



EUROPEAN CENTRAL BANK
EUROSYSTEM

ECB-PUBLIC

COURTESY TRANSLATION

Mario DRAGHI
President

Mr Nikolaos Chountis
Member of the European Parliament
European Parliament
60, rue Wiertz
B-1047 Brussels

Frankfurt am Main, 12 September 2018

L/MD/18/307

Re: Your letter (QZ-056)

Honourable Member of the European Parliament, dear Mr Chountis,

Thank you for your letter, which was passed on to me by Mr Roberto Gualtieri, Chairman of the Committee on Economic and Monetary Affairs, accompanied by a cover letter dated 11 July 2018.

The reduction in non-performing exposures, which stood at €92.4 billion or 48.5% of total exposures in March 2018, is one of the key challenges facing the Greek banking sector and a prerequisite for a sustainable economic recovery in Greece. A focus of the European Stability Mechanism (ESM) programme has been the removal of structural impediments to effective non-performing loan (NPL) resolution. In this context, the authorities have developed and implemented a legal framework for the transfer and external servicing of loans in Greece.

The NPL Sales Law (Law 4354/2015)¹ requires debtors to be notified of the sale of their loan to a third party. In addition, at least 12 months prior to an NPL sale, the seller is obliged to make debtors an appropriate offer to settle or restructure their debt, in accordance with the rules of the revised banking Code of Conduct.² This

¹ Law on the "Management of non-performing loans, wage-setting arrangements and other urgent provisions in application of the agreement on budgetary targets and structural reforms".

² The revised Code of Conduct under law 4224/2013 was established by decision no. 195/29.7.2016, of the Committee for Credit and Insurance Matters of the Bank of Greece and applies to all supervised credit institutions which extend credit in Greece under the Greek banking law 4261/2014. It is available (in Greek) at https://www.bankofgreece.gr/BoGDocuments/ΕΠΑΘ%20195_1.pdf.

Address
European Central Bank
Sonnemannstrasse 20
60314 Frankfurt am Main
Germany

Postal address
European Central Bank
60640 Frankfurt am Main
Germany

Tel. +49-69-1344-0
Fax: +49-69-1344-7305
Website: www.ecb.europa.eu

requirement applies to all debtors that meet the definition of “consumer” as set out in Article 3(a) of Directive 2008/48/EC, and are considered to be “cooperative” according to the revised Code of Conduct. Moreover, it is worth noting that the transfer of loans to non-banks requires the loans to be managed by a servicing company that is licensed by the Bank of Greece. The current legal framework as outlined above hence ensures sufficient safeguards for debtors in the event of loan transfers, while at the same time not undermining the payment culture.

Yours sincerely,

[signed]

Mario Draghi

Address

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