National Life

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Quarterly Financial Results for First Quarter, F.Y. 2083/84 B.S.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Fig in NPR.

Particulars	Group		Insurance	
	Unaudited	Unaudited	Unaudited	Unaudited
	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	330,398,741	330,804,749	3,031,678	3,249,442
Property and Equipment	1,165,273,468	1,179,493,213	1,025,610,591	1,036,067,836
Investment Properties	2,010,065,532	2,010,065,532	2,010,065,532	2,010,065,532
Deferred Tax Assets	64,693,012	60,663,960	-	-
Investment in Subsidiaries	-	-	1,812,224,670	1,812,224,670
Investment in Associates	-	-	-	-
Investments	97,462,196,809	97,189,209,444	93,972,707,083	93,819,815,083
Loans	12,591,724,386	12,438,272,287	12,522,883,899	12,381,187,848
Reinsurance Assets	3,946,362,919	2,966,448,325	21,038,156	19,342,078
Current Tax Assets	237,889,337	308,172,979	59,426,780	123,036,891
Insurance Receivables	1,621,178,931	1,485,627,410	-	-
Other Assets	747,050,022	704,421,554	51,938,370	50,302,922
Other Financial Assets	2,686,922,234	3,886,773,632	2,664,893,000	3,876,036,886
Cash and Cash Equivalent	7,376,700,426	2,314,678,875	6,915,835,807	1,802,787,475
Total Assets	**130,240,455,817**	**124,874,631,960**	**121,059,655,566**	**116,934,116,663**
Equity:				-
Share Capital	5,691,649,325	5,691,649,325	5,691,649,325	5,691,649,325
Share Application Money Pending Allotment	-	-	-	-
Share Premium	27,848,718	27,848,718	27,848,718	27,848,718
Special Reserves	1,437,884,649	1,420,213,017	-	-
Catastrophe Reserves	849,809,843	835,396,411	758,554,681	745,908,412
Retained Earnings	742,895,620	604,079,762	604,989,243	489,868,696
Other Equity	1,891,282,724	1,877,068,939	326,709,171	315,625,386
Total Equity	**10,641,370,880**	**10,456,256,172**	**7,409,751,138**	**7,270,900,537**
Liabilities:				-
Provisions	489,754,466	479,738,129	322,981,580	322,981,580
Gross Insurance Contract Liabilities	115,769,029,432	110,019,114,846	110,685,439,368	106,202,391,150
Deferred Tax Liabilities	1,069,862,971	1,036,178,746	1,058,966,711	1,028,904,938
Insurance Payable	424,456,313	438,006,751	357,381,853	338,046,310
Current Tax Liabilities	-	-	-	-
Borrowings	100,000,000	98,300,000	-	-
Other Liabilities	807,659,008	930,651,891	438,215,749	527,229,648
Other Financial Liabilities	938,322,746	1,416,385,425	786,919,166	1,243,662,500
Total Liabilities	**119,599,084,937**	**114,418,375,788**	**113,649,904,428**	**109,663,216,126**
Total Equity and Liabilities	**130,240,455,817**	**124,874,631,960**	**121,059,655,566**	**116,934,116,663**

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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)
Income:								
Gross Earned Premiums	8,571,515,498	8,571,515,498	6,542,815,873	6,542,815,873	7,397,292,711	7,397,292,711	5,720,647,681	5,720,647,681
Premiums Ceded	(1,164,842,794)	(1,164,842,794)	(837,624,178)	(837,624,178)	(201,662,467)	(201,662,467)	(191,233,353)	(191,233,353)
Net Earned Premiums	**7,406,672,704**	**7,406,672,704**	**5,705,191,696**	**5,705,191,696**	**7,195,630,244**	**7,195,630,244**	**5,529,414,328**	**5,529,414,328**
Commission Income	170,425,243	170,425,243	110,129,406	110,129,406	-	-	-	-
Other Direct Income	29,154,616	29,154,616	38,854,836	38,854,836	29,154,616	29,154,616	23,067,328	23,067,328
Interest Income on Loan to Policyholders	344,924,141	344,924,141	340,332,540	340,332,540	344,924,141	344,924,141	340,332,540	340,332,540
Income from Investments and Loans	1,717,481,776	1,717,481,776	1,465,482,405	1,465,482,405	1,634,770,896	1,634,770,896	1,418,607,735	1,418,607,735
Net Gain/(Loss) on Fair Value Changes	32,792,605	32,792,605	(12,420,368)	(12,420,368)	-	-	-	-
Net Realised Gains/(Losses)	6,760,046	6,760,046	2,451,629	2,451,629	-	-	-	-
Other Income	50,594,634	50,594,634	58,068,385	58,068,385	2,202	2,202	3,687	3,687
Total Income	**9,758,805,766**	**9,758,805,766**	**7,708,090,529**	**7,708,090,529**	**9,204,482,098**	**9,204,482,098**	**7,311,425,618**	**7,311,425,618**
Expenses:								
Gross Benefits and Claims Paid	3,908,123,736	3,908,123,736	3,535,218,715	3,535,218,715	3,354,769,414	3,354,769,414	2,892,914,706	2,892,914,706
Claims Ceded	(455,406,950)	(455,406,950)	(487,227,939)	(487,227,939)	(60,031,331)	(60,031,331)	(30,512,986)	(30,512,986)
Gross Change in Contract Liabilities	4,909,187,534	4,909,187,534	4,590,779,713	4,590,779,713	4,348,023,525	4,348,023,525	3,196,203,712	3,196,203,712
Change in Contract Liabities Ceded to Reinsurers	(462,186,696)	(462,186,696)	(1,204,170,347)	(1,204,170,347)	(1,696,078)	(1,696,078)	(3,440,410)	(3,440,410)
Net Benefits and Claims Paid	**7,899,717,623**	**7,899,717,623**	**6,434,600,142**	**6,434,600,142**	**7,641,065,530**	**7,641,065,530**	**6,055,165,022**	**6,055,165,022**
Commission Expenses	615,029,411	615,029,411	499,268,979	499,268,979	578,411,473	578,411,473	477,193,164	477,193,164
Service Fees	58,140,129	58,140,129	44,315,111	44,315,111	54,174,877	54,174,877	41,470,607	41,470,607
Other Direct expenses	4,684,628	4,684,628	1,592,144	1,592,144	-	-	-	-
Employee Benefits Expenses	304,375,679	304,375,679	255,056,784	255,056,784	189,770,505	189,770,505	153,277,590	153,277,590
Depreciation and Amortization Expenses	23,891,758	23,891,758	26,041,739	26,041,739	13,714,211	13,714,211	13,333,994	13,333,994
Impairment Losses	-	-	-	-	-	-	-	-
Other Operating Expenses	481,346,093	481,346,093	254,707,136	254,707,136	449,472,083	449,472,083	228,749,068	228,749,068
Finance Cost	2,732,619	2,732,619	3,946,270	3,946,270	-	-	-	-
Total Expenses	**9,389,917,942**	**9,389,917,942**	**7,519,528,304**	**7,519,528,304**	**8,926,608,680**	**8,926,608,680**	**6,969,189,445**	**6,969,189,445**
Net Profit/(Loss) For The Year Before Share of Net Profits of Associates Accounted for Using Equity Method and Tax	**368,887,824**	**368,887,824**	**188,562,225**	**188,562,225**	**277,873,418**	**277,873,418**	**342,236,173**	**342,236,173**
Share of Net Profit of Associates accounted using Equity Method	-	-	-	-	-	-	-	-
Profit Before Tax	**368,887,824**	**368,887,824**	**188,562,225**	**188,562,225**	**277,873,418**	**277,873,418**	**342,236,173**	**342,236,173**
Income Tax Expenses	164,681,818	164,681,818	151,778,064	151,778,064	152,190,450	152,190,450	201,350,512	201,350,512
Net Profit/(Loss) For The Year	**204,206,006**	**204,206,006**	**36,784,161**	**36,784,161**	**125,682,967**	**125,682,967**	**140,885,661**	**140,885,661**
Earning Per Share								
Basic EPS		14.35		2.69		8.83		10.30
Diluted EPS		14.35		2.69		8.83		10.30

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	204,206,006	204,206,006	36,784,161	36,784,161	125,682,967	125,682,967	140,885,661	140,885,661
Other Comprehensive Income	325,362,326	325,362,326	(287,778,202)	(287,778,202)	148,292,325	148,292,325	(254,369,552)	(254,369,552)
Total Comprehensive Income	**529,568,332**	**529,568,332**	**(250,994,041)**	**(250,994,041)**	**273,975,292**	**273,975,292**	**(113,483,891)**	**(113,483,891)**

OTHER INDICATORS

Fig in NPR.

Particulars	Current Year	Previous Year
	Upto this Quarter (YTD)	Upto this Quarter (YTD)
1. Total inforce Policy count	1,421,382	1,478,346
2. Total No. of Policies issued during the year	91,274	96,674
3. First Year Premium (Including Single Premium)	2,152,683,677	1,356,860,658
4. Single Premium	1,073,070,257	639,552,004
5. Renewal Premium	5,244,609,033	4,363,787,023
6. Total Benefits and Claims Paid in Count	20,514	17,863
7. Outstanding Benefits and Claims in Count	21,027	17,302
8. Gross Claim Outstanding Amount	2,232,759,303	1,743,817,966
9. Declared Bonus rate (2081/82)	60-85	63-85
10. Interim bonus rate	60-85	63-85
11. Long Term Investments (Amount)	75,870,809,896	71,973,701,109
12. Short Term Investments (Amount)	18,101,897,188	7,243,683,000
13. Policyholders Loan	12,475,243,529	12,473,092,236
14. Investment in Cost Value	89,475,605,899	74,281,015,764
15. Life Insurance Fund (Amount)	108,452,680,065	93,635,232,791
16. Unearned Premium Reserves for Term Policies (Amount)	1,411,759,607	1,373,839,725
17. Solvency Margin Ratio	1.66	1.34

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, which has not been incorporated above.
4. The figures of the the previous quarters have been restated as per requirement.
5. Group Financial Statement includes National Life Insurance Company Limited (Parent company), NLG Insurance Company Ltd. (Subsidiary Company) and National Capital Limited (Subsidiary Company).
6. 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 2083/84.
7. 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 2083/84.
8. 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. 2081/82 as per Risk Based Capital & Solvency Directive 2025 is 165.5% 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 20% to Nepal reinsurance 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, 2076/77, 2077/78 and 2078/79 totaling Rs. 1,199,060,733.27.

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 17.38% 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 2083/84

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. 2083/84 have been published in this national daily.

b) Major Financial Indicators:

Earnings per Share: Rs. 8.83	Net Worth Per Share: 130.19
P/E Ratio: 64.89	Total Assets per Share: 2,126.97

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, 2076/77, 2077/78 and 2078/79 totaling Rs. 1,199,060,733.27

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: 612	Minimum Price: 538.4	Last Price: 573
Transaction Volume: 3,220	Transaction Days: 61	

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.