

Unaudited Financial Statements

As at
30 June 2022



WARWYCK

PRIVATE BANK

WARWYCK PRIVATE BANK LTD

COMMENTS ON RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

Warwyck Private Bank Ltd reported a loss of USD 266k for the six months ended 30 June 2022 compared to a loss of USD 292k 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, depreciation and amortisation and card expenses. For the quarter ended 30 June 2022, the Bank reported a loss of USD 45k as compared to a loss of USD 101k for the same quarter in 2021.

Net interest Income:

Interest income amounted to USD 571k for the six months period ended 30 June 2022. This comprised of interest earned on loans and advances and interbank placements and represents an increase of USD 153k as compared to the same period in 2021. Interests received on loans witnessed a decrease of USD 39k, explained by a fall in loan balance from USD 32.55m in June 2021 to USD 18.90m in June 2022. Conversely, interest received on overdrafts witnessed an increase of USD 201k, explained by a rise in overdraft balance from USD 396k as at June 2021 to USD 25.21m as at June 2022. Other interest income witnessed a decrease of USD 9k as compared to same period last year due to decrease in interbank placements from USD 12.12m in June 2021 to USD 5.00m in June 2022. The net interest income for the second quarter ended 30 June 2022 was USD 300k, higher by USD 65k against the same quarter in 2021. This was mainly due to interest income of USD 214k received on overdrafts during the second quarter of 2022 compared to only USD 130k received during the same quarter in 2021.

Interest expense comprised of interest paid on fixed deposits and nostro accounts. The total interest expense for the six months ended 30 June 2022 stood at USD 53k and represented a fall of USD 4k over the same period last year. This was due to a decrease in interest paid on fixed deposits (June 2022:- USD 28k and June 2021:- USD 53k), resulting from lower portfolio as compared to same period last year (June 2022: - USD 5.75m and June 2021: - USD 15.09m). However, the bank also witnessed an increase in negative interest paid on nostro accounts during the reporting period (June 2022: - USD25k and June 2021: - USD 4k).

Consequently, the net interest income stood at USD 519k for the six months ended 30 June 2022 compared to USD 361k for the same period last year, while for the second quarter ended June 2022, the net interest income amounted to USD 300k compared to USD 235k for the second quarter 2021.

Net fee and commission income:

Fees and commission income stood at USD 486k for the six months period ended 30 June 2022, representing a decrease of USD 187k compared to same period in 2021 which stood at USD 673k. This fall is mainly due to lower net commission income of USD 71k received on structured products as compared to same period last year (Net FX Option - June 2022: USD 116k vs June 2021: USD 187k). 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 six months period ended 30 June 2022, advisory fees stood at USD 108k (June 2021: USD 152k) and account service fees stood at USD 205k (June 2021: USD 265k). Other fee income amounted to USD 56k for the six months ended 30 June 2022 and was lower than the same period last year which stood at USD 68k. This is mainly due to lower commission on card of USD 10k during the reporting period. The remaining USD 2k represents lower fee income on remittance outward and audit confirmation fees than same period last year. For the second quarter 2022, fees and commission income amounted to USD 254k compared to USD 327k for the same quarter last year.

Fees and commission expense stood at USD 198k for the six months period ended 30 June 2022 and witnessed an increase of USD 63k as compared to same period last year. Fees and commission expense comprises mainly of card expenses of USD 152k (June 2021:- USD 112k) and custody fees expense of USD 34k (June 2021 – USD 17k). Fees and commission expense amounted to USD 80k and USD 60k for the second quarter of 2022 and 2021 respectively.

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COMMENTS ON RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

Net fee and commission income (Cont'd):

As a result, the net commission income for the six months period ended June 2022 amounted to USD 288k against USD 537k for the same period last year. While the net fee and commission income for the second quarter ended 30 June 2022 was USD 174k, lower by USD 92k against the same quarter in 2021.

Other income for the six months period ended 30 June 2022 stood at USD 321k (June 2021: USD 400k), linked to a reduction in shared expense. Other income for the second quarter 2022 was USD 129k compared to USD 200k for same quarter in 2021.

Operating Expense:

Operating expense stood at USD 1.41m for the six months ended 30 June 2022 and represented a decrease of USD 197k (12.2%) against same period in 2021. This was mainly due to lower depreciation and amortisation expense of USD 132k (June 2022: USD 198k vs June 2021: USD 330k, lower other expenses of USD 70k (June 2022: USD 602k vs June 2021: USD 672k), coupled with higher personnel expense of USD 19k (June 2022: USD 606k vs June 2021: USD 587k) and FX loss of USD 8k (June 2022: USD 10k vs June 2021: USD 2k). Operating expenses for the reporting quarter stood at USD 662k compared to USD 818k for the same quarter in 2021.

Assets:

Total assets as at 30 June 2022 stood at USD 81.16m. This represented an 13.4% decrease over December 2021 figures. The major contributor for this decline was a drop in cash and cash equivalent and placements with overseas banks by 30.6% (USD10.22m) resulting from a reduction in clients' deposits to the tune of USD 12.54m.

During the period ended 30 June 2022, the bank acquired a software amounting to USD 945k. Loan and advances stood at USD 44.03m as at 30 June 2022 compared to USD 44.86m as at 31 December 2021 representing a decrease of 1.8%. An increase of 33.8% is noted when compared with the period ending 30 June 2021 and is mainly due to increase in Overdraft from USD 396k in June 2021 to USD 25.21m in June 2022.

The loan to deposit ratio was 67.9% at 30 June 2022. (December 2021: 58.0% and June 2021: 48.9%).

The bank did not have any placement with overseas bank as at the reporting date (December 2021: USD 810k and June 2021: USD 1.59m). However, short term interbank placement stood at USD 5.0m as at 30 June 2022 and was included in cash and cash equivalent (December 2021: USD 675k and June 2021: USD 10.53m)

Other assets stood at USD 7.56m and dropped by 24.2% since December 2021. A drop of 61.2% was noted when compared to June 2021 and was mainly due to partial repayment of margin deposit and other receivables.

Liabilities:

Total liabilities amounted to USD 65.55m as at 30 June 2022 representing a decrease of 15.8% 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 64.83m as at 30 June 2022 (June 2021: - USD 67.36m). Other liabilities increased from USD 368k in December 2021 to USD 426k in June 2022 and was mainly due to increase in accrued expenses.

Derivative financial liabilities amounting to USD 222k as at 30 June 2022 representing a substantial increase compared to USD 17k as at 31 December 2021.

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Shareholders' Funds:

The share capital was USD 13.20m and statutory reserves were USD 2.09m. Accumulated profits stood at USD 318k, thus equity stood at USD 15.61m, lower than that reported as at 31 December 2021 of USD 15.88m and 30 June 2021 of USD 15.90m.

Capital Adequacy Ratio:

The capital adequacy ratio was well above the required minimum limit of 12.5% and stood at 40.98% as at 30 June 2022. (December 2021: 34.69% and June 2021: 28.79%). Total risk weighted assets stood at USD 35.44m as at 30 June 2022 (December 2021: USD 45.32m and June 2021: USD 54.29m).

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 241% as at 30 June 2022 (136% as at 31 December 2021 and 186% as at 30 June 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.


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

Statement of financial position as at 30 June 2022

	As at June 2022 USD	As at December 2021 USD	As at June 2021 USD
ASSETS			
Cash and cash equivalents	23,212,210	32,618,232	24,520,021
Placements with an overseas bank	-	809,867	1,586,855
Loan and advances	44,034,564	44,860,536	32,904,640
Property, plant and equipment	5,092,840	5,107,928	5,216,553
Right of use assets	65,016	98,098	124,264
Intangible assets	1,000,617	90,607	195,143
Deferred tax assets	184,681	169,953	167,706
Current tax assets	11,700	7,800	17,838
Other assets	7,559,520	9,969,092	19,466,766
Total assets	81,161,148	93,732,113	84,199,786
LIABILITIES			
Deposits from customers	64,829,142	77,364,281	67,362,780
Derivatives financial liabilities	221,832	16,514	6
Lease liabilities	67,679	101,067	126,778
Retirement benefit obligations	5,353	5,353	4,884
Other liabilities	426,413	368,445	799,828
Total liabilities	65,550,419	77,855,660	68,294,276
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	318,340	584,064	613,121
Total equity	15,610,729	15,876,453	15,905,510
Total liabilities and equity	81,161,148	93,732,113	84,199,786



Didier André François Brugué
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 six months ended 30 June 2022

	3 months ended June 2022 USD	3 months ended June 2021 USD	6 months ended June 2022 USD	Year ended December 2021 USD	6 months ended June 2021 USD
Interest income	319,841	263,664	571,363	937,819	417,907
Interest expense	(20,025)	(28,413)	(52,566)	(120,051)	(57,308)
Net interest income	299,816	235,251	518,797	817,768	360,599
Fee and commission income	253,728	326,819	485,879	1,420,564	672,614
Fees and commission expense	(79,503)	(60,393)	(197,850)	(294,312)	(135,346)
Net Fees and Commission Income	174,225	266,426	288,029	1,126,252	537,268
Other income	128,675	200,175	321,350	800,700	400,350
Operating income	602,716	701,852	1,128,176	2,744,720	1,298,217
Personnel expenses	(331,381)	(295,808)	(605,674)	(1,064,776)	(586,748)
Other expenses	(302,017)	(345,117)	(602,263)	(1,248,914)	(672,047)
Depreciation and amortisation	(106,331)	(163,822)	(198,467)	(642,151)	(330,237)
Net impairment gains/ (losses) on financial assets	5,578	(14,325)	7,999	(30,923)	(13,647)
Net foreign exchange gains/(losses)	71,773	1,043	(10,223)	(96,364)	(2,559)
Loss before tax	(59,662)	(116,177)	(280,452)	(338,408)	(307,021)
Income tax credit	14,728	15,013	14,728	17,264	15,013
Loss for the period/year	(44,934)	(101,164)	(265,724)	(321,144)	(292,008)
Other comprehensive income:					
Items that will not be reclassified to profit and loss	-	-	-	79	-
Other comprehensive income for the period, net of tax	-	-	-	79	-
Total comprehensive loss for the period/year	(44,934)	(101,164)	(265,724)	(321,065)	(292,008)

ABRIDGED UNAUDITED INTERIM FINANCIAL STATEMENTS

Statement of changes in equity for the six months ended 30 June 2022

	Stated Capital	Statutory reserve	Retained earnings	Total
	USD	USD	USD	USD
At 01 January 2022	13,200,000	2,092,389	584,064	15,876,453
Loss for the period	-	-	(265,724)	(265,724)
At 31 June 2022	13,200,000	2,092,389	318,340	15,610,729
At 01 January 2021	13,200,000	2,092,389	905,129	16,197,518
Loss for the year	-	-	(321,065)	(321,065)
At 31 December 2021	13,200,000	2,092,389	584,064	15,876,453
At 01 January 2021	13,200,000	2,092,389	905,129	16,197,518
Loss for the period	-	-	(292,008)	(292,008)
At 30 June 2021	13,200,000	2,092,389	613,121	15,905,510

ABRIDGED UNAUDITED INTERIM FINANCIAL STATEMENTS

Statement of cash flows for the six months ended 30 June 2022

	June 2022 USD	December 2021 USD	June 2021 USD
Operating Activities			
Loss before tax	(280,452)	(338,408)	(307,021)
Adjustments for:			
Depreciation of property, plant and equipment	130,285	370,058	195,765
Depreciation of right of use assets	33,082	62,708	29,624
Amortisation of intangible assets	35,100	209,385	104,848
Net loss on sale of property, plant and equipment	-	9,771	9,771
Interest expense	50,611	114,054	54,027
Interest expense on lease liabilities	1,955	5,997	3,281
Interest income	(571,363)	(937,819)	(377,461)
Provision for retirement benefit obligations	-	552	-
Total adjustments	(320,330)	(165,294)	19,855
Changes in operating assets and Liabilities			
Decrease in placement with an overseas bank	809,867	1,644,040	867,052
Decrease/(Increase) in loans and advances	725,778	(8,610,485)	3,267,143
Decrease in other assets	2,405,672	12,311,843	2,804,131
Decrease in deposits from customers	(12,505,177)	(26,259,340)	(36,251,396)
Increase/(Decrease) in other liabilities	57,968	(172,379)	259,004
Interest paid	(80,573)	(111,815)	(61,233)
Interest received	671,557	866,899	384,809
Net cash used in operating activities	(8,515,690)	(20,834,939)	(29,017,656)
Cash flows from investing activities			
Acquisition of intangible assets	(945,111)	-	-
Acquisition of property, plant and equipment	(115,196)	(69,330)	(3,660)
Derivative financial instruments	205,318	18,155	1,647
Proceeds from disposal of property, plant and equipment	-	30,644	30,644
Net cash (used in)/from investing activities	(854,989)	(20,531)	28,631
Cash Flows from Financing activities			
Principal paid on lease liabilities	(33,388)	(61,156)	(28,528)
Interest paid on lease liabilities	(1,955)	(5,997)	(3,281)
Net cash used in financing activities	(35,343)	(67,153)	(31,809)
Net decrease in cash and cash equivalents	(9,406,022)	(20,922,623)	(29,020,834)
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	23,212,210	32,618,232	24,520,021