annual report

2017



MERCANTILE INSURANCE COMPANY LTD.

SYMBOL OF TRUST AND SECURITY

annual report

2017

মার্কেন্টাইল ইনস্যুরেন্স কোম্পানী লিঃ

MERCANTILE INSURANCE COMPANY LTD.

SYMBOL OF TRUST AND SECURITY



AMARSTOCK

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Letter of Transmittal

All Shareholders,

Bangladesh Securities and Exchange Commission (BSEC)
Insurance Development & Regulatory Authority (IDRA)
Registrar of Joint Stock Companies & Firms (RJSC&F).
Dhaka Stock Exchange Limited (DSE)
Chittagong Stock Exchange Limited (CSE) and
Central Depository Bangladesh Limited

Dear sir(s),

Annual Report for the year ended December 31,2017

Enclosed please find copy of the Annual Report together with the Audited Financial Statements including Balance Sheet as at December 31, 2017 and Profit and Loss Account, Revenue Accounts, Statement of Cash Flows, changes of Shareholders' equity for the year ended December 31, 2017 along with notes thereon of Mercantile Insurance Co. Ltd. for kind information and record.

Yours Faithfully
With regards

Abdur Rahman
SEVP & Company Secretary



Credit Rating of Mercantile Insurance Co. Ltd.

Rating AA-

The Company has been rated as
grade AA-
by the government approved credit rating agency
alpha rating Ltd.

Rating : AA-

Date of Surveillance Rating	: 26 December 2017
Surveillance Rating 2017	: AA-
Surveillance Rating 2016	: A+
Surveillance Rating Validity	: 24 January 2019
Outlook	: Stable

Rating : "AA-" DENOTES :

"High Claims paying ability.
Protection factors are good and there is
an expectation of variability in risk
over time due to economic
and / or underwriting conditions."



Corporate Information

Name of the Company	**Mercantile Insurance Company Ltd.**
Legal Form	A Public Limited Company incorporated in Bangladesh on March 19, 1996 under the Insurance Act. 1938 and listed in Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited.
Commencement of Business	May 05, 1996
Registered with the Department of Insurance	May 13, 1996
Registered & Head Office:Red Crescent Bhaban	61, Motijheel C/A, Dhaka - 1000. Bangladesh
Telephone No.	88-02-9557662-5
Fax No.	88-02-9562301
Website	www.mercantileins.com
E-mail	mercantileins@yahoo.com, mercantileins2017@gmail.com
Chairman	**M. Kamal Uddin**
Managing Director & CEO	Firoz Ahmed
Company Secretary	Abdur Rahman
CFO	Md. Abdus Salam
Auditor	**Ahmed Zaker & Co.** Chartered Accountants Green City Edge (Level-10), 89, Kakrail, Dhaka-1000. Phone : 88-02-8300504-8, Fax : 88-02-8300509
Tax Adviser	**Talukder & Associates** Eastern Mansion, 67/9, Kakrail, (2nd Floor) Room No. 05, Dhaka - 1000. Bangladesh
Authorised Capital	Tk.100.00 Crore
Paid up Capital	Tk.43.10 Crore
Face Value per share	Tk. 10.00
Market category	**'A'**
Credit Rating	Long term **AA-**, Short term **AR**,, Outlook **Stable**
Start of Trading with DSE	7 December 2004
Start of Trading with CSE	21 May 2009



Mission, Vision, Services & Motto

Our Mission

To become the leading insurance company of Bangladesh excelling in every aspect of its business and in delivering its obligations as a good corporate citizen to its clients, employees, shareholders, public and to the country.

Our Vision

To be an innovative, profitable, best customer service provider in insurance industry than others and enhance clients trust & wealth,, employers value and rapid growth in Shareholders equity.

Our Services

Industrial all risks policies
Marine Insurance
Fire Insurance
Personal (Accident Insurance
Motor Insurance
C.A.R. Insurance
Tsunami and Earthquake Insurance
Business interruption and machinery breakdown Insurance
Health Insurance including overseas mediclaim Insurance
Money Insurance
Riot and Strike Damage Insurance
E.A.R Policy etc.

Our Motto

Committed to cordial Service.



Board of Directors

CHAIRMAN
M. Kamal Uddin

VICE-CHAIRMAN
Md. Mizanur Rahman Ph.D

CHAIRMAN, EXECUTIVE COMMITTEE
Al-haj Md. Nurul Amin

CHAIRMAN, AUDIT COMMITTEE
Md.Shah Alam
Independent Director

DIRECTORS

Abdul Haque
Al-haj Mohammed Solaiman
Md. Serajul Islam
Abdur Rahman
Mahtabuddin Chowdhury
Mohammad Nabi Ullah
Al-haj Abdul Mannan Mazumder
M. Nasir Uddin
Wahid Ibn Reza
Aziz Mohammad Ershadullah Chowdhury
Farhana Islam Sonia
Azad Mostafa
Shafique Ahmed
Tanveer Newaz
Barrister Saad Quadir Bin Solaiman
Md. Nasir Uddin Chowdhury
Independent Director

MANAGING DIRECTOR & CEO
Firoz Ahmed



AMARSTOCK

Directors' Profile



M. Kamal Uddin
Chairman



Managing Director

* Chittagong Builders & Machinery Ltd.
* Merchant Securities Ltd.
  (Member of Dhaka Stock Exchange Ltd.)
* China Builders & Machineries Ltd.
* Sifang Machine House Ltd.
* Merchant Auto Ltd.
* CBM Parts House
* CBM Consortium

Director

* Social Islami Bank Ltd.
* Mercantile Islami Life Insurance Ltd.
* ASM Chemical Industries Ltd.
* Central Hospital Ltd.
* Sifang Securities Ltd.
* HURDCO International School
* Universal Health Services & Research Ltd.



SYMBOL OF TRUST AND SECURITY

Md. Mizanur Rahman Ph.D
Vice Chairman



Chairman

* Al-Mizan Group
* Al-Mizan Vision
* Al-Mizan Overseas
* Al-Mizan Properties
* Al-Mizan Travels & Tours Agency
* Al-Mizan International Trading Tours Ltd.
* Big Developments Ltd.

Founder Editor

* Daily Prime

Al Haj Md. Nurul Amin
Chairman, Executive Committee



Managing Director

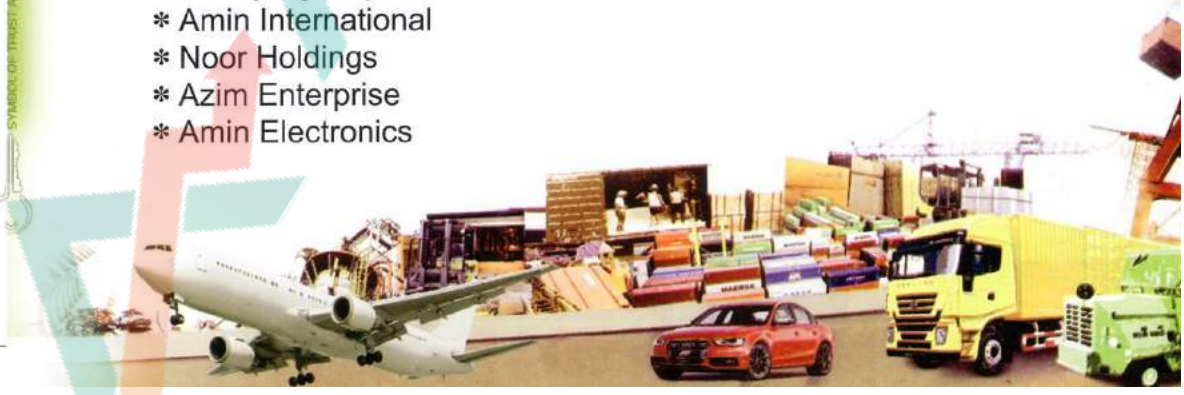
* Electro Mart Ltd.
* Trade International Marketing Ltd.

Director

* Exim Bank Ltd.

Proprietor

* Sunny Agency
* Amin International
* Noor Holdings
* Azim Enterprise
* Amin Electronics



SYMBOL OF TRUST AND SECURITY

Abdul Haque
Director



Chairman

* Bangla Vision
  (Shamol Bangla Media Limited)
* Royal Green Products
* Royal Green Securities Limited

Managing Director

* Evergreen Dyes Chemicals Industries Ltd.
* Evergreen Textiles Limited
* Evergreen Trade Associates Limited

Former President

* Dhaka Stock Exchange Limited

Proprietor

* Progressive Corporation



AMARSTOCK

Al-Haj Mohammed Solaiman
Director



Chairman

* HRDCO International School

Managing Director

* Paradise Corporation (Pvt) Ltd.

Director

* Central Hospital Ltd.
* Eden Multicare Hospital Ltd.
* Epic Health Care

Proprietor

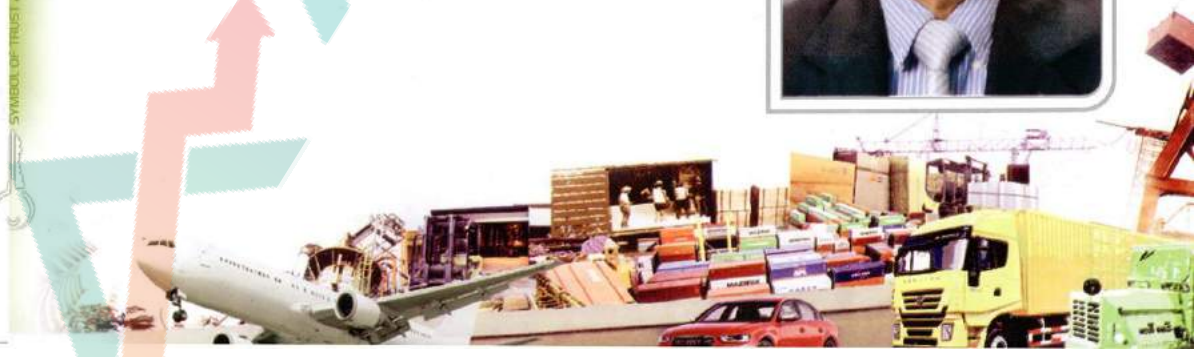
* Paradise Electronics

Md. Serajul Islam
Director



Proprietor

* Badal Mill Store



Abdur Rahman
Director



Chairman

* Evergreen Dyes Chemicals Industries Ltd.
* Evergreen Textile Limited
* Evergreen Trade Associates Limited
* RN Trading
* Founding Fashion

Mahtabuddin Chowdhury
Director



Managing Director

* Shetu Corporation Ltd.
* Shetu Agro Industries Ltd.
* Oroni International Ltd.
* C-Maart Secuirities Ltd.



Mohammad Nabi Ullah
Director



Managing Director

* United Leather Industries (Pvt.) Ltd.
* United Plastic Wood Industries (Pvt.) Ltd.
* United Textile Mills (Pvt.) Ltd.
* M. Hossain Spinning Mills (Pvt.) Ltd.
* M. Hossain Cotton Spining Mills (Pvt.) Ltd.

M. Nasir Uddin
Director



Managing Director

* Sifang Securities Ltd.

Director

* Chittagong Builders & Machinery Ltd.
* China Builders & Machinery Ltd.
* Merchant Securities Ltd.
* Mercantile Islami Life Insurance Ltd.
* HURDCO International School
* ASM Chemical Industries Ltd.



SYMBOL OF TRUST AND SECURITY

Directors' Profile

Al-Haj Abdul Mannan Mazumder
Director



Chairman

* Nexgen Properties

Proprietor

* Motaleb Enterprise

Wahid Ibn Reza
Director





Head office Executives

MANAGING DIRECTOR & CEO
- Firoz Ahmed

DEPUTY MANAGING DIRECTOR
- Md. Abu Obydul Hasan
- Md. Altaf Hossain
- Bazlur Rahman
- Md. Amir Hossain Chowdhury

SENIOR EXECUTIVE VICE PRESIDENT & COMPANY SECRETARY
- Abdur Rahman

SENIOR EXECUTIVE VICE PRESIDENT
- Md. Azim Uddin

EXECUTIVE VICE PRESIDENT
- Md. Nazrul Islam

SENIOR VICE-PRESIDENT & CFO
- Md. Abdus Salam

DEPUTY VICE-PRESIDENT
- Sarwar Alam

ASSTT. VICE-PRESIDENT
- Nayan Tara Saha

SENIOR MANAGER
- Md. Delwar Hossain
- Md. Habibur Rahman Chowdhury
- Farhana Habib



SYMBOL OF TRUST AND SECURITY

Our Executives

MANAGING DIRECTOR & CEO
- Firoz Ahmed

DEPUTY MANAGING DIRECTOR
- Md. Abu Obydul Hasan
- Md. Altaf Hossain
- Bazlur Rahman
- Md. Amir Hossain Chowdhury

SENIOR EXECUTIVE VICE PRESIDENT
- Abdur Rahman
- Md. Azim Uddin

EXECUTIVE VICE PRESIDENT
- Md. Nazrul Islam
- Md. Jabed Akhter
- Rashedur Rahman

SENIOR VICE-PRESIDENT
- Md. Abdus Salam
- Delip Kumar Majumder
- Md. Helal Uddin
- Md. Joynal Abedin Mazumder
- Md. Rashedul Islam

VICE-PRESIDENT
- Md. Ismail

DEPUTY VICE-PRESIDENT
- Hamidul Alam Chowdhury
- Sarwar Alam
- Abdul Bari Chowdhury

ASSTT. VICE-PRESIDENT
- Nayan Tara Saha

SENIOR MANAGER
- Md. Delwar Hossain
- Md. Habibur Rahman Chowdhury
- Farhana Habib



AMARSTOCK

Our Branches

Name of Branch & Address	Branch in -charge	Phone/Mobile
Bogra Branch 2 No. Rail Gate, Jhowtola Bogra Town, Bogra	**Md. Abu Obydul Hassan** Deputy Managing Director	(051) 51244 (M) 01711 317116
Khulna Branch 7 Old Jessore Road Nizam Chamber (3rd Floor) Khulna	**Md. Altaf Hossain** Deputy Managing Director	(041) 720645 (M) 01716 421994, 01558 325965 Fax: 041-813546
Gulshan Branch Islam Mansion House No. 39, Road No. 126 Circle-1, Gulshan, Dhaka-1212	**Bazlur Rahman** Deputy Managing Director	9887484, 8824610, 9844610 (M) 01819 174274 Fax: 02-8842610
Hatkhola Branch 33/1 Road Sayed Nazrul Islam Sarak (Hatkhola) Jakaria Bhaban (2nd Floor), Dhaka-1203	**Md. Amir Hossain Chowdhury** Deputy Managing Director	47110861 (M) 01911-360344
Jessore Branch Jess Tower, M. K. Road (3rd Floor), Jessore	**Md. Jabed Akhter** Executive Vice-President	(0421) 68818 (M) 01711 329290 Fax: 0421-688818
Rangpur Branch Chayanika Cloth centre (3rd Floor) Taltora Road, Rangpur	**Md. Rashedur Rahman** Executive Vice-President	0521-55626 (M) 01713 224466, 01711 780040
Narayangonj Branch 26 (New) S. M. Maleh Road (3rd Floor) Tan Bazar, Narayangonj	**Dilip Kumar Mazumdar** Senior Vice-President	7630440 (M) 01742 548508, Fax: 7630440
Agrabad Branch 18 SK. Mojib Road Agrabad, Chittagong	**MD. Helal Uddin** Senior Vice-President	(031) 726631, 726632 (M) 01716 429627 Fax: 031-726632
Khatungonj Branch 336 Khatungkonj (1st Floor) Chittagong	**Md. Joynal Abedin Majumder** Senior Vice-President	(031) 611850, 611851 (M) 01819 397222, 01711 903003 Fax: 031-611851
Mogh Bazar Branch 17 Mogh Bazar (4th floor) New Eskaton Road, Dhaka-1000.	**Md. Rashedul Islam** Senior Vice-President	58316926, 48322361 (M) 01741 775544 Fax: 48322361 E-mail: micl. mgb@gmail.com
Bangshal Branch 121/2 North South Road (4th Floor west), Bangshal, Dhaka	**Md. Ismail** Vice-President	9556895, 9583227 (M) 01817 092043 Fax: 7175729
Jubilee Road Branch 573 Jubilee Road, Enayet Bazar chittagong	**Hamidul Alam Chowdhury** Deputy Vice-President	(031) 635167, 624067 (M) 01711 903003 Fax: 031-624067
B. B. Avenue Branch 29 B,B, Avenue Hamid Mansion (3rd Floor west), Dhaka-1000	**Abdul Bari Chowdhury** Deputy Vice-President	9550489, 9569224 (M) 01711 147488 Fax: 9550489
Motijheel Branch 61 Motijheel C/A. (10th level), Dhaka-1000	**Md. Asaduzzaman** Manager	9571397, 9571286 (M) 01721 308198 Fax: 02-9571286



Notice of the 22nd Annual General Meeting

Notice is hereby given that the 22nd Annual General Meeting of **Mercantile Insurance Company Limited** will be held at the Multipurpose Hall, The Institution of Diploma Engineers, Bangladesh, 160/A Kakrail, Dhaka-1000, on Saturday, **30 June 2018 at 10:00 A.M.** to transact the following business:

1. To receive, consider and adopt the Directors' Report, the Audited Financial Statements for the year ended December 31, 2017 and the Auditors' Report thereon.
2. To declare 10% (Ten Percent) Cash Dividend to the all shareholders for the year 2017 as recommended by the Board of Directors.
3. To consider appointment of Auditors for the year 2018 and fix their remuneration.
4. To elect Directors as per Articles of Association of the Company.
5. To transact any other business of the Company with the permission of the Chair.

By order of the Board of Directors

Dated : Dhaka, 30th April 2018

(Abdur Rahman)
SEVP & Company Secretary

Notes:

1. *Record date* **23 May 2018.** *The Shareholder whose names will appear in the depository register of the company on the record date, will be eligible to attend the Annual General Meeting and entitled to dividend.*
2. *A member entitled to attend and vote at the AGM may appoint a proxy to attend and vote in his/her stead. The proxy form duly signed with revenue stamp of Tk. 20.00 should reach at the Head office of the Company at least 48 hours before the meeting.*

3. Entry to the AGM is reserved only for shareholders or their proxy.
N.B. No Gift/Gift Coupon/Food Box etc. to be distributed at the above mentioned AGM, in compliance with the BSEC Circular No. SEC/CMRRCD/2009-193/154 dated 24 October 2013



Audit Committee Report for the year 2017

The following 3 member Audit Committee of **Mercantile Insurance Co. Ltd.** was constituted by the Board of Directors to monitor, analyses and audit the overall activities of the Company and report to the Board and AGM ensuring and certifying that the financial statements as presented reflect a true and fair view :

The Audit Committee:

1. Md. Shah Alam	Chairman
2. Al-haj Md. Nurul Amin	Member
3. Aziz Mohammed Ershad Ullah Chowdhury	Member

Committee meetings:

During the year 2017 the Committee met in 03 (three) meetings where it reviewed analysed thoroughly, the matters and among others, relating to Branch Control, Internal Audit, Administration Control, Finance and Accounts. Head of Internal Audit and Company Secretary were invited to attend all meetings. Concerned departmental heads and other members of the management were also invited to attend the meetings as and when required. The proceedings of the committee meetings containing suggestions, guidelines, observations and ameliorations to irregularities and solutions to arisen problems were regularly submitted to the Board of Directors for information, appraisal and formal approval thereto.

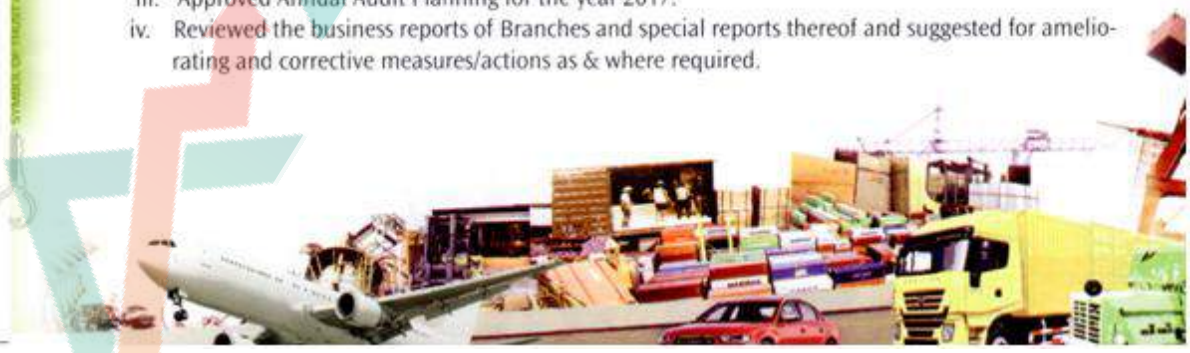
Role of Audit Committee:

As per section 3.3 of the Bangladesh Securities and Exchange Commission Notification No. EC/CMRRCD/2006-158/134/Admin/44 dated 07 August, 2012, The jurisdiction of the Audit Committee include the following matters:

i. Oversee the financial reporting process.
ii. Monitor the accounting policies and principles.
iii. Monitor Internal Control and Risk Management process.
iv. Oversee of external auditors and their functions.
v. Scrutinize the annual financial statements before submission to the board for approval.
vi. Scrutinize the quarterly and half yearly financial statements before submission to the board for approval.
vii. Determine the adequacy of internal audit functions.
viii. Review statements of party transactions submitted by the management.
ix. Review of appropriateness and or weaknesses in management letters/letters of internal control as detected by statutory auditors.

The Committee performed the following functions:

i. Reviewed the existing management policies of the Company and monitored its internal control and business affairs through routine schedule.
ii. Developed, collated and finalized through a number of meetings, a Audit Manual of the Company and recommended the same for approval of the Board of Directors.
iii. Approved Annual Audit Planning for the year 2017.
iv. Reviewed the business reports of Branches and special reports thereof and suggested for ameliorating and corrective measures/actions as & where required.



Audit Committee Report for the year 2017

v. Reviewed the Financial Accounts for the year 2017 as compiled and placed by the management and recommended the same for approval of the Board.

vi. The Committee, upholding the suggestions of the past Committee, emphasized & monitored for immediate execution of replacing the FDRs held with different Banks wherefrom a very less amount of business are available.

Finally, the Audit Committee would like to express its sincere thanks to the members of the Board, key management personnel, internal audit division and all employees for their utmost dedication for achieving transparency in performance and all sorts of co-operation extended to the committee in discharging its responsibilities.

Md. Shah Alam
Chairman
Audit Committee



AMARSTOCK

Company's 5 years Performance at a Glance

FIGURES IN MILLION (TAKA)

Financial Performance	2017	2016	2015	2014	2013
Gross Premium Income	324.58	302.64	297.04	285.65	296.49
Net Premium Income	185.14	174.33	169.83	169.46	156.58
Underwriting Profit	5.99	12.40	10.55	14.28	12.53
Investment & Others Income	73.56	83.41	79.70	77.11	74.76
Net Profit before Tax	71.40	87.90	83.08	88.61	83.14
Reserve & Fund	309.59	281.08	260.89	243.48	219.40
Investment & FDR	997.61	987.29	952.25	920.23	895.29
Paid up Capital	430.95	430.95	430.95	430.95	430.95
Shareholders Equity	778.44	748.24	706.50	700.18	680.37
Total Assets	1380.26	1345.06	1304.09	1237.57	1162.79
Dividend	43.10	43.10	30.22	43.10	29.86
Dividend Percentage	10% Cash	10% Cash	10% B. Group Cash	10% Cash	10% B. Group Cash
No. of Shares (Restated)	43,095,360	43,095,360	43,095,360	43,095,360	43,095,360
No. of Branches	14	14	17	17	17
Earning per Share	1.29	1.40	1.43	1.51	1.29
Net Asset Value (NAV)	18.03	17.32	16.39	16.15	15.79

Credit Rating	2017	2016	2015	2014	2013	2012
Long Term	AA-	A+	A+	A+	A+	A+
Short Term	AR_2	AR_2	AR_2	AR_2	AR_2	AR_2
Outlook	Stable	Stable	Stable	Stable	Stable	Stable



Performance on Graph

FIGURES IN MILLION (TAKA)

GROSS PREMIUM



INVESTMENT & FDR



PAID UP CAPITAL



TOTAL RESERVE & FUND





Performance on Graph

FIGURES IN MILLION (TAKA)

INVESTMENT & OTHER INCOME



CASH & BANK BALANCES



SHAREHOLDERS EQUITY



TOTAL ASSETS





We are in Picture



A picture of the 21st Annual General Meeting held on 29 June 2017



Hon'ble Shareholders of the company are seen at the Audience of the 21st Annual General Meeting.



We are in Picture



Hon'ble Shareholder speaking at the 21st Annual General Meeting



A view of Branch Managers' Conference 2018.
The Chairman of the Board of Directors, Vice-Chairman, Chairman of the Executive committee and some members of the Board of Directors & Executives were Present in the occasion.



Company's 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 present fairly its 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 stat ments and that the accounting estimates are based on reasonable and prudent judgment

iv) International Financial Reporting Standard (IFRS), International Accounting Standards (IAS) as appl cable in Bangladesh, have been followed in preparation of the financial statements and any depa ture therefrom has been adequately disclosed.

v) The system of internal control is sound in design and has been effectively implemented and monitored.

vi) There are no significant doubts upon the Company's ability to continue as a going concern

vii) There are no significant deviations from last year in operating result of the Company

viii) The key operating and financial data of preceding five years have been provided

ix) During the year ended December 31, 2017 the Board of Directors held 06 meetings and the Directors serving on the Board attended in aggregate 60% of the total number of meetings.

1.4 (K)The pattern of shareholding :

As at December 31, 2017 The pattern of shareholding are given below:

i) Shareholdings of Parent/Subsidiary/Associate Companies and other related parties: NIL

ii) Shareholding of Directors, sponsor shareholders, CEO, Company Secretary, CFO and other executives are as under:

(a) Directors/Sponsors

Sl.No	BO Name	Status	No. of Share	% of Total No.
01	M. Kamal Uddin	Chairman	862400	2.00%
02	Md. Mizanur Rahman Ph.D	Vice-Chairman	1034880	2.40%
03	Al-haj Md. Nurul Amin	Chairman, Executive Committee	861907	2.00%
04	Abdul Hague	Sponsor Director	862400	2.00%
05	Al-haj Mohammed Solaiman	Sponsor Director	861907	2.00%
06	Md. Serajul Islam	Sponsor Director	861907	2.00%
07	Abdur Rahman	Sponsor Director	862400	2.00%
08	Mahtabuddin Chowdhury	Sponsor Director	898509	2.08%
09	Mohammad Nabi Ullah	Director	862400	2.00%
10	Al-haj Abdul Mannan Mazumder	Sponsor Director	862400	2.00%
11	M. Nasir Uddin	Sponsor Director	864689	2.01%
12	Wahid Ibn Reza	Sponsor Director	1035880	2.40%
13	Farhana Islam Sonia	Public Shareholder Director	324742	0.75%
14	Azad Mostafa	Public Shareholder Director	5351	0.01%
15	Shahque Ahmed	Public Shareholder Director	2870	0.01%
16	Aziz Mohammed Ershad Ullah Chowdhury	Public Shareholder Director	5600	0.01%
17	Tanveer Nawaz	Public Shareholder Director	7638	0.02%
18	Mahmood Rahman	Sponsor Shareholder	287302	0.67%
19	Mohammad Ali Asghar	Sponsor Shareholder	287302	0.67%
20	Syed Noor Alam	Sponsor Shareholder	123200	0.29%
21	Al-haj Mohammed Hossain	Sponsor Shareholder	862277	2.00%
22	Barrister Saad Quadir Bin Solaiman	Public Shareholder Director	2500	0.01%
23	Hasin Sultana	Sponsor Shareholder	130592	0.30%
24	Sajjad Mustafa	Sponsor Shareholder	458227	1.06%
25	Md. Shah Alam	Independent Director	-	-
26	Md. Nasir Uddin Chowdhury	Independent Director	-	-
			13229280	**30.70%**

01	Firoz Ahmed	Managing Director & CEO	Nil	Nil
02	Abdur Rahman	Company Secretary	Nil	Nil
03	Md. Azim Uddin	Sr. Executive Vice President	Nil	Nil
04	Md. Nazrul Islam	Executive Vice President	Nil	Nil
05	Md. Abdus Salam	Senior Vice President & CFO	Nil	Nil



Report on Corporate Governance

Corporate governance is the system by which companies are directed and controlled by the Management in the best interest of all the stakeholders, thereby ensuring greater transparency and timely financial reporting.

The maintenance of effective corporate governance remains a key priority of the Board of Mercantile Insurance Co. Ltd. To exercise clarity about Directors responsibilities towards the shareholders, corporate governance must be dynamic and remain focused on the business objectives of the Company and create a culture of openness and accountability. Mercantile Insurance Co. Ltd. (MICL) considers that its corporate governance practices comply with all the aspects of SEC Notification No. SEC/CMMRRCD/2006-158/134/ Admin/44 dated 07 August, 2012. In addition to establishing high standards of corporate governance, MICL also considers best governance practices in its activities. The independent role of Board of Directors, separate and independent role of Chairman and Chief Executive Officer, distinct role of Company Secretary, Chief Financial Officer, different Board Committees allow MICL achieve excellence in best corporate governance practices.

Board of Directors Composition

The Board of MICL considers that its membership should comprise of directors with an appropriate mix of skills, experience and personal attributes that allow the Directors, individually and the board, collectively, to discharge their responsibilities and duties, under the law, efficiently and effectively, understand the business of the Company assess the performance of the Management.

The Board of MICL comprise of twenty Directors who posses a wide range of skills and experience cover a range or professions, business and service. Each of our Directors brings in independent judgment and considerable knowledge to perform their roles effectively. The Board of Directors ensure that the activities of the Company are always conducted with adherence to strict and highest possible ethical standards and in the best interest of the stakeholders.

The Directors are appointed by the shareholders in the Annual General Meeting. Casual vacancies if any are filled by the Board in accordance with the stipulations of the Companies Act, 1994 and Article of the Company. In addition, one third of the Directors retires from the Board every year in the AGM, and re-elected eligible for re-election.

Role and Responsibilities of the Board

The Board is committed to achieve superior financial performance and long term prosperity, while meeting stakeholders' expectations of sound corporate governance practice. The Board determines the corporate governance arrangements for the Company. As with all its business activities, the Board is proactive in respect of corporate governance and puts in all place those arrangements which it consider are in the best interest of the Company and its shareholders, and consistent with its responsibilities to other stakeholders.

The Board of Directors is in full control of the Company's affairs and is also fully accountable to the shareholders. They firmly believe that the success of the Company largely depends on the credible corporate governance practices adopted by the Company. Taking this into consideration, the Board of Directors of MICL sets out its strategic focus and oversees the business and related affairs of the Company. The Board also formulates the strategic objectives and policy framework for the Company. In discharging the above responsibilities, the Board carries out, the following functions as per the charter of the Board.



- Determine, monitor and evaluate strategies, policy, management performance criteria and business plan.
- Periodic and timely reporting to the shareholders on the affairs, progress and performance of the Company.
- Ensuring proper decision making and accountability structure throughout the Company so that the stafi down the line is fully accountable to the corporate management.
- Delegation to Board Committees and Management and approval of transactions in excess of delegated level.
- Approval of major capital expenditure proposals.
- Critical evaluation of all proposals which require Board's approval and/or directives.
- Regular review of financial performance and overdue situation.
- Appointment and evaluation of the performance of the top Management positions.
- Ensuring that the senior management team has the necessary skill and experience to perform their function effectively in the best interest of the Company.
- Monitoring the adequacy, appropriateness and operation of internal controls.

Conduct for the Board Members

The Board of Directors of MICL is committed to the highest standards of conduct in their relationships with its employees, customers, members, shareholders, regulator and the public. A Director of MICL always seeks to use due care in the performance of his/her duties, be loyal to the Company, act in good faith and in a manner such Director reasonably believes to be not opposed to the best interests of the Company. Endeavour's to avoid having his or her private interest interfere with the interest of the Company. Maintains the confidentiality of information entrusted to them in carrying out their duties and responsibilities, except where disclosure is approved by the Company or legally mandated or if such information is in the public domain.

Board Meetings

The meetings of the Board of Director of MICL are normally held at the Registered and Corporate Head Office of the Company. Meeting is scheduled well in advance and the notice of each Board Meeting is given in writing to each Director by the Company Secretary.

The Company Secretary prepares the detailed agenda for the meeting. The Board papers comprising the agenda, explanatory notes and proposed regulations are circulated to the Directors in advance for their review. The Members of the Board have completed access of all information of the Company enabling them to work efficiently. The Company Secretary and Chief Financial Officer always attend the Board Meeting and other Senior Management is invited to attend Board Meeting to provide additional inputs to the items being discussed by the Board and make necessary presentations.

Internal Control

The Board is responsible for ensuring that the Company has an adequate and effective control system in place. The Company's internal control system have been designed by the Audit Committee with reasonable assurance that assets are safeguarded against unauthorized use by the employees/or management and/or third parties, transactions are authorized and properly recorded and material error and irregularities are either prevented or detected with in a reasonable period of time. Properly designed management structure, clearly defined responsibilities, delegation or authorities, establishment of accountability at each level and system of periodic reporting and monitoring performance are the key elements of the internal control framework employed in MICL.



KAZI ZAHIR KHAN & CO.
CHARTERED ACCOUNTANTS
কাজী জহির খান এন্ড কোং
চার্টার্ড একাউন্ট্যান্টস।

Certificate on Compliance of Corporate Governance Guidelines to

Mercantile Insurance Company Limited

(As Required Under the BSEC Guidelines)

We have examined compliance to the Bangladesh Securities and Exchange Commission (BSEC) guideline on Corporate Governance by **Mercantile Insurance Company Limited** for the year ended 31st December, 2017, These guidelines relate to the Notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated 7th August, 2012 issued under Section 2CC of the Bangladesh Securities and Exchange Commission (BSEC) on Corporate Governance.

Such Compliance to the codes of Corporate Governance is the responsibility of the company. our assessment was limited to the procedures and implementation there of as adopted by the management in ensuring compliance to the conditions of Corporate Governance. This is scrutiny and verification only and not an expression of opinion or audit on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations provided to us. we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned guidelines issued by Bangladesh Securities and Exchange Commission (BSEC). We also state that such compliance is neither an assurance as to the future viability of the Compan nor a certificate on the efficiency or effectiveness with which the Management has conducted the affairs of the company.

Dated: Dhaka 28 May, 2018

Enclosure: Annexure (Compliance status page no 01 to 07)

Address : Shamsunnahar Complex, 8th Floor (2nd Lift),
Flat # 9B, 31/C/1, Topkhana Road, Segunbagicha, Dhaka.

Kazi Zahir Khan & Co.
Chartered Accountants



চেয়ারম্যানের বক্তব্য



বিসমিল্লাহির রাহমানির রাহিম
প্রিয় শেয়ারহোল্ডারবৃন্দ, আসসালামু আলাইকুম

মার্কেন্টাইল ইনস্যুরেন্স কোম্পানী লিঃ এর ২২ তম বার্ষিক সাধারণ সভায় সবাইকে স্বাগত জানাচ্ছি। আপনারা কোম্পানীর প্রতি যে অব্যাহত আগ্রহ ও সমর্থন দিয়ে যাচ্ছেন এজন্য আমি আপনাদের সকলকে আন্তরিক কৃতজ্ঞতা জ্ঞাপন করছি।

মার্কেন্টাইল ইনস্যুরেন্স কোম্পানী লিঃ বিগত দুই দশক ধরে প্রবৃদ্ধির স্বাক্ষর রেখে যাচ্ছে। শেয়ারহোল্ডারদের মূলধন নিয়ে আমরা সদা সচেতন, তাই আমরা আমাদের সাধ্যের মধ্যে নতুন নতুন সুযোগ অনুসন্ধানে ব্রতী হই এবং আমাদের সহনীয় মাত্রার ঝুঁকি ঠিক রেখে শেয়ারহোল্ডারদের লাভজনক প্রবৃদ্ধি নিশ্চিত করি। আমরা কোম্পানীর সকল শেয়ারহোল্ডারদেরকে অব্যাহত সহযোগিতার জন্য ধন্যবাদ জানাই। আমরা সর্বদাই পেশাদারিত্বকে গুরুত্ব দেই। তাই একদল দক্ষ ও মেধাবী কর্মকর্তার মাধ্যমে এই পেশাদারিত্ব নিশ্চিত করি, যাঁরা এতগুলো বছর ধরে কোম্পানীর সেবায় নিজেদের উৎসর্গ করেছেন এবং কোম্পানিকে আজকের এই সুদৃঢ় অবস্থানে পৌঁছাতে সাহায্য করেছেন।

প্রিয় শেয়ারহোল্ডারবৃন্দ- আমরা বিশ্বাস করি যে আপনাদের সহযোগিতা অব্যাহত থাকলে কোম্পানী সকল বাধাই অতিক্রম করতে পারবে এবং আগামী দিনগুলোতেও প্রবৃদ্ধির ধারা বজায় থাকবে। আমি ধন্যবাদ জানাতে চাই ব্যাকিং কর্তৃপক্ষকে, যাদের সাথে আমাদের নিয়মিত লেনদেন হয় এবং আরো ধন্যবাদ জানাই অর্থ মন্ত্রনালয়, ঢাকা ও চট্টগ্রাম স্টক এক্সচেঞ্জ, বাংলাদেশ সিকিউরিটীজ এন্ড এক্সচেঞ্জ কমিশন, বীমা উন্নয়ন ও নিয়ন্ত্রণ কর্তৃপক্ষ, রেজিষ্টার্ড অব জয়েন্ট কোম্পানীজ এন্ড ফার্মস, সেন্ট্রাল ডিপোজিটরী বাংলাদেশকে তাঁদের নির্দেশনা ও সুবিবেচিত পরামর্শ প্রদানের জন্য।

পরিশেষে আমি কোম্পানীর সকল কর্মকর্তা-কর্মচারীকে ২০১৭ সালে কঠোর পরিশ্রম ও নিষ্ঠার সাথে কাজ করার জন্য ধন্যবাদ জানাই। আমি কোম্পানীর পরিচালনা পর্ষদকে তাঁদের মূল্যবান দিক নির্দেশনা ও সদয় সহযোগিতার জন্য ধন্যবাদ জানাই।

শ্রদ্ধান্তে সকলকে ধন্যবাদ

(এম. কামাল উদ্দিন)
চেয়ারম্যান



Chairman's Statement



Bismillahir Rahmanir Rahim
Dear Shareholders- Assalamu Alaikum,

It is my absolute delight to welcome you all to the 22nd Annual General Meeting (AGM) of Mercantile Insurance Company Limited. On behalf of all of us related to the company. I would like to express my sincere thanks & profound appreciation for the continued interest and support to the company.

Mercantile Insurance Company Limited has remained a testimony of growth spread across almost two decades. As we strive to act as a responsible steward of our shareholders' capital by analyzing opportunities in light of our ability to deliver profitable growth at an appropriate level of risk. We remain thankful to you and all other stake-holders for extending their ceaseless support to the company.

We have always emphasized on professionalism through our highly qualified personnel, who have rendered dedicated services over the years and helped the company to teach its current position. Carefully nurturing and maintaining human resources remains one of our key priotities, so that we are able to serve customers in a more efficient way.

Dear Shareholders, we believe that the company is poised to surmount the challenges in the future and retain the momentum for business growth in the years to come. We are grateful to you for the unrelenting support and patronage received from you; as we look forward to the continuation of the same. In particular, I would like to thank IDRA the banking authorities with whom we have extensive dealings: along with the regulators, Stock exchanges of Dhaka and Chittagong, BSEC, Insurance Devlelopment & Regulatory Authority (IDRA), Sadharan Bima Corporation and government bodies for their incessant co-operation and support.

In fine, I would like to thank our employees for their dedication and commitament during the year 2018. I would also like to thank and express my gratitude to our honorable Board of Directors for their valuable guidance and support, and the management team for their commitment to implement our corporate strategy.

Thanking you with best regards

M. Kamal Uddin
Chairman



পরিচালকমন্ডলীর প্রতিবেদন

বিস্‌মিল্লাহির রাহ্‌মানির রাহীম
সম্মানিত শেয়ারহোল্ডারবৃন্দ
আস্‌সালামু আলাইকুম,

মার্কেন্টাইল ইন্স্যুরেন্স কোম্পানী লিমিটেড এর পরিচালনা পর্ষদের পক্ষ থেকে আমি অত্যন্ত আনন্দের সাথে কোম্পানীর ২২তম বার্ষিক সাধারণ সভায় আপনাদেরকে স্বাগত জানিয়ে ২০১৭ সালের ৩১শে ডিসেম্বর তারিখে সমাপ্ত বছরের নিরীক্ষিত হিসাব বিবরণী আপনাদের বিবেচনা ও অনুমোদনের জন্য উপস্থাপন করছি। কোম্পানীর ২০১৭ সালের কার্যক্রম পরিচালকদের প্রতিবেদনে বিস্তারিত উল্লেখ করা হয়েছে।

বর্তমান তীব্র প্রতিযোগিতামূলক বাজার, অর্থনীতির চ্যালেঞ্জ, জটিল বিশ্ব পরিস্থিতি এবং আভ্যন্তরীন নানারূপ প্রতিকূলতা সত্ত্বে ও ২০১৭ সাল ছিল কোম্পানী প্রতিষ্ঠার পর থেকে সাফল্যের ধারাবাহিকতায় দীপ্ত আরও একটি বছর। আলোচ্য বছরে কোম্পানীর সামগ্রিক কার্যক্রমের মূল্যায়নের সুবিধার্থে ২০১৭ সালে আন্তর্জাতিক অর্থনৈতিক অঙ্গন এবং বাংলাদেশের অর্থনীতির একটি সংক্ষিপ্ত চিত্র এখানে তুলে ধরা হলো।

ইন্স্যুরেন্স ইন্ডাষ্ট্রি পরিস্থিতি

দেশের ইন্স্যুরেন্স ইন্ডাষ্ট্রিতে দুটি ধারা বিদ্যমান। একটি নন-লাইফ ইন্স্যুরেন্স এবং অপরটি লাইফ ইন্স্যুরেন্স। ব্যবসা-বাণিজ্যের অবিচ্ছেদ্য অংশ হচ্ছে নন-লাইফ ইন্স্যুরেন্স। দেশের ব্যবসা-বাণিজ্য ও শিল্পায়নের সামগ্রিক গতিধারার উপর নন-লাইফ ইন্স্যুরেন্স ব্যবসার গতি প্রকৃতি অনেকাংশে নির্ভরশীল। বর্তমানে বেসরকারী খাতে ৪৫টি ও সরকারী খাতে ১টি নন-লাইফ ইন্স্যুরেন্স প্রতিষ্ঠান আছে। সীমিত পরিসরে বীমা বাজারের পরিধির সাথে ৪৫টি প্রতিষ্ঠানের মধ্যে প্রতিযোগিতা হওয়ায় পরিস্থিতি তীব্রতর হয়ে উঠেছে। যা হোক, বীমা উন্নয়ন ও নিয়ন্ত্রণ কর্তৃপক্ষ ইতিবাচক উদ্যোগ নেয়ায় বীমা শিল্পে শৃংখলা বৃদ্ধি ও আর্থিক উন্নতি আসতে শুরু করেছে।

আমাদের সামগ্রিক কার্যক্রম ও ব্যবসায়িক সাফল্য

বিদ্যমান তীব্র প্রতিযোগীতা ও প্রতিকূল পরিস্থিতির মাঝেও একটি সামষ্টিক পরিকল্পনা গ্রহন করে কার্যকর নেটওয়ার্ক, দক্ষ ব্যবস্থাপনা ও দ্রুততর সেবা প্রদানের কার্যকর ব্যবস্থা গ্রহনের ফলে অত্র কোম্পানী প্রতিষ্ঠার পর হতে পরবর্তী বছর সমূহে সাফল্যের ধারাবাহিকতা বজায় রেখে ২০১৭ সালেও সাফল্য অর্জনের প্রচেষ্টা অব্যাহত রেখেছে এবং নিজের অবস্থানকে অনেকাংশে সুসংহত করতে পেরেছে।

এখন আমি পরিচালনা পর্ষদের ২০১৭ সালের ১ জানুয়ারী হতে ৩১শে ডিসেম্বর পর্যন্ত কার্যক্রমের উপর সংক্ষিপ্ত প্রতিবেদন সম্মানিত শেয়ার হোল্ডারদের সমীপে পেশ করছি।

কার্যক্রমের ফলাফল

	মিলিয়ন (টাকা)
গ্রস প্রিমিয়াম আয়	৩২৪.৫৮
নীট প্রিমিয়াম আয়	১৮৫.১৪
বিনিয়োগ এবং অন্যান্য থেকে আয়	৭৩.৫৬
নীট মুনাফা (কর প্রদান পূর্ব)	৭১.৪০
আয়কর প্রভিসন	১৫.৮৪
মোট সঞ্চিতি	৩০৯.৫৯
বিনিয়োগ ও এফডিআর	৯৯৭.৬১
মোট সম্পদের পরিমাণ	১৩৮০.২৬



লাভ লোকসান হিসাব ঃ
মুনাফা বন্টন হিসাব নিম্নে বিশদভাবে বর্ণিত হলোঃ

	মিলিয়ন (টাকা)
অস্বাভাবিক ঝুঁকির জন্য সঞ্চিতি	১৮৫.১৪
সাধারণ সঞ্চিত	৪.০০
আয়কার প্রভিসন	১৫.৮৪
উদ্বৃত্ত ব্যালেন্সশীট স্থানান্তর	৬৫.১১

প্রস্তাবিত লভ্যাংশ
কোম্পানীর ২২তম বার্ষিক সাধারণ সভার অনুমোদন সাপেক্ষে পরিচালনা পর্ষদ ৩১ ডিসেম্বর ২০১৭ইং সালের জন্য সকল শেয়ারহোল্ডারগণের জন্য ৪৩,০৯,৫৩,৬০০/- টাকা পরিশোধিত মূলধনের উপর ১০% হিসাবে ৪,৩০,৯৫,৩৬০/- টাকা ক্যাশ ডিভিডেন্ট প্রদানের সুপারিশ করেছেন।

ক্রেডিট রেটিং

ব্যবসায়িক সফলতা এবং আর্থিক বিবরনীর উপর ভিত্তি করে আলফা ক্রেডিট রেটিং লিমিটেড মার্কেন্টাইল ইন্স্যুরেন্স কোম্পানীকে দীর্ঘ মেয়াদ **AA-**, স্বল্প মেয়াদে **AR2** এবং **Outlook-stable** প্রদান করেছেন।

নিরীক্ষক নিয়োগ

কোম্পানীর নিরীক্ষক মেসার্স আহমেদ জাকের এন্ড কোং চার্টার্ড একাউন্ট্যান্টস, গ্রীন সিটি এজ (লেভেল-১০), ৮৯, কাকরাইল, ঢাকা-১০০০। ২২ তম বার্ষিক সাধারণ সভায় অবসর গ্রহন করবেন। ইতি মধ্যে **মেসার্স আহমেদ জাকের এন্ড কোং চার্টার্ড একাউন্ট্যান্টস**, গ্রীন সিটি এজ (লেভেল-১০) ৮৯ কাকরাইল, ঢাকা-১০০০। ২০১৮ সালের জন্য কোম্পানীর নিরীক্ষক হিসাবে নিয়োগ প্রাপ্তির জন্য লিখিত আবেদন করেছেন।

পরিচালকবৃন্দের অবসর গ্রহন ও পুনঃনির্বাচন

কোম্পানীর আর্টিকেল অব এসোসিয়েশন এর ১১২, ১১৩ এবং ১১৪ নম্বর ধারা অনুযায়ী নিম্নবর্ণিত পরিচালকবৃন্দ অবসর গ্রহন করবেন এবং যোগ্য বিধায় পুনঃনির্বাচনের জন্য আগ্রহ প্রকাশ করেছেন। আগ্রহীগণ হচ্ছেনঃ

০১. আলহাজ্ব মোহাম্মদ সোলায়মান

০২. ড. মোঃ মিজানুর রহমান

০৩. মোঃ নবীউল্লাহ

০৪. এম. নাছির উদ্দিন

এছাড়াও সাধারণ শেয়ারহোল্ডারগনের মধ্য হইতে কোম্পানীর আর্টিক্যালস অব এসোসিয়েশনে উল্লিখিত ধারানুযায়ী জনাব ফারহানা ইসলাম সোনিয়া অবসর গ্রহন করবেন এবং পুনঃ নিয়োগযোগ্য বিধায় মনোনয়ন পত্র সংগ্রহ ও পুরন করে জমা দিয়েছেন। তাছাড়া অন্য একজন পরিচালক তানভির নেওয়াজ অবসর গ্রহন করেছেন।



পরিচালকমন্ডলীর প্রতিবেদন

ভবিষ্যৎ

আশা করা যাচ্ছে যে, ২০১৮ সাল অনেক দিক থেকেই আশা ব্যঞ্জক হবে। কারণ আমাদের কোম্পানীর পরিচালনা পর্ষদ যে কোন চ্যালেঞ্জ মোকাবেলা করার জন্য ব্যয় নিয়ন্ত্রন সহ অন্যান্য উন্নয়নমূলক কর্মকান্ড বৃদ্ধি করার প্রতি সচেষ্ট রয়েছেন। কম খরচ গুণগত ও মানসম্পন্ন ব্যবসা বৃদ্ধি, ব্যবসার পোর্টফলিও বহুমাত্রিক করা এবং অপ্রচলিত ব্যবসার ঝুঁকি গ্রহন করা, বাহুল্য খরচ বর্জন করা, বিদেশী কোম্পানীর সাথে কম খরচে পুনঃবীমা করার সম্ভবনা যাচাই করা, শেয়ারহোল্ডারদের তহবিল অধিক লাভজনক খাতে বিনিয়োগ করা, পেশাগত দক্ষতা বৃদ্ধি করা, সম্মানিত গ্রাহকদের প্রতি উন্নত সেবা প্রদান করা সহ বৈজ্ঞানিক পদ্ধতি প্রচলন করার প্রতি ও সর্বদা সজাগ দৃষ্টি রাখা হচ্ছে। আমরা নিশ্চিত এবং অত্যন্ত আশাবাদী যে, আমাদের সম্মানিত গ্রাহক এবং শেয়ারহোল্ডারদের আন্তরিক সহযোগিতায় আমরা আরও একটি সফল বছর উপহার দিতে পারবো।

কৃতজ্ঞতা

আমি পরিচালনা পর্ষদ এর পক্ষ থেকে আমাদের গ্রাহক, শেয়ারহোল্ডার এবং শুভানুধ্যায়ীদের অব্যাহত সমর্থন ও সহযোগীতার জন্য আন্তরিক মোবারকবাদ জানাই। সেই সাথে বীমা উন্নয়ন ও নিয়ন্ত্রন কর্তৃপক্ষ (আইডিআরএ), অর্থ মন্ত্রনালয়, রেজিষ্ট্রার অব জয়েন্ট স্টক কোম্পানীজ এন্ড ফার্মস, সাধারণ বীমা কর্পোরেশন, বাংলাদেশ ব্যাংক, সকল বাণিজ্যিক ও আর্থিক প্রতিষ্ঠান, বাংলাদেশ সিকিউরিটিজ এন্ড একচেঞ্জ কমিশন, ঢাকা স্টক এক্সচেঞ্জ লিঃ, চট্টগ্রাম স্টক এক্সচেঞ্জ লিঃ, বাংলাদেশ ইন্স্যুরেন্স এসোসিয়েশন, সেন্ট্রাল রেটিং কমিটি এবং বাংলাদেশ ইন্স্যুরেন্স একাডেমী ও অডিটর সহ সংশিষ্ট সকল সরকারী ও বেসরকারী আর্থিক প্রতিষ্ঠান সমূহকে বিভিন্ন ক্ষেত্রে সহযোগীতা দানের জন্য আন্তরিকভাবে কৃতজ্ঞতা জানাই।

একই সঙ্গে কোম্পানীর ব্যবস্থাপনা পরিচালক ফিরোজ আহাম্মদ, উপ-ব্যবস্থাপনা পরিচালকগন, সিনিয়র এক্সিকিউটিভ ভাইস প্রেসিডেন্টগন, এক্সিকিউটিভ ভাইস প্রেসিডেন্টগন, সিনিয়র ভাইস প্রেসিডেন্টগন, ভাইস প্রেসিডেন্টগনসহ সকল শাখা প্রধান ও সর্বস্তরে কর্মরত কর্মকর্তা ও কর্মচারীবৃন্দকে তাঁদের অক্লান্ত পরিশ্রম, কর্তব্যপরায়ণতা ও নিষ্ঠার সহিত দায়িত্ব পালনের জন্য ধন্যবাদ জানাচ্ছি।

পরিশেষে আমি কোম্পানীর অব্যাহত উন্নতি ও সমৃদ্ধির জন্য পরম করুনাময় সর্বশক্তিমান আল্লাহ তালার নিকট প্রার্থনা করছি ও আপনাদের সমর্থন, সহযোগীতা ও শুভকামনা এবং একই সঙ্গে আপনাদের সকলের সুস্বাস্থ্য ও দীর্ঘায়ু কামনা করে শেষ করছি।

আল্লাহ হাফেজ

পরিচালক মন্ডলীর পক্ষে,

এম. কামাল উদ্দিন
চেয়ারম্যান



Directors' Report

Bismillahir Rahmanir Rahim

DEAR SHAREHOLDERS,

Assalamu Alaikum

On behalf of the Board of Directors I have the pleasure to welcome you all to the 22nd annual General Meting of Mercantile Insurance Company Ltd. And pleased to place the annual report and the audited Accounts of the company for the year ended December 31, 2017.

Despite the adverse impacts and heartiest competition due to globalization, Challenges of free market economy and various internal restrictions of the year' 2017 is glorious and illuminative for the highlighting some national and international aspect of economic picture in respect of Bangladesh is placed for your information.

SITUATION OF INSURANCE INDUSTRY

There are existing two flows in the Insurance industry in our Country. one of them is General insurance and the other is Life Insurance . The part and parcel of business is based on General nsurance business.

At Present there are 45 Non-Life Insurance Companies in the private sector and 1 state owned sadharan Bima Corportion. so, to procure and expand insurance business is very hard because, comparatively large number of Insurance company in the limited insurance market. Number of Insurance company in the limited insurance market. Number of Insurance Company & volume of business is inconsistent in the field of insurance Industries. However due to the major intiatives taken by IDRA more discipline and financial strength are reflecting in the Industries.

Now the Board of Directors would like to present the precise report to the Shareholders on the operation of the companyfor the period form 1st January to December 31, 2017.

Company's Performance

For the year ended 31st December' 2017

	Taka in Million
Gross Premium	324.58
Net Premium Income	185.14
Investment & other Income	73.56
Net Profit (before Tax)	71.40
Provision for Taxation	15.84
Total Reserve	309.59
Investment & FDR	997.61
Total Assets	1380.26



PROFIT AND LOSS APPROPRIATION ACCOUNT

Appropriation of Profit is shown below :

	Taka in Million
Reserve for Exceptional losses	185.14
General Reserve	4.00
Provision for Taxation	15.84
Balance carried to Balance Sheet	65.11

PROPOSED DIVIDEND

Considering the profit of the Company for the year 2017 the Board of Directors has been pleased to recommend to declare Tk. **4,30,95,360/-** only being 10% Cash Dividend to the all Shareholders subject to approval in the 22nd Annual General Meeting.

CREDIT RATING

Based on strong financial position Alpha Credit Rating Ltd. has offered AA- for Long Term & AR2 for Short Term and outlook-stable for Mercantile Insurance co. Ltd.

AUDITORS

M/S. Ahmed Zaker & Co. Chartered Accountants, Green City Edge (Level # 10), 89, Kakrail, Dhaka-1000 will retire in the 22nd Annual General Meeting and in the meantime they applied in writing for having appointment as Auditor for the year-2018.

RETIREMENT & RE-ELECTION OF DIRECTORS

In accordance with the provision of clauses 112, 113 & 114 of the Articles of Association of the Company the following sponsor Directors will retire and intended for re-election :

1. Al-haj Mohammed Solaiman
2. Dr. Md. Mizanur Rahman
3. Md. Nabiullah
4. M. Nasir Uddin

Also as per articles of association of the company Mrs. Farhana Islam Sonia Director representing public shareholders shall retire and as illegible for re-election can apply for election. and however another shareholder Tanveer Newaz retired but did not collected any nomination paper.



FUTURE PROSPECT

It is expected that the year 2018 will be a good year in many respects. Because, the Board of Directorls of our Company is following a pragmatic policy to face the situation with constant monitoring of cost elements and other area where economy can be enforced. Procurement of quality business with less procurement cost, diversification of business portfolio having emphasis in umderwriting non-traditional risk, avoiding non-productive expenditures, possibility of re-insurance abroad at a competitive cost more productive investment of shareholders' fund, development of professionalism, top class service to the clients, scientific marketing thrust will be our avowed motto to continue the progress of the company. We are confident that with the sincere support of our valued clients and shareholders, our company will be in another year of succes.

ACKNOWLEDGEMENT

The Board of Directors' deeply appreciated the gracious co-operation extended by the Government of the peoples Republic of Bangladesh. Particularly, Ministry of Finance, Insurance Development and Regulatory Authority (IDRA), Bangladesh Securities and Exchange Commission, Registrar of Joint Stock companies and Firms, Dhaka Stock Exchange Ltd., Chittagong Stock Exchange Ltd. The Board also like to put on record its appreciation for the services rendered by express its deep gratitude to respected shareholders of the company for their support and guidance. The Board also would like to thanks bangladesh Bank, all scheduled Banks and Financial Institutions, valued clients, patrons and well wishers who have been extending their continued support, co-operation and ecouragement.

The Director,s aslo put on record their thanks to the Managing Director & CEO Mr. Firoz Ahmed, Deputy Managing Directors, Senior Executive Vice Presidents, Executive Vice Presidents, Senior Vice-Presidents, Vice-Presidents, all Barnch in-charges, Officers and staff of the Company for their excellent work, with their sincerity, dedicated and whole herated devotion and committed efforts to the challenging duty and responsibility and hope that they will Look forward to achieve better results in the coming days.

In the end I pray to alminghty Allah for the continuous progress of the company

For the Board of Diectors.

M. Kamal Uddin
Chairman



Compliance Report on SEC Notification

Securities and Exchange Commission Compliance issues-Status and Recommendations For the year ended January-December' 2017

Status of compliance with the conditions imposed by the Commission's Notification No.SEC/CMRRCD/2006-158/134/Admin/44 date 07 August 2012 Issued under section 2CC of the Securities and Exchange Ordiance,1969:

(Report Under condition No. 7.00)

Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remark (If any)
		Complied	Not Complied	
1.1	**Board's size:** Board members shall not be less than 5 (five) and more than 20 (twenty)	✓		
1.2(i)	At least one fifth (1/5) of the total member of directors in the company's board shall be independent directors.	✓		
	Independent Directors for the purpose of this clause "Independent Directors" means a Director:			
1.2 (ii) a)	Independent Directors do not hold any share or holds less than one percent (1%) shares of the total paid-up capital.	✓		
1.2(ii) b)	Independent Directors are not connected with the company's any sponsor or shareholder who holds one percent (1%) or more shares.	✓		
1.2(ii) c)	Independent Directors do not have any other relationship, whatever pecuniary or otherwise, with the company or its subsidiary/associated companies.	✓		
1.2(ii) d)	Independent Directors who are not a member, director or officer of any stock exchange	✓		
1.2(ii) e)	Independent Directors who are not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market	✓		
1.2(ii) f)	Independent Directors who are not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm	✓		
1.2(ii) g)	They are not be an independent director in more, than 3 (three) listed companies;	✓		
1.2(ii) h)	They are 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 Instituting (NBFI);	✓		
1.2 (ii) i)	They have not been convicted for a criminal offence involving moral turpitude;	✓		
1.2 (iii)	The independent director(s) shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting (AGM);			To be complied as per rule



Compliance Report on SEC Notification

Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remark (If any)
		Complied	Not Complied	
1.2(iv)	The post of independent director(s) can not remain vacant for more than 90 (ninety) days;			To be complied as per rule
1.2(v)	The Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded;	✓		
1.2(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;			To be complied as per rule
	Qualification of Independent Director(ID)			
1.3(1)	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;	✓		
13(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;	✓		
1.3(iii)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission;			If required will inform to commission
1.4	Separate Chairman and CEO and their clearly defined roles and responsibilities	✓		
	The Directors Report to Shareholders			
1.5(1)	Industry outlook and possible future developments in the industry	✓		
1.5(ii)	Segment-wise or product-wise performance	✓		
1.5 (iii)	Risks and concerns	✓		
1.5(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin	✓		
1.5(v)	Discussion on continuity of any Extra-Ordinary gain or loss	✓		No such extra gain ordinary gain or loss
1.5(vi)	Basis for related party transactions- a statement of all related party transactions should be disclosed in the	✓		Available in the annual report
1.5(vii)	Utilization of proceeds from public issues, rights issues and/or through any others instruments	✓		



Compliance Report on SEC Notification

Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remark (If any)
		Complied	Not Complied	
1.5(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (I PO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc	✓		Financial result is not deteriorated
1.5(ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report	✓		No such significant variance occurs
1.5 (x)	Remuneration to directors including independent directors	✓		Available in the annual report
1.5 (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	✓		
1.5 (xii)	Proper books of account of the issuer company have been maintained	✓		
1.5 (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 judgment	✓		
1.5 (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	✓		
1.5 (xv)	The system of internal control is sound in design and has been effectively implemented and monitored	✓		
1.5(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	✓		The company is going conern
1.5(xvii)	Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons there of should be explained	✓		No such significant deviation observed
1.5(xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized	✓		Avalibale in the annual report
1.5(xix)	If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given	✓		Divided declared regularly



Compliance Report on SEC Notification

Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remark (If any)
		Complied	Not Complied	
1.5(xx)	The number of board meetings held during the year and attendance by each director shall be disclosed	✓		6 Board meeting held with 60% attendence
	The pattern of share holding shall be reported to disclose the aggregate number of shares held by:			
1.5(xxi)a)	Parent/Subsidiary/ Associated Companies and the other related parties (name wise details),	✓		Available in the annual report
1.5(xxi)b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of internal Audit and their spouses and minor children (name wise details),	✓		Available in the annual report
1.5(xxi)c)	Executives (top five sala ried employees of the Available in the company other than stated in	✓		Available in the annual report
1.5(xxi)d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details)	✓		Available in the annual report
	In case of the appointment/re-appointment of a director the company shall disclose the following information to the shareholders:			
1.5(xxii)a)	A brief resume of the director	✓		
1.5(xxii)b)	Nature of his/her expertise in specific functional areas	✓		
1.5(xxii)c)	Names of companies in which the person also holds the directors' ip and the membership of committees of the board	✓		
	Chief Financial Officer CFO), Head of Internal Audit and Company Secretary (CS)			
2.1	Appointment of CFO, Head of In ternal Audit and Company Secretary and their clearly defined roles, responsibilities and duties.	✓		
2.2	Attendance of CFO and the Company Secretary at Board of Directors meeting	✓		
	Audit Committee			
3 (i)	The company shall have an Audit Committee as a sub-committee of the Board of Directors	✓		
3 (ii)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state affairs of the company and in ensuring a good monitoring system within the business	✓		
3 (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	✓		



Compliance Report on SEC Notification

Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remark (If any)
		Complied	Not Complied	
	Constitution of Audit Commeittee			
3.1 (i)	The Audit Committee shall be composed of at least 3 (three) members	✓		
3.1 (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			To be complied
3.1 (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	✓		
3.1 (iv)	When the term of service of the Committee members expires or there is any circumstance causing any Committee member to be unable to hold office until expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board of Directors shall appoint the new Committee member(s) to fill up the vacancy(ies) immediately or not later than 1 (one) month from the date of vacancy(ies) in the Committee to ensure continuity of the performance of work of the Audit Committee			There has been no such occurrence
3.1 (v)	The company secretary shall act as the secretary of the Committee.	✓		
3.1 (v\)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director To be complied			To be complied
	Chairman of the Audit Committee			
3.2 (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	✓		To be complied
3.2 (ii)	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM)	✓		
	Role of Audit Committee			
3.3 (i)	Oversee the financial reporting process	✓		
3.3 (ii)	Monitor choice of accounting policies and principles	✓		
3.3 (iii)	Monitor Internal Control Risk management process	✓		
3.3 (iv)	Oversee hiring and performance of external auditors	✓		
3.3 (v)	Review along with the management, the annual financial statements before submission to the board for approval	✓		



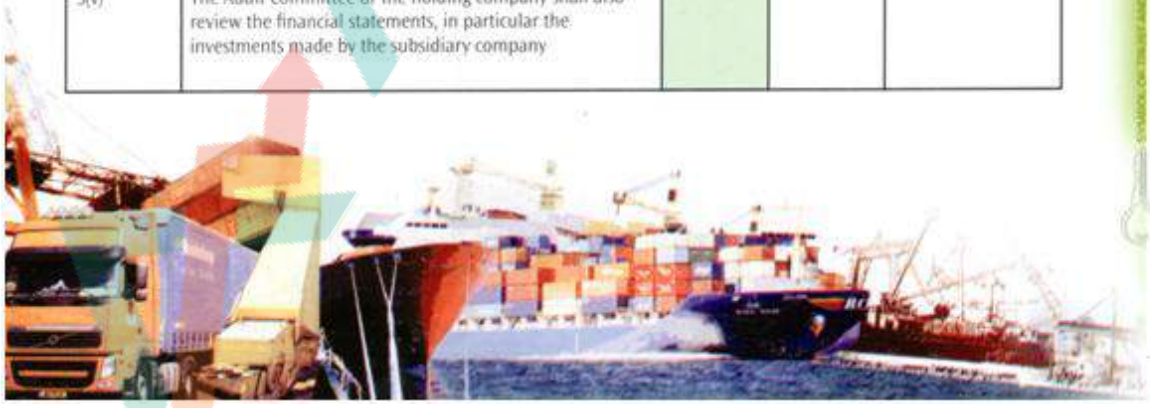
Compliance Report on SEC Notification

Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remark (If any)
		Complied	Not Complied	
	Constitution of Audit Commeittee			
3.3 (vi)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval	✓		
3.3 (vii)	Review the adequacy of internal audit function	✓		
3.3 (viii)	Review statement of significant related party transactions submitted by the management	✓		
3.3 (ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors	✓		
3.3 (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	✓		
3.4	**Reporting to the Audit Committee**	✓		
3.4.1	**Reporting to the Board of Directors**	✓		
3.4.1 (i)	The Audit Committee shall report on its activities to the Board of Directors	✓		
	The Audit committee shall immediately report to the Board of Directors on the following findings, if any;			
3.4.1 (ii) a)	Report on conflicts of interests	✓		No conflicts of interest occurred
3.4.1 (ii) b)	Suspected or presumed fraud or irregularity or material defect in the internal control system	✓		No such finding
3.4.1 (ii) c)	Suspected infringement of laws, including securities related laws, rules and regulations; and;	✓		No such finding
3.4.1 (ii) d)	Any other matter which shall be disclosed to the Board of Directors immediately	✓		
3.4.2	Reporting of anything's having material financial impact to the Commission	✓		No such finding



Compliance Report on SEC Notification

Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remark (If any)
		Complied	Not Complied	
3.5	Reporting to the Shareholders and General Investors	✓		
	Exteranl/Statutory Auditors.			
4(i)	Appraisal or valuation services or fairness opinions	✓		
4(ii)	Financial information systems design and implementation	✓		
4 (Hi)	Book-keeping or other services related to the accounting ' records or financial statements	✓		
4(iv)	Broker-dealer services			N/A
4(v)	Actuarial services	✓		N/A
4(vi)	Internal audit services			
4 (vii)	Any other service that the Audit Committee determines	✓		
4 (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	✓		No partner or employees of the external auditors holding any shares.
	Subsidiary Company			
5(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			N/A
5(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			N/A
5(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			N/A
5(iv)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company a			N/A
5(v)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company			N/A



Compliance Report on SEC Notification

Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remark (If any)
		Complied	Not Complied	
	Duties of Chief Executive Officer (CEO) & Chief Financial Officer (CFO)			
6	They have reviewed financial statements for the year and that to the best of their knowledge and belief;			
6 (i) a)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading	✓		
6 (i) 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	✓		
6 (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	✓		
	Reporting and Compliance of Corporate Governance			
7	The company shall obtain a certificate from a practicing Professional Accountant/Secretary (Chartered Accountant/ Cost and 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.	✓		Certificate are available in the annual report



Directors' Certificate

As per Regulations contained in the First Schedule of the Insurance Act. 1938 and as per Section 63(2) of the Insurance Act, we certify that:

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

2. The value of assets as shown in the Balance Sheet and as classified on Form "AA" annexed have been duly reviewed as at December 31, 2017 and in our belief, the said assets have been set forth in the Balance Sheet at amounts not exceeding their realizable or market value under the several headings as enumerated in the annexed form.

3. All expenses of management, wherever incurred and whether incurred directly or indirectly in respect of Fire, Marine, Motor and Miscellaneous Insurance Business have been duly debited to the related Revenue Accounts and Profit & Loss Account.

Firoz Ahmed
Managing Director & CEO

Md. Shah Alam
Director

Al-haj Md Nurul Amin
Director

M. Kamal Uddin
Chairman

Dated : Dhaka 30 April 2018



Auditors' Report To the Shareholders

We have audited the accompanying financial statements of **Mercantile Insurance Company Limited**, which comprise the Statement of Financial Position as at December 31, 2017 and Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards along with Rules & Regulation Issued by the Insurance Development & Regulatory Authority (IDRA), Bangladesh Securities & Exchange Rules 1987, Companies Act 1994 and other Rules & Regulations. This 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.

Auditor's 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, those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Mercantile Insurance Company Limited as at December 31, 2017 and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards and complies with the Companies Act 1994, the Insurance Act 1938 (as amended in 2010), Insurance rules 1958 and along with Rules & Regulation Issued by the Insurance Development & Regulatory Authority (IDRA), Bangladesh Securities & Exchange Rules 1987 other applicable Rules & Regulations.



Auditors' Report to the Shareholders

Report on other legal and regulatory requirements

We also report that;

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

b) In our opinion, proper books of accounts, records and other statutory books as required by law have been kept by the company so far as it appeared from our examinations of those books and proper returns adequate for the purpose of our audit have been received from branches not visited by us;

c) The company's Statement of Financial Position (Balance Sheet), Statement of Profit or Loss and other Comprehensive Income and Statement of Cash Flows dealt with by the report are in agreement with the books of accounts;

d) The Financial Position of the Company as at December 31, 2017 and the profit for the year then ended has been properly reflected in the Financial Statements, and the Financial Statements have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) as applicable in Bangladesh.

e) The expenditures incurred during the year were for the purpose of the business of the Company;

f) As per Section 63(2) of the Insurance Act 2010, in our opinion to the best of our knowledge and belief and according to the information and explanation 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 profit and loss accounts of the company;

g) As per regulation 11 of part 1 of the third schedule of the Insurance Act, 1938 , in our opinion to the best of our knowledge and information given to us 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 re-insured business abroad;

Dated: April 30, 2018
Place: Dhaka

Ahmed Zaker & Co.
Chartered Accountants



Statement of financial Position

As at December 31, 2017

Particulars	Notes	Amount in Taka	
		31-Dec-17	31-Dec-16
Shareholders Equity & Liabilities :			
Share Capital			
Authorised Capital		1,000,000,000	1,000,000,000
Issued, Subscribed & Paid-up capital	3.00	430,953,600	430,953,600
Share Premium (Less issue expense & taxes)		74,814,125	74,814,125
Reserve or Contingency Accounts:	4.00	**272,672,438**	**242,475,846**
Reserve for exceptional losses		188,866,568	170,352,231
General Reserve		18,700,000	14,700,000
Profit & Loss Appropriation Account		65,105,869	57,423,616
Balance of Fund & Accounts	5.00	**102,027,395**	**96,028,724**
Fire Insurance Business		21,563,926	23,786,960
Marine Insurance Business		63,867,478	55,310,627
Motor Insurance Business		6,577,844	7,297,252
Miscellaneous Insurance Business		10,018,147	9,633,885
Liabilities & Provision		**499,792,801**	**500,785,659**
Premium Deposit	6.00	39,150,834	43,437,316
Estimated liability in respect of outstanding claims whether due or intimated	7.00	149,000,000	174,000,000
Amount due to other person or bodies carrying on insurance business	8.00	174,119,859	53,210,570
Sundry Creditors	9.00	137,522,108	230,137,773
Total Shareholders Equity & Liabilities :		**1,380,260,359**	**1,345,057,955**

The annexed notes 1 to 22 form an integral part of these fiancial statements.

Managing Director & CEO **Director** **Director** **Chairman**

Signed as per our separate report on same date.

Ahmed Zaker & Co.

Dated: April 30, 2018
Place: Dhaka



Statement of financial Position

As at December 31, 2017

Particulars	Notes	Amount in Taka	
		31-Dec-17	31-Dec-16
Assets:			
Non-Current Assets:		**62,218,433**	**62,656,782**
Property, Plant & Equipment	10.00	35,622,050	35,671,975
Bangladesh Govt. Treasery Bond		25,000,000	25,000,000
Deferred Tax Assets	11.00	1,596,383	1,984,807
Current Assets:		**1,318,041,926**	**1,282,401,173**
Investment in Shares	12.00	87,194,618	49,234,242
Accrued Interest, Dividend And Rent	13.00	4,630,570	2,650,000
Amount due from other persons or bodies carrying on insurance business	14.00	183,341,421	85,135,270
Sundry Debtors	15.00	3,770,329	3,590,796
Cash and Bank balance	16.00	938,771,290	963,625,948
Advance Income Tax	17.00	100,233,519	176,931,352
Stamps in hand		100,179	1,233,565
Total Assets:		**1,380,260,359**	**1,345,057,955**
Net Assets Value Per Share (NAVPS)		**18.03**	**17.32**

The annexed notes 1 to 22 form an integral part of these fiancial statements.

Managing Director & CEO **Director** **Director** **Chairman**

Signed as per our separate report on same date.

Ahmed Zaker & Co.

Dated: April 30, 2018
Place: Dhaka



Statement of Profit or Loss and other Comprehensive Income

For the year ended December 31, 2017

Particulars	Notes	Amount in Taka	
		2017	2016
Operating Profit/(loss) Transferred From:		**5,992,875**	**12,402,147**
Fire Insurance Revenue Account		(72,679,917)	(26,848,800)
Marine Insurance Revenue Account		54,925,643	39,067,522
Motor Insurance Revenue Account		10,202,422	(1,101,318)
Misc. Insurance Revenue Account		13,544,728	1,284,743
Non-Operating Income (Not applicable to any fund or Account):		**73,557,596**	**83,408,510**
Interest, Dividend & Rent Income	18.00	73,377,596	82,896,923
Other Income	19.00	180,000	511,587
Total Income:		**79,550,471**	**95,810,657**
Expenses of Management (Not applicable to any fund or Account):		**8,150,544**	**7,910,021**
Registration & Renewal		2,454,062	2,337,656
Directors' Fees		445,000	375,000
Audit Fees		50,000	50,000
Depriciation		5,201,482	5,147,365
Net Profit/(Loss) before tax transferred to Profit & Loss Appropriation Account		71,399,927	87,900,636
Total:		**79,550,471**	**95,810,657**
Earnings per Share (EPS)		**1.29**	**1.40**

The annexed notes 1 to 22 form an integral part of these fiancial statements.

Managing Director & CEO **Director** **Director** **Chairman**

Signed as per our separate report on same date.

Ahmed Zaker & Co.

Dated: April 30, 2018
Place: Dhaka



Statement of Profit & Loss Appropriation Account

For the year ended December 31, 2017

Particulars	Notes	Amount in Taka	
		2017	2016
Opening Balance of appropriation accounts		57,423,616	33,313,719
Net Profit/(Loss) before tax transferred from		71,399,927	87,900,636
Total profit/(loss)		**128,823,543**	**121,214,355**
Appropriation:		**63,717,674**	**63,790,739**
Stock Dividend issued/Cash dividend		43,095,360	30,215,781
Prior year Adjustment for deferred tax upto December 31, 2016			(2,367,365)
Reserve for exceptional losses		18,514,338	17,432,501
General Reserve		4,000,000	200,000
Income tax expenses		15,835,637	27,379,956
Unrealized (gain)/loss on investment in share		(17,727,661)	(9,070,134)
Undistributed Balance transferred to Balance sheet		65,105,869	57,423,616
Total:		**128,823,543**	**121,214,355**

The annexed notes 1 to 22 form an integral part of these fiancial statements.

Managing Director & CEO **Director** **Director** **Chairman**

Signed as per our separate report on same date.

Ahmed Zaker & Co.

Dated: April 30, 2018
Place: Dhaka



Consolidated Revenue Account

For the year ended December 31, 2017

Particulars	Notes	Amount in Taka	
		2017	2016
Opening balance of Reserve for unexpired risks		96,028,724	93,470,639
Premium Less Re-insurance		185,143,380	174,325,014
Commission on Re-insurance Ceded		32,432,381	32,089,789
Total:		**313,604,485**	**299,885,442**
Claims under policies less Re-insurance		**85,831,881**	**88,875,713**
Paid during the year		110,831,881	90,972,213
Claims outstanding at the end of the year		149,000,000	174,000,000
Claims Outstanding at the end of the previous year		(174,000,000)	(176,096,500)
Agency Commission		41,355,953	39,026,331
Expenses of Management		78,396,381	63,552,527
Profit/(Loss) transferred to Profit & Loss Account		5,992,875	12,402,147
Closing balance of Reserve for unexpired risks		102,027,395	96,028,724
Total:		**313,604,485**	**299,885,442**

The annexed notes 1 to 22 form an integral part of these fiancial statements.

Managing Director & CEO **Director** **Director** **Chairman**

Signed as per our separate report on same date.

Ahmed Zaker & Co.

Dated: April 30, 2018
Place: Dhaka



Fire Insurance Revenue Account

For the year ended December 31, 2017

Particulars	Notes	Amount in Taka	
		2017	2016
Opening balance of Reserve for unexpired risks		23,786,960	22,171,628
Premium Less Re-insurance	21.00	39,207,138	43,249,019
Commission on Re-insurance Ceded		17,783,047	18,621,098
Total:		**80,777,145**	**84,041,745**
Claims under policies less Re-insurance		**85,505,513**	**45,049,697**
Paid during the year		98,505,513	42,649,697
Claims outstanding at the end of the year		83,000,000	96,000,000
Claims Outstanding at the end of the previous year		(96,000,000)	(93,600,000)
Agency Commission		16,391,072	16,417,057
Expenses of Management		29,996,552	25,636,831
Profit/(Loss) transferred to Profit & Loss Account		(72,679,917)	(26,848,800)
Closing balance of Reserve for unexpired risks		21,563,926	23,786,960
Total:		**80,777,145**	**84,041,745**

The annexed notes 1 to 22 form an integral part of these fiancial statements.

Managing Director & CEO **Director** **Director** **Chairman**

Signed as per our separate report on same date.

Ahmed Zaker & Co.

Dated: April 30, 2018
Place: Dhaka



Marine Insurance Revenue Account

For the year ended December 31, 2017

Particulars	Notes	Amount in Taka	
		2017	2016
Opening balance of Reserve for unexpired risks		55,310,627	56,506,207
Premium Less Re-insurance	21.00	115,761,712	100,292,109
Commission on Re-insurance Ceded		11,767,643	10,991,092
Total:		**182,839,982**	**167,789,408**
Claims under policies less Re-insurance		**4,113,654**	**25,472,754**
Paid during the year		11,113,654	26,472,754
Claims outstanding at the end of the year		35,000,000	42,000,000
Claims Outstanding at the end of the previous year		(42,000,000)	(43,000,000)
Agency Commission		20,877,400	18,312,008
Expenses of Management		39,055,807	29,626,497
Profit/(Loss) transferred to Profit & Loss Account		54,925,643	39,067,522
Closing balance of Reserve for unexpired risks		63,867,478	55,310,627
		182,839,982	**167,789,408**

The annexed notes 1 to 22 form an integral part of these fiancial statements.

Managing Director & CEO **Director** **Director** **Chairman**

Signed as per our separate report on same date.

Ahmed Zaker & Co.

Dated: April 30, 2018
Place: Dhaka



Motor Insurance Revenue Account

For the year ended December 31, 2017

Particulars	Notes	Amount in Taka	
		2017	2016
Opening balance of Reserve for unexpired risks		7,297,252	7,679,567
Premium Less Re-insurance	21.00	11,959,718	13,267,732
Commission on Re-insurance Ceded		-	-
Total:		**19,256,970**	**20,947,299**
Claims under policies less Re-insurance		**(1,971,250)**	**10,078,012**
Paid during the year		1,028,750	12,074,512
Claims outstanding at the end of the year		12,000,000	15,000,000
Claims Outstanding at the end of the previous year		(15,000,000)	(16,996,500)
Agency Commission		1,516,106	1,771,389
Expenses of Management		2,931,848	2,901,964
Profit/(Loss) transferred to Profit & Loss Account		10,202,422	(1,101,318)
Closing balance of Reserve for unexpired risks		6,577,845	7,297,252
Total:		**19,256,970**	**20,947,299**

The annexed notes 1 to 22 form an integral part of these fiancial statements.

Managing Director & CEO **Director** **Director** **Chairman**

Signed as per our separate report on same date.

Dated: April 30, 2018
Place: Dhaka

Ahmed Zaker & Co.
Chartered Accountants



Miscellaneous Insurance Revenue Account

For the year ended December 31, 2017

Particulars	Notes	Amount in Taka	
		2017	2016
Opening balance of Reserve for unexpired risks		9,633,885	7,113,237
Premium Less Re-insurance	21.00	18,214,812	17,516,154
Commission on Re-insurance Ceded		2,881,691	2,477,599
Total:		**30,730,388**	**27,106,990**
Claims under policies less Re-insurance		**(1,816,036)**	**8,275,250**
Paid during the year		183,964	9,775,250
Claims outstanding at the end of the year		19,000,000	21,000,000
Claims Outstanding at the end of the previous year		(21,000,000)	(22,500,000)
Agency Commission		2,571,375	2,525,877
Expenses of Management		6,412,174	5,387,235
Profit/(Loss) transferred to Profit & Loss Account		13,544,728	1,284,743
Closing balance of Reserve for unexpired risks		10,018,147	9,633,885
Total:		**30,730,388**	**27,106,990**

The annexed notes 1 to 22 form an integral part of these fiancial statements.

Managing Director & CEO **Director** **Director** **Chairman**

Signed as per our separate report on same date.

Dated: April 30, 2018
Place: Dhaka

Ahmed Zaker & Co.
Chartered Accountants



Statement of Changes in Equity

For the year ended December 31, 2017

Particulars	Share Capital	Share Premium	Reserve for Exceptional Losses	General Reserve	Profit and Loss Appropriation	Total Taka
Opening balance	430,953,600	74,814,125	170,352,231	14,700,000	57,423,616	748,243,572
Profit after Tax during the year	-	-	-	-	55,564,290	55,564,290
Transfer to General reserve	-	-	-	4,000,000	(4,000,000)	-
Cash Dividend	-	-	-	-	(43,095,360)	(43,095,360)
Reserve for Exceptional Losses	-	-	18,514,338	-	(18,514,338)	-
Unrealized gain/(Loss) on share	-	-	-	-	17,727,661	17,727,661
As at December 31, 2016	**430,953,600**	**74,814,125**	**188,866,569**	**18,700,000**	**65,105,869**	**778,440,163**

For the year ended December 31, 2016

Particulars	Share Capital	Share Premium	Reserve for Exceptional Losses	General Reserve	Profit and Loss Appropriation	Total Taka
Opening balance	430,953,600	74,814,125	152,919,729	14,500,000	33,313,719	706,501,173
Profit after Tax during the year	-	-	-	-	60,520,680	60,520,680
Transfer to General reserve	-	-	-	200,000	(200,000)	-
Cash Dividend	-	-	-	-	(30,215,781)	(30,215,781)
Reserve for Exceptional Losses	-	-	17,432,502	-	(17,432,502)	-
Prior year Adjustment for deferred tax upto December 31,2016					2,367,365	2,367,365
Unrealized gain/ (Loss) on share	-	-	-	-	9,070,134	9,070,134
As on December 31, 2015	**430,953,600**	**74,814,125**	**170,352,231**	**14,700,000**	**57,423,616**	**748,243,572**

The annexed notes 1 to 22 form an integral part of these fiancial statements.

Managing Director & CEO **Director** **Director** **Chairman**

Signed as per our separate report on same date.

Ahmed Zaker & Co.
Chartered Accountants

Dated: April 30, 2018
Place: Dhaka



Statement of Cash Flow

For the year ended December 31, 2017

Particulars	Amount in Taka	
	2017	2016
Cash Flow from Operating Activities:		
Collection from Premium and Commission	292,236,052	305,377,941
Management Expenses, Commission, Re-Insurance & Claims	(187,094,287)	(218,992,851)
Income tax paid	(30,140,060)	(19,386,336)
Net Cash Provided by Operating Activities: (A)	**75,001,705**	**66,998,754**
Cash Flow from Investing Activities:		
Purchase/sale of Share	(55,640,199)	6,674,613
Interest/Dividend Received	4,030,750	3,269,109
Acquisition of Property, Plant & Equipment	(5,151,555)	(3,646,955)
Disposal of of Non-Current Assets	-	-
Net Cash Used by Investing Activities: (B)	**(56,761,004)**	**6,296,767**
Cash Flow from Financing Activities:		
Dividend Paid	(43,095,360)	(29,522,920)
Net Cash Used by Financing Activities: (C)	**(43,095,360)**	**(29,522,920)**
Net Cash inflow/ outflow(A+B+C)	(24,854,659)	43,772,601
Cash & Bank balance opening at the year	963,625,949	919,853,347
Cash & Bank balance at the end of the year	**938,771,290**	**963,625,948**

The annexed notes 1 to 23 form an integral part of these fiancial statements.

Managing Director & CEO **Director** **Director** **Chairman**

Signed as per our separate report on same date.

Dated: April 30, 2018
Place: Dhaka

Ahmed Zaker & Co.
Chartered Accountants



Classified Summary of Assets

As at December 31, 2017

From "AA"

Sl. No.	Class of Assets	Book Value (Taka)
1	Bangladesh Govt. Treasury Bond	25,000,000
2	Shares	87,194,618
3	Fixed Deposit	885,416,813
4	Cash at Bank (STD & CD A/c)	48,264,866
5	Cash in hand	5,089,611
6	Interest Accrued	4,630,570
7	Sundry Debtors (including advance, deposits & pre-payments)	3,770,329
8	Advance Income Tax	100,233,519
9	Amount due from other person or bodies carrying on Insurance	183,341,421
10	Non-Current Assets (at cost less depreciation)	35,622,050
11	Stamps in hand	100,179
	Total Taka	**1,378,663,976**

Certified that the value of all assets have been reviewed and the said assets have been setforth in the Balance Sheet at amount not exceeding their realizable or Market Value.

The annexed notes 1 to 22 form an integral part of these fiancial statements.

Managing Director & CEO **Director** **Director** **Chairman**

Signed as per our separate report on same date.

Dated: April 30, 2018
Place: Dhaka

Ahmed Zaker & Co.
Chartered Accountants



Net Asset value per share

As on December 31, 2017

The Net Asset Value per share stands at Tk.18.03. The calculation of net asset value per share is given below:

Sl. No.	Particulars	Amount in Tk.	Net Amount in Tk.
	ASSETS		
1	Property, Plant & Equipment	35,622,050	
2	Investment	112,194,618	
3	Interest, Dividend & Rent Outstanding Accrued Interest	4,630,570	
4	Amount due from other persons of bodies carrying on insurance business	183,341,421	
5	Sundry Debtors including Advance, deposits & Prepayments	3,770,329	
6	Cash & Cash Equivalent	938,771,290	
7	Advance Income Tax	100,233,519	
8	Stamps in hand	100,179	
A.	**Total Assets (1 to 8)**		**1,378,663,976**
	LIABILITIES		
1	Balance of funds and Accounts	102,027,395	
2	Liabilities and provisions	499,792,801	
B.	**Total Liabilities (1 to 2)**		**601,820,196**
	Net Assets (A-B)		776,843,780
	Number of Shares of Tk.10.00 each		**43,095,360**
	Net Assets Value per Share		**18.03**

The annexed notes 1 to 22 form an integral part of these fiancial statements.

Managing Director & CEO **Director** **Director** **Chairman**

Signed as per our separate report on same date.

Dated: April 30, 2018
Place: Dhaka

Ahmed Zaker & Co.
Chartered Accountants



1. Legal status and nature of the company:

Domicile, Legal Form, Country of Incorporation:

The Company is incorporated on 19th March, 1996 with the object of carrying in Bangladesh all kinds of insurance business other than life insurance and obtained the Certificate of Commencement of business on 5th May, 1996 from the Register of Joint Stock Companies, Bangladesh. However, the Registration Certificate for carrying on insurance business from the Chief Controller of Insurance, Government of the People's Republic of Bangladesh, was obtained with effect from 13th May, 1996. The Company is listed with both Dhaka Stock Exchange Ltd. & Chittagong Stock Exchange Ltd. as a publicly traded company in 2004.

Address of Registered Office and Principal Place of Business:

The registered office of the Company is at Red Crescent Bhaban 61, Motijheel C/A, Dhaka-1000, Bangladesh.

Principal Activities of the Company

The principal activities of the company are to carry on all kinds of non-life insurance business. There were no significant changes in the nature of the principal activities of the company during the year 2017 under review.

2. Significant Accounting Policies & Other Relevant Information

Basic of Accounting Preparation:

The financial statements of the company under reporting have been prepared under historical cost convention on a going concern concept and on accrual basis in accordance with Generally Accepted Accounting Principles and practice in Bangladesh. Disclosure of financial information as required by Insurance Act 2010 have been complied with while preparing statement of financial position, statement of comprehensive income and revenue accounts for specific classes of insurance business in the form set forth in the first, second and third schedule of the Insurance Act and also in compliance with the Companies Act 1994.

Management Responsibility

The management is responsible for the preparation and fair presentation of the financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS) and existing accounting standards and applicable laws.

Directors Responsibility Statements:

The Board of Directors are also responsible for the preparation and Presentation of financial statements under section 183 of the Companies Act 1994, the Bangladesh Securities and Exchange Rules 1987, listing regulation of Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd and as per the provision of " The International Accounting Standards Committee" (IASC). According to the "International Accounting Standard (IAS) -1" and in accordance with the Bangladesh Accounting Standard (BAS) as adopted by the Institute of Chartered Accountants on Bangladesh (ICAB) Presentation of Financial Statements" the complete set of



Financial Statements include the following components :

i) Statement of financial position as on December 31, 2017.
ii) Statement of Profit or Loss and other comprehensive income for the year ended December 31, 2017.
iii) Statement of Profit & Loss Appropriation Account for the year ended December 31, 2017.
iv) Statement of Changes in equity for the year ended December 31, 2017.
v) Statement of Cash flow for the year ended December 31, 2017.
vi) Notes to the Financial Statements and Significant Accounting Policies.

Date of Authorization

The Board of Directors has authorized these financial statements on April 30, 2017.

Compliance Statements and General Rules& Regulations

The financial statements have been prepared and disclosures of information have been made in accordance with the requirements of Insurance Act, 2010, Insurance rules, 1958, the companies Act, 1994, the Securities and Exchange Rules, 1987, the listing Regulations of Dhaka Stock Exchange Ltd and Chittagong Stock Exchange Ltd, and Guidelines, rules and regulations issued from time to time by the Insurance Development and Regulatory Authority (IDRA).

To comply with the International Accounting Standards and International Financial Reporting Standards as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) as Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) and other applicable laws and regulations.

Basis of Measurement

The financial statements have been prepared on the historical costs basis except for investments in stock exchanges which are measured at fair value.

Functional and Presentational Currency

These financial statements are prepared in Bangladesh Taka (Taka/Tk.), which is the company's functional currency. All information presented in Taka has been rounded to the nearest Taka (BDT).

Going Concern Basis

The company has adequate resources to continue in the operation for the foreseeable future. For this reason the Directors continue to adopt going concern basis in preparing the financial statements. The current credit facilities and adequate resources for providing sufficient funds to meet the present requirements of its existing business and operations.

Reporting Period

Financial statements of the company consistently cover one calendar year from 1 January 2017 to 31 December 2017



Branch Accounting

The company has 14th branches under its umbrella without having any overseas branch up to the year ended December 31, 2017. The accounts of the branches are maintained at the Head Office level. Only petty cash books are maintained at the branch level for meeting day to day cash expenses.

Significant Accounting Policies

i) **Revenue Recognition (BAS-18) :** Revenue is recognized in accordance with Bangladesh Accounting Standards (BAS-18): Revenue, unless otherwise mentioned or otherwise guided by the separate BAS/BFRS or by Directives of the regularity Authority.

ii) **Underwriting premium income :** Underwriting premium income is recognized when insurance policies are issued and premium collected. The sum of premium income as appeared in classified Revenue Accounts is net of the refund made, Re-insurance Ceded and Re-insurance premium on PSB.

iii) **Public Sector Business (PSB) :** As per Government Decision effective from April 1990, 100% Public Sector Insurance Business is being underwritten by Sadharan Bima Corporation (SBC), 50% being retained by SBC and the balance is equally distributed to 47 private sector insurance companies.

The premium in respect of Company's share of Public Sector Insurance Business (PSB) is accounted for in the year in which the relevant statement of accounts from Sadharan Bima Corporation is received. The statements of accounting period from January 01, 2017 to December 31, 2017 have been received from SBC and the Company's share of PSB for the aforesaid period has been recognized in these financial statements accordingly. Such method of account for the Public Sector Insurance Business (PSB) has been consistently followed.

iv) Re-insurance Ceded and Accepted

a) **Re-insurance Ceded and Accepted with Sadharan Bima Corporation :**

Necessary adjustment in respect of Re-insurance ceded and accepted in Bangladesh has duly been made in respective Revenue Account as per Treaty between the company and Sadharan Bima Corporation (SBC).

b) **Re-Insurance with Foreign Re-insurer :**

Fifty percent of the re-insurable non-life insurance business shall be re-insured with Sadharan Bima Corporation and the remaining fifty percent of such business may be re-insured either with the SBC or with any other Re-insurer whether in or outside Bangladesh.

v) Cover Notes Converted into Policy (CCP) :

Amounts received against issue of cover notes that have not been converted into policy are not recognized as income. The cover notes which were previously issued are converted into insurance policy at the expiry of nine months as per circular of the then Chief Controller of Insurance.

vi) Investment Income :

a) Interest on FDRs and 10 years Bangladesh Government Treasury Bond (BGTB) are recognized on accrual basis. Interest on STD/SND/PLS account and other income are recognized as when amount credited to our account.



b) Cash Dividend Income and Stock Dividend from Investment :

Dividend income on investment in shares, if any, are recognized on cash basis and shown in Profit & Loss account. For stock dividend, received by the company against its investment, number of shares increased effecting decrease in average cost of investment. vii) Valuation of Fixed Assets:

Vii) Valuation of fixed Assets :

a) Property, Plant & Equipment:

All fixed assets are stated at cost less accumulated depreciation as per Bangladesh Accounting Standard (BAS)-16, "Property, Plant & Equipment". The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes.

b) Recognition of Fixed Assets:

The company recognizes in the carrying amount of an item of Property, Plant & Equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the company and the cost of the items can be measured reliably. Normal expenditure incurred after the assets have been put into operation such as repairs and maintenance other than major replacements renewals and or betterment of the assets are charged off as revenue expenditure in the period in which it is incurred.

c) Depreciation on Property, Plant & Equipment:

Property, Plant & Equipment is depreciated following the reducing balance method on the basis of life expectancy of the assets in accordance with BAS-16. Depreciation on addition of fixed assets has been charged when it is available for use. The Property, Plant & Equipment are depreciated at the following rates:

Items	Rate
Building and floor space	2.5%
Furniture & Fixtures	10%
Electrical office equipment	15%
Office decoration	10%
Air-Cooler	15%
Motor & Other Vehicles	20%
Telephone Installation	20%
Sundry Assets	25%

The value of all asseown in the Balance Sheet and in the annexed Classified Summary of Assets drawn up in accordance with from "AA" of part II of the First Schedule of the Insurance Act 1938, have been reviewed and the balances are in agreement with the Balance Sheet amount and Form AA amount. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and recognized in the statement of comprehensive income.



d) Impairment of Assets

As per Bangladesh Accounting Standards (BAS) 36: The carrying amounts of the company's non-current assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of comprehensive income. Considering the present conditions of the assets, management concludes that there is no such indications exist.

viii) Employees Benefit Scheme

Mercantile Insurance Company ltd offers a number benefit plans for all permanent Employees of the company which include Contributory Provident Fund, Gratuity Fund, Earn Leave Benefit, Festival Bonus and Incentive Bonus on profit which have been accounted for in accordance with the provision of Bangladesh Accounting Standards **(BAS) 19,** "Employee's Benefit" basis of enumeration the above benefits schemes operated by the company. We are currently not maintaining workers profit participation fund which is the requirement of Bangladesh labor law (amendments) 2013 & Dhaka stock exchange limited. We will start maintaining the WPPF @ 5% on net profit after Tax immediately.

ix) Balance of Funds & Accounts (Un-expired Risk Reserve)

surplus/deficit on Revenue Accounts has been arrived at after making necessary provision for un-expired risk @ 55% of net premium income on Fire, Marine Cargo, Motor, Miscellaneous and 100% on Marine Hull business concern.

x) Allocation of Expenses of Management

As per section 40(C-2) of insurance Act 1938 as amended Insurance Law 2010 all relevant Management expenses wherever incurred directly or indirectly have been allocated amongst different Revenue Accounts in respect of Fire, Marine, Motor and Miscellaneous insurance business on pro-rata basis at their respective gross premium Income.

xi) Cash Flow Statement:

Cash Flow Statement is prepared in accordance with IAS -7' and Bangladesh Accounting Standard (BAS) -7 Cash Flow Statement' and the cash flow from the operating activities has been presented under direct method as prescribed by the Bangladesh Securities and Exchange Rules -1987. Cash Flow statement is broken down into operating activities, investing activities, and financing activities.

xii) Foreign Currency Transaction :

All Foreign Currency Transactions are converted into equivalent Taka currency at the ruling exchange rates on the respective date of such transaction as per Bangladesh Accounting Standard (BAS) -21: "The effects of Changes in Foreign Exchange Rate".

xiii) Cash and Bank balance :

Cash and Bank balance include cash in hand, cash at banks which are held and available for use by the Company without any restriction.



xiv) Appropriation during the Year:

In accordance with "IAS-1" Presentation of Financial Statements" the appropriations for the year have been reflected in the statement of change in equity..

xv) Stock of Stationery & Forms:

Stock of Stationery & Forms has been valued at cost price or net realizable value whichever is lower.

xvi) Re-arrangement of Head of Accounts:

To comply with the International Accounting Standards and International Financial Reporting Standards as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), as Bangladesh Accounting Standards and Bangladesh Financial Reporting Standards, during the year 2013, we have re-arranged some of Heads of Accounts.

xvii) Recognition of Expenses and Taxes:

Expenses are recognized on the basis of a direct association between the cost incurred and the earning of specific heads of income. All expenditure incurred has been charged to the Statement of Comprehensive Income in the running business and in maintaining the Property, Plant and Equipment's in state of efficiency.

xviii) Borrowing Costs :

In accordance with Bangladesh Accounting Standard (BAS-23) borrowing Costs that are directly attributable to the acquisition and construction of a qualifying asset from part of the cost of that asset and here for, should be capitalized. Other borrowing costs are recognized as an expense.

xix) Provision for Income Taxes:

The company has made the income tax provision on the basis of BAS-12 "Income Taxes" and Income Tax Ordinance, 1984 as amended time to time.

i) Current Tax Provision :

A provision @ 40% on the profit except dividend income of the company has been provided during the year. However provision @ 20% is made on dividend income of the company.

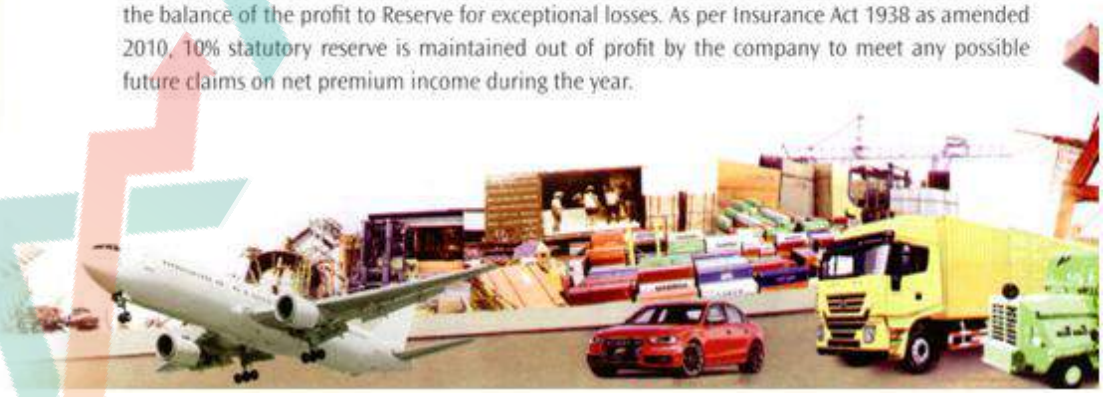
ii) Deferred Taxes:

Deferred tax is provided for all temporary differences comprising between the tax base of assets and liabilities and their carrying amounts in financial statements in accordance with the provision of BAS-12.

xx) Reserve or Contingencies Accounts :

i) Reserve for Exceptional losses :

As per Para 6 of 4th Schedule of Income Tax Ordinance, 1984 to meet the exceptional losses, company sets aside ten percent of the premium income of the year in which it is set aside from the balance of the profit to Reserve for exceptional losses. As per Insurance Act 1938 as amended 2010, 10% statutory reserve is maintained out of profit by the company to meet any possible future claims on net premium income during the year.



ii) Investment Fluctuation Fund (Fair Value Reserve) :

The company made investments in the capital market having a large portfolio and income generated from the investment (realized gain and dividend received) is credited to the statement of comprehensive Income. The company has made a provision considering the average movement of market price as the capital market of Bangladesh is volatile and market price of the stocks and shares are changes very frequently and any effect on increase or decrease are transferred to the investment Fluctuation Fund subsequently.

iii) General Reserve Fund:

The company creates a General Reserve Fund from the current year profit to avoid future contingency.

xxi) Segment Reporting:

A business segment is a distinguishable component of the company that is engaged in providing services that are subject to risks and returns and are different from those of other business segments. The company accounts for segment reporting of operating results of each segment. The Company has four primary business segments for reporting purposes namely Fire, Marine, Motor and Miscellaneous.

xxii) Earnings Per Share (EPS) :

The company calculates Earning Per Share (EPS) in accordance with **BAS -33:** "Earnings Per Share", which has been shown on the Statement of Comprehensive Income (Profit and Loss) in the Financial Statements.

xxiii) Comparative Information:

Comparative information has been disclosed in respect of the previous year for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current year financial statements.

Previous year's figure has been re-arranged whenever considered necessary to ensure comparability with the current year's presentation as per **BAS-8:** "Accounting Policies, Changes in Accounting Estimates and Errors"

xxiv) Event after the Reporting Period (Balance Sheet Date):

The proposed dividend is not recognized as a liability in the balance sheet in accordance with the **BAS-10** Events after the reporting period. The board of directors in its 172nd meeting held on April 30, 2018 decided to recommend payment of 10% cash dividend to all shareholders for the year 2017.

xxv) General

Figures which are shown in the accounts have been rounded off to the nearest Taka.



	Amount in Taka	
	31-Dec-17	31-Dec-16
3.00 Share Capital: Tk. 430,953,600		
Authorised Capital:		
100,000,000 Ordinary Shares of TK.10/= each	1,000,000,000	1,000,000,000
Issued, Subscribed & Paid-up Capital:		
43,095,360 Ordinary Sharesof Tk.10/= each	430,953,600	430,953,600
	430,953,600	**430,953,600**

This is made up as follows

Category of Shareholders	No. of Share	% of holding	Amount (Tk.)
1. Sponsors & Sponsor Directors	13,229,280	30.70%	132,292,800
2. Genral Public	19,328,673	44.85%	193,286,730
3. Institution	10,537,407	24.45%	105,374,070
Total:	**43,095,360**	**100%**	**430,953,600**

Classification of Shareholders as per their share holdings

i) Sponsors & Directors

Class Interval	No. of Shares	No. of Share	% of holdings	% of Total Paid-
001-500	Nil	Nil	Nil	Nil
501-5000	5,370	2	0.04	0.01
5001-10000	18,589	3	0.14	0.04
10001-20000	Nil	Nil	Nil	Nil
20001-30000	Nil	Nil	Nil	Nil
30001-40000	Nil	Nil	Nil	Nil
40001-50000	Nil	Nil	Nil	Nil
50001-100000	Nil	Nil	Nil	Nil
100001-1000000	11,134,561	17	84.17	25.84
1000001 and above	2,070,760	2	15.65	4.81
Total of (i)	13,229,280	24	100	30.70

ii) General Public & Institutions

Class Interval	No. of Shares	No. of Share	% of holdings	% of Total Paid-
001-500	210,102	1174	0.70	0.49
501-5000	3,133,608	1765	10.49	7.27
5001-10000	1,935,572	255	6.48	4.49
10001-20000	2,437,852	167	8.16	5.66
20001-30000	1,938,288	76	6.49	4.50
30001-40000	840,054	24	2.81	1.95
40001-50000	1,216,254	27	4.07	2.82
50001-100000	2,841,853	41	9.52	6.59
100001-1000000	9,901,762	45	33.15	22.98
1000001 and above	5,410,735	2	18.12	12.56
Total of (i)	29,866,080	3,576	100.00	69.30
Grand Total (i+ii)	43,095,360	3,600	Nil	100



Notes to the Financial Statements

For the year ended December 31, 2017

		Amount in Taka	
		31-Dec-17	31-Dec-16
4.00 Reserve or Contingency Accounts: Tk. 272,672,438			
This is made up as follows			
Particulars			
Reserve for exceptional losses	Note: 4.01	188,866,568	170,352,230
General reserve	Note: 4.02	18,700,000	14,700,000
Profit & Loss appropriation accounts	Note: 4.03	65,105,869	57,423,616
Total:		**272,672,438**	**242,475,846**
4.01 Reserve for Exceptional Losses: Tk. 188,866,568			
This is made up as follows			
Particulars			
Opening Balance		170,352,230	152,919,729
Add: addittion during the year		18,514,338	17,432,501
Closing balance:		**188,866,568**	**170,352,230**
4.02 General Reserve: Tk. 18,700,000			
This is made up as follows			
Particulars			
Opening Balance		14,700,000	14,500,000
Add: addittion during the year		4,000,000	200,000
Closing balance:		**18,700,000**	**14,700,000**
4.03 Profit & Loss Appropriation Accounts: Tk. 65,105,869			
This is made up as follows			
Particulars			
Opening Balance		57,423,616	33,313,719
Addittion during the year		71,399,927	87,900,636
Prior year Adjustment for deferred tax upto December 31, 2016			2,367,365
Stock dividend/Cash dividend		(43,095,360)	(30,215,781)
Reserve for exceptional losses		(18,514,338)	(17,432,501)
General Reserve		(4,000,000)	(200,000)
Income tax expenses		(15,835,637)	(27,379,956)
Unrealised gain/(Loss) in share		17,727,661	9,070,134
Closing balance:		**65,105,869**	**57,423,616**

This represents the balance of retained profit after provision of Reserve for exceptional losses, provision for Income Tax & General Reserve

5.00 Balance of fund & accounts: Tk. 102,027,395			
This is made up as follows			
Particulars			
Fire Insurance Business		21,563,926	23,786,960
Marine Insurance Business		63,867,478	55,310,627
Motor Insurance Business		6,577,844	7,297,252
Miscellaneous Insurance Business		10,018,147	9,633,885
Total:		**102,027,395**	**96,028,724**



This is reserve for unexpired risks has been made on net premium income at following rates:

Fire Insurance	55%
Marine Cargo Insurance	55%
Marine Hull Insurance	100%
Motor Insurance	55%
Miscellaneous Insurance	55%

Amount in Taka	
31-Dec-17	31-Dec-16

6.00 Premium Deposit: Tk. 39,150,834

This is made up as follows

Particulars		
Premium Deposit	39,150,834	43,437,316
Total:	**39,150,834**	**43,437,316**

The balance represents the amount received against cover-notes but risks have not been intimated within 31st December, 2016 but subsequently converted into Policies by 31 March, 2017

7.00 Estimated Liability in Respect of Outstanding Claims Whether Due or Intimated: Tk. 149,000,000

This is made up as follows

Particulars		
Fire Insurance	83,000,000	96,000,000
Marine Insurance	35,000,000	42,000,000
Motor Insurance	12,000,000	15,000,000
Miscellaneous Insurance	19,000,000	21,000,000
Total:	**149,000,000**	**174,000,000**

8.00 Amount due to other persons or bodies carrying on insurance business: Tk. 174,119,859

This is made up as follows

Particulars		
Sadharan Bima Corporation & others insurance company	174,119,859	53,210,570
Total:	**174,119,859**	**53,210,570**

9.00 Sundry Creditors: Tk. 137,522,108

This is made up as follows

Particulars			
Value added Tax (VAT)		2,096,941	1,842,793
Audit Fees	Note: 9.01	485,000	485,000
Legal Fees		66,190	66,190
Employees Income Tax (Deducted at source)		-	62,633
Provident Fund		408,954	819,623
Unclaimed Dividend	Note: 9.02	8,906,710	8,338,918
Salary & Allowances		1,916,532	1,932,667
Provision for Income Tax	Note: 9.03	115,308,093	206,698,771
Advance against Car Hire Purchase		8,273,688	6,869,020
Office Rent		60,000	60,000
Reserve for unrealized gain/(loss)			2,962,158
Total:		**137,522,108**	**230,137,773**

VAT of Tk. 20,96,941.00, Provident Fund Tk. 4,08,954.00, Salary & Allowances Tk. 1,916,532.00 and Employees Income Tax Tk. (83,167.00) have since been paid off.



9.01 Audit Fees: Tk. 485,000

This is made up as follows:

Particulars	Amount in Taka 31-Dec-17	31-Dec-16
Statutory Audit Fees-2017	50,000	50,000
Statutory Audit Fees-2015	-	-
Statutory Audit Fees-2013	35,000	35,000
Special Audit Fees-2012	70,000	70,000
Special Audit Fees-2011	70,000	70,000
Special Audit Fees-2010	65,000	65,000
Special Audit Fees-2009	65,000	65,000
Special Audit Fees-2008	65,000	65,000
Special Audit Fees-2007	65,000	65,000
Total:	**485,000**	**485,000**

9.02 Unclaimed Dividend: Tk. 8,906,710

This is made up as follows:

Particulars		
For the year-2004	653,425	653,425
For the year-2005	513,900	513,900
For the year-2006	556,575	556,575
For the year-2007	475,654	475,654
For the year-2008	718,920	718,920
For the year-2009 (Fraction)	1,800	1,800
For the year-2010(Fraction)	194,401	194,401
Right Issue Excess Deposit	55,350	55,350
For the year-2013	2,642,848	2,671,072
For the year-2014	1,716,482	1,787,379
For the year-2015	214,690	710,442
For the year-2016	1,162,665	-
Total:	**8,906,710**	**8,338,918**

Refund & Dividend warrant for the years 2004 to 2016 allready issued. As per BSEC rule but no claim have been made by the share holders up to the date of 31st December 2017

9.03 Provission for Income Tax: Tk. 115,308,093

This is made up as follows:

Particulars		Amount in Taka		
Accounting year ended	Assessment Year		31-Dec-17	31-Dec-16
31-12-2002	2003-2004	1,444,516	-	1,444,516
31-12-2003	2004-2005	2,860,368	-	2,860,368
31-12-2004	2005-2006	4,040,203	-	4,040,203
31-12-2005	2006-2007	4,000,000	-	4,000,000
31-12-2006	2007-2008	6,850,000	-	6,850,000
31-12-2007	2008-2009	7,332,000	-	7,332,000
31-12-2008	2009-2010	4,550,000	-	4,550,000
31-12-2009	2010-2011	11,468,603	-	11,468,603
31-12-2010	2011-2012	6,061,590	-	6,061,590
31-12-2011	2012-2013	23,644,139	-	23,644,139
31-12-2012	2013-2014	34,586,474	-	34,586,474
31-12-2013	2014-2015	-	27,650,468	27,650,468
31-12-2014	2015-2016	-	23,588,222	23,588,222
31-12-2015	2016-2017	-	21,624,791	21,624,791
31-12-2016	2017-2018	-	26,997,398	26,997,398
31-12-2017	2018-2019	-	15,447,214	-
Total:		106,837,893	115,308,093	206,698,772

Against the provision a sum of Tk. 15,835,637 has been paid within 31.12.2017 including Income Tax deducted at source as Advance Income Tax. (Note -17)



10.00 Property, Plant & Equipment: Tk. 35,622,050

This is made up as follows:

Particulars	Amount in Taka 31-Dec-17	31-Dec-16
A. Cost:		
Opening Balance	80,526,936	76,879,979
Addition during the year	5,151,555	3,646,957
Transfer/ Disposal during the year	-	-
Closing Balance:	**85,678,491**	**80,526,936**
B. Accumulated depreciation:		
Opening Balance	44,854,959	39,707,594
Depreciation Charged during the year	5,201,482	5,147,365
Closing Balance:	**50,056,441**	**44,854,959**
Written down value on cost (A-B)	**35,622,050**	**35,671,977**

The details shown in **Annexure-A**

11.00 Deferred Tax Assets: Tk. 1,596,383

This is made up as follows:

Particulars		
Opening balance	1,984,806	-
Deffered Tax Asset up to December 31, 2015		2,367,365
Deferred Tax Expenses during the year on Cost	(388,423)	(382,559)
Total:	**1,596,383**	**1,984,806**

12.00 Investment in Shares: Tk. 87,194,618

This is made up as follows:

Name of the Company	2017 Cost Value	2017 Market Value	2016 Cost Value	2016 Market Value
LAFSURCEML	1,403,133	1,398,000	2,442,597	2,504,396
Dutch Bangla Bank Ltd.	4,596,140	3,062,000	4,596,140	2,334,000
EXIM Bank Ltd.	14,476,173	20,640,000	4,347,320	5,850,000
Islami Insurance Ltd.			964,086	621,081
KPCL	4,424,290	2,715,570	4,424,290	2,901,250
Lanka Bangla Finance	78,142	52,083	4,072,826	2,043,038
MJLBD			71,148	123,786
NCC Bank Ltd.	7,092,157	11,072,465	3,582,218	5,040,000
Popular Life	407,764	429,000	407,764	418,800
Prime Bank Ltd.	8,090,190	6,850,000	3,468,284	1,420,867
RAK Ceramic	2,124,503	1,797,000	1,853,795	1,248,523
Social Islami Bank Ltd.	875,054	1,093,500	13,286,522	17,388,000
Standard Bank Ltd.	29,885,360	34,320,000	2,767,438	4,105,500
Uttara Bank Ltd.	3,400,385	1,765,000	3,400,385	1,235,000
Royal Green Capital Market ltd	2,000,000	2,000,000	2,000,000	2,000,000
Total:	**78,853,291**	**87,194,618**	**51,684,813**	**49,234,242**



13.00 Accrued Interest, Dividend And Rent: Tk. 4,630,570

This is made up as follows:

Particulars		Amount in Taka 31-Dec-17	31-Dec-16
Interest, Dividend And Rent Outstanding		4,630,570	2,650,000
Total:		**4,630,570**	**2,650,000**

The above amount represents interest accrued but not due during the year.

14.00 Amount due to other persons or bodies carrying on insurance business: Tk. 183,341,421

This is made up as follows:

Particulars			
Sadharan Bima Corporation & others insurance company		183,341,421	85,135,270
Total:		**183,341,421**	**85,135,270**

This represents amount due from Sadharan Bima Corporation on Public Sector Business and other Insurance Companies on Co-Insurance Scheme.

15.00 Sundry Debtors: Tk. 3,770,329

This is made up as follows:

Particulars			
Advance against Office Rent		3,156,859	3,060,493
Security deposit	Note: 15.01	613,470	530,303
Total:		**3,770,329**	**3,590,796**

Regular adjustments have been made on advance against office rent

15.01 Security deposit: Tk. 613,470

This is made up as follows:

Particulars		
CDBL	300,000	300,000
Bangladesh Red Crescent Society	313,470	230,303
Total:	**613,470**	**530,303**

16.00 Cash & Bank balance: Tk. 938,771,290

This is made up as follows:

Particulars		
Cash In hand	5,089,611	4,290,249
Fixed Deposit Receipt	885,416,813	913,058,283
STD & CD Accounts	48,264,866	46,277,417
Total:	**938,771,290**	**963,625,949**

*FDR has been produced before the Auditors for their physical verification



AMARSTOCK

17.00 Advance Income Tax: Tk. 100,233,519

		Amount in Taka	
		31-Dec-17	31-Dec-16
This is made up as follows:			
Particulars			
Opening balance		176,931,352	157,545,016
Addition during the year	Note: 17.01	30,140,060	19,386,336
		207,071,412	**176,931,352**
Adjustment during the year		106,837,893	-
		100,233,519	**176,931,352**

The advance tax paid in different years fall adjustable with the assesses tax liabilities subject to disposal of Cases under Tribunal and High Court.

17.01 Details of payment made as advance tax during the year as shown below

This is made up as follows:

Particulars		
Paid for Assessment year 2014-2015	5,289,000	-
Paid for Assessment year 2015-2016	6,969,982	-
Paid for Assessment year 2016-2017	4,640,805	7,000,000
Paid for Assessment year 2017-2018		4,105,000
Paid for Assessment year 2018-2019	6,150,000	
Deduction at source (Interest on FDR)	6,240,474	7,569,620
Deduction at source (Interest on STD)	43,649	57,896
Deduction at source (on Dividend)	806,150	653,820
Total:	**30,140,060**	**19,386,336**

18.00 Interest, Dividend & Rent Income: Tk. 73,377,596

This is made up as follows:

Particulars		
Interest on FDR	66,080,198	76,262,366
Interest on STD	480,148	578,948
Interest on Bangladesh Govt. Treasury Bond	2,786,500	2,786,500
Dividend Received	4,030,750	3,269,109
Total:	**73,377,596**	**82,896,923**

19.00 Other Income: Tk. 180,000

This is made up as follows:

Particulars		
Realized gain on investment in share	180,000	511,587
Total:	**180,000**	**511,587**

20.00 Income tax expenses: Tk. 15,835,637

This is made up as follows:

Particulars		
Current tax	15,447,214	26,997,397
Deferred tax	388,423	382,559
Total:	15,835,637	**27,379,956**



21.00 Premium Less Re-Insurance:

2017

Class of Business	Direct Business	P.S.B. (S.B.C.)	Total Business	Re-Insurance Ceded	Net Premium
Fire	109,273,816	5,203,264	114,477,080	75,269,942	39,207,138
Marine	139,182,664	17,818,186	157,000,850	41,239,138	115,761,712
Motor	10,107,375	2,552,343	12,659,718	700,000	11,959,718
Misc.	17,142,495	23,304,103	40,446,598	22,231,786	18,214,812
Total	**275,706,350**	**48,877,896**	**324,584,246**	**139,440,866**	**185,143,380**

2016

Class of Business	Direct Business	P.S.B. (S.B.C.)	Total Business	Re-Insurance Ceded	Net Premium
Fire	109,447,046	3,227,271	112,674,317	69,425,298	43,249,019
Marine	122,080,058	17,339,975	139,420,033	39,127,924	100,292,109
Motor	11,809,259	2,158,473	13,967,732	700,000	13,267,732
Misc.	16,839,182	19,734,296	36,573,478	19,057,324	17,516,154
Total	**260,175,545**	**42,460,015**	**302,635,560**	**128,310,546**	**174,325,014**

22.00 Un-Realize Gain/(Loss) on Investment: Tk. 17,727,661

This is made up as follows:

Particulars	Amount in Taka	
	31-Dec-17	31-Dec-16
Opening Un-Realize Gain/(Loss) on Investment	2,962,158	12,032,291
Closing Un-Realize Gain/(Loss) on Investment	14,765,503	2,962,157
Total:	**17,727,661**	**9,070,134**

23.00 SUBSEQUENT EVENT

There was no significant event that has occurred between the Balance sheet date and the date when the financial statements are authorised for issue by the Board of Directors.

24.00 GENERAL

a) There was no Bank Guarantee issued by the Company on behalf of their directors.

b) The Board of Directors received no remuneration from the Company other than fees for attending the Board meetings.

c) No credit facilities as on 31st December, 2017availed by the Company under any contract other than trade credit available in course of business.

d) Figures have been re-arranged whereever necessary for the purpose of comparison.



Schedule of Property, Plant & Equipment

As at December 31, 2017

Annexure-A

Particulars	Cost				Rate of Dep.	Depriciation				Written down value
	As on 01.01.2017	Addition during the year	Adjustment during the year	As on 31.12.2017		As on 01.01.2017	Charged during the year	Adjustment during the year	As on 31.12.2017	
Building & Floor Space	6,175,000	-	-	6,175,000	2.5%	154,375	150,516	-	304,891	5,870,109
Furniture & Fixture	14,214,635	180,300	-	14,394,935	10%	9,240,211	513,592	-	9,753,803	4,641,132
Eleectrical & Office Equipment	5,381,436	454,605	-	5,836,041	15%	3,353,760	359,528	-	3,713,288	2,122,753
Office Decoration	20,423,867	11,250	-	20,435,117	10%	12,334,963	809,570	-	13,144,533	7,290,584
Air-Cooler	1,321,917	-	-	1,321,917	15%	1,155,735	24,927	-	1,180,662	141,255
Motor & Other Vehicle	31,214,005	4,500,000	-	35,714,005	20%	17,051,604	3,295,220	-	20,346,824	15,367,181
Telephone Installation	1,486,536	5,400	-	1,491,936	20%	1,265,800	44,641	-	1,310,441	181,495
Sundry Assets	309,538	-	-	309,538	25%	298,511	3,488	-	301,999	7,539
As on December 31, 2017	**80,526,934**	**5,151,555**	**-**	**85,678,489**		**44,854,959**	**5,201,483**	**-**	**50,056,442**	**35,622,047**
As on December 31, 2016	**76,879,979**	**3,646,957**	**-**	**80,526,936**		**39,707,594**	**5,147,365**	**-**	**44,854,959**	**35,671,977**

The annexed notes 1 to 22 form an integral part of these fiancial statements.

Managing Director & CEO **Director** **Director** **Chairman**

Signed as per our separate report on same date.

Dated: April 30, 2018
Place: Dhaka

Ahmed Zaker & Co.
Chartered Accountants



মার্কেন্টাইল ইনস্যুরেন্স কোম্পানী লিঃ
MERCANTILE INSURANCE COMPANY LTD.
SYMBOL OF TRUST AND SECURITY

PROXY FORM

I/We .....

of .....

being a shareholder of Mercantile Insurance Company Limited and a holder of ..... (Number Of Shares) Ordinary Shares do hereby appoint Mr. /Mrs. .....

Of .....

as my/our proxy, to vote for me/us and on my/our behalf at the 22nd Annual General Meeting of the Company to be the Multipurpose Hall, The Institution of Diploma Engineers, Bangladesh, 160/A Kakrail, Dhaka-1000, on Saturday 30 June 2018 at 10:00 A.M. and at any adjournment thereof, or at any ballot to be taken in consequence thereof.

Signed on this ..... Day of 2018

Signature of Proxy .....

Folio No. .....

BO A/C No. .....

Revenue Stamp Tk. 20.00

Signature of Shareholder .....

Folio No. .....

BO A/C NO. .....

Notes:

1) The Proxy Form, duly completed, must be deposited at least 48 hours before the meeting at the Company's Registered Office. Proxy is invalid if not signed and stamped as explained above.

2) Signature of the Shareholder should match with the Specimen Signature registered with the Company.

মার্কেন্টাইল ইনস্যুরেন্স কোম্পানী লিঃ
MERCANTILE INSURANCE COMPANY LTD.
SYMBOL OF TRUST AND SECURITY

ATTENDANCE SLIP

I hereby record my atterndance at the Multipurose Hall, The Institution of Diploma Engineers, Bangladesh, 160/A Kakrail, Dhaka-1000, on Saturday 30 June 2018 at 10:00 A.M.

Name of shareholder/Proxy .....

Folio or BO A/C No. .....

Signature ..... Dated: .....

Note: Please complete the attendance slip and hand it over at the entrance of the Auditorium.

AMAR STOCK