

Bismillahir Rahmanir Raheem

## Directors' Report

For the year ended 31st December, 2025

**Muhtaram Shareholders and honourable partners in progress**

**Assalamualaikum wa Rahmatullah,**

It gives me a great pleasure to welcome you to the 26th Annual General Meeting of Takaful Islami Insurance PLC on behalf of the Board of Directors of the Company and on my behalf. I am also pleased to present the Annual Report of the Directors for the year ended in December 31, 2025 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 2025 and Shariah Council Report for your information, consideration and approval.

In compliance to the provisions of section 184 of the Companies Act 1994, Rule 12 (and the schedule there under) of the Bangladesh Securities and Exchange Commission (BSEC) Rules 1987 including Code no. 5 of the Corporate Governance Code 2018 issued by BSEC, IAS-1 and referring to section 76 of Insurance Act, 2010 and other related sections, subsections, rules and regulations in this purpose pursued accordingly to prepare, approve and submit the Directors' Report before the respected shareholders of the company for their perusal and approval.

### **Global Economy**

As per Sigma Research Publication, we forecast global real GDP growth of 2.5% in 2026 and 2.6% in 2027, with US outperformance relative to other advanced economies narrowing as the labour market cools and policy uncertainty lingers. Against this growth backdrop, we estimate that global insurance premium (non-life + life) growth will slow to an average of 2.3% in real terms in 2026 and 2027, just below the 2.5% compound annual growth rate of the last five years. Beyond 2027, we see growth stabilizing at 2.3%, supported by structural drivers like rising natural catastrophe exposures and escalating liability costs in non-life.

We forecast that global non-life premiums will increase by 1.7% in real terms next year and by around 2.5% in 2027. Strong investment yields will help counter moderation in earnings. Global life premium growth, meanwhile, will average an estimated 2.3% over the next two years as demand normalizes at above pre-pandemic levels. Structurally higher long-dated bond yields will provide a tailwind for profitability.

### **Bangladesh Economic in Non-Life Insurance Sector**

Bangladesh is situated in the South Asia where insurance sector is emerging due to the modest GDP growth rate and high density of population in the 'SAARC' region. In the last decade, the insurance sector of the South Asian market has been rapidly emerging, particularly in Sri Lanka and in India. There is a significant insurance penetration rate i.e. 4.00% in India despite the fact that the Indian growth has been occasioned by agriculture and health insurance. However, their highest premium generating premium portfolio is automobile insurance. They would be determining premium based on pricing components that includes risk premium, expenses, profit and commission. In comparison with Sri Lankan market, Bangladesh insurance has a lot of scopes to expand. The market premium in Sri Lanka is higher than that of Bangladesh though Sri Lankan population is about one-third of Bangladesh. The penetration ratio in Sri Lanka is 1.20%, while the penetration ratio in Bangladesh is currently only 0.50 percent, which is very low by global standards.

Lack of awareness about insurance is often stated as the reason behind the meager penetration ratio, but there are many other addressable issues in the sector. Bangladesh's non-life insurance sector shows moderate growth with 2024 premiums rising 2.46% to Tk 4,339 crore, driven by industrial demand despite marine and industrial slowdowns. The 2026 outlook expects continued growth, supported by urbanization and economic resilience, although industry concentration is high and penetration remains low. In spite of the stable growth rate (around 4%) of Bangladesh insurance industry in the last few years, the expansion of the insurance business, particularly in the non-life sector, has experienced a downward trend in the year 2025 because of poor investment and slowdown of economic activities led by the political unrest.

In Bangladesh, the marine insurance is considered to be the lifeguard for the non-life insurance business. Marine insurance completely depends on imports which has continuously being disturbed by the political unrest but the market is expected to improve in 2027.

### **Non-Life Insurance Sector in Bangladesh**

Our non-life insurance market continues to be extremely overcrowded when compared with developing countries including our neighbors. The situation has obviously given rise to intense and unhealthy competition among the existing players. At the same time, with the deteriorating standard of clients' services, public trust on insurance continues to diminish. A lot needs to be done to remedy the situation. The non-life insurance industry has undergone significant changes during the year 2025. In a recent development, the Insurance Development and Regulatory Authority (IDRA) has worked to strengthen oversight, modernize supervision, and improve solvency, discipline, market conduct, and consumer protection. Yet regulation alone cannot lift penetration, if public confidence remains weak. Delays in claims settlement, complex policy wording, and inconsistent service quality have historically undermined trust, particularly among first-time policyholders. Both banking and insurance industry experts foresee that banks, owing to their extensive trust and vast micro- level networks, could bring about substantial positive changes through collaboration with the insurance sector, thereby impacting the overall economy significantly.

### **Takaful's Business Performance 2025**

In the above backdrop it was a challenge for Takaful Islami Insurance PLC to maintain its growth rate and prevent decline of its revenue earnings. The Management of Takaful with the active co-operation of its Board could effectively combat the situation and successfully arrested the declining trend in its premium income during the year 2025.

Despite various negative factors in overall insurance sector, operational performance of Takaful Islami Insurance PLC in 2025 was good. The Company earned gross premium of Tk. 8,099.29 lac during the year as against Tk. 7,199.84 in the previous year. Business growth rate is 12.49%.

### **Fire Insurance**

The Company had underwritten a total fire insurance premium of Tk. 2,019.80 lac including an amount of Tk. 311.59 lac from the public sector. The net premium income stood at Tk. 1,005.23 lac after ceding re-insurance premium of Tk. 1,014.56 lac. During the year 2025, total payment of claim was Tk. 93.72 lac against which an amount of Tk.46.09 lac came as recovery from re-insurer including previous year recovery.

### **Marine Insurance (Cargo)**

The total gross premium income from marine cargo business was Tk. 5,188.60 lac including premium of Tk. 307.47 lac from public sector. The net premium income of marine cargo business stood at Tk. 4,364.52 lac after ceding 824.08 lac on account of re-insurance premium. In the current year an amount of Tk.78.45. lac was paid for marine cargo claims against which an amount of Tk. 38.57 lac came as recovery from re-insurer including previous year recovery.

### **Marine Insurance (Hull)**

In the year 2025, the total underwritten premium income from marine hull insurance business was Tk. 34.35 lac including premium of Tk. 10.91 lac from public sector business. The net premium income came to Tk. 5.23 lac after ceding Tk. 29.11 lac on account of re-insurance premium.

### **Motor Insurance**

From motor insurance business our total gross premium income was Tk. 186.60 lac including public sector business of Tk. 18.49 lac. After ceding re-insurance premium of Tk. 178.30 lac the net contribution to revenue account was Tk. 8.29 lac. During the year, net amount of motor claim to the extent of Tk. 38.20 lac was paid.

### **Miscellaneous Insurance**

The total gross premium income of miscellaneous business came to Tk. 669.93 lac including Tk. 437.67 lac from the public sector. In the year 2025, an amount of Tk. 475.70 lac was ceded on account of re-insurance premium. During the year, net amount of claim for Tk. 4.47 lac was paid on this account.

### Claims

The essence of insurance contract contemplates efficient service when distress falls upon the insured and demands assistance in no time most effectively to refill the loss suffered by the insured. Takaful Islami Insurance PLC achieved built in reputation for its expeditious settlement of claim and capped with this honor stepped into 25 years of its successful operation.

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

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

In the year of 2025 we have settled 102 numbers of claims for Tk. 242.26 on account of Fire, Marine, Motor and Miscellaneous insurance business. Following are the figures of settlement of claims during the last 05 years:

Year	Total claim paid amount
2021	257.97
2022	900.10
2023	1,723.94
2024	592.00
2025	242.26
<b>Total</b>	<b>3,716.27</b>

### Reserve for exceptional loss

In order to keep consistency with our Corporate Slogan “Symbol of Empathy & Security” our exceptional loss reserve has been made for Tk.1,72,42,575 for the year 2025. The cumulative amount is raised to Tk. 39,48,97,253.00

### Investment

The Company has invested Tk. 552.00 lac with Bangladesh Bank in the form of Bangladesh Govt. Treasury Bond (BGTB) as statutory deposit. We have invested Tk. 6,470.50 lac in TDR mode with Islami Banks and Financial Institutions and Tk. 841.50 lac in FDR mode with conventional Banks & Financial Institutions. Total TDR and FDR amount is Tk. 7,312.00 lac. In addition to this the Company invested Tk. 616.08 lac in capital market as on 31st December, 2025.

### Profit and Loss Account

The Company’s income from investment and other income stood Tk. 594.57 lac against Tk. 562.56 lac earned in the previous year. After taking into account the underwriting profit of Tk. 570.73 lac and providing for various expenses not applicable to any particular fund or account, net profit before taxation came at Tk. 767.35 lac against Tk. 931.22 lac in the previous year.

### Appropriation of Profit

Profit earned in the year 2025 balance carried forward from last year stood at Tk.12,59,11,407.00 This is proposed to be appropriated as under :

Particulars	Taka
i. Exceptional Losses Reserve	1,72,42,575.00
ii. Provision for income tax /Deferred Tax	2,50,09,351.00
iii. Cash Dividend for the year 2024	4,25,86,977.00
iv. Retained earnings carried to the next year	4,10,72,504.00
<b>Total</b>	<b>12,59,11,407.00</b>

## **Risk and Concern**

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

## **Extra ordinary gain or loss**

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

## **Related party transaction**

The Significant related party transaction (as per IAS 24) submitted by the management and it has been presented in the financial statement. page # 119.

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

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

## **Variance between quarterly financial performance and annual financial performance**

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

## **Remuneration of the Directors**

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

## **Preparation and presentation of financial statements :**

The Board of Directors places before you the financial statements for the year ended 31 December, 2025 for their adoption. The Directors of the confirm to the best to their knowledge that -

- The Financial Statements of the Company present a true and fair view of the company's state of affairs, result of its operations, cash flows and change in equity.
- Proper books of accounts as required by law are being maintained.
- Appropriate accounting policies have been followed in formulating the financial statements and accounting estimated were reasonable and prudent.
- The Financial statements were prepared in accordance with international accounting standard (IAS) as applicable in Bangladesh.
- The Internal control system is sound in design and effectively implement and monitored.
- There is no significant deviation from the operating result of last year.
- Key operating and financial data of last five years have been presented in summarized form in this report under the head "FINANCIAL HIGHLIGHTS (5 years at glance)" in page # 27.
- There is no significant variance between Quarterly financial performance and annual financial statements.

## **Dividend**

The Board of Directors of the Company after making necessary reserves and provisions as mentioned in the Appropriation of Profit, proposes and recommends for declaration of 10% Cash Dividend for all shareholders of the Company for the year 2025. No bonus share or stock dividend has been declared.

## **Credit Rating Report**

National Credit Rating Limited has graded AAA (Pronounced as Triple A) in the long term and ST-1 in short term valid upto 11 January, 2027 based on the financial statement for the year 2024. This grade indicates best fundamentals of the Company such as claim paying ability, satisfactory financial performance, sound solvency, experienced management team, good liquidity position and systematic internal control procedure. Adequate reinsurance arrangement with Re-insurers in home & abroad etc. has added a new dimension in the goodwill of the Company.

### **Board Meeting Attendance**

During the year 8 (eight) Board Meetings were held. The attendance of the Directors are shown in Page # 34.

### **Pattern of Shareholding**

Pattern of shareholding as per clause 1.5(xxiii) of BSEC's Notification No: The BSEC Notification No: BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 are shown in Page # 35-36.

### **Profile of the Directors**

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

### **Brief Management's discussion and analysis**

The brief management's discussion and analysis of the Company's position and operations along with discussion of changes in the financial statements signed by the Chief Executive Officer is placed in Page # 37-39.

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

The Chief Executive Officer and Chief Financial Officer have performed their duties as per the Rules, responsibilities and duties as prescribed by the board. The report is place in page # 42.

### **Certification on Compliance of Corporate Governance Code**

The Certificate from professional accountants on compliance with the conditions as per clause 9.1 of the BSEC Notification BSEC/CMRRCD/2006-158/207/Admin/80, dated June 03, 2018 has been shown in page # 43.

### **Corporate Governance Compliance Report**

Pursuant to the clause 9 of the BSEC Notification BSEC/CMRRCD/2006-158/207/Admin/80, dated June 03, 2018 we enclose the Company's compliance status shown in page # 44-53.

### **Report on the activities of the Audit Committee**

Pursuant to the clause 5.7 of the BSEC Notification BSEC/CMRRCD/2006-158/207/Admin/80, dated June 03, 2018 the activities of the Audit Committee have been shown in page # 57-58.

### **Nomination and Remuneration Policy**

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

### **Report on the activities of the Nomination and Remuneration Committee**

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

### **Dividend Distribution Policy**

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

### **Summary of unclaimed dividend**

Summary of unclaimed dividend, as per clause 3(vii) of the BSEC Directive No: BSEC/CMRRCD/2021-386/03 dated 14 January 2021, is shown in Page # 111.

### **Retirement and election/re-election of Directors**

The Company has filed Writ Petition No. 286 of 2026 and the Hon'ble High Court Division was pleased to issue a Rule on 09-03-2026 in the following terms :

Let a Rule Nisi be issued calling upon the respondents to show cause as to why the order passed by the respondent No. 3, the Insurance Development and Regulatory Authority (IDRA) purportedly under section 50 of the Insurance Act 2010 vide Memo No. 53.03.0000.000.072.27.0008.24.130 dated 08-12-2025 issued under the signature of the respondent no. 6. Deputy Secretary, Director (Law), IDRA relying on the alleged inquiry report dated 27-08-2025 directing the petitioners to reconstitute the Board of Directors upon removing 5 (five) elected Directors should not be declared to be without lawful authority and is of no legal effect and/or pass such other or further order or orders as to this Court may seem fit and proper.

The Hon'ble Court was also pleased to pass an order of maintaining "status quo" which runs as follows :

Pending hearing of the Rule, the parties are directed to maintain status-quo in respect of function of the board of directors of the petitioner company for a period of 3 (three) months.

As the writ petition regarding the election of members of the Board of Directors held at the 25th Annual General Meeting held on August 16, 2025 is pending in the High Court, the retirement and election of members of the Board of Directors at the 26th Annual General Meeting to be held on 20 June, 2026 shall remain postponed in light of the opinion of the Barrister until the final settlement by the High Court.

### **Appointment of Independent Directors**

As per consent letter No.BSEC/ICA/CG/2023/007/Part-i/182 dated 23 April, 2026 of Bangladesh Securities and Exchange Commission the 150th Board Meeting of Takaful Islami Insurance PLC held on 29th April, 2026 (1) Mr. Md. Mostofa Kamal FCA and (2) Advocate S.M Kamal Uddin have been appointed as Independent Directors of the Company for 3 years with effect from 29th April, 2026. The said appointment will be placed for approval at 26th Annual General Meeting to be held on 20 June, 2026.

### **Appointment of Statutory Auditor**

ARTISAN, Chartered Accountants was re-appointed as Statutory Auditor of the Company in 25th Annual General Meeting for the year 2025. To comply with clause no. 2(2) of BSEC's notification No. BSEC/CMRRCD/2006-158/208/Admin/81 dated 20 June, 2018 the Board has recommended FAMES & R, Chartered Accountants for appointment as Statutory Auditor at a remuneration of Tk. 2,50,000.00 (Taka two lac & fifty thousand) only for the year 2026. subject to approval of the shareholders at the 26th AGM.

### **Appointment of Compliance Auditor for BSEC's Corporate Governance Code**

The Board has recommended to appoint Jesmin & Associates, Chartered Secretaries as BSEC Compliance Auditor of the Company for the year 2026 at a remuneration of Tk. 30,000.00 (Taka thirty thousand) only subject to approval of the shareholders at the 26th AGM.

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

The Board has recommended to appoint Jesmin & Associates, Chartered Secretaries as IDRA Compliance Auditor of the Company for the year 2026 at a remuneration of Tk. 30,000.00 (Taka thirty thousand) only subject to approval of the shareholders at the 26th AGM.

### **Human Resources**

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

## **Corporate Governance**

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

## **Acknowledgement**

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

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

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

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

For and on behalf of the Board of Directors

  
(Tahmina Afroz)  
Chairman