



DIRECTORS' REPORT

to the Shareholders of Republic Insurance Company Limited

Bismillahir Rahmanir Rahim

Dear Shareholders,

As-salamu Alaikum,

The Board of Directors of Republic Insurance Company Limited (herein after 'the Company' or RICL) takes this opportunity to welcome you all to the 24th Annual General Meeting (AGM) of the Shareholders and present before you the Annual Report of the Company along with the Audited Financial Statements and Auditor's Report for the year ended on December 31, 2023, for consideration and approval. The Audited Financial Statements were approved by the 149th Meeting of the Board of Directors held on April 29, 2023.

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

GLOBAL ECONOMY

Global growth is set to slow further this year amid tight monetary policy, restrictive financial conditions, and feeble global trade and investment. Downside risks include an escalation of the recent conflict in the Middle East, financial stress, persistent inflation, trade fragmentation, and climate-related disasters. Global cooperation is needed to provide debt relief, facilitate trade integration, tackle climate change, and alleviate food insecurity. Among emerging market and developing economies (EMDEs), commodity exporters continue to grapple with fiscal policy procyclicality and volatility. Across all EMDEs, proper macroeconomic and structural policies, and well-functioning institutions, are critical to help boost investment and long-term prospects.

According to IMF report October 2023, the baseline forecast is for global growth to slow from 3.5 % in 2022 to 3.0 % in 2023 and 2.9 % in 2024, well below the histor-

ical (2000–19) average of 3.8 %. Advanced economies are expected to slow from 2.6 % in 2022 to 1.5 % in 2023 and 1.4 % in 2024 as policy tightening starts to bite. Emerging market and developing economies are projected to have a modest decline in growth from 4.1% in 2022 to 4.0% in both 2023 and 2024. Global inflation is forecast to decline steadily, from 8.7% in 2022 to 6.9% in 2023 and 5.8% in 2024, due to tighter monetary policy aided by lower international commodity prices. Core inflation is generally projected to decline more gradually, and inflation is not expected to return to target until 2025 in most cases.

As per Asian Development Outlook (ADO) December 2023, Developing Asia's outlook remains upbeat despite global challenges. The 2023 growth forecast is revised up from September's projection, to 4.9% from 4.7%, on robust domestic demand. The 2024 forecast is maintained at 4.8%.

BANGLADESH ECONOMY

Bangladesh has a strong track record of growth and development, even in times of elevated global uncertainty. A robust demographic dividend, strong ready-made garment (RMG) exports, resilient remittance inflows, and stable macroeconomic conditions have supported rapid economic growth over the past two decades.

According to Bangladesh Development Update report October 2023 by World Bank, the Real GDP growth slowed to 6.0% in FY23 from 7.1% in FY22, based on Bangladesh Bureau of Statistics (BBS) provisional estimates. On the supply side, the slowdown was driven by the industrial and services sectors. The industrial production index slowed from 11.9% in FY22 to 5.1% in FY23 as a result of import restrictions, rising raw material costs, increased energy prices, and electricity and gas disruptions. Though the construction of large mega projects continued, private sector construction activity slowed due to elevated raw material prices and the estimated industrial growth slowed from 9.9% in FY22 to 8.2% in FY23. Agricultural growth slowed modestly from 3.2% in FY22 to 3.1% in FY23, but a robust public food stock supported food security.

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GLOBAL INSURANCE MARKET

As per Sigma 3/2023 report of Swiss Re the Global economic growth has been stronger than anticipated so far this year, but a slowdown in the second half remains on the cards. Still-high inflation means today's interest rate mantra is "higher for longer", which has implications for the insurance sector also.

High interest rates sparked bank sector instabilities earlier this year but with their sound capital positions, insurers have not been shaken by the disruptions in the financial system. We forecast that global insurance (non-life and life) premiums will grow by 1.1% in 2023 and 1.7% in 2024 in real terms, after contracting by 1.1% in 2022. And, reflecting the stirrings of market growth, we see premium volumes rising to a new high this year, in nominal terms.

INSURANCE MARKET IN BANGLADESH

Bangladesh's non-life insurance industries continues to operate as one of the smallest position in the world. Just after the Liberation of Bangladesh in 1971, Sadharan Bima Corporation (SBC) and Jiban Bima Corporation (JBC) had been established under the Insurance Corporation Act 1973 as state-owned organizations to deal with non-life and life insurances respectively. SBC and JBC are state-owned reinsurance service providers. Thereafter permission was given to private insurance companies to operate in accordance with the provisions of the Insurance (Amendment) Ordinance, 1984.

The Insurance Development and Regulatory Authority (IDRA) were established in 2011 to review the insurance industry as per insurance Act, 2010. Since inception, IDRA had taken various steps to complete the legal framework and establish financial order in the insurance sector. Accordingly, they launched a digital ecosystem called 'Unified Messaging Platform (UMP)' in 2020, through which small messages were initially sent to policyholders' mobiles urging them to deposit premiums and later another small message regarding confirmation of premium deposits. IDRA has also taken various steps to develop business friendly insurance sector. Among these, the significant steps are the Insurer's Corporate Governance Guidelines Insurer's Regulatory Sandbox Guidelines, Corporate Agent (Bancassurance) Guidelines, Insurer's Customer Protection Guidelines etc.

Insurance companies assume the risk of life and property of customers against insurance premiums. An analysis of the growth in premium income shows that the insurance sector has been consistently improving since independence. Analyzing the growth of premium income, it can be seen that the insurance sector has consistently improved since independence. The total premium income in the country in 1973 was Tk 11.90 crore. In 2008, the total premium income of the

insurance sector was Tk 5,317.08 crore which in 2023 stood at Tk 17,484.08 crore. From 2008 to 2023, there has been a growth of 228.82% in premium income i.e. an annual average growth of 14.30%.

COMPANY'S BUSINESS ACTIVITIES AND PERFORMANCE REVIEW

The Insurance sector of Bangladesh in 2023, under extremely challenging conditions due to US dollar crisis and dollar rate fluctuations. As a result the exports and imports business was slowdown. In this situation Republic Insurance Company Limited (RICL) has tried to overcome and able to achieve the expected premium target. Despite all challenges the competent Management Team of the Company paid proper attention in time in professional manner and due to this attention the Company has able to earn a gross premium of Tk. 100.96 crore during the year which was increased by 20% than previous year. In 2023, the Company was able to post a average business growth in comparison to the overall performance of the insurance industry.

PRODUCT WISE PERFORMANCE OF THE COMPANY

Product-wise underwriting performance of the Company for the last five years is as under:

Year	2023	2022	2021	2020	2019
BDT Crore	100.96	83.83	74.84	78.00	68.03

The segment-wise underwriting performance of the Company for the last five years are as under:

Class of insurance	[Amount in BDT Crore]				
	2023	2022	2021	2020	2019
Fire	38.88	30.39	28.31	36.85	32.12
Marine & Hull	47.01	39.29	34.18	29.55	19.89
Motor	5.27	4.18	3.34	4.67	6.24
Miscellaneous	9.80	9.97	9.01	6.93	9.78
Total	100.96	83.83	74.84	78.00	68.03

Fire Insurance

The Fire insurance business constitutes 38.51% of the total portfolio of the Company. During the year the Company has underwritten a gross premium of Tk. 388,758,373 whereas it was Tk. 303,906,797 in 2022.

Marine and Marine Hull Insurance

The Marine and Marine Hull insurance business constitutes 46.56% of the total portfolio. The Company has underwritten a gross premium of Tk. 470,118,138 in current year as compared to Tk. 392,870,698 in the previous year.

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Motor Insurance

The Motor insurance business constitutes 5.22% of the total portfolio. The Company has underwritten a gross premium of Tk. 52,667,144 in current year as compared to Tk. 41,846,837 in the previous year. The Motor insurance business decreased due to non-obligatory decision for motor third party liability insurance has been continued by the BRTA.

Miscellaneous Insurance

The Miscellaneous class of business constitutes 9.71% of the total portfolio. During the year, the Company has underwritten a gross premium of Tk. 98,056,408 in 2023.

POSITION OF PAID-UP CAPITAL AND RESERVED

Authorized Capital

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

Paid up Capital

RICL increases the business volume regularly. For this, it required increasing the paid up capital size and accordingly, the Board of Directors decided to enhance the paid-up capital every year to fulfill the compliance of Insurance Development and Regulatory Authority's (IDRA). The Position of Paid up Capital of the Company is as under:

Year	Description	Amount in Taka
2011	10% stock dividend	181,500,000
2012	10% stock dividend	199,650,000
2013	12% stock dividend	223,608,000
2014	12.50% stock dividend	251,559,000
2015	10% stock dividend	276,714,900
2016	13% stock dividend	312,687,830
2017	12.% stock dividend	350,210,370
2018	12.50% stock dividend	393,986,650
2019	10 % stock dividend	433,385,310
2020	7% stock dividend	463,722,280
2021	7% stock dividend	496,182,830
2022	5% stock dividend	520,991,970

Reserve Fund

To protect the risk factors of the Company, it is required to build up a reasonable amount of reserve funds for the Company. We have planned to build up a good amount as reserve funds, so that we can settle any financial requirements from the reserve fund. The position of Reserve for the last five years is as under:

Year	2023	2022	2021	2020	2019
BDT Crore	43.35	36.76	34.00	28.66	23.79

CLAIMS

RICL is always committed to settling insurance claims on time. We believe that our commitment is the satisfaction of our customers and their satisfaction is our Company's goodwill. The Board of Directors of the Company delegates the power to the Claims Committee for settling any amount of claim in the quickest time. During 2023, the Company paid a net amount of Tk. 50,166,295 against claims which helped the customer to recover their losses. The last five years breakup of net claims paid is enumerated below:

Year	2023	2022	2021	2020	2019
BDT Crore	5.02	2.16	1.68	4.41	4.13

RE-INSURANCE

The Company underwrites a large number of policies with a wide range of risks for various classes of insurance, which involves billions of taka. Every insurance company has limited capital, which is not sufficient to pay a small percentage of catastrophic loss or a single big loss. To protect the interest of the Company as well as the policyholders every company retains a small percentage of risk in their own share and shifts a major portion of risk to other re-insurer companies.

RICL has arranged adequate protection through the reinsurance arrangement with the state-owned organization of Sadharan Bima Corporation (SBC). The Company has a full coverage insurance risk and sufficient catastrophe cover to protect against any national disaster. The Board of Directors is always aware of the customer's insurance risks and ensures the protection of its liability by reinsurance arrangement. During 2023, the Company has paid re-insurance premium to the extent of Tk. 384,800,227 to protect the risk covered by the Company. Republic Insurance Company Limited is fully equipped with technical expertise. Our present reinsurance arrangement is well secured to protect the interest of the Company as well as the policyholders in the event of any consequences.

EARNINGS PER SHARE (EPS)

The Earnings per Share (EPS) for the year 2023 stood at Tk. 2.31 in place of Tk. 1.96 in the previous year.

INVESTMENT

Dear Shareholders, Insurance is a kind of risk management activity primarily used as a hedge against the risk of a contingent or an uncertain loss. To meet the uncertain loss, the Company keeps the amount in the form of investment. On the other hand, a good investment is

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also a major tool for sustaining and improving the Company's profitability. Republic Insurance Company earns investment profits at a large scale. Due to this, the Board expects to increase the investment figure of the Company. Our aim is to earn more profit from the Company's investment. For the greater interest of the Company as well as Shareholders, we ensure the maximum utilization of the fund and in this connection, we have invested the fund properly. The last five years' investment breakup of the Company is as under:

Year	2023	2022	2021	2020	2019
BDT Crore	63.64	64.12	58.63	52.72	47.41

DIVIDEND

Dear Shareholders, it is a great pleasure for the Board of Directors of the Company to recommend 11% cash dividend for each share @ Tk. 10 for the year ended December 31, 2023 subject to the approval of the Shareholders in the 24th Annual General Meeting. The Shareholders, whose names would be recorded in the 'Depository Register' on the record date, i.e. on the May 26, 2024, shall be entitled to the dividend.

STATEMENT OF PROFIT & LOSS AND OTHER COMPREHENSIVE INCOME

The Board of Directors is always committed to protect the interest of our valued shareholders. Under the active guidance and supervision by the Board, the Management performs its responsibility for achieving the financial goal of the Company. The Company earned a net profit before tax of Tk. 155,599,379 compared to the last year, it reflects that during the year the Company could not earn expected profit due to payment of agency commission, management expenses and prior year income tax provision which affected the profitability of the Company significantly. The breakup of the funds available for distribution is as follows:

Particulars	Amount in Taka	
	2023	2022
Net Profit Before Tax	155,599,379	168,000,252
Less: Provision for Income Tax & Deferred Tax	35,068,067	65,905,826
Net Profit After Tax	120,531,312	102,094,426
Add: Balance brought forward of previous years retained earnings	62,712,045	86,117,864
Less: Reserve for Exceptional Losses	62,479,983	50,322,822
Less: Issuance of Bonus Shares for the year 2022	-	24,809,140
Less: Cash dividend paid for the 2022	54,704,157	49,618,283
Less: General Reserve	750,000	750,000
Funds available for distribution	65,309,217	62,712,045

COST OF SERVICE AND PROFIT MARGIN

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

Particulars	Amount in Taka
Net Sales/Turnover/Receipts/Premium earned	1,009,600,063
Less: Cost of Sales/Re-insurance premium ceded	384,800,227
Gross profit/Net premium earned	624,799,836
Add: Other operating income/Balance of fund account at the beginning of the year	273,052,814
Less: Selling & Marketing expenses/Claims under policies less re-insurance/Agency commission/Expenses of management/Balance of fund account at the end of the year	752,336,285
Less: Other operating expenses/Insurance stamps consumed	5,449,731
Less: Financial expenses/Expenses of management/Expenses for WPPF	30,723,882
Add: Any other business income	46,256,627
Profit before Tax	155,599,379

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CORPORATE SOCIAL RESPONSIBILITY (CSR)

Dear Shareholders, Republic Insurance Company Limited recognizes the importance of CSR in the social and economic development of the Country. Through the process of implementing CSR, it focuses on the quality work environment, the well-being of the workforce and their families as well as society at large. RICL has also been participating in contributing financial support to the Fund, formed by Insurance Development and Regulatory Authority (IDRA), Bangladesh Insurance Association (BIA), Bangladesh Insurance Forum (BIF), and other Regulatory Authorities for sponsoring various state programs and for the help of victims affected by natural hazards.

BOARD COMMITTEES

In adherence to the BSEC Corporate Governance Code-2018, the formation of two mandatory committees is required: the Audit Committee and the Nomination & Remuneration Committee (NRC). To align with the regulatory guidelines of BSEC's Corporate Governance Code and ensure best practices within the organization, Republic Insurance Company Limited (RICL) has established two sub-committees of the Board, namely, the Audit Committee and the Nomination & Remuneration Committee (NRC).

Further, following the directives of the Insurance Development and Regulatory Authority (IDRA), as per their letter Ref. No.53.03.0000.075.22.025.2020.230, dated October 19, 2023, regarding the "Insurer's Corporate Governance Guidelines, 2023," a total of 05 (Five) Board committees are deemed mandatory. Subsequently, the Board of Directors established the Investment Committee, Risk Management Committee, and Policyholder Protection & Compliance Committee as additional mandatory committees within the Company. These committees assume a crucial role in upholding corporate governance standards and overseeing various aspects of the insurance business.

Other than the above committees, RICL has also established two another Sub-Committees of the Board, namely, Executive Committee and Claims Committee.

PROFITABILITY OF THE COMPANY

Republic Insurance has performed with consistent profitability over the years, which is evident from the statistical figures. In the year 2023, in spite of the various macro-economic challenges, absence of usual atmosphere for motor insurance and foreign currency crises to open required number of letters of credit to enhance marine cargo insurance, we could register a business growth of 20% over 2022. As the insurance business is basically a risk taking business and hence vulnerable to fluctuations, Reliance Insurance Limited follows a conservative policy both in matter of insurance underwriting and investments to safeguard

the interests of the Company in the long run.

REMUNERATION PAID TO DIRECTORS INCLUDING INDEPENDENT DIRECTORS

The Company has paid Tk. 1,248,000 as directors' fee to the directors including Independent Directors for attending committee and Board meetings in 2023, which has been mentioned in the company's profit and loss accounts. The Company has not paid any amount as remuneration to the directors in the year 2023.

CREDIT RATING

Republic Insurance Company Limited has been awarded "AA" (pronounced AA) in the long term and "ST-2" in the short term and rated by Alpha Credit Rating (AlphaRating). The rating reflects RICL's established track record, improved underwriting performance, GPW, and net income. The rating also draws strength from the improved risk absorption capacity with an improved equity base, financial strength, and premium solvency ratio. The rating is however; constrained by a decline in ROA and reserve solvency ratio, moderate liquidity position, dependence on investment returns, and moderate systems and processes.

DIRECTORS

A. Sponsor Directors

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

01. Mr. Sadeque Hossain Chowdhury
02. Mrs. Hasina Gazi
03. Mrs. Shahin Haider

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

Brief Resume and other information of the Directors as per clause 1.5 (xxiv) of BSEC Corporate Governance Code on 03 June 2018 disclosed in this Annual report on page 20-22 in Annual Report 2023.

B. Public Shareholders Directors

Under the same provisions of the Articles of Association mentioned above, the following Directors from Group-B shareholders will retire in this AGM, and being eligible they offered themselves for re-election:

01. Mr. Feroz U. Haider
02. Mrs. Shahella Rashid Chowdhury
(Nominated by Cove Investment Ltd.)

It may be noted that During the year, Director Mrs. Rehana Chowdhury resigned from the Board and the Board accepted her resignation in its 146th Meeting of the Board of Directors and in the same meeting Mr. Hamdan Hossain Chowdhury appointed as Director from Public Shareholders group-B. His holding of 26,12,749 shares i.e 5.01% of Paid up Capital of the Company.

It may also be noted that Director Mr. Saber Hossain Chowdhury, MP resigned from the Board on January 11, 2024 and the Board accepted his resignation in its 147th Board Meeting and in the said meeting the Board appointed Ms. Raimah Chowdhury as Nominee Director from Public Shareholders group-B, nominated by Binning and Company (Bangladesh) Limited holding of 11,84,778 shares i.e 2.27% of Paid up Capital of the Company.

C. Independent Director

As per requirements of BSEC's Corporate Governance guidelines the Board is searching for another competent and qualified person for appointment as Independent Director of the Company.

AUDITORS

A. Statutory Auditors

In accordance with the notification no. 2(2), issued by BSEC on 20 June 2018, the existing statutory Auditors Malek Siddiqui Wali, Chartered Accountants have completed their consecutive third year of service as the statutory Auditors and accordingly they are not eligible for re-appointment. We would extend sincere thanks to Malek Siddique Wali, Chartered Accountants, for their professional service to the Company during consecutive year.

In accordance with the said notification the Company would appoint new statutory auditors to carry out annual audit for the year 2024. In this connection the Board of Directors recommended for appointment of Rahman Mostafa Alam & Co. Chartered Accountants as the Auditors of the Company for the year 2024 at a fee of Tk. 385,000 (including VAT & Tax) per year subject to the approval of Shareholders in the 24th Annual General Meeting.

B. Compliance Auditor

As per Corporate Governance Code No. BSEC/ CMRRCD/2006-158/207/Admin/80 dated 3 June 2018 the Board in its 149th Board Meeting has appointed T. HUSSAIN & CO., Chartered Accountant as compliance Auditor for obtaining a certificate of compliance of Corporate Governance for the year 2024 at a fee of Tk. 50,000 (including VAT) subject to approval of shareholders in the 24th Annual General Meeting.

C. ICGG Auditors

Insurance Development and Regulatory Authority (IDRA) issued Insurers' Corporate Governance Guidelines (ICGG) to be applied to restore corporate governance in the insurance companies and in this connection the Company would be audited an auditor appointed as per guideline 19(2) of the ICGG in the Annual General meeting. In this context, the Board in its 150th Board Meeting appointed Jasmin & Associates, Chartered Secretaries as ICGG Auditor of the Company at a fee of Tk. 30, 000 (excluding VAT) subject to approval of the shareholders in the 24th Annual General Meeting.

CORPORATE GOVERNANCE

Corporate governance is the system of rules, practices and processes by which a company is operated and controlled. Corporate governance essentially involves balancing the interests of a company's many stakeholders such as Shareholders, Management, Customers, Suppliers, Financiers, Government and the community. Corporate governance facilities are the rules & regulations to work in the best interest of stakeholders. The Board of Directors firmly believes that the practice of good corporate governance is essential to ensuring a disciplined and sustainable national economy. The Management strictly adheres to two basic principles of Corporate Governance i.e. transparency and disclosure. Since the inception of the Company the Board of Directors has been fully committed to building a strong and empowered Management Team. This helped RICL to maintain Good Corporate Governance. Status of compliance with the conditions imposed by Bangladesh Securities and Exchange Commission's Notification No. SEC/CMMRRCD/2006-158/ 207/Admin/80, dated June 03, 2018, along with a certificate from a practicing Chartered Accountant have been presented on page 50-61 in this report.

LEVERAGING TECHNOLOGY

We follow, adopt, and update necessary technologies based on the latest changes in the industry. The IT department of RICL has successfully implemented a Wide Area Network (WAN) to connect all the Branch Offices in the country on a real-time basis, thereby providing seamless connectivity and prompt customer service. All Branches are working under IT software. Presently IT system generates almost 200 MIS reports which help the management to take decisions properly and timely, controlling business procurement through Computer Integrated Insurance System (CIIS) software and quickly accessing the underwriting documents through CIIS for departmental integration with Underwriting, Claims & Re-Insurance, and Accounts department. By this time, the Company has introduced a lot of IT facilities for our shareholders and customers.

We are trying to set up technology-based products such

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

INTERNAL CONTROL AND COMPLIANCE

The Board is responsible for ensuring an adequate and effective control system. Although no system of internal financial control can provide absolute assurance against material misstatement or loss. The company's internal control systems have been designed to provide the Directors with reasonable assurance that assets are safeguarded against unauthorized use by the employees or management and or third parties. Transactions are authorized and properly recorded and material errors and irregularities are either prevented or detected within a reasonable period. A Properly designed management structure, clearly defined responsibilities, delegation or authorities, establishment of accountability at each level, and a system of periodic reporting and monitoring performance are the key elements of the internal control framework employed in Republic Insurance Company Limited.

DISCLOSURE OF RISK REPORTING

The corporate disclosure of relevant information is very important for effective decision-making by investors and other stakeholders. RICL maintains informative, transparent, and consistent risk reporting for its valued clients, Stakeholders, and the industry itself. The Risk Reporting of RICL disclosed in page 79 in Annual Report 2023.

BOARD MEETING

The Board members sometimes review the activities of the Company and decide the topics relating to policy and accordingly, monitor the progress of the Company. As per the Companies Act 1994 and the Articles of Association the Board meetings are being held.

Board meetings are normally held to discuss and decide on major corporate, strategic, and operational issues as well as to evaluate major investment opportunities. At the Meetings, the Chairperson of the Board allocated sufficient time for the directors to consider each agenda prudently and allowed them to freely discuss, enquire and express opinions on the items of interest so that they can fulfill their duties to the best of their abilities. During the year 6 (six) Meetings of the Board were held wherein policies and major business and strategic decisions were taken. On invitation of the Board Members, the senior management person thereof attended Board Meetings to participate in discussions.

RELATED PARTY TRANSACTIONS

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

ENTITLEMENT OF DIVIDEND

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

PROCESS OF DISTRIBUTION OF CASH DIVIDEND

Cash dividend shall be paid directly to the bank account within 15 days and not more than 30 (thirty) days from the date of approval by the Shareholders in the AGM and the date of the Board's approval in case of interim Dividend subject to compliance of circulars/directives of BSEC or Bangladesh Bank or other regulatory authority from time to time.

PROCEDURE OF STOCK DIVIDEND DISTRIBUTION

The stock dividend is being credited within 30 (thirty) days of approval subject to the clearance of the regulatory requirement. Process for settling unpaid dividends and stock dividends shall be settled as per instructions of the BSEC or other regulatory authority from time to time.

DECLARATION ON THE FINANCIAL STATEMENTS

The Directors are responsible for the governance of the Company and, as part of the preparation and presentation of the financial statements for the year ended December 31, 2023, of Republic Insurance Company Limited, the Directors confirm, to the best of their knowledge that:

- (i) The financial statements, prepared by the Management of the Company, which were duly scrutinized by the external auditors, present fairly its state of affairs, the result of its operations, cash flows, and changes in equity;
- (ii) Proper books of account of the Company have been maintained;
- (iii) Appropriate accounting policies have been consistently applied in the preparation of the Financial Statements and the accounting estimates are based on reasonable and prudent judgments;
- (iv) The International Accounting Standards (IAS) and/or IFRS as applicable in Bangladesh have

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- been followed in the preparation of the Financial Statements and any departure there from has been adequately disclosed;
- (v) The system of internal control is sound in design and has been effectively implemented and monitored;
 - (vi) There is no doubt, whatsoever, upon the Company's ability to continue as a going concern;
 - (vii) The CEO and CFO have certified to the Board that they have reviewed the financial statements and affirmed that these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (viii) The CEO and CFO have certified to the Board that they have reviewed the financial statements and affirmed that these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws;
 - (ix) The CEO and CFO have further certified to the Board that there are, to the best of their knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's code of conduct. The CEO and CFO have further certified to the Board that there are, to the best of their knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's code of conduct; and
 - (x) The declaration of the CEO & CFO of the Board of Directors is shown on page 64 in Annual Report 2023.

OTHER REGULATORY DISCLOSURES

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

- (a) The Company is aware of its various risks and concerns. The financial risk management has been disclosed under Note 2.20 of the financial statements 2023;
- (b) All transactions with related parties have been made on a commercial basis and the details of related parties and transactions have been disclosed under Note No. 37 of the financial statements 2023;
- (c) Appropriate accounting policies have been followed in the preparation of the financial statements and the accounting estimates are based on reasonable and prudent judgment;
- (d) The financial statements are prepared in accordance with IAS/IFRS and any departure there from has been adequately disclosed;
- (e) The Company's IPO was made in 2008;
- (f) From inception, the financial results of the Company have continued to grow as reflected in

- (g) the yearly financial statements of the Company;
- (h) No extraordinary gain or loss has been recognized in the financial statements of the Company;
- (i) No significant variations have occurred between the quarterly and final financial results of the Company during 2023;
- (j) During the year, the Company has paid a total amount of Tk. 1,248,000 as Board meeting attendance fees;
- (k) All significant deviations from the previous year in the operating results of the Company have been highlighted and the reasons thereof have been explained;
- (l) The key operating and financial data for the last five years have been disclosed on page 49 in Annual Report 2023;
- (m) The Company has proposed 11% cash dividend for the year 2023;
- (n) During 2023, 6 (six) Board Meetings were held, which met the regulatory requirements. The attendance records of the Directors are shown on page 65 in Annual Report 2023;
- (o) Rights and interests of the minority Shareholders have been duly protected by means of transparent operations and proper disclosure of material information of the Company;
- (p) No bonus or stock dividend has been declared or an interim dividend declared during the year;
- (q) A statement of 'Management Discussion and Analysis' has been presented on page 62-63 in Annual Report 2023;
- (r) The Shareholding pattern of the Company as on December 31, 2023, is shown on page 60 in Annual Report 2023; and Directors' profiles have been included in the Annual Report as per BSEC Guidelines.

FINANCIAL STATEMENTS

The Board of Directors of Republic Insurance Company Limited would like to inform you that the Financial Statements containing the audited accounts for the year ended December 31, 2023, conform with the requirements of the Companies Act, 1994, IAS, and IFRS as adopted and applicable, Securities & Exchange Rules-1987 and the listing regulations of the Dhaka Stock Exchange PLC and Chattogram Stock Exchanges PLC, and believes that the financial statements reflect fairly the form and substance of all transactions carried out during the year under review and reasonably accurately present the Company's financial condition and results of its operations.

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

The Company has prepared a Code of Conduct Policy

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for the Chairperson, other Board members, and Chief Executive Officer and approved by the Board. The Code of Conduct for the Chairperson, other Board Members, and Chief Executive Officer is disclosed under information of Corporate Governance in this report.

DIVIDEND DISTRIBUTION POLICY

The dividend policy outlines the amount of cash that will be distributed to the Shareholders every year as dividend out of after-tax profit of the Company. The dividend policy is based on balancing the value expectations of Shareholders and ensuring funds availability for future expansion plans. The Board of Directors of the Company has approved the Dividend Distribution Policy as per applicable Acts and regulatory directives issued by the Bangladesh Securities and Exchange Commission. The Dividend Distribution Policy of the Company is disclosed on page 80-82 in this report.

NOMINATION AND REMUNERATION POLICY

The Company has prepared a Nomination and Remuneration Policy and approved by the Board. The Nomination and Remuneration Policy is disclosed on page 83-87 in this Annual Report.

RISKS AND CONCERNS

Without risk, no business can be presumed whether it is small or large. The insurance business deals with the risks of other business organizations and also the personal properties of individuals. As a non-life insurer, RICL deals with different types and numbers of risks, i.e., underwriting risks of Fire, Marine cargo and Hull, Motor vehicle and Miscellaneous risks like burglary, personal accident policy, engineering, crop insurance, etc. High risks under different scenarios are identified, assessed, and monitored through regular analysis by our specialist risk assessment team including professionals of insurance as well as engineers. Further, the main strategic risks identified by the company and the high-valued clientele are regularly monitored by the Senior Management including any mitigating actions. Insurance risks are classified as strategic risks, underwriting risks, reinsurance risks, reserving risks, investment risks, liquidity risks, and socio-politico-economic risks. Republic Insurance monitors those risks continuously and takes appropriate measures in dealing with risks of high magnitude.

RISK ASSESSMENT AND MITIGATION

Republic 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. The Key Risk Identified of the company are:

Market Volatility:

The insurance industry is susceptible to market fluctuations, impacting investment returns and financial stability. Republic Insurance has diversified its investment portfolio, implemented risk management models, and regularly monitors market trends to make informed decisions.

Regulatory Changes:

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

Cyber security Threats:

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

Underwriting Risks:

Inaccurate risk assessment and underwriting may lead to substantial financial losses. RICL's 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.

Climate Change Impact:

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

Financial Preparedness:

Republic Insurance 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 Republic Insurance, with regular reviews and updates to strategies based on emerging threats and industry developments. The company remains committed to transparency and will communicate promptly with stakeholders in the event of any significant changes to the risk landscape.

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. In Bangladesh, the marine insurance is considered to be the lifeguard for the non-life insurance business. Marine insurance completely depends on imports which has continuously being disturbed by the political unrest and restrictions on opening L/Cs but the market is expected to improve in future.

Non-life insurance market continues to be extremely overcrowded when compared with developing countries including our neighbors. The general insurance industry has undergone significant changes during the year 2023. The pandemic has accelerated the industry's digital transformation, which has resulted in increased demand for new insurance products and services. The Insurance Development and Regulatory Authority (IDRA) has introduced several reforms during this financial year, to expand the insurance market and increase insurance penetration, such as endorsement of Bancassurance and issued Corporate Governance Guideline for Insurance companies.

It is a matter of optimism that Insurance Development and Regulatory Authority (IDRA) has rightly identified the obstacles in insurance industries and is trying to resolve those problems. Notable steps already taken are prohibition of undertaking risk with premium rate lower than tariff rate and stopping the tendency of issuing insurance documents without receiving premium. Insurance Companies and Bangladesh Insurance Association (BIA) have come forward in implementing the steps adopted by IDRA with sincerity. By this insurance companies are being benefited and THEY are advancing gradually toward prosperity. We are strengthening our marketing and other departments of the company increase our gross premium income substantially by maintaining the rules and regulations of IDRA and we hope that we would be able to generate higher return for the shareholders' investment in the years to come.

RISK MANAGEMENT FRAMEWORK

Risk Management:

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

The role of risk management in the operation of an insurance company, especially, in the case of non-life insurance organizations, is of immense importance. This

is because enterprises prefer to transfer their risk to the insurer as a transfer mechanism which is part of their overall risk management and the insurer has to manage the acquired risks in a competent way to operate their business with profitability even after adequately settling claims to retain customer confidence as a trusted insurer. There lies the operational challenge for risk management on the part of a non-life insurance company, like Republic Insurance Company.

Business Risk:

RICL controls its business risks arising from different types of underwriting policies through underwriting professionals at the branch level with the help of guidelines of IDRA. The Company has decentralized its underwriting functions and delegated powers to its zonal offices and branches for rendering prompt, efficient, and effective services to the clients. Risks involved with policies are assessed by underwriting officers of the respective branch for underwriting policies up to a specific limit of the sum insured, beyond which risk assessment of different policies is done by the internal Risk Inspection Team.

Insurance Risk:

RICL reduces this risk with the help of its experienced professionals who undertakes pre-insurance surveys of large and complicated risk. Risk management ensures a proper understanding of the right level of risk acceptance, risk control, and risk-related expenditure. RICL also takes reinsurance coverage from SBC.

Human Resource Risk:

We know that the insurance industry of Bangladesh needs to transform. Lack of frequent training from developed nations' results in an information gap and under development of the sector.

To retain its position as the market leader, RICL needs to recruit employees with relevant qualifications. Not only that, the company needs to arrange proper training inside and outside the country for its staff force. It will help the company to cope with the latest business trend in the industry and also enable the corporation to introduce new products. All of these are expected to boost the business of the company.

Market Risk:

The insurance sector in Bangladesh has immense potential. The sector is likely to flourish as the country is heading towards a middle-income country. Govt. is planning to bring more people under the insurance facility. For all these reasons, the industry is very lucrative. The number of insurance companies is increasing day by day. Competition amongst the insurance companies is increasing day by day which may badly affect the profitability of the company.

Despite increased competition, RICL enables it to maintain positive revenue growth. Also, high entry and exit barriers in the industry provide comfort to the

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existing companies in the market against the threat of new entrants.

Regulatory Risk:

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

Interest Risk:

The Volatility of the money market has great influence over the interest rate structure of funds held by RICL. Income from FDR accounts is a significant portion of total income. Income from fixed and other deposits may fall due to reduction of interest rate of commercial banks.

To ease up interest rate exposure the company can invest in mutual funds to secure their revenue and also generate capital gains. However, this source has also its own drawback. If the overall capital market position falls, then the performance of the mutual fund will also decline. Thus, the Company should concentrate in its core business.

Internal Control Risk:

Internal control risk arises from non-compliance with rules and regulations, which ultimately puts a negative impact on overall business performance.

The internal control system of the company has been designed to provide the directors with reasonable assurance that assets are safeguarded against unauthorized use. The company has placed a rigorous internal control system. However, maintaining an effective internal control system is a continuous process. Therefore, the management should routinely check whether the internal control system is adequate and relevant to the present operational process of the company, failure to which could disrupt the operation and hamper the overall profitability.

Liquidity Risk:

Liquidity is the risk that, a firm though solvent, either

does not have sufficient financial resources available to enable it to meet its obligations as they fall due, or can secure them only at excessive cost. The major liquidity risk confronting the company is the daily calls on its available cash resources in respect of claims arising from insurance contracts and the maturity of investment securities. Liquidity risk also occurs more generally in relation to the ability to buy and sell investments. This is a function of the size of RICL holding relative to the availability of counter parties willing to buy or sell these holdings at any given time. RICL sets a limit on the minimum portion of maturing funds available to meet such calls to cover claims at unexpected levels of demand.

EMPHASIS OF MATTER

In reference to the Insurance Act 2010 sponsors & directors of non-life insurance company should hold 60% of total paid up capital. But, the sponsors & directors of the company have just hold 40.43% of total paid-up capital.

CONCLUSION

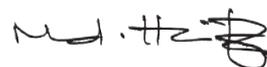
The Board of Directors of the Company takes the opportunity to express gratitude to the shareholders, valued clients, patrons, and well-wishers for their appreciation and continued support and co-operation. The Company is indebted to its clients, shareholders, the Government Authorities, particularly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

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

May Allah bless us all

Allah Hafez

On behalf of the Board of Directors



(Mohd. Hanif Chowdhury)
Chairman