



Republic Bank Limited

	RBL
RECOMMENDATION	HOLD
Current Price	TT\$88.50
Current Running P/E	18.79 times
Running EPS	TT\$4.71
Projected EPS	TT\$5.05 – TT\$5.10
Dividend Yield FY 05	
Forecasted Y/E price	TT\$92.50 - \$95.00
Return on Average Assets	2.33%
Return on Average Equity	17.78%

Half-year results as at March 31, 2006:

Republic Bank Limited (RBL) reported a diluted EPS of \$2.32 for the half year ended March 31, 2006. This represents a fall-off of 12.3% from the corresponding prior year period. This drop in performance should be put into perspective. Firstly it should be noted that the results of March 2005 was affected by two non-recurring items, which were re-iterated in the Chairman's comments this year. The Chairman listed the unrealized gain in the Bank's shareholding in First Caribbean International Bank (\$231 million) and the write-off of Goodwill on the acquisition in the Dominican Republic (-\$124 million) as the one-off items. When the results of the previous year were adjusted for these items, the performance in the half-year to March 2006 reflected a commendable 17.7% growth in core operational profits.

The Board of Directors has approved an interim dividend of 77 cents per share, to be paid on June 2, 2006, which is the same as that paid in the same period last year.

The report available to date does not give a breakdown of the components of the Profit before Taxation, which was given as \$522.9 million. Profits Attributable to Shareholders was disclosed as \$371.3 million. It is noteworthy that the first half performance of 2005 was a break in the usual earnings pattern of the Group, where the second half usually better the first half performance. This year, the first half did not contain any significant events that would require adjustments, and as such the probability that there would be a return to the traditional pattern is higher. Based on the current pattern of growth in core operational profits, we forecast the EPS for the second half of the year in the range of \$2.75 to \$2.80, which would result in an EPS of \$5.05 to \$5.10.

The share price of RBL has slipped from \$90.00 at the beginning of the year to the current price of \$88.50, which has been a fairly stable level in recent trading. At \$88.50, and a running EPS of \$4.71, the P/E multiple is 18.79 times. This P/E is relatively high in the prevailing soft market conditions. Using the forecasted earnings the multiple would be lowered to the range of 17-17.5 times. The float of available shares is relatively small given that over 65% of the issued share capital is accounted for by "substantial" interests. This relatively small float contributes to the ability of the shares to trade at higher multiples to the rest of the market. Given the relative stability of the shares recently, and the potential for continued growth by the Group, we have a HOLD recommendation for RBL.

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Exhibit 1

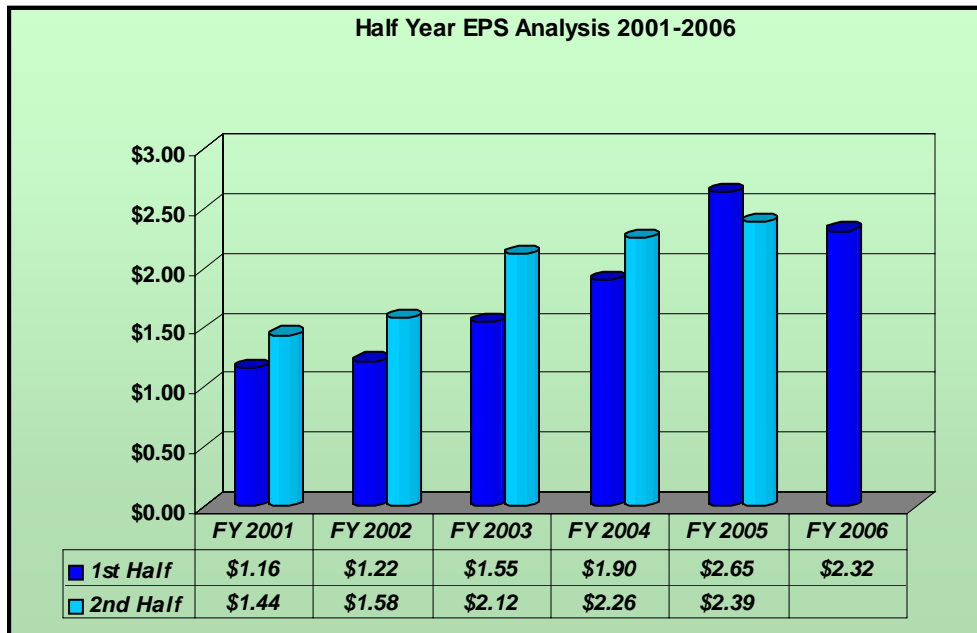


Exhibit 2

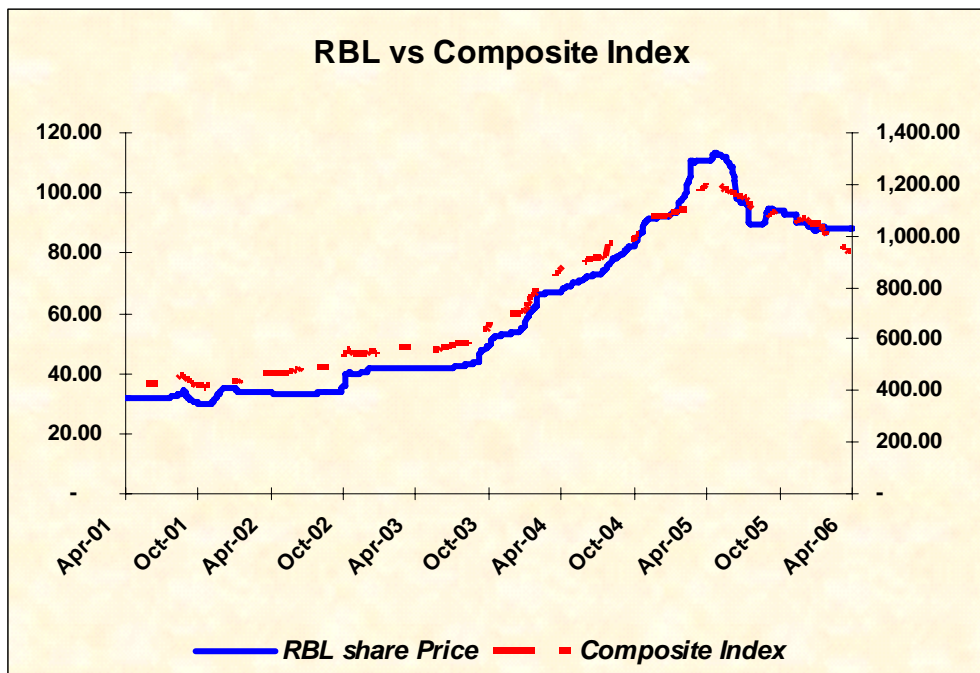




Exhibit 3

Financial History					
Year End Sep 30	F.Y 2003	F.Y 2004	F.Y 2005		HYE 31/03/06
Profit Before Tax TT\$M	683.3	887.6	1,004.7		522.9
% Change Per Period	32%	30%	13.2%		-4.6%
Profit After Tax \$M	608.8	710.1	860.3		416.3
% Change Per Period	33%	17%	21.2%		-7.4%
Profit Attributable to Shareholders \$M	583.7	663.7	803.5		371.3
% Change Per Period	31%	14%	21.1%		-12.0%
EPS Restated	\$3.67	\$4.16	\$5.04		\$2.32
% Change Per Period	31%	13%	21.2%		-12.0%
Price / Earnings Multiple	12.0	19.2	18.85		18.79
Dividend per Share	\$1.80	\$2.00	\$2.25		\$0.77
Dividend Payout Ratio %	49.0%	48.1%	44.6%		33.2%
Dividend Yield %	4.1%	2.5%	2.4%		
Net Asset Value (\$)	\$22.93	\$25.47	\$26.25		\$27.72
Market to Book	1.9	3.1	3.6		3.2
Total Assets '000	25,806,430	28,558,635	31,629,637		33,293,815

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