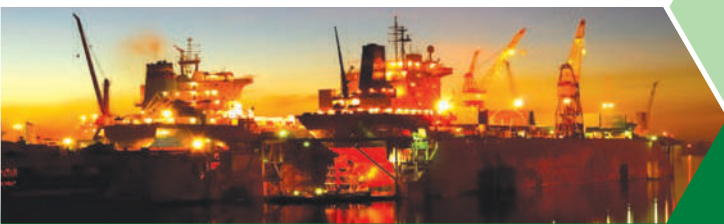


annual report 2022



MERCANTILE INSURANCE COMPANY LTD.

SYMBOL OF TRUST AND SECURITY

Red Crescent House, 61 Motijheel C/A (1st Floor), Dhaka -1000, Bangladesh

Tel: 02223387467, 02223387662, 02223387463

E-mail: info@miiplc.com, Web: www.miiplc.com

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SYMBOL OF TRUST AND SECURITY



Letter of Transmittal

To
The Respected 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 PLC
Central Depository Bangladesh Limited (CDBL)
Bangladesh Bank
Bangladesh Insurance Association
Department of insurance, Ministry of Finance

Sub: Annual Report of Mercantile Insurance Company Limited for the year ended December 31, 2022

Dear Sir(s)

We are pleased to enclose copy of annual report for the year ended December 31, 2022 for your kind information.

The report includes audited financial statements i.e, Statement of Financial Position, Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and notes to the Financial Statement of consolidated and separate bases for the year ended 31 December 2022 for your kind information & record.

With best regards

Your's Faithfully



Abdur Rahman
DMD & Company Secretary



Notice of the 27th Annual General Meeting

Notice is hereby given that the 27th Annual General Meeting (AGM) of Mercantile Insurance Company Limited will be held Virtually by using Digital Platform on Monday 26th June 2023 at 11:00 a.m. to transact the following business:-

1. To receive and adopt the Directors Report, the Auditors' Report and the Audited Financial Statements for the year ended 31 December 2022 and thereon.
2. To declare 10% (Ten percent) cash Dividend only to all shareholders for the year ended 2022 as recommended by the Board of Directors (subject to approval of the forth coming AGM).
3. To elect/ Re-elect Directors as per the relevant legislation.
4. To consider appointment of Auditors for the year 2023 and to fix their remuneration.
5. To appoint Compliance Auditors for the year 2023 and to fix their remuneration.
6. To transact any other business of the Company with the permission of the Chair.

Dated, Dhaka
27th April 2023

By order of the Board of Directors



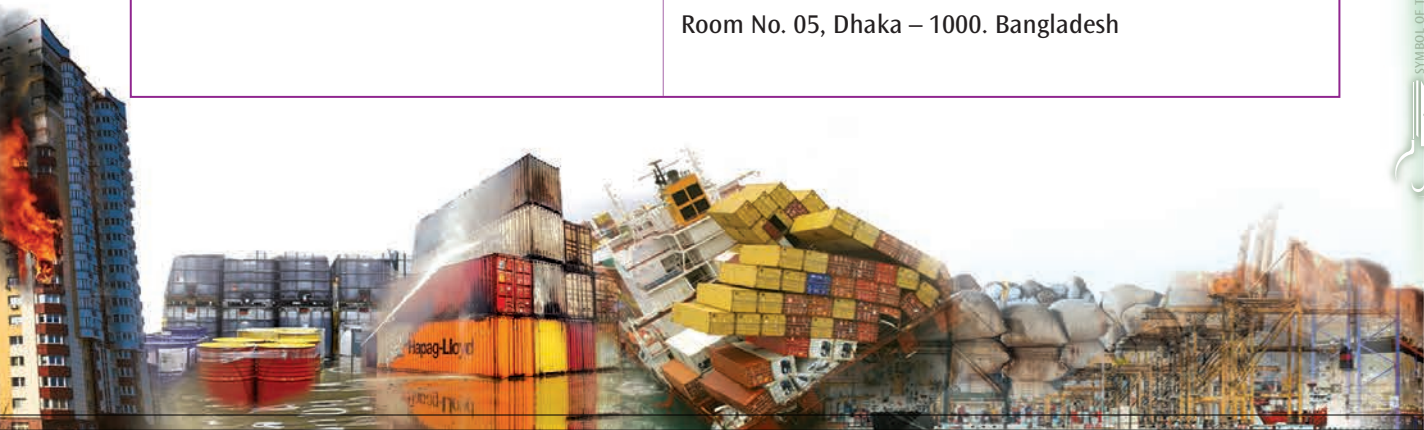
Abdur Rahman
DMD & Company Secretary

Notes:

1. *The Record date is 21/05/2023. The Shareholders whose name will be appeared in the depository' register of the company on the record date, will be eligible to participate the 27th Annual General Meeting (AGM) and entitled to receive the dividend, as approved.*
2. *A member entitled to attend and vote at this virtual AGM may appoint a Proxy to attend and vote in his/her stead. The scanned copy of "Proxy Form" duly filled, signed and stamped at BDT 20/- must be sent through email to info@miiplc.com no later than 72 hours before commencement of the AGM.*
3. *Concerned Depository Participants (DP)/Stock Brokers are requested to provide us with a list of their margin loan holders who hold MICL shares, as on record date with details of shareholders' name, BO ID, Shareholding position, Cash dividend receivable, Income tax etc. within 30th July 2023, along with the name of the contact person to the Share Department of the Company or at info@miiplc.com, otherwise dividend will be paid to bank account of the member whose name would appear on the Record Date.*
4. *The members will be able to submit their questions/comments and vote electronically 24 hours before commencement of the AGM and during the AGM. For logging into the system the members' need to put their 16-digit BO ID/Folio Number and other credential as proof of their identity through the mentioned E-mail.*
5. *Shareholders are requested to logging into the system prior to starting of the meeting. The webcast will start at 10:00 am. Full login process to the digital platform on meeting will also be available in the Company's website www.miiplc.com. For any technical difficulties in accessing the virtual meeting, the member's are requested to contact at the Head Office: 02223387467, 02223387662, 02223387463, E-mail: info@miiplc.com within office hours from 10.00 am to 5.00 pm sharp.*
6. *The soft copy of Annual Report-2022 will be forwarded to the email address of the shareholders available in their BO account maintained with Depository Participant (DP). The Annual Report- 2022 and Proxy Form will be available in the Company's website at www.miiplc.com*



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 Chittagram Stock Exchange Limited.
Commencement of Business	May 05, 1996
Registered with the Department of Insurance	March 19, 1996
Registered & Head Office	Red Crescent House (1st Floor), 61, Motijheel C/A, Dhaka - 1000
Telephone No.	02223387467, 02223387662, 02223387463
Website	www.miiplc.com
E-mail	info@miiplc.com
Chairman	Abdul Haque
Chief Executive Officer	Firoz Ahmed
DMD & Company Secretary	Abdur Rahman
Asstt: MD & 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 ST-2, Outlook Stable
Start of Trading with DSE	7 Decmber 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
Tax Adviser	Talukder & Associates Eastern Mansion, 67/9, Kakrail, (2nd 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 and contribute for economic stabilization and to maintain stakeholders interest with fair and transparent operations and to change this as Islami insurance as immediate as possible by the management following IDRA act. guide line .

Our Vision

To be an innovative, profitable, best customer service provider in insurance with 'almost care and provide the best solution of their needs than other and to enhance clients' trust on wealth, employers value and rapid growth in Shareholders equity.

Our Services

*Fire Insurance
Marine Cargo Insurance
Motor Insurance
Personal Accident Insurance
Industrial all risks insurance
Marine Hull 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"



Board of Directors

CHAIRMAN

Abdul Haque

ADVISER

M. Kamal Uddin

VICE-CHAIRMAN

Aziz M Ershad Chowdhury

CHAIRMAN EXECUTIVE COMMITTEE

Mohammad Nabi Ullah

CHAIRMAN, NOMINATION & REMUNERATION COMMITTEE

Md. Salam Obaidul Karim
Independent Director

CHAIRMAN AUDIT COMMITTEE

Md. Nur Amin
Independent Director

DIRECTORS

Al-haj Mohammed Solaiman
Dr. Md. Mizanur Rahman Ph.D
Md. Serajul Islam
Abdur Rahman
Al-haj Abdul Mannan Mazumder
Sajjad Mustafa
Azad Mustafa
Nurul Azim Sunny
Shafique Ahmed
Mohiuddin Ibnul Arabi
Nur Nahar Tarin

INDEPENDENT DIRECTOR

Hasan Uddin Sikder

MANAGING DIRECTOR & CEO

Firoz Ahmed





Brief Profile of Directors

SYMBOL OF TRUST AND SECURITY



Brief Profile of Director



Abdul Haque
CHAIRMAN

Mr. Abdul Haque is a Sponsor Director of Mercantile Insurance Company Limited. He has also elected as Chairman for 10 terms as well.

He is involved in versatile business house and earned a notable fame in different kind of businesses and community work for his activities in home and abroad.

He is the Chairman of (Shamol Bangla Media Limited) Bangla Vision 24 hours Satellite TV channel.

Royal Green Products Limited.

ISO 9001:2008 (Concrete Spc Pole Factory)

Royal Green Securities Limited (Member of Dhaka Stock Exchange Limited)

He is also the Managing Director of Evergreen Dyes and Chemicals Industries Ltd. Evergreen Textile Limited.

He was also the President of Dhaka Stock Exchange Limited.

He has achieved spontaneous expertise in Dyes and Chemicals also in SPC Pole Factory Industry.

He is also involved with different kind of social and Education activities etc.





M. Kamal Uddin

ADVISER

Mr. M. Kamal Uddin is a sponsor Director of Mercantile Insurance Co. Ltd. He was the Chairman of Board of Directors of Mercantile Insurance Co. Ltd. for consecutive 9 (Nine) years and contributed exceptional role for the establishment, development & progress of the company since the inception of the company.

As a prominent 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 Vice-Chairman of Social Islami Bank Ltd.

Adviser Mercantile Islami Life Insurance Ltd.

He is Director of 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 has already reached him in an enviable height.

He is a Trec Holder of Dhaka Stock Exchange Limited.



Brief Profile of Director



A. M. Ershad Chowdhury

VICE - CHAIRMAN

A. M. Ershad Chowdhury has 16 years of experience in financial services. Mr. Chowdhury worked as a Senior Consultant for Investment Banks, High Street Banks, Insurance, re-insurance and Big Four Consultancy Firm - Deloitte in the UK. He is advising his insurance and banking expertise to both Mercantile Islami Insurance Company PLC and Mercantile Islami Life Insurance.

As a Senior Consultant at Deloitte - Mr. Chowdhury was assigned to multimillion-dollar blue-chip NFT projects at Lloyd's of London. Mr Chowdhury was a part of Blueprint Two project where he sets out the details and plans to build the most advanced insurance marketplace in the world. He was leading the technology team to build solutions that will digitalise marketplace, making it better, faster and cheaper for all participants, and help customers face new challenges with confidence. Most importantly Mr. Chowdhury has a lot of international Insurance expertise to contribute to our insurance market.

Before joining Deloitte, Mr. Chowdhury was hired as a CONSULTANT for Royal Bank of Scotland, RSA (Royal Sun Alliance), Equiniti, Aviva Insurance, AXA Wealth Insurance, Friends Life, Coversure, SONY, GE (General Electric), UBS (United Bank of Switzerland) and etc.

Besides that, Mr. Chowdhury has Real Estate Business in the UK and works independently as a Stockbroker/trading securities and investing in the capital market - London Stock Exchange.

Prior to career focus - Mr. Chowdhury has earned BSc (Hons) degree in Information Systems from University of Greenwich in England, and an MBA in Finance degree from University of Glasgow - Scotland.





Mohammad Nabi Ullah
CHAIRMAN EXECUTIVE COMMITTEE

Mr. Mohammad Nabi Ullah is the Chairman of The Executive Committee of Mercantile Insurance Company Limited. 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., M. Hossain Cotton Spinning Mills (Pvt.) Ltd. and M. Hossain Spinning (Pvt.) Ltd. respectively.

It may be mentioned that times and again he visited many countries of the world like Kingdom of Saudi Arabia, China, Singapore, Malaysia, Taiwan, Thailand, USA, Europe, Australia, Indonesia, England in connection with business promotion & expansion.



Brief Profile of Director



Al-haj Mohammed Solaiman
DIRECTOR

Al-haj Mohammed Solaiman is a Director of Mercantile Insurance Company Limited. He was elected as Chairman of the company for consecutive 3 (Three) years.

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

He is the Chairman of HURDCO 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. Mizanur Rahman Ph.D
SPONSOR DIRECTOR

Dr. Md. Mizanur Rahman, the sponsor director of Mercantile Insurance Company Limited. He was born at Gopalganj town. His father Al-hajj M A Latif was a well-known personality of this town and a reputed headmaster of government high school and a District Education.

Dr. Rahman enjoyed his early life at Bankpara in his home-town Gopalganj. During his school and college life he was an active and enthusiastic boy-scout and senior Rover mate which helped him nourish his leadership qualities. He had his postgraduation from the University of Dhaka. He was also a senate life member and registered graduate of Dhaka University. He had his LL.B. (NUB), MBA and Ph.D from USA.

He was the vice-chairman of Mercantile Insurance Company Ltd. (2001-02, 2008-09, 2016-18), Chairman Audit Committee (2011) and Chairman Executive Committee (2012 to 2015).

He is the Chairman of AL-Mizan Group and director of A P Radiant Knitting Dyeing Ltd. He has also contributed a lot in journalism for a long time and worked in this profession as a publisher and founder.

To know the unknown and to see the unseen Dr. Rahman as a passionate tourist widely visited many countries of Asia, Africa, Europe, America and Australia.

He believes that hard work and determination could be the key to success in life.



Brief Profile of Director



Md. Serajul Islam
SPONSOR DIRECTOR

Mr. Md. Serajul Islam is sponsor Director of Mercantile Insurance Company Limited.

He 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 Company Limited. He is acquainted with a number of industries and business institutions.

He is the Chairman of Evergreen Textiles Limited. Fraulen Fashion Ltd. (100% Export Oriented Compliance Knit Garments), R.N. Trading Ltd., and the Proprietor of G.N. International.

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



Brief Profile of Director



Al-haj Abdul Mannan Mazumder DIRECTOR

Al-haj Abdul Mannan Mazumder is a Director of Mercantile Insurance Company Limited.

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

He travelled in many countries of the world for business purposes in several times.





Shajjad Mustafa

DIRECTOR

Mr. Shajjad Mustafa is one of the Director of Mercantile Insurance Company Limited. He was born in Dhaka in a renown Muslim family. He had a brilliant academic career. He obtained MBA (1st Class) Degree from University of Dhaka in the year 2007.

Mr. Shajjad Mustafa started his business career as an entrepreneur just after completion of his education. He is the Chairman of Sifang Builders Ltd., China Consortium Ltd., & Deputy Managing Director of CBM Group.

He is associated with a number of companies such as, CBM Pumps & Pipe Co. Ltd., Merchant Securities Ltd., A.S.M Chemical Industries Ltd., Sifang Machine House Ltd., CBM Holdings Ltd., CBM Parts House Ltd. He is also the Proprietor of Buildtec Corporation.

He is actively associated with a number of social-welfare organization and activities of the country.



Brief Profile of Director



Azad Mustafa
DIRECTOR

Mr. Azad Mustafa is one of the Director of Mercantile Insurance Company Limited. he is young and rising businessman of Bangladesh. He was born in a respectable muslim family in Dhaka. He is a Managing Director of Sifang Builders Ltd., China Consortium Ltd., Merchant Auto Ltd. & Director of CBM Group. He also Proprietor of CBM Traders.

Mr. Azad Mustafa is associated with a number of socio-cultural activities. He travelled in many countries. He is a young emerging & business personality.

He is the younger son of Mr. M. Kamal Uddin, Managing Director of CBM Group.





Nurul Azim Sunny
DIRECTOR

Mr. Nurul Azim Sunny is a Director of Mercantile Insurance Company Limited. He is the son of Al-haj Nurul Amin & Mrs. Ifat Akter Alin.

He is also the Director of Electro Mart Ltd., Trade International Industries Ltd., and Proprietor of Azim Enterprise.

He obtained Master of Accounting from Macquarie University of Australia, BBA from North South University.

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



Brief Profile of Director



Mohiuddin Ibnul Arabi
DIRECTOR

Mr. Mohiuddin Ibnul Arabi is one of the Director of Mercantile Insurance Company Limited. He is the chairman of China-Bangla Consortium Ltd & Director of Chittagong Builders & Machinery Ltd, Sifang Machine House. He is the proprietor of South Green Ltd. He is a member of Bangladesh Electrical Motor Pump Importers Association, Bangladesh Agricultural Machinery Importers & Manufacturing Association, Nawabpur Welfare Association & CBM Foundation.

He is emerging young entrepreneur, rising and promising businessman. He was born in a respectable muslim family of Dhaka. He strongly believes that honesty and sincerity can make a successful business.

He was an athlete in his youth and currently participate in many social activities. He has much interest in industry and share business. He is associated with a number of educational, cultural and service oriented organizations.





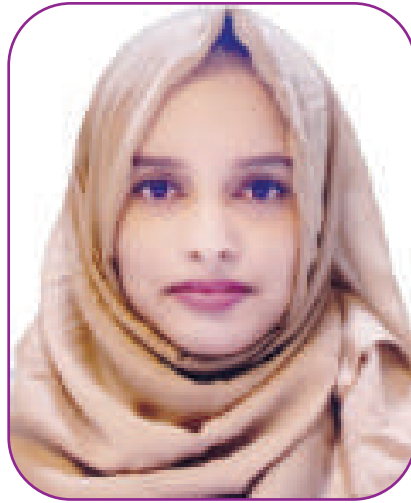
Shafique Ahmed
DIRECTOR

Mr. Shafique Ahmed is one of the Director of Mercantile Insurance Company Limited. He is a nominated Director of the Board of Director of Mercantile Insurance Co. Ltd. He was born in 1968 from a respected muslim family in Chattogram.

He is the proprietor of Shafique Enterprise Krishi prokalpa. As an entrepreneur. He is the member of Nawabpur Welfare Association & Bangladesh Agricultural Machinery Association & Chattogram Shamity Dhaka. Mr. Shafique Ahmed has associated himself with many socio-cultural organizations. He has visited many countries in connection with business and religious purpose.



Brief Profile of Director



Mrs. Nur Nahar Tarin
DIRECTOR

Mrs. Nur Nahar Tarin is a director of Mercantile Insurance Company Limited.

She obtained masters of Business Administration in Finance & Accounting. She is the proprietor of Nahar Enterprise and sponsor of Exim Bank Limited. Nur Nahar Tarin has travelled in many countries of the world with a view to gather knowledge on the Business development and expansion.

She is actively involved with many sociocultural organization and educational institutions for the welfare of the state and discipline through providing employment in various aspects.





Firoz Ahmed

CHIEF EXECUTIVE OFFICER

Mr. Firoz Ahmed is the Chief Executive Officer of Mercantile Insurance Company Limited. He obtained his B.Sc. (Hon's) M.Sc. degree from Dhaka University. Just after completion of Post Graduation he joined in the Central Insurance Company Limited.

In 1996 he joined in the Mercantile Insurance Company Limited in continuation with the Company, In 3rd January 2018 Insurance Development & Regulatory Authority (IDRA) accord permission to appoint him as Chief Executive Officer of Mercantile Insurance Company Limited and 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.



Our Executives

CHIEF EXECUTIVE OFFICER

Firoz Ahmed

ADDITIONAL MANAGING DIRECTOR

Md. Abu Obydul Hasan

DEPUTY MANAGING DIRECTOR & COMPANY SECRETARY

Abdur Rahman

DEPUTY MANAGING DIRECTOR

Md. Altaf Hossain
Bazlur Rahman
Md. Azim Uddin

ASSISTANT MANAGING DIRECTOR & CFO

Md. Abdus Salam

ASSISTANT MANAGING DIRECTOR

Md. Nazrul Islam
Md. Rashedul Islam

SENIOR EXECUTIVE VICE-PRESIDENT

Md. Rashedur Rahman

EXECUTIVE VICE-PRESIDENT

Md. Javed Akhter
Delip Kumar Majumder
Md. Helal Uddin
Md. Joynal Abedin Mazumder

SENIOR VICE-PRESIDENT

Md. Imam Hossain Shikder
Samia Tamrin

VICE-PRESIDENT

Md. Ismail
Sarwar Alam
Abdul Bari Chowdhury

DEPUTY VICE-PRESIDENT

Hamidul Alam Chowdhury
Nayan Tara Saha
Md. Delwar Hossain
Giasuddin Mohammad Monsur

ASSTT. VICE-PRESIDENT

Md. Habibur Rahman Chowdhury
Farhana Habib

SENIOR MANAGER

Md. Asaduzzaman
Rabiul Alam (Babu)



CHIEF EXECUTIVE OFFICER

Firoz Ahmed

DEPUTY MANAGING DIRECTOR & COMPANY SECRETARY

Abdur Rahman

DEPUTY MANAGING DIRECTOR

Md. Azim Uddin

ASSISTANT MANAGING DIRECTOR & CFO

Md. Abdus Salam

ASSISTANT MANAGING DIRECTOR

Md. Nazrul Islam

SENIOR VICE-PRESIDENT

Md. Imam Hossain Shikder
Samia Tamrin

VICE-PRESIDENT

Sarwar Alam

ASSISTANT VICE-PRESIDENT

Md. Habibur Rahman Chowdhury
Farhana Habib

DEPUTY VICE-PRESIDENT

Nayan Tara Saha
Md. Delwar Hossain
Giasuddin Mohammad Monsur

DEPUTY MANAGER(Investor's Relation Dept.)

Nazma Akter



Credit Rating

Rating AA

AlphaRating

30 October 2022

Managing Director & CEO

Mercantile Insurance Company Limited

Red Crescent House (1st Floor), 61, Motijheel C/A, Dhaka-1000

Subject: Credit Rating of Mercantile Insurance Company Limited

Dear Sir,

We are pleased to inform you that Alpha Credit Rating Limited (AlphaRating) has assigned the following rating to Mercantile Insurance Company Limited

Date of Declaration	Valid Till	Valid Till	Rating Action	Long Term Rating	Short Term Rating	Outlook
30 Oct. 2022	27 Sept. 2022	26 Sept. 2023	Surveillance	AA	ST-2	Stable

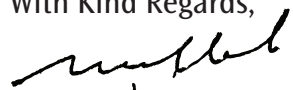
The long-term and short-term rating is valid up to the earlier of 26 September, 2023. The rating may be changed or revised prior to expiry, if warranted by extraordinary circumstances in the management, operations and/or performance of the entity rated.

We, Alpha Credit Rating Limited, while assigning this rating to Mercantile Insurance Company Limited, hereby solemnly declare that:

- We, Alpha Credit Rating Limited as well as the analysts of the rating have examined, prepared, finalized and issued this report without compromising with the matters of our conflict of interest, if there be any; and
- We have complied with all the requirements, policy and procedures of these rules as directive by the Bangladesh Securities and Exchange Commission in respect of this rating.

We hope the rating will serve the intended purpose of your organization.

With Kind Regards,



Muhammed Asadullah

Managing Director & CEO

This letter forms an integral part of the credit rating report.

Alpha Credit Rating Limited, Shadaran Bima Bhaban-2, (8th & 2nd floor), 139 Motijheel C/A, Dhaka-1000, Bangladesh
Tel: +880-2-9873025, 9573026, 9573027, 9573028, www.alpharating.com.bd, E-mail: info@alpharating.com.bd

Name of Branch & Address	Branch in-charge	Phone/Mobile
Bogura Branch 2 No. Rail Gate, Jhawtola Bogura Town, Bogura.	Md. Abu Obydul Hasan Additional Managing Director	01324737937
Khulna Branch 7 Old Jashore Road Nizam Chamber (3rd floor), Khulna.	Md. Altaf Hossain Deputy Managing Director	01324737933
Gulshan Branch Islam Mansion, House No. 39, Road No. 126 Circle-1, Gulshan, Dhaka-1212	Bazlur Rahman Deputy Managing Director	01324737924
Mogh-Bazar Branch 17 Mogh Bazar (4th floor) New Eskaton Road. Dhaka-1000	Md. Rashedul Islam Assistant Managing Director	01324737929
Rangpur Branch Chaynika Cloth Center (3rd Floor) Taltola Road, Rangpur	Md. Rashedur Rahman Senior Executive Vice-President	01324737939
Jashore Branch Jess Tower, M.K.Road (3rd Floor), Jashore	Md. Javed Akhter Executive Vice-President	01324737935
Narayangonj Branch 26 (New) S. M. Maleh Road (4th Floor) Tanbazar, Narayangonj	Delip Kumar Majumdar Executive Vice-President	01324737931
Khatungonj Branch 336 Khatungonj (1st Floor) Chattogram.	Md. Joynal Abedin Mazumder Executive Vice-President	01324737914
Agrabad Branch 18 SK. Mojib Road Agrabad, Chattogram	Md. Helal Uddin Senior Vice-President	01324737912
Bangshal Branch 121/2, North South Road (4th floor West), Bangshal, Dhaka	Md. Ismail Vice-President	01324737922
B.B. Avenue Branch 29 B.B. Avenue Hamid Mansion(3rd Floor), Dhaka	Abdul Bari Chowdhury Vice-President	01324737920
Jubilee Road Branch 573, Jubilee Road Enayet Bazar, Chattogram,	Hamidul Alam Chowdhury Deputy Vice-President	01324737917
Motijheel Branch 61 Motijheel C/A. (10th level) Dhaka-1000	Md. Asaduzzaman Senior Manager	01324737926
Uttara Branch House- 16(2nd floor), Kushol Center Plot- 29, Sector-03 Uttara C/A, Dhaka-1230	Md. Kutub Uddin Senior Manager	01324737927
Dinajpur Branch Al-amin Plaza, 2nd Floor Goneshtola Sadar, Dinajpur-5200	Md. Rabiul Alam (Babu) Senior Manager	01716878836
Hatkhola Branch 33/1 Road Sayed Nazrul Islam Sarak (Hatkhola) Jakaria Bhaban (2nd Floor), Dhaka -1203	Md. Abdur Rahim Manager	01324737941
Mirpur Branch Plot-13, Road-01, Section-06 Block-KHA Mirpur,Dhaka-1216	Md. Mijanur Rahman Manager	01324737943
Pabna Branch 380/383 MA Hamid Road Pabna Sadar, Pabna	Ragib Abid Shihab Deputy Manager	01324737986



Audit Committee Report for the year 2022

The Audit Committee of Mercantile Insurance Company Limited 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. Nur Amin | Chairman |
| 2. Mohiuddin Ibnul Arabi | Member |
| 3. Nurul Azim Sunny | Member |

Committee Meetings Held:

In the year 2022 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 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 2022.
- 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 2022

- v. Reviewed the Financial Accounts for the year 2022 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, emphasized & monitored for immediate execution of replacing the FDRs held with different Banks.

Finally, the Audit Committee express its sincere thanks to the Board of Director 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 sort co-operation extended to the committee in discharging its responsibilities.

Nur Amin

Md. Nur Amin
Independent Director
&
Chairman
Audit Committee



Report on Going Concern

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.



Date: 10/05/2023

The Board of Directors

Mercantile Insurance Company Limited
61 Motiheel C/A, Dhaka-1000

Subject: Declaration on Financial Statement for the year ended on 31st December 2022

Dear Sirs,

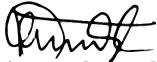
Pursuant to the condition No. I(5)(xxvi) imposed vide the Commission's Notification No.BSEC/C-MRRCE/2006- 158/207/Admin/80 Dated 3 June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

1. The Financial Statement of Mercantile Insurance Company Limited for the year ended on 31st December 2022 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:-

1. We have reviewed the financial statements for the year ended 31 December 2022 and to the best of our knowledge and belief
2. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading
3. These statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws
4. 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



Md. Abdus Salam
Chief Financial Officer



Report of the Nomination & Remuneration Committee

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 Mann 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 its observation considering current situation and suggested what need to be adopt/insert/amend by the company. In the meeting the committee aist/recommended the Bourd 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 expectation & 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 KM P, 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.
- in. 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 matter addressed in the meeting. The NRE expressing its view to the Board that the nomination, retirement, re-election & remuneration of directors & top level executives are adequate for pretting true and fair view of the Administration & HR department and also expressed that the internal control of the company is quite well.



Md. Salam Obaidul Karim
Independent Director
Chairman NRC



Abdur Rahman
Company Secretary
Member Secretary of NRC

FIGURES IN MILLION (TAKA)

Financial Performance	2022	2021	2020	2019	2018
Gross Premium Income	541.70	531.97	416.66	377.64	342.66
Net Premium Income	315.79	296.54	227.45	191.01	191.38
Underwriting Profit	46.27	50.44	20.59	9.25	2.09
Investment & Others Income	82.02	76.97	78.43	74.14	65.36
Net Profit before Tax	108.66	118.73	93.38	76.95	59.57
Reserve & Fund	479.36	460.93	383.92	342.60	323.53
Investment & FDR	1474.80	1392.79	1116.99	1009.17	975.7
Paid up Capital	430.95	430.95	430.95	430.95	430.95
Shareholders Equity	895.43	878.40	821.18	788.53	774.15
Total Assets	2479.73	2419.93	2240.48	2164.57	1779.34
Dividend	43.10	43.10	43.10	30.17	30.22
Dividend Percentage	10% Cash	10% Cash	10% Cash	07% Cash	10% B. Group Cash
No. of Shares (restated)	43,095,360	43,095,360	43,095,360	43,095,360	43,095,360
No. of Branches	18	15	15	15	14
Earning Per Share	1.95	2.08	1.68	1.43	1.11
Net Asset Value (NAV) Per Share	20.78	20.38	19.05	18.27	17.93

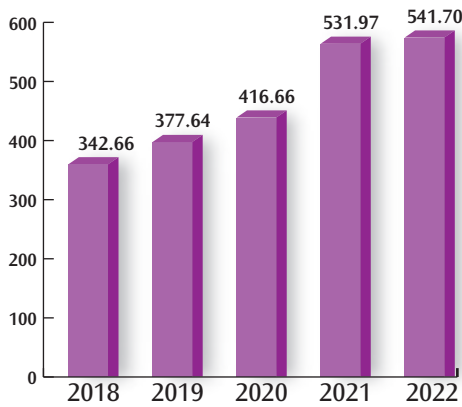
Credit Rating	2022	2021	2020	2019	2018
Long Term	AA	AA	AA-	AA-	AA-
Short Term	ST-2	ST-2	ST-2	ST-2	AR-2
Outlook	Stable	Stable	Stable	Stable	Stable



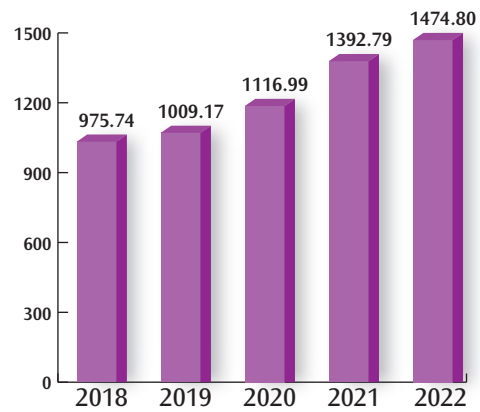
Performance of Graph

FIGURES IN MILLION (TAKA)

GROSS PREMIUM



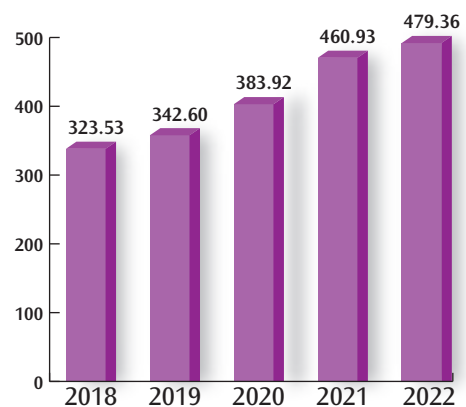
INVESTMENT & FDR



PAID UP CAPITAL

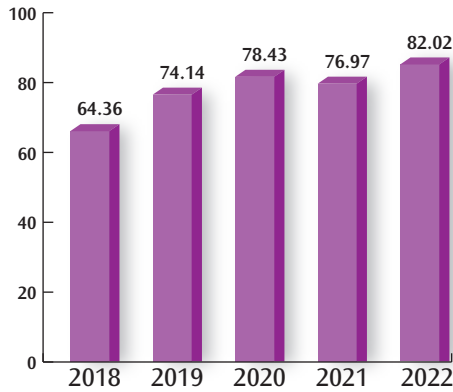


TOTAL RESERVE & FUND

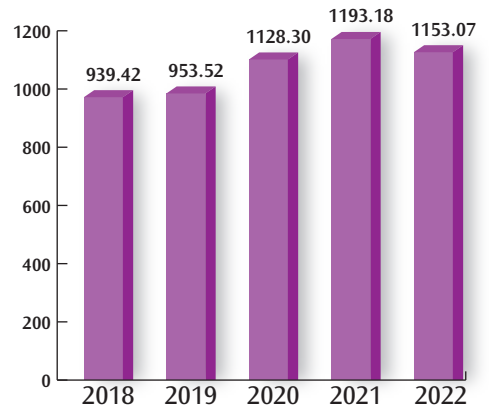


FIGURES IN MILLION (TAKA)

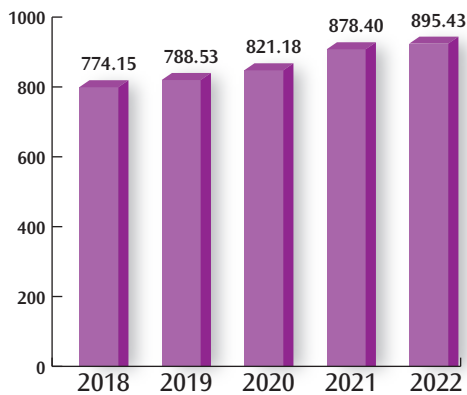
INVESTMENT & OTHER INCOME



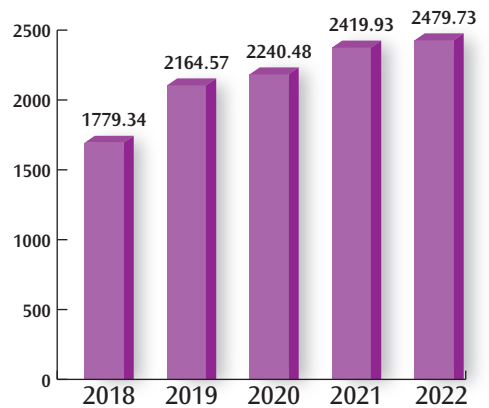
CASH & BANK BALANCES



SHAREHOLDERS EQUITY



TOTAL ASSETS



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, 2022 the Board of Directors held 08 meetings and the Directors serving on the Board attended in aggregate 80% of the total number of meetings.

1.4 (K) The pattern of shareholding:

As at December 31, 2022 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	No. of Share	% of total no.
01	Abdul Haque	862400	2.00%
02	Mohammad Nabi Ullah	862400	2.00%
03	Dr. Md. Mizanur Rahman	1034880	2.40%
04	Md. Serajut Islam	861907	2.00%
05	Abdur Rahman	862400	2.00%
06	Al-Haj Abdul Mannan Mazumder	862400	2.00%
07	Mohammed Solaiman	861907	2.00%
08	M. Nasir Uddin	864689	2.01%
09	Wahid Ibn Reza	1035880	2.40%
10	Nurul Azim Sunny	872277	2.02%
11	Shajjad Mustafa	1725400	4.00%
12	Shafioue Ahmed (South Green Limited)	863000	2.00%
13	Aziz Mohammad Ershad Ullah Chowdhry (Chittagong Consortium Ltd.)	863000	2.00%
14	Mahatab Haque (China Consortium Ltd.)	863000	2.00%
15	Azad Mustafa (Sifang Securities Ltd.)	863000	2.00%
16	Mr. Mahmood Rahman	287302	0.67%
Total		14445842	33.52%

01	Firoz Ahmed, Chief Executive Officer	Nil	Nil
02	Abdur Rahman, DMD & Company Secretary	Nil	Nil
03	Md. Azim Uddin, Deputy Managing Director	Nil	Nil
04	Md. Abdus Salam, Asstt. Managing Director & CFO	Nil	Nil
05	Md. Nazrul Islam, Asstt. Managing Director	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. (MICL) 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, MICL also considers best governance practices in its activities. The independent role of Board of Directors, separate and independent role of Chairman and Chief Executive Officer, distinct role of Company Secretary, Chief Financial Officer, different Board Committees allow MICL to achieve excellence in best corporate governance practices.

Board of Directors Composition

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

The Board of MICL comprise of twenty Directors who 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 MICL sets out its strategic focus and oversees the business and related affairs of the Company. The Board also formulates the strategic objectives and policy framework for the Company. In discharging the above responsibilities, the Board carries out, the following functions as per the charter of the Board.



Report on Corporate Governance

- 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 stall 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 MCL is committed to the highest standards of conduct in their relationships with its employees, customers, members, shareholders, regulator and the public. A Director of MCL 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 MCL 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. Chief Executive Officer, 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 MCL





বিসমিল্লাহির রাহমানির রাহিম,

সম্মানিত শেয়ারহোল্ডারগণ, আসসালামু আলাইকুম,

মার্কেটাইল ইনস্যুরেন্স কোম্পানী লিমিটেডের পক্ষ থেকে ২৭তম বার্ষিক সাধারণ সভায় আপনাদের সবাইকে স্বাগত জানাচ্ছি।

২০২২ সালের ৩১ ডিসেম্বর শেষ হওয়া বছরের বার্ষিক প্রতিবেদন ও নিরীক্ষিত আর্থিক বিবরণী উপস্থাপন করতে পেরে আমি আনন্দিত। ২০২২ সালের কার্যক্রম পর্যালোচনা করে আমি বলতে চাই যে, বিশ্বব্যাপী এর উদ্ভূত পরিস্থিতির কারণে এটি একটি অত্যন্ত কঠিন এবং চ্যালেঞ্জিং বছর ছিল। বিদ্যমান পরিস্থিতি বীমা শিল্পে নতুন প্রবৃদ্ধি ইতিবাচক হয়েছে এবং সঠিক ঝুঁকি ব্যবস্থাপনা ব্যবসার চূড়ান্ত ফলাফলকে প্রভাবিত করেছে। পরিচালনা পর্ষদ প্রিমিয়াম আয় বাড়ানোর জন্য বাৎসরিক দৃষ্টিকোণ থেকে পদক্ষেপ নিয়েছে এবং আমরা সফল হয়েছি। এই সফলতা অর্জনে আমাদের মূল্যবান গ্রাহকদের ভূমিকা অবিচ্ছেদ্য।

ব্যবসা খাতে বৈশ্বিক সংকট সত্ত্বেও, আমরা যথেষ্ট প্রিমিয়াম অর্জন করেছি। এক্ষেত্রে ব্যাংক ও আর্থিক প্রতিষ্ঠানের নিকট রাখা আমানতের উপর বিনিয়োগকৃত লাভ/মুনাফা উল্লেখযোগ্য বৃদ্ধি পেয়েছে। আমরা বিশ্বাস করি যে, আমাদের জনশক্তি অত্যন্ত স্বচ্ছতা ও দক্ষতার সাথে তাদের পূর্ণ শক্তি ব্যয় করেছে। যাইহোক, সমস্ত আর্থিক অসুবিধা কাটিয়ে পরিচালনা পর্ষদ কোম্পানীর সকল শেয়ারহোল্ডারদের ১০%(শতকরা দশ ভাগ) নগদ লভ্যাংশ প্রদানের সুপারিশ করেছে।

প্রশাসনিক কাজ সম্পাদনের ক্ষেত্রে সর্বশেষ আইটি অবকাঠামো ও প্রসারিত নেটওয়ার্ক কাভারেজের পাশাপাশি নিয়ন্ত্রক সংস্থা সমূহ তথা বীমা উন্নয়ন ও নিয়ন্ত্রক কর্তৃপক্ষ, ঢাকা স্টক এক্সচেঞ্জ লিমিটেড, চট্টগ্রাম স্টক এক্সচেঞ্জ পিএলসি, বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশনের সাথে সেতুবন্ধন তৈরি করেছি এবং কর্পোরেট গভর্নেন্স নির্দেশিকা পরিপূরণ করে তা যথাযথভাবে প্রতিপালন করে যাচ্ছি।

সকল তফসিলি ব্যাংক, নন-ব্যাংকিং আর্থিক প্রতিষ্ঠান, প্রাইম রেগুলেটর আইডিআরএ, ঢাকা স্টক এক্সচেঞ্জ লিমিটেড, চট্টগ্রাম স্টক এক্সচেঞ্জ পিএলসি, সেন্ট্রাল ডিপোজিটরি বাংলাদেশ লিমিটেড, বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন, সাধারণ বীমা কর্পোরেশন, বাংলাদেশ ইনস্যুরেন্স এসোসিয়েশন, বাংলাদেশ ইনস্যুরেন্স ফোরাম এবং অন্যান্য সকল সংস্থাকে তাদের অব্যাহত সহযোগিতার জন্য আন্তরিক ধন্যবাদ জানাচ্ছি।

মার্কেটাইল ইনস্যুরেন্স কোম্পানী লিমিটেড পরিচালনা পর্ষদ ও দক্ষ জনশক্তির সক্রিয় ভূমিকা পালনের মাধ্যমে কোম্পানীর ক্রেডিট রেটিং রিপোর্টটি স্থিতিশীল দৃষ্টিভঙ্গির সাথে দীর্ঘমেয়াদে "এএ" এবং স্বল্পমেয়াদে এসটি-২ গ্রেডেশনে উন্নীত হয়েছে।

আমি পরিচালনা পর্ষদের সদস্যগণের মূল্যবান পরামর্শ এবং দিকনির্দেশনার জন্য তাদেরকে আন্তরিক ধন্যবাদ জানাচ্ছি, যা আমাদের কোম্পানীকে একটি প্রতিষ্ঠিত বীমা শিল্প হিসাবে প্রতিষ্ঠিত করেছে। উপসংহারে বলতে চাই আমার দৃঢ় বিশ্বাস আগামী বছরগুলিতে আমাদের কোম্পানীর সফলতা আরও উত্তরোত্তর বৃদ্ধি পাবে।

আল্লাহ আমাদের সকলের মঙ্গল করুন।

আবদুল হক
চেয়ারম্যান



Speech of the Hon'ble Chairman of the Company



Bismillahir Rahmanir Rahim,
Distinguished Shareholders, AssalamuAlaikum,

It is a great pleasure I welcome you all to the 27th Annual General Meeting on behalf of the Mercantile Insurance Company Limited. I am pleased to present the Annual Report and Audited Financial Statement for the year ended 31 December 2022.

Having reviewed the activities of this year 2022, I would like to say that it was a very tough and challenging year due to extraordinary circumstances caused by the global. At the very outset of my brief overview of the performance and strategy of our company, I would like to say that in spite of the prevailing situation a new growth in the industry has been procured. A positive mind set and proper risk management has impacted the final outcome of the business performances. The Board has taken steps in the materialistic point of view to increase the premium income and we succeeded. We would iterate with gratitude the contribution to this growth which was made by the grace of our valued clients. In spite of expending global crisis in the business sector, we have earned substantial premium and increased our total earnings and also significant increment in investment profit/interest on our fixed deposit lying with many banks and financial institutions. So, that we have rendered dedicated services over the years and moved the company much forward. We believe that our manpower is devoting their full force with utmost transparency and efficiency. However, overcoming all the financial difficulties the Board of Directors has considered and recommended 10% Cash Dividend to all shareholders of the company.

We have also paid our full attention for the latest IT infrastructure and stretched network coverage as well as with regulators in case of performing the Administrative job and made bridge with Insurance Development and Regulatory Authority, Dhaka Stock Exchange Ltd, Chittagong Stock Exchange PLC, Bangladesh Securities and Exchange Commission in full compliance maintaining with the imposed laws, rules and regulations that govern our different business jurisdiction through following Corporate Governance Guidelines.

We would like to thank all schedule Banks, Non-banking financial institutions, Prime Regulator IDRA, Dhaka Stock Exchange Ltd, Chittagong Stock Exchange PLC, Central Depository Bangladesh Ltd., Bangladesh Securities and Exchange Commission, Sadharan Bima Corporation, Bangladesh Insurance Association, Bangladesh Insurance Forum and all other Governing bodies and continued Co-operation.

Mercantile Insurance Co. Ltd. has efficiently managed the overall crisis because it's stayed true to the core values, persuasion of excellences, embracing change acting with integrity and serving the clients to the best of our efforts, close contact effective and efficient decision made by the board of Directors and the management team spirit resulting in ultimate positive growth in the profitability. In the meantime Credit Rating report of the company has been improved in gradation to "AA" in the Long Term and ST-2 in the Short Term with stable outlook.

I would like to take the opportunity to express our gratitude to the management and staff of the company for their adherence to company's vision and mission. I also like to convey my sincere thanks to my colleague, Board of Directors for their continuous support, valuable advice and guidance that made our company as an established insurance industry. I must express our appreciation of dedication, services and thanks to all of them. In conclusion, we are confident and looking forward to the successful business operation of our company in the next years to come.

May Allah bless of our all.



Abdul Haque
Chairman

**REPORT OF THE BOARD OF
DIRECTORS OF
MERCANTILE INSURANCE COMPANY LIMITED
FOR
THE YEAR ENDED 31st DECEMBER 2022**

As per section 184 of the Companies Act 1994 and corporate governance Code as adopted on 3rd June 2018 of Bangladesh Securities and Exchange Commission (BSEC).

DEAR SHAREHOLDERS

Assalamu Alaikum. The Directors of the company are pleased to welcome you to the 27th Annual General Meeting of Mercantile Insurance Company Limited and place before you the Directors' Report along with the Audited Financial Statements and the Auditors' Report for the year ended 31st December 2022 for your kind perusal and approval.

We begin with a brief review of the Global economy, Bangladesh economy and take note of the situation prevailing in the insurance sector of the country, followed by a review of the performance of the Company for the year 2022.

INSURANCE MARKET SCENARIO (Global & Bangladesh Economy)

WORLD ECONOMY

The global economy has recovered as per expectation during the year 2022 although the same was not done satisfactorily during the time of previous 2 (Two) years due to COVID-19. To lessen the burden of public debt IMF advised the developed economic countries to reduce the interest rate of public debt and to stimulate the domestic consumption for the sake of economic growth. As per projection of IMF the growth

of world economy was estimated at about 3.4% in the year 2022. The world economy has developed as per expectation during the year 2022 due to rising demand, production and employment.

BANGLADESH PERSPECTIVE

Despite global meltdown in the economy in the Previous years, Bangladesh economy-maintained growth momentum with some slowdown in export growth and in new investment activities. Outlays from national budget provided support to the affected sectors and extended the social safety net to uphold the domestic demand and economic activities. In spite of some challenges in export earnings and remittance inflows the economic growth demonstrated satisfactory performances maintained by domestic demand. The growth was further accelerated during the year 2022 due to support of the appropriate Fiscal as well as monetary policies of the Government. According to the estimates of Bangladesh Bureau of statistics (BBS) GDP stands 7.1% in FY-22 against 5.01% in FY-21.

CREDIT RATING

Mercantile Insurance Company Limited, as you know, is rated "AA" by the Alpha Credit Rating reflecting company's very high claim paying ability. The rating helps the company to negotiate better terms with the reinsurers abroad.

RISKS MANAGEMENT

Mercantile Insurance Company Limited has always been responsive of the risk factors inherent in the insurance industry. With a view to keeping the risks at a tolerable level it identifies, monitors and reviews the risks inherent in every policy or cover note.



Director's Report

underwritten, continues updating of data base for information and takes corrective and or preventive measures to safeguard the shareholders' interest.

INFORMATION TECHNOLOGY (IT) SYSTEM AND CONTROL

IT System

Mercantile conformed a high-quality Human Resource Policy to build up its every Division with capable employees giving them required suitable in-house training and also external training at home and abroad, if so necessary. With that intent the IT Division was also built with IT professionals having knowledge of both software and hardware. With enthusiastic training and working experience the IT Division has become capable of making required software by themselves to meet up the demands of the other department/divisions. The IT professionals with their ever-changing needs are constantly innovating and producing in-house programs to meet the day-to-day needs of the company's growing and diverse products and services. It has magnificently activated a Wide Area Network (WAN) to connect the entire branch offices situated all over the country on real time basis, with a view to providing unified connectivity and prompt customer services.

As per requirement of IDRA the Company has started online based E-receipt system from March 01, 2022.

IT control

IT systems and control refer to the mechanism and procedure put in place to manage and regulate the operation of information technology systems. Some of

areas of focus for IT system and control includes:

1. Access Control: Mercantile has the unique mechanism to ensure that only authorized individuals have access to the IT systems and data.
2. Data Security: Mercantile has regular basis backup policy and redundant server to secured data.
3. Disaster Recovery: Mercantile ensures different types of disaster recovery process to restore data quickly and effectively.

HUMAN CAPITAL MANAGEMENT

It has been an important practice in Mercantile Insurance Company Limited to always accentuate on professionalism and development of appropriate human resource management policies to enhance the quality of its employees, and to ensure their optimum contribution towards the achievement of its goals. The Company believes that its Human Resources (HR) gives it a significant competitive edge in terms of knowledge and experience. It has continued its policy of recruiting the best people and implementing programs to develop and retain high quality human resources in its various divisions/departments. In line with this Policy, the need-based internal and external training at both home and abroad, is regularly and systematically arranged. The Company also ensures attractive compensation packages and rewards including employee's safety and health including the family members to some extent to assure their retention and provide job satisfaction.



OUR FUTURE OUTLOOK

It is apparent that the economic condition would not go well in Bangladesh like the world economy at large in the year 2023. The International Monetary Fund (IMF) has lowered the projection of gross domestic products growth for Bangladesh to 6% for the first half year of 2023. The inflation rate is quite higher than it was expected. Recent declaration of the price hike of both electricity and gas for the industries would impact further on inflation. The essential commodity prices have already gone up beyond the earning capacity of general people to expense for services like insurance in Bangladesh. The ongoing dollar shortage in the banking sector is posing a threat to local textile millers and spinners as they have difficulties in opening letter of credit to import raw materials and cotton to feed the country's readymade garment industry.

However, we do believe that Bangladesh will definitely be able to tide over the difficulties posed by the ensuing crisis. We also believe that our primary regulator, Insurance Development and Regulatory Authority (IDRA), would also be able to tide over the prevailing unhealthy competitions taking appropriate regulatory measures. Mercantile Insurance Company Limited with its prudent insurance services, will remain committed to overcome any challenges of the future and to be in momentum for prudential business growth in 2023.

CORPORATE SOCIAL RESPONSIBILITY

We are social beings living in the society maintaining a good relationship with each other socially. Accordingly we all have a personal responsibility to each other. Whatever is done, it carries effect on other. It is same in case of business large or small, public or private that their actions affect a large number

of stakeholder; such stakeholders include Customers, Shareholders, Employees, Suppliers and Society in general.

With this end in view Mercantile Insurance Company Limited has been adding due importance and making contribution towards various activities as parts of its CSR efforts for regenerating fruitful contribution in the fields of Health, Education, Support to disabled persons, Sports, Supports to help the underprivileged children, Social activities etc.

FIRE INSURANCE BUSINESS

Mercantile Insurance Company Limited has underwritten gross premium income of Tk. 159.30 million against Tk. 154.88 million in 2021. After ceding of the re-insurance premium, the net premium is Tk. 40.64 million against Tk. 28.62 million in 2021. The Company earned an underwriting loss of Tk. 83.29 million from this class against Tk. 58.39 million losses in 2021.

MARINE INSURANCE BUSINESS

The Company has underwritten gross premium income of Tk. 246.23 million against Tk. 262.03 million in 2021. After ceding of the re-insurance premium, the net premium of Tk. 191.01 million against Tk. 211.17 million in 2021. The Company earned an underwriting profit of Tk. 104.54 million against Tk. 80.27 million in 2021.

MOTOR INSURANCE BUSINESS

In Motor, the Company has underwritten gross premium income of Tk. 9.37 million against Tk. 9.40 million in 2021. Motor business was lower due to making motor third party liability insurance non-obligatory for motor vehicles by the Bangladesh Road Transport Authority (BRTA). After ceding of the re-insurance premium, the net premium of 9.27 million against



Director's Report

Tk. 8.51 million in 2021. The Company earned an underwriting profit of Tk. 4.52 million in 2022 against Tk. 6.46 million in 2021.

MISCELLANEOUS INSURANCE BUSINESS

In Miscellaneous, the Company has underwritten gross premium income of Tk. 126.81 million against Tk. 105.65 million in 2021. After ceding of the re-insurance premium, the net premium of Tk. 74.86 million against Tk. 48.24 million in 2021. The Company earned an underwriting profit of Tk. 20.50 million in 2022 against Tk. 22.10 million in 2021.

INCOME FROM INVESTMENT

Interest income derived from banks and non-banking financial institutions increase to Tk. 79.05 million from Tk. 64.44 million in 2021. The dividend income Tk. 10.32 million from Tk. 4.37 million in 2021.

PROFIT AND LOSS ACCOUNT

Particulars	BDT 2022	BDT 2021
Gross Premium	541,704,640	531,971,161
Net Premium	315,785,957	296,539,589
Underwrite Profit	46,270,130	50,439,807
Interest Income	601,187,723	60,068,876
Dividend Income	10,322,621	4,372,000
Profit before tax	108,660,615	118,734,127
Provision for tax	25,014,653	29,243,654
Divisible profit	68,603,192	60,199,579

DIVIDEND

Subject approval of the Annual General Meeting from the retained earnings/divisible profit of 2022 the Board of Directors of the company recommended 10% Cash dividend for the year ended 2022.

ASSETS

The assets of the company increased to Tk. 2479.73 million from Tk. 2419.93 million in 2021. The value of the assets was increased by 2.5% from previous year.

DIRECTORS

Sponsor Directors:

According to the Articles of Association of the company, the following directors retire at the 27th Annual General Meeting and being eligible they offer themselves for re-election:

1. Dr. Md. Mizanur Rahman
2. Mohammad Nabi Ullah
3. Al-haj Mohammed Solaiman
4. Sajjad Mustafa

DIRECTORS FROM PUBLIC SUBSCRIBERS:

In accordance with the provisions of Insurance Act, 2010 and the Articles of Association of the company half of the total number of sponsor directors shall be the directors from public subscribers. In practice due to imposition of BSEC Notification dated 21 May 2020 "Each director other than independent director of any listed company shall hold minimum 2% (two percent) shares of the paid-up capital, otherwise there shall be casual vacancy of director.

STATUTORY AUDITORS

Pursuant to Section 210 of the Companies Act 1994 and the BSEC guidelines the company's statutory auditors

M/s. Ahmed Zaker & Co. Chartered Accountants, retire and being eligible offer their services for another year as they qualify for reappointment.

REPORTING & COMPLIANCE AUDITORS

As per Corporate Governance Code 9(2) of BSEC Notification dated 3 June 2018, the compliance auditors of the company M/s. Kazi Zahir Khan & Co. Chartered Accountants.

PROSPECTS FOR 2023

Respecting the insurance laws Mercantile Insurance Company Limited would go forward to establish itself among the insurers to whom the insured may keep faith. Insurance Development & Regulatory Authority (IDRA) has already been in the process to restructuring the existing system of insurance market scenario amidst the unseen but strong negative agents to obstruct the long awaiting development. Through circular No: 75 it is going to convert the development officers to insurance agent effecting huge reduction in the expenses of management of the insurance companies. We hope that IDRA's measures would work positively and MERCANTILE INSURANCE COMPANY LIMITED would find a congenial atmosphere in the non-life insurance sector.

CORPORATE AND FINANCIAL REPORTING

Mercantile Insurance Company Limited has complied with all the requirements of Corporate Governance Code as required by the Bangladesh Securities & Exchange Commission. Accordingly, the Directors are pleased to confirm the following: (a) The Financial statements together with notes

thereon have been prepared in conformity with the Companies Act, 1994, Insurance Act, 2010 and in some applicable cases Insurance Act, 1938 and Securities & Exchange Commission Rules, 1987. These statements present fairly its state of affairs, the result of its operations, cash flows and changes in equity. (b) Proper books of account of the Company have been maintained. (c) Appropriate accounting policies have been consistently applied in preparation of the financial statements and the accounting estimates are based on reasonable and prudent judgment. (d) International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as applicable in Bangladesh have been followed in preparation of the financial statements. (e) The system of internal control is sound in design and has been effectively implemented and monitored. (f) There are no significant doubts about the company's ability to continue as a going concern. (g) No bonus share or stock dividend has been declared as interim dividend.

BOARD MEETING ATTENDANCE

During the year, seven Board Meetings were held. The attendance of the Directors is shown in Page # 37.

PATTERN OF SHAREHOLDING

Pattern of shareholding as per clause 1.S(xxiii) of BSEC Notification No: the BSEC Notification No: BSEC/CMRRC-D/2006-158/207/Admin/80 dated 23 May 2023 is shown in Page # 37.



Director's Report

EXTRAORDINARY ACTIVITIES

During the year there were no such event of extraordinary nature and the company did not suffer or gain any loss or gain from such activities.

RELATED PARTY TRANSACTIONS

Related Party Transactions, as per clause 1.S(vi) of BSEC Notification No: BSEC/CMR RCD/2006-158/207/Admin/80 dated 3 June 2018, are shown in Notes to the Financial Statement [Notes: 23].

BRIEF RESUME OF THE DIRECTORS

Brief resume of the Directors, as per clause 1.S(xxiv) of BSEC Notification No: BSEC/CM RRCD/2006-158/207/Admin/80 dated 3 June 2018, are shown in Page# 08.

BRIEF MANAGEMENT'S DISCUSSION AND ANALYSIS SIGNED BY THE CHIEF EXECUTIVE OFFICER

The brief management's discussion and detailed analysis of the Company's position and operations along with discussion of changes in the financial statements.

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER AND THE CHIEF FINANCIAL OFFICER TO THE BOARD OF DIRECTORS

The Chief Executive Officer and Chief Financial Officer have performed their duties as per the rules, responsibilities and duties as prescribed by the board. The report is placed in Page # 32.

INTERNAL CONTROL SYSTEM DISCLOSURE

The Board of Directors takes the responsibility for the oversight of MERCANTILE INSURANCE COMPANY LIMITED,

insurance business and management including risk management and putting up internal controls. The Directors state that the systems of internal control are sound and have been implemented and monitored effectively.

REPORT ON THE ACTIVITIES OF THE AUDIT COMMITTEE

Pursuant to the clause 5(7) of the BSEC Notification No: BSEC/CMRRC D/2006-158/207/Admin/80 dated 3 June 2018. the activities of the Audit Committee have been shown in Corporate Governance Chapter Page # 29.

NOMINATION AND REMUNERATION COMMITTEE (NRC)

The Board of Directors constituted a four-member Nomination and Remuneration Committee (NRC) as a sub-committee of the Board to comply with the BSEC notification dated 03 June 2018. The Committee shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of Directors and top-level executives. Pursuant to the clause 6(2) of the BSEC Notification No: BSEC/CM RRCD/2006-158/207/Admin/80 dated 3 June 2018, the activities of the Nomination and Remuneration Committee have been shown in Corporate Governance Chapter.

CORPORATE GOVERNANCE COMPLIANCE REPORT

The Board of Directors of Mercantile Insurance Company Limited is committed to adopting the highest governance standards and improving those standards as required protecting the interest of stakeholders and policy holders of the company. The Board continues to provide direction to the management, approve strategic decision and



policies to attain predetermined goals and objectives of the company. Certificate from auditors on compliance with the conditions as per clause 7(1) of the BSEC Notification No: SEC/CMRRC D/2006-158/207/Admin/80 dated 23 May 2023 is shown in Page# 60.

ACKNOWLEDGEMENT

The Board of Directors deeply appreciated the gracious co-operation extended by the Government of the People's 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, Financial Reporting Council Bangladesh. 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 schedule Banks and Financial Institution, valued clients, patrons and well-wishers who have been extending their continued support, co-operation and encouragement.

We thanked our members of the Board of Directors for their continuous help and advice in all respects, our Chief Executive Officer, all our officer and stuffs in various aspects of the company for their loyalty, devotion, relentless drive and accelerated skills for the present position.

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

Thank you all,
For and on behalf of The Board of Directors

Abdul Haque
Chairman



Corporate Governance Compliance Report

ANNEXURE-C
As per Condition No. 1(5)(XXVII)

Report on Compliance of Corporate Governance Guidelines of Mercantile Insurance Co.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 BSEC vide
Notification No: BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 issued under section 2CC
Of the Securities and Exchange Ordinance 1969**

Board of Directors				20 Director
	Size of the Board of Directors			
1(1)	Independent Directors	√	-	3 Independent Director As per Insurance Act 2010
1(2)a	At least on fifth (1/5) of the total member of directors in the company's board shall be independent directors.	√	-	Complied As per insurance Act 2010
1(2) (b) (i)	Who either does not hold any shares in the company or holds less than one percent (1%) shares of the total paid-up shares of the company.	√	-	Not holding any share of the company
1(2) (b) (ii)	Who is not a sponsor of the company and is not connected with the company's any sponsor or director nominated director or shareholder of the company or any of its associates, sister concern, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paidup shares of the company on the basis of family relationship and his or her family members also should not hold above mentioned shares in the company. Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter- in- law shall be considered as family members.	√	-	
1(2) (b) (iii)	Who has not been an executive of the company in immediately preceding 2 (two) financial year.	√	-	
1(2) (b) (iv)	Who does not have any other relationship, whatever pecuniary or otherwise, with the company or its subsidiary/ associated companies.	√	-	
1(2) (b) (v)	who is not a member holder, or TREC (Trading Right Entitlement Certificate) director or officer of any stock exchange;	√	-	
1(2) (b) (vi)	who is not a 'shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	√	-	
1(2) (b) (vii)	who is not a partner or an executive or was not a partner or an executive during the preceding 03 (three) years of the concerned company's statutory audit firm; or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this code.	√	-	
1(2) (b) (viii)	Who shall not be an independent director in more than 05(Five) listed companies;	√	-	
1(2) (b) (ix)	Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or advance to a bank or a Non-Bank Financial Institution (NBFI);	√	-	

Corporate Governance Compliance Report

Condition No.	Title	Compliance Status		Remark (if any)
		Complied	Not Complied	
1(2) (b) (x)	Who has not been convicted for a criminal offence involving moral turpitude;	√	-	
1(2) (c)	The independent director(s) shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting (AGM);	√	-	
1(2) (d)	The post of independent director(s) can not remain vacant for more than 90 (ninety) days;	√	-	
1(2) (e)	The tenure of office of an independent director shall be for a period of 03 (three) years, which may be extended for 01 (one) term only;	√	-	
	Qualification of Independent Director			
1(3) (a)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business;	√	-	
1(3) (b) (i)	Business leader who is or was a promoter or director of an unlisted company having minimum paid up capital of Taka 100 million or any listed company or a member of any national or international chamber of commerce or business association ;or	√	-	
1(3) (b) (ii)	Corporate leader who is or was a top level executive not lower than chief executive officer or Managing Director or Deputy Managing Director or Chief Financial officer or Head of Finance or accounts or company Secretary or Head of internal audit and compliance or Head of Legal service or a candidate with equivalent position of an unlisted company having minimum paid up capital Taka 100 Million or of a listed company.	√	-	
1(3) (b) (iii)	Former official of Government or Statutory or autonomous or regulatory body in the position not below 5th grade of the national pay scale, who at least educational background of Bachelor degree in economics or commerce or business or law.	√	-	
1(3) (b) (iv)	University Teacher who has educational background of Bachelor Degree in Economics or Commerce or Business Studies or law.	√	-	
1(3) (b) (v)	Professional who is or was and advocate practicing at least in high court division of Bangladesh Supreme Court or a chartered Accountants or a cost management accountants or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management accountant or chartered Secretary or equivalent qualifications,	√	-	
1(3) (c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in Clause(b).	√	-	
1(3) (d)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission;	√	-	
1(4) (a)	The positions of the Chairperson of the Board and the Managing Director (MD) and or the Chief Executive Officer (CEO) of the Companies shall be filled by different individuals	√	-	
1(4) (b)	The Managing Director(MD) and or Chief Executive Officer(CEO) of the listed company shall be elected from among the non executive directors of company.	√	-	
1(4) (c)	The Chairperson of the Board shall be elected from among the non executive directors of company.	√	-	



Corporate Governance Compliance Report

Condition No.	Title	Compliance Status		Remark (if any)
		Complied	Not Complied	
1(4) (d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and The Managing Director(MD) and or Chief Executive Officer(CEO)	√	-	
1(4) (e)	In the absence of chairperson of the board the remaining members may elect one of themselves from non executive directors as chairperson for that particular Board's meeting The Directors report to the Shareholder	√	-	
1(5) (i)	Industry outlook and possible future developments in the industry	√	-	
1(5) (ii)	Segment-wise or product-wise performance	√	-	
1(5) (iii)	Risks and concerns including internal and external risk factors threats to sustainability and negative impact on environment, if any	√	-	
1(5) (iv)	A discussion on cost of goods sold, gross profit margin and net profit margin	√	-	
1(5) (v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss)	√	-	
1(5) (vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transections and basis of transections of all related party transections	√	-	
1(5) (vii)	A statement of Utilization of proceeds from public issues, rights issues and/or through any others instruments	√	-	
1(5) (viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc	√	-	N/A
1(5) (ix)	An explanation on any significant variance occurs between Quarterly Financial performance and Annual Financial Statements	√	-	
1(5) (x)	A statement of Remuneration paid to the directors including independent directors	√	-	
1(5) (xi)	A Statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity	√	-	N/A
1(5) (xii)	A Statement that Proper books of account of the issuer company have been maintained	√	-	
1(5) (xiii)	A Statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment	√	-	
1(5) (xiv)	A Statement that international Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed	√	-	
1(5) (xv)	A Statement that the system of internal control is sound in design and has been effectively implemented and monitored	√	-	
1(5) (xvi)	A Statement that the minority share holders have been protected from the abusive action by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress.	√	-	N/A



Corporate Governance Compliance Report

Condition No.	Title	Compliance Status		Remark (if any)
		Complied	Not Complied	
1(5) (xvii)	A Statement that there are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed	√	-	
1(5) (xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained	√	-	
1(5) (xix)	Key operating and financial data of at least preceding 05 (five) years shall be summarized	√	-	
1(5) (xx)	An explanation on the reason If the issuer company has not declared dividend (cash or stock) for the year	√	-	Not Applicable (15% cash Dividend was proposed)
1(5) (xxi)	The board statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend	√	-	N/A
1(5) (xxii)	The number of Board meetings held during the year and attendance by each director shall be disclosed	√	-	
1(5) (xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares (name wise details)	√	-	
1(5) (xxiii) (a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details),	√	-	N/A
1(5) (xxiii) (b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and compliance and their spouses and minor children (name wise details),	√	-	
1(5) (xxiii) (c)	Executives,	√	-	
1(5) (xxiii) (d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details)	-	-	N/A
1(5) (xxiv) (a)	A brief resume of the director	√	-	
1(5) (xxiv) (b)	Nature of his/her expertise in specific functional areas	√	-	
1(5) (xxiv) (c)	Names of companies in which the person also holds the directorship and the membership of committees of the board	√	-	
1(5) (xxv)	A Management's Discussion and Analysis signed by CEO or MD presenting detailed 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 statement.	√	-	
1(5) (xxv) (b)	Changes in accounting policies and estimation if any clearly described the effect on financial performance and financial position as well as cash flows in absolute figure for such change	√	-	
1(5) (xxv) (c)	Corporate analysis (including effect of the inflation) of financial performance and or result and financial; position as well as cash flow for current financial year with immediate preceding five years explaining reasons thereof	√	-	
1(5) (xxv) (d)	Compare such performance or result and financial position as well as cash flow with the peer industry scenario.	√	-	



Corporate Governance Compliance Report

Condition No.	Title	Compliance Status		Remark (if any)
		Complied	Not Complied	
1(5) (xxv) (e)	Financial and economic scenario of the country and globe	√	-	
1(5) (xxv) (f)	Risks and concern's issues related to financial statement explaining such risks and concern mitigation plan of the company	√	-	
1(5) (xxv) (g)	future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM	√	-	
1(5) (xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed in page-87	√	-	
1(5) (xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed in page-48 and 54.	√	-	
Meetings of the Board of Directors				
1(6) (a)	The Company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standard (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	√	-	
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 Remuner-ation Committee (NRC)	-	√	Under Process
1(7) (b)	The code of conduct as determined by the NRC shall be posted on the website of the company	-	√	Under Process
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;	-	-	N/A
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;	-	-	N/A
2 (c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.	-	-	N/A
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 also	-	-	N/A
2 (e)	The Audit Committee of the holding company shall also review the financial statements , in particular the investments made by the subsidiary company.	-	-	N/A
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) (a)	TheBoard shall appoint a Managing Director (MD) or Chief Executive Officer (CEO),a Company Secretary (CS), A Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC).	√	-	
3 (1) (b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief financial officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	√	-	

Corporate Governance Compliance Report

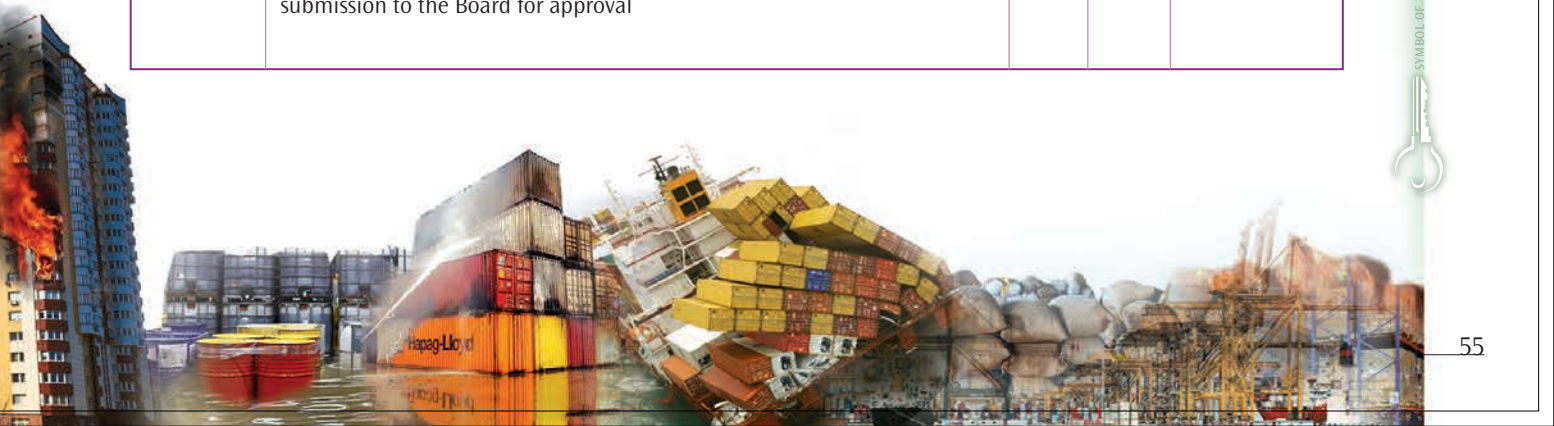
Condition No.	Title	Compliance Status		Remark (if any)
		Complied	Not Complied	
3 (1) (c)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall not hold any executive position in any other company at the same time;	√	-	
3 (1) (d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	√	-	
3 (1) (e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	√	-	N/A
3 (2)	Requirement to attend Board of Directors' Meetings The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board. Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)	√	-	
3 (3) (a) (i)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge these Statements do not contain any material untrue Statement or omit any material fact or contain Statements that might be misleading; and	√	-	
3 (3) (a) (ii)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge these Statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	√	-	
3 (3) (b)	The MD or CEO and CFO shall also certify that 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 or its members;	√	-	
3 (3) (c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report. Board of Directors Committee For ensuring good governance in the company, the Board shall have at least following sub-committee Audit Committee.	√	-	
4(ii)	Nomination and Remuneration Committee. Audit Committee	√	-	
5(1)(a)	The company shall have an Audit Committee as a subcommittee of the Board			
5(1)(b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of state of affairs of the company and in ensuring a good monitoring system within the business.	√	-	
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 Constitution of the Audit Committee	√	-	
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members;	√	-	

SYMBOL OF TRUST AND SECURITY



Corporate Governance Compliance Report

Condition No.	Title	Compliance Status		Remark (if any)
		Complied	Not Complied	
5(2)(b)	he 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) member shall have accounting or related financial management background and 10 (ten) years of such experience.	√	-	
5(2)(d)	When the term of service of any Committee members expires or there is any circumstance causing any committee member to be unable to hold 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;	√	-	
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	√	-	
Constitution of the Audit Committee				
5(3)(a)	The board of director select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as chairperson for that particular meeting,	√	-	
5(3)(b)	in that case there shall be no problem of constituting a quorum as required under condition No. 5 (4) (b) and the reason of absence of the regular chairperson shall be duly recorded in the minutes.	√	-	
5(3)(c)	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM)	√	-	
Meeting of the Audit Committee				
5(4)(a)	The Audit Committee shall conduct at least its 4 (four) meetings in a financial year.	√	-	
5(4)(b)	An independent director is a must for the quorum of the meeting	√	-	
Role of Audit Committee				
5(5)(a)	Oversee the financial reporting process;	√	-	
5(5)(b)	monitor choice of accounting policies and principles;	√	-	
5(5)(c)	monitor Internal Audit and Compliance process to ensure that it is adequately resourced,	√	-	
5(5)(d)	oversee hiring and performance of external auditors;	√	-	
5(5)(e)	monitor Internal Audit and Compliance process to ensure that it is adequately resourced,	√	-	
5(5)(f)	oversee hiring and performance of external auditors;	√	-	
5(5)(g)	hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption	√	-	
5(5)(h)	review along with the management, the annual financial statements before submission to the Board for approval	√	-	



Corporate Governance Compliance Report

Condition No.	Title	Compliance Status		Remark (if any)
		Complied	Not Complied	
5(5)(i)	review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	√	-	
5(5)(j)	review the adequacy of internal audit function;	√	-	
5(5)(k)	review the Management's Discussion and Analysis before disclosing in the Annual Report;	√	-	
5(5)(l)	review statement of all related party transactions submitted by the management;	√	-	
5(5)(m)	review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	√	-	
5(5)(n)	oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors;	√	-	
5(5)(o)	oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission;	√	-	
	Reporting to the Board of Directors			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board	√	-	
5(6)(a)(ii)	The Audit Committee shall immediately report to the Board of director on the following findings if any	√	-	
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 compliances including securities related laws, rules and regulation; and	-	-	No Such event occurred
5(6)(a)(ii)(d)	any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;	-	-	No Such event occurred
	Reporting to the Authorities			
5(6) (b)	IF the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the board and the management that any rectification has been unreasonably ignored , the Audit Committee shall report such finding to the Commission, upon reporting of such manner to the board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.	-	-	No Such event occurred
5(7)	Reporting to the Shareholders and General Investors Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.	-	-	No Such event occurred
	Nomination and Remuneration Committee (NRC)			
	Responsibility to the Board of Directors			



Corporate Governance Compliance Report

Condition No.	Title	Compliance Status		Remark (if any)
		Complied	Not Complied	
6(1)(a)	The Company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board:	-	√	Under Process
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;	-	-	N/A
6(1)(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b)	-	-	N/A
Constitution of the NRC				
6(2)(a)	The Committee shall comprise at least three members including an independent director;	√	-	
6(2)(b)	All members of the Committee shall be non-executive directors;	√	-	
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;	√	-	
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;	-	-	Will be taken necessary step as & when facing
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the committee or any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the committee	-	-	N/A
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and or member(s) of staff to the Committee as advisor who shall be non-voting member, if the chairperson feels that advice or suggestion from such external expert and or member(s) of staff shall be required or valuable for the Committee. a	-	-	N/A
6(2)(g)	The company secretary shall act as the secretary of the Committee;	-	-	N/A
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of atleast an independent director.	-	-	N/A
6(2)(i)	No member of the NRC shall receive , either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.	-	-	N/A
Chairperson of the NRC				
6(3)(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the committee, who shall be an independent director.	-	-	N/A
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minute	-	-	No Such event occurred
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the question of the shareholder	-	-	No Such event occurred
Meeting of the NRC				
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;	-	-	N/A



Corporate Governance Compliance Report

Condition No.	Title	Compliance Status		Remark (if any)
		Complied	Not Complied	
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;	-	-	N/A
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition no. 6(2)(h);	-	-	N/A
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC	-	-	N/A
	Role of the NRC			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	-	-	N/A
6(5)(b)(i)(a)	the level and composition of remuneration is reasonable and sufficient	-	-	N/A
6(5)(b)(i)(b)	the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and	-	-	N/A
6(5)(b)(i)(c)	remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;	-	-	N/A
6(5)(b)(ii)	devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	-	-	N/A
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;	-	-	N/A
6(5)(b)(iv)	formulating the criteria for evaluation of performance of independent directors and the Board;	-	-	N/A
6(5)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the at a glance in its annual report.	-	-	N/A
7	External Statutory Auditors			
7(1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:-	√	-	
7(1)(i)	appraisal or valuation services or fairness opinions;	√	-	
7(1)(ii)	financial information systems design and implementation;	√	-	
7(1)(iii)	book-keeping or other services related to the accounting records or financial statements;	√	-	
7(1)(iv)	broker-dealer services;	√	-	
7(1)(v)	actuarial services;	√	-	
7(1)(vi)	internal audit services or special audit services;	√	-	
7(1)(vii)	any service that the Audit Committee determines;			
7(1)(viii)	audit or certification services on compliance of corporate governance as required under condition No. 9(1); and	√ √	- -	
7(1)(ix)	any other service that creates conflict of interest	√	-	



Corporate Governance Compliance Report

Condition No.	Title	Compliance Status		Remark (if any)
		Complied	Not Complied	
7(2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company;	√	-	
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the question of the shareholders. Maintaining a website by the Company.	√	-	
8(1)	The company shall have an official website linked with the website of the stock exchange	√	-	
8(2)	The company shall keep the website functional from the date of listing	√	-	
8(3)	The Company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	√	-	
Reporting and Compliance of Corporate Governance				
9(1)	The Company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of corporate compliance of conditions of Corporate Governance Code of the Commission and such certificate shall be disclosed in the Annual Report	√	-	
9(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting	√	-	
9(3)	The directors of the company shall, in accordance with the Annexure-C attached, in the director report whether the company has complied with these conditions or not	√	-	

SYMBOL OF TRUST AND SECURITY





কাজী জহির খান এন্ড কোং
KAZI ZAHIR KHAN & Co.
Chartered Accountants
In Practice Since 1980

Associated firm of
EHK Consulting
Always adding value

**CERTIFICATE OF COMPLIANCE ON CONDITIONS OF THE CORPORATE
GOVERNANCE GUIDELINES**

TO THE SHAREHOLDERS OF Mercantile Insurance Company LTD.

[As required under the Bangladesh Securities and Exchange Commission (BSEC)]

We have examined the compliance status to the Corporate Governance Code by **Mercantile Insurance Company LTD.** For the year ended on 31 December 2022. This Code relates to the Notification No. BSEC/CMRRC/2006-158/207/Admin/80, dated 3 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 thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a 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 Secretaries 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 obtained 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 conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission;
- 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;
- Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- The governance of the company is satisfactory.

Place: Dhaka

Dated: May 25, 2023


Md. Nurul Hossain Khan FCA
Enrolment No: 6240
Managing Partner
Kazi Zahir Khan & Co.
Chartered Accountants

Head Office:

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Dhaka-1000. Tel: 02 48319757, Mobile: 01713-013955
e-mail: kzkc48@gmail.com, kzkc_bd@yahoo.com



Branch Office:
Sultana Tower (Level-12), 2 No. Kalabagan, Mirpur Road
Dhanmondi, Dhaka-1205, Mobile : 01726-339692
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BANGLADESH ASSOCIATION OF PUBLICLY LISTED COMPANIES

Ref. No: **CM-2023/242**

Date of issue : **May 16, 2023**



Renewed Certificate

This is to certify that

MERCANTILE INSURANCE COMPANY LIMITED

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

This certificate remains current until 31st December 2023




Secretary General



Certificate of Renewal of Registration of IDRA

IDRA IDRA IDRA IDRA IDRA IDRA IDRA IDRA IDRA IDRA IDRA IDRA IDRA IDRA IDRA

INSURANCE DEVELOPMENT AND REGULATORY AUTHORITY



IDRA
B A N G L A D E S H

নিবন্ধন নবায়নের সনদ
(প্রবিধান ৭(৩) দ্রষ্টব্য)

নিবন্ধন নম্বর : সিআর-৬/৯৬ (বীমা অধিদপ্তর)

নিবন্ধন নবায়নের তারিখ : ০১ জানুয়ারি, ২০২৩ ইং।

বীমা আইন, ২০১০ (২০১০ সনের ১৩ নং আইন) এর ধারা ১১ মোতাবেক ০১ জানুয়ারি, ২০২৩ ইং হতে ৩১ ডিসেম্বর, ২০২৩ ইং সাল পর্যন্ত মার্কেটাইল ইনস্যুরেন্স কোম্পানী লিমিটেড এর নিবন্ধন সনদ এতদ্বারা নবায়ন করা হলো।

ইস্যুর তারিখঃ ১৬-০১-২০২৩



চেয়ারম্যান
বীমা উন্নয়ন ও নিয়ন্ত্রণ কর্তৃপক্ষ



IDRA IDRA IDRA IDRA IDRA IDRA IDRA IDRA IDRA IDRA IDRA IDRA IDRA IDRA IDRA





বাংলাদেশ ইন্স্যুরেন্স এসোসিয়েশন
Bangladesh Insurance Association



সূত্র : বিআইএ-১(৩৪)/২০২২-

তারিখ : নভেম্বর ২৭, ২০২২

বাংলাদেশ ইন্স্যুরেন্স এসোসিয়েশন-এর সদস্য পদ হালনাগাদ এর জন্য প্রত্যয়নপত্র

এতদ্বারা প্রত্যয়ন করা যাচ্ছে যে, মার্কেটাইল ইন্স্যুরেন্স কোম্পানী লিমিটেড বাংলাদেশ ইন্স্যুরেন্স এসোসিয়েশন-এর সদস্য।

এই প্রত্যয়নপত্র ২০২৩ সালের জন্য লাইফ/নন-লাইফ বীমা ব্যবসা করার নিমিত্তে বীমা উন্নয়ন ও নিয়ন্ত্রন কর্তৃপক্ষ-এর নিকট থেকে নিবন্ধন নবায়নের জন্য হালনাগাদ সনদ।

বাংলাদেশ ইন্স্যুরেন্স এসোসিয়েশন-এর পক্ষে

(নিশীথ কুমার সরকার)
সেক্রেটারী জেনারেল

মুখ্য নির্বাহী কর্মকর্তা
মার্কেটাইল ইন্স্যুরেন্স কোম্পানী লিমিটেড
রেডক্রিসেন্ট হাউজ (২য় তলা)
৬১ মতিঝিল বা/এ,
ঢাকা-১০০০।

Hossain Tower (9th floor), Box Culvert Road, 116, Naya Paltan, Dhaka-1000, Bangladesh
Tel : 48310179,9346378,Fax : 88-02-9346378, E-mail : bia@bdcom.com, web : www.biabd.org



*Directors'
Certificate*

SYMBOL OF TRUST AND SECURITY



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, 2022 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 from.
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
Chief Executive Officer



Mohammad Nabi Ullah
Director



Sajjad Mustafa
Director



Abdul Haque
Chairman

Dated: April 27, 2023
Place: Dhaka



Independent Auditors Report

To the shareholders of Mercantile Insurance Company Limited
On the audit of the financial statements

Opinion

We have audited the financial statements of Mercantile Insurance Company Limited (the "Company"), which comprise the Statement of Financial Position (Balance Sheet) as at 31 December 2022, Profit or Loss and Other Comprehensive Income (Profit & Loss Account), Profit & Loss Appropriation Account, related Revenue Accounts, Statements of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except the effects of the issues described in Emphasis of Matters paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 auditor's 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) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accounts of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Our opinion is not modified in respect of those matters. The management could not determine the forfeited amount of the provident fund for the year ended 31 December 2022, due to non-availability of the audit report of the provident fund.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements for year ended December 31, 2022. 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.



Auditors' Report to the Shareholders

Risk	Our Response to the risk
<p>a) Premium income</p> <p>Premium income is the most financially significant item in the statement of profit or loss account & profit and loss appropriation account. The company has reported gross premium income of Taka 541,704,640 for the year ended 31 December 2022.</p> <p>Gross general insurance premium comprises the total premium received during the accounting period for the entire year of cover for which insurance policy has been issued by contracts with Mercantile Insurance Company Limited. As the premium income recognition, due to the significance of the balance to the financial statements as a whole, we regard this as a key audit matter.</p> <p>Ref. note # 21.00</p>	<p>Our procedures included obtaining an understanding of management's premium income recognition process. We tested a sample of transactions to verify whether the revenue was accounted for in accordance with the revenue recognition policy as disclosed in Note- 3(k) of the financial statements. In addition, we assessed whether the disclosed revenue recognition policy was in accordance with relevant Insurance Act & rules.</p> <p>For the revenue recognized throughout the year, we tested selected key controls, including results reviews by management, for their operating effectiveness and performed procedures to gain sufficient audit evidence on the accuracy of the accounting for customer contracts and related financial statement captions.</p> <p>Our audit approach was a combination of test of internal controls and substantive procedures which included the following:</p> <ul style="list-style-type: none"> • Evaluated the design of internal controls relating to recording of efforts incurred and estimation of efforts required to complete the performance obligations. • We conducted analytical procedures & recalculation of premium income. • On a sample basis, we reviewed policy to ensure the appropriate policy stamp was affixed to the contract and amount for deposit premium along with amount for policy stamp & VAT has been reflected in the premium register. • We ensured that premium income was being deposited in the designated bank account on a sample basis. • We carried out on a sample basis if appropriate re-insurance has been done on treaty basis and moreover, appropriate re insurance premium was deducted from the gross premium. • We tested on a sample basis that appropriate VAT was collected & deposited through Treasury Challan to Bank. • We conducted substantive testing of premium income recorded over the year using sampling techniques by examining the relevant supporting documents including policy, premium register, bank reconciliation report, bank



Auditors' Report to the Shareholders

Risk	Our Response to the risk
	<p>statement and also, we confirmed selected customers' outstanding premium at the financial position date, selected on a sample basis by considering the amount outstanding with those customers.</p> <ul style="list-style-type: none"> • We specifically put emphasis on those transactions occurring close before or after the financial position date to obtain sufficient evidence over the accuracy of cut-off to ensure unearned premium income has not been included in the premium income. • Premium income from public sector business is Tk. 96,148,241 out of Gross premium Tk. 541,704,640. VAT return (Mushak 9.1) shows gross premium Tk. 461,615,632. Form XL shows direct gross premium Tk. 445,556,400. The difference with VAT return is Tk. 16,059,232 due to business cancellation. <p>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.</p>

Deferred tax Assets	
<p>Company reported net deferred tax Assets totaling Taka 1,333,033 as at 31 December 2022.</p> <p>Significant judgment is required in relation to deferred tax as their assets is dependent on forecasts of future profitability over a number of years.</p> <p>Ref. notes # 12.00 to the financial statements.</p>	<p>Our audit procedures to assess the carrying value of Deferred Tax assets included the following:</p> <ul style="list-style-type: none"> • We obtained an understanding, evaluated the design and tested the operational effectiveness of the Company's key controls over the recognition and measurement of Deferred Tax Assets and Liabilities and the assumptions used in estimating the future taxable expense of the company. • We also assessed the completeness and accuracy of the data used for the estimations of future taxable expense. • We tested the mathematical accuracy in calculation of deferred tax. • We evaluated the reasonableness of key assumptions, timing of reversal of temporary differences and expiration of tax income carry forwards, recognition and measurement of Deferred Tax Assets. • We assessed the adequacy of the company's disclosures setting out the basis of deferred tax asset balances and the level of estimation involved.



Auditors' Report to the Shareholders

Risk	Our Response to the risk
	<ul style="list-style-type: none"> • We also assisted in evaluating the tax implications, the reasonableness of estimates and calculations determined by management. • We also involved our internal experts from the tax area in the analysis of the reasonableness of the tax assumptions on the basis of the applicable legislation. <p>Finally assessed the appropriateness and presentation of disclosures against IAS 12 Income Taxes.</p>

Estimated liability in respect of outstanding claims whether due or intimated and claim payment	
<p>Mercantile Insurance Company Limited has represented the amount related with the claim due or intimated from the insured which involves management judgement & risk of over & understatement of the value.</p> <p>As a result, financial statements may show distorted amount which may also concern going concern issue for the company.</p> <p>At year ended 31 December 2022, the Consolidated reported total balance under the head of estimated liability in respect of outstanding claims whether due or intimated Tk. 174,830,913 and claim paid Tk. 102,916,741.</p> <p>Ref. notes # 21.00 (iii) to the financial statements.</p>	<p>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:</p> <ul style="list-style-type: none"> • 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 for impending claims. • Tested a sample of claims payments with intimation letter, survey report, bank statement, claim provisional register and general ledger. <p>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.</p>



Auditors' Report to the Shareholders

Risk	Our Response to the risk
<p>Property, plant and equipment (PPE)</p> <p>PPE includes the Company's long-term assets, which flow economic benefits to the entities more than one year. PPE is measured at cost. During the year asset addition is Tk. 18,645,865 the function of depreciation charges on cost that involved estimation. Therefore, it has been considered as significant area of auditor's judgment and require special attention.</p> <p>Ref. notes no. Annexure-1 to the financial statements.</p>	<p>How the matter was addressed in our audit</p> <p>We have tested the design and operating effectiveness of key controls over PPE. Our audit procedures included, among others, considering the impairment risk of the assets. Followings are our audit procedures on the carrying value and impairment risk of PPE:</p> <ul style="list-style-type: none"> - Reviewing basis of recognition, measurement of assets; - Observing procedures of assets acquisition, depreciation and disposal; - Checking ownership of the asset's addition; - Performing due physical asset verification on sample basis at the year-end; - Checking estimated rates of depreciation being used and assessed its fairness; - Evaluating the Company's assumptions in relation to recoverable amounts of the major PPE to identify if there is any requirement of recognition of impairment; and - Finally, assessing the appropriateness and presentation of disclosures against relevant accounting standards. <p>Our testing did not identify any issues with regard to Carrying Value of PPE.</p>

Investment in Shares	
<p>The classification and measurement of investment in securities required judgments and complex estimates. Investment in securities are needs to be classified as held to maturity or held for trading depending on the management intention about the investment. At the year end, the company reported total investment Tk. 369,604,025.</p> <p>Ref. notes no. 13.00 to the financial statements.</p>	<p>We assessed the processes and controls put in place by the company to identify and confirm the existence of investment. We obtained an understanding, evaluated the design and tested the operating effectiveness of the key controls over the investment adjustment. Finally, assessed the appropriateness and presentation of disclosures against relevant accounting standards.</p>



Risk	Our Response to the risk
<p>Fixed Deposit Receipt (FDR) with Banks & NBFIs</p> <p>The company reported Fixed Deposit Receipt (FDR) with Banks and NBFIs totaling Taka 1,105,196,731 as at December 31, 2022 in the statement of financial position.</p> <p>Significant judgment is required in relation to Fixed Deposit Receipt (FDR) with Banks and NBFIs is dependent on forecasts of future profitability over a number of years. During the period, the company has accrued Taka 8,645,282 as interest on FDR.</p> <p>Ref. notes # 17 & 14 to the financial statements.</p>	<p>Our Response to the Risk</p> <p>We have tested the design and operating effectiveness of key controls over FDR. Our audit procedures included, among others, considering the impairment risk of the assets.</p> <p>Followings are our audit procedures on the balance of FDR:</p> <ul style="list-style-type: none"> - Review of FDR Block and FDR statement on sample basis documents as reported to the financial statements. - Checking the Bank Concerned person seal & sign in the FDR Block documents. - Checking the FDR balance with the financial statements. - Checked and found that, the company has accrued FDR interest. - Preparing 231 nos confirmation letter out of 710 nos for FDR and subsequently sent to Bank with the company's management signature. Up to the reporting date, we have only received Tk. 604,782,019.07 out of Tk. 1,105,196,731 balances confirmations letter for FDR from Banks. - The management provided certificate for FDR amount and accrued interest calculation of FDR.

Cash & Cash equivalents	Our Response to the Risk
<p>The company reported Cash at bank balance totaling Taka 30,962,324 as at December 31, 2022 in the statement of financial position.</p> <p>The company reported cash in hand Tk. 61,49,041 including branches petty cash amount which needs to reconcile with branch bank balance at branch level.</p> <p>Ref. notes # 17 to the financial statements.</p>	<p>Our Response to the Risk</p> <p>We have tested the design and operating effectiveness of key controls over Cash at bank balance. Our audit procedures included, among others, considering the impairment risk of the assets.</p> <p>Followings are our audit procedures on the balance of Cash at bank balance:</p> <ul style="list-style-type: none"> - Review of Bank statement documents as reported to the financial statements. - Checking the Bank Concerned person seal & sign in the Bank Statement. - Checking the Bank balance with the financial statements. - Preparing Bank balance confirmation letter for all STD & CD Accounts and subsequently sent to Bank with the company's management signature. we have only received Tk. 17,644,578.27 out of Tk. 30,962,324 balances confirmations letter for STD & CD Accounts from Banks Up to the reporting date. - The management provided certificate for Bank balance. - Review of petty cash as reported to the financial statements on sample basis documents as reported 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 annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover 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 identified above when it becomes available 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 on the other information obtained prior to the date of the auditor's report, 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 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.



Auditors' Report to the Shareholders

- 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.

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:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) In our opinion, proper books of accounts, records and other statutory books as required by law have been kept by the Company so far as it appeared from our examinations of those books;
- c) 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;
- d) 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 or loss account of the Company;
- e) The balance sheet, profit or loss account, profit & loss appropriation 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
- f) The expenditure was incurred for the purpose of the Company's business.

Dated: May 02, 2023

Place: Dhaka

DVC: 2305020478AS461220


Ahmed Zaker & Co.
Chartered Accountants
Z A Maridha FCA
Senior Partner
Enrolment No: 0478

PARTICULARS	NOTES	Amount in Taka	
		31-Dec-22	31-Dec-21
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 for Exceptional Losses	4.00	311,082,874	279,504,277
General Reserve	5.00	23,100,000	22,100,000
Fair Value of Share	6.00	(13,125,464)	10,826,427
Profit or Loss Appropriation Account	7.00	68,603,192	60,199,579
Total Shareholders Equity:		895,428,327	878,398,008
Balance of Fund & Accounts:			
		158,306,398	148,494,795
Fire Insurance Business		20,319,349	14,311,306
Marine Insurance Business		95,920,306	105,808,718
Miscellaneous Insurance Business		42,066,743	28,374,771
Liabilities & Provision:			
		1,425,998,838	1,393,040,121
Premium Deposit	8.00	56,473,896	58,741,241
Lease Liability	31.02	11,593,454	-
Estimated liability in respect of outstanding claims whether due or intimated	21 (iii)	174,830,913	160,000,000
Amount due to other person or bodies carrying on insurance business	9.00	1,045,542,432	1,078,947,539
Sundry Creditors	10.00	136,288,142	94,514,151
Unclaimed Dividend Accounts	11.00	1,270,001	837,190
Total Shareholders Equity & Liabilities :		2,479,733,562	2,419,932,924
Assets:			
Non-Current Assets:			
		89,451,315	66,816,651
Property, Plant & Equipment	Annexure-A	42,035,284	30,915,225
Bangladesh Govt. Treasury Bond		35,000,000	35,000,000
Lease Assets (ROU)	31.01	11,082,999	-
Deferred Tax Assets	12.00	1,333,032	901,426
Current Assets:			
		2,390,282,248	2,353,116,273
Investment in Shares	13.00	369,604,025	261,825,499
Accrued Interest	14.00	8,645,282	7,359,926
Amount due from other persons or bodies carrying on insurance business	15.00	725,904,388	811,006,472
Sundry Debtors	16.00	30,433,634	9,437,456
Cash and Bank Balance	17.00	1,153,071,912	1,193,176,855
Advance Income Tax	18.00	102,560,067	70,292,885
Stamps in Hand		62,940	17,180
Total Assets:		2,479,733,562	2,419,932,924
Net Assets Value Per Share (NAVPS)	29.00	20.78	20.38

The Annexed notes 1 to 33 form an integral part of these Financial statements.

Chief Executive Officer

Director

Director

Chairman

Signed as per our separate report on same date.

Dated: April 27, 2023
Place: Dhaka
DVC: 2305020478AS461220

Ahmed Zaker & Co.
Chartered Accountants
Z A Maridha FCA
Senior Partner
Enrolment No: 0478



Statement of Profit or Loss & Other Comprehensive Income

For the year ended December 31, 2022

PARTICULARS	NOTES	Amount in Taka	
		31-Dec-22	31-Dec-21
Operating Profit/(loss) Transferred From:		46,270,131	50,439,810
Fire Insurance Revenue Account		(83,287,533)	(58,393,615)
Marine Insurance Revenue Account		104,542,190	80,272,737
Miscellaneous Insurance Revenue Account		25,015,474	28,560,688
Non-Operating Income (Not applicable to any Fund or Account):		82,023,451	76,971,090
Interest & Dividend Income	19.00	79,055,626	64,440,877
Profit on Sale of Share	19.01	2,787,825	12,350,213
Rent Income	20.00	180,000	180,000
Total Income:		128,293,582	127,410,900
Expenses of Management (Not applicable to any fund or Account):		19,632,967	8,676,773
Registration & Renewal		1,858,868	1,643,534
Directors' Fees	25.00	2,160,000	720,000
Audit Fees	26.00	125,000	100,000
Depreciation	Annexure-A	7,525,805	4,676,614
Depreciation on Lease		6,329,794	-
Donation & Subscription		560,000	300,500
Legal & Professional Fees		1,073,500	1,236,125
Net Profit/(Loss) Transferred to Profit or Loss Appropriation Account		108,660,615	118,734,127
Total:		128,293,582	127,410,900
Earnings Per Share (EPS)	27.00	1.95	2.08

Profit or Loss Appropriation Account

For the year ended December 31, 2022

PARTICULARS	NOTES	Amount in Taka	
		31-Dec-22	31-Dec-21
Opening Balance of Appropriation Accounts		60,199,579	45,458,424
Net Profit/(Loss) Transferred from Consolidated Revenue Account		108,660,615	118,734,127
Total		168,860,194	164,192,551
Appropriation:		100,257,003	103,992,972
Stock Dividend Issued/Cash Dividend		43,095,360	43,095,360
Reserve for Exceptional Losses	4.00	31,578,596	29,653,958
General Reserve	5.00	1,000,000	2,000,000
Provision for Income Tax	22.00	25,014,653	29,243,654
Deffered Tax (Income)/Expenses	12.01	(431,606)	-
Undistributed Balance Transferred to Balance Sheet		68,603,191	60,199,579
Total:		168,860,194	164,192,551

Other Comprehensive Income

For the year ended December 31, 2022

PARTICULARS	NOTES	Amount in Taka	
		31-Dec-22	31-Dec-21
Profit After Tax		84,077,568	89,490,473
Other Comprehensive Income	13.01	(13,125,464)	10,826,427
Changes in Fair Value of the Shares Available for Sale			
Total Comprehensive Income		70,952,104	100,316,900

The Annexed notes 1 to 33 form an integral part of these Financial statements.

Chief Executive Officer

Director

Director

Chairman

Signed as per our separate report on same date.

Ahmed Zaker & Co.
Chartered Accountants
Z A Maridha FCA
Senior Partner
Enrolment No: 0478

Dated: April 27, 2023
Place: Dhaka
DVC: 2305020478AS461220

Consolidated Revenue Account

For the year ended December 31, 2022

PARTICULARS	NOTES	Amount in Taka	
		31-Dec-22	31-Dec-21
Opening Balance of Reserve for Unexpired Risks		148,494,796	113,973,883
Premium Less Re-insurance		315,785,957	296,539,588
Commission on Re-insurance Ceded	21 (ii)	51,167,936	48,773,438
Total:		515,448,689	459,286,909
Claims under policies less Re-insurance		117,747,654	113,999,852
Paid during the year	21 (iii)	102,916,741	93,999,852
Claims Outstanding at the end of the year	21 (iii)	174,830,913	160,000,000
Claims Outstanding at the end of the previous year	21 (iii)	(160,000,000)	(140,000,000)
Agency Commission	21 (ii)	66,833,460	28,044,416
Expenses of Management	21 (iv)	126,291,046	118,308,036
Profit/(Loss) Transferred to Profit or Loss Account		46,270,131	50,439,810
Closing balance of Reserve for unexpired risks		158,306,398	148,494,795
Total:		515,448,689	459,286,909

The Annexed notes 1 to 33 form an integral part of these Financial statements.



Chief Executive Officer



Director



Director



Chairman

Dated: April 27, 2023
Place: Dhaka
DVC: 2305020478AS461220

Signed as per our separate report on same date.



Ahmed Zaker & Co.
Chartered Accountants
Z A Maridha FCA
Senior Partner
Enrolment No: 0478



Fire Insurance Revenue Account

For the year ended December 31, 2022

PARTICULARS	NOTES	Amount in Taka	
		31-Dec-22	31-Dec-21
Opening Balance of Reserve for Unexpired Risks		14,311,306	18,650,078
Premium Less Re-insurance	21 (i)	40,638,698	28,622,611
Commission on Re-insurance Ceded	21 (ii)	33,262,103	31,512,234
Total:		88,212,107	78,784,923
Claims under policies less Re-insurance		92,330,736	79,635,770
Paid during the year	21 (iii)	83,617,575	60,635,770
Claims Outstanding at the end of the year	21 (iii)	102,713,161	94,000,000
Claims Outstanding at the end of the previous year	21 (iii)	(94,000,000)	(75,000,000)
Agency Commission	21 (ii)	21,711,230	6,142,732
Expenses of Management	21 (iv)	37,138,325	37,088,730
Profit/(Loss) transferred to Profit or Loss Account		(83,287,533)	(58,393,615)
Closing Balance of Reserve for Unexpired Risks @ 50% of Premium Income of the year		20,319,349	14,311,306
Total:		88,212,107	78,784,923

The Annexed notes 1 to 33 form an integral part of these Financial statements.


Chief Executive Officer


Director


Director


Chairman

Dated: April 27, 2023
Place: Dhaka
DVC: 2305020478A5461220

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Chartered Accountants
Z A Maridha FCA
Senior Partner
Enrolment No: 0478

Marine Insurance Revenue Account

For the year ended December 31, 2022

PARTICULARS	NOTES	Marine Cargo	Marine Hull	Amount in Taka	
				31-Dec-22	31-Dec-21
Opening Balance of Reserve for Unexpired Risks		105,358,719	450,000	105,808,719	78,488,410
Premium Less Re-insurance	21 (i)	190,186,934	826,839	191,013,773	211,167,436
Commission on Re-insurance Ceded	21 (ii)	13,960,365	126,830	14,087,195	13,386,839
Total:		309,506,018	1,403,669	310,909,687	303,042,685
Claims under policies less Re-insurance		19,992,489	-	19,992,489	34,763,898
Paid during the year	21 (iii)	16,516,494	-	16,516,494	32,263,898
Claims Outstanding at the end of the year	21 (iii)	40,975,995	-	40,975,995	37,500,000
Claims Outstanding at the end of the previous year	21 (iii)	(37,500,000)	-	(37,500,000)	(35,000,000)
Agency Commission	21 (ii)	32,932,124	118,125	33,050,249	19,351,005
Expenses of Management	21 (iv)	56,674,076	730,377	57,404,453	62,846,327
Profit/(Loss) transferred to Profit or Loss Account		104,813,862	(271,672)	104,542,190	80,272,737
Closing Balance of Reserve for Unexpired Risks @ 50% of Marine Cargo Premium & 100% of Marine Hull Premium Income of the year		95,093,467	826,839	95,920,306	105,808,718
		309,506,018	1,403,669	310,909,687	303,042,685

The Annexed notes 1 to 33 form an integral part of these Financial statements.

Chief Executive Officer

Director

Director

Chairman

Dated: April 27, 2023
Place: Dhaka
DVC: 2305020478AS461220

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Chartered Accountants
Z A Maridha FCA
Senior Partner
Enrolment No: 0478



Miscellaneous Insurance Revenue Account

For the year ended December 31, 2022

PARTICULARS	NOTES	Motor	Misc.	Amount in Taka	
				31-Dec-22	31-Dec-21
Opening Balance of Reserve for Unexpired Risks		4,256,389	24,118,382	28,374,771	16,835,395
Premium Less Re-insurance	21 (i)	9,272,437	74,861,049	84,133,486	56,749,541
Commission on Re-insurance Ceded	21 (ii)	784,536	3,034,102	3,818,638	3,874,365
Total:		14,313,362	102,013,533	116,326,895	77,459,301
Claims under policies less Re-insurance		1,958,691	3,465,738	5,424,429	(399,816)
Paid during the year	21 (iii)	985,412	1,797,260	2,782,672	1,100,184
Claims Outstanding at the end of the year	21 (iii)	11,473,279	19,668,478	31,141,757	28,500,000
Claims Outstanding at the end of the previous year	21 (iii)	(10,500,000)	(18,000,000)	(28,500,000)	(30,000,000)
Agency Commission	21 (ii)	1,018,200	11,053,781	12,071,981	2,550,679
Expenses of Management	21 (iv)	2,184,234	29,564,034	31,748,268	18,372,979
Profit/(Loss) transferred to Profit or Loss Account		4,516,018	20,499,456	25,015,474	28,560,688
Closing Balance of Reserve for Unexpired Risks @ 50% of Premium Income of the year		4,636,219	37,430,525	42,066,743	28,374,771
		14,313,362	102,013,533	116,326,895	77,459,301

The Annexed notes 1 to 33 form an integral part of these Financial statements.


Chief Executive Officer


Director


Director


Chairman

Dated: April 27, 2023
Place: Dhaka
DVC: 2305020478AS461220

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Ahmed Zaker & Co.
Chartered Accountants
Z A Maridha FCA
Senior Partner
Enrolment No: 0478

Statement of Changes in Equity

For the year ended December 31, 2022

Particulars	Share Capital	Share Premium	Reserve for Exceptional Losses	General Reserve	Unrealized gain on share	Profit and Loss Appropriation	Total Taka
Opening Balance	430,953,600	74,814,125	279,504,278	22,100,000	10,826,427	60,199,579	878,398,009
Profit after Tax during the year	-	-	-	-	-	84,077,568	84,077,568
Transfer to General reserve	-	-	-	1,000,000	-	(1,000,000)	-
Cash Dividend -	-	-	-	-	-	(43,095,360)	(43,095,360)
Reserve for Exceptional Losses	-	-	31,578,596	-	-	(31,578,596)	-
Unrealized gain on share	-	-	-	-	(23,951,891)	-	(23,951,891)
As at December 31, 2022	430,953,600	74,814,125	311,082,874	23,100,000	(13,125,464)	68,603,192	895,428,327

Statement of Changes in Equity

For the year ended December 31, 2021

Particulars	Share Capital	Share Premium	Reserve for Exceptional Losses	General Reserve	Profit and Loss Appropriation	Profit and Loss Appropriation	Total Taka
Opening Balance	430,953,600	74,814,125	249,850,320	20,100,000	-	45,458,424	821,176,469
Profit after Tax during the year	-	-	-	-	-	89,490,473	89,490,473
Transfer to General reserve	-	-	-	2,000,000	-	(2,000,000)	-
Cash Dividend -	-	-	-	-	-	(43,095,360)	(43,095,360)
Reserve for Exceptional Losses	-	-	29,653,958	-	-	(29,653,958)	-
Unrealized gain/(Loss) on share	-	-	-	-	10,826,427	-	10,826,427
As at December 31, 2021	430,953,600	74,814,125	279,504,278	22,100,000	10,826,427	60,199,579	878,398,009

The Annexed notes 1 to 33 form an integral part of these Financial statements.



Chief Executive Officer



Director



Director



Chairman

Dated: April 27, 2023
Place: Dhaka
DVC: 2305020478AS461220

Signed as per our separate report on same date.



Ahmed Zaker & Co.
Chartered Accountants
Z A Maridha FCA
Senior Partner
Enrolment No: 0478



Statement Of Cash Flows

For the year ended December 31, 2022

PARTICULARS	NOTES	Amount in Taka	
		31-Dec-22	31-Dec-21
A) Cash Flows from Operating Activities:			
Collection from Premium and Commission		592,872,576	369,577,866
Management Expenses, Commission, Re-Insurance & Claims		(521,959,930)	(296,539,589)
Income Tax Paid		(32,267,182)	(24,097,535)
Net Cash Provided by Operating Activities		38,645,464	48,940,742
B) Cash Flows from Investing Activities:			
Purchase of Share		(366,533,098)	10,826,427
Sale of Share		258,754,573	-
Interest/Dividend Received		10,322,621	4,372,000
Net Fund Adjustment		19,274,336	26,810,652
Acquisition of Property, Plant & Equipment		(18,645,865)	(7,610,424)
Others Investment Income		68,733,005	60,068,876
Net Cash Used in Investing Activities		(28,094,428)	94,467,531
C) Cash Flows from Financing Activities:			
Dividend Paid		(43,095,360)	(43,095,360)
Payment of Lease Interest		(870,640)	-
Payment of Lease Rent		(6,689,979)	-
Net Cash Used in Financing Activities		(50,655,979)	(43,095,360)
D) Net Cash Inflow/ Outflow(A+B+C)		(40,104,943)	100,312,913
Cash & Cash Equivalents at the beginning of the year (01-01-2022)		1,193,176,855	1,128,298,754
Cash & Cash Equivalents at the end of the year (31-12-2022)	17.00	1,153,071,912	1,228,611,667
Net Operating Cash Flow Per Share (NOCFPS)	30.00	Tk. 0.90	Tk. 1.14

The Annexed notes 1 to 33 form an integral part of these Financial statements.


Chief Executive Officer


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Dated: April 27, 2023
Place: Dhaka
DVC: 2305020478AS461220

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Ahmed Zaker & Co.
Chartered Accountants
Z A Maridha FCA
Senior Partner
Enrolment No: 0478

Classified Summary of Assets

As at December 31, 2022

Form "AA"

Sl No.	Class of Assets	Book Value (Taka)
01	Bangladesh Govt. Treasury Bond	35,000,000
02	Shares	369,604,025
03	Fixed Deposit	1,105,196,731
04	Cash at Bank (STD & CD A/c)	30,962,324
05	Cash in Hand & Cash with BO A/c	16,912,857
06	Interest Accrued	8,645,282
07	Sundry Debtors (including advance, deposits & pre-payments)	30,433,634
08	Advance Income Tax	102,560,067
09	Amount due from other person or bodies carrying on Insurance business	725,904,388
10	Non-Current Assets (at cost less depreciation)	42,035,284
11	Lease Assets (ROU)	11,082,999
12	Deferred Tax Assets	1,333,032
13	Stamps in Hand	62,940
	Total Taka	2,479,733,562

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

The Annexed notes 1 to 33 form an integral part of these Financial statements.

Chief Executive Officer

Director

Director

Chairman

Dated: April 27, 2023
Place: Dhaka
DVC: 2305020478AS461220

Signed as per our separate report on same date.

Ahmed Zaker & Co.
Chartered Accountants
Z A Maridha FCA
Senior Partner
Enrolment No: 0478



Notes to the Financial Statements

For the year ended December 31, 2022

1. Legal Status and Nature of the Company:

(a) Legal Status:

MERCANTILE INSURANCE COMPANY LIMITED was incorporated as a public limited company on MARCH 19, 1996 and obtained the certificate of commencement of business as on May 5, 1996 under the Companies Act 1994, RJSC registration Dated March 19, 1996 and IDRA Registration (Insurance Dated January 01, 2020. The company obtained insurance license from the Controller of Insurance, Government of People's Republic of Bangladesh, was obtained with effect from 13th May, 1996. MERCANTILE INSURANCE COMPANY LIMITED went for public issue in 2004 and the shares of the company are listed in both Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited.

(b) 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.

(c) 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 2019 under review.

2. Significant Accounting Policies & Other Relevant Information:

(a) Basic of Accounting Preparation:

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

(b) 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.

(c) Directors Responsibility Statements:

The Board of Directors are also responsible for the preparation and Presentation of financial statements under section 183 of the Companies Act 1994, the Bangladesh Securities and Exchange Rules 1987, listing regulation of Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd and as per the provision of " The International Accounting Standards Committee" (IASC). 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 at December 31, 2022;
- ii) Statement of Profit or Loss and other Comprehensive Income for the year ended December 31, 2022;
- iii) Statement of Profit and Loss Appropriation Account for the year ended December 31, 2022;
- iv) Consolidated Revenue Account for the year ended December 31, 2022;
- v) Fire Insurance Revenue Account for the year ended December 31, 2022;
- vi) Marine Insurance revenue Account for the year ended December 31, 2022;
- vii) Miscellaneous Insurance Revenue Account for the year ended December 31, 2022;
- viii) Statement of Changes in Equity for the year ended December 31, 2022;
- ix) Statement of Cash Flows for the year December 31, 2022;
- x) Notes comprising a summary of significant accounting policies and other explanatory information to the accounts for the year ended December 31, 2022;

(d) Date of Authorization:

The Board of Directors has authorized these financial statements on April 27, 2023.

(e) 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.

(f) 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.

(g) 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).

(h) 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.

(i) Reporting Period:

Financial statements of the company consistently cover one calendar year from 1 January 2022 to 31 December 2022.



Notes to the Financial Statements

For the year ended December 31, 2022

(j) **Branch Accounting:**

The company has 18th branches under its umbrella without having any overseas branch up to the year ended December 31, 2022. 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.

(k) **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 SadharanBima Corporation (SBC), 50% being retained by SBC and the balance is equally distributed to 46 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 SadharanBima Corporation is received. The statements of accounting period from January 01, 2022 to December 31, 2022 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:**

• **Re-insurance Ceded and Accepted with SadharanBima 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 SadharanBima Corporation (SBC).

• **Re-Insurance with Foreign Re-insurer:**

Fifty percent of the re-insurable non-life insurance business shall be re-insured with SadharanBima 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:

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

- **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.
- **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.
- **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.



Notes to the Financial Statements

For the year ended December 31, 2022

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.

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

- **Sale of fixed assets:**

Sale price of fixed assets are determined on the basis of fair value of the assets. Gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between sales proceeds and carrying amount of the asset and is recognized in profit or loss account as per provision of IAS 16.

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. Cause Bangladesh Insurance Association has taken up the matter and send a request to Dhaka stock exchange limited to exempt the Insurance Companies for maintaining the 'Workers' Profit Participation Fund' and 'Workers' Welfare Fund'.

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. The calculation of Net Operating Cash Flow per share (NOCFPS) has been given in Note#30.00

xii) Foreign Currency Transaction:

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

xiii) Cash and Bank balance:

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

xiv) Appropriation during the Year:

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

xv) Stock of Stationery & Forms:

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

xvi) Re-arrangement of Head of Accounts:

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

xvii) Recognition of Expenses and Taxes:

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

xvii) 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.

xviii) 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.

• **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.

• **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.



Notes to the Financial Statements

For the year ended December 31, 2022

xx) Reserve or Contingencies Accounts:

• 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.

• 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.

• General Reserve Fund:

Transfer to General Reserve from profits is done on a lump sum basis as management deems fit. A general reserve is a reserve, which is created from appropriation of profits. The aim of creating a general reserve is to provide additional working capital or to strengthen the cash resources of the business out of profits and equalizing the rate of dividend in the years in which distributable profits are inadequate.

xxi) Segment Reporting:

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

(xxii) Earnings Per Share (EPS) :

The company calculates Earning per Share (EPS) in accordance with IAS -33: "Earnings Per Share", which has been shown on the Statement of Comprehensive Income (Profit and Loss) in the Financial Statements. The Calculation of Earnings Per Share (EPS) has been given in Note no #27.00.

(xxii) 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 217th Meeting held on April 27, 2023 decided to recommend payment of 10% cash dividend for All Shareholders only for the year 2022.

(xxv) Transactions with Related Parties (IAS-24):

As per International Accounting Standards: 24 Related Party Disclosures, parties are considered to be related if one of the party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Details are given in note no.23.00. Transactions with related parties.

(xxvi) Reporting Currency:

The financial statements are prepared and presented in Bangladesh Taka (BDT), which is the company's financial currency. A sizeable amount has however been received in foreign currency.



Notes to the Financial Statements

For the year ended December 31, 2022

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

Authorised Capital

100,000,000 ordinary shares of Tk. 10.00 each

Issued, Subscribed & Paid-up capital

43,095,360 Ordinary Shares of Tk.10/= each

Total:

Amount in Taka	
31-Dec-22	31-Dec-21
1,000,000,000	1,000,000,000
430,953,600	430,953,600
430,953,600	430,953,600

This is made up as follows

2022			
Category of Shareholders	No. of Share	% of holding	Amount (Tk.)
1. Sponsors & Sponsor Directors	14,893,060	34.56%	148,930,600
2. Genral Public	14,875,378	34.52%	148,753,780
3. Institution	13,326,922	30.92%	133,269,220
Total:	43,095,360	100%	430,953,600

2021			
Category of Shareholders	No. of Share	% of holding	Amount (Tk.)
1. Sponsors & Sponsor Directors	14,445,842	32.52%	144,458,420
2. Genral Public	16,118,525	37.40%	161,185,250
3. Institution	12,530,993	29.08%	125,309,930
Total:	43,095,360	99%	430,953,600

Classification of Shareholders as per their share holdings

i) Sponsors & Directors

Class Interval	No. of Shares	No. of Share Holder	2022	2021
			% of holding	% of holding
001-500	Nil	Nil	Nil	Nil
501-5000	Nil	Nil	Nil	Nil
5001-10000	Nil	Nil	Nil	Nil
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	11,096,900	13	74.51	73.72
1000001 and above	3,796,160	3	25.49	26.28
Total of (i)	14,893,060	16	100	100

ii) General Public & Institutions

Class Interval	No. of Shares	No. of Share Holder	2022	2021
			% of holding	% of holding
001-500	273,898	1392	0.97	1.02
501-5000	3,172,580	1731	11.25	12.58
5001-10000	2,172,343	283	7.70	8.43
10001-20000	2,190,156	151	7.77	8.86
20001-30000	1,379,444	54	4.89	5.10
30001-40000	986,418	28	3.50	3.08
40001-50000	713,066	16	2.53	3.44
50001-100000	2,258,484	31	8.01	7.68
100001-1000000	8,618,533	33	30.56	29.92
1000001 and above	6,437,378	4	22.83	19.88
Total of (ii)	28,202,300	3,723	100	100
Grand Total (i+ii)	43,095,360	3,739	Nil	Nil

4.00 Reserve for Exceptional Losses: Tk. 311,082,874

This is made up as follows

Particulars

Opening Balance

Add: addition during the year

Closing balance:

Amount in Taka	
31-Dec-22	31-Dec-21
279,504,278	249,850,319
31,578,596	29,653,958
311,082,874	279,504,278

5.00 General Reserve: Tk. 23,100,000

This is made up as follows

Particulars

Opening Balance

Add: addition during the year

Closing balance:

22,100,000	20,100,000
1,000,000	2,000,000
23,100,000	22,100,000

6.00 Fair Value of Share on Investment: Tk. -13,125,464

This is made up as follows

Particulars

Opening Balance

Add: addition during the year

Less: adjustment during the year

Total:

10,826,427	-
-	10,826,427
10,826,427	10,826,427
23,951,891	-
(13,125,464)	10,826,427

7.00 Profit or Loss Appropriation Accounts: Tk. 68,603,192

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

Deffered Tax (Income)/Expenses

Closing balance:

60,199,579	45,458,423
108,660,615	118,734,127
(43,095,360)	(43,095,360)
(31,578,596)	(29,653,958)
(1,000,000)	(2,000,000)
(25,014,653)	(29,243,654)
431,606	-
68,603,192	60,199,579

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

8.00 Premium Deposit: Tk. 56,473,896

This is made up as follows

Particulars

Premium Deposit

Total:

56,473,896	58,741,241
56,473,896	58,741,241

The balance represents the amount received against cover-notes but risks have not been intimated within 31st December, 2022 but subsequently converted into Policies by 31 March, 2023



Notes to the Financial Statements

For the year ended December 31, 2022

Amount in Taka	
31-Dec-22	31-Dec-21

9.00 Amount due to other persons or bodies carrying on insurance business: Tk. 1,045,542,432

This is made up as follows

Particulars

adharan Bima Corporation & Others Insurance Company

Total:

1,045,542,432	1,078,947,539
1,045,542,432	1,078,947,539

10.00 Sundry Creditors: Tk. 136,288,142

This is made up as follows

Particulars

Value added Tax (VAT)

Audit Fee Payable

Legal Fee Payable

Provident Fund Payable

Salary & Allowances

Provision for Income Tax

Gratuity Payable

Advance against Car Hire Purchase

Other's Payable

Total:

	3,078,681	3,541,012
	100,000	100,000
	-	66,190
	4,461,304	853,599
	151,666	488,496
10.01	106,694,761	81,680,108
	1,628,868	-
	20,069,636	7,784,746
	103,226	-
Total:	136,288,142	94,514,151

VAT of Tk. 3,078,681.00, Salary & Allowances Tk. 151,666.00 have since been paid off.

10.01 Provision for Income Tax: Tk. 106,694,761

This is made up as follows

Particulars

Opening Balance

Add: Provision made during the year

Less: Adjustment made during the year closing balance

Total:

	81,680,108	53,377,425
22.01	25,014,653	29,243,654
	-	(940,971)
Total:	106,694,761	81,680,108

11.00 Unclaimed Dividend: Tk. 1,270,001

This is made up as follows

Particulars

Unclaimed Dividend

Total:

1,270,001	837,190
1,270,001	837,190

Refund & Dividend warrant for the years 2004 to 2020 already issued. As per BSEC rule but no claim have been made by the share holders up to the date of 31st December 2022



12.00 Deferred Tax Assets: Tk. 1,333,032

This is made up as follows

Particulars

Opening Balance

Add: Addition during the year

12.01

Less: Adjustment during the year

Closing Balance

		Amount in Taka	
		31-Dec-22	31-Dec-21
		901,426	1,000,149
		431,606	(98,723)
		1,333,032	901,426
		-	-
		1,333,032	901,426

12.01 Deferred Tax Calculation: Tk. - 431,606

This is made up as follows

Particulars

Written down value as per Accounting base

Written down value as per Tax base

Taxable Temporary Difference

Applicable Tax rate

Deferred Tax (Assets)/ Liability

Less: Opening balance of deferred tax (Assets)/Liability

Deferred Tax Income

	42,035,284	30,915,224
	(45,590,035)	(33,319,023)
	(3,554,751)	(2,403,799)
	37.50%	37.50%
	(1,333,032)	98,723
	901,426	1,000,149
	(431,606)	(901,426)

13.00 Investment in Shares: Tk. 369,604,025

This is made up as follows

Name of the Company	2022		2021	
	Cost Value	Fair Market Value	Cost Value	Fair Market Value
BDPAINTS	63,870	241,429	-	-
CITYBANK	14,150,827	13,257,343	4,194,778	4,287,056
CLICL	69,420	426,239	-	-
DHAKABANK	7,036,209	6,600,000	2,396,220	2,413,713
EXIMBANK	14,062,450	12,480,000	14,062,450	15,240,000
FEDERALINS	7,433,447	6,200,000	2,482,779	2,687,792
GIB	13,173,670	11,856,303	-	-
ICICL	87,980	247,224	-	-
ISLAMIBANK	11,349,907	11,480,271	-	-
LANKABAFIN	82,298	36,608	-	-
MEGHNAINS	40,030	171,328	-	-
MERCANBANK	3,407,498	2,856,000	1,698,235	1,710,000
NBL	129,103,200	124,500,000	-	-
NCCBANK	5,908,282	8,611,200	5,908,282	9,180,000
ONEBANKLTD	3,799,475	3,213,000	681,700	690,000
POPULARLIF	407,764	390,000	40,776	471,600
PREMIERBAN	6,806,206	7,315,000	5,152,081	5,960,000
PRIMEBANK	33,802,671	27,840,000	15,279,860	12,900,000
PRIMEINSUR	511,326	546,149	-	-
PRIMELIFE	1,991,411	1,787,565	-	-
SHAJABANK	2,163,536	1,936,400	-	-
SIBL	42,473,727	38,223,566	99,863,744	102,983,224
STANDBANKL	32,140,092	28,098,400	31,656,386	32,635,000
UCB	29,567,730	29,315,000	29,567,730	31,365,000
UTTARABANK	24,422,889	23,300,000	14,713,568	13,260,000
BEXGSUKUK	7,500,000	6,675,000	7,500,000	7,500,000
RAKCERAMIC	-	-	3,178,831	2,664,000
ROYALGREEN	2,000,000	2,000,000	2,000,000	2,000,000
MASTERAGRO	-	-	266,490	255,830
MOSTFAMETAL	-	-	245,090	262,246
ORYZAAGRO	-	-	272,440	283,338
PADMALIFE	-	-	9,470,644	13,076,700
Total:	393,555,915	369,604,025	250,999,072	261,825,499



Notes to the Financial Statements

For the year ended December 31, 2022

Amount in Taka	
31-Dec-22	31-Dec-21

13.01 Changes in fair value of the shares available for sale

This is made up as follows

Particulars

Fair Value of the Investment	369,604,025	250,999,072
Less: Cost Price of the Investment	393,555,915	261,825,499
Fair Value Reserve as at 31 December 2022	(23,951,891)	10,826,427
Less: Fair Value Reserve as at 1 January 2022	10,826,427	-
Fair Value Adjustment for the year	(13,125,464)	10,826,427

14.00 Accrued Interest: Tk. 8,645,282

This is made up as follows

Particulars

Accrued Interest	8,645,282	7,359,926
Total:	8,645,282	7,359,926

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

15.00 Amount due from other persons or bodies carrying on insurance business: Tk. 725,904,388

This is made up as follows

Particulars

Sadharan Bima Corporation & others insurance company	725,904,388	811,006,472
Total:	725,904,388	811,006,472

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

16.00 Sundry Debtors: Tk. 30,433,634

This is made up as follows

Particulars

Advance against Office Rent	11,391,254	8,901,753
Advance to Staff	18,512,077	-
Security deposit	530,303	535,703
Total:	30,433,634	9,437,456

Regular adjustments have been made on advance against office rent

16.01 Security deposit: Tk. 530,303

This is made up as follows

Particulars

CDBL	300,000	300,000
Bangladesh Red Crescent Society	230,303	235,703
Total:	530,303	535,703



17.00 Cash & Bank balance: Tk. 1,153,071,912

This is made up as follows

Particulars

Cash In hand

Cash with BO Account

Fixed Deposit Receipt

STD & CD Accounts

Total:

Amount in Taka	
31-Dec-22	31-Dec-21

6,149,041	3,450,816
10,763,816	42,217,923
1,105,196,731	1,130,963,208
30,962,324	16,544,907
1,153,071,912	1,193,176,854

**FDR has been produced before the Auditors for their physical verification*
18.00 Advance Income Tax: Tk. 102,560,067

This is made up as follows

Particulars

Opening balance

Addition during the year

Adjustment during the year

Total:

70,292,885	56,695,350
32,267,182	24,097,535
102,560,067	80,792,885
-	10,500,000
102,560,067	70,292,885

The advance tax paid in different years fall adjustable with the assesses tax liabilities subject to disposal of Cases under Tribunal & High Court.
19.00 Interest, Dividend & Rent Income: Tk. 81,843,451

This is made up as follows

Particulars

Interest on FDR

Interest on STD

Interest on Bangladesh Govt. Treasury Bond

Dividend Received

65,574,215	56,818,003
56,790	98,294
3,102,000	3,152,579
10,322,621	4,372,000
79,055,626	64,440,876
2,787,825	12,350,213
81,843,451	76,791,089

19.01 Profit on Sale of Share
Total:
20.00 Rent Income: Tk. 180,000

This is made up as follows

Particulars

Rent Income

Total:

180,000	180,000
180,000	180,000



Notes to the Financial Statements

For the year ended December 31, 2022

21.00 Revenue Accounts:

i) The summarized position of net underwriting profit earned during the year 2022 is as follows:

Particulars	Fire	Marine Cargo	Marine Hull	Motors	Miscellaneous	31-Dec-22	31-Dec-21
Revenue:							
a) Gross Premium (Including SBC & Govt. Business)	159,298,728	243,094,115	3,132,831	9,368,914	126,810,052	541,704,640	531,971,166
b) Re- Insurance Premium	118,660,030	52,907,181	2,305,992	96,477	51,949,003	225,918,683	235,431,577
c) Net Premium (a-b)	40,638,698	190,186,934	826,839	9,272,437	74,861,049	315,785,957	296,539,589
Direct Expenses:							
d) Commission (Net) (ii)	(11,550,873)	18,971,759	(8,705)	233,664	8,019,679	15,665,524	(20,729,022)
e) Claims under policies less Re-insurance (iii)	92,330,736	19,992,489	-	1,958,691	3,465,738	117,747,654	113,999,854
f) Management Expenses	37,138,325	56,674,076	730,377	2,184,234	29,564,034	126,291,046	118,308,036
g) Total Direct Expenses (d+e+f)	117,918,188	95,638,324	721,672	4,376,589	41,049,451	259,704,224	211,578,868
h) Adjusted Fund Balance for Unexpired Risk (Opening Balance less Closing Balance)	(6,008,043)	10,265,252	(376,839)	(379,830)	(13,312,143)	(9,811,602)	(34,520,913)
Net Underwriting Profit (c-g+h)	(83,287,533)	104,813,862	(271,672)	4,516,018	20,499,456	46,270,130	50,439,807

ii) Commission (Net):

Particulars	Fire	Marine Cargo	Marine Hull	Motors	Misc.	31-Dec-22	31-Dec-21
Commission paid on Direct Business	21,711,230	32,932,124	118,125	1,018,200	11,053,781	66,833,460	28,044,416
Commission paid on Re- Insurance accepted	-	-	-	-	-	-	-
Total	21,711,230	32,932,124	118,125	1,018,200	11,053,781	66,833,460	28,044,416
Less: Commission Earned on Reinsurance	33,262,103	13,960,365	126,830	784,536	3,034,102	51,167,936	48,773,438
Net Commission	(11,550,873)	18,971,759	(8,705)	233,664	8,019,679	15,665,524	(20,729,022)

It may mentioned that as per the ITO, 1984 U/S-53 at source Tax has been deducted from Agent commission and has been deposited to the Bangladesh Bank through Challan Within 15th day of the following month.

iii) Claims Settled (Net):

Particulars	Fire	Marine Cargo	Marine Hull	Motors	Misc.	31-Dec-22	31-Dec-21
Gross Claim	81,574,633	37,214,560	-	12,133	798,155	119,599,481	87,856,573
Less : Re-Insurance Claim Recovery paid during the year	6,670,219	24,174,061	-	-	669,373	31,513,653	13,856,719
	74,904,414	13,040,499	-	12,133	128,782	88,085,828	73,999,854
Add: Outstanding Claim at the end of the year whether due or intimated	102,713,161	40,975,995	-	11,473,279	19,668,478	174,830,913	160,000,000
	177,617,575	54,016,494	-	11,485,412	19,797,260	262,916,741	233,999,854
Less: Outstanding Claim at the end of the previous year	94,000,000	37,500,000	-	10,500,000	18,000,000	160,000,000	140,000,000
Net Amount	83,617,575	16,516,494	-	985,412	1,797,260	102,916,741	93,999,854

iv) Management Expenses:

The expenses have been charged to Revenue Accounts on the basis of Insurance Rules 1958 as under:

Revenue Account	31-Dec-22		31-Dec-21	
	Percentage	Taka	Percentage	Taka
Fire	29.41	37,138,325	41.55	37,088,730
Marine Cargo	44.88	56,674,076	32.23	62,731,428
Marine Hull	0.58	730,377	2.97	114,899
Motor	1.73	2,184,234	17.50	1,851,569
Misc.	23.41	29,564,034	5.75	16,521,410
	100.00	126,291,046	100.00	118,308,036

22.00 Income Tax Expenses: Tk. 25,014,653

This is made up as follows

Particulars

 Current year provision
 Deferred tax assets/Liabilities

Total:

22.01

Amount in Taka	
31-Dec-22	31-Dec-21
25,014,653	29,144,931
-	8,723
25,014,653	29,243,654

22.01 Computation of Tax Liability:

This is made up as follows

Particulars

 Net Income as per Profit & Loss Account
 Less: Reserve for Exceptional Loss (Exempted from Tax
 as per 4th Schedule Clause # 6(2) of ITO 1984)

Total Income

Less:

 Interest Income
 Interest on Govt. Treasury Bond (exempted as per
 6th schedule Part-A, para-24)
 Rental Income
 Dividend Income
 Profit on sale of shares

Income/(Loss) from Insurance Business

Add: Accounting Depreciation

Less: Depreciation as per 3rd Schedule

Net Taxable income from business
Computation of Income Tax:

 i) Tax on Insurance Business Income @ 37.5%
 ii) Tax on Other Income @ 37.5%
 iii) Tax on Rental Income @ 37.5%
 iv) Tax on Dividend Income @ 20%
 v) Tax on Profit on sale of shares @10%

Total Tax Liability for the year ended December 31, 2022

108,660,615	118,734,127
31,578,596	29,653,958
77,082,019	89,080,169
57,085,723	56,916,297
3,102,000	3,152,579
180,000	180,000
10,322,621	4,372,000
2,787,825	12,350,213
73,478,169	76,971,089
3,603,850	12,109,080
7,525,805	4,676,614
11,129,655	16,785,694
7,857,789	5,068,201
3,271,866	11,717,493
1,226,950	5,654,648
21,407,146	21,343,611
47,250	47,250
2,054,524	864,400
278,783	1,235,021
25,014,653	29,144,931

23.00 Transactions with Related Parties:

The Company has entered into transactions with other entities in normal course of business that fall within the definition of related party as per International Accounting Standard (IAS)-24 "Related Party Disclosure". The terms of related party transaction are not significantly different from those that could have been obtained from their parties. The significant related party transaction are as follows:

Name of the Related Party	Relationship Nature	Nature of Transaction	2022
Mr. Abdul Haque	Common Director	Insurance	7,883,526
Nurul Azim Sunny	Common Director	Insurance	13,617,538
Mr. Md. Nabiullah	Common Director	Insurance	32,085,690
Total			53,586,754



Notes to the Financial Statements

For the year ended December 31, 2022

Amount in Taka	
31-Dec-22	31-Dec-21

24.00 Disclosure of Key Management Personnel Compensation: Tk. 3,000,000

This is made up as follows

Particulars

Salary	1,320,000	1,320,000
Other Allowance	1,680,000	1,680,000
Total:	3,000,000	3,000,000

As per the paragraph 17 of IAS 24: "Related party Disclosures" regarding Key management Personnel Managing Director is the Key Management Personnel, his benefit is given below:

a) Short term employee benefits	3,000,000	3,000,000
b) Long term employee benefits	-	-
Total:	3,000,000	3,000,000

25.00 Directors Fees: Tk. 2,160,000

This is made up as follows

Particulars

Honorarium for Attending Meeting	2,160,000	720,000
Total:	2,160,000	720,000

26.00 Audit Fees: Tk. 125,000

This is made up as follows

Particulars

Audit Fees-2022	125,000	100,000
Total:	125,000	100,000

27.00 Calculation of Earning Per Share (EPS):

This is made up as follows

Particulars

Profit Before Tax	108,660,615	118,734,127
Less: Provision for Income Tax	25,014,653	29,243,654
Less: Deffered Tax (Income)/Expenses	(4,31,606)	-
Profit After Tax Attributable to the Shareholders	84,077,568	89,490,473

Earning Attributable to the shareholder	84,077,568	89,490,473
Number Ordinary Shareholders	43,095,360	43,095,360
Earning Per Share (EPS)	1.95	2.08



	Amount in Taka	
	31-Dec-22	31-Dec-21
28.00 Reconciliation of Net Profit Before Tax to Net Operating Cash Flow:		
This is made up as follows		
Particulars		
Net Profit Before Tax		108,660,615
Adjustment for Non-Cash Items:		
Unexpired Risk Reserve (Net)		9,811,602
Depreciation		7,525,805
Adjusted Profit		125,998,022
Changes in Working Capital:		
(Increase)/decrease of Sundry Debtors & Other Receivables		(34,243,838)
Increase/(decrease) of Sundry Creditors & Accruals		(33,405,107)
Increase/(decrease) of Outstanding Claim		14,830,913
Increase/(decrease) of Deposit Premium		(2,267,345)
Income Tax Paid		(32,267,182)
Net Cash Generated from Operating Activities		38,645,464
29.00 Calculation of Net Assets Value (NAV) Per Share:		
This is made up as follows		
Particulars		
Total Assets	2479,733,562	2419,932,924
Total Liabilities	1,584,305,236	1,541,534,916
Net Assets Value (NAV)	895,428,327	878,398,008
Number Ordinary Shareholders	43,095,360	43,095,360
Net Asset Value (NAV) Per Share	20.78	20.38
30.00 Calculation of Net Operating Cash Flow per Share (NOCFPS):		
This is made up as follows		
Particulars		
Net Cash provided by Operating Activities	38,645,464	48,940,742
Number Ordinary Shareholders	43,095,360	43,095,360
Net Operating Cash Flow per Share(NOCFPS)	0.90	1.14
31.00 Lease:		

The company has adopted IFRS-16 Lease as on 31 December, 2022. The company leases a number of office space in addition to service sites. Before the adoption IFRS-16, all lease contracts were classified as office rent. IFRS-16 requires all contracts that contain a lease to be recognized on the Balance Sheet as a right-of-use asset and lease liability. Only certain short-term lease are exempted.

In Compliance with the standard, the company has elected to use the recognition exemptions in the standard for short-term leases. In such cases the lease are accounted for as office rent.



Notes to the Financial Statements

For the year ended December 31, 2022

Amount in Taka	
31-Dec-22	31-Dec-21

31.01 Lease Assets:

This is made up as follows

Particulars

Opening PV of Lease Assets
 Less: Depreciation
 Closing Balance

17,412,793	-
6,329,794	-
11,082,999	-

31.02 Lease Liabilities:

This is made up as follows

Particulars

Opening PV of Lease Assets
 Add: Interest

Less: Actual Lease Paid

Closing Balance

17,412,793	-
870,640	-
18,283,433	-
6,689,979	-
11,593,454	-

32.00 Subsequent Events:

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.

33.00 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, 2022 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.
- The number of employees engaged for the whole year or part thereof who received a total remuneration of BDT 36,000 or above were 302.



Schedule of Property, Plant & Equipment

As at December 31, 2022

Annexure - A

S L . N o .	C o s t				D e p r e c i a t i o n				Written down value 31.12.2022	
	As on 01.01.2022	Addition during the year	Adjustment during the year	As on 31.12.2022	Rate of Dep.	As on 01.01.2022	Charged during the year	Adjustment during the year		As on 31.12.2022
Particulars										
Building & Floor Space	6,175,000	-	-	6,175,000	2.5%	870,252	132,619	-	1,002,871	5,172,129
Furniture & Fixture	15,502,206	409,991	-	15,912,197	10%	11,596,794	431,540	-	12,028,334	3,883,863
Electrical & Office Equipment	9,846,281	1,300,433	-	11,146,714	15%	6,015,545	769,675	-	6,785,220	4,361,494
Office Decoration	23,034,806	320,863	-	23,355,669	10%	16,156,120	719,955	-	16,876,075	6,479,595
Air-Cooler	2,326,827	133,990	-	2,460,817	15%	1,449,516	151,695	-	1,601,211	859,606
Motor & Other Vehicle	40,633,545	16,480,588	-	57,114,133	20%	30,640,315	5,294,764	-	35,935,079	21,179,054
Telephone Installation	1,551,110	-	-	1,551,110	20%	1,436,746	22,873	-	1,459,619	91,491
Sundry Assets	334,888	-	-	334,888	25%	324,151	2,684	-	326,835	8,053
As on Dec. 31, 2022	99,404,663	18,645,865	-	118,050,528		68,489,439	7,525,805	-	76,015,244	42,035,284
As on Dec. 31, 2021	91,794,239	7,610,424	-	99,404,663		63,812,825	4,676,614	-	68,489,439	30,915,224

Firoz Ahmed
Chief Executive Officer

Mohammad Nabi Ullah
Director

Sajjad Mustafa
Director

Abdul Haque
Chairman



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 27th Annual General Meeting of the
Company to be held on **Monday, 26 June 2023 at 11:00 a.m.** by Virtual/digital Platform
AGM Link <https://micl.bdvirtualagm.com>.

Signed on this Day of 2022

Signature of Proxy

Signature of Shareholder

Folio No.

Folio No.

BO A/C 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.*

ATTENDANCE SLIP

I hereby record my attendance at the 27th Annual General Meeting of the Company to be held on **Monday, 26 June 2023 at 11:00 a.m.** by Virtual/digital Platform
AGM Link <https://micl.bdvirtualagm.com>.

Name of shareholder/Proxy

Folio or BO A/C No.

Signature Dated:

Note:

1. *Shareholders attending the meeting in person or by proxy are requested to complete this Attendance Slip.*
2. *Signature of Shareholder or Proxy must conform to the specimen signature recorded with the Company.*
3. *Please bring this Attendance Slip with you Admission into the Meeting Room may not be permitted without it.*
4. *Any friend or children accompanying with honorable Shareholders/proxy will not be allowed to the meeting.*

