

**SICOM FINANCIAL SERVICES LTD**  
**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED**  
**30 September 2024**

SICOM Financial Services Ltd (the **Company**) has the pleasure to submit its Unaudited Interim Financial Report for the quarter ended 30 September 2024 (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.

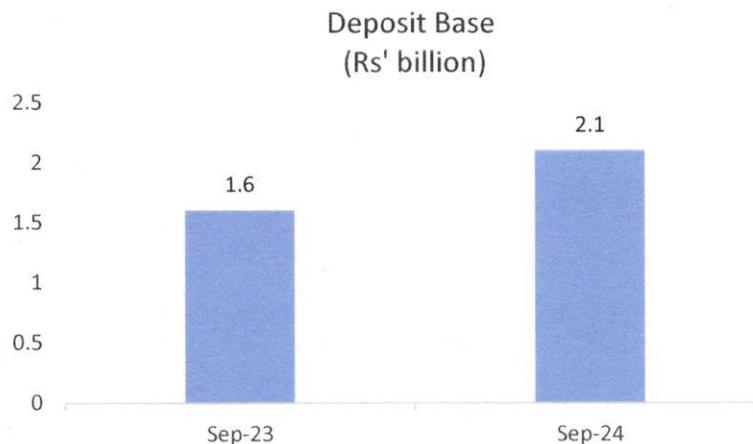
### **Accounting policies**

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 2024.

### **Financial review**

#### **Deposits**

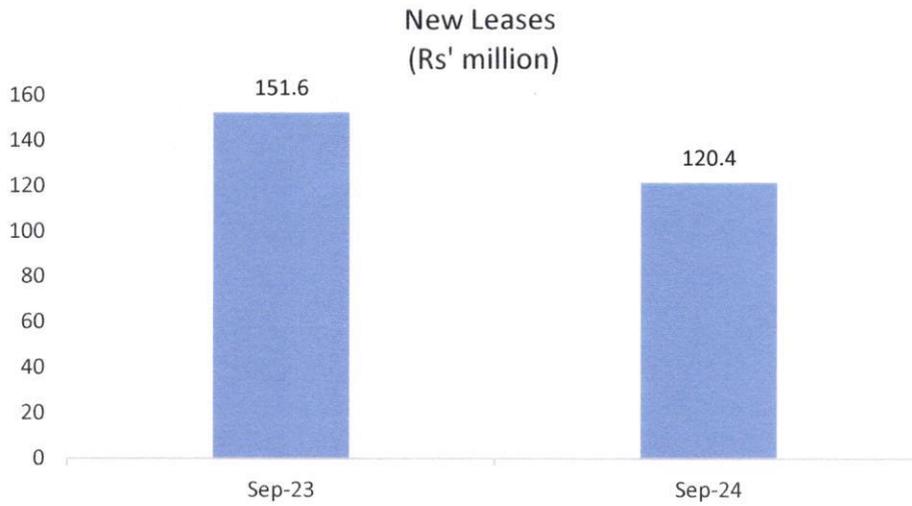
Total deposits increased from Rs 1.6 billion as at 30 September 2023 to Rs 2.1 billion as at 30 September 2024.



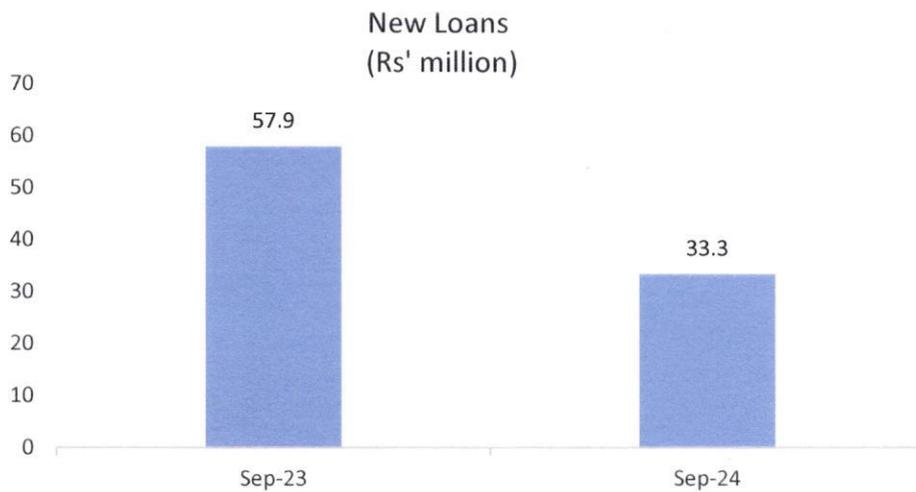
### Leases

The amount of lease approved reached Rs 120.4 million for the quarter ended 30 September 2024 while for the same quarter last year an amount of Rs 151.6 million was approved as new leases, given increased market competition and pricing pressure.



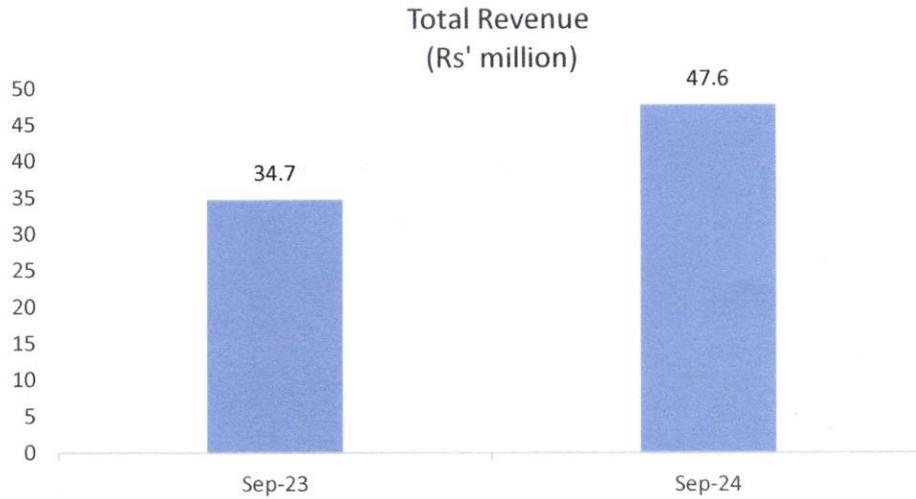
### Personal Loans

The amount of new loans approved for the quarter ended 30 September 2024 amounted to Rs 33.3 million compared to Rs 57.9 million disbursed for the same quarter last year. The high interest rate context negatively impacted this line of business for the period under review.



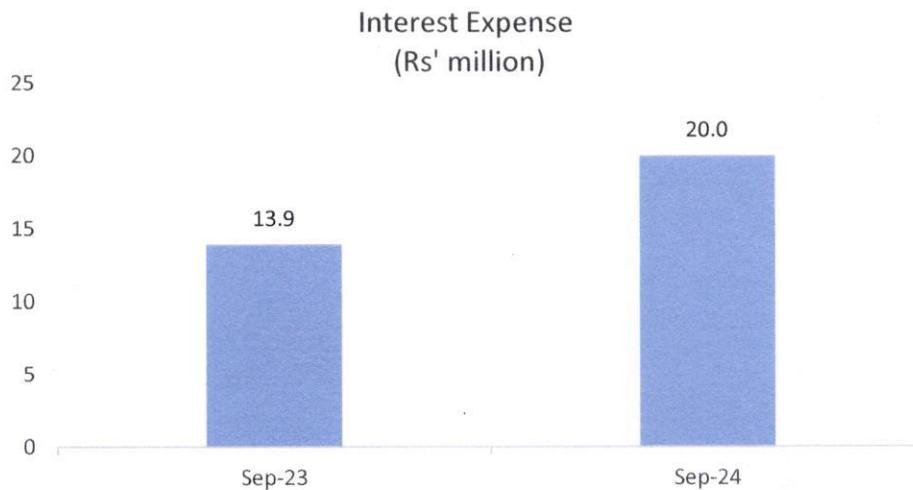
## Revenue

Revenue from leasing activities increased to reach Rs 17.2 million for the quarter under review while it stood at Rs 12.3 million for the same quarter last year. The personal loan business brought in a revenue of Rs 12.0 million for the quarter ended 30 September 2024 as compared to Rs 11.6 million for the quarter ended 30 September 2023. Total revenue increased from Rs 34.7 million for the quarter ended 30 September 2023 to Rs 47.6 million for the quarter under review on the back of the good performance of the lease segment.



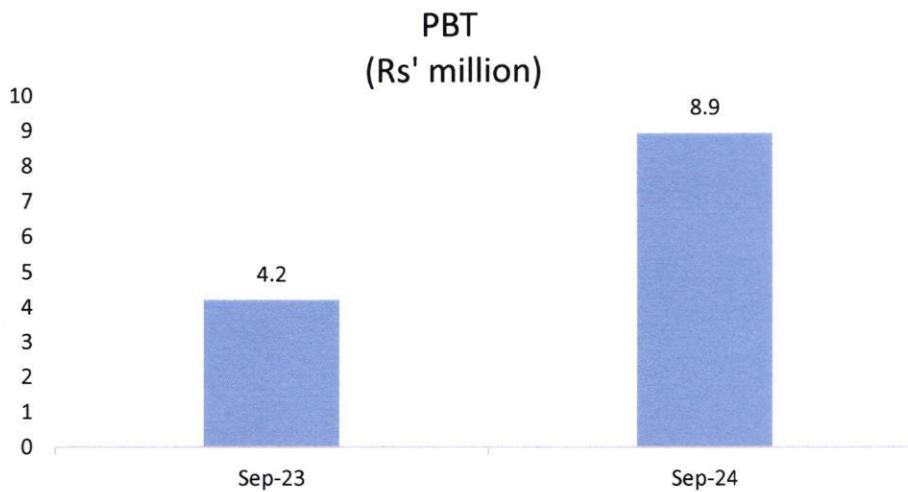
## Interest expense

Interest paid to depositors increased from Rs 13.9 million for the quarter ended 30 September 2024 to Rs 20.0 million for the quarter under review due to new deposits mobilised bearing higher interest rates.



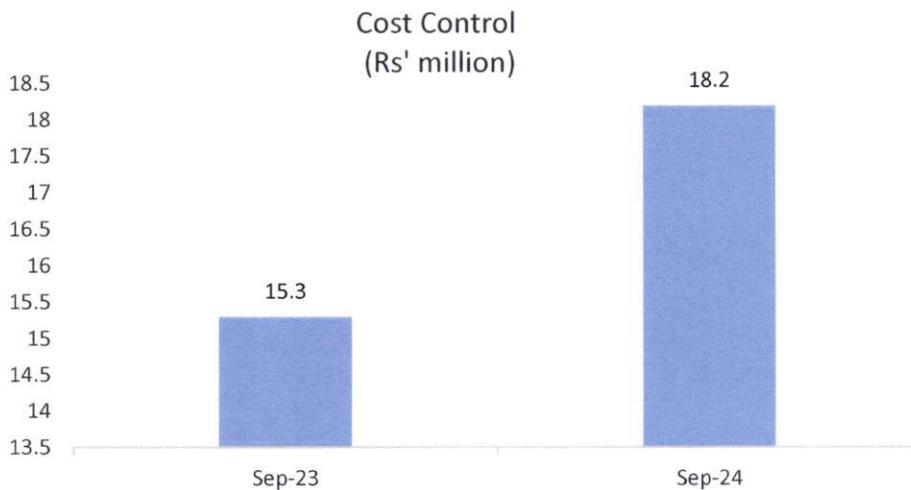
### Profit Before Tax

Profit before tax reached Rs 8.9 million for the quarter ended 30 September 2024 as compared to Rs 4.2 million recorded for the quarter ended 30 September 2023. The increased profitability of the Company is attributable to the increased revenue from the leasing activities and the good performance of SICOM Unit Trust.



### Cost Control

Non-interest expenses increased from Rs 15.3 million for the quarter ended 30 September 2023 to Rs 18.2 million for the quarter under review mainly due to the increase in the operating lease portfolio which has led to a higher depreciation charge.



### Credit quality

Non-performing leases as a percentage of the total lease portfolio fell from 3.8% for the quarter ended 30 September 2023 to 2.6% for the quarter under review following a tight monitoring to recover arrears.

### Sector Wise distribution of the Leasing Portfolio

	<b>Sep-24</b>
A - Agriculture, forestry and fishing	4,663,972
C - Manufacturing	35,974,833
D - Electricity, gas, steam and air conditioning supply	4,516,767
E - Water supply; sewerage, waste management and remediation activities	245,847
F - Construction	60,013,334
G - Wholesale and retail trade; and repair of motor vehicles and motorcycles	139,136,633
H - Transportation and storage	14,216,162
I - Accommodation and food service activities	12,399,746
J - Information and communication	13,859,747
L - Real estate activities	11,350,423
M - Professional, scientific and technical activities	37,486,053
N - Administrative and support service activities	69,215,003
P - Education	2,575,099
Q - Human health and social work activities	9,872,160
R - Arts, entertainment and recreation	479,462
S - Other service activities	8,577,389
Financial Auxilliaries and Other Financial Intermediaries	7,514,314
Households	645,156,652
	<b><u>1,077,253,596</u></b>

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



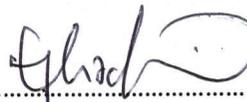
### Capital structure

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

- Maintain a minimum capital adequacy ratio of 10% which was at 25.9% for quarter 30 September 2024 and 35.4 % for quarter 30 September 2023.
- Maintain liquid assets equivalent to not less than 10% of deposit liabilities and for quarter 30 September 2024, this ratio stood at 29.9% (quarter 30 September 2023: 27.8%)

### Prospects

The main areas of focus of the Company for the financial year ending 30 June 2025 are to continue increasing the sale of its products and services through different sales and marketing initiatives, to further 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	..... Mr D Gopy	..... Mr M Chadien
Group CEO	Director	Senior Executive Officer

Date : 15-11-2024

**SICOM FINANCIAL SERVICES LTD**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2024**

	<b>30-Sep-24</b>	30-Jun-24	30-Sep-23
	<b>Rs.</b>	Rs.	Rs.
<b>ASSETS</b>			
Cash and cash equivalents	169,696,034	98,156,521	1,461,450
Investment securities	181,520,931	176,758,621	169,700,648
Deposits with financial institutions	343,694,217	339,744,629	326,593,183
Loans and advances to customers	691,697,180	704,067,065	733,320,368
Equipment	157,263,596	136,971,891	61,570,429
Intangible assets	831,986	974,593	1,227,394
Net investment in finance leases	1,077,253,596	1,022,262,638	834,029,129
Other assets	51,022,047	46,735,457	28,522,157
Current tax asset	850,580	2,183,108	-
Deferred tax assets	792,465	792,464	3,646,374
Rights of use assets	10,427,202	10,795,221	11,899,278
<b>TOTAL ASSETS</b>	<b><u>2,685,049,834</u></b>	<b><u>2,539,442,208</u></b>	<b><u>2,171,970,410</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>LIABILITIES</b>			
Deposits from customers	2125951911	1,991,934,932	1,624,447,082
Retirement benefit obligations	27018000	27,018,000	27,512,000
Dividend payable	21868264	21,868,264	21,297,528
Current tax liabilities	-	-	1,660,546
Other liabilities	23051149	18,730,505	17,745,011
Lease liabilities	11086656	11,417,139	12,386,616
<b>TOTAL LIABILITIES</b>	<b><u>2,208,975,980</u></b>	<b><u>2,070,968,840</u></b>	<b><u>1,705,048,783</u></b>
<b>EQUITY</b>			
Stated capital	200,000,000	200,000,000	200,000,000
Retained earnings	187,637,387	180,086,401	214,472,468
Other reserves	88,436,467	88,386,967	52,449,159
<b>TOTAL EQUITY</b>	<b><u>476,073,854</u></b>	<b><u>468,473,368</u></b>	<b><u>466,921,627</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>2,685,049,834</u></b>	<b><u>2,539,442,208</u></b>	<b><u>2,171,970,410</u></b>

**SICOM FINANCIAL SERVICES LTD**  
**STATEMENT OF PROFIT OR LOSS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2024**

	<b>Period ended 30-Sep-24</b>	<b>Year ended 30-Jun-24</b>	<b>Period ended 30-Sep-23</b>
	<b>Rs</b>	<b>Rs</b>	<b>Rs</b>
Interest income using EIR	17,559,403	69,228,002	17,268,824
Interest income on leases	17,166,650	56,435,023	12,289,153
Interest expense	<u>(19,906,343)</u>	<u>(65,166,393)</u>	<u>(13,872,575)</u>
<b>Net interest income</b>	<b>14,819,710</b>	60,496,632	15,685,401
Operating lease rental income	7,860,587	20,130,471	2,204,018
Fee and commission income	2,258,301	7,783,653	2,359,349
Dividend income	26,700	2,781,856	24,300
Other Income	1,232,293	5,084,937	1,223,266
Net gain /(loss) arising on financial instruments measured at fair value	<u>1,522,690</u>	<u>5,488,706</u>	<u>(621,410)</u>
<b>Operating income</b>	<b>27,720,281</b>	101,766,255	20,874,923
Allowance for credit impairment	(600,000)	(1,048,681)	(1,417,889)
Fair value loss on repossessed assets	-	(609,000)	-
Personnel expenses	(4,779,243)	(24,414,222)	(4,610,460)
Other expenses	(7,187,522)	(31,184,173)	(8,174,531)
Depreciation and amortisation	<u>(6,270,003)</u>	<u>(15,617,668)</u>	<u>(2,513,825)</u>
<b>Total Expenses</b>	<b>(18,836,768)</b>	<b>(72,873,744)</b>	<b>(16,716,705)</b>
<b>Profit before taxation</b>	<b>8,883,513</b>	28,892,511	4,158,219
Income tax expense	<b>(1,332,527)</b>	(3,165,141)	(623,733)
<b>Profit for the period</b>	<b><u>7,550,986</u></b>	<b><u>25,727,370</u></b>	<b><u>3,534,485</u></b>

**SICOM FINANCIAL SERVICES LTD**  
**STATEMENT OF OTHER COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2024**

	<b>Period ended 30-Sep-24</b>	<b>Year ended 30-Jun-24</b>	<b>Period ended 30-Sep-23</b>
	<b>Rs</b>	<b>Rs</b>	<b>Rs</b>
<b>Profit for the period</b>	<b>7,550,986</b>	25,727,370	3,534,485
<b>Other comprehensive income:</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurement of post employment benefit obligations	-	1,314,000	-
Income tax relating to components of other comprehensive income	-	(223,380)	-
Increase in fair value of assets at FVOCI	<b>49,500</b>	136,500	-
<b>Other comprehensive income for the period, net of tax</b>	<b>49,500</b>	1,227,120	-
<b>Total comprehensive income for the period</b>	<b>7,600,486</b>	26,954,490	3,534,485

**SICOM FINANCIAL SERVICES LTD**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2024**

	<u>Other reserves</u>						<u>Total</u>
	<u>Stated capital</u>	<u>Retained earnings</u>	<u>Statutory reserves</u>	<u>Investment revaluation</u>	<u>Actuarial losses</u>	<u>General Banking reserve</u>	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
At 1 July 2024	200,000,000	180,086,401	68,702,712	7,500	(18,103,589)	37,780,344	468,473,368
Profit for period	-	7,550,986	-	-	-		7,550,986
Other comprehensive income				49,500			49,500
<b>At 30 September 2024</b>	<b>200,000,000</b>	<b>187,637,387</b>	<b>68,702,712</b>	<b>57,000</b>	<b>(18,103,589)</b>	<b>37,780,344</b>	<b>476,073,854</b>