



Directors' Report

DIRECTORS' REPORT

Dear respected Shareholders

It is my great pleasure to welcome you all on behalf of the Board of Directors to the 22nd Annual General Meeting of Asia Insurance Limited and to present before you the Directors' Report along with the audited financial statements as on 31st December 2021 for your kind consideration. I put on record my thanks and gratitude to you for your presence on this big shareholders' day. It is worthwhile to place before you the financial position of the bank on the backdrop of global economic scenario the changes that taken place around the world and how Bangladesh experienced the same and various functional and administrative aspects during the year 2021 including Bangladesh economy.

GLOBAL ECONOMIC OUTLOOK

World Economy

"The world economy is simultaneously facing Covid-19, inflation and policy uncertainty, along with government spending and monetary policy in unknown areas. Growing inequality and security challenges are particularly detrimental to developing countries, and a broad set of coordinated international measures and national policy responses is needed to keep more countries on the path to optimal growth", said David Malpas, President of the World Bank Group.

According to the World Bank's recent Global Economic Prospects report, the global economy is entering a pronounced recession amid new threats from COVID-19 variants and rising inflation, debt and income inequality that could jeopardize the recovery of emerging and developing economies. Global growth is expected to decline from 5.05 percent in 2021 to 1.1 percent in 2022 and 3.02 percent in 2023, and financial and financial support around the world remains intact.

Omicron's rapid expansion of the alternative and volatile political situation in Europe indicates that it will likely disrupt economic activity in the near term. In addition, a significant downturn in major economies. At a time when governments in many developing economies lack the policy space to support action as needed, the emergence of new Covid-19s, continued supply-chain disruptions and inflationary pressures, and higher financial weakness in large parts of the world, could pose a risk. Hard landing.

As of 2021, the United States and China would occupy the first two places in both methods' gdp ranking. The

US & China's margin is coming down in normal ranking as China's gdp growth rate of 2021 (8.02%) is higher than the US's 5.97%. On a normal basis, the US is ahead of China by \$6 trillion in 2021. On a ppp basis, China has overtaken the US in 2017 and ahead by Int.\$4 trillion, and the gap is increasing. China will remain the world largest economy on a ppp basis over the next few decades as 2nd ranked US is growing slow and 3rd ranked India is way behind. In the normal gdp list, there would be no change in the top 10. Other changes in the top 20 would be Iran overtaking Netherlands, Saudi Arabia overtaking Turkey and Switzerland in the top 20 list. Among the top 50, the economic rank of South Africa would move up by eight positions, while Egypt would lose four places. In the ppp ranking, there would be no change in the top 10 list. Other changes in the top 20 would be Taiwan overtaking Australia. Among the top 50 Ireland will climb three spots. In the list of top 50, all economies will experience a positive growth rate in 2021.

BANGLADESH ECONOMIC REVIEW

Macro-economic growth

During FY2021, the GDP growth in the industrial sector was 10.29 percent. Besides, agriculture had also shown an impressive growth trend at 3.17 percent while the services sector grown at a moderate rate of 5.73 percent. According to BBS's provisional estimation at constant price based on the 2015-16 base year, the agriculture sector had expanded at 2.37 percent rate, the industrial sector at 5.99 percent and the services sector at 5.86 percent. The investment-GDP ratio for the last fiscal had also shown an upward trend at 31.02 percent compared to the provisional estimation of 30.76 percent.

Inflation

According to BBS, the average inflation rate in 2021 stood at 5.54 %, down from 5.69 % in the previous year. Food inflation ticked up to 5.46% in December 2021, compared with 5.34% the year before.

Remittance

The country's remittance earnings reached record high of \$22.07 billion in the just concluded year 2021 despite a slowdown in the earnings in the second half of the year, according to Bangladesh Bank data.

Stimulus Packages

As per the directives of the GOB, activities were carried out under 21 stimulus packages of Tk. 1,20,153 Crore in FY 2019-20 for additional expenditure in healthcare sector, emergency humanitarian assistance and economic recovery to address the COVID-19 pandemic. The number of the stimulus packages were further increased to 23 in FY 2020-21 and the amount of fiscal and stimulus packages till April 2021 was Tk. 1,28,441 crore, which is 4.2 % of GDP. As a result of these actions taken by the government, the economy is expected to turn around.

BD Economy Future Outlook

The Government aims at 7.2 percent GDP growth for 2021-2022 in continuation of the growth momentum. Different multilateral agencies have also projected similar progress. ADB's projection shows 6.8 percent growth, IMF 6.6 percent, and World Bank 6.4 percent for Bangladesh's economy for 2021-2022. While, IMF predicts 7.1 percent GDP growth in 2022-2023. As most of the mega projects will be completed in the next couple of years, it is expected Bangladesh's economy will qualify for LDC graduation soon.

Capital Market

COVID-19 shocked the country's capital market at the onset of the pandemic in March'21 when DSE Broad Index (DSEX) fell precipitously. However, the impact appears to be short-lived, and the market regained its confidence and started to rebound following Government's declaration of sizeable stimulus packages, BB's expansionary monetary policy, and robust growth of wage earners' remittance and resumption of major economic activities. The market capitalization of top ten sectors of DSE, which usually comprises more than 90 percent of total DSE market capitalization, also depict continuous uptrend since July'21.

Insurance Industry Outlook

Risk is one of its most challenging and constant aspects of the human experience. By providing financial backing in case of unexpected events, insurance attempts to reduce the impact of risk on our health, belongings, and businesses. The insurance industry is not only central to the creation of a stable business environment but also critical for the reduction of the financial burden on the government during natural and economic crises. The investment of insurance premiums into other financial assets also helps generate growth in the country.

Insurance companies were nationalized after the liberation of Bangladesh under the presidential order no. 95 i.e. Bangladesh Insurance (Nationalization) Order 1972. This order was implemented through creation

of five corporations i.e. the Jatiya Bima Corporation, Tista Bima Corporation, Karnafuli Bima Corporation, Rupsa Jiban Bima Corporation, and Surma Jiban Bima Corporation and later on these five corporations merged into two corporations called Sadharan Bima Corporation- to conduct general insurance business and Jiban Bima Corporation- to conduct life insurance business. Insurance Sector privatization took place in 1984 under the Insurance Corporation Ordinance 1984.

This sector is far behind to achieve the national target considering the size of the economy because of numerous reasons out of which absence of good corporate governance and inadequate policy support are remarkable. To sell the insurance products, regulatory bindings and patronization is required being people are reluctant to buy an insurance policy unless it is extremely necessary. However, autonomous regulator called IDRA (Insurance Development and Regulatory Authority) was formed in 2010 with the prime object to overall development of insurance Sector through addressing the short comings and to accept the challenges. At present, 78 insurance companies are operating in Bangladesh out of which 46 are engaged in non-life insurance activities and 32 are in life insurance activities. Further, 40 non-life and 13 life insurance companies are listed in the capital market.

Following problems in Non-Life Insurance Sector are visible:

- ✓ Lack of good corporate governance;
- ✓ Unhealthy competitions;
- ✓ Insufficient insurance products;
- ✓ Lack of research and innovations;
- ✓ Shortage of skilled manpower and insurance professionals;
- ✓ Inadequate regulatory supervision;
- ✓ Excessive dependency on agent;
- ✓ High agency commission;
- ✓ Absence of countrywide awareness building program;
- ✓ Mistrust of the customers.

Regulatory Reforms

Insurance Development and Regulatory Authority (IDRA) is the sole entity to regulate the insurance business in Bangladesh. It was formed in 2010 under the Insurance Development and Regulatory Authority Act 2010. The supreme governing act for insurance companies of Bangladesh is the Insurance Act 2010. Any entity conducting insurance business in Bangladesh must follow

this act and which has empowered IDRA to promulgate subsequent regulations whenever required. As per Insurance Act 2010 followings mandatory requirements are the steps towards the reformation process:

- minimum paid capital requirement for non-life insurance companies is BDT 400 million, of which 60% would be provided by the sponsor rest would be open for public subscription;
- All the local insurance entities must be enlisted in capital market through IPO to accumulate rest amount of paid-up capital within the three years from the incorporation. Two years may be extended with the prior permission of authority;
- Non-life insurance companies to invest in Bangladesh Government Treasury Bond (BGTB) minimum BDT 25 million;
- Ceiling of commission offering to the clients regarding premium payment
- Mutual Insurance companies are not allowed to conduct non-life insurance business.
- An Insurance Company cannot conduct both life and non-life insurance business.
- Highest agency commission is 15% of the Gross Premium of own business Restriction to enter in Public Sector business (PSB)
- 50% of PSB is equally divided among the private non-life companies by Sadharan Bima Corporation;

To overcome the problems of General Insurance Sector, IDRA took a number of initiatives in recent past. To stop undue and undisclosed expenses, IDRA promulgated a circular in 2nd July 2019 that includes number of instructions such as-

- Non-life insurance companies can operate maximum three bank accounts in three banks for premium collection. Extra bank accounts being closed within 31st July 2019 by keeping three bank accounts open;
- For preserving capital 1 bank account and for depositing other income 1 bank account being opened;
- For settling claim 1 bank account and for management expense another bank account being opened;
- Expenses more than ten thousand must be made through using non-negotiable cheques;
- All the instructions being implemented within 12th August 2019.

Bangladesh Insurance Association organized a meeting among the chairman, CEOs of Non-life and IDRA where everyone agreed upon keeping agency commission within the prescribed regulatory limit of 15%.

Prior to this, on January 19, IDRA launched Uniform Messaging Platform (UMP) as a part of digitalization and modernization. Through UMP insurance customers will receive the premium information and payment confirmation- introduce e-Money Receipt instead of manual Money Receipt under the supervision of IDRA. Previously, this information gap sourced myriad objection regarding claim from the policy holders.

According to data of BIA, the total premium of private sector life insurance companies decreased from Tk. 90,460 million in 2019 to Tk. 89,264 million in 2020. The life fund of private life insurance companies has increased to Tk. 326,715 million in 2020 from 318,386 million in 2019 showing an increase of 2.62 per cent. The total investment made by the private sector life insurance companies increased from Tk. 286,602 million in 2019 to Tk. 309,286 million in 2020 indexing an increase of 7.91 per cent. The total assets of the private sector life insurance companies is attributed to Tk. 388,437 million in 2019 as against Tk. 413,741 million in 2020 registering an increase of 6.51 per cent.

Prospects

Bangladesh observed the 'Insurance Day' on March 1, 2021 highlighting the role of insurance sector in the economy. The Honorable Prime Minister Sheikh Hasina was the chief guest in an event held on the occasion. It was also decided that Insurance Day will be observed on March 1 every year.

Despite various challenges, Bangladesh's insurance sector has tremendous potential for growth, especially given the country's favorable macroeconomic picture. Regulatory reforms and the introduction of bank assurance, health, expatriate, agriculture, education, coastal and public pension insurance products along with deep distribution channels can catalyze growth in the insurance sector. Regulations that focus on reducing the risk of insolvency can help build trust in the market at a global level, which in turn will increase the flow of funds into the economy. With adequate capital requirements in place, insurance companies will serve as a safeguard for investments in infrastructure bonds, thereby boosting infrastructure development. Strong regulations can also help strengthen the reinsurance market, which will ease the financial burden on the government arising from catastrophic events, thus directly contributing towards development opportunities for the country.

Further, well-defined regulations can drive competition, enabling companies to provide the best solutions and offer more options to customers. Regulatory frameworks, ideally framed with reference to international standards and principles, will go a long way towards creating a resilient insurance sector. A resilient insurance sector can, in turn, have far-reaching economic, commercial and social benefits for Bangladesh. Thriving against odds, it could also, in the long run, encourage entrepreneurship and innovation while facilitating risk transfer.

An Overview of Asia Insurance Limited

Asia Insurance Limited (AIL) is one of the leading non-life insurance Company in Bangladesh and was incorporated as Public Limited Company on 30 April 2000 under the Company Act, 1994 and obtained registration from the former Chief Controller of Insurance, Government of Bangladesh on 30 May 2000. Asia Insurance obtains renewal license from the Insurance Development & Regulatory Authority (IDRA) in 2011. It was listed with Dhaka and Chittagong Stock Exchange on 25 June 2009. The Company carries its insurance activities through Head Office along with 22 (twenty two) Branches under online support all over the country.

Asia Insurance Limited has an Authorized Capital of Tk. 1000 million and Paid up Capital of Tk. 470.70 million. Share of the Company are traded in both Dhaka and Chittagong Stock Exchange as 'A' category.

Asia Insurance Limited further achieved **AA+ (Pronounced as double A Plus)** credit rating valid up to December 2022 as rated by the Alpha Credit Rating Limited which indicated good financial performance and sound solvency position of the Company having a strong financial backup with high claim paying ability.

Asia Insurance Limited is focused on providing professional services of the highest quality to its clientele which include many reputed large national and multinational conglomerates. Over the 22 (twenty two) years, Asia Insurance Limited has established its track record as a sound and dependable insurer, consistently able to meet its commitments and by providing insurance solution to the individual needs of its clients.

The Board of Directors of Asia Insurance Limited is exceptionally qualified and well reputed business leader of the country. Mr. Yussuf Abdullah Harun FCA, MP, Member of the parliament and former president of the FBCCI is leading the Company as Chairman of the Board of Directors.

The qualified and experienced management team is headed by Mr. Md. Imam Shaheen, who has long 32 years of versatile working experience and well reputation in the Insurance industry. Mr. Md. Imam Shaheen has been elected as the Secretary General of the Bangladesh Insurance Forum (only MD's organization) and EC member of the Bangladesh Insurance Association, an apex body of the insurance industry in Bangladesh.

Financial performance of the Company has been consistently positive, delivering both underwriting and investment income and by giving attractive returns to its shareholders from inception. The Company is maintaining strong corporate culture, corporate governance, ethical standards, corporate social responsibilities, superior underwriting skills and abilities and dynamic investment management.

Within the framework of existing tariff, this Company charges the most economic and competitive premium rates ensuring maximum security at minimum cost. The Company has got necessary Re-insurance arrangement both at home and abroad under which it can underwrite any risk of any value.

This Company takes utmost care in handling and settling claims with due promptitude with a view to giving timely indemnity to the members of the clientele.

The future prospect of Asia Insurance Limited is not only to increase business volume but also to upgrade the ranking and service quality of the Company. Asia Insurance emphasize on internal and external training in different subject area for the human resource development of the Company.

Sustainable Report & Green Initiatives

As per Para 5 (iii) of corporate governance code 2018, Sustainable reporting and environmental issues have been described in **Annexure-I**

Operating Result

During the year under report, AIL's gross premium income was Taka 757.81 million as against Taka 702.13 million in 2020 an increase of 7.93%, Net Premium income attained was Taka 450.60 million as against Taka 441.70 million in 2020 leaving an increase of 2.02% compared to 8.08% in 2020. Apart from general slow growth in non-life insurance Company, Asia Insurance Limited achieved a modest growth in gross premium income account. Net profit (before tax) was increased to Taka 214.79 million in 2021 compared to Taka 151.05 million in 2020 which is a growth of 42.20%.

INCOME ANALYSIS

Income from revenue accounts

The Company has accumulated and transferred to comprehensive Income Account by Taka 193.38 million in 2021 from five revenue accounts i.e. Fire, Marine, Marine Hull, Motor & Miscellaneous Revenue Accounts compared to Taka 85.40 million in 2020 which is a sharp increase of 126.44% from the previous year. A comparative position on income received from revenue accounts in the year 2021 and 2020 is given below:

Figure in Million Taka

Class of business	2021	2020	Growth
Fire Revenue Account	17.32	(7.05)	(345.67)
Marine Revenue Account	129.95	40.93	217.49
Marine Hull Revenue Account	0.05	(1.23)	(104.88)
Motor Revenue Account	4.05	23.63	(82.86)
Miscellaneous Revenue Account	42.00	29.13	44.18
Total	193.38	85.40	126.44

Income from Interest, dividend & rent A/C

Interest, Dividend & Rent Income was Taka 66.42 million in 2021 compared to Taka 74.68 million in 2020 which is a growth of (11.07) %. Income from other sources was Taka 3.10 million in 2021 compared to Taka 2.18 million in 2020.

Income from Investment in Shares & Securities

Throughout the year, the country observed the capital market as unsupported, fade and confidence less of the

investors irrespective of corporate and individual. Asia Insurance Limited had an investment outstanding of Taka 492.04 million in Quoted Shares of which market value is Taka 452.67 million of 2021. Necessary provision for denomination of value in share has been provided by Taka 39.38 million as on date of report.

Capital Expenditure

During the year under review, the total capital expenditure on acquisition of fixed assets was Taka 0.29 million.

Capital Requirement

According to Insurance Act 2010, Asia Insurance Limited is complaint in maintaining of minimum required capital. As on date of report, the paid up capital of Company has stood at Taka 470.70 million as against required capital of Taka 400 million

Significant variance in operating results between Quarterly and Annually

Asia Insurance Limited maintained a positive growth in Premium, Investment and Operating Profit. The Net profit (before tax) of the year 2021 was Taka 214.79 million against Taka 151.05 million in 2020 which is a growth of 42.20%. While analyzing the operating results by quarter to quarter, no significant deviation was found. The operating results for the 4 quarter of the year 2021 are given below with remarks:

Figure in Million Taka

Sl No	Accounting Head	1 st quarter ended on 31.03.21	2 nd quarter ended on 30.06.21	3 rd quarter ended on 30.09.21	4 th quarter ended on 31.12.21	Remarks
1.	Total Income	185.91	338.55	601.32	772.41	No significant variance in quarterly result
2.	Total Expenditure	123.31	241.93	400.59	557.62	No significant variance in quarterly result
3.	Net Profit before Tax	49.25	96.62	200.73	214.79	No significant variance in quarterly result
4.	EPS	0.74	1.48	3.18	3.29	No significant variance in quarterly result

Segment Analysis

The purpose of segments reporting is to enable the users of the Annual Report to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates. For management, segment reporting is used to evaluate each segment's income, expenses, assets, liabilities and so on in order to assess profitability and risk elements to the Company. Given below are the Company's premium income, claim settlement, and profitability by class of business:

Figure in Million Taka

Segment	Gross Premium		Claim Settlement (net)		Operating Profit /(loss)	
	2021	2020	2021	2020	2021	2020
Gross Premium	757.81	702.13	127.39	171.16	193.38	85.40
Fire	248.35	314.70	64.22	82.47	17.32	(7.05)
Marine	324.77	222.86	30.40	75.51	129.95	40.93
Marine Hull	16.22	13.04	0.45	(0.00)	0.06	(1.23)
Motor	52.02	54.29	32.27	6.78	4.05	23.63
Miscellaneous	116.45	97.24	0.05	6.39	42.00	29.13

Contribution to the National Exchequer

During the year under report, an amount of Taka 148.76 million was contributed to the national exchequer against Taka 119.47 million in the year 2020 which is a sharp increase of 24.52% over the previous years.

Particulars	Year 2021	Year 2020
Corporate Income Tax	58,238,623	40,092,701
VAT (Premium)	79,922,401	64,725,087
VAT at Source	3,282,254	4,666,645
Tax Collection at Source	5,882,415	8,871,985
Excise Duty	1,432,195	1,111,682
Total	148,757,888	119,468,100

Risk Management

To meet the requirements of 5(iii) of Corporate Governance Code, risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment etc. has been described in the Disclosure on Risk Management annexed herewith in "Annexure- II"

Related Party Transaction

Related party refers to the controlling entity (either directly or commonly) or controlling individual or close group/family member of such entity or individuals who have substantial influencing power in management

Date of Declaration	Valid till	Rating Action	CPA Rating Rating	Short Term Rating	Outlook Stable
December 22, 2021	December 21, 2022	Surveillance	AA+	ST-1	Stable
December 31, 2020	December 21, 2021	Surveillance	AA+	ST-1	Stable

Human Resource Development

Human Resource is the corner stone for accelerated and sustained development of any organization. Asia Insurance Limited recognizes the importance of skilled Human Resources for overall growth of the Company. The meritorious and talented human resources team is the key for continuous development of the organization. Superior human resources are an important source of competitive advantage. To attract talented human resources team and to create brand image, the Company has formulated HR policies and Service Rules for the employees. Asia Insurance Limited has been trying to ensure maximum output with minimum resources. So quality manpower with good academic background is being recruited in all levels of the Company.

Asia Insurance Limited is an employee welfare-oriented organization. For this reason, the management of the Company always tries to sort out all possible ways it deems beneficial to promote its employees' professional

of a particular organization. Whereas related party transactions refer to those transactions with the entity / person as stated by way of transfer of resources, services regardless of whether a price is charged.

Disclosure on related party transactions with the Asia Insurance Limited has been provided in the Annexure-C of the audited financial statements for the year ended 31st December. During the year under review 2580 of transactions were recorded under 'related party transaction' category of whose total transaction amount as on 31.12.2021 was Taka 171.94 million compared to Taka 178.37 million in 2020 against 2544 nos. of transactions.

Credit Rating

Alpha Credit Rating Limited (ACRL) has affirmed **AA+ (Pronounced as double A Plus)** under claim paying ability of whose outlook is stable on the financials up to December 21, 2022 and other relevant qualitative and quantitative information up-to date of rating. The rating reflects AIL's good solvency, good liquidity, good FDR base, diversified investment portfolios, experienced top management, improving IT infrastructure etc.

CPA rated in this category is adjusted to a very high claims paying ability. Protection factors are strong. Risk is modest. But may vary slightly over time due to underwriting and/or economic conditions.

skill and efficiency. During the year 2021 under review, Asia Insurance Limited conducted 4 nos. of training/ Workshop/Seminar for total 09 nos. of employees compared to 07 nos. of employees who attended in 05 nos. of training/workshop/Seminar in 2020

Training conducted by Asia Insurance Limited in 2021

Sl No.	Title of Training/Workshop/Seminar	No. of Participants
1	Comprehensive Course on Marine Insurance	4
2	Advance Technical Analysis	1
3	National Insurance Policy 2014,Way ahead	2
4	Practical aspect of Re- Insurance in the perspective of Bangladesh	2

In order to evaluate the level of efficiency, improve the healthy competition among the employees and to motivate the employees the Company uses "Employees' Performance Evaluation" and "Key Performance Indicator (KPI)". Upon the evaluation, the employees are motivated and awarded with promotion, accelerated promotion and other benefits.

Human Capital/ Human Resource Accounting

Description	Yr-2021	Yr-2020	Yr-2019	Yr-2018	Yr-2017
Total number of employee	243	257	240	247	261
Total number of Branches	22	22	22	22	22
Employee in branches (nos.)	163	169	167	176	193
Premium per employee (Million Tk.)	3.12	2.73	2.63	2.50	1.95
Operating profit per employee (Million Tk.)	0.80	0.33	0.32	0.39	0.24
Salaries & Allowances per employee (Million Tk.)	0.39	0.37	0.40	0.34	0.32
Salaries & Allowances as percentage of Operating profit	49.01%	112.00%	125.00%	87.00%	133.00%

Employee Benefits

Asia Insurance Limited is very keen to establish and retain a very congenial working atmosphere. The Company has a competitive pay structure for its employees and always keep track on the necessity of revision on the passage of time that matches with the living standards of the employees in one hand and competitive with other Competitor Company on the other hand. Services of the employees are governed by the Employees Service Rules. Pay Scale is reviewed in timely fashion in-order to make competitive. Apart from salary & Allowances, Festival Bonus and yearly Incentives, Asia Insurance Limited provide long term benefits to its employees like 10% contributory Provided Fund (both employee and employers), Gratuity (equivalent to 1 basic salary for the employees who has completed 7 years but not exceeded 10 years and equivalent to 1.50 basic salary those who has completed 10 years, Group insurance policy etc.

Safety Measures

Asia Insurance Limited provides world class office environment to its employees. Every branch of Asia Insurance Limited is well decorated with the provisions of air condition, most modern safety office equipment and machines and well structured office building facilitated by sewerage and electricity connection and security measures like 24/7 close circuit TV camera, well trained security guard, fire extinguishers etc. Design of Office / Branch is considered on the basis of sufficient free space, safe sewerage gas and electricity connections etc. All has the finest corporate Head Office at Rupayan Trade Centre (14th Floor) at 114-1145 Kazi Nazrul Islam Avenue, Bangla Motor, Dhaka-1000 measuring areas of 21507sqft. featured by most modern equipments and facilities.

Human resource Accounting is the process of identifying and reporting the Investments made in the Human Resources of an organization that are presently not accounted for in the conventional accounting practices. Asia Insurance Limited formally does not practice Human Resources Accounting but regularly works out and looks into some important areas for mathematical and co-relational understanding on the main business factors. Given below is the considerable index to the management on which human related decisions are taken:

Information and Communication Technology

The Company has separate IT Department through which managing IT related matters. All department of Head office is connected through Local Area Network (LAN) supported by two servers i.e. Brand & Gateway. All the branches are well connected through Database system through Online.

Data Security

A group of young and highly IT professionals are working to protect the data resources of the Company and hopefully as on date of report, there is no single incident recorded which may cause the threat towards the data or computer resources of the Company.

Managing Information Technology Risk

IT risk is the business risk associated with the use, ownership, operation, involvement, influence and adoption of IT within an enterprise. Risks surrounding Information Technology, such as network failure, lack of skills, hacking and viruses and poor system integration have the potential to have a negative impact on an organization. To retrieve data in any crucial moment, Asia Insurance Limited has upgraded the server system from RAK-72 with auto Backup in 32U RAK. The Company ensures secured file sharing system, CUBE and SS Display etc. The Company is considering introducing Disaster Recovery Center (DRC) to protect the IT resources from any means of misshape.

This Report also States

The financial statements prepared as on 31.12.2021 by the Asia Insurance Limited, presented fairly its state of affairs, the results of its operation, cash flows and changes in equity;

- The financial statements prepared as on 31.12.2021 by the Company, presented fairly its state of affairs, the results of its operation, cash flows and changes in equity;
- There is no significant variance occurred between quarterly financial performances and Annual Financial Performances of 2021;
- During the year 2021, an amount of Taka 4,51,200/- has been paid to the Directors of Asia Insurance Limited as director's remuneration including Independent Director;
- The Company has been maintained proper books of accounts;
- Appropriate accounting policies have been consistently applied in preparation and presentation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;
- International Accounting Standards (IAS)/ 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. A report on Internal Control System of Asia Insurance Limited is enclosed in **Annexure no: III**; and
- Management has reasonable ground to believe that there are no significant doubts upon the Company's ability to continue as a going concern. A report on going concern is enclosed in the **"Annexure no: IV"**.

Operating Result & Profit

Net Profit of the Company as on 31st December 2021 stood at Tk. 214.79 million against Tk. 151.05 million of the preceding year.

A summary of operating result of Asia Insurance Limited as on 31st December 2021 vis-à-vis the position as on 31st December 2020 is shown below:

Taka in millions

Particulars	2021	2020	Growth Rate
Profit & (Loss) from Revenue Accounts	193.38	85.40	126.44%
Income from Interest, dividend, Rent	66.42	74.68	(11.06%)
Others Income	3.10	2.18	42.20%
Total Operating Income	262.90	162.26	62.02%
Operating Expenses	62.76	35.45	77.03%
Profit before Provision	200.15	126.81	57.83%
Provision against Investment & Others	(14.64)	(24.24)	(39.60%)
Net Profit before Tax	214.79	151.05	42.20%
Return on Assets (ROA)	6.81%	5.81%	17.21%
Return on Equity (ROE)	14.52%	11.32%	28.26%
Gross Profit Ratio	28.34%	21.51%	31.75%
Earnings per Share	3.29	2.34	40.59%

- During the period under report, there was no extra ordinary gain or loss has recorded;
- 5 years key financial data has been summarized in **"Annexure-V"**;
- The Board of Directors has recommended 15% cash dividend for the year 2021 in its 151th Board meeting held on 10th May, 2022.

Corporate Governance

In recent times, corporate governance has been considered as most essential aspect for efficient management of a business house. It is considered to be a set of internal rules and procedures that ensure the accountability of the Directors and Top Management towards the stakeholders. Asia Insurance Limited gives much emphasis on the corporate governance in promoting a sound management. The objective of the Company is to comply with all regulatory requirements, ensure equitable treatment of all stakeholders. It confirms full and fair disclosure of financial and other material information and show respect for norms of business ethics and social responsibility.

The Board of Directors, Executive Committee, Re-Insurance & Claim Committee, Human Resource Development Committee, Investment Committee, Audit Committee, Nomination & Remuneration Committee (NRC), MANCOM and other Committees of the management perform their respective tasks with accountability and transparency.

Besides, to support and enhance the practice of corporate governance, the Audit Committee of the Asia Insurance Limited was duly constituted by the Board of

Directors with a view to evaluating the activities of the Company as per guidelines laid down in the Corporate Governance Code- 2018 issued by Bangladesh Securities & Exchange Commission (BSEC) vide notification no: BSEC/CMRRC/2006-158/207/ Admin/80 dated 3rd June 2018, to strengthen the corporate governance practice in corporate. One of the most important and interesting part of the corporate governance is inclusion of at least 1/5th Independent Director of the total number of Board of Directors in the listed companies who will be knowledgeable individual with integrity and is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business.

Asia Insurance Limited is always keen to comply with and focus highly the corporate governance issues and accordingly included 1/5th number of Independent Directors of its total number of Board of Directors.

Compliance Status of Corporate Governance Guidelines issued by Bangladesh Securities & Exchange Commission (BSEC) under notification no: BSEC/CMRRC/2006-158/207/ Admin/80 dated 3rd June 2018 under condition no: 1(5) (xix), (xxii), (xxiii a), (xxiii b), (xxiii c) & (xxiii d):

Compliance of condition 1(5) (xix)

Key operating and financial data for the last five years are summarized in the preface of this report.

Compliance of condition 1(5) (xxii)

Board Meeting Held during the year 2021 and attended by each Director

Sl. No.	Name of the Director	Board meetings in 2021		
		No of Board Meeting held	Attendant	Fees (Tk.) (Per Meeting)
1	Yussuf Abdullah Harun FCA, MP	4	4	8,000.00
2	Mahbubul Alam	4	4	8,000.00
3	Abul Bashar Chowdhury	4	4	8,000.00
4	Mohammed Jahangir Alam	4	1	8,000.00
5	Khaleda Begum	4	1	8,000.00
6	Mohammad Mustafa Haider	4	2	8,000.00
5	Farzana Afroze	4	1	8,000.00
8	Walid Mohammed Samuel	4	1	8,000.00
9	M. Kamal Hossain	4	2	8,000.00
10	Tarik Sujat	4	4	8,000.00
11	Mohammad Ali Khokon	4	2	8,000.00
12	Dr. Zaidi Sattar	4	4	8,000.00

Compliance of condition 1(5) (xxiii a): Pattern of shareholding

Statement in compliance with condition 1(5) (xxiii-a): Parent / Subsidiary/Associated Companies and other related parties: NIL

Statement in compliance with Condition 1(5) (xxiii b)

b (i): Shareholding Position of Directors of Asia Insurance Limited with their Spouse and Minor Children as on 31.12.2021

SL No.	Name	Position & Relation	Number of Share	Total	% of Share
1	Mr. Yussuf Abdullah Harun FCA, MP	Chairman	2,255,715	2,255,715	4.79%
	Mrs.	Wife			
	Mr./Miss	Son/daughter			
	Master	Minor Child			

SL No.	Name	Position & Relation	Number of Share	Total	% of Share
2	Mr. Mahbubul Alam	Vice Chairman	1,882,793	1,882,793	4.00%
	Mrs.	Wife			
	Mr./Miss	Son/daughter			
	Master	Minor Child			
3	Mr. Abul Bashar Chowdhury	Director	1,882,793	1,882,793	4.00%
	Mrs.	Wife			
	Mr./Miss	Son/daughter			
	Master	Minor Child			
4	Mr. Md.Jahangir Alam	Director	1,882,793	1,882,793	4.00%
	Mrs.	Wife			
	Mr./Miss	Son/daughter			
	Master	Minor Child			
5	Mrs. Khaleda Begum	Director	1,882,793	1,882,793	4.00%
	Mr. Mohammad Mustafa Haider	Son	2,715,588	2,715,588	5.77%
	Mrs. Farzana Afroze	Daughter	1,882,793	1,882,793	4.00%
	Ms. Rizwana Afroze Binte Kalam	Daughter	1,050,000	1,050,000	2.23%
	Master	Minor Child			
6	Mr. Mohammad Mustafa Haider	Director	2,715,588	2,715,588	5.77%
	Mrs.	Wife			
	Mr./Miss	Son/daughter			
	Master	Minor Child			
7	Mrs. Farzana Afroze	Director	1,882,793	1,882,793	4.00%
	Mr.	Husband			
	Mr./Miss	Son/daughter			
	Master	Minor Child			
8	Walid Mohammed Shamuel	Director	943,793	943,793	2.01%
	Mrs.	Husband			
	Mr./Miss	Son/daughter			
	Master	Minor Child			
9	Southeast Bank Limited Represented by Mr. M. Kamal Hossain	Director	3,799,014	3,799,014	8.07%
	Mrs.	Wife			
	Mr./Miss	Son/daughter			
	Master	Minor Child			
10	Bay Leasing & Investment Limited Represented by Mr. Tarik Sujat	Director	956,898	956,898	2.03%
	Mrs.	Wife			
	Mr./Miss	Son			
	Master	Daughter			
	Master	Minor Child			
11	Mr. Mohammad Ali Khokon	Director	941,759	941,759	2.00%
	Mrs.	Wife			
	Mr./Miss	Son			
	Master	Daughter			
	Master	Minor Child			
12	Dr. Zaidi Sattar	Independent Director	Nil	Nil	Nil

1(5) (xxiii b)(ii) Shares held by the Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and other top Executives of the Company and their spouse and minor children(Name wise Details)

SL No.	Name & Designation	Nos. of Share(s) held
1	Md. Imam Shaheen, Managing Director & CEO Including Wife, Son, Daughter, Minor Child	Nil
2	Md. Atique Ullah Majumder, SEVP & Company Secretary Including Wife, Son, Daughter, Minor Child	Nil
3	Md. Rafiqul Islam, SEVP & Chief Financial Officer Including Wife, Son, Daughter, Minor Child	Nil
4	S I M Ashrafal Alam, Senior Vice President Including Wife, Son, Daughter, Minor Child	Nil

1.5 (xxiii c) Shares held by top five salaried Executive of the Company and their spouse and minor children;

SL No.	Name & Designation	Nos. of Share(s) held
1	Md. Imam Shaheen, Managing Director & CEO Including Wife, Son, Daughter, Minor Child	Nil
2	Md. Atique Ullah Majumder, SEVP & Company Secretary Including Wife, Son, Daughter, Minor Child	Nil
3	Md. Rafiqul Islam, SEVP & Chief Financial Officer Including Wife, Son, Daughter, Minor Child	Nil
4	S I M Ashrafal Alam, Senior Vice President Including Wife, Son, Daughter, Minor Child	Nil

1(5) (xxiii d) Shareholders holding ten percent or more voting interest in the Company: NIL

Responsibilities related information of Directors, Chairman, CEO, CS, CFO & HIAC

To meet the requirements of Paragraph 4(d) and 7 of the corporate governance code 2018, Information related to responsibilities, role, TOR, Code of Conduct of Directors, Chairman, CEO, Company Secretary, CFO and HIAC have been described in **Annexure-VI**

Information related to Board, Committee, Meetings & its Directors

Board of Directors

Asia Insurance Limited does not have its own policy on appointment of Directors rather it follows the directions and guidelines of regulatory authorities like Bangladesh Securities & Exchange Commission's (BSEC) Notification, Insurance Companies Act 2010, IDRA Guidelines. The

Company has 13 (Thirteen) directors in its Board and at least one-fifth is Independent Directors i.e. there are one independent director in the Board. At the time of appointment of new directors, the existing Board of Directors frequently assess the size and structure of the Board, evaluate the knowledge, skills, experience and perceptions that may be necessary to allow the Board to perform its functions.

The Directors are appointed by the Shareholders in the Annual General Meeting. Casual vacancy, if any, is filled up by the Board in accordance with the provisions of the Companies Act and Articles of Association of the Company. During the year under report, no casual vacancy was occurred. Total number of Directors of Asia Insurance Limited is 13 (Thirteen) including 01 (one) Independent Directors as on 31.12.2021 which is within the compliance limit of the provision of the Corporate Governance Code 2018. According to Bangladesh Securities & Exchange Commission's (BSEC's) Notification Dated 22.11.2011 published in the Bangladesh Gazette on December 14, 2011 all the Directors of Asia Insurance Limited have their sufficient shareholdings i.e. minimum 2% of the total paid-up capital of the Company.

The Board members of Asia Insurance Limited are highly professional and competent. The board approves and reviews different policies and business plans with the ultimate objective to achieve the goals whereas the administrative and execution powers lie with the management team headed by the Managing Director. Managing Director of the Company is paid salaries and allowances as per approval of the Board of Directors of Asia Insurance Limited subject to approval of IDRA.

Directors are entitled and paid meeting attendance fees Taka 8000/- per attendance including actual travelling, food and lodging expenses for attending the Board of Directors Meeting, Executive Committee Meeting, Re-Insurance & Claims Committee Meeting, Human Resources Development Committee meeting, Investment Committee Meeting, Audit Committee Meeting & Nomination and Remuneration Committee (NRC) Meeting. During the year 2021, the total expenditure related to the Board meeting was Taka 0.45 million against Taka 0.50 million in 2020.

Board Meetings & Minutes

The Board meets to discuss and review business strategy, financial performance, compliance and governance, risk management issues etc. as well as reports on matters deliberated by the respective committees. Meetings of the Board are scheduled in advance for the Directors to plan their schedules. In addition, Special Board meetings are held when necessary, to deliberate on major transactions and ad-hoc matters that require the Board's urgent attention and decisions.

Meeting papers on the proposals and reports are delivered to the Directors prior to the meetings, giving them sufficient time to evaluate the proposals and if necessary, request additional information. This enables the Board to function and discharge their responsibilities effectively. The minimum information required for the Board to make an informed and effective decision includes background, objective, key issues, rationale, financial and non-financial impact of the proposal.

Directors who are unable to attend a meeting due to unavoidable circumstances are encouraged to provide feedback to the Chairman on matters to be deliberated for their views to be given due consideration at the meetings. Proceedings and resolutions are taken by the board are recorded as minutes of the meeting signed by the Chairman of the meeting. The decisions taken by the board are disseminated by the Company Secretary to whom such decision relates. Upon request of any member of the Board of Directors, copy of minutes of AGM is provided by the Company Secretary upon receipts of fees as per Articles of Association of the Company. As per Company Act 1991, every Company is required to hold minimum 4 (four) Board of Directors meeting in a year. During the year 2021 under report, total 4 nos. of Board meetings were held against 5 meetings in 2020 where 31 nos. of policy decision were taken out of which 31nos. of decision so far been implemented.

All such meeting related papers, documents, memo, attendance & honorarium registers, minutes etc. are being maintained in good condition by the Board Secretariat of Asia Insurance Limited.

Retirement of Directors

At least one third of the total number of directors shall retire every year in the Annual General Meeting (AGM) in compliance with the provision of Companies Act, 1994 and Articles of Association of the Company. However, retiring Directors are also eligible for re-election in the same AGM they retire. In the last 21st Annual General Meeting (AGM) held on 2nd August 2021 the following directors were retired by rotation and they were also re-elected as per provision of the Articles of Association of the Company:

Sl. No. Name of the Directors

1. Mr. Mohammed Jahangir Alam
2. Mr. Mohammad Mostafa Haider
3. Mr. Abul Bashar Chowdhury

As per Section 91(2) of the Companies Act, 1994 and as per articles no: 112, 113, 114 of the Articles of Association of Asia Insurance Limited, the following directors will retire from the office in the next 22nd Annual General meeting being holding the office for the longest period.

Sl. No. Name of the Directors

1. Mr. Yussuf Abdullah Harun FCA, MP
2. Mrs. Khaleda Begum
3. Walid Mohammed Shamuel

As per provision of Article 114 of the Articles of Association of the Company, the retiring directors as mentioned above are eligible for re-election in the same meeting they retire.

Independent Director

Pursuant to Condition # 1.2 of the Corporate Governance Code 2018 issued by Bangladesh Securities and Exchange Commission (BSEC) vide its Notification No. BSEC/CMRRC/2006-158/207/ Admin/80 dated 3rd June 2018, Asia Insurance Limited appointed 1/5 Independent Directors to the Board of Directors. There is 1 (One) Independent Directors namely: Dr. Zaidi Sattar was appointed on 21.05.2017. The Independent Directors in the Board exerts independent views on the policy decisions and ensures that all decisions are unbiased and for the best interest of the Company. As per above corporate governance guidelines, no independent director of Asia Insurance Limited :-

- holds more than one percent shares of the total paid-up capital.
- is not a sponsor of Asia Insurance Limited and is connected with the Company's any sponsor or director or shareholder who holds one percent (1%) or more share of the total paid-up capital on the basis of family relationship.
- does not have any other relationship, whether pecuniary or otherwise, with the Company;
- is not a member, director or officer of any stock exchange.
- is not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market.
- is not a partner or an executive or was not a partner or an executive during preceding 3 (three) years of the Company's statutory audit firm.
- is not an Independent Director more than 3(three) listed companies.
- has not been convicted by a court of competent jurisdiction as defaulter in payment of any loan to a Bank or Non-Bank Financial Institute.
- has not been convicted for a criminal offence involving moral turpitude.

Executive Committee

This is the subordinate committee to the Board. Members of the Executive Committee are elected by the Board of Directors of the Company. As Articles of Association, the Company has formed an Executive Committee. Duties and responsibilities of the Executive Committee are determined by the Board of Directors. The Executive Committee lies with the duties and responsibilities to ensure an efficient, competent, complied and secured structural approving system of business decision.

Audit Committee

In order to establish good corporate governance and a culture of adequate internal control system inside the Company and to evaluate the activities of the Company as per Corporate Governance Code of BSEC, the Audit Committee of the Board was duly constituted as per BSEC notification no. BSEC/CMRRC/2006-158/207/ Admin/80 dated 3rd June 2018.

The current Audit Committee is consisted of 8 (eight) members where Chairman is Independent Director. All members of the Audit Committee are non-executive directors. All members are financially literate and one of the members of the committee is from Finance and Accounting background. The head of internal audit always has direct access to the audit committee as well, and can express his issues in front of the committee.

The Audit Committee has a term of reference and is empowered to investigate/question employees and retain external counsel as required. During the year 2021, total 3 nos. of meetings were held. Audit Committee plays the following role in the Company

- Oversee the financial reporting process.
- Monitor choice of accounting policies and principles.
- Monitor internal control risk management process.
- Oversee hiring and performance of external auditors.
- Review along with the management, the annual financial statements before submission to the board for approval.
- Review along with the management, the quarterly financial statements before submission to the board for approval.
- Review the adequacy of internal audit function.
- Review statement of significant related party transactions submitted by the management.
- Review Management Letters / Letter of Internal control weakness issued by the statutory auditors.

A report on the activities carried out by the Audit Committee duly signed by the Chairman of the Audit Committee under condition No. 5(6)(a)(ii) of the Corporate Governance Code for the year 2019 has been disclosed in this Annual Report in **“Annexure VII”** to meet the requirements of Paragraph 5(7) of the said Corporate Governance Code 2018.

Remuneration Committee

According to Paragraph 6 of the BSEC notification no. BSEC/CMRRC/2006-158/207/ Admin/80 dated 3rd June 2018, the Board of Directors of Asia Insurance Limited has formed a Nomination and Remuneration Committee (NRC) in its 133rd meeting held on 28th January 2018. This committee has constituted with 3 members out of whom 02 members and 01 Independent Directors. Pursuant to the condition a 6(5)(c) of Corporate Governance Code 2018, a Report of the Nomination and Remuneration Committee (NRC) is enclosed in **“Annexure VIII”**

Statutory Declaration

To meet the requirements of paragraph 5 of XXVI of Corporate Governance Code 2018, statutory declaration is given by the CEO & CFO of Asia Insurance Limited as per **“Annexure IX”**

Corporate Governance Check list and Certification on Corporate Governance

To meet the requirements of paragraph 5 of XXVII of Corporate Governance Code 2018, Certificate on Corporate Governance is enclosed in **“Annexure-X”**.

Appointment of Auditors

M/s. Pinaki & Company, Chartered Accountants, Dhaka was appointed as External Auditors of Asia Insurance Limited by the Shareholders in its 21st Annual General Meeting at a fees of Taka 2,50,000/- (taka two lac fifty thousand) only for the year 2021. As per Securities and Exchange Commission Rules, is appointment as an External Auditors for the year 2021 and has expressed their interest to become auditors for the year 2022.

Information availability on website

The full text of the Annual Report 2021 including other financial reports is available in the Company's website

www.asiainsurancebd.com

Investor's Complain Desk

The Company has an Investor's Complain Desk to investigate any matters related to the Investors. Any aggrieved investor may submit his complain or query to the following address;

Company Secretary & Head of Investor Complain Desk

Asia Insurance Limited
Corporate Head Quarter
Rupayan Trade Centre (14th Floor)
114-115 Kazi Nazrul Islam Avenue,
Bangla Motor, Dhaka-1000
Phone:+88 02 55138581-84
Fax: +88 02 55138587
Email: asiainsu@gmail.com
info@asiainsurancebd.com
web: www.asiainsurancebd.com

Gratitude

The member of the Board of Directors of Asia Insurance Limited would like to place on record their gratitude to all the valued Shareholders, Clients, Patrons and Well-Wishers for their continued support and cooperation. We are also indebted to the Government of Bangladesh, IDRA, Securities & Exchange Commission (SEC), Stock Exchanges, Commercial Banks & Financial institutions, Office of the Registrar of Joint Stock Companies & Firms and all other concerned for their continued and kind support. Finally, the Board would like to place on record their deepest appreciation for the dedicated services rendered by all the employees of the Company.

On behalf of the Board of Directors



Yussuf Abdullah Harun FCA, MP

Chairman