नेशनल लाईफ इन्स्योरेन्स कम्पनी लिमिटेड

# NATIONAL LIFE INSURANCE COMPANY LIMITED

फोनः ४५१४७९९, फ्याक्सः ९७७-०१-४५३५६३३, वेभः www.nationallife.com.np

# Quarterly Financial Results for First Quarter, F.Y. 2081/82 B.S

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*Fig in NPR.*

| | Unaudited | Unaudited | Unaudited | Unaudited |
|---|---|---|---|---|
| **Particulars** | **Group** | | **Insurance** | |
| | **At the end of this Quarter** | **At the end of Immediate Previous Year** | **At the end of this Quarter** | **At the end of Immediate Previous Year** |
| **Assets:** | | | | |
| Goodwill & Intangible Assets | 630,424 | 735,724 | 585,872 | 688,725 |
| Property and Equipment | 886,472,240 | 848,707,079 | 854,559,931 | 817,828,197 |
| Investment Properties | 1,711,084,527 | 1,711,084,527 | 1,711,084,527 | 1,711,084,527 |
| Deferred Tax Assets | - | - | - | - |
| Investment in Subsidiaries | - | - | 102,000,000 | 102,000,000 |
| Investment in Associates | 1,040,049,073 | 1,040,049,073 | 1,040,049,073 | 1,040,049,073 |
| Investments | 71,525,250,717 | 69,182,200,626 | 71,305,329,096 | 69,023,290,462 |
| Loans | 11,392,803,877 | 10,987,751,682 | 11,392,803,877 | 10,987,751,682 |
| Reinsurance Assets | 22,446,107 | 23,931,611 | 22,446,107 | 23,931,611 |
| Current Tax Assets | | | - | - |
| Insurance Receivables | | | - | - |
| Other Assets | 138,504,775 | 126,811,457 | 138,404,605 | 126,811,457 |
| Other Financial Assets | 1,755,125,195 | 1,722,845,629 | 1,744,555,660 | 1,715,438,962 |
| Cash and Cash Equivalent | 3,795,406,673 | 3,108,632,871 | 3,790,674,450 | 3,078,082,843 |
| **Total Assets** | **92,267,773,608** | **88,752,750,278** | **92,102,493,198** | **88,626,957,538** |
| **Equity:** | | | - | - |
| Share Capital | 5,212,133,082 | 5,011,666,425 | 5,212,133,082 | 5,011,666,425 |
| Share Application Money Pending Allotment | - | | - | - |
| Share Premium | 27,848,718 | 27,848,718 | 27,848,718 | 27,848,718 |
| Catastrophe Reserves | 583,604,145 | 569,765,599 | 583,604,145 | 569,765,599 |
| Retained Earnings | 627,126,075 | 1,231,326,213 | 613,763,323 | 1,228,219,870 |
| Other Equity | 580,137,657 | 494,084,458 | 466,060,552 | 393,099,933 |
| **Total Equity** | **7,030,849,677** | **7,334,691,413** | **6,903,409,820** | **7,230,600,545** |
| **Liabilities:** | | | - | - |
| Provisions | 131,491,306 | 131,591,306 | 131,491,306 | 131,491,306 |
| Gross Insurance Contract Liabilities | 81,846,339,120 | 77,956,871,811 | 81,846,339,120 | 77,956,871,811 |
| Deferred Tax Liabilities | 1,526,979,765 | 1,267,394,983 | 1,514,977,273 | 1,268,014,457 |
| Insurance Payable | 404,685,597 | 424,396,529 | 404,685,597 | 424,396,529 |
| Current Tax Liabilities | 255,789,619 | 73,787,323 | 256,128,126 | 73,932,743 |
| Borrowings | | | - | - |
| Other Liabilities | 409,264,630 | 541,774,196 | 389,236,533 | 521,314,859 |
| Other Financial Liabilities | 662,373,894 | 1,022,242,717 | 656,225,423 | 1,020,335,288 |
| **Total Liabilities** | **85,236,923,931** | **81,418,058,865** | **85,199,083,378** | **81,396,356,994** |
| **Total Equity and Liabilities** | **92,267,773,608** | **88,752,750,278** | **92,102,493,198** | **88,626,957,538** |

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*Fig in NPR.*

| | Group | | | | Insurance | | | |
|---|---|---|---|---|---|---|---|---|
| | Unaudited | | Unaudited | | Unaudited | | Unaudited | |
| | Current Year | | Corresponding Previous Year | | Current Year | | Corresponding Previous Year | |
| **Particulars** | **This Quarter** | **Upto this Quarter (YTD)** | **This Quarter** | **Upto this Quarter (YTD)** | **This Quarter** | **Upto this Quarter (YTD)** | **This Quarter** | **Upto this Quarter (YTD)** |
| **Income:** | | | | | | | | |
| Gross Earned Premiums | 4,914,970,656 | 4,914,970,656 | | | 4,914,970,656 | 4,914,970,656 | 4,194,077,178 | 4,194,077,178 |
| Premiums Ceded | (63,850,737) | (63,850,737) | | | (63,850,737) | (63,850,737) | (87,558,010) | (87,558,010) |
| **Net Earned Premiums** | **4,851,119,919** | **4,851,119,919** | | | **4,851,119,919** | **4,851,119,919** | **4,106,519,168** | **4,106,519,168** |
| Commission Income | 16,947,960 | 16,947,960 | | | 16,947,960 | 16,947,960 | 12,319,558 | 12,319,558 |
| Other Direct Income | 23,146,292 | 23,146,292 | | | 23,146,292 | 23,146,292 | 22,101,490 | 22,101,490 |
| Interest Income on Loan to Policyholders | 298,892,637 | 298,892,637 | | | 298,892,637 | 298,892,637 | 216,133,544 | 216,133,544 |
| Income from Investments and Loans | 1,503,586,398 | 1,503,586,398 | | | 1,503,583,482 | 1,503,583,482 | 1,351,127,219 | 1,351,127,219 |
| Net Gain/(Loss) on Fair Value Changes | 14,672,843 | 14,672,843 | | | - | - | - | - |
| Net Realised Gains/(Losses) | 10,574,434 | 10,574,434 | | | - | - | - | - |
| Other Income | 5,496 | 5,496 | | | 5,496 | 5,496 | 71,529 | 71,529 |
| **Total Income** | **6,718,945,979** | **6,718,945,979** | | | **6,693,695,786** | **6,693,695,786** | **5,708,272,508** | **5,708,272,508** |
| **Expenses:** | | | | | - | - | - | - |
| Gross Benefits and Claims Paid | 2,293,574,946 | 2,293,574,946 | | | 2,293,574,946 | 2,293,574,946 | 1,974,583,569 | 1,974,583,569 |
| Claims Ceded | (25,461,421) | (25,461,421) | | | (25,461,421) | (25,461,421) | (23,740,289) | (23,740,289) |
| Gross Change in Contract Liabilities | 3,214,326,127 | 3,214,326,127 | | | 3,214,326,127 | 3,214,326,127 | 2,672,445,061 | 2,672,445,061 |
| Change in Contract Liabities Ceded to Reinsurers | 1,485,505 | 1,485,505 | | | 1,485,505 | 1,485,505 | 5,788,141 | 5,788,141 |
| **Net Benefits and Claims Paid** | **5,483,925,157** | **5,483,925,157** | | | **5,483,925,157** | **5,483,925,157** | **4,629,076,481** | **4,629,076,481** |
| Commission Expenses | 426,130,931 | 426,130,931 | | | 426,130,931 | 426,130,931 | 389,683,728 | 389,683,728 |
| Service Fees | 36,383,399 | 36,383,399 | | | 36,383,399 | 36,383,399 | 30,798,894 | 30,798,894 |
| Other Direct expenses | - | - | | | - | - | - | - |
| Employee Benefits Expenses | 144,119,163 | 144,119,163 | | | 140,516,390 | 140,516,390 | 127,887,318 | 127,887,318 |
| Depreciation and Amortization Expenses | 9,782,795 | 9,782,795 | | | 9,651,550 | 9,651,550 | 7,917,157 | 7,917,157 |
| Impairment Losses | - | - | | | - | - | - | - |
| Other Operating Expenses | 206,807,956 | 206,807,956 | | | 205,915,731 | 205,915,731 | 173,802,385 | 173,802,385 |
| Finance Cost | 518,502 | 518,502 | | | - | - | - | - |
| **Total Expenses** | **6,307,667,903** | **6,307,667,903** | | | **6,302,523,158** | **6,302,523,158** | **5,359,165,963** | **5,359,165,963** |
| **Net Profit/(Loss) For The Year Before Share of Net Profits of Associates Accounted for Using Equity Method and Tax** | **411,278,077** | **411,278,077** | | | **391,172,629** | **391,172,629** | **349,106,545** | **349,106,545** |
| Share of Net Profit of Associates accounted using Equity Method | - | - | | | - | - | - | - |
| **Profit Before Tax** | **411,278,077** | **411,278,077** | | | **391,172,629** | **391,172,629** | **349,106,545** | **349,106,545** |
| Income Tax Expenses | 259,357,838 | 259,357,838 | | | 252,787,163 | 252,787,163 | 218,848,368 | 218,848,368 |
| **Net Profit/(Loss) For The Year** | **151,920,239** | **151,920,239** | | | **138,385,466** | **138,385,466** | **130,258,177** | **130,258,177** |
| **Earning Per Share** | | | | | - | - | - | - |
| Basic EPS | | 11.71 | | | | 10.66 | | 10.40 |
| Diluted EPS | | 11.71 | | | | 10.66 | | 10.40 |

## CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

*Fig in NPR.*

| | Group | | | | Insurance | | | |
|---|---|---|---|---|---|---|---|---|
| | Current Year | | Corresponding Previous Year | | Current Year | | Corresponding Previous Year | |
| **Particulars** | **This Quarter** | **Upto this Quarter (YTD)** | **This Quarter** | **Upto this Quarter (YTD)** | **This Quarter** | **Upto this Quarter (YTD)** | **This Quarter** | **Upto this Quarter (YTD)** |
| Net Profit/(Loss) For The Year | 151,920,239 | 151,920,239 | | | 138,385,466 | 138,385,466 | 130,258,177 | 130,258,177 |
| Other Comprehensive Income | 748,543,784 | 748,543,784 | | | 748,543,784 | 748,543,784 | (415,543,738) | (415,543,738) |
| **Total Comprehensive Income** | **900,464,023** | **900,464,023** | | | **886,929,250** | **886,929,250** | **(285,285,561)** | **(285,285,561)** |

## OTHER INDICATORS

*Fig in NPR.*

| **Particulars** | **Current Year** Upto this Quarter (YTD) | **Previous Year** Upto this Quarter (YTD) |
|---|---|---|
| 1. Total inforce Policy count | 1,588,188 | 1,575,476 |
| 2. First Year Premium (Including Single Premium) | 1,165,953,125 | 907,226,158 |
| 3. Single Premium | 397,813,856 | 271,373,373 |
| 4. Renewal Premium | 3,749,017,531 | 3,286,851,021 |
| 5. Total Benefits and Claims Paid in Count | 17,607 | 15,104 |
| 6. Outstanding Benefits and Claims in Count | 13,574 | 12,107 |
| 7. Declared Bonus rate (2079/80) | 63-85 | 63-85 |
| 8. Interim bonus rate | 63-85 | 63-85 |
| 9. Long Term Investments (Amount) | 57,483,271,096 | 55,478,435,453 |
| 10. Short Term Investments (Amount) | 13,822,058,000 | 5,018,707,800 |

**Note:**

1. Unaudited figures presented above may change after the statutory audit is completed.
2. The foreign employment polices issued by the insurance pool have not been included in the Total inforce policies count.
3. The profit of the company shall change after ther actuarial valuation as a result of the surplus obatined after the valuation.
4. The figures of the the previous quarters have been restated as per requirement.
5. The fair valuation of the investment properties is done by the company on a yearly basis and hence are not reflected in the interim financial statement for the first quarter of 2081/82.
6. The actuarial valuation of the employee benefits as per NAS 19 is done by the company on a yearly basis and hence are not reflected in the interim financial statement for the first quarter of 2081/82.
7. The accounting for Associates using the equity method as per NAS 28 is done yearly and hence has not been reflected in the interim financial statements for the first quarter of 2081/82.
8. The accounting for leases as per NFRS 16 is done yearly and hence has not been reflected in the interim financial statements for the first quarter of 2081/82.
9. Group Financial Statement includes National Life Insurance Company Limited (Parent company) and National Capital Limited (Subsidiary Company).
10. The detailed interim report has been published in the company's website www.nationallife.com.np

## Disclosure as per Section 84(3) of Insurance Act, 2079

**1. Solvency Ratio related disclosure:**

The latest solvency ratio of the company as per the Actuarial Valuation of F.Y. 2079/80 is 473% which is greater than the mandatory limit of 150%.

**2. Reinsurance related disclosure:**

The company has reinsurance arrangements with the following reinsurers:

a) Hannover Rueck SE
b) Nepal Re-insurance
c) Himalayan Re-insurance

The mandatory direct cessation to domestic reinsurers of 6% each as per the reinsurance directive 2080 has been complied with. The company has made adequate arrangements to reinsure its risk on the basis of its net worth.

**3. Details regarding legal proceeding:**

The company is currently in litigation with Inland Revenue Department for the Assessment of F.Y. 2072/73, 2073/74, 2074/75, 2075/76 and 2076/77 totaling Rs.25,49,45,828.

**4. Corporate Governance:**

The company has fully complied with the corporate good governance directive 2080 issued by Nepal Insurance Authority. The company is continuously monitoring the compliance with the corporate good governance directive with the help of its comprehensive manuals and regulations. The Board of Directors, Audit Committee, Senior Management and Compliance Officer are committed to upholding corporate good governance practices in the company.

**5. Regulatory limit on expenses ratio:**

The management expense ratio of the company is 16.66% of the gross premium collected which is under the regulatory limit of 30%.

## PUBLISHED AS PER ANNEXURE 14 OF RULE 26 OF SUB RULE (1) OF SECURITIES REGISTRATION AND ISSUE REGULATION, 2073

## FIRST QUARTER OF FINANCIAL YEAR 2081/82

**1. Financial Statements**

a) The Statement of Financial Position, Statement of Profit and Loss, Statement of Other Comprehensive Income and other details of first quarter of F.Y. 2081/82 have been published in this national daily.

b) Major Financial Indicators:

| | |
|---|---|
| Earnings per Share: Rs.10.66 | Net Worth Per Share: 132.45 |
| P/E Ratio: 59.36 | Total Assets per Share: 1767.08 |

**2. Management Analysis:**

a) Company's deposits, earnings and liquidity situation in the quarter: Satisfactory

b) Analytical Details regarding the business plan of the management for the next period:
The company has planned to increase its market share by increasing its penetration in new geographical markets and bringing in new policies that are relevant to the market. The company has also planned to increase its agency network to increase its market share.

c) Any incidents and situations etc. from the past that might affect the deposits, profits and cash flow of the company: No.

**3. Details of Legal Proceedings:**

The company is currently in litigation with the Inland Revenue Department for the Assessment of F.Y. 2072/73, 2073/74, 2074/75, 2075/76 and 2076/77 totaling Rs. 25,49,45,828.

**4. Analysis of Share Transaction of the company:**

a) Opinion of the management regarding the share transactions of the company in the securities market: Satisfactory

b) Details of the Maximum, Minimum, Last price, Total transaction days and Transaction volume of the company in the quarter:

| | | |
|---|---|---|
| Maximum Price: 776.10 | Minimum Price:562.00 | Last Price:632.80 |
| Transaction Volume: 16,822 | Transaction Days: 57 | |

**5. Problems and Challenges:**

The strategy of the management for solving the company's internal and external problems and challenges: At present the lack of adequate skilled human resources, lack of long-term investment opportunities, increasing competition in the market have been the main challenges for the company. The company has prepared proper business plans and strategies to grow the company's business.

**6. Corporate Good Governance:**

Details of the actions taken by the management for enhancing the Corporate Good Governance: The company has fully complied with the corporate good governance directive 2080 issued by Nepal Insurance Authority. The company is continuously monitoring the compliance with the corporate good governance directive with the help of its comprehensive manuals and regulations. The Board of Directors, Audit Committee, Senior Management and Compliance Officer are committed to upholding Corporate good governance practices in the company.

**7. Self-Declaration of Chief Executive Officer about the truthfulness of financials/information:**

I, CEO of the company, take responsibility on the truthfulness of the information and particulars disclosed in this report to the best of my knowledge. Further, I declare that the particulars mentioned in the report, to the best of my knowledge, are true, fair and complete except as mentioned in the notes at the time of publication of this report and have not knowingly concealed any material particulars information for the investor to take informed decisions.