

Unaudited Financial Statements

As at
31 March 2022



WARWYCK

PRIVATE BANK

WARWYCK PRIVATE BANK LTD

COMMENTS ON RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2022

Warwyck Private Bank Ltd reported a loss of USD 221k for the three months ended 31 March 2022 compared to a loss of USD 191k for the same period in 2021. The major sources of income are interest income, account service fees, advisory fees and net commission income on structured products. Expenses mainly comprised of personnel expenses, licence fees, professional fees, repairs and maintenance (including IT expenses), depreciation and amortisation and card expenses. The loss for the three months ended 31 March 2022 is mainly attributable to lower income received and higher FX loss than expected during the period.

Net interest Income:

Interest income amounted to USD 247k for the three months period ended 31 March 2022. This comprised of interest earned on loans and advances and interbank placements and represents an increase of USD 110k as compared to the same period in 2021. Both interests received on loans and on overdrafts witnessed an increase of USD 5k and USD 117k respectively. This is explained by the increase in overdraft balance from USD 248k as at March 2021 to USD 24.21m as at March 2022. Other interest income witnessed a decrease of USD 11k as compared to same period last year due to decrease in interbank placements from USD 32.42m in March 2021 to USD 1.81m in March 2022.

Interest expense comprised of interest paid on fixed deposits and negative interest bearing nostro accounts. The total interest expense for the three months ended 31 March 2022 stood at USD 33k and represented a rise of USD 4k over the same period last year. This was due to increase in negative interest paid on nostro accounts during the past few months (March 2022: - USD15k and March 2021: - USD 2K). However, the bank witnessed a decrease in interest paid on fixed deposits due to lower portfolio as compared to same period last year.

Consequently, the net interest income stood at USD 214k for the first quarter ended 31 March 2022 compared to USD 107k for the same period last year.

Net fee and commission income:

Fees and commission income stood at USD 237k for the three months period ended 31 March 2022, representing a decrease of USD 127k compared to same period in 2021 which stood at USD 364k. This fall is mainly due to lower net commission income of USD 53k received on structured products as compared to same period last year (Net FX Option - March 2022: USD 42k vs March 2021: USD 95k). Additionally, advisory fees and account service fees also witnessed a fall during the reporting period, both resulting from a lower clients' portfolio value. For the three months period ended 31 March 2022, advisory fees stood at USD 62k (March 2021: USD 84k) and account service fees stood at USD 103k (March 2021: USD 137k). Other fee income amounted to USD 31k for the three months ended 31 March 2022 and was lower than the same period last year which stood at USD 48k. This is mainly due to lower loan processing fees of USD 13k received and lower commission on card of USD 7k during the reporting period. The remaining USD 3k represents higher fee income on remittance outward and audit confirmation fees than same period last year.

Fees and commission expense stood at USD 118k for the three months period ended 31 March 2022 and witnessed a decrease of USD 43k as compared to same period last year. Fees and commission expense comprises mainly of card expenses of USD 96k (including accrual of USD45k for credit card project (March 2021 – USD 58k) and custody fees expense of USD 18k (March 2021 – USD 14k).

As a result, the net commission income for the three months period ended March 2022 amounted to USD 119k against USD 289k for the same period last year. For the three months' period ended 31 March 2022, FX option income was USD 376k and FX option charge was USD 334k compared to USD 959k as income and USD 864k as expense respectively for the same period last year.

Other income (shared expense) for the three months period ended 31 March 2022 stood at USD 193k (March 2021: USD 200k). The decrease of USD 7k was due to a reduction in shared expense for one entity.

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Operational Expense:

Non-interest expenses stood at USD 746k for the three months ended 31 March 2022 and represented a decrease of USD 41k (5.2%) against same period in 2021. This was mainly due to lower depreciation and amortisation expense of USD 74k (March 2022: USD 92k vs March 2021: USD 166k, lower personnel expense of USD 17k (March 2022: USD 274k vs March 2021: USD 291k), lower other expenses of USD 27k (March 2022: USD 300k vs March 2021: USD 327k), coupled with higher FX loss of USD 78k (March 2022: USD 82k vs March 2021: USD 4k).

Assets:

Total assets as at 31 March 2022 stood at USD 85.52m. This represented an 8.9% decrease over December 2021 figures. The major contributor for this decline was a drop in cash and cash equivalent by 26.4% (USD8.62m) resulting from a reduction in clients' deposits to the tune of USD 8.22m. Loan and advances on the other hand witnessed an increase of USD 1.21m as compared to December 2021.

Loan and advances stood at USD 46.22m as at 31 March 2022 compared to USD 45.01m as at 31 December 2021 representing an increase of 2.7%. An increase of 47.4% is noted when compared with the period ending 31 March 2021 and is mainly due to increase in Overdraft from USD 248k in March 2021 to USD 24.21m in March 2022.

The loan to deposit ratio was 66.9% at 31 March 2022. (December 2021: 58.2% and March 2021: 36.5%).

The bank did not have any placement with overseas bank as at the reporting period (December 2021: USD 810k and March 2021: USD 1.58m). However, short term interbank placement (term of maturity less than 90days) stood at USD 1.81m as at 31 March 2022 and was reported under cash and cash equivalent (December 2021: USD 675k and March 2021: USD 30.84m)

Other assets stood at USD 9.80m and dropped by 1.9% since December 2021. A drop of 49.5% was noted when compared to March 2021 and was mainly due to partial repayment of margin deposit for structured products held with counterparties.

No other major variances to be reported.

Liabilities:

Total liabilities amounted to USD 69.70m as at 31 March 2022 representing a decrease of 10.5% as compared to 31 December 2021. This decrease was mainly due to a drop in the deposit base from USD 77.36m as at December 2021 to USD 69.14m as at 31 March 2022 (March 2021: - USD 86.00m). Other liabilities increased from USD 368k in December 2021 to USD 468k in March 2022 and was mainly due to increase in accrued expenses.

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 529k, thus equity stood at USD 15.82m, lower than that reported as at 31 December 2021 of USD 16.04m and 31 March 2021 of USD 16.01m.

Capital Adequacy Ratio:

The capital adequacy ratio was well above the required minimum limit of 12.5% and stood at 35.51% as at 31 March 2022. (December 2021: 34.94% and March 2021: 27.28%). Total risk weighted assets stood at USD 44.17m as at 31 March 2022 (December 2021: USD 45.51m and March 2021: USD 57.49m).

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.

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Liquidity

The bank is in a good liquidity position which is demonstrated by the Liquidity Coverage Ratio (LCR) of 217% as at 31 March 2022 (136% as at 31 December 2021 and 157% as at 31 March 2021) 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 2021 which are the International Financial Reporting Standards, the Mauritius Companies Act 2001, the Banking Act 2004 and guidelines issued by the Bank of Mauritius. The December 2021 figures are based on draft financial accounts.

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ABRIDGED UNAUDITED INTERIM FINANCIAL STATEMENTS

Statement of financial position as at 31 March 2022

	As at March 2022 USD	As at December 2021 (Draft) USD	As at March 2021 USD
ASSETS			
Cash and cash equivalents	23,995,725	32,618,232	44,544,866
Placements with an overseas bank	-	809,867	1,583,644
Derivative financial assets	127,619	-	14,144
Loan and advances	46,220,856	45,014,264	31,367,718
Property, plant and equipment	5,043,318	5,107,928	5,349,894
Right of use assets	81,557	98,098	139,076
Intangible assets	79,620	90,607	247,567
Deferred tax assets	161,577	161,577	152,693
Current tax assets	9,750	7,800	15,888
Other assets	9,799,194	9,989,092	19,414,326
Total assets	85,519,216	93,897,465	102,829,816
LIABILITIES			
Deposits from customers	69,140,226	77,364,281	85,995,207
Derivatives financial liabilities	-	16,514	98,701
Lease liabilities	84,469	101,067	141,126
Retirement benefit obligations	4,884	4,884	4,884
Other liabilities	468,153	368,445	583,224
Total liabilities	69,697,732	77,855,191	86,823,142
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	529,095	749,885	714,285
Total equity	15,821,484	16,042,274	16,006,674
Total liabilities and equity	85,519,216	93,897,465	102,829,816


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 three months ended 31 March 2022

	3 months ended March 2022	Year ended December 2021 (Draft)	3 months ended March 2021
	USD	USD	USD
Interest income	246,620	899,171	136,253
Interest expense	(32,541)	(120,051)	(28,895)
Net interest income	214,079	779,120	107,358
Fee and commission income	237,053	1,632,940	363,785
Fees and commission expense	(118,347)	(294,312)	(74,953)
Net Fees and Commission Income	118,706	1,338,628	288,832
Other income	192,675	800,700	200,175
Operating income	525,460	2,918,448	596,365
Personnel expenses	(274,293)	(1,064,224)	(290,940)
Other expenses	(300,246)	(1,248,914)	(326,930)
Depreciation and amortisation	(92,136)	(642,151)	(166,415)
Net impairment gain/ (losses) on financial assets	2,421	(30,923)	678
Net foreign exchange losses	(81,996)	(96,364)	(3,602)
(Loss) before tax	(220,790)	(164,128)	(190,844)
Tax credit	-	8,884	-
(Loss) for the period/year	(220,790)	(155,244)	(190,844)
Other comprehensive income:			
Items that will not be reclassified to profit and loss			
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive income for the period/year	(220,790)	(155,244)	(190,844)

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Statement of changes in equity for the three months ended 31 March 2022

	Stated Capital	Statutory reserve	Retained earnings	Total
	USD	USD	USD	USD
At 01 January 2022	13,200,000	2,092,389	749,885	16,042,274
Loss for the period	-	-	(220,790)	(220,790)
At 31 March 2022	13,200,000	2,092,389	529,095	15,821,484
At 01 January 2021	13,200,000	2,092,389	905,129	16,197,518
Loss for the year	-	-	(155,244)	(155,244)
At 31 December 2021	13,200,000	2,092,389	749,885	16,042,274
At 01 January 2021	13,200,000	2,092,389	905,129	16,197,518
Loss for the period	-	-	(190,844)	(190,844)
At 31 March 2021	13,200,000	2,092,389	714,285	16,006,674

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Statement of cash flows for the three months ended 31 March 2022

	March 2022 USD	December 2021 (Draft) USD	March 2021 USD
Operating Activities			
(Loss)/Profit before tax	(220,790)	(164,128)	(190,844)
Adjustments for:			
Depreciation of property, plant and equipment	64,610	370,059	99,179
Depreciation of right of use assets	16,541	62,707	14,812
Amortisation of intangible assets	10,987	209,385	52,424
Net loss on sale of property, plant and equipment	-	9,771	-
Interest expense	31,467	114,054	27,171
Interest expense on lease liabilities	1,074	5,997	1,724
Interest paid	(53,626)	(111,815)	(35,504)
Interest income	(246,620)	(899,171)	(136,253)
Interest received	274,993	828,251	142,325
Total adjustments	99,426	589,238	165,878
Changes in operating assets and Liabilities			
Decrease in placement with an overseas bank	809,867	1,644,040	870,263
Decrease/(Increase) in loans and advances	(1,234,965)	(8,764,213)	4,805,341
Decrease/(Increase) in other assets	187,948	12,291,843	2,858,521
(Decrease) in deposits from customers	(8,201,896)	(26,259,340)	(17,617,842)
Increase/(Decrease) in other liabilities	99,708	(172,379)	42,400
Net cash used in operating activities	(8,460,702)	(20,834,939)	(9,066,283)
Cash flows from investing activities			
Acquisition of property, plant and equipment	-	(69,330)	-
Derivative financial instruments	(144,133)	18,155	86,198
Proceeds from disposal of property, plant and equipment	-	30,644	-
Net cash from/(used in) investing activities	(144,133)	(20,531)	86,198
Cash Flows from Financing activities			
Principal paid on lease liabilities	(16,598)	(61,156)	(14,180)
Interest paid on lease liabilities	(1,074)	(5,997)	(1,724)
Net cash (used in)/from financing activities	(17,672)	(67,153)	(15,904)
Net (decrease)/increase in cash and cash equivalents	(8,622,507)	(20,922,623)	(8,995,989)
Cash and cash equivalents at the beginning of the year	32,618,232	53,540,855	53,540,855
Cash and cash equivalents at the end of period/year	23,995,725	32,618,232	44,544,866
Cash and cash equivalents are made up of:			
Cash in hand and at bank	23,995,725	32,618,232	44,544,866
Overdrawn bank balances	-	-	-
Cash and cash equivalents at the end of period/year	23,995,725	32,618,232	44,544,866