

Directors' Report to the Shareholders



+8.3%

Trends

65%

Growing

Dear Shareholders

Assalamu Alaikum

I would like to take this opportunity to welcome you all in the today's 23rd Annual General Meeting of Express Insurance Ltd. I personally and on behalf of the Board of Directors of our Company express my sincere thanks and profound gratitude to all of you for attending in the meeting and also thanks for unconditional trust and wholehearted co-operation. Your active participation, continuous support and co-operation is an inspiration for us.

Dear Shareholders, I am pleased to privilege of presenting the Annual Report together with the Directors Report, Audited Accounts containing Statement of Financial Position, Statement of Profit & Loss and Other Comprehensive Income, Revenue Accounts and other relevant Financial Statements for the year ended 31st December 2022 for your information, consideration and approval.

Pursuant to the Section 184 of the Companies Act 1994, Rule no. 12 (and the schedule there under) of the Bangladesh Securities and Exchange (BSEC) Rules 1987 including code no. 5 of the Corporate Governance Code issued by the BSEC, IAS-1 and referring to section 76 of Insurance Act, 2010 and other related sections, subsections, rules and regulations in this purpose pursued accordingly to prepare, approve and submit the Directors' Report before the respected shareholders of the company for their perusal and approval. The Annual Report of the Directors containing the Audited Financial Statements is already submitted before the shareholders for their perusal.

World economy:

While world economy was strongly recovering from the COVID-19 pandemic, the Russia-Ukraine war posed a setback to the ongoing recovery. A rise in the global commodity prices and sluggish economic activities by war induced supply chain disruption is being observed. International organizations revised their forecasts for economic growth prospects and inflations. As per the United Nations (UN) publication 'World Economic Situation and Prospect 2022', the global economy grew by 5.5 percent in 2021, the highest growth rate since 1976, after contracting 3.4 percent in 2020. Global economy is expected to grow by 4.0 percent in 2022 and 3.5 percent in 2023. In the World Bank's Global Economic Prospect, January 2022, the global economic growth is projected 4.1 and 3.2 percent in 2022 and 2023 respectively, while growth was estimated 5.5 percent in 2021. In the World Economic Outlook (WEO) April 2022, International Monetary Fund (IMF) projected that the global economy will grow by 3.6 percent both in 2022 and 2023. The projections for 2022 and 2023 are 0.8 and 0.2 percentage points lower than in the January 2022 WEO update.

Bangladesh Economy:

Bangladesh remains a developing country with a per capita GDP at US\$ 2,824 and the GDP growth rate at 7.25% in the fiscal year (FY) 2021-2022 as per estimates of Bangladesh Bureau of Statistics (BBS). Inflation is expected to be 5.8 percent in the said fiscal year. The country aims to become a developed country by 2041. To achieve this Bangladesh needs to increase its per capita GDP by more than US\$12,700. Such monumental growth in (per capita) income will require large-scale investments. However, Bangladesh needs to develop its insurance sector because the nation is prone to natural disasters and capital investment-as well as people's lives-are not well protected.

Developing a productive labor force requires reducing their risks-so that they focus on what they do best. For fixed capital investment and other assets, it is also important to bring them under coverage to mitigate risks from natural or man-made disasters.

Global Insurance:

According to Allianz Global Insurance Report total global insurance premium income amounted to almost EUR 5.6 trillion in 2022. Life remains the largest segment (EUR 2.6 trillion), ahead of Property & Casualty (EUR 1.8 trillion) and Health (EUR 1.2 trillion). The premium pool grew by EUR 259 billion or +4.9% against the backdrop of a global inflation rate of 8.6% in last year. However, the three segments fared very differently while Property & Casualty clocked robust growth of +8.7%, health expanded by a more modest +4.9%, and life insurance market growth was a dismal +2.4%: squeezed real household incomes took a toll on private savings. But it was expected that 2022 was to be another bumper year for the insurance industry, but the invasion of Ukraine has dashed those hopes. Premium income is likely to grow by roughly 1pp slower than originally assumed as the war takes its toll on economic activity and confidence, even as inflation supports the top line.

Bangladesh Insurance:

Insurance cover is crucial for people to insure themselves against inability to work, set aside money for retirement or protect themselves against the loss of their assets. This is where insurance comes in as a key component in ensuring the healthy development of small and medium-sized enterprises. An erudite insurance sector is also important in encouraging domestic production, innovation and trade. But insurance still appears to be a negative-demand product in Bangladesh as the majority people and businesses tend to be reluctant in paying non-mandatory sums for insurance coverage, while the industry has yet to be strategic or innovative enough to change the behavior. In the year 2022 Bangladesh insurance industry earned premium of Tk. 16,812 crore of which premium of Tk. 11,399 crore earned from the life insurance industry. So, in the non-life segment, the headroom is even bigger if insurers can effectively offer and communicate the financial risk protection proposition related to assets, health, crops and so many things, while they also will need some policy pushes that gradually make more and more types of insurance a must.

Insurance Development & Regulatory Authority:

Insurance Development & Regulatory Authority (IDRA) is the only government body for regulating and developing the insurance industry of Bangladesh. The Parliament of Bangladesh on 3 March 2010 has passed two insurance laws in a bid to further strengthen the regulatory framework for the insurance industry. The new laws came into effect on 18 March 2010, are the Insurance Act 2010 and the Insurance Development & Regulatory DRA Act 2010. In the meantime, IDRA has been attempting to encourage the expansion of the insurance industry.

Express Insurance Ltd. operational result for the year 2022

Express Insurance Limited was incorporated in the insurance sector of the country as a third-generation non-life (general) insurance company and started business operation on 18 May 2000. In the meantime, the company obtained remarkable achievement with business reputation in the insurance industry. EIL has also earned satisfactory business/premium income since inception. In the year ended 31 December 2022 company earned net premium Tk. 325.17 million, gross premium Tk. 573.69 million and claim paid Tk. 48.63 million. The net profit Tk. 152.55 million, Underwriting profit Tk.

101.60 and EPS is Tk. 1.33, NAV per share Tk. 17.93 and NOCF per share Tk. 2.66. Re-insurance costs is Tk. 248.52 million. The main reason for declined of net profit due to decrease of premium income of the company and particularly from marine insurance as imports slumped for the dollar crisis in our country. Overall business activities of the country have been enduring a squeeze because of the global financial crisis which also impacted the company's income too. On the other hand, a big blow of the company's premium income came from third party automobile insurance now which is not mandatory under the existing Road Transport Act 2018. But I think most of the non-life insurance company of our country dropped profit significantly in 2022 because of Russia-Ukraine war as the conflict forced the government to curve import to save dollars.

Express Insurance Ltd. took strategy to have a well-established governance framework to implement, enhance and monitor the company with sustainability strategy. The board of directors has explicit responsibilities related to the sustainability, which includes governance and risk-related issues. To live our commitment to sustainability, we pursue a clear strategy, have a suitable governance framework in place, determine relevant topics, set targets, report on our progress and monitor our performance.

Business Highlights: The gross premium income of 2022 stood at Tk. 573.69 million while the net premium income of the Express Insurance Limited was Tk. 325.17 million. However, gross premium income decreased by 6.58% but the underwriting profit increased by 2.21% in 2022. The underwriting profit was Tk. 101.60 million in 2022. The management has taken steps to increase more net premium income in the following year. New marketing personnel have been recruited and new motivation package has also been declared for increasing the premium income. The company has a plan to recruit more professional human resource to cope with the current economy and compliance matter thus operational efficiency will reduce the cost of the company.

Segment-wise or product-wise performance: Table of the Statistics

Taka In Million

Particulars	Fire	Marine	Motor	Misc.	2022	2021
Gross Premium Income	242.55	203.85	56.54	70.75	573.69	614.08
Re-insurance Ceded	131.78	54.10	0.09	62.55	248.52	252.13
Net Premium Income	110.76	149.75	56.45	8.22	325.18	361.95
Total Claim paid	10.46	11.74	21.60	4.84	48.64	132.54
Agency Commission	34.16	28.49	8.11	2.58	73.34	23.91
Management Expenses	79.27	62.66	18.82	10.11	170.86	178.17
Reserve for unexpired Risk	44.30	60.45	22.58	3.29	130.62	146.62
Underwriting Profit/(Loss)	26.18	65.99	10.57	(1.13)	101.61	79.46

Fire Insurance Business: Fire insurance business is most hazardous and risky business in non-life insurance sector. Huge amount premium is ceded for re-insurance protection. As a result, it is very tough to earn an underwriting profit from fire insurance business. The company wrote fire insurance business with a gross premium income of Tk. 242.55 million in 2022 against Tk. 257.51 million in 2021. After ceding of the re-insurance premium, the net premium earned from fire insurance business stood at Tk. 131.78 million. The company earned an underwriting profit of Tk. 26.18 million from fire insurance business in 2022.

Marine Insurance Business: The gross premium income from marine insurance business stood Tk. 203.85 million in 2022 where Tk. 212.52 million in 2021, yielding a net premium of Tk. 149.75 million, after re-insurance cession. The company earned an underwriting profit of Tk. 65.99 million against Tk. 76.63 million in 2021.

Motor Insurance Business: In motor insurance, the gross premium income stood Tk. 56.54 million where Tk. 71.15 million in 2021. After ceding of the re-insurance premium, the net premium of the motor department amounting to Tk. 56.44 million. The company earned underwriting profit from motor insurance business Tk. 10.57 million as against Tk. 32.33 million in 2021.

Miscellaneous Insurance Business: The premium income from miscellaneous insurance business stood Tk. 70.75 million where Tk. 72.90 million in 2021.

Investment Income: In spite of adverse effect of investment of share and decrease in the rate of interest of FDR, Express Insurance Ltd earned a net profit before tax of Tk. 152.55 million in 2022 while it was Tk. 154.02 million in 2021. Investment income in the FDR is risk free. Express Insurance Limited invested more in the FDR and Investment in Government Bond is an obligation by the rules of IDRA. Investment in Shares and Mutual Funds helped balancing the capital market. It also helps making bigger basket/portfolio of investment.

Comparison of investment income and profit:

Over all Result	2022	2021
Underwriting Profit/(Loss)	101.60	79.46
Interest & Revenue	84.85	69.70
Gain/(Loss) on sale of share	13.14	30.80
Total Investment Income	97.99	100.05
Profit before Tax	152.55	154.02
Provision for Tax	58.65	25.37
Reserved for Exceptional Loss	40.16	61.41
Dividend declared (Cash)	7%	10%

The investment of the Express Insurance Limited stood at Tk. 1,371.05 million at the end of 2022 after adjustment of cumulative loss of investment in shares of previous years. The head wise investment figures are listed below:

Investment position of the Express Insurance Limited

Sl. No.	Particulars	2022	2021
01.	National Investment Bond	4,50,00,000	4,50,00,000
02.	Bank Balance with Fixed Deposit	1,16,57,85,353	1,08,87,05,668
03.	Investment in Shares & Mutual fund	2,98,48,147	16,12,80,137
	Total Investment	1,37,10,43,752	1,29,49,85,805

As per section 23 of the Insurance Act, 2010 and "Schedule I" every non-life insurance company had to maintain a mandatory deposit of Tk. 25.00 million as statutory deposit in the Bangladesh Government Treasury Bond (BGTB). Total investment of the company comprising of investment in shares, BGTB and FDRs stood at Tk. 1,371.05 million against Tk. 1,294.99 million in 2021. Like previous years, investment in shares has been stated at fair value as per Bangladesh Financial Reporting Standard-9.

Extra ordinary activities and their implications: Express Insurance Limited has a strategy to growth the business activities, but during the year 2022 no extra ordinary activities occurred and have no implication in the financial statements.

Related party transaction: All transaction involving related parties arising in normal course of business. Details of transactions with related parties during the year has been provided in the financial statements.

Utilization of proceeds raised through Public Issues: The company was made IPO in the year 2020. No further raised the capital through public issues, right issues or any other instrument were proceeds during the year 2022.

Deterioration of Financial Results: After issuance of Initial Public Offering (IPO) of company has no any other indicators of financial results deteriorated.

Variance between Quarterly and Annual Financial Statements: The company disclosed quarterly financial statements for the 1st, 2nd & 3rd quarter of 2022. No significant deviation in operational results of those quarterly and year ended is noticed as a whole.

Directors Remuneration and Board Meeting with Attendance: Directors are not eligible for any remuneration other than attendance fee for attending board and its committee meeting. The board of directors held 12 meeting during the year 2022. The attendance of the directors and statement of remuneration paid to the directors including independent directors are shown in corporate governance chapter.

Going Concern: The company has adequate resources to continue in the operation as a going concern for the foreseeable future. For this reason, the accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

Deviations from the last year operating results: There were no significant deviations from the last year operating results of the company.

Accounting Policy and Followed IAS & IFRS: Responsibilities of the directors also includes supervision for designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these Financial Statements those are free from material misstatement, whether due to fraud and error. The company has followed the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) to preparation of the financial statements.

Key Operating and Financial Data: In compliance with the direction no. 5 of Circular No.Bi:U:Ni:Ka/GAD/1003/2011-554 dated 24 April 2014 of the Insurance Development and Regulatory Authority (IDRA); we confirm that total expenses relating to usage and maintenance of company's vehicles in 2022 was in compliance. The total number of vehicles was 28 in 2022 against 30 in 2021. Total cost of vehicle as at 31st December 2022 was Tk. 43.95 million against Tk. 42.75 million in 2021.

Cash Flow from Operating Activities: In 2022 the operating cash flow was Tk. 173.21 million against Tk. 206.90 million in 2021. In the year 2022, Express Insurance Ltd. could not underwrite around 40.39 million premium over 2021 and lower return from sale of share the operating cash flow decreased.

Assets: The assets of the company increased to Tk.2108.36 in 2022 million from Tk. 1976.77 million in 2021. The value of the assets increased mainly due to increase in FDR & Balance with bank and overall growth of company's insurance business.

Reserves: The Company kept provision for exceptional loss reserve of Tk. 40.16 million for the year 2022 as against Tk. 61.41 million in 2021 and the total reserve for exceptional losses of the company stood at Tk. 349.62 million against Tk. 309.45 million in 2021. Transferring Tk. 2.50 million to the general reserve fund has been increased to Tk.10 million in the year 2022.

Dividend: The Board of Directors in its 301st meeting held on 12 June, 2023 recommended 7% cash dividend for its Shareholders for the year ended 31 December 2022. Board thinks that the year 2023 will be more reserve for dividend and liquid asset will be higher in comparison with last 5 (five) years.

Internal and External Risk Factors: Excess commission involved in the non-life insurance sector in Bangladesh is the only key external risk factor to Express Insurance Ltd for which Express Insurance Ltd overlooked lots of underwriting business which results poor underwriting profit for the year 2022. We have no such internal risk because we have quality manpower, experienced management and prudent board compare to the market. Our future prospect will be assisting regulator to eliminate excess agents' commission and inspiring insured about the consequences of non-compliance with agent allowable commission. Therefore, assisting regulator towards eliminating excess commission was one of the most important tasks to set up the future prospect of the company.

This report has significance in compliance with the chapter regarding Balance Sheet, Statements and Books etc. from section 181 to 191 i.e. a statement that proper books of account of the issuer company have been maintained as per Companies Act 1994. The annual report of the company has stated a statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment; 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. The statement that the system of internal control is sound in design and has been effectively implemented and monitored; minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress; statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;

A statement where key operating and financial data of last 5 (five) years are given below:

Particulars	Figure in Million				
	2018	2019	2020	2021	2022
Gross Premium Income	408.89	489.79	554.52	614.08	573.69
Net Premium Income	243.72	300.59	369.95	361.95	325.17
Gross Claim	96.07	84.46	60.75	132.53	48.63
Under Writing Profit	55.23	73.30	80.94	79.45	101.60
Investment Income	38.15	32.30	42.19	100.05	97.99
Profit before tax	76.81	77.13	103.39	154.02	152.55
Profit after tax	43.84	51.40	92.44	128.66	86.64
Paid up Capital	391.18	391.18	651.97	651.97	651.97
Shareholders' equity	732.25	705.69	1011.64	1114.33	1169.07
Total Reserves	253.57	271.95	328.31	393.16	467.34
Total Assets	1107.88	1190.31	1708.84	1976.77	2108.37
Total Investment	596.79	635.28	1088.19	1294.99	1371.05
Fixed Assets (Land & Building)	130.14	127.54	124.98	122.48	159.22
Earnings Per share (EPS)	1.12	1.31	1.64	1.85	1.33
% of Dividend (Cash)	10%	-	7%	10%	7%

Composition of the Board: The board comprises of 13 directors including 02 Independent Directors. All of them are well known business personalities and renowned entrepreneur of the country. The board of directors are professionally skilled and experienced in the management, law and business. The board is chaired by Mr. Amir Hamza Sarker who is the renowned business person of the country.

Retirement and Re-election of Directors: As per Companies Act 1994 and Memorandum of Association of the company each year one-third of the directors of the company will retire from office at the AGM and if eligible, may offer themselves for re-election. The following directors will retire from the group 'Ka' at the 23rd AGM.

1. Mr. ABM Kaiser,
2. Mr. Asifur Rahman
3. Mrs. Mahfuza Younus
4. Syed Al Farooque

On the other hand, as per Insurance Rules 1958 we have published a notice in "The Daily Industry" and "The Daily Aurthonitir Kagoj" on 29 June 2022 for election of directors from public shareholders i.e group "Kha" but we have not received any application in the stipulated time. This year we have also published a notice on 13 June 2023 in "The Daily Present Time" and "The Daily Aurthonitir Kagoj."

Retirement and Appointment of Independent Directors: As per section 76 of the Insurance Act, 2010 an insurance company shall have two independent directors on the board and accordingly we have appointed Mr. Feroz Ahmed and Mr. Siddique Hossain Choudhury as Independent Directors.

Shareholding Position: All over the year the shareholding position of the sponsors and directors of the company was in an increased fashion. Public and institutions shareholding position was also deviated much during the period. Significant shareholding position and its pattern of the shareholding has given in the financial statement. The Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children's shareholding position also disclosed.

Executive Committee: The Executive Committee (EC) is constituted with a view to act as a bridge among Board of Directors and Executives and to play an effective role in establishing efficient, strong and secured business environment. The committee is consists of 10 members.

Audit Committee: The committee is consists of 08 (eight) members & Chaired by an Independent Director, Mr. Feroz Ahmed. Audit Committee is responsible to oversee the financial reporting process, to monitor the accounting policies & principles, monitor internal control & risk management process, oversee of external auditors & their functions, review statements of party transactions submitted by the management etc. The committee held 12 meetings during the year 2022.

Nomination & Remuneration Committee (NRC): The committee is consists of 03 (three) members & Chaired by an Independent Director, Mr. Siddique Hossain Choudhury. NRC assist the board in formation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors & top level executives as well as a policy for formal process of considering remuneration of directors and top level executives. The committee is responsible & accountable to the Board and Shareholders. During the year 2022 NRC held its 01 (one) meeting.

Claim Committee: Claim is the most important factor for an insurance company. The claim committee is consists of 10 members. Efficient & smart settlement of claim speaks about the

company's goodwill in the insurance market. The committee is responsible to review, assess and recommend claims for prompt settlement, review of surveyor's report, their method of assessment, recommendations of each claim etc.

Management: The management operates within the guidelines, limits, policies as well as the budgetary control adopted by the board. The team is headed by the CEO Mr. Md. Anwar Hossain. The CEO implements the internal control system, follow-up the day to day affairs of the management. The senior management ensures the CEO about the company's improvement with the compliance of statutory and the regulatory requirements too.

Human Resource: Human capital is considered as the prime asset of the company. It is the combination of competencies, knowledge and personality attributes that can be enhanced through education, training and experience. During its epic journey of 23 years, EIL is able to place itself in current position with the help of loyal employees.

Auditors: Pursuant to the Section 210 of the Companies Act 1994, the Company's statutory auditors M/s. K.M. Hasan & Co, Chartered Accountants will retire and they are not eligible for re-appointment, because they have conducted the audit of the company for consecutive 03 (three) years. In this situation two audit firms namely- M/s. Ahmed Zakir & Co. and M/s. Pinaki & Company applied to be appointed as Statutory Auditors of the company for the year 2023. Board in its 303 meeting recommended the appointment of M/s. Pinaki & Company to conduct the audit of the company for the year 2023 with the remuneration of Tk. 2,50,000/- subject to the approval of the shareholder in the 23rd Annual General Meeting after completion of due process and formalities.

Compliance Auditors & Corporate Governance: As per approval of shareholders in the 22nd AGM the company appointed M/s. Poddar & Associates as Compliance Auditor of the company for the year 2022. The company has complied with all the requirements of corporate governance as required by the Bangladesh Securities and Exchange Commission. Corporate Governance Code Pursuant to the clause 5 of the SEC notification No. SEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018. M/s. Poddar & Associates has audited the compliance status of the company and issued us a certificate and report which is attached herewith.

Independent Scrutinizer: The board of directors in its 301st meeting held on 12 June 2023 appointed M/S. Jasmin & Associates as Independent Scrutinizer to observe the 23rd AGM to be held on 28 August 2023.

Credit Rating: The present credit rating position of the company is "AA+" for long term and "ST-1" for short term with stable outlook.

Prospects for 2023: Express Insurance is more focused on underwriting income and different strategy will be implemented to attract the institutional buyer of the insurance product. The company will disclose the ins and out of the insurance business related to expense and profit so that clients will not think about receiving excess commission but focus on potential risk covering strategy. To train the insured's and delivering the information related to non-life insurance business through seminar and focus group discussion may be the revenue earning mechanism. Express Insurance Ltd is focusing on revenue earning from quality business and therefore, it has planned to recruit number of more qualified marketing executives in 2023 to ensure high volume of quality insurance business.

Acknowledgement: We gratefully acknowledge the trust of the shareholders of the company including our clients for their brand loyalty. We are specially thankful to our valued clients and other stockholders for the generous and complete support and co-operation of our business partners and we assure them that it will be our constant effort to prove worthy of the trust they have reposed on us. We also sincerely appreciate the help and cooperation that we have received from the relevant Ministries, Sadharan Bima Corporation, Bangladesh Bank and Scheduled Banks, Financial Institutions, Local and Foreign Chamber Bodies, the Institute of Chartered Accountants of Bangladesh (ICAB), the Institute of Chartered Secretaries of Bangladesh (ICSB), the Institute of Cost and Management Accountants (ICMAB), South Asian Federation of Accountants (SAFA), Registrar of Joint Stock Companies and Firms (RJSC), Central Depository Bangladesh Ltd (CDBL), Bangladesh Association of Public Listed Companies (BAPLC), Bangladesh Insurance Association (BIA), Dhaka Stock Exchange (DSE) Chittagong Stock Exchange (CSE) and Bangladesh Securities & Exchange Commission (BSEC) and Insurance Development and Regulatory Authority (IDRA), National Board of Revenue (NBR), Central Rating Committee (CRC), Auditors and Government bodies for their continuous support, gracious help and wholehearted co-operation. Special thanks to the respected members of the board of directors of Express Insurance Ltd. and also thanks to the management, branch managers and staffs of the company for their sincerity and hard-working to continue the growth of the company.

Thank you all

On behalf of the Board of Directors



(Amir Hamza Sarker)

Chairman