

Unaudited Financial Statements

As at
30 September 2021



warwyck

PRIVATE BANK

COMMENTS ON RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

Warwyck Private Bank Ltd reported a loss of USD 276k for the nine months ended 30 September 2021 compared to a loss of USD 170k 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, repairs and maintenance (including IT expenses), fees on structured products, depreciation and amortisation and card expenses. The loss for the nine months ended 30 September 2021 is mainly attributable to a drop in interest income due to prevailing low interest rates in the money market, lower advisory fees and higher charges connected to the FX option and structured products. However, for the quarter ended 30 September 2021, the Bank reported a profit of USD 16k as compared to a loss of USD 198k 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 bank correspondent accounts. Net interest income stood at USD 572k for the nine months ended 30 September 2021. A decrease of 9.3% 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 for the nine months ended 30 September 2021 compared to USD 341k for the same period in 2020. Interest income on placement with other bank also dropped from USD 71k in September 2020 to USD 25k in September 2021 due to a drop in interest rates from 1.5% in January 2020 to 0.07% in September 2021 on placement with overseas bank. The net interest income for the third quarter ended 30 September 2021 was USD 251k, higher by USD 150k against the same quarter in 2020. This was due to interest income of USD 153k received on overdrafts during the third quarter of 2021 compared to only USD 1k received during the same quarter in 2020.

Non-Interest Income:

Non-interest income increased by 116.9% and stood at USD 4.75m for the nine months ended 30 September 2021 compared to USD 2.19m 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 September 2020 to USD 3.34m in September 2021. Investment advisory fees decreased by USD 141k (39.1%) during the nine months ended 30 September 2021 (September 2021: USD 220k and September 2020: USD 361k). Account service fees also fell by USD 146k (27.2%) due to a drop in clients' portfolio as compared to the nine months ended 30 September 2020 (September 2021: USD 390k and September 2020: USD 536k). The non-interest income for the third quarter 2021 amounted to USD 1.90m compared to USD 522k for the same quarter in 2020 since income of USD 1.42k was generated on structured products during the reporting quarter in 2021 and none in third quarter of 2020.

Non-Interest Expense:

Non-interest expenses stood at USD 5.61m for the nine months ended 30 September 2021 and represented an increase of USD 2.54m (82.9%) against same period in 2020. This was mainly due to higher charges relating to structured products amounting to USD 2.96m for the nine months ended 30 September 2021 (September 2020 – USD 181k). Non-interest expenses for the nine months reporting period also include: personnel expenses of USD 871k (September 2020 – USD 1.05m), depreciation and amortisation of USD 497k (September 2020 – USD 479k), Licence fees of USD 256k (September 2020 – USD 297k), legal and professional fees of USD 238k (September 2020 – USD 273k), card related expenses of USD 165k (September 2020 – USD 162k), Utilities of USD 139k (September 2020 – USD 155k) and repairs and maintenance of USD 121k (September 2020 – USD 134k). The remaining USD 363k for September 2021 consisted of several expenses of smaller amounts. FX option charge for the third quarter of 2021 amounted to USD 1.23m. As a result, non-interest expense for the reporting quarter stood at USD 2.14m compared to USD 899k for the same quarter in 2020.

Assets:

Total assets as at 30 September 2021 stood at USD 92.94m. This represented a 22.9% decrease over December 2020 figures. The major contributors for this decline were a drop in cash and cash equivalent by 54.0% (USD28.92m) resulting from a reduction in clients' deposits to the tune of USD 28.36m, coupled with a decrease in other assets of USD 8.13m as compared to December 2020. However, loan and advances witnessed an increase of 29.9% as compared to December 2020.

Other assets stood at USD 14.14m and dropped by 36.5% since December 2020, mainly due to partial repayment of margin deposit for structured products held with counterparties.

Loan and advances stood at USD 46.99m as at 30 September 2021 compared to USD 36.18m as at 31 Dec 2020 representing an increase of 29.9%. An increase of 68.7% is noted when compared with the period ending 30 September 2020.

The loan to deposit ratio was 62.4% at 30 September 2021. (December 2020: 34.9% and September 2020: 28.2%).

No other major variances to be reported.

Liabilities:

Total liabilities amounted to USD 77.02m as at 30 September 2021 representing a decrease of 26.2% 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 75.26m as at September 2021 (September 2020: - USD 98.85m). Other liabilities increased from USD 540k in December 2020 to USD 1.63m in September 2021 and was mainly due to deposit in transit amounting to USD 1.14m.

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 630k, thus equity stood at USD 15.92m, lower than that reported as at 31 December 2020 of USD 16.20m and 30 September 2020 of USD 16.63m.

Capital Adequacy Ratio:

The capital adequacy ratio was well above the required minimum limit of 12.5% and stood at 29.7% as at 30 September 2021. (December 2020: 24.8% and September 2020: 25.1%). Total risk weighted assets stood at USD 53.03m as at 30 September 2021 (December 2020: USD 63.83m and September 2020: USD 64.70m).

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 184% as at 30 September 2021 (239% as at 31 December 2020 and 235% as at 30 September 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.

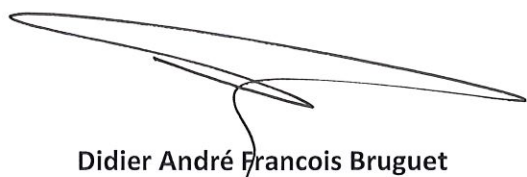
By order of the Board:

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 September 2021

	As at September 2021	As at December 2020	As at September 2020
	USD	USD	USD
ASSETS			
Cash and cash equivalents	24,619,579	53,540,855	49,221,101
Placements with an overseas bank	1,569,223	2,453,907	7,364,807
Derivative financial assets	5,254	19,264	27,632
Loan and advances	46,986,789	36,179,131	27,854,678
Property, plant and equipment	5,183,720	5,449,071	5,546,531
Right of use assets	114,639	153,889	65,658
Intangible assets	142,797	299,992	340,597
Deferred tax assets	167,706	152,693	43,558
Current tax assets	5,850	13,938	11,988
Other assets	14,141,927	22,274,797	25,561,282
Total assets	92,937,484	120,537,537	116,037,832
LIABILITIES			
Deposits from customers	75,260,543	103,621,382	98,853,484
Borrowings	-	-	99
Derivatives financial liabilities	325	17,623	2,522
Lease liabilities	117,474	155,306	66,616
Retirement benefit obligations	4,884	4,884	-
Other liabilities	1,632,256	540,824	488,071
Total liabilities	77,015,482	104,340,019	99,410,792
SHAREHOLDERS' EQUITY			
Stated capital	13,200,000	13,200,000	13,200,000
Statutory reserve	2,092,389	2,092,389	2,092,389
Retained earnings	629,613	905,129	1,334,651
Total equity	15,922,002	16,197,518	16,627,040
Total liabilities and equity	92,937,484	120,537,537	116,037,832



Didier André Francois Bruguet
Chief Executive Officer



Deenaraj Sooben
Director

WARWYCK PRIVATE BANK LTD

ABRIDGED UNAUDITED INTERIM FINANCIAL STATEMENTS

Statement of profit or loss and other comprehensive income for the nine months ended 30 September 2021

	Quarter ended September 2021 USD	Quarter ended September 2020 USD	9 months ended September 2021 USD	Year ended December 2020 USD	9 months ended September 2020 USD
Interest income	278,076	138,031	655,537	902,524	768,354
Interest expense	(26,651)	(37,403)	(83,959)	(172,287)	(138,069)
Net interest income	251,425	100,628	571,578	730,237	630,285
Fee and commission income	1,703,054	322,133	4,148,314	1,902,551	1,588,498
Other income	200,175	200,175	600,525	800,700	600,525
Operating income	2,154,654	622,936	5,320,417	3,433,488	2,819,308
Personnel expenses	(284,058)	(349,033)	(870,806)	(1,536,891)	(1,046,861)
Other expenses	(1,564,192)	(406,258)	(4,103,785)	(1,922,039)	(1,437,253)
Depreciation and amortisation	(166,809)	(156,653)	(497,046)	(645,473)	(479,414)
Net impairment losses on financial assets	(37,103)	1,932	(50,750)	(60,906)	(2,107)
Net foreign exchange (losses)/ gains	(86,000)	10,539	(88,559)	(53,273)	(102,351)
Profit/(Loss) before tax	16,492	(276,537)	(290,529)	(785,094)	(248,678)
Tax credit	-	78,864	15,013	187,887	78,864
Profit/(Loss) for the period/year	16,492	(197,673)	(275,516)	(597,207)	(169,814)
Other comprehensive income:					
Items that will not be reclassified to profit and loss					
Other comprehensive income for the period, net of tax	-	-	-	(2,129)	-
Total comprehensive income for the period/year	16,492	(197,673)	(275,516)	(599,336)	(169,814)

ABRIDGED UNAUDITED INTERIM FINANCIAL STATEMENTS

Statement of changes in equity for the nine months ended 30 September 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
Loss for the period	-	-	(169,814)	(169,814)
At 30 September 2020	13,200,000	2,092,389	1,334,651	16,627,040
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
At 01 January 2021	13,200,000	2,092,389	905,129	16,197,518
Loss for the period	-	-	(275,516)	(275,516)
At 30 September 2021	13,200,000	2,092,389	629,613	15,922,002

ABRIDGED UNAUDITED INTERIM FINANCIAL STATEMENTS

Statement of cash flows for the nine months ended 30 September 2021

	September 2021	December 2020	September 2020
	USD	USD	USD
Operating Activities			
Loss before tax	(290,529)	(785,094)	(248,678)
Adjustments for:			
Depreciation of property, plant and equipment	293,685	411,324	312,096
Depreciation of right of use assets	46,166	28,610	19,222
Amortisation of intangible assets	157,195	205,539	148,096
Net loss on sale of property, plant and equipment	9,771	-	-
Interest expense	79,226	168,592	135,586
Unwinding of discount of lease liabilities	4,733	3,695	2,483
Interest paid	(69,416)	(202,625)	(129,684)
Interest income	(655,537)	(902,524)	(768,354)
Interest received	553,663	911,283	746,416
Provision for retirement benefit obligations	-	2,643	-
Total adjustments	419,486	626,537	465,861
Changes in operating assets and Liabilities			
Decrease/(increase) in placement with an overseas bank	884,684	467,558	(4,419,616)
Decrease/(Increase) in loans and advances	(10,705,784)	(7,269,761)	1,061,663
Decrease in other assets	8,140,958	8,905,439	5,620,904
(Decrease) in deposits from customers	(28,370,649)	(53,555,259)	(58,363,092)
Increase/(Decrease) in other liabilities	1,091,432	(145,063)	(197,816)
Net cash used in operating activities	(28,830,402)	(51,755,643)	(56,080,774)
Cash flows from investing activities			
Acquisition of intangible assets	-	(99,762)	(82,925)
Acquisition of property, plant and equipment	(68,748)	(18,079)	(16,309)
Derivative financial instruments	(3,288)	(2,603)	(26,072)
Proceeds from disposal of property, plant and equipment	30,644	-	-
Net cash from/(used in) investing activities	(41,392)	(120,444)	(125,306)
Cash Flows from Financing activities			
Increase in stated capital	-	1,500,000	1,500,000
Principal paid on lease liabilities	(44,749)	(27,291)	(18,363)
Interest paid on lease liabilities	(4,733)	(3,695)	(2,483)
Net cash (used in)/from financing activities	(49,482)	1,469,014	1,479,154
Net (decrease)/increase in cash and cash equivalents	(28,921,276)	(50,407,073)	(54,726,926)
Cash and cash equivalents at the beginning of the year	53,540,855	103,947,928	103,947,928
Cash and cash equivalents at the end of period/year	24,619,579	53,540,855	49,221,002
Cash and cash equivalents are made up of:			
Cash in hand and at bank	24,619,579	53,540,855	49,221,101
Overdrawn bank balances	-	-	(99)
Cash and cash equivalents at the end of period/year	24,619,579	53,540,855	49,221,002