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

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Quarterly Financial Results for 3rd 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	695,716,998	656,491,267
Investment Properties	58,915,465	61,210,872
Deferred Tax Assets	7,429,838	-
Investment in Subsidiaries	-	-
Investment in Associates	-	-
Investments	6,657,841,578	6,911,528,923
Loans	-	-
Reinsurance Assets	2,915,056,529	1,873,435,994
Current Tax Assets	108,951,626	83,260,510
Insurance Receivables	221,044,220	197,940,719
Other Assets	261,919,525	251,324,251
Other Financial Assets	234,667,046	131,892,411
Cash and Cash Equivalent	1,163,063,084	863,239,801
Total Assets	**12,327,679,023**	**11,034,096,142**
Equity:		
Share Capital	2,772,278,300	2,515,450,774
Share Application Money Pending Allotment	-	-
Share Premium	111,780,654	111,780,654
Special Reserve	2,344,603,986	2,313,656,924
Catastrophe Reserves	170,266,915	167,172,209
Retained Earnings	370,002,084	767,745,475
Other Equity	416,230,015	434,267,266
Total Equity	**6,185,161,955**	**6,310,073,302**
Liabilities:	-	-
Provisions	42,145,881	33,090,431
Gross Insurance Contract Liabilities	5,136,734,147	3,539,178,399
Deferred Tax Assets/(Liabilities)	-	8,520,023
Insurance Payables	490,870,593	529,849,742
Current Tax Assets/(Liabilities)	-	-
Borrowings	-	-
Other Liabilities	323,798,323	370,458,269
Other Financial Liabilities	148,968,124	242,925,977
Total Liabilities	**6,142,517,067**	**4,724,022,840**
Total Equity and Liabilities	**12,327,679,023**	**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	940,467,024	2,125,914,510	959,874,621	2,161,425,877
Premiums Ceded	(410,275,153)	(898,815,625)	(418,569,499)	(933,463,055)
Net Earned Premiums	**530,191,871**	**1,227,098,885**	**541,305,122**	**1,227,962,822**
Commission Income	95,671,683	285,381,811	91,184,178	255,008,787
Other Direct Income	5,260,005	14,134,715	4,573,918	12,291,057
Income from Investments and Loans	37,650,544	144,303,639	65,180,545	225,419,722
Net Gain/(Loss) on Fair Value Changes	-	-	-	-
Net Realised Gains/(Losses)	6,834,388	23,576,301	8,186,612	33,978,398
Other Income	4,288,749	12,528,964	3,829,775	6,617,895
Total Income	**679,897,241**	**1,707,024,315**	**714,260,150**	**1,761,278,681**
Expenses:				
Gross Claims Paid	408,255,419	1,332,819,927	434,577,509	1,057,909,637
Claims Ceded	(174,848,279)	(611,975,336)	(198,612,042)	(407,705,311)
Gross Change in Contract Liabilities	67,562,081	994,522,850	(867,238,006)	280,436,759
Change in Contract Liabities Ceded to Reinsurers	(53,029,416)	(812,360,572)	849,859,593	(221,320,569)
Net Claims Incurred	**247,939,806**	**903,006,870**	**218,587,055**	**709,320,515**
Commission Expenses	20,256,660	51,276,587	12,873,132	34,366,236
Service Fees	4,263,379	12,617,509	3,096,094	10,320,703
Other Direct expenses	302,011	1,583,206	3,323,256	3,633,656
Employee Benefits Expenses	118,657,838	327,875,650	113,016,539	303,166,087
Depreciation and Amortization Expenses	12,769,578	33,024,358	12,005,472	35,582,151
Impairment Losses	-	-	-	-
Other Operating Expenses	65,250,670	151,789,840	46,646,747	137,277,148
Finance Cost	-	-	-	-
Total Expenses	**469,439,941**	**1,481,174,020**	**409,548,293**	**1,233,666,496**
Net Profit/(Loss) For The Year Before Share of Net Profits of Associates Accounted for Using Equity Method and Tax	**210,457,300**	**225,850,295**	**304,711,856**	**527,612,185**
Share of Net Profit of Associates accounted using Equity Method	-	-	-	-
Profit Before Tax	**210,457,300**	**225,850,295**	**304,711,856**	**527,612,185**
Income Tax Expenses	63,137,190	61,894,124	91,413,557	158,283,655
Net Profit/(Loss) For The Year	**147,320,110**	**163,956,171**	**213,298,300**	**369,328,529**
Earning Per Share Annuaized				
Basic EPS		7.89		24.47
Diluted EPS		7.89		24.47

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	153,181,074	163,956,170	213,298,300	369,328,529
Other Comprehensive Income	(1,868,967)	(23,540,759)	104,608,339	132,558,920
Total Comprehensive Income	**151,312,107**	**140,415,412**	**317,906,639**	**501,887,449**

Quarterly Financial Results for 3rd 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	225,280	219,776
2. Total Renewed Policy Count	79,145	74,840
3. Total Claims Paid Count	8,123	7,500
4. Outstanding Claims Count (including Covid Claims)	10,917	10,038
5. Gross Outstanding Claim Including IBNR and IBNER	2,974,098,046	2,028,539,750
6. Net Outstanding Claim Including IBNR and IBNER	930,866,136	797,728,185
7. Margin over Best Estimate (MoBE)	86,704,650	8,185,534
8. Unearned Premium Reserve	1,209,533,129	1,097,367,817
9. Unexpired Risk Reserve	-	-
10. Earthquake Premium Reserve	79,157,829	21,087,276
11. Long Term Investments	1,254,470,864	1,102,412,728
12. Short Term Investment	4,996,669,604	5,923,503,810
13. Direct Premium	2,728,509,509	2,471,834,350
14. Investment in Cost	6,251,140,468	6,608,489,374
15. Solvency Margin Ratio	5.06	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 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) :	7.89
Price Earning Ratio (P/E) :	81.16
Net Worth per Share :	223.11
Total Assets per Share:	444.68

2. Management Analysis:

The company during the Year has written gross premium of 272.85 crores which is 10.39 % 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 40.83 crores during the period. The company has utilized diversified investment portfolio & total investments of the company is 665.78 crores (fair Value) 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	640	Total Trade Days	53
Highest Price	681	Total Trades	6,093
Lowest Price	600	Total Traded Shares	730,999

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.