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 Second 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	525,229	735,724	483,019	688,725
Property and Equipment	887,016,248	848,707,079	855,760,052	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	1,521,615,920	1,040,049,073	1,521,615,920	1,040,049,073
Investments	70,860,925,625	69,182,200,626	70,653,446,999	69,023,290,462
Loans	11,619,357,008	10,987,751,682	11,619,357,008	10,987,751,682
Reinsurance Assets	22,987,457	23,931,611	22,987,457	23,931,611
Current Tax Assets			-	-
Insurance Receivables			-	-
Other Assets	136,423,995	126,811,457	136,074,170	126,811,457
Other Financial Assets	2,139,609,686	1,722,845,629	2,131,485,202	1,715,438,962
Cash and Cash Equivalent	5,397,818,944	3,108,632,871	5,396,657,119	3,078,082,843
Total Assets	**94,297,364,639**	**88,752,750,278**	**94,150,951,473**	**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	597,679,667	569,765,599	597,679,667	569,765,599
Retained Earnings	747,738,296	1,231,326,213	739,389,726	1,228,219,870
Other Equity	515,943,892	494,084,458	407,899,490	393,099,933
Total Equity	**7,101,343,655**	**7,334,691,413**	**6,984,950,683**	**7,230,600,545**
Liabilities:			-	-
Provisions	131,740,961	131,591,306	131,491,306	131,491,306
Gross Insurance Contract Liabilities	84,101,781,466	77,956,871,811	84,101,781,466	77,956,871,811
Deferred Tax Liabilities	1,323,585,411	1,267,394,983	1,318,041,625	1,268,014,457
Insurance Payable	347,225,613	424,396,529	347,225,613	424,396,529
Current Tax Liabilities	100,655,531	73,787,323	100,638,913	73,932,743
Borrowings			-	-
Other Liabilities	393,542,102	541,774,196	373,484,673	521,314,859
Other Financial Liabilities	797,489,900	1,022,242,717	793,337,194	1,020,335,288
Total Liabilities	**87,196,020,984**	**81,418,058,865**	**87,166,000,790**	**81,396,356,994**
Total Equity and Liabilities	**94,297,364,639**	**88,752,750,278**	**94,150,951,473**	**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	4,698,315,996	9,613,286,652			4,698,315,996	9,613,286,652	4,373,822,463	8,567,899,642
Premiums Ceded	(59,851,235)	(123,701,972)			(59,851,235)	(123,701,972)	(92,972,431)	(180,530,441)
Net Earned Premiums	**4,638,464,760**	**9,489,584,680**			**4,638,464,760**	**9,489,584,680**	**4,280,850,033**	**8,387,369,201**
Commission Income	13,692,822	30,640,782			13,692,822	30,640,782	12,842,550	25,162,108
Other Direct Income	24,597,767	47,744,059			24,597,767	47,744,059	13,518,784	35,620,274
Interest Income on Loan to Policyholders	304,984,480	603,877,117			304,984,480	603,877,117	232,645,659	448,779,203
Income from Investments and Loans	1,420,324,587	2,923,910,986			1,420,319,824	2,923,903,306	1,341,601,475	2,692,728,694
Net Gain/(Loss) on Fair Value Changes	(7,834,340)	6,838,503			-	-	-	-
Net Realised Gains/(Losses)	663,408	11,237,842			-	-	-	-
Other Income	1,765	7,261			1,765	7,261	169,000	240,529
Total Income	**6,394,895,250**	**13,113,841,230**			**6,402,061,419**	**13,095,757,205**	**5,881,627,502**	**11,589,900,009**
Expenses:					-	-	-	-
Gross Benefits and Claims Paid	2,466,861,236	4,760,436,182			2,466,861,236	4,760,436,182	1,750,216,926	3,724,800,495
Claims Ceded	(31,230,162)	(56,691,584)			(31,230,162)	(56,691,584)	(27,375,432)	(51,115,722)
Gross Change in Contract Liabilities	2,783,712,584	5,998,038,711			2,783,712,584	5,998,038,711	3,089,285,673	5,761,730,734
Change in Contract Liabities Ceded to Reinsurers	(541,351)	944,154			(541,351)	944,154	(1,114,145)	4,673,996
Net Benefits and Claims Paid	**5,218,802,307**	**10,702,727,464**			**5,218,802,307**	**10,702,727,464**	**4,811,013,022**	**9,440,089,503**
Commission Expenses	409,414,484	835,545,414			409,414,484	835,545,414	377,752,044	767,435,772
Service Fees	34,788,486	71,171,885			34,788,486	71,171,885	32,106,375	62,905,269
Other Direct expenses	-	-			-	-	-	-
Employee Benefits Expenses	106,304,540	250,423,703			106,039,273	246,555,663	108,293,617	236,180,935
Depreciation and Amortization Expenses	9,838,118	19,620,913			9,150,730	18,802,280	8,150,853	16,068,010
Impairment Losses	-	-			-	-	-	-
Other Operating Expenses	242,056,936	448,864,891			241,780,813	447,696,544	210,566,087	384,368,472
Finance Cost	(12,025)	506,477			-	-	-	-
Total Expenses	**6,021,192,844**	**12,328,860,747**			**6,019,976,093**	**12,322,499,250**	**5,547,881,998**	**10,907,047,961**
Net Profit/(Loss) For The Year Before Share of Net Profits of Associates Accounted for Using Equity Method and Tax	**373,702,406**	**784,980,483**			**382,085,326**	**773,257,954**	**333,745,504**	**682,852,048**
Share of Net Profit of Associates accounted using Equity Method	-	-			-	-	-	-
Profit Before Tax	**373,702,406**	**784,980,483**			**382,085,326**	**773,257,954**	**333,745,504**	**682,852,048**
Income Tax Expenses	238,581,097	497,938,935			241,330,106	494,117,269	208,848,701	427,697,068
Net Profit/(Loss) For The Year	**135,121,309**	**287,041,547**			**140,755,220**	**279,140,685**	**124,896,803**	**255,154,980**
Earning Per Share					-	-	-	-
Basic EPS		11.06				10.75		10.18
Diluted EPS		11.06				10.75		10.18

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	135,121,309	287,041,547			140,755,220	279,140,685	124,896,803	255,154,980
Other Comprehensive Income	(587,097,498)	161,446,286			(587,097,498)	161,446,286	300,885,143	(114,658,595)
Total Comprehensive Income	**(451,976,189)**	**448,487,833**			**(446,342,278)**	**440,586,971**	**425,781,946**	**140,496,385**

OTHER INDICATORS

Fig in NPR.

Particulars	**Current Year**	**Previous Year**
	Upto this Quarter (YTD)	**Upto this Quarter (YTD)**
1. Total inforce Policy count	1,562,331	1,592,776
2. Total No. of Policies issued during the year	266,689	336,103
3. First Year Premium (Including Single Premium)	2,456,641,517	1,991,150,628
4. Single Premium	857,015,487	542,606,478
5. Renewal Premium	7,156,645,135	6,576,749,014
6. Total Benefits and Claims Paid in Count	33,336	27,297
7. Outstanding Benefits and Claims in Count	13,673	13,148
8. Gross Claim Outstanding Amount	1,252,704,408	943,360,528
9. Declared Bonus rate (2079/80)	63-85	63-85
10. Interim bonus rate	63-85	63-85
11. Long Term Investments (Amount)	59,819,388,999	58,345,746,570
12. Short Term Investments (Amount)	10,834,058,000	5,109,053,000
13. Policyholders Loan	11,568,485,839	11,233,521,985
14. Investment in Cost Value	65,346,566,346	58,910,967,629
15. Life Insurance Fund (Amount)	77,950,806,608	66,185,552,965
16. Unearned Premium Reserves for Term Policies (Amount)	1,289,582,671	1,193,557,178
17. Solvency Margin Ratio	4.73	4.73

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 second 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 second 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 second 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 second 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 FY 2079/80 is 473% which is greater than the mandatory limit of 150%

2. Reinsurance related disclosure:

The company has reinsurance arrangement 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 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 FY 2072/73, 2073/74, 2074/75, 2075/76, 2076/77 totaling Rs. 22,84,72,485

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 Complaince Officer are committed to upholding corporate good governance practices in the company.

5. Regulatory limit on expenses ratio:

The Management expense ratio is 16.85% 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

SECOND 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 second quarter of F.Y. 2081/82 have been published in this national daily.

b) Major Financial Indicators:

Earnings per Share: Rs.10.75	Net Worth Per Share: 134.01
P/E Ratio: 56.07	Total Assets per Share: 1806.38

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: 660	Minimum Price:556.00	Last Price:602.80
Transaction Volume: 6,180	Transaction Days: 55	

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.