

CHAIRMAN'S MESSAGE

On behalf of the Board of Directors, I am pleased to present the Annual Report of OLP Financial Services Pakistan Limited (OLP/ the Company) for the year ended June 30, 2023.

The outgoing year was unprecedented as the Country faced multiple challenges throughout the year. Political uncertainty, devastating floods, historically high inflation and an adverse balance of payment situation, all contributed to difficult economic conditions in the Country. The contractionary monetary policy adopted by the State Bank of Pakistan (SBP) to curb inflation further subdued business activities. The economic growth for FY2023 was negative 0.5% and projected growth for FY2024 is 2.5% as per the International Monetary Fund (IMF).

Considering the prevailing uncertainty, OLP adopted a cautious business approach with more focus on maintaining portfolio quality. New disbursements of Rs. 16 billion were 9% lower than the disbursements of Rs. 17.6 billion last year. Total assets of the Company increased by 7% to reach Rs. 32 billion as compared to Rs. 29.7 billion as of June 30, 2022. OLP's delinquency rate came down to 2.7% from 4.5% last year. Effective portfolio management and strong recovery efforts against overdue customers contributed to the decrease in delinquent portfolio.

In this challenging situation, the Company's overall performance was commendable as highest ever profit before tax (PBT) was earned for the year. The PBT of Rs. 2,029 million for FY 2023 was 47% higher than last year's PBT of Rs. 1,376 million. The profit after tax at Rs. 1,210 million was 37% higher than Rs. 882 million earned last year. In the Federal budget announced in June 2023, the Government has retrospectively increased the Super tax rate to 10% for FY2023 from 4% last year. This is in addition to the normal tax rate of 29%. Consequently, the tax charge for the year was Rs. 818 million; 66% higher than last year (FY 2022: Rs. 494.5 million).

OLP's strong results are attributable to a robust risk management framework. Under the Board's guidance, management performed well in facing challenging economic conditions. The Board's sub-committees also played an important role in maintaining operational efficiency. Our people remained our biggest asset and their contribution during the year cannot be overemphasized. Their diligence and commitment are pivotal in the Company's success.

On behalf of the Board of Directors, I would like to extend my appreciation to all our stakeholders for their support and guidance. Especially, I would like to thank our Regulators for their continued guidance and assistance provided on various matters during the year.