DIRECTORS' REPORT

TO THE SHAREHOLDERS

Dear Shareholders,

At the outset, we, the Board of Directors of your company Green Delta Insurance Company Limited, welcome you to the 31st Annual General Meeting and would like to thank you for your continued patronage and support over the 31years. We are very delighted to present before you the Annual Report along with the Audited Financial Statements for the year ended 31 December 2017and the Auditor's Report thereon for kind consideration and adoption.

This Report of the Board of Directors of your company has been prepared in compliance with the provisions of section 184 of the Companies Act 1994 (Act No. XVIII of 1994) and other relevant rules and notifications issued by the regulatory bodies.

Through this report the Directors have made relevant disclosures and explanations pertaining to the issues to ensure compliance, transparency and good corporate governance practices along with the details of the business performance, operations and achievements of the company for the year ended 31 December 2016. In fact the year 2016 is very significant in the life of the company in terms of performance and achievements not only within the industry but also in the entire economy.

Industry Outlook And Possible Future Developments In The Industry

Economic Overview

Bangladeshi Economy – On A Strong Footing

As mentioned in the provisional estimates released by the Bangladesh Bureau of Statistics (BBS), the growth rate of Bangladesh's gross domestic product (GDP) is expected to reach 7.24% in FY2016-17, which was 7.11% in FY2015-16. Importantly, this will be the third time in the nation's history over the last two decades (since FY2006-07) that the GDP growth would cross the milestone 7% mark. Simultaneously, for FY2016-17, Bangladesh's per capita gross national income (GNI) has been projected to be about USD 1,602, which is USD 138 higher than the preceding year of FY2015-16. Even though GNI recorded a growth of 9% in FY2016-17, it must be noted that the previous growth figure of GNI was 11.3%.

With regards to the country's per capita GDP, this too has been estimated to rise to USD 1,538 in FY2016-17 from the previous level of USD 1,385 in FY2015-16, registering an increase of USD 153 (representing an 11% growth). Lower growth of GNI compared to the GDP is attributed to the falling inflow of remittances (resulting in current account deficit) along with marginal depreciation of the Bangladeshi Taka (BDT) against the United States Dollar (USD), both a departure from recent trends.

Of the estimated growth rate of 7.24% for FY2016-17, from the table ('Economic constituents' contribution to GDP growth over the last seven years'), it can be identified that the agriculture sector's contribution will be to the tune of 0.5% (0.43% in FY2015-16), contribution of the industrial sector at about 3.18% (3.24% in FY2015-16) and that of the services sector at about 3.31% (3.21% in FY2015-16). As is observed from the growth patterns of the various constituents of the national economy, the industry sector's contribution is underpinned by the manufacturing sector, despite lower growth of export earnings. The services sector's contribution is principally enhanced by the growth of public administration and Defence, education, health and social work and wholesale and retail trade and repair of motor vehicles, motorcycles and personal and household goods. The above mentioned sectors account for as much as 50.2% of the estimated 3.31% growth, on account of the services sector. Indeed, if FY2016-17 elevated growth figure is considered, it can be observed that additional growth has been driven primarily by the services sector, while a somewhat declined contribution of the industrial sector has been compensated by that of the agricultural sector.

Origin sector	**FY11**	**FY12**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17** (Projected)
Agriculture	0.78%	0.52%	0.41%	0.70%	0.53%	0.43%	0.50%
Crops and horticulture	0.40%	0.18%	0.06%	0.34%	0.16%	0.07%	0.14%
Industry	2.31%	2.47%	2.59%	2.27%	2.74%	3.24%	3.18%
Manufacturing	1.64%	1.69%	1.80%	1.60%	1.93%	2.26%	2.21%

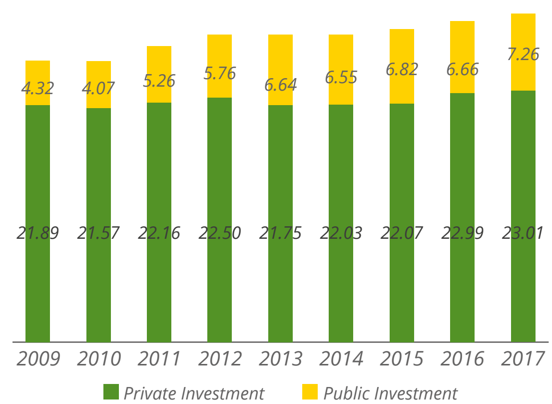
Origin sector	FY11	FY12	FY13	FY14	FY15	FY16	FY17 (Projected)
Services	3.25%	3.43%	2.88%	2.92%	3.00%	3.21%	3.31%
Wholesale and retail trade: repair of motor vehicles, motorcycles and personal and household goods	0.89%	0.90%	0.83%	0.90%	0.86%	0.88%	0.92%
Public administration and Defense	0.27%	0.24%	0.21%	0.22%	0.32%	0.38%	0.34%
Education	0.12%	0.16%	0.13%	0.16%	0.17%	0.26%	0.26%
Health and social work	0.12	0.07	0.09	0.09	0.09	0.13	0.13
Tax less subsidy	0.12%	0.10%	0.13%	0.16%	0.28%	0.24%	0.25%
GDP growth	6.46%	6.52%	6.01%	6.06%	6.55%	7.11%	7.24%

Bangladesh Bureau of Statistics (BBS) data

As reported by the BBS, investment as a percentage of GDP is expected to rise by 0.6 percentage points to 30.27% in FY2016-17, thanks primarily to a spurt in the public investment levels ('Investment scenario:FY2008-09 to FY2016-17'). However, the investment-GDP ratio figure is still 0.63 percentage points lower than the Seventh Five Year Plan's (7FYP) projection of 30.9%. According to the 7FYP, by the end of FY2019-20, investment-GDP ratio is expected to be 34.4%. Private investment as a percentage of the GDP is projected to be only 0.02 percentage points higher in FY2016-17, though during the preceding year, the recorded change was 0.92 percentage points. For public investment as a percentage of GDP, the BBS projection is expected to rise by 0.59 percentage points. It should be noted that in FY2016-17, incremental capital-output ratio (ICOR) is also expected to be almost unchanged.

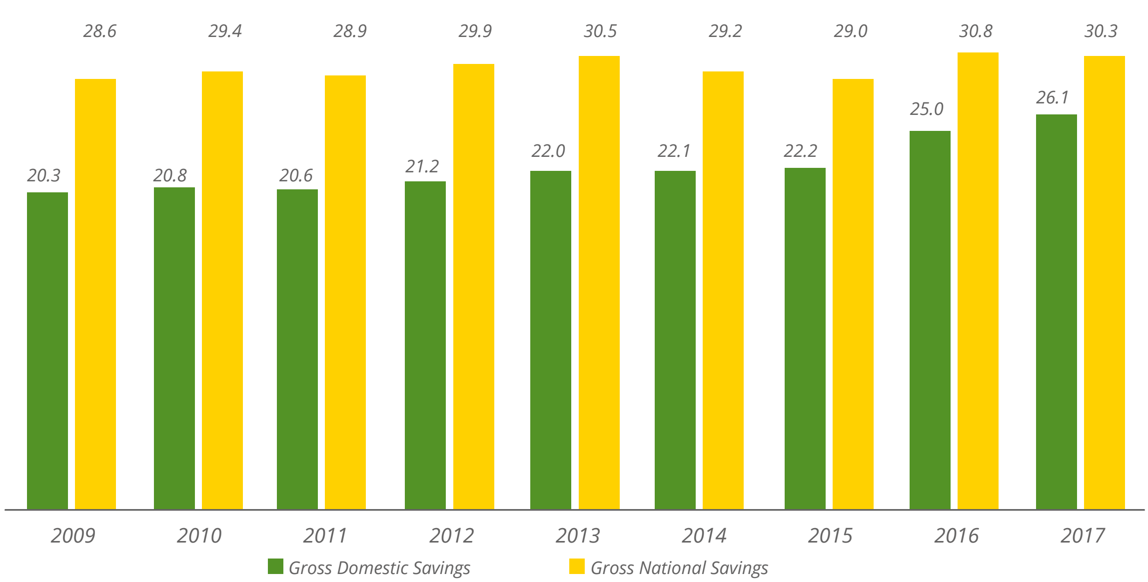
Domestic savings-GDP ratio is expected to rise by about 1.1 percentage points to 26.1% in FY2016-17 ('Savings scenario: FY2010-11 to FY2016-17'). On the contrary, national savings-GDP ratio is projected to decline by 0.5 percentage points to 30.3 per cent in FY2016-17 in the backdrop of the large current account deficit. Indeed, this may be the first time in the recent history of Bangladesh when national savings and total investment (as a share of GDP) have come this close.

Investment scenario: FY2008-09 to FY2016-17



Bangladesh Bureau of Statistics (BBS) data

Savings scenario: FY2010-11 to FY2016-17

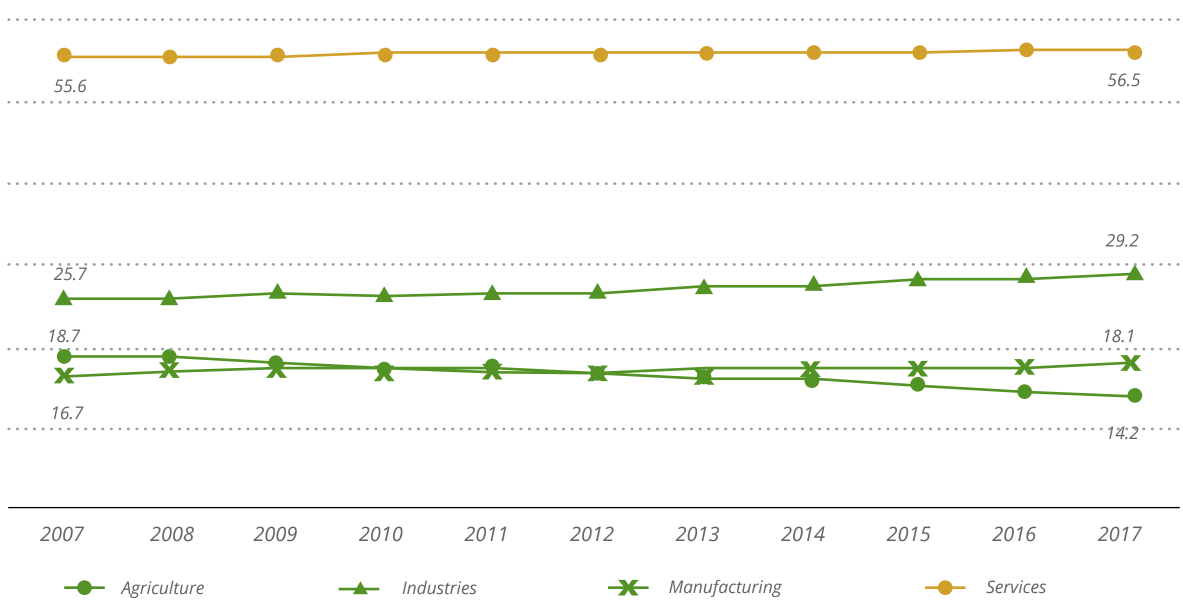


Bangladesh Bureau of Statistics (BBS) data

As is widely known, in Bangladesh, significant emphasis is given to the discourse on the GDP growth rate. However, it is also critically important to examine both the structure of the GDP growth and its distributional impact. Indeed, these two aspects are also inter-related. The structure of economic growth in an economy like Bangladesh can be assessed from the vantage points of structural transformation and employment generation. Importantly, in case of Bangladesh, the gradual shift in the economy, from agriculture to industry and services, is clearly visible ('Share of GDP by sectors: FY2010-11 to FY2016-17'). It is heartening to note that between FY2006-07 and FY2016-17, the share of the agricultural sector in the GDP declined by -4.5 percentage points, while the industry and services sectors gained 3.5 percentage points and 1 percentage point, respectively. As employment figures are not available, it is difficult to assess employment generation impact of this particular pattern of the economic growth structure. More importantly, from the standpoint of broader developmental objectives, economic growth in Bangladesh must accompany a fair amount of job creation. It may be noted that Bangladesh Bureau of Statistics undertook an initiative to prepare a quarterly Labour Force Survey (LFS) data, but the release of this data has now been discontinued. It is expected that the quarterly data will be released soon for full fiscal year (FY2015-16).

It may be observed that the GDP growth, as projected for FY2016-17, is primarily driven by strong growth in manufacturing output. However, it is reckoned that a significant part of this growth has been capital-intensive in nature. This trend is particularly becoming visible in the ready made garments (RMG) sector in view of the post-Rana Plaza tragedy reforms. Hence, the incremental benefit from this type of growth may accrue to the rich capitalist class rather than the poor working class.

Share of GDP by sectors: FY2010-11 to FY2016-17



Bangladesh Bureau of Statistics (BBS) data

Revenue Mobilization By NBR – Strong But The Momentum Needs To Be Sustained

Revenue mobilisation target for FY2016-17 was ambitious to start with, and CPD (2017) predicted a possible shortfall to the tune of Tk. 38,000 crore. Despite of the strong growth performance recorded by the National Board of Revenue (NBR), the revised budget was likely to reduce the revenue mobilisation target by about Tk. 32,000 crore.

Against the annual target, according to the NBR sources, the attained growth rate during July-February period of FY2016-17 was 19.6%, which was 14.4% in FY2015-16. Interestingly, income tax collection growth has almost doubled, from 9.7% in July-February FY2015-16 to 18.1% in FY2016-17. This is indeed a positive sign. All other components, apart from 'turnover tax' posted growth rates which were higher than the preceding years. Regrettably, revenue collection from non-NBR sources was rather disquieting, according to the data available for first four months only.

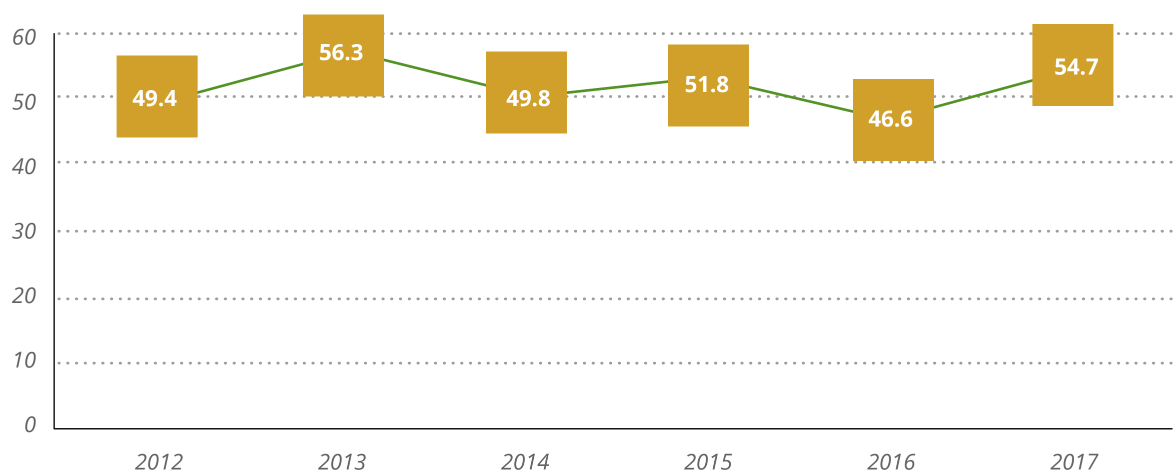
For FY2017-18, the revenue collection growth target may be fixed at about 34% over the revised target. The annual growth target for FY2017-18 may rise further as the actual revenue mobilisation could fall short of the revised target for FY2016-17. In this connection, further efforts towards domestic resource mobilisation along with exploration of new avenues ought to be one of the key priorities. Furthermore, to facilitate a higher revenue collection growth, CPD (2016) had proposed several reform measures which include changes to the current advance income tax (AIT) collection system through making tax deducted at source (TDS) online, introduction of the Benami Property Bill, and strengthening the Transfer Pricing Cell (TPC) to curb illicit financial flows. Moreover, the government should expedite the preparation of a new Direct Tax Act and an amended Customs Act as these reforms are key to raising revenue mobilization in a sustainable and realistic manner.

ADP Implementation – Recovering Pace Of Growth

According to the Implementation Monitoring and Evaluation Division (IMED) data, during July-April of FY2016-17, about 54.7% of the total Annual Development Programme (ADP) allocation has been spent. Over a similar timeframe, in the preceding year, implementation rate was recorded at 46.6%. This is an improvement and also the second highest implementation rate, after FY2012-13 ('ADP implementation July-April'). It may be mentioned that ADP implementation has recovered from its earlier slump which was recorded in July-April of FY2015-16 and has now returned to the trend performance pace. Indeed, this recovery is primary attributable to higher utilisation of local resources (Taka).

In contrast to this, the utilisation of foreign funding (42.7%) is also the lowest in the last five years. Besides, the pace of implementation for fast-tracking projects have remained mostly unsatisfactory due to a majority of the projects being stalled for long periods of time. Despite slow progress in ADP expenditure, the revised allocation for ADP has been kept unchanged in FY2016-17.

ADP implementation July-April

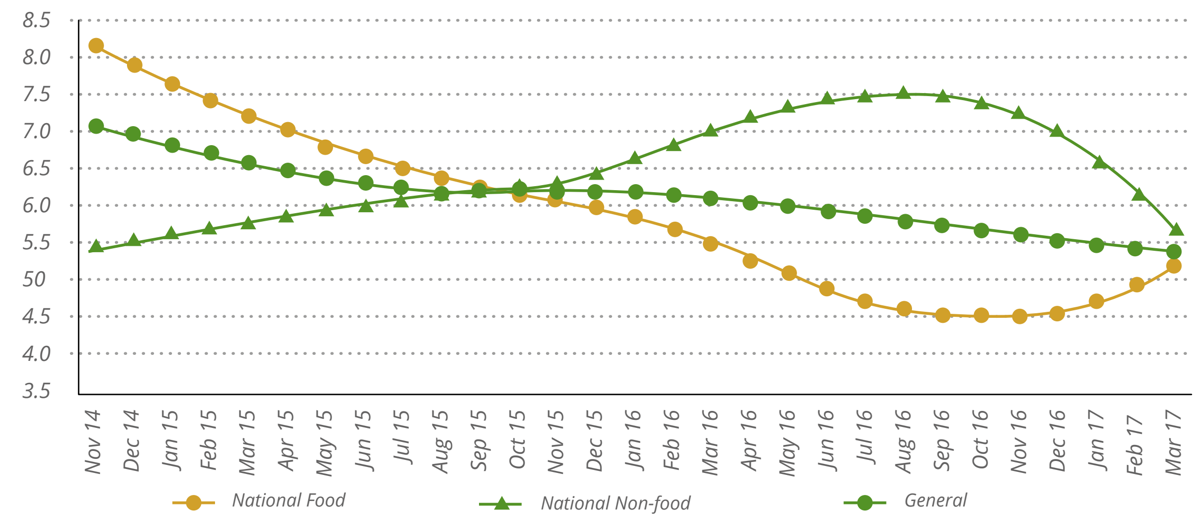


Implementation Monitoring and Evaluation Division (IMED) data

Rising Inflation – Its Control The Need Of The Hour

The Consumer Price Index (CPI) inflation in Bangladesh has witnessed a declining trend in FY2016-17 ('Annual average inflation rate November 2014 – March 2017'). The general (annual average) inflation rate was 5.39% in March 2017, which is within the Bangladesh Bank's Monetary Policy Statement (MPS) target of 5.3-5.6%. This declining inflation rate is primarily due to the contribution of a declining trend in non-food inflation. All components of non-food inflation have experienced a slowdown, except for the national recreation, entertainment, education and cultural services, which have been on a steady rise. Contrary to the above mentioned situation, food inflation has been on an increasing trend since January 2017 and was 5.2% in March 2017, up by 0.3 percentage points over the previous month. One could identify a gradual convergence between food and non-food inflation. Indeed, there is no scope to be complacent with the current inflationary trends and it is important to put under scrutiny the rising trend in food inflation. The rising price of rice is driving the food inflation at present. It may be noted that, rice accounts for a lion's share in the commodity basket of the CPI. Prices of the various grades and varieties of rice are about 15-18% higher, contributing to inflationary trends. This shows that with the prevailing structure of rising food inflation, it is the poorer consumers who are most affected since coarse rice is the single most important commodity in their consumption basket.

Annual average inflation rate November 2014 – March 2017



Bangladesh Bureau of Statistics (BBS) data

Exchange Rate – Steady And Stable

In recent years, Bangladesh Bank's exchange rate policy with its open market operations has kept BDT stable in terms of major currencies. However, nominal exchange rate (NER) was allowed to slide a bit and BDT depreciated by about 1.2% in the third quarter of FY2016-17, with USD/BDT rate reaching its maximum value of 80.6 on 17 May 2016. The year 2017 ended with an upward trend in the NER; on the other hand, real effective exchange rate (REER) experienced some appreciation and was 150.1 in December 2016. Foreign exchange reserves stood at USD 32.4 billion at the end of the July-March period of FY2016-17.

In the recent period, exchange rate experienced some volatility. The Bills for Collection (BC) selling rate was the highest for most banks on 25 April 2017. The average USD/BDT rate for import payments varied from BDT 80.3 to BDT 84.8 on 25 April 2017 and from BDT 80.3 to 84.95 on 26 April 2015 for different banks. On 26 April 2017, Bangladesh Bank had to intervene in the currency market and introduced a bar of BDT 2 on deviation of the average BC selling rate from the inter-bank exchange rate. This calmed the market and consequently the rates came down to level off with the headline exchange rate by 2 May 2017. In the period of 23-27 April 2017 the USD/BDT rate for importers increased by the maximum extent of BDT 4.77.

Remittances – Challenging With A Global Economic Slowdown

Month-on-month remittance flow has been in the negative terrain all through FY2016-17. At the end of July-April FY2016-17, remittance was 16% lower than that of July-April FY2015-16. The structure of remittance flow shows that as much as 58.1% of the remittance earning came from the Gulf countries, with 17.5% coming from the United Arab Emirates (UAE) and 16.8% from Saudi Arabia. Among the non-Gulf countries, the US (12.8%), the United Kingdom (9.6%) and Malaysia (7.3%) represented the largest sources of remittances. This gloomy picture, true for all major markets was attributable to several factors including a slowdown of economic growth in Bangladesh's traditional source economies. Similar trend is observed in the global scenario. The yearly growth of global remittance inflow has been low in recent years, and has moved to the negative terrain in 2015 (-2.37%) and 2016 (-1.24%).

Remittances have come down in spite of more than 5 lakh workers going abroad over the first nine months of the current fiscal. Since no reliable figure is available for returnee migrants, there is hardly any doubt that the growth of net migration has also been quite robust. That about a fourth of the new migrants were women, with low-paying jobs, does not fully explain the narrative of falling remittances. Bangladesh Bank had indeed carried out field investigation to identify the reasons. Discussions with key ministry participants and other information sources indicate that a large part of the fall in remittance flow may be explained by substitution taking place between formal and informal channels of money transfer, particularly from the Middle East, Singapore and Malaysia. Many migrant workers are sending money through intermediaries who are taking advantage of mobile platforms and various software applications. Some of the reasons driving this trend (in substitution of formal channels by informal channels) are higher exchange rate margin, shorter transaction processing times, quicker delivery of money to the beneficiaries, easy access and lower service fees compared to the banks in host countries. All these lead to lower costs of sending remittance back to Bangladesh. To make the situation worse, because of higher vigilance on account of terrorist financing and the attendant cost rise, banks in important corridors are charging higher transaction fees. It is seen that for most of the country corridors (except for Singapore), the rates of sending remittance were higher than the Sustainable Development Goals (SDGs) target of 3%. Proposals have been floated to make remittance-sending process free-of-cost for remitters. Some steps in this direction will encourage remitters to use formal channels.

Economic Outlook

The World Bank has projected Bangladesh's economic growth at 6.4% in the current fiscal year, almost 1% down from the Government-set target.

For the current financial year 2017-18, the Government has taken a target to achieve 7.4% GDP growth on the back of socio-economic developmental plans put in place by it. However, the Washington-based lender cited some risks for Bangladesh. Slippages relating to the upcoming elections and weak tax revenues could derail the fiscal consolidation efforts. Moreover, the debt burden borne by corporate houses, rising non-performing loans, deficiency in infrastructure development, disruption to normal economic activities due to the upcoming general elections and absence of policy and institutional reforms are also considered to be challenges for the economy.

However, it is important to note that only 17 economies in the world are expected to grow at 6% or beyond the 6% rate in the current financial year. If Bangladesh grows at the WB-projected rate of 6.4%, it will be a commendable achievement.

Looking at the longer term, the World Bank forecasts that activity in Bangladesh would grow at an average of 6.7% a year over FY2018-FY2020, benefiting from strong domestic demand and strengthening of exports. In a further projection, the World Bank has indicated that Bangladesh's economic growth could be 6.7% in the next fiscal year, FY2019.

This projection comes on the assumptions that low interest rates and improving infrastructure are expected to lift investments. Moreover, remittances are expected to rebound as growth firms in the Gulf Cooperation Council (GCC) countries and be supportive of private consumption

Industry Review

A sound financial sector is key to sustained economic development for any country as it facilitates the financial intermediation between borrowers and lenders, helps expedite capital accumulation and makes use of resources into productive sectors. In Bangladesh, the contribution of the financial sector, of which the insurance sector is a part, has increased over the years. In FY2010-11, the country's financial sector's share in the GDP was 2.99% at constant price, which has increased to 3.41% in FY2016-17 (Bangladesh Bureau of Statistics, 2017).

Overview of The Bangladeshi Insurance Industry

With economic expansion of Bangladesh, the potential for the insurance industry is robust. With higher income and literacy levels, the masses are expected to recognize the benefits of insurance, thus raising the demand for insurance services and giving an impetus to insurance penetration as well as insurance density. Higher demand for insurance, potential merger of insurance companies and strengthening underwriting capacity of insurance companies are the most likely drivers of growth.

Furthermore, there is a high likelihood in the growth of fire and marine insurance and micro-insurance services. In order to stimulate the demand for these insurance sub-categories, effective marketing initiatives with ethical competition needs to be undertaken. In addition, the recruitment of more qualified employees at the management level, proper training and orientation of agents / employees, development of information technology, service diversification within the industry and a fully functioning regulatory system, among others, are essential for the sustained growth and development of the industry.

The insurance industry of Bangladesh has witnessed steady growth and has attracted a lot of interest over the recent years. Even then, the industry is ripe with challenges. Low qualification of agents is the most pressing human resource management problem while the lack of technical employees stands as the most important operational problem. Customers' lack of understanding of insurance terms and policies and unhealthy competition represents a severe marketing challenge.

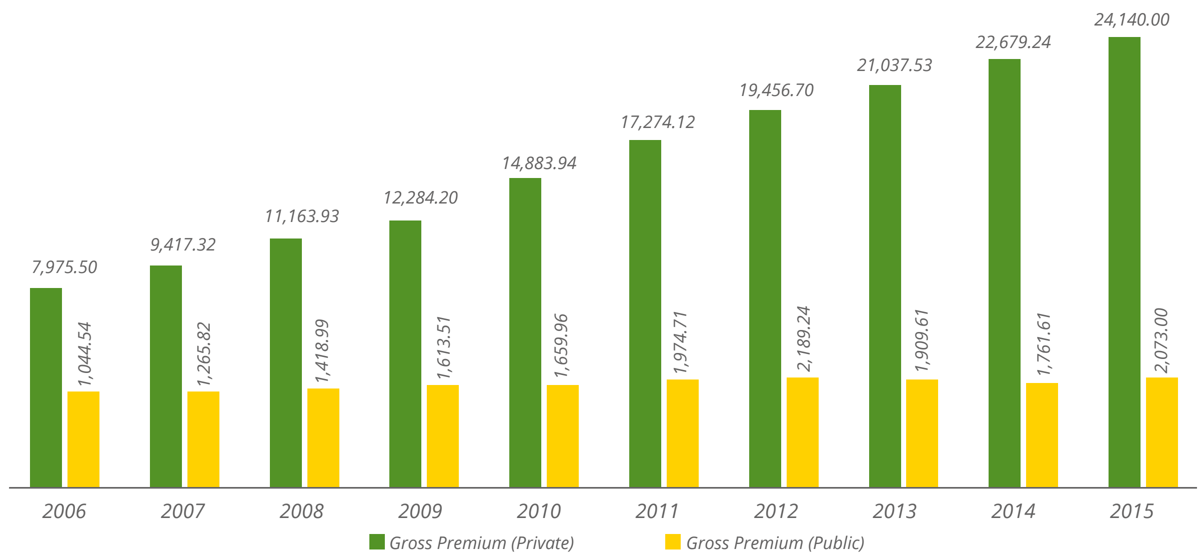
In Bangladesh, the insurance business, after an early stage of dislocation and experimentation for about half-a-century, has now been established as a growing industry. The insurance market of Bangladesh consists of 42 general and 18 life insurance companies. Of these, there are two state-owned corporations (one in life and one in general) and one foreign life company. Insurance Development and Regulatory Authority (IDRA) is the regulatory-body of the country's insurance sector and became operational in 2011.

Although there is high potential for growth, the insurance sector of Bangladesh is engulfed with various problems that are considered to be major obstacles to the development of this sector. As a result, it has not been able to establish itself as one of the attractive industries in Bangladesh.

The insurance industry in Bangladesh had its roots in the British colonial era. After liberation war, the government of Bangladesh nationalized insurance industry in 1972 by the Bangladesh Insurance (Nationalization) Order, 1972. All insurance companies, except postal life and foreign life insurance companies, were placed under five corporations in the public sector. However, the cost of maintaining five corporations soon outweighed the benefits. Thus, in May 1973, a restructuring was made under the Insurance Corporations Act 1973. In place of five corporations the government formed two: Sadharan Bima Corporation (SBC) for the general insurance business and Jiban Bima Corporation (JBC) for the life insurance business.

In 1984, a change was brought in the structural arrangement to keep pace with the new economic trend of privatization due to poor performance of nationalized businesses. The Insurance Corporations Amendment Act, 1984, allowed insurance companies in the private sector to operate side by side along with nationalized insurance companies. The Act of 1984 made it a requirement for the private sector insurance companies to obtain 100% reinsurance protection from SBC. This virtually turned SBC into a reinsurance organization. In 1986, when private insurance companies started functioning, the total premium income was Tk. 1.71 billion (both life and general), out of which the private sector share was Tk. 280 million, i.e. about 16%. This figure rose to Tk. 23.06 billion in 2004, out of which the share of private sector was Tk. 20.31 billion, i.e. 88%. The growth of the insurance industry during the last 18 years is quite impressive due to the successful and sustained operations of private sector insurance companies.

Non-Life Insurance Companies' Premium Income Progress



Bangladesh Insurance Association

However, rapid growth of the private sector in insurance resulted in several irregularities within the sector, starting from the non-standardized recruitment process of marketing and sales agents to unethical means of attracting business. The nationalized insurers are the major victim of these setbacks. Bureaucratic and other administrative delays and lack of proper funds in these organizations have impeded the development of the workforce in terms of providing them with effective training and contemporary communication technologies for enhanced functionality. The stiff competition, unethical practices such unfair and predatory trade commission, shortage of professionally-qualified personnel and weak underwriting and risk assessment capabilities are some of the acute problems eroding the development of the insurance sector.

Moreover the absence of an assertive and efficient regulatory body, imprudent taxation policy of the government, weak corporate governance and communication gap between general public and insurance companies are some of the common problems coming in the way of development of the insurance sector of Bangladesh. Implementation of the insurance regulatory authority is now the most important need of the sector to establish a degree of accountability. The unethical practices involving commission payments or business development expenditure are representative of a deeper malaise.

Different research identified several problems and prospects within the insurance industry of Bangladesh. There are complains of low quality service as well as significant complications in terms and conditions in the contract. Employee professionalism is a major problem with low qualification level of employees and unorganized structure of recruitment processes and practices.

The insurance industry, at the present point of time, lags behind the other service sectors of Bangladesh. At the same time insurance is deemed to be a key component for every business and human life. To enhance the growth of insurance business in Bangladesh, the problems hampering the growth of this business must be identified and suitably addressed.

The Way Forward

For the country's economic progress and development, it is critical to have a disciplined and thriving insurance industry, governed by proper laws and regulations.

It is encouraging to note that the National Insurance Policy of 2014, prepared by the Government of Bangladesh, has given importance to bancassurance, as this would be a key tool to augment financial inclusion. Bancassurance is a combination of banking services and insurance through an identical distribution channel and is generally representative of selling of insurance products by banks. It is felt that the prospect of this concept can be enormous in the country since the penetration rate of insurance in Bangladesh is even below some South Asian countries. In Bangladesh, only 4 out of 1,000 people avail life insurance; the figure is even lower for non-life insurance.

However, this also implies huge growth potential for the sector and hence, despite the presence of about 77 companies in the country's insurance sector, the share of the market potential is huge and, with proper laws and regulations, the insurance industry of the country can provide a significant economic boost to the nation, create hundreds of thousands of jobs and contribute to the national exchequer by way of taxes and other levies.

Industry Outlook and Possible Future Developments in the Industry

The non-life insurance business is unique in the sense that it offers customers both protection and a route to build long-term sustainability. In Bangladesh, the general (non-life) insurance business is poised for sustained growth with a rapidly expanding economy, an increasingly aware middle-class, strong Government focus on financial inclusion, the creation of regulatory laws and policies and growing customer literacy and digitisation.

Industry Growth Drivers and Possible Future Developments

Young Working Population: Bangladesh, with about 165 million people and a median population age of about 25-27 years, is placed favourably in the demographic profile with a majority of its population being youth in the working age group. It is estimated that by FY2019-20, a large percentage of the country's population will still be in the working age group. The high share of working population, coupled with rapid urbanization, rising trend of nuclear families and rising affluence will mean an accentuated need for financial security.

GDP Growth: In FY2016-17, Bangladesh continued to be the fastest growing economy with an estimated GDP growth in excess of 7%. Besides, the World Bank expects the country to continue this momentum. Higher GDP growth translates to rising income which, coupled with lower inflation, provides a stimulus to growth in savings. On per capita basis, the national income is estimated to increase, thereby creating a stronger base for 'fictionalisation of savings', increasing the potential for the insurance industry.

Physical to Financial Savings: Bangladesh has a high household savings rate, as measured as a percentage of the GDP. While the country has traditionally preferred keeping savings in the physical form, the trend has gradually shifted with the proportion of financial savings to total household savings increasing rapidly over the years. This is expected to rise further, as stable inflationary trends and positive real interest rates generally diminish the attractiveness of physical savings such as investments in gold and real estate.

Insurance Mix in Financial Savings on the Rise: The share of non-life insurance as a proportion of financial assets in Bangladesh is on the rise, driven by better proposition offered by insurance products, enhanced customer service, growing awareness on the importance of life insurance, etc.

Digitization: The young working population is technology savvy and prefer to transact online. The growing penetration and influence of the internet, mobile service providers and smart-phones has enhanced customer knowledge, empowering them with information. This has facilitated an increase in financial awareness resulting in better understanding of insurance products and making informed buying decisions. Moreover, technology has made processes simpler, resulting in insurance being available efficiently and easily.

Increasing Urbanization: According to credible estimates, Bangladesh's urban population is set to increase sharply, driven by population migration for better work and life opportunities. Increased urbanization generally leads to an improvement in the standards of living and better access to financial products like insurance, especially through digital means.

Growing Clout of MSMEs: Recent data from the Bangladesh Bureau of Statistics demonstrates that the contribution of the industrial sector in the country's

GDP was 31.54% in 2015–16 while it was 30.42% in 2014–15. To boost the sector, the government and Bangladesh Bank are taking several initiatives, including the establishment of the SME Foundation. Since its inception in 2007, the Foundation has been working with the SME division of Bangladesh Bank, the industries ministry and the Bangladesh Small and Cottage Industries Corporation (BSCIC) to promote SMEs. Its target is to alleviate poverty, generate employment and thereby accelerate economic growth. This indicates to good growth potential of the general insurance industry as, with rising awareness, a larger number of SMEs are demanding insurance, which is also a must for them to secure organized commercial banking finance.

Rise of women entrepreneurship: With women representing half the labour force aged between 15 and 49 years in the country, accelerating women's entrepreneurship and facilitating their access to finance are pivotal to holistic socio-economic development. In this respect, the Bangladeshi government is creating policies and regulations to facilitate this important segment of the population to access loans, etc. The rise of women entrepreneurship bodes well for the country's insurance industry.

Year-Wise Performance for the Last Five Years

Year-wise Performance of the company for last five years has been depicted in a separate statement under title "5 Years Performance" which shows steady growth in most of the parameters that matter. Statements in this report under Segment-Wise Performance also provide you with information regarding performance for last five years.

Risk and Concern

As Green Delta Insurance continues to invest in new ways to gain a better understanding of the dynamic and constantly changing risk environment, it remains at the forefront of risk and resilience, enhancing risk mitigation strategies for businesses, governments and the civil society as well as informing the public policy agenda at large. A detailed report on risk management framework has been made separately in "chapter II- Corporate Governance; Sub-Chapter- Risk and Governance"

Segment-Wise Performance

In line with the general practices, the underwriting business of the company covers fire insurance, marine insurance, motor insurance and miscellaneous insurance businesses. Out of total premium earned, it is found that major contribution is made by the fire insurance, followed by motor insurance and marine insurance. The Directors takes pleasure to report that in 2016 Green Delta had another year of growth in premium earnings. Over-all and segment-wise performance of your company is shown in tables below:

Gross Premium Income

Year	Gross Premium (in Million Taka)	Growth (%)
2017	3293.55	4.12%
2016	3163.27	04.90%
2015	3015.63	12.47%
2014	2681.37	02.60%
2013	2613.45	00.39%
2012	2603.19	10.70%

Business Segment-Wise Gross Premium Income (in Million Taka)

Business Segments	2017	2016	Growth (%)
Fire Insurance	1553.02	1554.84	(.12)
Marine Insurance	1124.80	1047.13	07.42
Motor Insurance	194.93	193.25	0.87
Miscellaneous Insurance	420.80	368.07	14.33

Segregation of Net Premium

Business Segments	2017		2016		Growth (%)
	Amount (in Million Taka)	% of Total Net Premium	Amount (in Million Taka)	% of Total Net Premium	
Fire Insurance	401.09	26.31%	365.80	27.67	9.65
Marine Insurance	845.23	55.45%	688.94	52.11	22.69
Motor Insurance	175.89	11.5%	176.76	13.37	(.49)
Miscellaneous Insurance	102.15	6.70%	90.52	06.85	12.85
Total	1524.36	100.00	1,322.02	100.00	15.31

Claim and Loss Ratio

Year	Net Claim(in Million Taka)	Change (%)
2017	371.16	10.97
2016	334.48	10.94
2015	301.49	-13.02
2014	346.61	-06.87
2013	372.60	84.49
2012	201.96	64.96

Segregation of Net Claim

Business Segments	2017		2016		Growth (%)
	Amount (in Million Taka)	% of Total Net Premium	Amount (in Million Taka)	% of Total Net Premium	
Fire Insurance	105.09	28.31	175.48	52.46	40.11
Marine Insurance	163.62	44.08	80.00	23.92	104.53
Motor Insurance	36.11	9.73	30.89	09.24	16.90
Miscellaneous Insurance	66.34	17.87	48.11	14.38	37.89
Total	371.16	100%	334.48	100.00	10.97

Financial Performance

Performance of the company in terms of key performance indicators has been shown in a separate statement under title “5 years’ performance”. Moreover, some highlights are given in items below:

Capital Adequacy

The following table shows gradual increase in the shareholders equity.

Year	Shareholder's Equity (in Million Taka)	Change (%)
2017	6412.19	13.62
2016	5643.42	-00.86
2015	5692.23	17.29
2014	4852.92	09.73
2013	4422.41	14.62
2012	3858.35	53.70
2011	2510.33	-19.73
2010	3127.20	46.15
2009	2139.76	24.50

Solvency Margin

The following table shows that the solvency margin of the company is above the required level.

Particulars	2017	2016	2015	2014	2013	2012
Available Solvency [AS] (in Million Taka)	3407.01	4,001.00	3957.54	3560.37	3265.33	2756
Required Solvency [RS] (in Million Taka)	401.07	390.18	364.94	331.15	334.09	343.3
Solvency Margin [AS/RS] (Times)	8.49	10.25	10.84	10.75	9.77	8

Re-insurance Utilization and Risk Retention Ratio

The Company has re-insurance treaty agreement with Shadharan Bima Corporation (SBC), General Insurance Corporation of India (Rated A- by A.M Best), Arab Insurance Group (Rated B++ by A.M Best), Asian Reinsurance Corporation (rated B by A.M. Best), J.B. Bora Insurance Services (L) BHD and B.E.S.T Reinsurance (rated A by A.M. BEST) against all classes of general insurance business.

You may be aware that usually high risk retention level signals inadequate reinsurance protection while low risk retention level hampers profitability. Segment-wise Risk Retention Ratios of the Company for the last few years are shown in the table below.

Business Segments	Year-wise Risk Retention Ratio (%)						
	2017	2016	2015	2014	2013	2012	2011
Fire Insurance	25.83	23.53	26.31	25.23	43.92	36.89	36.85
Marine Insurance	97.59	65.79	64.01	78.01	74.03	78.21	60.9
Motor Insurance	90.24	91.47	76.14	37.19	91.45	85.34	89.33
Miscellaneous Insurance	24.27	24.59	26.66	27.85	15.67	12.87	7.93
Total	**46.28**	**41.79**	**41.59**	**45.58**	**50.39**	**46.58**	**36.86**

Reserve Adequacy

The following table shows reserve adequacy of the company.

Year	Amount of Reserve (in Million Taka)	Change (%)
2017	5203.88	16.63
2016	4461.79	-00.97
2015	4497.15	22.04
2014	3684.88	11.85
2013	3294.49	03.80
2012	3173.84	50.98
2011	2102.09	-22.01
2010	2695.33	28.67
2009	2094.79	28.91

Profitability

Since the source of revenue of the company is premium income from underwriting business under fire insurance, marine insurance, motor insurance and miscellaneous insurance businesses and other income like income from investments, its profitability depends upon these sources.

The following table shows the contributions of different business segments in the underwriting profit (loss) in last four years.

Business Segments	Contribution to Underwriting Profit (%)				
	2017	2016	2015	2014	2013
Fire Insurance	36.46	32.61	18.81	37.86	21.74
Marine Insurance	44.36	57.16	79.80	75.06	76.26
Motor Insurance	12.03	08.58	(0.55)	11.91	6.71
Miscellaneous Insurance	7.15	01.65	1.94	(24.83)	(4.67)
Total	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**

Underwriting Performance/Quality-

The quality of underwriting is a significant practice at Green Delta Insurance and this activity directly contributes to the quality of growth of the Company. The underwriting practice at the Company comprises thorough evaluation, prudent financial modelling and accurate risk pricing that protects the shareholders' interests in the company while also creating value at large. It is to be noted that while marine reported good underwriting profit growth year-on-year, higher claims dented underwriting profit during the year under report for fire and miscellaneous insurance while even becoming negative for motor insurance (from a positive growth witnessed over the past two years). However, we are undertaking all the necessary action across our business which will reinforce our ability to deliver quality underwriting profit growth across our various classes of business.

The following table shows the segment-wise underwriting performance of the company in the last few years.

Business Segments	**Year-wise Risk Retention Ratio (%)**				
	2017	**2016**	**2015**	**2014**	**2013**
Fire Insurance	24.35	125.56	57.6	115.84	62.65
Marine Insurance	145.82	220.14	244.33	229.68	219.65
Motor Insurance	177.44	33.06	(1.69)	36.43	19.32
Miscellaneous Insurance	28.61	6.37	5.93	-75.97	-13.46
Combined Ratio	110.09	122.97	121.30	123.32	102.82

Investment Profile

The following table shows the status of investment portfolio of the company in the last year comparing with those of the previous year.

Components of Investment	**2017**		**2016**	
	Amount (In Million Taka)	**% of Total Investment**	**Amount (in Million Taka)**	**% of Total Investment**
NIB	25.00	.58	25.00	0.55
Fixed Deposit	321.33	7.40	1175.72	26.02
Quoted Shares	3093.09	71.19	2358.05	52.20
Un-Quoted Shares	292.09	6.72	320.83	07.10
Investment in Subsidiaries	388.49	8.94	362.46	8.03
Investment in GDSL as Margin Loan	225.00	5.18	275.00	6.09
Others	-	-	.52	0.01
Total	**4345.00**	**100.00**	**4517.67**	**100.00**

Segregation of Investment Income and Other Income

Green Delta Insurance reported healthy growth across all its investment and other income constituents with interest income comprising the largest chunk at 33.53 %(BDT 64.07 mn). Besides, dividend income also contributed a healthy 30.65% (BDT 75.22 mn) to the overall pie. Profit from sale of shares and other income comprised the rest of the investments and other income line.

The following table shows the status of the contributions of different sources in the investment income and other income in the last year comparing with those of the previous year.

Heads of Income	**2017**		**2016**	
	Amount (in Million Taka)	**% of Total Investment Income & Other Income**	**Amount (in Million Taka)**	**% of Total Investment Income & Other Income**
Interest Income	70.05	35.33	64.07	39
Dividend	64.05	41.67	75.57	32
Profit from Sale of Shares	6.12	01.40	02.53	18
Other Income	68.72	21.60	39.17	11
Total	**208.94**	**100.00**	**181.34**	**100.00**

Disclosure Regarding Extra-Ordinary Gain or Loss

There was no extra-ordinary gain or extra-ordinary loss during the year 2017.

Disclosure Regarding Related Party Transaction

In ordinary course of business, related party transactions take place with other entities that fall within the term related party as defined in BAS 24: Related Party Disclosure. A statement on the related party transactions has been disclosed under item no. 26 of the notes of the financial statements.

Disclosure Regarding Utilization of Proceeds From Public Issues, Rights Issues and/Or Any Other Instruments

Under a deal between Green Delta insurance Company Ltd and International Finance Corporation (IFC) in 2013 IFC took 8% equity stake in the company. Shares were allotted in favour of IFC at book value of BDT 107 per share considering 6-month average of high-low price. Proceeds received from IFC have been kept as Fixed Deposit in several banks.

Information Regarding IPO of the Company

Green Delta floated its ordinary shares initially in 1989 through IPO. The net proceeds from the IPO were used for company's operational activities.

Disclosure Regarding Variance Between Quarterly Financial Performance and Annual Financial Statements

Statement of Quarterly Financial Statement is given separately. There were some variances in the financial results from quarter to quarter. But they are not very significant or material in nature.

Disclosure on Remuneration of the Directors

The Directors including Independent Directors, all being Non-Executive Directors, are given only Meeting Attendance Fee of BDT 5,000 (Bangladeshi Taka Five Thousand only) per Meeting of the Board and Committees. During the year 2017, a total amount of BDT 10,34,170 Bangladeshi Taka Ten Lac Thirty Four One Hundred Seventy) was given to the Directors as Remuneration / Meeting Attendance Fee and travel expenses.

Disclosure on Preparation and Presentation of Financial Statements

The Board of Directors places before you're the financial statements for the year ended 31 December 2017 for their adoption. The Directors of the confirm, to the best to their knowledge, that-

(i) The financial statements present fairly its state of affairs, the result of its operations, cash flows and changes in equity;

(ii) Proper books and accounts of the company have been maintained;

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

(iv) IAS/ BAS/ IFRS/ BFRS, as applicable in Bangladesh, have been followed in preparation of the financial statements;

(v) As required by condition 6 of the guidelines, the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) have jointly certified to the Board that-
   - (a) They have reviewed the financial statements of the company for the year ended 31 December 2017 and to the best of their knowledge and belief:
     - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
     - (ii) 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.
   - (b) There are, to the best of their knowledge and belief, no transactions entered into by the company during the year are fraudulent, illegal or violation of the company's code of conduct.

Disclosure on Internal Control System

The Board takes the responsible for the oversight of Green Delta's 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. Details of Internal Control System of the Company has been reported under section "2.2.2".

GDIC'S Ability to Continue as Going Concern

The Directors declare that there are no significant doubts upon the company's ability to continue as a going concern. For this purpose of assessment whether GDIC has ability to continue as a going concern, the following issues have been considered:

- The commitment towards the claims filed and its ability to meet contractual obligations as they become due
- Liquidity-related actions and plans to stabilize the businesses and repay the outstanding debt
- The level of GDIC's realized and unrealized losses and the negative impact of these losses on shareholders' equity and on the capital levels of GDIC's insurance subsidiaries
- The financial position and performance of significant subsidiaries

In considering these items, significant judgments and estimates with respect to the potentially-adverse financial and liquidity effects of GDIC's risks and uncertainties have been made.

Key Operating and Financial Data of Preceding Five Years

Key operating and financial data of preceding five years has been depicted in the statement titled "5 years performance". Statements under sub-title Segment-Wise Performance in this report provide you with information regarding performance for last five years.

Explanation on Any Significant Deviation from the Operating Results of the Last Year

The statement titled "5 years performance" showing the operating results of last five years proves that GDIC has a long outstanding reputation of being a financially solvent company. The statement also shows that operating results of the year2017 do not significantly vary from those of the last year.

Subsidiary Operations

Green Delta Insurance Company Ltd. has 4 (four) subsidiary companies namely Green Delta Securities Ltd, Green Delta Capital Ltd, Professional Advancement Bangladesh Limited and GD Assist Ltd. Financial Statements and brief of business operations of those subsidiary companies have also been furnished herewith.

HR Practices

GDICL is committed to providing equal opportunities to all employees, irrespective of their gender, race, nationality, ethnic origin, or religion. GDIC is an inclusive employer and values diversity in its employees. These extend to recruitment and selection, training, career development, flexible working arrangements, promotion and performance appraisal. Our corporate goal is to improve staff engagement by measuring and responding to staff members' views and willingness to exert extra effort to achieve business success. We provide necessary support to staff in order to manage change effectively. We credit the strength of our people for our organization's success, their understanding of strategy and goals, as well as their satisfaction with the work they do and how it contributes, are of critical importance throughout our companies. We continue our efforts to create and maintain a highly skilled and motivated workforce. Through our succession planning initiatives, leadership capacity is identified and developed to ensure ongoing success.

Information Technology

Information and Communication Technology (ICT) has become indispensable for Insurance Companies in ensuring smooth operation and providing efficient services. Recognized this fact the Board has adopted a comprehensive ICT policy for the company IT system of GDIC has been upgraded for further strengthening and securing the automation of services. The highly experienced and trained IT professionals of GDIC are working on maintaining and developing the company's IT infrastructure and constantly innovating and writing in-house programs to meet the needs of the company. Local Area Network (LAN) has been in operation in the Head office and Branch offices.

Credit Rating

For the consecutive 4 years GDICL has been awarded AAA (Pronounced Triple A) rating in the long term and ST-1 in the short term by the Credit Rating Agency of Bangladesh Limited in the first ever history in Insurance Industry. A Certificate in this regard is given herewith.

Corporate Social Responsibility

The Directors are sincere to discharge corporate responsibilities to the society. As a part of discharging corporate social responsibilities, GDIC has initiated various projects and programs and has been sponsoring various sports activities, besides patronizing cultural activities in the country since its inception. GDIC is the proud sponsor of first and second division Hockey League since 1987. From time to time GDIC has been sponsoring national premier Cricket league, numerous seminars and conferences organized by Institute of Chartered Accountants of Bangladesh, Institute of Cost and Management Accountants of Bangladesh, Institute of Chartered Secretaries etc.

Corporate Governance

The Directors of GDICL are committed in adopting the highest governance standard and implementing them in protecting the interests of shareholders, policyholder sand all other stakeholders. A detailed report on corporate governance is given herewith separately.

Shareholding Pattern

Pattern of shareholding in the company in compliance of the corporate governance guidelines has been stated separately as "Shareholding Pattern".

Board Meetings

The Directors of GDICL meet on a regular basis. A detail statement showing Attendance of the Directors in the Board Meetings is placed herewith separately.

Declaration of Dividend

At GDIC the Board of Directors has developed and put in place a "Dividend Policy". In line with this, the Directors recommend 20% Cash Dividend for the year ended 2017 for consideration by the shareholders in the AGM.

Retirement and Election/Re-Election of Directors

As per Articles 102 and 103 of Articles of Association of the company at the Ordinary Meeting in every year, one-third (1/3) of the Directors representing the sponsor shareholders and one-third (1/3) of the Directors from public subscribers and they would be eligible for re-election / re-appointment, however, Retiring Sponsor(s) shall be re-elected by the sponsor shareholders while Retiring Director(s) from Public Subscribers shall re-elected by the public subscribers.

In view of the above and pursuant to Regulation 80 of Schedule-I of the Companies Act 1994, considering the longest tenure on the Board of GDIC, the directors listed below shall retire from the Board at the 32nd Annual General Meeting and they shall be eligible for re-election:

Sl. no	Sponsor Directors	Sl. no	Public Directors
01	Asif A. Chowdhury	01	Razia Rahman
02	Khurshida Chowdhury		
03	Arif A. Chowdhury		

A brief resume of each of retiring directors who are eligible for re-election mentioning nature of his/her expertise in specific functional areas and names of the companies in which he/she also holds directorship and membership of committees of the board may be seen under Profiles of Directors

Appointment/Re-Appointment of Auditors

M/s A Quashem & Co., Chartered Accountants, was appointed as the external auditor for the year ended 31 December 2017. The Firm will retire at the conclusion of the 32nd AGM. Being eligible the Firm has expressed their interest to be re-appointed for the next term. The Audit Committee has recommended for re-appointment of M/s A Quashem & Co., Chartered Accountants, as the external auditor at a remuneration of BDT 3.00 lac net of applicable taxes and the Board of Directors has endorsed the same. The shareholders may re-appoint M/s A Quashem & Co., Chartered Accountants, as the external auditor of the company.

Acknowledgement

The Directors take this opportunity to express heartfelt gratitude to, all the valued shareholders, clients and all well-wishers in home and aboard for their wholehearted co-operation and active support in discharging the responsibilities reposed on the Board during the year under review.

The Directors express sincere gratitude to the Ministry of Commerce, the Ministry of Finance, Insurance Development and Regulatory Authority, Registrar of Joint Stock Companies and Firms, Bangladesh Securities and Exchange Commission, Government and Non-Government organizations, Sadharan Bima Corporation, Dhaka and Chittagong Stock Exchanges, Bangladesh Insurance Association and all the Scheduled Banks and Leasing Companies for their sincere support and whole hearted cooperation.

The Directors express deep appreciation for the services and loyalty of the executives, officers and employees of the company at all levels without which results could have not been achieved.

The Directors like to thank and express gratitude to Managing Director & CEO Ms. Farzana Chowdhury and Advisor Mr. Nasir A. Choudhury for their hard work, commitment and dedication to the development of the company.

At the last but not the least certainly, the Directors express sincerest gratitude to all clients for their loyalty and patronage over the period.

With our very best regards to all our valuable shareholders, we promise to continue the growth with your support.

Thank you all.
On behalf of the Board

Md. Abdul Karim
Chairman