Standard Bank Group

Historical overview

Standard Bank
Also trading as Stanbic Bank

SBSA 605841

Standard Bank aspires to be a leading emerging markets financial service provider with excellent service and solutions for its customers while also visibly achieving social relevance.

Based in Johannesburg, South Africa, the bank has strategic representation in 17 sub-Saharan countries and also in 16 countries on other continents with an emerging market focus.

Standard Bank Heritage Centre

Standard Bank vision

We aspire to be a leading emerging markets financial services organisation.

Standard Bank strategy

To build a leading emerging markets financial services organisation using all our competitive advantages to the full.

We focus on delivering superior sustainable shareholder value by serving the needs of our customers and where appropriate connecting them globally.

The key differentiator in achieving our strategy is our people.

Hoisting the Standard

In the 1850s South Africa's Cape Colony flourished and numerous small town banks which had come into existence since 1837 were doing well, paying dividends of 12% to 20%. The staple export was wool and Port Elizabeth, the major port, was experiencing economic prosperity as never before.

In June 1857 a group of businessmen attempted to establish the Standard Bank of Port Elizabeth. Nothing came of the venture, presumably because investors were wary of two existing banks in Port Elizabeth. Still the dream persisted and John Paterson, the man behind the idea, sailed to England to encourage British investors to support the scheme. Paterson's efforts were successful and in April 1860 a prospectus for The Standard Bank of British South Africa was published in London.

Two years after the appearance of its prospectus, The Standard Bank of British South Africa, Limited was established. On 13 October 1862 the Memorandum of Association was signed and on 15 October the bank was incorporated and registered as a limited liability company. Its capital was fixed at £1 000 000 in 10 000 shares of £100 each. The shares were eagerly taken up by capitalists in England who were aware of the value of Cape investments.

Operations commenced immediately in London and by January 1863 the bank's agents in Port Elizabeth, Alexander Croll & Company, were discounting bills. The Port Elizabeth office was to remain Standard Bank's colonial headquarters for 23 years. By 1874 the shareholding of the bank comprised mainly people either resident in the Cape Colony or with direct business relations with it.

Expansion

A feature which distinguished the Imperial banks such as Standard Bank from the local private banks was the establishment of a branch network. Where possible, Standard Bank tried to absorb existing town banks, bringing into its fold in the first 15 years:

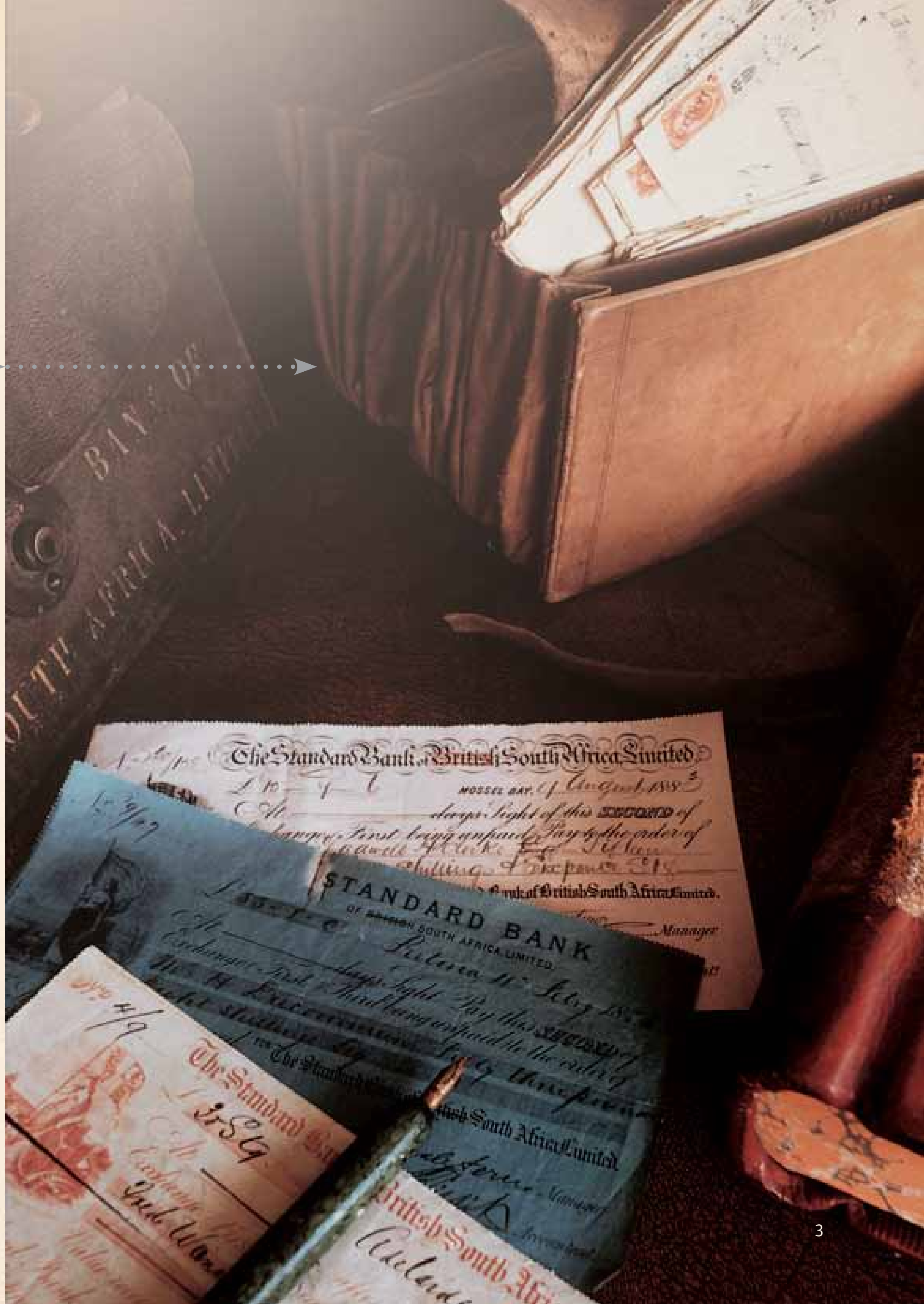
- Commercial Bank of Port Elizabeth (est 1853) in 1863
- Colesberg Bank (est 1861) in 1863
- British Kaffrarian Bank (est 1857) in 1863
- Fauresmith Bank (est 1863) in 1863
- Beaufort West Bank (est 1854) in 1864
- Fort Beaufort and Victoria Bank (est 1860) in 1873
- Albert Bank, Burghersdorp (est 1861) in 1874
- Swellendam Bank (est 1852) in 1877
- London and South African Bank (est 1860) in 1877
- Caledon Agricultural Bank (est 1861) in 1878
- Malmesbury Agricultural and Commercial Bank (est 1862) in 1878

In towns where there was economic potential but no local bank or the local bank did not agree to amalgamation, branch banks of Standard Bank were opened.

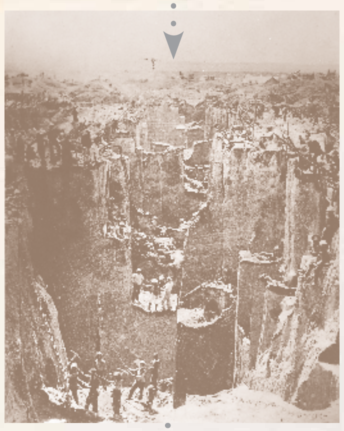
Branch extension closely followed the expansion of the Cape (and later Natal) railway line, with branches opening at centres forming the temporary railhead at the end of the line. Railways made markets more accessible, boosting economic development and commercial growth.

Banking supplies such as ledger books, printed forms, safes, and the like, were not locally available and had to be shipped from England. Each branch had its own note issue, the forms of which had to be signed by the manager and accountant of the branch concerned before becoming legal tender. Current accounts, fixed deposits and bills of exchange were the basic facilities provided by the bank. Advances and overdrafts were granted to customers against securities such as bills or promissory notes signed by other persons of good standing.

The prosperity, optimism and over-speculation of the late 1850s and early 1860s came to an abrupt end in 1865. Caution was called for. Standard Bank's first general manager in South Africa, Robert Stewart, appointed in 1865, took dramatic steps to curb the bank's expansion to within viable limits. He closed unprofitable branches, introduced more restrictive policies and established a better system of checks and balances.



Diamonds



The discovery of diamonds at the Vaal River did not cause an immediate stir in southern Africa. For fear of competitors, successful diggers underplayed their discoveries. But rumours abounded. Standard Bank had confidence in the prospects of the diamond fields and realised that diggers would require banking facilities close at hand.

The first bank on the diamond fields was Standard Bank's Klipdrift branch, which opened on 12 November 1870. The branch played an important role in the diamond industry, which soon supplanted wool as the region's major export product. Advances were made against estimated values and diamonds were sold on behalf of diggers in England.

'British' dropped from bank's name

Reports of gold discoveries in the eastern Transvaal started to attract attention in the 1870s. Standard Bank's desire to extend its field of activities there was thwarted by its own memorandum of association, which limited its sphere of operations to areas under British jurisdiction. Immediately after the Transvaal was annexed by Britain in April 1877, the bank opened in Potchefstroom, Pretoria and Lydenburg.

The return of independence to the Transvaal, or rather the Zuid-Afrikaansche Republiek, in 1881 left the bank with two options: to withdraw from the Transvaal or to alter its memorandum of association. The only rival bank in the Transvaal, the Cape Commercial Bank, was tottering and although Standard Bank's Transvaal business was small and unprofitable, it believed the territory had potential. The Pretoria branch was kept open and steps were taken to legalise the bank's continued presence in the Transvaal.

On 19 July 1881 the Royal Assent was given to altering the bank's memorandum to enable it to operate in areas outside British jurisdiction. As the bank was no longer exclusively a "British" bank, the word British was dropped from its title at a shareholders' meeting on 16 February 1883. The bank was henceforth known as The Standard Bank of South Africa, Limited.

The western Cape's superior communication facilities with the interior and overseas and the valuable government account forced Standard Bank to move its colonial head office from Port Elizabeth to Cape Town on 31 December 1885. The new, majestic Standard Bank building in Adderley Street served as an ideal home for the bank's headquarters for the next 68 years.

Gold fever

The faith placed in the Transvaal proved to be well founded. When, in 1886, the bank learnt of reported gold finds on the Witwatersrand it sent an officer to open a branch there. Johannesburg's first bank was a tent housing the Standard Bank. Even after the arrival of opposition banks, Standard Bank's branch struggled to cope with the large volume of business generated by the fast growing town on the world's richest gold reef.

Numerous companies were formed and share market speculation reached manic proportions. When the bubble burst in 1889-90, all the banks experienced difficulties in recovering monies advanced against the security of shares. The shock led to the collapse of the Union Bank, the Cape of Good Hope Bank and the Paarl Bank. The Stellenbosch District Bank also nearly came to grief and the Wellington Bank amalgamated with Standard Bank. In June 1890 another Imperial bank, the African Banking Corporation, was established, which, in 1891-92, absorbed three of the seven banks that had survived the 1890 crisis.

Standard Bank in the lead

During the 1890s Standard Bank consolidated its position as the leading bank in southern Africa. Branches were opened in neighbouring territories. It was, in fact, the first bank in both Southern Rhodesia (Zimbabwe) and Northern Rhodesia (Zambia). Other countries brought into Standard Bank's sphere of activities included Portuguese East Africa (1894), Bechuanaland (1897), Basutoland and Nyasaland (1901), British East Africa, Belgian Congo and Zanzibar (1911), Uganda (1912), South West Africa (1915) and Tanganyika (1916).

During the First World War (1914-1918) a large number of the bank's staff joined the armed forces to fight in the bloodiest war in man's history. The resultant shortage of manpower at the branches forced the bank to break a lifelong banking tradition: in November 1915 it employed its first women.

April 1917 saw Standard Bank take its first tentative step towards diversification of its services with the introduction of a savings bank facility.

The political unification in 1910 of the former colonies and republics of the sub-Limpopo region was reflected in the consolidation of banking interests between 1910 and 1926. Standard Bank's acquisition of the African Banking Corporation in 1920 resulted in its once again becoming the leading bank. In 1926 Barclays Bank entered the arena by way of acquisition and South Africa was left with Standard Bank, Barclays Bank, Netherlands Bank and the Stellenbosch District Bank.

Widespread depression and droughts throughout Africa during the 1920s and 1930s, followed by the Second World War (1939-1945) enabled Standard Bank to consolidate its position in Africa, but hampered expansion. The bank's policy of "nursing" customers through the depressions paid off and helped enhance its reputation and popularity.

Mechanisation

The lower number of banks placed a greater onus of efficiency on each. To improve productivity and efficiency, Standard Bank decided to change from pen to machine ledger posting in 1930. This first venture in mechanisation was a great success and gradually more banking functions were performed with the help of manually operated machines. These machines became more and more sophisticated and by the 1950s most were electrically operated.

In May 1953 the bank moved its administrative head office from Cape Town to Pretoria, the seat of government. Johannesburg was, however, establishing itself as the economic and financial centre of the country and in 1959 the bank's head office moved again – to Johannesburg.

Throughout its history, the bank had employed black staff in South Africa, but purely as messengers, caretakers and other unskilled functionaries. In 1956 a pilot project was launched to appoint an African clerk with a view to training him to eventually undertake telling duties. African clerical staff were appointed on a permanent basis with effect from 1 October 1964.

During the 1950s and 1960s the bank focused on reaching a broader customer base, especially in the rural areas. A concerted effort to attract more indigenous African business, especially previously unbanked low-income savings bank customers, met with a good measure of success. The introduction of mobile agencies enabled the bank to provide services in remote locations.

Greater autonomy

The 1950s were characterised by an unprecedented upsurge in commercial and industrial activity, not only in South but also Central and East Africa. Politically, African countries were gaining greater independence.

This move towards local control was reflected in the administration of the bank. In 1953 a South African Board was appointed and in 1956, the bank's administration for the Federation of Rhodesia and Nyasaland was made independent of South Africa.

In 1961 South Africa became a republic. The time was also ripe for greater autonomy for the South African arm of the bank. The bank's shareholders voted in 1962 in favour of splitting the company into a parent company operating from England, with control over its more than 200 non-South African branches and agencies, and a subsidiary company, with control over South and South West Africa. The parent company was known as The Standard Bank Limited and the South African subsidiary, registered on 2 April 1962, The Standard Bank of South Africa Limited. Until December 1967 local investors were able to buy shares in The Standard Bank Limited only. The first public issue of shares in The Standard Bank of South Africa Limited saw three million R1 shares sold at R3,10 each in November-December 1967.

While administrative divisions were introduced, a unifying coat of arms was adopted. The arms depicted a gold flag or standard, representing the name of the bank, against a blue shield, for the blue skies of Africa. A ship alluded to the bank’s birthplace, Port Elizabeth, as well as the search for trade and commerce, while gold bezants or coins represented banking. The motto “Prodeant Vexilla” was adapted from a Latin hymn meaning “Let the Standards go forward”.

Diversification

Diversification of financial services through the acquisition of other companies as well as the formation of new companies characterised the next three decades.

In 1964 the Standard Bank Development Corporation, later to become Standard Corporate and Merchant Bank (SCMB), was formed. In 1966 Standard Bank became the first South African bank to enter the credit card field through the acquisition of a controlling interest in Diners Club of South Africa (Pty) Limited. In 1968 the National Industrial Credit Corporation Limited, established in 1937 and later to become Standard Credit Corporation or Stannic, was acquired.

To provide a more comprehensive and integrated accounting service, the bank installed its first central computer in 1967 in Johannesburg. The first branch to be computerised was the Harrison Street South branch, on 6 July 1968.

Standard Bank Investment Corporation

By 1969 the bank had seven subsidiary companies providing a wide range of services, in addition to its minority interests in a number of other ventures. As the organisation had become a financial services institution rather than simply a bank, the time had come to separate the capital requirements for purely banking operations from the capital needed for its subsidiary interests.

The result was the formation of Standard Bank Investment Corporation (Stanbic) to serve as a holding company for the Standard Bank group in South Africa. The company was incorporated on 25 November 1969 and listed on the Johannesburg Stock Exchange on 9 February 1970, with an authorised capital of R50 million. The Standard Bank of South Africa Limited shares were exchanged for shares in Stanbic, making the former a wholly-owned subsidiary. The major shareholder in Stanbic was still Standard and Chartered Banking Group Limited (formerly The Standard Bank Limited) with over 80% interest.

The prestigious new head office building at 78 Fox Street, Johannesburg, designed by German architect Helmut Hentrich, established not only a landmark in the skyline of Johannesburg, but also a dynamic symbol of all that Standard Bank stood for.

Stanbic also adopted a new emblem, derived from, but different to, the old coat of arms. Initially it depicted the flag on a shield in blue and gold or white, and subsequently a more modern, simplified and stylised flag and shield in blue and white.

Continued expansion of services was a feature of the bank's activities during the 1970s and 1980s as it entered the insurance broking, factoring, fund management, corporate banking and home loan fields, launched its own credit card and established Standard Trust Limited to manage its deceased estate business.

Computerisation

Every effort was made to keep up with computer technology without losing sight of the need for the personal touch. In April 1981 Standard Bank launched its first automated telling machine (AutoBank). A pilot of South Africa's first fully electronic branch, Standard Bank's AutoBank Centre, was launched in September 1983 and went public in Randburg six months later.

In 1983 the Standard Bank group's net income surpassed the R100 million mark for the first time. Two years later the computerisation of its branch network was completed when Hoedspruit branch went on line.

January 1985 saw the introduction of the MultiNet automated telling machine sharing system, servicing the machines of Standard Bank, United Building Society, Volkskas Bank and the Post Office. Standard Bank also joined Saswitch, a company set up to implement a central computer switching system.

Computerisation was making banking easier for customers. Through the Corporate Access Terminal System (CATS), corporate clients had direct access to banking and information. The Bank Electronic System Terminal (BEST), introduced in 1987, allowed commercial customers to conduct routine banking services from their own premises.

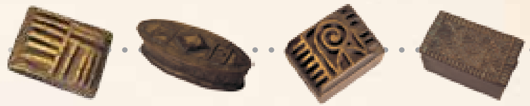
By the end of the decade customers could perform banking transactions by telephone and use their AutoBank cards as debit cards. The full international point-of-sale online payment option became available in 1997 with the launch of the Maestro debit card.

In 1994 Standard Bank established its E Plan – an electronic all-in-one transaction, savings and investment product – which provided simple and user-friendly banking to the low-income market. The bank introduced an Internet website and Internet banking service in May 1997. At the turn of the century the bank adopted a product-driven rather than a geographic approach as it expanded its global reach. It was the first South African bank to launch a comprehensive business service that enabled customers to bank, trade and purchase online in 2001. The new service, called Standard Bank Business Online, incorporated CATS 3 and best2000.

The increasing computerisation of services did not mean that the human factor was being ignored. In fact, it meant that branches were being relieved of many back-office functions, allowing staff greater opportunity to meet customer needs.

A wide range of products and services focusing on wealth creation were introduced. The focus was to be on sophisticated products and services and the maintenance and development of relationships. Structures were put in place to serve not only the group's personal, private and business customers but also the investment and merchant banking needs of its corporate, institutional, government and international customers.

Into Africa



During the 1970s and 1980s the British-based Standard Chartered Bank gradually reduced its shareholding in Stanbic. In 1987 it sold its last 39% interest. Stanbic was now a totally South African-owned institution for the first time in its 125-year existence.

The severing of ties enabled Stanbic to go into competition with Standard Chartered Bank in Africa where a resurgence of economic growth appeared imminent. Stanbic now wanted to establish itself as a leading financial institution in Africa, providing a wide range of commercial banking services, personal, community-based and corporate, as well as merchant banking, trust, insurance, investment, trade, financing and exchange facilities.

The first step in the bank's second wave into Africa was taken when the UnionBank of Swaziland Limited, in which Standard Bank had a major shareholding, became an operational commercial bank in July 1988. Upon Namibia's independence in 1990, the group's subsidiary there since 1978, Standard Bank South West Africa Limited, was renamed Standard Bank Namibia Limited. UnionBank of Botswana Limited was registered in September 1991 as a Standard Bank group subsidiary and the first branches commenced operations early the following year. Subsequently a representative officer was appointed for Mozambique and Angola. In 1992 Standard Bank acquired an interest in Union Commercial Bank SA, Madagascar, formed in association with Mauritius Commercial Bank, which it would eventually sell again in 2008.

African acquisitions

In November 1992 the bank acquired the operations of ANZ Grindlays Bank in eight African countries. All the acquisitions, except Merchant Bank (Ghana) Limited, were renamed Stanbic Bank in 1993 to differentiate the bank from its former major shareholder and now competitor in Africa, Standard Chartered Bank. The subsidiaries in Swaziland and Botswana were later also renamed Stanbic Bank.

Stanbic acquired the Lesotho operations of Barclays Bank PLC Lesotho and also the Tanzanian operations of Meridien BIAO Bank Tanzania Limited in 1995 and renamed them Stanbic Bank Lesotho Limited and Stanbic Bank Tanzania Limited.

In 1996 the Swaziland operations of Barclays Bank PLC London were acquired and merged with Stanbic Bank Swaziland Limited. The government of Swaziland held a 25% stake in the bank and Swaki Investment Corporation Limited 10% and the Standard Bank group the balance of 65%. Stanbic Bank in Lesotho and Swaziland changed their names to Standard Bank in 1996 on the exit of Standard Chartered Bank from those countries. Subsequently an agreement between Standard Bank and the government of Lesotho saw the establishment of Lesotho Bank (1999) Limited in which they held 70% and 30% equity respectively.

The new bank in essence took over the business of the former government-owned Lesotho Bank Limited, which ceased to operate. This gave Standard Bank substantial market share in that country. Standard Bank Lesotho Limited and Lesotho Bank (1999) Limited merged in 2006 under the name of Standard Lesotho Bank Limited.

The equity in Stanbic Bank Uganda Limited formerly held by the Ugandan government, was acquired in 1996, increasing the group's shareholding to 100%. The bank's shareholding in Stanbic Bank Kenya Limited increased to 82% when the government of Kenya reduced its shareholding to 18%. A 40.72% share of the equity of Banco Standard Totta de Mozambique SARL was also secured. The bank disposed of its shareholding in Merchant Bank (Ghana), but retained its presence by acquiring 93% in Union Mortgage Bank, which opened for business as Stanbic Bank Ghana Limited in December 1999.

Internationalisation

After the break with its British past in 1987, Standard Bank also began establishing representative offices overseas, beginning with Zürich, London and Hong Kong. Its first international branch was opened in Taipei in June 1989.

The early 1990s saw the incorporation in Luxembourg of SBIC Overseas Holdings SA (now named Standard International Holdings SA) as the holding company for the international investment banking activities of the Standard Bank group. Standard Bank acquired Ludgate Advisory Services Limited in London and changed its name first to Standard London Limited and then to Standard Bank London Limited (SBL) when it was awarded a banking licence on 29 May 1992. Standard Bank was the first South African bank to be granted a banking licence in Britain since South Africa's debt moratorium in 1985.

The group acquired its first offshore trust and advisory banking interests, in Jersey and the Isle of Man, from Brown Shipley, a British merchant bank in May 1992. The Isle of Man operations were strengthened with the acquisition in 1994 of Standard Chartered's banking activities there. The group's offshore retail, stockbroking, trust administration and other private banking activities are held through Standard Bank Offshore Group Limited. In 1999 Standard Bank Offshore acquired the private banking, trust and corporate administration business of Lazard Brothers & Co in Jersey.

In 1994 a broker-dealer was established in New York, Standard New York Inc, later also with a branch in Miami, and a deposit taking institution in Hong Kong, Standard London (Asia) Limited. Subsequently the group extended its geographic reach even further with representation in Sweden, Russia, United Arab Emirates, Czech Republic, Argentina, Colombia, Brazil, Peru, Singapore, Iran, China, Italy, Turkey, Australia, Romania, Malaysia and Mexico. A few of these offices were subsequently closed while others were incorporated into the group's other business ventures in their respective countries.

The geographic diversification, undertaken to increase the quality of the group's service to its customers, was timely in the light of a lifting of international sanctions against South Africa in political, diplomatic and economic fields. Once initiated, the trend was set for continued expansion.

The purchase in May 1994 of the platinum group metals trading operations, Ayrton Metals Limited, initiated a move into precious metals. In 1997 the group acquired the specialist mining corporate finance company, Warrior International, which added to its resource banking capability. SBL entered the energy market, principally oil and gas, when it commenced trading these products in September 1999.

Services in the Far East increased with the acquisition of Hong Kong-based Jardine Fleming Bank Limited in 2001. Renamed Standard Bank Asia Limited, it was refocused to match the group's core product areas and served as the hub for the group's Asian activities.

Take-over averted

In September 1999 Nedcor, supported by Old Mutual, made an unsolicited approach to merge with Stanbic. Stanbic's board rejected the offer as not in the best interests of its shareholders. The exchange ratio provided guaranteed earnings enhancement for Nedcor, which, in the absence of a cash underpin, deflected the merger risk onto Stanbic shareholders.

The move was the largest hostile take-over bid in the history of South African business. On 21 June 2000 Finance Minister, Trevor Manuel, ruled against Nedcor's take-over.

Stanbic was named South Africa's Bank of the Year 2000 for its "imaginative and constructive defence against rival Nedcor's hostile take-over bid" by the authoritative British magazine The Banker. Prompted by the case, the South African government subsequently introduced amendments to the Competition Act.

The consequence of the unsolicited bid was a reappraisal and re-evaluation of Standard Bank's strengths and weaknesses. A programme of cutting costs was implemented, but not at the expense of profitable growth. The bank reaffirmed its commitment to African renewal and to remaining a major financial player on the African continent.

Liberty: Bancassurance

Standard Bank entered the bancassurance field when it acquired control of the life insurance company, Liberty Life, in 1999. Liberty had been established in 1958 and was the first insurance company listed on the Johannesburg Stock Exchange in 1962. In July 1978 the bank accepted an offer of a 25% shareholding in a new insurance company, Liblife Controlling Corporation (Pty) Limited (LCC), which was formed to acquire a controlling interest in the Liberty group's Liberty Holdings. The bank's equity interest in LCC was increased from 25% to 50% in July 1983. The acquisition ensured joint control of the Liberty group with Liberty Investments. Over the years In February 1999 Standard Bank agreed to purchase Liberty Investors' 50% interest in LCC. The bank would retain a 30% interest in Liberty Life International PLC. The deal was finalised in mid-1999. Instead of a full bancassurance merger, the two companies continued as separate listed entities, Stanbic and Liberty Life Association of Africa Limited.

Liberty Life Association of Africa Limited decided at its AGM on 2 May 2000 to change its name to Liberty Group, which would better reflect the broader financial services business mix. Based on research on policyholder preferences, it subsequently reverted to marketing itself as Liberty Life. Liberty Group and Stanbic's 29.8% interest in Liberty International was sold to Liberty International in mid-2000. Standard Bank's association with Liberty made it possible to add a wide range of insurance, retirement and health products to an already extensive set of banking products.

Liberty Group's acquisition of the Liberty Ermitage Group from Liberty International secured it a foothold in the rapidly expanding alternative investment sector. Ermitage had operations in Jersey, Bermuda, Luxembourg and London. Soon thereafter the Liberty group bought a small UK top-end life brokerage company, Hightree Financial Services, which provided an avenue for distribution of Liberty Ermitage products in the UK retail market.

Soon after acquiring Capital Alliance Holdings Limited (CAHL), a South African life insurance group, in April 2005, Liberty Group disposed of offshore asset manager, Liberty Ermitage and the Australian life insurance business, Prefsure, which was included in the CAHL deal, as well as Hightree. The decision to dispose of Prefsure was in line with Liberty Life's stated intention of focusing its life assurance business in the domestic market for the foreseeable future. The integration of Liberty Active with CAHL enabled Liberty to reach out to the lower end of the market with a range of value for money risk products.

Liberty: Wealth Management

Lodestone Investments, a new multimanager asset management company, was formally launched in May 2001 as a joint venture between Liberty, Standard Bank and Investment Solutions. It was to be renamed Stanlib Multi-Manager in 2003.

The acquisition of a small local investment manager, Melville Douglas, in 2001 formed the core component of the joint private bank initiative between the Standard Bank group and Liberty Group, complementing the international private banking capabilities in Jersey, Isle of Man and Hong Kong. Standard Private Bank, which offered an exclusive range of transactional and wealth products, was launched in April 2002.

On 15 May 2002 the asset management, investment marketing, linked products and unit trust operations of Standard Bank and Liberty Group were merged with the formation of a joint wealth management company, Stanlib. A year later Stanlib launched its expansion into Africa with the establishment of Stanbic Investment Management Services in Botswana.

In 2007 Liberty Group bought the 62.6% of Stanlib shares it did not own from Standard Bank and Quantum Leap Investments 740, giving it a 100% stake. It reshuffled its structures drastically to transform its business model from a domestic, life assurance and asset management entity into a broader wealth management company in Africa and other select emerging markets. It planned to expand meaningfully into the African markets, with south, east and west Africa the primary target areas.

In 2008 Standard Bank bought the ordinary shares in Liberty Holdings Limited it did not already own. Subsequently Liberty Holdings acquired the shares not already owned in Liberty Group Limited through a share swop arrangement, increasing Standard Bank's effective interest in Liberty to 53.7%.

By 2008 Liberty had expanded its operations to Botswana, Kenya, Lesotho, Namibia, Swaziland and Uganda. Its acquisition of a stake in a Nigerian health insurance company in 2009 underlined its strategy of diversifying its business in terms of wealth solutions, geography and distribution.

Reaching the unbanked

Standard Bank Group is committed to transforming South Africa's racially based social and economic past. The group was intimately involved in the process of formulating the 2003 financial sector charter, which provided a framework for broad-based black economic empowerment. In April 2003 a consortium, including Standard Bank, formed a new empowerment financial services company, Andisa Capital. Subsequently Andisa Capital was re-integrated into Standard Bank and its securities arm rebranded Standard Financial Markets. In 2003 the group sold 25% of Stanlib to an empowerment consortium, Newco, and in 2004 a 10% interest in its South African banking operations to a broad-based group of black entities. Liberty concluded a similar transaction in 2004.

To better reflect the group's structure as a unified banking and financial services organisation, rather than an investment holding company, the name of Standard Bank Investment Corporation (Stanbic) was changed to Standard Bank Group Limited on Monday, 3 June 2002.

Having dropped the Stanbic holding company brand, Standard Bank Group phased out the SCMB and Stannic brands, and renamed the entities Corporate and Investment Banking Division and Vehicle and Asset Finance Division respectively. By 2004 the majority of the bank's divisions were incorporated under the Standard Bank logo.

Standard Bank entered into a joint venture with Credit Suisse in 2005 to form an institutional agency broker in South Africa, Credit Suisse Standard Securities, focusing on equity research, sales, trading and capital markets. The unit would use Credit Suisse's global reach to offer enhanced services.

On the domestic front the group's strategy included providing easier access to financial services to a wider stakeholder base. In April 2000 Standard Bank and the micro-lender, African Bank, announced a mass market banking joint venture. Standard Bank provided African Bank loans through its AutoBank E and branch network, while African Bank offered Standard Bank E Plan accounts through its outlets.

In 2004 previously unbanked and remote rural markets came within easier reach through the introduction of the easy-to-assemble bank-in-a-box, drop-down ATM kiosks, the low-cost Mzansi BlueAccount as well as a specialist housing unit which focused on home-ownership for low-income households. A joint venture in August 2005 with cellphone service provider MTN saw the launch of a bank that works entirely over cellphone technology. The increased access to mass markets paved the way for the termination of the partnership with African Bank in 2007, allowing Standard Bank to deliver its own low-income unsecured lending product. To deliver banking to the broader market, the bank's community banking unit challenges traditional banking methods and focuses on consumer education.

In 2007 Stanlib introduced its Shari'ah Equity Fund, which focused primarily on capital growth and preservation, respecting the rigorous Islamic strictures, such as the prohibition on interest-driven earnings and the ban on investment in companies engaged in activities offensive to Muslims.

Consolidation in Africa

The group's South African operations remained the major contributor to its headline earnings. Business elsewhere in Africa and internationally, however, increasingly played a part through contributions from acquisitions and strong performances from established operations.

After the turn of the 21st century the bank's African operations were integrated more closely with the Standard Bank Group as a whole and where possible the name Standard Bank was introduced. The name Stanbic was retained only in those countries where the group was legally required to differentiate itself from its UK-based competitor, Standard Chartered Bank Plc. The move boosted cross-border transactability in Africa, instant card issue, asset-based finance and enhanced payment systems.

Standard Bank (Mauritius) Offshore Banking Unit was established in 2001 to facilitate South African and inter-African trade. Its name was changed to Standard Bank (Mauritius) Limited in 2005 when legislation allowed for the abolition of the distinction between offshore and local banks. From 2008 it also served the bank's clients in Madagascar.

In 2001 the group was granted a universal banking licence in Nigeria and for a few years operated a representative office in Cote d'Ivoire (Ivory Coast) to assist South Africans in Francophone West Africa. Its acquisition of 60% of Commercial Bank of Malawi, and 80% of previously state-owned Uganda Commercial Bank, substantially increased its presence in those countries. The former, initially known as Stanbic Bank, was renamed Standard Bank Limited in 2007. The latter merged with Stanbic Bank Uganda Limited, leaving the bank with a 90% shareholding and the government 10%. In November 2006 20% of the shares in Stanbic Bank Uganda, the largest private commercial bank in Uganda at the time, were floated on the stock exchange. It was the largest initial public offering to private investors that country had seen and included the government's 10% holding.

Stanbic Bank Botswana Limited's acquisition of Investec's private banking operation in Botswana in 2003 helped grow its retail banking assets. The group increased its shareholding in Banco Standard Totta de Mozambique SARL to 95.98% in 2003 and renamed it Standard Bank SARL, Mozambique.

The formation of Standard Bank Namibia Holdings Limited in 2005 provided a structure which would own certain of the group's Namibian holdings instead of them being owned by Standard Bank Group Limited .

In 2006 the bank opened a representative office in oil-rich Angola, the continent's fastest growing economy. Full banking operations commenced towards the end of 2008.

With a bankable market of over 30 million people Nigeria is important to Standard Bank. In 2007 it merged its Nigerian interests with those of IBTC Chartered Bank Plc, securing a controlling interest in the merged entity, Stanbic IBTC Bank Plc, and cementing its position as Africa's largest bank by assets. In 2008 CfC Bank, Kenya acquired Stanbic Bank Kenya Limited and changed its name to CfC Stanbic Holdings Limited. Standard Bank Group acquired 60% in CfC Stanbic Holdings Limited and Stanbic Bank Kenya Limited was renamed CfC Stanbic Bank Limited. Stanbic Bank Congo Limited opened a full branch in Lubumbashi in May 2008 enabling it to expand its business in the heart of the DRC's mining region.

Global Emerging Markets

Standard International Holdings' operations are truly global, extending across 16 countries outside of Africa. Internationally it operates in three key regions: the Americas, Asia and CEEMEA (Central Eastern Europe, Middle East and Central Asia). Its South African roots enable it to provide banking services in connection with trade, investment and business flows with an emerging markets or natural resources focus. The group continues to be active in the provision of debt financing and currency, interest rate and commodity risk management services to customers in emerging markets and the distribution of financial assets into the world's major capital markets.

In 2002 Standard Bank Group bought Ulusal Yatirim, a Turkish securities intermediary and renamed it Standard Yatirim. By 2003 the group had established investment banks in Russia, named ZAO Standard Bank, and Brazil, named Banco Standard de Investimentos SA. These banks enhanced the group's ability to participate in local treasury and debt capital markets.

The acquisition of ING Bank N.V. in 2005 enabled the group to expand its operations from just a representative office in Argentina into a bank, Standard Bank Argentina S.A. Standard Bank Argentina's corporate and investment banking operations were integrated with those of BankBoston Argentina (est 1917) when Standard Bank purchased it from Bank of America. The merged entity opened for business on 3 April 2007, showing that Standard Bank could successfully operate a full service bank outside of Africa.

Standard Bank London Limited changed its name to Standard Bank Plc with effect from 1 June 2005 to facilitate the issue of structured products. It opened its full branch in Dubai to strengthen its position in the Middle East's gold markets and tap into growing regional business opportunities. Significant growth in Islamic financing transactions included the first Islamic securitisation of Islamic mortgages and the development of sharia compliant derivative products.

In 2007 Standard Bank bought a majority stake in Turkish investment banking and brokerage firm Dundas Ünlü Menkul Değerler A.S. Through Standard Ünlü it hoped to develop its business in Turkey with further investment banking services. Now able to concentrate its business in Standard Ünlü, the bank was able to sell Standard Yatirim Menkul Değerler in 2008.

In 2007 a non-banking branch was opened in Tokyo to boost commodities trading. A new company, Standard Ukraine LLP, was set up in Ukraine in July 2007.

In March 2009 Standard Bank announced its intention to enter into a strategic partnership with Troika Dialog Group Limited, the most established and largest investment bank in Russia. The asset swap and cash deal would give Standard Bank a 33% shareholding in Troika Dialog while Troika would acquire Standard Bank's Russian unit and a substantial cash injection in the form of a convertible loan.

As Brazil was the most promising country in the region, Standard Bank Group moved its headquarters for the Americas from New York to Sao Paulo in 2009 and formed a private equity fund to invest in Brazilian companies.

Growth options

The Standard Bank brand was carrying more weight internationally and had been voted the top financial brand in South Africa, based on loyalty, awareness and attraction, since before the turn of the century. The group was also voted the best bank in sub-Saharan Africa in various surveys in the early 2000s. The 2008 survey of The Banker magazine ranked Standard Bank Group 106th in the world's top 1 000 banks and in 2009 it was ranked 223 on the Forbes Global 2000 list of the world's biggest companies.

The group's broad strategy is to continue building a portfolio of growth options in financial services in developing economies, concentrating on retail banking (in South Africa and Africa), wholesale banking (in South Africa, Africa and other emerging markets) and wealth management (in South Africa through Liberty Life and Stanlib, and internationally). Its roots in Africa mean that it understands commodity-driven economies in which access to finance is limited and development a priority. By way of responsible lending the group is able to provide empowerment banking and effective banking solutions to meet the needs of a wide range of small and medium enterprises.

In 2007 Standard Bank's foreign ownership stood at about 25%. In a landmark deal, the group entered into a strategic partnership with Industrial and Commercial Bank of China Limited (ICBC), the world's largest bank by market capitalisation, whereby ICBC became a 20% shareholder in Standard Bank Group in 2008. Foreign ownership increased to about 40%, leaving Standard Bank still majority South African-owned. The ICBC initiative included a proposal for a global resource fund of at least $1 billion to focus on opportunities in Africa and China, specifically in the mining and energy sectors. In 2009 Standard Bank established a consulting firm in Beijing and applied to set up a Representative Office in Beijing.

Wanting to remain sub-Sahara's leading regional bank, Standard Bank remains committed to investments in the mass market and in electronic delivery. By implementing new technologies it can provide better access, security, choice and convenience to customers and help streamline processes. Customer focus and service are at the forefront of the bank's drive for operational efficiency. To this end the group's old Morningside Johannesburg Management College was converted into a state-of-the-art Global Leadership Centre. It was opened in October 2006, paving the way for the group to enhance its leadership development facilities and offerings, and improve its people management.

Sustainability

Standard Bank has committed itself to sustainable development and aims to harmonise its strategic objectives with the needs of its customers, staff and shareholders, focusing on investment in the areas of health and wellbeing, education and enterprise development. It is sensitive to the challenges of energy conservation in developing countries where energy is an essential driver of growth and development and in 2008 it conducted its first carbon footprint analysis. In February 2009 it adopted the Equator Principles – a global industry benchmark for managing social and environmental risks in project financing.

Various initiatives were undertaken throughout Africa to fund the education of disadvantaged learners, while the group's HIV/Aids programmes in 16 of the 17 African countries in which it operates, received wide acclaim in 2007-09. Standard Bank's focus on investment operations and project financing enables it to fund socio-economic development in various African regions, with particular attention to food security and the emerging farming sector. Building infrastructure across Africa is a key goal of the Emerging Africa Infrastructure Fund, guided by Frontiers Markets Fund Managers, a division of Standard Bank Plc.

A worldwide economic crisis resulting from the United States' sub-prime crisis in 2008 underlined the need for a global approach to poverty alleviation. In April 2009 Standard Bank signed a memorandum of understanding with the International Finance Corporation, a member of the World Bank group, giving it access to a US$400 million line of credit. The memorandum was part of a global initiative to mobilise funding to support trade finance in developing countries. Standard Bank was the only African financial institution to participate in the Global Trade Liquidity Programme.

The group's major policy thrust centres on its need to retain its position as a leading contender in an increasingly competitive domestic, regional and international banking environment.

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