

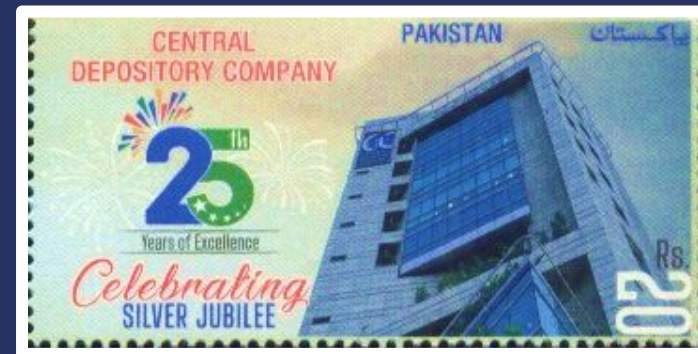
Presenter: Muhammad Hasan – Senior Manager, CDC Pakistan

Topic: Risks CSDs May Face in Declining Economies



Central Depository Company of Pakistan Limited

- Established infrastructure organization
- Esteemed corporate entity
- Responsible corporate citizen at the core of investor protection and awareness
- Pakistan Capital Market's pride
- CDC Contribution to ACG
- Pakistan Post has issued a commemorative postage stamp to mark the Silver Jubilee celebrations of CDC Pakistan.



A Nation on the Road to Progress & Advancement



4th Largest Youth Population



Increasing Remittances from Migrant Workers



Huge Potential of IT Exports



Rich Cultural Heritage

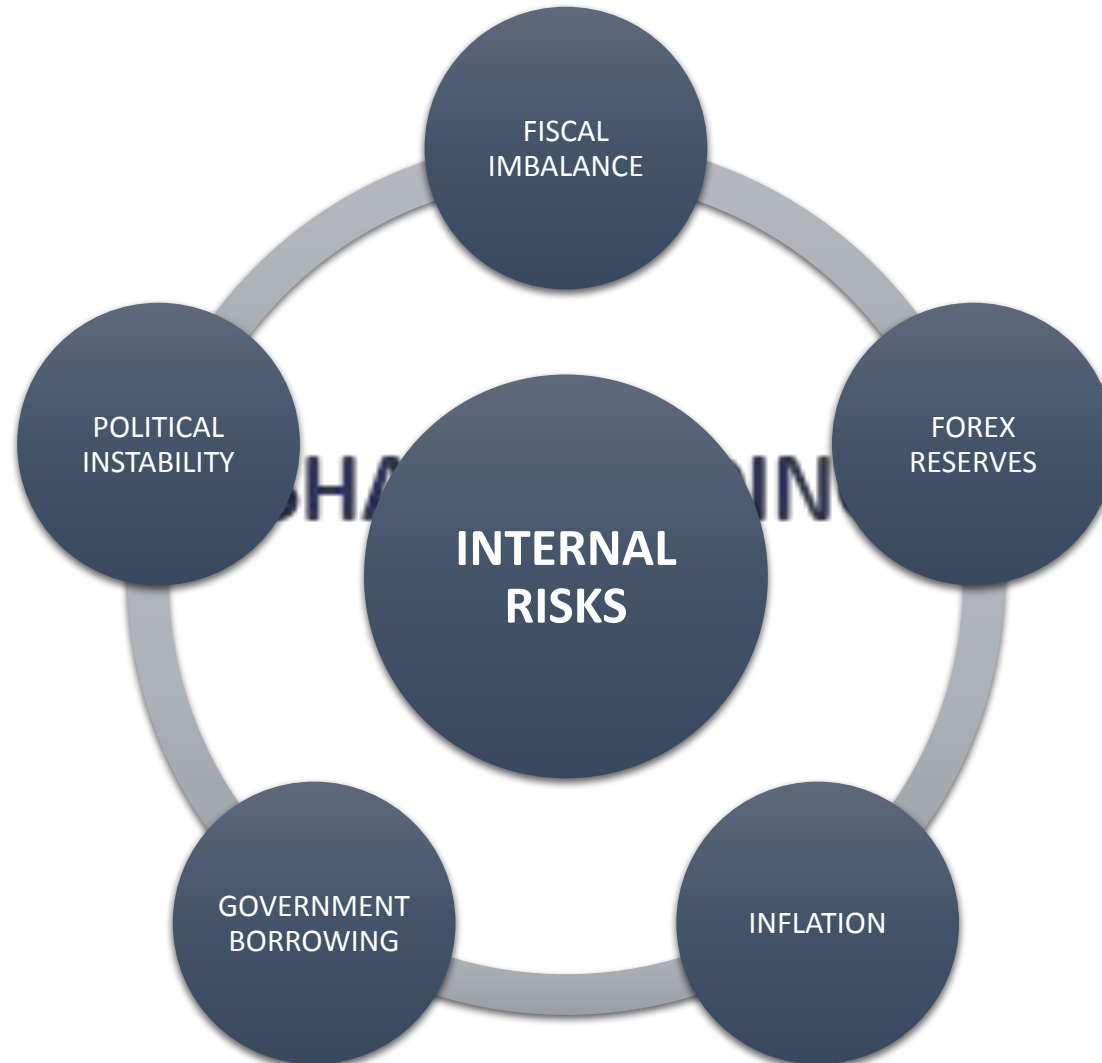


Best Performing Economy during Covid

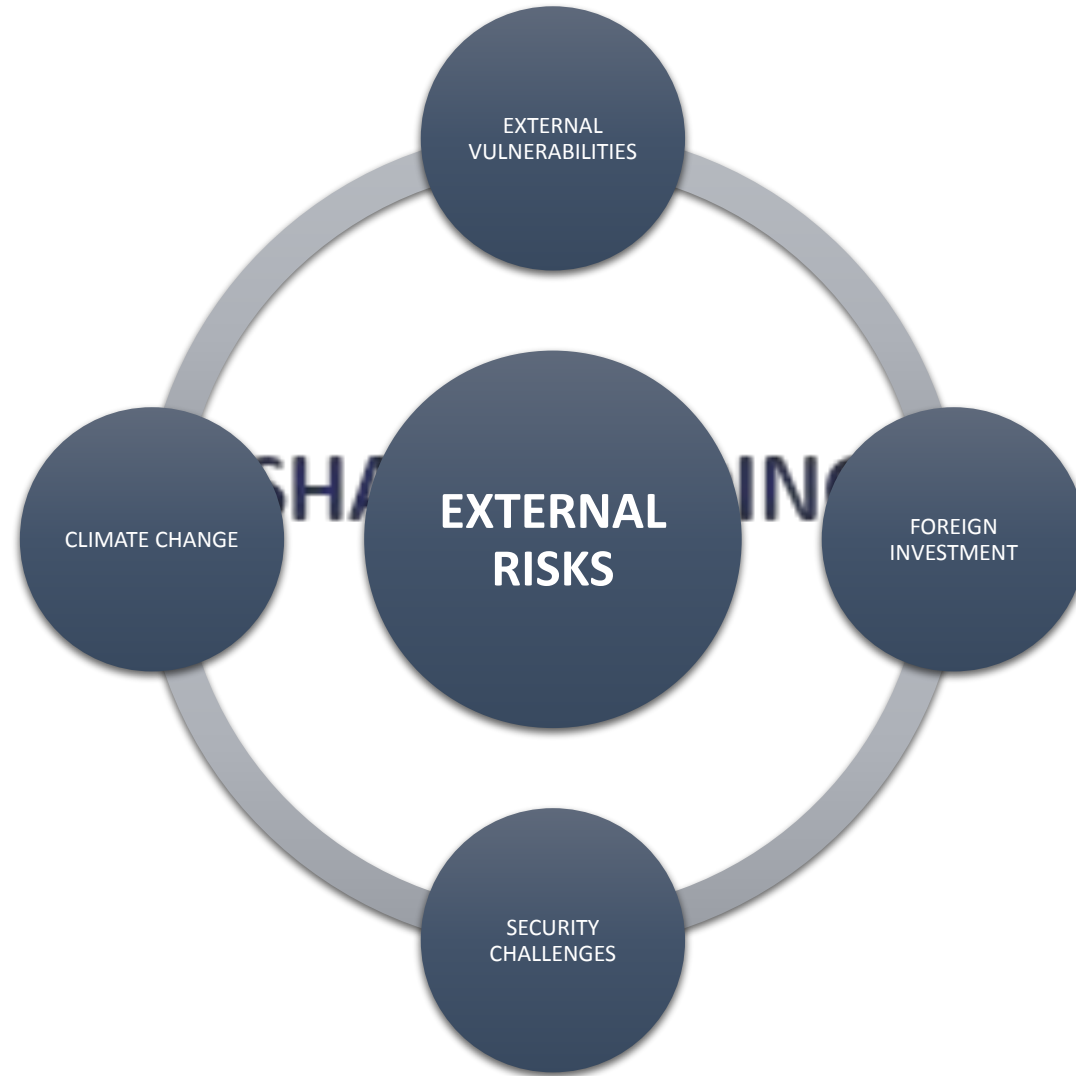
The background features a dark blue grid with a faint world map. Overlaid on this are several data series: a green candlestick chart showing price fluctuations, a red line graph with a smooth curve, a yellow line graph with a more complex, wavy pattern, and a dotted white line graph. The overall aesthetic is that of a financial or economic data visualization.

ECONOMIC ADVERTITIES OF PAKISTAN

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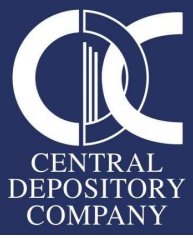
ECONOMIC ADVERSITIES OF PAKISTAN





CRISIS

REPERCUSSIONS OF ECONOMIC DOWNTURN



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Higher Default Risk

- Weak ability to borrow funds from international markets at reasonable interest rates
- Lenders become reluctant to provide new loans as they fear a repeat of the default

Trade Restrictions

- It can undermine investor confidence and disrupt the flow of capital
- Difficult to import even essential goods like petroleum, machinery, equipment, medicines, etc.

From Higher To Hyper Inflation Economy

- Devaluation of the currency and hyperinflation, with commodities prices rising
- Government printing money to finance its spending and pay off its debt obligations.

Contraction in GDP

- Production of fewer goods and decrease in consumer spending
- Job losses and lower business profit

Social Unrest

- Power blackouts, shortages of fuel, inability of government to provide basic food items leading to the declaration of a state of emergency and the implementation of curfews



**MARKETS
DOWN**

IMPACT OF DECLINING ECONOMY ON CSDs

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Reduced Stock Market Turnover

- Reduced investment in the stock market will ultimately impact the revenue of the Depository

Fuel Shortages

- To curtail the import bill, Depository may face fuel shortage in the times of power blackout.

Inability to Maintain Foreign Subscriptions

- Inability to make payment of foreign subscriptions for IT Security and other necessary applications

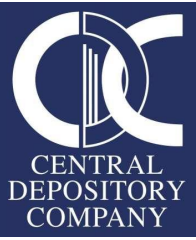
Inability to Buy Critical Equipment

- Difficulty in importing critical equipment owing to import or trade restrictions

Employees Migration or Layoffs

- Owing to currency devaluation, quality human resource is migrating to other countries

MITIGATION OF RISKS



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Diversification of
Business Avenues

Maintenance of
Foreign Currency
Reserves

Agreements in Local
Currency against IT
Subscriptions

Conversion to
Renewable Energy for
Electricity

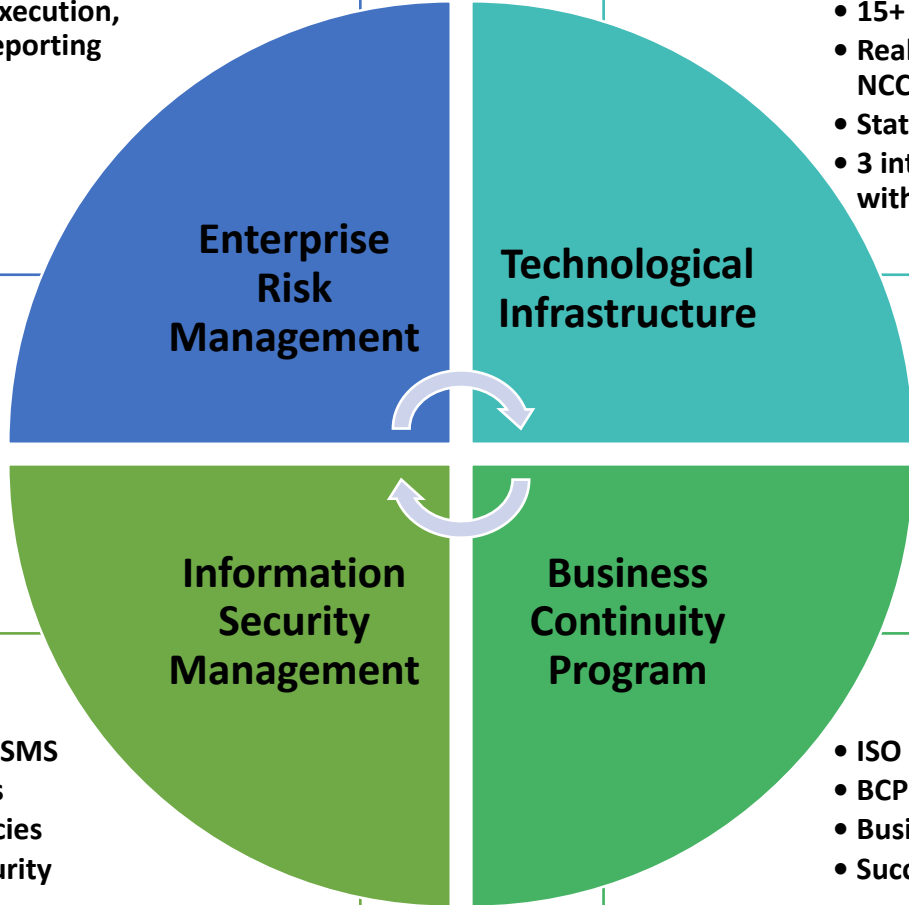
Succession Planning
and Resource Hunting

Creation of ACG Fund

CDC'S FOUR KEY STRENGTHS



- ERM based on COSO principles
- Governance, strategy, execution, monitoring, review & reporting



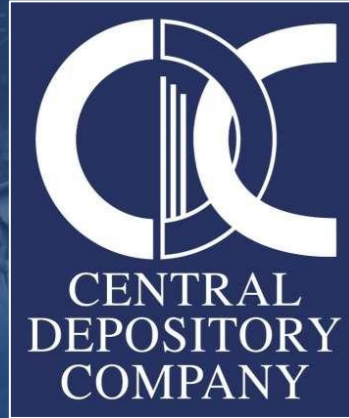
- 6 core Business JEE Applications
- 15+ support Applications
- Real time data transmission to NCCPL & PSX
- State of the art systems
- 3 inter-connected datacenters with real-time data replication



- ISO 27001 certified for ISMS
- Regular review & audits
- Enterprise security policies
- Physical parameter security policies
- SOC and NOC

- ISO 22301 certified for BCP
- BCP site and regular drills
- Business diversification
- Succession planning





www.cdcpakistan.com



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