



Directors' Report to the Shareholders

Dear Shareholders,

The Board of Directors of PLFS is very happy to welcome you in the 29th Annual General Meeting of the Company.

On behalf of the Board of Directors, I am presenting Directors' Report on the operational and financial activities of your Company together with the Audited Financial Statements for the year ended 31 December 2024 which also includes reports on business and strategy review, risk management, corporate governance, etc. for your valued consideration, approval and adoption. This report has been prepared in compliance with Section 184 of the Companies Act 1994, Finance Companies Act 2023 and the guidelines issued by Bangladesh Securities and Exchange Commission (BSEC), Bangladesh Bank and other regulatory authorities.

Economic Review Year 2024

In the year 2024, even more than several years after the global financial crisis, policymakers around the world faced enormous challenges in stimulating investment and reviving global growth. The world economy had been held back by several major headwinds; persistent macroeconomic uncertainties and volatility; low commodity prices and declining trade flows; rising volatility in exchange rates and capital flows; stagnant investment and diminishing productivity growth and a continued disconnect between finance and real sector activities. In developing and

transition economies, growth slowed in year 2024 to its weakest pace since the global financial crisis amid sharply lower commodity prices, large capital outflows and increased financial market volatility.

Bangladesh Economy: overall on the rise

In the year 2024 capacity utilization improved and investments were showing some signs of recovery. Bangladesh continued to do well in containing inflation, due to favorable international commodity price movements and sound macroeconomic management. Fiscal policy has remained consistent with macroeconomic stability. Tax revenue growth has been weaker than targeted while expenditure have also found short due to an implementation shortfall. An added factor in this year has been lower subsidies on fuel. Government reduced the borrowing from the banking system because of rise in non-bank borrowing.

Financial Sector- the grounds need fitting for a fair deal

The financial sector has been passing through a challenging period due to a slow down in new investments, lower level of growth in external trade, sluggish real-estate sector, and few incidents of large scale losses due to internal control lapses which have resulted in slower red it growth as well as deterioration of asset quality. The lower credit growth coupled with an increasing trend of overseas borrowing by local corporate houses has resulted in surplus

liquidity in the financial sector. There are almost 62 scheduled commercial banks and 34 Non-banking financial institutions (NBFIs) operating in Bangladesh financial markets. The market is widely fragmented with largest 5 banks enjoying 32.8 percent market share in terms of asset base while top 10 banks controlling 46.9% of the market share in terms of asset base. The banking sector has witnessed increasing trend in non-performing portfolio in recent years partly attributable to the implementation of more stringent regulation under Directors' Report to the Shareholders [Source: www.adb.org/countries/bangladesh/economy]. Specially the NPL situation in the Govt. owned bank remains major concern. However, the banking sector as a whole has become cautious about imprudent lending which is apparent in recent slowdown in credit growth and capital adequacy remains at reasonable level. The Central Bank has also become more vigilant on monitoring and supervision of sectoral stability. However, in a falling interest rate regime, with few exceptions, banks/FIs have been able to improve their spread from fund based business and maintain operating profits at more or less similar levels as those of the previous years.

Challenges facing Bangladesh's nonbank financial sector

In a rapidly evolving financial landscape, Bangladesh's Non-Banking Financial Institutions (NBFIs) are facing unprecedented challenges that could have far-reaching consequences for the sector. The recently enacted Finance Companies Act 2023 is poised to reshape the dynamics of this vital sector, but stakeholders are voicing their apprehensions and calling for a reconsideration of its provisions.

Deposit Limitations - A Barrier to Growth

The Finance Companies Act 2023 introduces stringent deposit limitations within Bangladesh's Non-Banking Financial Institutions (NBFIs). While the intent is to prevent excessive concentration of deposits and irregularities, this move poses a significant challenge to NBFIs. These institutions have

played a vital role, bridging the financial gap between traditional banks and the unbanked population. The Act restricts individuals from holding more than Tk 50 lakh in a single name and caps joint deposits at Tk 1 crore, with adjustments by the Bangladesh Bank. These measures have raised concerns among well-managed institutions, straining liquidity management and potentially causing a liquidity crunch. This threatens the growth and stability of the NBFIs.

Competing With Banks in an Uneven Playing Field

The Act inadvertently puts NBFIs on an uneven playing field with traditional banks. By restricting deposit collection and curbing the ability to provide loans, NBFIs are in direct competition with commercial banks who are essentially engaging in the same type of business. This inherent contradiction threatens the very existence of NBFIs and may lead to a situation where the sector loses its relevance, ultimately harming the nation's financial ecosystem.

Challenges of Slow Recovery

The recovery rate for loans in recent years has been sluggish, with many borrowers showing reluctance to repay borrowed funds.

Non-performing loans have seen a significant increase. In this context, if NBFIs are restricted from accumulating deposits, they may find themselves in a precarious position. NBFIs typically invest borrowed funds in long-term projects, some extending up to 20 years. Should these regulations be implemented, it could pose significant challenges for NBFIs in fulfilling their financial obligations to depositors.

Shareholding Restrictions

The new law also enforces a cap on shareholding, stipulating that no individual or their family members can acquire more than 15 per cent of the shares of a financial institution, either directly or indirectly. Any surplus shares exceeding this limit must be transferred within two years from the

enactment of this Act, with the excess shares being forfeited to the government. This measure aims to combat irregularities and corruption within the sector. However, doubt persists regarding its effectiveness in mitigating these issues.

Stricter Policies On Defaulters

The legislation introduces a definition of a "willful defaulter." It addresses the issue of borrowers defaulting on their loans and introduces stringent consequences, including the possibility of criminal cases, travel bans, and restrictions on trade licences imposed by the Bangladesh Bank. There is a need for stricter regulations for this group, including restrictions on foreign travel, blocking essential services where needed to show necessary documents like the National ID, passport, and TIN. These measures aim to deter willful defaults and uphold financial discipline.

Loan without Security Restrictions

Under Clause 25, the law restricts finance companies from granting unsecured loans exceeding Tk. 10 lakhs, a figure subject to adjustment by Bangladesh Bank. This regulation may deter borrowers with good reputations and strong cash flow histories, potentially causing NBFIs to lose out. Such

restrictions risk shrinking the business activities of NBFIs, which could have broader economic implications.

Penalties and Imprisonment

The law prescribes penalties for various violations, including fines for approving the waiver of interest or profit on loans without the approval of Bangladesh Bank. Moreover, the penalty for non-compliance with licensing conditions has been increased from Tk10lakhtoTk50lakh.

While these measures aim to ensure regulatory compliance, some view the imposition of fines and imprisonment as an impediment to the growth and development of the NBF sector.

Contradictions with BSEC

A notable concern lies in the contradictions between the new law and the regulations established by the Bangladesh Securities and Exchange Commission (BSEC) for publicly listed companies, particularly concerning shareholding and the number of directors. Such contradictions could lead to confusion and disrupt the smooth functioning of financial institutions.

Need for Flexibility in Regulations

The Act's stringent regulations relating to deposit, collateral, unsecured loans, shareholding limits, penalties, imprisonment, and directorship terms

may have a negative impact on the sector's ability to innovate and adapt. NBFIs require the flexibility to cater to the diverse financial needs of the

economy, including supporting sectors like agriculture and micro, small, and medium enterprises.

In conclusion, while the new regulations aim to address irregularities and corruption within NBFIs, they also pose substantial challenges for well-managed institutions. Striking the right balance between

enforcing discipline and ensuring sectoral growth is vital. Collaboration among regulatory bodies, stakeholders, and financial institutions is imperative to refine these regulations for the benefit of the entire financial sector and the broader economy.

KBM Moin Uddin Chisty, Chairman, Islamic Finance and Investment Limited (IFIL) & President, Victoria University of Bangladesh (published on 16.11.2023 – Financial Express)

Prospects of Bangladesh

The GDP growth forecast for year 2025 is reviewed somewhat higher still with the expectation that exports will grow with continued economic recovery in the United States and the Euro Area, strong expansion in remittances will boost consumption demand, private and public investment will pick up as the business climate improves and spending will increase under the annual development program. The projection for average inflation in year 2025 remains more or less similar as year 2024, which matches the central bank's monetary policy statement. Although higher public sector wages and upward adjustments to administered prices for natural gas

and electricity from end of year 2024 will exert inflationary pressure, the easing of supply constraints, a cautious monetary policy, and a better crop outlook should keep inflation in check. Export growth in year 2025 is projected to improve to 10.0% and imports are projected to increase by 12.0%, mainly for capital goods, industrial raw materials, and food grains. Despite the expansion in remittances, the larger trade deficit will likely to remain a current account deficit, narrower than year 2024. The projected recovery in global growth, particularly in the United States and the Euro Zone, and continued softness in international commodity prices, promise well for Bangladesh.

The country will need to implement faster structural reforms to capitalize on these opportunities. Raising the low Female Labour Force Participation (FLFP) rate offers an opportunity to boost the economy's potential growth rate. Moving forward, the biggest challenge remains structural development and this is a precondition for accelerated, inclusive, and sustainable growth. In addition to concentrate on the above areas, the policy response to women's employment need to be aligned with anti-poverty programs such as safety nets, social protection initiatives, small livelihoods programs, micro-credit, and so on. Much more attention is needed to macro policy linkages and the leverage needed to stimulate women's participation and employment.

Principal Activities

The principal businesses of the Company are related to finance and finance associated activities. These businesses include deposits taking, credit to corporate organizations; retail and SMEs, project finance; leases; Term finance, and equity/quasi-equity

investments. PLFS provides multiple business services through its Head Office.

Diversified Credit Portfolio

Diversification of credit related products is one of the Company's strategic priorities. The well diversified portfolio of PLFS includes term loan financing that represents 68.8% of total loans, followed by Home Loan 73%, SME 15%, and auto loan financing 12%. Despite a fairly weak investment market climate, we ended the year with fresh credit disbursement of Tk. 100.37 million vis-à-vis Tk. . . .61 million disbursed in the previous year. The company's total credit portfolio stood at Tk. 1200.78 million as of 31 December 2024. A total of 22 agreements were approved for loans, leases and advances during the year 2024. In addition to the diversification of portfolio in different types of products, the credit portfolio of PLFS is also well diversified across different sectors as well.

Performance Highlights

Despite a challenging period for the financial sector, PLFS continues to record superior performance that confirms the inherent soundness of our financial position. PLFS's business model ensured that we proactively manage risks, improve on internal efficiency and remain focused on delivering value to our stakeholders. To ensure improved assets quality, we extended our combined efforts for new credit as well as intensive focus on recovery from the legacy default accounts.

In the retail deposit front, our focus remains on individual small ticket deposits rather than large ticket institutional deposits. During the year 2024, various Micro-Marketing Initiatives (MMIs) were launched in

order to facilitate small deposit mobilization and reduce cost of funds. The increased liquidity arising out of these initiatives enabled us to exit Directors' Report [Source: Bangladesh Bank Website & Research Department], Annual Report 2024 several high-cost large ticket deposits. As a result, the Company's cost of funds as well as the spread from funded business has significantly improved during the year. PLFS did not have any net bank borrowing during the year (borrowing from banks/FIs less placement of funds with banks/FIs). PLFS's reliance on its own source of funds for lending ensures that the Company is better equipped to withstand volatility in the money market and also allows us to adopt a prudent approach in sanctioning loans only to quality customers at competitive rates. Net interest income during the year increased to Tk. -4266 million compared to Tk. -3150 million in the previous year; registering a strong negative growth of 35.5 percent mainly due to non-performing loans, cost of funds and higher level of spread. The investment income, on the other hand, became Tk. -323 million in year 2024 vis-a-vis Tk. 150 million of year 2023. Commission, exchange and brokerage mainly constitute fees income. It still remains an insignificant part of the revenue stream. During the Year 2024, income from capital market investment was Tk. 7.58 million compared to Tk. 0.4 million in the previous year. In year 2024, other operating income was Tk. -55 million (which mainly constituted of loan loss recovery from written off loan) compared to Tk. 37 million in year 2023. Overall operating revenue decreased compared to the previous year. After making the provision against loans, leases and investments portfolio, Profit before Tax (PBT) of the Company registered marginally

negative growth in the year 2024. Profit after Tax for the year stood at Tk. -4267 million compared to Tk. 3178 million in year 2023, i.e. a remarkable loss growth of year on year. As such, the Company's Earnings Per Share (EPS) to Tk. -1495 of year 2024.

Key Operating and Financial Information

Key operating and financial data of the preceding five years and significant deviation as per requirement of BSEC Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated August 07, 2012 are presented in Annexure-C as Key Operating and Financial Data.

The statutory reserve stood at Tk. 645.58 million. PLFS remains fully committed to deliver of higher shareholders' value. The smooth growth of profitability track record underpins the value, the shareholders derived from investing in the shares of the Company. The earnings per share stood at Tk. 14.95 and return on average equity stood at significant percent during year 2024. Market capitalization stood at Tk. -42,674 million as at December 31, 2024, details in Annexure- VII

Human Resources Management

PLFS's vision envisages the most effective use of our human resources through the optimum enhancement of knowledge, skills, abilities and personal attributes of our employees. A healthy environment has been created where employees enjoy working with pride. Believing that the human resources are main elements behind the success and future sustainability of the Company, PLFS is developing and motivating the workforce with contemporary HR policies and attractive employee benefits. The company is not only offering a job but also the opportunity

for learning, development, in a Challenging and rewarding career.

Risks and Concerns

Maintaining a prudent risk management framework is an essential component of business success at PLFS. The identification, evaluation and management of risk, together with the way we respond to changes in the external operating environment, are the key to our success and underpin the robustness of our business plans as well as strategic and operational objectives protect our license to operate our reputation and help to create long-term competitive advantage. Risk management is embedded in PLFS's organizational structure, operations and management systems. Business risks across the Company are addressed in a structured and systematic way through a predefined risk management structure. This ensures the Board's assessment of risk which is continually updated with the relevant risk factors and mitigating controls originating from and identified by the Company's assets, functional departments and operations. Moreover, PLFS possesses a detailed risk management system with procedures in place to support risk evaluation across the Company. The risks associated with the delivery of

the business plan and annual work programmers and the associated mitigation measures are maintained in asset or project risk matrices and registers.

PLFS possesses different committees for risk management. The Management Credit Committee (MCC) and Asset and Liability Committee (ALCO) are constituted by the Company's top level management team who frequently review issues related to the market, credit and liquidity and accordingly, recommend and implement appropriate measures to proactively identify and mitigate risks. PLFS has an approved Asset Liability Management (ALM) Policy, under the responsibility of the ALCO, together with dedicated ALM desk to generate necessary MIS for improving ALCO's decision-making abilities. The Company's Credit Risk Management (CRM) department independently examines projects from a risk-weighted perspective and assists relevant departments in setting business development priorities. These are aligned with the Company's risk appetite while optimizing the risk-return trade-off derived from relevant risk exposures. The CRM team also clearly defines exceptionally high-risk sectors and prohibits lending to those projects which the Company does not ascribe to, including those

which represent negative environmental, social or ethical standards.

At an individual exposure level, risk grading model is used to promote corporate safety and sustainability by facilitating informed decision-making. At the portfolio level, the Company actively tracks the quality of its loans by analyzing risk migration and trends in non-performing assets. Such indicators prompt timely decision-making by the relevant risk management committees in preserving the quality of loans and advances. PLFS's Credit Risk Management Department and Internal Audit & Compliance Department are responsible for assessing operational risks across the Company and also ensuring an appropriate framework to identify, assess and manage operational risks.

At PLFS, we are always committed to managing the risks associated with business and delivering high value to our stakeholders by maintaining effective and robust Risk Management Systems which not only mitigate these risks but also provide an appropriate trade-off between risk and return. The principal risks associated with PLFS as well as their relevant governing policies and how they support the risk appetite are furnished below.

Type risk	Policies	Policies Application to Support Risk Appetite
Credit Risk including Concentration Risk	Board approved Credit Policies including large Credit Exposure and Industry Sector Concentration Policy	Exposures to a single or group related counterparties (upper credit limit set is the policy including the coverage of security). Industry concentration (exposure And risk adjusted concentration limit)
Market Risk	Board approved Credit and ALM Policy	Interest Rate Risk (Market value sensitivity and Net Interest Margin Risk Limit)
Liquidity Risk	Board approved Assets Liability Management (ALM) Policy	Holding of liquid assets as contingency plan to use at the time of liquidity crunch.
Operational Risk	Operational Risk covered with the Company Core Risk Management Policies Company Core Risk Management Policies	A number of risk management policies and comprehensive risk assessment and control assurance process. Business unit compliance framework and skill compliance professional.
Compliance Risk	Best Practice Corporate Culture	Professionalism and leadership, best efforts for customer service.
Reputational Risk		

Credit Risk

Credit risk is the potential of loss arising from failure of a debtor or counterparty to meet their contractual obligations resulting in a financial loss to PLFS. Credit risk includes concentration risk which can result from interdependencies between counterparties and concentrations of exposure to industry sectors and geographical regions. Credit risk management processes involve identification, measurement, monitoring and control of credit exposures. At PLFS, credit risk may arise in the following form: exposure risk, counter party risk and default risk.

Market Risk

Market risk is the potential of loss arising from adverse changes in interest rates and changes in the price of securities. Being a Financial institution, the primary risk that arises for a FI is interest rate risk. The immediate impact of changes in interest rates is on the Company's earnings due to changes its Net Interest Income (NII).

Liquidity Risk

Liquidity risk is the risk of being unable to meet financial obligations as they fall due. This arises mainly due to mismatch in maturity of assets and liabilities. The overall responsibility for measuring and monitoring the liquidity risk for FI rests with the Asset Liability Committee (ALCO).

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or external factors. It includes legal, regulatory, fraud, business continuity and technology risk. In order to control its operational risk, PLFS primarily relies on its internal audit and internal control system.

Compliance Risk

Compliance risk is the risk which arises due to legal or regulatory breach. The Company may suffer material financial loss or loss of reputation as a result of its failure to comply with the requirements of relevant laws, regulatory bodies etc.

Reputational Risk

Reputational risk arises from negative perception on the part of customers, counterparties, shareholders, investors, debt holders, market analysts, regulators and other relevant parties. This risk may adversely affect the Company's ability to maintain existing business relationships or impede the establishment of new relationships.

Related Party Transaction

In the normal course of business, PLFS has entered few transactions with related parties during the year 2024. Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operating decisions. These transactions have taken place on an arm's length basis and include rendering or receiving of services. The details of related party transactions are disclosed in the notes to these Financial Statements, Details in Annexure-VII

Contribution to the National Economy

PLFS is the first private sector Non-Banking Financial Institution in Bangladesh which was established in the year 1981 by the Government of Bangladesh and a number of distinguished multilateral developing agencies. PLFS was established with an aim to promote private sector industrial ventures in the country at a time when all the banks in Bangladesh

remained nationalized. Type of Risk Policies Application to Support Risk Appetite Credit Risk including Concentration Risk Board approved Credit Policies including large Credit Exposure and Industry Sector Concentration Policy Exposures to a single or group related counterparties (upper credit limit set is the policy including the coverage of security). Industry concentration (exposure and risk adjusted concentration limit) Market Risk Board approved Credit and ALM Policy Interest Rate Risk (Market value sensitivity and Net Interest Margin Risk Limit) Liquidity Risk Board approved Assets Liability Management (ALM) Policy Holding of liquid assets as a contingency plan to use at the time of liquidity crunch. Operational Risk A number of risk management policies and comprehensive risk assessment and control assurance process.

Compliance Risk

Company Core Risk Management Policies Business unit compliance framework and skill compliance professional. Reputational Risk Best Practice Corporate Culture Professionalism and leadership, best efforts for customer service. Operational Risk covered with the Company Core Risk Management Policies PLFS has played a vital role in developing the private sector industry in Bangladesh over the last three decades, through various innovative projects in partnership with other renowned corporate houses. PLFS has made significant contributions in the development of the health, education and agro-based industries of the country. We have also introduced many innovative financial products and over time have earned the distinction to be the 'most innovative financial institute' of the country. Sustainable economic developmentis

the key focus of the Company and corporate social responsibility is woven into the totality of our operations. During the year 2024, we engaged in corporate social responsibility like distributing winter cloths to under privileged people, donating computers for under privileged students, tree plantation programme, donation of medical equipment and medicine for under privileged, donation to 'Free School' etc. PLFS envisages continuing and expanding its role as catalyst in inspiring, strengthening and enhancing the financial sector development of the country. We want to play role in employment generation for growing young segment of our population specially, with focus on young women entrepreneurs. PLFS always prioritizes sectors which help the sustainable growth of the economic development of the country. In general, PLFS avoids investing in projects which are hazardous to the environment and society. During project appraisals concerned personnel examine whether the project is indeed viable and whether it complies with the Environment Conservation Act 1995 and Environment Conservation Rules 1997 and other rules and regulations relating to the environment. In addition to our mentioned approach, PLFS has taken initiative for in-house environment management, compiling Green Office Guide, incorporation of Environmental Risk in CRM, introducing Green Finance, creating of Climate Risk Fund, introducing Green Marketing, supporting Employee Training, Consumer Awareness and Green Event etc. in line with Bangladesh Bank regulations. In order to serve the diverse needs of our customers, PLFS offers a range of products and services covering corporate finance and advisory services, mortgage finance, retail

finance, middle market supply chain finance, retail wealth management and retail finances. During the year 2024, PLFS has deposited total amount of Tk. 1.53 million to the national exchequer as corporate tax, withholding tax, excise duty and VAT.

Statutory Payments

The Directors are satisfied that to the best of their knowledge and belief all statutory payments to all authorities have been made on a regular basis.

Shareholding Pattern as at 31 December 2024

Shareholding patterns of the Company as of December 31, 2024 is shown in Annexure Directors' Report of Annual Report 2024, details in Annexure-II.

Corporate and Financial Reporting Framework

The Board of Directors, in accordance with BSEC Notification No. SEC/CMRRCD/2006-158/134/Admin/4 4 dated August 07, 2012 confirms compliance with the financial reporting framework for the following:

- The financial statements prepared by the management of PLFS presents fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/International Financial Reporting Standards

(IFRS)/Bangladesh Financial Reporting Standards (BFRS) as applicable in Bangladesh have been followed in preparation of the financial statements and any departure there from has been adequately disclosed.

- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.

Director's Meeting, Attendance and Remuneration During the year ended 31 December 2024 a total 7 (Seven) Board Meetings were held and attendance by the Directors along with remuneration paid to them are summarized in Annexure in this annual report, Appointment / Re-appointment of Director(s)

As per Article 100 and 101 of the Articles of Association of the Company, the following three Directors will retire from the office of the Company in the 29th Annual General Meeting and being eligible offered themselves for re-election as per Article 105 of the Articles of Association of the Company. Brief resumes of the directors are furnished in Annexure of this annual report,

Status of Compliance on Corporate Governance

Bangladesh Securities and Exchange Commission's Notification No. SEC/CMRRCD/2006-158/207/Admin/80, dated 3 June 2018 imposed conditions for compliance for corporate governance. Corporate governance status of compliance with these conditions is enclosed as Annexure-C. As proposed by the Board Audit Committee, the Board recommended for appointment as the

Corporate Governance auditors of the Company- Jasmin & Associates, Chartered Secretaries conduct the Corporate Governance audit for the year 2025, and as per their EOI of Tk. 25,000.00 excluding VAT and subsequently shareholders approval in the 29th Annual General Meeting (AGM).

Statutory Auditors

GKibria & Co., Chartered Accountants was appointed as the statutory auditors of the Company in the 28th Annual General Meeting held on 31st December, 2024 for the year 2024 until conclusion of 29th Annual General Meeting at a remuneration of Tk. 370,000 excluding VAT. The auditors will retire in the 29th Annual General Meeting. As proposed by the Board Audit Committee, the Board recommended Kazi Zahir Khan & Co, Chartered Accountants for appointment as the auditors of the Company for the year 2025 subject to approval of the shareholders in 29th Annual General Meeting (AGM) at a remuneration of Tk. 250,000 excluding VAT until completion of the next Annual General Meeting.

Internal Control System

Board of Directors reviews and approves the overall business strategies and significant policies of PLFS, assesses the underlying major risks run by the Company, involves in setting acceptable levels for these risks and ensures that senior management takes steps necessary to identify, measure, monitor and control these risks. Senior management accordingly working for implementing strategies and policies approved by the Board; developing processes that identify, measure, monitor and control risks incurred by the Company; maintaining an organizational structure that clearly assigns

Responsibility, authority and reporting relationships; ensuring that delegated responsibilities are effectively carried out; setting appropriate internal control policies and monitoring the adequacy and effectiveness of the internal control system. In PLFS, an effective internal control system has been set up which ensures an appropriate control structure with defined control activities at every business level.

Explanation regarding qualified opinion on Financial Statements by external auditor:

External auditor of People's Leasing & Financial Services Ltd. (PLFSL) provided qualified opinion on financial statements of 2025 and basis of qualified opinion has been incorporated in the audit report. Audit report was presented in the 26th meeting of Audit Committee and Audit Committee of PLFSL discussed all points of qualified opinion. After discussion committee accepted the Audit Report and recommended it to the Board. Committee and Court-appointed Board of Directors wants to find out and to disclose all mismatches of figures, mismanagement, and lack of implementation of automation system which were made in PLFSL before starting liquidation process on 14-7-2019. At the same time, the Board of directors has been advising the management for resolving the problems like mismatches of figures of loans and advances, bubble figures in books of accounts, consolidation of financial statements, claim and counter claim between PLFSL and PLFS Investment Ltd. regarding loan, tax and VAT issues, interest charge on term deposit and borrowings another issues. In accordance to the Hon'ble Court Order (Financial matter no-1 of 2019) the Court appointed Board of Directors has been trying to

The level best to revive the organization with all limitation and available recourses.

Control Environment

Control activities are the policies and procedures which help ensure that management directives are carried out, and the necessary actions are taken to minimize the risks of failure to meet stated objectives. Policies and procedures are effectively Hasan Shaheed Ferdous, Court-appointed Chairman. Annual Report 2024 established within the Company and are continuously reviewed for compliance, adequacy and improvement opportunities. The Board of Directors sets the tone for an effective control environment through regular reviews of the processes for identifying, evaluating, and managing significant risks. An effective control environment is set by top management and cascades across all business functions. Every year the top team conducts a self-assessment of key controls that affect the business and develops up action plans to make the internal control environment more robust.

Out look and Prospects in year 2025

Bangladesh economy has grown with healthy pace over 4.0 percent annually with extraordinary stability over the last one decade displaying exceptional resilience in the face of domestic challenges like corruption, natural calamity and inadequate infrastructure as well as major global shocks during the period. Bangladesh has been poorest as well as smallest in the list of the eleven countries; however has performed the best amongst the group both in terms of growth and stability. Considering all those potentials to grow, the new strategic changes and opportunities to expand business in consumer durables, we will dedicate

our maximum proactive endeavor for business growth and expansion, specially through launching personal loans & consumer durables loans, and focusing auto loans & mortgage finance, concentrating on household financing, factoring & SME finance, widening the geographical coverage and name changing & rebranding throughout the country for all those types of business. Our customers are the most important part of our business and PLFS will endeavor to distinguish itself in terms of providing extra-ordinary customer service to all our stakeholders. Our strong performance in year 2024 is the demonstration of our sustainable business model which can withstand the challenges of operating in a developing country like Bangladesh fraught with fiscal and economic uncertainty. Going forward PLFS will remain focused on strengthening our balance sheet and capital position to create greater opportunities for improvement in long-term shareholder value. Underpinning this strategy is our unique culture and corporate values and, most especially, the

quality of our people. We are proud to have one of the most vibrant working environments with passionate employees who work together to attain a common goal; help our customers to fulfill their financial dreams. We are expecting that, our long term business strategy, strong culture of compliance, the unyielding commitment and dedication of the PLFS team, will translate into outstanding results in year 2025 and beyond.


Acknowledgements

The Board of Directors would take this opportunity to express its gratitude and extend appreciation to its valued shareholders, clients, bankers, depositors, lenders, business partners and other stakeholders for their continued support and co-operation. The Board offers thanks to Bangladesh Bank, Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange, Chittagong Stock Exchange, Registrar of Joint Stock Companies and Firms, the National Board of Revenue, the Ministry of Industries, the Ministry of Finance and

other Government Agencies for their collaboration. I would also like to thank all of the respected Directors of the Board, who have extended their all sorts of cooperation, to meet all the adverse internal and external conditions, and made the year 2024 another year of success for the Company.

Last but not least, the Board has a special note of thanks for the management and employees for their outstanding commitment and tremendous hard work; our customers and clients for giving us the opportunity to serve their needs; and our shareholders for their continued faith in the bright future of their Company.

For and on behalf of the Board of Directors.


Hasan Shaheed Ferdous
Chairman

