

# Unaudited Financial Statements

As at  
30 June 2021



**WARWYCK**

PRIVATE BANK

## WARWYCK PRIVATE BANK LTD

### COMMENTS ON RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

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Warwyck Private Bank Ltd reported a loss of USD 292k for the six months ended 30 June 2021 compared to a profit of USD 28k for the same period in 2020. 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, licence fees, professional fees, IT expenses, fees on structured products, depreciation and amortisation and card expenses. The loss for the six months ended 30 June 2021 is mainly attributable to a drop in interest income due to prevailing low interest rates in the money market and higher expenses connected to the FX option and structured products. However, the loss for the quarter ended 30 June 2021 amounted to USD 101k compared to a loss of USD 212k for the same quarter in 2020.

#### **Net interest Income:**

Interest income comprised primarily of interest earned on loans and advances and interbank placements while interest expense represented mainly interest paid on fixed deposits and negative interest-bearing correspondent accounts. Net interest income stood at USD 320k for the six months ended 30 June 2021. A decrease of 39.6% was noted as compared to the same period in 2020 and is due to the fact that no interest income was received on Money Market Fund as at June 2021 compared to USD 324k as at June 2020. Interest income on placement with other bank also dropped from USD 52k in June 2020 to USD 20k in June 2021 due to a significant decrease in placements from USD 12.28m as at June 2020 to USD 1.59m as at June 2021, coupled with a drop in interest rates from 1.5% in January 2020 to 0.05% in June 2021 on placement with overseas bank. The net interest income for the second quarter ended 30 June 2021 was USD 213k, higher by USD 97k against the quarter ended 30 June 2020. This was due to interest income of USD 130k received on overdrafts during the second quarter of 2021 compared to only USD 1k received during the same quarter in 2020.

#### **Non-Interest Income:**

Non-interest income increased by 70.7% and stood at USD 2.85m for the six months ended 30 June 2021 compared to USD 1.67m for the same period last year. The main components of non-interest income are account service fees, investment advisory fees and commission on structured products. The increase was mainly due to higher commission received for the period on structured products from USD 548k in June 2020 to USD 1.92m in June 2021. Investment advisory fees decreased by USD 84k (35.5%) during the six months ended 30 June 2021 (June 2021: USD 152k and June 2020: USD 236k). Account service fees also fell by USD 117k (30.6%) due to a drop in clients' portfolio as compared to the six months ended 30 June 2020 (June 2021: USD 265k and June 2020: USD 382k). The non-interest income for the second quarter 2021 amounted to USD 1.42m compared to USD 501k for the same quarter in 2020 since income of USD 960k was generated on FX options during the reporting quarter in 2021 and none in second quarter of 2020.

#### **Non-Interest Expense:**

Non-interest expenses stood at USD 3.47m for the six months ended 30 June 2021 and represented an increase of USD 1.30m (60.1%) against same period in 2020. This was mainly due to an increase in expenses relating to structured products amounting to USD 1.73m for the six months ended 30 June 2021 (June 2020 – USD 160k). Non-interest expenses for the six months reporting period also include: personnel expenses of USD 587k (June 2020 – USD 698k), depreciation and amortisation of USD 330k (June 2020 – USD 323k), Licence fees of USD 202k (June 2020 – USD 187k), legal and professional fees of USD 161k (June 2020 – USD 199k), card related expenses of USD 112k (June 2020 – USD 106k), Utilities of USD 95k (June 2020 – USD 109k) and repairs and maintenance of USD 97k (June 2020 – USD 112k). The remaining USD 156k for June 2021 consisted of several expenses of smaller amounts. FX option charge for the second quarter of 2021 amounted to USD 868k. As a result, non-interest expense for the reporting quarter stood at USD 1.75m compared to USD 834k for the same quarter in 2020.

## WARWYCK PRIVATE BANK LTD

### COMMENTS ON RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

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#### **Assets:**

Total assets as at 30 June 2021 were at USD 84.20m. This represented a 30.1% decrease over December 2020 figures. The main contributors for this decline were a drop in cash and cash equivalent by 54.2% resulting from a decrease in placements by 35.3% which is linked to the reduction in deposits from customers to the tune of USD 36.3m, a fall in loan and advances of USD 3.27m and a decrease in other assets of USD 2.81m as compared to December 2020.

Other assets stood at USD 19.47m and dropped by 12.6% since December 2020, mainly due to partial repayment of margin deposit for structured products held with counterparties.

Loan and advances stood at USD 32.90m as at 30 June 2021 compared to USD 36.18m as at 31 Dec 2020 representing a decrease of 9.1%. An increase of 23.2% was noted when compared to the period ended 30 June 2020.

The loan to deposit ratio was 48.8% at 30 June 2021. (December 2020: 34.9% and June 2020: 22.8%).

No other major variances to be reported.

#### **Liabilities:**

Total liabilities amounted to USD 68.29m as at 30 June 2021 representing a decrease of 34.5% as compared to 31 December 2020. This decrease was mainly due to a drop in the deposit base from USD 103.62m as at December 2020 to USD 67.36m as at June 2021.

No other major variances to be reported.

#### **Shareholders' Funds:**

The share capital was USD 13.20m and statutory reserves were USD 2.09m. Accumulated profits stood at USD 613k. Thus, equity stood at USD 15.91m, lower than that reported as at 31 December 2020 of USD 16.20m and 30 June 2020 of USD 16.82m.

#### **Capital Adequacy Ratio:**

The capital adequacy ratio was well above the required minimum limit of 12.50% and stood at 28.8% as at 30 June 2021. (December 2020: 24.8% and June 2020: 22.7%). Total risk weighted assets stood at USD 54.29m as at 30 June 2021 (December 2020: USD 63.83m and June 2020: USD 72.55m).

#### **Credit Quality**

The bank's credit portfolio comprises of loans and overdrafts backed by adequate collaterals and no impaired credits. All credit transactions are undertaken in accordance with the bank's 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 186% as at 30 June 2021 (239% as at 31 December 2020 and 205% as at 30 June 2020) which is well above the required percentage 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.

#### **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 2020 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 2021

	As at June 2021	As at December 2020	As at June 2020
	USD	USD	USD
<b>ASSETS</b>			
Cash and cash equivalents	24,520,021	53,540,855	60,581,843
Placements with an overseas bank	1,586,855	2,453,907	12,281,217
Derivative financial assets	-	19,264	122,890
Loan and advances	32,904,640	36,179,131	26,709,953
Property, plant and equipment	5,216,553	5,449,071	5,642,592
Right of use assets	124,264	153,889	70,110
Intangible assets	195,143	299,992	342,687
Deferred tax assets	167,706	152,693	-
Current tax assets	17,838	13,938	10,038
Other assets	19,466,766	22,274,797	28,610,918
<b>Total assets</b>	<b>84,199,786</b>	<b>120,537,537</b>	<b>134,372,248</b>
<b>LIABILITIES</b>			
Deposits from customers	67,362,780	103,621,382	117,106,741
Borrowings	-	-	96
Derivatives financial liabilities	6	17,623	2,854
Deferred tax liabilities	-	-	35,306
Lease liabilities	126,778	155,306	71,687
Retirement benefit obligations	4,884	4,884	-
Other liabilities	799,828	540,824	330,851
<b>Total liabilities</b>	<b>68,294,276</b>	<b>104,340,019</b>	<b>117,547,535</b>
<b>SHAREHOLDERS' EQUITY</b>			
Stated capital	13,200,000	13,200,000	13,200,000
Statutory reserve	2,092,389	2,092,389	2,092,389
Retained earnings	613,121	905,129	1,532,324
<b>Total equity</b>	<b>15,905,510</b>	<b>16,197,518</b>	<b>16,824,713</b>
<b>Total liabilities and equity</b>	<b>84,199,786</b>	<b>120,537,537</b>	<b>134,372,248</b>

  
**Didier André Francois Bruguet**  
 Chief Executive Officer

  
**Deenaraj Sooben**  
 Director

## WARWYCK PRIVATE BANK LTD

### ABRIDGED UNAUDITED INTERIM FINANCIAL STATEMENTS

Statement of comprehensive income for the six months ended 30 June 2021

	Quarter ended June 2021	Quarter ended June 2020	6 months ended June 2021	Year ended December 2020	6 months ended June 2020
	USD	USD	USD	USD	USD
Interest income	241,208	156,580	377,461	902,524	630,323
Interest expense	(28,413)	(40,590)	(57,308)	(172,287)	(100,666)
<b>Net interest income</b>	<b>212,795</b>	<b>115,990</b>	<b>320,153</b>	<b>730,237</b>	<b>529,657</b>
Fee and commission income	1,217,075	300,565	2,445,260	1,902,551	1,266,365
Other income	200,175	200,175	400,350	800,700	400,350
<b>Operating income</b>	<b>1,630,045</b>	<b>616,730</b>	<b>3,165,763</b>	<b>3,433,488</b>	<b>2,196,372</b>
Personnel expenses	(295,808)	(331,153)	(586,748)	(1,536,891)	(697,828)
Other expenses	(1,273,310)	(356,276)	(2,539,593)	(1,922,039)	(1,030,995)
Depreciation and amortisation	(163,822)	(163,554)	(330,237)	(645,473)	(322,761)
Net impairment losses on financial assets	(14,325)	(2,985)	(13,647)	(60,906)	(4,039)
Net foreign exchange gains/(losses)	1,043	19,947	(2,559)	(53,273)	(112,890)
<b>(Loss)/Profit before tax</b>	<b>(116,177)</b>	<b>(217,291)</b>	<b>(307,021)</b>	<b>(785,094)</b>	<b>27,859</b>
Tax credit	15,013	4,798	15,013	187,887	-
<b>(Loss)/Profit for the period/year</b>	<b>(101,164)</b>	<b>(212,492)</b>	<b>(292,008)</b>	<b>(597,207)</b>	<b>27,859</b>
<b>Other comprehensive income:</b>					
<b>Items that will not be reclassified to profit and loss</b>					
<b>Other comprehensive income for the period, net of tax</b>	-	-	-	(2,129)	-
<b>Total comprehensive income for the period/year</b>	<b>(101,164)</b>	<b>(212,492)</b>	<b>(292,008)</b>	<b>(599,336)</b>	<b>27,859</b>

## ABRIDGED UNAUDITED INTERIM FINANCIAL STATEMENTS

## Statement of changes in equity for the six months ended 30 June 2021

	Stated Capital	Statutory reserve	Retained earnings	Total
	USD	USD	USD	USD
At 01 January 2020	11,700,000	2,092,389	1,504,465	15,296,854
Capital injection	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
At 01 January 2020	11,700,000	2,092,389	1,504,465	15,296,854
Capital injection	1,500,000	-	-	1,500,000
Loss for the year	-	-	(597,207)	(597,207)
Other comprehensive income	-	-	(2,129)	(2,129)
Total comprehensive income for the year	-	-	(599,336)	(599,336)
At 31 December 2020	13,200,000	2,092,389	905,129	16,197,518
<b>At 01 January 2021</b>	<b>13,200,000</b>	<b>2,092,389</b>	<b>905,129</b>	<b>16,197,518</b>
<b>Loss for the period</b>	<b>-</b>	<b>-</b>	<b>(292,008)</b>	<b>(292,008)</b>
<b>At 30 June 2021</b>	<b>13,200,000</b>	<b>2,092,389</b>	<b>613,121</b>	<b>15,905,510</b>

## ABRIDGED UNAUDITED INTERIM FINANCIAL STATEMENTS

Statement of cash flows for the six months ended 30 June 2021

	June 2021	December 2020	June 2020
	USD	USD	USD
<b>Operating Activities</b>			
(Loss)/Profit before tax	(307,021)	(785,094)	27,859
<b>Adjustments for:</b>			
Depreciation of property, plant and equipment	195,765	411,324	211,267
Depreciation of right of use assets	29,624	28,610	111,494
Amortisation of intangible assets	104,848	205,539	-
Net loss on sale of property, plant and equipment	9,771	-	-
Interest expense	54,027	168,592	98,822
Unwinding of discount of lease liabilities	3,281	3,695	1,844
Interest paid	(61,233)	(202,625)	(119,871)
Interest income	(377,461)	(902,524)	(630,323)
Interest received	384,809	911,283	687,784
Provision for retirement benefit obligations	-	2,643	-
Total adjustments	343,431	626,537	361,017
<b>Changes in operating assets and Liabilities</b>			
Decrease/(increase) in placement with an overseas bank	867,052	467,558	(9,336,026)
Decrease/(Increase) in loans and advances	3,267,143	(7,269,761)	2,184,489
Decrease in other assets	2,804,131	8,905,439	2,435,593
(Decrease) in deposits from customers	(36,251,396)	(53,555,259)	(40,082,884)
Increase/(Decrease) in other liabilities	259,004	(145,063)	(285,193)
<b>Net cash used in operating activities</b>	<b>(29,017,656)</b>	<b>(51,755,643)</b>	<b>(44,695,145)</b>
<b>Cash flows from investing activities</b>			
Acquisition of intangible assets	-	(99,762)	(33,642)
Acquisition of property, plant and equipment	(3,660)	(18,079)	(11,543)
Derivative financial instruments	1,647	(2,603)	(120,998)
Proceeds from disposal of property, plant and equipment	30,644	-	-
<b>Net cash from/(used in) investing activities</b>	<b>28,631</b>	<b>(120,444)</b>	<b>(166,183)</b>
<b>Cash Flows from Financing activities</b>			
Increase in stated capital	-	1,500,000	1,500,000
Principal paid on lease liabilities	(28,528)	(27,291)	(4,853)
Interest paid on lease liabilities	(3,281)	(3,695)	-
<b>Net cash (used in)/from financing activities</b>	<b>(31,809)</b>	<b>1,469,014</b>	<b>1,495,147</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(29,020,834)</b>	<b>(50,407,073)</b>	<b>(43,366,181)</b>
Cash and cash equivalents at the beginning of the year	53,540,855	103,947,928	103,947,928
<b>Cash and cash equivalents at the end of the year</b>	<b>24,520,021</b>	<b>53,540,855</b>	<b>60,581,747</b>
<b>Cash and cash equivalents are made up of:</b>			
Cash in hand and at bank	24,520,021	53,540,855	60,581,843
Overdrawn bank balances	-	-	(96)
<b>Cash and cash equivalents, end of period/year</b>	<b>24,520,021</b>	<b>53,540,855</b>	<b>60,581,747</b>