

2022

ANNUAL REPORT

SIB

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VISION

Aiming for continued growth, we will further develop our strengths to seize new opportunities and maintain our steadfast commitment.

MISSION

- ❑ *Meet the challenges of highly competitive market with our expertise, creativity and service.*
- ❑ *Develop & maintain strong client relationship.*
- ❑ *Continuously enhance our contributions towards industrial development of the country.*
- ❑ *Above all, in a tradition of prudent growth, our unwavering determination to strengthen long-term earnings and return on shareholders' equity will endure.*

COMPANY INFORMATION

BOARD OF DIRECTORS

Haji Jan Muhammad (Chairman)
Mr Muhammad Mehboob
Mrs. Zillay Huma Khan
Mr Faisal Zahid
Mr. Azam Khan Ghauri
Mr. Farrukh Siddiqui
Mr. Muhammad Bilal Chaudhry

PRESIDENT & CEO

Mr Zafar M Sheikh

AUDIT COMMITTEE

Mr. Farrukh Siddiqui (Chairman)
Haji Jan Muhammad
Mr Muhammad Mehboob
Mr Faisal Zahid

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr Faisal Zahid (Chairman)
Mr Zafar M Sheikh
Mr Muhammad Mehboob
Mrs. Zillay Huma Khan

RISK MANAGEMENT COMMITTEE

Mr. Azam Khan Ghauri (Chairman)
Mr Muhammad Mehboob
Mr. Farrukh Siddiqui
Mr Faisal Zahid
Mr Zafar M Sheikh

Chief Financial Officer
Mr. Shakeel Ahmed

AUDITORS

Bakers Tilly Mehmood Idrees Qamar
Chartered Accountant

TAX ADVISORS

Grant Thoranton Anjum Rahman
Chartered Accountants

LEGAL ADVISORS

Rizwan Ahmed (Barrister at Law)
Ahmad, Azim & Co (Advocates)

SHARE REGISTRAR

M/s. C&K Management
Associates (Pvt) Limited
404, Trade Tower,
near Hotel Metropole, Karachi.

BANKERS

Habib Metropolitan Bank Limited.
United Bank Limited
Summit Bank Limited.

REGISTERED OFFICE

Suite No. 3, 1st Floor, Junaid Plaza,
I-10, Markaz, Islamabad.
Tel : (051) 4102919
Website : www.sibl.com.pk

KARACHI OFFICE

502, 5th Floor, Madina City Mall,
Abdullah Haroon Road, Saddar Karachi.
Tel: (021) 35659753-54
Fax: (021) 35659755
E-mail : sibl@sibl.com.pk

NOTICE OF THE THIRTY SECOND ANNUAL GENERAL MEETING

Notice is hereby given that the Thirty second Annual General Meeting of Security Investment Bank Limited (the Company) will be held at the Registered Office of the Company located at Suite Number 3, 1st Floor, Junaid Plaza, I-10 Markaz, Islamabad, on 28 April 2023 at 10:30 a.m. to transact the following business:

ORDINARY BUSINESS

- 1) To confirm the minutes of the Extra Ordinary General Meeting held on 29 June 2022.
- 2) To receive and adopt the audited financial statements of the Company for the year ended 31 December 2022 together with the directors' and auditor's reports thereon.
- 3) To appoint auditors and fix their remuneration for the year ending 31 December 2023. The retiring auditors M/s. Baker Tilly Mehmood Idrees Qamar. Chartered Accountants retire and being eligible offers themselves for reappointment to act as the external auditors of the Bank and fix their remuneration for the years ending 31, December 2023.

ANY OTHER BUSINESS

- 5) To consider any other business with the permission of the Chair.

BOOK CLOSURE

The share transfer book of the company will remain closed from 21 April 2023 to 28 April 2023 (both days inclusive). Transfer applications received in order at the office of the Share Registrar of the Company (i.e. C & K Management Associates (Private) Limited, room number 404, Trade Tower, Abdullah Haroon Road, Karachi) by the close of business on 20 April 2023 will be treated in time for determining the entitlement of members to attend the Annual General Meeting of the Company.

By order of the board

Karachi:
21st March, 2023

Company Secretary

NOTES:

- 1) A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote on his/her behalf. Proxies in order to be effective must be received at the office of the share registrar of the company duly stamped and signed not less than 48 hours before the meeting. A member may not appoint more than one proxy.
- 2) Members are requested to promptly communicate to the Share Registrar of the Company any change in their addresses.
- 3) CDC account holders and sub-account holders are required to follow the under mentioned guidelines as laid down by the Securities & Exchange Commission of Pakistan.
 - a) For attending the meeting.
 - i) In case of individuals, the account holder or sub-account holder shall bring his or her original CNIC or original passport along with Participant ID Number and the Account Number at the time of attending meeting.
 - ii) In case of corporate entity, the board of directors' resolution / power of attorney with specimen signature of the nominee shall be produced at the time of meeting.

- b) For appointing proxies
- i) In case of individuals, the account holder or sub-account holder shall submit the proxy form as per the above requirement.
 - ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC number shall be mentioned on the form.
 - iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - iv) The proxy shall produce his or her original CNIC or original passport at the time of meeting.
 - v) In case of corporate entity, the board of directors' resolution / power of attorney with specimen signature shall be submitted to the company along with proxy form.
- 4) Pursuant to Section 150 of the Income Tax Ordinance, 2001 and Finance Act, 2020 withholding tax on dividend income will be deducted for 'Filer' and 'Non-Filer' shareholders at 15% and 30% respectively. According to the Federal Board of Revenue (FBR), withholding tax will be determined separately on 'Filer/Non-Filer' status of principal shareholder as well as joint holder(s) based on their shareholding proportions, in case of joint accounts. Members that hold shares with joint shareholders are requested to provide shareholding proportions of principal shareholder and joint holder(s) in respect of shares held by them to our Share Registrar in writing. In case the required information is not provided to our Registrar it will be assumed that the shares are held in equal shares by principal shareholder and joint holder(s).

5) SUBMISSION OF COMPUTERISED NATIONAL IDENTITY CARD / NATIONAL TAX NUMBER

We would like to bring it to the notice of our valued shareholders that the Securities & Exchange Commission of Pakistan (SECP) vide Notification No. SRO 831(I)/2012 dated 05 July 2012 in supersession of earlier Notification No. SRO 779(I)/2011 dated 18 August 2011, has directed all the listed companies to issue dividend warrant(s) only crossed as "A/C Payee Only" in the name of registered shareholder or in the name of authorised person where a registered shareholder authorises the Company to pay dividend, on his behalf, to any other person. The dividend warrant(s) should also bear the Computerised National Identity Card Number (CNIC) of the registered shareholder or the authorised person, except in case of minor(s) and corporate shareholders.

In view of the above, it is requested that the Members, who have not yet submitted photocopy of their valid CNIC are requested to send the same at the earliest directly to the Company Share Registrar.

The Corporate Shareholders are requested to provide at the earliest their National Tax Number directly to the Company Share Registrar.

6) DIVIDEND MANDATE OPTION

In compliance of the Circular No. 18 of 2012 dated 05 June 2012, we would like to inform our valued shareholders that Section 242 of the Companies Act, 2017 allows the shareholders of a company to order the company to pay them cash dividend, if declared, through their respective banks.

In this regard, those shareholders who would like to avail the above facility are requested to provide following details directly the Share Registrar of the Company.

Name of Shareholder

Folio Number / Participant ID and Account Number

CNIC Number

Title of Bank Account

Bank Account Number

Bank's Name

Branch Name

Branch Address

Cell Number of Shareholder, if any

Landline Number of Shareholder, if any

7) **Electronic Transmission of Financial Statements and Notices**

Pursuant to Notification vide SRO 787 (I)/2014 dated September 08, 2014:SECP has directed all companies to facilitate their members receiving Annual Financial Statements and Notice of Annual General Meeting (Notice) through electronic mail system (e-mail). The Company is pleased to offer this facility to our valued members who desire to receive Annual Financial Statements and Notices through email in future. In this regard, those members who wish to avail this facility are hereby requested to convey their consent via email on a standard request form which is available at the Company website i.e. <http://www.sibl.com.pk> Please ensure that your email account has sufficient rights and space available to receive such email which may be greater than 1MB in size. Further, it is the responsibility of the member (s) to timely update the Share Registrar of any changes in his/her/its/their registered email address at the address of Company's Share Registrar mentioned above.

8) **Placement of Financial Statements**

The Company has placed the Audited Financial Statements for the year ended December 31, 2022 along with Auditors and Directors Reports thereon on its website: <http://www.sibl.com.pk>

CHAIRMAN'S REVIEW REPORT

On behalf of the Board, it is my pleasure to present the Annual Report for the year ended December 31, 2022. Security Investment Bank Limited ("SIB") is committed to maintaining high standards of good corporate governance without any concession.

Pursuant to the updated Code of Corporate Governance, the company is trying to ensure full compliance. These steps will surely contribute to board development, remuneration processes, accountability and audit, and relations with our valued shareholders.

The economy has deteriorated from bad to worse in 2022. In addition to the political crisis, the devastating floods hit the economy hard in 2022. The outlook for the year 2023 may continue remain in tough phase during the FY-2023, despite the government taking some corrective measures immediately to overcome the crises.

The Board has constituted effective Audit, Human Resource & Remuneration and Risk Management Committees and approved their respective terms of references, assigned adequate resources so that the Committees perform their responsibilities diligently.

All significant issues throughout the year presented before the Board or its Committees to strengthen and formalize the corporate decision-making. The Board received agendas and supporting written material in sufficient time prior to the board and its committee meetings. The non-executive and independent directors are equally involved in important decisions.

The Board has exercised its power assigned to the Board in accordance with the relevant laws and regulations applicable and the Board has always prioritized the Compliance with all the applicable laws and regulations.

On behalf of the Board of Directors, I would like to express gratitude to our stakeholders for their continued support and encouragement. I would also like to appreciate the valuable services rendered by the employees of the company. I also acknowledge the commitment and diligence of my fellow directors and their valuable contributions for the continued growth of the company.

We look forward to future success in the Company's endeavours.

Haji Jan Muhammad
Chairman
Karachi: March 21, 2023

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of Security Investment Bank Limited (the “Company”) are pleased to present the 30th Annual Report along with the Audited Financial Statements and Auditor’s Report thereon for the year ended 31 December 2022.

Economic Overview

The year 2022 saw political turmoil, an economic crisis, and devastating floods hit the economy hard in Pakistan. On the economic front, the country has been dealing with persistently high inflation through most of the past years, a depreciating currency, and precariously low foreign reserves. Pakistan's high foreign debt has caused a severe financial crisis. In 2022, the government imposed import restrictions on various commodities to save dollars, which has modestly lowered the current account deficit, but this has also slowed industrial operations across Pakistan, and has even caused shutdowns and layoffs in some sectors. Government predicts economic growth will remain slow in the current fiscal year much below 2%.

The government agrees to implement stringent conditions agreed with the IMF to resume the loan programme and find some financial space to fix the current economic crisis.

As Pakistan looks to address these challenges in a turbulent moment, it is important to develop political stability and adopt long run economic policies, attracts foreign investment, transform the import-driven economy into an export-driven economy, needs to privatize loss-making state-owned entities, needs to undertake reforms (particularly in the energy sector) with mutual consensus of all the parties and stakeholders.

However, the government is taking all possible measures to control inflationary pressures and provide relief to the masses in order to mitigate the impact of price hike.

SBP, Monetary Policy Committee (Committee) reviewed its policy frequently to take appropriate action towards supporting growth, financial stability and employment during these challenging times. During the year under review 2022, the Committee keeping the view of overall economic situation and rising trend of inflation, has been deciding to raise its policy rate in frequent committee meetings, during the year over all increased in policy rate was 725 basis point to 17% as compared to policy rate at the beginning of the year 9.75%.

In the context of overall economic situation, the equity market under performed during the year under review. The PSX-100 index registered 39747 points at the closing of the year 2022 as compared to 44416 of the preceding year.

Financial Performance

The key financial result achieved during the year presented as under:

Operating Results	Year 2022	Year 2021
	(Rupees in million)	
Total Income	49	76
Total Expenditure	33	34
Profit from operation	16	42
Un-realized (loss) / gain on re-measurement of shares	(68)	(12)
Loss/ (Profit) before tax	(52)	29
Taxation	(19)	(4)
Net Loss / (Profit) after tax	(33)	25
Earnings per share	(0.643)	0.488

Market risk

The Bank’s activities expose it to a variety of market risks (in addition to liquidity and credit risks). Market risk with respect to the bank’s activities include interest rate risk, currency risk and other price risk.

Interest rate risk

Interest rate risk arises from the possibility when changes in interest rate affect the value of financial instruments. The Bank is exposed to interest rate risk as a result of mismatches or gaps in the amounts of assets and liabilities that mature or re-price in a given period. The Bank manages this risk by matching the re-pricing of assets and liabilities.

Corporate Governance

The Board of Directors of the Company (the “Board”) regularly reviews the strategic direction, business plans and performance in the light of the Company’s overall objectives. The Board is committed to maintain the high standards of good corporate governance. The Company is complying with the provisions set out by the Regulator and the listing rules of the Stock Exchanges.

As required under the Code of Corporate Governance, the Board would like to confirm that:

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity;
- Proper books of account of the Company have been maintained;
- Appropriate accounting policies have been consistently applied in the preparation of the financial statements, and accounting estimates are based on reasonable and prudent judgment;
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- There are no significant doubts upon the Company’s ability to continue as a going concern;
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- The directors are not entitled any remuneration except meeting fee and any increase in meeting fees approved by the board of directors in their meeting and ratify it in upcoming meeting of shareholders.”
- The executive director/Chief Executive Officer is entitled remuneration approved by the board of directors in their meeting and ratifies it in upcoming meeting of shareholders.”
- In compliance to the Code of Corporate Governance, in respect of Director’s Training Program for majority of its Directors so as to acquaint them with the regulations, applicable laws, their duties and responsibilities. The exercise is on-going expected to be completed in the up- coming financial year 2022”
- Key operating and financial data of six years of the Company are as follows:

Description / Year	(Rupees in millions)					
	2022	2021	2020	2019	2018	2017
Shareholder’s equity	708	741	716	639	779	582
Deposits	-	-	-	-	-	8
Borrowings	-	-	-	-	3	37
Short term financing	120	45	54	242	556	415
Investments	310	447	438	333	113	56
Operating loss / (profit)	(52)	29	90	50	34	22
Net loss / (profit)	(33)	25	77	39	17	61
Total assets	731	752	735	839	819	678

Value of Provident Fund Investment

As on 31 December 2022 based on the unaudited accounts, the value of investment of Provident Fund was Rs. Nil (2021 Rs 1.2 millions).

Pattern of Shareholding

The pattern of shareholding as at 31 December 2022 along with the disclosure required under the Code of Corporate Governance, 2020 is annexed to the report.

Changes in the Board

During the year under review, fresh election for the Company's Board of Directors was held on June 29, 2022, and all relevant requirement of the Code of Corporate Governance Regulations 2019 have been complied with.

Board and Audit Committee Meetings and Attendance

During the year ended 31 December 2022, five Board of Directors; four Audit Committee and one Human Resources and Remuneration Committee (HR & R) meetings were held. Attendance of each director is as follows:

Name	Independent / Non-Independent	Executive / Non-Executive Director	Board of Directors	Audit Committee	HR & R Committee
Haji Jan Muhammad	Non-Independent	Non-Executive	5	4	Not Applicable
Mohammad Shoaib	Non-Independent	Non-Executive	2	Not Applicable	Not Applicable
Muhammad Mahboob	Non-Independent	Non-Executive	1	-	1
Samreen Shoaib	Non-Independent	Non-Executive	-	Not Applicable	Not Applicable
Shaikh Abdullah	Independent	Non-Executive	2	2	Not Applicable
Karim Muhammad Munir	Independent	Non-Executive	2	2	Not Applicable
Faizal Zahid	Independent	Non-Executive	5	4	1
Zillay Huma Khan	Non-Independent	Non-Executive	4	Not Applicable	1
Farrukh Siddiqui	Independent	Non-Executive	3	2	Not Applicable
Muhammad Bilal Chaudhry	Independent	Non-Executive	3	Not Applicable	Not Applicable
Azam Khan Ghauri	Independent	Non-Executive	3	Not Applicable	Not Applicable
Zafar M. Shaikh	Non-Independent	Executive	3	Not Applicable	1

Leave of absence granted to members who did not attend the Board and Committee meetings.

Audit Committee

The Audit Committee of the Board continued to perform its duties and responsibilities in an effective manner as per its terms of reference duly approved by the Board. The committee compositions have been attached with this report.

Trading in Shares of the Company by Directors and Executives

During the year, the Directors, CEO, CFO, Company Secretary and Head of Internal Audit and their spouses and minor children did not carry out any transaction in the shares of the Company.

Ethics and Business Practices

As per the Corporate Governance guidelines, the Company has circulated a "Code of Ethics" for compliance. All directors and employees of the Company acknowledging their understanding and acceptance of the Code have signed it.

Directors' Training Program

Details provided in Statement of Compliance.

Earnings per Share

Earning per share of the Company is Rs (0.634) for the year ended 31 December 2022 (2021 Rs 0.488).

Dividend

No dividend is declared for the year ended 31 December 2022 in the Board meeting held on March 21, 2023.

Future outlook

Your company's management is endeavouring to improve the company's business specifically focus to enhance our car / consumer financing portfolio to enhance profitability and return for shareholders as well. During the year under review, the license of the bank has been revalidated for the term of 3 years effective from May 29, 2022. Further, the Management is reviewing various business options within the NBFC Regulatory Framework.

Related party transaction

In order to comply with the requirements of listing regulations, the Company has presented all related party transactions before the Audit Committee and Board for their review and approval. The Audit Committee and Board have approved these transactions in their respective meetings.

Auditors

The present auditors Baker Tilly Mehmood Idress Qamar, Chartered Accountants retire and being eligible has offered themselves for re-appointment.

Acknowledgement

We, the directors of SIBL, are grateful to the Regulator, Stock Exchanges for their cooperation and support. We do acknowledge and are thankful to our shareholders for their support and cooperation. We also acknowledge and are thankful for the untiring efforts of the management and staff.

On behalf of the Board

Haji Jan Muhammad
Chairman / Director

Zafar M Sheikh
Chief Executive Officer

Karachi
March 21, 2023

ڈائریکٹرز رپورٹ برائے حصص دار

سیکیورٹی انویسٹمنٹ بینک لمیٹڈ کے ڈائریکٹرز (کمپنی) 31 دسمبر 2022 کو ختم ہونے والے سال کے لئے آڈٹ شدہ مالیاتی بیانات اور اس پر آڈیٹر کی رپورٹ کے ساتھ 30 سالانہ رپورٹ پیش کرتے ہوئے خوش ہیں۔

معاشی جائزہ

سال 2022 میں سیاسی بحران، معاشی بحران اور تباہ کن سیلاب نے پاکستان کی معیشت کو بری طرح متاثر کیا۔ اقتصادی محاذ پر، ملک گذشتہ کئی سالوں سے مسلسل بلند افراط زر، کرنسی کی قدر میں کمی اور غیر یقینی طور پر کم غیر ملکی ذخائر سے نمٹ رہا ہے۔ پاکستان کے زیادہ غیر ملکی قرضوں نے شدید مالیاتی بحران پیدا کر دیا ہے۔ 2022 میں حکومت نے ڈالر بچانے کے لئے مختلف اشیاء پر درآمدی پابندیاں عائد کیں، جس سے کرنٹ اکاؤنٹ کاؤنٹ خسارہ معمولی حد تک کم ہوا، لیکن اس سے پاکستان بھر میں صنعتی آپریشنز بھی سست ہو گئے، اور یہاں تک کہ کچھ سیکٹرز میں شٹ ڈاؤن اور برطرفی کا سبب بھی بنے۔ حکومت نے پیش گوئی کی ہے کہ رواں مالی سال میں معاشی ترقی کی رفتار 2 فیصد سے بہت کم رہے گی۔

حکومت قرض پروگرام کو دوبارہ شروع کرنے اور موجودہ معاشی بحران کو حل کرنے کے لئے کچھ مالی جگہ تلاش کرنے کے لئے آئی ایم ایف کے ساتھ طے شدہ سخت شرائط پر عمل درآمد کرنے پر راضی ہے۔

چونکہ پاکستان ایک ہنگامہ خیز لمحے میں ان چیلنجوں سے نمٹنا چاہتا ہے اس کے لئے سیاسی استحکام کو فروغ دینا اور طویل المدت اقتصادی پالیسیاں اپنانا، غیر ملکی سرمایہ کاری کو راغب کرنا، درآمدات سے چلنے والی معیشت کو برآمدات پر مبنی معیشت میں تبدیل کرنا، خسارے میں چلنے والی ریاست کی نجکاری کی ضرورت ہے۔ ملکیتی اداروں کو تمام فریقین اور اسٹیک ہولڈرز کے باہمی اتفاق رائے سے (خاص طور پر توانائی کے شعبے میں) اصلاحات کرنے کی ضرورت ہے۔

تاہم حکومت مہنگائی کے دباؤ پر قابو پانے اور عوام کو ریلیف فراہم کرنے کے لئے ہر ممکن اقدامات کر رہی ہے تاکہ قیمتوں میں اضافے کے اثرات کو کم کیا جاسکے۔

SBP مانیٹری پالیسی کمیٹی نے اس مشکل وقت میں ترقی، مالیاتی استحکام اور روزگار میں معاونت کے لئے مناسب اقدامات کرنے کے لئے اپنی پالیسی کا اکثر جائزہ لیا۔ زیر جائزہ سال 2022 کے دوران کمیٹی مجموعی اقتصادی صورتحال اور افراط زر کے بڑھتے ہوئے رجحان کو مدنظر رکھتے ہوئے کمیٹی کے متواتر اجلاسوں میں پالیسی ریٹ بڑھانے کا فیصلہ کرتی رہی ہے، سال کے دوران پالیسی ریٹ میں مجموعی طور پر 725 بیس پوائنٹس اضافہ ہوا جس سے پالیسی ریٹ 9.75% سے بڑھ کر 17% فیصد ہو گیا۔

مجموعی اقتصادی صورتحال کے تناظر میں زیر جائزہ سال کے دوران ایکویٹی مارکیٹ کی کارکردگی PSX-100 انڈیکس نے سال 2022 کے اختتام پر 39747 پوائنٹس کا اندراج کیا جو پچھلے سال کے 44416 پوائنٹس تھا۔
مالیاتی کارکردگی

سال کے دوران حاصل کردہ کلیدی مالیاتی نتائج ذیل میں پیش کئے گئے

Operating Results	Year 2022	Year 2021
	(Rupees in million)	
Total Income	49	76
Total Expenditure	33	34
Profit from operation	16	42
Un-realized (loss) / gain on re-measurement of shares	(68)	(12)
Loss/ (Profit) before tax	(52)	29
Taxation	(19)	(4)
Net Loss / (Profit) after tax	(33)	25
Earnings per share	(0.643)	0.488

مارکیٹ کا خطرہ

بینک کی سرگرمیاں اسے مارکیٹ کے مختلف خطرات (لیکویڈیٹی اور کریڈٹ کے خطرات کے علاوہ) سے بے نقاب کرتی ہیں۔ بینک کی سرگرمیوں کے حوالے سے مارکیٹ کے خطرے میں شرح سود کا خطرہ، کرنسی کا خطرہ اور قیمت کے دیگر خطرات شامل ہیں۔

شرح سود کا خطرہ

شرح سود کا خطرہ اس امکان سے پیدا ہوتا ہے جب شرح سود میں تبدیلی مالیاتی آلات کی قدر کو متاثر کرتی ہے، اثاثوں اور واجبات کی مقدار میں عملاً مماثلت یا فرق کے نتیجے میں بینک سود کی شرح کے خطرے سے دوچار ہے جو ایک مقررہ مدت میں پختہ یا دوبارہ قیمت پر ہے۔ بینک اثاثوں اور ذمہ داریوں کو دوبارہ قیمتوں کا ملا کر اس خطرے کا انتظام کرتا ہے۔

کارپوریٹ گورننس

کمپنی کا بورڈ آف ڈائریکٹرز کمپنی کے مجموعی مقاصد کی روشنی میں اسٹریٹیجک سمت، کاروباری منصوبوں اور کارکردگی کا باقاعدگی سے جائزہ لیتا ہے۔ بورڈ اچھی کارپوریٹ گورننس کے اعلیٰ معیار کو برقرار رکھنے کے لئے پرعزم ہے۔ کمپنی ریگولیٹری طرف سے مقرر کردہ دفعات اور اسٹاک ایکسچینج کی فہرست سازی قوانین کے تعمیل کر رہی ہے۔

جیسا کہ کوڈ آف کارپوریٹ گورننس کے تحت ضروری ہے بورڈ اس بات کی تصدیق کرنا چاہے گا کہ

☆ کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالی بیانات اس کی حالت اس کے کاموں کے نتائج، نقد بھاؤ اور ایکویٹی میں ہونے والی تبدیلیوں کو پیش کرتے ہیں۔

☆ کمپنی کے حساب کتاب کی مناسب دیکھ بھال کی گئی ہے۔

☆ مالیاتی گوشواروں کی تیار میں مناسب اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہے۔

- ☆ بین الاقوامی مالیاتی رپورٹنگ کے معیارات جیسا کہ پاکستان میں لاگو ہوتا ہے، مالیاتی بیانات کی تیاری میں پیروی کی گئی ہے اور وہاں سے کسی بھی رواگتی کا مناسب طور پر انکشاف کیا گیا ہے۔
- ☆ اندرونی کنٹرول کا نظام ڈیزائن میں درست ہے اور اسے مؤثر طریقے سے لاگو کیا گیا ہے اور اس کی نگرانی کی گئی ہے۔
- ☆ ایک جاری تشویش کے طور پر جاری رکھنے کی کمپنی کی صلاحیت پر کوئی خاص شک نہیں ہے۔
- ☆ کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی رخصتی نہیں ہوئی ہے، جیسا کہ فہرست سازی کے ضوابط میں تفصیل ہے۔
- ☆ ڈائریکٹرز میٹنگ فیس اور میٹنگ فیس میں کسی بھی اضافے کے علاوہ کسی بھی معاوضے کے حقدار نہیں ہیں جو ان کی میٹنگ میں بورڈ آف ڈائریکٹرز نے منظور کیا اور شیئر ہولڈرز کی آئینہ میٹنگ میں اس کی توثیق کی۔

- ☆ ایگزیکٹو ڈائریکٹر/چیف ایگزیکٹو آفیسر کو معاوضے کا حقدار ہے جسے بورڈ آف ڈائریکٹرز نے ان کی میٹنگ میں منظور کیا اور شیئر ہولڈرز کی آئینہ میٹنگ میں اس کی توثیق کرتا ہے۔
- ☆ کوڈ آف کارپوریٹ گورننس کی تعمیل میں اس کے زیادہ تر ڈائریکٹرز کے لئے ڈائریکٹرز کے تربیتی پروگرام کے سلسلے میں تاکہ انہیں ضوابط، قابل اطلاق قوانین ان کے فرائض اور ذمہ داریوں سے واقف کرایا جاسکے یہ مشق آئینہ مالی سال 2022 میں مکمل ہونے کی توقع ہے۔
- ☆ کمپنی کے چھ سالوں کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا درج ذیل ہے:

Description / Year	(Rupees in millions)					
	2022	2021	2020	2019	2018	2017
Shareholder's equity	708	741	716	639	779	582
Deposits	-	-	-	-	-	8
Borrowings	-	-	-	-	3	37
Short term financing	120	45	54	242	556	415
Investments	310	447	438	333	113	56
Operating loss / (profit)	(52)	29	90	50	34	22
Net loss / (profit)	(33)	25	77	39	17	61
Total assets	731	752	735	839	819	678

پروایڈنٹ فنڈ کی سرمایہ کاری کی قدر:

31 دسمبر 2022 کو غیر آڈٹ شدہ کھاتوں کی بنیاد پر، پروایڈنٹ فنڈ کی سرمایہ کاری کی قیمت صفر روپے تھی۔ (1.2 بلین روپے 2021)

شیئر ہولڈنگ کا نمونہ

کوڈ آف کارپوریٹ گورننس 2020 کے تحت مطلوبہ انکشاف کے ساتھ 31 دسمبر 2022 تک شیئر ہولڈنگ کا نمونہ رپورٹ کے ساتھ منسلک ہے۔

بورڈ میں تبدیلیاں

زیر نظر سال کے دوران 29 جون 2022 کو کمپنی کے بورڈ آف ڈائریکٹرز کے لئے نئے انتخابات ہوئے اور کوڈ آف کارپوریٹ گورننس ریگولیشنز 2019 کے تمام متعلقہ تقاضوں کی تعمیل کی گئی ہے۔

بورڈ اور آڈٹ کمیٹی کے اجلاس اور حاضری

31 دسمبر 2022 کو ختم ہونے والے سال کے دوران پانچ بورڈ آف ڈائریکٹرز چار آڈٹ کمیٹی اور ایک ہیومن ریسورس اینڈ ریمونڈیشن کمیٹی (R&HR) کے اجلاس منعقد ہوئے، ہر ڈائریکٹر کی حاضری حسب ذیل ہے۔

Name	Independent / Non-Independent	Executive / Non-Executive Director	Board of Directors	Audit Committee	HR & R Committee
Haji Jan Muhammad	Non-Independent	Non-Executive	5	4	Not Applicable
Mohammad Shoaib	Non-Independent	Non-Executive	2	Not Applicable	Not Applicable
Muhammad Mahboob	Non-Independent	Non-Executive	1	-	1
Samreen Shoaib	Non-Independent	Non-Executive	-	Not Applicable	Not Applicable
Shaikh Abdullah	Independent	Non-Executive	2	2	Not Applicable
Karim Muhammad Munir	Independent	Non-Executive	2	2	Not Applicable
Faizal Zahid	Independent	Non-Executive	5	4	1
Zillay Huma Khan	Non-Independent	Non-Executive	4	Not Applicable	1
Farrukh Siddiqui	Independent	Non-Executive	3	2	Not Applicable
Muhammad Bilal Chaudhry	Independent	Non-Executive	3	Not Applicable	Not Applicable
Azam Khan Ghauri	Independent	Non-Executive	3	Not Applicable	Not Applicable
Zafar M. Shaikh	Non-Independent	Executive	3	Not Applicable	1

بورڈ اور کمیٹی کے اجلاسوں میں شرکت نہ کرنے والے اراکین کو غیر حاضری کی چھٹی دی گئی۔

آڈٹ کمیٹی

بورڈ کی آڈٹ کمیٹی نے اپنے فرائض اور ذمہ داریوں کو بورد کی طرف سے منظور شدہ شرائط کے مطابق موثر انداز میں ادا کرنا جاری رکھا اس رپورٹ کے ساتھ کمیٹی کی ترکیبیں منسلک کر دی گئی ہیں۔

ڈائریکٹرز اور ایگزیکٹوز کے ذریعہ کمپنی کے حصص

تجارت سال کے دوران ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکریٹری اور ہیڈ آف انٹرنل آڈٹ اور ان کی شریک حیات اور نابالغ بچوں نے کمپنی کی شیئرز میں کوئی لین دین نہیں کیا۔

اخلاقیات اور کاروباری طرز عمل:

کارپوریٹ گورننس کے رہنما خطوط کے مطابق، کمپنی نے تعمیل کے لیے ایک ”ضابطہ اخلاق“ جاری کیا ہے کمپنی کے تمام ڈائریکٹرز اور ملازمین نے ضابطہ کیا اپنی سمجھ اور قبولیت کو تسلیم کرتے ہوئے اور اس پر دستخط کئے ہیں۔

ڈائریکٹرز کا تربیتی پروگرام

تعمیل کے بیان میں تفصیلات فراہم کی گئی ہیں۔

فی شیئر آمدنی

31 دسمبر 2022 کو ختم ہونے والے سال کے لیے کمپنی کی فی شیئر آمدنی (0.643) ہے جو کہ (2021 میں 0.488 تھی)۔

ڈیویڈنڈ

21 مارچ 2023 کو ہونے والی بورڈ میٹنگ میں 31 دسمبر 2022 کو ختم ہونے والے سال کے لئے کسی منافع کا اعلان نہیں کیا گیا۔

مستقبل کا نقطہ نظر

آپ کی کمپنی کی انتظامیہ کمپنی کے کاروبار کو بہتر بنانے کی کوشش کر رہی ہے خاص طور پر ہماری کارکنز یومر فنانسنگ رپورٹ فولیو کو بڑھانے پر توجہ مرکوز کر رہی ہے تاکہ منافع میں اضافہ ہو اور شیئر ہولڈرز کے لئے بھی واپسی ہو۔ ہوزیر نظر سال کے دوران، بینک کے لائسنس کو 29 مئی 2022 سے 3 سال کی مدت کے لئے دوبارہ درست کیا گیا ہے۔ مزید یہ کہ انتظامیہ NBFC ریگولیٹری فریم ورک کے اندر مختلف کاروباری اختیارات کا جائزہ لے رہی ہے۔

متعلقہ پارٹی لین دین

فہرست سازی کے ضوابط کے تقاضوں کی تعمیل کرنے کے لئے کمپنی نے تمام متعلقہ فریق لین دین کو آڈٹ کمیٹی اور بورڈ کے سامنے ان کے جائزے اور منظور کے لئے پیش کیا ہے۔ آڈٹ کمیٹی اور بورڈ نے اپنے اپنے اجلاسوں میں ان لین دین کی منظوری دی ہے۔

آڈیٹرز

موجودہ آڈیٹرز بیکریٹیلی محمود ادریس قمر، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو رہے ہیں اور اہل ہونے کی وجہ سے خود کو دوبارہ تقرری کے لئے پیش کر چکے ہیں۔

اعتراف

ہم SIB کے ڈائریکٹرز، ریگولیٹرز، اسٹاک ایکسچینجز کے تعاون کے لئے ان کے شکر گزار ہیں۔ ہم اپنی حصص یافتگان کے تعاون کو تسلیم کرتے ہیں اور ان کے شکر گزار ہیں۔ ہم انتظامیہ اور عملے کی انتھک کوششوں کو بھی تسلیم کرتے ہیں اور ان کے شکر گزار ہیں۔

بورڈ کی جانب سے

حاجی جان محمد

چیئر مین

کراچی 21 مارچ 2023

ظفر ایم شیخ

چیئر مین / چیف ایگزیکٹو آفیسر

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The company has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 in the following manner:

- The total number of directors during the year 2021 are 8 as per the following:

Category	Number of Directors
a Male Director*	7
b Female Director	1

*including the President & CEO who is an Executive Director

- The composition of the Board as at December 31, 2022 is as follows:

Category	Name
Non-Executive Director	Mr. Haji Jan Muhammad
	Mr. Muhammad Mehboob
	Mrs. Zillay Huma Khan
Independent Director	Mr. Faisal Zahid
	Mr. Farrukh Siddiqui
	Mr. Muhammad Bilal Chaudhry
	Mr. Azam Khan Ghauri
President & CEO	Mr. Zafar M. Sheikh

** Further, during the year under review, fresh election for the Company’s Board of Directors was held on June 29, 2022, and all relevant requirement of the Code of Corporate Governance Regulations 2019 have been complied with.

- The Directors have confirmed that none of them is serving as a director on more than seven (7) listed companies, including Securities Investment Bank Limited (excluding the listed subsidiaries of listed holding companies where applicable).
- The Company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
- The Board has approved a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
- All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Companies Act, 2017 and these Regulations.
- The meetings of the Board presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
- The Board of Directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Companies Act, 2017 and these Regulations.
- The Board has not arranged any training program for its directors during the year. One of the seven directors namely Mr. Muhammad Mehboob have already obtained certification under the Director’s Training Program and one of the directors namely Mr. Haji Jan Muhammad is exempt from Director’s Training Program as per criteria prescribed in the said regulation. The Board is committed to compliance with corporate governance regulations and plans fulfillment of the Director’s Training Program within the prescribed timelines.

The Board has approved the Appointment of the Chief Financial Officer and the Company Secretary, Auditor including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. The financial statements of the company were duly endorsed by Chief Executive Office and Chief Financial Officer before approval of the Board.
12. The Board formulated the following committees comprising of the members in its first board meeting held on July 07, 2022 after completion of election process, which was held on June 29, 2022:

a) Audit Committee

Name	Designation
Mr. Farrukh Siddiqui	Chairman
Mr. Haji Jan Muhammad	Member
Mr. Muhammad Mehboob	Member
Mr. Faizal Zahid	Member

b) HR& Remuneration Committee

Mr. Faizal Zahid	Chairman
Mr. Muhammad Mehboob	Member
Mr. Zafar M. Sheikh	Member
Mrs.Zillay Huma Khan	Member

c) Risk Management Committee

Mr. Azam Khan Ghauri	Chairman
Mr. Muhammad Mehboob	Member
Mr. Farrukh Siddiqui	Member
Mr. Faizal Zahid	Member
Mr. Zafar M Sheikh	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committee were as per following:

Meetings	Frequency
Audit Committee	Four quarterly meeting were held during the year ended December 31, 2022
HR & Remuneration Committee	One meeting was held during the year ended December 31, 2022

15. The Board has set-up an effective internal audit function/managed by suitably qualified and experienced personnel who are conversant with the policies and procedures of the Company. Mr. Ali Maqsood appointed as Head Internal Audit with effect from 12 December 2022,.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and are registered with the Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guide lines on code of ethics as adopted by the ICAP and that the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the CEO, CFO, head of internal audit, company secretary or director of the company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.
19. The Company has not arranged Directors training programs during the year as required under Regulation 19 of the Regulation.

HAJI JAN MUHAMMAD
CHAIRMAN

ZAFAR M SHEIKH
CEO

Karachi, 21st March 2023

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (“the Regulations”) prepared by the Board of Directors of **Security Investment Bank Limited**, for the year ended December 31, 2022 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company’s compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company’s personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors’ statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company’s corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approvals of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company’s process for identification of related parties and that whether the related party transactions were undertaken at arm’s length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company’s compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2022.

We draw attention to paragraph 19 to the annexed statement of compliance as at December 31, 2022 which states that the Company is in non-compliance with certain provisions of the Regulations.

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Engagement Partner: Mehmood A. Razzak

Karachi.

Date: March 27, 2023

UDIN: CR202210151sUPY5Dopm

**UNCONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2022**

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INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF SECURITY INVESTMENT BANK LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of SECURITY INVESTMENT BANK LIMITED(the Company), which comprise of the statement of financial position as at December 31,2022, and the profit and loss account, statement of comprehensive income, cash flow statement, statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us,the statement of financial position, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017) along with Part VIIIA of the repealed Companies Ordinance, 1984, Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules) and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2022 and of the loss, other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the Key audit matter:

1.	Valuation of Investments	
	Key audit matter	How the matter was addressed in our audit
	<p>The Company's investment comprises investments in equity and debt instruments. As at December 31, 2022 total net investment amount to Rs. 310.46 million.</p> <p>The valuation of these investments is made using different valuation techniques as disclosed in note 14 to the financial statements.</p> <p>The Company's accounting policy and movement in the year in the investments balances are disclosed in note no. 7.5 and 14 respectively to the financial statements.</p>	<p>Valuation of investments were addressed by applying following procedures:</p> <ul style="list-style-type: none"> • Evaluated the design and implementation of key control around investments; • Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; • Performed purchases and sales testing on sample basis of trades made during the year and checked

	Key audit matter	How the matter was addressed in our audit
	<p>We have considered this as a key audit matter in view of the significance of these investments in relation to the total assets of the Company.</p>	<p>that transaction were recorded in the correct period as part of investment in case of purchases/transfers.</p> <p>Checked the existence of the securities from the Central Depository Company’s report.</p> <p>We also reviewed management's assessment of whether there are any indicators of impairment including those securities that are not actively traded; and</p> <p>Furthermore, we also assessed the adequacy of the respective disclosure relating to investments as disclosed in the financial statements.</p>

Information other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Director's report, but does not include the financial statements of the company and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) along with Part VIIIA of the repealed Companies Ordinance, 1984, Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules) and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) along with Part VIII A of the repealed Companies Ordinance, 1984, Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules) and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company’s business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor’s report is
Mehmood A. Razzak.

Baker Tilly Mehmood Idrees Qamar
Chartered Accountants

Karachi

Dated: March 27, 2023

UDIN: AR202210151mXhzbpuPO

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2022

	Note	2022 ----- Rupees -----	2021
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	8	155,266,213	155,317,754
Intangible assets	9	2,590,000	2,733,344
Deferred tax	10	18,451,450	5,880,764
Long term financing	11	21,871,420	12,023,421
Long term loans and advances	12	2,500,000	2,500,000
		200,679,083	178,455,283
CURRENT ASSETS			
Short term financing	13	80,000,000	-
Current portion of long term financing	11	39,695,488	44,651,381
Short term investments	14	310,459,952	446,982,039
Current portion of loan and advances	12	2,573,498	958,207
Deposits, prepayments and other receivables	15	5,767,273	5,922,695
Accrued interest	16	14,160,129	5,181,422
Tax refund due from Government	17	70,195,185	62,263,062
Cash and bank balances	18	7,618,713	7,272,005
		530,470,238	573,230,812
TOTAL ASSETS		731,149,321	751,686,095
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Share Capital			
100,000,000 (2021: 100,000,000) Ordinary shares of Rs.10/- each	19	1,000,000,000	1,000,000,000
Issued, subscribed and paid-up share capital	19	514,335,580	514,335,580
Statutory reserves	20	191,277,571	191,277,571
Unappropriated profit		2,399,795	35,467,685
		708,012,946	741,080,836
CURRENT LIABILITIES			
Unclaimed dividend		2,090,749	2,090,749
Accrued and other liabilities	21	21,045,626	8,514,510
		23,136,375	10,605,259
TOTAL EQUITY AND LIABILITIES		731,149,321	751,686,095
CONTINGENCIES AND COMMITMENTS	22		

The annexed notes from 1 to 39 form an integral part of these financial statements

SHAKEEL AHMED
CHIEF FINANCIAL OFFICER

ZAFAR M. SHEIKH
CHIEF EXECUTIVE

HAJI JAN MOHAMMAD
CHAIRMAN/DIRECTOR

UNCONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 ----- Rupees -----	2021
Income			
Income on financing	23	13,799,610	8,256,984
Return on securities	24	31,614,690	18,635,920
Gain on sale of investments		1,592,748	47,040,169
Profit on deposit with banks		981,958	565,481
Other income	25	1,381,202	1,274,520
		49,370,208	75,773,074
Expenditure			
Administrative expenses	26	33,081,611	34,303,645
Operating profit before taxation		16,288,597	41,469,429
Unrealized loss on remeasurement of investments classified as fair value through profit or loss		(68,222,822)	(12,275,811)
(Loss) / profit before taxation		(51,934,225)	29,193,618
Taxation	27	18,866,335	(4,105,178)
Net (loss) / profit after tax		(33,067,890)	25,088,440
(Loss) / earnings per share - basic and diluted	28	(0.643)	0.488

The annexed notes from 1 to 39 form an integral part of these financial statements.

SHAKEEL AHMED
CHIEF FINANCIAL OFFICER

ZAFAR M. SHEIKH
CHIEF EXECUTIVE

HAJI JAN MOHAMMAD
CHAIRMAN/DIRECTOR

**UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022	2021
	----- Rupees -----	
Net (loss) / profit after tax	(33,067,890)	25,088,440
Other comprehensive income for the year		
- Items that may be reclassified subsequently to statement of profit or loss		
Surplus / (deficit) on revaluation of investments	-	-
Total comprehensive (loss) / income for the year	<u><u>(33,067,890)</u></u>	<u><u>25,088,440</u></u>

The annexed notes from 1 to 39 form an integral part of these financial statements.

SHAKEEL AHMED
CHIEF FINANCIAL OFFICER

ZAFAR M. SHEIKH
CHIEF EXECUTIVE

HAJI JAN MOHAMMAD
CHAIRMAN/DIRECTOR

UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

	2022	2021
	----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(51,934,225)	29,193,618
Adjustment for non cash and other items		
Depreciation	1,722,809	1,808,268
Amortization	143,344	309,996
Gain on disposal of shares	(1,592,748)	(45,631,212)
Return on term finance certificates (TFCs)	-	(1,945,381)
Gain on disposal of fixed assets	(3,700)	(84,071)
Unrealized loss on remeasurement of investments classified as fair value	68,222,822	12,275,811
	68,492,527	(33,266,589)
Cash flows from operating activities before working capital changes	16,558,302	(4,072,971)
(Increase) / decrease in operating assets		
Short term financing	(80,000,000)	-
Current portion of long term financing	4,955,893	-
Deposits, prepayments and other receivables	155,422	16,143,218
Accrued interest	(8,978,707)	(3,647,677)
	(83,867,392)	12,495,541
Increase / (decrease) in operating liabilities		
Accrued and other liabilities	12,531,116	(8,670,108)
Net change in operating assets and liabilities	(71,336,276)	3,825,433
Income tax paid	(1,636,474)	(15,463,345)
Net cash used in operating activities	(56,414,448)	(15,710,883)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets - net	(153,420)	(301,810)
Capital work in progress	(1,568,448)	-
Proceeds from disposal of long term Investment	-	13,580,936
Investment in quoted shares	-	(41,414,818)
Loans and advances	(1,615,291)	72,750
Long term financing - net	(9,847,999)	2,310,551
Sale proceeds on disposal of fixed assets	54,300	84,100
Sale of investments (shares)	6,892,014	202,205,961
Sale of investments (TFC)	-	9,151,344
Investment / sale of investment in securities	63,000,000	(170,000,000)
Net cash inflow from investing activities	56,761,156	15,689,014
Net increase / (decrease) in cash and cash equivalents	346,708	(21,869)
Cash and cash equivalents at the beginning of the year	7,272,005	7,293,874
Cash and cash equivalents at the end of the year	7,618,713	7,272,005

The annexed notes from 1 to 39 form an integral part of these financial statements.

SHAKEEL AHMED
CHIEF FINANCIAL OFFICER

ZAFAR M. SHEIKH
CHIEF EXECUTIVE

HAJI JAN MOHAMMAD
CHAIRMAN/DIRECTOR

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

Issued, Subscribed and Paidup Share Capital	Reserves		Total	
	Statutory reserve	Accumulated profit / (losses)		
----- Rupees -----				
Balance as at January 01, 2021	514,335,580	186,259,883	15,396,933	715,992,396
Total comprehensive income for the year ended December 31, 2021				
Profit for the year	-	-	25,088,440	25,088,440
Other comprehensive income	-	-	-	-
	-	-	25,088,440	25,088,440
Transfer to statutory reserve	-	5,017,688	(5,017,688)	-
Balance as at December 31, 2021	514,335,580	191,277,571	35,467,685	741,080,836
Total comprehensive loss for the year ended December 31, 2022				
Loss for the year	-	-	(33,067,890)	(33,067,890)
Other comprehensive income	-	-	-	-
	-	-	(33,067,890)	(33,067,890)
Transfer to statutory reserve	-	-	-	-
Balance as at December 31, 2022	514,335,580	191,277,571	2,399,795	708,012,946

The annexed notes from 1 to 39 form an integral part of these financial statements.

SHAKEEL AHMED
CHIEF FINANCIAL OFFICER

ZAFAR M. SHEIKH
CHIEF EXECUTIVE

HAJI JAN MOHAMMAD
CHAIRMAN/DIRECTOR

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. "STATUS AND PRINCIPAL ACTIVITIES"

- 1.1** Security Investment Bank Limited (the Company) is a public limited company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Company was incorporated in Pakistan on May 23, 1991 and started its commercial operations on December 31, 1991. Its shares are quoted on Pakistan Stock Exchange. The registered office of the Company is situated at Office No. 1, 1st Floor, Junaid Plaza, I-10 Markaz, Islamabad.
- 1.2** The Company is licensed to carry out business of investment finance services as a Non-Banking Finance Company (NBFC) under section 282C of the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 issued by the Securities and Exchange Commission of Pakistan (SECP) as amended through SRO 1002 (I) /2015 dated October 15, 2015 and Non-Banking Finance Companies and Notified Entities Regulations 2008 as amended through SRO 1160(I) / 2015 dated November 25, 2015 (previously this was covered under SRO 585(1)/87 dated July 13, 1987, issued by the Ministry of Finance). The license is valid until May 29, 2025.
- 1.3** During the year, the bank not renewed its credit rating as the status of the bank is non deposit taking entity Previously, VIS Credit Rating Company Limited (VIS) had assigned initial entity ratings of 'A-/A-2' to Security Investment Bank Limited (SIBL). The long term rating of 'A-' signifies adequate credit quality. The short term rating of 'A-2' signifies good certainty of timely payment.

2. GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

The registered office of the Company is situated at Office No. 3, 1st Floor, Junaid Plaza, I-10 Markaz, Islamabad. The Company has a regional office at Suite no. 502, 5th Floor, Madina City Mall, Abdullah Haroon Road, Saddar Karachi.

3. BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan.

The accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984 and Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by SECP. Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and directives issued by Securities and Exchange Commission of Pakistan (SECP) differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and directives issued by SECP have been followed.

3.2 Functional and presentation currency

These financial statements are presented in Pak Rupees which is the functional and presentation currency of the Company and rounded to the nearest Rupee.

4. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

4.1 Standards, amendments to approved accounting standards effective in current year

There are certain new standards and interpretations of and amendments to existing accounting and reporting standards that have become applicable to the Company for accounting periods beginning on or after January 01, 2022. These are considered either to not be relevant or not to have any significant impact on the Company's financial statements.

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on these financial statements.

4.2 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the Company

There are number of other standards, amendments and interpretations to the approved accounting standards that are not yet effective and are also not relevant to the Company and therefore, have not been presented here.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates, underlying assumptions and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

"In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

- (a) determining the residual values and useful lives of property and equipment (Note 8)
- (b) classification, valuation and impairment of financial instruments (Note 7.4 and 7.5)
- (c) recognition of taxation and deferred tax (Note 7.14) and
- (d) accounting for post employment benefits (Note 7.8)
- (e) impairment of non financial assets (Note 7.3)"

6. BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention, except for investments carried at fair value through profit and loss and investments carried at fair value through other comprehensive income. In these financial statements, except for the amount reflected in cash flow statements, all the transactions have been accounted for on accrual basis.

7. SIGNIFICANT ACCOUNTING POLICIES

7.1 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit and loss account applying the straight line method in accordance with the rate specified in note 8 to these financial statements, whereby the cost of an asset is written off over its estimated useful life. Full month's depreciation is charged on additions during the month in which asset is acquired, while no depreciation is charged in the month of disposal.

The assets residual values and useful lives are reviewed, and adjusted if significant, at each statement of financial position date. Minor renewals or replacements, maintenance, repairs and profit or loss on disposal of fixed assets are included in current year's income. Major renewals and repairs are capitalized.

Fully depreciated assets are being kept at written down value of Rs. 1/- each.

7.2 Intangible assets

"An intangible asset is recognised as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and the cost of such asset can be measured reliably.

Intangibles are stated at cost less accumulated amortization and impairment losses, if any. These costs are amortized over their estimated useful life using the straight-line method. (Refer Note 9)"

7.2.1 Trading rights and membership card

These are stated at cost less impairments, if any. The carrying amounts are reviewed at each statement of financial position date to assess whether these are recorded in excess of their recoverable amounts, and where carrying value is in excess of recoverable amount, these are written down to their estimated recoverable amount.

7.3 Impairment

The carrying amount of the Company's assets, except assets carried as per IFRS-9, are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If such indications exist, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is recognised as expense in the profit and loss account. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

7.4 Investments in subsidiary

Investment in unquoted subsidiary is initially valued at cost. At subsequent reporting dates, the Company reviews the carrying amount of the investment to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any.

7.5 Financial instruments

Financial assets

The Company classifies its financial assets in the following categories: The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Financial assets at amortised cost

Financial assets at amortised cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in profit or loss.

b) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are those financial assets which are either designated in this category or not classified in any of the other categories. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises.

Financial assets are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently remeasured to fair value, amortized cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit or loss for the period in which it arises.

Equity instrument financial assets / mutual funds are measured at fair value at and subsequent to initial recognition. Changes in fair value of these financial assets are normally recognised in profit or loss. Dividends from such investments continue to be recognised in profit or loss when the Company's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Derecognition of financial assets

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and

the Company has transferred substantially all risks and rewards of ownership.

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company recognises in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised cost are initially measured at fair value minus transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit or loss.

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Company applies the simplified approach to recognise lifetime expected credit losses for trade and other receivables.

Off-setting of financial assets and financial liabilities

A financial asset and financial liability is off-set and the net amount is reported in the statement of financial position when there is a legally enforceable right to set-off the transaction and also there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

7.6 Impairment of financing

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. This objective evidence of impairment of fixed income securities is determined in accordance with provisioning criteria for non performing exposures as per the requirements of NBFS Rules and Regulations.

7.7 Trade date and settlement date accounting

All "regular way" purchases and sales of financial assets are recognised on the settlement date, i.e. the date on which the asset is delivered to or by the Company. Regular way purchases or sales of financial assets are those, the contract for which requires delivery of assets within the time frame generally established by regulation or convention in the market place.

7.8 Staff retirement benefits

Defined contribution plan

The Company operates an approved Provident Fund Scheme for all its permanent employees. Equal monthly contributions are made, both by the Company and the employee, to the fund @10% of basic salary.

7.9 Cash and bank balances

Cash in hand and at bank are carried at nominal amounts.

7.10 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, cash with banks in current and deposit account and short term clean placement.

7.11 Provisions

Provisions are recognised when the Company has legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate of the amount can be made. Provisions are reviewed at each statement of financial position date and are adjusted to reflect the current best estimate.

7.12 Revenue

Income on financing, placement, government securities, profit on deposits and term finance certificates are generally recognised on time proportion basis taking into account the principal / net investment outstanding and applicable rates of profit / return thereon. Income on discounted commercial papers is recognized on a time proportion basis over the life of instruments. Where recovery is considered doubtful, income is recognised on receipt basis.

Dividends on equity investments are recognised as income when the right to receive payment is established.

Income from capital gains is recognised on earned basis.

Fee, commission, liquidated damages etc. are recorded on earned basis except which is spread over the time proportion.

7.13 Finance cost

Finance cost includes return on deposits and borrowings which are recognised on a time proportionate basis taking into account the relevant issue date and final maturity date.

7.14 Taxation

Current

Current tax is the expected tax payable on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using tax rates enacted or substantively enacted at the reporting date. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the liability method on all temporary differences at the statement of financial position date between the tax base of the assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and unused tax losses, if any, to the extent that it is probable that sufficient taxable income will be available against which the deductible temporary differences and unused tax losses can be utilized.

The carrying amount of all deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted at the statement of financial position date.

Deferred tax on surplus / (deficit) on revaluation of investments is charged or credited directly to the same account.

7.15 Related party transactions

All transactions with the related parties are priced on arm's length basis.

7.16 Provision for doubtful debts on financing

The Company reviews its doubtful debts at each reporting date to assess whether provision / (income suspension) should be recorded in the profit and loss account in addition to the mandatory provision / (income suspension) required in accordance with the requirements of the NBFC Regulations issued by Securities and Exchange Commission of Pakistan. In particular, calculating

the provision for doubtful debts on financing is subject to numerous judgments, estimates and timing of future cash flows. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provisions.

7.17 Dividend distributions and appropriations

Dividend distributions and appropriations other than statutory appropriations are recorded in the period in which they are approved.

	Note	2022 ----- Rupees -----	2021
8. PROPERTY AND EQUIPMENT			
Property and equipment	8.1	153,697,765	155,317,754
Capital work in progress		1,568,448	-
		<u>155,266,213</u>	<u>155,317,754</u>

8.1 PROPERTY AND EQUIPMENT

	Leasehold Property	Building	Furniture and fixtures	Computer and Equipments	Vehicles	Generator	Telephone System	Total
----- Rupees -----								
As at December 31, 2020								
Gross carrying value basis								
Cost	121,516,047	32,000,000	8,916,237	3,477,367	40,501	582,736	253,969	166,786,857
Accumulated depreciation	-	(1,333,334)	(4,833,368)	(3,086,593)	(29,880)	(532,291)	(243,995)	(10,059,461)
Net book value	<u>121,516,047</u>	<u>30,666,666</u>	<u>4,082,869</u>	<u>390,774</u>	<u>10,621</u>	<u>50,445</u>	<u>9,974</u>	<u>156,727,396</u>
Year ended December 31, 2021								
Net carrying value basis								
Opening net book value	121,516,047	30,666,666	4,082,869	390,774	10,621	50,445	9,974	156,727,396
Additions (at cost)	-	-	-	332,154	66,500	-	-	398,654
Disposals								
Cost	-	-	-	(993,291)	-	-	-	(993,291)
Accumulated depreciation	-	-	-	993,263	-	-	-	993,263
	-	-	-	(28)	-	-	-	(28)
Depreciation charge	-	(639,996)	(888,636)	(248,814)	(9,208)	(11,640)	(9,974)	(1,808,268)
Closing net book value	<u>121,516,047</u>	<u>30,026,670</u>	<u>3,194,233</u>	<u>474,086</u>	<u>67,913</u>	<u>38,805</u>	<u>-</u>	<u>155,317,754</u>
As at December 31, 2021								
Gross carrying value basis								
Cost	121,516,047	32,000,000	8,916,237	2,816,230	107,000	582,736	253,969	166,192,219
Accumulated depreciation	-	(1,973,330)	(5,722,004)	(2,342,144)	(39,087)	(543,931)	(253,969)	(10,874,465)
Net book value	<u>121,516,047</u>	<u>30,026,670</u>	<u>3,194,233</u>	<u>474,086</u>	<u>67,913</u>	<u>38,805</u>	<u>-</u>	<u>155,317,754</u>
Year ended December 31, 2022								
Net carrying value basis								
Opening net book value	121,516,047	30,026,670	3,194,233	474,086	67,913	38,805	-	155,317,754
Additions (at cost)	-	-	-	153,420	-	-	-	153,420
Disposals								
Cost	-	-	(161,776)	(284,185)	-	-	-	(445,961)
Accumulated depreciation	-	-	117,386	277,975	-	-	-	395,361
	-	-	(44,390)	(6,210)	-	-	-	(50,600)
Depreciation charge	-	(639,996)	(878,754)	(176,603)	(15,816)	(11,640)	-	(1,722,809)
Closing net book value	<u>121,516,047</u>	<u>29,386,674</u>	<u>2,271,089</u>	<u>444,693</u>	<u>52,097</u>	<u>27,165</u>	<u>-</u>	<u>153,697,765</u>
As at December 31, 2022								
Gross carrying value basis								
Cost	121,516,047	32,000,000	8,754,461	2,685,465	107,000	582,736	253,969	165,899,678
Accumulated depreciation	-	(2,613,326)	(6,483,372)	(2,240,772)	(54,903)	(555,571)	(253,969)	(12,201,913)
Net book value	<u>121,516,047</u>	<u>29,386,674</u>	<u>2,271,089</u>	<u>444,693</u>	<u>52,097</u>	<u>27,165</u>	<u>-</u>	<u>153,697,765</u>
Depreciation rate per annum (%)	-	2	10	20	20	10	10	

8.2 Cost and accumulated depreciation as at the end of the year include an amount of Rs. 2,472,198 (2021: Rs. 2,522,914) in respect of fully depreciated assets still in use.

8.3 **Particulars of Disposal of Property and Equipment**

	Original Cost	Accumulated Depreciation	Written Down Value	Sales Proceeds	Profit / (Loss) on Disposal	Mode of Disposal	Relationship
----- Rupees -----							
Year ended December 31, 2022							
<u>Furniture & fixture</u>							
4 Chairs	41,600	28,778	12,822	6,429	(6,393)	Negotiation	No Relationship
10 Chairs	90,176	58,609	31,567	16,071	(15,496)		
Sign Board Islamabad new office	30,000	29,999	1	1	-		
<u>Computer and equipments</u>							
1 Computer	7,350	7,349	1	7,000	6,999	Negotiation	No Relationship
Panasonic Console	12,400	6,195	6,205	5,000	(1,205)		
Split Air Conditioner	54,405	54,404	1	7,999	7,998		
Split Air Conditioner (2 Sets)	153,330	153,329	1	7,000	6,999		
Batteries for ups	23,700	23,699	1	1,000	999		
Ups	33,000	32,999	1	3,800	3,799		
Total	445,961	395,361	50,600	54,300	3,700		

	Note	2022 ----- Rupees -----	2021
9. INTANGIBLE ASSETS			
Corporate membership of the PMEX		2,500,000	2,500,000
NBFC License	9.1	-	83,344
DHA Membership	9.2	90,000	150,000
		<u>2,590,000</u>	<u>2,733,344</u>

9.1 This represents NBFC license which was renewed on May 29, 2022 and is valid for three years from the date of renewal. There have not been any renewal fee paid by the company.

9.2 This membership was acquired on June 27, 2019 which is valid for a period of 5 years and after that it shall be renewed as per the requirements of Pakistan Defence Officers Housing Authority.

	2022 ----- Rupees -----	2021
10. DEFERRED TAX		
Deferred tax liability / (asset) arising in respect of:		
Accelerated depreciation	3,780,198	3,546,676
Unrealized gain / (loss) on revaluation of investments measured at fair value	(10,233,423)	(2,255,472)
through profit on loss	(9,609,909)	(5,511,104)
Unabsorbed business losses	(2,388,316)	(1,660,864)
Unabsorbed tax depreciation	<u>(18,451,450)</u>	<u>(5,880,764)</u>

	Note	2022	2021
		----- Rupees -----	
10.1 Movement in deferred tax			
Opening balance - deferred tax assets		5,880,764	941,809
Income during the year		12,570,686	4,938,955
		<u>18,451,450</u>	<u>5,880,764</u>
Closing balance - deferred tax assets		<u>18,451,450</u>	<u>5,880,764</u>
		2022	2021
		----- Rupees -----	

11. LONG TERM FINANCING
Secured and considered good

Murabaha and other finance

Less: Deferred income from finance

Murabaha and other receivable

	11.1 & 11.2	73,929,822	61,819,042
		(12,362,914)	(5,144,240)
		61,566,908	56,674,802
Less: Current portion of long term financing		(39,695,488)	(44,651,381)
		<u>21,871,420</u>	<u>12,023,421</u>

11.1 These represent financing of vehicle on Murabaha basis against hypothecation of vehicles for a period of 2 to 3 years, carrying mark up at 1 Year KIBOR + 2% to 3% per annum (2021: 1 Year KIBOR+ 2% to 3%).

11.2 This represents financing of working capital requirement against hypothecation of stock and mortgage of property carrying mark up at 1 Year KIBOR + 2% to 3% per annum (2021: 1 Year KIBOR+ 2% to 3%).

	Note	2022	2021
		----- Rupees -----	
12. LONG TERM LOANS AND ADVANCES			
Advances - secured			
- Staff		1,973,498	326,957
- Against expenses		600,000	631,250
- For office premises	12.1	2,500,000	2,500,000
		5,073,498	3,458,207
Less: Current portion of loan and advances		(2,573,498)	(958,207)
		<u>2,500,000</u>	<u>2,500,000</u>

12.1 This amount represents advance paid for office space in National Commodity Exchange Limited Building (NCEL) in the year 2003-04 and 2004-05. The said building is still under construction.

	Note	2022	2021
		----- Rupees -----	
13. SHORT TERM FINANCING			
Demand finance	13.1	80,000,000	-
		<u>80,000,000</u>	<u>-</u>

13.1 These represent demand finance under collateral of hypothecation of stock and property, carrying mark-up at 1 Year KIBOR + 2% to 3% per annum.

	Note	2022 ----- Rupees -----	2021 ----- Rupees -----
14. SHORT TERM INVESTMENTS			
Measured at amortised cost			
Market treasury bills		160,000,000	223,000,000
Measured at fair value through profit or loss			
Investment in quoted equity shares	14.1	150,459,952	223,982,039
14.1 Investment in quoted equity shares		<u>310,459,952</u>	<u>446,982,039</u>

All shares have face value of Rs. 10/- each unless identified otherwise.

2022	2021		2022		2021	
No. of ordinary shares			Cost	Market Value	Cost	Market Value
			----- Rupees -----			
		Cement				
212,358	212,358	Lucky Cement Limited	153,674,990	94,834,836	153,674,990	144,250,542
		Bank				
629,253	629,253	Bank Al Habib Limited	43,512,845	34,785,106	43,512,845	43,424,750
48,737	48,737	MCB Bank Limited	7,344,179	5,661,290	7,344,179	7,473,819
		INV. BANKS / INV. COS. / SECURITIES COS.				
1,002,953	1,002,953	Pakistan Stock Exchange Limited	18,313,922	8,103,860	18,313,922	13,790,604
		Engineering				
35,000	35,000	Amreli Steels Limited	1,370,250	628,250	1,370,250	1,566,600
		Oil & Gas Exploration Companies				
-	71,750	Sui Southern Gas Company Limited	-	-	784,228	666,558
		Power Generation				
55,000	55,000	Kot Addu Power Company Limited	1,916,200	1,465,750	1,916,200	1,779,250
71,000	71,000	The Hub Power Company Limited	5,220,630	4,478,680	5,220,630	5,065,140
-	45,000	K-Electric Limited	-	-	180,000	154,800
		Synthetic & Rayon				
1,477	1,477	Gatron (Industries) Limited / NOVA	474,073	502,180	474,073	768,926
		Refinery				
-	35,000	Attock Refinery Limitedtt	-	-	6,227,200	5,041,050
<u>2,055,778</u>	<u>2,207,528</u>		<u>231,827,089</u>	<u>150,459,952</u>	<u>239,018,517</u>	<u>223,982,039</u>

	2022 ----- Rupees -----	2021 ----- Rupees -----
15. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
Security deposits	401,280	361,280
Prepayments	938,585	1,154,431
Other receivables - considered good	4,427,408	4,406,984
	<u>5,767,273</u>	<u>5,922,695</u>

		2022	2021
		----- Rupees -----	----- Rupees -----
16.	ACCRUED INTEREST		
	Profit on demand finance receivable	1,774,292	-
	Profit on murabaha car finance receivable	12,385,837	5,181,422
		<u>14,160,129</u>	<u>5,181,422</u>
		2022	2021
		----- Rupees -----	----- Rupees -----
17.	TAX REFUND DUE FROM GOVERNMENT		
	Advance tax	289,962,206	288,325,732
	Less: Provisions for taxation	(219,767,021)	(226,062,670)
		<u>70,195,185</u>	<u>62,263,062</u>
		2022	2021
		----- Rupees -----	----- Rupees -----
18.	CASH AND BANK BALANCES		
	Cash in hand	49,953	22,396
	With State Bank of Pakistan in current account	21	1,292
	Current accounts	1,922,462	1,805,697
	Deposit accounts	5,646,277	5,442,620
		<u>7,618,713</u>	<u>7,272,005</u>
18.1	Rate of return on these deposit accounts ranges from 12.50% to 14.50% per annum (2021: 7% to 9% per annum).		
19.	SHARE CAPITAL	2022	2021
		----- Rupees -----	----- Rupees -----
	Number of shares		
	<u>2022</u>	<u>2021</u>	
	<u>100,000,000</u>	100,000,000	
	<u>1,000,000,000</u>	<u>1,000,000,000</u>	
	Issued, subscribed and paid-up share capital		
	Number of shares		
	<u>2022</u>	<u>2021</u>	
	23,552,000	23,552,000	Ordinary shares of Rs. 10/- each fully paid in cash
	27,881,558	27,881,558	Ordinary shares of Rs. 10/- each issued as fully paid bonus shares.
	<u>51,433,558</u>	<u>51,433,558</u>	<u>235,520,000</u>
		<u>514,335,580</u>	<u>235,520,000</u>

	Note	2022 ----- Rupees -----	2021 ----- Rupees -----
20. STATUTORY RESERVES	20.1	191,277,571	191,277,571
Statutory reserves			
20.1	This reserve is created at the rate of 20% of profit for the year from ordinary activities after taxation as per management discretion. However, in prior periods, this reserve was created in compliance with Regulation No. 16 of Non-Banking Finance Companies and Notified Entities Regulations 2008, as this was mandatory to be created by a deposit taking NBFC. The Company has ceased to be a deposit taking NBFC in 2016.		
		2022	2021
		----- Rupees -----	----- Rupees -----
21. ACCRUED AND OTHER LIABILITIES			
Payable to related parties		23,535	23,535
Accrued and other expenses		21,022,091	8,490,975
		21,045,626	8,514,510
22. CONTINGENCIES AND COMMITMENTS			
There were no contingencies except tax contingencies as disclosed in note no. 27.1, and commitments as at the statement of financial position date.			
		2022	2021
		----- Rupees -----	----- Rupees -----
23. INCOME ON FINANCING			
Demand finance		10,266,259	7,261,099
Murabaha finance		3,533,351	995,885
		13,799,610	8,256,984
24. RETURN ON SECURITIES			
Return on government securities (T-Bills)		25,149,574	11,091,645
Return on term finance certificates (TFCs)		-	1,945,381
Dividend income		6,465,116	5,598,894
		31,614,690	18,635,920
25. OTHER INCOME			
Gain on sale of fixed assets		3,700	84,071
Processing income		581,678	445,804
Rental income		624,000	624,000
Miscellaneous		171,824	120,645
		1,381,202	1,274,520

26. ADMINISTRATIVE EXPENSES	Note	2022	2021
		----- Rupees -----	
Salaries, wages and other benefits		19,800,626	19,896,960
Contribution to provident fund	29	274,608	445,985
Rent, rates and taxes		1,168,038	1,425,155
Telephone, telex and fax		845,833	775,295
Electricity, water and gas		766,892	616,734
Printing, postage and stationery		584,754	557,275
Insurance		142,587	269,532
Fees and membership		2,223,273	2,120,785
Brokerage and commission		17,305	414,809
Central Depository Company charges		123,307	165,759
Auditors' remuneration	26.1	430,000	430,000
Legal and professional fees		1,521,039	2,153,539
Vehicle running and maintenance		844,626	635,554
Repairs and maintenance		664,099	466,970
Advertisement		362,938	150,158
Travelling and conveyance		259,042	335,154
Entertainment		551,870	335,967
Depreciation	8.1	1,722,809	1,808,268
Amortisation		143,344	309,996
Bank charges		32,768	21,577
Medical expense		317,582	-
Old age benefit		63,300	878,866
Books, periodicals and newspapers		30,050	11,698
Other expenses		190,921	77,609
		<u>33,081,611</u>	<u>34,303,645</u>
26.1 Auditors' remuneration			
Statutory audit fee		300,000	300,000
Half yearly review fee		100,000	100,000
Out of pocket expenses		30,000	30,000
		<u>430,000</u>	<u>430,000</u>
27. TAXATION			
Current tax	27.1	(5,135,532)	19,546,862
Prior year tax		11,431,181	(10,502,729)
Deferred tax		12,570,686	(4,938,955)
		<u>18,866,335</u>	<u>4,105,178</u>

27.1 The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates, underlying assumptions and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Assessment in respect of tax years 2006 & 2007 were rectified under section 221 of the Ordinance on the issue of apportionment of expenses between Exempt & Taxable Income. The assessment was finalized in respect of the above mentioned tax years, however, a rectification application has been filed in respect of tax year 2007 on short credit of taxes paid/ withheld.

The concerned taxation officer called for the record in respect of tax claimed by the Company. The record was duly furnished to the officer, however, tax credit was not allowed. Another application in this respect has been filed vide letter bearing Ref: T-390/2014/98 dated November 18, 2014.

Assessment in respect of tax year 2008 was amended vide order dated December 24, 2009 issued under section 122 of the Ordinance by Deputy Commissioner Inland Revenue (the "DCIR") creating tax demand of Rs. 37,791,566. The Company filed an appeal before CIR(A), which was decided in favor of tax department. The Company filed a second appeal before ATIR which was also decided mostly against the Company.

The Company has filed a reference application before Islamabad High Court against the said order of ATIR. The date of hearing has not yet been fixed.

The return filed by the Company was selected for audit under section 177 of the Ordinance. Information document request was served under section 176 of the Ordinance which was duly responded. On the basis of reply submitted and hearing with the officer the return was amended under section 122(5) creating a tax demand amounting Rs. 14,460,027.

Being aggrieved with the assessment, an appeal against the said order was submitted before the CIR (A) which has been decided in the favor of Company on the following grounds.

- Disallowance pertaining to FTR income
- Brought forward losses

The above matters are remanded back to the assessing officer.

The stance of the Company on Profit on debt and Advertisement expenses is not accepted by the CIR(A) and decided in the favor of department. An appeal on the above grounds will be filed before Appellate Tribunal Inland Revenue the (ATIR).

Assessment in respect of tax year 2012 was amended vide assessment order dated February 28, 2014 under section 221/113 of the Ordinance BY ADIR creating tax demand amounting Rs. 1,096,510. A rectification application was filed which was rejected. The order of DCIR was contested before CIR(A) who remanded back the case to DCIR for further verification. However, DCIR again issued assessment order under section 124/122(5A). The company filed an appeal before CIR(A) and commissioner appeals through appellate order partially confirm the assessment order. The Company filed an appeal before ATIR.

Assessment in respect of Tax Year 2013 was amended vide assessment order dated September 09, 2018 issued under Section 122 (5A) of the Ordinance by Additional Commissioner Inland Revenue (the "ADIR") creating tax demand of Rs. 22,746,522. The company filed an appeal before CIR(A).

Assessment in respect of Tax Year 2014 was amended vide assessment order dated January 31, 2019 issued under section 122 (5A) of the Ordinance by ADIR creating tax demand amounting Rs. 612,042. The company filed an appeal before the CIR(A) who remanded back the order. However, DCIR again issued assessment order under section 124/122(5A). The company filed an appeal before CIR(A) and commissioner appeals through appellate order partially confirm the assessment order. The Company filed an appeal before ATIR.

Assessment in respect of Tax Year 2015 was amended vide assessment order bearing bar code No. 100000091909912 dated February 02, 2021 issued under Section 122 (5A) of the Ordinance by Additional Commissioner Inland Revenue (the "ADIR") Audit-I, range-II creating tax demand of Rs. 19,462,238. The company filed an appeal before CIR(A) and commissioner appeals through appellate order partially confirm the assessment order. The Company is in the process of filing of appeal before ATIR.

Assessment in respect of Tax Year 2016 was amended vide assessment order bearing DCR No. 07/26 dated January 01, 2021 in terms of section 122 (5A) of the Ordinance by the Additional Commissioner, Audit-I, Range-II creating an aggregate demand amounting Rs. 11,084,337 in furtherance of proceedings under Section 122 of the Ordinance. The company filed an appeal before the CIR(A) and commissioner appeals through appellate order partially confirm the assessment order. The Company is in the process of filing of appeal before ATIR.

Assessment in respect of Tax Year 2018 was amended vide order under section 221 of the Ordinance by Inland Revenue Officer (the "IRO") creating tax demand amounting Rs. 22,556,987. The company filed an appeal before CIR(A) who remanded back the case to IRO with the direction to afford the appellant ample opportunity to present company's point of view along with the relevant supporting evidence to justify the declared return. However, assessing officer has passed the ex-parte order. The company filed an appeal before the CIR(A) who remanded back the case vide Assessment order bearing bar code No. 100000113390383 dated November 30, 2021. As per our information no further notice is yet received in this regard.

Assessment in respect of Tax Year 2018 was amended vide assessment order bearing bar code No. 100000127765319 dated July 29, 2022 in terms of section 122 (5A) of the Ordinance by the Additional Commissioner, Audit-II, Range-II by disallowing the refund adjustment aggregate Rs. 12,475,163. The company filed an appeal before the CIR(A) and commissioner appeals through appellate order remanded back the case to the assessing officer to pass a speaking order after providing an opportunity of being heard.

Assessment in respect of Tax Year 2020 was amended vide assessment order bearing bar code No. 100000127773690 dated July 29, 2022 in terms of section 122 (5A) of the Ordinance by the Additional Commissioner, Audit-II, Range-II by disallowing the refund adjustment aggregate Rs. 9,852,119. The company filed an appeal before the CIR(A) and commissioner appeals through appellate order remanded back the case to the assessing officer to pass a speaking order after providing an opportunity' of being heard.

The numerical reconciliation between tax expense and accounting profit for the year ended December 31, 2022 has not been presented for in these financial statements as the income of the Company was either subject to minimum tax, alternate corporate tax, special rate of tax or final tax under various provisions of the Income Tax Ordinance, 2001.

28. (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED	2022	2021
	----- Rupees -----	
28.1 Basic (loss) / earning per share		
(Loss) / profit after tax	Rs. (33,067,890)	25,088,440
Weighted average number of ordinary shares		
(Loss) / earnings per share	51,433,558	51,433,558
28.2 Diluted (loss) / earning per share	Rs. (0.643)	0.488

No figure for diluted (loss) / earnings per share has been presented as the Company has not issued any instrument that would have an impact on its (loss) / earnings exercised.

29. DEFINED CONTRIBUTION PLAN

An amount of Rs. 0.275 million (2021: Rs. 0.446 million) has been charged during the year in respect of contributory provident fund maintained by the Company.

29.1 Disclosure relating to provident fund

The Company operates a recognised Provident Fund (the Fund) for its permanent employees.

	June 2022	June 2021
Note	----- Rupees -----	
(i) Size of the fund	1,009,014	2,727,259
(ii) Cost of investments made	-	2,743,734
(iii) Percentage of investments made	-	0.58
(iv) Fair value of investments in government securities	89,529	1,577,866

	2022	2021	2022	2021
Break up of the investments is as follows:	----- Percentage -----		----- Rupees -----	
Bank balance	91.13	40.92	919,485	1,115,862
Government securities	8.87	57.86	89,529	1,577,866

29.2 Investments out of Provident Fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

30. **REMUNERATION OF CHIEF EXECUTIVE OFFICER, EXECUTIVE AND NON-EXECUTIVE DIRECTORS AND EXECUTIVES**

	2022				2021			
	Chief Executive Officer	Non-Executive Directors	Executive Director	Executive	Chief Executive Officer	Non-Executive Directors	Executive Director	Executive
	----- Rupees -----							
Directors meeting fees	-	805,000	-	-	-	700,000	-	-
Managerial remuneration	5,925,000	-	-	-	5,400,000	-	-	-
Bonus	725,000	-	-	-	650,000	-	-	-
Medical expense	450,000	-	-	-	450,000	-	-	-
Other benefits	2,469,528	-	-	-	2,366,133	-	-	-
	9,569,528	805,000	-	-	8,866,133	700,000	-	-
Number of persons	1	7	-	-	1	7	-	-

30.1 The executives of the Company are also entitled to free use of Company owned and maintained vehicles.

30.2 The amount charged in the financial statements as the fee of directors for attending Board of Directors meeting was Rs. 0.035 million per meeting.

31. **LIQUIDITY RISK**

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company has diversified its funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily cashable marketable securities. The maturity profile is monitored on regular basis by Assets and Liabilities Committee to ensure that adequate liquidity is maintained. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements, if any.

	December 31, 2022			
	Upto three months	More than three months and upto one year	Over one year	Total
	----- Rupees -----			
Liabilities				
Unclaimed dividend	2,090,749	-	-	2,090,749
Accrued and other liabilities	21,022,091	23,535	-	21,045,626
	23,112,840	23,535	-	23,136,375

December 31, 2021			
Upto three months	More than three months and upto one year	Over one year	Total

----- Rupees -----

Liabilities

Unclaimed dividend	2,090,749	-	-	2,090,749
Accrued and other liabilities	8,490,975	23,535	-	8,514,510
	<u>10,581,724</u>	<u>23,535</u>	<u>-</u>	<u>10,605,259</u>

32. CREDIT RISK AND CONCENTRATION OF CREDIT RISK

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counter-parties, and continually assessing the credit worthiness of counter-parties.

Concentration of credit risk arises when a number of counter-parties are engaged in similar business activities, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicate the relative sensitivity of a Company's performance to developments affecting a particular industry.

The Company follows two sets of guidelines. Firstly, it has its own operating policies duly approved by the Board of Directors. Secondly, it adheres to the regulations issued by the SECP and SBP. The operating policies define the extent of fund and non-fund based exposures with reference to a particular sector or group.

The Company seeks to manage its credit risk exposure through diversification of lending activities to avoid undue concentration of risks with individuals or groups of customers in specific locations or business. It also obtains security when appropriate. Details of industry / sector analysis of finance portfolio is given below:

32.1 Finance

	2022		2021	
	Rupees	%	Rupees	%
Services	-	0.00%	-	0.00%
Cable and electric goods	80,000,000	56.51%	-	0.00%
Individuals	61,566,908	43.49%	56,674,802	100.00%
	<u>141,566,908</u>	<u>100%</u>	<u>56,674,802</u>	<u>100%</u>

32.2 Geographical Segment

These financial statements represent operations of the Company in Pakistan only.

33. MARKET RISK

The Company's activities expose it to a variety of market risks (in addition to liquidity and credit risks). Market risk with respect to the Company's activities include interest rate risk, currency risk and other price risk.

33.1 Interest rate risk

Interest rate risk arises from the possibility when changes in interest rate affect the value of financial instruments. The Company is exposed to interest rate risk as a result of mismatches or gaps in the amounts of assets and liabilities that mature or reprice in a given period. The Company manages this risk by matching the repricing of assets and liabilities.

The Company's exposure to interest rate risk on its financial assets and financial liabilities are summarized as follows:

Description	December 31, 2022				
	Total	Exposed to Interest Rate / Yield Risk			Not Exposed to Interest Rate / Yield Risk
		Within one year	More than one year and up to five years	Above five years	
Financial assets					
Long term financing	61,566,908	39,695,488	21,871,420	-	-
Short term financing	80,000,000	80,000,000	-	-	-
Investment in T-bills	160,000,000	160,000,000	-	-	-
Short term investments in quoted shares	150,459,952	-	-	-	150,459,952
Deposits and other receivables	4,828,688	-	-	-	4,828,688
Accrued interest	14,160,129	-	-	-	14,160,129
Cash and bank balances	7,618,713	5,646,277	-	-	1,972,436
Total	478,634,390	285,341,765	21,871,420	-	171,421,205
Financial liabilities					
Unclaimed dividend	2,090,749	-	-	-	2,090,749
Accrued and other liabilities	21,045,626	-	-	-	21,045,626
Total	23,136,375	-	-	-	23,136,375
Total interest rate sensitivity gap		285,341,765	21,871,420	-	148,284,830
Cumulative interest rate sensitivity gap		285,341,765	307,213,185	307,213,185	

December 31, 2021

Description	Total	Exposed to Interest Rate / Yield Risk			Not Exposed to Interest Rate / Yield Risk
		Within one year	More than one year and up to five years	Above five years	
Financial assets					
Long term financing	56,674,802	44,651,381	12,023,421	-	-
Investment in T-bills	223,000,000	223,000,000	-	-	-
Short term investments in quoted shares	223,982,039	-	-	-	223,982,039
Deposits and other receivables	4,768,264	-	-	-	4,768,264
Accrued interest	5,181,422	-	-	-	5,181,422
Cash and bank balances	7,272,005	5,442,620	-	-	1,829,385
Total	520,878,532	273,094,001	12,023,421	-	235,761,110
Financial liabilities					
Unclaimed dividend	2,090,749	-	-	-	2,090,749
Accrued and other liabilities	8,514,510	-	-	-	8,514,510
Total	10,605,259	-	-	-	10,605,259
Total interest rate sensitivity gap		273,094,001	12,023,421	-	225,155,851
Cumulative interest rate sensitivity gap		273,094,001	285,117,422	285,117,422	

33.2 Equity price risk

The Company's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

33.3 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. The Company is not exposed to currency risk arising from currency exposure as it is not involved in foreign currency transactions.

	2022	2021
Note	----- Rupees -----	
33.4 Financial instruments by category		
Financial assets		
Measured at fair value through profit or loss		
Investment in quoted equity shares	150,459,952	223,982,039
Measured at amortized cost		
Market treasury bills	160,000,000	223,000,000
Long term advances	2,500,000	2,500,000
Deposits and other receivables	4,828,688	4,768,264
Accrued interest	14,160,129	5,181,422
Cash and bank balances	7,618,713	7,272,005
	189,107,530	242,721,691
	<u>339,567,482</u>	<u>466,703,730</u>
Financial liabilities		
Financial liabilities carried at amortized cost		
Unclaimed dividend	2,090,749	2,090,749
Accrued and other liabilities	21,045,626	8,514,510
	<u>23,136,375</u>	<u>10,605,259</u>

34. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently differences may arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets are based on the quoted market prices at the close of trading on the period end date. The quoted market price used for financial assets held by the Company is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: fair value measurements using inputs for assets or liability that are not based on observable market data (i.e. unobservable inputs)

As at December 31, 2022, the Company held the following financial instruments measured at fair value:

	Level 1	Level 2	Level 3	Total
Measured at fair value through profit or loss				
Quoted shares	<u>150,459,952</u>	-	-	<u>150,459,952</u>

As at December 31, 2021, the Company held the following financial instruments measured at fair value:

	Level 1	Level 2	Level 3	Total
Measured at fair value through profit or loss				
Quoted shares	<u>223,982,039</u>	-	-	<u>223,982,039</u>

Valuation techniques

For level 3 investments - investment in respect of term finance certificates, the Company has received Telecard Limited sukus which are non tradeable.

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

There were no transfers between various levels of fair value hierarchy during the period.

35. CAPITAL RISK MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as net operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company is exposed to externally imposed capital requirements.

The Securities and Exchange Commission of Pakistan has notified amendments in the Non-Banking Finance Companies (Establishment and Regulations) Rules 2003 and Non-Banking Finance Companies and Notified Entities Regulations 2008 (vide SRO No. 1002(I)/2015 dated October 15, 2015 and SRO No. 1160(I)/2015 dated November 25, 2015). The Board of Directors in its meeting held on September 07, 2016 has resolved to continue the Company's IFS License as Non Deposit taking Lending NBFC and, accordingly, the Company is in compliance with Minimum Capital Requirement as stipulated in the NBFC Regulations, 2008.

36. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and includes subsidiary company, associated companies with or without common directors, directors and major shareholders and their close family members, key management personnel and retirement benefit funds. The Company has a policy whereby all transactions with related parties are entered into at arm's length prices using comparable uncontrolled price method and are in the normal course of business at contracted rates and terms determined in accordance with market rates. Transactions with related parties during the year, other than Director's remuneration, are as follows:

Transactions During the year

Nature of Transaction	Nature of Relationship	Basis of Relationship	2022 Rupees	2021 Rupees
Office rent received				
- ARY Services (Private) Limited	Associated Undertaking	Common Director	<u>1,040,000</u>	<u>208,000</u>
Advance against expenses				
- Sheikh Abdullah	Director	Directorship	<u>56,000</u>	<u>46,000</u>
Recovery against car finance				
- Zafar M. Sheikh	Chief Executive	Directorship	<u>-</u>	<u>2,805,075</u>
Other				
- Contribution to staff provident fund	Employee Fund		<u>274,608</u>	<u>445,985</u>

Balances as at the year end

Nature of Balances	Nature of Relationship	Basis of Relationship	2021 Rupees	2020 Rupees
Advance against expenses				
- Sheikh Abdullah	Director	Directorship	<u>-</u>	<u>56,000</u>
Accrued and other liabilities				
- ARY IQ Precious Metals (Private) Limited	Associated Undertaking	Common Director	<u>23,535</u>	<u>23,535</u>
Deposits, prepayments and other receivables				
- ARY Services (Private) Limited	Associated Undertaking	Common Director	<u>-</u>	<u>416,000</u>

Note ----- **2022** Numbers ----- **2021**

37. STAFF STRENGTH

Number of employees at end of the year	<u>12</u>	<u>12</u>
Average number of employees during the year	<u>14</u>	<u>12</u>

38. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors on 21 March 2023

39. GENERAL

39.1 Figures have been rounded off to the nearest rupee.

39.2 Corresponding figures' have been re-classified, wherever necessary for the purposes of comparison.

SHAKEEL AHMED
CHIEF FINANCIAL OFFICER

ZAFAR M. SHEIKH
CHIEF EXECUTIVE

HAJI JAN MOHAMMAD
CHAIRMAN/DIRECTOR

PATTERN OF SHAREHOLDING AT THE YEAR ENDED 31 DECEMBER, 2022

NO. OF SHAREHOLDERS	SHARE HOLDING		TOTAL SHARES HOLD
	FROM	TO	
807	1	100	30,006
483	101	500	119,257
225	501	1000	182,892
448	1001	5000	757,672
40	5001	10000	276,636
10	10001	15000	126,761
4	15001	20000	71,051
6	20001	25000	143,262
4	30001	35000	131,622
1	35001	40000	39,423
1	40001	45000	40,602
2	45001	50000	92,672
4	50001	55000	210,127
1	65001	70000	68,575
1	100001	105000	104,500
3	160001	165000	487,440
1	205001	210000	208,236
2	230001	235000	463,258
1	300001	305000	301,680
1	365001	370000	366,000
1	375001	380000	375,463
1	490001	495000	495,000
1	520001	525000	521,072
1	705001	710000	706,977
1	820001	825000	824,447
1	915001	920000	917,841
1	925001	930000	926,234
1	1085001	1090000	1,089,900
1	1110001	1115000	1,114,392
1	1160001	1165000	1,160,500
1	1170001	1175000	1,172,500
1	1175001	1180000	1,178,581
1	1420001	1425000	1,421,698
1	1570001	1575000	1,573,550
1	1825001	1830000	1,825,050
2	2225001	2230000	4,453,120
1	2230001	2235000	2,232,482
1	2795001	2800000	2,796,114
1	2920001	2925000	2,923,849
1	3605001	3610000	3,607,500
1	3650001	3655000	3,650,100
1	4945001	4950000	4,945,316
1	7300001	7305000	7,300,200

2069	Total	51,433,558
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S/R No.	Categories of Share Holding	Number Of Share Holders	Total Share Hold	Percentage %
1	INDIVIDUALS	2032	47,998,745	93.32
2	INVESTMENT COMPANIES	4	2,029	0.00
3	INSURANCE COMPANIES	2	375,693	0.73
4	JOINT STOCK COMPANIES	22	1,413,882	2.75
5	FINANCIAL INSTITUTIONS	5	5,079	0.01
6	MODARABA COMPANIES	1	889	0.00
7	MUTUAL FUND	1	1,421,698	2.76
8	OTHERS	1	208,236	0.40
9	EMPLOYEES BENEVOLENT FUND	1	7,307	0.01
		<u>2069</u>	<u>51,433,558</u>	<u>100.00</u>

DETAILS OF PATTERN OF SHAREHOLDING AS PER REQUIREMENTS OF CODE OF COOPERATE GOVERNANCE

Row Labels	Sum of Shares Held	%
1) Individual	13,952,902	
Individual	13,952,902	27.13
2) Investment companies except ICP	2,029	
Investment companies except ICP	2,029	0.00
3) Public / Private Sector Companies and Corporations	1,413,882	
Public / Private Sector Companies and Corporations	1,413,882	2.75
4) Directors, Chief Executive Officer and their spouse and minor children	6,981	
Haji Jan Muhammad	1,221	0.00
Muhammad Mehboob	2,760	0.01
Farrukh Siddiqui	1,000	0.00
Muhammad Azam Khan Ghauri	1,000	0.00
Zillay Huma Khan	1,000	0.00
5) Investment Corporation of Pakistan	1,705	
Investment Corporation of Pakistan	1,705	0.00
6) Associated companies, undertakings and related parties	20,219,796	
Fouzia Bano	1,825,050	3.55
Maryiam Bai	1,178,581	2.29
Muhammad Hanif	2,226,560	4.33
Muhammad Iqbal	4,084,349	7.94
Shahnaz Javed	3,650,100	7.10
Yasmin Bano	2,226,560	4.33
Zarina Iqbal	2,796,114	5.44
Samreen Shoaib	2,232,482	4.34
7) Banks, DFIs, Insurance Companies, Modarabas and Mutual Funds except National Bank of Pakistan, Trustee Department	2,017,197	
Banks, DFIs, Insurance Companies, Modarabas and Mutual Funds except National Bank of Pakistan, Trustee Department	2,017,197	3.92
8) Shareholders holding ten percent or more voting interest	13,819,066	
Amina Bano	7,300,200	14.19
HAR	6,518,866	12.67
Grand Total	51,433,558	100

Dividend Mandate

Dear Shareholder,

Dividend Mandate: (Optional)

Security Investment Bank Limited wishes to inform its Shareholders that under the Law (Companies Act 2017, they are entitled (if they so opt) to receive their cash dividend directly in their designated bank accounts instead of receiving it through dividend warrants. This will not only be convenient but will also save considerable time as funds will be credited directly into the bank account.

Shareholders either desiring to exercise this option or wanting to update the Bank Mandate information already provided should submit the following information to Security Investment Bank Limited Share Registrar at the address noted herein:

S.No	Shareholder/Member Details	
1	Shareholder Name	
2	Father's/ Husband's Name	
3	Folio Number	
4	Name of Bank and Branch	
5	Title of Bank Account	
6	Bank Account Number	
7	Cell Number	
8	Telephone Number (if any)	
9	CNIC Number (attach copy)	
10	NTN (in case of corporate entity, attach copy)	
11	Passport No. (in case of foreign shareholder)	

Signature of Member/Shareholder

Please note that this dividend mandate is OPTIONAL and NOT COMPULSORY, in case you do not wish your dividend to be directly credited into your bank account then the same shall be paid to you through the dividend warrants.

CNIC Submission (Mandatory):

Pursuant to the directives of the Securities and Exchange Commission of Pakistan, CNIC number is mandatorily required to be mentioned on dividend warrants, you are therefore requested to submit a copy of your valid CNIC. In case of non-receipt of the copy of valid CNIC, Security Investment Bank Limited (the Company) would be unable to comply with SRO 831(1)/2012 dated 5 July 2012 of SECP and therefore may be constrained under Section 251(2) (a) of the Companies Act 2017 to withhold dispatch of dividend warrants of such shareholders in future.

Security Investment Bank Limited Share Registrar

C & K Management Associates (Pvt) Limited
404, Trade Tower, Near Hotel Metropolitan, Karachi.

***Note:** The Shareholders who hold shares in Central Depository Company are requested to submit the duly filled in Dividend Mandate Form to their Participants/Investor Account Services.

Yours faithfully,

Company Secretary
Security Investment Bank Limited

FORM OF PROXY

THIRTY SECOND ANNUAL GENERAL MEETING

I/We
of
a member / members of SECURITY INVESTMENT BANK LIMITED and holding.....
ordinary shares, as per Register Folio/CDC A/c or sub account no.
do hereby appoint.....
of.....
to vote for me/us and on my/our behalf at the Thirty Second Annual General Meeting of the Company to be held on 28th April 2023 and at any adjournment thereof.

As Witness my/our hand this..... day of2023.

Folio No. _____

REVENUE STAMP RS. 5/-

Witness:

1. Name _____
CNIC No. _____

SIGNATURE OF MEMBER(S)

2. Name _____
CNIC No. _____

IMPORTANT:

- 1 A member entitled to attend Thirtieth Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him.
- 2 The instrument appointing a proxy should be signed by the member or by his attorney duly authorized in writing. If the member is a corporation its common seal (if any) should be affixed on the instrument.
- 3 The proxies shall be deposited at the Share registrar's office of the Company not less than 48 hours before the time of the meeting.
- 4 For CDC Account Holders / Corporate Entities
In addition to the above the following requirements have to be met.
 - (i) Copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.
 - (ii) The proxy shall produce his original CNIC or original passport at the time of meeting.
 - (iii) in case of a corporate entity, the Board of Director's resolution / power of attorney with specimen signature.



Islamabad Office:

Office No. 3, 1st Floor, Junaid Plaza, 1-10 Markaz, Islamabad
Ph: (051) 4102920

Karachi Office:

502, 5th Floor, Madina City Mall, Abdullah Haroon Road, Saddar, Karachi.
Ph: (021) 35659752-53, Fax: (021) 35659755
E-mail: sibi@sible.com.pk Website: www.sibl.com.pk