

# Chairman's Message

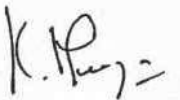
This has been another good year for your Company, which achieved several milestones and out-performed expectations in challenging times. OLP's after tax profit crossed Rs. 1 billion for the first time in the Company's history. It was able to achieve this with the continued confidence and belief reposed in the Company's abilities by its Shareholders through a Rights Issue which increased the Company's equity by Rs. 2 billion. A number of business decisions were taken to maximize shareholder value, including the decision to exit from Oman ORIX Leasing Company, which contributed to the record profit for the year and also provided significant cash inflows.

Your Company remains a dominant player in Pakistan's NBFIs sector and has strong brand recognition in the market. Over the past three years the Company achieved strong average growth of 36% in profits and 13% in disbursements. OLP's success is based on an in-depth understanding of the dynamics of the Country's SME sector and knowing how best to leverage the skillset developed over the past thirty years to effectively service SMEs. Although many challenges were faced this year in the form of increased competition in the financial sector and uncertain economic environment, OLP was able to grow a quality portfolio using prudent risk assessment processes, which would remain our benchmark for future growth.

OLP's business model, however, faces headwinds in the light of commoditization of the funding business resulting in an evolving competitive environment with small to medium commercial banks increasingly encroaching in the SME sector. It is therefore necessary for OLP to accept the changing winds and critically review and modify its business model to ensure that its value proposition is economically relevant and commercially desirable. Recognizing the fact that there will be pressure on revenue growth in future, the Company is working on a number of strategies to keep its products relevant and competitive through innovation and differentiation and provide a larger bouquet of financial solutions to its clients. A major area of focus would be the development of sources of non-balance sheet based revenues which would improve the return on assets.

To ensure that the Company is in the best position to achieve its objectives, OLP has set high standards of governance framework; this year the number of independent directors on the Board was increased to four, each bringing diversity of knowledge, experience and skills necessary for tackling issues on multiple fronts. The Company functions through a number of internal management committees comprising of experienced personnel responsible for monitoring and executing Board decisions.

I would like to acknowledge the contributions made by the Board members and employees in the success of the Company. Going forward, the key focus of the Board will be to take OLP to the next level by capitalizing on its achievements, learning from its experiences and banking on the opportunities. The role of OLP's dedicated and loyal staff will be vital in this transformation. I would like to thank the regulators for their support, especially the Securities and Exchange Commission of Pakistan, which has recognized the contribution made by OLP to the development of the SME sector. The Investment Finance Services license issued by SECP will open new doors for sustainable growth of the Company in the years to come. Together with the strengthened capital base, your Company possesses the key drivers to take its momentum forward and maximize shareholder value.



Khalid Aziz Mirza

Chairman Board of Directors