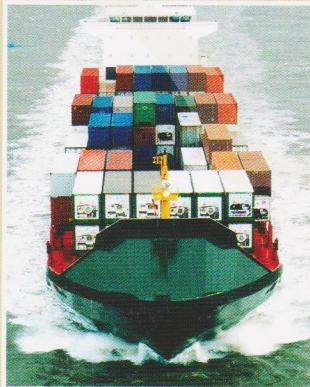
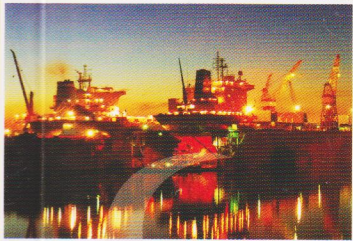


annual Report 2018



MERCANTILE INSURANCE COMPANY LTD.

SYMBOL OF TRUST AND SECURITY



annual Report 2018



মার্কেটাইল ইন্স্যুরেন্স কোম্পানী লিঃ
MERCANTILE INSURANCE COMPANY LTD.
SYMBOL OF TRUST AND SECURITY



SYMBOL OF TRUST AND SECURITY

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Letter of Transmittal



Annual Report 2018

TO
All shareholders
&
Bangladesh Securities and Exchange Commission (BSEC)
Insurance Development & Regulatory Authority (IDRA)
Registrar of Joint Stock Companies & Firms (RJSC&F)
Dhaka Stock Exchange Limited (DSE)
Chattogram Stock Exchange Limited (CSE)
Central Depository Bangladesh Limited (CDBL)
Bangladesh Bank
Bangladesh Insurance Association

Sub: Annual Report for the year ended December 31, 2018

Dear Sir/Madam(s)

We are pleased to present before you the company's Annual Report 2018, alongwith the audited financial statement for the year ended December 31, 2018, for your kind information.

With best regards
Your's Faithfully

Abdur Rahman
SEVP & Company Secretary



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Rating AA⁻

*The Company has been rated as
grade AA⁻
by the Government approved Credit Rating agency
Alpha Credit Rating Ltd.*

RATING : AA⁻

Date of Surveillance Rating : 31 December 2018
Surveillance Rating 2018 : Long Term AA⁻
Short Term ST-2
Outlook : Stable
Surveillance Rating 2017 : AA⁻
Surveillance Rating Vaidity : March 24, 2020

RATING: "AA⁻" DENOTES:

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



| | |
|---------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name of the Company | Mercantile Insurance Company Ltd. |
| Legal Form | A Public Limited Company incorporated in Bangladesh on March 19, 1996 under the Insurance Act, 1938 and listed in Dhaka Stock Exchange Limited and Chottagram Stock Exchange Limited. |
| Commencement of Business | May 05, 1996 |
| Registered with the Department of Insurance | May 13, 1996 |
| Registered & Head Office | Red Crescent House (1 st Floor), 61, Motijheel C/A, Dhaka – 1000 |
| Telephone No. | 88-02-9557662-5 |
| Fax No. | 88-02-9562301 |
| Website | www.mercantileins.com |
| E-mail | mercantileins@yahoo.com, mercantileins2017@gmail.com |
| Chairman | M. Kamal Uddin |
| Managing Director & CEO | Firoz Ahmed |
| Company Secretary | Abdur Rahman |
| CFO | Md. Abdus Salam |
| Authorised Capital | Tk.100.00 Crore |
| Paid up Capital | Tk.43.10 Crore |
| Face Value per share | Tk. 10.00 |
| Market category | 'A' |
| Credit Rating | Long term AA- , Short term AR-2 , Outlook Stable |
| Start of Trading with DSE | 7 December 2004 |
| Start of Trading with CSE | 21 May 2009 |
| Auditors | Ahmed Zaker & Co. Chartered Accountants Green City Edge (Level-10), 89, Kakrail, Dhaka-1000. Phone : 88-02-8300504-8, Fax: 88-02-8300509 |
| Tax Adviser | Talukder & Associates Eastern Mansion, 67/9, Kakrail, (2 nd Floor) Room No. 05, Dhaka – 1000. Bangladesh |



Our Mission

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

Our Vision

To be an innovative, profitable, best customer service provider in insurance companies than other and to enhance clients' trust on wealth, employers value and rapid growth in Shareholders equity.

Our Services

Industrial all risks insurance

Marine Insurance

Fire Insurance

Personal Accident Insurance

Motor Insurance

Contractors All Risk Insurance

Tsunami and Earthquake Insurance

Business interruption and machinery breakdown Insurance

Health Insurance including overseas mediclaim Insurance

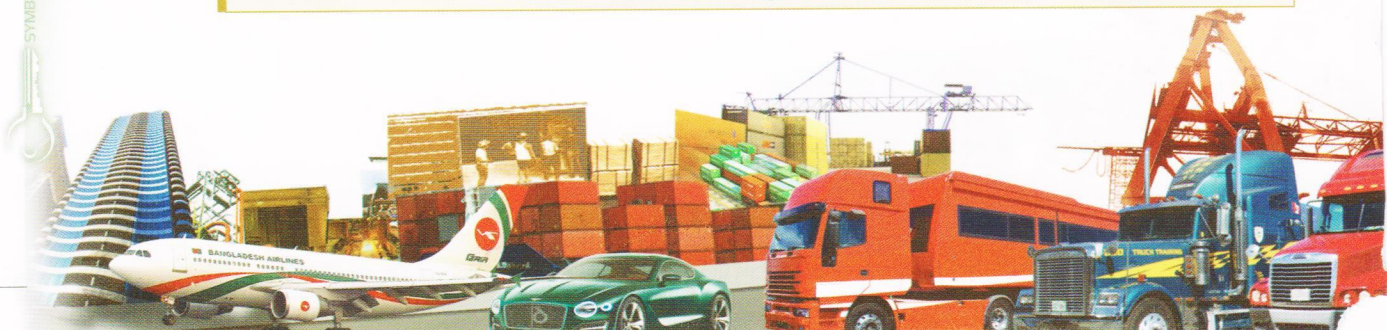
Money Insurance Such as Cash in safe cash-in transit, Cash on Counter and ATM Booth

Riot and Strike Damage Insurance

Erection All Risk Insurance etc.

Our Motto

Committed to cordial Services Trough "Trust and Security"



CHAIRMAN

M. Kamal Uddin

VICE-CHAIRMAN

Md. Mizanur Rahman Ph. D.

CHAIRMAN EXECUTIVE COMMITTEE

Al-haj Md. Nurul Amin

CHAIRMAN AUDIT COMMITTEE

Md. Shah Alam
Independent Director

DIRECTORS

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

INDEPENDENT DIRECTOR

Md. Nasiruddin Chowdhury

MANAGING DIRECTOR & CEO

Firoz Ahmed





*Brief
Profile
of
Directors*

SYMBOL OF TRUST AND SECURITY





M. Kamal Uddin CHAIRMAN

Mr. M. Kamal Uddin is a sponsor Director of Mercantile Insurance Co. Ltd. He is the chairman of the Board of Directors of Mercantile Insurance Co. Ltd. and contributed an exceptional role for the establishment, development & progress since the inception of Mercantile Insurance Company Ltd.

As a business icon he is in the leading part of some business houses and industries.

He is the Managing Director of Chittagong Builders & Machinery Ltd, Merchant Securities Ltd, China Builders & Machineries Ltd., Sifang Machine House Ltd., Merchant Auto Ltd., CBM Parts House and CBM Consortium.

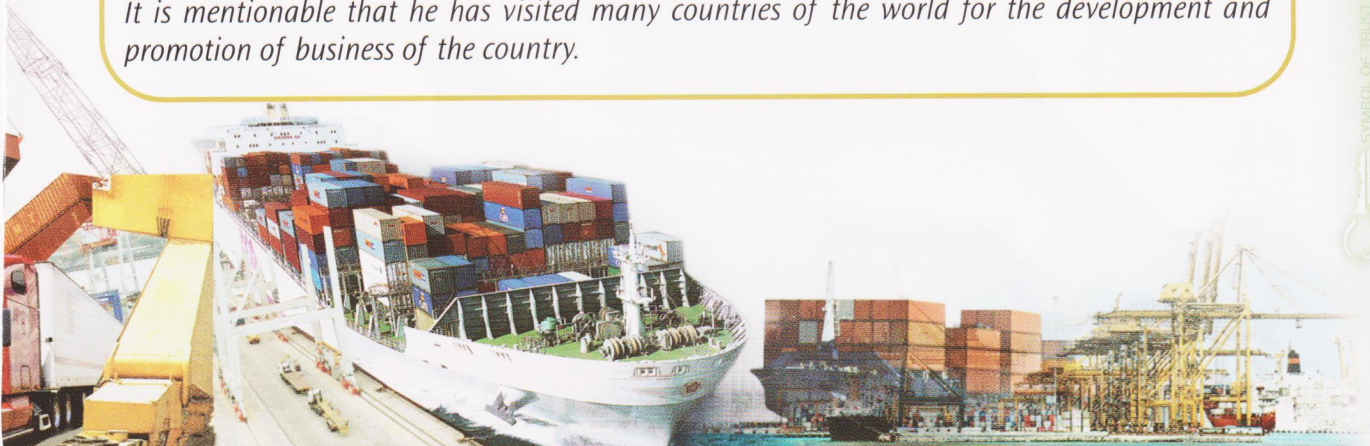
He is a Director of Social Islami Bank Ltd., Mercantile Islami Life Insurance Ltd., ASM Chemical Industries Ltd., Central Hospital Ltd., Sifang Securities Ltd., HURDCO International School, Universal Health Services & Research Ltd.

His business career is versatile and his association with various types of business and well reputed organizations which makes him a forward looking and progressive businessman which already reached him an enviable height.

He is a Member of Dhaka Stock Exchange Limited.

He is also associated with a number of socio-cultural organizations in rural and urban area.

It is mentionable that he has visited many countries of the world for the development and promotion of business of the country.





Md. Mizanur Rahman Ph.D
VICE-CHAIRMAN

Mr. Md. Mizanur Raman, Ph.D is a sponsor Director. He is discharging the responsibility of Vice-chairman of Mercantile Insurance Co. Ltd. He built up his career in the field of business and become a successful business personality.

His sincerity , honesty, dedication, hard work, self-confidence, enthusiastic spirit and a high quality of sense of responsibility made him a distinguished person in business arena.

Mr. Rahman is the Chairman of Al-Mizan Group, Al-Mizan Vision, Al-Mizan Overseas, Al-Mizan Properties, Al-Mizan Travels & Tours Agency, Al-Mizan International Trading Tours Ltd., Big Developments Ltd. He is also the founder editor of Daily Prime.

He has widely visited many countries of the world such as India, Nepal, Pakistan, UAE, Singapore, Hong Kong, Malaysia, Indonesia, Thailand, Korea, Japan, Canada, Belgium, UK and USA. He is associated with various sociocultural organization.





Al-Haj Md. Nurul Amin
CHAIRMAN EXECUTIVE COMMITTEE

Al-Haj Md. Nurul Amin a Director of Mercantile Insurance Company Ltd. He is the chairman of Executive Committee. Mr. Nurul Amin is a renowned and successful business personality and involved in a number of business community.

He is the Managing Director of Electro Mart Ltd., Trade International Marketing Ltd.

He is a Director of EXIM Bank Ltd. He is the Proprietor of Sunny Agency, Amin International, Noor Holdings, Azim Enterprise and Amin Electronics.

Mr. Nurul Amin has travelled many countries for the purpose of business development and expansion. He is actively involved with various socio-cultural organizations and educational Institutions for the welfare of the state and of discipline through providing employment in many aspects.

He is a founder of Shamsul Karim College, Shamsul Karim Madrasha, Shamsul Karim Kallyan Trust etc.





Abdul Haque
EX-CHAIRMAN

Mr. Abdul Haque is a sponsor Director of Mercantile Insurance Co. Ltd. He was elected as chairman for many times.

He is involved in versatile business houses and earned a notable fame in business community for his remarkable business activities in the home and abroad. Particularly, in the field of Trading, Dyes and Chemicals, Textile Printing and Finishing, Construction, Real Estate and Electronic Media world.

He is the Chairman of Bangla Vision (Shamol Bangla Media Limited), Royal Green Products and Royal Green Securities Limited.

He is also the Managing Director of Evergreen Dyes and Chemicals Industries Ltd., Evergreen Textiles Limited & Evergreen Trade Associates Limited.

Formerly, he was President of Dhaka Stock Exchange Limited. He is the Proprietor of Progressive Corporation.

He achieved expertise in Textile Dyes & Chemicals ICI Laboratories at Manchester, U.K. as well as at CIBA Laboratories, Switzerland.

Mr. Abdul Haque is a widely travelled person. He visited a number of countries of Europe, Asia, USA and Australia.

He is involved with different aspects of social activities.





Al-haj Mohammed Solaiman EX-CHAIRMAN

Al-haj Mohammed Solaiman is a Director of Mercantile Insurance Co. Ltd. He was elected as chairman of the company for consecutive two years.

He is involved in versatile business houses like Insurance, Trading and Electronics.

He is the Chairman of HRDCO International School.

Managing Director of Paradise Corporation (Pvt.) Ltd.

Director of Central Hospital Ltd., Eden Multicare Hospital Ltd., Epic Health Care & Proprietor of Paradise Electronics.

His contribution towards socio-cultural and professional activities are remarkable.

It may be mentioned that he has visited many countries of the world in connection with business development and promotion.





Md. Serajul Islam
SPONSOR DIRECTOR

Md. Serajul Islam is sponsor Director of Mercantile Insurance Co. Ltd.

He has earned fame in business community for his integrity. He is the proprietor of M/s. Badal Mill Store.

Mr. Serajul Islam is a former Director of Sadharan Bima Corporation. He attended many conferences instituted in Asia, Europe and USA. Moreover, he visited many countries of the world for the purpose of business promotion

Apart from business carrier he is associated with many socio-cultural activities.





Abdur Rahman
SPONSOR DIRECTOR

Mr. Abdur Rahman is one of the sponsor director of Mercantile Insurance Co. Ltd. He is acquainted with a number of industries and business institutions.

He is the Chairman of Evergreen Dyes and Chemicals Industries Ltd., Evergreen Textile Limited, Evergreen Trade Associates Limited, RN Trading, & Founding Fashion.

Mr. Rahman visited a number of countries for business promotion which includes U.K., U.S.A., Australia, Germany, Switzerland etc.





Mahtabuddin Chowdhury
DIRECTOR

Mr. Mahtabuddin Chowdhury is a Director of Mercantile Insurance Co. Ltd.

He is the Managing Director of Shetu Corporation Ltd., Shetu Agro Industries Ltd., Orni International Ltd. & C-Maart Securities Ltd.

It may be mentioned that he has visited many countries of the world in connection with the business development and promotion.





Mohammad Nabi Ullah
DIRECTOR

Mr. Mohammad Nabi Ullah is a Director of Mercantile Insurance Co. Ltd. He made himself as an astute and efficient businessman and has achieved remarkable reputation and success in Business and industrial Sector.

He is the Managing Director of United Leather Industries (Pvt.) Ltd., United Plastic Wood Industries (Pvt.) Ltd., United Textile Mills(Pvt.) Ltd., M. Hossain Spinning Mills (Pvt.) Ltd. and M. Hossain Cotton Spinning Mills (Pvt.) Ltd. respectively.

It may be mentioned that times and again he visited many countries of the world like China, Singapore, Malaysia in connection with business, Promotion & Expansion.





Al-Haj Abdul Mannan Majumder
DIRECTOR

Al-Haj Abdul Mannan Majumder is a Director of Mercantile Insurance Co. Ltd.

He has earned a notable fame in business community through his integrity and remarkable business activities. His diversified business affiliation includes Electronics, Trading, C&F Agency etc. He is the Chairman of Nexgen Properties and Proprietor of Motaleb Enterprise.

Mr. Majumder is involved with a number of socio- cultural & welfare organizations.

He travelled in many countries which includes Chaina & Malaysia for business purposes in several times.





M. Nasir Uddin
DIRECTOR

Mr. M. Nasir Uddin is a Director of Mercantile Insurance Co. Ltd. He engaged himself in business profession soon after completion of education. As a young business personality, his business affiliation is diversified. He is the Managing Director of Sifang Securities Ltd. He is the Director of Chittagong Builders & Machinery Ltd., China Builders & Machinery Ltd., Merchant Securities Ltd., Mercantile Islami Life Insurance Ltd., HURDCO International School and ASM Chemical Industries Ltd.

Apart from his business he is also involved with many socio-cultural activities with rural and urban areas.

He visited China, Singapore, Saudi Arabia in business and religious purpose.





Wahid Ibn Reza
DIRECTOR

Mr. Wahid Ibn Reza is a Director of Mercantile Insurance Co. Ltd. He is the son of Prof. Md. Razaul Karim and Late Suraya Karim Munny. He obtained B.Sc. Engineering from Bangladesh University of Engineering & Technology (BUET). His direct involvement with cultural organization is remarkable. He played some role as a drama performer in many disposition. He is blessed with some responsibilities given by his parents.

He visited many countries of the World.





Firoz Ahmed
MANAGING DIRECTOR & CEO

Mr. Firoz Ahmed obtained his B.Sc (Hon's) M.Sc degree from Dhaka University. Just after completion of Post Graduation he started his service career with Central Insurance Co. Ltd.

He joined in the Mercantile Insurance Co. Ltd. Subsequently, due to his extra ordinary performances he was awarded the responsibility of dignified post and position.

He attended many training courses on Claims, Re-Insurance, Underwriting, Administration and successfully completed the courses securing satisfactory results which was conducted by Bangladesh Insurance Academy & Bangladesh Insurance Association. Since he belongs to Pleasant personality with amiable disposition and strong ability in building good team spirit with appropriate motivation and commendable leadership the Board of Directors of the company entrusted him with the current charge of Managing Director & CEO in several times before his being appointed as MD & CEO by the Insurance Development & Regulatory Authority.

However, In 3rd January 2018 Insurance Development & Regulatory Authority (IDRA) appointed him as chief Executive Officer of Mercantile Insurance Company Limited. Since then, he is discharging the duties and responsibilities successfully with reputation and satisfaction of all as well as the Regulatory Authorities and Management of the Company.

He is associated with many socio-cultural and welfare organization in rural and urban areas.

He travelled in India, Malaysia, Thailand & Saudi Arabia.



MANAGING DIRECTOR & CEO

Firoz Ahmed

DEPUTY MANAGING DIRECTOR

Md. Abu Obydul Hasan
Md. Altaf Hossain
Bazlur Rahman

SENIOR EXECUTIVE VICE PRESIDENT & COMPANY SECRETARY

Abdur Rahman

SENIOR EXECUTIVE VICE PRESIDENT

Md. Azim Uddin

EXECUTIVE VICE PRESIDENT

Md. Nazrul Islam

EXECUTIVE VICE PRESIDENT & CFO

Md. Abdus Salam

DEPUTY VICE-PRESIDENT

Sarwar Alam

ASSTT. VICE-PRESIDENT

Nayan Tara Saha
Md. Delwar Hossain

SENIOR MANAGER

Md. Habibur Rahman Chowdhury
Farhana Habib

MANAGER, SHARE DEPARTMENT

Jesmin Akter



MANAGING DIRECTOR & CEO

Firoz Ahmed

DEPUTY MANAGING DIRECTOR

Md. Abu Obydul Hasan
Md. Altaf Hossain
Bazlur Rahman

SENIOR EXECUTIVE VICE PRESIDENT & COMPANY SECRETARY

Abdur Rahman

SENIOR EXECUTIVE VICE PRESIDENT

Md. Azim Uddin

EXECUTIVE VICE PRESIDENT

Md. Nazrul Islam
Md. Rashedur Rahman
Md. Javed Akhter

EXECUTIVE VICE PRESIDENT & CFO

Md. Abdus Salam

DEPUTY VICE-PRESIDENT

Sarwar Alam
Abdul Bari Chowdhury
Hamidul Alam Chowdhury

SENIOR VICE-PRESIDENT

Delip Kumar Majumder
Md. Helal Uddin
Md. Joynal Abedin Mazumder
Md. Rashedul Islam

ASSTT. VICE-PRESIDENT

Nayan Tara Saha
Md. Delwar Hossain

VICE-PRESIDENT

Md. Ismail

SENIOR MANAGER

Md. Habibur Rahman Chowdhury
Farhana Habib
Md. Asaduzzaman

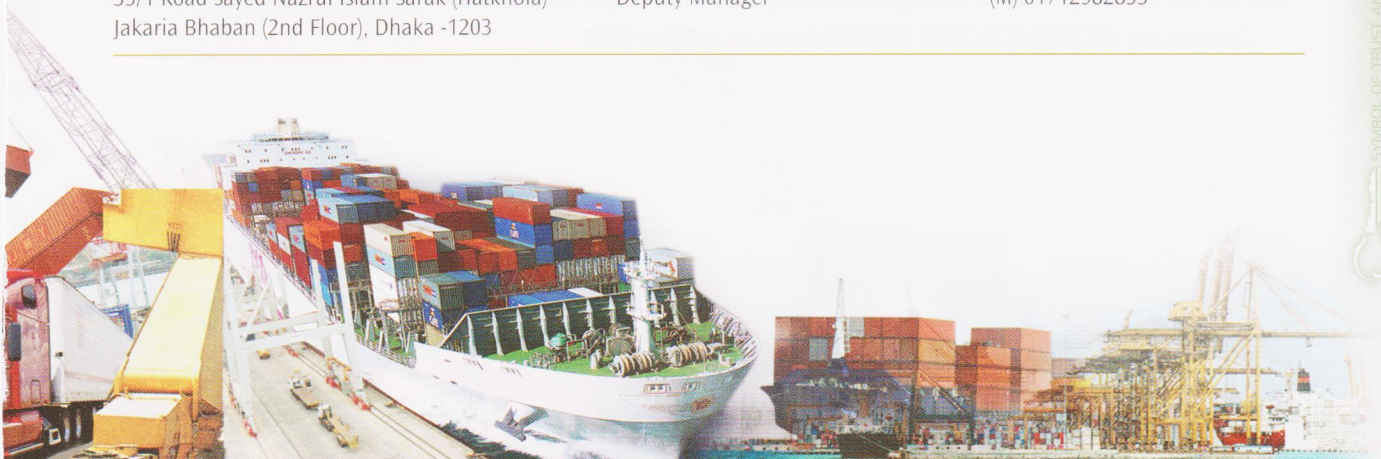




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| Name of Branch & Address | Branch in-charge | Phone/Mobile |
|--------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|--------------------------------------------------------------------------------------|
| Bogura Branch 2 No. Rail Gate, Jhawtola Bogura Town, Bogura. | Md. Abu Obydul Hasan Deputy Managing Director | (051) 51244, (M) 01711317116 |
| Khulna Branch 7 Old Jashore Road Nizam Chamber (3rd floor), Khulna. | Md. Altaf Hossain Deputy Managing Director | (041) 720645, (M) 01716421994, 01558325965 Fax: 041-813546 |
| Gulshan Branch Islam Mansion, House No. 39, Road No. 126 Circle-1, Gulshan, Dhaka-1212 | Bazlur Rahman Deputy Managing Director | 9887484, 8824610, 9844610 (M) 01819174274, 01199125181 Fax: 02-8842610 |
| Jashore Branch Jess Tower, M.K.Road (3rd Floor), Jashore | Md. Jabed Akhter Executive Vice-President | (0421) 68818, (M) 01711329290 Fax: 0421-68818 |
| Rangpur Branch Chainika Cloth Center (3rd Floor) Taltola Road, Rangpur | Md. Rashedur Rahman Executive Vice-President | 0521-55626 (M) 01713224466 01711780040 |
| Narayangonj Branch 26 (New) S. M. Maleh Road (4th Floor) Tanbazar, Narayangonj | Delip Kumar Majumdar Senior Vice-President | 7630440 (M) 01742548508, 01552440142 Fax: 7630440 |
| Agrabad Branch 18 SK. Mojib Road Agrabad, Chattogram | Md. Helal Uddin Senior Vice-President | (031) 726631, 726632 (M) 01716429627 Fax: 031-726632 |
| Khatungonj Branch 336 Khatungonj (1st Floor) Chattogram | Md. Joynal Abedin Mazumder Senior Vice-President | (031) 611850, 611851 (M) 01819397222, 017141903003 Fax: 031-611851 |
| Mogh-Bazar Branch 17 Mogh Bazar (4th floor) New Eskaton Road. Dhaka-1000 | Md. Rashedul Islam Senior Vice-President | 58316926, 48322361 (M) 01741775544 Fax: 48322361 E-mail: micl.mgb@gmail.com |
| Bangshal Branch 121/2, North South Road (4th floor West), Bangshal, Dhaka | Md. Ismail Vice-President | 9556895, 9583227 (M) 01817092043 Fax: 7175729 |
| Jubilee Road Branch 573 Jubilee Road Enayet Bazar, Chattogram | Hamidul Alam Chowdhury Deputy Vice-President | (031) 635167, 624067 (M) 01711903003 Fax: 031-624067 |
| B.B. Avenue Branch 29 B.B. Avenue Hamid Mansion(3rd Floor), Dhaka | Abdul Bari Chowdhury Deputy Vice-President | 9550489, 9569224 (M) 01711147488 Fax: 95550489 |
| Motijheel Branch 61 Motijheel C/A. (10th level) Dhaka-1000 | Md. Asaduzzaman Senior Manager | 9571397, 9571286 (M) 01721308198 Fax: 02-9571286 |
| Hatkhola Branch 33/1 Road Sayed Nazrul Islam Sarak (Hatkhola) Jakaria Bhaban (2nd Floor), Dhaka -1203 | Md. Abdur Rahim Deputy Manager | 47110861, 9515754 (M) 01712982833 |



Notice of the 23rd Annual General Meeting

Notice is hereby given that the 23rd Annual General Meeting of **Mercantile Insurance Company Limited** will be held at the “**Multipurpose Hall, The Institution of Diploma Engineers, Bangladesh**”, 160/A Kakrail, Dhaka-1000, on Sunday, **30 June 2019 at 10:00 A.M.** to transact the following business:

1. To receive, consider and adopt the Directors' Report, the Audited Financial Statements for the year ended December 31, 2018 and the Auditors' Report thereon.
2. To declare 10% (Ten Percent) Cash Dividend to the public shareholders only for the year 2018 as recommended by the Board of Directors.
3. To consider appointment of Auditors for the year 2019 and fix their remuneration.
4. To elect Directors as per Articles of Association of the Company.
5. To transact any other business of the Company with the permission of the Chair.

By order of the Board of Directors

Dated: April 30, 2019
Place: Dhaka


(Abdur Rahman)
SEVP & Company Secretary

Notes:

1. Record date **22 May 2019**. The Shareholder whose names will appear in the depository register of the company on the record date, will be eligible to attend the Annual General Meeting and entitled to dividend.
2. A member entitled to attend and vote at the AGM may appoint a proxy to attend and vote in his/her stead. The proxy form duly signed with revenue stamp of Tk. 20.00 should reach at the Head office of the Company at least 48 hours before the meeting.

3. Entry to the AGM is reserved only for shareholders or their proxy.

N.B. No Gift/Gift Coupon/Food Box etc. to be distributed at the above mentioned AGM, in compliance with the BSEC Circular No. SEC/CMRCD/2009-193/154 dated 24 October 2013



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

Audit Committee:

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

Committee meetings held:

In the year 2018 the Committee Constituted 04 (four) meetings where it reviewed and analysed thoroughly, the matters relating to Branch Control, Internal Audit, Administration Control, Finance and Accounts. Head of Internal Audit and Company Secretary were invited to attend all meetings. Concerned departmental heads and other members of the management were also invited to attend the meetings as and when required. The proceedings of the committee meetings containing suggestions, guidelines, observations to irregularities and solutions arisen problems were regularly placed before to the Board of Directors for information.

Roles and responsibilities of of Audit Committee:

The jurisdiction of the Audit Committee include the following matters :

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

The Committee performed the following functions :

- i. Reviewed the existing management policies of the Company and monitored its internal control and business affairs through routine schedule.
- ii. Developed, collated and finalised through a number of meetings, a Audit Manual of the Company and recommended the same for approval of the Board of Directors.
- iii. Approved Annual Audit Planning for the year 2018.
- iv. Reviewed the business reports of Branches and special reports thereof and suggested for ameliorating and corrective measures/actions as & where required.



Audit Committee Report for the year 2018

- v. Reviewed the Financial Accounts for the year 2018 as compiled and placed by the management and recommended the same for approval of the Board.
- vi. The Committee, uphold the roles and regulations recently imposed by the Insurance Development and regulatory Authority, emphasised & monitored for immediate execution of replacing the FDRs held with different Banks.

Finally, the Audit Committee express its sincere thanks to the members of the Board of Directors, key management personnel, internal audit, IT, Claim & re-insurance, U/W department and all employees for their utmost dedication for achieving transparency in performance and all sorts of co-operation extended to the committee in discharging its responsibilities.



Md. Shah Alam
Independent Director
&
Chairman
Audit Committee



Financial statements are normally prepared on the basis that a company is a going concern and will continue in operation for the foreseeable future. Hence, it is assumed that the company has neither the intention for the need to liquidate or curtail materially the scale of its operations if so, the basis used is disclosed on the other hand listed companies are required by BSEC to report on its ability to continue as going concern.

The Board of Directors of Mercantile Insurance Company Limited has made annual assessment about whether there exist material uncertainties which may cast significant doubt upon the Company's ability to continue as going concern. The Director's assessment of whether the Company is a concern involves making appropriate inquiries including review of budget, forecast, assumptions and future outcome of inherent uncertainties in existence. The Directors are convinced from the following indications, which give reasonable assurance as to company's ability to continue as a going concern for the foreseeable future.

Positive Net Current Assets

- Positive operating cash flows
- Positive key financial ratios
- Consistent payment of dividends
- Credibility in payment of obligations
- Performance growth
- Positive underwriting results and trends

Operating indications:

- No key management turnover
- Good business expansion
- Spread of business across diverse clientele.
- Good market reputation and clients satisfaction
- Good corporate environment and employee satisfaction

Other Indications:

- Maintenance of sufficient capital base as required by law
- Strong equity base
- Strong Claim paying ability (CPA)
- Anticipates no significant in legislation or government policy.



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Date: 30/04/2019
The Board of Directors
Mercantile Insurance Company Ltd.
61 Motijheel C/A, Dhaka-1000

Subject: Declaration on Financial Statement for the year ended on 31st December 2018.

Dear Sirs,

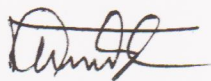
Pursuant to the condition No. I(5)(xxvi) imposed vide the Commission's Notification No.BSEC/CMRRCE/2006-158/207/Admin/80 Dated 3 June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

- (1) The Financial Statement of Mercantile Insurance Company Ltd. for the year ended on 31st December 2018 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards(IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
- (2) The estimates and judgements related to the financial statements were made on a prudent and reasonable basis, in order financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
- (3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
- (4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
- (5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
- (6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that:-

- (i) We have reviewed the financial statements for the year ended 31 December 2018 and to the best of our knowledge and belief
 - a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) These statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- (ii) There are to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,



(Firoz Ahmed)
Chief Executive Officer (CEO)



Md. Abdus Salam
Chief Financial Officer(CFO)



Report of the Nomination & Remuneration Committee

The company has formed a Nomination & Remuneration Committee (NRC) as a sub-committee of the Board, has been constituted by 2 Independent Director and another members of the Board in line with the newly imposed Corporate Governance Code Md. Shah Alam who represent in the Board as Independent Director is also the Chairman of the Committee. During the year 1 (one) NRC Meeting was held. The name of the members & their attendance of the meeting was accordingly recorded:

Role of the NRC :

The roles and responsibilities of the NRC have been clearly mentioned in the Terms and References (TOR) of the Committee as approved by the Board of Directors of Mercantile Insurance Company Limited. The Committee discharged its responsibility by holding a meeting and provided the Board it's observation considering current situation and suggested what need to be adopt/insert/amend by the company. In the meeting the committee assist/recommended the Board to determine the qualifications, attributes, experiences etc. of directors and top level executives and determine their remuneration and as well.

Evaluation Criteria of Directors/Top Level Executive of the Company:

The evaluation/assessment of the Directors and the Top Level Executive of the Company is to be conducted as and when required and to satisfy the requirements of the Corporate Governance Code and as well as company's policy. The following criteria may assist in determining how effective the performances of the Directors/TLE have been:

- i. Leadership & stewardship abilities;
- ii. Contributing to clearly define corporate objectives & plans;
- iii. Communication of expectations & concerns clearly with subordinates;
- iv. Obtain adequate, relevant & timely information from external sources;
- v. Review & approval achievement of strategic and operational plans, objectives, budgets;
- vi. Regular monitoring of corporate results against projections;
- vii. Identify, monitor & mitigate significant corporate risks;
- viii. Assess policies, structures & procedures;
- ix. Direct, monitor & evaluate KMPs, senior officials;
- x. Review management's succession plan;
- xi. Effective meetings;
- xii. Assuring appropriate board size, composition, independence, structure;
- xiii. Clearly defining roles & monitoring activities of committees;
- xiv. Review of corporation's ethical conduct;


Activities of NRC during the year:

During the year the NRC accomplished the following activities:


- i. Reviews the status of the Board composition along with their qualification, experience, attributes, independence of board members made recommendation thereof;
- ii. Reviewed the top level executives of the company and placed at different levels and determine their selection criteria, remuneration based on performance among others etc.
- iii. Putting recommendation on the draft code of conduct of the Chairperson, other Board members & Chief Executive Officer to Board.
- iv. Reviews the company's human resources policy and recommended on it.
- v. Oversee other issues within the Code of Conduct of the NRC.

Reporting By The NRC To The Board:

The NRC Committee regularly reports on its work to the Board and the report includes a summary of the matters addressed in the meeting. The NRC expressing its view to the Board that the nomination, retirement, re-election & remuneration of directors & top level executives are adequate for presetting true and fair view of the Administration & HR department and also expressed that the internal control of the company is quite well.



Md. Shah Alam
Independent Director
Chairman NRC



Abdur Rahman
Company Secretary &
Member Secretary of NRC



Company's 5 years Performance at a Glance

FIGURES IN MILLION (TAKA)

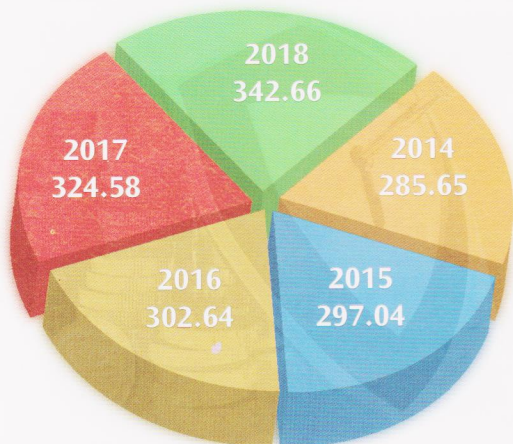
| Financial Performance | 2018 | 2017 | 2016 | 2015 | 2014 |
|----------------------------|----------------------|-------------|-------------|----------------------|-------------|
| Gross Premium Income | 342.66 | 324.58 | 302.64 | 297.04 | 285.65 |
| Net Premium Income | 191.38 | 185.14 | 174.33 | 169.83 | 169.46 |
| Underwriting Profit | 2.09 | 5.99 | 12.40 | 10.55 | 14.28 |
| Investment & Others Income | 64.36 | 73.56 | 83.41 | 79.70 | 77.11 |
| Net Profit before Tax | 59.57 | 71.40 | 87.90 | 83.08 | 88.61 |
| Reserve & Fund | 323.53 | 309.59 | 281.08 | 260.89 | 243.48 |
| Investment & FDR | 975.74 | 997.61 | 987.29 | 952.25 | 920.23 |
| Paid up Capital | 430.95 | 430.95 | 430.95 | 430.95 | 430.95 |
| Shareholders Equity | 774.15 | 778.44 | 748.24 | 706.50 | 700.18 |
| Total Assets | 1779.34 | 1380.26 | 1345.06 | 1304.09 | 1237.57 |
| Dividend | 43.10 | 43.10 | 43.10 | 30.22 | 43.10 |
| Dividend Percentage | 10% B. Group Cash | 10% Cash | 10% Cash | 10% B. Group Cash | 10% Cash |
| No. of Shares (restated) | 43,095,360 | 43,095,360 | 43,095,360 | 43,095,360 | 43,095,360 |
| No. of Branches | 14 | 14 | 14 | 17 | 17 |
| Earning per Share | 1.11 | 1.29 | 1.40 | 1.43 | 1.51 |
| Net Asset Value (NAV) | 17.93 | 18.03 | 17.32 | 16.39 | 16.15 |

| Credit Rating | 2018 | 2017 | 2016 | 2015 | 2014 |
|---------------|--------|--------|--------|--------|--------|
| Long Term | AA- | AA- | A+ | A+ | A+ |
| Short Term | AR-2 | AR-2 | AR-2 | AR-2 | ST-3 |
| Outlook | Stable | Stable | Stable | Stable | Stable |

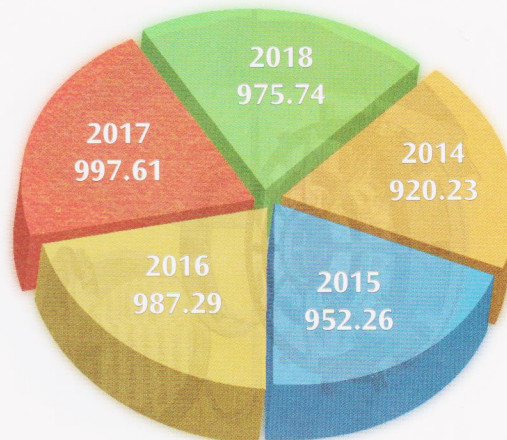


FIGURES IN MILLION (TAKA)

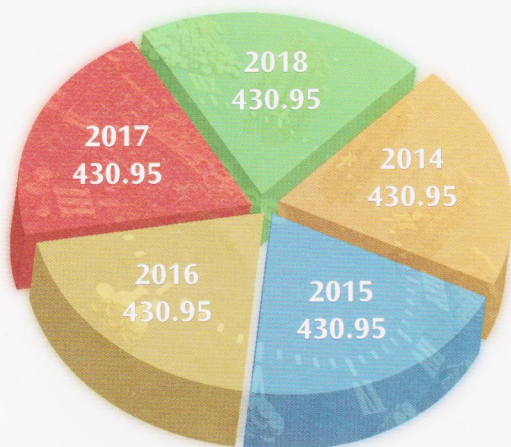
GROSS PREMIUM



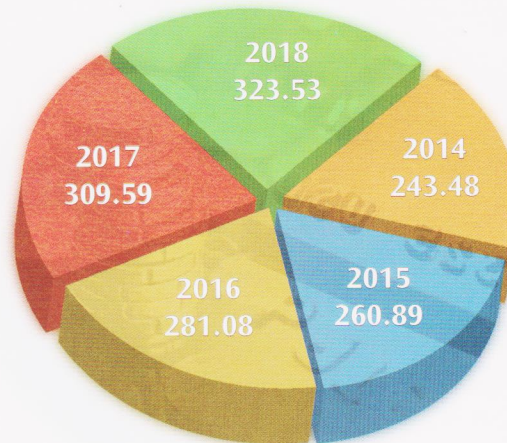
INVESTMENT & FDR



PAID UP CAPITAL



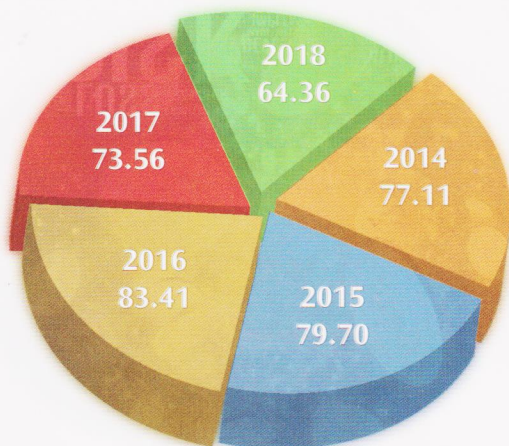
TOTAL RESERVE & FUND



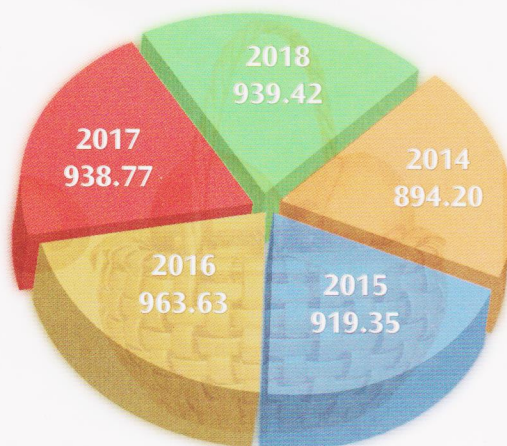
SYMBOL OF TRUST AND SECURITY

FIGURES IN MILLION (TAKA)

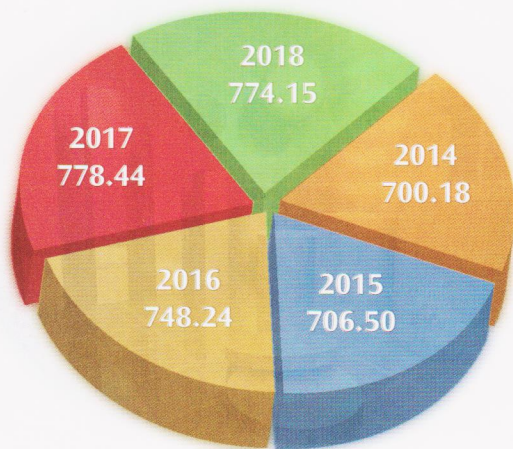
INVESTMENT & OTHER INCOME



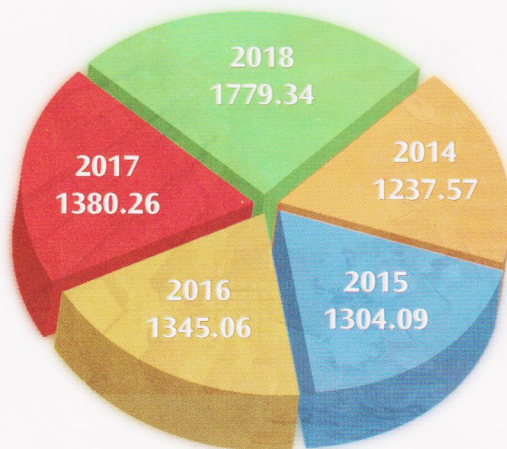
CASH & BANK BALANCES



SHAREHOLDERS EQUITY



TOTAL ASSETS



SYMBOL OF TRUST AND SECURITY





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



*Honorable Members of the Board of Directors Congratulate the Re-elected Chairman
M. Kamal Uddin at the Head office. Managing Director & CEO was also present in the occasion.*



SYMBOL OF TRUST AND SECURITY



A partial view of the Board of Directors meeting recently held at the Head office presided over by the honorable chairman Mr. M Kamal Uddin



Honorable Shareholders are collecting their attendance slip for attending in 22nd Annual General Meeting

SYMBOL OF TRUST AND SECURITY





Honorable Shareholders are seen in the audience at the 22nd Annual General Meeting



Hon'ble Chairman, Executive Committee Chairman and members of the Board of Directors are seen in the gathering of the Shareholders on the Occasion of 22nd AGM,



SYMBOL OF TRUST AND SECURITY



A picture of the 22nd Annual General Meeting held on 30 June 2018.



Executive Committee Chairman Al-haj Md. Nurul Amin is seen to presiding over on E.C meeting. Mr. Firoz Ahmed MD & CEO were also attended.

SYMBOL OF TRUST AND SECURITY



Company's Report to Shareholders'

(Under section 184 of the Companies Act, 1994)

We are pleased to Place report that:

- i) The financial statement prepared by the Management of the Company present fairly its affairs, the result of its operation, cash flows and changes in shareholders equity
- ii) Proper books of account of the Company have been maintained
- iii) Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment
- iv) International Financial Reporting Standard (IFRS), International Accounting Standards (IAS) as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure therefrom has been adequately disclosed
- v) The system of internal control is sound in design and has been effectively implemented and monitored.
- vi) There are no significant doubts upon the Company's ability to continue as a going concern
- vii) There are no significant deviations from last year in operating result of the Company
- viii) The key operating and financial data of preceding five years have been provided
- ix) During the year ended December 31, 2018 the Board of Directors held 09 meetings and the Directors serving on the Board attended in aggregate 60% of the total number of meetings.

1.4 (K) The pattern of shareholding :

As at December 31, 2018 the pattern of shareholding are given below:

- i) Shareholdings of Parent/Subsidiary/Associate Companies and other related parties: NIL
- ii) Shareholding of Directors, sponsor shareholders, Managing Director & CEO, Company Secretary, CFO and other executives are as under:

(a) Directors/Sponsors

| Sl No. | BO Name | Status | No. of Share | % of total no. |
|--------|--------------------------------------|-------------------------------|-----------------|----------------|
| 01 | M. Kamal Uddin | Chairman | 862400 | 2.00% |
| 02 | Md. Mizanur Rahman Ph.D | Vice-Chairman | 1034880 | 2.40% |
| 03 | Al-haj Md. Nurul Amin | Chairman, Executive Committee | 861907 | 2.00% |
| 04 | Abdul Haque | Sponsor Director | 862400 | 2.00% |
| 05 | Al-haj Mohammed Solaiman | Director | 861907 | 2.00% |
| 06 | Md. Serajul Islam | Sponsor Director | 861907 | 2.00% |
| 07 | Abdur Rahman | Sponsor Director | 862400 | 2.00% |
| 08 | Mahtabuddin Chowdhury | Director | 898509 | 2.08% |
| 09 | Mohammad Nabi Ullah | Director | 862400 | 2.00% |
| 10 | Al-haj Abdul Mannan Mazumder | Director | 862400 | 2.00% |
| 11 | M. Nasir Uddin | Director | 864689 | 2.01% |
| 12 | Wahid Ibn Reza | Director | 1035880 | 2.40% |
| 13 | Farhana Islam Sonia | Public Shareholder Director | 324742 | 0.75% |
| 14 | Azad Mostafa | Public Shareholder Director | 5351 | 0.01% |
| 15 | Shafique Ahmed | Public Shareholder Director | 2870 | 0.01% |
| 16 | Aziz Mohammed Ershad Ullah Chowdhury | Public Shareholder Director | 5600 | 0.01% |
| 17 | Nurul Azim Sunny | Public Shareholder Director | 10000 | 0.02% |
| 18 | Mahmood Rahman | Sponsor | 287302 | 0.67% |
| 19 | Mohammad Ali Asghar | Sponsor | 287302 | 0.67% |
| 20 | Syed Noor Alam | Sponsor | 123200 | 0.29% |
| 21 | Al-haj Mohammed Hossain | Placement Holder | 862277 | 2.00% |
| 22 | Barrister Saad Quadir Bin Solaiman | Public Shareholder Director | 2500 | 0.01% |
| 23 | Hasin Sultana | Placement Holder | 130592 | 0.30% |
| 24 | Sajjad Mustafa | Placement Holder | 458227 | 1.06% |
| 25 | Md. Shah Alam | Independent Director | - | - |
| 26 | Md. Nasir Uddin Chowdhury | Independent Director | - | - |
| | | | 13231642 | 30.70% |

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



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

The maintenance of effective corporate governance remains a key priority of the Board of Mercantile Insurance Co. Ltd. To exercise clarity about Directors responsibilities towards the shareholders, corporate governance must be dynamic and remain focused on the business objectives of the Company and create a culture of openness and accountability. Mercantile Insurance Co. Ltd. (MICAL) considers that its corporate governance practices comply with all the aspects of SEC Notification No. SEC/CMMRRCD/2006-158/207/ Admin/80 dated 03 June, 2018. In addition to establishing high standards of corporate governance, MICAL also considers best governance practices in its activities. The independent role of Board of Directors, separate and independent role of Chairman and Chief Executive Officer, distinct role of Company Secretary, Chief Financial Officer, different Board Committees allow MICAL to achieve excellence in best corporate governance practices.

Board of Directors Composition

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

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

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

Role and Responsibilities of the Board

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

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



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

Conduct for the Board Members

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

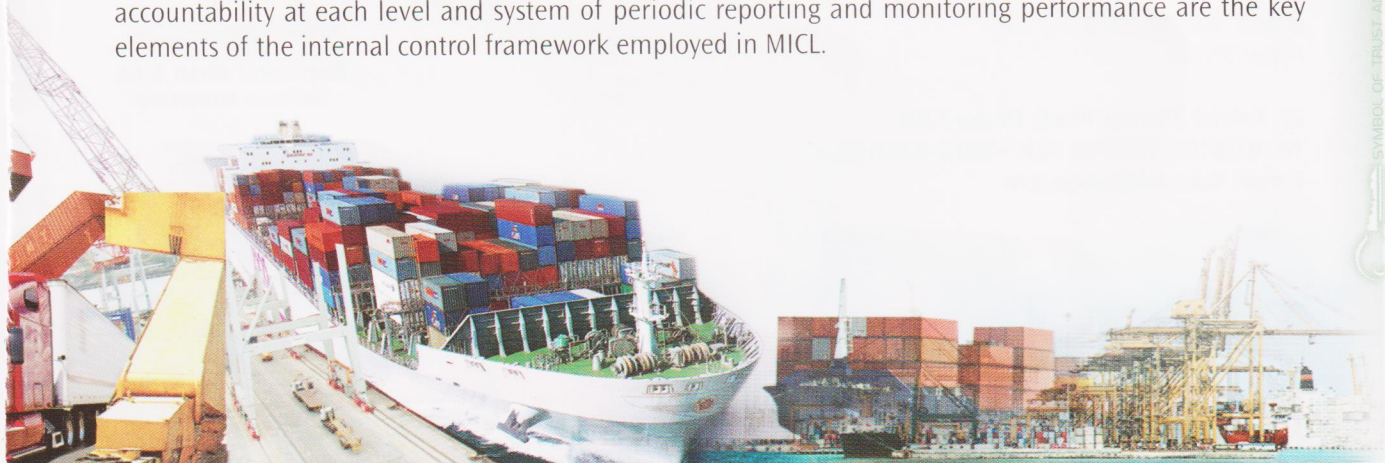
Board Meetings

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

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

Internal Control

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





Kazi Zahir Khan & Co.

CHARTERED ACCOUNTANTS

কাজী জহির খান এন্ড কোং

চার্টার্ড একাউন্ট্যান্টস।

Partners:

Kazi Zahirul Kabir

B. Com (Hons.) M.com. FCA.

Nurul Hossain Khan

B. Com. FCA.

Certificate on compliance of Corporate Governance Guidelines

Report to the Shareholders of Mercantile Insurance Company Limited on compliance of the Corporate Governance Code.

Mercantile Insurance Company Limited for the year ended 31st December, 2018. This Code relates to the Notification no. BSEC/CMRRCD/2006-158/2007/Admin/80 dated 03 June, 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the company. Our examination was limited to the procedures and implementation there of as adopted by the management in ensuring compliance to the conditions of Corporate Governance Code.

This is scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretariates of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have botained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion.

- The Company has complied with the the condisions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission or not complied (if not complied, specify non-compliances);
- The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code or not complied (if not complied, specify non-compliances);
- Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws or not complied (if not complied, specify non-compliance and
- The Governance of the company is highly satisfactory of satisfactory or not satisfactory.

Dated: May 30, 2019

Place: Dhaka

67, Kakrail (Pioneer Road), Dhaka-1000

Tel: 8356107, 9349740, Fax: +880-2-9358166

E-mail: Kzkc_bd@yahoo.com

Kazi Zahir Khan & Co
Chartered Accountants





বিস্মিল্লাহির রাহমানির রাহিম
সম্মানিত শেয়ারহোল্ডারবৃন্দ, আস্সালামু আলাইকুম

মার্কেটাইল ইনস্যুরেন্স কোম্পানী লিঃ এর ২৩তম বার্ষিক সাধারণ সভায় পরিচালনা পর্ষদের পক্ষ থেকে আপনাদের সকলকে আন্তরিক কৃতজ্ঞতা ও শুভেচ্ছা জানাচ্ছি। সম্মানিত শেয়ারহোল্ডারবৃন্দ আপনাদের অব্যাহত সমর্থন ও সার্বিক সহযোগিতায় কোম্পানির অব্যাহত অগ্রগতিতে আমরা খুবই আনন্দিত।

আপনাদের উপস্থিতি আমাদেরকে অনুপ্রাণিত করেছে এবং আমরা মনে করি যে আমাদের এই সভা সাফল্যমন্ডিত হয়েছে। আপনারা আমাদের সাথে একমত হবেন যে, অর্থনৈতিক দিক থেকে আমরা একটি শ্রম সাধ্য ও কঠিন সময় অতিক্রম করছি। সকল রকম প্রতিকূল পরিস্থিতি, মুদ্রাঙ্কিত উচ্চ হার, তারল্য সংকট, অস্থিতিশীল মুক্তবাজার অর্থনীতি, অব্যাহত প্রতিকূল মূলধন বৃদ্ধি, অসম প্রতিযোগিতা উপেক্ষা করেও আমরা আরও একটি বছর সফলতার মধ্য দিয়ে সমাপ্ত করতে সক্ষম হয়েছি। ২০১৮ইং সালের এই ব্যবসায়িক সাফল্যের জন্য আমরা মহান আল্লাহর কাছে শুকরিয়া আদায় করছি। গতানুগতিক ব্যবসা আহরণের ধারাবাহিকতা বজায় রাখার ক্ষেত্রে নতুন উৎসাহ উদ্দীপনা নিয়ে বৈচিত্র্য পূর্ণ কর্মসূচী গ্রহণের মাধ্যমে ও যথাযথ নিরাপদ বিনিয়োগের মাধ্যমে আমরা ২০১৮ইং সাল অতিক্রম করেছি। যা কোম্পানীকে একটি অনুকূল অর্থনৈতিক অগ্রযাত্রায় সহায়ক শক্তি হিসাবে কাজ করেছে। শক্তিশালী পুনঃবীমা নীতি গ্রহণ এবং সৃষ্টি ব্যক্তি ব্যবস্থাপনা পদ্ধতি অবলম্বনের মাধ্যমে আমাদের ব্যবসায়িক অংশীদার এবং গ্রাহকগণকে সম্ভাব্য সকল প্রকার উন্নত ও দ্রুত সেবা প্রদান করতে সক্ষম হয়েছি। বীমা খাতে ব্যবসা আহরণের ক্ষেত্রে তীব্র প্রতিযোগিতার মুখোমুখি হয়েও মার্কেটাইল ইন্স্যুরেন্স কোম্পানী প্রায় সকল ক্ষেত্রে উন্নয়ন অব্যাহত রাখতে সক্ষম হয়েছে। বিগত প্রায় দুই যুগ ধরে দেশের অর্থনৈতিক অগ্রগতির ক্ষেত্রে বীমা ব্যবসার মাধ্যমে দেশের উন্নয়নে অবদান রাখতে বদ্ধ পরিকর হয়েছে। আমি দৃঢ়ভাবে বিশ্বাস করি কোম্পানির প্রতি আপনাদের আস্থা আছে যে, অনাগত ভবিষ্যতে কোম্পানি সকল বিরূপ প্রতিযোগিতামূলক পরিস্থিতিতে উন্নয়ন অব্যাহত রাখতে সক্ষম হবে।

আপনারা জেনে আনন্দিত হবেন যে, পরিচালনা পর্ষদ প্রয়োজনীয় মুনাফা বন্টন ও স্বিগত রিজার্ভ সংরক্ষণ করে সকল দিক বিবেচনায় কোম্পানীর সাধারণ শেয়ারহোল্ডারগণের মধ্যে ২০১৮ইং সালের জন্য ১০% নগদ লভ্যাংশ প্রদানের প্রস্তাব করেছেন। আমরা বিশ্বাস করি যে, আগামী দিনগুলিতেও প্রবৃদ্ধির ধারা অব্যাহত থাকলে এর চেয়েও বেশী সুবিধা দানে অবদান রাখতে সক্ষম হবো।

আমি পরিচালনা পর্ষদের পক্ষ থেকে আমাদের সম্মানিত গ্রাহক, শেয়ারহোল্ডারবৃন্দ, শুভানুধ্যায়ী, গণপ্রজাতন্ত্রী বাংলাদেশ সরকার, বীমা উন্নয়ন ও নিয়ন্ত্রণ কর্তৃপক্ষ (আইডিআরএ), অর্থ মন্ত্রণালয়, বানিজ্য মন্ত্রণালয়, বাংলাদেশ ব্যাংক, বাংলাদেশ সিকিউরিটিজ এন্ড একচেঞ্জ কমিশন, জাতীয় রাজস্ব বোর্ড, রেজিষ্ট্রার অব জয়েন্ট স্টক কোম্পানীজ এন্ড ফার্মস, সেন্ট্রাল ডিপোজিটরি বাংলাদেশ লিমিটেড, বাংলাদেশ ইন্স্যুরেন্স এসোসিয়েশন, ঢাকা স্টক একচেঞ্জ লিমিটেড, চট্টগ্রাম স্টক একচেঞ্জ লিমিটেড সহ নিয়ন্ত্রক সংস্থা সমূহের সঠিক দিক নির্দেশনা ও সুচিন্তিত পরামর্শ প্রদানের জন্য কৃতজ্ঞতা প্রকাশ করছি।

পরিশেষে, সংশ্লিষ্ট সকলের দীর্ঘায়ু ও সাফল্য কামনা করে সবাইকে ধন্যবাদ জানিয়ে শেষ করছি।

(এম. কামাল উদ্দিন)
চেয়ারম্যান





**In the name of Allah, the most merciful, the most graceful.
Distinguished Shareholders,**

It is a pleasure and privilege on the part of Board of Directors to welcome you all to the 23rd Annual General Meeting of Mercantile Insurance. I, on behalf of the Board of Directors, would like to express my profound gratitude and felicitations to all the respected shareholders for their continuous support in achieving a better performance of the company. I also would like to take the opportunity to thank you to make the event successfully.

You will agree that our economy is going through a tough time. Against all the unfavorable conditions like high inflation rate, liquidity crisis in the money market, increasing adverse capital situation, Mercantile Insurance Co. Ltd. has successfully completed another one year, I am thankful to the Almighty Allah for the business success of the Company in 2018.

In 2018, we went on a spirit of continuous business diversification program like Invest in secured Financial Instrument, establishment of non-traditional business. This provided a positive impact in the growth of the Company with a strong re-insurance and risk management system.

Mercantile Insurance Company Ltd has been steadily making progress in almost every sphere of it's business in spite of intensified competition in insurance sector and the economic challenges as a corporate body with more than 2 decades. The company is committed to contribute to the economy of the country. I strongly believe that it will manage the circumstances prudentially and keep the pace of growth in upcoming years.

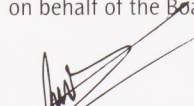
In this year, our success was possible because of our committed, dedicated and loyal members of management team. So, I would like to thanks to the Managing Director & CEO Mr. Firoz Ahmed, Deputy Managing Directors, Senior Executive Vice Presidents, Executive Vice Presidents, Senior Vice Presidents, Vice Presidents, all Branch-In-Charges, Officers and stuff of the company for their excellent work, with their sincerity, dedication and whole hearted devotion and committed efforts to the challenging duty and responsibility and hope that they will look forward to achieve better results in the coming days.

The Board of Directors of the company making necessary reserves and provisions in the appropriation of profit, proposes and recommends for declaration of 10% cash dividend to the public shareholders of the company for the year 2018.

We always complied with the rules and regulations of the Regulatory Bodies. However I would like to extend our gratitude to the Ministry of Finance, Ministry of Commerce, Government of the peoples Republic of Bangladesh, Bangladesh Bank, Bangladesh Securities & Exchange Commission (BSEC), Insurance Development & Regulatory Authority (IDRA), National Board of Revenue (NBR), Registrar of Joint Stock Companies & Firms (RJSC), Bangladesh Insurance Association, Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE) and all other regulatory authorities for their valuable guidance, support & co-operation.

I would also like to express my appreciation to the fellow Board Members for their valuable contributions throughout the year. Finally once again my thanks to the Honorable Shareholders, Business Partners, Clients and the Well-wishers without whom our success would not be possible. Almighty Allah with infinite mercy may bestow upon us compassion and also blessing on us.

Thanking you
on behalf of the Board of Directors



M. Kamal Uddin
Chairman



পরিচালকমন্ডলীর প্রতিবেদন

বিস্মিল্লাহির রাহমানির রাহীম
সম্মানিত শেয়ারহোল্ডারবৃন্দ
আসসালামু আলাইকুম,

মার্কেটাইল ইস্যুরেন্স কোম্পানী লিমিটেড এর পরিচালনা পর্যদের পক্ষ থেকে আমি অত্যন্ত আনন্দের সাথে কোম্পানীর ২৩তম বার্ষিক সাধারণ সভায় আপনাদেরকে স্বাগত জানিয়ে ২০১৮ইং সালের ৩১ শে ডিসেম্বর সমাপ্ত বছরের নিরীক্ষিত হিসাব বিবরণী আপনাদের বিবেচনা ও অনুমোদনের জন্য উপস্থাপন করছি। কোম্পানীর ২০১৮ইং সালের কার্যক্রম পরিচালকদের প্রতিবেদনে বিস্তারিত উল্লেখ করা হয়েছে।

বর্তমান তীব্র প্রতিযোগিতামূলক বাজার, অর্থনীতির চ্যালেঞ্জ, জটিল বিশ্ব পরিস্থিতি এবং আভ্যন্তরীণ নানারূপ প্রতিকূলতা সত্ত্বেও ২০১৮ইং ছিল কোম্পানী প্রতিষ্ঠার পর থেকে সাফল্যের ধারাবাহিকতায় দীর্ঘ আরও একটি বছর। আলোচ্য বছরে কোম্পানীর সামগ্রিক কার্যক্রমের মূল্যায়নের সুবিধার্থে ২০১৮ইং সালে আন্তর্জাতিক অর্থনৈতিক অঙ্গন এবং বাংলাদেশের অর্থনীতির একটি সংক্ষিপ্ত চিত্র এখানে তুলে ধরা হলো।

ইস্যুরেন্স ইন্ডাস্ট্রি পরিস্থিতি

ব্যবসা-বাণিজ্যের অবিচ্ছেদ্য অংশ হচ্ছে নন-লাইফ ইস্যুরেন্স। দেশের ব্যবসা-বাণিজ্য ও শিল্পায়নের সামগ্রিক গতিধারার উপর নন-লাইফ ইস্যুরেন্স ব্যবসার গতি প্রকৃতি অনেকাংশে নির্ভরশীল। সীমিত পরিসরে বীমা বাজারের পরিধির সাথে বহু সংখ্যক প্রতিষ্ঠানের মধ্যে প্রতিযোগিতা হওয়ায় পরিস্থিতি তীব্রতর হয়ে উঠেছে। যা হোক, বীমা উন্নয়ন ও নিয়ন্ত্রন কর্তৃপক্ষ ইতিবাচক উদ্যোগ নেয়ায় বীমা শিল্পে শৃংখলা ও আর্থিক উন্নতি আসতে শুরু করেছে।

আমাদের সামগ্রিক কার্যক্রম ও ব্যবসায়িক সাফল্য

বিদ্যমান তীব্র প্রতিযোগিতা ও প্রতিকূল পরিস্থিতির মধ্যে একটি সুষ্ঠু পরিকল্পনা গ্রহন করে কার্যকর নেটওয়ার্ক, দক্ষ ব্যবস্থাপনা ও দ্রুততর সেবা প্রদানের কার্যকর ব্যবস্থা গ্রহনের ফলে অত্র কোম্পানী প্রতিষ্ঠার পর হতে পরবর্তী বছর সমূহে সাফল্যের ধারাবাহিকতা বজায় রেখে ২০১৮ সালেও সাফল্য অর্জনের প্রচেষ্টা অব্যাহত রয়েছে এবং নিজেদের অবস্থানকে অনেকাংশে সুসংহত করতে পেরেছে।

আমি পরিচালনা পর্যদের ২০১৮ সালের ১ জানুয়ারী হতে ৩১ শে ডিসেম্বর পর্যন্ত কার্যক্রমের উপর সংক্ষিপ্ত সম্মানিত শেয়ার হোল্ডারদের সমীপে উপস্থাপন করছিঃ

কার্যক্রমের ফলাফল

| | মিলিয়ন (টাকা) |
|--------------------------------|----------------|
| গ্রস প্রিমিয়াম আয় | ৩৪২.৬৬ |
| নেট প্রিমিয়াম আয় | ১৯১.৩৮ |
| বিনিয়োগ এবং অন্যান্য থেকে আয় | ৬৪.৩৬ |
| নেট মুনাফা (কর প্রদান পূর্ব) | ৫৯.৫৭ |
| আয়কর প্রভিসন | ১১.৮০ |
| মোট সঞ্চিতি | ৩২৩.৫৩ |
| বিনিয়োগ ও এফডিআর | ৯৭৫.৭৪ |
| মোট সম্পদের পরিমাণ | ১৭৭৯.৩৪ |



লাভ লোকসান হিসাবঃ

মুনাফা বন্টন হিসাব নিম্নে বিশদভাবে বর্ণিত হলোঃ

অস্বাভাবিক ঝুঁকির জন্য সঞ্চিতি
সাধারণ সঞ্চিতি
আয়কর প্রতিসন
উদ্বৃত্ত ব্যালেন্সশীট স্থানান্তর

মিলিয়ন টাকা

১৯১.৩৮
১.০০
১১.৮০
৪০.৬৭

প্রস্তাবিত লভ্যাংশ

কোম্পানীর ২৩তম বার্ষিক সাধারণ সভার অনুমোদন সাপেক্ষে পরিচালনা পর্যদ ৩১ ডিসেম্বর ২০১৮ইং সালে পাবলিক শেয়ারহোল্ডারগণের জন্য ৩০২,১৪৭,৮১০/- টাকা পরিশোধিত মূলধনের উপর ১০% হিসাবে ৩০,২১৪,৭৮১/- টাকা ক্যাশ ডিভিডেন্ট প্রদানের সুপারিশ করেছেন।

ক্রেডিট রেটিং

ব্যবসায়িক সফলতা এবং আর্থিক বিবরণীর উপর ভিত্তি করে আলফা ক্রেডিট রেটিং লিমিটেড মার্কেটাইল ইন্স্যুরেন্স কোম্পানীকে দীর্ঘ মেয়াদে AA-, স্বল্প মেয়াদে AR-2 এবং Outlook-stable প্রদান করেছেন।

নিরীক্ষক নিয়োগ

কোম্পানীর নিরীক্ষক মেসার্স আহমেদ জাকের এন্ড কোং চার্টার্ড একাউন্ট্যান্টস ৬০/২ নয়া পল্টন, ঢাকা-১০০০, ২৩তম বার্ষিক সাধারণ সভায় অবসর গ্রহন করবেন। ইতিমধ্যে মেসার্স কাজী জহীর খান এন্ড কোং, চার্টার্ড একাউন্ট্যান্টস, ৬৭/৪, কাকরাইল (পাইনিয়ার রোড), ঢাকা-১০০০, নিরীক্ষক হিসাবে ২০১৯ সালের জন্য নিয়োগ প্রাপ্তির লক্ষে লিখিত আবেদনপত্র জমা দিয়েছেন।

পরিচালকবৃন্দের অবসর গ্রহন ও পুনর্নির্বাচন

কোম্পানীর আর্টিকেলস অব এসোসিয়েশনের ১১২, ১১৩ এবং ১১৪ নং ধারানুযায়ী নিম্নবর্ণিত পরিচালকবৃন্দ অবসর গ্রহন করবেন এবং যোগ্য বিধায় পুনর্নির্বাচনের জন্য আগ্রহ প্রকাশ করেছেন :

০১. আবদুর রহমান
০২. মোঃ সিরাজুল ইসলাম
০৩. এম. কামাল উদ্দিন
০৪. আলহাজ্ব আব্দুল মন্নান মজুমদার

এছাড়াও সাধারণ শেয়ারহোল্ডারগণের মধ্য হইতে কোম্পানীর আর্টিক্যালস অব এসোসিয়েশনে উল্লিখিত ধারানুযায়ী জনাব সফিক আহমেদ ও আজাদ মোস্তফা অবসর গ্রহন করবেন। পুনর্নিয়োগযোগ্য বিধায় মনোনয়ন পত্র সংগ্রহ ও পুরন করে জমা দিয়েছেন।



পরিচালকমন্ডলীর প্রতিবেদন

ভবিষ্যৎ

আশা করা যাচ্ছে যে, ২০১৯ সাল অনেক দিক থেকেই আশা ব্যঞ্জক হবে। কারণ আমাদের কোম্পানীর পরিচালনা পর্যদ যে কোন চ্যালেঞ্জ মোকাবেলা করার জন্য ব্যয় নিয়ন্ত্রন সহ অন্যান্য উন্নয়নমূলক কর্মকান্ড বৃদ্ধি করার প্রতি সচেষ্টিত রয়েছেন। কম খরচে গুণগত ও মানসম্পন্ন ব্যবসা বৃদ্ধি, ব্যবসার পোর্টফলিও বহুমাত্রিক করা এবং অপ্রচলিত ব্যবসার ঝুঁকি গ্রহন করা, বাছল্য খরচ বর্জন করা, বিদেশী কোম্পানীর সাথে কম খরচে পুনঃবীমা করার সম্ভাবনা যাচাই করা, শেয়ারহোল্ডারদের তহবিল অধিক লাভজনক খাতে বিনিয়োগ করা, পেশাগত দক্ষতা বৃদ্ধি করা, সম্মানিত গ্রাহকদের প্রতি উন্নত সেবা প্রদান করা সহ বৈজ্ঞানিক পদ্ধতি প্রচলন করার প্রতি ও সর্বদা সজাগ দৃষ্টি রাখা হচ্ছে। আমরা নিশ্চিত এবং অত্যন্ত আশাবাদী যে, আমাদের সম্মানিত গ্রাহক এবং শেয়ারহোল্ডারদের আন্তরিক সহযোগিতায় আমরা আগামীতে আরও একটি সফল বছর উপহার দিতে পারবো।

কৃতজ্ঞতা

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

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

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

আল্লাহ হাফেজ

পরিচালক মন্ডলীর পক্ষে

এম. কামাল উদ্দিন
চেয়ারম্যান



Bismillahir Rahmanir Rahim
DEAR SHAREHOLDERS,
Assalamu Alaikum

On behalf of the Board of Directors I have the pleasure to welcome you all to the 23rd Annual General Meeting of Mercantile Insurance Company Ltd. and pleased to place the annual report and the audited Accounts of the company for the year ended December 31, 2018.

SITUATION OF INSURANCE INDUSTRY

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

Till 2014 there was 45 Non-Life Insurance Companies in the private sector and 1 state owned sadharan Bima Corporation. In 2018 another 2 Non-life companies in private sector came into market and made the competition acute. So, to procure and expand insurance business is very hard because, comparatively large number of Insurance company in the limited insurance market. Number of Insurance Company & volume of business is inconsistent in the field of Insurance Industries. However, due to the major initiatives taken by IDRA more discipline and financial strength are reflecting in the Industries.

Now the Board of Directors would like to present the precise report to the Shareholders on the operation of the Company for the period from 1st January to December 31, 2018.

Company's Performance

For the year ended 31st December'2018

| | Taka in Million |
|---------------------------|------------------------|
| Gross Premium | 342.66 |
| Net Premium Income | 191.38 |
| Investment & other Income | 64.36 |
| Net Profit (before Tax) | 59.57 |
| Provision for Taxation | 11.80 |
| Total Reserve | 323.53 |
| Investment & FDR | 975.74 |
| Total Assets | 1779.34 |

SYMBOL OF TRUST AND SECURITY



PROFIT AND LOSS APPROPRIATION ACCOUNT

Appropriation of Profit is shown below:

| | Taka in Million |
|----------------------------------|-----------------|
| Reserve for exceptional losses | 191.38 |
| General Reserve | 1.00 |
| Provision for Taxation | 11.80 |
| Balance carried to Balance Sheet | 40.67 |

PROPOSED DIVIDEND

Considering the profit of the Company for the year 2018 the Board of Directors has been pleased to recommend to declare Tk. **30,214,781/-** only being 10% Cash Dividend to the Public Shareholders only subject to approval in the 23rd Annual General Meeting.

CREDIT RATING

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

AUDITORS

M/S. Ahmed Zaker & Co. Chartered Accountants, Green City Edge (Level # 10), 89, Kakrail, Dhaka-1000 will retire in the 23rd Annual general Meeting. In the meantime **Kazi Zahir Khan & Co. Chartered Accountants**, Shamsunnahar Complex, 8th Floor, Flat-9B, 31/C/I, Topkhana Road, Segunbagicha, Dhaka-1000, has applied in writing for being appointed as auditor for ther year 2019.

RETIREMENT & RE-ELECTION OF DIRECTORS

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

1. Abdur Rahman
2. Md. Serajul Islam
3. M. Kamal Uddin
4. Al-haj Abdul Mannan Majumder

Also as per Articles of Association of the Company Mr. Safique Ahmed & Azad Mostafa representing public shareholders shall retire and as illegible for re-lection has applied for re-election for election.



FUTURE PROSPECT

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

ACKNOWLEDGEMENT

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

The Director's also put on record their thanks to the Chief Executive Officer Mr. Firoz Ahmed, Deputy Managing Director, Senior Executive Vice Presidents, Executive Vice Presidents, Senior Vice-Presidents, Vice-Presidents, all Branch in-charges, Officers and staff of the Company for their excellent work, with their sincere, dedicated and whole hearted devotion and committed efforts to the challenging duty and responsibility and hope that they will look forward to achieve better results in the coming days.

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

For the Board of Directors.



M. Kamal Uddin
Chairman



Compliance Report on BSEC Notification



Annual Report 2018

Report on Compliance of Corporate Governance Guidelines of Mercantile Insurance Company Limited BSEC/CMRRCD/2006-158/207/Admin/80, dated June 03, 2018

| Condition No. | Title | Compliance Status | | Remark (if any) |
|---------------|-------|-------------------|--------------|-----------------|
| | | Complied | Not Complied | |

Status of compliance with the conditions imposed by the commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated June 03, 2018 issued under section 2CC of the Securities and Exchange ordinance, 1969 is presented below:

| | | | | |
|---------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---|--------------------------------------|
| 1 | Board of Directors | | | |
| 1(1) | Size of the Board of Directors | Complied | - | |
| 1(2) | Independent Directors | | | |
| 1(2)(a) | 1/5th of the total number of Board of Directors | Complied | - | |
| 1(2)(b)(i) | Does not hold any share or less than 1% shares of the total paid-up share of the Company | Complied | - | Not holding any share of the company |
| 1(2)(b)(ii) | Not a Sponsor of the Company | Complied | - | |
| 1(2)(b)(iii) | Who has not been an executive of the company in immediately procedure 2(two) financial years | Complied | - | |
| 1(2)(b)(iv) | Who does not have any other relationship, whether pecuniary or otherwise with the company or its subsidiary or associated companies. | Complied | - | |
| 1(2)(b)(v) | Who is not a member of TREC (Training Right Entitlement Certificate) holder, director or officer of any stock exchange. | Complied | - | |
| 1(2)(b)(vi) | Who is not a shareholder, director excepting independent director of officer of any member or TREC holder of stock exchange or an intermediary of the capital market | Complied | - | |
| 1(2)(b)(vii) | Who is not a partner or an executive or was not a partner or executive during the preceding 3(three) years of the concerned companies statutory audit firm or audit firm engaged in internal audit services or conducting special audit or professional certifying compliance of this code | Complied | - | |
| 1(2)(b)(viii) | Who is not independent director in more than 5(five) listed companies | Complied | - | |
| 1(2)(b)(ix) | Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a NBF (Non-Bank Financial Institution) | Complied | - | |
| 1(2)(b)(x) | Who has not been convicted for a criminal offence involving moral turpitude | Complied | - | |
| 1(2)(c) | Shall be appointed by the board and approved by the shareholders in the Annual General Meeting (AGM) | Complied | - | |
| 1(2)(d) | Post of independent director(s) cannot remain vacant for more than 90(ninety)days | Complied | - | |
| 1(2)(e) | Tenure of independent directors' office shall be for a period of 03(three) years, which may be extended for 1(one) tenure only. | Complied | - | |
| 1(3) | Qualification of Independent director | Complied | - | |
| 1(3)(a) | Shall be a knowledgeable individual with integrity able to ensure compliance with financial laws, regulatory requirements and corporate laws | Complied | - | |



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Compliance Report on BSEC Notification

| Condition No. | Title | Compliance Status | | Remark (if any) |
|---------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|--------------|----------------------------------------|
| | | Complied | Not Complied | |
| 1(3)(b)(i) | Business leader who is or was a promoter or director of an unlisted company having minimum paid capital of Tk.100.00 million or any listed company or a member of any national or international chamber of commerce or business association | Complied | - | |
| 1(3)(b)(ii) | Should be a Corporate Leader | Complied | - | |
| 1(3)(b)(iii) | Formal official of government or statutory or autonomous or regulatory body in the position not below 5th grade of the national pay scale. | Complied | - | |
| 1(3)(b)(iv) | University Teacher who has educational background in Economics or Commerce or Business studies or Law. | Complied | - | |
| 1(3)(b)(v) | Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a CA/CMA/CFA/CCA/CPA or Chartered Management Accountant/CS or equivalent qualification | Complied | - | |
| 1(3)(c) | The independent director shall have at least 10(ten) years of experiences in any field mentioned in clause (b) | Complied | - | |
| 1(3)(d) | Relaxation in special cases subject to prior approval of the commission | - | - | Not Applicable (No Special Case arose) |
| 1(4) | Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer | | | |
| 1(4)(a) | The position of Chairperson of the board and MD and/or CEO of the company shall be filled by different individuals. | Complied | - | |
| 1(4)(b) | MD and/or CEO of a listed Company shall be elected from among the non-executive directors of the company. | Complied | - | |
| 1(4)(c) | The Chairperson of the Board shall be elected from among the non-executive directors of the company. | Complied | - | |
| 1(4)(d) | The board shall clearly define respective roles and responsibilities of the chairperson and the managing director or chief executive officer. | Complied | - | |
| 1(4)(e) | In absence of Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Boards meeting | Complied | - | |
| 1(5) | The Directors' Report to Shareholders | Complied | - | |
| 1(5)(i) | Industry outlook and possible future developments in the industry | Complied | - | |
| 1(5)(ii) | Segment-wise or product-wise performance | Complied | - | |
| 1(5)(iii) | Risks and concerns including internal and external risk factor, threat to sustainability and negative impact on environment | Complied | - | |
| 1(5)(iv) | Discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin | Complied | - | |
| 1(5)(v) | Discussion on continuity of any extra ordinary activities and their implications | Complied | - | |
| 1(5)(vi) | Detailed discussion and statement on related party transactions | Complied | - | |
| 1(5)(vii) | Statement of utilization of proceeds from public issues, rights issues and/or through any others instruments | Complied | - | |
| 1(5)(viii) | An explanation if the financial results deteriorate after the company goes for IPO, RPO, Rights Offer, Direct Listing etc. | - | - | |
| 1(5)(ix) | Explanation on any significant variance occurs between Quarterly Financial Performance and Annual Financial Statements | Complied | - | |

SYMBOL OF TRUST AND SECURITY



Compliance Report on BSEC Notification



Annual Report 2018

| Condition No. | Title | Compliance Status | | Remark (if any) |
|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|--------------|------------------------------------------------|
| | | Complied | Not Complied | |
| 1(5)(x) | Remuneration to directors including independent directors | Complied | - | |
| 1(5)(xi) | The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and change in equity | Complied | - | |
| 1(5)(xii) | Proper books of account of the issuer company have been maintained | Complied | - | |
| 11(5)(xiii) | Appropriate accounting policies has been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment | Complied | - | |
| 1(5)(xiv) | International Accounting Standards (IAS) OR International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements ad any departure therefrom has been adequately disclosed. | Complied | - | |
| 1(5)(xv) | The system of internal control is sound in design and has been effectively implemented and monitored | Complied | - | |
| 1(5)(xvi) | A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress | - | - | Not Applicable |
| 1(5)(xvii) | Statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed | Complied | - | |
| 1(5)(xviii) | Significant deviation from last year's operating results of the issuer company shall be highlighted and the reasons there of shall be explained | Complied | - | |
| 1(5)(xix) | Key operating and financial data of at least preceding 5(five) years shall be summarized. | Complied | - | |
| 1(5)(xx) | If the issuer company has not declared dividend (cash or stock) for the year, the reasons there of shall be given | - | - | Not Applicable (15% Cash Dividend was Proposed |
| (5)(xxi) | Boards statement to the effect that no bonus shares or stock dividend has been declared as interim dividend | - | - | Not Applicable |
| (5)(xxii) | The number of Board meetings held during the year and attendance by each Director shall be disclosed | Complied | - | |
| 1(5)(xxiii) | A report on the pattern of shareholding disclosing the aggregate number of shares (name wise details) | Complied | - | |
| 1(5)(xxiii)(a) | Parent/Subsidiary/Associate Companies and other related parties (name wise details) | - | - | Not Applicable |
| 1(5)(xxiii)(b) | Directors, CEO, Company Secretary, CFO, Head of internal Audit and Compliance and their spouses and minor children (name wise details) | Complied | - | |
| 1(5)(xxiii)(c) | Executives | Complied | - | |
| 1(5)(xxiii)(d) | Shareholders holding ten percent (10%) or more voting interest in the company (name wise details) | - | - | Not Applicable |
| 1(5)(xxiv)(a) | A brief resume of the director in case of appointment or reappointment | Complied | - | |
| 1(5)(xxiv)(b) | Nature of his/her expertise in specific functional areas | Complied | - | |
| 1(5)(xxiv)(c) | Names of companies in which the person also holds the directorship and the membership of committees of the Board | Complied | - | |

SYMBOL OF TRUST AND SECURITY

Compliance Report on BSEC Notification

| Condition No. | Title | Compliance Status | | Remark (if any) |
|------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|--------------|-----------------|
| | | Complied | Not Complied | |
| 1(5)(xxv) | Management discussion and analysis signed by CEO/MD presenting detail analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on | | | |
| 1(5)(xxv)(a) | Accounting policies and estimation for preparation of financial statements | Complied | - | |
| 1(5)(xxv)(b) | Changes in accounting policies and estimation as well as cash flows on absolute figure for such changes | Complied | - | |
| 1(5)(xxv)(c) | Comparative analysis and financial position as well as cash flow for current financial year with immediate preceding 5(five) years explaining reasons thereof | Complied | - | |
| 1(5)(xxv)(d) | Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario | Complied | - | |
| 1(5)(xxv)(e) | Briefly explain the financial and economic scenario of the country and the global | Complied | - | |
| 1(5)(xxv)(f) | Risks and concerns issues related to the financial statements and concerns mitigation plan of the company | Complied | - | |
| 1(5)(xxv)(g) | Future plan or projection or forecast for company's operation, performance and financial position shall be explained to the shareholders in the next AGM | Complied | - | |
| 1(5)(xxvi) | Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) disclosed in page- 87 | Complied | - | |
| 1(5)(xxvii) | The report as well as certificate regarding compliance of conditions of this Code as required under condition no. 9 disclosed in page- 48 and 54 | Complied | - | |
| 1(6) | Meeting of the Board of Directors | | | |
| 1(6) | Compliance under Bangladesh Secretarial Standards (BSS) | Complied | - | |
| 1(7) | Code of Conduct for the Chairperson, other Board members and Chief Executive Officer | | | |
| 1(7)(a) | The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) | - | N/C | Under Process |
| 1(7)(b) | The code of conduct as determined by the NRC shall be posted on the website of the company | - | N/C | Under Process |
| 2 | Governance of Board of Directors of Subsidiary Company | | | |
| 2(a) | Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company | - | - | Not Applicable |
| 2(b) | At least 1(one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company | - | - | Not Applicable |
| 2(c) | The minutes of subsidiary to be placed in the meeting of holding company | - | - | Not Applicable |
| 2(d) | The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company. | - | - | Not Applicable |
| 2(e) | The Audit Committee of the holding company shall also review the financial statements in particular the investments made by the subsidiary company | - | - | Not Applicable |

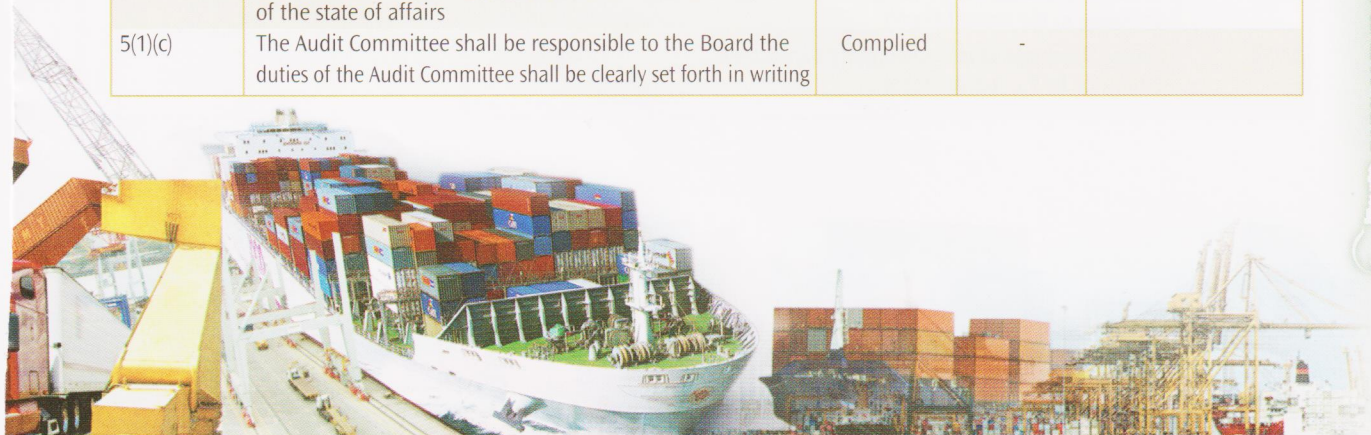


Compliance Report on BSEC Notification



Annual Report 2018

| Condition No. | Title | Compliance Status | | Remark (if any) |
|---------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|--------------|-----------------|
| | | Complied | Not Complied | |
| 3 | Managing Director (MD) or Chief Executive Officer(CEO), Chief Financial Officer(CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS) | | | |
| 3(1) | Appointment | Complied | - | |
| 3(1)(a) | Board shall appoint a MD or CEO, Company Secretary, CFO and HIAC | Complied | - | |
| 3(1)(b) | The positions of the MD, CEO, CS, CFO and HIAC shall be filled by different individuals. | Complied | - | |
| 3(1)(c) | The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time | Complied | - | |
| 3(1)(d) | Clearly defined respective rules, responsibilities and duties of the CFO, the HIAC and the CS | Complied | - | |
| 3(1)(e) | MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board and be disseminate to the Commission and stock exchange(s) | - | - | Not Applicable |
| 3(2) | Requirement to attend Board Of Directors Meetings | | | |
| 3(2) | The MD or CEO and CFO of the company shall attend the meeting of the board | Complied | - | |
| 3(3) | Duties of Managing Director (MD) OR Chief Executive Officer(CEO) and Chief Financial Officer(CFO) | | | |
| 3(3)(a) | The MD or CEO and CFO shall certify to the Board that have reviewed financial statements for the year and that to the best of their knowledge and belief | Complied | - | |
| 3(3)(a)(i) | The statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading | Complied | - | |
| 3(3)(a)(ii) | The statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws | Complied | - | |
| 3(3)(b) | The MD or CEO and COF to certify that there are no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of its members | Complied | - | |
| 3(3)(c) | The certification of the MD/CEO and CFO shall be disclosed in the Annual Report | Complied | - | |
| 4 | Board of Directors' Committee | | | |
| 4(i) | Audit committee | Complied | - | |
| 4(ii) | Nomination and remuneration committee | - | N/C | Under Process |
| 5 | Audit Committee | | | |
| 5(1) | Responsibility to the Board of Directors | | | |
| 5(1)(a) | The company shall have an audit committee as a sub-committee of the board | Complied | - | |
| 5(1)(b) | The audit committee shall assist the board in insuring that the financial statements reflect true and fair view of the state of affairs | Complied | - | |
| 5(1)(c) | The Audit Committee shall be responsible to the Board the duties of the Audit Committee shall be clearly set forth in writing | Complied | - | |



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Compliance Report on BSEC Notification

| Condition No. | Title | Compliance Status | | Remark (if any) |
|---------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|--------------|------------------------|
| | | Complied | Not Complied | |
| 5(2) | Constitution to the Audit Committee | | | |
| 5(2)(a) | The Audit Committee shall be composed of at least 3(three) members. | Complied | - | |
| 5(2)(b) | Board shall appoint members of the Audit Committee who shall be non-executive director of the company excepting Chairperson of the Board and shall include at least 1(one) independent director | | | |
| 5(2)(c) | All members of the Audit committee should be “financially literate” and at least 1(one) members shall have accounting or related financial management background and 10(ten) years of such experience | Complied | - | |
| 5(2)(d) | When the term of service of any committee member expires or there is any circumstance causing any committee member to be unable to hold office before expiration of the term of service | - | - | No such event occurred |
| 5(2)(e) | The company secretary shall act as the secretary of the Committee. | Complied | - | |
| 5(2)(f) | The quorum of the audit committee meeting shall not constitute without at least one independent director | | | |
| 5(3) | Chairperson of the Audit Committee | | | |
| 5(3)(a) | The Board shall select Chairperson of the Audit Committee who will be Independent Director | Complied | - | |
| 5(3)(b) | Absence of the Chairperson of the Audit Committee members to elect one and the reason of absence of the regular Chairperson shall be duly recorded in the minutes | Complied | - | |
| 5(3)(c) | Chairperson of the audit committee shall remain present in the AGM | Complied | - | |
| 5(4) | Meeting of the Audit Committee | Complied | - | |
| 5(4)(a) | The audit committee shall conduct at least its 4 meeting in a financial year | Complied | - | |
| 5(4)(b) | Quorum of Audit Committee, presence of 2 or 2/3 members whichever is higher where presence of an independent director is a must. | Complied | - | |
| 5(5) | Role of Audit Committee | Complied | - | |
| 5(5)(a) | Oversee the financial reporting process | Complied | - | |
| 5(5)(b) | Monitor choice of accounting policies and principles | Complied | - | |
| 5(5)(c) | Monitor Internal Audit and Compliance to ensure that it is adequately resourced | Complied | - | |
| 5(5)(d) | Oversee hiring performance of external auditors | Complied | - | |
| 5(5)(e) | Hold meeting with the auditors, review the annual financial statements before submission to the Board for approval or adoption | Complied | - | |
| 5(5)(f) | Review along with the management, the annual financial statements before submission | Complied | - | |
| 5(5)(g) | Review along with the management, the quarterly and half yearly financial statements before submission | Complied | - | |
| 5(5)(h) | Review the adequacy of internal audit function | Complied | - | |
| 5(5)(i) | Review the management’s discussion and analysis before disclosing in the Annual Report | Complied | - | |
| 5(5)(j) | Review statement of all related party transactions submitted by the management | Complied | - | |

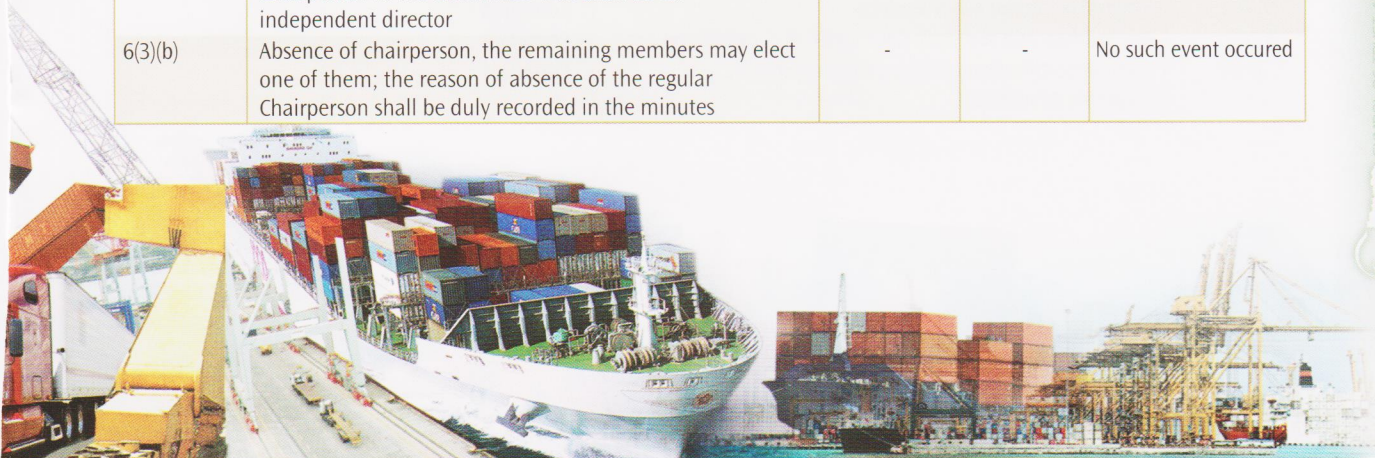
SYMBOL OF TRUST AND SECURITY



Compliance Report on BSEC Notification



| Condition No. | Title | Compliance Status | | Remark (if any) |
|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|--------------|------------------------|
| | | Complied | Not Complied | |
| 5(5)(k) | Review management letters or letter of internal control weakness issued by statutory auditors | Complied | - | |
| 5(5)(l) | Oversee determination of audit fees based on scope and magnitude and evaluate the performance of external auditor | Complied | - | |
| 5(5)(m) | Oversee whether IPO or RPO or RSO proceeds utilized as per the published prospectus | - | - | Not Applicable |
| 5(6) | Reporting of the Audit Committee | | | |
| 5(6)(a) | Reporting to the Board of Directors | | | |
| 5(6)(a)(i) | The audit committee shall report on its activities to the board | Complied | - | |
| 5(6)(a)(ii)(a) | Report on conflicts of interests | - | - | No such event occurred |
| 5(6)(a)(ii)(b) | Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements | - | - | No such event occurred |
| 5(6)(a)(ii)(c) | Suspected infringement of laws, regulatory compliance including securities related laws, relies and regulation | - | - | No such event occurred |
| 5(6)(a)(ii)(d) | Any other matter which shall be disclosed to the board immediately | - | - | No such event occurred |
| 5(6)(b) | Reporting to the Authorities | - | - | No such event occurred |
| 5(7) | Reporting to the Shareholders and General Investors | - | - | No such event occurred |
| 6 | Nomination and Remuneration Committee (NRC) | | | |
| 6(1) | Responsibility to the Board of Directors. | | | |
| 6(1)(a) | The company shall have an NRC as a sub-committee of the Board. | - | N/C | Under Process |
| 6(1)(b) | NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications. | - | - | Not Applicable |
| 6(1)(c) | The Terms of Reference of the NRC shall be clearly set forth in writing | - | - | Not Applicable |
| 6(2) | Constitution of the NRC | | | |
| 6(2)(a) | The Committee shall comprise of at least three members including an Independent Director | - | - | Not Applicable |
| 6(2)(b) | All members of the Committee shall be non-executive directors | - | - | Not Applicable |
| 6(2)(c) | Members of the Committee shall be nominated and appointed by the Board | - | - | Not Applicable |
| 6(2)(d) | The board shall have removed and appoint any member of the committee | - | - | Not Applicable |
| 6(2)(e) | Board shall fill the vacancy within 180 days of such vacancy in the Committee. | - | - | Not Applicable |
| 6(2)(f) | The chairperson of the committee may appoint any external expert | - | - | Not Applicable |
| 6(2)(g) | The company secretary shall act as the secretary of the committee | - | - | Not Applicable |
| 6(2)(h) | The quorum of the NRC meeting shall not constitute without attendance | - | - | Not Applicable |
| 6(2)(i) | No member of the NRC Shall receive either directly or indirectly | - | - | Not Applicable |
| 6(3) | Chairperson of the NRC | | | |
| 6(3)(a) | The board shall select one member of the NRC to be Chairperson of the Committee who shall be an independent director | - | - | Not Applicable |
| 6(3)(b) | Absence of chairperson, the remaining members may elect one of them; the reason of absence of the regular Chairperson shall be duly recorded in the minutes | - | - | No such event occurred |



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| Condition No. | Title | Compliance Status | | Remark (if any) |
|---------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|--------------|------------------------|
| | | Complied | Not Complied | |
| 6(3)(c) | Chairperson of the NRC shall attend the AGM | - | - | No such event occurred |
| 6(4) | Meeting of the NRC | | | |
| 6(4)(a) | The NRC shall conduct at least one meeting in a financial year | - | - | Not Applicable |
| 6(4)(b) | The chairperson of the NRC may convene any emergency meeting | - | - | Not Applicable |
| 6(4)(c) | Quorum of NRC meeting, presence of 2 or 2/3 members whichever is higher, where presence of an independent director is must | - | - | Not Applicable |
| 6(4)(d) | Proceedings of NRC meeting shall be recorded in the minutes and such minutes shall be confirmed in the next meeting | - | - | Not Applicable |
| 6(5) | Role of NRC | | | |
| 6(5)(a) | NRC shall be independent and responsible to the board and to the shareholders | - | - | Not Applicable |
| 6(5)(b)(i)(a) | The level of composition of remuneration is reasonable and sufficient | - | - | Not Applicable |
| 6(5)(b)(i)(b) | The relationship of remuneration to performance for clear and meets appropriate performance benchmark | - | - | Not Applicable |
| 6(5)(b)(i)(c) | Remuneration to director top level executive involves a balance between fixed and incentive pay reflecting short and long term performance | - | - | Not Applicable |
| 6(5)(b)(ii) | Consideration age gender experience | - | - | Not Applicable |
| 6(5)(b)(iii) | Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down and recommend their appointment and removal to the Board | - | - | Not Applicable |
| 6(5)(b)(iv) | Formulating criteria for evaluation of performance of independent directors and the Board. | - | - | Not Applicable |
| 6(5)(b)(v) | Identifying company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria. | - | - | Not Applicable |
| 6(5)(b)(vi) | Developing recommending and reviewing annually the company's human resources and training policies | - | - | Not Applicable |
| 6(5)(c) | The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC at a glance in its annual report. | - | - | Not Applicable |
| 7 | External or Statutory Auditors | | | |
| 7(1) | Issuer company shall not engage its external auditors to perform the following | | | |
| 7(1)(i) | Appraisal or valuation service opinions | Complied | - | |
| 7(1)(ii) | Financial information systems design and implementation | Complied | - | |
| 7(1)(iii) | Book-keeping and other services related to the accounting records | Complied | - | |
| 7(1)(iv) | Broker-dealer services | Complied | - | |
| 7(1)(v) | Actuarial services | Complied | - | |
| 7(1)(vi) | Internal or special audit services | Complied | - | |
| 7(1)(vii) | Any services that the Audit Committee may determine | Complied | - | |
| 7(1)(viii) | Audit or certification services on compliance of corporate governance | Complied | - | |

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Compliance Report on BSEC Notification



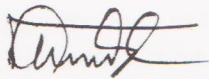
| Condition No. | Title | Compliance Status | | Remark (if any) |
|---------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|--------------|-----------------|
| | | Complied | Not Complied | |
| 7(1)(ix) | Any other service that may create conflict of interest | Complied | - | |
| 7(2) | No partner or employees of the external audit firms shall process any share of the company they company at least during the tenure of their audit assignment of that company | | | |
| 7(3) | Representative of external or statutory auditors in the shareholders meeting (AGM or EGM) | Complied | - | |
| 8 | Maintaining a website by the Company | | | |
| 8(1) | The company shall have official website | Complied | - | |
| 8(2) | The website functional from the date of listing | Complied | - | |
| 8(3) | Available the details discloser on its website as required under the listing regulations | Complied | - | |
| 9 | Reporting and compliance of Corporate Governance | | | |
| 9(1) | The company shall obtain a certificate from a practicing professional Accountant or Secretary on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report. | Complied | - | |
| 9(2) | The professional who will provide the certificate on compliance of Corporate Governance shall be appointed by the Shareholders in the AGM. | Complied | - | |
| 9(3) | The directors of the company shall state, in accordance with the Annexure-C attached, in the director's report whether the company has complied with these conditions or not | Complied | - | |



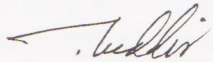
Directors' Certificate

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

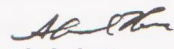
1. The value of investment as shown in the Balance Sheet has been taken at the cost.
2. The value of assets as shown in the Balance Sheet and as classified on Form "AA" annexed have been duly reviewed as at December 31, 2018 and in our belief, the said assets have been set forth in the Balance Sheet at amounts not exceeding their realisable or market value under the several headings as enumerated in the annexed form.
3. All expenses of management, wherever incurred and whether incurred directly or indirectly in respect of Fire, Marine, Motor and Miscellaneous Insurance Business have been duly debited to the related Revenue Accounts and Profit & Loss Account.




Firoz Ahmed
Managing Director & CEO



M. Nasir Uddin
Director



Abdul Haque
Director



M. Kamal Uddin
Chairman

Dated: April 30, 2019
Place: Dhaka



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Auditors' Report to the Shareholders

Opinion

We have audited the financial statements of **Mercantile Insurance Company Ltd.** (the "Company"), which comprise the Statement of Financial Position as at 31 December 2018, the Statement of Profit or Loss and Other Comprehensive Income, Profit and Loss Appropriation Account, related Revenue Accounts, Statement of Changes in Equity and Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the company as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994, the Insurance Act 1938 as amended in 2010, the Insurance Rules 1958 and along with Rules & Regulation Issued by the Insurance Development & Regularity Authority (IDRA), the Securities and Exchange Rules 1987 and other applicable laws and regulations.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements for 2018. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters.

Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatements of the financial statements. These results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

STRENGTH OF TRUST AND SECURITY



| Risk | Our Response to the risk |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>a) Premium income</p> <p>Gross general insurance premiums comprise the total premiums received for the whole period of cover provided by contracts entered into during the accounting period.</p> <p>Given the important nature, connections to other items to the financial statements and sensitivity of the item we believe this area pose high level of risk.</p> <p>At year end the 2018, the Company reported total gross premium income of BDT 342,664,168 (2017: BDT 324,584,246).</p> | <p>With respect to Premium income in respect of various types of insurance we carried out the following procedures:</p> <ul style="list-style-type: none"> • The design and operating effectiveness of key controls around premium income recognition process. Carried out analytical procedures and recalculated premium income for the period. • Carried out cut-off testing to ensure unearned premium income has not been included in the premium income. • On a sample basis reviewed policy to ensure appropriate policy stamp was affixed to the contract and the same has been reflected in the premium register. • Ensured on a sample basis that the premium income was being deposited in the designated bank account. • Tested on a sample basis to see that appropriate VAT was being collected and deposited to bank through Treasury Challan. • For a sample of insurance contracts tested to see if appropriate level of reinsurance was done and whether that re-insurance premium was deducted from the gross premium. • Applying specialist judgment ensured if there is any impairment of the reinsurer. Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards, Insurance Act 1938 (as amended in 2010), Insurance Rules, 1958 and other applicable rules and regulations and regulatory applicable rules and regulations and regulatory guidelines. |
| <p>See note #24.00 to the financial statements</p> | |



SYMBOL OF TRUST AND SECURITY

b) Estimated liability in respect of outstanding claims whether due or intimated and claim payment

This account represents the claim due or intimated from the insured and involves significant management judgment and risk of understatement. In extreme scenario this item may have going concern implications for the company.

At year end the 2018, the company reported total balance under the head of estimated liability in respect of outstanding claims whether due or intimated and claim payment of BDT 174,500,000.

We tested the design and operating effectiveness of controls around the due and intimated claim recording process. We additionally carried out the following substantive testing around this item:

- Obtained the claim register and tested for completeness of claims recorded in the register on a sample basis.
- Obtained a sample of claimed policy copy and cross check it with claim.
- Obtained a sample of survey reports cross checked those against respective ledger balances and in case of discrepancy carried out further investigation.
- Obtained and discussed with management about their basis for estimation and challenged their assumptions where appropriate.
- Reviewed the claim committee meeting minutes about decision about impending claims.
- Tested a sample of claims payments with intimation letter, survey report, bank statement, claim payment register and general ledger.
- Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards, Insurance Act 1938 (as amended in 2010), Insurance Rules, 1958 and other applicable rules and regulations and regulatory guidelines.

See note #7.00 to the financial statements



Other information

Management is responsible for the other information. The other information comprises all of the information in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements and internal controls

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, the Companies Act 1994, the Insurance Act 2010, the Insurance Rules 1958, the Securities and Exchange Rules 1987 and other applicable laws and regulations 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:



- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

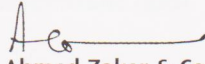
Report on other legal and regulatory requirements

In accordance with the Companies Act 1994, the Insurance Act 2010, the Insurance Rules 1958, the Securities and Exchange Rules 1987 and relevant notifications issued by Bangladesh Securities and Exchange Commission, we also report that:



1. 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;
2. In our opinion, proper books of accounts, records and other statutory books as required by law have been kept by the Company so far as it appeared from our examinations of those books;
3. The Company management has followed relevant provisions of laws and rules in managing the affairs of the Company and proper books of accounts, records and other statutory books have been properly maintained and (where applicable) proper returns adequate for the purposes of our audit have been received from branches not visited by us;
4. As per section 63(2) of the Insurance Act 2010, in our opinion to the best of our knowledge and belief and according to the information and explanation given to us, all expenses of management wherever incurred and whether incurred directly or indirectly, in respect of insurance business of the company transacted in Bangladesh during the year under report have been duly debited to the related Revenue Accounts and the profit & loss account of the Company;
5. We report that to the best of our information and as shown by its books, the company during the year under report has not paid any person any commission in any form, outside Bangladesh in respect of any its business re-insured abroad;
6. The balance sheet, profit & loss account appropriation account, profit & loss account, related revenue accounts, statement of changes in equity and statement of cash flows of the Company together with the annexed notes dealt with by the report are in agreement with the books of account and returns; and
7. The expenditure was incurred for the purpose of the Company's business.

Dated: April 30, 2019
Place: Dhaka


Ahmed Zaker & Co.
Chartered Accountants



Statement of Financial Position

As at December 31, 2018

| PARTICULARS | NOTES | Amount in Taka | |
|-------------------------------------------------------------------------------|-------|----------------------|----------------------|
| | | 31-Dec-18 | 31-Dec-17 |
| Shareholders Equity & Liabilities: | | | |
| Share Capital | | | |
| Authorised Capital | | 1,000,000,000 | 1,000,000,000 |
| Issued, Subscribed & Paid-up capital | 3.00 | 430,953,600 | 430,953,600 |
| Share Premium (Less issue expense & taxes) | | 74,814,125 | 74,814,125 |
| Reserve or Contingency Accounts: | | | |
| | 4.00 | 268,378,873 | 272,672,438 |
| Reserve for exceptional losses | | 208,004,244 | 188,866,568 |
| General Reserve | | 19,700,000 | 18,700,000 |
| Profit & Loss Appropriation Account | | 40,674,629 | 65,105,869 |
| Balance of Fund & Accounts | | | |
| | 5.00 | 95,829,652 | 102,027,395 |
| Fire Insurance Business | | 32,242,032 | 21,563,926 |
| Marine Insurance Business | | 49,154,107 | 63,867,478 |
| Motor Insurance Business | | 4,817,099 | 6,577,844 |
| Miscellaneous Insurance Business | | 9,616,415 | 10,018,147 |
| Liabilities & Provision | | | |
| | | 909,368,454 | 499,792,801 |
| Premium Deposit | 6.00 | 25,204,344 | 39,150,834 |
| Estimated liability in respect of outstanding claims whether due or intimated | 7.00 | 174,500,000 | 149,000,000 |
| Amount due to other person or bodies carrying on insurance business | 8.00 | 558,420,286 | 174,119,859 |
| Sundry Creditors | 9.00 | 151,243,824 | 137,522,108 |
| Total Shareholders Equity & Liabilities : | | 1,779,344,704 | 1,380,260,359 |

The Annexed notes 1 to 24 form an integral part of these Financial statements.

Firoz Ahmed
Managing Director & CEO

M. Nasir Uddin
Director

Abdul Haque
Director

M. Kamal Uddin
Chairman

Signed as per our separate report on same date.

Dated: April 30, 2019
Place: Dhaka

Ahmed Zaker & Co.
Chartered Accountants



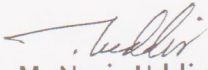
Statement of Financial Position

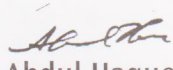
As at December 31, 2018

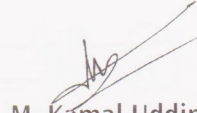
| PARTICULARS | NOTES | Amount in Taka | |
|------------------------------------------------------------------------|-------|----------------------|----------------------|
| | | 31-Dec-18 | 31-Dec-17 |
| Assets: | | | |
| Non-Current Assets: | | 61,142,909 | 62,218,433 |
| Property, Plant & Equipment | 10.00 | 34,863,342 | 35,622,050 |
| Bangladesh Govt. Treasury Bond | | 25,000,000 | 25,000,000 |
| Deferred Tax Assets | 11.00 | 1,279,567 | 1,596,383 |
| Current Assets: | | 1,718,201,795 | 1,318,041,926 |
| Investment in Shares | 12.00 | 65,765,782 | 87,194,618 |
| Accrued Interest, Dividend And Rent | 13.00 | 5,627,650 | 4,630,570 |
| Amount due from other persons or bodies carrying on insurance business | 14.00 | 575,920,794 | 183,341,421 |
| Sundry Debtors | 15.00 | 4,245,819 | 3,770,329 |
| Cash and Bank balance | 16.00 | 939,416,352 | 938,771,290 |
| Advance Income Tax | 17.00 | 127,035,119 | 100,233,519 |
| Stamps in hand | | 190,279 | 100,179 |
| Total Assets: | | 1,779,344,704 | 1,380,260,359 |
| Net Assets Value Per Share (NAVPS) | | 17.93 | 18.03 |

The Annexed notes 1 to 24 form an integral part of these Financial statements.


Firoz Ahmed
 Managing Director & CEO

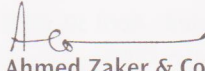

M. Nasir Uddin
 Director


Abdul Haque
 Director


M. Kamal Uddin
 Chairman

Signed as per our separate report on same date.

Dated: April 30, 2019
 Place: Dhaka


Ahmed Zaker & Co.
 Chartered Accountants

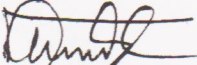


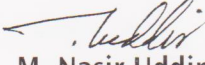
Statement of Profit & Loss and other Comprehensive Income

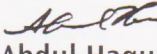
For the year ended December 31, 2018

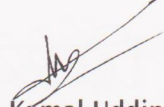
| PARTICULARS | NOTES | Amount in Taka | |
|---------------------------------------------------------------------------------|-------|-------------------|-------------------|
| | | 2018 | 2017 |
| Operating Profit/(loss) Transferred From: | | 2,008,618 | 5,992,875 |
| Fire Insurance Revenue Account | | (60,155,541) | (72,679,917) |
| Marine Insurance Revenue Account | | 47,922,815 | 54,925,643 |
| Motor Insurance Revenue Account | | 3,208,174 | 10,202,422 |
| Misc. Insurance Revenue Account | | 11,033,171 | 13,544,728 |
| Non-Operating Income | | 64,363,705 | 73,557,596 |
| (Not applicable to any fund or Account): | | | |
| Interest, Dividend & Rent Income | 18.00 | 64,183,705 | 73,377,596 |
| Other Income | 19.00 | 180,000 | 180,000 |
| Total Income: | | 66,372,323 | 79,550,471 |
| Expenses of Management (Not applicable to any fund or Account): | | 6,806,487 | 8,150,544 |
| Registration & Renewal | | 846,076 | 2,454,062 |
| Directors' Fees | | 736,700 | 445,000 |
| Audit Fees | | 62,500 | 50,000 |
| Depriciation | | 5,161,211 | 5,201,482 |
| Net Profit/(Loss) transferred to Profit & Loss Appropriation Account | | 59,565,837 | 71,399,927 |
| Total: | | 66,372,323 | 79,550,471 |
| Earnings per Share (EPS) | | 1.11 | 1.29 |

The Annexed notes 1 to 24 form an integral part of these Financial statements.


Firoz Ahmed
 Managing Director & CEO

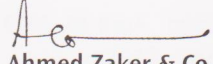

M. Nasir Uddin
 Director


Abdul Haque
 Director


M. Kamal Uddin
 Chairman

Signed as per our separate report on same date.

Dated: April 30, 2019
Place: Dhaka


Ahmed Zaker & Co.
 Chartered Accountants



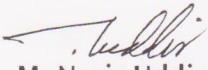
Statement of Profit & Loss Appropriation Account

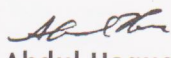
For the year ended December 31, 2018

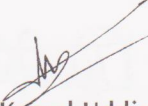
| PARTICULARS | NOTES | Amount in Taka | |
|----------------------------------------------------|-------|--------------------|--------------------|
| | | 2018 | 2017 |
| Opening Balance of appropriation accounts | | 65,105,869 | 57,423,616 |
| Net Profit/(Loss) transferred from | | | |
| Profit or Loss and Other Comprehensive Income | | 59,565,837 | 71,399,927 |
| Total profit/(loss) after tax | | 124,671,706 | 128,823,543 |
| Appropriation: | | 83,997,077 | 63,717,674 |
| Stock Dividend issued/Cash dividend | | 43,095,360 | 43,095,360 |
| Reserve for exceptional losses | | 19,137,676 | 18,514,338 |
| General Reserve | | 1,000,000 | 4,000,000 |
| Income tax expenses | 20.00 | 11,798,472 | 15,835,637 |
| Unrealized (gain)/loss on investment in share | 22.00 | 8,965,569 | (17,727,661) |
| Undistributed Balance transferred to Balance sheet | | 40,674,629 | 65,105,869 |
| Total: | | 124,671,706 | 128,823,543 |

The Annexed notes 1 to 24 form an integral part of these Financial statements.


Firoz Ahmed
 Managing Director & CEO

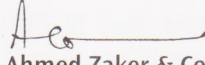

M. Nasir Uddin
 Director


Abdul Haque
 Director


M. Kamal Uddin
 Chairman

Signed as per our separate report on same date.

Dated: April 30, 2019
 Place: Dhaka


Ahmed Zaker & Co.
 Chartered Accountants

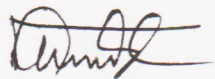


Consolidated Revenue Account

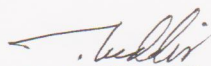
For the year ended December 31, 2018

| PARTICULARS | NOTES | Amount in Taka | |
|---------------------------------------------------------------|-------|--------------------|--------------------|
| | | 2018 | 2017 |
| Opening balance of Reserve for unexpired risks | | 102,027,395 | 96,028,724 |
| Premium Less Re-insurance | | 191,376,756 | 185,143,380 |
| Commission on Re-insurance Ceded | 21.00 | 33,873,928 | 32,432,381 |
| Total: | | 327,278,079 | 313,604,485 |
| Claims under policies less Re-insurance | | 96,693,760 | 85,831,881 |
| Paid during the year | | 71,193,760 | 110,831,881 |
| Claims outstanding at the end of the year | | 174,500,000 | 149,000,000 |
| Claims Outstanding at the end of the previous year | | (149,000,000) | (174,000,000) |
| Agency Commission | | 41,372,087 | 41,355,953 |
| Expenses of Management | | 91,373,962 | 78,396,381 |
| Profit/(Loss) transferred to Profit & Loss Account | | 2,008,618 | 5,992,875 |
| Closing balance of Reserve for unexpired risks | | 95,829,652 | 102,027,395 |
| Total: | | 327,278,079 | 313,604,485 |

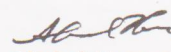
The Annexed notes 1 to 24 form an integral part of these Financial statements.



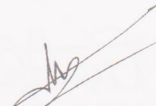
Firoz Ahmed
Managing Director & CEO



M. Nasir Uddin
Director



Abdul Haque
Director



M. Kamal Uddin
Chairman

Signed as per our separate report on same date.

Dated: April 30, 2019
Place: Dhaka



Ahmed Zaker & Co.
Chartered Accountants



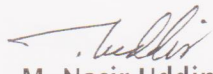
Fire Insurance Revenue Account

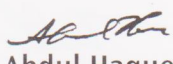
For the year ended December 31, 2018

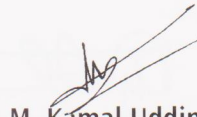
| PARTICULARS | NOTES | Amount in Taka | |
|---------------------------------------------------------------|-------|---------------------|---------------------|
| | | 2018 | 2017 |
| Opening balance of Reserve for unexpired risks | | 21,563,926 | 23,786,960 |
| Premium Less Re-insurance | 21.00 | 64,484,064 | 39,207,138 |
| Commission on Re-insurance Ceded | | 17,424,978 | 17,783,047 |
| Total: | | 103,472,968 | 80,777,145 |
| Claims under policies less Re-insurance | | 71,378,202 | 85,505,513 |
| Paid during the year | | 66,378,202 | 98,505,513 |
| Claims outstanding at the end of the year | | 88,000,000 | 83,000,000 |
| Claims Outstanding at the end of the previous year | | (83,000,000) | (96,000,000) |
| Agency Commission | | 19,226,729 | 16,391,072 |
| Expenses of Management | | 40,781,546 | 29,996,552 |
| Profit/(Loss) transferred to Profit & Loss Account | | (60,155,541) | (72,679,917) |
| Closing balance of Reserve for unexpired risks | | 32,242,032 | 21,563,926 |
| Total: | | 103,472,968 | 80,777,145 |

The Annexed notes 1 to 24 form an integral part of these Financial statements.


Firoz Ahmed
 Managing Director & CEO

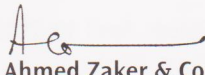

M. Nasir Uddin
 Director


Abdul Haque
 Director


M. Kamal Uddin
 Chairman

Signed as per our separate report on same date.

Dated: April 30, 2019
 Place: Dhaka


Ahmed Zaker & Co.
 Chartered Accountants



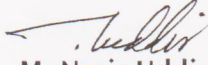
Marine Insurance Revenue Account

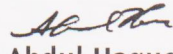
For the year ended December 31, 2018

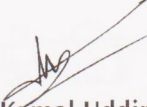
| PARTICULARS | NOTES | Amount in Taka | |
|---------------------------------------------------------------|-------|--------------------|--------------------|
| | | 2018 | 2017 |
| Opening balance of Reserve for unexpired risks | 21.00 | 63,867,478 | 55,310,627 |
| Premium Less Re-insurance | | 98,025,665 | 115,761,712 |
| Commission on Re-insurance Ceded | | 11,214,616 | 11,767,643 |
| Total: | | 173,107,759 | 182,839,982 |
| Claims under policies less Re-insurance | | 18,851,190 | 4,113,654 |
| Paid during the year | | 3,851,190 | 11,113,654 |
| Claims outstanding at the end of the year | | 50,000,000 | 35,000,000 |
| Claims Outstanding at the end of the previous year | | (35,000,000) | (42,000,000) |
| Agency Commission | | 18,136,209 | 20,877,400 |
| Expenses of Management | | 39,043,439 | 39,055,807 |
| Profit/(Loss) transferred to Profit & Loss Account | | 47,922,815 | 54,925,643 |
| Closing balance of Reserve for unexpired risks | | 49,154,107 | 63,867,478 |
| | | 173,107,759 | 182,839,982 |

The Annexed notes 1 to 24 form an integral part of these Financial statements.


Firoz Ahmed
Managing Director & CEO

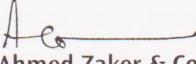

M. Nasir Uddin
Director


Abdul Haque
Director


M. Kamal Uddin
Chairman

Signed as per our separate report on same date.

Dated: April 30, 2019
Place: Dhaka


Ahmed Zaker & Co.
Chartered Accountants



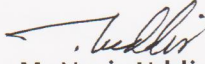
Motor Insurance Revenue Account

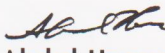
For the year ended December 31, 2018

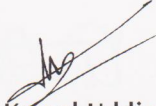
| PARTICULARS | NOTES | Amount in Taka | |
|---------------------------------------------------------------|-------|-------------------|--------------------|
| | | 2018 | 2017 |
| Opening balance of Reserve for unexpired risks | | 6,577,845 | 7,297,252 |
| Premium Less Re-insurance | 21.00 | 9,634,197 | 11,959,718 |
| Commission on Re-insurance Ceded | | - | - |
| Total: | | 16,212,042 | 19,256,970 |
| Claims under policies less Re-insurance | | 4,186,130 | (1,971,250) |
| Paid during the year | | 686,130 | 1,028,750 |
| Claims outstanding at the end of the year | | 15,500,000 | 12,000,000 |
| Claims Outstanding at the end of the previous year | | (12,000,000) | (15,000,000) |
| Agency Commission | | 1,234,891 | 1,516,106 |
| Expenses of Management | | 2,765,748 | 2,931,848 |
| Profit/(Loss) transferred to Profit & Loss Account | | 3,208,174 | 10,202,422 |
| Closing balance of Reserve for unexpired risks | | 4,817,099 | 6,577,845 |
| Total: | | 16,212,042 | 19,256,970 |

The Annexed notes 1 to 24 form an integral part of these Financial statements.


Firoz Ahmed
 Managing Director & CEO

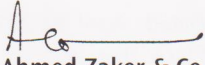

M. Nasir Uddin
 Director


Abdul Haque
 Director


M. Kamal Uddin
 Chairman

Signed as per our separate report on same date.

Dated: April 30, 2019
 Place: Dhaka


Ahmed Zaker & Co.
 Chartered Accountants



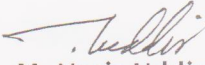
Miscellaneous Insurance Revenue Account

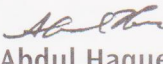
For the year ended December 31, 2018

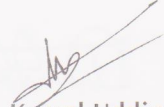
| PARTICULARS | NOTES | Amount in Taka | |
|---------------------------------------------------------------|-------|-------------------|--------------------|
| | | 2018 | 2017 |
| Opening balance of Reserve for unexpired risks | | 10,018,147 | 9,633,885 |
| Premium Less Re-insurance | 21.00 | 19,232,830 | 18,214,812 |
| Commission on Re-insurance Ceded | | 5,234,334 | 2,881,691 |
| Total: | | 34,485,311 | 30,730,388 |
| Claims under policies less Re-insurance | | 2,278,238 | (1,816,036) |
| Paid during the year | | 278,238 | 183,964 |
| Claims outstanding at the end of the year | | 21,000,000 | 19,000,000 |
| Claims Outstanding at the end of the previous year | | (19,000,000) | (21,000,000) |
| Agency Commission | | 2,774,258 | 2,571,375 |
| Expenses of Management | | 8,783,229 | 6,412,174 |
| Profit/(Loss) transferred to Profit & Loss Account | | 11,033,171 | 13,544,728 |
| Closing balance of Reserve for unexpired risks | | 9,616,415 | 10,018,147 |
| Total: | | 34,485,311 | 30,730,388 |

The Annexed notes 1 to 24 form an integral part of these Financial statements.


Firoz Ahmed
 Managing Director & CEO


M. Nasir Uddin
 Director


Abdul Haque
 Director


M. Kamal Uddin
 Chairman

Signed as per our separate report on same date.

Dated: April 30, 2019
 Place: Dhaka


Ahmed Zaker & Co.
 Chartered Accountants

SYMBOL OF TRUST AND SECURITY



Statement of Changes in Equity

For the year ended December 31, 2018



Annual Report 2018

| Particulars | Share Capital | Share Premium | Reserve for Exceptional Losses | General Reserve | Profit and Loss Appropriation | Total Taka |
|----------------------------------|--------------------|-------------------|--------------------------------|-------------------|-------------------------------|--------------------|
| Opening balance | 430,953,600 | 74,814,125 | 188,866,568 | 18,700,000 | 65,105,869 | 778,440,162 |
| Profit after Tax during the year | - | - | - | - | 47,767,365 | 47,767,365 |
| Transfer to General reserve | - | - | - | 1,000,000 | (1,000,000) | - |
| Cash Dividend | - | - | - | - | (43,095,360) | (43,095,360) |
| Reserve for Exceptional Losses | - | - | 19,137,676 | - | (19,137,676) | - |
| Unrealized gain/(Loss) on share | - | - | - | - | (8,965,569) | (8,965,569) |
| As at December 31, 2018 | 430,953,600 | 74,814,125 | 208,004,244 | 19,700,000 | 40,674,629 | 774,146,598 |

For the year ended December 31, 2017

| Particulars | Share Capital | Share Premium | Reserve for Exceptional Losses | General Reserve | Profit and Loss Appropriation | Total Taka |
|----------------------------------|--------------------|-------------------|--------------------------------|-------------------|-------------------------------|--------------------|
| Opening balance | 430,953,600 | 74,814,125 | 170,352,231 | 14,700,000 | 57,423,616 | 748,243,572 |
| Profit after Tax during the year | - | - | - | - | 55,564,290 | 55,564,290 |
| Transfer to General reserve | - | - | - | 4,000,000 | (4,000,000) | - |
| Cash Dividend | - | - | - | - | (43,095,360) | (43,095,360) |
| Reserve for Exceptional Losses | - | - | 18,514,338 | - | (18,514,338) | - |
| Unrealized gain/(Loss) on share | - | - | - | - | 17,727,661 | 17,727,661 |
| As at December 31, 2017 | 430,953,600 | 74,814,125 | 188,866,568 | 18,700,000 | 65,105,869 | 778,440,163 |

The Annexed notes 1 to 24 form an integral part of these Financial statements.

Firoz Ahmed
Managing Director & CEO

M. Nasir Uddin
Director

Abdul Haque
Director

M. Kamal Uddin
Chairman

Signed as per our separate report on same date.

Dated: April 30, 2019
Place: Dhaka

Ahmed Zaker & Co.
Chartered Accountants

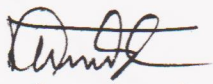


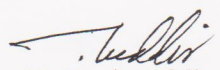
Statement of Cash Flow

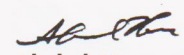
For the year ended December 31, 2018

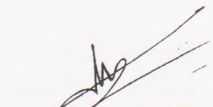
| PARTICULARS | NOTES | Amount in Taka | |
|--------------------------------------------------------|-------|---------------------|---------------------|
| | | 2018 | 2017 |
| Cash Flow from Operating Activities: | | | |
| Collection from Premium and Commission | | 285,174,277 | 292,236,052 |
| Management Expenses, Commission, Re-Insurance & Claims | | (216,444,493) | (187,094,287) |
| Income tax paid | | (26,801,600) | (30,140,060) |
| Net Cash Provided by Operating Activities: (A) | | 41,928,184 | 75,001,705 |
| Cash Flow from Investing Activities: | | | |
| Purchase/sale of Share | | 2,715,570 | (55,640,199) |
| Interest/Dividend Received | | 2,967,542 | 4,030,750 |
| Acquisition of Property, Plant & Equipment | | (4,402,503) | (5,151,555) |
| Net Cash Used by Investing Activities: (B) | | 1,280,609 | (56,761,004) |
| Cash Flow from Financing Activities: | | | |
| Dividend Paid | | (42,563,731) | (43,095,360) |
| Net Cash Used by Financing Activities: (C) | | (42,563,731) | (43,095,360) |
| Net Cash inflow/ outflow(A+B+C) | | 645,062 | (24,854,659) |
| Opening Cash & Bank balance at the year | | 938,771,290 | 963,625,949 |
| Cash & Bank balance at the end of the year | | 939,416,352 | 938,771,290 |

The Annexed notes 1 to 24 form an integral part of these Financial statements.


Firoz Ahmed
 Managing Director & CEO

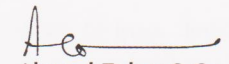

M. Nasir Uddin
 Director


Abdul Haque
 Director


M. Kamal Uddin
 Chairman

Signed as per our separate report on same date.

Dated: April 30, 2019
 Place: Dhaka


Ahmed Zaker & Co.
 Chartered Accountants



Classified Summary of Assets

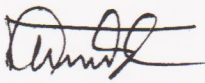
As at December 31, 2018

Form "AA"

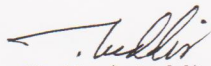
| Sl No. | Class of Assets | Book Value (Taka) |
|--------|-----------------------------------------------------------------------|----------------------|
| 01 | Bangladesh Govt. Treasury Bond | 25,000,000 |
| 02 | Shares | 65,765,782 |
| 03 | Fixed Deposit | 884,969,512 |
| 04 | Cash at Bank (STD & CD A/c) | 50,081,493 |
| 05 | Cash in hand | 4,365,347 |
| 06 | Interest Accrued | 5,627,650 |
| 07 | Sundry Debtors (including advance, deposits & pre-payments) | 4,245,819 |
| 08 | Advance Income Tax | 127,035,119 |
| 09 | Amount due from other person or bodies carrying on Insurance business | 575,920,794 |
| 10 | Non-Current Assets (at cost less depreciation) | 34,863,342 |
| 11 | Stamps in hand | 190,279 |
| | Total Taka | 1,778,065,137 |

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

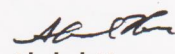
The Annexed notes 1 to 24 form an integral part of these Financial statements.



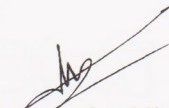
Firoz Ahmed
Managing Director & CEO



M. Nasir Uddin
Director



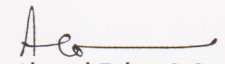
Abdul Haque
Director



M. Kamal Uddin
Chairman

Signed as per our separate report on same date.

Dated: April 30, 2019
Place: Dhaka



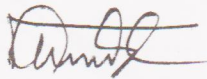
Ahmed Zaker & Co.
Chartered Accountants



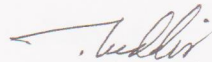
The Net Asset Value per share stands at Tk. 17.93. The calculation of net asset value per share is given below:

| Sl.No | Particulars | Amount in Tk. | Net Amount in Tk. |
|--------------------|---------------------------------------------------------------------------|---------------|----------------------|
| ASSETS | | | |
| 1 | Property, Plant & Equipment | 34,863,342 | |
| 2 | Investment | 90,765,782 | |
| 3 | Interest, Dividend & Rent Outstanding Accrued Interest | 5,627,650 | |
| 4 | Amount due from other persons of bodies carrying on insurance business | 575,920,794 | |
| 5 | Sundry Debtors including Advance deposits & Prepayments | 4,245,819 | |
| 6 | Cash & Cash Equivalent | 939,416,352 | |
| 7 | Advance Income Tax | 127,035,119 | |
| 8 | Stamps in hand | 190,279 | |
| A. | Total Assets (1 to 8) | | 1,778,065,137 |
| LIABILITIES | | | |
| 1 | Balance of funds and Accounts | 95,829,652 | |
| 2 | Liabilities and provisions | 909,368,454 | |
| B. | Total Liabilities (1 to 2) | | 1,005,198,106 |
| | Net Assets (A-B) | | 772,867,031 |
| | Number of Shares of Tk.10.00 each | | 43,095,360 |
| | Net Assets Value per Share | | 17.93 |

The Annexed notes 1 to 24 form an integral part of these Financial statements.



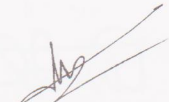
Firoz Ahmed
Managing Director & CEO



M. Nasir Uddin
Director




Abdul Haque
Director



M. Kamal Uddin
Chairman

Signed as per our separate report on same date.

Dated: April 30, 2019
Place: Dhaka



Ahmed Zaker & Co.
Chartered Accountants



Notes to the Financial Statements

For the year ended December 31, 2018

1. Legal status and nature of the company:

Domicile, Legal Form, Country of Incorporation:

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

Address of Registered Office and Principal Place of Business:

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

Principal Activities of the Company

The principal activities of the company are to carry on all kinds of non-life insurance business. There were no significant changes in the nature of the principal activities of the company during the year 2018 under review.

2. Significant Accounting Policies & Other Relevant Information

Basis of Accounting Preparation:

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

Management Responsibility

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

Directors Responsibility Statements:

The Board of Directors are also responsible for the preparation and Presentation of financial statements under section 183 of the Companies Act 1994, the Bangladesh Securities and Exchange Rules 1987, listing regulation of Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd and as per the provision of "The International Accounting Standards Committee" (IASB). Being the general-purpose financial statements, the presentation of these financial statements is in accordance with the guidelines provided by per requirement of Insurance Act 1938 and International Accounting Standard 1: Presentation of Financial Statements. A complete set of financial statements comprise:



- i) Statement of financial position as on December 31, 2018;
- ii) Statement of Profit or Loss and other comprehensive income for the year ended December 31, 2018;
- iii) Statement of Profit & Loss Appropriation Account for the year ended December 31, 2018;
- iv) Consolidated Revenue Account for the year ended December 31, 2018;
- v) Fire Insurance Revenue Account for the year ended December 31, 2018;
- vi) Marine Insurance Revenue Account for the year ended December 31, 2018;
- vii) Motor Insurance Revenue Account for the year ended December 31, 2018;
- viii) Miscellaneous Insurance Revenue Account for the year ended December 31, 2018;
- ix) Statement of Changes in equity for the year ended December 31, 2018.
- x) Statement of Cash flow for the year ended December 31, 2018.
- xi) Notes to the Financial Statements and Significant Accounting Policies.

Date of Authorization

The Board of Directors has authorized these financial statements on 30 April, 2018.

Compliance Statements and General Rules & Regulations

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

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

Basis of Measurement

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

Functional and Presentational Currency

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

Going Concern Basis

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

Reporting Period

Financial statements of the company consistently cover one calendar year from 1 January 2018 to 31 December 2018.

Branch Accounting

The company has 14th branches under its umbrella without having any overseas branch up to the year ended December 31, 2018. The accounts of the branches are maintained at the Head Office level. Only petty cash books are maintained at the branch level for meeting day to day cash expenses.



Significant Accounting Policies

i) Revenue Recognition (IFRS-15)

Revenue is recognized in accordance with International Financial Reporting Standards (IFRS-15): Revenue from Contracts with Customers, unless otherwise mentioned or otherwise guided by the separate IAS/IFRS or by Directives of the regularity Authority.

ii) Underwriting Premium Income

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

iii) Public Sector Business (PSB)

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

The premium in respect of Company's share of Public Sector Insurance Business (PSB) is accounted for in the year in which the relevant statement of accounts from Sadharan Bima Corporation is received. The statements of accounting period from January 01, 2018 to December 31, 2018 have been received from SBC and the Company's share of PSB for the aforesaid period has been recognized in these financial statements accordingly. Such method of account for the Public Sector Insurance Business (PSB) has been consistently followed.

iv) Re-insurance Ceded and Accepted

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

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

b) Re-Insurance with Foreign Re-insurer

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

v) Cover Notes Converted into Policy (CCP)

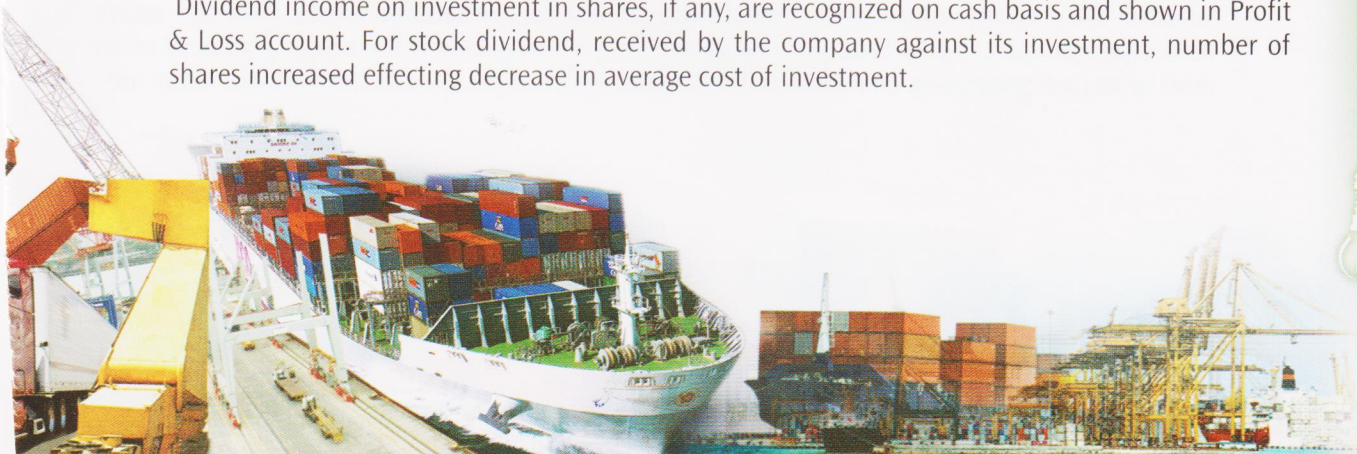
Amounts received against issue of cover notes that have not been converted into policy are not recognized as income. The cover notes which were previously issued are converted into insurance policy at the expiry of nine months as per circular of the then Chief Controller of Insurance.

vi) Investment Income

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

b) Cash Dividend Income and Stock Dividend from Investment:

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



vii) Valuation of Fixed Assets:

a) Property, Plant & Equipment:

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

b) Recognition of Fixed Assets:

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

c) Depreciation on Property, Plant & Equipment:

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

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

The value of all assets as shown in the Balance Sheet and in the annexed Classified Summary of Assets drawn up in accordance with from "AA" of part II of the First Schedule of the Insurance Act 1938, have been reviewed and the balances are in agreement with the Balance Sheet amount and Form AA amount.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and recognized in the statement of comprehensive income.

d) Impairment of Assets

As per International Accounting Standards (IAS) 36: The carrying amounts of the company's non-current assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are



Notes to the Financial Statements

For the year ended December 31, 2018

recognized in the statement of comprehensive income. Considering the present conditions of the assets, management concludes that there is no such indications exist.

viii) Employees Retirement Benefit Scheme

Mercantile Insurance Company Ltd offers a number benefit plans for all permanent Employees of the company which include Contributory Provident Fund, Gratuity Fund, Earn Leave Benefit, Festival Bous and Incentive Bonus on profit which have been accounted for in accordance with the provision of International Accounting Standards (IAS) 19, "Employee's Benefit" basis of enumeration the above benefits schemes operated by the company.

We are currently not maintaining workers profit participation fund which is the requirement of Bangladesh labor law (amendments) 2013 & Dhaka stock exchange limited. We will start maintaining the WPPF @ 5% on net profit after Tax immediately.

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

Surplus/deficit on Revenue Accounts has been arrived at after making necessary provision for un-expired risk @ 50% of net premium income on Fire, Marine Cargo, Motor, Miscellaneous and 100% on Marine Hull business concern.

x) Allocation of Expenses of Management

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

xi) Cash Flow Statement:

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

xii) Foreign Currency Transaction:

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

xiii) Cash and Bank balance:

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

xiv) Appropriation during the Year:

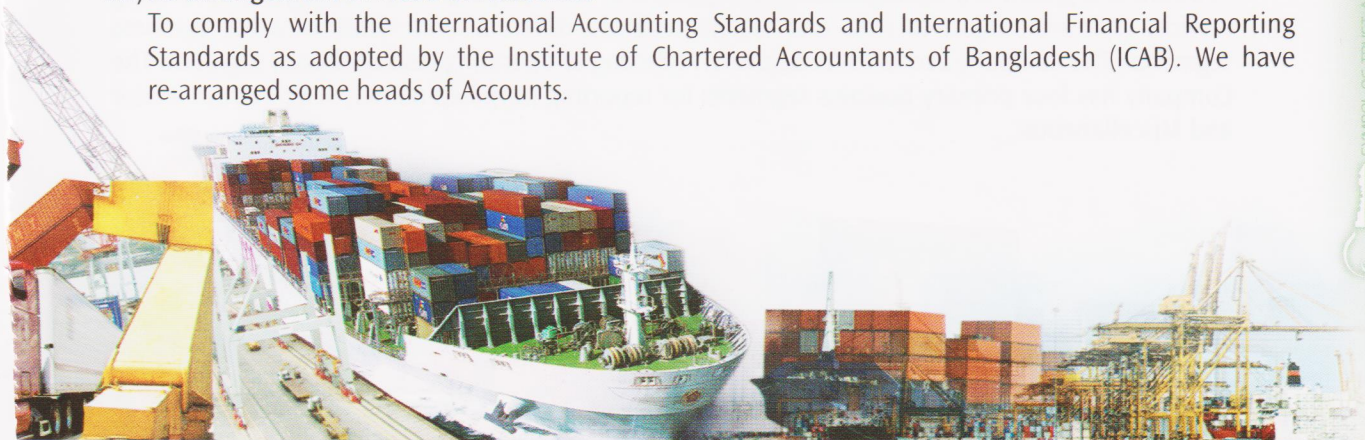
In accordance with "IAS-1" Presentation of Financial Statements" the appropriations for the year have been reflected in the statement of change in equity.

xv) Stock of Stationery & Forms:

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

xvi) Re-arrangement of Head of Accounts:

To comply with the International Accounting Standards and International Financial Reporting Standards as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB). We have re-arranged some heads of Accounts.



xvii) Recognition of Expenses and Taxes:

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

xviii) Borrowing Costs:

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

xix) Provision for Income Taxes:

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

i) Current Tax Provision:

A provision @ 37.50% on the profit except dividend income of the company has been provided during the year. However, provision @ 20% is made on dividend income of the company.

ii) Deferred Taxes:

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

xx) Reserve or Contingencies Accounts:

i) Reserve for Exceptional losses:

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

ii) Investment Fluctuation Fund (Fair Value Reserve):

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

iii) General Reserve Fund:

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

xxi) Segment Reporting:

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

SYMBOL OF TRUST AND SECURITY



Notes to the Financial Statements

For the year ended December 31, 2018

xxii) Earnings Per Share (EPS) :

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

xxiii) Comparative Information:

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

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

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

The proposed dividend is not recognized as a liability in the balance sheet in accordance with the **IAS-10 Events after the reporting period**. The board of directors in its 180th Meeting held on April 30th 2019 decided to recommend payment of 10% cash dividend for the Public shareholders except Sponsors & Directors of the company subject to approval of the shareholders in the forthcoming Annual General Meeting.

xxv) Transactions with Related Parties (IAS-24)

During the year under review the company has not carried out the transaction with related parties in the normal course of business and no arm's length basis.

xxvi) General

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



03. Share Capital: Tk. 430,953,600

Authorised Capital

10,00,00,000 ordinary shares of Tk. 10.00 each

Issued, Subscribed & Paid-up capital

4,30,95,360 ordinary shares of Tk. 10.00 each

| Amount in Taka | |
|----------------|---------------|
| 31-Dec-18 | 31-Dec-17 |
| 1,000,000,000 | 1,000,000,000 |
| 430,953,600 | 430,953,600 |

This is made up as follows

| Category of Shareholders | No. of Share | % of holding | Amount (Tk.) |
|---------------------------------|-------------------|--------------|--------------------|
| 1. Sponsors & Sponsor Directors | 13,231,642 | 30.70% | 132,316,420 |
| 2. Genral Public | 14,232,823 | 44.85% | 142,328,230 |
| 3. Institution | 15,630,895 | 24.45% | 156,308,950 |
| Total: | 43,095,360 | 100% | 430,953,600 |

Classification of Shareholders as per their share holdings as at 31st December 2018

i) Sponsors & Sponsor Directors

| Class Interval | No. of Shares | No. of Share Holder | % of holding | % of Total Paid-up capital |
|---------------------|-------------------|---------------------|--------------|----------------------------|
| 001-500 | Nil | Nil | Nil | Nil |
| 501-5000 | 5,370 | 2 | 0.04 | 0.01 |
| 5001-10000 | 20,951 | 3 | 0.16 | 0.05 |
| 10001-20000 | Nil | Nil | Nil | Nil |
| 20001-30000 | Nil | Nil | Nil | Nil |
| 30001-40000 | Nil | Nil | Nil | Nil |
| 40001-50000 | Nil | Nil | Nil | Nil |
| 50001-100000 | Nil | Nil | Nil | Nil |
| 100001-1000000 | 11,134,561 | 17 | 84.15 | 25.84 |
| 1000001 and above | 2,070,760 | 2 | 15.65 | 4.81 |
| Total of (i) | 13,231,642 | 24 | 100 | 30.71 |

ii) General Public & Institutions

| Class Interval | No. of Shares | No. of Share (Holder) | % of holding | % of Total Paid-up capital |
|---------------------------|-------------------|-----------------------|---------------|----------------------------|
| 001-500 | 156,213 | 1008 | 0.52 | 0.36 |
| 501-5000 | 2,135,774 | 1303 | 7.15 | 4.96 |
| 5001-10000 | 1,144,252 | 158 | 3.83 | 2.66 |
| 10001-20000 | 1,559,568 | 109 | 5.22 | 3.62 |
| 20001-30000 | 1,053,013 | 43 | 3.53 | 2.44 |
| 30001-40000 | 773,446 | 22 | 2.59 | 1.79 |
| 40001-50000 | 812,973 | 18 | 2.72 | 1.89 |
| 50001-100000 | 2,544,609 | 35 | 8.52 | 5.90 |
| 100001-1000000 | 8,591,139 | 33 | 28.77 | 19.94 |
| 1000001 and above | 11,092,731 | 5 | 37.14 | 25.74 |
| Total of (i) | 29,863,718 | 2,734 | 100.00 | 69.30 |
| Grand Total (i+ii) | 43,095,360 | 2,758 | Nil | 100.00 |



Notes to the Financial Statements

For the year ended December 31, 2018

04. Reserve or Contingency Accounts: Tk. 268,378,873

This is made up as follows

Particulars

| | |
|--------------------------------------|------------|
| Reserve for exceptional losses | Note: 4.01 |
| General reserve | Note: 4.02 |
| Profit & Loss appropriation accounts | Note: 4.03 |
| Total: | |

| Amount in Taka | |
|--------------------|--------------------|
| 31-Dec-18 | 31-Dec-17 |
| 208,004,244 | 188,866,568 |
| 19,700,000 | 18,700,000 |
| 40,674,629 | 65,105,869 |
| 268,378,873 | 272,672,438 |

4.01 Reserve for Exceptional Losses: Tk. 208,004,244

This is made up as follows

Particulars

| |
|-------------------------------|
| Opening Balance |
| Add: addition during the year |
| Closing balance: |

| | |
|--------------------|--------------------|
| 188,866,568 | 170,352,230 |
| 19,137,676 | 18,514,338 |
| 208,004,244 | 188,866,568 |

4.02 General Reserve: Tk. 19,700,000

This is made up as follows

Particulars

| |
|-------------------------------|
| Opening Balance |
| Add: addition during the year |
| Closing balance: |

| | |
|-------------------|-------------------|
| 18,700,000 | 14,700,000 |
| 1,000,000 | 4,000,000 |
| 19,700,000 | 18,700,000 |

4.03. Profit & Loss Appropriation Accounts: Tk. 40,674,629

This is made up as follows

Particulars

| |
|---------------------------------|
| Opening Balance |
| Addition during the year |
| Stock dividend/Cash dividend |
| Reserve for exceptional losses |
| General Reserve |
| Income tax expenses |
| Unrealised gain/(Loss) in share |
| Closing balance: |

| | |
|-------------------|-------------------|
| 65,105,869 | 57,423,616 |
| 59,565,837 | 71,399,927 |
| (43,095,360) | (43,095,360) |
| (19,137,676) | (18,514,338) |
| (1,000,000) | (4,000,000) |
| (11,798,472) | (15,835,637) |
| (8,965,569) | 17,727,661 |
| 40,674,629 | 65,105,869 |

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

05. Balance of fund & accounts: Tk. 95,829,652

This is made up as follows

Particulars

| |
|----------------------------------|
| Fire Insurance Business |
| Marine Insurance Business |
| Motor Insurance Business |
| Miscellaneous Insurance Business |
| Total: |

| | |
|-------------------|--------------------|
| 32,242,032 | 21,563,926 |
| 49,154,107 | 63,867,478 |
| 4,817,099 | 6,577,844 |
| 9,616,415 | 10,018,147 |
| 95,829,652 | 102,027,395 |



SYMBOL OF TRUST AND SECURITY

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

| Class of Business | Net Premium | Rate | Balance of Fund & Accounts |
|-------------------------|--------------------|------|----------------------------|
| Fire Insurance | 64,484,064 | 50% | 32,242,032 |
| Marine Cargo Insurance | 97,743,117 | 50% | 48,871,559 |
| Marine Hull Insurance | 282,548 | 100% | 282,548 |
| Motor Insurance | 9,634,197 | 50% | 4,817,099 |
| Miscellaneous Insurance | 19,232,830 | 50% | 9,616,415 |
| Total | 191,376,756 | | 95,829,652 |

06. Premium Deposit: Tk. 25,204,344

This is made up as follows

Particulars

Premium Deposit

Total:

| Amount in Taka | |
|-------------------|-------------------|
| 31-Dec-18 | 31-Dec-17 |
| 25,204,344 | 39,150,834 |
| 25,204,344 | 39,150,834 |

The balance represents the amount received against cover-notes but risks have not been intimated within 31st December, 2018 but subsequently converted into Policies by 31 March, 2019

07. Estimated Liability in Respect of Outstanding Claims Whether Due or Intimated: Tk. 174,500,000

This is made up as follows

Particulars

Fire Insurance

Marine Insurance

Motor Insurance

Miscellaneous Insurance

Total:

| | |
|--------------------|--------------------|
| 88,000,000 | 83,000,000 |
| 50,000,000 | 35,000,000 |
| 15,500,000 | 12,000,000 |
| 21,000,000 | 19,000,000 |
| 174,500,000 | 149,000,000 |

08. Amount due to other persons or bodies carrying on insurance business: Tk. 558,420,286

This is made up as follows

Particulars

Sadharan Bima Corporation & others insurance company

Total:

| | |
|--------------------|--------------------|
| 558,420,286 | 174,119,859 |
| 558,420,286 | 174,119,859 |

09. Sundry Creditors: Tk. 151,243,824

This is made up as follows

Particulars

Value added Tax (VAT)

Audit Fees

Legal Fees

Provident Fund

Unclaimed Dividend

Salary & Allowances

Provision for Income Tax

Advance against Car Hire Purchase

Office Rent

Total:

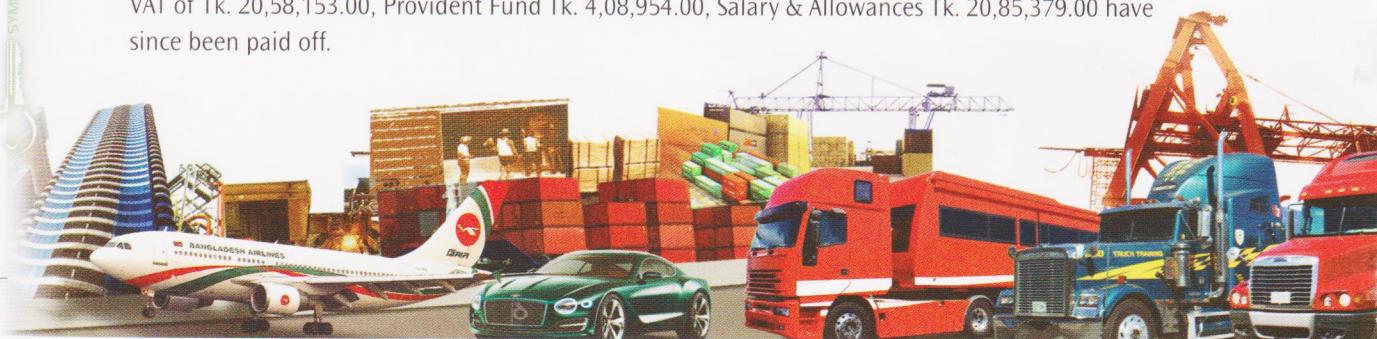
Note: 9.01

Note: 9.02

Note: 9.03

| | |
|--------------------|--------------------|
| 2,058,153 | 2,096,941 |
| 547,500 | 485,000 |
| 66,190 | 66,190 |
| 408,954 | 408,954 |
| 9,438,339 | 8,906,710 |
| 2,085,379 | 1,916,532 |
| 126,789,749 | 115,308,093 |
| 9,789,560 | 8,273,688 |
| 60,000 | 60,000 |
| 151,243,824 | 137,522,108 |

VAT of Tk. 20,58,153.00, Provident Fund Tk. 4,08,954.00, Salary & Allowances Tk. 20,85,379.00 have since been paid off.



Notes to the Financial Statements

For the year ended December 31, 2018

10.00 Property, Plant & Equipment: Tk. 34,863,342

This is made up as follows

Particulars

A. Cost:

Opening Balance

Addition during the year

Closing Balance:

B. Accumulated depreciation:

Opening Balance

Depreciation Charged during the year

Closing Balance:
Written down value on cost (A-B)

The details shown in Annexure-A

| Amount in Taka | |
|----------------|-----------|
| 31-Dec-18 | 31-Dec-17 |

| | |
|-------------------|-------------------|
| 85,678,491 | 80,526,936 |
| 4,402,503 | 5,151,555 |
| 90,080,994 | 85,678,491 |

| | |
|-------------------|-------------------|
| 50,056,441 | 44,854,959 |
| 5,161,211 | 5,201,482 |
| 55,217,652 | 50,056,441 |

| | |
|-------------------|-------------------|
| 34,863,342 | 35,622,050 |
|-------------------|-------------------|

11.00 Deferred Tax Assets: Tk. 1,279,567

This is made up as follows

Particulars

Opening balance

Deferred Tax Expenses during the year on Cost

Total:

| | |
|------------------|------------------|
| 1,596,383 | 1,984,806 |
| (316,816) | (388,423) |
| 1,279,567 | 1,596,383 |

12.00 Investment in Shares: Tk. 65,765,782

This is made up as follows

Particulars

| Name of the Company | 2018 | | 2017 | |
|--------------------------------|-------------------|-------------------|-------------------|-------------------|
| | Cost Value | Market Value | Cost Value | Market Value |
| LAFSUR CEML(LHBL) | 1,403,133 | 870,000 | 1,403,133 | 1,398,000 |
| Dutch Bangla Bank Ltd. | 4,596,140 | 2,888,000 | 4,596,140 | 3,062,000 |
| EXIM Bank Ltd. | 14,774,361 | 14,514,000 | 14,476,173 | 20,640,000 |
| KPCL | - | - | 4,424,290 | 2,715,570 |
| Lanka Bangla Financ | e82,302 | 34,731 | 78,142 | 52,083 |
| NCC Bank Ltd. | 7,092,157 | 9,946,451 | 7,092,157 | 11,072,465 |
| Popular Life | 407,764 | 682,800 | 407,764 | 429,000 |
| Prime Bank Ltd. | 8,090,190 | 4,977,500 | 8,090,190 | 6,850,000 |
| RAK Ceramic | 2,124,503 | 1,287,000 | 2,124,503 | 1,797,000 |
| Social Islami Bank Ltd. | 875,054 | 762,300 | 875,054 | 1,093,500 |
| Standard Bank Ltd. | 29,885,360 | 26,378,000 | 29,885,360 | 34,320,000 |
| Uttara Bank Ltd. | 3,400,385 | 1,425,000 | 3,400,385 | 1,765,000 |
| Royal Green Capital Market Ltd | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 |
| Total: | 74,731,349 | 65,765,782 | 78,853,291 | 87,194,618 |



Notes to the Financial Statements

For the year ended December 31, 2018

13.00 Accrued Interest, Dividend And Rent: Tk. 5,627,650

This is made up as follows

Particulars

Interest, Dividend And Rent Outstanding

Total:

| Amount in Taka | |
|------------------|------------------|
| 31-Dec-18 | 31-Dec-17 |
| 5,627,650 | 4,630,570 |
| 5,627,650 | 4,630,570 |

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

14.00 Amount due to other persons or bodies carrying on insurance business: Tk. 575,920,794

This is made up as follows

Particulars

Sadharan Bima Corporation & others insurance company

Total:

| | |
|--------------------|--------------------|
| 575,920,794 | 183,341,421 |
| 575,920,794 | 183,341,421 |

15.00 Sundry Debtors: Tk. 4,245,819

This is made up as follows

Particulars

Advance against Office Rent

Security deposit

Total:

Note: 15.01

| | |
|------------------|------------------|
| 3,710,116 | 3,156,859 |
| 535,703 | 613,470 |
| 4,245,819 | 3,770,329 |

15.01 Security deposit: Tk. 535,703

This is made up as follows

Particulars

CDBL

Bangladesh Red Crescent Society

Total:

| | |
|----------------|----------------|
| 300,000 | 300,000 |
| 235,703 | 313,470 |
| 535,703 | 613,470 |

16.00 Cash & Bank balance: Tk. 939,416,352

This is made up as follows

Particulars

Cash In hand

Fixed Deposit Receipt

STD & CD Accounts

Total:

| | |
|--------------------|--------------------|
| 4,365,347 | 5,089,611 |
| 884,969,512 | 885,416,813 |
| 50,081,493 | 48,264,866 |
| 939,416,352 | 938,771,290 |

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

17.00 Advance Income Tax: Tk. 127,035,119

This is made up as follows

Particulars

Opening balance

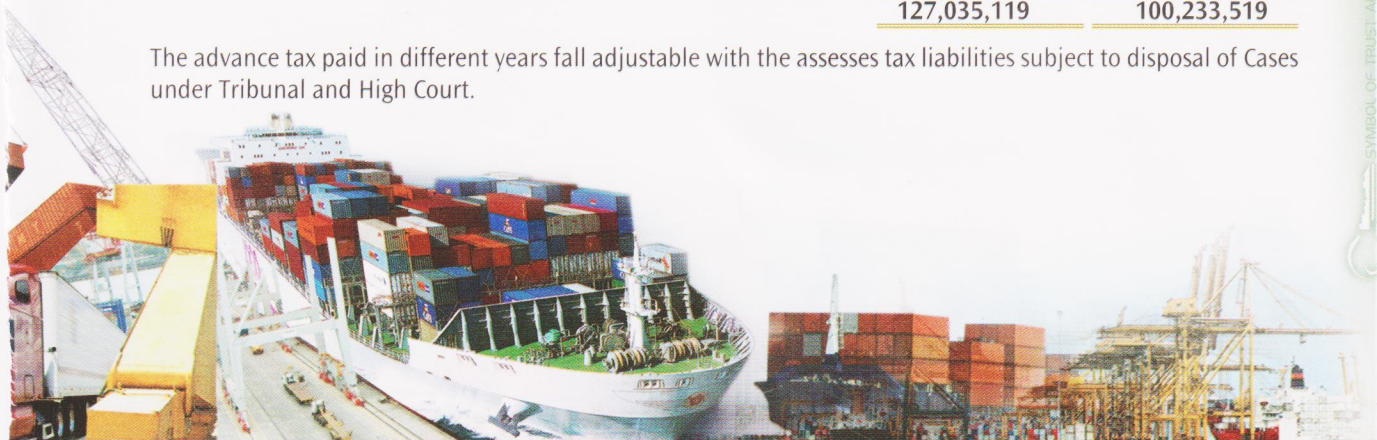
Addition during the year

Adjustment during the year

Note: 17.01

| | |
|--------------------|--------------------|
| 100,233,519 | 176,931,352 |
| 26,801,600 | 30,140,060 |
| 127,035,119 | 207,071,412 |
| - | 106,837,893 |
| 127,035,119 | 100,233,519 |

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



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

This is made up as follows

Particulars

Paid for Assessment year 2014-2015
 Paid for Assessment year 2015-2016
 Paid for Assessment year 2016-2017
 Paid for Assessment year 2017-2018
 Paid for Assessment year 2018-2019
 Paid for Assessment year 2019-2020
 Deduction at source (Interest on FDR)
 Deduction at source (Interest on STD)
 Deduction at source (on Dividend)

Total:

| Amount in Taka | |
|-------------------|-------------------|
| 31-Dec-18 | 31-Dec-17 |
| 2,263,992 | 5,289,000 |
| - | 6,969,982 |
| 248,943 | 4,640,805 |
| 8,400,000 | - |
| 6,000,000 | 6,150,000 |
| 3,575,000 | - |
| 5,666,487 | 6,240,474 |
| 53,670 | 43,649 |
| 593,508 | 806,150 |
| 26,801,600 | 30,140,060 |

18.00 Interest & Dividend Income: Tk. 64,183,705

This is made up as follows

Particulars

Interest on FDR
 Interest on STD
 Interest on Bangladesh Govt. Treasury Bond
 Dividend Received

Total:

| | |
|-------------------|-------------------|
| 57,799,482 | 66,080,198 |
| 630,181 | 480,148 |
| 2,786,500 | 2,786,500 |
| 2,967,542 | 4,030,750 |
| 64,183,705 | 73,377,596 |

19.00 Other Income: Tk. 180,000

This is made up as follows

Particulars

Rent Income

Total:

| | |
|----------------|----------------|
| 180,000 | 180,000 |
| 180,000 | 180,000 |

20.00 Income tax expenses: Tk. 11,798,472

This is made up as follows

Particulars

Current tax
 Deferred tax

Total:

| | |
|-------------------|-------------------|
| 11,481,656 | 15,447,214 |
| 316,816 | 388,423 |
| 11,798,472 | 15,835,637 |



Notes to the Financial Statements

For the year ended December 31, 2018

21.00 Premium Less Re-Insurance: 191,376,756

2018

| Class of Business | Direct Business | (P. S. B.) S. B. C. | Total Business | Re-Insurance Ceded | Net Premium |
|-------------------|--------------------|---------------------|--------------------|--------------------|--------------------|
| Fire | 128,178,194 | 8,851,645 | 137,029,839 | 72,545,775 | 64,484,064 |
| Marine | 120,908,063 | 15,941,944 | 136,850,007 | 38,824,342 | 98,025,665 |
| Motor | 8,232,613 | 2,502,156 | 10,734,769 | 1,100,572 | 9,634,197 |
| Misc. | 18,495,056 | 39,554,497 | 58,049,553 | 38,816,723 | 19,232,830 |
| Total | 275,813,926 | 66,850,242 | 342,664,168 | 151,287,412 | 191,376,756 |

2017

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

22.00 Un-Realize Gain/(Loss) on Investment: Tk. 8,965,569

This is made up as follows

Particulars

Un-Realize Gain/ Loss on Investment

Total:

Amount in Taka


| 31-Dec-18 | 31-Dec-17 |
|------------------|---------------------|
| 8,965,569 | (17,727,661) |
| 8,965,569 | (17,727,661) |

23.00 SUBSEQUENT EVENT

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

24.00 GENERAL

- There was no Bank Guarantee issued by the Company on behalf of their directors.
- The Board of Directors received no remuneration from the Company other than fees for attending the Board meetings.
- No credit facilities as on 31st December, 2018 availed by the Company under any contract other than trade credit available in course of business.
- Figures have been re-arranged wherever necessary for the purpose of comparison.


Ahmed Zaker & Co.
 Chartered Accountants



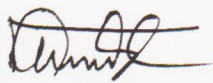
Schedule of Property, Plant & Equipment

As at December 31, 2018

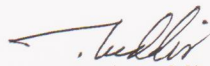
Annexure - A

| Particulars | Cost | | | Depreciation | | | | | Written down value | |
|--------------------------------|-------------------|--------------------------|----------------------------|-------------------|--------------|-------------------|-------------------------|----------------------------|--------------------|-------------------|
| | As on 01.01.2018 | Addition during the year | Adjustment during the year | As on 31.12.2018 | Rate of Dep. | As on 01.01.2018 | Charged during the year | Adjustment during the year | | As on 31.12.2018 |
| Building & Floor Space | 6,175,000 | - | - | 6,175,000 | 2.5% | 304,891 | 146,752 | - | 451,643 | 5,723,358 |
| Furniture & Fixture | 14,394,935 | 557,131 | - | 14,952,066 | 10% | 9,753,803 | 496,229 | - | 10,250,032 | 4,702,035 |
| Electrical & Office Equipment | 5,836,041 | 1,911,846 | - | 7,747,887 | 15% | 3,713,288 | 490,057 | - | 4,203,345 | 3,544,543 |
| Office Decoration | 20,435,117 | 1,115,792 | - | 21,550,909 | 10% | 13,144,533 | 773,113 | - | 13,917,646 | 7,633,263 |
| Air-Cooler | 1,321,917 | 141,360 | - | 1,463,277 | 15% | 1,180,662 | 29,346 | - | 1,210,008 | 253,269 |
| Motor & Other Vehicle | 35,714,005 | 632,500 | - | 36,346,505 | 20% | 20,346,824 | 3,180,157 | - | 23,526,981 | 12,819,524 |
| Telephone Installation | 1,491,936 | 18,524 | - | 1,510,460 | 20% | 1,310,441 | 38,119 | - | 1,348,560 | 161,900 |
| Sundry Assets | 309,538 | 25,350 | - | 334,888 | 25% | 301,999 | 7,440 | - | 309,439 | 25,449 |
| As on December 31, 2018 | 85,678,491 | 4,402,503 | - | 90,080,994 | | 50,056,441 | 5,161,211 | - | 55,217,652 | 34,863,342 |
| As on December 31, 2017 | 80,526,936 | 5,151,555 | - | 85,678,489 | | 44,854,959 | 5,201,483 | - | 50,056,442 | 35,622,047 |

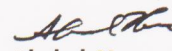
The Annexed notes 1 to 24 form an integral part of these Financial statements.



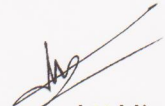
Firoz Ahmed
Managing Director & CEO



M. Nasir Uddin
Director



Abdul Haque
Director



M. Kamal Uddin
Chairman

Signed as per our separate report on same date.

Dated: April 30, 2019
Place: Dhaka



Ahmed Zaker & Co.
Chartered Accountants



PROXY FORM

I/We
of
being a shareholder of Mercantile Insurance Company Limited and a holder of (Number of Shares) Ordinary Shares do hereby appoint Mr. /Mrs.
of
as my/our proxy, to vote for me/us and on my/our behalf at the 23rd Annual General Meeting of the Company to be held at "The Multipurpose Hall", The Institution of Diploma Engineers, Bangladesh, 160/A Kakrail, Dhaka-1000, on Sunday, **30 June 2019 at 10:00 A.M.** and at any adjournment thereof, or at any ballot to be taken in consequence thereof.

Signed on this Day of 2019

Signature of Proxy

Folio No.

BO A/C No.



Signature of Shareholder

Folio No.

BO A/C No.

Notes:

- 1) The Proxy Form, duly completed, must be deposited at least 48 hours before the meeting at the Company's Registered Office. Proxy is invalid if not signed and stamped as explained above.
- 2) Signature of the Shareholder should match with the Specimen Signature registered with the Company.



মার্কেন্টাইল ইন্স্যুরেন্স কোম্পানী লিমিটেড
MERCANTILE INSURANCE COMPANY LTD.
SYMBOL OF TRUST AND SECURITY

ATTENDANCE SLIP

I hereby record my attendance at "The Multipurpose Hall", The Institution of Diploma Engineers, Bangladesh, 160/A Kakrail, Dhaka-1000, on Sunday, **30 June 2019 at 10:00 A.M.**

Name of shareholder/Proxy

Folio or BO A/C No.

Signature Dated:

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

