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

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Quarterly Financial Results for 4th 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	3,425,542	3,496,927
Property and Equipment	607,790,452	657,637,956
Investment Properties	61,336,478	64,564,713
Deferred Tax Assets	40,578,147	52,918,095
Investment in Subsidiaries	-	-
Investment in Associates	-	-
Investments	6,806,690,312	6,328,933,526
Loans	-	-
Reinsurance Assets	2,203,034,526	1,706,238,104
Current Tax Assets	71,277,272	34,506,109
Insurance Receivables	64,190,103	56,797,606
Other Assets	204,479,176	98,013,347
Other Financial Assets	190,047,070	188,183,831
Cash and Cash Equivalent	694,669,035	465,248,120
Total Assets	**10,947,518,114**	**9,656,538,335**
Equity:		
Share Capital	2,515,450,774	2,012,360,619
Share Application Money Pending Allotment	-	166,857,940
Share Premium	111,780,000	-
Special Reserve	2,300,232,649	2,024,819,508
Catastrophe Reserves	165,829,782	138,288,468
Retained Earnings	755,966,596	513,603,032
Other Equity	327,458,939	292,540,006
Total Equity	**6,176,718,740**	**5,148,469,573**
Liabilities:		
Provisions	32,347,850	29,122,145
Gross Insurance Contract Liabilities	3,750,647,190	3,415,174,262
Deferred Tax Assets/(Liabilities)	-	-
Insurance Payables	477,718,667	440,653,588
Current Tax Assets/(Liabilities)	-	-
Borrowings	-	-
Other Liabilities	346,585,538	435,985,882
Other Financial Liabilities	163,500,130	187,132,886
Total Liabilities	**4,770,799,374**	**4,508,068,761**
Total Equity and Liabilities	**10,947,518,114**	**9,656,538,335**

CONDENSED STATEMENT OF PROFIT OR LOSS

Fig in NPR.

Particulars	Current Year (Unaudited)		Corresponding Previous Year	
	This Quarter	Upto this Quarter (YTD)	This Quarter (Unaudited)	Upto this Quarter (YTD) (Audited)
Income:				
Gross Earned Premiums	1,125,501,072	3,286,926,949	1,018,271,670	2,876,999,104
Premiums Ceded	(633,850,886)	(1,567,313,941)	(430,563,319)	(1,274,170,529)
Net Earned Premiums	**491,650,186**	**1,719,613,008**	**587,708,351**	**1,602,828,575**
Commission Income	134,040,558	389,049,345	177,794,851	341,212,770
Other Direct Income	4,573,918	16,864,974	2,826,356	16,681,582
Income from Investments and Loans	52,582,922	278,002,644	104,753,348	449,942,061
Net Gain/(Loss) on Fair Value Changes	-	-	-	-
Net Realised Gains/(Losses)	21,101,759	55,080,157	-	224,156
Other Income	13,365,133	19,983,028	10,726,970	11,049,194
Total Income	**717,314,476**	**2,478,593,156**	**883,809,876**	**2,421,938,338**
Expenses:				
Gross Claims Paid	613,562,857	1,671,472,494	257,859,672	1,035,146,127
Claims Ceded	425,349,861	833,055,172	43,574,254	299,611,916
Gross Change in Contract Liabilities	60,077,208	340,513,966	31,079,926	35,411,034
Change in Contract Liabities Ceded to Reinsurers	101,656,127	322,976,696	18,977	4,123,536
Net Claims Incurred	**146,634,077**	**855,954,592**	**245,346,367**	**766,821,709**
Commission Expenses	23,816,914	58,183,150	18,462,481	52,368,034
Service Fees	1,525,252	11,845,955	3,442,093	13,368,928
Other Direct expenses	613,604	4,247,259	1,273,900	2,939,364
Employee Benefits Expenses	153,771,870	456,937,957	147,876,077	448,680,080
Depreciation and Amortization Expenses	38,981,111	74,563,262	14,418,946	79,749,468
Impairment Losses	-	-	-	22,186,802
Other Operating Expenses	46,076,740	183,353,888	58,651,496	154,912,443
Finance Cost	11,378,314	11,378,314	-	10,343,922
Total Expenses	**422,797,882**	**1,656,464,377**	**489,471,360**	**1,551,370,750**
Net Profit/(Loss) For The Year Before Share of Net Profits of Associates Accounted for Using Equity Method and Tax	**294,516,594**	**822,128,779**	**394,338,516**	**870,567,589**
Share of Net Profit of Associates accounted using Equity Method	-	-	-	-
Profit Before Tax	**294,516,594**	**822,128,779**	**394,338,516**	**870,567,589**
Income Tax Expenses	113,018,841	271,302,497	148,245,407	280,064,728
Net Profit/(Loss) For The Year	**181,497,753**	**550,826,282**	**246,093,109**	**590,502,861**
Earning Per Share Annuaized				
Basic EPS		21.90		29.34
Diluted EPS		21.90		29.34

CONDENSED STATEMENT OF OTHER COMPREHENSIVE INCOME

Fig in NPR.

Particulars	Current Year (Unaudited)		Corresponding Previous Year	
	This Quarter	Upto this Quarter (YTD)	This Quarter (Unaudited)	Upto this Quarter (YTD) (Audited)
Net Profit/(Loss) For The Year	181,497,752	550,826,281	308,215,008	590,502,861
Other Comprehensive Income	(99,506,983)	33,051,937	167,309,958	(13,401,559)
Total Comprehensive Income	**81,990,769**	**583,878,218**	**475,524,966**	**577,101,301**

Other Details for Quarterly Financial Statement 4th Quarter 2081/82

Particulars	Current Year	Previous Year
	Upto this Quarter (YTD) (Unaudited)	Upto this Quarter (YTD) (Audited)
1. Total Issued Policy Count	291,897	297,154
2. Total Renewed Policy Count	95,418	81,633
3. Total Claims Paid Count	10,903	10,993
4. Outstanding Claims Count (including Covid Claims)	9,672	10,062
5. Gross Outstanding Claim Including IBNR and IBNER	2,088,616,958	1,708,764,905
6. Net Outstanding Claim Including IBNR and IBNER	756,149,265	717,042,789
7. Margin over Best Estimate (MoBE)	-	17,768,880
8. Unearned Premium Reserve	770,376,122	939,053,990
9. Unexpired Risk Reserve	-	-
10. Earthquake Premium Reserve	21,087,276	42,656,483
11. Long Term Investments	1,080,013,068	803,434,739
12. Short Term Investment	5,726,677,244	4,293,845,785
13. Direct Premium	3,281,885,911	3,140,397,818
14. Investment in Cost	6,531,086,808	6,100,876,247
15. Solvency Margin Ratio	3.84	3.84

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) :	21.90
Price Earning Ratio (P/E) :	32.44
Net Worth per Share :	245.55
Total Assets per Share:	435.21

2. Management Analysis:

The company during the Year has written gross premium of 328.19 crores which is 4.50 % 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 167.15 crores during the period. The company has utilized diversified investment portfolio & total investments of the company is 680.67 (fair Value) crores till the end of fourth 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	710.36	Total Trade Days	63.00
Highest Price	764.00	Total Trades	7,427.00
Lowest Price	664.12	Total Traded Shares	834,950.00

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.