

Equity Research Team

Gia Singh (Ext 2264)
gias@wisett.com

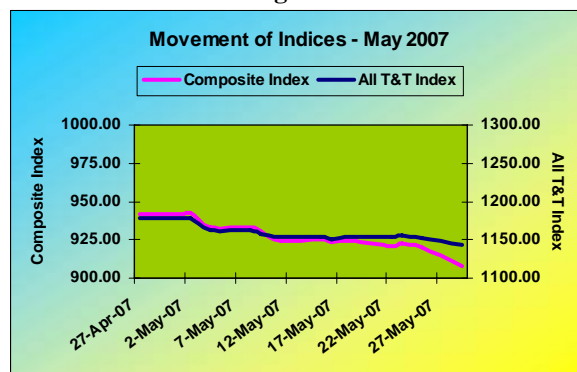
Nancy Chen (Ext 2225)
nancyc@wisett.com

JUNE 2007

Local Market Summary

The month of May exhibited bearish conditions on the local stock market as both Indices continued on a downward trend. The Composite Index fell 33.7477 points or 3.58 per cent to 907.9381 while the All T&T Index closed the month at 1143.5706, down 34.2224 points or 2.91 per cent. (See Figure 1) The bearish conditions were further evident in the advance to decline ratio of 6 to 20.

Figure 1



Trading for the month of May picked up as a total of 5,955,570 shares valued at \$155,299,186.47 crossed the floor. This represented an increase of 33.32 per cent when compared to the 4,467,130 shares valued at \$58,882,816.32 traded in April 2007.

However, when compared to May 2006, volumes were down 65.46 per cent from 17,242,735 shares. The total value of shares traded in May 2006 was \$437,101,940.95.

Republic Bank Limited (RBL) emerged as the volume leader for May with a total of 1,308,458 shares changing hands or 21.97 per cent of the market. Capital & Credit Merchant Bank Limited (CCMB) followed with 907,455 shares traded or 15.24 per cent of all trades. For the second month in a row, Sagicor Financial Corporation (SFC) came in as the third volume leader trading 723,454 shares or 12.15 per cent of the total volume traded.

Readymix West Indies Limited (RML) retained its title of being the major advance again this month. This share rose 91 cents or 15.58 per cent to close at \$6.75. Prestige Holdings Limited (PHL) was next in line, advancing 18 cents or 2.99 per cent to \$6.20. The third major advance was ANSA Merchant Bank Limited (AMBL), rising 51 cents or 2.51 per cent to \$20.81.

The top three declines all came from the Non-Banking Finance sector. Jamaica Money Market Brokers (JMMB) was the major decline this month, down 17 cents or 14.53 per cent to \$1.00. Capital & Credit Merchant Bank Limited (CCMB) moved one spot down from last month and came in as the second major decline this month, down 14 cents or 12.61 per cent to 97 cents. National Enterprises Limited (NEL) followed, falling \$1.40 or 11.55 per cent to \$6.20.

Market Summary for Jamaica

Similar to the local market, bearish conditions were also prevalent in the Jamaica market. The Market Index declined 1,052.88 points or 1.17 per cent to close the month at 90,057.72; the Select Index was down 84.50 points or 3.43 per cent to 2,466.62; while the All Jamaican Composite declined 2,431.38 points or 2.69 per cent to end the month at 90,474.68. Declines outnumbered advances by a ratio of 15 to 21.

77,146,241 shares valued at over JMD 825,313,187.97 changed hands for May. Cable and Wireless Jamaica Limited (CWJA) was the volume leader with 21.60 per cent of all trades or 16,667,442 shares traded. The major advance was Jamaica Pegasus Limited (PEG), up 26.90 per cent or JMD 2.65 to JMD 12.50. Salada Foods Limited (SALF) was the major decline, down 24.73 per cent or JMD 11.50 to JMD 35.00

RBTT Financial Holdings Limited
Results for Year Ended March 31, 2007

WISE IS A SUBSIDIARY OF RBTT FINANCIAL HOLDINGS LIMITED

Earnings Per Share

For the Year Ended March 31, 2007, RBTT Financial Holdings Limited (RBTT) reported Earnings Per Share (EPS) of \$2.76. This was up on the last financial year by 4.55 per cent or \$0.12. Also, it is important to note that the results for FY06 were restated to correct the recognition of deferred taxation. This had the effect of reducing the diluted EPS of fiscal 2006 from \$2.68 to \$2.64. Q407 on Q406, the growth was a similar 4.00 per cent or \$0.03 from an EPS of \$0.75 to \$0.78. However, when compared to Q307, the last quarter (Q407) was up by an outstanding 21.88 per cent or \$0.14 from an EPS of \$0.64.

Financials

Net Interest Income ended the year at \$1.85 billion, up by a small margin of 3.27 per cent on fiscal 2006. For the last quarter, this figure stood at \$487.88 million and was up on the comparable period in 2006 by a larger margin of 6.20 per cent or \$28.48 million. Conversely, Other Income fell by 2.31 per cent or \$28.53 million to end FY07 at \$1.21 billion. This fall was mainly due to a gain of \$36.61 million on the sale of shares in FY06 which was not repeated in FY07 coupled with a large decline in Dividend Income. The drop in Dividend Income was due to the fact that Guardian Holdings Limited (GHL), in which RBTT holds a 14.9 per cent stake, did not pay a final dividend for FY06 compared to 40 cents in the previous financial year. Thus, Dividend Income fell by 84.4 per cent from \$26.24 million to \$4.09 million. As a result, Total Net Income rose by a marginal 0.69 per cent or \$21.03 million to end the year at \$3.06 billion.

Impairment Charges saw a significant decrease of 80.98 per cent or \$127.38 million, from \$157.30 million at the end of FY06 to \$29.92 million for FY07. This considerable decrease was also seen in the last quarter (Q407), where the figure was \$9.86 million compared to \$42.21 million for Q406. Year on Year,

Operating Expenses saw an increase of 4.67 per cent or \$82.24 million to close the period under review at \$1.84 billion. Thus, Operating Profit amounted to \$1.18 billion, an increase of 5.92 per cent or \$66.17 million over the comparable period last year. Additionally, year on year, the Operating Efficiency Ratio has moved in the wrong direction from 58.0 per cent to 60.3 per cent.

Share of Profits of Associated Companies and Joint Ventures Before Tax was \$16.89 million, down on the previous financial year by 7.57 per cent or \$1.38 million. Q407 on Q406, this figure was down by a considerable 53.04 per cent or \$6.70 million from \$12.63 million to \$5.93 million. Consequently, Profit Before Taxation for the twelve month period stood at \$1.20 billion, up by 5.70 per cent or \$64.78 million.

The Effective Tax Rate for the fiscal year ended March 31, 2007 was 20.85 per cent compared to a Tax Rate of 20.58 per cent in the fiscal year ended March 31, 2006. Thus, Profit After Taxation was \$950.89 million for FY07 compared to \$902.68 million for FY06- an increase of 5.34 per cent or \$48.21 million.

Segmental & Geographic Performance

The Retail and Commercial Banking Units performed well, increasing their profit contribution by 26 per cent, while the Investment Banking activities showed moderately better earnings this year, up 2 per cent. Although the Merchant Bank Business underperformed in the first two quarters of the year, it closed fiscal 2007 very strong after booking transactions. The pipeline remains healthy for this segment and it is expected to have a stellar year going forward. However, earnings from the Trust and Asset Management Units fell off by a significant 30 per cent compared with the prior year. This was primarily the result of the decline in stock market activity in Trinidad and Tobago which negatively impacted fee income.

Geographically, Jamaica was the worst performing with a negative Profit Before Tax Growth of 15.8 per cent, year on year. This was a direct result of an increase in Operating Expenses from increased staff

costs in an effort to bring salaries in line with the market. Barbados, Eastern Caribbean & Suriname on the other hand performed exceptionally well, up by 266.3 per cent on the prior year. The Dutch Caribbean saw a 12.5 per cent growth rate, while Trinidad and Tobago was up by a marginal 2.5 per cent on account of the fact that the Trust and Asset Management segment's core business is in Trinidad and Tobago.

Assets & Liabilities

On the Balance Sheet side, Assets increased by 15.60 per cent or \$6.36 billion to \$47.09 billion, of which Loans and Advances was the largest contributor, up 13.81 per cent to \$22.17 billion. This asset class had a Compound Annual Growth Rate of 19.19 per cent over the fiscal period 2003 to 2007. Additionally, the Bank's Non-Productive Loans to Total Loans improved year on year, moving from 3.6 per cent (FY06) to 2.9 per cent (FY07). Liabilities also saw an increase, up 16.06 per cent to \$42.55 billion. Customer Deposits and Other Interest Bearing Liabilities stood at \$39.67 billion, up 19.94 per cent on the same period last year.

Dividends

The Board of Directors has declared a final dividend of 65 cents per share, payable on June 18, 2007 to shareholders on record as at June 4, 2007. This will bring the full year dividend to \$1.25 per share (\$1.20-FY06).

Recommendation

The shares of RBTT last closed at a price of \$30.56 on the local stock market. We are forecasting an EPS of \$3.00 for fiscal 2008. At this forecast and the current price, these shares are trading at a multiple of 10.19 times, which is attractive given that this share usually trades between 10 to 13 times. Additionally, using a multiple of 12 times and the forecasted EPS of \$3.00, this share has an expected return of approximately 18 per cent on the current price or a target price of \$36.00. Thus, based on this analysis we continue to recommend a **BUY** on this share.

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

	Hist Eps	Est Eps	Est Div	Curr Price	Est Yield %	Est P/E Ratio
Bank						
FirstCaribbean	70.0	95.0	43.0	11.00	3.91	11.58
NCB Jca	21.0	26.0	6.0	2.00	3.00	7.69
RBTT Fin Hold	276.0	300.0	135.0	30.56	4.42	10.19
Republic Bank	401.0	760.0	265.0	78.85	3.36	10.38
Scotiabank	178.7	215.0	85.0	29.99	2.83	13.95
Non-Bank Fin						
ANSA Fin & Merch	177.0	215.0	90.0	20.81	4.32	9.68
Capital & Credit	11.0	14.0	1.8	0.97	1.86	6.93
DB&G	22.0	24.0	8.0	2.10	3.81	8.75
Guardian Holdings	-114.0	0.00	15.0	20.01	0.75	0.00
JMMB	11.0	7.0	1.5	1.00	1.50	14.29
National Enterprises	81.0	65.0	60.0	6.20	9.68	9.54
Sagicor Financial Corp	158.0	175.0	44.0	13.50	3.26	7.71
Conglomerates						
Ansa Mcal Ltd	276.0	330.0	90.0	48.97	1.84	14.84
Bdos Ship & Trad	138.0	170.0	60.0	17.00	3.53	10.00
GraceKennedy	53.3	60.0	11.0	5.50	2.00	9.17
Neal and Massy	337.0	400.00	120.0	45.50	2.64	11.38
Trading						
Agostini's Ltd	81.3	90.0	37.0	9.10	4.07	10.11
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	0.60	0.33	120.00
L J Williams Ltd. - 'B'	8.0	5.0	2.0	1.30	1.54	26.00
Prestige Holdings	23.9	45.0	20.0	6.20	3.23	13.78
Property						
PLIPDECO	372.00	410.0	6.0	7.76	0.77	1.89
Valpark	47.3	47.3	0.0	5.00	0.00	10.57
Manufacturing						
Angostura Holdings	91.0	0.0	0.0	4.30	0.00	0.00
Berger Paints	-27.0	7.0	19.0	3.40	5.59	48.57
Flavorite Foods	67.0	80.0	35.0	4.61	7.59	5.76
National Flour Mills	-45.0	10.0	8.0	1.50	5.33	0.00
One Caribbean Media	131.0	160.0	80.0	20.97	3.81	13.11
Readymix WI	129.0	225.0	3.0	6.75	0.44	3.00
Trinidad Cement	60.0	90.0	20.0	7.60	2.63	8.44
Trinidad Publishing	117.0	145.0	65.0	20.50	3.17	14.14
Unilever Caribbean Ltd	133.0	145.0	120.0	21.23	5.65	14.64
WITCO	171.0	200.0	196.0	25.38	7.72	12.69

West Indies Stockbrokers Limited is a subsidiary of RBTT Financial Holdings Limited. From time to time West Indies Stockbrokers Limited and/or its staff may take positions in some or all of the shares mentioned in our report. West Indies Stockbrokers Limited welcomes your comments. E-mail: info@wisett.com