting as guarantor 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.

FIFTH CHAPTER

MULTIPLE CREDITORS

Taking also into account the possibility of having recourse to the out-of-court mechanism envisaged by Law 4738/2020, as in force from time to time, it is recommended that institutions seek a mutually acceptable solution in line with the best practices set out in Annex III (INSOL International, STATEMENT OF PRINCIPLES FOR A GLOBAL APPROACH TO MULTI-CREDITOR WORKOUTS II, April 2017 edition).

SIXTH CHAPTER

DEMONSTRATION OF COMPLIANCE, TRANSITIONAL AND FINAL PROVISIONS

1. Every institution shall demonstrate at any time 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 procedure. 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. Such record shall include documentation of (aa) the pursuit of a 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; and

(c) complete the steps envisaged in this Code (where implementation thereof is mandatory) before initiating any enforcement proceedings against a “cooperating” borrower.



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2. The Bank of Greece monitors and checks: (a) the manner of implementation of this Code of Conduct and (b) the full and effective establishment of systems, and shall be entitled to require such corrective measures as it may deem necessary and impose sanctions under Article 55 A of its Statute, in the event of (a) systematic non-implementation of the Code of Conduct and (b) identification of weaknesses in institutions' systems.

3. By authority of law, the Bank of Greece shall receive complaints, which are investigated 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 of the forbearance solution or the procedure followed to pursue it.

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. (a) The provisions of Subsections C.2 to C.5 of Section C "EXCLUSIONS/SUSPENSION" of the FIRST Chapter hereof shall enter into force on the day of publication of this Code of Conduct in the Government Gazette.

(b) The remaining provisions hereof shall enter into force on 1 September 2021.

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

7. As from the entry into force hereof, Credit and Insurance Committee Decision 195/1/29.7.2016 shall be repealed. In this context, the maximum time limit for borrowers to respond shall remain 15 working days, as specified in the definition of "cooperating borrower", as this was laid down in Credit and Insurance Committee Decision 116/1/25.8.2014 (Government Gazette B 2289), until its replacement by a new decision of the Government Council for Private Debt Management or by other provision of a legislative or regulatory act.

8. References to Credit and Insurance Committee Decision 195/1/29.7.2016 shall be construed as references to this decision.

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

10. Annexes I, II and III shall be an integral part hereof.



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11. 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, 08/06/2021

The Secretary

[signed]

I. Pantou



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ANNEX I

**“STANDARDISED FINANCIAL STATEMENT (SFS)
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

	Capacity		
	BORROWER <input type="checkbox"/> GUARANTOR <input type="checkbox"/>		
	BORROWER'S DATA		
A1a	Details of loan agreement (number, date, etc.) ⁽¹⁾		
A1b	Number of loan servicing account ⁽¹⁾		
A1c	Full name		
A1d	ID number/Passport number		
A1e	Tax Identification Number		
	CONTACT DETAILS		
	DATA OF PERSON SUBMITTING THE SFS		
A2a	Postal address of primary residence		
A2b	Other preferred correspondence address ⁽²⁾		
A2c	Telephone number		
A2d	Other phone number ⁽²⁾		
A2e	Personal email ⁽²⁾		
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"/>
	DATA OF PROCESS AGENT (if applicable)		
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 ⁽²⁾		
	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/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)		
	ADDITIONAL INFORMATION (3)		
	(1) To be completed by the institution if not available to the borrower/guarantor		
	(2) Optional		



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(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 (SFS) 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 (2)	
		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)				
B2	Net labour or pension income (after taxes and social security contributions)				
B3	Benefits from public sector entities/social security funds				
B4	Spouse alimony/Child support				
B5a	Income from unencumbered real estate				
B5b	Income from encumbered real estate (e.g. where mortgage prenotation has been registered by an institution)				
B6	Income from non-real estate assets (e.g. deposit interest, dividends)				
	Other Income				
B	Total Income				
(2) Optional					



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"STANDARDISED FINANCIAL STATEMENT (SFS) for use in the context of the Arrears Resolution Procedure (ARP) under the CODE OF CONDUCT referred to in Law 4224/2013"								
Part C: REAL ESTATE ASSETS								
Property (Type/use: residence, vacation home, house let/rented, occupational use)	Objective value (in euro)	Market Value (1)	Location (Prefecture, City, Street)	Area	Acquisitio n year	Acquisition Method (donation, heritage, purchase, parental gift,)	Ownership type	Encumbrances (prenotation, mortgage, lien)
(1) Optional								



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“STANDARDISED FINANCIAL STATEMENT (SFS) for use in the context of the Arrears Resolution Procedure (ARP) under the CODE OF CONDUCT referred to in Law 4224/2013”							
Part D: OTHER ASSETS							
	Type of asset	Value in euro	Number of account	Type (term deposit, savings account, etc.)	Name of institution	Acquisition year	Free of encumbrances (YES/NO)
D1	Deposits						
D2	Car(s)						
D3	Life insurance						
D4	Shares/securities (1)						
D5	Other(2)						
D6	Total						
	(1) Please specify						
	(2) Please specify						



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“STANDARDISED FINANCIAL STATEMENT (SFS) for use in the context of the Arrears Resolution Procedure (ARP) under the CODE OF CONDUCT referred to in Law 4224/2013”						
Part E: DEBT						
	Type of debt	Amount in arrears	Outstanding amount not in arrears	Maturity date of debt	Amount of the monthly instalment	Type of collateral
Greek State						
Social security funds						
Private insurance						
Banks						
Other 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 debtor 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 system as a whole.

Section I – Types of short-term forbearance solutions

Short-term forbearance measures are those with duration of up to 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 Interest Only (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 Interest Only: 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.

Short-term forbearance measures are those with duration of less than two (2) years. However, forbearance measures comprising solely short-term facilitations, such as those mentioned above, for a specific period of time that may exceed two (2) years, will also be classified under short-term forbearance measures.

Section II - Types of long-term forbearance solutions

Long-term forbearance measures are those with duration of more than two (2) 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 schedule.



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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 by more than two years).
- (c) Split balance: the outstanding amount of the debt is split into two parts (tranches):
 - (i) the part which is likely to be repaid, on the basis of the borrower's existing and estimated future repayment capacity; and
 - (ii) the remaining part, 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: a part of 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 a corporate borrower 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) surrender to the institution of the things on which security in rem has been established aimed to reduce the outstanding amount of the claim, or even with a voluntary sale of the things on which security in rem has been established to settle the claim. Below is an indicative list of solutions available in international practice; the adoption of each solution, however, shall be without prejudice to the relevant 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 surrender agreement shall clearly specify the way of settlement of any remaining debt. This solution may apply to collateral in the form of residential or commercial property.



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(c) Mortgage to Rent/Lease: the borrower transfers the ownership of the real 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 commercial 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 commercial 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

Statement of principles for a global approach to multi-creditor workouts II

(as revised and published by INSOL International (International Association of Restructuring, Insolvency and Bankruptcy Professionals) in April 2017)

First principle: When the borrower faces 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. Conflicts of interest among the creditors should be identified early and dealt with appropriately.

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 with 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.

Sixth principle: Proposals for the settlement of the claims of relevant creditors against the borrower 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 debts should be made available to all relevant creditors and, unless already publicly available, should be treated by them as confidential.



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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.