

DIRECTORS' REPORT 2017

Dear Shareholders,

The Board of Directors welcome you all to the 32nd Annual General Meeting (AGM) of Delta Life Insurance Company Limited and present before you the Annual Report together with the Audited Financial Statements of the Company for the year ended 31 December 2017 and the Auditors' Report thereon.

The Board of Directors continued to focus on three key priorities in 2017: to sustain growth of business by providing quality service to our customers, to improve the efficiency and performance ability of our agents and back office service providers, and to invest in an environment of rationalized risk management for maximizing the benefits to our policyholders and shareholders. Delta Life made good progress towards all three in 2017.

Growth of Business:

Like in the past years, your Company faced stiff competition from other insurers particularly in respect of writing new business. The growth in new life business and the retention of existing business became more difficult. Despite these odds, your Company posted a satisfactory growth in business as a result of the inspired leadership with sincere and tireless efforts of all our field and office executives.

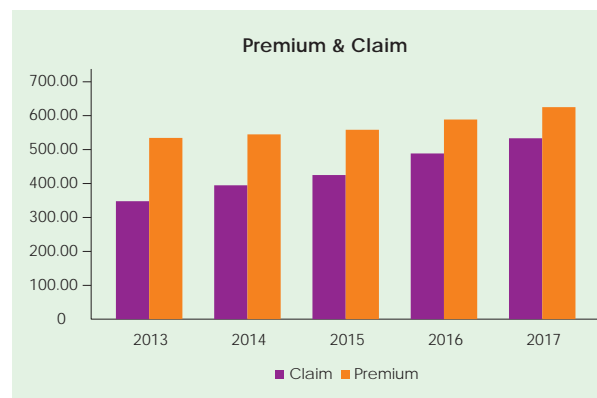
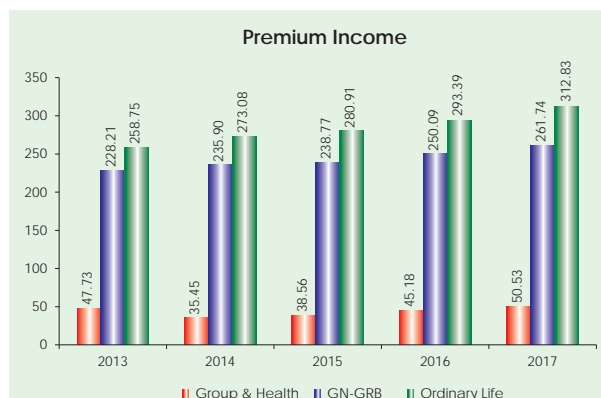
Highlights of our Operations:

1. Premium Income (Gross): During the year 2017 first year life insurance premium collected amounted to Tk.131.67 crore; for 2016, it was Tk.122.65

crore. For the same periods, renewal premium collected were Tk.442.89 crore and Tk.420.83 crore respectively. Total gross premium income including Group and Health insurance premium collected during 2017 amounted to Tk.625.10 crore which was 6.19% higher than 2016.

- 2. Investment and other income:** Total Investment and other income increased to Tk.345.41 crore in 2017 from Tk.291.14 crore in 2016, an increase of 18.64% amounting to Tk.54.27 crore. This has been possible as a result of prudent investment management policy consistently pursued by your Company.
- 3. Total Income:** Total income increased to Tk.962.91 crore in 2017 from Tk.875.09 crore in 2016, an increase of 10.04% amounting to Tk.87.82 crore.
- 4. Yield on investment:** Average rate of interest earned during the year 2017 was 10.03% as compared to 8.90% in the year 2016.
- 5. Total outgoings:** Tk.705.08 crore; this includes payment to policyholders (claims etc.), commission and other allowances paid to development staff and officers, and management expenses.
- 6. Expenses:** Management expenses increased to Tk.171.35 crore in 2017 from Tk.169.86 crore in 2016, an increase of 0.88% amounting to Tk.1.49 crore. However, the expenses for the year

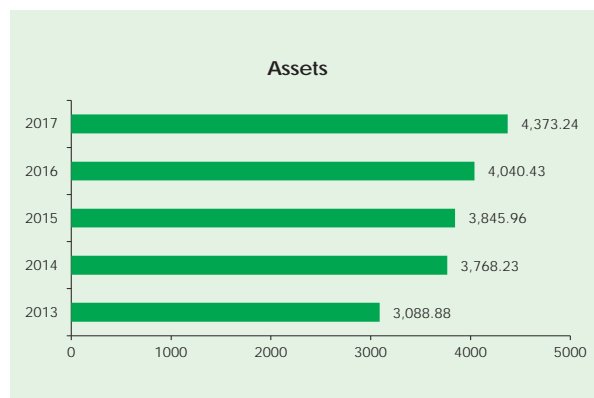
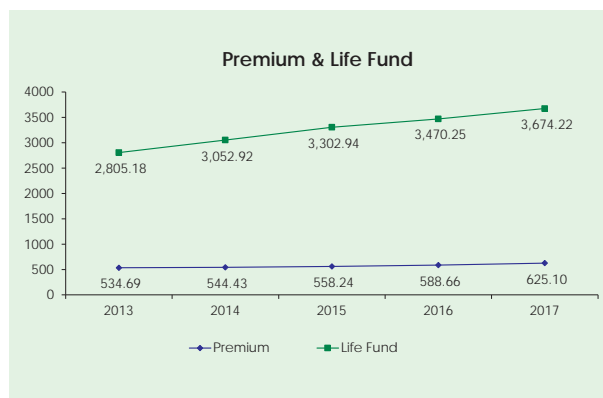
GRAPHICAL PRESENTATION OF BUSINESS PERFORMANCE



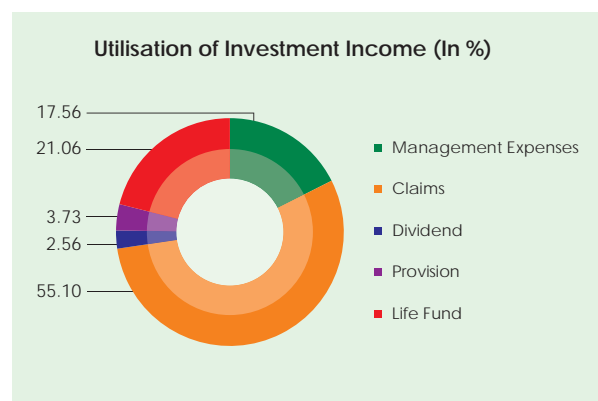
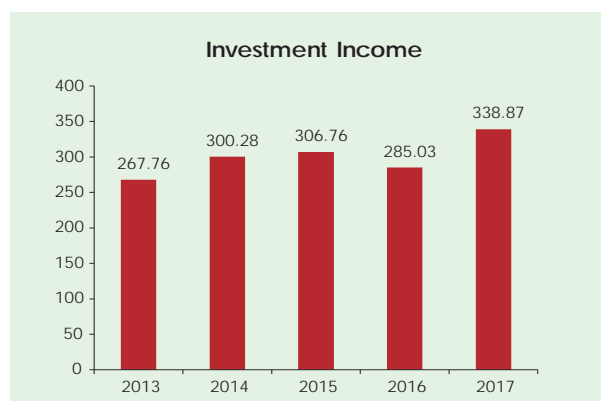
FIVE YEARS' FINANCIAL HIGHLIGHTS (CONSOLIDATED):

Amount in Crore Taka

Particulars	2017	2016	2015	2014	2013
First Year Premium	131.67	122.65	106.58	100.04	83.58
Renewal Premium	442.89	420.83	413.10	408.94	403.38
Group Insurance Premium	30.48	27.55	24.12	24.05	32.92
Health Insurance Premium	20.06	17.63	14.44	11.40	14.81
Gross Premium	625.10	588.66	558.24	544.43	534.69
Investment Income	341.70	288.77	310.13	300.92	267.98
Claims	533.74	488.72	424.60	394.66	347.67
Management Expenses					
a) Commission	85.83	88.39	80.43	79.05	75.36
b) Admin. Expenses	85.51	81.47	76.52	74.77	76.61
Total Management Expenses (a+b)	171.35	169.86	156.95	153.82	151.97
Assets	4,386.00	4,065.31	3,850.64	3,771.42	3,088.94
Life Fund	3,674.22	3,470.25	3,302.44	3,052.92	2,805.18
Retained Earnings	7.18	4.78	1.47	0.52	0.04
Claims to Premium (%)	85.38	83.02	76.06	72.49	65.02
Management Expenses to Premium (%)	27.41	28.86	28.12	28.25	28.42
Dividend on face value of share	25% Cash	20% Cash	18% Cash	20% Cash	Cash 11% Stock 25% (4:1)

GRAPHICAL PRESENTATION OF BUSINESS PERFORMANCE

GRAPHICAL PRESENTATION OF INVESTMENT INCOME & ITS UTILISATION



2017 are lower than the allowable limit prescribed by the Insurance Act, 2010.

7. Life insurance fund: The life insurance fund increased to Tk.3674.22 crore in 2017 from Tk.3470.25 crore in 2016, an increase of 5.88% amounting to Tk.203.97 crore.

8. Claims: Total Claims paid during the year increased to Tk. 533.74 crore from Tk.488.72 crore in 2016, that is 9.21% more during the year.

Appointment of Statutory Auditors:

The existing Statutory Auditor of the Company M.J. ABEDIN & CO., Chartered Accountants have completed consecutive two years of appointment as Statutory Auditor and have expressed their willingness to be re-appointed for the year 2018. The Members of the Board of Directors in its 231st Meeting recommend their re-appointment for the year 2018 and continuation till the next AGM subject to the approval by the shareholders in the 32nd Annual General Meeting.

Dividend:

For the year ended 31 December 2017, the Board of Directors are pleased to recommend a Cash Dividend at the rate of 25% of the paid-up capital amounting to Tk.30,93,75,000.00 which is Tk.2.50 per share of Tk.10 each for the year 2017 out of the surplus available for shareholders as certified by the Actuary.

Capital Market Overview 2017:

The Bangladesh stock market witnessed a good year in 2017 in continuation of the turnaround seen during the latter part of 2016. The year witnessed the highest recorded foreign turnover,

posting the 5th consecutive year of growth.

On the Dhaka Stock Exchange (DSE), the broad and free float weighted index DSEX gained 24.0% (1208.5 points) against 8.8% gain in 2016, and closed at 6244.52 points. Daily average turnover value increased by 74.7% compared to the preceding year.

Delta Life share price increased by 6.96% closing at Tk.107.6 at the year-end with a daily average turnover value of Tk.20.86 million. During the year, the highest value of Delta Life share price was Tk.122.80 and the lowest price was Tk.92.60. Delta Life market capitalization as on 31 December 2017 stood at Tk.13315.5 million which represents 0.31% of the DSE total market capitalization.

Investment in Securities:

Considering the overall capital market situation, your Company has also increased its capital market portfolio from Tk.6277.22 million in 2016 to Tk.8722.87 million in 2017, which represents 38.96% growth. However, your Company has earned Tk.790.18 million from the capital market operations within the period from 01 January 2017 to 31 December 2017.

Contribution to National Exchequer:

Being one of the largest life insurers in the country, during 2017 the Company contributed total Tk.17.57 crore to the national exchequer in the form of income tax, VAT & Excise duty which represents about 1.82% of Delta Life's total revenue of 2017. The Company has paid Tk.14.88 crore as corporate taxes during 2017.

Information Technology:

DLICL has almost completed the development and implementation of country's first integrated

Policy Administration System to provide better services to our customers along with the well-known Financial Application System from Oracle for running the financial accounting and HR related operations. This integrated IT system will rationalize the work flow creating superior efficiency and output. DLICL has also invested in a world class Data Center with offsite data backup facility to prevent loss of data from fires and other accidents and calamities.

Corporate Governance:

We believe a well-practiced governance regime is essential to success and sustainability. Accordingly, the Board of Directors and Management of Delta Life are pledge bound to continue implementation of the highest standards of Corporate Governance in the Company through a culture of accountability, transparency and well-understood policies and procedures. The Board of Directors of Delta Life has always played a pivotal role in meeting all stakeholders' interests and is committed to upholding the same in future as well.

In line with the same, the Company has complied with the conditions as stipulated in the Corporate Governance Guidelines issued on 07 August 2012 by the Bangladesh Securities & Exchange Commission (BSEC). In this connection, the status of compliance has been annexed to this report as Annexure-I. Further, a certificate of compliance from M/s. ARTISAN Chartered Accountants, confirming compliance of conditions of Corporate Governance, as stipulated under condition 7(i) of the Bangladesh Securities and Exchange Commission (BSEC) Guidelines is also annexed to this report as Annexure-IV.

Credit Rating:

Delta Life Insurance Company Limited with its strong fundamentals as well as claims payment ability has earned highest credit rating award for the 3rd (three) consecutive year. Emerging Credit Rating reaffirms 'AAA' in its latest rating done based on this Company's performance. It is the first Life Insurer in Bangladesh to achieve this highest credit rating.

Internal Control:

Delta Life has adequate system of internal controls for business processes, with regard to operations, financial reporting, compliance with applicable laws and regulations, etc. These internal controls and systems are devised

as a part of the principles of good governance and are accordingly implemented within the framework of proper check and balances. Your Company ensures that a reasonably effective internal control framework operates throughout the organization, which provides assurance with regard to safeguarding the assets, reliability of financial and operational information. The Internal Audit department audits the system of internal controls to ensure they are sound and operate effectively.

Human Resources:

The Company has given more stress to develop management skills to suit today's business environment. Various training programs and workshops were carried out during the year. The management and employee relationship in the company was excellent throughout the year.

Going Concern:

The Board of Directors has reviewed the Company's business plan and is satisfied that the Company has adequate resources to continue its operations in the foreseeable future. Accordingly, the Financial Statements are prepared based on the going concern concept.

Statutory Payments:

The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments in relation to employees and the Government have been made to date.

Compliance with Laws and Regulations:

The Company was not engaged in any activities contravening the laws and regulations of Bangladesh as applicable to life insurance companies. All those responsible for ensuring compliance with the provisions in various laws and regulations did so within the stipulated time.

Significant Variance over the Last Years Operating Result:

Any significant deviations from last year in the operating results of the Company have been highlighted in the report and reasons thereof have been explained.

Board and Committee Meeting & Attendance by the Directors:

Attendance by the Directors of the Board and Committee have been summarized and given in Annexure-III. As per Insurance regulations,

the Company only pays a meeting fee to its Directors for attending the meeting.

Shareholding Pattern:

The pattern of Shareholding of the Company as on 31 December 2017 has been shown in Annexure-II of this report.

Directors' Responsibility Statement:

The Statement of the Directors' Responsibilities for financial statements is given on page 98 of this report.

The segment or product wise Performance (Excluding DLIC Securities Ltd.) :

Segment-wise or product wise operational result and capital employed based on the Financial Statements is furnished in the Life Revenue Account on page 52 of this report.

Extra-Ordinary Events:

No events of extra ordinary gain or loss occurred during the reporting period which would require adjustment or disclosure in the financial statements.

Variance within the Financial Year:

There was no event of significant variance between quarterly financial performances during the year of reporting.

Fairness of Financial Statements:

The financial statements together with the notes thereon have been drawn up in conformity with the Companies Act 1994 and Securities and Exchange Rules 1987. These statements present fairly the Company's state of affairs, the results of its operations, cash flow and changes in equity.

Books of Accounts:

Proper books of accounts of the Company were maintained.

Accounting Policies:

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

Application of IAS/BAS & IFRS/BFRS:

International Accounting Standards (IAS)/ Bangladesh Accounting Standards (BAS)/

International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure therefrom has been adequately disclosed.

Risk and Concerns:

Like others, our business may also be affected by risks and uncertainties not presently known to us or that we currently believe to be immaterial. Detail of risk factors and determining how to best handle such event is furnished in the Notes to the Financial Statements (Note-3.15).

Management:

The Company has an adequate number of professionals in line with its business volume with appropriate expertise. The members of the management team are qualified for the jobs they are doing and have been working in the insurance industry for a long time. They have participated in various on-job training programs, seminars and conferences both at home and abroad. Timely action and prudent managerial decisions have enabled the Company to withstand competition vis-a-vis other life insurers of the country and provide quality service to our valued policyholders.

Corporate Social Responsibilities:

Delta Life Insurance Company Ltd. (DLICL) has always played its part in carrying out its Corporate Social Responsibilities. The Gono-Grameen Bima Division of the company provides a low cost insurance net to the poor of Bangladesh, primarily in the rural areas. During the year, the Company donated to some charities as part of its CSR program.

Outlook for the year 2018:

Your Company is poised to further consolidate its activities in a bid to maintain its leading position by realizing a healthy growth in all spheres of activities in the year 2018. The operational results achieved so far in 2018 till writing of this report shows a healthy growth over those of the year 2017. The activities will gain further momentum in the coming days of 2018 and we strongly expect to register growth at a higher rate in the year 2018 over that in the preceding year.

Your Company is well aware of its responsibilities as a leader of the industry and pursuing a course of action that would ensure its leadership position not only in terms of business but of discharging the leadership responsibilities also.

Election of Directors:

Sponsor Directors:

In accordance with the Articles of Association of the Company Ms. Saika Rahman, Sponsor Director of the Company has volunteered to retire from office at the 32nd Annual General Meeting (AGM) and being eligible will offer herself for re-election from the Sponsor's Group.

Public Subscriber Directors:

In accordance with the Articles of Association of the Company, Mr. Saif Khondoker representing public subscriber shareholder has volunteered to retire from the office of Directors and being eligible will offer himself for re-election from the Public Subscriber's Group.

Appointment of Chief Executive Officer (CEO):

The Board of Directors appointed an insurance professional, Ms. Adeeba Rahman, ACII (UK) as the Chief Executive Officer of Company subject to the approval of the Insurance Development and Regulatory Authority (IDRA). Later on the IDRA gave its approval. Prior to her appointment as CEO, she was the Chief Executive Officer (cc) of the Company.

Subsidiary Operations:

Delta Life Insurance Company Ltd. has one wholly owned subsidiary namely DLIC Securities Limited. Details of the business operation have been given in the later segment of this annual report.

Appreciation:

The Board of Directors firmly believes that Delta Life Insurance has the necessary strengths, resources and commitments to enable the Company to grow and further its contribution to the economy of Bangladesh. On this occasion, the Board of Directors extend its sincere thanks to the honorable shareholders, valued policyholders, the office of the Insurance Development and Regulatory Authority (IDRA), Registrar of Joint Stock Companies and Firms (RJSC), Bangladesh Securities and Exchange Commission (BSEC), Dhaka and Chittagong Stock Exchanges and the Central Depository of Bangladesh Ltd. (CDBL) and other regulatory authorities for their guidance and support to the Company and the cooperation extended by the Auditors, and the devoted efforts put by the Company's Employees to uphold the Company's performance.

For and on behalf of the Board of Directors,



Monzurur Rahman
Chairman
Board of Directors
20 May, 2018