



UNAUDITED INTERIM FINANCIAL REPORT

FOR THE QUARTER ENDED
31 March 2022

SICOM FINANCIAL SERVICES LTD
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED
31 MARCH 2022

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

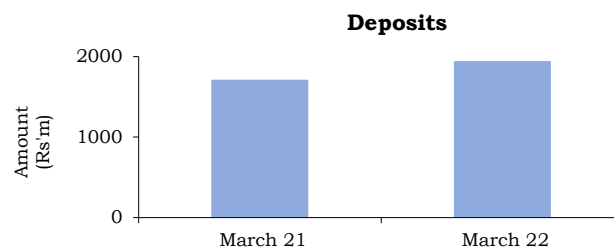
Accounting policies

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 2021.

Financial review

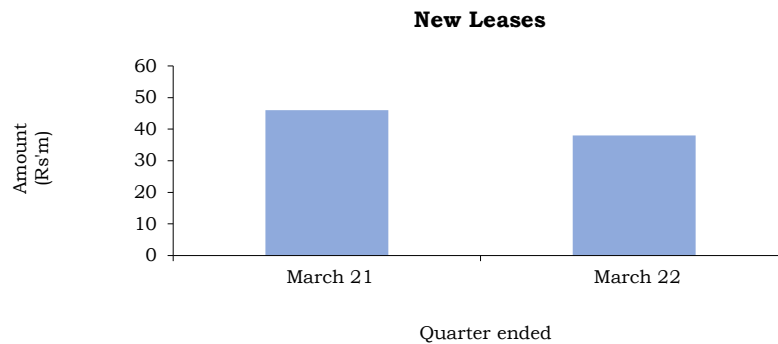
Deposits

Total deposits grew by 12% and stood at Rs 1.9 billion as at 31 March 2022 as compared to Rs 1.7 billion as at 31 March 2021.



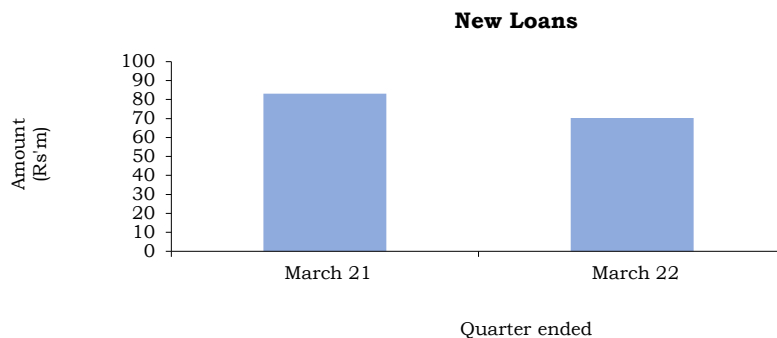
Leases

The amount of lease approved stood at Rs 38.4 million for the quarter ended 31 March 2022 while for the same quarter last year an amount of Rs 46.1 million was approved as new leases. The lease figures are lower due to the negative impact of the pandemic on sales initiatives, while fierce competition from banking institutions proposing low interest rates on leases was another factor that impacted the business of leasing companies.



Personal Loans

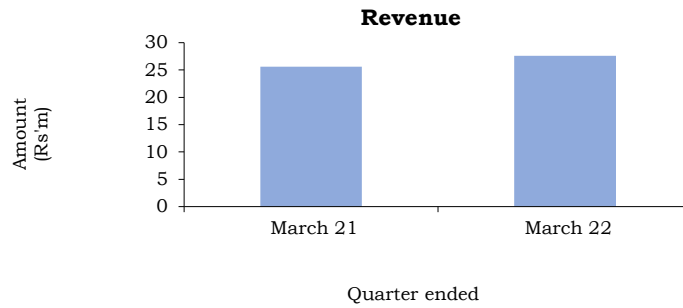
The amount of new loans disbursed for the quarter ended 31 March 2022 amounted to Rs 60.8 million compared to Rs 83.1 million disbursed for the same quarter last year. This shortfall is mainly due to the inability to deploy sales initiatives with the Covid-19 restrictions.



Revenue

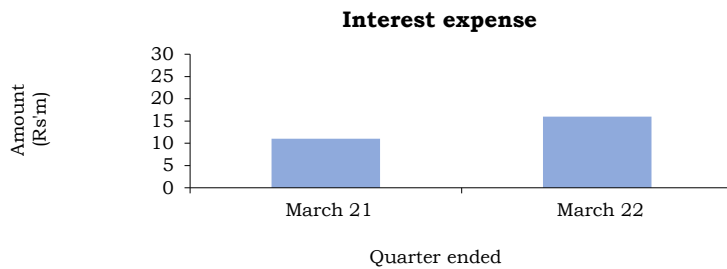
Revenue from leasing activities increased slightly to reach Rs 11.0 million for the quarter under review while it stood at Rs 10.9 million for the same quarter last year. The personal loan business also brought in a revenue of Rs 7.2 million for the quarter ended 31 March 2022 as compared to Rs 1.2 million for

the quarter ended 31 March 2021. Total revenue increased from Rs 25.6 million for the quarter ended 31 March 2021 to Rs 27.6 million for the quarter under review.



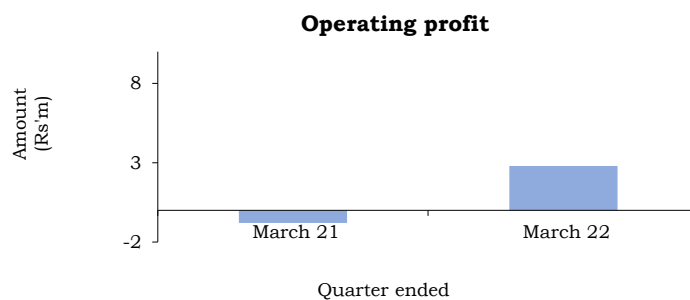
Interest expense

Interest paid to depositors fell from Rs 15.0 million for the quarter ended 31 March 2021 to Rs 13.1 million for the quarter under review.



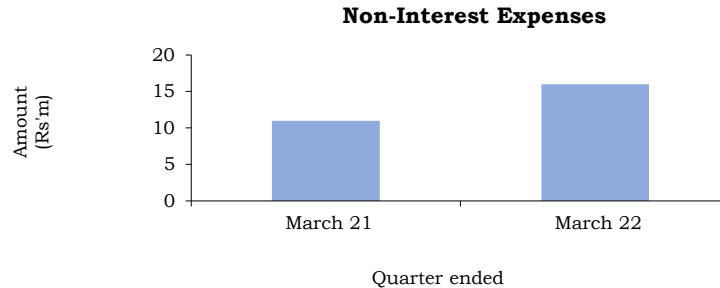
Operating profit

Operating profit reached Rs 2.8 million for the quarter ended 31 March 2022 as compared to the loss of Rs 0.8 million recorded for the quarter ended 31 March 2021. The increase in profitability was mainly due to the decrease in credit impairment.



Cost Control

Non-interest expenses increased from Rs 11.4 million for the quarter ended 31 March 2021 to Rs 16.2 million for the quarter under review.



Credit quality

Non-performing leases as a percentage of the total lease portfolio decreased from 7.8% for the quarter ended 31 March 2021 to 6.6% for the quarter under review.

Sector Wise distribution of the Leasing Portfolio

| Sectors | Amount (Rs) |
|--|-------------|
| A. - Agriculture, forestry and fishing | 2,405,438 |
| C - Manufacturing | 15,598,488 |
| D - Electricity, gas, steam and air conditioning supply | 1,632,063 |
| E - Water supply; sewerage, waste management and remediation activities | 557,581 |
| F - Construction | 17,958,697 |
| G - Wholesale and retail trade; and repair of motor vehicles and motorcycles | 77,510,405 |
| H - Transportation and storage | 5,117,252 |
| I - Accommodation and food service activities | 4,641,200 |
| J - Information and communication | 9,728,016 |
| L - Real estate activities | 4,307,280 |
| M - Professional, scientific and technical activities | 6,675,992 |
| N - Administrative and support service activities | 35,800,623 |
| Q - Human health and social work activities | 10,970,605 |
| R - Arts, entertainment and recreation | 1,553,542 |
| S - Other service activities | 5,087,042 |
| Financial GBC1s | 10,992,812 |
| Financial Auxilliaries and Other Financial Intermediaries | 3,028,007 |
| Households-Individual | 488,304,061 |

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:

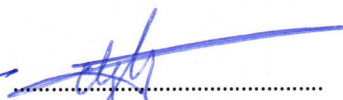
- Maintain a minimum capital adequacy ratio of 10% which was at 41.1 % for quarter 31 March 2022 and 48.4 % for quarter 31 March 2021
- Maintain liquid assets equivalent to not less than 10% of deposit liabilities and for quarter 31 March 2022, this ratio stood at 50.1 % (quarter 31 March 2021: 65.2%)

Prospects


The main areas of focus of the Company for the financial year ending 30 June 2022 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 : 20.05.2022

SICOM FINANCIAL SERVICES LTD
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

| | 31-Mar-22 | 30-Jun-21 | 31-Mar-21 |
|--------------------------------------|----------------------|----------------------|----------------------|
| | Rs | Rs | Rs |
| ASSETS | | | |
| Cash and cash equivalents | 247,014,434 | 221,250,887 | 203,700,975 |
| Investment securities | 299,809,049 | 299,186,672 | 294,940,020 |
| Deposits with financial institutions | 665,483,575 | 670,014,300 | 783,966,084 |
| Loans and advances | 530,404,456 | 312,375,869 | 211,052,290 |
| Property, plant and equipment | 5,323,483 | 6,759,612 | 7,428,339 |
| Intangible assets | 1,076,343 | 1,979,818 | 1,793,324 |
| Net investment in finance leases | 692,726,218 | 705,674,304 | 699,630,084 |
| Other assets | 9,717,522 | 8,417,716 | 6,028,137 |
| Current tax assets | 2,814,471 | 395,220 | 1,098,098 |
| Deferred tax assets | - | - | 4,459,916 |
| Rights of use assets | 8,771,687 | 9,679,103 | 9,981,575 |
| TOTAL ASSETS | 2,463,141,238 | 2,235,733,501 | 2,224,078,842 |
| EQUITY AND LIABILITIES | | | |
| LIABILITIES | | | |
| Deposits from customers | 1,944,030,155 | 1,720,301,143 | 1,713,281,818 |
| Retirement benefit obligations | 16,342,000 | 17,193,000 | 15,105,000 |
| Dividend payable | - | 14,154,317 | - |
| Deferred tax liabilities | 441,612 | 197,894 | - |
| Other liabilities | 18,160,446 | 7,302,470 | 6,742,602 |
| Lease liabilities | 9,422,181 | 10,193,990 | 10,444,063 |
| TOTAL LIABILITIES | 1,988,396,394 | 1,769,342,814 | 1,745,573,483 |
| EQUITY | | | |
| Stated capital | 200,000,000 | 200,000,000 | 200,000,000 |
| Retained earnings | 220,294,252 | 212,123,095 | 229,213,353 |
| Other reserves | 54,450,592 | 54,267,592 | 49,292,006 |
| TOTAL EQUITY | 474,744,844 | 466,390,687 | 478,505,359 |
| TOTAL EQUITY AND LIABILITIES | 2,463,141,238 | 2,235,733,501 | 2,224,078,842 |

SICOM FINANCIAL SERVICES LTD
STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED 31 MARCH 2022

| | Quarter ended 31 March 2022 | Quarter ended 31 March 2021 | Period ended 31 March 2022 | Period ended 31 March 2021 | Year ended 30 June 2021 |
|--|--------------------------------|--------------------------------|-------------------------------|-------------------------------|----------------------------|
| | Rs | Rs | Rs | Rs | Rs |
| Interest income using EIR | 16,633,735 | 14,612,758 | 50,490,403 | 45,326,290 | 60,455,192 |
| Interest income on leases | 10,998,210 | 10,950,742 | 33,848,789 | 33,224,594 | 44,820,613 |
| Interest expense | (13,058,563) | (14,988,799) | (40,491,738) | (45,489,532) | (59,547,216) |
| Net interest income | 14,573,382 | 10,574,701 | 43,847,454 | 33,061,352 | 45,728,589 |
| Operating lease rental income | 508,355 | 611,591 | 1,525,065 | 2,033,613 | 2,587,104 |
| Fee and commission income | 1,021,767 | 1,198,872 | 4,614,323 | 3,012,466 | 4,956,187 |
| Dividend income | - | - | 29,400 | - | 1,461,883 |
| Other operating income | 1,213,682 | 882,183 | 2,539,702 | 2,161,148 | 2,945,909 |
| Gain on disposal of assets | 186,475 | | 186,475 | - | 31,887 |
| Net gain on financial assets measured at FVTPL | (3,596,407) | 1,273,575 | (729,194) | 6,696,196 | 10,859,265 |
| Operating income | 13,907,255 | 14,540,922 | 52,013,225 | 46,964,775 | 68,570,824 |
| Allowance for credit impairment | 5,083,575 | (3,990,863) | 3,047,134 | (4,151,005) | (5,990,413) |
| Personnel expenses | (6,461,154) | (4,790,508) | (16,305,321) | (12,960,044) | (17,434,866) |
| Other expenses | (9,739,770) | (6,561,395) | (28,933,470) | (19,074,731) | (24,759,281) |
| Total Expenses | (11,117,349) | (15,342,766) | (42,191,657) | (36,185,780) | (48,184,560) |
| Profit before taxation | 2,789,906 | (801,844) | 9,821,568 | 10,778,995 | 20,386,264 |
| Income tax expense | (928,927) | 321,750 | (1,650,411) | 2,584,560 | (3,734,127) |
| Profit for the period | 1,860,979 | (480,094) | 8,171,157 | 13,363,555 | 16,652,137 |

SICOM FINANCIAL SERVICES LTD
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2022

| | Quarter ended 31-Mar-22 Rs | Quarter ended 31-Mar-21 Rs | Period to Date 31- Mar-22 Rs | Period to Date 31-Mar-21 Rs | Year ended 30-Jun-21 Rs |
|---|----------------------------------|----------------------------------|------------------------------------|-----------------------------------|-------------------------------|
| Profit for the period | 1,860,979 | (480,094) | 8,171,157 | 13,363,555 | 16,652,137 |
| Other comprehensive income: | | | | | |
| <i>Items that will not be reclassified to profit or loss:</i> | | | | | |
| Remeasurement of post employment benefit obligations | - | - | - | - | 2,286,000 |
| Income tax relating to components of other comprehensive income | - | - | - | - | (388,620) |
| Fair value gain/(loss) on investments in equity instruments designated as at FVTOCI | 24,000 | (57,000) | 183,000 | (42,000) | 15,000 |
| Other comprehensive income for the period, net of tax | 24,000 | (57,000) | 183,000 | (42,000) | 1,912,380 |
| Total comprehensive income for the period | 1,884,979 | (537,094) | 8,354,157 | 13,321,555 | 18,564,517 |

SICOM FINANCIAL SERVICES LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 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 2021 | 200,000,000 | 212,123,095 | 59,592,232 | (360,000) | (10,708,289) | 5,743,649 | 466,390,687 |
| Profit for the year | - | 8,171,157 | | | | | 8,171,157 |
| Other comprehensive income for the year | - | | | 183,000 | | | 183,000 |
| At 31 March 2022 | 200,000,000 | 220,294,252 | 59,592,232 | (177,000) | (10,708,289) | 5,743,649 | 474,744,844 |