



WARWYCK

PRIVATE BANK



Unaudited Financial Statements

As at 31 March 2023

WARWYCK PRIVATE BANK LTD

COMMENTS ON RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2023

Warwyck Private Bank Ltd reported a loss of USD 132k for the three months ended 31 March 2023 compared to a loss of USD 221k for the same period in 2022. The major sources of income are interest income, account service fees and advisory fees. Expenses mainly comprised of personnel expenses, licence fees, professional fees, depreciation and amortisation, bank charges and card expenses. The loss for the three months ended 31 March 2023 is mainly attributable to lower income received and higher expenses than expected during the period.

Net interest Income:

Interest income amounted to USD 421k for the three months period ended 31 March 2023. This comprised of interest earned on loans and advances and interbank placements which represents an increase of USD 170k as compared to the same period in 2022. Interests received on loans recognised an increase of USD 14k mainly due to higher interest rate as at 31 March 2023 as compared to 31 March 2022. Conversely, interest received on overdrafts decreased by USD 88k compared to the same period last year. This can be attributed to lower overdraft facilities (March 2023: USD 3.19m v/s March 2022: USD 24.15m). Other interest income witnessed an increase of USD 243k as compared to same period last year due to an increase in placement of USD 29.94m compared to USD 1.81m in 2022 and a rise in interest rate from 0.05% to 4.64% for USD for the period under review.

Interest expense comprised of interest paid on fixed deposits. The total interest expense for the three months ended 31 March 2023 stood at USD 35k compared to USD 33k in corresponding period in 2022. It comprised of interest paid on fixed deposits (March 2023: USD 35k and March 2022: USD 17k) and other interest (March 2023: Nil and March 2022: USD 15k).

As a result, the net interest income stood at USD 386k for the first quarter ended 31 March 2023 as compared to USD 219k for the same quarter last year.

Net fee and commission income:

Fees and commission income stood at USD 178k for the period ended 31 March 2023, representing a decline of USD 54k compared to same period in 2022 which stood at USD 232k. This fall can be mainly attributed to no commission income received on structured products as compared to last year (Net FX Option March 2023: Nil vs March 2022: USD 41k). Additionally, advisory fees also witnessed a fall during the reporting period, resulting from a lower clients' portfolio value following closure of some cells. For the three months ended 31 March 2023 advisory fees stood at USD 44k (March 2022: USD 62k). Other fee income amounted to USD 29k for the period ended 31 March 2023 and was higher than the same period last year which stood at USD 26k. This was mainly due to higher card income received during the reporting period.

Fees and commission expense stood at USD 66k for the period ended 31 March 2023 and witnessed a decrease of USD 52k as compared to the same period last year. Fees and commission expense comprised of card expenses of USD 54k (March 2022: USD 96k – include cancellation fees Mastercard), administration fees expense of USD 9k (March 2022: USD 18k) and retrocession fees of USD 3k (March 2022: USD 4k).

Consequently, the net commission income for the quarter ended 31 March 2023 amounted to USD 112k, USD 2k less than same quarter last year.

Other income (shared expense) for the three months ended 31 March 2023 stood at USD 172k (March 2022: USD 193k). The decrease was due to a reduction in shared expense for one entity.

Operating Expense:

Operating expenses stood at USD 802k for the three months ended 31 March 2023 and represented an increase of USD 56k (7.5%) against same period in 2022. This increase can mainly be explained by higher depreciation and amortisation expense of USD 17k (March 2023: USD 109k vs March 2022: USD 92k), higher personnel expenses of USD 26k (March 2023: USD 300k vs March 2022: USD 274k) and higher

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COMMENTS ON RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2023

other expenses of USD 124k (March 2023: USD 424k vs March 2022: USD 300k) coupled with net gains/(losses) movement in FX USD 108k (March 2023: net gains of USD 26k vs March 2022: net losses USD 82k).

Assets:

Total assets as at 31 March 2023 stood at USD 72.04m representing an 8% increase over December 2022 figures. This growth can mainly be attributed to an increase in cash and cash equivalent by USD 12.15m which resulted partly from increase in clients' deposits and repayment of receivables from related company.

On the other hand, a decline of USD 2.7m in loans and advances can be noted compared to December 2022 whilst the portfolio shrank by more than 50% when compared to 31 March 2022 (March 2023: USD 19.41m vs March 2022: USD 46.07m). This can be explained by the fall in overdraft from USD 24.15m March 2022 to USD 3.19m in March 2023.

The loan to deposit ratio stood at 34.39% as at 31 March 2023. (December 2022: 43.63% and March 2022: 66.63%).

The bank had placement with overseas bank as at the reporting date of USD 29.94m (December 2022: USD 22.13m and March 2022: USD 1.81m). The short term placement which stood at USD 28.68m as at 31 March 2023 was included in cash and cash equivalents (December 2022: USD 20.26m and March 2022: USD 1.81m).

Other assets which stood at USD 3.88m dropped by nearly 45% since December 2022. The other assets fell drastically by 60% compared to 31 March 2022. Such decline can be explained by the repayment of intercompany balances in year 2023.

No other major variances to be reported.

Liabilities:

Total liabilities amounted to USD 56.79m as at 31 March 2023 represented an increase of 11.1% as compared to 31 December 2022. This growth was mainly due to an increase in the deposit base from USD 50.71m as at December 2022 to USD 56.44m as at 31 March 2023 (March 2022: USD 69.14m). Other liabilities fell from USD 488k in December 2022 to USD 329k in March 2023 which resulted mainly due decrease in prepaid cards liability.

No other major variances to be reported.

Shareholders' Funds:

The share capital was USD 13.20m and statutory reserves were USD 2.09m. Accumulated losses stood at USD 44k with total equity at USD 15.25m, lower than that reported as at 31 December 2022 of USD 15.38m and 31 March 2022 of USD 15.66m.

Capital Adequacy Ratio:

The capital adequacy ratio was well above the required minimum limit of 12.5% which stood at 41.57% as at 31 March 2023 (December 2022: 38.82% and March 2022: 38.03%). Total risk weighted assets stood at USD 34.43m as at 31 March 2023 (December 2022: USD 37.10m and March 2022: USD 40.77m).

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 171% as at 31 March 2023 (219% as at 31 December 2022 and 217% as at 31 March 2022) 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 2022 which are the International Financial Reporting Standards, the Mauritius Companies Act 2001, the Banking Act 2004 and guidelines issued by the Bank of Mauritius.

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ABRIDGED UNAUDITED INTERIM FINANCIAL STATEMENTS

Statement of financial position as at 31 March 2023

	As at March 2023 USD	As at December 2022 USD	As at March 2022 USD
ASSETS			
Cash and cash equivalents	41,458,464	29,312,931	23,995,725
Placements with an overseas bank	1,257,679	1,870,955	-
Derivative financial assets	-	-	127,619
Loan and advances	19,410,266	22,125,685	46,067,128
Property, plant and equipment	4,977,864	5,021,089	5,043,318
Right of use assets	-	5,564	81,557
Intangible assets	849,838	899,963	79,620
Deferred tax assets	192,156	192,156	169,953
Current tax assets	11,807	8,775	9,750
Other assets	3,884,545	7,074,444	9,799,194
Total assets	72,042,619	66,511,562	85,373,864
LIABILITIES			
Deposits from customers	56,443,937	50,711,372	69,140,226
Derivatives financial liabilities	-	-	-
Lease liabilities	-	5,999	84,469
Retirement benefit obligations	21,606	21,606	5,353
Other liabilities	329,028	392,690	488,153
Total liabilities	56,794,571	51,131,667	69,718,201
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	(44,341)	87,506	363,274
Total equity	15,248,048	15,379,895	15,655,663
Total liabilities and equity	72,042,619	66,511,562	85,373,864


Loic Chollet-Vergé
Chief Executive Officer and Director


Deenaraj Sooben
Director

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Statement of profit or loss and other comprehensive income for the three months ended 31 March 2023

	3 months ended March 2023 USD	Year ended December 2022 USD	3 months ended March 2022 USD
Interest income	421,435	1,157,226	251,522
Interest expense	(35,228)	(79,083)	(32,541)
Net interest income	386,207	1,078,143	218,981
Fee and commission income	177,798	827,183	232,151
Fees and commission expense	(66,091)	(368,080)	(118,347)
Net Fees and Commission Income	111,707	459,103	113,804
Other income	172,096	689,008	192,675
Operating income	670,010	2,226,254	525,460
Personnel expenses	(300,130)	(1,186,490)	(274,293)
Other expenses	(424,002)	(1,265,505)	(300,246)
Depreciation and amortisation	(109,437)	(433,970)	(92,136)
Net impairment gains/(losses) on financial assets	6,046	(7,254)	2,421
Net foreign exchange gains/(losses)	25,666	151,619	(81,996)
Loss before tax	(131,847)	(515,346)	(220,790)
Tax credit	-	22,032	-
Loss for the period/year	(131,847)	(493,314)	(220,790)
Other comprehensive income:			
Items that will not be reclassified to profit and loss		(3,244)	
Other comprehensive loss for the period, net of tax	-	(3,244)	-
Total comprehensive loss for the period/year	(131,847)	(496,558)	(220,790)

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Statement of changes in equity for the three months ended 31 March 2023

	Stated capital USD	Statutory reserve USD	Retained earnings USD	Total USD
At 01 January 2023	13,200,000	2,092,389	87,506	15,379,895
Loss for the period	-	-	(131,847)	(131,847)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(131,847)	(131,847)
At 31 March 2023	13,200,000	2,092,389	(44,341)	15,248,048
At 01 January 2022	13,200,000	2,092,389	584,064	15,876,453
Loss for the year	-	-	(493,314)	(493,314)
Other comprehensive loss	-	-	(3,244)	(3,244)
Total comprehensive loss for the year	-	-	(496,558)	(496,558)
At 31 December 2022	13,200,000	2,092,389	87,506	15,379,895
At 01 January 2022	13,200,000	2,092,389	584,064	15,876,453
Loss for the period	-	-	(220,790)	(220,790)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(220,790)	(220,790)
At 31 March 2022	13,200,000	2,092,389	363,274	15,655,663

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Statement of cash flows for the three months ended 31 March 2023

	March 2023 USD	December 2022 USD	March 2022 USD
Operating Activities			
Loss before tax	(131,847)	(515,346)	(220,790)
Adjustments for:			
Depreciation of property, plant and equipment	53,748	238,220	64,610
Depreciation of right of use assets	5,564	59,995	16,541
Amortisation of intangible assets	50,125	135,755	10,987
Net loss on sale of property, plant and equipment	-	-	-
Interest expense	35,178	76,033	31,467
Interest expense on lease liabilities	50	3,050	1,074
Interest income	(421,435)	(1,157,226)	(251,522)
Provision for retirement benefit obligations	-	12,838	-
Total adjustments	(276,770)	(631,335)	(126,843)
Changes in operating assets and Liabilities			
Decrease/(increase) in placement with an overseas bank	629,224	(1,059,737)	809,867
Decrease/(increase) in loans and advances	2,716,355	22,661,338	(1,234,965)
Decrease in other assets	3,186,867	1,941,765	167,948
Increase/(decrease) in deposits from customers	5,735,622	(26,646,209)	(8,201,896)
Increase/(decrease) in other liabilities	(63,662)	24,245	119,708
Interest paid	(38,285)	(85,783)	(53,626)
Interest received	404,551	1,229,388	279,895
Tax refund	-	7,800	-
Net cash generated from/(used in) operating activities	12,162,055	(3,073,874)	(8,460,702)
Cash flows from investing activities			
Acquisition of property, plant and equipment	(10,523)	(151,381)	-
Derivative financial instruments	-	(16,514)	(144,133)
Proceeds from disposal of property, plant and equipment	-	-	-
Net cash used in investing activities	(10,523)	(167,895)	(144,133)
Cash flows from financing activities			
Principal paid on lease liabilities	(5,949)	(60,482)	(16,598)
Interest paid on lease liabilities	(50)	(3,050)	(1,074)
Net cash used in financing activities	(5,999)	(63,532)	(17,672)
Net increase/(decrease) in cash and cash equivalents	12,145,533	(3,305,301)	(8,622,507)
Cash and cash equivalents at the beginning of the year	29,312,931	32,618,232	32,618,232
Cash and cash equivalents at the end of period/year	41,458,464	29,312,931	23,995,725