

Director's Report

Bismillahir Rahmanir Rahim

Dear Shareholders,

Assalamu Alaikum,

The Board of Directors of Crystal Insurance Company Limited is pleased to welcome you to the 22nd Annual General Meeting (AGM) of the Company and thanking you for the unconditional support since 1999. We are very gratified to present before you the Annual Report along with the Audited Financial Statements for the year ended December 31, 2021.

The report includes relevant disclosures and explanations pertaining to the issues to ensure compliance, transparency and good corporate governance practices along with the details of the business performance, operations and achievements of the Company for the year ended 31st December 2021.

Bangladesh Economy

The year 2021, the 50th anniversary of Bangladesh independence and 100th birth centenary of Bangabandhu Sheikh MujiburRahman, was a milestone in more ways than one. Today, Bangladesh is no longer remembered as an impoverished and resource-poor nation subjected to frequent natural calamities.

2021 marks the 50th year of positive annual GDP growth without recording a single year of negative growth. The size of the economy at USD 400 billion is more than 50 times its size in 1972, with a per capita income over 25 times (USD 2500 against USD 90); food production today at 38.7 million MT is nearly four times 1972 production, making Bangladesh with 165 million near self-sufficient – unthinkable in 1972; exports at USD 38 billion in a competitive world market of 2021 has risen more than 100 times the 1972 value of USD 355 million.

The economy's growth is still driven by investment rather than consumption. Relying on past data the economy's capital-output ratio (which defines investment requirement for output growth) works out to 4.5 so that to achieve targeted growth rates of 7-8%, the economy needs investment-GDP ratio of 31.5% or more.

The government's commitment and efforts were further strengthened with support from multilaterals and development partners like World Bank, Asian Development Bank, International Finance Corporation (IFC) and USAID, who had been actively working on multiple levels towards facilitating trade.

Insurance Sector Overview

Bangladesh observed the 'Insurance Day' on March 1, 2021 highlighting the role of insurance sector in the economy. The Honourable 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.

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.

The gross premium of non-life private sector insurance companies decreased from Tk.34,114 million in 2019 to Tk.33,915 million in 2020 i.e. decreased by 0.58 per cent. The total investment of private sector non-life insurance companies marked at Tk45,862 million in 2020 whereas it was Tk. 39,590 million in 2019. Investment has a positive growth of 15.84 per cent. The total asset of non-life insurance companies was Tk.93,563 million in 2020 whereas it was Tk.85,454 million in 2019 i.e. growth was 9.49 percent.

Industry Outlook and Possible Future Development

The insurance industry of Bangladesh is highly competitive. Key factors affecting the performance of the industry during the review period included fierce competition in the non-life segment, the rising market shares of private insurance companies, and the increasing level of risk being retained by insurers. The insurance regulatory reform is not just an aid for a catastrophic outcome; it can also be a driver of exponential economic growth. By streamlining the regulatory infrastructure in terms of data warehousing, governance, systems, resources, and processes in adjustment with international insurance standards such as the International Association of Insurance Supervisors (IAIS); Bangladesh can exhibit a reliable and well-balanced insurance platform. In short, rehabilitation of insurance regulations promulgated by IDRA could result in multifold positive impacts on the economy of Bangladesh.

Risk and Concern

Both life and non-life Insurance Business involves assumption of risk many types-Physical as well as moral. Physical risks are identified as those caused by natural catastrophes, accidental losses and man-made disasters. The key to proper management of insurance business risks to ensure proper management of insurance business risks is to make sure proper selection of risks as well as of the client through a vetting process known as underwriting. Non-life insurance business also closely follows the country's economic development and any slowdown in the economic activities also has adverse impact on the insurance industry's growth. Crystal, being aware of these

business risks practices the following to protect its interests; (a) selection of risks which have the potential of making underwriting profit. (b) Diversification into many segments of business-product wise, as well as client wise so that the company is not over reliant on any particular segment (c) the company arranges adequate reinsurance back up of risks assumed by it with good quality securities. (d) The company maintains a conservative reserving policy and its various technical reserves have been created to adequately cater to unforeseen developments in the future.

Extra Ordinary Activities & their implications

The activities of CICAL has a steadily growth from the beginning. No extra ordinary activities occurred during the year and have no implications in the financial statements.

Variance between Quarterly and Annual Financial Statements

Crystal Insurance Company Limited disclosed quarterly financial performance for the 3rd quarter in 2021. No significant deviation in operational results of these quarterly and year-end operational result is noticed as a whole.

Directors Remuneration

Directors are not eligible for any remuneration other than attendance fee for the Board Meeting. As per IDRA Reference letter No. 53.03.0000.009.18.014.18.123 dated 31st May 2018 directors are eligible for remuneration of BDT 8,000 for attending each meeting. Details of Directors Remuneration are provided in note no 40.01 of notes to the financial Statements.

Maintaining Proper Books of Accounts

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

Appropriate Accounting Policy Followed

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

Effective Internal Control System

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

Deviations from the Last Year Operating Results

There were no significant deviations from the last years operating results of the Company.

Five Years Operating and Financial Data

The Key operating and financial data for the last five years have been shown at below:

Particulars	2017	2018	2019	2020	2021
Gross premium	408,661,693	431,301,165	527,325,300	598,423,482	617,435,525
Net premium	297,512,962	302,648,856	390,893,600	388,112,507	390,496,723
Net claims	68,891,236	87,561,612	145,564,175	(9,449,813)	52,315,718
Underwriting profit	73,221,973	65,000,849	99,990,113	143,998,783	118,069,902
Investment income	21,552,717	35,545,759	42,226,980	56,279,756	73,697,553
Net profit before tax	54,567,640	79,571,490	105,777,186	149,915,893	134,698,337
Net profit after tax	49,772,471	67,986,676	75,202,880	122,588,906	119,585,904
Total assets	879,724,941	952,326,868	1,055,885,907	1,454,303,792	15,98,499,668
Total liability	376,623,743	396,369,852	469,710,513	615,236,067	686,605,891
Shareholders' equity	503,101,198	555,957,016	586,175,394	839,067,725	911,893,777
No. of Shares	24,000,000	24,000,000	24,000,000	40,000,000	40,000,000
NAV per Share	20.96	23.16	24.42	20.98	22.80
EPS per Share	2.07	2.60	2.92	2.89	2.83

Dividend Declaration Policy

In the year under review as per the instruction of the Board of Directors of the company, the management is following a policy regarding dividends to be paid to the shareholders in a manner that shall be in the line with and in consistent to the actual income as well as the practices of the insurance industry. Board of Directors Meeting held on 26th April 2022 has recommended a Cash dividend at 10% (percent) for the year 2021.

Disclosure on Dividend Distribution

Crystal Insurance Company plan to pay the dividend to the securities holder within 30 (thirty) days of declaration or approval and submit a compliance report to the Exchange and to the Commission in respect of dividend payment within 7 (seven) working days.

Interim Dividend

No bonus share or stock dividend has been declared by the Board as interim dividend and there was no effect of the company's financial position.

Board Meetings and Attendance

During the year, the Board of Directors Meeting and their attendance records are shown at below:

The Board of Directors' meetings held regularly and with due manner. A total of four (04) Board of Directors' meeting was held during the year 2021.

S.L	Name of Directors	Position	Attendance
01	Mr. Abdullah Al-Mahmud	Chairman	04
02	Mr. Abdullah Hasan	Director	04
03	Mr. A.H.M. Mozammel Hoque	Director	03
04	Mr. Md. Tajul Islam	Director	04
05	Mrs. Farzana Munny	Director	01
06	Mrs. Shahzadi Begum	Director	04
07	Mrs. Farhana Danesh	Director	04
08	Mr. Ashok Ranjon Kapuria	Director	02
09	Ms. Soera Zahir	Director	04
10	Mr. Arafat Rashid	Director	01
11	Mrs. Nusrat Mahmud	Director	02
12	Ms. Nabila Mahmud	Director	03
13	Dr. M. Waliuzzaman	Independent Director	02
14	Mr. Kazi Nasim Uddin Ahmed	Independent Director	04
15	Mr. Md. Abdul Latif Mia	Independent Director	01
16	Mr. Md. Rashedur Rahmanr	Independent Director	02

N.B: CEO (Chief Executive Officer); CS (Company Secretary) & CFO (Chief Financial Officer) were also present in all Board of Directors meeting during the year 2021.

Pattern of Shareholding

A report on the pattern of shareholding disclosing the aggregate number of shares along with name-wise details as on 31st December 2021 are stated at below:

Shareholding pattern of the Company as on 31st December 2021.

Directors and Sponsors	Position	Shareholding Status	% of Shareholdings
Mr. Abdullah Al-Mahmud	Chairman	4000000	10.00%
Mr. Abdullah Hasan	Director	4000000	10.00%
Mr. A.H.M. Mozammel Hoque	Director	800000	2.00%
Mr. Md. Tajul Islam	Director	900000	2.25%
Mrs. Farzana Munny	Director	800000	2.00%
Mrs. Shahzadi Begum	Director	800000	2.00%
Mrs. Farhana Danesh	Director	955000	2.39%
Mr. Abdullah Al-Mamun (Deceased)	Director	800000	2.00%
Ms. Soera Zahir	Director	2000000	5.00%
Mr. Arafat Rashid	Director	800000	2.00%
Mrs. Nusrat Mahmud	Director	4000000	10.00%
Ms. Nabila Mahmud	Director	2000000	5.00%
Mr. Asoke Ranjan Kapuria	Shareholder	1200000	3.00%
Mr. Iqbal Hasan Mahmood	Shareholder	375000	0.94%
Mrs. Sarah Hasein Mahmood	Shareholder	300000	0.75%
Mr. Rubayat Tanveer Huda	Shareholder	270000	0.68%
	Public & Others	16000000	40.00%

Retirement and Re-election of Directors

As per Companies Act, 1994, each year one-third of the Directors (except Independent Director) retire from office at the Annual General Meeting (AGM) and if eligible, may offer themselves for re-election by share-holders at the Annual General Meeting. In line with the requirement of Company Act, 1994, the following Directors will retire at the 22nd AGM with seniority basis:

1. Mr. Ashoke Ranjan Kapuria
2. Mrs. Shahazadi Begum
3. Ms. Soera Zahir
4. Mr. Nabila Mahmud

The above directors are eligible for re-election for their next term.

Management's Discussion and Analysis of the Company's Position

Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements are stated at page no (98-100) in this Annual Report.

Corporate Social Responsibility (CSR) Policy

Annual CSR programs in terms of board approved CSR policies of Crystal Insurance Company Limited will be drawn up and implemented by the dedicated CSR unit. Report on CSR shown at page no.71 & 72 of Annual Report.

Earnings per Share (EPS)

Net profit before tax of the company stands at Tk 134.70 million during the year 2021, Earning per share after tax of Tk 2.83 compared to Tk 2.89 per share in the previous year. The calculation of EPS are Shown at Statement of Financial parts in the Annual Report.

Claims and Client Service

The gross claim for the year 2021 was for Tk.61.10 million as against Tk.59.64 million in 2020. This has been increased by Tk.1.46 million over the previous year. The company received on (Re-insurance ceded) total for the year 2021 was Tk.8.78 million whereas the amount was Tk.69.09 million in the previous year which is Tk.60.31 million lower than that of the previous year. However, we always keep ourselves ready to meet our valued client's satisfaction.

Solvency Analysis and Credit Rating

Both short term and long term solvency of the company has reached to such a level that is needed for meeting the requirement of new Insurance Act-2010 as well as for getting satisfaction of the financial analysts and the rating agencies. The equity base of the company paid up capital Tk. 400 million in the year 2021. Crystal Insurance Company Limited has been earn a Credit Rating of AA(Double A) based on 2021 financial strength and performance by National Credit Ratings Limited (NCR) on 16th May, 2022 which entails a very high capacity to meet policyholder's obligations and provide policyholder's benefits relative to other insurance companies in the same market. The Company has a very low susceptibility to the effect of adverse business and economic factors.

Loans or Advances to Directors

In the year 2021, CACL has not allow any loans or advances or any debit balances (including guarantee or security in connection with a loan) to any Director of the company with refer to the Commissions Notification no. SEC/CMMRR/CD/2006-159/Admin/02-10 dated 10 September 2006.

Shareholders' Value

CACL remains fully committed to delivery of higher standard of shareholders' value. The higher profitability underpins the value the shareholders derived from investing in the shares of CACL.

Annual General Meeting

22nd Annual General Meeting (AGM) of the company will be held on 14th June at 11.30 a.m. (Virtually). In this connection, financial statements were adopted in the 95th Board Meeting held on 26th April, 2022 and the financial statements will be approve in the 22nd AGM.

Corporate Governance

Good Corporate Governance is the system through which the company is directed, guided and controlled by the Board, keeping in view its accountability to the Shareholders. The Board has complied with the requirements set out by BSEC.

Appointment of Auditors and fixation of their Remuneration.

Statutory Auditors: Mahfel Huq & Co, Chartered Accountants was appointed as the Statutory Auditor of the Company at the 21st AGM held on 10th June, 2021. Which will expire in the 22nd AGM and they are not eligible for re-appointment for the year 2022.

In this connection, **M/S. Ahmed Zaker & Co**, Chartered Accountants is interested to conduct the audit for 2022. They are eligible for appointment as Statutory Auditors for the year 2022.

Compliance Auditors:

Appointment of auditors/practicing professional for issuing certificate on compliance of conditions of corporate governance code and fixation of their remuneration.

Ahmed Zaker & Co, Chartered Accountants was appointed as the Compliance Auditor of the Company at the 21st AGM held on 10th June, 2021, which will expire in the 22nd AGM. Since they are applied to conducting for Statutory Auditor. So we may go for another auditor.

Hence **Jobair Satter & Co**, Chartered Accountants is interested to conduct the Compliance Audit and they are eligible to conduct the compliance auditor for the year 2022.

Transparency and Accountability

Crystal Insurance Company Ltd. always maintains transparency and accountability at all levels in doing business. To provide sustainable profitability, minimizing risks and establishing good governance in all spheres of Company's operation, the company ensures the segregation of duties and responsibilities between the Board & Management.

Acknowledgement

The members of the Board of Director of Crystal Insurance Company Limited like to express gratitude to all honorable shareholders, valued clients for their patronage and support. The Directors also express their thanks and profound appreciation for the immense support and co-operation received from office of the Chairman, Insurance Development & Regulatory Authority (IDRA), all concerned Government Offices including Ministry of Finance, Ministry of Commerce, Sadharan Bima Corporation, Bangladesh Bank, all Nationalized Bank, Commercial Bank and Financial Institution, Registrar of Joint Stock Companies & Firms (RJSC), Bangladesh Securities and Exchange Commission (BSEC), Dhaka Stock Exchange Ltd. (DSE), Chittagong Stock Exchange Ltd. (CSE), Central Depository Bangladesh Limited (CDBL), National Board of Revenue (NBR), Bangladesh Insurance Association, and Bangladesh Association of Publicly listed companies (BAPLC). The Board Members also pleased to put on record their appreciation for the commitment and dedication extended by the management of the Company.

On behalf of the Board of Directors.



Abdullah Al Mahmud
Chairman.