नेको इन्स्युरेन्स लि.
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MAKE A VISIBLE DIFFERENCE
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Quarterly Financial Results for 2nd Quarter, F.Y. 2081/82 B.S

CONDENSED STATEMENT OF FINANCIAL POSITION

Fig in NPR.

Particulars	At the end of this Quarter Unaudited	At the end of Immediate Previous Year Unaudited
Assets:		
Goodwill & Intangible Assets	3,627,235	3,776,928
Property and Equipment	635,295,373	639,128,155
Investment Properties	67,962,856	67,962,856
Deferred Tax Assets	-	-
Investment in Subsidiaries	-	-
Investment in Associates	-	-
Investments	7,257,374,545	6,680,030,724
Loans	-	-
Reinsurance Assets	2,870,445,040	1,612,316,611
Current Tax Assets	41,890,309	-
Insurance Receivables	159,493,921	154,626,971
Other Assets	160,067,188	91,760,819
Other Financial Assets	264,868,903	207,404,859
Cash and Cash Equivalent	227,705,235	369,427,837
Total Assets	**11,688,730,606**	**9,826,435,760**
Equity:		
Share Capital	2,012,360,619	2,012,360,619
Share Application Money Pending Allotment	166,857,940	166,857,940
Share Premium	-	-
Special Reserve	2,175,839,733	2,097,824,618
Catastrophe Reserves	147,149,281	145,588,979
Retained Earnings	636,501,696	567,848,395
Other Equity	535,239,095	499,487,002
Total Equity	**5,673,948,363**	**5,489,967,552**
Liabilities:		
Provisions	13,636,364	32,388,886
Gross Insurance Contract Liabilities	5,080,882,094	3,469,635,564
Deferred Tax Assets/(Liabilities)	105,416,090	93,437,270
Insurance Payables	309,198,788	228,813,520
Current Tax Assets/(Liabilities)	-	1,220,110
Borrowings	-	-
Other Liabilities	300,521,730	313,922,112
Other Financial Liabilities	205,127,177	197,050,745
Total Liabilities	**6,014,782,243**	**4,336,468,208**
Total Equity and Liabilities	**11,688,730,606**	**9,826,435,760**

CONDENSED STATEMENT OF PROFIT OR LOSS

Fig in NPR.

Particulars	Current Year (Unaudited)		Corresponding Previous Year (Unaudited)	
	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)
Income:				
Gross Earned Premiums	696,721,846	1,201,551,255	603,888,763	1,094,175,265
Premiums Ceded	(295,655,845)	(514,893,556)	(264,767,730)	(478,115,564)
Net Earned Premiums	**401,066,001**	**686,657,699**	**339,121,033**	**616,059,701**
Commission Income	68,014,794	163,824,609	57,443,150	144,943,861
Other Direct Income	4,573,918	7,717,139	7,479,241	9,049,588
Income from Investments and Loans	68,568,124	160,239,177	100,354,615	216,486,350
Net Gain/(Loss) on Fair Value Changes	-	-	-	-
Net Realised Gains/(Losses)	3,077,298	25,791,786	-	-
Other Income	2,788,120	2,788,120	9,436,227	9,436,227
Total Income	**548,088,255**	**1,047,018,531**	**513,834,266**	**995,975,727**
Expenses:		-		
Gross Claims Paid	302,321,977	623,332,128	212,541,820	505,396,362
Claims Ceded	(115,710,497)	(209,093,269)	(80,812,803)	(179,161,774)
Gross Change in Contract Liabilities	139,882,229	1,147,674,765	(18,895,720)	(5,898,899)
Change in Contract Liabities Ceded to Reinsurers	(69,144,892)	(1,071,180,162)	23,318,416	18,772,707
Net Claims Incurred	**257,348,818**	**490,733,460**	**136,151,714**	**339,108,396**
Commission Expenses	10,309,663	21,493,104	13,075,749	25,774,710
Service Fees	3,464,229	7,224,609	3,461,287	6,926,402
Other Direct expenses	222,600	310,400	650,925	1,437,714
Employee Benefits Expenses	86,442,344	190,149,548	105,044,576	202,886,043
Depreciation and Amortization Expenses	11,642,470	23,576,680	12,152,147	24,958,377
Impairment Losses	-		-	-
Other Operating Expenses	56,427,044	90,630,402	52,978,414	93,072,750
Finance Cost	-	-	-	-
Total Expenses	**425,857,168**	**824,118,203**	**323,514,810**	**694,164,392**
Net Profit/(Loss) For The Year Before Share of Net Profits of Associates Accounted for Using Equity Method and Tax	**122,231,087**	**222,900,328**	**190,319,456**	**301,811,335**
Share of Net Profit of Associates accounted using Equity Method		-		-
Profit Before Tax	**122,231,087**	**222,900,328**	**190,319,456**	**301,811,335**
Income Tax Expenses	36,669,326	66,870,098	57,095,837	80,544,268
Net Profit/(Loss) For The Year	**85,561,761**	**156,030,230**	**133,223,619**	**221,267,067**
Earning Per Share Annuaized				
Basic EPS		15.51		21.99
Diluted EPS		15.51		21.99

CONDENSED STATEMENT OF OTHER COMPREHENSIVE INCOME

Fig in NPR.

Particulars	Current Year (Unaudited)		Corresponding Previous Year (Unaudited)	
	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)
Net Profit/(Loss) For The Year	85,561,761	156,030,230	133,223,619	221,267,067
Other Comprehensive Income	(42,404,889)	27,950,581	-	-
Total Comprehensive Income	**43,156,872**	**183,980,811**	**133,223,619**	**221,267,067**

Other Details for Quarterly Financial Statement 2nd Quarter 2081/82

Particulars	Current Year Upto this Quarter (YTD)	Previous Year Upto this Quarter (YTD)
1. Total Issued Policy Count	145,693	154,109
2. Total Renewed Policy Count	48,986	44,870
3. Total Claims Paid Count	4,863	4,358
4. Outstanding Claims Count (including Covid Claims)	10,316	9,881
5. Gross Outstanding Claim Including IBNR and IBNER	2,842,755,286	1,732,926,546
6. Net Outstanding Claim Including IBNR and IBNER	2,051,281,731	741,285,583
7. Margin over Best Estimate (MoBE)	10,887,366	7,442,775
8. Unearned Premium Reserve	1,168,298,298	1,078,637,371
9. Unexpired Risk Reserve	-	-
10. Earthquake Premium Reserve	14,777,831	-
11. Long Term Investments	1,334,069,443	558,729,018
12. Short Term Investment	5,923,305,102	5,086,627,367
13. Direct Premium	1,665,123,020	1,612,900,310
14. Investment in Cost	6,538,290,666	5,398,154,022
15. Solvency Margin Ratio	4.06	3.32

Note:

1. The detailed Interim Financial Report has been published in the company's website www.neco.com.np
2. Figures presented above are unaudited figures and might be changed after acturial report/statutory audit.
3. Above Financials are prepared as per Nepal Financial Reporting Standards (NFRS).
4. The above figures are regrouped and rearranged whenever necessary.

Disclosures as per section 84(3) of Insurance Act, 2079

1. **Solvency Ratio:** The solvency ratio of the company is 3.32 as per the acturial valuation report of FY 2079-80.
2. **Reinsurance related Disclosure:** The company has various reinsurance arrangements with national and international reinsurance companies in order to mitigate its risk exposure as per the need of the company.
3. **Details regarding legal proceedings:** There are no legal proceedings against the company arising from activities other than normal business operations.
4. **Regulatory limit on expense ratio:** The expense ratio of the company is within the prescribed limit by Nepal Insurance Authority.
5. **Corporate Governance:** The company has complied with the corporate governance directive issued by Nepal Insurance Authority. Company has a separate corporate governance unit and has established various mechanism and procedures to comply with Insurane Acts & Regulations, Directives & Circulars issued by Nepal Insurance Authority and all the relavant laws and regulation. The Board and management of the company is committed in upholding the best governance within the company.

Additional Disclosures as per Securities Registration and Issuance Regulation-2073 (Sub Rule(1) of Rule 26, Annex (14)

1. Financial Statements:

a) The statement of financial position and statement of Profit and Loss (Unaudited) has been published along with this report as per the Nepal Financial Reporting Standards (NFRS)

b) Major Financial Indicators:

Earning per Share Annualized (EPS)	15.51
Price Earning Ratio (P/E)	58.81
Net Worth per Share	281.95
Total Assets per Share	580.85

2. Management Analysis:

The company during the Year has written gross premium of 166.51 crores which is 3.24 % higher than the gross premium written in comparison to corresponding period of previous year. The company is aiming for higher business growth in upcoming period and formulating strategies to achieve so in a sustainable and organic manner. The Company paid total claims of 62.33 crores during the period. The company has utilized diversified investment portfolio & total investments of the company is 725.74 crores till the end of second quarter of current fiscal year.

3. Details of Legal Proceedings:

There are no legal proceedings by or against the company, board of directors and management of the company apart from those arising from activities other than normal business operations.

4. Analysis of share transaction and progress of the company:

a) Mangement View on share transaction of the company at securities market: The management of the company has neutral view on the share price and transaction as it is determined at Nepal Stock Exchange through open share market operations.

b) Maximum, Minimum, Closing price, Total Traded days and Total Share transactions during the period:

Last Price	912	Total Trade Days	55
Highest Price	980	Total Trades	5,582
Lowest Price	903	Total Traded Shares	762,532

5. Problems and Challenges:

Effect of change in interest rate on deposit, high inflation, reduced economic activities and lack of awareness among people about the need and importance of insurance are some of the major problems of insurance industry today. Also the recruitment and retention of quality human resources, highly competitive market, changing regulatory frameworks, political instability, slowdown in economy etc. are other problems and challenges faced by the companies.

6. Corporate Governance:

The board of directors of the company and management is committed to follow good governance and ensure full compliance with all the applicable laws and regulations and directives and guidelines issued by Nepal Insurane Authority. The company has formed Audit committee, Risk Management committee and various departments as per the corporate governance directive of Nepal Insurane Authority for establishing good control system in the company. The company holds its external and internal audit timely and both the the internal and external audit is carried out by the independent audit firms of Chartered Accountants.

7. Declaration by CEO

I hereby declare that the particulars,data & information mentioned in this report, to the best of my knowledge, are true, fair and complete. I have not knowingly concealed any material particulars & information to misguide the investors. I personally take the responsibility on the truthfulness of data, information and particulars disclosed in this report.