DIRECTORS' REPORT

to the Shareholders of Republic Insurance PLC

Bismillahir Rahmanir Rahim

Dear Shareholders,

As-salamu Alaikum,

The Board of Directors of Republic Insurance PLC (hereinafter 'the Company' or RIPLC) takes this opportunity to welcome you all to the 26th Annual General Meeting (AGM) of the Shareholders and present to you the Annual Report of the Company along with the Audited Financial Statements and Auditor's Report for the year ended December 31, 2025, for consideration and approval. The Audited Financial Statements were approved at the 166th Meeting of the Board of Directors held on April 29, 2026.

We have prepared this Annual Report in compliance with the Companies Act 1994, the Insurance Act 2010, and guidelines issued by the Bangladesh Securities and Exchange Commission (BSEC), the Insurance Development and Regulatory Authority (IDRA), and other regulatory authorities from time to time.

GLOBAL ECONOMIC OUTLOOK

The global economy in 2025 demonstrated moderate resilience despite persistent geopolitical tensions, tight financial conditions, inflationary pressures, and continued structural adjustments across major economies. According to the International Monetary Fund (IMF), global economic growth moderated to around 3.4% in 2025, while projections indicate growth may soften to approximately 3.1% in 2026 amid heightened uncertainty in global trade, energy markets, and financial systems.

Economic performance remained uneven across regions. Advanced economies experienced slower growth due to elevated interest rates, subdued industrial activity, and weaker consumer demand. The Eurozone and several developed economies continued to face pressure from energy market volatility and tighter monetary policies. In contrast, emerging and developing economies maintained relatively stronger momentum, supported by domestic demand, infrastructure investment, and gradual recovery in trade activities. Countries such as India, Vietnam, and several Southeast Asian economies continued to outperform the global average growth rate. Global inflation eased compared to previous years but remained a key concern for policymakers due to supply chain disruptions, geopolitical instability, and fluctuations in food and energy prices. Central banks across major economies largely maintained cautious monetary policies to balance inflation control with economic growth and financial stability. Meanwhile, rising public debt burdens, exchange rate volatility, and fragile financial markets continued to create downside risks for many economies.

At the same time, the global business landscape continued to evolve rapidly through technological transformation, digitalization, and the increasing adoption of Artificial Intelligence (AI). AI-driven investment, automation, and data analytics are reshaping industries worldwide, improving productivity and operational efficiency while simultaneously disrupting traditional business models. Businesses are increasingly focusing on resilience, innovation, and supply chain diversification in response to changing geopolitical and economic realities.

Global trade and investment flows also experienced structural realignment amid protectionist policies and geopolitical fragmentation. Ongoing conflicts in the Middle East and other regions renewed concerns regarding commodity prices, energy security, and inflation expectations, posing additional risks to the global economic outlook.

Selected Global Economic Indicators

Indicators	2022	2023	2024	2025	2026*
Global GDP Growth (%)	3.5	3.3	3.2	3.4	3.1
Advanced Economies Growth (%)	2.7	1.8	1.7	1.9	1.8
Emerging Economies Growth (%)	4.1	4.0	4.2	4.3	3.9
Global Inflation (%)	8.7	6.8	5.3	4.2	3.7
World Trade Growth (%)	5.1	2.0	2.8	3.1	3.0

*Projected figures are based on IMF World Economic Outlook estimates.

Overall, the global economy in 2025 was characterized as a period of cautious stability amid continuing uncertainty. While inflationary pressures moderated and growth remained positive, persistent geopolitical tensions, financial market volatility, climate-related risks, and structural imbalances continue to challenge

long-term economic sustainability. In this evolving environment, prudent policy management, technological innovation, and international cooperation remain essential for sustaining global economic resilience and inclusive growth.

BANGLADESH ECONOMIC OVERVIEW

The economy of Bangladesh in 2025 operated under a complex macroeconomic environment shaped by inflationary pressures, exchange-rate adjustments, tighter monetary policy, and ongoing external sector challenges. Despite these constraints, the economy remained moderate resilience, supported by steady export performance, strong remittance inflows, agricultural output, and continued infrastructure-related public investment.

Real GDP growth in FY2024–25 is estimated to have remained in the range of 5.0% to 5.8%, reflecting a slowdown from previous high-growth years. Growth was primarily driven by manufacturing—especially the ready-made garments (RMG) sector—alongside services and public development spending. However, private investment remained cautious due to high borrowing costs, liquidity constraints, and macroeconomic uncertainty.

Inflation remained a key challenge throughout 2025, averaging around 8%–10%, driven mainly by food prices, import cost pressures, currency depreciation, and supply-side bottlenecks. The elevated inflation environment reduced real household incomes and increased business operating costs, prompting continued monetary tightening by the central bank to stabilize price levels.

The Bangladeshi Taka experienced depreciation pressure against the US dollar during the year, reflecting import demand, external payment obligations, and foreign exchange reserve constraints. While depreciation supported export competitiveness, it also increased the cost of imported inputs such as fuel, raw materials, and capital machinery. Remittance inflows remained a critical stabilizing factor for external balance of payment management and currency liquidity.

On the external front, export earnings remained largely dependent on the RMG sector, which continued to perform steadily despite softer demand conditions in key global markets. Import growth remained subdued due to tighter credit conditions and foreign exchange management measures. Overall, the balance of payments position remained under pressure but showed signs of gradual stabilization supported by policy adjustments and remittance inflows.

The financial sector faced ongoing stress from liquidity constraints, higher interest rates, and rising non-performing loans, which limited private-sector credit expansion. Government borrowing remained elevated due to development spending and fiscal support measures. Equity markets showed intermittent recovery, although investor sentiment remained sensitive to macroeconomic uncertainty.

Policy measures during 2025 focused on inflation control, exchange rate stabilization, revenue enhancement, and financial sector strengthening. Structural priorities included export diversification, energy security, digital financial expansion, and infrastructure development aimed at improving long-term productivity.

From an insurance industry perspective, inflation increased claims costs across health, motor, and property segments, while currency volatility and higher reinsurance costs added to risk exposure. However, higher interest rates improved investment income from fixed-income portfolios, partially offsetting underwriting pressure.

Insurance penetration continued to grow gradually, supported by expanding financial inclusion, rising middle-income households, and increased awareness of risk protection. The sector also saw accelerating adoption of digital distribution channels, mobile financial integration, and stronger regulatory focus on governance and capital adequacy.

GLOBAL INSURANCE MARKET OVERVIEW

The global insurance industry in 2025 demonstrated steady growth despite ongoing macroeconomic uncertainty, inflationary pressure, climate-related losses, and geopolitical risks. Higher interest rates across major economies supported insurers' investment income, particularly from fixed-income securities, while rising claims costs continued to place pressure on underwriting profitability in several markets.

Global insurance premiums were estimated to exceed approximately USD 7 trillion in 2025, with both life and non-life segments contributing to overall market expansion. The non-life insurance sector experienced stronger growth momentum, supported by higher premium pricing, increased demand for health and property coverage, and continued expansion of cyber-risk and climate-related insurance products. Life insurance growth also improved gradually in several markets due to rising interest rates and increasing demand for long-term savings and protection products.

Advanced economies continued to dominate the global insurance market in terms of premium volume, while emerging markets, particularly in Asia, recorded comparatively faster growth rates driven by rising middle-income populations, urbanization, and expanding financial inclusion. Global premium growth during the year was estimated to remain within the range of 3%–5% in real terms, reflecting moderate but stable market expansion. The industry also experienced elevated catastrophe-related losses due to natural disasters, extreme weather events, and climate-related risks. Reinsurance pricing remained relatively firm during 2025 as insurers and reinsurers continued to reassess risk exposure and

capital adequacy requirements. In addition, cyber insurance demand increased significantly amid growing digitalization and rising cybersecurity threats across industries.

Technological transformation remained a major trend within the global insurance sector. Insurers accelerated investments in artificial intelligence, data analytics, digital underwriting, and automated claims management to improve operational efficiency and customer experience. Regulatory focus on solvency, sustainability reporting, climate-risk disclosure, and consumer protection also continued to intensify globally.

Looking ahead, the global insurance market is expected to maintain positive growth momentum over the medium term, supported by economic recovery, increasing risk awareness, digital innovation, and expanding insurance penetration in emerging economies. However, profitability and market stability may continue to face challenges from inflation, catastrophe losses, financial market volatility, and evolving regulatory requirements.

INSURANCE MARKET IN BANGLADESH

The non-life insurance industry in Bangladesh in 2025 was shaped by a strong regulatory push aimed at addressing long-standing issues of weak governance, mistrust, and operational inefficiencies. The sector recorded modest growth of approximately 2.5% to 2.9%, primarily driven by marine, fire, and motor insurance segments, while overall penetration remained structurally low below 0.5% of GDP, highlighting a significant protection gap in the economy.

In absolute terms, the Bangladesh insurance market is estimated to generate around USD 15.5–16 billion in gross written premiums, supported by a policyholder base of approximately 19 million individuals. Despite this scale, insurance penetration remains limited, reflecting low awareness, uneven product distribution, and persistent trust deficits among consumers.

A key structural constraint in 2025 remained the confidence gap between policyholders and insurers, driven by historical issues such as delayed claim settlements, weak underwriting discipline, and governance concerns. As a result, market expansion continues to be constrained despite strong underlying demand potential from a growing middle-income population and expanding urban economic activity.

A major development during the year was the regulatory tightening led by the Insurance Development and Regulatory Authority (IDRA). The introduction and enforcement of a "zero-commission" policy in the non-life insurance segment aimed to eliminate illegal premium rebating practices and reduce unhealthy competition among intermediaries. Full compliance by non-life insurers marked a significant shift toward greater pricing discipline and transparency in the market structure.

In parallel, IDRA initiated a series of structural reforms to strengthen the long-term stability of the sector. These included the drafting of the Insurer Resolution Ordinance, 2025, designed to address financial distress and improve orderly resolution mechanisms for weak insurers. Additionally, the proposed Actuarial Ordinance, 2025 aimed to develop institutional capacity through the establishment of a dedicated actuarial institute and standardized technical frameworks for more scientific pricing and risk assessment.

Further governance improvements included the identification of high-risk insurers for closer regulatory monitoring, the introduction of a National Core Insurance Solution for real-time digital supervision, and stronger enforcement of compliance standards across the industry. Collectively, these reforms reflect a transition toward a more disciplined, transparent, and technology-enabled insurance market structure.

Overall, while the Bangladeshi insurance sector in 2025 remained underpenetrated and structurally constrained, ongoing regulatory reforms and gradual digitalization are expected to strengthen market confidence, improve governance standards, and support sustainable long-term growth.

COMPANY'S BUSINESS ACTIVITIES AND PERFORMANCE REVIEW

In 2025, the Insurance sector of Bangladesh operated under highly challenging conditions. In this situation, Republic Insurance PLC has earned a gross premium of BDT 87.62 crore during the year.

PRODUCT-WISE PERFORMANCE OF THE COMPANY

Product-wise underwriting performance of the Company for the last five years is presented below:

Year	2025	2024	2023	2022	2021
BDT crore	87.62	88.76	100.96	83.83	74.84

The segment-wise underwriting performance of the Company for the last five years is presented below:

Amount in BDT crore

Class of Insurance	2025	2024	2023	2022	2021
Fire	33.51	32.40	38.88	30.39	28.31
Marine & Hull	40.61	42.75	47.01	39.29	34.18
Motor	4.59	4.27	5.27	4.18	3.34
Miscellaneous	8.91	9.34	9.80	9.97	9.01
Total	87.62	88.76	100.96	83.83	74.84

Fire Insurance

The Fire insurance business constitutes 38.24% of the Company's total portfolio. During the year, the Company has underwritten a gross premium of BDT 33.51 crore.

Marine and Marine Hull Insurance
The Marine and Marine Hull insurance business constitutes 46.35% of the total portfolio. The Company has underwritten a gross premium of BDT 40.61 crore during the year.

Motor Insurance
The Motor insurance business constitutes 5.24% of the total portfolio. During the year, the Company has underwritten a gross premium of BDT 4.59 crore.

Miscellaneous Insurance
The Miscellaneous class of business constitutes 10.17% of the total portfolio. During the year, the Company has underwritten a gross premium of BDT 8.91 crore.

POSITION OF PAID-UP CAPITAL AND RESERVED

Authorized Capital

The authorized capital of the Company is BDT 100 crore divided into 100,000,000 ordinary shares of BDT 10 each.

Paid-up Capital

Republic Insurance PLC increases the business volume regularly. For this, it was necessary to increase the paid-up capital size. Accordingly, the Board of Directors decided to enhance the paid-up capital every year to comply with the Insurance Development and Regulatory Authority's (IDRA) requirements. The Position of Paid-up Capital of the Company is as under:

Year	Description	Amount in BDT
2000	Sponsor's Capital	60,000,000
2008	IPO of Tk. 9 crore	150,000,000
2009	10% stock dividend	165,000,000
2010	10% stock dividend	181,500,000
2011	10% stock dividend	199,650,000
2012	12% stock dividend	223,608,000
2013	12.50% stock dividend	251,559,000
2014	10% stock dividend	276,714,900
2015	13% stock dividend	312,687,830
2016	12.% stock dividend	350,210,370
2017	12.50% stock dividend	393,986,650
2018	10 % stock dividend	433,385,310
2019	7% stock dividend	463,722,280
2020	7% stock dividend	496,182,830
2021	5% stock dividend	520,991,970
2024	5% stock dividend	547,041,569

RESERVE FUND

To protect against the risk factors of the Company, it is necessary to maintain a reasonable amount of reserve funds for the Company. We plan to build up a substantial reserve fund, so that we can meet any financial requirements from it. The position of Reserve for the last five years is as under:

Year	2025	2024	2023	2022	2021
BDT crore	53.06	48.51	43.35	36.76	34.00

CLAIMS

Republic Insurance PLC is always committed to settling insurance claims in a timely manner. Our commitment lies in ensuring customer satisfaction, as it forms the cornerstone of our company's reputation and goodwill. The Board of Directors of the Company delegates the power to the Claims Committee for settling any claim in the quickest time. During 2025, the Company paid a net amount of BDT 2.51 crore against claims, which helped the customers recover their losses. The last five years' breakdown of net claims paid is enumerated below:

Year	2025	2024	2023	2022	2021
BDT crore	2.51	2.41	5.02	2.16	1.68

RE-INSURANCE

The Company underwrites a large number of policies with a wide range of risks for various classes of insurance, which involves billions of taka. Every insurance company has limited capital, which is insufficient to cover a small percentage of catastrophic losses or a single large loss. To protect the interests of the Company as well as its policyholders, every company retains a small percentage of risk on its own account. It shifts a significant portion of risk to other reinsurance companies.

RIPLC has arranged adequate protection through a reinsurance arrangement with the state-owned Sadharan Bima Corporation (SBC). The Company has full coverage insurance and sufficient catastrophe coverage to protect against any national disaster. The Board of Directors is always aware of the customers' insurance risks and ensures the protection against its liability through reinsurance arrangements. During 2025, the Company paid reinsurance premiums to the extent of BDT 36.58 crore to protect the risk covered by the Company. Republic Insurance PLC is fully equipped with technical expertise. Our current reinsurance arrangement is well-secured to protect the interests of the Company as well as its policyholders in the event of any consequences.

EARNINGS PER SHARE (EPS)

The Earnings per Share (EPS) for the year 2025 stood at BDT 1.88 compared with BDT 1.99 (Restated) in the previous year.

INVESTMENT

Dear Shareholders, insurance is a risk management ac-

tivity primarily used as a hedge against the risk of a contingent or uncertain loss. To mitigate uncertain losses, the Company maintains an investment portfolio. On the other hand, a good investment is also a significant tool for sustaining and improving the company's profitability. Republic Insurance PLC earns significant investment profits. Due to this, the Board expects to increase the company's investment figure. Our goal is to generate higher profits from the Company's investment. For the greater interest of the Company and its Shareholders, we ensure the maximum utilization of funds, and in this connection, we have invested them appropriately. The last five years' investment breakdown of the company is presented below:

Year	2025	2024	2023	2022	2021
BDT crore	57.68	67.31	63.64	64.12	58.63

CREDIT RATING

Republic Insurance PLC has been awarded "AA+" (pronounced AA Plus) in the long term and "ST-1" in the short term, and was rated by Alpha Credit Rating (AlphaRating). The rating reflects RIPLC's established track record, improved underwriting performance, GPW, and net income. The rating is further supported by the company's improved risk absorption capacity, strengthened equity base, financial stability, and strong premium solvency ratio. The rating is, however, constrained by a decline in ROA and reserve solvency ratio, a moderate liquidity position, dependence on investment returns, and moderate systems and processes.

DIVIDEND

Dear Shareholders, it is a great pleasure for the Board of Directors of RIPLC to recommend a 10.25% cash dividend, subject to the approval of the Shareholders in the 26th AGM for each share @ BDT 10 for the year ended December 31, 2025. The Shareholders, whose names would be recorded in the 'Depository Register' on the record date, i.e., on May 21, 2026 shall be entitled to the dividend.

BOARD COMMITTEES

As per the Corporate Governance Code, 2018 issued by the Bangladesh Securities and Exchange Commission (BSEC) and the Insurer's Corporate Governance Guidelines, 2023 issued by the Insurance Development and Regulatory Authority (IDRA), the Company has five (5) mandatory Sub-Committees of the Board. In addition to the 5 (five) committees, the Board has also formed 2 (two) other sub-committees. The names of 7 (seven) Sub-committees of the Board are as follows:

01. Audit Committee
02. Nomination and Remuneration Committee
03. Investment Committee
04. Risk Management Committee
05. Policyholder Protection and Compliance Committee
06. Executive Committee
07. Claims Committee

PROFITABILITY OF THE COMPANY

Republic Insurance has consistently demonstrated profitability over the years, as evident in its statistical figures. In 2025, despite facing various macroeconomic challenges, an unfavourable environment for motor insurance, foreign currency constraints, and difficulties in opening the required letters of credit to support marine cargo insurance, we successfully limited the decline in business to only 1% compared to 2024. As the insurance business is essentially a risk-taking business and hence vulnerable to fluctuations, Republic Insurance PLC follows a conservative policy in both matters of insurance underwriting and investments to safeguard the interests of the Company in the long run.

STATEMENT OF PROFIT & LOSS AND OTHER COMPREHENSIVE INCOME

The Board of Directors is always committed to protecting the interests of our valued shareholders. Under the active guidance and supervision of the Board, the Management performs its responsibility for achieving the Company's financial goal. The Company earned a net profit before tax of BDT 13.80 crore, which increased compared to the previous year reflects that, during the year, the company was unable to earn the expected profit due to the payment of agency commission, management expenses, and the prior year's income tax provision, which significantly affected the Company's profitability. The breakup of the funds available for distribution is as follows:

Particulars	Amount in BDT crore	
	2025	2024
Net Profit Before Tax	13.80	13.17
Less: Provision for Income Tax & Deferred Tax	3.52	2.28
Net Profit After Tax	10.28	10.89
Add: Balance brought forward of previous years retained earnings	6.29	6.53
Less: Reserve for Exceptional Losses	5.10	5.33
Less: Cash dividend paid for the 2024	3.13	5.73
Less: General Reserve	0.07	0.07
Funds available for distribution	5.66	6.29

CORPORATE GOVERNANCE

Corporate governance is the system of rules, practices, and processes by which a company is operated and controlled. Corporate governance essentially involves balancing the interests of a company's various stakeholders, including shareholders, management, customers, suppliers, financiers, government, and the community. Corporate governance facilities are the rules

and regulations that enable organizations to operate in the best interest of their stakeholders. The Board of Directors firmly believes that the practice of good corporate governance is essential to ensure a disciplined and sustainable national economy. The Management strictly adheres to two fundamental principles of corporate governance, i.e., transparency and disclosure. Since the company's inception, the Board of Directors has been fully committed to building a strong and empowered management team. This helped RIPLC maintain a good corporate governance status of compliance, as per the conditions imposed by the Bangladesh Securities and Exchange Commission's Notification No. SEC/CM-MRRCD/2006-158/207/Admin/80, dated June 03, 2018, along with a certificate from a practicing Chartered Accountant, has been presented on pages 58-70 in this report.

COST OF SERVICE AND PROFIT MARGIN

The overall cost of services increased during the year. The profit margin of the Company during the year is as follows:

Particulars	Amount in BDT crore
Net Sales/Turnover/Receipts/ Premium earned	876,188,422
Less: Cost of Sales/Re-insurance premium ceded	365,755,025
Gross profit/Net premium earned	510,413,397
Add: Other operating income/Balance of fund account at the beginning of the year	272,540,023
Less: Selling & Marketing expenses/ Claims under policies lessre-insurance/ Agency commission/ Expenses of management/Balance of fund account at the end of the year	674,955,217
Less: Other operating expenses/ Insurance stamps consumed	2,132,696
Less: Financial expenses/Expenses of management/Expenses for WPPF	33,379,384
Add: Any other business income	65,528,094
Profit before Tax	**138,014,217**

REMUNERATION PAID TO DIRECTORS, INCLUDING INDEPENDENT DIRECTORS

The Company has paid BDT 12,32,000 as directors' fees to the directors, including Independent Directors, for attending committee and Board meetings in 2025, which has been mentioned in the company's profit and loss accounts. The Company has not paid any remuneration to the directors in 2025.

DIRECTORS

A. Sponsor and Shareholder Directors

In terms of the provisions of clauses 96 & 97 of the Articles of Association of the Company, the following Directors from the sponsor shareholders' group, i.e., group "A" shareholders, will retire in this Annual General Meeting (AGM):

01. Mr. Mohd. Hanif Chowdhury
02. Mrs. Shahin Haider
03. Mr. Sadeque Hossain Chowdhury

Being eligible, all the above directors have offered themselves for re-election.

Brief Resume and other information of the Directors as per clause 1.5 (xxiv) of BSEC Corporate Governance Code on 03 June 2018, disclosed in this Annual report on page 18-23.

B. Public Shareholders Directors

Under the exact provisions of the Articles of Association mentioned above, the following Directors from the public shareholders' group, i.e., group "B" shareholders, will retire in this Annual General Meeting (AGM):

01. Mr.Feroz U. Haider
02. Mr. Md. Kamrul Hassan, FCA
    Nominated by Unitex LP Gas Ltd.
03. Mr. Mohammad Abul Kalam, ndc
    Nominated by Cove Investment Ltd.

Being eligible, all the above directors have offered themselves for re-election.

As per proposal of HR Lines Ltd., Binning & Co. (BD) Ltd. and Unitex Power Plant Ltd. the Board has appointed the following Nominee Directors from public shareholders i.e group "B" Subject to approval by the shareholders at the 26th Annual General Meeting.

Name	BOID#	Shareholding position		Date of Appointment in the Board Meeting
		No. of Share	% of Share	
Mr. Arun Kumar Sarkar Nominee Director HR Lines Ltd.	1204350076927272	1,100,000	2.01%	161st Board Meeting held on 28/08/2025

Mr. Anis Ud Dowla Nominee Director Binning & Co. (BD) Ltd.	1204350075310526	1,244,016	2.27%	164th Board Meeting held on 28/12/2025
Mr. Md. Zonaid Hossen Talukder Nominee Director Unitex Power Plant Ltd.	1205200075252994	1,212,750	2.22%	164th Board Meeting held on 28/12/2025

C. Independent Directors

The 1st term tenure of Dr. Suborna Barua and Mr. Md. Shafiqul Islam, FCA as Independent Director of the Company had been completed on 17/07/2025 and being eligible, they offered themself for re-appointment. Accordingly, in compliance with Bangladesh Securities and Exchange Commission "Corporate Governance Code, 2018" the Board in its 159th Meeting of the Board of Directors recommended for re-appointment of Dr. Suborna Barua and Mr. Md. Shafiqul Islam, FCA as Independent Director for the 2nd term, subject to approval of the shareholders.

To comply with the Corporate Governance Code, 2018 imposed by Bangladesh Securities and Exchange Commission the Board of Republic Insurance PLC appointed Dr. Sadia Noor Khan as Independent Director (Female), subject to prior consent of the Bangladesh Securities and Exchange Commission (BSEC) and approval by the shareholders in the AGM. Accordingly, the BSEC had given its consent to the appointment of Dr. Sadia Noor Khan as an Independent Director in the Board of RIPLC, vide letter no. BSEC/ICA/2023/116/Part-i/03, dated: 01 January 2026.

AUDITOR'S

A. Statutory Auditors

The Company's Statutory Auditor Rahman Mostafa Alam & Co., Chartered Accountants, will retire at the 26th Annual General Meeting. Being eligible under Section 212 of the Companies Act 1994, the Auditors have expressed their willingness to continue for the year 2026 at the existing fee. The Auditors have completed their 2nd year of audit and are hence eligible for reappointment. The Board of Directors recommended for approval of the appointment of Rahman Mostafa Alam & Co., Chartered Accountants as Auditors of the Company for the year 2026 with a fee of BDT 3,85,000 (Taka three lac eighty five thousand) including VAT & Tax, subject to the approval of the shareholders in the 26th Annual General Meeting (AGM).

B. Compliance Auditor

As per Corporate Governance (CGC) Code No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018, the Board of Directors recommended the approval of the appointment of T. Hussain & Co., Chartered Accountant, as the compliance Auditor for obtaining a certificate of compliance from CGC for the year 2025 at a fee of BDT 50,000 (Taka fifty thousand) including VAT, subject to the approval of the shareholders in the 26th AGM.

C. ICGG Auditors

The Insurance Development and Regulatory Authority (IDRA) issued the Insurers' Corporate Governance Guidelines (ICGG) to be applied by insurance companies to restore corporate governance. As per condition no. 19(2) of ICGG, the Board of Directors recommended the approval of the appointment of Jasmin & Associates, Chartered Secretaries, to obtain a certificate of compliance from ICGG for the year 2026 at a fee of BDT 30,000 (Taka thirty thousand) excluding VAT, subject to the approval of the shareholders in the 26th Annual General Meeting (AGM).

LEVERAGING TECHNOLOGY

We adopt, and update necessary technologies in response to the latest industry changes. The IT department of RIPLC has successfully implemented a Wide Area Network (WAN) to connect all branch offices nationwide in real time, thereby providing seamless connectivity and prompt customer service. All branches are working under IT software. Currently, the IT system generates nearly 200 MIS reports, which enable management to make informed decisions promptly. This is achieved by controlling business procurement through the Computer Integrated Insurance System (CIIS) software and quickly accessing underwriting documents through CIIS for seamless departmental integration with Underwriting, Claims & Reinsurance, and Accounts. To date, the Company has introduced numerous IT facilities for our shareholders and customers.

We are working to develop technology-based products such as Card Protection Insurance, Online Motor Insurance, etc. in a way to settle every valid claim in a shorter period, we attempt to improve our core competency in claims management because we want to reflect in our every dealing that insurers must be the ones who are in the business of indemnifying policyholders when misfortunes do strike.

INTERNAL CONTROL AND COMPLIANCE

The Board is responsible for ensuring that an adequate and effective control system is in place. However, no system of internal financial control can provide absolute assurance against material misstatement or loss. The company's internal Control systems have been designed

to provide the directors with reasonable assurance that assets are safeguarded against unauthorized use by employees, management, and/or third parties. Transactions are authorized and correctly recorded, and material errors and irregularities are either prevented or detected within a reasonable period. An adequately designed management structure, clearly defined responsibilities, delegation of authorities, establishment of accountability at each level, and a system of periodic reporting and performance monitoring are the key elements of the internal control framework employed in RIPLC.

BOARD MEETING

The Board members sometimes review the activities of the company and decide on topics related to policy, and accordingly, monitor the Company's progress as per the Companies Act, 1994 and the Articles of Association. The Board meetings are held accordingly.

Board meetings are typically held to discuss and decide on major corporate, strategic, and operational issues, as well as to evaluate significant investment opportunities. At the meetings, the Chairperson of the Board allocate sufficient time for the directors to consider each agenda item prudently and allow them to freely discuss, inquire, and express opinions on the items of interest, so that they can fulfill their duties to the best of their abilities. During the year, 11 (eleven) meetings of the Board were held wherein policies and significant business and strategic decisions were taken. At the invitation of the Board Members, senior management personnel attended Board meetings to participate in discussions.

RELATED PARTY TRANSACTIONS

As per International Accounting Standard (IAS) 24 "Related Party Disclosures," parties are considered to be related if one of the parties can control the other party or exercise significant influence over the other party in making financial and operating decisions. The Company carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with its related parties. Related party disclosures are provided in Note 37.00.

ENTITLEMENT OF DIVIDEND

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

UNCLAIMED DIVIDEND

The BSEC has established a Capital Market Stabilization Fund (CMSF) using unclaimed or undistributed cash, stock dividends, non-refunded public subscription money, or unallotted rights shares from issuers of listed securities that they have held for more than three years. However, it has yet to demonstrate its performance in making the bourses vibrant. During the year, the company transferred an amount of BDT 4,71,276.10 to the CMSF as an unclaimed dividend for the year 2021, in compliance with the rules of the Fund.

DECLARATION ON THE FINANCIAL STATEMENTS

The Directors are responsible for the governance of the Company and, as part of the preparation and presentation of the financial statements for the year ended December 31, 2025, of Republic Insurance PLC, the Directors confirm, to the best of their knowledge, that:

(a) The financial statements, prepared by the management of the Company, which were duly scrutinized by the external auditors, present fairly its state of affairs, the result of its operations, cash flows, and changes in equity.

(b) Proper books of account of the company have been maintained.

(c) Appropriate accounting policies have been consistently applied in the preparation of the financial statements, and the accounting estimates are based on reasonable and prudent judgments.

(d) The International Accounting Standards (IAS) and/or IFRS, as applicable in Bangladesh, have been followed in the preparation of the financial statements, and any departure therefrom has been adequately disclosed.

(e) The system of internal control is sound in design and has been effectively implemented and monitored.

(f) There is no doubt, whatsoever, upon the Company's ability to continue as a going concern.

(g) The CEO and 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.

(h) The CEO 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.

(i) The CEO and CFO have further certified to the Board that, to the best of their knowledge and belief, there are no transactions entered into by the company during the year that are fraudulent, illegal, or in violation of the company's code of conduct,

(j) The declarations of the CEO and CFO of the Board of Directors are shown on page 52 in this report.

OTHER REGULATORY DISCLOSURES

Under the BSEC Notification on 'Code of Corporate Governance' (CGC) dated June 03, 2018, the Directors of RIPLC also report that:

(a) The Company is aware of its various risks and concerns. Financial risk management has been disclosed in Note 2.20 of the financial statements.

(b) All transactions with related parties have been made on a commercial basis, and the details of related parties and transactions have been disclosed under Note No. 37.00 of the financial statements.

(c) Appropriate accounting policies have been followed in the preparation of the financial statements, and the accounting estimates are based on reasonable and prudent judgment.

(d) The financial statements are prepared in accordance with IAS/IFRS, and any departure therefrom has been adequately disclosed.

(e) The Company's IPO was made in 2008.

(f) From inception, the company's financial results have continued to grow, as reflected in its yearly financial statements.

(g) No extraordinary gain or loss has been recognized in the financial statements of the Company.

(h) No significant variations have occurred between the quarterly and final financial results of the company for 2025.

(i) During the year, the company has paid a total amount of BDT 12,32,000 as Board meeting attendance fees.

(j) All significant deviations from the previous year in the Company's operating results have been highlighted, along with the reasons for these deviations.

(k) The key operating and financial data for the last five years are disclosed on page 48 of this report.

(l) The Company has proposed 10.25% cash dividend to the shareholders for the year 2025.

(m) During 2025, 11 (eleven) Board Meetings were held, which met the regulatory requirements. The attendance records of the Directors are shown on page 49 in this report.

(n) The rights and interests of the minority shareholders have been duly protected using transparent operations and proper disclosure of material information of the company.

(o) No bonus or stock dividend has been declared, nor has an interim dividend been declared during the year.

(p) statement of 'Management Discussion and Analysis' has been presented on pages 50-51 in this report.

(q) The Shareholding pattern of the Company as on December 31, 2025, is shown on page 70 in this report.

(r) Directors' profiles have been included in the Annual Report in accordance with BSEC Guidelines.

FINANCIAL STATEMENTS

The Board of Directors of Republic Insurance PLC would like to inform you that the Financial Statements containing the audited accounts for the year ended December 31, 2025, conform with the requirements of the Companies Act, 1994, IAS, and IFRS as adopted and applicable, Securities & Exchange Rules-1987 and the listing regulations of the Dhaka Stock Exchange PLC and Chattogram Stock Exchanges PLC, and believes that the financial statements reflect fairly the form and substance of all transactions carried out during the year under review and reasonably accurately present the Company's financial condition and results of its operations.

CODE OF CONDUCT FOR THE CHAIRPERSON, OTHER BOARD MEMBERS, AND CHIEF EXECUTIVE OFFICER

The Company has prepared a Code of Conduct Policy for the Chairperson, other Board members, and the Chief Executive Officer, which has been approved by the Board. The Code of Conduct for the Chairperson, other Board Members, and Chief Executive Officer is disclosed on pages 82-84 in this report.

DIVIDEND DISTRIBUTION POLICY

The dividend policy outlines the amount of cash that will be distributed to shareholders every year as a dividend from the company's after-tax profit. The dividend policy is based on balancing the value expectations of Shareholders and ensuring the availability of funds for future expansion plans. The Board of Directors of the company has approved the Dividend Distribution Policy in accordne with applicable Laws and regulatory directives issued by the Bangladesh Securities and Exchange Commission. The Dividend Distribution Policy of the Company is disclosed on pages 89-91 in this report.

NOMINATION AND REMUNERATION POLICY

The Company has prepared a Nomination and Remuneration Policy, which has been approved by the Board. The Nomination and Remuneration Policy is disclosed on pages 85-88 of this Annual Report.

RISKS AND CONCERNS

Without risk, no business can be assumed to be successful, whether it is small or large. The insurance business deals with the risks of other companies and the personal property of individuals. As a non-life

insurer, RIPLC deals with various types and numbers of risks, including underwriting risks such as fire, marine cargo and hull, motor vehicle, and miscellaneous risks like burglary, personal accident policies, engineering, and crop insurance. High risks under different scenarios are identified, assessed, and monitored through regular analysis by our specialist risk assessment team, which includes professionals from insurance and engineering. Furthermore, the main strategic risks identified by the company, as well as the high-value clientele, are regularly monitored by senior management, including any mitigating actions. Insurance risks are classified into strategic risks, underwriting risks, reinsurance risks, reserving risks, investment risks, liquidity risks, and socio-political-economic risks. Republic Insurance continuously monitors those risks and takes appropriate measures to deal with risks of high magnitude.

RISK ASSESSMENT AND MITIGATION

Republic Insurance PLC recognizes the dynamic nature of the insurance industry and the inherent risks associated with conducting business. This disclosure aims to provide stakeholders with insights into the risks faced by the company in 2025 and the corresponding strategies employed to mitigate them. The Key risks identified for the company are:

Macroeconomic Risk
The macroeconomic landscape for Bangladesh in 2025 is characterized by a fragile recovery marked by persistent inflation and deep-seated financial sector vulnerabilities. While the economy has stabilized slightly following the 2024 political transition, GDP growth is projected to remain at a decades-low range of 3.5% to 4.0% due to subdued private investment and a significant liquidity crunch within the banking system. High inflation, hovering around 9% to 10%, continues to erode consumer purchasing power, while a surge in non-performing loans reaching over 24% of total lending has severely constrained credit flow. Externally, the country faces mounting pressure from rising debt-servicing costs and potential trade disruptions, including new tariff challenges in key export markets like the United States. Furthermore, the looming 2026 graduation from Least Developed Country (LDC) status is already dampening long-term investor sentiment, making the implementation of IMF-mandated structural reforms critical for maintaining fiscal stability throughout the year.

Market volatility
The insurance industry is vulnerable to market fluctuations, which can impact investment returns and financial stability. Republic Insurance has diversified its investment portfolio, implemented risk management models, and regularly monitors market trends to make informed decisions.

Regulatory changes
Evolving regulatory landscapes can pose challenges in compliance, affecting operations and financial performance. The company maintains a dedicated regulatory compliance team to stay abreast of changes, conducts regular audits, and engages in proactive dialogue with regulatory bodies.

Cybersecurity threats
Increasing cyber threats pose risks to sensitive customer data, operational integrity, and overall business continuity. Robust cybersecurity measures, employee training programs, and continuous assessments of IT infrastructure help mitigate the risk of cyberattacks. Investments in advanced security technologies are on-going.

Underwriting Risks
Inaccurate risk assessment and underwriting may lead to substantial financial losses. RIPLC employs advanced data analytics, artificial intelligence, and machine learning algorithms to enhance underwriting accuracy. Regular training programs ensure that underwriters are updated on industry trends.

Climate change impact
Climate-related events can result in an increase in insurance claims and pose a threat to the company's financial stability. The company actively assesses and adjusts its risk exposure to climate-related events. Sustainable business practices are adopted, and partnerships with climate risk experts are established.

Financial Preparedness
Republic Insurance PLC maintains a robust financial position to address unforeseen challenges. Adequate reserves, stress testing, and scenario analyses are conducted regularly to ensure the company's ability to weather economic downturns or unexpected events.

Continuous monitoring and adaptation
Risk management is an ongoing process at Republic Insurance, with regular reviews and updates to strategies based on emerging threats and industry developments. The company remains committed to transparency and will communicate promptly with stakeholders in the event of any significant changes to the risk landscape.

RISK MANAGEMENT

An organization needs to analyze and critically comprehend the risks to which it is exposed and the potential loss associated with such risks. After obtaining a clear understanding of the risk and its consequences, management can make informed decisions about the acceptability or otherwise of those exposures. Risk management thus enables management to effectively deal with uncertainty and its associated risks, along with opportunities for capacity building. The fundamental objective of risk management is to preserve assets and earning power from potential loss or destruction.

The role of risk management in the operation of an insurance company, especially in the case of non-life insurance organizations, is of immense importance. This is because enterprises prefer to transfer their risk

to the insurer as a risk management mechanism, which is part of their overall risk management strategy. The insurer must manage the acquired risks competently to operate their business profitably, even after adequately settling claims, thereby retaining customer confidence as a trusted insurer. This presents the operational challenge for risk management on the part of a non-life insurance company, such as Republic Insurance PLC.

Business Risk
RIPLC manages its business risks arising from various underwriting policies through underwriting professionals at the branch level, with the assistance of IDRA guidelines. The Company has decentralized its underwriting functions and delegated powers to its zonal offices and branches, enabling them to render prompt, efficient, and effective services to clients. Risks associated with policies are assessed by underwriting officers of the respective branch for underwriting policies up to a specific limit of the sum insured. Beyond this limit, risk assessment of different policies is conducted by the internal Risk Inspection Team.

Insurance Risk
RIPLC mitigates this risk with the assistance of its experienced professionals, who conduct pre-insurance surveys of large and complex risks. Risk management ensures a proper understanding of the right level of risk acceptance, risk control, and risk-related expenditure. RIPLC also takes reinsurance coverage from SBC.

Human Resource Risk
We recognize that the insurance industry in Bangladesh needs to transform. Lack of frequent training from developed nations results in an information gap and underdevelopment of the sector. To retain its position as the market leader, RIPLC needs to recruit employees with relevant qualifications. Not only that, the company needs to arrange proper training both inside and outside the country for its staffs. It will help the company to cope with the latest business trend in the industry and also enable the corporation to introduce new products. All of these are expected to boost the company's business.

Market Risk
The insurance sector in Bangladesh has immense potential. The industry is likely to flourish as the country moves towards becoming a middle-income country. The government plans to expand the insurance facility to include more people. For all these reasons, the industry is very lucrative. The number of insurance companies is increasing daily. Competition among insurance companies is increasing day by day, which may significantly affect the profitability of the company.

Despite increased competition, RIPLC enables it to maintain positive revenue growth. Also, high entry and exit barriers in the industry provide comfort to the existing companies in the market against the threat of new entrants.

Regulatory Risk
Previously, insurance companies were regulated by the Insurance Act of 1938; this act was replaced by the 'Insurance Act, 2010'. The preceding act was introduced to regulate the insurance industry more strictly, protect the policyholders' interests, and establish fair and healthy competition within the industry. The government also established the Insurance Development Regulatory Authority (IDRA) as a regulatory body of the industry. IDRA closely monitors the industry and proposes draft regulations to design a more effective regulatory system. At present regulatory requirements have been introduced to make the market more reliable and uniform such as regulation on claim settlement to protect the right of policy holder and insurance companies are required to set up a special fund named as "Policyholders' Protection Fund"; For further enhancing the solvency position, paid up capital for non-life insurance companies have been raised every year. As per the circular issued by IDRA, agents will be paid a commission at a maximum rate of 15%. RIPLC has complied with the rules, regulations, circulars, and directives currently introduced by IDRA.

Interest Risk
The Volatility of the money market has a significant influence over the interest rate structure of funds held by RIPLC. Income from FDR accounts is a substantial portion of total income. Income from fixed and other deposits may decrease due to a reduction in the interest rate of commercial banks. To mitigate interest rate exposure, the company can invest in mutual funds to secure its revenue and also generate capital gains. However, this source also has its drawbacks. If the overall capital market position falls, then the performance of the mutual fund will also decline. Thus, the Company should concentrate on its core business.

Internal Control Risk
Internal control risk arises from non-compliance with rules and regulations, which ultimately hurts overall business performance. The Company's internal control system has been designed to provide directors with reasonable assurance that assets are safeguarded against unauthorized use. The Company has placed a rigorous internal control system. However, maintaining an effective internal control system is a continuous process. Therefore, management should routinely check whether the internal control system is adequate and relevant to the company's current operational process; failure to do so could disrupt operations and hamper overall profitability.

Liquidity Risk
Liquidity is the risk that a firm, although solvent, either does not have sufficient financial resources available to meet its obligations as they fall due or can secure them only at an excessive cost. The major liquidity risk confronting the company is the daily calls on its available cash resources in respect of claims arising from insurance contracts and the maturity of investment securities. Liquidity risk also refers to the ability to

buy and sell investments quickly and easily. This is a function of the size of RIPLC holdings relative to the availability of counterparties willing to buy or sell these holdings at any given time. RIPLC sets a limit on the minimum portion of maturing funds available to meet such calls to cover claims at unexpected levels of demand.

RISK REPORTING DISCLOSURE

Republic Insurance PLC (RIPLC) though cannot eliminate risks of its clientele, but through its experience of efficient risk management practice, endeavours to set forth its commitment to help its clients in loss minimization or provide advisory support for loss prevention and thus makes the client to manage a better risk to insure as well. A properly customized design of a risk management system for any enterprise necessitates complete disclosure of risk reporting, risk identification, risk control, and risk financing matters.

The basic risk-specific information that needs to be gathered and recorded is:

(a) Disclosure of risk in respect of the date and time of occurrence of the incident, along with its corresponding extent of loss;

(b) An internal enquiry report that identifies the possible cause of such an incident, measures taken to control the loss, regular safety compliance and maintenance records, etc. all of which must be documented so that proactive measures for loss prevention can be prescribed.

It is also imperative for an enterprise to ensure all environmental safety compliances, and the enterprise must not be responsible for any casualties due to any default or negligence in the construction and maintenance of its factory or office premises.

Disclosures relating to Risk reporting ensure the proper identification of physical hazards based on risk factors, analysis of appropriate measures to control risks, and, last but not least, to decide on the extent of risk financing. RIPLC, through its expert professionals, imparts awareness to clients on achieving the objectives of analyzing risk factors associated with various activities, observing how risks can impact the decision-making process, and how operational risks can be managed effectively by arranging adequate insurance protection.

Transparency is key to the existing risk management system that RIPLC always encourages its clients to maintain; risk reporting and disclosure ensure such transparency. It helps keep records to aid in proper risk inspection and thus arrange for adequate insurance protection, providing further advisory support for better risk management.

RIPLC thus ensures and encourages proper risk management of its clients, which benefits them by saving resources. The clients' time, assets, property, income, and people - all are valuable resources that can be saved if fewer claims occur. Proper risk management also ensures protecting the reputation and public image of the clientele, preventing or reducing legal liability and increasing the stability of operations; it creates awareness in protecting people from harmful events, and thereby protecting the environment by enhancing competence and efficiency by reducing liabilities, and also assisting in clearly defining insurance needs. Our concerted efforts thus help control the overall manufacturing and business environment. After all, following a loss, the economic consequences are mitigated through the mechanism of Insurance; However, we can never fully compensate for the effects of the loss on human beings, society, the country, and the world at large.

AUDITOR'S OPINION

BASIS FOR QUALIFIED OPINION

01. Material Understatement of Cumulative Gratuity Liability (Refer to Note 12.a)

Section 2(10) of the Bangladesh Labour Act, 2006, entitles employees with more than ten (10) years of continuous service to a gratuity equivalent to 45 days' wages for each completed year. The Company has not fully complied with this statutory requirement. The gratuity liability currently reported in the financial statements merely reflects the accumulated balances of provisions made over the last couple of years, not the full liability. While a provision was made during the current year based on the latest basic salaries, this adjustment appears partially corrective and fails to adequately capture the cumulative gratuity liability for prior years of service. Because the current basic salary is higher than in previous periods, the failure to retrospectively reassess and recognize the total obligation based on current salaries has resulted in a material understatement of the total provision for gratuity as at the reporting date.

Explanation: The Company has created separate Fund for administering employees' Gratuity Payment of the company under the Labour Law, 2006 during the year and making required provision for current year accordingly. Any prior periods under provision shall be adjusted in coming years.

02. **Shortfall** in Gratuity Fund (**Refer to Note 12.a**)

The financial statements report a provision for gratuity of BDT 8,417,954. However, the designated gratuity bank account (United Commercial Bank, A/C No. 024230100 0000154) maintains a balance of only BDT 709,610. This indicates a significant funding shortfall of BDT 7,708,344 against the recognized obligation.

Explanation: Required fund will be transferred to the Republic Insurance PLC Employees Gratuity Fund

gradually. Nonetheless of such transfer, the profitability or NAV will not be impacted.

03. Non-Compliance with IFRS 9 Regarding Expected Credit Loss (Refer to Note 20.e & 20.f)

Contrary to the requirements of IFRS 9: Financial Instruments (Paragraph 5.5), the Company did not immediately recognize the lifetime expected credit loss (ECL) of BDT 6,391,774 on deposit clearing and short deposits in profit or loss. Instead, pursuant to a Board resolution, the Company adopted an accounting policy to write off this loss evenly over a seven-year period. As a result, current-year expenses are understated, and assets are materially overstated.

Explanation: According to the Board of Directors' resolution, the said balance is being written off over 7 (seven) years. The written off process is continuing to current year also. As of December 31, 2025, the balance is reduced to BDT 6,391,774/- from BDT 7,989,718. The matter shall be resolved gradually.

04. Confirmation Not Received (Refer to Notes 08 & 18)

The entity reported accounts receivable from Sadharan Bima Corporation amounting to BDT 799,724,497 and accounts payable to Sadharan Bima Corporation amounting to BDT 60,545,639. We issued balance confirmation requests in respect of the reported balances; but no confirmation had been received as of the date of our audit report.

Explanation: The Company provided to External Auditors of all relevant documents and papers regarding receivable and payable with Sadharan Bima Corporation.

EMPHASIS OF MATTER

The auditors draw attention to the following matters disclosed in the financial statements.

01. Shortfall in Sponsor Shareholding (Refer to Note 3)

As per Section 21 and Schedule 1 of the Insurance Act, 2010, sponsor or entrepreneur shareholders are required to jointly hold a minimum of 60% of the Company's total paid-up capital. Currently, the sponsor shareholders hold only 41.67%, while the general public holds the remaining 58.33%. Consequently, the Company is in non-compliance with this statutory shareholding requirement.

Explanation: The Company is incorporated in the year 2000 and listed with DSE & CSE after compliance with securities and other applicable laws & regulation in the year 2009. In the year 2010, the Bangladesh Government has passed new insurance act and that act requires the sponsors and directors of the company to hold collectively at least 60% of the company's paid-up capital. As the company is listed, it is very difficult to acquire the further shares by sponsors and directors. However, the Board of Directors of the company are aware of this rule and committed to increase the holding to 60% of paid-up capital of the company gradually.

02. Non-Disbursement of Workers' Profit Participation Fund (WPPF) (Refer to Note 10)

The Company has recognized provisions for the WPPF since 2014. In accordance with Section 234 of the Bangladesh Labour Act, 2006, such balances must be disbursed to the Workers' Participation Fund, Workers' Welfare Fund, and Bangladesh Workers' Welfare Foundation Fund in an 80:10:10 ratio within nine (9) months of the financial year-end. However, the Company has withheld all such disbursements in reliance on a directive from the Bangladesh Insurance Association (BIA), vide letter ref: BIA-3(58)/2023, dated July 12, 2023.

Explanation: The Company is making provision of WPPF as Section 234 of the Bangladesh Labour Act, 2006 under prudence approach of ICAB/IASB conceptual framework. However, distribution is delayed in accordance with management decision as Bangladesh Insurance Association, vide letter no. BIA-3(58)/2023, dated: July 12, 2023, has applied, with the recommendation of IDRA to renounce the insurance companies from the making provision of WPPF as per Section 234 of the Bangladesh Labour Act, 2006. The decision in this regard is under process.

03. Statutory Lien on Fixed Deposit Receipts (Refer to Note 21)

As disclosed in Note 21 to the financial statements, three Fixed Deposit Receipts (FDRs) aggregating to BDT 15,000,000 are currently held under lien with the Insurance Development and Regulatory Authority (IDRA). This lien is maintained against the Company's paid-up capital in strict compliance with IDRA directive ref: 53.03.0000.051.48.002.24.93, dated July 28, 2024.

Explanation: As part of the regulatory requirement of IDRA, the mentioned FDRs were lien with IDRA, which is prime regulatory authority of Bangladesh to regulate the insurance companies. The above-mentioned directive imposed embargo for making lien over the making loan by the Company. The lien of 3 (three) FDRs of the Company with IDRA was not related to any credit facility.

04. Non-Compliance with Corporate Governance Code

The Company has not complied with Clause 1(2)(b) of the Corporate Governance Code, 2018 issued by the Bangladesh Securities and Exchange Commission, which requires that at least one-fifth of the Board of Directors be Independent Directors. For a Board comprising sixteen (16) directors, a minimum of four (4) Independent Directors is required. However, the current Board composition includes only three (3) Independent Directors, resulting in a shortfall.

Subsequently, the Bangladesh Securities and Exchange

Commission (BSEC), vide its letter no. BSEC/ICA/C-G/2023/116/Part-I/03 dated January 01, 2026, has accepted the appointment of a woman Independent Director to ensure compliance with the Corporate Governance Code.

Explanation: To ensure compliance with the Corporate Governance Code the Board of RIPLC had been appointed Dr. Sadia Noor Khan as Independent Director (Female) of the Company on 13 October 2025, subject to the approval from BSEC and accordingly, BSEC approved the appointment of Dr. Sadia Noor Khan as Independent Director (Female) vide letter no. BSEC/ICA /CG/2023/116/Part-I/03 dated January 01, 2026.

FUTURE PROSPECTS

The future of non-life insurance in Bangladesh for the upcoming year is defined by a paradox of strong growth potential and persistent structural hurdles. Driven by a resilient economy and a 2.46% expansion in 2024, the sector is expected to see a rise in premium income beyond the current BDT 4,339 crore mark. Growth in 2025 and 2026 will likely be anchored in massive infrastructure projects, such as the Rooppur Nuclear Power Plant and the Bangabandhu Tunnel, which necessitate specialized engineering and fire insurance. Additionally, the full-scale implementation of Bancassurance is set to be a game-changer, allowing insurers to tap into the vast rural networks of commercial banks to boost the nation's low 0.5% GDP penetration rate.

However, the upcoming year also presents significant risks that could dampen these prospects if left unaddressed. The industry continues to struggle with a critical lack of public trust, largely due to a claim settlement rate that remains alarmingly low at under 8% for many providers. Furthermore, the prevalence of "excess commissions"—where illegal rates reach up to 60%—threatens the financial solvency of several of the 46 active non-life companies. For the sector to truly thrive in the coming months, firms must lead a shift toward digital transformation and AI-driven automation to improve transparency and rebuild the credibility of the Bangladeshi insurance market.

CONCLUSION

The Board of Directors of the Company takes this opportunity to express its gratitude to the shareholders, valued clients, patrons, and well-wishers for their appreciation and continued support and cooperation. The Company is indebted to its clients, shareholders, the Government Authorities, particularly the Ministry of Finance, the Ministry of Commerce, the Insurance Development & Regulatory Authority, Registrar of Joint Stock Companies & Firms, Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange PLC., Chattogram Stock Exchange PLC., Central Depository Bangladesh Limited (CDBL), Sadharan Bima Corporation, Bangladesh Bank, Commercial Banks, Bangladesh Insurance Association and Bangladesh Insurance Forum for their continued support towards the growth of the Company. The Board of Directors also expresses its deep appreciation to management and all staff members who were called upon to face significant challenges while maintaining the highest standards of service to our clients. We thank everyone for their contribution.

We will continue to solicit the support, cooperation, and valuable advice of all stakeholders of the Company in the years to come.

May Allah bless us all.

Allah Hafez

On behalf of the Board of Directors



Dr. Suborna Barua
Chairman