

ANNUAL REPORT 2020

OPTIMIZING **RESILIENT** FUTURE



PRIME INSURANCE COMPANY LIMITED

www.prime-insurance.net

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LETTER OF TRANSMITTAL



All Shareholders;
Bangladesh Securities and Exchange Commission (BSEC);
Insurance Development and Regulatory Authority (IDRA);
Registrar of Joint Stock Companies & Firms (RJSC);
Dhaka Stock Exchange Limited (DSE);
Chittagong Stock Exchange Limited (CSE);
Central Depository Bangladesh Limited (CDBL);
Bangladesh Insurance Association (BIA);
Bangladesh Insurance Forum (BIF);
Bangladesh Public Listed Companies Association (BAPLC);
Other stakeholders;

Dear Sir(s):

Re: Annual Report for the year ended on December 31, 2020

Please find the enclosed Annual Report-2020 together with the Directors Report, Annual Audited Financial Statements of the Company including the Statements of Financial Position, Statement of Profit & Loss Account and Comprehensive Income, Statement of Cash Flows, and Statement of Changes in Equity for the year ended on December 31, 2020 along with the notes thereon of Prime Insurance Company Limited for your kind information and perusal.

Any declaration and documentations reported in this Annual report is solely based on the information received from the concerned Departments of the Company which were subsequently authenticated by the Chief Financial Officer and Chief Executive Officer. Board of Directors took decision based on the information generated and submitted by the Company Management from time to time. Declaration of the Chief Executive Officer and Chief Financial Officer of the Company reported in the page no. 106 of this Annual Report.

Yours faithfully,

Enamul Haque Khan
Company Secretary

February 10, 2021



NOTICE OF THE 25th ANNUAL GENERAL MEETING

Annual General Meeting of Prime Insurance Company Limited (PICL) will be held virtually on 28th March 2021 at 11:00am to transact the following businesses:

Agenda

Ordinary Business:

1. Receive and adopt the Directors' Report and Audited Financial Statements for the year ended on December 31, 2020 and the Audited Reports thereon.
2. Declare the Dividend for the year 2020.
3. Elect/re-elect the Directors.
4. Appointment of Independent Director.
5. Appoint statutory auditors for the year 2021 & fix their remuneration.
6. Appoint compliance auditor & fix their remuneration.

By order of the Board of Directors



Enamul Haque Khan
Company Secretary

Dated: Dhaka, 6th March 2021

Notes:

- The Members, whose names appeared on the Members/Depository Register as on Record Date i.e. March 04, 2021, are eligible to attend and vote at the 25th Annual General Meeting (AGM) and receive dividend, if declared.
- Pursuant to the Bangladesh Securities & Exchange Commission's Order No. SEC/SRMIC/94-231/935 dated 11 June 2020, the AGM will be held virtually which will be conducted via live webcast by using digital platform.
- The members will be able to submit their question/comments and cast their votes electronically 24 hours before commencement of the AGM and during the AGM. For logging into the system, the members require to put their 16 digit Beneficial Owner (BO) ID number and other credential as proof of their identity by visiting the link <https://tinyurl.com/piclagm2021> which is also given to the Website of the Company i.e. www.prime-insurance.net. The link of the virtual AGM will also be sent to the email addresses and/or via SMS to the respected shareholders.
- The detailed procedures to participate in the virtual meeting and Frequently Asked Questions (FAQs) have been provided in the Investor Relation Section of the Company's Website at www.prime-insurance.net.
- We encourage the members to log into the system prior to the meeting start time at 11:00am (Dhaka time). Please contact +8801713331824 for technical difficulties in accessing the virtual meeting.
- Members entitled to attend and vote at the Annual General Meeting (AGM) may appoint a proxy to participate and vote on his/her stead. Appointer of the proxies is requested to collect the "Proxy Form", to fill up the Proxy Form and to send the duly signed Proxy Form to the Company no later than 72 hours before commencement of the AGM. Both the hardcopy and softcopy of the proxy Form be accepted for the smooth process of Proxy appointment. Soft copy of the Proxy Form only be received via email at info@prime-insurance.net.
- Pursuant to the Bangladesh Securities and Exchange Commission (BSEC) Notification No. BSEC/CMRRCD/2006-158/208/Admin/81 dated 20 June 2018, the soft copy of the Annual Report-2020 be sent/sent to the email addresses of the Members available in their Beneficiary Owner Accounts maintained with the Depository. The members are requested to update their email address through their respective Depository Participant. The soft copy of the Annual Report 2020 will also be available on the investor relations section of the Company's website at www.prime-insurance.net.





AWARDS AND RECOGNITIONS

AWARDS AND RECOGNITIONS

1. ICAB Award 2019: 2nd Prize in the 20th ICAB National Award for Best Presented Annual Report for the year 2019.
2. SAFA Award 2019: 'Certificate of Merit' award under the category Insurance Sector for Best Presented Annual Reports Award and SAARC Anniversary Awards for Corporate Governance Disclosure 2019.
3. SAFA Award 2018: '1st Runner-up' of SAFA Best Presented Annual Reports Award and SAARC Anniversary Awards for Corporate Governance Disclosers, 2018.
4. ICAB Award 2018: 3rd Prize in the 19th ICAB National Award for Best Presented Annual Report for the year 2018.
5. ICSB Award 2018: ICSB Bronze Award for Corporate Governance Excellence 2018.
6. Emerging Asia Insurance Award 2019: Special recognition for Health Insurance Company of the Year
7. Emerging Asia Insurance Award 2019: Women in Insurance Leadership
8. SAFA Award 2017: Winner of SAFA Best Presented Annual Reports Award and SAARC Anniversary Awards for Corporate Governance Disclosers, 2017.
9. ICAB Award 2017: 2nd Prize in the 18th ICAB National Award for Best Presented Annual Report for the year 2017.
10. Emerging Asia Insurance Awards 2018: Special recognition for product innovation in General Insurance
11. ICSB Award 2017: ICSB Silver Award for Corporate Governance Excellence 2017.
12. SAFA Award 2016: Winner of SAFA Best Presented Annual Reports Award and SAARC Anniversary Awards for Corporate Governance Disclosers, 2016.
13. ICAB Award 2016: 1st Prize in the 17th ICAB National Award for Best Presented Annual Report for the year 2016.
14. ICSB Award 2016: ICSB Silver Award for Corporate Governance Excellence 2016.
15. ISO Certificate 9001:2015
16. SAFA Award 2015: 'Certificate of Merit' award under the category Insurance Sector for Best Presented Annual Reports Award and SAARC Anniversary Awards for Corporate Governance Disclosure 2015.
17. ICAB Award 2015: 3rd prize in the 16th ICAB National Award for Best Presented Annual Report for the year 2015.
18. ICSB Award 2014: ICSB Silver Award for Corporate Governance Excellence 2014.
19. SAFA Award 2013: 'Certificate of Merit' award under the category Insurance Sector for Best Presented Annual Reports Award and SAARC Anniversary Awards for Corporate Governance Disclosure 2013.
20. ICAB Award 2013: 3rd prize in the 14th ICAB National Award for Best Presented Annual Report for the year 2013.
21. ICSB Award 2013: ICSB Silver Award for Corporate Governance Excellence 2013.
22. SAFA Award 2012: 'Certificate of Merit' award under the category Insurance Sector for Best Presented Annual Reports Award and SAARC Anniversary Awards for Corporate Governance Disclosure 2012.
23. ICAB Award 2012: 3rd prize in the 13th ICAB National Award for Best Presented Annual Report for the year 2012.
24. ICMAB Award 2012: 'Certificate of Merit' as the Best Corporate in General Insurance Sector from the Institute of Cost and Management Accountants of Bangladesh (ICMAB).
25. ISO Certificate 9001: 2008



ICAB Award 2019

2nd Prize in the 20th ICAB National Award for
Best Presented Annual Report for the year 2019



Emerging Asia Insurance Award 2019

Special recognition for Health Insurance
Company of the Year



Emerging Asia Insurance Award 2019
Women in Insurance Leadership



ICAB Award 2018
3rd Prize in the 19th ICAB National Award for Best Presented Annual Report for the year 2018



SAFA Award 2018
 '1st Runner-up' of SAFA Best Presented Annual Reports Award and SAARC Anniversary Awards for Corporate Governance Disclosures, 2018



ICSB Award 2018
 ICSB Bronze Award for Corporate Governance Excellence 2018



Emerging Asia Insurance Award 2018

Special recognition for Product Innovation in General Insurance



SAFA Award 2017

Winner of SAFA Best Presented Annual Reports Award and SAARC Anniversary Awards for Corporate Governance Disclosures, 2017



PRIME INSURANCE COMPANY LIMITED
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ICAB Award 2017
2nd Prize in the 18th ICAB National Award for Best Presented Annual Report for the year 2017



ICSB Award 2017
ICSB Silver Award for Corporate Governance Excellence 2017



ICAB Award 2016
1st Prize in the 17th ICAB National Award for Best Presented Annual Report for the year 2016



ICSB Award 2016
ICSB Silver Award for Corporate Governance Excellence 2016





ICSB Award 2014
ICSB Silver Award for Corporate Governance
Excellence 2014



ICSB Award 2013
ICSB Silver Award for Corporate Governance
Excellence 2013















CREDIT RATING REPORT OF **PRIME INSURANCE COMPANY LTD** FOR THE YEAR OF 2019

Credit rating is used to determine the entity's creditworthiness which indicates the capacity of meeting the financial obligation of an entity. The concept of the credit ratings becomes popular after the financial crisis took place globally. Credit Rating agencies not only perform quantifying the symbolic rating but also determine the quality of financial asset and strength of the report seeker.

In terms of Insurance Companies, the main objective of the regulators is to oversee the Credit Rating Report for understanding the strategic position in terms of claim paying ability of the Insurer. Other variables of the credit rating help increasing brand image of the Company. Management understands the quality of the financial asset and improves the company position by analyzing Credit Rating Report. It helps determining Company's internal and external compliances are in order according to the degree of capacity of the Insurer.

Credit Rating Information and Services Ltd (CRISL) confirmed very "High Claims Paying Ability" (HCPA) i.e. AA- (pronounced as 'Double A Minus') for the year of 2019 based on the audited financial and relevant qualitative and quantitative financial information of 2019.

Credit Rating in this category is adjudged as very high claim paying ability where protection factors for the insured's, investors and stakeholders are recognized and established. This rating reflects a good financial and underwriting performance, sound liquidity, good fixed assets, efficient investment, experienced Board Members and prudent Management Team of the Company.

The aforementioned rating from 2017 to 2019 confirmed that the Company operates its financial activities in a very professional, transparent and ethical manner which results the sustainable growth of meeting the Company's financial obligation.

Last Five years CRISL rating at a glance

2019 AA- (Double A Minus) CPA Rating
2018 AA- (Double A Minus) CPA Rating
2017 AA- (Double A Minus) CPA Rating
2016 A+ (Single A Plus)
2015 A+ (Single A Plus)



MEMBERSHIP AFFILIATION

Aiming to expand business as well as to strengthen the relationship among the members of the Business Community, the Prime Insurance Company Ltd is affiliated with the following different chambers of commerce and associations:



Dutch-Bangla Chamber of
Commerce & Industry



Bangladesh Insurance Association (BIA)



Bangladesh German Chamber of
Commerce & Industry



Bangladesh-Malaysia Chamber of
Commerce & Industry



Canada Bangladesh Chamber of
Commerce and Industry



Dhaka Chamber of Commerce & Industry



France Bangladesh Chamber of Com
merce & Industry



Bangladesh Association of Publicly
Listed Companies (BAPLC)



Central Depository Bangladesh
Limited (CDBL)



Chittagong Seniors Club Limited

FORWARD LOOKING STATEMENT

The term "forward looking" is used to recognize predictions about the future business situation, especially for the publicly-traded institutions. Shareholders frequently query to the Company Management about what they believe will happen in the future so that they can buy or sell shares accordingly.

While no one can predict the future with absolute certainty, Management is often best positioned to speak about Company plans for the coming years, and they are often the most skilled at analyzing how future moves may dovetail with current trends.

Many companies issue disclaimers when they issue forward-looking statements. Despite an implicit understanding that certain statements are largely speculative in nature. This requirement emphasizes that shareholders generally may not take legal action against Company Management for forward-looking statements that prove to be inaccurate.

As the forward looking statements are forecasts on the Company's potential business growth, the forecasts may be accurate. Shareholders should consider the fundamental analysis at the very first outset to determine the share price. However, in Bangladesh, the share market is not that stable like develop countries, shareholders are also not curious to see the fundamentals of the Company. Industry runs by the way it run. As per experience of the share department of the Company, most of the query did not have any relative questions on the financial statements and Company's fundamental business, but their interest inherited on short term non-disclosed information requirements. However, we insist shareholders to see our previous Annual Reports and material information of the Company. Prime Insurance Company Ltd could take following strategy in the year 2021 and thereafter to operate the Company. Shareholders are requested to confirm their study on the following issues before purchasing the shares.

- Prime Insurance Company Ltd denied the so called excess commission existed in the Insurance Market. By continuous implementations of eliminating excess commission, a large part of revenue may be reduced but the quality of the product increased which enhanced better customer service and high claims paying ability. Consequently, clients/insureds entrusted the quality services and the long term business growth of the Company which will sustain even in the unfavorable situation.
- Prime Insurance Company Ltd reduced the cycle time of re-insurance payment and re-insurance recovery amount to ensure the healthy cash flow process of the Company.
- All legal disputes planned to be re-arranged through amicable discussion, where necessary to build the image and to reduce the future interest cost of the Company.
- Industrial disputed should be communicated with the Regulators and Associations and routine follow-up shall be taken in consideration.
- Investment decision shall be taken in accordance with the industry trend and portfolio analysis be taken in consideration.
- Totally merit based recruitment policy should be enhanced and service rules of the Company be replaced.
- Organizational culture of the Company will be more systematic and emphasis will be given to utilize and enable the technology in all aspects of the Company operation.
- Company will try to recover the claims from the respective re-insurer so that a considerable amount of cash flow be taken place in the annual financial statement.

Disclaimer: All the aforementioned initiatives are depends on macro and micro economic situation of the Country. It is not certain to implement the forecasts, but existing achievements of the Company may be trusted credential for the shareholders of the company.





OUR VISION

Be the Non-life Insurance Market Leader of Bangladesh ensuring stakeholders interest by prudent insurance services and upholding governance excellence with unbending ethical standards.



OUR MISSION

- Provide world class service with highest security by ensuring complete risk management solutions to the clients, maintaining stringently ethical standard in business operation.
- Increase massive awareness about insurance among the mass people in the country introducing non-traditional social insurance products to bring them under the insurance umbrella and enhance social security.
- Introduce contemporary insurance products with international standards.
- Maintain highest level of ethical standard and transparency in all business transactions.
- Enhance public confidence in the insurance industry by ensuring benefits to the policy holders, shareholders and the society at large.
- Uphold governance excellence in the company and spreading it to the insurance industry.
- Make effective contribution to the national economic development.
- Provide a clear vision to the employees to maximize their potentials with a view to achieving high level of performance.

OVERALL STRATEGIC OBJECTIVES

Prime Insurance Company Ltd maintains a number of key business strategies necessary to achieve the incorporated goals of the Company. These strategies have been established by Prime's firm belief of incessant and unified business development and expansion which are based on its vision and main focuses of Prime's strategic objectives.

COMPANY FOCUS

- Persistently improve the internal processes of the Company.
- Maintain quality and enhance expertise of employees, provide comprehensive training and promotional activities at all levels.
- Improve organizational structure.
- Ensure administrative transparency.
- Strengthen corporate governance practices.

BUSINESS FOCUS

- Consistently improve the quality of our products to cope with changes in demand of the customers.
- Maximize insurance coverage at a minimum cost.
- Offer competitive price to our clients.
- Innovate new products and services.
- Be one of the lead insurers.
- Maximize shareholders' wealth through a steady but sustainable return on their investments.

SERVICE FOCUS

- Provide our clients and business partners with the best quality faster service.
- Settle claims in a speedy and hassle free manner.
- Improve our product line in accordance with customer demand.

COUNTRY FOCUS

- Contribute to the national exchequer as per the provisions of applicable laws of the land.
- Implement new business plans and insurance support to set up different industries in the country.
- Enhance mass awareness about non-life insurance in Bangladesh.
- Educate people about the importance of non-life insurance through various publications.



OUR CORE VALUES

We Trust & Care

Our clients are always our first priority. They are our business partners. Without them, we could not achieve our present success. We take good care of them. We treat all our valued clients with warmth and respect. We strive to understand them and try our level best to meet their expectations.

Clients
First

01

02

Integrity

We believe integrity is the key to success. We work to earn the trust and respect of our shareholders, employees, clients/business partners and stakeholders as a whole.

In order to deliver excellent operational and financial performance, we value both the external and internal training programs.

Efficiency

03

04

Quality

We ensure the quality of our products and services while we always welcome new ideas for future.

We strive to add more values to our services that we provide to our clients and other stakeholders. To ensure a better and secured service towards them, we are always ready with our online services.

Service

05

06

Team
work

We strongly promote and believe in teamwork both at in-house and external activities of the Company. Our people are well trained to maintain standard performance and professionalism.

We focus on the highest level of transparency in providing accurate and timely information about our performance and financial results to meet the desired trust of our added customers, business partners and valued shareholders.

Transparency

07

08

Excellence

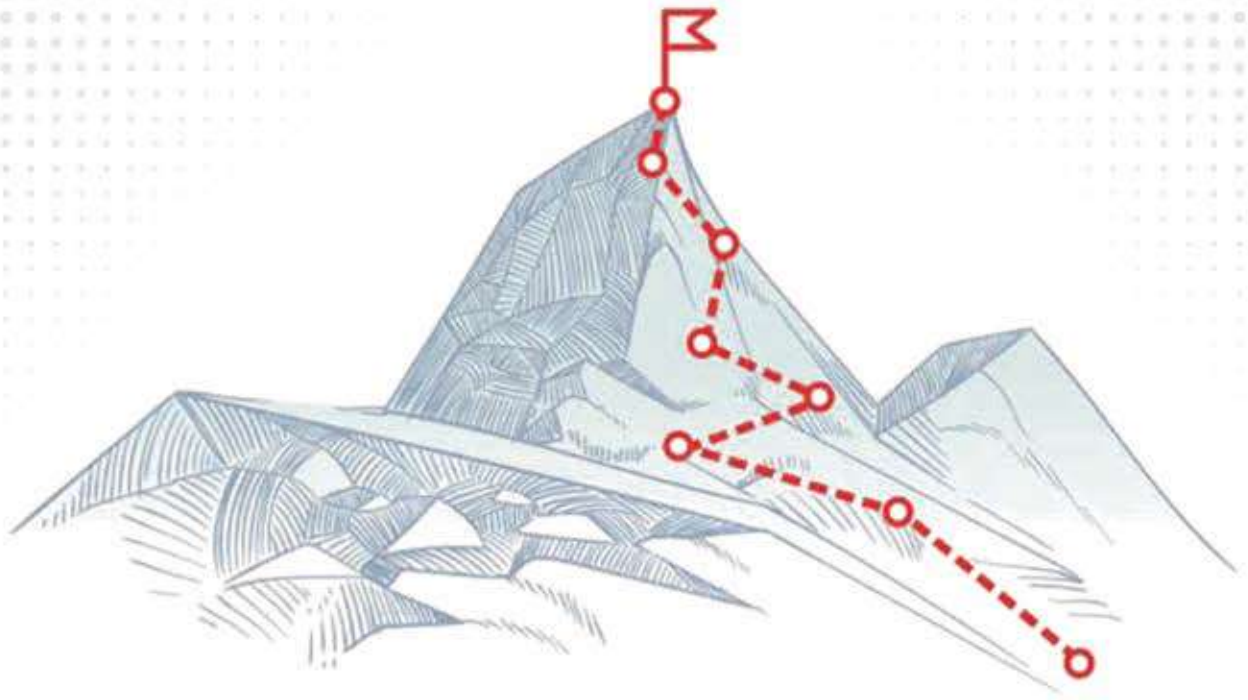
We aspire to achieve excellence at all levels of our accomplishments. We pursue continued growth and strive to achieve the highest level of performance in all our endeavors.



ETHICAL PRINCIPLES

| | Neutrality | Transparency | Cooperation | Honor | Professionalism | Privacy |
|-----------------------------|--|---|---|--|---|---|
| Clients | Deal with all the clients without any inequality | Explain all facts regarding products and premium rating to the clients | Offer proper consultancy to maximize their insurance coverage at a minimum cost | Value all the clients with justified honor | Handle all the demands and problems of the clients with professionalism | Ensure privacy in keeping all the business secrets of clients |
| Employees | Avoid discrimination on the grounds of gender, race and getting politically biased | Share needed business information and knowledge without keeping any secrets | Ensure Teamwork, Partnership and healthy work environment | Render deserved honor to all the employees | Practice professionalism both in internal and external activities | Conscious of keeping personal and sensitive facts private |
| Shareholders | Take care of all the Shareholders evenhandedly | Disburse Price Sensitive Information and other public disclosures timely | Welcome any suggestion from the shareholders | Ensure equal honor and respect and protect minority interest | Attempt to achieve the commitments | Assure confidentiality of all the private information |
| Business Communities | Ascertain strong relationship with the Stakeholders | Keep our community well-informed about us | Implement healthy and fair business | Respect core values and business ethics of others | Maintain friendly attitude towards others | Assure confidentiality of all the private information |



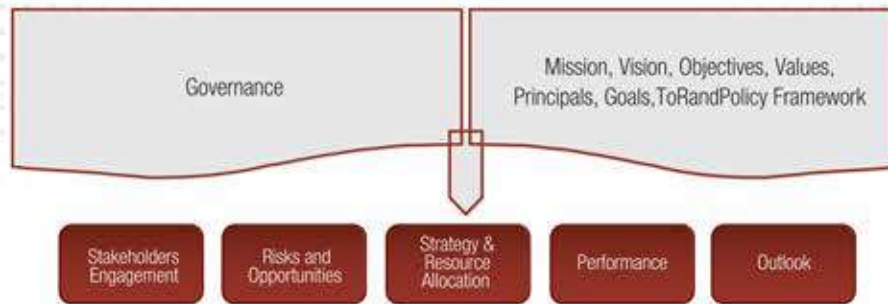


OUR GOAL

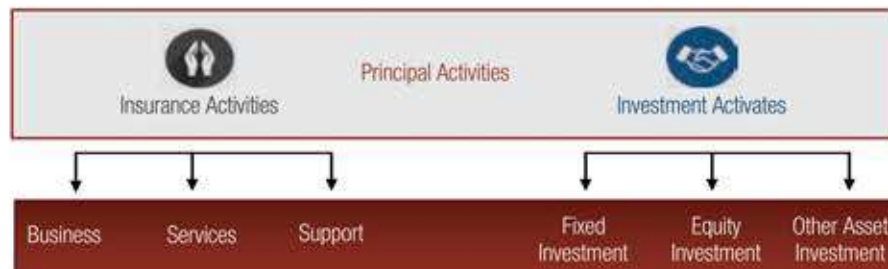
- Maximize insurance coverage at a minimum cost but certainly within legal boundary.
- Establish a long term relationship with our clients and business partners built on our prudent underwriting and personalized professional service with trust.
- Respond quickly to new opportunities.
- Maintain strong relationship with a wide variety of partners like re-insurers, insurance brokers, insurance agents, regulatory bodies, government agencies and so on.
- Assess and managing our business risks carefully.
- Strive for continuous improvement developing our performance excellence at all levels.



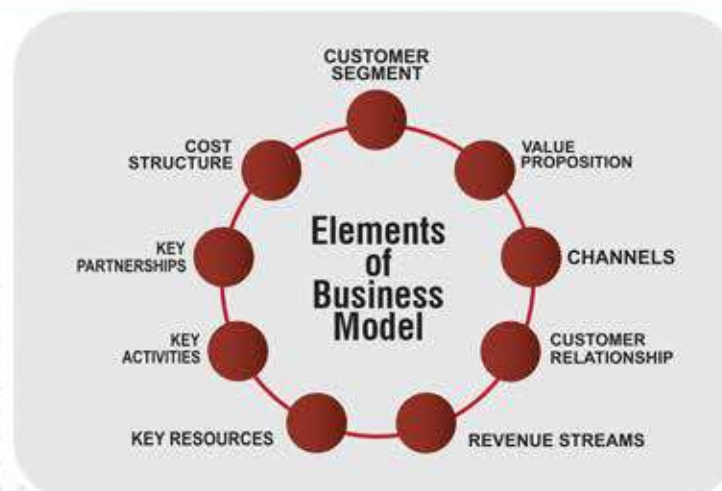
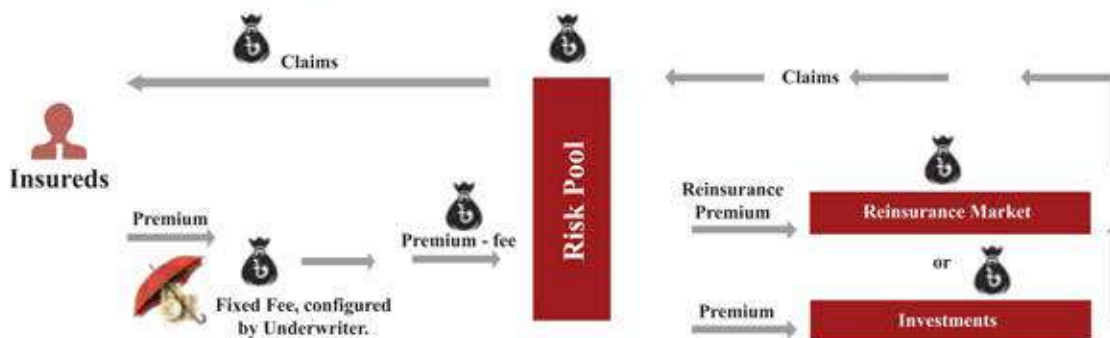
Business Model Showing Principal Activities



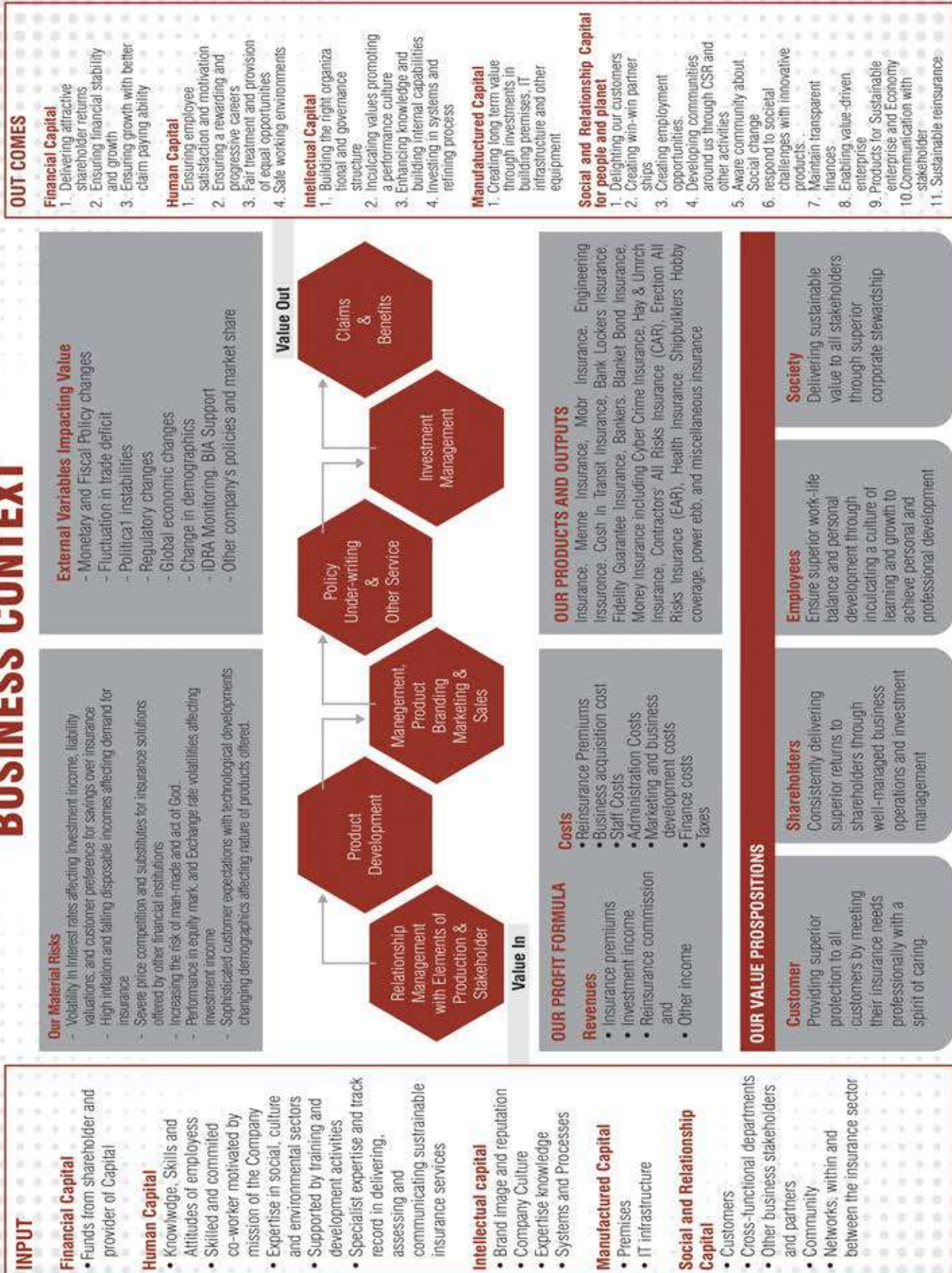
KEY ASPECTS



Business Model of PICL depicted funds flow



BUSINESS CONTEXT



PROFILE OF THE COMPANY

Prime Insurance Company Ltd is a second-generation private Non-life Insurance Company in Bangladesh, established in 1996 under the purview of Companies Act 1994 and listed with Dhaka Stock Exchange Ltd. in 2001. The Company is one of the leading Non-life Insurance companies in the Country with specialized and significant expertise both in the form of traditional and non-traditional insurance business. Prime Insurance Company Ltd always works hard for the clients to deliver innovative products and services while maintaining a commitment to safety, security and sustainability.

Board and its Sub-Committees:

The Company has a competent and reputed Board of Directors including Independent Directors. Almost all of them are elite business personalities of Bangladesh. Board members of the Company always support and encourage the Management to comply with the rules and regulations of the land.

Mr. Md. Nazrul Islam, Chairperson, is a veteran business personality. The Board has delegated authority towards 3 sub-committees namely Executive Committee (EC), Audit Committee (AC) and Nomination & Remuneration Committee (NRC). The AC and NRC are headed by Independent Director. The Board has delegated sufficient power to the management of the Company for accomplishment of the day to day business.

Chief Executive Officer (CEO):

Mr. Bayazid Muztaba Siddiqui, the Chief Executive Officer (CEO) of Prime Insurance Company Ltd, is a 36 years' experienced and an outstanding insurance professional who is leading the Company to make it as one of the most trustworthy insurer in Bangladesh.

Mr. Siddiqui, being the Chief Executive Officer and due to his dynamic skills in all the departments of insurance, outstanding professional leadership and excellent managerial charisma which are commanding to place the Company to the unique height in the Insurance Industry in Bangladesh.

Head of Departments:

Prime Insurance Company Ltd has appointed experienced and qualified professional personnel as Heads of the Departments.

Certification & Credit Ratings:

Prime Insurance Company Ltd is the first Non-life Insurance Company in Bangladesh to achieve the ISO 9001:2008 certifications in 2012 and subsequently ISO 9001:2015 certifications in 2018 which indicates its high claims paying ability, good protection ability and expectation of variability in

risk over time due to economic and or underwriting conditions. The Company has also been rated AA- (Double A Minus) by the Credit Rating Information & Services Limited (CRISL).

Awards & Acknowledgment:

Prime Insurance Company Ltd.'s improvement has been very much reflected on the receipt of the WINNER AWARD by the highest valued professional recognition, the South Asian Federation of Accountants (SAFA), for the Annual Reports of successive 2016, 2017, 2018 and 2019 among the SAARC countries. Prime Insurance Company Ltd grabbed the first position and second position by the ICAB BPA National Award in 2016, 2017, 2018 and 2019 respectively and also won the SILVER Award at the ICSB National Award 2016 & 2017 and BRONZE Award 2019 from the same for Corporate Governance Excellence.

Products:

Prime Insurance Company Limited is authorized to transact all classes of non-life insurance business. The Company offers all conventional non-life insurance products along with innovative products in the field of Fire Insurance, Marine Insurance, Motor Insurance, Engineering Insurance, Cash In Transit Insurance, Bank Lockers Insurance, Fidelity Guarantee Insurance, Bankers' Blanket Bond Insurance, Money Insurance including Cyber Crime Insurance, Hajj & Umrah Insurance, Contractors' All Risks Insurance (CAR), Erection All Risks Insurance (EAR), Health Insurance, Shipbuilders Liability Coverage Insurance, Power Plant and Miscellaneous Insurance etc.

Business Networks:

Prime Insurance Company Ltd diversified its business with number of products together with an expanding and well-organized network of 18 branches with a presence in major divisional areas of the country. Furthermore, the Company is pioneer implementing automation and online business support to its clients. With a view to ensuring prompt services, all its businesses are operated through automated system.

With a view to coping with changing market demand, Prime Insurance Company Ltd is in the trendy pathway of innovation practicing the modernize way for it. Accordingly, it has unveiled four exclusive products: (i) Hajj & Umrah Insurance, which is the first of its kind in Bangladesh and also (ii) Health insurance product 'Prime Health Plan' in non-life insurance category



which is hospitalization coverage with wider treatment facilities at home and abroad and fully supported by the overseas reinsurers. Moreover, for providing the financial security to the Banks, the Company has launched (iii) Bankers Blanket Bond (BBB) with wider coverage but fewer premium which works as a safeguard for the Banks to face any financial loss and (iv) Ship builder's liability coverage.

Reinsurance Arrangements and Strategy:

Prime Insurance Company Ltd sincerely and effectively deals with reinsurance matters making every insured protected. Prime Insurance Company Ltd has its re-insurance support from the first line overseas re-insurers. Fifty percent re-insurable non-life insurance business of the Company is placed to Sadharan Bima Corporation (SBC) and the remaining fifty percent is placed with the overseas re-insurers. Prime's overseas lead treaty re-insurer is Trust Re, Bahrain and follow liners are GIC Re India. Other than the treaty partners, many more reputed reinsurers such as Swiss RE, XL Group plc, Ping an Insurance, ICICI Lombard India, Hannover Re, Marsh India, Korean Re, Sart Re are also working with Prime Insurance Company Ltd.

Settlement of Claims:

As Prime Insurance Company Limited deployed proper reinsurance protection for all re-insurable policies, so claim settlement cannot come as a big issue to the Company. Prime Insurance Company Ltd with its experienced claims settlement personnel handle all the claims with due care and advise the claimants with professional support to settle the claims within 7 days to 30 days.

Website and IT Facilities:

Prime Insurance Company Ltd is managing efficiently automated IT enabled website. The website is very satisfying to the stakeholders. Investor can get all updated financial information from the Company website. Insured's can get information related to products, services, insight of the policy and claim settlement procedures. They can also get required information regarding the Citizen Charter as a part of the National Integrity Strategy (NIS) of the

Government. The website also includes e-tender, advertisements and other online facilities including obtaining free consultation regarding any insurance matters.

Growth:

Established in 1996 with Tk. 60.00 million paid-up capitals, the Company has become worth of Tk. 408.77 million from the internal generation of capital. From its internal resources, the Company has purchased 15,736 sq ft area at 9th floor of Unique Heights, 117, Kazi Nazrul Islam Avenue, Dhaka-1000 where the company has its Head Office and also 15,000 sq ft of at 4th & 5th floor of Tropical Molla Tower at 15/1-4, Progati Saroni, Badda, Dhaka as investment in property.

CSR Activities:

Prime Insurance Company Ltd operates a diverse range of CSR activities on different social issues, various risks and safety-security matters through trainings, seminars, workshops, rallies, publications (Fire Guide Book, Traffic Guide Book, Health Guide Book, Hajj & Umrah Guidebook etc.) and also conducts free consultation services on insurance. The Company continues to extend its hands towards the underprivileged people and meritorious students providing them with financial supports. Prime Insurance Company Ltd started tree plantation to protect the environment since long. The Company distributes indoor plants to the respected clients to encourage them towards enhancing a sustainable environment by beautifying the surroundings.

Conclusion:

Prime Insurance Company Ltd believes in transparency, ethics and accordingly doesn't move towards any unhealthy practice including credit business and premium under-cut prevailing in the industry and as a result, the gross premium income is much lower than the 1st generation companies but it can earn significant amount of underwriting profit compared to other insurance companies unless there is abnormal downturn in the investment income and huge claims that affect the overall profit of the Company.





INFORMATION ABOUT THE COMPANY

Prime Insurance Company Ltd is a second-generation private sector non-life insurance company. It is a well-known, trusted and leading name in the non-life insurance sector in Bangladesh. Prime Insurance Company Ltd was incorporated as a public limited company on 21 March 1996 under Companies Act, 1994. It obtained registration from the former Chief Controller of Insurance (CCI), Government of the People's Republic of Bangladesh on 31 March 1996. Prime Insurance Company Ltd obtained renewal license from the Insurance Development and Regulatory Authority (IDRA) when the Authority came into being in 2011. The Company provides non-life insurance services within the stipulations laid down by Insurance Act, 2010 and directives received time to time from Insurance Development and Regulatory Authority (IDRA).

Prime Insurance Company Ltd is listed with Dhaka Stock Exchange Ltd (DSE) and Chittagong Stock Exchange Ltd (CSE) as a publicly traded Company. It is the first ISO certified Company of its kind in the country and carries its insurance activities through eighteen on-line branches/booths spread across the country.

| | |
|---|---------------------------------------|
| Name of the Company | : Prime Insurance Company Limited |
| Legal Form | : Public Limited Company |
| Certificate of Incorporation | : C-30448(1664)/96, dated: 21-03-1996 |
| Company Registration No | : IDRA/NLI/2033/2011-990 |
| Certificate of Commencement of Business | : No-22 Dated: 21-03-1996 |

| | |
|--------------------|------------------------|
| Share Capital: | |
| Authorized capital | : 1000.00 million Taka |
| Paid-up capital | : 408.78 million Taka |
| Number of shares | : 40877498 |

| Year | Sponsors/Directors | Gov't | Institutional | Foreign | Public | Shares |
|------|--------------------|-------|---------------|---------|----------|----------|
| 2020 | 41.62% | 0 | 11.32% | 0 | 47.06% | 100% |
| | 17013215 | 0 | 6491347 | 0 | 17372936 | 40877498 |
| 2019 | 61.39% | 0 | 12.13% | 0 | 26.48% | 100% |
| | 25094696 | 0 | 4958441 | 0 | 26.48% | 40877498 |

Nature of Business
 Corporate website
 Listing Status
 Dhaka Stock Exchange Ltd
 Chittagong Stock Exchange Ltd
 Market Price of Share
 Closing Price on 31 December, 2020
 Market Category
 Taxpayer's Identification Number (TIN)
 VAT Registration Number (BIN)
 Chairperson
 Vice Chairperson
 Chief Executive Officer
 Company Secretary (CS)
 Chief Financial Officer (CFO) &
 Head of Accounts Department
 Credit Rating Information
 Auditors
 Tax Advisor
 Legal Advisor
 Number of Employees
 Number of Branches/booth
 Number of Shareholders on 31.12.2020

: Non-life insurance business
 : www.prime-insurance.net
 : Listed
 : March 21, 2001
 : March 22, 2001
 : DSE CSE
 : 49.20 50.70
 : "A" Category
 : 768008223459
 : 000162206
 : Md. Nazrul Islam
 : Prof. Dr. Iffat Obaid
 : Bayazid Muztaba Siddiqui
 : Enamul Haque Khan
 : Md. Lokman Hossain
 : "AA-"
 : M/s. Ahmed Zakir & Co., Chartered Accountants
 : M/s. Ahmed Zakir & Co., Chartered Accountants
 : Law & Remedy
 : 184
 : 18
 : 2586

Principal Bankers

Standard Chartered Bank, Bangladesh
 Prime Bank Ltd.
 Al-Arafah Islami Bank Ltd.
 Bank Asia Ltd.
 Jamuna Bank Ltd.

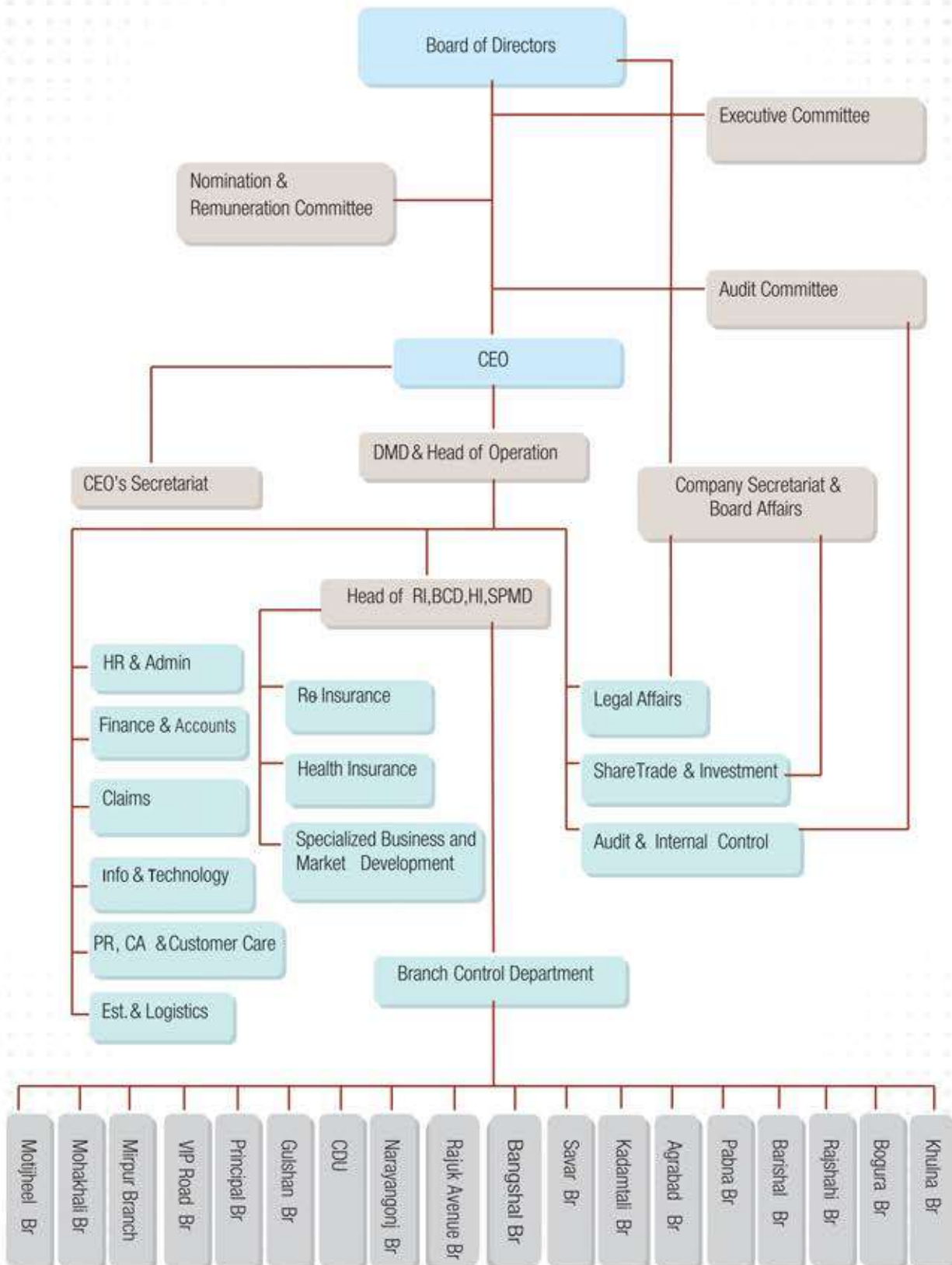
Investor Inquiry (Stakeholder)

Enamul Haque Khan
 SEVP & Company Secretary and
 Head of Share Department
 Unique Heights (9th floor)
 117, Kazi Nazrul Islam Avenue
 Dhaka-1000, Bangladesh
 Phone: (+ 880-2) 55138659-62
 Fax: (+ 880-2) 55138658
 E-mail: info@prime-insurance.net

Inquiry (Business Related)

Sujit Kumar Bhowmik
 DMD & Head of Branch Control Department
 Unique Heights (9th floor)
 117, Kazi Nazrul Islam Avenue
 Dhaka-1000, Bangladesh
 Phone: (+ 880-2) 55138659-62
 Fax: (+ 880-2) 55138658
 E-mail: info@prime-insurance.net

ORGANOGRAM



CORPORATE CHRONICLE

Particulars

Incorporation of the Company
 Certificate of Commencement of Business
 License issued for operating the first branch
 First dividend declared to the Sponsors @10% for the year 1999.
 Received consent from SEC for issuance of public share of BDT 90 Million
 Publication of prospectus
 Listed with Dhaka Stock Exchange Ltd.
 First Trading of share on DSE
 Listed with Chittagong Stock Exchange Ltd.
 First dividend declared in the AGM 14% cash to all shareholders
 Agreement signed with CDBL
 Issuance of First Bonus share 10% on Account of 2007
 Authorized Capital increase 25 crore to 100 crore
 Completion of 15 Years of service to the clients
 Received ISO 9001:2008 certificate
 Two floor space purchased from "Tropical Homes Ltd" (Agreement signing date)
 Certificate of Merit-ICMAB Best Corporate Award 2012
 MOU signed with Standard Chartered Bank for Cash Management solution
 Head office space purchase from "Unique Heights" (Agreement signing date)
 Third Prize in ICAB Best National Award on Annual Report 2012
 Certificate of Merit-SAFA Best Presented Annual Reports Award 2012
 Opening of Mobile Apps for public download
 Third Prize in ICAB Best National Award on Annual Report 2013
 Certificate of Merit-SAFA Best Presented Annual Reports Award 2013
 Silver Award in ICSB National Award 2013 for Corporate Governance Excellence
 Received ISO 9001:2008 certificate
 Silver Award in ICSB National Award 2014 for Corporate Governance Excellence
 Third Prize in ICAB Best National Award on Annual Report 2015
 Certificate of Merit-SAFA Best Presented Annual Reports Award 2015
 First Prize in ICAB BPA National Award on Annual Report 2016
 Silver Award in ICSB National Award 2016 for Corporate Governance Excellence
 Winner in SAFA Best Presented Annual Reports Award 2016
 Emerging Asia Insurance Award 2018
 Silver Award in ICSB National Award 2017 for Corporate Governance Excellence
 Second Prize in ICAB BPA National Award on Annual Report 2017
 Winner in SAFA Best Presented Annual Reports Award 2017
 Emerging Asia Insurance Award 2019 for Health Insurance Company of the Year
 Emerging Asia Insurance Award 2019 for Women in Insurance Leadership
 Third Prize in ICAB BPA National Award on Annual Report 2018
 1st Runner-up in SAFA Best Presented Annual Reports Award 2018
 Bronze Award in ICSB National Award 2018 for Corporate Governance Excellence
 Bangladesh Medha Bikash Society Award for Innovation
 Second Prize in ICAB BPA National Award on Annual Report 2019
 Certificate of Merit-SAFA Best Presented Annual Reports Award 2019

Date

March 21, 1996
 March 31, 1996
 March 21, 1996
 February 2, 2000
 August 28, 2000
 October 27, 2000
 March 21, 2001
 March 21, 2001
 March 22, 2001
 August 01, 2001
 March 7, 2005
 July 17, 2008
 October 31, 2010
 March 20, 2011
 March 22, 2012
 August 14, 2012
 January 12, 2013
 August 21, 2013
 November 07, 2013
 December 21, 2013
 May 03, 2014
 September 28, 2014
 November 30, 2014
 December 04, 2014
 December 04, 2014
 June 08, 2015
 November 10, 2015
 November 29, 2016
 January 27, 2017
 November 25, 2017
 November 30, 2017
 January 31, 2018
 May 08, 2018
 November 10, 2018
 December 24, 2018
 January 22, 2019
 June 14, 2019
 June 14, 2019
 November 30, 2019
 November 30, 2019
 December 21, 2019
 February 18, 2020
 November 26, 2020
 December 23, 2020



OUR BRANCHES

| Zone | Branch Name & Location | Head of Branch/ In-Charge | Contact Number |
|-------|---|--|--|
| DHAKA | Narayanganj Branch 78 Banga Bandhu Road (3rd floor), Fazar Ali Trade Centre, Narayanganj E-mail: narayanganj-branch@prime-insurance.net | Mr. Basudev Chakrabarty Additional Managing Director | Cell: 01713331821 Tel: 7631936 |
| | Gulshan Branch Hosna Center (2nd Floor), Suite # 207, 106 Gulshan Avenue, Gulshan # 2, Dhaka-1212. E-mail: gulshan-branch@prime-insurance.net | Mr. Mahbubur Rahman Senior Vice President | Cell: 01713331847 Tel: 9890263 02-55068946-47 Ext: 145, 149 |
| | VIP Road Branch Paramount Heights, 65/2/1, Box Culvert Road, (2nd Floor), Flat # 2C1, Purana Paltan, Dhaka. E-mail: viproad-branch@prime-insurance.net | Mr. Gouranga Chandra Misra Senior Executive Vice President | Cell: 01713331856 Ext: 229 |
| | Mohakhali Branch G P F – 93(2nd Floor), Mohakhali, Dhaka. E-mail: mohakhali-branch@prime-insurance.net | Mr. Mohammed Monirul Alam Senior Executive Vice President | Cell: 01713331856 Ext: 229 |
| | Principal Branch 12, Dilkusha C/A, Phoenix Bhaban (3rd Floor), Dhaka-1000. E-mail: principal-branch@prime-insurance.net | Mr. Uttam Kumar Bhowmick Senior Vice President | Cell: 01711628695 02-9561361 02-9514126 47111806 |
| | Central Development Unit (CDU) Unique Heights (9th floor), 117 kazi Nazrul Islam Avenue, Dhaka-1000. E-mail: cdu@prime-insurance.net | Md. Iqbal Hossain Akand Senior Executive Vice president | 01713331833 Ext: 226, 105 & 161 |
| | Bangshal Branch 91 Shahid Nazrul Islam Sarani (3rd floor), North South Road, Dhaka E-mail: bangshal-branch@prime-insurance.net | Mr. Md. Mozammel Hossain Vice President | Cell: 01713331841 Tel: 9563197 Ext: 137 |
| | Motijheel Branch 72, Dilkusha (4th Floor) C/A, Dhaka. Email: motijheel-branch@prime-insurance.net | Mr. A. Z. M Rezwanul Haque Senior Assistant Vice President | Cell: 01713331840 Tel: 9564100 |
| | Savar Branch Biswas Tower (3rd Floor), Baipail, Ashulia, DEPZ, Savar, Dhaka. E-mail: savar-branch@prime-insurance.net | Mr. Md. Nurul Absar Manager | Cell: 01755630972 |
| | Mirpur Branch 184 Razia Plaza (3rd floor), Senpara Parbata, Rokeya Sarani, Mirpur #10, Dhaka. E-mail: mirpur-branch@prime-insurance.net | Ms. Khadija-Tul-Ferdous Manager | Cell: 01671010465 Tel: 9007192, 9016449 Ext: 210 |
| | Rajuk Avenue Branch Motijheel Square 1/B, D.I.T Avenue Motijheel C/A, 10th floor, Suit: 1001, Dhaka-1000, Bangladesh E-mail: rajuk-branch@prime-insurance.net | Mohammad Sohel Mahmud Executive Vice President | 01715153769 |



| Zone | Branch Name & Location | Head of Branch/ In-Charge | Contact Number |
|-----------|---|---|---------------------------------------|
| CHATTGRAM | Kadamtoli Branch D. T. Road, Rahat Centre (1st Floor), 295, Kadamtali, Chattogram E-mail: kadamtali-branch@prime-insurance.net | Mr. Mainul Islam Chowdhury Executive Vice President | Cell: 01730358444 Tel: 031-2529225 |
| | Agrabad Branch Madina Tower (plot no. 88/89), 7th floor, West Side (Unit: C), Agrabad Commercial Area, Double Mooring, Chattogram E-mail: agrabad-branch@prime-insurance.net | Ms. Mehrunnesa Shimul Deputy Manager | Cell: 01711158224 Tel: 031-715907 |
| RAJSHAHI | Pabna Branch A U Center (3rd Floor), Holding # 864, Sonapotty, Dilalpur, Pabna. E-mail: pabna-branch@prime-insurance.net | Mr. Md. Mijanur Rahman Sr. Executive Vice President | Cell: 01713331843 Tel: 0731-64124 |
| | Rajshahi Branch Molla Plaza (3rd floor), Shaheb Bazar, Natore Road, Rajshahi. E-mail: rajshahi-branch@prime-insurance.net | Mr. Fazal Mahmud Senior Assistant Vice President | Cell: 01711855776 Tel: 0721-775277 |
| | Bogura Branch 1st Floor, Tip top Traders, Zilder Market, Ideal School Lane, Boragola, Bogura. E-mail: bogura-branch@prime-insurance.net | Mr. Md. Tozammel Haque (Ashik) Manager | Cell: 01711860008 Tel: 051-60960 |
| KHULNA | Khulna Branch Nizam Chamber (3rd Floor), 7, Old Jessore Road, Khulna. E-mail: khulna-branch@prime-insurance.net | Ms. Sabina Yasmin Assistant Manager | Cell: 01920336379 Tel: 041-731420 |
| BARISHAL | Barishal Branch 95, Sadar Road (2nd Floor), Barishal. E-mail: barisal-branch@prime-insurance.net | Mr. Abdul Halim Khan Vice President | Cell: 01713331844 Tel: 0431-64426 |



PROFILE OF HEAD OF BRANCHES



BASUDEV CHAKRABARTY

Additional Managing Director and
Head of Narayanganj Branch

Mr. Basudev Chakrabarty joined Prime Insurance Company Ltd after its commencement in July 1996 as an AVP and Head of Narayanganj Branch. Subsequently, he was promoted as Additional Managing Director of the Company. He has been working for the same Branch since his joining. His longstanding pursuit to the occupation in the Company for 24 years is an outcome of loyalty towards the Company, profession and society at large. During his service career, he received a number of awards for his excellent performance. Besides, he was awarded foreign tours for several times for his excellent performance in the Company. He is a veteran devotee towards the works for humankind, which results him associated with various social, cultural and religious organizations in Narayanganj District.

MD. MIJANUR RAHMAN

Senior Executive Vice President and
Head of Pabna Branch

Mr. Md. Mijanur Rahman has been with Prime Insurance Company Limited since its commencement of business in 1996. He has over 29 years of working experience in general insurance in diversified areas and has very good reputation in the insurance industry. After successfully passing a long period of 24 years of his dedicated services to the company, now, Mr. Rahman is holding the position of Senior Executive Vice President and Head of Pabna Branch. Mr. Rahman is associated with many social organizations in Pabna District. He is a life member of Anjuman Mofidul Islam. He obtained his MBA (HRM) from South East University.



GOURANGA CHANDRA MISRA

Senior Executive Vice President and
Head of VIP Road Branch

Since the advent of the Prime Insurance Company Limited in 1996, Mr. Gouranga Chandra Misra has a very successful span of continuous service for 24 years and at the moment; he is contributing to the Company as Executive Vice President and Head of VIP Road Branch. During his service life at Prime Insurance, he has participated in various seminars and workshops on insurance in Bangladesh Insurance Academy (BIA). Besides, he attended various in-house and external training programs and workshops. During span of career, he received a lot of awards for his excellent insurance career.





MOHAMMED MONIRUL ALAM

Senior Executive Vice President and
Head of Mohakhali Branch

Mr. Mohammed Monirul Alam is the Senior Executive Vice President and Head of Mohakhali Branch of Prime Insurance Company Ltd. Prior to this, he was the Head of Administration Department of the Company. He joined the Company as Senior Vice President (SVP) in 2008. He has enriched his career through completing successfully the 'Qualifying Examination' in Bangladesh Insurance Academy. During his long career, he also participated in a number of workshops and diverse training programs. Mr. Alam was a veteran sportsman and he represented Bangladesh internationally in rowing several times. He is a good sports organizer, and now he is the Vice President of Bangladesh Rowing Federation. He obtained B.Sc (Hons.) and M.Sc. degree in Economics from Jahangir Nagar University. His work has taken him to several countries including India, Pakistan, Thailand, Singapore, Taiwan, Vietnam, Korea, Japan, China, Qatar, Italy, Switzerland, France and Germany.

MD. IQBAL HOSSAIN AKAND

SEVP & Head of Central Development Unit (CDU)

Md. Iqbal Hossain Akand was born in 1967 in Kirhoregonj in a respective Muslim family. He obtained MBS in Finance and Banking from Rajshahi University. He is an MBA from State University of Bangladesh having major in Finance. He also completed L.L.B in the year 2013. Mr. Akand has a long career spanning more than 27 years. He started his career with BRAC as a Program Organizer in 1993 and served there as are Manager, Regional Manager and Provincial Manager (BRAC, Afghanistan) till 2007. He has experience in designing, Fund Management, Planning and implementing development programs. Mr. Akand joined IFIL in 2008 as Principal Officer and Manager, Nayabazar Branch playing a vital role to develop and expand business network, promote the Financial products of the company and achieve the desired profitability for the company. He was also engaged in budgeting, marketing and also the supervision of the branch to establish a sound management system for better performance and return for the company. He served in 2020 as vice present and manager. Currently he has joined Prime Insurance Company Ltd. In 2021, as Senior Executive Vice President and Head of Central Development Unit (CDU).



M. MAINUL ISLAM CHOWDHURY

Executive Vice-President and
Head of Kadamtoli Branch

Mr. M. Mainul Islam Chowdhury joined Prime Insurance Company in 2010 as Senior Vice-President and Head of Kadamtoli Branch. He has a glorious 27 years of experience as a Branch Head in several private insurance companies. Throughout his long career, he was awarded several annual best performance awards. Thus, he has been assessed as a result oriented, strong team player, activator and developer. Now Mr. Chowdhury is discharging his responsibility as Executive Vice-President and Head of Kadamtoli Branch of the Company. He graduated from Chittagong University.



MOHAMMAD SOHEL MAHMUD

Executive Vice President and
Head of Rajuk Avenue Branch

Mr. Mohammad Sohel Mahmud joined Prime Insurance Company limited in 2020 as Executive Vice President and Head of Rajuk Avenue Branch. Prior to joining Prime Insurance Company Limited, he served at Islami Insurance Bangladesh Limited for 20 years in different capacities. He holds a Bachelor Degree from National University. He has also enriched himself and his career by attending different training & certification programs at home and abroad. He is a well-traveled person and visited Japan, Thailand, and India so far. He is a Lifetime Member of 'Bridge Club Bangladesh'.

UTTAM KUMAR BHOWMICK

Senior Vice President and
Head of Principal Branch, Dhaka

Mr. Uttam Kumar Bhowmick joined Prime Insurance Company Limited in 1999 as Senior Executive Officer in the Underwriting Department of the Principal Branch. Now, he is holding the position of Senior Vice President and heading the Prime's Principal Branch. He has 25 years working experience in underwriting. During his insurance career, he took several professional trainings from BIA, DCCI, FBCCI, and Bdjob.com. Beside theses, he participated in various seminars and workshops in the field of insurance including in-house training programs.



MAHBUBUR RAHMAN

Senior Vice President and
In-Charge of Gulshan Branch

At the beginning of Prime Insurance Company Limited, Mr. Mahbubur Rahman joined here as a Junior Executive Officer of the Company. Currently, he holds the position of Senior Vice President and In-Charge of Gulshan Branch. Before joining Prime Insurance Company Limited, he worked for Green Delta Insurance Company Ltd. He has over three decades of diverse proven experience in insurance sector. Mr. Rahman completed his graduation from the University of Dhaka in 1985.





ABDUL HALIM KHAN

Vice President and
Head of Barishal Branch

Mr. Abdul Halim Khan joined Prime Insurance Company as an Executive Officer in 1996 at Barishal Branch. Before beginning his career with Prime Insurance, he spent 6 years with Bangladesh General Insurance Limited as In-Charge of Barishal Branch totaling 29 years of experience in this sector. At present, Mr Khan is holding the position of Vice President & Head of Barishal Branch of the Company. He is associated with various social, cultural & religious organizations. Besides, he is a Member of Barishal Club Ltd.

MD. MOZAMMEL HOSSAIN

Vice President and
Head of Bangshal Branch

Mr. Md. Mozammel Hossain joined Prime Insurance Company in the year 1999 as a Junior Executive Officer, and he was posted at Bangshal Branch of the Company. For his outstanding business performance in 2009, Mr. Hossain was awarded as the Head of Bangshal Branch. Currently, he is discharging his responsibilities in the Company as Vice President and Head of Bangshal Branch. He is also monitoring the activities of Ekuria booth under Bangshal Branch successfully.



A .Z. M. REZWANUL HAQUE

Senior Assistant Vice President and
Head of Motijheel Branch

Mr. A. Z. M. Rezwanul Haque is holding the rank of Senior Assistant Vice President and Head of Motijheel Branch of the Company. Before becoming the Head of Motijheel Branch, he worked for 18 years in Accounts Department of the Company since his joining in 1996. He obtained his M. Com in Management from the University of Rajshahi. He has participated in professional training on standardization of Annual Report and Financial Management organized by ICSB, DBI and bdjobs.



FAZAL MAHMUD

Senior Assistant Vice President and
Head of Rajshahi Branch

Mr. Fazal Mahmud Tulu joined Prime Insurance Company Ltd in 2000 as a Senior Executive Officer and Head of Rajshahi Branch. He enrolled at his Masters in Political Science at Rajshahi University. During his insurance career, he participated in different training program on General Insurance with special emphasis on Marketing, Fire Insurance, Underwriting and Claims from Bangladesh Insurance Academy (BIA). Right now, he is holding the desk of Senior Assistant Vice President and Head of Rajshahi Branch.

MUHAMMAD NURUL ABSAR

Manager and
Head of Savar Branch

Mr. Muhammad Nurul Absar joined Prime Insurance Company Limited in July 2011 as an Assistant Manager in Business Development Cell. He was promoted as Deputy Manager and assigned as the Head of Savar Branch in September 2014. Later, for his outstanding performances, he was promoted to the rank of Manager in January, 2017. Mr. Absar completed his MBA degree from UODA (University of Development Alternative) with Major in Accounting & Finance in 2011. He also completed MBS (Master in Business Studies) with major in Accounting from National University. During his insurance career, he attended in-house trainings on General Insurance, Customer Relationship and Health Insurance from various local and foreign insurance experts.



MD.TOZAMMEL HAQUE (ASHIK)

Manager and
In-Charge of Bogura Branch

Mr. Md. Tozammel Haque (Ashik) joined Prime Insurance Company limited in 2019 as Manager and In-Charge of Bogura Branch. Prior to his joining in Prime Insurance Company limited, he served at Islami Insurance Bangladesh limited as Manager (Business Promotion) since May 2018. Mr. Haque started his career with Fareast Islami Life Insurance Company limited as Branch Coordinator in 2014. He graduated with Bachelor of Arts from Shibgonj M.H. Degree College, Bogura.





MEHRUNNESA SHIMUL

Deputy Manager and
In-Charge of Agrabad Branch

Ms. Mehrunnesa Shimul joined Prime Insurance Company Limited in 2011 as Assistant Manager at Agrabad Branch. She completed her BSS and MSS in Philosophy from Chittagong University. She attended various in-house training on General Insurance, Customer Relationship and Health Insurance from local and foreign insurance experts. At present, Ms. Shimul is holding the position of Deputy Manager & In-Charge of Agrabad Branch, Chottogram.

MS. SABINA YASMIN

Assistant Manager and
In-charge of Khulna Branch

Ms. Sabina Yasmin joined Prime Insurance Company Limited as Senior Officer in 2012 at Motijheel branch and gathered experience in various departments of Insurance for around 7 years. She was transferred to Khulna branch in 2018 and was assigned as In-Charge of the branch. Ms. Sabina has completed her M.A. in History from National University.



BOARD OF **DIRECTORS & MANAGEMENT**





Md. Nazrul Islam
Chairperson

CHAIRPERSON'S STATEMENT



Honorable Shareholders,

Assalamualikum

I am pleased to welcome you all at the 25th Annual General Meeting of Prime Insurance Company Limited. It is my pleasure to report you on the Company's performances for the year 2020.

I would like to express my deepest gratitude to you all, for being with us, and for inspiring us to face the erratic economical turmoil. The Pandemic Covid-19 results in high priced oscillation of the economy, as well as it infected, affected and destroyed the family, fortune, and it become the fear of communal society. Almost all the business entrepreneurs changed their strategy and focused on sustainability instead of thinking aggressive revenue growth.

Global economic growth in 2019 compared to 2018 was weaker due to weak global demand and the trade dispute between the USA and China. Further, in 2020, the global economic growth became negative due to pandemic Covid-19 effects. Almost governments of all the countries in the globe imposed lockdown, isolation and restriction on the movement of goods and transportation of those to protect the outbreak of the Corona Virus. The industrial and economic growth is required to be recovered which is dependent on the strategic planning and effective implementation of monitoring and fiscal stimulus package, restoration of normal economic activities and fading of pandemic. In short, the projected global economic growth will pick up to 5.2% in 2021; however, it depends on the sustainability of the investment incentives and creating demand of products and services, and the availability of the transpiration, and transformation of the industrialization.

Many National and International manufacturing Companies in Bangladesh were closed down due to insufficient raw materials, liquidity crisis and uncertainty of regaining the normal export and import transaction, and having the unusual demand and supply chain of the products and services.

GDP growth of Bangladesh was 5.2% in 2020 which was much lower compared to 8.2% in 2019. All major sectors of business in Bangladesh witnessed lower economic growth. Service Sector of Bangladesh accounts for the largest contribution in the national GDP which was 51.3% in 2020. By this time a massive negative tendency developed which reveals that, Import declined by 8.6% and export earnings declined by 10.6%.

The growth of Insurance Sector of Bangladesh was forecasted to increase by 7.04% in 2020 in terms of premium income. Like all other sectors, the premium growth of the Insurance Sector of Bangladesh declined remarkably, and insurance Companies are concentrating on sustainability instead of achieving the aggressive premium growth. The major profit of the Non-life Insurance Companies are generated from Marine Insurance business; however, Marine Insurance business depends on the number and amount of export and import transaction. But the export and import was almost vanished during the lockdown period, and consequently, many insurance companies were in trouble to make underwriting profit.

Prime Insurance Company Ltd earned Tk. 743.30 million in 2020 which was Tk. 711.68 in 2019. Retained earnings of 2019 were lower compared to the retained earnings of the year 2020. Profit of the Company was due to investment in share business, and income generated from the interest of FDRs. FDRs in the year 2020 were remarkable among preceding 5 years.

Like all other business enterprises of Bangladesh, Prime Insurance Company Ltd. abided by the rules of complying the lockdown for at least 66 days in the year 2020 for which significant amount of earnings decreased from marine insurance business of the Company for the year 2020. But the incomes generated by the Company in 2020 were in favor of the shareholders to distribute the dividend. In that year, revenue income decreased and profit increased due to strict controlling of the excess commission and reduction of the management expenses. Upward trend of share market was also a reason of incurring profit in 2020 which became possible due to the strategic knowhow of the Chairperson of the Bangladesh Securities and Exchange Commission.

Prime Insurance Company Ltd. is also planning to utilize the technology to cope with the global system. Digital marketing of the insurance products will be a future plan of the Company. Risk Management of the Company will also be measured and a research based team will have to be formed to receive the information.

In consideration of the retained earnings of 2020, the Company declared 10% cash dividend for all shareholders. However, the said proportion of dividend is average in comparison with the dividend payout ratio of the listed companies in Bangladesh operating in similar context.

Further, the statements of financial position, Directors' Report, Corporate Governance including other activities of the Company presented in the Annual Report 2020 are the fundamentals to understand the Company's financial strength and the long run achievement. Therefore, respected shareholders are requested to please go through the Annual Report- 2020 and Directors' Report therein to understand the future of the Company.



Md. Nazrul Islam
Chairperson



Bayazid Muztaba Siddiqui
Chief Executive Officer



• CEO's • ROUND UP

Honorable Shareholders,

Assalamualikum,

On behalf of the Management Team, I am pleased to report to you about the Company's consistent improvement and performances of 2020, and I welcome you all at the 25th Annual General Meeting of Prime Insurance Company Limited. First of all, I would like to express my deepest gratitude to you all, for being with us throughout the year and joining the journey of another year with plenty of optimism and vision. In reality, the year ended was a critical year due to the pandemic Corona Virus attack which resulted in global recession, social distance; so, sustaining has become the only objective of life and economy.

Management of Prime Insurance Company Ltd. took the challenges of sustaining the dream to be a market leader in the non-life insurance business in Bangladesh. Amidst business challenges, we have passed another compromising business year. The government has already started with new promises for the insurance sector. It shows beacons of hope for Bangladesh to reach its desired roads to prosperity. At Prime Insurance Company Limited (PICL), our synergies of success are striving to ethical business standard, due diligence, vibrant insurance product innovation and business services which cater to clients and customers need for safer feeling and faster delivery of insurance products and services for customers satisfaction.

Global Insurance Scenario:

Before Covid-19, gross premium income of the global insurance industry was mainly on the rise both in the life and non-life insurance sectors in 2019. Overall underwriting profit was high, but in 2020, the class wise Marine Insurance business dropped dramatically. The shutdown made the manufacturing Companies quit to be insured of their property. Motor insurance business also decreased due to the restricted social and industrial communications.

Bangladesh Insurance Scenario:

Insurance coverage in Bangladesh is still the lowest in the emerging Asia. The insurance industry in the country is evolving to be a vibrant industry with 46 Non-life insurers. Insurance sector's contribution to the GDP is not up to the expected level, not in line with the economic development and sizes of GDP. Despite numerous initiatives to increase awareness on insurance products, the insurance industry continues to remain significantly under penetrated since long.

The Regulator, however, has taken some initiatives to reshape the insurance industry. The Pandemic Covid-19 attack created uncertainties of the insurance market growth. The steady growth of the insurance market has become upside down. But, the non-life insurance business in the globe received profit by selling mandatory insurance products. Many companies were shut down, but they had to take the mandatory fire insurance against the claim incurred to zero during the lockdown period. For these circumstances, revenue of the insurance companies were smaller, but profit was higher. It results in lower contribution in the GDP, but higher profit for the insurer. Class-wise claims in almost all sectors will be reduced due to no claims incurred during the Pandemic Covid-19. In Bangladesh non-life insurance market also played the similar role.

Performance of Non-life insurance sector in Bangladesh:

General Insurance, by its nature, is highly susceptible to unforeseen

shocks, and hence, the Management's capability to make timely judgments well in advance to be in a state of preparedness to meet such challenges is a critical necessity for success. Such preparation was executed effectively in 2020.

Shareholders of the secondary market focused on the share of non-life insurance market because they thought that the claim will be zero during the lockdown period and EPS will rise the last quarter. Thus written earnings will be higher and Company will pay dividend. When all industrial sectors are struggling for retained earnings, non-life insurance companies might have probability of receiving no claim. Non-life insurance companies have some degree of advantages to make profit compared to all other financial sectors' business in Bangladesh during the pandemic period due to its nature of business.

Accordingly, Prime Insurance Company Ltd. earned revenue income of Tk. 743.30 million in 2020, claim paid by the Company was Tk. 22.10 million, re-insurance payment made by the Company was Tk. 587.12 million, and retain earnings were Tk 42.41 million. Overall, the year 2020 was the profit making year for Prime Insurance Company Ltd. The revenue to net profit earnings ratio was 17.53% in 2020.

Investment:

Despite a challenging business environment, we are extremely happy to share that our fund management efforts during the year resulted in outperforming market benchmarks for both fixed income and equity investments. Our investment portfolios recorded a momentous investment income growth of 58.32% to reach Tk. 83.11 million for the year.

Governance and Regulations:

Prime Insurance Company Limited (PICL) is a Company well-respected for its transparency in corporate governance. Continuing to uphold this reputation, I note with pleasure that PICL has both regulatory and voluntary governance best practices. A detailed report on the governance aspects of the Company appears on the separate pages.

Business Strategy:

Business strategy mix is a combination of plan to reach specific business objectives. Strategic plans have a synergy to achieve it. Non-life Insurance sector has a highly competitive market. Quality business earning is the best strategy of earning revenue income. Prime Insurance Company Ltd. continuously screened the business and shortlisted the risk-based products and services. The Company Management has no intention to increase the revenue by earning the poor quality business revenue. The Company pre-inspect the risks of the insureds and analyze the clients' history and brand loyalty in terms of receiving the policy.

Human Capital:

PICL's corporate ethics are based on good governance, statutory compliance, transparency and motivation. Number of employees of the Company is smaller compared to other insurance Companies in Bangladesh, but the quality of the human resources is comparatively higher. Number of Marketing Executives is less, but their portfolio is bigger and claim ratio is lower. All the employees and staff of the Company are expected to behave and work with integrity, sincerity and devotion, and we have comprehensive policies which fulfill the clients' demand and finally compliance measures as well. In addition to that, we



always encourage training to our employees for maintaining the highest professional standards. These traits made us completely different from other insurance companies. Most of the members of the staff are young, professional and hard working. With a view to considering future growth, inclusiveness and sustainability of Prime Insurance, we are always preferring fresher employees and giving them necessary on the job training including professional trainings at home and abroad. Education, training, professionalism and good service track indicate a person's confidence in the brand image of the Company.

Product Verity:

We maintain our long term commitment to research and development across a wide spectrum of technology, tools and platforms and services spanning into business, work and life experiences. The Company has already enhanced its regular products, viz Marine, Fire, Burglary, Motor, Engineering, Aviation & various types of miscellaneous accidental insurances, and some special products such as Hajj & Umrah Insurance; 'Prime Health Plan'-a very unique & attractive non-life Health Insurance Policy; 'Avijita', a special insurance product for Bangladeshi Women Entrepreneurs; Bankers Blanket Bond (BBB) Coverage which works as a safeguard for the Banks to face any financial crisis, cybercrimes, as well as Shipbuilders Liability Insurance etc.

Moreover, PICL is rendering its services towards the biggest power projects of Bangladesh in private sector in its credit. In this sector we provide our services to cover Operational All Risks including Business Interruption and Erection All Risks including delay in Start-up. The list includes big projects like Summit Bibiyana Power Company Ltd, Summit Meghna Ghat Power Company Ltd, Bangla Trac Power Ltd, Acorn Infrastructure Services Ltd and Confidence Power.

Research and Development:

Our Research and Development (R&D) Department relentlessly is researching for new products. One of them is a special policy designed against bonds issued by banks and financial institutions. Prime has another scope to increase its income base through rental income of the floor space of Tropical Molla Tower situated at Rokeya Sarani, Badda. We are opted to use the financial inclusion and get more by using opportunities of the Union Development Centers (UDC) information technology tools and integration of our products and services vertically and horizontally. Therefore, integration of these product distribution channels may be a future solution of providing micro insurance policy for the individuals and groups with wider coverage. Besides, due to severe competition, insurance Companies are becoming more strategic and inventing newer products and distribution channels. Prime Insurance has a plan to provide wider coverage with Micro insurance products with a dynamic distribution channel in near future including agro insurance products. We also opt for using the Non Government Organizations (NGO's) services platform for this end. Prime Insurance has achieved its name and fame as the pioneer of innovative products in the industry. To maintain pace with the trends of the Asian Insurance Market, Prime Insurance has been working to enrich and expand its products line through adding more exclusive products, like Crop insurance, Agro based insurance, Live Stocks, Bancassurance policy, terrorism, home loan and auto loan coverage.

Becomes a tech-based insurer:

Our ultimate goal is to making the Company an institution of excellence. In sync with that, we are always moving forward with our commitment delivering diversified but exclusive products and faster services to our

valuable clients engaging different approaches keeping in mind that clients' happiness is our ultimate aspiration. With a view to providing faster services to the potential insureds, the Company has established a separate specialized business unit comprising the operation of all types of insurance business, 'Central Development Unit (CDU)' at Head Office so that the clients can meet up all types of their insurance needs and enjoy rapid services from queries to claim settlement, and over and above, save their time. Through CDU, the Company also gets the opportunity to underwriting all the specialized business directly from Head Office under the support of our expert Management Team. To maintain Company's focus on improving response time in customer services, the Company realizes the necessity of using efficient technology in every possible area of services, and accordingly, developed IT infrastructure, including efficient software solution, based on entirely online system and also developed various mobile applications which are designed to offer excellent customer services as well as prompt settlement of claims.

Commitment:

In the year 2021 and beyond, we will continue to create value for our customers, clients, and partners through our insurance products and services. As a result, our shareholders, through our consistent focus on delivering adorable and personalized products, services and solutions, our bondage with them will be stronger and services will be faster and they feel safer.

I believe, the gains made during the preceding years will be instrumental for better positioning of the Company in the future. Our strategy is to enhance strength by focusing on areas where we have an advantage today and where we can grow faster than our competitors in the days ahead. We shall endeavor to ensure excellent services in every spheres of business to our clients.

Overall, as we look forward to 2021, Prime Insurance Company Limited is well-placed to meet the challenges of continuing to improve the services we provide to our customers, and to realize our ambition to remain as the most preferred General Insurance investment platform for our stakeholders which you can understand by evaluating this report.

With best regard,

Thanking You All



Bayazid Muztaba Siddiqui
Chief Executive Officer



PROFILE OF THE CHAIRPERSON

Mr. Md. Nazrul Islam Chairperson

Mr. Md. Nazrul Islam has recently been elected as the Chairperson of the Board of Directors of Prime Insurance Company Limited in its 329th Board Meeting held on May 20, 2020. Mr. Md. Nazrul Islam is a Director of Prime Insurance Company Limited. He is a prominent industrialist and successful business entrepreneur of the country. His brilliance and business foresight have added a new dimension to the industrial revolution in Bangladesh. He contributes a lot to the development of the country's economy through Bank, NBFI and Insurance Company. His professional and business affiliation is versatile and diversified. He earned notable fame in the business community for his integrity and remarkable business performance. He proved himself as a successful Chairperson in several companies namely Fareast Islami Life Insurance Company Limited, Fareast Islami Securities Limited, Fareast Islami Properties Limited and Primeasia University Board of Trustees. Mr. Md. Nazrul Islam is the Vice-Chairman of Bangladesh Institute for Professional Development (BIPD) and Prime Multimedia. He is the Director of Prime Islami Securities Limited and PFI Properties Limited.

Apart from those, he is the Managing Director of Apsara Holding Limited, Ramisha Cold Storage Limited, Punot Cold Storage Limited, Fareast Cold Storage Limited, Fareast Securities Limited, Ramisha BD Limited, Rimsha BD Limited and Ramisha Composite Textiles Mills Limited (Proposed). He is also the Sponsor of CVC Finance Limited, Proprietor of M/s. Ramisha Enterprise and M/s. Rimsha Enterprise. As a very prominent entrepreneur, he received many prestigious awards from institutions at home and abroad for his remarkable contributions to the contemporary business.

He is the Executive Committee member of Bangladesh Insurance Association (BIA), Bangladesh Association of Publicly Listed Companies. He is the member of Australia-Bangladesh Chamber of Commerce, Canada-Bangladesh Chamber of Commerce & Industry, Bangladesh-Thai Chamber of Commerce & Industry (BTCCI) and Bangladesh-German Chamber of Commerce & Industry (BGCCI).

His contribution to the society through the Corporate Social Responsibility activities is remarkable. As a very widely travelled person, he has the detailed idea of contemporary business and technologies through cross-country cultural activities. He has an amiable personality having the track record of making contributions to the social and educational development activities of the country.

His contribution towards government exchequer is notable and he received the Highest Tax Payers Award several times from the Munshiganj District. In a word, he is observed as a man of successful entrepreneurship with socially responsible personality.



BOARD OF DIRECTORS PROFILE



Prof. Dr. Iffat Obaid

Vice-Chairperson

Prof. Dr. Iffat Obaid is a Director of Prime Insurance Company Limited. She is a business person and is also an educationist. Dr. Iffat Obaid completed her B.A. (Hons.), M.A. degree from Dhaka University in the year 1980 & 1982 respectively. In the year 2002 she got her Ph.D degree from Jadavpur University, Kolkata, India. She started her career as a Lecturer in the Government College of Music, Agargaon, Dhaka. Lastly, she was promoted to the rank of Professor and retired from the same post in the year 2009. She is the Chairperson of TERTEX Ind. Ltd., an export-oriented garments factory.

Mohd. Showkot Ali

Director

Mr. Mohd. Showkot Ali is a nominated Director of Prime Insurance Company Ltd. representing M/S. Rimsha BD Ltd. He completed his graduation from Jagannath University, Dhaka. He started business just after obtaining graduation in 1989. At the very outset, he started Fabric Manufacturing business. Further he extended his business and got engaged in Yarn Manufacturing as well. Along with his business career, he is working as the Deputy Managing Director of Maksons Group. He is also a member of Bangladesh Textile Mills Association (BTMA) and Bangladesh- German Chamber of Commerce & Industry (BGCCI). Mr. Ali is a permanent member of Gulshan Club Limited, Bangladesh Flying Club, Uttara Club Ltd, Gulshan Society and Rotary Club.





Alamgir Kabir FCA

Independent Director

Mr. Alamgir Kabir FCA is an Independent Director of Prime Insurance Company Limited. He is also the Deputy Managing Director and Chief Financial Officer of Fareast Islami Life Insurance Co. Ltd. He holds Master degree from National University. With an experience of more than sixteen years in the insurance sector, Mr. Alamgir participated in numerous professional training and workshops at home and abroad. Especially, he achieved professional certifications on 'Association of Re-insurance Administration' from LOMA (Life Office Management Association), USA, 'Fellow of Chartered Accountants' from Institute of Chartered Accountants of Bangladesh (ICAB), 'Fellow of Life Management Institute' from LOMA (Life Office Management Association), USA. He also accomplished trainings on 'Leadership Communication and Managerial Skills' from the Institute of Business Administration (IBA).

Mahabuba Haque

Director

Ms. Mahabuba Haque is an entrepreneur with expertise in different realms of business for last two decades. She is a Director of Manama Group, involved in the real estate sector and one of the biggest importers of fertilizers and food grains. Ms. Haque is the major shareholder of Manama Developments Limited (Manama Group). She has been actively involved in insurance business since 1996. Ms. Mahabuba Haque is the founder of Manama Food and Agro Limited. Furthermore, she is the Lifetime Member of Bangladesh Flying Academy. She is also involved with a number of socio-cultural organizations.





Rahela Hossain

Director

Ms. Rahela Hossain is a prominent business person. After completion of her education, she devoted herself to business activities at Chittagong. Ms. Hossain is the proprietor of Samira Electronics. She has notable contributions to socio-cultural organizations. She is a founder member of Aslam Smriti Foundation located at Raozan, Chittagong, an organization working for poverty alleviation. She always extends her hands to the needy and meritorious students engaged in acquiring knowledge for their future development.

Mahanur Ummel Ara

Director

Ms. Mahanur Ummel Ara was the former Chairperson of the Executive Committee (EC) of the Prime Insurance Company Limited. She completed her graduation in 1996. Thereafter, she engaged herself with business activities in different areas. Apart from her participation as Director in Prime Insurance Company Limited, she is also a Director of Shepherd World Trade Limited. She is a life member of the Gulshan Youth Club Limited and the Gulshan Society. She is actively involved with a number of social organizations.





Md. Ashaduzzaman

Director

Mr. Md. Ashaduzzaman is a nominated Director of Prime Insurance Company Ltd. from amongst the public subscribers nominated by Fareast Securities Limited. He completed Postgraduate degree (Master's degree) in Commerce. He is one of the Directors of Fareast Finance and Investment Limited representing Ramisha BD Limited. Currently, Mr. Md. Ashaduzzaman is playing the role of Executive Director in Fareast Securities Ltd. He is also working in various prestigious positions in Ramisha Group.

AKM Monirul Islam

Director

Mr. AKM Monirul Islam is a nominated Director of Prime Insurance Company Limited representing Ramisha BD Limited. He obtained his Bachelor of Arts degree from a reputed Public University. Mr. AKM Monirul Islam is a Director of Fareast Islami Life Insurance Company Limited and a nominated Director of CVC Finance Limited representing Apsara Holding Limited. He has an attachment with various socio cultural activities.





Rabeya Begum

Director

Ms. Rabeya Begum is a nominated Director of Prime Insurance Company Limited, representing the Fareast Islami Life Insurance Company Limited. She completed her post-graduation from Government Tolaram University and College, Narayanganj. She has dynamic business skills; her comprehensive, collaborative and consultative attitude helps her taking entrepreneurial decision in the business community. Her footsteps with the Peer Group for developing the Company's vision and achieving the ultimate goals are notable. At present, she is the Director of Fareast Islami Life Insurance Company Limited and Bangladesh Institute of Professional Development Ltd (BIPD). She is a Member of Trustees Board of Primeasia University. She is also engaged with many socio-cultural activities of the country.

Ayesha Husne Jahan

Director

Ms. Ayesha Husne Jahan is a nominated Director of Prime Insurance Company Limited representing Fareast Islami Properties Limited. She was born in a respectable Muslim family in Bangladesh. She had her schooling in the local educational institutions and obtained B.Com. degree. She is a Sponsor Director of Fareast Islami Life Insurance Company Limited and a member of Trustees Board of Primeasia University. She is associated with many other socio-cultural activities.





Md. Salim Mahmud

Director

Mr. Md. Salim Mahmud is a Director of Prime Insurance Company Limited. He is also Additional Managing Director of M/s Ramisha BD Limited and representative Director of Prime Islami Life Insurance limited on behalf of M/s Ramisha BD limited, the sponsor Director of the Company. He had his schooling in the local educational institutions and completed his Masters of Commerce (M.Com) degree from Dhaka City College. After completion of his Master's degree, he got engaged in business. He is a young entrepreneur of the country. He established a good number of companies.



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PROFILE OF THE CEO

Bayazid Muztaba Siddiqui

Chief Executive Officer (CEO)

Mr. Bayazid Muztaba Siddiqui has recently been appointed as the Chief Executive Officer (CEO) of Prime Insurance Company Limited (PICL). Prior to joining PICL, he was the CEO of Paramount Insurance Company Ltd.

Mr. Siddiqui is a career insurer. By virtue of an experience of more than thirty-six years in the insurance sector, he worked with several insurance companies in various capacities. He served as the CEO of South Asia Insurance Company Limited, Deputy Managing Director of Dhaka Insurance Limited, Deputy Managing Director of Prime Insurance Company Limited, Deputy Managing Director of Islami Insurance Bangladesh Limited, Deputy Managing Director of Northern General Insurance Co. Ltd. He also served the Janata Insurance Co. Ltd. and Bangladesh General Insurance Co. Ltd. in different capacities.

He is a tech-savvy, and he developed a complete insurance software, 'IIBS (Insurance Integrated Business Solution)', being associated with a group of software professionals which benefitted all non-life insurance Companies. During his long association with the insurance industry, Mr. Bayazid participated in various professional training and workshops at home and abroad. He holds a Master's degree from Chattogram University and also an LL.B from the same University.

Mr. Siddiqui was born and brought up in Chittogram. He is a happily married person and blessed with four daughters. In his free time, he usually enjoys involving himself in reading books and social works. Having travelled extensively inside and outside of the country, he can be described as a well-travelled person.

Mr. Siddiqui is well known as a vibrant and amiable personality in the Insurance Sector of Bangladesh. Apart from his professional achievements, he got associated with various social and humanitarian organizations. He is a Life-Member of Chattogram University Alumni Association, Chattogram Samity Dhaka, Chattogram Ma-O-Shisu Hospital, Quantum Blood Bank, and a member of Bangladesh Insurance Forum and Quantum Foundation.

A man with the reputation of honesty and religious mentality, Mr. Siddiqui can contribute a lot to the industry of insurance.



DIRECTORS REPORT

Dear Shareholders

AssalamuAlaikum,

It gives me a great pleasure to welcome you to the 25th Annual General Meeting of the Prime Insurance Company Limited 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 that ended on December 31, 2020 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 2020 for your information, consideration and approval. The documents were already sent to you in compliance with referral stated below.

The Reports of the Board of Directors of the Company is hereby approved in 337th Board of Directors' meeting held on 10 February 2021.

In compliance with the provisions of Section 184 of the Companies Act 1994, Rules of the Bangladesh Securities and Exchange (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, Sub-sections, Rules and Regulations in this purpose pursued accordingly to prepare, present and submit the Directors' Report-2020 before the respected shareholders of the Company for their perusal and approval. The Annual Report-2020 is containing the Directors Report, Audited Financial Statements and Financial Positions of the Company for the perusal, research, analysis and investigation of the respected shareholders.

This Report is stated the global economic position which narrowed down to Bangladesh economy and later on it concentrated to the analysis of the Insurance Sector in Bangladesh which finally narrowed and compared with the performance of Prime Insurance Company Ltd in the Insurance Industry. The global economic output was weaker in 2020, however the insurance experts' opined slightly higher growth in the non-life insurance sector in Bangladesh. Contribution of the Insurance Industry to the GDP is pitiable comparing with other income generating sector in Bangladesh which is continuing since long. Experts did not notice much future growth in case otherwise implementing mandatory insurance products.

In connection with the aforementioned observation, revenue earning of Prime Insurance Company Limited observed same level growth in 2020. The retain earnings and net profit of the Company were considerably higher but revenue income growth was steady. Considering the performance of the Company's underwriting performance and other income, Directors opined to take strategy of declaring 10% cash dividend for the year 2020 after creating provision for tax provision to meet the future liabilities.

The year 2020, the most using word of the world was Covid and its related word like lock down, pandemic etc. The global economy

stopped down and weather was full of attraction. Social and cultural adaptation was different for which, the global economy will forecasted to turnaround towards the digital marketing integration with all kinds of marketing business.

Global Economy:

Although recent vaccine approvals have raised hopes of a turnaround in the pandemic of the last year, renewed waves and new variants of the virus pose concerns for the global outlook. Amid exceptional uncertainty, the global economy is projected to grow 5.5 percent in 2021 and 4.2 percent in 2022. The 2021 forecast is revised up 0.3 percentage point relative to the previous forecast, reflecting expectations of a vaccine-powered strengthening of activity later in the year and additional policy support in a few large economies. The projected growth recovery of this year follows a severe collapse in 2020 that has had acute adverse impacts on women, youth, the poor, the informally employed, and those who work in contact-intensive sectors. The global growth contraction for 2020 is estimated stronger-than-expected momentum in the second half of 2020.

Multiple vaccine approvals and the launch of vaccination in some countries in December have raised hopes of an eventual end to the pandemic. However, surging infections in late 2020 (including from new variants of the virus), renewed lockdowns, logistical problems with vaccine distribution, and uncertainty about take-up are important counterpoints to the favorable news. Much remain to be done on the health and economic policy fronts to limit persistent damage from the severe contraction of 2020 and ensure a sustained recovery.

Advanced economies, in general, have been able to provide expansive fiscal support to households and firms (direct tax and spending measures as well as equity injections, loans, and guarantees), and central banks have reinforced this with expanded asset purchase programs, funding-for-lending facilities, and, for some, interest rate cuts. Reflecting the strong policy support and the anticipated widespread availability of vaccines in summer 2021, the projected output loss compared with the pre-COVID forecast is relatively smaller for advanced economies than other countries. However, economy of developing countries like Bangladesh has no incentive guidelines from the Government for attracting the new investors and for insuring the losers who had lost their life, business and social attention during the pandemic Covid-19 attack.

Bangladesh Economy:

Bangladesh recorded one of the fastest growth rates in the world in the past few years with a stable economic performance that has helped to reduce poverty and social inequalities. GDP growth was estimated to have reached 7.9% in 2019 and is forecast to fall to 2% in 2020 due to the outbreak of the COVID-19 and pick up to 9.5% in 2021. The post-pandemic global economic recovery and the private consumption boosted by strong remittance flows from the Bangladeshi migrant working around the world are expected to be the key drivers of growth in 2021.



In 2019, the general government gross debt remained relatively low - at around 34.6% of GDP - as a result of a tight fiscal policy. Nonetheless, the tax base is narrow owing to a number of exemptions, weighing on public revenue. Public debt ratio to GDP is consequently anticipated to increase to 35.9% by 2021. A new VAT law was introduced at the start of the fiscal year 2019-20 in an attempt to increase tax income; however, its impact has been limited since the launch. VAT collection grew only by 1.8% in July-October 2019, the slowest growth rate in recent years, according to the National Board of Revenue. Financial situation of the banking sector remains weak due to a large share of non-performing loans and an increase in restructured loans. Inflation moderated to 5.7% in 2019 and is expected to remain stable in 2020 (5.5%) and in 2021 (5.6%), despite the COVID-19 pandemic. Current account deficit was estimated to have narrowed to 2.7% of GDP in 2019 as higher textile exports provided support. Nonetheless, deficit is forecast to widen to 2.2% in 2020 because of high import requirements of the construction sector for mega-infrastructure projects. Bangladesh is one of the most vulnerable countries in the world to climate change, with extreme weather events estimated to have caused a loss of around 1.8% of GDP in the past few decades. The country has taken measures to promote green financing and is seeking grants from the international community, notably via the Green Climate Fund. The official unemployment rate, according to the latest survey of Bangladesh Bureau of Statistics, was 4.2% during 2016-2018, but this is more than double in youth unemployment rate which is 10.6%. More importantly, 29.8% of young people in Bangladesh are not involved in education, employment or training.

Industry outlook:

Currently, Bangladesh's insurance sector comprises 46 general insurance companies and 33 life insurance companies. In addition, there are two state-owned insurance corporations - one in the general segment and the other in the life segment. The gross premium income of all Non-life insurance Companies in Bangladesh stood at Tk. 4,718 Crore including SBC which was Tk. 3,418 Crore for all private Non-Life Insurance Companies in Bangladesh.

Life insurance constitutes 73.5% of Bangladesh's insurance market and non-life insurance, 26.5%. Micro-insurance and Islamic insurance (Takaful) are also a part of Bangladesh's insurance sector. The assets of all insurance companies in Bangladesh stood at 11,103 Crore including SBC which was 7,276 Crore excluding SBC by the end of 2020. The life insurance sector has a competitive landscape, with market share being closely distributed among multiple players.

Although Bangladesh's insurance sector has witnessed some growth, in comparison with other emerging nations, there is a lot of room for improvement. According to the Seventh Five Year Plan (2016-2020) of the Government of Bangladesh (GoB), a majority of the population across product segments (life and non-life) remains untapped by the insurance market. Overall, insurance penetration (insurance premiums as a share of GDP) in Bangladesh was 0.91% in 2019 and has mostly been on a steady trend since 2015. Bangladesh's life insurance penetration rate falls behind that of several other developing countries. Compared to its South Asian counterparts, Bangladesh has the lowest premium per capita. The average insurance penetration in emerging markets increased to more than 3% up to 2019, as premium growth continued to outpace GDP growth

within these economies. But in Bangladesh, there is low penetration of financial products and services beyond current accounts compare to all financial products and savings products.

An increase in the penetration rate can create widespread benefits for the economy. It is estimated that a 1.5% increase in Bangladesh's insurance penetration rate can reduce uninsured losses and markedly contribute to its GDP growth. Fundamental macroeconomic indicators such as GDP growth, unemployment and foreign direct investment (FDI) could be strengthened by a robust insurance sector, which can promote growth by providing guaranteed access to liquidity via insurance coverage. The capital market can greatly benefit if increased savings are channeled into various financial savings instruments, including insurance. A flourishing capital market, in turn, could contribute significantly to Bangladesh's growth. A resilient insurance sector can help to curb unemployment as well. If adequate training and education are available, young graduates will be able to find various career opportunities in the insurance sector.

Regulatory reform must have some principal aims and should restrict the sale of unfair and mispriced policies to consumers. This is especially important because insurance, by its nature, is a complex product, whereby vulnerable consumers can be persuaded to opt for complicated benefit structures, causing consumer hazard within the insurance sector. Regulators should also ensure that insurance is accessible to consumers from all economic strata and that product offerings are not restricted to only profitable consumers. Regulations should also account for insolvency-related risk and ensure there is a satisfactory level of capital reserves to protect customers in scenarios where they cannot collect claims when necessary.

Prime Insurance Company Ltd smartly accomplished the business earning in 2020 in spite of the lock-down period of around 66 days. The business earned in 2020 was Tk. 74.32 Crore which was Tk. 71.17 Crore in 2019. The growth of the gross premium income was 4.38% in 2020 compare to Gross premium income of 2019. Retain earnings of the Company reached at Tk. 4.24 Crore in 2020 which was increased from Tk. 0.55 Crore in 2019.

The Company took strategy to recruit smart and skilled Executives during 2020 to cope with the potential challenge of Non-Life Insurance Market. Further, due to the growth of the retain earnings, Directors declared 10% cash dividend for the year 2020 subject to the approval of the shareholders. Directors hope to continue the growth of the Company with a new vision to serve as a leader of the Insurance Industry in Bangladesh. Directors of Prime Insurance Company Ltd is grateful to all our shareholders, management, Executives, Regulators and other Stakeholders for their support. Especially, the number of shareholders increased in 2020 which indicated that, major shareholders willingness to stay longer age than usual. This motivation of the shareholders continuously helping us creating a good brand image of our company.

We thank to all our shareholders, regulators, stakeholders and government i.e. Ministry of Finance, Bangladesh Securities and Exchange Commission (BSEC), DSE, CSE, CDBL, Bangladesh Insurance Association (BIA) and Bangladesh Insurance Forum (BIF) for providing business environment towards the insurance industry in Bangladesh.



MANAGEMENT COMMITTEE



Seating (Left to Right)

1. **Md. Delwar Hossain**
SEVP & Head of Claims Department
2. **Syed Monirul Huq**
Deputy Managing Director
3. **Bayazid Muztaba Siddiqui**
Chief Executive Officer (CEO)
4. **Sujit Kumar Bhowmik**
Deputy Managing Director
5. **Enamul Haque Khan**
SEVP & Company Secretary

Standing (Left to Right)

1. **Md. Sifur Rahman Talukder**
AVP and Head of Establishment & Logistics Department
2. **Md. Lokman Hossain**
SVP & Chief Financial Officer
3. **K.M. Moniruzzaman**
SVP and Head of Audit & Internal Control Department
4. **Md. Razib Sarwar**
VP and Head of HR & Admin Department
5. **A.K.M Enamul Haque Siddique**
SVP and Head of IT Department



PROFILE OF THE DEPARTMENT HEADS



Syed Monirul Huq

Deputy Managing Director

Syed Monirul Huq joined Prime Insurance Company Limited in March 1997 as the Vice President. Prior to joining this company, he served at Green Delta Insurance Company Limited for about nine years. Mr. Huq completed his M. Com. in Accounting from the University of Dhaka. During his 31 years of working experience in insurance industry, he has attended various training courses on insurance. At present, he is holding the position of the Deputy Managing Director of the Company.

Sujit Kumar Bhowmik

Deputy Managing Director

Mr. Sujit Kumar Bhowmik joined Prime Insurance in 1999 as AVP. Prior to his appointment, he was the Senior Executive Officer in Green Delta Insurance Company Limited. He obtained extensive training in Underwriting, Claims & Re-Insurance. At present he is serving as DMD and Head of Specialized Business & Market Development, Health Insurance Department and Chief of Branch Control & Re-insurance Department. He attended various seminars/workshops at home and abroad. He is associated with Rotary International.

Mr. Bhowmik is a regular trainer of in-house training program of Prime Insurance Company Limited. He has completed his BSS (Hons) in Economics from the University of Dhaka. He has attended a training program on "Introduction to Lloyd's and the London Market, Introduction to Marine Insurance, Introduction to Fire Risks, Aspects of Reinsurance" in London. Also attended two training programs on "Re- Insurance Fundamentals, Practice & Trends" in Mumbai, India and on "Re-Insurance Contract Treaty Wording, Individual Clauses & Contract Certainty" in Singapore.





Md. Delwar Hossain

SEVP & Head of Claims Department

Mr. Md. Delwar Hossain has more than 50 years of long experience in different areas of Insurance Industry. He joined Prime Insurance Company in 2006 as a Vice President in Claims Department. Prior to his joining in Prime Insurance Company, he served in several Insurance Companies such as Homeland Insurance Company Ltd, Karnaphuli Bima Corporation & Sadharan Bima Corporation with sound knowledge in claims settlement. He has also participated in the training on In-Service Training Specialized Course on Claims from Bangladesh Insurance Academy (BIA) and has been awarded Grade "A"; he participated in in-house training program on "Bankers Blanket Bond, Directors and Officers Liability Insurance". Besides, he also participated in the training course on Effective Office Management & Filing System from DCCI Business Institute, Dhaka.

Enamul Haque Khan

SEVP & Company Secretary

Mr. Enamul Haque Khan joined Prime Insurance Company Limited as Senior Vice-President & Company Secretary in March, 2017. He has 14 years of working experience in the field of Company Secretariat and Corporate Administration. He was the Secretary of Bangladesh Insurance Association (BIA). He was also working in Grameen Telecom, Information Solutions Ltd, IBCS-Software (BD) Ltd including other renowned organization in Bangladesh.

MBA in Management is his highest academic qualification which he completed from Umea University Sweden. He received a fellowship from Royal Danish Embassy, Dhaka and completed Middle Management Training Programme from IIT, Kharagpur, India and IIM Calcutta in 2006. Currently he is studying Professional Master Programme of Actuarial Science in Dhaka University. He has other national and international academic and professional qualification and experiences. He is a qualified Chartered Secretary.





Md. Lokman Hossain

SVP & Chief Financial Officer (Additional charge)

Mr. Md. Lokman Hossain is the Senior Vice President and CFO (Additional charge) from 7th July 2019. He is also holding the position of Head of Accounts Department of the company from 1st December, 2015. Prior to this, he had held the position of SVP & CFO and Head of Finance & Accounts Department from 1st April, 2008 to 30th November, 2015 in this Company. He has 33 years of practical experience in Finance & Accounts, Internal Audit Department and Marketing. He joined the Company as a Deputy Manager in 1996. He obtained his M.Com in Management from the University of Dhaka. He also attended various Seminars & Workshops in Corporate Governance from SEC, DSE and VAT & Tax Regulatory Authority. Moreover, he has taken professional training course on 'Standardization of Annual Report', 'Corporate TAX Management' and 'Internal Audit Control' from the Institute of Chartered Secretaries of Bangladesh (ICSB). He has obtained certificate from BIA on Marine Insurance Underwriting and Claims. He also obtained Financial Analyst Certificate from CRISL.

K.M. Moniruzzaman

SVP and Head of Audit & Internal Control Department

Mr. K.M. Moniruzzaman joined Prime Insurance Company Ltd as Senior Vice President and Head of Audit & Internal Control Department on 1st September 2020. He has vast experience of 23 years in audit, finance and accounts department. Prior to joining at Prime Insurance Company Limited, he served in different notable organizations in different positions like BRAC, Madina Group of Companies, Padma Islami Life Insurance Ltd., Zenith Islami Life Insurance Ltd., PBS Food and Consumer Products and lastly served Patakuri Products Ltd. as Executive Director (Monitoring and Audit). He has attended various training programs on Internal Audit, Risk Based Audit, and Anti Money Laundering. He obtained B.Com Hons. and M.com in Accounting from the University of Rajshahi and C.A.(Intermediate) from The Institute of Chartered Accountants of Bangladesh (ICAB).





A.K.M Enamul Haque Siddique

SVP and Head of IT Department

Mr. A.K.M Enamul Haque Siddique joined Prime Insurance Company Ltd as Senior Vice President and Head of IT Department on 3rd September, 2020. He has immense experience of almost 20 years in IT management, Infrastructure, Network & Server in national and international organization including ten years in System Administrator/Senior management position. Besides, he has extensive practical knowledge for digitization including data center setup & management. Prior to joining at Prime Insurance Company Limited, he served Fareast Islami Insurance Company Limited as Joint Senior Vice President (JSVP) and Deputy Head of IT. During his career, he served in different capacities in remarkable organizations. He worked as National Consultant, System Administrator, UNDP Access to Information Program (A2I), Prime Minister's Office Dhaka for enhancing websites and systems to reach the information towards citizen doorsteps of Bangladesh in a secured and efficient manner and also worked at International Centre for Diarrheal Disease Research, Bangladesh (ICDDR,B) as Senior Manager, Infrastructure & Systems Management for establishing a digitized hospital system like implementation hospital information management system (HIMS), ERP system, establishing a paperless hospital environment system. He accomplished Masters in Computer Science (MSCSE) from United International University and completed B.Sc Engineering in Electrical & Electronic Engineering from Khulna University of Engineering & Technology (KUET). During his service career, Mr. Enamul underwent a number of ICT related training and workshops held locally and globally. He is a Fellow member of Engineers Institution Bangladesh and Associate Member of Bangladesh Computer Society.

Md. Razib Sarwar

VP and Head of HR & Admin Department

Mr. Md. Razib Sarwar Joined Prime Insurance Company Ltd. in October, 2019 as Vice President. At present he is holding the position of Head of Human Resources & Administration department of the company. Prior to his joining in Prime Insurance Company Limited, he served for 19 years at Fareast Islami Life Insurance Company Limited in different departments like as underwriting, Claims, Maturity, Survival benefits, Investment and Development Administration. Spanning more than 19 years, he possesses an extensive experienced career in Insurance industry. He graduated & completed his M.com in Management from National University. He has also enriched himself and his career by attending in different training & certificate program like Finance & Accounting Management from BIA and International English Language Testing System from British American Language Institute. His long experience of career and training have enabled him to gain a more holistic and globalized viewpoint and inspired him to attain greater heights. He has extensive experience of conducting training program as well.

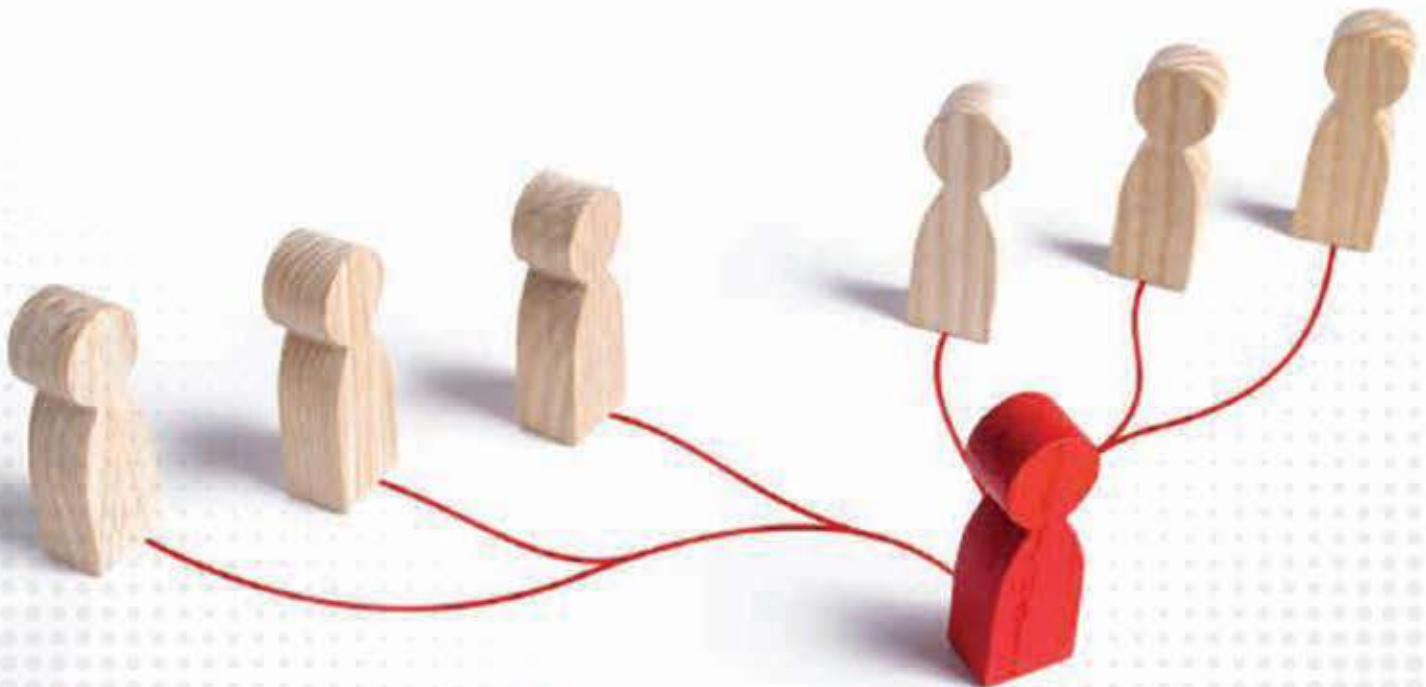




Md. Sifur Rahman Talukder

AVP and Head of Establishment & Logistics Department

Mr. Md. Sifur Rahman Talukder joined the Prime Insurance Company Limited in Establishment & Logistics Department in 2020. He has 16 years of working experience in the insurance sector and has wide experience in Establishment, Logistics, Administration, Servicing, Underwriting, and Accounts departments by serving in Fareast Islami Life Insurance Company Ltd. Mr. Sifur obtained BSS (Hon's) in Political Science from Jagannath University in 1998 and also achieved a Masters in Political Science from the same University in 1999. During his career, he has attended various training courses on insurance.



PROFILE OF THE ADVISOR

Md. Saiful Hasib

Advisor

Vastly experienced Mr. Md. Saiful Hasib joined Prime Insurance Company Limited (PICL) as the Advisor in 2019. Before joining PICL, he discharged his responsibility as the Director General (Additional Secretary), Bangladesh Standards and Testing Institution. He retired from the same as well as the Government service in 2018.

He completed his BA (Hons) and MA in English Literature from the University of Rajshahi. Immediately after completing his formal education, he joined BCS (Admin) Cadre in 1984 as a member of BCS-82 (Regular) Batch. His career spans about three and half decades where he held many important positions in various departments of Government Service. During his long public service career, Mr. Hasib underwent a number of successful trainings and workshops held locally and globally on different issues. After retiring from the Government Service, he joined Prime Insurance Company Limited on December 8, 2019 as the Advisor of the Company.

Moreover, he is veteran devotee of the work for humankind, which put him to be associated with various social, cultural and educational organizations. He has been holding the position of President- Greater Jashore Welfare Association, Gazipur, Advisor- Greater Jashore Association, Dhaka, Advisor- Magura Association, Dhaka and Member- Rajshahi University English Alumni Association. Besides, he is the Life Member of the above. Last but not the least, he has involved himself in various charitable activities, for example, in setting up a primary school in his village in Magura and so on. Furthermore, he is a good writer with excellent analytical skill. A good number of his articles, short stories were published in various newspapers and journals. He translated a book captioned 'Technology in America' in Bangla which was published by the Bangla Academy.

Above and beyond, his service with the Government has taken him to several countries including India, China, Singapore, Indonesia, Malaysia, Japan, United Kingdom, Thailand, South Korea, Russia, Germany, Poland, Italy, Vatican City and Kingdom of Saudi Arabia.



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PRODUCTS AND SERVICES

Fire Insurance

- Fire and Allied Perils Insurance
- Fire Package Insurance
- Property All Risks Insurance
- Industrial All Risk Insurance including Machinery
- Power Plant Operational Package Insurance
- Comprehensive Machinery Insurance (CMI)

Marine Insurance

- Marine Cargo Insurance
- Marine Hull Insurance
- Ship Builders' Liability Insurance
- Goods in Transit Insurance

Motor Insurance

- Private Vehicle Insurance
- Commercial Vehicle Insurance
- Motor Cycle Insurance
- Motor Transit Insurance

Engineering Insurance

- Contractors' All Risks Insurance (CAR)
- Erection All Risks Insurance (EAR)
- Boiler & Pressure Vessel Insurance (BPV)
- Machinery Breakdown Insurance (MBD)
- Deterioration of Stock Insurance (DOS)
- Contractors' Plant & Machinery Insurance (CPM)
- Electrical Equipments Insurance (EEI)

Miscellaneous Accident Insurance

- Financial Category
- Money Insurance
 - Cash In Transit Insurance
 - Cash in Safe Insurance
 - Cash on Counter Insurance
 - ATM Risk Insurance
- Bank Lockers Insurance
- Fidelity Guarantee Insurance
- Bankers' Blanket Bond Insurance
- Electronic & Computer Crime Insurance
- Professional Indemnity for Financial Institutions
- Directors' & Officers' Liability Insurance

Industrial Category

- Workmen's Compensation Insurance
- Peoples Personal Accident Insurance
- Public Liability Insurance
- Product Liability Insurance
- Employers' Liability Insurance
- Public & Product Liability Insurance
- Commercial General Liability Insurance

Medical Category

- Prime Health Plan Insurance
- Health Plan Insurance
- Dread Disease Insurance
- Overseas Medi-claim Insurance
- Personal Accident Insurance
- Hajj & Umrah Insurance

Business Category

- Professional Indemnity Insurance
- Hotel Owners' All Risks Insurance

General Category

- Burglary & House Breaking Insurance
- Householders' Comprehensive Insurance
- All Risks Insurance

Aviation Insurance

- Aircraft Hull and Liability Insurance
- Aircraft Hull "War and Allied Perils" Insurance

PRODUCT DIVERSIFICATION & INNOVATION

Human is the best creation of the Almighty where every people in the world is unique with different taste from others. The current insurance industry is dominated by consumers who prefer diverse products and services. Diversification is a growth strategy for business which Prime Insurance has been successfully implementing through research and development of new products and services and reaching out new market shares. However, most insurance companies in Bangladesh are oriented with traditional businesses. Amongst 46 non-life insurance companies, very few are involved with innovative and diverse business practices.

Insurance industry is a very old industry and by default it involves with traditional products. But now-a-days, due to passes of time and mammoth development of technology demand of non-traditional products has been arisen. The traditional products are inadequate to support the technology-based insurance markets such as cell phone companies' properties, atomic power generating companies, satellite throwing companies, weather-based index for crop insurance and also many other companies with new innovative products. In insurance industry there is in need of diversification of new products to facilitate this demand. Also, the industry needs to set up research and development departments in the insurance companies to innovate new products to meet up the changing requirements.

Prime Insurance gives importance on the changing demand of potential insured and never keeps itself confined to doing the traditional businesses. Being a second-generation company, it is now unique amongst the non-life insurance companies. To increase market penetration, Prime Insurance always tries to work on demanding, purposeful innovative as well as diversified products. In recent four years, Prime has accomplished an incredible achievement through the diversification and product innovation strategy. To retain the existing clients and also to grab the potential insured, Prime has been maintaining a very strong overseas reinsurance support and resourceful team as well. Prime justifies the data from the insurance market and understands the market demand and with collaboration to the overseas reinsurers gets the best rates and terms for the insured. Behind launching health insurance product 'Prime Health Plan', Hajj & Umrah Insurance, social accountability got the priority than profitability.

With a view to attracting the existing products Prime Insurance has taken very constructive steps. Prime has suitable strategy to make the existing products viable with necessary improvement, alter or change required to those to cope up with the market demand. Prime's process includes market research, product analysis and product pricing through the central rating committee (CRC). Thus Prime Insurance attains the potentials for getting new business opportunities by way of entering into additional or existing markets. Prime Insurance always looks forward with transparency and ethical business strategy for the overall development of the insurance industry.



SUSTAINABILITY

REPORTING



CORPORATE SOCIAL RESPONSIBILITY (CSR)

Corporate Social Responsibility (CSR) is a set of activities of a company that changes business operations to consider the interface of society by taking responsibility for the effect of their activities on clients, employees, shareholders, communities, and the environment in all angles of their operations.

Corporate Social Responsibility is an extensive focus from community relation to sustainable development. If each organization accepts practices that are environmentally, economically, and socially responsible, our planet can be modified to be more adaptable and sustainable. Prime Insurance Company Limited believes now is the right time to do it better and to try new ways. To ensure the prosperous and peaceful future of Bangladesh, it is most essential that all sections of society benefit from disparities and imbalance type social pressure. This is not only a concern for the Government. Individuals, civil society organizations, and businesses all have a role to play.

As recognizing how important social responsibility is to their clients and business partners, Prime Insurance Company Limited always prioritizes social responsibilities and practices numerous types of CSR:

PROMOTING HEALTH AWARENESS

As part of our health awareness, during the current Covid-19 pandemic we are ensuring the health and safety of our employees and visitors. We installed 'Disinfection Tunnel' at the entrances to prevent infection of coronavirus. We also provide masks, sanitizers, gloves, and safety equipment's to our employees. Additionally, we organize desks in such a manner so there is at least a 6-feet gap between seats. Besides this, on a special occasion like Health Awareness Day, we arranged special health care facilities for our all stakeholders. We also distributed health safety equipment's to clients through our branches. Our Special care for these kinds of activities has put the Company in an outstanding position among the insurance operators of the country.

ENCOURAGING HEALTHY FOOD

Prime Insurance Company Limited distributed the 'Carbon Green' among business partners and clients as a part of their Corporate Social Responsibility (CSR) to save them from taking adulterous food and fruits which may headed them to various diseases. Carbon Green removes harmful pesticides and formalin from the surface of fresh fruits and vegetables. It contains Sodium-bi-Carbonate & Activated Carbon which clean surface residue of pesticides and formalin in fruits and veggies.

PLANET WE CARE

Prime Insurance Company limited believes that planting trees are a responsibility of all. Trees increase our quality of life by bringing natural elements. But nowadays, the condition is continuously getting worse for living as well as breathing for insufficient tree plantation. It's time to do something to make the planet a better living place. With an aim to make the world a livable place with a healthy atmosphere Prime Insurance

Company Limited is giving different kinds of free plants, both indoor and outdoor to all its partners and well-wishers to inspire them to create a healthy ecosystem and beautify our environment by planting trees.

In addition, Prime Insurance also provides their corporate customers with different varieties of fruit plants and shade trees for their factories so that the factory climate stays environmentally friendly, employees can also benefit from the fruits and walk under the trees sometimes and inhale fresh air. Usually, we gift an indoor plant to our respected business partners during our corporate visit. Regardless of business interests, we have distributed indoor trees to several corporate houses, members of civil society, and even veteran citizens.

INSPIRING EDUCATION

Giving financial aid to insolvent but meritorious students is a regular task taken by our company. At Prime Insurance Company Limited, we are working for knowledge sharing and helping others for imparting education. A couple of years back, the Board of Directors of the Prime Insurance Company Limited gave concurrence for creating an endowment fund of Tk. 10 Lac with a view to extending their hands towards the poor but meritorious students. The profit of this fund was spent to provide scholarships to insolvent but meritorious students. In the year 2017, the Board increased the fund to 15 Lac. The company usually provides Scholarships to poor but bright students.

Beside this Prime Insurance Company Ltd. always encourages its employees for the remarkable academic achievements of their meritorious children. In continuation of this, like every year, Prime Insurance Company Ltd. granted Stipend for the year 2019-2020 to recognize the brilliant success of the children of the employees of the Company.

PROMOTING INSURANCE AWARENESS

From Bangladesh's perspective insurance awareness is very important. Our insurance penetration as well as the density is very low. Prime Insurance Company Limited is one of the premier operators in the non-life sector and strives to maintain the ethical standard, we have many products and services that touch human life.

At Prime Insurance Company Limited, our focus is to build insurance awareness. The awareness is offered through guidebooks, leaflets, and stickers. As part of this, we have published guide books and soft copies of which are available on our website. We are relentlessly working for building insurance awareness. We have made an educative video on insurance awareness which is also available on our website. Prime Insurance Company Limited also organizes in-house training programs for the employees of the company to augment the working knowledge of the officers working at the desk. Prime Insurance Company Limited also organizes seminars on important current issues for growing insurance awareness among the People.



HEALTH GUIDEBOOK

The purpose of the health guide book is to lead a stress-free life with healthy living, and it has contributed to creating health awareness. The health guide book includes health tips for healthy living and steps towards healthy living. It includes Food Habits, Moderate and Regular Exercise, Stress Management, Ear, Nose, Throat, and Eye Care, Safety, and Annual Medical checkup and also the health maintain recipe that helps people to live a healthy life.

FIRE AND SAFETY GUIDEBOOK

The fire safety guidebook is mainly for creating mass awareness on fire incidents and prepares people to take necessary steps to avoid fire hazards.

The guidebook describes the origination of fire, causes, classes, risk periods, government policies, precautions, and emergency phone numbers. The people are benefited from this essential book. We also worked with the Directorate of Fire and Civil Defense to make people aware of the fire incident.

TRAFFIC GUIDEBOOK

The traffic guide book describes for keeping people away from accidental casualties. In Bangladesh, every day there are many casualties that happened due to the lack of knowledge of the drivers and also of the people who are using the roads. The booklet contains all sorts of necessary precautions and road signals to avoid accidental casualties.

We are working with Traffic Police to spread these messages among people and are distributing this guidebook to the people of all segments.

HAJJ AND UMRAH GUIDEBOOK

The Hajj and Umrah guidebook is a detailed information handbook for all interested people to perform Hajj and Umrah and their families. The guide book for Hajj and Umrah describes every step starting from doing passport to coming back after performing Hajj and Umrah including every detail of the preparation. It describes mental and physical preparation, selecting agency, health knowledge, and necessary instructions for the Hajj camps. This initiative made us different from other operators in the fields of non-life insurance in Bangladesh.

STAND BY THE PEOPLE

We are not always thinking of business only. We always stand by the people around us and distributed winter clothes among the distressed people of the cold stricken districts of Bangladesh and also the poor segment of people. We usually distribute blankets to them.

On the first day of 2020 Prime insurance Company Limited distributed blankets and warm clothes to the disadvantaged section of people in the city. In this Pandemic, we also distribute masks, sanitizers, gloves, and safety equipment's to our clients, business partners, and underprivileged people in the city.



ENVIRONMENTAL RELATED INITIATIVES

The air we breathe, the land we live on, the trees that provide us with oxygen, along with other earthly flora and fauna, all make up the world. If we have not had such a caring environment, it would have been difficult to live on earth. However, technological evolution revolutionized the way that we live our lives. Today, communication and an enormous number of services are as distant as one mouse click or a simple message. Technology has changed so much, and with it, the need for the numerous services needed to sustain this advancement of technology. The Newton's Third Law of Motion says, "For every action, there is an equal and opposite reaction." The world is developing but on the other hand, the environment is changing in the opposite direction.

The task for UN Environment in the 2030 Agenda is to establish and improve integrated approaches to sustainable growth, approaches that will show how social and economic benefits will be brought by enhancing environmental health. UN Environment Intervention, aimed at mitigating environmental risks and increasing the resilience of communities and the environment as a whole, fosters the environmental component of sustainable development and contributes to socio-economic development.

Environmental sustainability in business provides the potential to incorporate universal goals and initiatives for sustainability into business plans and programs for corporate responsibility. The continued depletion of natural resources has led companies more focused on environmental issues and this led them to become more environmentally aware than ever.

Over the past year, Prime Insurance Company Limited has highlighted various environmental issues and the importance of living sustainably. The implementation of green initiatives need a lot of organizational changes, so the attitude towards these green initiatives differs based on their internal features. Organizational support from top management is essential in advancing environmental initiatives adoption and in this concern the management of Prime Insurance Company Limited is very much aware of the betterment of the environment. They have reserved plenty of an environmental-related initiative to which are the following:

- During the time of decision making and implementation of the operations, we consider and incorporate environmental issues and their impacts.
- We have environmentally friendly office facilities, information, and strategies to protect the eco-system, sponsored by our customers as well as our employees.
- We strictly comply with laws and regulations connected with the climate.
- Our aim is to fulfill our social obligations by minimizing the use of energy and water within our own premises and branches as well.
- On a regular basis, we remind our workers about our environmental values in order to ensure that they comply with these principles in the performance of their jobs.

- Typically, computers, monitors, printers, fax machines, copiers, and other office appliances are bought, taking into account that they are usable, cost-effective, and environmentally friendly.
- We provide laptop computers to employees instead of desktop computers in order to consume 90% less energy.
- At the end of each working day, the staff of Prime Insurance Company Limited are very careful to turn off machines, monitors, printers, copiers, and lights and even bring the key switch off, and the procedure is strictly maintained.
- Email use is motivated here, instead of sending memos and faxing documents to reduce time & documents.
- To reduce the usage of papers, we print both sides of a paper and also re-use the fresh side of a rough paper for drafting or taking internal print out and it always saves a handsome amount of money.
- LCD monitors are used for lesser power consumption.
- We are working to set up a paperless office.
- We are mindful of avoiding the dripping of water taps and avoiding the wasting of paper napkins.
- All of the company's cars, including employee transport pool vehicles, are converted to the CNG system with a view to reducing air pollution.
- All Air coolers are operating on an auto temperature basis which helps limited running of the compressor unit and subsequently saving electricity.
- Energy savings bulbs are always used in the office premises in everywhere.
- We usually purchase products, supplies & services for all of our daily operational needs that do the least damage to the environment.
- We provide environmental training and information to all of the Executives to raise their awareness of environmental protection.
- We work with the community to protect the environment as a corporate citizen. We also disclose knowledge about the climate and work with the group for shared understanding.
- Prime Insurance keeps a slogan on its all sizes envelopes "LET'S GO GREEN, TO KEEP OUR EARTH CLEAN" to encourage others to go green.



ENVIRONMENT AND SOCIAL OBLIGATIONS

The environment is the key to the presence of life on earth. But there is a drastic environmental change due to global warming, excessive pollution, industrialization, deforestation, overpopulation, disposal of hazardous wastes, acidification of the ocean caused by different types of human activities.

The natural environment is a gift of nature and it plays an important role in healthy living and the existence of life on planet earth. Earth is a habitat for numerous species of life, and we all depend on the environment for food, air, water, and other needs. Therefore, preserving and maintaining our environment is important for every citizen.

There is no specific offense for failing to fulfill the general environmental duty, however, if anyone causes environmental harm, and fail in carrying out a general environmental duty, the legal aspect of environmental protection is consistently being reviewed by the government. There are penalties for environmental offenders in the law, so understanding what our environmental responsibilities are and how to satisfy them is important. Businesses require fulfilling legal obligations as it has got an environmental impact. The requirements are relatively simple for businesses such as offices.

Meeting the environmental obligations are not just a legal requirement, it is meaningful in itself and helps lessen the possibility of any eco-friendly problems, costs, and damages to the business. Taking a responsible approach by the business houses to the environment can also reduce the costs of unnecessary waste, strengthen the image of the company.

Prime Insurance Company Limited always believe not to carry out any activity that causes or is likely to cause environmental harm unless we take all reasonable and practicable measures to prevent or minimize harm. At Prime Insurance Company Limited, we are very vigilant about the above-mentioned issues and obliged to maintain its impacts through our business and other social activities which includes-

- Lessen the consumption of energy and underground water use within our offices.
- To increase as much as renewable energy and rain water in the offices and branches.
- Obtaining preferable goods and services that do the least harm to the ecosystem for all our everyday operating needs.
- Preserve natural resources through the implementation of practices to prevent emissions.
- Spreading the life of Equipment's through maintenance scheduling, purchasing and reworking used Equipment's.
- 'Document Management Project' initiative to archive the backlog and day to day official documents which produces through daily operations and facilities express search capability for achieved materials.
- Follows reusing, recycling and reprocessing materials that would otherwise be disregarded being waste.
- Store waste in suitable containers which are clearly labeled and ensure waste cannot escape and cause water and land contamination.
- We use packaging that meets environmental standards and can be recovered or reused.
- We carry out a risk assessment as a part of an overall review of your environmental impact and identifying the key risks go further than simply meeting your legal obligations.



INVESTOR-FRIENDLY INFORMATION

Prime Insurance Company Ltd considers the 7 Cs model of Communication to the investors of the company with a view to having a clear communication. For our everyday communication we write emails, facilitate meetings, participate in conference calls, create reports and devise presentations, debate with our colleagues and so on. We spend almost our entire day on communicating. So, it stands to reason that communicating clearly and effectively can boost our business. This is why the investor-friendly information are being communicated with them following 7 Cs of Communication and it is very helpful. This provides them information with image of clear, concise, concrete, correct, coherent, complete and courteous. We communicate with our investors about their investment and return on their investment through quarterly reports as required by the regulatory body like Bangladesh Securities and Exchange Commission (BSEC) through publication of those reports in the newspapers and also on line media as well as through our own website. As investment in non-life insurance is always risky and very often there might happen large claims that may change the whole gamut of profitability scenario. So it is very important for non-life insurance to keep the investors updating. However, for the interest of the investors, whatever result be from the operation of business, we use the DuPont Model to keep them updated.

The DuPont equation is an expression which breaks return on equity down into three parts: profit margin, asset turnover, and leverage. Key Points are:

- By splitting ROE into three parts, companies can more easily understand changes in their returns on equity over time.
- As profit margin increases, every sale will bring more money to a company's bottom line, resulting in a higher overall return on equity.
- As asset turnover increases, a company will generate more sales per asset owned, resulting in a higher overall return on equity.
- Increased financial leverage will also lead to an increase in return on equity, since using more debt financing brings on higher interest payments, which are tax deductible.

ROE=Net income after Tax / Shareholders' equity

| ROE | 2020 | 2019 | 2018 | 2017 |
|-------------------------|-------|-------|-------|-------|
| Net profit margin | 7.20 | 2.46 | 6.72 | 13.26 |
| Total asset turnover | 45.49 | 52.12 | 52.37 | 54.72 |
| Financial leverage | - | - | - | - |
| Operating profit margin | 12.38 | 26.06 | 24.89 | 20.93 |



HUMAN RESOURCE DEVELOPMENT

The Prime human resources principles serve as the basic policy to enable the Prime Insurance Company Ltd to build a human resources management platform that aligns with Prime's corporate vision. Prime's human resources division has been developing the Principles to provide the framework for delivering consistent, industry-leading human resources management practices in the country.

Human resource management is a central pillar of many organizations. Our HR goal is for every employee to experience employment with Prime in the same way regardless their geographical locations in the country. The Prime human resources principles provide the foundation for establishing a unique team with a view to achieving the ultimate goal of the company.

Shared Values

The Prime human resources principles will be implemented across the branches including head office in alignment with our shared organizational values:

- **Integrity and responsibility:** Strive to be fair, transparent, and honest. Always act responsibly in the best interest of customers and society as a whole, building long-term stakeholder relationships and giving back to our communities.
- **Professionalism and teamwork:** Respect the diversity of our fellow workers and foster a strong spirit of teamwork. Expect the highest levels of professionalism.
- **Challenge ourselves to grow:** Adopt a suitable perception to anticipate trends and opportunities for growth. Create and sustain a responsive and dynamic workplace where everyone can focus on providing outstanding customer service and embrace new challenges.

HR Mission

- Create a corporate culture that provides colleagues with opportunities for career growth, challenging them to perform well in a professional environment, where the highest standards of integrity are expected.
- Appointing the right person to the right job, in the right place to allow each colleague to maximize his/her career potential.
- Develop talent capable of contributing to the long-term and sustainable growth of our global society.

HR Vision:

Be the industry leader in HR management to help Prime Insurance realizes its corporate vision: Be the country's most trusted insurer.

HR Philosophy:

Leverage the following HR philosophies to create consistent HR management practices across all entities:

- **Talent acquisition:** Attract and recruit diverse talent that share and live our values as members of Prime. Create a strong employer brand that fosters recognition of Prime as an employer of choice.
- **Performance evaluation:** Evaluate performance fairly and objectively, considering not only the goals achieved, but also the competencies demonstrated to get the job done. Recognize the importance of factors, such as customer-centric focus, total mindset, and teamwork, to balancing short-term results with sustained long-term performance. Provide feedback and coaching on an ongoing basis to each colleague to foster ongoing development.
- **Total rewards:** Reward colleagues competitively and appropriately in alignment with their contributions to Prime's growth and success-in effect, pay for performance. In addition to colleague performance, rewards will be reflective of the overall stability of the company and the economy.
- **Talent management:** Assess the capabilities and career path of each colleague to place the right person in the right job, to maximize colleague and PICL success. Develop strong succession plans and build a pipeline of inclusive leadership to appoint and promote our diverse colleagues from within.
- **Learning and development:** Provide ongoing learning and development opportunities to help each colleague enhance his/her knowledge, skills and experience and improve his/her capability to impact achievement of the corporate vision.

Employee profile:

We always endeavor to make Prime insurance Company Ltd a unique work place by creating a performance based organization that always recognizes, motivates, inspires and rewards the employee efforts and success in respect of their personal as well as organizational development. By the process of proper nourishment, we try our best to make every employee an asset for the company; not a liability. Through proper training and development and rewarding we try to enable every individual a leader in his own arena exploring the best potentialities in him/her.

Salary Policy:

Prime Insurance Company Ltd is such an organization where the human resource management & administration department evaluates and fix the salary of the employees based on their performance and worthiness. There is no scope to discrimination of salary irrespective to male and female employees. Pay scale/salary structure is fixed time to time as per the Board approval based on management recommendation.

Benefits to employees:

- Group insurance
- Health insurance (free & subsidized)
- Transport facility

- Incentive bonus
- Festival bonus
- House rent allowance
- Conveyance allowance
- Medical allowance
- Entertainment allowance
- Personal loan facility
- Yearly performance appraisal
- Training and development opportunities
- Mobile allowance with mobile phone set including internet connection

End service benefits:

- Provident fund
- Gratuity
- Earned leave encashment
- Final settlement of the employees is done within the shortest possible time.

Total employee, employee status & gender ratio:

We have 184 employees. Out of total number of 184 employees, 31 are female & 153 are male which reflects a balanced ratio of male and female employees ensuring woman's empowerment to a considerable extent. Participation of women/female is equally noticeable /visible as well as important in board of directors & management.

Creation of new employment opportunity:

PICL always inspires/encourages and gives equal opportunity to join and build a unique career to the fresh graduates.

In 2020, a number of 30 new employees were recruited where major portion is fresh graduates/young professionals who can bring new dimension as well as add new vibration in the Company. We are also working with renowned/well known universities and institutions like Dhaka University, Bangladesh Insurance Academy, Bangladesh Insurance Association etc regarding higher education on Insurance for the potential employees of our company. We also provide internship opportunities to the students of renowned academic institutions/universities.

Performance management system/annual appraisal system:

Performance management/annual appraisal system of Prime Insurance is designed to serve as a tool that helps supervisors increase productivity, communicate expectations, establish goals for the coming year, and report the employee's success in meeting the past year's performance expectations. Prime Insurance conducts the annual performance appraisal once in a year maintaining KPI in strict manner that goes in an employee's permanent record. In its most productive form, performance appraisal is actually a continuous, year-round practice of exchanging information between the supervisor and employee that begins and ends with the formal annual performance appraisal meeting. The most highly motivated, productive employees are those who know what they are supposed to do and how well they are doing it; who participate in planning as to how their work will be accomplished and who have open and honest rapport with their supervisors. Supervisors are strongly

encouraged to make the annual review meetings participative and collaborative. The performance evaluation is intended to be a fair and balanced assessment of an employee's performance. Management of Prime Insurance is very strict to follow this key component. Every year management evaluates employee's performance considering their success, failure, own suggestion and training needs. It helps the company to reach the goals.

Keeping a view in mind that good appraisal systems can meet the needs of both employer and employees, we try to:

- ensure that all employees fully understand the appraisal system;
- have employee records, including appraisals, accessible to them;
- be specific in the performance assessment rather than use generalities such as poor attitude;
- include positive feedback about where an employee performs well;
- train staff involved in giving appraisals.

Maternity leave:

As per Prime Insurance policy, any confirmed female employee is eligible to get 6 months' maternity leave with regular salary and allowances. Moreover, employees also get the maternity health claim (herself or spouse) equal benefits for maximum 2 confinements for which their annual performance is not affected.

Sound, safety & healthy working environment for the employees:

Prime Insurance and its board and management do believe that safe, sound and healthy workplace is prerequisite for the sound and vibrant mentality for the employees to expedite the workforce to deliver the best services to the valued clients and other stakeholders. Therefore, PICL has always been committed to ensuring safe, sound and healthy workplace for the employees in head office and branches to bring out the best from them. All the branch offices and head office are well decorated and well equipped with proper ventilation system and fire extinguishers. There are sufficient alternative exit door in every premises of Prime Insurance. Safety first to employees is given the first priority. The senior executives of HR & admin department and establishment & logistics department frequently visit and monitor the branch offices and report to the higher authority.

Celebration of cultural events, social & national occasions and workplace pleasure programs:

Prime Insurance always celebrates/observes different programs and organizes cultural programs from the social & national commitment as well as considering the social, ethical, moral and motivational value which encourages and develops sense of belongingness among the employees. Being a progressive and liberal organization PICL every year celebrates "International Women's day" in an auspicious manner which distinguishes these organizations from others. In addition, the foundation/establishment anniversary of the organization, birth day celebrations of the executives and friendly cricket match among the employees are frequently organized which always keeps the employees of the organizations vibrant.



Prohibition of child labor, assurance of human rights & other compliance issues:

Although Prime Insurance is a service based commercial & financial organization, nevertheless, human rights of the employees are particularly preserved/ensured integrating our organizational business policy and this is one of our major concerns. Sudden termination of the employees is very rare and only happens in unavoidable circumstances. PICL never makes agreement or take any decision which is contradictory to the violation of human rights. Apart from this, child labor is strictly prohibited in PICL. In addition, all other compliance issues are also properly maintained according to the labor laws.

Sexual harassment policy:

Sexual harassment is treated as a serious offense in Prime Insurance and followed with zero tolerance policy. Particularly, the vice chairperson and a good number of Directors of the company being female, female employees of the company consider Prime Insurance as a secured and comfort zone for developing their career. Moreover, there is no discrimination among the male and female employees in respect of promotion, increment, remuneration or any other service benefits.

Standard grievance policy:

Prime Insurance maintains a standard grievance policy with a view to settling any kind of unexpected or undesirable issues, dissatisfaction among the employees irrespective to permanent or contractual employees and compensation package for the employees in unbiased manner.

Anti-money laundering steps & training:

Prime Insurance has always been aware and committed to anti-money laundering approach and policy taken by the Bangladesh Bank as well as the government. Nominated top executives of this company regularly participate in "CAMLCO conference" on anti-money laundering seminar. Apart from this, we are also steadfast not to invest any amount of the organization to any terrorist or militant organizations.



INTEGRATED REPORTING

Integrated reporting is a concept that has been created to better articulate the broader range of measures that contribute to long-term value and the role organizations play in Insurance Business Sector. Central to this is the proposition that value is increasingly shaped by factors additional to financial performance, such as reliance on the environment, social reputation, human capital skills and others. This value creation concept is the backbone of integrated reporting and, we believe, is the direction for the future of corporate reporting. In addition to financial capital, integrated reporting examines five additional capitals that should guide an organization's decision-making and long-term success — its value creation in the broadest sense.

While integrated reports benefit a broad range of stakeholders, they're principally aimed at long term investors. Integrated reporting starts from the position that any value created as a result of a sustainable strategy — regardless of whether it becomes a tangible or intangible asset — will translate, at least partially, into performance. Market value will therefore be impacted.

CRITICAL TO INTEGRATED REPORTING IS THE CONCEPT OF SUSTAINABLE VALUE CREATION

Today, an organization creates value not only for its shareholders but also for the business strategy as a whole by means of a sustainable strategy. This concept requires organizations to factor decisions, trade-offs and sacrifices into their business model. For example, for an organization to reduce its dependence on manual reporting, it may have to sacrifice financial capital to invest in the human capital capable of achieving this goal. An organization may face the choice between protecting its financial capital in the near term and increasing its profit potential in the longer term. These decisions, if important, should be set out in an integrated report and defined in the organization's value creation objectives. This approach goes beyond the value reflected in the annual financial statements and includes the creation of intangible value and the impact of an organization's activity on society as a whole. It also includes a measurement, or at least a description, of how these impacts influence long-term shareholder value.

Sustainable organizations create value by combining a broad range of resources controlled by the organization or third parties. They are increasingly expected to generate positive outcomes for society that go beyond returns for their shareholders or investors — outcomes that can be instrumental in improving an organization's long-term financial performance. Understanding this co-creation and shared value process is fundamental to integrated reporting. Other considerations include:

- An organization's value creation potential depends on its ability to identify all of the resources available to it, whether tangible or intangible, owned by the organization or third parties, and to align them with its corporate strategy

- Any value created, including that which benefits society as a whole, has the potential to impact on the organization's value and profitability.
- An organization that communicates its strategy to the market and quantifies this broader contribution may well be stimulating value creation in itself. However, to increase stakeholder confidence the information must be credible.



The chart shows that the only layer of value currently measured consistently by organizations is financial capital — usually through the annual report and accounts. This value is translated into dividends for shareholders or stock price gains. The second layer encompasses shared value that benefits stakeholders directly related to the organization (employees, clients, suppliers, public treasury, etc.). Shared value depends extensively on factors such as employee performance, operating permits and consumer confidence. The third layer describes the value that an organization generates for society at large, even if it's not directly linked to its business purpose. These externalities, as they are known, may be either positive or negative. An integrated report is broader than traditional approaches in terms of scope and time horizon. It should tell each organization's unique value creation story for each of these areas and include how:

- It creates value and for whom
- It measures and quantifies the layers of value
- It identifies the value created at each level and how it may affect future performance.

CONNECTIVITY AND INTEGRATED THINKING

To tell a comprehensive value creation story, integrated reporting requires organizations to identify the interdependency between all elements — internal and external — that materially affect their ability to create value over time. Seeing this connectivity requires integrated thinking as opposed to "silo thinking." All the operating and functional units of an organization, as well as the capitals that it uses to create value, must be considered. This leads to integrated decision-making and actions. The



integrated report is the product of the processes of connectivity and integrated thinking in the organization. Integrated reporting is therefore not just about the report, but about the process of the organization's unique approach to value creation. To translate integrated thinking into integrated reporting the organization should convey a holistic view of strategy, governance, performance and prospects. The integrated report should also bridge time horizons. Therefore integrated reporting can be used as a governance tool for performance-oriented management.

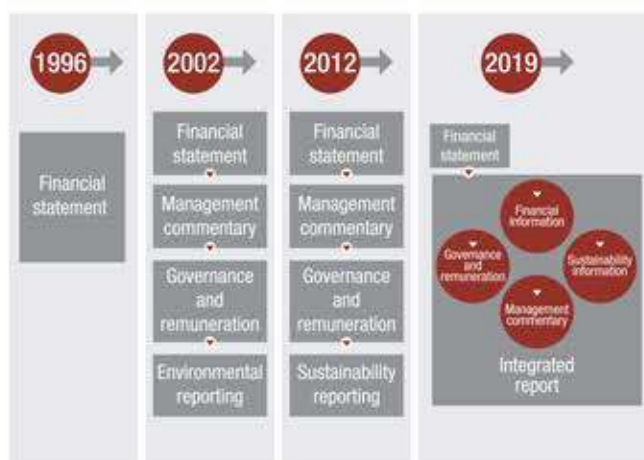
CHANGING CORPORATE REPORTING

The economy is facing a new value paradigm. These changes, however, are not reflected in the way we measure or report value.

LIMITS OF THE CURRENT CORPORATE REPORTING MODEL

Over the past 24 years, Prime Insurance Company limited have been disclosing an increasing amount of information to satisfy the demands of stakeholders. Specifically, they have offered complementary information to providers of financial capital who increasingly view the snapshot reflected by financial statements and sustainability reports as inadequate.

EVOLUTION OF CORPORATE REPORTING



The chart shows integrated reporting could eventually replace existing corporate reports. Organizations should be able to decide the way in which it will be presented — for instance, as an overarching document linking to various other reports, or as a single stand-alone document covering all material aspects.

TOWARD INTEGRATED REPORTING

Markets move on information. The more forward looking and detailed information organizations provide, the more efficiently markets operate. Therefore, organizations need to explain their value creation goals from a new perspective: a view that accounts for both intangible and tangible assets and quantifies, whenever possible, the value they create from a broader economic, social and environmental perspective. The ultimate goal is to enable investors to make more efficient and effective decisions and bring an organization's market value closer to its intrinsic value. Integrated reporting does just that. Leading organizations are adopting the concept.

PERSPECTIVES ON INTEGRATED REPORTING

- An integrated report is a concise communication about how an organization's strategy, governance, performance and prospects lead to the creation of value over the short, medium and long-term.
- An integrated report is a holistic and integrated representation of the organization's performance in terms of its finance and its sustainability.
- Integrated reporting builds on the practice of financial reporting, and environmental, social and governance (ESG) reporting, and equips organizations to strategically manage their operations, brand, and reputation to stakeholders and be better prepared to manage any risk that may compromise the long-term sustainability of the business.

THE BUSINESS MODEL IN AN INTEGRATED REPORT

The business model is the vehicle that defines and executes an organization's strategy and maps out the process by which an organization creates sustainable value over time. It should assess an organization's long-term viability, value proposition and business strategy. It should enhance the entity's future resilience.

- Intangible elements such as relationships with the community, human capital and intellectual capital.
- Other inputs or resources such as ecosystem services derived from natural capital: organizations can draw on these capitals for free or in exchange for payment. The business model should identify the key inputs that contribute to value creation. It should also show how these are managed; the key value-adding activities of the organization and the potential outcome in terms of value creation over the short, medium and long term. Within the business model, value creation encompasses the products and services produced by the organization (including any by-products) as well as the external factors which increase or decrease the value of the capitals used and affected by it. Value creation or destruction occurs through an increase or decrease in the value of the organization's tangible and intangible assets and in the creation of positive or negative impacts for the community (externalities) that can, in turn, feed back to the organization's value.

STRATEGY AND KEY PERFORMANCE INDICATORS

Strategy formulation should describe the process and tools earmarked for the creation of value for shareholders and other stakeholders, specifically customers, suppliers, employees and society as a whole. The value created for the community is the result of the production of positive and negative externalities. When the market is aware of the externalities generated, the latter can also translate into an increase or decrease of an organization's value. Strategy must clearly set out the differential value proposition for the customer and the community as a whole. The strategy must address questions such as:

- What does the organization do to create value for its customers, the providers of financial capital and other stakeholders?
- What outcomes does the organization strive for?
- What capitals does the organization rely on?
- How will the organization position itself in the value chain and in its operating markets?

The strategy should mirror and articulate a balance between two things: first, short-term financial performance; second, the sustainable creation of value in the medium and long term. It's important to distinguish the time horizons framing decisions regarding the allocation or consumption of the capitals. An organization's strategy should also reflect the choices needed when it comes to consuming resources. Often, the use of one capital can deplete its value yet drive an increase in the value of other capitals over time. The strategy should pinpoint the management processes and systems to mobilize and use all the resources (including external resources) within the organization's reach as efficiently as possible. References to the value creation chain that go beyond elements strictly controlled or owned by the organization can enhance the strategic direction of the organization. The value of intangibles depends on the extent to which they link with the organization's objectives — or in other words, value creation through connectivity. Any increase in their value may eventually materialize by improving financial performance through interrelated links. This alignment and these interactions are key since the measurement of the value of an intangible can be cost-based, but it can also rely on other performance indicators. Intangible assets have a value potential that depends on how the organization defines its strategy and how those assets contribute to the organization's value creation goals. An intangible asset unaligned with the organization's strategy may have no value. The success of a strategy depends, above all, on execution. This requires embracing a core tenet: it's only possible to manage that which can be measured. In a new economic environment where the ability to adapt to changing environments and intangibles is a focus, this principle requires specific value creation measurement metrics. This is where we believe KPIs can be useful in addition to the narrative portion of the integrated report. KPIs measure financial and non-financial performance against targets and long-term value creation goals. They can also indicate what the organization's outcomes are in terms of tangible and intangible value as well as value for society. KPIs can be used to measure performance and outcomes resulting from the use of tangible and intangible assets as well as capitals the organization doesn't own. They relate to the organization's critical value drivers and track the organization's performance in the short, medium and long term. With correct KPIs the management team can focus on monitoring material matters, and investors can assess value creation. Creating KPIs enables organizations to understand how they can minimize negative externalities and maximize positive ones. Ultimately this will support the performance of their intangible assets and by extension their value. It's important to show how measurable indicators (e.g., employee turnover, energy efficiency, media coverage) impact the organization's tangible and intangible assets (such as brand and customer relationships). Why?

Because it directly influences shareholder value. For example, take KPIs related to waste reduction generated in manufacturing. The reduction of waste may indirectly measure the creation of external value through enhanced environmental performance. The improvement could result in an improved brand image. This in turn enhances customer loyalty and, by extension, customer relations.

RISK AND OPPORTUNITY MANAGEMENT

Integrated reporting takes a broader approach to risk and opportunity management than traditional frameworks. As a consequence, a strategy that includes the identification and mitigation of risks against the integrated reporting six capitals has a direct impact on performance. It also has an impact on reducing the gap between its market and intrinsic values. Enterprise risk management is seen as important to guaranteeing the viability of any corporate strategy and, by extension, the value creation process. Material risks that could have a significant impact on the execution of the organization's strategy and its value creation goals should be incorporated into the decision-making process with the aim of reducing uncertainty with respect to achievement of operating results. Empirical studies show that organizations with advanced risk management systems create more value in terms of revenue, operating profits and results against equity. With risk management a clear-cut value driver, it's important to communicate it properly to the organization's various stakeholders and relate it to its corporate strategy. Investors, regulators, shareholders and suppliers, among other stakeholders, are increasingly calling on organizations to enhance their risk management disclosures. However, there's a recurring discussion regarding how much risk information should be disclosed to the market in terms of risk identification and corporate strategic response, and how this information can affect an organization's competitive advantage. Control over reporting and communication of risk management information can help maximize value creation. Internally, it's important that the organization understands and is familiar with existing risks and stringently applies the related controls. This process should be overseen by its board of directors and audit and control committee. Externally, it's vital that third parties understand the key characteristics of the risk management model and how the organization responds to the most material risks. Decisions regarding what should be communicated, and how, need to be handled by management. And they must weigh the advisability of disclosing absolute figures/metrics versus the use of alternatives such as the percentage achievement of stated key risk indicators.

Interaction between financial performance, intangible value and externalities

Integrated reports enable organizations to tell their unique value creation stories. To do that, they need to identify and measure the intangible value and the externalities they generate as a result of their business. Organizations also need to assess to what degree the externalities produced may also influence intangible value. More importantly, organizations need to be able to describe the ability of both intangible assets and externalities to generate future cash flows. These can be measured using consistent and generally accepted criteria and methodology. Determining that value and communicating it is imperative to creating additional value. The process of communication can impact market value and can bring it closer to the intrinsic value of the organization.



Explaining the gap between net book value, market value and intrinsic value

All investment decisions are preceded by an exhaustive analysis of financial and non-financial information focused on a single question: what monetary value will an investment generate or destroy? In the case of listed companies, a company's market capitalization should be a good proxy for its value. However, the information currently available to investors doesn't tell the full story. This may generate a gap between intrinsic value, market capitalization and book value. The gap between market value and book value is explained by the fact that investors, through the markets, sense and acknowledge the existence of unrecognized intangible assets and externalities. The market value also differs from an organization's intrinsic value, which is its target value. In a perfect and fully transparent market where participants had access to the same information, intrinsic value would coincide with its market capitalization. Integrated reporting helps to reduce the gap between intrinsic and market values by identifying intangible assets and externalities and assessing their monetary value.





HUMAN CAPITAL

Human capital is absolutely, in micro-level, centered round a human as every unit is unique and different from others. It is the knowledge, skill sets and intangible assets that add economic value to every human. Human capital is not a static measure and it can be improved by dint of exercise of knowledge and study and even practical experience gathered from site seeing and visiting various organizations as well as meeting quality personnel. It is an intangible asset and is just as valuable as a tangible asset.

Now HR Professionals can use various measures to evaluate the economic value added by his staff. Upon calculating that, they invest on them more providing them different trainings if the result of the calculation gets positive and further investment as well. For that, it is also calculated that the total profits a company generates before and after investing on its employees' capital. The ROI of human capital is calculated by dividing the company's total profits by its total investment in human capital. HR Professionals calculate and also compare the ROI of human capital to other companies to measure how well the company's investments in human capital are, relative to the industry.

Prime Insurance for the development of its human capital maintains a proper organizational chart and finds the gap, assesses the needs and employs right people in the right place and if finds any shortcomings it arranges required training, counseling, workshop to develop the human as capital of the company.

A very few companies in Bangladesh have given due concern regarding development of human capital through their HR and admin departments. The insurance industry is too much behind in practice. In Bangladesh while job searching insurance is given the least priority. As a result, brilliant staffs are not coming to serve this industry. If genuine or good quality inputs are not given the good or standard quality output is almost impossible. However, this is changing gradually because of severe corruption in bank and non-banking financial institutions insurance industry which has been in indiscipline since long. The Companies Act, 1994 or no other regulatory bodies have ever thought to introduce HR accounting to be performed by the listed companies.

Prime Insurance Company Ltd has been in the process of developing its human capital by necessary training program both in-house and whenever required in abroad and also nominating its employees to national and international conferences with a view to developing skills of its employees who will be contributing to the profitability of the company.

Worldwide, HR teams are using Human Centered Design (HCD / Design Thinking) and to solve some pretty meaty and complex issues. Aiming to become the pioneers of Design Thinking in our field, are exercising that.



HUMAN RESOURCE ACCOUNTING

Human resources are the most important resource out of all the resources available for the management to achieve organizational goals. The overwhelming significance of human resources is due to its unique characteristics. It is very much different from the physical assets. Physical assets do not have feelings and emotions, whereas human assets are subjected to various types of feelings and emotions. In the same way, unlike physical assets human resource never gets depreciated. However, individually all employees are not the same. They get differed in terms of personality, competence, performance etc. Therefore, the valuations of human resources along with other assets are also required in order to find out the total cost of an organization.

Human resource accounting (HRA) is the process of discovering and measuring data about human resources and communicating this information to stakeholders. It involves measuring the costs incurred by organizations to recruit, select, hire, train, and develop human assets. It also involves measuring the economic value of people to the organization.

In other words, human resource accounting is the process of identifying, budgeting, and reporting the cost of human resources incurred in a business, such as salaries, training expenses etc. Human resource accounting is considered the activity of understanding the cost invested for employees towards their hiring, training, payment of salaries and other benefits, and in return, figuring out their contribution to company's profitability.

Therefore, the valuations of human resources along with other assets are also required in order to find out the total cost of an organization. As Prime Insurance also realizes the importance of human resources accounting (HRA) as 'accounting' for people as resource, on this context, measuring the costs incurred by organizations to recruit, select, hire, train, and develop human assets. Prime Insurance believes that talented and skilled employees are the key business differentiator. This is why skill development and learning of the employees are given immense importance in Prime Insurance. Training creates an impact that lasts beyond the end time of training itself. The focus is to develop skill and expertise attains knowledge and knowhow that creates commitment among employees motivating them to incorporate their new skills and ideas back at work. To keep pace with the ever-changing globalized world, the company always augments the knowledge and skills of its employees imparting various in-house and external trainings systematically and enhance their efficiency level. Like every year, the employees of Prime Insurance have also participated in a number of training and workshop program in the year under review as follows:

| Training: up to Dec.2020 | Description | Participants |
|-----------------------------|---|--------------|
| Local | Claims Management | 1 |
| | Comprehensive course on Re-Insurance Management | 2 |
| | Empowering women through Insurance | 3 |
| | Risk Based Capital Adequacy Requirements of the Capital Market intermediate | 1 |
| | Comprehensive course on Marine Insurance | 4 |
| | Comprehensive Course on Fire Insurance | 2 |
| | | 13 |

Total : 184
Male : 153
Female : 31

We realize that human capital can be more valuable to employers than physical assets in consideration of the time and expenses needed to hire, train and retain qualified staff. Thus we have focused:

Induction: Considering the facts, we organize induction program to provide new employees with information about the organization which helps them to perform their tasks effectively. By the induction program, a new employee becomes able to understand the followings:

- has balanced information (job description) that is directly related to his/her role and back this up with extra information at a later stage;
- has someone as a mentor who can provide additional information and answer questions; and/or provide formal follow-up after a few weeks;
- gets introduced with his/her colleagues, explaining the role of key personnel / persons, including those they will be working closely with;
- encouraged to ask questions;
- gets informed where to go for help or with a complaint on any issue;
- gets informed proper office etiquette and dress codes;
- gets discussed with the new employee what, if any, reasonable adjustments he or she would require in relation to the work;
- has training before the new employee starts work.

Recruitment and selection: We recognize that we have to be competitive in our efforts to recruit and retain talents. The real value of working at Prime Insurance cannot be simply described through direct compensation.



In 2020, we also continued our employment to fill in vacancies created by regular turn around. HR successfully filled the position of executives in different departments; the roles were critical and related to the areas identified in the strategic plan for Prime. The HR made admirable endeavors in our recruitment processes and we have seen an improvement in the service level of HR. We are greatly appreciative of the support received from them.

Training consists of a range of processes making sure that job holders have the right skills, knowledge and attitudes required to help the organization achieve its objectives. Recruiting individuals to fill in particular posts within a business can be done either by recruitment internally, or by recruiting people externally from outside.

Talent management: Prime Insurance recognizes every employee as a highly valued member who is vital to the growth and progress of the company. We are committed to invest in our people. We are constantly on the lookout for promising and talented employees at all levels with the potential to be our future leaders. Strong performers are given opportunities to lead major roles, receive executive coaching and mentored by top management personally. For the promising employees, career enrichment within the Company includes both short and long-term assignments across various business units in different geographical locations. They are provided with a commercial platform with exposure to a wide range of information and developments in the international business.

Training & development: We strive to provide all employees with career and personal skill development opportunities through trainings.

Trainee executives: We continuously recruit fresh graduates from reputed universities worldwide to participate in our trainee program. Upon joining our company, the trainees undergo a comprehensive in-house training program which helps them understand their missions and businesses. At the same time, trainees will gain hands-on experience and become accustomed to the company's culture through working in various departments or in specific departments. Department heads, who are also the mentors, will continuously assess and evaluate the trainees to ensure that there is a structured career development for them, much like all other staff within the company, in accordance to their potential, talent and leadership traits.

Experienced professionals: Continuous training is provided to all levels of employees to enable them to perform their jobs effectively and progress in their careers. We ensure that staff are developed to their fullest potential with the right level of authority, responsibility and skills; through training, both on-the-job and formal learning, job rotations, and mentoring from the work and learn experience in the company.

All staff members are given equal opportunities to receive relevant training based on their needs in accordance to four complementary aspects:

Succession planning: To support the growth of our business, we constantly look out for strong performers to be groomed into future leaders of Prime. Potential leaders undergo a comprehensive leadership Training program to prepare themselves to take on challenging roles within the company. To ensure that there is a ready pool of talents in the pipeline for holding leadership positions, the company continues to harvest talents through executive programs.

Reward and recognition/performer of the year: A good recognition and reward system provides employees fervor and enthusiasm. Employees feel a fair return for their efforts, motivated to maintain and improve their performance; they are also elucidated as to what behaviors and outcomes will be valued by the organization. To acknowledge and motivate the best performer of the month and to set a model for others in achieving comparable performance, the management of Prime Insurance gives a monetary reward to the best Performers.

Service benefit and facilities: Prime Insurance always tries to orchestrate the lives of the employees both financially and mentally. Prime Insurance offers some other facilities towards them. Our offered benefits can help the employees live well. House rent, transportation facilities, contributory provident fund, gratuity fund, leave encashment, retirement benefits, two festival bonuses, incentive bonuses, car finance scheme for executives, health insurance, and telephone allowance are significant benefits of Prime Insurance.

Annual Appraisal: Annual appraisal of Prime Insurance is designed to serve as a tool that helps supervisors increase productivity, communicate expectations, establish goals for the coming year, and report the employee's success in meeting the past year's performance expectations. Prime Insurance conducts the annual performance appraisal once in a year that goes in an employee's permanent record. In its most productive form, performance appraisal is actually a continuous, year-round practice of exchanging information between the supervisor and employee that begins and ends with the formal annual performance appraisal meeting. The most highly motivated, productive employees are those who know what they are supposed to do and how well they are doing it; who participate in planning as to how their work will be accomplished and who have open and honest rapport with their supervisors. Supervisors are strongly encouraged to make the annual review meetings participative and collaborative. The performance evaluation is intended to be a fair and balanced assessment of an employee's performance. Management of Prime Insurance is very strict to follow this key component. Every year management evaluates employee's performance considering their success, failure, own suggestion and training needs. It helps the company to reach the goals.

Keeping a view in mind that good appraisal systems can meet the needs of both employer and employees, we try to:

- ensure that all employees fully understand the appraisal system
- have employee records, including appraisals, accessible to them
- be specific in the performance assessment rather than use generalities such as 'poor attitude'
- include positive feedback about where an employee performs well
- train staff involved in giving appraisals.



COMPANY'S CONTRIBUTION TOWARDS ITS STAFF

Employee Benefits

Prime Insurance Company Limited (PICL) believes that resource is the best resource of the company. As a member of a service centered industry like insurance, the whole operation of the company is actualized by its employees. So, it tries to ensure the best working environment where management and employees put combined effort towards the growth of the company and accepts new challenges in a diversified environment.

All knows, the success of a company depends on the potentiality of its work force as without satisfying the employees no organization can sustain in the long run. PICL values its employees along with their works and considers them as the members of PICL family. Moreover, PICL values not only the staffs but also the family members of the staffs. On top of all, PICL ensures the following facilities and with the growth of each individual staff grows the Company:

- Congenial work environment and pure corporate culture
- Equal opportunity for all in all respects
- Performance appreciation
- Ensures long-term benefits
- Provides need based in house and foreign training
- Transport services
- Personal loan against salary
- Car finance scheme
- Group life insurance
- Group health insurance including family members
- Performance bonus

- World class annual performance appraisal
- Opportunity to make solid insurance career
- Festival bonuses
- Contributory provident fund
- Gratuity benefits
- Mobile phone allowance with mobile phone set under corporate package

Congenial work environment ensuring gender equality & women empowerment

Prime Insurance always ensures gender equality or equal opportunity. The HR policies have been formulated to ensure equal opportunity in all respects. With a view to ensuring empowerment of women in job sector honoring the increasing trend of the quality educated women in the country, PICL has strict rules to ensure dignity of the female staffs confirming all facilities in line with the government rules and the best world practices. In view with that it ensures long-term maternity leave, considers health issues and empowers woman as branch in charge. PICL celebrates the women's day with the female staffs inviting famous female personalities. Since women experience some unique health issues and conditions, on this occasion, a specialist female doctor is usually invited to consult with the female staffs regarding various important health issues. However, PICL also takes a number of activities for the male staffs to create a healthy and congenial corporate culture in the company.



REGULATORY REVIEW

Prime Insurance Company Limited (PICL) has been incorporated under the Companies Act, 1994 and it had been licensed from the Office of the then Chief Controller of Insurance under the Ministry of Commerce according to the provisions of Insurance Act, 1938. When Insurance Act, 1938 was repealed in 2010 the Parliament enacted Insurance Act, 2010 and Insurance Development and Regulatory Authority Act, 2010 to administer the Insurance Industry of Bangladesh.

Segregation of life and non-life insurance business

As per the Insurance Act, 2010 no insurer is allowed to carry out Life and Non-life Insurance Business under an umbrella i.e., no insurance company is allowed to do life insurance and non-life insurance business simultaneously. In compliance with the provisions of law Prime Insurance Company Ltd is doing only non-life insurance business. Prime Insurance is also giving risk coverage of overseas mediclaim and hospitalization scheme including dread diseases within the purview of non-life insurance business.

Compliance with Insurance Act, Rules and Regulations

Prime Insurance Company Ltd follows the provisions of Insurance Act, Insurance Rules and Regulations applicable to the non-life insurance companies. It also complies with the circulars issued by the Insurance Development and Regulatory Authority (IDRA) from time to time. Prime Insurance provides required information by IDRA giving them highest priority.

Compliance with Other Regulatory Requirements

Prime Insurance Company Ltd follows rules and regulations of all regulatory bodies like National Board of Revenue (NBR), Bangladesh Securities and Exchange Commission (BSEC), Dhaka Stock Exchange Ltd (DSE), Chittagong Stock Exchange (CSE) and follows all other applicable laws of the land in performing non-life insurance business of the Company. The Corporate Governance Code introduced in 2018 is a mandatory compliance to all listed companies in Bangladesh and it's a huge safeguard for the sustainability of the listed securities of Bangladesh. Prime Insurance has complied with all the criteria regarding good corporate governance being a listed company.

Minimum Stated Capital

As per the Insurance Act, 2010, Prime Insurance Company Ltd has complied with the minimum capital requirement of Tk. 400 million. The Company started its business with a capital of Tk. 60 million and subsequently included public offering of Tk. 90 million having a total paid-up capital of Tk. 150 million. Considering the aspects of sustainability, Prime Insurance gradually increased its paid-up capital to over Tk. 400 million from internal generation of resources issuing bonus shares to its shareholders in a number of years; it has fulfilled the regulatory requirement of paid-up capital.

Reporting to Bangladesh Bank

Prime Insurance Company Ltd is regularly reporting to Bangladesh Bank about the regulatory requirement of reporting on Suspicious Transaction Reports (STRs) with a view to combating against Money Laundering and Financing of Terrorism. Prime has been reporting to Bangladesh Financial Intelligence Unit (BFIU) of Bangladesh Bank which is responsible for analyzing Suspicious Transaction Reports (STRs), Cash Transaction Reports (CTRs) & information related to money laundering (ML)/financing of terrorism (TF) received from reporting agencies & other sources and disseminating information/intelligence thereon to relevant law enforcement agencies.



NATIONAL INTEGRITY STRATEGY

To achieve its long-term development plan "Vision 2021" and its medium-term development plan "Sixth Five-Year Plan" (2011–2015), the Government of Bangladesh (GOB) considers it essential to improve governance, and particularly eradicate corruption. The GOB has become a signatory nation to the United Nations Convention against Corruption in 2007. Using its accession to the United Nations Convention against Corruption as a motivation, the GOB formulated its National Integrity Strategy (NIS) on 18 October 2012.

NIS is a government's comprehensive strategy to promote good governance and achieve a corruption-free State and Society. NIS has adopted a holistic approach to promote good governance, looking at entire range of relevant institutions, including non-state institutions, while focusing relationship among them. All institution needs to play expected roles to achieve good governance. This is aligned to the Father of the Nation's remark "The nation must be united against corruption. If public opinion is not mobilized, corruption cannot be stopped by enforcement of law alone". NIS aims to mobilize the Society. The Society on its turn will demand changes for better Bangladesh.

NIS identifies the contexts of and challenges faced by different state and non-state institutions and sets goals of the institutions to ensure integrity. NIS proposes short, medium & long-term recommendations for achieving the goals for state and non-state institution and suggests time-bound action plan for implementation of these recommendations.

JICA supports the improvement of the administrative functions of the Government of Bangladesh. Recognizing the NIS as an important strategy in improving governance, JICA has decided to implement a technical cooperation project from October 2014 to promote the implementation of the NIS. The Project was expected to be completed in September 2016.

The Project organizes a series of dialogues with NGO, media, the public sector, and educational institutions. To make public aware of NIS, its logo design is developed and promotion tools such as pin badge and sticker are developed. The Project also gathers and analyses the NIS-related good practices once a year, and disseminates good practices to public.

The goal of the NIS matches one of the approaches in JICA's governance support 'To eliminate informal political interference to public administration, and contribute to the enhancement of accountability of the government through supporting improvement in the overall system, capacity development of institutions and civil servants and improvement in the public service system'.

Insurance Development and Regulatory Authority (IDRA) has already taken the initiative to implement NIS among the insurance companies both life and non-life. It convenes regular meeting at intervals and sends the proceedings to the insurance companies to follow that. It has also made it mandatory that every insurance company forms a NIS Implementation Committee in the Head Office with a focal person to implement Strategic Plan of Integrity by the staff of the company with a view to ensuring Institutional affairs, to develop expertise and integrity, to work on right to Information, e-governance, innovation and easy service, transparency and accountability and reward for practicing integrity. Prime Insurance Company Ltd has been abiding by all the directions regarding National Integrity Strategy (NIS) in almost all the activities of the Company as it has already been conceived in and believes in transparency, accountability and ethical business.

Prime Insurance Company Limited being one of the social responsible corporate organs of the insurance sector in Bangladesh has immediately established the National Integrity Strategic implementation Committee with following members-

Name of the members of "Shuddhachar & Noitikota" Committee

| SL | Name | Designation & Position in the Committee |
|----|-----------------------------|--|
| 1 | Bayazid Muztaba Siddiqui | CEO, Chairperson of the Committee |
| 2 | Syed Monirul Huq | DMD - Member |
| 3 | Sujit Kumar Bhowmik | DMD & Head of SBMD- Member |
| 4 | Md. Delwar Hossain | SEVP & Head of Claims Department- Member |
| 5 | Md. Lokman Hossain | SVP & CFO (Addl. charge)- Member |
| 6 | K.M. Moniruzzaman | SVP and Head of Audit & Internal Control Department- Member |
| 7 | A.K.M Enamul Haque Siddique | SVP and Head of IT Department- Member |
| 8 | Md. Razib Sarwar | VP and Head of HR & Admin Department- Member |
| 9 | Md. Sifur Rahman Talukder | AVP and Head of Establishment & Logistics Department- Member |
| 10 | Enamul Haque Khan | SEVP & Company Secretary- Member Secretary |

OUR SUSTAINABILITY REPORTING

Leaving No-one Behind (LNB)

"As we embark on this great collective journey, we pledge that no one will be left behind. Recognizing that the dignity of the human person is fundamental, we wish to see the goals and targets met for all nations and peoples and for all segments of society. And we will endeavor to reach the furthest behind first." (2030 Agenda for Sustainable Development).

'We Love the SDG' a popular song by Alan and sung by all across the globe has got resounding resonance across the earth which contains the global goals of development of humans and humanity. By adopting the 2030 Agenda, Member States have committed to leave no one behind in their implementation of the Sustainable Development Goals (SDGs). It is replaced by Millennium Development Goals (MDGs). It is popularly known as The Global Goals and with the breadth of the 17 goals, their 169 targets and 232 indicators mean all countries face a significant challenge (domestically, as well as internationally) in delivering these commitments. This inclusiveness was also intended to extend beyond national-level contributions; the scope of the SDGs should mean that everyone has a role to play. This extends from policymakers, through researchers, teachers, businesses, and the general public.

The 17 sustainable development goals (SDGs) to transform our world are:

- GOAL 1 : No Poverty
- GOAL 2 : Zero Hunger
- GOAL 3 : Good Health and Well-being

- GOAL 4 : Quality Education
- GOAL 5 : Gender Equality
- GOAL 6 : Clean Water and Sanitation
- GOAL 7 : Affordable and Clean Energy
- GOAL 8 : Decent Work and Economic Growth
- GOAL 9 : Industry, Innovation and Infrastructure
- GOAL 10 : Reduced Inequality
- GOAL 11 : Sustainable Cities and Communities
- GOAL 12 : Responsible Consumption and Production
- GOAL 13 : Climate Action
- GOAL 14 : Life Below Water
- GOAL 15 : Life on Land
- GOAL 16 : Peace and Justice Strong Institutions
- GOAL 17 : Partnerships to achieve the Goal

Out of the 17 SDGs, three goals can be noted with utmost importance where business can play an important role. These are Goals 8, 9 and 12. These goals are dealing with economic growth, employment, industrialization and innovation, production and consumption patterns. More specifically targets under SDG 9 are mainly linked with business and industry stakes. Moreover Goals 2, 3, 4, 7, 10, 11, 13 also have close links with business. As all the goals are almost interconnected, achievement of the above mentioned goals will lead to achievement of the ultimate goal of poverty reduction (Goal

SDG Goals and targets, which are closely linked to business

| SL NO. | Gs with direct links with Business | The description of the goal |
|--------|---|--|
| 1 | Goal 2: specially targets 2.4, 2.5, 2.a and 2.c | End hunger, achieve food security and improved nutrition and promote sustainable agriculture |
| 2 | Goal 3: specially targets 3.3, 3.4, 3.8, 3.9 and 3.b | Ensure healthy lives and promote well-being for all at all ages |
| 3 | Goal 4: specially targets 4.3, 4.4, 4.5, 4.7 and 4.a | Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all |
| 4 | Goal 7: specially targets 7.2 and 7.3 | Ensure access to affordable, reliable, sustainable and modern energy for all |
| 5 | Goal 8: specially targets 8.2, 8.5, 8.6, 8.7, 8.8 and 8.10 | Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all |
| 6 | Goal 9: specially targets 9.1, 9.2, 9.4, 9.5 and 9.c | Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation |
| 7 | Goal 11: specially targets 11.1, 11.2, 11.3 and 11.6 | Make cities and human settlements inclusive, safe, resilient and sustainable |
| 8 | Goal 12: specially targets 12.2, 12.3, 12.4, 12.5, 12.6, 12.8 | Ensure sustainable consumption and production patterns |

The SDGs cover a broad range of social and economic development issues. A country's SDG achievement depends on the achievement of such goal by all individual units. Prime Insurance Company Ltd in both macro and micro level as an operator in non-life insurance company.

As insurance is giving coverage of financial institution and its products and cyber-crimes it is playing a pivotal role. In the micro or personal level from health services to agro business risk coverage as a non-life entity it serves role of catalysts to make people insured. It has innumerable of products to serve and play a role to elevate poverty as Bangladesh is disaster prone country and by providing insurance it can play a role to make people insured. As an ISO certified company, it abides by some quality policy and has a strong social responsible policy knowledge to share, planet to care like tree plantation gifts make offices clean and many more to touch people's life. So in core business and also Corporate Responsibilities we are contributing in the global goal.

The sustainable reporting may be done through the following processes:

Sustainable reporting process: At first the applicable goals for the company will be identified and relevant topics to be selected through assessment for the Sustainability Reporting and in this process due attention to be given to internal and external research and sources. In addition, surveys and interviews to be held with various business-partner clients and also with the stakeholders. All the data were sourced from the concerned departments and the financial data reported in this report were fully sourced and aligned with the OPL's financial report.

Sustainability reporting guidelines: Global Reporting Initiative has a guideline for sustainability reporting. Prime Insurance Company's Sustainability Report has been prepared following that guidelines keeping in mind the Sustainable Development Goal. It aims to provide only disclosures and indicators that are material to the business about the economic, environmental, and social impacts that really matter detailing it in CSR activities of the Company.

Commitment to future development: The Prime Insurance Company tried to cover few aspects of economic, environmental and social factors and gradually it would try to cover more and more items in the years to come. Prime Insurance is always committed to continue to develop the reporting process to accommodate the needs of the business partner-clients, different stakeholders, many of whom require different depths of information. This will include further integration and incorporation of financial and non-financial information about the activities of the company and also the indicators to provide the stakeholders with a holistic picture of the company's performance.

UNDP's initiative with Prime Insurance: Prime Insurance joined with UNDP regarding sustainability reporting and agreed to be included in the Responsible Business Webpage of UNDP. With a view to featuring information on the dashboard Prime Insurance would provide detailed information regarding its CSR area and amount invested about these initiatives. Prime's gradually increased numbers of CSR activities reveal its sustainability in doing its non-life insurance business.



• INFORMATION • ABOUT **CORPORATE GOVERNANCE**



REPORT OF THE AUDIT COMMITTEE

Prime Insurance Company Ltd (PICL) constituted an Audit Committee since its inception as a public Ltd company with a view to ensure the transparency and accountability of the each and every transaction of the Company. The Committee has written Terms and Conditions (ToR). Further, Bangladesh Securities and Exchange Commission (BSEC) enacted the Corporate Governance Code -2018. The TOR of the Audit Committee has been determined by the Board of Directors in accordance with the Code of Corporate Governance. The Audit Committee assists the Board of Directors in ensuring the financial statements whether it is reflected the true and fair view of the state of affairs of the Company and assists in ensuring a good governance and good monitoring system within the Company.

Composition of the Audit Committee:

There are six members in the Audit Committee including two Independent Directors. All the members of the Committee are financially literate and appointed by the Board of Directors. Following members are currently performing the tasks of the Audit Committee-

Audit Committee Members

| | |
|---------------------------|---------------|
| 1. Mr. Alamgir Kabir, FCA | - Chairperson |
| 2. Dr. Ifrat Obaid | - Member |
| 3. Mr. Mohd. Showkot Ali | - Member |
| 4. Mr. Md. Ashaduzzaman | - Member |
| 5. Mr. AKM Monirul Islam | - Member |
| 6. Ms. Ayesha Husne Jahan | - Member |

Committee Meeting:

During the year 2020, the Committee convened 6 meetings in which it reviewed, among other things, issues relating to business operations, administrative control, legal compliance and finance & accounts.

Head of Internal Control & Audit Department and Company Secretary are permanent invitees to the meetings. Relevant departmental heads and other members of the management also attended the meetings as and when required. The proceedings of the Committee meetings are regularly reported to the Board of Directors. All the minutes of the Audit committee meetings were vetted by the Board of Directors meeting regularly.

Scope of the Audit Committee is defined as under:

- To monitor and review the adequacy and effectiveness of the Company's financial reporting process, internal control and risk management system.
- To monitor and review the arrangements to ensure objectivity and effectiveness of the external and internal audit functions.
- To examine audit findings and material weakness in the system and monitor implementation of audit actions plan.
- To discuss major issues concerning accounting principles and financial statement presentation.
- To conduct audit concerning material violation by the management in carrying out operations of the company.
- To review reports of litigation and regulatory compliance matters.
- To monitor internal control risk management process.
- To oversee hiring and performance of external auditors.
- To review the annual and the quarterly and half yearly financial statements before submission to the board for approval.
- To review the adequacy of internal audit function.
- To identify suspected fraud or irregularity in the internal control system.

- To review statement of significant related party transactions submitted by the management.
- To review management letters/letter of internal control weakness issued by statutory auditors.

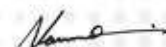
Activities performed during 2020:

- Review of the auditors' report and audited accounts for the year 2019.
- Review of the un-audited first quarter financial statements 2020.
- Review of the un-audited second quarter financial statements 2020.
- Review of the un-audited third quarter financial statements 2020.
- Review of the financial and management audit reports of branches and head office.
- Review of significant accounting and reporting issues.
- Review of the consistency and appropriateness of the accounting policies adopted by the company to ensure compliance with Bangladesh Financial Reporting Standards (BFRSS).
- Review and approval of the audit plan for the year 2020.
- Review of the appointment of external auditors.
- Undertaking an evaluation of the independence and objectivity of the external auditor and the effectiveness of the audit process.
- Review of the non-audit service provided by the auditors to ensure that the provision of these services does not impair their independence.
- Monitoring the effectiveness of the internal audit function with a view to further strengthening the controls environment of the company.
- Review of the effectiveness of the internal control systems to ensure that processes are in place to safeguard the assets of the company.
- Monitoring whether the Company is fully compliant with the corporate governance guidelines issued by Bangladesh Securities and Exchange Commission.
- Maintenance of Whistle-Blower policies in the Company.
- Any other matter as per the TOR of the Audit Committee.
- The Committee was not aware of any issues in the following areas which needed to be reported to the Board:
 - report on conflicts of interests;
 - suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;
 - suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and
 - any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately.

The details responsibility, roles and reporting system of the Audit Committee is given in the Corporate Governance chapter.

The Committee is also satisfied that application of appropriate accounting policies provides reasonable assurance that the Financial Statements of the Company are true and fair. On behalf of the Audit Committee, I would like to convey my gratitude to our valued stakeholders for their continual support which leads us towards the way of success.

Finally, the Audit Committee would like to express sincere thanks to the members of the Board, key management personnel, internal audit division and all employee for their utmost dedication for achieving transparency in performance and all sorts of co-operation extended to the Committee in discharge of its responsibilities. The Committee is satisfied explaining the disputed issue under the Head of "Material Issues may be disclosed".



Alamgir Kabir FCA
Chairperson
Audit Committee

MANAGEMENT COMMITTEES AND ITS RESPONSIBILITIES

Managing Director is the Chief Executive Officer (CEO) of the company. The Company has approved Management Committee, Health Insurance Claims Review Committee, Investment Committee and Organizational Structure (Organogram) with clear functional segregation and segregation of processing/functioning authorities. This ensures Core Risk Management practice and compliance across the company. Management committee is the main body of the management and decision making in the company. On the whole, the company is governed by rules, regulations, guidelines directions and policies as applicable for the Insurance business and operations. The Company has formed following Committee for making key decisions of the company smoothly.

Management Committee:

The Management Committee is tasked with making key decisions of the Company's management and operation under the official delegation of authority from the Board. The Committee is comprised of Senior Executives and Department Heads. The Management Committee has comprises of following Executives of the Company:

Composition of Management Committee:

| | |
|-----------------------------|--|
| Bayazid Muztaba Siddiqui | Convener |
| Syed Monirul Huq | DMD |
| Sujit Kumar Bhowmik | DMD, BCD & Head of Specialized |
| Md. Delwar Hossain | SEVP & Head of Claims Department |
| Md. Lokman Hossain | SVP & Head of Accounts & CFO |
| K.M. Moniruzzaman | SVP & Head of Audit & Internal Control |
| A.K.M Enamul Haque Siddique | SVP & Head of IT |
| Razib Sarwar | VP & Head of HR & Administration |
| Md. Sifur Rahman Talukder | AVP & Head of Est. & Log. |
| Enamul Haque Khan | Member Secretary |

Responsibilities of the Management Committee:

Management Committee is responsible for the preparation and fair presentation of the financial statements in accordance with Bangladesh Accounting Standard (BAS), Bangladesh Financial Reporting Standards (BFRS) and in accordance with Bangladesh Securities & Exchange Commission Notification No.SEC/CMMRCD/2006-158/129/Admin/43 dated July 03, 2012 and other applicable Rules & Regulations. Management Committee is also responsible for designing, implementing and maintaining internal control system relevant to the preparation and fair presentation of financial statement that are free from material misstatements, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances. CEO and the CFO in their tenure are responsible to state the financial and Managerial data of the Company. The Management Committee worked based on the financial data and governance issues raised by the CEO and CFO of the Company. CEO and

CFO of the Company declared in this regards that the statement are true and fair and in accordance with the relevant laws.

MANAGEMENT COMMITTEE OF PRIME INSURANCE COMPANY LIMITED

TERMS OF REFERENCE (TOR)

1. Composition

- The Management Committee Members shall be appointed by the Chief Executive Officer ("CEO") of the Company from among the employees and shall consist of not less than five (5) members including Head of HR & Admin, Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit (HIA).
- The Chief Executive Officer ("CEO") shall be the convener and the Chairperson of the Management Committee. In absence of him, one shall be elected as the Chairperson of the Management Committee to conduct the Management Committee Meeting.
- In the event of any vacancy in the Management Committee resulting in the non-compliance of the criteria as stated in Paragraph (a) above, the Committee shall within three months, appoint such number of new members as may be required to fulfill the requirements.
- A representative member can be appointed as a member if any department head is unable to present in the Management Committee with the prior consent of the Chairperson of the Management Committee and informing the Company Secretary.
- No former employee of the Company shall be appointed to the Management Committee unless he/she is re-employed before being appointed as a member of the Management Committee and he/she has observed a cooling-off period of at least six (6) months.

Notice and Agenda:

- The Chairperson shall set the agenda in consultation with the Company Secretary.
- Management Committee members can place issues on the agenda.
- In exceptional circumstances, duly justified by the urgency of the matter or the Company's corporate interest an issue not on the agenda may be addressed at the meeting.
- The agenda should allow sufficient time to undertake as full a discussion as may be required.
- Notice (including the agenda) is to be sent to the members in written or by electronic means. Any special issues not notified may be placed in the meeting in permission of the CEO/Company Secretary.



3. Quorum and Procedures of Meetings:

- a) Management Committee Meeting shall be called by the CEO.
- b) Head of HR & Admin or Company Secretary (CS) or Chief Financial Officer (CFO) or Head of internal Audit (HIA) shall also call such meeting with the consent of simple majority of the members for the urgency of the matter or the Company's corporate interest.
- c) Meetings shall be held not less than four (4) times in a financial year, although additional meetings may be called at any time.
- d) The quorum of meeting of the Management Committee shall consist of not less than simple majority (50%) of the existing total members; In the absence of the Chairperson, the members present shall elect a Chairperson for the meeting from among the members present.
- e) The Company Secretary shall act as Member Secretary of the Management Committee.
- f) The Management Committee may, as and when deemed necessary, invite other senior management personnel or executives to attend the meetings subject to the approval of the chairperson.
- g) Minutes of each meeting shall be kept at the registered office and distributed to each member of the Management Committee. The minutes of the Management Committee meeting shall be signed by the Chairperson of the said meeting or by the Chairperson of the next succeeding meeting.

4. Voting:

- A simple majority of all Management Committee members.
- The Chair has the casting vote in case of equality of votes.

5. Circular Resolution:

A resolution in writing signed or approved by letter, e-mail or other written electronic communications by the majority of the members who are sufficient to form a quorum, shall be valid and effectual as if it had been passed at a meeting. All such resolutions shall be recorded by the Secretary in the minutes book.

6. Authority:

The Management Committee shall, in accordance with a procedure to be determined by the CEO under his jurisdiction given by the law of the land and at the expense of the Company:

- a) have explicit authority to take any operational decision with a view to exercising participatory management as well as two ways management philosophy.
- b) investigate any matter within its Terms of Reference. It shall have the authority to seek any information it requires from any employee of the company and all employees are directed to co-operate with any request made by the Management Committee.
- c) recommend any matter to the Board of Directors as well as its subcommittees for final decision.
- d) have full and unrestricted access to any information and documents/resources which are required to perform its duties as well as to the internal audit and senior management.

- e) have direct communication channels with the management of the company, and shall be able to convene meetings whenever deemed necessary.
- f) obtain external legal or other independent professional advice from relevant parties and to invite them to attend its meeting, if necessary subject to the approval of the Board.

7. Duties and Responsibilities:

The Management Committee shall do the following:

- a) take any operational decision as a team under CEO's jurisdiction.
- b) implement the culture, values, standards, ethics and conduct of business of the Company
- c) supervise of the line management, monitor workings with the allocated competencies and responsibilities, and oversee marketing reports.
- d) organize, steer and regularly assess the internal control mechanisms and procedures.
- e) ensure that any policy established by the Board is correctly implemented.
- f) take the necessary measures to ensure that the Company has an effective risk management system
- g) The Management Committee may delegate specific assignment to one or more persons or group of persons forming any committee for any specific purpose.

8. Term of Office:

The term of office and performance of the Management Committee and each of its members shall be reviewed by the CEO of the Company annually to determine whether the Management Committee and its members have carried out their duties in accordance with their Terms of Reference.

9. Review of the Terms of Reference:

The Board of Directors shall review and assess the adequacy of this Terms of Reference or as and when necessary. Any proposed changes to the Terms of Reference shall be approved by the same.

10. Publication of Terms of Reference:

This document was last published on 31 December, 2019.

Investment Committee:

To invest the surplus fund in a profitable way, the Company has formed an Investment Committee. The Investment Committee has been formed with following Executives:

| | | |
|--------------------------|------------------------------|----------|
| Bayazid Muztaba Siddiqui | Chief Executive Officer | Convener |
| Syed Monirul Huq | DMD | Member |
| Enamul Haque Khan | SEVP & Company Secretary | Member |
| Md. Lokman Hossain | SVP & Head of Accounts & CFO | Member |



Claims Committee:

The Company has formed a Claims Committee to expedite settlement of various claims intimated against the insurance policies issued through branches. The Claims Committee has been constituted with the following Executives:

| | | |
|--------------------------|-----------------------------|------------------|
| Bayazid Muztaba Siddiqui | Chief Executive Officer | Convenor |
| Syed Monirul Huq | DMD | Member |
| Md. Delwar Hossain | SEVP & Head of Claims Dept. | Member |
| Enamul Haque Khan | SEVP & Company Secretary | Member Secretary |

Health Insurance Claims Review Committee:

Prime Insurance Company has launched Health Insurance and Hajj & Umrah Travel Policy from the year 2014. The Company has been issuing Overseas Medi-claim Policy through Sadharan Bima Corporation (SBC) from the same year. In view of assessing the loss properly, the Board of Directors in its 252nd Board Meeting held on 14 July 2014 constituted a Claims Review Committee which is continuing till today with the following Physicians and Chairperson of the Board of Directors:

Health Insurance Claims Review Committee

- | | | |
|----|-----------------------------|--------------------|
| 1. | Mr. Md. Nazrul Islam | - Chairperson |
| 2. | Mr. Mohd. Showkot Ali | - Member |
| 3. | Mr. AKM Monirul Islam | - Member |
| 4. | Mr. Md. Abdur Rahim Bhuiyan | - Member |
| 5. | Dr. Mostafa Zaman | - Member |
| 6. | CEO (Ex-Officio) | - Member |
| 7. | Head of Claims (Ex-Officio) | - Member |
| 8. | Company Secretary | - Member Secretary |



MANAGEMENT BUSINESS REVIEW AND FINANCIAL ANALYSIS

Management Responsibility:

Management of the Company is responsible to prepare Financial Statements in accordance with Bangladesh Accounting Standard (BAS) issued by the Institute of Chartered Accountant of Bangladesh (ICAB), in compliance with Bangladesh Financial Reporting Standards (BFRSs), in compliance with Insurance Act, 2010 and requirement by local regulatory authority Bangladesh Securities & Exchange Commission (BSEC) rules 1987 and other applicable laws.

The Company prepares segment wise operation result separately as per requirement of Bangladesh Securities & Exchange Commission. The Company has mainly four reportable segments on the date of reporting namely Fire, Marine, Motor and Miscellaneous. This report describes Prime Insurance Company's operations and financial position for the year ended 31 December 2020.

Management Business Performance Review:

The Company's policy is to build its business upon strong customer services has been continued to deliver impressive results. The underlying performance of the business remains strong with revenue growth retaining well ahead of cost growth. The performance of individual business segment during the year 2020 and its future strategies are presented below:

Management Responsibility:

Management of the Company are responsible to prepare Financial Statements in accordance International Accounting Standard (IAS) and Bangladesh Accounting Standard (BAS), issued by the Institute of Chartered Accounts Bangladesh (ICAB), in compliance with International Financial Reporting Standards (IFRSs-8.20), in compliance with

Insurance Act, 2010, Company Act 1994, other circulars and guidelines or directives requirement by local regulatory authority Insurance Development & Regulatory Authority (IDRA), Bangladesh Securities & Exchange Commission (BSEC) rules 1987, Listing regulations of Dhaka & Chittagong Stock Exchanges and other applicable rules and regulations implementation time to time.

The company has prepares segment wise operation performance result separately in this financial statements. The Company has mainly four reportable segments on the date of reporting mainly Fire, Marine, Motor and Miscellaneous. This report describes Prime Insurance Company's operations and financial position for the year ended 31 December 2020.

Business performance review:

The Company's policy to build its business upon smooth customer services has continued to deliver impressive results. The underlying performance of the business remains strong with revenue growth retaining well ahead of cost growth. In the non-life insurance business practices, the company earned premium income from the underwriting business mainly Fire, Marine, Motor and Miscellaneous insurance business. The performance of individual business segments during the year 2020 and its future strategies are presented below:

Segment wise operating performance of the company:

Prime Insurance Company has achieved earn premium of Tk.743.30 million and operating profit of Tk.50.61 million in 2020 as against earned premium of Tk.711.68 million and operating profit of Tk.106.53 million in 2019. Segment wise operating performance results of the company for the year 2020 and 2019 are given belows :

| Particulars | Fire | Marine | Marine Hull | Motor | Misc | For-2020 | For-2019 | Growth -2020 | Growth % |
|---------------------------------------|-------------|--------------|---------------|--------------|----------------|--------------|---------------|----------------|----------------|
| Premium income (Own) | 287.63 | 152.55 | 0.60 | 25.34 | 215.32 | 681.44 | 634.82 | 46.62 | 7.34 |
| Premium income on PSB | 12.97 | 21.52 | 1.22 | 2.85 | 23.22 | 61.78 | 76.66 | (14.88) | (19.41) |
| R/I premium on acceptance | - | - | - | - | 0.08 | 0.08 | 0.19 | (0.11) | - |
| Gross premium income | 300.60 | 174.07 | 1.82 | 28.19 | 238.62 | 743.30 | 711.67 | 31.63 | (12.07) |
| Less: R/I premium ceded own retention | 256.57 | 72.57 | 0.50 | 2.93 | 203.18 | 535.75 | 508.42 | 27.33 | 5.38 |
| Less: R/I premium on PSB | 11.27 | 16.37 | 1.20 | - | 22.53 | 51.37 | 65.90 | (14.53) | (22.05) |
| Net premium income | 32.76 | 85.13 | 0.12 | 25.26 | 12.91 | 156.18 | 137.35 | 18.83 | 4.61 |
| Add: Net R/I com. earned | 67.51 | 22.62 | 0.22 | 1.00 | 28.01 | 119.36 | 135.63 | (16.27) | (12.00) |
| Add: Net premium reserve retained. | 3.45 | 34.04 | 0.73 | 14.00 | 3.15 | 55.37 | 96.66 | (41.29) | (42.72) |
| Less : | | | | | | | | | |
| Reserve for un-expired risk | 13.10 | 34.05 | 0.13 | 10.10 | 5.16 | 62.54 | 55.36 | 7.18 | 12.97 |
| Agent commission | 43.14 | 22.88 | 0.09 | 3.80 | 35.58 | 105.49 | 95.22 | 10.27 | 10.79 |
| Management expensens (Revenue A/C) | 46.48 | 26.92 | 0.27 | 4.36 | 36.90 | 114.93 | 120.88 | (5.95) | (4.92) |
| Net claims | (6.36) | (2.40) | 0.63 | 2.08 | 3.39 | (2.66) | (8.35) | 5.69 | (68.14) |
| Operating Profit/(Loss) : | 7.36 | 60.34 | (0.05) | 19.92 | (36.96) | 50.61 | 106.53 | (55.92) | (52.49) |

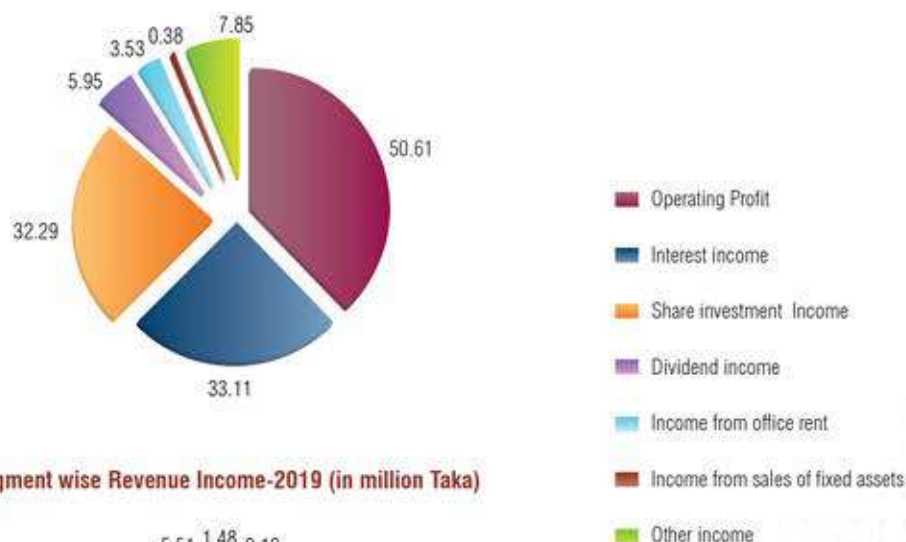
Segment wise revenue income of the Company:

In the year 2020, total revenue income is stands of BDT 133.72 million as against Tk.91.49 million in the year 2019. During the year the company has earned operating profit of Tk.50.61 million, Interest income Tk.33.11 million, Share investment income Tk.32.29 million and dividend income Tk.5.95 million, office rent of Tk.3.53 million and other income Tk.8.23

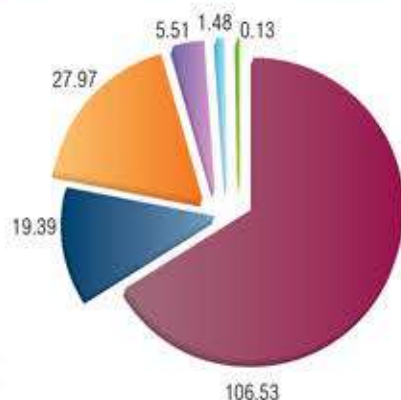
million as against total revenue income of Tk.105.07 Million, operating income of Tk.106.53 million, Interest income Tk.19.39 Million, Share investment income of Tk.(27.59) million and dividend income of Tk. 5.51 Million and Others income is Tk. 1.60 million for the year 2019. Overall, revenue income increased 23.91% over preceding year. Segment wise Revenue income chart and graphs are given belows :

| Segments of Income | 2020 | | 2019 | | Growth/ (Declined) -2020 | Growth % |
|-----------------------------------|----------------------------|-----------------------|----------------------------|-----------------------|--------------------------------|--------------|
| | Amount (in million TK.) | % of Total Revenue | Amount (in million TK.) | % of Total Revenue | | |
| Operating Profit | 50.61 | 37.85 | 106.53 | 101.39 | (55.92) | (52.49) |
| Interest income | 33.11 | 24.76 | 19.39 | 18.45 | 13.72 | 70.76 |
| Share investment Income | 32.29 | 24.15 | (27.97) | -26.62 | 60.26 | (215.45) |
| Dividend income | 5.95 | 4.45 | 5.51 | 5.24 | 0.44 | 7.99 |
| Income from office rent | 3.53 | 2.64 | - | 0.00 | - | - |
| Income from sales of fixed assets | 0.38 | 0.28 | 1.48 | 1.41 | (1.10) | - |
| Other income | 7.85 | 5.87 | 0.13 | 0.12 | 7.72 | 5,938.46 |
| Total revenue income : | 133.72 | 100.00 | 105.07 | 100.00 | 25.12 | 23.91 |

Segment wise Revenue Income-2020 (in million Taka)



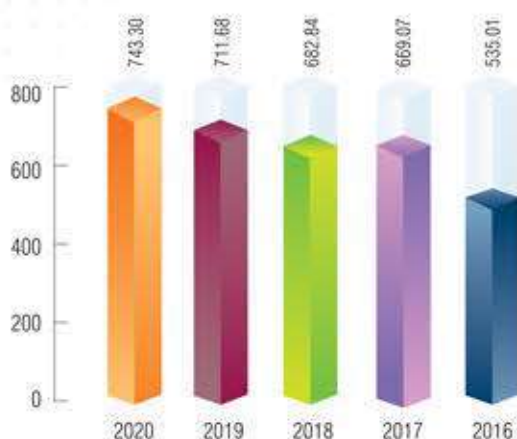
Segment wise Revenue Income-2019 (in million Taka)



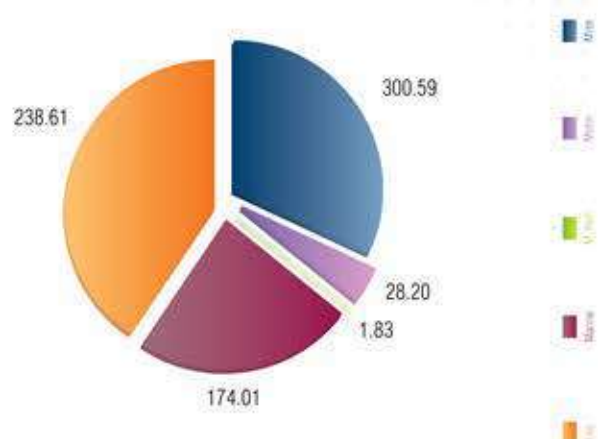
Gross Premium income (Turnover):

In the year 2020, PICL attained gross premium Tk.743.30 Million as against Taka 711.68 Million in 2019, an increase of 4.44% over the year 2019. Class wise and Year wise Gross premium income are shown in flowing graphs:

Year wise Gross Premium Income - 2020 (in million Taka)



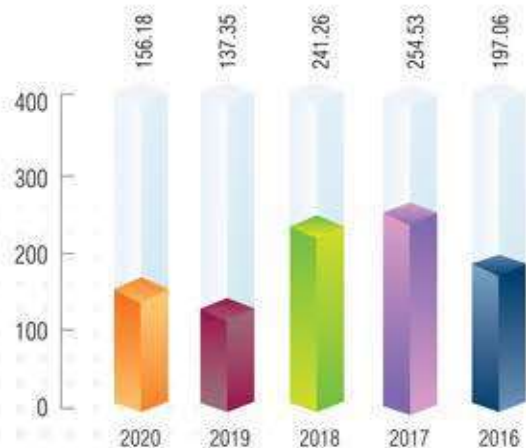
Class wise Gross Premium Income - 2020 (in million Taka)



Net premium income :

In the year 2020, the company attained Net premium of TK.156.18 Million as against Taka 137.35 Million in 2019, and increased 13.71% after reinsurance ceded premium. 5 years net premium income is given below :

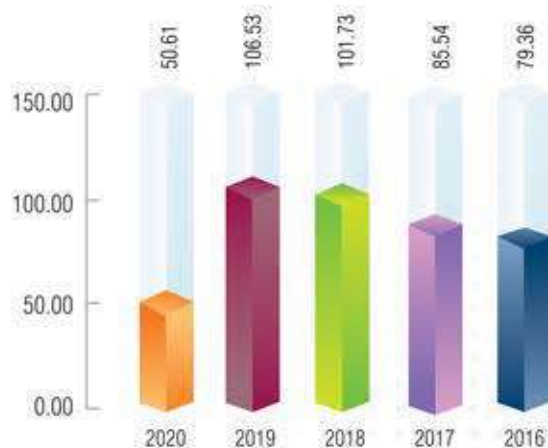
Year wise Net Premium Income (Amount in Million)



Operating profit (Underwriting profit) :

In the year 2020, Operating Profit increased to Take 50.61 Million from Taka 106.53 Million in 2019 and decreased of 52.49% against preceding year. 5 years operating income are as follows :

Year wise Net Operating Profit (in Million Taka)



Profitability and Performance Ratio Analysis:

Profit before Tax :

In the year 2020, the company has earned Profit before Tax Taka 109.14 Million while it was Tk.84.86 Million in 2019 and an increased of 28.61% . Last 5 year profit before tax graph is given below :



Net profit after tax :

After providing for various reserve provision and taxes, the company has earned net profit for the year 2020 was Taka 53.51 Million while it was Taka 17.49 Million in 2019 and an increased of 205.95% . Last 5 years net profit after tax graph is given below :



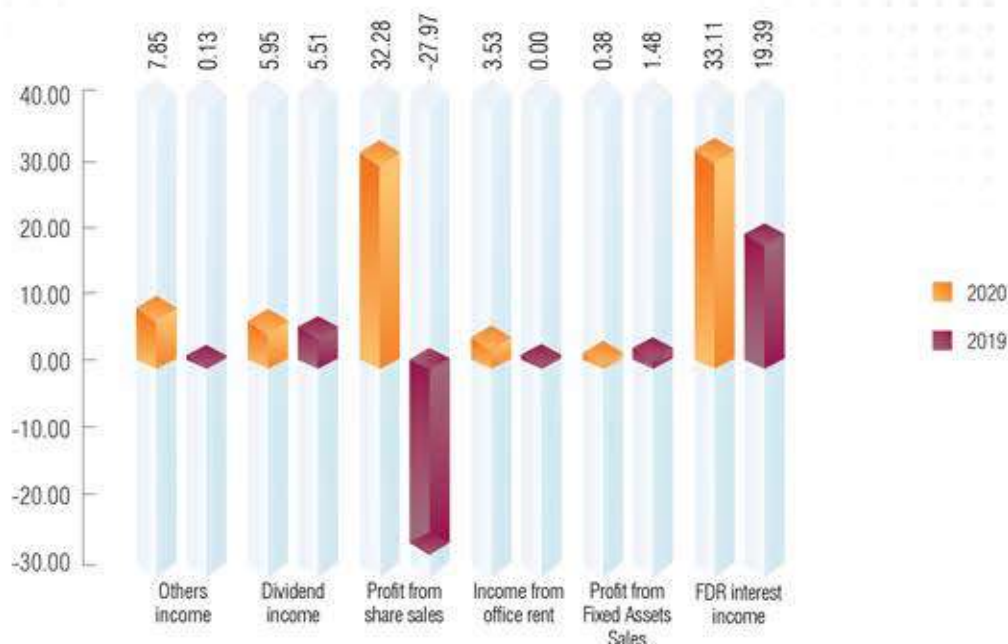
Segregation of Investment & Other income :

The following table shows the status of the contributions of different sources in the investment income and other income in the last year comparing with those of previous year.

| Particulars | 2020 | | 2019 | | Increased/ (Decreased) - 2020 | Growth % |
|--|----------------------------|-----------------------------------|----------------------------|-----------------------------------|-------------------------------------|----------|
| | Amount (in million TK.) | % of Total Revenue & others | Amount (in million TK.) | % of Total Revenue & others | | |
| Interest income | 33.11 | 39.84 | 19.39 | -1328.08 | 13.72 | 70.76 |
| Dividend income | 5.95 | 7.16 | 5.51 | -377.40 | 0.44 | 7.99 |
| Profit from sales of Share & Mutual fund | 32.28 | 38.84 | (27.97) | 1915.75 | 60.25 | 6025.00 |
| Income from office rent | 3.53 | 4.25 | - | - | - | - |
| Profit from sales of Fixed Assets | 0.38 | 0.46 | 1.48 | -101.37 | -1.10 | 0.00 |
| Others income | 7.85 | 9.45 | 0.13 | -8.90 | 7.72 | 5938.46 |
| Total revenue income : | 83.10 | 100.00 | (1.46) | 100.00 | 84.56 | - |



Investment & Other income comparative graphical presentation for the year 2020 & 2019 given are as follows:



Financial Ratio Analysis (Balance Sheet Analysis):

Net Assets Value (NAV) and Net Asset Value Per Share:

In the year 2020, Net Assets Value (NAV) of the Company stood at Taka 720.28 million and which was Taka 666.77 million in 2019. At the same time Net Asset Value per Share is Tk. 17.62 while it was Tk. 16.32 in 2019 and an increased/(decreased) of Tk. 7.58%. 5 Years Net Assets Value graph is given as under :



REPORT ON GOING CONCERN

International Accounting Standard (IAS-1) & Bangladesh Accounting Standard (BAS-1) : Presentation of Financial Statements requires management to make an assessment of an entity's ability to continue as a going concern. In other Financial Reporting Frameworks, there may be no explicit requirement for management to make specific assessment of an entity's ability to continue as a going concern. Nevertheless, since the going concern assumption is a fundamental principle in the preparation of financial statements as per IAS-1, the preparation of the financial statements requires management to assess Prime Insurance company ability to continue as a going concern even if the financial reporting framework does not include an explicit requirement to do so.

Bangladesh Securities and Exchange Commission Notification dated 7 August 2012 requires the Directors of all the listed companies to report on its ability to continue as going concern. The Board of Directors of Prime Insurance makes annual assessment as to whether there exists any material uncertainty that may cast significant doubt about Prime Insurance company ability to continue as a going concern.

Financial Statements are normally prepared on the assumption that an enterprise is a going concern and will continue in operation for the foreseeable future. Hence, it is assumed that the enterprise has neither the intention nor the need to liquidate or curtail materially the scale of its operations; if so, the basis used is disclosed. On the other hand Listed Companies are required by Bangladesh Securities and Exchange Commission to report on its ability to continue as going concern.

The Board of Directors of Prime Insurance Company Limited has made annual assessment about whether there exist material uncertainties which may cast significant doubt upon the Company's ability to continue as going concern. The director's assessment of whether the Company is a going concern involves making appropriate inquiries including review of budget, forecast, assumptions and future outcome of inherent uncertainties in existence. The Directors are convinced from the following indications, which give reasonable assurance as to company's ability to continue as a going concern for the foreseeable future.

The time period that the Director have considered in assessing the appropriateness of the going concern basis in preparing the financial statements for the year ended 31 December 2020 is period of twelve months from the date of approval of these financial statements (the period of assessment). The Directors has focused on the matters setout below:

Financial Indications :

Positive Net Current Assets:

Prime Insurance has positive net current assets of Tk.1155.14 million as on 31 December 2020. It signifies Company's ability to meet its short-term obligations using the short-term assets.

Speedy settlement of Claims :

The company has a very good track record and reputation in settlement of its claims . A details report on claims settlement is given on this annual report. The company has been treing to pay any claims to the clients within 90 (ninety) days as per Insurance Act. 2010.

Fixed term debt with realistic renewal or repayment :

At the end of financial year 2020, there were no fixed term borrowing of the Company with any financial institutions and others organisation. Based on Company's functional procedure, the company has been paid fixed term borrowing if any, at first priority basis.

Less reliance on short term borrowing / Current liabilities :

At the end of the financial year 2020, total short term borrowing/current liabilities of the company were Tk. 912.70 million, representing 30.64% of total liabilities that indicates the company has least reliance on short term borrowings.

Continuous financial support by lenders/Valued investors:

The Company has a very good track record and reputation in settlement its obligation with its lenders, investors, and clients. So, we enjoy easy and fair access to the funding sources to meet our increasing need for growth.

Positive/Negative Operating Cash flows:

Cash flow statement of the Company for the year 2020, shows positive/(Negative) operating cash flows of Tk 185.56 million. Positive net operating Cash flows Per Share is Tk.4.54. Statement of liquidity also shows overall positive liquidity gap representing strong ability to meet current and future obligations of the company.

Positive key financial ratios:

In 2020, the Company has a very positive financial ratio as evidence from financial summary given of this annual report. Such positive financial ratios indicate Company's sound financial strength and good prospects.

Consistent payment of dividends:

The Company has been paying dividend consistently to its shareholders over many years. Dividend payment record is given in this Annual Report, which reflects company's long-term vision. Every year since listing, the Company has been continuously paying stock dividend and cash dividend that reflects Company's long-term viability in operational existence. The company have been started to pay cash dividend again to the shareholders of the company for the year from 2014. In the year 2020, the company has declared 10% cash dividend for all stackholders.



Credibility in payment of obligations:

The Company has strong credibility in terms of payment of its obligation to the lenders/ investors. The Company is very particular in fulfilling the terms of loan agreement.

Performance growth:

The company has achieved recorded business in the year 2020 which is 4.44% as against previous year. Prime Insurance Company has excellent growth in its overall business and financial performance in preceding years. The Company's total investment has increased from Tk 659.61 Million to Tk.535.59 million in the year 2020, indicating an increased growth of 23.13% percent over the last year. In this year total consolidated operating revenue is Tk.50.61 Million and net profit after Tax is Tk.100.65 Million. All those indicators support Company's continuance in foreseeable periods.

Positive underwriting results and trends:

Prime Insurance Company has excellent growth in its Underwriting Result / operating profit in the year 2020. Total consolidated underwriting / operating profit is Tk.50.61 Million in 2020 as against Tk.106.53 million in 2019 and net profit after Tax is Tk.53.51 Million as against Tk. 17.49 million in 2019. Which indicating a growth/(declined) of (52.49%) and 269.29% over last year respectively.

Operating indications :**No key management turnover:**

During the year 2020, the company has not experienced any event of turnover in key management position. Employees have long-term communication and loyalty to the company. Average length of services of an employee at Prime Insurance company Ltd is 10.25 (approx) years.

Good business expansion:

The Company has expanded its products and services line by introducing new product & cost efficiency like as Ship Builders Liability insurance, Aviation insurance, Health insurance, Overseas Medi Claim insurance Policy, Bankers Blanket Bond policy (BBB), Hajj & Umrah insurance etc. We try to maximize insurance coverage at a minimum cost provide our clients with professional and expert services with a bonding an umbrella. These represent compny's intention for perpetuity.

Quickly Claims settlement to the Clients :

The company has a good track record and reputation in settlement of its claims. Prime Insurance Company, clients are always our first priority. Whenever, our clients face any types of catastrophe that lead them to financial loss for what they have taken coverage before, we immediately stand by them to minimize their economical distress.

Good market reputation and clients satisfaction:

The Company has been build up slowly good market reputation by introducing its product and services to the clients with professional and expert services with honesty and efficiency of Management teams. In 2020, the company has achieved earned premium of Tk.743.30 million where position of the company is top 10 of Non-life insurance premium income in the Private Sector Insurance Company of Bangladesh. The

Company also try to pay clients any claims as easy process of minimum requirement within 90 days. These are indicates its good market reputation and clients satisfaction of the Company.

Good Corporate environment and employees satisfaction:

Prime Insurance Company has a very good corporate environment. There is an excellent work place with friendly environment. Communication among the employees is very excellent. The Company endeavors to be honest and practices fair treatment to all employees which ensures good corporate environment. The Company pays a very competitive compensation package and there exists a good number of employee benefits like Gratuity fund, Provident fund, Incentive bonus, Transport benefits, Performance related bonus, Group insurance benefit etc. Which considered to be instrumental for employee satisfaction.

Other Indications :

Maintenance of Sufficient Capital base as required by law As on 31 December 2020, the Company's total equity stands at Tk.720.28 million. While the minimum Paid-Up Capital required by Insurance Development and Regulatory Authority (IDRA) is Tk.400.00 (Four hundred) million. Company's Paid-up capital as on 31 December 2020 is Tk.408.77 million. In the year 2020, the Board of Directors has recommended 10% cash dividend for the year ended December 2020, upon approval by the Shareholders in the forth coming 25th AGM on 28th March 2021, the paid-up capital would stand at Tk.408.77 million.

Strong equity base:

As at 31 December 2020, the Company's total shareholders fund and equity stands at Tk.720.28 million as against total equity of Tk.666.77 million in 2019 which was included paid up Capital of Tk.408.77 million. It representing increased/(decreased) of 8.03% over last year that reflects company's strong equity base.

Strong claim paying ability (CPA):

In the year 2020, Credit Rating information and Services Limited (CRISL) has graded PICL again the Claim Paying ability (CPA) rating of the company to "AA-" (Pronounced as only double AA-) based on the Audited Financial Statements for the year ended December 31, 2019 which was rating of "AA-" (pronounce as double A minus) based on the audited Financial Statements for the year ended December 31, 2018. This indicates the company's Strong Claims paying Ability (CPA) position.

Anticipates no significant change in legislation or government policy Management anticipates no significant change in legislation or government policy, which may materially affect the business of the company.

Based on the above indications, directors feel it appropriate to adopt going concern assumption and there is no material uncertainty in preparing the financial statements. Adequate disclosures have been made in the financial statements and different sections of the annual report to understand the appropriateness of going concern basis in preparing financial statements.

RESPONSIBILITIES OF CEO & CFO

Prime Insurance Company Ltd
Declaration by CEO and CFO

Date: 10 February 2021

The Board of Directors of Prime Insurance Company Ltd

Subject: Declaration on Financial Statements for the year ended on 31 December 2020

Dear Sirs,

Pursuant to the condition No. 1(5)(xvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80: Dated 3 June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

- The Financial Statements of Prime Insurance Company Ltd for the year ended on 31 December 2020 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
- The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view; the data given by us is completely true and fair, and incase otherwise, we both will be liable and accountable for data representation.
- The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
- To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
- Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
- The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that:-

- We have reviewed the financial statements for the year ended on 2020 and that to the best of our knowledge and belief;
- these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws;
- There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,



Md. Lokman Hossain
Chief Financial Officer



Bayazid Muztaba Siddiqui
Chief Executive Officer



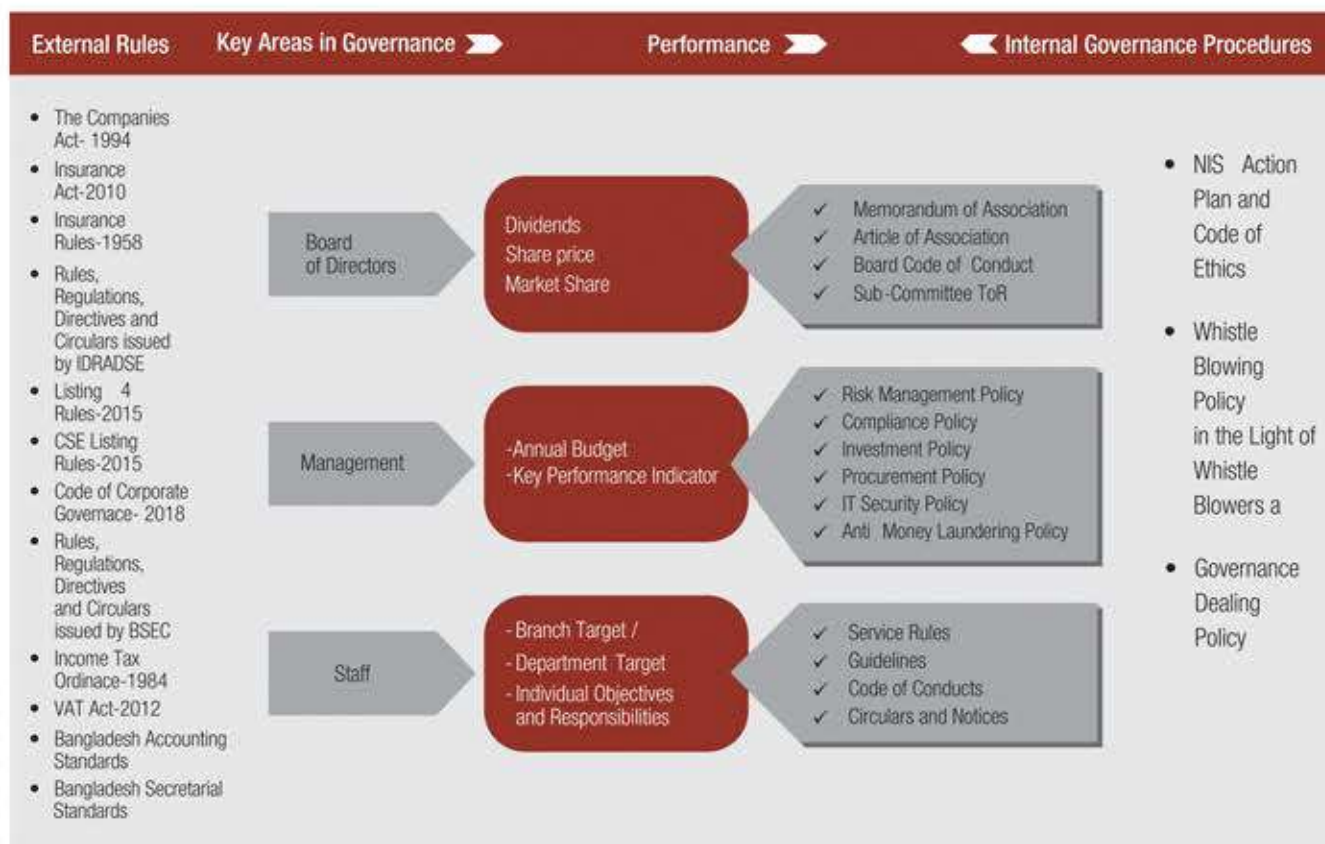
REPORT ON CORPORATE GOVERNANCE CODE (CGC)

Bangladesh Securities and Exchange Commission (BSEC) streamlined the corporate governance code and repealed the existing corporate governance guideline on June 2018 in order to enhance the corporate governance in the interest of the investors and the capital market. Listed Companies shall comply in accordance with the condition stipulated in the code.

Prime Insurance Company Ltd is one of the robust Non-life Insurance Companies in Bangladesh that complying full phase corporate governance code. The company is proactive in terms of quality business that helps for better future of the insurance industry in Bangladesh. Prime believe corporate governance for all i.e. Investor, Customers/Clients, Insured's, Re-insurer, Employees and Staffs, Suppliers and other stakeholders.

The first mentioned conditions stipulated in the corporate governance code are about the Board of Directors. Board of Directors includes sponsor directors, directors from amongst the public subscribers and independent directors.

Prime Insurance Company Limited is governed by its Governance Policy Frame Work which is depicted here



BOARD OF DIRECTORS

Size of the of the Board of Directors:

The Board of the Company is comprised of 12 members as on 31 December 2020. The Managing Director & CEO acts on the Board as ex-officio Director. All the Directors on the Board are non-executive Directors and do not get any remuneration in addition to their meeting attendance fee. Only the Chief Executive Officer is an Executive Director.

As per notification no. SEC/CMRRCD/2009-193/119/Admin/34-dated November 22, 2011 of Securities and Exchange Commission, the sponsors/promoters and directors of a listed company shall all time jointly hold minimum 30% share of the paid-up capital. Sponsors and Directors of Prime Insurance Company Ltd all the year jointly hold 41.62% paid-up shares of the Company.

The Directors' biography/profile cited in the earlier pages of this report illustrates that the Directors have a complementary range of financial, operational and entrepreneurial experience which ensures that no single Director dominates in the decision making process. They are knowledgeable individuals with integrity who are able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to the company's business.

The name of the Directors and their position on the Board are as follows:

| SL# | Composition of the Board _Non-executive Directors | Position on the Board |
|-----|---|-----------------------------|
| 1 | Md. Nazrul Islam Nominated by Fareast Islami Securities Ltd | Chairperson |
| 2 | Dr. Iffat Obaid | Vice-Chairperson & Director |
| 3 | Mohd. Showkat Nominated by Rimsha BD Ltd | Director |
| 4 | Mohammed Alamgir Kabir FCA | Independent Director |
| 5 | Mahanur Ummel Ara | Director |
| 6 | Rahela Hossain | Director |
| 7 | Mahabuba Haque | Director |
| 8 | Md. Ashaduzzaman-Nominated by Fareast Securities Ltd | Director |
| 9 | Rabeya Begum Nominated by Fareast Life Insurance Company Ltd | Director |
| 10 | Ayesha Husne Jahan Nominated by Fareast Islami Properties Ltd | Director |
| 11 | Salim Mahmud Alternate Director of Mrs. Ramisha Islam | Director |
| 12 | AKM Monirul Islam Nominated by Ramisha BD Ltd | Director |

Sponsor Directors are described as section 2 (r) of the listing regulation 2015 i.e. "Sponsor" means any person or institution who subscribes to the initial capital of a company or a mutual fund or a collective investment scheme. As per notification no. SEC/CMRRCD/2009-193/119/Admin/34- dated November 22, 2011 of Securities and Exchange Commission, the sponsors/promoters of a listed company shall all time jointly hold minimum 30% share of the paid-up capital which is compiled by the sponsor Directors of Prime Insurance Company Ltd. Further No. SEC/CMRRCD/2009-193/120/Admin/ of the Securities and Exchange Commission, public shareholders are waved to hold 2%

shares. However, as per Insurance rules 1958, 15(Ka & KHA), the public shareholders subscribers should hold minimum value of shares Tk. 10,000/- but according to BSEC notification, all its Directors are holding more than or equal to 2% of shares. Prime Insurance Board appointed two independent Directors as per section 76 of Insurance Act, 2010 (1) Mohammed Alamgir Kabir FCA and (2) Dr. Iffat Obaid.



Independent Directors:

Mohammed Alamgir Kabir FCA was appointed in the 337th Board Meeting held on 5th May 2020 for a period of 3 years. His appointment was approved by the Shareholders in the 24th AGM. As per BSEC's Corporate Governance Guidelines of 30 August 2012, his term as Independent Director will expire on 4th May 2022.

Dr. Ifat Obaid was appointed in the 336th Board Meeting held on 6th January 2021 for a period of 3 years. Her appointment required to be notified and retified from the 25th Annual General Meeting (AGM) of the Company will be held on 28th March 2021.

Independent Directors are neither matrimonial to sponsors and promoters, nominated directors and shareholders directors of the company nor connected (pecuniary or otherwise) with any of their associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company. Necessary declaration has been taken from the concerned Independent Directors for the Compliance of the letter no. BSEC/CFD/ID/2020/Part-iv/102 received from Bangladesh Securities and Exchange Commission. Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members:

Independent directors of the Company were not the executives of the Company in any time of the Company incorporation. They are not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;

Independent Directors are not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code.

Independent Directors of the Company are not independent director in more than 5 (five) listed companies; and they are not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI); and they are not been convicted for a criminal offence involving moral turpitude. The independent director(s) appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM). Independent directors position were not anytime vacant for more than 90 (ninety) days. Independent Directors of the Company are the directors of unlisted companies having minimum paid-up capital of Tk. 100.00 million and they are members of national and international chamber of commerce or business association.

The effective representation of Independent Directors in the Board has been ensured. The Independent Directors have declared their compliances as per guidelines of BSEC. They enjoy full independence in terms of carrying out required responsibilities. They are well conversant in the field of business and professional areas.

Appointment of Directors:

Prime Insurance does not have its own policy on appointment of directors, except for the very first Board that was held. The Company always complies with the prescription of the regulatory authorities regarding appointment of directors. IDRA Circulars, BSEC Notifications, Companies Act-1994 and Company's Articles of Association are strictly followed regarding this matter. Directors are appointed by the Shareholders in the AGM. Casual vacancies, if any, are filled by the Board in accordance with the stipulations of the Companies Act 1994 and the

Articles of the Company. The Managing Director & CEO is appointed by the Board subject to the consent of the Shareholders in the AGM and approval of the IDRA. All Directors hold Company's common shares as per Company's Articles of Association and the requirements of BSEC.

The role and responsibilities of the Board:

The Board of Directors is appointed to act on behalf of the shareholders to run the day to day affairs of the business. The Board is directly accountable to the shareholders and each year the company will hold an annual general meeting (AGM) at which the directors must provide a report to shareholders on the performance of the company, what its future plans and strategies are and also submit themselves for re-election to the board.

The objects of the company are defined in the Memorandum of Association and regulations are laid out in the Articles of Association.

The board of directors' key purpose is to ensure the company's prosperity by collectively directing the company's affairs, whilst meeting the appropriate interests of its shareholders and stakeholders. In addition to business and financial issues, board of directors must deal with challenges and issues relating to corporate governance, corporate social responsibility and corporate ethics.

It is important that board meetings are held periodically so that directors can discharge their responsibility to control the company's overall situation, strategy and policy, and to monitor the exercise of any delegated authority, and so that individual directors can report on their particular areas of responsibility.

A director may be dismissed from office by a majority vote of the shareholders, provided that a special procedure is followed. The procedure is complex, and legal advice will always be required. Directors look after the affairs of the company, and are in a position of trust. They might abuse their position in order to profit at the expense of their company, and, therefore, at the expense of the shareholders of the company. Consequently, the law imposes a number of duties, burdens and responsibilities upon directors, to prevent abuse. Much of company law can be seen as a balance between allowing directors to manage the company's business so as to make a profit, and preventing them from abusing this freedom.

Directors are responsible for ensuring that proper books of account are kept. In some circumstances, a director can be required to help pay the debts of his company, even though it is a separate legal person. For example, directors of a company who try to 'trade out of difficulty' and fail may be found guilty of 'wrongful trading' and can be made personally liable. Directors are particularly vulnerable if they have acted in a way which benefits them.

In many circumstances, the law applies not only to a director, but to a 'shadow director'. A shadow Director is a person in accordance with whose directions or instructions the directors of a company are accustomed to act. Under this definition, it is possible that a director, or the whole board, of a holding company, and the holding company itself, could be treated as a shadow director of a subsidiary. Professional advisers giving advice in their professional capacity are specifically excluded from the definition of a shadow director in the companies' legislation.

Board of Prime Insurance formulates strategic objectives and policies for the Company and supervises management action in implementing those objectives of the Company. The Board of Directors is in full control of the Company's affairs and is also accountable to the Shareholders. The Board firmly believes that the success of the Company depends largely



on the prevalence of a credible corporate governance practice.

The Company's policy is to maintain optimum combination of Directors from both Sponsors and Public Subscribers. The Chief Executive Officer of the Company is a non-shareholder Ex-officio Director and the Board has appointed prescribed number of Independent Directors as per Insurance Act, 2010. The Board ensures that the activities of the Company are always conducted with adherence to high ethical standard and in the best interest of the shareholders.

Establish vision, mission and values:

- Determine the company's vision and mission to guide and set the pace for its current operations and future development.
- Determine the values to be promoted throughout the company.
- Determine and review company goals.
- Determine company policies

Facilitating corporate retreats to help boards review strategy or develop vision, mission and values statements.

Set strategy and structure

- Review and evaluate present and future opportunities, threats and risks in the external environment and current and future strengths, weaknesses and risks relating to the company.
- Determine strategic options, select those to be pursued, and decide the means to implement and support them.
- Determine the business strategies and plans that underpin the corporate strategy.
- Ensure that the company's organizational structure and capability are appropriate for implementing the chosen strategies.

Delegate to management:

- Delegate authority to management, and monitor and evaluate the implementation of policies, strategies and business plans.
- Determine monitoring criteria to be used by the board.
- Ensure that internal controls are effective.
- Communicate with senior management.

Exercise accountability to shareholders and be responsible to relevant stakeholders

- Ensure that communications both to and from shareholders and relevant stakeholders are effective.
- Understand and take into account the interests of shareholders and relevant stakeholders.
- Monitor relations with shareholders and relevant stakeholders by gathering and evaluation of appropriate information.
- Promote the goodwill and support of shareholders and relevant stakeholders.
- The directors must always exercise their powers for a 'proper purpose'—that is, in furtherance of the reason for which they were given those powers by the shareholders.
- Directors must act in good faith in what they honestly believe to be the best interests of the company, and not for any collateral purpose. This means that, particularly in the event of a conflict of interest between the company's interests and their own, the directors must always favor the company.
- Directors must act with due skill and care.
- Directors must consider the interests of employees of the company.

Chairperson of the Board:

The chairperson of the board is often seen as the spokesperson for the board and the company. Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company are different individuals. As per Insurance Act 2010, CEO of the Company is appointed and Chairperson of the Company is elected from amongst the Non-Executive Directors of the Board. In the absence of the Chairperson

of the Board, the Vice Chairperson will act as the Chairperson but in her absence the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board meeting. For Prime Insurance the Chairperson of the Company had been regular in all meetings except one meeting of the Board in 2020 and it was duly recorded in the minutes.

Role and responsibilities of the Chairperson is to ensure that the meeting is conducted in such a way that the business for which it was convened is properly maintained. Chairperson along with CEO and Company Secretary fix the agenda of the meeting and follow the minutes of proceedings. The minutes of one Board meeting are confirmed in the next Board meeting. Implementation of the earlier decisions were also confirmed and noted in the subsequent Board meeting so that the Board can ensure the effective compliances. The accumulated power of the Board used to confirm the decision upon majority rule. Individual directors have only those powers which have been given to them by the Board. Such authority need not be specific or in writing and may be inferred from past practice. However, the Board as a whole remains responsible for actions carried out by its authority and it should therefore ensure that executive authority is only granted to appropriate persons and that adequate reporting systems enable it to maintain overall control.

The chairperson will usually have a second or casting vote in the case of equality of votes. Unless the articles confer such a vote upon him, however, a chairman has no casting vote merely by virtue of his office.

Since the chairman's position is of great importance, it is vital that his election is clearly in accordance with any special procedure laid down by the articles and that it is unambiguously minted; this is especially important to avoid disputes as to his period in office. Usually there is no special procedure for resignation. As for removal, articles usually empower the Board to remove the chairperson from office at any time. Proper and clear minutes are important in order to avoid disputes.

Role of Chairperson:

- Determining Board composition and organization;
- Clarifying Board and management responsibilities;
- Planning and managing Board and Board Committee meetings;
- Developing the effectiveness of the board.
- Chairs the Board and Shareholders' Meeting.
- Provides leadership to the Board in all affairs of the Board's function.
- Plans and organizes all the activities of Board of Directors.
- Ensures effective operation & performance of the Board and its Committees in conformity with the highest standards of corporate governance.
- Works closely with and through the Managing Director and participates in the development of company's mission, vision, strategic objectives and business plans.
- Provides the key link between the Board and the Management.
- Ensures Corporate Social Responsibilities activities of the Company.

Board Meetings and proceedings:

The Board of Directors holds meeting on regular basis: usually once in a month, but emergency meetings are called when deemed necessary. Board Meetings are normally held to discuss and decide on major corporate, strategic and operational issues as well as to evaluate major investment opportunities; it is also involved in policy formulation. At the meetings, Chairperson of the Board allocates sufficient time for the Directors to consider each agenda in a prudent way and allows them to freely discuss, enquire and express opinion on the items of interest so that they can fulfill their duties to the best of their abilities. The consent of the Board is normally given by majority votes in a meeting. The agenda



and materials for each Board Meeting are provided to the Directors well in advance of the meeting dates for their convenience to study and take preparation on the agenda. They are provided substantial input and comments on agenda. The agenda of the meeting is prepared by the Company Secretary in consultation with the Chief Executive Officer as per directives of the Chairman of the Board.

13 Meetings of the Board of Directors were held in 2020, wherein policies and major business and strategic decisions were taken. At the invitation of the Board, Members of Senior Management or portion thereof attended Board Meetings for the purpose of participating in discussions.

Board Committee:

The Board of Directors is assisted by the following 3 main Committees:

- 1) Executive Committee
- 2) Audit Committee
- 3) Nomination & Remuneration Committee

The Board delegates some of its governance responsibilities to the Board sub-Committees, which operate under clearly defined terms of references, primarily to assist the Board in the execution of its duties and responsibilities. The charter, including the composition of the committee, are reviewed and updated as and when necessary to ensure ongoing compliance with code and other guidelines. The Board is kept fully informed of the work of those committees from time to time.

Directors' shareholding status:

As per BSEC Notifications dated 22-11-2011 and 7-12-2011, BSEC's Notification No. BSEC/CMRRCD/2009-193/217/admin/90 dated May 21, 2019 each Director other than Independent Director(s) of any listed company shall hold minimum 2% shares of the paid-up capital; else there shall be a casual vacancy of Director(s). And all sponsors/promoters and directors of a Company listed with any stock exchange shall, at all time, jointly hold 30% shares of the paid up capital of the company. All the eligible directors of Prime Insurance possess required number of shares to comply with the above Notifications.

| Sl No. | Directors | No. of Shares | % of the Shares |
|--------|--------------------------------------|---------------|-----------------|
| 01 | Fareast Islami Securities Ltd | 1770000 | 4.33 |
| 02 | Ramisha BD Ltd | 1500000 | 3.67 |
| 03 | Mahanur Ummel Ara | 880804 | 2.15 |
| 04 | Rahela Hossain | 1111372 | 2.72 |
| 05 | Fareast Islami Life Insurance co Ltd | 1309006 | 3.20 |
| 06 | Rimsha BD Ltd | 823508 | 2.01 |
| 07 | Fareast Properties Ltd | 1249520 | 3.06 |
| 08 | Fareast Securities Ltd | 820178 | 2.01 |
| 09 | Ramisha Islam | 100000 | 2.45 |
| 10 | Mahabuba Haque | 932168 | 2.28 |

Separate Role of the Chairperson & the Chief Executive Officer:

- The Chairperson of the Board and the Chief Executive Officer of the Company are different persons with different roles and responsibilities. The Chairperson is responsible for the function of the Board. He oversees the operation and effectiveness of the Board. The Chairperson approves the agendas for the Board Meetings with the assistance of the Chief Executive Officer and the Company Secretary. He also ensures that there is effective communication with the stakeholders and the company promotes compliances with the highest standards of Corporate Governance Code.
- The Chief Executive Officer (CEO) serves as the Chief Executive of the Company. As the Head of Management Team, she is accountable to the Board and its Committees to run and manage the Company in line with prescribed policies, principles and strategies adopted by the Board following rules and regulations of IDRA, BSEC and other regulatory bodies. It is evident from the corresponding roles of the Chairperson and the Chief Executive Officer that Prime Insurance Management handles daily affairs of the Company as a separate entity from the Board of Directors and both work in the common interests of the Company and its stakeholders.

Role of the Chief Executive Officer:

The Chief Executive Officer is responsible for overseeing the day to day activities; to ensure smooth and effective operation of the company, and for implementing strategies and policies adopted by Board. She is accountable to the Board for the financial and operational performance of the company.

Functions of the Chief Executive Officer:

- Chairs Meetings of Management Team.
- Runs day to day business activities of the Company.
- Implements Company's policies & strategies, as approved by the Board of Directors, in the most effective and efficient manner.
- Assigns individual responsibilities of the Executives.
- Accountable for overall performance of the Company.
- Reports to the Board on progress against the strategic and annual business plans on a regular basis.
- Acts as bridge between the Board and the Management.
- Takes a leadership role in establishing or Developing Company's culture, values and business progression.

Executive Committee (EC):

The Executive Committee guides the management in achieving the Company's Mission/Vision. The Committee ensures implementation of policies, approves claims and other business proposals as per the approved policy of the Board. It also approves the requirements for management of personnel for different sections of the Company, review major compensation policies and recommend annual increment/promotion of employees, incentive programs, evaluate effectiveness of the HR policy, etc. 4 meetings of the Executive Committee were held in the year 2019.

The Board, in its 330th Meeting held on 8th June 2020 reconstituted the Executive Committee with following 10 non-executive Directors:

Executive Committee Members:

- | | |
|---------------------------|---------------|
| 1. Mr. Mohd. Showkot Ali | - Chairperson |
| 2. Mr. Md. Nazrul Islam | - Member |
| 3. Dr. Ifat Obaid | - Member |
| 4. Mrs. Mahabuba Haque | - Member |
| 5. Mrs. Rahela Hossain | - Member |
| 6. Mr. Md. Ashaduzzaman | - Member |
| 7. Mr. AKM Monirul Islam | - Member |
| 8. Ms. Rabeya Begum | - Member |
| 9. Ms. Ayesha Husne Jahan | - Member |
| 10. Mr. Md. Salim Mahmud | - Member |



Audit Committee:

The Audit Committee is empowered to examine any matter relating to financial affairs of the Company and to review all audit programs, internal control systems & procedures, management information system, management of risks, internal audit reports and audit process, compliance with laws & regulations including Company's own code of business conduct. The Committee recommends to the Board to improve the system of internal control derived from the findings of the internal and external auditors' report and from the experience of the Audit Committee itself gathered in course of carrying out its functions.

The Committee assists the Board of Directors in ensuring that the Financial Statements reflect true and fair state of affairs of the Company and ensures a good monitoring system within the business.

The Committee has a 'Terms of Reference' and is empowered to investigate/question employees and obtains external counsel as required.

The Audit Committee is authorized to investigate any activity within its terms of reference and has unrestricted access to both the internal and external auditors and members of the senior management of the Company. The Committee, in course of performance of its duties, may ask for any information, papers and documents from any employee of the company through its Member Secretary and such employee shall be bound to comply with such instructions of the Committee. The Committee may also visit the branch offices of the Company or any other place of interest within the Country.

The Audit Committee aims to create efficiency, remain compliant in the operations, to add value to the Company and to ensure corporate governance. The Committee also oversees the discharge of responsibilities of the External Auditors. 4 (Four) meetings of the Audit Committee were held in the year 2020.

The Board, in its 330th Meeting held on 8th June 2020 reconstituted the Audit Committee with following 7 non-executive Directors including Independent Director as Chairperson of the Committee:

Audit Committee Members:

- | | |
|-----------------------------------|---------------|
| i. Mr. Mohammed Alamgir Kabir FCA | - Chairperson |
| ii. Dr. Iffat Obaid | - Member |
| iii. Mr. Mohd. Showkot Ali | - Member |
| iv. Mr. Md. Ashaduzzaman | - Member |
| v. Mr. AKM Monirul Islam | - Member |
| vi. Mr. Mr. Asif Iqbal | - Member |
| vii. Ms. Ayesha Husne Jahan | - Member |

While few Members of the Committee are from Finance and Accounting background, all Members of the Audit Committee are erudite in matters relating to finance.

Salient Features of the Audit Committee

- The Audit Committee shall be composed of at least 3 (three) members from the Board, which includes at least 1 (one) Independent Director.
- More than two thirds of the members are non-executive Directors.

- The Chairperson of the Audit Committee should be an Independent Director having professional knowledge and relevant financial expertise. All members of the Audit Committee should be adequately knowledgeable in finance and at least one member should have expertise in Finance & Accounting.
- The quorum of the Audit Committee Meeting shall constitute by majority members and shall not constitute without at least 1 (one) Independent Director.
- The Committee meets at least 4 (four) times a year.
- The Chairperson of the Board shall not be a Member of the Audit Committee.
- The CEO or the Chairperson of the Board may be invited to attend the Audit Committee Meetings as and when required.
- Audit Committee Meeting must be held at least quarterly to monitor internal and external audits.
- The Company Secretary and the Head of Audit & Internal Control attend all the meetings.
- The Head of Audit & Internal Control has direct access to the Audit Committee.
- The Chief Financial Officer (CFO) attends the meeting occasionally by invitation.
- Audit Committee must prepare reports on all meetings for the Board of Directors and report annually to the shareholders.

Nomination & Remuneration Committee:

The Board at its 330th meeting held on 8th June 2020 reconstituted the Nomination and Remuneration Committee as sub-committee of the Board.

The remunerations paid to all level of employees are determined by the pay scales as approved by the Board of Directors, which are revised from time to time keeping consistency with other companies. The Nomination and Remuneration Committee makes recommendation to the Board for its consideration and final approval of remuneration related policy. Company's Human Resources Department fixes salaries and remuneration to the employees as per set pay scales mentioned above. Management ensures that all employees are remunerated fairly.

The Directors do not get any remuneration. They only get fees for attending Board/Committee Meetings. The Directors received Tk. 8000/- for attending Board Meeting and any Committee Meeting as per IDRA circular dated 26-8-2010, which has later on revised to Tk. 8,000 w.e.f. 2018.

Chief Executive Officer and other contractual employees receive a negotiated remuneration. Senior Executives and other regular/permanent employees receive remuneration as per board approved pay scales.

Nomination & Remuneration Committee Members:

- | | |
|-----------------------------------|---------------|
| 1. Mr. Mohammed Alamgir Kabir FCA | - Chairperson |
| 2. Mr. Md. Nazrul Islam | - Member |
| 3. Dr. Iffat Obaid | - Member |
| 4. Mrs. Rahela Hossain | - Member |
| 5. Mr. Asif Iqbal | - Member |
| 6. Ms. Rabeya Begum | - Member |
| 7. Md. Salim Mahmud | - Member |



Term of Reference (TOR) of NOMINATION AND REMUNERATION COMMITTEE

Roles and responsibilities:

The role of the Nomination and Remuneration Committee is to assist and advise the Board to fulfill its responsibilities to the staff of Prime Insurance Company Ltd (PICL) on matters relating to their compensation, bonuses, incentives including nomination and remuneration issues of the Chief Executive Officer (CEO) and other PICL staff.

The Nomination and Remuneration Committee is a policy making body in terms of Nomination and Remuneration issues; it assists the Board/EC by implementing Board's policy.

Objectives of the Committee include:

- To review and recommend nomination and remuneration of the CEO within the terms of the employment contract triennially following the applicable Insurance Regulations.
- To review the CEO's recommendations regarding remuneration for staff.
- To ensure staff remuneration is aligned with market trends.
- To monitor and review the staff's performance and key performance indicators for the determination of the annual bonus components.
- To review and recommend any incentive plans or ex-gratia payments to PICL staff.
- To review any employee grievance or staff complaints about remuneration.
- To ensure that PICL's remuneration and incentive policies, practices and performance indicators are aligned to the board's vision, values and overall business objectives, and are appropriately designed to:
- motivate the PICL's staff and the CEO to pursue the long term growth and success of PICL, and
- demonstrate a clear relationship between the achievement of PICL's objectives and the staff performance and remuneration.

In discharging their responsibilities, the Committee members have a duty to act in the best interests of PICL as a whole, irrespective of personal, professional, commercial or other interests, loyalties or affiliations.

Composition and term:

- The Nomination & Remuneration Committee is a Committee of the Board.
- The Committee will include at least three members.
- The Committee should include one Independent Director.
- The Committee will elect its Chairperson.
- The Board shall approve all appointments to the Committee including the appointment of the Chairperson.
- Appointment to the Committee will be for two years or as determined by the Board.
- The duties and responsibilities of a member of the Committee will be in addition to those duties set out for a Director of the Board.

Meetings:

- The committee will hold meetings at least once a year.
- The presence of two members will form quorum.
- The notice and agenda of meetings will include relevant supporting papers, as appropriate.
- The Committee may invite any such other persons to attend as it seems fit, and consult with other persons or seek information it considers necessary, to fulfill its responsibilities.

Secretariat duties:

- The Company Secretary will minute the matters arising from all meetings. The minutes will be ratified by members in attendance/discussion and signed by the Chairperson of the Committee.
- The Chairman of the Committee will table the outcome of deliberations at the next Board meeting.

Voting:

- Any matters requiring a decision will be decided by a majority of votes of members present.
- The Chairman shall have a casting vote.

Review of TOR:

- The Committee should review the TOR to provide assurance that it remains consistent with the Board's objectives and its own responsibilities.
- The Board approves or further reviews the Terms of Reference (TOR).

Management Committee (MANCOM):

The Board has delegated adequate operational and financial authority to the Chief Executive Officer (CEO) to manage operation of the Company. The CEO conducts the affairs of the company through further delegation down the line and in consultation with the Management Committee. The CEO is responsible for implementation of policies and procedures adopted by the Board.

The overall functions of the Company are being carried out by the following 14 Departments:

1. Administration
2. Human Resources Department
3. Board Affairs
4. Establishment & Logistic
5. Finance & Accounts
6. Branch Control Department
7. Claims
8. Re-Insurance
9. Audit & Internal Control



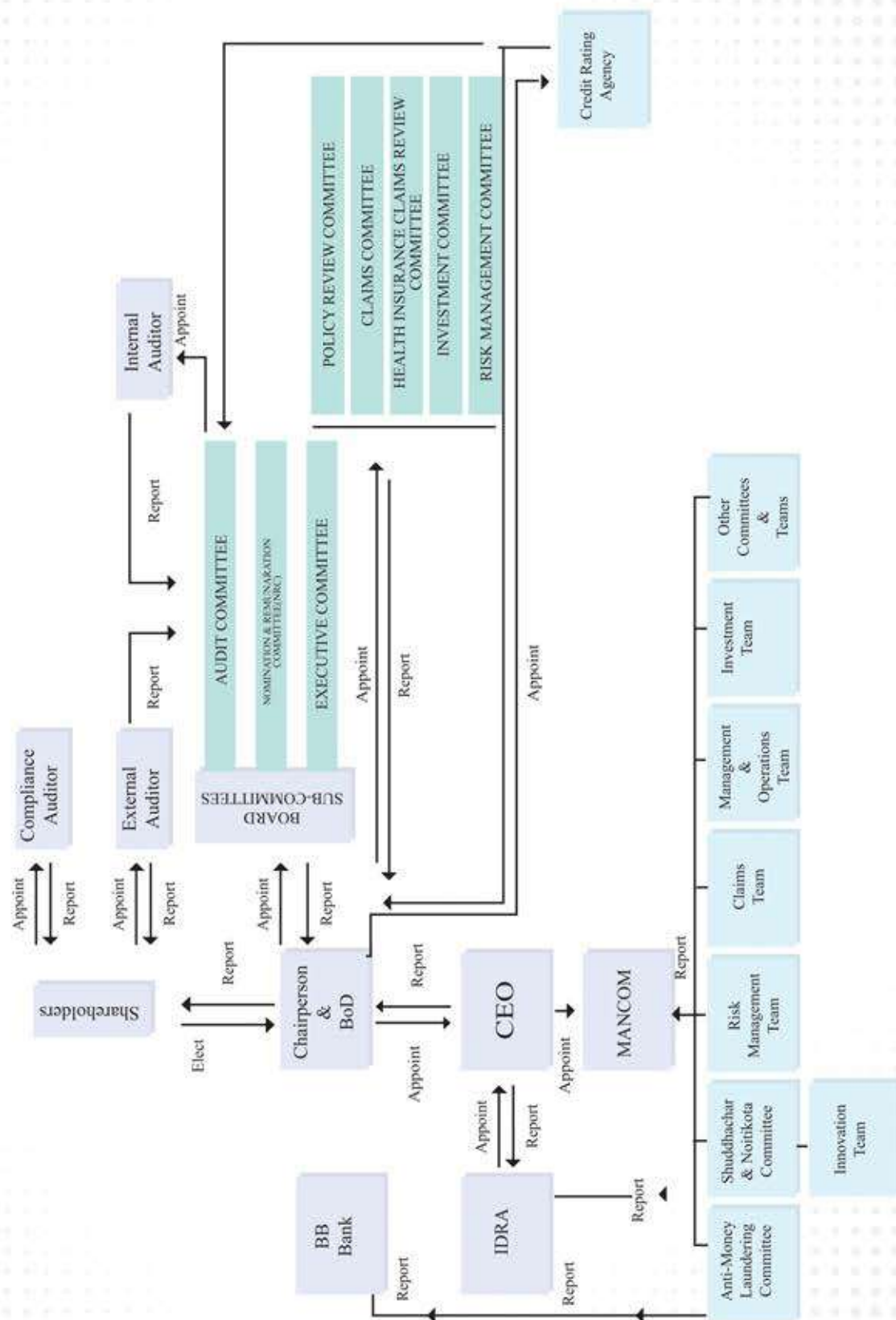
10. Specialized Business & Market Development and Health Insurance
11. Share Trade & Investment
12. Information Technology
13. Public Relation, Corporate Affairs & Customer Care

The Management Committee is considered to be the highest decision making authority in the management of the Company. The MANCOM is comprised of the Chief Executive Officer and the Departmental Heads of the Company. The members of the Management Committee are appointed by the Board:

| Composition of MANCOM | Position |
|---|------------------|
| Chief Executive Officer | Convener |
| DMD | Member |
| DMD & Head of Specialized Business & Health Insurance | Member |
| CFO & Head of Accounts | Member |
| Head of Claims | Member |
| Head of HRD & Administration | Member |
| Head of Re-insurance Department | Member |
| Head of Audit and Internal Control | Member |
| Head of IT | Member |
| Company Secretary | Member Secretary |

In the Management Committee, all Members are well experienced and have dedication for the services to the Business Partners and the Clients who are receiving services of the Company. During any crisis moment, they work collectively with a strong bondage in the team. The MANCOM generally meets in regular successions, preferably once in every two months to discuss the business results, to review the prevailing business conditions and discuss implementation of policies conferred on the Management from the Board. Consensus building as a management style is encouraged in the deliberations of the Management Committee Meetings. The Chief Executive Officer is responsible for implementing the Board's decisions and she uses the Management Committee as a consultative body to advise and assist her on issues under consideration. The Management Committee also advises the Chief Executive Officer on new products & markets, major items of capital expenditure and overall supervision of the affairs of the Company.

The Reporting System of Prime Insurance Co. Ltd. (PICL) and its relationship among shareholders, the Board, the management and other stakeholders are depicted in the following diagram :



INTERNAL CONTROL

In today's business domain, the event of globalization and continuously evolving technological environment, insurance has substantially enlarged its horizon worldwide. Owing to association of high risks in the insurance functions, strong and effective internal control systems have become really important to ensure good governance, transparency and accountability. The Board has ultimate responsibility for establishing an effective internal control system. The Company's internal control philosophy encompasses not only regulatory and legal requirements but also various internal rules, policies, procedures and practices based on best practices of local and global insurance companies.

Major elements of the Company's control environment are as follows:

- Regular Board Meeting with comprehensive agendas dealing with all major aspects of business.
- Regular Board Committee Meeting to discuss issues as clearly defined in their charter.
- Regular Management Committee Meeting with specific issues relating to operation of the Company.
- An established organogram and delegation of authorities with job descriptions for each division and section.
- Defined operating guidelines and procedures with authorization limits at appropriate levels.
- An Internal Audit Department directly reporting to the Board Audit Committee in compliance with procedures and limits of authority.
- A comprehensive annual budgetary system with ultimate approval of the Board.
- A comprehensive financial reporting system including actual performance with budget.
- Review and analysis of fund position on daily basis.
- Accounting and operation manuals.

Role of the Company Secretary:

The Company Secretary is responsible for ensuring proper information flow within the Board and its Committees and between the Senior Management and Non-executive Directors. He is also responsible for advising the Board through the Chairman on all governance matters. He ensures that Board procedure is complied with. He fulfills the regulatory requirements of the Company. He keeps the records of compliance status imposed by the BSEC, which has been shown in the compliance report on BSEC Corporate Governance Code. The authority of both the appointment and removal of the Company Secretary is vested on the Board as a whole.

Role of the Head of Audit & Internal Control:

The Head of Audit & Internal Control is responsible for reporting to the Board Audit Committee regarding any deviation from standard accounting and internal control system of the Company. He is also responsible for ensuring regulatory compliances of the Company. The authority of the appointment of the Head of Internal Control is vested on the Board.

Ethics and Compliance:

Every official is motivated to ensure that the Company at all times, maintains high ethical standards, and adequate internal control measures are in place guarding against irregularities and unethical practices. The Company has adopted core values, commitments and code of conducts/ethical principles which are strictly followed. The statement of ethics and business practices is approved by the Board of Directors and is circulated to all the directors and employees for their perusal and application.

The Company also follows anti-fraud and anti-corruption program as per the guidelines of regulatory authorities to prevent fraud and corruption. All tiers of employees are trained on the issue. A brief description on above matter is cited in this Report.

Communication with Shareholders and Stakeholders:

The Company provides a balanced level of communication between the Company and its Stakeholders. The Company has Board Affairs Department to communicate with the Stakeholders. Shareholders may communicate with this Department at any time for any sort of information and query. The company provides updated information in its website for all the shareholders of the company. The Company disseminates its all Price Sensitive Information (PSI) within 30 minutes of the decision to the BSEC and the Stock Exchanges under the signature of Managing Director or Company Secretary through fax/e-mail and by special messenger, and through courier services in special cases and immediately publishes the same in 2 widely circulated newspapers, one in Bangla and the other in English, and also in one online news portal. The shareholders are provided routine services by the Company Secretary in the matters of transfer of shares, replacement in case of damage of shares, payment of dividend, reissue of dividend warrant when warrants expires in the hand of shareholders, issue of certificates on tax deduction from dividend etc. The Company also publishes its quarterly reports and annual reports within the time as stipulated in the listing rules of Stock Exchanges and also arranges necessary publications, and dispatches them accordingly. The annual report covers all the notes for current financial year, business performance, future plan, strategy and other key corporate information and disclosures. The Board of Directors regards the Annual General Meeting (AGM) and other General Meetings as important opportunities for direct communication with the honorable Shareholders. To make the AGM more participatory, the Company declares the date of AGM well ahead of time, circulates Annual Reports and other documents in time, arranges AGM in a well-located place at convenient time, which allows the shareholders to attend and speak in the AGM freely. The company values their proposals and suggestions which are certainly pertinent and for the development and progress of the Company. In the last AGM held on 20 May 2020, a large number of shareholders participated the virtual meeting and made different queries and suggestions on different subjects. The Company is fully committed to protect the interest of its shareholders. The Directors and Senior Management also attend the Annual General Meeting (AGM).



where they are available to respond to Shareholders' questions. All shareholders have the right to vote at General Meetings. The number of shareholders is increasing gradually which shows their constant faith on the company.

The Website of the Company also contains corporate information, which is updated on a regular basis. The Website serves as a source of business, financial, and other relevant information on the company with easy access. Press releases, interim and annual reports and other information of interest to shareholders are regularly uploaded to Company's Website. In addition, from time to time, the Company publishes Newsletters/Information Brochures which set out specific aspects of the Company's operations for the general public/clients.

Apart from our respected shareholders, we have our valued customers, who are the source of our inspiration and our employees, who are the craftsmen of our everyday success. Others include suppliers, Government, regulatory bodies, society, community, media people and other groups having interest in the Company.

Relationship with the Government:

In its role on accountability to the Government, the Board of Directors ensures payment of all dues to the Government in the form of VAT, Corporate Taxes and other Levis as and when they become due on the basis of actual operation, and makes sure that any sleaze or lapses do not take place. This has enabled the Company to enhance its contribution to the National Exchequer on a progressive rate year after year.

Human Capital:

The Board believes that employees are the most valuable resources and key to the success of an organization. The Company strives to attract, develop, compensate and retain the most qualified people in a work environment characterized by discipline and affection. The employees are provided with orientation, local and foreign trainings and various learning and development programs. In our annual appraisal exercise, Departmental Heads are encouraged to identify areas where more training or self-development initiatives of an individual are required. Accordingly, training courses are prepared and training sessions are organized, both in-house and external. It is our continuous endeavor to enhance the skills of our employees and help them to reach their highest potential. We recognize that our success is deeply embedded in the success of our human capital.

We have platforms which provide recognition for outstanding performances. We offer career development opportunities and we are dedicated to our employees' wellbeing. To boost motivation, we recognize and reward top performers, best managers, executives and officers. Every year, we commemorate these achievements at the Annual and Half-yearly Branch Conferences.

The Board endorses the betterment and productivity of its employees through a good number of facilities and measures, financial and non-financial, which are as follows:

- Attractive Compensation Package
- Gratuity
- Provident Fund (with 100% employers' contribution)
- Group Insurance
- Festival Bonus
- Incentive Bonus
- Leave Encashment
- House Building Loan
- Training and Workshop (home & abroad)
- Car Finance Scheme
- Annual Increment
- Fair Promotion and Career Growth Opportunities
- Hygienic Work Environment
- Health Care Facilities, etc.

Environmental & Social Obligation:

The Board of Directors is also aware of the social obligations, especially in the areas of gender equality, race-religion-regional equality, non-employment of child labor, human rights, environmental pollution, social activities (promotion of sports & culture), participation in charitable activities, financial assistance to handicapped or disabled children etc. with a non-partisan outlook.

Lately, the issue of climate change is being addressed seriously all over the world. It is identified that Bangladesh being in southern delta is under serious threat of natural disaster. A detailed discussion on environment and social obligation is included in this Report in the 'Report on other Activities Chapter'.

Quarterly Reports:

As per BSES Corporate Governance Code dated 3 June 2018 and Bangladesh Accounting Standard (BAS 34) the interim financial reports are intended to provide an update on the quarterly financial statements audited or unaudited.

Audit Committee Evaluation on Quarterly Reports:

The Audit Committee of Prime Insurance Company Limited, after due review, refers the quarterly reports to the Board. The Board, after threadbare discussion, approves the quarterly reports for necessary publications in the daily newspapers and in the website of the Company for the stakeholders and regulatory authorities as required by law.



COMPLIANCE REPORT ON CGC

Status of compliance with the conditions imposed by the Commission's Notification No. SEC/CMRRCD/2006-158/207/Admin/80, dated 03 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969. As per Article no. 103 (Kha) of the Articles of Association (AOA) of the Prime Insurance Company Limited, total number of Directors shall not exceed 10. At present there are 12 Directors in the Board and 4 Directors are going to retire in the 25th AGM of the Company will be held on 28th March 2021. And, only 2 Directors will be elected out of 4 Directors. As a result, the proportion of Independent Directors will comply with both the Corporate Governance Code- 2018 and Insurance Act 2010.

| Condition No. | Title | Status | | Remarks |
|---------------|---|----------|--------------|--|
| | | Complied | Not Complied | |
| 1 | Board of Directors | | | |
| 1(1) | The total number of members of Board of Directors shall not be less than 5 (five) and more than 20 (twenty). | ✓ | | |
| 1(2) | Independent Directors | | | |
| 1(2)(a) | At least one fifth (1/5) of the total number of directors in the company's board shall be independent directors. | | ✓ | Complied with Primary regular as per Insurance Act- 2010, section 76 (sub-sec-1) |
| 1(2)(b)(i) | The independent director does not hold any share in the company' or holds less than one percent (1%) shares of the total paid-up shares of the company; | ✓ | | |
| 1(2)(b)(ii) | The independent director is not a sponsor of the company and is not connected with the company's any sponsor or director or shareholder who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship. His/her family members also should not hold above mentioned shares in the company ; | ✓ | | |
| 1(2)(b)(iii) | Who has not been an executive of the company in immediately preceding 2 (two) financial years; | ✓ | | |
| 1(2)(b)(iv) | The independent director does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies; | ✓ | | |
| 1(2)(b)(v) | who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange; | ✓ | | |
| 1(2)(b)(vi) | The independent director is not a shareholder, director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market; | ✓ | | |
| 1(2)(b)(vii) | The independent director is not a partner or an executive or was not a Partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code; | ✓ | | |
| 1(2)(b)(viii) | The independent director shall not be an independent director in more than 5 (five) listed companies; | ✓ | | |
| 1(2)(b)(ix) | The independent director has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution (NBFI); | ✓ | | |
| 1(2)(b)(x) | The independent director has not been convicted for a criminal offence involving moral turpitude. | ✓ | | |



| Condition No. | Title | Status | | Remarks |
|---------------|--|----------|--------------|--|
| | | Complied | Not Complied | |
| 1(2)(c) | The independent director(s) shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting (AGM). | √ | | |
| 1(2)(d) | The post of independent director(s) cannot remain vacant for more than 90(ninety) days. | √ | | |
| 1(2)(e) | The tenure of office of an independent director shall be for a period of 3(three) years, which may be extended for 1(one) tenure only. | √ | | |
| 1(3) | Qualification of Independent Director | | | |
| 1(3)(a) | Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business. | √ | | |
| 1(3)(b) | Independent director shall have following qualifications: | | | |
| 1(3)(b)(i) | Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association; or | | | Not Applicable as complied with 1.3 (b) (ii),(iii) |
| 1(3)(b)(ii) | Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid-up capital of Tk. 100.00 million or of a listed company; or | √ | | |
| 1(3)(b)(iii) | Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or Law; or | √ | | |
| 1(3)(b)(iv) | University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or | √ | | |
| 1(3)(b)(v) | Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification; | √ | | |
| 1(3)(c) | The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b); | √ | | |
| 1(3)(d) | In special cases the above qualifications may be relaxed subject to prior approval of the Commission. | √ | | |
| 1(4) | Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer | | | |
| 1(4)(a) | The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals; | √ | | |
| 1(4)(b) | The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company; | √ | | |



| Condition No. | Title | Status | | Remarks |
|---------------|--|----------|--------------|------------------|
| | | Complied | Not Complied | |
| 1(4)(c) | The Chairperson of the Board shall be elected from among the non-executive directors of the company; | √ | | |
| 1(4)(d) | The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer; | √ | | |
| 1(4)(e) | In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes. | | | No Such Incident |
| 1(5) | The Directors' Report to the Shareholders | | | |
| 1(5)(i) | Industry outlook and possible future developments in the industry. | √ | | |
| 1(5)(ii) | Segment-wise or product-wise performance. | √ | | |
| 1(5)(iii) | Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any; | √ | | |
| 1(5)(iv) | A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable; | √ | | |
| 1(5)(v) | Discussion on continuity of any Extra-Ordinary activities and their implications (gain or loss.) | √ | | |
| 1(5)(vi) | A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions; | √ | | |
| 1(5)(vii) | A statement of Utilization of proceeds from public issues, rights issues and/or through any others instruments. | | | Not Applicable |
| 1(5)(viii) | An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc. | | | Not Applicable |
| 1(5)(ix) | If significant variance occurs between Quarterly Financial Performance and Annual Financial Statements. | √ | | |
| 1(5)(x) | A statement of Remuneration paid to the directors including independent directors. | √ | | |
| 1(5)(xi) | A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity; | √ | | |
| 1(5)(xii) | A statement that proper books of account of the issuer company have been maintained. | √ | | |
| 1(5)(xiii) | A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment. | √ | | |
| 1(5)(xiv) | A statement that International Accounting Standards (IAS) or International Financial Reporting Standard (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed. | √ | | |
| 1(5)(xv) | A statement that the system of internal control is sound in design and has been effectively implemented and monitored. | √ | | |



| Condition No. | Title | Status | | Remarks |
|----------------|--|----------|--------------|----------------|
| | | Complied | Not Complied | |
| 1(5)(xvi) | A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress; | √ | | |
| 1(5)(xvii) | A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed; | √ | | |
| 1(5)(xviii) | An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained. | √ | | |
| 1(5)(xix) | A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized. | √ | | |
| 1(5)(xx) | An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year; | √ | | |
| 1(5)(xxi) | Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend; | √ | | |
| 1(5)(xxii) | The total number of Board meetings held during the year and attendance by each director; | √ | | |
| 1(5)(xxiii) | A report on the pattern of shareholding: | | | |
| 1(5)(xxiii)(a) | Parent or Subsidiary or Associated Companies and other related parties (name wise details); | | | Not Applicable |
| 1(5)(xxiii)(b) | Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details); | √ | | |
| 1(5)(xxiii)(c) | Executives; | √ | | |
| 1(5)(xxiii)(d) | Shareholders holding ten percent (10%) or more voting interest in the company (name wise details). | √ | | |
| 1(5)(xxiv) | Disclosure on Appointment/Re-appointment of Director: | | | |
| 1(5)(xxiv)(a) | A brief resume of the director; | √ | | |
| 1(5)(xxiv)(b) | Nature of his/her expertise in specific functional areas; | √ | | |
| 1(5)(xxiv)(c) | Names of companies in which the person also holds the directorship and the membership of committees of the board. | √ | | |
| 1(5)(xxv) | A 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, among others, focusing on: | | | |
| 1(5)(xxv)(a) | Accounting policies and estimation for preparation of financial statements; | √ | | |
| 1(5)(xxv)(b) | Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes; | √ | | |
| 1(5)(xxv)(c) | Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof; | √ | | |



| Condition No. | Title | Status | | Remarks |
|---------------|--|----------|--------------|----------------|
| | | Complied | Not Complied | |
| 1(5)(xxv)(d) | Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario; | √ | | |
| 1(5)(xxv)(e) | Briefly explain the financial and economic scenario of the country and the globe; | √ | | |
| 1(5)(xxv)(f) | Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and | √ | | |
| 1(5)(xxv)(g) | Future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM; | √ | | |
| 1(5)(xxvi) | Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A; and | √ | | |
| 1(5)(xxvii) | The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C. | √ | | |
| 1(6) | Meetings of the Board of Directors | | | |
| 1(6) | The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code. | √ | | |
| 1(7) | Code of Conduct for the Chairperson, other Board members and Chief Executive Officer | | | |
| 1(7)(a) | The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company; | √ | | |
| 1(7)(b) | The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency. | √ | | |
| 2 | Governance of Board of Directors of Subsidiary Company: | | | |
| 2(a) | Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company; | | | Not Applicable |
| 2(b) | At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company; | | | Not Applicable |
| 2(c) | The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company; | | | Not Applicable |
| 2(d) | The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also; | | | Not Applicable |



| Condition No. | Title | Status | | Remarks |
|---------------|---|----------|--------------|----------------|
| | | Complied | Not Complied | |
| 2(e) | The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company. | | | Not Applicable |
| 3 | Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS): | | | |
| 3(1) | Appointment | | | |
| 3(1)(a) | The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC); | ✓ | | |
| 3(1)(b) | The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals; | ✓ | | |
| 3(1)(c) | The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time; | ✓ | | |
| 3(1)(d) | The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS; | ✓ | | |
| 3(1)(e) | The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s). | ✓ | | |
| 3(2) | Requirement to attend Board of Directors' Meetings | | | |
| 3(2) | The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board: Provided that the CS, CFO and/or the HIAC shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters. | ✓ | | |
| 3(3) | Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO) | | | |
| 3(3)(a) | The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief: | ✓ | | |
| 3(3)(a)(i) | These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading ; | ✓ | | |
| 3(3)(a)(ii) | These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws; | ✓ | | |
| 3(3)(b) | The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members; | ✓ | | |
| 3(3)(c) | The certification of the MD or CEO and CFO shall be disclosed in the Annual Report. | ✓ | | |
| 4 | Board of Directors' Committee. | | | |
| | For ensuring good governance in the company, The Board shall have at least following sub-committees: | | | |



| Condition No. | Title | Status | | Remarks |
|---------------|---|----------|--------------|---------|
| | | Complied | Not Complied | |
| 4(i) | Audit Committee; | ✓ | | |
| 4(ii) | Nomination and Remuneration Committee. | ✓ | | |
| 5 | Audit Committee | | | |
| | Responsibility to the Board of Directors. | | | |
| 5(1)(a) | The company shall have an Audit Committee as a sub-committee of the Board of Directors. | ✓ | | |
| 5(1)(b) | The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business. | ✓ | | |
| 5(1)(c) | The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing. | ✓ | | |
| 5(2) | Constitution of the Audit Committee | | | |
| 5(2)(a) | The Audit Committee shall be composed of at least 3 (three) members; | ✓ | | |
| 5(2)(b) | The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director; | ✓ | | |
| 5(2)(c) | All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience, | ✓ | | |
| 5(2)(d) | When the term of service of the Committee members expires or there is any circumstance causing any Committee member to be unable to hold office until expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board of Directors shall appoint the new Committee member(s) to fill up the vacancy(ies) immediately or not later than 1 (one) month from the date of vacancy(ies) in the Committee to ensure continuity of the performance of work of the Audit Committee. | ✓ | | |
| 5(2)(e) | The company secretary shall act as the secretary of the Committee. | ✓ | | |
| 5(2)(f) | The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director. | ✓ | | |
| 5(3) | Chairperson of the Audit Committee | | | |
| 5(3)(a) | Selection of the Chairperson of audit committee | ✓ | | |
| 5(3)(b) | In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes. | ✓ | | |
| 5(3)(c) | Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM). | ✓ | | |
| 5(4) | Meeting of the Audit Committee | | | |
| 5(4)(a) | The Audit Committee shall conduct at least its four meetings in a financial year. | ✓ | | |
| 5(4)(b) | The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two-third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must. | ✓ | | |



| Condition No. | Title | Status | | Remarks |
|----------------|--|----------|--------------|------------------|
| | | Complied | Not Complied | |
| 5(5) | Role of Audit Committee | | | |
| 5(5)(a) | Oversee the financial reporting process. | √ | | |
| 5(5)(b) | Monitor choice of accounting policies and principles. | √ | | |
| 5(5)(c) | Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report; | √ | | |
| 5(5)(d) | Oversee hiring and performance of external auditors. | √ | | |
| 5(5)(e) | Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption; | √ | | |
| 5(5)(f) | Review along with the management, the annual financial statements before submission to the board for approval. | √ | | |
| 5(5)(g) | Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval. | √ | | |
| 5(5)(h) | Review the adequacy of internal audit function. | √ | | |
| 5(5)(i) | Review the Management's Discussion and Analysis before disclosing in the Annual Report; | √ | | |
| 5(5)(j) | Review statement of significant related party transactions submitted by the management. | | | Not Applicable |
| 5(5)(k) | Review Management Letters or Letter of Internal Control weakness issued by statutory auditors. | | | Not Applicable |
| 5(5)(l) | Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and | √ | | |
| 5(5)(m) | Oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission. | | | Not Applicable |
| 5(6) | Reporting of Audit Committee | | | |
| 5(6)(a) | Reporting to the Board of Directors | | | |
| 5(6)(a)(i) | The Audit Committee shall report on its activities to the Board. | √ | | |
| 5(6)(a)(ii) | The Audit Committee shall immediately report to the Board on the following findings, if any:- | | | |
| 5(6)(a)(ii)(a) | Immediately report on conflicts of interests; | | | No such Incident |
| 5(6)(a)(ii)(b) | Immediately report on suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements; | | | No such Incident |
| 5(6)(a)(ii)(c) | Immediately report on suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and | | | No such Incident |
| 5(6)(a)(ii)(d) | Immediately report on any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately; | | | No such Incident |
| 5(6)(b) | Reporting to the Authorities | | | |



| Condition No. | Title | Status | | Remarks |
|---------------|--|----------|--------------|------------------|
| | | Complied | Not Complied | |
| 5(6)(b) | If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board of Directors, whichever is earlier. | | | No such Incident |
| 5(7) | Reporting to the Shareholders and General Investors: | | | |
| 5(7) | Report on activities carried out by the Audit Committee, including any report made to the Board under condition No 5.6(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company. | | | No such Incident |
| 6 | Nomination and Remuneration Committee (NRC) | | | |
| 6(1) | Responsibility to the Board of Directors: | | | |
| 6(1)(a) | The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board; | ✓ | | |
| 6(1)(b) | The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive; | ✓ | | |
| 6(1)(c) | The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b). | ✓ | | |
| 6(2) | Constitution of the NRC | | | |
| 6(2)(a) | The Committee shall comprise of at least three members including an independent director; | ✓ | | |
| 6(2)(b) | All members of the Committee shall be non-executive directors; | ✓ | | |
| 6(2)(c) | Members of the Committee shall be nominated and appointed by the Board; | ✓ | | |
| 6(2)(d) | The Board shall have authority to remove and appoint any member of the Committee; | ✓ | | |
| 6(2)(e) | In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee; | ✓ | | |
| 6(2)(f) | The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee; | ✓ | | |
| 6(2)(g) | The company secretary shall act as the secretary of the Committee; | ✓ | | |
| 6(2)(h) | The quorum of the NRC meeting shall not constitute without attendance of at least an independent director; | ✓ | | |



| Condition No. | Title | Status | | Remarks |
|---------------|---|----------|--------------|------------------|
| | | Complied | Not Complied | |
| 6(2)(i) | No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company. | √ | | |
| 6(3) | Chairperson of the NRC | | | |
| 6(3)(a) | The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director; | √ | | |
| 6(3)(b) | In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes; | | | No Such Incident |
| 6(3)(c) | The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders; | √ | | |
| 6(4) | Meeting of the NRC | | | |
| 6(4)(a) | The NRC shall conduct at least one meeting in a financial year; | √ | | |
| 6(4)(b) | The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC; | √ | | |
| 6(4)(c) | The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h); | √ | | |
| 6(4)(d) | The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC. | √ | | |
| 6(5) | Role of the NRC | | | |
| 6(5)(a) | NRC shall be independent and responsible or accountable to the Board and to the shareholders; | √ | | |
| 6(5)(b) | NRC shall oversee, among others, the following matters and make report with recommendation to the Board: | √ | | |
| 6(5)(b)(i) | Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following: | | | |
| 6(5)(b)(i)(a) | the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully; | √ | | |
| 6(5)(b)(i)(b) | the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and | √ | | |
| 6(5)(b)(i)(c) | remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals; | √ | | |
| 6(5)(b)(ii) | devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality; | √ | | |
| 6(5)(b)(iii) | identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board; | √ | | |



| Condition No. | Title | Status | | Remarks |
|---------------|---|----------|--------------|---------|
| | | Complied | Not Complied | |
| 6(5)(b)(iv) | formulating the criteria for evaluation of performance of independent directors and the Board; | √ | | |
| 6(5)(b)(v) | identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria | √ | | |
| 6(5)(b)(vi) | developing, recommending and reviewing annually the company's human resources and training policies; | √ | | |
| 6(5)(c) | The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report. | √ | | |
| 7 | External or Statutory Auditors. | | | |
| 7(1) | The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:- | | | |
| 7(1)(i) | Appraisal or valuation services or fairness opinions; | √ | | |
| 7(1)(ii) | Financial information systems design and implementation; | √ | | |
| 7(1)(iii) | Book-keeping or other services related to the accounting records or financial statements; | √ | | |
| 7(1)(iv) | Broker-dealer services; | √ | | |
| 7(1)(v) | Actuarial services; | √ | | |
| 7(1)(vi) | Internal audit services or special audit services; | √ | | |
| 7(1)(vii) | Any service that the Audit Committee determines; | √ | | |
| 7(1)(viii) | Audit or certification services on compliance of corporate governance as required under condition No. 9(1); | √ | | |
| 7(1)(ix) | Any other service that creates conflict of interest. | √ | | |
| 7(2) | No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company; | √ | | |
| 7(3) | Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders. | √ | | |
| 8 | Maintaining a website by the Company. | | | |
| 8(1) | The company shall have an official website linked with the website of the stock exchange. | √ | | |
| 8(2) | The company shall keep the website functional from the date of listing. | √ | | |
| 8(3) | The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s). | √ | | |
| 9 | REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE: | | | |
| 9(1) | The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report. | √ | | |

| Condition No. | Title | Status | | Remarks |
|---------------|---|----------|--------------|---------|
| | | Complied | Not Complied | |
| 9(2) | The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting. | √ | | |
| 9(3) | The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not. | √ | | |



THE PATTEN OF SHAREHOLDING

- i) Parent/Subsidiary/ Associated Companies and other related parties: Nil
ii) Shareholding of Directors & their Spouses

| SI | Directors | Number of Shares | % of the Shares | Name of Spouse | Number of Shares | % of Holding |
|----|--|-------------------|-----------------|---------------------|------------------|--------------|
| 01 | Md. Nazrul Islam Nominated by Fareast Islami Securities Ltd | 825000 1770000 | 2.02 4.33 | Taslima Islam | 1300637 | 3.18 |
| 02 | Dr. Iffat Obaid | - | - | Obaidul Haque Babul | - | - |
| 03 | Mohd. Showkat Ali Nominated by Rimsha BD Ltd. | 823508 | 2.01 | Shamima Nasreen | - | - |
| 04 | Mohammed Alamgir Kabir FCA | - | - | Sifat Binte Hyder | - | - |
| 05 | Mahanur Ummel Ara | 880804 | 2.15 | Mafiz Ahmed Bhuiyan | - | - |
| 06 | Rahela Hossain | 1111372 | 2.72 | SAM Hossain | - | - |
| 07 | Mahabuba Haque | 932168 | 2.28 | Aynul Haque | - | - |
| 08 | Md. Ashaduzzaman Nominated by Fareast Securities Ltd | 820178 | 2.01 | Dina Akter | - | - |
| 09 | Rabeya Begum Nominated by Fareast Life Insurance Company Ltd | 1309006 | 3.20 | Salim Mahmud | - | - |
| 10 | Ayesha Husne Jahan Nominated by Fareast Islami Properties Ltd | 1249520 | 3.06 | Mustafa Khair | - | - |
| 11 | Salim Mahmud Alternate Director of Mrs. Ramisha Islam | 1000000 | 2.45 | Rabeya Begum | - | - |
| 12 | AKM Monirul Islam Nominated by Ramisha BD Ltd | 1500000 | 3.67 | Fatima Rahman | - | - |

iii) **Shareholding of the Chief Executive Officer/Company Secretary/Chief Financial Officer/Head of Internal Audit & Control & their spouses:**

| SI | Directors' | Number of Shares | % of the Shares | Name of Spouse | Share Held | % of Holding |
|----|-------------------------------|------------------|-----------------|----------------------|------------|--------------|
| 01 | CEO- Bayazid Muztaba Siddiqui | - | - | Hamida Fatema Khanam | - | - |
| 02 | CS- Enamul Haque Khan | - | - | Shahanaz Parvin | - | - |
| 03 | CFO- Md. Lokman Hossain | - | - | Jesmin Akter | - | - |
| 04 | HIA-K.M. Moniruzzaman | - | - | Rokeya Begum | - | - |

iv) **Top five salaried employees other than Directors, CEO, CFO & Head of Internal Audit & Control**

| SI | Directors | Number of Shares | % of the Shares | Name of Spouse | Share Held | % of Holding |
|----|------------------------|---------------------------------|-----------------|----------------|------------|--------------|
| 01 | Basudev Chakrabarty | Additional Managing Director | - | - | - | - |
| 02 | Syed Monirul Huq | Deputy Managing Director | - | - | - | - |
| 03 | Sujit Kumar Bhowmik | Deputy Managing Director | - | - | - | - |
| 04 | Gouranga Chandra Misra | Senior Executive Vice-President | - | - | - | - |
| 05 | Mizanur Rahman | Senior Executive Vice-President | - | - | - | - |

DIRECTORS' ATTENDANCE IN MEETING

Board meeting attendance

| Sl. No. | Name | Position In The Board | Meeting Held during the tenure | Present |
|---------|------------------------------|-----------------------|--------------------------------|---------|
| 1 | A.K.M Monirul Islam | Director | 13 | 13 |
| 2 | A.T.M Enayetur Rahman | Director | 2 | 2 |
| 3 | Dr. Fatema Raushan Jahan | Director | 6 | 4 |
| 4 | Dr. Iffat Obaid | Vice Chairperson | 6 | 6 |
| 5 | Md. Abdur Rahim Bhuiyan | Director | 7 | 5 |
| 6 | Mohammed Alamgir Kabir (FCA) | Director | 9 | 8 |
| 7 | Md. Ashaduzzaman | Director | 13 | 12 |
| 8 | Md. Asif Iqbal | Director | 13 | 12 |
| 9 | Md. Hemayet Ullah | Director | 7 | 6 |
| 10 | Md. Mazedul Islam | Director | 7 | 5 |
| 11 | Md. Nazrul Islam | Chairperson | 13 | 13 |
| 12 | Md. Salim Mahmud | Director | 13 | 13 |
| 13 | Md. Shamsul Alam | Director | 6 | 5 |
| 14 | Mohd. Showkot Ali | Director | 13 | 13 |
| 15 | Mr.A.Z.M.Sazzadur Rahman | Director | 8 | 7 |
| 16 | Mr.Md. Zakiullah Shahid | Chairperson (Ex) | 7 | 7 |
| 17 | Mrs. Ayesha Husne Jahan | Director | 13 | 12 |
| 18 | Mrs. Dil Ara Begum | Director | 7 | 1 |
| 19 | Mrs. Rabeya Begum | Director | 13 | 13 |
| 20 | Mrs.Hasina Khan | Director | 9 | 3 |
| 21 | Mrs.Mahabuba Haque | Director | 13 | 9 |
| 22 | Mrs.Mahanur Ummel Ara | Director | 13 | 7 |
| 23 | Mrs.Rahela Hossain | Director | 13 | 13 |
| 24 | Mrs.Shahida Pervin Trisha | Vice-Chairperson (Ex) | 6 | 1 |
| 25 | Mrs.Tahera Akter | Director | 9 | 2 |



Audit meeting attendance

| Sl. No. | Name | Position In The Board | Meeting Held during the tenure | Present |
|---------|------------------------------|-----------------------|--------------------------------|---------|
| 1 | A.K.M Monirul Islam | Member | 6 | 2 |
| 2 | A.T.M Enayetur Rahman | Member | 2 | 1 |
| 3 | Dr. Fatema Raushan Jahan | Member | 3 | 2 |
| 4 | Dr. Iffat Obaid | Member | 3 | 2 |
| 5 | Mohammed Alamgir Kabir (FCA) | Chairman | 4 | 3 |
| 6 | Md. Ashaduzzaman | Member | 6 | 5 |
| 7 | Md. Asif Iqbal | Member | 6 | 2 |
| 8 | Md. Nazrul Islam | Member | 6 | 5 |
| 9 | Mohd. Showkot Ali | Member | 6 | 5 |
| 10 | Mr.A.Z.M.Sazzadur Rahman | Chairman (Ex) | 4 | 4 |
| 11 | Mrs. Ayesha Husne Jahan | Member | 6 | 5 |
| 12 | Mrs.Hasina Khan | Member | 4 | 1 |

NRC meeting attendance

| Sl. No. | Name | Position In The Board | Meeting Held during the tenure | Present |
|---------|------------------------------|-----------------------|--------------------------------|---------|
| 1 | Dr. Iffat Obaid | Member | 1 | 1 |
| 2 | Mohammed Alamgir Kabir (FCA) | Chairman | 1 | 1 |
| 3 | Md. Asif Iqbal | Member | 4 | 1 |
| 4 | Md. Nazrul Islam | Member | 4 | 4 |
| 5 | Md. Salim Mahmud | Member | 1 | 1 |
| 6 | Mohd. Showkot Ali | Member | 4 | 3 |
| 7 | Mr.A.Z.M.Sazzadur Rahman | Chairman (Ex) | 3 | 3 |
| 8 | Mr.Md. Zakiullah Shahid | Member | 3 | 1 |
| 9 | Mrs. Rabeya Begum | Member | 4 | 1 |
| 10 | Mrs.Rahela Hossain | Member | 4 | 3 |
| 11 | Mrs.Shahida Pervin Trisha | Member | 3 | 2 |

EC meeting attendance

| Sl. No. | Name | Position In The Board | Meeting Held during the tenure | Present |
|---------|------------------------------|-----------------------|--------------------------------|---------|
| 1 | A.K.M Monirul Islam | Member | 4 | 4 |
| 2 | Dr. Iffat Obaid | Member | 4 | 4 |
| 3 | Mohammed Alamgir Kabir (FCA) | Member | 4 | 1 |
| 4 | Md. Ashaduzzaman | Member | 4 | 4 |
| 5 | Md. Asif Iqbal | Member | 4 | 1 |
| 6 | Md. Nazrul Islam | Member | 4 | 4 |
| 7 | Md. Salim Mahmud | Member | 4 | 4 |
| 8 | Mohd. Showkot Ali | Chairman | 4 | 4 |
| 9 | Mrs. Ayesha Husne Jahan | Member | 4 | 4 |
| 10 | Mrs. Rabeya Begum | Member | 4 | 4 |
| 11 | Mrs.Mahabuba Haque | Member | 4 | 4 |
| 12 | Mrs.Rahela Hossain | Member | 4 | 4 |





Report to the Shareholders

Of Prime Insurance Company Limited on compliance on the Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by Prime Insurance Company Limited for the year ended on 31 December, 2020. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated 03 June 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission except some observation in conditions set in Annexure-C of Corporate Governance Code:
- The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code.
- Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws. and
- The Governance of the company is satisfactory, subject to our observation in Annexure-C.

Place : Dhaka
Date : 09.03.2021

For, M M Rahman & Co.
Chartered Accountants

Md. Rafiqul Islam Khan FCA
Managing Partner



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Summary of Accounts 2020

Segment wise operating profit / performance:

In accordance with International Financial Reporting Standards (IFRSs-8.20) and in order to enhance Corporate Governance in the interest of investors and the capital market, Bangladesh Securities and Exchange Commission (BSEC) requires preparation of separate operating result as per Corporate Governance Code (CGC) as per condition No.1(5) (ii) of 2018 Prime Insurance Company has been presented segment/class wise business and operating performance accordingly.

In 2020, the company has earned Fire premium income of Tk.300.59 million, Marine premium income of Tk.175.90 million Motor premium income of Tk.28.19 million and Miscellaneous premium income of Tk.238.61 million respectively. During the year 2020, the Company has earned total gross premium income of Tk.743.28 million including PSB premium income and Operating income Tk.50.61 million (before allocation of unallocated expenses of Statement of Profit or loss and comprehensive income Profit before tax Tk.109.14 million and net profit after tax Tk.53.51 million respectively which was Tk.106.53 million, Profit before tax Tk.84.86 million and Profit after tax Tk.17.49 million respectively in 2019. Segment wise premium income and financial result of the company for the year 2020 and 2019 are given below :

| Details | Segment Wise Financial Result (in Million Taka) | | | | | | | | |
|--|---|--------|-------------|-------|---------|--------|--------|---------------------------|-----------------------|
| | Fire | Marine | Marine Hull | Motor | Misc | 2020 | 2019 | Growth / (Declined)- 2020 | % of Growth/ Declined |
| Gross premium income | 300.60 | 174.07 | 1.82 | 28.19 | 238.62 | 743.30 | 711.67 | 31.63 | 4.44 |
| Less:R/I premium ceded | 256.57 | 72.57 | 0.50 | 2.93 | 203.18 | 535.75 | 508.42 | 27.33 | 5.38 |
| Less: R/I premium on PSB | 11.27 | 16.37 | 1.2 | 0 | 22.53 | 51.37 | 65.90 | (14.53) | (22.05) |
| Net Premium Income | 32.76 | 85.13 | 0.12 | 25.26 | 12.91 | 156.18 | 137.35 | 18.83 | 13.71 |
| Add: Net R/I com. earned | 67.51 | 22.62 | 0.22 | 1.00 | 28.01 | 119.36 | 135.63 | (16.27) | (12.00) |
| Add: Net premium reserve retained. | 3.45 | 34.04 | 0.73 | 14.00 | 3.15 | 55.37 | 96.66 | (41.29) | (42.72) |
| Total income: | 103.72 | 141.79 | 1.07 | 40.26 | 44.07 | 330.91 | 369.64 | (38.73) | (41.00) |
| Less : Expenses | | | | | | | | | |
| Reserve for un-expired risk | 13.10 | 34.05 | 0.13 | 10.10 | 5.16 | 62.54 | 55.36 | 7.18 | 12.97 |
| Agent commission paid | 43.14 | 22.88 | 0.09 | 3.80 | 35.58 | 105.49 | 95.22 | 10.27 | 10.79 |
| Management expenses (Revenue A/C) | 46.48 | 26.92 | 0.27 | 4.36 | 36.90 | 114.93 | 120.88 | (5.95) | (4.92) |
| Management expenses (P&L A/C) | 9.94 | 5.75 | 0.06 | 0.93 | 7.89 | 24.57 | 20.22 | 4.35 | 21.51 |
| Net Claims | (6.36) | (2.40) | 0.63 | 2.08 | 3.39 | (2.66) | (8.35) | 5.69 | (68.14) |
| Operating Profit (U/W Result): | (2.58) | 54.59 | (0.11) | 18.99 | (44.85) | 26.04 | 86.31 | (60.27) | (69.83) |
| Add: Non-operational income | | | | | | | | | |
| Interest income (FDR, BGTB & STD A/cs) | - | - | - | - | - | 33.11 | 19.39 | 13.72 | 70.76 |
| Realized gain from shares investment | - | - | - | - | - | 1.71 | -0.37 | 2.08 | (562.16) |
| Unrealized gain from shares investment | - | - | - | - | - | 30.57 | -27.6 | 58.17 | (210.76) |
| Dividend received on shares investment | - | - | - | - | - | 5.95 | 5.51 | 0.44 | 7.99 |
| Income from office rent | - | - | - | - | - | 3.53 | - | 3.53 | 100 |
| Others income | - | - | - | - | - | 8.23 | 1.61 | 6.62 | 411.18 |
| Profit before tax. | - | - | - | - | - | 109.14 | 84.85 | 24.29 | 28.63 |
| Less: Tax provision during the year | - | - | - | - | - | 55.63 | 67.37 | (11.74) | (17.43) |
| Profit after tax. | - | - | - | - | - | 53.51 | 17.48 | 36.03 | 46.05 |
| Return on equity (%) | - | - | - | - | - | 26.70 | 20.76 | 5.94 | 28.63 |
| Return on shareholders fund & equity (%) | - | - | - | - | - | 15.15 | 11.79 | 3.36 | 28.52 |
| Shareholders fund & equity (in million taka) | | | - | - | - | 720.28 | 719.71 | 0.57 | 0.08 |
| Shareholders equity (in million taka) | | | - | - | - | 408.77 | 408.77 | - | - |



Summary of Quarterly Financial Performance (Accounts) for the year 2020

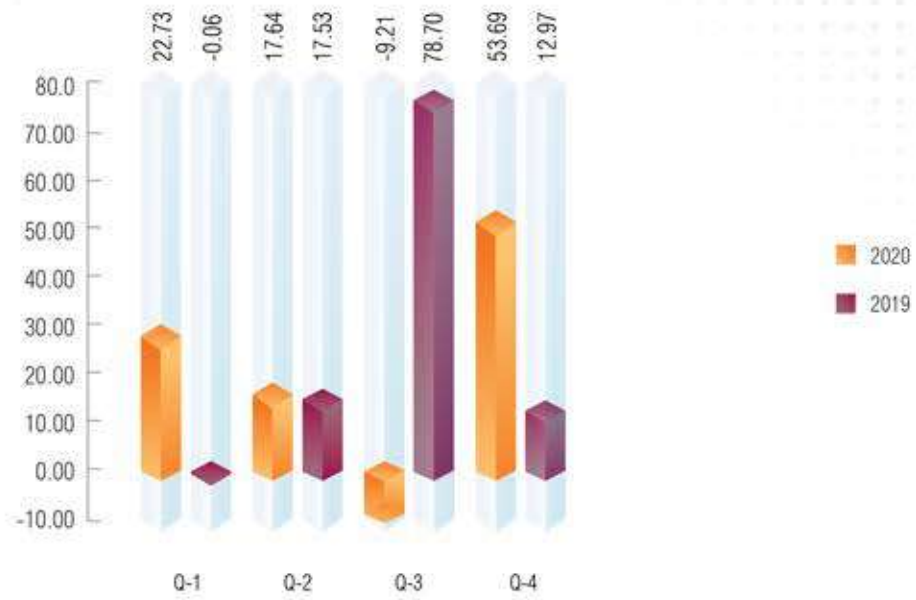
In accordance with para 20 of International Accounting Standard (IAS-34) and as required by local regulatory authority Bangladesh Securities & Exchange Commission (BSEC) corporate governance code of 2018 Prime Insurance Company Limited has published quarterly financial statements for the stakeholders and shareholders in each year. The company also published financial statements in the news paper in English and Bangla. In one on-line news portal and has published in the Company's website accordingly.

In the year 2020 under review the business of the Company quarterly. At the end of fourth quarter the company has earned total gross premium income of Tk.743.22 million and Operating income of Tk.50.61 million and Net profit after tax Tk.53.51 million respectively in 2019 which was Tk.711.68 million, Tk.106.53 million and Tk.17.49 million respectively in 2019. At end of the year earn premium income has been increased of 4.44% over the year 2019. Details of quarterly profitability and yearly financial results of the Company for the year 2020 and 2019 are given below :

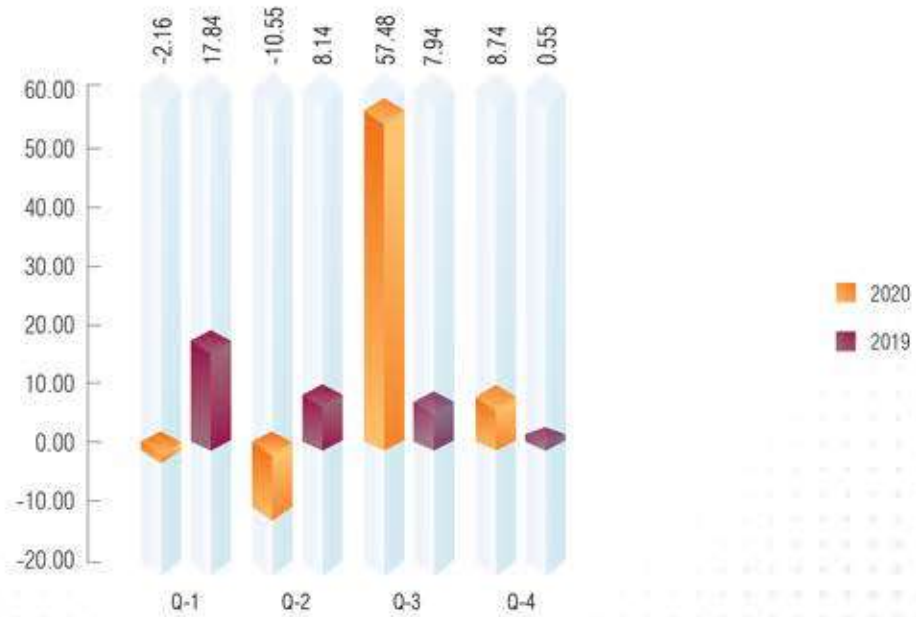
| Particulars | 2020 | | | | | 2019 | | | | | Growth/ (Declined)- 2020 | % of Growth/ (Declined) | Third Quarterly up to December | Third Quarterly up to September | 4th quarter |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|--------------------------------|-------------------------------|---|--|----------------|
| | 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter | Total- 2020 | 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter | Total - 2019 | | | | | |
| Gross direct premium | 206.06 | 76.60 | 315.9 | 82.87 | 681.43 | 171.98 | 116.52 | 272.99 | 73.33 | 634.82 | 46.61 | 7.34 | 681.43 | 598.56 | 82.87 |
| Premium on PSB | 21.84 | 20.27 | 12.09 | 7.59 | 61.79 | 18.44 | 20.45 | 12.99 | 24.79 | 76.67 | (14.88) | (19.41) | 61.79 | 54.20 | 7.59 |
| R/I premium on acceptance | - | - | - | 0.08 | 0.08 | 0.19 | - | - | - | 0.19 | (0.11) | (57.89) | 0.08 | 0.00 | 0.08 |
| Total gross premium | 227.90 | 96.87 | 327.99 | 90.54 | 743.30 | 190.61 | 136.97 | 285.98 | 98.12 | 711.68 | 31.62 | 4.44 | 743.30 | 652.76 | 90.54 |
| Less: R/I premium ceded | 186.88 | 62.03 | 257.47 | 29.37 | 535.75 | 127.97 | 51.38 | 224.02 | 105.05 | 508.42 | 27.33 | 5.38 | 535.75 | 506.38 | 29.37 |
| Less: R/I premium on PSB | 18.17 | 16.91 | 10.00 | 6.29 | 51.37 | 15.65 | 16.78 | 10.68 | 22.8 | 65.91 | (14.54) | (22.06) | 51.37 | 45.08 | 6.29 |
| Net premium | 22.85 | 17.93 | 60.52 | 54.88 | 156.18 | 46.99 | 68.81 | 51.28 | -29.73 | 137.35 | 18.83 | 13.71 | 156.18 | 101.30 | 54.88 |
| Add: Net R/I com.earned | 44.32 | 26.78 | 43.25 | 5.04 | 119.39 | 15.38 | 12.27 | 33.12 | 74.87 | 135.64 | (16.25) | (11.98) | 119.39 | 114.35 | 5.04 |
| Add: Net premium reserve retained | 18.80 | 27.57 | 20.98 | (11.97) | 55.38 | 31.01 | 10.05 | 22.36 | 33.25 | 96.67 | (41.29) | (42.71) | 55.38 | 67.35 | -11.97 |
| Total income: | 85.97 | 72.28 | 124.75 | 47.95 | 330.95 | 93.38 | 91.13 | 106.76 | 78.39 | 369.66 | (38.71) | (40.98) | 330.95 | 283.00 | 47.95 |
| Management expensens (Revenue A/C) | 33.87 | 21.43 | 27.17 | 32.48 | 114.95 | 41.20 | 18.48 | 31.25 | 29.95 | 120.88 | (5.93) | (4.91) | 114.95 | 82.47 | 32.48 |
| Management expensens (P&L A/C) | 5.11 | 3.01 | 5.25 | 11.20 | 24.57 | 4.58 | 3.63 | 3.93 | 8.08 | 20.22 | 4.35 | 21.51 | 24.58 | 13.37 | 11.21 |
| Net claims paid | 5.14 | 19.30 | 2.00 | (29.10) | (2.66) | (6.34) | 0.14 | 5.58 | (7.73) | -8.35 | 5.69 | (68.14) | (2.66) | 26.44 | -29.10 |
| Operating Profit (U/W Income): | 1.84 | 9.82 | 38.53 | (24.15) | 26.04 | 9.34 | 23.83 | 4.07 | 49.07 | 86.31 | (60.27) | (69.83) | 26.03 | 50.19 | -24.16 |
| Realized gain/(loss) on shares investment | - | - | 0.42 | 1.29 | 1.71 | (0.29) | (0.08) | - | - | -0.37 | 2.08 | (562.16) | 1.71 | 0.42 | 1.29 |
| Unrealized gain (loss) on shares investment | (10.33) | (0.41) | 27.20 | 14.11 | 30.57 | 8.01 | (11.48) | (16.39) | (7.74) | (27.60) | - | - | 30.57 | 16.46 | 14.11 |
| Dividend income | 1.99 | 1.90 | 0.59 | 1.47 | 5.95 | 2.59 | 2.42 | 0.17 | 0.33 | 5.51 | 0.44 | 7.99 | 5.95 | 4.48 | 1.47 |
| Income from office rent | 0.34 | 0.35 | 0.51 | 2.33 | 3.53 | - | - | - | - | - | - | - | 3.53 | 1.20 | 2.33 |
| Other income | 0.78 | - | (0.13) | 7.58 | 8.23 | 0.06 | 0.09 | (0.01) | 1.47 | 1.61 | 6.62 | 411.18 | 8.23 | 0.65 | 7.58 |
| Earnings Per Share after Tax (BDT) | (0.05) | (0.26) | 1.41 | 0.21 | 1.31 | 0.44 | 0.20 | (0.20) | - | 0.43 | 0.88 | 203.50 | 1.31 | 1.10 | 0.21 |
| Number of Weighted shares | 40.88 | 40.88 | 40.88 | 40.88 | 40.88 | 40.88 | 40.88 | 40.88 | 40.88 | 40.88 | - | - | 40.88 | - | - |



Quarterly Profit before Tax (in million Taka)



Quarterly Profit after Tax (in million Taka)



RISK MANAGEMENT & CONTROL ENVIRONMENT

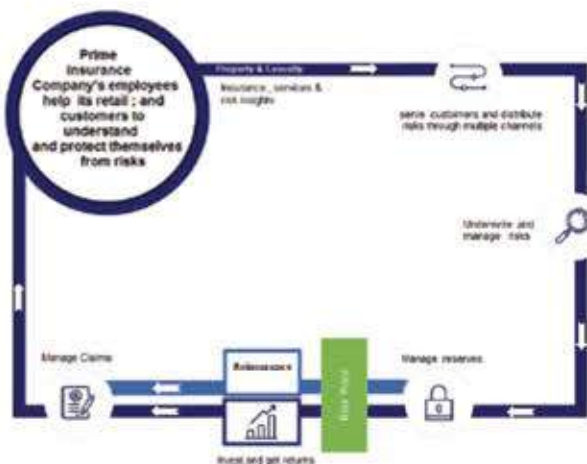




REPORT ON RISK MANAGEMENT / RISK AND OPPORTUNITY REPORT

In every business, from the small corner store to the large manufacturer, there are common challenges with insurance, claims, and risk in general. Buildings can be damaged by fire, someone could slip and fall, vehicle accidents often occur, or losses can occur as a result of defective products. Now, more than ever, it is vital to the success of an organization to understand risk management and to learn to control liability.

Prime Insurance Company Limited's risk management and internal control systems are designed to ensure that these risks are managed effectively and efficiently, aligned with its overarching objective of creating long-term value for all its stakeholders. The Company recognizes the importance of sound risk management in every aspect of its business and to all its stakeholders. The following diagram depicted business model of PICL showing how risks are handled by the employees of the company:



Risk Defined:

In risk management process first of all we have to understand what risk is:

Simply, risk is danger, peril, hazard, chance of loss, amount covered by insurance, person or object insured. Risk is something uncertain and unplanned but a possibility of happening loss, injury or any other adverse thing in present or future situation. Insurance is a business of protection from financial loss in exchange of a certain amount called premium. In broad sense insurance is a risk management process and an insurance company works as a risk manager. As a general insurance company, Prime Insurance Company Limited deals with non-life risks of its insured's. The Company classifies the insurable risks and non-insurable risks first. To PICL all Speculative or Dynamic Risks are broadly non-insurable and all Pure or Static Risks are insurable.

Speculative risk or non-insurable risk

Speculative risks are not insurable. Both speculative risk and pure risk involve the possibility of loss. However, speculative risk also involves the possibility of gain as well - even if there is no loss. Speculative risk happens when there is an uncertain potential for gains or losses.

Speculative risks are not insurable because the lure of the possible reward causes people to take these risks upon themselves willingly. The possibility of gain is a moral hazard (more on that later) that makes people seek out the risk, rather than avoid it. It's why we wouldn't sell a car insurance policy to someone who was into drag racing. They know that they risk injury and damage to their car, but the adrenaline and the possibility prestige might cause them to drive unsafely. Insurance is made to protect against accidents, but, if you go looking for trouble and you find it, can you really call that an accident?

This is actually the reason for what speculative risks are not insurable.

Pure or Static Risk or insurable risk

A static risk or Pure risk refers to damage or loss to a property or entity that is not caused by a stable economy but by destructive human behavior or an unexpected natural event. This risk can be covered by insurance. The most common examples are key property damage risks, such as floods, fires, earthquakes, and hurricanes. Litigation is the most common example of pure risk in liability. Only pure risks are insurable because they involve only the chance of loss. They are pure in the sense that they do not mix both profits and losses. Insurance is concerned with the economic problems created by pure risks.

The different types of pure risks that Prime Insurance Company Limited faces can be classified under any one of the followings:

- (i) Personal risks (ii) Property risks (iii) Liability risks

Thus, to Prime Insurance, an insurable risk is a risk that meets the ideal criteria for efficient insurance. The concept of insurable risk underlies nearly all insurance decisions. A risk that conforms to the norms and specifications of the insurance policy in such a way that the criterion for insurance is fulfilled is termed as insurable risk. There are various essential conditions that need to be fulfilled before acceptance of insurability of any risk. The pure risks that meet the essential requirement of PICL's risk insurance are as follows:

- a) The loss must be due to chance.
- b) The loss must be definite and measurable.
- c) The loss must be predictable.
- d) The loss cannot be catastrophic.
- e) The loss exposures must be large.
- f) The loss exposures must be randomly selected.

Risk management:

Insurance is the most effective risk management tool which can protect individuals and businesses from financial risks arising out of various contingencies. The emotional and psychological loss can never be compensated, but at least the financial loss can be compensated with insurance. Though there are uncertainties in life which you cannot mitigate, but insurance will surely help you transfer the financial risk associated with the same.

In our day to day life also we take many steps to keep the risk at lower level for example most people do not keep valuables at home rather prefer to keep them in a bank locker by paying certain locker rent to the bank.

Similarly risk of life, health or property is reduced by purchasing a proper insurance. All these actions of individual persons are done under fear of uncertainty and unpredictability of future. Likewise in business and commerce also an element of fear of loss always exists if the risk components are not managed properly. Insurance is the process of overall risk management in exchange of a certain amount from the insured. In Prime Insurance Company risk management is the continuing process to identify, analyze, evaluate, and treat loss exposures and monitor risk control and financial resources to mitigate the adverse effects of loss of the Company.

Steps in risk management process:

As PICL's clients or insured's rely on it to mitigate their various types of non-life risks, the company itself also needs to seek protection from operational and investment threats. For this, Prime Insurance Company Limited follows 5 steps of risk management process to deliver a simple and effective risk management:

Step 1: Identify the Risk. PICL identifies and defines potential risks that may negatively influence its process or product. Currently, PICL pursue the following Procedure for Insurance Policy Issue:

1. Identification of Risks
2. Quantify the Insurable value
3. Evaluate the choices
4. Proposal
5. Receive the Payment of premium
6. Policy Documentation

The Company always goes beyond every step of its service process and product delivery along with claim settlement procedure to identify and define its potential risks:

Step 2: Analyze the risk. Once a specific type of risk is discovered, PICL then determines its reasons and consequences, as well as its consequences to the Company. The area of the analysis is to further understand each specific instance of risk, and how it could influence the company's projects and objectives.

Step 3: Evaluate or Rank the Risk. The risk is then further evaluated after determining the risk's overall likelihood of occurrence combined with its overall consequence. Then the Company makes decisions on whether the risk is acceptable and whether the company is willing to take it on based on its risk appetite. The workings can be depicted like this:



Step 4: Risk mitigation. During this step, PICL assesses its highest-ranked risks and develop a plan to alleviate them using specific risk controls. These plans include risk mitigation processes, risk prevention tactics and contingency plans in the event the risk comes to fruition. Prime Insurance's Risk Handling policy:

| Risk Levels | Monitoring & Mitigation |
|-------------------|---|
| Low & medium Risk | Normal Monitoring at the operational level |
| High Risk | Close control of all potential contributing factors by the Risk Management Team |
| Very High | Risks of this level should be actively tracked for decisions by High the Risk Management Committee. |

Step 5: Monitor and Review the risk. Part of the mitigation plan includes following up on both the risks and the overall plan to continuously monitor and track new and existing risks. The overall risk management process of the Company is also always reviewed and updated accordingly.

Risk Framework:

It is known to all, risk is about uncertainty. Prime Insurance Company Limited puts a framework around that uncertainty, and effectively de-risks and minimizes the risk of any project. From historical evidence, it is found that a good risk framework needs a strong governance structure. That's why the board and the management of PICL significantly manage their risks. This involves appointing a chief risk officer (CRO) for risk management and the organizational culture is continuing to support it.

The whole activities are typically facilitated by designated persons of each departments, namely underwriting, reinsurance, legal/compliance, accounts and finance, marketing and sales, branch control, claims, IT, and so on. The management of the Company is always aware - about risk-taking and risk monitoring roles of each department. For this, there are a few well-known frameworks available such as ISO 31000 risk management standard and the COSO ERM (Enterprise Risk Management - ERM). There is another framework used by S&P and A&M Best in their ratings also.

Prime Insurance has been rated "AA-" as the Credit rating by CRISL, what shows its financial strength, Stability and Risk Management. The Company is also an ISO Certified insurance company in Bangladesh. The ISO recommended that added -following target areas, or principles should be part of the overall risk management process:

- Create value for the organization.
- Make an integral part of the overall organizational process.
- The Company's overall decision-making process.
- Address any uncertainty. It should be systematic and structured.
- On the best available information.
- Tailored to the project.
- Consider human factors, including potential errors.
- Transparent and all-inclusive.
- Adaptable to change.
- Continuously monitored and improved upon.

Measuring Risk Framework Effectiveness:

Prime Insurance Company Ltd follows a structured approach to measuring the risk and taking the initiatives to manage risk effectively in the business performance. For effective risk assessments, the Company maintains the rules of ERM framework.

Different risk management components in an ERM framework are designed and performed to improve decision making, control, transparency and confidence.

- Individuals operating the framework (from all lines of defense) have sufficient skill, ability and motivation to ensure effective risk taking, challenge, influence and change.
- The above activities-improve risk management by supporting strong business performance, better decision making, improved risk adjusted return and better preparation for future business uncertainty.

Where risk is assumed or identified, after assessing, it is calculated and monitored under the framework that assigns clear risk roles and responsibilities to the competent & skilled business level managers, risk compliance functions and internal audit to assess the risk factors and based on it take the effective and transparent decision for handling the risk in a proper means. In this way, the Company always takes up the risk and improving the risk management through effective and indicative activities.

Focused Area of Risk management:

Considering all potential risks, Prime Insurance Company Limited strictly focuses on the following areas for better Insurance Management:

- Identification of Internal & External Pure Risks
- Existing Risk Control Measures Review
- Risk inspection
- Risk Audit
- Scrutiny of Existing Insurance Covers; Coverage and Rates & Deductibles.

- Defining Standard SOP (Standard Operating Procedure) for Claims Control
- And Guidelines on documentation in this regard Furthermore, following Key Areas are also kept in mind and considered by the Company while planning for Risk management. Some are choice of the Company and some are choice of its agents:

Choice of the Company -

- Industry Rating
- Claims Settlement ability
- Sustainability of the company
- Service levels & infrastructure

Choice of Agent or Intermediary -

- Representation of the insurance market
- Knowledge of insurance amongst all industry segments
- Service levels & infrastructure

Risk Landscape, navigation and how PICL mitigates them:

The risk appetite policy of the Company is the key mechanism through which limits are set for material risk categories. The risk landscape of the Company encompasses risk arising from Non- Insurance Business, Market risks, Credit risks, Liquidity risk, Operational risks and Other risks are provided in following risk areas, including but not limited to:

1. Strategic Risk
2. Operational Risk
3. Business Risk
4. Underwriting Risks
5. Reinsurance Risks
6. Regulatory Risk
7. Claims Risk
8. Credit Risk
9. Management Expense Risk
10. IT Security Risk
11. Investment Risks
12. Liquidity Risk
13. Interest Rate Risk
14. Market Risk
15. Equity Risk
16. Inflation Risk
17. Foreign Exchange Risk
18. Money Laundering Risk
19. Human Resources Risk
20. Reputation Risk

The company uses Risk Management as a strategic tool to protect itself from various potential and existing risks pertaining to all the stakeholders in its business operations, while it plans for its projected growth. For each risk Prime Insurance Company has its own risk mitigation strategies, what makes the Company almost number one company in the Country in terms of claim payment ratio.



| Risk | Mitigation Strategies |
|----------------------------|---|
| Strategic Risk | <ul style="list-style-type: none"> Strategies and operating performance are assessed regularly by the Board along with CEO and the top management. Financial and strategic planning is processed in the management meetings. Operating, financial and strategic business information are reviewed. Product wise strategies and key initiatives and ensures alignment between business-level and enterprise-level strategies are considered. Once the strategy is set, it is implemented throughout the year. |
| Operational Risk | <ul style="list-style-type: none"> Credit, market and liquidity risk are considered while operational strategies are set PICL aims to create and sustain shareholder value to execute its business strategies. PICL maintains a formal enterprise-wide operational risk management framework that emphasizes a strong risk management. For this PICL also maintains Regulatory Capital as per section 21, 23 and 24 of Insurance Act-2010 along with Solvency Margin rules and notifications. |
| Business Risk | <ul style="list-style-type: none"> PICL maintains a number of policies and practices to manage insurance risk. Sound product design is considered as an essential element. The vast majority of risks insured are short-term in nature, that is, they do not involve long-term pricing guarantees. Geographic diversification and product-line diversification are important elements as well. Reinsurance protection is purchased to further reduce exposure to fluctuations in claims, notably the exposure to natural catastrophes in the property and casualty insurance business. The Company also manages risk through effective underwriting and claim adjudication practices, ongoing monitoring of experience, and stress-testing scenario analysis. |
| Under-writing Risks | <ul style="list-style-type: none"> PICL Carries out risk surveys and portfolio reviews. The underwriting function is centralized and operates from the Head Office. Frequent audits and verifications are carried out. Carrying out underwriting as per the guidelines set by IDRA and the reinsurers' advice. Sometimes, a 'Customer Need Analysis' Form is used to identify customer requirements and sell the most appropriate policy. Frequent expense studies and product profitability studies are carried out. |
| Re-insurance Risk | <ul style="list-style-type: none"> The outstanding Reinsurance receivables are reviewed frequently. A very close and professional relationship is maintained with all reinsurers and reinsurance brokers. A specific portion of premium is reinsured with Sadharan Bima Corporation (SBC) as well as some renowned foreign reinsurers. To reinsurance with foreign reinsurers, only reinsurers with 'A' or above ratings are used as reinsurers and globally trusted and stable portfolio of reinsurance companies which are rated highly by Standard & Poor's. Changes to the ratings of reinsurance companies are continuously monitored. |

| Risk | Mitigation Strategies |
|------------------------------|--|
| Regulatory Risk | <ul style="list-style-type: none"> • The Company Secretary works as the Chief Compliance Officer provides an annual LCM report to the Audit Committee of the Board stating the results of the annual process and setting out an opinion on the strength of the LCM framework and regulatory risk management at PICL. • Communicating and advising on compliances by the Board and top management of the Company. • Management of the Company monitors and tests for adherence to certain regulatory and legal requirements, as well as the effectiveness of associated key internal controls. • Legal requirements and emerging compliance is analyzed by the Legal Department and Board Affairs Departments, in certain circumstances a calendar is also prepared in this regard. • While implementing or assisting with policies, procedures and training laws are kept in mind. • Tracking, escalating and reporting significant issues and findings to senior management and the Board. • Liaising with regulators, as appropriate, regarding new or revised legislation, or regulatory guidance or regulatory examinations. • Additionally, the Legal Department assesses legislative requirements and associated key controls across the organization, using a risk-based approach. Where any gaps are identified, action plans are implemented and are tracked to completion. • Finally, while it is not possible to completely eliminate legal risk, the Legal Department ,too, works closely with business units and other corporate areas to draft and negotiate legal agreements to manage those risks, to provide advice on the performance of legal obligations under agreements and applicable legislation, and to manage litigation to which Prime Insurance is a party. |
| Claim Risk | <ul style="list-style-type: none"> • Number of accidents reported from insurance policies issued by the Company is monitored on a daily basis to identify any adverse developments at the early stage. • Claims frequency and average claims size have been set as main criteria when determining the price. • The pricing grid prepared captures the geographical area of the vehicle insured and the type of vehicle to ensure higher prices are charged for vehicles insured from high risk areas and for high risk vehicle types. • Claims are reserved at a minimum time at the intimation or on the availability of information on loss of an insured. • Service standards have been set on the time taken to process claims and these are monitored by the Management as well as by the Committee for this purpose. • Independent investigators are used to investigate claims to ensure fraudulent claims are identified. • Closed file reviews are carried out periodically to identify any control lapses. |
| Credit Risk | <ul style="list-style-type: none"> • All other receivables, including reinsurance receivables are reviewed on a monthly basis and recoveries made on time. • Any investments in any other entity are carried out only with the explicit approval of the Investment Committee. |
| Management Cost Risks | <p>Management Cost of a Non-life Insurance Company is determined by the Insurance Rules-1958 (Section-39), along with section 62-63, Insurance Act-2010. The allowed cost does not match with present cost structure of the Company. So the real management cost is higher than the recognized one by National Board of Revenue (NBR). As result PICL has to pay tax on its expenses. This compels the company to pay more tax that reduces its profit .This risk can only be minimized if Government enact rules and regulation regarding this issue.</p> <ul style="list-style-type: none"> • For this what the Company can do is only to stake strategies to increase Premium Income. • Raises voice in various forums , meetings and seminars of NBR , BIA , IDRA etc. |
| IT Security Risk | <p>Prime Insurance maintains its Domain Controller (Domain Server) to manage domain users and deliver information and software services to other computers linked by network. Prime Insurance Company Limited also has Application Server, FTP Server, and Database Server, Stand by Server, Backup Server, IP-PABX Phone Server. The IT department maintains-</p> <ul style="list-style-type: none"> • All these servers are located in secured server room. • Proper security measures have been taken to ensure data security and data integrity. • The sensitive information is kept in a restricted area in the networking environment. Unauthorized access and electronic tampering is controlled strictly. • Security system of the network is under dual administrative control. |

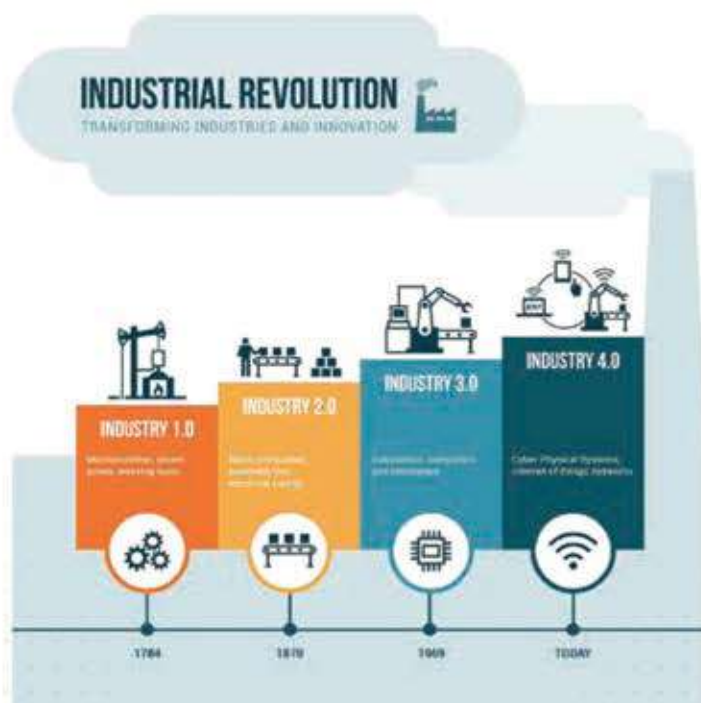


| Risk | Mitigation Strategies |
|---|---|
| Investment Risk | <ul style="list-style-type: none"> • A target asset allocation limits are set by the Investment Committee by the Investment Committee in consultation with the Management and Risk Committee. • Adherence to target is reviewed periodically by the Board, CEO, and CFO with investment staffs. • A special focus is placed on reviewing exposures to Equity investments. • Compliance with Investment Policy in the light of section 43 of the Insurance Act-2010, IDRA rules and best practices • They are reviewed by the Internal Audit and the Risk and Compliance Department on a monthly basis. • Legal reserve is maintained for unexpired risks. |
| Liquidity Risk | <p>The Company follows the Asset and Liability Management guidelines set out in the Company Investment Policy which is reviewed by the Board regularly. PICL's responses to manage this risk are:</p> <ol style="list-style-type: none"> I. The company follows a policy of maintaining high liquid and near liquid resources. II. The maturity of its fixed deposits and other investments is matched as far as possible, with its outgoing commitments and obligations. III. Regular monitoring of its liquid resources is conducted by the Board. |
| Market Risk – Interest Rate Risk | <ul style="list-style-type: none"> • Interest rate risk is managed within PICL's asset vs. liability management process and controlled via interest rate sensitivity limits. • The Company follows the Asset and Liability Management guidelines set out in the PICL Investment Policy. The guidelines are reviewed by the Board and the respective committee regularly. • Macro-economic indicators and their impact on the PICL's Investment Portfolio are monitored closely by the Board, Management and the respective committee regularly. • Necessary changes are made to the asset allocation and the maturity mix of investments on a periodic basis. • Investments are classified into different categories as required by International Accounting Standards (IAS) considering both the intention and ability of the Company to hold such investments. |
| Market Risk – Equity Price Risk | <ul style="list-style-type: none"> • Total exposure to equity investments is made strictly within the agreed target asset allocation and sectorial equity limits. In this regard IDRA rules are strictly followed as well. • Equity investments are mostly made in fundamentally sound stocks which are identified after an in-depth research and evaluation process by the internal investment management team. • Equity portfolios are reviewed quarterly by the Investment Committee on a quarterly basis. • Impact from market movement is monitored on a daily basis and warnings sent to CEO and CFO of high impact volatilities. |
| Inflation Risk | <ul style="list-style-type: none"> • The risk of varies in inflation rates is, now, considered in PICL's internal underwriting assessment model. |
| Foreign Exchange Risk | <ul style="list-style-type: none"> • To deal with foreign partners, PICL carefully monitors and controls the price verification and exchange rates to pay the reinsurance premium and claims recovery. It involves a procedure regarding foreign exchange risk identification measurement of foreign exchange and limits setting for risk control. |
| Money Laundering Risk | <p>Adequate diligence on new and existing customers is a key part to address this risk. Without this due diligence, the financial institutions can be subject to reputational, operational, legal and concentration risks, which can result in significant financial loss. Money laundering risk control strategies of PICL are:</p> <ul style="list-style-type: none"> • The Company has its well written policy guidelines provided by Bangladesh Bank. • It ensures correct and full documentation of Proposal Form (KYC) to prevent money laundering. • It provides regular training on prevention of money laundering and combating financing of terrorism to enhance capability of its employee's. • Reporting Officer's to visit branches on a regular basis to check the status of AML Compliance • The Company has integrated software in the CBS regarding customer information • The Company has complied with all instructions of the regulatory authority. |

| Risk | Mitigation Strategies |
|----------------------|--|
| Human Resources Risk | <p>For High Staff Turnover Ratio</p> <ul style="list-style-type: none"> • Motivating employees through rewarding schemes and trainings. • Counseling employees as and when they need counseling. • Conduct exit interviews to reduce grievance in the Company • Periodically carrying out induction programs. • Analysis on staff turnover is reviewed by the Management and the Board. • Employee surveys are carried out on a periodic basis. <p>For Retaining Key People in the Company</p> <ul style="list-style-type: none"> • Remuneration packages are aimed to be in line with the industry to retain and attract qualified and talented staff. • Salary surveys are conducted periodically to ensure competitive salaries are given to the staff • Regular Management meetings and distribution management meetings are conducted to convey the key decisions taken at the top management level and to communicate what is happening in the Company to all members of the Management Team. |
| Reputational Risk | <ul style="list-style-type: none"> • Prime Insurance Company Limited's enterprise-wide Reputational Risk Management Policy is approved by the respective committee of the Board. This policy sets out the framework under which each Branch is required to implement a reputational risk policy and procedures. • The Branch-level committee is designated to review reputational risk issues and to identify issues to be brought to the Reputational Risk Committee of the Head Office. • PICL also has defined and documented processes to approve new products and new business. These processes involve committees with representation from the businesses and control functions, and include consideration of all aspects of a new product, including reputational risk. |

Emerging Challenges:

A new industrial revolution is emerging. After mechanization, steam and water power came electricity and assembly lines; then came computerization. So what comes next? Some call it the fourth industrial revolution (4IR or Industry 4.0) or Second Machine Age, but whatever you call it, it represents the combination of cyber-physical systems, the Internet of Things, and the Internet of Systems or networks.



Prime Insurance Company Limited can see, with the changes of technology, insurance product changes over times. So does Insurance Industry. If truth be told, fourth industrial revolution is quite different than the three Industrial Revolutions that preceded it. Industry 4.0 encompasses a number of new technologies which automatically causes issues. Today Prime Insurance Company Limited cannot foresee exactly what these will be. In the age of disruptive innovations and on demand / GiG economy, PICL realizes, the Company may need to up skill or shift their focus on new areas and prepare Innovative Product foreseeing the changes to come to have market advantage as a first mover. Besides, Industry 4.0 has a lot to promise when it comes to revenues, investment, and technological advancements. The Company believes, for sure, it has a lot to promise for Insurance Industry. In addition, given the nature of the industry, PICL further believes, it will introduce new service area with new windows for insurance.

Unfortunately right now, Bangladesh Government is not ready for Industry 4.0. So does Insurance Industry and Companies at large. Along with the risk of Industry 4.0, in a market of uncertainty, with new technology evolving and the pace of change increasing, it is crucial to consider the business needs for the future, there are other challenges. PICL thinks following are some emerging challenges for the risk management of the Company:

- Recent de regulation of Bangladeshi Insurance market
- Upcoming Bank-assurance Act
- Global markets impact on Local market
- Policies of other Insurance Companies
- Market driven pricing

As opportunities come in disguise, the Company needs the ability to recognize them. For this Prime Insurance Company Limited requires knowledge and education of the employees. So, if the Company is to become a driving force for Industry 4.0, it needs to get involved in skills development, understand the skills needed in the companies of tomorrow, and invest in the development of these skills today. Alongside recruitment into any role, there is also a need to up-skill those already in other organizations.

Final thoughts

To conclude, it can be summarized that risk management planning (RMP) is required for any organization to review the risk and take the management strategies according to the type of risk. But sometimes organizations are unable to take the proper and effective decision because of biasness on several issues. Fortunately, Prime Insurance Company Limited has its risk management planning (RMP) which is discussed above for you as an unbiased study on technical risk management measures adopted and insurance practices follow will help the management of the company to manage the risk effectively and profitably. Additionally, the management of Prime Insurance is always conscious about the organizational risks which can affect its smooth operation, growth and profitability. The periodical review of risk management methodology will add further value to the company.



REPORT ON INSURANCE RISK AND ITS MITIGATION

An insurance risk is a threat or peril that the insurance company has agreed to insure against in the policy wordings. These types of risks or perils have the potential to cause financial loss such as property damage or bodily injury if it were to occur.

3 Types of Risk in Insurance are Financial and Non-Financial Risks, Pure and Speculative Risks, and Fundamental and Particular Risks. Financial risks can be measured in monetary terms. Pure risks are a loss only or at best a break-even situation. Fundamental risks are the risks mostly emanating from nature.

Once risks are identified, companies take the appropriate steps to manage them to protect their business assets. To manage risks of your company you will have to develop a process to do three following things.



Leading companies develop process that executes these steps consistently and persistently over time.

Risk management must be an ongoing process, as risks identified and mitigated today can quickly become obsolete tomorrow.

Risk Mitigation

Risk mitigation is one of the steps in risk management, which includes identifying the risk, analyzing the risk, and mitigating the risk. Mitigating is meant to lessen any negative consequence or impact of specific, known risks, and is most often used when those risks are unavoidable.

During the risk assessment process, an enterprise identifies potential risks that could harm its ability to operate. The next step in the risk management process after risk identification is risk analysis. This is where a company categorizes the potential risks and assigns a risk level to each one based on the likelihood that it will occur as well as its impact on the business.

Risk transfer is a risk management strategy that entails shifting risk to a willing third party. For example, a company could outsource certain operations, such as payroll or customer service. A company can benefit from this type of strategy, particularly if a transferred risk isn't one of its core competencies.

Risk mitigation is another step in the risk management process. It's not enough for an organization to assess and analyze the various types of risk; it also has to do something about those risks. There are a number of risk mitigation strategies a company can implement to deal with the various types of risk, including risk avoidance and risk reduction.

The goal of a risk avoidance strategy is to completely eliminate a particular risk rather than just reduce the effect it will have on the business. For example, tabling a project that includes a high risk enables a company to successfully avoid that risk. Another risk mitigation strategy is risk reduction, which deals with reducing the likelihood that a risk will occur or decreasing the severity of the consequences of the risk. One way to reduce risks is by implementing controls.

In addition, a company could use agile project management methods to review and reinforce strategies. Agile teams work to deliver value to the company by continuously reducing risk. Risk managers and business leaders could adapt agile project management techniques to meet their companies' risk mitigation goals.

Prime Insurance takes charge of pre-insurance surveys of large and complicated risks which thus ultimately facilitates in the defense of national property and wealth. Services, basically, aim at reducing the happening of the risk itself alternative than minimizing the extent of loss after the happening of the casualty.



DISCLOSURE OF RISK REPORTING

Prime Insurance Company Limited (PICL) maintains informative, transparent and consistent risk reporting for its valued clients, stakeholders and the industry itself. It has been internationally accepted that substantial narrative reporting, including the disclosure of risk, is important to promote investor protection.

The Standard Disclosure of Risk reporting may include the followings:

- Clear, balanced and understandable.
- Includes all the insurer's key activities and risks.
- Presents relevant information.
- Consistent over time.
- Comparable among insurers.
- Provided on a timely basis.

It is important for standard setters and policymakers to consider the reporting and disclosure in the context of investor experiences and other matters which include the following:

- Emerging trends in technology and connectivity;
- The inability of the existing model to provide investors with sufficient decision useful information in a new economy, and
- The lack of a measurement framework that can inform the disclosures necessary to make such measurements meaningful.

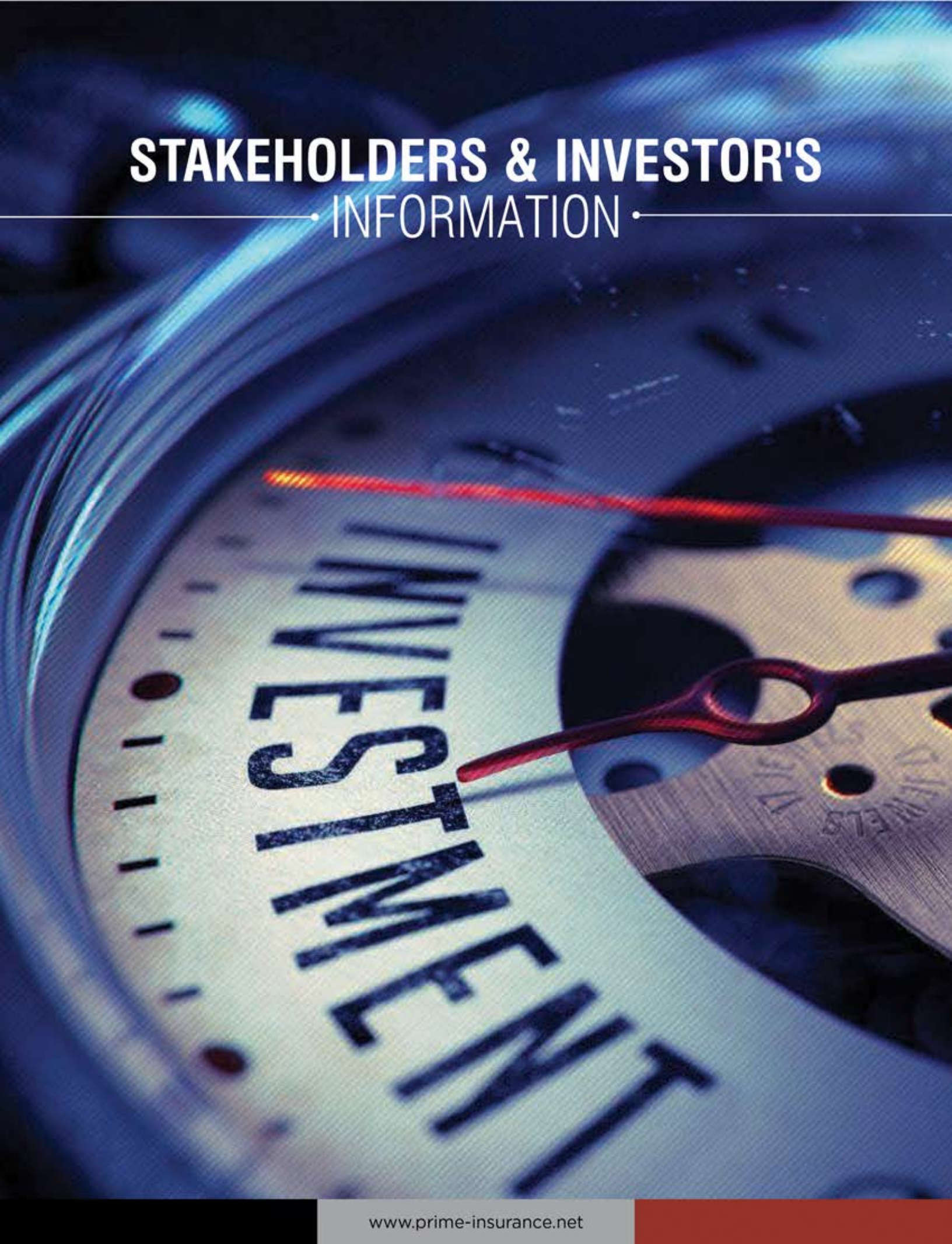
In order to ensure proper disclosure the Company clears the terms and conditions of each new policy issued. For new and valued clients PICL does this service through surveyors' report to the potential insured. The

main principle of insurance, utmost good faith, demands that both the insurer and the potential insured shall disclose the material facts to each other. If there is any excess/deductible for a particular policy, that fact should be disclosed to the insured. Moreover, the potential insured shall further provide material facts about his property, to the best of his knowledge and belief, to the insurer before underwriting of the risk, including the ownership, position and value of his property, so that the insurer may inspect the insurable property properly with a view to providing consistent services to the potential insured including competitive figure and necessary advices. There is a growing agreement among users, preparers and advisers that risk reporting needs to improve; better risk registration is an integral part of good governance.

It is to confirm that a generic risk report serves interest of both shareholders and stakeholders with better information. In spite of the insurance industry's critical and growing role in the global allocation of risk there is little authentic guidance concerning the form and content of risk reporting in general, due to growing terrorist activities in the world there are enormous probable channels of financing to favor terrorism. Significant anti-money laundering and combating the financing of terrorism regimes are essential to recover the wholeness of markets and of the global financial framework as they help mitigate the factors that facilitate financial abuse. Bangladesh Bank and IDRA have given priority to Anti Money Laundering (AML) and Combat Terrorist Financing (CFT) issues. In view of arresting probable money laundering activities and combating terrorist financing, Prime Insurance Company Limited is cautiously underwriting its insurance business through all its branches if there is any suspicious transaction to report to the BFIU of Bangladesh Bank on prescribed format of STR, if any.



STAKEHOLDERS & INVESTOR'S INFORMATION





51.41%

1.015

210.35

149.16

23.30

210.24

209.22

210.74

208.33

26.42

19.05

1,218.38

456.60

2510.41

7,513.08

2,163.02

29,240.68

6-YEAR FINANCIAL HIGHLIGHTS IN ADDITION TO YEAR UNDER CONSIDERATION

Key indicators of operating results and Financial data (as on 31 December)

| Particular | Amount in Million (BDT) | | | | | |
|---|-------------------------|---------|---------|--------|--------|--------|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| Operating results/ performance | | | | | | |
| Gross premium income (Turnover) : | 743.30 | 711.68 | 682.84 | 669.07 | 535.01 | 579.55 |
| Re-insurance ceded | 587.12 | 574.33 | 441.57 | 414.54 | 337.95 | 367.72 |
| Un-expired risk reserve retained preceding year | 55.38 | 96.68 | 102.10 | 78.86 | 90.27 | 120.41 |
| Net premium income : | 156.18 | 137.35 | 241.27 | 254.53 | 197.06 | 211.84 |
| Management expenses (allocable) | 114.95 | 120.87 | 123.92 | 121.58 | 115.28 | 132.26 |
| Management expenses (un-allocable) | 24.58 | 20.22 | 22.22 | 25.43 | 21.09 | 18.50 |
| Net claims | (2.66) | (8.35) | (6.18) | 38.89 | 4.52 | (4.91) |
| Reserve for un-expired risk on business | 62.55 | 55.38 | 96.67 | 102.10 | 78.86 | 90.27 |
| Operating Profit/(loss) | 50.61 | 106.53 | 101.73 | 85.54 | 79.37 | 118.27 |
| Interest income | 33.11 | 19.39 | 14.14 | 12.02 | 21.51 | 28.88 |
| Share investment income | 32.28 | (27.97) | (20.51) | 31.95 | 15.95 | 0.27 |
| Dividend income | 5.95 | 5.51 | 4.76 | 6.52 | 4.84 | 3.88 |
| Income from office rent | 3.53 | - | - | - | - | - |
| Others income | 8.23 | 1.61 | 0.62 | 0.08 | 1.29 | 1.43 |
| Profit / (Loss) before tax | 109.14 | 84.86 | 78.53 | 110.67 | 101.88 | 133.01 |
| Tax provision | 55.62 | 67.37 | 32.66 | 21.96 | 26.30 | 46.53 |
| Net Profit/(Loss) After Tax | 53.51 | 17.49 | 45.87 | 88.72 | 74.23 | 86.21 |
| Earning before interest, Dep & Tax | 119.67 | 93.95 | 89.20 | 122.81 | 111.27 | 143.24 |
| Profit / (Loss) after tax & reserve | 53.51 | 17.49 | 42.64 | 76.68 | 61.20 | 58.97 |
| Earnings Per Share (EPS) after Tax | 1.31 | 0.43 | 1.12 | 2.17 | 1.82 | 2.11 |

Profitability ratios:

| | | | | | | |
|---|--------|--------|--------|-------|---------|---------|
| Gross Profit Margin Ratio (%) | 14.68 | 11.92 | 11.50 | 16.54 | 19.04 | 22.95 |
| Operating income Ratio (%) | 12.38 | 26.06 | 24.89 | 20.93 | 19.42 | 28.93 |
| Net Profit Margin Ratio (after Tax)(%) | 7.20 | 2.46 | 6.72 | 13.26 | 13.87 | 14.88 |
| Return on Assets Ratio (%) | 3.28 | 1.28 | 3.52 | 7.26 | 6.68 | 7.58 |
| Return on Equity Ratio (%) | 7.43 | 2.62 | 6.65 | 12.57 | 11.08 | 13.33 |
| Operating Cash Flow to Net Profit Ratio (%) | 346.78 | 998.80 | (7.19) | 23.53 | (74.66) | (82.15) |
| Earning Per Share before tax (Taka) | 2.67 | 2.08 | 1.92 | 2.71 | 2.49 | 3.30 |
| Earning Per Share after tax (Taka) | 1.31 | 0.43 | 1.12 | 2.17 | 1.82 | 2.11 |

Liquidity Ratios Analysis :

| | | | | | | |
|---|--------|--------|--------|-------|---------|---------|
| Current Ratio (Times) | 1.26 | 1.49 | 1.54 | 1.69 | 2.13 | 2.03 |
| Quick Ratio (Times) | 1.26 | 1.48 | 1.53 | 1.68 | 2.12 | 2.02 |
| External liability ratio (%) | 56% | 51% | 47% | 42% | 40% | 43% |
| Internal capital generation ratio (%) | 79% | 78% | 78% | 79% | 78% | 77% |
| Debt to Equity Ratio (Times) | 0.56 | 0.51 | 0.47 | 0.73 | 0.66 | 0.76 |
| Debt to Assets Ratio (Times) | 1.41 | 1.95 | 2.12 | 2.36 | 2.52 | 2.32 |
| Return on shareholders fund after tax (%) | 7.43 | 2.62 | 6.65 | 12.57 | 11.08 | 13.33 |
| Return on Capital Employed after tax (%) | 3.28 | 1.28 | 3.52 | 7.26 | 6.68 | 7.58 |
| Net Operating Cash flow per share Taka | 4.54 | 4.27 | (0.08) | 0.51 | (1.36) | (1.73) |
| Net Operating Cash flow (in million Taka) | 185.56 | 174.69 | (3.30) | 20.88 | (55.42) | (70.82) |



| Particular | Amount in Million (BDT) | | | | | |
|------------|-------------------------|------|------|------|------|------|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |

Operating Ratios Analysis:

| | | | | | | |
|---------------------------------------|--------|--------|---------|--------|--------|--------|
| Retention ratio (%) | 21% | 19% | 35% | 38% | 37% | 37% |
| Net claims ratio (%) | (0.02) | (0.06) | (0.026) | 15.28% | 2.29% | -2% |
| Accounts receivable on turnover ratio | 83.52 | 98.90 | 113.16 | 95.22 | 96.63 | 92.83 |
| Inventory on turnover ratio (Times) | 2.96 | 3.28 | 3.71 | 3.94 | 4.35 | 4.28 |
| Net assets turnover ratio | 96.90 | 93.69 | 101.07 | 105.46 | 125.24 | 111.62 |
| Total assets turnover ratio | 45.49 | 52.12 | 52.37 | 54.72 | 48.15 | 50.97 |

Financial Position Analysis:

| | | | | | | |
|--|----------|----------|----------|----------|----------|----------|
| Authorized Share Capital (Taka in Million) | 1,000.00 | 1,000.00 | 1,000.00 | 1,000.00 | 1,000.00 | 1,000.00 |
| Shareholders equity/Paidup capital | 408.77 | 408.77 | 408.77 | 408.77 | 408.77 | 408.77 |
| Internal capital generaion | 570.28 | 516.77 | 540.16 | 555.60 | 520.03 | 496.9 |
| Shareholders funds | 720.28 | 666.77 | 690.16 | 705.60 | 670.03 | 646.90 |
| Reserve & Contingent accounts | 311.50 | 252.48 | 281.38 | 296.83 | 261.26 | 303.41 |
| Current liabilities | 912.70 | 698.63 | 613.82 | 517.22 | 441.19 | 490.10 |
| Current assets : | 1155.14 | 1038.38 | 943.71 | 872.97 | 940.61 | 995.19 |
| Account receivable (Amount due from other Persons & Sundry Debtors) | 620.77 | 703.86 | 772.70 | 637.10 | 516.97 | 537.97 |
| Inventories (Stationery & Stamp) | 3.40 | 3.97 | 4.60 | 4.79 | 5.02 | 5.66 |
| Total assets : | 1,632.98 | 1,365.40 | 1303.97 | 1222.82 | 1111.22 | 1137.00 |

Stockholders indicators :

| | | | | | | |
|--|----------|----------|--------|--------|--------|--------|
| Cash dividend (%) | 10.00% | 0.00% | 10.00% | 15.00% | 13.00% | 12.50% |
| Stock dividend paid (%) | 0% | 0% | 0% | 0% | 0% | 0% |
| Total dividend paid (%) | 10.00% | 0.00% | 10.00% | 15.00% | 13.00% | 12.50% |
| Earning Per Share (Taka) after tax | 1.31 | 0.43 | 1.12 | 2.17 | 1.82 | 2.15 |
| Price Earnings Ratio (P/E) = (MV/EPS*100) | 37.56 | 60.47 | 12.23 | 8.85 | 10.00 | 6.98 |
| Dividend Payout Ratio (Dividends/NP*100) | 76.39% | 0.00% | 89.29% | 69.12% | 71.43% | 58.14% |
| Dividend Yeld Ratio (Dividend Per Share/Stock Price*100) | 2.03% | 0.00% | 7.30% | 7.81% | 7.14% | 8.33% |
| Net Assets Value (Book Value) | 720.28 | 666.77 | 690.16 | 705.60 | 670.03 | 646.90 |
| Net Assets Value Per share (Book Value) = (Equity/No. of Shares). | 17.62 | 16.31 | 16.88 | 17.26 | 16.39 | 15.83 |
| Market Shares Capitalization | 2,011.17 | 1,062.81 | 560.02 | 784.85 | 743.97 | 613.16 |
| Market Value Closing Price Per Share (DSE) | 49.20 | 26.00 | 13.70 | 19.20 | 18.20 | 15.00 |

Solvency Analysis :

| | | | | | | |
|--|--------|--------|--------|-------|--------|--------|
| Times Interest Earned Ratio(%) | 61.88 | 110.86 | 30.83 | 13.55 | 28.98 | 33.50 |
| Debt to Shareholders Equity Ratio (Times) | 1.60 | 1.05 | 0.89 | 0.73 | 0.66 | 0.76 |
| Required Solvency Margin | 93.05 | 90.78 | 92.93 | 86.23 | 68.17 | 74.90 |
| Available Solvency Margin | 490.21 | 388.1 | 346.96 | 472.8 | 332.93 | 361.09 |
| Solvency Margin Ratio (Times) | 5.27 | 4.28 | 3.73 | 5.48 | 4.88 | 4.82 |

| Particular | Amount in Million (BDT) | | | | | |
|------------|-------------------------|------|------|------|------|------|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |

Financial position (Balance Sheet) Analysis :

| | | | | | | |
|------------------------------|---------|---------|--------|--------|--------|--------|
| Shareholders funds : | 720.28 | 666.77 | 690.16 | 705.60 | 670.03 | 646.90 |
| Property, plant & equipments | 311.19 | 190.43 | 199.15 | 211.89 | 57.94 | 57.65 |
| Current assets : | 1155.14 | 1038.38 | 943.71 | 872.97 | 940.61 | 993.31 |
| Current liabilities : | 912.70 | 698.63 | 613.82 | 517.22 | 441.19 | 490.10 |

Investable Assets Quality :

| | | | | | | |
|-----------------------------------|--------|--------|--------|--------|--------|--------|
| Total investment : | 659.61 | 535.59 | 407.76 | 452.88 | 597.55 | 679.91 |
| Cash at Bank (STD & CD Account) | 35.26 | 32.75 | 55.84 | 45.58 | 50.63 | 35.10 |
| Fixed Deposit Receipts (FDR) | 456.84 | 269.40 | 86.40 | 164.94 | 164.40 | 294.80 |
| Share investment | 142.51 | 104.04 | 136.12 | 128.96 | 103.67 | 75.16 |
| Bangladesh Govt. Treasury Bond | 25.00 | 25.00 | 25.00 | 9.00 | 9.00 | 9.00 |
| Advance against building property | - | 104.40 | 104.40 | 104.40 | 269.85 | 265.85 |

Fixed assets:

| | | | | | | |
|------------------------------|-----------------|-----------------|----------------|----------------|----------------|----------------|
| Property, Plant & Equipments | 311.19 | 190.43 | 199.15 | 211.89 | 57.94 | 57.65 |
| Other assets | 663.03 | 639.38 | 697.07 | 558.06 | 455.73 | 399.44 |
| Total assets : | 1,632.98 | 1,365.40 | 1303.97 | 1222.82 | 1111.22 | 1137.00 |

Others Information :

| | | | | | | |
|---|-------|-------|-------|-------|-------|-------|
| Number of outstanding shares during the year (In Crore) | 40.88 | 40.88 | 40.88 | 40.88 | 40.88 | 40.88 |
| Branch Offices | 17 | 17 | 18 | 18 | 19 | 20 |
| No. of Shareholders as at December | 2586 | 2045 | 2193 | 2001 | 2238 | 2941 |
| Number of Employee's as at December | 184 | 173 | 187 | 189 | 211 | 256 |

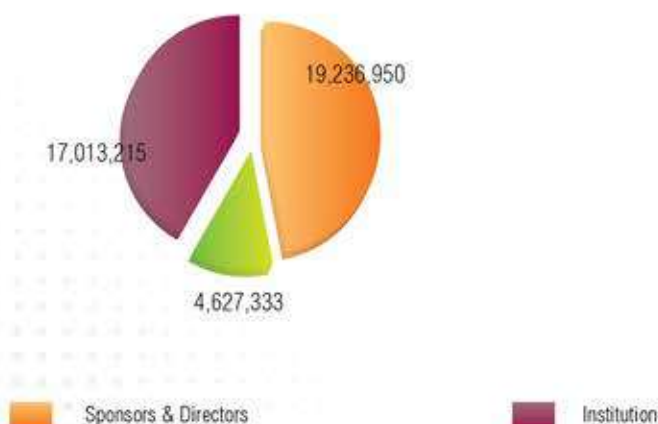
STAKEHOLDERS INFORMATION

Distribution of Shareholdings position as on December 31, 2020

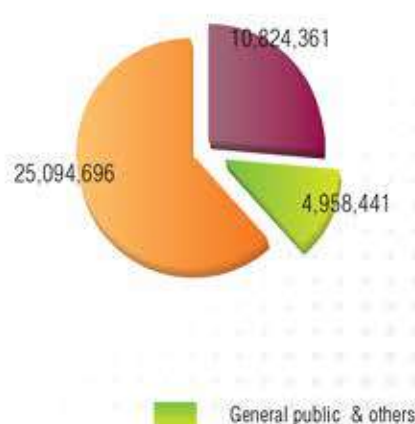
The shareholding position of the company distributed according to the Sponsors and Directors holding, Institutions holding and holding by the General Public in 2020 and 2019. Sponsors and Directors' shares increased because of changed took place in the position of the Directors during the year-2020. Institutional Directors are holding significant shares of the company in 2020 compared with 2019. Distribution of shareholders and category wise share holding position are presented below:

| Particulars | For the year-2020 | | For the year-2019 | |
|--|-------------------|--------------|-------------------|--------------|
| Category of Shareholders | No. of Shares | % of holding | No. of Shares | % of holding |
| A. Group-A -Sponsors & Directors : 1,70,13,215 shares of Tk.10 each fully paid in cash. | 17,013,215 | 41.62% | 25,094,696 | 61.39% |
| B. Institution: 46,27,333 shares of Tk.10 each fully paid in cash | 4,627,333 | 11.32% | 4,958,441 | 12.13% |
| C. General Public : 1,92,36,950 shares of Tk.10 each fully paid in cash | 19,236,950 | 47.06% | 10,824,361 | 26.48% |
| Total (A + B + C) | 40,877,498 | 100% | 40,877,498 | 100% |
| Strategic buyer : | | | | |
| 1. Bank,ICB's,MF & Insurance | - | 0.00% | - | 0.00% |
| 2. Employee's | - | 0.00% | - | 0.00% |
| 3. ICB Investors Accounts | - | 0.00% | - | 0.00% |
| 4. Fareast Islami life Insurance Ltd | - | 0.00% | 3,754,006 | 0.00% |
| 5. Ramisha BD. Ltd. | - | 0.00% | - | 0.00% |
| 6. Fareast Islami Securities Ltd | - | | - | 0.00% |

Shareholding position -2020 (In number)



Shareholding position -2019 (In number)



GROWTH OF PAID-UP CAPITAL

The history of increasing of share paid-up capital of the Company:

Prime Insurance Company has started its business journey with initial share paid-up capital of Tk. 60.00 Million in 1996. In 2000, the Company has received of Tk.90.00 million by Initial Public Offering shares (IPO) and total share paid-up capital stood Tk.150.00 million. The main objectives of Prime Insurance Company is to provide consistently attractive good return to its shareholders and buildup its strength and solvency. From the history it may be observed that company has been maintaining a stable and suitable dividend policy for its stackholders in line with the sound underwriting profit and other investment results.

During the year, the company has declared 10% cash dividend for all shareholders in consideration of company's net profit and retained earnings after provision current tax liability, pending tax liability for disallowable management expenses by Deputy Commissioner of Taxes (DCT) for the Assesment year 2015-2016 and Accounting year 2014 and other reserves. After increasing share paid-up capital by way of stock dividend the toatal share paid-up capital at present stood at Tk.408.77 million in 2020. The Company has also a policy of preparation of its Accounts and holding of AGM in stipulated time at virtual system. At a glance the history of increasing Share Paid-Up Capital of the company is stated below:

| Year | Particulars | No. of Shares Increasing | Value Per Share (Taka) | Increased Value (in Taka) | Cumulative share paid-Up Capital (in Taka) |
|------|------------------------------|--------------------------|------------------------|---------------------------|--|
| 1996 | As per MOA & AOA | 6,000,000 | 100 | 60,000,000 | 60,000,000 |
| 2000 | Initial Public offerings | 9,000,000 | 100 | 90,000,000 | 150,000,000 |
| 2007 | 10% Bonus Shares | 1,500,000 | 100 | 15,000,000 | 165,000,000 |
| 2008 | 10% Bonus Shares (General) | 654,660 | 100 | 6,546,600 | 171,546,600 |
| 2009 | 20% Bonus shares | 3,430,930 | 100 | 34,309,300 | 205,855,900 |
| 2010 | 30% Bonus Shares | 6,175,677 | 100 | 61,756,770 | 267,612,670 |
| 2011 | 10% Bonus shares | 2,676,126 | 10 | 26,761,260 | 294,373,930 |
| 2012 | 15% Bonus shares | 4,415,608 | 10 | 44,156,080 | 338,530,010 |
| 2013 | 15% Bonus shares | 5,077,950 | 10 | 50,779,500 | 389,309,510 |
| 2014 | 5% Bonus shares | 1,946,547 | 10 | 19,465,470 | 408,774,980 |
| 2015 | 12.5% Cash dividend | - | 10 | - | 408,774,980 |
| 2016 | 13% Cash dividend | - | 10 | - | 408,774,980 |
| 2017 | 15% Cash dividend | - | 10 | - | 408,774,980 |
| 2018 | 10% Cash dividend | - | 10 | - | 408,774,980 |
| 2019 | (0%) No dividend | - | 10 | - | 408,774,980 |
| 2020 | 10% Cash dividend (proposed) | - | 10 | - | 408,774,980 |



The history of increasing of Paid-up Capital of the company are shown in graphs :

Rising the share Paid up Capital



NUMBER OF SHAREHOLDERS

holding shares as at December 31, 2020

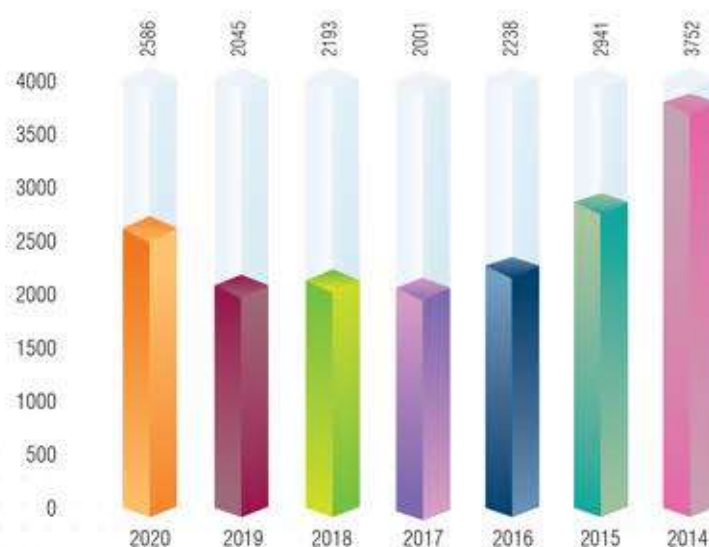
Shareholders and investors always wanted maximum returns of their investment and the Board of Directors also wants paying out dividends is obviously generating the more income from operation, investment at secondary share market, fresh investment by IPO share application and placement of shares various company and to reinvest of investible assets (FDR) higher profit/interest. The dividend policy of the company has always been to pay a satisfactory return to its shareholders and investors every year.

In 2020, the Company has declared 10% cash dividend from current years profit earnings to its shareholders and stakeholders at its 337th Board Meeting held on February 10, 2021 subject to the approval of the AGM. The company did not paid no dividend for the year 2019 where the company was cash dividend 10.00% in the year 2018 and 15.00% in the year 2017 respectively. On good faith and trust of Honorable Board of Directors & management the Company the following number of shareholders hold their shares at the end of the year December 31, 2014 to 2020.

Year wise shareholding position of shareholders are given belows (As at December 31) :

| Years | No. Shareholders | Growth/ (Declined) | % of Growth/ (Declined) |
|-------|------------------|--------------------|-------------------------|
| 2014 | 3752 | - | - |
| 2015 | 2941 | (811) | (27.58) |
| 2016 | 2238 | (703) | (31.41) |
| 2017 | 2001 | (237) | (11.84) |
| 2018 | 2193 | 192 | 8.76 |
| 2019 | 2045 | (148) | (7.24) |
| 2020 | 2586 | 541 | 20.92 |

Year wise Shareholders share holding position as at December, 31 (Number)



EQUITY Analysis/ Statistics :

Prime Insurance Company has generated stable business growth in its recent years and recorded premium income as compared to its previous years. In 2020, the company has earned higher growth premium income against previous year where whole world effected on going COVID-19. In this situation, it is only possible for its efficient and effective policy of the company, dynamic Board of Directors, strong & expert management team and efficient employees of the company for their contribution to the Company. Every year, PICL declared stock dividend on basis of own dividend policy. The Company

has changed its dividend policy and decided to declare cash dividend for the year from 2014. At the time of dividend declaration, certain factors are considered as part of equity like : Retained earnings, Earnings Per Share (EPS), Net Assets Value (NAV), Net Assets Value Per Share, Market Shares Capitalization, Dividend equalization fund, Reserve fund etc. Overall, equity statistics of Prime Insurance Company important to the Stakeholders for decision making purpose. The equity analysis is stated below:

| Particulars | Amount In Million Taka | | | | |
|---|------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| Authorized Capital (in Million BDT) | 1,000.00 | 1,000.00 | 1,000.00 | 1,000.00 | 1,000.00 |
| Paid-up Capital (Million BDT) | 408.77 | 408.77 | 408.77 | 408.77 | 408.77 |
| As Per MOU & AOA | 60.00 | 60.00 | 60.00 | 60.00 | 60.00 |
| Initial Public Offerings (IPO) | 90.00 | 90.00 | 90.00 | 90.00 | 90.00 |
| Bonus Share issue (in million Taka) | 258.77 | 258.77 | 258.77 | 258.77 | 258.77 |
| Net Assets Value (in Million BDT) | 720.28 | 666.77 | 690.16 | 705.60 | 670.03 |
| Net Assets Value Per Share (BDT) | 17.62 | 16.31 | 16.88 | 17.26 | 16.39 |
| Return on assets ratios (%) | 3.28 | 1.28 | 3.52 | 7.26 | 6.68 |
| Return on equity ratios (%) | 7.43 | 2.62 | 6.65 | 12.57 | 11.08 |
| Market Shares Capitalization (in Million BDT) | 2,011.15 | 1,062.80 | 560.01 | 784.84 | 743.97 |
| Earnings Per Share (after Tax) BDT. | 1.31 | 0.43 | 1.12 | 2.17 | 1.82 |
| Total Assets | 1,632.98 | 1,365.40 | 1,303.97 | 1,222.82 | 1,111.22 |

Reserve & Contingent Liabilities

| | | | | | |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Reserve for exceptional claims losses | 257.70 | 242.08 | 228.34 | 210.25 | 191.16 |
| Investment fluctuation fund | - | - | - | - | - |
| General reserve | 11.40 | 10.40 | 10.40 | 9.90 | 8.90 |
| Retained earnings | 42.41 | 5.51 | 42.64 | 76.68 | 61.19 |
| Total: | 311.51 | 257.99 | 281.38 | 296.83 | 261.25 |



INVESTOR/STAKEHOLDER-FRIENDLY INFORMATION ENQUIRIES & COMMUNICATION

Prime Insurance Company Limited has separate share Department to communicate with shareholders and other stakeholders. Investors and others may contact at any time to Share Department for any sort of information and query regarding their investment, shareholding and share transfer purpose. To make the AGM more participatory, arranging AGM in a well-known place at convenient time and allowing shareholders to speak in the AGM freely and making their valuable proposals and suggestions. The management of the company has appreciated to the shareholders and accepted their valuable proposals and suggestions at the time of decision making of the company.

We are also committed to open and timely disclosure to all shareholders and regular communication is maintained with various stakeholders in the group such as :

Institutional investors
Investment analysts
Shareholders
Employees
Communities at large

The group communicates to shareholders in the following way :

- Annual report sent to shareholders in their BO address or e-mail address.
- Final result published in the two news papers (Dual medium- English & Bangla)
- Interim quarterly report published in the News Paper (Dual medium- English & Bangla)
- Annual General Meeting and EGM
- All financial results and the annual reports are also made available in the website of the company : www.prime-insurance.net.

The interest of the investor's the operational results of the company and key point of decision making are given below:

ROE=Net income after Tax/Shareholder's Equity

| Particulars | 2020 | 2019 | 2018 | 2017 | 2016 |
|-----------------------|-------|-------|-------|-------|-------|
| Gross profit margin | 14.68 | 11.92 | 11.50 | 16.54 | 19.04 |
| Net profit margin | 7.20 | 2.46 | 6.72 | 13.26 | 13.87 |
| Total assets turnover | 45.49 | 52.12 | 52.37 | 54.72 | 48.15 |
| Operating margin | 12.38 | 26.06 | 24.89 | 20.93 | 19.42 |

Prime Insurance Company's employees work in good faith and without prejudice, towards the interest of the investors. Investors complaints if any, are treated efficiently & fairly. In this regards the management of the company has been taken effective decision against investors complaints if any, to the employees of the company or outsider.

An investor can make a written complaint through letter and e-mail number of the company. A serious complaint must be referred to the Chief Executive Officer (CEO) and even to the Directors of the Company if so warrants. Any quarries relating to shareholders' transfer of shares, changes of name and addresses and payment of dividend etc. should be sent to the following address or direct address of Chief Executive Officer (CEO):

Share Department

Enamul Haque Khan

SEVP & Head of Share Trade and Investment.
Prime Insurance Company Limited.

Head Office:

Unique Heights: (9th floor) 117, Kazi Nazrul Islam Avenue, Ramna, Dhaka-1000
Phone NO : 55138659-62
E-mail : asad@prime-insurance.net
www.prime-insurance.net





CLIENTS COMPLAINTS AND COMMUNICATION

Customer feedback is an important phenomenon for a business organization. It may be positive and negative or both for partial positive and partial negative. If the organization mitigates it in a positive manner the organization must be able to maintain its bases for ensuring its going concern. Clients' complaints are expected, no matter how streamlined a company's business is. The complaints must always be acknowledged and dealt with effectively. By ignoring or dismissing complaints, a business organization is effectively telling the customer that it doesn't value their opinions and it is ruining indeed. Many business owners see complaint management as a time-consuming and frustrating process. However, by developing an efficient system, complaints can be resolved quickly and easily, and very often this process brings certainly something moral for the company.

A consumer complaint or customer complaint is an expression of dissatisfaction on a consumer's behalf to a responsible party. It can also be described in a positive sense as a report from a consumer providing documentation about a problem associated with a product or service. The customers are always important for the livelihood of the organization. Nowadays, good customer service provides an organization with its competitive edge and customers expect to be dealt with professionally and competently. Whether we are involved with customers on the telephone or deal with them through physical presence.

Prime Insurance Company Limited is a service-oriented company, therefore, the clients' satisfaction is always its first priority. It conducts a survey to all of its clients for feedback on their experience. PICL has a Customer Feedback Form which is filled out through visits to clients. After that, the Management go through the collected forms periodically and review them to identify recurring complaints.

Prime Insurance Company Limited has also a Customer Complaint Box as per instruction of IDRA. It is always ready with its online service and being fully aware of this, Prime Insurance Company Limited always attends to its client's complaints-whether related to its services or claim settlement. It encourages its clients to come forward with any complaint the clients may have and the top management is completely accessible to all of those. Complaints can be lodged with the management in writing, over telephone, fax, by e-mail, or through the web site of the company.

Management actively solicits the clients' views on the Company's services, shortcomings, if any, and their suggestions. Clients views and complaints are discussed at the management committee meeting held at Head Office and also during meetings with Branch Managers. This aspect also features significantly at the Annual Branch Conference of the Company. Clients may contract through e-mail for Complaints to the following address or directly to Chief Executive Officer (CEO):

Sujit Kumar Bhowmik

DMD & Head of SBMD and
Branch Control Department
Unique Heights (9th floor),
117, Kazi Nazrul Islam Avenue, Dhaka- 100
Phone No: 55138659-62
Email: sujit@prime-insurance.net

DIVIDEND PAYMENT POLICY

Prime Insurance Company has been maintaining a good and lucrative dividend payment policy to its stakeholders and investors. Stakeholders & Shareholders always expected highest returns of their investment and the Board of Directors also wants paying out dividends is obviously generating the more income. The dividend policy of the company has always been to pay a satisfactory return to its shareholders from current year profit. After providing for depreciation, provision for Taxes, Employees benefits, and transfer to reserves fund if any, in accordance with adequate law the company has declared 10% cash dividend current year profit and previous year accumulated distributable profit.

Measures of Dividend Policy:

Dividend shall be declared or paid out in consideration following measurements:

- Revenue income
- Current year profit
- Retained earnings
- General reserve fund
- Dividend equalization fund and other reserves
- Cash flows
- Financial position
- Capital requirements
- Liquidity
- Assets & liabilities etc

Dividend payout: Dividends/Net income

- Measures the percentage of earning that the company pays in dividends.
- If the net income is negative the payout ratio cannot be computed.

Dividend Yield: Dividend per share/Stock price

- Measures the return that investor can make dividends alone.
- Becomes part of the expected return on the investment.

The Company has fulfilled adequate minimum requirement of Paid-up Capital as per Insurance Act, 2010. Last few years the company has been declared only stock dividend with view to strengthening its Paid-up capital. The company has changed its stock dividends policy after fulfillment of minimum Paid up Capital requirement of Tk.40 (forty Crore) only. In this connection, the Company has been declared cash dividends for the year from 2014.

Considering the financial performance of the Company of the Board of Directors in its Board meeting No-337 held on 10 February 2021 has recommended 10% cash dividend for all shareholders for the year ended December 31, 2020 on Paid-up Capital of TK. 40,87,74,980/- subject to approval in the 25th Annual General Meeting held on March 28, 2021. The management tries to maintain the trust of Stockholders, Shareholders, and investors. Due to this, the Board of Directors allocate good dividend and the said dividend will be distributed among the shareholders account within stipulated time as prescribed in the law. Last 6 years stock and cash dividend ratios and graphical presentation are presented below :

Note: Prime Insurance Company Limited follows the BSEC directive no: BSEC/CMRRCD/2021-386/03, dated: 14 January 2021 regarding the compliance related to dividend disbursement which is also published in the website of the company.

Payment to the Shareholders as Stock dividend & Cash dividend Ratios

| Particulars | 2020 (Proposed) | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|----------------------------------|-----------------|------|------|------|------|--------|------|
| Cash dividend payment Ratio (%) | 10% | 0% | 10% | 15% | 13% | 12.50% | 10% |
| Stock dividend payment ratio (%) | 0% | 0% | 0% | 0% | 0% | 0.00% | 5% |
| Total Dividend Paid (%) | 10% | 0% | 10% | 15% | 13% | 12.50% | 15% |



CORPORATE IT & WEBSITE INFORMATION

Prime Insurance Company Ltd has been operating integrated software IIMS (Integrated Insurance Management System) and its operation is automated. The IT department at Head Office has been monitoring the activities of all the branches and a booth situated in different areas of the country through online control systems. Prime Insurance Company Ltd has its website: www.prime-insurance.net to publish the updated information of the company. The website of the company is always open for stakeholders, shareholders, investors and valuable clients to provide updated corporate information in its website.

The website of Prime Insurance focuses on company profile such as: Company's Vision, Mission, Company Focus, Capital Structure, Assets and Investment, Corporate Governance, Future Prospects, Products and Service Focus, National Economic Focus and any Price Sensitive

Information Focus within stipulated time with a view to acquaint all stakeholders with all regular features of the company. Prime Insurance website also focuses Board of Directors profile, Management team's profile, Re-insurers and Brokers etc. in details. Visiting the website viewers can inform about the position of the Head of Branches and their short profile including other related information. The website also focuses all the latest financial statements including financial position (balance sheet), income statement, cash flow statement and changes in shareholder's equity statement are also available in the website. The Annual reports of different years are also made available in the website of the company: www.prime-insurance.net as per direction of the Bangladesh Securities and Exchange Commission (BSEC) Notification and its guideline.



MARKET SHARE PRICE OF COMPANY'S PAID-UP CAPITAL (DSE & CSE)

Share Price of Prime Insurance Company Limited in Capital Market:

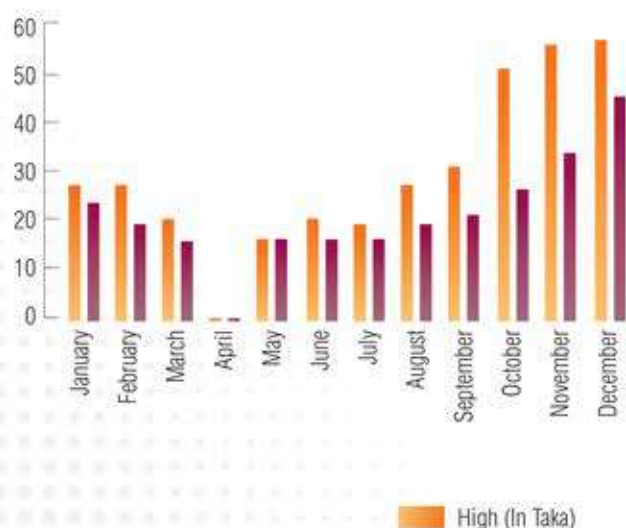
The Company has listed with both Dhaka Stock Exchange Ltd (DSE) & Chittagong Stock Exchange Ltd (CSE) on March 21, 2001 & March 22, 2001 respectively. There was a direct relationship between the Prime Insurance share price and its trade volume. PICL share price increase with

the increase in the demand for its shares. In 2020, PICL share market price reached highest price of Tk. 55.27 in the month of December 2020 and lowest price of Tk. 17.00 in the Month of November 2020 at Dhaka Stock Exchange (DSE). PICL Shares traded in the market (DSE & CSE) monthly highest and lowest price position are given below :

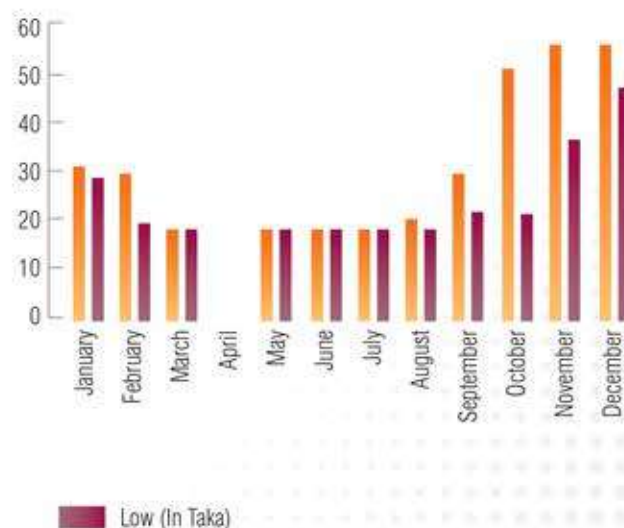
Statement of Share Trade monthly highest & lowest prices in Capital Market:

| Month | For the year 2020 | | | | For the year 2019 | | | |
|-----------|----------------------------|----------|---------------------------------|----------|----------------------------|----------|---------------------------------|----------|
| | Dhaka Stock Exchange (DSE) | | Chittagong Stock Exchange (CSE) | | Dhaka Stock Exchange (DSE) | | Chittagong Stock Exchange (CSE) | |
| | High (Tk) | Low (Tk) | High (Tk) | Low (Tk) | High (Tk) | Low (Tk) | High (Tk) | Low (Tk) |
| January | 27.90 | 24.00 | 31.00 | 28.00 | 27.50 | 13.50 | 26.10 | 13.50 |
| February | 27.40 | 19.00 | 28.10 | 19.50 | 26.30 | 17.90 | 25.60 | 17.70 |
| March | 20.80 | 16.00 | 19.20 | 19.20 | 20.20 | 15.00 | 20.60 | 16.30 |
| April | - | - | - | - | 21.30 | 16.10 | 20.50 | 18.20 |
| May | 17.10 | 17.10 | 19.20 | 19.20 | 19.90 | 15.70 | 19.50 | 17.80 |
| June | 20.00 | 17.00 | 19.20 | 19.20 | 24.50 | 18.70 | 26.10 | 19.20 |
| July | 19.30 | 17.00 | 19.20 | 19.20 | 26.50 | 20.50 | 27.00 | 19.30 |
| August | 27.00 | 19.70 | 20.00 | 19.20 | 22.70 | 20.90 | 22.20 | 20.60 |
| September | 30.40 | 20.40 | 30.00 | 23.10 | 25.60 | 21.10 | 25.40 | 21.20 |
| October | 51.80 | 25.60 | 52.00 | 20.00 | 28.30 | 23.40 | 28.00 | 24.00 |
| November | 55.10 | 34.20 | 55.00 | 37.70 | 26.30 | 22.70 | 25.30 | 23.50 |
| December | 55.40 | 46.60 | 55.00 | 47.50 | 28.80 | 23.00 | 29.00 | 25.80 |

Dhaka Stock Exchange (DSE)



Chittagong Stock Exchange (CSE)



MARKET CAPITALIZATION OF SHARES

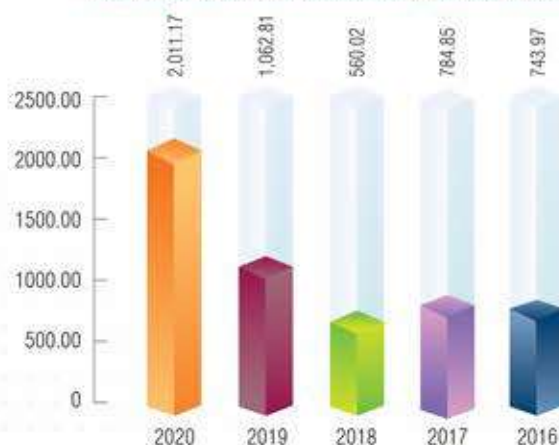
Market Shares Capitalization of the Company

Share market is a volatile institution. The secondary capital market frequently fluctuating its market prices of securities. There was direct relation between the share price of Prime Insurance Company Ltd and that of the turnover of insurance sector for the year 2020. In 2020, Market capitalization of the company is Tk.2,011.17 million while it was Tk.1,062.81 million in the year 2019. Overall, market trends has been going upward during the year 2020 against previous years. In the year

2019, the Government has declared some incentives to increase of the share price of secondary share market and its market capitalization. In consquence of declaration of some incentives the secondary share markets share prices steady raising upward for the year 2020. We hope that the secondary capital market will be raising up and stand stable position in future. 5 years PICL share market closing price and shares market capitalization status are given below:

| Particulars | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|---------------|---------------|-------------|-------------|-------------|
| Number of weighted Shares | 40,877,498 | 40,877,498 | 40,877,498 | 40,877,498 | 40,877,498 |
| Market closed price as on 31, December (DSE) (in Taka) | 49.20 | 26.00 | 13.70 | 19.20 | 18.20 |
| Market Shares Capitalization (in BDT) | 2,011,172,902 | 1,062,814,948 | 560,021,723 | 784,847,962 | 743,970,464 |

PICL Market Share Capitalization (in Million Taka)



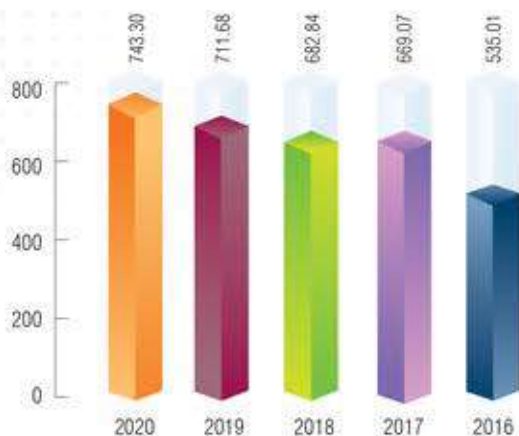
GRAPHICAL PRESENTATION



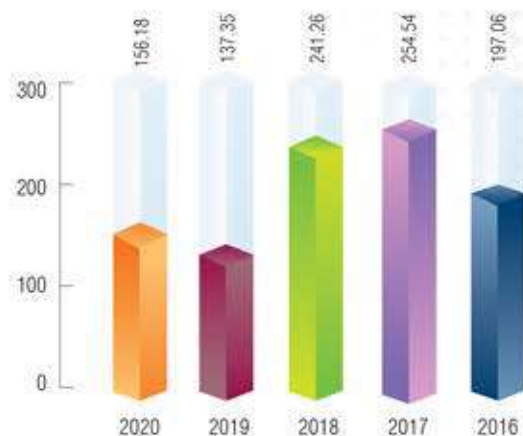
Graphical Segment

Presentation/Performance in Graphs :

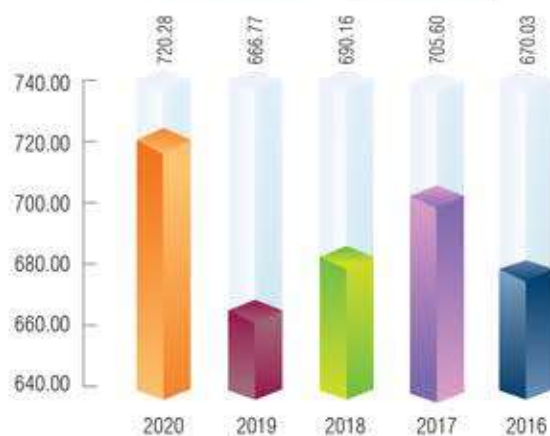
Gross premium income (Turnover): (In million Taka)



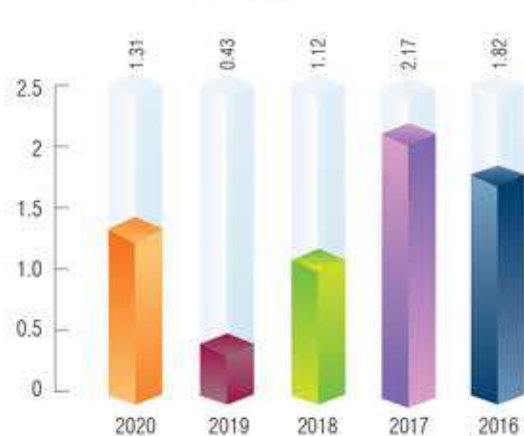
Net Premium income: (In million Taka)



Net Assets Value : (In million Taka)



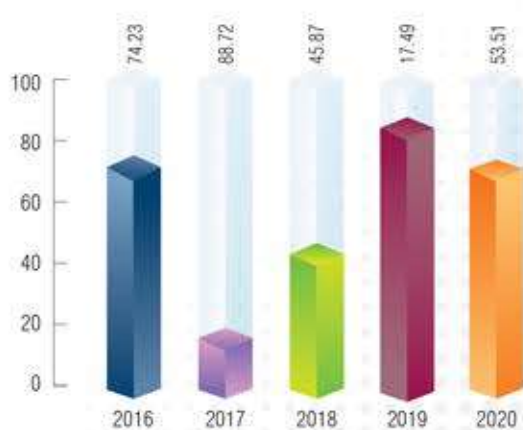
Earnings Per Share :



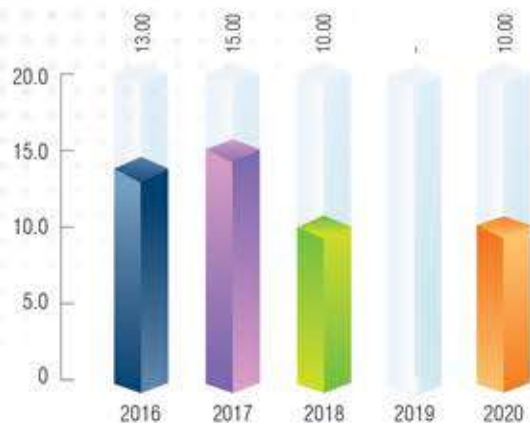
Profit before Tax (Taka In Million) :



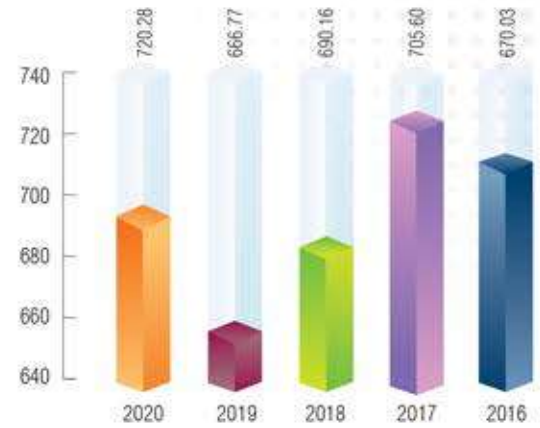
Profit after Tax (Taka in million)



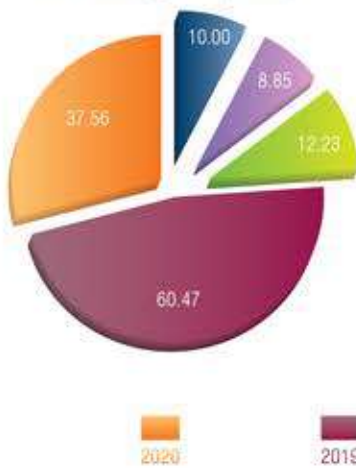
Stock & Cash Dividend Performance :



Shareholders Fund and Equity : (Taka in million)



Price Earning Ratio (Times)

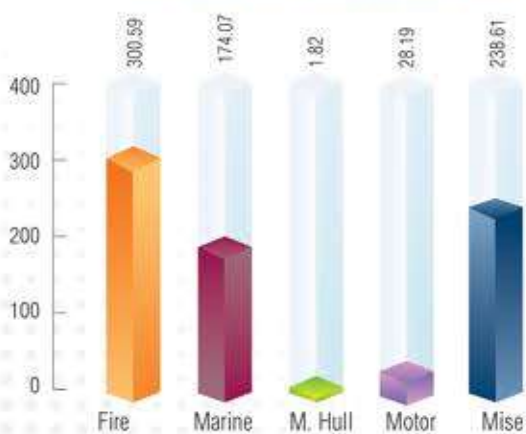


Return on Shareholders fund/Equity(%)

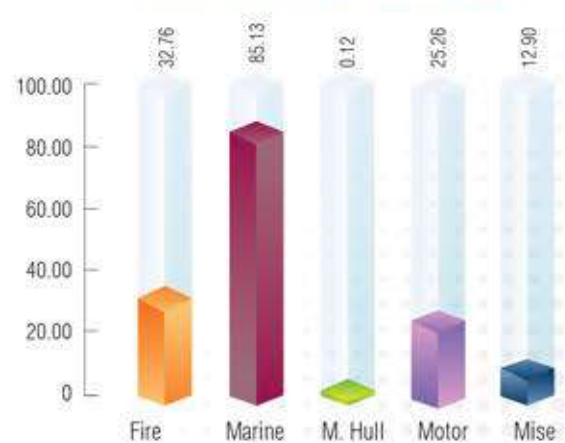


Segment Wise Operating Performance in Graph:

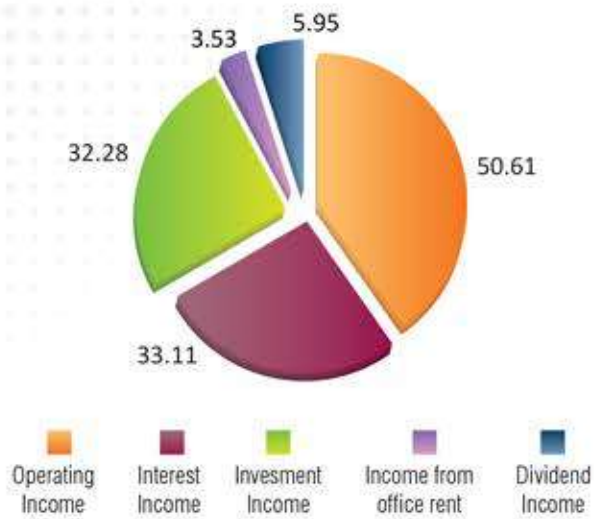
Class Wise Gross Premium Income-2020



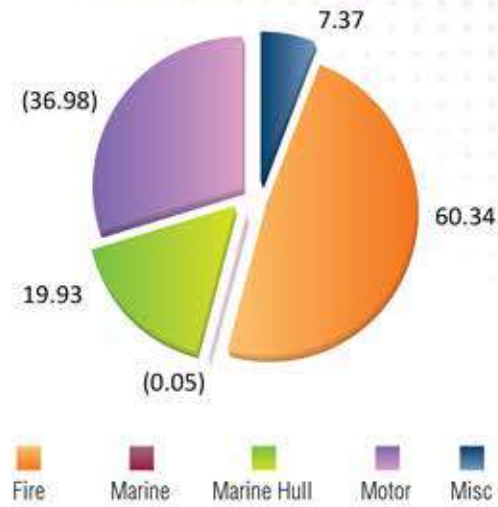
Class Wise Net Premium Income-2020



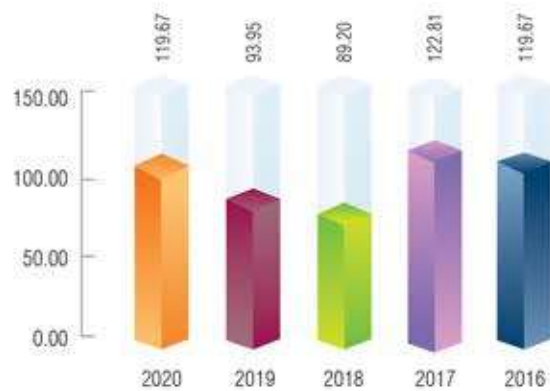
Segment wise income -2020 (In Million Taka)



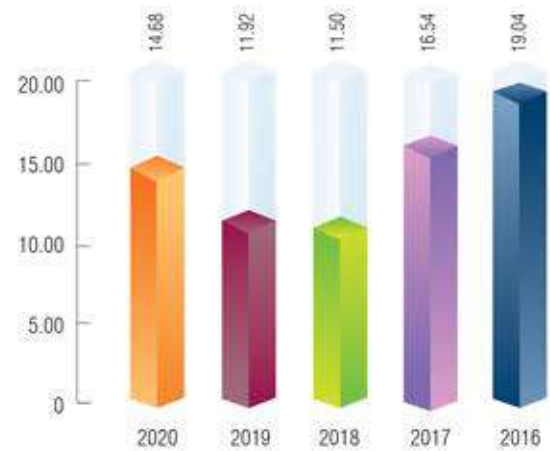
Class Wise Operating Income -2020



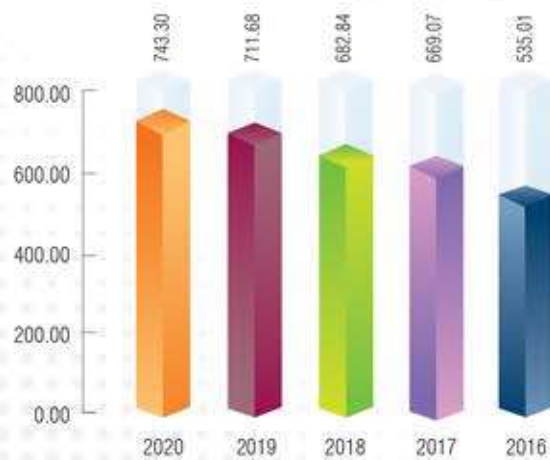
Earning before Interest, Depreciation & Tax :



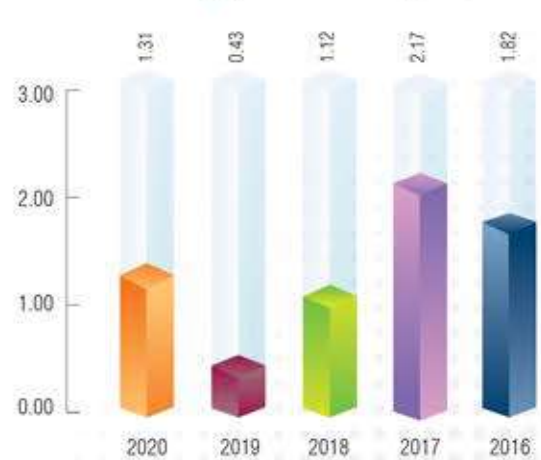
Gross Profit Margin (%)



Gross Premium Income (In million Taka)



Earnings per share after tax (Taka)

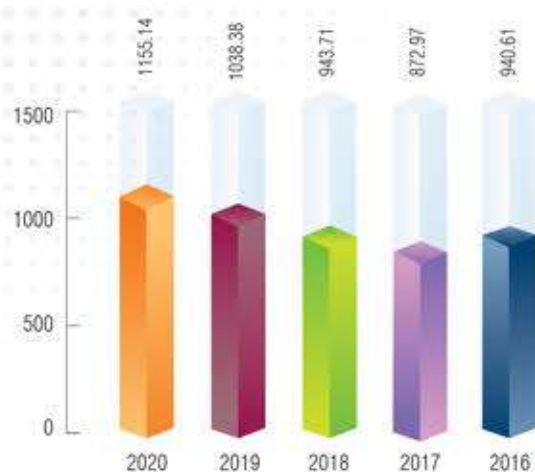




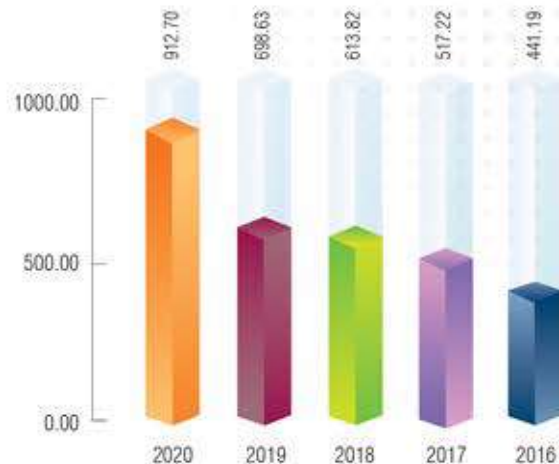
Statement of Financial Position (Balance sheet):



Current Assets (In million Taka)

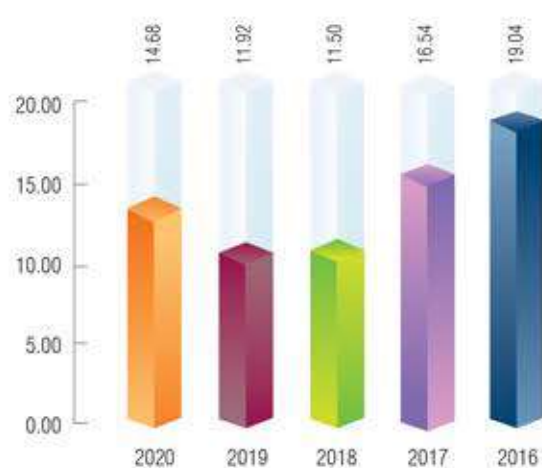


Current liabilities (in million Taka)

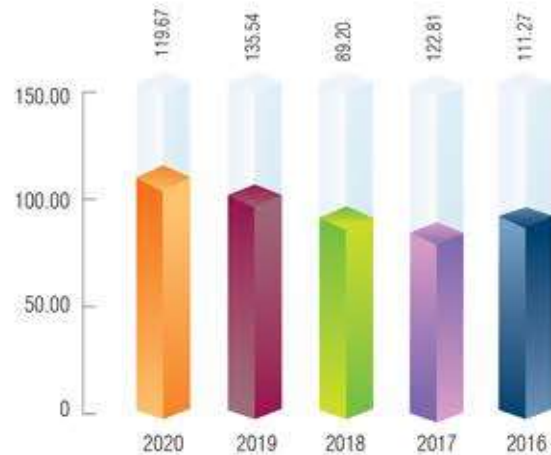


Profitability/Dividends/ Performance and Liquidity Ratios

Gross Profit Ratio (%)



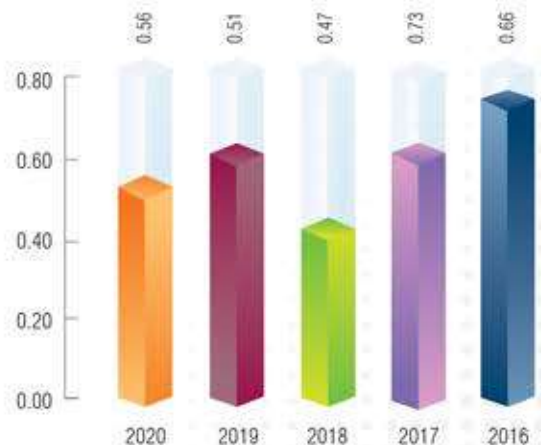
Earning before Interest, Depreciation and Tax (in Taka)



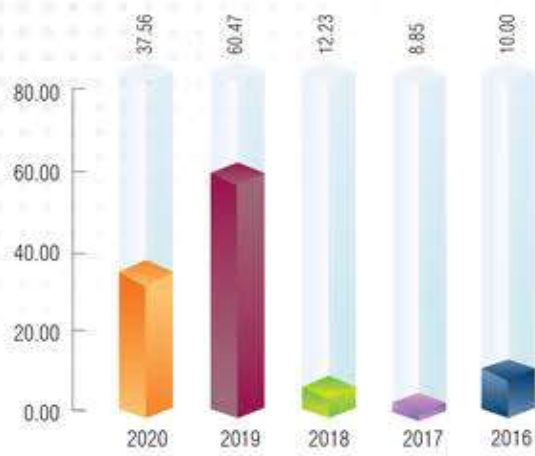
Current ratio (Times)



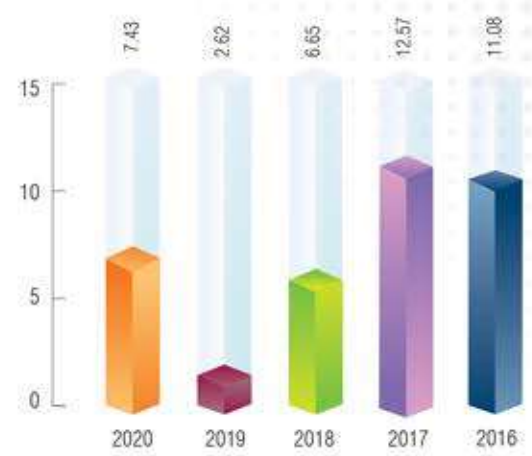
Debt to Equity Ratio (Times)



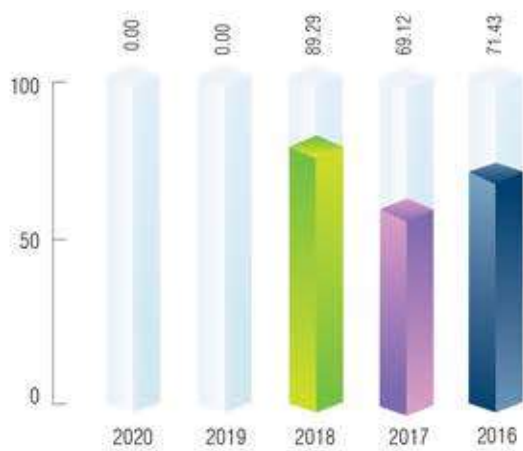
Price Earnings Ratio (times)



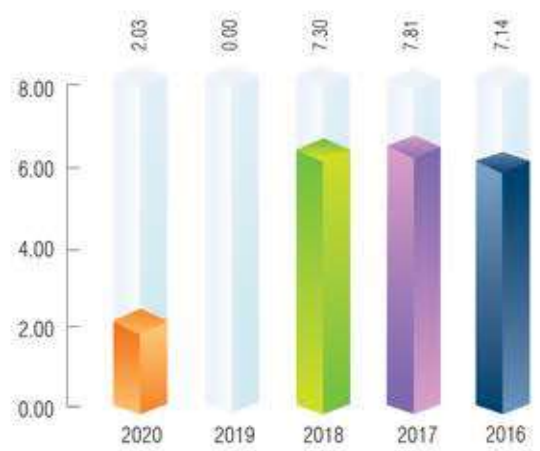
Return on Shareholders Equity ratio (after tax)



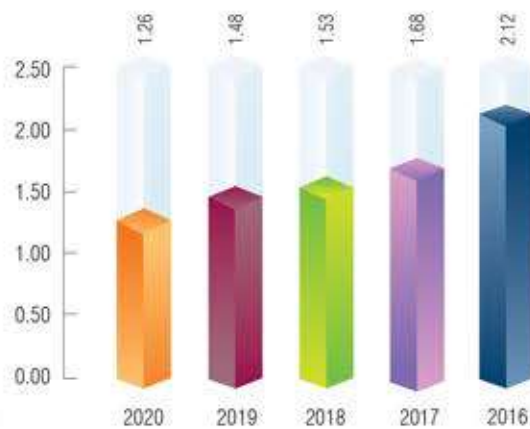
Stock Dividend Payout Ratio (%)



Dividend Yield Ratio (%)

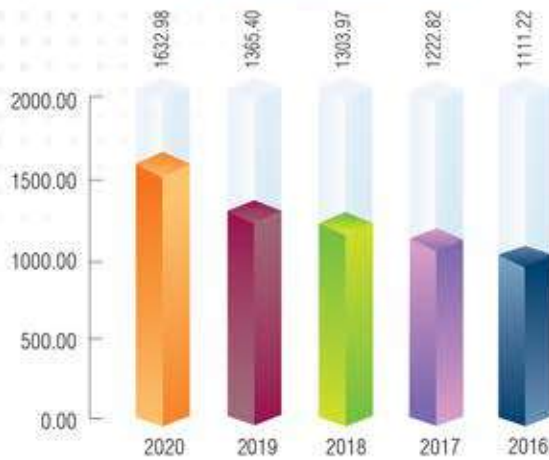


Quick ratio (Times)

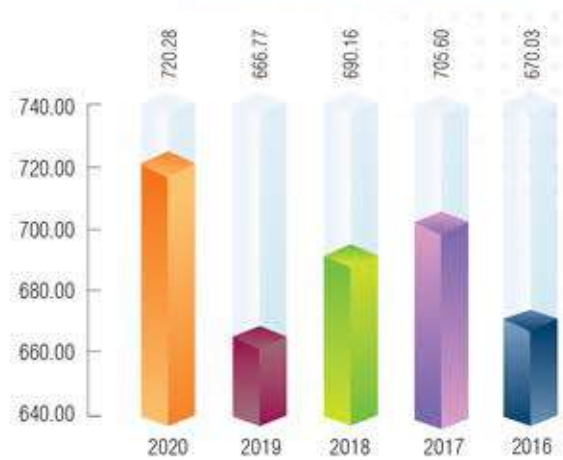


Others financial Information :

Total Assets (In million Taka)



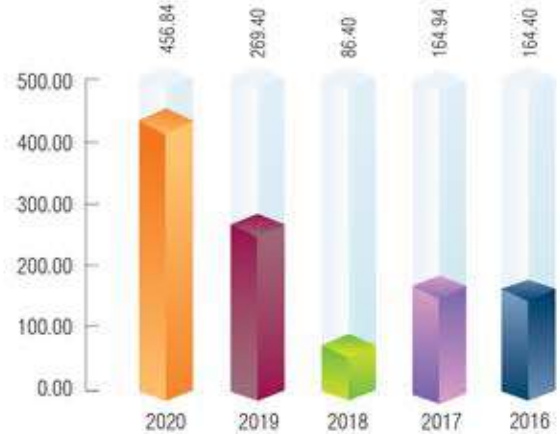
Net Assets Value (In Million Taka)



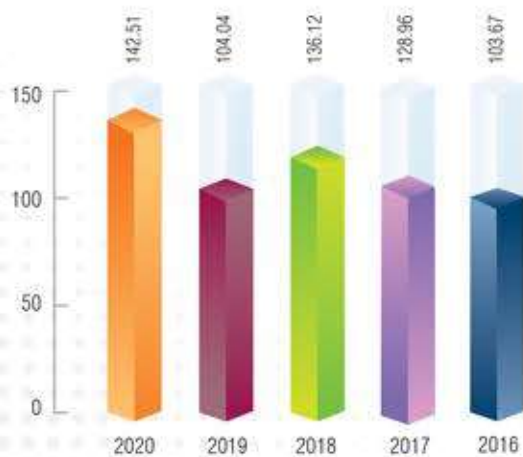
Net Assets Value Per Share (In Taka)



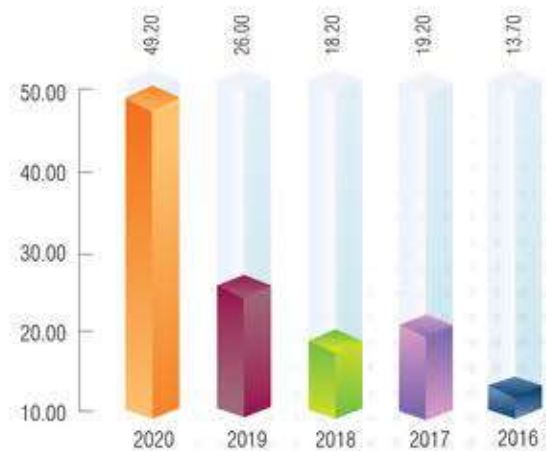
Fixed Deposit Receipt (in million Taka)



Share Investment (in million Taka)



PICL Share Market Closing Price (DSE) (in Taka)



Reserve & Surplus (Amount in million Taka)



2020

2019

2018

2017

2016



Horizontal & Vertical Analysis

Statement of Operational Performance of the Company

Prime Insurance Company has been achieved a sustainable/stable growth of business and profitability continuously in the recent years in its financial position in Bangladesh insurance sectors. Under below statements and graphical presentation of operational performance, profitability and financial position indicates its operation performance growth/(declined) of the company for the year ended December 31, 2020 and as against 2019. Horizontal and Vertical performance analysis of the company are given below:

Horizontal Operating Performance Analysis of the Company are given as under:

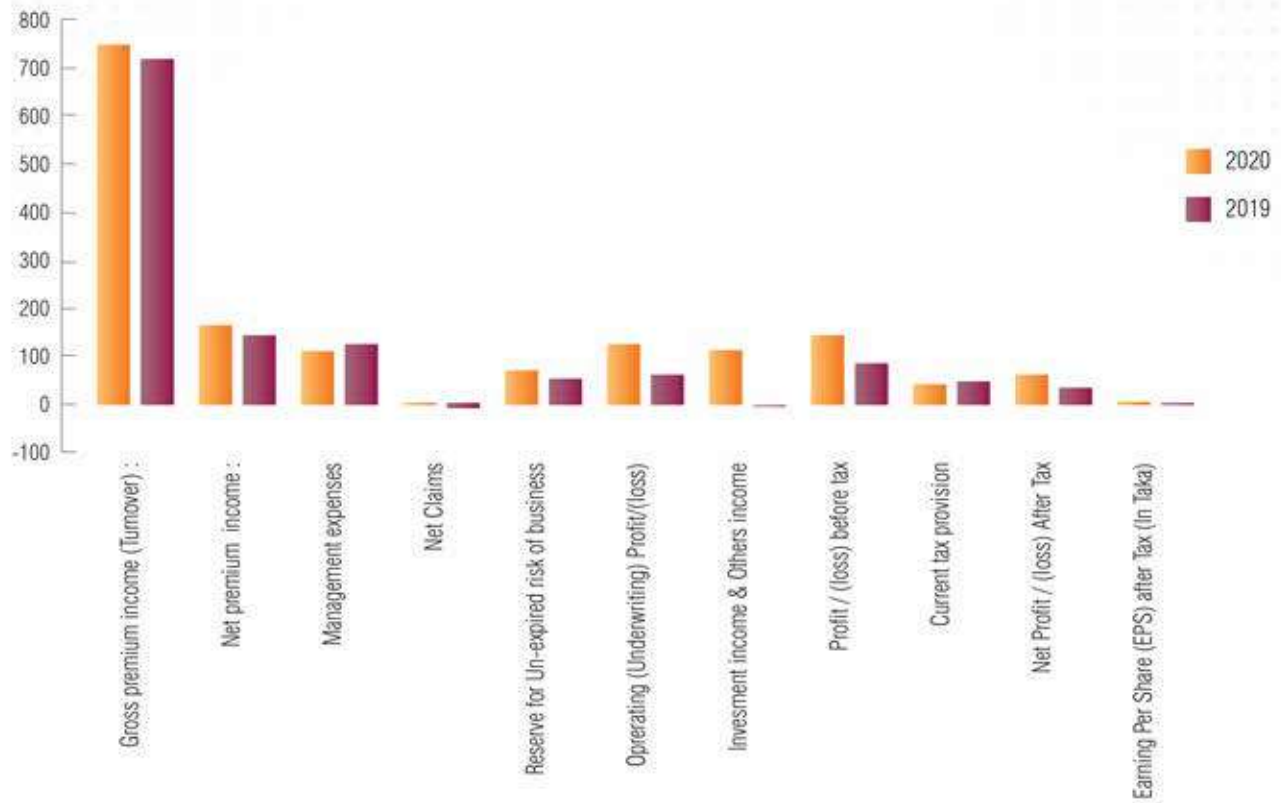
| Particulars/Years | In million Taka | | | |
|---|-----------------|--------|-----------------------|-------------------------|
| | 2020 | 2019 | Growth/ (Declined) | Growth/ (Declined) % |
| Gross premium income (Turnover) : | 743.30 | 711.68 | 31.62 | 4.44 |
| Reinsurance ceded premium | 587.12 | 574.33 | 12.79 | 2.23 |
| Net premium income : | 156.18 | 137.35 | 18.83 | 2.22 |
| Management expenses (Charge to Revenue A/c) | 114.95 | 120.88 | (5.93) | (4.91) |
| Management expenses (Charge to P/L A/c) | 24.58 | 20.22 | 4.36 | 21.56 |
| Reserve for Un-expired risk of business | 62.55 | 55.38 | 7.17 | 12.95 |
| Net Claims | (2.66) | (8.35) | 5.69 | (68.14) |
| Operating (Underwriting) Profit/(loss) | 50.61 | 106.53 | (55.92) | (52.49) |
| Investment income & Others income | 83.11 | (1.45) | 84.56 | (5,831.72) |
| Profit / (loss) before tax | 109.14 | 84.86 | 24.28 | 28.61 |
| Current tax provision | 53.51 | 67.37 | (13.86) | (20.57) |
| Net Profit / (loss) After Tax | 53.51 | 17.49 | 36.02 | 205.95 |
| Earning Per Share (EPS) after Tax (In Taka) | 1.31 | 0.43 | 0.88 | 204.65 |

Vertical Operating performance analysis of the company are given below:

| Particulars/Years | In million Taka | | | |
|---|-----------------|---------------------|--------|---------------------|
| | 2020 | (% on Turnover) | 2019 | (% on Turnover) |
| Gross premium income (Turnover) : | 743.30 | - | 711.68 | - |
| Reinsurance ceded premium | 587.12 | 78.99 | 574.33 | 80.70 |
| Net premium income : | 156.18 | 21.01 | 137.35 | 19.30 |
| Management expenses (Charge to Revenue A/c) | 114.95 | 15.46 | 120.88 | 16.99 |
| Management expenses (Charge to P/L A/c) | 24.58 | 3.31 | 20.22 | 2.84 |
| Reserve for Un-expired risk of business | 62.55 | 8.42 | 55.38 | 7.78 |
| Net Claims | (2.66) | (0.36) | (8.35) | (1.17) |
| Operating (Underwriting) Profit/(loss) | 50.61 | 6.81 | 106.53 | 14.97 |
| Investment income & others income | 83.11 | 11.18 | (1.45) | (0.20) |
| Profit / (loss) before tax | 109.14 | 14.68 | 84.86 | 11.92 |
| Current tax provision | 53.51 | 7.20 | 67.37 | 9.47 |
| Net profit / (loss) after tax | 53.51 | 0.07 | 17.49 | 2.46 |
| Earning Per Share (EPS) after Tax (In Taka) | 1.31 | 0.18 | 0.43 | 0.06 |



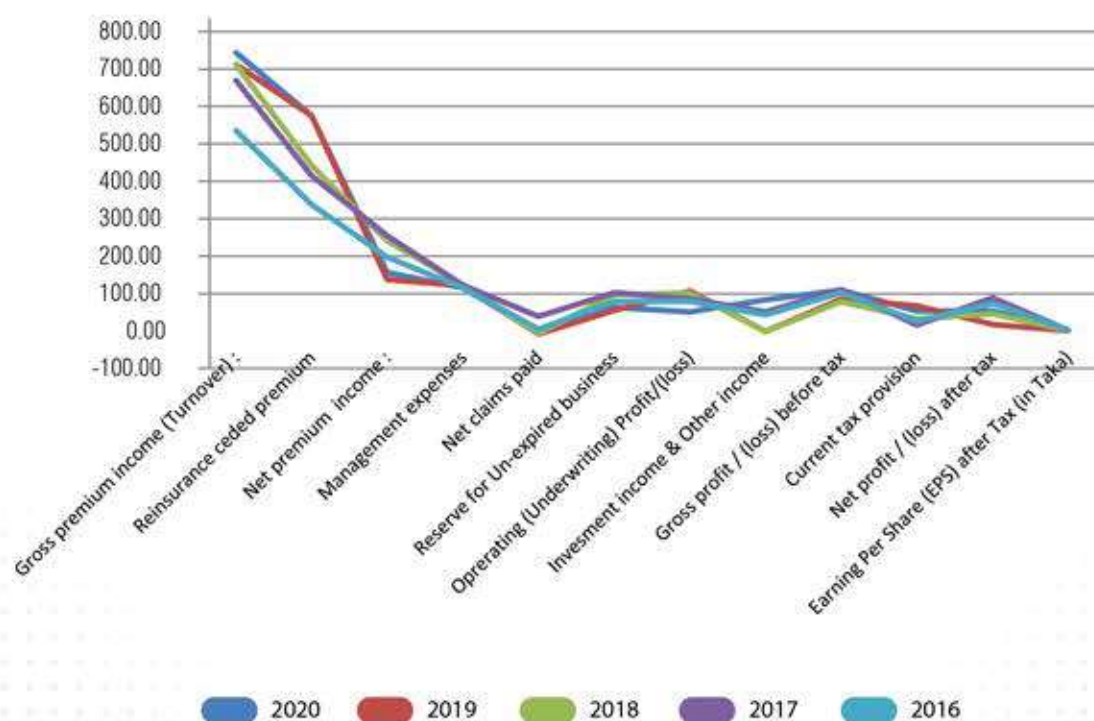
2 Years Comparative Operating Performance as well as operating expenses are shown in graphs is under:



5 Years Operating Performance and profitability of the company are given below :

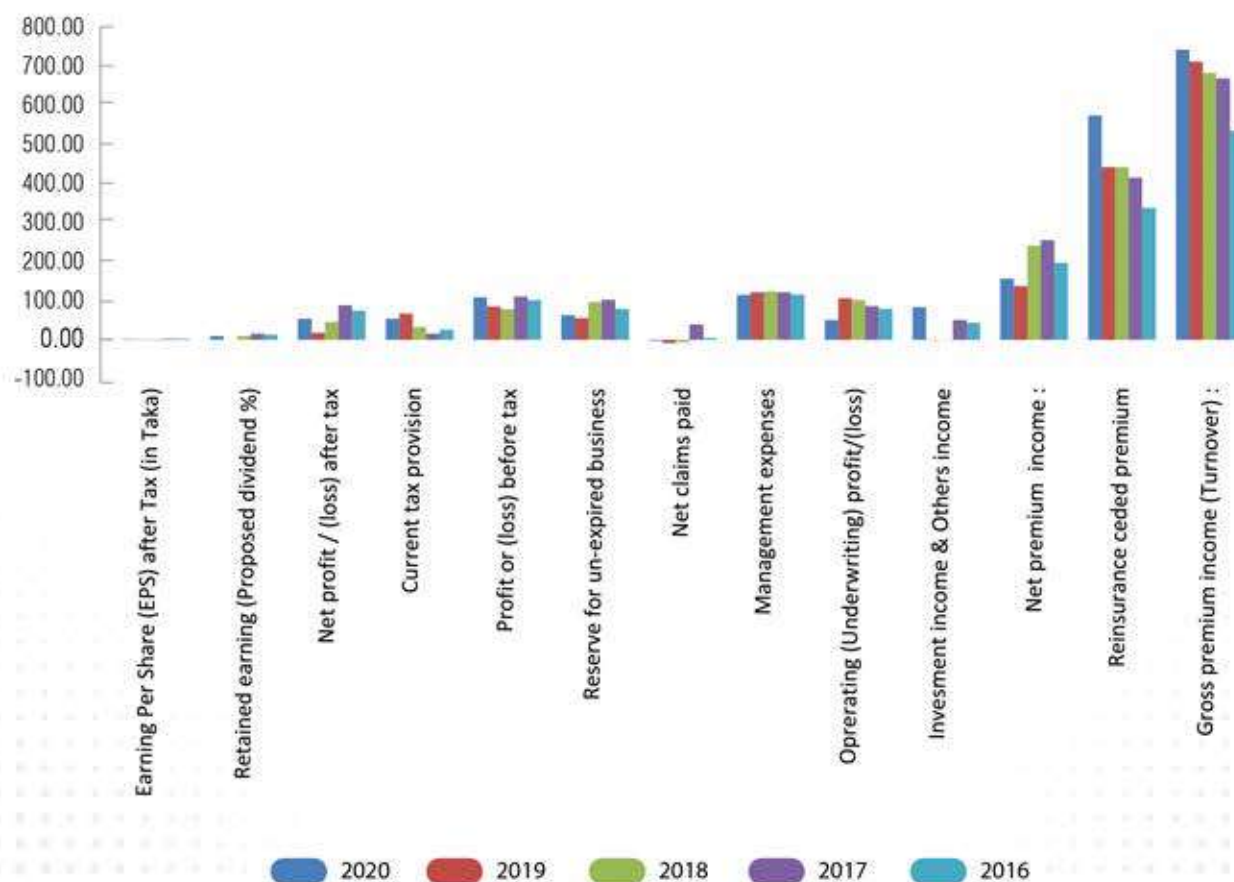
| Particulars/Years | In million Taka | | | | |
|---|-----------------|--------|--------|--------|--------|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| Gross premium income (Turnover) : | 743.30 | 711.68 | 711.68 | 669.07 | 535.01 |
| Reinsurance ceded premium | 587.12 | 574.33 | 441.57 | 414.54 | 337.95 |
| Net premium income : | 156.18 | 137.35 | 241.27 | 254.54 | 197.06 |
| Management expenses | 114.95 | 120.88 | 123.92 | 121.58 | 115.28 |
| Net claims paid | (2.66) | (8.35) | (6.18) | 38.89 | 4.52 |
| Reserve for Un-expired business | 62.55 | 55.38 | 96.67 | 102.10 | 78.86 |
| Operating (Underwriting) Profit/(loss) | 50.61 | 106.53 | 101.73 | 85.54 | 79.37 |
| Investment income & Other income | 83.11 | (1.45) | (0.99) | 50.57 | 43.54 |
| Gross profit / (loss) before tax | 109.14 | 84.86 | 78.53 | 110.67 | 101.88 |
| Current tax provision | 55.62 | 67.37 | 32.66 | 15.67 | 26.33 |
| Net profit / (loss) after tax | 53.52 | 17.49 | 45.87 | 88.72 | 74.23 |
| Earning Per Share (EPS) after Tax (in Taka) | 1.31 | 0.43 | 1.12 | 2.17 | 1.82 |

At a Glance 5 Years Operating Performance and profitability are shown in graphs:



5 Year Operating performance are shown in Graphs as under:

| Particulars/years | In Million Taka | | | | |
|---|-----------------|--------|--------|--------|--------|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| Earning Per Share (EPS) after Tax (in Taka) | 1.31 | 0.43 | 1.12 | 2.17 | 1.82 |
| Retained earning (Proposed dividend %) | 10.00 | - | 10.00 | 15.00 | 13.00 |
| Net profit / (loss) after tax | 53.52 | 17.49 | 45.87 | 88.72 | 74.23 |
| Current tax provision | 55.62 | 67.37 | 32.66 | 15.67 | 26.33 |
| Profit or (loss) before tax | 109.14 | 84.86 | 78.53 | 110.67 | 101.88 |
| Reserve for un-expired business | 62.55 | 55.38 | 96.67 | 102.10 | 78.86 |
| Net claims paid | (2.66) | (8.35) | (6.18) | 38.89 | 4.52 |
| Management expenses | 114.95 | 120.88 | 123.92 | 121.58 | 115.28 |
| Operating (Underwriting) profit/(loss) | 50.61 | 106.53 | 101.73 | 85.54 | 79.37 |
| Investment income & Others income | 83.11 | (1.45) | -0.99 | 50.57 | 43.54 |
| Net premium income : | 156.18 | 137.35 | 241.27 | 254.54 | 197.06 |
| Reinsurance ceded premium | 574.33 | 441.57 | 441.57 | 414.54 | 337.95 |
| Gross premium income (Turnover) : | 743.30 | 711.68 | 682.84 | 669.07 | 535.01 |



Financial Position (Balance sheet analysis) :

Horizontal Analysis

| Financial position (Balance sheet) | In Million Taka | | | |
|------------------------------------|-----------------|----------|-------------------------------|---------------------|
| Year | 2020 | 2019 | Growth / Declined % Year 2020 | Growth / Declined % |
| Shareholders fund /equity | 720.28 | 666.77 | 53.51 | 8.03 |
| Property plant & equipment | 311.19 | 190.43 | 120.76 | 63.41 |
| Current assets : | 1,155.14 | 1,038.38 | 116.76 | 11.24 |
| Current liabilities : | 912.70 | 698.63 | 214.92 | 30.64 |
| Total Assets | 1,632.98 | 1,365.40 | 268.43 | 19.60 |

Vertical Analysis

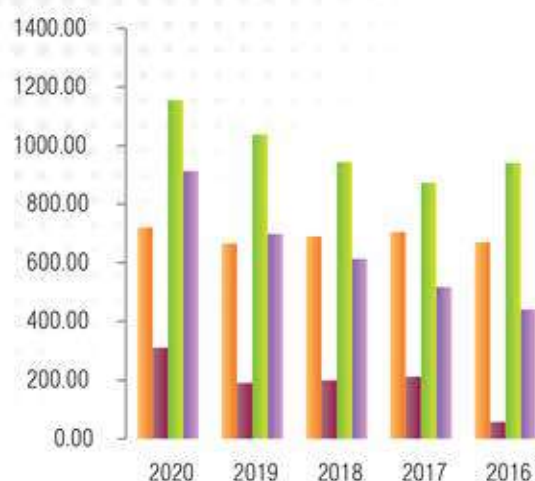
| Financial position (Balance sheet Items) : | 2020 | | 2019 | | Growth /Declined % over 2019 |
|---|-----------------|----------------------|-----------------|----------------------|------------------------------------|
| | In Million Taka | | In Million Taka | | |
| | 2020 | % on total Assets | 2019 | % on total Assets | |
| Shareholders fund /equity | 720.28 | 44.11 | 666.77 | 48.83 | -4.72 |
| Property plant & equipment | 311.19 | 19.06 | 190.43 | 13.95 | 5.11 |
| Current assets : | 1155.14 | 70.74 | 1,038.38 | 76.05 | -5.31 |
| Current liabilities : | 912.70 | 55.89 | 698.63 | 51.17 | 4.72 |
| Total Assets | 1,632.98 | 100 | 1,365.40 | 100 | 19.60 |

5 Years Financial Position (Balance Sheet Analysis)

Prime Insurance Company Ltd has been maintaining a sustainable growth of business performance and profitability in the recent years in its position. 5 years comparative financial position of the company is given below:

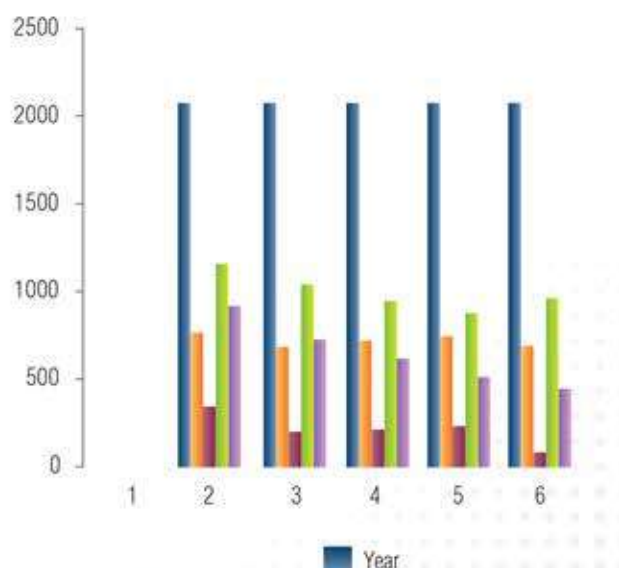
| Financial position (Balance sheet Particulars/Year) | In million Taka | | | | |
|---|-----------------|----------|---------|---------|---------|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| Shareholders fund /equity | 720.28 | 666.77 | 690.16 | 705.60 | 670.03 |
| Property plant & equipment | 311.19 | 190.43 | 199.15 | 211.89 | 57.97 |
| Current assets : | 1155.14 | 1,038.38 | 943.71 | 872.97 | 940.61 |
| Current liabilities : | 912.70 | 698.63 | 613.82 | 517.22 | 441.19 |
| Total Assets | 1,632.98 | 1365.40 | 1303.97 | 1222.82 | 1111.22 |



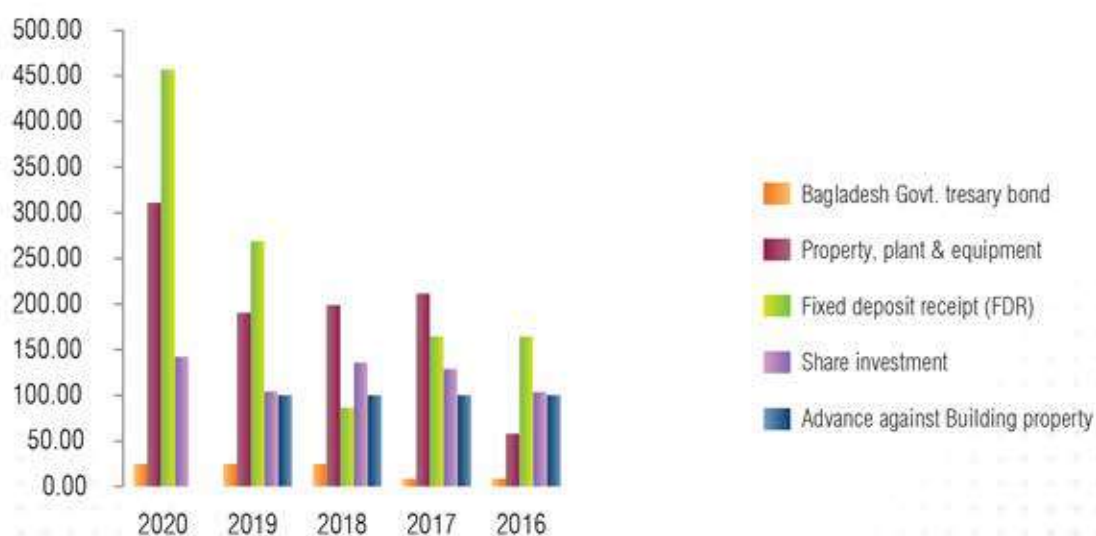
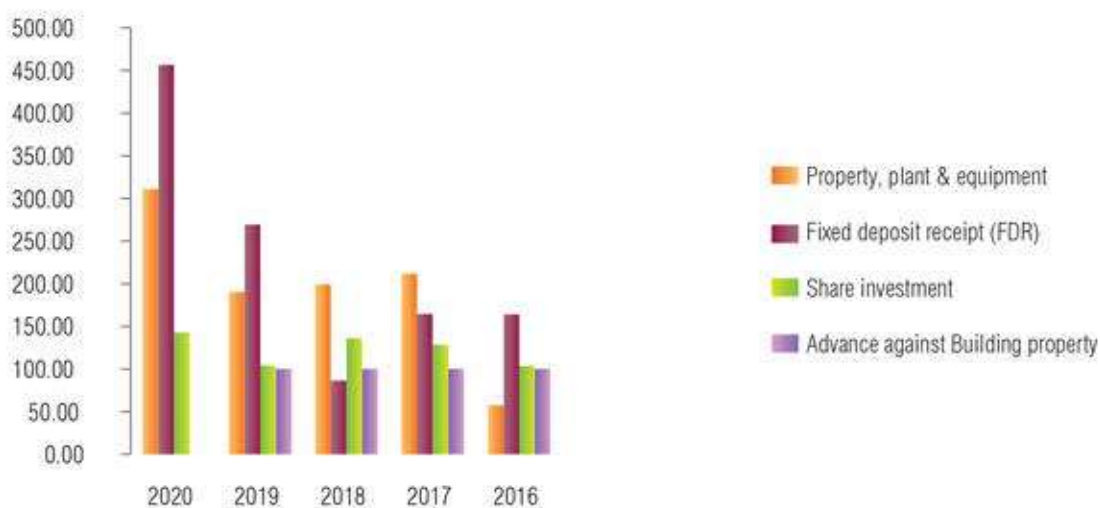


Financial Position (Balance sheet) analysis :

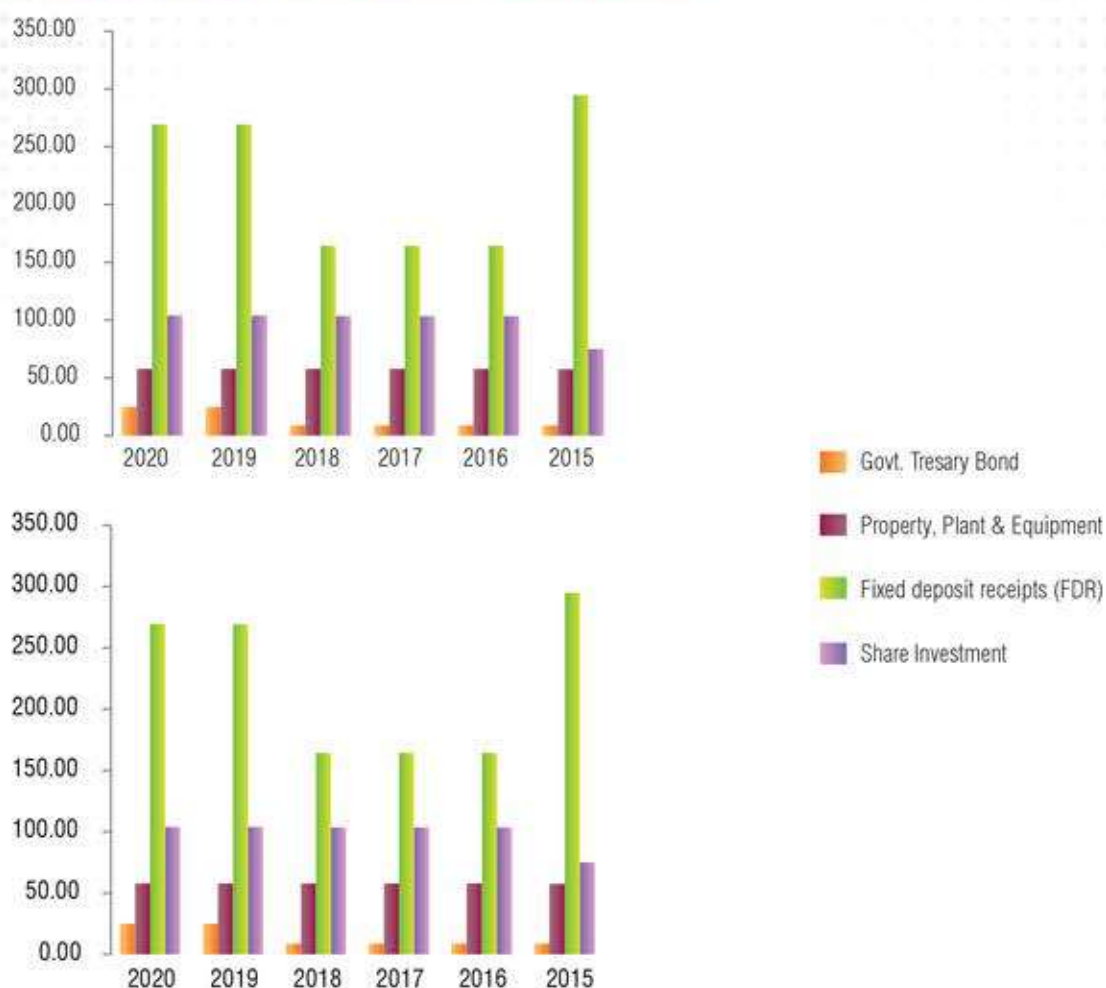
| Balance sheet Items : | In Million Taka | | | | |
|-----------------------------|-----------------|----------|---------|---------|---------|
| Year | 2020 | 2019 | 2018 | 2017 | 2016 |
| Shareholders funds | 720.28 | 666.77 | 690.16 | 705.6 | 670.03 |
| Property, plant & equipment | 311.19 | 190.43 | 199.15 | 211.89 | 57.97 |
| Current assets | 1155.14 | 1038.38 | 943.71 | 872.97 | 940.61 |
| Current liabilities | 912.70 | 698.63 | 613.82 | 517.22 | 441.19 |
| Total Assets | 1,632.98 | 1,365.40 | 1303.97 | 1222.82 | 1111.22 |



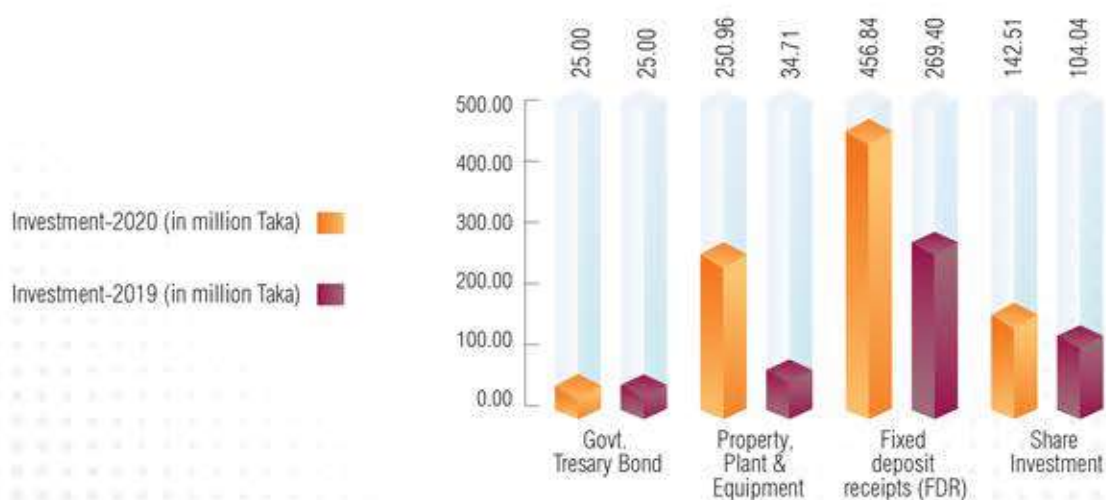
| Investment | In Million Taka | | | | |
|-----------------------------------|-----------------|--------|--------|--------|--------|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| Bagladesh Govt. treasury bond | 25.00 | 25.00 | 25.00 | 9.00 | 9.00 |
| Property, plant & equipment | 311.19 | 190.43 | 199.15 | 211.89 | 57.94 |
| Fixed deposit receipt (FDR) | 456.84 | 269.40 | 86.40 | 164.94 | 164.40 |
| Share investment | 142.51 | 104.04 | 136.12 | 128.96 | 103.67 |
| Advance against Building property | - | 100.44 | 100.44 | 100.44 | 100.44 |



Investment are shown in graphs (in Million Taka) as under:



Investment for the year 2020 & 2019 are shown in graphs:



VALUE ADDED STATEMENT



VALUE ADDED STATEMENT

The Value Added Statement (VAS) provides a detailed account of total value creation and distribution of the company during the year under review of the company's business and financial position. Prime Insurance Company Limited contributed positively to the socio-economic development through payment of salaries and allowances of employee's by paying consistent dividend to the shareholders and paying Corporate Tax, withholding taxes, Business VAT, withholding VAT and Stamps duty etc to the National Exchequer of the Government of Bangladesh. Prime Insurance Company regularly pays significant amount of corporate

income tax, withholding taxes and VAT every year in time. The management of the company is very much transparent in doing the insurance business and tries to expand its sustainable growth by sales of innovating new products and smooth service to the clients. The Value Added Statement of Prime Insurance Company Limited for the year 2020 and 2019 mentioned below shows how the value is created and distributed among different stakeholders i.e. Government, investors and employees of the Company :

| Particulars | Figure in Million (BDT) | | | | Growth/ (Declined)- 2020 | Growth % |
|-----------------------------------|--------------------------|--------|---------|--------|--------------------------------|----------|
| | 2020 | | 2019 | | | |
| | Amount | % | Amount | % | | |
| Value added : | | | | | | |
| Gross premium income | 743.30 | 75.18 | 711.68 | 78.08 | 31.62 | 4.44 |
| VAT & Stamp duty | 34.34 | 3.47 | 54.62 | 5.99 | (20.28) | (37.13) |
| With holding VAT & taxes | 8.57 | 0.87 | 11.02 | 1.21 | (2.45) | (22.23) |
| Interest income | 33.11 | 3.35 | 19.39 | 2.13 | 13.72 | 70.76 |
| Share investment income | 32.29 | 3.27 | (27.97) | (3.07) | 60.26 | (215.45) |
| Dividend income | 5.95 | 0.60 | 5.51 | 0.60 | 0.44 | 7.99 |
| Income from office rent | 3.53 | 0.36 | - | 0.00 | 3.53 | - |
| Others income | 8.23 | 0.83 | 1.61 | 0.18 | 6.62 | 411.18 |
| Re-insurance commission earned | 119.39 | 12.08 | 135.64 | 14.88 | (16.25) | (11.98) |
| Total Value Added during the year | 988.71 | 100.00 | 911.50 | 100.00 | 77.21 | 8.47 |

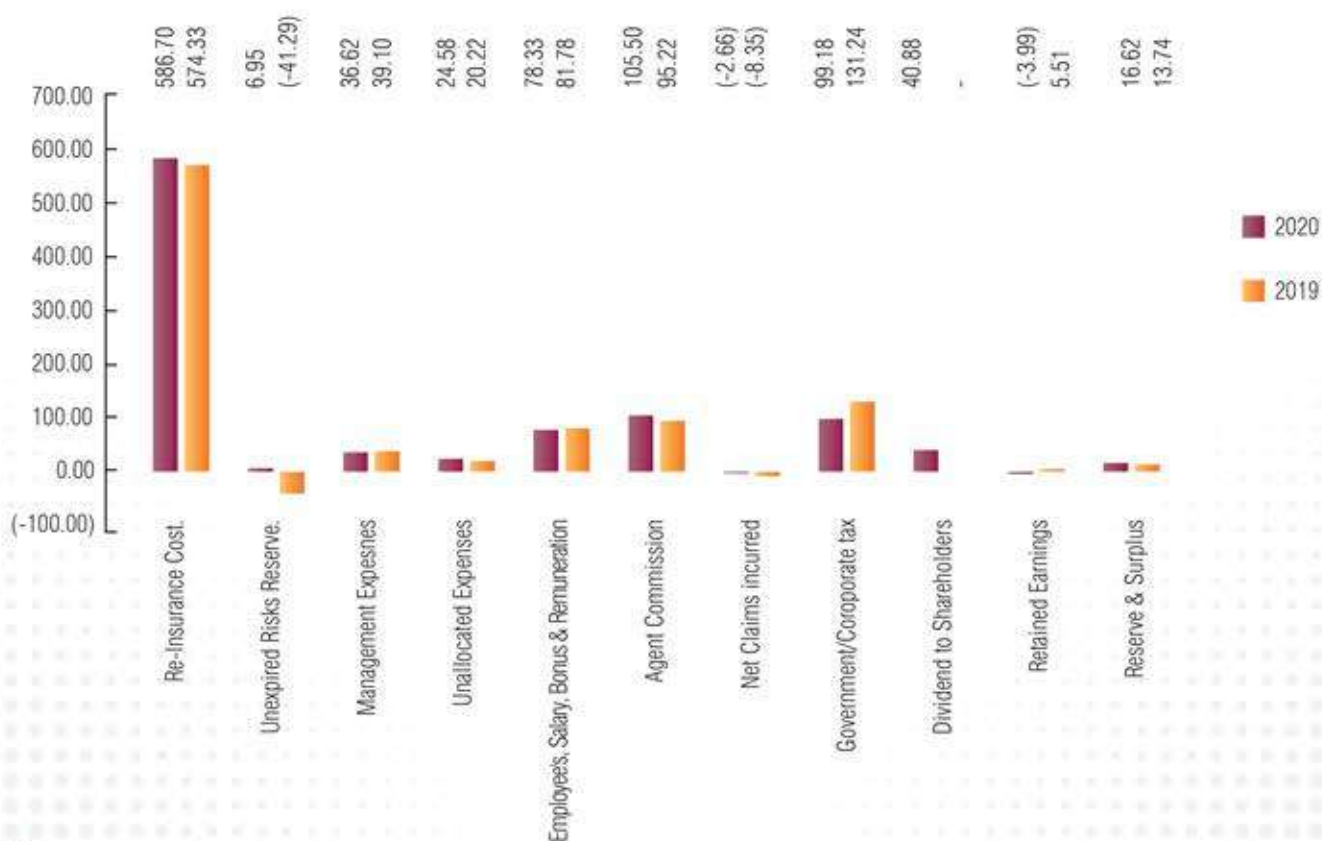
Value Added Contribution to/Application of the Value Added :

| | | | | | | |
|--|--------------|-------------|--------------|-------------|---------------|----------------|
| Reinsurance, Claims & Others | 757.69 | 76.63 | 679.23 | 74.52 | 78.46 | (156.81) |
| Re-insurance premium | 586.70 | 59.34 | 574.33 | 63.01 | 12.37 | 2.15 |
| Additional Unexpired Risks Reserve retained | 6.95 | 0.70 | (41.29) | -4.53 | 48.24 | (116.83) |
| Management expenses (Excluding employees benefits) | 36.62 | 3.70 | 39.10 | 4.29 | (2.48) | (6.34) |
| Unallocated expenses | 24.58 | 2.49 | 20.22 | 2.22 | 4.36 | 21.56 |
| Agent commission | 105.50 | 10.67 | 95.22 | 10.45 | 10.28 | 10.80 |
| Net claims incurred | (2.66) | -0.27 | (8.35) | -0.92 | 5.69 | (68.14) |
| Employees benefits: | 78.33 | 7.92 | 81.78 | 8.97 | (3.45) | (21.68) |
| Employee's salary & allowances | 63.59 | 6.43 | 64.92 | 7.12 | (1.33) | (2.05) |
| Incentive bonus | 5.22 | 0.53 | 4.05 | 0.44 | 1.17 | 28.89 |
| Festival bonus | 2.54 | 0.26 | 5.45 | 0.60 | (2.91) | (53.39) |
| Gratuity fund | 4.40 | 0.45 | 4.80 | 0.53 | (0.40) | (8.33) |
| Provident fund | 2.33 | 0.24 | 2.34 | 0.26 | (0.01) | (0.43) |
| Group Insurance | 0.25 | 0.03 | 0.22 | 0.02 | 0.03 | 13.64 |



| Particulars | Figure in Million (BDT) | | | | Growth/ (Declined)- 2020 | Growth % |
|--------------------------------|--------------------------|--------|--------|--------|--------------------------------|----------|
| | 2020 | | 2019 | | | |
| Value added : | Amount | % | Amount | % | | |
| Government/National Exchequer: | 99.18 | 10.03 | 131.24 | 14.40 | (32.06) | (60.73) |
| Corporate tax paid | 55.62 | 5.63 | 67.37 | 7.39 | (11.75) | (17.44) |
| VAT & Stamp duty | 34.99 | 3.54 | 54.62 | 5.99 | (19.63) | (35.94) |
| Withholding VAT & taxes paid | 8.57 | 0.87 | 9.25 | 1.01 | (0.68) | (7.35) |
| Provider of Capital : | 53.51 | 5.41 | 19.25 | 2.11 | 34.26 | (151.45) |
| Dividend to Shareholders | 40.88 | 4.13 | - | 0.00 | 40.88 | - |
| Retained Earnings | (3.99) | (0.40) | 5.51 | 0.60 | (9.50) | (172.41) |
| Reserve & Surplus | 16.62 | 1.68 | 13.74 | 1.51 | 2.88 | 20.96 |
| Total distribution & growth : | 988.71 | 100.00 | 911.50 | 100.00 | 77.21 | 8.47 |

Distribution of Value added are shown in Graphs for the year 2020 and 2019 (Figure in million Taka) as under:



Statement of Economic Value Added:

Economic Value Added (EVA) is an overarching measure used to measure the wealth generation potential of the company. Economic Value Added (EVA) is a financial performance method to calculate the true and fair economic profit of the Company. EVA is an internal management performance measure that compares net operating profit to total cost of capital. Economic value added is also referred to as economic profit. It provides a measurement of profit of the Company's economic success or failure over a period of time. The EVA is defined as :

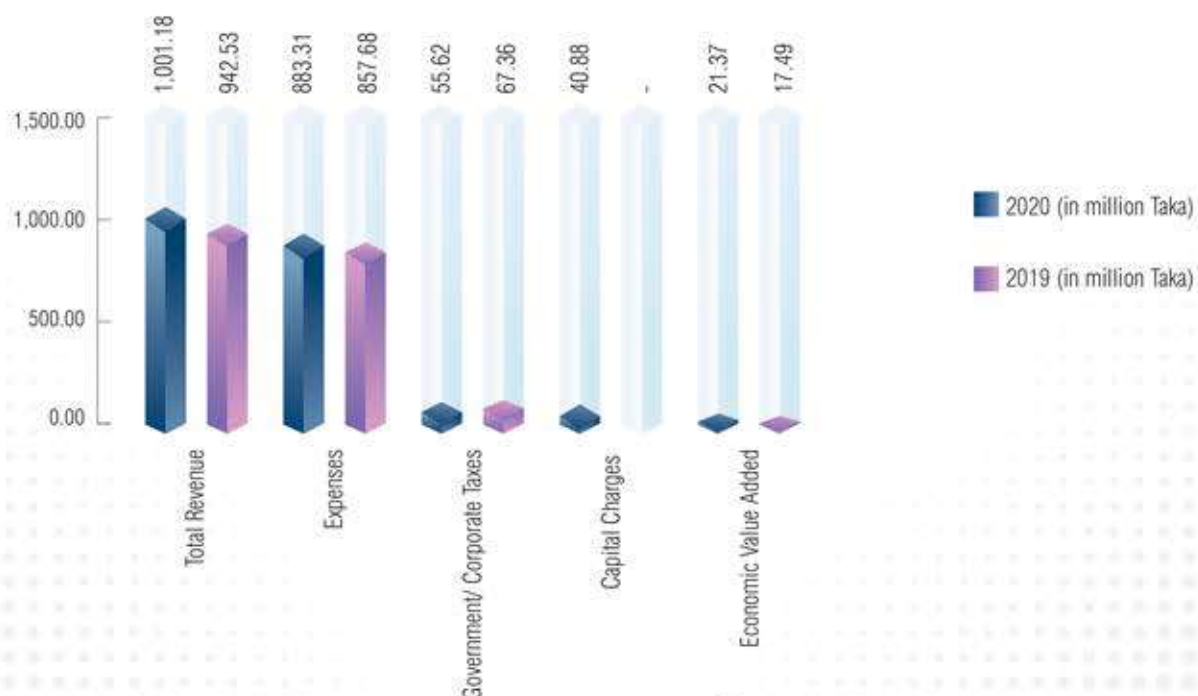
EVA = Net operating profit minus Income tax minus Cost of capital during the year

Economic Value Added is important because it is used as an indicator of how profitable of company projects are and it therefore serves as a reflection of management performance of the entity.

Economic Value Added is an estimate of the amount by which earnings exceed or fall short of required minimum return for Shareholders at comparable risks. As a Non-life Insurance company, Prime Insurance Company is deeply concerned for delivering higher value to its Stakeholders, Shareholders/Equity providers and all of its investors. The following table and graphs are indicate the EVA at the year ended on 31 December 2020 and 2019.

| Particulars | Amount in million (BDT) | | | |
|-----------------------------|-------------------------|--------------|---------------------------|----------------------|
| | 2020 | 2019 | Growth (Declined) in 2020 | Growth/ Declined (%) |
| Total Revenue | 1,001.18 | 942.53 | 58.65 | 6.22 |
| Total expenses | 883.31 | 857.68 | 25.63 | 2.99 |
| Government/Corporate Taxes | 55.62 | 67.36 | (11.74) | (17.43) |
| Capital Charges | 40.88 | - | 40.88 | - |
| Economic Value Added | 21.37 | 17.49 | 3.88 | 22.18 |

Economic Value Added are shown in Graphs for the year 2020 and 2019 (Figure in million Taka) as under:



Statement of Market Value Added:

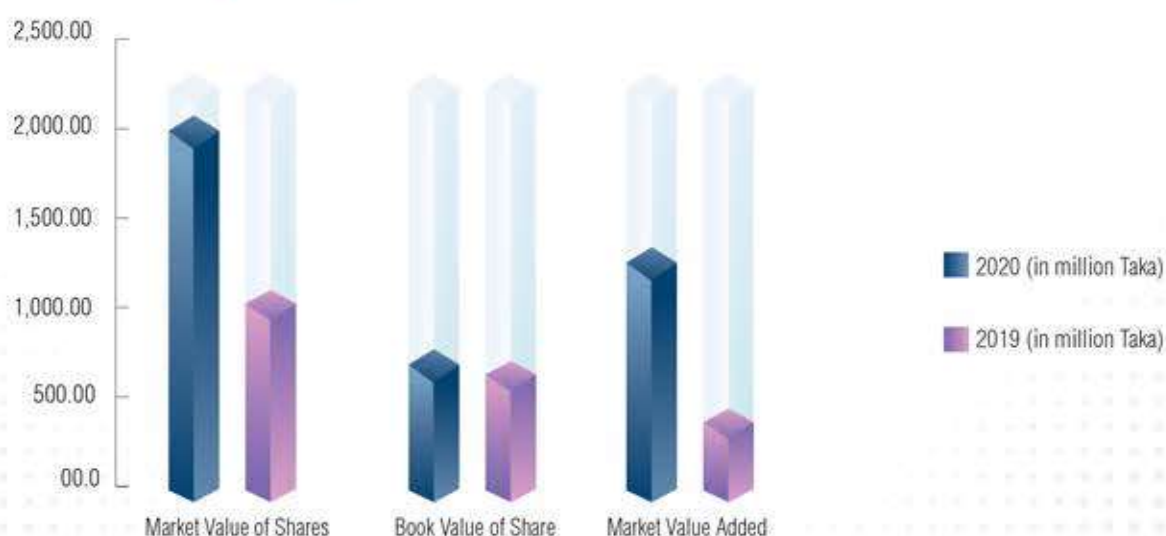
While Economic Value added (EVA) measures internal performance, Market Value Added (MVA) is a measure of external performance that indicates how the market has evaluated the company's performance in terms of market value of share compared to book value of shares.

Market Value Added (MVA) is the difference between the total Market Value (based on the quoted price in the main bourse) and total book value of the Company's equity shares. The higher the Market Value Added the better the Company's position. A high Market Value Added indicates the Company has created substantial wealth for the shareholders. A negative MVA mean that the value of management's action and investments are less than that of value of the capital contributed to the Company by the capital market (or that wealth and value have been decreased).

As at 31 December, 2020 the total Paid-up Capital share Market value of Prime Insurance Company Limited stood at Tk.2011.17 million whereas the book value of the Shareholder's Equity stood Tk.720.28 million as against 1062.81 million and 666.78 million in the year 2019 respectively. A positive MVA indicates that the company has created added value to shareholders wealth for the year 2020. The following statement indicates the MVA as at 31 December 2020 compared to the MVA of previous year 2019.

| Particulars | For the Year 2020 | | | For the Year 2019 | | | Growth/ (Declined) -2020 | Growth % |
|------------------------------------|-------------------|-----------|-------------------------|-------------------|-----------------------|-------------------------|-----------------------------|--------------|
| | Numbers of shares | Value per | Total Value (in Taka) | Numbers of shares | Value per share(Taka) | Total Value (in Taka) | | |
| Market Value of Shares outstanding | 40,877,498 | 49.20 | 2,011,172,902 | 40,877,498 | 26.00 | 1,062,814,948 | 948,357,954 | 89.23 |
| Book Value of shares outstanding | 40,877,498 | 17.62 | 720,279,161 | 40,877,498 | 16.31 | 666,767,990 | 53,511,171 | 8.03 |
| Market Value Added : | | | 1,290,893,741 | | | 396,046,958 | 894,846,783 | 0.023 |

Market Value Added are shown in graphs for the year 2020 and 2019 as below:



2014 2015 2016 2017 2018 2019 2020



Contribution to the National Exchequer/Government Fund:

We recognize that Prime Insurance Company Limited has certain corporate responsibilities to the society or community for their development and the development of the nation as a whole. We aspire to be known as an institution that builds enduring relationship with and delivers value for our customers, shareholders, employees, government and community where we do business.

OUR PRIORITIES:

- Paying fair share of business VAT, withholding VAT, Corporate tax, withholding taxes and excise duty to the Government/National exchequer
- Creating employment
- Maximizing shareholders Value
- Taking environment initiatives
- Supporting Community
- Financial assistance to the insolvent meritorious students
- Increase mass awareness about traffic Rules of Bangladesh
- Provide attractive returns to shareholders

For this reason, the company made significant contribution to the Government every year by payment of Income tax, VAT, Stamp duty, withholding source Vat, Source taxes etc. In the year 2020, the company contributed Tk.99.07 million to the National Exchequer as against Tk.91.61 Million in 2019 and raised of 8.14% over the year 2019.

Prime Insurance Company also made an economic impact by creating employment and trained them to serve the country. PICL has been employed as many as 184 employees as on 31st December 2020. During the period the company has spent TK.0.06 Million for training and HR development. The Company also paid Tk. 63.59 Million as salary and allowances to its employees and employees of the company paid Tk.1.50 million as taxes to the Government with highest payment of Tk.0.24 million by an individual employees.

Contribution to the National Exchequer/to the Government Fund:

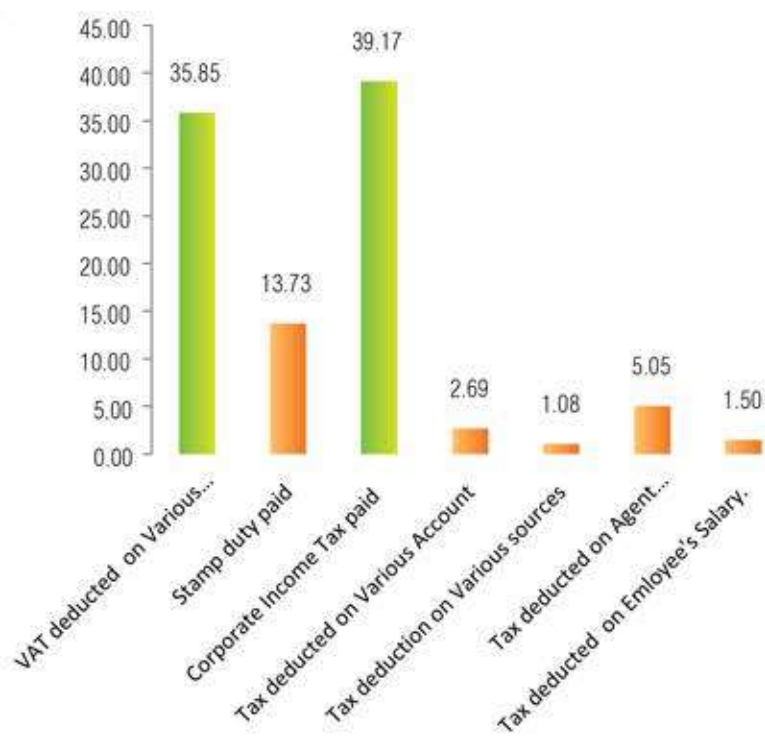
VAT, Stamp, Corporate tax, Source VAT & Taxes Contribution to National Exchequer are given below:

| Particulars | Amount in million(BDT) | | | |
|--|------------------------|--------------|----------------------------|-------------------------|
| | 2020 | 2019 | Increased/(Decreased)-2020 | Increased / Decreased % |
| VAT deducted on various account and paid (Business & others sources) | 35.85 | 44.02 | (8.17) | (18.56) |
| Stamp duty paid | 13.73 | 13.73 | - | - |
| Corporate income tax paid | 39.17 | 23.29 | 15.88 | 68.18 |
| Tax deducted on various account (FDR,dividend,STD & Others) | 2.69 | 2.69 | - | - |
| Tax deduction on various sources | 1.08 | 1.28 | (0.20) | (15.63) |
| Tax deducted on Agent Commission | 5.05 | 4.26 | 0.79 | 18.54 |
| Tax deducted on employees salary | 1.50 | 2.34 | (0.84) | (35.90) |
| Total amount paid : | 99.07 | 91.61 | 7.46 | 8.14 |

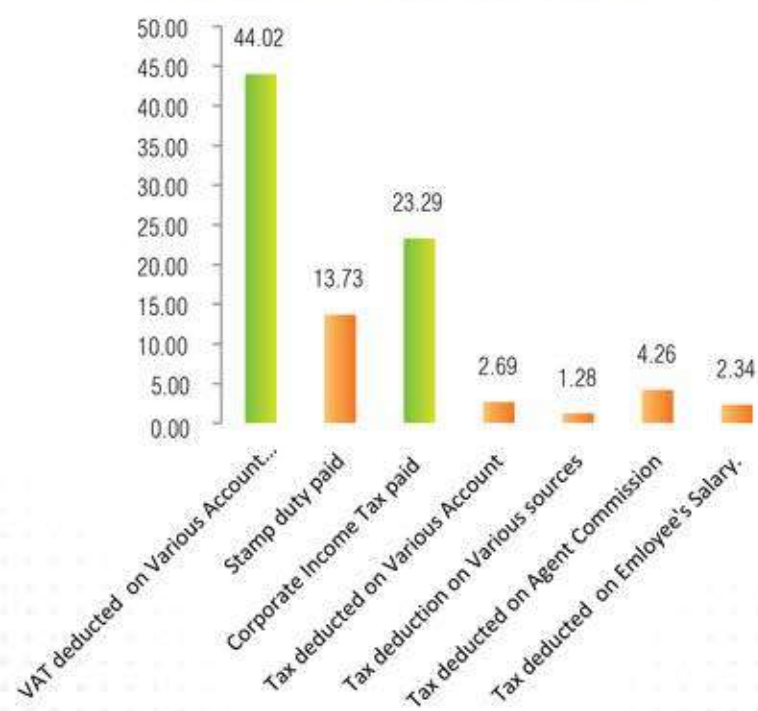


Contribution to the Government / National Exchequer are shown in Graphs for the year 2020 and 2019 as below:

Contribution to National Exchequer-2020 (in million Taka)



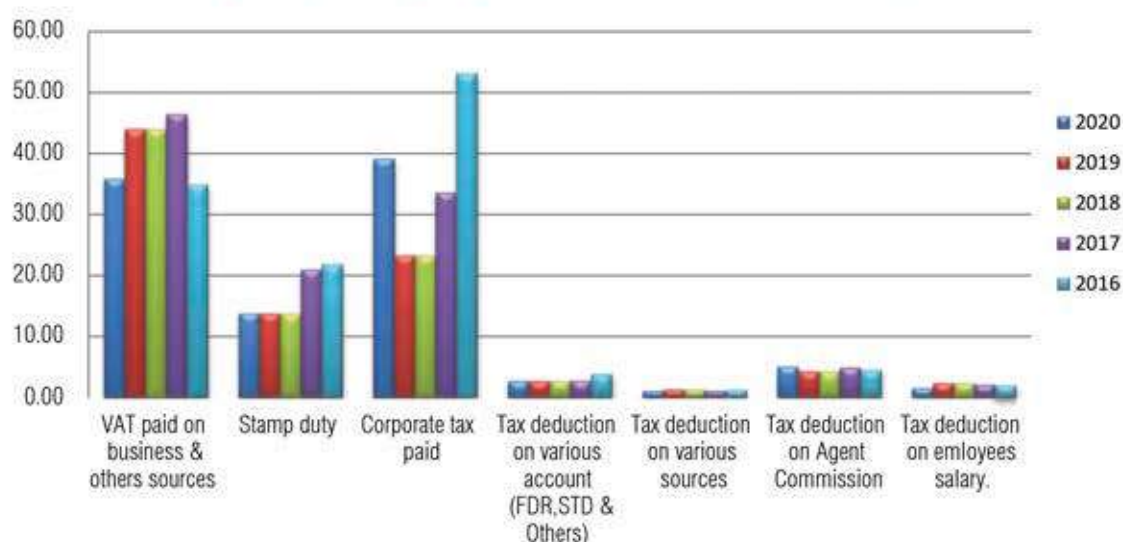
Contribution to National Exchequer-2019 (in million Taka)



At a glance 5 Years VAT, Stamp, Corporate tax, Source VAT & Taxes Contribution to National Exchequer are given below:

| Particulars | Amount in Million(BDT) | | | | |
|---|------------------------|--------------|--------------|---------------|---------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| VAT paid on business & others sources | 35.85 | 44.02 | 44.02 | 46.44 | 34.94 |
| Stamp duty | 13.73 | 13.73 | 13.73 | 20.93 | 21.86 |
| Corporate tax paid | 39.17 | 23.29 | 23.29 | 33.59 | 53.20 |
| Tax deduction on various account (FDR,STD & Others) | 2.69 | 2.69 | 2.69 | 2.70 | 3.87 |
| Tax deduction on various sources | 1.08 | 1.28 | 1.28 | 1.05 | 1.26 |
| Tax deduction on Agent Commission | 5.05 | 4.26 | 4.26 | 4.87 | 4.54 |
| Tax deduction on employees salary. | 1.50 | 2.34 | 2.34 | 2.10 | 1.94 |
| Total : | 99.07 | 91.61 | 91.61 | 111.68 | 121.61 |

At a glance 5 years highlights of contribution to the National Exchequer



Statement of Non-Life Insurance Business Position And Prime Insurance Company Ltd. Status

Bangladesh Non-Life Insurance Business Market Composition and PICL Status:

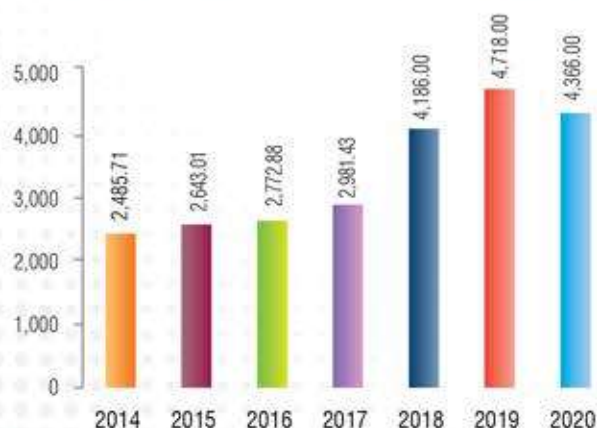
Non-life Insurance market Share position of the company's insurance business reflects the ability to exercise underwriting and pricing discipline as well as the risk management effectiveness of a company in managing its business growth. As a second generation insurer, Prime Insurance Company Ltd is in a better pricing position than insurance companies of other Non-life generation insurance company. In 2020, PICL has earned recorded premium income of Tk. 78.17 crore over the previous year. In the Year 2020, Prime Insurance Co. Ltd. Gross Premium income has increased to 14.48% over the year 2019.

Bangladesh private sector Non-life insurance provisional premium income in 2019 was Tk.3205.03 crore on where PICL's contribution to Gross Domestic Premium Income (GDPI) was Tk. 682.84 million. In 2019 which is the highest business earned in company history. In 2020, the company earned premium income Tk.781.68 million. In 2020, the company has projected earned premium income of Tk.1000.00 million. Last 5 years premium growth and penetration rate (Non-life insurance premium as % of GDP is shown in the chart below :

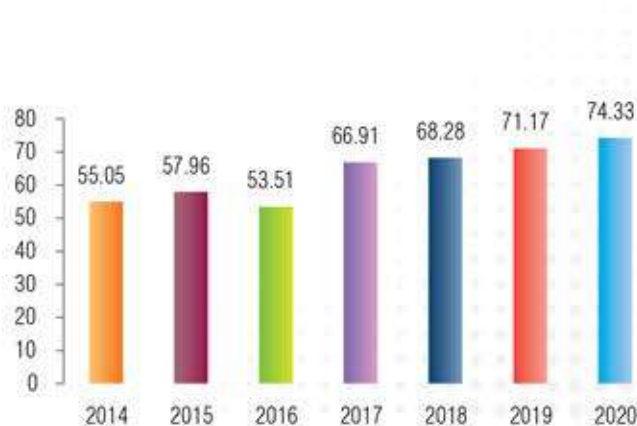
| Year | Gross domestic premium income (Taka in Crore) | PICL's status on GDP (Taka in Crore) | % PICL's status on GDPI |
|------|---|--------------------------------------|-------------------------|
| 2010 | 1657.55 | 20.01 | 1.21 |
| 2011 | 1933.43 | 30.54 | 1.59 |
| 2012 | 2167.27 | 44.03 | 2.08 |
| 2013 | 2292.80 | 54.46 | 2.37 |
| 2014 | 2,485.71 | 55.05 | 2.25 |
| 2015 | 2,643.01 | 57.96 | 2.19 |
| 2016 | 2,772.88 | 53.51 | 1.93 |
| 2017 | 2,981.43 | 66.91 | 2.24 |
| 2018 | 4,186.00 | 68.28 | 2.13 |
| 2019 | 4,718.00 | 71.17 | 2.07 |
| 2020 | 4,366.00 | 74.33 | 2.16 |

At a glance Year wise private sector Bangladesh Non-Life Insurance Companies Gross premium income and Prime Insurance Company's premium income position out of 46 Non-life Insurance Company are given below:

Year Wise Gross Domestic Premium income (Taka in Crore)



Prime Insurance premium income status (Taka in Crore)



Class wise Premium income of Non- life Insurance is as follows :

Gross Premium Income for the year 2020 (Provisional) (In million Taka)



Gross Premium Income for the year 2019 (Provisional) (In million Taka)



SPECIFIC AREAS FOR INSURANCE SECTOR



Claims Management and Details of Outstanding Claims Reserving (Including IBNER)

Claims settlements is one of the crucial functions of an insurance Company, because it is the ultimate test of a responsible and efficient insurer. Prime Insurance has corporate philosophy on claims management setting out broad approach aiming to provide high quality service and expeditious settlement of claims. It specifies the nature of claim service and also the IT enabled interactive process to know the status of the claim. Prime Insurance manages the claims rather than handling them.

Excellence in claims handling is a competitive edge for an insurance company and it is a service that clients greatly value. Payment of legitimate insurance claims for losses that have been suffered by the insured is the primary reason for buying insurance.

Underwriting and claims settlement are the two vital aspects of the functioning of any insurance company. The basis of insurance is risk pooling, which carries the obligation of paying losses. A client obtains an insurance policy by paying a price called premium with the objective of obtaining financial indemnification upon happening of a loss against some named perils to contract, the client therefore has the following expectations:

- Adequate insurance coverage, which does not leave him high and dry in time of need, with right pricing.
- Timely delivery of defect free policy documents with relevant guidelines endorsements / warranties conditions.
- should a claim happen, quick settlement to the insured's satisfaction.

The claim handling process starts with the notification a licensed loss to Prime Insurance and the company appoints a licensed loss adjuster immediately upon receipt of the intimation.

Prime Insurance undertakes all necessary steps expeditiously in an orderly sequence: contact the insured, arrange to inspect the loss through a loss adjuster, ascertain quantum of loss and company's liability etc. Prime Insurance also suggests their clients the preventive measures to be adopted to avert/minimize the loss and to take steps to protect the salvage.

In order to ensure speedy disposal of claims, the insured and/or their agent are always requested to submit all available supporting documents without delay. A list of minimum requirement of supporting documents/papers for claims arising under each class of business is maintained at the Head Office.

As soon as Prime Insurance receives all necessary papers along with survey report from the loss adjuster, the company quickly scrutinizes all documents against its check list of requirements, verifies the loss adjustment made by the surveyor and if in order, proceeds with the settlement of claim without any loss of time.

In recognition to the very high claim paying ability, Prime Insurance has been awarded a Credit Rating of "AA-" based on audited financial statements for the year 2019 as against rating "AA-" for the year 2018 by the Credit Rating Information and Services Limited (CRISL).

Incurred But Not Reported (IBNR) Losses:

IBNR refers to reserve for Claims that have occurred but have not been reported to the insurer

In other word, IBNR refers to losses that are not filed with the insurer or re-insurer until years after the insurance of policy. It is a reserve to provide for insurance policy sold. It is a reserve to provide for claims in respect of claim events that have occurred before the accounting date but have still to be reported to the insurer by that date. In the case of a re-insurer, the reserve needs also to provide for claims that although known to the cedant, have not yet been reported to the re-insurer as being liable to involve the re-insurer.

Some liability claims may be filed long after the event that caused the injury to occur. Asbestos-related diseases, for example, do not show up until decades after the exposure.

IBNR also refers to estimates made about claims already reported but where the full extent of injury is not yet known such as, workmen's compensation claim where the degree to which work-related injuries prevents worker from earning what he or she earned before the injury unfolds over time. Prime Insurance regularly reviews and adjusts reserves for such losses as new information becomes available.

Incurred But Not Enough Reported (IBNER) Reserve

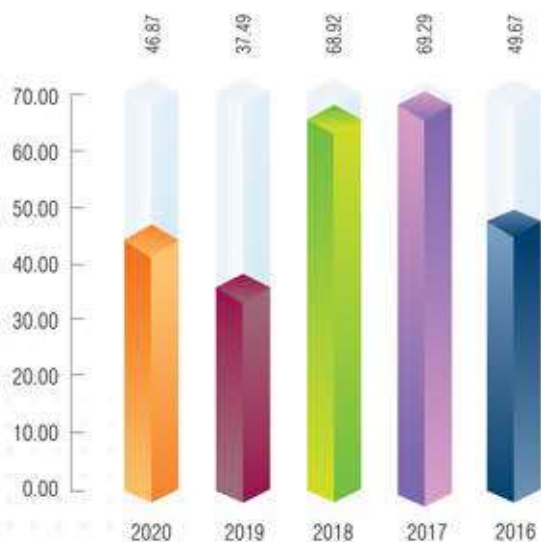
IBNER refers to future development of known (reported) claims, which may alternatively be described as reserve for incurred (and reported, but not enough reserve claims. Such a reserve reflecting expected changes (increases and decreases) in estimates for reported claims only (i.e. excluding any "true" or pure" IBNR claims).

Under the current insurance laws of Bangladesh, it is not yet obligatory to provide reserves for IBNR/ or IBNER claimd . However, under solvency margin regulations proposed under Insurance Act 2010, such reserves will be required to be maintained in the manner to be prescribed by the relevant Rules.

It is mandatory to provide quarterly report to the Insurance Development & Regulatory Authority (IDRA) showing/stating therein cause of delay in settlement with ageing thereof. Prime Insurance Company mentions provision against such type of outstanding claim with ageing thereof. But, under the insurance law of the country, it is not obligatory to provides reserve for IBNR & or IBNER claims. Scenarios of the claim paid and outstanding for the last of 5 years are appended below:

| Particulars | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|------------|-------------|-------------|-------------|-------------|
| 1. Claims Outstanding at the beginning of the year | 37,493,144 | 68,918,000 | 69,287,456 | (7,684,587) | - |
| 2. Claims Lodged/intimation during the year | 46,862,612 | 32,531,976 | 151,477,507 | 173,002,311 | 48,561,276 |
| 3. Total Claims : 3=(1+2) | 84,355,756 | 101,449,976 | 220,764,963 | 165,317,724 | 48,561,276 |
| 4. Claims Paid during the year | 37,486,247 | 63,956,832 | 151,846,963 | 96,030,268 | 56,245,863 |
| 5. Claims Paid as % of Total Claims | 44.44 | 63.04 | 68.78 | 58.09 | 115.82 |
| 6. Claims Outstanding at the End of the Year : 6=(3-4) | 46,869,509 | 37,493,144 | 68,918,000 | 69,287,456 | (7,684,587) |

Year Wise Outstanding Claims (In million Taka)



Year Wise Net Claims (in Million Taka)



STATEMENT OF SOLVENCY MARGIN STATUS :

Solvency margin is the amount by which the assets of an insurer exceed its liabilities, and will form part of the insurer's funds. Methods of valuation of assets and liabilities of an insurer are prescribed in the insurance regulations. The regulations stipulate the minimum solvency margin, which an insurer must maintain at all times. The solvency of an insurance company corresponds to its ability to pay claims. The solvency of an insurance company or its financial strength depends chiefly on whether sufficient technical reserves like Exceptional claims losses reserve, Unexpired risk reserve fund, General reserve fund, Investment fluctuation fund (Fair Value Reserve), Dividend equalization fund etc have been set up for the obligations entered into and whether the Company has adequate capital as security.

Moreover, solvency margin assists financial investment managers when making a decision on the risk or reward capability of a company to return dividend to stockholders. In Bangladesh regulations for Solvency margin for Non Life Insurance Company have been prepared by IDRA but not yet been approved by the Finance Ministry thereby not yet promulgated through official gazette.

At 31 December 2020, Prime Insurance Company Limited achieved solvency margin above the required level. PICL required solvency was BDT 93.05 Million whereas the Company's available Solvency margin was BDT 489.36 million. It means that the value of assets had been more than the liabilities as against solvency BDT 93.05 million and available solvency margin BDT 489.36 million. Therefore, the available solvency ratio was 5.27 times of required Solvency margin in 2020 as against 4.28 times in the year 2019. Assets, Liabilities and Solvency Margin of the Company for the year ended 31 December 2020 is as under :

Statement of Solvency Margin Based on Premium Income for the year 2020:

| Sl.No. | For -2020 | In Million Taka | | | | | | |
|--------|-------------------|-----------------|---------------|--------|---------------------------------|------------|--------------------|-----------------------------------|
| | Class of Business | Net Premium | Gross Premium | Factor | G.P.after application of factor | 20% of GPF | 20% of Net Premium | 20% of (NP & GPF) which is higher |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 1 | Fire | 32.76 | 300.59 | 0.50 | 150.30 | 30.06 | 6.55 | 30.06 |
| 2 | Marine Cargo | 85.13 | 174.07 | 0.70 | 121.85 | 24.37 | 17.03 | 24.37 |
| 3 | Marine Hull | 0.12 | 1.83 | 0.50 | 0.92 | 0.18 | 0.02 | 0.18 |
| 4 | Motor | 25.26 | 28.20 | 0.85 | 23.97 | 4.79 | 5.05 | 5.05 |
| 5 | Miscellaneous | 12.90 | 238.53 | 0.70 | 166.97 | 33.39 | 2.58 | 33.39 |
| 6 | Total ; | 156.17 | 743.22 | - | - | - | - | 93.05 |

Statement of Solvency Margin Based on Incurred Claims for the year 2020:

| Sl.No. | For-2020 | In Million Taka | | | | | | | |
|--------|-------------------|--------------------------|----------------------------|--------|--|-------------------|----------------------------|--|---|
| | Class of Business | Net Incurred Claims (NC) | Gross Incurred Claims (GC) | Factor | Gross Claims after application of factor | 30% of Net Claims | 30% of Gross Claims factor | Figure in col.(7) &(8) which ever are higher | Required Solvency Margin-T-1 & RSM-T-2) which ever higher |
| 1 | 2 | 4 | 3 | 5 | 6 | 7 | 8 | 9 | 10 |
| 1 | Fire | (6.36) | 9.80 | 0.50 | 4.90 | (1.91) | 2.94 | 2.94 | 30.06 |
| 2 | Marine Cargo | (2.40) | 2.52 | 0.70 | 1.76 | (0.72) | 0.76 | 0.76 | 24.37 |
| 3 | Marine Hull | 0.63 | 0.63 | 0.50 | 0.32 | 0.19 | 0.19 | 0.19 | 0.18 |
| 4 | Motor | 2.08 | 3.1 | 0.85 | 2.64 | 0.62 | 0.93 | 0.93 | 5.05 |
| 5 | Miscellaneous | 3.39 | 21.44 | 0.70 | 15.01 | 1.02 | 6.43 | 6.43 | 33.39 |
| | Total : | (2.66) | 37.49 | | | | | 11.25 | 93.05 |

Statement of Solvency margin based on assets & liabilities for the year 2020:

| Particulars | | In million Taka | Particulars | | In million Taka | Solvency Margin |
|--------------------------------------|--------|-----------------|--------------------------|--------|-----------------|-----------------|
| A. Total Assets as per Balance Sheet | | 1,632.98 | B. Total Liabilities | | 1335.37 | |
| Less : | | | Less : | | | |
| Amount due from others | 255.46 | | Sundry creditors | 107.24 | | |
| Sundry Debtors | 18.46 | | Amount due to others | 191.97 | | |
| Premium collection control | 4.90 | | Provision for income tax | 384.43 | | |
| Computers etc | 2.91 | | Deposit premium | 99.82 | | |
| Furniture & fixture | 15.88 | | Reserve for unexpired | 62.55 | | |
| Total : | | 297.61 | risk Total : | | 845.28 | |
| A) Total Assets | | 1,335.37 | B) Total Liabilities | | 845.28 | 489.36 |

Comparative Statement of Solvency Margin and Available Solvency Margin based on Assets & Liabilities are given below:

| Particulars | Amount in Million Taka | | Growth | Growth (%) |
|--------------------------------------|------------------------|--------|--------|------------|
| | 2020 | 2019 | | |
| Solvency Margin Available (SMA)(A-B) | 489.36 | 388.10 | 102.11 | 26.31 |
| Required Solvency Margin (RSM) | 93.05 | 90.78 | 2.27 | 2.50 |
| Solvency Ratio (ASM/RSM) (Times) | 5.27 | 4.28 | 0.99 | 23.23 |

At a glance 5 years Required solvency margin and Available solvency margin position of the Company are given below:

| Particulars | In Million Taka | | | | |
|-------------------------------|-----------------|--------|--------|--------|--------|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| Required Solvency Margin | 93.05 | 90.78 | 92.93 | 86.23 | 68.17 |
| Available Solvency Margin | 489.36 | 388.10 | 346.95 | 472.80 | 332.92 |
| Solvency Margin Ratio (Times) | 5.27 | 4.28 | 3.73 | 5.48 | 4.88 |



Required Solvency Margin is BDT 93.05 Million in the year 2020 where was BDT 90.78 million in 2019

Note : Required Solvency Margin = (RSM is the higher of the amounts of RSM-1 and RSM - 2)

Reserve and Surplus

The following reserve fund and surplus indicates the strength of wealth and solvency of the company.

| Details of Reserve & Surplus | Amount in Taka | | | | | |
|---|----------------|------------|--------|------------|----------------|----------|
| | 2020 | Percentage | 2019 | Percentage | Growth in 2020 | Growth % |
| Reserve for exceptional claims losses : | 257.70 | 82.73 | 242.08 | 93.83 | 15.62 | 6.45 |
| General reserve fund | 11.40 | 3.66 | 10.40 | 4.03 | 1.00 | 9.62 |
| Investment fluctuation fund | - | 0.00 | - | - | - | 0.00 |
| Retained earnings | 42.41 | 13.61 | 5.51 | 2.14 | 36.90 | 669.69 |
| Total Reserve & Surplus: | 311.51 | 100.00 | 257.99 | 100 | 53.52 | |

Reserve and Surplus-2020 & 2019 (in million Taka)



ACCOUNTING RATIOS PERTAINING TO INSURANCE BUSINESS OF THE COMPANY

Prime Insurance Company has been increasing stable business growth in every year by dint of hard work of the Head of branches, Marketing executives, all desk executives including the top executives of Head office. All of executives and staffs of the company has given allout efforts to smooth servicing to the clients properly. Management team of Head office also supported to the Head of Branches if any, for procuring the business by providing fastest and uninterrupted services to the clients quickly. The management of the Company expect to higher business growth and profitability in 2021 to follows and abide all rules and regulations of IDRA properly. It mentioned here that the regulatory authority have to take some effective steps for develop of insurance industries.

Details of comparative various Accounting Ratios Pertaining to Company's insurance business and profitability for the year 2020 and 2019 are given below:

| Particulars | Amount in Taka | | | | | |
|--|----------------|-------------------|-------------|-------------------|---------------------|---------|
| | 2020 | Ratios (%) - 2019 | 2019 | Ratios (%) - 2019 | Growth / (Declined) | % |
| Gross premium (GP) income | 743,298,912 | | 711,679,113 | | 31,619,799 | 4.44 |
| Net premium (NP) income | 156,175,281 | | 137,351,806 | | 18,823,475 | 13.70 |
| Re-insurance premium ceded as % of GP | 587,123,631 | 78.99 | 574,327,307 | 80.70 | 12,796,324 | 2.23 |
| Retention ratio as of GP | 156,175,281 | 21.01 | 137,351,806 | 19.30 | 18,823,475 | 59.53 |
| Net R/I commission Earned as % of GP | 119,422,518 | 16.07 | 135,637,711 | 19.06 | (16,215,193) | (11.95) |
| Net R/I commission earned as % of NP | 119,422,518 | 76.47 | 135,637,711 | 98.75 | (16,215,193) | (11.95) |
| Agent commission paid as % of GP | 105,501,502 | 14.19 | 95,223,489 | 13.38 | 10,278,013 | 10.79 |
| Management expenses allocated as % of GP | 114,953,914 | 15.47 | 120,876,238 | 16.98 | (5,922,324) | (4.90) |
| Management expenses allocated as % of NP | 114,953,914 | 73.61 | 120,876,238 | 88.00 | (5,922,324) | (4.90) |
| Un allocated expenses as % of GP | 24,576,388 | 3.31 | 20,222,770 | 2.84 | 4,353,618 | 21.53 |
| Un allocated expenses as % of NP | 24,576,388 | 15.74 | 20,222,770 | 14.72 | 4,353,618 | 21.53 |
| Gross claims paid as % of GP | 37,486,247 | 5.04 | 63,956,831 | 8.99 | (26,470,584) | (41.39) |
| Gross claims paid as % of NP | 37,486,247 | 24.00 | 63,956,831 | 46.56 | (26,470,584) | (19.27) |
| Net claims paid as % of GP | (2,659,577) | -0.36 | (8,353,295) | -1.17 | 5,693,718 | (68.16) |
| Net claims paid as % of NP | (2,659,577) | -1.70 | (8,353,295) | -6.08 | 5,693,718 | (68.16) |
| Combined expenses as % of GP | 233,285,557 | 31.39 | 218,882,532 | 30.76 | 14,403,025 | 6.58 |
| Combined expenses as % of NP | 233,285,557 | 149.37 | 218,882,532 | 159.36 | 14,403,025 | 6.58 |
| Operating income as % of GP | 50,605,739 | 6.81 | 106,534,055 | 14.97 | (55,928,316) | (52.50) |
| Operating income as % of NP | 50,605,739 | 32.40 | 106,534,055 | 77.56 | (55,928,316) | (52.50) |
| Profit before tax ratio on turnover | 109,138,613 | 14.68 | 84,856,072 | 11.92 | 24,282,541 | 28.62 |
| Net profit ratio (after Tax) on turnover | 53,511,169 | 7.20 | 17,489,339 | 2.46 | 36,021,830 | 205.96 |



Review of the ASSETS QUALITY

Prime Insurance Company Limited, always focuses on the sustainable assets quality so that these will bring highest value to the Company, ensure satisfactory return to the stakeholders, ensure sustainable development of business, increase profitability and financial growth of the company. To perform the said objectives, the company has the policy to review of its assets periodically and as a result of continuous

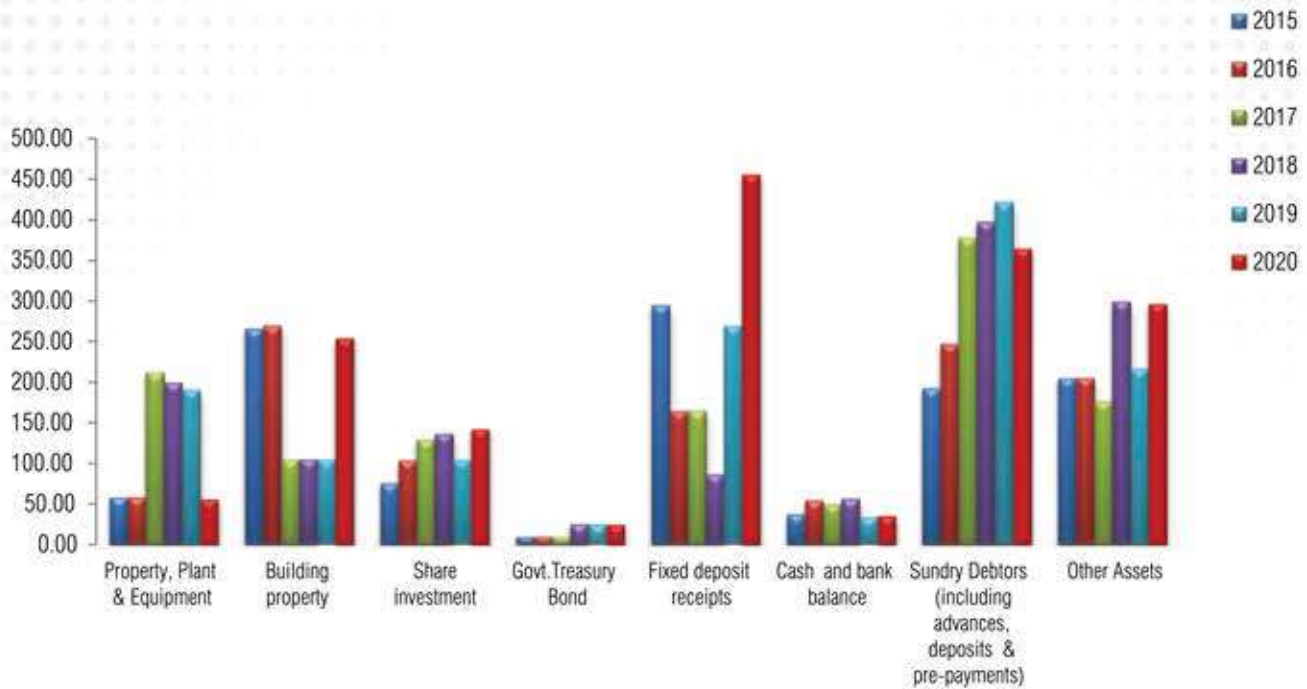
monitoring and development of the assets quality, company could achieve the sustainable growth almost every year. Following figures showing five years growth of the assets may demonstrate how the Company maintains its assets quality to increase value to the Company. Assets quality and ratios analysis of the company for the year 2020 and 2019 are given below:

| Particulars | 2020 | | 2019 | | % of Growth over 2019 |
|---|------------------|---------------------|------------------|---------------------|-----------------------|
| | Amount (in Taka) | (%) on total assets | Amount (in Taka) | (%) on total assets | |
| A) Investable Assets : | 659,608,623 | | 535,599,338 | | |
| Fixed Deposit Receipts (FDR) | 456,835,813 | 27.96 | 269,400,000 | 19.73 | 69.58 |
| Share Investment | 142,510,547 | 8.72 | 104,039,370 | 7.62 | 36.98 |
| Bangladesh Govt. Treasury Bond | 25,000,000 | 1.53 | 25,000,000 | 1.83 | - |
| Cash at Bank (STD & CD Account) | 35,262,263 | 2.16 | 32,759,968 | 2.40 | 7.64 |
| Advance against building property (Transferred to fixed assets) | - | 0.00 | 104,400,000 | 7.65 | (100.00) |
| B) Fixed assets: | 310,332,197 | | 190,431,847 | | |
| Building Property (Unique Heights & Tropical Mollah Tower) | 255,093,289 | 15.61 | 155,721,723 | 11.40 | 63.81 |
| Property, Plant & Equipments | 55,238,908 | 3.43 | 34,710,124 | 2.54 | 61.60 |
| C) Sundry debtors and others receivable | 663,890,738 | 40.58 | 639,367,272 | 46.83 | (6.24) |
| Total assets = (A + B + C) : | 1,632,978,101 | 100.00 | 1,365,398,457 | 100.00 | 20 |

Year wise investment and assets quality of the Company are given below (in million Taka):

| Year | Property, Plant & Equipment | Building property | Share investment | Govt. Treasury Bond | Fixed deposit receipts | Cash and bank balance | Sundry Debtors (including advances, deposits & pre-payments) | Other Assets | Total Assets |
|------|-----------------------------|-------------------|------------------|---------------------|------------------------|-----------------------|--|--------------|--------------|
| 2015 | 57.65 | 265.85 | 75.16 | 9.00 | 294.80 | 37.20 | 192.61 | 204.73 | 1137.00 |
| 2016 | 57.94 | 269.85 | 103.67 | 9.00 | 164.40 | 54.36 | 247.12 | 204.88 | 1111.22 |
| 2017 | 211.89 | 104.40 | 128.96 | 9.00 | 164.94 | 49.53 | 377.97 | 176.13 | 1222.82 |
| 2018 | 199.15 | 104.40 | 136.12 | 25.00 | 86.40 | 56.48 | 397.30 | 299.12 | 1303.97 |
| 2019 | 190.43 | 104.40 | 104.04 | 25.00 | 269.40 | 33.36 | 422.45 | 216.32 | 1365.40 |
| 2020 | 55.24 | 255.10 | 142.51 | 25.00 | 456.84 | 35.79 | 365.31 | 296.34 | 1632.98 |

Year wise Assets quality graphs is given as under (in Million Taka)



Investable Assets Quality of the Company:

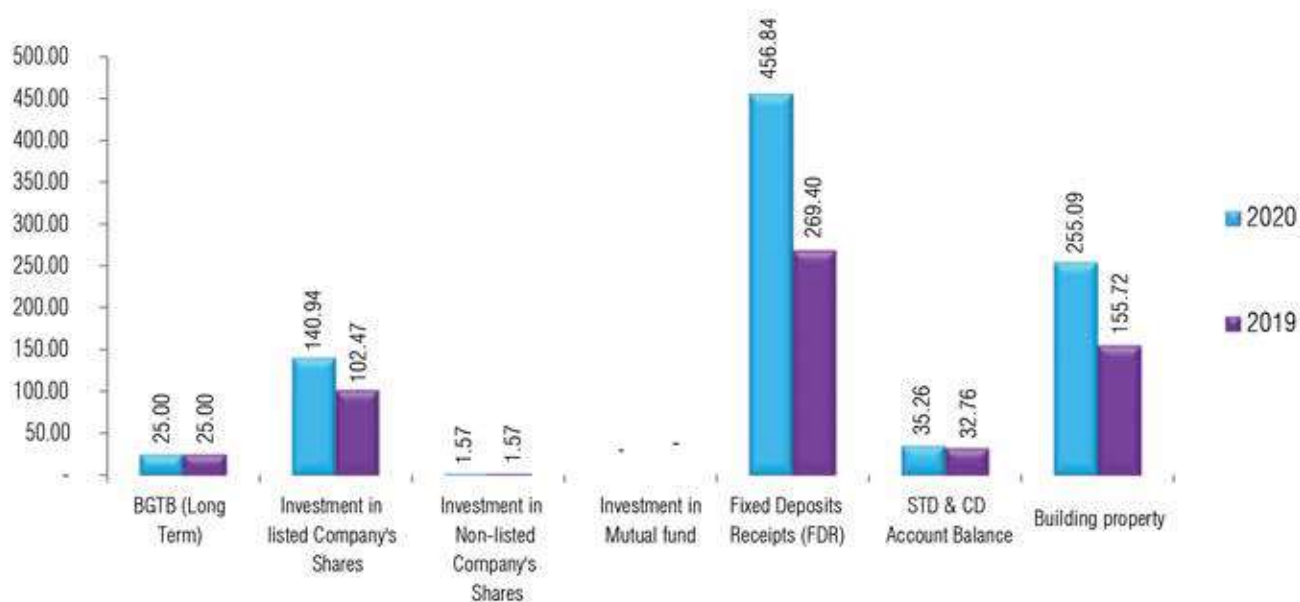
| Particulars | Amount in Taka | | | | Growth/ (Declined) -2020 | % |
|---|--------------------|------------|--------------------|------------|-----------------------------|---------------|
| | 2020 | % | 2019 | % | | |
| A) BGTB : | | | | | | |
| Long Term (10 Years Bangladesh Govt. Tresary | 25,000,000 | 2.73 | 25,000,000 | 4.26 | - | - |
| Share Investment : | | | | | | |
| Share investment listed Company | 140,941,097 | 15.41 | 102,469,920 | 17.46 | 38,471,177 | 37.54 |
| Share investment non listed Company | 1,569,450 | 0.17 | 1,569,450 | 0.27 | - | - |
| Investment in mutual fund | - | 0.00 | - | 0.00 | - | - |
| Total : | 167,510,547 | | 129,039,370 | | 38,471,177 | 29.81 |
| B) Cash at bank : | 492,098,076 | | 302,159,968 | | 189,938,108 | 62.86 |
| Fixed Deposits Receipts (FDR) | 456,835,813 | 49.94 | 269,400,000 | 45.90 | 187,435,813 | 69.58 |
| STD & CD account balance | 35,262,263 | 3.86 | 32,759,968 | 5.58 | 2,502,295 | 7.64 |
| C) Building Property : | | | | | | |
| Building property | 255,093,289 | 27.89 | 155,721,723 | 26.53 | 99,371,566 | 63.81 |
| Total investable assets: (A+B+C) | 914,701,912 | 100 | 586,921,061 | 100 | 327,780,851 | 156.49 |
| Property, plant, office equipment & others fixed | 55,238,908 | | 42,253,217 | | 13,839,148 | 32.75 |

In the year 2013 the Company has purchased 02 (One) unit floor space measuring 11,500 sft with 5 car parking at Unique Heights (9th floor): 117, Kazi Nazrul Islam Avenue, Ramna Dhaka. The book value of the floor at cost was Tk.129.94 million.

In the year 2014 the Company has purchased another 01 (One) Unit floor space measuring 4,236 sft with 2 car parking at Unique Heights (9th floor): 117, Kazi Nazrul Islam Avenue, Ramna Dhaka.

The book value of the floor cost was Tk.47.35 million. The total Cost Price of 3 (three) units floor stood Tk.177.29 million. The Company already shifted its Corporate office at Unique heights (9th floor) on 1st September, 2015. As per IAS-16, advance against building property of Unique Heights has been recognized as property, plant and equipment under cost model and accordingly depreciation has been charged.

As per IAS-16, advance against building property of Tropical Molla Tower (4th floor & 5th floor) has been recognized as property, plant and equipment under cost model and accordingly depreciation has been charged.



REPORT ON OTHER ACTIVITIES



REPORT ON CLAIM SETTLEMENT

Insurance is a means of protection from financial loss and a form of risk management to an uncertain loss. So claims settlement bears paramount importance for an insurance company. Prime Insurance Company Ltd., start its journey in June 1996 and after lots of ups and down the company strengthened its financial base and place it in a high regarded position in the Insurance Industry. The business operation of the Company is structured and processed in line with the Corporate Governance guidelines imposed by SEC and IDRA. Claims Department of Prime Insurance Company Limited manages the settlement of claims through a detailed procedure.

Settlement of Claim is vital task of Insurance Organization. The underwriting and the claims department of Prime Insurance Company Limited is comprised of highly qualified, experienced and clients friendly workforce. Due to their client's centric approach and cooperative mindset no complexities arises in claims settlement. It is also happening in the procedure of proper underwriting. Prime Insurance always treat our clientele as business partner and we are not only as underwriter but also an Insurance Advisor of clientele. To extend all sorts of service to the clients Prime Insurance established CUSTOMER CARE department to ensure quality service.

With a view to quick service in respect of settlement of Claim we always take care of any incident occurred by appointing of surveyor to ascertain the quantum of loss thereof. Because it is our commitment for expeditious settlement of the claim to the insured's satisfaction. Sincerely we always ensure our clients that we are ready for extend all possible assistance to mitigate suffering from unwanted incident.

Prime Insurance Company Limited act on the client's intimation and instantly appoint surveyors as per the Insurance law and got the report and settled the claim by 5 to 7 days after having all related documents. In addition if require PICL remind the clients for submission of the papers and documents every after 10/12 days. The team of the claims department tries level best to sender every services to meet the client expectances.

Prime Insurance always maintained & follow the Rules & Regulation of IDRA, Insurance ACT as well as Law of Land.

CLAiMS

INTERNAL AUDIT REPORT

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an Organization's operations. It helps an organization accomplish its objectives bringing in systematic and disciplined approach, to evaluate and improve the effectiveness of risk management, control, compliance and governance processes. Prime Insurance Company always tries to be systematic, disciplined and transparent in all its activities. The Internal audit department ensures the Company to run its activities systematically abiding by management policy, plan and guidelines issued Head office and various regulatory authorities.

Objective:

The aim of internal control is to provide reasonable assurance by means of system of processes and procedures implemented by Prime Insurance Company Limited so that the following objective may be achieved:

- Accuracy of financial statistics
- Optimization of operational competence
- Compliance with the laws and regulation



Scope:

The scope of internal audit operations and its function are, by its very nature, quite expansive. The internal audit function will assist the Company in fulfilling its vision, mission, strategic initiatives, and objectives. It helps the Company to adhere to its core values following systematic and disciplined approach; to evaluate and improve the effectiveness of enterprise-wide risk management, internal control systems and governance processes. Ultimately, the internal audit function will help ensure:

- Risks are appropriately identified and managed;
- Significant financial, managerial and operating information are accurate, reliable and timely;
- Employees' actions are in compliance with Company's policies, standards, procedures and applicable laws and regulations;
- Company's resources are acquired economically, used efficiently and safeguarded adequately;
- Company's operations are transacted in accordance with sufficient internal controls, good business judgment and high ethical standards;
- Quality and continuous improvement are fostered in the Company's internal control processes;

The main duties and functions of Internal Control and Audit Department, inter alia, are broadly classified as under:

- Systems audit
- Operational audit including efficiency audit
- Management audit



A. Audit Program

- Head of Internal Control and Audit Department starts to prepare audit plan before the commencement of each year. He draws it up and gets approval from the Audit Committee and the audit functions for that financial year are carried out accordingly.
- The annual program states the various areas which are subject to audit.
- The Audit Committee monitors the progress of work every monthly, quarterly and half-yearly.
- Company Secretary and Head of the Internal Control and Audit attend the meeting regularly.

B. Reporting Structure

Functionally the Internal Control and Audit Department reports directly to the Audit Committee for its activities.

C. Audit Function in Prime Insurance Company:

The Audit Department covers all departments of Head Office and Branches in its audit program.

01. Departmental Audit:

Departmental audits evaluate accounting controls, ensure compliance with departmental flow chart, job responsibility of individual employee, improvement of efficiency, policies and procedures, applicable laws and regulations and validate the records and account balances. The Audit department audits Branch Control Department, Share Trade & Investment Department, Finance and Accounts Department, Claims Department, Administration & Establishment Department, Public Relations and Business Development Department every year.

02. Branch Audit:

Branch audits are designed to evaluate procedures and controls which impact the attainment of the Company's organizational goals and objectives. Branch audits also measure compliance with organization policies and procedures as well as applicable laws and regulations and guidelines issued from Head office time to time during operational audits, functional tests and transaction review.

03. Performance/MIS Audit:

A management information system (MIS) provides information which are needed to manage organization efficiently and effectively. The Company is able to highlight its strengths and weaknesses due to the presence of revenue reports, employees' performance record etc. The MIS gives an overall picture of the company and act as communication and planning tool. Though MIS the audit team of Prime Insurance Company Limited can evaluate the performance of an individual employee, budgetary control and company's business performance and report analysis on a quarterly, half-yearly and yearly basis.

D. Audit Finding & Audit Reporting

After completion of audit, Head of the Audit sends a complete audit report along with audit findings, comments and recommendations to the Branch In-charge for their feedback within stipulated time frame. Feedback is important to Audit Department, since it can help it improve the audit process. The audit department also sends a audit report to the Managing Director, Central account department, Branch control department and other department as required. After getting opinion, the summary of the report is forwarded to the Audit Committee for review.

E. Follow-up

Follow-up reviews are performed on an issue-by-issue basis and typically occur shortly after the expected completion date so that agreed-upon corrective actions can be implemented. The purpose of the follow-up is to verify that the concern branch/departments have accomplished the agreed-upon corrective actions. The Audit Department always follows up the corrective actions whether they are implemented within stipulated timeframe.



GLOBAL REPORTING INITIATIVE (GRI)

The Global Reporting Initiative (GRI) is an independent organization that facilitates standardized reporting for businesses across a number of sustainability metrics. For organizations, large or small, private or public, the GRI Standards provide a shared language to report on their sustainability impacts in a clear and reliable way. This increases global comparability and allows transparency and accountability for organizations.

The requirements help businesses define and report their effects in a way that meets the needs of different stakeholders. At Prime Insurance Company Limited, the Standards are highly relevant to many other groups, including investors, policymakers, capital markets, and civil society. The standards are built as an easy-to-use modular package. This process ensures that an inclusive image of material issues, their associated impacts, and how they are handled is generated by the sustainability study. Since 2016, the GRI guidelines also include references to the UN Sustainable Development Goals (SDGs). Prime Insurance Company Limited follows the four key elements as a sustainability reporting framework.

Firstly, Sustainability Reporting Guidelines (the Standards) which are standards for determining the content of reports and ensuring the accuracy of the information published. They also provide Standard Disclosures consisting of performance metrics and other items of disclosure, as well as guidelines in reporting on relevant technical topics. Secondly, Indicator Practices that exist for each of the performance indicators contained in the Guidelines. These practices provide definitions, compilation guidance, and other information to assist report writers and to ensure consistency in the interpretation of the performance indicators. Thirdly, Sector Supplements that supplement the Guidelines with explanations and instructions on how to implement them in a particular sector, and which provide performance indicators. Finally, Technical Practices that are created to provide guidance on issues in reporting, such as setting the report borderline.

As a purpose-driven company, Prime Insurance Company Limited has always ensured the sustainability metrics. Our work helps to create and protect earnings, employment, and social security. Today, our core business is more critical than ever, amid a global pandemic and recession. To help the COVID-19 reaction, the most important measure Prime Insurance Company Limited has taken is to continue to keep our commitments.

At Prime Insurance Company Limited, we are working to protect nature and maintaining practices to preserving nature. We are reshaping our goals in sync with the sustainability reporting guidelines in conserving nature and lives for future generations.

Followings are our focus areas for Global Reporting Initiative (GRI):

- To maintain the updating reporting systems and maintain a checklist in line with the GRI guidelines.
- To get prepared as per the guidelines of our regulators and Bangladesh Security Exchange Commissions regarding the disclosures
- To define our scopes of work as an insurer and maintaining the GRI guidelines properly. To monitor the development works of the government, nature, and environment preservation issues, business issues and includes them in our agenda of change.
- To make GRI the central hub for sustainability reporting frameworks and initiatives and select collaboration partnership opportunities that serve GRI's vision and mission for upgrading our company as a true world class insurance service provider.
- To drive effective use of sustainability information to improve the performance of the company and reach the world level of sustainability indexes.



REPORT ON ISO CERTIFICATION

Prime Insurance Company is the first ISO certified Insurance Company in Bangladesh. ISO 9001:2008 Quality Management System certification enables us to demonstrate our commitment to quality and customer satisfaction, as well as continuously improving company's operations. In continuation of ISO certification 9001: 2008, we have adopted ISO certification 9001:2015 in the year 2018 and onward.

By maintaining the certification since 2012, we are ensuring all requirements for quality management of the product or service are covered in ISO 9001: 2008 & 9001:2015 respectively, which includes a quality planning requirement along with policies, objectives and quantifiable targets.

The Certification also enables us to maintain continuous development in the following areas:

- Establishes and streamlines processes through complete documentation.
- Improves and establishes training processes.
- Defines roles and responsibilities.
- Significantly increases operational efficiency.
- Increases ability to troubleshoot.
- Develops and builds relationships that help to retain existing customers.
- Builds opportunities for global commerce with international recognition.
- Improves relationships with interested parties due to clear, concise production standards.
- Provides basis for consistent and fact-based decision making.
- Carefully planned improvements, based on documentation and analysis.

- Provides for regular audits/reviews of performance.
- Increases productivity maximizes quality.
- Improves employee morale and satisfaction.
- Saves time and money.
- Improves accountability of management.
- Increases employees' understanding of their roles in success of their work and the company.
- Creates greater motivation and dedication.
- Enhance customer satisfaction through effective process improvements to all systems of the business and to assure conformity to our customer's and applicable statutory and regulatory requirements.

What we did in 2020

At the beginning of 2020, we executed our plan to implement an integrated internal audit program for QMS and subsequently the External Audit. This enabled a more efficient and effective way of sharing information among the employees and provided a holistic approach to our Company. It also added value for the Departments being audited with two External Auditors bringing different knowledge and skill sets to the Company audit and gave each team the opportunity to learn from each other on audit and adapt their processes where necessary for continual improvement. We will continue to strengthen the co-operation between our assurance functions to ensure our risks are identified and mitigated. Moreover, we enhanced customer satisfaction through effective process improvements i.e. to establishment of better monitoring system & assurance of immediate response.



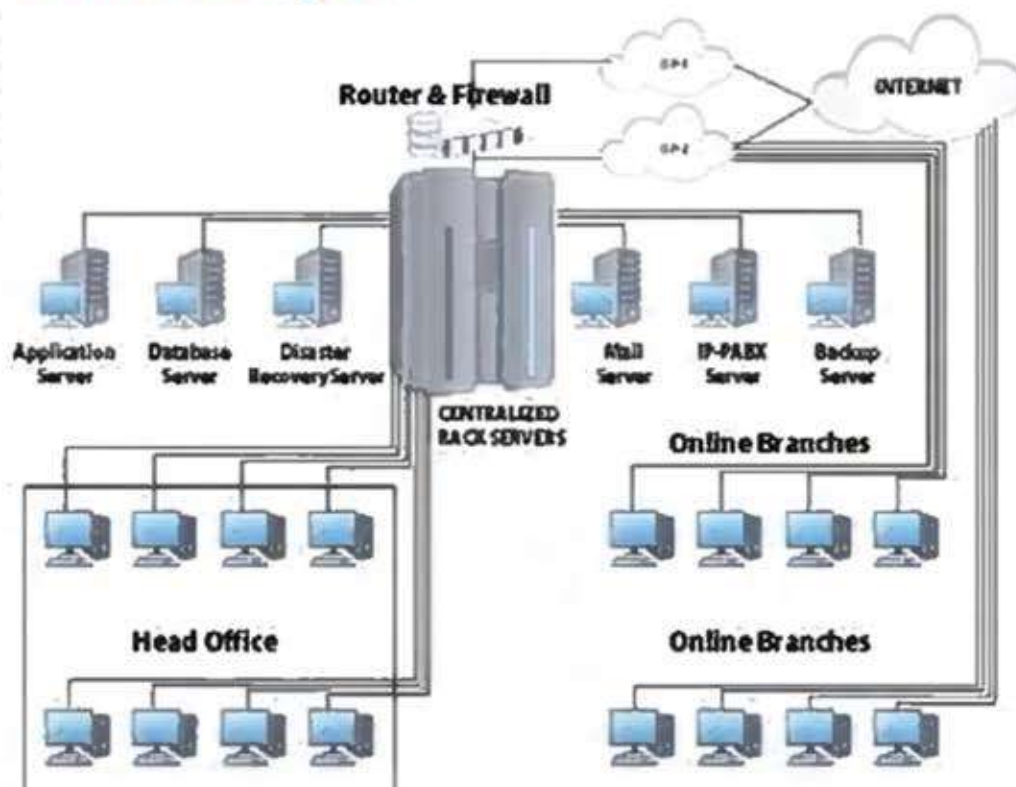
REPORT ON ONLINE BUSINESS SYSTEM

In today's world, technology has become an important tool for development. The advancement and usage of technology has not only eased our communication system, it is playing a vital role in the growth of financial sector as well. To keep pace with this ever-changing scenario, it is very important for every financial organization to develop and utilize the technological innovations. Prime Insurance Company Ltd is a pioneer among the technology driven insurance companies of Bangladesh with its fully online based business system and faster communication through own developed internal mail system, IP-Phone and a vibrant website: www.prime-insurance.net.

We have 17 branches and 1 booth, and all of them are online based and operating under automated system. These branches and booth are also monitored and controlled online from the Head Office. We underwrite our policies through online insurance automation process which helps our business partners –clients to receive faster service in the shortest possible time that saves money as well. This system also enables our clients to compare the terms and conditions and rates with other companies; it also indicates the transparency of the company towards the clients. Through visiting the website of Prime Insurance a potential insured or an individual can easily know about the company in details – its products and services and the attributes including company's achievements and many more.



Network Diagram



Login Area

 **Prime Insurance Company Limited**

Prime Insurance Management System

User Name

Password

www.prime-insurance.net

In Prime Insurance we have been operating software named IIMS (Integrated Insurance Management system) which is integrated with Underwriting Module, Accounts Module, Claim Module, Payroll Module and Re Insurance Module. The software is 100% online based.

We have also introduced Document Management Solution to reduce paper based work and also to increase security of softcopy documentation.

Internal mail server:

We are operating an internal mail server for faster and notified communication with all employees, higher management and clients. Also we are controlling all works and documentation as per ISO certification 9001:2015 documentation standard.

Mobile App:

For the first time in the insurance company history of Bangladesh, Prime Insurance Company launched Mobile app in the year 2014 to facilitate the clients through faster quality service. Through this app client can get their required information and services, intimate their claims, if any, can look for a quotation and send renewal request to the concerned department. Anyone can download this app from Google Play Store in their Android Mobile Set and thus self-benefited.

CCTV, Meeting and Video presentation in online:

We are introducing our products to the specific clients and also to potential insured making necessary presentation in power-point through online system to the specific clients. We are also conducted Skypemeeting, video conference and monitoring all of the departments and branches through CCTV.

Finger print access control:

Prime Insurance has introduced access control device with finger print security doors. In this system, we can control employees 'in and out' movement including time of office attendance time.

Online Payment Gateway

We have introduced an online payment system for Motor Insurance & Overseas Mediclaim Policy (OMP) on our website. Clients can easily paid premium through our online payment gateway by credit card, debit card, Bkash, Qcash, Mobicash and many others payments systems.

Automated System along with Online Support ensures:

Speed:

We can process information more quickly than manual system. It enforces speed in our business.

Accuracy:

Through Automated system we can accurately perform work.

Safety:

Automated system along with online service ensures safety to our entire network and business information.

Efficiency:

As we always emphasize on efficiency of service, the automated system supports us to achieve that goal.

Security:

With automated system an administrator must constantly monitor the security of the data and these security measures must be instituted. With online software, sensitive company data resides on a secured server, security of which is constantly monitored by sophisticated protective mechanisms.

Communication:

The ability to work anywhere at any time and communicate with co-workers can be a great productivity enhancer. The online system provides the opportunity to work in any location at any time.



SPREADING OUT PRIME INNOVATIVE INSURANCE PRODUCTS

Prime Insurance is one of the pioneer companies in Bangladesh who are philanthropic on innovating new products and services for its clients and customers. Since its inception, Prime has focused and carried out research and initiated knowledge sharing sessions with local academicians, overseas re-insurers and insurance experts to bring new insurance products in market to cater the growing needs and fulfilling the expectations of customers with a view to covering the risk in wider areas which usually traditional insurance products are unable to cover. Keeping that in mind, Prime has already launched few innovative products in the market which are creating positive impact in the insurance market while generating higher revenue for the company. Prime has decided to expand those innovative products and modify, if required, based on the feedback of clients who are currently enjoying the benefits of those products. Prime is expecting a brighter year in 2018 as it is working towards launching more innovative products which will help to bring the people under the safety net of insurance. Followings are existing innovative products which are currently available in the market:

Prime Health Plan

The Company has launched an innovative health insurance product namely Prime Health Plan which provides coverage due to hospitalization and other related expenses. The aim of this product is to increase the awareness so that people consult with a qualified doctor whenever he/she suffers any health issue without fearing the cost of hospitalization and other expenses. Various Corporate Clients & Multinational Companies are enjoying the benefits of the Prime Health Plan to ensure health insurance coverage of their employees and family members with a minimum amount of premium. The Management of Prime is working with a view to bringing group of People under this health insurance policy. Moreover, we have made a strategy so that we can bring the common people under this policy. This product is fully supported by the abroad and enables treatment facilities at home and abroad.

Bankers' Blanket Bond Policy (BBB)

In accordance with the changes of global economy and market interest, Banks are now a days operating their business in a diversified ways. There are diversifying their portfolio day by day and increasing their product lines to meet up the clients latest requirements and, at the same time, to accommodate with global economy.

In these context, Prime has brought Bankers' Blanket Bond policy (BBB) for the financial institutions especially for the Banks to secure their financial risks under which a number of separate insuring clauses covering very specific instances of financial loss suffered by the institution. Banker's Blanket Bond Policy will cover any forgery, fraudulency by employees/third parties, cybercrime, professional indemnity of the Bankers and Directors and Employers' Liability. Banks do not need to take the coverage for cash-in-transit, cash-on-counter, cash-in-safe, cash-in-ATM policy etc. separately. So, this insurance will work as a

safeguard of banking property where a Bank will get all insurance cover under one umbrella. The Policy has already been taken by few reputed private banks and some other banks are in the pipe line. We hope to see more banks enrolling in this proposal in the near future.

Hajj & Umrah Insurance Policy

It is well known, for the Muslim, Hajj is one of the fundamental rituals amongst the five pillars for those who are financially and physically sound. During the period of performing Hajj, they need to continue their journey uninterruptedly however, the voyage sometimes comes across many unexpected accidental occurrences i.e. bodily injury, permanent disability even death. Hajj Insurance Policy can give the assurance of making the holy journey smooth, secured and sound.

So the Company has designed its product into the following two categories for the benefits of Pilgrims with a nominal premium for maximum coverage:

- HAJJ PROTECTION-PLATINUM
- HAJJ PROTECTION-GOLD

Prime Insurance is always committed to the Pilgrims of Bangladesh for rendering an excellent service.

Shipbuilders Liability Insurance Coverage

The Company has its glory again as the introducer of the Shipbuilders Liability Insurance Coverage in Bangladesh. The Policy contains following two sections:

Section 1

- (a) Covers the hull and machinery of the insured ship.
- (b) Covers machinery while it is under construction at specified sub contractor's premises within the construction port.

Section 2

Covers machinery only at the builder's yard within the construction port (Does not include other parts or materials to be built into the ship). The mentioned four products not only achieved the great success for the Company, those have also uplifted the image of the Company in the industry.

The Company wishes to continue such a way of introducing the exclusive products and services to make a healthy, secured and tension free life for the people of Bangladesh.



REPORT ON RE-INSURANCE

Reinsurance is the life blood of a non-life insurance company whereas a number of risks of different sizes, i.e. small, medium, big and large, are underwritten. Hence reinsurance provides the main underwriting support to protect the financial stability of an insurance company in the time of claim occurred. Proper reinsurance arrangement with the reputed reinsurance companies is the most important job of the reinsurance department of a company as well.

Reinsurance is, by its nature, a global business, which deploys capital across geographical boundaries and line of business. The intent of reinsurance is for an insurance company to reduce the risks associated with underwritten policies by spreading risk across alternative institutions.

Reinsurance also increase the capacity of underwriting for the traditional and any new line of insurance business as well as reinsurance protect insurance company, policy holders and its stakeholders through providing instant solvency capital to stabilize net claim ratio. Reinsurers apply sophisticated risk management process to take any risks. But to work in a prominent and effective way, it requires a reliable legal system which is secured and honors the freedom of contract.

In a developing country like Bangladesh, insurance companies are playing a very significant role in economic expansion. With higher income and literacy rate, people are expected to recognize the benefits of insurance in business and thus raising the demand of insurance services. Though insurance industry has a very high prospect in the economy but for some reasons it's totally failed to achieve its goal. The insurance industry in general and the reinsurance industry in particular is facing a number of significant challenges and constraints which will need to be decisively addressed in the coming years if the industry wants to maintain its role in an expanding global economy.

Regulation of the reinsurance industry is increasing but in a piecemeal fashion without any key techniques and parameters. At the same time the demand for reinsurance solutions in specific business segments and for specific needs of primary insurance companies' is growing. Satisfying this demand is the commercial role of the reinsurance industry and because of the industry's risk diversification; it is able to insure risks at a lower cost and higher security than primary insurers with less diversified portfolios. Thus, reinsurance which facilitates the spread of risk exposure over a larger capital base is an important tool for the insurance industry. Reinsurance plays a vital role in providing capital to insurers thus securing affordable protection to policyholders.

Since reinsurance is a financial and services arrangement between an insurer and a reinsurer, it contains a number of different steps to transfer the risk in global market as well as financing for ensuring underwriting capacity to the insurance companies. The government of Bangladesh modified the system through promulgation of the Insurance Corporations (Amendment) Act 1990. The changes allowed private sector insurance

companies to place 50% reinsurance of the business to state owned corporation and to place remaining 50% of their business with any reinsurer of their choice, at home or abroad.

Sadharan Bima Corporation (SBC) will underwrite 100% of Public Sector business and distribute 50% to private insurance companies in the country.

Out of 46 private Non-life Insurance Companies only few companies have their 50% Re-insurance arrangement with abroad. Prime Insurance is one of them who have their reinsurance support with very renowned reinsurers for its various businesses. As reinsurance is a key drive of growth and stability for an insurance company, Prime Insurance arranged the best reinsurance arrangement with the local reinsurer Sadharan Bima Corporation (State owned reinsurer of Bangladesh) and overseas reinsurers General Insurance Corporation of India (GIC Re) with credit rating "A-" (Excellent) by AM Best and Trust Re, Bahrain with credit rating "A-" by AM best and S&P for its reinsurance treaty under review.

Prime insurance is enjoying the best Reinsurance Treaty Terms with its local and foreign reinsurers whereas the treaty limit is Tk. 1000 million for Fire business and Tk. 400 million for Marine business. As well as PICL has arranged Excess of Loss treaty for its retained portfolio to ensure the highest financial strength with net loss retention of Tk. 5.00 million for Fire business, Tk. 2.50 million for Marine business and Tk. 1.00 million for Motor business.

To mitigate the natural catastrophic risk Prime insurance has CAT excess of loss treaty with SBC and other overseas reinsurers. To protect the risk in fire business, it has reinsurance cover for losses arise from natural catastrophe losses of Tk.45.00 million in excess of Tk.5.00 million whereas it has the same treaty in marine cargo for losses of Tk.7.50 million in excess of Tk. 2.50 million. Apart from the above treaty reinsurers Prime Insurance is also placing lot of insurance business on facultative basis to Swiss Re (Switzerland/Singapore), Munich Re (Germany), Hanover Re (Germany), Lloyds of London (UK), Alliance Global, XL Insurance Company, Korean Re (S. Korea), GIC Re (India), Trust Re (Bahrain), Malaysian Re (Malaysia), New India (India), ICICI Lombard (India), ARIG Re (Bahrain) etc. beyond the treaty capacity.

Other than reinsurance treaty we have build-up our strong affiliation with world's reputed reinsurers. Our most modern technological developments are the key success of service standard, good relationship with the insured as well as reinsurers and brokers. Risk mitigation and loss prevention are given the highest priority for Prime's vision. We have ceded premium Tk. 587.12 million to our reinsurer in the year of 2020 under surplus, Excess of Loss treaty and facultative reinsurance.

Prime Insurance has a very good business relationship with international insurance broker market as well like J B Boda (S) Pte Ltd. Singapore, J B

Boda of India, Tyser & Co. Ltd. London, Marsh of London, Protection Insurance Services of Bahrain, Unison Insurance Services, India etc. Through them, the Company always provides its insurance business service to the clients with a very special rate /terms and secures the clients interest with the highest priority.

Since career development is an ongoing, dynamic process, employees may need encouragement and support in reviewing and re-assessing their goals and activities. Prime encourages growth and career development of employees by providing adequate in house & abroad training. As a result, the reinsurance department took part in The GIC Re 7th International Reinsurance Training Program at Mumbai, India and 2nd Reinsurance International Study Course (RISC) at Singapore. These training programs were conducted by Insurance Institute of India, College of Insurance, Mumbai and Singapore Insurance College, Singapore etc.

A collaborative effort between different insurance business functions and discipline is required for continued growth and sustainability of our insurance market where reinsurance department's contribution is indispensable. But in our country, 50% mandatory business with our local reinsurer becomes a hurdle to do an effective business whereas in our neighboring country (India) this percentage is only 5%. So, need to change the strategy by the regulatory authority for the betterment of the insurance industry.

Efficient service and the highest financial security to the clients are the most priority of Prime Insurance. So, Prime Insurance always ensures the full reinsurance protection with high rated reinsurers as well as provides systematic risk management advices and the best insurance terms to the clients with maintaining the full business ethics and regulations.



REPORT ON PRE SURVEY RISK INSPECTION

Pre Survey Risk inspection plays a vital role to identify threats of clients' businesses and implement best practiced mitigation measures. Risk analysis is the first step in managing and preventing risk that brings a revolutionary positive outcome while insurer takes decision to carry out an analysis through pre risk inspection. Effective steps of Pre-risk inspection:

Prime Insurance prefers to do Pre Risk Assessment by hiring professional expertise to improve, manage and prevent risk, as the pre-risk survey is mandatory for large facilities in international as well as local reinsurance markets. A professional risk survey is a basis for sound property insurance programs, allows making well-informed decisions on parameters of the coverage system, and avoiding both inappropriate over-estimation of insurance expenses as well as adoption of an insufficiently reliable risk insurance program.

Effective pre-risk inspection report allows insurers, reinsurers and insurance brokers to assess the quality of risk and to estimate the amount of potential damage as well as to obtain an unbiased independent opinion on the state of protection of their property from fire, explosions, machinery breakdown, malicious acts, climatic perils, the possibility of major losses due to business interruptions etc. In addition, the report suggests measures (recommendation) aimed at reduction of the probability of loss occurrences (prevention) and/or minimization of loss from the occurrences.

Prime Insurance always does the pre-inspection of any property of the client either by external or by internal expert. As per the Circular of Insurance Development & Regulatory Authority (IDRA), it is important to get the survey, if the insured amount is Tk. 5 crore or above. Prime Insurance always complies with the guidelines of the Authority regarding risk inspection.

Besides, the Company is also transparent in charging premium amount to its clients. In this way, Prime Insurance tries to mitigate the risk and build a positive image in clients' mind for mutual interest. Prime also tries to offer the client with the best and competitive rate and terms from CRC (Central Rating Committee) from abroad (if necessary).

Pre-risk assessment is the most important function of a risk assessment process to pre-determine the possible scenarios and potential damages and then take the steps insistently about the business portfolio. Pre-risk assessment also helps us relieved of the possible risk that might be created by clients through hiding information.



Financial Calendar to the Stakeholders

Prime Insurance Company is very much alert and concern of its stakeholders interest of the company including the potential investors. The following historical information will help our current and potential investors for their decision making :

Financial Calendar to the Stakeholders are given belows :

Financial year -2020

| | |
|--|-----------------|
| Dividend declared Cash (Proposed) | 10% |
| Date of 25th Annual General Meeting (AGM) | March 28,2021 |
| Annual Report 2020 dispatched | March 13,2021 |
| Record date | March 04,2021 |
| Announcement of Final Results on Financial statements for the year ended Dec, 2020 | Feb 10,2021 |
| Publication of Third Quarter Financial Statements (un-audited) | October 30,2020 |
| Publication of Second Quarter Financial Statements (Un-audited) | July 22,2020 |
| Publication of First Quarter Financial Statements (Un-audited) | June 08,2020 |

Financial year -2019

| | |
|--|-----------------|
| Dividend declared Cash (Proposed) | No dividend |
| Date of 24th Annual General Meeting (Virtual) | May 20,2020 |
| Annual Report 2019 dispatched | March 16,2020 |
| Record date | March 12,2020 |
| Announcement of Final Results on Financial statements for the year ended Dec, 2019 | Feb 22,2020 |
| Publication of Third Quarter Financial Statements (un-audited) | October 30,2019 |
| Publication of Second Quarter Financial Statements (Un-audited) | July 22,2019 |
| Publication of First Quarter Financial Statements (Un-audited) | May 4,2019 |

Financial year -2018

| | |
|--|------------------|
| Dividend declared Cash (Proposed) | 10% |
| Date of 23th Annual General Meeting | March 31,2019 |
| Annual Report 2018 dispatched | March 16,2019 |
| Record date | March 07,2019 |
| Announcement of Final Results on Financial statements for the year ended Dec, 2018 | February 07,2019 |
| Publication of Third Quarter Financial Statements (un-audited) | October 30,2018 |
| Publication of Second Quarter Financial Statements (Un-audited) | July 19,2018 |
| Publication of First Quarter Financial Statements (Un-audited) | May 14,2018 |



Financial year -2017

| | |
|--|------------------|
| Dividend declared Cash (Proposed) | 15% |
| Date of 22th Annual General Meeting | March 29,2018 |
| Annual Report 2017 dispatched | March 15,2018 |
| Record date | March 6,2018 |
| Announcement of Final Results on Financial statements for the year ended Dec, 2017 | February 07,2018 |
| Publication of Third Quarter Financial Statements (un-audited) | October 26,2017 |
| Publication of Second Quarter Financial Statements (Un-audited) | July 29,2017 |
| Publication of First Quarter Financial Statements (Un-audited) | April 22,2017 |

Financial year -2016

| | |
|---|-----------------|
| Dividend declared Cash (Proposed) | 13% |
| Date of 21th Annual General Meeting | March 30,2017 |
| Annual Report 2016 dispatched | March 16,2017 |
| Record date | March 14,2017 |
| Announcement of Final Results on Financial statements for the year ended Dec, 2016. | Feb 20,2017 |
| Publication of Third Quarter Financial Statements (un-audited) | October 30,2016 |
| Publication of Second Quarter Financial Statements (Un-audited) | July 27,2016 |
| Publication of First Quarter Financial Statements (Un-audited) | May 07,2016 |



INVESTMENT PROFILE

In 2020, the investment portfolio of Prime Insurance Company against Share investment, FDR, Building property and other cash at bank has increased 23.15% as against total investment over the year 2019 due to control of management expenses and strictly complied rules and regulations of the IDRA. The company has been investment major fund of the company in FDR in fundamantal Banks, investment in corporate fundamantal public traded companies shares securities, mutual fund, Head office space purchase and others non-current investment etc. Details of investment profile of the company in the last year comparing preceding year are as follows :

| Particulars | 2020 | | 2019 | | Growth/ (Declined) -2020 | Growth/ Declined % |
|--|------------------------------|---------------|------------------------------|---------------|-----------------------------|-----------------------|
| | Amount (in Million Tk.) | Total % | Amount (in Million Tk.) | Total % | | |
| 10 Years Bangladesh Govt. Treasury Bond | 25.00 | 3.79 | 25.00 | 4.67 | 0.00 | - |
| FDR investment | 456.84 | 69.26 | 269.40 | 50.30 | 187.44 | 69.58 |
| Share investment & Mutual fund | 142.51 | 21.61 | 104.04 | 19.42 | 38.47 | 36.98 |
| Advance against building property (Transferred to Fixed Assets) | 0.00 | 0.00 | 104.40 | 19.49 | -104.40 | (100.00) |
| Cash at bank (STD & CD accounts) | 35.26 | 5.35 | 32.76 | 6.12 | 2.50 | 7.63 |
| Total investment : | 659.61 | 100.00 | 535.60 | 100.00 | 124.01 | 23.15 |
| Plant , Office Equipment & others Fixed Assets | 310.33 | 47.18 | 190.43 | 35.55 | 120.76 | 63.41 |

Comparative graphical presentation of investment for the year 2020 & 2019 (in Million Taka) are given below:



a. Share Investment :

The Company registered total share investment of fair value of Taka 142.51 million in 2020 which was Taka 104.04 million in 2019 and an increased of 36.98% for sales of shares and downward of capital market during the year. The major investment of the company are corporate fundamental company's shares. Last 5 years Share investment graph is appended below :



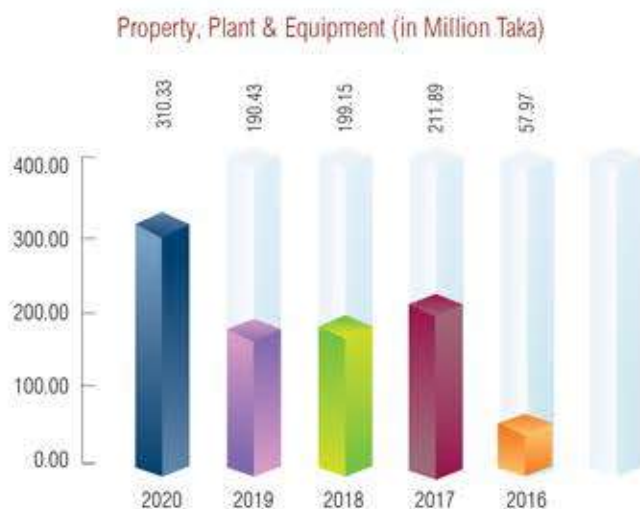
b. FDR Investment :

In the year 2020, the Company has invested in FDR of Tk. 456.84 million which was Taka 269.40 million in 2019 and an increased of 69.58% against last year. The major investment of FDR of the company are invested authorised schedule bank of Bangladesh Bank. 5 Years FDR Investment Position graph is given below :



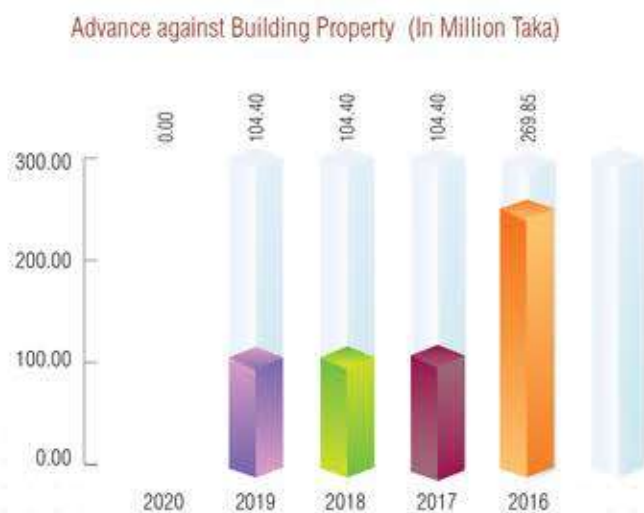
Property, Plant & Equipment :

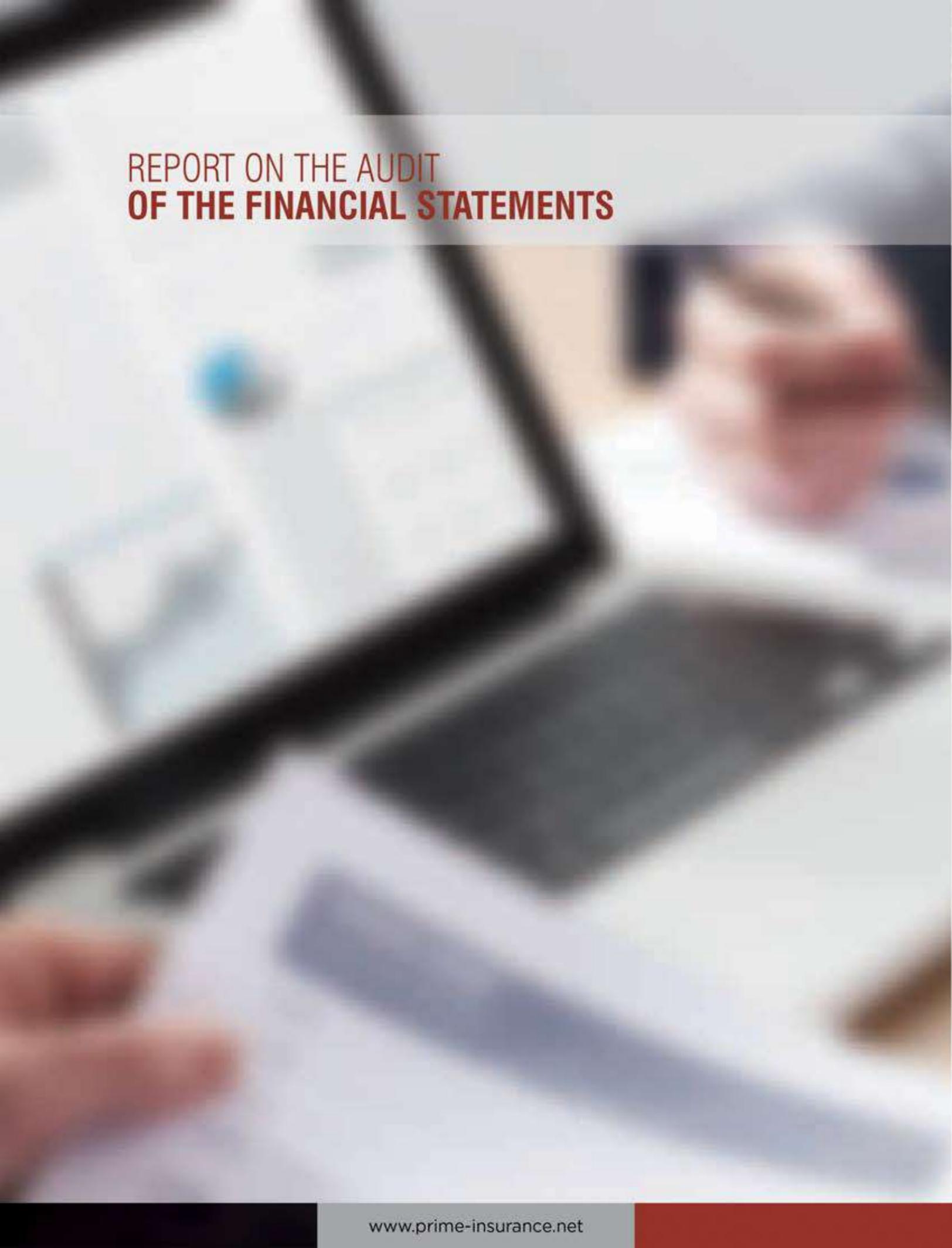
In the year 2020, the company Property, Plant & Equipment Value is Tk.310.33 million which was Tk. 190.43 million in 2019, and decreased of 62.96% due to recognition of floor space of Tropical Mollah Tower as property, Plant & Equipment under IAS-16 and charge depreciation as per company policy.



Advance against building property:

In the year 2020, the company's advance against floor space Value is Tk.0.00 million (Tropical Mollah Tower) which was Tk.104.40 million in 2019 and decreased 100% due to recognised Tk.10.44 million as building property as per IAS-16. In the year 2020 Tk.104.40 million was recognised as PPE under IAS-16 against 4th floor and 5th floor of Tropical Mollah Tower.





REPORT ON THE AUDIT
OF THE FINANCIAL STATEMENTS



Auditor's Report to the shareholders of Prime Insurance Company Limited

Independent Auditor's Report

To

The shareholders of Prime Insurance Company Limited
Report on the audit of the financial statements

Opinion

We have audited the financial statements of Prime Insurance Company Limited (the "Company"), which comprise the balance sheet as at 31 December 2020, profit and loss accounts, profit & loss appropriation account, statements of changes in equity and cash flow statements for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the balance sheet the Company as at 31 December 2020, and of its profit and loss accounts, profit & loss appropriation account, statements of changes in equity and cash flow statements for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994, the Insurance Act 2010, the Insurance Rules 1958, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements for year ended December 31, 2020. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters.

Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatements of the financial statements. These results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

| Risk | Our response to the risk |
|--|---|
| Premium income Premium income is the most financially significant item in the statement of profit and loss account & profit and loss appropriation account. The company has reported gross premium income of Taka 743,298,912 for the year ended 31 December 2020. | Our procedures included obtaining an understanding of management's premium income recognition process. We tested a sample of transactions to verify whether the revenue was accounted for in accordance with the revenue recognition policy as disclosed in Note-2.05 of the financial statements. In addition, we assessed whether the disclosed revenue recognition policy was in accordance with relevant Insurance Act & rules. |



| Risk | Our response to the risk |
|---|---|
| <p>Gross general insurance premium comprises the total premium received during the accounting period for the entire year of cover for which insurance policy has been issued by contracts with Prime Insurance Company Limited. As the premium income recognition, due to the significance of the balance to the financial statements as a whole, we regard this as a key audit matter.</p> <p>See Revenue Account to the financial statements.</p> | <p>Our procedures included obtaining an understanding of management's premium income recognition process. We tested a sample of transactions to verify whether the revenue was accounted for in accordance with the revenue recognition policy as disclosed in Note- 2.05 of the financial statements. In addition, we assessed whether the disclosed revenue recognition policy was in accordance with relevant Insurance Act & rules.</p> <p>For the revenue recognized throughout the year, we tested selected key controls, including results reviews by management, for their operating effectiveness and performed procedures to gain sufficient audit evidence on the accuracy of the accounting for customer contracts and related financial statement captions. Our audit approach was a combination of test of internal controls and substantive procedures which included the following:</p> <ul style="list-style-type: none"> • Evaluated the design of internal controls relating to recording of efforts incurred and estimation of efforts required to complete the performance obligations. • We conducted analytical procedures & recalculation of premium income. • On a sample basis, we reviewed policy to ensure the appropriate policy stamp was affixed to the contract and amount for deposit premium along with amount for policy stamp & VAT has been reflected in the premium register. • We ensured that premium income was being deposited in the designated bank account on a sample basis. • We carried out on a sample basis if appropriate re-insurance has been done on treaty basis and moreover, appropriate re insurance premium was deducted from the gross premium. • We tested on a sample basis that appropriate VAT was collected & deposited through Treasury Challan to Bank. • We conducted substantive testing of premium income recorded over the year using sampling techniques by examining the relevant supporting documents including policy, premium register, bank reconciliation report, bank statement and also, we confirmed selected customers' outstanding premium at the financial position date, selected on a sample basis by considering the amount outstanding with those customers. • We specifically put emphasis on those transactions occurring close before or after the financial position date to obtain sufficient evidence over the accuracy of cut-off to ensure unearned premium income has not been included in the premium income. <p>Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards, Insurance Act 1938(as amended in 2010) Insurance Rules, 1958 and other applicable rules and regulations and regulatory guidelines.</p> |



| Risk | Our response to the risk |
|--|--|
| <p>Deferred tax liability Company reported net deferred tax liability totaling Taka 20,207,799 as at 31 December 2020.</p> <p>Significant judgment is required in relation to deferred tax liability as their liability is dependent on forecasts of future profitability over a number of years.</p> <p>See note no. 3.04& 14.04 to the financial statements</p> | <p>Our audit procedures to assess the carrying value of Deferred Tax liability included the following:</p> <ul style="list-style-type: none"> • We obtained an understanding, evaluated the design and tested the operational effectiveness of the Company's key controls over the recognition and measurement of Deferred Tax Assets and Liabilities and the assumptions used in estimating the future taxable expense of the company. • We also assessed the completeness and accuracy of the data used for the estimations of future taxable expense. • We tested the mathematical accuracy in calculation of deferred tax. • We evaluated the reasonableness of key assumptions, timing of reversal of temporary differences and expiration of tax loss carry forwards, recognition and measurement of Deferred Tax Liability. • We assessed the adequacy of the company's disclosures setting out the basis of deferred tax liability balances and the level of estimation involved. • We also assisted in evaluating the tax implications, the reasonableness of estimates and calculations determined by management. • We also involved our internal experts from the tax area in the analysis of the reasonableness of the tax assumptions on the basis of the applicable legislation. <p>Finally assessed the appropriateness and presentation of disclosures against IAS 12 Income Taxes.</p> |

Estimated liability in respect of outstanding claims whether due or intimated and claim payment

Prime Insurance Company Limited has represented the amount related with the claim due or intimated from the insured which involves management judgement & risk of over & understatement of the value. As a result, financial statements may show distorted amount which may also concern going concern issue for the company.

At year end the 2020, the Consolidated reported total balance under the head of estimated liability in respect of outstanding claims whether due or intimated and claim payment of Taka 46,869,509 and claim paid Tk. 22,098,352.

We tested the design and operating effectiveness of controls around the due and intimated claim recording process. We additionally carried out the following substantive testing around this item:

- Obtained the claim register and tested for completeness of claims recorded in the register on a sample basis.
- Obtained a sample of claimed policy copy and cross check it with claim.
- Obtained a sample of survey reports cross checked those against respective ledger balances and in case of discrepancy carried out further investigation.
- Obtained and discussed with management about their basis for estimation and challenged their assumptions where appropriate.
- Reviewed the claim committee meeting minutes about decision for impending claims.
- Tested a sample of claims payments with intimation letter, survey report, bank statement, claim provisional register and general ledger.

Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards, Insurance Act 1938 (as amended in 2010), Insurance Rules, 1958 and other applicable rules and regulations and regulatory guidelines.



| Risk | Our response to the risk |
|--|--|
| <p align="center">Property, plant and equipment (PPE)</p> <p>See Notes-15 to the financial statements</p> <p>PPE includes the Company's long-term assets, which flow economic benefits to the entities more than one year. PPE is measured at cost. During the year asset addition is Tk.119,568,911 and disposal of assets the function of depreciation charges on cost/revaluated that involved estimation. Therefore, it has been considered as significant area of auditor's judgment and require special attention.</p> | <p align="center">How the matter was addressed in our audit</p> <p>We have tested the design and operating effectiveness of key controls over PPE. Our audit procedures included, among others, considering the impairment risk of the assets.</p> <p>Followings are our audit procedures on the carrying value and impairment risk of PPE:</p> <ul style="list-style-type: none"> - Reviewing basis of recognition, measurement of assets; - Observing procedures of assets acquisition, depreciation and disposal; - Checking ownership of the assets addition ; - Checking the Capital-Work-in-Progress (CWIP) and its transfer to PPE as well as capital expenditure commitment; - Performing due physical asset verification on sample basis at the year-end; - Checking estimated rates of depreciation being used and assessed its fairness; - Evaluating the Company's assumptions in relation to recoverable amounts of the major PPE to identify if there is any requirement of recognition of impairment; and - Finally, assessing the appropriateness and presentation of disclosures against relevant accounting standards. <p>Our testing did not identify any issues with regard to Carrying Value of PPE.</p> |

Other information

Management is responsible for the other information. The other information comprises all of the information in the annual report other than the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements and internal controls

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, the Companies Act 1994, the Insurance Act 2010, the Insurance Rules 1958, the Securities and Exchange Rules 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



Auditor's responsibilities for the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report on other legal and regulatory requirements

In accordance with the Companies Act 1994, the Insurance Act 2010, the Insurance Rules 1958, the Securities and Exchange Rules 1987 and relevant notifications issued by Bangladesh Securities and Exchange Commission, we also report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) In our opinion, proper books of accounts, records and other statutory books as required by law have been kept by the Company so far as it appeared from our examinations of those books;
- c) The Company management has followed relevant provisions of laws and rules in managing the affairs of the Company and proper books of accounts, records and other statutory books have been properly maintained and (where applicable) proper returns adequate for the purposes of our audit have been received from branches not visited by us;
- d) As per section 63(2) of the Insurance Act 2010, in our opinion to the best of our knowledge and belief and according to the information and explanation given to us, all expenses of management wherever incurred and whether incurred directly or indirectly, in respect of insurance business of the company transacted in Bangladesh during the year under report have been duly debited to the related Revenue Accounts and the profit & loss account of the Company;
- e) The balance sheet, profit & loss account appropriation account, profit & loss account, related revenue accounts, statement of changes in equity and statement of cash flows of the Company together with the annexed notes dealt with by the report are in agreement with the books of account and returns; and
- f) The expenditure was incurred for the purpose of the Company's business.

Ahmed Zaker

AKM Mohitul Haq FCA

Enrollment No: 458

Senior Partner

Ahmed Zaker & Co.

Chartered Accountants

Place: Dhaka
February 10, 2021



PRIME INSURANCE COMPANY LIMITED

Statement of Financial Position

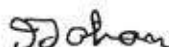
As at December 31, 2020

| Particulars | Notes | Amount in Taka | |
|---|-------|----------------------|----------------------|
| | | 31.12.2020 | 31.12.2019 |
| Shareholders' Equity & Liabilities | | | |
| Share capital | | | |
| Authorised share capital | | | |
| 100,000,000 ordinary shares of Tk.10 each | | 1,000,000,000 | 1,000,000,000 |
| Issued, subscribed & paid-up capital | | | |
| 40,877,498 ordinary shares of Tk.10 each | 6.00 | 408,774,980 | 408,774,980 |
| Reserve and contingent account | | | |
| Reserve for exceptional losses | 7.00 | 311,504,181 | 257,993,010 |
| General reserve fund | 8.00 | 257,698,018 | 242,080,490 |
| Profit & loss appropriation account | | 11,400,000 | 10,400,000 |
| | | 42,406,163 | 5,512,521 |
| Shareholders' equity: | | 720,279,161 | 666,767,990 |
| Balance of funds and accounts | 9.00 | 62,545,347 | 55,378,661 |
| Fire insurance business | | 13,102,883 | 3,464,810 |
| Marine insurance business | | 34,053,651 | 34,041,251 |
| Marine hull insurance business | | 125,391 | 729,897 |
| Motor insurance business | | 10,103,926 | 13,999,436 |
| Miscellaneous insurance business | | 5,159,496 | 3,143,267 |
| Premium deposits | 10.00 | 99,842,420 | 86,609,188 |
| Liabilities and provisions | | 750,311,173 | 556,642,618 |
| Estimated liability in respect of outstanding claims whether due or intimated | 11.00 | 46,869,509 | 37,493,144 |
| Amount due to other persons or bodies carrying on insurance business | 12.00 | 192,447,799 | 87,141,388 |
| Sundry creditors | 13.00 | 106,359,578 | 83,001,243 |
| Income tax provision | 14.00 | 384,426,488 | 339,151,955 |
| Deferred tax liability | 14.04 | 20,207,799 | 9,854,888 |
| Total shareholder's equity & liabilities | | 1,632,978,101 | 1,365,398,457 |

The accompanying notes 1 to 39 form an integral part of these financial statements.



Md. Nazrul Islam
Chairperson



Dr Iffat Obaid
Director



Mohd. Showkat Ali
Director

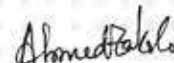


Bayazid Muztaba Siddiqui
Chief Executive Officer

Signed in terms of our separate report of even date.

Place: Dhaka

Dated: February 10, 2021



Ahmed Zaker & Co.
Chartered Accountants

PRIME INSURANCE COMPANY LIMITED

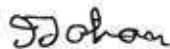
Statement of Financial Position As at December 31, 2020

| Particulars | Notes | Amount in Taka | |
|--|-------|----------------------|----------------------|
| | | 31.12.2020 | 31.12.2019 |
| Property and Assets | | | |
| Non-current assets | | 477,842,744 | 327,014,310 |
| Property, plant and equipment | 15.00 | 310,332,197 | 197,974,940 |
| Bangladesh Govt Treasury Bond | 16.00 | 25,000,000 | 25,000,000 |
| Investment (at fair value) | 17.00 | 142,510,547 | 104,039,370 |
| Current assets | | 1,155,135,357 | 1,038,384,147 |
| Stock of printing & stationery | 18.00 | 2,060,116 | 2,561,428 |
| Insurance stamp in hand | | 1,337,663 | 1,413,056 |
| Premium collection control account | 19.00 | 4,896,601 | 10,361,267 |
| Interest accrued but not received | 20.00 | 33,447,943 | 17,422,300 |
| Amount due from other persons or bodies carrying on insurance business | 21.00 | 255,458,913 | 281,408,787 |
| Sundry debtors (including advances, deposits & pre-payments) | 22.00 | 365,305,078 | 422,453,294 |
| Cash and cash equivalents | 23.00 | 492,629,043 | 302,764,016 |
| Cash in hand | | 530,967 | 604,048 |
| Cash at Bank | | 35,262,263 | 32,759,968 |
| Fixed deposit receipt (FDR) | | 456,835,813 | 269,400,000 |
| Total assets | | 1,632,978,101 | 1,365,398,457 |
| Net Assets Value Per Share (NAVPS) | 34.00 | 17.62 | 16.31 |

The accompanying notes 1 to 39 form an integral part of these financial statements.



Md. Nazrul Islam
Chairperson



Dr Iffat Obaid
Director



Mohd. Showkat Ali
Director

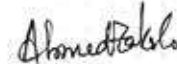


Bayazid Muztaba Siddiqui
Chief Executive Officer

Signed in terms of our separate report of even date.

Place: Dhaka

Dated: February 10, 2021



Ahmed Zaker & Co.
Chartered Accountants



PRIME INSURANCE COMPANY LIMITED

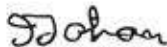
Profit & Loss Account and Comprehensive Income For The Year Ended December 31, 2020

| Particulars | Notes | Amount In Taka | |
|--|----------|--------------------|--------------------|
| | | 31.12.2020 | 31.12.2019 |
| Expenses of Management (Not Applicable to any Particular Fund or Account) | | 24,576,388 | 20,222,770 |
| Director's Fee & Expenses | 28.00 | 2,957,600 | 2,140,800 |
| Advertisement & publicity | | 1,405,482 | 947,832 |
| Audit fees | 29.00 | 655,000 | 630,000 |
| Donation & subscriptions | | 1,334,251 | 210,369 |
| Legal & professional fees | | 889,735 | 1,222,605 |
| Depreciation | 15.00 | 10,530,936 | 9,086,670 |
| Registration fees | 30.00 | 761,679 | 785,260 |
| Meeting expenses | | 823,969 | 1,152,430 |
| Incentive for employees | 13.06.01 | 5,217,736 | 4,046,804 |
| Net Profit for the year Carried Down to Profit & Loss Appropriation Account | | 109,138,613 | 84,856,072 |
| | | 133,715,001 | 105,078,842 |
| Investment & Others Income | 24.00 | 83,109,261 | (1,455,213) |
| Profit & Loss Transferred From : | | 50,605,739 | 106,534,055 |
| Fire Insurance Revenue Account | | 7,365,618 | 13,334,483 |
| Marine Insurance Revenue Account | | 60,342,486 | 92,913,284 |
| Marine Hull Insurance Revenue Account | | (54,840) | 70,164 |
| Motor Insurance Revenue Account | | 19,931,546 | 22,946,901 |
| Misc. Insurance Revenue Account | | (36,979,071) | (22,730,777) |
| TOTAL | | 133,715,001 | 105,078,842 |

The accompanying notes 1-39 form an integral part of these financial statement.



Md. Nazrul Islam
Chairperson



Dr Iffat Obaid
Director



Mohd. Showkat Ali
Director

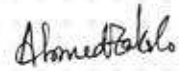


Bayazid Muztaba Siddiqui
Chief Executive Officer

Signed in terms of our separate report of even date.

Place: Dhaka

Dated: February 10, 2021



Ahmed Zaker & Co.
Chartered Accountants



PRIME INSURANCE COMPANY LIMITED

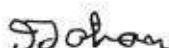
Profit & Loss Appropriation Account For The Year Ended December 31, 2020

| Particulars | Notes | Amount In Taka | |
|---|-------------|--------------------|--------------------|
| | | 31.12.2020 | 31.12.2019 |
| Opening balance of appropriation accounts | | 5,512,521 | 42,635,860 |
| Profit/(loss) carried forward during the year | | 109,138,613 | 84,856,072 |
| Total profit: | | 114,651,134 | 127,491,933 |
| Appropriation | | | |
| Reserve for exceptional losses | 7.01 | 15,617,528 | 13,735,181 |
| Provision for tax | 14.01 | 45,274,533 | 66,416,864 |
| Deferred tax expenses/(income) for the year | 14.04 | 10,352,911 | 949,869 |
| Bonus shares/stock dividend for the year | | - | - |
| Cash dividend paid | | - | 40,877,498 |
| Dividend equalization fund | | | |
| General reserve fund | 8.00 | 1,000,000 | - |
| Profit for the period of continuing operation | | 98,033,606 | 113,756,752 |
| Retained earnings transferred to balance sheet | | 42,406,163 | 5,512,521 |
| Total | | 114,651,134 | 127,491,933 |
| Earnings per share (EPS) | 5.01 | 1.31 | 0.43 |

The accompanying notes 1-39 form an integral part of these financial statement.



Md. Nazrul Islam
Chairperson



Dr Iffat Obaid
Director



Mohd. Showkat Ali
Director



Bayazid Muztaba Siddiqui
Chief Executive Officer

Signed in terms of our separate report of even date.

Place: Dhaka

Dated: February 10, 2021



Ahmed Zaker & Co.
Chartered Accountants



PRIME INSURANCE COMPANY LIMITED

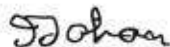
Consolidated All Business Revenue Account For The Year Ended December 31, 2020

| Particulars | Amount In Taka | |
|--|--------------------|--------------------|
| | 31.12.2020 | 31.12.2019 |
| | 217,796,395 | 207,746,433 |
| Claims Under Policies less Re-Insurance | (2,659,021) | (8,353,294) |
| Agency Commission | 105,501,502 | 95,223,489 |
| Expenses of Management | 114,953,914 | 120,876,238 |
| Operating Profit Transferred to Profit & Loss Account | 50,605,739 | 106,534,055 |
| Balance of Accounts at the end of the year as shown in the Balance Sheet | 62,545,347 | 55,378,661 |
| TOTAL | 330,947,481 | 369,659,148 |
| Balance of account at the beginning of the Year | 55,378,660 | 96,669,632 |
| Gross Premium | 743,298,912 | 711,679,113 |
| Re-Insurance Premium | (587,123,631) | (574,327,307) |
| Net Premium | 156,175,281 | 137,351,806 |
| Commission earned on Re-Insurance Ceded | 119,393,540 | 135,637,711 |
| TOTAL | 330,947,481 | 369,659,148 |

The accompanying notes 1-39 form an integral part of these financial statement.



Md. Nazrul Islam
Chairperson



Dr Iffat Obaid
Director



Mohd. Showkat Ali
Director

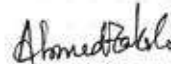


Bayazid Muztaba Siddiqui
Chief Executive Officer

Signed in terms of our separate report of even date.

Place: Dhaka

Dated: February 10, 2021



Ahmed Zaker & Co.
Chartered Accountants





PRIME INSURANCE COMPANY LIMITED

Fire Insurance Revenue Account For The Year Ended December 31, 2020

| Particulars | Amount in Taka | |
|--|--------------------|--------------------|
| | 31.12.2020 | 31.12.2019 |
| Claims under policies less re-insurances: | (6,365,506) | 13,100,062 |
| Claims paid during the year | 9,625,777 | 29,140,884 |
| Add: R/I claims paid / adjusted on PSB | 170,846 | 487,078 |
| Add: Claims paid on re-insurance acceptance | - | - |
| Less: R/I loss claims recovered / adjusted on R/I cedence | 26,663,818 | 30,926,627 |
| Less: Claims paid recoverable on R/I | - | - |
| Add: Claims outstanding at the end of the year | 40,314,535 | 29,723,189 |
| Less: Claims recovered on PSB | 89,657 | 435,737 |
| Add: Outstanding claims recoverable R/I | - | - |
| Less: Claims outstanding at the end of previous year | 29,723,189 | 14,888,725 |
| Expenses of management | 46,487,999 | 44,691,790 |
| Agent commission | 43,143,131 | 37,583,028 |
| Profit/(Loss) transferred to Profit & Loss Account. | 7,365,618 | 13,334,483 |
| Balance of account at the end of the year as shown in the Balance sheet. | 13,102,883 | 3,464,810 |
| (Reserve for unexpired risks being 40% of premium income on Fire of the year.) | - | - |
| Total | 103,734,124 | 112,174,173 |

| Particulars | Amount in Taka | |
|---|--------------------|--------------------|
| | 31.12.2020 | 31.12.2019 |
| Balance of account at the beginning of the year: | 3,464,810 | 24,949,683 |
| Premium less re-insurances | 32,757,207 | 8,662,025 |
| Premium underwritten | 287,952,804 | 250,979,008 |
| Less: Premium refunded | 331,934 | 425,485 |
| Add: Premium on PSB | 12,973,323 | 12,576,881 |
| Less: Re-insurance premium ceded | 256,567,388 | 244,125,216 |
| Less: Re-insurance premium on PSB | 11,269,598 | 10,343,163 |
| Add: Premium on re-insurance accepted | - | - |
| Commission earned on re-insurances | 67,512,107 | 78,562,465 |
| Commission earned on R/I ceded | 66,250,848 | 77,420,501 |
| Less: Commission paid on R/I accepted | - | - |
| Add: Commission earned on PSB | 1,261,259 | 1,141,964 |
| Add: Profit commission | - | - |
| Total | 103,734,124 | 112,174,173 |

Md. Nazrul Islam
Chairperson

Dr Ifrat Obaid
Director

Mohd. Showkat Ali
Director

Bayazid Muztaba Siddiqui
Chief Executive Officer

Ahmed Zaker & Co.
Chartered Accountants

Signed in terms of our separate report of even date.
Place: Dhaka
Dated: February 10, 2021

PRIME INSURANCE COMPANY LIMITED

Marine & Marine Hull Insurance Revenue Account For The Year Ended December 31, 2020

| Particulars | Amount in Taka | | |
|--|--------------------|--------------------|---------------------|
| | 31.12.2020 | 31.12.2019 | |
| Marine | Marine Hull | Total | |
| Claims under Policies less Re-insurances: | 629,803 | (1,769,782) | (20,861,177) |
| Claims paid during the year | 2,382,540 | 2,382,540 | 22,174,094 |
| Add: R/I claims paid/adjusted on PSB | 140,518 | 629,803 | 584,911 |
| Add: Claims paid on re-insurance acceptance | - | - | - |
| Less: R/I loss claims recovered / adjusted on R/I cedence | 3,898,692 | - | 4,806,493 |
| Less: Claims paid recoverable on R/I | - | - | - |
| Add: Claims outstanding at the end of the year | 4,653,576 | - | 5,080,248 |
| Less: Claims recovered on PSB | 597,279 | - | 406,163 |
| Add: Outstanding claims recoverable R/I | - | - | - |
| Less: Claims outstanding at the end of the previous year | 5,080,248 | - | 43,487,774 |
| Expenses of management | 26,920,761 | 283,012 | 30,583,585 |
| Agent commission | 22,882,773 | 90,563 | 23,700,022 |
| Profit/(loss) transferred to profit & loss account | 60,342,486 | (54,840) | 92,983,449 |
| Balance of account at the end of the year as shown in the balance sheet | 34,053,651 | 125,391 | 34,771,148 |
| (Reserve for unexpired risks being 40% of premium income on Marine, and 100% of premium income on Marine Hull of the year) | | | |
| Total | 141,800,085 | 1,073,928 | 142,874,013 |

| Particulars | Amount in Taka | | |
|---|--------------------|-------------------|--------------------|
| | 31.12.2020 | 31.12.2019 | |
| Marine | Marine Hull | Total | |
| Balance of account at the beginning of the year: | 729,897 | 34,771,148 | 45,076,873 |
| Premium less re-insurances | 125,391 | 85,259,518 | 85,833,024 |
| Premium underwritten | 603,750 | 155,175,402 | 159,869,537 |
| Less: Premium refunded | - | 2,019,833 | 1,869,389 |
| Add: Premium on PSB | 1,226,220 | 22,745,657 | 22,065,834 |
| Less: Re-insurance premium ceded | 503,126 | 73,070,706 | 77,461,862 |
| Less: Re-insurance premium on PSB | 1,201,453 | 17,571,002 | 16,771,096 |
| Add: Premium on re-insurance accepted | - | - | - |
| Commission earned on re-insurances | 218,640 | 22,843,347 | 30,267,129 |
| Commission earned on R/I ceded | 93,078 | 16,470,107 | 24,697,528 |
| Less: Commission paid on R/I accepted | - | - | - |
| Add: Commission earned on PSB | 66,080 | 3,339,990 | 3,256,134 |
| Add: Profit commission | 59,482,00 | 3,033,250 | 2,313,467 |
| Total | 141,800,085 | 1,073,928 | 161,177,026 |



Md. Nazrul Islam
Chairperson



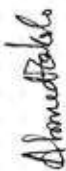
Dr. Ifrat Obaid
Director



Mohd. Showkat Ali
Director



Bayazid Muztaba Siddiqui
Chief Executive Officer



Ahmed Zaker & Co.
Chartered Accountants

Signed in terms of our separate report of even date.
Place: Dhaka
Dated: February 10, 2021





PRIME INSURANCE COMPANY LIMITED

Motor Insurance Revenue Account For The Year Ended December 31, 2020

| Particulars | Amount in Taka | |
|---|-------------------|-------------------|
| | 31.12.2020 | 31.12.2019 |
| Claims under policies less re-insurances: | 2,082,079 | 3,692,722 |
| Claims paid during the year | 3,032,660 | 2,881,825 |
| Add: R/I claims paid/adjusted on PSB | 68,893 | 67,415 |
| Add: Claims paid on re-insurance acceptance | - | - |
| Less: R/I loss claims recovered / adjusted on R/I cedence | - | - |
| Less: Claims paid recoverable on R/I | - | - |
| Less: Claims outstanding at the end of the year | 510,000 | 1,529,474 |
| Less: Claims recovered on PSB | - | - |
| Add: Outstanding claims recoverable R/I | - | - |
| Less: Claims outstanding at the end of the previous year | 1,529,474 | 785,992 |
| Expenses of management | 4,360,269 | 6,392,752 |
| Agent commission | 3,801,174 | 5,249,303 |
| Profit/(loss) transferred to profit & loss | 19,931,546 | 22,946,901 |
| Balance of account at the end of the year as shown in the balance sheet | 10,103,926 | 13,999,436 |
| (Reserve for unexpired risks being 40% of Motor premium income of the year) | | |
| Total | 40,278,995 | 52,281,114 |

| Particulars | Amount in Taka | |
|---|-------------------|-------------------|
| | 31.12.2020 | 31.12.2019 |
| Balance of account at the beginning of the year: | 13,999,436 | 16,270,440 |
| Premium less re-insurances | 25,259,816 | 34,998,590 |
| Premium underwritten | 25,341,160 | 35,011,354 |
| Less: Premium refund | - | 16,003 |
| Add: Premium on PSB | 2,852,599 | 2,643,048 |
| Less: Re-insurance premium ceded | 2,933,943 | 2,551,620 |
| Less: Re-insurance premium on PSB | - | 88,189 |
| Add: Premium on re-insurance accepted | - | - |
| Commission earned on re-insurances | 1,019,743 | 1,012,084 |
| Commission earned on R/I ceded | 1,019,743 | 1,012,084 |
| Less: Commission paid on R/I accepted | - | - |
| Add: Commission earned on PSB | - | - |
| Add: Profit commission | - | - |
| Total | 40,278,995 | 52,281,114 |


Md. Nazrul Islam
Chairperson


Dr Ifrat Obaid
Director


Mohd. Showkat Ali
Director


Bayazid Muztaba Siddiqui
Chief Executive Officer


Ahmed Zaker & Co.
Chartered Accountants

Signed in terms of our separate report of even date.
Place: Dhaka
Dated: February 10, 2021

PRIME INSURANCE COMPANY LIMITED

Miscellaneous Insurance Revenue Account

For The Year Ended December 31, 2020

| Particulars | Amount in Taka | |
|--|---------------------|---------------------|
| | 31.12.2020 | 31.12.2019 |
| Claims under policies less re-insurances: | 3,394,188 | (4,284,901) |
| Claims Paid during the year | 7,057,375 | 8,299,690 |
| Add: R/I claims paid / adjusted on PSB | 14,377,835 | 320,892 |
| Add: Claims paid on re-insurance acceptance | - | 53 |
| Less: R/I loss claims recovered / adjusted on R/I cedence | 4,385,201 | 4,045,535 |
| Less: Claims paid recoverable on R/I | - | - |
| Add: Claims outstanding at the end of the year | 1,391,398 | 1,160,233 |
| Less: Claims recovered on PSB | 13,886,986 | 264,715 |
| Add: Outstanding claims recoverable R/I | - | - |
| Less: Claims outstanding at the end of the previous year | 1,160,233 | 9,755,509 |
| Expenses of management | 36,901,874 | 39,208,111 |
| Agent commission | 35,583,862 | 28,691,136 |
| Profit/(Loss) transferred to Profit & Loss Account. | (36,979,071) | (22,730,777) |
| Balance of account at the end of the year as shown in the Balance sheet. | 5,159,496 | 3,143,267 |
| (Reserve for unexpired risks being 40% of Miscellaneous premium income of the year). | | |
| Total | 44,060,350 | 44,026,836 |

| Particulars | Amount in Taka | |
|---|-------------------|-------------------|
| | 31.12.2020 | 31.12.2019 |
| Balance of account at the beginning of the year: | 3,143,267 | 10,372,636 |
| Premium less re-insurances | 12,898,740 | 7,858,167 |
| Premium underwritten | 215,714,850 | 192,000,246 |
| Less: Premium refunded | 405,783 | 726,006 |
| Add: Premium on PSB | 23,217,871 | 39,381,298 |
| Less: Re-insurance premium ceded | 203,177,543 | 184,281,813 |
| Less: Re-insurance premium on PSB | 22,533,451 | 38,704,348 |
| Add: Premium on re-insurance accepted | 82,796 | 188,790 |
| Commission earned on re-insurances | 28,018,343 | 25,796,033 |
| Commission earned on R/I ceded | 25,433,457 | 20,085,861 |
| Less: Commission paid on R/I accepted | 28,978 | 66,077 |
| Add: Commission earned on PSB | 2,264,624 | 5,172,658 |
| Add: Profit commission | 349,240 | 603,591 |
| Total | 44,060,350 | 44,026,836 |



Md. Nazrul Islam
Chairperson



Dr. Ifat Obaid
Director



Mohd. Showkat Ali
Director



Bayazid Muztaba Siddiqui
Chief Executive Officer



Ahmed Zaker & Co.
Chartered Accountants

Signed in terms of our separate report of even date.

Place: Dhaka

Dated: February 10, 2021



PRIME INSURANCE COMPANY LIMITED

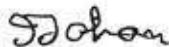
Statement of Changes in Shareholders' Equity For The Year Ended December 31, 2020

| For the year 2020 | (Amount in Taka) | | | | |
|------------------------------------|------------------|----------------------|--------------------------------|-------------------------------------|-------------|
| Particulars | Share capital | General reserve Fund | Reserve for exceptional losses | Profit & loss appropriation account | Total |
| Balance as at January 1, 2020 | 408,774,980 | 10,400,000 | 242,080,490 | 5,512,521 | 666,767,990 |
| Cash dividend for the year 2019 | - | - | - | - | - |
| Profit after tax for the year | - | - | - | 53,511,169 | 53,511,169 |
| Appropriation made during the year | - | 1,000,000 | 15,617,528 | (16,617,528) | - |
| Balance as at December 31, 2020 | 408,774,980 | 11,400,000 | 257,698,018 | 42,406,163 | 720,279,161 |

| For the year 2019 | (Amount in Taka) | | | | |
|------------------------------------|------------------|-----------------|--------------------------------|-----------------------------|--------------|
| Particulars | Share capital | General Reserve | Reserve for exceptional losses | Profit & Loss Appr. Account | Total |
| Balance as at January 1, 2019 | 408,774,980 | 10,400,000 | 228,345,309 | 42,635,860 | 690,156,149 |
| Cash dividend for the year 2018 | - | - | - | (40,877,498) | (40,877,498) |
| Profit after tax for the year | - | - | - | 17,489,339 | 17,489,339 |
| Appropriation made during the year | - | - | 13,735,181 | (13,735,181) | - |
| Balance as at December 31, 2019 | 408,774,980 | 10,400,000 | 242,080,490 | 5,512,521 | 666,767,990 |



Md. Nazrul Islam
Chairperson



Dr Iffat Obaid
Director



Mohd. Showkat Ali
Director

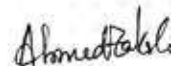


Bayazid Muztaba Siddiqui
Chief Executive Officer

Signed in terms of our separate report of even date.

Place: Dhaka

Dated: February 10, 2021



Ahmed Zaker & Co.
Chartered Accountants

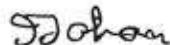
PRIME INSURANCE COMPANY LIMITED

Statement of Cash Flows For The Year Ended December 31, 2020

| Particulars | Note | Amount in Taka | |
|---|--------------|----------------------|----------------------|
| | | 31.12.2020 | 31.12.2019 |
| A. CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Collection from premium & Others | | 797,401,601 | 451,818,635 |
| Payment for management expenses, re-insurance and claims | | (538,636,617) | (253,838,379) |
| Income tax, VAT , Stamp paid & Others | | (73,203,380) | (23,290,096) |
| Net cash flows from operating activities | | 185,561,604 | 174,690,160 |
| B. CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Purchase of fixed assets | | (15,200,936) | (1,313,290) |
| Investment in shares | | (36,231,125) | (45,631,772) |
| Sale proceeds of investment in shares | | 28,335,384 | 50,119,322 |
| Sale proceeds of fixed assets & others | | 4,366,889 | 2,417,199 |
| Fixed deposit receipt- (increased)decreased | | (187,435,813) | (183,000,000) |
| Income from office rent | | 2,573,868 | - |
| Interest received | | 14,697,286 | 13,705,663 |
| Advance office rent received from Tropical Mollah Tower | | 1,000,000 | - |
| Dividend received | | 4,762,057 | 5,514,860 |
| Net cash flows from investing activities | | (183,132,390) | (158,188,018) |
| C. CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| Cash dividend paid | | - | (39,617,598) |
| Net cash flows from financing activities | | - | (39,617,598) |
| Increase/(decrease) in cash and cash equivalent (A+B+C) | | 2,429,214 | (23,115,456) |
| Cash and cash equivalent at the beginning of the year (excluding FDR) | | 33,364,016 | 56,479,472 |
| Cash and Cash Equivalent at the closing of the year | | 35,793,230 | 33,364,016 |
| Net operating cash flow per share | 35.00 | 4.54 | 4.27 |



Md. Nazrul Islam
Chairperson



Dr. Iffat Obaid
Director



Mohd. Showkat Ali
Director

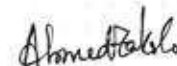


Bayazid Muztaba Siddiqui
Chief Executive Officer

Signed in terms of our separate report of even date.

Place: Dhaka

Dated: February 10, 2021



Ahmed Zaker & Co.
Chartered Accountants



PRIME INSURANCE COMPANY LIMITED

Notes to the Financial Statements For The Year Ended December 31, 2020

1.00 Legal form of the Company

The Company was incorporated as a public limited company on 21 March 1996 under the Companies Act, 1994 and obtained registration from the Chief Controller of Insurance, Government of Bangladesh on March 31, 1996 concurrently. The Company has been registered with the Insurance Development & Regulatory Authority (IDRA) under the Insurance Act, 2010 and provides non-life insurance services as per the Insurance Act, 2010 and the Directives issued by the IDRA from time to time. The Company is listed with Dhaka Stock Exchange Ltd and Chittagong Stock Exchange Ltd as a publicly traded company.

1.01 Address of registered office and place of business of the Company

The registered office of the Company is located at Unique Heights (9th floor), 117, Kazi Nazrul Islam Avenue, Dhaka-1000, Bangladesh. The business operations of the Company are being carried out through its 17 branches located in all over Bangladesh.

1.02 Principal activities of the Company

The principal activity of the Company is to carry on all kinds of non-life insurance business. There were no significant changes in the nature of the principal activities of the Company during the year 2020 under review.

1.03 Date of financial statements authorized for issue

Financial Statements of the Company for the year ended December 31, 2020 were authorized for issue on February 10, 2021 in accordance with a resolution of the Board of Directors of the Company.

2.00 Significant accounting policies, basis of preparation & presentation of financial statements and Other related policy information

2.01 Basis of accounting preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations. Disclosure of financial information as required by Insurance act 2010 have been complied with and while preparing statement of financial position, statement of profit or loss and other comprehensive income and revenue accounts in applicable cases for specific classes of insurance business in the form set forth in the first, second and third schedule of the Insurance Act, 1938.

2.02 Management responsibility

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS) and existing accounting standards and applicable laws.

2.03 Directors responsibility statements

The Board of Directors are also responsible for the preparation and presentation of financial statements under section 183 of the Companies Act 1994, the Bangladesh Securities and Exchange Rules 1987, Listing Regulations of Dhaka Stock Exchange Ltd and Chittagong Stock Exchange Ltd and as per the provision of the "International Accounting Standards Committee" (IASC). According to the International Financial Reporting Standard (IFRS) and in accordance with the International Financial Reporting Standard (IFRS) as adopted by the Institute of Chartered Accountants on Bangladesh (ICAB) Presentation of Financial Statements" the complete set of Financial Statements include the following components:

PRIME INSURANCE COMPANY LIMITED

Notes to the Financial Statements For The Year Ended December 31, 2020

- i) Statement of Financial Position (Balance Sheet)
- ii) Statement of Profit or Loss and Other Comprehensive Income (Profit and Loss Account)
- iii) Statement of Profit and Loss Appropriation Account
- iv) Statement of Cash Flows
- v) Statement of Changes in Equity
- vi) Notes to the Financial Statements and Significant Accounting Policies

2.04 Basis of presentation of financial statements

The Balance Sheet has been prepared in accordance with the regulations as contained in Part -I of the First Schedule and as per Form "A" as set forth in Part - II of that Schedule. Revenue Account of each class of non-life insurance business has been prepared in accordance with the regulations as contained in Part - I of the Third Schedule and as per Form 'F' as set forth in Part - II of that Schedule of the Insurance Act, 1938, in absence of such Forms in the Insurance Act 2010. The classified summary of the assets has also been prepared in accordance with Form "AA" as set forth in Part - II of the aforesaid Act.

i) Basis of preparation of financial statements

The financial statements have been prepared on accrual basis.

ii) Compliance statements and general rules & regulations

The financial statements have been prepared and disclosures of information have been made in accordance with the requirements of Insurance Act, 2010, Insurance rules, 1958, the Companies Act, 1994, the Securities and Exchange Rules, 1987, the Securities and Exchange Ordinance 1969, the Securities and Exchange Commission Act 1993, the Listing Regulations of Dhaka Stock Exchange Ltd and Chittagong Stock Exchange Ltd, and Guidelines, rules and regulations issued from time to time by the Insurance Development and Regulatory Authority (IDRA).

To comply with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) as International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) and other applicable laws and regulations.

Compliance with the Core IAS/IFRS or Compliance of International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS)

These financial statements have been prepared and presented in accordance with the approved accounting and reporting standards as applicable in Bangladesh. Approved accounting standards comprise of "International Accounting Standards" (IAS) and International Financial Reporting Standards (IFRS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB). While preparing the financial statements as of 31 December 2020, Prime Insurance Company applied all the applicable of International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) as adopted by ICAB. Details are given below:



PRIME INSURANCE COMPANY LIMITED

Notes to the Financial Statements For The Year Ended December 31, 2020

| Compliance of International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) . | IAS No. | Applicability |
|---|---------|---------------|
| Presentation of financial statements | 1 | Applied |
| Inventories | 2 | Applied |
| Statement of cash flows | 7 | Applied |
| Accounting policies, changes in accounting estimates and errors | 8 | Applied |
| Events after the reporting period | 10 | Applied |
| Construction contracts | 11 | N/A |
| Income taxes | 12 | Applied |
| Property, plant and equipment | 16 | Applied |
| Leases | 17 | N/A |
| Employee's benefits | 19 | Applied |
| Accounting of government grants and disclosure of government assistance | 20 | N/A |
| The effects of changes in foreign exchange rates | 21 | Applied |
| Borrowing costs | 23 | Applied |
| Related party disclosures | 24 | Applied |
| Accounting and reporting by retirement benefit plans | 26 | Applied |
| Separate financial statements | 27 | N/A |
| Investments in associates and joint ventures | 28 | N/A |
| Financial reporting in hyperinflationary economics | 29 | N/A |
| Financial instruments: Presentation | 32 | Applied |
| Earnings per share | 33 | Applied |
| Interim financial reporting | 34 | Applied |
| Impairment of assets | 36 | Applied |
| Provisions, contingent liabilities and contingent assets | 37 | Applied |
| Intangible assets | 38 | N/A |
| Financial instruments: Recognition and measurement | 39 | Applied |
| Investment property | 40 | N/A |
| Agriculture | 41 | N/A |



PRIME INSURANCE COMPANY LIMITED

Notes to the Financial Statements For The Year Ended December 31, 2020

ICAB'S Adoption Status of International Financial Reporting Standards (IFRSs).

| Title of Adopted IFRS | IFRS No | Status |
|--|---------|---------|
| First-time adoption of International financial reporting standards | 1 | N/A |
| Share-based payment | 2 | N/A |
| Business combinations | 3 | N/A |
| Insurance contracts | 4 | Applied |
| Non-current assets held for sale and discontinued operations | 5 | N/A |
| Exploration for and evaluation of mineral resources | 6 | N/A |
| Financial instruments: disclosures | 7 | Applied |
| Operating segments | 8 | Applied |
| Financial instruments | 9 | Applied |
| Consolidated financial statements | 10 | N/A |
| Disclosure of interest in other entities | 12 | N/A |
| Fair value measurement | 13 | Applied |
| Regulatory deferred accounts | 14 | N/A |
| Revenue from contracts with customers | 15 | Applied |
| Leases | 16 | Applied |

iii) Last year's figures rearranged and adjusted

Previous year's figures have been rearranged wherever considered necessary to conform to the current year's presentation.

iv) Functional and presentational currency

These financial statements are prepared in Bangladesh Taka which is the company's functional currency. All information presented in Taka has been rounded off to the nearest Taka (BDT).

v) Going concern basis

The Company has adequate resources to continue in the operation for the foreseeable future. For this reason, the Directors continue to adopt going concern basis in preparing the financial statements. The current credit facilities and adequate resources for providing sufficient funds to meet the present requirements of its existing business and operations.

vi) Interim financial reporting

In accordance with International Accounting Standard (IAS-34), Interim Financial Reporting, publicly traded entities are encouraged to provide interim financial reports that confirm to the recognition, measurement and disclosure principles set out in this standard. Timely and reliable interim financial reporting improves the ability of investors, creditors, and others to understand an entity's capacity to generate earnings and cash flows and its financial condition and liquidity.



PRIME INSURANCE COMPANY LIMITED

Notes to the Financial Statements For The Year Ended December 31, 2020

Prime Insurance Company applies the same accounting policies in its interim financial statements as are applied in its annual financial statements.

vii) Reporting period

Financial statements of the company consistently cover one calendar year from 1 January 2020 to 31 December, 2020.

viii) Branch accounting

The company has 18 (Eighteen) branches under its umbrella without having any overseas branch up to the year ended December 31, 2020. The accounts of the branches are maintained at the Head Office level. Only petty cash books are maintained at the branch level for meeting day to day cash expenses.

ix) Bangladesh Electronic Fund Transfer Network (BEFTN)

The Company has signed an MOU agreement with Standard Chartered Bank for Cash Management Solution and inked on August 21, 2013. With a view to ensuring best services to the shareholders, clients and employees through smoothly banking transactions of its business operations the Company has started remittances/payments through Bangladesh Electronic Fund Transfer Network (BEFTN) from September 1, 2013.

2.05 Significant Accounting Policies

i) Revenue recognition (IFRS-15)

Revenue is recognized in accordance with International Accounting Standard (IFRS-15): Revenue from contracts with customers, unless otherwise mentioned or otherwise guided by the separate IAS/IFRS or by Directives of the Regulatory Authority.

ii) Underwriting premium income

Premium income is recognized when insurance policies are issued and premium collected. The sum of premium income as appeared in classified Revenue Accounts is net of the refund made, Re-insurance ceded and Re-insurance premium on PSB.

iii) Public sector business (PSB)

As per Government decision effective from April 1990, 100% Public Sector Insurance Business (PSB) is being underwritten by Shadharan Bima Corporation (SBC), 50% premium being retained by SBC and the remaining balance is equally distributed among 45 private sector insurance companies.

The premium in respect of Company's share of Public Sector insurance Business (PSB) is accounted for in the year in which the relevant statement of accounts from Shadharan Bima Corporation is received. The statements of account for the period from July 2019 to June 2020 have been received from SBC and the Company's share of PSB for the aforesaid period has been recognized in these financial statements accordingly. Such method of account for the Public Sector Insurance Business (PSB) has been consistently followed.

iv) Re-insurance ceded and accepted

a) Re-insurance ceded and Accepted with Shadharan Bima Corporation

Necessary adjustment in respect of Re-insurance ceded and accepted in Bangladesh has duly been made in respective Revenue Account as per Treaty between the Company and Shadharan Bima Corporation (SBC) and Foreign Re-Insurers.



PRIME INSURANCE COMPANY LIMITED

Notes to the Financial Statements For The Year Ended December 31, 2020

b) Re-insurance with foreign re-insurer

Fifty percent (50%) of the re-insurable non-life insurance business shall be re-insured with Shadharan Bima Corporation and the remaining fifty percent (50%) of such business may be re-insured either with the SBC or with any other insurer whether in or outside Bangladesh.

v) Cover notes converted into policy (CCP)

Amounts received against issue of cover notes that have not been converted into policy are not recognized as income. The cover notes which were previously issued are converted into insurance policy at the expiry of nine months from the date of issue of such cover notes as per circular of the then Chief Controller of Insurance.

vi) Investment income

a) Interest on FDRs, 10-years & 15-years Bangladesh Government Treasury Bond (BGTB) are recognized on accrual basis. Interest on STD/SND/PLS account and other income are recognized as and when amount credited to our account.

b) Cash dividend income and stock dividend from investment:

Dividend income on investment in shares are recognized when the Company is entitled to dividend from the investee and shown in the Statement of Profit or Loss and other Comprehensive Income. For stock dividend, the number of related shares of investee increases effecting decrease in average cost of investment.

2.06 Valuation non-current assets

i) Government bond

Ten-year & fifteen years Bangladesh Government Treasury Bond (BGTB)/Securities are stated at cost.

ii) Investment in shares, debenture and mutual Fund

Investment in stocks, shares and other securities are recognized in the financial statements at fair value considering long term investment and these are revalued at regular interval. Increases or decreases in the value of investment are recognized in the Financial Statements as per IAS-39 "Financial Instruments: Recognition and Measurement". Increase or decrease in the value of investment in listed shares are recognized in the financial statements considering average movement of market price as the capital market of Bangladesh is volatile and market price of the stocks and shares change very frequently. Increase/decreases in the market value on stocks and shares are recognized in the Statement of Profit or Loss and Other comprehensive income.

iii) Property, plant and equipments

All fixed assets are stated at cost less accumulated depreciation as per International Accounting Standard (IAS)-16, "Property, Plant and Equipment". The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes.

Recognition of property, plant and equipments

The company recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the company and the cost of the items can be measured reliably. Normal expenditure incurred after the assets have been put into operation such as repairs and maintenance other than major replacements, renewals and/or betterment of the assets are charged off as revenue expenditure in the period in which it is incurred.



PRIME INSURANCE COMPANY LIMITED

Notes to the Financial Statements For The Year Ended December 31, 2020

Depreciation on property, plant & equipments

Property, Plant & Equipment are depreciated following the reducing balance method on the basis of economic life expectancy of the assets in accordance with IAS-16. Depreciation on addition of fixed assets has been charged when it is available for use. The Property, Plant & Equipment are depreciated at the following rates:

| Items | Rate % |
|----------------------|--------|
| Building floor space | 2% |
| Motor vehicles | 20% |
| Furniture & fixtures | 10% |
| Office equipment | 15% |
| Electrical equipment | 15% |
| Computer | 20% |

The value of all assets as shown in the Balance Sheet and in the annexed Classified Summary of Assets drawn up in accordance with form "AA" of part II of the First Schedule of the Insurance Act 1938, have been reviewed and the balances are in agreement with the Balance Sheet amount and Form "AA" amount.

De-recognition

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset is included in the statement of profit or loss and other comprehensive income in the year the asset is de-recognized.

Impairment of assets

As per IAS 36- Impairment of assets: The carrying amounts of the company's non-current assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of profit or loss and other comprehensive income. Considering the present conditions of the assets, management concludes that there is no such indication exists.

2.07 Leases IFRS-16

IFRS 16 requires lessees to adopt a uniform approach to the presentation of leases. Correspondingly, assets must be recognized for the right of use received and liabilities must be recognized for payment obligations entered into for all leases. The Company currently expects to transition to IFRS-16 in accordance with the modified retrospective approach. For leases that have to date been classified as operating leases in accordance with IAS-17, the lease liability will be carried at the present value of the remaining lease payments, discounted using the lessees incremental borrowing rate at the time the standard is first applied. The right-of-use asset will generally be measured at the amount of the lease liability. The Company currently plans to make use of relief options available for leases of low value assets and short-term leases (shorter than twelve months).

The Company is currently finalizing its review of the results of the analysis of existing leases and the impact IFRS-16 will have on its financial statements



PRIME INSURANCE COMPANY LIMITED

Notes to the Financial Statements For The Year Ended December 31, 2020

2.07 Employees retirement benefit scheme

Prime Insurance Company Ltd offers a number of retirement benefit plans for all permanent employees of the company which include Contributory Provident Fund and Gratuity fund which have been accounted for in accordance with the provision of International Accounting Standard (IAS) -19, "Employee's Retirement Benefit".

i) Provident fund

Under defined Contribution scheme, Company operates duly recognized Provident Fund managed by an independent Board of Trustees for all eligible employees. The eligible employees contribute @ 10% of their basic salary. The company's contribution to the scheme are charged to Statement of Profit or Loss and Other Comprehensive Income in the year in which they relate.

ii) Gratuity fund

The Company operates a funded gratuity scheme duly recognized by National Board of Revenue (NBR) on December 4, 2011 under the management of independent Board of Trustees. The fund is operated by a Board of Trustees consisting of Chairman and three Members of whom two are taken from the Board of Directors including the Chairperson of the Board. All confirmed employee's are entitled to receive one month basic pay for each completed year of services after completion of minimum seven years of services with the company as per International Accounting Standard (IAS) -19 "Employee Benefits". It may be mentioned here that all confirmed employee's have been receive 2(two) basic up to 2008. Basic pay represents the last basic of the employee. PICL Employees gratuity rules of the Company has approved in its Board Meeting No-170 held on September 15, 2008 under BM No.116/2008 dated September 22, 2008. Adequate provision has been made in these Financial Statements.

iii) Other benefits

In addition to provident fund and gratuity fund, the Company provides other benefits to the employees like earned leave benefit, transport facility, health insurance, group insurance, car facilities, home maintenance loan, incentive/performance bonus and honorarium for Insurance Diploma.

2.08 Balance of funds & accounts (Un-expired risk reserve)

Surplus/deficit on Revenue Accounts has been arrived at after making necessary provision for un-expired risk reserve @ 40% of net premium income on Fire, Marine Cargo, Motor and Miscellaneous business and 100% on Marine hull business concern.

2.09 Allocation of expenses of management

As per applicable insurance laws relevant management expenses wherever incurred directly or indirectly have been allocated amongst different Revenue Accounts in respect of Fire, Marine, Motor and Miscellaneous insurance business on pro-rata basis at their respective gross premium income.

2.10 Cash flow statement

Cash flow statement is prepared in accordance with IAS-7 Statement of Cash Flows and the cash flow from the operating activities has been presented under direct method as prescribed by the Bangladesh Securities and Exchange Rules-1987. Cash flow statement is broken down into operating activities, investing activities, and financing activities.

2.11 Foreign currency transaction

All foreign currency transactions are converted into equivalent Taka at the ruling exchange rates on the respective date of such transactions as per International Accounting Standard (IAS) -21: "The effects of Changes in Foreign Exchange Rate".



PRIME INSURANCE COMPANY LIMITED

Notes to the Financial Statements For The Year Ended December 31, 2020

2.12 Comparative information

Comparative information have been disclosed in respect of the previous year for all numerical information in the financial statements including narrative and descriptive information when it is relevant for understanding of the current years financial statements.

Previous year's figure have been restated and rearranged wherever necessary, to confirm to current years presentation as per International Accounting Standard (IAS)-8 "Accounting Policies, Changes in Accounting Estimate and Errors".

2.13 Stock of stationery & forms

Stock of stationery and forms has been valued at the lower of cost and net realizable value in accordance with IAS -2.

2.14 Re-arrangement of head of accounts:

To comply with the International Accounting Standards and International Financial Reporting Standards as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), some of the heads of accounts have been re-arranged wherever necessary.

3.00 Recognition of expenses and taxes

Expenses are recognized on the basis of a direct association between the cost incurred and the earning of specific heads of income. All expenditure incurred has been charged to the Revenue Accounts and Statement of Profit or Loss and Comprehensive Income in running the business and in maintaining the Property, Plant and Equipment in state of efficiency.

3.01 Borrowing costs

In accordance with International Accounting Standard (IAS-23)- Borrowing Costs that are directly attributable to the acquisition and construction of a qualifying asset form part of the cost of that asset and therefore, should be capitalized. Other borrowing costs are recognized as an expense.

3.02 Provision for income taxes

The company has made the income tax provision on the basis of International Accounting Standard (IAS) -12 "Income Taxes", Income Tax Ordinance, 1984 as amended from time to time and Finance Act, 2020.

3.03 Current tax provision

The tax currently payable is based on taxable profits for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expenses that are taxable or deductible in succeeding years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates as per Income Tax Ordinance 1984, that have been effective on the balance sheet date.

3.04 Deferred taxes

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which such differences can be utilized. Adequate provision has been made for deferred tax to profit or loss and other comprehensive income.



PRIME INSURANCE COMPANY LIMITED

Notes to the Financial Statements For The Year Ended December 31, 2020

4.00 Reserve or Contingencies Accounts

4.01 Reserve for exceptional losses

As per Para 6 of the 4th Schedule of Income Tax Ordinance, 1984 to meet the exceptional losses, the Company sets aside maximum ten percent of the net premium income of the year in which it is set aside from the balance of the profit to reserve for exceptional losses. As per Insurance law maximum 10% statutory reserve be maintained out of profit by the company to meet any possible future claims on net premium income during the year. In the year under review, the Company sets aside 10% of net premium or below 10%.

4.02 General reserve fund

The Company has been maintaining a general reserve fund from the current year profit to meet future contingencies.

4.03 Provision for contingent liabilities and assets

According to IAS-37: "Provision, contingent liabilities and contingent assets" the company recognizes the provision in the balance sheet when the company has a legal or constructive obligation as a result of past event and it is probable that an outflow of economic benefit will be required to settle the obligations.

4.04 Segment reporting

A business segment is a distinguishable component of the company that is engaged in providing services that are subject to risks and returns and are different from those of other business segments. The company accounts for segment reporting of operating results of each segment. The Company has mainly four business segments for reporting purposes namely Fire, Marine, Motor and Miscellaneous.

5.00 Earnings per Share (EPS)

The Company calculates basic earnings per Share (EPS) in accordance with International Accounting Standard (IAS) -33: "Earnings per Share", which has been shown on the Statement of Profit or Loss and Other Comprehensive Income (Profit and Loss Account) during the period.

5.01 Calculation of Earnings Per Share (EPS)

This has been calculated by dividing the basic earnings during the period by the weighted average number of ordinary shares outstanding at the end of the year.

For calculation of basic earning and weighted average number of ordinary shares outstanding at the end of the year, the following formula has been used:

| | Particulars | Amount in Taka | |
|----|--|-------------------|-------------------|
| | | 2020 | 2019 |
| a. | Profit before tax | 109,138,613 | 84,856,072 |
| b. | Less: Provision for income tax | 45,274,533 | 66,416,864 |
| c. | Less: Deferred tax | 10,352,911 | 949,869 |
| d. | Net profit after tax (d=a-b-c) Earnings attributable to the ordinary shareholders | 53,511,169 | 17,489,339 |
| e. | Ordinary share at 1st January | 40,877,498 | 40,877,498 |
| f. | Bonus shares issued | - | - |
| g. | Weighted average number of ordinary shares outstanding at the end of the year | 40,877,498 | 40,877,498 |
| h. | Basic earnings per share after tax (EPS) (h=d/g) | 1.31 | 0.43 |



PRIME INSURANCE COMPANY LIMITED

Notes to the Financial Statements For The Year Ended December 31, 2020

Basic earnings

This represents earnings for the year attributable to ordinary shareholders. As there was no preference dividend, minority interest or extra ordinary items, the net profit after tax for the year has been considered as fully attributable to the ordinary shareholders.

Weighted average number of ordinary shares outstanding during the year

This represents the number of ordinary shares outstanding at the beginning plus the number of ordinary shares issued during the year multiplied by a time-weighted factor. The time weighting factor is the number of days the specific shares outstanding as a proportion of the total number of days during the year.

5.02 Deviation from previous period:

Earnings Per Share (EPS) increased at the same period of preceding year due to increased of unrealized gain on shares investment of Tk.30,575,428 as against loss of Tk.(27,595,654), increased of interest of FDR, increased of business premium income and also minimize of management expenses.

Diluted earnings per share

Diluted earnings per share reflects the potential dilution that could occur if additional ordinary shares are assumed to be issued under securities or contracts that entitle their holders to obtain ordinary shares in future, to the extent such entitlement is not subject to unresolved contingencies.

At December 31, 2020 there was no scope for dilution and hence no diluted EPS is required to be calculated.

6.00 Authorized, issued, subscribed and paid-up capital of the Company

Authorized share capital

10,00,00,000 ordinary shares of Tk.10 each

Issued, subscribed and paid-up capital

1,50,00,000 ordinary share of Tk. 10 each

Bonus shares issued in different years: 25,877,498 bonus shares of Tk.10 each

Paid-up capital

Classification of shareholders as per their share holdings as on December 31, 2020

| Amount in Taka | |
|----------------|---------------|
| 2020 | 2019 |
| 1,000,000,000 | 1,000,000,000 |
| 150,000,000 | 150,000,000 |
| 258,774,980 | 258,774,980 |
| 408,774,980 | 408,774,980 |



PRIME INSURANCE COMPANY LIMITED

Notes to the Financial Statements For The Year Ended December 31, 2020

All group (Sponsors Directors, Institutions & Public Shareholders:

| Particulars Category of Shareholders | For the year 2020 | | For the year 2019 | |
|--|-----------------------|----------------------------------|----------------------|----------------------------------|
| | No. of Shares holding | % of holding on paid up capital. | No. of share holding | % of holding on paid up capital. |
| A. Group-A: Sponsors & Directors:17,013,215 shares of Tk.10 each fully paid-up | 17,013,215 | 41.62% | 25,094,696 | 61.39% |
| B. Institutions: 4,627,333 shares of Tk.10 each fully paid-up. | 4,627,333 | 11.32% | 4,958,441 | 12.13% |
| B. Group-B: Public Shareholders:19,236,950 shares of Tk.10 each fully paid-up | 19,236,950 | 47.06% | 10,824,361 | 26.48% |
| Total (A+B+C) | 40,877,498 | 100% | 40,877,498 | 100% |
| Strategic Buyer: | | | | |
| 1. Banks, ICB, MFs & Insurance Companies | - | 0.00% | - | 2.26% |
| 2. Employees | - | 0.00% | - | 0.00% |
| 3. Banks, ICB, MFs & Insurance Companies | - | 0.00% | - | 0.00% |
| 4. Fareast Islami life Insurance Ltd. | - | 9.18% | 3,754,006 | 0.00% |
| 5. Ramisha BD. Ltd. | - | 0.00% | - | 6.12% |
| 6. Fareast Islami Securities Ltd. | - | 0.00% | - | 6.35% |

Classification of shareholders as per their share holdings as on December 31, 2020

| All Directors (Sponsors, Institutions and Public shareholders) | For the year 2020 | | | For the year 2019 | | |
|--|-------------------|----------------------|----------------------------------|-------------------|----------------------|----------------------------|
| | No. of share | No. of share holders | % of holding on paid up capital. | No. of share | No. of share holders | % of Total paid up capital |
| 001-5000 | 1,965,987 | 2,205 | 4.81 | 1,373,681 | 1,799 | 4.38 |
| 5001-10000 | 1,143,672 | 147 | 2.80 | 709,335 | 82 | 2.03 |
| 10001-300000 | 8,298,667 | 202 | 20.30 | 7,928,271 | 132 | 20.26 |
| 300001-600000 | 3,573,143 | 9 | 8.74 | 3,352,923 | 9 | 10.77 |
| 600001-1500000 | 19,025,504 | 19 | 46.54 | 20,054,560 | 20 | 41.9 |
| 1500001-5000000 | 6,870,525 | 4 | 16.81 | 7,458,728 | 3 | 20.65 |
| Total | 40,877,498 | 2,586 | 100.00 | 40,877,498 | 2,045 | 100.00 |

7.00 Reserve for exceptional losses

As per Paragraph 2 of Fourth Schedule of Income Tax Ordinance 1984, for the year 10.00% of the net premium income was transferred to reserve for exceptional losses. Details of calculation as hereunder:

Opening balance as on 1 January

Add: Transferred during the year (tax exempted)

Closing balance as on 31 December

| Notes No. | 242,080,490 | 228,345,309 |
|-----------|--------------------|--------------------|
| 1.01 | 15,617,528 | 13,735,181 |
| | 257,698,018 | 242,080,490 |



PRIME INSURANCE COMPANY LIMITED

Notes to the Financial Statements For The Year Ended December 31, 2020

7.01 Class wise exceptional loss reserve

This represents profit set-aside during the year under review at 10.00% (2019 : 10%) of net premium allowed as expenses to meet any exceptional losses. The aforesaid set-aside of profit has been allowed as expenses by paragraph 6(2) of 4th Schedule of the Income Tax Ordinance, 1984.

| Class of Business | | Net Premium | At 10% of Net Premium | |
|-------------------|----------------------------------|-------------|-----------------------|------------|
| | | | Amount in Taka | |
| | | | 2020 | 2019 |
| 1 | Fire insurance business | 32,757,207 | 3,275,721 | 866,203 |
| 2 | Marine insurance business | 85,259,518 | 8,525,952 | 8,583,302 |
| 3 | Motor insurance business | 25,259,816 | 2,525,982 | 3,499,859 |
| 4 | Miscellaneous insurance business | 12,898,740 | 1,289,874 | 785,817 |
| Total | | 156,175,281 | 15,617,528 | 13,735,181 |

8.00 General reserve fund account

The company has created a General Reserve fund from financial year 2009 for avoiding any sudden fund crisis and contingency in future.

Opening balance as on 1 January

Add: Transferred during the year

Closing balance as on 31 December

| | |
|------------|------------|
| 10,400,000 | 10,400,000 |
| 1,000,000 | - |
| 11,400,000 | 10,400,000 |

9.00 Balance of fund and accounts (un-expired risk reserve)

As per Para 27A(2)(b) Insurance Act, 1938, as amended 2010 for the purpose of Sub-section (1) the company has made necessary provision for un-expired risk reserve during the year 40% of net premium on Fire, Marine, Motor, Miscellaneous and 100% on Marine Hull business. Details of class wise un-expired risk reserve are as follows:

| Class of business wise un-expired risk reserve | | Net Premium | Percentage | Amount in Taka | |
|--|----------------------------------|-------------|------------|----------------|------------|
| | | | | 2020 | 2019 |
| 1 | Fire insurance business | 32,757,207 | 40% | 13,102,883 | 3,464,810 |
| 2 | Marine insurance business | 85,134,127 | 40% | 34,053,651 | 34,041,251 |
| 3 | Marine Hull insurance business | 125,391 | 100% | 125,391 | 729,897 |
| 4 | Motor insurance business | 25,259,816 | 40% | 10,103,926 | 13,999,436 |
| 5 | Miscellaneous insurance business | 12,898,740 | 40% | 5,159,496 | 3,143,267 |
| Total | | 156,175,281 | | 62,545,347 | 55,378,660 |



PRIME INSURANCE COMPANY LIMITED

Notes to the Financial Statements For The Year Ended December 31, 2020

10.00 Premium deposit

The below mentioned amount includes premium received against cover notes for which policies have not been issued within 31 December, 2020. While the risks against non-marine and marine hull have been assumed from the issuance of cover notes, risk against marine cargo have not been assumed until shipment advices are provided and accordingly policies are issued.

| Particulars | Amount in Taka | |
|------------------|-------------------|-------------------|
| | 2020 | 2019 |
| Premium deposits | 99,842,420 | 86,609,188 |
| Total: | 99,842,420 | 86,609,188 |

11.00 Estimated liability in respect of outstanding claims whether due or intimated

Class wise estimated liabilities in respect of outstanding claims whether due or intimated during the year are given bellows.

| Class wise outstanding claims whether due or intimated | | Amount in Taka | |
|--|--|-------------------|-------------------|
| | | 2020 | 2019 |
| 1 | Fire insurance business | 40,314,535 | 29,723,189 |
| 2 | Marine insurance business | 4,653,576 | 5,080,248 |
| 3 | Motor insurance business | 510,000 | 1,529,474 |
| 4 | Miscellaneous insurance business | 1,391,398 | 1,160,233 |
| 5 | Closing balance as on 31 December | 46,869,509 | 37,493,144 |

All the claims of which the Company received intimations within December 31, 2020 have been taken into consideration while estimating the liability in respect of outstanding claims own portion.

12.00 Amount due to other persons or bodies carrying on insurance business

This amount is payable to Shadharan Bima Corporation and other foreign re-insurers and private sector insurance companies on account of re-insurance arrangements with them and to other local insurance companies under co-insurance premium. Break up of the amount is as under:

| Particulars | | Amount in Taka | |
|-------------|---|--------------------|-------------------|
| | | 2020 | 2019 |
| 1 | Re-insurance ceded premium to SBC | 166,257,659 | 69,604,566 |
| 2 | Re-insurance ceded premium to Abroad | 24,871,109 | 16,215,202 |
| 3 | Co-insurance premium payable to other insurance companies | 1,319,031 | 1,321,620 |
| | Closing balance as on 31 December | 192,447,799 | 87,141,388 |



PRIME INSURANCE COMPANY LIMITED

Notes to the Financial Statements For The Year Ended December 31, 2020

13.00 Sundry creditors (including provision for expenses and taxes)

This represents liabilities for certain expenses as well as other finance to payable including provision expenses, which are made up as follows:

| Particulars | Notes no: | Amount in Taka | |
|--|-----------|--------------------|-------------------|
| | | 2020 | 2019 |
| 1 Audit fees payable | 13.01 | 1,954,841 | 1,766,091 |
| 2 VAT payable | 13.02 | 6,214,494 | 5,828,508 |
| 3 Employees' tax deduction at source | | 101,088 | 119,150 |
| 4 Income tax deduction at source | | 449,935 | 495,812 |
| 5 Bills payable | | 119,820 | 119,820 |
| 6 Insurance stamps on deposit premium | 13.03 | 53,649,709 | 42,716,559 |
| 7 Security deposit | | 1,697,982 | 765,082 |
| 8 Unclaimed dividend | 13.04 | 4,393,055 | 4,399,005 |
| 9 Gratuity fund | 13.05 | 243,707 | 41,789 |
| 10 Accrued expenses | 13.06 | 13,195,503 | 7,938,758 |
| 11 Provident fund payable | 13.07 | 215,827 | 102,501 |
| 12 Office rent tax | | 999 | 630 |
| 13 Agent commission tax | | 591,078 | 372,359 |
| 14 Salary payable | | 1,464,142 | 1,538,142 |
| 15 Deposit premium payable | | 8,567,929 | 7,981,105 |
| 16 Service charge payable (Hansa management) | | 1,551,676 | 1,031,535 |
| 17 Lease Liabilities | | 11,947,793 | 7,784,397 |
| Closing balance as on 31 December | | 106,359,578 | 83,001,243 |

13.01 Audit fees payable

Opening balance as on 1 January
Add: Provision made during the year
Total
Less: Paid during the year
Closing balance as on 31 December

| Notes No. | Amount in Taka | |
|-----------|------------------|------------------|
| | 2020 | 2019 |
| | 1,766,091 | 1,411,091 |
| | 655,000 | 630,000 |
| | 2,421,091 | 2,041,091 |
| | 466,250 | 275,000 |
| | 1,954,841 | 1,766,091 |

13.02 VAT payable

Opening balance as on 1 January
Add: Payable during the year
Total
Less: Paid during the year
Closing balance as on 31 December

| Amount in Taka | |
|-------------------|-------------------|
| 2020 | 2019 |
| 5,828,508 | 6,223,325 |
| 27,053,712 | 40,490,299 |
| 32,882,220 | 46,713,624 |
| 26,667,726 | 40,885,116 |
| 6,214,494 | 5,828,508 |

PRIME INSURANCE COMPANY LIMITED

Notes to the Financial Statements For The Year Ended December 31, 2020

As per National Board of Revenue (NBR) General Circular No-10/VAT/2002 dated 28-11-2002 and as Amended Circular No-03/VAT/2003 dated 01/04/2003 VAT payable amount has been deposited to the Bangladesh Bank through challan within 15th day of following month and submitted a return to the VAT Authority within 20th day of the following month.

13.03 Insurance stamp on deposit premium

Opening balance as on 1 January
Add: Payable during the year
Total
Less: Paid during the year
Closing balance as on 31 December

| Amount in Taka | |
|-------------------|-------------------|
| 2020 | 2019 |
| 42,716,559 | 33,227,522 |
| 18,601,998 | 23,220,137 |
| 61,318,557 | 56,447,659 |
| 7,668,848 | 13,731,100 |
| 53,649,709 | 42,716,559 |

13.04 Unclaimed dividend

Unclaimed dividend amounting to Tk.4,393,055 payable to the Shareholders to whom dividend warrants were issued but not placed for collection up to the date of Balance Sheet.

| | | Amount in Taka | |
|---|------------------------------------|------------------|------------------|
| | | 2020 | 2019 |
| 1 | Dividend payable for the year 2019 | - | - |
| 2 | Dividend payable for the year 2018 | 1,253,950 | 1,259,900 |
| 3 | Dividend payable for the year 2017 | 355,920 | 355,920 |
| 4 | Dividend payable for the year 2016 | 1,151,658 | 1,631,527 |
| 5 | Unclaimed dividend previous year | 1,151,658 | 1,151,658 |
| | Total unclaimed dividend | 4,393,055 | 4,399,005 |

13.05 Employees gratuity fund

The company has made adequate provision for Employee's Gratuity Fund during the year as per International Accounting Standard (IAS)-19 under "Employee's Retirement Benefit Scheme".

Opening balance as on 1 January
Add: Provision made during the year
Total
Less: Transferred to the gratuity fund
Less: Paid to the employees from company's own fund
Closing balance as on 31 December

| Amount in Taka | |
|----------------|---------------|
| 2020 | 2019 |
| 41,789 | 1,180,243 |
| 4,400,000 | 4,800,000 |
| 4,441,789 | 5,980,243 |
| 2,200,000 | 4,350,000 |
| 1,998,082 | 1,588,454 |
| 243,707 | 41,789 |



PRIME INSURANCE COMPANY LIMITED

Notes to the Financial Statements For The Year Ended December 31, 2020

13.06 Accrued expenses

| Particulars of accrued expenses | | Notes No: | Amount in Taka | |
|---------------------------------|-----------------------------------|-----------|----------------|-----------|
| | | | 2020 | 2019 |
| 1 | Incentive | 13.06.01 | 12,031,812 | 6,814,076 |
| 2 | Health insurance | | 365,955 | 365,955 |
| 3 | Mobile | | 64,800 | 65,300 |
| 4 | Telephone (resident) | | 15,141 | 15,230 |
| 5 | Telephone & fax (office) | | 19,500 | 19,700 |
| 6 | Electricity | | 224,750 | 224,850 |
| 7 | Car allowance | | 320,943 | 238,645 |
| 8 | Car fuel | | 78,892 | 118,942 |
| 9 | Car maintenance | | 73,710 | 76,060 |
| | Closing balance as on 31 December | | 13,195,503 | 7,938,758 |

13.06.1 Incentive bonus for employees

Opening balance as on 1 January
Add: Provision made during the year
Total
Less : Paid during the year
Closing balance as on 31 December

| Amount in Taka | |
|----------------|-----------|
| 2020 | 2019 |
| 6,814,076 | 5,648,398 |
| 5,217,736 | 4,046,804 |
| 12,031,812 | 9,695,202 |
| - | 2,881,126 |
| 12,031,812 | 6,814,076 |

13.07 Provident fund payable

All the permanent employees contributed @10% of each basic salary and the employers also contributed @10% recognized Employees Provident fund. During the year, provision made for Employees Provident Fund as per International Accounting Standard (IAS)-19 under "Employees Retirement Benefit Scheme".

Opening balance as on 1 January
Add: Provision made during the year
Total fund
Total Provident fund transferred & paid
Less: Transferred to the Employees Provident fund Account.
Less: Paid to the employees from company's own fund
Closing balance as on 31 December

| Amount in Taka | |
|------------------|------------------|
| 2020 | 2019 |
| 102,501 | 162,317 |
| 4,668,634 | 4,670,858 |
| 4,771,135 | 4,833,175 |
| 4,555,308 | 4,730,674 |
| 4,555,308 | 4,730,674 |
| - | - |
| 215,827 | 102,501 |

PRIME INSURANCE COMPANY LIMITED

Notes to the Financial Statements For The Year Ended December 31, 2020

14.01 Tax provision:

| | |
|---------------------------------------|-------|
| Current tax provision during the year | 14.02 |
| Tax provision for previous year | 14.03 |

| Amount in Taka | |
|----------------|------------|
| 2020 | 2019 |
| 22,006,504 | 35,861,594 |
| 23,268,029 | 30,555,270 |
| 45,274,533 | 66,416,864 |

14.02 Provision for income tax (Current year)

| Statement of income | Notes No. | Taxable income | Exempted (Exceptional) | Taxable income |
|--|-----------|--------------------|------------------------|-------------------|
| Income from business or profession: (U/s 28 of ITO, 1984) | | 33,871,727 | 15,617,528 | 18,254,199 |
| Interest income from FDR & STD Accounts (U/s 22) | 24.00 | 33,114,692 | - | 33,114,692 |
| Capital gains from share trading (U/s 31) | 25.00 | 1,708,376 | - | 1,708,376 |
| Unrealized capital gain on investment in securities | - | 30,575,428 | 30,575,428 | - |
| Dividend income from investment in securities (U/s 54 Rule 19) | 26.00 | 5,952,567 | - | 5,952,567 |
| Fixed assets sales (Motor car) U/S -16(3) | 27.00 | 384,954 | - | 384,954 |
| Income from office rent (Mollah tower) U/S-24 | 27.11 | 3,530,868 | - | 3,530,868 |
| Total profit/income (before Tax) | | 109,138,613 | 46,192,956 | 62,945,656 |

Computation of current year tax provision

Particulars of using Tax payable rate on taxable income against various heads as per Income Tax Ordinance, 1984. Details are given below:

| Computation of current year tax | Taxable income | Rate of Tax percentage | Tax provision |
|--|-------------------|------------------------|-------------------|
| Income tax on business @ 37.50% | 18,254,199 | 37.50 | 6,845,325 |
| Income tax on interest income @ 37.50% | 33,114,692 | 37.50 | 12,418,010 |
| Income tax on capital gains from share trading @10% | 1,708,376 | 10 | 170,838 |
| Income tax on dividend income @ 20% | 5,952,567 | 20 | 1,190,513 |
| Gain from sale of motor car @15% | 384,954 | 15 | 57,743 |
| Income from office rent (Mollah tower) @37.5% | 3,530,868 | 37.50 | 1,324,076 |
| Other income @37.50% | - | 37.50 | - |
| Total tax liability during the year 31 December, 2020 | 62,945,656 | - | 22,006,504 |
| Total tax liability during the year 31 December, 2019 | 99,090,511 | - | 35,861,594 |

PRIME INSURANCE COMPANY LIMITED

Notes to the Financial Statements For The Year Ended December 31, 2020

14.03 Tax Provision for previous year

- 1 Assessment year 2012-2013 and Accounting year 2011
- 2 Assessment year 2013-2014 and Accounting year 2012
- 4 Assessment year 2015-2016 and Accounting year 2014

Total deferred tax provision during the year

| Amount in Taka | |
|-------------------|-------------------|
| 2020 | 2019 |
| - | 14,875,535 |
| - | 15,679,735 |
| 23,268,029 | - |
| 23,268,029 | 30,555,270 |

Tax authority has imposed additional tax as per Income Tax Ordinance 1984 on excess management expenses for the assessment year 2015-2016 and Accounting year 2014 which was made provision during the year.

14.04 Deferred tax

The impact on account of changes in the deferred tax assets/liabilities for the year ended December 31, 2020 has been recognized in the statement of profit or loss and other comprehensive income (Profit & loss account) and in the statement of financial position as per International Accounting Standard (IAS)-12 Income Taxes*

Carrying amount of property, plant and equipment excluding land

Tax base

Total difference

Less: Permanent difference

Taxable temporary difference

Provision for gratuity

Provident fund payable

Provision for incentive bonus

Deductible temporary difference

Provision for change in fair value of shares

Total (taxable)/deductible temporary difference

Tax rate

Deferred tax assets on Change in fair value of shares (10%)

Deferred tax assets/(liability) as at 31 December

Deferred tax liability in previous year

Deferred tax (expense)/income for the year

| Amount in Taka | |
|--------------------|--------------------|
| 2020 | 2019 |
| 297,534,777 | 190,431,847 |
| 236,947,977 | 146,883,142 |
| 60,586,800 | 43,548,705 |
| 2,361,437 | 2,951,796 |
| 58,225,363 | 40,596,909 |
| 243,707 | 41,789 |
| 215,827 | 102,501 |
| 12,031,812 | 6,814,076 |
| 12,491,346 | 6,958,366 |
| (30,575,428) | 27,595,654 |
| (45,734,017) | (33,638,543) |
| 37.50% | 37.50% |
| (17,150,256) | (12,614,454) |
| (3,057,543) | 2,759,565 |
| (20,207,799) | (9,854,889) |
| (9,854,889) | (8,905,019) |
| (10,352,911) | (949,869) |



15.00 Property, plant and equipment (at cost less accumulated depreciation)

Tk. 310,332,197

All fixed assets are stated at cost less accumulated depreciation as per International Accounting Standard (IAS)-16, "Property, Plant and Equipment". Details are shown as under:

Figures in Taka

| PARTICULARS | COST | | | DEPRECIATION | | | | | WRITTEN DOWN VALUE (WDV) | |
|---------------------------------|----------------------------------|--------------------------|--------------------------|--------------------------|------|----------------------------------|-------------------------|----------------------------|--------------------------|--------------------------|
| | Opening balance as at 01-01-2020 | Addition during the year | Disposal during the year | Balance as on 31-12-2020 | Rate | Opening balance as at 01-01-2020 | Charged during the year | Adjustment during the year | Balance as on 31-12-2020 | Balance as on 31-12-2019 |
| Land | | | | - | 0% | | | - | | |
| Building (Unique Heights) | 165,451,600 | - | - | 165,451,600 | 2% | 9,729,877 | 3,114,434 | - | 12,844,311 | 152,607,289 |
| Building (Mollah Tower) | - | 104,400,000 | - | 104,400,000 | 2% | - | 1,914,000 | - | 1,914,000.00 | 102,486,000 |
| Motor car | 28,809,300 | 14,423,000 | 15,832,000 | 27,400,300 | 20% | 20,578,766 | 2,171,154 | 13,947,955 | 8,801,965 | 18,598,335 |
| Motor cycle | 1,999,090 | - | - | 1,999,090 | 20% | 1,761,946 | 47,429 | - | 1,809,375 | 189,715 |
| Bi-cycle | 27,550 | - | - | 27,550 | 20% | 19,424 | 1,625 | - | 21,049 | 6,501 |
| Furniture & fixtures | 37,706,964 | - | - | 37,706,964 | 10% | 20,058,639 | 1,764,833 | - | 21,823,472 | 15,883,493 |
| Electrical fans | 281,945 | 9,600 | - | 291,545 | 15% | 249,361 | 5,608 | - | 254,969 | 36,576 |
| Air cooler | 6,098,240 | - | - | 6,098,240 | 15% | 4,183,488 | 287,213 | - | 4,470,701 | 1,627,539 |
| Electrical equipment | 3,569,880 | - | - | 3,569,880 | 15% | 2,385,375 | 177,676 | - | 2,563,051 | 1,006,829 |
| Typewriters | 739,700 | - | - | 739,700 | 15% | 739,699 | 0 | - | 739,699 | 1 |
| Photocopy machine | 642,979 | - | - | 642,979 | 15% | 551,978 | 13,650 | - | 565,628 | 77,351 |
| Office equipment | 5,405,469 | 101,742 | - | 5,507,211 | 15% | 3,920,601 | 230,361 | - | 4,150,962 | 1,356,249 |
| Computer | 14,975,478 | 490,080 | 51,000 | 15,414,558 | 20% | 11,777,705 | 688,563 | - | 12,466,268 | 2,948,290 |
| Telephone & mobile installation | 4,136,586 | 144,489 | - | 4,281,075 | 15% | 3,657,374 | 82,718 | - | 3,740,092 | 540,982 |
| Fax machine | 721,790 | - | - | 721,790 | 15% | 639,327 | 12,369 | - | 651,696 | 70,094 |
| Camera & television | 245,705 | - | - | 245,705 | 15% | 156,424 | 13,392 | - | 169,816 | 75,889 |
| Generator | 70,860 | - | - | 70,860 | 20% | 41,306 | 5,911 | | 47,216 | 23,644 |
| Total Taka - 2020 (A) | 270,883,136 | 119,568,911 | 15,883,000 | 374,569,047 | | 80,451,290 | 10,530,936 | 13,947,955 | 77,034,270 | 297,534,777 |
| | | | | | | | | | | 190,431,847 |

| PARTICULARS | COST | | | DEPRECIATION | | | | WRITTEN DOWN VALUE (WDV) | | |
|------------------------|----------------------------------|--------------------------|--------------------------|--------------------------|------|----------------------------------|-------------------------|----------------------------|--------------------------|--------------------------|
| | Opening balance as at 01-01-2020 | Addition during the year | Disposal during the year | Balance as on 31-12-2020 | Rate | Opening balance as at 01-01-2020 | Charged during the year | Adjustment during the year | Balance as on 31-12-2020 | Balance as on 31-12-2019 |
| Right of use of Assets | 9,365,954 | 11,399,982 | - | 20,765,936 | 0% | 1,822,861 | 6,145,655 | | 7,968,516 | 12,797,420 |
| Total Taka - 2020 (B) | 9,365,954 | 11,399,982 | - | 20,765,936 | | 1,822,861 | 6,145,655 | - | 7,968,516 | 7,543,093 |
| Grand Total (A+B) | 280,249,090 | 130,968,893 | 15,883,000 | 395,334,983 | | 82,274,151 | 16,676,591 | 13,947,955 | 85,002,786 | 310,332,197 |
| Total Taka - 2019 | 277,510,596 | 10,679,244 | 7,940,750 | 280,249,090 | | 78,364,824 | 10,909,531 | 7,000,204 | 82,274,151 | 197,974,940 |



PRIME INSURANCE COMPANY LIMITED

Notes to the Financial Statements For The Year Ended December 31, 2020

16.00 Investment on Bangladesh Government Treasury Bond (BGTB)

The investment represents investment made in Bangladesh Government Treasury Bond (BGTB) at statutory deposit with Bangladesh Bank as required by Insurance Act, 2010. Details are as under:

| Name of the Securities | Value at cost (Tk.) as on 31/12/2020 | Fair value (Tk.) as on 31/12/2020 | Value at Cost (Tk.) as on 31/12/2019 | Fair value (Tk.) as on 31/12/2019 |
|---|--------------------------------------|-----------------------------------|--------------------------------------|-----------------------------------|
| a). 10-Years Bangladesh Govt Treasury Bond @ Prime Bank Ltd, Islami Banking branch, Dhaka | 9,000,000 | 9,000,000 | 9,000,000 | 9,000,000 |
| b). 15-Years Bangladesh Govt Treasury Bond on average @ 8.12% (Bank Asia Ltd.) | 16,000,000 | 16,000,000 | 16,000,000 | 16,000,000 |
| Total: | 25,000,000 | 25,000,000 | 25,000,000 | 25,000,000 |

17.00 Investment on Listed, Non-Listed Securities & Mutual Funds

Held for trading

Fair value through profit & loss

| Amount in Taka | |
|--------------------|--------------------|
| 2020 | 2019 |
| - | - |
| 142,510,547 | 104,039,370 |
| 142,510,547 | 104,039,370 |

Investment represents investment made in listed & non-listed securities and Mutual funds. Details are as under:

| Investment particulars | Notes | Value at cost (Tk.) as on 31/12/2020 | Fair value (Tk.) as on 31/12/2020 | Value at Cost (Tk.) as on 31/12/2019 | Fair value (Tk.) as on 31/12/2019 |
|---|-------|--------------------------------------|-----------------------------------|--------------------------------------|-----------------------------------|
| a) Listed Securities | 17.01 | 175,570,471 | 140,941,097 | 167,674,721 | 102,469,920 |
| b) Non-listed Securities (571,181 Shares in Central Depository (BD) Ltd & Others) | 17.02 | 1,569,450 | 1,569,450 | 1,569,450 | 1,569,450 |
| Closing balance | | 177,139,921 | 142,510,547 | 169,244,171 | 104,039,370 |

Investment in securities (fair value through profit & loss)

Investment in shares are non-derivative investments that are designated as fair value through profit and loss. The Company follows trade date accounting for regular way purchase and sale of investments. As of December 31, 2020 the company had the following securities:

PRIME INSURANCE COMPANY LIMITED

Notes to the Financial Statements For The Year Ended December 31, 2020

17.01 Investment in listed securities

| Name of Company/ Securities | No of shares | Average cost price (Tk) | Value at cost (Tk) as on 31/12/2020 | Fair value (Tk.) as on 31/12/2020 | Value at Cost (Tk.) as on 31/12/2019 | Fair value (Tk.) as on 31/12/2019 |
|---------------------------------|------------------|-------------------------------|---|---|--|---|
| Advent Pharma Limited | 416 | 0.00 | - | 9,484 | - | 8,338 |
| ACI | 90 | | 19,805 | 22,140 | - | - |
| ALARABANK | 0 | 0.00 | - | - | 2,300,330 | 1,841,610 |
| Aman Cotton Fibrous Limited | 0 | 0.00 | - | - | 313,840 | 167,904 |
| ARAMIT | 14,838 | 0.00 | 4,065,288 | 4,166,510 | - | - |
| AAMRANET | 15,900 | 82.40 | 1,310,160 | 718,680 | 1,310,115 | 597,840 |
| Active fine Chemical | 58,800 | 34.04 | 2,001,624 | 993,720 | 2,001,682 | 860,760 |
| Bashundhra Paper Mills Ltd | - | 0.00 | - | - | 864,560 | 497,122 |
| Baraka Power Limited | 421,259 | 33.35 | 14,049,944 | 10,826,356 | 11,030,460 | 6,666,990 |
| BRAKBANK | 70,000 | 51.11 | 3,578,037 | 3,101,000 | 1,133,744 | 936,440 |
| BATBC | 0 | 0.00 | - | - | 172,190 | 174,582 |
| Beximco Pharma | 0 | 0.00 | - | - | 1,677,926 | 1,041,000 |
| BSCCL | 1 | 162.97 | 163 | 166 | 2,542,415 | 1,547,700 |
| Confidence Cement | 11,500 | 152.16 | 1,749,840 | 1,394,950 | 1,749,893 | 1,220,150 |
| Coppertech Industries Ltd. | 0 | 0.00 | - | - | 47,410 | 123,074 |
| Fareast Finance & Investment | 0 | 0.00 | - | - | 17,287 | 11,328 |
| First Finance Ltd. | 1,500 | 52.05 | 78,071 | 9,450 | 78,071 | 6,450 |
| First Security Islami Bank | 48,400 | 11.63 | 562,760 | 435,600 | 562,931 | 426,800 |
| Genex Infosys Limited | 1,803 | 24.34 | 43,885 | 102,894 | 104,660 | 779,868 |
| Golden Harvest Agro (GHAIL) | 191,979 | 42.76 | 8,209,022 | 3,206,049 | 8,208,410 | 3,685,997 |
| IDLC Finance Limited | 130,000 | 76.58 | 9,955,400 | 8,242,000 | 9,955,192 | 5,902,000 |
| Ido-Bangla Pharma | 70 | 8.18 | 572 | 1,337 | 29,433 | 63,522 |
| Intraco Refueling Station | 308 | 8.25 | 2,540 | 5,883 | 53,340 | 81,928 |
| Kattali Textile | 859 | 7.72 | 6,628 | 9,534 | 89,533 | 121,407 |
| KPCL | 66,000 | 117.04 | 7,724,640 | 2,989,800 | 7,724,490 | 3,082,200 |
| Lankabangla Finance Ltd. | 1,373,190 | 33.38 | 45,838,390 | 43,118,166 | 45,832,505 | 23,540,400 |
| MPETROLEUM | 87,388 | 214.03 | 18,703,345 | 17,302,824 | 12,682,210 | 8,998,641 |
| M.L. Dyeing Ltd. | 8,751 | 8.28 | 72,480 | 437,550 | 72,480 | 256,718 |
| Mercantile Bank Ltd | 293,250 | 17.45 | 5,117,213 | 3,724,275 | 5,117,740 | 3,870,900 |
| NBL | 34,265 | 6.82 | 233,818 | 239,855 | | |
| New Line Clothings Limited | 803 | 8.36 | 6,709 | 13,410 | 108,081 | 183,568 |
| Olympic | 10,000 | 247.52 | 2,475,200 | 1,911,000 | 2,475,222 | 1,650,000 |
| Shahjibazar Power Co.Ltd.(SPCL) | 370,132 | 102.93 | 38,097,642 | 27,130,675 | 37,053,943 | 24,269,679 |
| SIM Tex Industries | 35,259 | 37.74 | 1,330,675 | 581,773 | 1,330,697 | 571,195 |
| Square Pharma | 10,223 | 252.94 | 2,585,758 | 2,243,948 | 2,585,777 | 1,839,319 |
| United Power Co Ltd (UPGDCL) | 7,610 | 324.46 | 2,469,155 | 2,005,235 | 8,010,327 | 6,221,149 |
| SS Steel Limited | 1,241 | 8.05 | 9,993 | 23,207 | 134,920 | 336,891 |
| Sea Pearl Beach Resort | 7,831 | 9.09 | 71,207 | 619,432 | 37,290 | 170,192 |
| Silco Pharmaceuticals Limited | 0 | 0.00 | - | - | 103,315 | 383,067 |
| Silva Pharmaceuticals Limited | 0 | 0.00 | - | - | 91,930 | 161,188 |
| Walton Hi-Tech Industries | 4,252 | 1194.50 | 5,079,016 | 5,106,303 | - | - |
| Unilever CL | 18 | 2839.91 | 51,118 | 50,566 | - | - |
| VFS Thread Dyeing Ltd. | 8,770 | 8.02 | 70,373 | 197,325 | 70,373 | 172,003 |
| Sub total | 3,286,706 | | 175,570,471 | 140,941,097 | 167,674,721 | 102,469,920 |



PRIME INSURANCE COMPANY LIMITED

Notes to the Financial Statements For The Year Ended December 31, 2020

17.02 Investment in non- listed securities

| Name of Company | No of shares | Average cost price (Tk) | Value at cost (Tk) as on 31/12/2020 | Fair value (Tk.) as on 31/12/2020 | Value at Cost (Tk.) as on 31/12/2019 | Fair value (Tk.) as on 31/12/2019 |
|-----------------------------|--------------|-------------------------|-------------------------------------|-----------------------------------|--------------------------------------|-----------------------------------|
| Central Depository (BD) Ltd | 571,181 | 2.75 | 1,569,450 | 1,569,450 | 1,569,450 | 1,569,450 |
| Sub total: | 571,181 | 2.75 | 1,569,450 | 1,569,450 | 1,569,450 | 1,569,450 |
| Grand Total: (b + c + d) | | | 177,139,921 | 142,510,547 | 169,244,171 | 104,039,370 |

17.03 Changes in fair value of shares:

Fair value of investment in shares
Cost price of the investment
Total unrealized loss
Total unrealized loss recognized in previous years as created fluctuation fund
Fair value adjustment made for the year

| Amount in Taka | |
|----------------|--------------|
| 2020 | 2019 |
| 142,510,547 | 104,039,370 |
| 177,139,921 | 169,244,171 |
| (34,629,373) | (65,204,802) |
| 65,204,802 | 37,609,147 |
| 30,575,428 | (27,595,654) |

Previously the difference between cost and fair value of investment in securities amounting Tk.65,204,802 had been shown under investment fluctuation fund. In view of compliance of IAS-39 "Financial Instrument: Presentation and recognition" investment in securities has been presented in accordance with fair value through profit or loss. During the year ended December 31, 2020, the company has been earned unrealized gain from share investment an amount of Tk. 3,05,75,428 which was adjusted from fair value reserve as fluctuation fund current year income through Profit and Loss account reduced by fluctuation fund. As at December 31, 2020, the fluctuation fund has arrived an amount of Tk.3,46,29,373 instead of Tk.6,52,04,802.00

18.00 Stock of printing & stationery (inventories)

Opening balance
Add: Purchase during the year
Total inventories
Less: Total utilization/consumption
Closing balance

| | |
|-----------|-----------|
| 2,561,428 | 3,226,453 |
| 2,527,205 | 2,185,025 |
| 5,088,633 | 5,411,478 |
| 3,028,517 | 2,850,050 |
| 2,060,116 | 2,561,428 |



PRIME INSURANCE COMPANY LIMITED

Notes to the Financial Statements For The Year Ended December 31, 2020

19.00 Premium collection control account

Marine cargo premium of Tk.10,361,267 for the year 2019 subsequently was collected/adjusted and during the year Tk.48,96,601 has been added against Marine Cargo premium receivable against Bank Guarantee which will be adjusted within the following the month.

Break-up of the above amount is given below:

| Class of Business | Amount in Taka | |
|--|----------------|------------|
| | 2020 | 2019 |
| 1 Fire insurance business | - | - |
| 3 Marine insurance business | 4,896,601 | 10,361,267 |
| 4 Marine Hull insurance business | - | - |
| 5 Motor & Miscellaneous insurance business | - | - |
| Closing balance | 4,896,601 | 10,361,267 |

PRIME INSURANCE COMPANY LIMITED

Notes to the Financial Statements For The Year Ended December 31, 2020

20.00 Interest accrued but not received

This represents interest amount receivable against FDR & BGTB but not received as at balance sheet dated. Details are given below:

a) Fixed deposit receipts (FDR) with different banks

Opening balance

Add: Accrued during the year

Total:

Less: Received during the year

Total accrued interest on FDR

b) 10-year Bangladesh Govt Treasury Bond

Opening balance

Add: Accrued during the year

Total:

Less: Received during the year

Total accrued interest on BGTB

c) 15-year Bangladesh Govt Treasury Bond

Opening balance

Add: Accrued during the year

Total:

Less: Received during the year

Total accrued interest on BGTB

d) Opening balance on fixed deposit with double benefit scheme

Opening balance

Add: Accrued during the year

Total:

Less: Received during the year

Total accrued interest on FDR with double benefit scheme

Closing balance (a+b+c+d)

| Amount in Taka | |
|-------------------|-------------------|
| 2020 | 2019 |
| 6,596,336 | 3,175,469 |
| 19,607,622 | 6,596,334 |
| 26,203,958 | 9,771,803 |
| 6,596,336 | 3,175,467 |
| 19,607,622 | 6,596,336 |
| 400,783 | 398,453 |
| 398,453 | 400,783 |
| 799,236 | 799,236 |
| 400,783 | 398,453 |
| 398,453 | 400,783 |
| 270,563 | 696,682 |
| 267,059 | 270,563 |
| 537,622 | 967,245 |
| 270,563 | 696,682 |
| 267,059 | 270,563 |
| 10,154,618 | 7,464,025 |
| 3,020,191 | 2,690,593 |
| 13,174,809 | 10,154,618 |
| - | - |
| 13,174,809 | 10,154,618 |
| 33,447,943 | 17,422,300 |

PRIME INSURANCE COMPANY LIMITED

Notes to the Financial Statements For The Year Ended December 31, 2020

21.00 Amount due from other persons or bodies carrying on insurance business

This represents amount receivable from local reinsurers SBC and various foreign reinsurers against claims, Co-insurance premium and co-insurance claims receivable other insurance companies. Which are given below:

| Head of Amounts Receivable/due from | | Amount in Taka | |
|-------------------------------------|--|----------------|-------------|
| | | 2020 | 2019 |
| 1 | Co-insurance premium receivable from other insurance companies | 2,929,764 | 3,029,729 |
| 2 | Co-insurance claims receivable from other insurance companies | 1,273,003 | 1,273,003 |
| 3 | Claims receivable from SBC | 250,316,196 | 260,415,858 |
| 4 | Claims receivable from Foreign reinsure (abroad) | 939,950 | 16,690,197 |
| Closing balance as on December | | 255,458,913 | 281,408,787 |

22.00 Sundry debtors (including advances, deposits and pre-payments)

This represents advance, deposits, pre-payments made and amount receivable from insured, which are as follows:

| Segment wise Advances, deposits & pre-payments items | | Notes No. | Amount in Taka | |
|--|---|-----------|----------------|-------------|
| | | | 2020 | 2019 |
| 1 | Advances for Tropical Homes Ltd(One Floor Space in Tropical Mollah Tower) | 22.01 | - | 104,400,000 |
| 2 | VAT receivable on collection control premium | 22.02 | 1,787,015 | 1,658,348 |
| 3 | Stamp receivable on collection control premium | 22.03 | 2,558,124 | 403,047 |
| 4 | Advance income tax | 22.04 | 346,845,647 | 304,609,754 |
| 5 | Advance office rent | | - | 4,021,231 |
| 6 | Advance against salaries | | 1,612,983 | 1,758,033 |
| 7 | Security deposit | | 228,574 | 228,574 |
| 8 | Advance to suppliers | | 137,300 | 137,300 |
| 9 | Advance against travel expenses | | 297,443 | 297,443 |
| 10 | Office rent receivable from Tropical Mollah Tower | | 1,722,375 | - |
| 11 | Receivable from provident fund (Forfeiture amount) | | 7,842,376 | |
| 12 | Advance against expenses | | 20,141 | 20,141 |
| 13 | Other advances (Co-operative fund Unique Heights) | 22.05 | 2,100,000 | 2,100,000 |
| 14 | Other advances (Co-operative fund Tropical Mollah Tower) | | 153,100 | - |
| 15 | Advances to Mr. Ferdous Amin & Mr. Hasmat Ali | | - | 2,819,423 |
| Closing balance as on December | | | 365,305,078 | 422,453,294 |



PRIME INSURANCE COMPANY LIMITED

Notes to the Financial Statements For The Year Ended December 31, 2020

22.01 Advances for floor space at Tropical Mollah Tower

The management of the company has purchased two floor spaces measuring 15,000 sft approximately (4th and 5th floor) including 6 (six) car spaces at a total amount of Tk.102,900,000 (Ten Crore twenty nine lac) only from Tropical Homes Limited. The name of the building is "Tropical Mollah Tower" situated at 15/1,15/2,15/3 & 15/4, Progati Sarani, Badda, Dhaka-1212. The Board of Directors at its 215th meeting dated 28-07-2011 accorded approval for the purchase of the said floors. It may be mentioned here that as per deed of agreement Tk.1,500,000 was payable on account of utility charge as an integral part of the agreement and which was already been paid to the Tropical Homes Limited. In 2020 the Company has taken possession 4th floor and 5th floor of above property. As per IAS-16, the company has recognized the advances of 4th floor and 5th floor (approximate 15310 sft of Tk.10,44,00,000) as property, plant & equipment. The 4th floor of the above assets has given rent and subsequently charged depreciation on the cost of the said floor space in the accounts. The possessions of the 5th floor of the above property not yet given rent as such no depreciation has been charged in the accounts against 5th floor. Details are as follows:

Payment movement

Opening balance
During the year paid (including utility charges)
Total amount paid
Transferred to the property, plant & equipment
Closing balance as on 31, December

| Amount in Taka | |
|----------------|-------------|
| 2020 | 2019 |
| 104,400,000 | 104,400,000 |
| - | - |
| 104,400,000 | 104,400,000 |
| 104,400,000 | - |
| - | 104,400,000 |

22.02 VAT receivable on collection control premium

Opening balance
Add: Receivable during the year
Total
Less: Received during the year
Closing balance as on December

| | |
|------------|------------|
| 1,658,348 | 2,855,678 |
| 27,056,712 | 39,844,307 |
| 28,715,060 | 42,699,985 |
| 26,928,045 | 41,041,637 |
| 1,787,015 | 1,658,348 |

22.03 Stamp receivable on collection control premium

Opening balance
Add: Receivable during the year
Total
Less: Received during the year
Closing balance as on December

| | |
|------------|------------|
| 403,047 | 593,130 |
| 20,377,498 | 23,250,052 |
| 20,780,545 | 23,843,182 |
| 18,222,421 | 23,440,135 |
| 2,558,124 | 403,047 |



PRIME INSURANCE COMPANY LIMITED

Notes to the Financial Statements For The Year Ended December 31, 2020

22.04 Advance income tax

- 1 Corporate advance tax
 - 2 Advance tax deduction at source on bank interest
- Total Corporate Tax as on December**

| Notes No. | Amount in Taka | |
|-----------|--------------------|--------------------|
| | 2020 | 2019 |
| 22.04.1 | 295,027,756 | 255,860,950 |
| 22.04.2 | 51,817,891 | 48,748,804 |
| | 346,845,647 | 304,609,754 |

22.04.1 Corporate advance tax

- Opening balance
- Add: Advance tax paid during the year
- Add: Tax paid for the assessment year 2013-2014 & Accounting year 2012
- Add: Tax paid on return basis for the assessment year 2020-2021 & Accounting year 2019

| | |
|--------------------|--------------------|
| 255,860,950 | 232,570,854 |
| 21,000,000 | 15,000,000 |
| - | 3,135,948 |
| 18,166,806 | 5,154,148 |
| 39,166,806 | 23,290,096 |
| 295,027,756 | 255,860,950 |
| - | - |
| 295,027,756 | 255,860,950 |

- Total tax paid during the year**
- Total advance tax paid**
- Less: Adjustment made during the year for assessment year
- Total corporate advance tax as on December**

22.04.2 Tax deducted at source on bank interest, cash dividend income and company's car

The above advance tax has been deducted from interest income of FDR, STD/SND Accounts, Bangladesh Government Treasury Bond (BGTB) dividend income and company's cars maintained in the name of the company as per Income Tax Ordinance 1984.

- Balance on FDR account
- Balance on BGTB account
- Balance on STD account
- Balance on cash dividend received account
- Balance on company's car
- Total balance as on December**

| Notes No. | Amount in Taka | |
|-----------|-------------------|-------------------|
| | 2020 | 2019 |
| 22.04.2.a | 31,478,930 | 29,981,575 |
| 22.04.2.b | 1,383,750 | 1,383,750 |
| 22.04.2.c | 2,145,800 | 2,094,579 |
| 22.04.2.d | 13,219,359 | 12,028,848 |
| 22.04.2.e | 3,590,052 | 3,260,052 |
| | 51,817,891 | 48,748,804 |

22.04.2.a Tax deducted at source on FDR interest

- Opening balance
- During the year deduction
- Balance as on December
- Less: Adjustment made during the year for assessment year
- Closing balance as on December**

| | |
|-------------------|-------------------|
| 29,981,575 | 28,938,293 |
| 1,497,355 | 1,043,282 |
| 31,478,930 | 29,981,575 |
| - | - |
| 31,478,930 | 29,981,575 |

22.04.2.b Tax deducted at source on Bangladesh Govt Treasury Bond (BGTB) interest

- Opening balance
- During the year deduction
- Balance as on December
- Less: Adjustment made during the year
- Closing balance as on December**

| | |
|------------------|------------------|
| 1,383,750 | 1,383,750 |
| - | - |
| 1,383,750 | 1,383,750 |
| - | - |
| 1,383,750 | 1,383,750 |



PRIME INSURANCE COMPANY LIMITED

Notes to the Financial Statements For The Year Ended December 31, 2020

22.04.2.c Advance tax deducted at source on STD/SND account interest

| |
|---|
| Opening balance |
| During the year deduction |
| Balance as on December |
| Less: Adjustment made during the year for assessment year |
| Closing balance as on December |

| Amount in Taka | |
|------------------|------------------|
| 2020 | 2019 |
| 2,094,579 | 1,931,031 |
| 51,221 | 163,548 |
| 2,145,800 | 2,094,579 |
| - | - |
| 2,145,800 | 2,094,579 |

22.04.2.d Advance tax deduction at source cash dividend received account

| |
|--|
| Opening balance |
| During the year deduction (including corporate dividend tax) |
| Balance as on December |
| Less: Adjustment made during the year for assessment year |
| Closing balance as on December |

| | |
|-------------------|-------------------|
| 12,028,848 | 10,925,890 |
| 1,190,511 | 1,102,958 |
| 13,219,359 | 12,028,848 |
| - | - |
| 13,219,359 | 12,028,848 |

22.04.2.e Advance tax paid against Company's car

| |
|---|
| Opening balance |
| During the year deduction |
| Balance as on December |
| Less: Adjustment made during the year for assessment year |
| Closing balance as on December |

| | |
|------------------|------------------|
| 3,260,052 | 2,875,052 |
| 330,000 | 385,000 |
| 3,590,052 | 3,260,052 |
| - | - |
| 3,590,052 | 3,260,052 |

22.05 Other advance (Co-operative fund of Unique Heights)

Total Co-operative fund of Unique Heights

2,100,000 2,100,000

The above advance has been made to the Borak Real State for Unique Heights Co-operative Fund against service charge purpose time to time in future.

22.06 Co-operative fund (Tropical Mollah Tower)

153,100

PRIME INSURANCE COMPANY LIMITED

Notes to the Financial Statements For The Year Ended December 31, 2020

23.00 Cash & cash equivalents

This represents amount cash in hand and cash at bank balance equivalents in Taka (STD/SND, FC, CD and FDR Accounts) as at balance sheet date. Details are given below:

| Notes No. | Amount in Taka | |
|--|----------------|-------------|
| | 2020 | 2019 |
| 01. Cash in hand | 530,967 | 604,048 |
| 02. Balance with banks: | 492,098,076 | 302,159,968 |
| Cash at Bank | 35,262,263 | 32,759,968 |
| a) Short term deposits | 24,049,695 | 28,985,380 |
| b) Foreign currency account | - | - |
| c) Current deposits | 11,212,568 | 3,774,588 |
| d) Fixed deposit receipt | 456,835,813 | 269,400,000 |
| 23.01 Closing balance as on December (1+2) | 492,629,043 | 302,764,016 |

23.01 Fixed deposit receipt (FDR)

| | Amount in Taka | |
|--------------------------------|----------------|---------------|
| | 2020 | 2019 |
| Opening balance | 269,400,000 | 86,400,000 |
| Add: Placed during the year | 520,255,188 | 388,400,000 |
| Less: Encashed during the year | (332,819,375) | (205,400,000) |
| Closing balance as on December | 456,835,813 | 269,400,000 |

24.00 Investment & Others Income

Non-operating income:

(Interest, dividend and rents not applicable to any particular fund or account)

| Notes No. | Amount in Taka | |
|---|-------------------|--------------------|
| | 2020 | 2019 |
| Interest income | 33,114,692 | 19,393,334 |
| Realized gain/(loss) on share investment | 1,708,376 | (373,965) |
| Dividend income | 5,952,567 | 5,514,860 |
| Increased/(Decreased) of fair value on investment in shares | 30,575,428 | (27,595,654) |
| Other income | 8,227,330 | 1,606,212 |
| Income from office rent | 3,530,868 | - |
| | 83,109,261 | (1,455,213) |



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Notes to the Financial Statements For The Year Ended December 31, 2020

24.01 Interest income

This represents the amount received or accrued during the year on interest bearing account with different banks under the following category accounts:

| Head of interest accounts | | Amount in Taka | |
|---------------------------|--|-------------------|-------------------|
| | | 2020 | 2019 |
| 1 | 10-years Bangladesh Treasury Bond (9.45% on Tk.9,000,000) | 848,169 | 852,830 |
| 2 | 15-years Bangladesh Treasury Bond (8.12% on Tk.16,000,000) | 1,275,396 | 852,780 |
| 3 | On fixed deposits receipts | 27,458,722 | 13,530,317 |
| 4 | On fixed deposits receipts (Double Benefit Scheme) | 3,020,191 | 2,690,593 |
| 5 | On short term deposits | 512,214 | 1,466,814 |
| Total | | 33,114,692 | 19,393,334 |

25.00 Investment income/(loss) from share trading

This represents the amount realized gain/(loss) during the year from sales of investment shares and mutual fund in different securities of listed or non-listed company's investment BO accounts.

| | Notes No. | Amount in Taka | |
|--------------------------------------|-----------|----------------|-----------|
| | | 2020 | 2019 |
| Income from share trading | | 1,708,376 | - |
| Less: Loss on share sale | 25.01 | - | 373,965 |
| Net income/(loss) from share trading | | 1,708,376 | (373,965) |

25.01 Loss on shares sale

This represents the amount realized loss during the year from sale of investment shares.

| | Amount in Taka | |
|----------------------------------|----------------|----------------|
| | 2020 | 2019 |
| Total loss on shares sale | - | 373,965 |

26.00 Cash dividend income on investment

This represents the amount received during the year from share investment in different securities of listed or non listed company's investment accounts:

| | Amount in Taka | |
|---|------------------|------------------|
| | 2020 | 2019 |
| Cash dividend received from share investment | 5,952,567 | 5,514,860 |



PRIME INSURANCE COMPANY LIMITED

Notes to the Financial Statements For The Year Ended December 31, 2020

27.00 Other non-operating income

| Particulars | Notes No. | Amount in Taka | |
|--|-----------|------------------|------------------|
| | | 2020 | 2019 |
| Gains on sale of motor car | 27.01 | (202,534) | 76,647 |
| Gains on sale of motor car | 27.02 | 774,380 | 149,301 |
| Gains/(loss) on sale of motor car | 27.03 | (163,006) | 60,175 |
| Gains/(loss) on sale of motor car | 27.04 | (267,872) | 198,069 |
| Gains/(loss) on sale of motor car | 27.05 | 112,171 | 245,243 |
| Gains/(loss) on sale of motor car | 27.06 | (56,435) | 747,218 |
| Gains/(loss) on sale of motor car | 27.07 | 64,724 | - |
| Gains/(loss) on sale of motor car | 27.08 | 123,526 | - |
| Total gain/(loss) on sale of motor car | | 384,954 | 1,476,653 |
| Gains/(loss) on sale of furniture & fixtures | | - | - |
| Forfeiture Amount (Provident Fund) | 27.09 | 7,842,376 | - |
| Other income | | - | 129,559 |
| Total | | 8,227,330 | 1,606,212 |

27.01 Profit from sale/transfer of Motor Car:

Cost price

Less: Accumulated depreciation

Written down value

Sale CAR No.DM-GA-35-3560 and DM-Ga-33-4761

Profit /(Loss):

| | |
|------------------|----------------|
| 1,966,000 | 1,600,000 |
| 1,563,466 | 1,385,252 |
| 402,534 | 214,748 |
| 200,000 | 291,395 |
| (202,534) | 76,647 |

27.02 Profit from sale/transfer of Motor Car:

Cost price

Less: Accumulated depreciation

Written down value

Sale Car No. DM-Ga-17-4019 and KM- Kha-11-0219

Profit /(Loss):

| | |
|----------------|----------------|
| 1,800,000 | 1,470,000 |
| 1,645,381 | 1,272,700 |
| 154,619 | 197,300 |
| 928,999 | 346,601 |
| 774,380 | 149,301 |

27.03 Profit from sale/transfer of Motor Car:

Cost price

Less: Accumulated depreciation

Written down value

Sale Car No. DM-GA-33-4022 and DM-GA-31-5206

Profit/(Loss):

| | |
|------------------|----------------|
| 2,390,000 | 1,988,000 |
| 2,026,994 | 1,721,175 |
| 363,006 | 266,825 |
| 200,000 | 327,000 |
| (163,006) | 60,175 |



PRIME INSURANCE COMPANY LIMITED

Notes to the Financial Statements For The Year Ended December 31, 2020

27.04 Profit from sale/transfer of Motor Car:

Cost price

Less: Accumulated depreciation

Written down value

Sale Car No. DM-Ga-33-9556 and DM-Ga-14-5769

Profit/(Loss):

| Amount in Taka | |
|------------------|----------------|
| 2020 | 2019 |
| 2,236,000 | 740,000 |
| 1,828,128 | 731,468 |
| 407,872 | 8,532 |
| 140,000 | 206,601 |
| (267,872) | 198,069 |

27.05 Profit from sale/transfer of Motor Car: (Salvage Car from Claims)

Cost price

Less: Accumulated depreciation

Written down value

Sale Car No. DM-GHA-11-1199 and DM-Ga-22-0062

Profit/(Loss):

| | |
|----------------|----------------|
| 1,500,000 | 843,750 |
| 1,412,171 | 702,192 |
| 87,829 | 141,558 |
| 200,000 | 386,801 |
| 112,171 | 245,243 |

27.06 Profit from sale/transfer of Motor Car:

Cost price

Less: Accumulated depreciation

Written down value

Sale CM-GA-31-9125 and CM-Ga-12-0454

Profit / (Loss):

| | |
|-----------------|----------------|
| 1,980,000 | 1,299,000 |
| 1,753,565 | 1,187,417 |
| 226,435 | 111,583 |
| 170,000 | 858,801 |
| (56,435) | 747,218 |

27.07 Profit from sale/transfer of Motor Car:

Cost price

Less: Accumulated depreciation

Written down value

Sale -GA-29-2367

Profit / (Loss):

| | |
|----------------|---|
| 1,260,000 | - |
| 1,144,724 | - |
| 115,276 | - |
| 180,000 | - |
| 64,724 | - |

27.08 Profit from sale/transfer of Motor Car:

Cost price

Less: Accumulated depreciation

Written down value

Sale DM-GHA-11-8723

Profit / (Loss):

| | |
|----------------|---|
| 2,700,000 | - |
| 2,573,526 | - |
| 126,474 | - |
| 250,000 | - |
| 123,526 | - |



PRIME INSURANCE COMPANY LIMITED

Notes to the Financial Statements For The Year Ended December 31, 2020

27.09 Forfeiture Amount (Provident Fund):

Forfeiture Amount

| Amount in Taka | |
|----------------|------|
| 2020 | 2019 |
| 7,842,376 | - |

27.10 Income from office rent (Mollah Tower)

The company has been received an income from office rent (Tropical Mollah Tower) for the month from first February 2020 .

Income from office rent

3,530,868

28.00 Directors fees

The company pays fees to its Directors for attending the Board meeting and its Committee meetings as permitted by Insurance Development and Regulatory Authority. As per IDRA circular no-Pro:Bi:Ni:-15/01/96/Part-1 dated 26-08-2010, a Director may be paid fees for attending Board meeting or its Committee meetings which shall not exceed Tk.5,000 (five thousand) per attending each meeting since 2010. This year, IDRA has issued new circular No-53.03.0000.009.014.18.123 dated 31-05- 2018 to be paid Director's fees per attending Tk.8,000 (Eight thousand) only effected from May 31, 2018. Details are as given below:

| Particulars | Meeting Held | Total Attended | Amount in Taka | |
|-----------------------------|--------------|----------------|------------------|------------------|
| | | | 2020 | 2019 |
| Board meeting | 13 | 192 | 1,776,000 | 1,416,400 |
| Executive committee meeting | 4 | 42 | 403,200 | 178,800 |
| Audit Committee meeting | 6 | 37 | 347,200 | 250,400 |
| Claims Review Committee | 2 | 10 | 72,000 | 56,400 |
| NRC Meeting | 4 | 21 | 193,600 | 158,400 |
| Election committee & others | 6 | 18 | 165,600 | 80,400 |
| Total | 35 | 320 | 2,957,600 | 2,140,800 |

It may be mentioned here that the above amount has been accounted for in the statement of profit or loss and other comprehensive income (Profit and Loss Account).

29.00 Audit fees

Statutory audit

Corporate governance audit

Special audit

Total

| Amount in Taka | |
|----------------|----------------|
| 2020 | 2019 |
| 275,000 | 250,000 |
| 30,000 | 30,000 |
| 350,000 | 350,000 |
| 655,000 | 630,000 |



PRIME INSURANCE COMPANY LIMITED

Notes to the Financial Statements For The Year Ended December 31, 2020

30.00 Registration renewal fee

As per SRO No.186-law/2018 on June 11, 2018, Finance Ministry of Bangladesh, as excise authorized power by the Government Republic of Bangladesh, Insurance Act 2010 (Insurance Act-2010 and Rules-13) Section 146, subsection 9(4) Insurance Act 2010, has been amended Insurance Rules-2012. As per amended Insurance Rules 2012, under Section-3 of subsection-2 against Insurance business renewal registration rating fees has been refixed per thousand Taka 1.00 (One) only instead of per thousand Taka 3.50 (Three taka and paisa fifty) only. This represents fee for renewal of registration with the office of the Insurance Development & Regulatory Authority (IDRA) U/S-11 of the Insurance Act, 2010, which is equivalent to Tk.1.00 per thousand of gross direct premium written in Bangladesh during the immediate preceding year of the Company.

Registration renewal fee

| Amount in Taka | |
|----------------|---------|
| 2020 | 2019 |
| 761,679 | 785,260 |

31.00 Employee's salary and other allowances

| Head of Salary and Allowances | | Amount in Taka | |
|-------------------------------|--|-------------------|-------------------|
| | | 2020 | 2019 |
| 1 | Employees salary and allowances (including CEO's salary) | 63,590,743 | 64,921,338 |
| 2 | Employees provident fund (Company's contribution) | 2,334,317 | 2,336,650 |
| 3 | Employees gratuity fund | 4,400,000 | 4,800,000 |
| 4 | Employees group insurance | 253,513 | 228,131 |
| 5 | Employees incentive bonus | 5,217,736 | 4,046,804 |
| 6 | Employees festival bonus | 2,540,465 | 5,453,157 |
| | Total | 78,336,774 | 81,786,080 |

It may be mentioned here that the above amounts has been shown in Revenue Account as Management expenses in the Financial Statements.

32.00 Chief Executive Officer's salary & allowances

The CEO has been appointed with the approval from Insurance Development & Regulatory Authority (IDRA) with a certain salary scale. As per the IDRA regulations the Board of Directors may revise this remuneration at the time of renewal of agreement for each term of 3 years. In addition to remuneration, the CEO is also provided with Company's vehicles, cell phone, and other allowances as per the terms of appointment or reappointment or agreement. In 2020, the company has appointed Mr. Bayazid Muztaba Siddiqui as a CEO from 1st July 2020 for 03 (three) years. Salaries and allowances status are given below:



PRIME INSURANCE COMPANY LIMITED

Notes to the Financial Statements For The Year Ended December 31, 2020

Salary and allowances of Chief Executive Officer (CEO) Mr. Bayazid Muztaba Siddiqui for the Month from July 2020 as per deed of agreement of the company.

| Basic Salary and allowances | | Amount in Taka | |
|-----------------------------|----------------------------------|------------------|------|
| | | 2020 | 2019 |
| 1 | Basic salary | 857,160 | - |
| 2 | House rent | 385,722 | - |
| 3 | House maintenance | 171,432 | - |
| 4 | Responsibilities charges | - | - |
| 5 | Entertainment | 128,574 | - |
| 6 | Leave fare assistance (LFA) | 85,704 | - |
| 7 | Medical charge | 85,704 | - |
| 8 | Festival bonus | 142,860 | - |
| 9 | Arrear salary & other allowances | - | - |
| 10 | Technical allowance | 85,704 | - |
| Total | | 1,942,860 | - |

The above amount has been shown in Revenue Account as Management expenses in the Financial Statements.

Mr. Syed Monirul Huq served as Chief Executive Officer (Current Charge) for the period from 1st August 2019 to 30th June 2020.

Salary and allowances Chief Executive Officer (Current Charge) as a regular Employee's. Details are as given below:

| Basic Salary and allowances | | Amount in Taka | |
|-----------------------------|--|----------------|------------------|
| | | 2020 | 2019 |
| 1 | Basic salary | 408,564 | 817,128 |
| 2 | House rent | 183,852 | 367,704 |
| 3 | House maintenance | 81,714 | 163,428 |
| 4 | Responsibilities charges | - | - |
| 5 | Entertainment | 40,856 | 122,568 |
| 6 | Leave fare assistance | 61,284 | 122,568 |
| 7 | Medical charge | 61,284 | 122,568 |
| 8 | Festival bonus | 34,047 | 136,188 |
| 9 | Arrear salary & other allowances | - | 16,800 |
| 10 | Incentive/Performance bonus & other allowances | - | 136,188 |
| Total | | 871,601 | 2,005,140 |



PRIME INSURANCE COMPANY LIMITED

Notes to the Financial Statements For The Year Ended December 31, 2020

Salary and allowances of former CEO up to June 30, 2019 are give below:

| Basic Salary and allowances | | Amount in Taka | |
|-----------------------------|--|----------------|------------------|
| | | 2020 | 2019 |
| 1 | Basic salary | - | 1,781,868 |
| 2 | House rent | - | 895,126 |
| 3 | House maintenance | - | 537,074 |
| 4 | Responsibilities charges | - | 358,052 |
| 5 | Entertainment | - | - |
| 6 | Leave fare assistance | - | 550,000 |
| 7 | Medical charge | - | - |
| 8 | Festival bonus | - | 606,376 |
| 9 | Incentive/Performance bonus & other allowances | - | - |
| 10 | Furniture allowance | - | 600,000 |
| Total | | - | 5,328,496 |

32.01 CEO & Managing director resignation

The former Chief Executive Officer and Managing Director drew Tk. 600,000 as one time furniture allowance and Leave fare assistance Tk.550,000 totaling to Tk. 1,150,000 without observing the entitlement procedure including the consent of the Board of Directors. Legal opinion as to her entitlement above were sought for and Law firm "Law and Remedy" opined that the fund was withdrawn illegally and she (CEO & MD) is under obligation to return back the entire money to the company and the matter is still pending.

33.00 Agent commission

As directed by the Insurance Development & Regulatory Authority (IDRA) vide Circular No- Non-Life-32/2012 dated 01/04/2012 appropriate steps have been taken in payment of agency commission and the following payment has been made to Agency license holders as agent commission:

| Class wise agent commission paid | | Amount in Taka | |
|----------------------------------|----------------------------------|--------------------|-------------------|
| | | 2020 | 2019 |
| 1 | Fire insurance business | 43,143,131 | 37,583,028 |
| 2 | Marine insurance business | 22,882,773 | 23,540,416 |
| 3 | Marine Hull insurance business | 90,563 | 159,606 |
| 4 | Motor insurance business | 3,801,174 | 5,249,303 |
| 5 | Miscellaneous insurance business | 35,583,862 | 28,691,136 |
| Total | | 105,501,502 | 95,223,489 |

It may be mentioned that as per Income Tax Ordinance,1984, under section 53 (uma) Source Tax has been deducted from Agent Commission and has been deposited to the Bangladesh Bank through challan within 15th days of the following month.

PRIME INSURANCE COMPANY LIMITED

Notes to the Financial Statements For The Year Ended December 31, 2020

34.00 Net assets value (NAV) and Net Assets Value Per Share (NAVPS)

Net Asset Value Per Share (NAVPS) has been calculated by dividing net asset value reported in the statement of financial position by the weighted average number of ordinary shares in issue. The calculation of Net Assets Value Per Share (NAVPS) is given below:

| | | Amount in Taka | |
|--|--------------------|----------------------|----------------------|
| | | 2020 | 2019 |
| a. Total assets as of December 31 | | | |
| i) Non-current (fixed) assets | | 477,842,744 | 327,014,309 |
| ii) Current assets | | 1,155,135,357 | 1,038,384,147 |
| Total assets as of December 31 | | 1,632,978,101 | 1,365,398,456 |
| b. Total current liabilities as of December 31 | | 912,698,940 | 698,630,466 |
| i) Balance of fund (Unexpired risk reserve) | | 62,545,347 | 55,378,660 |
| ii) Deposit premium | | 99,842,420 | 86,609,188 |
| iii) Estimated liabilities in respect of outstanding claims whether due of | | 46,869,509 | 37,493,144 |
| iv) Amount due to other persons or bodies carrying on insurance business | | 192,447,799 | 87,141,388 |
| v) Creditors and accruals | | 106,359,578 | 83,001,243 |
| vi) Income tax provision | | 384,426,488 | 339,151,955 |
| vii) Deferred tax liability | | 20,207,799 | 9,854,888 |
| c. Net Assets Value (Shareholders' equity) (a-b) | 720,279,161 | 720,279,161 | 666,767,990 |
| d. Number of shares outstanding during the year | 40,877,498 | 40,877,498 | 40,877,498 |
| e. Net assets value per share (NAVPS) at the balance sheet date (c/d) | | 17.62 | 16.31 |

35.00 Net operating cash flows

Net Operating Cash Flows (NOCFs) per share has been calculated by dividing net cash used in operating activities reported in the cash flows statement by the weighted average number of ordinary shares in issue.

| | | Amount in Taka | |
|---|--|----------------|-------------|
| | | 2020 | 2019 |
| a. Net cash used in operating activities | | 185,561,604 | 174,690,160 |
| b. Weighted average number of shares | | 40,877,498 | 40,877,498 |
| c. Net operating cash flows per share (NOCFPS) on shares at balance sheet date (C=a/b) | | 4.54 | 4.27 |

Deviation from previous period:

Cash flow per share slightly increased at the same period of preceding year due to control of management expenses and non payment of provisional expenses ie Reinsurance ceded premium, Current tax, claims and others due payable expenses during the year.



PRIME INSURANCE COMPANY LIMITED

Notes to the Financial Statements For The Year Ended December 31, 2020

35.01 Reconciliation of net profit to Operating Cash Flow

| | Amount in Taka | |
|--|--------------------|--------------------|
| | 2020 | 2019 |
| Net profit before tax | 109,138,613 | 84,856,072 |
| Adjustment: | | |
| Depreciation | 10,530,936 | 9,086,670 |
| Interest income | (33,114,692) | (19,393,334) |
| Dividend income | (5,952,567) | (5,514,860) |
| Increased/(Decreased) of fair value on investment in shares | (30,575,428) | 27,595,654 |
| Profit on sales of fixed assets | (8,227,330) | (1,476,653) |
| Profit/Loss on sales share | (1,708,376) | 373,965 |
| Income from office rent | (3,530,868) | - |
| Changes in working capital: | | |
| Increase/(decrease) the balance of fund | 7,166,686 | (41,290,972) |
| Increase/(decrease) the premium deposit | 13,233,232 | 53,678,089 |
| Increase/(decrease) of amount due to other persons or body | 105,306,411 | 9,979,443 |
| Increase/(decrease) of Outstanding claims | 9,376,365 | (31,424,856) |
| Increase/(decrease) of sundry creditor except payable for fixed asset and tax payable | 33,711,246 | 7,969,948 |
| (Increase)/decrease of Accrued interest & others | 16,025,643 | (41,746) |
| (Increase)/decrease of Advance, deposit & prepayment except AIT, Advance for fixed assets & collection control a/c | 35,339,784 | 701,108 |
| (Increase)/decrease of premium control account | (5,464,666) | (1,392,419) |
| (Increase)/decrease of amount due from other persons or body | (25,949,874) | 96,814,872 |
| (Increase)/decrease of FDR investment | - | - |
| (Increase)/decrease Stock of printing & stationery | (501,312) | 665,025 |
| (Increase)/decrease Insurance stamp in hand | (75,393) | 9,489,037 |
| Income tax paid & Source Tax | (39,166,806) | (25,984,884) |
| Net cash generated from operating activities | 185,561,604 | 174,690,160 |



PRIME INSURANCE COMPANY LIMITED

Notes to the Financial Statements For The Year Ended December 31, 2020

36.00 Number of employees engaged

Total number of 184 employees engaged for whole year whose service has been confirmed and drawn salary as per the company's approved Service Rules and pay scale as at December 31, 2020.

37.00 Event after the reporting period (balance sheet date)

The Board of Directors has recommended 10% (ten percent) cash dividend on paid up capital for the year ended December 31, 2020 in consideration financial statements for the year ended December 31, 2020.

38.00 Transaction with related parties

Prime Insurance Company Ltd in normal course of business, carried out a number of transactions with other entities that fall within the definition of related party transaction as per International Accounting Standard (IAS)-24 and under the condition No 1.5(vi) of the Corporate governance code (CGC) guidelines 2018, of the Bangladesh Securities & Exchange Commission rules and regulations. All transactions involving related parties arising in normal course of business are conducted on an arm's length basis at commercial rates on the same terms and conditions as applicable to the third parties. Detail of transactions with related parties and balances with them as at December 31, 2020 are as follows:

| Name of the related party | Relationship | Name of transaction | Premium earned | Premium outstanding during the year against Bank Guarantee | Amount realized subsequently | Claim Paid |
|---------------------------|-----------------|---------------------|----------------|--|------------------------------|------------|
| Dekko group | Common Director | Insurance | 48,446,578 | 1,641,512 | 1,641,512 | - |
| Popular Pharma | Common Director | Insurance | 8,256,138 | - | - | 100,093 |
| Electra International | Common Director | Insurance | 1,824,511 | - | - | - |

39.00 Useful information for the shareholders

39.01 Contingent liability

There are some reference appeals and applications made from July 1999 to December 2001 (3½ years) pending against imposition of additional VAT and penalty thereof The company and no verdict has yet been received. Therefore, contingent liabilities of the company in respect of disputed additional VAT, Taxes and penal VAT demanded by VAT and Tax authorities are as follows.



PRIME INSURANCE COMPANY LIMITED

Notes to the Financial Statements For The Year Ended December 31, 2020

Additional VAT
Disputed VAT
Miscellaneous claims
Taxes liabilities
Total

| Amount Tk. | |
|--------------------|--------------------|
| 2020 | 2019 |
| 12,266,825 | 12,266,825 |
| 23,918,583 | 23,918,583 |
| 83,810,000 | 83,810,000 |
| 52,043,685 | 44,996,367 |
| 172,039,093 | 164,991,775 |

The required provision, if any, in consequence of the pending process of appeals and application will be made in the year(s) of disposal thereof.

39.02 Miscellaneous claims

The above claim being company's 85% share in the loss was repudiated by the Executive Committee in the 26th meeting held on 06/07/2005. Upon receipt of letter of repudiation from this company, the Insured Sigma Sea Foods Ltd instituted a Money Suit against the leading insurer (Prime Insurance Company Limited) and other Co-Insurer in the Court of Joint Dist. Judge, Khulna. The planet Judge has given his judgment in favor of Prime Insurance Company Limited. Latter on the Insurer has filed an appeal to appellate division of High Court, Dhaka against Judgment in favor of Prime Insurance Company Limited.

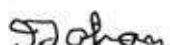
39.03 The history of raising of paid-up share capital

One of the prime objectives of Prime Insurance Company Ltd is to provide consistently good return to its shareholders and with that end in view a chronological statements of dividend and capital raising history is given below. From the detail chart it may be observed that the company has been maintaining and made up a stable and attractive dividend policy in line with the sound underwriting and investment results. The Company has also a policy of timely preparation of its financial statements and holding of AGM.

| Year | Particulars | No. of Shares increasing | Value per Share (Taka) | Value of Shares (in Taka) | Cumulative paid-up Capital (Value In Taka) |
|------|--------------------------------|--------------------------|------------------------|---------------------------|--|
| 1996 | As per MOA & AOA | 600,000 | 100 | 60,000,000 | 60,000,000 |
| 2000 | Initial Public offerings | 900,000 | 100 | 90,000,000 | 150,000,000 |
| 2007 | 10% Bonus Shares | 150,000 | 100 | 15,000,000 | 165,000,000 |
| 2008 | 10% Bonus Shares (public only) | 65,466 | 100 | 6,546,600 | 171,546,600 |
| 2009 | 20% Bonus shares | 343,093 | 100 | 34,309,300 | 205,855,900 |
| 2010 | 30% Bonus Shares | 617,567 | 100 | 61,756,770 | 267,612,670 |
| 2011 | 10% Bonus shares | 2,676,126 | 10 | 26,761,260 | 294,373,930 |
| 2012 | 15% Bonus shares | 4,415,609 | 10 | 44,156,080 | 338,530,010 |
| 2013 | 15% Bonus shares | 5,077,950 | 10 | 50,779,500 | 389,309,510 |
| 2014 | 5% Bonus shares | 1,946,547 | 10 | 19,465,470 | 408,774,980 |



Md. Nazrul Islam
Chairperson



Dr Iffat Obaid
Director



Mohd. Showkat Ali
Director



Bayazid Muztaba Siddiqui
Chief Executive Officer



PRIME INSURANCE COMPANY LIMITED

Classified Summary of Assets

As at December 31, 2020

| Form "AA" | | Amount in Taka | |
|---|--|--------------------------|--------------------------|
| Sl. No. | Class of Assets | 31.12.2020 Book Value | 31.12.2019 Book Value |
| A. NON CURRENT ASSETS: | | | |
| i) Property, Plant & Office Equipments | | 310,332,197 | 197,974,940 |
| (a) | Unique Heights (Floor space) | 152,607,289 | 155,721,723 |
| (b) | Building (Mollah Tower) | 102,486,000 | - |
| (c) | Motor car | 18,598,335 | 8,230,534 |
| (d) | Motor cycle | 189,715 | 237,144 |
| (e) | Bi-cycle | 6,501 | 8,126 |
| (f) | Furniture & fixtures | 15,883,493 | 17,648,325 |
| (g) | Electrical fans | 36,576 | 32,584 |
| (h) | Air cooler | 1,627,539 | 1,914,753 |
| (i) | Electrical equipment | 1,006,829 | 1,184,505 |
| (j) | Typewriters | 1 | 1 |
| (k) | Photocopy machine | 77,351 | 91,001 |
| (l) | Office equipment | 1,356,249 | 1,484,868 |
| (m) | Computer | 2,948,290 | 3,197,773 |
| (n) | Telephone & mobile installation | 540,982 | 479,212 |
| (o) | Fax machine | 70,094 | 82,463 |
| (p) | Camera & television | 75,889 | 89,281 |
| (q) | Generator | 23,644 | 29,554 |
| (r) | Right of use of Assets | 12,797,420 | 7,543,093 |
| ii) Investment: | | 167,510,547 | 129,039,370 |
| (a) | 10 Years Bangladesh Government Treasury Bond | 25,000,000 | 25,000,000 |
| (b) | Shares of Listed Company | 140,941,097 | 102,469,920 |
| (c) | Investment in Non Listed Company | 1,569,450 | 1,569,450 |
| (d) | Mutual funds | - | - |
| Total non current assets = (i + ii) | | 477,842,744 | 327,014,309 |
| B) CURRENT ASSETS: | | 1,155,135,357 | 1,038,384,147 |
| (a) | Investment in fixed deposits receipts (FDR) | 456,835,813 | 269,400,000 |
| (b) | STD Accounts balance with banks | 24,049,695 | 28,985,380 |
| (c) | Current accounts balance with banks | 11,212,568 | 3,774,588 |
| (d) | Cash in hand as on December 31 | 530,967 | 604,048 |
| (e) | Premium collection control account | 4,896,601 | 10,361,267 |
| (f) | Interest accrued | 33,447,943 | 17,422,300 |
| (g) | Sundry debtors | 365,305,078 | 422,453,294 |
| (h) | Amount due from other persons or bodies carrying on insurance business | 255,458,913 | 281,408,787 |
| (i) | Stock of printing materials in hand | 2,060,116 | 2,561,428 |
| (j) | Stamps in hand | 1,337,663 | 1,413,056 |
| C) OTHER ASSETS | | | |
| Deferred tax assets | | - | - |
| TOTAL ASSETS = (A+B+C): | | 1,632,978,101 | 1,365,398,456 |



EVENT HIGHLIGHTS



EVENT HIGHLIGHTS



Prime Insurance Company Limited held its Annual Branch Conference on 14th March, 2020 with the objectives of analyzing the business performance of the year January-December 2019 addressing the issues for the improvement of business efficiency and productivity and measurable objectives to fill up the Branch Target of 2020 at its Head office in Dhaka. The Honorable Chairperson of the Board of Directors of Prime Insurance Company Limited, Mr. Md. Nazrul Islam, Mr. Md. Zakiullah Shahid, former Chairperson of the Board of Directors, former Independent Director Mr. A Z M Sazzadur Rahman and Director Ms. Rahela Hossain are seen with the Branch Managers at the Head Office of the Company.





The Insurance Development and Regulatory Authority of Bangladesh (IDRA) organized a two-day long Insurance Fair-2019 on the premises of the Khulna Circuit House. Prime Insurance Company Limited successfully contributed to the fair and circulated Company's Brochure, Leaflet, Product Book, Health Guidelines Book, Fire Safety Guideline Book, Traffic Guide Book, Hajj & Omrah Guide and Newsletter to its guests. Photo shows Mr. Syed Monirul Huq, Deputy Managing Director and former Chief Executive Officer (CC), Mr. Asaduzzaman, former Head of PR, CA & CC Department, Mr. Rezaul H. Heron, Deputy Manager, PR, CA & CC Department, Ms. Sabina Yesmin, Asstt. Manager and In-Charge of Khulna Branch and Mr. Sk. Rajvir Islam, Asstt. Manager of Prime Insurance Company Limited posing in the Company's stall.



Insurance Development and Regulatory Authority of Bangladesh (IDRA) brings out a rally on the occasion of 'Bima Mela 2019' in Khulna on 24th January 2020. Prime Insurance Company Limited also successfully participated in the Bima Mela 2019.



Prime Insurance Company Limited participated in the rally to mark the first-ever National Insurance Day 2020. Prime Insurance Company Limited joined the rally with the Insurance Development and Regulatory Authority of Bangladesh (IDRA) which brought out a rally in the capital on 29th February 2020. Mr. Md. Saiful Hasib, Advisor, Mr. Syed Monirul Huq, Deputy Managing Director and former Chief Executive Officer (CC), Mr. Sujit Kumar Bhowmik, Deputy Managing Director, Mr. Delwar Hossain, SEVP & Head of Claims, Mr. Lokman Hossain, SVP & Chief Financial Officer (Additional charge), Mr. Amin Uddin, former Head of HRD & Admin, Branch Heads, and other officials of Prime Insurance Company Limited joined the rally.



A one-day insurance fair held at the Bangabandhu International Conference Center (BICC) on the National Insurance Day. Prime Insurance Company Limited successfully participated in the fair, and circulated Company Brochure, Leaflets, Product Book, Health Guideline Book, Fire Safety Guideline Book, Traffic Guide Book, Hajj & Omrah Guide, and Newsletter to its guests. The photo shows Mr. Syed Monirul Huq, Deputy Managing Director and former Chief Executive Officer (CC), Mr. Delwar Hossain, SEVP & Head of Claims, Mr. Asaduzzaman, former Head of PR, CA & CC, Ms. Salma Sultana Suma, Manager, Branch Control Department of Prime Insurance Company Limited posing in the Company's stall.



Prime Insurance Company Limited celebrated International Women's Day with a distinct theme, 'I am Generation Equality: Realizing Women's Rights' at its Head office, Dhaka. This theme aligns with the United Nations Generation Equality campaign and it aims at "bringing together people of every gender, age, ethnicity, race, religion, and country", in a bid to drive actions that will lead to a "gender-equal world we all deserve".



Prime Insurance Company Limited arranged a Discussion and Doa Mahfil on the occasion of Bangabandhu Sheikh Mujibur Rahman's birth centenary. Mr. Zakiullah Shahid, Former Chairperson of the Board of Directors, Mr. Mohd. Showkot Ali, Executive Committee Chairperson, Mr. Md. Saiful Hasib, Advisor, Mr. Syed Monirul Huq, Deputy Managing Director and former Chief Executive Officer (CC), and other officials were present on the occasion.



Mr. Bayazid Muztaba Siddiqui joined Prime Insurance Company Limited as the Chief Executive Officer (CEO). Photo shows Mr. Syed Monirul Huq, Deputy Managing Director and former Chief Executive Officer (CC), Mr. Sujit Kumar Bhowmik, Deputy Managing Director, Mr. Md. Delwar Hossain, SEVP and Head of Claims, Mr. Enamul Haque Khan, SEVP and Company Secretary, Mr. Md. Lokman Hossain, SVP and Chief Financial Officer (Additional Charge), Mr. Md. Amin Uddin, former SVP and Head of HR & Admin, Mr. Md. Zahid Hossain, AVP and former Head of Internal Control & Audit Department, Mr. Anwar Shameem, AVP & former Head of Establishment & Logistics Department, Mr. Md. Abu Rakan, Manager & former Head of IT Department of the Company welcomed him with a bouquet.





Prime Insurance Company Limited won the prestigious ICAB National Award for the Best Presented Annual Reports 2019 under the Insurance Category. Mr. Bayazid Muztaba Siddiqui, Chief Executive Officer and Mr. Md. Lokman Hossain, SVP & Chief Financial Officer (Additional Charge) of Prime Insurance Company Limited received the award from Mr. Tipu Munshi, MP, Honorable Minister, Ministry of Commerce, Government of the People's Republic of Bangladesh in a program held recently at a local hotel in Dhaka, Bangladesh. Among others Dr. Md. Jafar Uddin, Secretary, Ministry of Commerce, Government of the People's Republic of Bangladesh and Dr. Md. Hamid Ullah Bhuiyan, Chairman, Financial Reporting Council (FRC), Bangladesh, Mr. Md. Humayun Kabir FCA, Chairman, Review Committee for Published Accounts & Reports, Mr. Muhammad Farooq FCA, President, Institute of Chartered Accountants of Bangladesh (ICAB) and Mr. Sidhartho Barua FCA, Vice President, Institute of Chartered Accountants of Bangladesh (ICAB) were present at the award giving ceremony.





Prime Insurance Company Limited won the prestigious South Asian Federation of Accountants (SAFA) Award for the Best Presented Annual Reports 2019 under the Insurance Category.

Mr. Syed Monirul Huq, Deputy Managing Director and Mr. Md. Lokman Hossain, SVP & Chief Financial Officer (Addl. Charge) of Prime Insurance Company Limited received the award from Mr. Muhammad Farooq FCA, President, Institute of Chartered Accountants of Bangladesh (ICAB). Among others Mr. AKM Delwer Hussain FCMA, Vice President, South Asian Federation of Accountants (SAFA) and Mr. Md. Humayun Kabir FCA, Chairman, Review Committee for Published Accounts & Reports (RCPAR) were present at the award giving ceremony.





Photo shows Mr. Bayazid Muztaba Siddiqui, Chief Executive Officer of the Prime Insurance Company Ltd. distributing Carbon Green and Health Safety Equipment's to branch heads of the company to distribute among the business partners and clients. Mr. Syed Monirul Huq, Deputy Managing Director, and Mr. Sujit Kumar Bhowmik, Deputy Managing Director of the Company were also present on the occasion.



Prime Insurance Company Ltd. always encourages its employees for the remarkable academic achievements of their meritorious children. In continuation of this, like every year, Prime Insurance Company Ltd. granted Stipend for the year 2019-2020 to recognize the brilliant success of the children of the employees of the Company. Photo shows that Md. Nazrul Islam (father of a meritorious student, Tanvir Islam Nayeem) is receiving a cheque of Tk. 14,000/- from Mr. Bayazid Muztaba Siddiqui, Chief Executive Officer of the Prime Insurance Company Ltd., Mr. Syed Monirul Huq, Deputy Managing Director, Mr. Sujit Kumar Bhowmik, Deputy Managing Director, Mr. Md. Delwar Hossain, SEVP & Head of Claims, Mr. Enamul Haque Khan, SEVP & Company Secretary, Md. Lokman Hossain, SVP & Chief Financial Officer (Additional charge) and other officials of the Company were also present on the occasion.



Prime Insurance Company Limited handed over a Fire Claim Cheque of Tk. 17,61,450 (Tk. Seventeen Lac Sixty One Thousand Four Hundred Fifty) to M/s. Pubali Vacuum Evaporation Salt Plant. Mr. Bayazid Muztaba Siddiqui, Chief Executive Officer of Prime Insurance Company Ltd., handed over the Cheque to Mr. Paritosh Kanti Saha, Proprietor of M/s. Pubali Vacuum Evaporation Salt Plant. Mr. Basudev Chakrabarty, Additional Managing Director & Head of Narayanganj Branch, Mr. Syed Monirul Huq, Deputy Managing Director, Md. Delwar Hossian, SEVP & Head of Claims, Mr. Enamul Haque Khan, SEVP & Company Secretary of Prime Insurance Company Limited were also present on the occasion.

CHECKLIST OF SECRETARIAL STANDARD DISCLOSURE

| Title | Compliance status | | Remarks |
|---|-------------------|----------------|---------|
| | Complied | Not - complied | |
| Convening of a Meeting | | | |
| Authority Any Director of a company including the Chairman may, and the Secretary on the requisition of a Director shall, at any time, summon a Meeting of the Board unless the Articles of the company provide otherwise. | ✓ | | |
| Notice Every Director of the Company shall be entitled to get the Notice of every Meeting in writing in any mode including by hand or by post or by facsimile or by e-mail or by any other electronic mode. A director may specify any particular mode to receive such notices. If any of the Directors so specifies, - the Notice shall be sent to him by such mode. | ✓ | | |
| The Notice of the Meeting shall specify the day, date, time and full address of the venue wherein the Meeting be held. | ✓ | | |
| A Meeting may be held at any place, any time, on any day | ✓ | | |
| The Notice of a Meeting shall be given in respect of all meetings including the Meetings which are held on pre-determined dates or at pre-determined intervals. | ✓ | | |
| Notice shall be given at least seven (7) days before scheduled date of the Meeting unless the Articles of the company denote a longer period for such notice. | ✓ | | |
| Notice need not to be given of an adjourned Meeting other than a Meeting that has been adjourned "sine die". However, Notice of the reconvened adjourned Meeting shall be given to those Directors who were absent in the Meeting which had been adjourned. | ✓ | | |
| Unless a Notice has not been given to the directors then no business shall be transacted at a Meeting. | ✓ | | |
| The Agenda as to be transacted at the Meeting along with Notes to the Agenda shall be circulated or sent at least three (3) days before the date of the Meeting. | ✓ | | |
| Each Agenda to be transacted in the meeting shall be supported by notes, details of the item and, where a Resolution is required to be passed, the draft Resolution shall be attached with the Notice. The Notice may be given at shorter period of time than those respectively stated above if the majority of members of the Board or Committee so agree. The proposal to hold the Meeting at a shorter notice shall be stated in the Notice and the fact that consent thereto was obtained shall also be recorded in the Minutes. Notice, Agenda and Notes on Agenda shall be given to all Directors or to all Members of the Committee, as the case may be, at their respective addresses as provided by them, whether in Bangladesh or abroad, and shall also be given to the Original Director, even when the Notice, Agenda and Notes on Agenda have been sent to the Alternate Director. | ✓ | | |
| Any supplementary item not originally included in the Agenda may be taken up for consideration with the permission of the Chairman and with the consent of the majority of the Directors present in the Meeting. However, no supplementary item which is of significance or is in the nature of unpublished price sensitive information shall be taken up by the Board without prior written Notice. | ✓ | | |
| The items of business to be transacted shall be arranged in order of those items that are of a routine or general nature or which merely require to be noted by the Directors, and those items which require discussions and specific approval. | | | |
| Besides the items of business that are required by the Act or any other applicable law to be considered at a Meeting of the Board 'and all material items having a significant bearing on the operations of the company, there are certain items which, if applicable, shall also be placed before the Board. An illustrative list of such items is given at Annexure 'A'. | | | |
| There are certain specific items which shall be placed before the Board at its first Meeting and there are certain items which shall be placed before the Board at the Meeting held for consideration of the year-end accounts. | | | |



| Title | Compliance status | | Remarks |
|---|-------------------|----------------|---------|
| | Complied | Not - complied | |
| Frequency of Meetings | | | |
| Meetings of the Board The Board shall meet at least once in every quarter of a calendar year i.e in three months, and at least four Meetings are to be held in each year. The maximum interval between any two Meetings shall not be more than 90 days. Each Meeting shall be of such duration to enable proper deliberations to take place on agenda or items placed before the Board. | ✓ | | |
| Meetings of Committees Committees shall meet at least as often as stipulated by the Board or as prescribed by any other authority. | | | |
| Quorum | | | |
| Meetings of the Board Quorum shall be present throughout the Meeting. No business shall be transacted unless the Quorum is so present. The Quorum for a Meeting of the Board shall be one-third of the total strength of the Board (any fraction contained in that one-third being rounded off as one), or two Directors, whichever is higher. Where the requirements for the Quorum, as provided in the Articles, are stricter, then the Quorum shall conform to such requirements. If the number of Interested Directors exceeds or is equal to two-thirds of the total strength, the remaining Directors present at the Meeting, being not less than two, shall be the quorum during such time. | ✓ | | |
| Where the number of Directors is reduced below the minimum fixed by the Articles, no business shall be transacted unless the number is first made up by the remaining Director(s) or through a general meeting. If a Meeting of the Board could not be held for want of quorum, then, unless the Articles otherwise provide, the Meeting shall automatically stand adjourned to the same day in the next week, at the same time and place. | ✓ | | |
| Meetings of Committees The presence of all the members of any Committee constituted by the Board is necessary to form the Quorum for Meetings of such Committee unless otherwise stipulated by the Board while constituting the Committee. Certain guidelines. Rules and Regulations framed under the Act or by any statutory authority may contain provisions for the Quorum of a Committee and such stipulations shall then be followed. | ✓ | | |
| Attendance at Meetings An Attendance Register shall be maintained containing the names and signatures of the Directors present at the Meeting. If an attendance register is maintained in loose-leaf form, it shall be bound at reasonable intervals. | | | |
| Leave of absence shall be granted to a Director only when a request for such leave has been communicated to the Secretary or to the Board or to the Chairman. | ✓ | | |
| Chairman | ✓ | | |
| Meetings of the Board. | | | |
| Every company shall have a Chairman who will preside over the Meetings of the Board. | ✓ | | |
| It will be the duty of the Chairman to look into that the Meeting is duly convened and constituted as per the provisions of the Act or any other applicable guidelines, Rules and Regulations before it proceeds to transact business. | ✓ | | |
| The Chairman shall then conduct the proceedings of the Meeting and ensure that only those items of business as have been set out in the Agenda are transacted and ideally in the order in which the items, appear on the Agenda. | ✓ | | |



| Title | Compliance status | | Remarks |
|---|-------------------|----------------|---------|
| | Complied | Not - complied | |
| In the case of a public company, if the Chairman himself is interested in any item of business, he shall entrust any other dis-interested Director present to conduct the proceedings in respect of such item. After the transaction of the item of business is over then the Chairman may resume his position. | ✓ | | |
| Meetings of Committees | ✓ | | |
| The Board, while constituting any Committee, shall also appoint the Chairman of the Committee so constituted. | ✓ | | |
| Passing of Resolution by Circulation A Resolution proposed to be passed by circulation shall be sent in draft, together with supporting papers to all the Directors separately, and in the case of a Committee, to all the members of the Committee. | ✓ | | |
| It only those matters, which are of an urgent nature, are approved through the Resolutions by circulation. | ✓ | | |
| The Resolution as to be passed by circulation and the supporting papers shall be circulated by hand, or by post, or by facsimile, or by e-mail or by any other electronic mode. | ✓ | | |
| The Resolution shall be deemed to have been passed on the date on which it is signed and dated as approved by all the Directors then in Bangladesh, being not less than the Quorum, or on the date on which it is approved by the majority of the Directors entitled to vote on the Resolution, whichever is earlier. | ✓ | | |
| Resolutions sent for passing by circulation shall be noted along with the decision thereof, at the next Meeting of the Board or Committee, as the case may be, and to be recorded in the Minutes of such Meeting. | ✓ | | |
| The annual accounts of a company shall be approved at a Meeting of the Board and shall not be by a Resolution by circulation. | ✓ | | |
| Quarterly or half-yearly financial results shall be approved at a Meeting of the Board or its Committee and shall not be by a Resolution by circulation. | ✓ | | |
| In the case of a listed company, if there is any material variance between un-audited and audited results, the review report of the Auditors shall also be discussed and approved at a Meeting of the Board and not approved by a Resolution by circulation. | ✓ | | |
| Minutes Within fifteen days from the date of the Meeting of the Board or Committee or of an adjourned Meeting, the draft Minutes thereof shall be circulated to all the members of the Board or the Committee, as the case may be, for their necessary comments. | ✓ | | |
| The Directors shall forward their comments on the draft Minutes within seven days from the date of circulation thereof, so that the Minutes are finalized and entered in the Minutes Book within the specified time limit of thirty days. | ✓ | | |
| The Minutes of proceedings of a Meeting shall be entered in the Minutes Book within thirty days from the conclusion of the Meeting. | ✓ | | |
| In any case a Meeting is adjourned; the Minutes shall be entered in respect of the original Meeting as well as the adjourned Meeting within thirty days from the date of the respective Meetings. In respect of a Meeting adjourned for want of Quorum, a statement to that effect shall be recorded in the Minutes Book by the Chairman or any Director as designated by the Board who was physically present at the Meeting. | ✓ | | |
| The date of entering the Minutes shall be specified in the Minutes Book by the Secretary. | ✓ | | |
| The Chairman shall put his initial on each page of the Minutes, and put his full signature on the last page of the Minutes along with the date of signing of the Minutes. | ✓ | | |
| While the law requires that Minutes of the proceedings shall be entered in the Minutes Book within thirty days of the Meeting, there is no prescribed time limit within which such Minutes have to be signed. They could be signed beyond a period of thirty days if the succeeding Meeting is held after a period of thirty days from the date of the earlier Meeting. However, it is also not obligatory to wait for the next Meeting in order to have the Minutes of the previous Meeting signed. Such Minutes may be signed by the Chairman of the Meeting at any time before the next Meeting is held. | ✓ | | |
| The Minutes of Meetings of the Board can be inspected by the Directors only. While the Auditors of the company or Chartered Secretary in Practice appointed by the company can also inspect the Minute Books in the course of their audit or certification. A member of the company or any other person has no right to inspect the Minutes of Meetings of the Board or any Committee thereof. | ✓ | | |



| Title | Compliance status | | Remarks |
|---|-------------------|----------------|---------|
| | Complied | Not - complied | |
| Officers of the Registrar of Joint Stock Companies & Firms, other duly authorized in this behalf under law, during the course of an inspection, can also inspect the Minutes for discharging of their official duties. | ✓ | | |
| Minutes shall not be pasted or attached to the Minutes Book. | ✓ | | |
| Minutes, if maintained in loose-leaf form, shall be bound at intervals coinciding with the financial year of the company. The pages of the Minutes Book shall be serially numbered and there shall be proper locking device to ensure security and proper control to prevent any sort of removal of the loose leaves of the Minutes Book. | ✓ | | |
| Extracts of the Minutes shall be given only after the Minutes have duly been signed. However, certified copies of any Resolution passed at a Meeting may be issued even pending signing of the Minutes by the Chairman, if the draft of that Resolution had been placed at the Meeting and was duly approved. | ✓ | | |
| Minutes of an earlier Meeting shall be noted at the next Meeting. | ✓ | | |
| Any alteration, other than grammatical, typographical or minor corrections, in the Minutes as entered, shall be made only under the approval taken in the subsequent Meeting in which such Minutes are sought to be altered. | ✓ | | |
| The Minutes of Meetings of any Committee shall be circulated to the Members of the Board along with the Agenda for the Meeting of the Board next following such Meeting of the Committee and shall be noted at the Board Meeting. | ✓ | | |
| At the time of circulating the Agenda for the Meeting of the Board, if the Minutes of Meetings of any Committee are pending noting by the Committee on such Minutes shall be circulated to the Board in draft form. | ✓ | | |
| Attendance in Meetings and their Recording in the Minutes | ✓ | | |
| The names of the Directors present in the Meeting along with the names of persons who were in attendance and the names of invitees in the Meeting, if any, shall be recorded in the Minutes. | ✓ | | |
| Apart from the Resolution or the decision, the Minutes shall mention the brief background of the proposal and the rationale for passing the Resolution or taking of the decision. | ✓ | | |
| The names of the Directors who have dissented or have abstained from the decision shall be recorded. Similarly, the fact that an interested Director who did not participate in the discussion or vote on the agenda shall also be recorded in the Minutes. | ✓ | | |
| Wherever any approval of the Board or of the Committee is taken on the basis of certain papers laid before the Board or the Committee, proper identification by initialing of such papers by the Chairman or any Director shall be made and a reference thereto shall be made in the Minutes. | ✓ | | |
| Preservation of Minutes and Supporting Papers The Minutes of all Meetings shall be preserved permanently. | ✓ | | |
| If a company has been merged or amalgamated with any other company, the Minutes of all Meetings of the Board and Committees of the transferor company shall be preserved permanently by the transferee company for any future references notwithstanding the fact that the identity of the transferor company may not survive under such arrangement. | ✓ | | |
| All office copies of Notices, Agenda and Notes to Agenda and other related papers shall be preserved in orderly manner for as long as they remain current or for twelve years, whichever is later, and may not be destroyed thereafter without the authority of the Board. | ✓ | | |
| Disclosure The Annual Report of a company shall disclose the number of Meetings of the Board and Committees held during the year indicating the number of Meetings attended by each Director. | ✓ | | |





PRIME INSURANCE COMPANY LIMITED

Unique Heights (9th Floor), 117, Kazi Nazrul Islam Avenue, Dhaka-1000, Bangladesh

PROXY FORM

I/We----- of
-----being a member
of Prime Insurance Company Limited and holder of -----
shares hereby appoint Mr./Ms. -----
as my /our proxy to attend and vote for me/us on behalf of me/us at the 25th Annual General Meeting of the Company to be held on Sunday,
March 28, 2021 at 11:00 AM.

Signature of Proxy -----

Signature of Shareholder -----

Registered Folio/ BO ID -----

Registered Folio/ BO ID -----



PRIME INSURANCE COMPANY LIMITED

Unique Heights (9th Floor), 117, Kazi Nazrul Islam Avenue, Dhaka-1000, Bangladesh

ATTENDANCE SLIP

I hereby record my attendance at the 25th Annual General Meeting of the Company to be held on Sunday,

March 28, 2021 -----

Name of the Member/Proxy -----

Registered Folio/ BO ID -----

Signature -----

Date -----

