

DIRECTORS' REPORT

for the year ended 31 December, 2023



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Dear Shareholders

Assalamu Alaikum

I would like to take this opportunity to welcome you all in today's 24th Annual General Meeting (AGM) of Express Insurance Limited (EIL). 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 today's meeting, wholehearted co-operation & support.

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 2023 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 2020 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: The baseline forecast is for global growth to slow from 3.5 percent in 2022 to 3.0 percent in 2023 and 2.9 percent in 2024, well below the historical average of 3.8 percent. Advanced economies are expected to slow from 2.6 percent in 2022 to 1.5 percent in 2023 and 1.4 percent in 2024 as policy tightening starts to bite. Emerging market and developing economies are projected to have a modest decline in growth from 4.1 percent in 2022 to 4.0 percent in both 2023 and 2024. Global inflation is forecast to decline steadily, from 8.7 percent in 2022 to 6.9 percent in 2023 and 5.8 percent in 2024, due to tighter monetary policy aided by lower international commodity prices. Core inflation is generally projected to decline more gradually, and inflation is not expected to return to target until 2025 in most cases.

Bangladesh Economy: Bangladesh's gross domestic product (GDP) is expected to grow by 5.3% in fiscal year (FY) 2023, according to the latest Asian Development Bank (ADB) report. The slower growth forecast reflects subdued domestic demand and weaker export expansion due to slow global growth following the Russian invasion of Ukraine. Inflation is forecast to accelerate from 6.2% in FY2022 to 8.7% in FY2023. The current account deficit is anticipated to narrow from 4.1% of GDP in FY2022 to 1.6% of GDP in FY2023 as imports loosen and remittances grow. The main risk to this growth projection is a greater economic slowdown in Bangladesh's major export destinations driven by global uncertainty over the prolonged political tensions. The ADO April 2023 states that private investment growth will be lower because of energy shortages and higher production costs.

Global Insurance: In the first quarter of 2024, global commercial insurance rates rose 1%, compared to a 2% increase in the prior quarter, according to the Marsh Global Insurance Market Index. In most global regions, the composite rate declined, continuing a three-year trend of moderation in the pace of rate increases. Property insurance rates increased 3%, with the highest increases in the US and reductions in Asia and in the India, Middle East, and Africa region. Casualty lines rates increased 3%; the same as in the prior quarter. Globally, insurers remained concerned with continuing large jury awards in US courts. Financial and professional lines rates decreased 7%, compared to 6% in the prior quarter as every region experienced a decrease.

Bangladesh Insurance: Insurance industry is playing an important role in the national economy of Bangladesh. The last decade has experienced a fast growth of the industry. In 1972, Bangladesh nationalized its insurance industry through the Bangladesh Insurance Nationalization Order 1972 and subsequently the Insurance Corporations Act 1973. The government restructured that into two entities (1) Sadharan Bima Corporation for general (non-life) business and (2) Jiban Bima Corporation for life insurance business. However, in 1984, the Government amended the Insurance Act of 1938 and the Insurance Corporation Act of 1973 to allow private insurance companies to conduct insurance business. The government has approved the Insurance Act 2010 and reformed the Controller of Insurance as Insurance Development and Regulatory Authority (IDRA) in the same year. Over time, Bangladesh's insurance sector has witnessed significant growth. According to the latest data the country hosts 81 insurance companies, comprising 35 life insurance and 46 non-life insurance companies.

The insurance industry has witnessed a significant increase in the assets of both life and non-life insurance companies. By the end of 2022, the collective total assets of insurance companies are BDT 648,390.83 million. Life insurance companies net premium income is 113,305.01 and net claim 102,002.90 million BDT. Non-life insurance companies net premium is 31,833.83 and net claim 4,428.45 million BDT.

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 IDRA Act 2010. In the meantime, IDRA has been taken many important initiatives for the overall discipline & development of the industry. In the very recently IDRA released a guideline named as Corporate Governance Guidelines, 2023 which is a basic guideline for the insurance companies.

Express Insurance Ltd. operational result for the year 2023: 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 2023 company earned net premium Tk. 336.06 million, gross premium Tk. 584.14 million and claim paid Tk. 78.22 million. The net profit Tk. 140.26 million, Underwriting profit Tk. 94.48 million and EPS is Tk. 1.51, NAV per share Tk. 18.75 and NOCFPS per share Tk. 1.77. Re-insurance costs is Tk. 248.07 million.

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 2023 stood at Tk. 584.14 million while the net premium income of the Express Insurance Limited was Tk. 336.06 million. However, gross premium income increased 1.82% and underwriting profit decreased 7% in the year 2023. 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.

Particulars	Fire	Marine	Motor	Misc.	2023	2022
Gross Premium Income	249.42	201.75	57.19	75.78	584.14	573.69
Re-insurance Ceded	131.41	60.65	0.108	55.91	248.07	248.52
Net Premium Income	118.01	141.10	57.08	19.87	336.06	325.18
Total Claim paid	28.14	33.79	6.31	9.97	78.22	48.64
Agency Commission	34.99	28.50	8.13	3.79	75.41	73.34
Management Expenses	83.72	58.98	19.47	13.04	175.21	170.86
Reserve for unexpired Risk	47.21	56.77	22.83	7.95	134.76	130.62
Underwriting Profit/(Loss)	0.80	71.78	25.26	-3.36	94.48	101.61

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. 249.42 million in 2023 against Tk. 242.55 million in 2022. After ceding of the re-insurance premium, the net premium earned from fire insurance business stood at Tk. 118.01 million. The company earned an underwriting profit of Tk. 0.80 million from fire insurance business in 2023.

Marine Insurance Business: The gross premium income from marine insurance business stood Tk. 201.75 million in 2023 where Tk. 203.85 million in 2022, yielding a net premium of Tk. 141.10 million, after re-insurance cession. The company earned an underwriting profit of Tk. 71.78 million against Tk. 65.99 million in 2022.

Motor Insurance Business: In motor insurance, the gross premium income stood Tk. 57.19 million where Tk. 56.54 million in 2022. After ceding of the re-insurance premium, the net premium of the motor department amounting to Tk. 57.08 million. The company earned underwriting profit from motor insurance business Tk. 25.26 million as against Tk. 10.57 million in 2022.

Miscellaneous Insurance Business: The premium income from miscellaneous insurance business stood Tk. 75.78 million where Tk. 70.75 million in 2022.

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. 140.26 million in 2023 while it was Tk. 152.55 million in 2022. 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	2023	2022
Underwriting Profit/(Loss)	94.48	101.60
Interest & Revenue	84.79	84.85
Gain/(Loss) on sale of share	2.78	13.14
Total Investment Income	88.64	97.99
Profit before Tax	140.26	152.55
Provision for Tax	263.17	255.20
Reserved for Exceptional Loss	58.41	40.16
Dividend declared (Cash)	7%	7%

The investment of the Express Insurance Limited stood at Tk. 1418.44 million at the end of 2023 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:

Particulars	2023	2022
National Investment Bond	50000000	4,50,00,000
Bank Balance with Fixed Deposit	1202633093	1,16,57,85,353
Investment in Shares & Mutual fund	165807416	16,02,58,399
Total Investment	1418440509	1,37,10,43,752

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. 1418.44 million against Tk. 1,371.05 million in 2022. 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 2023.

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 2023. 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 2023. 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 2023 was in compliance. The total number of vehicles was 29 in 2023 against 28 in 2022. Total cost of vehicle as at 31st December 2023 was Tk. 51.84 million against Tk. 43.95 million in 2022.

Cash Flow from Operating Activities: In 2023 the net operating cash flow was Tk. 115.26 million against Tk. 173.21 million in 2022. In the year 2023, Express Insurance Ltd. could not earned profit from sale of shares & highest claim paid during the year than previous year for that reason the net operating cash flow decreased than the year 2022.

Assets: The assets of the company increased to Tk. 2209.42 in 2023 million from Tk. 2108.36 million in 2022. 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. 58.41 million for the year 2023 as against Tk. 40.16 million in 2022 and the total reserve for exceptional losses of the company stood at Tk. 408.03 million against Tk. 349.62 million in 2022.

Dividend: The Board of Directors in its 311st meeting held on 29 April, 2024 recommended 7% cash dividend for its Shareholders for the year ended 31 December 2023. Board thinks that the year 2024 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 the company overlooked lots of underwriting business which results poor underwriting profit for the year 2023. 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				
	2019	2020	2021	2022	2023
Gross Premium Income	489.79	554.52	614.08	573.69	584.14
Net Premium Income	300.59	369.95	361.95	325.17	336.06
Gross Claim	84.46	60.75	132.53	48.63	78.22
Under Writing Profit	73.30	80.94	79.45	101.60	94.48
Investment Income	32.30	42.19	100.05	97.99	88.64
Profit before tax	77.13	103.39	154.02	152.55	140.26
Profit after tax	51.40	92.44	128.66	86.64	98.27
Paid up Capital	391.18	651.97	651.97	651.97	651.97
Shareholders' equity	705.69	1011.64	1114.33	1169.07	1222.36
Total Reserves	271.95	328.31	393.16	467.34	523.86
Total Assets	1190.31	1708.84	1976.77	2108.37	2209.42
Total Investment	635.28	1088.19	1294.99	1371.05	1418.44
Fixed Assets (Land & Building)	127.54	124.98	122.48	159.22	156.03
Earnings Per share (EPS)	1.31	1.64	1.85	1.33	1.51
% of Dividend (Cash)	-	7%	10%	7%	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 24th AGM.

1. Mr. Mazakat Harun
2. Mrs. Farida Razzaq
3. Mr. Latiful Bari
4. Mrs. Marium Akhter

On the other hand, as per Insurance Rules 1958 last year we have published a notice in "The Present Time" and "The Daily Aurthonitir Kagoj" on 13 June 2023 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 30 April 2024 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. Md. Hasanul Islam and Dr. Md. Rezaul Kabir 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 it's 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. Md. Hasanul Islam. 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 11 meetings during the year 2023.

Nomination & Remuneration Committee (NRC): The committee is consists of 04 (four) members & Chaired by an Independent Director, Dr. Md. Rezaul Kabir. 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 2023 NRC held its 02 (two) 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. Badiuzzaman Lashkar. 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 24 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 and being eligible M/s. Pinaki & Company applied on 23 April 2024 to be appointed as statutory auditor for the year 2024. The board of directors in its 311 meeting held on 29 April 2024 accepted the application and approved the appointment of M/s. Pinaki & Company as statutory auditor for the year 2024 with the remuneration of Tk. 2,50,000/- (Two lac fifty thousand) only subject to approval of the shareholders in the 24th Annual General Meeting and after completion of due process & formalities.

Compliance Auditors & Corporate Governance: As per approval of shareholders in the 23rd AGM the company appointed M/s. Poddar & Associates as Compliance Auditor of the company for the year 2023. 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 311th meeting held on 29 April 2024 appointed M/S. Jasmin & Associates as Independent Scrutinizer to observe the 24th AGM to be held on 01 July 2024.

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 2024: 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 open new branches and recruit number of more qualified marketing executives in 2024 to ensure high volume of quality insurance business and achieving goal.

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 for the help and co-operation 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 Cost and Management Accountants (ICMAB), 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) and Auditors of the company. Special thanks to the respected members of the board of directors of Express Insurance Ltd. and also thanks to the management, branch managers and employees 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