



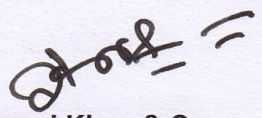
**AHMED KHAN & CO.**  
CHARTERED ACCOUNTANTS

**Certificate on compliance with the conditions of  
corporate Governance of  
City General Insurance Company Limited**

We have verified the status of compliance of City General Insurance Company Limited with the conditions imposed by the Bangladesh Securities and Exchange Commission's Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August, 2012 issued under section 2CC of the Bangladesh Securities and Exchange ordinance 1969.

We certify that to the best of our information and explanation of the management, City General Insurance Company Limited has complied all the conditions numbered 1.1 to 7(ii) as mentioned in the aforesaid notification for the year ended December 31, 2014.

Dated, Dhaka  
April 16, 2015

  
**Ahmed Khan & Co.**  
Chartered Accountants

# City General Insurance Company Limited

## STATUS OF COMPLIANCE OF CORPORATE GOVERNANCE

Status report on compliance with the conditions imposed by the Commission's Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 is given below in prescribed format:

Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1.1	Board's size –No of Directors shall not be less than 5 and more than 20.	✓		
1.2	<b>INDEPENDENT DIRECTORS</b>			
1.2 (i)	1/5 <sup>th</sup> of the total number of Directors in the company's Board shall be Independent Directors.	✓		
1.2 (ii) a)	Shareholding position of Independent Director.			Nil
1.2 (ii) b)	Independent Director is not connected with the company's sponsor or director of shareholder.	✓		
1.2 (ii) c)	Independent Director does not have any other relationship with the company or its subsidiary associates companies.	✓		
1.2 (ii) d)	Independent Director is not a member, director or officer of any Stock Exchange.	✓		
1.2 (ii) e)	Independent Director is not a shareholder, Director or officer of any member of Stock Exchange or an intermediary of the capital market.	✓		
1.2 (ii) f)	Independent Director is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm.	✓		
1.2 (ii) g)	Independent Director shall not be an Independent Director in more than 3 (three) listed companies.	✓		
1.2 (ii) h)	Independent Director has not been convicted by a court of competent Jurisdiction as a defaulter in payment of any loan to a Bank or NBFI.	✓		
1.2 (ii) i)	Independent Director has not been convicted for a criminal offence involving moral turpitude.	✓		
1.2 (iii)	Independent Directors shall be appointed by the Board and shall be approved by the shareholders in the AGM.	✓		
1.2 (iv)	The post of independent Director cannot remain vacant for more than 90 days.			No such situation arisen

Condition No.	Title	Compliance status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1.2 (v)	The board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded.	√		
1.2 (vi)	The tenure of office of an independent director shall be for a period of 3 (three) years and may be extended for 1 (one) term only.	√		
<b>1.3</b>	<b>QUALIFICATION OF INDEPENDENT DIRECTOR</b>			
1.3 (i)	Independent Director shall be a knowledgeable person with integrity, ensure compliance with Financial regulatory and corporate laws.	√		
1.3 (ii)	Independent Directors should be a business leader /corporate leader Bureaucrat /University Teacher with Economics or Business studies or Law background/ Professionals and must have at least 12 (twelve) years of corporate management/ professional experiences.	√		
1.3 (iii)	Qualification of Independent Director may be relaxed subject to prior approval of the SEC.			No such situation arisen
<b>1.4</b>	<b>CHAIRMAN OF THE BOARD</b>			
1.4	The Chairman of the Company and Chief Executive officer shall be filled by different individuals. The board shall clearly define respective roles and responsibilities of the Chairman and the CEO.	√		
<b>1.5</b>	<b>DIRECTORS REPORT TO SHAREHOLDERS</b>			
1.5 (i)	Industry outlook and possible future development in the industry.	√		Available in Annual Report
1.5 (ii)	Segment wise or product wise performance.	√		"
1.5 (iii)	Risk and concerns	√		"
1.5 (iv)	A discussion on cost of Goods sold, Gross profit margin and net profit margin.	√		"
1.5 (v)	Discussion on continuity of any Extra-Ordinary gain or loss	√		No such extra ordinary gain or loss
1.5 (vi)	Statement of all related party transactions disclosed in the annual report.	√		Available in Annual Report
1.5 (vii)	Utilization of proceeds from public issues, rights issues and /or through any others instruments.	√		
1.5 (viii)	Explanation if the financial results deteriorate after the company goes for initial public offering (IPO), Repeat Public Offering (RPO) Rights Offer etc.			Financial result does not deteriorate.
1.5 (ix)	Significant variance occurs between quarterly Financial Performance and Annual Financial Statements.			No such variance occurs.
1.5 (x)	Remuneration to Directors Including Independent Directors.	√		

Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1.5 (xi)	The Financial Statements present fairly state of affairs, the result of its operation, cash flows and changes in equity of the company	✓		
1.5 (xii)	Keeping proper books of accounts.	✓		
1.5 (xiii)	Consistent application of Accounting policies and preparation of financial statements.	✓		
1.5 (xiv)	Observance of Bangladesh Accounting Standards (BAS) International Financial Reporting Standards (IFRS) Bangladesh Financial Reporting Standards (BFRS)	✓		
1.5 (xv)	Soundness and efficiency of internal Control.	✓		
1.5 (xvi)	Ability of City General Insurance Company Limited to continue as a going concern.	✓		
1.5 (xvii)	Significant deviations from the last year's operation results.	✓		
1.5 (xviii)	Key operation and financial data for last 5 (five) years.	✓		
1.5 (xix)	Declaration of dividend.	✓		
1.5 (xx)	Number of Board meeting held during the year and attendance by each director.	✓		
1.5 (xxi) a)	Shareholding pattern of parent /subsidiary /Associated companies.	✓		
1.5 (xxi) b)	Shareholding position of Directors, Chief Executive Officer, Company Secretary, CFO, Head of Internal Audit and their spouse and minor children.	✓		
1.5 (xxi) c)	Executives. (TOP 5 Salaried officers)	✓		
1.5 (xxi) d)	Shareholders holding ten percent (10%) or more voting interest in the company.	✓		
1.5 (xxii) a)	A brief resume of appointment / re-appointed Director.	✓		
1.5 (xxii) b)	Expertise in specific functional areas of the appointed / re-appointed of Directors.	✓		
1.5 (xxii) c)	Names of companies in which the person also holds the directorship and the membership of committees of the Board.	✓		
<b>2.0</b>	<b>CHIEF FINANCIAL OFFICER, HEAD OF INTERNAL AUDIT AND COMPANY SECRETARY</b>			
2.1	Appointment of Chief Financial officer (CFO) Head of Internal Audit and Company Secretary (CS)	✓		
2.2	Requirement as to attendance of CFO, Head of internal Audit and Company Secretary in the Board Meeting.	✓		
<b>3.0</b>	<b>AUDIT COMMITTEE</b>			
3 (i)	The company has an Audit Committee as a sub committee of the Board of Directors.	✓		
3 (ii)	Report by the Audit Committee on its activities to the Board of Directors.	✓		

Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
3 (iii)	The duties of the Audit Committee clearly set forth in writing.	✓		
<b>3.1</b>	<b>CONSTITUTION OF AUDIT COMMITTEE</b>			
3.1 (i)	Number of members of Audit Committee	✓		3 (Three) members
3.1 (ii)	Inclusion of an independent director.	✓		
3.1 (iii)	At least 1 (one) member who has Accounting or related Financial management experience.	✓		
3.1 (iv)	Fill the casual vacancy in Audit Committee.			No such situation arisen
3.1 (v)	Company Secretary acts as the Secretary of the committee.	✓		
3.1 (vi)	Quorum of the Audit Committee shall not constitute without at least 1 (one) Independent Director.	✓		
<b>3.2</b>	<b>CHAIRMAN OF AUDIT COMMITTEE</b>			
3.2 (i)	Independent Director is the Chairman of Audit Committee.	✓		
3.2 (ii)	Chairman of Audit Committee shall remain present in the Annual General Meeting.	✓		
<b>3.3</b>	<b>ROLE OF AUDIT COMMITTEE</b>			
3.3 (i)	Audit Committee oversees the Financial reporting.	✓		
3.3 (ii)	Audit committee monitor choice of Accounting polices and principles.	✓		
3.3 (iii)	Monitor Internal Control Risk management process.	✓		
3.3 (iv)	Oversee hiring and performance of external auditors.	✓		
3.3 (v)	Review along with the management, the annual Financial statements before submission to the board.	✓		
3.3 (vi)	Review along with the management, the quarterly and half yearly financial statements before submission to the board.	✓		
3.3 (vii)	Review the adequacy of Internal function.	✓		
3.3 (viii)	Review statement of significant related party transactions submitted by the management.	✓		
3.3 (ix)	Review management letters / letter of Internal Control / Weakness issued by statutory auditors.	✓		
3.3 (x)	Submission of money raised through IPO, Repeat public offering / Rights issue to the Audit Committee on quarterly basis.	✓		
<b>3.4</b>	<b>REPORT OF THE AUDIT COMMITTEE</b>			
3.4.1 (i)	Report to the board by the Audit Committee on its activities.	✓		

Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
3.4.1 (ii) a)	Report to the Board by the Audit Committee on Conflicts of Interests.			No conflict of interest
3.4.1 (ii) b)	Report to the Board by the Audit Committee on suspected or presumed fraud or irregularity or material defect in the internal control system.			No such situation arisen.
3.4.1 (ii) c)	Report to the Board by the auditor on suspected infringement of laws, including securities related laws, rules and regulations.			Do
3.4.1 (ii) d)	Any other matter.			Do
3.4.2	Reporting to the SEC by the Audit Committee.			Do
3.5	Reporting to the shareholders and General shareholders by the Audit Committee.			Do
<b>4.0</b>	<b>EXTERNAL / STATUTORY AUDITORS</b>			
4 (i)	External / statutory auditors not to engage in appraisal or valuation services or fairness opinions.	✓		
4 (ii)	External / Statutory Auditors not to engage in financial information system design and implementation.	✓		
4 (iii)	External / Statutory Auditors not to engage in book keeping or other services related to the accounting records or financial statement.	✓		
4 (iv)	External / Statutory Auditors not to engage in broker-dealer services.	✓		
4 (v)	External /Statutory Auditors not to engage in Actuarial Services.			We do not extend any actuarial services
4 (vi)	External / Statutory Auditors not to engage in Internal Audit services.	✓		
4 (vii)	External / Statutory Auditors not to engage in any other service that the audit committee determines.	✓		
4(viii)	External / Statutory Auditors not to engage in no partner or employees of the external audit firms shall possess any share of the Company.	✓		
4(ix)	Audit/certification service on compliance of corporate governance as required under clause (i) of condition No. 07.	✓		
<b>5.0</b>	<b>SUBSIDIARY COMPANY</b>			
5 (i)	The composition of the Board of Directors of the subsidiary company.			No subsidiary company
5 (ii)	At least 1 (one) independent director on the board of Directors of the subsidiary company.			No subsidiary company
5 (iii)	Placed the minutes of the Board Meeting of the subsidiary company for review at the following Board Meeting of the holding company.			No subsidiary company

Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
5 (iv)	The minutes of the respective board meeting of the holding company state that the affairs of the subsidiary company have been reviewed.			No subsidiary company
5 (v)	The Audit Committee of the holding company has been reviewed financial statements, in particular the investments made by the subsidiary company.			No subsidiary company
<b>6.0</b>	<b>DUTIES OF CEO AND CFO</b>			
6 (i) a)	The Chief Executive officer (CEO) and Chief Financial officer (CFO) shall certify to the Board that do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.	✓		
6 (i) b)	The financial statements together present a true and fair view of the company affairs and are in compliance with existing accounting standards and applicable laws.	✓		
6 (ii)	To the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct.	✓		
<b>7.0</b>	<b>REPORTING AND COMPANIES OF CORPORATE GOVERNANCE</b>			
7 (i)	The Company obtained a certificate form a professional Chartered Accountant /Chartered Secretary regarding compliance of conditions of corporate Governance of the commission.	✓		
7 (ii)	Conditions of corporate Governance have been complied and the directors of the company stated in their report.	✓		