



NATIONAL BANK OF GREECE



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PROLOGUE

This paper addresses the issue of the National Bank of Greece, focusing on issues such as the course of time, from its inception until today and the ways in which its business activities affect the economic life of the country.

The main analysis will be based on two pillars: a throwback to the proceedings of this financial institution from the first payment will be made, and then record all the ways of corporate governance.

The completion of this work included the online survey and study of relevant articles and books, which will be listed at the end of the essay, the piece of literature.

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IMPORT

The National Bank was founded in 1841 and was the first bank in the Greek state, with a decisive contribution to the site in these 177 years of history of economic life. Today the National leader of one of the largest and strongest financial services groups in Greece, with a strong contribution to support the Greek economy and the development

and social transformation of the country. The bank offers a wide range of financial products and services that respond to changing business needs and individuals.

With 542 branches and 1,466 cash machines (ATMs), has the widest service network covering the entire geographical area of Greece, while developing modern electronic channels, such as Mobile Services and Internet Banking. Today, the Group's network overseas includes 93 units, while the group employs 11,500 employees (National Bank of Greece, 2018).

Club

The NBG Group operates internationally in 9 countries where controls except EIB, 6 banks and 50 companies providing financial and other services. The companies of the group are:

Hellas

- Greek national Bank S.A.
- GNI. B. Insurance "The National"
- National Securities
- National Asset Management Mutual Funds
- National Leasing SA
- National Factors AE
- National Pangea AEEAP

Cyprus

- National Bank of Greece (Cyprus) Ltd
- National Insurance (Cyprus) Ltd

Romania

- Banca Romaneasca SA

- NBG Leasing IFN SA
- Garanta Asigurari SA

Egypt

- Egypt Stores (NBP Egypt)

United Kingdom

- London Branch Bank (NBP London)

Bulgaria

- BANKTECO EOOD

FYROM

- Stopanska Banka AD - Skopje

South Africa

- The South African Bank of Athens Ltd

Malta

- NBP Bank Malta Ltd

Australia

- ETE Representative Office Melbourne

CHAPTER 1: HISTORY OF THE NATIONAL BANK

1.1 Establishment

On March 30, 1841 published the law "National Bank recommendation About" (Official Gazette, no. 6 of 30 March 1841, p. 59) according to which the National Bank is a limited private company based in Athens and section 5000. 000 drachmas, divided into 5,000 shares of 1,000 drachmas. As the first commander (with the title of director) appointed George Stavros, who was one Epirus marketer with knowledge of Greek

society and had served during the revolution general treasurer of the executive, financial executive of John Kapodistrias, director of "National brokerage Bank "(precursor of the ETE) and a member of ECA(Notaras, 1999).

Since the founding shareholders of the National Bank in 1841, was the Greek state with 1,000 shares of 3.402. Other major shareholders were Zosimas Nicholas with 500 shares, John - Gabriel Eynard¹ 300, King Ludwig I of Bavaria in 200, Constantine Vrana to 150, Adolf graphics with 146 Theodoros Rallis 100. The bank Rothshild Frères Paris bought 50 shares, while another 50 bought Eynard in the name of to boost the prestige of the new bank. (Lubber, 2016)

On 22 January 1842 is the launch of the bank's rented residence of George Stavrou, with the first banknotes were released on the market are worth 100 and 500 drachmas. In public classes observed a general uncertainty in this early stage of operation as the metal currency as a concrete material element secured an additional dose of certainty than banknotes. The intervention of Eynard, who advised Stavros issue coins of 25 and 50 drachmas catalytically acted on the whole situation, and provide the public with the opportunity to convert banknotes into coins(Eynard, 1923).

1.2 The period until the First World War

The spread of the publishing of the National Bank franchise following the enlargement of the national borders. Of all the banks acquired seigniorage in Greece National Bank maintained for the longest time.

This era was marked by the entry of Greece in the Latin Monetary Union and the subsequent devaluation of the value of the drachma by 12% due to the change of rate. Banknotes of the fifth edition of the National are revalued in relation to the oldest by 12% and therefore bear the NN indicator (new currency). For the first time it is printed and the back of the banknotes, and even the title of the Bank and the value written in French.

¹Jean-Gabriel Eynard (France .: Jean-Gabriel Eynard): Swiss banker, philhellene, honored with the title of benefactor of the Greek nation. To his credit, the National Bank has named "Eynard Mansion" building that houses the Cultural Foundation.

Moreover, the National Bank participates at that time the establishment of the Maritime Bank Archangel, the foundation of the company for drying Copais and the capital of the Company of the Isthmus of Corinth to 500,000 francs. Also participating in the foundation of the Privileged Bank Epirothessaly with capital 3.13 million drs. And half, until the sum of 5,000,000 drachmas., To mortgage the new bank for three years. Also participating in the capital and in the financing of Greek railways Peloponnese and Thessaly, with chapters in establishing the Management Company Monopoly of Greece but also in establishing the Greek Society of the Corinth Canal in capital 224,000 drs., Corresponding to 1,400 shares. The most important event of that period, but none other than the opening of the Athens Stock Exchange and the introduction of the share of the National in this May 12, 1880 (National Bank of Greece, 2014).

Other important events of that era was the bankruptcy declaring the Greek state in 1893 and the military defeat in the 1897 Greco-Turkish War, events which inevitably influenced all areas of public life, as well as the economic consequences and the unsettled debt created they fell on the shoulders of the then governor of the National Bank Stefanos Streit, since it was the holder of the position of the Finance Minister of the then government (Paparrigopoulos, 1932).

After these events, however, they made several moves to the resurgence of the institution and the overall economic situation of the state: the National Bank absorbed by merger the Privileged Bank Epirothessaly expanding its publishing privilege in Thessaly and part of Epirus. Furthermore in 1899 the National Bank established the independent Cretan State Bank of Crete, and in 1904 he founded together with the German bank Bank East.

The year 1913 ended with a total financing of National Bank 197 100 042 Drs. Total deposits 270 940 997 drachmas. The total banknotes in circulation of the bank reached the amount of GRD 293 604 185 (National Bank of Greece, 2014).

Governors of the institution at that time served during the series: Markos Renieris (1869 - 1890), Paul Calligas (1890 - 1896), Stefanos Streit (1896 - 1910) and John Valaoritis (1911-1914).

1.3 The period until the Second World War

During the First World War and the Asia Minor disaster, the National Bank intervened for smooth supplies of wheat, flour and other essentials and facilitated the export of Greek products, he took on behalf of the state to secure the transfer of agricultural, industrial and mining products by war risks. For possible more effective treatment of the consequences of the war turned to the United States market of America. also enhanced by the new institution loans cooperatives and Greek refugees from Russia, Pontus, Thrace and Asia Minor and advances granted to cover the costs of the Allied armies of England and France. Finally, the time when serving as commander of Alexander Zaimis, was the merger with Bank of Crete. The National Bank pursuant to VOX law extended the privilege of publishing (March 17, 1920) and the Ionian Islands and thus acquired exclusive privilege for all of Greece. Shops were established in new countries in Eastern Thrace and Smyrna(National Bank of Greece, 2014).

The following years were conducted negotiations on the granting of loans for the rehabilitation of the Asia Minor disaster refugees for settlement of war debts of Greece for their allies to finance large public drainage works and road construction and to finance public utility projects, such as were projects for the production and distribution of electricity and water supply of the Greek cities. The state also moved toward establishing a central bank, which raised the average foreign governments to provide the necessary loans to stabilize the Greek economy. These negotiations were concluded in 1927 and led to the founding of the Bank of Greece, Agricultural Bank and the National Mortgage Bank.

The market orientation conducted by the bank, despite the international financial crisis hit and Greece in 1930, contributed to strengthening the position of National at the top of our banking system and to define its role as a protagonist in overcoming the economic crisis . Its position was strengthened, the work grew so could be able from 1935 onwards strengthen brave the country's arms industry, when orders abroad were canceled because of the upcoming Second World War(Lubber, 2016).

Governors of the institution at that time served in turn as: John Eftaxias (1914), Alexander Zaimis (1914-1920), Dimitrios Maximos (1920-1923), Alexander Diomedes (1923-1928), John Drosopoulos (1928-1939) Korizis and Alexander (1939 - 1941), while during the war and the Occupation appointed Konstantinos Zavitsianos (1941 -

1943), George Merkouris (1943 - 1944) and Constantine Triandafyllopoulos (1944-1945).

1.4 The postwar period

The adoption of computer services, already in the early 1950s was a direct target for the National Bank, while opening the way in the other country organizations to enter the information technology. With a simple wording adopted in the Bank's computer center to have its own building. The relevant extract of the minutes of the General Council Meeting held on July 31, 1952 states:

"The installation for accounting machines [...] judged necessary for technical reasons gini in separate building and suggested in the technical erection result in plot Bank despite Syngrou with proupologizomenin dapanin about Drs. Two billion."

In this way the National Bank becomes the first MS (Computer Center) (National Bank of Greece, 2014).

1.4.1 Large infrastructure projects

After the war and the occupation priority was reconstruction, and the National responded to the needs of the site supporting the work of reconstruction. The next period until the end of the 20th century and the first decade of the 21st, the bank continued to offer its services to the state and the private sector playing a central role either in financing major development projects either in providing financial advisory services. Important was the role of projects such as the Athens Airport "Eleftherios Venizelos", the Rion - Antirion link, the construction of the Attiki Odos and the construction of highways in central Greece, the Peloponnese and Epirus.

1.4.2 National Investment Bank for Industrial Development

For administration Demetriou Helmi, a consultant later Timo Christodoulou Governor, decided to establish the subsidiary National Investment Bank for Industrial

Development (ETEBA). Securing funds during the first decade of operation resulting from long-term loans of the National Bank, the Bank of Greece and the World Bank.

The first years of operation of the existing institutional framework allowing long-term lending to industrial, mining, hotel and equity participation of any business nature. Pure development bank at the start, took many business and institutional initiatives that broadened the scope of action. Applied modern corporate governance practices and taking advantage of the favorable economic environment, due to significant investments in industry and infrastructure that had preceded, it was one of the first steps of double-digit growth rates.

The second decade of operation of evolving into an investment bank and, taking advantage of the favorable macroeconomic environment, achieved an average expansion of the order of 31% (National Bank of Greece, 2014).

1.4.3 National Bank Cultural Foundation

In 1966, under the management of Georgios Mavros, the National Bank of Greece, on the occasion of 125 years since its foundation, decided to create an educational institution, to contribute to the development of literature, art and science. The building housed in Plaka and director took Emmanuel Ch. Kasdaglis, writer, distinguished editor and member of the National Bank.

From May 1966 until April 1967 the Board of Directors planned the activity of the institution for years. This brilliant start violently interrupted by the military, and the ambitious program was utilized only after the restoration of democracy, since the April dictatorship fired his manager, replacing handedly board members did not resign.

The National Bank Cultural Foundation (better known by its acronym of MIET) substantially commenced its activities in 1974, when George Black, vice then the government's legislation restores the institution the diasalefmeni class, restoring the pre-dictatorial Board and the dismissed Kasdagli director, who will remain in that position until his death in March 1998 (MIET, 2018).

1.4.4 Historical Archive National Bank

The Historical Archive of the National Bank is the legacy of the historical memory of the first institution in the country, but much of the economic memory of the Greek state and important aspects of social, cultural and political place of memory. Send the Historical Archive of the National is the preservation and promotion of historic archival material available to the Bank. Since the operation of the National almost coincides in time with the existence of the Greek state, the archives has captured the whole economic history of the country. The Historical Archive of the National have also perisothei files and collectibles companies, for various reasons, were transferred to the ownership of the Bank and are part of the cultural heritage.(National Bank of Greece, 2018).

1.5 The situation today

Due to the fiscal crisis in Greece, which resulted in excessive growth of non-performing loans, the National Bank is forced to go on three successive increases of the share capital (2010, 2014 and 2015) making major shareholder the Financial Stability Fund (FSF), and in process of selling the subsidiaries abroad and within the country.

On June 15, 2016 the National Bank of Greece announced the completion of the transfer of Finansbank A.Ş. the Qatar National Bank (Qatar National Bank SAQ - QNB). The price of the transaction was 2.750 mil. € and including smaller holdings consideration in subsidiaries in Turkey and with the repayment of the QNB's subordinated loan amounting to \$ 910 million., The EIB granted in Finansbank, so the National bank received approximately € 3,6 billion.(National Bank, 2018).

CHAPTER 2: CORPORATE GOVERNANCE

2.1 Board Committees (Board)

At Board level have been established and put into operation six different types of committees. Based on information learned from the website that maintains the(National Bank of Greece, 2018)Will then recorded each of them separately.

2.1.1 Human Resources and Compensation Committee

The Human Resources and Remuneration Committee was established by decision of the Board National Bank (meeting no. 1259 / 5.5.2005) and is composed exclusively of non-executive directors, which are at least three in number (including the president) and the majority of independent directors, in accordance with the definition of independence contained in the Bank's Corporate Governance Code and a member of the representative of the Financial Stability Fund to the Board. The committee includes among its members people who have experience in the financial sector, while at least one member has adequate expertise, training and professional experience in risk management and control activities in order to assist in the alignment of remuneration with the risk profile and capital bank.

The members and the Chairman of the Committee appointed by the Board of Directors upon recommendation of the Corporate Governance and Nomination Committee. Members are selected based on ability and experience. The Committee meets at least three times a year and keep minutes of its meetings.

2.1.2 RMC

The Risk Management Committee was established by decision of the Board Bank (meeting no. 1308 / 20.7.2006) under the provisions of Governor's Act 2577 / 9.3.2006. Regarding the members that compose it, the provisions that apply to the Human Resources and Remuneration Committee, and the piece of technical training is stated that all members should have sufficient knowledge and experience in banking and finance, while at least one member a specialist should have considerable experience in risk management and capital, as well as knowledge of national and international regulatory framework.

The Committee meets regularly at least once a month and extraordinarily whenever deemed appropriate by the Chairman.

2.1.3 Control Committee

The Audit Committee was established in 1999 and operates in accordance with the provisions of PD / TE 2577/2006, Article 37 of Law. 3693/2008 and the provisions of the Law Sarbanes - Oxley («SOX»). Its members are elected by the General Meeting of shareholders of the bank at the proposal of the Corporate Governance and Nomination Committee to the Chairman of the Board. The chairman and the vice-president appointed by the Board. The Committee consists of five non-executive directors, of which four are independent and one member is a representative of the Financial Stability Fund to the Board, while the term of office is one year and can be renewed indefinitely.

The Audit Commission employs skilled counselor who reports directly to the Chairman. Moreover meet at least six times per year or extraordinarily whenever necessary, keep minutes of its meetings and submit reports to the Board on a quarterly or sooner, as long as necessary.

2.1.4 Corporate Governance and Nomination Committee

The Corporate Governance and Nomination Committee established by resolution of the Board Bank (meeting no. 1259 / 5.5.2005) and consists of at least three members of the Board. Its members and chairman are appointed by the bank's Board of Directors. All committee members are non-executive directors, and mostly independently, according to the definition of independence contained in the Bank's Corporate Governance Code and a member of the representative of the Financial Stability Fund to the Board. H the term is one year and can be renewed indefinitely.

The committee meets at least three times a year and keep minutes of its meetings.

2.1.5 Strategy and Transformation Committee

The Commission Strategy and Transformation established by decision of the Board National Bank (meeting no. 1387/29 September 2009) and supports the executive Board members in shaping the group's strategic choices, it helps the Board in decision

making on all issues related to the Group's strategy and regularly monitor the implementation of the strategy of the Group Management.

The Committee consists of nine members, of whom five are independent non-executive directors and one member is a representative of the Financial Stability Fund to the Board. The Commission ex officio a member CEO. Committee chairman is the president of the bank's Board of Directors.

Its members are appointed by the Board on the proposal of the President, after consulting the latter with the Corporate Governance and Nomination Committee. Its members are selected based on their ability and experience and their tenure is one year, renewable indefinitely.

The committee meets at least three times a year and as often as necessary to discuss issues before their evaluation by the Board, and submit reports to the Board at regular intervals.

2.1.6 Commission Moral Values and Corporate Culture

Minimum information notified to the newly constituted committee, but in the words of the chairman of the National Bank of Costas Michaelides, is to move towards the creation and promotion of a new operating model, which supports competence and social sensitivity a new era for banking in Greece, as well as to overthrow entrenched attitudes and outdated practices, and will serve the principles of transparency and modern, accountable government As based on traditional values(Business News, 2018).

The only information that has been confirmed is that the committee will consist of eleven members (including the president). Chairman of the committee is Ms. Eva Cederbalk, while as members will serve Mr. Costas Michaelides, Mr. Paul Miller, Mr. Dimitrios Dimopoulos, Mr. Panagiotis Dasmanoglou, Mr. Harris Makkas, Mr. Claude Piret, o Mr. Andrew McIntyre, Mr. John McCormick, Mr.. John Zografakis and Mr. Drougkas Pericles.

2.2 Corporate Social Responsibility (CSR)

Having assumed the role of a responsible 'citizen' to society, throughout its history from 1841 until today, the National Bank demonstrates the timeless of interest and sensitivity in regard to respect for human values, the development of society, support for entrepreneurship, rescue and preservation of Greek culture, contribution to literature and the arts and the environment (National Bank of Greece, 2018).

CHAPTER 3: FIGURE OF STOCK COMPANY

The share of the National Bank of Greece is listed on the Athens Stock Exchange since 1880 and on the New York Stock Exchange since October 1999. The current price is at € 0,24, while in the following graphs illustrated in figures the depreciation which has been due to the current economic situation of the country:



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