

Directors' Report to the shareholders

Bismillahir Rahmanir Rahim

Dear Shareholders,

Assalamu Alaikum,

The Board of Directors of Crystal Insurance Company Limited is pleased to welcome you to the 24th Annual General Meeting (AGM) of the Company and thanking you for the unconditional support since 1999. We are very pleased to present before you the Annual Report along with the Audited Financial Statements for the year ended December 31, 2023. The report includes 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 31st December 2023.

Industry Outlook and Possible Future Development

The insurance industry of Bangladesh is highly competitive. Key factors affecting the performance of the industry during the review period included unhealthy competition in the non-life segment, the rising market shares of private insurance companies, and the increasing level of risk being retained by insurers. Bangladesh can exhibit a reliable and well-balanced insurance platform. In short, rehabilitation of insurance regulations issued by IDRA could result in numerous positive impacts on the economy of Bangladesh.

The last decade has experienced a fast growth of the industry. In 2023, the general insurance industry in Bangladesh experienced an estimated growth rate and it is expected to continue growing at a similar rate over the next five years. This growth is supported by favorable regulatory developments aimed at improving market practices to enhance customer confidence and boost insurance penetration.

Segment/Product Wise Performance

During the year, 2023 Crystal Insurance Company Limited earned total Gross Direct Premium of Tk.607.35 million in the different segments. Segment wise total performance reports are shown at Page No-156-157 of Annual Report 2023.

Risk and Concern

Both life and non-life Insurance Business involves assumption of risk many types-Physical as well as moral. Physical risks are identified as those caused by natural disaster, accidental losses and man-made disasters. The key to proper management of insurance business risks is to make sure proper selection of the client through a inspection process known as underwriting. Non-life insurance business also closely follows the country's economic development and any slowdown in the economic activities also has adverse impact on the insurance industry's growth. Crystal, being aware of these business risks practices the following to protect its interests; (a) selection of risks which have the potential of making underwriting profit. (b) Diversification into many segments of business-product wise, as well as client wise so that the company is not over reliant on any particular segment (c) the company arranges adequate reinsurance back up of risks assumed by it with good quality securities. (d) The company maintains a conservative reserving policy and its various technical reserves have been created to adequately cater to unforeseen developments in the future.

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

Crystal Insurance Company Limited is not a manufacturing company. It is a Non-Banking Financial Institutions dealing with non-life insurance in Bangladesh. Cost of Goods Sold, Gross Profit Margin & Net Profit Margin is not considering preparing Financial Statement.

Extra Ordinary Activities & their Implications

The activities of Crystal Insurance Company Limited has a steadily growth from the beginning. No extra ordinary activities occurred during the year and have no implications in the financial statements.

Utilization of Proceeds Raised through Public Issues

The Company's IPO was made in 2020. No further raised through public issues, right issues and or any other instruments were proceeds during the year.

Variance between Quarterly and Annual Financial Statements

Crystal Insurance Company Limited disclosed quarterly financial performance for the 1st, 2nd and 3rd quarter 2023. No significant deviation in operational results of that quarterly and year end operational result.

Directors Remuneration

Directors are not eligible for any remuneration other than attendance fee for the Board Meeting. As per IDRA Reference letter No. 53.03.0000.009.18.014.18.123 dated 31st May 2018 directors are eligible for remuneration of BDT 8,000 for attending each meeting. Details of Directors Remuneration are provided in Page No. 198 of notes to the financial Statements.

Financial Statements

The financial statements prepared by the management of the company present fairly its state of affairs, the result of its operations, cash flows and changes in equity. Audited Financial Statements are shown at page no-160 to 204 of Annual Report 2023.

Maintaining Proper Books of Accounts

The director's responsibilities also include overseeing whether adequate accounting records are being maintained with vouchers relevant to any entry in good order. The books of accounts kept at the registered office of the Crystal Insurance Company Limited.

Appropriate Accounting Policy

The Financial Statements are free from material misstatement, whether due to fraud and error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Followed IAS and IFRS

International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed.

Effective Internal Control System

An effective internal control system also requires that an appropriate control structure is set up with control activities defined at every business level. Board of directors has the responsibility for approving the review of overall business strategies and significant policies of the internal control system.

Redressal of Minority Shareholders Effective

No situation arisen with minority shareholders who protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and no effective means of redress.

Going Concern

Financial statements are generally prepared under the assumption that the business will remain a “going concern.” It is the responsibility of the management of a company to determine whether the going concern assumption is appropriate in the preparation of financial statements. The report on going concern is disclosed in the Page No. 177 of Annual Report 2023.

Deviations from the Last Year Operating Results

NOCFPS decreased by 71.36% from the previous year due to decrease of premium collection and increase of claim payment during the year

Five Years Operating and Financial Data

The Key operating and financial data for the last five years have been shown at below:

BDT in Million

Particulars	2023	2022	2021	2020	2019
Gross Premium	710.74	684.85	617.44	598.42	527.33
Net Premium	476.36	479.19	390.50	388.11	390.89
Gross Claim	214.04	62.03	61.10	59.64	169.66
Underwriting Profit	142.16	137.44	118.07	144.00	99.99
Net Profit Before Tax	146.01	130.24	134.70	149.92	105.78
Net Profit After Tax	128.83	115.16	119.59	122.59	75.20
Total Asset	1,907.42	1,838.05	1,598.50	1,454.30	1,055.89
Total Liability	6,803.31	672.74	528.07	458.57	331.80
Balance of Fund	192.50	192.87	158.54	156.67	157.91
Shareholders' Equity	1,034.61	972.43	911.89	839.07	586.18
No. of shares	40.00	40.00	40.00	40.00	24.00
Face Value	10.00	10.00	10.00	10.00	10.00
NAV per share	25.87	24.31	22.8	20.98	24.42
Earnings per share (Basic)	3.05	2.72	2.83	4.58	2.92
Dividend	10% Stock & 7% Cash (Proposed)	10% Cash	10% Cash	10% Cash	12% Cash

Dividend Declaration Policy

In the year under review as per the instruction of the Board of Directors of the company, the management is following a policy regarding dividends to be paid to the shareholders in a manner that shall be in the line with and in consistent to the actual income as well as the practices of the insurance industry. Board of Directors Meeting held on 18th February 2024 has recommended a Cash dividend at 7% and Stock dividend 10% for the year 2023.

Disclosure on Dividend Distribution

Crystal Insurance Company plan to pay the dividend to the securities holder within 30(thirty) days of declaration or approval and submit a compliance report to the Exchange and to the Commission in respect of dividend payment within 7 (seven) working days.

Interim Dividend

No bonus share or stock dividend has been declared by the Board as interim dividend and there was no effect of the company's financial position.

Board Meetings and Attendance

During the year, the Board of Directors Meeting and their attendance records are shown at below: The Board of Directors' meetings held regularly and with due manner. A total of five (05) Board of Directors' meeting was held during the year 2023.

S.L	Name of Directors	Position	Attendance
01	Mr. Abdullah Al-Mahmud	Chairman	05
02	Mr. Abdullah Hasan	Director	04
03	Mr. A.H.M. Mozammel Hoque	Director	05
04	Mr. Md. Tajul Islam	Director	05
05	Mrs. Farzana Munny	Director	01
06	Mrs. Farhana Danesh	Director	05
07	Mr. Ashok Ranjon Kapuria	Director	03
08	Ms. Soera Zahir	Director	04
09	Mr. Arafat Rashid	Director	04
10	Mrs. Nusrat Mahmud	Director	04
11	Ms. Nabila Mahmud	Director	03
12	Shahzadi Begum	Director	01
13	Dr. M. Waliuzzaman	Independent Director	05
14	Mr. Kazi Nasim Uddin Ahmed	Independent Director	05
15	Mr. Md. Abdul Latif Mia	Independent Director	01
16	Mr. Md. Rashedur Rahman	Independent Director	05

N.B: CEO (Chief Executive Officer); CS (Company Secretary), CFO (Chief Financial Officer) and Head of Internal Audit & Compliance (HIAC) were also present in all Board of Directors meeting during the year 2023.

Pattern of Shareholding

A report on the pattern of shareholding disclosing the aggregate number of shares along with name-wise details as on 31st December 2023 are stated at below:

Shareholding pattern of the Company as on 31st December 2023.

Directors and Sponsors	Position	Shareholding Status	% of Shareholdings
Mr. Abdullah Al-Mahmud	Chairman	4000000	10.00%
Mr. Abdullah Hasan	Director	4000000	10.00%
Mr. A.H.M. Mozammel Hoque	Director	800000	2.00%
Mr. Md. Tajul Islam	Director	900000	2.25%
Mrs. Farzana Munny	Director	800000	2.00%
Mrs. Shahzadi Begum (Deceased)	Director	800000	2.00%
Mrs. Farhana Danesh	Director	955000	2.39%
Mrs. Soera Zahir	Director	2000000	5.00%
Mr. Arafat Rashid	Director	800000	2.00%
Mrs. Nusrat Mahmud	Director	4000000	10.00%
Mrs. Nabila Mahmud	Director	2000000	5.00%
Mr. Ashoke Ranjan Kapuria	Shareholder	1200000	3.00%
Mr. Iqbal Hasan Mahmood	Shareholder	375000	0.94%
Mrs. Sarah Hasein Mahmood	Shareholder	300000	0.75%
Mr. Rubayat Tanveer Huda	Shareholder	270000	0.68%
Suraya Akter Tondra	Shareholder	400000	1.00%
Khalid Al Mamun	Shareholder	200000	0.50%
Zarif Al Mamun	Shareholder	200000	0.50%
Public & Others		16000000	40.00%

Retirement and Re-election of Directors

As per Companies Act, 1994, each year one-third of the Directors (except Independent Director) retire from office at the Annual General Meeting (AGM) and if eligible, may offer themselves for re-election by share-holders at the Annual General Meeting. In line with the requirement of Company Act, 1994, the following Directors will retire at the 24thAGM with seniority basis:

1. Mr. Md. Tajul Islam
2. Mrs. Farzana Munny
3. Mrs. Farhana Danesh
4. Mr. Arafat Rashid

The above directors are eligible for re-election for their next term.

Bangladesh Economy

Bangladesh's economy has recovered from the economic damage caused by the impact of COVID-19 and the ongoing Russia-Ukraine crisis, although the recent slowdown in the global economy has adversely affected the country's economic growth. Bangladesh's economic growth in the pre-COVID-19 fiscal year (FY 2018-19) was 7.88 percent. During the COVID-19 period, this growth rate declined to 3.45 percent in FY 2019-20, which increased to 6.94 percent in FY 2020-21 and 7.10 percent in FY 2021-22. According to the provisional estimates of Bangladesh Bureau of Statistics (BBS), the GDP growth stood at 6.03 percent in FY 2022-23. Source: Bangladesh Economic Review 2023

Global Economy

The global economic growth in 2023 remains highly uncertain due to the impact of the COVID-19 pandemic over the past three years and the growing adverse effects of the ongoing Russia's war in Ukraine. In the World Economic Outlook (WEO) April 2023, International Monetary Fund (IMF) has expected the global economy to slow down from 3.4 percent in 2022 to 2.8 percent in 2023 and rebound to 3.0 percent in 2024. This projection is 0.1 percentage point lower than in the January 2023 WEO update. The slowdown of economic activity is observed due to spikes in commodity prices and supply chain disruption driven by the effects of war. Sluggish growth rates between advanced economies and emerging market and developing economies will be divergent. Growth in advanced economies is expected to decline from 2.7 percent in 2022 to 1.3 percent in 2023 and rebound 1.4 percent in 2024. In emerging market and developing economies, however, growth is expected to drop from 4.0 percent in 2022 to 3.9 percent in 2023 and rebound to 4.2 percent in 2024. Source: Bangladesh Economic Review 2023

Corporate Social Responsibility (CSR) Policy

Annual CSR programs in terms of board approved CSR policies of Crystal Insurance Company Limited will be drawn up and implemented by the dedicated CSR unit. Report on CSR shown at page no.148 & 149 of Annual Report.

Earnings per Share (EPS)

Net profit before tax of the company stands at Tk. 146.01 million during the year 2023, Earning per share after tax of Tk. 3.05 compared to Tk. 2.72 per share in the previous year. The calculation of EPS are Shown at Note No. 34.00 of Financial Statement in the Annual Report.

Claims and Client Service

The gross claim for the year 2023 was for Tk.214.04 million as against Tk.62.03 million in 2022. This has been increased by Tk.152.01 million over the previous year. The company received on (Re-insurance ceded) total for the year 2023 was Tk.59.29 million whereas the amount was Tk.60.75 million in the previous year which is Tk.1.46 million less than that of the previous year. However, we always keep ourselves ready to meet our valued client's satisfaction.

Solvency Analysis and Credit Rating

Both short term and long term solvency of the company has reached to such a level that is needed for meeting the requirement of new Insurance Act-2010 as well as for getting satisfaction of the financial analysts and the rating agencies. The equity base of the company paid up capital Tk. 400 million. Crystal Insurance Company Limited has been earn a Credit Rating of AAA (Triple A) based on 2023 financial strength and performance by National Credit Ratings Limited (NCR) on 25thFebruary, 2024 which defines strongest credit quality. The above short term entity rating defines strongest ability to meet short term financial commitments.

Loans or Advances to Directors

In the year 2023, CACL has not allowed any loans or advances or any debit balances (including guarantee or security in connection with a loan) to any Director of the company with refer to the Commissions Notification no. SEC/CMMRR/CD/2006-159/Admin/02-10 dated 10 September 2006.

Shareholders' Value

Crystal Insurance Company Limited remains fully committed to delivery of higher standard of shareholders' value. The higher profitability underpins the value the shareholders derived from investing in the shares of Crystal Insurance Company Limited.

Annual General Meeting

24th Annual General Meeting (AGM) of the company will be held on 31stMarchat 11.30 a.m.in the Trust Milonayaton, Old Airport Road, Cantonment, Dhaka-1216 and through Digital Platform. In this connection, financial statements were adopted in the 104th Board Meeting held on 18th February, 2024 and the financial statements will be approving in the 24th AGM.

Corporate Governance

Good Corporate Governance is the system through which the company is directed, guided and controlled by the Board, keeping in view its accountability to the Shareholders. The Board has complied with the requirements set out by BSEC.

Appointment of Auditors and fixation of their Remuneration

Statutory Auditors:

Mahfel Huq & Co, Chartered Accountants was appointed as the Statutory Auditor of the Company at the 23rd AGM held on June 18, 2023. Which will expire in the 24th AGM and they are eligible for re-appointment for the year 2024.

In this connection, M/S. Mahfel Huq & Co, Chartered Accountants are interested to conduct the audit for 2024. They are eligible for appointment as Statutory Auditors for the year 2024.

Compliance Auditors:

Appointment of auditors/practicing professional for issuing certificate on compliance of conditions of corporate governance code and fixation of their remuneration.

Jobair Satter & Co, Chartered Accountants was appointed as the Compliance Auditor of the Company at the 23rdAGM held on June 18, 2023. Which will expire in the 24th AGM and they are eligible for re-appointment for the year 2024.

Transparency and Accountability

Crystal Insurance Company Ltd. always maintains transparency and accountability at all levels in doing business. To provide sustainable profitability, minimizing risks and establishing good governance in all spheres of Company's operation, the company ensures the segregation of duties and responsibilities between the Board & Management.

Acknowledgement

The members of the Board of Director of Crystal Insurance Company Limited like to express gratitude to all honorable shareholders, valued clients for their patronage and support. The Directors also express their thanks and profound appreciation for the immense support and co-operation received from office of the Chairman, Insurance Development & Regulatory Authority (IDRA), all concerned Government Offices including Ministry of Finance, Ministry of Commerce, Sadharan Bima Corporation, Bangladesh Bank, all Nationalized Bank, Commercial Bank and Financial Institution, Registrar of Joint Stock Companies & Firms (RJSC), Bangladesh Securities and Exchange Commission (BSEC), Dhaka Stock Exchange Ltd. (DSE), Chittagong Stock Exchange Ltd. (CSE), Central Depository Bangladesh Limited (CDBL), National Board of Revenue (NBR), Bangladesh Insurance Association, and Bangladesh Association of Publicly listed companies (BAPLC). The Board Members also pleased to put on record their appreciation for the commitment and dedication extended by the management of the Company.

On behalf of the Board of Directors



Abdullah Al Mahmud
Chairman