

**SICOM FINANCIAL SERVICES LTD**  
**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED**  
**31 December 2023**

SICOM Financial Services Ltd (the **Company**) has the pleasure to submit its Unaudited Interim Financial Report for the quarter ended 31 December 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.

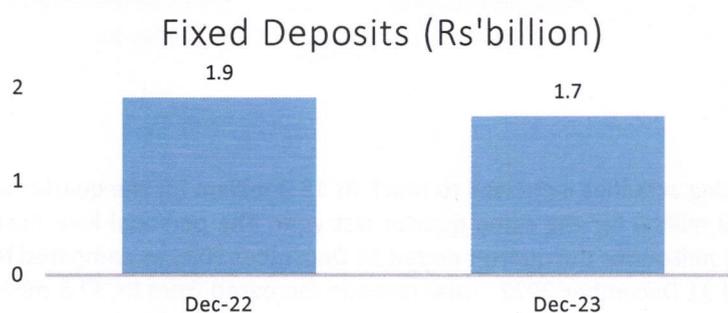
### Accounting policies

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 1.7 billion as at 31 December 2023 as compared to Rs 1.9 billion as at 31 December 2022, due to the early termination of some deposits following previous increases in the Key Rate. An advertising campaign was launched in December 2023 to increase the deposit base.



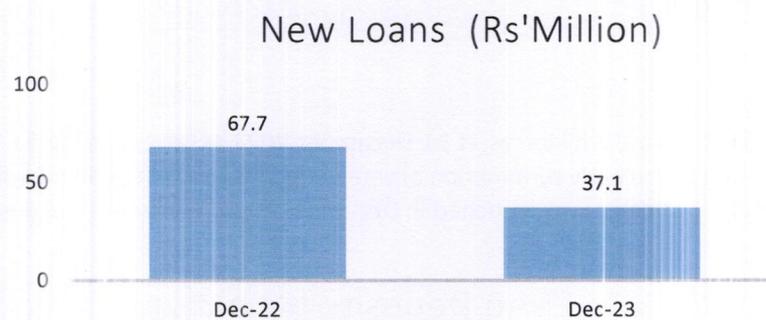
### Leases

The amount of lease approved reached Rs 178.6 million for the quarter ended 30 December 2023 while for the same quarter last year an amount of Rs 63.5 million was approved as new leases. 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.



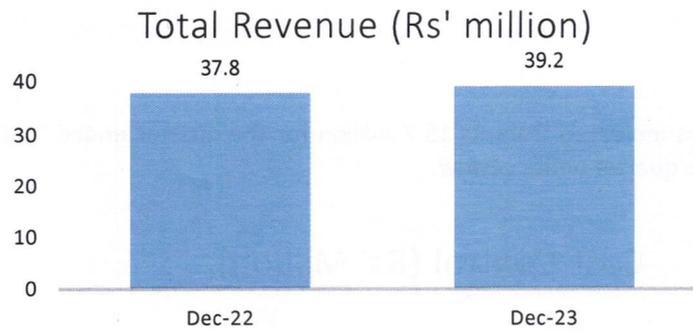
### Personal Loans

The amount of new loans disbursed for the quarter ended 31 December 2023 amounted to Rs 37.1 million compared to Rs 67.7 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.



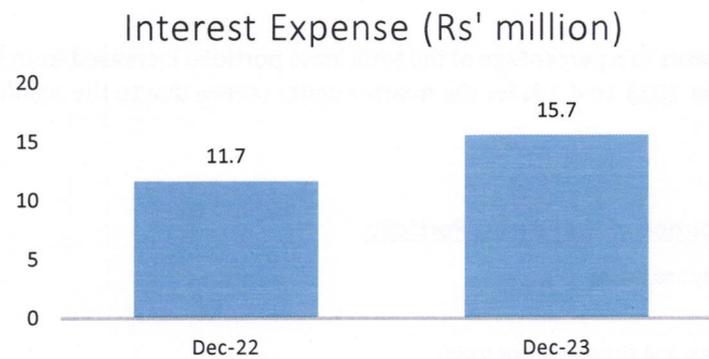
### Revenue

Revenue from leasing activities increased to reach Rs 18.3 million for the quarter under review while it stood at Rs 10.9 million for the same quarter last year. The personal loan business brought in a revenue of Rs 12.1 million for the quarter ended 31 December 2023 as compared to Rs 9.4 million for the quarter ended 31 December 2022. Total revenue increased from Rs 37.8 million for the quarter ended 31 December 2022 to Rs 39.2 million for the quarter under review.



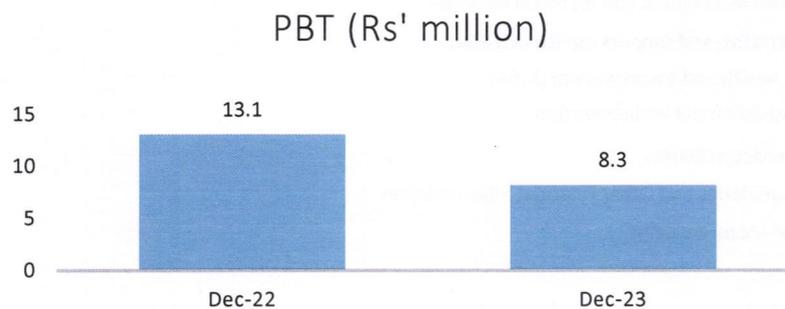
**Interest expense**

Interest paid to depositors increased from Rs 11.7 million for the quarter ended 31 December 2022 to Rs 15.7 million for the quarter under review due to new deposits bearing higher interest rates.



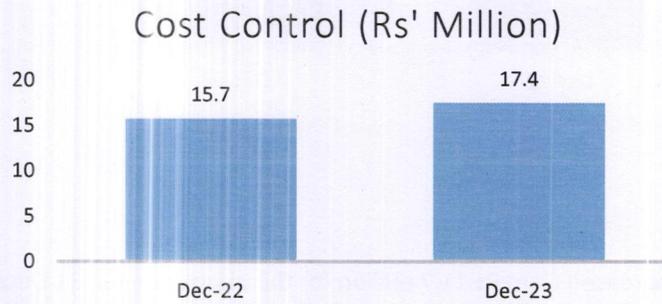
**Profit Before Tax**

Profit before tax reached Rs 8.3 million for the quarter ended 31 December 2023 as compared to Rs 13.1 million recorded for the quarter ended 31 December 2022. The profit before tax was higher for the quarter ended 31 December 2022 due to the one- off sale of an investment.



### Cost Control

Non-interest expenses increased from Rs 15.7 million for the quarter ended 31 December 2022 to Rs 17.4 million for the quarter under review.



### Credit quality

Non-performing leases as a percentage of the total lease portfolio increased from 3.8% for the quarter ended 31 December 2023 to 4.7% for the quarter under review due to the significant increase in the lease portfolio.

### Sector Wise distribution of the Leasing Portfolio

A - Agriculture, forestry and fishing	5,945,334.39
C - Manufacturing	22,640,316.66
D - Electricity, gas, steam and air conditioning supply	3,309,445.58
E - Water supply; sewerage, waste management and remediation activities	356,453.70
F - Construction	42,616,362.97
G - Wholesale and retail trade; and repair of motor vehicles and motorcycles	124,805,629.13
H - Transportation and storage	13,082,778.57
I - Accommodation and food service activities	6,541,340.66
J - Information and communication	10,245,678.67
L - Real estate activities	9,325,073.33
M - Professional, scientific and technical activities	38,281,571.58
N - Administrative and support service activities	49,212,037.74
Q - Human health and social work activities	11,900,098.09
R - Arts, entertainment and recreation	810,596.78
S - Other service activities	8,735,840.30
Financial Auxiliaries and Other Financial Intermediaries	8,765,721.79
Purchase of Motor Vehicles	541,331,210.06
	897,905,490.00

### 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>

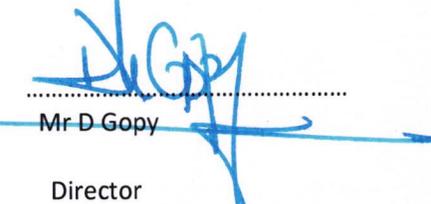
### Capital structure

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

- Maintain a minimum capital adequacy ratio of 10% which was at 33.4% for quarter 31 December 2023 and 37.6% for quarter 31 December 2022.
- Maintain liquid assets equivalent to not less than 10% of deposit liabilities and for quarter 31 December 2023, this ratio stood at 29.5% (quarter 31 December 2022: 43.4%)

### 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	Mr C Chengabroyan	Mr D Gopy
Group CEO	Director	Director

Date : 15-FEB-2024

**SICOM FINANCIAL SERVICES LTD**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2023**

	<b>31-Dec-23</b>	30-Jun-23	31-Dec-22
	<b>Rs.</b>	Rs.	Rs.
<b>ASSETS</b>			
Cash and cash equivalents	<b>64,026,145</b>	50,969,311	51,661,491
Investment securities	<b>172,342,149</b>	169,586,869	166,061,046
Deposits with financial institutions	<b>332,037,595</b>	375,466,820	580,224,324
Loans and advances to customers	<b>711,482,338</b>	707,035,845	677,975,408
Net investment in finance leases	<b>899,326,682</b>	755,215,794	729,609,891
Asset held for sale	<b>6,135,000</b>	6,135,000	8,750,000
Equipment	<b>74,590,354</b>	39,021,067	7,932,332
Intangible assets	<b>1,227,394</b>	1,155,243	1,448,537
Rights of use assets	<b>11,531,259</b>	12,267,297	13,003,335
Current tax assets	-	979,690	1,081,039
Deferred tax assets	<b>3,646,374</b>	3,646,374	4,325,543
Other assets	<b>32,603,185</b>	14,861,961	20,503,266
<b>TOTAL ASSETS</b>	<b><u>2,308,948,475</u></b>	<u>2,136,341,271</u>	<u>2,262,576,212</u>
<b>EQUITY AND LIABILITIES</b>			
<b>LIABILITIES</b>			
Deposits from customers	<b>1,758,114,769</b>	1,601,514,322	1,742,280,916
Dividend payable	-	21,297,528	-
Lease liabilities	<b>12,067,079</b>	12,702,584	13,323,977
Retirement benefit obligations	<b>27,512,000</b>	27,512,000	23,946,000
Current tax liabilities	<b>297,021</b>	-	-
Other liabilities	<b>36,925,559</b>	9,927,695	9,142,490
<b>TOTAL LIABILITIES</b>	<b><u>1,834,916,428</u></b>	<u>1,672,954,129</u>	<u>1,788,693,383</u>
<b>EQUITY</b>			
Stated capital	<b>200,000,000</b>	200,000,000	200,000,000
Retained earnings	<b>221,489,888</b>	210,937,983	222,891,579
Other reserves	<b>52,542,159</b>	52,449,159	50,991,250
<b>TOTAL EQUITY</b>	<b><u>474,032,047</u></b>	<u>463,387,142</u>	<u>473,882,829</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>2,308,948,475</u></b>	<u>2,136,341,271</u>	<u>2,262,576,212</u>

**SICOM FINANCIAL SERVICES LTD**  
**STATEMENT OF PROFIT OR LOSS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2023**

	<b>Quarter ended 31-Dec-23</b>	<b>Quarter ended 31-Dec-22</b>	<b>Period ended 31-Dec-23</b>	<b>Period ended 31-Dec-22</b>	<b>Year ended 30-Jun-23</b>
	<b>Rs</b>	<b>Rs</b>	<b>Rs</b>	<b>Rs</b>	<b>Rs</b>
Interest income using effective interest method	17,537,257	27,032,720	34,806,081	17,328,760	63,507,256
Interest income on finance lease receivables	13,838,047	10,791,533	26,127,200	10,693,999	43,541,552
Interest expense	(15,663,552)	(11,733,171)	(29,536,127)	(12,051,947)	(50,939,841)
<b>Net interest income</b>	<b>15,711,752</b>	<b>26,091,082</b>	<b>31,397,154</b>	<b>15,970,812</b>	<b>56,108,967</b>
Operating lease rental income	4,355,703	263,315	6,559,721	405,315	1,921,088
Fee and commission income	1,983,395	1,212,246	4,342,744	1,251,273	8,054,071
Dividend income	-	12,900	24,300	-	2,175,509
Other Income	1,532,598	846,373	2,755,864	850,145	24,014,886
Gain on disposal of equipment and repossessed assets	-	-	-	-	4,100
Net (loss)/ gain arising on financial assets measured at FVTPL	1,539,039	1,566,545	917,629	(2,404,243)	2,768,885
<b>Operating income</b>	<b>25,122,487</b>	<b>29,992,461</b>	<b>45,997,412</b>	<b>16,073,302</b>	<b>95,047,506</b>
Net impairment gains/(losses) on financial assets	485,711	(1,168,053)	(932,178)	(401,253)	(3,712,571)
Fair value loss on repossessed assets	-	-	-	-	(2,855,745)
Personnel expenses	(5,704,025)	(6,183,049)	(10,314,485)	(4,786,257)	(23,447,517)
Other expenses	(11,648,385)	(9,532,031)	(22,336,743)	(9,610,609)	(35,323,073)
<b>Total Expenses</b>	<b>(16,866,699)</b>	<b>(16,883,133)</b>	<b>(33,583,406)</b>	<b>(14,798,119)</b>	<b>(65,338,906)</b>
<b>Profit before income tax</b>	<b>8,255,788</b>	<b>13,109,328</b>	<b>12,414,006</b>	<b>1,275,183</b>	<b>29,708,600</b>
Income tax expense	(1,238,368)	(2,595,749)	(1,862,101)	(191,278)	(4,652,685)
<b>Profit for the period</b>	<b>7,017,420</b>	<b>10,513,579</b>	<b>10,551,905</b>	<b>1,083,905</b>	<b>25,055,915</b>

**SICOM FINANCIAL SERVICES LTD**  
**STATEMENT OF OTHER COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 31 DECEMBER 2023**

	<b>Period ended 31-Dec-23</b>	<b>Year ended 30-Jun-23</b>	<b>Period ended 31-Dec-22</b>
	<b>Rs</b>	<b>Rs</b>	<b>Rs</b>
<b>Profit for the period</b>	<b>10,551,905</b>	25,055,915	11,597,484
<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	<b>93,000</b>	39,000	(21,000)
<b>Other comprehensive income for the period, net of tax</b>	<b>93,000</b>	(2,677,590)	(21,000)
<b>Total comprehensive income for the period</b>	<b>10,644,905</b>	22,378,325	11,576,484

**SICOM FINANCIAL SERVICES LTD**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 31 DECEMBER 2023**

	<b>Other reserves</b>						<b>Total</b>
	<b>Stated capital</b>	<b>Retained earnings</b>	<b>Statutory reserves</b>	<b>Investment revaluation</b>	<b>Actuarial losses</b>	<b>General Banking reserve</b>	
	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	
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	-	10,551,905	-	-	-	-	10,551,905
Other comprehensive income for the period	-	-	-	93,000	-	-	93,000
	-	10,551,905	-	93,000	-	-	10,644,905
<b>At 31 December 2023</b>	<b>200,000,000</b>	<b>221,489,888</b>	<b>64,843,607</b>	<b>(36,000)</b>	<b>(19,194,209)</b>	<b>6,928,761</b>	<b>474,032,047</b>