

THE NATIONAL BANK IN THE LONDON MARKET

The present-day National Bank of Greece and its branch offices in London are the outcome of the 1953 merger of two Greek banks, each with its own activity in the London market in the beginning of the 20th century: the National Bank of Greece, founded in 1841 and the Bank of Athens, founded in 1893. The merger brought together two banks with – at that time – totally dissimilar features. The Bank of Athens was a cosmopolitan, international venture thanks to its founders but also to the geographic distribution of its businesses; the National Bank was conservative and ethnocentric.

The efforts for the establishment of a Bank of Athens branch-office in London started at the beginning of the century and fully met the international orientation which dominated the development of its banking activities mainly in the Eastern Mediterranean¹. This orientation led to the pursuit of a close cooperation with the Banque de l'Union Parisienne, finally achieved in 1904. However, as time went by, business growth in the Eastern Mediterranean was limited by the political and economic events in the area, which progressively downsized the commercial and financial activities of Greeks in Turkey and Egypt.

The Bank of Athens London branch was founded in 1903 with its premises at 22 Fenchurch street². By establishing this branch office, the Bank of Athens wanted to mediate for the promotion of Greek products, mainly raisins, in the English market. It was certain that the planned establishment of branch offices in Izmir, Istanbul and Salonica would boost a further widening and development of its London branch activities.

In an effort to strengthen and promote its activities in London, the Bank of Athens in 1911 gave one of the seats on its Board of Directors to Emmanuel Rodochanakis,

¹ K. Kostis – Vassias Tsokopoulos, “Banks in Greece, 1898-1928” Union of Hellenic Banks, Athens 1988, p. 48-49.

² Bank of Athens, “Annual General Meetings” 1903-1949.

representative of the Rodochanacki & Sons London firm, a commercial company with a prominent position in the London market.

The outbreak of World War I in 1914 and the shrinking of international trade had its repercussions – as it was to be expected – on the activities of the London branch of the Bank of Athens. These activities would revert to a normal pace of development after the end of the war, in 1919. In 1919, the Bank of Athens decided to strengthen its London branch by creating a Management Board. The first Management Board in London was formed by E. Rodochanakis, O.V.C. Hoare from Barclay's Bank and William Herbet Hillis from Cox & Co. In 1920, in an effort to spread its activities to other cities in Great Britain, the Bank of Athens founded its Manchester branch. Unfortunately, this branch office closed down two years later, in 1922, as it was unable to meet the expectations of the Bank of Athens.

Greece, in the aftermath of World War I, and in particular after the Asia Minor disaster, faced a serious lack of capitals which did not allow her to carry out the necessary infrastructure projects and finance and develop her industry and this for several reasons³. Following the war between Greece and Turkey, very large numbers of refugees were transferred to Greek territory. These people represented many industries and brought with them all the necessary knowledge and experience to enable them to carry on the work to which they were accustomed; they were, however, almost entirely destitute of capital, and consequently unable, without assistance, to establish themselves economically in their new country. Further to this the ravages of war, which Greece had been carrying on more or less continuously for about ten years, had left the old industries of the country impoverished, old fashioned and again without sufficient capital to bring their plant and machinery up to date. Many of these old industries were of primary importance to the welfare of the country, and built up to exploit its natural resources. With the return to peace, however, and with the advent of a stable Government, reorganised finances and a balanced Budget, it became obvious that any help afforded to the industries would contribute enormously to the future prosperity of the country. The desire to assist in this important work was one of

³ Hellenic and General Trust Limited, Annual General Meetings", 1930-1949, Reprinted from the Times Company Meetings, London

the many objects of the National Bank of Greece which finally decided, in 1928, to expand her activities abroad and to form the Hellenic Corporation in London, soon to be named Hellenic and General Trust Limited. This endeavor was not accompanied by the establishment of an agency or branch office. The Hellenic and General Trust developed its activities through Hambros and Erlangers.

The objects for which the Company was established by the National Bank of Greece⁴ were to invest the funds of the Company for the purpose of encouraging governmental, communal, financial, commercial, industrial and agricultural enterprises in Greece and generally to further the interests of Greece in Great Britain and the United States of America and facilitate the financial and commercial relationship between the three countries and generally to facilitate and encourage the investment of foreign funds in Greek enterprises of all kinds. The share capital of the Company was 500.000£ divided into 100.000 shares of 5£ each.

In 1929, the Directors decided that, in order to make it clear that the Company's activities were not entirely confined to Greece, the name of the Company should be changed to "Hellenic & General Trust Limited". Although the creation of the Company was inspired by the desire to help the development of Greek industry, it had been obvious from the first that no Trust Company could consider putting all its eggs into one basket, so that while, on the one hand the company had diversified as much as possible her Greek industrial interests, it had to insure that the funds would be invested in their proper proportion throughout the world. The capital of the Company was increased to 1.000.000£ by the creation of 100.000 additional shares. In April 1930, the extraordinary General Meeting of the Hellenic & General Trust Limited, passed a resolution which provided that each of the 200.000 shares of the Company of 5£ each would be sub-divided into 10 shares of ten shillings each, five of which were to be Preference Shares and five Ordinary Shares. The Preference Shares conferred upon the holders the special right to receive a fixed cumulative preferential dividend of 5% per annum on the nominal amount of the Stock held by them respectively but without any further right to participate in the profits or assets of the Company. Sir Charles Eric Hambro was appointed Chairman of the Board of Directors, Jean Drossopoulos Vice-Chairman, Alexandre Diomedede, Robin d'Erlanger, Pericles Freme,

⁴ Memorandum and Articles of Association of the Hellenic and General Trust Limited, The Companies Acts, 1908-1917, Company Limited by Shares, London 1928.

Andrew Hadjikyriakos, Sir John John Stavridi, Frederick Alexander Szarvasy and Alfred Ralph Wagg members.

Just before the beginning of the Second World War, in 1940, the capital of the Hellenic & General Trust Limited amounted to 1.000.000£ divided into 1.000.000 Preference shares and 1.000.000 Ordinary shares of 10 shillings each. The participation of the National Bank of Greece in the Company was of 274.000 Preference shares and of 279.000 Ordinary shares of a total amount of 276.500 £.

In 1939, the Hellenic & General Trust Limited had a total amount of £ 176,776 invested in securities⁵. It held 250 bonds of the Chemical Products and Fertilizers Company 7 1/2%, 220 bonds of the 1924 Refugee Loan 7%, 2,875 bonds of the 1931 Public Works Loan 6%, 101 shares of the Bank of Greece, 7,000 shares of the Commercial Bank of Greece, 33,655 shares of the SPAP, 7,500 shares of «Prometheus» Financial Technical Company, 3,750 shares of «Pyrros» Company, 4,500 shares of the Chemical Industry Company, 12,500 shares of «Galileos» company, 100 founder's shares and 62 preference shares of the «Galileos» company.

Between 1928 and 1931, the Hellenic & General Trust Limited issued 27 industrial loans for a total amount of £ 447,000 to the following companies:

1. Chemical Industry S.A.
2. Light Bulbs S.A.
3. Cement General S.A.
4. Il Pouloupoulos & Son S.A.
5. Kambas S.A.
6. «Cyclops» Ceramics S.A.
7. Winery & Liquor Distilleries S.A.
8. L. Alimprantis & Sons General Partnership Co.
9. N.G. Karastamatis
10. M.K. Stamatopoulou Sons General Partnership Co.
11. Grig. Tsitsis & Sons General Partnership Co.
12. V. I. Tourpalis Spinning Mill S.A.
13. ELLOUL Construction and Woodworks S.A.
14. Glavanis Industrial S.A.
15. K.P.Tournivoukas & Co. General Partnership
16. Titan Cement S.A.
17. Eleftheroudakis Publishing S.A.
18. Toutis Torres Factories S.A.
19. Hellenic Metalworks S.A.
20. Michailidis and Konstantinis General Partnership
21. BIO General S.A.
22. Georgiadis and Sekeris S.A.
23. Gr. Tsitsis and Sons General Partnership Co.
24. M.K.Stamatopoulou General partnership Co.
25. Volos Power Company S.A.
26. Piraiki Enterprises S.A.
27. Lavrio French Metal Industries S.A.

⁵ National Bank of Greece, "Hellenic and General Trust Ltd", Reports 1936-1940

The peak of the economic crisis in 1932, the abandoning of the golden rule and the emergency decree of 27.02.1932 on the compulsory exchange into drachmas of foreign currency deposits put a stop to the issuing of loans by the Hellenic and General Trust Limited. It also created a problem in the settlement of issued loans as debtors no longer paid.

1937 saw the voting of emergency law 558/1937 on the settlement of industrial loans in British pounds issued by the National Bank of Greece with capitals belonging to the Hellenic & General Trust Limited. The outbreak of World War II once again stopped the activities of the Hellenic & General Trust Limited which were resumed in practice after the merger of the National Bank and the Bank of Athens in 1953.

Following the merger, the branch office founded in 1903 by the Bank of Athens started operating as a branch office of the consolidated National Bank.

In the '50s, the London branch of the National Bank of Greece faced serious problems in the development of its activities. The National Bank realized that these difficulties were due to the fact that Greek shipowners in London preferred to work with the local large banks and avoided doing business with the National Bank, to the delay which marked the approval of important financing by the Board of Foreign Affairs established at the bank's headquarters in Athens, to the bad location of the London office and to the latter's management. For this reason, a foreign branches general inspection and supervision body was created in London in 1958. Its competencies were as follows: 1. General inspection of the bank's branch offices in Europe and in Africa and of the South African Bank. 2 The Bank's representation in Europe. 3. The supervision, monitoring and orientation of the London branch office.

The efforts of the National Bank in London focused on the provision of services to the Greek shipowning community in London. In order to better meet their requirements, the Bank commissioned Urwick, Orr and Partners Ltd the task to examine the matter and submit specific proposals.

By the end of the '60s – early '70s, the final obstacles were finally overcome and the activities of the London branch offices take off and develop at a rapid pace.

It is worth noting that the development of activities was also linked to the development of the Bank's network in London. Thus, in 1962, the London branch office was moved to a privately-owned building on St. Mary Axe street; in 1970 a second branch was opened on Tottenham Court Road with a view to serving the Greek-Cypriot community; finally, in 1972, the third branch office was established on Queensway road at Bayswater.

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