

Directors' Report

For the year ended 31st December, 2024

Dear Shareholders and honourable partners in progress

Assalamualaikum wa Rahmatullah,

It gives me a great pleasure to welcome you to the 25th Annual General Meeting of Takaful Islami Insurance PLC on behalf of the Board of Directors of the Company and on my behalf. I am also pleased to present the Annual Report of the Directors for the year ended in December 31, 2024 along with the 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 2024 and Shariah Council Report for your information, consideration and approval.

In compliance to the provisions of section 184 of the Companies Act 1994, Rule 12 (and the schedule there under) of the Bangladesh Securities and Exchange Commission (BSEC) Rules 1987 including Code no. 5 of the Corporate Governance Code 2018 issued by 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.

Global Economy

The latest World Economic Outlook reports stable but underwhelming global growth, with the balance of risks tilted to the downside. As monetary policy is eased amid continued disinflation, shifting gears is needed to ensure that fiscal policy is on a sustainable path and to rebuild fiscal buffers. Understanding the role of monetary policy in recent global disinflation, and the factors that influence the social acceptability of structural reforms, will be key to promoting stable and more rapid growth in the future.

Global growth is projected to be in line with the April 2024 World Economic Outlook (WEO) forecast, at 3.2 percent in 2024 and 3.3 percent in 2025. Services inflation is holding up progress on disinflation, which is complicating monetary policy normalization. Upside risks to inflation have thus increased, raising the prospect of higher for even longer interest rates, in the context of escalating trade tensions and increased policy uncertainty. The policy mix should thus be sequenced carefully to achieve price stability and replenish diminished buffers.

Bangladesh Economy

During the period of last Autocratic Government widespread looting and money laundering abroad by the collapse of the banking sector and the stifling of investment. Bangladesh's economic outlook for 2024 is mixed, with growth forecasts ranging from 3.3% to 5.1% depending on the source and specific projections. Several factors, including high inflation, political uncertainty, and a slowdown in investment, are impacting the economy. While some indicators like exports and remittances show positive trends, overall growth is expected to be subdued.

High inflation, particularly for essential items, is a major concern impacting consumer purchasing power and potentially hindering economic activity.

Investment, both public and private, is expected to remain subdued due to political uncertainty and high borrowing costs.

While external pressures have eased with strong remittances and exports, the overall global economic uncertainty remains a risk.

The financial sector faces vulnerabilities, requiring attention to rebuild public confidence.

Positive aspects:

Remittance inflows have been robust, contributing to the current account balance.

Export growth has also been strong, further supporting the current account.

Overall, the outlook for Bangladesh's economy in 2024 is challenging, with growth expected to be slower than in previous years. Addressing inflation, restoring investor confidence, and ensuring financial stability will be crucial for sustainable economic recovery.

Global Non-life Insurance Market

The global non-life insurance sector continues to evolve rapidly, reflecting heightened risk awareness and technological integration. Consumers are seeking tailored insurance solutions to protect against property loss, liability, and climate-related events. Regionally, North America is seeing increased adoption of bundled policies; Europe is advancing digital distribution; Asia's demand is rising with growing middle-class affluence; Latin America's market is influenced by regulatory reform; and Africa and the Middle East are experiencing demand shifts due to urbanisation and economic diversification. The global non-life insurance market is projected to grow by USD 1,461.5 billion at a CAGR of 4.3% between 2024 and 2029. Insurers expect to maintain stable solvency positions through strong underwriting performance and prudent investment strategies, despite potential claim volatility and macroeconomic uncertainties.

Non-life Insurance Industry in Bangladesh

Bangladesh's insurance industry holds considerable untapped potential but continues to face structural challenges. These include low public awareness, trust deficits, limited product diversity, and inadequate controlling by regulator. According to the Bangladesh Insurance Association (provisional data), the gross premium income of the private non-life sector declined to BDT 38.28 billion in 2024 from BDT 42.60 billion in 2023. Nonetheless, the sector is expected to grow at a CAGR exceeding 6% from 2023 to 2027. To address long-standing concerns, the IDRA has introduced reform initiatives such as the Insurance Claims Management Guideline 2024, designed to enhance transparency and customer experience. Legal reforms are underway to promote fair competition, and the introduction of bancassurance in March 2024 is a pivotal development to boost insurance penetration through banking channels. With continued reform, trust-building efforts, and product innovation, Bangladesh's non-life insurance sector has the potential to become a vital pillar of national economic resilience.

Takaful's Business Performance 2024

In the above backdrop it was a challenge for Takaful Islami Insurance PLC to maintain its growth rate and prevent decline of its revenue earnings. The Management of Takaful with the active co-operation of its Board could effectively combat the situation and successfully arrested the declining trend in its premium income during the year 2024.

Despite various negative factors in overall insurance sector, operational performance of Takaful Islami Insurance PLC in 2024 was good. The Company earned gross premium of Tk. 7,199.84 lac during the year as against Tk. 7,463.73 in the previous year.

Fire Insurance

The Company had underwritten a total fire insurance premium of Tk. 2,073.27 lac including an amount of Tk. 261.43 lac from the public sector. The net premium income stood at Tk. 938.56 lac after ceding re-insurance premium of Tk. 1,134.70 lac. During the year 2024, total payment of claim was Tk. 271.21 lac against which an amount of Tk. 120.05 lac came as recovery from re-insurer including previous year recovery.

Marine Insurance (Cargo)

The total gross premium income from marine cargo business was Tk. 4279.66 lac including premium of Tk. 231.56 lac from public sector. The net premium income of marine cargo business stood at Tk. 3528.99 lac after ceding 750.67 lac on account of re-insurance premium. In the current year an amount of Tk. 38.61 lac was paid for marine cargo claims against which an amount of Tk. 20.23 lac came as recovery from re-insurer including previous year recovery.

Marine Insurance (Hull)

In the year 2024, the total underwritten premium income from marine hull insurance business was Tk. 29.27 lac including premium of Tk. 18.70 lac from public sector business. The net premium income came to Tk. 4.49 lac after ceding Tk. 24.77 lac on account of re-insurance premium.

Motor Insurance

From motor insurance business our total gross premium income was Tk. 181.48 lac including public sector business of Tk. 20.51 lac. After ceding re-insurance premium of Tk. 8.02 lac the net contribution to revenue account was Tk. 173.46 lac. During the year, net amount of motor claim to the extent of Tk. 23.87 lac was paid.

Miscellaneous Insurance

The total gross premium income of miscellaneous business came to Tk. 636.14 lac including Tk. 477.81 lac from the public sector. In the year 2024, an amount of Tk. 482.82 lac was ceded on account of re-insurance premium. During the year, net amount of claim for Tk.7.88 lac was paid on this account.

Claims

The essence of insurance contract contemplates efficient service when distress falls upon the insured and demands assistance in no time most effectively to refill the loss suffered by the insured. Takaful Islami Insurance PLC achieved built in reputation for its expeditious settlement of claim and capped with this honor stepped into 24 years of its successful operation.

The Claims Department of the Company is fully equipped with devoted and efficient professionals capable of providing personalized services to the valued clients round the clock. Simple procedures and formalities are followed in settlement of claims at the earliest. The department is headed by a highly motivated and experienced Additional Managing Director, assisted by a host of dedicated qualified personnel.

The executives of Claims Department promptly rush to the spot of incidence accompanied by a government licensed surveyor and take all necessary steps to minimize loss. Partial on account payment on the basis of preliminary survey report is also paid to the insured considering gravity of the situation.

In the year of 2024 we have settled 94 numbers of claims for Tk. 592.00 on account of Fire, Marine, Motor and Miscellaneous insurance business. Following are the figures of settlement of claims during the last 05 years:

Year	Total claim paid amount in lac
2020	426.56
2021	257.97
2022	900.10
2023	1,723.94
2024	592.00
Total	3,900.57

Reserve for exceptional loss

In order to keep consistency with our Corporate Slogan “Symbol of Empathy & Security” our exceptional loss reserve has been made for Tk.1,43,96,522 for the year 2024. The cumulative amount is raised to Tk. 37,76,54,677.00

Investment

The Company has invested Tk. 552.00 lac with Bangladesh Bank in the form of Bangladesh Govt. Treasury Bond (BGTB) as statutory deposit. We have invested Tk. 6,175.50 lac in TDR mode with Islami Banks and Financial Institutions and Tk. 1,130.00 lac in FDR mode with conventional Banks & Financial Institutions. Total TDR and FDR amount is Tk. 7,305.50 lac. In addition to this the Company invested Tk. 769.63 lac in capital market as on 31st December, 2024.

Profit and Loss Account

The Company's income from investment and other income stood Tk. 562.56 lac against Tk. 472.77 lac earned in the previous year. After taking into account the underwriting profit of Tk. 726.05 lac and providing for various expenses not applicable to any particular fund or account, net profit before taxation came at Tk. 913.22 lac against Tk. 845.19 lac in the previous year.

Appropriation of Profit

Profit earned in the year 2024 balance carried forward from last year stood at Tk.13,70,87,500.00 This is proposed to be appropriated as under :

Particulars	Taka
i. Exceptional Losses Reserve	1,43,96,523.00
ii. Provision for income tax /Deferred Tax	3,09,28,056.00
iii. Cash Dividend for the year 2023	4,25,86,977.00
iv. Retained earnings carried to the next year	4,91,75,944.00
Total	13,70,87,500.00

Risk and Concern

The Company's well defined organization structure, predefined authority levels, documents policy guidelines and an extensive system of internal controls ensure optimal utilization and protection of resources, reporting of financial transactions and compliance with applicable laws and regulations. The Company has adequate systems of international control in place. This is to ensure that our assets are safeguarded against loss from unauthorized use of disposition. We have set very high standard to protect our people and operate our business.

Extra ordinary gain or loss

There are no such activities on continuity of any extra Ordinary gain or loss occurred in the company during the year.

Related party transaction

The Significant related party transaction (as per IAS 24) submitted by the management and it has been presented in the financial statement. page # 117

Utilization of proceeds from Public Issues and / or through any other instrument

Takaful Insurance floated its Ordinary Shares initially in 2008 through IPO. The net proceeds of IPO used for Company's operation activities.

Variance between quarterly financial performance and annual financial performance

There were some variances in the financial results from quarter to quarter. But they are not very significant ones.

Remuneration of the Directors

The remuneration of the Directors called Director Fees has been shown in the Profit and Loss Account.

Preparation and presentation of financial statements :

The Board of Directors places before you the financial statements for the year ended 31 December, 2024 for their adoption. The Directors of the confirm to the best to their knowledge that -

- The Financial Statements of the Company present a true and fair view of the company's state of affairs, result of its operations, cash flows and change in equity.
- Proper books of accounts as required by law are being maintained.
- Appropriate accounting policies have been followed in formulating the financial statements and accounting estimated were reasonable and prudent.
- The Financial statements were prepared in accordance with international accounting standard (IAS) as applicable in Bangladesh.
- The Internal control system is sound in design and effectively implement and monitored.
- There is no significant deviation from the operating result of last year.
- Key operating and financial data of last five years have been presented in summarized form in this report under the head "FINANCIAL HIGHLIGHTS (5 years at glance)" in page # 28
- There is no significant variance between Quarterly financial performance and annual financial statements.

Dividend

The Board of Directors of the Company after making necessary reserves and provisions as mentioned in the Appropriation of Profit, proposes and recommends for declaration of 10% Cash Dividend for all shareholders of the Company for the year 2024. No bonus share or stock dividend has been declared.

Credit Rating Report

National Credit Rating Limited has graded AAA (Pronounced as Triple A) in the long term and ST-1 in short term valid upto 08 January, 2026 based on the financial statement for the year 2023. This grade indicates best fundamentals of the Company such as claim paying ability, satisfactory financial performance, sound solvency, experienced management team, good liquidity position and systematic internal control procedure. Adequate reinsurance arrangement with Re-insurers in home & abroad etc. has added a new dimension in the goodwill of the Company.

Board Meeting Attendance

During the year, 6 (six) Board Meetings were held. The attendance of the Directors are shown in Page # 35

Pattern of Shareholding

Pattern of shareholding as per clause 1.5(xxiii) of BSEC's Notification No: The BSEC Notification No: BSEC/CMRRCD /2006-158/207/Admin/80 dated 03 June 2018 are shown in Page # 36-37

Profile of the Directors

Brief resume of the as per clause 1.5(xxiv)(a) of the BSEC Notification BSEC/CMRRCD/2006-158/207/Admin/80, dated June 03, 2018 is shown in page # 11-16

Brief Management's discussion and analysis

The brief management's discussion and analysis of the Company's position and operations along with discussion of changes in the financial statements signed by the Chief Executive Officer is placed in Page # 38-40

Certification of the Chief Executive Officer and the Chief Financial Officer to the Board of Directors

The Chief Executive Officer and Chief Financial Officer have performed their duties as per the Rules, responsibilities and duties as prescribed by the board. The report is place in page # 43

Certification on Compliance of Corporate Governance Code

The Certificate from professional accountants on compliance with the conditions as per clause 9.1 of the BSEC Notification BSEC/CMRRCD/2006-158/207/Admin/80, dated June 03, 2018 has been shown in page # 44

Corporate Governance Compliance Report

Pursuant to the clause 9 of the BSEC Notification BSEC/CMRRCD/2006-158/207/Admin/80, dated June 03, 2018 we enclose the Company's compliance status shown in page # 45-53

Report on the activities of the Audit Committee

Pursuant to the clause 5.7 of the BSEC Notification BSEC/CMRRCD/2006-158/207/Admin/80, dated June 03, 2018 the activities of the Audit Committee have been shown in page # 57

Nomination and Remuneration Policy

As per the clause 6(5)(c) of BSEC's Notification No: BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018, Nomination and Remuneration Policy of the Company is shown in Page # 60

Report on the activities of the Nomination and Remuneration Committee

Pursuant to the clause 6(5)(c) of BSEC's Notification No: BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018, a report and activities of the Nomination and Remuneration Committee are shown in Page # 59

Dividend Distribution Policy

Pursuant to the clause 1 of the BSEC Directive No: BSEC/ CMRRCD/2021-386/03 dated 14 January 2021, dividend distribution policy of the company is shown in Page # 61-62

Summary of unclaimed dividend

Summary of unclaimed dividend, as per clause 3(vii) of the BSEC Directive No: BSEC/CMRRCD/2021-386/03 dated 14 January 2021, is shown in Page # 109

Retirement and election/re-election of Directors

The 143rd Meeting of Board of Directors held on May 27, 2025 has taken unanimous decision as per section No. 113 of Articles of Association regarding retirement and election of Directors from Board in 25th Annual General Meeting as follows :

Group-A

As per section No. 112 of Articles of Association the following one third Sponsor Directors retired from Board and they being eligible, offer themselves for re-election :

01. Mr. Md. Riazul Haider (Representative of Hazi Shakhawat Anwara Eye Hospital Ltd.)
02. Mrs. Tahmina Afroz
03. Mr. Md. Masudur Rahman (Representative of Engineer Towhidur Rahman Ltd.)
04. Mr. Md. Abul Hashem

Vacant post of Sponsor Directors will be filledup by the election among Sponsor Shareholders in the 25th Annual General Meeting.

Group – B

As per section No. 112 of Articles of Association the following one third Public Shareholder Directors retired from Board :

01. Mr. Md. Ziauddin Podhar
02. Mr. Md. Saiful Islam (Representative of Modern Diagnostic Center Ltd.)

Accordingly 2 (two) Directors will be elected from Public Shareholders. Notice related to election of Directors from Public shareholders has already been published on May 28, 2025 in the Daily Nayadiganta and The New Age.

Vacant post of Public Shareholder Directors will be filledup by the election among Public Shareholders in the 25th Annual General Meeting.

Appointment of Statutory Auditor

M/s. ARTISAN, Chartered Accountant was appointed as Statutory Auditor of the Company in the 24th Annual General Meeting held on 10 August 2024 for the year 2024. M/s. ARTISAN, Chartered Accountants has expressed their willingness to be re-appointed for the year 2025. Based on suggestions of the Audit Committee, the Board has recommended to re-appoint M/s. ARTISAN as Statutory Auditor of the Company for the year 2025 and continuation up to the next AGM at a remuneration of Tk. 2,50,000.00 (Taka two lac fifty thousand) only subject to approval of the Shareholders at the 25th AGM.

Appointment of Compliance Auditor for BSEC's Corporate Governance Code

M/s. Huda Hossain & Co., Chartered Accountant was appointed as Compliance Auditor of the Company in 24th Annual General Meeting for the year 2024. Considering their performance the Board has recommended to reappoint M/s. Huda Hossain & Co., Chartered Accountant as Compliance Auditor (BSEC) of the Company for the year 2025 at a remuneration of Tk. 30,000.00 (Taka thirty thousand) only subject to approval of the shareholders at the 25th AGM.

Appointment of Compliance Auditor for IDRA's Insurer's Corporate Governance Guidelines, 2023

M/s. Huda Hossain & Co., Chartered Accountant was appointed as Compliance Auditor of the Company in 24th Annual General Meeting for the year 2024. Considering their performance the Board has recommended to reappoint M/s. Huda Hossain & Co., Chartered Accountant as Compliance Auditor (IDRA) of the Company for the year 2025 at a remuneration of Tk. 30,000.00 (Taka thirty thousand) only subject to approval of the shareholders at the 25th AGM.

Human Resources

We believe that only a quality & practically skilled hand can produce a quality work. Mere academic qualification cannot bring good performance unless there is a mix of educational & practical knowledge and training thereby. Keeping this in mind, Takaful Islami Insurance PLC, since its inception, put emphasis "on-job Training". Officers on Selective basis, have sent to various training Institutions. To maintain our standard and efficiency we will continue to follow the above policy for keeping our Human Resource well trained for all purposes.

Corporate Governance

The Board of Directors of the Company firmly believes that practice of Good Corporate Governance and transparency is a sine qua non towards ensuring a disciplined and a sustainable organization. Takaful Islami Insurance PLC designed the corporate Governance systems and practices to ensure adequate internal control in operational process, transparency and accountability. The Corporate Governance structure specifies the distribution of rights and responsibilities among different executives and spells out the rules and procedures for making decisions on corporate affairs. The role of Regulatory Authorities is very important in respect of Corporate Governance practices. Takaful Islami Insurance PLC is pledge-bound to comply with all the requirements of Regulatory Authorities. Parties to Corporate Governance are Board of Directors, different management committee, all decision making personnel, etc. All plans, programmes, Policy decisions as initiated by the Board are implemented by the Management under the leadership of Chief Executive Officer.

Acknowledgement


On behalf of the Board of Directors, I like to acknowledge and extend my heartfelt gratitude to all of our stakeholders including valued clients, Reinsurers and well-wishers at home and abroad for the trust they all have had on us and for extending their unreserved support in discharging the responsibilities reposed on me and the Board during the year under review.

I also thank the Insurance Development & Regulatory Authority (IDRA), Registrar of Joint Stock Companies and Firms, Bangladesh Securities and Exchange Commission, Government and Non-Government Organizations, Sadharan Bima Corporation, Dhaka and Chittagong Stock Exchange, Bangladesh Insurance Association and all the scheduled Banks and Leasing Companies for their sincere support and whole-hearted co-operation.

The Board also acknowledges with thanks, the contribution made by the honorable Directors by guiding and giving proper directions from time to time which has made Takaful a hallmark in general insurance industry of Bangladesh.

The Directors also take the opportunity to express their sincere appreciation for the contributions made by the executives and members of the staff for their diligent and praiseworthy efforts in ensuring continued progress of the Company as well as their efforts towards putting Takaful among the top insurance companies in Bangladesh. Without their dedicated and loyal services, the Company could not have achieved this result.

For and on behalf of the Board of Directors


(Tahmina Afroz)
Chairman