

PEOPLE'S LEASING AND FINANCIAL SERVICES LIMITED

TERMS OF REFERENCE (TOR)

Appointment of a Financial Management Expert

1. Background

People's Leasing and Financial Services Limited (PLFSL) was incorporated as a public limited company under the Companies Act, 1994, on 12 August 1996 and licensed by Bangladesh Bank on 24 November 1997 as a financial institution. The Company's shares are listed on the Dhaka and Chittagong Stock Exchanges. It historically provided lease finance, term loans, SME and consumer finance, and mobilised term deposits from individuals and institutions. During the period preceding 2019, the Company suffered severe governance failures, including large-scale irregular lending to entities connected with certain former directors and third parties. Loans were extended in many cases without adequate collateral, leading to a collapse in asset quality, a liquidity crisis and the Company's inability to repay depositors on maturity. The key legal and regulatory milestones relevant to this assignment are summarised below:

- **July 2019:** On a petition of Bangladesh Bank under the Financial Institutions Act, 1993, the Hon'ble High Court Division placed the Company under liquidation, and a provisional liquidator was appointed.
- **2021:** On the application of depositors seeking reconstruction rather than winding up, the Hon'ble Court recalled the liquidation order and constituted a new Board to reconstruct and revive the Company under the Hon'ble Court's supervision.
- **September 2025:** The Hon'ble Court (Company Bench) appointed MABS & J. Partners, Chartered Accountants to conduct a forensic audit for the last 14 years (2009-2022), and the Hon'ble Court duly accepted the report and subsequently directed the former directors and other defaulting borrowers to repay outstanding liabilities to the Company within six months.
- **2025–2026:** Bangladesh Bank initiated resolution proceedings against distressed NBFIs, first under the Bank Resolution Ordinance, 2025 and thereafter under the Bank Resolution Act, 2026. In May–June 2026, the Bangladesh Bank Board decided to resolve five NBFIs, including PLFSL. In August 2026, administrators were appointed to four of those institutions.
- **Present position:** Bangladesh Bank has filed the Hon'ble High Court Division seeking permission to appoint an administrator of the Company, after a threadbare hearing, the Hon'ble Court disallowed their application. Since reconstitution, the Board reports that it has resumed fully-secured new lending (home, auto and SME loans), made instalment-based refunds to individual depositors, pursued recovery against defaulters, and applied to the Government for revival support for financial aid as per court orders. Against this backdrop, the Board intends to appoint an independent, suitably qualified Financial Management Expert to prepare a credible, evidence-based and financially robust Restructuring, Revival and Long-Term Business Plan covering a horizon of three (3) to five (5) years, to be placed before the Hon'ble High Court Division, Bangladesh Bank and other stakeholders.

2. Objectives of the Assignment

The overall objective is to prepare a realistic, independently reasoned and court-ready Plan demonstrating whether and how PLFSL can be restored to financial viability, repay its depositors, and creditors in an orderly manner, and operate sustainably in compliance with applicable law and Bangladesh Bank regulations. The specific objectives are to:

- (i) Establish an accurate, verified baseline of the Company's financial position, asset quality, liabilities and capital shortfall.
- (ii) Quantify the expected recovery to each class of depositor and creditor under liquidation, and compare it with the expected recovery under the proposed restructuring (the "better-than-liquidation" test).
- (iii) Design a phased restructuring covering asset recovery, liability restructuring, and capital restoration, governance and operations.
- (iv) Develop a sustainable business model and integrated financial projections for 2027–2031, with a firm depositor repayment schedule.
- (v) Define measurable milestones, monitoring and reporting arrangements, and pre-agreed triggers for corrective action.
- (vi) Support the Board and its legal counsel in presenting the Plan before the Hon'ble Court.

3. Scope of Work

The Expert shall undertake, but not be limited to, the following workstreams. The Expert shall rely on the Company's records, audited financial statements, regulatory correspondence and court records, and shall clearly disclose all key assumptions and data limitations.

3.1 Diagnostic Review and Financial Baseline

- Review the audited financial statements for 2019–2025, the latest interim financial statements, auditors' reports (including qualifications and emphasis of matter), Bangladesh Bank inspection reports, special audit / forensic audit reports and Board minutes.
- Prepare a verified balance sheet as at the cut-off date [31 December 2025], separately for the company and its subsidiary, including PLFS Investments Limited.
- Carry out a loan-by-loan review of the portfolio: classification status, provisioning shortfall, collateral type and enforceability, legal status of each case, and realistic recoverable value and timing.
- Analyse liabilities by class: individual depositors (by size band), institutional depositors (banks and NBFIs), borrowings, refinancing, and other obligations, including accrued interest and maturity profile.
- Assess the capital shortfall against the regulatory minimum capital and capital adequacy requirements, and the liquidity gap by time bucket.
- Identify related-party and connected exposures, and quantify amounts recoverable from former directors and entities under the Hon'ble Court's directions and other legal proceedings.

3.2 Liquidation Counterfactual and Comparative Analysis

- Estimate net realisable values of assets under a forced-sale /liquidation scenario, after liquidation costs and time value of money.
- Apply the statutory creditor priority applicable under the Bank Resolution Act, 2026 and/or the Companies Act, 1994 (as advised by legal counsel) to estimate recovery per class of creditor and the expected timeline.
- Compare these results with recoveries and timelines under the restructuring Plan, presenting the analysis in a clear, tabular and court-friendly format.
- Assess the wider impact of each option on individual depositors, the financial system, the capital market, public funds and employees.

3.3 Asset Recovery and NPL Resolution Strategy

- Segment the classified portfolio (large defaulters, former-director exposures, SME, consumer, lease) and set a differentiated recovery strategy for each segment.
- Recommend legal recovery routes, including cases under the Artha Rin Adalat Ain, 2003, the Negotiable Instruments Act, 1881, execution of the Hon'ble Court's directions, and coordination with the Anti-Corruption Commission, BFIU and other agencies for asset tracing.
- Propose negotiated settlement, rescheduling and restructuring frameworks within Bangladesh Bank policy, plus collateral disposal and possible sale of portfolio to asset management companies.
- Prepare a year-wise recovery forecast (cash and non-cash) with probability-weighted scenarios, and a recovery unit structure with targets and incentives.

3.4 Liability Restructuring and Depositor Repayment

- Design a time-bound repayment schedule for individual and small depositors with priority treatment, aligned with any depositor protection or government support mechanism available.
- Develop options for institutional deposits and borrowings, such as maturity extension, interest waiver or reduction, conversion into long-term instruments (e.g. zero-coupon or subordinated bonds), and debt-to-equity conversion, repeated public offer (RPO)/capital raising by any other mode with an assessment of creditor acceptability.
- Model the sources and uses of funds for depositor repayment year by year, including recoveries, operating cash flows, fresh capital and any Government or Bangladesh Bank support.

3.5 Capital Restoration and Investor Strategy

- Quantify the fresh capital required to meet regulatory capital requirements over the Plan period.
- Evaluate capital options: strategic or foreign investor equity, rights issue, placement, conversion of creditor claims, and capital reduction to absorb accumulated losses, subject to BSEC and Court approvals.
- Prepare an investor profile, an indicative valuation and term-sheet principles, and outline the regulatory approvals required.

3.6 Business Model and Three-to-Five-Year Strategy

The Expert shall design a phased strategy, as follows:

Phase	Period	Focus
I – Stabilisation	Years 1–2	Governance reset, cost rationalisation, aggressive recovery, priority repayment to small depositors, capital commitment, legal and regulatory compliance.
II – Recovery & Rebuild	Years 3–5	Fresh capital deployment, rebuilding a fully secured and diversified loan book, liability restructuring, return to operating profitability, clearance of individual deposits.
III – Sustainable Growth		Years 6–10 Compliance with all prudential ratios, clearance of restructured liabilities, sustainable return on equity, positive net worth, possible dividend capacity and normal market standing.

- Recommend target segments, products (e.g. secured SME, lease, home and auto finance, supply-chain and fee-based services, pricing, distribution and technology, with realistic market-share assumptions.
 - Develop a funding strategy that reduces dependence on high-cost deposits, and an asset-liability management framework.
- ### 3.7 Integrated Financial Model and Projections
- Build a fully integrated, formula-driven financial model (income statement, balance sheet, cash flow) in Microsoft Excel: monthly for the first 24 months and annual for years 3–5.
 - Project key regulatory and performance indicators: capital adequacy, NPL ratio, provisioning, CRR/SLR compliance, liquidity gaps, cost-to-income, ROA/ROE, net worth and depositor repayment coverage.
 - Run base, downside and severe-stress scenarios with sensitivity analysis on recovery rates, recovery timing, cost of funds, new-business growth and capital injection timing, and identify the break-even year.
 - Provide a transparent assumptions book, sources for each key assumption and a model user guide so that the model can be tested by the Hon'ble Court, Bangladesh Bank or any independent reviewer.

3.8 Governance, Risk Management and Operational Restructuring

- Recommend Board composition, independent directors, Board committees (Audit, Risk, Executive (Recovery)) and delegation of authority in line with the Bangladesh Bank corporate governance guidelines.
- Assess internal control, credit risk management, compliance, AML/CFT and IT systems, and propose a remediation roadmap.
- Review organisation structure, manpower and branch network and propose a lean, cost-efficient operating model.

3.9 Implementation, Monitoring and Court Reporting Framework

- Prepare a milestone-based implementation plan with responsibilities, timelines and key performance indicators.
- Define objective trigger events (e.g. failure to secure committed capital or to meet repayment milestones) and the corresponding remedial or orderly exit actions, so that the stakeholder interests are protected at all times.

3.10 Consultation and Court Support

- Work with the Company's legal counsel to prepare the Plan and supporting schedules in a form suitable for filing with the Hon'ble Court, including an executive summary and a presentation.

- Prepare technical responses to objections or queries raised by Bangladesh Bank or other parties, and appear before the Hon'ble Court or regulators to explain the Plan if so required.

4. Deliverables and Timeline

#	Deliverable	Content	Due (from signing)
D1	Inception Report	Work plan, data request list, methodology, consultation plan	3-4 weeks
D2	Diagnostic and Baseline Report:	Verified financial position, asset quality, liabilities, capital, and liquidity gaps	
D3	Liquidation vs Restructuring Comparative Report:	Creditor-class recovery and timing under each option	
D4	Draft Restructuring & Business Plan with Financial Model and summary presentation	Full Plan, three-scenario model, assumptions book	
D5	Stakeholder Consultation Summary:	Feedback received and how it is reflected	
D6	Final Plan, Presentation and Court Submission Pack	Board-approved Plan, executive summary (English and Bangla), presentation, model	

All written deliverables shall be submitted in English in soft copy (Word/PDF and Excel) and [8] bound hard copies. Where required by the Hon'ble Court or stakeholders, a short presentation with the summary version shall be provided. The timeline shall be adjusted, where necessary, to meet any date fixed by the Hon'ble Court.

5. Guiding Principles and Methodology

- Independence and objectivity: The Plan must reflect the Expert's professional judgment. Credibility before the Hon'ble Court and Bangladesh Bank depends on the Plan being balanced and realistic, not promotional.
- Evidence-based and conservative: Every material assumption shall be supported by data, historical performance or market evidence, with a prudent bias on recoveries and new-business growth.
- Depositor-first: The Plan shall give priority to the protection and timely repayment of depositors, particularly individual and small depositors.
- Regulatory compliance: The Plan shall be consistent with the Finance Company Act, 2023, the Bank Resolution Act, 2026, the Companies Act, 1994, BSEC regulations, Bangladesh Bank directives, IFRS and all orders of the Hon'ble Court.
- Transparency and verifiability: The financial model and assumptions shall be open and auditable by any party appointed by the Court or the regulator.

6. Qualifications and Experience of the Expert

6.1 Essential

- Professional qualification such as CFA, Chartered Accountant (CA), ACCA, CMA or equivalent; a master's degree in Finance, Accounting, Economics, LAW or Business Administration will be an added advantage.
- At least 10 years of experience in line with banking, NBFIs, capital markets, asset management or corporate finance.
- Demonstrated experience in financial modelling, business planning, valuation and capital restructuring.
- Sound knowledge of the Bangladesh financial sector, Bangladesh Bank regulations for finance companies, BSEC rules and the relevant legal framework, and vast knowledge regarding the liquidation and restructuring process.

6.2 Desirable

- Experience in financial institutions or companies.
- Experience in preparing documents or expert opinions for court proceedings, regulators or investors.
- Experience in dealing with depositors, institutional creditors and strategic investors.
- Excellent analytical, report-writing and presentation skills in English and Bangla.

The Expert may engage support analysts at his/her own cost and responsibility. The Expert shall remain solely accountable for all deliverables.

7. Reporting and Coordination

The Expert shall report to the Chairman of the Board / the Board Restructuring Committee [or a Committee constituted for this purpose, and shall work closely with the Managing Director & CEO, the Chief Financial Officer, the Head of Special Asset Management (Recovery), the Company Secretary and the Company's legal counsel. A Focal Point shall be nominated by the Company to coordinate data and meetings. The Expert shall hold fortnightly progress meetings with the Committee.

8. Responsibilities of the Company

- Provide timely and complete access to records, systems, staff, auditors and legal counsel, and all documents in relation with the assignment.
- Issue introduction letters and arrange meetings with regulators, creditors, and the depositors' council and investors.
- Provide suitable office space and logistics as required during the assignment.
- Take responsibility for the accuracy and completeness of the information provided, and give a Management Representation Letter to the Expert.
- Review and provide consolidated comments on draft deliverables within 7 working days.

9. Remuneration and Payment Terms

The experts are requested to submit the financial proposal in BDT, exclusive of VAT, which shall be borne as per law. Tax and VAT shall be deducted at source as per prevailing laws. Payment shall be made against deliverables as follows:

Tranche	Milestone	% of Fee
1	During the issue of work order	25%
2	Submission of Draft Plan and Financial Model	25%
3	Acceptance of Final Plan and Court Submission Pack	50%

10. General Terms and Conditions

- **Confidentiality:** The Expert shall keep all information obtained during the assignment strictly confidential, both during and after the engagement, except as required by law or by order of The Hon'ble Court.
- **Conflict of interest:** The Expert shall declare that he/she has no conflict of interest with PLFSL, its former directors, defaulting borrowers, creditors or prospective investors, and shall disclose any conflict arising during the assignment.
- **Ownership:** All deliverables, including the financial model, shall be the property of the Company and will be paid upon full payment
- **Nature of work:** The assignment is advisory and does not constitute a statutory audit. The Expert shall rely on information provided by the Company, and shall state the limitations of the data and the extent of verification performed.
- **Limitation of liability:** The Expert's aggregate liability shall be limited to the professional fee received, save for willful misconduct or gross negligence.
- **Termination:** Either party may terminate the engagement with 7 days' written notice. The expert shall be paid for work satisfactorily completed up to the date of termination.
- **Governing law and disputes:** This engagement shall be governed by the laws of Bangladesh. Disputes shall first be resolved amicably, failing which, by arbitration under the Arbitration Act, 2001, with the seat in Dhaka.

11. Selection Procedure

Interested candidates/firms shall submit (i) a detailed CV with evidence of qualifications/profiles, (ii) a financial proposal, and (iii) a declaration of no conflict of interest. The Board of Directors has the absolute right to appoint the Expert by direct selection based on qualifications and experience. Submissions should be addressed to the Managing Director, People's Leasing and Financial Services Limited, Paramount Heights (12 Floor), 65/2/1 Box Culvert Road, Purana Paltan, Dhaka-1000 or by mail to email@plfsbd.com by 07-10-2026.

Annex A: Indicative Structure of the Restructuring Plan

- (i) Executive Summary
- (ii) Background, Legal History and Present Position
- (iii) Diagnostic Findings and Verified Financial Baseline
- (iv) Liquidation vs. Restructuring: Comparative Outcomes for Depositors and Creditors
- (v) Restructuring Strategy: Asset Recovery, Liability Restructuring, Capital Restoration
- (vi) Business Model and Five-Year Strategy (Phase I–III)
- (vii) Financial Projections, Scenarios and Sensitivity Analysis
- (viii) Depositor Repayment Schedule and Sources of Funds
- (ix) Governance, Risk Management and Operational Restructuring
- (x) Implementation Roadmap, Milestones, Monitoring and Trigger Events
- (xi) Regulatory and Court Approvals Sought
- (xii) Annexure: Assumptions Book, Financial Model, Supporting Schedules

Managing Director (CC)

People's Leasing And Financial Services