National Life

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Fig in NPR.

Particulars	Unaudited	Unaudited	Unaudited	Unaudited
	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	1,284,200	735,724	1,244,358	688,725
Property and Equipment	890,695,355	848,707,079	854,663,171	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	1,533,509,151	1,040,049,073	1,533,509,151	1,040,049,073
Investments	72,152,192,796	69,182,200,626	71,945,953,422	69,023,290,462
Loans	12,216,235,192	10,987,751,682	12,216,235,192	10,987,751,682
Reinsurance Assets	38,968,897	23,931,611	38,968,897	23,931,611
Current Tax Assets	106,567,081		103,688,569	-
Insurance Receivables	-		-	-
Other Assets	135,847,416	126,811,457	135,497,591	126,811,457
Other Financial Assets	1,960,416,322	1,722,845,629	1,953,848,764	1,715,438,962
Cash and Cash Equivalent	7,576,594,152	3,108,632,871	7,572,500,603	3,078,082,843
Total Assets	**98,323,395,089**	**88,752,750,278**	**98,169,194,245**	**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	610,617,887	569,765,599	610,617,887	569,765,599
Retained Earnings	864,647,711	1,231,326,213	855,173,917	1,228,219,870
Other Equity	516,439,891	494,084,458	407,041,701	393,099,933
Total Equity	**7,231,687,289**	**7,334,691,413**	**7,112,815,305**	**7,230,600,545**
Liabilities:			-	-
Provisions	131,740,961	131,591,306	131,491,306	131,491,306
Gross Insurance Contract Liabilities	87,625,427,787	77,956,871,811	87,625,427,787	77,956,871,811
Deferred Tax Liabilities	1,318,144,084	1,267,394,983	1,312,702,924	1,268,014,457
Insurance Payable	336,898,947	424,396,529	336,898,947	424,396,529
Current Tax Liabilities	-	73,787,323	-	73,932,743
Borrowings	-		-	-
Other Liabilities	437,629,808	541,774,196	412,459,351	521,314,859
Other Financial Liabilities	1,241,866,213	1,022,242,717	1,237,398,625	1,020,335,288
Total Liabilities	**91,091,707,800**	**81,418,058,865**	**91,056,378,940**	**81,396,356,994**
Total Equity and Liabilities	**98,323,395,089**	**88,752,750,278**	**98,169,194,245**	**88,626,957,538**

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Fig in NPR.

Particulars	Group				Insurance			
	Unaudited		Unaudited		Unaudited		Unaudited	
	Current Year		Corresponding Previous Year		Current Year		Corresponding Previous Year	
	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	4,656,217,169	14,269,503,821	4,334,924,224	12,902,823,866	4,656,217,169	14,269,503,821	4,334,924,224	12,902,823,866
Premiums Ceded	(66,275,360)	(189,977,332)	(92,797,010)	(273,327,450)	(66,275,360)	(189,977,332)	(92,797,010)	(273,327,450)
Net Earned Premiums	**4,589,941,809**	**14,079,526,489**	**4,242,127,214**	**12,629,496,416**	**4,589,941,809**	**14,079,526,489**	**4,242,127,215**	**12,629,496,416**
Commission Income	18,186,612	48,827,395	12,726,382	37,888,489	18,186,612	48,827,395	12,726,382	37,888,489
Other Direct Income	13,293,894	61,037,953	21,995,992	57,616,266	13,293,894	61,037,953	21,995,992	57,616,266
Interest Income on Loan to Policyholders	253,201,994	857,079,111	238,727,438	687,506,641	253,201,994	857,079,111	238,727,438	687,506,641
Income from Investments and Loans	1,407,651,962	4,331,562,947	1,397,546,260	4,090,274,954	1,407,633,641	4,331,536,947	1,397,546,260	4,090,274,954
Net Gain/(Loss) on Fair Value Changes	10,553,639	17,392,142	160,807	160,807	-	-	-	-
Net Realised Gains/(Losses)	13,752,130	24,989,972	28,047	28,047	-	-	-	-
Other Income	13,906	21,167	8,846	249,375	13,906	21,167	8,846	249,375
Total Income	**6,306,595,946**	**19,420,437,177**	**5,913,320,986**	**17,503,220,995**	**6,282,271,856**	**19,378,029,062**	**5,913,132,132**	**17,503,032,141**
Expenses:					-	-	-	-
Gross Benefits and Claims Paid	2,983,466,785	7,743,902,967	2,056,404,768	5,781,205,263	2,983,466,785	7,743,902,967	2,056,404,768	5,781,205,263
Claims Ceded	(29,500,505)	(86,192,089)	(27,771,312)	(78,887,033)	(29,500,505)	(86,192,089)	(27,771,312)	(78,887,033)
Gross Change in Contract Liabilities	1,986,060,638	7,984,099,350	2,742,434,172	8,504,164,906	1,986,060,638	7,984,099,350	2,742,434,172	8,504,164,906
Change in Contract Liabities Ceded to Reinsurers	(15,981,440)	(15,037,286)	(689,233)	3,984,763	(15,981,440)	(15,037,286)	(689,233)	3,984,763
Net Benefits and Claims Paid	**4,924,045,478**	**15,626,772,942**	**4,770,378,395**	**14,210,467,899**	**4,924,045,478**	**15,626,772,942**	**4,770,378,395**	**14,210,467,899**
Commission Expenses	649,486,349	1,485,031,763	394,075,822	1,161,511,594	649,486,349	1,485,031,763	394,075,822	1,161,511,594
Service Fees	34,424,564	105,596,449	31,815,954	94,721,223	34,424,564	105,596,449	31,815,954	94,721,223
Other Direct expenses	-	-	-	-	-	-	-	-
Employee Benefits Expenses	132,127,737	382,551,441	126,056,801	362,237,736	125,695,676	372,251,339	125,081,629	361,262,564
Depreciation and Amortization Expenses	11,636,410	31,257,322	8,158,227	24,226,237	9,864,930	28,667,211	8,158,227	24,226,237
Impairment Losses	-	-	-	-	-	-	-	-
Other Operating Expenses	261,654,323	710,519,214	237,990,929	622,359,401	259,915,616	707,612,160	237,539,280	621,907,752
Finance Cost	1,067,775	1,574,252	-	-	-	-	-	-
Total Expenses	**6,014,442,636**	**18,343,303,383**	**5,568,476,128**	**16,475,524,090**	**6,003,432,613**	**18,325,931,864**	**5,567,049,307**	**16,474,097,269**
Net Profit/(Loss) For The Year Before Share of Net Profits of Associates Accounted for Using Equity Method and Tax	**292,153,310**	**1,077,133,794**	**344,844,858**	**1,027,696,905**	**278,839,243**	**1,052,097,198**	**346,082,825**	**1,028,934,872**
Share of Net Profit of Associates accounted using Equity Method	-	-	-	-	-	-	-	-
Profit Before Tax	**292,153,310**	**1,077,133,794**	**344,844,858**	**1,027,696,905**	**278,839,243**	**1,052,097,198**	**346,082,825**	**1,028,934,872**
Income Tax Expenses	152,701,076	650,640,011	212,486,741	640,183,810	149,457,044	643,574,312	212,858,131	640,555,200
Net Profit/(Loss) For The Year	**139,452,234**	**426,493,783**	**132,358,117**	**387,513,095**	**129,382,199**	**408,522,886**	**133,224,694**	**388,379,672**
Earning Per Share					-	-	-	-
Basic EPS		10.95		10.31		10.49		10.33
Diluted EPS		10.95		10.31		10.49		10.33

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

Fig in NPR.

Particulars	Group				Insurance			
	Current Year		Corresponding Previous Year		Current Year		Corresponding Previous Year	
	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	139,452,234	426,493,783	132,358,117	387,513,095	129,382,199	408,522,886	133,224,694	388,379,672
Other Comprehensive Income	(7,709,312)	153,736,974	436,450,137	321,791,542	(7,709,312)	153,736,974	437,117,827	322,459,232
Total Comprehensive Income	**131,742,922**	**580,230,757**	**568,808,254**	**709,304,637**	**121,672,887**	**562,259,860**	**570,342,521**	**710,838,904**

OTHER INDICATORS

Fig in NPR.

Particulars	Current Year	Previous Year
	Upto this Quarter (YTD)	Upto this Quarter (YTD)
1. Total inforce Policy count	1,534,977	1,589,896
2. Total No. of Policies issued during the year	385,792	531,027
3. First Year Premium (Including Single Premium)	3,819,540,331	3,229,421,294
4. Single Premium	1,404,250,719	984,211,654
5. Renewal Premium	10,449,963,489	9,673,402,572
6. Total Benefits and Claims Paid in Count	33,336	41,218
7. Outstanding Benefits and Claims in Count	13,673	12,731
8. Gross Claim Outstanding Amount	1,415,507,075	943,360,528
9. Declared Bonus rate (2080/81)	63-85	63-85
10. Interim bonus rate	63-85	63-85
11. Long Term Investments (Amount)	61,719,895,422	60,794,137,462
12. Short Term Investments (Amount)	10,226,058,000	8,229,153,000
13. Policyholders Loan	12,174,217,305	11,472,784,999
14. Investment in Cost Value	66,655,847,584	61,156,820,366
15. Life Insurance Fund (Amount)	81,326,064,755	68,927,987,137
16. Unearned Premium Reserves for Term Policies (Amount)	1,231,787,961	1,328,972,318
17. Solvency Margin Ratio	1.34	4.73

NOTES:

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 third 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 third 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 third 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 third 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
11. The solvency Margin for the current year is based on RBC directive and the previous year was based on old Actuarial Valaution directive.

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. 2080/81 as per Risk Based Capital & Solvency Directive 2024 is 134.3% which is greater than the mandatory limit of 130%.

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 18.92% 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
THIRD 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.10.49	Net Worth Per Share: 136.47
P/E Ratio: 59.56	Total Assets per Share: 1883.47

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: 738	Minimum Price: 574.3	Last Price: 624.78
Transaction Volume: 10,162	Transaction Days: 56	

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.