

Unaudited Financial Statements

As at
30 September 2020



WARWYCK

PRIVATE BANK

WARWYCK PRIVATE BANK LTD

COMMENTS ON RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

Warwyck Private Bank Ltd reported a loss of USD 170k for the nine months ended 30 September 2020 compared to a profit of USD 894k 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 ended 30 September 2020 amounted to USD 198k, compared to a profit of USD 977k for the quarter ended 30 September 2019. This was 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 represented interest paid on fixed deposits and borrowings. Net interest income stood at USD 633k for the nine months ended 30 September 2020. A decrease of 76% was noted as compared to the same period in 2019 and is explained mainly by a decrease in loans and advances by USD 89.02m. A loan amounting to approximately USD 95m was repaid in the month of October 2019 thus explaining the variance in the net interest income for the quarter ended 30 September 2020 and the cumulative results to nine months ended 30 September 2020 compared to 2019. Additionally, interest income on money market fund and placements with overseas bank continued to drop in the current quarter and for the nine months period, being USD 413k for the nine months ended 30 September 2020 (MM fund: USD 342k and placements: USD 71k) compared to USD 1.32m for the nine months ended 30 September 2019 (MM fund: USD 1.03m and placements: USD 288k). This was mainly due to a fall in interest rate on USD placements (September 2020: 0.08% and September 2019: 2.00%). The net interest income for the third quarter ended 30 September 2020 was USD 101k, lower by USD 822k against the quarter ended 30 September 2019.

Non-Interest Income:

Non-interest income stood at USD 2.19m for the nine months ended 30 September 2020 compared to USD 3.75m for the same period last year. The main components of non-interest income are set up fees, investment advisory fees and accounts service fees. As compared to the nine months ended 30 September 2019, a decrease of 42% was noted and it was mainly due to no set up fees was earned during the six months ended 30 September 2020 as there was practically no active structured products since March 2020. Set up fees for the nine months ended 30 September 2019 amounted to USD 1.84m while only USD 548k was received for the nine months ended 30 September 2020. A decrease of USD 125k was also noted in Investment advisory fees for the nine months ended 30 September 2020 (September 2020: USD 361k and September 2019: USD 486k).

Non-Interest Expense:

Non-interest expenses were USD 3.07m and included personnel expenses of USD 1.05m. The other components of operating expenses comprised of retrocession fees of USD 181k, licence fees of USD 353k, depreciation and amortisation of USD 479k, card expenses of USD 162k, Utilities of USD 155k, legal and professional fees of USD 124k and FX loss of USD 102k. The remaining USD 464k includes several expenses of smaller amounts. Non-Interest expenses were lower by USD 2.35m for the nine months ended 30 September 2020 compared to same period in 2019 mainly due to decrease in retrocession fees (USD 942k in September 2019) and FX loss (USD 1.08m in September 2019).

Assets:

Total assets as at 30 September 2020 were at USD 116.04m. This represented a 33% decrease over December 2019 figures. The main contributor for this decline was a drop-in cash and cash equivalent by 53% resulting from a decrease in deposits from customers to the tune of USD 58.36m in the period.

Other assets stood at USD 25.56m and dropped by 18% compared to December 2019. The drop was mainly due to repayment of margin deposit for structured products held with counter parties.

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COMMENTS ON RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

Assets (continued):

Loan and advances stood at USD 27.85m as at 30 September 2020 compared to USD 28.89m as at 31 Dec 2019 representing a decrease of 3.6%. A decrease of USD 89.02m was noted when compared to the period ending 30 September 2019.

The loan to deposit ratio was 28% at 30 September 2020. (December 2019: 18% and September 2019: 50%).

No other major variances to be reported.

Liabilities:

Total liabilities amounted to USD 99.41m as at 30 September 2020 representing a 37% decrease as compared to 31 December 2019. This decrease was due to a drop in the deposit base from USD 157.21m as at December 2019 to USD 98.85m as at September 2020.

No other major variances to be reported.

Shareholders' Funds:

The share capital was USD 13.20m, following an additional capital injection of USD 1.50m in April 2020. Statutory reserves were USD 2.09m and accumulated profits stood at USD 1.33m. Thus, equity stood at USD 16.63m, 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 25.13% as at 30 September 2020. (December 2019: 18.27% and September 2019: 18.25%).

Credit Quality

The bank's credit portfolio comprises primarily of cash covered loans and overdrafts with no significant credit exposures outstanding and no 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 249% as at 30 September 2020 (154% as at 31 December 2019 and 124% as at 30 September 2019) which is well above the required percentage of 100% (previously at 80% for 2019). 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 September 2020

Management and the Board are closely monitoring the impact of the outbreak of Covid-19 on the bank. Year 2020 is characterised by a slowdown of business activities generally and a drop in revenues. The bank has already assessed the situation in a bid to revive the business activities.

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 September 2020

	As at September 2020 USD	As at December 2019 USD	As at September 2019 USD
ASSETS			
Cash and cash equivalents	49,221,101	103,954,489	97,268,931
Placements with an overseas bank	7,364,807	2,945,191	2,059,867
Derivative financial assets	27,632	1,951	214,832
Loan and advances	27,854,678	28,894,403	116,872,335
Property, plant and equipment	5,546,531	5,842,316	5,695,341
Right of use assets	65,658	4,755	-
Intangible assets	340,597	405,769	372,835
Deferred tax assets	43,558	-	18,310
Current tax assets	11,988	6,138	-
Other assets	25,561,282	31,188,036	31,876,891
Total assets	116,037,832	173,243,048	254,379,342
LIABILITIES			
Deposits from customers	98,853,484	157,210,674	234,882,536
Borrowings	99	6,561	2,878,818
Derivatives financial liabilities	2,522	2,913	111,555
Current tax liabilities	-	-	18,882
Deferred tax liabilities	-	35,306	-
Lease liabilities	66,616	4,853	-
Other liabilities	488,071	685,887	965,050
Total liabilities	99,410,792	157,946,194	238,856,841
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	1,334,651	1,504,465	1,830,423
Total equity	16,627,040	15,296,854	15,522,501
Total liabilities and equity	116,037,832	173,243,048	254,379,342



Philippe B. Pontet
Director



Deenaraj Sooben
Director

ABRIDGED UNAUDITED INTERIM FINANCIAL STATEMENTS

	Quarter ended September 2020 USD	Quarter ended September 2019 USD	9 months ended September 2020 USD	9 months ended September 2019 USD
Interest income	138,031	1,434,252	768,354	4,154,161
Interest expense	(36,764)	(510,966)	(135,586)	(1,754,134)
Net interest income	101,267	923,286	632,768	2,584,183
Fee and commission income	322,133	1,119,014	1,588,498	3,078,229
Other income	200,175	199,685	600,525	891,051
Operating income	623,575	2,241,985	2,821,791	6,335,670
Personnel expenses	(349,033)	(388,139)	(1,046,861)	(1,363,752)
Operating lease expenses	-	(5,880)	-	(17,638)
Other expenses	(406,897)	(846,811)	(1,439,736)	(2,548,177)
Depreciation and amortisation	(156,653)	(143,899)	(479,414)	(412,009)
Net impairment losses on financial assets	1,932	-	(2,107)	-
Net foreign exchange losses	10,539	139,105	(102,351)	(1,080,827)
Profit before tax	(276,537)	996,361	(248,678)	913,267
Tax (expense)/ credit	78,864	(18,882)	78,864	(18,882)
Profit for the period/year	(197,673)	977,479	(169,814)	894,385

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

Statement of changes in equity for the nine months ended 30 September 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
Profit for the period	-	-	894,385	894,385
At 30 September 2019	11,700,000	1,992,078	1,830,423	15,522,501
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
Loss for the period	-	-	(169,814)	(169,814)
At 30 September 2020	13,200,000	2,092,389	1,334,651	16,627,040

WARWYCK PRIVATE BANK LTD
ABRIDGED UNAUDITED INTERIM FINANCIAL STATEMENTS
Statement of cash flows for the nine months ended 30 September 2020

	September 2020 USD	December 2019 USD	September 2019 USD
Operating Activities			
Profit/(Loss) before tax	(248,678)	716,216	913,267
Adjustments for:			
Depreciation	312,096	373,159	267,890
Amortisation	167,318	206,228	144,119
Loss on sale of property, plant and equipment	-	3,803	2,193
Fair value gain on disposal of investment	-	(71,458)	(7,858)
Interest expense	135,586	1,754,134	1,569,978
Unwinding of discount of lease liability	2,483	1,308	-
Interest paid	(129,684)	(2,678,777)	(220,847)
Interest Income	(768,354)	(4,897,880)	(4,154,161)
Interest received	308,069	5,186,532	2,266,871
Dividend income	-	(5,081)	-
Provision for deferred tax	78,864	-	-
Total adjustments	106,378	(128,032)	(131,815)
Changes in operating assets and Liabilities			
Decrease/(Increase) in placement with Overseas Bank	(4,419,616)	(8,263)	877,061
Decrease/(Increase) in loans and advances	1,087,411	107,603,508	22,996,452
Decrease/(Increase) in other assets	5,402,616	(4,501,211)	(5,179,197)
(Decrease)/ Increase in deposits from customers	(58,363,092)	(117,331,670)	(41,933,584)
(Decrease)/ Increase in other liabilities	(120,174)	(251,956)	27,206
Changes in derivatives financial instrument held for market risk	-	-	236,363
Tax paid	-	(32,966)	(32,966)
Other dividend received	471,899	1,134,934	-
Net Cash Flows from / (used in) operating activities	(56,083,256)	(12,799,440)	(22,227,213)
Cash flows from investing activities			
Investment in shares	-	(238,182)	-
Acquisition of intangible assets	(82,925)	(5,156)	-
Acquisition of property, plant and equipment	(16,310)	(623,773)	(371,531)
Derivatives financial instruments	(26,072)	340,601	-
Disposal of investment	-	1,017,055	707,415
Disposal of property, plant and equipment	-	63,149	72,621
Dividend received	-	5,081	-
Net Cash used in investing activities	(125,307)	558,775	408,505
Cash Flows from Financing activities			
Repayment of lease liability	(18,363)	(20,228)	-
Increase in share capital	1,500,000	650,000	650,000
Net cash flows generated from financing activities	1,481,637	629,772	650,000
Net change in cash and cash equivalents	(54,726,926)	(11,610,893)	(21,168,708)
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	49,221,002	103,947,928	94,390,113
Cash and cash equivalents are made up of:			
Cash in hand and at bank	49,221,101	103,954,489	97,268,931
Overdrawn bank balances	(99)	(6,561)	(2,878,818)
Cash and cash equivalents, end of period/year	49,221,002	103,947,928	94,390,113