

October 19, 2023

OLPM/SEC/2023/10/10

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Karachi.

Dear Sir,

SUB: OLP MODARABA
MANDATORY CORPORATE BRIEFING SESSION-CBS

Reference to our previous letter dated October 11, 2023 on the captioned subject in which we have informed you that OLP Modaraba in accordance with Pakistan Stock Exchange notification PSX/N-92 dated January 28, 2019 have planned to conduct the Corporate Briefing Session on Thursday, October 26, 2023 at 11:30 AM at Institute of Chartered Accountants of Pakistan, Chartered Accountant Avenue, Clifton Karachi.

We would like to further inform you that we have also established video link facility for the above CBS, therefore, interested participants can also join the briefing session via below provided ZOOM video link and password.

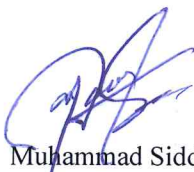
Zoom Video Link: <https://zoom.us/j/4111242424>

Password: 6000

We have also attached the pdf version of CBS presentation with the letter and have also uploaded the same in the investor relation section of Company website i.e. www.olpmodaraba.com.

You may please inform the member of the Exchange accordingly.

Your faithfully



Muhammad Siddique
Chief Financial Officer
& Company Secretary



OLPModaraba

(Formerly ORIX Modaraba)



Islamic Answers,
Custom Fit.

Corporate Briefing

Wednesday, October 25, 2023

Corporate Briefing

- 1 Modaraba Profile
- 2 Governance
- 3 Modaraba Sector
- 4 Operations
- 5 Financial Performance
- 6 Future Prospects



Modaraba Landmark



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Modaraba Profile

Land Marks

LANDMARKS

- 1). Agreement between Modaraba Management Company and Grindlays Bank PLC.
- 2). Musharika Agreement with Grindlays Bank Plc of PKR 21.8 Million for Modaraba to use the funds in its business.
- 3). Floatation of Share subscription form of First Grindlays Modaraba managed by (Grindlays Services of Pakistan (Pvt) Limited)



- 1). Appointment of M/s Famco Associates & Co as Share Registrar for Modaraba



- 1). First Right Issue of 5 Million Share Certificate
- 2). First Modaraba in the sector to have Crossed the PKR 1 Billion Landmark of net cumulative leases written



First Branch office in Lahore



- 1). Second Right Issue of 13.5 Million Modaraba Certificate
- 2). First Bonus Issue of 1.5 Million Modaraba Certificate



Second Bonus Issue of 1.5 Million Modaraba Certificate



Third Bonus Issue of 3.15 Million Modaraba Certificate



- 1). Approval for the Issuance of Certificate of Musharika by Registrar of Modaraba Companies and Modarabas.
- 2). Change of Financial Year from December to June



Registration of Modaraba in Income Tax



Forth Bonus Issue of 2.77 Modaraba Certificate



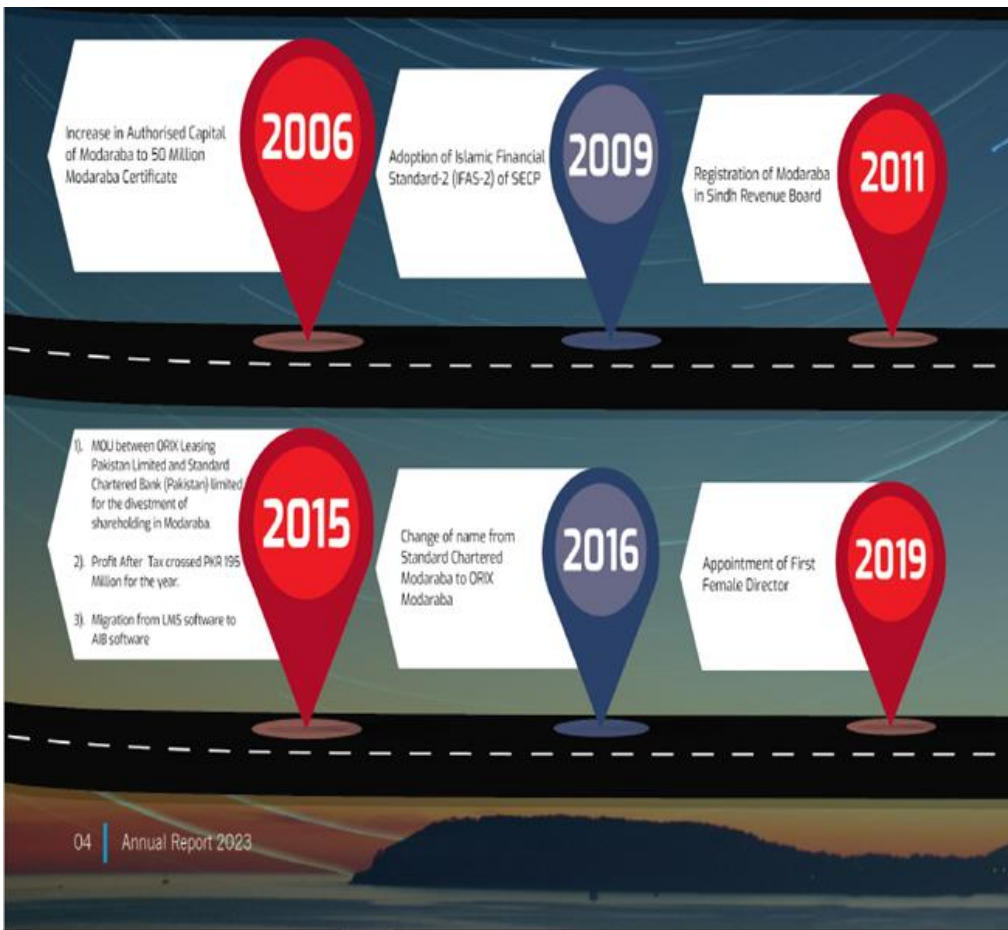
- 1). Branch office in Islamabad
- 2). First Annual Review Meeting of Modaraba
- 3). Launch of COMs to general public



- 1). First time highest Rating of A1+ in short term and AA+ in Long term in the Modaraba and Leasing Sector
- 2). Change of name from First Grindlays Modaraba to Standard Chartered Modaraba



Land Marks



2006 Increase in Authorised Capital of Modaraba to 50 Million Modaraba Certificate

2009 Adoption of Islamic Financial Standard-2 (IFAS-2) of SECP

2011 Registration of Modaraba in Sindh Revenue Board

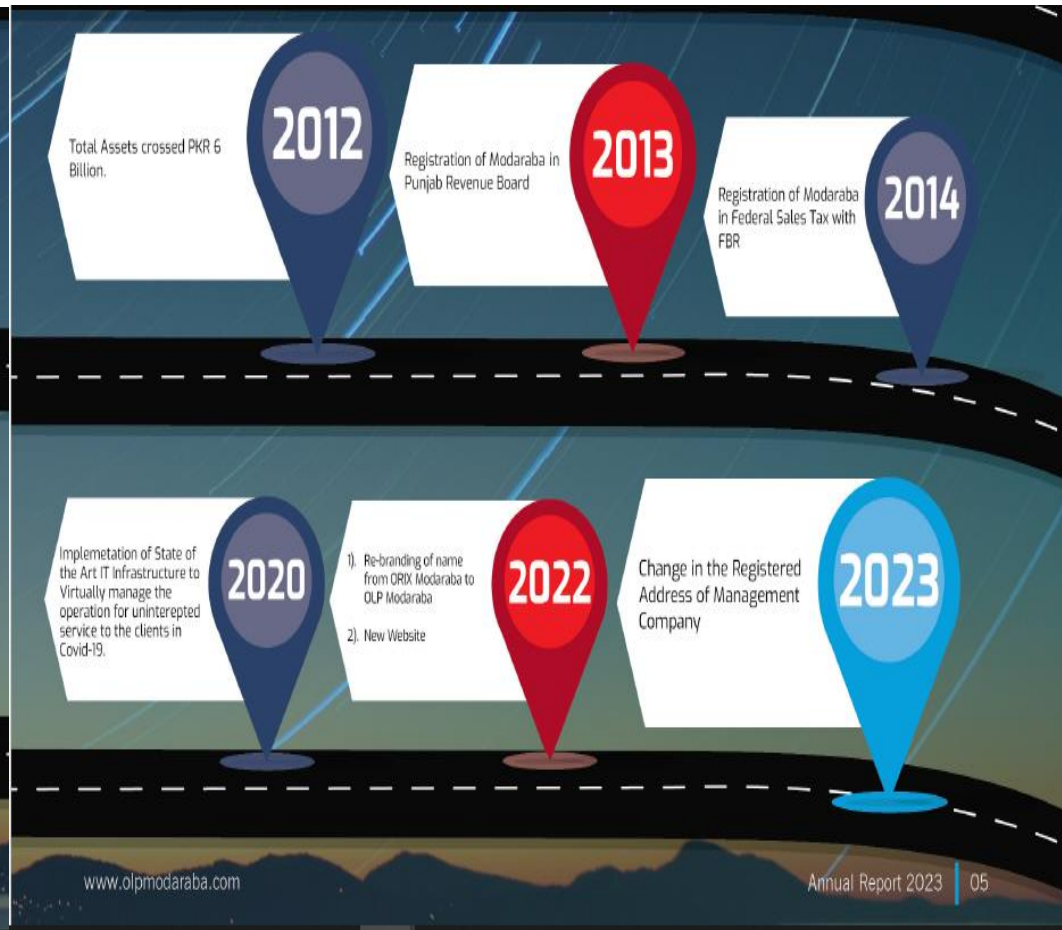
2015

- 1) MOU between ORIX Leasing Pakistan Limited and Standard Chartered Bank (Pakistan) limited for the divestment of shareholding in Modaraba.
- 2) Profit After Tax crossed PKR 195 Million for the year.
- 3) Migration from LMS software to AIB software

2016 Change of name from Standard Chartered Modaraba to ORIX Modaraba

2019 Appointment of First Female Director

04 | Annual Report 2023



2012 Total Assets crossed PKR 6 Billion.

2013 Registration of Modaraba in Punjab Revenue Board

2014 Registration of Modaraba in Federal Sales Tax with FBR

2020 Implementation of State of the Art IT Infrastructure to Virtually manage the operation for uninterrupted service to the clients in Covid-19.

2022

- 1) Re-branding of name from ORIX Modaraba to OLP Modaraba
- 2) New Website

2023 Change in the Registered Address of Management Company

www.olpmodaraba.com

Annual Report 2023 | 05



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OLP Modaraba (Formerly ORIX Modaraba)

- OLP Modaraba (OLPM) was incorporated in May 1987 as First Grindlays Modaraba and started operation in August 1987.
- In 2000, Standard Chartered Bank acquired the ANZ Grindlays so name of Modaraba was changed to Standard Chartered Modaraba (SCM).
- In 2016, ORIX Leasing acquired SCM consequently name was changed to ORIX Modaraba
- Subsequently in the year 2021 name of the Modaraba was changed to OLP Modaraba due to ORIX Group initiative to rebrand ORIX Group in Pakistan.
- OLP Modaraba is one of the pioneers of Modern Islamic Financial Institutions of the country.
- Welcomed by the investors. Record over subscription (14 times) by general public of PKR. 1 Billion against offer of PKR 72 million of Certificates of Modaraba. This was the highest amount received in the history of Pakistan's Stock Exchange at that time.
- Pakistan Burma Shell, Pakistan State Oil and Seimens were our first customers.



Management Company

OLP Services Pakistan (Private) Limited [Formerly ORIX Services Pakistan (Private) Limited]

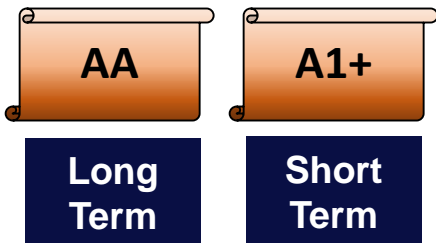
Shari'ah Advisor

Mufti Faisal Ahmad

Annual Shari'ah Audit Report is now part of Annual Accounts.

CREDIT RATING

Successfully maintained credit rating AA (Long Term) and A1+ (Short Term) assigned by Pakistan Credit Rating.



(The Pakistan Credit Rating Agency Limited
(PACRA))

Awards & Achievements





Awards & Achievements

- **PAKISTAN STOCK EXCHANGE (PSX) TOP 25 COMPANIES AWARD 2020.**
- **CORPORATE EXCELLENCE AWARD BY MANAGEMENT ASSOCIATION OF PAKISTAN (NINE TIMES IN LAST THIRTEEN YEARS)**
- **BEST CORPORATE REPORTS AWARDS BY ICAP AND ICMAP; 2ND POSITION FOR 2019 AND CERTIFICATES OF MERIT FOR 2020 AND 2021.**
- **CORPORATE SOCIAL RESPONSIBILITY AWARD IN THREE CATEGORIES (COLLABORATION AND PARTNERSHIP EDUCATION FUNDRAISING / PHILANTHROPY, BUSINESS PRACTICES SUSTAINABILITY AND ENVIRONMENTAL EXCELLENCE WORKPLACE PRACTICES)**
- **ENVIRONMENT EXCELLENCY AWARD**
- **FPCCI ACHIEVEMENT AWARDS CERTIFICATION IN ENVIRONMENT AND SOCIAL WELFARE CATEGORY, BEST PERFORMANCE AWARD**
- **BEST PERFORMANCE AWARD BY NBFİ AND MODARABA ASSOCIATION**



OLP Modaraba

Staff Strength

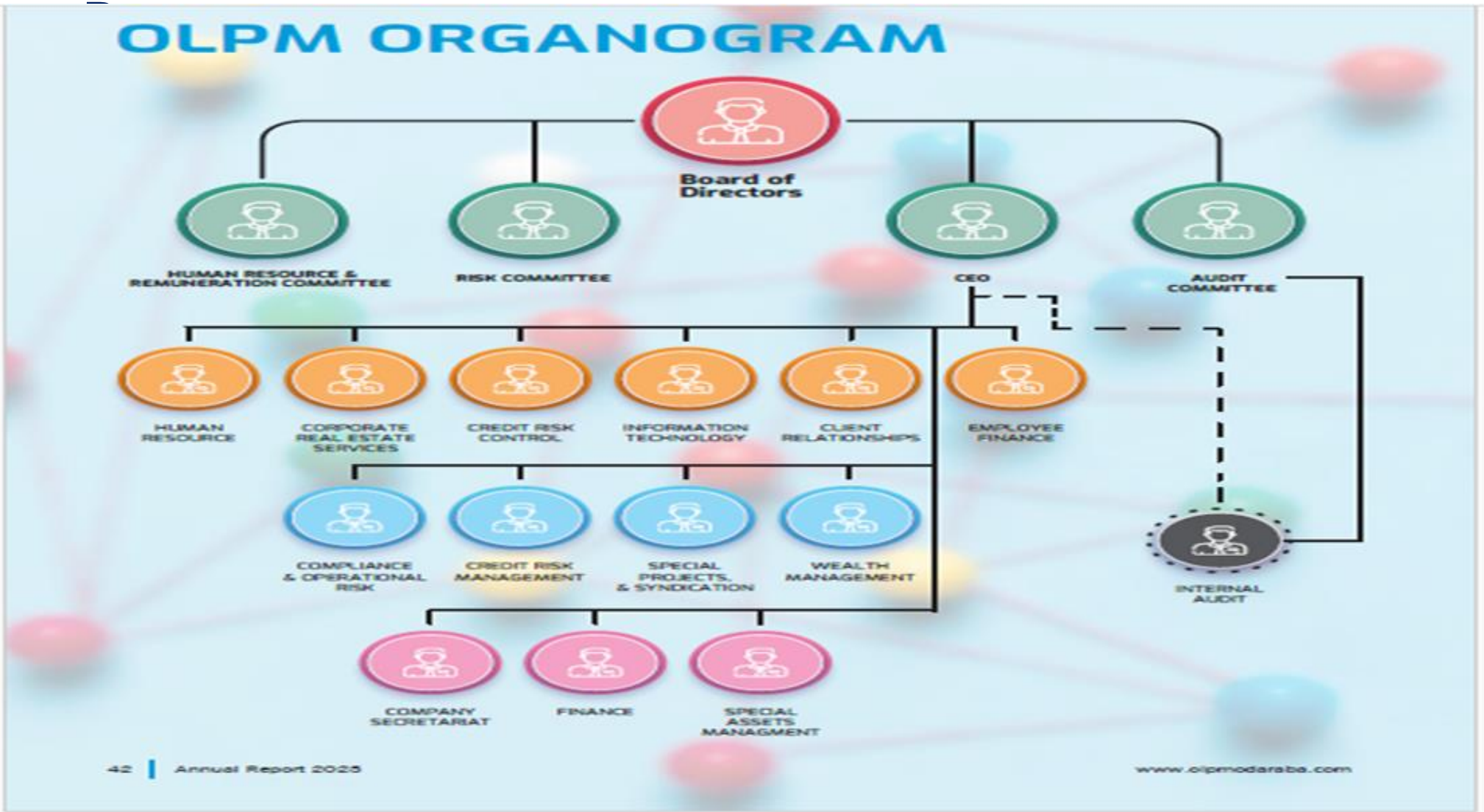
- Total staff strength as at June 30, 2023 is 53 (Permanent – 42, Contractual Associates – 1, Contractual Runner, Driver etc – 10)

Quality of staff

- This provided an excellent training for senior staff who later were prominent in public and corporate sector and SCB Group.

Alumni

- Persons associated with Modaraba subsequently served the community in different senior positions including SECP Chairman, COO, Chief Risk officer, Head of treasury of different banks. Regional heads of SCB group and executive position of different national and multinational companies.





Governance



Governance Structure

Board of Directors of Management Company

Mr. Shaheen Amin
Chairman and Non executive Director

Mr. Raheel Qamar Ahmad
Chief Executive Officer and Executive Director

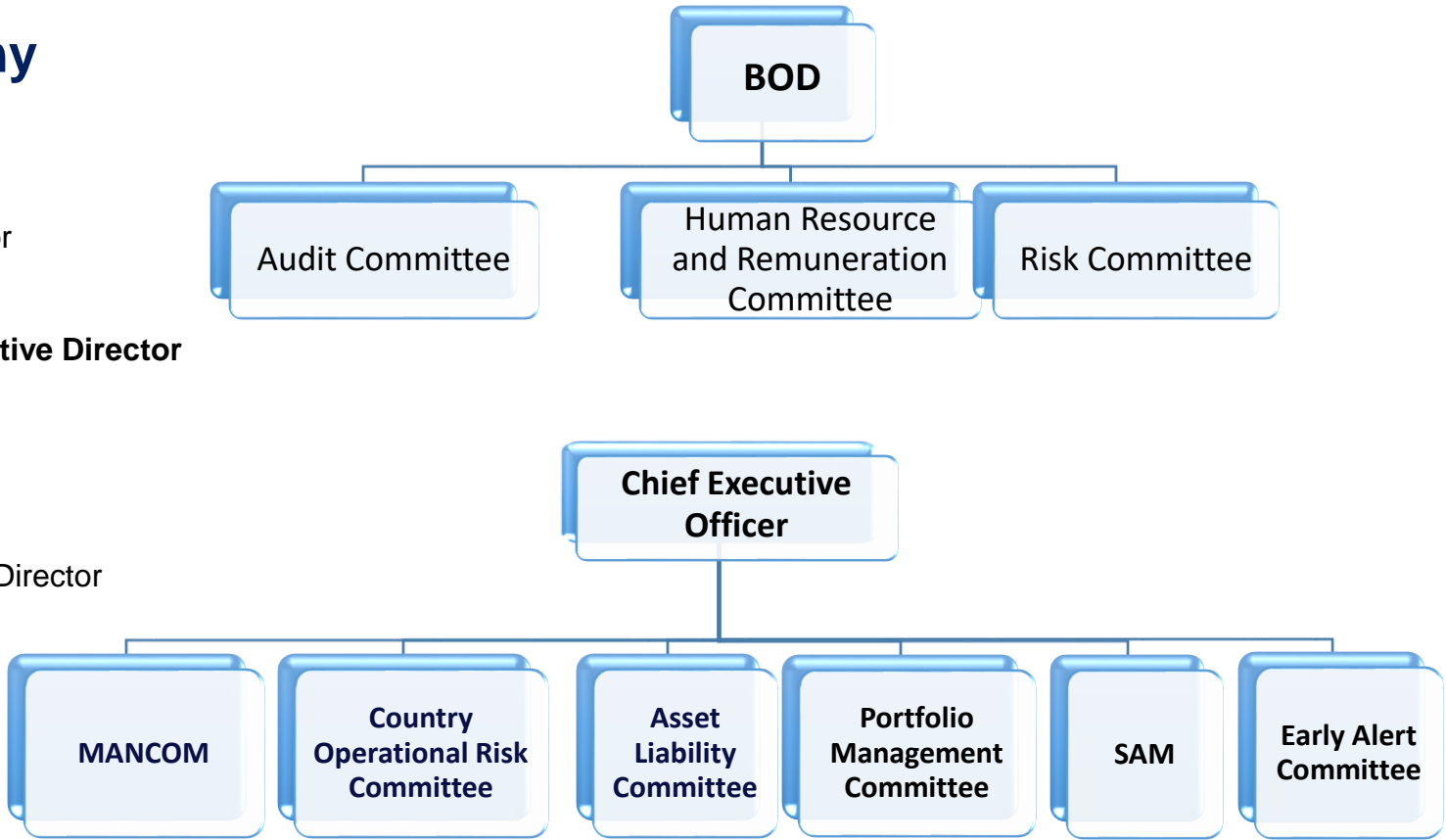
Mr. Nausherwan Adil
Independent Non executive Director

Ms. Naila Hasan
Independent Non executive Female Director

Mr. Ramon Alfrey
Non executive Director

Mian Faysal Riaz
Non executive Director

Ms. Aseya Qasim
Non executive Female Director





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Risk Management Model

- Portfolio Shape Working
- Risk Triggers Working
- VAR Estimation (LGD/EL)
- Risk Reporting
- Credit Grading Analysis
- Scorecard Models





OL P *Risk Management Parameters*





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Shari'ah Governance



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Shari'ah Governance

Shari'ah Advisor

- Conduct Shari'ah review and report on yearly basis.
- Advise on certain Shari'ah related matters on day to day basis.

Shari'ah Auditor

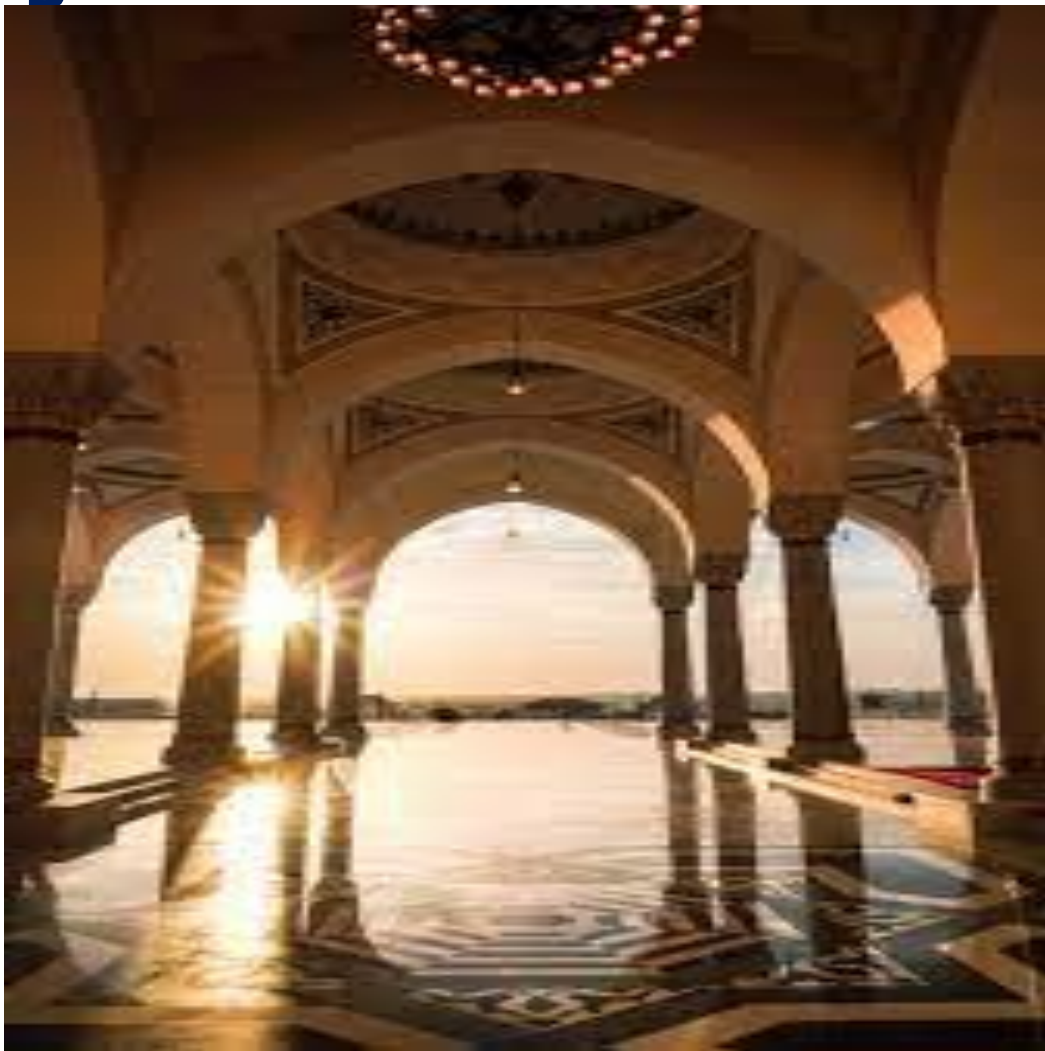
- Monitor transaction on the basis of Shari'ah Guidelines.
- Report findings to Shari'ah Advisor and Board Audit Committee.

Legal Agreement

- Legal agreement for different products were approved by SECP Religious Board.

Products

- All agreement and Products Programmes were approved by the SCB-Group Islamic Banking along with local Shari'ah Advisor.



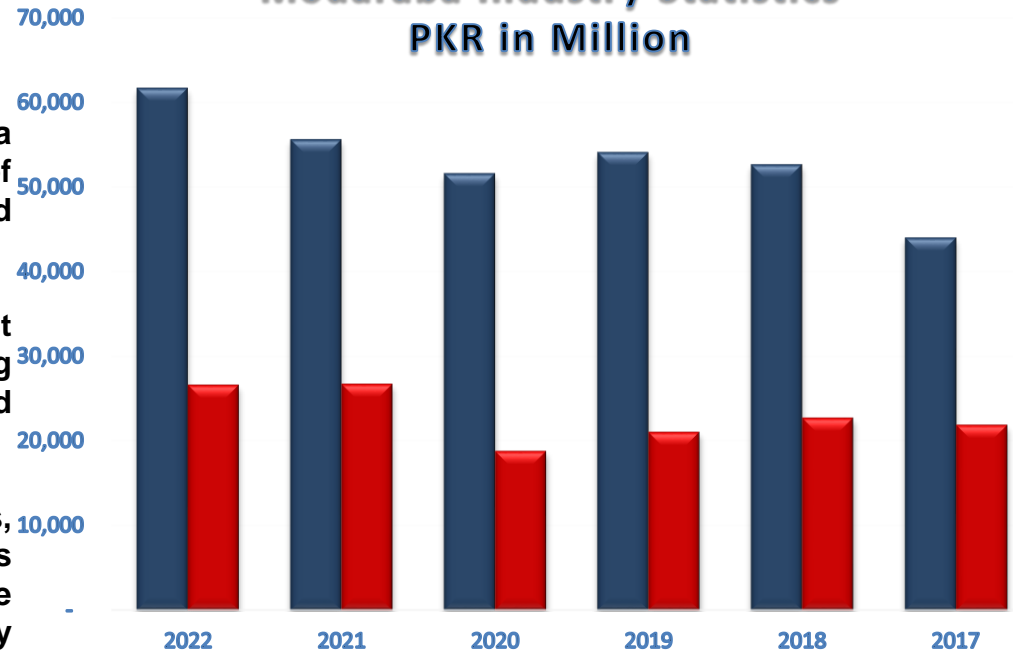
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Modaraba Sector

Modarabas in Pakistan

- To promote Islamic financing in the country Modarabas as a corporate entities were floated and established in the decade of 1980. This was the first Islamic financial model introduced globally.
- Modarabas have gone through significant evolution in the last 25-30 years with a turnaround developments in Islamic financing industry and now the asset base of this industry has exceeded PKR 60 billion.
- Modarabas are serving the financing needs of corporates, SMEs, small business and individuals where the banking sector has not been able to effectively reach. Over PKR 100 billions have been disbursed to SME sector by Modarabas thereby contributing immensely towards new and small businesses.
- OLPM accounts for 10.88% of the sectors total assets and 4.29% of the sectors equity.

**Modaraba Industry Statistics
PKR in Million**



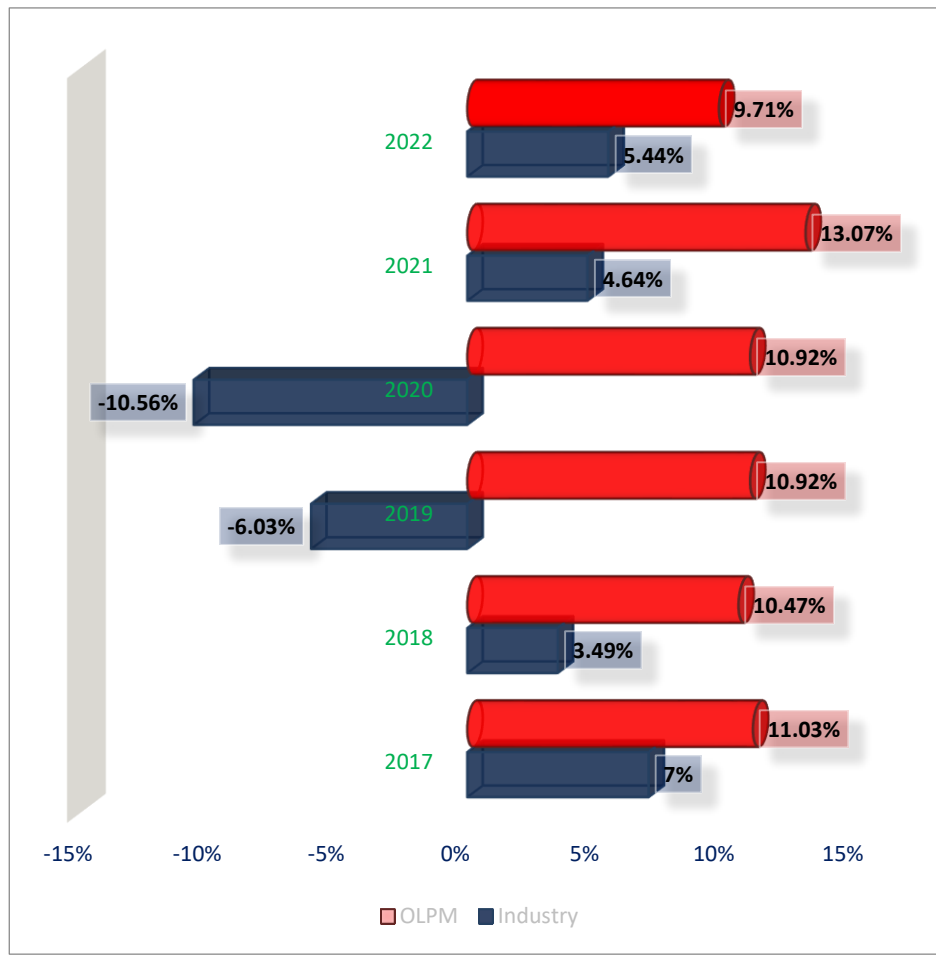
	2022	2021	2020	2019	2018	2017
Assets	61,658	55,625	51,585	54,084	52,670	44,016
Equity	26,514	26,623	18,743	20,997	22,643	21,835

Currently 27 Modarabas

■ Assets ■ Equity



Return on Equity (%)

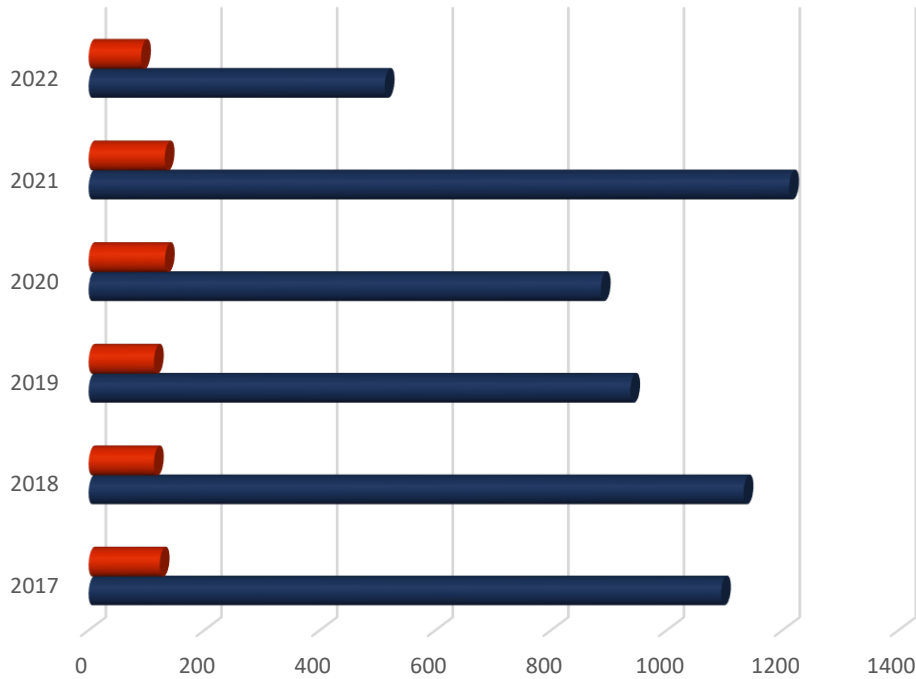


EARNINGS PER CERTIFICATE



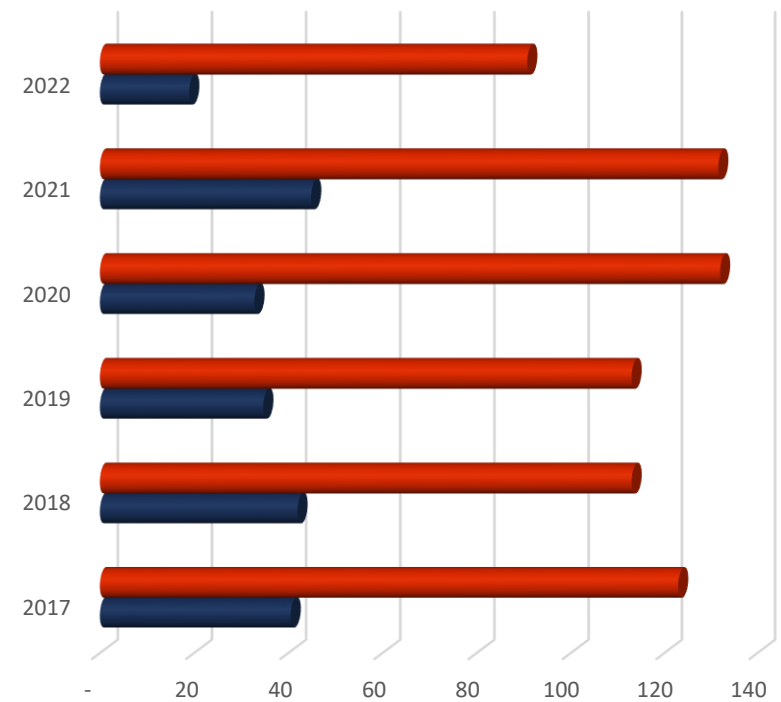


Dividend Payout - OLP Modaraba vs. Industry



	2017	2018	2019	2020	2021	2022
OLPM	123	113	113	132	132	91
Industry	1094	1133	937	886	1212	512

Dividend Payout - OLP Modaraba vs. Average Industry



	2017	2018	2019	2020	2021	2022
OLPM	123	113	113	132	132	91
Industry	41	42	35	33	45	19



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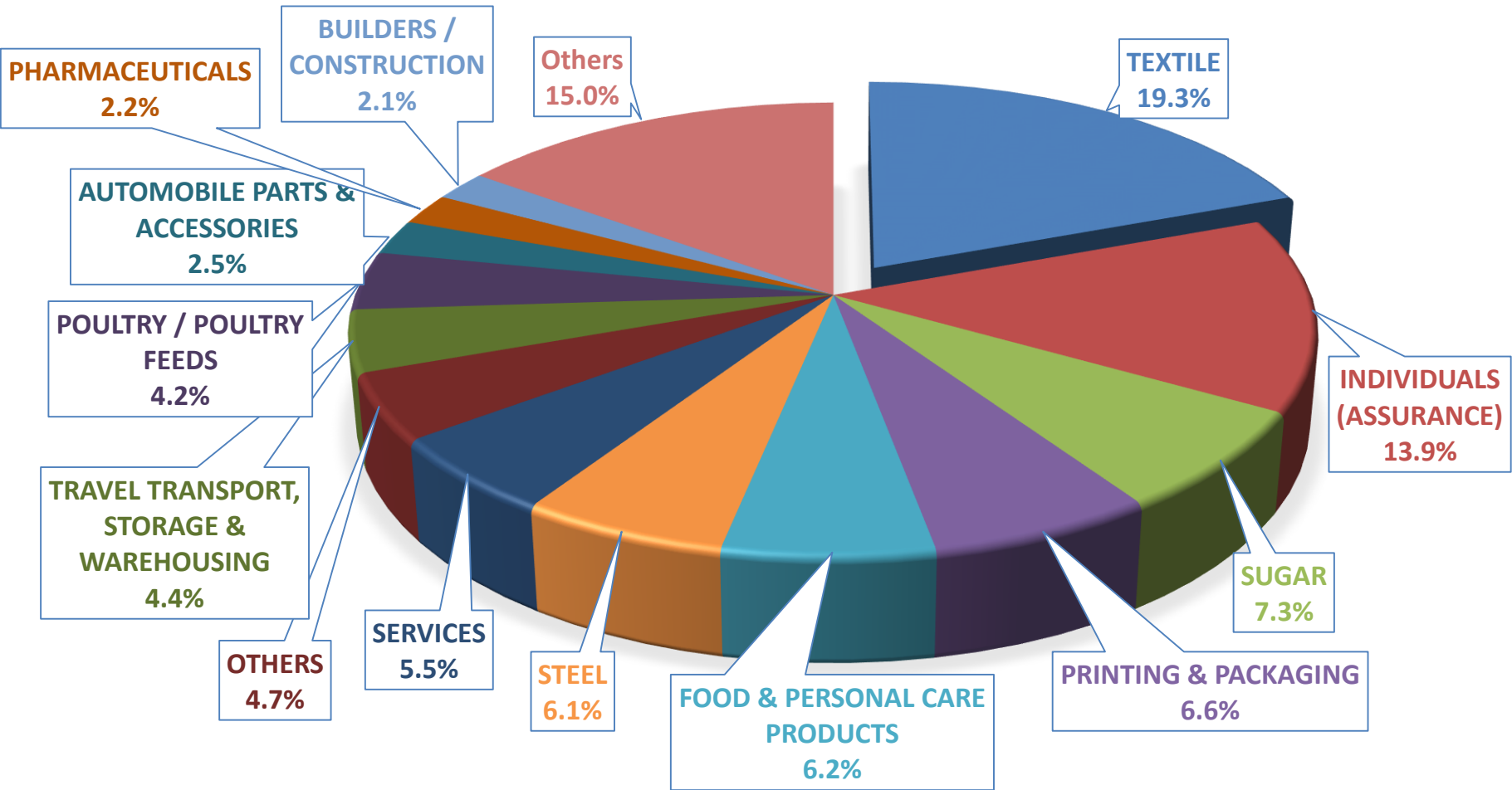
Operations

OLP Modaraba Products



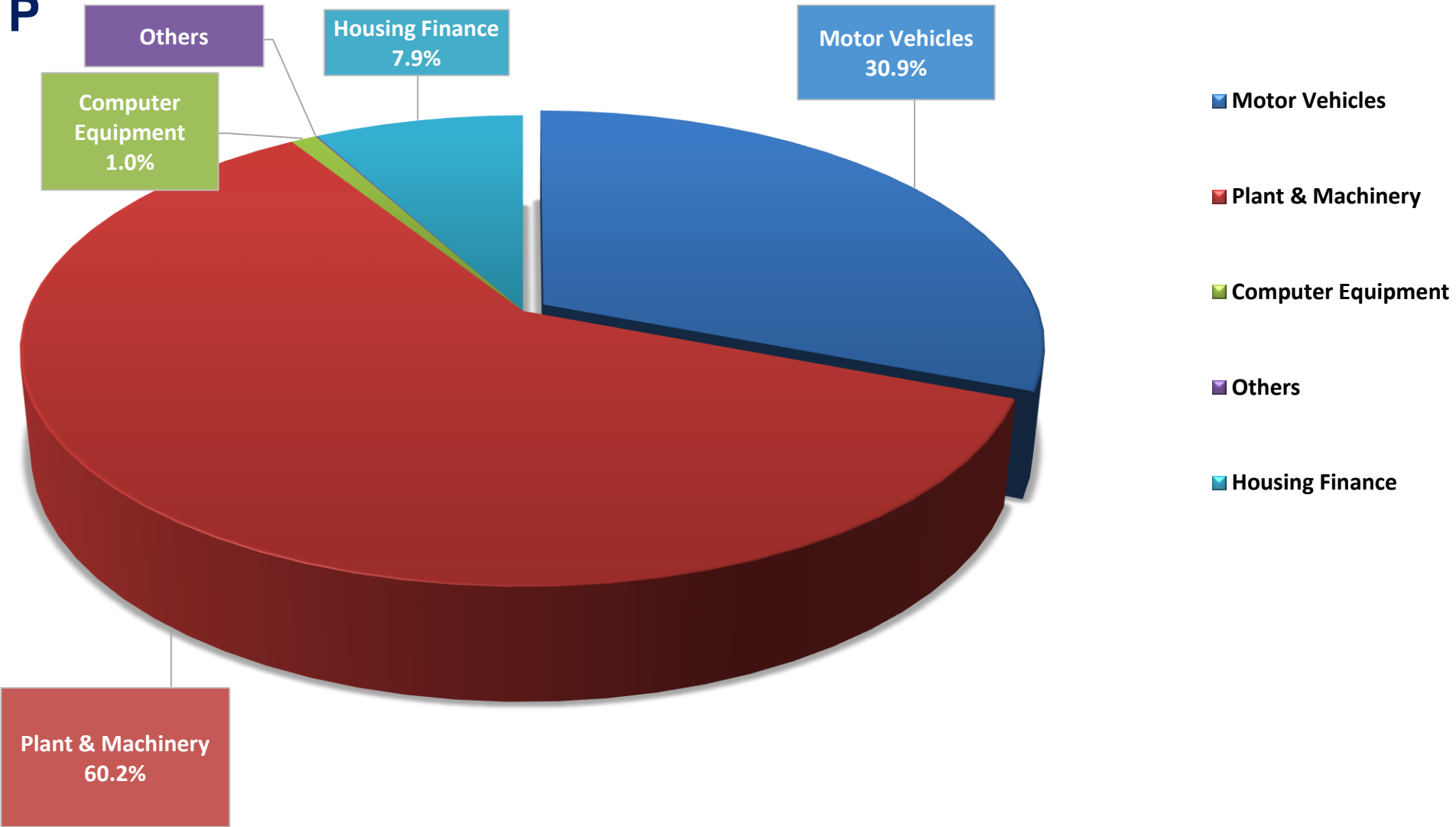


Sector Diversification





Product Diversification





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Financial Performance



Financial Highlights June 30, 2022

FINANCIAL HIGHLIGHTS



Profit After Tax		PKR in Million
2023		128.784
2022		111.55



Earnings		PKR
2023		2.84
2022		2.46



Cash Dividend		PKR in Million
2023		90.77
2022		90.77



Total Assets		PKR in Billion
2023		6.824
2022		6.707



Total Disbursements		PKR in Million
2023		2.782
2022		2.693



Break-up value Per Certificate		PKR
2023		25.93
2022		25.09

Financial Highlights June 30, 2023

Assets

- One of the largest Modaraba of the country.

Deposits

- OLPM Modaraba has the largest retail Certificate of Musharika portfolio of PKR 2.129 billion in entire Modaraba Sector.

Dividend

- Record history of cash dividend pay out through out the period ranges from 16% to 40%. Average dividend pay out is 23% per annum. Never missed dividend since inception.

IFRS-9

- Pioneer Financial Modaraba who early adopted IFRS-9 including provision calculation under ECL model.

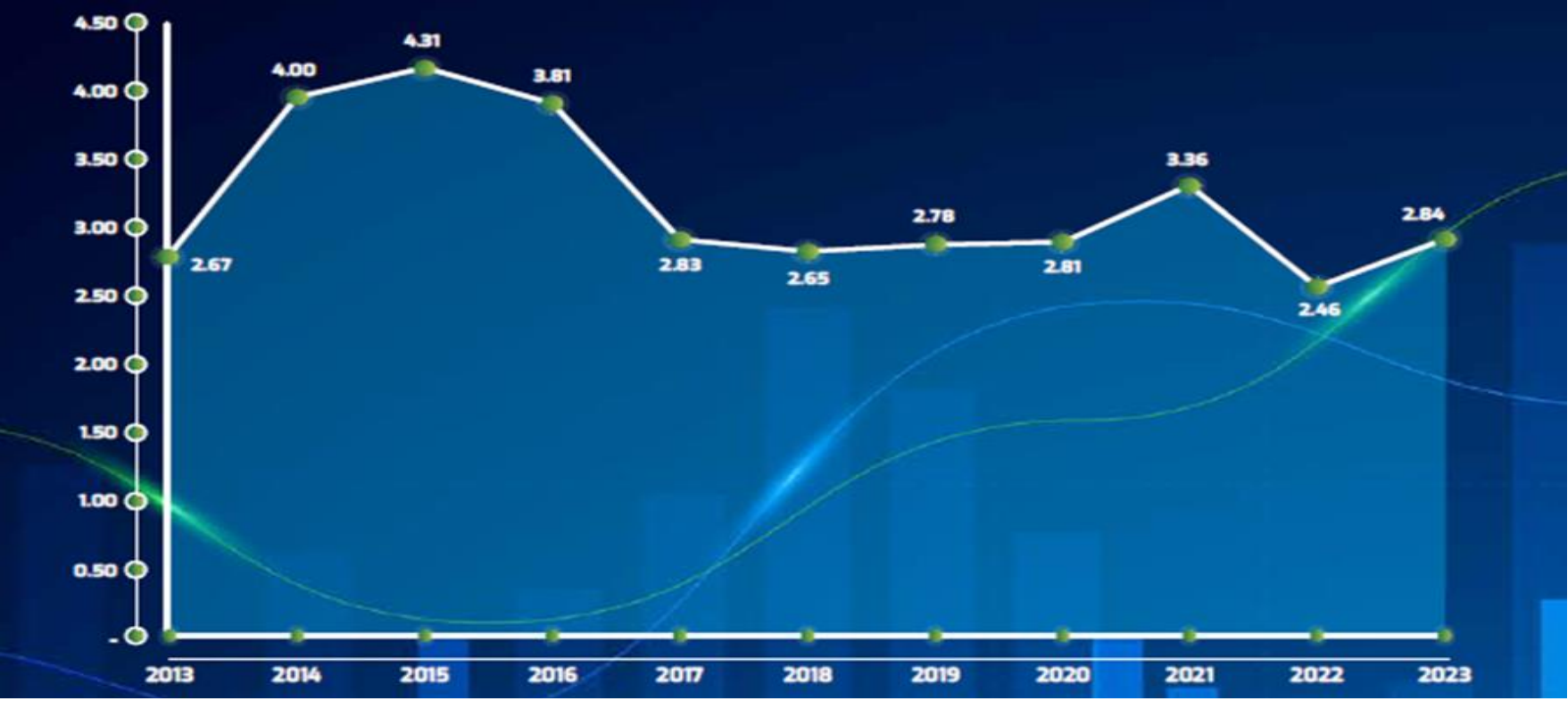
Portfolio

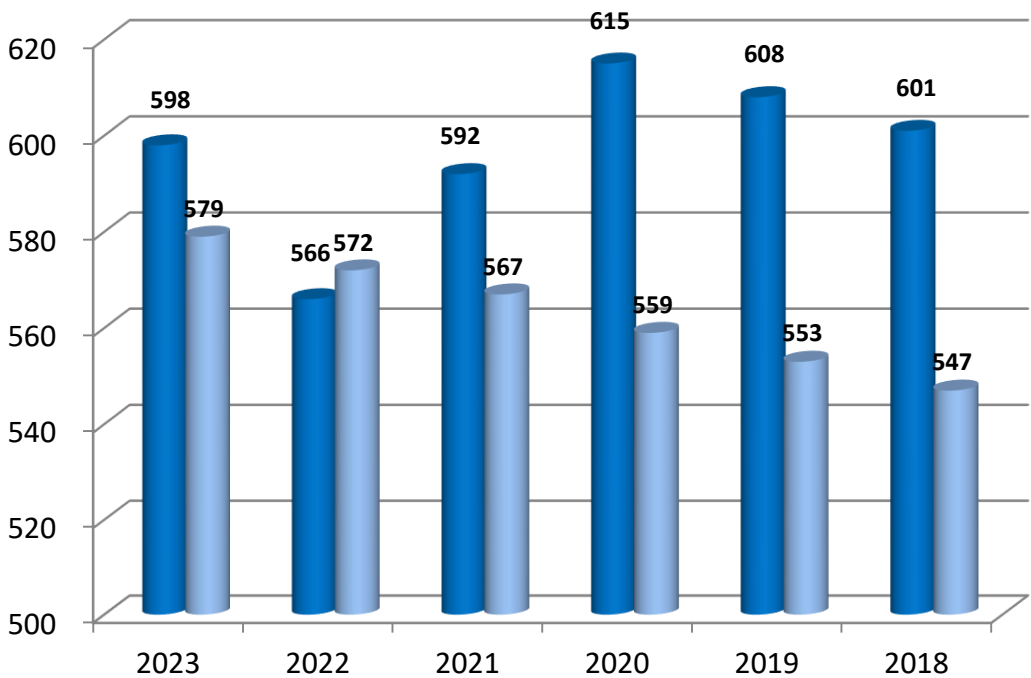
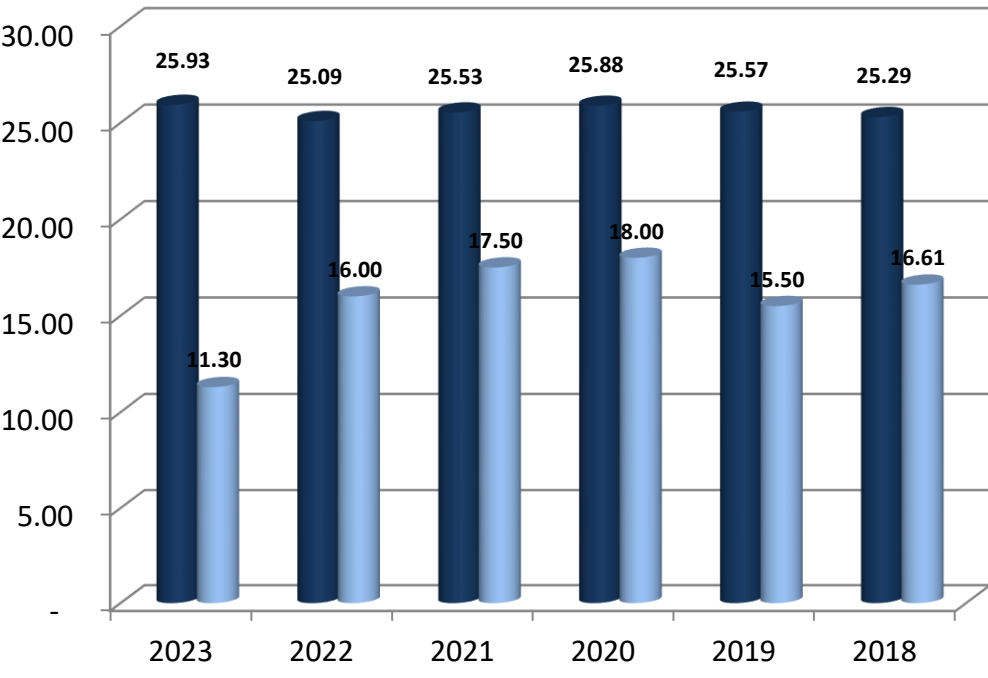
- Maintained quality portfolio through out the period. Less than 200 million Loan Impairment (including impairment under IFRS-9) in 34 years against total disbursements of more tha PKR 55 billion in the same period which reflects only 0.35% of the disbursed amount.



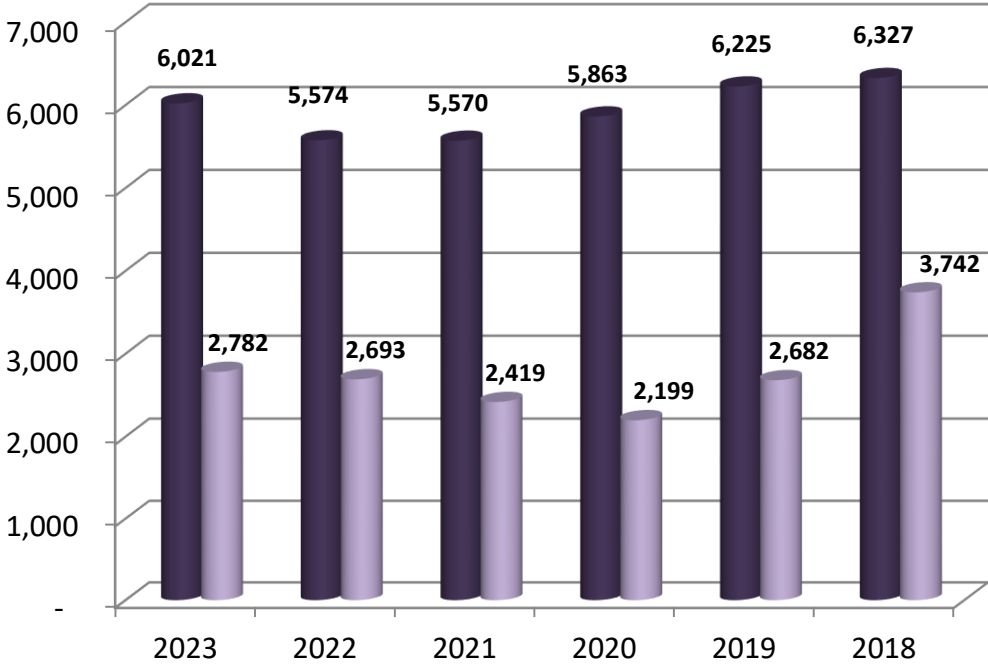
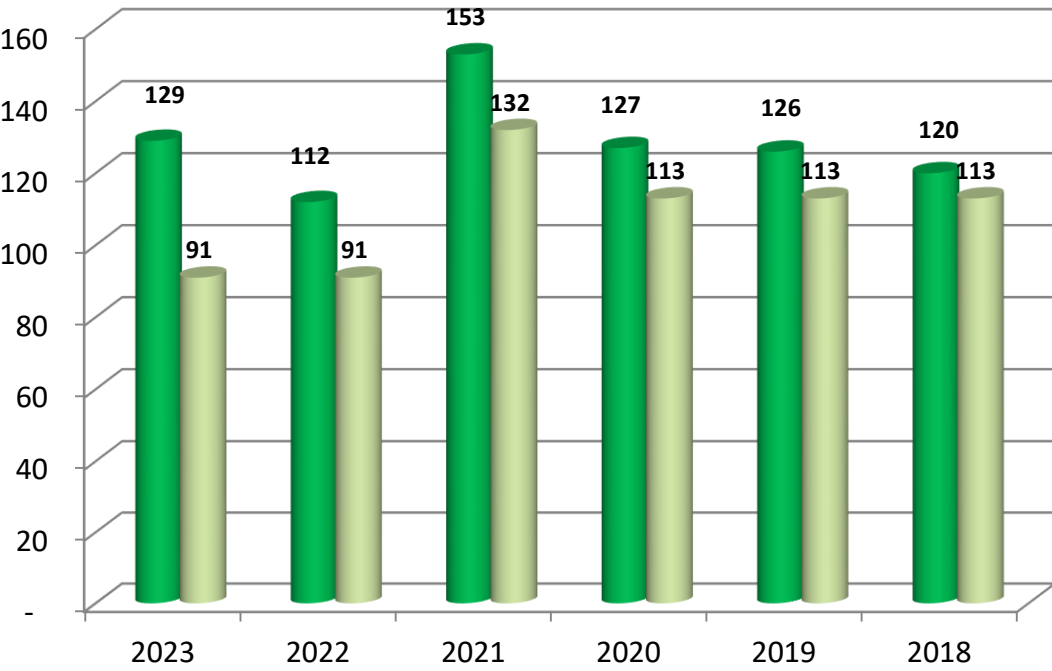
EPS OLP Modaraba

EARNINGS PER CERTIFICATE





	2023	2022	2021	2020	2019	2018		2023	2022	2021	2020	2019	2018
Break-up value per certificate	25.93	25.09	25.53	25.88	25.57	25.29	Certificate-holders'fund	598	566	592	615	608	601
Market value per certificate	11.30	16.00	17.50	18.00	15.50	16.61	Reserves	579	572	567	559	553	547



	2023	2022	2021	2020	2019	2018
Net Profit	129	112	153	127	126	120
Dividend including Bonus	91	91	132	113	113	113
Percentage	0.20	0.20	0.29	0.25	0.25	0.25

	2023	2022	2021	2020	2019	2018
Portfolio	6,021	5,574	5,570	5,863	6,225	6,327
Total disbursements	2,782	2,693	2,419	2,199	2,682	3,742



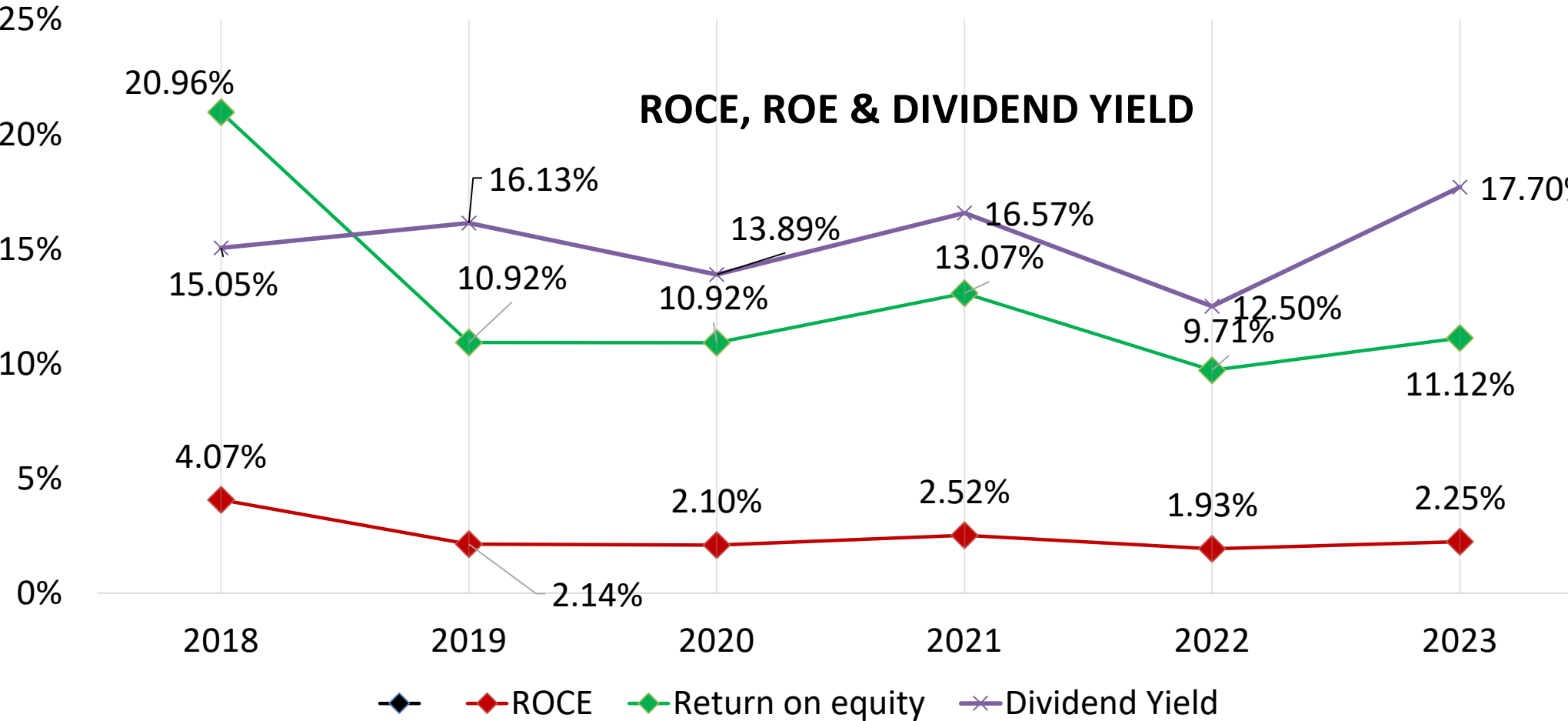
Profit or Loss

Amount in Rs. million

	2023	2022	2021	2020	2019	2018
Income from Ijarah financing - net off provision	290	273	294	353	313	286
Income from Musharaka financing - net off provision	852	435	307	447	340	134
Fee and other Income on financing facilities	56	49	72	65	73	90
Income from Bank deposits and Dividend	90	36	39	57	20	13
Total Income from Operations	1,288	793	712	922	746	523
Financial Charges	(826)	(420)	(348)	(599)	(448)	(246)
Administrative Cost	(244)	(193)	(188)	(176)	(153)	(140)
Profit from Operations	218	179	175	147	145	138
Management Company's remuneration (Incl'd SST)	(25)	(20)	(20)	(17)	(16)	(16)
WWF	(7)	(6)	(3)	(3)	(3)	(2)
Taxation	(58)	(41)	-	-	-	-
Net Profit	129	112	153	127	126	120
EPS	2.84	2.46	3.36	2.81	2.81	2.78

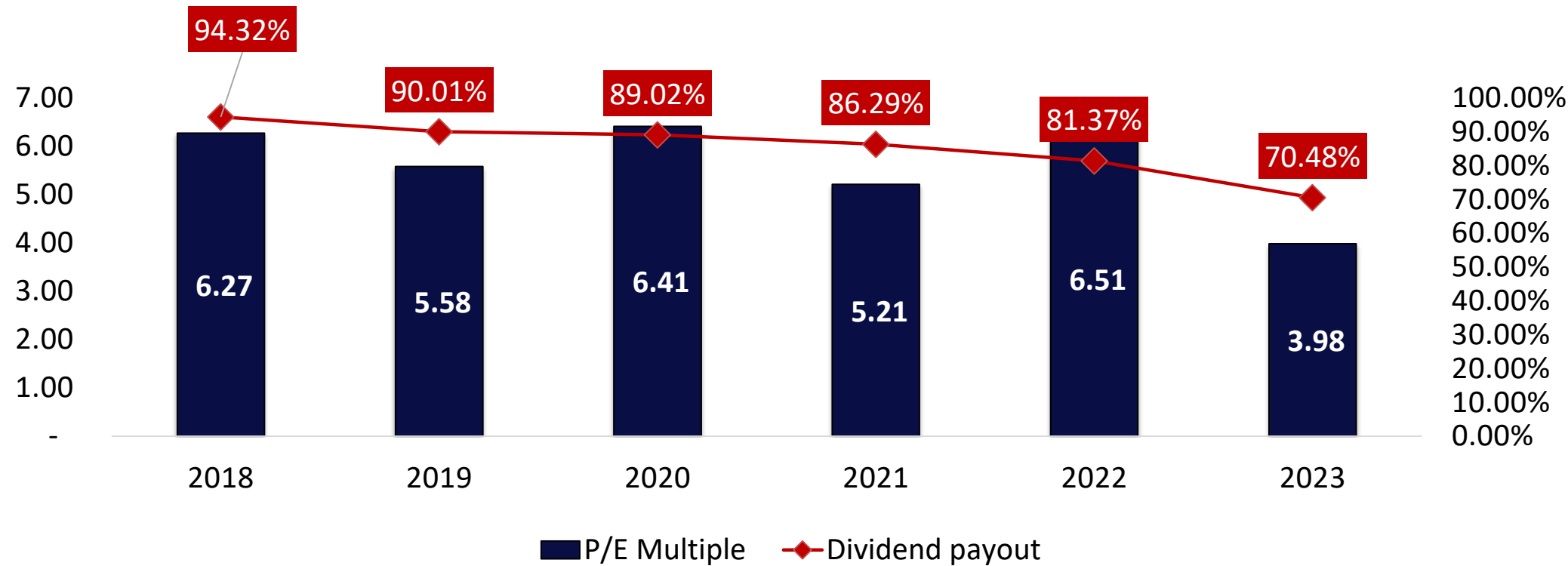


ROCE, ROE & DIVIDEND YIELD



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P/E & Dividend Payout

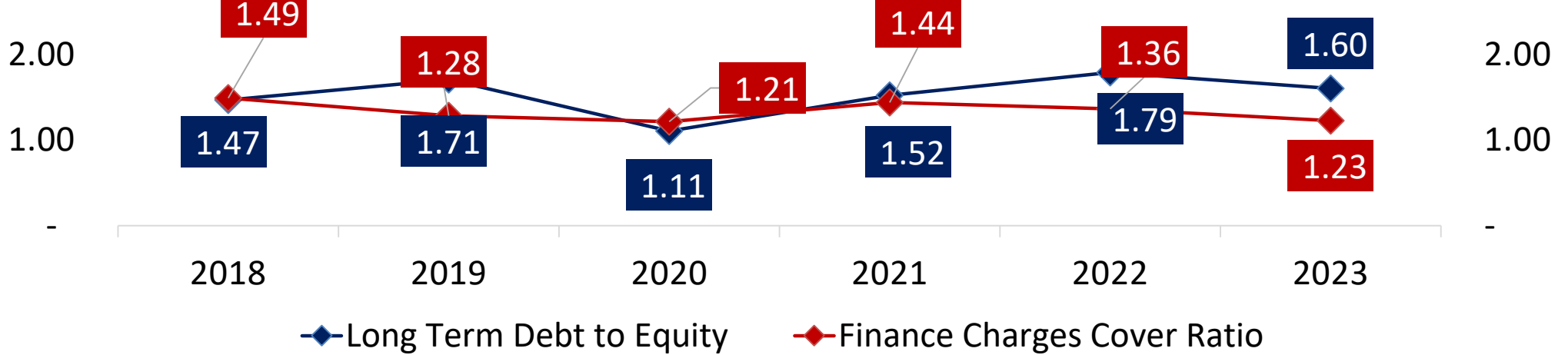




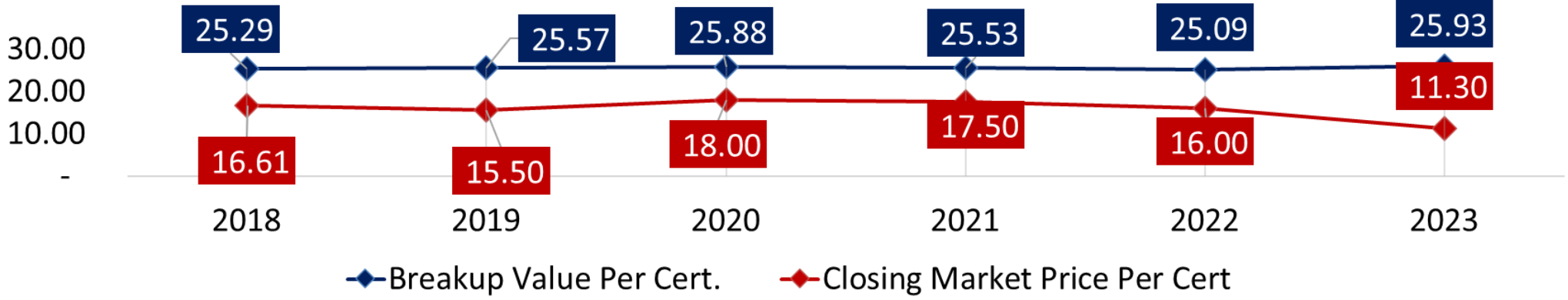
Statement of Financial Amounts in Rs. million	June 2023	June 2022	June 2021	June 2020	June 2019	June 2018
Cash & Bank Balances	400	514	769	1,038	432	409
Ijarah Assets	1,628	1,811	2,244	2,632	3,140	3,833
DM Financings	4,270	3,763	3,326	3,231	3,085	2,494
Other Assets	527	619	411	345	309	217
Total Assets	6,825	6,707	6,750	7,246	6,966	6,953
Equity	1,177	1,139	1,159	1,174	1,160	1,148
Bank Financings	1,650	1,587	1,398	1,240	1,870	1,636
Certificates of Musharaka	2,897	3,014	3,251	3,872	2,756	3,127
Security deposits against Ijarah	496	473	576	577	742	722
Other Liabilities	605	494	367	383	437	320
Total Equity & Liabilities	6,825	6,707	6,750	7,246	6,966	6,953



Balance Sheet Ratios

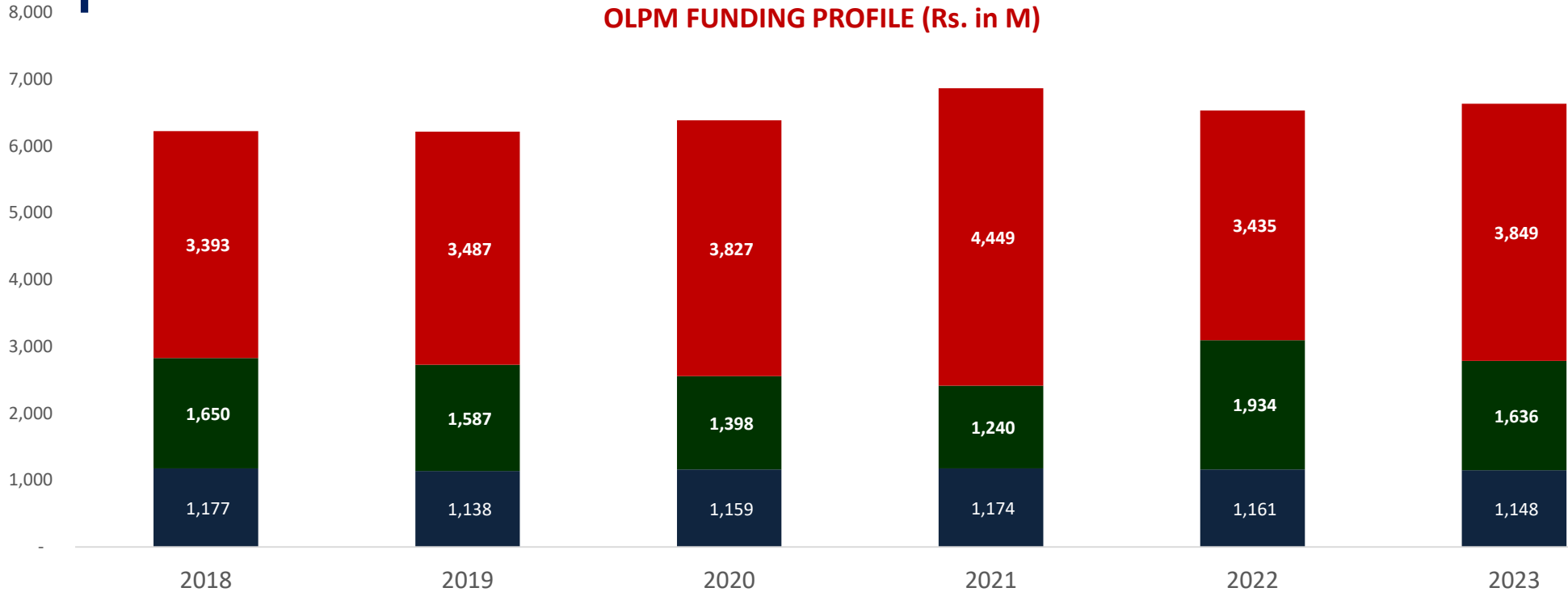


ORIXM Certificate Value





OLPM FUNDING PROFILE (Rs. in M)



ORIXM FUNDING MIX

(Rupees in Millions)

Equity
Bank Financings
Certificates of Musharaka and deposits

	June 2018	June 2019	June 2020	June 2021	June 2022	June 2023
Equity	1,148	1,161	1,174	1,159	1,138	1,177
Bank Financings	1,636	1,934	1,240	1,398	1,587	1,650
Certificates of Musharaka and deposits	3,849	3,435	4,449	3,827	3,487	3,393



Future Outlook



STRATEGIC OPERATIONAL DEVELOPMENTS

- **Risk monitoring, stress testing and recovery efforts given higher default risk**
- **Technology upgrade**
- **Portfolio alignment**



The way Forward

In the current economic environment, the Modaraba is treading carefully given the twin risks of economy slow down and resultant probability of default

We intend to diversify clientele and product, use group intelligence and resources and augment financing income with non financing income

The thought leader status of OLPM will be used to create differentiation in its financial products and outreach with partnerships

