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

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Quarterly Financial Results for 2nd 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 Audited
Assets:		
Goodwill & Intangible Assets	3,073,114	3,771,392
Property and Equipment	626,738,019	656,491,267
Investment Properties	59,680,601	61,210,872
Deferred Tax Assets	-	-
Investment in Subsidiaries	-	-
Investment in Associates	-	-
Investments	6,581,106,593	6,911,528,923
Loans	-	-
Reinsurance Assets	2,830,585,031	1,873,435,994
Current Tax Assets	128,737,697	83,260,510
Insurance Receivables	255,533,214	197,940,719
Other Assets	174,106,896	251,324,251
Other Financial Assets	167,848,555	131,892,411
Cash and Cash Equivalent	1,381,442,440	863,239,801
Total Assets	**12,208,852,160**	**11,034,096,142**
Equity:		
Share Capital	2,691,532,328	2,515,450,774
Share Application Money Pending Allotment	-	-
Share Premium	111,780,000	111,780,654
Special Reserve	2,319,044,472	2,313,656,924
Catastrophe Reserves	167,710,964	167,172,209
Retained Earnings	587,138,042	767,745,475
Other Equity	403,415,315	434,267,266
Total Equity	**6,280,621,122**	**6,310,073,302**
Liabilities:		
Provisions	38,590,431	33,090,431
Gross Insurance Contract Liabilities	5,083,543,251	3,539,178,399
Deferred Tax Assets/(Liabilities)	3,255,250	8,520,023
Insurance Payables	463,939,917	529,849,742
Current Tax Assets/(Liabilities)	-	-
Borrowings	-	-
Other Liabilities	221,297,046	370,458,269
Other Financial Liabilities	117,605,144	242,925,977
Total Liabilities	**5,928,231,038**	**4,724,022,840**
Total Equity and Liabilities	**12,208,852,160**	**11,034,096,142**

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	659,164,675	1,185,447,486	696,721,846	1,201,551,255
Premiums Ceded	(257,665,004)	(488,540,472)	(295,655,845)	(514,893,556)
Net Earned Premiums	**401,499,671**	**696,907,014**	**401,066,001**	**686,657,699**
Commission Income	89,261,345	189,710,128	68,014,794	163,824,609
Other Direct Income	5,417,167	8,874,710	4,573,918	7,717,139
Income from Investments and Loans	53,777,038	106,653,095	68,568,124	160,239,177
Net Gain/(Loss) on Fair Value Changes	-	-	-	-
Net Realised Gains/(Losses)	1,132,045	16,741,913	3,077,298	25,791,787
Other Income	4,227,682	8,240,214	2,788,120	2,788,120
Total Income	**555,314,947**	**1,027,127,074**	**548,088,255**	**1,047,018,531**
Expenses:				
Gross Claims Paid	394,584,224	924,564,508	302,321,977	623,332,127
Claims Ceded	151,055,066	437,127,057	115,710,497	209,093,270
Gross Change in Contract Liabilities	134,279,434	926,960,769	139,882,230	1,147,674,765
Change in Contract Liabities Ceded to Reinsurers	131,399,258	759,331,156	69,144,892	1,071,180,162
Net Claims Incurred	**246,409,335**	**655,067,064**	**257,348,818**	**490,733,460**
Commission Expenses	13,117,103	31,019,928	10,309,663	21,493,104
Service Fees	4,087,824	8,354,130	3,464,229	7,224,609
Other Direct expenses	1,033,096	1,281,196	222,600	310,400
Employee Benefits Expenses	99,367,616	209,217,812	86,442,344	190,149,548
Depreciation and Amortization Expenses	8,634,773	20,254,780	11,642,470	23,576,680
Impairment Losses	-	-	-	-
Other Operating Expenses	48,508,411	86,539,170	56,427,044	90,630,402
Finance Cost	-	-	-	-
Total Expenses	**421,158,157**	**1,011,734,079**	**425,857,168**	**824,118,203**
Net Profit/(Loss) For The Year Before Share of Net Profits of Associates Accounted for Using Equity Method and Tax	**134,156,790**	**15,392,995**	**122,231,087**	**222,900,328**
Share of Net Profit of Associates accounted using Equity Method	-	-	-	-
Profit Before Tax	**134,156,790**	**15,392,995**	**122,231,087**	**222,900,328**
Income Tax Expenses	40,247,037	4,617,898	36,669,326	66,870,098
Net Profit/(Loss) For The Year	**93,909,753**	**10,775,096**	**85,561,761**	**156,030,230**
Earning Per Share Annuaized				
Basic EPS		0.80		15.51
Diluted EPS		0.80		15.51

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	93,909,753	10,775,096	85,561,761	156,030,230
Other Comprehensive Income	(89,684,803)	(21,671,791)	(42,404,889)	27,950,581
Total Comprehensive Income	**4,224,950**	**(10,896,695)**	**43,156,872**	**183,980,811**

Quarterly Financial Results for 2nd Quarter, F.Y. 2082/83 B.S.

Particulars	Current Year	Previous Year
	Upto this Quarter (YTD) (Unaudited)	Upto this Quarter (YTD) (Unaudited)
1. Total Issued Policy Count	145,885	145,693
2. Total Renewed Policy Count	52,765	48,986
3. Total Claims Paid Count	5,378	4,863
4. Outstanding Claims Count (including Covid Claims)	10,567	10,316
5. Gross Outstanding Claim Including IBNR and IBNER	2,914,603,766	2,842,755,286
6. Net Outstanding Claim Including IBNR and IBNER	924,401,272	2,051,281,731
7. Margin over Best Estimate (MoBE)	86,704,650	10,887,366
8. Unearned Premium Reserve	1,255,346,396	1,168,298,298
9. Unexpired Risk Reserve	-	-
10. Earthquake Premium Reserve	71,090,029	14,777,831
11. Long Term Investments	850,975,564	1,334,069,443
12. Short Term Investment	5,386,399,885	5,923,305,102
13. Direct Premium	1,802,851,568	1,665,123,020
14. Investment in Cost	6,237,375,449	6,538,290,666
15. Solvency Margin Ratio	506%	385%

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 5.06 as per the acturial valuation report of FY 2081-82.
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) :	0.80
Price Earning Ratio (P/E) :	771.86
Net Worth per Share :	233.35
Total Assets per Share:	453.60

2. Management Analysis:

The company during the Year has written gross premium of 180.28 crores which is 8.27 % 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 39.46 crores during the period. The company has utilized diversified investment portfolio & total investments of the company is 658.11(fair Value) 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	618.00	Total Trade Days	55
Highest Price	665.00	Total Trades	4,707
Lowest Price	562.00	Total Traded Shares	464,372

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.