# Annual Report 2016

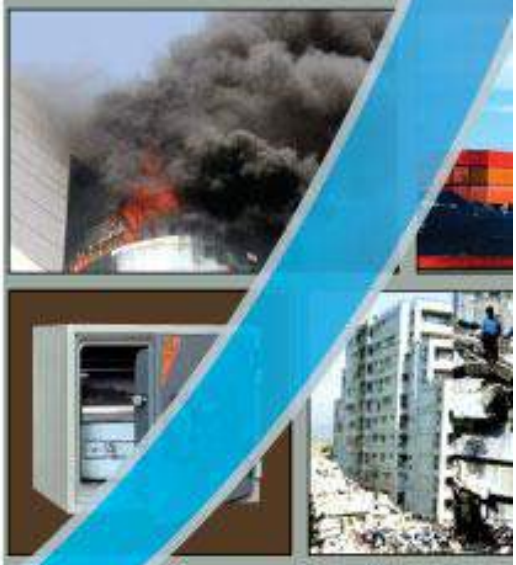


## Northern General Insurance Co. Ltd.

(A KEY TO PROTECTION)

# Annual Report

# 2016



## Northern General Insurance Co.

(A KEY TO PROTECTION)

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# নর্দার্ণ জেনারেল ইন্স্যুরেন্স কোঃ লিঃ
# Northern General Insurance Co. Ltd.
(A KEY TO PROTECTION)

## Notice of the 21st Annual General Meeting

Notice is hereby given that the **21st Annual General Meeting** of the honorable shareholders o Northern General Insurance Company Limited will be held on **Thursday, June 15, 2017** at **10:0 A.M.** at **Institution of Diploma Engineers, Bangladesh, IDEB Bhaban, 160/A, Kakrail Dhaka-1000** to transact the following business:

### AGENDA

1. **Report and Accounts**
   To receive, consider and adopt the Audited Financial Statements and the Report of the Directors and Auditors of the Company for the year ended 31st December, 2016.

2. **Dividends**
   To declare and approve dividend for the year 2016 as recommended by the Board o Directors.

3. **Election/Re-election of Directors**
   To elect Directors who are retiring in terms of the relevant provision of the Articles o Association of the company.

4. **Appointment of Auditor (s)**
   To consider appointment of Auditor (s) for the year 2017 and to fix their remuneration.

By order of the Board of Director

Dated, Dhaka
May 17, 2017

**Sd/-**
**(Sujit Kumar Dey FCA)**
Deputy Managing Director &
Company Secretary

**Notes:**

a) **May 18, 2017** has been scheduled as Record Date. The shareholders whose names appeared in t Share Register/Depository Register on the Record Date would be eligible to attend the meeting and entitled to dividend.

b) Any member of the company entitled to attend and vote at the Annual General Meeting may appoin proxy to attend and vote on his/her behalf. The proxy must be a member of the company.

c) The instrument appointing a proxy duly stamped and signed by the member must be submitted to t Registered Office of the Company not less than **48 hours** before the time fixed for the meeting.

d) For registration in the meeting, production of attendance slip is required.

e) The shareholders are requested to register their names in the counter at the entrance of the AG venue from 8:00 A.M. to 10:15 A.M. on June 15, 2017. No entry will be recorded before 8:00 A.M. a after 10:15 A.M. on the scheduled meeting date.



# Corporate Information

| | |
|---|---|
| Name of the Company | **Northern General Insurance Co. Ltd.** |
| Legal Form | A Public Limited Company Incorporated in Bangladesh under the Companies Act 1994 from Registrar of Joint Stock Companies & Firms and Registered with Department of Insurance, Govt. of the People's Republic of Bangladesh (Now Insurance Development & Regulatory Authority). |
| Nature of Business | Non Life Insurance Business |
| Auditors | Rahman Mostafa Alam & Co.<br>Chartered Accountants<br>Paramount Heights (7th Floor, D2 & C1)<br>65/2/1 Box Culvert Road, Purana Paltan, Dhaka-1000 |
| Contracts | Telephone : (+880-2-) 955 9077-79, 57164389, 47110160<br>Fax : (+880-2-) 9551579<br>Email : info@ngicl.com<br>Website : www.ngicl.com |
| Legal Advisor | MNS Barristers & Advocates<br>2/1, Naya Paltan (3rd floor), Dhaka, Bangladesh |
| Tax Advisor | ADN Associates<br>Aly's Centre (8th Floor),<br>40, Bijoy Nagar, Dhaka-1000, Bangladesh |
| Principal Bankers | Standard Chartered Bank<br>AB Bank Ltd.<br>First Security Islami Bank Ltd.<br>Southeast Bank Ltd.<br>Shahjalal Islami Bank Ltd. |

# Corporate Milestones

| | | |
|---|---|---|
| Incorporation of the Company | : | April 08,1996 |
| Commencement of Business | : | April 08,1996 |
| First Board Meeting | : | March 25,1996 |
| Registered with the Department of Insurance | : | May 25,1996 |
| Authorized Capital (in Tk.) | : | Tk. 1,000,000,000.00 |
| Issued, Subscribed & Paid up capital | : | Tk. 38,78,14,650.00 |
| Number of Share Issued | : | 3,87,81,465 Shares |
| Face Value (Per Share) | : | Tk.10.00 |
| Applied for Listing with DSE | : | July 16, 2008 |
| Applied for Listing with CSE | : | July 16, 2008 |
| First Trading of shares on DSE | : | November 25, 2008 |
| First Trading of shares on CSE | : | November 25, 2008 |
| Net Asset value per share | : | Tk. 20.16 |
| Price Earning Ratio (as on 31-12-2016) | : | DSE-Tk. 12.04, CSE-Tk. 11.75 |
| Market Price (as on 31-12-2016) | : | DSE Tk. 20.60, CSE Tk. 20.10 |
| Year Wise Dividend Declaration | : | 12.50% (Cash Dividend) 2007, 15% (Bonus) 2008, 15% (Bonus) 2009, 12% (Bonus) 2010, 15% (Bonus) 2011, 12% ((Bonus) 2012, 10% (Bonus) 2013 10% (Bonus) 2014, 12% (Bonus) 2015, 10%(Bonus) 2016 |

| | | |
|---|---|---|
| Distribution of 12% stock dividend in respect of financial year ended 31st December, 2015 | Record date | April 24, 2016 |
| | Allotment date | June 16, 2016 |
| 20th Annual General Meeting | Notice date | May 10, 2016 |
| 20th Annual General Meeting | Held on | June 02, 2016 |

## FINANCIAL CALENDAR

| | Submission Date |
|---|---|
| Audited Financial Statement for the 31 December, 2015 | April 28, 2016 |
| Unaudited Financial Statement for the 1st quarter ended 31 March, 2016 | April 26, 2016 |

# Vision, Mission & Objectives

## Our Vision

To be the market leader as strong and dynamic non-life insurer in providing integrated insurance service with special focus on prompt claim settlement.

## Our Mission

- Enhance profitability through customer's satisfaction.
- Create shareholders value.
- Progress Employer's Commitment to excellence.

## Objectives

- To meet the customers demand with our all out effort.
- To ensure the maximum protection of investment of our shareholders.
- To provide secured employment environment.
- To maintain high level of ethical standard.
- To develop corporate culture and good governance for us and all around us.
- To maintain the transparency in disclosures.

# Products and Services



## Fire Insurance

- Fire Insurance (including Allied Perils)
- Industrial All Risks (IAR)

## Marine Cargo Insurance

- Transit by Steamer or Powered Vessel
- Transit by Rail/Lorry/Truck
- Transit by Inland Rail or Road Conveyance
- Transit by Air Cargo
- Transit by Inland Cargoes (Water Borne)

## Marine Hull Insurance (TLO)

- Total Loss Only (TLO)
- Comprehensive

## Motor Insurance

- Commercial Vehicle
- Private Vehicle
- Motor Cycle/ Scooter

## Miscellaneous

- Burglary & House Breaking Insurance
- Cash in Safe
- Cash in Transit
- Cash on Counter
- Cash in Premises
- Contractors' All Risk(CAR)
- Erection All Risks (EAR)
- Engineering Insurance
  - Boiler and Pressure Vessel Insurance (BPV)
  - Machinery Breakdown Policy (MBD)
  - Deterioration of stock in cold storage Policy (DOS)
  - Electronic Equipment Insurance (EEI)
  - Lift Insurance Policy
- Fidelity Guarantee Insurance
- People Personal Accident (PPA)
- Performance Bond Insurance
- Third Party Liability Policy
- Workmen's Compensation Policy
- Personal Accident Policy (PA)
- Business Interruption Policy



# Branch Network

| Branch Name | Address | Phone/Fax/Mobile |
|---|---|---|
| **Agrabad Branch** | Sattar Chamber (4th floor)<br>99 Agrabad C/A, Chittagong | Tel : 031-2518279<br>Mobile : 01819-321297 |
| **Bangshal Branch** | 230 North South Road (3rd floor),<br>Dhaka | Tel: 02-47116843, Fax : 02-7116162<br>Mobile : 01819-271092 |
| **B.B. Avenue Branch** | 29 B.B. Avenue (1st floor),<br>Dhaka-1000 | Tel: 02-9558011, Fax: 02-9569598<br>Mobile : 01711-850550 |
| **Comilla Branch** | Hira Mansion (3rd floor), Ramghat,<br>Kandirpar, Comilla | Tel : 081-67813<br>Mobile : 01727-115552 |
| **Dilkusha Branch** | Zaman Court, (8th Floor), 45<br>Dilkusha, C/A, Dhaka-1000 | Tel : 02-9551805, Fax : 02-9577630<br>Mobile : 01819242180 |
| **Elephant Road Branch** | 299 Elephant Road (5th floor)<br>Dhaka | Tel : 02-9660746, 02-8616145<br>Mobile : 01718 964799 |
| **Gazipur Branch** | Tangail Road, Near Brac Bank &<br>NCC Bank Ltd. Chandana,<br>Chourasta,Gazipur | Tel : 02- 49263672<br>Mobile : 01711-317698 |
| **Hatkhola Branch** | Property Heights (2nd Floor), 12, R.K.<br>Mission Road, Dhaka. | Tel : 02- 9563635<br>Mobile : 01819-468690 |
| **Jubilee Road Branch** | 44, Jubilee Road, Enayet Bazar,<br>Chittagong | Tel : 031-615611, Fax : 031-630327<br>Mobile : 01819-385413 |
| **Kadamtoli Branch** | 1336/A.D.T. Road, (1st Floor)<br>Kadamtoli, Chittagong | Tel : 031-718495, Fax : 031-716125<br>Mobile : 01819-311430 |
| **Khatungonj Branch** | 279 Khatungonj,<br>Noor Market, Chittagong | Tel : 031-622426, Fax : 031-622425<br>Mobile : 01817-748474 |
| **Kawran Bazar Branch** | 57/E (1st Floor), Kazi Nazrul Islam<br>Avenue, Dhaka | Tel : 02-9125864, Fax : 02-9124511<br>Mobile : 01819 199170 |
| **Kakrail Branch** | 50/D, VIP Road (1st Floor)<br>Naya Palton, Dhaka-1000 | Tel : 02-9346686, Fax : 02-9355988<br>Mobile : 01913 464031 |
| **Local Office** | Motijheel Square (7th floor), 1/B,<br>D.I.T. Avenue, Motijheel C/A, Dainik | Tel : 02-47114932<br>Fax : 02-9571555 |

# Branch Network

| Branch Name | Address | Phone/Fax/Mobile |
|---|---|---|
| **Motijheel Branch** | Bhuiyan Mansion (2nd floor),<br>6 Motijheel C/A, Dhaka | Tel :02-9559702, Fax :02-7121197<br>Mobile :01711-107651 |
| **Mogh Bazar Branch** | 4, Shahid Tajuddin Sharani (4th floor),<br>Boro Moghbazar, Dhaka-1217 | Tel : 02-9330450, Fax : 02-8331549<br>Mobile : 01730-452819 |
| **Mohakhali Branch** | H-4 (2nd floor), International Airport Road,<br>Mohakhali C/A, Dhaka | Tel : 02-9886790, Fax : 02-9890498<br>Mobile : 01713-038195 |
| **Tangail Branch** | Holding No. 1100,<br>P.S.- Modhupur, Dist. Tangail | Tel : 09228-56352<br>Mobile : 01711-33343 |
| **Narayangonj Branch** | Fazar Ali Trade Centre (4th floor), 78,<br>B.B. Road, Narayangonj | Tel : 02-7631963<br>Mobile : 01816-338372 |
| **Paltan Branch** | Darus Salam Arcade (6th Floor),<br>Room # 02, 15, Purana Paltan Dhaka-1000 | Tel : 02-9513173, Fax : 02-9513258<br>Mobile : 01711-136580 |
| **Shantinagar Branch** | Shaan Tower (4th floor),<br>24/1 Chamelibag, Dhaka | Tel : 02-9338037<br>Mobile : 01711-850942 |
| **Sk. Mujib Road Branch** | Progressive Tower (2nd floor), 1837,<br>SK. Mujib Road, Badamtoli,<br>Agrabad, C/A, Chittagong | Tel : 031-2517832,<br>Fax: 031-2517834<br>Mobile : 01716 524778 |
| **Imamgonj Branch** | AGI Business Centre (7th Floor) 81/B-1,<br>Hosni Dalan Road, Chankharpul,<br>Dhaka-1000. | Tel: 57300725<br>Contact No. 01871 210100 |
| **Principal Branch** | 204, Syad Nazrul Islam Sarani<br>Bijoy Nagar,<br>Aziz Co-Operative Motor Parts<br>Market (2nd floor), Dhaka-1000. | Tel: 9513627-28<br>Mobile No. : 019122 46526<br>016721 65279 |





# Corporate Structure

## Board of Directors

Chairman
**Mr. Abdul Matin**
Vice-Chairman
**Mr. Mohammad Azam**

Directors

**Al-haj Nasiruddin**
**Mr. Md. Sarwar Salim**
**Mr. S. M. Ayub Ali Chowdhury**
**Al-haj Abdus Samad**
**Al-haj Md. Saiful Alam**
**Mrs. Ferdousi Islam**
**Mr. Arshadul Alam**
**Ms. Thamina Rahman**
**Barrister Faysal Ahmed Patwary**
**Mr. Shahriar Khaled**
**Mr. Mortuza Siddique Chowdhury**
**Mr. Mohammed Shafiul Azam**

Independent Director
**Prof. Dr. Zainab Begum**
**Mr. Mohammad Rafique**

Chief Executive Officer
**Mr. Abdul Haque FCA**

Company Secretary
**Mr. Sujit Kumar Dey FCA**

### Executive Committee
Chairman
**Mr. Arshadul Alam**

### Claim Committee
Chairman
**Al-haj Nasiruddin**

### Audit Committee
Chairman
**Prof. Dr. Zainab Begum**

### Manpower Review Committee
Convener
**Mr. Md. Sarwar Salim**

# Introducing the Directors

## Board of Directors and their Profile



**Mr. Abdul Matin**
Chairman, BOD

Mr. Abdul Matin was elected as the Chairman of Northern General Insurance Company Limited in the 172nd Meeting of the Board of Directors held on June 02, 2016. After completion of his Diploma in Textile Chemistry and BSC in Textile (USA), he started his business career & set up a good number of business in Manufacturing, Insurance and Medical Services holding the capacity of Chairman, Managing Director & Director which has been listed in page 86. He is a widely travelled person and involved in many social activities.



**Mr. Mohammad Azam**
Vice Chairman, BOD

Mr. Mohammad Azam, the Vice Chairman of Northern General Insurance Company Limited is a promising businessman of the country. After completion his education, he devoted himself to business activity at Chittagong. He has a long experience in various field of business and involved in the business of Shipping & Trading listed in the page 86. He is a widely travelled person and associated with many social activities.



**Al-haj Abdus Samad**
Director, BOD

Al-haj Abdus Samad, Director of the Northern General Insurance Company Ltd. is a prominent entrepreneur of the country. He is the Chairman of the Board of Director of Al-Arafah Islami Bank Ltd. and Vice Chairman of S. Alam Group. He has versatile & diversified business affiliation and keen perception in Banking, Leasing, Merchant Banking, Manufacturing, Shipping, Power Plant, Transportation, Properties, Electronic Media and Trading business holding the capacity of Chairman, Vice Chairman, Managing Director and Director which is listed in the page 87. He is very much active using his tremendous leadership to progress and development of the insurance sector. He accomplished his graduation in business administration from Panjab University Chandrighar, India. He traveled the SAARC Countries, USA, UK, Canada, Brazil, Japan, China, Malaysia, Singapore, Thailand and Several European Countries on business trips on different accession including Conference, Seminar, Symposium etc. He is also deeply involved in many Social Activities.

## Board of Directors and their Profile



**Alhaj Nasiruddin**
Director, BOD &
Chairman of Claim Committee

Former Chairman of Board of Directors, Al-haj Nasiruddin is a Sponsor Director of Northern General Insurance Company Limited as well as a versatile business personality. He is actively associated with a number of companies in the areas of Insurance, Trading and Indenting Sector. A list of organizations and entities has given in the page 86. where he has got interest in the capacity of Managing Director and Proprietor. He has attached with various educational & socio cultural activities and devoted himself in the development of the country. He is also a widely travelled person across the globe on business trips.



**Mr. S. M. Ayub Ali Chowdhury**
Director, BOD

Former Chairman of the Board of Director Mr. S. M. Ayub Ali Chowdhury is a Director of Northern General Insurance Company Ltd. Apart from this he is a prominent businessman of the country and involved in the business of Manufacturing and Pharmaceutical holding the capacity of Chairman which has been listed in the page 86. He is a widely travelled person and involved in many social activities.



**Mr. Md. Sarwar Salim**
Director, BOD &
Convener, Manpower Review Committee

Former Vice Chairman of the Board of Director Mr. Md. Sarwar Salim is a Director & Convener of Manpower Review Committee of Northern General Insurance Company Ltd. He accomplished his M.Com. in Accounting and he is a highly proficient personality in the field of Banking Sector having a long experience in multinational banking sector with the managerial capacity. He is involved himself in different lines in business activities like Manufacturing, International Trading & Property business holding the capacity of Managing Director & Director which has been listed in the page 86. He is associated with many social activities and is a widely travelled person across the globe.

# Board of Directors and their Profile



**Mrs. Ferdousi Islam**
Director, BOD

Mrs. Ferdousi Islam, a dynamic and visionary business personality is a Sponsor Director and is involved with a good number of business entities holding the capacity of Chairman, Managing Director & Director in the various field of business listed in the page no. 86. She is also actively involved in many social activities. She is a widely traveled person across the globe.



**Al-haj Md. Saiful Alam**
Director, BOD

Al-haj Md. Saiful Alam, Director of Northern General Insurance Company Limited is a renowned Entrepreneur of the Country. He is the Chairman of S. Alam Group and First Security Islami Bank Ltd.. Besides, he has built up a reputation as an astute and efficient business personality and achieved a remarkable success in a good number of business entities engaged in Banking, Leasing, Merchant Banking, Shipping, Manufacturing, Power Plant, Transportation, Properties, Electronic Media & Trading Business holding the capacity of Chairman & Managing Director which is listed in the page no. 88. Apart from all these, he is associated with a number of Social, Sports, Cultural and Religious Organizations.



**Mr. Arshadul Alam**
Director, BOD & Chairman of Executive Committee

Mr. Arshadul Alam, a young and dynamic businessman is a Sponsor Director of Northern General Insurance Company Limited. After completion his graduation in Business Administration he started his career to set up a number of companies holding capacity of Director and Proprietor which is listed in the page no. 87-88. He is a widely traveled person across the Globe on business trips and involved in many socio cultural activities.

## Board of Directors and their Profile



**Barrister Faysal Ahmed Patwary**
Director, BOD

Barrister Faysal Ahmed Patwary is a dynamic and young business personality had accomplished his Bar-at-Law. Thereafter, he engaged himself with business activities in different areas with several prestigious sector to set up a good number of entities holding the capacity of Director which is listed in the page no. 86. He is very much using his tremendous leadership to progress and development of the insurance business. He is a widely travelled person and visited the SAARC countries, USA and several European Countries for business purpose.



**Mr. Shahriar Khaled**
Director, BOD

Mr. Shahriar Khaled is a young and energetic business personality of the country. He is involved in the diverse area of business holding capacity of Director listed in the page no. 87. He is also deeply involved in many social activities and a widely traveled person.



**Mr. Mortuza Siddique Chowdhury**
Director, BOD

Mr. Mortuza Siddique Chowdhury, Director of Northern General Insurance Company Limited is a prominent businessman in the country. He has a long experience in business like Leasing, Media, Properties and Trading sector holding the capacity of Chairman, Managing Director and Director listed in the page no. 88. He is also involved in many social activities and a life members of Anjumane Ittehad, Baitus Sharaf, Chittagong and Baitus Sharaf Hospital, Cox's Bazar. He is a widely travelled person

## Board of Directors and their Profile



**Ms. Thamina Rahman**
Director, BOD

Ms. Thamina Rahman is a young and promising business woman and is devoted herself to business activity at Chittagong. She is involved in many social, cultural activities and devoted herself in social welfare works. She is a widely traveled person.



**Mr. Md. Shafiul Azam**
Director, BOD

Mr. Md. Shafiul Azam is a young and promising entrepreneur of the country. After completion of his graduation in Business Administration from University of Canberra, Australia, he started his business career in diverse area like Manufacturing, Properties, International Trading etc holding the capacity of Director listed in the page no. 86. Mr. Md. Shafiul Azam is a widely traveled person across the globe.

## Board of Directors and their Profile



**Prof. Dr. Zainab Begum**
Independent Director and
Chairman of Audit Committee

Prof. Dr. Zainab Begum is an Independent Director of Northern General Insurance Company Limited. She is a retired Joint Secretary of government of the People's of Republic of Bangladesh, Bangladesh Secretariat. She has 35 years experience in different Ministries of Bangladesh Govt. for policy making as senior ranking Government officer. She obtained her M. Sc. From University of Dhaka and completed her P. D from University De Clermontferrand, France, She got various training in different from UGC, UNESCO, NAEM, Dhaka, SAARC, BIAM Dhaka, RDCD of Division of LGRM Ministry. She is a widely traveled person across the globe on official trips on different occasions including attending high level international conference, Seminar, Symposium etc.



**Mohammad Rafique**
Independent Director

Mr. Mohammad Rafique was appointed to the Board of Northern General Insurance Company Limited on 23 September, 2014 as Independent Director. He had completed his MSS in Economics from Chittagong University. He is the Proprietor of M. M. Corporation.



# Management Team

**Managing Director & CEO**
Mr. Abdul Haque FCA

**Deputy Managing Director**
Mr. Sujit Kumar Dey FCA
*(CFO & Company Secretary)*
Mr. Md. Raihan Ferdous
Mr. Md. Mahbubul Haque
Mr. Md. Mustafizur Rahman
Mr. Md. Lutful Alam

**Assistant Managing Director**
Mr. Md. Masud Rana
Mr. Kazi Mizanur Rahman
Mr. S. M. Ahasanul Haque
Mr. Md. Abdul Haque Chowdhury
Mr. Md. Zahir Uddin Babur
Mr. Golam Haider Chowdhury
Mr. Chowdhury Golam Faruque

**Sr. Executive Vice President**
Mr. Mohammed Salim
Mr. Md. Rafiqul Islam
Mr. Badrul Haque Rafiqi

**Executive Vice President**
Mr. Md. Nazmul Huda
Mr. Md. Azazul Islam
Mr. Khokan Chandra Sarkar

**Sr. Vice President**
Mr. Uzzal Kumar Chakraborty
Mr. Shahidul Hoque

**Vice President**
Mr. Babul Mitra
Mr. Md. Aminul Islam
Mr. Md. Waliullah Sikder (Wali)

**Senior Assistant Vice President**
Mr. M. H. Galib
Mr. Mohammed Saifur Rahman
Mr. Md. Nazmul Karim
Mr. Tofayel Ahmed Bhuiyan

**Assistant Vice President**
Mrs. Fazilatun Nesa Rimi

**Joint Assistant Vice President**
Mr. Md. Shamsul Alam
Mr. Md. Abul Hasanat
Mr. Md. Mostafa Jamal Masud
Mr. Md. Hafizullah
Mr. Md. Shakhawat Hossain
Mrs. Shikha Rani Datta, ACS
Mr. Mohammed Jahangir Alam

# Pictorial




20th AGM held on June 02, 2016



Shareholder's registration event in the 20th AGM



Shareholder's at 20th AGM




21st Branch Managers' Conference-2017



Managers attendence in 21st Managers' Conference-2017




Board of Directors Meeting, 2017

# Chairman's Address



# Chairman's Address

Bismillahir Rahmanir Rahim

**Distinguished Shareholders,**

**Assalamu Alaikum,**

It gives me immense pleasure to welcome you all to the 21st Annual General Meeting of Northern General Insurance Company Ltd. and place before you Company's Audited Financial Statements for the year ended 31st December 2016 for your consideration.

Northern General Insurance Company Ltd. has continued to post profit in 2016 despite a challenging business environment. In line with accelerating economic growth rate of the country, the company maintained sustainable momentum and the Directors' Report have elaborately dealt with the performance for the year ended 31st December, 2016.

Despite of stiff market competition, performance of Northern General Insurance Company Limited has been higher during this year. We earned a Gross Premium of BDT 373.38 million against Gross Premium of BDT 351.38 million in 2015 i.e. BDT 22.00 million more than last year. Our net profit stood at BDT 93.72 million and total asset stood at BDT 1,129.28 million as at 31st December, 2016

Based on the net profit for the year 2016, we have proposed 10% Stock Dividend. With the addition of proposed Stock Dividend, the paid up capital of the company will be almost Tk. 42.66 crore. We are confident to maintain the strong performance based on our financial strength and on our competitive advantages. The company continues with its business portfolio by advocating for medium and smaller clients, thus achieving a desirable spread of business fundamental to the growth of insurance industry.

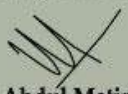
We have always emphasized on professionalism and the company is in the hands of highly qualified personnel, who have rendered dedicated services over the years and moved the company forward to where it is now. Development of proper human resources is one of the priorities of the company to maintain its ability to provide services of the highest quality to its clients and thus edge over its competitors. In these days of information technology, the company is equally attentive to this area and has expanded its existing network services to the fullest extent.

Northern General Insurance Company Limited views sound corporate governance as a critical factor in ensuring organizational integrity and efficiency creating long term value for shareholders. We aspire to the highest standards of ethical conduct and best practices in reporting results with accuracy and transparency and maintaining full compliance with the laws, rules and regulations that govern our business in different jurisdiction.

With its impressive track record, we are very much confident that the company is poised to accept challenges of the future, capitalize on opportunities arising and maintain its momentum in growth in business and profitability in the year to come. We are most obliged and appreciative of the continued support from our clients & shareholders and would look forward to continuation of the same. In particular, I would like thank to all scheduled banks & non banking financial institutions with whom we have extensive dealings, prime regulator IDRA, Stock Exchange of Dhaka & Chittagong, CDBL, BSEC, Sadharan Bima Corporation and other governing bodies for their continued co-operation and support.

I would like to convey my sincere thanks to my fellow Directors for their support and co-operation. The management team and the staff worked very hard to take the company forward and in delivering excellent results, I would like to record our deepest appreciation of their dedicated services and convey our thanks to all of them.

May Allah bless all of us.



**Abdul Matin**
Chairman

# Chief Executive Officer's Review



# Chief Executive Officer's Review

Bismillahir Rahmanir Rahim

**Assalamu Alaikum,**

It is indeed a great pleasure for me to thank you in the 21st Annual General Meeting of Northern General Insurance Company Limited. I am honoured to take over the charge as Managing Director & Chief Executive Officer in early September 2016. I am delighted to report our results in different aspects to all our valued Shareholders.

As you all know, we have crossed one more challenging year. If you are at the top, pressure to remain in the lead becomes more intense, standards continue to be higher and the objectives and goals become more pronounced. As a non life insurance company, Northern General Insurance Company Limited has reached in a unique position in the Insurance field by making a difference and we are always concious about the interest of the clients and betterment of our company.

In our way to participating in the nation building activities, our company made significant contribution to the government each year by payment of Tax, VAT, Stump Duty etc. During the year 2016, our Company has earned a gross premium of BDT 373.38 million, net profit of BDT 93.72 million and total asset stood at BDT 1,129.28 million. Besides, our company did well as compared to the market in terms of turnover which has been presented in detail in the Report of Board of Directors.

We are grateful to our prime regulator Insurance Development & Regulatory Authority and also other regulatory bodies such as Bangladesh Securities & Exchange Commission, Registrar of Joint Stock Companies & Firms, Dhaka Stock Exchange Ltd., Chittagonj Stock Exchange Ltd., Central Depository of Bangladesh Ltd., Bangladesh Bank, all Schedule Banks & Non Banking Financial Institutes for their support and guidance.

We are really thankful to our adroit employees because without their dedication & hard work nothing would be possible and we always believe in team work.

To conclude I wish to express my profound gratefulness to the members of the Board of Directors of Northern General Insurance Company Limited who have extended their all out support and advices to proceed with the work smoothly to attain the optimum goal of the company.

We believe the gains made the past year will instrumental for better positioning of the company in the future. We sincerely thank to all of our respected Shareholders and Customers for reposing their unshakeable trust and confidence in making the year 2016 a success and we are always looking for ideal opportunities for them and ourselves which will enhance our strength by focusing areas, where we have an advantage today and we can grow faster. Because we are the adherents of vision and vision can take us to a comfortable place where we want to see ourselves in the coming days.

With best regards



**Abdul Haque FCA**
Chief Executive Officer



# Report of the Board of Directors

Bismillahir Rahmanir Rahim

Dear Shareholders,

**Assalamu Alaikum,**

It is indeed a great pleasure and privilege for me to present on behalf of the Board of Directors the Annual Report and Audited Financial Statements of the Company for the year ended 31st December, 2016 together with the Auditors' Report there on, for consideration and approval of our valued shareholders in accordance with the prevailing rules and regulations. These were approved by the Board of Directors of the company on 25 April, 2017. Before I deliver the performance of our company in 2016, it would be appropriate to apprise you about the global perspective of the industry and its impact on Bangladesh scenario.

**Global and Bangladesh Economy**

According to IMF's world economic outlook, the global growth for the year 2016 is estimated at 3.4%, wherein it is projected 3.6% in 2017. This forecast is based on the assumption of a changing policy mix under a new administration in the United States and its global spillovers and the projection inconsistent with the steepening U.S. yield curve, the rise in equity price, and the sizable appreciation of the U.S. dollar since the November 8, 2016 election. This world economy outlook forecast also incorporates of firming of oil prices following the agreement among OPEC members and several other major producers to limit supply. Growth also remained solid in the United Kingdom, where spending proved resilient in the aftermath of the June 2016 referendum in favour of leaving the European Union (Brexit). But China's Growth remained strong, reflecting continued policy support, activity has slowed in India because of the impact of the currency exchange initiative, as well as in Brazil, which has been mired in deep recession. However, according to Asian Development outlook, it is still far too early to judge how Brexit will effect growth in developing Asia, as this will depend very much on how the future relationship between the UK and the EU evolves.

According to Asian Development Bank, Bangladesh's GDP growth rate accelerated to 7.1% in 2016 from 6.6% in 2015. Sustained macro economic stability, disinflation, rising reserves and declining interest rates played an important role in stabilizing the economy. Moreover political stability has given entrepreneurs confidence to do better in the days to come which has been yielded high economic growth. Growth in agriculture witnessed to 2.60% in the current year, from 3.33% a year earlier. Likewise, the industry sector grew

10.10% from 9.67% & the services sector 6.70% from 5.80%. Among other sector, fishing rose 6.19%, manufacturing 10.30%, electricity, gas & water supply 11.15% and construction 8.87%.

As a developing country, Bangladesh has several production sectors, which have greater contribution on GDP. Garment Industry has fostered more than pure economic gain and according to Asian Development outlook industry growth was higher than expected in line with a strong garment sector. Although the Brexit vote has had some impact on Bangladesh economy, as the UK begin Bangladesh's third largest importer of RMG, the US and Germany. Bangladesh export earnings are also driven by RMG sector and 82% of export earnings came from this sector, while, the other export oriented sectors are not performing well that is why export contribution to GDP is not increasing in line with the growth of economy of the total GDP, 14.75% came from agricultural sector, 28.5% from Industry sector and 56.69% from service sector. Moreover, the government has taken initiative to diversify export basket to prompt export oriented sectors in aiming to enlarge export volume.

The insurance sector in Bangladesh is still in its adolescence. With the operation of 47 non life insurance company, is extremely overcrowded when compared with developing countries including our neighbors. Consequently, the situation in Bangladesh non life market has continued to worsen due to intense and cut throat competition among the existing market players. Regulatory reforms to modernize strict enforcement of these and whole hearted adherence to all are needed to free the industry from unwanted practices and to glorify its dignity.

**Financial Achievement**

In the year ended on 31st December, 2016 the Gross premium income of the company stood at Tk. 373.38 million against Tk. 351.49 million during the year 2015. Total Investment including FDR reached to Tk. 211.87 million during the year compare to Tk. 178.74 million in 2015 and Total Assets stood at Tk. 1,129.28 million against Tk. 1,110.65 million in 2015.

**Profit**

Due to tremendous fall in rate of interest/profit on fixed deposit during the year 2016 Investment Income stood at Tk. 14.41 million against Tk. 24.99 million in 2015. In spite of fall in investment income your Company earned Net Profit before tax Tk. 93.72 million in 2016 against Tk. 90.26 million in 2015.

**Client Service & Claim Settlement**

The Board of Directors of the company follows the principle of increasing goodwill of the company in all respect such as prompt settlement of Claim, Payment of dues (if any) in time, improvement of prompt services to the clients, associates, well wishers and to look after the well-being irrespective of rank and file of the insured to maintain excellent friendly atmosphere at all time. The Claim Department of Northern General Insurance Co. Ltd. is fully equipped with devoted and efficient professionals capable of providing

personalized services to the valued clients round the clock. The Gross Claim paid during the year stood at Tk. 92.17 million against Tk. 56.29 million in 2015.

**Reserve & Surplus**

In order to build strong and solid foundation of Assets & Reserve based Company, the Board of Directors proposed to transfer Tk. 25.00 million only to Reserve for Exceptional Losses Account during the year and therefore, the Reserve and Surplus stood at Tk. 410.43 million in 2016 as follows:

| | In Million Tk. |
|---|---|
| Reserve for Exceptional Losses | 138.03 |
| Reserve for Un-expired Risk | 84.23 |
| Revaluation Surplus | 188.17 |
| **Total** | **410.43** |

**Earning Per Share**

Company's profit attributable to the ordinary shareholders is Tk 67.92 million as at 31 December 2016. During this year Company's Earning Per Share (EPS) stood at Tk. 1.71 (face value at Tk. 10/-) considering 3,87,81,465 issued shares including 12% stock dividend approved for the year ended 2015.

**Dividend**

Our long term goal is to maximize shareholders interest on their investment. Keeping this objective in mind, the Board of Directors recommended 10% Stock Dividend to the shareholders of the Company for the year ended 31st December 2016 subject to approval in the 21st AGM.

**Investment**

The total Investment of the Company stood at Tk. 211.87 million at the end of the year 2016 as against Tk. 178.74 million in 2015.

| | **Year 2016** In Million Tk. | **Year 2015** In Million Tk. |
|---|---|---|
| Fixed Deposit with various Banks | 166.84 | 123.72 |
| Bangladesh Govt. Treasury Bond | 25.00 | 25.00 |
| First Security Subordinated Bond | 20.00 | 30.00 |
| Share in Public Limited Company | 0.03 | 0.02 |
| **Total** | **211.87** | **178.74** |

**Retirement of Directors**

At the 21st Annual General Meeting the following Directors from 'A' Group shall be retired by rotation as per article 112 & 114 of the Articles of Associations of the Company, being eligible, they offer themselves for re-appointment:

1) Mr. Abdul Matin
2) Alhaj Nasiruddin
3) Mr. Mortuza Siddique Chowdhury
4) Mr. Arshadul Alam

In accordance with the provision of clause 112 of the Articles of Association of the Company the following 2 Directors belonging to Group –B will retire in the 21st Annual General Meeting:

1) Alhaj Md. Saiful Alam
2) Ms. Thamina Rahman

With a view to inform all public shareholders, the relevant notice in relation to Election of Directors from Public Shareholders has already been published on April 14, 2017 in two National Dailies.

**Independent Director**

As per section 76 of the Insurance Act, 2010 an insurance company shall have two Independent Directors on the Board and accordingly we have fallowing independent directors:

1) Prof. Dr. Zainab Begum
2) Mr. Mohammad Rafique

**Human Resource Management**

In the perspective of the national economy of the country, the principal goal is to generate more and more employment. All of you know that the skilled manpower plays a very vital role in achieving a gradual achieved goal. You would be pleased to know that presently 297 nos efficient and dedicated professional officers & staff are working in the company holding various positions. To build up an efficient and enriched team, through all level of officers and staff, different types of training have been arranged that has given a positive improvement on overall image of the company.

**Appointment of Auditor(s)**

The present Auditors M/s Rahman Mostafa Alam & Co., Chartered Accountants of Paramount Heights (7th Floor, D2 & C1), 65/2/1 Box Culvert Road, Purana Patlan, Dhaka-1000 is going to retire in the 21st Annual General Meeting and they have

completed their assignment as Auditor(s) for the year 2016. Being eligible they have expressed their willingness to be appointed as Statutory Auditor of the company and offered themselves for re-appointment for the year 2017. The Board of Directors recommend for their appointment subject to approval in the 21st Annual General Meeting.

**Credit Rating**

The Company has been rated as "A+" in the Long Term and "ST-2" in the Short Term by the Government approved ARGUS Credit Rating Services Ltd. on the basis of Audited Financial Statements for the year ended December 31, 2016 and other relevant information. "A+" in the Long Term indicates Strong Capacity to meet its financial commitments but is some what more susceptible to the adverse effects of changes in circumstances and economic conditions compare to the higher rated categories and "ST2" in the Short Term indicates good grade, good certainty of timely payment. Liquidity factors and company fundamentals are sound. Although ongoing funding needs may enlarge total financing requirements, access to capital markets is good and risk factors are small.

**Corporate Governance**

The Board of Directors of the company firmly believes that practice of Good Corporate Governance and transparency is a sine qua non towards ensuring a disciplined and a sustainable organization. The main objective of corporate governance is to ensure publicizing the transparency and accountability through a mix of national and social responsibilities with the company's individual goal and its outcome. In pursuant to the Securities and Exchange Commission notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07-08-2012, it is to highlight here that the listed companies of Bangladesh have taken steps to culture such Corporate Governance. Accordingly the Board of Directors of Northern General Insurance Company Limited has taken this notification into their consideration and in trail to that you are requested to look at your company's present status in Annexure-1.

**Looking Ahead**

This year the company has set up a challenging business target and in order to achieve the same, some concrete initiatives have also been adopted and we believe that our endeavour to provide quality and prompt services to the clients will be helpful to increase the volume of business. We hope and believe that Insha Allah, the endeavour of the management with full co-operation & active participation of all of us, we shall continue our progress in the coming days too.

**Acknowledgement**

The Board of Directors deeply appreciates the gracious support and co-operation extended by the Government of the Peoples Republic of Bangladesh particularly the Ministry of Commerce, Ministry of Finance, Insurance Development and Regularity Authority, Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited, Registrar of Joint Stock Companies & Firms, Central Depository of Bangladesh Ltd, ARGUS Credit Rating Services Ltd (ACRSL). The Board also like to put on record its appreciation and service rendered by

Sadharan Bima Corporation, Bangladesh Insurance Association, Bangladesh Insurance Forum and Bangladesh Insurance Academy. The Board also would like to thank the Bangladesh Bank and all scheduled Banks, Financial Institutions, our valued clients, patrons and well wishers for their continuous assistance and co-operation, patronization and encouragement extended to us on various aspects.

We also offer sincere gratitude and thanks for all out efforts and team spirit of the Chief Executive Officer, CFO & Company Secretary, Senior Executives, Officers and the Employees of the company for their sincere and dedicated services towards greater success. We always solicit your continuous co-operation and valuable suggestions during the days ahead as done before.

We are also highly grateful to our colleagues and express our heartfelt thanks and gratitude to our dear fellow colleagues, the Chairman of Executive Committee, Claim Committee, Audit Committee and Convener of Manpower Review Committee of the Board of Directors for their valuable suggestion, noble counsel, active co-operation and unstinted support towards achieving the cherish goals of the Company.

We all are very grateful to Almighty Allah who has helped us and given us the courage to lead the Company towards a better future.

For and on behalf of the
Board of Directors

Northern General Insurance Company Limited.



**(Abdul Matin)**
Chairman of the Board

# Credit Rating Report

# A+

| Year | Long Term Rating | Short Term Rating | Date of Rating |
|---|---|---|---|
| 2016 | A+ | ST-2 | 28 May 2017 |

**Rating Explanation:**

| | |
|---|---|
| A+ | **Long Term:** Company is considered to offer moderate degree of safety for timely repayment of financial obligations. It has been rated as strong capacity to meet its financial commitment but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions compare to the higher-rated categories. |
| ST-2 | **Short Term:** Good Grade, Good certainty of timely payment. Liquidity factors and company fundamentals are sound. Although ongoing funding needs may enlarge total financing requirements, access to capital markets is good. Risk factors are small. |

**Rating Validity** : 28 May 2018

**Rated by** : ARGUS Credit Rating Services Ltd. (ACRSL)

# Shareholding Pattern of Directors & Sponsors:

**(as at 31st December, 2016)**

**ANNEXURE-II**

| Particulars | No. of Share Held | Percentage | Remark |
|---|---|---|---|
| **Parent Company** | – | – | The Company is not subsidiary of any company |
| **Directors / Sponsors:** | | | |
| Al-haj Nasiruddin | 8,42,829 | 2.17 | |
| Mr. Abdul Matin | 8,42,829 | 2.17 | |
| Mr. S.M. Ayub Ali Chowdhury | 9,93,186 | 2.56 | |
| Al-haj Md. Saiful Alam | 5,58,473 | 1.44 | |
| Al-haj Abdus Samad | 8,42,829 | 2.17 | |
| Mr. Md. Sarwar Salim | 8,56,270 | 2.21 | |
| Mr. Mohammad Azam | 8,94,896 | 2.31 | |
| Mr.Hamidul Haq | 30,415 | 0.08 | |
| Mrs. Ferdousi Islam | 11,32,407 | 2.92 | |
| Mr.Arshadul Alam | 11,32,407 | 2.92 | |
| Ms. Thamina Rahman | 11,32,407 | 2.92 | |
| Barrister Faysal Ahmed Patwary | 11,32,405 | 2.92 | |
| Mr. Shahriar Khaled | 8,42,829 | 2.17 | |
| Mr. Mortuza Siddique Chowdhury | 8,42,829 | 2.17 | |
| Ms. Maimuna Khanam | 7,07,532 | 1.83 | |
| Mr. Mohammed Shafiul Azam | 10,64,647 | 2.75 | |
| **Total** | **1,38,49,190** | **35.71** | |
| Chief Executive Officer(CEO) and his spouse and minor children : | NIL | | |
| Chief Financial Officer(CFO) and his spouse and minor children : | NIL | | |
| Company Secretary (CS) and his spouse and minor children : | NIL | | |
| Head of Internal Audit and his spouse and minor children : | NIL | | |
| Executives (Top salaried person other than CEO, CFO, CS, HIA) : | NIL | | |
| Shareholders Holding 10% or more voting right : | NIL | | |

# Financial Summary

**ANNEXURE-III**

Taka in Million

| Particulars | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|
| Gross Premium | 373.38 | 351.49 | 329.14 | 357.91 | 374.23 |
| Gross Claim Paid | 92.17 | 56.29 | 60.22 | 61.14 | 66.05 |
| Underwriting Profit | 110.96 | 130.98 | 92.43 | 91.72 | 100.85 |
| Investment Income | 14.41 | 24.99 | 35.97 | 39.63 | 28.32 |
| Net Profit (before tax) | 93.72 | 90.26 | 89.96 | 79.66 | 73.44 |
| Investment | 211.87 | 178.74 | 407.06 | 405.16 | 352.28 |
| Fixed Assets | 307.87 | 316.75 | 352.90 | 142.06 | 157.31 |
| Total Assets | 1129.28 | 1110.65 | 1188.03 | 934.94 | 874.49 |
| Gross Margin Ratio (%) | 29.72 | 37.27 | 28.08 | 25.63 | 26.95 |
| Operating Income Ratio (%) | 44.70 | 37.36 | 43.04 | 42.79 | 31.64 |
| Net Income Ratio (%) | 31.58 | 26.47 | 30.45 | 30.67 | 21.84 |
| Return on Assets Ratio (%) | 8.30 | 8.13 | 7.57 | 8.52 | 8.40 |
| Return on Equity Ratio (%) | 8.47 | 8.94 | 9.77 | 21.17 | 23.01 |
| Earning Per Share (Taka) | 1.71 | 1.65 | 1.64 | 1.47 | 1.31 |
| **Face Value Per Share** | **Tk. 10** | **Tk. 10** | **Tk. 10** | **Tk. 10** | **Tk. 10** |

# Graphical Data



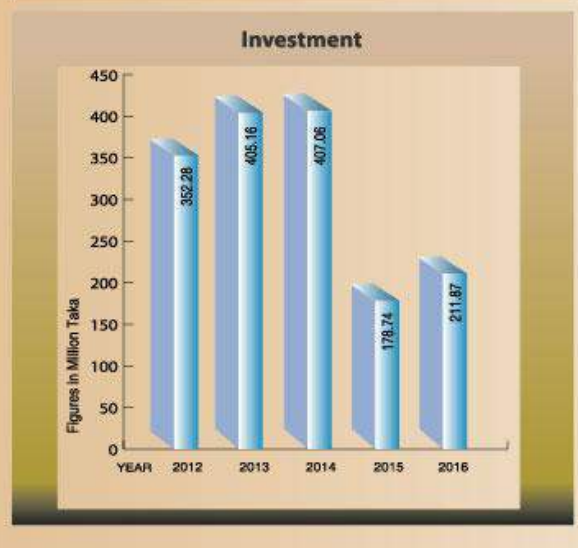















# Value Added Statements



For the year ended 31st December 2016

| Value Added : | (Taka in Million) |
|---|---|
| Gross Premium | 373.38 |
| Opening Balance of Unexpired Risk Revenue | 97.64 |
| VAT & Stamp duty | 45.43 |
| Commission on Re-Insurance Ceded | 37.70 |
| Interest, Dividend & Other Income | 14.43 |
| **Total =** | **568.58** |



For the year ended 31st December 2015

| Distributed as follows: | (Taka in Million) |
|---|---|
| VAT & Stamp duty | 45.43 |
| Net Claims | 62.63 |
| Re-Insurance Accepted | 163.70 |
| Management Expenses, Commission & Un-allocated Expenses | 118.87 |
| Closing Balance of Un-expired Risk Revenue | 84.23 |
| Net Profit | 93.72 |
| **Total =** | **568.58** |

# Compliance Report to

# Bangladesh Securities and Exchange Commission

**(under section 184 of the Companies Act, 1994)**

**ANNEXURE-I**

**The Directors also report that-**

- Related party Transaction are depicted in Note no. 21, 21.1 & 21.2 in the Notes of Accounts
- Remuneration of Directors including Independent Director have been shown in P/L Accounts
- The Financial Statement of the company present true and fair view of the Company's state of affairs, result of its operation, cash flows and changes in equity.
- Proper books of accounts as required by the prevailing law have been maintained.
- Appropriate accounting policies have been followed in formulating the financial statements and accounting estimates were reasonable and prudent.
- The financial statements were prepared in accordance with IAS/BAS/IFRS/BFRS
- The internal control system is sound in design and is effectively implemented and monitored
- There is no significant doubt about the company's ability to continue as a going concern
- There is no significant deviation from the operating result of the last year
- During the year ended December 31, 2016 the Board of Directors held 9 meetings and the Directors serving on the Board attended in aggregate 99% of the total number of the meetings.
- The pattern of shareholding (along with name detail) of Partner/Subsidiary/Associated companies and other related parties, Directors, Chief Financial Officer, Head of Internal Audit and their spouse and minor children, Executives, shareholders holding 10% as at December 31, 2016 are as stated in **Annexure-II**
- Key operating and financial data of last years have been presented in summarized form in **Annexure-III**
- Brief Resume of the Directors who seek re-appointed and appointed in the AGM are stated in **Profile of Directors and their attachment.**

# Compliance of Notification

**No. SEC/CMRRCD/2006-158/134/Admin/44 as on 07 August, 2012**

**ANNEXURE-IV**

**1. BOARD OF DIRECTORS:**

**1.1 Board's Size**

The member of the Board Directors within the limit given by BSEC

**1.2 Independent Director's:**

(i) In terms of the Provision under this sub-clause the Board of Director has appointed 2 (two) nos. Independent Director as per Insurance Act, 2010.

(ii) The Independent Director, nominated by the Board of Directors meets all the requirement as prescribed under the SEC Notification.

(iii) In terms of provision of SEC Notification that 2 Independent Directors had been nominated by the Board of Directors and approved by the Shareholders in the AGM.

(iv) The post of Independent Director shall not be kept vacant for more than 90 days.

(v) The board of Directors has laid down a code of conduct for all members of the Board.

(vi) The tenure of office of the Independent Director as nominated above shall be 3(three) years which may be extended for 1 (one) term only.

**1.3 Qualification of Independent Director (ID)**

(i) The Independent Director nominated by the Board is highly qualified and knowledgeable person.

(ii) The recommended IDs' have more than 15 years experiences.

**1.4 Chairman of the Board and Chief Executive Officer**

The position of the Chairman of the Board and the Chief Executive Officer stand separate. The roles of the Chairman and CEO & Managing Director are separate.

**1.5 The Director's Report to Shareholders**

All the requirements have been fulfilled.

**2. CHIEF FINANCIAL OFFICER (CFO), HEAD OF INTERNAL AUDIT AND COMPANY SECRETARY (CS)**

All the requirements have been fulfilled.

**3. AUDIT COMMITTEE:**

The Audit Committee, as a sub-Committee of the Board, has been constituted with the Independent Director as Chairman. The Company Secretary acts as Secretary to the Committee. Role of the Audit Committee as per provision of the BSEC regulation, has been duly adopted by the Board. Their reports are being submitted as per BSEC requirements.

**4. EXTERNAL/STATUTORY AUDITOR(S):**

The BSEC guidelines are being strictly followed in engaging Statutory Auditors.

**5. SUBSIDIARY COMPANY (S):**

Northern General Insurance Company Ltd. has no any subsidiary company.

**6. DUTIES OF CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO):**

The provision of BSEC regulations are being complied with on regular basis.

**7. REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE:**

Requirement on the above are being complied with.

# AUDIT COMMITTEE REPORT

**For the year ended 31st December 2016**

The Audit Committee of Northern General Insurance Co. Ltd. is a sub-committee of the Board of Directors and is appointed by the Board of Directors. The Audit Committee consists of the following Directors:

| Name | Status | Position of Audit Committee |
|---|---|---|
| Prof. Dr. Zainab Begum | Independent Director | Chairman |
| Mr. Abdul Matin | Chairman | Member |
| Al-haj Abdus Samad | Director | Member |
| Alhaj Nasiruddin | Director | Member |
| Mr. Md. Sarwar Salim | Director | Member |
| Mr. Ayub Ali Chowdhury | Director | Member |

The Committee held 10 meetings during the year as per following:

| Name of the Meeting | Total Meeting held during the 2016 | Attended |
|---|---|---|
| Audit Committee Meeting | 7 (Seven) | 100% attendance on average |

**Activities of the Audit Committee:**

a) Reviewed and recommended to the Board to approve the financial statements prepared for statutory purpose;

b) Report to the Board of Directors on internal audit finding from time to time considering the significance of the issues;

c) Carry on a supervision role to safeguard the systems of governance and independence of statutory auditors; and

d) Reviewed and considered the internal auditor's report and management report submitted by the Statutory Auditors' regarding observations on internal control.

e) Monitored internal Control Risk Managment process.

f) The Committee reviewed the internal audit reports, un-audited first quarter report, un-audited second quarter report, un-audited third quarter report, annual financial statements and the external audit report and recommended to the board for consideration. The Committee did not find any material deviation, discrepancies or any adverse finding/observation in the areas of reporting.

**(Prof. Dr. Zainab Begum)**
Chairman
Audit Committee

দাশ চৌধুরী দত্ত এন্ড কোং
DAS CHOWDHURY DUTTA & CO.
CHARTERED ACCOUNTANTS

Offices :

Well Tower ( 1st Floor), Flat- A/1
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Tel : 088-02-58313305
Fex: 088-02-58310639
E-mail: dcddhaka@f-lix.net

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74 Agrabad com. Area, Chittagong
Tel : 088-031-725955
Fax : 088-031-714312
E-mail : dcdctg@iolbd.net

Website : daschowdhurydutta.com

## Auditors' Certificate on Corporate Governance Compliance Of Northern General Insurance Company Limited

We have examined the compliance by Northern General Insurance Company Limited for the year ended on 31st December 2016 with respect to the BSEC guidelines on Corporate Governance. Such compliance is the responsibility of the company as stipulated by notification on SEC/CMRRCD/2006/-158/134/Admin/44 dated 07 August 2012 issued by Bangladesh Securities and Exchange Commission in accordance with section 2CC of Securities and Exchange Ordinance, 1969.

Our examination relating to status of compliance ( as attached) by Northern General Insurance Company Limited was limited to the procedures including implementation thereof as adopted by the company for ensuring such compliances and this has not been for expression of our opinion on the financial statements or future viability of the company.

In our opinion, to the best of our information and explanations provided us, the company has complied with all the conditions of aforesaid Corporate Governance Guidelines of Bangladesh Securities and Exchange Commission except the number of Independent Directors which has been complied with as per section 76 of Insurance Act 2010.

Dhaka, 27 April 2017

**Das Chowdhury Dutta & Co.**
(Chartered Accountants)

# STATUS OF COMPLIANCE OF CORPORATE GOVERNANCE

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

| Condition No. | Title | Compliance status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---|---|---|---|---|
| | | Complied | Not complied | |
| 1. | BOARD OF DIRECTORS: | | | |
| 1.1 | Board's Size | ✓ | | |
| **1.2** | **Independent Directors:** | | | |
| 1.2 (i) | Number of Independent Director. | ✓ | | Complied with the Insurance Act, 2010 |
| 1.2(ii)(a) | Shareholding position of Independent Director. | ✓ | | |
| 1.2(ii)(b) | Independent Director is not sponsor, nor any family member/family relationship of the sponsor | ✓ | | |
| 1.2(ii)(c) | Independent Director does not have any other relationship with the company or it's subsidiary associated companies. | ✓ | | |
| 1.2(ii)(d) | Independent Director is not a member, director or officer of any stock exchange. | ✓ | | |
| 1.2(ii)(e) | Independent Director is not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market. | ✓ | | |
| 1.2(ii)(f) | Independent Director is 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) | Independent Director shall not be an independent director in more than 3(three) listed companies. | ✓ | | |
| 1.2(ii)(h) | Independent Director has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a NBFI. | ✓ | | |
| 1.2(ii)(i) | Independent Director has not been convicted for a criminal offence involving moral turpitude. | ✓ | | |
| 1.2(iii) | The Independent Director(s) shall be appointed by the board, and approved by the shareholders in the Annual General Meeting (AGM) | ✓ | | |
| 1.2(iv) | The post of Independent Director(s) cannot remain vacant for more than 90(ninety) days. | ✓ | | |
| 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. | ✓ | | |

| Condition No. | Title | Compliance status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---|---|---|---|---|
| | | Complied | Not complied | |
| **1.3** | **Qualification of Independent Director(ID)** | | | |
| 1.3(i) | Independent director shall be a knowledgeable individual with integrity, ensure compliance with financial, regulatory and corporate laws. | ✓ | | Profile of ID available in the Annual Report |
| 1.3(ii) | Independent Director should be a Business Leader/Corporate Leader Bureaucrat/ University Teacher with Economics or Business Studies or Law background/ Professionals. Independent Director must have a least 12(twelve) years corporate management/professional experiences. | ✓ | | |
| 1.3(iii) | In special cases the above qualifications may be relaxed subject to prior approval of the Commission. | ✓ | | |
| 1.4 | Chairman of the Board and Chief Executive Officer shall be filled by different individuals. The Board of Directors shall clearly define respective roles and responsibilities of the Chairman and the Chief Executive Officer | ✓ | | |
| **1.5** | **The Director's Report to Shareholder shall include the following additional statements:** | | | |
| 1.5(i) | Industry outlook and possible future developments in the industry. | ✓ | | Available in the Annual Report |
| 1.5(ii | Segment-wise or product-wise performance | ✓ | | Available in the Annual Report |
| 1.5(iii) | Risks and concerns. | ✓ | | Available in the Annual Report |
| 1.5(iv) | A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin. | ✓ | | Available in the Annual Report |
| 1.5(v) | Discussion on continuity of any Extra-Ordinary gain or loss. | ✓ | | No such Extra-ordinary gain or loss |
| 1.5(vi) | Basis for related party transactions-a statement of all related party transactions should be disclosed in the annual report | ✓ | | Available in the Annual Report |
| 1.5(vii) | Utilization of proceeds from public issues, rights issues and/or through any others instruments. | ✓ | | |
| 1.5(viii) | An explanation if the financial results deteriorate after the company goes IPO, RPO, Rights Offer, Direct Listing etc. | ✓ | | Financial result is not deteriorated |
| 1.5(x) | Remuneration to directors including independent directors | ✓ | | Available in the Annual Report. |

| Condition No. | Title | Compliance status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---|---|---|---|---|
| | | Complied | Not complied | |
| 1.5(xi) | Financial statements present fairly state of affairs, the result of its operations, cash flows and changes in Shareholder's equity of the company. | ✓ | | |
| 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 accounting estimates are based on reasonable and prudent judgment. | ✓ | | |
| 1.5(xiv) | International Accounting Standards (IAS)/ Bangladesh Accounting Standards (BAS)/ International Financial Reporting Standard (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh have been followed in preparation of the financial statements. | ✓ | | |
| 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. | ✓ | | No such significant deviation observed |
| 1.5(xvii) | Significant deviations from the last year's operating results of the company shall be highlighted. | ✓ | | No such significant deviation observed |
| 1.5(xviii) | Key operating and financial data of at least preceding 5(five) years shall be summarized. | ✓ | | Available in the Annual Report |
| 1.5(xix) | If the issuer company has not declared dividend (cash or stock) for the year. | ✓ | | Declared dividend regularly |
| 1.5(xx) | The number of Board meetings held during the year and attendance by each director shall be disclosed. | ✓ | | |
| 1.5(xxi)a) | Share holding position Parent/Subsidiary/ Associated Companies and other related parties. | ✓ | | Available in the Annual Report |
| 1.5(xxi)b) | Share holding position of Directors, Chief Executive Officer Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children. | ✓ | | No such matter to report on |
| 1.5(xxi)c) | Share holding position of Executives of the company | ✓ | | No such matter to report on |
| 1.5(xxi)d) | Shareholders holding ten percent (10%) or more voting interest in the company. | ✓ | | No such matter to report on |

| Condition No. | Title | Compliance status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---|---|---|---|---|
| | | Complied | Not complied | |
| 1.5(xxii)a) | A brief resume of the appointed/reappointed director | ✓ | | Available in the Annual Report |
| 1.5(xxii)b) | Expertise in specific functional areas of the appointed/reappointed director | ✓ | | Profile available in the Annual Report |
| 1.5(xxii)c) | Names of companies in which the person also holds the directorship and the membership of committees of the board. | ✓ | | Available in the Annual Report |
| **2** | **Chief Financial Officer (CFO), Head of Internal Audit and Company Secretary:** | | | |
| 2.1 | Appointment of CFO, HIA and CS & defining their responsibilities. | ✓ | | |
| 2.2 | Attendance of CFO & Company Secretary at the meeting of the Board of the Directors. | ✓ | | |
| **3.00** | **Audit Committee:** | | | |
| 3(i) | The company has an Audit Committee as a sub-committee of the Board of the Directors. | ✓ | | |
| 3(ii) | Assistance of the Audit Committee to the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business. | ✓ | | |
| 3(iii) | The Audit Committee is responsible to the Board of Directors. The duties of the Audit committee clearly set forth in writing. | ✓ | | |
| **3.1** | **Constitution of the Audit Committee:** | | | |
| 3.1(i) | Committee shall be comprised at least 3(three) members. | ✓ | | |
| 3.1(ii) | Appointment of members of the Audit Committee who are directors and including 1(one) independent directors. | ✓ | | |
| 3.1(iii) | All members of the audit committee are "financially literate" and 1(one) member have accounting or related financial management experience. | ✓ | | |
| 3.1(iv) | Board of Directors appoint the new Committee member(s) to fill up the vacancy immediately or not later than 1(one) month from the date vacancies in the Committee. | ✓ | | |
| 3.1(v) | The company secretary shall act as the secretary of the committee. | ✓ | | |

| Condition No. | Title | Compliance status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---|---|---|---|---|
| | | Complied | Not complied | |
| 3.1(vi) | The quorum of the Audit Committee meeting shall not constitute without at least 1(one) independent director. | ✓ | | |
| **3.2** | **Chairman of the Audit Committee:** | | | |
| 3.2(i) | Independent Director is the Chairman of the Audit Committee. | ✓ | | |
| 3.2(ii) | Chairman of the Audit Committee shall remain present in the Annual General Meeting (AGM) | ✓ | | |
| **3.3** | **Role of the Audit Committee:** | | | |
| 3.3(i) | Audit Committee oversees the financial reporting process. | ✓ | | |
| 3.3(ii) | Audit Committee monitor choice of accounting policies and principles. | ✓ | | |
| 3.3(iii) | Audit Committee monitor Internal Control Risk Management process. | ✓ | | |
| 3.3(iv) | Audit Committee oversee hiring and performance of external auditors. | ✓ | | |
| 3.3(v) | Audit Committee review along with the management, the annual financial statements before submission to the board for approval. | ✓ | | |
| 3.3(vi) | Audit Committee review the quarterly and half yearly financial statements before submission to the board for approval. | ✓ | | |
| 3.3(vii) | Audit Committee review the adequacy of internal audit function. | ✓ | | |
| 3.3(viii) | Audit Committee review statement of significant related party transactions submitted by the management. | ✓ | | |
| 3.3(ix) | Audit Committee review Management Letters/Letter of Internal Control weakness issued by statutory auditors. | ✓ | | |
| 3.3(x) | Money is raised through IPO, RPO/Rights Issue the company shall disclose to the Audit Committee about the uses/applications of funds. | ✓ | | |
| **3.4** | **Reporting of the Audit Committee:** | | | |
| 3.4.1<br>3.4.1(i) | Reporting to the Board of Directors:<br>The Audit Committee shall report on its activities to the Board of Directors. | ✓ | | |

| Condition No. | Title | Compliance status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---|---|---|---|---|
| | | Complied | Not complied | |
| 3.4.1(ii)a) | The Audit Committee shall immediately report on conflict of interest. | ✓ | | No conflict of interest |
| 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. | ✓ | | No such finding |
| 3.4.1(ii)d) | Any other matter which shall be disclosed to the Board of Directors immediately. | ✓ | | |
| 3.4.2 | If the Audit Committee reported to the Board of Directors about anything which has material impact on the financial condition as result of operation. Audit Committee funds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission. | ✓ | | No such finding |
| 3.5 | Report on activities carried out by the Audit Committee, under condition 3.4.1(ii) above during the year, shall be signed by the Chairman of the Audit Committee. | ✓ | | |
| **4** | **External/statutory auditors to perform:** | | | |
| 4(i) | Appraisal or valuation services or fairness opinions. | ✓ | | |
| 4(ii) | Financial information systems design and implementation. | ✓ | | |
| 4(iii) | Book-keeping or other services related to the accounting records or financial statements. | ✓ | | |
| 4(v) | Actuarial Services. | ✓ | | |
| 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. | ✓ | | |
| **5** | **Subsidiary Company:** | | | |
| 5(i) | The composition of the Board of Directors of the subsidiary company. | ✓ | | No subsidiary company |
| 5(ii) | At least 1(one) independent director shall be a director on the Board of Directors of the subsidiary company. | ✓ | | |

| Condition No. | Title | Compliance status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---|---|---|---|---|
| | | Complied | Not complied | |
| 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. | ✓ | | |
| 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 also. | ✓ | | |
| 5(v) | The Audit Committee of the holding company shall also review the investments made by the subsidiary company. | ✓ | | |
| **6** | **Duties of Chief Executive Officer (CEO) and Chief Financial Officer (CFO):** | | | |
| 6(i)a) | The CEO and CFO shall certify to the Board that financial statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading. | ✓ | | No such material fact |
| 6(i)b) | Financial statements together present a true and fair view the company's affairs and are in compliance existing accounting standards and applicable laws. | ✓ | | |
| 6(ii) | To the best of knowledge and belief, no transaction entered into by the company during the year which fraudulent, illegal or violation of the company's code of conduct. | ✓ | | |
| **7** | **Reporting and Compliance of Corporate Governance:** | | | |
| 7(i) | The company obtained a certificate from a practicing Chartered Accountant regarding compliance of conditions of Corporate Governance Guidelines. | ✓ | | Certificate available in annual report |
| 7(ii) | The directors of the company shall state, in accordance with the Annexure attached, in the director's report whether the company has complied with these conditions. | ✓ | | |

Northern General Insurance Co. Ltd.

(A KEY TO PROTECTION)

# Directors Certificate

As per Section 63(2) of the Insurance Act, 2010, we certify that:

01. The value of investments in shares and debentures have been taken at cost and the quoted value there of mentioned wherever available.

02. The Values of all assets as shown in the Balance Sheet and as classified on Form AA annexed have been duly reviewed as at 31st December, 2016 and in our belief, the said assets have been set forth in the Balance Sheet at amount not exceeding their realizable or market value under the several heading's as enumerated therein.

03. 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.

| (Abdul Haque FCA) | (Faisal Ahmed Patwary) | (Al-haj Nasiruddin) | (Mohammad Azam) |
|---|---|---|---|
| Managing Director | Director | Director | Chairman |

# Auditors' Report & Financial Statements 2016

# Auditors' Report to the Shareholders of
## Northern General Insurance Company Limited.

We have audited the accompanying financial statements of Northern General Insurance Company Limited which comprise the Balance Sheet as at December 31, 2016, Profit or loss Account, Profit & loss Appropriation Account, Consolidated Insurance Revenue Account, Fire Insurance Revenue Account, Marine Insurance (cargo & hull) Revenue Account, Motor Insurance Revenue Account, Miscellaneous Insurance Revenue Account, Statement of Changes in Equity, Statement of Cash Flows for the year then ended, Form "AA" as at December 31, 2016 and a summary of significant accounting policies and other explanatory information disclosed in Notes 1 to 24 and Annexure-A.

**Management's Responsibility for the Financial Statements**

Management of the company is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRSs),along with Rules & Regulation Issued by the Insurance Development and Regulatory Authority (IDRA) and Insurance Act 2010, Insurance Rules 1958, SEC Rules 1987 and the Companies Act 1994 and for such internal control as management determines is necessary to enable the preparation 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 responsible in the circumstances.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we 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 auditors' 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 company'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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management of the company, 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.

**DHAKA OFFICE :** Well Tower (1st Floor), Flat - A/1,12/A Purana Paltan Line, Dhaka, Tel. 088-02-58313305, Fax. 088-02-58310639, E-mail: dcddhaka@f-lix.net
**CTG. OFFICE :** Jahan Building No.5 (2nd Floor), 74 Agrabad Com. Area, Chittagong, Tel. 088-031-725955, Fax. 088-031-714312, E-mail: dcdctg@iolbd.net

**Opinion**

In our opinion, the Financial Statements present fairly in all material respects, the Financial Position of the Company as at December 31, 2016 and of its Operations and its Cash Flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs), Insurance Act 2010, Insurance Rules 1958, SEC Rules 1987 and the Companies Act 1994 and comply with the other applicable laws and regulations.

**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 account as required by law have been kept by the Company so far as it appeared from our examination of those books ;

c) the Balance Sheet and Profit or loss Account and its Cash Flows dealt with by the report are in agreement with the books of accounts and drawn as per Insurance Act 2010 ;

d) the expenditure incurred and payments made were for the purpose of the company's business ;

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

f) as per section 59 (5), of the Insurance Act 2010 as emended rule 1958, we also certify that to the best of our information and as shown by its books, the company during the year under report has not paid to any person any commission in any form outside Bangladesh in respect of any of its business re- insured abroad.

Dated : Dhaka
April 25, 2017

Rahman Mostafa Alam & Co.
Chartered Accountants

**DHAKA OFFICE :** Well Tower (1st Floor), Flat - A/1,12/A Purana Paltan Line, Dhaka, Tel. 088-02-58313305, Fax. 088-02-58310639, E-mail: dcddhaka@l-lix.net
**CTG. OFFICE :** Jahan Building No.5 (2nd Floor), 74 Agrabad Com. Area, Chittagong, Tel. 088-031-725955, Fax. 088-031-714312, E-mail: dcdctg@iolbd.net

# BALANCE SHEET

| Capital and Liabilities | Notes | Taka | |
|---|---|---|---|
| | | 31-Dec-16 | 31-Dec-15 |
| **Share Capital** | 3 | | |
| **Authorized :** | | | |
| 100,000,000 ordinary shares of Tk.10 each | | 1,000,000,000 | 1,000,000,000 |
| Issued, subscribed and paid up : | | | |
| 38,781,465 ordinary shares of Tk.10 each | | **387,814,650** | **346,263,080** |
| **Reserve or Contingency Accounts** | | **394,128,700** | **369,468,851** |
| Reserve for Exceptional Losses | 4 | 138,031,170 | 113,031,170 |
| Revaluation Surplus | 5 | 188,172,248 | 214,441,308 |
| Profit or Loss Appropriation Account | 6 | 67,925,282 | 41,996,373 |
| **Balance of Funds and Accounts** | | **84,231,704** | **97,644,153** |
| Fire Insurance Business | | 31,476,032 | 41,947,073 |
| Marine Insurance Business | | 30,901,171 | 30,006,303 |
| Motor Insurance Business | | 18,984,886 | 20,247,131 |
| Miscellaneous Insurance Business | | 2,869,615 | 5,443,646 |
| **Premium Deposit** | 7 | **5,712,284** | **11,495,508** |
| **Liabilities and Provisions** | | **257,393,139** | **285,779,940** |
| Estimated liability in respect of outstanding claims whether due or intimated | 8 | 24,650,692 | 27,373,619 |
| Amount due to other persons or bodies carrying on Insurance Business | 9 | 32,474,201 | 29,943,840 |
| Sundry Creditors(including provision for tax) | 10 | 200,268,246 | 228,462,481 |
| **Total Capital and Liabilities** | | **1,129,280,477** | **1,110,651,532** |

The accompanying notes from 1 to 24 & Annexure-A form an integral part of the financial statement.

Managing Director & CEO | Director | Director

Signed in terms of our separate report of even date.

Dated: Dhaka
April 25, 2017

# AS AT 31 DECEMBER 2016

| Property and Assets | Notes | Taka | |
|---|---|---|---|
| | | 31-Dec-16 | 31-Dec-15 |
| **Investment** | 11 | **45,036,160** | **55,023,534** |
| **Interest Accrued** (but not due) | 12 | **11,095,456** | **16,274,249** |
| **Amount Due from Other Persons or Bodies** carrying on Insurance Business | 13 | **353,203,139** | **375,350,827** |
| **Sundry Debtors** (including advance tax, other advances, deposits and pre-payments) | 14 | **187,624,860** | **163,944,632** |
| **Cash and Bank Balances** | 15 | **221,527,954** | **182,441,055** |
| **Other accounts** | | **310,792,908** | **317,617,235** |
| Fixed Assets | 16 | 307,869,563 | 316,750,482 |
| Stock of Stationery | 17 | 360,719 | 397,603 |
| Insurance Stamps in hand | | 2,468,050 | 351,640 |
| Deferred Tax Assets | 18 | 94,576 | 117,510 |
| **Total Property and Assets** | | **1,129,280,477** | **1,110,651,532** |

Chairman

Rahman Mostafa Alam & Co.
Chartered Accountants

# PROFIT OR LOSS ACCOUNT

| Particulars | Notes | Taka | |
|---|---|---|---|
| | | 2016 | 2015 |
| Expenses of Management (not applicable to any particular fund or account) | 19 | 16,364,837 | 19,719,867 |
| | | **15,302,776** | **45,999,913** |
| Directors' Fees | | 860,000 | 1,279,500 |
| Audit Fees | | 356,500 | 189,750 |
| Subscription | | 450,000 | 434,000 |
| Legal and Professional Fees | | 563,200 | 290,475 |
| Provision for Gratuity | | | 6,075,000 |
| Depreciation and Amortization | | 11,635,401 | 36,580,783 |
| Registration renewal Fees | | 1,414,741 | 1,151,977 |
| Deferred Tax Expenses | 18 | 22,934 | (1,572) |
| Balance for the year carried to Profit or Loss Appropriation Account | | 93,723,921 | 90,263,165 |
| | **Total** | **125,391,534** | **155,982,945** |

# PROFIT OR LOSS APPROPRIATION ACCOUNT

| Particulars | Notes | Taka | |
|---|---|---|---|
| | | 2016 | 2015 |
| Reserve for Exceptional Losses | | 25,000,000 | 25,000,000 |
| Provision for Taxation | 18 | 27,512,502 | 26,103,694 |
| Balance of Profit after tax | | 250,747,901 | 209,536,482 |
| | **Total** | **303,260,403** | **260,640,176** |
| Earning Per Share (EPS) | 2.11 | 1.71 | 1.65 |
| Face value per share | | 10 | 10 |

The accompanying notes from 1 to 24 & Annexure-A form an integral part of the financial statement.

Managing Director & CEO | Director | Director

Signed in terms of our separate report of even date.

Dated: Dhaka
April 25, 2017

## FOR THE YEAR ENDED 31 DECEMBER 2016

| Particulars | Notes | Taka | |
|---|---|---|---|
| | | 2016 | 2015 |
| Interest, Dividend and Rents (not applicable to any particular fund or account) | | | |
| Interest Income | | 14,414,452 | 24,988,592 |
| Other Income | | 17,876 | 11,596 |
| | | **110,959,206** | **130,982,757** |
| Underwriting Profit or Loss transferred from | | | |
| Fire Insurance Revenue Account | | 32,323,923 | 64,553,226 |
| Marine Insurance Revenue Account | | 51,541,265 | 29,334,190 |
| Motor Insurance Revenue Account | | 19,588,207 | 28,438,108 |
| Miscellaneous Insurance Revenue Account | | 7,505,811 | 8,657,233 |
| | **Total** | **125,391,534** | **155,982,945** |

## FOR THE YEAR ENDED 31 DECEMBER 2016

| Particulars | Notes | Taka | |
|---|---|---|---|
| | | 2016 | 2015 |
| Balance being Profit brought forward from last year | | 209,536,482 | 170,377,011 |
| Net Profit for the year brought down | | 93,723,921 | 90,263,165 |
| | **Total** | **303,206,403** | **260,640,176** |

Chairman

Rahman Mostafa Alam & Co.
Chartered Accountants

# CONSOLIDATED INSURANCE REVENUE ACCOUNT

| Particulars | Notes | Taka | |
|---|---|---|---|
| | | 2016 | 2015 |
| Claims under policies less re-insurances | | | |
| Paid during the year | | 65,354,935 | 35,320,373 |
| Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated | | 24,650,692 | 27,373,619 |
| | | 90,005,627 | 62,693,992 |
| Less : Claims outstanding at the end of the previous year | | 27,373,619 | 27,299,200 |
| | | **62,632,008** | **35,394,792** |
| Agent Commission | | 28,739,124 | 23,520,300 |
| Expenses of management | 20 | 58,463,313 | 58,343,624 |
| Balance of account at the end of the year as shown in the Balance Sheet | | 84,231,704 | 97,644,153 |
| Underwriting Profit or Loss transferred to Profit or Loss Account | | 110,959,206 | 130,982,757 |
| | **Total** | **345,025,355** | **345,885,626** |

The accompanying notes from 1 to 24 & Annexure-A form an integral part of the financial statement.

Managing Director & CEO | Director | Director

Signed in terms of our separate report of even date.

Dated: Dhaka
April 25, 2017

## FOR THE YEAR ENDED 31 DECEMBER 2016

| Particulars | Notes | Taka | |
|---|---|---|---|
| | | 2016 | 2015 |
| Balance of account at the beginning of the year | | 97,644,153 | 83,652,436 |
| Reserve for unexpired risks: | | | |
| Premium less re-insurances | | 209,681,286 | 241,634,623 |
| Commission on re-insurances ceded | | 37,699,916 | 20,598,567 |
| **Total** | | **345,025,355** | **345,885,626** |

Chairman

Rahman Mostafa Alam & Co.
Chartered Accountants

# FIRE INSURANCE REVENUE ACCOUNT

| Particulars | Notes | Taka | |
|---|---|---|---|
| | | 2016 | 2015 |
| Claims under policies less re-insurances | | | |
| Paid during the year | | 40,762,127 | 11,570,258 |
| Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated | | 2,050,500 | 5,783,280 |
| | | 42,812,627 | 17,353,538 |
| **Less :** Claims outstanding at the end of the previous year | | 5,783,280 | 5,048,250 |
| | | **37,029,347** | **12,305,288** |
| Agent Commission | | 13,951,596 | 11,909,293 |
| Expenses of management | 20 | 25,027,867 | 24,599,924 |
| Balance of account at the end of the year as shown in the Balance Sheet | | | |
| Reserve for unexpired risks being 40% of premium income of the year | | 31,476,032 | 41,947,073 |
| Underwriting Profit or Loss transferred to Profit or Loss Account | | 32,323,923 | 64,553,226 |
| | **Total** | **139,808,765** | **155,314,804** |

The accompanying notes from 1 to 24 & Annexure-A form an integral part of the financial statement.

Managing Director & CEO | Director | Director

Signed in terms of our separate report of even date.

Dated: Dhaka
April 25, 2017

## FOR THE YEAR ENDED 31 DECEMBER 2016

| Particulars | Notes | Taka | |
|---|---|---|---|
| | | 2016 | 2015 |
| Balance of account at the beginning of the year | | 41,947,073 | 39,115,274 |
| Reserve for unexpired risks: | | | |
| Premium less re-insurances | | 78,690,080 | 104,867,682 |
| Commission on re-insurances ceded | | 19,171,612 | 11,331,848 |
| **Total** | | **139,808,765** | **155,314,804** |

Chairman

Rahman Mostafa Alam & Co.
Chartered Accountants

# MARINE INSURANCE REVENUE ACCOUNT

| Particulars | Notes | Taka | |
|---|---|---|---|
| | | 2016 | 2015 |
| Claims under policies less re-insurances | | | |
| Paid during the year | | 4,169,858 | 8,403,263 |
| Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated | | 14,075,000 | 10,714,601 |
| | | 18,244,858 | 19,117,864 |
| Less : Claims outstanding at the end of the previous year | | 10,714,601 | 7,525,600 |
| | | **7,530,257** | **11,592,264** |
| Agent Commission | | 8,823,663 | 6,449,280 |
| Expenses of management | 20 | 18,254,964 | 18,816,827 |
| Balance of account at the end of the year as shown in the Balance Sheet | | | |
| Reserve for unexpired risks being 40% of premium income on marine cargo and 100% of premium income on Marine Hull of the year : | | 30,901,171 | 30,006,303 |
| Cargo | | 30,302,522 | 28,355,798 |
| Hull | | 598,649 | 1,650,505 |
| Underwriting Profit or Loss transferred to Profit or Loss Account | | 51,541,265 | 29,334,190 |
| **Total** | | **117,051,320** | **96,198,864** |

The accompanying notes from 1 to 24 & Annexure-A form an integral part of the financial statement.

Managing Director & CEO

Director

Director

Signed in terms of our separate report of even date.

Dated: Dhaka
April 25, 2017

## FOR THE YEAR ENDED 31 DECEMBER 2016

| Particulars | Notes | Taka | |
|---|---|---|---|
| | | 2016 | 2015 |
| Balance of account at the beginning of the year | | 30,006,303 | 17,866,588 |
| Reserve for unexpired risks: | | | |
| Premium less re-insurances | | 76,354,954 | 72,540,000 |
| Commission on re-insurances ceded | | 10,690,063 | 5,792,276 |
| **Total** | | **117,051,320** | **96,198,864** |

Chairman

Rahman Mostafa Alam & Co.
Chartered Accountants

# MOTOR INSURANCE REVENUE ACCOUNT

| Particulars | Notes | Taka | |
|---|---|---|---|
| | | 2016 | 2015 |
| Claims under policies less re-insurances | | | |
| Paid during the year | | 20,399,938 | 14,662,154 |
| Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated | | 7,835,342 | 10,261,238 |
| | | 28,235,280 | 24,923,392 |
| Less : Claims outstanding at the end of the previous year | | 10,261,238 | 14,050,000 |
| | | **17,974,042** | **10,873,392** |
| Agent Commission | | 4,278,410 | 3,805,922 |
| Expenses of management | 20 | 8,141,426 | 8,138,029 |
| Balance of account at the end of the year as shown in the Balance Sheet | | | |
| Reserve for unexpired risks being 40% of premium income of the year | | 18,984,886 | 20,247,131 |
| Underwriting Profit or Loss transferred to Profit or Loss Account | | 19,588,207 | 28,438,108 |
| **Total** | | **68,966,971** | **71,502,582** |

The accompanying notes from 1 to 24 & Annexure-A form an integral part of the financial statement.

Managing Director & CEO

Director

Director

Signed in terms of our separate report of even date.

Dated: Dhaka
April 25, 2017

## FOR THE YEAR ENDED 31 DECEMBER 2016

| Particulars | Notes | Taka | |
|---|---|---|---|
| | | 2016 | 2015 |
| Balance of account at the beginning of the year | | 20,247,131 | 20,446,288 |
| Reserve for unexpired risks: | | | |
| Premium less re-insurances | | 47,462,215 | 50,617,827 |
| Commission on re-insurances ceded | | 1,257,625 | 438,467 |
| | Total | 68,966,971 | 71,502,582 |

Chairman

Rahman Mostafa Alam & Co.
Chartered Accountants

# MISCELLANEOUS INSURANCE REVENUE ACCOUNT

| Particulars | Notes | Taka | |
|---|---|---|---|
| | | 2016 | 2015 |
| Claims under policies less re-insurances | | | |
| Paid during the year | | 23,012 | 684,698 |
| Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated | | 689,850 | 614,500 |
| | | 712,862 | 1,299,198 |
| Less : Claims outstanding at the end of the previous year | | 614,500 | 675,350 |
| | | **98,362** | **623,848** |
| Agent Commission | | 1,685,455 | 1,355,805 |
| Expenses of management | 20 | 7,039,056 | 6,788,844 |
| Balance of account at the end of the year as shown in the Balance Sheet | | | |
| Reserve for unexpired risks being 40% of premium income of the year | | 2,869,615 | 5,443,646 |
| Underwriting Profit or Loss transferred to Profit or Loss Account | | 7,505,811 | 8,657,233 |
| | **Total** | **19,198,299** | **22,869,376** |

The accompanying notes from 1 to 24 & Annexure-A form an integral part of the financial statement.

Managing Director & CEO

Director

Director

Signed in terms of our separate report of even date.

Dated: Dhaka
April 25, 2017

## FOR THE YEAR ENDED 31 DECEMBER 2016

| Particulars | Notes | Taka | |
|---|---|---|---|
| | | 2016 | 2015 |
| Balance of account at the beginning of the year | | 5,443,646 | 6,224,286 |
| Reserve for unexpired risks: | | | |
| Premium less re-insurances | | 7,174,037 | 13,609,114 |
| Commission on re-insurances ceded | | 6,580,616 | 3,035,976 |
| | Total | 19,198,299 | 22,869,376 |

Chairman

Rahman Mostafa Alam & Co.
Chartered Accountants

# STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED 31 DECEMBER 2016

| | Particulars | Notes | Taka 2016 | Taka 2015 |
|---|---|---|---|---|
| A. | **Cash flow from operating activities** | | | |
| | Collection from premium and others | | 409,519,322 | 404,621,863 |
| | Payment for management expense, re-insurance and claims | | (336,272,347) | (331,153,679) |
| | Income Tax paid | | (23,252,967) | (35,283,049) |
| | **Net cash generated from operating activities (A)** | | **49,994,008** | **38,185,135** |
| B. | **Cash flow from investing activities** | | | |
| | Fixed Assets acquired | | (2,754,482) | (433,925) |
| | Investment in shares and Bond | | 10,000,000 | 10,000,000 |
| | **Net cash used in investing activities (B)** | | **7,245,518** | **9,566,075** |
| C. | **Cash flow from financing activities** | | | |
| | Bank loan paid | | (18,152,627) | (127,557,751) |
| | **Net cash generated from financing activities (C)** | | **(18,152,627)** | **(127,557,751)** |
| D. | **Net cash flow (D =A+B+C)** | | **39,086,899** | **(79,806,541)** |
| E. | Cash and cash equivalent at the end of the year | | 221,527,954 | 182,441,055 |
| F. | Cash and cash equivalent at the beginning of the year | | 182,441,055 | 262,247,596 |
| G. | **Increase/(decrease) in cash and cash equivalent during the year (G = E - F)** | | **39,086,899** | **(79,806,541)** |

The accompanying notes from 1 to 24 & Annexure-A form an integral part of the financial statement.

Managing Director & CEO | Director | Director | Chairman

# STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 31 DECEMBER 2016

| Particulars | Taka | | | | |
|---|---|---|---|---|---|
| | Share Capital | Retained Earnings | Reserve for Exceptional Losses | Revaluation Surplus | Total Equity |
| **Balance as on 01 January 2016** | **346,263,080** | **41,996,373** | **113,031,170** | **214,441,308** | **715,731,931** |
| Addition during the period | 41,551,570 | - | 25,000,000 | - | 66,551,570 |
| Revaluation surplus transferred to Retained Earnings | | 26,269,060 | - | (26,269,060) | - |
| Stock Dividend | - | (41,551,570) | - | - | (41,551,570) |
| Profit after tax for the year | - | 41,211,419 | - | - | 41,211,419 |
| **Balance as on 31 December 2016** | **387,814,650** | **67,925,282** | **138,031,170** | **188,172,248** | **781,943,350** |

# STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 31 DECEMBER 2015

| Particulars | Taka | | | | |
|---|---|---|---|---|---|
| | Share Capital | Retained Earnings | Reserve for Exceptional Losses | Revaluation Surplus | Total Equity |
| **Balance as on January 01, 2015** | **314,784,620** | **34,315,362** | **88,031,170** | **214,441,308** | **651,572,460** |
| Addition during the period | 31,478,460 | - | 25,000,000 | - | 56,478,460 |
| Stock Dividend | - | (31,478,460) | - | - | (31,478,460) |
| Profit after tax for the year | - | 39,159,471 | - | - | 39,159,471 |
| **Balance as on December 31, 2015** | **346,263,080** | **41,996,373** | **113,031,170** | **214,441,308** | **715,731,931** |

The accompanying notes from 1 to 24 & Annexure-A form an integral part of the financial statement.

Managing Director & CEO | Director | Director | Chairman

Dated: Dhaka
April 25, 2017

# FORM - AA
# CLASSIFIED SUMMARY OF ASSETS
## AS AT 31 DECEMBER 2016

| Class of Assets | Taka | | Remarks |
|---|---|---|---|
| | Book value as per Balance Sheet | Market Value | |
| Bangladesh Govt. Treasury Bond | 25,000,000 | 25,000,000 | Not quoted in the market |
| Fixed Deposit with Banks | 166,835,855 | 166,835,855 | Realizable Value |
| In STD A/C with Banks | 43,554,788 | 43,554,788 | Realizable Value |
| Cash in Hand | 11,137,311 | 11,137,311 | Realizable Value |
| Interest on Investment accrued but not due | 11,095,456 | 11,095,456 | Realizable Value |
| Amount due from other persons or bodies carrying on insurance business | 353,203,139 | 353,203,139 | Realizable Value |
| Other Assets : | | | |
| Fixed Assets | 307,869,563 | 307,869,563 | Revalued |
| Investment in Shares & Bond | 20,036,160 | 20,036,160 | Market Value |
| Sundry Debtors | 187,719,436 | 187,719,436 | Realizable Value |
| Stock of Stationery and Stamps | 2,828,769 | 2,828,769 | Realizable Value |
| | **1,129,280,477** | **1,129,280,477** | |

The accompanying notes from 1 to 24 & Annexure-A form an integral part of the financial statement.

Managing Director & CEO | Director | Director | Chairman

Signed in terms of our separate report of even date.

Rahman Mostafa Alam & Co.
Chartered Accountants

Dated: Dhaka
April 25, 2017

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED ON 31 DECEMBER 2016

**1.0 Introduction:**

**1.1 Status of the Company:**

Northern General Insurance Company Limited was incorporated as public company limited by shares on 08 April 1996 under the companies Act, 1994 bearing certificate of incorporation no.C-30509(1725)/96. The company was entitled to commence business vide certificate of commencement issued on 08 April 1996 by the Registrar of Joint Stock Companies & Firms under section 150(2) of the said Act. The Controller of Insurance has issued certificate of registration on 25 May 1996. The Securities & Exchange Commission has approved for issue of shares to public on 20 October 2008 (date of lottery). The company has been listed with the stock exchange [both in Dhaka and in Chittagong] on 16 July 2008.

**1.2 Nature of Business:**

The primary objectives of the Company are to carry on non-life related all kinds of insurance, guarantee and indemnity business.

**1.3 Structure, Content and Presentation of Financial Statements:**

These financial statements are presented in accordance with the guidelines provided as per requirement of Insurance Act 1938 and BAS - 1: "Presentation of Financial Statements". A complete set of financial statements comprises of:

i. Balance sheet as at 31 December 2016;
ii. Profit or Loss Account for the year ended 31 December 2016;
iii. Profit or Loss Appropriation Account for the year ended 31 December 2016;
iv. Consolidated all Business Revenue Account for the year ended 31 December 2016;
v. Fire Insurance Revenue Account for the year ended 31 December 2016;
vi. Marine Insurance Revenue Account for the year ended 31 December 2016;
vii. Motor Insurance Revenue Account for the year ended 31 December 2016;
viii. Miscellaneous Insurance Revenue Account for the year ended 31 December 2016;
ix. Statement of Changes in Equity for the year ended 31 December 2016;
x. Statement of Cash Flows for the year ended 31 December 2016;
xi. Notes comprising a summary of significant accounting policies and other explanatory information to the accounts for the year ended 31 December 2016;

**2.0 Summary of Significant Accounting Policies & Basis of Preparation:**

A summary of the principle accounting policies which have been applied consistently (unless otherwise stated), as set out below:

**2.1 Basis of Accounting:**

These financial statements have been prepared on a going concern basis under generally accepted accounting principles on historical cost convention. These statements have also been prepared in accordance with applicable International Financial Reporting Standards as adopted in Bangladesh, namely, Bangladesh Financial Reporting Standards (BFRS) with reference to disclosures of accounting policies and valuation of investment.

**2.2 Basis of Presentation:**

These Financial Statements have been prepared on going concern and accrual basis under historical cost convention. The preparation and presentation of the financial statements and the disclosure of information have been made in accordance with the Insurance Act 1938 (as amended in 2010), the Insurance Rules 1958 and in conformity with Bangladesh Accounting Standards (BAS), Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, the Securities and Exchange Rules 1987 (as amended in 1997),

the listing rules of Dhaka and Chittagong Stock Exchange and other applicable laws and regulations in Bangladesh and practice generally followed by the insurance sector. The Balance sheet has been prepared in accordance with Part-I and "From A" and Part II of the First Schedule. The revenue account for fire, marine, motor and miscellaneous business has been prepared in accordance with "Form F" in Part II of the Third Schedule of Insurance Act 1938. Statement of Cash Flow and Statement of Changes in Equity has been prepared in accordance with BFRS.

**2.3 Disclosure Differs:**

Northern General Insurance Company Limited has followed the BAS/BFRS provisions to that extent which is not restricted by the Insurance Act and Rules as outlined below:

**2.3.1 Valuation of Investment:**

BAS - 39 provides to disclose unrealized gain/loss in investment in shares through comprehensive income. But this is restricted in accordance with the provisions of Insurance Act and Rules.

**2.3.2 Provision for Insurance Premium:**

Depending on business, certain percentage of premium income is to be made as provision in accordance with Insurance Act and Rules. But, this is not in commensurate to the provision of BAS - 37.

**2.3.3 Comprehensive Income Statement:**

Northern General Insurance Company Limited does not require preparing a single Comprehensive Income Statement other than the Income Statement prepared in accordance with the templates stipulated by Insurance Act and Rules.

**2.3.4 IRDA Guidelines:**

Mandatory investment has to be made as per IDRA instructions which are not required in accordance with BAS/BFRS.

**2.4 Going Concern:**

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. These do not include any adjustments for which Northern General Insurance Company Limited is unable to continue as a going concern.

**2.5 Functional and Presentation Currency:**

These financial statements are presented in BD Taka, which is the company's functional currency except as indicated otherwise.

**2.6 Use of Estimates and Judgments:**

The preparation of financial statements require management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses for which actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period when revised and in any future periods affected.

**2.7 Materiality and Aggregation:**

Each material item has been presented separately in the financial statements being significant consideration of the management. No amount has been set off unless the Northern General Insurance Company Limited has a legal right to set off the amounts and intends to settle on net basis. Income and expenses are presented on a basis only when permitted by the relevant accounting standards.

**2.8 Investment in Share and Redeemable Bond:**

Investments are initially recognized at cost including acquisition charges. The investments in marketable ordinary shares have been valued at market price. Investment in redeemable bond has been valued at cost. Provision for diminution value of shares as on closing of the year is made in the financial statements.

**2.9 Cash and Cash Equivalents:**

Cash and cash equivalents consist of cash, cash in clearing account, FDR and bank balances. For the purpose of statement of cash flow, cash and cash equivalents are arrived at after net off bank overdrafts, if any.

**2.10 Cash Flow Statements:**

Cash flow statement is prepared in accordance with BAS - 7 "Statement of Cash Flows". Cash flows from operating activities have been presented at "Direct Method".

**2.11 Earnings Per Share [EPS]: TK. 1.71 [BAS - 33]:**

Earnings Per Share (BAS - 33) is calculated by applying the formula of net profit after tax divided by number of shares as follows:

| Particulars | 2016 | 2015 |
|---|---|---|
| Net Profit after Tax for the year (Taka) | 66,211,419 | 64,159,471 |
| Ordinary Shares (Number) | 38,781,465 | 38,781,465 |
| Face value per share (Taka) | 10 | 10 |
| Basic Earnings Per Share (Taka) | 1.71 (Approx) | 1.65 (Approx) |

It is relevant to note that the Company has changed its face value per share from Tk. 100 to Tk. 10 vide 6th EGM held on 24 November 2011.

**2.12 Revenue Recognition [BAS - 18]:**

2.12.1 Premium is recognized when insurance policies are issued. The sum of premium income as appeared in Revenue Accounts is net of the refund made, Re-insurance ceded and Re-insurance premium on PSB.

**2.12.2** The premium in respect of Company's share of Public Sector Insurance Business (PSB) has been accounted for in the year in which the relevant statement of accounts received from Shadharan Bima Corporation (SBC). The statements of account for the period from July 2015 to June 2016 have been received from SBC and the Company's share of PSB for the aforesaid period has been recognized in these financial statements accordingly.

**2.12.3** Amounts received, against issue of Cover Notes which have not been converted into Policies for the purpose of recognition, as income at the earlier date of Cover Notes converted into Policies or after expiry of two years of issuing Cover Notes in accordance with SBC's Circular.

**2.12.4** Re-insurance commission is recognized as revenue over the period in which the related services performed.

**2.12.5** Interest on Fixed Deposit Receipts (FDR) and Bangladesh Govt. Treasury Bond is recognized as revenue on accrual basis.

**2.12.6** Capital gain/(loss) from dealing with listed companies' shares are recognized in the accounts as and when arisen or incurred. Dividend income is recognized on cash basis.

**2.13 Benefits, Claims and Expenses Recognition:**

**2.13.1 Gross Benefits and Claims:**

General insurance claims include all claims occurring during the year relates to internal and external/external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries and any adjustments to claims outstanding from previous years.

**2.13.2 Re-insurance Claims:**

Re-insurance claims are recognized when the related gross insurance claim determined according to the terms of the relevant contract.

**2.13.3 Employment Benefits [BAS - 19]:**

The company's employment benefits to eligible employees comprise of recognized contributory provident fund and group insurance scheme. Assets of provident fund are held under separate trustee as per the provident fund rules. Provident Fund is contributed by the employees and the company at pre-determined rates. Employees are entitled to get company's contribution to provident fund after completion of minimum five years of service in the company. The company's contributions to the provident fund, group insurance and provision for gratuity have been charged as revenue expenditure.

**2.14 Provision for Outstanding Claim:**

This has been recognized on estimates in the accounts on the basis of expected claims including incidental cost whether reported or not on the date of reporting.

**2.15 Reserve or Contingencies:**

**2.15.1 Un-expired Risk:**

Surplus/(deficit) on Revenue Accounts has been arrived at after making necessary provision for un-expired risk @ 40% of net premium income on all business except Marine Hull Insurance for which provision has been made @ 100% on net premium income.

**2.15.2 Reserve for Exceptional Loss:**

Reserve for Exceptional Losses Tk. 25,000,000 was appropriated out of current year's profit before tax as reserve to meet exceptional losses under 4th schedule of Income Tax Ordinance 1984.

**2.15.3 Revaluation Surplus:**

This has been recognized in the accounts in year 2014 being difference amount of revalued assets and depreciated assets, that is, the surplus value of revalued and depreciated assets.

**2.16 Interest Expense:**

The company has incurred interest and related expenses on account of overdraft and short term loan. In terms of provision of the Bangladesh Accounting Standard (BAS) - 1 "Presentation of Financial Statements" interest expenses are recognized on accrual basis.

**2.17 Allocation of Total Management Expenses:**

Management expenses have been allocated to all Revenue Accounts in proportion to their gross premium.

**2.18 Fixed Assets:**

**2.18.1 Recognition and Measurement:**

The cost of an item of Fixed Assets shall be recognized as an assets if, and only if is probable that future economic benefits associated with the item will flow to the entity, and the cost of the item can be measured reliably.

Fixed assets have been accounted for at cost less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items.
Subsequent costs of enhancement of existing assets are recognized as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of such items can be measured reliably. All other expenditures are charged to the Profit or Loss account during the financial period in which they are incurred.
Fixed Assets have been revalued in the year 2014 by an independent organization, named as "Jorip O Paridarshan Company Limited" to reflect the fair value at prevailing market price.

**2.18.2 Depreciation on Fixed Assets:**

Fixed assets are depreciated applying the Reducing Balance method consistently, as per BAS - 16 for addition of assets; depreciation is charged from the date of capitalization up to the date immediately preceding the date of disposal. Depreciation method, useful lives and residual values are reviewed at each year-end and adjusted if appropriate.
According to BAS-8 Management has estimated the useful life of Floor Space (including undivided proportionate land) and as such the depreciation of the related asset is changed and accounted for on new rate of 2.50%.

The rate of Depreciation used on the assets is as follows:

| Name of Asset | Rate | Name of Asset | Rate |
|---|---|---|---|
| Furniture and Fixture | 10% | Motor Cycle | 20% |
| Type Writer and Office Equipments | 15% | Telephone Installation | 15% |
| Electric Fan | 15% | Office Decoration | 10% |
| Air Conditioner and Refrigerator | 20% | Software Installation | 35% |
| Floor Space | 2.5% | Library Books | 20% |
| Motor Vehicle | 20% | Computer | 20% |

The value of all assets at 31 December 2016 as shown in the Balance Sheet and in the Classified Summary of Assets have been prepared following the regulations and Form AA, Part II, First Schedule of the Insurance Act 1938. The said assets have been set forth in the Balance Sheet at amounts of their respective book values and such value does not exceed their aggregate market value.

**2.18.3 Sale of Fixed Assets:**

Sale price of Fixed Assets are determined on the basis of the assets. Gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as being the difference between sales proceeds and carrying amount of the asset so recognized as per provision of BAS - 16 "Property, Plant & Equipments".

**2.18.4 Impairment:**

If the recoverable amount of asset is less than its carrying amount, the carrying amount of the asset should be reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss is recognized as expenses in the Income Statement.

**2.18.5 Leased Assets [BAS - 17]:**

The Company acquired 6 (Six) vehicles under operating lease finance for five years from IDLC Finance Ltd. In 2012,,2013 and 2014. These were not recorded as fixed assets in the books of the Company, as these were taken on operating lease. Lease rental paid for these assets have been charged to revenue account. Lease rental to be paid for one year and for two to five years is Tk. 1,707,000.00 and Tk.3,414,000.00 respectively.

**2.19 Taxation:**

Income tax on earnings for the year comprises current and deferred tax which is based on the applicable tax law in Bangladesh. It is recognized in the income statement as tax expense.

**2.19.1 Current Tax:**

Current tax is the expected tax payable on taxable income for the year based on the taxes rates (and tax laws) which are enacted at the reporting date, including any adjustment for tax payable in previous periods. Current tax for current and prior periods is recognized as a liability (or Assets) to the extent that it is unpaid (or refundable).

Provision for income tax has been made at best estimate keeping in view with the provisions of Income Tax Ordinance 1984 and amendment made thereto from time to time. Applicable rate of income tax for the company is 40% as per Finance Act 2016.

**2.19.2 Deferred Tax [BAS - 12]:**

The Company recognized deferred tax in accordance with the provision of BAS 12. This arises due to temporary difference deductible or taxable for the events or transaction recognized in the profit and loss account. A temporary difference is the difference between tax bases of an asset or liability and its carrying amount/reported amount in the financial statements. Deferred tax asset or liability is the amount of income tax payable or recoverable in future period(s) recognized in the current period. The deferred tax assets/liabilities do not create a legal liability/recoverability to and from the income tax authority.

**2.20 Accounting for Changes in Accounting Estimates:**

BAS - 8 states that the effect of a change in an accounting estimate is to be applied prospectively by inclusion in the current accounting period and, if relevant, in future accounting period. The carrying amount of assets, liabilities, or equity may be changed following a change in accounting estimates in the period of the change.

**2.21 Related Party Disclosure:**

As per Bangladesh Accounting Standards (BAS) 24 "Related Party Disclosures", parties are considered to be related if one of the parties has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The company carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with its related parties. Related party disclosures have been given in Note 21.1.

**2.22 Events after the Balance Sheet Date:**

There is no material adjusting or non adjusting events occured after the balance sheet date and till to the date of reporting

**2.23 Contingent Liabilities and Contingent Assets:**

The company does not recognize contingent liability and contingent assets but discloses the existence of contingent liability in the financial statements. A contingent liability is probable obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of uncertain future events not within the control of the company or present obligation that cannot be measured reliably.

**2.24 Branch Accounting:**

The company has 25 branch offices (including Head Office) with no overseas branch as on 31 December 2016. Accounts of the branches are maintained at the head office which is included in the accompanying financial statements.

**2.25 Consistency of Presentation:**
In accordance with the BFRS framework for the presentation of financial statements together with BAS - 1 and BAS - 8, Northern General Insurance Company Limited applies the accounting disclosure principles consistently from one period to the next. For selecting and applying new accounting policies, changes in accounting policies applied, correction of errors, the amounts involved are accounted for and disclosed retrospectively in accordance with the requirement of BAS - 8 and applied the same accounting and valuation principles in 2016 as in financial statements for 2015 (unless otherwise stated).

**2.26 Comparative Information:**
Comparative information has been disclosed in respect of the period ended 31 December 2016 for all numerical data in the financial statements and also the narrative and descriptive information when it is relevant for better understanding of the current year's financial statements.

**2.27 Reporting Currency:**
The financial statements are prepared and presented in Bangladesh Currency (Taka), which is the company's financial currency.

**2.28 Rounded off and Rearrange of Figures:**
Figures appearing in these Financial Statements have been rounded off to the nearest Taka. Previous year's figures have been rearranged/restated/reclassified, where necessary, in order to conform to current period's presentation.

**2.29 Reporting Period:**
These financial statements have covered under audit for twelve months' period from 01 January 2016 to 31 December 2016.

**2.30 Directors Responsibility:**
The Board of Directors takes the responsibility for the preparation and presentation of these Financial Statements.

**2.31 Approval for Issuing Financial Statements:**
The Board of Directors has approved these Financial Statements on 25 April 2017.

**2.32 Risk Analysis:**
Risk analysis for insurance business is difficult to estimate the uncertainty in taking and managing the risk by chronological identification of unascertained risk, mitigating approach of risk and continuing efforts to equate the risk at reasonable level. This, inter alia, includes

**(a) Insurance Product Risk:**
In non-life insurance business, the product selection is one of the important factors for the company. Product with less uncertainty with lower cost can facilitate to secure more risk coverage. Accordingly, high risk is more related to the capital strength and credit rating of the company. Necessary provision for un-expired risk @ 40% of net premium income on all business except Marine Hull Insurance for which provision has been made @ 100% on net premium income.

**(b) Operational Risk:**
This is in association of all departmental effort within the company to ensure the sufficient

coverage for the uncertainty of particular policy selection. It varies in accordance with the nature of products offered to the insured. Guideline for selection of offered product and monitoring the same are effective when fencing the risk at the level of estimate.

(c) **Strategic Market Risk:**
This indicates to identify and quantify the inherent risk of the products for the insured in competitive market. Product with low risk should be encouraged to minimize risk.

(d) **Underwriting Risk:**
This is involved in loss events coverable under contract or agreement with the insured and the volume or size of the coverable loss. It relates to selection, pricing, monitoring and technical provision. However, risk with excessive volume is jointly shared by two or more insurers. In such circumstances, non-life insurance business with different products has been carried out with approved guideline.

(e) **Reinsurance Risk:**
Reinsurance has an influence basing the capital strength and rating aspects. Treaty limit is outlined by the amount of risk which can be ceded to other re-insurer. It depends on the nature of risk to be taken by the company. As such, technical provision has been estimated by way of covering the reasonable and probable obligations with respect to claims for known or un-known uncertainty.

(f) **Investment Risk:**
This relates to market, credit and liquidity of the company and as such, investments consist of assets covering the technical provisions and shareholders' equity. Accordingly, investment plan has been designed in such manner to accommodate inherent risk.

(g) **Liquidity Risk:**
This indicates to pay the claim on demand and the company needs to liquidate or convert assets to meet the obligation as and when arise.

(h) **Credit Risk:**
The Company follows IDRA instructions with respect to issuing of policies, that is, policies were not issued on credit.

(i) **Default Risk:**
It indicates default in paying off the claims on demand when third party involved in such approach. At the time, the company needs to have sufficient liquidity to pay off the claims on demand and to fulfill the contractual obligation.

(j) **Legal and Regulatory Risk:**
There is legal and regulatory obligation to follow and abide by the restricted rules and regulation in carrying out the business which do not conform to the competitive market for procuring business. As such, non-compliance to rules and regulation may invite risk to the employment of the company.

| | | Taka | |
|---|---|---|---|
| | | 31-Dec-2016 | 31-Dec-2015 |
| 3. | **Share Capital : Tk.387,814,650** | | |
| 3.1 | **Authorized Share Capital :** | | |
| | 100,000,000 ordinary shares of Tk. 10 each | 1,000,000,000 | 1,000,000,000 |
| 3.2 | **Issued, Subscribed and Paid up Capital :** | | |
| | Issued against cash | 150,000,000 | 150,000,000 |
| | Issued against bonus share | 237,814,650 | 196,263,080 |
| | | **387,814,650** | **346,263,080** |

3.2.1 **Group wise shareholding position as on 31 December 2016 are given below :**

| Shareholder Group | No. of Shareholder | No. of Shares | Percentage |
|---|---|---|---|
| Sponsors | 16 | 13,849,190 | 35.71% |
| Institutional Investors | 90 | 13,880,139 | 35.79% |
| General Investors | 4,039 | 11,052,136 | 28.50% |
| **Total** | **4,145** | **38,781,465** | **100.00%** |

3.2.2 **Range wise shareholding position as on 31 December, 2016 are given below :**

| Share holding range | No. of Shareholder | No. of Shares | Percentage |
|---|---|---|---|
| 000001-005000 | 3,780 | 3,178,117 | 8.19% |
| 005001-050000 | 303 | 4,168,512 | 10.75% |
| 050001-100000 | 17 | 1,284,361 | 3.31% |
| 100001-200000 | 12 | 1,509,093 | 3.89% |
| 200001-300000 | 6 | 1,586,907 | 4.09% |
| 300001-400000 | 2 | 737,993 | 1.90% |
| 400001-500000 | 0 | - | 0.00% |
| 500001- Over | 25 | 26,316,482 | 67.86% |
| **Total** | **4,145** | **38,781,465** | **100.00%** |

3.2.3 **Shareholding position of Sponsor/Director as on 31 December, 2016 are as follows:**

| Sl. No. | Name of the Directors/Sponsor | Class of Share | No. of Shares | Nominal value | Taka |
|---|---|---|---|---|---|
| 01 | Mr. S. M. Ayub Ali Chowdhury | Ordinary | 993,186 | 10 | 9,931,860 |
| 02 | Mr. Md. Sarwar Salim | Ordinary | 856,270 | 10 | 8,562,700 |
| 03 | Al-haj Nasiruddin | Ordinary | 842,829 | 10 | 8,428,290 |
| 04 | Mr. Abdul Matin | Ordinary | 842,829 | 10 | 8,428,290 |
| 05 | Mr. Mohd. Azam | Ordinary | 894,896 | 10 | 8,948,960 |
| 06 | Al-haj Md. Saiful Alam | Ordinary | 558,473 | 10 | 5,584,730 |
| 07 | Ms. Thamina Rahman | Ordinary | 1,132,407 | 10 | 11,324,070 |
| 08 | Mr. Hamidul Haq | Ordinary | 30,415 | 10 | 304,150 |
| 09 | Mr. Faysal Ahmed Patwary | Ordinary | 1,132,405 | 10 | 11,324,050 |
| 10 | Mrs. Ferdousi Islam | Ordinary | 1,132,407 | 10 | 11,324,070 |
| 11 | Al-haj Md. Shafiul Azam | Ordinary | 1,064,647 | 10 | 10,646,470 |
| 12 | Al-haj Abdus Samad | Ordinary | 842,829 | 10 | 8,428,290 |
| 13 | Mr. Shahriar Khaled | Ordinary | 842,829 | 10 | 8,428,290 |
| 14 | Mr. Arshadul Alam | Ordinary | 1,132,407 | 10 | 11,324,070 |
| 15 | Ms. Maimuna Khanam | Ordinary | 707,532 | 10 | 7,075,320 |
| 16 | Mortuza Siddique Chowdhury | Ordinary | 842,829 | 10 | 8,428,290 |
| **Total** | | | **13,849,190** | | **138,491,900** |

| | Taka | |
|---|---|---|
| | 31-Dec-2016 | 31-Dec-2015 |

**3.2.4 Bonus share**

The Company has issued during the year bonus share Tk. 41,551,570 (roudnded off) being 12% of paid up capital Tk. 346,263,080 for the year 2015.

**3.2.5 Change in face value of each share**

The company has amended relevent clause of Memorandum and articles of Association in the 6th EGM held on 24 November 2011 to comply SEC's order regarding changing the share denomination from Tk.100.00 to Tk.10.00 each.

**4. Reserve for Exceptional Losses : Tk. 138,031,170**

This is arrived at as under:

| | | |
|---|---|---|
| **Balance as at 01 January 2016** | 113,031,170 | 88,031,170 |
| Add : Provision for the year | 25,000,000 | 25,000,000 |
| **Balance as at 31 December 2016** | **138,031,170** | **113,031,170** |

**5. Revaluation Surplus : Tk. 188,172,248**

This is arrived at as under:

| | | |
|---|---|---|
| Balance as at 01 January 2016 | 214,441,308 | 214,441,308 |
| Less : Transferred to Retained Earnings | (26,269,060) | - |
| **Balance as at 31 December 2016** | **188,172,248** | **214,441,308** |

**6. Profit or Loss Appropriation Account : Tk. 67,925,282**

This is arrived at as under:

| | | |
|---|---|---|
| Balance as at 01 January 2016 | 41,996,373 | 34,315,362 |
| Less : Appropriation for issue of bonus share | 41,551,570 | 31,478,460 |
| | 444,803 | 2,836,902 |
| Add : Profit during the year | 41,211,419 | 39,159,471 |
| Add : Transferred from Revaluation Surplus | 26,269,060 | - |
| Balance as at 31 December 2016 | **67,925,282** | **41,996,373** |

**7. Premium Deposit : Tk. 5,712,284**

This represents the balance of premium received against Cover Notes during the year for which Policies were not issued within 31 December 2016.

**8. Estimated liability in respect of outstanding claims whether due or intimated : Tk. 24,650,692**

The break-up of the amount with estimated numbers of claim against policies is as under:

| Sl. No. | Class of business | Taka | |
|---|---|---|---|
| 01 | Fire | 2,050,500 | 5,783,280 |
| 02 | Marine | 14,075,000 | 10,714,601 |
| 03 | Motor | 7,835,342 | 10,261,238 |
| 04 | Miscellaneous | 689,850 | 614,500 |
| | **Total** | **24,650,692** | **27,373,619** |

| | Taka | |
|---|---|---|
| | 31-Dec-2016 | 31-Dec-2015 |

**9. Amount due to other persons or bodies carrying on insurance business : Tk. 32,474,201**

The amount is payable to the following on account of re-insurance arrangements with SBC and co-insurance scheme to other General Insurance Companies with aging as below:

| Sl. No. | Name | Taka | |
|---|---|---|---|
| 01 | Sadharan Bima Corporation | 29,262,621 | 26,732,260 |
| 02 | Federal Insurance Company Limited | 181,657 | 181,657 |
| 03 | Green Delta Insurance Company Limited | 131,856 | 131,856 |
| 04 | Provati Insurance Company Limited | 540,389 | 540,389 |
| 05 | Continental Insurance Company Limited | 264,901 | 264,901 |
| 06 | Progati Insurance Company Limited | 195,191 | 195,191 |
| 07 | Prime Insurance Company Limited | 888,731 | 888,731 |
| 08 | Eastern Insurance Company Limited | 124,484 | 124,484 |
| 09 | Bangladesh Co-operative Insurance Company Limited | 339,657 | 339,657 |
| 10 | Bangladesh National Insurance Company Limited | 217,611 | 217,611 |
| 11 | Rupali Insurance Company Limited | 176,363 | 176,363 |
| 12 | Mercantile Insurance Limited | 150,740 | 150,740 |
| | **Total** | **32,474,201** | **29,943,840** |

**10. Sundry Creditors : Tk. 200,268,246**

The break-up of the amount is as under :

| Sl. No. | Head of accounts | Taka | |
|---|---|---|---|
| 01 | Audit fees payable | 839,575 | 741,825 |
| 02 | VAT Payable | 2,133,203 | 2,205,557 |
| 03 | Employees' Tax deduction at source | 61,318 | 42,771 |
| 04 | Security Deposit | 35,000 | 35,000 |
| 05 | Share Subscription | 4,435,895 | 4,435,895 |
| 06 | Provident Fund Payable | 3,880,586 | 4,496,691 |
| 07 | Office Rent | - | 521,594 |
| 08 | Shareholders Account | 1,314,596 | 1,310,308 |
| 09 | Provision for Gratuity | 5,357,150 | 26,068,825 |
| 10 | Provision for Workers' Profit Participation Fund (WPPF) | 4,513,158 | 4,513,158 |
| 11 | Provision for Income Tax | 177,697,765 | 165,938,230 |
| 12 | Loan from Shahjalal Islami Bank Limited | - | 18,152,627 |
| | **Total** | **200,268,246** | **228,462,481** |

**11. Investment : Tk. 45,036,160**

The break-up of the amount is as under:

| | | | |
|---|---|---|---|
| **13.1** | Bangladesh Government Treasury Bond - at cost | 25,000,000 | 25,000,000 |
| **13.2** | FSIB Mudaraba Subordinated Bond | 20,000,000 | 30,000,000 |
| **13.3** | Shares in Listed Companies | 36,160 | 23,534 |
| | | **45,036,160** | **55,023,534** |

11.1 Investment in Bangladesh Government Treasury Bond is made as per section 23, schedule - 1 of the Insurance Act - 2010 being statutory deposit with Bangladesh Bank. Tk. 25,000,000.

11.2 Investment for Tk. 5,00,00,000.00 was made in FSIB Mudaraba Subordinated Bond on 03.12.2012 for six years. Orginally, the interest rate was 15.5% per annum which is reduced to 11%. The investment has been redeeming at 20% per annum since 2014.

| | Taka | |
|---|---|---|
| | 31-Dec-2016 | 31-Dec-2015 |

**11.3 Details of investment in the shares of listed companies are given below :**

| Sl. No. | Particulars | Taka | |
|---|---|---|---|
| | | Cost | Market value As At 31.12.2016 |
| 01 | Aftab Auto Limited | 567 | 340 |
| 02 | BD Finance Limited | 605 | 279 |
| 03 | Beacon Pharma Limited | 20,545 | 5,500 |
| 04 | Dhaka Bank Limited | 1,947 | 1,432 |
| 05 | Eastern Bank Limited | 387 | 319 |
| 06 | Exim Bank Limited | 393 | 924 |
| 07 | Fine Foods Limited | - | 5,449 |
| 08 | Islami Bank Limited | 274 | 238 |
| 09 | Islami Insurance Limited | 10,454 | 8,944 |
| 11 | National Bank Limited | 2,165 | 724 |
| 12 | Paramount Insurance Limited | 11,772 | 3,648 |
| 13 | Premier Leasing International Limited | 15,212 | 6,433 |
| 14 | Prime Finance Limited | 2,005 | 304 |
| 15 | Pubali Bank Limited | 466 | 288 |
| 16 | Rupali Insurance Limited | 216 | 74 |
| 17 | Summit Power Limited | 151 | 222 |
| 18 | Uttara Finance Limited | 1,595 | 1,042 |
| | **Total** | **68,754** | **36,160** |

The above investment in marketable securities that are designated as available for sale by the management. There are measured at fair value and presented as non current assets.

**12. Interest accrued but not due : Tk. 11,095,456**

This represents accrued interest on Fixed Deposits with the different banks and in Bangladesh Treasury Bond as summarized below:

| | | | |
|---|---|---|---|
| **12.1** | Fixed Deposit with different banks | 9,847,650 | 13,912,923 |
| **12.2** | Bangladesh Govt. Treasury Bond | 952,806 | 952,806 |
| **12.3** | FSIB Mudaraba Subordinate Bond | 295,000 | 1,408,520 |
| | | **11,095,456** | **16,274,249** |

**12.2 Bangladesh Govt. Treasury Bond:**

Investment in Bangladesh Government Treasury Bond was purchased in different time from AB Bank Limited, Principal Branch, Dhaka. Accrued interest is calculated at the rate varied from 9.55% to 12.10% .

**12.3 FSIB Mudaraba Subordinate Bond:**

Accrued interest is calculated at 11%.

| | Taka | |
|---|---|---|
| | 31-Dec-2016 | 31-Dec-2015 |

**13. Amount due from other persons or bodies carrying on insurance business : Tk. 353,203,139**

This is due from the following on account of re-insurance and co-insurance business as below :

| Sl. No. | Name | Taka | |
|---|---|---|---|
| 01 | Sadharan Bima Corporation | 349,440,678 | 371,588,366 |
| 02 | Eastern Insurance Company Limited | 15,257 | 15,257 |
| 03 | Federal Insurance Company Limited | 231,091 | 231,091 |
| 04 | Green Delta Insurance Company Limited | 460,411 | 460,411 |
| 05 | Provati Insurance Company Limited | 429,218 | 429,218 |
| 06 | Karnaphuli Insurance Company Limited | 83,201 | 83,201 |
| 07 | Janata Insurance Company Limited | 261,017 | 261,017 |
| 08 | Progati Insurance Company Limited | 692,773 | 692,773 |
| 09 | Prime Insurance Company Limited | 183,704 | 183,704 |
| 10 | Bangladesh Co-operative Insurance Company Limited | 20,639 | 20,639 |
| 11 | Bangladesh National Insurance Company Limited | 272,318 | 272,318 |
| 12 | City General Insurance Company Limited | 23,963 | 23,963 |
| 13 | Rupali Insurance Company Limited | 768,143 | 768,143 |
| 14 | Desh General Insurance Company Limited | 10,692 | 10,692 |
| 15 | Republic Insurance Company Limited | 112,130 | 112,130 |
| 16 | Central Insurance Company Limited | 164,529 | 164,529 |
| 17 | Mercantile Insurance Limited | 33,375 | 33,375 |
| | **Total** | **353,203,139** | **375,350,827** |

**14. Sundry Debtors : Tk. 187,624,860**

[including advance tax, other advances, deposits and pre-payments]

The break-up of the amount as under :

| Sl. No. | Name | Taka | |
|---|---|---|---|
| 01 | Advance Income Tax | 154,004,545 | 130,751,578 |
| 02 | Advance Tax deduction at source | 30,473,945 | 28,741,365 |
| 03 | Advance office rent | 2,846,370 | 4,151,689 |
| 04 | Security Deposit with CDBL | 300,000 | 300,000 |
| | **Total** | **187,624,860** | **163,944,632** |

It is to mention that paid amount of advance tax and tax deduction at source should be adjusted against provision of completed assessment years.

**15. Cash and Bank balances : Tk. 221,527,954**

The break-up of the amount is as under:

| | | | |
|---|---|---|---|
| 15.1 | Fixed Deposit with banks | 166,835,855 | 123,718,376 |
| 15.2 | STD and Current Deposit with banks | 43,554,788 | 50,966,755 |
| 15.3 | Cash in hand (including cash at branches) | 11,137,311 | 7,755,924 |
| | | **221,527,954** | **182,441,055** |

**15.1 Fixed Deposit with banks : Tk. 166,835,855**

| Sl. No. | Bank | Taka | |
|---|---|---|---|
| | | 31-Dec-2016 | 31-Dec-2015 |
| 01 | Al Arafah Islami Bank Limited | 3,920,176 | 1,291,814 |
| 02 | Bank Alfalah Limited | 2,677,928 | 2,550,062 |
| 03 | Bank Asia Limited | 2,634,726 | 1,524,197 |
| 04 | BASIC Bank Limited | 821,054 | 768,049 |
| 05 | BRAC Bank Limited | 1,136,863 | 1,078,607 |
| 06 | Dhaka Bank Limited | 4,681,614 | 3,935,872 |
| 07 | Dutch Bangla Bank Limited | 4,086,198 | 3,844,025 |
| 08 | Eastern Bank Limited | 3,343,344 | 3,215,903 |
| 09 | Exim Bank of Bangladesh Limited | 7,128,300 | 4,297,722 |
| 10 | First Security Islami Bank Limited | 32,287,557 | 34,584,675 |
| 11 | IFIC Bank Limited | 3,794,745 | 3,101,956 |
| 12 | Islami Bank Bangladesh Limited | 6,252,592 | 5,908,367 |
| 13 | Janata Bank Limited | 3,900,591 | 3,628,869 |
| 14 | Marcentile Bank Limited | 2,873,333 | 2,682,553 |
| 15 | Mutual Trust Bank Limited | 3,264,035 | 3,053,120 |
| 16 | National Bank Limited | 2,901,858 | 2,696,585 |
| 17 | NCC Bank Limited | 6,015,270 | 5,172,654 |
| 18 | One Bank Limited | 1,450,443 | 1,347,899 |
| 19 | Premier Bank Limited | 1,901,738 | 1,776,596 |
| 20 | Prime Bank Limited | 5,263,616 | 4,457,464 |
| 21 | Pubali Bank Limited | 594,588 | 560,600 |
| 22 | Rajshahi Krishi Unnayan Bank | 1,312,424 | 1,220,392 |
| 23 | Rupali Bank Limited | 1,280,318 | 1,194,777 |
| 24 | Social Islami Bank Limited | 7,514,720 | 6,955,826 |
| 25 | Sonali Bank Limited | 8,908,462 | 8,297,354 |
| 26 | Southeast Bank Limited | 2,934,767 | 2,737,656 |
| 27 | Standard Bank Limited | 2,105,099 | 1,474,610 |
| 28 | Shahjalal Islami Bank Limited | 2,359,327 | 2,215,244 |
| 29 | The City Bank Limited | 786,480 | 732,035 |
| 30 | IDLC Finance Limited | 507,594 | - |
| 31 | Trust Bank Limited | 795,372 | 739,314 |
| 32 | United Commercial Bank Limited | 6,300,982 | 3,109,157 |
| 33 | Uttara Bank Limited | 1,220,285 | 1,156,050 |
| 34 | Bangladesh Commerce Bank Limited | 2,541,819 | - |
| 35 | NRB Commercial Bank Limited | 2,646,674 | 1,052,834 |
| 36 | NRB Global Bank Limited | 1,659,996 | 312,663 |
| 37 | Meghna Bank Limited | 1,114,054 | 1,042,875 |
| 38 | Industrial Promotion and Development of BD Ltd. | 1,032,319 | - |
| 39 | International Leasing and Financial Service Ltd. | 2,541,250 | - |
| 40 | Jamuna Bank Ltd. | 513,000 | - |
| 41 | Reliance Finance Ltd. | 17,312,118 | - |
| 42 | The Farmers Bank Limited | 518,226 | - |
| | **Total** | **166,835,855** | **123,718,376** |

**15.2 STD and Current Deposit with banks**

This represents the balance in STD & Current accounts with different banks.

**15.3 Cash in hand :**

This includes petty cash of head office and branches and also CD account balances of the branches.

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED ON 31 DECEMBER 2016

**16. Fixed Assets : Tk. 307,869,563**

| Particulars | Cost | | | | Depreciation | | |
|---|---|---|---|---|---|---|---|
| | Written down value as at 01.01.2016 | Addition during the year | Sales/ Disposal during the year | Balance as at 31.12.2016 | Rate | Charged during the year | Written Down Value as at 31.12.2016 |
| Furniture and Fixture | 4,200,253 | 119,700 | - | 4,319,953 | 10% | 431,995 | 3,887,958 |
| Type Writer and Office Equipments | 1,084,701 | 67,965 | - | 1,152,666 | 15% | 172,900 | 979,766 |
| Electric Fan | 41,524 | | - | 41,524 | 15% | 6,229 | 35,295 |
| Air Conditioner and Refrigerator | 1,521,384 | 89,250 | - | 1,610,634 | 20% | 322,127 | 1,288,507 |
| Motor Vehicle | 3,950,734 | 2,000,000 | - | 5,950,734 | 20% | 1,190,147 | 4,760,587 |
| Motor Cycle | 92,779 | | - | 92,779 | 20% | 18,556 | 74,223 |
| Telephone Installation | 94,564 | | - | 94,564 | 15% | 14,185 | 80,379 |
| Office Decoration | 16,051,054 | 102,690 | - | 16,153,744 | 10% | 1,615,374 | 14,538,370 |
| Software Installation | 591,438 | | - | 591,438 | 35% | 207,003 | 384,435 |
| Office Floor Space(with proportionate land) | 287,100,000 | | - | 287,100,000 | 2.5% | 7,177,500 | 279,922,500 |
| Library Books | 31,692 | | - | 31,692 | 20% | 6,338 | 25,354 |
| Computer | 1,990,359 | 374,877 | - | 2,365,236 | 20% | 473,047 | 1,892,189 |
| **As at December 31, 2016** | **316,750,482** | **2,754,482** | **-** | **319,504,964** | | **11,635,401** | **307,869,563** |
| **As at December 31, 2015** | **352,897,340** | **433,925** | **-** | **353,331,265** | | **36,580,783** | **316,750,482** |

| | | Taka | |
|---|---|---|---|
| | | 31-Dec-2016 | 31-Dec-2015 |
| 17. | **Stock of stationery : Tk. 360,719** | | |
| | This represents the amount of unused stationery at the end of the year and is arrived at as under: | | |
| | **Balance as at 01 January, 2016** | **397,603** | **348,482** |
| | Add: Purchase during the year | 199,771 | 445,071 |
| | | 597,374 | 793,553 |
| | Less: Consumed during the year | 236,655 | 395,950 |
| | **Balance as at 31 December, 2016** | **360,719** | **397,603** |
| 18. | **Deferred Tax [BAS-12] :** | | |
| 18.1 | **Deferred Tax Assets :** | | |
| | Book value of depreciable fixed assets | 307,869,563 | 316,750,482 |
| | Less: Tax base | 307,633,122 | 316,456,708 |
| | Deductible Temporary differences | **236,441** | **293,774** |
| | Effective Tax Rate [is considered as per Finance Act, 2016] | 40.00% | 40.00% |
| 18.2 | **Deferred Tax Expense/(Income) : Tk. 22,934** | | |
| | Opening deferred tax assets | 117,510 | 115,938 |
| | Closing deferred tax assets | 94,576 | 117,510 |
| | Total Deferred tax expense /(Income) | **22,934** | **(1,572)** |
| 18.2.1 | **Decrease in deferred tax assets over the year : Tk. 94,576** | | |
| | The break-up of the amount is as under : | | |
| | Balance as at 01 January, 2016 | 117,510 | 115,938 |
| | Deduction during the year | (22,934) | 1,572 |
| | Balance as at 31 December, 2016 | **94,576** | **117,510** |
| 18.3 | **Current year provision for Taxation : Tk. 27,512,502** | | |
| | Break-up of the above is as under: | | |
| | Current Year's Provision | 27,489,568 | 26,105,266 |
| | Deferred Tax expenses/(Income) | 22,934 | (1,572) |
| | | **27,512,502** | **26,103,694** |
| 19. | **Expenses of Management : Tk. 16,364,837** | | |
| | The following expenses were incurred for management of the company's total business but not related to any particular fund or identical business. | | |
| | Insurance Premium on Office Car | 327,796 | 548,516 |
| | Bank Charges | 715,463 | 922,867 |
| | Meeting Expenses | 323,950 | 458,320 |
| | Directors TA/DA | - | 565,995 |
| | Crockeries and Cutleries | 410 | 16,760 |
| | Advertisement and Publicity | 1,308,864 | 688,685 |
| | Traveling and Conveyance | 347,950 | 456,350 |
| | Lease Rental | 3,724,440 | 2,755,400 |
| | AGM Expenses | 334,850 | 454,370 |
| | Festival Allowance | 4,760,776 | 4,632,500 |
| | Annual listing fee | 676,074 | 414,629 |

| | Taka | |
|---|---|---|
| | 31-Dec-2016 | 31-Dec-2015 |
| Branch Managers Conference | 315,750 | 350,550 |
| Group Insurance Premium | 555,636 | 639,279 |
| Other Expenses | | 4,513,158 |
| Contribution to Provident Fund | 2,972,878 | 2,302,488 |
| | **16,364,837** | **19,719,867** |

**20. Expenses of Management : Tk. 58,463,313**

These expenses were incurred in consolidation of identical business as below:

| | | |
|---|---|---|
| Salaries and allowances | 35,859,782 | 35,635,481 |
| Wages | 195,000 | 453,279 |
| Postage and Telegram | 388,350 | 498,286 |
| Printing | 2,595,640 | 1,877,665 |
| Stationery | 236,655 | 395,950 |
| Conveyance | 536,650 | 567,980 |
| Training Fee | 31,050 | 82,625 |
| Entertainment | 866,250 | 985,765 |
| Electrical Expenses | 67,075 | 74,062 |
| Office Contingency and General Charges | 244,930 | 97,880 |
| Telephone, Trunk Call and Telex | 1,326,356 | 863,272 |
| Car Maintenance | 52,780 | 732,400 |
| Internet Charge | 1,071,793 | 943,862 |
| Interest on Overdraft | 2,450,914 | 2,503,542 |
| Office Rent | 6,873,664 | 6,699,820 |
| Garage Rent | 26,500 | 54,000 |
| Gas, Water and Electricity Charges | 873,593 | 862,373 |
| Service Charges | 92,751 | 974,400 |
| Papers and Periodicals | 215,482 | 123,482 |
| Holding Tax | 1,270 | 3,235 |
| Misc. Expenses | 685,342 | 566,321 |
| Management Expenses SBC for share of Public Sector Business | 3,184,501 | 2,881,310 |
| Stamp Duty consumed - Fire | 174,500 | 146,990 |
| Stamp Duty consumed - Motor | 322,685 | 279,101 |
| Stamp Duty consumed - Miscellaneous | 89,800 | 40,543 |
| | **58,463,313** | **58,343,624** |

**20.1** The above expenses were allocated to respective revenue account on the basis of gross premium earned during the year under audit as follows:

| Revenue Account | Taka | | | Percentage of Allocation (%) |
|---|---|---|---|---|
| | General Expenses | Direct Expenses | Total Management Expenses | |
| Fire | 24,611,322 | 416,545 | 25,027,867 | 45% |
| Marine | 16,954,466 | 1,300,498 | 18,254,964 | 31% |
| Motor | 7,656,856 | 484,570 | 8,141,426 | 14% |
| Miscellaneous | 5,469,183 | 1,569,873 | 7,039,056 | 10% |
| **Total for the year 2016** | **54,691,827** | **3,771,486** | **58,463,313** | **100%** |
| **Total for the year 2015** | **54,995,680** | **3,347,944** | **58,343,624** | **100%** |

**21. Related Party Disclosure: [BAS - 24]**

21.1 Related Party being Directors:

Directors' involvement in other Firms/ Companies are details below:

| Sl. No. | Name of Directors | Status With NGICL | Name of the Firms/ Companies in which interested as Proprietor, Partner, Director, Managing Agent, Guarantor, Employees etc. | | Position in the Firms/ Companies |
|---|---|---|---|---|---|
| 01 | Mr. Abdul Matin | Chairman | 1 | Metropolitan Medical Center Limited | Chairman |
| | | | 2 | Rupali Life Insurance Company Limited | Alternate Director |
| | | | 3 | Modern Textile Mills | Proprietor |
| | | | 4 | Modern Dying and Screen Printing Limited | Managing Director |
| | | | 5 | Narsingdi Hatchery and Fisheries Limited | Chairman |
| 02 | Mr. Mohammad Azam | Vice Chairman | 1 | Zia and Brothers | Proprietor |
| | | | 2 | Boshra Trading | Proprietor |
| 03 | Mr. S. M. Ayub Ali Chowdhury | Director | 1 | City Pharmaceuticals Limited | Chairman |
| | | | 2 | K. B. Knit Fashion Limited | Chairman |
| | | | 3 | Fortune Fashion Limited | Chairman |
| 04 | Mr. Md. Sarwar Salim | Director | 1 | Panwin Fashion Limited | Managing Director |
| | | | 2 | Panwin Garments Limited | Managing Director |
| | | | 3 | Panwin Designs Limited | Managing Director |
| | | | 4 | Pantax Accessories (Pvt) Limited | Managing Director |
| | | | 5 | Western Developers Limited | Director |
| 05 | Al-haj Nasiruddin | Director | 1 | Nasim Trading Company | Proprietor |
| | | | 2 | Nams Trade Corporation | Proprietor |
| | | | 3 | J. A. N. Corporation Limited | Managing Director |
| 06 | Ms. Thamina Rahman | Director | | Not Applicable | |
| 07 | Mr. Faysal Ahmed Patwary | Director | 1 | Patwary Potato Flakes Limited | Director |
| | | | 2 | Greentech Greenhouse Bangladesh Limited | Director |
| | | | 3 | Patwary & Associates | Proprietor |
| 08 | Mrs. Ferdousi Islam | Director | 1 | China Bangla Ceramic Industries Limited | Chairman |
| | | | 2 | China Bangla Engineering & Technology Services Limited | Chairman |
| | | | 3 | BajnaboTextile Mills Limited | Chairman |
| | | | 4 | Trustee Securities Limited | Managing Director |
| | | | 5 | Bangal Tiger Cement Industries Limited | Director |
| | | | 6 | Total Merchandising & Trims Limited | Director |
| | | | 7 | United Shipping Lines Limited | Director |
| | | | 8 | Dhaka-Foshan Mould Company Limited | Director |
| | | | 9 | Azbal International Limited | Chairman |
| | | | 10 | Bajnabo Creamic Industries Limited | Director |
| | | | 11 | Rajanigondha Cargo Limited | Director |
| 09 | Mr. Md. Shafiul Azam | Director | 1 | Ambia Apperals Limited | Director |
| | | | 2 | Ambia Sweaters Limited | Director |
| | | | 3 | Ambia Steel & Re-Rolling Mills Limited | Director |
| | | | 4 | Ambia Accessories Limited | Director |
| | | | 5 | S. A. Chemical Industries Limited | Director |

| | | | | | |
|---|---|---|---|---|---|
| | | | 6 | Ambia Tank Terminal Limited | Director |
| | | | 7 | Ambia Holdings Limited | Director |
| | | | 8 | M/s A. H. Trading | Director |
| | | | 9 | M & M Navigation Company Limited | Director |
| | | | 10 | Patenga Builders Corporation Limited | Director |
| | | | 11 | Ocean Construction Limited | Director |
| 10. | Prof. Dr. Zainab Begum | Independent Director | | Not Applicable | |
| 11. | Al-haj Abdus Samad | Director | 1 | Al-Arafah Islami Bank Limited | Chairman (BOD) & Promoter Shareholder/ Director |
| | | | 2 | S. Alam Power Plant Limited | Managing Director |
| | | | 3 | Karnaphuli Prakritik Gas Limited | Managing Director |
| | | | 4 | S. Alam Hatchery Limited | Chairman |
| | | | 5 | S. Alam Soyaseed Extraction Plant Limited | Chairman |
| | | | 6 | S. Alam Tank Terminal Limited | Chairman |
| | | | 7 | S. Alam Cold Rolled Steels Limited | Chairman |
| | | | 8 | S. Alam Steels Limited | Chairman |
| | | | 9 | S. Alam Cement Limited | Chairman |
| | | | 10 | Portman Cements Limited | Chairman |
| | | | 11 | S. Alam Brothers Limited | Chairman |
| | | | 12 | S. Alam Properties Limited | Chairman |
| | | | 13 | S. Alam Luxury Chair Coach Services Limited | Chairman |
| | | | 14 | S. Alam Super Edible Oil Limited | Sponsor Shareholder |
| | | | 15 | S. Alam Vegetable Oil Limited | Sponsor Shareholder |
| | | | 16 | S. Alam Power Generation Limited | Chairman |
| | | | 17 | SS Power I Limited | Nominee Director |
| | | | 18 | SS Power II Limited | Nominee Director |
| | | | 19 | Ekushey Television Limited | Nominee Director, Vice Chairman |
| | | | 20 | Reliance Finance Limited | Nominee Director |
| | | | 21 | Sonali Cargo Logistics (Pvt.) Limited | Chairman |
| | | | 22 | AIBL Capital Market Services Limited | Promoter Shareholder/ Director |
| | | | 23 | Marine Empire Limited | Managing Director |
| | | | 24 | Samad Trading Agency | Proprietor |
| | | | 25 | Fatehabad Farm Limited | Chairman |
| 12. | Mr. Shahriar Khaled | Director | 1 | MAKSONS (Bangladesh) Limited | Director |
| | | | 2 | MAKSONS Associate Limited | Director |
| | | | 3 | MAKSONS Bay Limited | Director |
| | | | 4 | Prime Financial Securities Limited | Director |
| | | | 5 | Prime Properties Holdings Limited | Director |
| | | | 6 | Fareast Islami Life Insurance Limited | Director |
| | | | 7 | PFI Securities Limited | Director |
| | | | 8 | PFI Properties Limited | Director |
| | | | 1 | Uni - Trade International Limited | Proprietor |
| | | | 2 | M. K. Electronics | Managing Director |
| | | | 3 | Jesco Bangladesh Limited | Director |

| | | | | | |
|---|---|---|---|---|---|
| 13. | Mr. Arshadul Alam | Director | 4 | Jesco Capital Management Limited | Managing Director |
| | | | 5 | Kharana Fish & Poultry Limited | Director |
| | | | 6 | Metro Diagnostic Limited | Director |
| | | | 7 | The Chittagong Chamber of Commerce & Industry | Immediate Past Director |
| 14. | Mr. Mortuza Siddique Chowdhury | Director | 1 | Diganta Media Corporation Limited | Sponsor Shareholder |
| | | | 2 | Reliance Finance Limited | Director |
| | | | 3 | Mortaza Assets Limited | Managing Director |
| | | | 4 | MARSA Holding Limited | Chairman |
| | | | 5 | MARSA Trading Limited | Proprietor |
| | | | 6 | Union Bank Limited | Director |
| | | | 7 | MARSA Fishing Limited | Chairman |
| | | | 8 | Parkview Hospital Limited | Vice Chairman |
| 15. | Mr. Mohammed Rafique | Independent Director | 1 | M. M. Corporation | Proprietor |
| 16. | Al-haj Md.Saiful Alam | Director | 1 | Al-Arafah Islami Bank Limited | Sponsor Shareholder |
| | | | 2 | Karnaphuli Prakritik Gas Limited | Chairman |
| | | | 3 | First Security Islami Bank Limited | Chairman |
| | | | 4 | First Security Islami capital & Investment Limited | Chairman |
| | | | 5 | S. Alam Hatchery Limited | Managing Director |
| | | | 6 | S. Alam Soyaseed Extraction Plant Limited | Managing Director |
| | | | 7 | S. Alam Tank Terminal Limited | Managing Director |
| | | | 8 | S. Alam Cold Rolled Steels Limited | Managing Director |
| | | | 9 | S. Alam Bag Manufacturing Mills Limited | Managing Director |
| | | | 10 | S. Alam Refined sugar Industries Limited | Managing Director |
| | | | 11 | S. Alam Steels Limited | Managing Director |
| | | | 12 | S. Alam Cement Limited | Managing Director |
| | | | 13 | Portman Cements Limited | Managing Director |
| | | | 14 | S. Alam & Co. | Proprietor |
| | | | 15 | S. Alam Trading Co. (Pvt.) Limited | Managing Director |
| | | | 16 | S. Alam Brothers Limited | Managing Director |
| | | | 17 | S. Alam Properties Limited | Managing Director |
| | | | 18 | S. Alam Luxury Chair Coach Services Limited | Managing Director |
| | | | 19 | S. Alam Super Edible Oil Limited | Sponsor Shareholder |
| | | | 20 | S. Alam Vegetable Oil Limited | Sponsor Shareholder |
| | | | 21 | Shah Amanat Prakritik Gas Company Limited | Sponsor Shareholder |
| | | | 22 | S. Alam Power Generation Limited | Managing Director |
| | | | 23 | Reliance Brokerage Services Limited | Chairman |
| | | | 24 | Reliance Finance Limited | Chairman |
| | | | 25 | Sonali Cargo Logistics (Pvt.) Limited | Managing Director |
| | | | 26 | Fatehabad Farm Limited | Managing Director |
| | | | 27 | Rangdhanu Media Limited | Managing Director |
| | | | 28 | SS Power I Limited | Chairman(BOD) & Nominee Director |
| | | | 29 | SS Power II Limited | Chairman(BOD) & Nominee Director |
| | | | 30 | Ekushey Television Limited | Chairman(BOD) & Nominee Director |

**21.2 Transactions with Related Party:**

The Company has carried out business through the following related parties and the nature of transactions and value are detailed below :

| Sl. No. | Name of the Client | Related to | Nature of transaction | Taka | |
|---|---|---|---|---|---|
| | | | | 2016 | 2015 |
| 1 | Fortune Fashion Limited | Mr. S. M. Ayub Ali Chowdhury | Insurance Premium | 128,402 | 353,780 |
| 2 | Modern Dying and Screen Printing | Mr. Abdul Matin | Insurance Premium | 5,583 | 57,965 |
| 3 | S. Alam Cold Rolled Steel Limited | Al-haj Abdus Samad Al-Haj Md. Safiul Alam | Insurance Premium | 780,611 | 517,444 |
| 4 | S. Alam Steels Limited | Al-haj Abdus Samad Al-Haj Md. Safiul Alam | Insurance Premium | 203,963 | 214,425 |
| 5 | S. Alam Cement Limited | Al-haj Abdus Samad Al-Haj Md. Safiul Alam | Insurance Premium | 326,730 | 293,473 |
| 6 | S. Alam Luxury Chair Coach Services Limited | Al-haj Abdus Samad Al-Haj Md. Safiul Alam | Insurance Premium | 553,199 | 187,704 |
| 7 | S. Alam Super Edible Oil Limited | Al-haj Abdus Samad Al-Haj Md. Safiul Alam | Insurance Premium | 833,012 | 388,267 |
| 8 | S. Alam Vegetable Oil Limited | Al-haj Abdus Samad Al-Haj Md. Safiul Alam | Insurance Premium | 558,069 | 1,696,255 |
| 9 | S. Alam Power Plant Limited | Al-haj Abdus Samad | Insurance Premium | 895 | 435 |
| 10 | Portman Cement Limited | Al-haj Abdus Samad Al-Haj Md. Safiul Alam | Insurance Premium | 397 | 410 |
| 11 | S. Alam Properties Limited | Al-haj Abdus Samad Al-Haj Md. Safiul Alam | Insurance Premium | 1,744 | 1,782 |
| 12 | Reliance Brokerage Services Limited | Al-Haj Md. Safiul Alam | Insurance Premium | 30,324 | - |
| 13 | Reliance Finance Limited | Al-haj Abdus Samad Al-Haj Md. Safiul Alam | Insurance Premium | 191,656 | 153,825 |
| 14 | S. Alam Refined Sugar Industries Limited | Al-Haj Md. Safiul Alam | Insurance Premium | - | 21,846,824 |
| 15 | Rangdhanu Media Limited | Al-Haj Md. Safiul Alam | Insurance Premium | 1,485 | - |
| 16 | S. Alam Power Generation Limited | Al-haj Abdus Samad Al-Haj Md. Safiul Alam | Insurance Premium | 6,523,747 | 10,754,270 |
| 17 | Ekushey Television Limited | Al-haj Abdus Samad Al-Haj Md. Safiul Alam | Insurance Premium | 3,220 | - |
| 18 | S. Alam Bag Manufacturing Mills Limited | Al-Haj Md. Safiul Alam | Insurance Premium | 349,717 | 100,976 |
| 19 | Panwin Fashions Limited | Mr. Md. Sarwar Salim | Insurance Premium | 1,760,132 | 2,301,582 |
| 20 | Pantax Accessories (Pvt.) Limited | Mr. Md. Sarwar Salim | Insurance Premium | 470 | 1,260,375 |
| 21 | Panwin Designs Limited | Mr. Md. Sarwar Salim | Insurance Premium | 11,846,539 | - |
| 22 | Panwin Garments Limited | Mr. Md. Sarwar Salim | Insurance Premium | 691,060 | - |
| 23 | China Bangla Ceramic Industries Limited | Mrs. Ferdousi Islam | Insurance Premium | 290,675 | 1,175,725 |

| | | | | | |
|---|---|---|---|---|---|
| 24 | Total Merchandising & Trims Limited | Mrs. Ferdousi Islam | Insurance Premium | 200,000 | - |
| 25 | United Shipping Lines Limited | Mrs. Ferdousi Islam | Insurance Premium | 100,000 | - |
| 26 | Azbal International Limited | Mrs. Ferdousi Islam | Insurance Premium | 203,795 | - |
| 27 | Ambia Holdings Limited | Mr. Md. Shafiul Azam | Insurance Premium | 397 | - |
| 28 | PFI Securities Limited | Mr. Shahriar Khaled | Insurance Premium | 460 | - |

**22. Compliance of Schedule XI Part II of the Companies Act, 1994 :**

The slab of employees' remuneration is given below:

| Particulars | No. of Employees | |
|---|---|---|
| | 2016 | 2015 |
| Below Taka.36,000 per year | - | - |
| **Taka.36,000 and above** | **297** | **361** |
| **Total** | **297** | **361** |

**23. Provisions Relating to Collection of Premium :**

The Company has always complied with the Section 18 of the Insurance Act, 2010 as applicable with regard to provision in collecting premium.

**24. Restriction on Certain Investment :**

Northern General Insurance Company Limited has not made any investment nor holds any shares or debentures of any company, firms or other business concern except FSIB Mudaraba Subordinated Bond, in which any of it's directors or any members of the family of such directors has any interest as Proprietor, Partner, Director, Manager or Managing Agent as per Section 44(3) of the Insurance Act, 2010 .

Managing Director & CEO | Director | Director | Chairman

# STATEMENT OF CLASS-WISE UNDERWRITING PROFIT OR LOSS

## FOR THE YEAR ENDED ON 31 DECEMBER 2016

| Particulars | Taka | | | | |
|---|---|---|---|---|---|
| | Fire | Marine | Motor | Miscellaneous | Total |
| Gross Premium | 166,481,338 | 115,411,232 | 52,492,716 | 38,996,639 | 373,381,925 |
| Add: Premium on Re-insurance Accepted | - | - | - | - | - |
| Less: Premium on Re-insurance ceded | 87,791,258 | 39,056,278 | 5,030,501 | 31,822,602 | 163,700,639 |
| Net Premium Income | 78,690,080 | 76,354,954 | 47,462,215 | 7,174,037 | 209,681,286 |
| Add: Commission on Re-insurance ceded | 19,171,612 | 10,690,063 | 1,257,625 | 6,580,616 | 37,699,916 |
| Less: Commission on Re-insurance Accepted | - | - | - | - | - |
| Less: Agent Commission | 13,951,596 | 8,823,663 | 4,278,410 | 1,685,455 | 28,739,124 |
| Add: Last year's Unexpired Risks | 41,947,073 | 30,006,303 | 20,247,131 | 5,443,646 | 97,644,153 |
| **Sub-Total** | **125,857,169** | **108,227,657** | **64,688,561** | **17,512,844** | **316,286,231** |
| **Deduct:** | | | | | |
| Net Claim | 37,029,347 | 7,530,257 | 17,974,042 | 98,362 | 62,632,008 |
| Management Expenses | 25,027,867 | 18,254,964 | 8,141,426 | 7,039,056 | 58,463,313 |
| Reserve for Unexpired Risks | 31,476,032 | 30,901,171 | 18,984,886 | 2,869,615 | 84,231,704 |
| **Sub-Total** | **93,533,246** | **56,686,392** | **45,100,354** | **10,007,033** | **205,327,025** |
| **Underwriting Profit** | **32,323,923** | **51,541,265** | **19,588,207** | **7,505,811** | **110,959,206** |

Managing Director & CEO | Director | Director | Chairman

# STATEMENT OF CLASS-WISE UNDER WRITING PROFIT / (LOSS)
## FOR THE YEAR ENDED ON 31 DECEMBER 2016

| Name of the BAS | BAS No | Status |
|---|---|---|
| Presentation of financial statements | 1 | ** |
| Inventories | 2 | N/A |
| Cash flow statement | 7 | Applied |
| Accounting policies,change in accounting estimates and errors | 8 | Applied |
| Events after the balance sheet date | 10 | Applied |
| Construction contracts | 11 | N/A |
| Income Taxes | 12 | Applied |
| Property,plant and equipment | 16 | Applied |
| Lease | 17 | Applied |
| Revenue | 18 | Applied |
| Employee benefits | 19 | Applied |
| Accounting for government grants and disclosure of governments assistance | 20 | N/A |
| The effect of change in foreign exchange rates | 21 | N/A |
| Borrowing cost | 23 | Applied |
| Related party disclosure | 24 | Applied |
| Accounting and reporting by retirement benefits plan | 26 | Applied |
| Consolidated and separate financial statements | 27 | Applied |
| Investment in associates | 28 | N/A |
| Investment in joint ventures | 31 | N/A |
| Financial instruments: disclosure and presentations | 32 | ** |
| Earning per share | 33 | Applied |
| Interim financial reporting | 34 | Applied |
| Impairment of assets | 36 | Applied |
| Provision,contingent liabilities and contingent assets | 37 | Applied |
| Intangible assets | 38 | Applied |
| Financial instruments: recognition and measurement combination | 39 | ** |
| Investment property | 40 | N/A |
| Agriculture | 41 | N/A |
| **Name of the BFRS** | **BFRS No** | **Status** |
| Share base payment | 2 | N/A |
| Business combination | 3 | N/A |
| Insurance contracts | 4 | ** |
| Non-currents assets held for sale and discontinued operation | 5 | N/A |
| Exploration for and evaluation of mineral resources | 6 | N/A |
| Financial instruments: disclosure | 7 | ** |
| Operating segment | 8 | N/A |

** Northern General Insurance Company Limited management has followed the principles of BAS and BFRS consistently in the preparation of the financial statements to that extent as applicable to Insurance Company. Some of the standards have not been complied with, about which IDRA has special guideline. On the other hand, some disclosures differ with the authoratative directions as mentioned in note 2.3.

Managing Director & CEO | Director | Director | Chairman

# নর্দার্ণ জেনারেল ইন্স্যুরেন্স কোঃ লিঃ
# Northern General Insurance Co. Ltd.

**(A KEY TO PROTECTION)**


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