

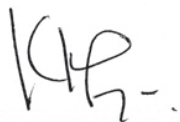
CHAIRMAN'S REPORT

The year 2017 saw your Company achieve another milestone by recording a pre-tax profit of over Rs. 1 billion for the first time in its 31-year history. This was achieved at a time when banks, under pressure from the Government's Financial Inclusion Strategy, have aggressively entered our niche market of small and medium enterprises, ruthlessly cutting margins and poaching key staff resources. Needless to say, the milestone has come amidst a very challenging environment.

While the macroeconomic outlook has positive elements, important fundamentals required a rethink in order to maintain sustainability of OLP's operations. Numerous steps have been taken towards this end over the past year through disposal of non-core investments and consolidation and strengthening of core operations. This has been the hallmark of your Company's strategy. The acquisition of Standard Chartered Modaraba (now ORIX Modaraba) was a step towards gaining a bigger chunk of the Islamic finance market while opening new opportunities to launch other projects on the modaraba platform. Last year the sale of investments in e-Business division and SK Leasing (Kazakhstan) were made to trim down scale of non-core low-earning operations. This allowed the Company to direct its focus in the current year on realignment of a number of key stakeholder relationships with our strategic goals with the aim of helping OLP achieve its longer-term objective, which is to maintain your Company's dominance in the SME sector.

The CPEC project will open new opportunities and your Company is taking measures to ensure its readiness to benefit from these. Our valued client base is the key and we have redefined our Vision, Mission and Core Values at the beginning of the year to emphasize the need to continuously service and meet the changing demands of our customer base. Our ability to innovate and create products to suit their requirements has helped maintain their loyalty. This is at the forefront of our strategy for future years also and it is planned to continue making enhancements to our product portfolio to keep us ahead of competition. The recent Rights Issue, which increased equity by around Rs. 2 billion will provide a stable base to do so.

After over 30 years of successfully competing in the business of SME financing, OLP has strong fundamentals that will take it forward in the more challenging times to come. This was the key to its survival through tougher times in the past and helped it to gradually rebuild and come out bigger and stronger. I am thankful to all our stakeholders for reposing the confidence in our ability to do so and to our regulators, particularly the Securities and Exchange Commission of Pakistan, for their guidance and support. The Board of Directors' performance, as well as the dynamism displayed by the Management and staff in directing the future strategy and vision of the Company have been instrumental in the Company's continued growth. I thank my colleagues on the Board for their tireless support and dedication in enabling the Vision of your Company and making it ready for future challenges and opportunities.



Khalid Aziz Mirza
Chairman Board of Directors