

DIRECTORS' REPORT

On behalf of the Board of Directors, we are pleased to present the thirty seventh annual report of OLP Financial Services Pakistan Limited (OLP/ the Company) together with the Unconsolidated Financial Statements for the year ended June 30, 2023.

The Company

The Company was established in 1986 as a joint venture between ORIX Corporation, Japan (ORIX) and local investors. It has an Investment Finance Services license from SECP under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003. OLP provides financial services to corporate and individual customers with emphasis on serving the needs of the Small and Medium Enterprise (SME) sector.

Overview of the Economy

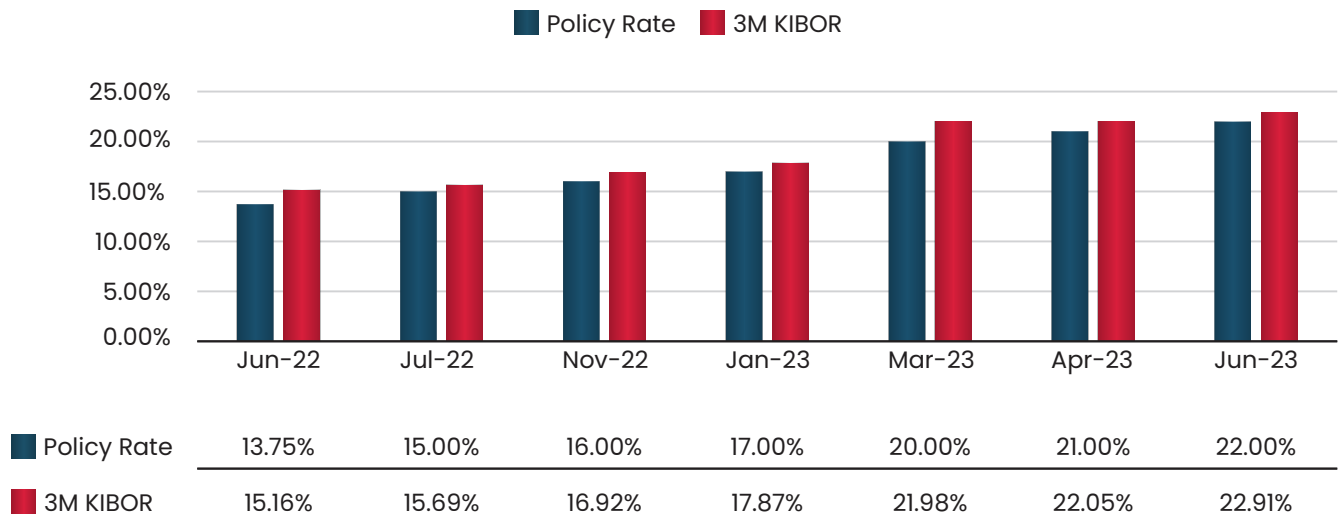
Pakistan's economic condition for the outgoing year can be termed as 'stagflation' where the economic growth remained stagnant with historically high level of inflation. The Country's economic challenges started in FY2022, however, the brunt of the crisis are being felt in FY2023. International commodity crisis, Country's ballooning current account and fiscal deficits and political uncertainty; all contributed to the economic crisis the Country is currently facing. The Government has estimated GDP growth of 0.3% for FY2023 whereas the International Monetary Fund's (IMF) estimate for the year was negative 0.5%. Pakistan reported GDP growth of almost 6% in the previous two fiscal years.

The industrial sector is expected to have contracted by 3% in FY2023 as compared to a growth of 6.8% last year. Large scale manufacturing industries were the worst performers with a decline of 10.26% in FY2023 as compared to last year's growth of 11.7%. High inflation, contractionary monetary policy and measures to control imports, have negatively affected industries and resulted in negative growth. Agriculture and services sectors witnessed meagre growths of 1.55% and 0.86% respectively, compared to 3.9% and 4% respectively last year.

During the outgoing year, the Country faced severe external account pressure with foreign currency reserves reaching a critically low level. Current Account Deficit (CAD) in FY2022 was USD 17.5 billion which reduced to a deficit of USD 2.5 billion in FY2023 due to import restrictions and currency depreciation. The IMF program also remained elusive during the year, putting additional pressure on the currency. The IMF, however, announced a new 9-month Stand-by Arrangement of USD 3 billion on the last day of the fiscal year, avoiding danger of default for the Country. High CAD and stalled IMF program contributed in drastic depreciation of Pakistani rupee. The rupee depreciated by 40% against US Dollar during the year and reached Rs. 286 per USD as of June 30, 2023.

The YoY CPI inflation rate of 38% in May 2023 was the highest monthly inflation the Country has ever recorded. The average CPI inflation for FY2023 was 29.2% as compared to 12.2% last year. Depreciation of rupee, high commodity prices and devastating floods have resulted in this historically high inflation rate.

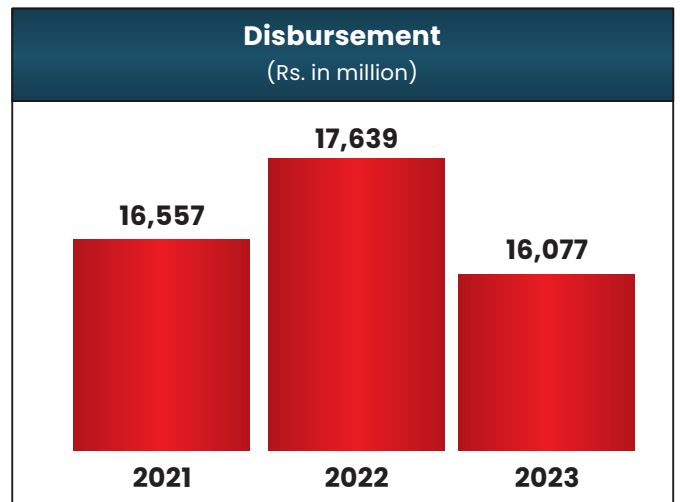
To control inflation, the State Bank of Pakistan (SBP) increased the policy rate multiple times during the year, from 13.75% in June 2022 to 22% in June 2023. Increase in policy rate and Karachi Interbank Offer Rate (KIBOR) in FY2023 were as follows:



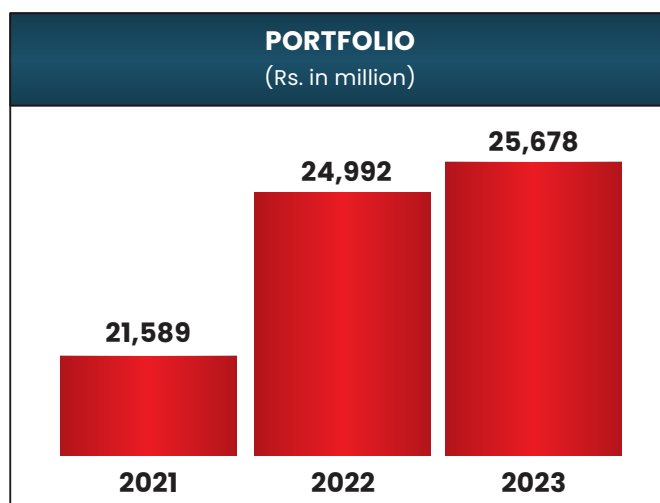
Pakistan’s budget deficit for FY2023 was Rs. 6.7 trillion; 7.9% of the Country’s GDP. Total tax collection for the year is expected at around Rs 7 trillion which will be short of the budgeted figure of Rs 7.6 trillion. In the Federal Budget, announced in June 2023, the Government has increased tax burden of documented companies while no effort has been made to enhance tax base. Super tax, which was re-introduced retrospectively in the previous fiscal year, was continued in FY2023 with higher rates. The rate has been increased retrospectively from 4% to 10% for companies earning profit of more than Rs. 500 million.

Business Review

With the economic landscape remaining uncertain throughout the year, business sentiment also remained depressed. OLP adopted a cautious approach in this scenario and adhered to a risk averse business approach. Despite a challenging environment, the Company achieved new disbursements of Rs. 16.0 billion during the year; a 9% decrease over last year’s volumes of Rs. 17.6 billion. Vehicles leasing/financing (commercial vehicles and saloon cars) contributed 79% in total disbursements for the year. OLP’s Term Finance product, introduced last year, also contributed in this year’s business with disbursements of Rs. 890 million.

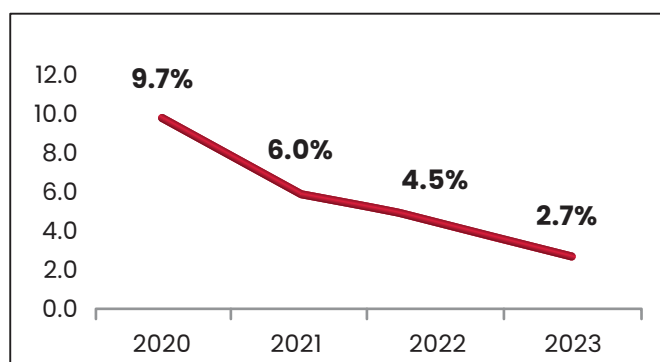


The Company's finance/lease portfolio increased marginally to Rs. 25.7 billion as of June 30, 2023 from Rs. 25 billion last year. The portfolio remains well diversified both geographically and by sector. Exposure to individual customers constituted 33% of the total portfolio followed by the goods transport sector and services sector with 12% and 7% respectively. Assets-wise, vehicles (saloon cars and commercial vehicles) constituted 79% of the portfolio followed by plant and machinery at 16% contribution. OLP has 26 core branches and 10 micro finance branches across Pakistan.



OLP's portfolio is spread over a diversified customer base. No single customer or group poses a risk to the quality of the Company's portfolio. As of June 30, 2023, the highest exposure to a single customer accounted for 0.5% of OLP's total portfolio.

During the outgoing year, the Company succeeded in reducing its delinquency ratio to 2.7% by effectively managing its portfolio and closely monitoring overdue accounts. The focus was on negotiating out-of-court settlements with long-outstanding overdue customers while vigorously following up with new delinquent customers.



Yanal Finance Company, OLP's associated company operating in Kingdom of Saudi Arabia, showed significant improvement in its profitability. OLP's share in profit from its associate amounted to Rs. 118 million (FY 2022: Rs. 64.3 million), an 84% increase over the preceding year.

OLP Modaraba (OM) reported net profit of Rs. 129 million for the year; 15% higher than the previous year's profit of Rs. 112 million. Total assets at 6,825 million were 2% higher than last year (June 30, 2022: Rs. 6,707 million). OM declared a cash dividend 20% for the year.

Financial Performance

OLP's financial results are summarized below:

	2023	2022
	-----Rupees-----	
Profit before taxation	2,029,035,717	1,376,781,079
Taxation	818,302,927	494,570,693
Profit for the year after taxation	1,210,732,790	882,210,386
Appropriations: transfer to statutory reserve	60,536,640	44,110,519
Interim dividend	350,815,294	350,815,294
Final dividend	350,815,294	350,815,294
Earnings per share – basic and diluted	6.90	5.03

Despite difficult market conditions, OLP achieved its highest pre-tax profit of Rs. 2.03 billion (FY2022: Rs. 1.37 billion). Pre-tax profit was 47% higher than last year. Profit after tax of Rs. 1.2 billion (FY2022: Rs. 882 million) was 37% higher than last year. Super tax rate has been increased retrospectively by the Government in the budget announced in June 2023. The Company is required to pay super tax of 10% (FY2022: 4%) which added Rs. 216 million in taxation and increased it by 65% to Rs. 818 million, from Rs. 494 million last year.

Dividend

The Directors are pleased to recommend a final cash dividend of 20% for the year ended June 30, 2023. This is in addition to interim cash dividend of 20% paid during the year which brings the total dividend for the year to 40% (2022: total cash dividend of 40%)

Revenue

Revenue for the year amounted to Rs. 6,796 million, a substantial increase of 51% from the previous year's revenue of Rs. 4,489 million.

Income from lease and loan portfolio at Rs. 5,904 million was 53% higher than the income of Rs. 3,867 million in the preceding year. High interest rate environment throughout the outgoing year resulted in higher revenues. Most of the OLP's lease and loan portfolio is linked to the KIBOR and was re-priced upward during the year. The portfolio has also increased by 3% during the year, however, the increase in rates mainly contributed to increase in income.

Other income for the year at Rs. 774 million was 39% higher than the income of Rs. 559 million earned in FY2022. It consisted of return on Government securities, gain on premature cancellation of lease and loan contracts, documentation fee on new business and miscellaneous other incomes. In the current volatile economic environment, OLP is maintaining excess liquidity in the form of Government securities. Higher rates on Government securities during the year resulted in return on this investment of Rs. 449 million; 88% higher than the return of Rs. 239 million earned last year.

Other income also included rentals of operating lease business. OLP discontinued this business during the year by disposing off its portfolio of cranes. As a result, rental income from this business came down to Rs. 13 million during the year from Rs. 34 million last year.

Share of profit from associated company was 84% higher at Rs. 118 million in FY2023 as compared to Rs. 64 million last year. As explained earlier, Yanal Finance Company reported improved results during the period which resulted in a higher share of profit for OLP.

Expenses

Total expenses for the year, excluding provision for potential lease and loan losses, were Rs. 4,630 million, 47% higher than the last year's expenses of Rs. 3,142 million. The breakup of expenses are as follows:

- Finance cost for the year increased by 76% to Rs. 3,158 million, from Rs. 1,794 million in FY2022. This was in direct correlation with increase in KIBOR during the year as OLP's bank borrowings are linked to KIBOR. The cost of Certificate of Deposit (COD) portfolio has also increased as new CODs were issued at market competitive rates. Total borrowings as of June 30, 2023 were Rs. 18.7 billion as compared to Rs. 18 billion in June 2022.
- Administrative and general expenses at Rs. 1,435 million were 12% higher than the expenses of Rs. 1,285 million last year. Staff cost, which represents 73% of total expenses, increased by 13% to Rs. 1,044 million (FY2022: Rs. 922 million) due to adjustment in compensation on account of higher inflation in the country. Total staff numbers at the end of June 2023 were 435 as compared to 456 in June 2022. Despite steep currency devaluation and inflationary surge, other expenses were kept under control and increased by 8%.
- Direct cost decreased by 41% to Rs. 37 million (FY2022: Rs. 63 million) during the current year. The reduction was primarily due to disposal of OLP's fleet of cranes under operating lease. Other than the cost associated with operating lease, direct cost mainly comprised of stamp duty on new business, expenses associated with Ijarah finance and other expenses directly attributable to lease and finance.

Provision for Potential lease, loan and other losses

OLP recorded a net provision charge of Rs. 106 million in FY2023 as compared to reversal in provision of Rs. 65 million in FY2022. Provision for potential lease and loan losses is maintained as per the Expected Credit Loss (ECL) model under IFRS 9. Subjective provision is also recorded against few specific cases as per management's judgement, as required under NBFC Regulations. Although OLP's non-performing portfolio (over 90 days past due portfolio) decreased from Rs. 1,099 million last year to Rs. 677 million as of June 30, 2023, higher provision was recorded for the year. Increase in provisioning was mainly due to

adjustments made in the ECL model in response to adverse change in macroeconomic indicators. The accumulated provision for potential lease and other loan losses was Rs. 880 million (FY2022: Rs. 1,033 million) which provides 130% coverage against all accounts over 90 days past due (FY2022: 94%).

Taxation

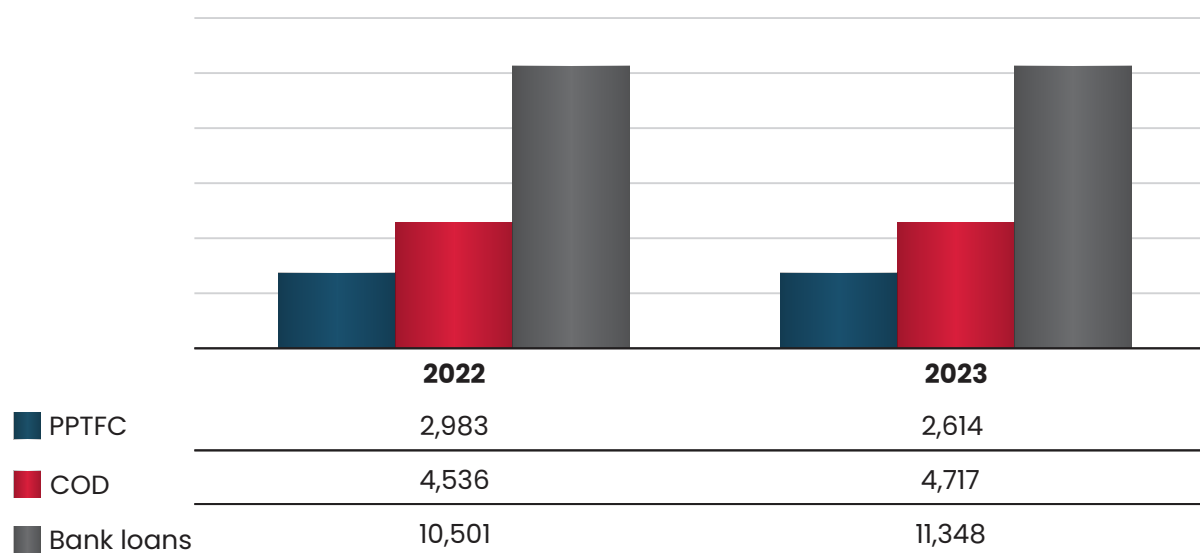
The Federal Government through Finance Act, 2023 has made amendments in the rate of super tax. These amendments include retrospective application of new slab rates for super tax. Under the revised rates, the highest slab rate of 10% (FY 2022: 4%) will be applicable on taxpayers from all sectors having income in excess of Rs 500 million.

In line with these changes, higher tax of Rs. 818 million was recorded for the year, 65% higher than the tax expense of Rs. 495 million last year. This included super tax at higher rate on current year's earning and deferred tax liability for subsequent years.

Funding and Liquidity

OLP's borrowings consisted of a mix of bank loans, Certificate of Deposit (COD) and Privately Placed Term Finance Certificates (PPTFC). The Company has strong relationships in the banking sector and currently enjoys loan facilities from 9 banks. These facilities are in the form of long term loans and overdraft facilities at market competitive rates and are against the security of OLP's lease and loan portfolio. CODs are unsecured borrowings from individuals and institutional investors. These deposits are raised in direct competition with commercial banks and micro finance banks.

A breakup of OLP's borrowings are follows:



As mentioned earlier, in current economic conditions, OLP is maintaining excess liquidity in the form of Government securities (3-month Treasury Bills) to guard against a possible liquidity crisis in the financial market. At June 30, 2023, an amount of Rs. 1.9 billion was invested in Government securities. This was in addition to an investment of Rs. 707 million in Government securities against the Company's COD portfolio as per regulatory requirement.

The Company's debt to equity ratio as of June 30, 2023 was 1.91 (June 30, 2022: 2.01) while Capital Adequacy Ratio (CAR) was 27.2% (June 30, 2022: 27.5%) which is well above the regulatory requirement of 10%. This is indicative of the Company's strong capital position.

Risk Management

OLP has implemented a robust risk management framework that plays a pivotal role in the Company's performance. This framework enables the Company to proactively identify and manage potential risks. It encompasses Board oversight, multi-tier supervision by department heads and/or management committees, effective policies and procedures, strong control mechanism and IT systems. OLP continually updates / amends this framework in line with change in business dynamics, regulatory framework and overall business strategies.

OLP has a Board's Risk Committee (BRC) which comprises of four directors and is chaired by an Independent Director. The Committee enhances Board's governance of risk and implementation of risk management policies to effectively manage the Company's risk profile. Additionally, the Company has Management Committee, responsible for oversight and execution of Board approved guidelines, while day-to-day risk management activities are delegated across various levels.

Under BRC's supervision, OLP has implemented an Enterprise Risk Management (ERM) framework. ERM framework applies to all functions, ensuring a robust and consistent approach to risk management across all levels of the Company. This framework allows the Board to comprehensively review risks faced by different operations and segments of the Company. It also provide guidelines for mitigating such risks while keeping in view the Company's overall strategic objectives.

Risk management measures adopted by the Company against major risks are outlined below:

Credit Risk

OLP has Board approved Credit Risk Policies which provide guidelines for extending credit to different economic segments under different product lines. These policies guide the Company in managing and controlling credit risk by setting limits on the amount of risk it is willing to accept against individual counterparties, industries and asset types and monitoring exposures in relation to such limits. Risk Management Department (RMD) oversees adherence to credit risk policies of the Company and reports to the Board's Credit Committee.

The Company is continuously reviewing its guidelines to incorporate changes in policies due to evolving business environment and market dynamics. There is a continuous emphasis on portfolio monitoring and implementing tools for early identification of risks within the lending portfolio. The approach revolves around support to business growth while effectively managing credit risks. It also includes a score card approach where risk score is assessed for corporate customers in finance/loan portfolio at credit inception and on reporting date to asses any deterioration in credit risk of corporate customers.

Amid an economically challenging environment, RMD closely monitors different economic sectors and highlight risks in those sectors. It also escalates high risk sectors to the management, if required, to avoid further credit exposure in those sectors. OLP's existing portfolio in such sectors is also closely monitored by RMD and Marketing Department.

Due to its robust credit risk management approach, the Company is maintaining a well-diversified portfolio with low non-performing loans ratio even in the current difficult economic environment.

Liquidity Risk & Market Risk

OLP's Board has approved an Asset Liability Management Policy which sets out Company's risk appetite with regards to liquidity and market risks. The Asset Liability Management Committee (ALCO) is responsible to oversee these risks. This committee convenes regularly, at least every month, to review the impact of changing economic and market conditions on the Company's profitability, liquidity and fund management position. ALCO monitors ALM ratios, current and future cash flow position and devises strategy for appropriate funding mix between options in hand to maintain adequate diversity in funding sources.

Liquidity risk is managed by diversifying funding sources, securing committed credit lines from financial institutions and maintaining a balance between long and short term lending and borrowing. OLP's primary funding sources include bank borrowings and certificates of deposit. The Company has also issued privately placed term finance certificates, ensuring a diversified mix of lenders.

A liquidity contingency plan is in place, offering alternative funding strategies and maintenance of liquidity reserves in the shape of investment in liquid Government securities. This ensures surplus funds availability when needed. Adequate levels of liquid securities are also held for compliance with statutory requirements.

OLP is exposed to market risk, primarily arising from interest rate fluctuations affecting debt obligations and lease/ loan receivables. ALCO has formulated pricing strategies and policies to manage the market risk. The Company limits interest rate risk by monitoring changes in market interest rates and by matching the pricing risk on its lending portfolio with the borrowing portfolio. ALCO regularly ensures that substantial portion of the lease/loan portfolio's interest rate profile (fixed and variable) matches the Company's financial obligations, keeping mismatches within acceptable limits. In case of a negative mismatch beyond acceptable limits, OLP has the option of repositioning its assets and/ or liabilities mix by executing interest rate swaps. Further, a sufficient profit margin is charged over bench-mark rate to cover rapid fluctuations in rates.

The Company is also exposed to currency risk due to its strategic investments in foreign associates, which is realized only on any change in holding of those investments. The currency exposure also arises if any debt obligation is taken in foreign currency. As a policy, OLP refrains from such borrowings without having cross currency swap to fully cover against the movement in foreign currency.

Operational Risk

The Company has policies and procedures in place to manage operational risks in a systematic and consistent manner. These policies and procedures are regularly reviewed to ensure its relevancy with evolving operational landscape. Operational risks are mitigated and minimized through a Control framework, proactive monitoring and addressing potential risks. To mitigate risks from operations, OLP has strengthened its Internal Audit, Risk Management and Compliance functions. These functions ensure adherence to the policies and regularly monitors key risk indicators, operational disruptions or failures, if any.

Strong focus is maintained on high risk areas like system failures, breach of internal controls and any event of fraud or forgery. Emphasis is placed on improving IT security, defining individual responsibilities, and improving operational efficiency and effectiveness through automation and elevating quality of human resources through trainings and development. Orientation and trainings are provided to new and existing staff on Company's Code of Conduct, Anti-money laundering and Anti-fraud and Whistleblowing Policies for prevention of fraud and unethical practices.

A comprehensive regulatory risk management process is in place. OLP's Compliance Function ensures effectiveness of controls around regulatory requirements on an ongoing basis.

Corporate Governance, Internal Control and Compliance

A strong corporate governance structure plays an important role in the success of a company, especially in volatile business conditions. OLP's governance framework, which includes well-established policies, clearly defined roles and strong internal controls, is instrumental in the success of the Company. This framework places a strong emphasis on transparency, accountability, and adherence to regulations.

The Board of Directors heads OLP's governance structure. The Board comprises of 3 independent directors, 4 nominee directors and 2 executive directors. To discharge their duties more effectively, the Board has constituted the following sub-committees:

- i. Board Human Resource, Nomination and Remuneration Committee (BHRN&RC)
- ii. Board Audit Committee (BAC)
- iii. Board Risk Committee (BRC)
- iv. Board Credit Committee (BCC)

Apart from the Board Committees, the Company has management committees with clear responsibilities and Terms of References (TOR). These committees include the Management Committee, Credit Committee, Asset Liability Management Committee, and IT Steering Committee. Each of these committees adds value to the governance process by involving senior staff members who contribute their extensive expertise in devising strategies, formulating business plans, and overseeing operations.

The Internal Audit and Compliance departments maintain a direct reporting line to the Board via the Audit Committee (BAC). At the beginning of each year, the internal audit department formulates an audit plan based on risk assessment, which is reviewed by the BAC. During the year, the BAC assesses the progress of internal audits and offers insights to management for refining controls in line with the audit suggestions.

The internal audit department's role extends beyond merely evaluating adherence to policies, procedures, and regulatory mandates; it also includes advisory support for improving policies to align with industry benchmarks and best practices.

The Company places significant emphasis on adhering to all regulatory requirements to foster a culture of compliance across all organizational levels. OLP is fully aligned with the Country's regulatory framework and also strives to align with best industry practices. The Company's compliance function is responsible for ensuring conformity with prevailing regulations pertaining to the Company's operations. Given the heightened regulatory focus, particularly concerning anti-money laundering and counter-terrorist financing, the Company has also increased its oversight measures.

In addition to its lending activities, OLP manages a considerable portfolio of certificate of deposit. A robust compliance framework is imperative for success of this product. The Company has taken numerous measures to guarantee full compliance with regulatory mandates, including sanctions screening as per UN/NACTA requirements, rigorous Customer Due Diligence (CDD) and Know Your Customer (KYC) procedures. Regular AML/CFT compliance audits of business functions are conducted by the compliance department to verify adherence to all relevant regulations.

Moreover, the compliance department conducts training sessions on Anti-Money Laundering (AML) and Countering Financing of Terrorism (CFT) regulations. These sessions aim to educate staff about AML/CFT protocols and ensure alignment with the corresponding regulatory mandates.

Corporate Social Responsibility

OLP's CSR activities include supporting institutions focused on providing healthcare and educational facilities to under privileged communities and individuals.

During the year, in addition to supporting such institutions, OLP utilized its resources to contribute in disaster relief efforts in the areas most effected by the floods of 2022. Immediately after the floods, OLP partnered with relief organizations to provide shelter and food for affected families. A team of volunteers from OLP's Multan office, headed by the Zonal Head, steered OLP's efforts. Camps were established at Mangrotha and Wahuva areas in Taunsa District and our staff reached out to provide food and shelter to the effected families.

These efforts affected almost 300 households who were provided with a month's supply of food rations and tarpaulins & tents for shelter and protection of those families.

Staff members from OLP's Peshawar office also visited flood affectees of Charsada region and personal contribution from OLP staff was used to assist families sheltered in tented villages by providing them food and medical assistance.

Future Outlook

The IMF has projected GDP growth of 2.5% for FY2024. However, the business environment will remain challenging in the coming months. SBP's policy rate is expected to increase further due to high inflation. In a subdued economy with high interest rates, the financial sector will remain risk averse in new financing and borrowers are also expected to avoid new capital investments. OLP will closely monitor the economic environment and will adjust its business operations accordingly.

Board of Directors and Board Committees

The composition of the Board of Directors and its sub-committees are given in the Statement of Compliance on page no. 47.

Evaluation of the Performance of the Board

OLP follows a structured procedure for assessing the performance of its Board of Directors and committees, as stipulated by the Listed Companies (Code of Corporate Governance) Regulations, 2019. This evaluation is conducted annually, in-house or through an independent external consultant.

Within this evaluation process, assessment questionnaires are disseminated to Board members, who submit their responses to the Company Secretary while maintaining confidentiality of the process. The compilation of these responses is overseen by the Company Secretary. The outcomes are subsequently shared during Board Meetings and the areas for improvement are highlighted.

Board's Remuneration Policy

The Company has an established Board of Directors Remuneration Policy in place, which was duly approved by the Board. This policy establishes a process for defining the compensation allotted to the Company's directors who participate in meetings. As outlined by the policy, only Independent Non-Executive Directors are qualified to receive compensation for their presence at Board and committee meetings. Whereas Non-Executive Directors are solely eligible for reimbursement of the costs they accrue when attending these meetings.

Disclosure with regards to remuneration of each director and chief executive officer is given in note 37 of unconsolidated financial statements.

Compliance with Pakistan Stock Exchange Limited (PSX) Regulations

In compliance with rule 5.6.1 and 5.6.4 of the PSX Regulations in respect of dissemination of price-sensitive information relating to the business and mandatory disclosure to PSX on buying and selling of shares by Directors, CEO, substantial shareholders and executives, the Board has set the following threshold for the term "Executive":

- Chief Executive Officer
- Deputy Chief Executive Officer
- Chief Financial Officer
- Chief Operating Officer
- Group General Manager
- Company Secretary
- Head of Internal Audit
- All Departmental Heads

Directors' Declaration

1. The financial statements of the Company fairly represent its financial state of affairs, the results of its operations, cash flows and changes in equity.
2. Proper books of accounts of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in the preparation of financial statements, and accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards as applicable in Pakistan have been followed in the preparation of financial statements, and any departure has been adequately disclosed and explained.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There is no reason to doubt the Company's ability to continue as a going concern.
7. Details of significant deviations in the Company's operating results during the year ended June 30, 2023, are stated within the Directors' Report.
8. Key operating and financial data for the last six years in a summarized form is given on page no. 58.
9. There are no statutory payments on account of taxes, duties, levies and charges outstanding as on June 30, 2023, except for those disclosed in the financial statements.
10. The value of investments of the recognized provident fund as at June 30, 2023, was PKR 741.6 million (unaudited), and as at June 30, 2022, was PKR 645.02 million (audited).

The value of investments of the Company's recognized gratuity fund as at June 30, 2023, was PKR 310.6 million (unaudited), and as at June 30, 2022, was 282.56 million (audited).

11. Seven (07) out of nine (09) Directors of the Company have certification/exemption under the Directors Training Program (DTP) and the remaining two (2) directors, being recently appointed, will complete DTP within the stipulated time as provided under Listed Companies (Code of Corporate Governance) Regulations, 2019.
12. During the year, four meetings of the Board of Directors, seven meetings of the Audit Committee, three meetings of the Board Human Resource Nomination and Remuneration Committee, two meetings of the Board Risk Committee and no meeting of the Board Credit Committee were held.

Board of Directors' Meetings

The attendance at the meetings of the Board of Directors is given below:

Name of Director	Meetings Attended	Name of Director	Meetings Attended
Mr. Khalid Aziz Mirza	4	Mr. Nasim Hyder	4
Ms. Aminah Zahid Zaheer	4	Mr. Yoshiaki Matsuoka (Non-resident)	4
Ms. Keiko Watanabe (Non-resident)	4	Mr. Daisuke Morita (Non-resident)	4
Mr. Katsumi Matsumoto (Non-resident)	2	Mr. Shaheen Amin	4
Mr. Ramon Alfrey	4		

[1] Resigned as Director on May 31, 2023.

[2] Appointment as Director on 22nd August 2022 and Resigned as Director on March 31, 2023.

Audit Committee's Meetings

Name of Director	Meetings Attended	Name of Director	Meetings Attended
Mr. Nasim Hyder	7	Ms. Aminah Zahid Zaheer	7
Ms. Keiko Watanabe (Non-resident)	7	Mr. Daisuke Morita (Non-resident) [1]	6

[1] Resigned as Director on May 31, 2023.

Human Resource Nomination and Remuneration Committee's Meetings

Name of Director	Meetings Attended	Name of Director	Meetings Attended
Mr. Khalid Aziz Mirza	3	Mr. Yoshiaki Matsuoka (Non-resident)	3
Mr. Shaheen Amin	3		

Risk Committee's Meetings

Name of Director	Meetings Attended	Name of Director	Meetings Attended
Ms. Aminah Zahid Zaheer	2	Mr. Nasim Hyder	2
Ms. Keiko Watanabe (Non-resident)	2	Mr. Daisuke Morita (Non-resident)	2

Board Changes

During the year, following changes were made in the Board:

- 1) Mr. Shin Hamada resigned with effect from 22nd August 2022. Mr. Katsumi Matsumoto was appointed as Director by the Board to fill the casual vacancy.
- 2) Mr. Katsumi Matsumoto resigned with effect from 31st March 2023. Ms. Mika Takeda was appointed as Director by the Board to fill the casual vacancy.
- 3) Mr. Daisuke Morita resigned with effect from 31st May 2023. Mr. Kenro Seishima was appointed as Director by the Board to fill the casual vacancy.

The Board of Directors places on record its appreciation for services rendered by Mr. Shin Hamada, Mr. Katsumi Matsumoto and Mr. Daisuke Morita. Further, the Board welcomes Ms. Mika Takeda and Mr. Kenro Seishima as Director on the Board.

Credit Rating

The Pakistan Credit Rating Agency Limited (PACRA) maintained the Company's long term rating of AA+ (Double A plus) and short term rating of A1+ (A one plus) on March 03, 2023. These are among the highest ratings in the Non-Banking Financial Sector.

Major Shareholder

ORIX Corporation, Japan hold 49.58% of the Company's shareholding.

Auditors

M/s A.F. Ferguson & Co., Chartered Accountants were appointed as auditors for the year ending June 30, 2023. The Board of Directors endorses the recommendation of the Audit Committee for the appointment of M/s A.F. Ferguson & Co., Chartered Accountants, as auditors of the Company for the year ending June 30, 2024.

Pattern of Shareholding

The pattern of shareholding as at June 30, 2023 is given on page no. 246.

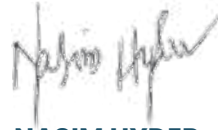
Acknowledgement

The Board places on record its appreciation of the guidance and support provided by the regulatory authorities. We would also like to thank our bankers, business associates, and all stakeholders for their assistance and collaboration in the Company's achievements. We also extend our appreciation to our customers and depositors for their ongoing faith and trust.

On behalf of the Board



SHAHEEN AMIN
Chief Executive Officer



NASIM HYDER
Director

September 15, 2023