



West Indies Stockbrokers Ltd.
1st Floor, Albion Plaza,
22-24 Victoria Avenue,
Port of Spain.
Tel: 625-9473; Fax: 627-5002

Equity Research Team
Gia Singh (Ext 2264)
gias@wisett.com
Nancy Chen (Ext 2225)
nancvc@wisett.com

C
O
M
P
A
N
Y

U
P
D
A
T
E

Republic Bank Limited (RBL)

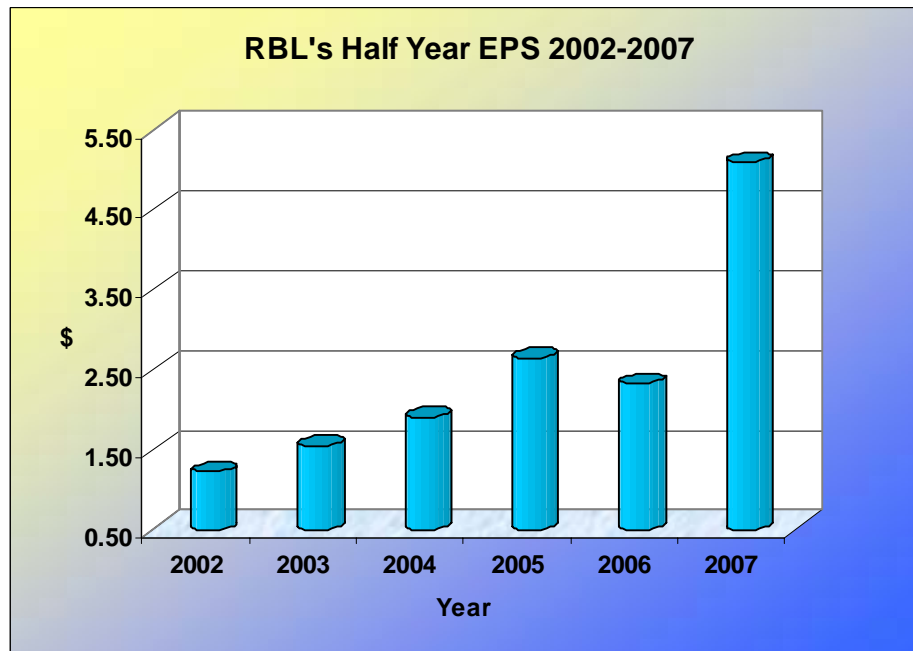
	RBL
RECOMMENDATION	HOLD
Current Price	\$79.24
Running EPS	\$6.78
Projected EPS	\$7.60
P/E at Projected EPS	10.43 times
Dividend Yield @ Estimated Dividend	3.34%
Return on Assets	3.44%
Return on Equity	27.22%

Results for the Half Year Ended March 31, 2007

Earnings Per Share

For the Half Year Ended March 31, 2007, Republic Bank Limited (RBL) reported an outstanding diluted Earnings Per Share (EPS) of \$5.09, which was up on the comparable Half Year for 2006 by 119.40 per cent or \$2.77. However, this significant growth in EPS was mainly due to a Net Gain on the sale of the Bank's shareholding in First Caribbean International Bank (FCIB). The realized profit on this sale was \$370.12 million. According to the Chairman, if adjustments are made for the effect of this gain on investment, the Group's earnings from core operations increased by 21.7 per cent. **Graph 1** below shows the Half Year EPS of the Bank over the period 2002- 2007.

Graph 1





West Indies Stockbrokers Ltd.
1st Floor, Albion Plaza,
22-24 Victoria Avenue,
Port of Spain.
Tel: 625-9473; Fax: 627-5002

Equity Research Team
Gia Singh (Ext 2264)
gias@wisett.com
Nancy Chen (Ext 2225)
nancvc@wisett.com

Financials

Net Interest Income for the Half Year under review stood at \$807.96 million and was up on the corresponding period for FY06 by 15.70 per cent or \$109.61 million. For Q207, this figure stood at \$413.69 million compared to \$358.81 million for Q206, a similar increase of 15.30 per cent. HY07 on HY06, Other Income grew by 20.92 per cent or \$85.16 million to end the period at \$492.18 million; while Q207 on Q206 this figure increased by a significant 30.99 per cent or \$62.40 million to end the second quarter at \$263.75 million. As a result, Total Income for the Half Year amounted to \$1.30 billion up by \$194.77 million or 17.62 per cent on the comparable Half Year for FY06.

For the Half Year Ended March 31, 2007, the Bank had a Loan Impairment Expense of \$54.97 million which was an increase of 445.10 per cent or \$44.88 million on the Half Year Ended March 31, 2006. The majority of this impairment expense was realized in the second quarter of FY07 which amounted to \$41.89 million. Operating Expenses however saw a significantly smaller increase of 8.28 per cent and ended the Half Year period at \$636.04 million. This figure was spread relatively evenly over the two quarters for FY07. After these expenses were deducted from Total Income and the previously mentioned gain on FCIB shares, the Bank's Operating Profit ended the Half Year at \$979.25 million. This figure was up by a considerable 90.98 per cent on the corresponding Half Year period for FY06.

Profit Before Taxation, which included Share of Profits of Associated Companies of \$15.37 million, was up by 91.17 per cent or \$476.72 million to close the Half Year at \$999.62 million. The Effective Tax Rate for the period under review was 13.35 per cent compared to a Tax Rate of 20.38 per cent for HY06. Thus, Net Profit After Taxation was \$861.14 million compared to \$416.33 million for HY06- an increase of 106.84 per cent or \$444.81 million.

Table 1 shows RBL Financials for the Half Year and Second Quarter over the period 2006-2007.

Table 1

Republic Bank Limited - Financials for Half Year and Second Quarter (2006-2007)								
	HY 2007 \$'000	\$'000 Change HY-07 on HY- 06	% Change HY-07 on HY-06	HY 2006 \$'000	Q2 2007 \$'000	\$'000 Change Q2-07 on Q2- 06	% Change Q2-07 on Q2-06	Q2 2006 \$'000
Net Interest Income	807,955	109,614	15.70%	698,341	413,691	54,885	15.30%	358,806
Other Income	492,177	85,158	20.92%	407,019	263,750	62,401	30.99%	201,349
Total Income	1,300,132	194,772	17.62%	1,105,360	677,441	117,286	20.94%	560,155
Net Gain on FCIB	370,121	365,258	7510.96%	4,863	340,430	332,281	4077.57%	8,149
Loan Impairment expense/recovery	(54,968)	(44,884)	445.10%	(10,084)	(41,894)	(46,201)	1072.70%	4,307
Operating Expenses	(636,035)	(48,655)	8.28%	(587,380)	(324,741)	(31,859)	10.88%	(292,882)
Operating Profit	979,250	466,491	90.98%	512,759	651,236	371,507	132.81%	279,729
Share of Profits of Associated Companies	15,374	5,227	51.51%	10,147	15,374	5,227	51.51%	10,147
Profit Before Taxation	999,624	476,718	91.17%	522,906	666,610	376,734	129.96%	289,876
Taxation	(133,487)	(26,907)	25.25%	(106,580)	(54,009)	(5,617)	11.61%	(48,392)
Net Profit After Taxation	861,137	444,811	106.84%	416,326	612,601	371,117	153.68%	241,484
Minority Interests	(45,133)	(78)	0.17%	(45,055)	(22,868)	2,095	-8.39%	(24,963)
Net Profit After Taxation and Minority Interests	816,004	444,733	119.79%	371,271	589,733	373,212	172.37%	216,521
EPS- Diluted	\$5.09	\$2.77	119.40%	\$2.32	\$3.69	\$2.34	173.33%	\$1.35



West Indies Stockbrokers Ltd.
1st Floor, Albion Plaza,
22-24 Victoria Avenue,
Port of Spain.
Tel: 625-9473; Fax: 627-5002

Equity Research Team
Gia Singh (Ext 2264)
gias@wisett.com
Nancy Chen (Ext 2225)
nancyc@wisett.com

Table 2 shows RBL Audited Year End Financials over the period 2004 – 2006.

Table 2

Republic Bank Limited - Audited Year End Financials (2004-2006)					
	YE 2006	% Change '06-'05	YE 2005	% Change '05-'04	YE 2004
Profit Before Taxation	963,927	-4.06%	1,004,743	13.20%	887,570
Taxation	227,266	57.33%	144,452	-18.60%	177,449
Profit After Tax	736,661	14.37%	860,291	21.15%	710,121
Profit Attributable to Shareholders	640,257	20.32%	803,500	21.06%	663,747
EPS- Diluted	\$4.01	20.83%	\$5.04	21.15%	\$4.16
Market Price @ Financial Year End (TT\$)	\$85.95	-9.53%	\$95.00	19.18%	\$79.71
P/E Ratio @ Financial Year End	21.54		18.85		19.16
Dividend	\$2.50	11.11%	\$2.25	12.50%	\$2.00
Dividend Payout Ratio (%)	62.66		44.64		48.08
Dividend Yield (%)	2.91		2.37		2.51
Net Asset Value	\$30.74	7.90%	\$28.49	11.86%	\$25.47
Market to Book Ratio	2.80		3.33		3.13
Return on Equity (%)	14.79		20.39		18.93
Return on Assets (%)	1.92		2.67		2.44
Shares Outstanding	159,993,680		159,393,680		159,032,318

Dividends

The Board of Directors has approved a Half Year Dividend of 94 cents per share (77 cents in FY06) payable to shareholders on May 29, 2007.

Share Price

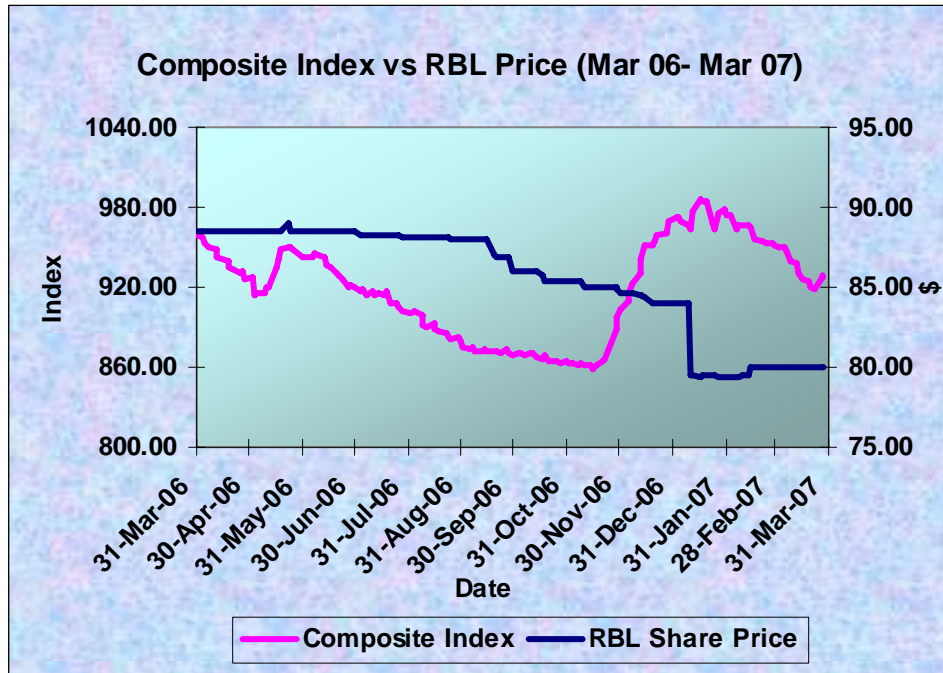
Over the period March 2006 to March 2007, RBL's share price saw a high of \$89.00 and a low of \$79.39. The price was mostly steady for the first half of the period, then, from September 15, 2006 to January 9, 2007 the share price fell slowly from a price of \$87.95 to a price of \$84.00. This was followed by a fall to a price of \$79.50 on January 10, 2007- representing a 5.36 per cent drop in share price, in one day. After which the price was generally flat to end the period at \$80.00. (See Graph 2)



West Indies Stockbrokers Ltd.
1st Floor, Albion Plaza,
22-24 Victoria Avenue,
Port of Spain.
Tel: 625-9473; Fax: 627-5002

Equity Research Team
Gia Singh (Ext 2264)
gias@wisett.com
Nancy Chen (Ext 2225)
nancvc@wisett.com

Graph 2



Recommendation

RBL's shares are currently trading at a price of \$79.24 on the local market. In light of the current results, we are updating our forecasted EPS for FY07 to \$7.60. While this forecasted EPS would result in an attractive price to earnings multiple of 10.43 times, the earnings from core operations should be used for analysis. Thus, adjusting for the gain the forecasted EPS from core earnings would be approximately \$5.30 which translates into a multiple of 14.95 times. As such, we continue to recommend a **HOLD** on this share.

This document is based on information obtained from sources, which we believe to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, West Indies Stockbrokers Limited. Expressions of opinion herein are subject to change without notice. This document is not, and should not be construed as, an offer or the solicitation of an offer to buy or sell securities. West Indies Stockbrokers Limited and or their officers, directors, and employees may own or have positions in any of the securities mentioned herein, and may from time to time add or dispose of any such securities. This document is for the information of clients only and is not for publication in the Press or elsewhere without the permission of West Indies Stockbrokers Limited. WISE is a subsidiary of RBTT Financial Holdings Limited

West Indies Stockbrokers Limited, 1st Floor Albion Plaza, 22-24 Victoria Avenue, Port of Spain, Trinidad (868) 623-4861 Fax (868)-627-5002 e-mail: info@wisett.com Member of the Trinidad and Tobago Stock Exchange Ltd.