

SICOM FINANCIAL SERVICES LTD
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED
31 March 2024

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

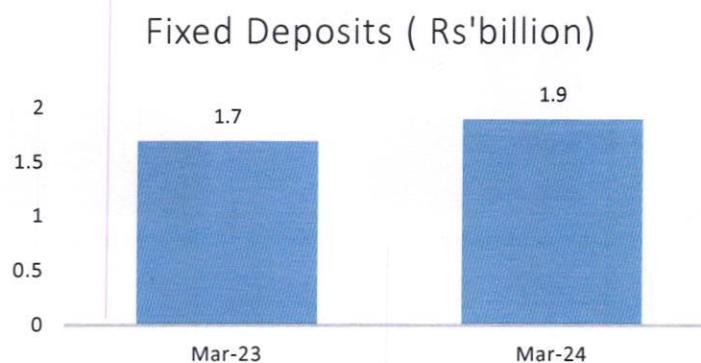
Accounting policies

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 2023.

Financial review

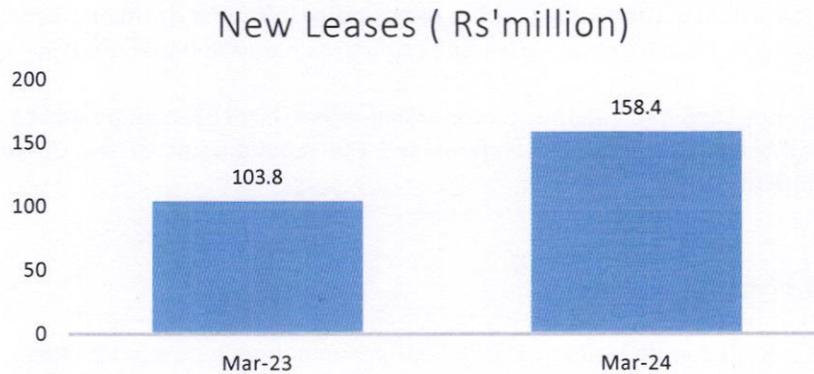
Deposits

Total deposits increased from Rs 1.7 billion as at 31 March 2023 to Rs 1.9 billion as at 31 March 2024.



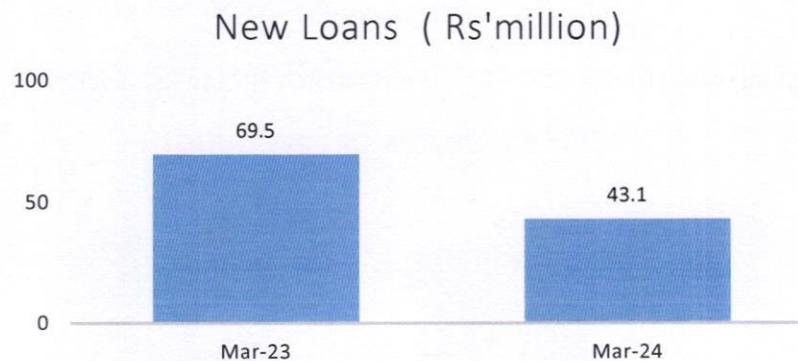
Leases

The amount of lease approved reached Rs 158.4 million for the quarter ended 31 March 2024 while for the same quarter last year an amount of Rs 103.8 million was approved as new leases. This significant increase is explained by the numerous sales and marketing initiatives deployed to boost our finance and operating lease business.



Personal Loans

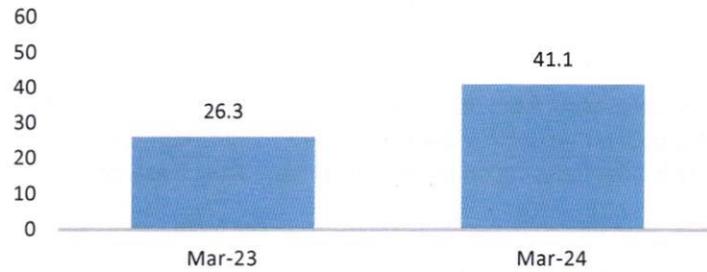
The amount of new loans disbursed for the quarter ended 31 March 2024 amounted to Rs 43.1 million compared to Rs 69.5 million disbursed for the same quarter last year. The high interest rate context negatively impacted this line of business for the period under review.



Revenue

Revenue from leasing activities increased to reach Rs 14.6 million for the quarter under review while it stood at Rs 10.8 million for the same quarter last year. The personal loan business brought in a revenue of Rs 11.8 million for the quarter ended 31 March 2024 as compared to Rs 11.0 million for the quarter ended 31 March 2023. Total revenue increased from Rs 26.3 million for the quarter ended 31 March 2023 to Rs 41.1 million for the quarter under review on the back of the good performance of the lease segment.

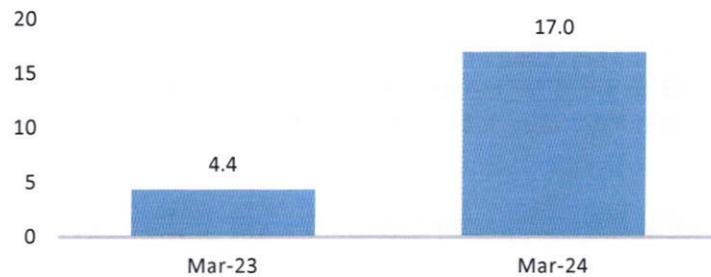
Total Revenue (Rs' million)



Interest expense

Interest paid to depositors increased from Rs 4.4 million for the quarter ended 31 March 2024 to Rs 17.0 million for the quarter under review due to new deposits mobilised bearing higher interest rates.

Interest Expense (Rs' million)

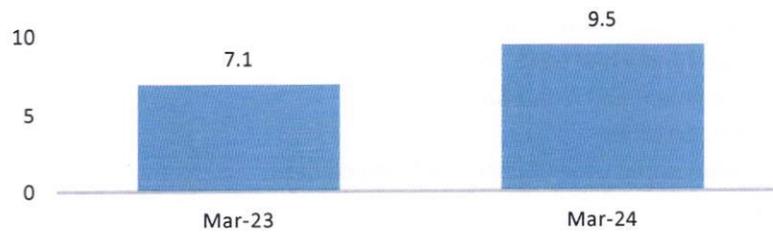


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Profit Before Tax

Profit before tax reached Rs 9.5 million for the quarter ended 31 March 2024 as compared to Rs 7.1 million recorded for the quarter ended 31 March 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.

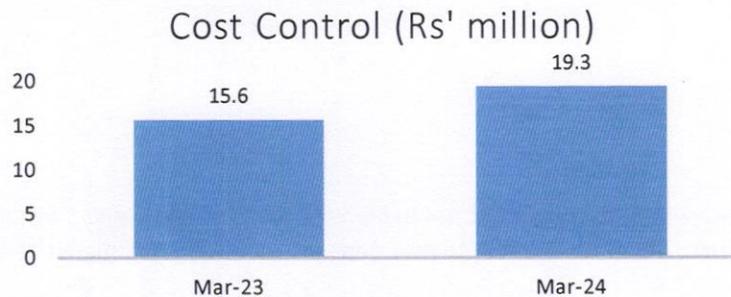
PBT (Rs' million)



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Cost Control

Non-interest expenses increased from Rs 15.6 million for the quarter ended 31 March 2023 to Rs 19.3 million for the quarter under review mainly due to the depreciation of the operating lease assets as the Company is now focusing on increasing its operating lease portfolio.



Credit quality

Non-performing leases as a percentage of the total lease portfolio increased from 3.6% for the quarter ended 31 March 2023 to 4.6 % for the quarter under review due to an increase in the amount of arrears. However, a tight monitoring is being done to recover the outstanding amounts.

Sector Wise distribution of the Leasing Portfolio

	Mar-24
A - Agriculture, forestry and fishing	5,538,728.77
C - Manufacturing	25,762,412.92
D - Electricity, gas, steam and air conditioning supply	5,118,526.23
E - Water supply; sewerage, waste management and remediation activities	324,169.86
F - Construction	53,682,261.68
G - Wholesale and retail trade; and repair of motor vehicles and motorcycles	121,223,820.10
H - Transportation and storage	15,784,186.35
I - Accommodation and food service activities	9,603,977.19
J - Information and communication	11,180,224.83
L - Real estate activities	6,912,168.91
M - Professional, scientific and technical activities	37,430,461.39
N - Administrative and support service activities	58,166,375.91
Q - Human health and social work activities	10,410,680.83
R - Arts, entertainment and recreation	698,747.17
S - Other service activities	10,553,917.73
Financial Auxilliaries and Other Financial Intermediaries	9,007,821.66
Households	600,273,579.67
	981,672,061.20

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 30.4% for quarter 31 March 2024 and 39.9 % for quarter 31 March 2023.
- Maintain liquid assets equivalent to not less than 10% of deposit liabilities and for quarter 31 March 2024, this ratio stood at 27.5% (quarter 31 March 2023: 41.7%)

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.



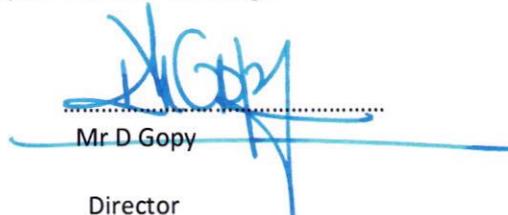
Mrs N Ramdewar

Group CEO



Mr C Chengabroyan

Director



Mr D Gopy

Director

Date : 16/05/2024

SICOM FINANCIAL SERVICES LTD
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024

	Mar-24	Jun-23	Mar-23
	Rs	Rs	Rs
ASSETS			
Cash and cash equivalents	74,510,245	50,969,311	24,969,399
Investment securities	178,446,114	169,586,869	169,396,430
Deposits with financial institutions	335,848,812	375,466,820	547,261,845
Loans and advances to customers	705,963,954	707,035,845	677,593,341
Asset held for sale	6,135,000	6,135,000	8,750,000
Equipment	120,009,072	39,021,067	9,072,487
Intangible assets	989,414	1,155,243	1,269,341
Net investment in finance leases	981,672,061	755,215,794	727,847,628
Other assets	32,843,304	14,861,961	11,762,298
Current tax assets	-	979,690	16,632
Deferred tax assets	3,646,374	3,646,374	4,281,842
Rights of use assets	11,163,240	12,267,297	12,635,316
TOTAL ASSETS	<u><u>2,451,227,590</u></u>	<u><u>2,136,341,271</u></u>	<u><u>2,194,856,559</u></u>
EQUITY AND LIABILITIES			
LIABILITIES			
Deposits from customers	1,898,731,693	1,601,514,322	1,668,716,650
Dividend payable	-	21,297,528	-
Retirement benefit obligations	27,512,000	27,512,000	23,095,000
Current tax assets	951,722	-	-
Other liabilities	30,210,736	9,927,695	10,220,506
Lease liabilities	11,743,934	12,702,584	13,015,025
TOTAL LIABILITIES	<u><u>1,969,150,085</u></u>	<u><u>1,672,954,129</u></u>	<u><u>1,715,047,181</u></u>
EQUITY			
Stated capital	200,000,000	200,000,000	200,000,000
Retained earnings	229,535,346	210,937,983	228,803,128
Other reserves	52,542,159	52,449,159	51,006,250
TOTAL EQUITY	<u><u>482,077,505</u></u>	<u><u>463,387,142</u></u>	<u><u>479,809,378</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>2,451,227,590</u></u>	<u><u>2,136,341,271</u></u>	<u><u>2,194,856,559</u></u>

SICOM FINANCIAL SERVICES LTD
STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED 31 MARCH 2024

	Quarter ended 31-Mar-24	Quarter ended 31-Mar-23	Period ended 31-Mar-24	Period ended 31-Mar-23	Year ended 30-Jun-23
	Rs	Rs	Rs	Rs	Rs
Interest income using effective interest method	17,239,404	10,184,450	52,045,485	54,545,930	63,507,256
Interest income on finance lease receivables	14,599,261	10,781,384	40,726,461	32,266,916	43,541,552
Interest expense	(16,988,712)	(4,357,046)	(46,524,839)	(28,142,164)	(50,939,841)
Net interest income	14,849,952	16,608,788	46,247,106	58,670,682	56,108,967
Operating lease rental income	6,186,794	453,611	12,746,515	1,122,241	1,921,088
Fee and commission income	1,797,459	1,266,275	6,140,203	3,729,794	8,054,071
Dividend income	-	-	24,300	12,900	2,175,509
Other Income	1,319,087	3,592,700	4,074,951	5,289,218	24,014,886
Gain on disposal of equipment and repossessed assets	-	-	-	-	4,100
Net gain arising on financial assets measured at FVTPL	5,367,674	2,581,461	6,285,303	1,743,763	2,768,885
Operating income	29,520,967	24,502,835	75,518,379	70,568,598	95,047,506
Net impairment losses on financial assets	(767,822)	(2,005,865)	(1,700,000)	(3,575,171)	(3,712,571)
Fair value loss on repossessed assets	-	-	-	-	(2,855,745)
Personnel expenses	(7,158,209)	(6,613,776)	(17,472,694)	(17,583,082)	(23,447,517)
Other expenses	(12,129,691)	(9,000,594)	(34,466,434)	(28,143,234)	(35,323,073)
Gain on disposal	-	186,516	-	186,516	-
Total Expenses	(20,055,723)	(17,433,719)	(53,639,128)	(49,114,971)	(65,338,906)
Profit before income tax	9,465,244	7,069,116	21,879,251	21,453,627	29,708,600
Income tax expense	(1,419,787)	(3,944,594)	(3,281,888)	(3,944,594)	(4,652,685)
Profit for the period	8,045,457	3,124,522	18,597,363	17,509,033	25,055,915

SICOM FINANCIAL SERVICES LTD
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2024

	Period ended 31-Mar-24	Year ended 30-Jun-23	Period ended 31-Mar-23
	Rs	Rs	Rs
Profit for the period	18,597,363	25,055,915	17,509,033
Other comprehensive income:			
<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	93,000	39,000	(6,000)
Other comprehensive income for the period, net of tax	93,000	(2,677,590)	(6,000)
Total comprehensive income for the period	18,690,363	22,378,325	17,503,033

SICOM FINANCIAL SERVICES LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 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 2023	200,000,000	210,937,983	64,843,607	(129,000)	(19,194,209)	6,928,761	463,387,142
Profit for period	-	18,597,363	-	-	-	-	18,597,363
Other comprehensive income for the period	-	-	-	93,000	-	-	93,000
	-	18,597,363	-	93,000	-	-	18,690,363
At 31 March 2024	<u>200,000,000</u>	<u>229,535,346</u>	<u>64,843,607</u>	<u>(36,000)</u>	<u>(19,194,209)</u>	<u>6,928,761</u>	<u>482,077,505</u>