



Directors' Report

For the year ended 31st December 2021



Bismillahir Rahmanir Rahim

Dear Shareholders

Assalamu Alaikum

On behalf of the Board of Directors, I am delighted to welcome you all to the 36th Annual General Meeting of the Phoenix Insurance Company Limited and have the pleasure to place before you the Annual Report together with the Audited Accounts of the Company covering the Statement of Financial Position (Balance Sheet) Statement of Comprehensive Income (Profit & Loss Account) Consolidated Insurance Revenue Accounts (Revenue Accounts) the notes thereto and the Auditors' Report for the year ended 31st December 2021.

GLOBAL ECONOMY AND INSURANCE GROWTH

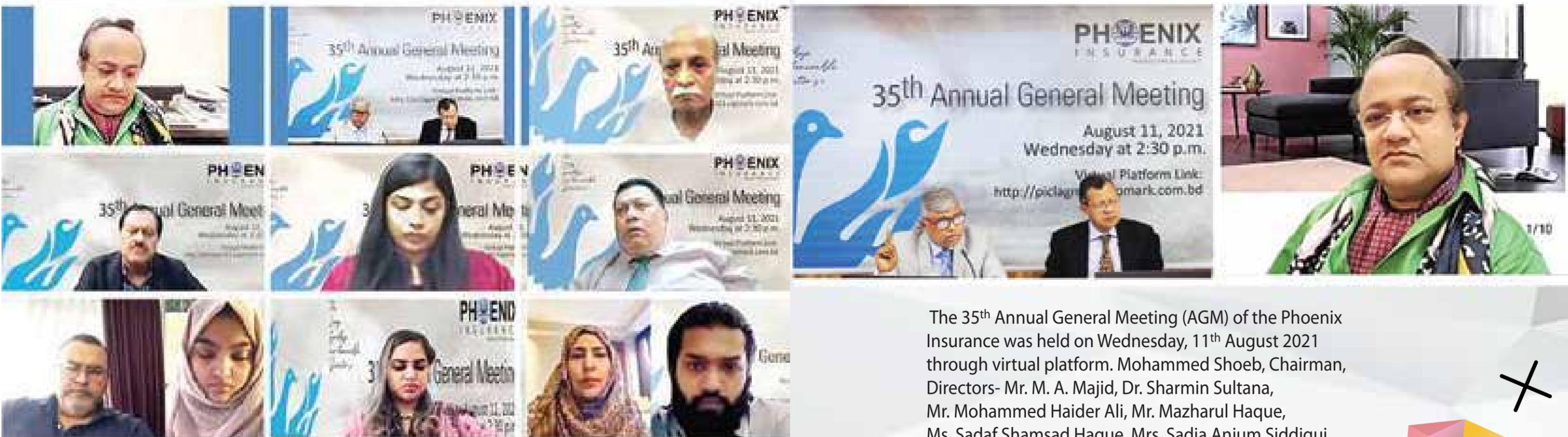
Global economic recovery hinges on a delicate balance amid new waves of COVID-19 infections, persistent labour market challenges, lingering supply-chain constraints and rising inflationary pressures. After a global contraction of 3.4 per cent in 2020 and following an expansion of 5.5 per cent in 2021, the highest rate of growth in more than four decades, the world economy is projected to grow by 4 per cent in 2022 and 3.5 per cent in 2023. World gross product in 2021 was 1.9 per cent higher than in 2019 but still 3.3 per cent below the level of output projected prior to the pandemic. These aggregate growth figures, however, mask marked divergences in the pace of recovery across countries and regions.

Global recovery in output in 2021 was largely driven by robust consumer spending and some uptake in investment. Trade in goods bounced back, surpassing the pre-pandemic level. But growth momentum slowed considerably by the end of 2021 including in big economies like China, the European Union and the United States of America, as the effects of fiscal and monetary stimuli dissipated and major supply-chain disruptions emerged. Growth impetus generally has been weaker in most developing countries and economies in transition. While higher commodity prices have helped commodity exporting countries at large, rising food and energy prices have triggered rapid inflation, particularly in the Commonwealth of Independent States (CIS) and Latin America and the Caribbean. Recovery has been especially slow in tourism-dependent economies, notably in the small island developing States.

International trade performance was mixed in 2021. Merchandise trade bounced back, with global trade in goods surpassing the pre-pandemic level. Our baseline scenario projects that global trade in goods and services will grow by 5.7 per cent in 2022 after an expansion of 11 per cent in 2021. Although trade in services is yet to recover, it is expected to gradually improve as external demand patterns normalize. The trade outlook remains susceptible to potential restrictions in economic activities, however, with the new Omicron variant of COVID-19 posing considerable risks and policy uncertainties.

The past two years may have been the most peculiar recession and recovery in living memory. In 2020, the human tragedy of the COVID-19 pandemic triggered a global economic downturn that was initially sharper than the Great Depression. As government support programs took shape, the recession rapidly bottomed out, leading to a strong economic recovery in 2021. The impact on the insurance industry was noticeable: in 2020, premium growth slowed to approximately 1.2 percent (compared with more than 4 percent per year between 2010 and 2020). Profits fell by about 15 percent from 2019. The decline was sharpest in Asia-Pacific (down 36 percent) and was particularly driven by falling profits in life. Preliminary data suggest that premium growth and profits rebounded in 2021, especially in regions where strong vaccine rollouts have made many activities possible again, at least periodically.

Views of the 35th Annual General Meeting of Phoenix Insurance Company Ltd. in the digital platform



The 35th Annual General Meeting (AGM) of the Phoenix Insurance was held on Wednesday, 11th August 2021 through virtual platform. Mohammed Shoeb, Chairman, Directors- Mr. M. A. Majid, Dr. Sharmin Sultana, Mr. Mohammed Haider Ali, Mr. Mazharul Haque, Ms. Sadaf Shamsad Haque, Mrs. Sadia Anjum Siddiqui, Independent Directors- Md. Faizur Rahman, Ms. Nabaha Yesmeen, Managing Director & CEO- Mr. Md. Jamirul Islam, Deputy Managing Director & Secretary- Mr. Md. Rafiqur Rahman including large number of shareholders and Company's high official are also joined the meeting



We are positive on the outlook for global insurance premiums, expecting above-trend growth of 3.3% in 2022 and 3.1% in 2023. We see rising risk awareness in both life and non-life insurance, among consumers and businesses, following the shock of COVID-19. The ongoing rate hardening in non-life insurance commercial lines will provide further support. The global market is expected to exceed USD 7 trillion in premium terms for the first time by mid-2022, sooner than we last estimated in July. It was estimated, global real insurance premiums to grow by 3.4% in 2021, taking total global direct premiums written to 8% above the 2019 level.

BANGLADESH ECONOMY AND INSURANCE BUSINESS

Bangladesh, like other countries, has been significantly affected by the COVID-19 pandemic, which has constrained economic activities and reversed some of the gains achieved in the last decade. So far, more than 75 percent of the population have been inoculated with the first dose of the vaccine in total.

Bangladesh economy has started a promising recovery in FY21, registering real GDP growth of 6.94 percent, after the fallout of the pandemic and subsequent growth slowdown to 3.45 percent in FY20.

The slower growth of FY20 was mostly concentrated in the industry sector (3.61 percent) as well as in the service sector (3.93 percent). However, the resilient agriculture sector maintained its average trend, growing by 3.42 percent in FY20. The overall growth performance of FY21 and onwards was mainly driven by the supportive monetary and fiscal policies, improved business confidence, effective COVID-19 containment measures and consequent declining infection rate, enactment of mass vaccination across the country, and efficient management of supply chain during the pandemic by the government. The industry sector strongly recovered and grew by 10.29 percent in FY21 after a sharp decline (3.61 percent) in FY20 (Chart II.1). The growth momentum in FY22 appeared to strengthen further, reflected in 16.18 percent growth of large and medium scale manufacturing output during July-October of FY22 compared to the same period of FY21, robust growth of export (28.41 percent), and strong growth in import of intermediate goods (66.21 percent) and capital goods (47.67 percent) during H1FY22.

Insurance Business

Bangladesh is now 66th largest economy in terms of the total insurance premium volume in 2020. For around one and a half years, people have been suffering from a health crisis due to the Covid-19 pandemic. At the same time, the world is struggling to recover from the pandemic with the help of swift development of vaccines and fiscal stimulus packages. As a result, the world economy is on the path to a strong recovery following the Covid-19 pandemic.

At this very time, Swiss Re Institute expects global insurance premiums will grow at 3.3% in 2021 to a total of \$6.9 trillion in line with the global economic growth of 5.8% in 2021. The report forecasts 3.9% insurance premium growth for 2022. In 2021, key market insurance premium growth is forecast at 6.3% for China, 1.7% for the US, 2.8% for Western Europe and 5.6% for emerging markets.

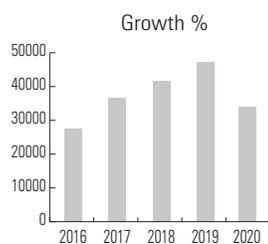
The Bangladesh insurance industry rebounded strongly in 2021 after getting hit by the coronavirus pandemic thanks to the contraction of excessive commission to agents and digitization of services. Total gross premium of life and non-life insurance grew 8.45 per cent year-on-year to Tk 14,392 crore in 2021, according to the Insurance Development and Regulatory Authority (IDRA). However, premium fell 0.89 per cent to Tk 13,271 crore in 2020 due to pandemic.

The insurance penetration in Bangladesh as GDP percentage declined to 0.40 per cent in 2020 from 0.49 per cent a year ago, according to a recent sigma report by Swiss Re Institute.

The combined premium income underwritten by public and private sectors stood at Tk. 38,054 million in 2021. GDP growth in Bangladesh has been hovering more than 7 per cent during the last few years. But the data of the year 2021 was not available. The comparative premium position during the last few years has been as follows:

Growth of Non-life Insurance Premium of the Bangladesh

Amount in Million Taka



Year	Non-life insurance	Increased decrease	Growth (%)
2016	27,627	1,246	4.72
2017	36,688	9,061	32.80
2018	41,792	5,104	13.91
2019	47,116	5,324	12.74
2020	46,869	(247)	(0.52)

COMPANY'S BUSINESS ACTIVITIES AND OPERATING PERFORMANCE REVIEW

BUSINESS RISKS AND SYSTEM OF INTERNAL CONTROL

We know that insurance business is taking the risk and Phoenix Insurance business is also exposed to diverse risks that arise both on internal and external fronts. And because there is always a degree of uncertainty in our operations, the Board of Directors assures its shareholders that the Company has a competent risk management process to ensure that the system of internal control is sound in design and has been effectively implemented and monitored. Although it is possible that all risks to the business are unknown at present, the Company takes reasonable steps to identify all material and financial risks that may hamper business results. The Company then systematically reviews those risks, considering the changing internal and external environment to assess whether the controls that are in place are adequate to address those risks that are likely to hit the Company's business activities, operations, liquidity, and financial position for future performance.

Looking ahead, in view of the pandemic uncertainties and various others challenges, Phoenix may also adjust its business strategies in the future to adopt to the global realities. The detailed is presented in the Annual Report page no 110 of the internal control and Risk management topics discussion.

PREMIUM UNDERWRITTEN

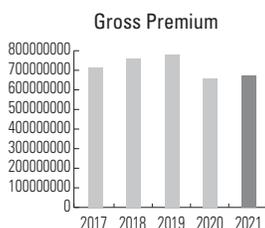
Business strategy

Gross domestic product (GDP) growth of Bangladesh economy is very lucrative last couple of years due to agriculture sector contribute much more comparing previous period. At the same time industrialization growth is increasing in private sector. Domestic insurance also grows almost 6%-8% but government sector insurance business growth has been increased significantly. But COVID crises have changed the track of the insurance business philosophy. We know that non-life business depends on Import, Export, investment in industrialization and coverage of the security of all kinds of assets. There are large number of insurance companies in Bangladesh at present are certainly not commensurate with the size of the market that has led to aggressive competition which has determine to the industry as a whole. The Company focuses on small and non-tradition business and there are huge scopes to enlarge insurance coverage which have possibility to earn insurance business. In this connection the management has prepared some guidelines to do more business on non- tradition business in addition regular business.

Business Position

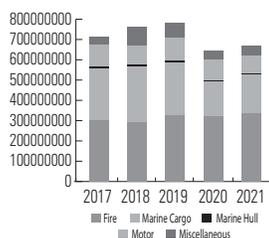
In the beginning of the year 2021 few days were totally lockdown in Bangladesh. But the wise management team of the company has taken proper attention in time with professional manner and due to this attention, we protect our business although some textile-based industry was not operated for why we lost some gross premium of the Company. In the year 2021 the Company has maintained business growth in comparison to the insurance industry. The gross premium is at Tk.670,932,040 as compared to Tk.646,130,830 in 2020.

Last five years an underwritten insurance business of the company is presented below:



Year	Amount in Taka
2021	670,932,040
2020	646,130,830
2019	780,575,102
2018	759,346,053
2017	713,048,761

Class wise business summary:



Class of Business	2017	2018	2019	2020	2021
Fire	299,343,640	292,690,486	327,837,928	320,109,583	338,142,753
Marine Cargo	257,583,159	269,855,066	258,721,893	175,771,871	190,168,799
Marine Hull	6,358,949	11,145,118	9,051,390	4,404,034	2,173,439
Motor	108,478,326	96,176,395	110,582,048	101,879,670	93,014,720
Miscellaneous	41,284,687	89,478,988	74,381,843	43,965,672	47,432,329
Total Amount	713,048,761	759,346,053	780,575,102	646,130,830	670,932,040

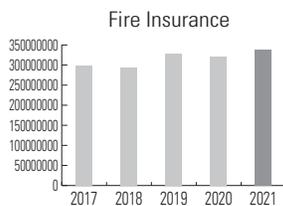
Business Outlook

Last year we informed that covid crises will down our progress and we already faced these challenges. But position is improving due to vaccination support have started by the Govt. All sectors are running and our outlook is positive than in the last years. Our ability to engage in large and tailored transactions has created a market in which few others are even able to operate. We continue to see growing demand for solutions and services that deploy our resource & development to clients. We believe that business in future will be increased and we overcome all obstacles.

BUSINESS SEGMENT PERFORMANCE

Fire Insurance

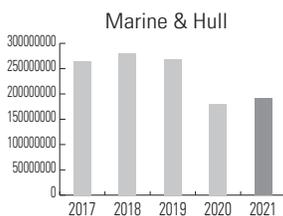
The Fire class of Insurance business constitutes 50% of the total portfolio. During the year the Company has underwritten a gross premium of Tk.338,142,753/- whereas it was in 2020 at Tk. 320,109,583/-. The company has increased 5.33% business during the year.



Year	Amount in Taka
2021	338,142,753
2020	320,109,583
2019	327,837,928
2018	292,690,486
2017	299,343,640

Marine & Hull

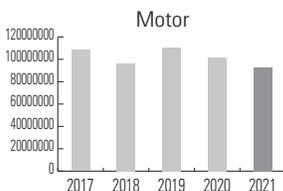
This class of business constitutes 29% of the total portfolio. The Company has underwritten a gross premium of Tk.192,342,238 in current year as compared to Tk. 180,175,905 in previous year. The Marine & Hull insurance premium was increased from previous year almost 7% only



Year	Amount in Taka
2021	192,342,238
2020	180,175,905
2019	267,773,283
2018	281,000,184
2017	263,642,108

Motor

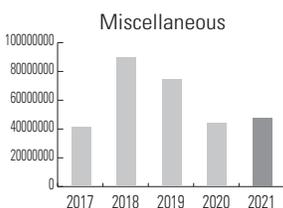
This class of business constitutes 14% of the total portfolio. During the year the Company has underwritten a gross motor premium of Tk.93,014,720 as compared to Tk. 101,879,670 in the last year due to waive of compulsory motor insurance.



Year	Amount in Taka
2021	93,014,720
2020	101,879,670
2019	110,582,048
2018	96,176,395
2017	108,478,326

Miscellaneous

The Miscellaneous class of business constitutes 7% of the total portfolio. The gross premium was at Tk.47,432,329. Last year underwritten premium was Tk. Tk.43,965,672.



Year	Amount in Taka
2021	47,432,329
2020	43,965,672
2019	74,381,843
2018	89,478,988
2017	41,284,687

OPERATIONAL ACTIVITIES

CLAIMS MANAGEMENT

Strategy and priorities Through our industry-leading Claims Commitment we aim to keep it simple and tailor our approach to our customers' needs and preferences. Working with our customers and agents our claims professionals promptly investigate evaluate and develop an appropriate resolution strategy. Where we have a duty to defend, we will work to determine as early as possible to our customer's preferred approach to whether the claim should be settled or defended. In the event of an insured first-party property loss we help our insured's get back to business quicker by making settlement of claims in early times.

Being there when our customer needs us is a top priority. We value a personal connection and are committed to:

- a) Contacting our client or their representative within one business day of receiving a loss notification when we lead the primary claim.
- b) Returning phone calls and emails within one business day. When out of the office we provide additional contacts should immediate assistance be needed?
- c) Completing initial investigations on claims immediately.
- d) Paying covered claims within a period framed in the policy/Insurance Act subject to complete all requirements of settlement.

The settlement time for claims depends on various factors such as the line of business cause of loss the nature of claim etc. Typically claims which result in total or partial destruction of assets or records (such as those caused by Acts of God) those where adequate documentation to establish the claims are awaited and those which are the subject matter of judicial processes tend to have longer settlement times which are beyond the control of the Company. The Company has improved internal processes for further reduction of average claims settlement time and claims outstanding.

We believe that a claim handle is more important to complete the outcome its loss and our clients and agents tell us that they feel a difference from other company regarding settlement of claims in early times with satisfaction of the clients. Actually, we depend on our service and service is only for customers to their tough times.

Claims Settlement

The overall claims expense was Tk.244,378,632 during the period ended December 31st 2021 whereas Tk.174,786,972 during the period ended December 31st 2020. Phoenix Insurance Company has always committed to settle the Insurance Claims appropriately in time. We believe that our commitment is to satisfaction of our customer and their satisfactions are the goodwill of our Company's. The year wise insurance claims paid are enumerated below:



Year	Total Claims Paid (TK)
2017	138,457,603
2018	125,202,957
2019	195,216,456
2020	174,786,972
2021	244,378,632

REINSURANCE MANAGEMENT

Approach

Reinsurance department is the key and the most important department in any general insurance company. Reinsurance arrangements with professionally structured dependable and financially sound reinsurers are absolutely essential. The role and strong support of reinsurers for the company is vital. Reinsurance department is to ensure that first class reinsurance arrangements at minimum costs are available both locally and abroad to the Company. Professional support and comprehensive reinsurance arrangements reduce the risks of insurance company in respect of claims incurred or expected to be incurred. PICL has always been successful to have support of world known financially and professionally supported first class and excellent reinsurers in the past as well as in the current financial year.

Our Reinsurance unit strategy remains focused on differentiation and profitable growth through allocation of capital to both existing and new risk pools. The significant global protection gap which exists today in both lines of business is expected to continue to widen and will also contribute significantly to creating new risk pools in the future. As a result, we expect to see further business opportunities particularly in high-growth property markets. During the year 2021 we don't face any catastrophes loss and our country also safe of this type of economic loss.

Client's Satisfaction

We differentiate ourselves by understanding the specific needs of our clients. Client segmentation is a foundational element of our differentiation approach and is built on a deep understanding of our clients facilitating delivery of tailored offerings. We interact with clients across all levels and functions enabling strategic discussions between the right people at the right time. This dedicated delivery model — serving global and national clients continues to be effective.

Clients are always looking for solutions to solve their business challenges. In parallel with our engagement approach, we have established teams to manage our clients' needs which expand on traditional reinsurance with our knowledge risk bearing capacity and innovation. Taken together such tailored transactions and solutions help clients to sustainably grow their business.

History and Allocation

Phoenix Insurance Co. Ltd. has arranged sufficient protection through the re-insurance program with state own organization Sadharan Bima Corporation. As the company's portfolio growing fast the reinsurance department feels to re-organize the re-insurance program for the security and safety of the company. The Company had started placement of the re-insurance program connecting with the Overseas Market. From 2010 the company maintaining the government rules and placed the 50% share to the overseas secured Market in the major share to the A-rated re-insurance companies and the rest 50% with Sadharan Bima Corporation. The company also changed their re-insurance structure and obtained both Proportional and Non-proportional treaties with higher capacity to protect the interest of the multinational company whose total risk is a bigger size. The company also obtained Catastrophe Excess Loss Treaty in Fire business to safeguard the company as well as the shareholders interest to protect any disaster. Our key value drivers are large capacity technical expertise and the ability to develop tailored solutions to meet clients' needs for example in the area of solvency relief.

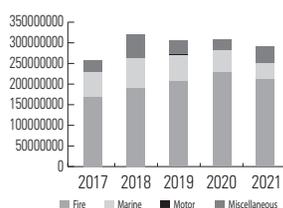
The allocation of the company's re-insurance arrangement is as follows:

- | | |
|---|----------------|
| i) Sadharan Bima Corporation (SBC) Bangladesh | - 50.00% share |
| ii) National Insurance Co. Ltd. India | - 30.00% share |
| iii) GIC Bhutan | - 11.00% Share |
| iv) CICA Africa | - 9.00% Share |

The company has also placed facultative re-insurance protection in excess of company's treaty capacity to other markets like as Sen Re Senegal Asian Allco American. The company has also placed Marine Cargo facultative business to various Lloyd's syndicate and has also connection with Munich Re Germany Swiss Re Singapore and Zurich. The Board of Directors always aware about the customer's insurance risk and ensures the protection of its liability by sufficient and timely re-insurance arrangement.

The Company follows a policy of optimizing retention of risk through a carefully designed high quality program of re-insurance with "A" rated and well reputed re-insurers. The focus of reinsurance treaty program has been designated to protect the value of risk by insuring timely and quality protection for individual risks and in catastrophic events. Your Company follows a high-quality low risk reinsurance strategy. Your Company's conventional reinsurance policy reduces the potential volatility of the earnings stream. Reinsurance arrangements in place include surplus Excess of loss and catastrophe coverage. The effect of such reinsurance arrangement is that the Company should not suffer total net insurance losses beyond the Company's risk appetite in any one year.

Activities-2021



The Phoenix Insurance Company Ltd. paid as re-insurance premium for 2021 was Tk.290,614,834 only. Phoenix Insurance Co. Ltd. is fully equipped with technical expertise and our present re-insurance arrangement is quite good enough to protect the interest of the company as well as the policyholders in any consequences. The year wise breakup of re insurance premium paid is enumerated below:

Sl. No.	Class of business	2017	2018	2019	2020	2021
1	Fire	168,719,826	190,896,613	206,556,443	228,550,097	210,281,227
2	Marine	58,926,020	70,550,330	64,189,302	52,127,442	40,178,378
3	Motor	128,644	2,023,181	687,273	255,249	819,525
4	Miscellaneous	31,070,725	57,330,376	35,872,544	27,325,108	39,335,704
Total amount in Tk.		256,852,918	276,174,526	307,305,562	308,257,896	290,614,834

GOING CONCERN CONCEPT

The Directors are of the opinion that the Company is a going concern. This is recognized through appropriate enquiries and analysis, which establish that the resources are adequate to support the operations and that sufficient business opportunities do exist to justify the Company as a going concern and the director's analysis of the financial statements transparently. Accordingly, the Financial Statements are prepared on a going concern basis and there is no doubt, whatsoever, upon the Company's ability to continue as a going concern.

CAPITAL, RESERVE AND INVESTMENT:

Summary Balance Sheet

	<i>BDT millions</i>		
	2021	2020	Change in %
Assets			
Statutory deposit securities	25.00	25.00	0
Equity securities	728.00	692.18	5.17
Property plant & equipment	288.46	288.15	0.11
Cash and cash equivalents	528.07	464.74	13.63
Sundry debtors	559.70	504.02	11.05
Amount due from	262.10	357.62	(26.71)
Others	2.48	2.58	(3.88)
Total Assets	2393.81	2334.29	2.55

	<i>BDT millions</i>		
	2021	2020	Change in %
Liabilities & equity			
Balance of fund & account	152.77	135.25	12.95
Premium deposit	35.45	25.09	30.01
Estimated liabilities in claims	66.01	91.49	(27.85)
Amount due to	56.03	34.93	60.41
Sundry creditors	364.96	362.05	0.80
Unclaimed Dividend	8.59	7.53	51.66
Others	100.23	100.60	(0.37)
Total liabilities	784.04	756.94	3.58
Shareholder's equity	1609.77	1577.35	2.06
Total equity	1609.77	1577.35	2.06
Total liabilities & equity	2393.81	2334.29	2.55
Total Equity Per Share	39.90	39.10	2.05

CAPITAL MANAGEMENT

Strategy

The Company has a policy to maintain a strong capital position and provide the flexibility necessary to take advantage of growth opportunities to support the risk associated with its businesses and to optimize shareholder return.

The Company's capital base is structured to meet regulatory capital targets and maintain strong credit ratings while maintaining a capital-efficient structure and desired capital ratios. The Company's risk management framework includes a number of liquidity risk management procedures including prescribed liquidity stress testing active monitoring and contingency planning. The Company maintains an overall asset liquidity profile that exceeds requirements to fund potential liabilities under adverse scenarios. The Company also actively manages and monitors the matching of asset positions against its commitments together with the diversification and credit quality of its investments against established targets.

PHOENIX's policy of ensuring superior capitalization at all times has meant that even in the face of large insurance claims of any natural catastrophe events we maintain a very strong capital position and high financial flexibility. Our financial strength enables us to respond to potential market developments in the aftermath of such severe events and to stay committed to creating long-term shareholder value.

Authorized Capital

Tk.100 crore (divided into 100000000 shares of Tk.10 each).

Since inception of the Company the authorized capital was taka 50.00 crore divided into 5000000 shares of Tk.100 each. On the requirements of the operational activities as well as fulfill the Insurance Act 2010 the Board of Directors' have enhanced the Company's Authorized Capital from Tk.50.00 crore to Tk.100.00 crore divided into 100000000 shares of Tk.10 each in the year 2010.

Paid-up Capital

Tk.403,415,720 (divided into 40,341,572 shares of Tk.10 each.)

Phoenix Insurance Company Ltd. increases the business volume regularly. In this connection it is required to increase the paid-up capital size and accordingly the Board of Directors decided to enhance the paid-up capital every year to meet up the future requirements and compliance too.

Growth of Paid-up Capital

Phoenix Insurance Company has started its business journey with initial share paid up capital of Tk.30,000,000 in 1986. In 1994, the Company has received of Tk. 30,000,000 by initial Public Offering (IPO) shares and total share paid up capital stood Tk. 60,000,000. The main objectives of Phoenix Insurance Company are to provide consistently attractive 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 stakeholders in line with the sound underwriting profit and others Investment results. Our Company have increased the paid-up capital by way of stock dividend, the total paid up capital at present stood at Tk.40,34,15,720 in 2020. At a glance the history of increasing share paid up Capital of the company is stated below:

Year	Particulars	Value per Share	Paid up Capital		
			No. of Shares increasing	Increased Value (Taka)	Cumulative share Paid up Capital (Taka)
1986	As per MOA & AOA	100	300000	30,000,000	30,000,000
1994	Initial Public Offering	100	300000	30,000,000	60,000,000
2002	5% stock dividend	100	30000	3,000,000	63,000,000
2003	5% stock dividend	100	31500	3,150,000	66,150,000
2004	25% stock dividend	100	165375	16,537,500	82,687,500
2005	25% stock dividend	100	206718	20,671,800	103,359,300
2006	30% stock dividend	100	310077	31,007,700	134,367,000
2007	20% stock dividend	100	268734	26,873,400	161,240,400
2008	22% stock dividend	100	354728	35,472,800	196,713,200
2009	25% stock dividend	100	491783	49,178,300	245,891,500
2010	25% stock dividend	10	6147287	61,472,87	307,364,370
2011	15% Cash & 5% stock dividend	10	1536821	15,368,210	322,732,580
2012	25% stock dividend	10	8068314	80,683,140	403,415,720
2013	20% Cash dividend	10	-	-	403,415,720
2014	20% Cash dividend	10	-	-	403,415,720
2015	18% Cash dividend	10	-	-	403,415,720
2016	15% Cash dividend	10	-	-	403,415,720
2017	16% Cash dividend	10	-	-	403,415,720
2018	12% Cash dividend	10	-	-	403,415,720
2019	12% Cash dividend	10	-	-	403,415,720
2020	15%Cash dividend	10	-	-	403,415,720
2021	15%Cash dividend	10	-	-	403,415,720

Adequacy of Capital Structure

Share Capital and Reserves	2021	2020	2019
Authorized Share Capital	1,000,000,000	1,000,000,000	1,000,000,000
Issued, Subscribed and Paid-Up Capital	403,415,720	403,415,720	403,415,720
Reserves	738,207,922	682,660,092	703,543,526
Unappropriated Profit	68,824,833	77,273,150	64,107,553
Total Equity	1,609,769,467	1,577,349,909	1,407,106,640
Cash and Bank	528,066,934	464,739,170	433,734,996

The above table highlights the adequacy of capital structure of Phoenix Insurance. Moreover, the company has maintained healthy cashflows in the last 3 years and there have been no instances of default in payments, of any sort.

There is absolutely no inadequacy in the capital structure.

LIQUIDITY MANAGEMENT

Liquidity policy

Our core liquidity policy is to retain sufficient liquidity in the form of unencumbered liquid assets and cash to meet potential funding requirements arising from a range of possible stress events. To allow for regulatory restrictions on intra-Group funding liquidity is managed within groups of entities known as liquidity pools. To manage the risks, we have a range of liquidity policies and measures in place. In particular we aim to ensure that:

- Sufficient liquidity is held to meet funding requirements under current conditions as well as adverse circumstances;
- Funding is maintained and credited at an appropriate market rate through our internal transfer pricing;
- Diversified sources are used to meet our residual funding needs;
- Long-term liquidity needs are taken into account both in our planning process and in our management of financial market risk.

Liquidity Position

The Company's primary source of funds is cash provided by operating activities including premiums and net investment income. These funds are used primarily to pay claims commissions operating expenses and shareholder dividends. Cash flows generated from operating activities are generally invested to support future payment requirements including the payment of dividends to shareholders.

The Company's liquidity has been increasing by controlling operating expenses. The total cash and cash equivalents as at the end of 2021 are Tk.528,066,934 against Tk.464,739,170 in 2020.

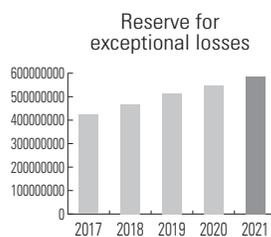
The Company prudently manages liquidity to ensure its ability to meet contractual obligations as and when they fall due.

RESERVE FUND

To protect the risk factors of the company it is very essential to have a good amount of reserve fund for the Company. The Insurance Act and Income tax ordinance also recommended to build up the reserve fund for the company accordingly the company separated the following reserve funds to protect the risk of the Company's.

Reserve for exceptional losses:

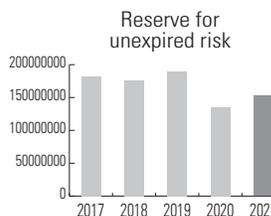
During the year 2021 Tk.585,436,389 separated as reserve fund for exceptional losses under the fourth schedule of Income Tax ordinance 1984 that a company sets aside a portion of its income profits and gains to meet the exceptional losses so much of such portion as does not exceed ten percent of the premium income of the year in which it is set aside shall be deducted from the balance of the profits. The year wise breakup of the exceptional losses is enumerated below:



Year	Amount in Taka
2017	422,435,866
2018	466,290,421
2019	513,617,375
2020	547,404,668
2021	585,436,389

Reserve for unexpired risk

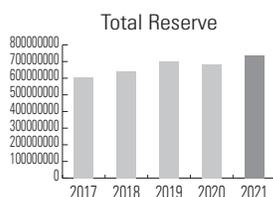
A sum of Tk.152,771,533 has built up for unexpired risk fund. The fund has separated under the section 27A of sub section 2(b) of Insurance Act 1938. Under this section forty percent of the net premium in respect of Fire Marine and Miscellaneous insurance business written in Bangladesh will be separated for unexpired risk. The year wise breakup of the reserve for unexpired risk is enumerated below:



Year	Amount in Taka
2017	182,413,044
2018	176,204,829
2019	189,926,151
2020	135,255,424
2021	152,771,533

Reserve Fund

So, during the year total amount of Tk.738,207,922 has been created as reserve funds to meet up any kinds of financial requirements for protecting the risk factors of the company. The position of total reserve funds is shown below:



Year	Amount in Taka
2017	604,848,910
2018	642,495,250
2019	703,543,526
2020	682,660,092
2021	738,207,922

INVESTMENT

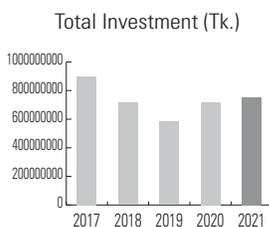
Strategy

Insurance is a form of risk management primarily used to hedge against the risk of a contingent or an uncertain loss. To meet up the uncertain loss the Company keeps the amount in the form of investment. In the other hand good investment is also main tools of the company's profit.

PHOENIX Insurance's investment portfolio maintained its track record of sustainable performance results with another strong contribution in 2021. All asset classes contributed to the result reflecting the diversification of investment income sources as well as the quality of the investment portfolio. During 2021 Phoenix Insurance increased its overall allocation to government bonds and Fixed Deposit to Bank enhancing income with low-duration risk. The allocation to equities and alternative investments remained relatively stable. While the investment portfolio is well-positioned overall the company maintains suitable flexibility should it be presented with attractive market opportunities or a change in the investment outlook.

Investment Portfolio

Phoenix Insurance Company Ltd. earns investment profits at large scale and the Board fixed a target to enlarge the investment figure of the company to increase the investment income. Our expectation is to earn more profit from the Company's investment amount. For the greater interest of the Company and also the interest of shareholders we utilized the maximum fund and, in this connection, we have invested our amount in the form of Shares. The year wise investment breakup of the Company is furnished below:



Year	Total Investment (Tk.)
2017	898,539,681
2018	713,947,976
2019	581,554,148
2020	717,182,772
2021	753,001,939

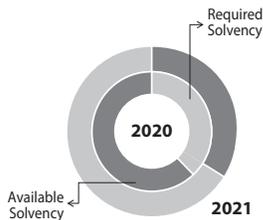
Out of the above amount Tk.224,709,466 was utilized for buying listed companies shares; The City Bank Ltd. and the Phoenix Finance & Investment Ltd. shares and rest Tk.25,000,000 was utilized for buying National Investment Bond to comply the Schedule-1 of Insurance Act 2010. The market value of shares is at Tk.668,001,939 only.

Investment Result

Your Company realized income from investment at Tk.47,835,955 in 2021 as against Tk. 63,958,957 in the previous year. Out of this amount dividend income is Tk.10,917,173 as against Tk.19,360,129 in 2020. Tk. 8,442,956 have been decreased from last year dividend income.

SOLVENCY MARGIN

Under section 45 of Insurance Act 2010 we have maintained the required solvency margin. During the year 2021 company's solvency margin remained above the required level. Phoenix Insurance Company Limited required solvency margin is Tk.102,898,252 only whereas the company's available solvency is Tk.199,757,439 which means the value of assets had been more than the liabilities in that particular period. Therefore, the available solvency is almost 1.94 times of required solvency in 2021. The detail is presented in the page no 96 on the annual report. The Comparison from previous years presented below:



Year	Required Solvency (Tk)	Available Solvency (Tk)
2020	97,398,180	159,245,640
2021	102,898,252	199,757,439

CLAIM PAYING RATING

The Phoenix Insurance Company limited regularly analyses the position of its claim paying ability. During the year the company achieved CPR at AA-. This rating assigns that the Company with 'stable' outlook for its steady business growth stable financial and operating performance as well as its consistent fundamentals.

PROFIT & LOSS ACCOUNT REVIEW

Review the Income Statement

	BDT millions		
	2021	2020	Change in %
Revenues			
Gross premium	670.93	646.13	3.84
Less: re-insurance ceded	290.61	308.26	(5.73)
Net premium earned	380.32	337.87	12.56
Commission on re-insurance	59.36	68.58	(13.44)
Other income - non operating business	47.83	63.96	(25.22)
Total revenues	487.51	470.41	3.64
Expenses			
Management expenses	252.11	248.34	1.52
Net claims	43.20	59.62	(27.54)
Commission paid	46.25	85.22	(45.54)
Reserve for unexpired risk	17.52	(54.65)	(132.06)
Total expenses	359.08	338.53	6.07
Profit before tax	11.50	121.88	(4.06)
Provision for gratuity & CSR	116.93	10.00	15.00
Provision for taxation	28.14	27.90	0.86
Profit after tax	88.79	93.98	(5.52)
Net Income Per Share	2.20	2.33	(5.58)

UNDERWRITING PROFIT

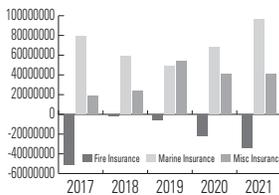
Strategy

Since Insurance is knowledge based technical profession and we take the risk of couple of thousand crore taka. The assessment and management of the risk is to manage by way of prudent underwriting. The proper claim settlement is also based on prudent underwriting. The Company has now been able to underwrite any value of sum insured by charging the most economic and competitive Premium rate ensuring maximum security at minimum cost within the frame work of existing tariff and high capacity of Re-insurance treaty made with 'A' rated overseas Re-insurers. It has become possible for the equipped technically qualified and experienced management personal. We have been trying to remain with the Insuring community in the time of need for the last two decades since inceptions.

The Management is working to improvement (at least in the near future) in level of economic and business activities in the country and our strategy will therefore continue to emphasize on -

- Customer-driven business focus;
- Financial and investment strategy based on further strengthening the balance sheet;
- Conservative and sound risk management; and Operational agility by maintaining quality leadership.

Comparative Result



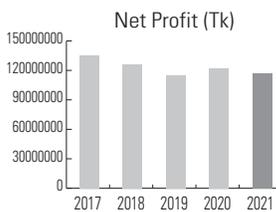
You know that underwriting profit is only the profit exactly earned from the insurance business only. It consists on the earned premium remaining after losses have been paid and administrative expenses have been deducted. It does not include any investment income. Phoenix Insurance Company Ltd. underwrites the business premium on the basis of insurance principles and code of business. We issue our underwriting documents for the interest of the customer's requirements after analysis the risk of the insurable items accordingly insurance premium charge on the basis of the insurance contract. The profit of the insurance product calculated separately on the basis of the Insurance Act. Previous five years underwriting profit presented in the below:

Name of the product	2017	2018	2019	2020	2021
Fire Insurance	(51,392,015)	(1,717,756)	(5,396,837)	(21,537,697)	(33,993,309)
Marine Insurance	79,378,759	59,394,191	49,080,633	67,647,733	95,908,686
Motor & Misc. Ins.	18,517,455	24,078,562	53,813,201	41,238,403	40,532,132
Total	46,504,199	81,754,998	97,496,996	87,348,439	102,447,508

Review of Underwritten Result

The Company has taken proper steps for maintaining the profit growth of the company specially emphasized the motor and miscellaneous insurance business. The company earned maximum profit from the marine insurance business. During the year 2021 Phoenix Insurance Company Ltd. earned an amount of TK.95,908,686 as underwriting profit. The underwriting profit has been decreased but Marine business profit have increases. Actually, huge claims have been settled during the year. Although during the year the rate of Marine Insurance Premium in the country has been decreased but we have tried to maintain the growth of the profit. We are careful about issuing any cover notes of the Insurance risk which were also more effective for collecting insurance business. The Board of Directors desires that the steady growth of underwriting profit will continue in the coming years.

Net Profit Analysis

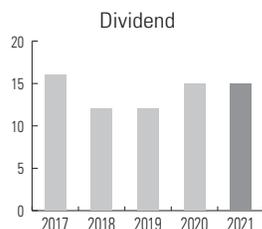


Despite difficult economic scenario, the Company has posted net profit of Tk.116,926,825 whereas it was Tk.121,885,772 in the last year. The net profit increased due to increase of other income. The year wise net profit before tax shown below:

Year	Total Profit (TK)
2017	135,196,077
2018	126,265,471
2019	115,269,990
2020	121,885,772
2021	116,926,825

Dividend

Dear Shareholders the Board of Phoenix Insurance Company Ltd. always aware about the dividend policy. Generally, Shareholders demanded maximum returns of their investment. The Company has been paying prestigious dividend consistently since the inception to fulfill the



shareholder's interest. The Board of Directors in its meeting held on 27th April 2022 recommended 15% cash dividend for the year 2021. The Board of Directors desires that shareholders of the Company will approve the recommendations of the Board in the Annual General Meeting.

Year	2017	2018	2019	2020	2021
Cash Dividend	16%	12%	12%	15%	15%

Dividend Policy

The dividend policy outlines the amount of cash that will be distributed to the shareholders every year as a dividend from the after-tax profit of the Company. The Dividend to be recommended and approved is as per applicable Acts and regulatory directives issued from time to time by the Bangladesh Securities and Exchange Commission. The details of dividend distribution policy are presented in the page no 173.

Entitlement of Dividend

Shareholders whose names shall appear in the Members Register of the Company or in the Depository Register of CDBL on the 'Record Date' of the respective year's AGM will receive entitled dividend.

Process of Distribution of Cash Dividend

Cash dividend shall be paid directly to the bank account within 15 days and not more than 30 (thirty) days from the date of approval by the Shareholders in the AGM and the date of the Board approval in case of interim Dividend subject to compliance of circulars/directives of BSEC or Bangladesh Bank or other regulatory authority from time to time.

Procedure of stock dividend distribution

The stock dividend shall be credited within 30 (thirty) days of approval subject to the clearance of the regulatory requirement.

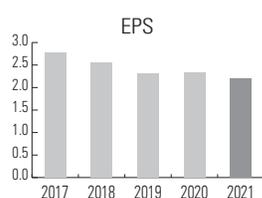
Process for settling unpaid dividends

Unpaid or unclaimed cash dividend and stock dividend shall be settled as per instructions of the BSEC or other regulatory authority from time to time.

Tax matters

Tax will be deducted at source as per applicable tax laws.

Earnings Per Share (EPS)



The portion of a company's profit allocated to each outstanding share of common stock is called generally EPS. During the year 2021 the Company's EPS is Tk.2.20 which was Tk.2.33 in the last year. EPS have been decreased due to net profit not increased during the year. Previous five years Earning per share position presented in the below:

Year	2017	2018	2019	2020	2021
EPS Per share Tk.10 each	2.78	2.56	2.31	2.33	2.20

RELATED PARTY TRANSACTIONS

Transactions with related parties are made on a commercial basis on the principle of arm's length and are done in the ordinary course of business. Details of related parties and related party transactions are described at note 34 of the Financial Statements of this Annual Report as per requirements of relevant International Financial Reporting Standards (IFRS).

DIRECTORS' DECLARATION ON THE FINANCIAL STATEMENTS

The Directors are responsible for the governance of the Company and, as part of preparation and presentation of the financial statements for the year ended 31st December 2021 of Phoenix Insurance Company Limited. The Directors confirm, to the best of their knowledge the presented information is fair and true and a declaration is present in the Page no 176 of Annual Report.

As required under the BSEC Corporate Governance Codes, the Directors further confirm that:

1. The Managing Director (MD) and Chief Financial Officer (CFO) have certified to the Board that they have reviewed the financial statements and affirmed that these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
2. The MD and CFO have certified to the Board that they have reviewed the financial statements and affirmed that 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. The MD and CFO have further certified to the Board that there are, to the best of their knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's code of conduct.

DIRECTORS RETIREMENT AND RE-APPOINTMENT

Under the Clauses No.100 of the Articles of Association of the Company; at the ordinary meeting in every subsequent year one-third of the Directors representing sponsor shareholders inclusive of co-opt directors from the time being and one-third of the Directors from public subscribers if their number is not three or a multiple of three then the number nearest to one-third shall retire from office.

Under the Clauses No.101 of the Articles of Association of the Company; the Director who retires in every year shall be those have been longest in office since their last election but as between persons who become Director on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-election. Provided that retiring sponsor, Director shall be eligible for re-election and re-elected by the sponsor shareholders while retiring Directors from public subscribers shall also be eligible for re-election and be re-elected by the public subscribers.

Under the Clauses No.102 of the Articles of Association of the Company; the Company at the General Meeting at which a director retires in manner aforesaid may fill up the valued office by electing a person thereto.

During the year, 2(two) sponsor directors passed away from us consequently Sponsor Directors are 7 and public Directors are 3. So, total number of Directors is 12 only. One-third of the Directors will be retired for re-election.

Sponsor Directors (Group-A)

According to the above-mentioned clauses of the Articles of Association of the company the following two Directors the sponsor shareholders group i.e., group "A" Directors will retire:

1. Mrs. Rokshana Begum
2. Ms. Fabiana Aziz
Nominated from Danish Milk (BD) Ltd.

Being eligible all the retiring Directors offered them for re-election.

Public Directors (Group-B)

In terms of the above provisions of the Articles of Association of the Company the following Director from among public shareholders i.e., group "B" shareholders will retire.

Due to fulfillment the tenure, Mr. Mohammed Haider Ali, Public Director retire from the Board and being eligible for re-election he offered himself for re-appointment.

It may be mentioned here that a public notification regarding to election of Directors of the Company from the public shareholders was published in two national dailies namely "The Daily Inqilab" and "The Bangladesh Today" on 26th April 2022.

AUDITORS APPOINTMENT

External Independent Auditor

The external Auditor completed the annual audit about the accounts after the appointment by the shareholders in the Annual General Meeting. With the recommendation of the Board of Directors the shareholders confirmed the appointment of the external auditor in the Annual General Meeting with remuneration of his service.

- (1) The External Auditor prepare the audit report in accordance with the International Standards on Auditing applicable in Bangladesh ensuring the provisions of the কোম্পানী আইন ১৯৯৪ (১৯৯৪ সনের ১৮ নং আইন) securities laws International Standards on Auditing and other relevant laws.
- (2) The External Auditor have ensured the compliance with the provisions/professionalisms/practices/ethics of International Standards on Auditing (ISA) applicable in Bangladesh and Bangladesh Auditing Practice Statements (BAPS) as well as Bangladesh Standards on Auditing Assurance and Ethics Pronouncements in conduction of auditing and issuing audit report.
- (3) Messer's Zoha Zaman Kabir Rashid & Co. Chartered Accountants re-appointed as external Auditor in the 35th AGM held on 11th August 2021 for auditing the Accounts of the year 2021.
- (4) Messer's Zoha Zaman Kabir Rashid & Co. Chartered Accountants offered themselves to re-appointment as Statutory Auditors in the Company for the year 2021. Under section 210 of the Companies Act 1994 the matter has presented in the Annual General Meeting to consider the appointment of Auditors and fix their remuneration under the guidelines of ICAB.
- (5) M/s. Zoha Zaman Kabir Rashid & Co. Chartered Accountants have completed 3 years annual audit of the company. So, they are not eligible for conducting audit for a consecutive period exceeding 3 years under the Order dated July 08, 2015 of the BSEC.

M/s. Malek Siddique Wali & Co. Chartered Accountants and M/s. Islam Aftab Kamrul & Co. Chartered Accountants applied for appointing as external Auditor for the year 2022 Accounts.

The Board has recommended the name of M/s. Islam Aftab Kamrul & Co., Chartered Accountants as External/Independent Auditor of the Company for the year 2022 to present in the forthcoming 36th AGM for the shareholder approval.

Compliance Auditor

Messer's T. Hussain & Co. Chartered Accountants has applied for re-appointing themselves as Compliance Auditor to check and report to the shareholders about the Corporate Governance Code of the company for the year 2022. The Board has recommended for appointing Messer's T. Hussain & Co. Chartered Accountants as Compliance Auditor and fixing their remuneration in the forthcoming 36th AGM for the shareholder approval.

Independent Scrutinizer to the 36th AGM

The Board of Directors, at its meeting dated 27th April 2022 has appointed Mawla Mohammad & Co., represented by Mr. Mawla Mohammad FCA, as the Independent Scrutinizer for the 36th Annual General Meeting (AGM) of the Company, which will be held virtually on 29th June 2022 at 2:30am. The Independent Scrutinizer shall authenticate the due process of election and detailed information of voting results, and such authenticated report shall be submitted to the BSEC within 48 (forty-eight) hours of the conclusion of the 36th AGM of the Company

CORPORATE GOVERNANCE COMPLIANCE STATEMENT

The Board of Directors of Phoenix Insurance Company Ltd. acknowledges that the Company, being a listed business entity, has a role to play in upholding the interests of all its stakeholders. Improved and advanced governance practices are indispensable ingredients for an accomplished performance. The Company believes that a nurtured governance regime is essential to success and sustainability. Accordingly, the Board of Directors and Management are pledge-bound to continue the implementation of the highest standards of governance of the Company through a culture of accountability, transparency, ethical business conduct and well-understood policies and procedures. The Board of Directors of Phoenix Insurance has always played a pivotal role in meeting all stakeholders' interests and is committed to upholding the same in the future as well. It is the responsibility of the Company Secretary, being the highest governance official in the Company, to ensure effective compliance with rules and regulations and proper timely disclosures in this respect. The details of Corporate governance of the company state in the Annual Report for shareholder information.

OTHER REGULATORY DISCLOSURES

Pursuant to the BSEC Notification on 'Code of Corporate Governance' (CG) dated 3rd June 2018, the Directors of Phoenix Insurance Company Ltd. also report that:

1. The Company is aware of its various risks and concerns. The Overall risk management has been disclosed in the page no 114 of the Annual Report.
2. All transactions with related parties have been made on a commercial basis and the details of related party and transactions have been disclosed under note 34 of the financial statements and page no 94 of the Annual Report.
3. Proper books of account of the Company have been maintained;
4. Appropriate accounting policies have been followed in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;
5. The financial statements are prepared in accordance with IAS/IFRS and any departure therefrom has been adequately disclosed;
6. The Company's IPO was made during inception. No further issue of any instrument was made during the year;
7. From inception, the financial results of the Company have continued to grow as reflected in the yearly financial statements of the Company;

8. No extraordinary gain or loss has been recognized in the financial statements of the Company;
9. No significant variations have occurred between quarterly and final financial results of the Company during 2021;
10. During the year, the Company has paid a total amount of Tk. 9,04,000/- as Board meeting attendance fees. The remuneration of Directors has been mentioned in Note 35 of the Financial Statements;
11. All significant deviations from the previous year in the operating results of the Company have been highlighted and reasons thereof have been explained;
12. The key operating and financial data for the last five years have been disclosed in the Directors' Report;
13. The Company has proposed cash dividend for the year 2021;
14. During 2021, a total of eight (8) Board meetings were held, which met the regulatory requirements in this respect. The attendance records of the Directors are shown in the page no 92 to this report;
15. Rights and interests of the minority shareholders have been duly protected by means of transparent operations and proper disclosure of material information of the Company;
16. No bonus or stock dividend has been declared as interim dividend during the year;
17. Shareholding pattern of the Company as on 31st December 2021 is shown in the page no 72 to this report; and
18. Directors' profiles have been included in the Annual Report as per BSEC Guidelines

FUTURE EXPECTATION

Speedy business growth in insurance industry at the beginning of the year 2022 simultaneously the Phoenix Insurance also started excellent at the opening of this year, but Ukraine- Russia war hit the world trade and business and day by day premium earning is going to down.

However, we are very optimistic to overcome the adverse situation and rebuild our business position and show a presentable position business at the end of the year 2022.

APPRECIATION & ACKNOWLEDGMENT

The loyalty of our patron clients has enabled us to maintain and improve our market share over a period of time. We are grateful to them for reposing their confidence in us. We acknowledge the support of our shareholders which allows us to improve our leading position in the market. Thanks are due to Government Authorities particularly Ministry of Finance, Insurance Development & Regulatory Authority, Registrar of Joint Stock Companies & Firms, Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange Ltd., Chittagong Stock Exchange Ltd., Sadharan Bima Corporation, overseas Re-insurers, Bangladesh Bank, Commercial Banks, Bangladesh Insurance Association, Bangladesh Insurance Academy, Central Depository Bangladesh Limited (CDBL) for their continued support and confidence put in Phoenix Insurance Company Limited during the year.

We acknowledge the professionalism and hard work of our development officers' staff members and executives who helped the Company to achieve its goals.

Allah Hafez.
On behalf of the Board



Mohammed Shoeb
Chairman

Dated, Dhaka
April 27, 2022