



# GREECE

## FINANCIAL SECTOR ASSESSMENT PROGRAM

June 2026

### TECHNICAL NOTE ON INSOLVENCY AND CREDITOR RIGHTS AND WORKOUT OF DISTRESSED DEBT BY CREDIT SERVICERS

This Technical Note on Insolvency and Creditor Rights and Workout of Distressed Debt by Credit Servicers for the Greece FSAP was prepared by a staff team of the International Monetary Fund as background documentation for the periodic consultation with the member country. It is based on the information available at the time it was completed on May 21, 2026.

Copies of this report are available to the public from

International Monetary Fund • Publication Services  
PO Box 92780 • Washington, D.C. 20090  
Telephone: (202) 623-7430 • Fax: (202) 623-7201  
E-mail: [publications@imf.org](mailto:publications@imf.org) Web: <http://www.imf.org>  
Price: \$18.00 per printed copy

**International Monetary Fund**  
**Washington, D.C.**



# GREECE

## FINANCIAL SECTOR ASSESSMENT PROGRAM

May 21, 2026

# TECHNICAL NOTE

## INSOLVENCY AND CREDITOR RIGHTS AND WORKOUT OF DISTRESSED DEBT BY CREDIT SERVICERS

Prepared By  
**Legal Department and  
Monetary and Capital Markets  
Department**

This Technical Note was prepared by IMF staff in the context of the Financial Sector Assessment Program. It contains technical analysis and detailed information underpinning the FSAP's findings and recommendations. Further information on the FSAP can be found at

<http://www.imf.org/external/np/fsap/fssa.aspx>

## CONTENTS

Glossary	4
<b>EXECUTIVE SUMMARY</b>	<b>5</b>
<b>INTRODUCTION</b>	<b>8</b>
<b>NPL LANDSCAPE</b>	<b>8</b>
<b>OVERVIEW OF THE GREEK INSOLVENCY SYSTEM</b>	<b>9</b>
<b>MORTGAGE ENFORCEMENT</b>	<b>10</b>
A. Description of the System	10
B. Use and Practice	13
C. Analysis and Recommendations	14
<b>RESTRUCTURING AND INSOLVENCY TOOLKIT FOR BUSINESSES</b>	<b>16</b>
A. Description of the System	16
B. Use and Practice	18
C. Analysis and Recommendations	19
<b>WORKOUT OF DISTRESSED DEBT BY CREDIT SERVICERS</b>	<b>22</b>
A. Description of the System	22
B. Use and Practice	25
C. Analysis and Recommendations	27
<b>FIGURES</b>	
1. Bank NPL by Borrower	8
2. Loans Serviced by Credit Servicers	9
3. Steps of the Mortgage Enforcement Process	11
4. Concluded Auctions 2025	12
5. Use of OCW by Debtor Type 2022-2025	19
6. Distressed Assets Managed by Credit Servicers	24
<b>TABLES</b>	
1. Main Recommendations	7
2. Snapshot of Procedures under the Insolvency Law	9
3. Process Timelines and Related Initiatives	14

4. Data on Restructuring and Insolvency Tools for Businesses _____	18
--	----

**ANNEX**

I. BCP 18 and Related Essential Criteria Applicable to Banks, that would be Subject to Analogous Application to Credit Servicers _____	31
--	----

## Glossary

AMC	Asset Management Company
BoG	Bank of Greece
CCR	Central Credit Registry
CPA	Consumer Protection Authority
CPC	Code of Civil Procedures
FSAP	Financial Sector Assessment Program
FTE	Full Time Equivalent
GSFSPD	General Secretariat of the Financial Sector and Private Debt
HAPS	Hellenic Asset Protection Scheme
HBA	Hellenic Banking Association
HLSA	Hellenic Loan Servicers Association
ICR	Insolvency and Creditor Rights
KPI	Key Performance Indicators
LSI	Less Significant Institution
MoEF	Ministry of Economy and Finance
MoJ	Ministry of Justice
NAV	Net Asset Value
NPLs	Nonperforming loans
OCW	Out-of-Court Debt Settlement Mechanism
PDMA	Public Debt Management Agency
SI	Significant Institution
TF	Task Force
TN	Technical Note

## EXECUTIVE SUMMARY<sup>1</sup>

**This note provides an overview of the insolvency and creditor rights’ regime in Greece and analyzes select relevant aspects in the context of an overall assessment of the Greek financial sector.** It focuses on two key areas: (i) the issues affecting mortgage enforcement in Greece; and (ii) the reorganization options available to large corporations. Mortgage enforcement was considered particularly relevant given the very high level of non-performing loans (NPLs) in the Greek financial system, of which residential mortgages make up a third of the NPLs now held primarily by non-bank institutions and serviced by the Greek credit servicers. Hence mortgage enforcement is critical to the process of legacy NPL resolution. Corporate restructuring options were also considered particularly relevant from a forward-looking perspective given the observed high concentration of bank lending to large corporates. This analysis has been conducted against the international insolvency standard (the “Standard”).<sup>2</sup>

**The note also focuses on the workout of distressed debt by credit servicers.** Banks underwent major asset cleanups since 2019 through direct sales and state-sponsored securitization schemes of NPLs (the so-called Hellenic Asset Protection Schemes or HAPS). These processes led to a sharp reduction of banks’ NPLs (from 43.5 percent in June 2019 to 3.3 percent in September 2025). However, credit servicers still manage a large stock of NPLs and other distressed assets that are now owned by funds. These are more than 3 million loans—of which 2.9 million are NPLs—that represent 33 percent of Greece 2025 GDP as of September 2025. Given the scale and magnitude of these loans, also relative to Greece’s total population (involving c. 2.4 million borrowers out of a population of 10.4 million people), the note analyzes the supervision of credit servicers, and it explores policy measures to increase the efficiency of workouts by credit servicers and accelerate their pace of NPL resolution.

**The process of mortgage enforcement has significantly improved compared to a decade ago, but more needs to be done to further align it with the standard.** Key persistent challenges that lengthen enforcement times and increase costs include the prevalence of borrower objections at different stages of the process, delays in issuance of payment orders by the courts, a statutory waiting period of seven months between confiscation and the first auction, lack of competition at auctions, delays in distribution of auction proceeds and transfer and registration of ownership following an auction, and lingering costs post-auction due to the requirement to maintain a guarantee for a period of five years. Recommendations to strengthen the process hence focus on reducing delays, eliminating unnecessary costs and preventing abuse. In addition, a government-level strategy is needed for dealing with the issue of unauthorized renovations and additions to immovable property in Greece given its impact on pricing and marketability of auctioned assets,

<sup>1</sup> This note was prepared by Amira Rasekh (Insolvency and Creditor Rights’) and Miguel A. Otero (Credit Servicers). The authors would like to thank the Greek authorities for their excellent engagement, open dialogue, and warm hospitality throughout the FSAP.

<sup>2</sup> The international standard is composed of the World Bank Principles for Effective Insolvency and Creditor/Debtor Regimes (the “World Bank Principles”) and the recommendations of the UNCITRAL Legislative Guide on Insolvency Law (“UNCITRAL Legislative Guide”).

which in turn delays recovery. The courts should strengthen data collection and statistics on mortgage enforcement cases to better inform reforms.

**Greece has a modern legal toolkit for the resolution of enterprise distress, but a formal reorganization process is lacking.** Under the current toolkit, rehabilitation is the only procedure available for the restoration of a failed business to financial health. But there is no option for a formal deeper reorganization with closer judicial oversight, which is inconsistent with the Standard. Pre-insolvency procedures and formal reorganization procedures have separate spaces in an insolvency system, particularly in the degree of judicial intervention and interference with creditors' and third parties' rights (considerably higher in the case of reorganization). Court-supervised reorganization provides a solution that is particularly useful for large complex cases of corporate distress that necessitate formal insolvency proceedings. Policy makers should consider introducing such a procedure to complement rehabilitation and fill the gap in the toolkit. Introducing such a tool would closely align with managing financial stability risks arising from the observed concentration of bank lending to large corporates. Work on producing meaningful statistics on the use of the tools of the insolvency system would support more effective analysis and inform policy and future reforms. The institutional framework would benefit from a specialization of judges in commercial matters and well-resourced courts to successfully support the implementation of the insolvency regime. Looking ahead, the continued development of insolvency law at the European level will present avenues for further improvements of the Greek insolvency regime.

**The Bank of Greece (BoG) should improve the supervision of credit servicers, given the systemic amount of distressed debt they manage and the slow pace of NPL resolution achieved to date.** The reduction in NPLs in the banking sector since 2019 was remarkable, thanks to their securitization through the Hellenic Asset Protection Scheme (HAPS) and direct sales of NPLs by banks. However, it has left a significant residual risk managed by credit servicers outside of the banking sector, and a substantial government guarantee of the senior tranches of the HAPS securitizations that remain on bank balance sheets. This situation requires more assertive action from the Greek authorities in general, and from the BoG in particular, as responsible body for the supervision of credit servicers. Therefore, the BoG should increase its supervisory resources and focus on the performance of credit servicers and introduce targeted enhancements on their supervisory reporting and transparency. The BoG should also augment relevant published reports to reflect on the performance of credit servicers.

**Other actions should be taken, aimed at increasing efficient workouts by credit servicers.** The BoG and the Ministry of Economy and Finance (MoEF) should produce annual reports about the performance of credit servicers and about the evolution of HAPS, respectively. The latter should be certified by the national public auditor and the MoEF should also create a website with regularly updated data about HAPS. In addition, the BoG should continue increasing cooperation with government agencies, including with the Ministry of Justice (MoJ), to improve the workout of distressed debt by credit servicers. This enhanced cooperation should help the authorities remove remaining technical impediments to efficient workouts by credit servicers, including access to up-to-date contact information of distressed debtors and dealing with the backlog of cases related to the Katseli Law.

**Table 1. Greece: Main Recommendations**

#	Recommendation	Authority	Timing*
<b>Insolvency and Creditor Rights</b>			
1.	Resolve the backlog of borrower objections and streamline the process for such objections going forward and accelerate their adjudication, ideally, in one single decision.	MoEF; MoJ	ST
2.	Shorten the statutory period required between seizure and the first auction and monitor the issuance of payment orders by lawyers to see if it is having the desired effect.	MoEF; MoJ	I
3.	Strengthen data collection and statistics on mortgage enforcement to better identify and address bottlenecks.	MoJ; Courts	I
4.	Remove the requirement for a five-year guarantee post-auction as security against challenges to the ranking table and reduce the statutory period during which the ranking table is open for challenges.	MoEF; MoJ	I
5.	Eliminate barriers to the swift distribution of auction proceeds and transfer and registration of ownership following an auction by addressing delays at notary level and completing the digitalization of the cadastres.	MoEF; MoJ	ST
6.	Develop a system for making building violations public and establish a program for addressing them and quantifying their cost. Consider granting the evaluator access to the auctioned property to support more accurate pricing.	Government, consulting relevant agencies.	MT
7.	Improving the efficiency of the judicial process for rehabilitation and liquidation cases.	MoJ; Courts	MT
8.	Introduce a formal court-supervised reorganization process dedicated to the rescue and rehabilitation of businesses and providing the effects of formal insolvency proceedings	MoEF	ST
9.	Monitor the implementation of the OCW and tools of the formal insolvency regime and revisit the law as experience is gained and data is collected. Capitalize on the advanced data systems in place and focus efforts on producing meaningful statistics to inform the design of reforms.	MoEF	I
10.	Strengthen the implementation of the insolvency and creditor rights' regime through specialization of judges in commercial matters and well-resourced courts.	MoJ	ST
<b>Workout of Distressed Debt by Credit Servicers</b>			
1.	Improve the intensity and impact of the prudential supervision of credit servicers, notably on debt collection frameworks and practices, using the whole range of existing legal supervisory powers and increasing supervisory resources.	BoG	ST
2.	The supervision of BoG to increase focus on: (i) distressed debt recovery performance, requiring regularly updated business plans; and (ii) targeted enhancements on supervisory reporting and transparency.	BoG	I
3.	Remove remaining technical impediments to efficient workouts by credit servicers, including access to up-to-date contact information of distressed debtors and dealing with the backlog of Katseli Law cases.	Government	ST
4.	Increase overall coordination between the BoG and government agencies to improve the workout of distressed debt by credit servicers.	BoG, Government	ST
5.	Produce an annual HAPS report certified by the national public auditor and establish a public HAPS website with regularly updated data, in line with established practices in comparable frameworks.	MoEF	I

\* Timing: I = Immediate (within one year); ST = Short Term (1-2 years); MT = Medium Term (3-5 years).

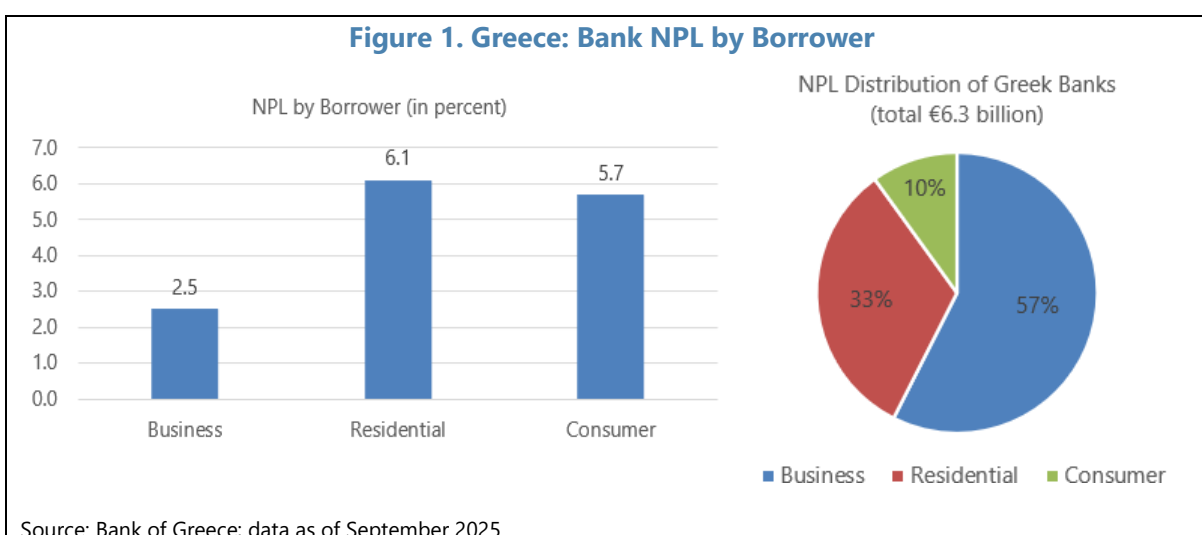
## INTRODUCTION

**1. This technical note assesses select aspects of the Greek insolvency and creditor rights system against the Standard.** Considering the risks and priorities identified in the 2026 Financial Sector Assessment Program (FSAP), the mission focused on the following issues: First, the mission analyzed the issues affecting mortgage enforcement in Greece given its impact on legacy non-performing loan (NPL) resolution. Second, the mission examined the use and effectiveness of restructuring procedures for businesses, with a special emphasis on the reorganization options available to large corporations and related institutional framework considerations. Third, the mission focused on the workout of distressed debt by credit servicers, given the large magnitude of NPLs that remain managed by them.

**2. The mission engaged in extensive meetings with both the public and private sector.** Meetings were held with public sector agencies with competencies related to insolvency and creditors' rights, including the General Secretariat of the Financial Sector and Private Debt Management (GSFSPD) of the Ministry of Economy and Finance (MoEF), the Bank of Greece, the Ministry of Justice (MoJ), judges, the Real Estate Registry and Tax Administration. Other key stakeholders included retail banks, credit servicers, private sector attorneys, insolvency practitioners and business representatives.

## NPL LANDSCAPE

**3. Bank NPLs were sharply reduced in past years.** This was achieved through direct sales and the Hellenic Asset Protection Scheme (HAPS) implemented since 2019, leading to bank NPLs dropping from 43.5 percent in June 2019 to 3.3 percent in September 2025 (see Figures 1 and 2). Bank NPLs do remain above the EU average of 2.3 percent.

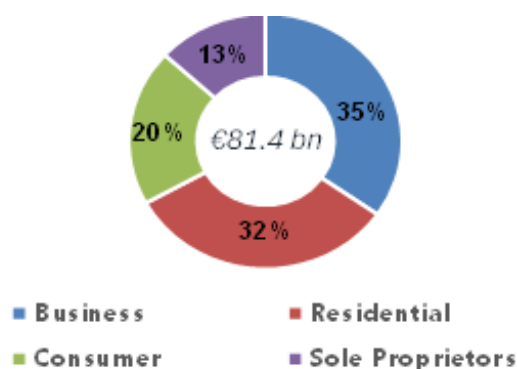


**4. Despite these gains, a significant amount of the transferred NPLs remain unresolved and weigh heavily on new lending.** The nominal volume of outstanding loans remains well below

pre-crisis peak. Recent bank credit expansion has been driven by corporate loans which are heavily concentrated in large corporates. Mortgage lending, on the other hand, remains sluggish due to legacy issues related to unresolved NPLs.<sup>3</sup> Household and corporates with outstanding NPLs are seen as almost “nonbankable” from a risk perspective, which in turn severely limits the universe of domestic banking clients, given the large amount of NPLs that remain under management by credit servicers.

**Figure 2. Greece: Loans Serviced by Credit Servicers and Owned by Funds**

Loans Serviced by Credit Servicers (Sept. 2025)



Source: IMF with BoG data.

## OVERVIEW OF THE GREEK INSOLVENCY SYSTEM

### 5. Greece's insolvency framework has undergone significant reforms in recent years.

Under Law 4738/2020, a unified framework for both individuals and businesses was introduced to address financial distress through out-of-court workouts (OCW), rehabilitation or liquidation (Table 2).<sup>4</sup> This law replaced several previously fragmented statutes and created a consolidated and modernized insolvency regime.

**Table 2. Greece: Snapshot of Procedures under the Insolvency Law**

Proceeding	Eligible Debtors	Debt Limit	Claims Resolved	Maximum Repayment Plan or Discharge Period
<b>OCW</b>	Individuals and businesses (both natural and legal persons) with some exceptions.	Minimum debt of > €10,000 to qualify.	Debt to financial institutions (secured and unsecured), the State and Social Security Funds.	20 years for state and social security debts and 35 years for debt to financial institutions.

<sup>3</sup> As of end-2024, loans account for approx. 51 percent of total banking assets with credit to non-financial corporations representing 54.5 percent of total loan portfolio, followed by household loans at 26.3 percent.

<sup>4</sup> Special provisions also exist for vulnerable debtors, including protections for primary residence.

<b>Rehabilitation</b>	Businesses (natural or legal).	N/A	All (preferential, secured, unsecured).	N/A
<b>Liquidation and Simplified Liquidation</b>	Individuals and businesses (both natural and legal persons).	N/A for Liquidation.	All (preferential, secured, unsecured).	Discharge of individuals after one year (with assets) and after three years (without or with minimal assets).
		For Simplified Liquidation: Max natural person assets of €450,000. For micro- and small-enterprises, also an annual turnover of less than €900,000.	All (preferential, secured, unsecured).	

**6. Responsibility for the Greek insolvency regime resides with the GSFSPD, whereas oversight of the courts falls under the MoJ.** The GSFSPD operates under the Ministry of Economy and Finance and is responsible for the insolvency framework for both individuals and businesses, as well as providing information and support to debtors with respect to debt management. The GSFSPD also operates the electronic platform for the OCW and the Electronic Solvency Register. The GSFSPD has been a critical component in the Greek efforts to manage the repercussions of the global financial crisis. The MoJ is responsible for the administration and management of the courts.

**7. Insolvency cases and debt enforcement matters in Greece are handled by the civil courts.** Civil courts in Greece deal with a wide range of civil, commercial and criminal issues ranging from family matters to commercial disputes. The major courts have split the handling of civil and criminal cases between different groups of judges. With respect to civil law, three first instance courts (Athens, Piraeus and Thessaloniki) have established specialized benches in areas like debt enforcement, insolvency law, and intellectual property. Similarly, there is a low level of specialization at the major courts of appeal (split between civil and criminal law and specialized benches in some civil areas).

## MORTGAGE ENFORCEMENT

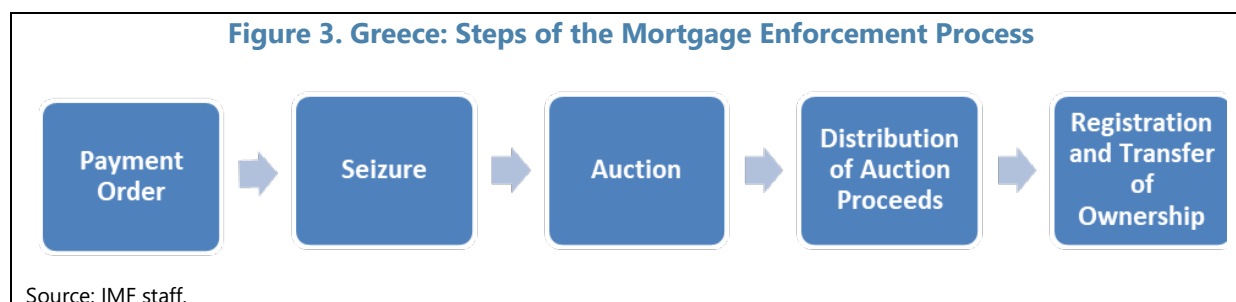
### A. Description of the System

**8. The process of mortgage enforcement is regulated in the Code of Civil Procedures (CPC).<sup>5</sup>** In principle, enforcement may only be carried out on the basis of an enforceable title.<sup>6</sup> The

<sup>5</sup> CPC 918 et seq.

<sup>6</sup> A court stamp and signature of the notarial deed are required at the beginning of enforcement.

process comprises several steps (see Figure 3). It begins when the debtor receives a copy of the inventory with a payment order issued by the court. This is followed by the seizure of the asset and then the auction itself. The law prescribes a statutory waiting period of seven months between asset seizure and the first auction. Following a successful auction, a ranking table of claims is issued by the notary and the proceeds of the auction distributed accordingly, and the ownership of the auctioned asset is transferred to the new buyer. Throughout the process, the debtor has the right to object to the execution at various stages by challenging the validity of the enforceable title, the enforcement procedure itself, and/or the debt amount.



**9. The CPC sets forth the mechanisms and rules for the advertisement and conduct of auctions.** The auction is conducted through an electronic platform<sup>7</sup> without direct court involvement, and the property is awarded to the highest bidder. Prior to the auction, a certified independent evaluator determines the auction opening price based on a standard checklist (e.g., location, size), but the evaluator is not granted access to the inside of the property. The accredited notary must post the announcement of the auction, including the auction date and time, the asset subject to the auction, the first bid price set by the evaluator, the amount of the guarantee and a link to the seizure report. The announcement may include photographs of the asset being auctioned and any other relevant documents in the notary's possession of the notary (e.g., construction permits, site plan), but it is not possible for interested buyers to inspect the property in person ahead of the auction. In case of an unsuccessful auction, the CPC provides for an automatic reduction of the starting bid price based on the number of failed auctions; the starting price is automatically reduced by 20 percent for the third auction and by an additional 15 percent for the fourth auction (i.e., 80 and 65 percent of the initial price respectively).

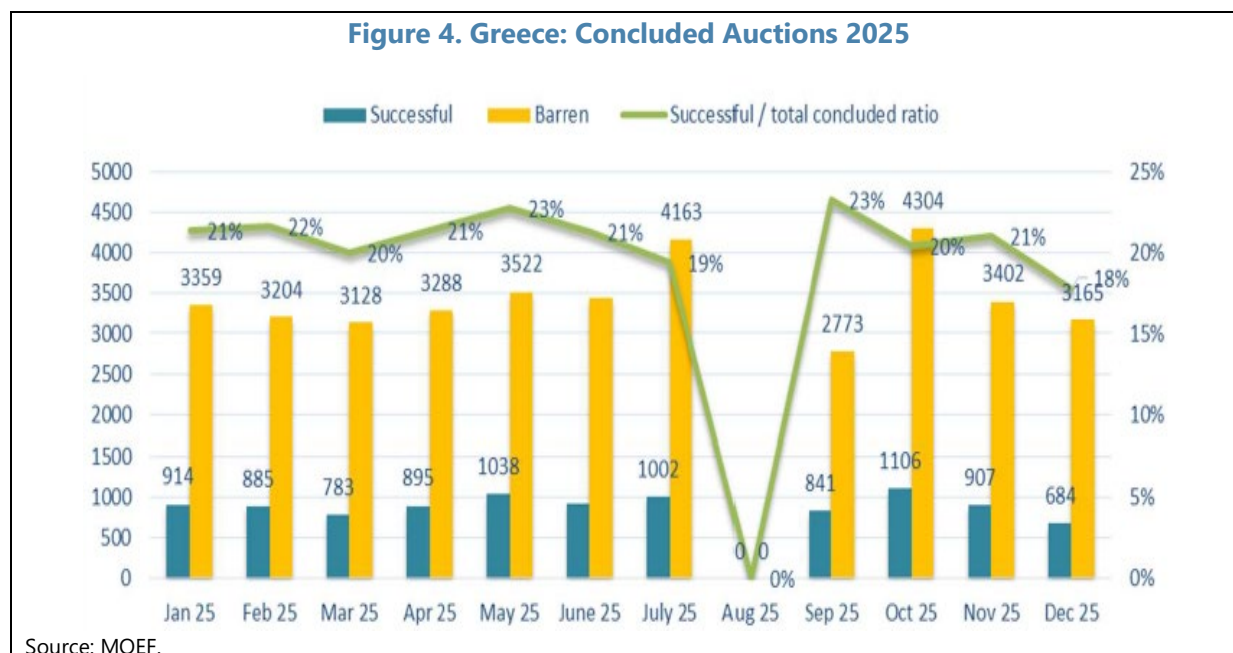
**10. Auction proceeds are distributed to creditors in a specific order mandated by the CPC.**<sup>8</sup> Specifically, the CPC divides claims into three main classes: *general privilege claims* (e.g., tax, social security, employees); *special privilege claims* which are those secured by the asset being auctioned, and *unsecured claims*. The CPC sets a distribution cap on auction proceeds; namely, up to 25 percent for general privilege claims, up to 65 percent for special privilege claims and up to 10

<sup>7</sup> The introduction of e-auctions in Greece was a very significant reform considering the substantial challenges that traditional auctions faced. See IMF (2017), *Insolvency and Enforcement Issues in Greece*, Selected Issues Paper.

<sup>8</sup> CPC 975-978.

percent for unsecured claims.<sup>9</sup> It follows that the extent to which a secured creditor may or may not recover its loan amount in full depends on the composition of creditor claims and the degree of collateralization of the loan at the time of the property sale.

**11. Over the last four years, the average success rate of auctions has been roughly 20 percent (see Figure 4).** Of the successful auctions, about half involve apartments as the property being sold. And at least 60 percent of all properties sold are acquired by real estate companies. About 70 percent of all properties sold were disposed of in the first auction. On average, the closing price differential is about eight percent.<sup>10</sup>



**12. There is a lack of competition for auctioned properties which seems to be attributable to a combination of different factors:** (i) the lack of access to the property for inspection purposes prior to the auction means that the internal state of the property cannot be accurately priced in; (ii) the lack of access is further compounded by the prevalence of unauthorized renovations and additions (building violations) in Greece and the lack of information about them, which adds more risk to the buyer and affects the accuracy of the evaluation; (iii) the inability to resell a property obtained through an auction unless any unauthorized renovations and additions are rectified first means that a lot of buyers shy away from auctioned properties due to the unknown legal and financial risks; (iv) the limited availability of bank financing for auctioned properties due to the risks

<sup>9</sup> This hierarchy of claims reflects a specific adaption to the Greek context (to improve recovery for secured creditors versus preferential ones compared to the past). Typically, the priority of secured creditors in their collateral should be upheld and not be subordinated to other priorities granted in the course of the insolvency proceeding (Principle C12.2). Following distributions to secured creditors from their collateral and the payment of claims related to the costs and expenses of administration, proceeds available for distribution are distributed *pari passu* to the remaining general unsecured creditors, unless there are compelling reasons to justify giving priority status to a particular class of claims. Public interests generally should not be given precedence over private rights (Principle C12.3).

<sup>10</sup> Based on data from the MOEF.

involved; and (v) the social stigma associated with buying a foreclosed property. In addition, some asset categories are less marketable by default (e.g., assets related to a specific business activity). The above information asymmetries also mean that, in practice, advantageous properties tend to be sold outside the auction process.

## B. Use and Practice

**13. Stakeholders pointed to several impediments to more efficient enforcement procedures (see Table 3).** While they concur that, compared to a decade ago, the process has improved *significantly*, they see the need for further improvements to enhance the efficiency, speed and predictability of the process and reduce costs.

Specific impediments noted include the following:

- The issuance of a payment order by a court takes on average 12 months, creating a bottleneck at the initial enforcement stage.
- The prevalence of borrower objections at all stages of the process (e.g., to annul payment orders, to challenge the enforcement procedure itself, to challenge the auction) and delays in their hearings slow down property sales and increases costs and uncertainty. The adjudication of these objections takes around one year and can, in some cases, exceed two years.<sup>11</sup>
- Following seizure, a statutory waiting period of seven months must elapse before an auction can occur further extending the process.
- Initial auctions often attract insufficient buyers with some auctions necessitating a third or fourth round to reach the full associated permissible price reductions.
- Delays in the issuance of ranking tables and auction summaries by some notaries postpone the distribution of auction proceeds and transfer of ownership; and delays in the registration of properties in cases where the cadastre is not yet digitalized.
- The requirement to provide a full guarantee for a period of five years (the window of time during which the ranking table may be challenged by creditors) in order to be able to collect the auction proceeds, which imposes an additional cost that lingers post-auction.

**14. Several recent amendments to the CPC aim at addressing some of these procedural bottlenecks.** These include modifying the CPC to grant lawyers (instead of judges) the authority to issue payment orders starting from January 1, 2026. Stakeholders welcome this change in principle, while noting that implementation is in early stages. To address the delays caused by borrower objections (hearing dates currently go beyond 2036), an electronic platform has been set up, which will offer a two-months decision time and will apply to all objections submitted as of September 16, 2026. Old objections (assigned hearing dates between 2026-2037) have to be resubmitted to the

---

<sup>11</sup> Depending on the type of objection filed, borrower objections may or may not stop the enforcement process.

platform or will otherwise be disregarded, the goal being to clear the existing backlog within the next three years.<sup>12</sup> Changes to the CPC have also been introduced to distinguish pre-auction substantive objections from procedural ones in order to help prevent tactical delays.

**15. Private-sector stakeholders are overwhelmingly positive about the ongoing digitalization and unification of the cadastre.** The modernized cadastre now covers 70 percent of the geographical regions in Greece, with full coverage expected by end 2026. The registry allows market participants quick and easy access to data about property ownership and encumbrance. It represents a huge improvement compared to the previous fragmented and outdated system of regional registries, which posed many challenges to the traceability of property data. There are also positive ongoing initiatives to link the cadastre to utility, telecommunications, tax, and rental data so that it can act as a one-stop-shop for all relevant property data.

<b>Timelines</b>	<b>Step</b>	<b>Recent Initiatives</b>
<b>12 months (average waiting period)</b>	Issuance of Payment Order by Court.	<i>Lawyers granted authority to issue POs starting 1/1/26.</i>
<b>7 months (statutory period)</b>	Seizure to scheduling of auction.	
<b>5 months (time needed for completion of all auction rounds)</b>	Completion of all four auction rounds (an unsuccessful auction may be repeated after 40 days).	
<b>4 months (average)</b>	Final transfer and registration of property.	<i>Ongoing digitalization of the cadastre and mortgage offices; allowing creditors to change the notary public conducting the auction.</i>

## C. Analysis and Recommendations

**16. Given its length and unpredictability, the enforcement process would benefit from improvements to further align with the standard.** The World Bank Principles provide that “enforcement systems should provide *efficient, cost-effective, transparent, and reliable* methods (including both judicial and non-judicial) for enforcing security rights over immovable assets. Enforcement proceedings should provide for *prompt realization of the rights obtained in secured assets, designed to enable recovery in a commercially reasonable manner*” (Principle A7). From that perspective, some steps outlined below could be taken to bring the Greek enforcement system more in line with the Standard.

**17. The process for borrower objections needs to be streamlined in order to prevent abuse.** The new platform is a positive step and once operational, should accelerate the adjudication

<sup>12</sup> The authorities noted that some of the current backlog may be artificial as the system is unable to automatically clear duplications in scheduled hearings.

of borrower objections. Ideally, however, all borrower objections should be consolidated and resolved in one single decision to avoid the perverse incentive for borrowers to raise issues successively to extend the process for as long as possible.

**Recommendation 1:** Resolve the backlog of borrower objections and streamline the process for such objections going forward and to accelerate their adjudication, ideally, in one single decision.

**18. The time required for completion of some steps in the enforcement process could be further shortened.** The seven-month statutory period between seizure and the first auction could be shortened in order not to stretch the process out further. Shortening this duration could also encourage parties to come earlier to the negotiating table. Additionally, the 12-months' time currently required on average to obtain a payment order from the court has so far represented a major bottleneck at the outset of the process. The recent transfer of the issuance of payment orders to lawyers is intended to address this issue. But objections to these payment orders would still be submitted to the courts, though the plan is to channel them to the new platform targeting a two-months decision time. Going forward, it will be important to monitor the implementation of this recent change to see if it is having the desired effect of accelerating the issuance of payment orders or whether further improvements are needed. Relatedly, the courts should collect and publish data on the overall length of mortgage enforcement proceedings and the length of each stage in the process in order to better identify and address bottlenecks.

**Recommendation 2:** Shorten the statutory period required between seizure and the first auction and monitor the issuance of payment orders by lawyers to see if it is having the desired effect.

**Recommendation 3:** Strengthen data collection and detailed statistics on mortgage enforcement procedures to better understand and address any bottlenecks.

**19. The requirement for a five-year guarantee post-auction should be removed to eliminate unnecessary costs.** Currently, in order for the secured creditor to be able to collect the auction proceeds, the secured creditor has to provide a five-year guarantee as security in case the ranking table is challenged (mostly by preferential creditors) and the distribution of the auction proceeds is later reversed. Not being able to collect the auction proceeds or having to provide a five-year guarantee represents an unnecessary and protracted cost for the creditor post-enforcement and should be removed.

**Recommendation 4:** Remove the requirement for a five-year guarantee post-auction as security against challenges to the ranking table and reduce the statutory period during which the ranking table is open for challenges.

**20. Barriers to the swift distribution of auction proceeds and transfer and registration of ownership following an auction should be addressed.** Delays in the backend of the enforcement process, specifically in the issuance of ranking tables and auction summaries by some notaries, should be tackled to allow a swift finalization of the auction process following the sale of an asset.

Delays in the registration of properties in cases where the regional cadastre is not yet digitalized should also be addressed through completion of the mapping for the new centralized digital cadastre.

**Recommendation 5:** Eliminate barriers to the swift distribution of auction proceeds and the transfer and registration of ownership following an auction by addressing delays at notary level and completing the digitalization of cadastres.

**21. More broadly, the government needs to develop a strategy for dealing with the issue of unauthorized constructions in Greece.** Unauthorized renovations and additions in Greece (building violations) are reportedly very common. Their prevalence, and lack of data about them, have a direct impact on the lack of competition in auctions, marketability of assets and credibility of the starting bid price set by the evaluator. Coupled with the lack of access to the property, the result is that many buyers shy away from acquiring auctioned properties and have difficulty procuring bank financing even when willing to acquire one due to the increased unquantifiable risks. Another corollary is the lengthy retention periods (5-6 years) for some of the properties acquired by banks and credit servicers (who may acquire the property through an auction but are not able to dispose of it before addressing any existing unauthorized constructions). A government strategy is therefore needed to address this issue on a broader level. At a minimum, such strategy can be focused on achieving improved data and transparency and providing a clear streamlined process for correcting unauthorized constructions. Granting property access to the evaluator can also be considered as part of such a strategy in order to support more accurate pricing overall.

**Recommendation 6:** Develop a system for making building violations public and quantifying their cost and establish a program for addressing them. Consider granting the evaluator access to the auctioned property to support more accurate pricing.

## RESTRUCTURING AND INSOLVENCY TOOLKIT FOR BUSINESSES

### A. Description of the System

**22. Greece has a modern legal toolkit for business restructuring and insolvency.** Enterprise debt distress can be addressed in Greece by means of three main procedures, the key features of which can be illustrated as follows:

- **OCW.** The OCW is intended to serve as a preventive and consensual alternative to formal insolvency by enabling early restructuring.<sup>13</sup> The process allows both individuals and businesses

<sup>13</sup> See Articles 5-30 of Law 4738/2020. The current OCW mechanism came into effect on June 1, 2021, as part of a new, comprehensive insolvency framework (Law 4738/2020). This new improved process replaced a previous OCW scheme that was regulated by Law 4469/2017 and had expired in April 2020.

(natural and legal persons)<sup>14</sup> to restructure debt owed to financial institutions, the State, and social security funds without resorting to court proceedings. Debtor eligibility is based on a viability test, which assesses whether the debtor can meet restructured obligations. An automatic stay against creditor action is put in place for the entirety of the procedure, which must be completed within two months (extendable in some cases by 15 days). During the negotiation process, an online platform automatically collects financial data and proposes a restructuring plan based on standardized algorithms, which requires approval by a majority of the participating creditor financial institutions in value (60 per cent of the relevant claims, including at least 40 per cent of any secured claims).<sup>15</sup> Creditors vote electronically to accept or reject the plan and may propose counter offers.<sup>16</sup> Once an agreement is concluded, it has the effect of a private contract and is enforceable as such, without the need for court ratification. The OCW is a fully digitalized process and is conducted entirely through an electronic platform managed by the General Secretariat of the Financial Sector and Private Debt Management (GSFSPD), which integrates data from multiple data bases.

- **Rehabilitation.**<sup>17</sup> The procedure is available for businesses (natural and legal) in cessation of payments or in a situation of imminent cessation (but may also be extended by the court to a debtor it considers likely to become insolvent). Under the process, the debtor may file for court ratification of a rehabilitation agreement already reached with a qualified majority of creditors (more than 50 percent of both secured and all other claims). There is an automatic four-month stay on all creditor actions from submission of the agreement to the court until the latter's decision.<sup>18</sup> For the agreement to be ratified, it has to, inter alia, satisfy the 'no creditor-worse off principle' for dissenting creditors/creditors with presumed consent, and treat creditors of the same position equally (though difference in treatment may be countenanced for important commercial or social reasons). While ratification requires consent of the majority of creditors in each of the two classes formed, in case this majority is not achieved, the statute allows 50 percent of secured creditors to cramdown on unsecured creditors, if they obtain the consent of 60 percent of all creditors. Approval of a rehabilitation agreement without the debtor's involvement is possible under certain conditions if the debtor has ceased to make payments at the time the agreement is concluded.

---

<sup>14</sup> Institutional or financial entities, debtors with minimal or non-qualifying debt or those already in insolvency or similar proceedings or are in demonstrable financial distress as well as those with criminal convictions are precluded from the scope of eligible debtors. Article 7 of Law 4738/2020.

<sup>15</sup> State and Social Security Funds are deemed to consent provided that, inter alia, the no worse-off standard compared to recoveries in the event of liquidation is met.

<sup>16</sup> Financial creditor consent is presumed for debtors considered vulnerable and other eligible debtors meeting up to twice the income and asset thresholds of a vulnerable debtor.

<sup>17</sup> See Articles 31-64 of Law 4738/2020. The rehabilitation proceeding, in its current form, reflects the Greek implementation of the EU Directive 2019/1023 on Preventive Restructuring and Second Chance.

<sup>18</sup> The stay can be extended by the court as needed, but cannot exceed 12 months. A stay may also be granted prior to submission of the plan for ratification in certain circumstances.

- **Liquidation (Normal and Simplified).**<sup>19</sup> A petition can be submitted in court by the debtor (natural or legal person) or a creditor when the debtor has ceased payments (i.e., when it cannot pay its obligations as they fall due in a permanent and continuous way). A simplified liquidation procedure is available for micro- and small-enterprises meeting the following criteria (i) annual turnover of less than EUR 900,000; (ii) an average of 10 employees; and (iii) a maximum value of assets of EUR 450,000. All the assets of the debtor can be liquidated (movables, immovables, etc.). Liquidation follows the rules contained in the CPC.

## B. Use and Practice

**23. The OCW has emerged as the tool of choice for small businesses.** By design, the OCW is more suited for smaller businesses, needing a simple financial restructuring solution (see Table 4 and Figure 5).

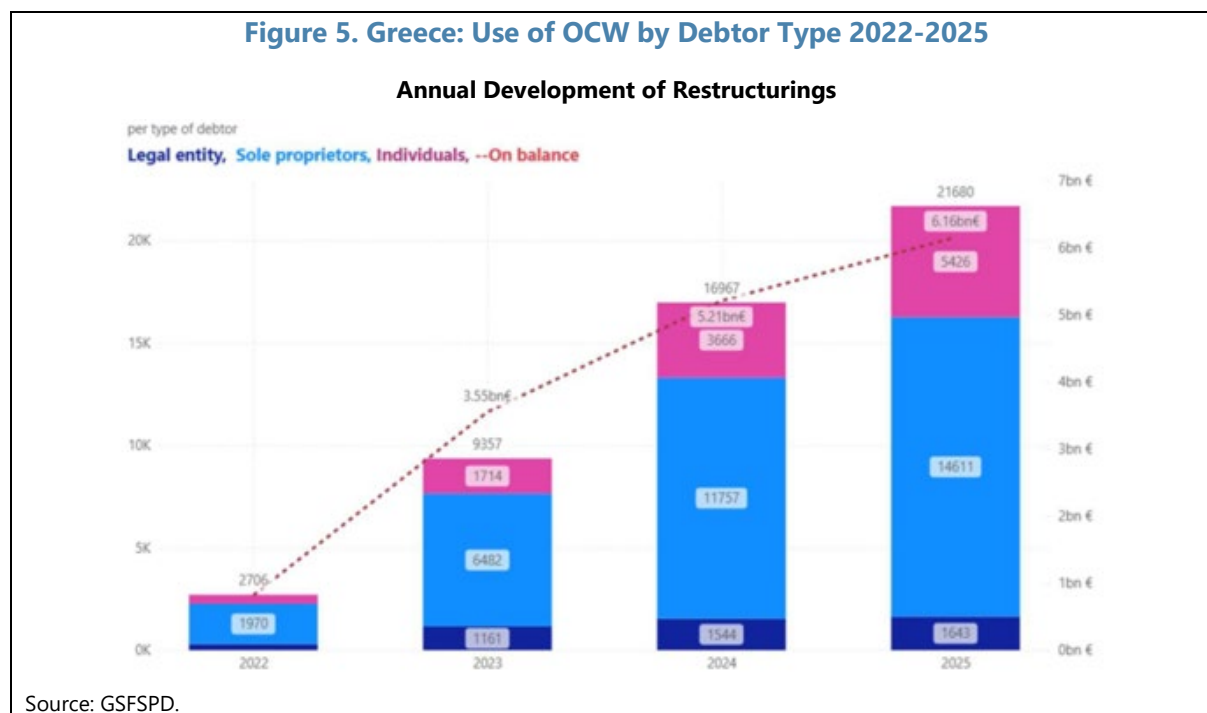
**24. Experience with the rehabilitation procedure is still being gained (Table 4).** Stakeholders indicate that rehabilitation is often used in practice in cases involving supplier credit (which is not covered by the OCW), and also as a tool to transfer assets. Anecdotal data suggests it takes on average 6-12 months to have the agreement ratified by the court from the time of application. Stakeholders see potential for increased interest in the tool should the process be accelerated.

	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
<b>OCW</b>	2706	9357	16967	21680
Sole Proprietors	1970	6482	11757	14611
Legal Entities	297	1161	1544	16434
<b>Rehabilitation</b>		1081	1221	1304
<b>Liquidations</b>	42	72	105	138
Sole Proprietors	10	11	10	17
Legal Entities	6	14	34	51
<b>Simplified Liquidation</b>	1986	2551	3502	3887
Sole Proprietors	808	1241	1683	2047

Source: GSFSPD.  
 \* With respect to OCW, data refers to restructurings agreed; for rehabilitation, data refers to the total number of existing applications in various stages (medium- and large enterprises); for liquidations (both ordinary and simplified), the data refers to the total number of applications submitted per year.

<sup>19</sup> Articles 75-203 of Law 4738/2020.

Figure 5. Greece: Use of OCW by Debtor Type 2022-2025



## C. Analysis and Recommendations

**25. Greece has a modern legal toolkit for business restructuring and insolvency, and efforts should be focused on strengthening implementation.**<sup>20</sup> Improving the efficiency of the judicial process for rehabilitation cases is important to ensure the success of this tool and build trust in its effectiveness. The same considerations apply to liquidation cases where swift proceedings are crucial to maximizing recoveries (Principle C1 of the WB Principles provides that *effective insolvency systems should aim to provide for the efficient liquidation of both nonviable businesses and those where liquidation is likely to produce a greater return to creditors*).

**Recommendation 7:** Improving the efficiency of the judicial process for rehabilitation and liquidation cases.

**26. That said, a formal reorganization process dedicated to the rescue and rehabilitation of businesses and providing the effects of formal insolvency proceedings is lacking.** Under the current formal insolvency toolkit, rehabilitation is the only procedure available for the restoration of a failed business to financial health, with negotiations between parties largely taking place outside of court. But there is no option for a formal reorganization with closer judicial oversight in cases where the business may require deeper financial and operational reorganization. Principle C1 of the WB Principles provides that *effective insolvency systems should aim to provide for the efficient liquidation of both nonviable businesses and those where liquidation is likely to produce a greater return to creditors, and the reorganization of viable businesses, and strike a careful balance between*

<sup>20</sup> The continued development of insolvency law at the European level also presents avenues for further improvements of the Greek insolvency regime (e.g., eminent EU Directive harmonizing certain aspects of insolvency law).

*liquidation and reorganization, allowing for easy conversion from one procedure to another.* The UNCITRAL Legislative Guide also recommends that the insolvency law includes provisions addressing both reorganization and liquidation of a debtor and strikes a balance between liquidation and reorganization.<sup>21</sup> The easy conversion between liquidation and reorganization ensures that insolvency proceedings are not abused by either creditors or the debtor.<sup>22</sup>

**27. Pre-insolvency procedures and formal court-supervised reorganization procedures have separate spaces in an insolvency system.** This is particularly so in the degree of judicial intervention and interference with creditors' and third parties' rights, which are considerably higher in the case of reorganization. So both procedures should be available and they should stand side by side, as pre-insolvency procedures may not be the best solution when applied to cases calling for the full effects of formal insolvency proceedings.<sup>23</sup> Essentially, these different tools in the range of insolvency solutions available to businesses cater for different types of debtors, in terms of business size and degree of complexity of the debtor's specific situation. In fact, the presence of a predictable and fair formal reorganization tool can even encourage the use of pre-insolvency procedures (which tend to be more cost-efficient).<sup>24</sup>

**28. The presence of a tool suited for complex reorganizations is particularly relevant for large complex cases of corporate distress and aligns closely with managing financial stability risks.** Court-supervised reorganization provides a solution that is particularly useful for enterprises that need more fundamental changes to their business structure. This can, for instance, involve a corporate group that needs to restructure its financing (e.g., through debt-to-equity or debt-to-debt conversion), or its operations (change its business model, dispose of non-core assets, close unprofitable business activities, reshuffle the workforce) and develop complex plans with financial support. Often, such complex cases may involve issues like, inter alia, directors' liability for fraud, avoidance actions that require proper investigation, executory contracts that may need to be rejected, difficulties in analyzing the financial health of the debtor in a short timeframe outside a court process, controversies regarding creditor claims and a wider stakeholder group (e.g. trade creditors and shareholders) that needs to be better represented at the critical phases of plan negotiation. A formal reorganization procedure would provide the option of utilizing a court-supervised process that protects the debtor, coordinates creditors, and attracts fresh financing while allowing an operational and financial restructuring of the debtor.<sup>25</sup> Introducing such a tool would closely align with managing financial stability risks arising from the observed concentration of Greek banks' lending to large corporates and the associated risks should these entities face financial distress.

<sup>21</sup> UNCITRAL Legislative Guide, Part One, Chapter I, Recommendations 1 and 2.

<sup>22</sup> UNCITRAL Legislative Guide, Part One, Chapter I, Para 6.

<sup>23</sup> See Garrido et al., "Restructuring and Insolvency in Europe: Policy Options in the Implementation of the EU Directive," IMF Working Papers 2021, 152 (2021).

<sup>24</sup> UNCITRAL Legislative Guide, Part Two, Chapter IV, Para 80.

<sup>25</sup> See Garrido, *Out-of-court Debt Restructuring*, A World Bank Study (2012).

**29. The ongoing process of judicial reform presents the right opportunity for introducing the reorganization tool.** The choice of the rehabilitation tool in the 2020 law by Greek lawmakers can be fully understood in light of institutional constraints, particularly on the part of the court system. Without a doubt, effective reorganization frameworks require very capable judges and well-functioning courts. Meaningful judicial reforms, if achieved, would enable and support complex reorganization cases and build trust in the success and effectiveness of such a tool (see Recommendation 10 below).

**Recommendation 8:** Introduce a formal reorganization court-supervised process dedicated to the rescue and rehabilitation of businesses and providing the effects of formal insolvency proceedings.

**30. Efforts should focus on capitalizing on the advanced data systems in place and producing detailed statistics to inform policy making.** Overall, with the insolvency law being recently enacted, the authorities need to monitor the implementation of its tools and revisit the law as experience is gained and data is collected. Leveraging the advanced data systems already in place, the goal should be to produce meaningful statistics to support effective analysis and inform the design of reforms.<sup>26</sup> Additional data points could include, amongst others, data on the default rate of OCW restructurings, interaction with other tools (Code of Conduct, enforcement) and reapplications, conditions of rehabilitation agreements, ratification rate and duration, state of borrower (pre- or post-cessation), implementation rate and interaction with other tools (e.g., percentage of cases ending up in liquidation).

**Recommendation 9:** Monitor the implementation of the OCW and tools of the formal insolvency regime and revisit the law as experience is gained and data is collected. Capitalize on the advanced data systems in place and focus efforts on producing meaningful statistics to inform the design of reforms.

**31. The judicial system would benefit from specialization to meaningfully support the implementation of the insolvency and creditor rights regime.** Enhancing the efficiency of the judicial system would significantly benefit asset recovery in debt enforcement and insolvency cases, and the launch and ongoing implementation of the judicial map is an important milestone in that direction.<sup>27</sup> However, consideration should also be given to setting up commercial courts to enable judges to specialize in commercial matters on a permanent basis. The World Bank Principles provide that *"Insolvency proceedings should be overseen and impartially disposed of by an independent court and assigned, where practical, to judges with specialized insolvency expertise"* (Principle D1.2). They also provide that *"The general court system must include components that effectively enforce the rights of both secured and unsecured creditors outside of insolvency proceedings. If possible, these components should be staffed by specialists in commercial matters"* (Principle D1.5). The complexity and urgency of insolvency cases, the high economic stakes involved, and the inevitable discretion

<sup>26</sup> The OCW platform has a very powerful data gathering capacity that surpasses information available on any other existing restructuring mechanism in Europe, both in terms of quantity and quality of data. See IMF (2024), *"Data Reporting on Private Debt Restructuring."*

<sup>27</sup> See IMF (2025) *"Enhancing Judicial System Efficiency in Greece: Drivers and Economic Impact,"* Selected Issues Paper.

that courts have in these cases, all call for specialized judges with the necessary qualifications and expertise. Having judges that specialize in commercial matters—as opposed to judges that rotate between all types of civil cases—creates synergies by providing judges with expertise and experience in areas (e.g., company law, commercial contracts, intellectual property) that are relevant for decision-making in complex cases of reorganizations and liquidations.

**32. It is important that specialization efforts be adequately supported.** Notably, specialized judges should receive regular and tailored trainings on insolvency and financial matters and have access to a progressive career path. Adequate support staffing (both legal and administrative) and court infrastructure (case management, IT systems, etc.) is also key for their effective handling of cases as it enables judges to focus their limited time on core legal issues rather than administrative tasks.

**Recommendation 10:** Strengthen the implementation of the insolvency and creditor rights' regime through specialization of judges in commercial matters and well-resourced courts.

## WORKOUT OF DISTRESSED DEBT BY CREDIT SERVICERS<sup>28</sup>

### A. Description of the System

**33. This section analyzes the workout of distressed debt by credit servicers, which has a systemic dimension in Greece.** In Greece, following the cleanup of bank balance sheets through the sale and securitization of distressed debt, most of NPLs and other distressed assets are managed by credit servicers. The quantity of these unresolved loans remains very large: equivalent to 37.4 percent of Greece's 2025 GDP—or 32.8 percent if we consider only the distressed debt managed by credit servicers that is owned by funds. Indeed, NPLs continue to have a systemic dimension for the broader Greek financial system. The senior tranches of the securitized loan portfolios remain on bank balance sheets, albeit with sovereign guarantees. In addition, credit servicers also manage the bulk of NPLs that remain in banks' balance sheets—€5.0 bn out of €6.3 bn—acting as providers of essential services outsourced by banks. This section analyzes the supervision of credit servicers and it explores policy measures to increase the efficiency of their workouts and accelerate their pace of NPL resolution. The scope pertains to the Greek national authorities, with implications for the whole banking sector (i.e., SIs and LSIs) given that this is a common theme for all Greek banks.

**34. The BoG should apply to credit servicers enhanced policies analogous to those required to banks in the management of NPLs.** As the regulatory body responsible for the supervision of banks and credit servicers, the BoG imposed requirements to credit servicers regarding governance arrangements, reporting and monitoring mechanisms.<sup>29</sup> However, it should provide enhancements to apply to credit servicers all relevant requirements emanating from the

<sup>28</sup> This section was drafted by Miguel A. Otero (MCM).

<sup>29</sup> See BoG Executive Committee Acts 225/1/2024 and 244/4/2025.

Basel Core Principle (BCP) 18 in a targeted and proportionate manner.<sup>30</sup> This calls for enhanced scrutiny by the BoG regarding the adequacy and effectiveness of NPL management by credit servicers. Accounting classification and provisioning requirements are not applicable, however, given that credit servicers are not the owners of the underlying exposures. See Annex 1 for more information about the excerpts of BCP 18 at related Essential Criteria (EC) that would be applicable to credit servicers.

**35. Credit servicers are licensed and supervised by Bank of Greece, while other government agencies share responsibilities over complaints from credit servicers' clientele.**<sup>31</sup>

Credit servicers are directly supervised by the BoG since 2015, which has licensed 17 credit servicers to manage loan portfolios in Greece, none of whom are licensed to provide refinancing services to borrowers. More recently, Greece transposed the EU Directive on credit servicers and credit purchasers (Directive 2021/2167/EU) into national legislation through Law 5072/2023. This renewed legal framework provides the BoG with enhanced prudential requirements and more supervisory powers. It also designates the MoEF as the authority responsible for ensuring that credit servicers act in good faith and fairly with borrowers, communicate with them in a proper manner and provide them with accurate information. The MoEF is also responsible for monitoring compliance with the electronic personalized information system. In addition, although there is no formal conduct oversight of credit servicers, the independent Consumer Protection Authority (CPA), is responsible for clients' complaints about credit servicers.<sup>32, 33</sup>

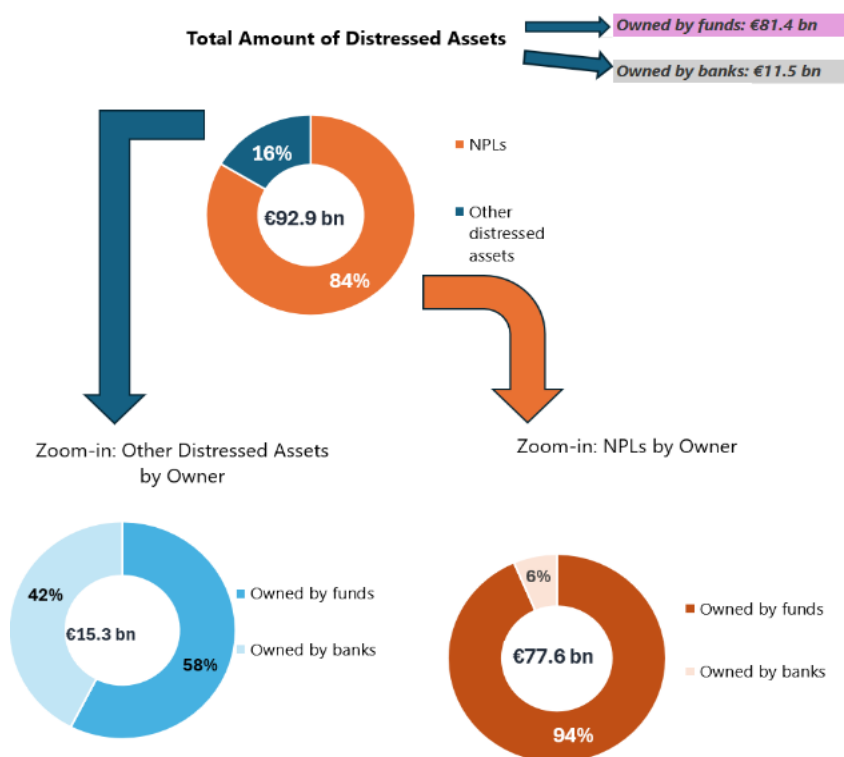
**36. Credit servicers manage distressed debt—mostly NPLs originated from banks—that represent 37.4 percent of Greece's 2025 GDP, the bulk of which is owned by funds.** The total notional amount of distressed debt managed by credit servicers as of September 2025 is €92.9bn, out of which €81.4bn are owned by funds while only the little remaining is owned by banks. Most of this distressed debt, €77.6bn, are NPLs originated from banks (see figure 6). Out of these, the NPLs that were offloaded from banks are €72.6bn, which would represent a 30.5 percent NPL ratio if they had remained in banks' balance sheets. Half of them (€37.6bn) were offloaded through HAPS—the state-sponsored securitization mechanism set up by the government (see more details below)—while the other half (€35.0bn) were offloaded through direct sales from banks. In addition, it is important to note that credit servicers manage the majority of NPLs that remain in banks' balance sheets: (€5.0bn out of €6.3 bn, or 79 percent, as of September 2025), which means that credit servicers are providers of essential services outsourced by banks.

<sup>30</sup> BCP 18: Problem exposures, provisions and reserves, detailed in *The Core Principles for Effective Banking Supervision (BCBS, April 2024)*.

<sup>31</sup> Conduct oversight is not included in the scope of this financial stability assessment, neither of credit servicers nor of any other financial services.

<sup>32</sup> The CPA was recently created. Since January 2026, it has taken over the tasks previously performed by the Ministry of Development in the field of consumer protection.

<sup>33</sup> See more details about the different responsibilities of the MoEF and the CPA in paragraph 42.

**Figure 6. Greece: Distressed Assets Managed by Credit Servicers**

Source: IMF with BoG data as of September 2025.

**37. Three international firms manage the bulk of distressed debt in Greece, most of which are owned by Funds.** Under Greek law, credit servicers are exclusively responsible for servicing transferred NPLs. Three credit servicers, all international firms with a footprint in Greece, concentrate 83.5 percent of assets under management, while the other 14 have little activity.<sup>34</sup> When these three credit servicers were established, they largely retained from the originating banks the bank staff dedicated to debt recovery. International specialized funds, some of which are managed by investment firms that also own the major credit servicers, bought most of these loans: €81.4bn, of which €72.6bn are NPLs. Funds own a total of 3.2 million loans (2.9 million are NPLs originated from banks), half of which are business loans, followed by residential and consumer loans (31 percent and 19 percent respectively). The majority of loans (61.2 percent) are collateralized. Such collateral is mostly residential real estate (€22.2bn or 66 percent) and, less so, commercial real estate (€8.6bn or 26 percent).

**38. HAPS are state-sponsored securitization schemes aimed at cleaning up banks from NPLs that were mostly accumulated during the Greek crisis.** 23 SPVs were set up under the three successive HAPS: HAPS I (2019-20) and HAPS II (2022-23) for the four SIs, and HAPS III (2024-25)

<sup>34</sup> The three major credit servicers in Greece are: (i) Cepal Hellas, majority owned by a leading global alternative investment firm, through a London-based subsidiary; (ii) doValue Greece, a subsidiary of an Italian credit servicer, doValue, S.p.A., which is listed in the Milan Stock Exchange and whose biggest shareholder is a leading asset manager; and (iii) Intrum Hellas, a subsidiary of a Swedish credit servicer, Intrum Group, listed on the Nasdaq Stockholm exchange and which was historically owned by a private equity firm.

which also included LSIs.<sup>35</sup> Their purpose was to remove the high stock of NPLs from banks' balance sheets. Each SPV issued three tranches of notes to fund the acquisition of the distressed loans: senior, mezzanine and junior.<sup>36</sup> Unlike a typical bank asset cleanup, under such schemes, banks received all the senior securitization notes with a state-guarantee<sup>37</sup>—that provided for a zero-risk weight for capital adequacy requirements—as well as a 5 percent of the mezzanine bonds and another 5 percent of the junior tranche. The remaining 95 percent of mezzanine bonds and junior tranches were mostly acquired by international private credit firms, often those affiliated with the main credit servicers. The average transfer price of the NPLs that were securitized through HAPS was 38 percent of par.<sup>38</sup> HAPS enabled a substantial reduction in NPLs in Greece from €82.3 billion, a ratio of 43.5 percent in Q2 2019, to only €6.3 billion, a ratio of 3.3 percent in September 2025.

## B. Use and Practice

**39. Although direct sales of NPLs by banks and HAPS removed large volumes of NPLs from the banking sector, NPLs managed by credit servicers remain largely unresolved.** Credit servicers are responsible for servicing NPL debt from c. 2.9 million loans belonging to 2.4 million borrowers in Greece. These represent 37.5 percent of the adult population estimated to have at least one bank account (6.4 million people out of a total population of 10.4 million people), posing a significant constraint on the retail lending market for banks due to unresolved legacy NPLs.<sup>39</sup> As a result, banks currently focus their lending on big corporates. It is also worth noting that many of these NPLs are deeply delinquent debts originated years ago. Moreover, some of them are still under the protection of the so called Katseli law, a law that was approved at the height of the Greek crisis in 2010 to protect heavily indebted households from foreclosure, particularly for primary residences, but which also contributed to payment culture issues.<sup>40</sup> Although it expired seven years ago (2019), there are cases that remain pending in the Greek courts still today.

**40. The underperformance by credit servicers could hamper credit growth, with financial stability implications in the medium term.** Credit servicers have two ways to resolve NPLs: restructuring the debt or liquidating the NPLs' collateral. So far, they have underperformed compared to their initial business plans, primarily due to slower than anticipated liquidations, mainly as a result of inefficiencies in the judicial process as well as the impact of the COVID-19 pandemic.

<sup>35</sup> Among the LSIs, HAPS III mainly benefitted the two largest ones: Attica Bank and Pancretan Bank which merged into Credia bank, now the fifth largest bank in Greece.

<sup>36</sup> The securitization structure ensured that senior bonds had a minimum rating of BB+, through a state guarantee.

<sup>37</sup> The fee for this guarantee is marked to market, and it is paid by the investors in the mezzanine tranches.

<sup>38</sup> This 38 percent average transfer price was cascaded through the waterfall of the securitized bonds according to their seniority: 100 percent for senior bonds (which represented 37 percent of the notional of loans transferred); 13 percent for mezzanine bonds (which represented 8 percent of the notional of loans transferred); and a 0 percent for the junior or first-loss tranche (which represented 55 percent of the notional of loans transferred).

<sup>39</sup> See OECD 2024 Report (Financial literacy in Greece: evidence on adults and young people, Page 9) and World Bank Statistics of adult population aged 15-64 and above 65 at [Greece | Data](#).

<sup>40</sup> Law 3869/2010 that expired in February 2019.

The current favorable economic environment together with the increase in real estate prices over the past years, provides for a good window of opportunity to advance more decisively in the resolution of NPLs, both with restructurings and with liquidations.

**41. HAPS was designed with low powered financial incentives to resolve NPLs.** The contractual clauses agreed at inception with HAPS' investors do not incentive credit servicers to promptly resolve NPLs. If credit servicers underperform in cumulative net collections with respect to the initial business plans, their servicing fee is deferred by a percentage, but not waived. Furthermore, there is only one deferral trigger: a 20 percent in the servicing fee that only activates when the cumulative net collections of a credit servicer are at least 20 percent below the target levels established in the initial business plans.<sup>41</sup> Instead, credit servicers' incentives would have been better aligned with a full penalty on servicer fees rather than a deferral, and with a linear trigger proportionate to their underperformance, already starting below 20 percent and going beyond. Furthermore, credit servicers continue to receive their managing fees in full even when underperforming, which again does not incentivize efficient workouts. Finally, the power to require the substitution of an underperforming credit servicer can only be used when and if the state guarantee is called.

**42. The long duration of HAPS senior notes increases the risk of a prolonged resolution of NPLs.** HAPS senior notes do not have an active trading market, lack a fixed principal payment schedule, and are held to maturity on banks' balance sheets.<sup>42</sup> Moreover, the fiscal guarantee is only triggered if the SPV fails to pay interest on the senior notes. While principal is repaid in line with repayments on the underlying portfolio, failing to pay principal on the senior tranches does not serve to call the guarantee until the final maturity date of the longest-dated underlying loan (usually a mortgage). In the HAPS securitization deals, the average remaining contractual maturity (as of end-June 2025) was as long as 37 years, with the shortest maturity date after 24 years (Dec. 2049) and the longest maturity date after 56 years (Jan. 2081). The senior notes may therefore be in existence for decades as long as the underlying loans generate enough money to pay interests due on the senior notes. In a regular Asset Management Company (AMC), a sunset clause for the resolution of NPLs would be required. Unfortunately, this is a feature that cannot be introduced with the HAPS SPVs, since this amortization feature was contractually agreed with investors when launching the various HAPS programs. However, any future extension of HAPS, should be accompanied by a contractual repayment schedule. Moreover, such repayment schedule should not be longer than 10 to 15 years, in line with the sunset clauses that are usually required in the establishment of AMCs.<sup>43</sup>

**43. If the workout of distressed debt by credit servicers does not improve, fiscal risks resulting from HAPS could rise.** The state-guarantee under HAPS was initially granted for a total

<sup>41</sup> Under the current scheme, if a credit servicer underperforms by 20 percent, it receives the same penalty than if it underperforms by 90 percent (i.e., a 20 percent penalty deferral in either case).

<sup>42</sup> Instead of having a fixed principal payment schedule, senior notes are amortized every quarter based on the actual recoveries and according to the transactions' contractual waterfall.

<sup>43</sup> For more information about international best practices applicable to AMCs, see [The Case for \(and Against\) Asset Management Companies in Banking Crises \(IMF, 2024\)](#).

of €21.6bn, while the outstanding amount as of September 2025 is €16.8bn (equivalent to 6.8 percent of 2025 Greece GDP) with a slower pace of resolution of NPLs and worse recoveries than initially expected. If NPL recoveries continue underperforming initial projections, the senior notes could face a shortfall at maturity, which could result in a call of the sovereign guarantee. In addition, if HAPS senior notes were to be downgraded to stage 3 (credit impaired) under IFRS 9 accounting rules, then EUROSTAT may require them to be incorporated into Greek government debt statistics. The accounting classification of HAPS senior notes by banks is an aspect regularly monitored by the Public Debt Management Agency (PDMA).

**44. The BoG has recently set up a Task Force (TF) with other government agencies to deal with barriers to efficient workouts by credit servicers.** This was an important step taken in August 2025 at the initiative of the Governor of the BoG. This task force brings together the BoG, the MoEF, the Ministry of Justice (MoJ), as well as credit servicers, who hold regular meetings every two months to discuss barriers to efficient workouts. However, it does not formally include the recently created CPA. All meetings of the authorities take place with credit servicers' representatives present at the table.

**45. The lack of a focal point for distressed debtors to complain about credit servicers creates inefficiencies and lack of coordination.** The MoEF is responsible for complaints about credit servicers with a narrowed scope to new cases after the enactment of Law 5072/2023. For all loans transferred before that date—which constitute the bulk of claims—the competent agency is the CPA.<sup>44</sup> This duality creates inefficiencies in the handling of complaints by borrowers, who do not seem to be fully aware of this distinction and may recourse to either agency indistinctly. Although conduct oversight is not included in the scope of this financial stability assessment, main themes in clients' complaints would suggest inefficiencies in the performance of credit servicers.<sup>45</sup> Collecting accurate information about these complaints could help improve workouts by credit servicers.

## C. Analysis and Recommendations

**46. The supervision of credit servicers should be improved and more impactful.** The BoG should increase its supervisory focus on the performance of credit servicers and their capacity to deal with large numbers of borrowers. Currently, credit servicers are underperforming with respect to initial business plans under HAPS. Several of these plans (those drafted under HAPS I) are outdated because they were prepared before COVID-19 kicked in. Subsequent confinement measures affected both the capacity to reach restructuring deals as well as liquidation strategies due to the judicial backlog created by the interruption of operations in courts. In addition, credit

<sup>44</sup> The scope of the CPA is narrowed to complaints from credit servicers' clients that are considered consumers under national legislation (e.g., a residential mortgage loan, but not a mortgage affected to a family-owned business loan). Before the creation of the CPA, such cases were under the oversight of the Ministry of Development.

<sup>45</sup> These would include difficulties for distressed debtors to get timely information about the exact amounts they owe, and difficulties to negotiate a restructuring.

servicers are not required to present any business plans for the rest of their operations (i.e., direct deals with banks and, to a lesser extent, other NPLs managed on behalf of banks) which represent half of the NPLs under their management.

**47. Credit servicers are also acting as essential outsourced service providers on behalf of banks, which warrants enhanced supervisory scrutiny.** This is explained by the fact that credit servicers also manage the bulk of NPLs that remain in banks' balance sheets (€5.0bn out of €6.3 bn as of September 2025). This calls for supervisory scrutiny of the adequacy and effectiveness of NPL outsourcing frameworks and management practices (including recovery) in Greek banks.

**Recommendation 1:** Improve the intensity and impact of the prudential supervision of credit servicers, notably on debt collection frameworks and practices, using the whole range of existing legal supervisory powers and increasing supervisory resources.

**48. The BoG should require credit servicers to regularly prepare business plans.** Credit servicers were recently required to produce annual performance reports, and the BoG should also require them to develop business plans. Resulting from the comparison of both documents, credit servicers should explain changes in their strategy and deviations in their execution. In addition, the BoG should consider requiring more frequent reporting for both documents based on its supervisory scrutiny of each credit servicer. The updated business plans will also help banks with the valuation and classification of their HAPS senior bonds under IFRS 9. The BoG should also increase supervisory intrusiveness against poorly performing credit servicers.<sup>46</sup> Other issues, such as proper disclosure to distressed debtors and the accuracy of penalty charges imposed by credit servicers, should also be monitored. The BoG should increase supervisory resources accordingly as there are only 8 full-time equivalent (FTE) employees assigned to the oversight of credit servicers, out of which only 0.5 FTE were devoted to on-site inspections during the past year.

**49. BoG should leverage on existing statistics about credit servicers' performance to achieve more efficient oversight.** These statistics are particularly useful regarding recovery values obtained under restructurings versus judicial liquidation. Collected information should be subject to targeted enhancements where needed to achieve as granular data as possible on servicers' workout strategies and recovery values, categorized by: (i) origin of the transaction (direct sales or HAPS); (ii) kind of resolution (OCW restructuring, other restructuring, or liquidation); (iii) type of loan (retail loans, family-owned business loans, or other business loans); and (iv) collateral (residential real estate, commercial real estate, other collateral or uncollateralized). Such statistics will be key to inform BoG's assessment of the workout strategies performed by credit servicers and allow it to benchmark the performance of each credit servicer and identify key weaknesses in their workout strategies.

**50. Enabling portfolio transfers would allow an efficient allocation of loan portfolios among credit servicers.** The three major credit servicers received the management of large NPL portfolios from each of the three most systemic banks along with the staff hired and specialized in

<sup>46</sup> Supervisory measures at the disposal of BoG include issuing supervisory orders, conservatory measures, sanctions, or even license withdrawal.

their recovery—in parallel, these three credit servicers have also managed distressed debt from other banks. While this approach could make sense at the beginning, now each credit servicer may have specialized in specific workout strategies that are best suited for certain portfolios of distressed debt than others. For this reason, the BoG should promote standardization of borrowers' data by credit servicers (e.g., by developing common templates) to facilitate migration of loan portfolios among them and check the suitability and actual monitoring of the key performance indicators (KPIs) contractually agreed with each credit servicer.

**51. Transparency and accountability of credit servicers should also be improved.** Credit servicers can play with asymmetries of information among investors in NPL portfolios sold directly by banks and/or the mezzanine HAPS tranches, favoring those that belong to their own holding company. The BoG should require credit servicers to provide key information to all investors in direct NPL deals or mezzanine HAPS tranches, and mirror pillar 3 bank requirements (public disclosures) to credit servicers. These requirements should be proportionate and adapted to their idiosyncratic business models and risk profile, including aspects such as the net asset value (NAV) of the mezzanine tranches, updated at least annually. Additionally, the BoG should enhance relevant published reports to reflect on the overall performance of credit servicers in the workout of distressed debt (which includes both HAPS and direct NPL deals managed by them).

**52. The BoG should continue ensuring accurate data reporting to the Central Credit Registry (CCR) by credit servicers.** As banks regularly consult the recently implemented CCR to check the creditworthiness of potential borrowers, accurate reporting by credit servicers will be crucial to incentive NPL resolution of debtors that were transferred out of banks' balance sheets.

**Recommendation 2:** The supervision of BoG to increase focus on (i) distressed debt recovery performance, requiring regularly updated business plans; and (ii) targeted enhancements on supervisory reporting and transparency.

**53. Credit servicers should have continuous access to up-to-date information about distressed debtors.** An important barrier that needs to be urgently tackled is the access by credit servicers to up-to-date contact information on distressed borrowers. According to credit servicers, they lack such information for more than one third of their distressed debtors. Having this information is key for improving their performance. It will allow them to recourse to more negotiated restructuring solutions and ensure that, in case of liquidation, the notification process reaches interested parties promptly.

**54. There is a backlog of cases related to the so-called Katseli Law that should be urgently addressed.** Even though the Katseli Law expired in February 2019, a significant amount of legacy cases (€5.4 bn of NPLs owned by Funds as of September 2025, equivalent to 7.4 percent of their portfolios) are still pending a final court decision to be issued. This, in turn, restricts the ability of credit servicers to initiate legal enforcement actions on such debtors and their collateral. This situation needs to be urgently solved given that this law was repealed seven years ago. Therefore, the MoJ should provide the necessary resources to effectively deal with this backlog in courts. More

broadly, the MoEF should require credit servicers to report statistics about uncooperative borrowers, which will help with servicer peer assessments and further identify and remove other institutional and policy bottlenecks related to insolvency and creditor rights.

**Recommendation 3:** Remove remaining technical impediments to efficient workouts by credit servicers, including access to up-to-date contact information of distressed debtors and dealing with the backlog of cases related to the Katseli Law.

**55. The momentum created by the setting up of the TF to deal with barriers to efficient workouts by credit servicers should be leveraged to achieve more progress.** This TF has proven to be a good step in the right direction to help coordinate efforts among the authorities to accelerate the pace of NPL resolution by credit servicers. Meetings of the TF and its subgroups should be further formalized and include ‘authorities only’ meetings to discuss policy strategy and enforcement measures. In addition, the recently created CPA should also formally join this TF. This will send a strong message to credit servicers about enhanced coordination of the Greek authorities over them. At the same time, this TF should continue to be used by credit servicers as a forum where they can coordinate and voice their concerns about obstacles to NPL resolution.

**Recommendation 4:** Increase overall coordination between the BoG and government agencies to improve the workout of distressed debt by credit servicers.

**56. Targeted measures should be implemented to facilitate access to public information and accountability of HAPS.** The government-sponsored securitization scheme is analogous to an AMC in the sense that fiscal resources are exposed to potential losses stemming from the workout of NPLs originated by banks. In line with international best practices, there is a need to enhance the reporting to the public. Accordingly, the MoEF should produce an annual report about the evolution of the state-sponsored securitization scheme and an updated valuation of the fiscal exposure through HAPS. This report should be approved by the HAPS Committee and certified by the national public auditor. In addition, the MoEF should create a website to provide public information about the various HAPS schemes and their evolution. This information should be updated regularly (at least, annually).

**Recommendation 5:** Produce an annual HAPS report certified by the national public auditor and establish a public HAPS website with regularly updated data, in line with established practices in comparable frameworks.

## Annex I. BCP 18 and Related Essential Criteria Applicable to Banks, Subject to Analogous Application to Credit Servicers.

### Principle 18—Problem Exposures, Provisions, and Reserves

**The supervisor determines that banks have adequate policies and processes for the early identification and management of problem exposures [...]**

Essential criteria:

(1) Laws, regulations or the supervisor require [banks] to formulate policies, processes and methodologies for [...] managing problem exposures. In addition, laws, regulations or the supervisor require regular reviews by [banks] of their credit exposures (at an individual level or at a portfolio level for credit exposures with homogeneous characteristics) to ensure [...] detection of deteriorating exposures and timely identification of problem exposures.

(3) The supervisor determines that [the bank's] board approves and regularly reviews significant policies for [...] managing problem exposures [...]. The supervisor also determines that the board oversees management in a way that ensures that these policies are implemented effectively and fully integrated into the overall risk management process.

(5) The supervisor determines that [banks] have adequate and appropriate policies, processes and organisational resources for [...] (c) ongoing oversight of problem exposures; and (d) collecting past due obligations.

(8) The supervisor requires [banks] to have appropriate mechanisms in place for regularly assessing the value of risk mitigants, including guarantees, credit derivatives and collateral. The valuation of collateral reflects the net realisable value, considering prevailing market conditions and the time required for realisation.

(10) The supervisor determines that the [bank's] board obtains timely and appropriate information on the condition of the [bank's] credit portfolio [...]. The information includes, at a minimum, summary results of the latest credit exposure review process, comparative trends in the overall quality of problem exposures, and measurements of any existing or anticipated deterioration in exposure quality and losses expected to be realised.