

# Banking, Finance and Insurance

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isabeldn@bankseta.org.za

Compiled by Susan McFadzean

## BANKING IN SHORT

In Banking news this morning, South Africa's economic growth jumped 3.2%, well above market forecasts for a 2.5% rise and quickening from 0.9% in the third quarter, when SA first emerged from recession, data from Statistics SA showed yesterday; however this rise dampened speculation interest that rates would be cut again next month; and Reserve Bank governor Gill Marcus urged to halt yesterday the debate about the ownership of the Bank, calling those behind it greedy and the concept of liquidation "nuts". In business, Absa Small Business has launched a new scheme to provide vendor financing to small and medium enterprises (SMEs), which will assist them with their cash flow and enable them to provide a better service to the corporate sector.

NEWS REVIEWS

## NATIONAL ECONOMY

### Rand and dollar report

The rand continued its range bound trade yesterday afternoon. Earlier the local currency had briefly firmed on better than expected gross domestic product figures. At 15:45 the rand was bid at R7.705 to the dollar from R7.704. It was bid at R10.438 to the euro from R10.468 and was R11.863 against the sterling from R11.917. The euro was bid at \$1.356 from \$1.360.

BUSINESS DAY (National), Companies & Markets

### SARS extends deadlines

The South African Revenue Service (SARS) will extend its operating hours later this week to allow taxpayers to meet payment deadlines, SARS said in a statement on Tuesday. All branch offices will be open from 07:30 to 17:00 on Thursday and on Friday. "Taxpayers are reminded that manual VAT returns and payments are due for submission on Thursday 25 February 2010 and Provisional returns and payments on Friday 26 February 2010. "SARS urges taxpayers not to wait until the last day to make payments but to visit their nearest SARS branch office as soon as possible," the statement said. Taxpayers could also use internet banking or e-filing to make payments instead of going into a branch office.

FIN24.CO.ZA - FINWEEK

### Stop Bank ownership debate - Marcus

Reserve Bank governor Gill Marcus urged to halt yesterday's debate about the ownership of the Bank, calling those behind it greedy and the concept of liquidation "nuts". She said that proposals to pack the Bank's seven-member board with political appointees would "make it a very difficult working environment". Briefing Parliament's finance committee yesterday, Marcus said the "false debate" about the status of the Banks should stop. "This is something that is absolutely against the national interest, it is certainly against the interest of the central bank and in my view these people should not be allowed to get currency around it, as if this is real or doable. It is fundamentally against the principles, policies and objectives of the central bank," she said.

TIMES Business Times ; CITIZEN (Second Edition)

### GDP growth surprises

South Africa's real gross domestic product rose by 3.2% in the fourth quarter of 2009 (at market prices on a quarter-on-quarter seasonally adjusted annualised basis), according to Statistics SA on Tuesday. For 2009, GDP growth came in at -1.8% year-on-year compared with +3.7% in 2008. There were no revisions to any of the quarters in 2009. Fourth quarter growth was expected to have come in at +2.6%, according to an I-Net Bridge survey of leading economists. The range of forecasts for the survey, among eight economists, was from 1.4% q/q to 3.2%. The first quarter of 2009 had ushered in the first recession in 17 years. It was also the worst figure since the third quarter of 1984 when GDP was at -6.5% and the first technical recession in South Africa since the fourth quarter of 1992.

FIN24.CO.ZA - FINWEEK; EWN.CO.ZA; E NEWS DAY @ 13:00; ENEWS PRIME @ 19:00

### Reserve builds 25% Eskom hike into modelling

In the run-up to today's announcement by the National Energy Regulator of SA (Nersa) about its decision on Eskom's tariff application, a top bank official said yesterday that an electricity tariff hike of between 25% and 30% would have a marginal effect only on the Reserve Bank's inflation targets over the medium term. Eskom applied for a 35% increase for each of the next three years, raising concern not only about the effect on inflation, but also on the cost of doing business. The Bank has forecast that the inflation rate would remain within the 3% to 6% inflation targeting band until the end of next year, moving towards the upper end of the range at about 5.5% at that time. Adviser to the Reserve Bank governor, Brian Kahn, told Parliament's finance and appropriation committees that the Bank had built a 25% hike into its modelling. However, if the hike was markedly higher than this, it would put upward pressure on the Bank's inflation forecasts and cause multiple shocks over the next three years.

BUSINESS DAY (National)

### Private owners an anomaly at Bank - Marcus

The role of private shareholders with personal agendas in the appointment of half the Reserve Bank's board of directors had created an "unhealthy" and fraught situation, the Bank's governor, Gill Marcus, said yesterday. It also affected the calibre of directors, who should act in the best interests of the organisation, she told Parliament's finance committee and select committee on appropriations. Shareholders elect seven of the 14 directors. Marcus added that it was "extremely difficult" to have shareholders who were not committed to the bank's public purpose. Shareholder demands for a bigger fixed dividend had been a source of tension between them and the board for many years.

BUSINESS DAY (National)

### GDP surge dashes hopes for rate cut

South Africa's economy grew much faster than expected in the final quarter of last year, boosted mainly by a hefty rebound in factory output, which dampened speculation interest that rates would be cut again next month. Economic growth jumped 3.2%, well above market forecasts for a 2.5% rise and quickening from 0.9% in the third quarter, when SA first emerged from recession, data from Statistics SA showed yesterday. "For me this number gives more comfort that the course of overall output is altering gradually, out of recession," said Rashid Cassim, Director-General at Stats SA. There were also encouraging remarks from the Reserve Bank.

BUSINESS DAY (National)

### Zuma defends budget

Defying union criticism, President Jacob Zuma yesterday defended Finance Minister Pravin Gordhan's 2010/2011 budget as being "unapologetically pro-poor" and balanced. He also stuck to his position that nationalisation of mines was not being considered in any way by his government or the governing body. Zuma's remarks appear to slap down ongoing arguments in favour of nationalisation from the African National Congress Youth League and comments from the ANC's alliance partners in the trade union movement, which said that Gordhan's budget, tabled last week, was unacceptable and a "declaration of war" against the poor.

BUSINESS REPORT (Star)

## NATIONAL BUSINESS

### Imperial Bank Limited releases year-end results

Nedbank Group's subsidiary Imperial Bank Limited has released its results for the year ended 31 December 2009. The bank experienced extremely difficult trading conditions in the first half of the year. However, in the second half of the year there was a more favourable environment with the lower interest rate assisting hard-pressed consumers resulting in an improvement in retail arrear accounts and a reduction in the high level of impairments incurred in the first half of the year. In addition non-interest income grew sharply from R87.6 million in 2008 to R199.1 million in the current year which is mainly related to the book growth in the Motor Finance Division. The more favourable trading environment enabled the bank to produce a profit for the year of R430.8 million which is 19.3% up on the R361.2 million of the previous year.

NEWS REVIEWS ; BUSINESS REPORT (Star)

### Change of fortunes for Brimstone

Empowerment investment holding company Brimstone Investment Corporation has posted a R400 million profit swing from a R77.8 million loss the previous year to report an annual profit of R312 million for the period to end-December. It said an upward revaluation of most of its underlying investments and a substantial increase in dividends received, was mainly responsible for the good performance in a trading period that was impacted by a severe economic downturn. The R312 million profit translates to headline earnings per share of 130.9 cents, in comparison to a loss of 33c/share the previous year. The asset base increased to R5.6 billion from R3.8 billion. "The increase in the value of assets under the group's stewardship is largely as a result of the effects of the Sea Harvest and Lion of Africa transactions," said Brimstone.

FIN24.CO.ZA - FINWEEK

### Motor finance helps Imperial Bank raise profit

Imperial Bank, a subsidiary of Nedbank, lifted profit 19.3% to R430.8 million in the year to 31 December after impairments fell in the second half and there was an improvement in retail arrears accounts. In addition, non-interests income grew sharply, to R199.1 million, from R87.6 million in 2008. The bank has four operating divisions: motor finance; property finance; professional finance; and supplier asset finance.

BUSINESS DAY (National), Companies & Markets

### Mergers, acquisitions more likely in SA this year

South Africa mergers and acquisitions activity among private held business owners is expected to be greater than that of their international counterparts for the year, according to a report released by accounting firm Grant Thornton yesterday. The study shows that 37% of businesses intend to grow this year through acquisitions, compared with just 26% globally. The proportion of businesses considering this globally fell 11% since last year (37%) with the steepest falls recorded among Brazil, China, Russia and India. SA's responses for this year and last year remain unchanged at 37%.

BUSINESS DAY (National), Companies & Markets

### Foreigners net buyers of shares

Foreigners were net buyers of R1.068 billion worth of shares in the week ended 19 February after net purchases of R1.23 billion worth of local shares the week before, according to figures released by the JSE. Foreigners bought R7.43 billion and sold R6.36 billion of shares last week. In the week ended 20 February, foreigners were net buyers of R607.20 million worth of local shares.

BUSINESS DAY (National)

### SA's high rating for banks diluted by economy

The South African banking sector's stable competitive structure and sound financial regulation meant that it had limited exposure to external events, Standard & Poor's rating services said yesterday. These factors were, however, offset by the rating agency's view of weaknesses in South Africa's economic structure, including wide social inequalities and vulnerability to deterioration in the quality of loans to households, which carry a relatively high level of debt. SA's banking industry country risk assessment was placed in group 5, similar to banking systems in Bahrain, Poland, Kuwait and Brazil. According to the ranking, which is out of 10, Group 1 is the strongest.

BUSINESS DAY (National), Companies & Markets

### Sanlam forms joint venture with Australia

Sanlam Private Investments, the private client investor manager and stockbroker in Sanlam, has formed a joint venture in Australia through new private client wealth management firm Calibre Investments, with the aim of doing business with South Africans who emigrate.

BUSINESS DAY (National), Companies & Markets

### Finbond to expand network of branches

Finbond yesterday said it had signed a 10-year credit agreement of \$10 million with WorldBusiness Capital (WBC) which will enable the company to grow its short-term microfinance book and expand its network of 165 branches in South Africa, Namibia and Botswana. "We are privileged to partner with WBC in the growth, development and expansion of our business," said CEO Willie van Aardt.

BUSINESS DAY (National), Companies & Markets

### Absa starts new SME project

Absa Small Business has launched a new scheme to provide vendor financing to small and medium enterprises (SMEs), which will assist them with their cash flow and enable them to provide a better service to the corporate sector. Absa yesterday said vendor finance provided funding to the SMEs from when they had been awarded a contract or issued with a purchase order by a corporate client. "Essentially, this means that SME suppliers can take advantage of growth opportunities and expand their service to the corporates," Absa head of market development for small business, Sisa Ntshona, said. Absa also wanted to help corporates improve their black economic empowerment score based on preferential procurement and enterprise development.

BUSINESS DAY (National), Companies & Markets

### Political risk ranks as top concern for banks

Political risk has replaced financial risk as the number one fear facing the global banking industry, according to the annual global Banking Banana Skins survey. Credit risk was the second-biggest concern among respondents and the biggest issue in emerging market economies. The survey, which also polled six bankers in South Africa, is based on the responses of 443 bankers, regulators and observers across 49 countries. It is compiled by the centre for the Study of Financial Innovation in London and sponsored by PricewaterhouseCoopers. Respondents agree the dash by governments to rescue banks from near collapse in the financial crisis led to political interference taking the top spot on a list of 30 serious risks facing banks.

BUSINESS DAY (National), Companies & Markets ; BUSINESS REPORT (Star)

### GENERAL NEWS

#### Minister defends welfare system

Social Development Minister Edna Molewa defended government's welfare system on Tuesday amid reports that South Africa had become the "biggest welfare state" in the world. "It is difficult for the government to close its eyes and look at people when they are suffering and do not have anything to eat," Molewa said at a social development cluster briefing in Cape Town. "The [government] grant system was not intended to be permanent, particularly in the area of young mothers. "Through the programmes we have, we are moving towards empowering people who are on the grant system, particularly young mothers." Economist Mike Schüssler, speaking after Finance Minister Pravin Gordhan's budget speech last week, said South Africa was now "the biggest welfare state in the world" and that the government's grant system was unsustainable.

FIN24.CO.ZA - FINWEEK

#### Motorists set to pay more for accident fund

Motorists may have to pay higher vehicle registration fees and increased traffic fines, and a surcharge may also be imposed on sales of alcohol under Transport Minister Sibusiso Ndebele's far-reaching proposal to bring the Road Accident Fund back to financial health. The fund is R31 billion in the red. Ndebele's new draft policy for the fund was published in the Government Gazette last week. In it he says financing the fund through a fuel levy alone does not meet the requirements of the new Road Accident Benefit Scheme he wants introduced.

PRETORIA NEWS

#### AfrAsia Bank opens offices in SA

AfrAsia Bank, the Mauritian-based bank that specialise in corporate, private and international banking, has announced the opening of representative offices in Cape Town and Johannesburg. The application and granting of the licence by the South African Reserve Bank was a result of the bank's strategy to have SA presence and to capitalise on growing trade and investment between Africa and Asia. CEO James Benoit, yesterday said the bank's focus was on corporate and institutional banking, wealth management, private and international banking.

BUSINESS DAY (National), Companies & Markets

### PROPERTY AND HOUSING

#### Property supplement

Business Day, Companies and Markets, contained a Property supplement with the following headings: "Residential building decline shows signs of slowing"; "City has duty to evictees and landowners, high court rules"; "Mediation 'a good dispute resolution tool'; "Printed media remains a top marketing tool"; "'Hill Side' on offer for R4.55m"; "Cape residential market gains pace"; and "Property industry granted very little direct tax relief by Gordhan".

BUSINESS DAY (National), Companies & Markets

### OIL NEWS

#### Oil Report

In London, Brent crude was trading 88c lower at \$77.73 a barrel (R3.78 a litre) in the afternoon.

US crude for April delivery dropped 95c to \$79.36. The March contract, which expired on Monday, hit \$80.51 during its last day of trade.

BUSINESS REPORT (Star)

## INTERNATIONAL ECONOMY & BUSINESS

### Eric Daniels bows to pressure and forgoes bonus

Eric Daniels, Lloyds' Chief Executive, has become the latest banking boss to waive his bonus in an attempt to defuse the political row about remuneration. Daniels on Monday told the board that he would not take a £2.3 million payout, marking the second year in a row that he has turned down a bonus. Daniels will receive his £1.035 million base salary. The Lloyds boss has been under intense pressure to turn down a bonus after John Varley, the chief executive of Barclays, and Bob Diamond, its president, said last week that they were turning down their awards, despite Barclays nearly doubling profits to £11.6 billion in 2009. Stephen Hester, the chief executive of Royal Bank of Scotland, followed suit by saying on Sunday that he would not take a bonus, which could have been worth about £1.6 million.

*BUSINESS.TIMESONLINE.CO.UK*

### Metro Bank to open in London by April

Metro, the newest entrant to the UK banking market, is set to open to open two branches in London, in Earl's Court and Holborn, by April. The bank, which has yet to win approval from the City watchdog, will focus solely on the Greater London area and aims to have 200 branches in place by 2020. Metro Bank is part of a gaggle of start-ups hoping to change the face of High Street banking in Britain, alongside Richard Branson's Virgin Bank and the much-awaited Tesco Bank. Although the bank, launched by the US billionaire Vernon Hill, has yet to receive a banking license from the Financial Services Authority (FSA), it has still signed up a tranche of City stalwarts to its board: these include Ben Gunn, previously life and pensions boss at Friends Provident, and Howard Flight, a former Conservative Party deputy chairperson and director of Panmure Gordon.

*THISISMONEY.CO.UK*

### Virgin insurance: 5-year-old cars most likely claims

Virgin Money Car Insurance has stated that cars aged five years receive the most number of claims on insurance. Vehicles which have been on the road for five years are the most likely to be involved in a claim, with cars of this age accounting for 9.6% of the claims on the company's database. Cars aged between three and six years old make up over 37% of the insurance claims Virgin receives, despite only representing 24% of the motors currently in use. Grant Bather, spokesperson at Virgin Money Car Insurance, said: "This is not to say that cars five years old are the most dangerous, but that they are more likely to be involved in an incident that leads to a claim being made." He added that the statistics suggest that people purchasing a second hand car should take necessary action to ensure the vehicle is roadworthy.

*MONEYNEWS.CO.UK*

### Bumpy ride for Britain

The governor of the Bank of England said yesterday that Britain's recovery from recession was fragile and the next few months were likely to be volatile. Governor Mervyn King told the parliamentary treasury committee that recovery appeared to have stalled in the euro area, Britain's largest export market, and pointed to the world economy's large imbalances such as trade and budget deficits. He added that "This nascent recovery is fragile. The tensions that underlay the build-up of large world imbalances have not been resolved. And at home, bank lending to the non-financial sector continues to fall". The bank's rate-setting monetary policy committee voted earlier this month to keep the programme on hold for now, leaving the market to guess whether further stimulus was likely.

*BUSINESS DAY (National)*

### Irish state takes 15% stake of Bank of Ireland

The Irish state has been issued with 184-million shares in Bank of Ireland. This gives the state a 15% share in the bank worth €250 million, diluting existing shareholders in the bank. Last year, the Irish State invested €3.5 billion in the bank as part of its plans to rescue the banking system as Ireland was hit by deep recession. In return, the bank was to pay an annual dividend of 8%. However, the EU blocked banks in receipt of State aid from making such payments. That was because such payments would amount to a direct transfer of money from the State to private investors. This meant the bank had to give the Irish government shares despite that fact it had hoped for cash. The share price for the bank is just €1.26, down from a high of €18 at the height of the Irish boom. Raising €250 million meant giving the Irish Government a 15% stake in the bank.

*NEWS.BBC.CO.UK*

### European banks need €240bn a year in fund-raising

Europe's biggest banks may need to raise €240 billion (£211 billion) annually for the next three years to fund existing and new businesses, Citigroup analysts have warned. The analysts, who include Stefan Nedialkov, said 24 European banks – accounting for almost 70pc of the sector's assets – will face an increased need for funds due to the volatility of the bond markets and new Basel III capital regulations. The banks issued €56 billion of long and medium-term funding in January, but investors' appetite for new issuance has fallen in February as concerns over the state of the European economy has grown. This means that banks may have to offer a higher yield to attract investors in future. Citigroup estimate that the impact of increased funding costs on banks earnings may reach 10pc in a worst-case scenario.

*TELEGRAPH.CO.UK*

### Spanish banks face tougher rules

The Bank of Spain is expected to increase the provisions it demands of Spanish leaders to cover property bought from struggling real estate developers. The central bank's move would further dent bank profits already hit by economic recession, according to financial sources and bank analysts. In November, the central bank raised its provisioning requirement from 10% of the property's value to 20% for real estate held more than a year, and is now expected to raise it to 30%. However, it has yet to notify lenders formally. "No decision has yet been taken," the Bank of Spain said yesterday.

*FINANCIAL TIMES (London)*

### Job flexibility needed in Spain

Spain must reform its labour market to bolster its economy and banking system, Bank of Spain governor Miguel Angel Fernandez Ordonez said yesterday, before planned protests against the government's pension reform plans. He said that flexibility in wage negotiations was essential. Spain is the last big economy in the euro zone still in recession and has more than double the region's average unemployment rate at 19.5%.

*BUSINESS DAY (National)*

### Goldman banker - Greek deal should be transparent

A senior Goldman Sachs banker has conceded that complex currency swaps used to reduce Greece's budget deficit "could have and should have" been more transparent, as the investment bank moved to head of mounting criticism of the deals. Goldman is under fire from European regulators and politicians for structuring a series of transactions that helped Greece to trim its national debt figures in 2001, just after Greece was admitted to Europe's monetary union. Gerald Corrigan, a former president of the Federal Reserve Bank of New York who joined Goldman in 1994, told a UK parliamentary committee that, "with the benefit of hindsight... the standards of transparency could have been and probably should have been higher".

*FINANCIAL TIMES (London); INDEPENDENT.CO.UK*

### Austria plans levy on banks

Austria is set to impose a €500 million levy on the country's banks to help compensate taxpayers for costly public efforts to prop up the financial system during the economic crisis. Werner Faymann, the Austrian chancellor, announced the measure following a meeting on Monday with banking supervisors and the heads of big Austrian lenders, including Raiffeisen Zentralbank, Bank Austria and Erste Group. "I'm convinced that we need a bank levy and I'm convinced that we'll introduce this bank levy," Faymann said.

*FINANCIAL TIMES (London)*

### Italy's tax amnesty too lenient - Prodi

Italy's tax-evasion amnesty offered an easy way for dodgers to wipe away their crimes without imposing penalties tough enough to deter future transgressions, former prime minister Romano Prodi said yesterday. Italians, who had to pay a 5% levy as part of the amnesty, had so far declared €95 billion in savings stashed abroad, the tax-collection agency said on Sunday. "There's no doubt that the tax shield was successful," Prodi said. "The problem is that sinning may start again the next day if the penitence is so light".

*BUSINESS DAY (National)*

### Italian consumers fear for jobs

Italian consumer confidence unexpectedly declined for a second month this month as concerns over job losses clouded the economic outlook. The Isee Institute's consumer confidence index fell to 107.7, the lowest since July, from revised 111.6 last month, the research centre said yesterday. Economists had forecast a reading of 111.7, according to a median of 15 estimates in Bloomberg survey.

*BUSINESS DAY (National)*

### Commerzbank warns full-year loss is likely

Commerzbank, Germany's second-largest bank, posted a wider than estimated loss for the fourth quarter yesterday after writing down investments related to bond insurers and said it might not be profitable this year. The Frankfurt-based lender reported a net loss for the three months ended 31 December of €1.86 billion, exceeding the €1.26 billion median estimate in a Bloomberg survey of 12 analysts. A loss this year was "realistic", its Chief Financial Officer, Eric Strutz, said yesterday.

*BUSINESS DAY (National), Companies & Markets*

### Germany gets winter blues

German business sentiment fell for the first time in almost a year this month, suggesting a harsh winter may send Europe's largest economy sliding back into contraction in the first quarter. The Ifo think tank said yesterday that its business climate index, based on a monthly survey of 7 000 firms, fell 95.2 from 95.8 last month. A poll of economists had forecast 96.1. Ifo attributed the drop to a strong downturn in retail sales, possibly due to a harsh winter.

*BUSINESS DAY (National) ; BUSINESS REPORT (Star)*

### World Bank unit puts new Congo deals on ice

The World Bank's private investment arm, the International Finance Corporation (IFC), will not make new commitments in the Democratic Republic of Congo (DRC) until a dispute over a cancelled mining contract is resolved, a spokesperson said. The IFC owns 7.5% of a \$553 million copper and cobalt project led by Canada's First Quantum Minerals that the Congo cancelled in August after a review of mining contracts. The case is now before an international arbitration court in Paris. "The cancellation of this project is unjustified," IFC spokesperson Hannfried von Hindenburg said in Washington last week. "we're reviewing future projects and we're awaiting the outcome of this case before making any new investments".

*BUSINESS DAY (National)*

### Banks in Africa seek \$1bn from ADB's trade initiative

The African Development Bank (ADB) has received applications from regional financial institutions for about \$1 billion of trade finance since launching its new facility a year ago to stimulate African trade flows after the global financial crisis. "By providing liquidity and sharing with African financial institutions, the trade finance initiative will facilitate Africa's exports and imports at a time when the global financial crisis is cutting off critical funding," it said recently, in response to questions about take-up on the \$1 billion multiphase trade finance initiative it announced last March.

*BUSINESS DAY (National), Companies & Markets*

### Tourism rebound lifts Kenya

A recovery in tourism and other key sectors in Kenya led to economic growth of 2.5% last year and the government forecasts growth of 4.5% this year, President Mwai Kibaki said yesterday. "Last year the recovery in tourism, and in some other key sectors, mitigated effects of the severe drought that caused food, water and energy shortages," he said at the opening of Parliament after a recess.

*BUSINESS DAY (National)*

### Morgan Stanley close to ending CICC links

Morgan Stanley is nearing the sale of its stake in China International Capital Corp to two US private equity firms - Kohlberg Kravis Roberts and TPG - for about \$1 billion, ending a strained relationship. A deal would produce a tidy profit for Morgan Stanley, which invested \$37 million in the Chinese investment bank almost 15 years ago, and free the company to pursue a new joint venture with China Fortune Securities, a Chinese brokerage. Morgan Stanley wants to establish a new partnership to grant it the right to trade stocks and other securities on local Chinese markets. The New York-based bank, which has chafed at the limitations of its passive investment in CICC, also wants management control over such a venture.

*FINANCIAL TIMES (London)*

### AIA advisory coup for UBS and Goldman

UBS and Goldman Sachs have stolen a march on their rivals by securing elevated roles in advising on the blockbuster Hong Kong listing of AIG's Asian life insurance operations. The initial public offering of American International Assurance could raise up to \$20 billion and help AIG to repay some of the \$80 billion it still owes the US authorities following the company's near collapse in 2008. The IPO will generate several hundred million dollars worth of fees and investment banks have been lobbying furiously to bag advisory roles. Morgan Stanley and Deutsche Bank were last year picked as joint global co-ordinators for the listing while this month UBS, Goldman, Bank of America, Merrill Lynch, Credit Suisse and Citigroup were added in the lesser position of bookrunner.

*FINANCIAL TIMES (London)*

### BoFA agrees to pay \$150 million to end SEC case

A US federal judge on Monday approved a \$150 million settlement between Bank of America and the Securities Exchange Commission over disclosure issues related to the acquisition of Merrill Lynch, bringing closure to a matter that had turned into a public embarrassment for the regulator. In his ruling, US District Judge Jed Rakoff tempered his approval of the deal with criticism of the SEC, writing of the settlement: "While better than nothing, this is half-baked justice at best". The judge's approval means the SEC will no longer have to go to trial next week to prove its allegation that BoFA misled shareholders about bonus payments that had been approved for Merrill Lynch.

*FINANCIAL TIMES (London)*

### Moody's estimates UAE lenders have \$15bn exposure

Banks based in the United Arab Emirates have \$15 billion of exposure to Dubai World, Moody's estimated in a report yesterday, as the group prepares to present a restructuring proposal to creditors next month. The rating agency said 12 rated UAE banks and the regional entity of HSBC could probably absorb losses of 40%. The government denies the likelihood of losses on this scale. Under such a scenario, the lenders would incur losses of about 9% of their capitalisation at the end of 2009, affecting profits but not threatening solvency. John Tofarides, Moody's analyst, said that Dubai-based banks were particularly exposed to Dubai state-linked and private companies, some of which might come under stress, potentially triggering "serious repercussions".

*FINANCIAL TIMES (London)*

### INDICATORS

Rand - Dollar \$	7.7236	(-0.0188)
Rand - Sterling £	11.9144	(+0.0288)
Rand - Euro €	10.4647	(+0.0107)
JSE Allshare	27055.5	(-228.66)
Gold	1107.0	(-8.25)
Platinum	1518.0	(-17.00)
Brent Crude Oil	77.7	(-0.88)

The figures quoted are from the close of business yesterday, along with any movement, either up or down, from the previous day.