

Ansa Merchant Bank Limited

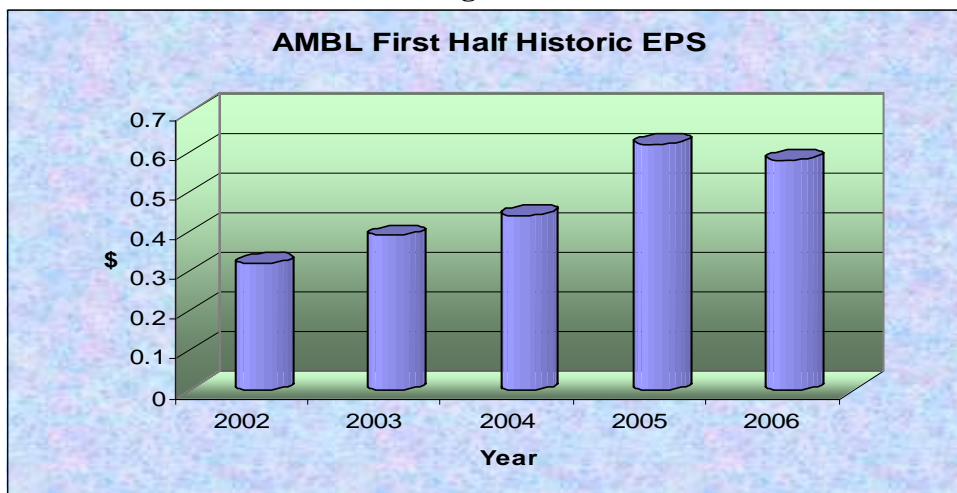
	AMBL
RECOMMENDATION	HOLD
Current Price	\$19.49
Running EPS	\$1.17
Projected EPS	\$1.20
P/E at Projected EPS	16.24
Dividend Yield	2.56 per cent
Return on Assets	3.14 per cent
Return on Equity	10.56 per cent

Results for the Half Year Ended June 30, 2006

Earnings Per Share

Ansa Merchant Bank Limited (AMBL) reported Earnings Per Share (EPS) of 58 cents for the half year ended June 30, 2006. This was 6.45 per cent less than 2005's half year EPS of 62 cents. In fact, since 2004, the half year EPS has been decreasing. Though Figure 1 shows the half year EPS increasing from 2004 to 2005, this increase was on account of the fact that the accounts for HY 2005 were restated in accordance with IAS (International Accounting Standards). Hence, the EPS for HY 2005 was restated to 62 cents from 40 cents.

Figure 1



Financials

Total Income increased by 31.87 per cent to \$228.536 million. Total Expenses however rose by a bigger margin of 50.43 per cent to \$172.562 million as a result of extraordinary and unexpected claims experienced from its general insurance operation. The Chairman however does not expect



this level of claims in the second half of the year. As a result of the sharper comparable increase in expenses, Operating Profit was down 4.46 per cent to \$55.974 million.

The Effective Tax Rate moved from 11.36 per cent (HY 2005) to 12.19 per cent (HY 2006). Though Profit After Tax was down 5.37 per cent to \$49.148 million while Profit Attributable to Shareholders stood at \$49.130 million (down 5.38 per cent from \$51.934 million), the Chairman found these results satisfactory.

Ansa Secured Fund

According to the Chairman’s Statement, the ANSA Secured Fund continues to be a market leader and its growth has surpasses AMBL’s expectations. The initial experience has given the Company a firm base upon which to launch further innovative mutual funds.

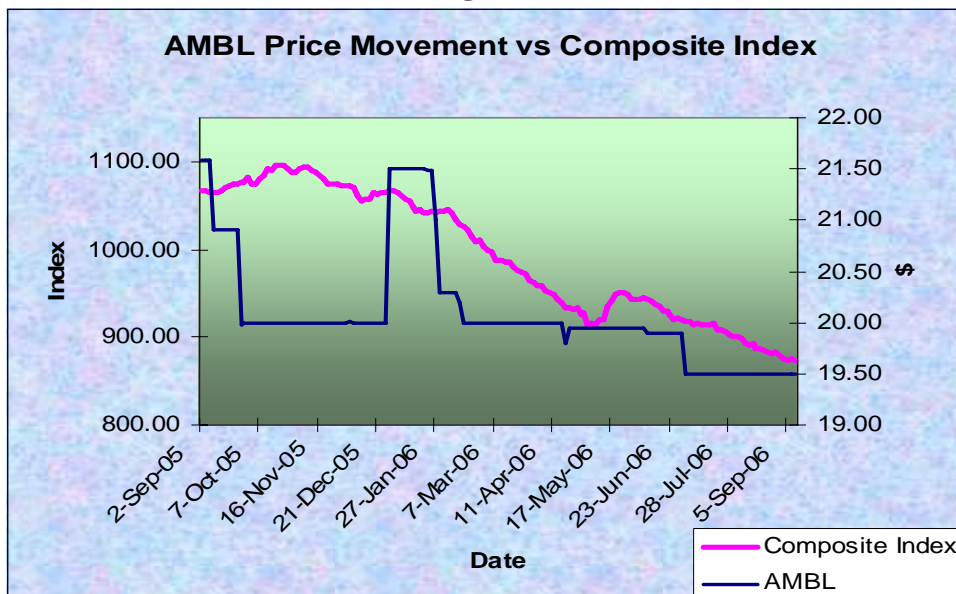
Investment Portfolio

AMBL’s investment portfolio enjoyed 17 per cent growth in the first half of the year. This was achieved by strengthening the relationships with its North American and European advisors and by maximizing regional opportunities, without compromising its risk profile.

Share Price

The share price of AMBL currently stands at \$19.49. Over the past year, this share has not been subject to a lot of volatility (see Figure 2). It has traded as high as \$21.59 in the past 52 weeks. The share has not crossed the floor since July 18, 2006.

Figure 2



Recommendation

Based on the current results and our expectations for the second half of the year, we have revised our Forecasted EPS to \$1.20. At the current market price and our Forecasted EPS, this share is



West Indies Stockbrokers Ltd.
1st Floor, Albion Plaza,
22-24 Victoria Avenue,
Port of Spain.
Tel: 625-9473; Fax: 627-5002

Equity Research Team
Sreshtha Tewari (Ext 2225)
sreshthat@wisett.com
Gia Singh (Ext 2264)
gias@wisett.com

trading at a multiple of 16.24 times. Given that AMBL usually trades in the band of 15 to 18 times, we recommend a HOLD at this time.

Dividends

The Board of Directors is confident that the second half will produce good results and as such have maintained an Interim Dividend of \$0.10. This will be paid on October 27, 2006 to shareholders on the Register on October 16, 2006. The Ex-Dividend Date for this stock is October 10, 2006.

Figure 3

Ansa Merchant Bank Limited Financial Data (2004-2006)					
	HY 2006 \$'000	Change HY 05- HY 06	HY 2005 \$'000	Change HY 04-HY 05	HY 2004 \$'000
Total Income	228,536	31.87%	173,301	5.92%	163,613
Total Expenses	172,562	50.43%	114,711	-0.90%	115,747
Operating Profit	55,974	-4.46%	58,590	22.40%	47,866
Taxation	6,826	2.60%	6,653	-35.88%	10,376
Profit After Taxation	49,148	-5.37%	51,937	38.54%	37,490
Minority Interests	18	500.00%	3	-50.00%	6
Profit Attributable to Shareholders	49,130	-5.40%	51,934	38.55%	37,484
EPS (cents)	58	-6.45%	62	40.91%	44
Dividend (cents)	10	0.00%	10	0.00%	10
Ansa Merchant Bank Limited Year End Financial Data (2003-2005)					
	YE 2005	% Change '04-'05	YE 2004	% Change '03-'04	YE 2003
Total Income	396,467	18.23%	335,329	509.28%	55,037
Total Expenses	279,315	19.16%	234,401	1245.20%	17,425
Profit Before Taxation	117,152	16.07%	100,928	168.34%	37,612
Profit for the Period	101,613	18.12%	86,027	183.01%	30,397
EPS	\$1.21	18.63%	\$1.02	4.08%	\$0.98
Market Price @ Financial Year End (TT\$)	\$21.50	28.36%	\$16.75	46.93%	\$11.40
P/E Ratio @ Financial Year End	17.77		16.42		11.63
Dividend	\$0.50	11.11%	\$0.45	7.14%	\$0.42
Dividend Payout Ratio (%)	41.32		44.12		42.86
Dividend Yield (%)	\$2.33		2.69		3.68
Net Asset Value	\$10.92	7.91%	\$10.12	-29.62%	\$14.38
Market to Book Ratio	1.97		1.66		0.79
Return on Equity (%)	11.27		18.33		24.39
Return on Assets (%)	3.75		5.28		3.43
Shares Outstanding	85,605,263		85,605,263		31,000,000

*AMBL acquired TATIL Group by issue of 54,605,263 shares on January 1, 2004.

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West Indies Stockbrokers Limited, 1st Floor Albion Plaza, 22-24 Victoria Avenue, Port of Spain, Trinidad (868) 623-4861 Fax (868)-627-5002 e-mail: info@wisett.com Member of the Trinidad and Tobago Stock Exchange Ltd.