

# REPUBLIC BANK (GRENADA) LIMITED

(A Company incorporated in Grenada under the Companies Ordinance Chapter 47 and continued under the Companies Act 1994)



## Research Report

Prepared By:





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RFMB and RBGL are both subsidiaries of Republic Bank Limited. Due to RFMB's affiliations with RBGL, RFMB shall not make any recommendations or investment conclusion on whether or not to purchase the listed shares.

This brief statement cannot disclose all the risks and other significant aspects of the securities markets. Investors should therefore carefully study securities trading before making a decision whether or not to trade.



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## **I General Information**

### **I.1 Listing Information**

A copy of this Research Report is available at Republic Finance and Merchant Bank Limited (RFMB) located at Netherlands Insurance Building, Grand Anse, St. George's, Grenada, as well as the offices of other licensed intermediaries of the Eastern Caribbean Securities Exchange (ECSE) and on ECSE's website [www.ecseonline.com](http://www.ecseonline.com).

Trading symbol of Republic Bank (Grenada) Limited: **RBGL**

In addition, persons wishing to engage in trading activity on the ECSE may do so at RFMB's office or any of the licensed intermediaries that are members of the ECSE.

### **I.2 Service Providers to RBGL and for Listing of the shares**

**Registered Office:** Republic House  
P.O. Box 857  
Grand Anse, St. George's  
Grenada  
West Indies  
Telephone: 1-473-444-BANK (2265)  
Fax: 1-473-444-5500/5501  
Email: [info@republicgrenada.com](mailto:info@republicgrenada.com)  
Website: [www.republicgrenada.com](http://www.republicgrenada.com)

**Attorneys-at Law:** Renwick & Payne  
Chambers  
Lucas Street  
St. George's  
Grenada  
West Indies  
Telephone: 1-473-440-2479  
Fax: 1-473-473-440-4189

Henry Hudson Phillip  
Young Street  
St. George's  
Grenada.  
West Indies  
Telephone: 1-473-440-0048  
Fax: 1-473-440-5129



**Auditors:**

Ernest & Young  
Worthing Main Road  
Christchurch BB 15008  
Barbados  
West Indies  
Telephone: (246) 430-3900  
Fax: (246) 429-6446/430-3943/435-2079

**Corporate Secretary:**

**Kimberley Erriah, LL.B (Hon.) L.E.C**  
Legal Services Department  
Republic Bank Limited  
9-17 Park Street  
Port of Spain  
West Indies  
Telephone: 1-868-625-4411  
Fax: 1-868-627-2152

**Licensed Intermediary:**

Republic Finance and Merchant Bank  
Limited  
Netherlands Insurance Building  
Grand Anse, St. George's  
Grenada  
West Indies  
Telephone: 1-473 -444 -1875  
Fax: 1-473- 444- 1879



## II Grenada: Country Profile

One of the Windward Islands in the Caribbean, the nation state of Grenada consists of three (3) main islands – Grenada, Carriacou and Petite Martinique, with an estimated population of approximately 100,000. Grenada is a parliamentary democracy closely modeled on the British Westminster model and its political outlook is stable. The Governor-General represents the head of state, Queen Elizabeth II of the United Kingdom.

Grenada is a member of the Organisation of Eastern Caribbean States (OECS) and the Eastern Caribbean Currency Union (ECCU). A common currency, the Eastern Caribbean dollar, is used by the OECS and ECCU member states. This United States dollar linked currency has maintained its strength and held steady at EC\$2.70 = US\$1.00 for more than twenty- five (25) years.

Grenada economy grew by 12.1% in 2005 driven by reconstruction activity after the hurricanes of 2004 and 2005 and the commencement of infrastructure projects related to Cricket World Cup 2007. Although tourism sectors rebounded, growth in 2006 slowed to an estimated 2.1% as construction returned to normal levels. Grenada's economy is estimated to have grown by 3.1% in 2007 and is forecasted to grow by 4.3% in 2008. Inflation was estimated to be 3.9% in 2007

Tourism, agriculture, construction and manufacturing are the main sectors of the Grenada economy. Tourism in particular plays a major role in the generation of employment and foreign exchange. There was an increase in the number of visitor arrivals by 18.9% in 2007 as a result of increased air links to major metropolitan centers in the United Kingdom and the United States of America.

The fiscal situation has improved as Grenada Government has adopted measures to control non-essential expenditure. This has resulted in budget surpluses of EC\$58.6M (4.3% of GDP), and EC\$47.5M (3.4% of GDP) in 2005 and 2006 respectively. The budget surplus is estimated to be EC\$63.8M (4.5% of GDP) in 2007.

Grenada has a B-/Stable/C rating from Standard and Poor

The favourable level of growth is expected to continue in the near future. Economic activity will be spurred by the tourism and construction sectors which continue on an expansion path because of the major investment currently taking place in the tourism sector.



## **III Republic Bank Grenada Limited**

### **III.1 History and Overview**

RBGL formerly National Commercial Bank of Grenada was established in October 1979. It is a public company providing banking services through its branch network of eight (8) branches spread over Grenada, Carriacou and Petit Martinique. RBGL is regulated by the ECCB and ECSRC.

The Republic Bank Group acquired 51% of NCB Grenada from the Government in July 1992, 39% was held by the private sector. The Government divested its remaining 10% shareholding in NCB Grenada in November 1998 in keeping with its policy of promoting the widest possible participation in share ownership amongst nationals of Grenada. Republic Bank Limited renamed National Commercial Bank of Grenada to Republic Bank (Grenada) Limited on 10th April 2006 to more closely reflect the bank's corporate entity.

Today, forty-nine percent (49%) of the shareholding in RBGL is dispersed amongst:

- Nationals of Grenada residing locally and abroad
- Members of staff
- Employee Stock Ownership Plan
- Local companies
- Antigua Commercial Bank
- National Commercial Bank of Dominica Limited
- St. Kitts-Nevis-Anguilla National Bank Limited

RBGL can also rely on the strength of the Republic Bank Group which has a significant presence as a financial services group in Trinidad and Tobago, Guyana, Barbados, Grenada and the Cayman Islands with an asset base and shareholder's equity as at 30th September 2007 of approximately US\$5.9 Billion and US\$777 Million respectively. The Group has consistently been one of the most profitable banks in Trinidad and Tobago. The Group provides a comprehensive range of financial services and has a distinguished track record of providing financial products and services, which redound to the long-term benefit of the countries in which it operates.

RBGL has steadily increased its profitability and assets. It has grown from an asset base of EC\$1 Million in 1979 to an asset base now of over EC\$681 Million in 2007. The company recorded after tax profits at the end of the 2007 financial year of EC\$13.05 Million a decrease of approximately 47.6% over 2006's profits of EC\$24.92 Million. RBGL's performance compares favourably with the 2006, when the bank recorded a \$12.76 Million before a one –off write back to profit of EC\$12.16 Million resulting in a net profit of EC\$24.92. Excluding the one-off write back, the Bank's 2007 profit performance was 2.3 % higher than the 2006 core performance. Customer deposits grew by approximately 4.41% between 2006 and 2007 to EC\$583 Million. The staff of RBGL now numbers 249.



As RBGL moves forward in the 21<sup>st</sup> century, continued growth and development are anticipated as RBGL strives to be *the Financial Institution of Choice in the Caribbean for Customers, Staff and Shareholders.*

### *The Bank's Mission*

*To provide Personalised, Efficient and Competitively- priced Financial Services and to implement Sound Policies which will redound to the benefit of our Customers, Staff and Shareholders.*





## III.2 Products and Services Offered by RBGL

Republic Bank Grenada offers the following range of products and services to its customers:

- **Commercial Credit** - financing for business start-up, expansion, acquisition of commercial properties and working capital requirements
- **Corporate Credit** – an assortment of individual and personalized services, by which RBGL partners with the customer to assist in its organisation’s growth. Financing is available in a range of products such as letters of credit and bankers acceptances for working capital, trade financing and capital expenditure
- **Private Banking** – targeted at clients who require an exclusive and extremely personalised level of service. The private banking officer accesses on the customer’s behalf, the products and services of RBGL and packages them to suit the customer’s specific needs.
- **Retail Banking** – which include the following:
  1. Electronic banking products such as telephone banking with TeleBanker (which allows the customer to access account information, transfer funds between accounts, get information on rates, products, bank hours and locations and make utility bill and credit card payments) and ten (10) Blue Machine ATMs island wide (which allows the customer to withdraw from, deposit to, access his or her account and pay utility bills at any time).
  2. Loan products for a variety of purposes such as vehicles, investment, vacations, education, appliances, furniture, computers and other business and personal purposes under the Make it Happen Brand. RGLB also offer mortgage loans to purchase house or land, as well as to build a house, refinance mortgage under the HOMEasy brand as well as Equity financing for any personal purpose.
  3. Deposit Products such as current accounts, Personal and Business Checking Account, Foreign Currency Saving Accounts and a range of saving accounts such as RightSTART (birth to 19 years), TimeSaver, Savings Plus, MajorLeague (persons age 49 and over).
  4. Investment products such as Optimizer Savings and Certificates of Deposit;
  5. Foreign business products such as Bills for Collection, Bonds and Indemnities, Commercial Letters of Credit, Telegraphic Funds Transfer, and Traveller’s Cheques to facilitate ease of trade across borders and currencies.
  6. Visa Card products which include a wide range of Visa Credit Cards and Visa TravelMoney Card.



## III.3 Board of Directors and Management Team

### *Board of Directors*

The mission and vision of RBGL are clearly articulated and implemented by a Board of Directors with a level of professionalism and financial experience that is impressive. The following individuals currently constitute the Board of Directors of RBGL:

#### **Ronald F deC. Harford**

Ronald F. deC. Harford, Chairman of Republic Bank Limited, is a career banker, who has celebrated over forty-three (43) years of service with Republic Bank Limited. Mr. Harford is a Fellow of the UK Chartered Institute of Bankers, the Institute of Banking of Trinidad and Tobago and the Caribbean Association of Banking and Finance. He is a past President of the Bankers Association of Trinidad and Tobago.

#### **Gregory I. Thompson**, B.Sc (Maths & Physics), MBA

Gregory I. Thompson is the Deputy Managing Director of Republic Bank Limited. Mr. Thompson is a career banker with over thirty one (31) years experience in banking and finance in Trinidad and Tobago. Mr. Thompson holds a Bachelor of Science Degree in Mathematics and Physics from the University of the West Indies and a Master of Business Management (MBA) degree from the University of Western Ontario, Canada.

#### **Nigel M. Baptiste**, B.Sc. (Hon) (Econ), M.Sc. (Econ.), A.C.I.B

Nigel M. Baptiste is an Executive Director of Republic Bank Limited. He is a First Class Honours Graduate of The University of the West Indies, an Associate of the Chartered Institute of Banking in England and a graduate of the Stonier Graduate School of Banking in the United States of America.

#### **Daniel A Roberts**

Daniel A. Roberts is the Managing Director of Republic Bank (Grenada) Limited. Mr. Roberts joined the Bank in 1983, bringing with him ten (10) years of experience in the field of Banking and Finance. His senior managerial position at Republic Bank (Grenada) Limited have included that of General Manager Credit, and Senior Manager, Retail Services and Marketing. Mr. Roberts has also completed the Senior Management Financial Services Programme of the Canadian Institute of Bankers.



**Leon D. Charles**, B.Sc. (Agriculture Mgmt), MBA

Leon Derek Charles is the owner and manager of the Management Consulting firm, Charles and Associates (CAA), Inc. His professional training is in business and he holds a Master of Business Administration Degree (MBA) from University of Western Ontario, and a First Class Honours degree in Agriculture Management from the University of the West Indies. Mr. Charles is active in a wide range of business and sustainable development fields at the local, regional and international levels.

**Margaret A. Blackburn**, LLB ( Honours)

A Barrister of Law, Margaret Blackburn is a senior partner at the law firm of Renwick and Payne. She earned her qualifications in London in 1975 and returned to Grenada in 1990.

**Cheryl Greaves**, B.Sc. (Mgmt Studies), F.C.CA, CA

Mrs. Cheryl F. Greaves, for the past ten years, has been the Managing Director and Corporate Secretary of Republic Finance and Merchant Bank Limited (RFMB), a wholly owned subsidiary of Republic Bank Limited.

Prior to her current position, Mrs. Greaves was Manager of the Bank's Trust and Asset Management Division, providing a wide range of trust services to and managing a multi-billion dollar portfolio of asset for corporate and individual clients. She has been involved in Republic's pioneering efforts in asset securitization in the bond market, leasing, project financing and providing the financial market with innovative investment products and creative financing solutions to client needs. Her work experience also includes ten (10) years public sector management.

Mrs. Greaves is a Fellow of the U.K Institute of Certified Chartered Accountants and a Member of the Institute of Chartered Accountants of Trinidad and Tobago. Mrs. Greaves also holds a Bachelor of Science Degree in Management from the University of the West Indies.

**Claudia E. Alexis**, B.Sc. (Mgmt Studies), MBA

Claudia E. Alexis was Customer Service Director/ Corporate Secretary of Grenada Electricity Services Limited until her recent retirement in March 2008. She is Soroptomist and a member of the Board of Directors of Bel Air Home for Children and Adolescent. Miss Alexis also served for many years on the Board of Communal Cooperative Credit Union. She holds a Master of Business Administration, a Bachelor of Science Degree in Management Studies and a Certificate in Public Administration from the University of the West Indies.



## Hugh D. Dolland

A former President of the Chamber of Industry and Commerce and Rotary Club of Grenada. Hugh D. Dolland is a businessman with over thirty (30) years experience. He was Honorary Council for Sweden for over five (5) years. He has also been on the national Cricket and Football Teams.

## Margaret George, B.Sc. (Agricultural Education),

Ms. Margaret George from 1995 to present has served as the Managing Director of Agri Sales and Services Company Limited. She was also a part-time Lecturer at Dominica State College between 2001 and 2002 where she taught courses in Farm Management, Agricultural Economics and Greenhouse Technology.

## **Management Team**

### **Daniel A. Roberts**

Managing Director

### **Marcia M. Le Gendre**, Dip. (Business Mgmt.)

General Manager, Credit

### **Donna L. Y. Lander**, F.I. C.B., MBA (HR. Mgmt.)

General Manager, Operations

### **Clifford Bailey**, B.Sc. (Computer & Info. Systems), M.Sc. (Info Tec)

Manager Information Technology Management Division

### **Valentine Antoine**, B.Sc. (Mgmt Studies) A.C.I.B

Manager, Commercial Credit

### **Naomi De Allie**, A.C.I.B., B.Sc. (Fin. Ser. Mgmt)

Manager, Corporate Credit

### **Mc Kie Griffith**, B.Sc. (Management)

Manager, Human Resource Training & Development (Ag)

### **Garnet Ross**,

Manager, Retail Operations

### **Jocelyn Ms. Sween**,

Manager, Retail Services

### **Winefred Logie** B.Sc (Business Mgmt)

Manager, Retail Credit

### **Althea Roberts**, A.C.I.B

Manager, Retail Services



## IV Analysis of the Banking Industry

The Eastern Caribbean Central Bank (ECCB) regulates the commercial banking industry in the OECS region. There are five (5) commercial banks operating in Grenada:

- 1) Bank of Nova Scotia Limited
- 2) FirstCaribbean International Bank (Barbados) Limited
- 3) RBTT Bank Grenada Limited
- 4) Grenada Co-operative Bank Limited
- 5) Republic Bank (Grenada) Limited

In addition to these five (5) commercial banks, Grenada's domestic financial sector is comprised of insurance companies, cooperative societies, finance companies, trust companies, mortgage companies, credit unions and money remitters. Customers, therefore, have a wide selection among the banking financial and non-banking financial institutions as they all offer similar products and services. RBGL faces keen competition for market share and bankable business.

### IV.1 SWOT Analysis of RBGL

#### Strengths

- High market share in deposits and loans
- Sound capital adequacy ratio
- Excellent customer service reputation and relatively wide branch and ATM network
- Viewed as a good corporate citizen
- Supported by parent company that provides technical support through its various business units such as its merchant bank.
- Excellent technological platform

#### Weaknesses

- Relatively high operating costs to income ratio



## Opportunities

- The increasing interest in property development by Grenada investors, both local and foreign, should provide excellent lending opportunities to assist developers with the short term and medium term financing.
- Grenada has a young population with 60% under twenty five (25) years old. Opportunity exist to provide this young population with financial services and to continue to anticipate and meet their changing need over the life cycle.

There are good opportunities therefore for many RGBL products and services vis-à-vis:

- Investment Management services
- Trade and Working Capital finance
- Private Banking
- Retail Banking Services

## Threats

- Climate change has increased the risk of natural disasters especially the frequency and intensity of hurricanes, thereby increasing the risk of business interruptions and attendant adverse effect on the Bank and also the Grenada economy.
- The adverse effect on economic growth of high oil prices (now exceeding US\$ per barrel) and the expectation that prices will remain high.
- Value Added Tax (VAT) when introduced in 2008 will increase the cost of services to the Bank and its customers.

## IV.2 Competitive Strategy of RBGL

The basis of RBGL's competitive strategy is differentiation. For the most part, RBGL has achieved cost parity for products and services with the other participants in the financial sector. However, RBGL has made the delivery of superior customer service the cornerstone of its strategy, which includes inter alia, the enhancement of its products and delivery channels. In this regard the bank intends to institutionalize the use of customer metrics to track service excellence and inform decision making. RBGL also intends to continue to provide training and development opportunities for its staff so that they would be able to provide the highest quality of service to its customers.



**V Financial Performance of RBGL**

The financial results of RBGL for the five-year period ended 2007 are presented in Table 1 below.

**Table 1  
Financial Summary for the period 2003 to 2007**

	<b>2007 EC\$'000</b>	<b>2006 EC\$'000</b>	<b>2005 EC\$'000</b>	<b>2004 EC\$'000</b>	<b>2003 EC\$'000</b>
<b>Assets</b>	681,973	657,335	636,503	604,839	571,071
<b>Current, Savings &amp; other Deposit Accounts</b>	603,452	577,194	576,450	539,081	501,848
<b>Advances and other assets</b>	371,637	347,946	292,062	297,438	297,160
<b>Issued Share Capital</b>	15,000	15,000	15,000	15,000	15,000
<b>Shareholders' Equity</b>	78,521	80,141	60,053	65,208	69,223
<b>Profit After Taxation</b>	13,050	24,921	1,755	142	12,526
<b>Dividends paid during the year</b>	6,000	4,098	4155	6,270	3,975
<b>Financial Statistics for the period 2003 to 2007</b>					
	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
<b>Earnings per Share (EPS)</b>	\$8.70	\$16.61	\$1.17	\$0.09	\$8.35
<b>EPS Growth Rate</b>	(47.62%)	1319.66%	1200%	(98.92%)	27.09%
<b>Dividend per share</b>	\$4.30	\$4.00	\$1.45	\$2.85	\$2.85
<b>Dividend Growth Rate</b>	7.5%	175.86	(49.12%)	0%	NA
<b>Return on Equity</b>	16.46%	35.55%	2.80%	0.19%	19.61%

As at its financial year ended September 30, 2007 RBGL recorded profit after tax of 13.05 Million. The profit returned to normal level after three (3) years of fluctuation.

The decline in profit and growth rate in 2004 was the result of a \$12.55M general provision for loan losses, in anticipation of the likelihood that the assets of the Bank would have been impaired with Hurricane Ivan. The profit in 2005 resulted from Government Debt restructuring and RBGL having to absorb a one- off charge of \$11.7M. The 2006 profit included a write back to profit of \$12.16M representing the balance of general provision made in 2004 which is no longer required.



**Table 2**  
**Growth Rates of Profit after taxes for the period 2003 to 2007**

<b>Year</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
<b>Growth Rate (%)</b>	(47.63%)	1320%	1135.92%	(98.87%)	27.01

**Table 3**  
**Half Year Results**

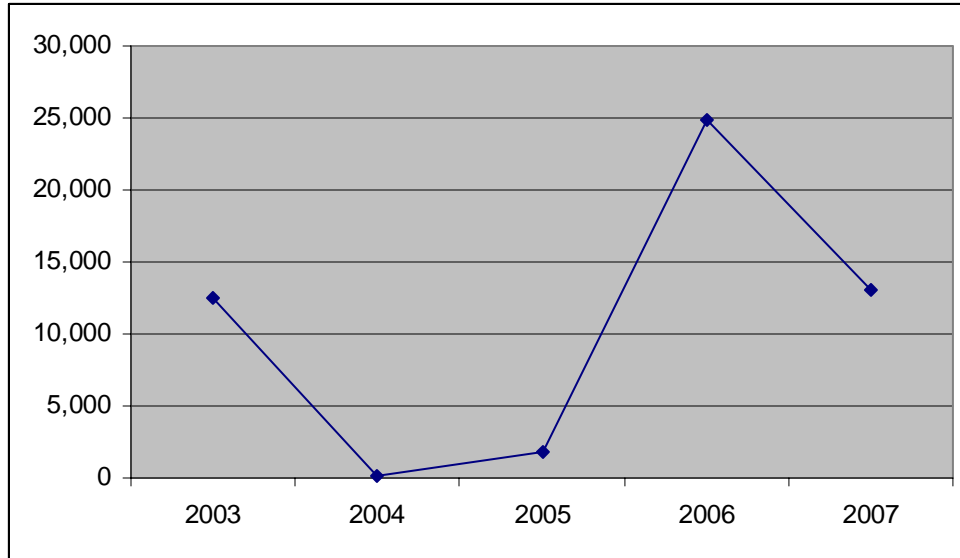
	<b>31 March 2008</b>	<b>31 March 2007</b>
	<b>EC\$'000</b>	<b>EC\$'000</b>
<b>Assets</b>	730,375	686,562
<b>Current, Savings &amp; other Deposit Accounts</b>	630,447	592,805
<b>Advances and other assets</b>	386,774	351,830
<b>Issued Share Capital</b>	15,000	15,000
<b>Shareholders' Equity</b>	80,051	79,196
<b>Profit After Taxation</b>	5,929	5,460
<i>Financial Statistics for the period</i>		
	<b>31 March 2008</b>	<b>31 March 2007</b>
<b>Earnings per Share (EPS)</b>	\$3.95	\$3.64
<b>EPS Growth Rate</b>	8.52%	NA
<b>Dividends based on the results of the period</b>	\$0.75	\$0.65
<b>Dividend Growth Rate</b>	15.38%	NA

RBGL profit after taxation as at 31 March 2008 increased by 8.59% over the profit recorded 2007. The EPS growth rate and the dividend growth rate were 8.52% and 15.38% respectively.





**Graph 1**  
**Profit After Tax in EC'\$000**



RBGL is the largest Commercial Bank in Grenada with respect to total assets and deposits with approximately 28% and 24% of all commercial banks' total assets and deposits respectively as at September 30, 2007. RBGL held 24% of all commercial banks' total loans as at September 30, 2007.

RBGL has a diversified loan portfolio which reduces its risk exposure, as loans and advances are not concentrated in a few sectors of the economy.

In addition, RBGL's capital adequacy ratio stands at 16.8%, which exceeds the industry standard minimum of 8% and its ratio of the performing portfolio to total loans and advances over the last two (2) financial years has remained above 95%.

The components of RBGL's shareholders' equity are shown as follows:

	<u>September 30, 2007</u>	<u>September 30, 2006</u>
	EC\$	EC\$
<b>Stated Capital</b>	15,000,000	15,000,000
<b>Statutory Reserves</b>	15,000,000	15,000,000
<b>Other Reserves</b>	3,426,500	12,096,000
<b>Retained Earnings</b>	45,095,000	38,045,000
<b>Total</b>	78,521,000	80,141,000



RBGL has 1,500,000 ordinary shares of no par value. Each ordinary share ranks equally as to capital, dividend and right upon liquidation and carries one vote at all shareholders' meetings.

Shareholders' equity as at the end of the 2007 financial year was EC\$78,521,000 representing a 2% decrease over its value in 2006 and a book value of EC\$52.35 per share.

The performance of RBGL for the last two (2) financial years is highlighted in Table 4.

**Table 4**  
**Performance Ratios of RBGL for 2006 and 2007**

<b>Performance Ratios</b>	<b>September 30, 2007</b>	<b>September 30, 2006</b>
<b>Net Profit/Equity Capital (Return on Equity)</b>	16.62%	31.10%
<b>Net profit/Total Assets (Return on Assets)</b>	1.91%	3.76%

These figures reveal RBGL potential to provide enhanced shareholder value and sustain profitability while consistently serving all of its valued customers.



## VI Plans/ Strategies for Future Success

RBGL has adopted strategies to ensure future growth and to ensure the highest level of customer satisfaction. The bank intends to achieve its objective by improving operating efficiency, innovation as well as customer service thereby maintaining its current position as leader in the Grenadian market.

Bank policy is to pay 40% - 50% of profit after taxes as dividends and it intends to maintain this dividend policy.

The projected growth rates in profit after taxes and dividends for the next three (3) financial years are as follows:

**Table 5**  
**Projected Growth Rates in Profit after Taxes and Dividends**

<b>Year</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Projected Growth Rates in Profit after Taxes (%)</b>	10.5%	22.1%	20%
<b>Projected Growth Rates in Dividends (%)</b>	10.5%	22.1%	20%



## FINANCIAL PROJECTIONS

RBGL has provided financial projections that include Projected Balance Sheet and Income Statement for the period 2008-2010. Projected Income reflects revenue increasing by an average of 10.94% over the three-year period as a result of forecasted growth in the banking sector.

### FORECAST CONSOLIDATED BALANCE SHEET

Presented in Eastern Caribbean Dollar ('000)

As at 30<sup>th</sup> September

	2008	2009	2010
<b>Assets</b>			
Cash at hand	10,500	10,500	10,500
Statutory Deposit with Central Bank	31,897	33,129	33,130
Due from Banks	93,241	91,959	107,592
Treasury Bills	13,403	17,000	18,000
Investments	140,296	150,822	156,452
Advances	413,810	470,384	535,465
Accrued Interest Receivable	13,500	14,000	14,500
Other receivables	3,000	3,100	3,100
Balanced due from related Companies	38,771	40,668	41,160
Premises and equipment	39,906	36,800	34,100
Income tax recoverable			
<b>Total assets</b>	<b>798,324</b>	<b>868,362</b>	<b>953,999</b>
<b>Liabilities</b>			
Customers current, savings and deposit accounts	684,931	747,415	819,829
Due to Banks	4,200	4,200	4,200
Balances due to related companies	1,000	1,000	1,000
Accrued interest payable	2,500	2,400	3,000
Other Liabilities	10,000	9,000	11,000
<b>SHAREHOLDERS EQUITY</b>			
Stated Share Capital	15,000	15,000	15,000
Capital Reserves			
Statutory reserves	15,000	15,000	15,000
Other reserves	11,000	11,000	11,000
Retained Earnings	54,693	63,347	73,970
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>798,324</b>	<b>868,362</b>	<b>953,999</b>



## FORECAST STATEMENTS OF INCOME

Presented in Eastern Caribbean Dollars ('000)

For the year ended September 30,

	2008	2009	2010
<b>Net interest income</b>			
Liquid Assets	4,750	5,351	5,701
Loans and Advances	35,164	40,494	46,076
Investment in Dated Securities	10,329	11,741	12,465
<b>Sub Interest Income</b>	<b>50,243</b>	<b>57,586</b>	<b>64,242</b>
<i>Interest expense</i>			
Current Accounts	64	75	79
Savings	12,738	14,383	16,108
Term Deposits	3,470	4,083	4,240
Borrowing from Other Banks	1,680	1,926	1,971
<b>Sub Interest Expense</b>	<b>17,952</b>	<b>20,467</b>	<b>22,398</b>
<b>Net Interest</b>	<b>32,291</b>	<b>37,119</b>	<b>41,844</b>
Commission and Fee Income	4,782	5,045	5,156
Exchange	5,303	5,674	5,958
Other Income	3,083	342	355
<b>Sub- non Interest Income</b>	<b>13,168</b>	<b>11,061</b>	<b>11,469</b>
<b>Net Interest and Other Income</b>	<b>45,459</b>	<b>48,180</b>	<b>53,313</b>
<b>Operating expenses</b>			
Staff Cost	14,981	15,602	15,881
Profit Sharing	843	1,018	1,213
Other Expenses	12,028	12,455	12,684
Depreciation	3030	3030	3130
Total Expenses	30,882	32,105	32,908
<b>Operating Income</b>	<b>14,577</b>	<b>16,075</b>	<b>20,405</b>
Provision for classified debts	448	490	182
<b>Profit Before Tax</b>	<b>15,026</b>	<b>16,567</b>	<b>20,586</b>
<b>Tax</b>	<b>601</b>	<b>1822</b>	<b>2882</b>
<b>Net profit</b>	<b>14,424</b>	<b>14,743</b>	<b>17,705</b>



## **VII Listing Price of RBGL**

In determining the listing price of EC\$55.00, various valuation methodologies were considered to derive an indicative share price for listing on the ECSE. The valuation methodologies used included discounted cash flow, P/E multiples and book value method. The valuation is an estimate of the fair market value of ordinary shares and is based on a specific set of circumstances at a particular point in time.

In determining the listing price of EC\$55.00, the key factors taken into consideration include:

- Local, regional and international economic and financial market trends;
- Historical and projected financial performance of RBGL;
- Perception and the expectation of existing and prospective investors;
- The share price of RBGL based on private transactions;
- Comparative analysis of companies in the financial sector listed on the Eastern Caribbean, Trinidad and Tobago, Barbados and Jamaica exchanges.

Subsequent to listing on the ECSE, additional factors including demand and supply may cause the share price to vary.



## VIII General Information

### 1. Corporate Governance

The Board of Directors of the RBGL is responsible for the governance of the Group, and is committed to adhering to the highest standards of Corporate Governance, guided by a formal Corporate Governance Policy.

The Company's Officers and Directors are bound by the insider dealing provisions of the Securities Act.

### 2. Anti-Money Laundering

RBGL as part of its risk management strategy has implemented key anti-money laundering policies, procedures and monitoring structures necessary for the prevention of anti-money laundering and related matters.

### 3. Material Litigation

There are no material, pending or threatened claims, legal or arbitration proceedings against the Company or any of its directors or properties that may have a significant effect on the Company's financial position.

### 4. Directors' Interest

The shareholdings of the Directors are disclosed in the table below.

**Table 5: Directors' Interest**

<b>Director</b>	<b>Beneficial</b>	<b>Non Beneficial</b>
Claudia E. Alexis	50	Nil
Nigel M. Baptiste	Nil	50
Margaret A. Blackburn	170	Nil
Leon D. Charles	200	Nil
Hugh D. Dolland	1,000	Nil
Cheryl F. Greaves	Nil	50
Ronald F. deC. Harford	Nil	100
Daniel A. Roberts	3,450	Nil
Gregory I. Thompson	Nil	100



5. At no time during the past two years has any director had any material interest in any contract or arrangement in relation to the business of the Company.
6. RBGL is not aware that any family relationships exist between any director or any other person who performs an important administrative, management or supervisory function.
7. Material Interest

Shareholder with material interests is disclosed in the Table below.

Shareholders	Shareholding
Republic Bank Limited	51.00%

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## 8. Directors' Remuneration

The aggregate remuneration paid to directors for the financial 2007 was EC\$121,000 and the projected amount for 2008 is EC\$121,000.





## Appendix 1

### Financial Statements 2005 to 2007

#### *balance sheet*

at 30th September, 2007

Expressed in thousands of Eastern Caribbean dollars (\$'000), except where otherwise stated *(continued)*

	Notes	2007	Restated 2006
<b>LIABILITIES &amp; EQUITY</b>			
<b>Liabilities</b>			
Customers' current, savings and deposit accounts	11	583,513	558,853
Due to banks		7,560	1,287
Provision for post-retirement benefits	7	1,940	1,696
Deferred tax liabilities	8	1,513	5,178
Accrued interest payable		1,586	1,225
Other liabilities	12	7,340	8,955
<b>Total Liabilities</b>		<b>603,452</b>	<b>577,194</b>
<b>Equity</b>			
Stated capital	13	15,000	15,000
Statutory reserves		15,000	15,000
Other reserves		3,426	12,096
Retained earnings		45,095	38,045
<b>Total Equity</b>		<b>78,521</b>	<b>80,141</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>		<b>681,973</b>	<b>657,335</b>



## *statement of income*

at 30th September, 2007

Expressed in thousands of Eastern Caribbean dollars (\$'000), except where otherwise stated

	Notes	2007	Restated 2006
Interest income	14 (a)	47,164	44,579
Interest expense	14 (b)	(15,671)	(13,709)
<b>Net interest income</b>		<b>31,493</b>	<b>30,870</b>
Other income	14 (c)	10,026	8,598
		<b>41,519</b>	<b>39,468</b>
Loan impairment (expense)/ recovery	6 (b)	(344)	13,670
Operating expenses	14 (d)	(27,878)	(27,917)
<b>Profit before taxation</b>		<b>13,297</b>	<b>25,221</b>
Taxation - Current		(316)	(233)
- Deferred		69	67
<b>Total taxation expense</b>	15	<b>(247)</b>	<b>(300)</b>
<b>Profit after taxation</b>		<b>13,050</b>	<b>24,921</b>

The accompanying notes form an integral part of these financial statements.



## *statement of changes in equity*

at 30th September, 2007

Expressed in thousands of Eastern Caribbean dollars (\$'000), except where otherwise stated

	Stated capital	Statutory reserves	Other reserves	Retained earnings	Total
Balance at 1st October, 2005 previously reported	15,000	15,000	13,724	16,329	60,053
Prior year adjustment (Note 4)	-	-	(4,117)	(328)	(4,445)
<b>Balance at 1st October, 2005 (Restated)</b>	<b>15,000</b>	<b>15,000</b>	<b>9,607</b>	<b>16,001</b>	<b>55,608</b>
Revaluation of available-for-sale investments	-	-	1,787	-	1,787
Profit for the year	-	-	-	24,921	24,921
Transfer to general contingency reserve	-	-	702	(702)	-
Equity dividends (Note 23)	-	-	-	(2,175)	(2,175)
<b>Balance at 30th September, 2006 (Restated)</b>	<b>15,000</b>	<b>15,000</b>	<b>12,096</b>	<b>38,045</b>	<b>80,141</b>
Revaluation of available-for-sale investments	-	-	(8,670)	-	(8,670)
Profit for the year	-	-	-	13,050	13,050
Equity dividends (Note 23)	-	-	-	(6,000)	(6,000)
<b>Balance at 30th September, 2007</b>	<b>15,000</b>	<b>15,000</b>	<b>3,426</b>	<b>45,095</b>	<b>78,521</b>



## *statement of cash flows*

at 30th September, 2007

Expressed in thousands of Eastern Caribbean dollars (\$'000), except where otherwise stated

	Notes	2007	Restated 2006
<b>Operating activities</b>			
Profit before taxation		13,297	25,221
<b>Adjustments for:</b>			
Depreciation		2,247	1,296
Loan and investment impairment recovery		(654)	(14,390)
(Gain)/loss on sale of premises and equipment		(7)	232
Increase in employee benefits		72	831
Increase in advances		(24,982)	(42,423)
Increase/(decrease) in customers' current savings and other deposit accounts		24,660	(3,025)
Increase/(decrease) in statutory deposits with Central Bank		(1,272)	616
Decrease/(increase) in other assets and investment interest receivable		1,208	(3,671)
(Decrease)/increase in other liabilities and accrued interest payable		(1,254)	191
Taxes paid		(399)	(431)
<b>Cash provided by/(used in) operating activities</b>		<b>12,916</b>	<b>(35,553)</b>
<b>Investing activities</b>			
Purchase of investment securities		(2,179)	(3,778)
Redemption of investment securities		2,818	2,853
Additions to premises and equipment		(13,504)	(3,104)
Proceeds from sale of premises and equipment		126	20
<b>Cash used in investing activities</b>		<b>(12,739)</b>	<b>(4,009)</b>

The accompanying notes form an integral part of these financial statements.



## balance sheet

at 30th September, 2006  
Expressed in Eastern Caribbean dollars

	Notes	2006	2005
<b>ASSETS</b>			
Cash on hand		5,900,461	6,221,678
Statutory deposits with central bank		33,636,000	34,252,000
Due from banks		101,642,869	147,157,603
Treasury bills		11,402,710	10,025,710
Investments	5 & 9	131,282,480	130,555,867
Advances	4 & 9	338,707,535	282,422,106
Accrued interest receivable		10,489,411	7,836,591
Other receivables		4,595,272	2,343,775
Net pension asset	2 (f)	981,000	-
Premises and equipment	8	17,245,130	15,687,997
<b>Total Assets</b>		<b>655,882,868</b>	<b>636,503,327</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Liabilities</b>			
Current, savings and deposit accounts	6	558,853,218	561,878,025
Due to banks		1,287,250	5,385,031
Post retirement medical and life insurance benefits	2 (f)	1,696,000	-
Accrued interest payable		1,225,176	1,258,065
Other liabilities		8,152,790	7,928,910
		<b>571,214,434</b>	<b>576,450,031</b>
<b>SHAREHOLDERS' EQUITY</b>			
Stated capital	11	15,000,000	15,000,000
Statutory reserves	2 (h)	15,000,000	15,000,000
Other reserves	2 (l)	16,276,827	13,724,086
Retained earnings		38,391,607	16,329,210
		<b>84,668,434</b>	<b>60,053,296</b>
<b>Total liabilities and shareholders' equity</b>		<b>655,882,868</b>	<b>636,503,327</b>



## statement of income

For the year ended 30th September, 2006  
Expressed in Eastern Caribbean dollars

	Notes	2006	2005
Interest income	3 (a)	44,597,203	42,143,313
Interest expense	3 (b)	13,708,829	14,048,277
Net interest income		30,888,374	28,095,036
Other income	3 (c)	8,747,373	8,743,903
		39,635,747	36,838,939
Less: provision for loan losses		1,281,677	-
Reduction in general provision/ loan recoveries		(12,160,519)	(1,361,158)
Operating expenses	3 (d)	22,636,596	35,868,742
		11,757,754	34,507,584
Operating profit		27,877,993	2,331,355
Staff profit sharing		1,658,742	138,716
Profit before taxation		26,219,251	2,192,639
Deduct: Income tax		134,301	-
General consumption tax		430,553	437,195
		564,854	437,195
Net profit after taxation		25,654,397	1,755,444



## statement of changes in shareholders' equity

For the year ended 30th September, 2006  
Expressed in Eastern Caribbean dollars

	Stated capital	Statutory reserves	Other reserves	Retained earnings	Total
Balance at 1st October, 2004	15,000,000	15,000,000	16,478,950	18,728,766	65,207,716
2005 net profit	-	-	-	1,755,444	1,755,444
Dividends	-	-	-	(4,155,000)	(4,155,000)
Investment revaluation (Note 13)	-	-	(2,754,864)	-	(2,754,864)
Balance at 30th September, 2005	15,000,000	15,000,000	13,724,086	16,329,210	60,053,296
2006 net profit	-	-	-	25,654,397	25,654,397
Dividends	-	-	-	(2,175,000)	(2,175,000)
General provision for doubtful loans	-	-	-	(702,000)	(702,000)
Post retirement benefit obligation	-	-	-	(1,696,000)	(1,696,000)
Pension defined benefit asset	-	-	-	981,000	981,000
Investment revaluation (Note 13)	-	-	2,552,741	-	2,552,741
Balance at 30th September, 2006	15,000,000	15,000,000	16,276,827	38,391,607	84,668,434

The notes on pages 36 to 46 form part of these financial statements

## statement of cash flows

For the year ended 30th September, 2006  
Expressed in Eastern Caribbean dollars

	2006	2005
<b>Operating activities</b>		
Profit before taxation for the year	26,219,251	2,192,639
Adjustments for depreciation	1,528,609	1,378,604
Loan recoveries	(10,878,842)	(1,361,158)
Investment impairment	(3,508,847)	11,762,732
Net pension asset	981,000	-
(Increase)/decrease in customers' loans	(52,425,334)	340,379
(Decrease)/increase in customers' deposits	(3,024,807)	47,196,475
Decrease/ (increase) in statutory deposits with Central Bank	616,000	(3,466,000)
(Increase)/decrease in other assets	(6,019,617)	5,857,192
Decrease in other liabilities	(239,565)	(8,543,718)
<b>Cash (used in)/provided by operating activities</b>	<b>(46,752,152)</b>	<b>55,357,145</b>
<b>Investing activities</b>		
Sale/(purchase) of investments – net	9,098,980	16,158,813
Additions to fixed assets	(3,105,249)	(5,508,302)
Disposal of fixed assets	19,510	50,935
<b>Cash provided by investing activities</b>	<b>6,013,241</b>	<b>10,701,446</b>
<b>Financing activities</b>		
Dividends paid on stated capital	(2,175,000)	(4,155,000)
(Decrease)/increase in balances due to other banks	(4,097,781)	493,942
Increase/(decrease) in other reserves	2,552,741	(2,754,864)
<b>Cash used in financing activities</b>	<b>(3,720,040)</b>	<b>(6,415,922)</b>
(Decrease)/increase in cash and cash equivalents	(44,458,951)	59,642,669
Cash and cash equivalents at beginning of year	163,404,991	103,762,322
<b>Cash and cash equivalents at end of year</b>	<b>118,946,040</b>	<b>163,404,991</b>
<b>Represented by:</b>		
Cash on hand	5,900,461	6,221,678
Due from banks	101,642,869	147,157,603
Treasury bills	11,402,710	10,025,710
	<b>118,946,040</b>	<b>163,404,991</b>



