

**ARGUS CREDIT RATING SERVICES LTD.  
(ACRSL)**

**Credit Rating Report**

**Provati Insurance PLC.**

## DISCLAIMER AND LIMITATION OF LIABILITY

*Any person making use of and/or relying on the rating report and all information contained therein hereby acknowledges that he has read this Disclaimer and Limitation of Liabilities and has understood it and agrees to be bound by it in its entirety. Affixing your signature below is a pre-condition for reading or otherwise using this report in part or in whole.*

ACRSL generates and publishes credit rating report(s) (hereafter the "rating(s)") as an independent OPINION as to the creditworthiness of an entity or obligor or corporate or financial entity or bank loan or facility or project finance or otherwise, in general or with regard to a specific financial obligation. ACRSL's ratings are statements of OPINION regarding credit (or repayment) risk as of the date they are expressed and are NOT statements of fact. The opinion is based on established criteria and methodologies that ACRSL continuously evaluates and updates. Ratings are inherently forward-looking and embody assumption and predictions about future events that by their nature cannot be verified as facts. Despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating is issued or affirmed. Ratings are the collective work and product of ACRSL and no individual, or group of individuals, is solely responsible for a rating; individuals are named for contact purposes only.

The rating does not address the risk of loss due to risks other than credit risk, unless such risk is categorically and specifically mentioned. A rating report providing a rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer or a corporate entity and its agents in connection with the offer or Provati Insurance PLC. of the securities or otherwise any other financial facilities including any term loan, working capital loan, project loan, SOD Facilities, guarantee, debenture or any other form of lending and facilities, and is in no way an absolute measure of risk, and should be read in conjunction with the due diligence or otherwise any other risk evaluation. The rating should not solely be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employee(s), advisor(s) and/or client(s) when making investment and other business decisions. The rating is not an investment advice or recommendation to grant financial facilities, lend, grant credit facilities, buy, sell, or hold stocks or shares, bonds, debentures in any entity or any particular security and no investment or any other decision should be made solely on the basis of a credit rating. Rather, Provati Insurance PLC. and any other users should perform their own analysis and conduct appropriate due diligence. The ACRSL ratings do not comment on the probability of default in repayment of loan, redemption of bond, enforcement of securities and collaterals, adequacy of market price, the suitability of any security for a particular investor or corporate personality, or the tax-exempt nature or taxability of payments made in respect of an entity or corporate personality or financial entity or bank loan or any financial facility or a project finance or any security or otherwise; and does not assess or indicate the likelihood of changes in the market price or value of rated entity's and financial facilities due to market-related factors, such as changes in interest rates or liquidity or otherwise; nor is it an opinion of the liquidity in the market of the user's securities and creditworthiness. ACRSL does not act as a fiduciary or an investment advisor except where registered as such. ACRSL is not engaged in the offer or Provati Insurance PLC. of any security or otherwise any financial facility. ACRSL does not provide investment advice of any sort. ACRSL does not take any responsibility of securing due and proper compliance with any contractual, regulatory, statutory obligations of concerned Banks' including repayment of loan and other credit facilities granted or to be granted by the Bank(s) to its clients. ACRSL shall not be responsible for any default or misrepresentation by the clients of under any circumstances.

ACRSL, ITS AFFILIATES, AND ANY THIRD PARTY PROVIDERS, AS WELL AS THEIR DIRECTORS, OFFICERS, SHAREHOLDERS, EMPLOYEES OR AGENTS DO NOT GUARANTEE THE ACCURACY, COMPLETENESS, AUTHENTICITY, TIMELINESS, AVAILABILITY, MERCHANTABILITY OR FITNESS FOR ANY PURPOSE OF THE RATING INFORMATION OR OPINION GIVEN OR MADE BY ACRSL IN ANY FORM OR MANNER WHATSOEVER. ACRSL is not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the rating report, or for the security or maintenance of any data provided by the user. Although care has been taken to ensure that the information provided in a report is true, such information is provided "as is" without a representation or warranty of any kind, express or implied, to any person or entity, despite the possibility of human and mechanical error as well as other factors. The rating report and all data and information contained in any report is solely provided on the basis of information, quantitative and qualitative, believed by ACRSL to be true, accurate, reliable and of satisfactory quality as derived from publicly available sources or provided by the rated entity or its agents or representatives. The Bank(s)' client for whom a rating report may be prepared and its advisers are responsible for the accuracy of the information they provide to ACRSL and to the market in offering documents and other reports. In issuing its ratings, ACRSL must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. ACRSL does not perform an audit and undertakes no duty of due diligence or independent verification of the information it receives, including but not limited to carrying out any physical verification (investigation and inspection) of any books of accounts, asset registers, and liability accounts including actual accounts payable etc. or other information received during the rating process and may, in certain cases, rely on un-audited financial data. ACRSL does not carry out individual due diligence of the shareholders of the rated entity or concern for the purpose of

Know Your Customer (KYC) or any other regulatory due diligence that is not applicable for credit rating. Regulators do not provide ACRSL access to the CIB reports of directors, shareholders, or other persons and therefore ACRSL cannot be held liable for any omission of information that may be contained in CIB relevant to the credit rating. ACRSL cannot be held liable for any errors or omissions, regardless of the cause, for the results obtained from the use of the rating report, or for the security or maintenance of any data provided by the user of the rating report. UNDER NO CIRCUMSTANCES WILL ACRSL OR ITS AFFILIATES BE LIABLE TO ANY PARTY FOR ANY SPECIAL, DIRECT, INDIRECT, INCIDENTAL, EXEMPLARY, COMPENSATORY, PUNITIVE OR COSTS, EXPENSES, LEGAL FEES OR LOSSES (INCLUDING BUT NOT LIMITED TO LOST INCOME OR LOST PROFITS AND/OR OPPORTUNITY COSTS OR LOSSES CAUSED BY NEGLIGENCE) OR CONSEQUENTIAL DAMAGES OF ANY KIND, INCLUDING BUT NOT LIMITED TO, COMPENSATION, REIMBURSEMENT OR DAMAGES ON ACCOUNT OF THE LOSS OF PRESENT OR PROSPECTIVE PROFITS, EXPENDITURES, INVESTMENTS OR COMMITMENTS, WHETHER MADE IN THE ESTABLISHMENT, DEVELOPMENT OR MAINTENANCE OF BUSINESS REPUTATION OR GOODWILL, COST OF SUBSTITUTE MATERIALS, PRODUCTS, SERVICES OR INFORMATION, COST OF CAPITAL, OR OTHERWISE AND THE CLAIMS OF ANY THIRD PARTY, OR FOR ANY OTHER REASON WHATSOEVER, IN CONNECTION WITH ANY USE OF THE RATING REPORT EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

ACRSL may receive fees from issuers, insurers, guarantors, other obligors, and underwriters or otherwise for its rating report and/or related services. Reproduction or retransmission in whole or in part of its report is prohibited except by permission. All rights of its rating report are reserved by ACRSL. No content (including ratings, credit related analyses and data, model, software or other application or output thereof) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system or otherwise, without the prior written permission of ACRSL or its affiliates, unless made available publicly or for public use. In issuing and maintaining its ratings, ACRSL relies on factual information it receives from its clients and other sources, public or otherwise that ACRSL believes to be credible. ACRSL conducts reasonable research of the factual information relied upon by it in accordance with its ratings methodology. ACRSL has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process. ACRSL's public ratings and analyses are made available on its website [www.acrslbd.com](http://www.acrslbd.com) and may be distributed through other means.

Information used herein was obtained from sources believed to be accurate and reliable. However, ARGUS Credit Rating Services Limited does not guarantee the accuracy, adequacy or completeness of any information and is not responsible from any errors or omissions or for the results obtained from the use of such information. The rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities or to finance in a project. All rights of this report are observed by ARGUS Credit Rating Services Limited. The contents may be used by the news media and researchers with due acknowledgement from ARGUS Credit Rating Services Limited.

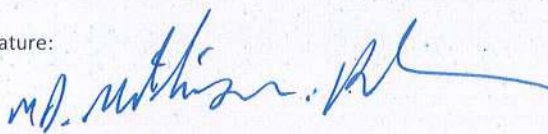
By affixing my signature below, I am hereby acknowledging on behalf of the institution and/or individuals I represent that we have read this Disclaimer and Limitation of Liabilities and have understood it and that we agree to be bound by it in its entirety in any usage of and/or in reliance on the rating report and all information contained therein.

Authorized Signature:

Name:

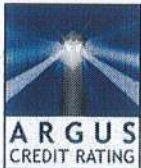
Designation:

Date:

  
**Md. Mustafizur Rahman**  
Chief Rating Officer  
ARGUS Credit Rating Services Ltd.

#### CONTACT INFORMATION

For Additional Information Please Contact:



ARGUS Credit Rating Services Limited  
6th Floor, SkyView Henolux Centre,  
3/1 Purana Paltan,  
Dhaka-1000, Bangladesh

Ref No : ACRSL44454/26  
Company Name : Provati Insurance PLC.  
Assigned Ticker : PROVATIINS  
Activity : Non-Life Insurance Business  
Incorporated On : 31 Jan 1996  
Head Office : Khan Mansion (11th Floor), 107 Motijheel Commercial Area, Dhaka-1000, Bangladesh.

Rating Type : Corporate/Entity  
Publishing Date : 13 Sep 2026  
Rating Validity : 13 Sep 2027  
Analyst(s) : ACRSL Analyst Team  
Committee(s) : ACRSL Rating Committees

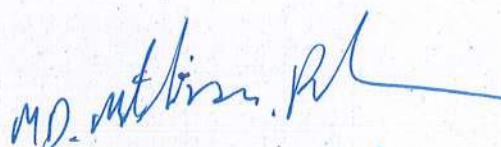
#### RATING SUMMARY

| Nature of Rating    | Long-Term | Short-Term | Outlook |
|---------------------|-----------|------------|---------|
| Second Surveillance | AAA       | ST-2       | Stable  |

#### RATING DESCRIPTION

|      |                                                                                                                                                                                         |
|------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| AAA  | <b>Long Term:</b> Highest claims paying ability. Risk factors are negligible and almost risk free.                                                                                      |
| ST-2 | <b>Short Term:</b> High claims paying ability. Protection factors are good and there is an expectation of variability in risk over time due to economic and/or underwriting conditions. |

**Rating Validity:** This validity assumes no additional loan over that disclosed in FY25 [ending December 31] audited/management certified balance sheet and that management has disclosed all material & adverse to financials since FY23.



Md. Mustafizur Rahman  
Chief Rating Officer  
ARGUS Credit Rating Services Ltd.

## EXECUTIVE SUMMARY

### Strengths:

- **Provati Insurance PLC. (PIPLC)** benefits from a strong customer base and an extensive branch network, which play a crucial role in generating stable revenue and supporting sustainable business growth. The company's ability to attract and retain clients from diverse and well-established sectors, including banks, NBFIs, garments, textiles, and food industries, significantly enhances its market resilience and brand credibility. Key captive clients, such as Walton Group, Rahmat Group, Bashundhara Group, Abdul Monem Ltd., Energypac, and Beximco Limited, further strengthen PIPLC's competitive position and contribute to revenue stability. As a result, PIPLC has steadily expanded its customer base and branch network. In FY25, this combination of a diversified client portfolio and extensive physical presence is expected to support PIPLC's operational stability and financial performance.
- **The investment yield of PIPLC has demonstrated an increasing trend over the period of FY23–FY25.** It stood at 5.73% in FY25, compared to 5.03% in FY24, representing a year-over-year (YoY) increase of 0.70 percentage points. This upward trend has been maintained over the past three years.
- **PIPLC has a high level of financial flexibility, providing a cushion against potential default.** The company has diversified revenue sources across multiple sectors and has built adequate reserves to absorb exceptional losses. These factors strengthen PIPLC's financial flexibility and provide a solid support base during periods of financial stress.

### Concerns:

- **PIPLC's gross premium and net premium growth have shown a declining trend over the last three years.** The trend deteriorated further in the latest year, with both gross and net premiums recording contraction, indicating weakening business generation and underwriting performance. The sustained decline raises concerns regarding the company's business momentum, competitive position, and operating environment.
- **PIPLC's net liabilities-to-total equity ratio demonstrated an increasing trend during FY23–FY25.** The ratio increased from 60.54% in FY23 to 65.51% in FY24 and further rose to 71.36% in FY25, indicating a gradual increase in financial leverage. On the other hand, the underwriting profit-to-premium ratio deteriorated during FY23–FY25, declining from 14.34% in FY23 to 9.91% in FY24. In FY25, the ratio further declined to 9.24%, representing a YoY decrease of 0.67 percentage points.

*no outstand. P. Khan*



## RATING RATIONALE

We, ARGUS Credit Rating Services Limited (hereafter "ACRSL"), are assigning a Long-Term rating of "AAA" and Short-Term rating of "ST-2" in favor of **Provati Insurance PLC.** (hereafter "the company", "PIPLC", or "PROVATIINS". The outlook for the rating is **Stable**.

- **Decades of industry experience and the expertise of qualified insurance technocrats have helped Provati Insurance PLC. (PIPLC) build a strong customer base.** PIPLC is one of the reputed insurance companies in the country and remains highly focused on its core insurance business. The company has a captive customer base comprising various corporate clients. Major sources of business include banks and NBFIs, garments, textiles, and food industries. Its major captive clients include Walton Group, Rahmat Group, One Group, B.N.S Group, Sheikh Brothers, Nabil Group, Uttara Group, Shanta Group, BBS Cables, Rangdhunu Group, Bashundhara Group, Abdul Monem Limited, Energy Pac, Beximco Limited, Union Group, and Kabir Group, among others. Experienced professionals, qualified insurance technocrats, and skilled personnel primarily staff the company. In addition, PIPLC has developed a network of branches across the country, operating under the direct weekly supervision of the Head Office, which has enabled the company to expand its customer reach nationwide.
- **Marine insurance recovery signals renewed growth for Bangladesh's general insurance sector in FY25.** The general insurance sector experienced mixed performance during the April-June quarter of FY25, although signs of gradual recovery were observed in marine insurance, which accounts for nearly 60% of the total business of many insurers. In FY24, the sector was severely affected by the foreign exchange (dollar) crisis, which disrupted import-export activities and resulted in a sharp decline in Letters of Credit (LCs), leading to an estimated 35%–50% contraction in marine insurance business. However, from the beginning of FY25, the revival of international trade and increased LC issuance, particularly in key sectors such as garments and manufacturing, supported a gradual recovery in marine insurance business. Looking ahead, the outlook for the general insurance sector in FY25 remains cautiously optimistic. Continued recovery in trade and overall economic activity is expected to support further growth in marine insurance as well as other non-life insurance segments. In addition, regulatory reforms, recovery in industrial output, and greater stability in the foreign exchange market could contribute to improved business stability and enhance investor confidence in the sector.
- **Provati Insurance PLC. (PIPLC) has maintained a strong balance sheet with a substantial proportion of liquid assets, providing the company with financial flexibility to meet claim obligations.** Over the last three years, PIPLC has maintained an average of 40.58% of its total assets in cash and bank balances. This indicates a sound level of liquidity and the availability of readily accessible funds to meet claim payments, which we view positively. Insurance companies are subject to various investment restrictions and regulatory requirements. Without prior approval from the Insurance Development and Regulatory Authority (IDRA), insurers are restricted from investing in certain higher-risk asset classes. Consequently, a significant portion of the premiums received by

PIPLC is maintained in banks, including through fixed deposits (FDRs), which supports the company's ability to meet claim obligations in a timely manner.

- **Cash & Bank Balance / Total Assets:** Historically, PIPLC has maintained a sufficient Cash and Bank Balances to Total Assets ratio; however, the ratio has exhibited a declining trend. During FY23–FY24, the ratio decreased from 45.74% to 39.04%. In FY24–FY25, it further declined by 2.07 percentage points year-over-year (YoY), reaching 36.96%. Overall, PIPLC's Cash and Bank Balances to Total Assets ratio decreased by 878 basis points over the three-year period.
- **Total Asset Base:** Historically, PIPLC has maintained a strong total asset base; however, the rate of asset growth has shown a declining trend over the last three years. Total assets increased from BDT 1,715.37 million in FY23 to BDT 1,794.25 million in FY24, reflecting a 4.60% YoY growth. In FY25, total assets further increased to BDT 1,861.73 million, representing a 3.76% YoY growth. Although the asset base continued to expand, the slower growth rate in FY25 indicates a moderation in asset growth.
- **PIPLC's combined ratio showed an increasing trend over the last three years and exceeded 100% in FY25, indicating a negative underwriting performance.** During FY23–FY24, the ratio increased from 93.82% to 96.87%. Subsequently, in FY25, it rose further to 102.71%, representing an increase of 5.84 percentage points. A combined ratio above 100% indicates that the company's underwriting expenses and claims exceeded its net earned premium, resulting in an underwriting loss. On the other hand, the balance of funds to total assets ratio deteriorated during FY23–FY25, declining from 20.80% in FY23 to 19.26% in FY24. In FY25, the ratio further declined to 16.71%, representing a YoY decrease of 2.55 percentage points.
- **PIPLC's claims ratio has shown an increasing trend over the past three years, rising from 35.24% in FY23 to 38.69% in FY24 and further to 43.43% in FY25.** Although the ratio remains at a moderate level, its sustained upward trend warrants close monitoring and remains a concern for the organization.
- **ACRSL Research has a positive long-term outlook on Bangladesh's Insurance sector,** a view that has driven by rising income levels, steady remittance, rapid urbanization, and expected overall economic growth.
  - **Increase in stock market exposure during this bear market would be a good strategy for long-term investment.** In this bearish trend, it is easy to buy good companies' share at a cheap price. By now, all the insurance companies have absorbed the stock market collapse. Therefore, in future, in good economic condition when economic activity will increase, the stock market is expected to get back into track and show bullish trend. Then these investments will provide good return in form of capital gain and dividend.
  - **There is a big opportunity lies ahead for the insurance companies as the population of our country are increasing day by day.** Although most of people of our country live under extreme poverty level and want to avoid insurance policy number of

potential policyholders in Bangladesh is growing with growth of the population. There is somewhat relationship between growing populations with the number of public vehicles. As we know all public vehicle must have an insurance policy. So growing population increase the motor insurance too. That is growth in population opens greater scope for every kind of insurance business that results in growing prospect for insurance companies.

- **People are now much more conscious about their safety.** Therefore, they are encouraged to take an insurance policy for making their life free from any unexpected occurrence. Increase in literacy rate is helping predominantly to create awareness among the people regarding taking insurance policy. Besides this, insurance companies are also trying to eradicate the negative attitude of people towards the insurance company by organizing various programs such as seminars, programs including social responsibilities etc.
- **Micro insurance can be a great prospective area for the insurance business in our country.** Most of the people of our country are unable to have costly and long-term insurance policies. Micro insurance provided to individual personnel or to small business owners against little insurance premiums and with easy terms and conditions. When they will afford to minimize their risks at a lower price, they will take that opportunity and they will become to get used to it. This can cover a huge portion of the society who can be a prospective target market for this business.
- **Insurance companies can usually make more profit from investment activities than from their regular insurance business.** The private insurance companies are realizing this fact and playing role in the financial market. Insurance companies are making large investment in government bonds, ICB projects and in private sector business. There are opportunities to enhance profit through effective and efficient money management by employing capable and experienced personnel. Scope of investment expansion persists in the areas leasing, housing, health and money market.
- **Insurance is not just a tool of risk coverage; it is also an attractive instrument of savings.** The mixture of risk coverage with savings gives the opportunity for innovative product designing which means service diversification. In a dynamic insurance market, one can expect to see new products promoted at regular intervals. So far, very little efforts have taken to innovative and introduce need oriented insurance services in response to existing threats. The prospect of the insurance business in various sectors that affect our economy differentiated in the following way.
- **The economy of Bangladesh is predominantly an agrarian one, with most people engage in farming and fishing.** The uncertainty of agriculture due to crop failure caused by climate variation, drought, cyclone, flood and pests affects farmer income as well as government revenue. Furthermore, in the last few years,

commercialization has occurred in some sections of the agricultural sector. Increase in investment in the agricultural sector is creating a new opportunity for insurance industry. Various agricultural insurance services are becoming common these days. Demand for insurance protection against crop loans, livestock loans, fisheries loans and equipment loans are also increasing day by day.

- **ACRSL remains concerned over the near-to-intermediate term about PIPLC's exposure to the insurance sector.** However, we have a long-term positive outlook on Bangladesh's Insurance sector, with near-to-intermediate term concerns, based on following analysis:
  - **The general insurance market is likely to remain suppressed in the near-to-intermediate term.** This is because general insurance market expansion and increase of insurance penetration in the country lies in tapping the hitherto untapped segments of the market – personal lines business that has remained neglected so far.
  - **Bangladesh was once among the poorest countries in the world and most of the people in this country live under extreme poverty level.** All of these people fight hard to earn their livelihood and are marginal in relation to the expenditure with the income. It is quite impossible for them to save some money for future need. Therefore, they are unable to give the amount to the insurer that is called as premium and regarded as safety or precautionary measures against any natural calamities or any accident. The number of people who can bear the premium to the insurance company is very few about those mentioned above. Therefore, the overall poor economic condition is creating obstacle to flourish the agro based insurance business in Bangladesh.
  - **Most of the insurance companies of our country are facing financial problems.** Recently government is trying to take initiative to close some of the insurance companies because they are not maintaining the minimum standards. They are investing their money in poor securities and business, which is vulnerable regarding getting back the money with profit. As a result, most of the insurance companies are suffering from loss years after years and for poor financial condition, the insurance companies are unable to expand their branch, which is a barrier for the growth of insurance business in Bangladesh.
  - **Growing cost of business is another problem that insurance companies are facing now a day.** They urge that government tax, house rent, utility, commission fee, stationeries are growing day by day. However, their businesses are not growing so fast with that rate. Besides this, the policyholders are not willing to pay too much premium with growing cost that is hampering the strategies of insurance companies. Therefore, they are facing difficulties in running their business efficiently.
  - **Another main problem in the country is that the media is unconcerned** to send the right message regarding different

innovative insurance product to the small businessmen. As a result, a large portion of the economy is completely unaware about the benefit of having insurance. Another problem is that the insurance company does not provide adequate information in the company's websites that can fulfill the queries of their potential small businesses and satisfy themselves to engage in insurance.

- **For small businesses, there are great number of rules and regulations, which must be compelled to take insurance.** In addition, into those rules a vast number of complexities are present there. Therefore, the small businesses are discouraged to take insurance because they think that the complexities will create extra pressure or burden on their mind that may hamper their day-to-day activities and regular business practices.

**Special Note:** At the time of publication of this credit rating report by ARGUS Credit Rating Services Limited, audited financial statements for FY23 to FY25 (ending December 31) were considered. Projections for FY26 and FY27 were developed based on subsequent events up to the reporting date, management feedback, and industry insights.

*MO. VAHEDUL KARIM*



## 1. CORPORATE PROFILE

### 1.1. COMPANY DESCRIPTION

**History:** Provati Insurance PLC. is a Bangladesh-based non-life/general insurance company engaged in underwriting various classes of general insurance business. The company was incorporated on 31 January 1996 and commenced business operations on 2 April 1996. It subsequently became a listed company, with its shares listed on both the Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) on 18 January 2010. The company changed its name from Provati Insurance Company Limited to Provati Insurance PLC., effective 20 November 2025, following approval by the Dhaka Stock Exchange. The company's founder chairman was Alhaj Moksud Ali, who was associated with the Bhaiya Group of Industries. The company subsequently expanded its branch network and insurance operations throughout Bangladesh. Its FY2025 Annual Report states that it had 61 branches, while the company's current website states 63 branches, indicating that the network has subsequently expanded. The company also introduced a digital insurance platform, e-Bima, to facilitate access to insurance services.

**Financial Base:** At the end of FY2025, PIPLC's total assets stood at BDT 1,861.73 million, while total equity increased to BDT 904.86 million, including paid-up capital of BDT 403.12 million. The company reported gross premium of BDT 1,037.72 million, underwriting profit of BDT 71.71 million and net profit after tax of BDT 69.92 million.

| Indicators                | Comments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Rating Outlook |
|---------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| Quality of Top Management | Senior management of PIPLC comprises of industry experts and highly qualified personnel with over a decade of experience in the insurance sector. Similarly, professionalism on part of management contributes to brand recognition and operational controls. Moreover, the company's senior management has sound educational, business, social and financial backgrounds and networks. In effect, management proficiency contributes to brand and operating efficiency of PIPLC that is a positive rating factor. | Positive       |
| Management Adaptation     | Senior management brings change at PIPLC by building group momentum and actively mobilizing others to initiate change. At PIPLC, management has embedded a culture for change. Such a proactive management contributes to a positive rating outlook.                                                                                                                                                                                                                                                               | Positive       |
| Management Structure      | PIPLC's upper management has instituted strict, control mechanisms and a robust infrastructural set up focused on inhibiting negative implications of conflict of interests, as well as fraud, and focused on the smooth flow of operations and the company's long-term operational efficiency. For example, PIPLC utilizes Software for risk management, finance and accounting purpose. In effect, adherence to control mechanisms                                                                               | Positive       |

| Indicators        | Comments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Rating Outlook |
|-------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
|                   | has contributed to strong internal controls and is a positive rating factor.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                |
| HR Policy         | PIPLC has a structured HR Policy covering various employment policies, including, selection and recruiting policies, compensation, leave policies, among other factors for employees at all levels of the organization. Moreover, the company's HR policy also clearly delineates the job description and job responsibilities for each of its employees. This contributes to a positive factor.                                                                                                                                                                                                                                                                                                                                                      | Positive       |
| Internal Controls | PIPLC's upper management has instituted strict, control mechanisms and a robust infrastructural set up focused on continuous risk assessment and compliance with laws and regulations. PIPLC's internal controls inhibit the negative implications of conflict of interests, as well as fraud at all levels of the organization. Similarly, the internal controls have been implemented to allow for a smooth flow of operations. Furthermore, accounting controls ensure the quality of accounting and financial information, particularly the conditions of under which the information is recorded, stored, and available. In effect, adherence to control mechanisms has contributed to strong internal controls and is a positive rating factor. | Positive       |
| Work Environment  | PIPLC's work environment fosters teamwork and collaboration. A rewarding work environment has also contributed to higher job satisfaction, motivational, and productivity. Overall, this is contributing to a positive rating factor.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Positive       |

## 1.2.SHAREHOLDING STRUCTURE

The Board consists of 10 members. The members of the Board of Directors of the Company hold very respectable position in society. They are from highly successful groups of business and industries in Bangladesh. Each member of the Board of Directors plays a significant role in the socio-economic domain of the country. The current Chairman is Mr. Alhaj Mohammed Mofizur Rahman and the Vice Chairman is Mr. Maroof Sattar Ali.

**Table 1 Nature of Ownership/Shareholding Percentage**

| Shareholders                     | Number of Shares | % of Shares |
|----------------------------------|------------------|-------------|
| Sponsors & Directors             | 12,233,286       | 30.35%      |
| General Public                   | 22,321,936       | 55.37%      |
| Company                          | 5,701,346        | 14.14%      |
| NRB (Non-Residential Bangladesh) | 46,840           | 0.12%       |

| Shareholders          | Number of Shares  | % of Shares    |
|-----------------------|-------------------|----------------|
| All Investor Accounts | 8,829             | 0.02%          |
| <b>Total</b>          | <b>40,312,237</b> | <b>100.00%</b> |

### 1.3. BOARD OF DIRECTORS

The Board of Directors of the Company comprises well-known industrialists and reputed personalities drawn from different walks of professions and vocations. The members are dedicated to the cause of Islam and are committed to build up an Islamic Insurance Institution worthy of its name:

**Table 2 Directors' shareholding are as follows**

| Name                           | Designation          | Holding %     |
|--------------------------------|----------------------|---------------|
| Al-Haj Mohammed Mofizur Rahman | Chairman             | 2.00%         |
| Maroof Sattar Ali              | Vice Chairman        | 5.47%         |
| Md. Momin Ali                  | Director             | 2.36%         |
| Shahjahan Kabir                | Director             | 2.01%         |
| Abdur Rahman Ansary            | Director             | 2.00%         |
| Pradip Kumar Das               | Director             | 5.81%         |
| Md. Habibur Rahman             | Director             | 2.01%         |
| Mohammed Saiduzzaman           | Director             | 2.01%         |
| Md. Ekram Hossain (Salim)      | Director             | 2.00%         |
| Habib E Alam Chowdhury         | Independent Director | -             |
| Kishower Amin FCA              | Independent Director | -             |
| Joarder Nowsher Ali FCA        | Sponsor              | 0.34%         |
| Mohammad Ali Talukder          | Sponsor              | 2.00%         |
| Alhaj Mohammed Ali             | Sponsor              | 2.34%         |
| <b>Total</b>                   |                      | <b>30.35%</b> |

Source: PIPLC's current shareholding position as on 01/09/2026

### 1.4. SENIOR EXECUTIVES

**Table 3 List of senior executives as follows**

| Name                                    | Designation                         |
|-----------------------------------------|-------------------------------------|
| Mr. Md. Zahedul Islam (Zahid)           | Chief Executive Officer             |
| Mr. Shakawat Hossain Mamun              | Additional Managing Director & HIAC |
| Mr. Md. Rashed Ali Khan                 | Additional Managing Director & HBD  |
| Mr. Md. Saiful Islam                    | Additional Managing Director & HAMC |
| Lt. Col. (R) Md. Faridul Alam, PPM, psc | Deputy Managing Director            |
| Mr. Mohammed Serajul Islam              | Asst. Managing Director & CFO       |
| Mr. Md. Karim Ullah                     | Asst. Managing Director & HIT       |
| Mr. Mohammad Mothaher Hossain           | SEVP & Company Secretary            |
| Mr. Mahbub-ul-Alam                      | Executive Vice President, HLA       |
| Mr. Md. Shahadat Hossain                | Sr. Vice President, HUBC            |

| Name                   | Designation                             |
|------------------------|-----------------------------------------|
| Mr. Md. Wahidur Rahman | Sr. Vice President, Head of Reinsurance |
| Mr. Belayet Hossain    | Sr. Vice President, Head of Admin       |
| Mr. Kamal Hossain      | Deputy Vice President, Head of Claim    |

## 1.5. OPERATIONS

Provati Insurance Company Limited operates through the Head Office located at Dhaka, Zonal Offices at Chattogram, Rajshahi, Khulna, Rangpur, Mymensingh, Sylhet, Barishal and 61 branches throughout the country. The company's business operations are being carried out in the following areas:

- Underwriting fire insurance
- Underwriting marine (cargo & hull insurance)
- Underwriting motor vehicle insurance
- Underwriting miscellaneous accident insurance

## 1.6. HUMAN RESOURCE MANAGEMENT

PIPLC continues to implement appropriate human resource management policies and practices to develop its employees, and to ensure their optimum contribution towards the achievement of corporate goals.

We found the company is employee friendly and efficient service rule and regulation policy. At the end of FY25, PIPLC has 1036 employees. At PIPLC, Human Resources give the organization a competitive edge in terms of knowledge and experience. PIPLC continued their policy of recruiting the best people and implementing programs to develop and retain high quality human resources.

## 1.7. MARKET SHARE

Insurance market in Bangladesh remains extremely competitive due to existence and operation of a large number of companies, incommensurate with the size of the market.

| Market Characteristics        | Comment    |
|-------------------------------|------------|
| Market Competition            | Very High  |
| Bargaining Power of Customers | High       |
| Threat of New Entrants        | Low        |
| Marketing Approach            | Aggressive |

*MO Wahidur Rahman*



## 1.8. INFORMATION TECHNOLOGY

IT has become indispensable for insurance companies in ensuring smooth operations and providing efficient service. PIPLC has experienced and trained professionals working on maintaining and developing the company's IT infrastructure. The IT professionals are constantly innovating and producing in-house programs to meet the needs of the company. PIPLC at present is using web based underwriting software, accounting software and investment software among others.

| Indicators                | Presence/Absence |
|---------------------------|------------------|
| IT Development Team       | Present          |
| Accounting Software       | Present          |
| Server and Backup Support | Present          |
| Data Security Policy      | Present          |
| Market Research Software  | Absent           |

*MO. VAHEDUZZAMAN*



## 2. FINANCIAL RISK ANALYSIS

### 2.1. OVERVIEW OF BANGLADESH'S INSURANCE SECTOR

The insurance sector in Bangladesh plays an important role in the country's financial system, comprising both life and non-life insurance segments. As of the latest available information, Bangladesh has 82 insurance companies, including 36 life insurers and 46 non-life insurers, with Jiban Bima Corporation and Sadharan Bima Corporation serving as the two state-owned insurers. The sector continues to offer significant long-term growth potential, supported by rising public awareness, increasing economic activity, expanding middle-class income, and growing demand for financial protection and risk management solutions. However, the industry continues to face challenges, including low insurance penetration, weak public confidence, delayed claim settlements, governance concerns, and regulatory and compliance issues. In 2025, the Insurance Development and Regulatory Authority (IDRA) classified 32 insurers as high-risk, highlighting financial and governance weaknesses within parts of the sector. Despite these challenges, the long-term outlook for Bangladesh's insurance industry remains positive, provided that regulatory oversight, corporate governance, claims settlement practices, customer confidence, and product innovation continue to improve.

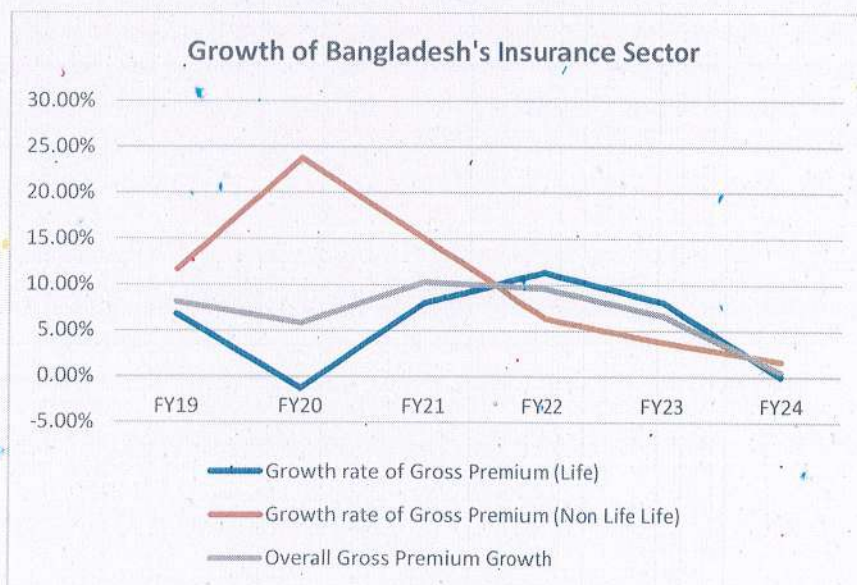


Chart 01: Growth of Bangladesh's Insurance Sector

Source: Annual Report of IDRA, ACRSL Research

Gross Premium Income (GPI) is a key indicator of an insurance company's business activity and its potential to generate underwriting profits. During FY19–FY24, Bangladesh's insurance sector experienced a mixed and gradually moderating premium growth trend across both life and non-life segments. While the sector maintained nominal growth in overall premium income, the pace of expansion weakened in recent years amid economic uncertainty, liquidity constraints, subdued business activity, and declining public confidence in the insurance industry. In 2024,

life insurance premium income declined marginally, while the non-life segment recorded moderate growth, resulting in overall premium growth slowing to approximately 7.3%. The slowdown highlights the sector's persistent structural challenges, including low insurance penetration, weak policyholder confidence, and difficulties in claim settlement. Going forward, stronger regulatory oversight, improved claim settlement practices, enhanced customer confidence, and greater insurance awareness will be critical to supporting sustainable premium growth in Bangladesh's insurance sector.

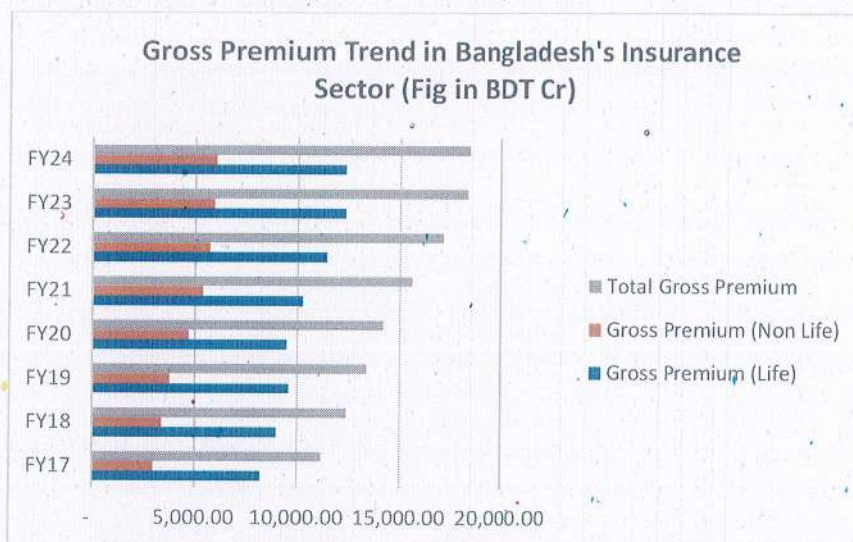


Chart 02: Gross Premium Trend in Bangladesh's Insurance Sector (Fig in BDT Cr)

Source: Annual Report of IDRA, ACRSL Research

The insurance sector in Bangladesh continued to face significant challenges in 2025, particularly in terms of claims settlement and policyholder confidence. In 2024, the country's insurance industry generated approximately BDT 18,355 crore in gross premiums, comprising around BDT 12,306 crore from life insurance and BDT 6,049 crore from non-life insurance. However, the sector's growth momentum remained subdued amid economic uncertainty, liquidity constraints, and weak consumer confidence. The claims settlement performance also remained a major concern. According to data from the Insurance Development and Regulatory Authority (IDRA), the overall claims settlement rate stood at around 57% in 2024, with the life insurance segment recording a settlement rate of approximately 65%, down from around 72% in the previous year, while the non-life insurance segment's settlement rate declined to approximately 32% from 41%. The deterioration in claims settlement has continued to weigh on policyholder confidence and remains one of the key structural challenges facing the industry. More recent data indicate that the problem persisted in 2025, with the life insurance claims settlement rate standing at 66.54% and the non-life insurance claims settlement rate at only 28.51%. By the end of March 2026, insurers had received claims worth approximately BDT 10,611 crore, of which BDT 7,779 crore, or 73.31%, remained unsettled, further highlighting the sector's persistent claims-management challenges. Therefore, while Bangladesh's insurance market retains significant long-term growth potential due to its large population and low insurance penetration, the industry's near-to medium-term outlook remains

constrained by weak claims settlement, liquidity pressures, governance concerns, and low public confidence.

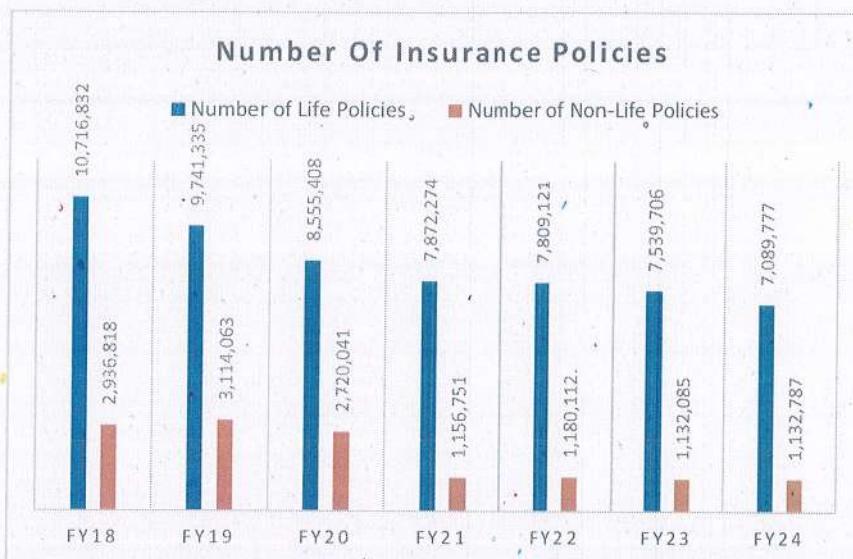


Chart 03: Number of Insurance Policies in Bangladesh

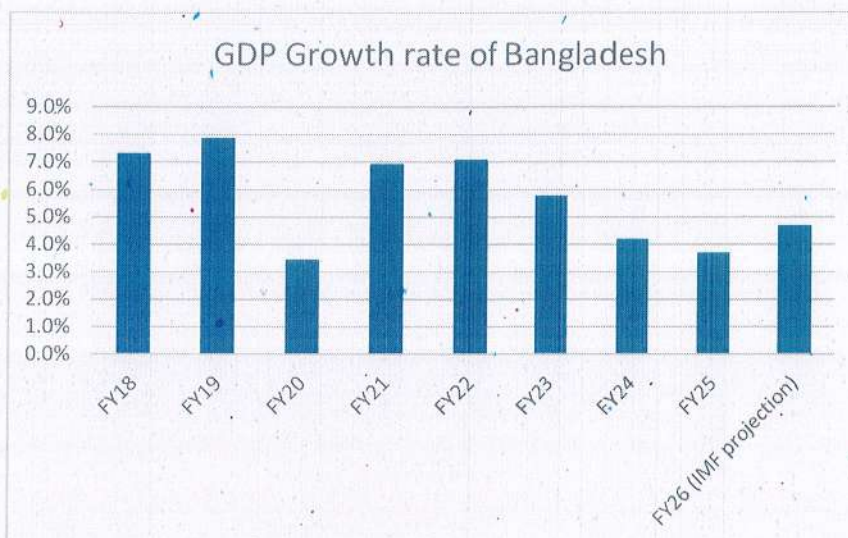
Source: Annual Report of IDRA, ACRSL Research

### Positive Opportunities for the Insurance Sector in Bangladesh

Economic growth remains an important long-term driver of Bangladesh's insurance sector, as rising economic activity supports trade, investment, employment, household income, and overall financial inclusion. Although Bangladesh maintained average GDP growth of around 6% over the past decade, growth momentum has weakened in recent years amid high inflation, subdued private investment, financial sector vulnerabilities, and external and domestic economic pressures. According to the Asian Development Bank (ADB), Bangladesh's economy grew by approximately 3.7% in FY2025-26, reflecting weak exports, subdued private investment, and supply-side constraints, although resilient domestic demand provided some support. Looking ahead, ADB forecasts GDP growth to improve moderately to around 4.5% in FY2026-27, while the International Monetary Fund (IMF) projects a somewhat stronger recovery of 4.7% in FY2025-26. A gradual recovery in economic activity, together with improvements in investment, employment, and household purchasing power, could support the long-term expansion of insurance penetration and premium income. However, persistent inflation, banking sector vulnerabilities, energy supply constraints, and macroeconomic uncertainties may continue to limit near-term growth in the insurance sector. Overall, the economic outlook remains cautiously positive for the Bangladeshi insurance industry over the medium to long term, provided that macroeconomic stability and structural reforms continue to improve.

*no data from IDRA*

ARGUS CREDIT RATING SERVICES LTD.  
Dhaka, Bangladesh

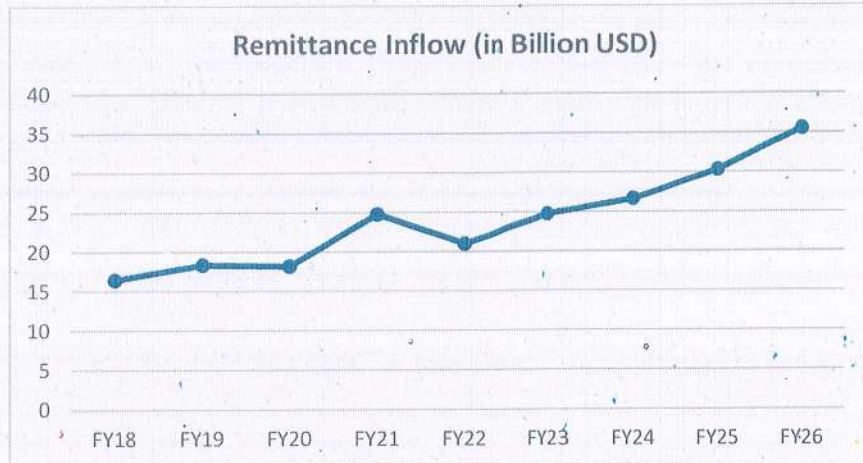


Source: BBS, ACRSL Research

The rising income levels in Bangladesh continue to provide a supportive foundation for the growth of the insurance industry. According to the latest data from the Bangladesh Bureau of Statistics (BBS), Bangladesh's per-capita income stood at approximately US\$2,769 in FY25, while the provisional estimate for FY26 has increased to around US\$3,020. The continued rise in per-capita income reflects the country's long-term economic development and, despite prevailing inflationary pressures, may gradually strengthen households' capacity to allocate funds toward financial protection and long-term savings products, including insurance. The expansion of the middle-income population also presents a significant opportunity for the insurance sector, as rising household incomes and greater financial awareness can support demand for life, health, and other insurance products. However, the size of Bangladesh's middle class varies considerably across studies due to differences in definitions and measurement methodologies; therefore, it is more appropriate to view the gradual expansion of the middle-income segment as a potential long-term driver of insurance penetration rather than rely on a single population estimate. Furthermore, strong remittance inflows continue to support household income and financial resilience. Bangladesh recorded workers' remittance inflows of approximately US\$30.3 billion in FY25, according to IMF data, underscoring the growing importance of remittance income to the domestic economy. Higher remittance receipts can strengthen household purchasing power and savings capacity, potentially creating greater demand for insurance and other formal financial products. Overall, the combination of rising per-capita income, gradual middle-class expansion, and robust remittance inflows is expected to remain supportive of the long-term development of Bangladesh's insurance sector, although affordability constraints, inflation, and low insurance awareness remain key challenges.

*MO. AHMED RASHID*





Source: BB, ACRSL Research

#### **Bancassurance is a Positive Initiative for the Insurance Industry in Bangladesh.**

Bancassurance (a partnership between an insurance company and a bank where the bank sells insurance products) presents specific growth opportunities in Bangladesh's insurance sector and can result in mutual benefits for banks, insurers, customers and regulators. Banks usually have the preexisting technological and human resources to provide the best customer services. Thus, it is likely to be more convenient for customers to, for instance, pay premiums and repay cash loans backed by life insurance policies from their banks' ATMs. Customers could also benefit from more customized product suites, including overdraft insurance, depositors' insurance and loan-bundled insurance. Further, decreased costs of insurance for insurers are likely to lower premium rates, making insurance more accessible to customers. Insurers may develop new financial products in collaboration with their bank partners. In Bangladesh, it has been found that customers tend to trust banks more than they trust insurance agents. Through continued innovation and support, this model can play a vital role in the country's economic development.

#### **Favorable Initiatives in Insurance Sector Reforms in Bangladesh**

Bangladesh has undertaken several reforms in its insurance sector to enhance stability, promote growth, and improve accessibility. These reforms aim to strengthen the regulatory framework, increase competition, and foster a more inclusive financial environment. Here are some key initiatives aimed at reforming the insurance sector in Bangladesh.

- **Regulatory Framework Enhancement:** The Insurance Development and Regulatory Authority (IDRA) was established to oversee and regulate the insurance sector. This independent authority aims to ensure fair practices, protect policyholders' interests, and enhance overall industry standards.
- **Licensing and Capital Requirements:** Revisions in licensing procedures and increased capital requirements for insurance companies have strengthened the financial foundation of the industry. These measures help ensure that companies are adequately capitalized to meet their obligations.
- **Product Diversification:** Encouraging the development of new insurance products, including crop insurance, micro insurance, health insurance, and

agricultural insurance, has expanded market offerings. This diversification addresses the specific needs of various customer segments.

- **Digital Transformation:** The adoption of technology in the insurance sector, such as online policy issuance, digital claims processing, and mobile applications, has improved customer experience and operational efficiency. This shift has made insurance products more accessible to a broader audience.
  - **Focus on Financial Inclusion:** Reforms targeting underserved populations, including low-income individuals and rural communities, have led to the introduction of micro insurance products. These initiatives aim to make insurance more affordable and accessible.
  - **Consumer Education and Awareness:** Initiatives aimed at educating consumers about insurance products and their benefits have been implemented. Increased awareness helps to build trust and encourage more people to invest in insurance.
- Public-Private Partnerships:** Collaboration between the government and private insurers has been promoted to enhance coverage in critical areas such as health and disaster management. These partnerships leverage resources and expertise to address public needs effectively.

#### Challenges in the Insurance Sector in Bangladesh

**Direct Impact of High Headline Inflation on the Insurance Sector:** Higher Headline Inflation results lower disposable income, which may decrease the demand for insurance products. However, it will cost higher claims cost and unfavorable for underwriting profitability. The point-to-point inflation data from July 2024 to June 2025 reveals a concerning trend with a significant spike in July 2025, followed by a gradual decrease. The inflation rates during this period are significantly higher than typical target rates.

The current macroeconomic environment in Bangladesh presents both challenges and opportunities for the insurance sector. While steady economic growth and a rising middle class create positive growth prospects, higher interest rates, elevated headline inflation, recent political uncertainty, and lower domestic credit growth pose significant challenges for the industry.

| Indicators        |   | Life insurance                                                                                                                                                                                                                                                                                      |   | Non-Life Insurance                                                                                                                                                                                                                                              |
|-------------------|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Higher GDP Growth | ↑ | <ul style="list-style-type: none"> <li>Positive impact, as it results in higher income levels and in turn, potentially increased demand for life products.</li> <li>Higher premiums contribute to improved underwriting results, assuming claims grow at a slower pace than the premium.</li> </ul> | ↑ | <ul style="list-style-type: none"> <li>Higher economic activity increases the demand for insurance, especially for commercial line covers.</li> <li>Higher income levels increase demand for personal lines such as motor and homeowners' insurance.</li> </ul> |

|                                                              |   |                                                                                                                                                                                                                                           |   |                                                                                                                                                                                                                                                           |
|--------------------------------------------------------------|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Higher Interest Rate                                         | ↑ | <ul style="list-style-type: none"> <li>Higher investment income supports profitability</li> <li>Increased demand for savings product, due to higher rate.</li> </ul>                                                                      | ↑ | <ul style="list-style-type: none"> <li>Higher investment income supports profitability.</li> </ul>                                                                                                                                                        |
| Higher Headline Inflation                                    | ↓ | <ul style="list-style-type: none"> <li>Direct negative impact, as higher inflation results lower disposable income which decreases demand for insurance products.</li> </ul>                                                              | ↓ | <ul style="list-style-type: none"> <li>Higher inflation will cost higher claims cost, unfavorable for underwriting profitability.</li> </ul>                                                                                                              |
| Political Uncertainty                                        | ↓ | <ul style="list-style-type: none"> <li>Political uncertainty has a direct and multifaceted impact on the insurance industry. It can lead to regulatory changes, affect investment strategies, and influence consumer behavior.</li> </ul> | ↓ | <ul style="list-style-type: none"> <li>Higher Political uncertainty directly and significantly affects the insurance industry in various ways. It can result in regulatory changes, impact investment strategies, and shape consumer behavior.</li> </ul> |
| ↑ = Positive impact, ↓ = Negative impact, ↔ = Neutral Impact |   |                                                                                                                                                                                                                                           |   |                                                                                                                                                                                                                                                           |

Source: Swiss Re Institute, ACRSL Research

*MD. WAHED UDDIN*



## 2.2. MACROECONOMIC PERFORMANCE

**Outlook:** Real GDP growth in Bangladesh remained subdued in FY26, with the economy estimated to have grown by around 3.7 percent, reflecting weak private investment, subdued export performance, supply-side constraints, and continued vulnerabilities in the financial sector. Growth is expected to recover gradually to around 4.5 percent in FY27, supported by improved domestic demand and a gradual stabilization of the macroeconomic environment. However, elevated inflation, high interest rates, weak revenue mobilization, banking-sector stress, and energy supply constraints are likely to continue weighing on private-sector investment and overall economic activity. Inflation also remains a key concern, with consumer price pressures expected to stay elevated at around 9.0 percent in FY26 and 8.8 percent in FY27, partly reflecting higher energy and food costs and persistent supply-side pressures.

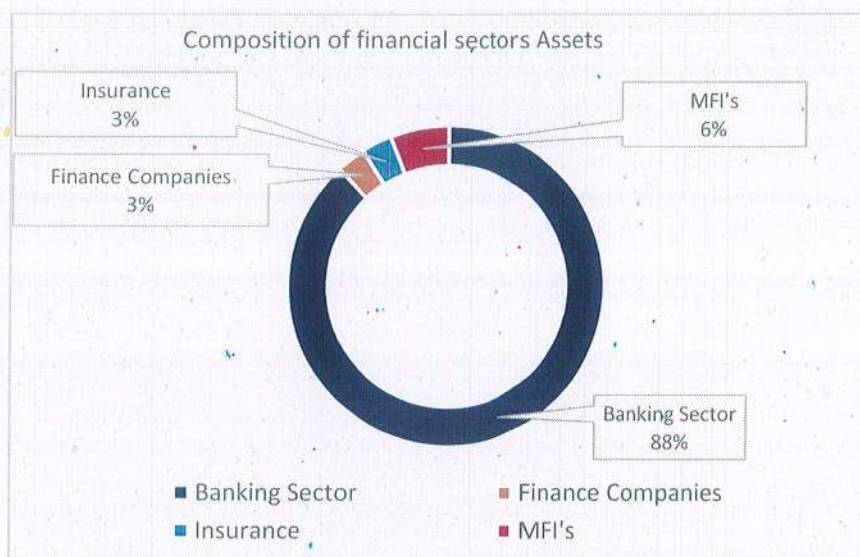
The external sector has shown signs of improvement, supported by strong remittance inflows, a more flexible exchange-rate regime, and the rebuilding of foreign-exchange reserves. Nevertheless, external vulnerabilities remain due to weak global demand, export concentration, low foreign direct investment, and potential increases in global energy and import costs. Fiscal pressures also remain significant, driven by weak tax revenue mobilization, elevated interest and subsidy costs, and limited fiscal space, while financial-sector vulnerabilities continue to pose a downside risk to macroeconomic stability. Looking ahead, the pace of economic recovery will depend heavily on the successful implementation of structural reforms, particularly those aimed at strengthening revenue collection, restructuring the banking sector, improving governance, supporting private investment, and maintaining exchange-rate and fiscal discipline.

### Overview of Bangladesh's financial Sectors

Bangladesh's financial system comprises four major segments that collectively support the country's economic and financial activities: the banking sector, non-bank financial institutions (NBFIs), the insurance sector, and microfinance institutions (MFIs). The banking sector remains the dominant component of the financial system, playing a central role in deposit mobilization, credit intermediation, payment services, and overall financial stability. NBFIs complement the banking sector by providing specialized financial services, including leasing, investment, housing, and term financing. The insurance sector contributes to risk management, financial protection, and long-term savings mobilization, while MFIs play a significant role in promoting financial inclusion by extending financial services to low-income and underserved, particularly rural, communities. Overall, Bangladesh's financial system remains predominantly bank-based, with NBFIs, insurers, and MFIs serving as important complementary institutions that broaden access to finance and support economic development.

*no outstan. p/b*



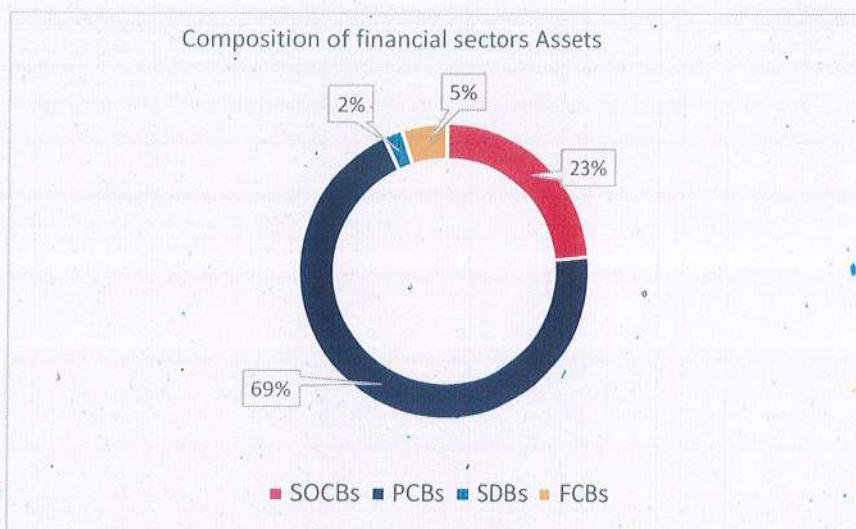


Source: Bangladesh Development Update, WB

**Bangladesh's financial landscape remains heavily concentrated in the banking segment.** At the end of June 2025, total banking-sector assets stood at approximately BDT 27.76 trillion, equivalent to 50.45 percent of GDP. The banking sector continues to dominate the country's financial system, accounting for around 90 percent of total financial-sector assets, according to the latest World Bank assessment. The banking sector comprised 63 scheduled banks under Bangladesh Bank's regulatory framework, including 6 state-owned commercial banks (SOCBs), 3 specialized development banks (SDBs), 43 private commercial banks (PCBs)—of which 33 are conventional and 10 are full-fledged Islamic banks—and 9 foreign commercial banks (FCBs), along with one digital commercial bank that had not yet commenced commercial operations. Private commercial banks remained the dominant banking group, accounting for 69.44 percent of total banking-sector assets at end-June 2025, followed by state-owned commercial banks with 23.42 percent. Specialized development banks and foreign commercial banks accounted for the remaining share. In addition to banks, Bangladesh had 35 finance companies and 693 microfinance institutions at end-December 2025, although their combined asset base remains considerably smaller than that of the banking sector. The capital market remains relatively shallow compared with the banking sector, although its size relative to GDP is higher than previously reported. At June 2025, the Dhaka Stock Exchange's market capitalization stood at approximately US\$53.95 billion, equivalent to 11.55 percent of GDP, while the ratio stood at 11.71 percent at December 2025. Despite this improvement, the financial system remains predominantly bank-oriented, with capital-market financing playing a comparatively limited role in overall financial intermediation.

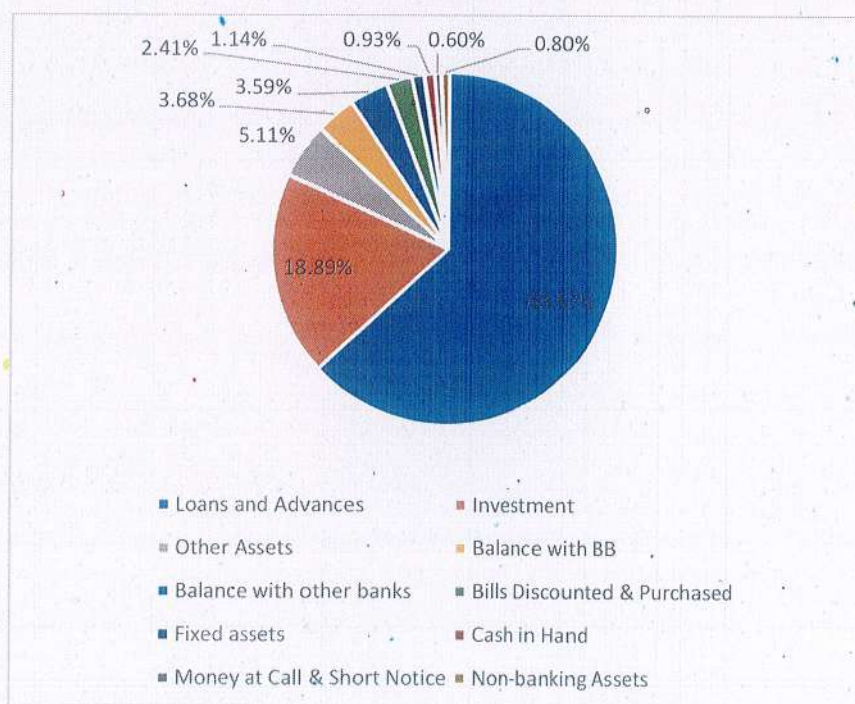
MO. AHMED RASHID





Source: Bangladesh Development Update, WB

The banking sector of Bangladesh has continued to play a central role in financial intermediation by mobilizing deposits and channeling funds to key sectors of the economy, including industry, trade, construction and agriculture. Although credit growth moderated during FY2025, total loans and advances increased to Tk. 1,734.2 thousand crore from Tk. 1,597.1 thousand crore in FY2024, representing an annual growth of 8.6%. At the same time, the banking sector experienced a notable shift in its asset composition, with greater emphasis on investment in government securities.



Source: Bangladesh Bank, Quarterly Financial Stability Assessment Report, January–March 2025.

MD. ANSARUL KARIM  
ARGUS CREDIT RATING SERVICES LTD.  
Dhaka, Bangladesh

As shown in the figure below, loans and advances remained the largest component of the banking sector's balance sheet, accounting for approximately 64.89% of total assets in 2025, compared with 66.37% in 2024. Total investments increased to 20.97% from 18.33%, reflecting increased investment in government securities. Consequently, loans and investments jointly represented approximately 85.86% of total banking-sector assets in 2025, highlighting the continued importance of credit and investment activities in banks' asset allocation. The remaining portion consisted of cash and balances with Bangladesh Bank and other banks, fixed assets, bills purchased and discounted, and other assets. The declining share of loans alongside the rising share of investments indicates a gradual shift in banks' asset allocation toward securities, particularly government securities, while maintaining lending as the core component of banking operations.

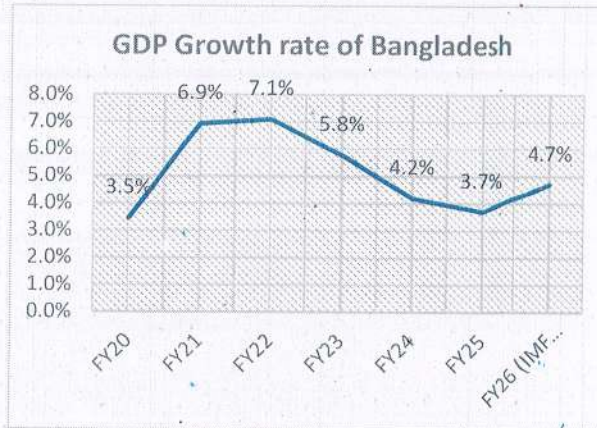
**Bangladesh's Economy is expected to grow moderately, in the midst of Global Economic Slowdown.**

Bangladesh is undergoing a period of economic and political transition. The economy continues to face significant challenges, including elevated inflation and vulnerabilities within the financial sector. Private and public investments have stalled and industrial growth moderated. The interim government, led by Dr. Mohammad Yunus, has implemented several measures to stabilize the banking sector and the broader economy. Various commissions, committees, and task forces have been established to propose reforms in critical areas such as the economy, judiciary, constitution, election system, public administration, police, and anti-corruption efforts. Most of these committees have submitted their reports, including the White Paper Committee (which examined the economic fault lines of the past decade) and the Task Force on Strategizing the Economy (which provided policy recommendations for all key sectors). However, the major reforms proposed by these committees have yet to be realized. The law-and-order situation remains unsettled. Political uncertainty persists despite the announcement of the election date between December 2025 and June 2026. Despite the moderation in growth, the economy exhibited progress in several areas. External sector pressures have apparently eased, with robust growth in remittance inflows and exports bolstering the current account balance. The financial account benefited from the disbursement of budget support by development partners. Consequently, the BoP deficits narrowed, and the depletion of foreign exchange reserves have eased. Although inflation remains elevated, it has shown signs of decline in recent months. Interest and exchange rates have become more market-determined compared to previous years. Despite existing vulnerabilities in the banking sector, BB's intervention including liquidity provision have stabilized some weak banks while progressing with key reforms.

*mo. shahin. ahmed*



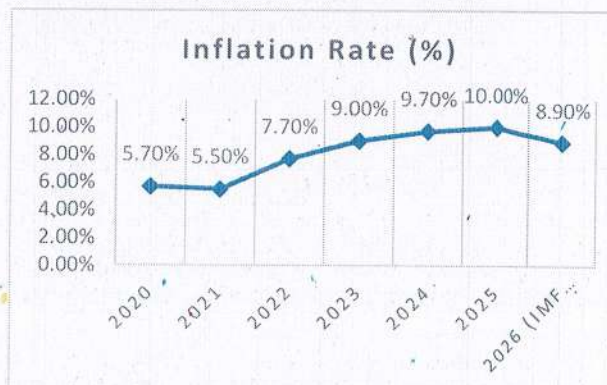
**Economic Growth:** Over the period from FY2020 to FY2025, Bangladesh's economic growth followed a pattern of pandemic-induced slowdown, strong post-pandemic recovery, and subsequent deceleration amid mounting macroeconomic pressures.



In FY2020, GDP growth declined to 3.45% as the COVID-19 pandemic disrupted domestic economic activity, production, global trade, and investment. The economy subsequently rebounded strongly, with GDP growth reaching 6.94% in FY2021 and 7.10% in

FY2022, supported by the reopening of economic activities, recovery in export-oriented industries—particularly the ready-made garments (RMG) sector—and resilient domestic demand and remittance inflows. However, growth momentum weakened from FY2023 onward, with GDP growth moderating to 5.78% in FY2023, 4.22% in FY2024, and further to 3.49% in FY2025. The recent slowdown reflects persistent inflationary pressures, tighter monetary and fiscal policies, foreign exchange market constraints, subdued private investment, and broader macroeconomic uncertainties. Overall, Bangladesh's economy has transitioned from a strong post-pandemic recovery phase to a period of slower growth and macroeconomic adjustment, highlighting the need for structural reforms, improved investment conditions, and greater macroeconomic stability to restore higher and more sustainable growth in the medium term.

**Inflation:** Bangladesh maintained a relatively stable inflation environment during much of the period from FY2016 to FY2021, with annual average inflation generally remaining around 5–6%.

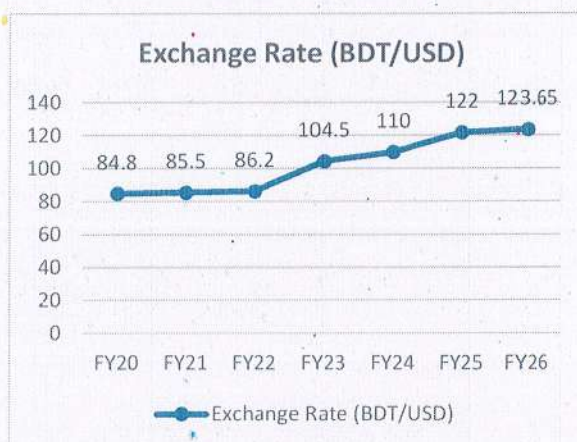


However, inflationary pressures intensified significantly from FY2022 onward, driven by global commodity price shocks, supply-chain disruptions, higher import costs, and the depreciation of the Bangladeshi Taka. Average consumer

price inflation increased to 9.0% in FY2023 and 9.7% in FY2024, before reaching approximately 10.0% in FY2025, according to the International Monetary Fund (IMF). Although inflation moderated from its earlier double-digit levels during parts of FY2025, price pressures remained persistent. In FY2026, inflation has continued to pose a significant challenge, with Bangladesh Bank reporting headline inflation of

9.42% in May 2026, while the IMF projects average consumer price inflation at around 9.2% for 2026. The persistence of elevated inflation reflects continued cost pressures, exchange-rate effects, and broad-based price increases across the economy. Consequently, maintaining a restrictive monetary policy stance, strengthening supply-side measures, and pursuing prudent fiscal management remain important for containing inflationary pressures and restoring macroeconomic stability.

**Exchange Rate:** During FY2020 to FY2026, the Bangladesh Taka (BDT) experienced a significant overall depreciation against the US Dollar (USD), reflecting persistent external-sector pressures and foreign exchange market adjustments.



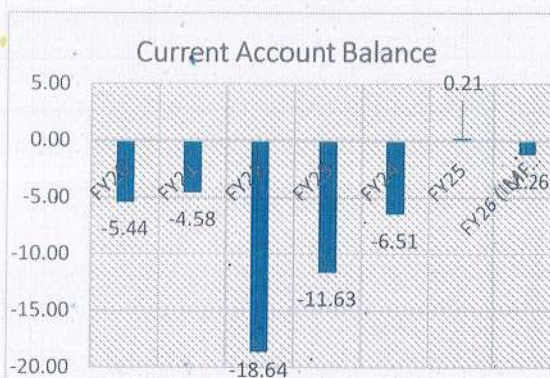
The exchange rate remained relatively stable at around BDT 85 per USD during FY2020 and FY2021. However, depreciation pressures intensified from FY2022, with the exchange rate rising to above BDT 100 per USD in FY2023 and further to approximately BDT 118 per USD in FY2024. In FY2025, the

Taka weakened further, with the exchange rate reaching around BDT 120–123 per USD. During FY2026, the exchange rate remained broadly stable within the BDT 122–123 per USD range, supported by improved balance-of-payments conditions and easing pressure on the foreign exchange market, although the currency remained significantly weaker than its pre-FY2022 level. Overall, the substantial depreciation of the BDT over the period reflects the impact of elevated import costs, foreign exchange liquidity pressures, external payment imbalances, and global economic disruptions. The stabilization observed in FY2026 indicates some improvement in foreign exchange market conditions; however, continued prudent foreign reserve management, exchange-rate flexibility, and macroeconomic policy coordination remain important for maintaining external-sector stability.

*no outstand. Pdm*



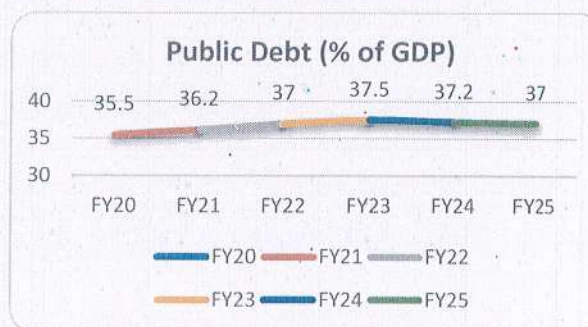
**Current Account Balance:** Bangladesh's current account balance experienced significant volatility but showed a notable improvement between FY20 and FY25.



The external position deteriorated sharply in FY22 amid elevated global commodity prices, higher import costs, and rising energy prices, resulting in a substantial current account deficit. The deficit subsequently narrowed in FY23 and FY24 as import compression measures, weaker domestic demand,

improved export earnings, and stronger remittance inflows helped ease external pressures. The improvement was particularly pronounced in FY25, when the current account shifted to a surplus of approximately USD 149 million, compared with a deficit of around USD 6.6 billion in FY24. This turnaround was supported by robust remittance inflows, stronger export earnings, and relatively subdued import growth, indicating a significant improvement in Bangladesh's external sector position and easing pressure on the country's foreign exchange balance.

**Total External Debt (% of GDP):** The stock of public debt has remained broadly stable at around 35–38 percent of GDP over FY20–FY25, reflecting continued fiscal consolidation efforts and a contained primary deficit. In FY25, public debt (excluding



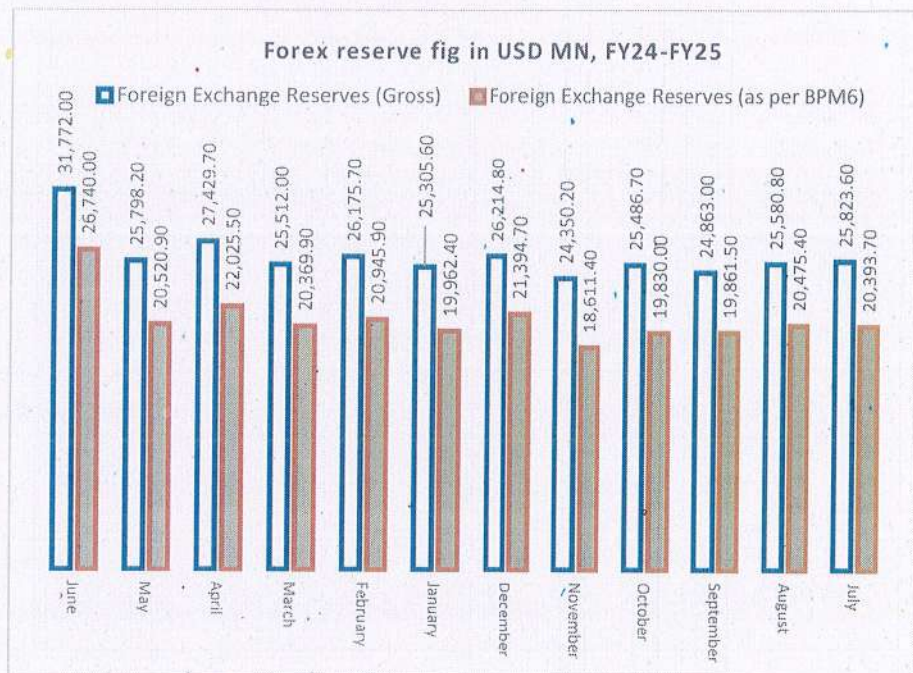
guarantees) stood at approximately 37.0 percent of GDP, broadly unchanged from FY24, indicating a stable debt trajectory in recent years. The composition of public debt continues to be dominated by domestic borrowing, which accounts for

around 62 percent of total debt (approximately 22–23 percent of GDP), while external debt represents about 38 percent (around 14 percent of GDP). External borrowing is largely concentrated among multilateral and bilateral creditors, with multilateral institutions—particularly the World Bank and the Asian Development Bank—holding the largest shares. Among bilateral lenders, Japan, China, and Russia remain key sources of financing. In terms of currency composition, US dollars constitute the largest share of external debt, followed by Special Drawing Rights (SDR) and Japanese Yen, indicating persistent exposure to exchange rate fluctuations (Ministry of Finance, latest available data).

*no data for FY26*



**Foreign Exchange Reserves (Gross):** The table presents data on Bangladesh's foreign exchange reserves for the period of July 2024 to June 2025, showing both gross reserves and reserves as per BPM6. Throughout this period, the reserves fluctuated, with the highest gross reserves recorded in June 2024 at \ \$31,772 million, while the lowest was in November 2024 at \ \$24,350 million. Reserves as per BPM6 mirrored this trend, peaking in June 2024 at \ \$26,740 million and dipping to \ \$18,611 million in November. These fluctuations reflect changes in external factors such as import demand, remittances, and global economic conditions. The data highlights the importance of managing foreign exchange reserves to maintain economic stability and ensure the country's ability to meet international financial obligations.



*MO. ALI HASAN. POLO*



## 2.3. COMPANY SPECIFIC RISK ANALYSIS

### 2.3.1 MANAGEMENT ANALYSIS

Effective and efficient management have been the key to PIPLC's growth and the company's present market position. ARGUS Credit Rating Services Limited (ACRSL) looks at the following factors as part of management analysis in order to determine PIPLC's business mix, operating efficiency, and overall strengths:

- i. Organizational structure
- ii. Dependence of management team on one or more person
- iii. Coherence of the team
- iv. Independence of the management from the Board of Directors
- v. Good track record of the management to date

**Md. Zahedul Islam (Zahid), who serves as the company's Chief Executive Officer (CEO) currently leads senior management and the company at large.** ACRSL research indicates due to political changes in Bangladesh and the economic slowdown, the insurance company faced challenges in its performance in FY25.

### 2.3.2 INTERNAL CONTROLS AND RISK MANAGEMENT

Insurance business involves assumption of risks of many types – physical as well as moral. Physical risks are identified as those caused by natural catastrophes, accidental losses and manmade disasters. The key to proper management of insurance business risks is to endure proper selection of risks as well as of the client through a vetting process known as underwriting. General insurance companies closely follow country's economic development and any slowdown in the economic activities as these has adverse impact on the insurance industry's growth. PIPLC, being aware of these business risks, practices the following to protect its interests:

- Selection of risks which have the potential of making underwriting profit
- Diversification into many segments of business – product wise as well as client wise
- The company maintains a conservative reserving policy and its various technical reserves have been created to adequately cater to unforeseen development in the future.

*Md. Zahedul Islam*



## 2.4. CORPORATE GOVERNANCE

| Board Practice                                       | Presence/Absence |
|------------------------------------------------------|------------------|
| Existence of Board Charter                           | Present          |
| Existence of Committees for audit and remuneration   | Present          |
| Separate CEO/MD and Chairperson                      | Present          |
| Procedures to review/address external audit findings | Present          |

| Code of Ethics/Conduct                                | Presence/Absence |
|-------------------------------------------------------|------------------|
| Commitment to legal and regulatory compliance         | Present          |
| Policies to prohibit facilitation payments and bribes | Present          |
| Guidelines on giving and receiving gifts              | Absent           |
| Training and/or communication on code of ethics       | Present          |

| Business Value and Risk Management                                            | Presence/Absence |
|-------------------------------------------------------------------------------|------------------|
| Demonstrated commitment to work towards long term sustainability              | Present          |
| Demonstrated commitment to address social, ethical and environment challenges | Absent           |
| Procedures to identify potential risks and opportunities                      | Present          |
| Risk Management and Internal Control Systems                                  | Present          |
| Presence of Research and Development Team                                     | Absent           |

*MO. AHSAN. RAHMAN*



### 3. FINANCIAL RISK ANALYSIS

#### 3.1. OPERATING PERFORMANCE ANALYSIS

| Indicators           | 2023   | 2024   |   | 2025    |   | Observations                                                                  | Bias     |
|----------------------|--------|--------|---|---------|---|-------------------------------------------------------------------------------|----------|
| Gross Premium Growth | 3.75%  | -5.25% | ↓ | -8.98%  | ↓ | Gross premium growth demonstrated decreasing trend over the last three years. | Negative |
| Net Premium Growth   | -1.49% | -2.97% | ↓ | -10.09% | ↓ | Net Premium growth demonstrated decreasing trend over the last three years.   | Negative |
| Claims Ratio         | 35.24% | 38.69% | ↑ | 43.43%  | ↑ | Claims ratio demonstrated an increasing trend over the last three years.      | Negative |
| Expense Ratio        | 58.58% | 58.19% | ↓ | 59.28%  | ↑ | Expense ratio demonstrated fluctuating trend over the last three years.       | Neutral  |
| Combined Ratio       | 93.82% | 96.87% | ↑ | 102.71% | ↑ | Combined ratio demonstrated an increasing trend over the last three years.    | Negative |
| Retention Ratio      | 73.95% | 75.73% | ↑ | 74.81%  | ↓ | Retention Ratio demonstrated fluctuating trend over the last three years.     | Neutral  |

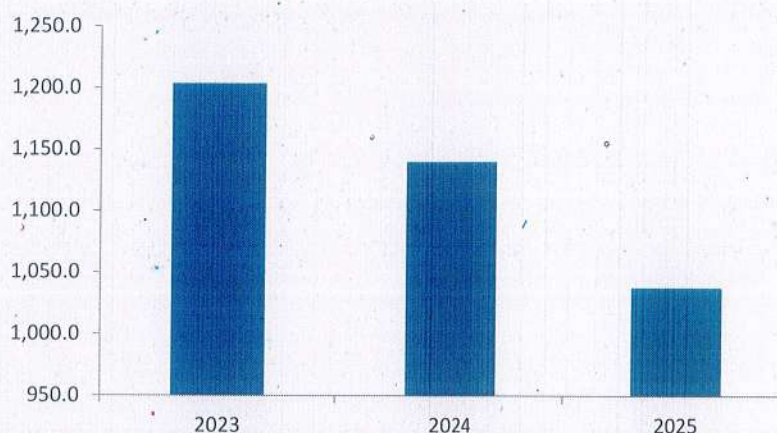
*MO. WAHIDUZZAMAN*



### 3.1.1. GROSS PREMIUM

|                        | FY23       | FY24       | FY25       |
|------------------------|------------|------------|------------|
| Gross Premium (in BDT) | 1203.34 MN | 1140.10 MN | 1037.72 MN |

Gross Premium



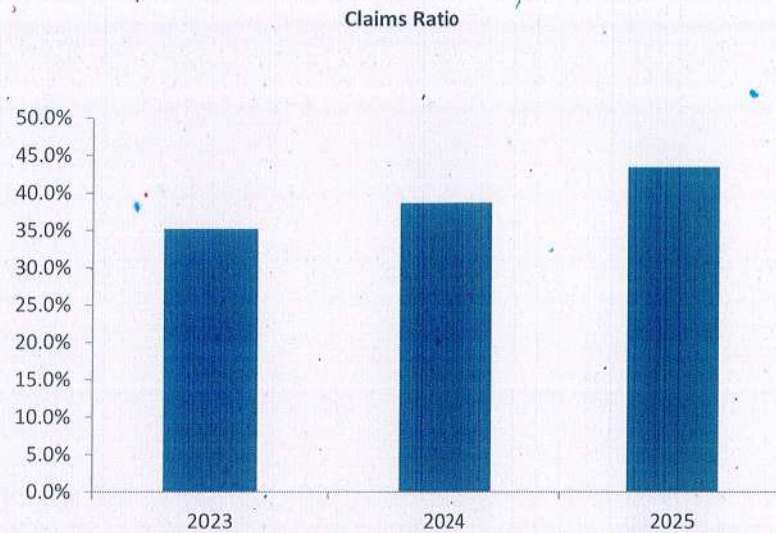
- Historical Trend:** The company reported a persistent decline in gross premium income, falling from Tk. 1,203.34 million in FY23 to Tk. 1,037.72 million in FY25, representing a cumulative contraction of 13.75%. Moreover, the decline accelerated from 5.25% in FY24 to 8.98% in FY25, suggesting weakening premium growth momentum. The trend could exert pressure on the company's underwriting scale and operating efficiency if sustained over the medium term. Given the highly competitive nature of Bangladesh's non-life insurance industry, the company may face challenges in expanding its premium base without compromising pricing discipline. Accordingly, sustained negative premium growth remains a key concern, and the company's ability to restore premium growth through business diversification, enhanced distribution capabilities and prudent underwriting will remain important from a credit perspective.
- Looking forward:** ACRSL maintains a positive bias toward PIPLC's gross premium trajectory, supported by management's expectation of improved market penetration through its qualified marketing team. In addition, the company's recently introduced insurance products, particularly health insurance and weather-indexed crop insurance, are expected to broaden its product portfolio and contribute to incremental premium generation going forward.

*MO. AHMED RAN. ADHI*



### 3.1.2. CLAIMS RATIO

|              | FY23   | FY24   | FY25   |
|--------------|--------|--------|--------|
| Claims Ratio | 35.24% | 38.69% | 43.43% |



- Historical Trend:** The Company's claims ratio has shown a persistent upward trend, rising from 35.24% in FY23 to 38.69% in FY24 and 43.43% in FY25. The 8.19 percentage-point increase over the period indicates growing claims pressure and may adversely affect underwriting profitability. The continued deterioration warrants close monitoring, particularly if accompanied by higher management expenses or commission costs, as further increases in the claims ratio could weaken the Company's combined ratio and overall underwriting margin. Accordingly, ACRSL maintains a cautious view on the Company's claims ratio and expects management to strengthen underwriting and claims management practices to contain claims costs going forward.
- Looking forward:** ACRSL maintains a neutral bias toward PIPLC's claims ratio for FY26. ACRSL expects that sustained positive gross premium growth, supported by regular risk surveys and other risk management measures, will enable the company to diversify its underwriting risk and strengthen its overall risk profile.

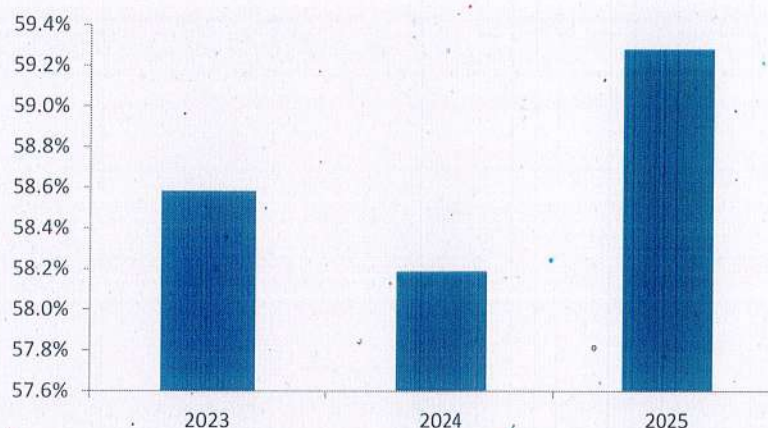
*no out of line. John*



### 3.1.3. EXPENSE RATIO

|               | FY23   | FY24   | FY25   |
|---------------|--------|--------|--------|
| Expense Ratio | 58.58% | 58.19% | 59.28% |

Expense Ratio



- Historical Trend:** The company's expense ratio remained broadly stable during FY23–FY25, standing at 58.58%, 58.19% and 59.28%, respectively. The slight improvement in FY24 was followed by a moderate deterioration in FY25, reflecting increased expense absorption relative to premium income. Although the ratio has remained relatively consistent, its upward movement in FY25 indicates limited improvement in operating efficiency and remains a factor to monitor from a credit perspective. Sustained premium growth, coupled with effective control over management and acquisition expenses, would be necessary to improve the company's expense efficiency and support stronger underwriting performance.
- Looking Forward:** ACRSL maintains a neutral bias on PIPLC's expense ratio for FY26, given the increase in salaries and allowances expenses. However, as we anticipate that PIPLC will undertake a higher volume of insurance business amid improving macroeconomic conditions in the coming year, management expenses are expected to decline from the current levels going forward.

*MO. ABU BAKAR ALI*



### 3.2. OPERATING PERFORMANCE ANALYSIS

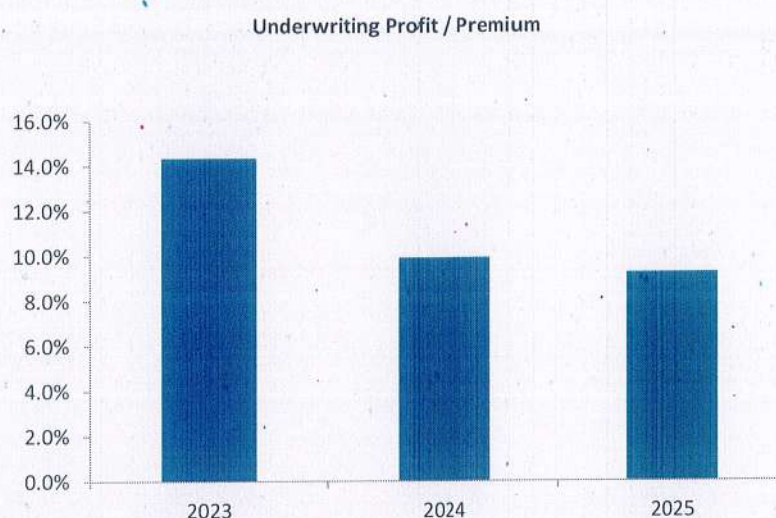
| Indicators                    | 2023   | 2024  |   | 2025  |   | Observations                                                                              | Bias     |
|-------------------------------|--------|-------|---|-------|---|-------------------------------------------------------------------------------------------|----------|
| Underwriting Profit / Premium | 14.34% | 9.91% | ↓ | 9.24% | ↓ | Underwriting profit to premium demonstrated a decreasing trend over the last three years. | Negative |
| Investment Yield              | 2.59%  | 5.03% | ↑ | 5.73% | ↑ | Investment Yield demonstrated an increasing trend over the last three years.              | Positive |
| Net Profit / Premium          | 9.96%  | 9.19% | ↓ | 9.01% | ↓ | Net profit to premium demonstrated a decreasing trend over the last three years.          | Negative |
| Net Profit / Total Income     | 9.02%  | 8.32% | ↓ | 7.91% | ↓ | Net profit to total income demonstrated a decreasing trend over the last three years.     | Negative |
| ROA                           | 5.17%  | 4.42% | ↓ | 3.76% | ↓ | ROA demonstrated a decreasing trend over the last three years.                            | Negative |
| ROE                           | 10.47% | 9.07% | ↓ | 7.73% | ↓ | ROE demonstrated decreasing trend over the last three years.                              | Negative |

*no date*



### 3.2.1. UNDERWRITING PROFIT / PREMIUM

|                               | FY23   | FY24  | FY25  |
|-------------------------------|--------|-------|-------|
| Underwriting Profit / Premium | 14.34% | 9.91% | 9.24% |



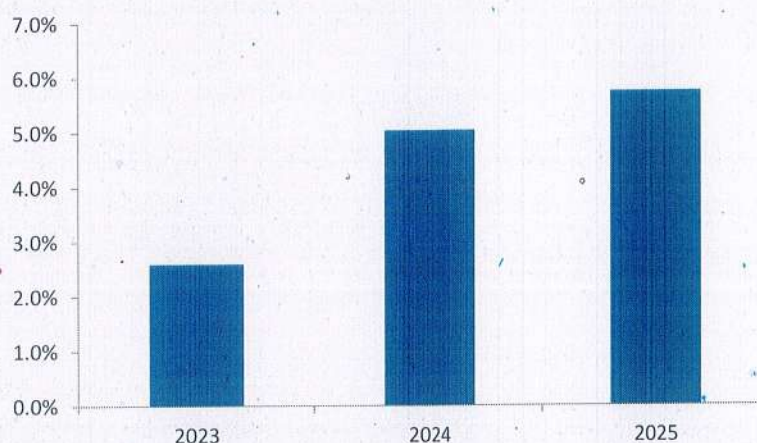
- Historical Trend:** The company's underwriting performance showed a declining trend during FY23–FY25, as Underwriting Profit to Premium decreased from 14.34% in FY23 to 9.91% in FY24 and further to 9.24% in FY25. The sustained decline indicates moderation in underwriting margin and suggests increasing pressure from claims and associated underwriting expenses. Despite the deterioration, the ratio remained positive at 9.24% in FY25, demonstrating that Provati Insurance PLC continued to generate an underwriting surplus from its core insurance business. The company's ability to sustain positive underwriting profitability provides a degree of strength; however, the declining trend warrants monitoring, particularly with respect to claims experience, expense management and premium pricing. A stabilization or recovery of the underwriting margin would be viewed positively from a credit-risk perspective.
- Looking Forward:** ACRSL maintains a neutral bias toward PIPLC's underwriting profit-to-premium ratio for FY26. We expect PIPLC's net premium to increase moderately during FY26, while the company is also expected to maintain a relatively high level of underwriting profit in relation to its net premium.


### 3.2.2. INVESTMENT YIELD

|                  | FY23  | FY24  | FY25  |
|------------------|-------|-------|-------|
| Investment Yield | 2.59% | 5.03% | 5.73% |

Investment Yield



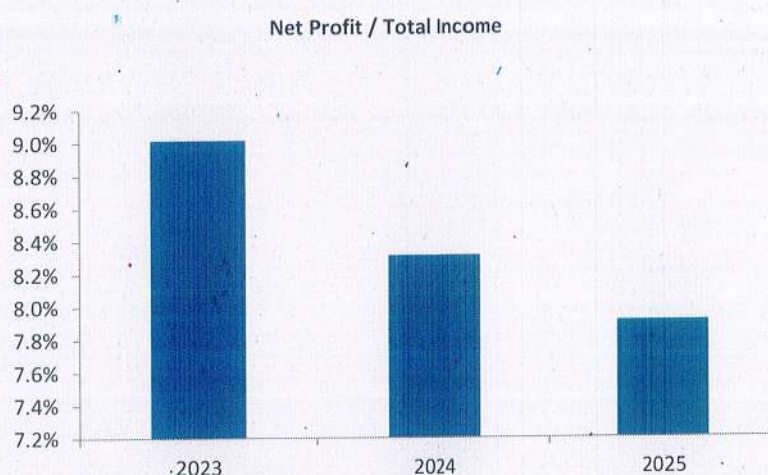
- Historical Trend:** Investment Yield improved significantly from 2.59% in FY23 to 5.03% in FY24 and 5.73% in FY25, reflecting improved returns from the Company's investment portfolio. The sustained increase in investment yield is viewed positively and provides additional support to profitability. However, the sustainability of investment returns remains dependent on the quality and composition of investments, prevailing market yields and prudent management of investment risk.
- Looking Forward:** ACRSL maintains a positive view of PIPLC's investment yield for FY26. Following the significant impact of the stock market downturn in the previous year, PIPLC is expected to benefit from improving market conditions. Accordingly, we anticipate a moderate recovery in investment income during FY26, which is expected to support an improvement in the company's overall investment yield.

*no distribution*



### 3.2.3. NET PROFIT / TOTAL INCOME

|                           | FY23  | FY24  | FY25  |
|---------------------------|-------|-------|-------|
| Net Profit / Total Income | 9.02% | 8.32% | 7.91% |



- Historical Trend:** The company's Net Profit to Total Income ratio showed a declining trend, falling from 9.02% in FY23 to 8.32% in FY24 and 7.91% in FY25, reflecting moderate pressure on overall profitability. However, the ratio remained positive at 7.91% in FY25, indicating continued earnings generation. The company may need to focus on controlling operating and claims-related expenses and maintaining adequate investment returns to prevent further margin compression.
- Looking Forward:** ACRSL maintains a neutral bias toward PIPLC's net profit-to-total income ratio for FY26. The ratio is expected to remain broadly stable, supported by the company's efforts to contain agency commissions and management expenses. Moreover, IDRA's indication that no additional commissions will be allowed for insurance companies going forward is expected to reduce cost pressure and may contribute to improved net profit after tax in the coming years.

*MO. ALI HASAN. POH*



### 3.3. LIQUIDITY ANALYSIS

| Indicators                         | 2023   | 2024   |   | 2025   |   | Observations                                                                               | Bias    |
|------------------------------------|--------|--------|---|--------|---|--------------------------------------------------------------------------------------------|---------|
| Cash & Bank Balance / Total Assets | 45.74% | 39.04% | ↓ | 36.96% | ↓ | Cash & bank balance to total assets demonstrated a decreasing trend over the last 3 years. | Neutral |
| Liquid Asset / Net Claim           | 3.08x  | 2.60x  | ↓ | 2.53x  | ↓ | Liquid asset to net claim demonstrated a decreasing trend over the last 3 years.           | Neutral |
| Overall Liquidity                  | 3.35x  | 3.13x  | ↓ | 2.88x  | ↓ | Overall liquidity demonstrated a decreasing trend over the last 3 years                    | Neutral |

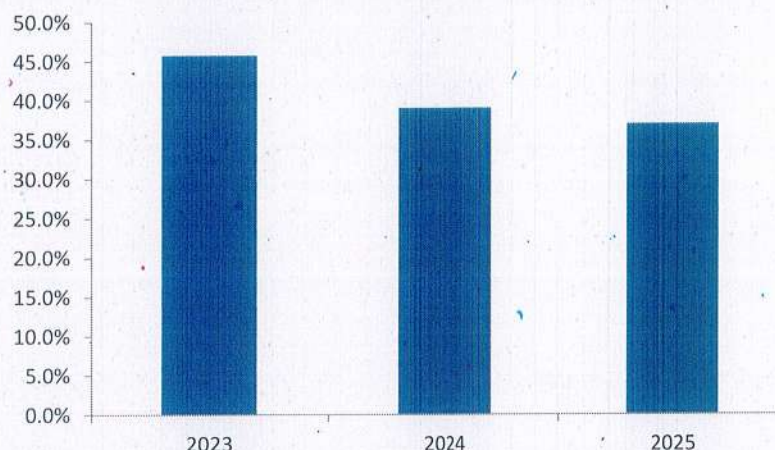
*no data for 2025*



### 3.3.1. CASH & BANK BALANCE / TOTAL ASSETS

|                                    | FY23   | FY24   | FY25   |
|------------------------------------|--------|--------|--------|
| Cash & Bank Balance / Total Assets | 45.74% | 39.04% | 36.96% |

Cash & Bank Balance / Total Assets



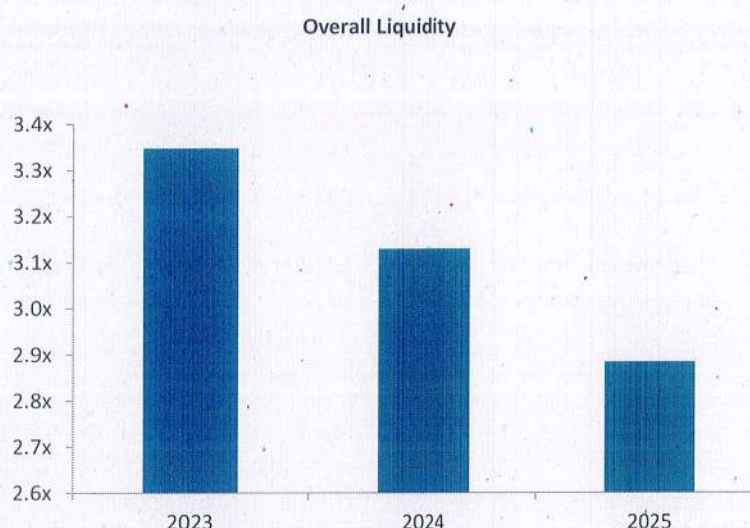
- Historical Trend:** Provati Insurance PLC maintained a strong liquidity position during FY23–FY25, as evidenced by its Cash & Bank Balance to Total Assets ratio remaining at a relatively high level of 45.74%, 39.04% and 36.96%, respectively. However, the ratio declined consistently over the period, indicating a gradual reduction in the proportion of assets held in cash and bank balances. The decline may reflect increased deployment of liquid resources toward investments, operating requirements, claim settlements and/or other assets. Despite the downward trend, the ratio of 36.96% in FY25 still indicates a significant liquid asset base and provides the company with a reasonable cushion against near-term liquidity requirements. Going forward, maintaining an adequate level of readily available funds will remain important given the inherently unpredictable timing and magnitude of insurance claims and other liabilities. Accordingly, the trend is viewed as moderately concerning from a liquidity perspective, although the overall liquidity position remains satisfactory.
- Looking Forward:** ACRSL maintains a positive bias toward PIPLC's Cash & Bank Balance to Total Assets ratio for FY26. Given the inherent uncertainty surrounding claim demands in the insurance business, ACRSL is unable to reliably project the company's cash and bank balance. Nevertheless, with inflation expected to stabilize and overall economic activity anticipated to improve in the near term, PIPLC is expected to strengthen its cash and bank balance from the current level going forward.

*MO. AHMED RASHID*



### 3.3.2. OVERALL LIQUIDITY

|                   | FY23  | FY24  | FY25  |
|-------------------|-------|-------|-------|
| Overall Liquidity | 3.35x | 3.13x | 2.88x |



- Historical Trend:** The Company's overall liquidity position remained satisfactory over FY23–FY25, although the liquidity coverage moderated from 3.35x in FY23 to 2.88x in FY25. The approximately 14.0% decline in the ratio over the period indicates a gradual narrowing of the liquidity cushion. Nevertheless, the ratio remained above 2.8x, suggesting that Provati Insurance PLC. continued to maintain adequate liquid resources relative to its short-term obligations. Given the non-life insurance business's exposure to unpredictable claim settlements, adequate liquidity is particularly important to ensure timely payment of claims and other operating obligations. Accordingly, the declining trend warrants monitoring; however, the current level of liquidity continues to provide a reasonable buffer against short-term liquidity pressures.
- Looking Forward:** ACRSL maintains a neutral bias toward PIPLC's overall liquidity ratio for FY26. Given the unpredictable nature of liabilities in the insurance business, ACRSL cannot reliably project PIPLC's overall liquidity ratio. However, we assume that PIPLC's net liabilities will remain within a stable range in the near term. Accordingly, we expect PIPLC to maintain a satisfactory overall liquidity ratio going forward.

*no date*



### 3.4. BALANCE SHEET ANALYSIS

| Indicators                      | 2023    | 2024   | 2025     | Observations                                                                            | Bias     |
|---------------------------------|---------|--------|----------|-----------------------------------------------------------------------------------------|----------|
| Net Premium / Total Equity      | 105.15% | 98.65% | ↓ 85.79% | Net premium to total equity demonstrated a decreasing trend over the last 3 years.      | Neutral  |
| Net Liabilities / Total Equity  | 60.54%  | 65.51% | ↑ 71.36% | Net liabilities to total equity demonstrate an increasing trend over the last 3 years.  | Negative |
| Loss Reserve / Total Assets     | 23.36%  | 24.38% | ↑ 25.16% | Loss reserve to total assets demonstrate an increasing trend over the last 3 years.     | Negative |
| Balance of Funds / Total Assets | 20.80%  | 19.26% | ↓ 16.71% | Balance of funds to total assets demonstrated a decreasing trend over the last 3 years. | Negative |
| Total Asset Growth              | 6.94%   | 4.60%  | ↓ 3.76%  | Total asset growth demonstrated a decreasing trend over the last 3 years.               | Neutral  |

*MO. Vahidul Islam, Advisor*



### 3.4.1. LOSS RESERVE / TOTAL ASSETS

|                             | FY23   | FY24   | FY25   |
|-----------------------------|--------|--------|--------|
| Loss Reserve / Total Assets | 23.36% | 24.38% | 25.16% |



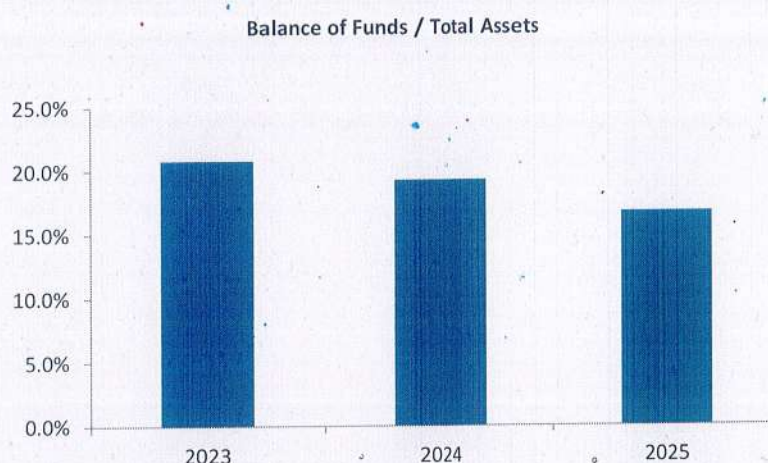
- Historical Trend:** The loss reserve to total assets ratio showed a rising trend, increasing from 23.36% in FY23 to 25.16% in FY25. The increase indicates a growing share of the company's assets being backed by loss reserves, which may reflect higher outstanding claims obligations. Although adequate provisioning is supportive of the company's claims-paying capacity, the upward trend could place additional pressure on liquidity and financial flexibility if claim obligations continue to rise. Accordingly, the trend should be monitored alongside claims ratio, reserve adequacy and investment liquidity.
- Looking Forward:** ACRSL maintains a positive view of PIPLC's loss reserve-to-total assets ratio for FY26. We expect PIPLC's net premium to increase going forward, which should support a corresponding increase in its loss reserve. As a portion of the net premium may be allocated to the loss reserve to avail the related tax rebate, we expect the loss reserve-to-total assets ratio to remain broadly stable over the near term.

*MO. ANTONIO. P. SILVA*



### 3.4.2. BALANCE OF FUNDS / TOTAL ASSETS

|                                 | FY23   | FY24   | FY25   |
|---------------------------------|--------|--------|--------|
| Balance of Funds / Total Assets | 20.80% | 19.26% | 16.71% |



- Historical Trend:** The company's balance of funds to total assets ratio declined consistently from 20.80% in FY23 to 19.26% in FY24 and further to 16.71% in FY25, indicating a gradual reduction in the proportion of total assets represented by the balance of funds. The declining ratio may reflect relatively slower growth in the balance of funds compared with the overall asset base and could indicate some weakening in the company's financial cushion. However, the ratio should be assessed alongside the movement in shareholders' equity, liabilities, investments, and underwriting performance to determine the underlying reason for the decline. Continued deterioration in the ratio may exert pressure on the company's financial flexibility and capitalization profile.
- Looking Forward:** ACRSL maintains a positive bias toward PIPLC's balance of funds-to-total-assets ratio for FY26, supported by the expectation of positive growth in net premium. The anticipated increase in net premium is expected to strengthen the balance of funds and, consequently, improve the ratio. Accordingly, ACRSL expects PIPLC's balance of funds-to-total-assets ratio to show a gradual upward trend over the near to medium term.

MO. M. Hossain



## 4. CHARTS & GRAPHS

### 4.1. OPERATING PERFORMANCE CHARTS

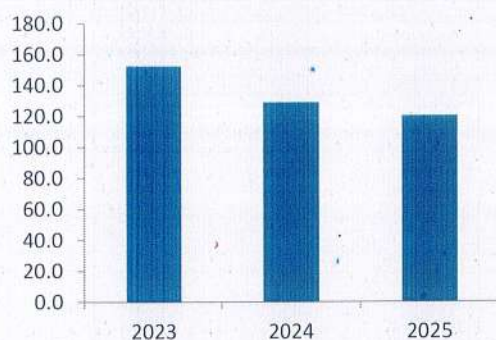


*no. 01/2023/2024*

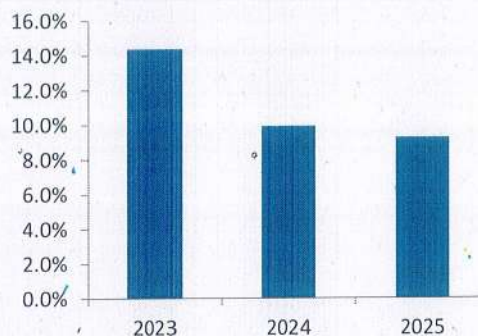


## 4.2. PROFITABILITY CHARTS

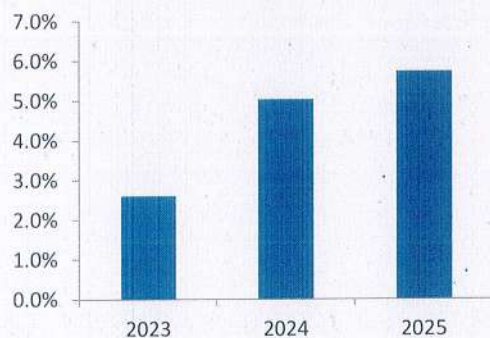
Total Income



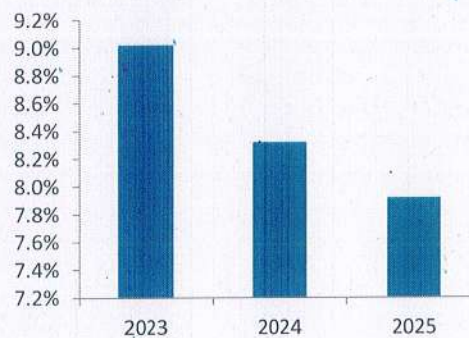
Underwriting Profit / Premium



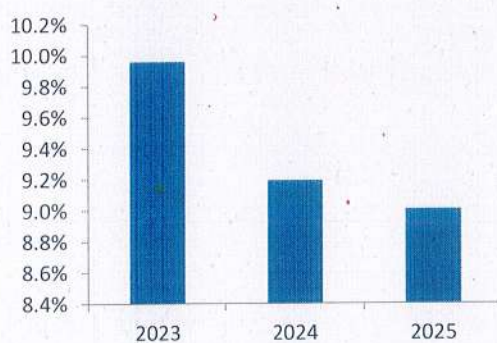
Investment Yield



Net Profit / Total Income



Net Profit / Premium

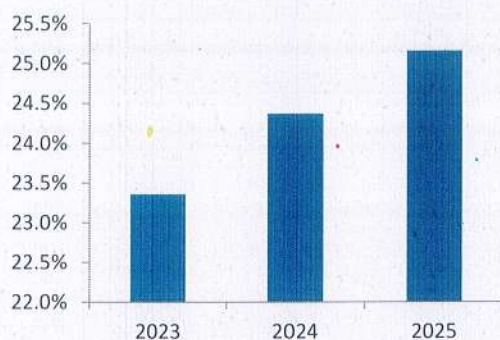


*no date*

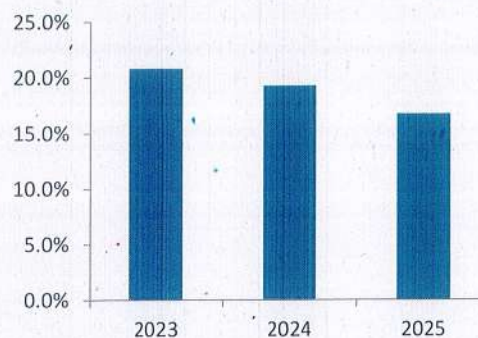


### 4.3. BALANCE SHEET CHARTS

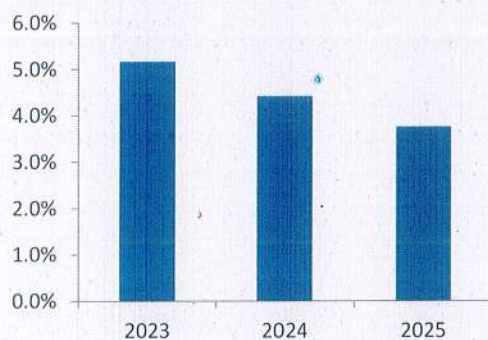
Loss Reserve / Total Assets



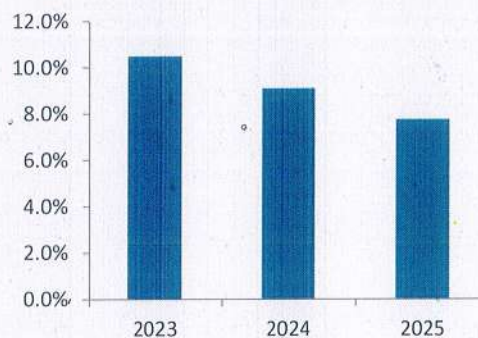
Balance of Funds / Total Assets



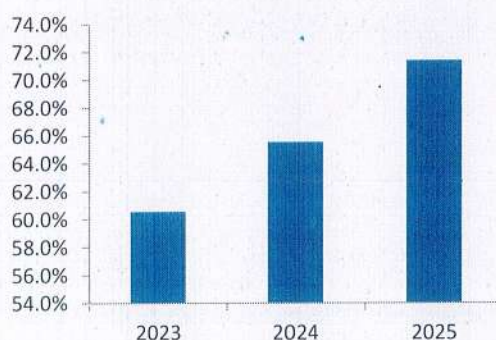
ROA



ROE



Net Liabilities / Total Equity

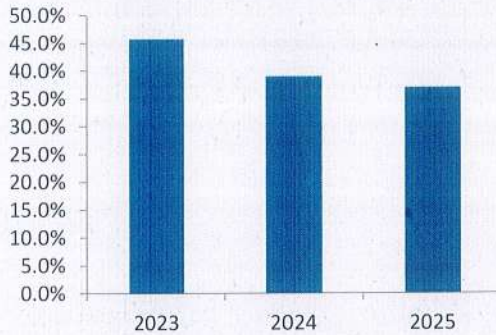


*MO. M. H. Hossain*

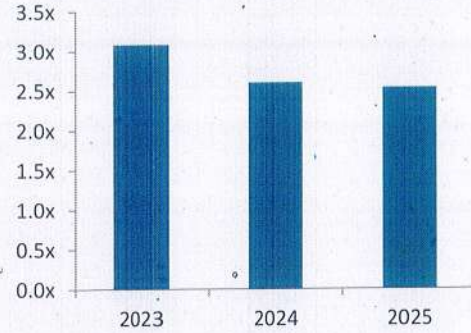


#### 4.4. LIQUIDITY CHARTS

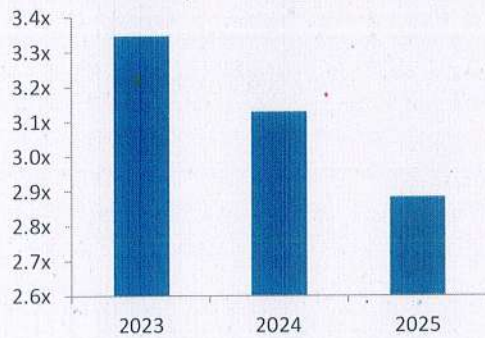
Cash & Bank Balance / Total Assets



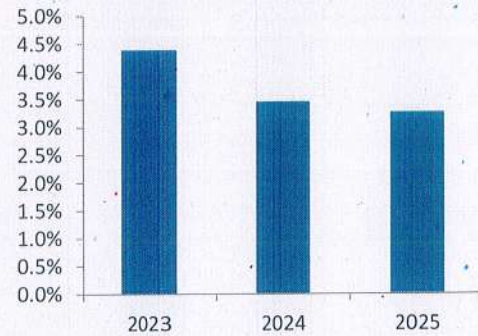
Liquid Asset / Net Claims



Overall Liquidity



Share Market Investment / Total Assets



*no data for 2025*



## APPENDIX A: SUMMARY OF FINANCIAL METRICS

\*figures in BDT MN

| Balance Sheet Metrics             | 2023            | 2024            | 2025            |
|-----------------------------------|-----------------|-----------------|-----------------|
| Paid-Up Capital                   | 403.12          | 403.12          | 403.12          |
| Profit & loss appropriation a/c   | 42.47           | 34.76           | 33.32           |
| Reserve or Contingency Account    | 400.67          | 437.37          | 468.42          |
| <b>Total Shareholders' Equity</b> | <b>846.27</b>   | <b>875.25</b>   | <b>904.86</b>   |
| <b>Balance of Funds</b>           | <b>356.76</b>   | <b>345.65</b>   | <b>311.18</b>   |
| Premium Deposit                   | 61.78           | 48.50           | 46.52           |
| Liabilities & Provisions          | 450.56          | 524.84          | 599.17          |
| Cash & Bank Balance               | 784.68          | 700.42          | 688.14          |
| Fixed Assets                      | 232.21          | 331.48          | 310.84          |
| <b>Total Assets</b>               | <b>1,715.37</b> | <b>1,794.24</b> | <b>1,861.73</b> |

| Consolidated Rev. Account Metrics | 2023            | 2024            | 2025            |
|-----------------------------------|-----------------|-----------------|-----------------|
| <b>Gross Premium</b>              | <b>1,203.34</b> | <b>1,140.10</b> | <b>1,037.72</b> |
| Re-insurance Premium              | -               | -               | -               |
| <b>Net Premium</b>                | <b>889.86</b>   | <b>863.44</b>   | <b>776.32</b>   |
| Commission on Re-insurance        | 67.73           | 47.47           | 58.28           |
| Agency Commission                 | 193.58          | 171.02          | 155.66          |
| Last year's Unexpired Risk        | 361.66          | 356.76          | 345.65          |
| <b>Net Claims</b>                 | <b>313.57</b>   | <b>334.03</b>   | <b>337.17</b>   |
| Management Expenses               | 327.73          | 331.40          | 304.53          |
| Reserve for Unexpired Risk        | 356.76          | 345.65          | 311.18          |
| <b>Underwriting Profit</b>        | <b>127.61</b>   | <b>85.57</b>    | <b>71.71</b>    |

| Income Statement Metrics            | 2023            | 2024            | 2025            |
|-------------------------------------|-----------------|-----------------|-----------------|
| <b>Gross Premium</b>                | <b>1,203.34</b> | <b>1,140.10</b> | <b>1,037.72</b> |
| Net Premium                         | 889.86          | 863.44          | 776.32          |
| Commission on Re-insurance Ceded    | 67.73           | 47.47           | 58.28           |
| Commission on Re-insurance Accepted | 0.00            | 0.00            | 0.00            |
| Agency & Commission                 | 180.50          | 171.02          | 155.66          |
| Last year's Unexpired Risk          | 361.66          | 356.76          | 345.65          |
| <b>Net Claims</b>                   | <b>313.57</b>   | <b>334.03</b>   | <b>337.17</b>   |
| Management Expenses (Funds)         | 340.80          | 331.40          | 304.53          |
| Reserve for Unexpired Risk          | 356.76          | 345.65          | 311.18          |
| <b>Underwriting Profit/(Loss)</b>   | <b>127.61</b>   | <b>85.57</b>    | <b>71.71</b>    |
| Investment & Other Income           | 25.04           | 43.63           | 48.96           |
| Management Expenses (N/A to funds)  | 36.08           | 28.45           | 30.62           |
| Net Profit Before Tax               | 116.57          | 100.76          | 90.05           |
| <b>Net Profit After Tax</b>         | <b>88.63</b>    | <b>79.38</b>    | <b>69.92</b>    |

Source: PIPLC's audited financials of FY23-FY25

*no date stamp. Polm*



## APPENDIX B: SUMMARY ANALYTICS

| Indicators                          | 2023    | 2024    | 2025    |
|-------------------------------------|---------|---------|---------|
| Total Income Growth                 | -10.24% | -15.36% | -6.60%  |
| Gross Premium Growth                | 3.75%   | -5.26%  | -8.98%  |
| Net Premium Growth                  | -1.49%  | -2.97%  | -10.09% |
| Retention Ratio                     | 73.95%  | 75.73%  | 74.81%  |
| Claims Ratio                        | 35.24%  | 38.69%  | 43.43%  |
| Expense Ratio                       | 58.58%  | 58.19%  | 59.28%  |
| Combined Ratio                      | 93.82%  | 96.87%  | 102.71% |
| Underwriting Profit / Premium       | 14.34%  | 9.91%   | 9.24%   |
| Investment Yield                    | 2.59%   | 5.03%   | 5.73%   |
| Net Profit / Premium                | 9.96%   | 9.19%   | 9.01%   |
| Net Profit / Total Income           | 9.02%   | 8.32%   | 7.91%   |
| Net Profit Growth                   | -12.83% | -10.44% | -11.91% |
| Cash & Bank Balance / Total Assets  | 45.74%  | 39.04%  | 36.96%  |
| Liquid Asset / Net Claim            | 3.08x   | 2.60x   | 2.53x   |
| Overall Liquidity                   | 3.35x   | 3.12x   | 2.88x   |
| Net Premium / Total Equity          | 105.15% | 98.65%  | 85.79%  |
| Net Liabilities / Total Equity      | 60.54%  | 65.51%  | 71.36%  |
| Loss Reserve / Total Assets         | 23.36%  | 24.38%  | 25.16%  |
| Balance of Funds / Total Assets     | 20.80%  | 19.26%  | 16.71%  |
| Investments in Share / Total Assets | 4.39%   | 3.45%   | 3.26%   |
| Total Asset Growth                  | 6.94%   | 4.60%   | 3.76%   |
| ROA                                 | 5.17%   | 4.42%   | 3.76%   |
| ROE                                 | 10.47%  | 9.07%   | 7.73%   |

Source: ACRSL Research

*MO. ALI HASAN. ALI*



## APPENDIX C: LONG TERM RATING DETAILS

### ACRSL Insurance Ratings (Long Term)

| Rating                                                            | Definition                                                                                                                                                                                                                                                                                                 |
|-------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>AAA<br/>Triple A<br/>(Highest<br/>Safety)</b>                  | Highest claims paying ability. Risk factors are negligible and almost risk free.                                                                                                                                                                                                                           |
| <b>AA+, AA, AA-<br/>Double A<br/>(High Safety)</b>                | Very high claims paying ability. Protection factors are strong. Risk is modest, but may vary slightly over time due to underwriting and/or economic condition.                                                                                                                                             |
| <b>A+, A, A-<br/>Single A<br/>(Adequate<br/>Safety)</b>           | High claims paying ability. Protection factors are good and there is an expectation of variability in risk over time due to economic and/or underwriting conditions.                                                                                                                                       |
| <b>BBB+, BBB,<br/>BBB-<br/>Triple B<br/>(Moderate<br/>Safety)</b> | Good claims paying ability. Protection factors are good. Changes in underwriting and/or economic conditions are likely to have impact on capacity to meet policyholder obligations than insurers in higher rated categories.                                                                               |
| <b>BB+, BB, BB-<br/>Double B<br/>(Inadequate<br/>Safety)</b>      | Average claim paying ability. Protection factors are average. The companies are deemed likely to meet these obligations when due. But changes in underwriting and/or economic conditions are more likely to weaken the capacity to meet policyholder obligations than insurers in higher rated categories. |
| <b>B+, B, B-<br/>Single B<br/>(Risky)</b>                         | Inadequate Claim paying ability. Protection factors are weak. Changes in underwriting and/or economic conditions are very likely to further weaken the capacity to meet policyholder obligations than insurers in higher rated categories.                                                                 |
| <b>CC+, CC, CC-<br/>Double C<br/>(Vulnerable)</b>                 | Poor claims paying ability. Adverse underwriting or economic conditions would lead to lack of ability on part of insurer to meet policyholder obligations.                                                                                                                                                 |
| <b>C+, C, C-<br/>Single C<br/>(Near to<br/>Default)</b>           | Very high risk that policyholders' obligations will not be paid when due. Present factors cause claim paying ability to be vulnerable to default or very likely to be default. Timely payment of policyholder obligations possible only if favorable economic and underwriting conditions emerge.          |
| <b>D<br/>Single D<br/>(Default)</b>                               | Insurance companies rated in this category are adjudged to be currently in default or likely to be in default soon.                                                                                                                                                                                        |

*MO. M. H. Khan*



## APPENDIX D: SHORT TERM RATING DETAILS

### ACRSL Insurance Ratings (Short Term)

| Rating | Definition                                                                                                                                                                                                                                                                                                                              |
|--------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ST-1   | <b>Highest Grade</b><br>Very high claims paying ability. Protection factors are strong. Risk is modest, but may vary slightly over time due to underwriting and/or economic condition.                                                                                                                                                  |
| ST-2   | <b>High Grade</b><br>High claims paying ability. Protection factors are good and there is an expectation of variability in risk over time due to economic and/or underwriting conditions.                                                                                                                                               |
| ST-3   | <b>Good Grade</b><br>Good claims paying ability. Protection factors are good. Changes in underwriting and/or economic conditions are likely to have impact on capacity to meet policyholder obligations than insurers in higher rated categories.                                                                                       |
| ST-4   | <b>Satisfactory Grade</b><br>Average claim paying ability. Protection factors are average. The companies are deemed likely to meet these obligations when due. But changes in underwriting and/or economic conditions are more likely to weaken the capacity to meet policyholder obligations than insurers in higher rated categories. |
| ST-5   | <b>Non-Investment Grade</b><br>Inadequate Claim paying ability. Protection factors are weak. Changes in underwriting and/or economic conditions are very likely to further weaken the capacity to meet policyholder obligations than insurers in higher rated categories.                                                               |
| ST-6   | <b>Default</b><br>Insurance companies rated in this category are adjudged to be currently in default.                                                                                                                                                                                                                                   |

*MO. AHSANUL KABIR*

