

Chairman's Review

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, 2024.

The signs of economic stability have emerged later in the current year. GDP growth is recovering, and inflation contained. The external sector has improved, evident from the reduced current account deficit. Fiscal consolidation efforts are underway, with the Federal Board of Revenue (FBR) to achieve the highest revenue collection. The State Bank of Pakistan (SBP) began to ease its contractionary monetary policy in the fourth quarter to stimulate growth. Economic growth for FY2024 was 2.0%, and the International Monetary Fund (IMF) projects a 3.5% growth rate for FY2025.

Considering the prevailing uncertainty, OLP adopted a cautious business approach with more focus on maintaining portfolio quality. New disbursements of Rs. 16.04 billion in line with the disbursements of Rs. 16.07 billion last year. Total assets of the Company slightly decreased by 1% to reach Rs. 31.92 billion as compared to Rs. 31.95 billion as of June 30, 2023. Effective portfolio management and strong recovery efforts against overdue customers contributed to the decrease in delinquent portfolio. Accordingly, the Company's delinquency rate came down to 2.5% from 2.7% last year.

The Company's overall performance was commendable. The Profit Before Tax (PBT) for FY2024 was Rs. 2,286 million, 13% higher than last year's PBT of Rs. 2,029 million. The Profit After Tax (PAT) at Rs. 1,382 million was 12% higher than Rs. 1,211 million earned last year. The prevailing high interest rates throughout the year were the main factor contributing to our strong performance. Notably, our existing equity-funded portfolio generated significantly higher returns, benefiting from the favorable interest rate conditions. PACRA has maintained the Company's long-term rating of AA+ and short-term rating of A1+ in 2024, which is the highest among private sector NBFIs.

OLP's strong results are attributable to a robust risk management framework. Under the Board's guidance and supervision, management performed well in facing challenging economic conditions. The Board's sub-committees also played their part in maintaining operational efficiency.

The Company's biggest asset remained its people, whose contribution during the year cannot be overemphasized. Their diligence and commitment are instrumental in the Company's success. On behalf of the Board of Directors, I would like to extend my appreciation to all our stakeholders, including our Regulators, for their continued guidance and assistance provided on various matters during the year.



KHALID AZIZ MIRZA
Chairman