

# **SECURITY INVESTMENT BANK LIMITED (SIBL)**

## **CORPORATE BRIEFING SESSION**

For the year ended DECEMBER 31,2022

On 23 May 2023 (Tuesday)

Through Video Link

At 11:00 A.M

## **AGENDA**

1. VISION AND MISSION
2. ABOUT THE COMPANY
3. COMPANY PROFILE
4. CHAIRMAN'S REVIEW REPORT
5. CORE BUSINESS ACTIVITIES
6. ABOUT THE ECONOMY
7. FINANCIAL POSITION
8. STAKEHOLDER ENAGAGEMENT,  
INVESTOR RELATION
9. FUTURE OUTLOOK
10. PATTERN OF SHAREHOLDING

## **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 services.
- Develop & maintain strong client relationship.
- Continuously enhance our contribution towards industrial development of the country.
- Determine to strengthen our long-term earnings & will endure return on shareholders' equity.

## **ABOUT THE COMPANY**

Security Investment Bank Limited (SIBL) is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984 on May 23, 1991 and started its commercial operation on December 31, 1991.

SIB is licensed to carry out business of investment finance services as a Non-Banking Finance Company (NBFC) under section 282C of the 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 National Entities Regulations 2008 as amended through SRO 1160(I)/2015 dated November 25, 2015 (previously this was covered under SRO 585(I)/87 dated July 13, 1987, issued by the Ministry of Finance). The license is valid until May 29, 2025.

# **COMPANY PROFILE**



## **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

## **AUDITORS**

Bakers Tilly Mehmood Idress Qamar  
Chartered Accountant

## **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

## **LEGAL ADVISORS**

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

## **INTERNAL AUDITOR**

Mr. Ali Maqsood

## 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

## **CORE BUSINESS ACTIVITIES**

The Company core business is providing financing facilities to its valued customers which includes:

- Corporate Financing.
- Car Financing.
- Consumer Financing including Bike Financing.
- Personal Loan Facility.
- Corporate Advisory Services.

## Financing Portfolio:

Management trying its best effort to successfully execute the business plan specifically focus to enhance our car financing portfolio. As of March 31, 2023 total financing portfolio of Rs. 168 Million as compare to Rs. 49 million of the corresponding year and yielding average profit ratio of 20.74%. In addition to this some number of customers in process, hope fully would be finalize in the upcoming month. Details of Financing portfolio is as under;

### Financing Detail for the first quarter ended 31st March

Sector	2023 PKR (million)	2022 PKR (million)
<b>MOTOR VEHICLE FINANCING</b>		
Corporate	6	2
Individuals	27	17
Corporate Financing	135	30
<b>Total</b>	<b>168</b>	<b>49</b>



## **ABOUT THE ECONOMY**

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.

We are presenting comparison of key economic indicators for the review of investors.

# ABOUT THE ECONOMY

KEY ECONOMIC INDICATORS						
Pakistan Economic Data	2018	2019	2020	2021	2022	2023
GDP per capita (USD)	1,700.00	1,506.00	1,377.00	1,566.00	1,658.36	1,446.00
GDP (PKR bn)	39,190.00	43,798.00	47,540.00	55,796.00	66,950	67,015
Economic Growth (GDP, ann. var. %)	6.20	2.50	(1.30)	6.50	6.2	0.4
External Debt (USD bn)	95.00	106.00	113.00	122.00	130	140
External Debt (% of GDP)	26.70	33.00	37.60	35.10	34.6	35
Public Debt (% of GDP)	64.80	77.50	79.60	73.60	74.00	78.00
Inflation (CPI, ann. var. %, eop)	5.40	12.60	8.00	12.30	24.5	48%
Policy Rate (% eop)	6.50	12.25	7.00	7.00	17%	21%
Current Account Balance (USD bn)	(19.00)	(13.00)	(4.00)	(3.00)	(13.00)	(14.00)
Current Account Balance (% of GDP)	(5.40)	(4.20)	(1.50)	(0.80)	(4.60)	(4.00)
International Reserves (USD bn)	14.00	12.00	17.00	22.00	15	12
Exchange Rate (PKR per USD, eop)	139.00	155.00	160.00	177.00	227	285
Exports (USD bn)	25.00	24.00	23.00	26.00	32	30
Imports (USD bn)	56.00	52.00	44.00	54.00	72	75
Unemployment (% of active population, aop)	5.80	6.90	6.60	6.30	6.20	6.40
Population (million)	209.80	214.00	218.20	222.60	227.00	231.60
Foreign Direct Investment (USD bn)	2.00	2.00	2.00	2.00	1.8	1.5

**FINANCIAL POSITION**

<b>BALANCE SHEET AS AT DECEMBER, 31</b>					
<b>ASSETS</b>	<b>2022</b>	<b>2021</b>	<b>EQUITY &amp; LIABILITIES</b>	<b>2022</b>	<b>2021</b>
	Rupees in Million			Rupees in Million	
<b>NON-CURRENT ASSETS</b>			<b>SHARE CAPITAL AND RESERVES</b>		
Property and equipment	155	155	Authorized Share Capital	1,000	1,000
Intangible assets	3	3			
Deferred tax	18	6	Issued, subscribed and paid-up share	514	514
Long term financing	22	12	Statutory reserves	191	191
Long term loans and advances	3	3	Unappropriated profit	2	35
	201	178		708	741
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
Short term financing	80	-	Unclaimed dividend	2	2
Current portion of long term financing	40	45	Accrued and other liabilities	21	9
Short term investments	310	447		23	11
Current portion of loan and advances	3	1			
Deposits, prepayments and other receivables	6	6			
Accrued interest	14	5			
Tax refund due from Government	70	62			
Cash and bank balances	8	7			
	530	573			
<b>TOTAL ASSETS</b>	<b>731</b>	<b>752</b>	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>731</b>	<b>752</b>

## **FINANCIAL POSITION**

<b>PROFIT AND LOSS FOR THE YEAR ENDED</b>	<b>2022</b>	<b>2021</b>
Income	<b>Rupees in Million</b>	
Income on financing	<b>14</b>	<b>8</b>
Return on securities	<b>32</b>	<b>19</b>
Gain on sale of investments	<b>2</b>	<b>47</b>
Other income	<b>2</b>	<b>2</b>
	<b>49</b>	<b>76</b>
Expenditure		
Administrative expenses	<b>33</b>	<b>34</b>
Operating profit before taxation	<b>16</b>	<b>41</b>
Unrealized loss on remeasurement of investments classified as fair value through profit or loss	<b>(68)</b>	<b>(12)</b>
(Loss) / profit before taxation	<b>(52)</b>	<b>29</b>
Taxation	<b>19</b>	<b>(4)</b>
Net (loss) / profit after tax	<b>33</b>	<b>25</b>
(Loss) / earnings per share - basic and diluted	<b>(0.643)</b>	<b>0.488</b>

## **FINANCIAL POSITION**

<b>PROFIT AND LOSS FOR THE FIRST QUARTER ENDED</b>	<b>March 2023</b>	<b>March 2022</b>
Income	Rupees in Million	
Income on financing	<b>6</b>	<b>2</b>
Return on securities	<b>7</b>	<b>6</b>
Other income	<b>1</b>	<b>0</b>
	<b>14</b>	<b>8</b>
Expenditure		
Administrative expenses	<b>8</b>	<b>8</b>
Operating profit before taxation	<b>6</b>	<b>0</b>
Unrealized loss on remeasurement of investments classified as fair value through profit or loss	<b>(17)</b>	<b>(12)</b>
(Loss) / profit before taxation	<b>(11)</b>	<b>(12)</b>
Taxation	<b>-</b>	<b>-</b>
Net (loss) / profit after tax	<b>(11)</b>	<b>(12)</b>
(Loss) / earnings per share - basic and diluted	<b>(0.210)</b>	<b>(0.234)</b>

## **Stakeholder Engagement, Investor relations.**

The Security Investment Bank Limited (the Company) recognizes and protects the right of the various stakeholders (internal as well as external) established under relevant laws and regulations and has put in place relevant policies and codes for their protection. The Company maintains sound collaboration relationships with its stakeholder. Summary of the rights of the various stakeholders has been discussed below:

### **Shareholders**

Access to shareholder records, enquiries concerning verification of transfer deeds, transfer of share certificates, change of address etc., are directed to the Shares Registrar. We have disclosed essential information to the shareholders and treated them equitably. Shareholders meeting along with timely and accurate reporting to our shareholders are the effective modes of engagements with our shareholder.

# Stakeholder Engagement, Investor relations.

## **Regulators**

The Company makes compliance with laws, rules, regulations and guidelines as directed by the Regulators. Timely, appropriately and accurately disclosures of information, as required by law, are our high priority. We have submitting periodic reports, providing and gives information as and when required.

## **Employees**

As a good employer, the Company gives equal employment opportunity, gives performance based remuneration. Having Human Resource policies and procedures, the Company maintains effective communication between the management and the staff. To secure maximum cooperation of the employees and to motivate them to give their best. Gives full attention to redressal of complaints & grievances.

# Stakeholder Engagement, Investor relations.

## **Community**

The Company acknowledges its social and ethical responsibility to carry out its business in order to keep it safe and protect it for the generations to come. Gives priority of the fair distribution of resources, opportunities and financial assistances. The Company is contributing to the National growth by sharing its revenue with the nation in the form of taxes, rates, duties and other levies.

## **Financial Reporting & Communication**

Communication with the users of financial statements is give high priority. Annual, half yearly and quarterly reports are distributed to the shareholders and provided to other users with in the times specified by the Regulators and also makes it available on the Company's website for the easy access for the shareholders and potential shareholders. There is also an opportunity for individual shareholder to participate at the General Meetings to ensure high level of accountability. The Company notifies information to the Regulators from time to time. This help the shareholders remain connected with the Company. The notifications mainly include Financial Results, Board of Directors meetings, shareholders meeting etc.



# Stakeholder Engagement, Investor relations.

## Media & Website

The Company disseminates information through print, electronic, social and other web media. The Company is maintaining its website providing complete information about the Company, Investors Relations, Investors Information, Governance, Policy & Procedures and contact details. This can be accessed through a link [www.sibl.com.pk](http://www.sibl.com.pk)

## Public Information

Financial analysts, stock brokers, interested investors and financial media desiring information about the Company and its product may contact the Chief Financial Officer and or the Company Secretary at Head Office, Karachi.

سیکیورٹی انویسٹمنٹ بینک کی شریعت کے مطابق انویسٹمنٹ بینک میں تبدیلی کیلیے درخواست

نمائندہ ایکسپریس | ہفتہ 13 مئی 2023



سیکیورٹی انویسٹمنٹ بینک لمیٹڈ ایک نان بنکنگ فنانس کمپنی کے طور پر لائسنس یافتہ ہے۔ فوٹو: ایس آئی بی

اسلام آباد: سیکیورٹی انویسٹمنٹ بینک لمیٹڈ نے شریعت کے مطابق انویسٹمنٹ بینک میں تبدیل ہونے کیلیے درخواست دیدی ہے۔

سیکیورٹیز اینڈ ایکسچینج کمیشن پاکستان (ایس ای سی پی) کی گائیڈ لائنز فار آفرنگ اسلامک فنانشل سروسز 2023 کے نتیجے میں سیکیورٹی انویسٹمنٹ بینک لمیٹڈ نے ان شریعت کے مطابق انویسٹمنٹ بینک میں تبدیل ہونے کیلیے درخواست دیدی ہے۔

## FUTURE OUTLOOK

Sponsors willing to convert SIB into shariah compliant entity. After getting formal approval from the Board of Directors, Management start process to convert SIB into shariah compliant entity and submitted application to the Regulator and communicate to all the stakeholders accordingly. It has also been reported by Daily Express (RWP) dated May 13, 2023

## PATTERN OF SHAREHOLDING

CATEGORIES OF SHAREHOLDERS	%	No of Shares	
		Dec-2022	Dec-2021
Associated Companies, undertaking and related parties.	66.18	34,038,862	31,806,380
Investment companies and ICP	0.01	3,734	3,734
Directors, CEO and their spouses and minor children	0.01	6,981	2,239,074
Public sector Companies and Corporations	2.75	1,413,882	1,461,992
Bank, DFIs, NBFIs, Insurance Companies, Takaful Modarabas charitable and other trusts.	3.92	2,017,197	3,479,189
General Public	27.13	13,952,902	12,443,189
<b>TOTAL</b>	<b>100.00</b>	<b>51,433,558</b>	<b>51,433,558</b>

## FREE FLOAT

Description	As on Dec 31,	
	2022	2021
Total Outstanding shares	<b>51,433,558</b>	<b>51,433,558</b>
Less:		
Physical shares	<b>3,547,992</b>	<b>3,587,121</b>
Government holdings	-	-
Directors, Sponsors & Senior Management Officers and their Associates	<b>32,466,312</b>	<b>32,466,812</b>
Associated companies/ Group companies (Cross Holdings)	-	-
Free Float Shares	<b>15,419,254</b>	<b>15,379,625</b>
Percentage of free float	<b>29.98%</b>	<b>29.90%</b>

# **QUESTION & ANSWERS SESSION**

**THANK YOU**



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