

Directors' Report to the Shareholders

“BISMILLAHIR RAHMANIR RAHIM”

HON'BLE SHAREHOLDERS

Assalamu-Alaikum Wa Rahmatullah

It is indeed a great pleasure for me to welcome you all to the 22nd Annual General Meeting of Islami Commercial Insurance Company Limited. I, on behalf of Board of Directors and on my own behalf, I am pleased to place before you its Annual Report, Audited Financial Statements for the year ended 31st December, 2021 together with the Directors' Report thereon.

DISTINGUISHED SHAREHOLDERS

Islami Commercial Insurance Company Limited has been endeavored it's best to consolidate overall position of the Company in the interest of Insurance Industry and could secure growth because of continuous efforts of the Board of Directors and the Management.

The further progress of Bangladesh Insurance Industry predominantly depends on how the consumers perception of insurance as a useful and efficient vehicle of risk transfer can be useful. This can be achieved through sustained efforts of the industry as well as Regulator towards restoring public confidence by providing efficient services, honoring insurance policy obligations, introducing new products/fields by rationalizing the price mechanism.

WORLD ECONOMY

The global economy stopped down and weather was full of attraction causing to Covid-19 pandemic. the world economy is expected to experience its sharpest deceleration following an initial recovery from global recession in more than 80 years. Global growth is projected to slow from 5.7 percent in 2021 to 2.9 percent in 2022 and average 3 percent in 2023-24. Still suffering from the effects of more than two years of pandemic, the global economy is experiencing yet another major negative shock. Russia's invasion of Ukraine has not only precipitated a humanitarian catastrophe—with thousands of civilians killed and millions more displaced—but also resulted in a deep regional slowdown and substantial negative global spillovers. Amid surging commodity prices and supply disruptions, inflation has soared across the world, exacerbating the exceedingly difficult tradeoffs policy makers face between supporting growth and controlling price pressures. Global financial conditions have tightened and borrowing costs have increased, particularly in emerging market and developing economies (EMDEs), reflecting reduced policy accommodation in response to inflationary pressures, elevated uncertainty, and heightened geopolitical risks. In addition, the unwinding of fiscal support measures has continued to weigh on global activity. Social and cultural adaptation was different for which, the global economy will forecasted to turnaround towards the digital marketing integration with all kinds of marketing business during he year 2021.

BANGLADESH ECONOMY

Bangladesh economy was growing consistently high over a decade crossing 7.0 percent milestone in FY 2015-16 and 8.0 percent milestone in FY 2018-19. However, the COVID-19 pandemic reduced the growth rate to 3.45 percent in FY 2019-20. The economy grew by 6.94 percent in FY 2020-21. According to the provisional estimates of BBS, the GDP growth stood at 7.25 percent in FY 2021-22, 0.05 percentage point higher than the target rate and 0.31 percentage point higher than the previous fiscal year

In the past few years Bangladesh recorded one of the fastest growth rates in the world with economic performance that has helped to reduce poverty and social inequalities. GDP in

Bangladesh is expected to reach 350.00 USD Billion by the end of 2021, according to Trading Economics global macro models and analysts expectations. In the long-term, the Bangladesh GDP is projected to trend around 400.00 USD Billion in 2022 and 430.00 USD Billion in 2023, according to our econometric models

In response to the effects of the global COVID19, extreme floods, and natural disasters, GOB has adopted short, medium, and long-term action plans to maintain food security for the people of the country by continuing the expansion in agricultural productivity.

To overcome the shock of COVID-19 as well as to revitalise, GOB has provided different supports under incentives packages to its industry sector. Special fund for export oriented industries, working capital for the affected industries and service sector institutions, working capital to SMEs, credit guarantee skims for SMEs are mentionable programmes of the GOB

Bangladesh is one of the most vulnerable counties in the world to climate change with extreme weather events estimated to have caused a loss of around 1.8% of GDP in the past few decades. The country has taken measures to promote green financing and is seeking grants from the international community, notably via the Green Climate Fund.

Bangladesh undoubtedly has accomplished an extraordinary and substantial advancement in poverty mitigation amid last decade, consequence of the devoted endeavors of the government and the appropriate and successful execution of numerous public and private development activities.

INSURANCE SECTOR

At present, Bangladesh's insurance sector comprises 46 non-life insurance companies and 33 life insurance companies. In addition there are two state-owned insurance corporations one in the general segment and the other in the life segment.

Although Bangladesh's insurance sector has witnessed some growth, in comparison with other developing nations, there is a lot of room for improvement. A majority of the population across product segments (life and non-life) remains untapped by the insurance market.

Regulatory should restrict the sale of unfair and mispriced policies to consumers. This is especially important because insurance by its nature is a complex product, hereby vulnerable consumers can be persuaded to opt for complicated benefit structures, causing consumer hazard within the insurance sector. Regulators should also ensure that there is a satisfactory level of capital reserves to protect customers in scenarios where they can make payment of claims when necessary.

MAINTAINING PROPER BOOKS OF ACCOUNTS

The director's responsibilities also include overseeing whether adequate accounting records are being maintained with vouchers relevant to any entry in good order. The books of accounts kept at the registered office of the Crystal Insurance Company Limited.

APPROPRIATE ACCOUNTING POLICY FOLLOWED

International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed.

EFFECTIVE INTERNAL CONTROL SYSTEM

An effective internal control system also requires that an appropriate control structure is set up with control activities defined at every business level. Board of directors has the responsibility for

approving the review of overall business strategies and significant policies of the internal control system.

FINANCIAL HIGHLIGHTS

Now, on behalf of the Board of Directors of the Company I have the pleasure to present the financial highlights on the operational result of the Company accomplished throughout the year 2021 along with comparative business figures of 2020 are furnished below:-

<u>Particulars</u>	T A K A	
	<u>2021</u>	<u>2020</u>
Gross Premium	521,561,153	551,966,426
Net Premium Income	335,120,675	360,729,615
Com. earned on R/I Ceded	34,785,123	34,205,814
Net Claim	102,168,843	98,136,882
Reserve for Unexpired Risk	138,833,142	148,748,039
Fixed Deposit& BGTB	288,400,000	265,200,000
Investment in Share	210,336,163	188,872,940
Management Expenses	190,024,676	174,313,553
Commission Expenses	22,512,677	63,426,379
Interest and other Income	32,566,201	5,908,862
Underwriting Profit	69,970,182	57,131,859
Profit Before Tax	77,995,548	46,344,431
Total Assets	1,087,010,755	969,642,909

With further improvement in the process of promotional development of this Company. We have advised the Management to focus on commitment of quality services to the clients, low risk underwriting, profitable business, diversification of investment and increase of investment income of the Company. The Board of Directors expect a satisfactorily business performance with further improvement in the years to come Insha-Allah.

INVESTMENT

Including statutory deposit of Tk.2,50,00,000 with Bangladesh Bank in the form of Bangladesh Government Treasury Bond (BGTB), the Company invested its Fund in Fixed Deposit, Shares and amount lying with STD Accounts with different scheduled Banks. Besides, the Company has purchased an Office Space at Level 16th of City Centre situated in the heart of Dhaka City at Motijheel measuring 6,900 sft. for Head Office. The head wise investment figures are listed below:

<u>Name of Item</u>	T A K A	
	<u>2021</u>	<u>2020</u>
Bangladesh Govt. Treasury Bond	25,000,000	25,000,000
Investment in Share	210,336,163	188,872,940
F.D.R. with Different Banks	263,400,000	240,200,000
STD, CD, BO Account& Petty Cash	91,211,174	56,607,760
Office Space (at cost)	41,276,000	41,276,000
	631,223,337	551,956,700

HON'BLE SHAREHOLDERS

Islami Commercial Insurance Company Limited commenced business in 2000 with a Paid-Up Capital of Tk. 60.00 million. Now, the Paid-Up Capital of your Company is Tk. 303.91 million. A comparative figure showing Capital and Reserve as on 31-12-2021 & 31-12-2020 are given below:

	T A K A	
	<u>2021</u>	<u>2020</u>
Paid-Up Capital	303,916,600	303,916,600
Reserve and Surplus	368,803,929	342,120,013
	662,719,529	646,036,613

DIVIDEND

Dear shareholders, the Board of Directors recommended 10% cash dividend for their honorable shareholders for the year ended 31st December 2021 from the retained earnings of the company.

CREDIT RATING REPORT

Emerging Credit Rating has rated your Company 'AA-' (Pronounced as "Double A Minus") in the long term and ST-2 in short term considering the audited financial statements of the company ended 31st December 2021. The rating reflects high claims-paying ability, protection factors are good and there is an expectation of variability in risk over time due to economic and/or underwriting conditions.

RETIREMENT AND RE-ELECTION OF DIRECTORS

According to the provision of Article 24.1 of the Articles of Association of the Company, the following Directors will retire from the office in the 22nd Annual General Meeting:

1. Janaba Nusrat Jahan (Tania)
2. Janaba Negar Sultana
3. Janab M.G. Faruk

As per Article 24.3., being eligible for re-election following directors offered themselves for re-election: -

1. Janaba Nusrat Jahan (Tania)
2. Janaba Negar Sultana

It is mentionable here that Janab Azmat Niaz and Janab M.G. Faruk of the Company is not complying to continue as director for not holding of shares as per requirement to be a Director as stipulated in the condition (d) of the Bangladesh Securities and Exchange Commission (BSEC) notification dated November 22, 2011 applicable for listed and deemed to be listed Company. As such, they are not continuing as directors of the company and the Board also approved the matter accordingly.

APPOINTMENT OF INDEPENDENT DIRECTOR

As per Corporate Governance Code as adopted by Bangladesh Securities and Exchange Commission (BSEC), The tenure of Janab A.Z.M. Shamsul Alam shall be expired in this AGM. Accordingly, The Board of Directors approved his reappointment as Independent Director of the Company for further period of three years. Besides, Janab S.A.M. Habibur Rahman is not continuing as director for non clean of his CIB which is mandatory for IPO of the company as per requirement of BSEC. The Board of Directors proposed Mr. Mohammed Ayub Hossain as independent director in place of Janab S.A.M. Habibur Rahman.

APPOINTMENT OF AUDITOR

The Auditor of the Company M/s. Islam Aftab Kamrul & Co., Chartered Accountants shall retire at the 22nd Annual General Meeting and expressed their willingness to continue in office for the next term by enhancing the remuneration. Their remuneration for the year 2020 was Tk. 80,000.00 (taka eighty thousand) only. The matter is placed before you for consideration.

APPOINTMENT OF COMPLIANCE AUDITOR

M/s. Jasmine & Associates., Chartered Secretaries & Corporate Affairs Consultants was appointed as Compliance Auditor for the year 2021 at a remuneration of Tk. 30,000.00 (Taka thirty thousand) only. They also expressed their willingness for reappointment as Compliance Auditor for the next term by enhancing there remuneration. The matter is also placed before you for consideration.

ACKNOWLEDGEMENTS

The Board of Directors takes the opportunity to offer thanks to all the Shareholders, valued Clients and well wishers for their active co-operation and support extended to this Company.

It is expected that the Management Functionaries of the Company shall put in their untiring efforts with Plan and Vision so that the Company may gradually emerge as a progressive Islami General Insurance Company in Bangladesh.

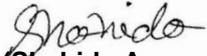
The Board of Directors also offers its sincere thanks and gratitude to the Ministry of Finance, Ministry of Commerce, The Insurance Regulatory and Development Authority, Bangladesh Bank, The Registrar of Joint Stock Companies & Firms, Bangladesh Securities & Exchange Commission, Sadharan Bima Corporation, Bangladesh Insurance Association, Bangladesh Insurance Academy, all Scheduled Banks and other Government and Non-Government Organizations for their whole hearted co-operation and support.

The Board of Directors further offers thanks to all the officials of the Company for rendering their service sincerely with devotion.

May Almighty Allah grant us courage, strength and fortitude to lead this Company to attain its objectives with better glory.

Ameen.

For and on behalf of the Board of Directors
Of Islami Commercial Insurance Co. Ltd.


(Shahida Anowar)
Chairman