



West Indies Stockbrokers Limited
Trinidad, West Indies.
THE WISE CHRONICLE

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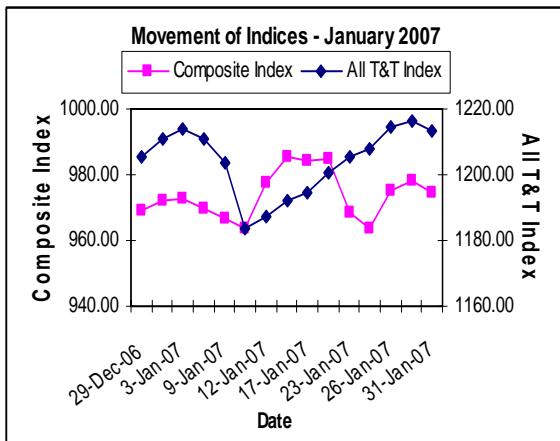
Equity Research Team

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The month of January was ushered in with a lot of positive market sentiment that started in November 2006. While both Indices did not continuously trend upwards, they were still able to end the month higher than December's close (See Figure 1). The Composite Index rose 0.57 per cent to 974.5544 while the All T&T Index advanced 0.64 per cent to 1,213.4732. The Composite Index however closed as high as 985.2883 while the All T&T Index closed as high as 1,216.1770. Fifteen shares advanced while eight declined.

Figure 1



Volumes slowed considerably compared to December 2006 in which 58,327,145 shares changed ownership. January actually saw 16,100,966 shares traded worth \$315,382,655. In comparison to the first month for the last four years, January 2007 has seen the least amount of shares changing hands. However, the value of shares

traded is second to January 2005 when shares worth \$400,398,698 crossed the floor.

The volume leader for the month was National Commercial Bank (Jamaica) (NCBJ) with 5,404,362 shares traded or 33.57 per cent of the market. Republic Bank Limited followed with 2,556,433 shares crossing the floor accounting for 15.88 per cent of the market. Third was Trinidad Cement Limited (TCL) crossing 2,478,520 shares or 15.39 per cent of the market. TCL was incidentally the also the third major volume leader for January last year. However, January 2006 saw 99.29 per cent less trades than 2007.

Advancing the most for the month was Trinidad Cement Limited (TCL) which rose 99 cents or 14.12 per cent to \$8.00. Following was Neal & Massy Limited (NML) which advanced \$5.37 or 12.59 per cent to \$48.03. Third was Prestige Holdings Limited (PHL) which climbed 10.91 per cent to \$6.10.

After closing the year at a high of \$1.85, Jamaica Money Market Brokers (JMMB) fell 18 cents or 9.73 per cent to \$1.67. This drop made it the major decline for the month. In Jamaica this share fell 11.35 per cent to JMD 12.50. Angostura Holdings followed dropping 43 cents or 9.56 per cent to \$4.07 while Capital & Credit Merchant Bank (CCMB) declined 10 cents or 6.06 per cent to \$1.55. Capital & Credit Merchant Bank (CCMB) fell 18.60 per cent in its home market to JMD 15.06.

Indices were mixed in Jamaica as the Market Index rose 1.02 per cent to 101,718.79 while the Select and All Jamaican Composite was down 3.10 per cent and 2.82 per cent to 2,854.37 and 104,278.01 respectively.

Market activity saw 134,948,549 shares changing hands valued at over JMD 1,490,085,844.21 with the volume leader being Supreme Ventures Limited (SVL) accounting for 25.37 per cent of all trades. The major advance was SVL advancing 30.56 per cent to JMD 2.35 while the major decline was Ciboney Group Limited (CBNY). CBNY was down 42.86 per cent to JMD 0.04. In Barbados, the Composite Index rose 1.67 per cent to 943.05.

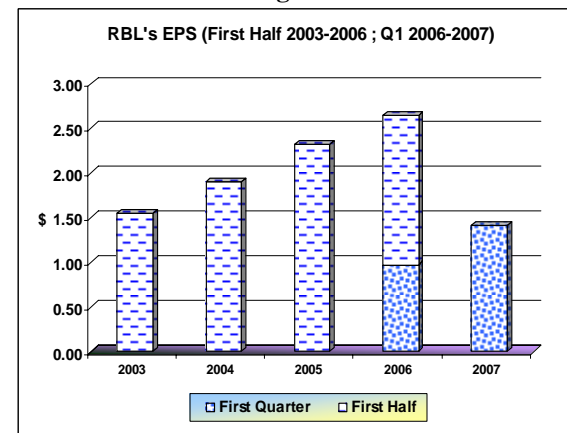
Republic Bank Limited

Results for the Three Months Ended December 31, 2006

Earnings Per Share

Republic Bank Limited has commenced quarterly financial reporting and has reported commendable growth in its first quarter. Its Earnings Per Share (EPS) rose by a substantial 45.36 per cent to \$1.41 (Q1-FY07) from \$0.97 (Q1-FY06). Since this is the first time that RBL has produced quarterly results, we are only able to give a comparison of Q1 2006 and Q1 2007 in the graph below. However, we have also included the EPS for the First Half from 2003-2006, to give an indication of EPS growth over that period. As indicated by the graph, RBL's EPS has shown consistent growth over the First Half comparison (2003-2006) in addition to First Quarter comparison (Q1 2006-Q1 2007). (See Figure 2)

Figure 2



Financials

Net Interest Income for the period amounted to \$394.26 million and was up by notable 16.12 per cent on the comparable quarter in fiscal 2006. Other Income also increased significantly, up by 11.06 per cent or \$22.76 million to end the period at \$228.43 million. Thus, Total Income for the first quarter stood at \$622.69 million an increase of 14.21 per cent on the corresponding period in FY-06.

For the First Quarter ended 31 December, 2006, the Bank had an unrealized gain of \$29.69 million from its

shareholding in First Caribbean International Bank Limited (FCIB). The shares of FCIB gained 5.71 per cent or 62 cents on the quarter, moving from a price of \$10.85 to \$11.47. The gain contributed approximately 18.5 cents or 13.12 per cent to the EPS of \$1.41 for the quarter under review. In contrast, the corresponding quarter in fiscal 2006 saw an unrealized loss of \$3.29 million; this would have had the effect of decreasing the EPS by 2 cents or approximately 2 per cent. Thus a fairer comparison of the EPS (\$1.23 -Q1-07 on \$0.99-Q1-06) would give an increase of 24.24 per cent compared to 45.36 per cent.

The Bank also had a loan impairment recovery of \$13.07 million in this quarter compared to a recovery of \$14.39 million in the comparable quarter of 2006. This represented a fall in recoveries of 9.15 per cent or \$1.3 million.

Operating Expenses for the period increased by 5.70 per cent from \$294.50 million in Q1-FY06 compared to \$311.29 million in the current quarter. The Group reported Profit Before Taxation of \$328.01 million compared to \$233.03 million in the comparable first quarter of fiscal 2006. This showed an impressive growth of 40.76 per cent.

The Effective Tax Rate for the period under review was 24.23 per cent compared to 24.97 per cent in the first quarter of fiscal 2006. Profit After Taxation amounted to \$248.54 million up by 42.15 per cent on the corresponding period last financial year. While Profit Attributable to Shareholders stood at \$226.27 million up by \$71.52 million or 46.22 per cent on the comparable period for FY2006.

Assets and Liabilities

Total Assets of the Bank stood at \$35.76 billion an increase of 1.81 per cent or \$636.43 million over the quarter. Of these Assets, Loan Advances represented \$18.37 billion- an increase of \$1.06 billion over the three months from September 30, 2006- December 30, 2006.

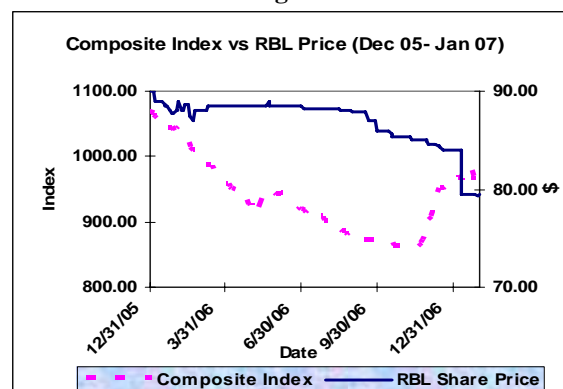
Liabilities, which include- customer deposits and other funding instruments, debt securities in issue, due to bank and other liabilities- stood at \$30.92 billion. Of this, Customer deposits and other funding instruments

stood at \$27.76 billion for the period and represented an increase of \$1.21 billion over the three month period.

Share Price

The shares of RBL started the year 2006 at a price of \$90.00 after which there was short period of volatility before the price traded steadily around \$88.00. 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. In the last few trading days of January, the price traded down to a low of \$79.40. (See Figure 3)

Figure 3



Chairman's Statements

The Chairman has noted that the growth in core operations was a healthy 24.4 per cent (adjusting for change in value of shareholding in FirstCaribbean International Bank (FCIB)). He also pointed out that the strong performance in core operations was a reflection of the Bank's focus on service and the Retail and Banking business.

Recommendation

The shares of RBL are currently trading at a price of \$79.40. We have forecasted an EPS of \$5.30 for the fiscal year ended September 30, 2007. Thus, at this forecasted EPS and the current price, these shares are trading at a multiple of 14.98 times. At this time we continue to recommend a HOLD on this share.

WEST INDIES STOCKBROKERS LIMITED STOCK MARKET QUOTATIONS AS AT JANUARY 31, 2007

	Hist Eps	Est Eps	Est Div	Curr Price	Est Yield %	Est P/E Ratio
Bank						
FirstCaribbean	70.0	80.0	33.0	11.50	2.87	14.38
NCB Jca	21.0	26.0	6.0	2.20	2.73	8.46
RBTT Fin Hold	268.0	280.0	130.0	35.89	3.62	12.82
Republic Bank	401.0	530.0	265.0	79.40	3.34	14.98
Scotiabank	178.7	205.0	82.0	29.00	2.83	14.15
Non-Bank Fin						
ANSA Fin & Merch	121.0	120.0	32.0	19.00	1.68	15.83
Capital & Credit	19.3	13.0	2.5	1.55	1.58	11.92
DB&G	27.5	30.0	9.0	2.50	3.60	8.33
Guardian Holdings	185.0	0.0	35.0	26.49	1.32	0.00
JMMB	11.0	7.0	1.5	1.67	0.90	23.86
National Enterprises	81.0	65.0	60.0	8.06	7.44	12.40
Sagicor Financial Corp	163.0	135.0	40.0	14.00	2.86	10.37
Conglomerates						
Ansa Mcal Ltd	261.0	325.0	80.0	46.60	1.72	14.34
Bdos Ship & Trad	138.0	156.0	60.0	16.75	3.58	10.74
GraceKennedy	61.1	53.0	10.4	6.00	1.73	11.32
Neal and Massy	337.0	400.0	120.0	48.03	2.50	12.01
Trading						
Agostini's Ltd	81.3	90.0	37.0	10.99	3.37	12.21
Furness Trinidad	47.0	60.0	0.0	6.15	0.00	10.25
L J Williams Ltd. - 'A'	0.8	0.5	0.2	0.59	0.34	0.00
L J Williams Ltd. - 'B'	8.0	5.0	2.0	1.30	1.54	0.00
Prestige Holdings	46.4	38.0	16.0	6.10	2.62	16.05
Property						
PLIPDECO	116.0	55.0	21.0	7.31	2.87	13.29
Valpark	47.3	47.3	0.0	5.00	0.00	10.57
Manufacturing						
Angostura Holdings	180.0	20.0	12.0	4.07	2.95	20.35
Berger Paints	24.0	7.0	19.0	3.40	5.59	0.00
Flavorite Foods	54.0	54.0	21.0	5.10	4.12	9.44
National Flour Mills	8.6	-58.0	8.0	1.55	5.16	0.00
One Caribbean Media	109.0	150.0	75.0	20.11	3.73	13.41
Readymix WI	-210.0	100.0	3.0	4.22	0.71	0.00
Trinidad Cement	66.0	60.0	8.0	8.00	1.00	13.33
Trinidad Publishing	91.0	130.0	40.0	19.76	2.02	15.20
Unilever Caribbean Ltd	133.0	145.0	120.0	20.03	5.99	13.81
WITCO	137.4	172.0	160.0	24.00	6.67	13.95

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