

DIRECTORS' REPORT

Bismillahir Rahmanir Rahim
Honourable Shareholders
Assalamu Alaikum

I have the pleasure to welcome you all on behalf of the Board of Directors of City General Insurance Company Limited in its 27th Annual General meeting. I would like to thank you for your continued patronage and support over the 27 years. We are very delighted to present before you the Annual Report along with the Audited Financial Statements for the year ended 31st December 2022 and the Auditor's Report thereon for kind consideration and adoption. This Report of the Board of Directors of your company has been prepared in compliance with the provisions of section 184 of the Companies Act 1994 (Act No. XVIII of 1994) and other relevant rules and notifications issued by the regulatory bodies. Through this report the Directors have made relevant disclosures and explanations pertaining to the issues to ensure compliance, transparency and good corporate governance practices along with the details of the business performance, operations and achievements of the company for the year ended 31 December 2022. In fact, the year 2022 is very significant in the life of the company in terms of pandemic, performance and achievements not only within the industry but also in the entire economy.

Company Profile

City General Insurance Company Limited is a second generation non-life Insurance Company incorporated as public limited company on March 18, 1996 under the companies Act 1994. The company obtained the certificate of Registration from the Chief Controller of Insurance Govt. of The Peoples Republic of Bangladesh on March 31, 1996 for carrying Insurance business.

Later the company has been listed with Dhaka and Chittagong Stock Exchanges in last of 2007.

Business environment and Performance:

You know insurance market is competitive in Bangladesh and we do business at tough competition. Even in such situation, business performance in 2022 is satisfactory.

Honorable shareholders, you know, Department of insurance is entrusted with Ministry of Finance from Ministry of Commerce. Insurance Act 2010, Insurance Development & Regulatory Authority Act 2010 and Rules have been promulgated and insurance Development & Regulatory Authority (IDRA) started their operation since January 2011. Due to their specific principle and strong supervision, positive changes are seen in the insurance industry.

The Public perception of Insurance industry remains rather low. The future progress of Bangladesh Insurance industry predominantly depends on how the consumers' perception of insurance as a useful and efficient vehicle of risk transfer can be augmented. This can be achieved through sustained efforts of the industry as well as the Regulators by providing efficient services, honoring insurance policy obligations through expeditious settlement of claims, introducing new products and by rationalizing the pricing mechanism.

Now let me introduce you to the various performances, company profile and the overall activities of our company:

During the year 2022, Gross Premium income attained was Tk. 888.01 million as against Tk. 730.62 million in 2021 – an increase of 21.54%, Net Premium income attained was Tk. 567.91 million as against Tk. 483.41 million in 2021 – an increase of 17.48%.	Assets stood at Tk. 1,939.89 million as against Tk.1,684.81 million in 2021, an increase of 15.14%; Fixed Assets stood at Tk. 56.03 million from Tk. 54.76 million in 2021 (increased by 2.32%), Investments stood at Taka 529.64 million from 407.37 million in 2021 (increased by 30.01%) and Cash and cash equivalents stood at Tk.856.21million from Tk. 652.92 million in 2021 (increased 31.14%).
Underwriting profit achieved was Tk. 145.46 million as against Tk. 95.58 million in 2021 – an increase of 52.19%. The increase in underwriting profit is due to increase in Net Premium income.	Net pre-tax profit stood at Tk. 212.61 million as against Tk. 162.61million in 2021, an increase of 30.75%.
Investment income was Tk. 53.45 million as against Tk. 45.34 million in 2021 17.89% due to increase FDR with bank and others financial Institutions	Net after tax profit amounts to Tk. 153.58 million as against Tk. 114.72 million in 2021, an increase of 33.87%.



Industry Outlook and Prospect

Global Economy

The global economy is experiencing a number of turbulent challenges. Inflation higher than seen in several decades, tightening financial conditions in most regions, Russia's invasion of Ukraine, and the lingering COVID-19 pandemic all weigh heavily on the outlook. Normalization of monetary and fiscal policies that delivered unprecedented support during the pandemic is cooling demand as policymakers aim to lower inflation back to target. But a growing share of economies is in a growth slowdown or outright contraction. The global economy's future health rests critically on the successful calibration of monetary policy, the course of the war in Ukraine, and the possibility of further pandemic-related supply-side disruptions, for example, in China.

Global growth is forecast to slow from 6.0 percent in 2021 to 3.2 percent in 2022 and 2.7 percent in 2023. This is the weakest growth profile since 2001 except for the global financial crisis and the acute phase of the COVID-19 pandemic and reflects significant slowdowns for the largest economies: a US GDP contraction in the first half of 2022, a euro area contraction in the second half of 2022, and prolonged COVID-19 outbreaks and lockdowns in China with a growing property sector crisis. About a third of the world economy faces two consecutive quarters of negative growth. Global inflation is forecast to rise from 4.7 percent in 2021 to 8.8 percent in 2022 but to decline to 6.5 percent in 2023 and to 4.1 percent by 2024. Upside inflation surprises have been most widespread among advanced economies, with greater variability in emerging market and developing economies. Risks to the outlook remain unusually large and to the downside.

War in Ukraine Causes More Human Suffering and Economic Damage

Russia's war in Ukraine continues to leave a mark on the region and internationally. The war has displaced millions of people and led to substantial loss of human life and damage to physical capital in Ukraine. In addition to financial and technological sanctions aimed at pressuring Russia to end

hostilities, the European Union implemented embargoes on imports of coal in August 2022. It also announced a ban on imports of seaborne oil starting at the end of 2022 and a maritime insurance ban. Reduced exports from Russia, most notably of gas, have also affected fossil fuel trade, with the flow of Russian pipeline gas to Europe down to about 20 percent of its level one year ago. This has contributed to the steep increase in natural gas prices. The war is having severe economic repercussions in Europe, with higher energy prices, weaker consumer confidence, and slower momentum in manufacturing resulting from persistent supply chain disruptions and rising input costs. Adjoining economies Baltic and eastern European states have felt the largest impact, with their growth slowing sharply in the second and third quarters and their inflation rates soaring. Russia's economy is estimated to have contracted by 21.8 percent (at a quarterly annualized rate) during the second quarter, although crude oil and non-energy exports held up. Russian domestic demand is showing some stability, thanks to containment of the effect of sanctions on the domestic financial sector policy support, and a resilient labor market. The war in Ukraine is also having global consequences for food prices. Despite the recent agreement on Black Sea grain exports, global food prices remain elevated, although they are expected to soften somewhat. This chapter's Special Feature, "Commodity Market Developments and Food Inflation Drivers," points to supply-side factors dominating current food price dynamics, compounded by the export restrictions several countries have implemented. Overall, international inflation has moved higher, propelled by further increases in consumer energy and food prices, as the war has led to a broadening of inflationary pressures.

COVID-19 Continues to Hold Back Economic Progress

As inflation, monetary and fiscal tightening, and the war in Ukraine continue to squeeze global activity, the pandemic is also weighing on the macroeconomic outlook. Pandemic related forces have been particularly important in China, where a second quarter contraction contributed to slower global activity. Temporary lockdowns in Shanghai and elsewhere due to COVID-19 outbreaks have weakened local



demand, which is reflected in the new-orders component of the purchasing managers' index. Other data corroborate this picture of slowing economic activity in China. Manufacturing capacity utilization in the country, for example, slowed to less than 76 percent in the second quarter: its lowest level in five years, except during the acute phase of the pandemic. Such disruptions in China not only have a domestic effect but also spill over internationally, as lower demand implies fewer exports for foreign suppliers.

Global Growth

A slowdown in global growth is forecast, from 6.0 percent in 2021 to 3.2 percent in 2022 and 2.7 percent in 2023. The global slowdown in 2022 is as projected in the July 2022 WEO Update, while the forecast for 2023 is lower than projected by 0.2 percentage point. This prognosis for the global economy is far below average: global economic growth averaged 3.6 percent during 2000–21 (and the same during 1970–2021). For most economies, the outlook is significantly weaker than projected six months ago, in the April 2022 WEO. Forecasts are weaker than expected for 143 economies (accounting for 92 percent of world GDP) for 2023. The forecast for 2023 is the weakest since the 2.5 percent growth rate seen during the global slowdown of 2001 with the exception of those during the global financial and COVID-19 crises. The world's three largest economies China, the euro area, and the US will slow significantly in 2022 and 2023, with downgrades compared with the predictions made in April and, in most cases, July. The negative revisions reflect the materialization of downside risks highlighted in the April 2022 WEO and July 2022 WEO Update and discussed at length in the previous section: tightening global financial conditions in most regions, associated with expectations of steeper interest rate hikes by major central banks to fight inflation (October 2022 Global Financial Stability Report); a sharper slowdown in China due to extended lockdowns and the worsening property market crisis; and spillover effects from the war in Ukraine with gas supplies from Russia to Europe tightening.

Economy of Bangladesh

Bangladesh, like many other countries, faces global economic challenges. Rising commodity prices and a surge in imports in the second half of FY22 resulted in a widening Balance of Payments (BoP) deficit and accelerating inflation. Foreign exchange reserves declined as a result, reaching US\$ 38.9 billion by the end of August 2022. Real GDP growth is expected to slow in FY23 as import suppression measures disrupt economic activity. Over the medium term, the balance of payments is projected to return to surplus as import growth moderates.

To achieve its vision of attaining upper middle-income status by 2031, Bangladesh needs to create jobs and employment opportunities through a competitive business environment, increase human capital and build a skilled labor force, build efficient infrastructure, and establish a policy environment that attracts private investment.



Development priorities include diversifying exports beyond the RMG sector; deepening the financial sector; making urbanization more sustainable and strengthening public institutions, including fiscal reforms to generate more domestic revenue for development. Addressing infrastructure gaps would accelerate growth. Addressing vulnerability to climate change and natural disasters will help Bangladesh to continue to build resilience to future shocks. Pivoting towards green growth would support the sustainability of development outcomes for the next generation.

Segment-wise Performance

In line with the general practices, the underwriting business of the company covers Fire Insurance, Marine Insurance, Motor Insurance and Miscellaneous Insurance businesses. Over-all and segment-wise performance of your company is shown in tables below







GROSS PREMIUM INCOME

	Gross Premium (BDT in mn)	2022	2021	2020	2019	2018
		888.01	730.62	438.24	446.72	436.25
	Growth (%)	2022	2021	2020	2019	2018
		21.54	66.72	(1.90)	2.40	0.33



BUSINESS SEGMENT-WISE GROSS PREMIUM INCOME

(BDT IN MN)

	Fire Insurance	2022	2021	Growth (%)
		▼	▼	▼
		256.12	215.32	18.95
	Marine Insurance	2022	2021	Growth (%)
		▼	▼	▼
		543.17	419.48	29.49
	Motor Insurance	2022	2021	Growth (%)
		▼	▼	▼
		26.56	31.12	(14.65)
	Miscellaneous Insurance	2022	2021	Growth (%)
		▼	▼	▼
		62.16	64.71	(3.95)



SEGREGATION OF NET PREMIUM

	2022		2021		Growth (%)
	Amount (BDT in mn)	Business Mix of Net Premium (%)	Amount (BDT in mn)	% of Total Net Premium	
	▼	▼	▼	▼	
Fire Insurance	136.52	24.04%	125.17	25.89%	9.07%
Marine Insurance	400.09	70.45%	321.51	66.51%	24.44%
Motor Insurance	25.54	4.50%	29.65	6.14%	(13.86%)
Miscellaneous Insurance	5.76	1.01%	7.07	1.46%	(18.53%)
Total	567.91	100.00%	483.40	100.00%	-

Claims



We are very prompt and sincere in respect of settlement of claims. We have been providing satisfactory customer services and continuously trying to improve it further. During the year

2022, the company has settled the claim of Tk. 53.01 million, while Tk. 31.64 million is already provisioned for settlement of intimated claims at the earliest.



NET CLAIM

(BDT IN MN)

	Net Claim for the year 2022	2022	2021	2020	2019	2018
		53.01	115.77	49.27	65.56	68.73
	Change (%)	2022	2021	2020	2019	2018
		(54.21)	134.97	(24.85)	4.61	532.03



SEGREGATION OF NET CLAIM

	2022		2021		Growth (%)
	Amount (BDT in mn)	Business Mix of Net Premium (%)	Amount (BDT in mn)	% of Total Net Premium	
Fire Insurance	27.99	52.79%	80.74	69.74%	(65.34%)
Marine Insurance	20.72	39.09%	31.34	27.07%	(33.88%)
Motor Insurance	4.27	8.06%	3.64	3.14%	17.31%
Miscellaneous Insurance	0.03	0.06%	0.05	0.05%	(40.00%)
Total	53.01	100.00%	115.77	100.00%	-

Financial performance

Performance of the company in terms of key performance indicators has been shown in a separate statement under



title "Last Five Years Financial Indicators" Moreover, some highlights are given in items below:



CAPITAL ADEQUACY

The following table shows gradual increase in the shareholders equity.

(BDT IN MN)

	Shareholders Equity for the year 2022	2022	2021	2020	2019	2018
		1,265.76	1,194.81	1,150.46	1,068.82	1,060.13
	Change (%)	2022	2021	2020	2019	2018
		5.94	3.86	7.64	0.82	8.53



Solvency margin

Solvency margin means the amount of assets which exceeds the insurer's liabilities & this will exhibit a part of the insurer's shareholders funds. The valuation methods of assets and liabilities of an insurer will be prescribed in the insurance

regulation. The regulation sets the minimum level of solvency margin without which an insurer cannot go on. The solvency of an insurance company exposes its assets to debts.

The following table shows that the solvency margin of the company is above the required level.



BUSINESS SEGMENT-WISE GROSS PREMIUM INCOME

(BDT IN MN)

		2022	2021	2020	2019	2018
		▼	▼	▼	▼	▼
	Available Solvency (AS)	669.64	530.15	399.68	489.31	519.58
	Required Solvency (RS)	121.74	104.35	68.90	67.84	64.95
	Solvency Margin (AS/RS) (times)	5.50	5.08	5.80	7.21	8.00



GROSS PROFIT MARGIN:

Gross profit margin are as follows:

(BDT IN MN)

	Fire	2022	2021		Marine Cargo	2022	2021
		▼	▼			▼	▼
		17.40	(21.69)			129.02	93.59
	Marine Hull	2022	2021		Motor	2022	2021
		▼	▼			▼	▼
		0.23	(2.00)			9.27	21.58
	Miscellaneous	2022	2021				
		▼	▼				
		(10.46)	4.09				

Re-insurance utilization and risk retention ratio

The Company has re-insurance treaty agreement with Shadharan Bima Corporation (SBC), Tysers Insurance Brokers Limited, Berkshire Hathaway Inc., WAICA Re, CICA Re, QBE Insurance Group Limited, Global Re Ltd. and Klapton Re against all classes of general insurance business.

You may be aware that usually high-risk retention level signals inadequate reinsurance protection while low risk retention level hampers profitability. Segment-wise Risk Retention Ratios of the Company for the last few years are shown in the table below.

	Year-wise Retention Ratio (%)				
	2022	2021	2020	2019	2018
Fire Insurance	53.30%	58.13%	66.90%	61.54%	64.26%
Marine Insurance	73.66%	76.65%	84.53%	84.82%	80.19%
Motor Insurance	96.15%	95.29%	96.03%	97.65%	93.84%
Miscellaneous Insurance	9.27%	10.92%	22.06%	9.80%	11.00%



RESERVE ADEQUACY

The following table shows reserve adequacy of the company.

(BDT IN MN)

Amount of Reserve	2022	2021	2020	2019	2018
	406.52	352.53	308.20	264.74	238.71
Changes (%)	2022	2021	2020	2019	2018
	15.31	14.38	16.42	10.90	20.54

Profitability

Since the source of revenue of the company is premium income from underwriting business under Fire Insurance, Marine Insurance, Motor Insurance and Miscellaneous Insurance businesses and other income like income from investments, its profitability depends upon these sources.

The following table shows the contributions of different business segments in the underwriting profit (loss) in last few years.

Business Segments	Contribution to Underwriting Profit (%)				
	2022	2021	2020	2019	2018
Fire Insurance	11.96%	-22.69%	14.00%	-0.61%	4.28%
Marine Insurance	88.85%	95.83%	65.25%	72.78%	78.44%
Motor Insurance	6.38%	22.58%	18.35%	21.11%	17.28%
Miscellaneous Insurance	-7.19%	4.28%	2.40%	6.72%	-
Total	100%	100%	100%	100%	100%



Underwriting Performance/Quality:

The quality of underwriting is a significant practice at City Insurance and this activity directly contributes to the quality of growth of the Company. The underwriting practice at the Company comprises thorough evaluation, prudent financial modeling and accurate risk pricing that protects the shareholders' interests in the company while also creating value at large. It is to be noted that while marine reported good underwriting profit growth year-on-year, and slightly increase underwriting profit from previous year higher claims dented

underwriting profit during the year under report for fire and miscellaneous insurance. However, we are undertaking all the necessary action across our business which will reinforce our ability to deliver quality underwriting profit growth across our various classes of business.

The following table shows the segment-wise underwriting performance of the company in the last few years.

(BDT IN MN)

Business Segments	Year-wise Underwriting performance				
	2022	2021	2020	2019	2018
Fire Insurance	17.40	-21.69	11.83	-0.45	3.74
Marine Insurance	129.25	91.59	55.15	53.74	68.51
Motor Insurance	9.27	21.58	15.51	15.59	15.09
Miscellaneous Insurance	-10.46	4.09	2.03	4.96	(6.39)
Total:	145.46	95.57	84.52	73.84	80.95

Investment Profile

The size of investment portfolio of City Insurance as on 31 December 2022 stood at Tk. 1,360.79 million. The investment portfolio comprises 5, 10, 15 & 20 years Bangladesh Government Treasury Bonds, Shares & Fixed Deposits Receipt (FDR) with various commercial banks and financial institutions.

The following table shows the status of the investment portfolio of the company in the last year comparing with those of the previous year.

COMPONENTS OF INVESTMENT	2022		2021	
	Amount (BDT in mn)	% of Total Investment	Amount (BDT in mn)	% of Total Investment
Fixed Deposit	831.15	61.08%	640.40	61.12%
Investment in Shares	329.64	24.22%	321.37	30.67%
BGTB	200.00	14.70%	86.00	8.21%
Total	1,360.79	100.00%	1,047.77	100.00%

Segregation of Investment Income and Other Income:

The following table shows the status of the contributions of different sources in the investment income and other income in the last year comparing with those of the previous year.

COMPONENTS OF INVESTMENT	2022		2021	
	Amount (BDT in mn)	% of Total Investment Income & Other Income	Amount (BDT in mn)	% of Total Investment Income & Other Income
Investment Income	53.38	65.59%	45.03	38.71%
Interest Income	0.07	0.09%	0.31	0.27%
Dividend	13.32	16.37%	18.24	15.68%
Profit from Sale of Shares	13.28	16.32%	47.53	40.85%
Other Income	1.33	1.63%	5.23	4.49%
Total	81.38	100.00%	116.34	100.00%

Motor Vehicle

The management of the company is always very careful about full compliance of relevant instructions from Insurance Development & Regulatory Authority (IDRA) about provision and procurement of equipment. As such, we are procuring motor vehicles for the head office and branches gradually as per the IDRA circular on this matter. As on 31 December 2022, the company has 21 (Twenty one) motor vehicles and 19 (Nineteen) motor cycles for its head office and branches.

INSURANCE RISK AND ITS CONCERNS

Insurance is a Mechanism of spreading the risks from one shoulder to another. It has two basic characteristics: One is shifting of risk from one individual to a group and the other is sharing the losses on equitable basis by all members of the group.

City General Insurance Company Limited uses to undertake pre-inspection of big and complicated risks through the professional and technical experts and it provides facilities to defend the insured's property. The method specially helps to reduce the happening of the incident and minimizing the extent of loss after happening of the incident.

The pre-underwriting survey of fire hazards to the insured property bears great importance. It is very much prudent and essential to make survey before accepting the risk for underwriting and re-insurance purpose. On the basis of the pre-inspection report the underwriter may recommend segregation of risk by installation of fire proof door to reduce premium, cleanliness of factory premises and to reduce fire hazards. Recommended fire prevention measures not only reduce fire hazards but also help the insured to get rebate on the rate of premium. Without pre-inspection it is difficult to segregate risk and make retention and cession to re-insurers.

City General Insurance Company Limited ensures proper risk management of their clients which benefits them as saving resources, time, assets, income, property & people are valuable resources which can be saved if fewer claims occur.

City General Insurance Company Limited, through its effective risk management practice, cannot eliminate risks but the endeavor shows that the company is committed to reduce the loss and prevent the same as far as possible making the clients a better position in connection with risk.

The company established a very good corporate environment with excellent work atmosphere. Communication among the employees is nice, as the company endeavors to be honest and practices fair to all employees.

Cost of Goods Sold, Gross Profit Margin & Net Profit Margin

City Insurance is not a manufacturing company. It is a non-life insurance company in Bangladesh. Cost of Goods Sold, Gross Profit Margin & Net Profit Margin are not considered to prepare financial statements. Therefore, comparative analysis of financial performance is elaborately discussed on the presentation on Financial Highlights on page no. 25

Disclosure regarding Extra ordinary Gain or Loss.

During 2022 no event either an extra-ordinary gain or loss occurred which might require an adjustment or disclosure in the financial statements.

Management Expenses

Management expenses amounted to Tk. 235.42 million in 2022. The expenses have been apportioned @ 34.82% to Fire, 53.05% to Marine Cargo & Hull, 3.62% to Motor and 8.51% to miscellaneous revenue accounts. We have successfully brought down the management expenses within appreciable limit.

Disclosure Related party transactions.

The company in normal course of business has entered into transactions with other entities that fall within the definition of related party as contained in IFRS "Related party disclosures" Total transactions are available in the reports under item No. 21 of the notes of the Financial Statements. The Audit Committee periodically carried out in-depth analysis of the transactions among the related parties.

Disclosure regarding Utilization of proceeds raised through IPO and Rights issues and/or any other Instruments

Initial Public offering (IPO) and Rights issues of City General Insurance Company Limited were made 2007 and 2011 respectively and fund raised thereby has already been utilized, reported to the regulators. No further issue was made since then.

Deteriorate of financial results after IPO and Rights issues

There is no financial results deteriorate after the company goes for initial public offering (IPO), Repeat public offering (RPO), Rights offer etc.

Disclosure regarding variance between quarterly financial performance and annual financial statements

Statement of Quarterly Financial Statements is given separately. There were some variances in the financial results from quarter to quarter. But they are not very significant or material in nature.



Product wise Performance

Particulars	Fire	Marine Cargo	Marine Hull	Motor	Miscellaneous	2022	2021
Gross Premium Income	256.12	529.36	13.81	26.56	62.16	888.01	730.62
Less : R/I Premium ceded	107.89	115.20	7.68	0.93	4.45	236.14	160.80
Less R/I Premium PSB	11.70	17.90	2.31	0.10	51.95	83.95	86.42
Net Premium Income	136.52	396.26	3.83	25.54	5.76	567.91	483.41
R/I Comm. Earned	28.15	32.17	0.96	0.13	5.04	66.45	49.91
Net premium reserve retained	54.61	158.50	3.83	10.22	2.30	229.46	131.40
Reserve for Un-expired risk.	50.07	126.93	4.19	11.86	2.83	195.88	131.40
Agent commission	33.19	120.60	1.75	4.47	1.71	161.72	55.37
Management expenses (revenue a/c)	81.96	121.72	3.18	8.53	20.03	235.42	201.94
Management expenses (profit or loss a/c)	-	-	-	-	-	13.23	15.17
Gross incurred claims	32.21	21.09	0.00	4.27	0.70	58.27	2.74
Net incurred claims	27.99	20.72	0.00	4.27	0.03	53.01	115.77
Outstanding result (u/w result)	17.40	129.02	0.23	9.27	(10.46)	145.46	95.58
Investment income (before tax)	-	-	-	-	-	53.38	45.03
Net profit before tax	-	-	-	-	-	212.61	162.61
Shareholders fund	-	-	-	-	-	1,265.76	1,194.81

Disclosure on remuneration paid to Directors including Independent Directors

The Board of Directors of the Company is non-executive directors except Managing Director. They don't get any incentive or bonus for the performance of the Board. The non-executive directors get only meeting fees for attending the board and committee meetings at Tk. 8,000/- re-fixed from 24th September 2019 according to the circular of the IDRA. Managing Director's Remuneration package is determined by the Board, which requires approval from the IDRA. As per corporate governance requirements, we publish our non-executive director meeting fees in the Annual Report. During the year 2022, the Meeting fees of the Directors were Tk. 8,000/- only. Details of the Directors' attendance record are shown on the page no. 163

Disclosure on Preparation and Presentation of Financial Statements

The Directors of City Insurance, in conformance with the BSEC Notification No. BSEC/CMRRCD/2006-158/207/ Admin/80 dated 3 June 2018 and under Section 184 of The Companies Act 1994, confirm compliance with the financial reporting framework for the following:

- The financial statements, prepared by the management of City Insurance make a fair presentation of its activities, operational details and results, cash flow information and changes in equity structure;
- Proper books and accounts of the Company have been maintained;
- Appropriate accounting policies, including International Accounting Standards (IAS)/International Financial

Reporting Standards (IFRS)/as applicable/adopted in Bangladesh, have been consistently applied in preparation of the financial statements. Any change or deviation has been adequately disclosed;

- Accounting estimates are based on reasonable and prudent judgment;
- Internal control processes have been properly designed and effectively implemented and monitored;
- Minority shareholders have been duly protected as have effective means of redress;
- No significant doubt exists upon the Company's ability to continue as a going concern;
- Comparative analysis of significant deviations has been highlighted and the reasons have been explained in the sections above.

As required by condition No. 1(5)(xxvi) of the guidelines, the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) have jointly certified to the Board that-

- a) They have reviewed the financial statements of the company for the year ended 31 December 2022 and to the best of their knowledge and belief:
 - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.

- b) There are, to the best of their knowledge and belief, no transactions entered into by the company during the year are fraudulent, illegal or violation of the company's code of conduct.

Disclosure Internal Control

At present insurance has enlarged its purview worldwide. Due to high risk in the insurance functions strong and effective internal control systems really important to ensure good governance, transparency and accountability. The company's internal control principle surrounds not only regulatory and legal requirements but also various internal rules, policies, procedures and practices.

Major elements of the company's internal control are follows:

- Regular Board Meeting with extensive agendas dealing with all major aspects of business.
- Regular Board Committee Meeting to discuss issues as defined in their charter.
- Regular Executive Committee Meeting with issues relating to operational activities of the company.
- Delegation of authorities with job description for each department according to organogram.
- Internal Audit Department directly reporting to the Board Audit Committee in compliance with procedure and limit of authority.
- Comprehensive Annual Budget system with approval of the Board.
- Comprehensive Financial reporting system including actual performance with budget.
- Review and analysis of fund position on daily basis.

Human Resources

At City Insurance our employees are our greatest asset. It is one of our utmost priorities that the employees are taken care of. We try to provide our people a congenial work environment, opportunity to hone their skills, and apt compensation and rewards that drive their motivation and work performance - one of the key reasons for our continued success.

The Company believes that its Human Resources (HR) gives it a significant competitive edge in terms of knowledge and experience. It has continued its policy of recruiting the best people and implementing programs to develop and retain high quality human resources in its various departments. In line with this Policy, the need based internal and external training at home, is regularly and systematically arranged. The Company also ensures attractive compensation packages and rewards including employee's safety and health including the family members to some extent to assure their retention and provide job satisfaction.

A separate report on Human Resources has been presented on page no. 214-218 of this report.

Information Technology

City General Insurance Company Limited has a most flexible & Secure IT department with some experienced, energetic and intelligent IT specialist. In this modern world IT departments have traditionally been the sole proprietor of technology within organizations with responsibility to ensure all technological aspects of an organization are running smoothly. In order to deliver on such responsibility.

City Insurance IT department's main responsibilities are –

- Managing and protecting the information technology.
- Managing and protecting the data resource.
- Managing and protecting the system applications.

Strictly involved in providing the infrastructure for automation, the governance for the use of the network and operating systems, and assistance in providing the operational units the functionality we need. The Information Technology department in an organization also responsible for the architecture, hardware, software, and networking of computers of the company. IT professionals working in this department perform a number of duties to ensure that employees have full access to the computer systems.

The IT professionals with their everchanging needs are constantly innovating and producing in-house programs to meet the day-to-day needs of the company's growing and diverse products and services. It has magnificently activated a Wide Area Network (WAN) to connect the entire branch offices situated all over the country on real time basis, with a view to providing unified connectivity and prompt customer services. City Insurance acquires high configured server as and when required for running its oracle 11g application server to build-up three tier applications and hardware architecture.

Credit Rating :

City Insurance has been achieved the credit rating 'AA+' (Double A Plus) from 'AA' (Double A). This credit rating reflects the company's strong capacity to meet its financial obligations ensuring high safety to shareholders and insured. Credit Rating report has been presented on the page no. 80 of this annual report.

Contribution to National Economy

City Insurance contributes to the National Exchequer in the form of income Tax, VAT & Excise duty. The company's has been presented on page no. 94

Minority Stakeholders

The Board of Directors is very concerned about the interest of the Stakeholders including the minority shareholders of City



General Insurance Company Limited. It has decided to ensure fair and equal treatment to every shareholders. In order to protect the invest of minority shareholders, the company undertook various measures to establish accountability and transparency. The company communicate all its strategic information as required in its operation under the regulatory directives without delay and tried to serve the minority shareholders better, the company disseminates all strategic decision through popular newspapers, website of the company to make them aware of the developments as well as activities of the company.

Report on going concern

The Financial Statements of an organization are generally prepared on the assumption that an enterprise is a going concern and will continue its operation for the predictable future. The Financial Statements may have to be prepared on a different basis which is used to be disclosed. On the other hand, the listed companies are required by BSEC to report on its capacity to run as going concern.

The Board of Directors of City General Insurance Company Limited uses to asses annually as to whether there exist material uncertainties which may cause significant doubt upon the company's ability to continue as going concern.

The Director's assessment as to whether the company is a going concern involves appropriate inquiries including review of budget, forecast, assumption and future outcome of inherent and uncertainties in existence. The Directors are convinced from the following indications that focus reasonable assurance regarding companies' ability to continue as a going concern for the foreseeable future.

FINANCIAL INDICATIONS:

- Positive net current assets
- Positive operating cash flows.
- Positive key financial ratios.
- Consistent payment of dividends.
- Credibility in payment of obligations.

- Performance growth.
- Positive underwriting results and trends.

OPERATING INDICATIONS:

- Key management turnover.
- Good business expansion.
- Spread of business a cross diverse client's satisfaction.
- Good corporate environment and employee's satisfaction.

OTHER INDICATIONS

- Maintenance of sufficient capital base as required by law.
- Strong reserve base.
- Strong equity base.
- Strong claim paying ability.
- Anticipates no significant change in legislation or government policy.

Significant deviations from the last year's operating results of the company.

1. Significant Deviation in Earnings per Share (EPS):

EPS has been increased for the year ended on 31st December, 2022 in comparison with the previous year due to increase of company's premium income significantly.

2. Significant deviation in Net Operating Cash Flow per Share (NOCFPS):

NOCFPS has been increased for the year ended 31st December, 2022 comparison with the previous year due to increase of company's premium income sharply.

3. Significant deviation in Net Assets Value per share (NAV):

NAV has been increased for the year ended 31st December, 2022 comparison with the previous year due to increase of company's investment in share, Govt. Treasury Bond and FDR.

Key operating and financial data for last 5 (five) years have been furnished as under:

Particulars	2022	2021	2020	2019	2018
Financial Performance					
Gross Premium	888.01	730.62	438.24	446.72	436.25
Net Premium Less Re-Insurance	567.91	483.41	328.37	312.37	295.63
Net Claims	53.01	115.77	49.27	65.56	68.73
Underwriting Profit	145.46	95.58	84.52	73.84	80.94
Profit before Tax	212.61	162.61	162.06	107.24	112.15
Net Profit after Tax	153.58	114.72	120.75	68.55	85.63
Share Capital & Reserve					
Paid-up Capital	681.66	681.66	681.66	681.66	681.66
Shareholders Equity	1,265.76	1,194.81	1,150.46	1,068.82	1,060.13
Reserve for Exceptional Losses	376.71	319.91	217.57	238.74	207.50
Assets					
Investment in shares & Securities	529.64	407.37	270.05	194.23	172.84
Cash, FDRs & Bank balances	856.21	652.92	612.03	571.66	598.10
Other Assets	554.04	624.52	724.19	572.59	543.28
Total Assets	1,939.89	1,684.81	1,606.27	1,338.48	1,314.22
Financial Analysis					
Dividend in percentage	10.50% cash Dividend	10% cash Dividend	10% cash Dividend	5% cash Dividend	5% cash Dividend
Earnings per Share (EPS)	2.25	1.68	1.77	1.01	1.26
Highest/Lowest market price per Share as on 31st December, 2022	26.20	44.10	31.30	22.70	13.50
	25.50	42.60	30.00	21.80	13.30

Proposed Dividend

The Board of Directors in its 205th Meeting held on 13/02/2023, has recommended 10.50% Cash Dividend to Sponsors and all shareholders from net profit (after tax) during the year 2022.

Interim dividend

No bonus share or stock dividend was declared as interim dividend during the year ended 31 December 2022.



The number of Board meetings and the attendance of Directors during the year 2022 are as follows:

Name of the Directors	Name of the Organization Nominated by	Status	Total meeting held (During his/her period)	Numbers of meeting Attended	Net Payment	Attendance %
Mr. Hossain Akhtar	AnwarJute Spinning Mills Ltd.	Chairman	5	4	32,000	80
Mr. Hossain Mehmood	N/A	Vice-Chairman	5	5	40,000	100
Mr. Mohd. Abu Taher	N/A	Vice-Chairman	5	5	40,000	100
Mrs. Bibi Amena	N/A	Director	5	5	40,000	100
Ms. Faizah Mehmood	Anwar Silk Mills Ltd.	Director	5	5	40,000	100
Mr. Md. Harunoor Rashid	Nominated by Khaled Iron & Steel Mills Ltd.	Director	5	3	24,000	60
Haji Md. Yousuf	N/A	Director	5	3	24,000	60
Mrs. Hasina Begum	Hossain Dyeing & Printing Mills Ltd.	Director	5	5	40,000	100
Mr. Mohammad Aman Ullah	Wazeefa Acrylic Spinning Mills Ltd.	Director	5	5	40,000	100
Mrs. Hasina Parveen Manwar	Mehmud Industries (Pvt.) Ltd.	Nominated Shareholder Director	5	4	32,000	80
Mr. Muhammad Nazirul Islam	Anwar Landmark Ltd.	Nominated Shareholder Director	5	5	40,000	100
Mrs. Salina Ahmed	A-One Polymer Ltd.	Nominated Shareholder Director	5	4	32,000	80
Mr. Mahabubul Haque	N/A	Independent Director	5	4	32,000	80
Mr. Tauhiduddin Md. Zahed	N/A	Independent Director	5	3	24,000	60
Mr. Mohammad Saif Noman Khan	N/A	Independent Director	5	3	24,000	60

Directors who could not attend meetings were granted leave of absence by the Board.

Pattern of Shareholding

Shareholding patterns of the Company as at December 31, 2022 has been shown as following:

- Parent/Subsidiary /Associated companies and other related parties N/A.
- Directors Shareholding position as on December 31, 2022

Sl. No.	Name	Status	No. of Shares held	% of Total Shares	Share held by the Spouse/ Children	Remarks
01	Mr. Hossain Akhtar	Chairman (Nominated by Anwar Jute Spinning Mills Ltd.)	26,02,704	3.82%	Nil	
02	Mr. Hossain Mehmood	Vice Chairman & Sponsor Director	40,05,266	5.88%	Nil	
03	Mr. Md. Abu Taher	Vice Chairman & Sponsor Director	20,65,639	3.03%	Nil	
04	Mrs. Bibi Amena	Director	16,52,508	2.42%	Nil	
05	Faizah Mehmood	Director (Nominated by Anwar Silk Mills Ltd.)	20,65,639	3.03%	Nil	
06	Mr. Harunoor Rashid	Director (Nominated by Khaled Iron & Steel Mills Ltd.)	18,59,074	2.73%	Nil	In addition Mr. Harunoor Rashid is holding 2,27,218 shares as Sponsor Shareholder in his name.
07	Haji Md. Yousuf	Sponsor Director	22,72,202	3.33%	Nil	
08	Mrs. Hasina Begum	Director (Nominated by Hossain Dyeing & Printing Mills Ltd.)	20,65,639	3.03%	Nil	In addition Mrs. Hasina Begum is holding 4,29,424 shares in her name.
09	Mr. Mohammad Amanullah	Director (Nominated by Wazeefa Acrylic Spinning Mills Ltd.)	16,43,121	2.41%	Nil	
10	Mrs. Hasina Parveen Manwar	Shareholder Director (Nominated by Mehmud Industry Pvt. Ltd.)	13,64,254	2.00%	Nil	In addition Mrs. Hasina Parveen Manwar is holding 5,51,522 shares in her name.
11	Mr. Muhammad Nazirul Islam	Shareholder Director (Nominated by Anwar Landmark Ltd.)	13,64,061	2.00%	Nil	
12	Mrs. Salina Ahmed	Shareholder Director (Nominated by A-One Polymer Ltd.)	13,94,305	2.05%	Nil	In addition Mrs. Salina Ahmed is holding 4,13,125 shares in her name.
13	Mr. Mahabubul Haque	Independent Director	Nil	---	Nil	
14	Mr. Tauhiduddin Md. Zahed	Independent Director	Nil	---	Nil	
15	Mr. Mohammad Saif Noman Khan	Independent Director	Nil	---	Nil	



Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children are stated below:

Sl. No.	Name	No. of Shares held	Share held by the Spouse/ Children	Remarks
i)	Mr. Md. Shamim Hossain Chief Executive Officer	Nil	Nil	
ii)	Mr. Md. Hasan Khan Addl. Managing Director & Company Secretary	Nil	Nil	
iii)	Mr. Sheikh Azizul Haque Executive Vice President & Chief Financial Officer	Nil	Nil	
iv)	Mr. Md. Ibrahim Mollah Vice President & Head of Audit	Nil	Nil	
v)	above officers (i-iv) spouses and minor children	Nil	Nil	

c) Executives (Top five Salaried Employees of the Company), other than the Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit):

Sl.	Name	Designation	
1.	Mr. Shiblal Shil	Dy. Managing Director, Local Office, Dhaka.	Nil
2.	Mr. Abul Kalam	Dy. Managing Director & Branch In-charge, Malibag Branch, Dhaka	Nil
3.	Mr. A.T.M Nazmul Hossain	Asst. Managing Director Kawran Bazar Branch, Dhaka	Nil
4.	Mr. Md. Yakub Hossain	Asst. Managing Director Gulshan Branch, Dhaka.	Nil
5.	Mr. Sabir Mohammed Azad	Sr. Executive Vice President Kawran Bazar Branch, Dhaka	Nil

Shareholders holding 10% or more voting interest in the company:	Nil
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Skilled Senior Management

City General Insurance Company Limited's office is under full protection to its business partners with all types of nonlife insurance business since 1996. The company is going ahead significantly to the growth and development of the non-life insurance industry of the country. The company has strong re-insurance and risk management fundamentals and a group of experienced professionals headed by **Md. Shamim Hossain**, Managing Director & CEO, having 21 years of experience, **Md. Hasan Khan ABIA**, Addl. Managing Director & Company Secretary having 40 years of experience, **A.K.M Mohiuddin**, Dy. Managing Director (BDD) having 27 years of experience, **Md. Morshed Hasan**, Asst. Managing Director (U/W & BCD) having 33 years of experience and **Sheikh Azizul Haque, ACS, CGIA, VAT Agent** Executive Vice President and Chief Financial Officer having 24 years of experience in the Insurance Industry.

Directors Retirement and Re-appointment

Group-A

As per Article 112 of Articles of Association of the Company the following 03 (three) Directors will retire from the Board by rotation at 27th Annual General Meeting and being eligible as per Article 114 offer themselves for re- election.

Mr. Mohd. Abu Taher

Mrs. Bibi Amena

Mrs. Hasina Begum (Representative of Hossain Dyeing & Printing Mills Ltd.)

Brief Resume and other information of the Directors as per clause 1.5 (xxiv) of BSEC Corporate Governance Code on 03 June 2018 are delimited in this Annual report at page no. 55, 56, 59.

Group-B

As per Article 112 of Articles of Association of the Company 1 (One) Director will also retire from the Board by rotation accordingly to Insurance Act and Rules from public shareholder Director. **Mrs. Salina Ahmed** (Nominated by A-One Polymer Ltd.) will retire.

As required by Insurance Rules, 1958, election of Directors from public shareholders will be held in the said Annual General Meeting. Necessary Notice related to election of Director from all shareholders has already been published on 29/01/2023 in the "Daily Dosh Rupantor" and "The Business Standard".

Appointment of Independent Director

The Independent Directors were duly appointed according to the Corporate Governance Code as prescribed by Bangladesh Securities & Exchange Commission (BSEC). The Board of directors appointed **Mr. Tauhiduddin Md. Zahed** as the independent director of City General Insurance Company Limited on the 201st Board meeting held on 28 February 2022 in place of **Khondker Fazle Rashid** due to consent has not been obtained for an Independent Director from BSEC. Again, **Mr. Mohammad Saif Noman Khan** appointed as another independent director in the same Board meeting after the resignation of **Mr. Gopal Chandra Ghosh, FCA, FCMA**. Their appointment as Independent Director were approved at 26th AGM held on 25 April 2022.

Appointment of Statutory Auditor:

As per rule **K. M. Alam & Co. Chartered Accountants** will retire in the 27th Annual General Meeting. M/s. K. M. Alam & Co. Chartered Accountants has been completed their audit work consecutive 03 (three) years and submitted report for the years 2020, 2021 and 2022. The Board of Directors in its 205th meeting held on 13/02/2023 recommended that **Islam Quazi Shafique & Co. Chartered Accountants** be appointed as statutory auditor for the year 2023 of the company and to fix their fees by the 27th Annual General Meeting.

Appointment for Corporate Governance Compliance Certification:

Ahmed Khan & Co. Chartered Accountants had conducted the audit work on compliance of the code of Corporate Governance of the company as issued by the BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03/06/2018 for the year ended 31 December 2022. The Board of Directors of the company has recommended to appoint **Salahuddin & Associates Chartered Secretaries** as the professional to provide the certification as to the compliance of the Corporate Governance Code issued by the BSEC Notification dated 03/06/2018 for the year 2023.

Management's Discussion and Analysis

Management's Discussion and Analysis signed by Managing Director & CEO in line with the Corporate Governance Code, presenting detailed analysis of the Company's position and operations along with a brief discussion of changes in the financial statements are stated at page no. 169-171

Insider Trading

The members of the Board of City Insurance as well as its sub-committees, or its senior management and their family members did not involve in any insider trading and did not violate the provision with regard to insider trading.

Declaration by the CEO and the CFO to the Board

The Details of discussion of declaration by the CEO and CFO is appended at page no. 213

Compliance with Laws and Regulations

The Company was not engaged in any activities contravening the laws and regulations. All those responsible for ensuring compliance in line with the provisions in various laws and regulations have discharged their responsibilities as per requirements.

Qualified Members of the Board of Directors with expert knowledge regarding Financials and Corporate regulatory rules, responsibilities and implications

As a diversified Board of City Insurance, the members of the Board are well qualified, comprising a number of seasoned government officials, industrialists, businessman and university teacher who have expert knowledge regarding the Industry, Financials and Corporate regulatory rules, responsibilities and its implications in the company i.e. **Mr. Mahabubul Haque**, former Deputy General Manager (DGM), Bangladesh Bank, **Mr. Tauhiduddin Md. Zahed**, former General Manager of Sadharan Bima Corporation and **Mr. Mohammad Saif Noman Khan** an Associate Professor at the Institute of Business Administration (IBA), University of Dhaka. In addition the detail profile of the Board of Directors are shown in page: 54 to 61.

Corporate Governance:

The Board of Directors of City General Insurance Company Limited firmly believes that practice of good Corporate Governance and transparency ensuring discipline are essential for a sustainable organization. The company designed the Corporate Governance systems and practices to ensure adequate internal control in operational process, transparency and accountability. Corporate Governance structure specifies the allocation of rights and responsibilities among the concerned executives and spells out the rules and procedures for making decisions on corporate affairs.



The role of Regulatory Authority is very important regarding Corporate Governance practices. It is mentioned Bangladesh Securities and Exchange Commission Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018 has been complied with in order with a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) shown in this Annual Report. Details about the initiatives are discussed in "Report on Corporate Governance" of this Annual Report 2022 (Page no. 231-234).

Corporate Social Responsibility

The Directors are sincere to discharge corporate responsibilities to the society. As a part of discharging corporate social responsibilities, City Insurance has initiated various projects and programs. Details has been presented on the page no. 231-234 of this annual report.

Future Development:

City General Insurance Company Limited has some extensive plans to create its business by providing quality service to the insured. The company is mainly focused on continuous practice for internal improvement, training for capacity building, practice of corporate Governance, efficient & excellent team work and quick claim settlement.

Our Aims:

Honorable Shareholders, we assure you that by providing very high-quality professional service to the clients and to increase continuous quality service, the company will always endeavor to that. It is mentioned, by this time honorable clients have increased their confidence to the company.

Appreciation:

I on behalf of the Board of Directors deeply appreciates the gracious co-operation to the activities of the company extended by the insured, well-wishers & patronage at the same time grateful to the Ministry of Finance, Insurance Development and Regulatory Authority (IDRA), the Bangladesh Securities and Exchange Commission (BSEC), Registrar of Joint Stock Companies and Firms, Central Rating Committee, Dhaka & Chittagong Stock Exchanges, Sadharan Bima Corporation, Bangladesh Bank including all scheduled commercial Bank and Bangladesh Insurance Association (BIA) for their sincere support and co-operation.

I like to thank and express gratitude to Managing Director & CEO, Md. Shamim Hossain for his hard work, commitment and dedication to the development of the Company.

I also thank to higher Executives, all officers and staff for their hard work and effort.

At the last but not the least certainly, I express my sincerest gratitude to all clients for their loyalty and patronage over the period.

At last, honorable shareholders I firmly request for having your support, co-ordination and valuable advice in future.

Allah Hafaz

On behalf of the Board of Directors,

(Hossain Akhtar)
Chairman