DIRECTORS' REPORT

The Directors of ORIX Leasing Pakistan Limited (OLP / the Company) are pleased to present the Thirty-first annual report together with the Unconsolidated Financial Statements for the year ended June 30, 2017.

THE COMPANY

ORIX Leasing Pakistan Limited (OLP / the Company) was incorporated in July 1986 as a joint venture between ORIX Corporation, Japan and local investors. The Company is licensed to carry out leasing business as a Non-Banking Finance Company (NBFC) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 issued by the Securities and Exchange Commission of Pakistan.

OLP specializes in providing lease financing to small and medium-sized enterprises, however, its customer base also includes large corporations, public listed companies, micro enterprises and individuals. The Company also has investments in overseas associates in the Middle East and North Africa and provides management support to these associates. Last year, the Company acquired the 10% certificate holding of Standard Chartered Modaraba (SCM) from Standard Chartered Bank Pakistan Limited (SCBPL) and SCBPL's 100% shareholding in Standard Chartered Services of Pakistan (Private) Limited (SCS), which also holds 10% of SCM's equity and has management control over SCM. Subsequent to the acquisition, these companies have been renamed ORIX Modaraba and ORIX Services Pakistan (Private) Limited respectively. The acquisition of the Modaraba has given OLP a larger stake in the Islamic finance market.

FINANCIAL INFORMATION

The financial results of the Company are summarized below:

	2017	2016 (Restated)
	----------------Rupees---------------	
Profit before taxation from continuing operations	1,158,009,963	976,668,720
Taxation	316,765,918	216,690,359
Profit after taxation from continuing operations	841,244,045	759,978,361
Loss after taxation from discontinued operations	-	(12,990,050)
Profit for the year after taxation	841,244,045	746,988,311
Earnings per share – basic & diluted		
- From Continued operations	10.25	9.26
- From Discontinued operations	-	(0.16)
Total	10.25	9.10
Appropriations: Transfer to statutory reserve	42,062,202	37,500,000

DIVIDEND

The Directors are pleased to recommend a cash dividend of 30% for the year ended June 30, 2017 (2016: 45%).

OVERVIEW OF THE ECONOMY

Pakistan's economy continues its steady improvement as the Country achieved a GDP growth rate of 5.7% in fiscal year 2017 compared to GDP growth of 5.5% last year. The positive trend is expected to continue with projected GDP growth of 6.0% for FY 2018. All sectors performed well with Large Scale Manufacturing reporting a growth of 5.7% against 3.4% percent recorded during the same period last year. Services sector showed a 6% growth (2016: 5.5%) and growth in Agriculture improved to 3.5% from 0.3% last year. A key growth driver in FY 2018 will be the China Pakistan Economic Corridor (CPEC) and its related infrastructure and energy projects.

Inflation remains under control with growth in CPI recorded at 3.9% in FY 2017. The State Bank of Pakistan (SPB) expects this trend to continue in FY 2018 with projected average CPI inflation in the range of 4.5-5.5% for FY 2018. With inflation contained, the SBP maintained its policy rate at 5.75% (the lowest in over four decades) which is encouraging for business and investment. Consequently, private sector credit flow increased to Rs. 748 billion compared to Rs. 446 billion last year.

A current account deficit of US$ 12.1 billion in FY 2017 (2016: US$ 2.5 billion) is a matter of concern for the economy. The trend continues with a deficit of over US$ 2 billion recorded in the first month of FY 2018. Exports and workers' remittances declined while imports increased mainly due to machinery imports, both for CPEC and non-CPEC energy and infrastructure projects. The Government expects the overall balance of payments to stay at a manageable level in FY 2018. Steady anticipated financial account inflows and improvement in world growth leading to improved exports form the basis of this assessment. However, stability of the external account and instrumental reserve accumulation depends upon timely inflow of budgeted bilateral and financial inflows in FY 2018.

BUSINESS REVIEW

The positive economic environment stimulated activity in both SME and consumer sectors and boosted demand for commercial and saloon vehicles. On the other hand, commercial banks, flush with excess liquidity through maturing Government PIBs combined with the pressure from the SBP to invest in SME sector, pose a significant threat to the Company's market share. Islamic and middle tier commercial banks are resorting to poaching of the Company's staff and thereby its customer base with the added advantage of being able to offer significantly lower rates. This remains the main challenge faced by OLP.

Despite a tough competitive environment, OLP managed to increase its disbursements by 3% from Rs. 14,551 million in 2016 to Rs. 15,008 million in the current year. Major growth came from financing of transport sector and saloon vehicles. In line with previous year's trend, commercial and saloon vehicles accounted for 80% of disbursements. Commercial vehicle segment, in particular, has been instrumental in OLP's growth in the past few years and this trend is likely to continue with CPEC. Goods transportation sector currently accounts for 21% of the Company's high quality portfolio. Vehicle lease and financing to individuals was the next largest category maintaining a share of 17% in total portfolio as the Auto industry continues to show strong growth which is likely to continue with increase in domestic capacity. Opening of four new branches during the year in Karachi, Lahore, Mingora and Sukkur will help in future business growth as these have already started yielding results.

Operating lease business continued to experience a downturn throughout most of the year. The situation improved towards the year-end as power shortages and enhanced gas supply in summer months increased the demand for rental of generators. The Company is in the process of identifying new niches in this segment for more sustainable sources of income.

Disbursements in the Company's microfinance segment were 16% lower than last year at Rs. 588 million (2016: Rs. 705 million) as the Company deliberately focused on consolidating operations, removing process inefficiencies and investing in a more robust system that would support faster growth in future. During the year, 16,548 customers benefitted from microloans from the Company in the form of enterprise loans, group lending and livestock loans, as compared to 21,884 customers last year. The microfinance division is gearing up for tapping potential in new areas and two new branches in Morre Khunda and Shahpur were opened this year for this purpose.

Economic downturn in the MENA Region and political turmoil affecting certain countries adversely affected the performance of the foreign associates. Depressed oil prices and war in Yemen had negative effect on Saudi Arabia's economy, both in the oil sector and the non-oil sector. UAE has been similarly affected, causing strain on the SME sector in particular. Egypt experienced significant devaluation of its currency by 48% when the Central Bank free floated the currency in order to stabilize the economy thereby resulting in a significant reduction in the value of the OLP's investment in ORIX Leasing Egypt. Oman ORIX was the only company, which sustained the strains of the regional economic turmoil and reported improved results over last year.

ORIX Modaraba (ORIXM / the Modaraba) completed its first year as a subsidiary of OLP on June 30, 2017. ORIXM performed well during the year despite a challenging and difficult operating environment resulting in lower spreads in a highly competitive market. ORIXM earned a profit of Rs. 128 million (2016: Rs. 173 million) for the year. The reduction in profit was primarily due to significant recovery from non-performing assets last year and additional administrative expenditure required to sustain the Modaraba as an independent entity. ORIXM disbursed over Rs. 3.3 billion (2016: Rs. 2.4 billion) during the year and its total assets increased to Rs. 5.9 billion (2016: Rs. 5.3 billion). The Modaraba declared a dividend of 27% (2016: 34%) for the year ended June 30, 2017.

FINANCIAL PERFORMANCE

For the fourth year in a row, OLP surpassed previous heights to achieve its highest ever profit after tax of Rs. 841.2 million, which translated into earnings per share of Rs. 10.25 (2016: Rs. 9.10). This was an increase of 12.6% over Rs. 746.99 million earned in the previous year.

REVENUES

Total revenues decreased by 1% from Rs. 4.07 billion in 2016 to Rs. 4.03 billion in the current year. Income from core activities increased by 2% to Rs. 3.43 billion (2016: Rs. 3.37 billion) whereas income from other activities (share of profit from investment in associates and other income) was 15% lower at Rs. 596.7 million (2016: Rs. 704.7 million). This was mainly due to a bargain purchase gain recorded on the merger of Standard Chartered Leasing Limited (SCLL) with and into OLP last year.

Revenues from operations were dominated by 70% contribution from Finance Lease, which remained the core product, earning income of Rs. 2.42 billion (2016: Rs. 2.32 billion), 4% higher than last year. This was achieved despite pressure on rates arising from intense competition from banks in the SME sector and a slight reduction in lease portfolio by 1% to Rs. 26.15 billion (2016: Rs. 26.27 billion). Previous year's lease portfolio included leases added due to merger of SCLL at the end of the year. Without accounting for the SCLL lease portfolio, OLP's lease portfolio increased by 6% in the current financial year.

Revenue from operating lease and Ijarah finance segment declined by 11% to Rs. 474.2 million (2016: Rs. 534.4 million). The main contributing factor was low deployment due to reduced demand for rental of gas generators caused by shortage of gas supply in Northern areas of the Country which resulted in reduction in revenue from operating lease to Rs. 376 million (2016: Rs. 396 million). Furthermore, the Company's portfolio of Ijarah Finance also reduced which impacted related income.

The portfolio of loans and finances registered an increase of 8% over last year to Rs. 3.98 billion (2016: Rs. 3.56 billion) and correspondingly revenues were 7% higher at Rs. 543.1 million (2016: Rs. 506.9 million). This was achieved on the back of a 14% increase in vehicle finance disbursements during the year despite a downward trend in rates.

Previous year's other income included a non-recurring gain of Rs. 204.7 million as bargain purchase gain on merger of SCLL with and into OLP. This is the main reason for other income being 22% lower at Rs. 367.5 million than previous year's figure of Rs. 470.5 million.

As mentioned earlier, depressed oil prices have adversely affected associated Companies in the MENA Region with the exception of Oman ORIX, which yielded 12% higher share of profit as compared to last year, whereas both ORIX Leasing Egypt and Saudi ORIX reported lower profits. As a result, total share of profit from equity accounted undertakings registered a 2% decrease to Rs. 229.1 million (2016: Rs. 234.2 million). The Company has discontinued the use of equity accounting for Al Hail ORIX, UAE as OLP has ceased to exercise significant control over this company. The value of the investment determined at the time of re-characterisation and its carrying value as at that date has been recognized in the profit and loss account.

EXPENSES

Expenses excluding provisions against potential lease and other losses reflected an increase of 1% and stood at Rs. 2,954.6 million in the current year (2016: Rs. 2,918.3 million).

Savings were made in finance cost which was 5% lower at Rs. 1,585.9 million (2016: Rs. 1,666.4 million) on a borrowing portfolio which was 8% lower at Rs. 19.40 billion (2016: Rs. 20.80 billion). Part of the reduction in the borrowings portfolio was on account of maturing certificates of deposit taken over through the merger with SCLL in May 2016, which only formed part of debt and finance cost for one month last year. Low interest rate scenario prevailed throughout the financial year and the Company was able to take advantage of its strong financial position to negotiate better rates from its financiers, which allowed it to maintain margins.

Full year impact of the upward revision to staff compensation structure, which was made last year, resulted in 13% increase in administrative and general expenses, which amounted to Rs. 966.3 million in the current year as compared to Rs. 856.5 million in 2016.

Direct cost of lease, which mainly represents maintenance, insurance and depreciation on operating lease was slightly higher at Rs. 402.4 million compared to Rs. 395.4 million last year. The main reason for this was the impact of additional depreciation of Rs. 52.6 million due to change in depreciation estimate for generators inventory. Maintenance cost on the other hand was lower at Rs. 151.1 million (2016: Rs. 172.7 million), in line with the reduction in revenues.

While the Company had made provisions against lease and loan losses of Rs. 215.1 million last year, a reversal of Rs. 23.1 million was made in the current year. This was possible due to concerted efforts directed towards overdue recovery resulting in reduction of classified lease portfolio in the current year. Not only does the Company maintain full provisioning against accounts past due by 90 days or more without accounting for forced sales value, it also maintains provisions against accounts which are classified as watch list. In view of expected changes in future accounting conventions, the Company is developing a more objective and statistically driven provisioning policy.

The charge for other provisions reflects a reversal of Rs. 58.5 million, which was higher than the reversal of Rs. 39.7 million in 2016. Current year's reversal is mainly due to reduction in provision against federal workers' welfare fund, which is no longer required.

A higher tax charge of Rs. 316.8 million was incurred (2016: Rs. 216.7 million) which included provision for super tax of Rs. 35 million, which was expected to be a one-time levy in 2016, however was extended to 2017.

The net impact of the above was 11.0% increase in profit after tax to Rs. 841.2 million (2016: Rs. 759.9 million).

RISK MANAGEMENT

Risk is inherent in all spheres of OLP's activities. Overall responsibility for establishing the risk management framework rests with the Board of Directors, which is actively involved in review, approval and monitoring of the Company's risk management policies and ensuring that an appropriately sound and rigorous internal control system is in place to manage those risks. This oversight is implemented through independent internal audit and compliance functions reporting to the Audit Committee. These provide valuable input for improvement in the Company's policies and procedures and thereby management of risks. A risk based internal audit plan also helps to ensure that audit focus is aligned with the strategic direction of the Company and risks, which are crucial to the achievement of the Company's objectives, are being addressed.

The management and control of risk is an ongoing process at the Company level and a Risk Management department has been set up for this purpose. Each function also holds the responsibility for identification, measurement and management of risk within its respective area and implementing relevant measures to control and mitigate their impact.

Major risks facing the Company are summarized below:

Credit Risk Management

Credit risk refers to the failure of the counterparties to fulfill their financial obligations as and when they fall due. The Company's main business revolves around undertaking credit risk within a risk appetite acceptable to the Board. This is managed by setting limits on the amount of risk the Company is willing to accept against individual counterparties, industry concentrations and type of assets, and by continuously monitoring exposures in relation to such limits. The Credit Policy is also a Board approved document which sets the guidelines within which credit is extended to qualifying clients.

The Board of Directors has established Credit Approval Authority Limits, which include delegation of approval limits to the Company's Credit Committee and senior executives based on their seniority and experience. Rigorous credit approval process is followed at all levels, and high standards of due diligence and credit screening are maintained to ensure quality of asset portfolio.

Adherence to credit policies is monitored by Risk Management department, which is responsible for overseeing the Company's credit risk and independently analyzing customers' creditworthiness. Credit guidelines are reviewed regularly and amended in line with changing business and market dynamics.

Due to its focus on small and medium sized sector, the Company's credit risk is well-diversified over a large number of clients in a wide variety of sectors. No single party exposure represents more than 5% of the Company's Equity, while exposure to single business sector does not exceed 25% of portfolio.

Liquidity Risk Management

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due or is unable to access sufficient funding to meet its financial commitments. OLP has a rigorous liquidity management system overseen by an Asset Liability Management Committee (ALCO). Overall policy for liquidity management is approved by the Board and it is the responsibility of ALCO to manage cash flows and maturity mismatches within the defined limits.

Cash flows are managed by ensuring an appropriate mix of long-term and short-term funding relative to the respective maturities of financial assets. Forecast cash flow position is monitored regularly and stress tests are performed to check its robustness. Funding sources are well-diversified and sufficient committed credit lines from financial institutions are kept in place as cover for any unforeseen circumstances.

As OLP is a deposit-taking institution, statutory liquidity requirements are monitored on a daily basis and it is ensured that appropriate levels of liquid securities are held for compliance with statutory requirements at all times.

Market Risk Management

Market risk is the risk that the value of a market sensitive asset will fluctuate due to the movement in interest rates or exchange rates.

The Company's exposure to interest rate risk relates primarily to its debt obligations with variable interest rates and financial assets carrying variable interest rates. The Company limits this risk by monitoring changes in market interest rates and maintaining a suitable spread which provides a cushion against sharp fluctuations in rates. The Company also aims to substantially match the interest rate profile (fixed and variable) of lease and loan portfolio with that of financial obligations and keeps the mismatch within acceptable limits.

The Company incurs currency risk on borrowing in foreign currency and investment in overseas associates that are entered in a currency other than Pakistan Rupees. As a policy, OLP carries no open currency risk on borrowings and uses cross currency swaps to hedge its currency risk on its foreign currency borrowings.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events, whether deliberate, accidental or natural and includes the risk of non-compliance with local laws and regulations. This would have significant implications for the Company because when controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications and/ or lead to financial loss.

OLP minimizes operational risks by reviewing and strengthening internal controls for prevention of systems failure, regular training and orientation on the Company's Code of Conduct and Anti-fraud Policy for prevention of fraudulent and unethical practices, independent reviews of IT and database security to maintain data integrity, promoting a culture of compliance with established policies and procedures, regular spot checks through internal audit and compliance functions to gain assurance that there are no major deviations from these.

INTERNAL CONTROL AND COMPLIANCE

Review and approval of authority limits, policies and procedures is an ongoing process which ensures that the Company has a sound system of internal controls in place.

An adequately sourced and independent Internal Audit department reporting directly to the Audit Committee of the Board checks compliance with these policies and procedures. Not only are weaknesses highlighted through a rigorous audit plan applied throughout the year, the department also subsequently ensures that these weaknesses are suitably addressed and rectified. Internal audit is involved in investigations as well and plays a crucial role in identifying risk areas for which mitigating internal controls are required.

An independent Compliance function, reporting directly to the Audit Committee of the Board, monitors and assesses compliance with, and the impact of, the applicable laws and regulations on the business. It also assesses compliance with internal and external policies and procedures, including their implementation, monitoring and reporting. Regulatory developments are monitored on an ongoing basis to ensure that internal policies and procedures are updated accordingly for adherence to regulatory requirements.

FUNDING AND LIQUIDITY

Strong cash flow generation resulted in a reduction in total debt from Rs. 20.80 billion in 2016 to Rs. 19.40 billion in 2017. Consequently, gearing ratio reduced from 5.4 to 4.6. OLP has built a strong funding mix comprising of both long and short term facilities from 19 financial institutions. As at June 30, 2017, the Company had total borrowings of Rs. 13.34 billion (2016: Rs. 11.04 billion) from financial institutions of which, long term debt comprised over 80%, thereby reducing mismatch risk between financial assets and liabilities. Adequate unutilized facilities are kept in hand to meet unforeseen funding requirements. The Company's Certificates of Deposit portfolio amounting to Rs. 6.03 billion (2016: Rs. 9.76 billion) represented 31% of total debt. The reduction in COD portfolio was partly due to maturity of COD's taken over from SCLL.

As mentioned earlier in this report, due to its strong financial performance, the Company was successful during the year in renegotiating rates with its main financiers, which reduced finance cost and further savings would be reflected in future years' results. Rate reductions on CODs in line with the falling market rates in the Country also helped to bring down finance costs.

Subsequent to the year end in August 2017, OLP received around Rs. 2 billion as subscription towards a Rights Issue announced by the Company. The additional equity will lend further strength to the Company's funding position in the upcoming financial year.

CORPORATE GOVERNANCE

The Company maintains a high standard of corporate governance through an internal control framework comprising of clear structures, authority limits and accountabilities. The Company takes pride in compliance with legislative systems, including Companies Act, 2017, Non-Banking Finance Companies and Notified Entities Regulations

2008, Listing Regulations of Pakistan Stock Exchange and the Memorandum and Articles of Association of the Company.

To ensure transparency, fairness and accountability, the Board has appointed an independent Director as Chairman of the Board and Chairman of the Audit Committee is also an independent Director. The Company's Management Committee comprises of senior executives who, under the guidance of the Board, are responsible for setting the Company's strategic direction, business planning and risk management.

As a responsible corporate entity, OLP takes measures to ensure that its corporate clients adhere to the basic requirements of being environmentally and socially responsible.

CORPORATE SOCIAL RESPONSIBILITY

OLP has always been cognizant of the fact that the Company has a responsibility to nurture and support the community in which the Company operates. With this objective in mind, OLP supports and works closely with charitable institutions which have a proven track record of selfless commitment to improving the lives of the less privileged in the fields of Health, Education and Poverty Alleviation. Financial aid is provided after a rigorous assessment of the recipient's legal status and obtaining tangible evidence of their providing humanitarian services without consideration of religion, caste or gender.

OLP runs a Microfinance program which focuses on providing loans to low income individuals in rural areas with special emphasis on women entrepreneurs. This program is extended through a network of 12 microfinance branches of which 2 branches were opened in the current financial year. Since inception of the program, the Company has provided loans to over 180,000 deserving individuals.

PEOPLE

OLP values its staff as its most valuable resource, which has been instrumental in its past and present successes and is crucial to its future successes. Motivation and development of staff members is one of the key agendas being focused upon both at Board and Management level. In order to continuously develop a team of talented and skilled individuals, the Company places strong emphasis on internal training programs through knowledge sharing sessions and orientations. Active participation in skill-based external programs is also encouraged to develop professional and technical skills.

At the root of the Company's Core Values are Ownership, Innovation and Teamwork which combine to create a culture in which employees take ownership of work and utilize their talent and experience in the most creative way possible.

The Board appreciates the dedication and diligence of OLP team members for growing the Company's business and achieving steady improvement in its performance.

BUSINESS ETHICS

It is OLP's strategic intent to conduct business with honesty, integrity and in accordance with legal and ethical standards. This is a Core Value of the Company.

OLP's Code of Conduct and Ethics Policy embodies ORIX Group's key values and prescribes the conduct required of all staff to achieve these. The Code applies to all businesses and business relationships of the Company. It prescribes the standards required not only from staff but also from the top management and the Board of Directors. Every employee of the Company has a responsibility to understand and comply fully with the Code and all other policies of the Company and perform their duties according to the spirit of the Code.

OLP has a zero tolerance approach to all forms of fraud and dysfunctional behavior. Anti-fraud and Whistle-blowing policies help to inculcate this objective in the attitude and actions of all staff members. These require all employees to work against corruption in all forms.

AWARDS AND RECOGNITION

In February 2017 OLP received the Management Association of Pakistan (MAP) 32nd Corporate Excellence Award in the Leasing & Modaraba category for the second year in a row. MAP Corporate Excellence Awards recognize and honour companies showing outstanding performance. To date, OLP has received five awards and five certificates of corporate excellence from MAP.

FUTURE OUTLOOK

As stated in the Chairman's Report, positive macroeconomic indicators spurred on by CPEC would have a knock-on growth effect on the SME sector and correspondingly the leasing industry, especially in the sectors of transportation, construction and steel. Initiatives that have been taken within the Company to prepare for upcoming opportunities are expected to yield good results in the future, though competitive threats may have an impact. The hallmark of OLP's past success has been its ability to identify new niches within a market that it fully understands and the Company intends to use its vast experience, knowledge and key competitive advantages to continue to grow steadily and cautiously without taking undue risks.

DIRECTORS' DECLARATION

1. The financial statements prepared by the Management of ORIX Leasing Pakistan Limited present fairly its 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 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 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 are no significant doubts upon 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, 2017 are stated within the Directors' Report.

8. Key operating and financial data for the last six years in summarized form is given on page no. 74.

9. There are no statutory payments on account of taxes, duties, levies and charges outstanding as on June 30, 2017 except for those disclosed in the financial statements.

10. The value of investments of the recognized provident fund as at June 30, 2017 was Rs. 369.9 million (un-audited) and as at June 30, 2016 was Rs. 352.2 million (audited).

    The value of investments of the Company's recognized gratuity fund as at June 30, 2017 was Rs.153.7 million (un-audited) and as at June 30, 2016 was Rs.151.9 million (audited).

11. During the year, the following trade in shares of the Company was carried out by Directors and an Executive:

Name	Designation	Nature of Transaction	Number of Shares
Mr. Hiroshi Nishio	Non-Executive Director	Acquisition of Shares	575
Mr. Shaheen Amin	Chief Executive Officer	Transfer of Shares	575
Mr. Takehisa Kaneda*	Non-Executive Director	Acquisition of Shares	575

* Resigned as Director on March 20, 2017

12. During the year, one director acquired certification of Director Education awarded by the Pakistan Institute of Corporate Governance. At the close of the financial year, 4 out of 8 Directors have certification under Directors Training Program that meets the requirements of the Code of Corporate Governance.

13. During the year, six meetings of the Board of Directors, seven meetings of the Audit Committee and two meetings of Human Resource and Remuneration Committee were held. The Directors who were unable to attend the meetings, constantly followed the progress of the Company and proceedings of the Board.

BOARD OF DIRECTORS' MEETING

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 [1]	5	Mr. Shahid Usman	6
Ms. Nargis Ghaloo [2]	1	Mr. Hideaki Yokoyama (Non-resident)	6
Mr. Shoaib Mir [3]	2	Mr. Hiroshi Nishio (Non-resident)	5
Mr. Takehisa Kaneda [4] (Non-resident)	3	Mr. Harukazu Yamaguchi (Non-resident)	-
Mr. Kiyokazu Ishinabe [5] (Non-resident)	2	Mr. Shaheen Amin	6
Mr. Naveed Kamran Baloch [6]	-		

[1] Appointed as Chairman on September 29, 2016.
[2] Resigned as Director on September 29, 2016.
[3] Appointed as Director on September 29, 2016 and resigned as Director on May 15, 2017.
[4] Resigned as Director on March 20, 2017.
[5] Appointed as Director on March 20, 2017.
[6] Appointed as Director on June 02, 2017.

Leave of absence was granted to Directors who could not attend the Board meetings.

AUDIT COMMITTEE MEETINGS

Name of Director	Meetings Attended	Name of Director	Meetings Attended
Mr. Shahid Usman	7	Mr. Hideaki Yokoyama (Non-resident)	6
Mr. Takehisa Kaneda [1] (Non-resident)	3	Mr. Kiyokazu Ishinabe [2] (Non-resident)	1

(1) Resigned as Member on March 20, 2017.
(2) Appointed as Member on April 25, 2017.

HUMAN RESOURCE AND REMUNERATION COMMITTEE MEETINGS

Name of Director	Meetings Attended	Name of Director	Meetings Attended
Ms. Nargis Ghaloo [1]	-	Mr. Hideaki Yokoyama [3] (Non-resident)	2
Mr. Hiroshi Nishio [2] (Non-resident)	2	Mr. Shaheen Amin	2

(1) Resigned as Member on September 29, 2016.
(2) Appointed as Member on August 29, 2016.
(3) Appointed as Member on August 29, 2016.

BOARD CHANGES

- Ms. Nargis Ghaloo resigned as Director and Mr. Shoaib Mir was appointed as Director on September 29, 2016.
- Mr. Takehisa Kaneda resigned as Director and Mr. Kiyokazu Ishinabe was appointed as Director on March 20, 2017.
- Mr. Shoaib Mir resigned as Director on May 15, 2017 and Mr. Naveed Kamran Baloch was appointed as Director on June 02, 2017.

The Board of Directors places on record its appreciation for services rendered by Ms. Nargis Ghaloo, Mr. Shoaib Mir and Mr. Takehisa Kaneda. Further, the Board welcomes Mr. Naveed Kamran Baloch and Mr. Kiyokazu Ishinabe as Directors on the Board.

CREDIT RATING

During the current financial year, 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). These are among the highest ratings in the Non-Banking Financial Sector. As per PACRA standards, these ratings denote the lowest expectation of credit risk emanating from a strong capacity for timely repayment of financial commitments.

MAJOR SHAREHOLDER

ORIX Corporation, Japan and its nominees hold 49.57% of the Company's shareholding.

AUDITORS

The present auditors M/s. A.F. Ferguson & Co., Chartered Accountants have completed the statutory period of five years mandated by the Code of Corporate Governance. The Audit Committee recommends the appointment of KPMG Taseer Hadi & Co., Chartered Accountants, as auditors of the Company for the year ending June 30, 2018.

PATTERN OF SHAREHOLDING

The pattern of shareholding as at June 30, 2017 is given on page no. 219.

ACKNOWLEDGEMENT

The Board greatly appreciates the support and cooperation of the regulatory authorities, bankers, business partners and all stakeholders for their contribution to the Company's growth and looks forward to their support and advice in the future. The Board also thanks our valued customers and depositors for their continuing trust and support.

On behalf of the Board

Shaheen Amin
Chief Executive Officer
September 14, 2017

Shahid Usman
Director