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 1st Quarter, F.Y. 2082/83 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	2,797,542	3,425,542
Property and Equipment	572,365,331	607,790,452
Investment Properties	60,569,772	61,336,478
Deferred Tax Assets	117,695,667	40,578,147
Investment in Subsidiaries	-	-
Investment in Associates	-	-
Investments	6,806,475,820	6,806,690,312
Loans	-	-
Reinsurance Assets	2,783,861,870	2,203,034,526
Current Tax Assets	93,124,407	71,277,272
Insurance Receivables	129,269,656	64,190,103
Other Assets	237,426,666	204,479,176
Other Financial Assets	252,687,151	190,047,070
Cash and Cash Equivalent	917,132,230	694,669,036
Total Assets	**11,973,406,112**	**10,947,518,114**
Equity:		
Share Capital	2,691,532,328	2,515,450,774
Share Application Money Pending Allotment	-	-
Share Premium	111,780,000	111,780,000
Special Reserve	2,300,232,649	2,300,232,649
Catastrophe Reserves	165,829,782	165,829,782
Retained Earnings	487,483,464	755,966,596
Other Equity	356,911,750	327,458,939
Total Equity	**6,113,769,973**	**6,176,718,740**
Liabilities:	-	-
Provisions	33,243,434	32,347,850
Gross Insurance Contract Liabilities	4,924,452,708	3,750,647,190
Deferred Tax Assets/(Liabilities)	-	-
Insurance Payables	515,212,378	477,718,667
Current Tax Assets/(Liabilities)	-	-
Borrowings	-	-
Other Liabilities	295,293,811	346,585,537
Other Financial Liabilities	91,433,808	163,500,130
Total Liabilities	**5,859,636,139**	**4,770,799,374**
Total Equity and Liabilities	**11,973,406,112**	**10,947,518,114**

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	526,282,812	526,282,812	504,829,409	504,829,409
Premiums Ceded	(230,875,468)	(230,875,468)	219,237,711	219,237,711
Net Earned Premiums	**295,407,344**	**295,407,344**	**285,591,698**	**285,591,698**
Commission Income	100,448,783	100,448,783	95,809,816	95,809,816
Other Direct Income	3,457,543	3,457,543	3,143,221	3,143,221
Income from Investments and Loans	101,027,330	101,027,330	91,671,053	91,671,053
Net Gain/(Loss) on Fair Value Changes	-	-	-	-
Net Realised Gains/(Losses)	15,609,869	15,609,869	22,714,488	22,714,488
Other Income	4,012,533	4,012,533	-	-
Total Income	**519,963,402**	**519,963,402**	**498,930,276**	**498,930,276**
Expenses:				
Gross Claims Paid	529,980,283	529,980,283	321,010,151	321,010,151
Claims Ceded	286,071,991	286,071,991	93,382,773	93,382,773
Gross Change in Contract Liabilities	792,681,335	792,681,335	1,007,792,536	1,007,792,536
Change in Contract Liabities Ceded to Reinsurers	579,780,625	579,780,625	1,002,035,271	1,002,035,271
Net Claims Incurred	**456,809,002**	**456,809,002**	**233,384,643**	**233,384,643**
Commission Expenses	17,902,825	17,902,825	11,183,441	11,183,441
Service Fees	4,266,306	4,266,306	3,760,380	3,760,380
Other Direct expenses	248,100	248,100	87,800	87,800
Employee Benefits Expenses	109,850,196	109,850,196	103,707,204	103,707,204
Depreciation and Amortization Expenses	11,620,007	11,620,007	11,934,210	11,934,210
Impairment Losses	-	-	-	-
Other Operating Expenses	38,030,759	38,030,759	34,203,358	34,203,358
Finance Cost	-	-	-	-
Total Expenses	**638,727,195**	**638,727,195**	**398,261,036**	**398,261,036**
Net Profit/(Loss) For The Year Before Share of Net Profits of Associates Accounted for Using Equity Method and Tax	**(118,763,795)**	**(118,763,795)**	**100,669,240**	**100,669,240**
Share of Net Profit of Associates accounted using Equity Method	-	-	-	-
Profit Before Tax	**(118,763,795)**	**(118,763,795)**	**100,669,240**	**100,669,240**
Income Tax Expenses	(35,629,139)	(35,629,139)	30,200,772	30,200,772
Net Profit/(Loss) For The Year	**(83,134,656)**	**(83,134,656)**	**70,468,468**	**70,468,468**
Earning Per Share Annuaized				
Basic EPS		(12.35)		14.01
Diluted EPS		(12.35)		14.01

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	(83,134,657)	(83,134,657)	70,468,468	70,468,468
Other Comprehensive Income	68,013,012	68,013,012	70,355,470	70,355,470
Total Comprehensive Income	**(15,121,645)**	**(15,121,645)**	**140,823,938**	**140,823,938**

Other Details for Quarterly Financial Statement 1st Quarter 2082/83

Particulars	Current Year	Previous Year
	Upto this Quarter (YTD) (Unaudited)	Upto this Quarter (YTD) (Unaudited)
1. Total Issued Policy Count	72,222	71,202
2. Total Renewed Policy Count	27,244	24,002
3. Total Claims Paid Count	2,801	2,429
4. Outstanding Claims Count (including Covid Claims)	10,112	10,165
5. Gross Outstanding Claim Including IBNR and IBNER	2,852,538,676	2,721,838,068
6. Net Outstanding Claim Including IBNR and IBNER	940,290,359	738,887,702
7. Margin over Best Estimate (MoBE)	6,825,971	7,114,383
8. Unearned Premium Reserve	1,171,423,169	1,107,467,086
9. Unexpired Risk Reserve	-	-
10. Earthquake Premium Reserve	28,877,310	7,513,714
11. Long Term Investments	825,975,564	1,711,859,535
12. Short Term Investment	5,770,420,889	5,415,290,684
13. Direct Premium	928,376,578	897,553,271
14. Investment in Cost	6,596,396,453	6,100,276,248
15. Solvency Margin Ratio	3.84	3.75

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) :	(12.35)
Price Earning Ratio (P/E) :	(46.94)
Net Worth per Share :	227.15
Total Assets per Share:	444.85

2. Management Analysis:

The company during the Year has written gross premium of 92.83 crores which is 3.42 % 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 52.99 crores during the period. The company has utilized diversified investment portfolio to increase the revenue & total investments of the company is 680.64 crores (fair value)till the end of first 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	580.00	Total Trade Days	51.00
Highest Price	783.90	Total Trades	9,369.00
Lowest Price	574.00	Total Traded Shares	1,012,830.00

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.