

# BUSINESSREPORT

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## RMB Holdings: Unit's profit gives banks 'shot in arm'

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By Bloomberg

The JSE's banks index closed at a five-month high yesterday, buoyed by the second-largest lender, which boosted profit by 20 percent and increased its dividend. The six-member banks index gained as much as 1.3 percent and closed up 1.19 percent at 52 981.39 points, its highest close since at least April 12. RMB Holdings, whose sole asset is a 34 percent stake in FirstRand, said yesterday that headline earnings a share for the year to June jumped 21 percent to R3.59. RMB raised its total dividend for the year by 36 percent to R1.71 a share. On Tuesday FirstRand reported profit growth of 20 percent and lifted its dividend by a third. "FirstRand brought out a solid set of results on Tuesday showing strong earnings growth, an increase in dividends and solid return on equity of 22 percent," Ryan Wibberley, the head of equity dealing for frontier and emerging markets at Investec Asset Management, said yesterday. "This result has given the whole banking sector a shot in the arm." Local lenders have underperformed the benchmark 165-member all share index by 11 percent this year. The economy is forecast to expand 2 percent this year, the slowest since the 2009 recession, according to the central bank. All of the index's members advanced, led by FirstRand, which added 1.39 percent to R32.75. RMB Holdings rose 1.27 percent to R44. — Bloomberg