

Unaudited Financial Statements

As at
30 June 2020



WARWYCK

PRIVATE BANK

WARWYCK PRIVATE BANK LTD

COMMENTS ON RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

Warwyck Private Bank Ltd recorded a profit of USD 28k for the period ended 30 June 2020 compared to a loss of USD 83k for the same period in 2019. The major sources of income are interest income, account service fees, advisory fees and commission income on structured products. Expenses mainly comprised of personnel expenses, retrocession fees paid, licence fees, IT expenses, depreciation and amortisation, card expenses, interest expense and FX loss. The loss for the quarter under review amounts to USD 212k, compared to a profit of USD 52k for the same quarter in 2019. This is mainly attributable to a lower interest income and commission income on structured products during the quarter.

Net interest Income:

Interest income comprised primarily of interest earned on loans and advances and placements while interest expense represents interest paid on fixed deposits and borrowings. Net interest income stood at USD 532k. A decrease of 68% is noted as compared to June 2019 and is explained mainly by a decrease in loan and advances by 80%. A loan amounting to USD 95m was repaid in the October 2019 thus explaining the variance in the net interest income for the quarter ended 30 June 2020 and the cumulative results to 30 June 2020 compared to 2019. Coupled with Covid 19 challenges, interest on money market fund dropped in the current quarter and for the six months period, USD 376k for the period ended June 2020 compared to USD 813k in 2019. This was due to a fall in interest rate.

Non-Interest Income:

Non-interest income stood at USD 1.64m as at 30 June 2020. The components of non-interest income are set up fees, investment advisory fees, accounts service fees and other fees received. As compared to June 2019, a decrease of 33% is noted and is mainly caused by a decrease in commission income on structured products earned in the period under review. The volume of transactions in structured products dropped during the period under review with no major activity in the last three months. This equally explains the lower commission income in the second quarter 2020 compared to 2019.

Non-Interest Expense:

Non-interest expenses were USD 2.14m and included personnel expenses of USD 698k. The other main operating expenses included retrocession fees of USD 160k, licence fees of USD 235k, depreciation and amortization of USD 323k, card expenses of USD 105k and FX loss of USD 113k. The remaining USD 508k includes several expenses of smaller amounts. The expenses for the period 2020 were generally lower than those incurred in 2019 and more specifically lower forex losses and retrocession fees paid. Non-Interest expenses have decreased by 61% during the reporting quarter compared to 2019 due to major variances on forex gains and losses and retrocession fees (included in the other expenses).

WARWYCK PRIVATE BANK LTD

COMMENTS ON RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

Assets:

Total assets as at 30 June 2020 were at USD 134m. This represents a 22% decrease over December 2019 figures. The main contributor for this decline was a drop-in cash and cash equivalent by 42% resulting from a decrease in deposits from customers to the tune of USD 40m in the period.

The loan to deposit ratio was 23% at 30 June 2020. (Dec 2019: 18% and June 2019: 55%).

Liabilities:

Total liabilities amounted to USD 118m as at 30 June 2020 representing a 26% decrease as compared to 31 December 2019. This decrease is due to a drop in our deposit base from USD 157m as at December 2019 to USD 117m as at June 2020.

Shareholders' Funds:

The share capital was USD 13.20m, statutory reserves were USD 2.09m and accumulated profits stood at USD 1.53m. There was a capital injection of USD 1.50m in April 2020 from the shareholders. Thus, equity stood at USD 16.82m, higher than that reported as at 31 December 2019 of USD 15.30m.

Capital Adequacy Ratio:

The capital adequacy ratio was well above the required minimum limit of 11.875% and stood at 22.71% as at 30 June 2020. (Dec 2019: 18.27%).

Credit Quality

The bank's credit portfolio comprises primarily of cash covered loans and overdrafts with no significant credit exposures outstanding and no significant impaired credits. All credit transactions are undertaken in accordance to the bank credit risk management policy and credit facilities granted to related parties are tabled at the Conduct Review Committee.

Liquidity

The bank is in a good liquidity position which is demonstrated by the Liquidity Coverage Ratio (LCR) of 205% as at 30 June 2020 (154% 31 December 2019) which is well above the required percentage limit of 100%. The bank's current High-Quality Liquid Assets (HQLA) portfolio comprises of foreign currency deposits at the Central Bank. We also rely on a strong liquidity management policy to maintain a strong liquidity position.

Events after the reporting date of 30 June 2020

Management and the Board are closely monitoring the impact of the outbreak of Covid-19 on the bank. It is expected that 2020 will be characterised by a slowdown of business activities generally and a drop in revenues.

By order of the Board:

The abridged quarterly unaudited financial statements have been prepared in accordance with the same accounting policies as those set out in the audited financial statements for the year ended 31 December 2019 which are the International Financial Reporting Standards, the Mauritius Companies Act 2001, the Banking Act 2004 and guidelines issued by the Bank of Mauritius.


WARWYCK PRIVATE BANK LTD**ABRIDGED UNAUDITED INTERIM FINANCIAL STATEMENTS**

Statement of financial position as at 30 June 2020

	June 2020 USD	December 2019 USD	June 2019 USD
ASSETS			
Cash and cash equivalents	60,581,843	103,954,489	86,602,017
Placements with an overseas banks	12,281,217	2,945,191	2,538,665
Derivative financial assets	122,890	1,951	178,891
Loan and advances	26,709,953	28,894,403	130,153,943
Property, plant and equipment	5,642,592	5,842,316	5,525,239
Right of use assets	70,110	4,755	-
Intangible assets	342,687	405,769	415,348
Deferred tax assets	-	-	18,310
Current tax assets	10,038	6,138	-
Other assets	28,610,918	31,188,036	31,844,060
Total assets	134,372,248	173,243,048	257,276,473
LIABILITIES			
Deposits from customers	117,106,741	157,210,674	236,222,190
Borrowings	96	6,561	5,387,482
Derivatives financial liabilities	2,854	2,913	48,633
Deferred tax liabilities	35,306	35,306	-
Lease liabilities	71,687	4,853	-
Other liabilities	330,851	685,887	1,073,144
Total liabilities	117,547,535	157,946,194	242,731,449
SHAREHOLDERS' EQUITY			
Stated capital	13,200,000	11,700,000	11,700,000
Statutory reserve	2,092,389	2,092,389	1,992,078
Retained earnings	1,532,324	1,504,465	852,946
Total equity	16,824,713	15,296,854	14,545,024
Total liabilities and equity	134,372,248	173,243,048	257,276,473



Mr Karl Aeschbacher
Chief Executive Officer



Mr Deenaraj Sooben
Director

WARWYCK PRIVATE BANK LTD

ABRIDGED UNAUDITED INTERIM FINANCIAL STATEMENTS

Statement of comprehensive income for the 6 months period ended 30 June 2020

	Quarter ended June 2020 USD	Quarter ended June 2019 USD	6 months ended June 2020 USD	Year ended December 2019 USD	6 months ended June 2019 USD
Interest income	156,580	1,353,861	630,323	4,897,880	2,719,909
Interest expense	(39,013)	(527,369)	(98,822)	(1,754,134)	(1,059,012)
Net interest income	117,567	826,492	531,501	3,143,746	1,660,897
Fee and commission income	286,567	1,066,033	1,238,165	4,083,259	1,959,215
Other income	200,175	281,167	400,350	891,051	473,574
Operating income	604,309	2,173,692	2,170,016	8,118,056	4,093,686
Personnel expenses	(331,153)	(432,154)	(697,828)	(1,759,843)	(975,613)
Operating lease expenses	-	(5,387)	-	-	(11,758)
Other expenses	(343,855)	(1,007,695)	(1,004,639)	(3,478,900)	(1,701,366)
Depreciation and amortisation	(163,554)	(130,909)	(322,761)	(579,387)	(268,110)
Net impairment losses on financial assets	(2,985)	-	(4,039)	1,278	-
Net foreign exchange losses	19,947	(545,554)	(112,890)	(1,584,988)	(1,219,931)
Profit before tax	(217,291)	51,993	27,859	716,216	(83,092)
Tax (expense)/ credit	4,798	-	-	(47,478)	-
Profit for the period/year	(212,493)	51,993	27,859	668,738	(83,092)

Statement of changes in equity for the period ended 30 June 2020

	Stated capital USD	Statutory reserve USD	Retained earnings USD	Total USD
At 01 January 2019	10,000,000	1,992,078	1,986,038	13,978,116
Capital injection	650,000	-	-	650,000
Bonus issue	1,050,000	-	(1,050,000)	-
Transaction with shareholder	1,700,000	-	(1,050,000)	650,000
Loss for the period	-	-	(83,092)	(83,092)
At 30 June 2019	11,700,000	1,992,078	852,946	14,545,024
At 01 January 2019	10,000,000	1,992,078	1,986,038	13,978,116
Capital injection	650,000	-	-	650,000
Bonus issue	1,050,000	-	(1,050,000)	-
Transaction with shareholder	1,700,000	-	1,050,000	650,000
Profit for the year	-	-	668,738	668,738
Transfers to statutory reserve during the year	-	100,311	(100,311)	-
At 31 December 2019	11,700,000	2,092,389	1,504,465	15,296,854
At 01 January 2020	11,700,000	2,092,389	1,504,465	15,296,854
Capital injection	1,500,000	-	-	1,500,000
Transaction with shareholder	1,500,000	-	-	1,500,000
Profit for the period	-	-	27,859	27,859
At 30 June 2020	13,200,000	2,092,389	1,532,324	16,824,713

ABRIDGED UNAUDITED INTERIM FINANCIAL STATEMENTS

Statement of cash flows for the period ended 30 June 2020

	June 2020 USD	December 2019 USD	June 2019 USD
Operating Activities			
Profit/(Loss) before tax	27,859	716,216	(83,092)
Adjustments for:			
Depreciation	211,267	373,159	166,503
Amortisation	111,494	206,228	101,607
Loss on sale of property, plant and equipment	-	3,803	-
Fair value gain on disposal of investment	-	(71,458)	-
Interest expense	98,822	1,754,134	1,059,013
Unwinding of discount of lease liability	1,844	1,308	-
Interest paid	(119,871)	(2,678,777)	(117,165)
Interest Income	(630,323)	(4,897,880)	(2,719,909)
Interest received	254,223	5,186,532	-
Dividend income	-	(5,081)	-
Total adjustments	(72,544)	(128,032)	(1,509,951)
Changes in operating assets and Liabilities			
Decrease/(Increase) in placement with Overseas Bank	(9,336,026)	(8,263)	398,263
Decrease/(Increase) in loans and advances	2,184,489	107,603,508	9,167,846
Decrease/(Increase) in other assets	2,435,593	(4,501,211)	(5,146,366)
(Decrease)/ Increase in deposits from customers	(40,082,884)	(117,331,670)	(40,186,646)
(Decrease)/ Increase in other liabilities	(285,193)	(251,956)	135,299
Tax paid	-	(32,966)	(32,965)
Other dividend received	433,561	1,134,934	-
Net Cash Flows from / (used in) operating activities	(44,695,145)	(12,799,440)	(37,257,612)
Cash flows from investing activities			
Investment in shares	-	(238,182)	-
Acquisition of intangible assets	(33,642)	(5,156)	-
Acquisition of property, plant and equipment	(11,543)	(623,773)	(33,087)
Derivatives financial instruments	(120,998)	340,601	209,381
Disposal of investment	-	1,017,055	707,415
Disposal of property, plant and equipment	-	63,149	1,379,617
Dividend received	-	5,081	-
Net Cash used in investing activities	(166,183)	558,775	2,263,326
Cash Flows from Financing activities			
Repayment of lease liability	(4,853)	(20,228)	-
Increase in share capital	1,500,000	650,000	650,000
Net cash flows generated from financing activities	1,495,147	629,772	650,000
Net change in cash and cash equivalents	(43,366,181)	(11,610,893)	(34,344,286)
Cash and cash equivalents at the beginning of period/year	103,947,928	115,558,821	115,558,821
Cash and cash equivalents at the end of period/year	60,581,747	103,947,928	81,214,535
Cash and cash equivalents are made up of:			
Cash in hand and at bank	60,581,843	103,954,489	86,602,017
Overdrawn bank balances	(96)	(6,561)	(5,387,482)
Cash and cash equivalents, end of period/year	60,581,747	103,947,928	81,214,535