

SECURITY INVESTMENT BANK LIMITED (SIBL)

CORPORATE BRIEFING SESSION

For the year ended DECEMBER 31,2023

On 28 May 2024 (Tuesday)

Through Video Link

At 11:00 A.M

Analyst briefing

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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. Shaukat Zaman

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

SHARIAH COMPLIANCE OFFICER

Mufti Abdul Ghaffar

SHARIAH ADVISOR

Mufti Muhammad Hanif

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr Faisal Zahid (Chairman)

Mr Zafar M Sheikh

Mr Muhammad Mehboob

Mrs. Zillay Huma Khan

RISK MANAGEMENT COMMITTEE

Mr. Shaukat Zaman

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. Syed Ahsan Ali

CHAIRMAN'S REVIEW REPORT

On behalf of the Board, it is my pleasure to present the Annual Report for the year ended December 31, 2023. 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.

During the outgoing year 2023 Pakistan has faced series of unprecedented challenges, devastating floods, and political uncertainty. In addition, the Russia-Ukraine war severely disrupted the global demand-supply balance, which led to a commodity super-cycle resulting in slow down of the global economic growth, inconsistent policies, unsustainable fiscal deficit, the exponential rise in public debt, economic uncertainties, and mounting circular debt have been the main challenges for the government. The outlook for the year 2024 may continue remain in tough phase during the FY-2024, 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, 2024

CORE BUSINESS ACTIVITIES

During the year, the company submitted application to the regulator to convert SIBL into shahriah compliant entity, which is under process. SIBL submitted conversion plan to the regulator wherein it has been mentioned that SIBL will complete the conversion process within two years effective from September 01, 2023.

Under the shahriah guidelines company offer different business module (i.e. Morabaha / Ijarah) to its valued customers.

- Corporate Financing.
- Car Financing.
- Consumer Financing including Bike Financing.

Further, following business models under review for its execution.

- Running Musharakah
- Istisna
- Salam

Financing Portfolio Under Islamic Mode:

Management trying its best effort to successfully execute the business plan specifically focus to enhance our car financing portfolio. As of March 31, 2024 total financing portfolio of Rs.151 Million as compare to Rs. 168 million of the corresponding year and yielding average profit ratio of 24.17%. In addition to this some number of customers in process, hopefully would be finalized in the upcoming month. Details of Financing portfolio is as under;

Financing Detail for the first quarter ended 31st March

Sector	2024 PKR (million)	2023 PKR (million)
MOTOR VEHICLE FINANCING		
Corporate	7	6
Individuals	24	27
Corporate Financing	120	135
Total	151	168

Economic Overview

During the outgoing year, 2023 Pakistan has faced series of unprecedented challenges, devastating floods, and political uncertainty. In addition, the Russia-Ukraine war severely disrupted the global demand-supply balance, which led to a commodity super-cycle resulting in slow down of the global economic growth, inconsistent policies, unsustainable fiscal deficit, the exponential rise in public debt, economic uncertainties, and mounting circular debt have been the main challenges for the government.

The confluence of these developments substantially weakened Pakistan's macroeconomic performance during FY23. The real GDP growth fell to the third-lowest level since FY52, whereas average National CPI inflation spiked to a multi-decade high. While the current account deficit narrowed considerably, limited foreign inflows maintained pressures on the external account leading to a decline in SBP reserves.

The outlook for the year 2024 may continue remain in tough phase during the FY-2024, but economic expert citing several factors that will support the economic recovery, such as IMF loans, easing supply bottlenecks, and rate cuts coupled with political stability. The general elections scheduled for February 2024 should lead to greater political stability and investor confidence. However, some headwinds to the growth outlook, such as high taxes, fuel and energy bills, debt servicing costs, and potential disruptions to the IMF aid or the elections.

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 2023, 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 600 basis point to 22% as compared to policy rate at the beginning of the year 16%.

FINANCIAL POSITION

BALANCE SHEET AS AT DECEMBER, 31					
ASSETS	2023	2022	EQUITY & LIABILITIES	2023	2022
	Rupees in Million			Rupees in Million	
NON-CURRENT ASSETS			SHARE CAPITAL AND RESERVES		
Property and equipment	155	155	Authorized Share Capital	1,000	1,000
Ijarah assets - under financing arrangements	3	-			
Intangible assets	3	3			
Deferred tax	-	18	Issued, subscribed and paid-up share capital	514	514
Long term financing	22	22	Statutory reserves	207	191
Long term loans and advances	4	3	Unappropriated profit	66	2
	186	201		788	708
CURRENT ASSETS			NON-CURRENT LIABILITIES		
Short term financing	75	80	Deferred tax	3	-
Current portion of long term financing	11	40			
Short term investments	477	310	CURRENT LIABILITIES		
Current portion of loan and advances	6	3	Unclaimed dividend	2	2
Deposits, prepayments and other receivables	7	6	Accrued and other liabilities	43	21
Accrued interest	15	14		45	23
Tax refund due from Government	56	70			
Cash and bank balances	3	8			
	649	530			
TOTAL ASSETS	836	731	TOTAL EQUITY AND LIABILITIES	836	731

FINANCIAL POSITION

PROFIT AND LOSS FOR THE YEAR ENDED	2023	2022
Income	Rupees in Million	
Income on financing	26	14
Return on securities	53	32
Gain on sale of investments	44	2
Other income	3	2
Total Revenue	126	49
Expenditure		
Administrative expenses	38	33
Operating profit before taxation	88	16
Unrealized loss on remeasurement of investments classified as fair value through profit or loss	34	(68)
(Loss) / profit before taxation	122	(52)
Taxation	(42)	19
Net (loss) / profit after tax	80	33
(Loss) / earnings per share - basic and diluted	1.551	(0.643)

FINANCIAL POSITION

PROFIT AND LOSS FOR THE FIRST QUARTER ENDED	March 2024	March 2023
Income	Rupees in Million	
Income on financing	6	6
Return on securities	18	7
Other income	1	1
Total Revenue	25	14
Expenditure		
Administrative expenses	9	8
Operating profit before taxation	16	6
Unrealized loss on remeasurement of investments classified as fair value through profit or loss	2	(17)
(Loss) / profit before taxation	18	(11)
Taxation	-	-
Net (loss) / profit after tax	18	(11)
(Loss) / earnings per share - basic and diluted	0.345	(0.210)

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

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.

FUTURE OUTLOOK

Your company's management is endeavoring to improve the company's business specifically focus to enhance our car / consumer / corporate financing portfolio under shahriah compliant to enhance profitability and return for shareholders as well. SIB is in the process of converting into shahriah complaint entity.

The Management is reviewing various business options within the framework of shahriah guidelines which are under review for its execution.

- Running Musharakah
- Istisna
- Salam

Further SIB management review various business models in line of its product.



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN
Specialized Companies Division
Islamic Finance Department

No: SECP/IFD/SCC/SIB/014/466

December 6, 2023

The Chief Executive Officer,
Security Investment Bank Limited,
502, 5th Floor, Madina City Mall,
Abdul Haroon Road, Saddar,
Karachi.

Subject: Conversion of SIBL into Shariah Compliant Entity

Dear Sir,

We hereby acknowledge receipt of product papers under Murabaha and Ijarah modes, updates on the conversion plan, and a half-year report as of June 30, 2023. It is appreciated to note that the Securities Investment Bank Limited (SIBL) is executing its conversion plans well to become Pakistan's first Shariah-compliant investment. It appears that the SIBL team is making exemplary efforts with the required commitment under your esteemed leadership.

We look forward to the progress in the annual audited accounts of SIBL for the year ending on December 31, 2023, and assure our fullest cooperation throughout this transformational journey.

Please do not hesitate to contact the undersigned should you require any further assistance in this matter.

Yours truly,



Malik Asif Karim Awan
Assistant Director

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PATTERN OF SHAREHOLDING

CATEGORIES OF SHAREHOLDERS	%	No of Shares	
		Dec-2023	Dec-2022
Associated Companies, undertaking and related parties.	66.18	34,038,862	34,038,862
Investment companies and ICP	0.01	3,734	3,734
Directors, CEO and their spouses and minor children	0.01	5,981	6,981
Public sector Companies and Corporations	2.80	1,438,882	1,413,882
Bank, DFIs, NBFIs, Insurance Companies, Takaful Modarabas charitable and other trusts.	3.92	2,017,197	2,017,197
General Public	27.08	13,928,902	13,952,902
TOTAL	100.00	51,433,558	51,433,558

FREE FLOAT

Description	As on Dec 31,	
	2023	2022
Total Outstanding shares	51,433,558	51,433,558
Less:		
Physical shares	3,547,138	3,547,992
Government holdings	-	-
Directors, Sponsors & Senior Management Officers and their Associates	32,466,312	32,466,312
Associated companies/ Group companies (Cross Holdings)	-	-
Free Float Shares	15,420,108	15,419,254
Percentage of free float	29.98%	29.98%

QUESTION & ANSWERS SESSION

THANK YOU



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