

David J. Dulal-Whiteway



## *managing director's report*

It is with great pleasure and a sense of achievement that I report that the Bank has recorded a profit attributable to shareholders of \$1.3 billion, a 110% increase over last year. This performance has been bolstered by a realized gain of \$370 million on the sale of our shareholding in FirstCaribbean International Bank (FCIB). If we discount the impact of our investment in FCIB our profit on core performance is \$966 million, a very respectable increase of 19% over last year. Based on these results the Directors have agreed to a final dividend for 2007 of \$2.00 bringing the total dividend for the year to \$2.94 per share.

On October 5th 2007, our remaining banking operations in the Dominican Republic were sold and we commenced the process of dissolving Republic Bank (DR) S.A. A lot has been learnt from our experience in the Dominican Republic and although the outcome was not what we expected, the experience will certainly inform our deliberations as we continue to explore opportunities for expansion of the Group in the region.

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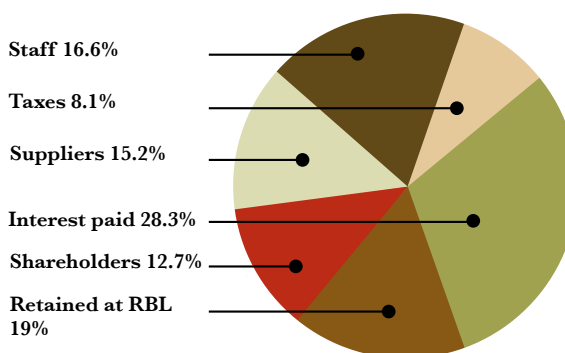
An analysis of our financial performance reveals that we have been able to improve our productivity, measured by reducing our cost to income ratio from 47% to 45%. We have grown our Advances portfolio by 15% and our revenue base by 17%. We continue to be very diligent in managing our non-performing loan portfolio which now stands at a low 2% of total loans. Our continuous surveys of customers and a lot of anecdotal information tell us that our service is second to none in the financial sector.

Financial performance is one measure of success for a corporation and, of course, without it, we cannot survive. However, as a member of the communities in which we operate we must add value to these communities. At Republic, we are proud to state that we seek to add value beyond the pure financial performance.

The Group operates in seven countries, serving over one million customers, employing four thousand, two hundred and eighty-one staff, providing countless business opportunities to our suppliers in these jurisdictions and supporting the many Governments through the taxes that accrue because of our consistent high performance.

Of the \$3.7 billion gross revenue earned by the Group in 2007, \$1.0 billion, (28 %) was paid out as interest to depositors, \$615 million (17%) to staff as salaries and other benefits, \$547 million (15%) to suppliers, \$471 million (13%) to shareholders as dividends and \$300 million (8%) to Governments as

### Distribution of Total Revenue – 2007\*



\*Excludes Gain on sale of FCIB shareholding

taxes. Minority shareholders also benefited to the value of \$90 million (2%).

As the chart indicates, approximately 81% of our revenues earned are distributed to our stakeholders hence giving back to the societies that support our very existence. Whether these distributions are in the form of taxes, interest payments to customers, salaries to staff or dividends to shareholders, the Bank contributes significantly to economic growth and development in the Caribbean.

Additionally we are particularly proud of our philanthropic endeavours through our “Power to Make a Difference” programme. This programme is targeted at certain key areas namely poverty alleviation and health, and youth development through education, sport and culture. This year alone we disbursed over ten million dollars throughout the region covering programmes such as

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the UWI Cave Hill Campus Creative Arts Centre in Barbados, Republic RightStart Cup in Grenada, and Trinidad and Tobago, Promenade Gardens Rehabilitation Programme in Guyana and The Walk Tall Rehabilitation Programme for first time offenders in Trinidad & Tobago. Over the last five years the “Power to Make a Difference” programme has invested over fifty million dollars in the communities we serve. Over the next five years we pledge to substantially increase our commitment to this programme.

One of the cornerstones of our successful performance is our commitment to deliver the highest levels of service in the industry to our valued customers. This year, continuing in our pursuit of steady improvement in our service level we achieved the Service Excellence Designation from the Ontario Tourism Designation Organisation (OTEC), reaffirming our nonpareil pledge to delivering customer service excellence. We also continue to invest in infrastructure to improve service delivery to customers and this year invested \$30 million in our online banking service. This new service channel is essential as we forge stronger relationships with our customers and deliver on our pledge to provide superior service.

This year Standard & Poor's upgraded the Bank's counterparty credit rating from BBB-/A-3 to BBB/ A-2 and reaffirmed our stable rating outlook. This upgrade stemmed from the Bank's sound overall financial condition. It is indeed encouraging to have a premier rating agency recognize our progress in achieving all-round improvement.

We were also adjudged the “Best Bank in Trinidad & Tobago” for 2007, by the Euromoney magazine, based on our quality service, outstanding performance, innovation, and the momentum demonstrated in this market. For an unprecedented fourth consecutive time in its history, Republic Bank has also been chosen Global Finance's “Best Emerging Market Bank 2007” in Trinidad and Tobago.

Republic Bank Ltd is owned by Caribbean people and operated by Caribbean people. We have a vision and mission that are rooted in the growth and development of the economies and societies in which we operate. We have had a long period of growth and success. We have focused our strategies on creating a world-class financial institution operating under prudent policies and adding value to the communities that we serve. We can, without contradiction, state that we have been achieving these goals. Our past success is a testimony of the capability of an indigenous institution to compete successfully.

We remain steadfast in our commitment to promoting development, building societies, sustaining growth and adding value to our stakeholders.

In ending, I wish to thank the Board of Directors for their keen oversight of the Group, their leadership and support through the year. I also wish to thank our customers and shareholders for their continued patronage and our management and staff for their hard work and dedication in making these excellent results a reality.