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*Internationalization as a Rearrangement
of Ownership of Firms and Parts of
Firms: Grindlays Bank, 1828-2000*

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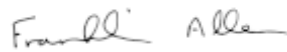


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**Internationalization as the Rearrangement of Ownership of Firms and Parts of Firms:
Grindlays Bank, 1828-2000**

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Internationalization as a Rearrangement of Ownership of Firms and Parts of Firms: Grindlays Bank, 1828-2000

ABSTRACT: Grindlays Bank, a British overseas bank, has a particularly long and rich history of changes in ownership, acquisitions and divestitures. Consequently Grindlays provides a good example of the point that if one wishes to understand the internationalization process of the firm — the evolution of the geographical scope of operations — one must take into account the rearrangement of ownership of assets. Furthermore, not only does the focal firm engage in these activities, but it may itself be the object of such reshuffling of ownership.

1 Introduction

Rearrangement of ownership of assets between firms can be an important part of the evolution of particular firms, including the evolution of a firm's geographic scope. This may seem an obvious point, but it is not part of the conventional story. Even the literature on mergers and acquisitions treats these as discrete events and not as an integral mechanism of the evolution of firms. However, selection acts not just on operations themselves but also on ownership. That is, firms swap operations not because an operation necessarily is unsuccessful but rather because the acquirer expects to be able to manage it better. As Capron *et al.*, (1998) point out, "the market for business is often more robust than the market for resources."

Grindlays Bank is a particularly rich exemplar of this conception. From its inception in 1828 to its demise by absorption in 2000, Grindlays has undergone changes in ownership and has acquired and divested operations.

The research strategy here is that of a case study. Porter (1987; p. 45) has argued that, "Studying the diversification programs of a company over a large period of time is a much more telling way to determine whether a corporate strategy has succeeded or failed." The present paper seeks neither to classify Grindlay's history as a success or failure nor to judge the success or failure of strategies of international diversification. But it builds on Porter's point that understanding the evolution of any firm does require a longitudinal approach. As

Prasad (1999) has argued, longitudinal, detailed studies can complement aggregate, cross-sectional research. In turn, applying different methods to the study of the same phenomenon enables researchers to develop a fuller understanding of that phenomenon.

Lastly, the paper's rhetoric, its argumentation, (McCloskey 1983) is, to use a metaphor from art, *pointilist*. The paper uses the narration of a series of discrete events to create an impressionistic picture. That is, history enters primarily not for its own sake but as the evidence (analogous to abstract or statistical models) illustrating the paper's point. Anyone who accepts the paper's point can skim or even skip Sections 3 through 5. Still, the paper's antiquarian or collectors' approach to the history itself does have a secondary objective. The author hopes that the article will still serve as a reference source decades from now when no one will care about the point, but someone may find useful an account of when particular events occurred (Evans 1999, 59-60).

2 General remarks

The standard model of internationalization has the firm moving abroad incrementally as it acquires knowledge about distant markets. Incremental growth certainly occurs. However, so does *non-incremental growth and decline*. Andersson et al, (1997) extend the Uppsala Model (Johannson and Wiedersheim-Paul 1975, Johannson and Vahlne 1977 and 1990) of incremental internationalization to incorporate "organic" acquisitions and this is a step forward. However, contraction is as much a part of internationalization as expansion. As Calof and Beamish (1995) found, the incidence of single step investment, multiple step investment and de-investment depend on the nature of stimuli, the firm's level of resources, experience and international skills, and the extent to which attitudes changed.

The mode of the evolution of the firm's geographic scope often involves the acquisition and divestiture of whole operations. In acquiring or divesting operations firms are rearranging the ownership of assets. As Lichtenberg and Siegel (1987) point out, firms rearrange ownership of assets when one firm lacking a comparative advantage relative to another firm with respect to a given operation sells it to that second firm. There is an obverse and a reverse here: one firm's divestiture is another firm's acquisition.

Major events in the evolution of a firm include the parent firm acquiring or divesting the focal firm itself or the focal firm acquiring or divesting operations. These three sets of events—changes of ownership of the focal firm, and the focal firm's acquisitions and divestitures—are themselves the manifestations of three sets of often inter-linked motives: extending an existing strategy, changing strategy and financing, the raising of funds. Obviously, in addition to the rearrangement of assets, firms expand and contract by opening or closing particular operations, however this issue is not part of the present paper.

Instead, the present paper documents the rearrangement process in the case of Grindlays Bank. The bulk of the history is novel to the literature. Tyson's (1963) biography of National Bank of India (NBI; see below for its relationship to the history of Grindlays) predates most of the events. Jones' (1993) magisterial study of the British overseas banks deals heavily with boardroom politics in London and devotes less attention to specific events in particular countries.

Grindlays Bank had a history that dates back to the early 19th Century and its operations spanned South Asia, Africa, the Middle East and the Mediterranean. The bank was subject to several changes of ownership, the last of which, in 2000, resulted in the new owner, Standard Chartered Bank (SCB), completely absorbing Grindlays. Grindlays' history is more complex than that of most banks, whether international or predominantly domestic. This

complexity is not just the result of the accretion of events over a long history. The complexity arises also out of Grindlays being *ab initio* an international firm with head office in London and operations in South Asia (see below). Because Grindlays was an overseas bank it had an unusual history of ownership changes.

Furthermore, during its long existence Grindlays also acquired and disposed of operations, ranging in size from solitary branches to whole banks. The paper's argument is that acquisitions and divestitures are a normal part of the life of a firm. However, it is only Grindlays' extensive operations in Africa and South Asia that exposed it to an unusually rich set of incidents of forced divestiture. But this highlights a subsidiary point: the evolution of a firm's geographical scope is specific to a historical and geographical context.

3 Changes in ownership

Originally Grindlays Bank was a "free-standing company" in that it had its headquarters in the metropole and its primary operations in countries of the periphery (Wilkins 1998). However, as Jones (1998) points out with respect to the British overseas banks and the overseas banks (Jones 1995) from France, Germany, The Netherlands or Belgium, metropolitan operations were integral to their mission. Even though almost all of its branches were abroad the overseas bank had to have a branch in the national capital to engage in foreign exchange transactions and to facilitate its trade financing. Also, by virtue of being incorporated in a major financial center, with its head office and Board of Directors there and operating under the center's laws and courts, the overseas bank was in a position to access equity and debt capital for deployment overseas. Thus the structures of the overseas banks, like those of the free-standing companies in general, were a device for facilitating international flows of debt and equity capital (Hennart 1998).

Grindlays Bank began as Leslie & Grindlay, which functioned as agents and bankers to the Indian army and business community in India. In 1820 Robert Melville Grindlay (1786-1877) retired as a Captain from an undistinguished career with the India Army (Tyson 1963). On his return to the UK he maintained a correspondence with old friends that in turn led him to undertake a number of personal commissions of various kinds for them. In time the volume was such that it justified him forming a business, Leslie & Grindlay, in London in 1828. The firm's primary business apparently was arranging passage to and from India for its customers and their baggage. Private banking followed. As partners came and went the firm became Grindlay, Christian & Matthews in 1839 and Grindlay & Co from 1843. Robert Melville Grindlay retired in 1852. The firm opened related firms at Calcutta in 1854 and at Bombay in 1865 that in 1908 it transformed into branches that it administered directly from London. In 1912 it added a branch in Simla; later other branches in India and what is now Pakistan followed.

In 1923, the UK's National Provincial Bank (now National Westminster and a subsidiary of Royal Bank of Scotland) acquired Grindlay & Co., registered it as a limited company, but ran it as a separate company. Grindlay & Co. had sought the connection as the recent failure of other private banking partnerships had called the form into question (Tyson 1963). Grindlay & Co. continued to operate as private bankers and Army agents (Baster 1929). After World War I the major English clearing banks such as Lloyds, National Provincial and Barclays, began to establish ownership positions in overseas banks that, however, operated essentially independently of the parent. (For a discussion of the largest of these, Barclays Bank (Dominion, Colonial and Overseas)—an amalgam in 1925 of The Colonial Bank, National Bank of South Africa and Anglo-Egyptian Bank—see Ackrill and Hannah (2001), and for its relationship to Barclays Bank see Vander Weyer (2000)).

The primary reason for the separation was the Bank of England and Montague Norman's desire to insulate the clearing banks from overseas debacles (Kynaston 1999, p. 163). (The recent failures of some of the largest overseas banks such as Oriental Banking Corporation (1882), the New Oriental Banking Corporation (1892), and the Chartered Mercantile Bank (1892), among others, would have been in everyone's mind.) The clearing banks themselves probably welcomed the separation, and may have enlisted the BoE's support in maintaining their cartel in an example of Breton and Wintrobe's (1978) model of "moral suasion" as an exchange between regulator and regulated. Between 1911 and 1974 the BoE issued no new licenses for access to London clearing. The lack of access to the clearing meant that all non-clearing banks had to have a correspondent relationship with a clearer if they wished to operate in the world's premier financial center and deal in sterling.

Grindlay & Co. changed its name to Grindlays Bank Ltd in 1947. In 1948 National Provincial decided to withdraw from overseas banking and sold Grindlays Bank to the National Bank of India (NBI) for cash plus shares in NBI (Jones 1993). NBI was a customer in London of National Provincial.

NBI started in 1863 as the Calcutta City Commercial Bank. The next year the bank changed its name to National Bank of India and moved its head office to London. By the time it acquired Grindlays NBI had expanded out of present-day India, with branches in Sri Lanka (1881), Pakistan (1884), Burma (1886), Zanzibar (1893), Aden (1894), Kenya (1896), Bangladesh (1905), Uganda (1906), and Tanganyika (1916). It also had had an unsuccessful foray into China with a branch in Hong Kong (1870-80) and another in Shanghai (1875-84). Its retreat from East Asia lasted for almost a century.

For NBI the acquisition of Grindlays added little to NBI's geographic scope. Of Grindlays' eleven branches (all in South Asia), only four were in cities in which NBI did not

already have one or more branches (Table 1). As one might expect, the two banks tended both to be in the same larger cities, and both not to be in the same smaller ones. A test (Appendix) shows that overall the two banks had avoided each other. This is particularly striking as the two banks had to meet in such commercial capitals as Bombay or Calcutta.

For the seventeen cities for which we have population figures for 1949, the correlation between the logarithm of the population and a dummy variable that takes on a value of 1 if the two banks both have branches in the city and 0 otherwise is -0.5 . This understates the situation as the two banks met in seven of the 16 cities for which we do have figures, and in only two of the eight generally smaller cities for which we do not have such figures.

When NBI acquired Grindlays its intent was to continue to operate the two banks separately (Jones 1993) though there was some coordination. For instance, in South Asia NBI opened only one more branch in India, and Grindlays opened none. In Africa NBI concentrated on expanding further its existing presence in East Africa. Grindlays, however, opened branches in Northern Rhodesia (now Zambia) and Southern Rhodesia (now Zimbabwe), starting with a branch in Salisbury in 1953.

Even though the two banks avoided each other geographically they also appear to have catered to different market segments, at least in India. Karunatilake (1968) reports that NBI served large firms in the export import trade and had a substantial foreign exchange business; Grindlays held retail deposits and had a large number of small loans.

In 1958 National Bank of India and Grindlays Bank merged under the title of National Overseas & Grindlays Bank. (As Green and Kinsey (1999) point out, at the time the British overseas banks were changing their names to remove references to the Empire or to geographical specificity.) The reason for the merger, despite the original intent to operate separately, was that Grindlays had suffered a series of problems, including losses on bad

debts in Calcutta (Jones 1993). As a result of the merger, National Provincial Bank's shareholding in NBI became a nine per cent holding in the merged bank. In 1959 the bank changed its name to National & Grindlays Bank (NGB).

In 1961, NGB acquired Lloyds Bank's Eastern branches in return for giving Lloyds a 25 per cent share in NGB. Lloyds sold because developments in Burma, India and Pakistan led it to lose confidence in the Eastern Division's prospects (Winton 1982).

In 1918 Lloyds had been interested in buying an interest in NBI but the Indian government had objected (Winton 1982). In 1923, at the suggestion of the Bank of England, Lloyds had acquired the banking and pay operations of the faltering Cox & Co (Winton 1982). This had brought Lloyds eight branches and two sub-branches in India, Burma and Egypt that Cox & Co. had established in their role as agent and banker to many British Army units, Royal Navy ships and the Royal Flying Corps. Cox & Co. brought with it four branches in India that it had acquired when it merged with H.S. King & Co. in 1922 to form Cox and Kings. H.S. King & Co. was a private bank with business expertise in India. As King, King & Co. it operated in Bombay, Delhi and Simla, and as King, Hamilton & Co. in Calcutta. Lloyds early on (1926) sold its Egyptian branches to National Bank of Egypt but retained the branches in India, Burma and what is now Pakistan.¹

At the time of the merger, Lloyds' Eastern Division had ten branches in India, one in Kashmir, five in Pakistan, possibly three in what is now Bangladesh and one in Burma (Table 1). Of these, five were in cities in which NGB did not already have branches. Here too statistical testing (Appendix) shows a tendency for the two banks to have avoided each

¹ Winton (1982) has a short but interesting account of the organizational difficulties Lloyds faced when it took over Cox & Co. and Henry S. King & Co. and of the difficulties in doing business in legal and cultural environments very unlike England. Later dramatic events that affected Lloyds Eastern branches that he discusses include World War II and Partition.

other. Also, here too the correlation between the natural logarithm of city population and both NGB and Lloyds having a branch in a city is -0.5 .

In 1968 National Provincial sold its nine per cent holding in NGB to Lloyds Bank. From 1918 to 1954 when it sold its shares to Lloyds, National Provincial had shared with Lloyds ownership of Lloyds and National Provincial Foreign Bank., which had branches in London, France, Belgium and Switzerland. (Lloyds absorbed this subsidiary in 1986). For some thirty years or more, National Provincial had allied itself with Lloyds in Europe, but through its ownership of NBI had nominally competed with Lloyds Eastern branches.

Accounts by former managers of the bank make it clear that the three parts of NBG—ex-NBI, ex-Grindlays and ex-Lloyds—retained a great deal of independence and that any amalgamation of the three banks did not extend to the branches (Kartikeyan 2000). Many staff retained their identity as National, Grindlays or Lloyds men throughout their service, the three separate cultures coexisted and the Lloyds branches retained a separate nominal identity for many years (e.g. the designation National and Grindlays (Lloyds branch)). This is consistent with Andersson et al.'s (1997) finding that there seems to be a strong tendency for acquired firms for some time to remain unaffected by the acquisition. They argue that this is a consequence of the intent of the acquisitions being to strengthen an existing market network position rather than to establish a new one.

In the case of Grindlays, the various operations could continue to operate separately because, as the data above shows, they were essentially non-overlapping. Also, as several bankers' reminiscences make clear:

“Those days professional qualifications mattered less than ‘gentlemanly’ behaviour... Bankers were not expected to be aggressive, never to criticise their competitors. Looking back, one can say banking those days was sleepy but then all banks and bankers were expected to have a laid back style.” (Narasimhan 2000)

This is evocative of Hicks' (1935, p.8) dictum, "The best of all monopoly profits is a quiet life." The world of the overseas banks appears to have been conducive to implicit and sometimes explicit collusion. Money (1990), in 1965 Vice-Chairman of Barclays (Dominion, Colonial and Overseas), remarks on the existence of cartels in most of the British Empire where Barclays operated in the 1930s and 1940s. He does so to point out that this was not the case in the Middle East because of the competition from local banks and French, Belgian, Italian, Greek and other banks. Still, in many countries in the Empire a small number of banks, and a hardly larger number of expatriate bankers, placed their branches to avoid each other, or to co-exist in those cities large enough to support more than one foreign bank. In those cities where the banks met the bankers also met in the small world of Imperial expatriates (Allen 1975).

In 1969 Citibank (Citi) of the US took a 40 per cent stake in NGB. Existing shareholders in NGB became shareholders in National & Grindlays Holdings (NGH) in a one-for-one share swap, with NGH owning 60 per cent of NGB. Lloyds owned 41 per cent of NGH. The cash infusion from Citi enabled NGB in 1969 to acquire all the non-European and non-Turkish branches of Ottoman Bank (see below). To gain Bank of England approval, Citi agreed that control would remain in British hands and that Citi would not acquire any more shares without the Governor's agreement (Jones 1990b).

Apparently the attraction in the acquisition for Citi was NGBs' operations in India. Citi had extensive rupee deposits because the Indian government was obliged to deposit rupees with United States banks in India against U.S. official aid. Citi faced relatively little demand for those funds but NGB would provide an outlet for them.

In 1975 NGB changed its name to Grindlays Bank. At that time Citi contributed cash to recapitalize Grindlays after Brandts (see below), its merchant banking arm, had sustained

major losses in lending to property. Lloyds was in no position at the time to provide extensive support as it too was absorbing heavy losses, in its case from foreign exchange dealings by a rogue trader in Lugano, Switzerland. The need to recapitalize Grindlays led Citi to increase its involvement instead of deferring to Lloyds with respect to the management of the bank. Citi's share in Grindlays rose to 49 per cent and Citi also took a 5-year management contract that expired in 1981 and that provided for Citi to second what turned out to be three successive chief executive officers.

Like the other British overseas banks, Grindlays had a generalist, seniority-based, collegial and paternalistic culture. Narratives from the Indian operation mention that Citi introduced a performance-based system based on profitability and achievement. Citi also introduced the first computers. Citi was apparently unable to change the seniority-based system but was able to imbue some junior managers with the desire to move out and explore new horizons. Citi also seconded senior managers to Grindlays "who could not perhaps reach greater heights in their own organization" but who blocked opportunities for existing managers (Kartikyan 2000). The result was that in the mid-70s, Grindlays witnessed a large exodus of its Indian managers.²

In 1982 the bank changed its name to Grindlays Bank plc. In 1983, unable to find a buyer for the bank, Lloyds and Citi reorganized the ownership of Grindlays through a complex share swap. Citi came to own 49 per cent of Grindlays Holdings, with Lloyds Bank owning 21 per cent (41 per cent times 51 per cent). Of the remaining 30 per cent, 11 per

² Ambition met opportunity when after the First Oil Shock the demand for bankers in the Arabian Gulf grew suddenly, with the then rapidly growing Bank of Credit and Commerce International (BCCI; est. 1972) in particular taking many officers. BCCI became one of the world's largest privately-owned financial institutions, with operations in over 70 countries. Regulators in seven key countries closed it in 1991 when it became clear that the bank had

cent was in the hands of Bahrain Middle East Bank, which had bought it from Mass Development, a Bahrain company. No other shareholder held more than 5 per cent.

Even after restructuring its ownership, Citi had made no secret of its desire to sell Grindlays. Grindlays had started to expand into Latin America and Europe and in many countries was now coming into direct competition with Citi, and for that matter, Lloyds.

At Lloyds, even before Brian Pitman (who was knighted in the late 90s) took over as CEO, the bank had started to divest international assets and refocus on the domestic retail market (Bátiz-Lazo and Woods 2000). Most of the divestitures were representative offices or branches. Lloyds kept such major operations as Lloyds Bank International (an amalgam of Lloyds Europe and Bank of London and South America that Lloyds absorbed in 1986), National Bank of New Zealand, and Lloyds Bank Argentina. Pitman became CEO in 1983 and implemented a strategy of focus (Rogers 1999). Pitman declared “Where we are not a leader, or cannot aspire reasonably to leadership, our course will be to divest and capture the value for our shareholders...” While selling some operations, Pitman expanded Lloyds’ domestic retail banking operations by buying Abbey Life and Cheltenham & Gloucester Building Society, before finally merging with TSB (ex-Trustee Savings Bank) in 1995.

Fortuitously, at the time that Citi and Lloyds were seeking to disencumber themselves of Grindlays, ANZ Bank (Australia New Zealand) was looking around for an acquisition that would make it a multinational. ANZ already had subsidiaries and branches in Fiji, New Guinea, New Zealand, Singapore and Hong Kong, but stockbroking analysts were urging it to grow further (Merrett 2002). As one of the largest banks in Australia, it could not grow at home, at least not by merger and acquisition. Having decided to grow abroad, it required

been insolvent for much of its existence and had only survived through fraud. Regulators around the world then disposed of its local operations.

that potential acquisition targets work in the English language to reduce management problems. It had looked at banks in California, which it found too expensive, and had bid unsuccessfully for Dao Heng Bank in Hong Kong. Grindlays, with its lack of overlap with ANZ's existing scope, its presence in countries closed to ANZ such as India, and its use of English fit ANZ's requirements.

In 1984 Citi and Lloyds gladly sold Grindlays to ANZ. The original plan was that ANZ would run Grindlays at arms-length (Merrett 2002). Within a year ANZ called in consultants McKinsey and Co. to design an organizational structure that would fit its strategy. Still, ANZ took many years to acquire the skills to run Grindlays effectively and to be able to integrate the two banks' operations.

In 1989 ANZ changed the Grindlays name to ANZ Grindlays. In 1992 Grindlays became ensnared in a securities scam in India. Apparently ANZ lost confidence in the Indian management; between 1992 and 1998 the operation had 5 different CEOs. Many senior staff left, feeling that only outsiders would have access to top positions (Senapati and Cherian 2000).

In 2000 Standard Chartered Bank (SCB) bought Grindlays from ANZ. SCB is the result of the merger in 1969 of Standard Bank and the Chartered Bank. The Standard Bank began in 1862 as the Standard Bank of South Africa and the Chartered Bank began in 1853 as the Chartered Bank of India, Australia and China. As a result, Standard Bank was particularly strong in Africa and Chartered Bank in Asia. The Standard Bank had been a competitor of NBI, NGB and later Grindlays in Africa. Chartered Bank had been a competitor in South Asia.

SCB integrated Grindlays with its existing operations in a process completed by early 2003, thus ending Grindlays' separate existence. In India, where SCB had a strong presence

that dated back to the Chartered Bank's Kolkata (Calcutta) branch established in 1858, the acquisition made SCB the largest foreign bank even after it cut redundant branches and reduced the number of staff from 5500 to 3500. In Pakistan, the merged operations made SCB the largest foreign bank in the country and the only one with branches in all four provinces.

4 Acquisitions

In addition to the operations that Grindlays acquired through merger, the bank also bought some operations. The first such acquisition occurred in 1942 when Grindlay & Co. purchased the accounts of Thomas Cook & Son (Bankers). Before WWII Thomas Cook & Sons (Bankers) had Asian offices in Bombay, Calcutta, Colombo, Delhi, Hong Kong, Peking, Rangoon, Shanghai, Singapore, Tientsin and Yokohama. By end-1942 all but the cities in India and Ceylon were under Japanese military control.

The Annual Report for Grindlays states that “the accounts at Bombay and Delhi have been taken over and the other branches will be taken over as and when the opportunity occurs”. The other branches included a branch in Rangoon and one in Colombo, where NBI was also already in place. However, due to the fall of Burma, the Rangoon branch must have closed for a period. The April 1946 half-year report for Grindlays refers to the Rangoon branch, suggesting that Grindlays re-opened the branch shortly after the war.³

In 1965 NBG acquired two-thirds of the shares of William Brandts & Sons, a merchant bank established in 1805 and registered as a private limited company in 1952. At the time a

³ Private communication from Jennifer Mountain, assistant archivist at Royal Bank of Scotland. Unfortunately the Minute Book for Grindlays for 1941-1950 is missing. (Private communication from Peggy Kennedy, archivist for ANZ Bank.) Interestingly, Tyson (1963) does not list Grindlays' Rangoon branch among the branches of National and Grindlays though he does list the branch in Colombo.

cautious Bank of England blocked NGB from gaining full control (Jones 1990a; Kynaston 2001). In 1969 Grindlays acquired the remaining one-third but left the subsidiary to operate independently. In 1976, after Brandts had got into trouble, Grindlays assumed more control and changed the name to Grindlays Brandts.

In 1967 NGB acquired about a 10 per cent stake in National Bank of Dubai (NBD). In 1963, leading local merchants had established NBD as the first national bank. At the time NGB had no branches in what would in 1971 become the United Arab Emirates (UAE).

In 1969 NGB acquired all of Ottoman Bank's branches outside Turkey or Europe. Founded in 1863, Ottoman had an extraordinary history of its own (Autheman 1996 and Clay 1994). Now, under the direction of its dominant shareholder, Banque de Paris et des Pays-Bas (Paribas), Ottoman had decided to focus on Turkey. It spun off its branches in France and Switzerland into Banque Ottomane. NGB bought Ottoman Bank's branches in London, Cyprus, Jordan, Oman and Muscat, Palestine, Abu Dhabi, Sudan, Kenya and Rhodesia. Apparently at that time NGB also bought into Société Nouvelle de la Banque de Syrie et du Liban, an affiliate of the Ottoman Bank and of Paribas, but sold out shortly thereafter. (The branches in Palestine had operated under Jordanian rule and some may have operated until the early 1970s before closing, though the branch in East Jerusalem apparently closed in the wake of the 6-Day War. In 1995 Grindlays reopened the branch in Nablus and two years later the branch in East Jerusalem, having retained the premises. Then in 2002 it closed both the Nablus and Ramallah branches, exiting Palestine.)⁴

Also in 1969 NGB bought Mercantile Bank of India's branches in Pakistan and what is now Bangladesh (Green and Kinsey 1999). Mercantile had been suffering poor performance and was concerned about political uncertainty and government restrictions. The attraction

for NGB was that the branches came with staff in place and the acquisition would enable it to grow despite the government's restrictions on foreign banks opening new branches.

In 1970 NGB acquired 50 per cent of Dao Heng Bank (DHB). The acquisition enabled NGB to operate in Hong Kong despite the government moratorium on the granting of new banking licenses. DHB had started in Hong Kong in 1921 and by the time that NGB bought it, DHB had grown into a large commercial bank. Grindlays acquired full ownership in 1977 and changed the bank's English name to Grindlays Dao Heng Bank Limited; the Chinese name remained Dao Heng.

NGB also bought Cox and Kings (Holdings), which had subsidiaries in the business of travel and insurance agents, shipping and forwarding agents, warehousing and commodity dealing. The acquisition was part of the bank's policy of "extending the range of services to be made available to its customers at home and overseas..." (NGB 1970). Cox and Kings still exists today as an upmarket travel agent specializing in travel to the Sub-Continent and challenging parts of the world.

In 1971 Grindlays bought into Banque Ottomane and changed the bank's name to Banque Ottomane Grindlays. It also acquired the operations in Pakistan of Eastern Bank Limited. Eastern Bank appears to have been a bank based in East Pakistan, which in 1971 split from Pakistan and became Bangladesh.

In 1972 National and Grindlays Bank (Uganda) acquired the Ugandan branches of Algemene Bank Nederland (ABN). ABN sold because it was unwilling to incorporate its local branches under Ugandan law (see below).

In 1974 NGB acquired the financially troubled British Bank of Commerce, a Glaswegian merchant bank. The bank had begun in 1936 in London as a private company

⁴ "Grindlays reopening branch" April 7, 1995. *The Jerusalem Post*, Pg. 2. "StanChart to close Palestinian

but had moved to Glasgow in 1963 and converted to a public company in 1965. From 1963-69 it was associated with the London merchant bank Samuel Montagu & Co. Grindlays acquired it for Grindlays Brandts, and changed the name to Grindlays Bank (Scotland) in 1977. Grindlays apparently absorbed the bank in about 1979.

In 1979 Grindlays took over Banque Ottomane Grindlays and renamed it Grindlays Bank S.A. Grindlays also acquired four branches in France from Bank of America that it folded into Grindlays Bank S.A.

5 Divestitures

Firms not only acquire operations, they also divest themselves of operations. These divestitures can be involuntary or voluntary. The involuntary divestitures are the easiest to classify and to comprehend. The most clearly involuntary are those that a government has mandated. These mandated divestitures too represent a re-arrangement of the ownership of assets, but in response to *force majeure* rather than arising from managers' decisions.

Robinson (1964) has referred to the period from 1945 to about 1975 as the National Era. The National Era was a period of decolonization, nationalism, and *Étatisme*—state-led industrialisation. Governments in many countries stigmatised private enterprise in general and the multinational enterprise or company (MNE/MNC) in particular.

Around the world, especially in former colonies, governments nationalized the foreign banks and often the domestic banks as well. Williams (1975) has a survey of the extent of nationalisation of foreign-owned assets over the period 1956-72. Kobrin (1980) has an analysis of forced divestments of foreign ownership, though he focuses more on specific

cases rather than the blanket nationalisations that NGB endured in Africa, Asia and the Middle East.

The first of several instances of nationalization that cost NGB operations occurred in 1963 when the Burmese government nationalized all ten domestic and 15 foreign banks (Tyson 1963). NGB's branch in Rangoon, which dated back to 1885, became Peoples' Bank Number Ten. Tyson's (1963) report that there was only one branch suggests that NGB had amalgamated the two Rangoon branches after the 1958 merger of NBI and Grindlays.

NGB's branch in Zanzibar traced its history back to 1893 when NBI entered shortly after the failure of the New Oriental Bank Corporation, which had established a branch there in 1891, just after Great Britain had established its Protectorate. Still, in 1963 Zanzibar achieved its independence from the British Commonwealth. The Revolution of 1964 brought to power a Revolutionary Council that established a one-party state (the Peoples' Republic of Zanzibar) that nationalized land and companies. In 1964 Zanzibar united with Tanganyika to form the United Republic of Tanzania. The Revolutionary Government of Zanzibar apparently closed the foreign banks and in 1966 established the Peoples' Bank of Zanzibar, which the government still owns. At the time the only banks were NGB, SCB and Jetha Lila, an Indian private bank (Tominaga 1989). (Although it had closed Grindlays, the Peoples' Bank used Grindlays, and to a lesser extent Moscow Narodny Bank, as its London correspondents and to hold the Government's foreign currency revenues from the sale of cloves.)

In 1967 Tanzania nationalized its banks, including NGB's branches in Tanganyika. NBI had established itself in Dar es Salaam in Tanganyika in 1916 after Great Britain drove the Germans into the bush. The government consolidated the assets and liabilities of all seven foreign and two local banks in the government-owned National Bank of Commerce (NBC).

In 1997 the government reorganized NBC and early in 2000 it sold 55 per cent of NBC to Amalgamated Banks of South Africa (ABSA) and 15 per cent to the International Finance Corporation while retaining the remainder.

In 1964, at the behest of the Minister of Finance, NBG, which had many branches in Aden and the Federation of South Arabia, entered into talks with Chartered Bank and local investors to create a local bank. NBG's presence dated back to NBI's entry in 1894; amongst other features, Aden had a large Indian community active in international trade (Schaeffer 1999). The plan was that NBG and Chartered would establish the Bank of South Arabia with each having 30 per cent of the equity and local investors sharing the rest. Presumably each of the two parent banks would contribute its operations to the venture. However, events intervened, apparently before anything could come of this.

In 1967 the British left South Yemen after enduring a four-year war of independence, leaving behind the government of the newly independent People's Republic of South Yemen, which was hostile to foreign enterprise. The country became the first and only Marxist Arab state and in 1970 the government renamed the country the People's Democratic Republic of Yemen (PDRY). Two economic events compounded the impact on the country's economy. First, the departure of the British meant the loss of the subsidy that had provided the bulk of the country's budget. Second, the closure of the Suez Canal as a result of the Six-Day Arab-Israeli war cut the number of vessels stopping in Aden by some 80 per cent. These events taken together resulted in a substantial fall in Gross National Product in the PDRY and the emigration of quarter of the country's two million people, especially the commercial middle class. Then in 1969 the government nationalized all almost all industry and commerce, including banking. It combined the branches belonging to NGB, Chartered Bank, and possibly Bank of India, into the National Bank of Yemen (NBY).

Currently (2002) the government is seeking to privatize NBY by selling 60 per cent to a strategic investor.

In 1969, General Mohamed Siad Barre seized power in Somalia and subsequently nationalized the four foreign banks, the only private banks in the country. NGB lost its branches in Hargeisa and Berbera in former British Somaliland and its branch in Mogadishu. NBI had established its first branch in the country in Hargeisa in 1952. The government amalgamated all the banks into the Somali Commercial Bank and then in 1975 combined this and the Savings Bank of Somalia to form the Commercial and Savings Bank of Somalia, the sole bank in the country. This bank failed in 1990 and nothing has replaced it.

Also in 1969 NGB created National and Grindlays Bank (Uganda) to take over its branches in Uganda and its commercial banking activities. NGB's presence in Uganda dated back to NBI's opening of a branch in Kampala in 1906. The ownership of the new subsidiary was 51 per cent NGB and 49 per cent government and the sale of the equity to the government was compulsory (Brownbridge 1998). NGB retained a management contract for National and Grindlays Bank (Uganda) until 1974. In 1971 NGB established National and Grindlays Bank International (Uganda), which it fully-owned, to take over its international and merchant banking activities; the Government had the option to acquire 49 per cent in this bank too if it desired. In the late 1970s, Grindlays transferred or sold almost all of the branches of National and Grindlays Bank (Uganda) to the government-owned Uganda Commercial Bank (UCB; Brownbridge 1998).

In 1970 Sudan too nationalized its banking system. NGB's branches, which it had acquired in 1969 from Ottoman Bank, which in turn had entered in 1948, became the Omdurman National Bank. In 1984 Omdurman merged with the Juba Commercial Bank (the former branches of Commercial Bank of Ethiopia) to become Unity Bank. In 1993 the

government grouped the Unity Bank, the National Export Import Bank and Bank of Khartoum into the Khartoum Bank Group. Bank of Khartoum traces its origins to the State Bank of Foreign Trade, which the government established in 1970 to acquire the branches of Barclays Bank. Barclays in turn traced its presence back to the entry of the Anglo-Egyptian Bank in 1913. Currently (2002) the government is preparing the Bank of Khartoum for privatization.

In Kenya NGB faced partial and phased nationalization. NGB's presence in Kenya traced its roots back to NBI's opening of a branch in Mombasa in 1896. In 1970 the Kenyan government created Kenya Commercial Bank (KCB) to take over all but three of NGBs' branches in Kenya. The Kenyan government initially owned 60 per cent of KCB and NGB owned 40 per cent, with NGB also having a management contract. However in 1976 the government acquired the remainder of the shares. In recent years the Kenyan government has privatized KCB though it still owns 35 per cent. In the meantime, NGB incorporated its two remaining branches into National and Grindlays Bank International (Kenya), of which it owned 60 per cent and the government owned 40 per cent. This bank now belongs to Stanbic.

In 1970 in Sri Lanka the Hatton Bank acquired NGB's branches in Kandy and Nuwara Eliya while NGB retained its branch in Colombo. Hatton restructured itself to become Hatton National Bank with NGB taking a 28 per cent share that it apparently sold within a few years. In 1961 the Sri Lankan government had forbidden foreign owned banks to take deposits from Sri Lankan nationals. In return for transferring its branches outside Colombo to a Sri Lankan bank, NGB gained the right to take deposits at the Colombo branch. Similarly, Mercantile Bank of India transferred several branches to Commercial Bank of

Ceylon, which in turn had been the Colombo branch of Eastern Bank, a subsidiary of Chartered Bank.

In 1971 Grindlays established Grindlays Bank (Zambia) to take over the branches there. In 1968-69 the Zambian government had discussed taking over 51 per cent of the shares of banks but nothing came of this (Harvey 1991). Still, transferring branches from the parent to a subsidiary would have facilitated accommodating such a requirement had it ever become necessary.

In 1973 the government of Bahrain took over the 25 per cent of National Bank of Bahrain (NBB) that was not in Bahraini hands and that Grindlays had subscribed to in 1957 when the bank was being organized as the Bank of Bahrain. Grindlays received a license to open a branch in its own name as compensation for losing its stake in NBB.

In 1976, the Derg, the ruling council of Ethiopia after 1974, nationalized Addis Ababa Bank, which NGB had established in 1963 and of which it owned 40 per cent. The Government also merged in the Eritrean affiliates of Banco di Roma and Banco di Napoli and changed the name to Addis Bank. In 1963 the Ethiopian government had passed a law permitting foreign banks to establish subsidiaries so long as Ethiopian nationals owned 51 per cent or more of the equity. In the same year the government split the State Bank of Ethiopia into the National Bank of Ethiopia and the Commercial Bank of Ethiopia. Then in 1980 the Government merged Addis Bank into the Commercial Bank of Ethiopia, which it is now trying to privatize.

In 1982 Grindlays sold back to the National Bank of Dubai (NBD) its shares in NBD. Apparently the UAE authorities wanted to reduce the percentage of foreign ownership in the bank and had ruled that local banks had to be 80 per cent local-owned. Bank of America also sold its shares back, and National Bank of Kuwait halved its 20 per cent stake.

In 2000 an Emiri Decree authorized the establishment of Grindlays Bank Qatar to assume Grindlay's Doha branch. Qatar's minister of foreign affairs, Sheikh Hamad bin Jassem bin Jaber Al Thani, acquired 60 per cent of the capital of the new bank (mainly via family proxies) and SCB retained 40 per cent in return for contributing its branch. Apparently the Emir's advisory council had earlier examined the proposed transaction as Central Bank regulations required and found that several technicalities were not in order. When the council referred the matter to the Emir's cabinet for further consideration the Emir intervened to approve the sale (Owen 2000).

Lastly, in the UAE SCB's acquisition of Grindlays left it with 11 branches (seven SCB and four Grindlays) whereas Central Bank regulations limit foreign banks to eight. In late 2001 Stan Chart announced that it would close, consolidate or dispose of three Grindlays branches. SCB's presence in the UAE dates back to a branch the Chartered Bank established in Sharjah in 1958 and Grindlays presence to a branch the Ottoman Bank established in 1962 in Abu Dhabi.

The most clearly voluntary divestitures occur when the firm changes its strategy and consequently sells or closes operations that now are inconsistent with the new strategy. Grindlays' divestitures of its operations in France, Africa, Canada and Oman are apparently examples of such strategic moves.

In 1990 ANZ Grindlays sold Grindlays Bank SA (the ex-Banque Ottomane Gindlays) with its branches in France, Switzerland and Monaco to Monte dei Paschi di Siena, which renamed it Monte Paschi Banque. At the time ANZ Grindlays stated that the 14-branch bank, although an efficient retail bank, no longer fit with its strategy for Europe.

In 1992 ANZ Grindlays sold all its African operations to Standard Bank Investment Corporation (Stanbic). Stanbic assumed control of ANZ Grindlays' banks in Zimbabwe,

Zambia, Kenya, Botswana, Uganda and Zaire, as well as its significant minority stakes in banks in Nigeria and Ghana.⁵ In Botswana, Stanbic merged the newly established ANZ Grindlays Botswana with its newly established subsidiary Union Bank of Botswana to form Stanbic Bank Botswana. In Uganda, by the mid-1990s, Stanbic had consolidated Grindlay's two subsidiaries into one bank, Stanbic Bank Uganda. In 2002 Stanbic acquired 80 per cent of the shares of the Uganda Commercial Bank from the Ugandan Government in a controversial privatization. Later Stanbic merged UCB into Stanbic Bank Uganda. The government took a 10 per cent stake in the merged bank in compensation for its remaining 20 per cent stake in UCB.

Interestingly, Stanbic at one time had been the core of Standard Bank of South Africa. In response to sanctions on South Africa, SCB sold its by then 39 per cent minority position in the South African operation to existing South African shareholders in 1987; the divested operation became Stanbic.

In 1993 ANZ Grindlays sold its Canadian operations to Hongkong Bank of Canada, a subsidiary of Hongkong and Shanghai Banking Corporation. Grindlays had apparently established a finance company in Canada in 1975 and then converted that to a banking subsidiary after Canada revised its Banking Act in 1980 to permit such operations. ANZ had acquired Grindlays Bank Canada with its acquisition of Grindlays but management was more interested in expanding in the Asia-Pacific area. While it was selling the European and Canadian operations, ANZ was acquiring the Bank of Western Samoa, establishing a joint-

⁵ Grindlays had established National Finance and Merchant Bank in Ghana in 1972. The ownership was 30 per cent Grindlays, 30 per cent Government of Ghana and 40 per cent public sector financial institutions. In 1975 the bank changed its name to Merchant Bank Ghana. Grindlays had established Grindlays Merchant Bank of Nigeria in 1983, at which time it took the maximum permissible 40 per cent ownership. Grindlays had established Grindlays Bank (Zimbabwe) in 1990 to take over the branches there.

venture subsidiary in Indonesia, and establishing branches and opening representative offices in the Peoples Republic of China and in Vietnam.

Similarly, in 1996 ANZ Grindlays sold to the newly created Oman Savings and Financing Bank (OSFB) the branches in Oman that NGB had acquired with its purchase in 1969 of Ottoman Bank's foreign operations. (Ottoman Bank had entered earlier that year.) Next year OSFB bought Commercial Bank of Oman (CBO) but retained the latter's name. In 1993 CBO had purchased three of SCB's four branches in the Sultanate. CBO later merged with Bank of Oman, Bahrain & Kuwait and in 2000 merged into BankMuscat.

Some divestitures represent a rationalization of operations rather than a change in strategy. In 1985, ANZ, which had had a branch in New York since 1968, closed the agency there that Grindlays had established in 1975. In 2001, the year after it acquired Grindlays, SCB sold its concomitant 40 per cent stake in Grindlays Bahrain to local investors, who renamed the bank the Commercial Bank of Bahrain (CBB); CBB has since merged in Ahli United Bank. SCB already had its own operation in Bahrain, whose genealogy dated back to the entry of Eastern Bank in 1920, and chose to divest itself of Grindlays Bahrain. Grindlays had established the subsidiary in 1984 to acquire its branch there, which it had established in 1974. It made the conversion in order to be able to bid for types of government business, such as putting up performance bonds on government contracts. The government had changed its rules to exclude foreign banks two years earlier, cutting Grindlay's branch off from what had been a major line of business.

In 2002 SCB sold its branch in Srinagar to the state-owned Jammu and Kashmir Bank. Srinagar was a Lloyds' branch that Cox & Co. had opened in 1907. SCB reportedly "decided

to exit the Valley after considering the security, logistics and business opportunities.”⁶ SCB also sold the branch in Simla that Grindlays had opened in 1912 and the one in Darjeeling that Lloyds had opened in 1935 to ICICI Bank, the largest private sector Indian bank.⁷

Also in 2002 SCB sold the Geneva branch and private banking business that it acquired with its purchase of Grindlays. SCB had integrated Grindlays private banking operations in London and Luxembourg and the subsidiary in Jersey into its own private bank, which serves millionaires in Hong Kong, Dubai and Johannesburg under the Standard Chartered Grindlays Offshore Financial Services name. The purchaser of the Geneva bank was Prudential-Bache International. (Interestingly, when ANZ had acquired Grindlays, ANZ had sold its Guernsey-based private banking operation to Bermuda's Bank of Butterfield International while keeping the Grindlay's Jersey bank.)

In 2001-2 SCB attempted to sell the two branches in Greece (Athens and Pireaus) that it inherited from Grindlays, which had entered in 1974. Talks with Egnatia Bank, following earlier ones with Aspis Bank, broke down. Apparently the two sides could not reach an agreement on staff issues and on other conditions that SCB had imposed. (Aspis did purchase the retail banking activities of ABN AMRO, which took a seven percent shareholding in Aspis.)

Mixed situations, that is situations that involve both changes of strategy and outside pressures, can occur when the firm sells operations to raise funds. A situation where the firm uses the funds to cover loses elsewhere and hence to maintain itself is towards the involuntary end of the spectrum. A situation where the firm sells operations that are less

⁶ *BusinessTimes* 2 (222). August 11, 2001. “J&K Bank takes over Stanchart Grindley's Srinagar operation”.

central to its strategy and uses the funds to expand operations that are more central are towards the voluntary end of the spectrum. These divestitures mix strategic motives with financial ones.

In 1982 Grindlays sold Dao Heng Bank to the Hong Leong Group of Malaysia and Singapore. Grindlays had reached a fork in the road: it had either to put in more capital into now Grindlays Dao Heng to permit it to grow further, or to sell out and use the money to recapitalize itself after the losses at Brandts (Hall 1982). The decision was to sell. At the time of the sale Grindlays Dao Heng was one of Grindlays' most profitable overseas operations and represented almost a third of Grindlays total assets. The new owners, the Kwek family led by Kwek Hong Png, who had established the Hong Leong company privately more than 40 years earlier, then took over the direct management; nineteen years later they sold Dao Heng to Development Bank of Singapore.

In 1983 Grindlays sold its operations in the part of Cyprus still under Cypriot government control to Cyprus Popular Bank, the second largest bank in the country. Grindlays had acquired the branches in Cyprus in 1969 from Ottoman Bank; the then Imperial Ottoman Bank had entered Cyprus in 1864. However, in 1974 the Turkish government invaded northern Cyprus and carved out the breakaway Turkish Republic of Northern Cyprus. Grindlays responded by choosing to combine discretion with capital raising. The company stated that although its Cyprus operation was still profitable it "had little prospect of contributing to the group's profits in London in the foreseeable future..."⁸

⁷ The branch in Simla may have incorporated an earlier branch that Cox & Co. had founded. When SCB sold the branch, press reports spoke of the branch having been established in 1877.

⁸ "Grindlays to sell Cyprus operation" November 5, 1982, *Financial Times*, 22.

6 Conclusion

As the foregoing account has made clear, the rearrangement of the ownership of assets between banks was a large part of the story of the determinants of Grindlays' geographic scope. Recent work by Tschoegl (2002) indicates that the same process of rearrangement was common in the growth of the largest US subsidiaries of foreign banks. These rearrangements involve changes that are far from incremental. Rather, the changes are abrupt and large-scale.

Sources external and internal to the bank provoked the changes. External sources were primarily political as governments nationalized or forced divestiture of local operations. Internal sources in the form of decisions by existing management generally gave rise to acquisitions representing extensions of existing strategy. Lastly, internal changes in the form of decisions by new owners gave rise to changes in strategy resulting in both acquisitions and divestitures.

As far as generalizeability to other industries is concerned, it is important to remember the Lichtenberg and Seigel wrote about industrial plants in the US. Although bank branches appear to be transferable modules that the acquirer can readily convert to its own routines, the Lichtenberg and Seigel results make plain that manufacturing too partakes of the process. This would suggest that a fruitful direction for future research would be to start to map the degree to which different industries exhibit the rearrangement of the ownership of assets and the industry determinants of the degree of fungibility.

Today Grindlays has effectively disappeared but its legacy continues, in part in ironic form. Former Grindlays' branches are part of locally-owned banks in Burma, Cyprus, India, Kenya, Oman, Sri Lanka, Sudan, Tanzania, and Yemen. More curiously, Standard Chartered Group, the owner of Grindlays non-African operations, is competing in Africa with Stanbic,

whose operations outside of South Africa once belonged to Grindlays. Stanbic, however, originated in the South African operations of the Standard Bank of South Africa, which in turn was the Standard Bank that merged with the Chartered Bank in 1969, but which had divested itself of its South African operations in 1987.

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Appendix: The Hypergeometric Test

This Appendix draws on Rose and Ito (2000).

Assume that NBI has the resources to operate in s markets. Grindlays has the resources to operate in t markets where $t \leq s \leq n$, and where n is the total number of markets. Let us define a discrete random variable $0 \leq F \leq n$ that represents the number of markets in which NBI and Grindlays could meet. The probability of f meetings between NBI and Grindlays is:

$$p(f) = \frac{C_{t,f} \times C_{n-t,s-f}}{C_{n,s}}$$

where $C_{a,b} = a!/(a-b)!b!$ denotes the number of combinations of a objects taken b at a time and $\sum p(f) = 1$ for $f = [0, t]$. Then F follows the hypergeometric distribution. The hypergeometric distribution has a mean $\mu = st / n$ and a standard deviation

$$\sigma = \sqrt{\mu \left(1 - \frac{t}{n}\right) \left(\frac{n-s}{n-1}\right)}$$

We can test the hypothesis that NBI and Grindlays meet more (or less) frequently than by chance alone by computing a Z-score based on A , the actual number of markets in which NBI and Grindlays meet.

$$Z = \frac{A - \mu}{\sigma}$$

We can test the significance using the *Student's t* distribution with $(n-1)$ degrees of freedom. For the two mergers the results are:

	Total Markets n	Firm A s	Firm B t	Meet A	μ	σ	Z	Prob
NBI&Grindlays	21	17	11	7	8.90	0.92	-2.07	0.05
NGB&Lloyds	26	16	21	12	12.9	1.00	-0.93	0.36

Table 1: Location of NBI, Grindlays and Lloyds' South Asian branches at the time of the mergers			
Country and city	<u>NBI</u>	<u>Grindlays</u>	<u>Lloyds</u>²
India			
Amritsar	1900		1930
Bangalore	1951		
Bombay	1865	1865	1908 (2)
Calcutta	1863	1854	1911 (2)
Chowringhee			? ⁴
Cochin	1910		
Darjeeling			1935
Delhi	1889		1916
Kanpur	1896		
Madras	1877 (2)	1944	1951
New Delhi	1948	1934	1927
Simla		1912	
Srinagar			1907 ⁴
Tuticorin	1892		
Pakistan			
Karachi	1884 (2)	1924 (2)	1908 (3)
Lahore	1900	1926	1928
Peshawar		1936	
Quetta		1934	
Rawalpindi			1907
Bangladesh			
Chittagong	1905 (2)		1948 ⁴
Dacca			1950 ⁴
Khulna	1951		1954 ⁴
Sri Lanka or Ceylon			
Colombo	1881	1943 ³	
Kandy	1892		
Nuwara Eliya	1892		
Burma			
Rangoon		1942 ³	1921 ⁴
Source: Tyson 1963; Winton 1982.			
Notes: 1) The date represents the year in which the bank first established a branch in the city in question. The number in parentheses indicates the number of branches. 2) Lloyds' branches dated prior to 1923 represent branches that Lloyds acquired from Cox & Co., except for the Delhi branch, which Cox & Co. had acquired from H.S. King & Co. 3) Branches that Grindlays acquired from Thomas Cook (Bankers). The Rangoon branch probably did not actually begin operating until after WW II. (See text). 4) Winton mentions the Rangoon and Chowringhee branches but Tyson does not. Also Winton's count of ten branches in India does not include Srinagar, which he allocates separately to Kashmir. Tyson mentions the Chittagong and Dacca branches but not Khulna; Winton mentions Kuhlna but not Chittagong and Dacca.			