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

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Quarterly Financial Results for 4th 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	3,486,154	3,771,392
Property and Equipment	673,495,350	656,491,267
Investment Properties	58,150,329	61,210,872
Deferred Tax Assets	30,670,326	-
Investment in Subsidiaries	-	-
Investment in Associates	-	-
Investments	6,199,164,851	6,911,528,923
Loans	-	-
Reinsurance Assets	2,740,055,722	1,873,435,994
Current Tax Assets	83,459,633	83,260,510
Insurance Receivables	287,615,679	197,940,719
Other Assets	317,045,754	251,324,251
Other Financial Assets	189,580,770	131,892,411
Cash and Cash Equivalent	1,575,345,264	863,239,801
Total Assets	**12,158,069,832**	**11,034,096,142**
Equity:		
Share Capital	2,772,278,300	2,515,450,774
Share Application Money Pending Allotment	-	-
Share Premium	31,034,684	111,780,654
Special Reserve	2,457,817,862	2,313,656,924
Catastrophe Reserves	181,588,303	167,172,209
Retained Earnings	365,027,790	767,745,475
Other Equity	466,873,023	434,267,266
Total Equity	**6,274,619,962**	**6,310,073,302**
Liabilities:		
Provisions	38,342,561	33,090,431
Gross Insurance Contract Liabilities	4,857,234,481	3,539,178,399
Deferred Tax Assets/(Liabilities)	-	8,520,023
Insurance Payables	531,388,420	529,849,742
Current Tax Assets/(Liabilities)	-	-
Borrowings	-	-
Other Liabilities	284,547,323	370,458,269
Other Financial Liabilities	171,937,086	242,925,977
Total Liabilities	**5,883,449,870**	**4,724,022,840**
Total Equity and Liabilities	**12,158,069,832**	**11,034,096,142**

CONDENSED STATEMENT OF PROFIT OR LOSS

Fig in NPR.

Particulars	Current Year (Unaudited)		Corresponding Previous Year (Audited)	
	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)
Income:				
Gross Earned Premiums	1,172,819,218	3,298,733,728	1,125,501,072	3,447,424,531
Premiums Ceded	459,277,934	1,358,093,559	633,850,886	1,546,709,736
Net Earned Premiums	**713,541,284**	**1,940,640,169**	**491,650,186**	**1,900,714,795**
Commission Income	68,366,822	353,748,633	134,040,558	412,083,997
Other Direct Income	13,870,957	28,005,672	4,573,918	25,459,702
Income from Investments and Loans	40,518,351	184,821,990	52,582,922	286,493,642
Net Gain/(Loss) on Fair Value Changes	-	-	-	-
Net Realised Gains/(Losses)	1,533,062	25,109,363	21,101,759	57,234,503
Other Income	6,205,390	18,734,354	13,365,133	16,825,180
Total Income	**844,035,865**	**2,551,060,181**	**717,314,475**	**2,698,811,818**
Expenses:	**-**	**-**	**-**	**-**
Gross Claims Paid	557,404,530	1,890,224,457	613,562,857	1,671,472,494
Claims Ceded	167,845,731	779,821,067	425,349,861	747,037,040
Gross Change in Contract Liabilities	(32,603,392)	961,919,458	60,077,208	289,542,758
Change in Contract Liabities Ceded to Reinsurers	(34,587,053)	777,773,519	101,656,127	221,380,342
Net Claims Incurred	**391,542,459**	**1,294,549,329**	**146,634,077**	**992,597,870**
Commission Expenses	8,578,929	59,855,516	23,816,914	59,762,316
Service Fees	4,214,854	16,832,363	1,525,252	13,894,811
Other Direct expenses	1,185,237	2,768,443	613,604	4,247,259
Employee Benefits Expenses	170,208,107	498,083,757	153,771,870	482,047,659
Depreciation and Amortization Expenses	38,268,365	71,292,723	38,981,111	74,490,175
Impairment Losses	-	-	-	22,818,551
Other Operating Expenses	29,243,535	181,033,375	46,076,740	188,318,707
Finance Cost	14,756,281	14,756,281	11,378,314	9,414,476
Total Expenses	**657,997,767**	**2,139,171,787**	**422,797,882**	**1,847,591,824**
Net Profit/(Loss) For The Year Before Share of Net Profits of Associates Accounted for Using Equity Method and Tax	**186,038,098**	**411,888,394**	**294,516,593**	**851,219,994**
Share of Net Profit of Associates accounted using Equity Method	-	-	-	-
Profit Before Tax	**186,038,098**	**411,888,394**	**294,516,593**	**851,219,994**
Income Tax Expenses	61,672,394	123,566,518	113,018,841	272,374,910
Net Profit/(Loss) For The Year	**124,365,705**	**288,321,876**	**181,497,752**	**578,845,084**
Earning Per Share Annuaized				
Basic EPS		10.40		23.01
Diluted EPS		10.40		23.01

CONDENSED STATEMENT OF OTHER COMPREHENSIVE INCOME

Fig in NPR.

Particulars	Current Year (Unaudited)		Corresponding Previous Year (Audited)	
	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)
Net Profit/(Loss) For The Year	124,365,705	288,321,876	181,497,752	578,845,084
Other Comprehensive Income	12,494,980	(11,045,779)	(99,506,983)	139,111,347
Total Comprehensive Income	**136,860,686**	**277,276,097**	**81,990,769**	**717,956,431**

Quarterly Financial Results for 4th Quarter, F.Y. 2082/83 B.S.

Particulars	Current Year	Previous Year
	Upto this Quarter (YTD) (Unaudited)	Upto this Quarter (YTD) (Audited)
1. Total Issued Policy Count	305,983	291,897
2. Total Renewed Policy Count	102,150	95,418
3. Total Claims Paid Count	11,485	10,903
4. Outstanding Claims Count (including Covid Claims)	10,906	9,672
5. Gross Outstanding Claim Including IBNR and IBNER	2,932,454,437	1,918,309,829
6. Net Outstanding Claim Including IBNR and IBNER	923,809,579	687,438,491
7. Margin over Best Estimate (MoBE)	86,704,650	86,704,650
8. Unearned Premium Reserve	1,103,965,292	835,952,970
9. Unexpired Risk Reserve	-	-
10. Earthquake Premium Reserve	88,198,047	53,718,547
11. Long Term Investments	1,281,949,924	1,080,013,068
12. Short Term Investment	4,544,543,289	5,726,677,244
13. Direct Premium	3,654,432,453	3,281,885,911
14. Investment in Cost	5,826,493,213	6,531,086,808
15. Solvency Margin Ratio	5.06	5.06

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)	10.40
Price Earning Ratio (P/E)	58.65
Net Worth per Share	226.33
Total Assets per Share	438.56

2. Management Analysis:

The company during the Year has written gross premium of 365.49 crores which is 11.36 % 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 189.02 crores during the period. The company has utilized diversified investment portfolio & total investments of the company is 619.92 Crores (Fair Value) 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	610	Total Trade Days	64
Highest Price	682	Total Trades	3,567
Lowest Price	577	Total Traded Shares	392,292

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.