



Understanding our clients



Partnering with our agri-business clients to get through the drought

The WEF Global Risk Report 2016 identified the failure of climate change mitigation and adaptation as the top risk facing the globe in the near term. The related risk of water crisis was ranked third. Africa, with our high dependence on rain-fed agriculture, and the unevenness of adequate water and sanitation infrastructure, is particularly vulnerable to climate change and to negative impacts on water and food security. We urgently need mitigation strategies, including the cultivation of more drought-resistant crops and the establishment of appropriate financing and insurance schemes, to help cope with the social, economic and environmental aspects of climate change.

Much of south-eastern Africa suffered the damaging impacts of

long-term drought during 2015 to 2016, with severe impacts on food inflation and food security. Madagascar, Mozambique, South Africa, Zambia and Zimbabwe were worst affected. Reports in June 2016, said more than 41.4 million people in the SADC region were food insecure, with about half needing urgent help, following the worst regional drought in 35 years. The region was about 28% short in terms of average cereal production, and livestock breeders had to cull stock owing to lack of food and water. Food insecurity was expected to peak from October 2016 to March 2017.

These conditions placed commercial, small-scale and subsistence farmers under enormous pressure. In South Africa, Agbiz and AgriSA revealed that a significant number of commercial farmers were struggling to service their loans with large commercial banks. There were also

reports of a rise in bankruptcy cases among small-scale emerging farmers.

38% of Standard Bank South Africa's agri-business clients' loans were restructured owing to the severe impact of the drought.

We worked with them to restructure their loans and keep their farms solvent – in the process saving 706 permanent and seasonal farm labourer jobs, and keeping just under 50 000 hectares of land agriculturally productive. In terms of the economic activity and contribution towards GDP and food prices, these farms had a total turnover of more than R180 million.

Our efforts to develop innovative solutions to support our agriculture clients and impact positively on society more broadly have been central in informing our understanding of how we create shared value – how we ensure we're more than just a bank. This supported the successful launch of our SEE More campaign.



Agriculture

38 drought-impacted clients' loans restructured in in-land provinces between 2015 and 2016

Over R180 million in turnover kept economically active



Over 700 jobs saved

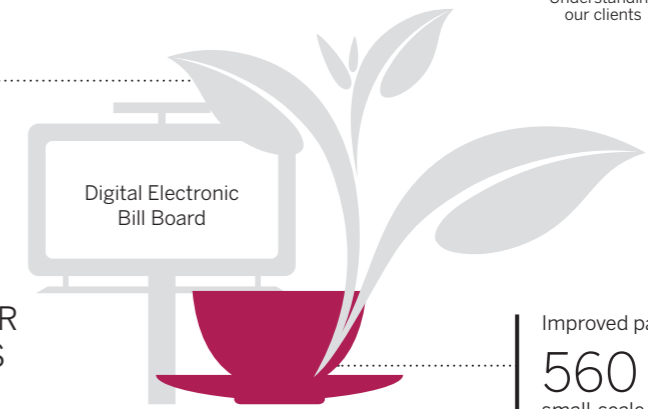
Kenya Tea Development Agency (KTDA):

70% of Kenya's tea production



ENABLING PAYMENT FOR SMALL-SCALE FARMERS IN EAST AFRICA

The tea industry in Kenya is the second largest income earner in the country and has a rich history dating back to 1903. The Kenyan Tea Development Agency (KTDA) plays a crucial role with 70% of Kenya's tea production coming from the 54 tea companies and 560 000 small-scale tea farmers that make up the KTDA. Tea is sold at auctions in Mombasa where brokers auction the tea on behalf of the producers. In the past, the tea settlement after the auction was done manually. This manual process would take a lot of time to reconcile and allowed some brokers to siphon producer payments for their own gain. The KTDA approached Stanbic Kenya to provide a solution as the farmers were losing out, especially the small-scale farmers. Stanbic Kenya banks the KTDA and many of the businesses within.



Improved payments to 560 000 small-scale tea farmers

We used this relationship to create a **Digital Electronic Bill Board which makes the payments at auctions transparent and fair.** The funds from the sales are distributed fairly to brokers, warehousemen and producers through this system, settling accounts within 10 days as per the rules of the East African Tea Trade Association (EATTA). This collaborative solution with the KTDA has resulted in a much stronger economic base from which to transact ethically and transparently, resulting in the improved payments of small-scale tea farmers in East Africa.



Just under 50 000 ha of land kept productive



I SEE MY JOB DIFFERENTLY...

Siphesihle Budaza – Debt review officer

As a debt review officer and a customer, I understand that being overindebted is frustrating and can lead to depression and anxiety. It is therefore my duty to help customers to restructure their debt with the bank so that their financial burden is decreased and their lives can carry on knowing they don't have to stress too much about their debts. Through my work, people have more disposable income and I lend them a stepping stone in fixing their financial wellbeing.