KARNAPHULI INSURANCE COMPANY LTD.

ANNUAL REPORT
2016

REGISTERED OFFICE

Biman Bhaban (3rd floor),
100, Motijheel Commercial Area, Dhaka-1000
Phone : PABX 9564808-9, 9561150, 9564810-11, 7160647 Fax : 880-2-9555802
Email: kicl@kiclbd.com, kiclshare@yahoo.com Web: www.kiclbd.com.

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KARNAPHULI INSURANCE COMPANY LTD.

May 30, 2017

To

All the Shareholders,

Bangladesh Securities and Exchange Commission,

Insurance Development and Regulatory Authority (IDRA),

Registrar of Joint Stock Companies and Firms,

Dhaka Stock Exchange Limited and

Chittagong Stock Exchange Limited.

Sub: Submission of Annual Report for the year ended December 31, 2016.

Dear Sir,

We are pleased to enclose a copy of Annual Report together with the Audited Financial Statements for the year ended 31 December, 2016 of Karnaphuli Insurance Company Limited for your kind information and record.

Best Regards

Yours faithfully

For Karnaphuli Insurance Company Ltd.

(F. J. M. Hafiza Sultana)

Company Secretary

AMAR STOCK

কর্ণফুলী ইনস্যুরেন্স কোম্পানী লিঃ
KARNAPHULI INSURANCE CO. LTD.

Registered office: Biman Bhaban (3rd floor), 100, Motijheel C/A., Dhaka.

Notice of the 30th Annual General Meeting

All concerned are notified that the 30th Annual General Meeting of the Company will be held on Monday the 19th June, 2017 at 10:30 a.m. at Institution of Diploma Engineers, 160/A, Kakrail, VIP Road, Dhaka to transact the following business:

AGENDA

1. To receive and adopt the Audited Accounts of the Company for the year ended 31 December, 2016 together with the reports of Directors and Auditors thereon.
2. To declare dividend for the year ended 31 December, 2016.
3. To elect Directors of the Company.
4. To appoint Auditors for the year 2017 and fix their remuneration.

By order of the Board of Directors

(F.J.M. Hafiza Sultana)
Company Secretary

Dated, Dhaka
April 26, 2017

Notes :

1. **The Record date is May 24, 2017.** The shareholders whose names will appear in the Share Register on the record date will be eligible to attend and vote at the 30th Annual General Meeting and qualify for dividend.
2. A member eligible to attend meeting and vote at the Annual General Meeting may appoint a proxy to attend vote on his/her behalf. Proxy form must be affixed with revenue stamp of Tk. 20/- and must be deposited at the Registered Office of the Company not later than 48 hours before the time of holding the Annual General Meeting.
3. The shareholders are requested to update their BO account with mailing address, contact number, bank details and 12 digits Taxpayer Identification Number (TIN) through Depository Participant before record date. Those individual shareholders who will fail to update 12 digits TIN shall be subject to deduction of Advance Income Tax (AIT) @ 15% instead of @ 10% on cash dividend as per regulation.
4. The members are requested to register their names latest by 10.30 a.m. at counter at the entrance of the AGM Hall.

AMARSTOCK

Vision & Mission

Our Vision

Our Vision is to attain maximum customer satisfaction by delivering excellent services and make the company bigger with integrity and professionalism.

Our Mission

Serving the nation with significant contribution to the national economy through specialized, personalized & relentless services to the customers with excellent team spirit to ensure steady growth of the Company and maximum return to shareholders.

Corporate Philosophy

Our customers, employees and shareholders are equally important to us. We want to achieve strong corporate growth through risk management inclusion. We provide solutions at a minimum cost based on a level of satisfaction of all segment of our customers, thus also contributing to the prosperity of our employees and shareholders.

With a firm commitment to provide solutions, We are constantly developing innovative and technologically advanced products and services that satisfy our customer needs. We offer cutting edge compensation package and good work environment to our employees. Embracing a creative corporate culture. We increase the share values according to the expectations of the shareholders, which has given us path to the growth and progress.

Core values of Karnaphuli Insurance Co. Ltd.

1. Priority to customer/clients
Being service oriented organization, we give first priority to our customer in extending our services, engage ourselves to buildup durable relationship with them and differences if any arises is solved through mutual discussion.

2. Organization above Self
We believe that organizational interest is above all the individual interest. So, all efforts are concentrated at the interest of organization.

3. Trust
We believe that there cannot be teamwork without mutual trust. Trust is fundamental to our business and guides all internal and external interactions.

4. High Standards
We believe that excellence can be achieved only by setting benchmarks that challenge our full potential as an organization and as individuals.

5. Shared Ownership
We believe in everybody sharing in achieving best result both in organization and team efforts.

6. Spirit of Adventure
We believe in continuous innovation and creativity to meet challenges head-on since we deal with unforeseen risks.

7. Respect for Diversity
We believe that diversity is our strength. We recognize team members having varying backgrounds, competencies, ideas and constructive action helps better understanding.

Products and Services

1. **Conventional**
   Fire & allied perils Insurance viz
   Riot and Strike damage (R&SD)
   Malicious damage (MD)
   Flood & Cyclone
   Earthquake (Fire & Shock)
   Aircraft damage
   Bursting of pipe line
2. **Marine Cargo Insurance & Marine Hull Insurance**
3. **Motor Insurance**
   a) Motor Insurance for commercial use
   b) Motor Insurance for private use
4. **Miscellaneous Insurance**
   Burglary
   Workman's compensation
   Employer's liability
   Hotel Owners All Risk (HOAR)
   Personal Accident Insurance
   Peoples personal Accident Insurance
   Personal Accident (Air Travel)
   Product liability Insurance
   Public Liability Insurance
   Professional Indemnity Insurance
5. **Corporate**
   Risk Management
   Industrial All Risk Insurance including Machinery Insurance and business interruption
   Property All Risk Insurance including business interruption
6. **Engineering Insurance**
   Machinery Breakdown Insurance (MBD)
   Deterioration of Stocks (DOS)
   Boiler and Pressure Vessel (BPV)
   Erection all Risk (EAR)
   Contractor All Risk (CAR)
   Electrical Equipment Insurance (EEI)
   Contractor Plant and Machinery (CPM)
   Loss of Profit following Machinery Breakdown
7. **Financial**
   Cash in safe
   Cash in Transit
   Cash on Counter
   Fidelity Guarantee
   Bank lockers Insurance
   A.T.M. Booth Insurance
8. **Investment and portfolio Management**
   Underwriting
   Pre-IPO placement syndication
   Trusteeship

SMART STOCK

Board of Directors

Chairman	:	Nizam Uddin Ahmed
Vice Chairman	:	Nasir Uddin Ahmed
Directors	:	Hasina Nizam Raquiba Banu Riaz Uddin Ahmed Sabita Ferdaushi Sharmin Nasir Dilruba Sharmin Umme Khadiza Meghna Lt. Col. M. Shamsuddin Ahmed (Retd.) (Representative of Nizam-Hasina Foundation) N.C. Rudra (Representative of Meghna Life Insurance Company Ltd.)
Independent Director	:	Professor Md. Mohiuddin Professor Md. Ansar Ali Mohammed Farooq
Chief Executive Officer (CEO)	:	A.N.M. Fazlul Karim Munshi

AMARSTOCK

Management

Chief Executive Officer
A.N.M. Fazlul Karim Munshi

Chief Consultant
Md. Musleh Uddin

Director (Marketing)
Md. Hafizullah

Additional Managing Director
A.H.M. Anwar Newaj Khan
Abul Fazal Dost Mohd. Khan
Md. Rakibuddin Bhuiyan
Md. Mahfuzur Rahman

Deputy Managing Director
Mohammad Mostafa
Md. Towhidul Anwar

Asstt. Managing Director
Md. Motiur Rahman

Company Secretary
F. J. M. Hafiza Sultana

Chief Financial Officer (CFO)
Md. Moin Uddin, ACS

General Manager
Mir Shahjahan Kabir
Md. Moin Uddin, ACS
Md. Salimullah
Jabed Abbas Siddique
Md. Mosharaf Hossain
Ruhul Amin Titu
K.M. Azmol Hossain
Md. Abdul Mokim Shaikh
Md. Faizul Hoque

Legal Adviser
ADN Associates
176, Bijoy Nagor, Dhaka.

Sr. Deputy General Manager
Md. Zainal Abedin Sarkar
Krishna Roy
Mrs. Sultana Raziya
Gopal Chandra Saha
Md. Manjur Rahman
Amor Krishna Paul
Md. Mizanur Rahman
Md. Aminul Islam
Md. Shahadat Hossain
Mohammad Azharul Karim
Mrs. Bani Das

Deputy General Manager
A.K.M. Rezaul Karim
Md. Shah Alam Khan
Md. Fayez Bhuyan

Head of Internal Audit
Sankar Kumar

Head of IT
Muhammad Saruar Hossain

Auditor
A. Wahab & Co.
Chartered Accountants
Hotel Purbani: Annex-2,4th floor
1, Dilkusa C/A, Dhaka-1000.

Corporate Governance Compliance Auditor
Hussain Farhad & Co.
Chartered Accountants
House # 15, Road # 12, Block-F,
Niketon, Gulshan-1, Dhaka-1212.

Banker
Dhaka Bank Ltd.
Foreign Exchange Branch,
Biman Bhaban,100, Motijheel,
C/A, Dhaka.

Corporate Information

Date of Incorporation of the Company	:	November 23, 1986
Obtained certificate for Commencement of Business	:	November 23, 1986
Registered with the Department of Insurance	:	November 25, 1986
Authorised Capital	:	600.00 Million
Issued, subscribed and paid up capital	:	407.04 Million
Prospectus issued for flotation of public shares	:	December 18, 1994
Subscription opened	:	December 29, 1994
Subscription closed	:	January 07, 1995
Amount of public subscription	:	Tk. 30.00 Million
Amount of total subscription received	:	Tk. 300.00 Million
Listing in Dhaka Stock Exchange	:	March 20, 1995
First trading of shares on Dhaka Stock Exchange floor	:	March 20, 1995
First A.G.M. of public shareholders	:	August 09, 1995
Purchase of commercial plot at Motijheel, Dhaka	:	April 30, 1998
Dematerialization of shares	:	April 16, 2006
Issuance of first bonus share	:	2003
Rights share issued on	:	April 21, 2010
Change in the denomination of Face Value (BDT 10/-) and Market Lot (From 20 to 100)	:	October 3, 2010

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Photographs of 29th Annual General Meeting







Photographs of Annual Conference







Photographs of Other Activities







Profile of Directors

(Condition 1.5 (XXII) of Notification of BSEC dated August 7,2012)



Mr. Nizam Uddin Ahmed

Chairman

Mr. Nizam Uddin Ahmed is an eminent business personality in Bangladesh. He comes of a renowned Muslim family. He had his Masters Degree in Journalism and LLB from Dhaka University in 1971. He is the Chairman of Meghna Life Insurance Co. Ltd., a leading life Insurance Company in the country. He also Director of Meghna Life Securities and Investment Limited & founder Chairman of Nizam Hasina Foundation.

He is the Former Director of Federation of Bangladesh Chamber of Commerce and Industry (FBCCI) and Former Vice-President of Bangladesh Insurance Association & he is the former director Bangladesh chamber of Industries (BCI). He is a former member of parliament. Mr. Nizam Uddin Ahmed through his visionary thinking, dedication and skill engaged himself in many Socio-Cultural activities and established many charitable organizations in Bhola as well as in the Capital.

He traveled many countries like UK, Canada, Saudi Arabia, Malaysia, Thailand, Japan, Singapore, Taiwan, Korea, Indonesia, Australia and India for the purpose of business.



Mr. Nasir Uddin Ahmed

Vice - Chairman

Mr. Nasir Uddin Ahmed the Vice-Chairman of the Company was born in October, 1975 in a respectable Muslim family. He has obtained his BBA Degree from North South University in 1999. A visionary entrepreneur Mr. Nasir Uddin Ahmed is a Director of Meghna life Insurance Company Ltd. & Nizam Hasina Foundation. He is also Chairman of Meghna Life Securities and Investment Limited. He is an executive committee member of Bangladesh Insurance Association (BIA) and Chairman of Standing committee on insurance and NBFI of FBCCI. He attended various training, seminars & conferences in Bangladesh as well as in the foreign countries like U.K., USA, Australia, E-U Countries, Hong Kong, Malaysia, Thailand, Japan, Indonesia, Taiwan, Singapore etc. and thus he enriched his knowledge what he optimized best at the fields he involved with.

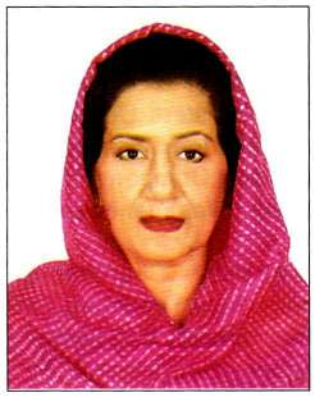
Mrs. Hasina Nizam

She comes of a respectable Muslim family of Barisal. She is a graduate in Political Science from Eden College, Dhaka. She is the Vice Chairperson of Meghna Life Insurance Co. Ltd. a leading Life Insurance Company in the country and Vice-Chairperson of Nizam Hasina Foundation and Director of Meghna Life Securities and Investment Limited. She is involved with various social works and welfare. She traveled many countries.

Mrs. Hasina Nizam is a sponsor Director of Karnaphuli Insurance Company Limited.

Profile of Directors

(Condition 1.5 (XXII) of Notification of BSEC dated August 7,2012)



Mrs. Raquiba Banu

Mrs. Raquiba Banu was born in an illustrious muslim family of Jessore. Her father late Ahmed Ali Sarder was a Member of National Assembly (MNA) of the then East Pakistan. Mrs. Raquiba Banu is a sponsor Shareholder of Nawapara Jute Mills Ltd.

Having a sophisticated social family background Mrs. Raquiba Banu took lot of interest to establish a Private Insurance Company in 1986 and invested in Karnaphuli Insurance Co. Ltd. as its Sponsor Director. Mrs. Raquiba Banu was married to Mr. Fakhrul Islam Munshi, a former State Minister of Finance of the Government of the Peoples Republic of Bangladesh. She takes lot of interest in socio-cultural activities and extends hands of co-operation and assistance to the needy people of the country.

A widely traveled business lady Mrs. Raquiba Banu visited India, Hong Kong, Thailand, Malaysia, Singapore, U.K., Canada & U.S.A.



Mr. Riaz Uddin Ahmed

Mr. Riaz Uddin Ahmed, a Sponsor Director of Karnaphuli Insurance Co. Ltd. comes from a well educated and Industrialist family. He obtained his BBA degree from Sunway College, a renowned educational Institute of Kualalampur, Malaysia with distinction.

A well experienced entrepreneur Mr. Riaz Uddin Ahmed believes in innovation and creativity, As such he also took part in Meghna Life Insurance Co. Ltd. a leading Life Insurance Company in the country as its Director. He is also a Vice Chairman of Meghna Life Securities and Investment Limited. A very capable insurance personality Mr. Ahmed attended many Seminars, Symposium, Conferences and Summit in Bangladesh and abroad. His knowledge driven suggestion and guidance in the capacity of a Director of both Karnaphuli Insurance Co. Ltd. and Meghna Life Insurance Co. Ltd. rose to a reasonable height.

A valiant social worker Mr. Riaz Uddin Ahmed visited India, Thailand, Singapore, Malaysia, Australia and United Kingdom.



Mrs. Sabita Ferdaushi

Mrs. Sabita Ferdaushi comes from a respectable Muslim family. She is the daughter of Late Mustafizur Rahman, former Member of Parliament from Sandwip (Chittagong-3). Her brother Mr. Mahfuzur Rahman is also the Member of running Parliament, Govt. of the Peoples Republic of Bangladesh from the same constitution. She has obtained Masters Degree from University of Dhaka in 1992. She is involved with many social activities and Welfare Organizations.

She traveled many countries of the world like India, Hong Kong, Thailand, Malaysia, Singapore, U.K., Canada and Australia.

She is a Sponsor Director.

Profile of Directors

(Condition 1.5 (XXII) of Notification of BSEC dated August 7,2012)



Mrs. Sharmin Nasir

Mrs. Sharmin Nasir was born in a renowned Muslim family in 1983. She obtained the Bachelor Degree in Social Welfare from Govt. Girls College, Barisal in 2004. With keen interest she invested in Meghna Life Insurance Co. Ltd. and Karnaphuli Insurance Co. Ltd. and become a member of Board of Directors of Meghna Life Insurance Co. Ltd. as well as the Director of Karnaphuli Insurance Co. Ltd. from Group-B. She is also a shareholder of Meghna Life Securities and Investment Limited. She traveled many countries for business purpose. She is also involved with many socio-cultural works and Welfare Organizations. She traveled many countries of the world like Thailand, Singapore, Malaysia, Australia and UK. She takes interest in serving the humanity.



Mrs. Dilruba Sharmin

A well educated entrepreneur Mrs. Dilruba Sharmin was a meritorious student of Vicarunnessa Noon School and College. She is daughter of a Banker and wife of an Industrialist. Mrs. Dilruba Sharmin takes keen interest in business, specially in Insurance Business. As such she invested in Meghna Life Insurance Co. Ltd. and became a member of the Board of Directors of Meghna Life Insurance Co. Ltd. She is also a shareholder of Meghna Life Securities and Investment Limited. She was duly elected as a Director of Karnaphuli Insurance Company Ltd. from group-B.

She traveled many countries of the world like Thailand, Singapore, Malaysia, Australia and UK. She takes interest in serving the humanity.



Umme Khadiza Meghna

Umme Khadiza Meghna was born in a family of entrepreneurs. She is a young lady with amiable disposition. She is promising and ambitious. She has keen interest in business affairs and is planning to build up a career accordingly. She traveled many countries.



Mr. N.C. Rudra

(Nominee of Meghna Life Insurance Co. Ltd.)

Mr. N.C. Rudra is the Chief Executive Officer of Meghna Life Insurance Company Limited. He started his career in Delta Life Insurance Company Limited in 1991 and worked up to 1998. He left the job and worked as an Actuarial Associate in S.A. Chaudhuri & Company Limited up to 2006. He joined Meghna Life Insurance Company Limited in May 2006 as a Senior Executive Officer (Technical Affairs) and promoted to the rank of Deputy Managing Director in June 2010. He was chosen by the Board of Directors to entrust the responsibility of Chief Executive Officer of the company. Mr. Rudra is an M. Sc. in Applied Mathematics from Dhaka University who obtained First Class. He received training at home and abroad. He passed a few Actuarial subjects from the Society of Actuaries, USA. He is associated with socio-cultural activities.

Profile of Directors

(Condition 1.5 (XXII) of Notification of BSEC dated August 7,2012)



Lt. Col. M. Shamsuddin Ahmad (Retd.)

(Nominee of Nizam Hasina Foundation)

Lieutenant Colonel M. Shamsuddin Ahmad (Retd.) has completed B.Sc. degree in 1965. He studied in Military Engineering College at Risalpur. Obtained Diploma from United State Army Engineering School in advance engineering course during 1982-83 and Advance Field Engineering Training from China in 1988. He served in Bangladesh Army up to 1996, during the service tenure he contributed in Military Intelligence at Army Head Quarter, Chief Instructor of Army Military Intelligence School, Chief Instructor of Army Engineering School and commanding officer of an Engineer Battalion in Kuwait. He is serving in Meghna Life Insurance Co.Ltd. as Director since 2002. During his service he worked as member/convener of various committees.

He traveled many countries of the World USA, U.K., India, Singapore, China, Saudi Arabia, and Kuwait for his training and business purpose. He has enriched his knowledge and experience during the period of his world tour. He is also associated with a number of social organizations viz, RAOWA CLUB, army Golf Club & Mainamoti Golf Club, Comilla & Bangladesh International English Medium School Dhaka Cantonment.



Professor Md. Mohiuddin

Independent Director

Professor Md. Mohiuddin is an Independent Director of the Karnaphuli Insurance Company Limited. He is also chairman of the audit committee. He has completed his B.Com. (Hons.) M. Com. in Management from Dhaka University. He started his career as Bangladesh Civil Service (BCS) education cadre and retired as Director General (DG) of National Academy for Education Management (NAEM) in the year 2007. During his service tenure he has been performing responsibilities in various positions in education sector as Professor and Chairman, Department of Management in Govt. Jagannath College, Dhaka College, Kabi Nazrul Islam Govt. College and Principal of Khulna Azam Khan Govt. Commerce College. Director, Directorate of Inspection and Audit, Ministry of Education and Chairman Barisal Education Board. He is an eminent educationalist and authors of various books viz Industrial Psychology, Personal Management, Business Communication, Human Resource Management and Organizational behavior which books are used as text book of National University in Honours and Masters Degree level.

He has visited many countries like UK, Australia, Japan, Singapore, India, Saudi Arabia & Malaysia. He contributed much towards social activities and social institutions.

Profile of Directors

(Condition 1.5 (XXII) of Notification of BSEC dated August 7,2012)



Professor Md. Ansar Ali
Independent Director

Professor Md. Ansar Ali was born in 1949 in a respectable muslim family. He did his BA (Hons.) and Masters in Economics in 1971 & 1972 respectively from Rajshahi University. He started his career as a Lecturer in Economics in B.M. College, Barisal. He worked as Deputy Director Admin and Finance of NAEM. In NAEM he worked as Co-ordinator of Educational Administration and Management Training Courses for Heads of Educational Institutions (College, School & Madrasha). A good number of publications on different topics are there in his credit.
Professor Md. Ansar Ali retired in 2006 as Joint Director, Directorate of Inspection and Audit, Ministry of Education, Government of Bangladesh. He is Independent Director of Karnaphuli Insurance Company Limited w.e.f 29-09-2014. He is also Chairman of Audit Committee of Meghna Life Insurance Company Limited.



Mohammed Farooq
Independent Director

As a Career Diplomat he travelled across four continents as a representative of Bangladesh for promoting and enhancing bilateral ties with the global community. The scheme of his commitments as diplomat also largely involved in strengthening and establishing new business ties for Bangladesh within the international forum. His foreign assignment as diplomat include Bucharest, Bulgaria, Bhutan, Australia, Malaysia, Brunei, Washington, Los Angeles and The Philippines. During his long career Mr. Farooq served as Ambassador of Bangladesh to The Philippines. During the period as Ambassador he was involved in an educational exchange programmed between Bangladesh and The Philippines. He had the opportunity to process the ADB funds and soft loans and grants. He also involved with the Colombo Plan Staff College as a member of the member countries, involved and closely worked with IRRI for the promotion of Rice Research in Bangladesh. He actively participated as a member of OIC Peace Committee to monitor the Peace Process amidst the Muslim citizens in Mindanao. He was honorary citizen of Bagnio. Mr. Farooq attended several international seminar, workshop and meeting in various capitals. Besides, he also attended SAARC Summits, Trade Fairs, and Business Council etc.

Education:
Dhaka University (1966-1970)
* B. Com Honours
* M. Com major in Business Administration
* Proficient knowledge in Law and Economics
* Diploma in Russian language and international relation.

Languages:
Fluent in Bangla and English as well as proficient in Urdu, Hindi, Romanian and Russians.

Financial Highlights at a Glance

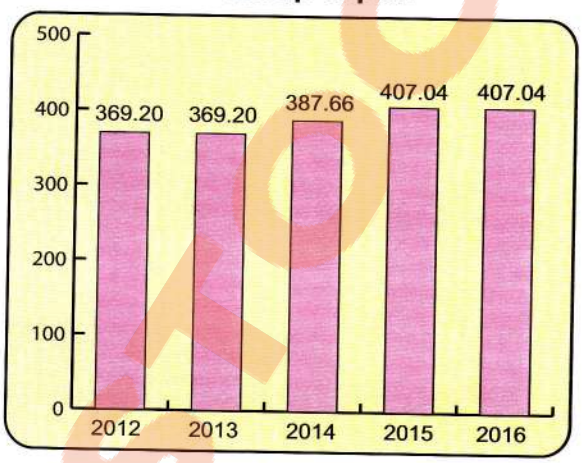
TAKA IN MILLION
(Except SL No 11, 12, 15, 16 & 17)

SL No.	Particulars	2012	2013	2014	2015	2016
1.	Authorised Capital	600.00	600.00	600.00	600.00	600.00
2.	Paid up Capital	369.20	369.20	387.66	407.04	407.04
3.	Gross Premium Income	276.38	265.14	274.83	280.76	294.87
4.	Net Premium Income Less Re-Insurance	156.69	165.99	139.66	148.08	162.14
5.	Underwriting Profit	49.96	40.18	36.84	35.98	40.05
6.	Total Investment	747.98	790.89	817.28	747.27	741.39
7.	Investment Income	59.67	74.76	72.60	24.90	56.89
8.	Net Profit before Tax	86.95	92.26	90.50	44.25	80.25
9.	Net Profit after Tax	57.62	62.66	59.50	19.05	55.25
10.	Dividend Amount	46.15	46.15	46.52	40.70	40.70
11.	Dividend Paid (Cash)	12.50%	7.50%	7.00%	10.00%	10.00%
12.	Dividend Paid (Stock)	-	5.00%	5.00%	-	-
13.	Fixed Deposit (FDR)	500.47	525.92	556.47	640.27	645.18
14.	Total Assets	1,117.27	1,194.63	1,238.72	1216.93	1,231.33
15.	Earning Per Share	1.56	1.70	1.53	0.47	1.36
16.	Net Asset Value Per Share (NAVPS)	19.42	19.87	20.95	19.11	19.50
17.	No. of Share Holder's	16,812	17,384	16,215	16,183	11,210
18.	Required Solvency Margin	62.99	66.69	57.41	62.84	65.27
19.	Available Solvency Margin	439.80	427.39	585.87	369.95	338.59

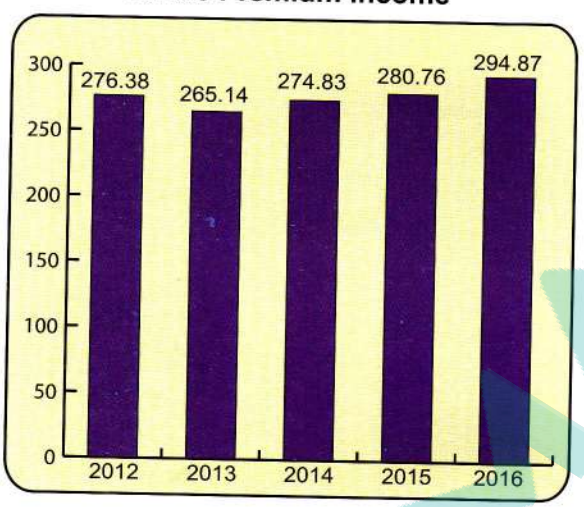
AMARSTOCK

ACHIEVEMENT OF KARNAPHULI INSURANCE

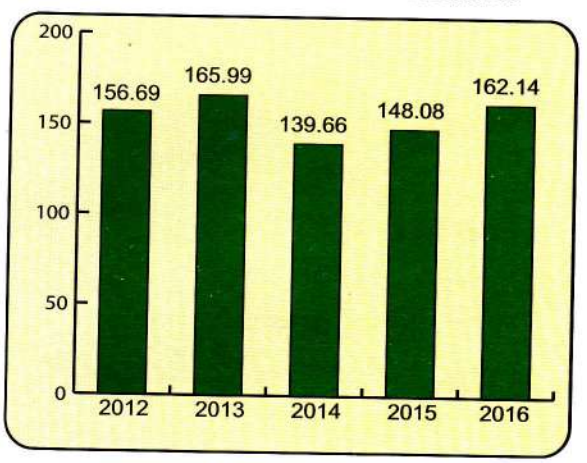
Paid up Capital



Gross Premium Income

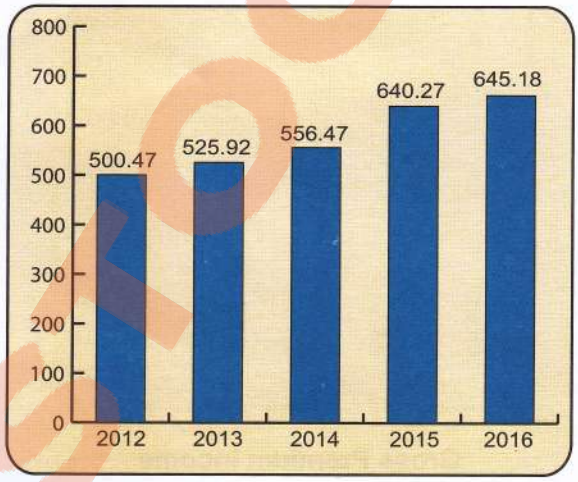


Net Premium Income Less Re-insurance

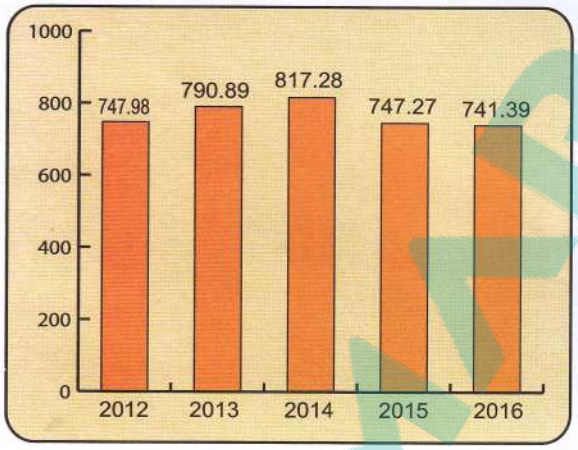


ACHIEVEMENT OF KARNAPHULI INSURANCE

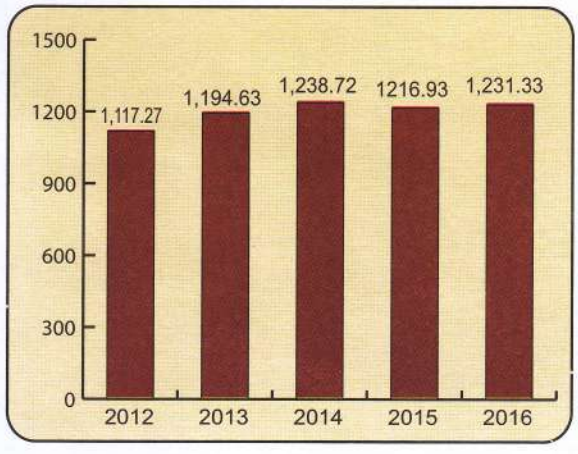
Fixed Diposit



Total Investment



Total Assets



চেয়ারম্যানের প্রতিবেদন



বিসমিল্লাহির রাহমানির রাহিম
প্রিয় শেয়ারহোল্ডারবৃন্দ
আসসালামু আলাইকুম

বছর ঘুরে আবারো আপনাদের মাঝে হাজির হতে পেরে প্রথমেই মহান আল্লাহ রাব্বুল আল আমিনের কাছে কৃতজ্ঞতা জানাই। কর্ণফুলী ইন্স্যুরেন্স কোম্পানী লিমিটেড এর ৩০ তম বার্ষিক সাধারণ সভায় উপস্থিত এবং অংশগ্রহণের জন্য আমি পরিচালনা পর্ষদ ও নিজের পক্ষ থেকে আপনাদের জানাচ্ছি আন্তরিক অভিনন্দন ও স্বাগতম। আপনাদের সম্মুখে আমি ২০১৬ সালের ৩১ ডিসেম্বর সমাপ্ত বছরের কোম্পানীর সার্বিক কর্মকান্ডের উপর ভিত্তি করে বার্ষিক হিসাব ও আর্থিক বিবরণীসহ অডিট রিপোর্ট উপস্থাপন করছি।

সম্মানিত শেয়ারহোল্ডারবৃন্দ আপনারা সকলেই অবহিত আছেন যে বীমা শিল্পে বর্তমানে যে অসম প্রতিযোগিতা এবং প্রতিকুল পরিবেশ বিরাজ করছে তারপরও আপনারাসহ বোর্ড অব ডাইরেক্টর এর সকল সদস্যবৃন্দ, কোম্পানীর সকল কর্মচারী কর্মকর্তাবৃন্দ, সম্মানিত বীমা গ্রহীতাগণ, আইডিআরএ, বিএসইসি, আরজেএসসি, ডিএসই, সিএসই সকলের সার্বিক সহায়তার ফলেই আমি প্রতি বছরের ন্যায় এবারও কোম্পানীর ব্যবসা বৃদ্ধি এবং উন্নয়নের সংবাদ নিয়ে হাজির হতে পেরেছি। যার ধারাবাহিকতায় ২০১৬ সালে ব্যবসা বৃদ্ধি পেয়ে কোম্পানীর গ্রস প্রিমিয়াম আয় হয়েছে ২৯,৪৮,৭১,৫৯২ টাকা। যা পূর্ববর্তী প্রিমিয়াম আয় থেকে ১,৪১,১৪,১২৭ টাকা বেশী। প্রিমিয়াম বৃদ্ধির হার ৫.০২%। বর্তমানে কোম্পানীর মোট মূলধনের পরিমান ৪০,৭০,৩৯,৫৯০ টাকা এবং সম্পদের পরিমান ১২৩,১৩,৩৩,৩০৪ টাকা এবং স্থায়ী আমানত (FDR) এর পরিমান বেড়ে বর্তমানে হয়েছে ৬৪,৫১,৮৪,৮২৪ টাকা। কোম্পানীতে বর্তমানে ব্যবসার যে গতি আশা করা যায় আগামী বৎসর এ প্রিমিয়ামের পরিমান আরও বৃদ্ধি পাবে।

গত ১লা নভেম্বর ২০১৬ তারিখ কোম্পানীর মুখ্য নির্বাহী কর্মকর্তা হিসেবে জনাব এ এন এম ফজলুল করিম মুন্সী কে নিয়োগ দেয়া হয়েছে। যিনি এ কোম্পানীতে গত ৩০ বছর যাবত নিষ্ঠার সাথে দায়িত্ব পালন করে আসছেন। কাজের গতিশীলতা বৃদ্ধি , কোম্পানীর সুনাম এবং অগ্রগতির স্বার্থে আমি নব নিযুক্ত মুখ্য নির্বাহী কর্মকর্তাকে ব্যবসা বৃদ্ধি, নতুন উন্নয়ন কর্মকর্তা নিয়োগ দান, কর্মকর্তাদেরকে প্রশিক্ষণ প্রদান, বীমা গ্রহীতারদেরকে অধিকতর সেবা প্রদান, আইডিআরএ কতৃক নির্দেশনামা এবং নিয়ম কানুন যথাযথ পালন করে কাজ করার পরামর্শ দিয়েছি। আমি আশাকরি বর্তমান মুখ্য নির্বাহী কর্মকর্তার দক্ষ নেতৃত্বে সকলের সম্মিলিত প্রচেষ্ঠায় কোম্পানীর অবস্থা আরও সুদৃঢ় হবে। আমাদের নিজস্ব ভবনে এ বছরের শেষের দিকে প্রধান কার্যালয়সহ দুটি শাখা স্থানান্তর করা হবে এতে করে বৎসরে প্রায় এক কোটি টাকা সাশ্রয় হবে।

আপনাদের অবগতির জন্য জানাচ্ছি যে, ২৬ শে এপ্রিল ২০১৭ তারিখের পরিচালনা পর্ষদের সভায় ২০১৬ সালের জন্য সম্মানিত শেয়ারহোল্ডারদের জন্য নগদ ১০% লভ্যাংশ প্রদানের সুপারিশ করা হয়েছে।

পরিশেষে আপনাদের সু-স্বাস্থ্য ও দীর্ঘায়ু কামনা করছি।

আল্লাহ হাফেজ

নিজাম উদ্দিন আহমদ
চেয়ারম্যান

Chairman's Report



Dear Shareholder friends,
Assalamu Alaikum.

At the very outset, I pay gratitude to God for enabling me to make me presence before you again after a span of 1 (One) year. I, on behalf of Board of Directors and as well from my personal capacity do hereby extend my heartiest thanks and welcome to you all. I now have the pleasure to present before you the Annual Financial Account with Audit Report for the year ended 31st December 2016.

Honourable Shareholders-
You are well aware of un-ethical competition so exists in Insurance Industry. Even if, I feel happy to be in here today with the news of our improvement of business with over-all development in our company and such the improvement became possible at the active co-operation of you alongwith Members Board of Directors, officers and employees, honourable insured's community, IDRA, BSEC, RJSC, DSE and CSE.

In line therewith, the Gross Premium Income of our company raised to Tk.29,48,71,592 showing increase index of premium Tk.1,41,14,127 over last year. The growth of premium collection is 5.02%.

The paid up capital of the company as at present stands to Tk.40,70,09,590 and property worth to Tk.123,13,33,304 amount in relation to FDR as at present is Tk.64,51,84,824
It is certain that the premium in the coming year shall further increase as per the present trend of business.

In 1st November 2016, Mr. A.N.M. Fazlul Karim Munshi has been appointed as CEO for 3 years. He has been serving in this company for the last 30 years with dedication. It is my belief that the position of the company shall be more consolidated during his tenure of Job.

I, with a view to speed up the company's activities for further improvement, advised the CEO to increase the business, to appoint more development officers, to arrange training course for officers and employees, to extend much more services to insured's community, to follow up the orders time to time passes by IDRA and above all to exercise and discharge the responsibility as per rules and regulations.

I am confident that the progress of company affairs shall continue at the able and skilled leadership of CEO

It is for your information that the Board of Directors in its meeting held on 26th April 2017 have unanimously recommended 10% Cash Dividend on account of honourable Shareholders for the financial year 2016.

In fine, I wish you all good health and long life.
Allah Hafez,

(Nizam Uddin Ahmed)
Chairman

মুখ্য নির্বাহী কর্মকর্তার প্রতিবেদন



বিসমিল্লাহির রাহমানির রাহিম
প্রিয় শেয়ারহোল্ডারবৃন্দ
আসসালামু আলাইকুম
মুখ্য নির্বাহী কর্মকর্তা হিসেবে যোগদান করার পর আমি প্রথমবারের মত কর্ণফুলী ইন্স্যুরেন্স কোম্পানী লিমিটেড এর ৩০তম বার্ষিক সাধারণ সভায় বার্ষিক প্রতিবেদন পেশ করার সুযোগ পেয়ে নিজেকে অত্যন্ত সৌভাগ্যবান মনে করছি।
বক্তব্যের প্রারম্ভে আমি শ্রদ্ধার সাথে স্মরণ করছি এবং একই সাথে বিদেহী আত্মার মাগফেরাত কামনা করছি সম্মানিত শেয়ারহোল্ডারবৃন্দ, সম্মানিত পরিচালকবৃন্দ এবং আমার সহকর্মীবৃন্দ যাঁরা এ পৃথিবী ছেঁড়ে চলে গিয়েছেন।
সম্মানিত শেয়ারহোল্ডারবৃন্দ গত ১লা নভেম্বর ২০১৬ আমি কোম্পানীর মুখ্য নির্বাহী কর্মকর্তা হিসেবে দায়িত্ব নেয়ার পূর্বে গত ৩০ বছর যাবত এ কোম্পানীতে বিভিন্ন পদে অর্পিত দায়িত্ব নিষ্ঠার সাথে পালন করে এসেছি।
আপনারা সকলেই অবহিত আছেন বর্তমানে বীমা ব্যবসায় যে অসম প্রতিযোগিতা বিরাজ করছে এ অবস্থায় মুখ্য নির্বাহী কর্মকর্তা হিসেবে যথাযথ ভাবে দায়িত্ব পালন করা মোটেই সহজসাধ্য নয়। তথাপি আমি আপনাদের ও পরিচালকবৃন্দের, বীমা গ্রহীতাদের এবং কোম্পানীতে কর্মরত কর্মকর্তা ও কর্মচারী সকলের স্বার্থ বিবেচনায় রেখে আমার সাধ্যমত কাজ করে যাচ্ছি।
দায়িত্ব নিয়ে প্রথমেই আমি কোম্পানীর সাথে সম্পর্কযুক্ত সকলের সাথে পারস্পরিক সুসম্পর্ক, আন্তরিকতা এবং আনন্দের সাথে কাজ করার বিষয়টির দিকে নজর দেই। আমি বিশ্বাস করি কাজের ক্ষেত্রে পারস্পরিক সুসম্পর্ক বিরাজমান থাকলে, কাজ করার সুন্দর পরিবেশ থাকলে কোম্পানীর উন্নয়নের ধারা অব্যহত রাখা সহজতর হবে। এ কাজে মাননীয় ভাইস চেয়ারম্যান, প্রাক্তন দুই ব্যবস্থাপনা পরিচালক, শাখা প্রধানগণ সহ সকল কর্মকর্তা ও কর্মচারীগণ আমাকে সার্বক্ষনিক সহায়তা করে যাচ্ছে। এজন্য আমি তাদের প্রতি জানাই কৃতজ্ঞতা। তারাই আমার প্রান শক্তি। আমি আশা করি সবাইকে নিয়ে কোম্পানীর উন্নয়নের ধারা অব্যহত রাখতে সক্ষম হব। এরই সুবাধে ২০১৬ সালে কোম্পানীর গ্রস প্রিমিয়াম আয় হয় ২৯,৪৮,৭১,৫৯২ টাকা। যা পূর্ববর্তী প্রিমিয়াম আয় থেকে ১,৪১,১৪,১২৭ টাকা বেশী। বর্তমানে কোম্পানীর মোট মূলধনের পরিমান ৪০,৭০,৩৯,৫৯০ টাকা এবং সম্পদের পরিমান ১২৩,১৩,৩৩,৩০৪ টাকা এবং স্থায়ী আমানত (FDR) এর পরিমান বৃদ্ধি পেয়ে বর্তমানে দাড়িয়েছে ৬৪,৫১,৮৪,৮২৪ টাকা।
ব্যবসা বৃদ্ধি এবং উন্নয়নকল্পে ইতিমধ্যে আমি কোম্পানীর অপেক্ষাকৃত দুর্বল স্থানগুলোর মধ্যে কাজ করতে শুরু করেছি। যেমন, বেশ কিছু নতুন উন্নয়ন কর্মকর্তা নিয়োগ প্রদান করা হয়েছে। আভ্যন্তরিন শাখাগুলোর মধ্যে সমন্বয় এর মাধ্যমে কাজ করার জন্য নির্দেশ প্রদান করা হয়েছে। ব্যবসা আহরণের ক্ষেত্রে লাভ লোকসান বিশ্লেষন করে ব্যবসা করার নির্দেশ দেয়া হয়েছে। এজন্য সার্বক্ষণিক উচ্চ পর্যায়ের কর্মকর্তাদের সমন্বয়ে পরামর্শ প্রদান করা হচ্ছে। নতুন ব্যবসা সংগ্রহের জন্য কর্মকর্তাদেরকে উৎসাহিত করা হচ্ছে। গ্রাহকদের যৌক্তিক বীমা দাবী যথাসম্ভব দ্রুত পরিশোধ এবং সেবার মান আরও বৃদ্ধি করার ব্যবস্থা নেয়া হয়েছে। কর্মকর্তাদের দক্ষতা বৃদ্ধির লক্ষ্যে বিষয় ভিত্তিক প্রশিক্ষণের উপর জোর দেয়া হয়েছে। আভ্যন্তরিন কার্যক্রম পরিচালনায় সুষ্ঠুতা এবং উহা তরান্বিত করার লক্ষ্যে আমাদের প্রতিটি ক্ষেত্রে তথ্য প্রযুক্তি ব্যবহারের মাধ্যমে আধুনিকায়ন করা হয়েছে। বাংলাদেশ সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশন এবং ঢাকা ষ্টক এক্সচেঞ্জ এর সকল বিধি বিধান সমূহ সঠিকভাবে পরিপালন হচ্ছে। কোম্পানীর কর্মকর্তা ও কর্মচারীদের উৎসাহ বৃদ্ধিকল্পে বেতন বৃদ্ধির বিষয়টি বিশেষ বিবেচনায় আছে। ব্যয় সাশ্রয়ের নিমিত্তে প্রধান কার্যালয়সহ দু'টি শাখা আমাদের নিজস্ব ভবনে এ বছরের শেষের দিকে স্থানান্তর করা হবে এতে করে বৎসরে প্রায় এক কোটি টাকা সাশ্রয় হবে । বর্তমানে বীমা ব্যবসায় নানা প্রতিকুলতার মধ্যেও আমি আশা করি উল্লেখিত পদক্ষেপ গ্রহণ করার ফলে কোম্পানীর অবস্থান আরও সুদৃর হবে। এ আশাবাদ ব্যক্ত করে সম্মানিত গ্রাহক সমাজ, সম্মানিত শেয়ারহোল্ডারবৃন্দ ও সম্মানিত পরিচালকবৃন্দের প্রতি আন্তরিক ধন্যবাদ জ্ঞাপন করছি।
পরিশেষে, ধারাবাহিক সহায়তা এবং দিক নির্দেশনা প্রদান করার জন্য আমি আইডিআরএ, বিএসইসি, আরজেএসসি, ডিএসই, কোম্পানীর মাননীয় চেয়ারম্যান, মাননীয় ভাইস চেয়ারম্যান, বোর্ড অব ডাইরেক্টর এর সম্মানিত পরিচালকবৃন্দকে ধন্যবাদ জানাই। আরও ধন্যবাদ জানাই কোম্পানীর প্রাণ সকল কর্মকর্তা ও কর্মচারীদেরকে, যাদের অক্লান্ত পরিশ্রমে কোম্পানী উন্নতির দিকে এগিয়ে যাচ্ছে।
পরিশেষে সকলের মঙ্গল কামনা করছি।
আল্লাহ হাফেজ

এ এন এম ফজলুল করিম মুন্সী
মুখ্য নির্বাহী কর্মকর্তা

Report of the
Chief Executive Officer



Bismillah-hir-Rahmanir Rahim

Dear Shareholders,
Assalamu Alaikum,

I feel myself much fortunate as being given the opportunity to appear before you for the first time of my Joining with the Company as Chief Executive Officer to place 30th Annual Report of 2016.

At the very outset, I, with great regards do hereby remember and as well pray for salvation to those Honourable Shareholders, Honourable Directors and my colleagues who left us for good.

Honourable Shareholders-
Before my joining as Chief Executive Officer on 1st of November, 2016, I had also been serving in this company for the last 30 years in different responsible posts and discharged my duties vested on me with due care and responsibility.

You all are well aware that there exists an un-ethical competition in this insurance industry. At this state of affairs, it is not at all easy for Chief Executive Officer to discharge his due responsibility. Even if, I have been working with utmost responsibility and care at the interest of yours, Directors, Insured's and employees and officers of this Company.

I, at the very first step of my joining resorted to draw my attention to buildup fellow feelings with each other and also to work spontaneously with absolute responsibility.

It is my belief that the progress of the company shall go on satisfactorily if there remains co-operation with each other and also if prevails good working environment.

To achieve such moto, the Honourable Vice Chairman, Ex. two Managing Directors, Branch Incharges and each and every employees and officers have been extending their co-operation all the time to me.

I, as such, extend my gratitude to them. They are my strength. I am optimistic to the fact that it would be possible for me to protect the trend of progressing the company affairs collectively. It is because of this, the gross of premium of our company account for this year comes to Tk.29,48,71,592 That resulted an increase of Tk.1,41,14,127 than of previous year. The paid up capital as at present is Tk.40,70,39,590 and position of wealth worth to Tk.123,13,33,304 FDR raised to Tk.64,51,84,824

I have in the meantime started working on competitively weak place exists in the company with a view to achieve progress in the business portfolio. For example- A few development officers have been appointed. Issued the circular to the Internal branches/sections focusing that the work should be accomplished having co-ordination with each other. I have also passed an office order to judge the profit and loss before underwriting a particular risk. It is for this reason, I have been suggesting/advising regularly maintaining co-ordination with senior officers. The related officers are being encouraged for searching and collecting new avenues of business. The procedure has been developed and adopted as to settle the Insured's legitimate claim in time and also adopted procedures as to develop much better services to the client. The emphasis has been given to training on subject wise to the employees and officers aiming towards developing skill.

We have introduced modern technology almost in all sections with a view to administer and speedup internal work properly and accurately. We have been following up the all rules and regulations with accuracy relating to Bangladesh Securities and Exchange Commission and Dhaka Stock Exchange Ltd. The matter relating to enhancement of employee's and officer's emoluments is under active consideration with a view to create congenial atmosphere and also to encourage them.
Head Office along with 2 (two) Branches shall be shifted to our own building this year which shall result reducing cost around 1 (one) crore in a year.

I have firm belief that the position of the company shall be more consolidated due to the adoption of above administrative methods no matter there exists enormous unhealthy atmosphere in this Industry.
I, with this firm commitment, do extend my heartiest thanks to honourable Insured's community, honourable shareholders and honourable Board of Directors.

In fine, I extend my thanks to IDRA, BSEC, RJSC, DSE, respected Chairman of the company, respected Vice Chairman, all honourable Board of Directors for their continuous co-operation, above all the guidelines extended to me. Moreso, I also extend my thanks to the employees and officers who are considered as lives of company and also for their un-tired labour which leads company to continuous progress.

I now conclude with good wishes to everybody.

Allah Hafez,

A.N.M. Fazlul Karim Munshi
Chief Executive Officer

Profile of Karnaphuli Insurance Co. Ltd.

Karnaphuli Insurance Company Limited was incorporated on 23rd November 1986 as a public limited Company under the Companies Act 1913, obtained the Certificate of Registration, for carrying on General Insurance Business from Controller of Capital Issues on 23rd November, 1986. The Company started its commercial operation on 25th November, 1986 being sponsored by a group of renowned business personalities, reputed industrialists and Journalist of the country.

Karnaphuli Insurance Company Limited (KICL) is a first generation and top-tier Non life Insurance Company. The Company has been maintaining strong capital base, ethical business standards, corporate culture and corporate governance, superior underwriting skills and dynamic investment management since its inception.

PAID UP CAPITAL

Karnaphuli Insurance Company Limited was started its journey with paid up capital of 3.00 Crore in 1986. At present the Company's paid up capital is Tk. 407,039,590 and Authorized Capital Tk. 60.00 crore. Percentage of shareholding of various categories as on 31 December, 2016 is stated below:

Category	No of Share Holder	No of Shares	% of holding
Sponsor/Director	14	1,04,67,621	25.72
Public	11,101	2,42,57,292	59.59
Institution	95	59,79,046	14.69
Government	Nil	-	-
Total	**11,210**	**40,703,959**	**100.00**

CREDIT RATING

Karnaphuli Insurance Company Limited was rated by Alpha Credit Rating Limited. The Company achieved "A+" (Pronounced as single A plus) for long term, AR-3 for short term and outlook is stable based on its premium collection, core services, strong liquidity position, cautious underwriting process, satisfactory dividend policy & expeditious settlement of claims.

NETWORK

Karnaphuli Insurance Co. Ltd. with a network of 27 branches covering strategic financial centers of Dhaka, Chittagong, Rajshahi, Khulna, Barisal, Sylhet, Rangpur, Bogra and some important district town has been providing whole hearted services to the doorsteps of the clients. It has active presence in capital market. The Company is always eagerly ready to fulfill the needs of all its clients with high profitability & balanced growth. KICL has earned excellent market reputation and absolute confidence of its valued clients.

BOARD OF DIRECTORS

The Board of Karnaphuli Insurance Co. Ltd. has been constituted with 14 Directors including 3 independent directors as on 31 December, 2016 as per section 76 (1) of Insurance act 2010 and notification of Bangladesh Securities and Exchange Commission.

The Board is chaired by Mr. Nizam Uddin Ahmed, an eminent business person and well reputed industrialist. Former Director of FBCCI, Former Vice President of Bangladesh Insurance Association, Former Director of Bangladesh Chamber of Industries (BCI) Mr. Nizam Uddin Ahmed has diversified business exposures. He also the Chairman of Meghna Life Insurance Company Limited, Director of Meghna Life Securities and Investment Limited and Chairman of Nizam Hasina Foundation.

BUSINESS STRATEGY

The Company is focused on few strategic issues encompassing change Management in the short to long period through the implementation of various policies, processes and activities to ensure continuous, sustainable and qualitative growth, with the sole objectives of Institution Building. An effective cluster management program has implemented. Branch management is now being continually exposed to mature thoughts and ideas through mentors resulting in qualitative improvement of their business and operational activities.

Directors Report to the Shareholders

Dear Shareholders,
Assalamu Alaikum
On behalf of the Board of Directors and Management I welcome you all to the 30th Annual General Meeting of Karnaphuli Insurance Company Limited and present the Annual Report along with the Audited Financial Statements of the Company for the year ended 31st December, 2016 for review, suggestion and approval from your end.

This report has been prepared is compliance with section 184 of the Company's Act 1994 and Bangladesh Securities and Exchange Commission Notification No. SEC/CMRRCD/2006-158/134/admin/44 dt.7 August, 2012.

Karnaphuli Insurance Company Ltd. is very much concerned about interest of the clients and shareholders. The following information will help our clients/shareholders to take positive decisions.

INDUSTRY OUTLOOK
The GDP growth of Bangladesh for the year 2016 is 7.05% The Government of Bangladesh has planned a long-term perspective plan, with a target to make Bangladesh a middle income country by 2021, by raising the real per capital income to US$ 2,000 which now stands as US$ 1,314. Total volume of non-life insurance market is increasing significantly. As the market volume is increasing significantly the industry is awaiting for deriving positive result in 2017.
The value proposition of non-life Insurance products has improved over the last few years, Making it more competitive in securing the financial needs of customers. The long term growth prospects of the industry remain positive on the back of structural socio-economic advantages of the Bangladeshi economy.
During the year 2016 premium income of Karnaphuli Insurance reached Tk. 294.87 million over the previous year's premium of Tk. 280.76 million which was higher by 5.02%. This gives us confident that this trained will continue in the year 2017 as well. We want achieve our goal for procuring premium income of Tk. 500 million.

Year wise performance for the last five years:
Year wise performance of the company for the last five years is shown page 18

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 business, The Directors takes pleasure to report that in 2016 Karnaphuli Insurance Company Limited had another year of growth in premium earnings Segment-wise performance of your company given bellow:

Gross Premium Income:

Year	Gross Premium (Million)	Growth
2016	294.87	5.02%
2015	280.76	2.16%
2014	274.83	3.65%
2013	265.14	(4.07%)
2012	276.38	18.84%

BUSINESS RESULT (Product Wise Performance)

During the period under review the Company procured gross premium amounting to Tk. 294,871,592 against Tk. 280,757,465 in 2015. The growth of premium collection is 5.02%. We earned underwriting profit of Tk. 40,051,940.

Particulars	2016				2015
	Fire Taka	Marine Taka	Motor & others Taka	Total Taka	Total Taka
A. Gross Premium (Including SBC and Government Business)	135,284,436	84,827,020	74,760,136	294,871,592	280,757,465
B. Re-insurance premium ceded	72,755,430	28,281,108	31,690,812	132,727,350	132,676,044
C. Net Premium (A-B)	**62,529,006**	**56,545,912**	**43,069,324**	**162,144,242**	**148,081,421**
Direct Business :					
D. Commission on re-insurance premium ceded including profit commission	22,298,701	8,914,860	6,615,292	37,828,853	38,219,370
E. Claim settled and provided (Net)-(i)	491,891	5,734,033	4,930,457	11,156,381	2,578,370
F. Management expenses- (ii)	53,488,812	28,278,589	22,955,071	104,722,472	107,995,870
G. Agency Commission	19,808,575	10,123,585	7,930,105	37,862,265	36,444,846
H. Total Direct Expenses (E+F+G-D)	**51,490,577**	**35,221,347**	**29,200,341**	**115,912,265**	**108,799,716**
I. Adjusted fund balance for unexpired risk (Opening Balance less Closing Balance)	(4,072,713)	1,041,215	(3,148,539)	(6,180,037)	(3,299,406)
Net Underwriting Profit [C-(H+I)]	**6,965,716**	**22,365,780**	**10,720,444**	**40,051,940**	**35,981,299**

INCOME AND PROFIT

Gross Income in the year 2016 stood Tk. 98,006,822 against Tk. 61,878,199 in 2015 Net Profit before tax Tk. 80,253,254 out of which underwriting profit is Tk. 40,051,940 in 2016 against Tk. 35,981,299 in 2015. Income from other heads are shown below:

		2016	2015	2014
1.	Interest Received from FDR and BGTB	52,278	56,347	65,149
2.	Dividend Income on Share	3,955	3,870	5,505
3.	Sale Proceed on Share	660	(34,729)	1,718
4.	Miscellaneous Income	1,061	409	223
5.	Underwriting Profit	40,052	35,981	36,837
		98,006	**61,878**	**109,432**

Fixed deposit stood as at Tk. 6,45,184,824 In 2016 Against Tk. 640,274,824 in 2015.

PROFIT DISTRIBUTION

Particulars	2016	2015
1. Reserve for exceptional loss	15,000,000	14,071,080
2. Provision for Tax	25,000,000	25,200,000
3. Proposed dividend for shareholder	40,703,959	40,703,959

PREMIUM INCOME

The Company earned a premium of Tk. 294,871,592 for the year 2016 against Tk. 280,757,465 in 2015. Out of this Tk. 252,415,098 came from private sector and balance of Tk. 42,456,494 as public sector business received from Sadharan Bima Corporation.

After ceding Tk. 13,272,350 as re-insurance premium, the net premium income for the year amounted to Tk. 162,144,242 against Tk. 148,081,421 in 2015.

RISK & CONCERN

Karnaphuli Insurance Company engaged exclusively in the business of insurance. The insurance industry in Bangladesh, particularly Non-life insurance Company is facing difficult times since long and risk management is at the top agenda. Risk factors can be summarized as follows:

a) OPERATIONAL RISK

Operational risk in relation to insurance business are underwriting risk, regulatory risks and re-insurance risk. Karnaphuli Insurance Co. Ltd. has developed its underwriting policy/guideline. Karnaphuli Insurance Co. Ltd. passes on some of its risks to another re-insurer for reducing underwriting risk.

b) FINANCIAL RISK

Financial risk involve liquidity and investment risks and claims reserving risk, Karnaphuli Insurance Co. Ltd. prefers a conservative investment policy guided by the Board and its performance in terms of liquidity position, investment portfolio, cash flow status, claims, reserve position etc are regularly monitored by the Board.

c) STRATEGIC RISK

Strategic risk are mostly associated with the rival marketing moves for penetrating in the insurance market. In order to retain its position and steeping toward betterment, Karnaphuli Insurance Co. Ltd. prefers to adopt its business strategy based on focus to market penetration and particulars concentration to market segment which is greatly dependent on market information.

EXTRA ORDINARY GAIN OR LOSS

No extraordinary gain or loss in the year of 2016.

RELATED PARTY TRANSACTION

The Company has no related party except Meghna Life Insurance Company Limited and Meghna Life Securities and Investment Ltd. The Group Insurance of the employees of the company has been done with Meghna Life Insurance Company Limited. Karnaphuli Insurance Company is represented in the Board of Meghna Life Insurance Company Limited and Meghna Life Insurance Company is also the Director of Karnaphuli Insurance Company Ltd.

Name of Company	Relationship	Nature of Transaction	Amount (Tk.)
Meghna Life Insurance Co. Ltd.	Common Directorship	Group Insurance Premium paid	401,492
		Dividend Paid (gross) to Meghna life Ins. Co. Ltd.	1,445,827
		Dividend received (gross) from Meghna Life Ins. Co. Ltd.	1,219,735
Meghna Life Securities and Investment Ltd.		Paid Commission	269,138

UTILIZATION OF PROCEEDS FROM PUBLIC ISSUES, RIGHT ISSUES

The Company issued right shares in the year of 2010 and the proceeds fully invested in the form of FDR & company's operational activities.

VARIANCE WITHIN THE FINANCIAL YEAR

Statement of Quarterly Financial Statement 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.

BOARD OF MEETING ATTENDANCE AND REMUNERATION OF DIRECTORS

During the year ended 31st December 2016 the total 9 (nine) Board Meetings were held. The attendance and remuneration of the Directors are given below:

Name of Directors	Status	Board Meetings Held	Meetings Attended	Remuneration Taka
Mr. Nizam Uddin Ahmed	Chairman	9	9	45,000
Mr. Nasir Uddin Ahmed	Vice- Chairman	9	9	45,000
Mrs. Hasina Nizam	Director	9	9	45,000
Mr. Riaz Uddin Ahmed	Director	9	9	45,000
Mrs. Raquiba Banu	Director	9	9	45,000
Mrs. Sabita Ferdaushi	Director	9	8	40,000
Mrs. Sharmin Nasir	Director	9	9	45,000
Mrs. Dilruba Sharmin	Director	9	9	45,000
Ms. Umme Khadiza Meghna	Director	9	9	45,000
Lt. Col. M. Shamsuddin Ahmed (Retd.) Representative of Nizam Hasina Foundation	Director	9	8	40,000
Mr. N. C. Rudra Representative of Meghna Life Insurance	Director	9	5	25,000
Professor Md. Mohiuddin	Independent Director	9	8	40,000
Professor Md. Ansar Ali	Independent Director	9	6	30,000
Mr. Mohammed Farooq	Independent Director	9	8	40,000
Mr. Md. Hafizullah	Chief Executive Officer	9	9	45,000
			Total	**540,000**

Meeting held by the Audit Committee during the Year 2016 is stated as follows -

Name of Directors	Status	Board Meetings Held	Meetings Attended	Remuneration Taka
Professor Md. Mohiuddin (ID)	Chairman	4	4	8,000
Mr. Nasir Uddin Ahmed (Director)	Member	4	4	8,000
Mr. Riaz Uddin Ahmed (Director)	Member	4	4	8,000
			Total	**24,000**

BOOKS OF ACCOUNTS

Proper Books of Accounts of the Company were maintained properly.

ACCOUNTING POLICIES

Appropriate accounting policies have been consistently applied in preparation of financial statements and the accounting estimates are based on reasonable and prudent judgement.

APPLICATION OF BAS, IFRS, IAS & BFRS

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

THE SYSTEM OF INTERNAL CONTROL

The system of internal control was sound and was implemented and monitored effectively. The Internal Audit Department of the company regularly checks the accuracy and reliability of its accounting data and takes initiative to promote the operational efficiency. The management is accountable for the implementation of the internal control systems and its principles. The financial data have been reviewed, confirmed and reported regularly to the Board of Directors.

GOING CONCERN

There are no significant doubts about the Company's ability to continue as a going concern. The management has taken into consideration its liquidity status, projected cash flow based on the market situation and its performance in the past years in support of the assumption.

SIGNIFICANT DEVIATIONS FROM LAST YEARS OPERATING RESULTS

There were no significant deviations from last year operating results of the company. But Investment income reduced significantly due to low interest rate offered by the bank.

SUMMARY OF KEY OPERATING AND FINANCIAL DATA OF FIVE PRECEDING YEARS

(TAKA IN '000)

	2016	2015	2014	2013	2012
Underwriting profit as per revenue account	40,051	35,981	36,838	40,184	49,963
Income from Interest, Dividend	56,234	60,217	70,655	71,185	67,180
Other income	1,721	(34,320)	1,941	3,572	(7,447)
Total income	**98,006**	**61,878**	**109,435**	**114,940**	**109,696**
Expenses of management (P/L Account)	(17,753)	(17,625)	(18,938)	(22,684)	(22,748)
Net profit before tax	**80,253**	**44,253**	**90,497**	**92,256**	**86,949**
Provision for tax	25,000	25,200	31,000	(29,595)	(29,330)
Net profit after tax	**55,253**	**19,053**	**59,497**	**62,661**	**57,619**
Surplus brought forward	855	36,577	2,365	1,605	655
Reserves	**56,108**	**55,630**	**61,862**	**64,266**	**58,274**
Exceptional loss	(15,000)	(14,071)	(13,149)	(15,752)	(15,669)
Dividend equalization fund	-	-	-	-	-
General	-	-	-	-	-
Diminution in value of investment	-	-	-	-	(29,851)
Surplus carried forward	**41,108**	**41,559**	**48,713**	**48,514**	**12,754**

DIVIDEND POLICY

The net profit of the Company is Tk. 80,253,254 for the year 2016. Reserve for exceptional loss is maintained for Tk. 15,000,000/- The Board of Directors' of the Company recommended 10% cash dividend to the shareholders out of the surplus available for distribution at the end of the year 2016, subject to the approval of the shareholders in the 30th annual general meeting to be held on 19th June, 2017. The Company always dispatched/credited dividend to the shareholders within the stipulated time.

NUMBER OF BOARD MEETINGS HELD DURING THE YEAR SHOWN ON PAGE 30

THE PATTERN OF SHARE HOLDING AS AT December 31, 2016

a) Parent/Subsidiary/Associated companies and other related Parties : (1) Meghna Life Insurance Company Limited hold 1,445,827 shares.

b) Shareholding of Directors and their Spouse & Children:

Name of Directors	Status	Total Shares	Percentage (%)
Mr. Nizam Uddin Ahmed	Chairman	1,183,484	2.91
Mr. Nasir Uddin Ahmed S/o Nizam Uddin Ahmed	Vice Chairman	11,98,478	2.94
Mrs. Hasina Nizam W/o Nizam Uddin Ahmed	Director	1,898,844	4.67
Mr. Riaz Uddin Ahmed S/o Nizam Uddin Ahmed	Director	1,290,599	3.17
Mrs. Raquiba Banu	Director	814,164	2.00
Mrs. Sabita Ferdaushi	Director	814,301	2.00
Mrs. Sharmin Nasir W/o Nasir Uddin Ahmed	Director	41,365	0.10
Mrs. Dilruba Sharmin W/o Riaz Uddin Ahmed	Director	42,807	0.11
Ms. Umme Khadiza Meghna D/o Nizam Uddin Ahmed	Director	294,223	0.72
Lt. Col. M. Shamsuddin Ahmed (Retd.) Representative of Nizam Hasina Foundation	Director	494,500	1.21
N.C. Rudra Representative of Meghna Life Insurance Co. Ltd.	Director	1,445,827	3.55
Professor Md. Mohiuddin	Independent Director	Nil	
Professor Md. Ansar Ali	Independent Director	Nil	
Mohammed Farooq	Independent Director	Nil	
Mrs. Khaleda Khanom W/o Lt. Col. M. Shamsuddin Ahmed (Retd.)	Shareholder	127,312	0.31
Mr. Rashid Uddin Ahmed S/o Lt. Col. M. Shamsuddin Ahmed (Retd.)	Shareholder	110,250	0.27
	Total:	9,756,154	23.97

C) SHAREHOLDING OF CHIEF EXECUTIVE OFFICER, COMPANY SECRETARY, CHIEF FINANCIAL OFFICER, HEAD OF INTERNAL AUDIT AND THEIR SPOUSES & MINOR CHILDREN : NIL

D) SHAREHOLDING OF TOP FIVE EXECUTIVES : NIL

E) SHAREHOLDERS HOLDING 10% OR MORE : NIL

APOINTMENT/RE-APOINTMENT OF DIRECTOR

In accordance with articles of association of the company the Directors Mr. Nizam Uddin Ahmed and Mrs. Sabita Ferdaushi retired from the office and being eligible they offer themselves for re-appointment. The Board recommends their re-appointment. Ms. Umme Khadiza Meghna and Nizam Hasina Foundation Director from public shareholders shall retire and being eligible they offer themselves for re-election. Notice of election of director from public shareholders have been published before 60(sixty) days in the daily "The New Nation" and the daily "Jai Jai Din" dated April 16th, 2017.

The Board of Directors has re-appoint Professor Md. Mohiuddin as Independent director for a further period of one term w.e.f. 26.06.2016. The appointment of Professor Md. Mohiuddin to be placed in the 30th AGM of the company for approval by the shareholders.

THE BRIEF RESUME OF THE DIRECTOR ARE INCORPORATE ON THE PAGE 13 TO 17

NAME OF THE COMPANIES IN WHICH THE PERSON ALSO HOLDS THE DIRECTORSHIP AND THE MEMBERSHIP OF COMMITTEE OF BOARD.

Name of Director	Position of the Other's Company
Mr. Nizam Uddin Ahmed	Chairman, Meghna Life Insurance Co. Ltd. Chairman, Nizam Hasina Foundation Director, Meghna Life Securities and Investment Limited.
Mr. Nasir Uddin Ahmed	Chairman of Meghna Life Securities and Investment Limited. Director, Meghna Life Insurance Co. Ltd. Member, Audit Committee, Meghna Life Insurance Co. Ltd. Director, Nizam Hasina Foundation
Mrs. Hasina Nizam	Vice Chairman, Meghna Life Insurance Co. Ltd. Director, Nizam Hasina Foundation Director, Meghna Life Securities and Investment Limited.
Mr. Riaz Uddin Ahmed	Vice Chairman, Meghna Life Securities and Investment Limited. Director, Meghna Life Insurance Company Limited. Member, Audit Committee, Meghna Life Insurance Co. Ltd. Director, Nizam Hasina Foundation
Mrs. Sharmin Nasir	Director, Meghna Life Insurance Co. Ltd. Shareholder, Meghna Life Securities and Investment Limited.
Mrs. Dilruba Sharmin	Director, Meghna Life Insurance Co. Ltd. Shareholder, Meghna Life Securities and Investment Limited.
Ms. Umme Khadiza Meghna	Director, Meghna Life Insurance Co. Ltd.
Professor Md. Ansar Ali	Independent Director, Meghna Life Insurance Co. Ltd. Chairman, Audit Committee, Meghna Life Insurance Co. Ltd.
Lt. Col. Shamsuddin Ahmed (Retd.)	Director, Nizam Hasina Foundation.

CREDIT RATING

The Karnaphuli Insurance Company Limited regularly analyse the position of its claim paying ability. During the year Company achieved A+ (Pronounce as A Plus) rating for long term and AR-3 for short term which reflect a stable outlook on the basis of its premium collections, core services expeditions, settlement of claim, strong liquidity position and cautious underwriting process by the Alpha Credit Rating Limited.

STRUCTURE OF BUILDING

Interior decoration work of "Meghna-Karnaphuli Bima Bhaban" has started. We are very much hopeful that we shall be able to move to our own premises within 2017, which will help us in minimizing our management cost.

BRANCH

The Company has 27 branches all over Bangladesh.

ASSETS

Total Asset of the Company at the end of year 2016 stood at Tk. 1,231,333,304

RESERVE

To protect the risk factors of the company it is very essential to have a good amount of reserve fund for company. The company created a reserve fund in line with recommendation of the Insurance Act and Income Tax Ordinance. The reserve for exceptional losses increased to Tk. 179,071,713 which is higher by 9.14 % over last year.

RESERVE FOR EXCEPTIONAL LOSSES ADEQUACY (TK. IN '000)

	2016	2015	2014	2013	2012
Reserve for exceptional losses	179,071	164,071	150,000	136,851	121,100

INVESTMENT PROFILE

Karnaphuli Insurance Company Limited keeps an amount in the form of investment to meet up the uncertain loss. The Company has invested its fund very carefully in diversified way. Karnaphuli Insurance Co. Ltd. earns investment profit other than underwriting profit. Company has invested its fund in the capital market since 1996 in the share, debenture and bond. The Company reduced its investment in the capital market and reinvestment that fund in the form of FDR. Year wise investment break up is provided below:

Taka in '000

	2016	2015	2014
In Share	41,159	31,384	192,639
In Debenture	2,680	2,680	2,680
In Fixed Deposit	645,184	640,273	556,474
	689,023	**674,337**	**751,793**

CLAIM

Taka in '000

During 2016 Karnaphuli Insurance Company Ltd. settled claim of Tk. 45,730,227 against Tk. 97,302,284 in 2015.

	2016		2015		2014	
	Claim	% of	Claim	% of	Claim	% of
Fire	29,576	64.67	50,007	51.40	37,339	50.94
Marine	10,746	23.50	39,880	40.98	32,062	43.74
Motor & others	5,408	11.83	7,415	7.62	3,899	5.32
	45,730	**100.00**	**97,302**	**100.00**	**73,300**	**100.00**

Gross claim decreased by Tk. 51,572,057 to that of previous year registering a down trend of 53%.

NET CLAIM

Taka in '000

2016	2015	2014	2013	2012
11,156	25,783	11,124	13,949	11,207

PROFIT / INCOME

The underwriting profit has increased as compared with previous year. Underwriting profit for the year is Tk. 40,051,940 against Tk. 35,981,299 in 2015. The fixed deposit has increased by Tk. 4,910,000 The Company earned interest on fixed deposit amounting to Tk. 52,278,434. Current years dividend income was Tk. 3,955,581 and profit from sale of shares was Tk. 660,155

DISCUSSION ON PROFIT & PROFITABILITY

Profitability

The main sources of income were profit from underwriting, interest of FDR. Sale of shares and investment & other income.

Underwriting performance

Taka in '000

	2012	2013	2014	2015	2016
Fire	10,262	4,381	5,675	3,269	6,966
Marine	33,496	27,061	19,339	20,304	22,366
Motor	6,759	7,215	6,362	6,627	6,247
Miscellaneous	(554)	1,526	5,461	5,781	4,472
	49,963	**40,183**	**36,837**	**35,981**	**40,051**

CONFLICT OF INTEREST

Board of Directors is aware about the matter of conflict of interest relating with the Company. Any related party transactions or any other matter relating with conflict of interest have been inform to the Board and accordingly presented in the report as disclosed of the matter.

SOLVENCY MARGIN

Under the section 43 of Insurance Act 2010, the Company has maintained the required solvency margin. During 2016 Company's solvency margin was above the required level. Karnaphuli Insurance Co. required solvency margin of Tk. 62.84 million whereas the Company's available solvency was Tk. 338.59 million which reflected strong financial base of the company.

SOFTWARE DEVELOPMENT & IT DIVISION

The management has established an Information Technology (IT) department headed by experienced and professional IT personnel. Since 1995 the share department of Karnaphuli Insurance Co. Ltd. have been introducing computer system and software of share management system has been developed by IBCS Primax Information System (CIIS) in the Company and as such most of the branches are connected in one networking system.

COMPANY'S CORPORATE WEBSITE

Karnaphuli Insurance Co. Ltd. has upgraded its website with a new look and including more information. In addition to company's profile, vision, mission, products and services, change of Director and Management, the Quarterly, Half yearly, Annual results and any Price Sensitive Information are regularly published through its website at ***www.kiclbd.com***.

CORPORATE SOCIAL RESPONSIBILITY / ACTIVITIES

Karnaphuli Insurance Company Limited is committed its role of Corporate Social Responsibilities (CSR). The Company during the year 2016 have contributed to Bangladesh Insurance Association and Insurance Development & Regulatory Authority.

FAIRNESS OF FINANCIAL STATEMENT

The financial statements along with the notes thereon have been prepared inconformity with the Company Act 1994, Insurance Act 2010, Securities and Exchange Commission Rules 1987. These statements present fairly the Company's state of affairs, the results of its operation, cash flow and changes in equity. In compliance with BSEC notification dated 7 August, 2012 Chief Executive Officer and Chief Financial Officer have given the declaration about the fairness of the financial statements shown in page - 42.

RE-INSURANCE

The main task of Re-insurance is to spread the risk to different shoulders for having wide range protection. It is applicable only when certain risk measured by valuation exhausts the limitation of underwriter's capabilities as per agreement reached between Underwriter and Re-insurer. This agreement is executed between Underwriter and Re-insurer at the beginning of each year. This arrangement may be made either directly or through Broker. The agreement is mainly based on statistics of performance through-out the year. As per rule, while arranging such agreement the Insurance Company/Underwriter needs to surrender net Re-insurance balance quarterly to Re-insurer through Statement of Accounts. On getting confirmation, Re-insurance premium is needed to remit to Re-insurer. Re-insurer by virtue of such agreement, extends agreed commission and allows, claims recovery to the ceding Company. This agreement is renewable in each year subject to no objection from either side. At the moment, our lead Re-insurer is Sadharan Bima Corporation (SBC) and General Insurance Corporation (GIC) of India.

FUTURE OF THE COMPANY

Karnaphuli Insurance Co. Ltd. have been functioning its insurance activities since 1986 with all the name and fame. It has so far gained financial solvency with satisfaction and earned reputation in settling claim within due time. In view of the above, the entire day to day affairs of the Company are maintained by skilled officials having technical know-how. The growth of the Company is satisfactory. As such, this Company shall function much better in future because of adoption of valued policies covering the entire operational activities of the company, including managerial, investment, training and staff welfare. In fine, we are confident to enjoy one of the best Credit Rating duly reflecting our best of financial and managerial capabilities. At the moment, this Company enjoys "A+" Credit Rating.

ACKNOWLEDGEMENT

Board of Directors expresses its sincere thanks and gratitude to all valued clients, shareholders and well wishers for their positive support, active co-operation and constructive suggestion.

The Board of Directors also extend heartiest thanks and profound gratitude to Ministry of Finance, IDRA, BSEC, Bangladesh Bank, all Scheduled Banks, Sadharan Bima Corporation, Financial Institutions, Dhaka Stock Exchange Ltd., Central Depository Bangladesh Ltd. for their co-operation and assistant extended during the year.

We would also appreciate and thank the management team, all executives, officers and employees for their contribution to the progress of the company.

Thank you all

On behalf of the Board

Nizam Uddin Ahmed
Chairman

REPORT OF CORPORATE GOVERNANCE

Corporate governance is the system of processes, customs, and policies of internal control which protect the interests of the stakeholders. The Company believes in adopting the best and follows the principles of transparency and accountability, Integrity, ethical behavior and sustainable organization practices in the area of corporate governance.

The Board of Directors formulates the Vision, Objectives & Strategic goals and the Management executes the directives in a professional way and safeguards the asset of the Company.

BOARD OF DIRECTORS

BOARD COMPOSITION

The Board comprised of 14 (Fourteen) members including three Independent Director. All of them are professionally skilled and experienced. Their experience, professional expertise and personal attribute enable them to execute their responsibility individually and collectively to perform duties efficiently and effectively. They contribute to the Company's strategy, policy formulation and steady growth. The profiles of all Directors are given on page 13 to 17 Director from public shareholders are appointed by the shareholders in the Annual General Meeting. As per article of Association the one third of the Directors retires from the Board every year in the Annual General Meeting but remain eligible for re-election. The Chairman of the Board is elected by the board members. A list of Directors are presented page 30.

ROLE AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Board is collectively responsible to the Company's shareholders as laid down in its articles of Association and relevant law and regulations.

The Board effectively sets the strategy and policies and monitors the operations of the Company. The Board of Directors also ensures the best practice of corporate governance. Directors are skill to provides prudent guidance in the field of Insurance Business. The Board of Directors of Karnaphuli Insurance Co. Ltd. always take initiatives to ensure the Company's prosperity by collectively, directing the Company's operation regarding business and financial issues. The Board reviews the achievement of goal of the Company in consideration with the its vision and mission. They consider the Company's future opportunities, weakness and risk factors.

The Board of Director provides a report for the shareholder in the Annual General Meeting about the performance of Company and future plans and strategic development of the Company. The Board delegates the power to the management to execute, monitor and implementation of Company's polices strategies and business plan. The Board awarded its employees who had excellent performance in their respective fields. The Board maintains good relation with shareholder & policy holder.

ROLE OF THE CHAIRMAN

Chairman of the Board shall be elected amongst the member of the Board. The Chairman is the non Executive Director and the leader of the Board. He hold the senior most position of the Company. He is responsible for the effective performance of the Board. The Chairman facilitate the effective contribution of the all Directors. Chairman shall ensure that the Board has full governance of the Company's business and that the board is alert to its obligation to the Company, shareholders management and policy holder under the law. Chairman sets the agenda for discussion at board meeting & annual general meeting. Under the strong leadership of Chairman the Board adopts a prompt and constructive approach to making decision, time to time reviewing and monitoring the aims strategy policy and development of the Company. Recommend the committee of the Board and their composition, review their performance and suitability and make such adjustment are deemed necessary. Ensure that the Board and committee meeting are conducted is an efficient, effective and focused manner. It ensure that the corporate governance of the Company is maintain in line with the notification of BSEC. Chairman shall act as the principal of the Board and counselor for CEO including helping to define problems, review strategy maintain, accountability and sound relationship with shareholders and other stakeholders. Chairman appraise, monitoring and evaluating the performance of the Chief Executive Officer (CEO). The Chairman fixed the remuneration, terms & condition and tenure of CEO in consultation with the Board.

ROLE OF CEO

Chief Executive Officer (CEO) is a non voting director of the Board, holding no share but with executive power. CEO is appointed by the Board of Directors, subject to approval of the IDRA. The duties and responsibilities of CEO are clearly defined in the articles of Association and the guideline of the IDRA. CEO must present the Company's financial and business position in each Board meeting for Directors understanding and guidance. CEO is overall responsible for running of the business and implementation of the Board strategy, policy and performance of the Company. He looks after the day to day business and accountable to the Board for the financial and operation activities of the Company. Under prudent leadership of CEO a group of talented executives are performing efficiently within the jurisdiction of power delegated by the Board.

INDEPENDENT DIRECTOR

In compliance with BSEC notification Company appointed 3 (three) Independent Directors which was one fifth of total Directors. Professor Md. Mohiuddin, Professor Md. Ansar Ali and Mohammed Farooq are Independent Director. They are free from any business and no pecuniary relationship with the Company. So that they can exercise of their Independent judgement & advice. The board believes their best experience and knowledge enable there to provide effective and constructive contribution to the company.

QUALIFICATION OF INDEPENDENT DIRECTOR

The Independent Director nominated by the board. They are highly qualified and knowledgeable person. Details are inserted on Page 16 & 17.

CHAIRMAN & CHIEF EXECUTIVE OFFICER (CEO) OF THE COMPANY ARE DIFFERENT INDIVIDUAL

The Chairman and Chief Executive Officer (CEO) of the Company are different body with separate functions and responsibilities. Chairman of the Company shall be elected from amongst the Directors of the Company. Chairman is the non Executive Director and CEO is Executive Director. CEO is appointed by the Board of Directors subject to approval of the Insurance Development & Regulatory Authority (IDRA).

ROLE OF COMPANY SECRETARY

The Company secretary conveys the board meetings and prepares the agenda in consultation with the Chairman of the Board of Directors and Chief Executive Officer. The agenda for meeting of the Board together with relevant supporting documents are circulated in advance of the meeting. The Secretary is accountable to the Board for ensuring that the board procedures are followed and that applicable rules and regulations. The Company Secretary attends the meeting regularly and notes down the matter of the meeting for preparing the minutes. He performs a bridge among the Board, Management and Shareholders. Company Secretary also act as Secretary of the audit Committee.

CHIEF FINANCIAL OFFICER (CFO), HEAD OF INTERNAL AUDIT AND COMPANY SECRETORY

Chief Financial Officer, Company Secretary and Head of Internal Audit are three Individual persons. Their role & responsibilities are different. Chief Financial Officer looks after the day to day all financial transaction of the Company. He attends the board meeting regularly. Role and responsibility of Chief Financial Officer and Head of Internal Audit are defined by the Board of Directors. Internal auditor performs the audit of day to day affairs of all department of head office and all branches of the Company and submits report to Chief Executive Officer.

OTHER'S COMMITTEES

For smooth functioning of the Company different committees are comprised of Senior Executives. Each Committee is responsible and accountable for the effective operation of their assigned business area. The segregation of such business areas and the individuals entrusted with the responsibility of its monitoring are illustrated below:

Business Development Committee

1. Mr. Nasir Uddin Ahmed
2. Mr. Md. Hafizullah
3. Mr. A.H.M Anwar Newaj Khan
4. Mr. A.N.M. Fazlul Karim Munshi
5. Mr. Abul Fazal Dost Mohd. Khan
6. Mr. Md. Z.A. Sarker

Suddhachar and Naitikota Committee

1. Mr. Md. Hafizullah
2. Mrs. F.J.M. Hafiza Sultana
3. Mr. Meer Shajahan Kabir
4. Mr. Md. Moin Uddin
5. Mr. Md. Z.A. Sarker

Claim Settlement Committee

1. Mr. Nizam Uddin Ahmed
2. Mr. Nasir Uddin Ahmed
3. Mr. Md. Hafizullah
4. Mr. Md. Musleh Uddin
5. Mr. A.H.M Anwar Newaj Khan
6. Mr. Md. Moin Uddin
7. Mr. Md. Fakhar Uddin (Salim)

Money Laundering Committee

1. Mr. Meer Shajahan Kabir
2. Mr. Md. Z.A Sarkar
3. Mr. Md. Salimullah
4. Mr. Krishna Roy

ANTI-MONEY LAUNDERING ACTIVITIES

The Company establish anti-money laundering committee consisting 4 (Four) members headed by Meer Shajahan Kabir, General manager Underwriting Department. They function under advice of the Board of Director. All the concern branches/department have been instructed to remain alert from motive of money launder's in connection with insurance underwriting and claims settlement. If any suspicious activities of any insured are found in connection of insurance document the concern branches are immediately inform to the chief money laundering compliance officer.

Karnaphuli Insurance Co. Ltd. running the business with applying transparency and accountability and maintain good corporate governance. Karnaphuli Insurance Co. Ltd. always maintain excellent relationship with their shareholders and customers. They believe that the shareholders are not only owner of the Company they also good adviser.

AUDIT COMMITTEE

Audit Committee of Karnaphuli Insurance Company Ltd. acts as the Sub-Committee of the Board of Directors. The Committee assists the Board of Directors' in ensuring that the financial statements reflect true and fair view of the state of affairs of the Company. The Audit Committee is responsible to the Board of Directors of the Company.

Audit Committee is comprised of 3 (three) Directors nominated by the Board. The Committee is headed by Director who is an Independent Director of the Board. The Secretary of the Audit Committee is the Company Secretary. It operates according to the terms and conditions of the Board and Bangladesh Securities and Exchange Commission notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated 7th August, 2012.

REPORTING BY THE COMMITTEES TO THE BOARD

Each committee regularly reports on their work to the Board.

APPOINTMENT AUDITORS

Auditors M/s. A. Wahab & Co., Chartered Accountants retire in the Annual General Meeting and M/s. A. Wahab & Co., Chartered Accountants have applied and expressed their intention to be appointed as auditors of the Company for the year 2017. As suggested by the audit committee the Board of Directors recommended the appointment of M/s. A. Wahab & Co. as an auditor of the Company for the year 2017. The appointment of auditors and their proposed remuneration is to be placed before the Annual General Meeting for approval of the shareholders.

EXTERNAL/STATUTORY AUDITORS

External/Statutory Auditors of Company act as per the guideline of ICAB and BSEC's notification no. SEC/CMRRCD/2006-158/134/Admin/44 dt. 7 Aug, 2012. External Auditors is not engage to perform the services of the Company which is restricted by the above mentioned notification.

SUBSIDIARY COMPANY

Karnaphuli Insurance Company Limited has no subsidiary Company.

COMPLIANCE WITH THE LAW

The Company complied all the applicable legal obligation and regulatory requirement of Bangladesh Securities & Exchange Commission, Dhaka Stock Exchange Ltd. and Insurance Development & Regulatory Authority.Respective officers are responsible for ensuring proper compliance with applicable laws and regulation. Corporate Compliance Auditor M/s. Hussain Farhad & Co., Chartered Accountants was appointed by the board of director to conduct corporate compliance certification as per requirement of Bangladesh Securities and Exchange commission. Accordingly M/s. Hussain Farhad & Co,. Chartered Accountants after verification issued compliance certificate which is given on the Page 43.

COMMUNICATION WITH SHAREHOLDER

The company encourage communication with shareholders throughout the year and welcomes their participation at the Annual General Meeting. The annual general meeting decides on the appropriation of net-income, election of board members and appointment of the Auditors. Karnaphuli Insurance Company Limited regularly provide all information like as quarterly, half yearly and annual financial statements, price sensitive information through two daily newspapers, one online paper and website **www.kiclbd.com** of the Company in time.

DIRECTORS REPORT TO SHAREHOLDERS

(Under Section 184 of the Companies Act,1994)

WE ARE PLEASED TO REPORT THAT:

i) The financial statement prepared by the management of the Company presents fairly it's affairs, the result of its operation, cash flows and changes in shareholders' equity.

ii) Proper books of account of the Company have been maintained.

iii) Appropriate accounting policies have been consistently applied in preparation of the financial statements and the accounting estimates are based on reasonable and prudent judgement.

iv) International Financial Reporting Standard (IFRS), International Accounting Standards (IAS) as applicable in Bangladesh, have been followed in 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 significant doubts upon the Company's ability to continue as on going concern.

vii) There is no significant deviations from last year in operating results of the Company.

viii) The key operating and financial data of the last five years have been provided on page 31.

ix) During the year ended 31st December, 2016 the Board of Directors held 9 (nine) meetings and the Directors serving on the Board attended in aggregate 91.85% of the total number of meetings. The attendance record of the Director is shown on **page** 30.

(Nizam Uddin Ahmed)
Chairman

DIRECTORS CERTIFICATE

As per Rule 7 (a) of Part 1 of First Schedule of the Insurance act 1938 and Section 63 (2) of Insurance Act 2010

We certify that :

1. The value of investment as shown in the Balance Sheet has been taken at cost.

2. The Value of assets shown in the Balance Sheet has been reviewed as at 31st December, 2016 and in our believe the assets set forth in the Balance Sheet are shown in the aggregate amount not exceeding their realisable or market value under the several headings enumerated therein.

3. All expenses of management wherever incurred whether directly or indirectly in respect of Fire, Marine, Motor and Miscellaneous have been fully debited to the respective revenue accounts as expenses.

CHIEF EXECUTIVE OFFICER | DIRECTOR | DIRECTOR | CHAIRMAN

REPORT OF THE AUDIT COMMITTEE

The Audit Committee of the Company has been formed as per directives of Bangladesh Securities and Exchange Commission. The committee held 4 (Four) meetings during the year 2016. Audit Committee examined and reviewed the balance sheet along with financial statement of the Company for the year 2016 submitted by M/s. A. Wahab & Co., Chartered Accountants and recommended to place it before the Board.

Composition of Audit Committee:

1. Professor Md. Mohiuddin (Independent Director):	Chairman
2. Mr. Nasir Uddin Ahmed (Director):	Member
3. Mr. Riaz Uddin Ahmed (Director):	Member
4. Mrs. F. J. M. Hafiza Sultana (Company Secretary):	Secretary

Duties and Responsibilities of the Audit Committee

" The Audit Committee shall be responsible for the following
" To oversee the financial reporting process of the Company
" To monitor choice of accounting policies and principles
" To monitor Internal Control risk management process
" To oversee hiring process (appointment) and performance of external auditors
" To review the annual financial statements before submission to the Board for approval
" To review the quarterly and half yearly financial statements before submission to the Board for approval
" To review the internal audit function
" To review the statement of significant related party transactions
" To review weakness issued by statutory auditors

Functions carried out during the year:

θ The committee had overseen the financial reporting process, reviewed and monitored accounting policies and principals, internal control risk management process, hiring (appointment) and performance of the external auditors.

θ The committee reviewed and examined the draft balance sheet, financial statement and recommended to place before the Board of Director for its consideration and approval.

θ The committee reviewed the quarterly and half-year financial statement of accounts for proper submission of the Board of Director.

θ The committee reviewed the adequacy of internal audit function and the integrity of financial statement of the company to ensure to that these reflect true and fair view of the company's state of the affairs for the year ended 31st December 2016 and did not find any material deviation, discrepancies or any adverse finding/observation in the area of reporting.

θ The committee reviewed the statement of significant related party transaction and statutory auditor's observation on internal control.

Dated, Dhaka
April-27, 2017

(Professor Md. Mohiuddin)
Independent Director
&
Chairman
Audit Committee

RESPONSIBILITY STATEMENT OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

Including Duties as Per Condition No. 6 of Corporate Governance Guidelines

The financial statements are prepared in accordance with Bangladesh Accounting Standards issued by the Institute of Chartered Accountants of Bangladesh (ICAB) and in compliance with Insurance Act 2010, Company Act 1994, the Securities and Exchange rules 1987 and the Listing Regulations of the Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd.

We are responsible for establishing and maintaining proper internal control system. We have designed such control or caused such control to be designed under our supervision, to ensure that material information relating to the Company is made known to us and for safeguarding the Company's assets and preventing and detecting fraud and error.

We have evaluated the effectiveness of the Company's internal control system and satisfied that the internal control system were effective as of the end of the period under review. Moreover significant estimates and accounting policies that involve a high degree of complexity and judgement were discussed with our external auditors and the audit committee of the Board.

We certify to the Board that:

(i) We have reviewed financial statements for the year 2016 and that to the best of our knowledge and belief:

(a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.

(b) 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.

(ii) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violation of the Company's code of conduct.

Dated, Dhaka
April-27, 2017

Md. Moin Uddin
Chief Financial Officer

A.N.M. Fazlul Karim Munshi
Chief Executive Officer

HFC [redacted]

HUSSAIN FARHAD & CO.
Chartered Accountants

CERTIFICATE OF COMPLIANCE TO THE SHAREHOLDERS OF
Karnaphuli Insurance Company Limited
(As required under the BSEC Guidelines)

We have reviewed the compliance of conditions of the Corporate Governance Guidelines of the Bangladesh Securities and Exchange Commission ("BSEC") by Karnaphuli Insurance Co. Ltd. as stipulated in clause 7(i) oI the BSEC notification no. SEC/CMRRCD/2006-158/134/ Admin/44, dated August 07, 2012 and the subsequent amendment made thereon.

The compliance of conditions of the Corporate Governance Guidelines as stated in the aforesaid notification and reporting of the status of compliance is the responsibility of the management of the company. Our review for the purpose of issuing this certificate was limited to the verification of procedures and implernentations thereof adopted by the company for ensuring the compliance of conditions of Corporate Governance Guidelines anci proper reporting of compliance status on the attached statement on the basis of evidences obtained and representation received thereon from the management of the company. It is neither an audit nor expression of opinion on the financial statements of the company.

To the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of the Corporate Governance Guidelines as stipulated in the above mentioned notification and applicable to the company for the year ended December 31, 2016.

Place: Dhaka
Date: May 14, 2017

HUSSAIN FARHAD & CO.
Chartered Accountants

Provision for taxation during the year has been made with due consideration of reserve after exceptional loss and concessional rate of income tax on dividend income.

Year- wise break-up of the balance is noted below

Accounting year	Assessment year	Amount Taka	Remarks
31/12/2000	2001-2002	4,183,761	Prayer for rectification of mistake U/S-173
31/12/2001	2002-2003	4,015,824	Appeal pending with High Court
31/12/2002	2003-2004	5,753,506	Lying with higher authorities
31/12/2003	2004-2005	9,263,783	Lying with higher authorities
31/12/2005	2006-2007	5,758,449	Lying with higher authorities
31/12/2006	2007-2008	8,219,682	Appeal pending with High Court
31/12/2007	2008-2009	4,567,400	Appeal pending with High Court
31/12/2008	2009-2010	5,813,686	Appeal pending with High Court
31/12/2009	2010-2011	8,215,669	Appeal pending with High Court
31/12/2010	2011-2012	14,258,396	Appeal pending with High Court
31/12/2011	2012-2013	23,270,000	Appeal pending with High Court
31/12/2012	2013-2014	29,330,000	Appeal pending with High Court
31/12/2013	2014-2015	29,595,000	Appeal pending with Tribunal
31/12/2014	2015-2016	31,000,000	Appeal pending with Tribunal
31/12/2015	2016-2017	25,200,000	Assessment under Process
31/12/2016	2017-2018	25,000,000	Return to be filed.
		233,445,156	

14. Interest received and accrued : Taka 52,278,434

	2016 Taka	2015 Taka
Interest received on STD Account	891,119	977,183
Interest received on FDR	48,639,438	52,538,100
Interest Received on Bangladesh Treasury Bond	2,747,877	2,831,700
	52,278,434	**56,346,983**

Interest on FDR & BGTB has been accounted for on receipt basis as per previous practice.

15. Dividend and debenture interest (gross) : Taka 3,955,581

	2016 Taka	2015 Taka
The dividend and debenture interest received during the year comprises of the following:		
Dividend Income	3,955,581	3,869,631
Debenture Interest	-	-
	3,955,581	**3,869,631**

16. Miscellaneous receipt : Taka 1,060,712

	2016 Taka	2015 Taka
Interest on house building Loan	93,224	146,043
Profit on Sale on Motor Car	892,488	-
Co-Insurance Service Charge	-	263,647
Underwriting Commission	75,000	-
	1,060,712	**409,690**

17. PROFIT/LOSS ON SALE PROCEED OF SHARE TK.660,155

	2016 Taka	2015 Taka
Profit on Sale Precedes on Share during the year	660,155	-
Loss on sale proceed of share during the year	-	(64,580,131)
Adjustment with Reserve made earlier for Diminution in value of Investment Fund	-	29,850,727
	660,155	**(34,729,404)**

Status of compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission's Notification No SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August, 2012 issued under section 2CC of the Securities and Exchange Ordinance, 1969 is presented below:

(Report under condition no. 7.00)

Condition No.	Titles	Compliance Status (Put ✓ in the appropriate column)		Remarks
		Complied	Not Complied	
1. BOARD OF DIRECTORS				
1.1 Board Size	The number of the Board members of the company shall not be less than 5 (five) and more than 20 (twenty).	✓		The KICL Board is comprised of 14 Directors.
1.2 Independent Directors	(i) At least one fifth (1/5) of the total number of Directors in the company's Board shall be Independent Directors.	✓		There are three Independent Directors in the KICL Board namely: Professor Md. Mohiuddin, Professor Md. Ansar Ali and Mr. Mohammed Farooq.
	(ii) For the purpose of this clause "Independent Director" means a director-			
	a) who either does not hold any share or holds less than 1% shares of the total paid-up shares of the company.	✓		Mentioned in the independent directors declaration letters.
	b) who is not a sponsor of the company and is not connected with the company's any sponsor or director or share holder who holds 1% or more shares of the total paid up shares of the company on the basis of family relationship. His/her family members also should not hold above mentioned shares in the company: Provided that spouse, son, daughter, father, mother, brother, sister, son in law & daughter in law shall be considered as family members.	✓		Do
	c) who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies.	✓		Do
	d) who is not a member, director or officer of any Stock Exchange.	✓		Do
	e) who is not a shareholder, director or officer of any member of Stock Exchange or any intermediary of the capital market.	✓		Do
	f) who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of any statutory audit firm.	✓		Do
	g) who shall not be an Independent Director in more than 3 (three) listed companies.	✓		Do
	h) who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution (NBFI).	✓		Do
	i) who has not been convicted for a criminal offence involving moral turpitude.	✓		Do
	(iii) The Independent Director(s) shall be appointed by the Board of Directors and approved by the shareholders in the AGM.	✓		The appointment of two independent Directors were duly approved at the AGM. The appointment of Professor Md. Mohiuddin to be placed in the 30th AGM.
	(iv) The Post of Independent Director(s) can't remain vacant for more than 90 (ninety) days.	✓		No vacancy occurred
	(v) The Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded.	✓		
	(vi) The tenure of office of an Independent Director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only.	✓		

Condition No.	Titles	Compliance Status (Put ✓ in the appropriate column)		Remarks
		Complied	Not Complied	
1.3 Qualification of Independent Directors	(i) Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business.	✓		
	(ii) The person should be a Business Leader/ Corporate Leader/ Bureaucrat/ University Teacher with Economics or Business Studies or Law background/ Professionals like Chartered Accountants, Cost & Management Accountants, Chartered Secretaries. The Independent Director must have at least 12 (twelve) years of corporate management/ professional experiences.	✓		
	(iii) In special cases the above qualifications may be relaxed subject to prior approval of the Commission.			Not Applicable
1.4 Chairman of the Board and Chief Executive Officer	The positions of the Chairman of the Board and CEO of the companies shall be filled by different individuals. Chairman of the company shall be elected from among the Directors of the company. The Board of Directors shall clearly define respective roles and responsibilities of the Chairman and the CEO.	✓		Chairman of the Board and CEO are different individuals and Chairman is elected from amongst the Directors. The roles and responsibilities of the Chairman and the CEO have been clearly defined by the Board of Directors.
1.5 The Directors' Report to Shareholders	(i) Industry outlook and possible future developments in the industry.	✓		Stated in the Directors' Report.
	(ii) Segment-wise or product-wise performance.	✓		Do
	(iii) Risks and concerns.	✓		Do
	(iv) A discussion on Cost of Goods Sold, Gross Profit Margin and Net Profit Margin.	✓		Do
	(v) Discussion on continuity of any Extra-Ordinary gain or loss.			Not Applicable as no extra-ordinary gain or loss occurred in this financial year.
	(vi) Basis for related party transactions a statement of all related party transactions should be disclosed in the annual report.	✓		Included in Annual Report
	(vii) Utilization of proceeds from public issues, rights issues and/or through any others instruments.			Not Applicable
	(viii) An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.			Not Applicable
	(ix) If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report.			Not applicable as no significant variance occurs between Quarterly Financial performance and Annual Financial Statements
	(x) Remuneration to Directors including Independent Directors.	✓		Stated in the Directors' Report.
	(xi) The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.	✓		Stated in the "Directors' Report to Shareholders".
	(xii) Proper books of account of the issuer company have been maintained.	✓		Do
	(xiii) Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgement	✓		Do

Condition No.	Titles	Compliance Status (Put ✓ in the appropriate column)		Remarks
		Complied	Not Complied	
	(xiv) International Accounting Standards (IAS)/ Bangladesh Accounting Standards (BAS)/ International Financial Reporting Standards (IFRS)/ Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.	✓		Do
	(xv) The system of internal control is sound in design and has been effectively implemented and monitored.	✓		Do
	(xvi) There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed.	✓		Do
	(xvii) Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained.	✓		Do
	(xviii) Key operating and financial data of at least preceding 5 (five) years shall be summarized.	✓		Do
	(xix) If the issuer company has not declared dividend cash or stock for the year the reasons thereof shall be given.			Not Applicable.
	(xx) The number of Board meetings held during the year and attendance by each Director shall be disclosed.	✓		Stated in the Directors' Report.
	(xxi) The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by-			
	(a) Parent / Subsidiary / Associated Companies and other related parties (name wise details);	✓		Stated in the Directors' Report.
	(b) Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details);	✓		Do
	(c) Executives;	✓		Do
	(d) Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	✓		Do
	(xxii) In case of the appointment/re-appointment of a Director the company shall disclose the following information to the shareholders-	✓		Do
	(a) a brief resume of the Director.	✓		Included in Annual Report.
	(b) nature of his/her expertise in specific functional areas.	✓		Included in Annual Report.
	(c) names of companies in which the person also holds the Directorship and the membership of committees of the Board.	✓		Included in Annual Report.
2.00 CHIEF FINANCIAL OFFICER (CFO), A HEAD OF INTERNAL AUDIT AND COMPANY SECRETARY (CS)				
2.1 Appointment	The company shall appoint a Chief Financial Officer (CFO), a Head of Internal Audit (internal Control and Compliance) and a Company Secretary (CS). The Board of Directors should clearly define respective roles, responsibilities and duties of the CFO, the Head of Internal Audit and the CS.	✓		Included in Annual Report.
2.2 Requirement to attend the Board Meetings	The CFO and the Company Secretary of the companies shall attend the meetings of the Board of Directors, provided that the CFO and/or the Company Secretary shall not attend such part of a meeting of the Board of Directors which involves consideration of an agenda item relating to their personal matters.	✓		Included in Annual Report.

Condition No.	Titles	Compliance Status (Put ✓ in the appropriate column)		Remarks
		Complied	Not Complied	
3.00 AUDIT COMMITTEE				
	(i) The company shall have an Audit Committee as a sub-committee of the Board of Directors.	✓		Stated in the Report of the Audit Committee.
	(ii) The Audit Committee shall assist the Board of Directors' in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.	✓		Do
	(iii) The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	✓		Do
3.1 Constitution of Audit Committee	(i) The Audit Committee shall be composed of at least 3 (three) members.	✓		Do
	(ii) The Board of Directors shall appoint members of the Audit Committee who shall be Directors of the company and shall include at least 1 (one) Independent Director.	✓		Do
	(iii) All members of the Audit Committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management experience.	✓		Do
	(iv) Casual vacancy in Audit Committee (AC) shall be filled by the Board.			Not Applicable
	(v) The company secretary shall act as the secretary of the Committee.	✓		Stated in the Report of the Audit Committee.
	(vi) The quorum of the Audit Committee (AC) meeting shall not constitute without at least 1 (one) Independent Director.	✓		Do
3.2 Chairman of the Audit Committee	(i) The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an Independent Director.	✓		Professor Md. Mohiuddin has been appointed as an Independent Director of the Board of Directors and Chairman of the Audit Committee.
	(ii)Chairman of the audit committee shall remain present in the Annual General Meeting (AGM).	✓		
3.3 Role of the Audit Committee	(i) Oversee the financial reporting process.	✓		Stated in the report of the audit Committee & All meeting minutes during the year
	(ii)Monitor choice of accounting policies and principles.	✓		Do
	(iii)Monitor Internal Control Risk management process.	✓		Do
	(iv) Oversee hiring and performance of external auditors.	✓		Do
	(v) Review along with the management, the annual financial statements before submission to the board for approval.	✓		Do
	(vi) Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval.	✓		Do
	(vii) Review the adequacy of internal audit function.	✓		Do
	(viii) Review statement of significant related party transactions submitted by the management.	✓		Do
	(ix) Review Management Letters/Letter of Internal Control weakness issued by statutory auditors.	✓		Do

Condition No.	Titles	Compliance Status (Put ✓ in the appropriate column)		Remarks
		Complied	Not Complied	
	(x) When money is raised through Initial Public Offering (IPO)/Repeat Public Offering (RPO)/Rights Issue the company shall disclose to the Audit Committee about the uses/applications of funds by major category (capital expenditure, sales and marketing expenses, working capital, etc), on a quarterly basis, as a part of their quarterly declaration of financial results. Further, on an annual basis, the company shall prepare a statement of funds utilized for the purposes other than those stated in the offer document/ prospectus.			Not Applicable as no money is raised through Initial Public Offering (IPO)/Repeat Public Offering (RPO)/Rights Issue
3.4 Reporting of the Audit Committee	3.4.1. Reporting to the Board of Directors:			
	(i) The Audit Committee shall report on its activities to the Board of Directors.	✓		Stated in the Report of the Audit Committee.
	(ii) The Audit Committee shall immediately report to the Board of Directors on the following findings, if any-			
	(a) conflicts of interests.			Not Applicable
	(b) suspected or presumed fraud or irregularity or material defect in the internal control system.			Not Applicable
	(c) suspected infringement of laws, including securities related laws, rules and regulations.			Not Applicable
	(d) any other matter which shall be disclosed to the Board of Directors immediately.			Not Applicable
	3.4.2. Reporting to the Authorities:			
	If the Audit Committee has reported to the Board of Directors about anything which has material impact on the financial condition and results of operation and has discussed with the Board of Directors and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board of Directors for three times or completion of a period of 6 (six) months from the date of first reporting to the Board of Directors, whichever is earlier.			Not Applicable
3.5 Reporting to the Shareholders and General Investors	Report on activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 3.4.1 (ii) above during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the annual report of the issuer company.			Not Applicable
4.00 EXTERNAL/STATUTORY AUDITORS				
	(i) Non-engagement of external/ statutory auditors in appraisal or valuation services or fairness opinions.	✓		
	(ii) Non-engagement of external/ statutory auditors in financial information systems design and implementation.	✓		
	(iii) Non-engagement of external/ statutory auditors in book-keeping or other services related to the accounting records or financial statements.	✓		
	(iv) Non-engagement of external/ statutory auditors in broker-dealer services.	✓		
	(v) Non-engagement of external/ statutory auditors in actuarial services.	✓		
	(vi)Non-engagement of external/ statutory auditors in internal audit services.	✓		
	(vii) Non-engagement of external/ statutory auditors in any other service that the Audit Committee determines.	✓		
	(viii) No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company.	✓		

Condition No.	Titles	Compliance Status (Put ✓ in the appropriate column)		Remarks
		Complied	Not Complied	
	(ix) Audit/certification services on compliance of corporate governance as required under clause (i) of condition no 7.	✓		
5.00 SUBSIDIARY COMPANY				
	(i)Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.			Not Applicable
	(ii)At least 1 (one) Independent Director on the Board of Directors of the holding company shall be a Director on the Board of Directors of the subsidiary company.			Not Applicable
	(iii)The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.			Not Applicable
	(iv)The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also.			Not Applicable
	(v)The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.			Not Applicable
6.00 DUTIES OF CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO)				
	(i)The CEO and CFO shall review Financial Statements for the year and that to the best of their knowledge and belief-			
	(a) that these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.	✓		Stated in the Responsibility Statement of CEO & CFO.
	(b) 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.	✓		Do
	(ii) There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct.	✓		Do
7.00 REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE				
	(i)The company shall obtain a certificate from practicing a Professional Chartered Secretary/Accountants (Chartered Accountant/Cost & Management Accountant/Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis.	✓		
	(ii)The Directors of the company shall state, in accordance with the Annexure attached, in the Directors' report whether the company has complied with these conditions.	✓		

BANGLADESH ASSOCIATION OF PUBLICLY LISTED COMPANIES

Ref. No: CM-2017/087

BAPLC

Date of issue :27th February 2017

Renewed Certificate

This is to certify that

KARNAPHULI INSURANCE COMPANY LIMITED

is an Ordinary Member of Bangladesh Association of Publicly Listed Companies *and is entitled to all the rights and privileges appertaining thereto.*

This certificate remains current until 31st December 2017.

Bangladesh Association of Publicly Listed Companies ★ BAPLC

Secretary-General
(Acting)

A. Wahab & Co.
Chartered Accountants

AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
KARNAPHULI INSURANCE COMPANY LIMITED

We have audited the accompanying Balance Sheet of **Karnaphuli Insurance Company Limited** as of December 31, 2016 and the Related Profit and Loss Account, Revenue Accounts, Statement of Changes in Shareholders' Equity and Statement of Cash Flows for the year then ended.

Management's responsibility for the financial statements:
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994 and other applicable law and regulations. The responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility:
Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our opinion.

Opinion:
In our opinion, the financial statements prepared in accordance with Bangladesh Accounting Standards (BAS), give a true and fair view of the state of the company's affairs as of December 31, 2016 and of the results of its operations and its Cash Flows for the year then ended and comply with the Companies Act, 1994, Insurance Act, 2010 and Insurance Rules 1958, Securities Exchange Rules, 1987 and other applicable laws and regulations.

We report that:

a) We have obtained information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

b) In our opinion, proper books of account as required by law have been kept by the company.

c) The company's Balance Sheet, Profit and Loss Account, Revenue Accounts, Statement of Changes in Equity and Statement of Cash Flows dealt with by the report are in agreement with the books of account and returns;

d) The expenditure incurred was for the purposes of the company's business;

e) As per Section 63(2) of the Insurance Act, 2010 as amended, we certify that to the best of our knowledge and belief and according to the information and explanations given to us, all expenses of management wherever incurred and whether incurred directly or indirectly, in respect of insurance business of the company transacted in Bangladesh during the year under report have been duly debited to the related Revenue Accounts and the Profit & Loss Account of the Company; and

f) As per Regulation-11 of Part-I of the Third Schedule of the Insurance Act, 2010 as amended, we certify that to the best of our information and as shown by its books, the Company during the year under report has not paid any person any commission in any form outside Bangladesh in respect of any of its business re-insured abroad.

Dated: Dhaka, April 27, 2017

A. Wahab & Co.
Chartered Accountants

Hotel Purbani: Annex-2, 4th floor 1, Dilkusha C/A, Dhaka-1000, Bangladesh.
Tel : (88-02) 9585626, 9575293, 9821943, 9821946, 9821950
E-mail: wahab_co@agni.com, nwahab@awahabco.com, Web: www.awahabco.com

Karnaphuli Insurance

Balance Sheet As At

PARTICULARS	Notes	2016 Taka	2015 Taka
CAPITAL AND LIABILITIES			
AUTHORISED CAPITAL			
60,000,000 Ordinary shares of Tk. 10.00 each		**600,000,000**	**600,000,000**
ISSUED, SUBSCRIBED AND PAID UP CAPITAL			
40,703,959 Ordinary shares of Tk.10.00 each	7	407,039,590	407,039,590
Share premium account		114,647,103	114,647,103
RESERVE SURPLUS AND CONTINGENCY ACCOUNT			
Reserve for Exceptional Losses	8	179,071,713	164,071,713
Profit and Loss Appropriation Account		41,108,328	41,559,033
		220,180,041	**205,630,746**
Depreciation fund Account		51,816,608	50,526,076
BALANCE OF FUND ACCOUNT			
Fire insurance business account		24,615,647	20,542,934
Marine insurance business account		21,708,267	22,749,482
Miscellaneous insurance business account		16,173,277	13,024,738
		62,497,191	**56,317,154**
PREMIUM DEPOSIT	9	21,803,803	33,858,981
LIABILITIES AND PROVISIONS			
Estimated liability in respect of outstanding claims whether due or intimated	10	55,283,685	57,071,278
Amount due to other persons or bodies carrying on insurance business	11	43,697,941	61,736,988
SUNDRY CREDITORS	12	20,922,186	21,656,842
PROVISION FOR TAXATION	13	233,445,156	208,445,156
		1,231,333,304	**1,216,929,914**

The annexed notes from 1 to 29 from an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER **DIRECTOR**

Dated: Dhaka, April 27, 2017

Company Limited

December 31, 2016

PARTICULARS	Notes	2016 Taka	2015 Taka
PROPERTY AND ASSETS			
INVESTMENT AT COST			
Deposit with Bangladesh Bank (Bangladesh Govt. Treasury Bond)	1	25,000,000	25,000,000
Investment in share , debenture & unit fund	2	43,839,001	34,064,216
AMOUNT DUE FROM OTHER PERSONS OR BODIES CARRYING ON INSURANCE BUSINESS	3	127,207,885	140,530,485
SUNDRY DEBTORS AND ADVANCES	4	278,079,974	250,285,177
CASH AND BANK BALANCES	5	675,313,213	691,226,142
OTHER ACCOUNTS			
Fixed assets (At Cost)	6	80,462,881	74,423,444
Stock of printing and stationery		601,500	571,600
Security deposit		828,850	828,850
		81,893,231	**75,823,894**
		1,231,333,304	**1,216,929,914**

These financial statements were approved by the Board of Directors as on April 26, 2017.

Subject to our separate report of even date.

DIRECTOR

CHAIRMAN

A. Wahab & Co.
Chartered Accountants

Karnaphuli Insurance

Profit and Loss Account

PARTICULARS	Notes	2016 Taka	2015 Taka
EXPENSES OF MANAGEMENT			
(Not applicable to any fund or account)			
Directors Remuneration	18	644,000	351,000
Advertisement and publicity	19	2,007,819	2,198,755
Donation and subscription	20	420,000	221,000
Festival & Incentive Bonus	21	9,309,289	9,787,785
Audit fees	22	100,000	75,000
Fees and renewal	23	1,282,223	1,256,733
Legal fee		454,947	74,922
Depreciation		3,535,290	3,659,620
Net profit for the year carried down to Profit and Loss Appropriation Account		**80,253,254**	**44,253,384**
		98,006,822	**61,878,199**

Profit and Loss
for the year ended

Reserve for exceptional loss	8	15,000,000	14,071,080
Provision for taxation	13	25,000,000	25,200,000
Balance transfer to balance sheet	24	41,108,328	41,559,033
		81,108,328	**80,830,113**
Earning Per Share (EPS)	**26**	**1.36**	**0.47**

The annexed notes from 1 to 29 from an integral part of these financial statements.

Dated: Dhaka, April 27, 2017

CHIEF EXECUTIVE OFFICER

DIRECTOR

AMAR STOCK

Company Limited

for the year ended December 31, 2016

PARTICULARS	Notes	2016 Taka	2015 Taka
INTEREST DIVIDEND AND RENTS (Not applicable to any fund or account)			
Interest received and accrued	14	52,278,434	56,346,983
Dividend and debenture interest	15	3,955,581	3,869,631
OTHER INCOME			
Miscellaneous receipt	16	1,060,712	409,690
Profit/Loss on sale proceeds of shares	17	660,155	(34,729,404)
PROFIT TRANSFERRED FROM	**25**	**40,051,940**	**35,981,299**
Fire revenue account		6,965,716	3,268,896
Marine revenue account		22,365,780	20,304,305
Miscellaneous revenue account		10,720,444	12,408,098
		98,006,822	**61,878,199**

Appropriation Account

December 31, 2016

Balance brought forward from previous year	855,074	21,576,729
Net profit transferred from Profit and Loss Account	80,253,254	44,253,384
Amount Transferred From General Reserve	-	7,500,000
Amount Transferred From Dividend Equalization Fund	-	7,500,000
	81,108,328	**80,830,113**

These financial statements were approved by the Board of Directors as on April 26, 2017.

Subject to our separate report of even date.

DIRECTOR

CHAIRMAN

A. Wahab & Co.
Chartered Accountants

Karnaphuli Insurance

Fire Insurance Revenue Account

PARTICULARS	2016 Taka	2015 Taka
CLAIMS UNDER POLICIES LESS: RE-INSURANCE	491,891	453,292
Agency commission	19,808,575	19,305,201
Expenses of Management	53,488,812	56,049,604
Profit/ (Loss) for the year transferred to Profit and Loss account	6,965,716	3,268,896
BALANCE OF ACCOUNT AT THE END OF THE YEAR AS SHOWN IN BALANCE SHEET		
Reserve for unexpired risks being 40% of the premium income of the year	24,615,647	20,542,934
	105,370,641	**99,619,927**

The annexed notes from 1 to 29 from an integral part of these financial statements.

Dated: Dhaka, April 27, 2017

CHIEF EXECUTIVE OFFICER

DIRECTOR

Company Limited

for the year ended December 31, 2016

PARTICULARS	2016 Taka	2015 Taka
BALANCE OF ACCOUNT AT THE BEGINNING OF THE YEAR		
Reserve for unexpired risks	20,542,934	22,431,433
Premium less-re-insurance	62,529,006	52,337,503
Commission on re-insurance ceded	22,298,701	24,850,991
	105,370,641	**99,619,927**

These financial statements were approved by the Board of Directors as on April 26, 2017.
Subject to our separate report of even date.

DIRECTOR

CHAIRMAN

A. Wahab & Co.
Chartered Accountants

Karnaphuli Insurance

Marine Insurance Revenue Account

PARTICULARS	Marine cargo Taka	Marine Hull Taka	2016 Taka	2015 Taka
CLAIMS UNDER POLICIES LESS: RE-INSURANCE	5,733,904	129	5,734,033	959,657
Agency commission	9,514,803	608,782	10,123,585	10,337,878
Expenses of management	26,629,375	1,649,214	28,278,589	30,853,664
Profit/(Loss) for the year Transferred to Profit & Loss Account	22,401,215	(35,435)	22,365,780	20,304,305
BALANCE OF ACCOUNT AT THE END OF THE YEAR AS SHOWN IN BALANCE SHEET				
Reserve for unexpired risks being 40% of the marine cargo and 100% of the marine hull premium income of the year	20,808,781	899,486	21,708,267	22,749,482
	85,088,078	**3,122,176**	**88,210,254**	**85,204,986**

The annexed notes from 1 to 29 from an integral part of these financial statements.

Dated: Dhaka, April 27, 2017

CHIEF EXECUTIVE OFFICER

DIRECTOR

Company Limited
for the year ended December 31, 2016

PARTICULARS	Marine Cargo Taka	Marine Hull Taka	2016 Taka	2015 Taka
BALANCE OF ACCOUNT AT THE BEGINNING OF THE YEAR				
Reserve for unexpired risks	22,694,763	54,719	22,749,482	17,838,627
Premium less: re-Insurance	55,571,986	973,926	56,545,912	60,736,858
Commission on re-insurance ceded	5,984,386	818,247	6,802,633	5,617,342
Profit commission	836,943	1,275,284	2,112,227	1,012,159
	85,088,078	**3,122,176**	**88,210,254**	**85,204,986**

These financial statements were approved by the Board of Directors as on April 26, 2017.
Subject to our separate report of even date.

DIRECTOR

CHAIRMAN

A. Wahab & Co.
Chartered Accountants

AMARSTOCK

Karnaphuli Insurance

Miscellaneous Insurance Revenue Account

PARTICULARS	Motor Taka	Miscellaneous Taka	2016 Taka	2015 Taka
CLAIMS UNDER POLICIES LESS: RE-INSURANCE	4,078,238	852,219	4,930,457	1,165,421
Agency commission	3,066,822	4,863,283	7,930,105	6,801,767
Expenses of management	8,485,306	14,469,765	22,955,071	21,092,602
Profit/(Loss) for the year Transferred to Profit & Loss Account	6,247,553	4,472,891	10,720,444	12,408,098
BALANCE OF ACCOUNT AT THE END OF THE YEAR AS SHOWN IN BALANCE SHEET				
Reserve for unexpired risks being 40% of the motor and miscellaneous premium income of the year	7,370,570	8,802,707	16,173,277	13,024,738
	29,248,489	**33,460,865**	**62,709,354**	**54,492,626**

The annexed notes from 1 to 29 from an integral part of these financial statements.

Dated: Dhaka, April 27, 2017

CHIEF EXECUTIVE OFFICER

DIRECTOR

Company Limited

for the year ended December 31, 2016

PARTICULARS	Motor Taka	Miscellaneous Taka	2016 Taka	2015 Taka
BALANCE OF ACCOUNT AT THE BEGINNING OF THE YEAR				
Reserve for unexpired risks	6,545,134	6,479,604	13,024,738	12,746,688
Premium less: re-Insurance	20,584,897	22,484,427	43,069,324	35,007,060
Commission on re-insurance ceded	2,118,458	4,221,852	6,340,310	5,998,775
Profit commission	-	274,982	274,982	740,103
	29,248,489	**33,460,865**	**62,709,354**	**54,492,626**

These financial statements were approved by the Board of Directors as on April 26, 2017.
Subject to our separate report of even date.

DIRECTOR

CHAIRMAN

A. Wahab & Co.
Chartered Accountants

Karnaphuli Insurance Co. Ltd.

FORM "AA"
Classified Summary of Assets
as at December 31, 2016

PARTICULARS	AMOUNT	REMARKS
CLASSIFICATION OF ASSETS		
Bangladesh Treasury Bond (Deposit with Bangladesh Bank)	25,000,000	At Cost
Investment in Shares & Unit Fund	41,159,155	At Cost
Investment in Debenture	2,679,846	At Cost
Cash on Fixed, STD and Current Deposit	672,547,661	Realizable Value
Cash in hand and stamps	2,765,552	Realizable Value
Sundry debtors, advance and deposits	278,079,974	Book Value
Stock of printing materials in hand	601,500	Physical Balance
Fixed assets	80,462,881	At Cost
Security deposit	828,850	Realizable Value
	1,104,125,419	

Note: The cost of fixed assets is inclusive of Taka 7,300,319 on account of furniture and fixtures. Accumulated depreciation on all the fixed assets amounting to Taka. 51,816,608 has been shown under depreciation fund account.

The annexed notes from 1 to 29 from an integral part of these financial statements. These financial statements were approved by the Board of Directors as on April 26, 2017.

CHIEF EXECUTIVE OFFICER | DIRECTOR | DIRECTOR | CHAIRMAN

A. Wahab & Co.
Chartered Accountants

Dated: Dhaka, April 27, 2017

Karnaphuli Insurance Company Limited

Statement of Changes in Shareholder's Equity
For the year ended 31 December, 2016

Particulars	Share Capital	Share Premium	Reserve for Exceptional Loss	General Reserve Fund	Dividend Equalization Reserve Fund	Retained Earning	Total
Balance as at January 01, 2016	407,039,590	114,647,103	164,071,713	-	-	41,559,033	727,317,439
Cash Dividend 2015	-	-	-	-	-	(40,703,959)	(40,703,959)
Net Profit for the year	-	-	-	-	-	80,253,254	80,253,254
Reserve for Exceptional Loss	-	-	15,000,000	-	-	(15,000,000)	-
Provision for taxation	-	-	-	-	-	(25,000,000)	(25,000,000)
Balance as at December 31, 2016	407,039,590	114,647,103	179,071,713	-	-	41,108,328	741,866,734

Statement of Changes in Shareholder's Equity
For the year ended 31 December, 2015

Particulars	Share Capital	Share Premium	Reserve for Exceptional Loss	General Reserve Fund	Dividend Equalization Reserve Fund	Retained Earning	Total
Balance as at January 01, 2015	387,656,766	134,029,927	150,000,633	7,500,000	7,500,000	48,712,703	735,400,029
Stock dividend 2014	19,382,824	-	-	-	-	-	19,382,824
Cash Dividend 2014	-	-	-	-	-	(27,135,974)	(27,135,974)
Share Premium	-	(19,382,824)	-	-	-	-	(19,382,824)
Net Profit for the year	-	-	-	-	-	44,253,384	44,253,384
General Reserve Fund	-	-	-	(7,500,000)	-	7,500,000	-
Dividend Equalisation Reserve Fund	-	-	-	-	(7,500,000)	7,500,000	-
Reserve for Exceptional Loss	-	-	14,071,080	-	-	(14,071,080)	-
Provision for taxation	-	-	-	-	-	(25,200,000)	(25,200,000)
Balance as at December 31, 2015	407,039,590	114,647,103	164,071,713	-	-	41,559,033	727,317,439

The annexed notes from 1 to 29 from an integral part of these financial statements. These financial statements were approved by the Board of Directors as on April 26, 2017.

Subject to our separate report of even date.

CHIEF EXECUTIVE OFFICER | **DIRECTOR** | **DIRECTOR** | **CHAIRMAN**

A. Wahab & Co.
Chartered Accountants

Dated: Dhaka, April 27, 2017

Karnaphuli Insurance Company Limited

Statement of Cash Flow
For the year ended December 31, 2016

	Notes	2016 Taka	2015 Taka
A Cash Flow from Operating Activities :			
Collection from premium and other receipts		237,105,372	214,297,093
Payment against agency commission, claim		167,989,296	161,016,781
Income tax paid and deducted at source		27,818,709	28,051,549
Net Cash Flow from Operating Activities :		**41,297,367**	**25,228,763**
B. Cash flow from Investing Activities :			
Purchase of fixed assets		(9,081,707)	(3,828,621)
Investment In MTB Mutual Fund		(10,118,000)	-
Investment in share and Securities		(48,467,555)	(42,546,818)
Sale proceeds of Motor Car		1,690,000	
Sale proceeds of share and securities		49,470,925	139,221,796
Net Cash used from Investing Activities		**(16,506,337)**	**92,846,357**
C. Cash Flow from Financing Activities :			
Dividend Paid		(40,703,959)	(27,135,973)
Net Cash Flow from Financing Activities		**(40,703,959)**	**(27,135,973)**
D. Net Increase in Cash and Cash Equivalent (A+B+C)		**(15,912,929)**	**90,939,147**
E. Cash and Cash Equivalent at the beginning of the year		**691,226,142**	**600,286,995**
F. Cash and Cash Equivalent at the end of the year	**6.00**	**675,313,213**	**691,226,142**
Net Operating Cash Flow Per Share (NOCFPS)	**26.02**	**1.01**	**0.62**

Note : The Cash Flow Statement has been prepared using direct method.

The annexed notes from 1 to 29 from an integral part of these financial statements. These financial statements were approved by the Board of Directors as on April 26, 2017.

CHIEF EXECUTIVE OFFICER | DIRECTOR | DIRECTOR | CHAIRMAN | A. Wahab & Co. Chartered Accountants

Dated: Dhaka, April 27, 2017

Karnaphuli Insurance Company Limited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED December 31, 2016

A. BACKGROUND

Karnaphuli Insurance Company Limited is a Public Limited Company registered under the Companies Act, 1994 and engaged in general insurance business as per Insurance Act, 2010. The Company was incorporated in 1986. The main objectives of the Company are to carry on all kinds of insurance business other than life.

B. SIGNIFICANT ACCOUNTING POLICIES AND OTHER RELEVANT INFORMATION

i. Basis of Accounting

The accounts have been prepared on a going concern basis under generally accepted accounting principles on historical cost convention. The Company has adopted relevant International Accounting Standards as were adopted in Bangladesh under the title Bangladesh Accounting Standards (BAS) with reference to disclosures of accounting policies, valuation of investment such as long term and current investments.

ii. Basis of Presentation

The Balance Sheet has been prepared in accordance with the regulations as contained in part-I of the First Schedule. Revenue Account of each class of general insurance business has been prepared in accordance with the regulations as contained in Part-I of the Third Schedule and as per form 'F' as set forth in part-II of Third Schedule of Insurance Act, 1938 as amended from time to time.

iii. Premium Income

The total amount of premium earned on various classes of insurance business underwritten during the year, the gross amount of premium earned against various policies, the amount of re-insurance premium due to Sadharan Bima Corporation, the amount of re-insurance commission earned and the amount of claims less re-insurance settled during the year have all been duly accounted for in the books of accounts of the Company and while preparing the final statements of accounts, the effect of re-insurance accepted and re-insurance ceded as well as the effect of total estimated liabilities in respect of outstanding claims at the end of the year, whether due or intimated have also been duly reflected in order to arrive at the net underwriting profit for the year.

iv. Interest on Statutory and other Investments

Interest earned on statutory investments of Taka 2.50 Crore lying with Bangladesh Bank in the Form of Bangladesh Treasury Bonds has been accounted for at the prescribed rate. Besides, interest received from banks on STD accounts and FDR accounts have been duly credited to the Profit and Loss Account.

v. Gain on Sale of Share/ Dividend Income

Gain/loss on sale of shares and dividend income earned during the year has been shown in the Profit and Loss Account.

vi. Management Expenses

Management expenses as charged to Revenue Accounts amounting to Taka 104,722,472 is approximately 35.51% of net premium of Taka 294,871,592 earned during the year. The expenses have been apportioned @ 51.08% to Fire, 27.00% to Marine and 21.92 % to miscellaneous business as per management decision.

vii. Provision for Unexpired Risks

Before arriving at the surplus of each class of business necessary Provision for Unexpired Risks have been created at the rate of 40% on all business except on Marine Hull business for which the provision was made @ 100% of the total premium for the year 2016.

viii. Depreciation on Fixed Assets

Depreciation on Fixed Assets have been charged as per diminishing balance method. Depreciation charged for full year on previous year's assets and depreciation charged on current year's addition when it is available for use as per requirement of BAS - 16.

Category of Assets	Rate of Depreciation
Furniture and Fixtures	10%
Motor Vehicles	20%
Office and Electrical Equipment	20%
Decoration	15%
Computer & Accessories	30%
Other	20%

ix. Operation

During the year under audit, the Company earned Premium of Taka 294,871,592 (includes public sector business of Taka 42,456,494) and the net underwriting profit thereon was Taka 40,051,940 as against Taka 35,981,299 in the preceding year.

x. Public Sector Business

Public Sector Business up to June 2016 has been accounted for on the basis of Statement received from Sadharan Bima Corporation (SBC).

xi. Taxation

Income Tax

Income Tax Assessment of the company has been completed up-to the Assessment year 2006-2007 (Income year 31 December 2005). Assessment for 2007-2008 ,2008-2009 , 2009-2010,2010-2011, 2011-2012, 2012-2013 & 2013-2014 are appeal pending with High Court and 2014-2015,2015-2016 are appeal pending with Tribunal and 2016-2017 is under process.

xii. Employee Benefit Plan (BAS-19)

The Company maintains a contributory provident fund for its employees. Every eligible employee contributes @10% of his basic salary on a monthly basis and the Company also contributes an equal amount to the fund. The fund is approved by the National Board of Revenue.

xiii. Reserve for Exceptional Loss

As per the provision of paragraph 6 (2) of the 4th schedule of Income Tax Ordinance 1984 the Company is entitled to make provision under Reserve for Exceptional Loss up to 10% of premium income. Hence Tk. 15,000,000 has been provided during the year.

xiv. Others

i) Provision for income tax has been made in accordance with the best estimate of the management based on the prevailing Income Tax law.

ii) During the year interest on investment in Bangladesh Govt. Treasury Bonds and Debenture as well as Dividend on shares have been accounted for as income on receipt basis.

iii) Investments in shares have been shown at cost.

iv) Figures have been rounded off to the nearest taka and previous year's figures have been re-arranged for the purpose of comparison where felt necessary.

BALANCE SHEET:

1. Deposit with Bangladesh Treasury Bond : Taka 25,000,000

The amount represents the value of Bangladesh Treasury Bond at cost which is held with Bangladesh Bank as statutory deposit under Insurance Act. 2010.

2. Investment in Share, Debenture & Bond : Taka 43,839,001

The above balance is made up as follows:

	Amount (Taka)
A. Share at cost	41,159,155
B. Debentures	2,679,846
	43,839,001

Further details are given below:

A. Shares at cost Taka 41,159,155

SL. No.	Name of the Company	Quantity as at 31-12-2016 Taka	Total Cost as at 31-12-2016 Taka	Market Value as at 31-12-2016 Taka	Consideration Value
1	OLYMPIC	1500	340,718	461,850	340,718
2	WONDERTOYS	200	11,880	3,200	3,200
3	YPL	3000	97,148	91,200	91,200
4	CVOPRL	600	195,616	124,020	124,020
5	MEGHNASHRM	260	11,729	14,300	11,729
6	APEXWEAV	21800	416,380	335,720	335,720
7	BDZIPPER	1300	227,734	45,500	45,500
8	GENNEXT	55000	688,695	544,500	544,500
9	HRTEX	103	1,018	3,080	1,018
10	MITATEX	480	24,931	28,800	24,931
11	MONNOFABR	33500	499,150	259,625	259,625
12	ACMELAB	24000	2,570,623	2,376,000	2,376,000
13	GLAXOSMITH	200	195,332	306,580	195,332
14	MARICO	300	169,386	276,960	169,386
15	RECKITTBEN	900	1,144,539	1,395,000	1,144,539
16	ICBEPMF1S1	70500	467,918	458,250	458,250
17	IFILISMF1	160000	1,107,970	1,136,000	1,107,970
18	RENTA	1092	610,781	1,185,366	610,781
19	MAQENTER	50	5,000	1,888	5,000
20	MIRACLEIND	680	22,770	42,024	22,770
21	NILOYCEM	300	255,000	78,000	78,000
22	PADMACEM	15000	258,750	48,000	48,000
23	BSCCL	2300	263,161	272,780	263,161
24	MEGHNALIFE	640331	18,385,448	35,666,437	18,385,445
25	BERGERPBL	660	537,767	1,529,748	537,767
26	CDBL	571181	1,570,710	5,711,810	1,570,710
27	EXCELSHOE	661	50,223	24,457	24,457
28	OAL	2400	47,526	62,400	47,526
29	ICB Islamic Unit Fund	50036	687,000	500,000	500,000
30	1st ICB Unit Fund	18766	85,323	149,250	85,323
31	2nd ICB Unit Fund	10344	80,328	89,580	80,328
32	MTB Unit Fund	500000	5,120,000	5,350,000	5,120,000
33	MTB Unit Fund	510000	4,998,000	5,457,000	4,998,000
34	MARKBD	34	6,800	-	-
35	PARAGOAN	34	3,800	-	-
		TOTAL	**41,159,155**	**64,029,324**	

The aggregate market value of the shares as on 31-12-2016 stood at Tk. 64,029,324 as against cost of Tk. 41,159,155.

B. Debentures : Taka 2,679,845.80

Sl.No.	Name of the Company	No. of share	Total Cost as on 31-12-2016	Total Cost as on 31-12-2015
1	Beximco Knitting Limited	1,480	2,055,722	2,055,722
2	Beximco Fisheries Limited	457	489,444	489,444
3	Beximco Denimes Limited	82	114,455	114,455
4	Bangladesh Zipper Limited	101	20,225	20,225
		Grand Total	**2,679,846**	**2,679,846**

3.00 Amount Due From Other Persons or Bodies Carrying on Insurance Business : Taka 127,207,885

The above balance is made-up as follows:

Particulars	2016 Taka	2015 Taka
S.B.C. (Claim paid against Re-Insurance) (i)	571,578,827	560,217,476
GIC (Claim paid against Re- Insurance) (ii)	257,213,051	235,788,150
S.B.C. (Co-Insurance Premium Govt. Business)	135,641,830	126,467,199
Co- Insurance Share Premium receivable from other Insurance Company	6,069,178	22,905,521
Claim recoverable from other Insurance Company's	2,243,855	2,243,855
	972,746,741	**947,622,201**
Less: Amount due to S.B.C for Re-insurance (iii)	(640,365,560)	(620,193,885)
Less: Amount due to GIC for Re-insurance (iv)	(205,173,296)	(186,897,831)
	127,207,885	**140,530,485**

i. SBC (Claim Paid against Re-Insurance)

	2016 Taka	2015 Taka
The break-up of the amount is noted below :		
SBC (Claim paid against Re-insurance)	672,243,295	660,881,944
Add: Amount received from S.B.C during the year	-	(8,398,531)
Less: Amount paid by S.B.C upto 2015	(100,664,468)	(92,265,937)
Balance at 31 December	**571,578,827**	**560,217,476**

ii. GIC (Claim Paid against Re-Insurance)

	2016 Taka	2015 Taka
The break-up of the amount is noted below :		
GIC (Claim paid against Re-insurance)	307,896,213	286,471,311
Less: Amount received from GIC during the year	-	-
Less: Amount paid by GIC upto 2015	(50,683,161)	(50,683,161)
Balance at 31 December	**257,213,052**	**235,788,150**

iii. Amount Due to SBC for Re-Insurance

	2016 Taka	2015 Taka
Amount due to SBC for Re-Insurance	766,712,544	738,795,335
Less: Amount paid by KIC upto 2015	118,601,450	114,690,837
During the year	7,745,534	3,910,613
	126,346,984	**118,601,450**
Balance at 31 December	**640,365,560**	**620,193,885**

iv. Amount due to General Insurance Corporation (GIC) India for Re-Insurance:

	2016 Taka	2015 Taka
Amount due to GIC for Re-Insurance	269,563,479	243,414,558
Less: Amount paid by KIC upto 2015	56,516,727	53,527,862
During the year	7,873,456	2,988,865
	64,390,183	**56,516,727**
Balance at 31 December	**205,173,296**	**186,897,831**

The amount due to other person or organizations has been shown under note-11.

4.00 Sundry Debtors and Advances : Taka 278,079,974

PARTICULARS	2016 Taka	2015 Taka
Salary (Name wise list verified)	162,710	23,570
Office rent	2,723,198	2,574,101
Motor cycle advance	-	159,650
Income tax advance (i)	232,610,075	204,791,366
Income tax refundable (ii)	567,589	567,589
Pre I.P.O. Placement Share	9,753,200	9,753,200
Mr. Zamal Uddin Khandaker, Ex.Incharge, Comilla Branch (iii)	380,000	380,000
House building advance	701,067	601,067
Advance development expenses and agency commission	28,927,103	29,702,335
Deposit Clearing	2,255,032	1,732,299
	278,079,974	**250,285,177**

i. Income Tax Advance : Taka 232,610,075

a) The break-up is noted below:

Accounting Year	Assessment Year	Advance tax Taka	Assessed tax Taka	Remarks
31/12/2000	2001-2002	6,107,694	6,285,037	Prayer for rectification of mistake U/S-173
31/12/2001	2002-2003	5,614,848	6,927,444	Appeal pending with High Court
31/12/2002	2003-2004	5,820,361	7,969,351	Lying With Higher Authorities
31/12/2003	2004-2005	13,631,272	14,510,551	Lying With Higher Authorities
31/12/2005	2006-2007	4,604,995	-	Lying With Higher Authorities
31/12/2006	2007-2008	11,016,113	17,978,280	Appeal pending with High Court
31/12/2007	2008-2009	5,565,059	12,689,743	Appeal pending with High Court
31/12/2008	2009-2010	5,190,407	-	Appeal pending with High Court
31/12/2009	2010-2011	11,869,602	-	Appeal pending with High Court
31/12/2010	2011-2012	15,177,694	-	Appeal pending with High Court
31/12/2011	2012-2013	24,686,493	-	Appeal pending with High Court
31/12/2012	2013-2014	27,197,135	-	Appeal pending with High Court
31/12/2013	2014-2015	30,910,433	-	Appeal pending with Tribunal
31/12/2014	2015-2016	24,864,313	-	Appeal pending with Tribunal
31/12/2015	2016-2017	25,614,106	-	Assessment under Process
31/12/2016	2017-2018	14,739,550	-	Returned to be filed
		232,610,075	**66,360,406**	

The advance tax paid in different years falls adjustable with the assessed tax liabilities subject to disposal of appeals and tribunals. The shortfall of tax of relevant years will be met out of reserve for tax. An amount of Taka 14,739,550 has been paid as advance tax during the year as shown below:

AIT (paid in Cash):

For the Assessment year 2017-2018	9,000,000
Deduction at source (Dividend on share)	785,896
Deduction at source (Interest on STD Account)	105,120
Deduction at source (Interest on FDR)	4,848,534
Total	**14,739,550**

ii. **Income Tax Refundable : Taka 567,589**

The amount of Tk.567,589 is refundable for the years noted below on revision of assessments as per Appeal Orders.

ACCOUNTING YEAR	ASSESS MENT YEAR	ADVANCED TAX Taka	ASSESSED TAX Taka	REFUNDABLE Taka	ADJUSTED AMOUNT Taka	BALANCE Taka	REMARKS
31/12/91	1992-93	3,376,476	2,669,321	707,155	632,877	74,278	asstt. yr 1998-99 Year 1998-99
31/12/92	1993-94	4,887,512	4,241,447	646,065	646,065	-	do
31/12/96	1997-98	5,772,903	2,976,534	2,796,369	2,583,429	212,940	do
31/12/97	1998-99	5,031,936	2,439,710	2,592,226	2,311,855	280,371	asstt. yr 2000-01 Year 2000-2001
		19,068,827	**12,327,012**	**6,741,815**	**6,174,226**	**567,589**	

iii. The amount shown against the name of Mr. Zamal Uddin, for cash discrepancy is still unrealized and awaiting further action.

5. Cash and Bank Balances : Taka 675,313,213

The above amount is made up as follows and represents the position after adjusting bank overdrafts:

Particulars	2016 Taka	2015 Taka
Cash in hand		
Cash	2,460,676	2,634,903
Stamps	304,876	388,998
	2,765,552	**3,023,901**

Cash in hand is inclusive of expenses incurred at branch level suspense but which are yet to be booked to the expenses Account.

Cash at bank		
Fixed Deposits	645,184,824	640,274,824
CD and STD Accounts	27,362,837	47,927,417
	672,547,661	688,202,241
	675,313,213	**691,226,142**

i. Cash balances have been certified by the branch management along with the certified Returns furnished by the branches.

ii. Interest on FDR has been credited to the Profit and Loss Account on receipt basis.

iii. Some STD Accounts with an aggregate Balance of Tk. 195,912 remain inoperative.

6. Fixed Assets : Taka 80,462,881

PARTICULARS	COST					DEPRECIATION				Net Book Value at 31 December 2016 Taka	Net Book Value at 31 December 2015 Taka
	Balance as at 1 January 2016 Taka	Addition during the year Taka	Adjustment during the year Taka	Total at 31 December 2016 Taka	Rate Dep.%	Balance as at 1 January 2016 Taka	Charge for the year Taka	Adjustment during the year Taka	Total at 31 December 2016 Taka		
Land and land Development	7,445,345	-	-	7,445,345	0%	-	-	-	-	7,445,345	7,445,345
Furniture and Fixtures	7,248,154	52,165	-	7,300,319	10%	5,854,453	142,351	-	5,996,804	1,303,515	1,393,701
Motor Vehicles	15,582,953	8,627,000	3,042,270	21,167,683	20%	8,182,216	1,764,560	2,244,758	7,702,018	13,465,665	7,400,737
Lease Asset (Motor Vehicle)	14,538,154	-	-	14,538,154	20%	10,727,063	762,218	-	11,489,281	3,048,873	3,811,091
Office Equipment	1,623,694	-	-	1,623,694	20%	1,585,394	7,660	-	1,593,054	30,640	38,300
Decoration	12,149,090	144,573	-	12,293,663	15%	10,797,509	217,870	-	11,015,379	1,278,284	1,351,581
Motor Cycles	1,316,385	-	-	1,316,385	20%	1,233,815	16,514	-	1,250,329	66,056	82,570
Ceiling Fans	248,225	-	-	248,225	20%	244,282	789	-	245,071	3,154	3,943
Bicycles	40,400	-	-	40,400	20%	40,217	37	-	40,254	146	183
Telephone Installation	825,695	-	-	825,695	20%	800,357	5,068	-	805,425	20,270	25,338
Air-Coolar	4,438,468	-	-	4,438,468	20%	3,748,260	138,041	-	3,886,301	552,167	690,207
Carpet	695,032	-	-	695,032	20%	678,665	3,273	-	681,938	13,094	16,367
Electric Equipment	3,246,616	6,300	-	3,252,916	20%	2,710,077	108,358	-	2,818,435	434,481	536,539
Computer	2,982,733	251,669	-	3,234,402	30%	2,305,903	241,160	-	2,547,063	687,339	676,830
Software	2,042,500	-	-	2,042,500	30%	1,617,865	127,391	-	1,745,256	297,244	424,636
	74,423,444	**9,081,707**	**3,042,270**	**80,462,881**		**50,526,076**	**3,535,290**	**2,244,758**	**51,816,608**	**28,646,273**	**23,897,368**

7. issued, Subscribed and Paid up Capital : Taka 407,039,590

Percentage of Share holdings

Category of shareholdings	No. of shares	% of holdings	2016 Taka
Sponsors	10,467,621	25.72	104,676,210
Financial Institution (including ICB)	5,979,046	14.69	59,790,460
General Public	24,257,292	59.59	242,572,920
	40,703,959	**100%**	**407,039,590**

Fraction figures are rounded off.

interval	No. of shares	No. of shareholders	Total holdings
01-5000	6,571,844	10,652	16.15
5001-20000	3,829,573	415	9.41
20001-50000	1,821,205	59	4.47
50001-100000	2,725,040	37	6.69
100001-300000	4,368,167	24	10.73
300001-500000	2,946,215	7	7.24
500001-1000000	5,007,107	7	12.30
1000001-1500000	7,410,536	6	18.21
1500001-2000000	6,024,272	3	14.80
Total of (i)	**40,703,959**	**11,210**	**100**

8. Reserve for exceptional losses : Taka 179,071,713

Particulars	2016 Taka	2015 Taka
Balance as 1 January 2016	164,071,713	150,000,633
Add: Reserve for 2016	15,000,000	14,071,080
Closing Balance	**179,071,713**	**164,071,713**

9. Premium Deposit : Taka 21,803,803

The amount represents the accumulated balance of premium received against cover notes for which policies had not been issued within 31 December 2016.

10. Estimated liability in respect of outstanding claims whether due or intimated : Taka 55,283,685

Particulars	2016 Taka	2015 Taka
Fire	28,220,347	27,026,474
Marine	22,908,391	26,588,329
Motor	2,531,382	1,288,614
Miscellaneous	1,623,565	2,167,861
	55,283,685	**57,071,278**

AMARSTOCK

11. Amount due to other persons or bodies carrying or insurance business : Taka 43,697,941

Particulars	2016 Taka	2015 Taka
Amount due to S.B.C. for Re-Insurance	640,365,560	620,193,885
Amount due to General Insurance Corporation India Pvt. Ltd. (GIC)	205,173,296	186,897,831
Withdrawal premium (SBC)	16,602,049	18,814,719
Withdrawal premium (GIC)	13,497,145	15,523,429
Transfer (SBC)	7,346,689	8,914,460
Transfer (GIC)	3,881,093	8,425,889
Co-Insurance Share Premium	2,370,96	10,058,491
	889,236,797	**868,828,704**
Less: Amount transfer to amount due from (Adj. for SBC)	(640,365,560)	(620,193,885)
Add/Less: Amount transfer to amount due from (Adj. for GIC)	(205,173,296)	(186,897,831)
	43,697,941	**61,736,988**

The amount due from other persons or organization amounting to Taka 640,365,560 and Tk. 205,173,296 as shown under note -3 (iii) and 3 (iv) represents the balance due from SBC and GIC respectively.

12. Sundry Creditors : Taka 20,922,186

	2016 Taka	2015 Taka
Staff income tax deducted	75,821	77,769
Provision for incentive bonus	4,000,000	4,000,000
Payable to other parties	8,740,231	8,390,290
Payable to Audit Fee	100,000	75,000
VAT	2,866,231	3,973,880
Income tax payable	2,455,399	2,455,399
	18,237,682	**18,972,338**
Add: Unpaid Dividend Account (i)	2,684,504	2,684,504
Closing Balance	**20,922,186**	**21,656,842**

(i) Unclaimed Dividend Account: Taka 2,684,504

	2016 Taka	2015 Taka
Opening balance	2,684,504	2,684,504
Dividend declared for the year	40,703,959	46,518,811
Stock dividend transferred to paid up capital	-	(19,382,838)
Cash Dividend paid to Shareholders	(40,703,959)	(27,135,973)
	2,684,504	**2,684,504**

13. Provision for Taxation : Taka 233,445,156

	2016 Taka	2015 Taka
Balance at 1 January 2016	208,445,156	183,245,156
Add: Provision for taxation	25,000,000	25,200,000
	233,445,156	**208,445,156**

18. Director's remuneration : Taka 644,000

Board meeting attendance fee paid to Directors during the year.

19. Advertisement and publicity : Taka 2,007,819

	2016 Taka	2015 Taka
Calendar & Dairy	1,053,450	990,400
Advertisement & Publicity	954,369	1,208,355
	2,007,819	**2,198,755**

20. Donation and subscription : Taka 420,000

	2016 Taka	2015 Taka
Bangladesh Insurance Association	200,000	220,000
Insurance Development & Regulatory Authority	220,000	-
Muktijudha Kallayan Trust	-	1,000
	420,000	**221,000**

21. Festival & Incentive bonus : Taka 9,309,289

The balance comprises 2 (two) Eid Festival Bonus & 2 (two) Incentive Bonus.

22. Auditors' fees : Taka 100,000

	2016 Taka	2015 Taka
Statutory audit Fee	100,000	75,000
	100,000	**75,000**

23. Fees and renewals : Taka 1,282,223

The amount of Taka 1,130,223 deposited in Bangladesh Bank against renewal of Fire, Marine & Misc. Insurance Business as per Insurance Act 2010.

24. Net profit for the year and its appropriation : Taka 41,108,328

	2016 Taka	2015 Taka
Underwriting Profit as per Revenue Account	40,051,940	35,981,299
Interest income	52,278,434	56,346,983
Dividend and debenture interest	3,955,581	3,869,631
Other income (amount includes miscellaneous income)	1,060,712	409,690
Profit on sale of shares	660,155	(34,729,404)
	98,006,822	**61,878,199**
Less : Expenses of management as per Profit and Loss Account (Not Applicable to any fund or Account)	(17,753,568)	(17,624,815)
Surplus	**80,253,254**	**44,253,384**
Less: Reserve for exceptional losses	(15,000,000)	(14,071,080)
	65,253,254	**30,182,304**
Add : Surplus brought forward	855,074	21,576,729
Add : Amount Transferred from General Reserve	-	7,500,000
Add : Amount Transferred from Dividend Equalization Fund	-	7,500,000
	66,108,328	**66,759,033**
Less : Provision for taxation	(25,000,000)	(25,200,000)
Surplus carried forward	**41,108,328**	**41,559,033**

Karnaphuli Insurance Company Limited

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25. Profit and Loss Account : Taka 40,051,940

The summarised position of net underwriting profit earned during the year 2016 is as follows:

Particulars	Fire Taka	Marine Taka	Motor & others Taka	Total Taka
A. Gross premium (including SBC & Government Business)	135,284,436	84,827,020	74,760,136	294,871,592
B. Re-Insurance premium ceded	72,755,430	28,281,108	31,690,812	132,727,350
C. Net Premium (A - B)	**62,529,006**	**56,545,912**	**43,069,324**	**162,144,242**
Direct Business :				
D. Commission on re-Insurance premium Ceded including profit commission.	22,298,701	8,914,860	6,615,292	37,828,853
E. Claim settled & provided (Net)-(i)	491,891	5,734,033	4,930,457	11,156,381
F. Management expenses- (ii)	53,488,812	28,278,589	22,955,071	104,722,472
G. Agency commission	19,808,575	10,123,585	7,930,105	37,862,265
H. Total Direct Expenses (E+F+G-D)	**51,490,577**	**35,221,347**	**29,200,341**	**115,912,265**
I. Adjusted fund balance for unexpired risk (Opening Balance less Closing Balance)	(4,072,713)	1,041,215	(3,148,539)	(6,180,037)
Net Underwriting Profit [C-H+I)]	**6,965,716**	**22,365,780**	**10,720,444**	**40,051,940**

i. The summarised position of claim settled (Net): Taka 11,156,381

Particulars	Fire Taka	Marine Taka	Motor & others Taka	Total Taka
Gross claim settled	29,576,174	10,746,214	5,407,839	45,730,227
Less: Re-Insurance Claim Recovery during the year	(30,278,156)	(1,332,243)	(1,175,854)	(32,786,253)
	(701,982)	9,413,971	4,231,985	12,943,974
Add: Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated	28,220,347	22,908,391	4,154,947	55,283,685
Less : Outstanding claims at the end of the previous year	(27,026,474)	(26,588,329)	(3,456,475)	(57,071,278)
Net Claim Amount	**491,891**	**5,734,033**	**4,930,457**	**11,156,381**

ii. Apportionment of management expenses: Taka: 104,722,472

Revenue accounts	Percentage	Amount Taka
Fire	51.08%	53,488,812
Marine	27.00%	28,278,589
Motor & Others	21.92%	22,955,071
	100.00%	**104,722,472**

26.01 Earnings per share (EPS) Restated Taka 1.36

Earnings per share (EPS) is calculated in accordance with Bangladesh Accounting Standard - 33, which has been shown on the face of profit and loss account

Basic earnings per share has been calculated dividing the net profit for the year attributable to Ordinary Shareholders by the number of Ordinary shares outstanding during the year.

	31.12.2016	31.12.2015
The above balance is made up as follows:		
Total Number of shares (2016)	40,703,959	40,703,959
Number of ordinary shares	**40,703,959**	**40,703,959**
Net profit before Tax	80,253,254	44,254,384
Less: Provision for Tax	25,000,000	25,200,000
Net profit after Tax	**55,253,254**	**19,054,384**
	55,253,254	**19,054,384**
	40,703,959	**40,703,959**
Earning Per Share (Restated) **Taka**	**1.36**	**0.47**

26.02 Net Operating Cash Flow Per Share (NOCFPS) Tk. 1.01

NOCFPS =	**Net Cash Provided by Operation Activities**	**41,297,367**	**25,228,763**
	Number of Share	**40,703,959**	**40,703,959**
	=	**1.01**	**0.62**

27.00 RELATED PARTY TRANSACTION

The Company has no related party except Meghna Life Insurance Company Limited. The Group Insurance of the employees of the company has been done with Meghna Life Insurance Company Limited. Karnaphuli Insurance Company is also represented in the Board of Meghna Life Insurance Company Limited.

Name of Company	Relationship	Nature of Transaction	Amount (Tk.)
Meghna Life Insurance Ltd.	Common Directorship	Group Insurance Premium paid	401,492
		Dividend Paid (Gross)	1,445,827
		Dividend Received (Gross)	1,219,735

28.00 Post Balance Sheet Event:

i. The Board of Directors has recommended in it's 191st meeting held on April 26, 2017 for payment of 10% Cash dividend on paid up capital out of the surplus available for distribution at the end for the year 2016, which is subject to the approval of shareholders in the ensuing Annual General Meeting of the Company.

29.00 Relevant Information

i. During the year 2016 an amount of Taka 644,000 was paid to the Directors of the Company as Board Meeting attendance fee @Taka 5,000.00 for attending each meeting.

ii. During the year under review no compensation was allowed by the company to the Chief Executive & Officers of the company except their regular remuneration.

iii. There was no credit facilities as on 31/12/2016 availed by the Company under any contract other than trade credit availed in the course of business and shown as overdrafts in the account.

iv. There exists no liability of contingent nature and also there lies no such claim which may be considered to be a debt.

v. The number of permanent employees engaged for the whole year who received a total annual remuneration of Taka 36,000 and above was 280.

CHIEF EXECUTIVE OFFICER	DIRECTOR	DIRECTOR	CHAIRMAN

Dated: Dhaka, April 27, 2017

Karnaphuli Insurance Company Limited

Biman Bhaban (3rd floor), 100, Motijheel Commercial Area, Dhaka.

PROXY FORM

I/We .....

Registered BO / Folio																

of .....

being a Member (Shareholder) of **KARNAPHULI INSURANCE CO. LTD.** do hereby appoint

Mr./Mrs./Ms. .....

of .....

as my/our proxy to attend and vote for me/us and on my/our behalf, at the **30th Annual General Meeting** of the Company to be held on Monday, 19th June, 2017 at 10:30 a.m. at Institution of Diploma Engineers, 160/A, Kakrail, VIP Road, Dhaka and at any adjournment thereof.

Signed this ..... day of ..... 2017.

SIGNATURE OF THE SHAREHOLDER

SIGNATURE OF THE PROXY

No of Shares :	

BO / Folio																

Please affix Revenue Stamp of Tk. 20.00

Note:

i) Signature of the shareholder must be in accordance with specimen signature registered with the Company.

ii) The proxy form duly signed and stamped must be deposited at the Registered Office of the Company at least 48 hours before the time fixed for the meeting.

Proxy SL. No.

Signature Verified

Authorized Signatory

KARNAPHULI INSURANCE COMPANY LIMITED

Karnaphuli Insurance Company Limited

Biman Bhaban (3rd floor), 100, Motijheel Commercial Area, Dhaka.

Proxy SL. No.

ATTENDANCE SLIP

Name of Member	
Registered BO / Folio	
Name of Proxy	

I hereby record my attendance at the 30th Annual General Meeting of the Company being held on Monday, 19th June, 2017 at 10:30 a.m. at Institution of Diploma Engineers, 160/A, Kakrail, VIP Road, Dhaka.

Signature Verified

SIGNATURE OF THE SHAREHOLDER / PROXY

NO. OF SHARES HELD
(As on Record Date)

Authorized Signatory

KARNAPHULI INSURANCE COMPANY LIMITED

N.B

1. Please present this slip at the reception desk.
2. Shareholders attending the meeting in person or by proxy are requested to complete the attendance slip & submit it before entering the meeting hall.

AMARSTOCK