

**SICOM FINANCIAL SERVICES LTD**  
**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED**  
**30 SEPTEMBER 2023**

SICOM Financial Services Ltd (the **Company**) has the pleasure to submit its Unaudited Interim Financial Report for the quarter ended 30 September 2023 (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.

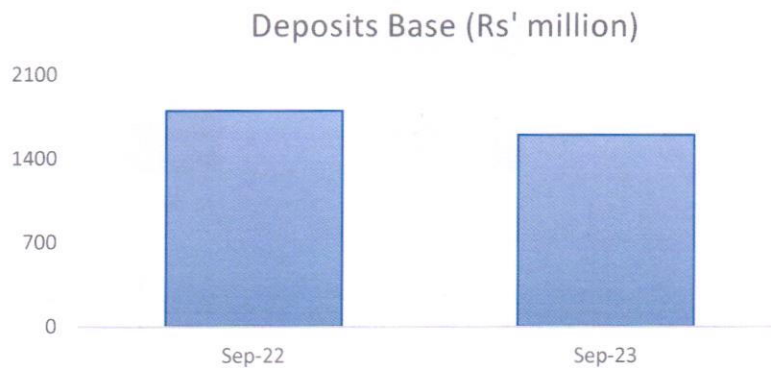
### Accounting policies

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 2023.

### Financial review

#### Deposits

Total deposits stood at Rs 1.6 billion as at 30 September 2023 as compared to Rs 1.8 billion as at 30 September 2022, due to the early termination of some deposits following previous increases in the Key Rate.



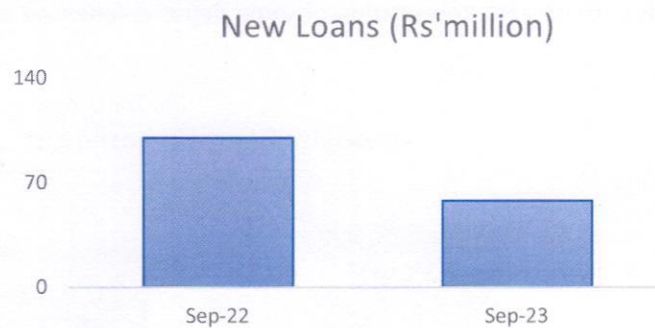
### Leases

The amount of lease approved reached Rs 151.6 million for the quarter ended 30 September 2023 while for the same quarter last year an amount of Rs 78.5 million was approved. This significant increase is explained by the numerous sales and marketing initiatives deployed to boost the lease business as well as the revamping of our operating lease offer.



### Personal Loans

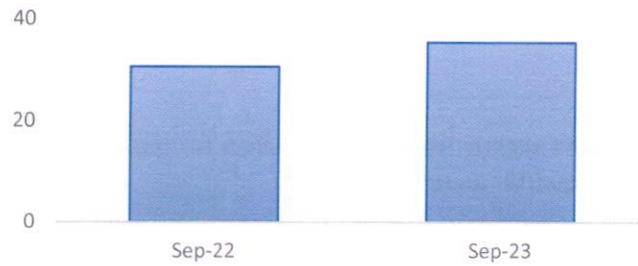
The amount of new loans disbursed for the quarter ended 30 September 2023 amounted to Rs 57.9 million compared to Rs 100.0 million disbursed for the same quarter last year. The increase in interest rates has negatively impacted this line of business for the period under review.



### Revenue

Revenue from leasing activities increased to reach Rs 14.4 million for the quarter under review while it stood at Rs 10.7 million for the same quarter last year. The personal loan business brought in a revenue of Rs 11.7 million for the quarter ended 30 September 2023 as compared to Rs 9.4 million for the quarter ended 30 September 2022. Total revenue increased from Rs 30.6 million for the quarter ended 30 September 2022 to Rs 35.4 million for the quarter under review.

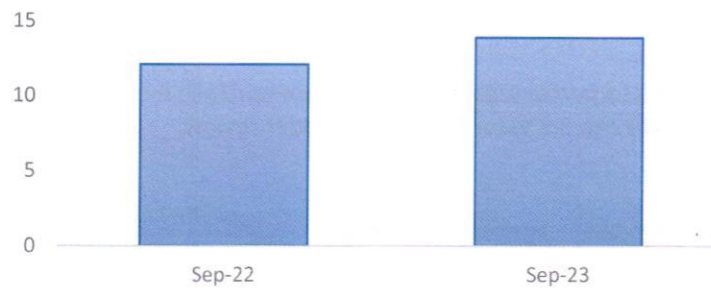
### Total Revenue (Rs'million)



### Interest expense

Interest paid to depositors increased from Rs 12.1 million for the quarter ended 30 September 2022 to Rs 13.9 million for the quarter under review due to new deposits bearing higher interest rates.

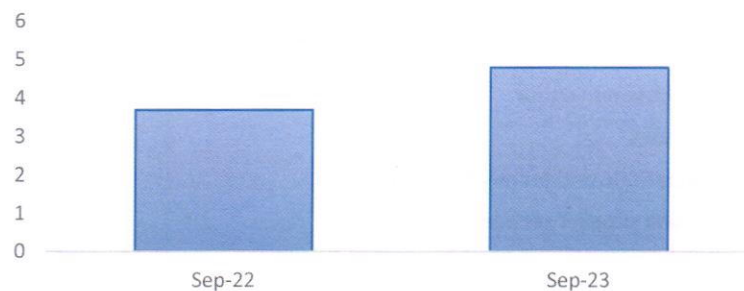
### Interest Expense (Rs'million)



### Operating profit

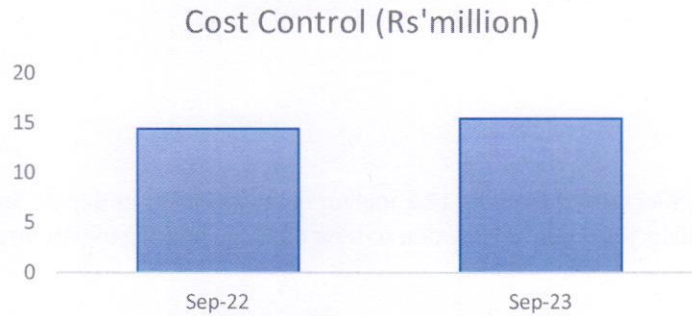
Operating profit reached Rs 4.8 million for the quarter ended 30 September 2023 as compared to Rs 3.7 million recorded for the quarter ended 30 September 2022. The growth in profitability was mainly due to the increase in interest income.

### Operating Profit (Rs'million)



### Cost Control

Non-interest expenses increased slightly from Rs 14.4 million for the quarter ended 30 September 2022 to Rs 15.3 million for the quarter under review.



### Credit quality

Non-performing leases as a percentage of the total lease portfolio increased from 2.0% for the quarter ended 30 September 2022 to 3.8 % for the quarter under review.

### Sector Wise distribution of the Leasing Portfolio

Sector	Amount (Rs)
A. - Agriculture, forestry and fishing	4,874,008
B - Mining and quarrying	-
C - Manufacturing	19,720,183
D - Electricity, gas, steam and air conditioning supply	1,649,121
E - Water supply; sewerage, waste management and remediation activities	409,142
F - Construction	40,903,109
G - Wholesale and retail trade; and repair of motor vehicles and motorcycles	123,916,633
H - Transportation and storage	9,792,595
I - Accommodation and food service activities	5,662,541
J - Information and communication	8,337,392
L - Real estate activities	8,564,966
M - Professional, scientific and technical activities	38,260,780
N - Administrative and support service activities	46,901,224
P - Education	-
Q - Human health and social work activities	10,564,290
R - Arts, entertainment and recreation	992,972
S - Other service activities	8,653,189
Financial Auxilliaries and Other Financial Intermediaries	4,850,976
Households-Individuals	499,976,012
	834,029,129

### 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 35.4% for quarter ended 30 September 2023 and 38.7% for quarter ended 30 September 2022.
- Maintain liquid assets equivalent to not less than 10% of deposit liabilities and for quarter ended 30 September 2023, this ratio stood at 45.2% (quarter ended 30 September 2022: 49.3%)

### Prospects


The main areas of focus of the Company for the financial year ending 30 June 2024 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

Group CEO

  
Mr C Chengabroyan

Director

  
Mr D Gopy

Director

Date : 15-11-2023

**SICOM FINANCIAL SERVICES LTD**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2023**

	<u>30-Sep-23</u> Rs.	<u>30-Jun-23</u> Rs.	<u>30-Sep-22</u> Rs.
<b>ASSETS</b>			
Cash and cash equivalents	1,461,450	50,969,311	82,010,703
Investment securities	169,700,648	169,586,869	289,852,034
Deposits with financial institutions	326,593,183	375,466,820	575,797,376
Loans and advances to customers	733,320,368	707,035,845	641,932,457
Asset held for sale	6,135,000	6,135,000	8,750,000
Equipment	61,570,429	39,021,067	4,997,792
Intangible assets	1,227,394	1,155,243	1,474,550
Net investment in finance leases	834,029,129	755,215,794	722,830,419
Other assets	22,387,157	14,861,961	10,104,948
Current tax asset	-	979,690	3,069,659
Deferred tax assets	3,646,374	3,646,374	4,481,605
Rights of use assets	11,899,278	12,267,297	13,371,354
<b>TOTAL ASSETS</b>	<b><u>2,171,970,410</u></b>	<b><u>2,136,341,271</u></b>	<b><u>2,358,672,897</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>LIABILITIES</b>			
Deposits from customers	1,624,447,082	1,601,514,322	1,840,889,014
Retirement benefit obligations	27,512,000	27,512,000	23,946,000
Dividend payable	21,297,528	21,297,528	8,460,265
Current tax liabilities	1,660,546	-	-
Other liabilities	17,745,011	9,927,695	8,279,887
Lease liabilities	12,386,616	12,702,584	13,629,481
<b>TOTAL LIABILITIES</b>	<b><u>1,705,048,783</u></b>	<b><u>1,672,954,129</u></b>	<b><u>1,895,204,647</u></b>
<b>EQUITY</b>			
Stated capital	200,000,000	200,000,000	200,000,000
Retained earnings	214,472,468	210,937,983	212,378,000
Other reserves	52,449,159	52,449,159	51,090,250
<b>TOTAL EQUITY</b>	<b><u>466,921,627</u></b>	<b><u>463,387,142</u></b>	<b><u>463,468,250</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>2,171,970,410</u></b>	<b><u>2,136,341,271</u></b>	<b><u>2,358,672,897</u></b>

**SICOM FINANCIAL SERVICES LTD**  
**STATEMENT OF PROFIT OR LOSS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

	<b>Period ended 30-Sep-23</b>	<b>Year ended 30-Jun-23</b>	<b>Period ended 30-Sep-22</b>
	<b>Rs</b>	<b>Rs</b>	<b>Rs</b>
Interest income using EIR	17,268,824	63,507,256	17,328,760
Interest income on leases	12,289,153	43,541,552	10,693,999
Interest expense	<u>(13,872,575)</u>	<u>(50,939,841)</u>	<u>(12,051,947)</u>
<b>Net interest income</b>	<b>15,685,402</b>	56,108,967	15,970,812
Operating lease rental income	2,204,018	1,921,088	405,315
Fee and commission income	2,359,349	8,054,071	1,251,273
Dividend income	24,300	2,175,509	-
Other Income	1,223,266	24,014,886	850,145
Gain on disposal of equipment and repossessed assets	-	4,100	-
Net (loss)/ gain arising on financial instruments measured at fair value	<u>(621,410)</u>	<u>2,768,885</u>	<u>(2,404,243)</u>
<b>Operating income</b>	<b>20,874,925</b>	95,047,506	16,073,302
Allowance for credit impairment	(1,417,889)	(3,712,571)	(401,253)
Fair value loss on repossessed assets	-	(2,855,745)	-
Personnel expenses	(4,610,460)	(23,447,517)	(4,786,257)
Other expenses	(10,688,358)	(35,323,073)	(9,610,609)
Finance cost	-	-	-
<b>Total Expenses</b>	<b><u>(16,716,707)</u></b>	<b><u>(65,338,906)</u></b>	<b><u>(14,798,119)</u></b>
<b>Profit before taxation</b>	<b>4,158,218</b>	29,708,600	1,275,183
Income tax expense	<b>(623,733)</b>	(4,652,685)	(191,278)
<b>Profit for the period</b>	<b><u>3,534,485</u></b>	<b><u>25,055,915</u></b>	<b><u>1,083,905</u></b>

**SICOM FINANCIAL SERVICES LTD**  
**STATEMENT OF OTHER COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

	<u>Period ended</u> <u>30-Sep-23</u>	<u>Year ended</u> <u>30-Jun-23</u>	<u>Period ended</u> <u>30-Sep-22</u>
	Rs	Rs	Rs
<b>Profit for the period</b>	<b>3,534,485</b>	25,055,915	1,083,905
<b>Other comprehensive income:</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurement of post employment benefit obligations	-	(3,273,000)	-
Income tax relating to components of other comprehensive income	-	556,410	-
Increase in fair value of assets at FVOCI	-	39,000	78,000
<b>Other comprehensive income for the period, net of tax</b>	<b>-</b>	<b>(2,677,590)</b>	<b>78,000</b>
<b>Total comprehensive income for the period</b>	<b>3,534,485</b>	<b>22,378,325</b>	<b>1,083,905</b>



**SICOM FINANCIAL SERVICES LTD**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

	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 2023	200,000,000	210,937,983	64,843,607	(129,000)	(19,194,209)	6,928,761	463,387,142
Profit for period	-	3,534,485	-	-	-	-	3,534,485
<b>At 30 September 2023</b>	<b>200,000,000</b>	<b>214,472,468</b>	<b>64,843,607</b>	<b>(129,000)</b>	<b>(19,194,209)</b>	<b>6,928,761</b>	<b>466,921,627</b>