

DIRECTORS' REPORT TO THE SHAREHOLDERS

DIRECTORS REPORT

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Bismillahir Rahmanir Rahim

Dear Shareholders,

Assalamu Alaikum Wa Rahmatullah Wa Barakatuhu

I am honored and privileged to welcome you to the 28th Annual General Meeting of City General Insurance Company Limited, on behalf of the Board of Directors and myself. I would like to thank you for your continued patronage and support over the 28 years. I want to offer my sincere gratitude and admiration for your continued faith and unwavering support for the company despite the prevailing awkward situation. I would like to take this opportunity to present before you the Annual Report along with the Audited Financial Statements for the year ended 31 December 2023 and the Auditor's Report thereon for kind consideration and adoption. 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 2023. In fact, the year 2023 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

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 2023 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:

BDT in mn

	2023	2022	Growth (%)
Gross Premium Income	820.92	888.01	(7.63%)
Net Premium Income	516.49	567.91	(9.05%)
Net Asset	1,390.90	1,265.76	9.89
Fixed Assets	50.09	56.03	(10.60%)
Investments	570.57	529.64	7.73%
Cash and Cash Equivalents	936.65	856.21	9.39%
Underwriting Profit	216.46	145.46	85.81
Net Pre-Tax Profit	300.42	212.61	41.30%
Investment Income	75.12	53.45	40.54%
Net Profit after Tax	205.64	153.58	33.89%

GLOBAL ECONOMY 2023

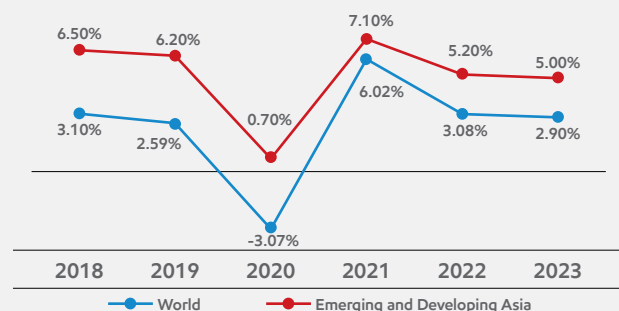
The global economy in 2023 is marked by a sense of uncertainty and cautious optimism. Economists are divided on the prospects of a worldwide recession, with 45% predicting it as likely and an equal percentage considering it unlikely. The World Economic Forum's Chief Economists Outlook 2023 suggests that the unpredictable road ahead can only be navigated successfully if countries agree to work together and adapt to changing circumstances.

Economic Growth and Recession

The Organisation for Economic Co-operation and Development (OECD) predicts that global GDP will grow 2.7% in 2023, with a modest improvement of 2.9% in 2024. This prediction is the lowest rate of growth since the global

financial crisis, with the exception of the pandemic. However, this below-trend growth is expected to gradually pick up throughout the next year as inflation moderates and real incomes strengthen.

GDP growth rates of World Economy

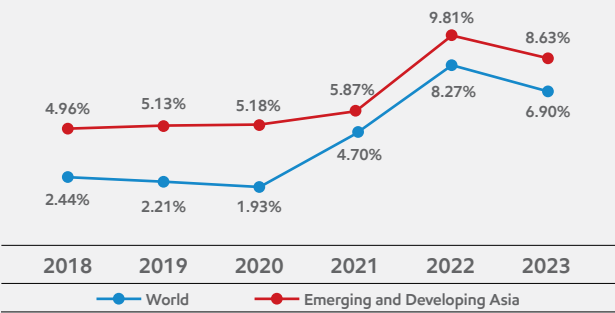


The International Monetary Fund (IMF) forecasts global growth to slow from 3.5 percent in 2022 to 3.0 percent in 2023 and 2.9 percent in 2024. Advanced economies are expected to slow from 2.6 percent in 2022 to 1.5 percent in 2023 and 1.4 percent in 2024 as policy tightening starts to bite.

Inflation and Wage Growth

Inflation remains a significant concern. The headline inflation rate across OECD nations is projected to continue its decline, from 9.4% in 2022 to 6.6% in 2023 and 4.3% in 2024. This decline is driven by the effects of tighter monetary policies and falling energy prices. However, core inflation, which excludes the impact of energy and food prices, continues to prove stubborn, partly driven by increasing service prices.

Global Inflation



For many people, the impact of high inflation and modest wage increases means real wages fell in 2022. This decline is expected to end in 2023, which will help address the falling levels of disposable income available to households.

Regional Growth

One of the clearest areas of consensus among economists is around which regions will see the strongest and weakest economic growth this year. Asia is expected to experience the most buoyant economic activity, with 93% of economists surveyed for the report predicting at least moderate growth in the region.

The global economy in 2023 is characterized by uncertainty, cautious optimism, and regional disparities. While the threat of a global recession looms, there are also signs of economic recovery and growth. The key to navigating these uncertain times lies in international cooperation, sound policymaking, and the ability to adapt to changing circumstances.

BANGLADESH ECONOMY: SUSTAINABLE GROWTH AMID CHALLENGES

The year 2023 has been a significant one for the economy of Bangladesh. Despite the global economic slowdown, the country has managed to maintain a steady growth trajectory, demonstrating resilience and adaptability.

Economic Growth

Bangladesh's Gross Domestic Product (GDP) is expected to grow by 5.3% in fiscal year (FY) 2023. This growth rate, although moderate, is commendable considering the global economic climate. The World Bank has projected that Bangladesh's GDP would grow by 6.7% in FY23, while the Asian Development Bank expected the economy to expand by 7.1%.

Key Drivers of Growth

The growth of Bangladesh's economy is driven by a large domestic consumer market, a rapidly expanding middle and affluent class, and an impressive digital adoption rate. The country is now home to more than 2,500 startups, with about 200 more being added each year, focusing on a wide range of industries, including financial technology (fintech), logistics and mobility, and e-commerce.

Challenges and Opportunities

Despite the positive growth, the economy faces considerable challenges with rising inflationary pressure, energy shortages, a balance-of-payments deficit, and a revenue shortfall. However, these challenges also present opportunities for sustainable growth. For instance, the energy shortage problem could be addressed by investing in renewable energy sources, which would not only meet the energy demand but also contribute to environmental sustainability.

Bangladesh economy in 2023 is on a path of sustainable growth, driven by domestic consumption, digital adoption, and a burgeoning startup ecosystem. While challenges persist, the country's resilience and adaptability provide a strong foundation for continued economic progress.

NON-LIFE INSURANCE SECTOR IN BANGLADESH

The Non-life insurance sector in Bangladesh is poised for significant growth in 2023, driven by various factors that contribute to the overall development of the economy and the insurance industry. As the country continues its trajectory of economic expansion, the Non-life insurance segment plays a crucial role in providing risk mitigation and financial protection for businesses and individuals alike.

Economic Growth and Infrastructure Development

Bangladesh's robust economic growth, fueled by infrastructural developments and a thriving business environment, creates a conducive landscape for the non-life insurance sector. As industries expand and new projects emerge, there is an increased demand for insurance coverage to safeguard against various risks, including property damage, liability, and other unforeseen events.

Increasing Awareness and Understanding

The awareness and understanding of insurance products have been on the rise among businesses and the general population. This growing awareness, coupled with an increasing sense of the need for financial security, is driving more individuals and businesses to seek non-life insurance coverage. As the market becomes more informed, the demand for diverse insurance products is likely to surge.

Regulatory Reforms and Market Liberalization:

The regulatory landscape in Bangladesh has been evolving to foster a more dynamic and competitive insurance market. Regulatory reforms aimed at enhancing transparency, governance, and consumer protection contribute to a more resilient and customer-centric non-life insurance sector. The liberalization of the market encourages innovation and the introduction of new products to meet the evolving needs of policyholders.

Technological Advancements

Technological advancements are reshaping the insurance industry globally, and Bangladesh is no exception. The integration of digital platforms, data analytics, and artificial intelligence in non-life insurance operations enhances efficiency, reduces costs, and improves customer experience. Insurers adopting these technologies are likely to gain a competitive edge, attracting a tech-savvy customer base.

Climate Change and Risk Mitigation

Bangladesh is susceptible to various environmental risks due to its geographical location. The increasing frequency and

severity of natural disasters underscore the importance of non-life insurance in providing financial protection against property damage, crop losses, and other climate-related risks. Insurers that develop innovative products addressing climate-related challenges are likely to find substantial opportunities in this emerging market.

Customization of Products:

The Non-life insurance sector in Bangladesh is witnessing a shift towards more customized and specialized insurance products. Insurers are tailoring policies to meet the unique needs of different industries, businesses, and individuals. This trend allows insurers to provide more comprehensive coverage and better address the specific risks faced by their clients.

The prospects of the Non-life insurance sector in Bangladesh for 2023 appear promising. The convergence of economic growth, regulatory reforms, technological advancements, and a heightened awareness of insurance products collectively create an environment conducive to expansion and innovation within the industry. As insurers continue to adapt to these changes, they are well-positioned to contribute significantly to the country's economic resilience and provide essential risk management solutions for businesses and individuals alike.

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

Year	Gross Premium (BDT in mn)	Growth (%)
2023	820.92	(7.56%)
2022	888.01	21.54%
2021	730.62	66.72%
2020	438.24	(1.90%)
2019	446.72	2.40%
2018	436.25	0.33%

Business Segment-wise Gross Premium Income

Business Segments	BDT in mn		
	2023	2022	Growth (%)
Fire Insurance	268.22	256.12	4.72%
Marine Insurance	469.13	543.17	(13.63%)
Motor Insurance	21.21	26.56	(20.14%)
Miscellaneous Insurance	62.35	62.16	0.31%

Business Segments	2023		2022		Growth (%)
	Amount (BDT in mn)	Business Mix of Net Premium (%)	Amount (BDT in mn)	% of Total Net Premium	
Fire Insurance	147.97	28.65%	136.52	24.04%	4.61
Marine Insurance	337.93	65.42%	400.09	70.45%	-5.3
Motor Insurance	21.10	4.09%	25.54	4.50%	-0.41
Miscellaneous Insurance	9.49	1.84%	5.76	1.01%	0.83
Total	516.49	100%	567.91	100%	

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 2023, the company has settled the claim of BDT 44,170,259 while BDT 210,14,912 is already provisioned for settlement of intimated claims at the earliest.

Net Claim:

BDT in mn

Year	Net Claim for the year 2023	Change (%)
2023	44.17	(16.68%)
2022	53.01	(54.21%)
2021	115.77	134.97%
2020	49.27	(24.85%)
2019	65.56	(4.61%)
2018	68.73	532.29%

Segregation of Net Claim:

Business Segments	2023		2022		Growth (%)
	Amount	Business Mix of Net Premium (%)	Amount (BDT in mn)	% of Total Net Premium	
Fire Insurance	18.69	42.31%	27.99	52.79%	(10.48%)
Marine Insurance	22.72	51.44%	20.72	39.09%	12.35%
Motor Insurance	2.35	5.32%	4.27	8.06%	(2.74%)
Miscellaneous Insurance	0.41	0.93%	0.03	0.06%	0.87%
Total	44.17	100%	53.01	100%	

FINANCIAL PERFORMANCE

Performance of the company in terms of key performance indicators has been shown in a separate statement under title "Last Six 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		
Year	Shareholders' Equity	Change (%)
2023	1,390.90	9.89%
2022	1,265.76	5.94%
2021	1,194.81	3.86%
2020	1,150.46	7.64%
2019	1,068.82	0.82%
2018	1,060.13	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.

BDT in mn						
Particulars	2023	2022	2021	2020	2019	2018
Available Solvency (AS)	751.44	669.64	530.15	399.68	489.31	519.58
Required Solvency (RS)	111.84	121.74	104.35	68.90	67.84	64.95
Solvency Margin (AS/RS) (times)	6.72	5.50	5.08	5.80	7.21	8.00

Gross profit margin:

Gross profit margin are as follows:

BDT in mn						
Particulars	2023	2022	2021	2020	2019	2018
Fire	25.39	17.40	(21.69)	11.83	(0.46)	3.74
Marine Cargo	191.16	129.02	93.59	55.46	52.13	66.32
Marine Hull	(2.01)	0.23	(2.00)	(0.31)	1.62	2.19
Motor	11.25	9.27	21.58	15.51	15.59	15.09
Miscellaneous	(9.33)	(10.46)	4.09	2.03	4.96	(6.39)

Re-insurance utilization and risk retention ratio

The Company has re-insurance treaty agreement with Shadharan Bima Corporation (SBC). Facultative Reinsurer are The New India, CICA-Re, QBE Insurance, Best Meridian International Insurance Company, Chubb Underwriting (DIFC) Ltd, Beazley Syndicate AFB and PT Asuransi Umam Mega 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.

Particulars	Year-wise Retention Ratio (%)					
	2023	2022	2021	2020	2019	2018
Fire Insurance	55.17%	53.06%	58.13%	66.90%	61.54%	64.26%
Marine Insurance	72.03%	73.66%	76.65%	84.53%	84.82%	80.19%
Motor Insurance	99.48%	96.15%	95.29%	96.03%	97.65%	93.84%
Miscellaneous Insurance	15.21%	9.27%	10.92%	22.06%	9.80%	11.00%

Reserve adequacy

The following table shows reserve adequacy of the company.

Year	Amount of Reserve (BDT in mn)	Changes (%)
2023	464.86	14.35%
2022	406.52	15.31%
2021	352.53	14.38%
2020	308.20	16.42%
2019	264.74	10.90%
2018	238.71	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 (%)					
	2023	2022	2021	2020	2019	2018
Fire Insurance	11.73%	11.96%	-22.69%	14.00%	-0.61%	4.28%
Marine Insurance	87.38%	88.85%	95.83%	65.25%	72.78%	78.44%
Motor Insurance	5.19%	6.38%	22.58%	18.35%	21.11%	17.28%
Miscellaneous Insurance	-4.30%	-7.19%	4.28%	2.40%	6.72%	-
Total	100%	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.

Business Segments	Year-wise Underwriting performance (BDT in mn)					
	2023	2022	2021	2020	2019	2018
Fire Insurance	25.39	17.40	-21.69	11.83	-0.45	3.74
Marine Insurance	189.14	129.25	91.59	55.15	53.74	68.51
Motor Insurance	11.24	9.27	21.58	15.51	15.59	15.09
Miscellaneous Insurance	(9.32)	-10.46	4.09	2.03	4.96	(6.39)
Total	216.46	145.46	95.58	84.52	73.84	80.95

Investment Profile

The size of investment portfolio of City Insurance as on 31 December 2023 stood at BDT 570,567,916 The investment portfolio comprises 10-years Bangladesh Government Treasury Bonds, Fixed Deposits & Shares 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	2023		2022	
	Amount (BDT in mn)	% of Total Investment	Amount (BDT in mn)	% of Total Investment
Fixed Deposit	921.26	61.76%	831.15	61.08%
Investment in Shares	354.57	23.77%	329.64	24.22%
BGTB	216.00	14.47%	200.00	14.70%
Total	1,491.83	100%	1,360.79	100%

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	2023		2022	
	Amount (BDT in mn)	% of Total Investment Income & Other Income	Amount (BDT in mn)	% of Total Investment Income & Other Income
Investment Income	75.03	75.53%	53.38	65.59%
Interest Income	.10	.10%	0.07	0.09%
Dividend	18.96	19.09%	13.32	16.37%
Profit from Sale of Shares	4.42	4.44%	13.28	16.32%
Other Income	0.83	.84%	1.33	1.63%
Total	99.34	100%	81.38	100%

RISK AND CONCERNS (RISK+MITIGATION)

The mechanism of insurance is to transfer the risks from one shoulder to another. Its two main features are the transfer of risk from an individual to a group and the equitable distribution of losses among all group members.

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 minimize 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 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 fireproof 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 an excellent work atmosphere. Communication among the employees is nice, as the company endeavors to be honest and practices fair to all employees.

GROSS PROFIT MARGIN AND NET PROFIT MARGIN

In 2023 the Gross Profit Margin is 36.59% and the Net Profit Margin is 25.05%.

EXTRA-ORDINARY GAIN OR LOSS

During 2023 no event, either an extra-ordinary gain or loss occurred which might require an adjustment or disclosure in the financial statements.

COST OF SERVICES 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 Services Sold, Gross Profit Margin & Net Profit Margin are not considered

to prepare financial statements. Therefore, comparative analysis of financial performance is elaborately discussed in the presentation on Financial Summary on page no. 324

MANAGEMENT EXPENSES

Management expenses amounted to Tk. 231.77 million in 2023. The expenses have been apportioned as under mentioned revenue accounts. We have successfully brought down the management expenses to an appreciable limit.

Fire	38.51%
Marine Cargo & Hull	49.49%
Motor	3.04%
Miscellaneous	8.96%

RELATED PARTY TRANSACTIONS

The company in normal course of business has entered 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.

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.

VARIANCE BETWEEN QUARTERLY FINANCIAL PERFORMANCE AND ANNUAL FINANCIAL STATEMENTS

The 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	2023	2022
Gross Premium Income	268.22	444.71	24.41	21.20	62.35	820.91	888.01
Less : R/I Premium ceded	106.10	89.77	11.98	--	3.73	211.60	236.14
Less R/I Premium PSB	14.14	20.62	8.81	0.10	49.12	92.82	83.95
Net Premium Income	147.97	334.31	3.61	21.10	9.49	516.49	567.91
R/I Comm. Earned	26.15	26.18	1.07	--	4.71	58.10	66.45
Net premium reserve retained	59.19	133.72	3.61	8.44	3.79	208.76	229.46
Reserve for Un-expired risk - 2022	54.61	158.50	3.83	10.22	2.30	229.46	195.88
Agent commission	39.60	75.38	1.19	3.26	1.77	121.19	161.72
Management expenses (revenue a/c)	84.57	100.96	5.54	6.68	19.66	217.41	235.42
Management expenses (profit or loss a/c)	4.68	7.77	0.43	0.37	1.09	14.35	13.23
Gross incurred claims	18.70	22.67	26.93	2.35	2.52	73.17	58.27
Net incurred claims	18.69	22.53	0.18	2.35	0.41	44.17	53.01
Outstanding result (u/w result)	25.39	191.16	-2.01	11.24	-9.32	216.47	145.46
Investment income (before tax)	--	--	--	--	--	75.12	53.38
Net profit before tax	--	--	--	--	--	300.42	212.61
Shareholders fund	--	--	--	--	--	1,390.90	1,265.76

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 (IASs)/International Financial Reporting Standards (IFRSs)/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.

NO ADVERSE REMARKS IN THE AUDITORS' REPORT

The Audit Report 2023 contained no adverse opinion by the Statutory Auditors of the Company. (Page no. 365-368)

MAINTAINING PROPER BOOKS OF ACCOUNT

City general Insurance Company Limited always maintains proper books of account for its financial transactions, including in 2023. The external auditor, M/s. Islam Quazi Shafique & Co. Chartered Accountants, has reviewed the books of account and provided an opinion that they have been maintained as required by law.

CEO AND CFO'S DECLARATION CERTIFICATE

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:

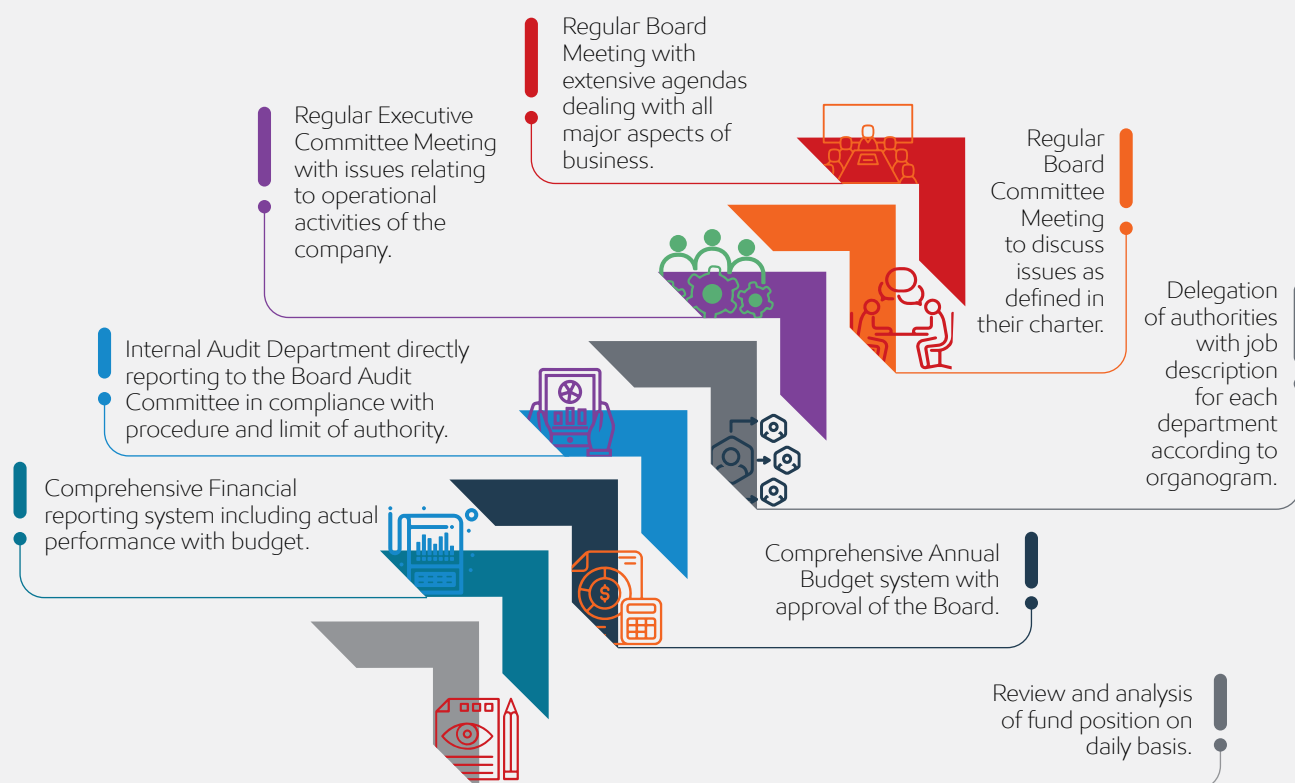
- They have reviewed the financial statements of the company for the year ended 31 December 2023 and to the best of their knowledge and belief:
 - These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.
- 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.

The CEO and CFO's declaration to the Board is appended on page no. 205 in Annexure-A.

INTERNAL CONTROL AND COMPLIANCE

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:



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 remuneration 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. 148 of this report.

Information Technology

Information and Communication Technology (ICT) is now an important part of running an insurance company and

making sure their services run smoothly. City Insurance's IT system has been updated to make the automation of services even stronger and safer. City Insurance's highly skilled and experienced IT professionals keep and improve the company's IT infrastructure and are always coming up with new ideas and writing custom programs to meet the needs of the business. Data modems and optical fiber have been used in both the head office and the branch offices connectivity.

A separate report on Information Technology has been presented on page no. 196 of this report.

Statement of Directors' Responsibility to Establish an Appropriate System of Internal Control

The Board of Directors recognizes their general responsibilities for the company's internal control system. They are aware of their duties to establish efficiency, effectiveness, reliability, timeliness, and compliance with relevant laws and regulations in all the company's operations. To ensure this, they have confirmed that a system of internal control is in place throughout the year, following best financial reporting practices.

A separate Statement of Directors' Responsibility to establish an appropriate system of Internal Control has been presented on page no. 203 of this report.

Credit Rating

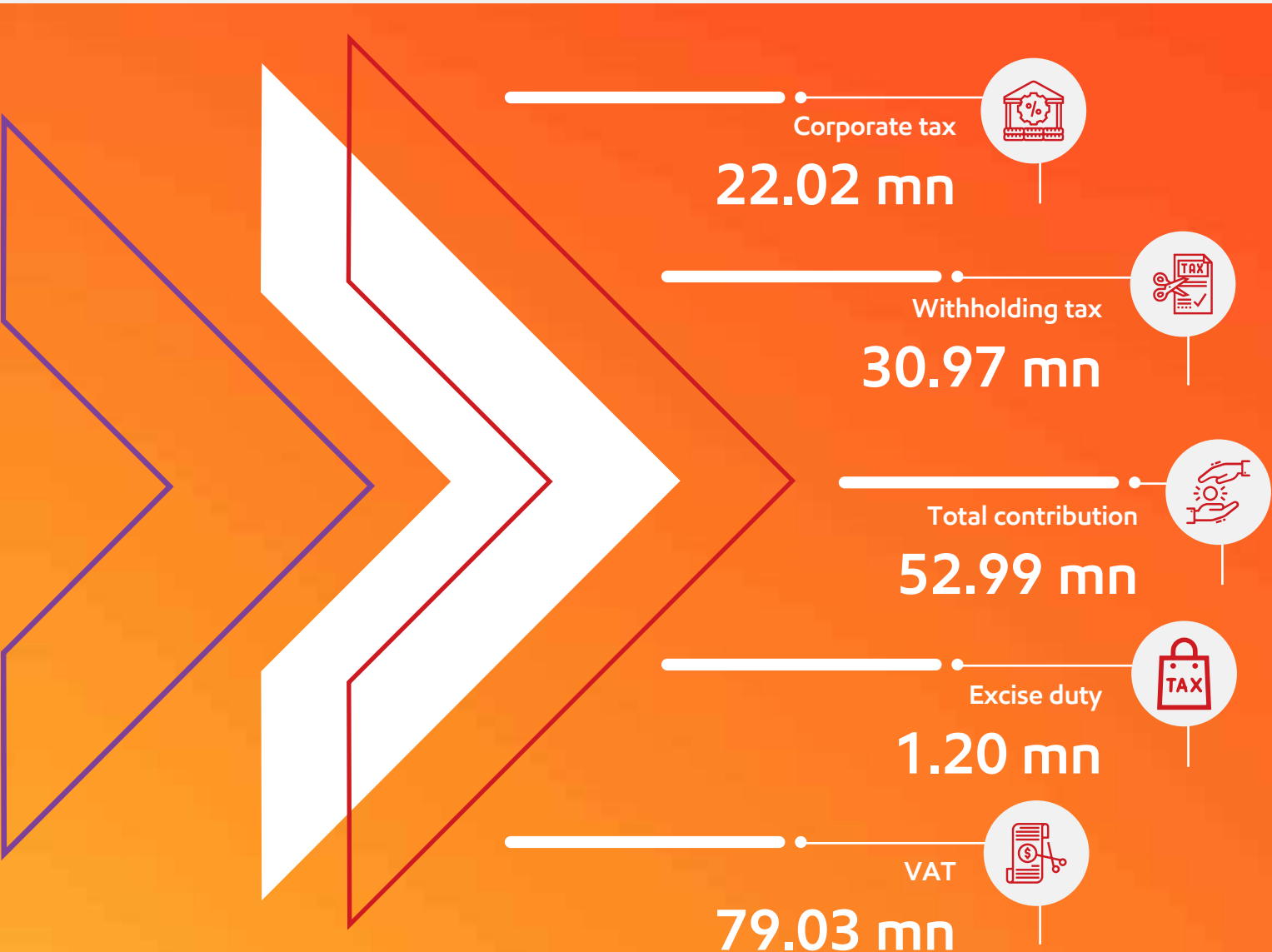
Long Term Claim Paying Ability (CPA) Rating	Outlook	Date of Rating	Validity of Rating
AA+	Stable	21.06.2023	20.06.2024
Rated by Credit Rating Information and Services Limited (CRISL)			



Contribution to National Economy

City Insurance primarily contributes to the national exchequer, finances profitable businesses, and consequently creates employment as a means of contributing to the economy of the country. Being a one of the largest insurance company

in the nation's insurance sector, City Insurance has been contributing positively to the private sector for the past 28 years. In 2023, City Insurance made a direct contribution to the national economy by depositing BDT 79.03 million to the national exchequer in the major form of corporate tax, withholding tax, excise duty, and VAT.



A separate Statement of Contribution to the National Exchequer has been presented on page no.107 of this report.

Minority Shareholders

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.

Going Concern

After reviewing the company's present and potential business growth, annual budget, performance, liquidity position, and financing arrangements, the Directors are satisfied that the Company has adequate resources to continue to operate in the foreseeable future and confirm that there is no material issue threatening the company's going concern. For this reason, the Directors have continued to adopt the going concern basis in preparing these financial statements. There are no significant doubts about the company's ability to continue as a going concern. Details have been presented on page no. 108 of this Annual Report.

Significant Deviations from the Last Year's Operating Results of the Company

1. Significant Deviation in Earnings per Share (EPS)

EPS has been increased in the current year ended on 31st December, 2023 with comparison to the previous year because the company's underwriting profit and others income have been increased significantly.

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

NOCFPS has been decreased in the current year ended 31st December, 2023 with comparison to the previous year because the company's premium income has been decreased and re-insurance payment has been increased.

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

NAV has been increased in the current year ended 31st December, 2023 with comparison to the previous year because the company's investments in share, Govt. Treasury Bond and FDR have been increased sharply.

Key Operating and Financial Data of Current Year & Preceding 5 (Five) Years

Key operating & financial data over the last six years as per requirement of BSEC Notification No. BSEC/

CMRRCD/2006-158/207/ Admin/80 dated June 03, 2018 are presented in Annexure-I to this Annual Report, page No. 129.

DIVIDEND

During the year ended 31 December 2023, the Company has earned net profit after tax amounting to BDT 20.56 Crore. Considering the performance of the Company, the Board of Directors in its 211th Meeting held on February 18, 2024, has recommended 12% Cash dividend (i.e., BDT 1.20 Per Share) for Sponsors and General Shareholders respectively, which comes to total BDT 8,17,99,347 Crore subject to approval of the Shareholders in the 28th Annual General Meeting.

Dividend Distribution Policy

The dividend policy outlines the amount of cash that will be distributed to the shareholders every year as a dividend from the after-tax profit of the company. The dividend is to be recommended and approved as per applicable laws and regulatory directives issued from time to time by the Bangladesh Securities and Exchange Commission. Details have been presented on page no. 272 of this Annual Report.

Entitlement of Dividend

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

Process of Distribution of Cash Dividend

The cash dividend shall be paid directly to the bank account within 15 days and not more than 30 (thirty) days of the date of approval by the shareholders in the AGM subject to compliance with BSEC or other regulatory authority circulars/directives from time to time.

The Procedure of Stock Dividend Distribution

The stock dividend will be credited within 30 (thirty) days of approval, subject to regulatory clearance.

Process for Settling Unpaid Dividends

Unpaid or unclaimed cash dividends for less than three years from the declaration date shall be paid to shareholders upon application and disbursed within the time period specified. In case of the cash and stock dividend for more than three years of the declaration date shall be settled as per the instructions of the BSEC or other regulatory authority from time to time.

Tax Matters

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

Interim Dividend

No bonus share or stock dividend was declared as Interim Dividend during the year ended 31 December 2023.

Meetings Attendance & Remuneration

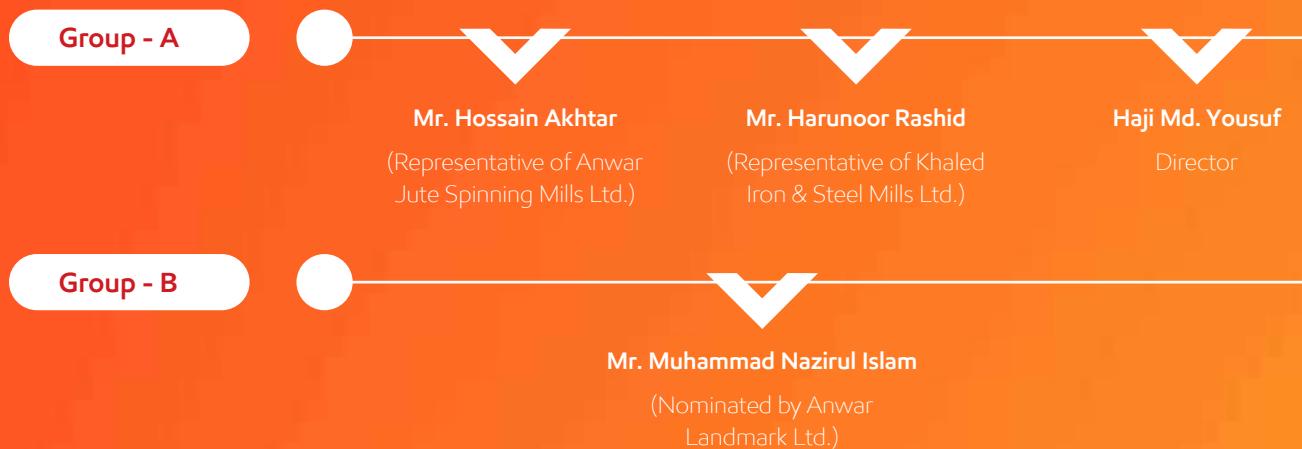
The Board of Directors of the Company has non-executive directors except the Managing Director. They don't get any incentive or bonus for the performance of the Board. The non-executive Directors get only meeting fees for attending the board and committee meetings at Tk. 8,000/- re-fixed from 24th September 2019 according to the circular of the IDRA. Managing Director's Remuneration package is determined by the Board, which requires approval from the IDRA. During the year 2023 a total of 06 (Six) Board Meetings, 04 (Four) Audit Committee meetings and 02 (Two) Nomination and Remuneration Committee Meeting were held. The detail of meeting attendance by the Directors along with remuneration paid to them are disclosed in **Annexure- II** of this Directors' Report.

Pattern of Shareholding

According to the CDBL report, there were 3,243 registered ordinary shareholders as on 31 December 2023. The shareholding pattern of the company as on 31 December 2023 is disclosed as per BSEC's Corporate Governance Code in Annexure-III of this Directors' Report.

Directors Rotation and Re-Appointment

As per Article 112 of Articles of Association of the Company which comply with the pertinent company law of the country, one-third of the Board of Directors (Excluding Managing Director and Independent Directors) shall retire by rotation. the following 03 (three) Directors will retire from the office by rotation at 28th Annual General Meeting and being eligible as per Article 114 offer themselves for re- election.



Brief Resume and other information of the Directors as per clause 1(5) (XXIV) of BSEC Corporate Governance Code on 03 June 2018 are delimited in this Annual report, page no 70,71 & 73 It is noteworthy that, all the reappointment of Directors will be placed in the 28th AGM for final approval from the shareholders.

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 January 25, 2024 in the "Dainik Bangla" and "The Business Post".

Appointment of Independent Director

As per Compliance with the requirement/provision of condition no. 1(2)(c) of the Bangladesh Securities and Exchange Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated 03 June 2018 and Notification No. BSEC/CMRRCD/2009-193/66/PRD/148 (Amended) dated 16 October 2023 the Board of Directors

reappointed Mr. Mahabubul Haque as the Independent Director of City General Insurance Company Limited on its 209th meeting held on 23 October 2023. The reappointment of Mr. Mahabubul Haque is duly approved by the Bangladesh Securities and Exchange Commission (BSEC). The same is to be placed at the 28th AGM for shareholders' approval.

Appointment of Statutory Auditor

M/s. Islam Quazi Shafique & Co., Chartered Accountants are the current statutory Auditors of City Insurance who (the audit firm) were appointed in the 27th Annual General Meeting held on 30 March 2023 for the year 2023. M/s. Islam Quazi Shafique & Co., Chartered Accountants, shall retire at the 28th Annual General Meeting. They have expressed their willingness to be re-appointed for the year 2024. Based on suggestions of the Audit Committee, the Board recommends the re-appointment of M/s. Islam Quazi Shafique & Co., Chartered Accountants, as the statutory auditors of the Company for the year 2024 and continuation up to the next AGM subject to approval of the shareholders at the 28th AGM.

Appointment of Compliance Auditor for BSEC's Corporate Governance Code

Pursuant to code 9.2 of the codes of corporate governance issued by BSEC, the shareholders at the 27th Annual General Meeting (AGM) had appointed Salahuddin & Associates Chartered Secretaries as the Compliance Auditor of the Company for the year 2023. They 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 and Notification No. BSEC/CMRRCD/2009-193/66/PRD/148 (Amended) dated 16 October 2023 for the year ended 31 December 2023.

The Board of Directors of the company has recommended to appoint MNA Associates Chartered Secretaries in practice as the compliance auditor of the company for the year 2024 subject to approval of the shareholders at the 28th AGM.

Appointment of Compliance Auditor for IDRA's Insurer's Corporate Governance Guidelines, 2023

According to sections 19.2 and 3 of the "Insurer's Corporate Governance Guidelines, 2023," issued by Insurance Development and Regulatory Authority (IDRA), dated October 19, 2023 the Board of Directors of the company has recommended to appoint MNA Associates Chartered Secretaries in practice as the compliance auditor of the company for the year 2024 subject to approval of the shareholders at the 28th AGM.

Status of Compliance on 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.

In this respect, we have the pleasure to confirm that the Company has complied with all the necessary directives under BSEC CG Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated the 3rd June 2018 and Notification No. BSEC/CMRRCD/2009-193/66/PRD/148 (Amended) dated 16 October 2023. The Compliance Report along with the necessary remarks and disclosures is appended in this Annual Report for the year 2023. Further, a Certificate of Compliance is required under the said CG codes, as provided by M/s. Salahuddin & Associates Chartered Secretaries, is also annexed to this Annual Report at page no. 277.

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. 93

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.

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.

Awards & Recognition

As a result of our responsible corporate stewardship, exceptional value creation focus and full-strength emphasis on governance and compliance in 2022, we have been recognised by a wide number of reputable institutions, both nationally and globally with a number of outstanding awards and recognitions. The following honors were bestowed to the Company in 2023:

- Gold (Winner) for Corporate Governance Excellence 2022 by Institute of Chartered Secretaries of Bangladesh (ICSB)
- Gold (Winner) for Best Presented Annual Reports 2022 by Institute of Chartered Accountants of Bangladesh (ICAB)
- Silver (Winner) for Best Presented Annual Reports 2022 by SAFA (South Asian Federation of Accountants)

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. 186-192 of this annual report.

RISK ASSESSMENT AND MITIGATION FOR THE YEAR 2023:

City General Insurance Company Limited recognizes the dynamic nature of the insurance industry and the inherent risks associated with conducting business. This disclosure aims to provide stakeholders with insights into the risks faced by the company in the year 2023 and the corresponding strategies employed for mitigation.

Key Risks Identified:

1. Market Volatility:

Description: The insurance industry is susceptible to market fluctuations, impacting investment returns and financial stability.

Mitigation: City Insurance has diversified its investment portfolio, implemented risk management models, and regularly monitors market trends to make informed decisions.

2. Regulatory Changes:

Description: Evolving regulatory landscapes can pose challenges in compliance, affecting operations and financial performance.

Mitigation: The company maintains a dedicated regulatory compliance team to stay abreast of changes, conducts regular audits, and engages in proactive dialogue with regulatory bodies.

3. Cyber security Threats:

Description: Increasing cyber threats pose risks to sensitive customer data, operational integrity, and overall business continuity.

Mitigation: Robust cyber security measures, employee training programs, and continuous assessments of IT infrastructure help mitigate the risk of cyber-attacks. Investments in advanced security technologies are ongoing.

4. Underwriting Risks:

Description: Inaccurate risk assessment and underwriting may lead to substantial financial losses.

Mitigation: City Insurance's employs advanced data analytics, artificial intelligence, and machine learning algorithms to enhance underwriting accuracy. Regular training programs ensure underwriters are updated on industry trends.

5. Climate Change Impact:

Description: Climate-related events can result in an increase in insurance claims and pose a threat to the company's financial stability.

Mitigation: The company actively assesses and adjusts its risk exposure to climate-related events. Sustainable business practices are adopted, and partnerships with climate risk experts are established.

Financial Preparedness:

City General Insurance Company Limited maintains a robust financial position to address unforeseen challenges. Adequate

reserves, stress testing, and scenario analyses are conducted regularly to ensure the company's ability to weather economic downturns or unexpected events.

Continuous Monitoring and Adaptation:

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

INDUSTRY OUTLOOK AND FUTURE PROSPECTS

The non-life insurance sector in Bangladesh has been undergoing significant transformations in recent years, reflecting the dynamic economic landscape of the country. As we step into 2024, the industry is poised for further growth and development, driven by various factors such as regulatory reforms, technological advancements, and changing consumer behavior.

Current Landscape

The non-life insurance industry in Bangladesh encompasses a range of products, including motor insurance, property insurance, health insurance, and liability insurance, among others. The sector plays a crucial role in supporting economic activities by providing risk mitigation tools to businesses and individuals alike.

One of the key drivers of growth in the non-life insurance sector is the increasing awareness of the importance of insurance coverage. As the population becomes more educated about the risks associated with various aspects of life, there is a growing demand for non-life insurance products to safeguard against unforeseen events.

Regulatory Reforms:

The regulatory environment in Bangladesh has been evolving to foster a more competitive and consumer-friendly insurance industry. The Insurance Regulatory and Development Authority (IDRA) has been actively working to streamline regulations, enhance transparency, and ensure fair practices within the sector.

In 2024, industry experts anticipate further regulatory reforms that could include measures to encourage innovation, enhance digital capabilities, and promote better risk management practices. Such reforms are expected to create a more robust and resilient non-life insurance sector in Bangladesh.

Technological Advancements:

Technology is reshaping the landscape of the non-life insurance industry globally, and Bangladesh is no exception. The integration of digital platforms, artificial intelligence,

and data analytics is improving operational efficiency, enhancing customer experience, and enabling more accurate risk assessment.

Insurtech companies are likely to play a more prominent role in the industry in 2024. These tech-driven startups are bringing innovative solutions to the market, from streamlined claims processing to personalized insurance products. The adoption of technology is not only a trend but a necessity for insurers looking to stay competitive in an increasingly digital world.

Changing Consumer Behavior:

Consumer preferences and behaviors are evolving, influencing the way insurance products are designed, marketed, and delivered. In 2024, non-life insurers in Bangladesh are expected to focus on customer-centric approaches, tailoring products to meet the specific needs and expectations of a diverse consumer base.

Personalization, affordability, and simplicity are likely to be key themes in the industry's marketing strategies. Insurers will need to leverage data analytics and customer insights to understand and respond effectively to changing consumer demands.

Future Prospects:

The future prospects for the non-life insurance industry in Bangladesh appear promising. With a growing economy, increasing awareness, and a supportive regulatory framework, the sector is well-positioned for sustained growth. The integration of technology and the rise of insurtech firms are expected to bring about positive disruptions, making insurance products more accessible and appealing to a wider audience.

Non-life insurance industry in Bangladesh is on a trajectory of growth and innovation. As we move into 2024, stakeholders in the sector should remain agile, embracing technological advancements, and staying attuned to evolving consumer needs to capitalize on the opportunities that lie ahead. With a proactive approach to regulatory changes and a commitment to customer satisfaction, the non-life insurance industry in Bangladesh can navigate the future with confidence and resilience.

OUR 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.

ACKNOWLEDGEMENT

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

I also thank senior executives, all officers and staff for their hard work, effort and dedication.

Lastly, honorable shareholders, I request for your continued support, co-ordination and valuable advice in future.

Allah Hafaz

On behalf of the Board of Directors,



(Hossain Akhtar)

Chairman