

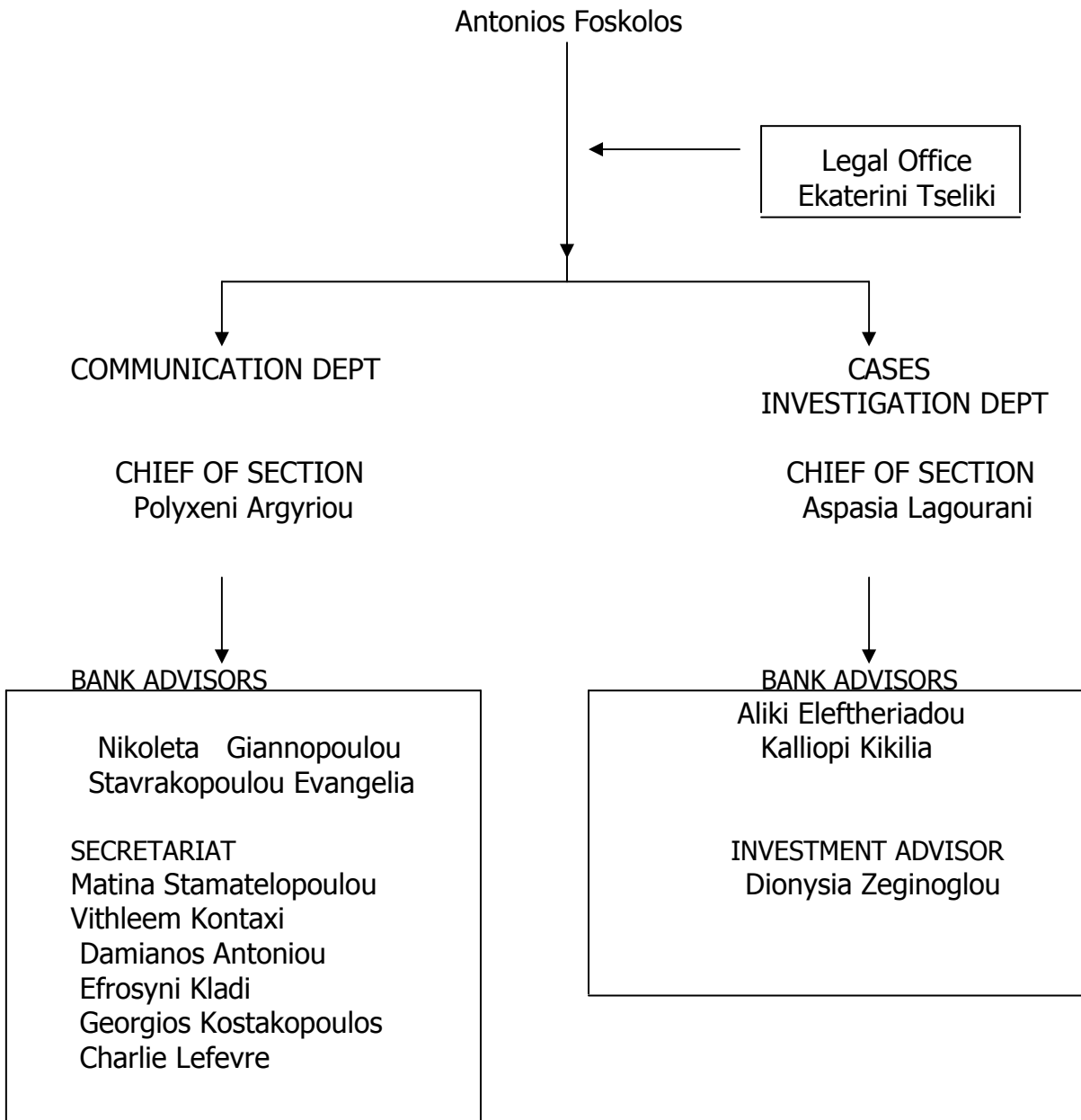
HELLENIC OMBUDSMAN FOR BANKING-INVESTMENT SERVICES

ANNUAL REPORT 2011

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HOBIS ORGANIZATION CHART



INTRODUCTION

2011 marked the 13th anniversary of the Ombudsman's presence and contribution to the domestic financial services sector. Since 1999, when the Hellenic Ombudsman (HOBIS) was established, it has handled a total of 105,761 consumer phone calls and visits and 17,051 formal (written) consumer complaints.

The Ombudsman for Banking-Investment Services is an institution specializing in intermediation for out-of-court settlement of financial disputes and operating on the basis of the principles of independence, transparency, adversarial procedure, effectiveness, legality, liberty and representation, in line with 98/257/EC Recommendation.

The scheme offers consumers free intermediation services that are completed within a short time, effectively and professionally responding to consumer complaints and satisfying, in most cases, the respective requests. In 2011, 71% of the cases processed by the HOBIS were resolved in favour of the consumer.

According to our procedure, before referring their complaint to the HOBIS, consumers need to contact directly the financial institution involved, first the branch concerned and next the appropriate customer services; this offers financial service providers the opportunity to address customer complaints themselves at an early stage and restore customer confidence in their organization. In practice, our complaint review process has shown that most disputes (75% in 2010) are directly resolved between the parties involved.

In 2011, our activities presented an average reduction of approximately 3.93%.

We received a total of 13,724 phone calls and visits (13,272 from individuals and small enterprises and 452 from investors) and 2,119 formal complaints. Of these, 1,823 concerned bank transactions carried out by individuals/consumers, 156 by professionals/small enterprises and 140 by investors, and we processed a total of 2,191 formal complaints.

As regards the geographical distribution of consumer complaints, most originated from large urban centres (67.50% from Attica, 14.42% from Macedonia and Thrace, 3.71% from Western Greece, 3.38% from Crete).

Furthermore, in 2011 we recorded a total of 24,358 visits to our website (www.bank-invest-omb.gr).

According to our records, consumers' information on the HOBIS is chiefly based on the television, the radio and the press in general (27.47%), provided by other persons who have benefitted by our services in the past (20.24%), the Hellenic Consumers' Ombudsman and the General Secretariat

for Consumer Affairs (6.34%), the Internet (3.63%) and members of the Ombudsman's partners, i.e. banks and investment companies (1.82%).

In 2011, as in 2010, we received a substantial number of requests for debt settlement, due to the impact of the economic crisis and households' and businesses' over-indebtedness.

Law 3869/2010 on *Settlement of Over-indebted Individuals' Debts and Other Provisions* comprises the Ombudsman in the institutions providing debtors with assistance in out-of-court settlement with creditors.

During 2011, the HOBIS responded to 6,080 phone calls from debtors seeking instructions and clarifications on debt settlement issues and to 784 requests for out-of-court settlement of debts.

The HOBIS is trusted and appreciated not only by those who benefit by its services, but also by consumer unions, the entire credit industry and state agencies and regulatory authorities closely cooperating with us.

In 2011, the HOBIS participated in the 9-member administrative committee of the Financial Dispute Resolution Network for out-of-court settlement of cross-border financial disputes (FIN-NET), established by the European Commission, numbering 52 members from 20 countries.

The 2011 HOBIS Report is divided into four sections. The first three of them provide an analysis of the complaints processed by the HOBIS on the basis of the complainants' capacity: individuals, professionals/small enterprises and investors. Each one of these three sections presents aggregate statistical data and analyses the phone calls and written complaints received by product/service and reason for the complaint, including statistics on the cases processed and their respective outcomes; this is followed by a systematic analysis of the most common complaints among the complaints handled and of the wording of recommendations to complainants and to financial service providers, along with examples of the complaints reviewed by the HOBIS. The fourth section comprises detailed statistical data on the HOBIS activities.

On the occasion of my retirement from HOBIS which I had the privilege to serve for six years, I wish to thank the staff of banks' and investment companies' customer services for their substantial cooperation with HOBIS, as well as the HOBIS staff for their dedication and systematic work, without which we would not have been able to attain our qualitative targets or manage exceptionally large volumes of tasks successfully.

February 2012
Antonios Foskolos

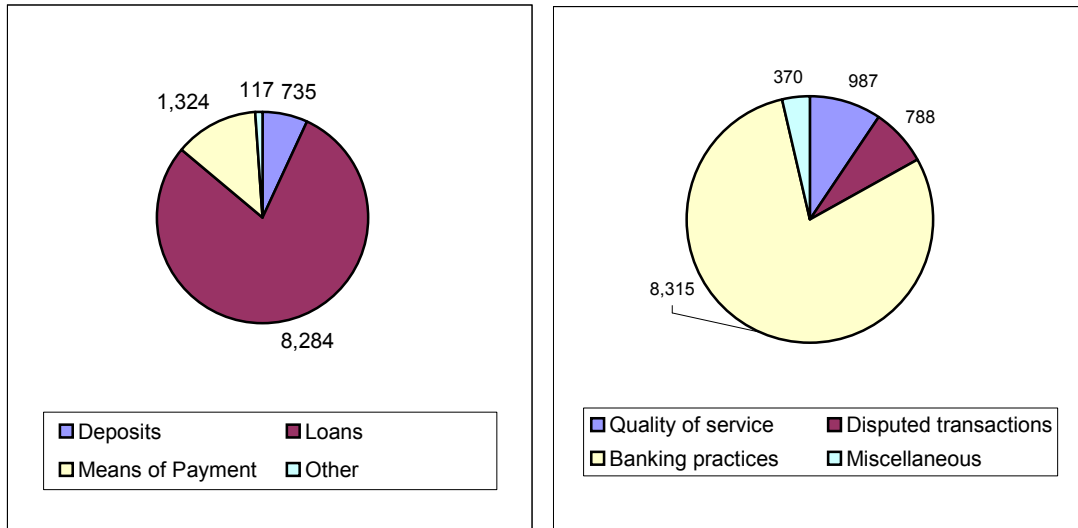
OVERVIEW OF HOBIS ACTIVITIES 2010-2011

| | Retail consumers | | | Businesses | | | Investors | | | TOTAL | | |
|-----------------------------------|------------------|---------------|-----------------------|--------------|--------------|-----------------------|------------|------------|-----------------------|---------------|---------------|-----------------------|
| | 2010 | 2011 | % change 2011/2010 | 2010 | 2011 | % change 2011/2010 | 2010 | 2011 | % change 2011/2010 | 2010 | 2011 | % change 2011/2010 |
| I. PHONE CALLS | | | | | | | | | | | | |
| Cases within HOBIS competence | 10,020 | 10,460 | 4.39 | 944 | 835 | -11.55 | 322 | 366 | 13.66 | 11,236 | 11,661 | 3.78 |
| Cases not within HOBIS competence | 2,306 | 1,613 | -30.05 | 564 | 364 | -35.46 | 133 | 86 | -35.34 | 3,003 | 2,063 | -31.30 |
| TOTAL | 12,326 | 12,073 | -2.05 | 1,508 | 1,199 | -20.49 | 455 | 452 | -0.66 | 14,289 | 13,724 | -3.95 |
| Visits | 1,494 | 2,303 | 35.13 | 88 | 120 | 36.36 | 94 | 137 | 45.74 | 1,676 | 2,560 | 52.38 |
| II. WRITTEN COMPLAINTS | | | | | | | | | | | | |
| Cases within HOBIS competence | 1,709 | 1,559 | -8.77 | 100 | 99 | -1.00 | 106 | 112 | 5.66 | 1,915 | 1,770 | -7.57 |
| Cases not within HOBIS competence | 214 | 264 | 23.36 | 47 | 57 | 21.28 | 27 | 28 | 3.70 | 288 | 349 | 21.18 |
| TOTAL | 1,923 | 1,823 | -5.20 | 147 | 156 | 6.12 | 133 | 140 | 5.26 | 2,203 | 2,119 | -3.81 |
| Cases closed | 1,532 | 1,898 | 22.98 | 154 | 171 | 11.04 | 140 | 136 | -2.86 | 1,826 | 2,191 | 19.99 |
| Average time per case (days) | 112 | 113 | 0.89 | 83 | 101 | 21.68 | 121 | 116 | -4.13 | 111 | 112 | 0.90 |

I. CONSUMER COMPLAINTS

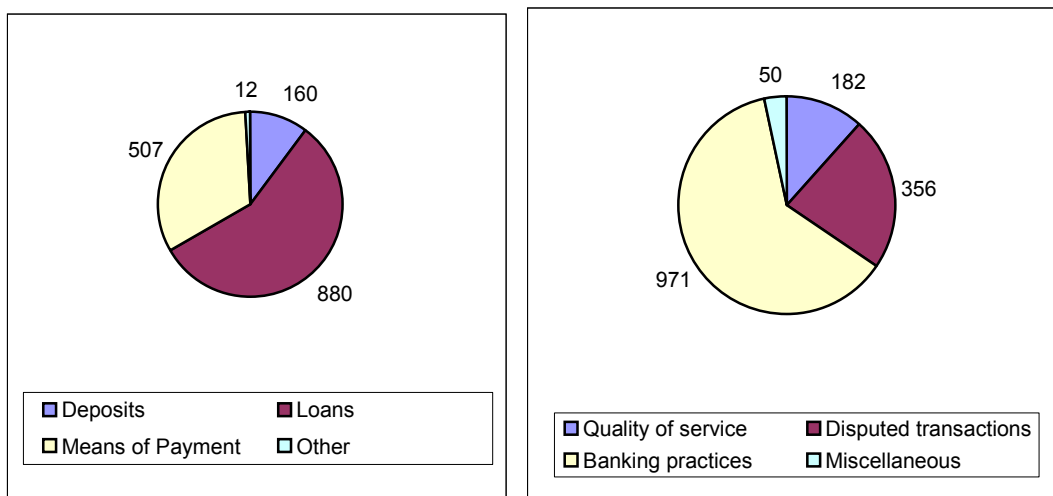
1.1 Phone calls

In 2011, phone calls regarding consumer complaints decreased by 2.05% to 12,073. Of these complaints, 10,460 (i.e. 86.64%) cases fell within HOBIS' purview. The following pie charts set out their distribution per product/service and per cause of complaint respectively.



1.2 Written complaints

In 2011, the number of written complaints by private individuals regarding banking transactions decreased by 5.20% to 1,823. Of these complaints, 1,559 (i.e. 85.52%) fell within our jurisdiction. The following pie charts depict their distribution per product/service and per cause of complaint respectively.



1.3. Closed cases

In 2011, 1,472 cases were resolved, 417 in favour of the complainants, 410 in favour of the banks and 645 by conciliation. The percentage of complainants' satisfaction, expressed as the sum of complete satisfaction (28.30%) and conciliation (43.88%) was 72,18%.

1.4. Common complaints

Deposits

- Deposit accounts debited with 'inactivity charges' or 'account activity charges' without the beneficiaries' notification; inactivity charges sometimes affected the deposit principal.
- Bank claims set off against the balance of accounts solely used to receive beneficiaries' salary or pension proceeds.
- Portion of savings deposit balances blocked without a court order.
- Banks' refusal to accept deposits in coins.

Loans

- Arbitrary increase in interest rate margin
- Lack of transparency in contract specifications and changes in mortgage loan rates.
- Arbitrary specification of loan rates, in violation of contract terms.
- Refusal to accept insurance policies issued by an insurance company of the borrower's choice, and borrower charged with insurance premiums issued by an insurance company of the bank's choice.
- Delay in providing copies of loan contracts, under various pretexts, and failure to provide the guarantors with such copies.
- Persisting notices to heirs for payment of deceased borrower' debts due to insurance company's payment delay.
- Failure to close borrower's loan account following transfer of the account balance to another bank, because of funds transferred from another account to service the loan account, with the loan account still charged with monthly instalments without the borrower's notification, which resulted in overdue debts.
- Refusal to discharge mortgage pre-notations on realty despite full repayment of mortgage loan, due to credit card debt.
- Numerous requests for information on settlement of over-indebted individuals' debts, as well as applications for out-of-court settlement under Article 2, par. 1 of Law 3869/2010.
- Delay in updating the records of TIRESIAS SA on mortgage loan repayments and discharge of mortgage pre-notations on realty.
- Fee charged as "delay costs" for monitoring and informing borrowers on their overdue debts.

Means of Payment

- Disputed level of funds deposited via ATMs.
- Disputed cash withdrawals via lost or stolen credit cards and disputed credit card transactions via the internet.
- Certain individuals appeared in the records of TIRESIAS SA (Loan Information System) as credit card holders against whom payment orders had been issued, when in fact they had never applied for or received such credit cards.
- ATM frauds under circumstances where cardholders' attention was diverted, their PIN was captured, their card replaced by another card and their funds withdrawn by third parties.
- Card skimming during ATM transactions.
- Credit card account not closed despite a balance transfer to another bank and the borrower continued to be charged with minimum monthly payments, which resulted in overdue debts.
- Card credit limit reduced without notice, as a result of which the respective account was debited with credit limit excess charges, and standing order was not honoured.
- Cardholder's family member added to the respective beneficiaries' list without the cardholder's consent.
- Conducting illegal withdrawals from a customer's account via ATM after capturing PIN and withholding the card using the "Lebanese loop" fraud method.

Other – Various banking operations

- Delay in responding or failure to respond to customer requests.
- Customer included in insurance programme and charged with premiums without his consent, whereas the customer had only asked for information on the programme.
- Complaints about violations of Law 3758/2009 by Debt Collection Agencies in pursuit of collection of overdue debts, especially as regards the conduct of their staff, the frequency and inappropriate times of harassment, and disclosure of debtors' personal data to their family members.

1.5. Selected cases

Deposits

366/11

Debts offset against balance account

The bank set off the complainant's overdue debts against his unemployment allowance account balance of 636 € without prior notification. Following our intermediation, the said amount was refunded to his account.

Loans

121/09

Change of interest rate

According to the complainant's housing loan agreement, changes in interest rates followed those of Euribor. However, between 2006 and 2009, the interest rate of his loan increased despite Euribor's repeated decreases. H.O.B.I.S recommended the bank, based on applicable provisions, to properly apply the specific contract term and to refund the amount of interest which had been unduly paid.

1261/11

Delay charges

A customer's account was debited with "delay charges" concerning the monitoring of his loan, due to overdue debts. Following our intermediation, in accordance with the applicable provisions, the bank refunded his account with the relevant amount. Moreover, the bank informed H.O.B.I.S. that the above charges were abolished.

1372/11

Refusal to mortgage extinction

Despite the full repayment of her housing loan, by depositing the relevant amount, the bank refused to consent to the extinction of the mortgage, demanding the repayment of a business loan which she had guaranteed. Following our intervention, the bank immediately proceeded to the extinction of the mortgage.

Means of Payment

1018/10

Card stolen by diverting the holder's attention

During a cash withdrawal at an ATM, the complainant's card was replaced by another card by strangers, who diverted his attention. As they had already captured his PIN when he typed it, they subsequently made successive withdrawals of 2,200 € from his account. Given that this was not a case of electronic theft and the correct PIN was used, his request for refunding of the relevant amount was not granted.

1374/10

Fraud "Lebanese loop"

A bank customer tried, unsuccessfully, to withdraw cash from an ATM with his card because the ATM shut down and the machine retained his card. A stranger informed him that he had faced the same problem the day before. Despite the cardholder informing the bank of the problem within the next 10 minutes, 7 withdrawals, totalling 2,600 €, had been made from his account. The investigation revealed that he had been the victim of a common scam, often known as the "Lebanese loop", where a fraudster tampers with the ATM so that it appears to "swallow" the customer's card. And having carefully observed the customer using the machine, the fraudster knows his PIN. H.O.B.I.S. upheld his complaint and recommended the bank to refund the above amount. Accordingly the bank credited his account with 2,600 €.

802/11

Disputed card transactions

The complainant's credit card was stolen from his bag in the subway. Until cancellation, the next day, the card had already been used for unauthorized transactions totalling 7,300 €. The bank refunded the amount of 3,147.48 € due to lack of supporting documents provided by the shops. After considering all the evidence, we recommended the reimbursement of the rest of the disputed transactions, on the grounds that there had been a split sale and the bank had not acted promptly to avert further fraudulent use of the card.

1043/11

Phishing scam

A debit card holder provided his card number and PIN by responding to a fraudulent e-mail message claiming to come from his bank. As a result her account had been debited with two withdrawals totalling 1,200 €, with a cloned card. The card issuer refused to remove the transactions. However, HOBIS recommended the bank to re-credit the above amount based on the fact that the said withdrawals were made using a cloned card.

1.6 Cross-border complaints

This category comprises complaints received by HOBIS in the context of its participation in the Cross-Border Out-of-Court Complaints Network for Financial Services (Financial Dispute Resolution Network – FIN-NET), which links the national bodies for out-of-court settlement of disputes in the EU and EEA.

As the competent scheme, HOBIS examines complaints filed by EU and EEA residents in relation to their transactions with its member banks.

In addition, HOBIS also receives Greek residents' complaints resulting from their transactions with financial and credit institutions registered elsewhere in the EU and EEA. In this context, acting as the nearest scheme, HOBIS provides information to the complainants and refers them to the competent scheme, i.e. the respective out-of-court dispute settlement scheme abroad.

The table below indicates that HOBIS acted in 2011 as the competent scheme in 65 cases and as nearest scheme in 17 cases.

As competent agent, HOBIS investigated and settled 61 cases, in 11 of which the complainant was vindicated and in 50 the bank.

Also, 17 complaints received by HOBIS as a nearest scheme were forwarded to the competent scheme abroad.

| | COMPETENT SCHEME | NEAREST SCHEME |
|-----------------------------|------------------|----------------|
| A. GEOGRAPHIC REGION | 65 | 17 |
| - EU & EEA | 61 | 17 |
| - Non-FIN-NET | 4 | - |
| B. SETTLED | 61 | - |
| Γ. PENDING | 4 | - |
| Δ. SETTLEMENT METHOD | | |
| - By a bank | 25 | - |
| - HOBIS Intermediation | 36 | - |
| - Referred abroad | | 17 |
| E. RESULT | | |
| - In favour of the consumer | 11 | - |
| - In favour of the bank | 50 | - |

Selected cases

445/2011

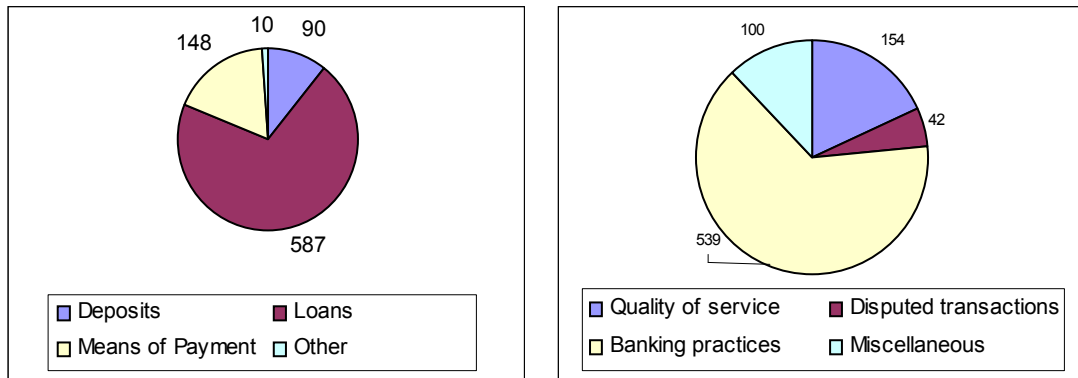
Delay in returning a money transfer

In January 2011 Mr X. who is a German resident, ordered through the Internet from a Greek trade company a musical instrument which costed 110,47 €. He made a money transfer of the said amount to the account of the trade company by providing the bank the IBAN, BIC and the name of beneficiary which the trader had communicated to him over the phone. However his order was not executed due to the fact than the name of the beneficiary of the account was incorrect. Although the Greek company acknowledged the mistake and ordered the Greek bank to return the money to the consumer, there was a considerable delay in the procedure. In March 2011 the consumer contacted our scheme and as a result of our mediation the bank transferred back the said amount.

2. PROFESSIONAL AND SMALL ENTERPRISE COMPLAINTS

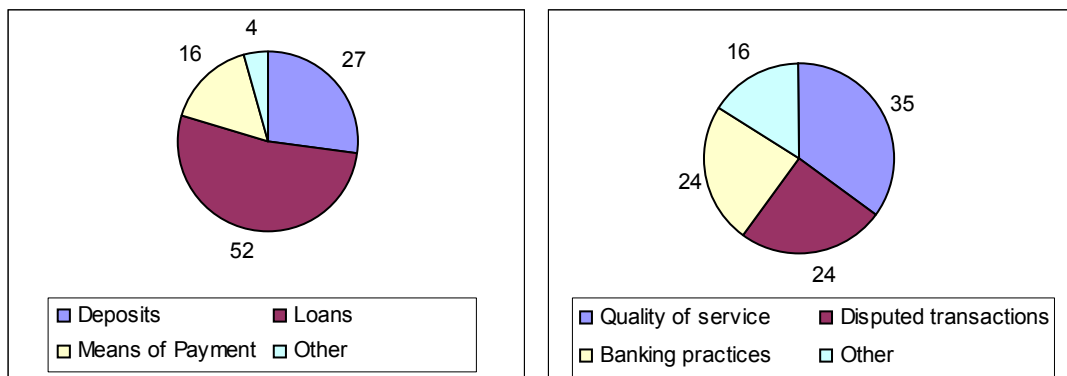
2.1. Phone calls

In 2011, phone calls regarding professional and small enterprise complaints decreased by 20.49% to 1,199. Of these complaints, 835 (i.e. 69.64%) cases fell within HOBIS' purview. The following pie charts set out their distribution per product/service and per cause of complaint respectively.



2.2. Written complaints

Our office also received 156 written complaints from professionals and small enterprises, i.e. 6.12% more than in 2010. Of these complaints, 99 (i.e. 63.46%) cases fell within HOBIS' purview. The following pie charts set out their distribution per product/service and per cause of complaint respectively.



2.3. Closed cases

In 2011, 171 cases were resolved, 47 in favour of the complainants, 35 in favour of the banks and 11 by conciliation. The percentage of complainants' satisfaction, expressed as the sum of complete satisfaction (50.82%) and conciliation (11.48%) was 62.30%.

2.4. Common complaints

- Depositors charged for the issuance of account statements or cheque books without notification.
- Fees charged for collection of cheques issued by a branch of the same bank in another town.
- Complaints about banks' excessive charges for stamping cheques for non-payment.
- Arbitrary unilateral increase in rate margins on loans for the purchase of business premises.
- Interest rates on business loans unilaterally increased without notification, or borrowers pressured to consent to higher rates.
- Delay in discharging mortgage pre-notation following full repayment of loans.
- Arbitrary setoff of performing loan balance against loan approved by the Credit Guarantee Fund for Small and Very Small Enterprises (TEMPME).
- Bank's delay in forwarding customer's request to participate in the National Strategic Reference Framework (ESPA) development programme, resulting in customer's non-participation in the programme.
- Numerous requests by businessmen wishing to benefit by the provisions of the Settlement of Business and Professional Debts programme pursuant to Law 3816/2010, and complaints about non-inclusion in the programme.
- Guarantor's account blocked without notification due to borrower's overdue debts, as a result of which guarantors' cheques were stamped for non-payment.
- Amount deposited into sight account to cover a cheque drawn by the depositor was set off against credit card debt, as a result of which the depositor's cheque was stamped for non-payment.
- Banks' refusal to issue copies of loan agreements to guarantors.

2.5 Selected cases

133/11

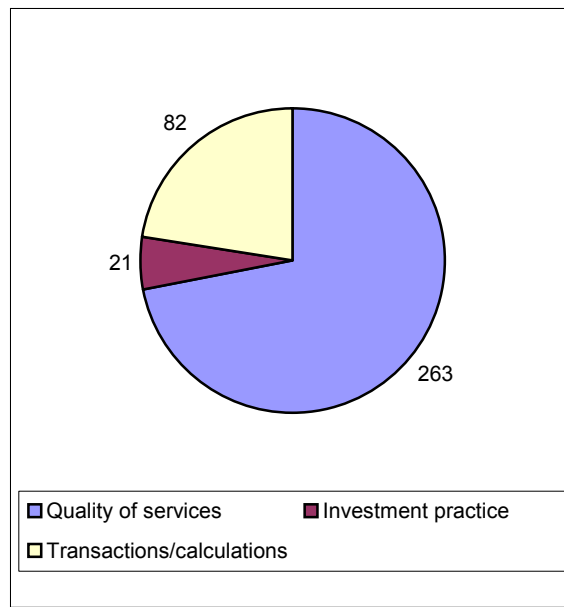
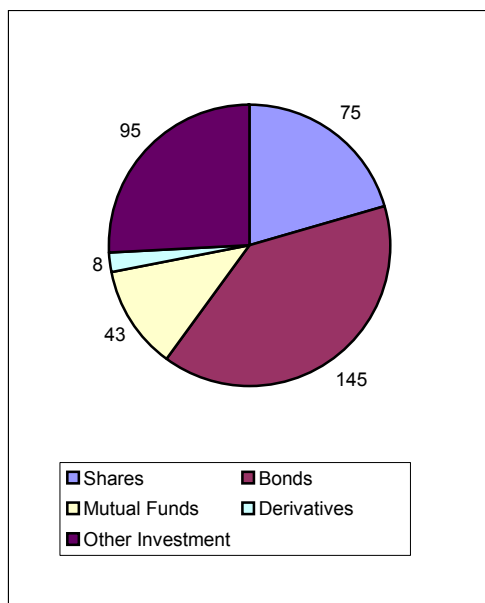
Delay of loan disbursement

After signing, in August 2011, a loan agreement of 160,000 € for the construction of a photovoltaic power station and despite the presentation of all required documents, the bank delayed to disburse the said amount. As a result of our intermediation the bank disbursed the amount.

3. INVESTOR COMPLAINTS

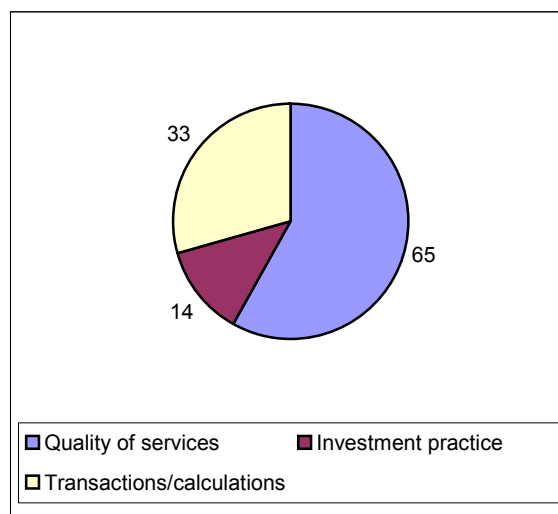
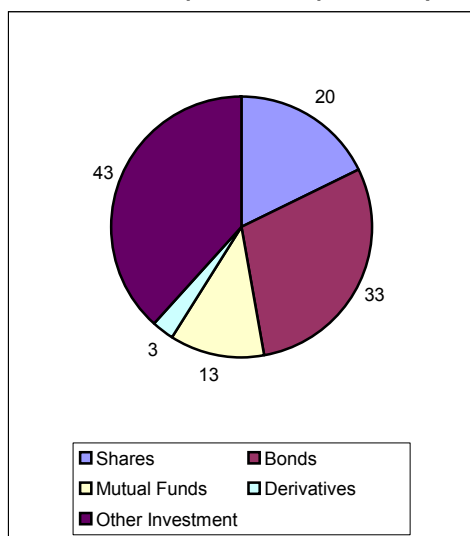
3.1. Phone calls

In 2011, phone calls regarding investor complaints against banks and investment firms fell by 0.66% to 452. Of these complaints, 366 (i.e. 80.97%) cases fell within HOBIS' purview. The following pie charts set out their distribution per product/service and per cause of complaint respectively.



3.2. Written complaints

In 2011, the number of written complaints by investors increased by 5.26% to 140. Of these complaints, 112 (i.e. 80.00%) fell within our competence. The following pie charts depict their distribution per product/service and per cause of complaint respectively.



3.3. Closed cases

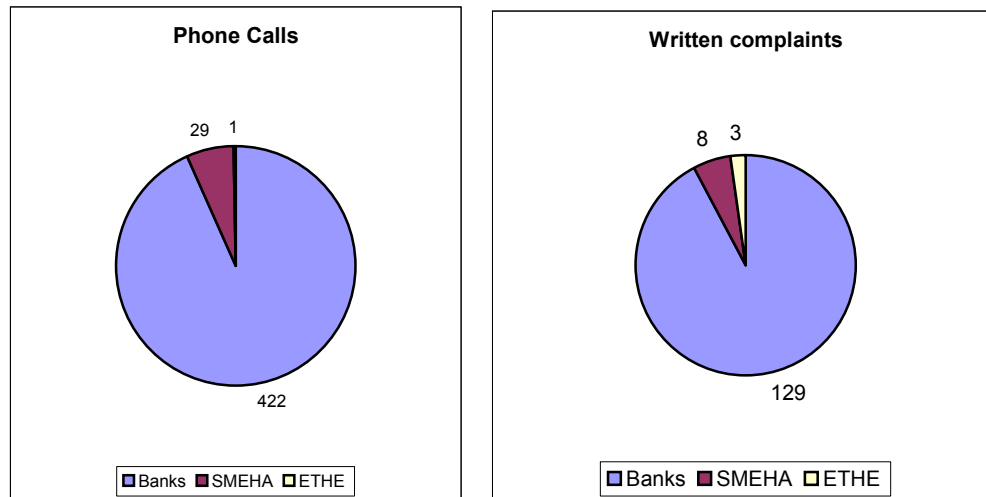
In 2011, 94 cases were resolved, 30 in favour of the investors, 55 in favour of the banks/investment firms and 9 by conciliation. The percentage of complainants' satisfaction, expressed as the sum of complete satisfaction (32.31%) and conciliation (9.23%) was 41.54%.

3.4 Distribution by organization

| Organization | Telephone Complaints | | Written Complaints | |
|--------------------|----------------------|----------------|--------------------|----------------|
| | Number | Percentage | Number | Percentage |
| HBA (Banks) | 422 | 93.36% | 129 | 92.14% |
| SMEHA ¹ | 29 | 6.42% | 8 | 5.72% |
| ETHE ² | 1 | 0.22% | 3 | 2.14% |
| TOTAL | 452 | 100.00% | 140 | 100.00% |

¹ Association of Athens Stock Exchange Members

² Association of Greek Institutional Investors



3.5 Common complaints

- Misleading information on terms of insurance/investment programmes.
- Customers phoning to get information on banks' insurance/investment programmes were subsequently included in these programmes and charged with insurance premiums without their consent.
- Transactions on investor's portfolio without the investor's instructions.
- Failure to execute investor's instructions regarding the investor's participation in a bank's share capital increase.
- Numerous bonds sold as fixed-term bonds, when in fact they were perpetual bonds.
- Bonds and mutual funds arbitrarily traded or funds invested in insurance programmes instead of time deposits as per the investors' instructions.
- Deposit pledged as collateral for a loan was arbitrarily converted to mutual funds.

3.6 Selected cases

8/11

Arbitrary bonds replacement

In 2005 the complainants invested 200,000 € in bonds of five years. In 2007 the bank replaced them with perpetual bonds, without relevant instructions. Following our intermediation the bank replaced the bonds with others maturing in 2012.