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Ansa Merchant Bank Limited (AMBL)

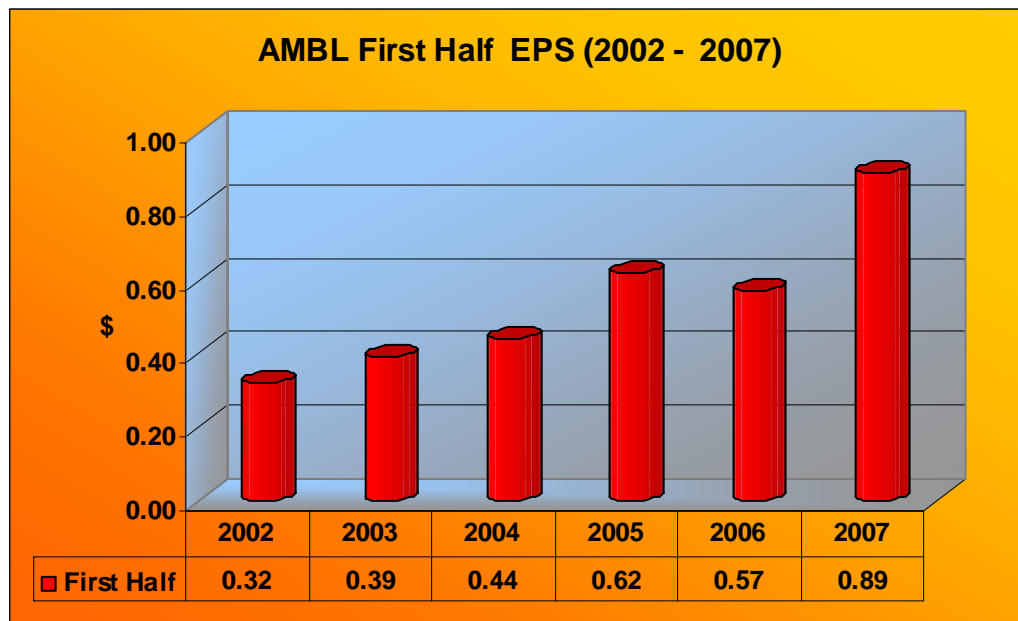
	AMBL
RECOMMENDATION	BUY
Current Price	\$21.88
Running EPS	\$2.09
Projected EPS	\$2.15
P/E at Projected EPS	10.18 times
Estimated Dividend	\$0.90
Dividend Yield @ Estimated Dividend	4.11%
Return on Assets	4.12%
Return on Equity	14.36%

Results for the Half Year Ended June 30, 2007

Earnings Per Share

Ansa Merchant Bank Limited (AMBL) for the Half Year Ended June 30, 2007, reported Earnings Per Share (EPS) of 89 cents which represented a significant increase of 56.14 per cent or 32 cents when compared to HY06. **Graph 1** below shows AMBL's First Half EPS over the period 2002-2007.

Graph 1





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Financials

For HY07, Total Income increased 27.56 per cent or \$62.74 million to \$290.40 million while Total Expenses rose 15.54 per cent or \$26.82 million to \$199.38 million. As such, Operating Profit for the period amounted to \$91.02 million, up a considerable 65.18 per cent or \$35.92 million on the same period in FY06.

The Effective Tax Rate for the period under review was 18 per cent compared to a Tax Rate of 12.39 per cent in HY06. Thus, Profit After Taxation, ended the period at \$74.64 million, up 54.60 per cent or \$26.36 million on the corresponding period in the previous financial year. According to the Chairman, this growth in Profit was complemented by the continued strong contribution from the General Insurance Business. In addition, the Bank's business lines continued to emulate excellent risk management principles and accordingly the Bank's financial results were progressive.

See Table 1 for AMBL's Financial Data for HY07 and HY06 (Restated) in addition to Q207 and Q107.

Table 1

Ansa Merchant Bank Limited Financial Data Half Year 2007 on Half Year 2006 and Q207 on Q107								
	HY07 \$'000	Change \$ HY07-HY06	Change % HY07-HY06	Restated HY06 \$'000	Q207 \$'000	Change \$ Q207-Q107	Change % Q207-Q107	Q107 \$'000
Total Income	290,402	62,739	27.56%	227,663	149,514	8,626	6.12%	140,888
Total Expenses	199,384	26,822	15.54%	172,562	103,781	8,178	8.55%	95,603
Operating Profit	91,018	35,917	65.18%	55,101	45,733	448	0.99%	45,285
Taxation	16,383	9,557	140.01%	6,826	6,871	(2,641)	-27.76%	9,512
Profit After Taxation	74,635	26,360	54.60%	48,275	38,862	3,089	8.64%	35,773
Minority Interests	16	(2)	-11.11%	18	9	2	28.57%	7
Profit Attributable to Shareholders	74,619	26,362	54.63%	48,257	38,853	3,087	8.63%	35,766
EPS (cents)	89	32	56.14%	57	47	5	11.90%	42



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See Table 2 for AMBL's Year End Financial Data over the period 2003-2006.

Table 2

Ansa Merchant Bank Limited Year End Financial Data (2003-2006)							
	YE 2006	% Change '05-'06	Restated YE 2005	% Change '04-'05	YE 2004	% Change '03-'04	YE 2003
Total Income	527,415	31.96%	399,664	19.19%	335,329	509.28%	55,037
Total Expenses	366,856	29.45%	283,385	20.90%	234,401	1245.20%	17,425
Profit Before Taxation	160,559	38.08%	116,279	15.21%	100,928	168.34%	37,612
Profit for the Period	149,007	47.91%	100,740	17.10%	86,027	183.01%	30,397
EPS	\$1.77	46.28%	\$1.21	18.63%	\$1.02	4.08%	\$0.98
Market Price @ Financial Year End (TT\$)	\$18.70	-13.02%	\$21.50	28.36%	\$16.75	46.93%	\$11.40
P/E Ratio @ Financial Year End	10.56		17.77		16.42		11.63
Dividend	\$0.75	50.00%	\$0.50	11.11%	\$0.45	7.14%	\$0.42
Dividend Payout Ratio	42.37%		41.32%		44.12%		42.86%
Dividend Yield	4.01%		2.33%		2.69%		3.68%
Net Asset Value	\$12.00	9.89%	\$10.92	7.91%	\$10.12	-29.62%	\$14.38
Market to Book Ratio	1.56		1.97		1.66		0.79
Return on Equity	15.23%		11.27%		18.33%		24.39%
Return on Assets	4.52%		3.75%		5.28%		3.43%
Shares Outstanding	85,605,263		85,605,263		85,605,263		31,000,000

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

Dividends

The Board of Directors has declared an Interim Dividend of 15 cents per share (10 cents -HY06), payable on October 5, 2007. This is indicative of the Directors' confidence in the outlook for the second half of the year



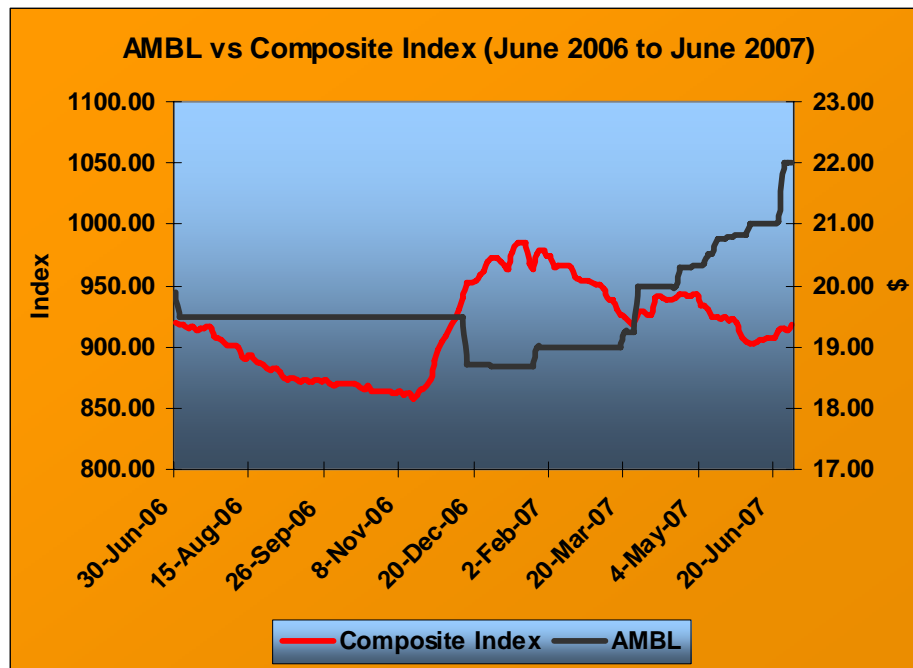
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Share Price

Over the 12 month period ended June 30, 2007, AMBL's share price saw a high of \$22.00 and a low of \$18.69. For the first half of the period the price was mostly flat at \$19.49 until December 15, 2006 when the price fell by 4.05 per cent to \$18.70. However after this drop the price progressively made its way to the 12 month high on June 30, 2007 of \$22.00. (See Graph 2)

Graph 2



Volumes

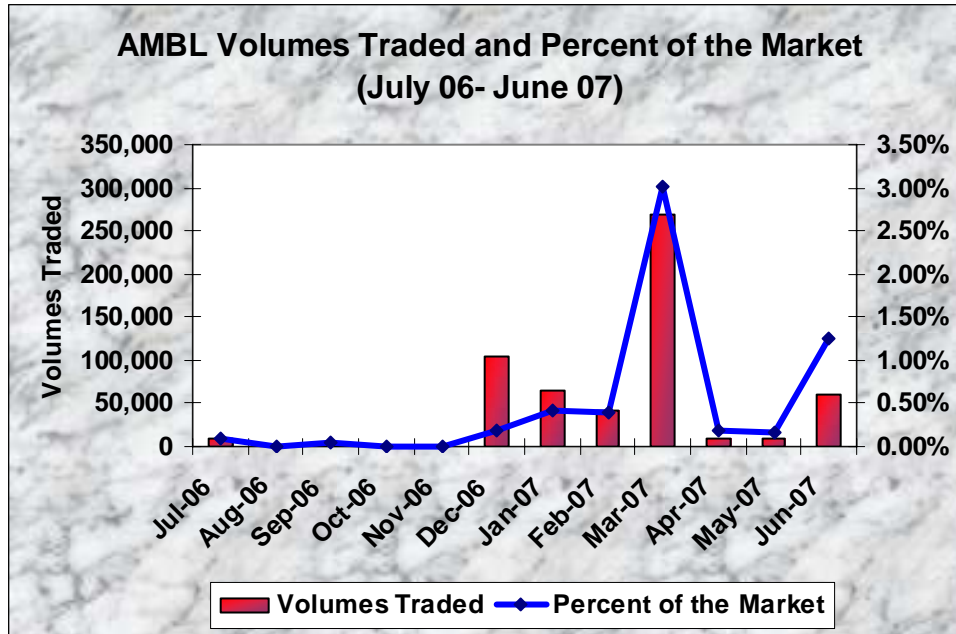
Over the period July 2006 to June 2007, AMBL saw a total of 567,706 shares traded with March 2007 being the most active as 267,957 shares changed hands, this month also saw the largest percentage (3.02 per cent) of shares traded when compared to the rest of the market. August, October and November of 2006 were the slowest months for this share as no shares crossed the floor. However, this is not abnormal for this Company since ANSA McAL Limited holds approximately 82 per cent of the issued share capital and hence there is limited availability and liquidity of these shares on the market. (See Graph 3)



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Graph 3



Recommendation

AMBL last closed at a price of \$21.88. In light of these results, we are maintaining our forecasted EPS for FY07 of \$2.15, which at the current price translates to a P/E multiple of 10.18 times. Additionally using a multiple of 12 times and the forecasted EPS of \$2.15, this share has an expected return of approximately 18 per cent on the current price or a target price of \$25.80. Thus, based on this analysis we continue to recommend a **BUY** on this share. However, as mentioned above we continue to caution investors that the shares of AMBL are very tightly held.

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