

DIRECTORS' REPORT

On behalf of the Board of Directors, we are pleased to present the fortieth annual report of OLP Financial Services Pakistan Limited (OLP/ the Company) together with the Unconsolidated Financial Statements for the year ended June 30, 2026.

The Company

The Company was established in 1986 as a joint venture between ORIX Corporation, Japan (ORIX) and local investors. Licensed by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, OLP operates as an Investment Finance Services provider. OLP caters to the diverse financial needs of corporate and individual clients. With a focus on empowering the Small and Medium Enterprise (SME) sector, OLP delivers customized financial solutions to support business growth and development.

Overview of the Economy

Pakistan's economy continued its recovery during FY2026 despite a challenging global environment. Real GDP recorded provisional growth of 3.7%, compared with 3.2% in the previous year, supported by improvement across major sectors of the economy.

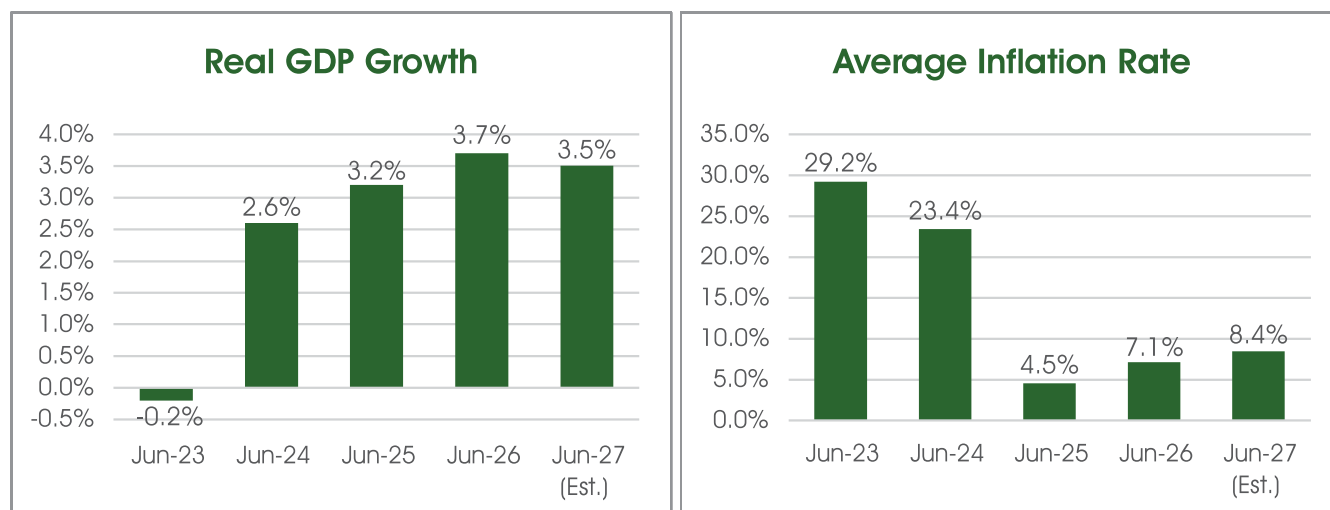
Industrial activity strengthened during the year, while improved revenue mobilization and prudent expenditure management contributed to a stronger fiscal position. Large-Scale Manufacturing (LSM) remained on a recovery path, recording growth of 5.8% during July-May FY2026, compared with a contraction of 1.1% in the corresponding period last year. The automobile sector exhibited encouraging performance during FY2026, with sales of passenger cars increasing by 39%, jeeps & pick-ups by 41% and trucks & buses by 61% compared with the previous year. This improvement is particularly relevant to OLP considering the significant contribution of vehicle financing to the Company's business.

Inflation remained relatively contained during much of FY2026 but increased towards the end of the year, partly reflecting higher energy and transportation costs. National CPI inflation stood at 11.1% in June 2026, compared with 11.7% in May 2026 and 3.2% in June 2025. Average inflation for FY2026 was 7.1%, compared with 4.5% in FY2025. The State Bank of Pakistan's policy rate stood at 11.5% at June 30, 2026, compared with 11.0% at the end of the previous financial year.

Pakistan's external position remained broadly stable during the year, supported by strong remittance inflows and improved foreign exchange reserves. However, geopolitical tensions in the Middle East increased uncertainty in the global environment, particularly through volatility in energy prices, freight costs and supply chains.

Reflecting improvement in Pakistan's macroeconomic and external position, S&P Global Ratings upgraded Pakistan's long-term sovereign credit rating to 'B' from 'B-' in July 2026. Looking ahead, the Government has targeted real GDP growth of 4.0% for FY2027, while the IMF projects growth of 3.5%, indicating continued economic recovery at a measured pace.

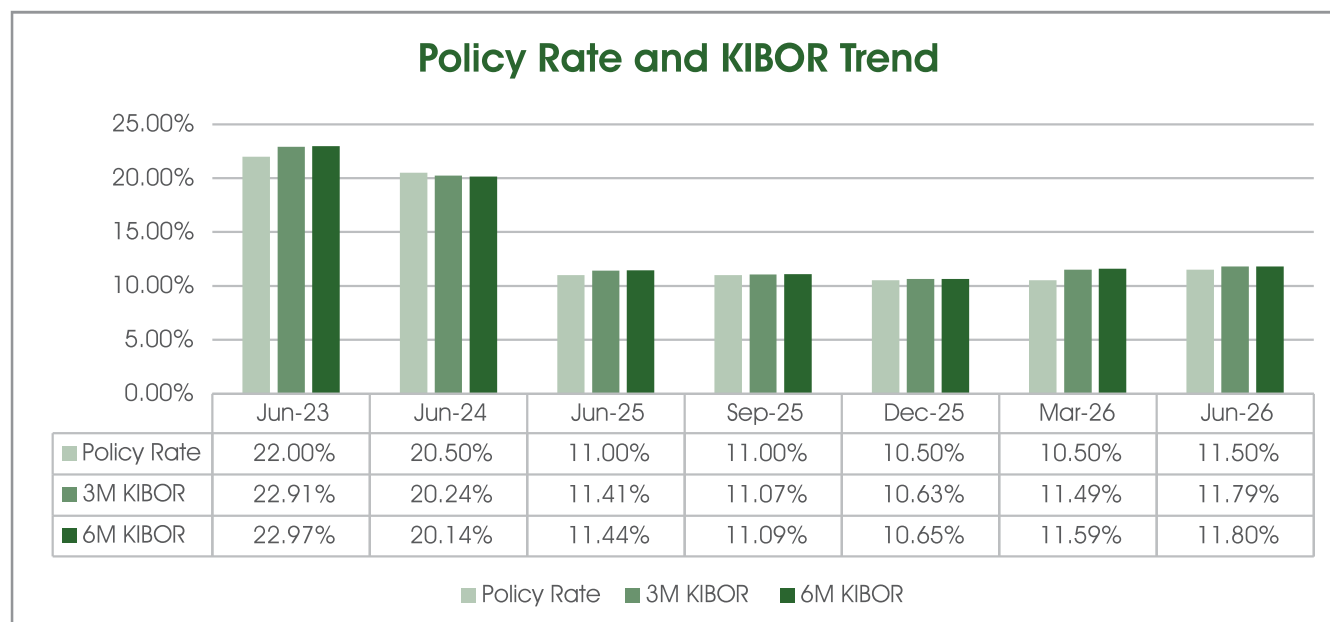
The following key indicators summarize the principal macroeconomic trends influencing Pakistan's operating environment and the Company's financial performance:



Source: Pakistan Economic Survey 2025-26; IMF (FY2027 projection).

Source: Pakistan Bureau of Statistics (PBS); IMF (FY2027 projection).

The State Bank of Pakistan maintained a cautious and responsive monetary policy stance during the financial year 2025-26 amid evolving inflationary and external sector conditions, including uncertainties arising from the Middle East conflict. The policy rate was reduced from 11.0% to 10.5% in December 2025, before being increased to 11.5% in April 2026, where it remained through June 30, 2026. Despite external pressures during the latter half of the year, prudent monetary and fiscal management helped preserve overall macroeconomic stability. The Karachi Interbank Offered Rate (KIBOR) broadly tracked these movements, while benchmark rates remained significantly below the elevated levels witnessed in earlier years, contributing to the Company's lower average funding costs. The policy rate and KIBOR movement during the years are presented below:



Source: State Bank of Pakistan - Monetary Policy Statements and KIBOR Rates.

Pakistan's Federal Budget for FY2027 was announced in June 2026. Total expenditure is budgeted at Rs. 18.77 trillion, representing an increase of 20% over the revised budgeted expenditure for FY2026. Gross revenue receipts are projected at Rs. 20.60 trillion, including FBR tax revenue of Rs. 15.26 trillion, representing an increase of approximately 17.6% over the revised estimate for FY2026. The FY2027 budget targets an overall fiscal deficit of 3.6% of GDP.

Business Review

OLP entered the financial year 2027 from a position of operating resilience, supported by a gradually improving macroeconomic environment and greater economic stability. Building on these developments, the Company remains focused on disciplined business growth, prudent risk management, cost optimization and sustained operating efficiency.

Business momentum remained positive, with disbursements increasing by 10.28% to Rs. 21.07 billion from Rs. 19.11 billion in the previous year. Vehicle leasing and financing, comprising commercial vehicles and saloon cars, remained the principal origination segment and represented 84.05% of total disbursements. Consequently, the finance and lease portfolio expanded by 13.52% to Rs. 32.92 billion as of June 30, 2026, compared with Rs. 29.00 billion in the previous year.

The Company's nationwide network of 30 branches supported broad-based customer access while maintaining effective concentration controls. As of June 30, 2026, the largest single-customer exposure represented only 0.55% of the Company's total portfolio. The portfolio's asset mix remained anchored in vehicles at 82.84%, followed by plant and machinery at 11.10%.

Portfolio quality improved further during the year with delinquency level falling to 1.94% of portfolio from 2.26% last year. This improvement was supported by disciplined origination, strengthened risk selection, active portfolio surveillance and close monitoring of overdue exposures. Management continued to pursue effective resolution and recovery strategies for long-outstanding accounts, while ensuring timely remedial action on newly delinquent cases.

As part of its efforts to strengthen and diversify its funding base, during the year, the Company successfully added a new financial institution to its borrowing portfolio. This represents a notable achievement in broadening the Company's financing relationships and enhancing access to diverse funding sources.

A revaluation of the Company's leasehold land and office building was carried out as at June 30, 2026, resulting in a revaluation gain of Rs. 195 million after accounting for deferred tax. The revaluation further strengthened the Company's equity position and reflected the updated value of the underlying assets.

Yanal Finance Company, OLP's associated company operating in the Kingdom of Saudi Arabia, remained profitable. OLP's share of profit from the associate amounted to Rs. 129.22 million (FY2025: Rs. 154.26 million), representing a decrease of 16.23% over the previous year.

OLP Modaraba (OLPM), in which the Company and its subsidiary have a 20% equity stake together with substantive decision-making authority over OLPM's key operating and financial policies reported net profit of Rs. 160.71 million for the year, which was 7.68% lower than the previous year's net profit of Rs. 174.08 million. OLPM declared a cash dividend of 25% for the year ended June 30, 2025, which was received by OLP in the current year.

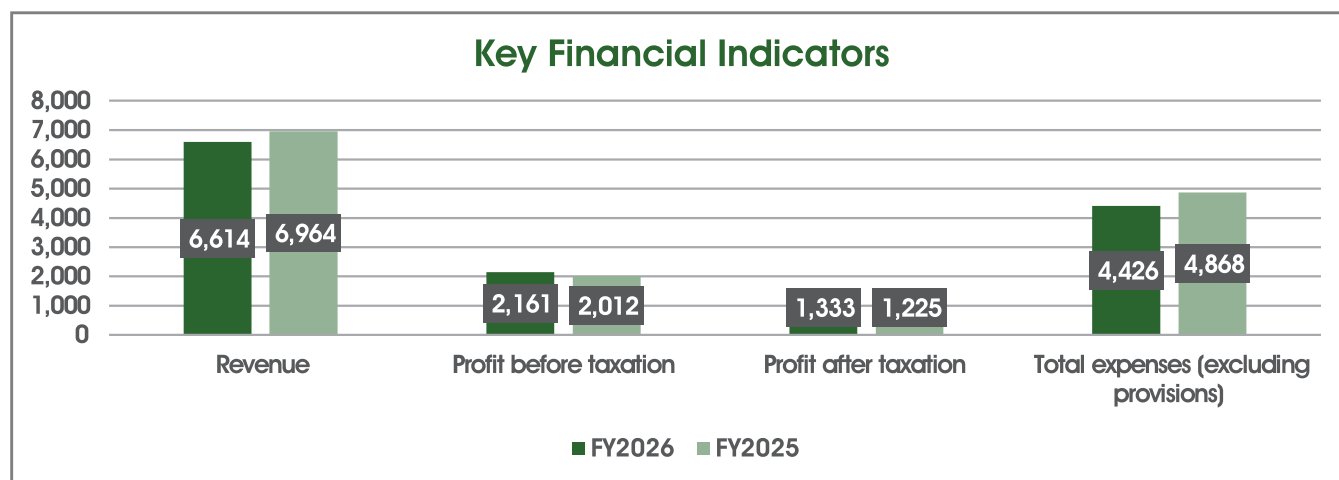
Financial Performance

TOTAL ASSETS Rs. 40,447.02 million 14.20% growth	NEW DISBURSEMENTS Rs. 21,071.68 million 10.28% growth	FINANCE AND LEASE PORTFOLIO Rs. 32,923.63 million 13.52% growth	RETURN ON ASSET 3.52% (June 30, 2025: 3.64%)
ANNUAL REVENUE Rs. 6,614.19 million 5.02% lower	PROFIT BEFORE TAXATION Rs. 2,161.19 million 7.39% growth	PROFIT AFTER TAXATION Rs. 1,333.71 million 8.83% growth	RETURN ON EQUITY 11.93% (June 30, 2025: 11.47%)

The above dashboard reflects strong growth in the Company's portfolio and asset base, improved profitability and sustained returns, despite lower yields in the prevailing interest rate environment.

The Company's financial results are summarized below:

	2026	2025
	-----Rupees-----	
Profit before levies & taxation	2,161,196,493	2,012,384,635
Taxation	827,481,030	786,913,599
Profit for the year after taxation	1,333,715,463	1,225,471,036
Appropriations : transfer to statutory reserve	66,685,773	61,273,552
: Interim dividend	350,815,294	350,815,294
: Final dividend	701,630,588	613,926,765
	1,052,445,882	964,742,059
Earnings per share – basic and diluted	7.60	6.99



OLP delivered resilient earnings growth in FY2026 despite pressure on margins in a declining interest-rate environment. Profit before taxation increased by 7.39% to Rs. 2.16 billion from Rs. 2.01 billion in FY2025, while profit after taxation grew by 8.83% to Rs. 1.33 billion from Rs. 1.22 billion. This performance was driven by portfolio expansion, stronger core operating results and lower average funding costs, which more than offset the impact of reduced yields on the equity-funded portion of the portfolio and lower investment income. The results reflect the Company's effective balance-sheet management and ability to sustain profitability amid evolving market conditions.

Dividend

The Board of Directors is pleased to recommend a final cash dividend of 40% for the year ended June 30, 2026. This is in addition to interim cash dividend of 20% paid during the year which brings the total dividend for the year to 60% (2025: total cash dividend of 55%).

Revenue

The Company reported annual revenue of Rs. 6,614.19 million, which was 5.02% lower than Rs. 6,963.69 million earned in the previous year. The decrease primarily reflected the rapid transmission of lower benchmark rates into asset yields; however, portfolio growth and expansion of the earning-asset base partially mitigated the impact. Income from the lease and loan portfolio decreased by 4.32% to Rs. 5,637.92 million from Rs. 5,892.41 million in FY2025. Successive downward KIBOR repricing compressed portfolio yields, while 13.52% growth in the lease and loan portfolio provided a meaningful volume offset.

Other income decreased by 7.63% to Rs. 847.05 million compared to Rs. 917.02 million in the previous year. The decline was primarily attributable to lower income from financial assets, which decreased to Rs. 254.19 million from Rs. 478.62 million last year mainly due to a reduction in interest income earned on Government securities to Rs. 215.23 million from Rs. 428.96 million last year amid the lower benchmark interest rate environment and reduction in average volume of Government securities. This impact was partially offset by an increase in income from other than financial assets to Rs. 592.86 million from Rs. 438.40 million. Included in other financial assets are fees and other income which increased to Rs. 409.90 million from Rs. 235.31 million, primarily due to the write-back of long-outstanding liabilities amounting to Rs. 148.22 million, while documentation fee income increased to Rs. 57.74 million from Rs. 40.18 million.

Cost Management and Operating Efficiency

Total expenses, excluding provisions for potential lease, loans and other losses, declined by 9.06% to Rs. 4,426.71 million from Rs. 4,867.57 million in FY2025. The reduction was primarily attributable to lower finance cost during the year.

- Despite an increase in total borrowings to Rs. 24,791 million from Rs. 21,462 million in the previous year, finance cost decreased by 14.66% to Rs. 2,695.34 million compared to Rs. 3,158.17 million in the previous year. The reduction was primarily attributable to lower average benchmark rates prevailing during the year, which resulted in reduced funding costs.
- Administrative and general expenses increased marginally by 1.10% to Rs. 1,693.59 million in FY2026 from Rs. 1,675.22 million in FY2025. Higher depreciation, vehicle running and maintenance, office repairs and maintenance and auditors' remuneration represent necessary expenditure to maintain operating infrastructure and business support. These increases were substantially offset by lower staff costs, rent and utilities, legal and professional charges and subscriptions underscoring continued cost discipline.
- Direct cost increased by 10.56% to Rs. 37.78 million compared with Rs. 34.17 million in FY2025. The increase is primarily attributable to higher maintenance and insurance costs associated with the lease and loan financing portfolio, which rose to Rs. 23.56 million from Rs. 18.47 million. This increase was partially offset by a reduction in other ancillary documentation services such as court fees, stamp duty and others by Rs. 1 million.

Reversal of expected credit loss / provision for lease, loans and finances

The non-performing portfolio, comprising exposures over 90 days past due, reduced to Rs. 639.09 million as of June 30, 2026 from Rs. 655.18 million in FY2025, reflecting continued asset-quality optimization. The Company recorded a reversal of provision charge of Rs. 14.97 million compared to a reversal of Rs. 142.64 million in FY2025.

Provisions for potential lease and loan losses are maintained under the IFRS 9 Expected Credit Loss (ECL) framework and supplemented, where appropriate, by subjective provisions applied as management overlays. Accumulated provisions stood at Rs. 604 million and provided 94.55% coverage against all accounts over 90 days past due (FY2025: 100%), reinforcing the Company's prudent credit-risk posture.

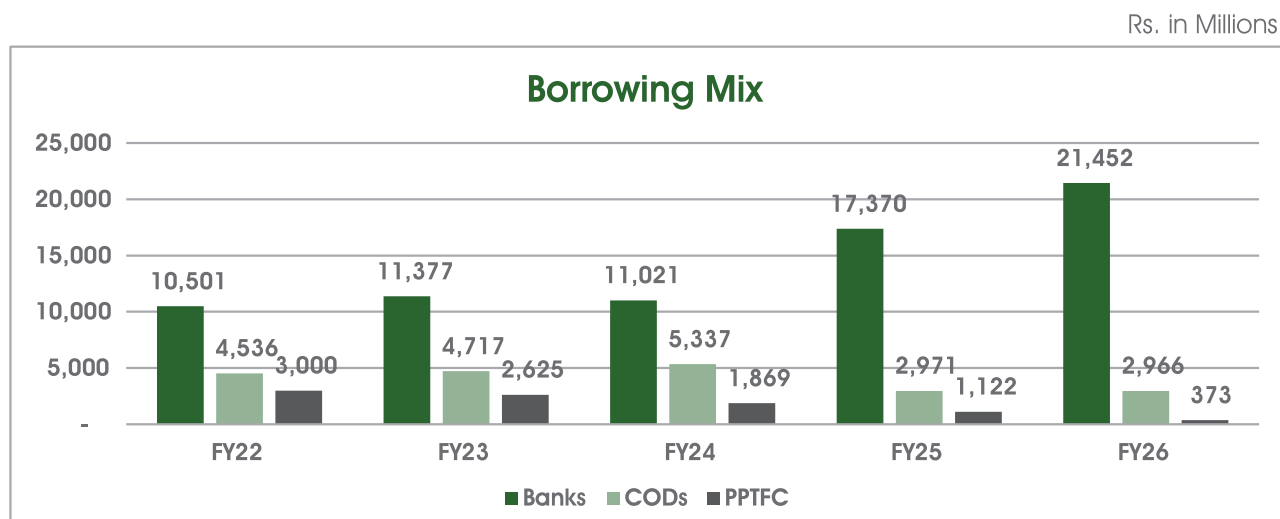
Taxation

Tax expense of Rs. 827.48 million was recorded for the year, compared to Rs. 786.91 million in the preceding year; a variance of 5.16%. The charge includes super tax of 10%.

Funding and Liquidity

The Company maintains a diversified funding mix comprising bank loans, Certificates of Deposit (COD) and Privately Placed Term Finance Certificates (PPTFC). Relationships with eleven financial institutions provide access to secured long-term facilities and competitive overdraft lines, while unsecured COD funding from individual and institutional investors broadens the liability base and supports liquidity resilience.

The composition and evolution of OLP's borrowing mix is presented below:



As of June 30, 2026, the Company's debt-to-equity ratio stood at 2.16 (June 30, 2025: 1.97), reflecting higher balance-sheet leverage deployed in support of portfolio growth. The Capital Adequacy Ratio remained robust at 26.01% (June 30, 2025: 27.40%); substantially above the regulatory requirement of 10% and providing a strong capital buffer for growth and risk absorption.

Risk Management

OLP has established a risk management framework for the identification, assessment, monitoring and management of risks arising from its business activities. The framework facilitates proactive identification and management of potential risks through:

- Oversight by the Board and its committees;
- Multi-tier supervision by senior management, departmental heads and management committees;
- Board-approved policies and procedures;
- Internal control mechanisms; and
- IT systems and related controls.

The risk management framework and related policies and practices are reviewed periodically to take account of changes in business dynamics, regulatory requirements and the Company's strategic priorities.

The Board Audit & Risk Committee (BA&RC), comprising four directors and chaired by an Independent Director, provides Board-level oversight of the Company's risk management framework and reviews key risk matters reported to it. Management and relevant management committees are responsible for implementing Board-approved policies and managing risks within their respective areas, while day-to-day risk management responsibilities are assigned across the relevant business and support functions.

OLP has implemented an Enterprise Risk Management (ERM) framework across its functions to provide a structured and consistent approach towards the identification, assessment, monitoring and reporting of key risks. The framework facilitates periodic reporting of key risks and related mitigation measures to management and the BA&RC, supporting oversight of the Company's overall risk profile and emerging risk areas.

OLP continues to strengthen its risk management practices through ongoing monitoring, periodic risk assessments and review of controls in response to changes in the operating and regulatory environment. The following sections outline the risk management measures adopted by the Company to address its principal risk areas.

Credit Risk

OLP maintains Board-approved Credit Risk Policies that establish a comprehensive framework for extending credit across various economic segments and product lines. These policies provide clear parameters for credit assessment, exposure limits, monitoring and risk mitigation, enabling the Company to manage credit risk effectively while responding to evolving market conditions.

The Credit Risk Management Department (CRMD) is responsible for overseeing adherence to the approved credit risk framework and reporting to the Management Credit Committee and the Board Credit Committee. The Company places strong emphasis on portfolio monitoring, early identification of emerging risks and continuous enhancement of credit risk management tools and practices to support sustainable business growth.

OLP employs a range of analytical tools and credit assessment techniques to evaluate the creditworthiness of corporate customers at origination and subsequent reporting dates, with a focus on identifying any signs of credit deterioration at an early stage. CRMD closely monitors higher-risk sectors and exposures, escalates emerging concerns to senior management and works closely with the Marketing Department to implement appropriate measures for managing portfolio risks.

The effectiveness of OLP's credit risk management framework is reflected in the quality and diversification of its financing portfolio, supported by a consistently low level of non-performing loans. The Company remains committed to maintaining prudent underwriting standards, strengthening portfolio oversight and proactively managing emerging credit risks.

Liquidity Risk & Market Risk

The Board-approved Asset Liability Management Policy defines the Company's risk appetite for liquidity and market risk, with oversight exercised through the Asset Liability Management Committee (ALCO). ALCO reviews market conditions, profitability, liquidity, funding requirements, ALM ratios and projected liquidity requirements each month. Liquidity risk is managed through a diversified funding mix, committed credit lines and disciplined matching of lending and borrowing profiles.

The liquidity contingency plan provides alternative funding strategies and maintains liquidity reserves in Government securities, in addition to liquid securities held for statutory compliance. ALCO manages interest-rate exposure through pricing strategy, market-rate monitoring and active alignment of asset and liability repricing profiles.

Interest-rate risk is contained by matching the repricing characteristics of a substantial portion of the lease / loan portfolio with the Company's financial obligations within approved limits. Where necessary, management may reposition assets and liabilities or execute interest-rate swaps. Asset pricing incorporates an adequate margin buffer to absorb rapid benchmark-rate movements.

Operational Risk

OLP has established policies and procedures for the systematic management of operational risks, which are reviewed periodically to remain relevant to changes in the operating and regulatory environment. Operational risks are managed through defined internal controls, segregation of responsibilities, ongoing monitoring and escalation of significant matters for appropriate corrective action. The Internal Audit, Risk Management and Compliance functions provide independent assurance, risk oversight and compliance monitoring respectively in accordance with their defined mandates. The Compliance Function also monitors adherence to applicable regulatory requirements and related controls on an ongoing basis.

Particular focus is maintained on areas such as system disruptions, breaches of internal controls, fraud and forgery, information security and regulatory compliance. OLP continues to strengthen its control environment through enhancement of IT security, clearly defined responsibilities, process improvements, automation and employee development. Orientation and training are provided to new and existing employees on relevant policies and regulatory requirements, including the Company's Code of Conduct, Anti-Money Laundering, Anti-Fraud and Whistleblowing Policies to promote awareness of internal controls, regulatory responsibilities and ethical standards.

Sustainability in Action

Environmental, Social and Governance (ESG) considerations remain an important part of OLP's approach towards responsible business practices and long-term sustainability. During the year, the Company continued to review and strengthen its ESG framework in line with evolving regulatory requirements and with due consideration to the nature, scale and complexity of its business.

The Company continued to focus on developing a practical and proportionate approach towards the identification and management of sustainability-related risks and opportunities. OLP also continued to assess developments in the sustainability landscape, including the Pakistan Green Taxonomy, with a view to progressively explore sustainable and green financing opportunities that are relevant to its business model, subject to commercial viability and the Company's risk appetite. This direction is consistent with the principles reflected in the Company's developing ESG framework.

The Board Audit & Risk Committee (BA&RC) provides oversight of sustainability-related matters under its Terms of Reference. The Company remains committed to progressively strengthening its ESG practices and disclosures in line with applicable regulatory requirements and emerging sustainability practices.

As part of its environmental initiatives, the Company continues to meet a sizeable portion of the energy requirements at its Head Office through renewable energy sources. OLP will continue to explore opportunities for promoting environmentally responsible practices within its operations and financing activities.

Corporate Social Responsibility

Alongside its sustainability initiatives, OLP's Corporate Social Responsibility (CSR) activities reflect its commitment to supporting the communities it serves. The Company continued to extend financial assistance to institutions working in the areas of healthcare, education and community welfare, particularly for underserved segments of society.

During the year, OLP continued its support for healthcare institutions, including The Layton Rahmatullah Benevolent Trust (LRBT), Indus Hospital & Health Network, Shaukat Khanum Memorial Trust and The Kidney Centre PGTI. Contributions were also made to the Muhammadi Blood Bank and Thalassemia Centre in support of specialized healthcare services.

In the field of education, OLP supported institutions providing educational opportunities to underserved communities, including The Citizens Foundation, Family Educational Services Foundation and Behbud Association Karachi. The Company also contributed to the IBP School of Special Education, supporting the education and development of children with special needs.

OLP also extended assistance to organizations engaged in community welfare and humanitarian relief. During the year, the Company supported flood-relief activities undertaken by Al-Khidmat Welfare Society in affected areas of Khyber Pakhtunkhwa, providing assistance to communities impacted by the floods.

Nurturing Talent, Culture and Purpose

People remain OLP's greatest strength. The Company is committed to leadership development and employee growth as central pillars of its Human Capital Development strategy. A structured succession planning process identifies and nurtures future leaders, while learning programs, spanning policy awareness, soft skills, and targeted upskilling, equip employees to meet evolving business challenges.

OLP supports career development through merit-based performance management, internal mobility and opportunities for career progression, enabling employees to build meaningful and sustainable career paths within the organization.

The Company fosters a motivating workplace culture through recognition initiatives such as annual awards, performance-based bonuses and commemorative mementos. These efforts reinforce OLP's belief that recognizing employee contributions is essential to sustaining engagement, motivation and high performance.

By nurturing fairness, continuous learning, career growth, recognition and collaboration, OLP strives to create a supportive and inclusive workplace where employees are empowered to perform, develop their capabilities and contribute to the Company's long-term success. OLP firmly believes that investing in its human capital is essential to driving both the short-term performance and long-term growth of its people and the Company.

Diversity, Inclusion and Equality

Diversity and inclusion remain a cornerstone of OLP's strategic vision. OLP has a comprehensive DEI policy grounded in industry benchmarks and global best practices. This framework drives measurable outcomes and fosters an equitable workplace.

For the year ended June 30, 2026, the Company reported a Mean Gender Pay Gap of 31.2% and a Median Gender Pay Gap of 22.5%. We acknowledge the need for continued progress and remain committed to reducing these gaps by enabling equal opportunities for growth and leadership.

As part of embedding DEI principles into its culture, OLP offered internship opportunities to a record number of female candidates entering the financial industry. OLP also promotes equal opportunity through merit-based recruitment, career advancement and equitable access to learning and development opportunities, while encouraging diversity across leadership and management positions. These initiatives further reinforce OLP's commitment to building an equitable and representative workplace. The Company also maintains a Protection against Harassment Policy in line with prevailing laws and regulations, strengthening safeguards against discrimination and harassment.

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 comprised 2 independent directors, 5 non-executive directors and 1 executive director (chief executive as deemed director). 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 & Risk Committee (BA&RC)
- iii. Board Credit Committee (BCC)
- iv. Board Compensation Committee

Apart from the Board Committees, the Company has management committees with clear responsibilities and Terms of Reference (TORs). 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 & Risk Committee (BA&RC). At the beginning of each year, the internal audit department formulates an audit plan based on risk assessment, which is reviewed by the BA&RC. During the year, the BA&RC 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 the 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.

Board of Directors and Board Committees

The composition of the Board of Directors and its sub-committees is given in the Statement of Compliance at page no. 51.

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 for two years and by an independent external consultant in the third year.

During the year, the evaluation exercise for the year ended June 30, 2025 was conducted in-house. Within this evaluation process, assessment questionnaires were disseminated to Board members, who submitted their responses directly to the Company Secretary while maintaining confidentiality of the process. The compilation of these responses was overseen by the Company Secretary and was then presented to the Board Human Resource Nomination and Remuneration Committee for review. The final report was subsequently shared during a Board Meeting and areas for improvement were highlighted.

Board's Remuneration Policy

The Company has a well-defined Board of Directors Remuneration Policy in place, which outlines the framework for determining compensation for directors participating in Board and sub-committee meetings. In accordance with the policy, independent and non-executive directors, subject to Board approval, are entitled to receive remuneration for their attendance at these meetings. Additionally, directors are eligible for reimbursement of expenses incurred in connection with their participation, ensuring transparency and fairness in the compensation process.

Disclosure with regard to remuneration of each director and chief executive officer is given in note 38 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 Operating Officer
- Group General Manager
- Chief Financial Officer
- Company Secretary
- Head of Internal Audit
- 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, 2026, are stated within the Directors' Report.
8. Key operating and financial data for the last six years in a summarized form is given at page no. 61.
9. There are no statutory payments on account of taxes, duties, levies and charges outstanding as on June 30, 2026, except for those disclosed in the financial statements.
10. The value of investments of the recognized provident fund as at June 30, 2026, was Rs 965 million (unaudited), and as at June 30, 2025, was Rs 942 million (audited).
11. The value of investments of the Company's recognized gratuity fund as at June 30, 2026, was Rs 393.45 million (unaudited), and as at June 30, 2025, was Rs 377.53 million (audited).

12. Five (05) out of eight (08) directors of the Company, including the Chief Executive Officer as a deemed director, have either acquired certification under the Directors' Training Program (DTP) or have exemption from the DTP requirement. Two directors, Ms. Yoko Miura and Ms. Kotoko Sato, who were appointed during the year, are within the period prescribed under the Listed Companies (Code of Corporate Governance) Regulations, 2019 for acquiring DTP certification.

In respect of one independent director, Mr. Anwar Mansoor Khan, the Company has adopted the "comply or explain" approach under the Listed Companies (Code of Corporate Governance) Regulations, 2019. Mr. Khan is a Senior Advocate of the Supreme Court of Pakistan and has served as Attorney General for Pakistan, Advocate General for the Province of Sindh and Judge of the High Court of Sindh. Considering his extensive legal, corporate and governance experience spanning over four decades, the Company considers his knowledge and experience to effectively meet the objectives of the Directors' Training Program.

13. During the year, 06 meetings of the Board of Directors, 06 meetings of the Board Audit & Risk Committee, 01 meeting each of the Board Human Resource Nomination and Remuneration Committee and Board Credit Committee were held.

Composition of the Board

The Board comprises 08 directors including six (6) male and two (2) female directors. One (1) of the female directors serves as the designated Female Director as required by Regulation 7 of the Listed Companies (Code of Corporate Governance) Regulations, 2019. The composition of the Board is as follows:

Independent Directors	Mr. Rashid Ahmed Jafer Mr. Anwar Mansoor Khan
Non-Executive Directors	Mr. Khalid Aziz Mirza Mr. Yoshiaki Matsuoka Mr. Ramon Alfrey
Female Directors	Ms. Yoko Miura Ms. Kotoko Sato
Executive Director*	Mr. Shaheen Amin

**Serving as deemed director under section 188 of the Companies Act, 2017*

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	6	Ms. Keiko Watanabe[1] (Non-resident)	2
Mr. Rashid Ahmed Jafer	6	Ms. Yoko Miura[2] (Non-resident)	3
Mr. Anwar Mansoor Khan	6	Mr. Kazuhito Inoue[3] (Non-resident)	4
Mr. Yoshiaki Matsuoka (Non-resident)	4	Ms. Kotoko Sato[4] (Non-resident)	2
Mr. Ramon Alfrey	6	Mr. Shaheen Amin	6

[1] Resigned as Director with effect from September 25, 2025.

[2] Appointed as Director on October 07, 2025.

[3] Resigned as Director with effect from March 5, 2026.

[4] Appointed as Director on March 16, 2026.

Board Audit and Risk Committee's Meetings

Name of Director	Meetings Attended	Name of Director	Meetings Attended
Mr. Rashid Ahmed Jafer	6	Mr. Kazuhito Inoue[3] (Non-resident)	3
Ms. Keiko Watanabe[1] (Non-resident)	1	Ms. Kotoko Sato[4] (Non-resident)	3
Ms. Yoko Miura[2] (Non-resident)	4	Mr. Ramon Alfrey	6

[1] Resigned as Director with effect from September 25, 2025.

[2] Appointed as Director on October 07, 2025.

[3] Resigned as Director with effect from March 5, 2026.

[4] Appointed as Director on March 16, 2026.

Human Resource Nomination and Remuneration Committee's Meetings

Name of Director	Meetings Attended	Name of Director	Meetings Attended
Mr. Anwar Mansoor Khan	1	Mr. Yoshiaki Matsuoka (Non-resident)	1
Mr. Khalid Aziz Mirza	1	Mr. Shaheen Amin	1

Credit Committee's Meeting

Name of Director	Meetings Attended	Name of Director	Meetings Attended
Mr. Yoshiaki Matsuoka (Non-resident)	1	Mr. Shaheen Amin	1
Mr. Ramon Alfrey	1		

Board Changes

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

- 1) Ms. Yoko Miura was appointed as a non-executive director on October 7, 2025, in place of Ms. Keiko Watanabe, and was designated as the Female Director of the Company. Her approval from SECP was received on January 26, 2026.
- 2) Ms. Kotoko Sato was appointed as a non-executive director on March 16, 2026 in place of Mr. Kazuhito Inoue. Her approval from SECP was received on June 10, 2026.
- 3) Ms. Keiko Watanabe resigned as Director with effect from September 25, 2025.
- 4) Mr. Kazuhito Inoue resigned as Director with effect from March 05, 2026.

The Board of Directors places on record its appreciation for services rendered by Ms. Keiko Watanabe and Mr. Kazuhito Inoue. Further, the Board welcomes Ms. Yoko Miura and Ms. Kotoko Sato as directors on the Board of OLP.

Credit Rating

On September 11, 2026, VIS Credit Rating Company Limited (VIS) re-assigned the Company a long-term entity rating of 'AAA' (Triple A) and a short-term entity rating of 'A1 +' (A One Plus), with a Stable Outlook. The ratings reflect the Company's strong financial profile, sound governance framework and exceptional capacity to meet financial commitments, reinforcing its position among Pakistan's leading non-banking financial institutions.

Major Shareholder

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

Pattern of Shareholding

The pattern of shareholding as at June 30, 2026 is given at page no. 263.

Auditors

M/s. KPMG Taseer Hadi & Co., Chartered Accountants, were appointed as external auditors of the Company for the year ended June 30, 2026, their second consecutive year in that capacity. They retire at the conclusion of the forthcoming Annual General Meeting.

KPMG International has confirmed that it will exit its practice in Pakistan at the end of October 2026, after which the firm will no longer be a member of an international accounting network. The Company's principal shareholder, ORIX Corporation, Japan, requires its group companies to be audited by a member firm of one of the Big Four international accounting networks. In addition, the Board of Directors considers it essential that the external auditors of the Company, as a listed financial institution, have a recognized international affiliation.

Accordingly, on the recommendation of the Board Audit Committee, the Board of Directors recommends that the shareholders, at the Annual General Meeting to be held on October 22, 2026, appoint M/s. A.F. Ferguson & Co., Chartered Accountants, a member firm of the PwC network, as external auditors of the Company for the year ending June 30, 2027, at a remuneration to be agreed.

Future Outlook

Pakistan's economy is expected to maintain its recovery momentum in FY2027, supported by improved macroeconomic fundamentals, continued expansion in manufacturing activity, fiscal consolidation and a relatively stable financial environment. Manufacturing activity is expected to remain positive, supported by energy availability, improving domestic demand and continued export-oriented production.

Notwithstanding these positive developments, the operating environment remains exposed to domestic and external uncertainties. Inflationary pressures, particularly those arising from movements in global energy and commodity prices, together with geopolitical developments in the Middle East, may influence the pace of economic activity and financing conditions. Climate-related risks and increasing competition within the financial sector also remain important considerations for the business environment.

Against this backdrop, OLP will continue to pursue growth with a prudent approach to risk, while capitalizing on opportunities arising from improving economic activity and evolving customer needs. The Company will remain focused on supporting the financing needs of SMEs, broadening access to financial solutions, deepening its engagement with underserved sectors and leveraging innovative offerings to strengthen resilience and create sustainable long-term value for its stakeholders.

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, and to our employees whose commitment and dedication continue to drive the success of the Company.

On behalf of the Board



SHAHEEN AMIN
Chief Executive Officer
September 17, 2026



Ramon Alfrey
Director