



**UNAUDITED INTERIM
FINANCIAL REPORT**

FOR QUARTERLY ENDED
30 SEPTEMBER

2022



SICOM FINANCIAL SERVICES LTD
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED
30 SEPTEMBER 2022

SICOM Financial Services Ltd (the **Company**) has the pleasure to submit its Unaudited Interim Financial Report for the quarter ended 30 September 2022 (the **report**), as required under the Banking Act 2004.

This explanatory note, together with the accompanying report, have been prepared in accordance with the International Financial Reporting Standards and the requirements of the Guideline on Public Disclosure of Information.

Principal activities

The Company is engaged in depository, leasing and personal loan business activities. The Company also manages SICOM General Fund and SICOM Overseas Diversified Fund, which are constituted under the SICOM Unit Trust.

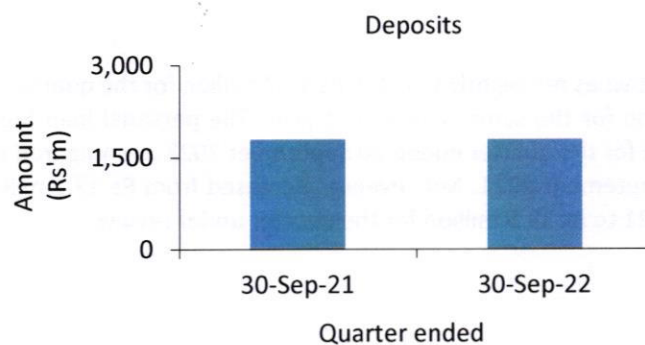
Accounting policies

The principal accounting policies and methods of computation adopted in the preparation of the report are the same as those used for the audited accounts for the financial year ended 30 June 2022.

Financial review

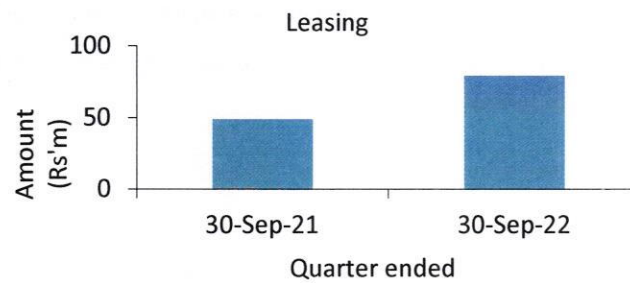
Deposits

Total deposits remained stable at Rs 1.8 billion for both periods ending 30 September 2021 and 30 September 2022.



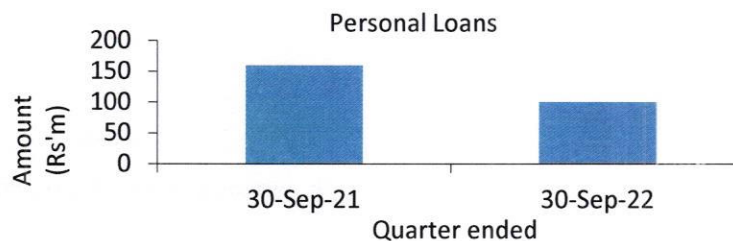
Leases

The amount of lease approved stood at Rs 78.5 million for the quarter ended 30 September 2022 while for the same quarter last year an amount of Rs 47.8 million was approved as new leases. The good performance of the leasing business can be attributed to the easing up of Covid restrictions and the increase in the stock of vehicles.



Personal Loans

The amount of new loans disbursed for the quarter ended 30 September 2022 amounted to Rs 100.0 million compared to Rs 159.7 million disbursed for the same quarter last year. Although the demand for personal loans remains high, the insufficient repayment capacity of some clients given the difficult economic situation, has been a major reason for the decrease during this quarter.



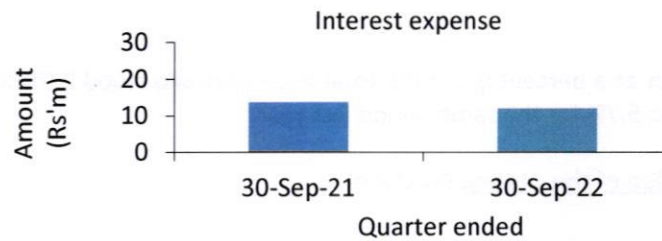
Revenue

Revenue from leasing activities fell slightly to reach Rs 10.7 million for the quarter under review while it stood at Rs 11.5 million for the same quarter last year. The personal loan business brought in a revenue of Rs 9.4 million for the quarter ended 30 September 2022 as compared to Rs 4.6 million for the quarter ended 30 September 2021. Net revenue increased from Rs 17.1 million for the quarter ended 30 September 2021 to Rs 18.5 million for the quarter under review.



Interest expense

Interest paid to depositors fell from Rs 13.8 million for the quarter ended 30 September 2021 to Rs 12.1 million for the quarter under review.



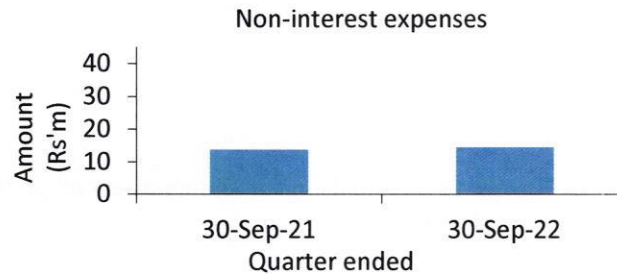
Operating profit

Operating profit reached Rs 3.7 million for the quarter ended 30 September 2022 as compared to Rs 2.4 million recorded for the quarter ended 30 September 2021. The increase in profitability was mainly due to a rise in total revenue, a decrease in credit impairment and a fall in interest expense.



Cost Control

Non-interest expenses increased from Rs 13.7 million for the quarter ended 30 September 2021 to Rs 14.4 million for the quarter under review.



Credit quality

Non-performing leases as a percentage of the total lease portfolio stood 2.0% for the quarter under review as compared to 5.7% for the same period last year.

Sector Wise distribution of the Leasing Portfolio

Sector	Rs
A - Agriculture, forestry and fishing	5,493,662
C - Manufacturing	15,732,826
D - Electricity, gas, steam and air conditioning supply	1,928,519
E - Water supply; sewerage, waste management and remediation activities	511,107
F - Construction	19,414,734
G - Wholesale and retail trade; and repair of motor vehicles and motorcycles	72,736,518
H - Transportation and storage	7,987,906
I - Accommodation and food service activities	4,493,729
J - Information and communication	8,187,233
L - Real estate activities	5,638,255
M - Professional, scientific and technical activities	22,516,227
N - Administrative and support service activities	42,260,406
Q - Human health and social work activities	9,457,617
R - Arts, entertainment and recreation	1,318,203
S - Other service activities	4,488,831
Purchase of Motor Vehicles	497,880,493

Risk management policies and controls

The major risks faced by the Company and how these are mitigated have been detailed below:

Risks	How risk is mitigated?
Credit	<ul style="list-style-type: none"> • Underwriting policy and procedures • Credit concentration limits and credit mandates • Regular reviews of lease and loan exposures • Regular reviews of credit policy and other related policies
Liquidity risk	<ul style="list-style-type: none"> • Limits such as liquidity ratio, capital adequacy ratio, depositors' concentration, lease to deposits ratio • Matching of tenors of leases and loans with deposits/liquidity gap • Maintain a high percentage of liquid assets
Interest rate risk	<ul style="list-style-type: none"> • Proper mix in fixed and floating rates of assets and liabilities
Operational risk	<ul style="list-style-type: none"> • Regular internal audits and compliance inspections • Business Continuity Plan in place • Regular training of staff

Capital structure

As a non-bank deposit taking institution, the Company is required to:

- Maintain a minimum capital adequacy ratio of 10% which was at 38.7% for quarter 30 September 2022 and 38.1 % for quarter 30 September 2021
- Maintain liquid assets equivalent to not less than 10% of deposit liabilities and for quarter 30 September 2022, this ratio stood at 49.3 % (quarter 30 September 2021: 60.4%)

Prospects

The main areas of focus of the Company for the financial year ending 30 June 2023 are to continue increasing the sale of its products and services through different sales and marketing initiatives, to develop new products, digitalise its operations, consolidate its arrears management system, improve operational efficiency and enhance its asset/liability management to improve its interest margin.



Mrs N Ramdewar

Group CEO



Mr C Chengabroyan

Director



Mr D Gopy

Director

Date : 15 NOV 2022

SICOM FINANCIAL SERVICES LTD
STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022

	30-Sep-22	30-Jun-22	30-Sep-21
	Rs.	Rs.	Rs.
ASSETS			
Cash and cash equivalents	82,010,703	249,629,110	180,442,656
Investment securities	289,852,034	292,239,673	301,271,506
Deposits with financial institutions	575,797,376	571,406,336	676,542,983
Loans and advances	641,932,457	569,897,626	444,643,071
Net investment in finance leases	722,830,419	697,103,005	729,132,716
Asset held for sale	8,750,000	8,750,000	-
Property and equipment	4,997,792	5,544,317	6,110,575
Intangible assets	1,474,550	1,478,549	1,753,092
Rights of use assets	13,371,354	13,739,373	9,376,631
Current tax assets	3,069,659	3,289,141	-
Deferred tax assets	4,481,605	4,481,605	-
Other assets	10,104,948	9,858,265	10,638,692
TOTAL ASSETS	<u>2,358,672,897</u>	<u>2,427,417,000</u>	<u>2,359,911,922</u>
EQUITY AND LIABILITIES			
LIABILITIES			
Deposits from customers	1,840,889,014	1,912,824,781	1,837,000,499
Dividend payable	8,460,265	8,460,265	14,154,317
Lease liabilities	13,629,481	13,931,569	9,940,353
Retirement benefit obligations	23,946,000	23,946,000	17,193,000
Current tax liabilities	-	-	291,700
Deferred tax liabilities	-	-	197,894
Other liabilities	8,279,887	5,948,040	10,803,664
TOTAL LIABILITIES	<u>1,895,204,647</u>	<u>1,965,110,655</u>	<u>1,889,581,426</u>
EQUITY			
Stated capital	200,000,000	200,000,000	200,000,000
Retained earnings	212,378,000	211,294,095	216,017,904
Other reserves	51,090,250	51,012,250	54,312,592
TOTAL EQUITY	<u>463,468,250</u>	<u>462,306,345</u>	<u>470,330,496</u>
TOTAL EQUITY AND LIABILITIES	<u>2,358,672,897</u>	<u>2,427,417,000</u>	<u>2,359,911,922</u>

SICOM FINANCIAL SERVICES LTD
STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED 30 SEPTEMBER 2022

	Period ended 30-Sep-22	Year ended 30-Jun-22	Period ended 30-Sep-21
	Rs	Rs	Rs
Interest income calculated using the effective interest rate method	17,328,760	66,677,309	16,084,168
Interest income on finance lease receivables	10,693,999	44,429,092	11,514,392
Interest expense	(12,051,947)	(53,878,375)	(13,893,026)
Net interest income	15,970,812	57,228,026	13,705,534
Operating lease rental income	405,315	1,999,073	508,355
Fee and commission income	1,251,273	4,468,281	2,199,245
Dividend income	-	2,463,130	18,000
Other Income	850,145	4,074,046	662,100
Net (loss)/gain on financial assets measured at FVTPL	(2,404,243)	(8,139,944)	2,100,000
Operating income	16,073,302	62,092,612	19,193,234
Net impairment on financial assets	(401,253)	9,598,411	(1,000,000)
Fair value loss on assets held for sale	-	(3,888,687)	-
Personnel expenses	(4,786,257)	(21,382,452)	(4,184,658)
Other expenses	(9,610,609)	(38,403,190)	(9,426,444)
Gain on disposal of assets held for sale	-	158,923	-
Total Expenses	(14,798,119)	(53,916,995)	(14,611,102)
Profit before income tax	1,275,183	8,175,617	4,582,132
Income tax (expense)/credit	(191,278)	1,777,636	(687,320)
Profit for the period	1,083,905	9,953,253	3,894,812

SICOM FINANCIAL SERVICES LTD
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2022

	<u>Period ended</u> <u>30-Sep-22</u>	<u>Year ended</u> <u>30-Jun-22</u>	<u>Period ended</u> <u>30-Sep-21</u>
	Rs	Rs	Rs
Profit for the period	1,083,905	9,953,253	3,894,812
Other comprehensive income:			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurement of post employment benefit obligations	-	(6,951,000)	-
Income tax relating to components of other comprehensive income	-	1,181,670	-
Increase in fair value of assets at FVOCI	78,000	192,000	45,000
Other comprehensive income for the period, net of tax	78,000	(5,577,330)	45,000
Total comprehensive income for the period	<u>1,161,905</u>	<u>4,375,923</u>	<u>3,939,812</u>

SICOM FINANCIAL SERVICES LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2022

	Stated capital	Retained earnings	Other reserves			General Banking reserve	Total
			Statutory reserves	Investment revaluation	Actuarial losses		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
At 1 July 2022	200,000,000	211,294,095	61,085,220	(168,000)	(16,477,619)	6,572,649	462,306,345
Profit for period	-	1,083,905	-	-	-	-	1,083,905
Other comprehensive income for the period	-	-	-	78,000	-	-	78,000
At 30 September 2022	<u>200,000,000</u>	<u>212,378,000</u>	<u>61,085,220</u>	<u>(90,000)</u>	<u>(16,477,619)</u>	<u>6,572,649</u>	<u>463,468,250</u>