National Life

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Fig in NPR.

Particulars	Group		Insurance	
	Unaudited	Audited	Unaudited	Audited
	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	331,268,857	331,197,043	3,679,270	3,602,666
Property and Equipment	1,168,317,113	1,174,964,826	1,021,752,938	1,026,886,901
Investment Properties	1,932,580,892	1,932,580,892	1,932,580,892	1,932,580,892
Deferred Tax Assets	55,035,217	62,136,647	-	-
Investment in Subsidiaries		-	1,812,224,670	1,812,224,670
Investment in Associates	-	-	-	-
Investments	84,089,945,229	80,288,484,068	80,310,680,351	76,089,817,771
Loans	13,272,217,969	14,233,679,441	13,229,275,154	14,204,281,909
Reinsurance Assets	3,791,763,384	2,592,400,209	32,327,133	24,349,103
Current Tax Assets	227,711,402	405,381,916	84,861,753	283,653,651
Insurance Receivables	1,117,434,338	950,199,264	-	-
Other Assets	888,917,884	404,311,108	35,973,481	65,042,564
Other Financial Assets	3,515,925,014	4,617,943,782	3,472,296,930	4,462,126,948
Cash and Cash Equivalent	8,618,194,308	5,872,069,458	8,331,285,406	5,413,465,039
Total Assets	**119,009,311,608**	**112,865,348,652**	**110,266,937,978**	**105,318,032,114**
Equity:				-
Share Capital	5,691,649,325	5,472,739,736	5,691,649,325	5,472,739,736
Share Application Money Pending Allotment	-	-	-	-
Share Premium	27,848,718	27,848,718	27,848,718	27,848,718
Special Reserves	1,396,829,202	1,391,306,952	-	-
Catastrophe Reserves	824,311,755	794,136,939	737,162,138	707,539,547
Retained Earnings	547,144,506	1,055,803,309	407,935,064	871,056,426
Other Equity	1,986,220,988	2,099,110,608	400,052,300	433,773,451
Total Equity	**10,474,004,494**	**10,840,946,262**	**7,264,647,545**	**7,512,957,876**
Liabilities:				-
Provisions	301,753,446	257,679,082	134,855,191	134,855,191
Gross Insurance Contract Liabilities	104,301,856,226	97,913,565,914	99,433,104,230	94,587,747,065
Deferred Tax Liabilities	1,310,960,871	1,397,678,582	1,302,007,055	1,385,042,823
Insurance Payable	566,854,116	448,048,962	558,145,234	358,443,021
Current Tax Liabilities	-	-	-	-
Borrowings	85,000,000	-	-	-
Other Liabilities	708,373,061	1,224,716,787	405,449,436	615,463,267
Other Financial Liabilities	1,260,509,394	782,713,063	1,168,729,287	723,522,871
Total Liabilities	**108,535,307,114**	**102,024,402,390**	**103,002,290,433**	**97,805,074,238**
Total Equity and Liabilities	**119,009,311,608**	**112,865,348,652**	**110,266,937,978**	**105,318,032,114**

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	6,094,372,099	12,637,187,973	4,698,315,996	9,613,286,652	5,280,500,581	11,001,148,262	4,698,315,996	9,613,286,652
Premiums Ceded	(610,503,604)	(1,448,127,783)	(59,851,235)	(123,701,972)	(72,793,077)	(264,026,431)	(59,851,235)	(123,701,972)
Net Earned Premiums	**5,483,868,495**	**11,189,060,190**	**4,638,464,760**	**9,489,584,680**	**5,207,707,504**	**10,737,121,831**	**4,638,464,760**	**9,489,584,680**
Commission Income	93,568,030	203,697,436	13,692,822	30,640,782	-	-	13,692,822	30,640,782
Other Direct Income	13,597,762	52,452,597	24,597,767	47,744,059	21,743,463	44,810,791	24,597,767	47,744,059
Interest Income on Loan to Policyholders	319,106,489	659,439,029	304,984,480	603,877,117	319,106,489	659,439,029	304,984,480	603,877,117
Income from Investments and Loans	1,519,312,236	2,984,794,642	1,420,324,587	2,923,910,986	1,460,121,688	2,878,729,424	1,420,319,824	2,923,903,306
Net Gain/(Loss) on Fair Value Changes	16,351,137	3,930,769	(7,834,340)	6,838,503	-	-	-	-
Net Realised Gains/(Losses)	1,406,084	3,857,713	663,408	11,237,842	-	-	-	-
Other Income	(24,083,294)	33,985,091	1,765	7,261	26	3,713	1,765	7,261
Total Income	**7,423,126,939**	**15,131,217,467**	**6,394,895,251**	**13,113,841,230**	**7,008,679,170**	**14,320,104,788**	**6,402,061,420**	**13,095,757,206**
Expenses:								
Gross Benefits and Claims Paid	4,558,338,590	8,093,557,305	2,466,861,236	4,760,436,182	3,876,074,380	6,768,989,086	2,466,861,236	4,760,436,182
Claims Ceded	(510,550,927)	(997,778,866)	(31,230,162)	(56,691,584)	(28,088,104)	(58,601,090)	(31,230,162)	(56,691,584)
Gross Change in Contract Liabilities	2,483,102,480	7,073,882,192	2,783,712,584	5,998,038,711	1,819,651,053	5,015,854,766	2,783,712,584	5,998,038,711
Change in Contract Liabities Ceded to Reinsurers	(753,321,429)	(1,957,491,775)	(541,351)	944,154	(4,537,620)	(7,978,030)	(541,351)	944,154
Net Benefits and Claims Paid	**5,777,568,714**	**12,212,168,856**	**5,218,802,307**	**10,702,727,464**	**5,663,099,709**	**11,718,264,732**	**5,218,802,307**	**10,702,727,464**
Commission Expenses	484,471,167	983,740,146	409,414,484	835,545,414	474,049,589	951,242,752	409,414,484	835,545,414
Service Fees	41,425,598	85,740,710	34,788,486	71,171,885	39,057,806	80,528,414	34,788,486	71,171,885
Other Direct expenses	1,065,330	2,657,474	-	-	-	-	-	-
Employee Benefits Expenses	173,528,617	428,585,401	106,304,540	250,423,703	109,072,532	262,350,122	106,039,273	246,555,663
Depreciation and Amortization Expenses	20,743,804	46,785,543	9,838,118	19,620,913	13,008,276	26,342,270	9,150,730	18,802,280
Impairment Losses	-	-	-	-	-	-	-	-
Other Operating Expenses	395,919,879	650,627,014	242,056,936	448,864,891	366,018,942	594,768,010	241,780,813	447,696,544
Finance Cost	1,581,692	5,527,962	(12,025)	506,477	-	-	-	-
Total Expenses	**6,896,304,801**	**14,415,833,106**	**6,021,192,844**	**12,328,860,747**	**6,664,306,854**	**13,633,496,300**	**6,019,976,093**	**12,322,499,250**
Net Profit/(Loss) For The Year Before Share of Net Profits of Associates Accounted for Using Equity Method and Tax	**526,822,138**	**715,384,361**	**373,702,407**	**784,980,483**	**344,372,316**	**686,608,488**	**382,085,327**	**773,257,955**
Share of Net Profit of Associates accounted using Equity Method	-	-			-	-	-	-
Profit Before Tax	**526,822,138**	**715,384,361**	**373,702,407**	**784,980,483**	**344,372,316**	**686,608,488**	**382,085,327**	**773,257,955**
Income Tax Expenses	254,665,003	406,443,067	238,581,097	497,938,935	198,426,624	399,777,136	241,330,106	494,117,269
Net Profit/(Loss) For The Year	**272,157,135**	**308,941,294**	**135,121,309**	**287,041,548**	**145,945,692**	**286,831,352**	**140,755,221**	**279,140,687**
Earning Per Share					-	-	-	-
Basic EPS		11.07		11.06		10.28		10.75
Diluted EPS		11.07		11.06		10.28		10.75

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	272,157,135	308,941,294	135,121,309	287,041,548	145,945,692	286,831,352	140,755,221	279,140,685
Other Comprehensive Income	76,842,976	(210,935,226)	(587,097,498)	161,446,286	63,379,754	(190,989,798)	(587,097,498)	161,446,286
Total Comprehensive Income	**349,000,111**	**98,006,068**	**(451,976,189)**	**448,487,834**	**209,325,446**	**95,841,554**	**(446,342,277)**	**440,586,971**

OTHER INDICATORS

Fig in NPR.

Particulars	Current Year Upto this Quarter (YTD)	Previous Year Upto this Quarter (YTD)
1. Total inforce Policy count	1,461,508	1,562,331
2. Total No. of Policies issued during the year	202,955	266,689
3. First Year Premium (Including Single Premium)	3,190,663,728	2,456,641,517
4. Single Premium	1,517,038,654	857,015,487
5. Renewal Premium	7,810,484,534	7,156,645,135
6. Total Benefits and Claims Paid in Count	33,505	33,336
7. Outstanding Benefits and Claims in Count	18,075	13,673
8. Gross Claim Outstanding Amount	1,870,499,695	1,252,704,408
9. Declared Bonus rate (2080/81)	60-85	63-85
10. Interim bonus rate	60-85	63-85
11. Long Term Investments (Amount)	70,914,497,351	59,819,388,999
12. Short Term Investments (Amount)	9,396,183,000	10,834,058,000
13. Policyholders Loan	13,185,465,968	11,568,485,839
14. Investment in Cost Value	80,582,942,647	65,346,566,346
15. Life Insurance Fund (Amount)	97,562,604,538	77,950,806,608
16. Unearned Premium Reserves for Term Policies (Amount)	1,776,626,271	1,289,582,671
17. Solvency Margin Ratio	1.66	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. 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 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 4% 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, 2076/77 and 2077/78 totaling Rs. 52,45,24,061.

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 17.41% 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 2082/83

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. 2082/83 have been published in this national daily.

b) Major Financial Indicators:

Earnings per Share: Rs. 10.28	Net Worth Per Share: 127.64
P/E Ratio: 56.13	Total Assets per Share: 1,937.35

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, and 2077/78 totaling Rs. 52,45,24,061.

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: 644	Minimum Price: 569.1	Last Price: 577
Transaction Volume: 5,951	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.