नेको इन्स्युरेन्स लि.
NECO INSURANCE LTD.
MAKE A VISIBLE DIFFERENCE

Beema Bhawan, Gyaneshwor, Kathmandu, Nepal
Phone: 01-4542263, Fax: 01-4529162
P.O.B. No.: 12271
www.neco.com.np
info@neco.com.np

Quarterly Financial Results for 3rd 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 Audited
Assets:		
Goodwill & Intangible Assets	3,452,389	3,496,927
Property and Equipment	644,785,719	657,637,956
Investment Properties	64,564,713	64,564,713
Deferred Tax Assets	-	52,918,095
Investment in Subsidiaries	-	-
Investment in Associates	-	-
Investments	7,025,916,538	6,328,933,526
Loans	-	-
Reinsurance Assets	2,089,836,216	1,706,238,104
Current Tax Assets	69,524,117	34,506,109
Insurance Receivables	72,373,027	56,797,606
Other Assets	129,630,150	98,013,347
Other Financial Assets	197,516,889	188,183,831
Cash and Cash Equivalent	245,218,412	465,248,120
Total Assets	**10,542,818,170**	**9,656,538,335**
Equity:		
Share Capital	2,012,360,619	2,012,360,619
Share Application Money Pending Allotment	-	166,857,940
Share Premium	-	-
Special Reserve	2,209,483,773	2,024,819,508
Catastrophe Reserves	156,754,894	138,288,468
Retained Earnings	676,107,586	513,603,032
Other Equity	326,364,109	292,540,006
Total Equity	**5,381,070,980**	**5,148,469,573**
Liabilities:		
Provisions	30,548,992	29,122,145
Gross Insurance Contract Liabilities	4,006,019,497	3,415,174,262
Deferred Tax Assets/(Liabilities)	3,892,871	-
Insurance Payables	500,578,145	440,653,588
Current Tax Assets/(Liabilities)	-	-
Borrowings	-	-
Other Liabilities	412,901,873	435,985,882
Other Financial Liabilities	207,805,812	187,132,886
Total Liabilities	**5,161,747,190**	**4,508,068,761**
Total Equity and Liabilities	**10,542,818,170**	**9,656,538,335**

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	959,874,621	2,161,425,877	839,994,441	1,934,169,707
Premiums Ceded	(418,569,499)	(933,463,055)	(382,545,960)	(860,661,524)
Net Earned Premiums	**541,305,122**	**1,227,962,822**	**457,448,481**	**1,073,508,183**
Commission Income	91,184,178	255,008,787	76,704,337	221,648,199
Other Direct Income	4,573,918	12,291,057	4,805,638	13,855,226
Income from Investments and Loans	65,180,545	225,419,722	104,633,747	321,120,096
Net Gain/(Loss) on Fair Value Changes	-	-	-	-
Net Realised Gains/(Losses)	8,186,612	33,978,398	-	-
Other Income	3,829,775	6,617,895	5,042,357	14,478,584
Total Income	**714,260,150**	**1,761,278,681**	**648,634,560**	**1,644,610,287**
Expenses:		**-**		**-**
Gross Claims Paid	434,577,509	1,057,909,637	271,832,363	777,228,725
Claims Ceded	(198,612,042)	(407,705,311)	(76,747,700)	(255,909,475)
Gross Change in Contract Liabilities	(867,238,006)	280,436,759	47,247,941	41,349,042
Change in Contract Liabities Ceded to Reinsurers	849,859,593	(221,320,569)	(16,828,425)	1,944,283
Net Claims Incurred	**218,587,055**	**709,320,515**	**225,504,180**	**564,612,575**
Commission Expenses	12,873,132	34,366,236	13,765,594	39,540,304
Service Fees	3,096,094	10,320,703	2,982,229	9,908,631
Other Direct expenses	3,323,256	3,633,656	227,750	1,665,464
Employee Benefits Expenses	113,016,539	303,166,087	115,245,084	318,131,127
Depreciation and Amortization Expenses	12,005,472	35,582,151	12,734,362	37,692,740
Impairment Losses	-		-	-
Other Operating Expenses	46,646,747	137,277,148	34,015,445	127,088,194
Finance Cost	-		-	-
Total Expenses	**409,548,293**	**1,233,666,496**	**404,474,643**	**1,098,639,035**
Net Profit/(Loss) For The Year Before Share of Net Profits of Associates Accounted for Using Equity Method and Tax	**304,711,856**	**527,612,185**	**244,159,917**	**545,971,252**
Share of Net Profit of Associates accounted using Equity Method		-		-
Profit Before Tax	**304,711,856**	**527,612,185**	**244,159,917**	**545,971,252**
Income Tax Expenses	91,413,557	158,283,655	87,930,734	168,475,002
Net Profit/(Loss) For The Year	**213,298,300**	**369,328,529**	**156,229,183**	**377,496,250**
Earning Per Share Annuaized				
Basic EPS		24.47		25.01
Diluted EPS		24.47		25.01

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	213,298,300	369,328,529	156,229,183	377,496,250
Other Comprehensive Income	104,608,339	132,558,920	65,476,522	65,476,522
Total Comprehensive Income	**317,906,638**	**501,887,449**	**221,705,705**	**442,972,772**

Other Details for Quarterly Financial Statement 3rd Quarter 2080/81

Particulars	Current Year	Previous Year
	Upto this Quarter (YTD)	Upto this Quarter (YTD)
1. Total Issued Policy Count	219,776	230,411
2. Total Renewed Policy Count	74,840	65,371
3. Total Claims Paid Count	7,500	6,712
4. Outstanding Claims Count (including Covid Claims)	10,038	10,065
5. Gross Outstanding Claim Including IBNR and IBNER	2,028,539,750	1,780,174,487
6. Net Outstanding Claim Including IBNR and IBNER	797,728,185	771,705,100
7. Margin over Best Estimate (MoBE)	8,185,534	7,873,792
8. Unearned Premium Reserve	1,097,367,817	1,019,638,571
9. Unexpired Risk Reserve	-	-
10. Earthquake Premium Reserve	21,087,276	-
11. Long Term Investments	1,102,412,728	918,833,269
12. Short Term Investment	5,923,503,810	5,184,925,650
13. Direct Premium	2,471,834,350	2,393,985,132
14. Investment in Cost	6,608,489,374	5,763,018,668
15. Solvency Margin Ratio	3.84	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 3.84 as per the acturial valuation report of FY 2080-81.
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)	24.47
Price Earning Ratio (P/E)	30.68
Net Worth per Share	267.40
Total Assets per Share	523.90

2. Management Analysis:

The company during the Year has written gross premium of 247.18 crores which is 3.25 % 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 105.79 crores during the period. The company has utilized diversified investment portfolio & total investments of the company is 702.59 (fair Value) crores till the end of third 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	750.76	Total Trade Days	56
Highest Price	944.90	Total Trades	6,694
Lowest Price	740.65	Total Traded Shares	700,206

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.