MERCHANT BANK LIMITED

UNAUDITED INTERIM RESULTS

NINE MONTHS ENDED 30th SEPTEMBER 2018

EXPRESSED IN THOUSANDS OF TRINIDAD & TOBAGO DOLLARS (TT$000)

CHAIRMAN'S STATEMENT

ANSA Merchant Bank Limited earned a consolidated profit before tax of $190.5 million for the nine (9) month period ended September 30, 2018 versus $232.3 million for the same period in 2017.This result is reflective of the sluggish economic conditions in the key markets in which we operate, namely Trinidad & Tobago and Barbados. Earnings per share for this period were $1.60 (2017: $2.04).

The Bank (Parent) produced an increased profit before tax of 1.3% over the nine (9) month period ended September 30, 2018, when adjusted for dividends received from CFC in the same period in 2017 for comparison purposes. We are also pleased to announce that our Private Wealth Management Division continues to gain momentum in the market and has complemented the current suite of products.

Our Mutual Funds continue to deliver exceptional returns to unit holders, with the 12 month return to September 30, 2018 for the ANSA TT$ Income Fund at 2.37% and ANSA US$ Income Fund at 0.95%, both in the top quartile of the industry.

Our General Insurance company, Tatil, produced profit before tax of $67.5 million which was 7.5% ahead of the performance in 2017. During the period under review, Tatil continued to gain market share in its Motor and Property books.

The performance of Tatil Life decreased by $48.0 million versus 2017, due to a decrease in insurance premiums and investment income given the declines in the local equity market and the volatility in the international capital markets.

On 7th September 2018, the Government of Barbados (GOB) announced the launch of an exchange offer open to holders of Barbados dollar-denominated debt issued by the GOB and certain state-owned enterprises, as part of its Comprehensive Debt Restructuring. The restructuring is a central pillar of the economic reform and rehabilitation programme that is being supported by the International Monetary Fund through a four-year Extended Fund Facility.

The macro economic conditions in our markets continue to pose challenges, however, we continue to monitor the local and regional economic environment for new growth opportunities, which will create enhanced value for all our stakeholders.

A. Norman Sabga
Chairman

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited 30-Sep-18	Unaudited 30-Sep-17	Audited 31-Dec-17
Assets	7,950,398	7,304,696	7,335,621
Total Assets	**7,950,398**	**7,304,696**	**7,335,621**
Liabilities	5,694,269	5,038,624	5,013,451
Total Liabilities	**5,694,269**	**5,038,624**	**5,013,451**
Non-Controlling Interest	574	564	561
Shareholders' Equity	2,255,555	2,265,508	2,321,609
Total Shareholders' Equity	**2,256,129**	**2,266,072**	**2,322,170**
Total Liabilities & Shareholders' equity	**7,950,398**	**7,304,696**	**7,335,621**

A. Norman Sabga
Chairman

Gregory N. Hill
Managing Director

CONSOLIDATED STATEMENT OF INCOME

	Unaudited 3 months to 30-Sep-18	Unaudited 3 months to 30-Sep-17	Unaudited 9 months to 30-Sep-18	Unaudited 9 months to 30-Sep-17	Audited Year Ended 31-Dec-17
Total Income	208,238	227,559	656,372	710,059	981,801
Total Expenses	(159,151)	(159,519)	(465,837)	(477,763)	(668,239)
Operating Profit	49,087	68,040	190,535	232,296	313,562
Taxation	(13,616)	(22,775)	(53,944)	(57,472)	(81,283)
Profit after Taxation	35,471	45,265	136,591	174,824	232,279
Profit attributable to:					
Equity holders of Parent	35,473	45,262	136,578	174,780	232,238
Minority Interest	(2)	3	13	44	41
Profit Attributable to Shareholders	35,471	45,265	136,591	174,824	232,279
Earnings Per Share - Basic	**0.41**	**0.53**	**1.60**	**2.04**	**2.71**
Avg. no. of shares - Basic ('000)	**85,605**	**85,605**	**85,605**	**85,605**	**85,605**

SEGMENTAL INFORMATION

	Banking			Mutual Funds		
	Unaudited 9 months to 30-Sep-18	Unaudited 9 months to 30-Sep-17	Audited Year Ended 31-Dec-17	Unaudited 9 months to 30-Sep-18	Unaudited 9 months to 30-Sep-17	Audited Year Ended 31-Dec-17
Total income	292,185	304,194	409,874	27,359	29,327	41,944
Total expenses	(159,338)	(163,078)	(195,603)	(20,681)	(19,249)	(29,472)
Profit before tax	**132,847**	**141,116**	**214,271**	**6,678**	**10,078**	**12,472**
Total assets	4,784,262	4,245,364	4,248,419	749,333	791,684	780,268
Total liabilities	3,141,411	2,556,185	2,514,388	750,054	791,686	780,234
Purchase of fixed assets	43,839	-	42,242	-	-	-
Depreciation	(25,907)	(26,720)	(35,487)	-	-	-

	Insurance Services			Eliminations		
	Unaudited 9 months to 30-Sep-18	Unaudited 9 months to 30-Sep-17	Audited Year Ended 31-Dec-17	Unaudited 9 months to 30-Sep-18	Unaudited 9 months to 30-Sep-17	Audited Year Ended 31-Dec-17
Total income	394,165	459,458	631,446	(57,337)	(82,920)	(101,463)
Total expenses	(304,575)	(326,543)	(490,641)	18,757	31,107	47,477
Profit before tax	**89,590**	**132,915**	**140,805**	**(38,580)**	**(51,813)**	**(53,986)**
Total assets	3,456,245	3,365,183	3,347,568	(1,039,442)	(1,097,535)	(1,040,634)
Total liabilities	1,935,104	1,869,404	1,850,039	(132,300)	(178,651)	(131,210)
Purchase of fixed assets	12,577	-	15,038	-	-	-
Depreciation	(2,358)	(1,454)	(2,141)	-	-	-

	Totals		
	Unaudited 9 months to 30-Sep-18	Unaudited 9 months to 30-Sep-17	Audited Year Ended 31-Dec-17
Total income	656,372	710,059	981,801
Total expenses	(465,837)	(477,763)	(668,239)
Profit before tax	**190,535**	**232,296**	**313,562**
Total assets	7,950,398	7,304,696	7,335,621
Total liabilities	5,694,269	5,038,624	5,013,451
Purchase of fixed assets	56,417	-	57,280
Depreciation	(28,265)	(28,174)	(37,628)

Tatil ... where people are people

TATIL LIFE Guaranteed Protection

Consolidated FINANCE

Bryden's INSURANCE

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 9 months to 30-Sep-18	Unaudited 9 months to 30-Sep-17	Audited Year Ended 31-Dec-17
Profit after Taxation	136,591	174,824	232,279
Other Comprehensive (Loss)/Income	(3,695)	(3,653)	(5,372)
Total Comprehensive Income (net of tax)	**132,896**	**171,171**	**226,907**
Comprehensive Income attributable to:			
Equity holders of the Parent	132,883	171,127	226,866
Minority Interest	13	44	41
Total Comprehensive Income	**132,896**	**171,171**	**226,907**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Unaudited 9 months to 30-Sep-18	Unaudited 9 months to 30-Sep-17	Audited Year Ended 31-Dec-17
Balance at the start of the period/year	2,322,170	2,202,164	2,202,164
Adjustment for the impact of IFRS 9 & IFRS 15	(103,686)	-	-
Balance at the start of the period/year, as adjusted	2,218,484	2,202,164	2,202,164
Total Comprehensive Income	132,896	171,171	226,907
Other Reserve Movements	7,475	(4,536)	(4,175)
Dividend	(102,726)	(102,727)	(102,726)
Balance at the end of the Period/year	**2,256,129**	**2,266,072**	**2,322,170**

CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 9 months to 30-Sep-18	Unaudited 9 months to 30-Sep-17	Audited Year Ended 31-Dec-17
Profit before Taxation	190,535	232,296	313,562
Gain on disposal of Property, Plant, Equipment and Investments	(6,903)	(5,373)	(10,556)
Adjustments for Non Cash Items	(185,417)	(156,788)	(86,321)
Operating Cash Flow before Working Capital Changes	(1,785)	70,135	216,685
Net Working Capital Changes	683,851	127,117	469,942
Net Taxation Paid	(58,746)	(61,806)	(74,144)
Cash Flow from Operating Activities	623,320	135,446	612,483
Investing Activities	(447,321)	(231,931)	(499,357)
Financing Activities	(149,483)	(47,895)	(203,493)
Increase/(decrease) in cash and cash equivalents	26,516	(144,380)	(90,367)
Cash & Cash equivalents at the beginning of period	567,616	657,983	657,983
Cash & Cash equivalents at the end of the period	**594,132**	**513,603**	**567,616**

Significant Accounting Policies

This interim financial report has been prepared on a historical cost basis, except for the measurement at fair value of trading investment securities, investment properties and other financial assets not held in a business model whose objective is to hold assets to collect cash flows, or whose contractual term does not give rise solely to payments of principal and interest. The consolidated financial statements of the Bank and its Subsidiaries have been prepared in accordance with IFRS. The accounting policies applied in determining the consolidated IFRS results in this report are the same as those previously applied and disclosed in the Bank's published consolidated financial statements for the year ended 31 December 2017.

Bank and its Subsidiaries: The consolidated financial statements comprise the statements of ANSA Merchant Bank Limited (the Bank/Parent) and its subsidiaries (including special purpose entities that the Bank consolidates in accordance with IFRS 10 'Consolidated Financial Statements'). All intercompany balances and transactions have been eliminated. Subsidiaries are fully consolidated from the date on which control is transferred to the Parent. Control is achieved where the Parent has (i) the power to govern the financial and operational policies of an investee, (ii) exposure or rights to variable returns from its involvement and (iii) the ability to use its power over the investee to affect the amount of the Parent's returns. Subsidiaries are de-consolidated from the date that any one of the three preceding criteria for control no longer exists.

The Group implemented Phase II – Impairment of IFRS 9, 'Financial Instruments' and adopted IFRS 15, 'Revenue from Contracts with Customers' effective 1 January 2018. Phase III – Hedge Accounting of IFRS 9 was not applicable to the Group. Retrospective application of these standards was not required, therefore the resulting adjustments were made to retained earnings as at 1 January 2018. The adjustment required up to 30 September 2018 was made through the Consolidated Statement of Income however this amount was not material.

MERCHANT BANK LIMITED

40TH ANNIVERSARY

A public Company registered on the Trinidad & Tobago Stock Exchange

Directors: A. Norman Sabga (Chairman), Gregory N. Hill (Managing Director), Ray A. Sumairsingh (Deputy Chairman), Anton Gopaulsingh, Timothy Hamel-Smith, Larry Howai, M. Musa Ibrahim, Jeremy Matouk, Nicholas W.S. Owen, Ian E. Welch, - **all c/o the following address:**

Address: 11, Maraval Road, Port-of-Spain

Phone: (868) 623-8672, Fax: (868) 624-8763

Branch Offices: 25 Royal Road, San Fernando (868) 657-1452, Fax: (868) 653-8112
Grand Bazaar Mall, Valsayn (868) 645-1903, Fax: (868) 663-4348

Bankers: Republic Bank Limited, Citibank (Trinidad & Tobago) Limited

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Together, we are Family