



LIC

लाइफ इन्स्युरेन्स कर्पोरेशन (नेपाल) लिमिटेड
Life Insurance Corporation (Nepal) Ltd.
(A Joint Venture of Life Insurance Corporation of India)

AN ISO 9001 CERTIFIED ORGANISATION



Certificate No. 42693

FINANCIAL STATEMENT

FOR F.Y.

2024-25 (2081/82)

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF LIFE INSURANCE CORPORATION (NEPAL) LIMITED

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of Life Insurance Corporation (Nepal) Limited (hereafter referred to as "LICN" or "the Company") which comprise of Statement of Financial Position as on Ashad 32, 2082 (July 16, 2025), the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended Ashad 32, 2082 (July 16, 2025) and Notes to the financial statement, including a summary of significant accounting policies and other explanatory notes (hereafter referred to as "the financial statements").

In our opinion, the accompanying financial statements with the notes attached present fairly, in all material respect, the financial position of the company as at Ashad 32, 2082 (July 16, 2025) and its financial performance, the Statement of Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flow statement for the year then ended in accordance with the Nepal Financial Reporting Standards (NFRS)

Basis for Opinion

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the financial Statements* section of our report. We are independent of the Company in accordance with the *ICAN's Handbook of The Code of Ethics for Professional Accountants* together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the *ICAN's Handbook of the Code of Ethics for professional Accountants*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Key Audit Matters

Key audit matters are those matters that in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.



S.N.	Key Audit Matters	Auditor's Response
1.	<p>Investment</p> <p>The Investment of the company comprises of investment in quoted equity instruments, debentures, mutual funds, fixed deposits of financial institutions. The valuation of the aforesaid securities has been done in compliance with NAS 39 read with NFRS 9. The investment in the government and NRB bonds and T-Bills should be recognized on reporting date on Amortized cost basis whereas other investments in equity instruments, other than those held for trading, should be valued at Fair Value through Other Comprehensive Income.</p> <p>Given the varieties of treatments recommended for valuation of investment based on nature of cash flow, the business model adopted, complexity of calculations and the significance of amount involved i.e. 117,340,391,062 in such investments, same has been considered as Key Audit Matter in our audit.</p>	<p>Our audit approach regarding verification of process of investment:</p> <ol style="list-style-type: none"> Review of the investment of company and its valuation having reference to NFRS issued by the Accounting Standard Board of Nepal. We assessed the nature of expected cash flow of the investments as well as the business model adopted by the management on the basis of available evidence/circumstances and ensured that classification of investment is commensurate with nature of cash flow and management intention of holding the investment. For the investment valuation that are done at amortized cost, we checked the EIR and amortization schedule on test basis. For the investment valued through OCI for quoted investment, we ensured that fair value has been done at the closing transaction rate in NEPSE as on 16.07.2025.
2.	<p>Valuation of Gross Insurance Contract Liabilities</p> <p>The valuation of the liabilities for insurance contract involves complex and subjective judgements about future events, both external and internal to the business for which small changes can result in a material impact on valuation of those liabilities.</p> <p>Economic assumptions such as investment return and associated discount rates and operating assumptions such as expenses, mortality and lapse rates are the key inputs.</p>	<p>Our audit approach regarding verification of Valuation of Gross Insurance Contract Liabilities included:</p> <ol style="list-style-type: none"> We assessed the appropriateness of actuarial assumptions, models, and methodologies applied by the Company in calculating policyholder liabilities, reserves, and other actuarial balances. We reviewed key assumptions including mortality rates, lapse rates, interest rates, and expense assumptions to ensure they were based on reasonable and supportable data. We evaluated whether the models and methodologies used by the Company were consistent with industry standards and regulatory requirements. We verified the presentation of insurance contract liabilities in the



		financial statements to ensure compliance with applicable regulatory frameworks.
3.	<p>Revenue Recognition</p> <p>The company recognizes insurance premium income as soon as the amount of premium is received, and policy paper is issued. First premium is recognized from the inception date and renewal premium is recognized once renewal premium is received.</p> <p>Net earned premium is derived after deducting ceded reinsurance premium from gross earned premium.</p> <p>The management considers revenue as a key measure of evaluation of performance and there is the risk of revenue being recorded before the receipt of premium amount and issue of policy.</p> <p>It was considered to be one of the areas which required significant auditor attention and was one of the matters of most significance in the financial statements as the amount of Net premium income is significant i.e. 19,938,305,489.</p>	<p>Our audit approach regarding Revenue Recognition included:</p> <ul style="list-style-type: none"> a) Tested the design and implementation and operating effectiveness of key control over revenue recognition. b) Verified the premium with the underwriting guidelines of the company and performed the tests through the sample policy files. c) Tested on sample basis premium received with the date stamp to confirm the recognition of revenue in correct accounting period.
4.	<p>Claims</p> <p>Insurance claim is the major area of expense for the amount. Total claims incurred include paid claims and outstanding claims for Death, Maturity or other benefits.</p> <p>The provision and payment of claims was considered to be one of the areas which required significant auditor attention and was one of the matters of most significance in the financial statements as the amount of claim expense is significant i.e. 12,590,237,194.</p>	<p>Our audit approach regarding Claim Expenses included:</p> <ul style="list-style-type: none"> a) Verified operational guidelines of the company in relation to the processing and payment of claims with respect to claim payment directive of regulator. b) Performed the test of controls, test of details through the sample review of claim files. c) Verified the claim paid on sample basis with the proof of payments.
5.	<p>Information Technology General Controls</p>	<p>Our audit approach regarding Information Technology of company is based upon the</p>



<p>IT Controls with respect to recording of transactions, generating various reports in compliance with Nepal Insurance Authority guidelines and other compliances to regulators is an important part of the process. Such reporting is highly dependent on the effective working of Software and other allied systems.</p> <p>We have considered this as key audit matter as any control lapses, validation failures, incorrect input data and wrong extraction of data may result in wrong reporting of data to the management shareholders, and regulators.</p>	<p>Guidelines issued by Nepal Insurance Authority and it included:</p> <ol style="list-style-type: none"> a. Understanding the coding system adopted by the company for various categories of the products. b. Understanding the feeding of the data in the system and going through the extraction of the financial information and statements from the IT system existing in the company. c. Checking of the user requirements for any changes in the regulations/ policy of the company. d. Reviewed the reports generated by the system on sample basis. We verified the premium income/ expense and claim payment in regard to policies issued and clam intimated on test basis.
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Emphasis of Matter Paragraph

We draw attention to Note 2(b) of the financial statements, which explains that the financial statements have been prepared in accordance with Nepal Financial Reporting Standards (NFRS), as modified by the directives issued by the Nepal Insurance Authority. This framework departs from the presentation and measurement requirements of NFRS such that 90% of the fair value changes, which would ordinarily be recognized through fair value reserves, have been allocated to the Policyholders' Fund. Our opinion is not modified in respect of this matter.

Information Other than the financial Statements and Auditor's Report Thereon

The Company's Management is responsible for the preparation of the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon.

The Annual Report is expected to be made available to us for our review after the date of this auditor's report. Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of financial statements, our responsibility is to read the other information identified above when it becomes available and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the courses of our audit or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements



Management is responsible for the preparation and fair presentation of the financial statements in accordance with Nepal Financial Reporting Standards (NFRS), and for such internal controls as management determines is necessary to enable the preparation of financial statement that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intendeds to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with NSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As a part of an audit in accordance with NSAs, we exercise professional judgment and maintain professional skepticism throughout the process. We also:

- Identify and assess the risk of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide an opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion of the effectiveness of the Company's internal controls.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we concluded that a material uncertainty exists, we were required to draw attention in our auditor's report to the related disclosures were inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, further events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the appropriateness of accounting polices used and the reasonableness of accounting estimates and related disclosures made by management.



- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities to express an opinion on the financial statement. We remain solely responsible for our audit opinion.
- We communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant deficiencies in internal control that we identify during our audit.
- We also provided those charged with the governance with a statement that we have complied with relevant ethical requirements regarding independent, and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related standards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

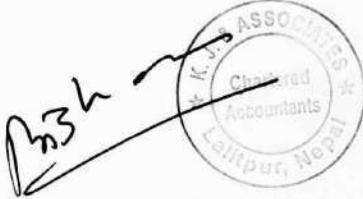
Report on other legal and regulatory requirement

On examination of the financial statement as aforesaid, we report that:

- a) We have obtained information and explanations asked for, which, to the best of our knowledge and belief, were necessary for the purpose of our audit.
- b) Proper books of account as required by Companies Act, 2063 have been kept by the Company.
- c) To the best of our information and explanations given to us and from our examination of the books of accounts of the company, we have not come across the causes where the board of directors or any members thereof or any employee of the company has acted contrary to the provisions of the law relating to accounts or caused loss or damage to the company deliberately.
- d) We did not come across any fraudulent causes causing fundamental effect relating to the company.
- e) Company's life assurance fund and other special reserves are as per prescribed provisions.
- f) To the best of our information, Company is able to meet its long-term liabilities from its assets.
- g) We have not come across any cases where the company is involved in any business other than those licensed by Nepal Insurance Authority or has issued any policies other than those approved by Nepal Insurance Authority.



- h) Reportable findings noted during the audit have been incorporated in our Preliminary Audit Report issued to Audit Committee of the company and responses have been obtained from Board of Directors accordingly.
- i) We have not come across any cases where the company has acted against the interest of the Assured.



FCA. Bishesh Chaudhary
COP No. 1012
(Partner)
K.J. & Associates
Chartered Accountants

Place: Lalitpur, Nepal
Date: 22nd December 2025
UDIN: 251222CA014424KGHZ

LIFE INSURANCE CORPORATION (NEPAL) LIMITED
Minimum Disclosure in Directors' Report

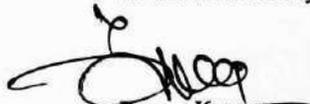
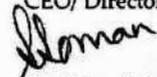
A Information related to Life Insurance

Under this title following matters shall be disclosed

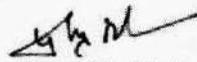
1. Date of establishment: - 26.12.2000
2. Insurer license date: -07.08.2001
3. Insurance business type, nature: -The company issues life insurance contracts.
4. Date of commencement of business: - 01.09.2001
5. Company has listed in Nepal Stock Exchange on 21.03.2003.

B Insurer's Board of Directors shall approve following matters

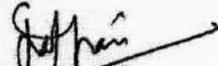
1. Tax, service charges, fine and penalties has been paid & there is no any dues thereof.
2. Promoter shareholdings of Vishal Group has reduced from 15 % to 10% in reporting financial year to ensure the compliance of provision issued by Securities Exchange Board of Nepal (SEBON).
3. Solvency ratio is maintained as prescribed by Nepal Insurance Authority i.e., 1.53 for FY 2081-82.
4. a) Statement regarding assets that financial amount contained in SOFP are in its fair value or cost, thus they are not over stated.
b) Measurement basis of the assets recognized in financial statements: - The financial statement has been prepared on historical cost or fair value regarding the assets.
5. Number of claims settled within the year are 42,008 and outstanding claim number are 9,754 and all the outstanding claim shall be settled in FY 2082-83.
6. Investment made by company that are in line with prevailing laws.
7. Company has fully complied, the provision of Insurance Act 2079, Insurance Regulation, Company Act 2063, NFRSs and other prevailing laws & regulation.
8. Company has adopted appropriate accounting policy as guided by NFRS.
9. Company's Financial Position and Financial Performance reported in Financial Statements are presented true & fairly.
10. We have implemented adequate and appropriate provision to safeguard the assets and for identification and mitigation against losses due to fraud, embezzlement and irregularities. For the Agents loan we have made the adequate provision amounting to Rs. 17,453,021.
11. Management do not intend nor have any necessity to liquidate the company or cease company's operation for foreseeable future, so the financial statement have been prepared based on going concern basis.
12. Internal control system of company is perfect with the size, nature & volume of the business.
13. Declaration that companies has not conducted any transactions contrary to Insurance Act, 2079, Insurance Regulation, Companies Act, 2063, related regulations and directions with any person, firm, company and insurer's director or with any entity in which insurer's director has interest.
14. There are no any penalties, levied by Nepal Insurance Authority for the financial year 2081-82


Pranay Kumar
CEO/ Director

Shubhangi Soman
Director


Komal Agrawal
Director


Permendra Hari
Director


Ashok K. Agrawal
Director


Ratnakar Patnaik
Chairman



LIFE INSURANCE CORPORATION (NEPAL) LIMITED
Statement of Financial Position
As At 16th July, 2025 (Ashad End 2082)

Fig in NPR

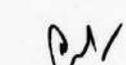
Particulars	Notes	Current Year	Previous Year
Assets			
Goodwill & Intangible Assets	4	48,600	97,200
Property and Equipment	5	392,420,903	424,229,330
Investment Properties	6	-	-
Deferred Tax Assets	7	-	-
Investment in Subsidiaries	8	-	-
Investment in Associates	9	-	-
Investments	10	117,340,391,062	100,302,577,745
Loans	11	21,409,869,606	22,213,684,173
Reinsurance Assets	12	-	-
Current Tax Assets	21	179,358,463	276,532,369
Insurance Receivables	13	18,883,296	28,942,871
Other Assets	14	1,016,951,176	8,236,838
Other Financial Assets	15	3,408,799,099	3,269,414,425
Cash and Cash Equivalent	16	2,060,047,872	1,837,624,512
Total Assets		145,826,770,077	128,381,339,463
Equity & Liabilities			
Equity			
Share Capital	17 (a)	5,900,000,000	2,653,200,000
Share Application Money Pending Allotment	17 (b)	-	-
Share Premium	17 (c)	498,012,562	61,151,801
Catastrophe Reserves	17 (d)	732,976,827	654,081,882
Retained Earnings	17 (e)	3,452,279,690	3,163,905,167
Other Equity	17 (f)	394,157,144	333,618,407
Non Controlling Interest	17(g)	-	-
Total Equity		10,577,426,223	6,865,957,257
Liabilities			
Provisions	18	167,555,959	98,835,270
Gross Insurance Contract Liabilities	19	133,632,472,759	119,633,798,005
Deferred Tax Liabilities	7	56,565,302	18,450,239
Insurance Payable	20	54,254,357	85,613,711
Current Tax Liabilities	21	-	-
Borrowings	22	-	-
Other Liabilities	23	463,346,812	593,165,793
Other Financial Liabilities	24	875,148,665	1,085,519,188
Total Liabilities		135,249,343,854	121,515,382,207
Total Equity and Liabilities		145,826,770,077	128,381,339,463

The accompanying notes form an Integral Part of Financial Statements.

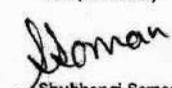
As per our report of even date

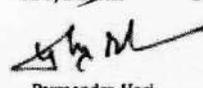

 Damodar Paudyal
 HOD(Accounts)

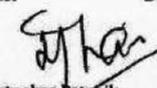

 Pratik Kumar
 CEO/Director


 Komal Agrawal
 Director


 Ashok K. Agrawal
 Director


 Shubhangi Soman
 Director


 Permendra Hari
 Director


 Ratnakar Patraik
 Chairman

Date : 21.12.2025


 CA. Bishesh Choudhary
 Partner
 For K.J. & Associates
 Chartered Accountants



LIFE INSURANCE CORPORATION (NEPAL) LIMITED

Statement of Profit or Loss

For Period 16th July, 2024 - 16th July, 2025

(For the Year Ended Ashad, 2082)

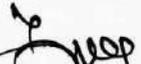
Fig. in NPR

Particulars	Notes	Current Year	Previous Year
Income:			
Gross Earned Premiums	25	19,938,305,489	18,107,497,178
Premiums Ceded	26	108,264,817	112,085,568
Net Earned Premiums		19,830,040,672	17,995,411,610
Commission Income	27	14,027,238	14,912,567
Other Direct Income	28	278,496,240	240,125,879
Interest Income on Loan to Policyholders	11	2,404,983,130	2,371,230,553
Income from Investments and Loans	29	9,767,591,549	9,349,529,759
Net Gain/(Loss) on Fair Value Changes	30	-	-
Net Realised Gains/(Losses)	31	-	-
Other Income	32	70,996	150,882
Total Income		32,295,209,825	29,971,361,250
Expenses:			
Gross Benefits and Claims Paid	33	12,590,237,194	10,891,832,451
Claims Ceded	33	38,889,907	34,884,996
Gross Change in Contract Liabilities	34	13,743,657,384	13,222,208,131
Change in Contract Liabilities Ceded to Reinsurers	34	-	-
Net Benefits and Claims Paid		26,295,004,671	24,079,155,586
Commission Expenses	35	1,477,418,120	1,394,226,097
Service Fees	36	148,725,305	134,965,587
Other Direct expenses	37	-	-
Employee Benefits Expenses	38	502,317,936	472,423,651
Depreciation and Amortization Expenses	39	55,072,895	54,296,035
Impairment Losses	40	-	-
Other Operating Expenses	41	577,519,288	558,358,222
Finance Cost	42	19,285,859	20,546,728
Total Expenses		29,075,344,074	26,713,971,906
Net Profit/(Loss) For The Year Before Share of Net Profits of Associates Accounted for Using Equity Method and Tax		3,219,865,751	3,257,389,344
Share of Net Profit of Associates accounted using Equity Method	9	-	-
Profit Before Tax		3,219,865,751	3,257,389,344
Income Tax Expense	43	2,382,532,585	2,427,782,159
Net Profit/(Loss) For The Year		837,333,165	829,607,185
Earning Per Share	51		
Basic EPS		15.45	15.75
Diluted EPS		15.45	15.75

The accompanying notes form an Integral Part of Financial Statements.

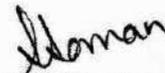
As per our report of even date

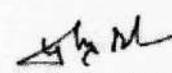

 Damodar Paudyal
 HOD(Accounts)

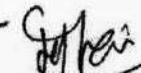

 Pranshu Kumar
 CEO/Director


 Komal Agrawal
 Director

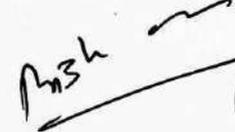

 Ashok K. Agrawal
 Director


 Shubhangi Soman
 Director


 Permendra Hari
 Director


 Ratnakar Ratnaik
 Chairman

Date : 21.12.2025


 CA. Bishesh Chaudhary
 Partner
 For K.J. & Associates
 Chartered Accountants



LIFE INSURANCE CORPORATION (NEPAL) LIMITED
Statement of Other Comprehensive Income
For Period 16th July, 2024 - 16th July, 2025
(For the Year Ended Ashad, 2082)

Fig. in NPR

Particulars	Notes	Current Year	Previous Year
Net Profit/(Loss) For the Year		837,333,165	829,607,185
Other Comprehensive Income			
a) Items that are or may be Reclassified to Profit or Loss			
Changes in Fair Value of FVOCI Debt Instruments			
Exchange differences on translation of Foreign Operation			
Share of other comprehensive income of associates accounted for using the equity method	9	-	-
Income Tax Relating to Above Items			
Reclassified to Profit or Loss			
b) Items that will not be Reclassified to Profit or Loss			
Changes in fair value of FVOCI Equity Instruments		377,803,512	200,478,249
Revaluation of Property and Equipment/ Goodwill & Intangible Assets			
Remeasurement of Post-Employment Benefit Obligations		(31,808,370.0)	(25,407,131.0)
Share of other comprehensive income of associates accounted for using the equity method	9		
Income Tax Relating to Above Items		(86,498,785.6)	(43,767,779.4)
Total Other Comprehensive Income For the Year, Net of Tax		259,496,357	131,303,338
Total Comprehensive Income For the Year, Net of Tax		1,096,829,522	960,910,523

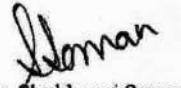
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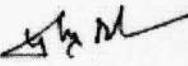

 Damodar Paudyal
 HOD(Accounts)

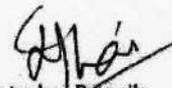

 Pratik Kumar
 CEO/Director

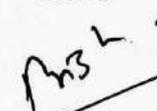

 Komal Agrawal
 Director


 Ashok K. Agrawal
 Director


 Shubhangi Soman
 Director


 Permendra Hari
 Director


 Ratnakar Patnaik
 Chairman


 CA. Bishesh Chaudhary
 Partner
 For K.J. & Associates
 Chartered Accountants



Date : 21.12.2025



LIFE INSURANCE CORPORATION (NEPAL) LIMITED
Statement of Changes In Equity
For Period 16th July, 2024 - 16th July, 2025
(For the Year Ended Ashad, 2082)

Fig. in NPR

	Ordinary Share Capital	Preference Shares	Share Application Money Pending	Share Premium	Retained Earnings	Revaluation Reserves	Capital Reserves	Catastrophe Reserve	Corporate Social Responsibility (CSR) Reserves	Insurance Fund	Fair Value Reserves	Actuarial Reserves	Deferred Tax Reserve	Regulatory Reserves	Total
Balance as on Shrawan 1, 2080	2,683,200,000	-	-	61,331,801	3,344,332,517	-	-	961,998,449	34,666,300.34	-	(71,165,726)	(11,576,113)	99,204,539.62	331,031,641	5,076,338,393
Other Comprehensive Income for the Year, Net of Tax					629,607,183.07										629,607,183
i) Changes in Fair Value of FVOCI Debt Instruments															
ii) Gain/(Loss) on Cash Flow Hedge															
iii) Exchange differences on translation of Foreign Operation															
iv) Changes in fair value of FVOCI Equity Instruments															
v) Revaluation of Property and Equipments/ Goodwill & Intangible Assets											190,336,666.53				
vi) Reassessment of Net-Employment Benefit Obligations															
Transfer to Reserve/ Funds															
Transfer to Deferred Tax Reserves															
Transfer from Regulatory Reserves															
Transfer of Depreciation on Revaluation of Property and Equipment															
Transfer on Disposal of Revalued Property and Equipment															
Transfer on Disposal of Equity Instruments Measured at FVOCI															
Transfer to Insurance Contract Liabilities															
Share Issuance Costs															
Contribution by Distribution to the owners of the Company															
i) Bonus Share Issued															
ii) Share Issue															
iii) Cash Dividend															
iv) Dividend Distribution Tax															
v) Others (To be specified)															
Balance as on Ashadh end, 2081	2,683,200,000	-	-	61,331,801	3,163,965,166	-	-	664,001,882	33,694,644	-	7,921,296	30,631,672	1,602,298	331,031,641	6,866,977,237
Prior period adjustment															
Restated Balance as at Shrawan 1, 2081	2,683,200,000	-	-	61,331,801	3,163,965,166	-	-	664,001,882	33,694,644	-	7,921,296	30,631,672	1,602,298	331,031,641	6,866,977,237

The accompanying notes form an integral part of Financial Statements.

Damodar Pradyal
 Damodar Pradyal
 HOD(Accounts)

Pradyal Kumar
 Pradyal Kumar
 CEO/Director

Komal Agrawal
 Komal Agrawal
 Director

Ashok K. Agrawal
 Ashok K. Agrawal
 Director

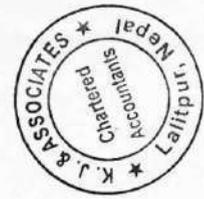
Shubhang Suman
 Shubhang Suman
 Director

Hari
 Permendra Hari
 Director

Ratnakar Ratnaulk
 Ratnakar Ratnaulk
 Chairman

CA. Bishesh Chaudhary
 CA. Bishesh Chaudhary
 Partner
 For K.J. & Associates
 Chartered Accountants

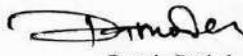
Date : 21.12.2025



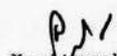
LIFE INSURANCE CORPORATION (NEPAL) LIMITED
Statement of Cash Flows
For Period 16th July, 2024 - 16th July, 2025
(For the Year Ended Ashad, 2082)

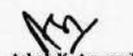
Fig. in NPR

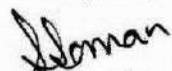
Particulars	Current Year	Previous Year
Cash Flow From Operating Activities:		
Cash Received		
Gross Premium Received	19,938,305,489	18,107,497,178
Commission Received	14,027,238	14,912,567
Claim Recovery Received from Reinsurers	38,889,907	34,884,996
Realised Foreign Exchange Income other than on Cash and Cash Equivalents		
Other Direct Income	278,496,240	240,125,879
Others (to be specified)		
Cash Paid		
Gross Benefits and Claims Paid	(12,590,237,194)	(10,891,832,451)
Reinsurance Premium Paid	(108,264,817)	(112,085,568)
Commission Paid	(1,429,850,895)	(1,355,647,641)
Service Fees Paid	(241,147,575)	(143,349,526)
Employee Benefits Expenses Paid	(525,126,025)	(528,550,577)
Other Expenses Paid	(568,682,350)	(558,358,222)
Others (to be specified)		
Income Tax Paid	(2,372,213,017)	(2,721,660,962)
Net Cash Flow From Operating Activities [1]	2,434,197,000	2,085,935,673
Cash Flow From Investing Activities		
Acquisitions of Intangible Assets		
Proceeds From Sale of Intangible Assets		
Acquisitions of Investment Properties		
Proceeds From Sale of Investment Properties		
Rental Income Received		
Acquisitions of Property and Equipment	(6,665,046)	(4,234,026)
Proceeds From Sale of Property and Equipment	526,527	
Investment in Subsidiaries		
Receipts from Sale of Investments in Subsidiaries		
Investment in Associates		
Receipts from Sale of Investments in Associates		
Purchase of Equity Instruments	(514,704,194)	
Proceeds from Sale of Equity Instruments		
Purchase of Mutual Funds	(110,520,805)	
Proceeds from Sale of Mutual Funds		
Purchase of Preference Shares		
Proceeds from Sale of Preference Shares		
Purchase of Debentures	(316,275,484)	
Proceeds from Sale of Debentures		
Purchase of Bonds		
Proceeds from Sale of Bonds	50,000,000	
Investments in Deposits	(15,768,509,322)	(13,681,569,352)
Debt Application money	(1,010,000,000)	
(Loans Paid)/Recovered	803,814,567	(331,521,371)
Interest Income from policy loan	2,311,531,016	2,094,046,048
Rental Income Received		
Proceeds from Finance Lease		
Interest Income Received	9,677,690,427	9,265,270,840
Dividend Received	31,620,788	58,863,843
Others	(155,125,947)	(78,760,957)
Total Cash Flow From Investing Activities [2]	(5,006,597,473)	(2,677,904,374)

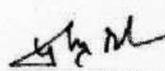

 Damodar Paudyal
 HOD(Accounts)

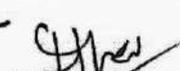

 Pralay Kumar
 CEO/Director


 Komal Agrawal
 Director


 Ashok K. Agrawal
 Director


 Shubhangi Soman
 Director
 Date : 21.12.2025


 Permendra Hari
 Director


 Ratna Raj Pathak
 Chairman

CA. Bishesh Chaudhary
 Partner
 For K.J. & Associates
 Chartered Accountants



LIFE INSURANCE CORPORATION (NEPAL) LIMITED
Statement of Cash Flows
For Period 16th July, 2024 - 16th July, 2025
(For the Year Ended Ashad, 2082)

Fig. in NPR

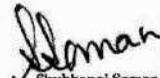
Particulars	Current Year	Previous Year
Cash Flow From Financing Activities		
Interest Paid		
Proceeds From Borrowings		
Repayment of Borrowings		
Payment of Finance Lease		
Proceeds From Issue of Share Capital	2,783,660,761	-
Share Issuance Cost Paid	(8,836,938)	
Dividend Paid		
Dividend Distribution Tax Paid		-
Others (to be specified)		
Total Cash Flow From Financing Activities [3]	2,774,823,823	-
Net Increase/(Decrease) In Cash & Cash Equivalents [1+2+3]	202,423,351	(591,969,305)
Cash & Cash Equivalents At Beginning of The Year/Period	1,857,624,512	2,449,593,817
Effect of Exchange Rate Changes on Cash and Cash Equivalents		
Cash & Cash Equivalents At End of The Year/Period	2,060,047,872	1,857,624,512
Components of Cash & Cash Equivalents		
Cash In Hand	34,908,650	75,588,433
Cheque In Hand	5,916,336	8,558,502
Term Deposit with Banks (with initial maturity upto 3 months)	1,014,693,260	929,824,293
Balance With Banks	1,004,529,626	843,653,284

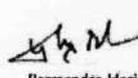

Damodar Paudyal
HOD(Accounts)

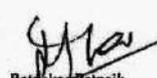

Pradyum Kumar
CEO/Director

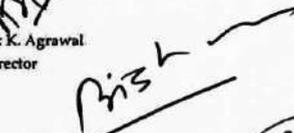

Komal Agrawal
Director


Ashok K. Agrawal
Director


Shubhangi Soman
Director


Permendra Hari
Director


Ratnakar Patnaik
Chairman


CA. Bishesh Chaudhary
Partner
For K.J. & Associates
Chartered Accountants



Date : 21.12.2025



LIFE INSURANCE CORPORATION (NEPAL) LIMITED
Statement of Distributable Profit or Loss
For Period 16th July, 2024 - 16th July, 2025
(Year Ended Upto Ashad 32, 2082)

Fig. in NPR

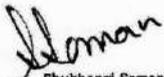
Particulars	Current Year	Previous Year
Opening Balance in Retained Earnings	3,163,905,167	2,344,327,517
Transfer from OCI reserves to retained earning in current year		-
Net profit or (loss) as per statement of profit or loss	837,333,165	829,607,185
Appropriations:		
i) Transfer to Insurance Fund		
ii) Transfer to Catastrophe Reserve	(78,894,944)	(92,483,434)
iii) Transfer to Capital Reserve		
iv) Transfer to CSR reserve	(7,889,494)	(9,248,343)
v) Transfer to/from Regulatory Reserve		
vi) Transfer to Fair Value Reserve		
vii) Transfer of Deferred Tax Reserve	(49,065,661)	91,702,242
viii) Transfer to OCI reserves due to change in classification		
ix) Employee Training Reserve	(2,204,596)	
Deductions:		
i) Accumulated Fair Value Gain on each Financial Assets Measured at FVTPL		
a) Equity Instruments		
b) Mutual Fund		
c) Others (if any)		
ii) Accumulated Fair Value gain on Investment Properties		
iii) Accumulated Fair Value gain on Hedged Items in Fair Value Hedges		
iv) Accumulated Fair Value gain on Hedging Instruments in Fair Value Hedges		
v) Accumulated Fair value gain of Ineffective Portion on Cash Flow Hedges		
vi) Goodwill Recognised		
vii) Unrealised Gain on fluctuation of Foreign Exchange Currency		
viii) Accumulated Share of Net Profit of Associates accounted using Equity Method included in Investment Account		
ix) Overdue loans		
x) Fair value gain recognised in Statement of Profit or Loss		
xi) Investment in unlisted shares as per sec 16 of Financial Directive	(7,280,000)	(7,280,000)
xii) Deltisted share investment or mutual fund investment		
xiii) Bonus share/dividend paid	(526,315,789)	
xiv) Deduction as per Sec 17 of Financial directive	(17,057,463)	(50,435,683)
xv) Deduction as per Sec 18 of Financial directive	(3,032,757)	(2,682,085)
xvi) Transfer from Regulatory Reserve		
Adjusted Retained Earning	3,309,497,627	3,103,507,398
Add: Transfer from Share Premium Account		
Less: Amount apportioned for Assigned capital		
Less: Deduction as per sec 15(1) Of Financial directive	(18,231,190)	(22,710,176)
Add/Less: Others (to be specified)		
Total Distributable Profit/(loss)	3,291,266,437	3,080,797,223

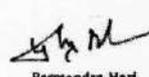

Demodar Paudyal
HOD(Accounts)


Pranav Kumar
CEO/Director

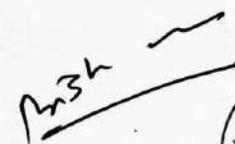

Komal Agrawal
Director


Ashok K. Agrawal
Director


Shubhangi Soman
Director


Premendra Hari
Director


Ratna Kar Panta
Chairman



CA. Bishesh Chaudhary
Partner
For K.J. & Associates
Chartered Accountants



Date : 21.12.2025



LIFE INSURANCE CORPORATION (NEPAL) LIMITED
Notes to the Financial Statements

4 Goodwill & Intangible Assets

Fig. in NPR

Particulars	Softwares	Goodwill	Others (to be specified)	Total
Gross carrying amount				
As at Shrawan 1, 2080	1,043,450	-	-	1,043,450
Additions during the year				
Acquisition				
Internal Development				
Business Combination(to be Specified)				
Disposals during the year				
Revaluation/Adjustment				
Balance as at Ashadh 31, 2081	1,043,450	-	-	1,043,450
Additions during the year				
Acquisition				
Internal Development				
Business Combination(to be Specified)				
Disposals during the year				
Revaluation/Adjustment				
Balance as at Ashadh 32, 2082	1,043,450	-	-	1,043,450
Accumulated amortization and impairment				
As at Shrawan 1, 2080	905,258	-	-	905,258
Additions during the year	40,992			40,992
Disposals during the year				
Impairment during the year				
Balance as at Ashadh 31, 2081	946,250	-	-	946,250
Additions during the year	48,600			48,600
Disposals during the year				
Impairment during the year				
Balance as at Ashadh 32, 2082	994,850	-	-	994,850
Capital Work-In-Progress				
As at Shrawan 1, 2080				
Additions during the year				
Capitalisation during the year				
Disposals during the year				
Impairment during the year				
Balance as at Ashadh 31, 2081	-	-	-	-
Additions during the year				
Capitalisation during the year				
Disposals during the year				
Impairment during the year				
Balance as at Ashadh 32, 2082	-	-	-	-
Net Carrying Amount				
As on Ashadh 31, 2081	97,200	-	-	97,200
As on Ashadh 32, 2082	48,600	-	-	48,600



Shuman
Shwas
Shweta

Shweta
Shweta

LIFE INSURANCE CORPORATION (NEPAL) LIMITED
Notes to the Financial Statements

5 Property and Equipment

Fig. in NPR

Particulars	Land	Buildings	Leasehold Improvement	Furniture & Fixtures	Computers and IT Equipments	Office Equipment	Vehicles	Other Assets	Total
Costs carrying amount									
As on Shrawan 1, 2080	183,692,395	1,136,600	23,530,002	35,999,146	43,332,370	18,952,109	46,151,874	5,903,181	358,091,676
Additions during the year				790,614	1,151,753	1,721,298		58,220	4,674,968
Acquisition			1,013,083						
Capitalization									
Disposals during the year									
Write-offs during the year						(117,500)	(409,027)		(526,527)
Revaluation during the year									
Transfer/adjustments									
Balance as on Ashadh 31, 2081	183,692,395.00	1,136,600.00	24,543,085.00	36,123,759.70	44,484,123.00	20,555,906.66	45,742,847.00	5,961,401.00	362,240,117.36
Additions during the year			656,070.00	1,018,928.82	3,925,772.00	1,035,121.45		29,154.00	6,645,046.27
Acquisition									
Capitalization									
Disposals during the year									
Write-offs during the year				(932.18)		(209,590.00)	(943,900.00)		(594,421.18)
Revaluation during the year									
Transfer/adjustments									
Balance as on Ashadh 31, 2082	183,692,395.00	1,136,600.00	25,199,155.00	37,143,756.34	48,409,895.00	21,351,638.11	65,596,947.00	5,990,555.00	368,350,741.45
Accumulated depreciation and impairment									
As on Shrawan 1, 2080		857,994	13,532,031	18,368,568	35,590,929	12,339,255	23,620,336	4,634,731	108,943,844
Addition during the year		37,427	1,687,230	2,382,437	3,125,719	1,791,027	3,353,589	368,117	12,790,537
Disposals during the year									
Write-offs during the year						(107,743)			(107,743)
Impairment during the year									
Transfer/adjustments									
Balance as on Ashadh 31, 2081		890,421	15,219,261	20,751,005	38,716,648	14,012,539	26,973,916	5,022,848	131,546,638
Addition during the year		12,309	2,378,138	4,008,256	1,903,935	1,714,352	3,700,907	235,320	18,953,288
Disposals during the year									
Write-offs during the year						(150,343)	(79,505)		(229,848.34)
Impairment during the year									
Transfer/adjustments									
Balance as on Ashadh 31, 2082		902,729.95	17,597,394.76	24,759,261.91	40,620,603.06	15,576,507.90	30,595,317.93	5,258,168.64	135,310,087.16
Capital Work-In-Progress									
As on Shrawan 1, 2080									
Additions during the year								4,234,026	4,234,026
Capitalisation during the year									
Disposals during the year									
Impairment during the year									



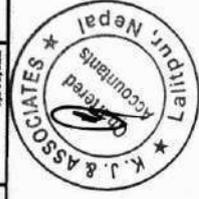
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LIFE INSURANCE CORPORATION (NEPAL) LIMITED
Notes to the Financial Statements

5 Property and Equipment

Fig. in NPR

Particulars	Land	Buildings	Leasehold Improvement	Furniture & Fixtures	Computers and IT Equipments	Office Equipment	Vehicles	Other Assets	Total
Balance as on Ashadh 31, 2081	-	-	-	-	-	-	-	4,234,026	4,234,026
Additions during the year	-	-	-	-	-	-	-	339,000	339,000
Capitalisation during the year	-	-	-	-	-	-	-	-	-
Disposals during the year	-	-	-	-	-	-	-	-	-
Impairment during the year	-	-	-	-	-	-	-	-	-
Balance as on Ashadh 32, 2082	-	-	-	-	-	-	-	4,573,026	4,573,026
Net Carrying Amount									
As on Ashadh 31, 2081	183,692,395	246,179	9,323,898	15,572,795	5,767,675	6,543,368	18,768,931	5,172,579	244,887,506
As on Ashadh 32, 2082	183,692,395	233,870	7,601,796	12,382,385	7,789,292	5,804,990	14,803,629	5,309,412	237,613,680
Right-of-Use Assets (After Implementation of NFRS 16)									
Gross carrying amount									
As on Shrawan 1, 2080	-	-	-	-	-	-	-	-	-
Additions during the year	-	-	289,359,113	-	-	-	-	-	289,359,113
Disposals during the year	-	-	19,661,983	-	-	-	-	-	19,661,983
Write-offs during the year	-	-	(7,000,794)	-	-	-	-	-	(7,000,794)
Revaluation during the year	-	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	-	-
Balance as on Ashadh 31, 2081	-	-	262,020,301.97	-	-	-	-	-	262,020,301.97
Additions during the year	-	-	21,152,110.76	-	-	-	-	-	21,152,110.76
Disposals during the year	-	-	(5,476,600)	-	-	-	-	-	(5,476,600)
Write-offs during the year	-	-	-	-	-	-	-	-	-
Revaluation during the year	-	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	-	-
Balance as on Ashadh 32, 2082	-	-	277,695,813.09	-	-	-	-	-	277,695,813
Accumulated depreciation									
As on Shrawan 1, 2080	-	-	-	-	-	-	-	-	-
Depreciation	-	-	41,330,239	-	-	-	-	-	41,330,239
Disposals during the year	-	-	41,504,506	-	-	-	-	-	41,504,506
Write-offs during the year	-	-	-	-	-	-	-	-	-
Impairment during the year	-	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-	-
Balance as on Ashadh 31, 2081	-	-	(165,267)	-	-	-	-	-	(165,267)
Disposals during the year	-	-	82,676,478	-	-	-	-	-	82,676,478
Write-offs during the year	-	-	41,870,957	-	-	-	-	-	41,870,957
Impairment during the year	-	-	(860,844)	-	-	-	-	-	(860,844)
Transfer/adjustments	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-
Disposals during the year	-	-	-	-	-	-	-	-	-
Write-offs during the year	-	-	-	-	-	-	-	-	-
Impairment during the year	-	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-	-
Balance as on Ashadh 32, 2082	-	-	122,884,591	-	-	-	-	-	122,884,591
Net Carrying Amount									
As on Ashadh 31, 2081	183,692,395	246,179	160,665,648	15,572,795	5,767,675	6,543,368	18,768,931	5,172,579	424,239,339
As on Ashadh 32, 2082	183,692,395	233,870	152,008,979	12,382,385	7,789,292	5,804,990	14,803,629	5,309,412	392,190,983



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LIFE INSURANCE CORPORATION (NEPAL) LIMITED
Notes to the Financial Statements

6 Investment Properties

Fig. in NPR

Investment Properties at Cost

Particulars	Land	Building	Total
Gross carrying amount			
As at Shrawan 1, 2080			-
Additions during the year			-
Acquisition			-
Subsequent Expenditure			-
Assets classified as held for sales			-
Disposals during the year			-
Transfer/Adjustments			-
Balance as at Ashadh 31, 2081	-	-	-
Additions during the year			-
Acquisition			-
Subsequent Expenditure			-
Assets classified as held for sales			-
Disposals during the year			-
Transfer/Adjustments			-
Balance as at Ashadh 32, 2082	-	-	-
Accumulated depreciation and impairment			
As at Shrawan 1, 2080			-
Addition during the year			-
Disposals during the year			-
Impairment during the year			-
Transfer/Adjustments			-
Balance as at Ashadh 31, 2081	-	-	-
Addition during the year			-
Disposals during the year			-
Impairment during the year			-
Transfer/Adjustments			-
Balance as at Ashadh 32, 2082	-	-	-
Capital Work-In-Progress			
As at Shrawan 1, 2080			-
Additions during the year			-
Capitalisation during the year			-
Disposals during the year			-
Impairment during the year			-
Balance as at Ashadh 31, 2081	-	-	-
Additions during the year			-
Capitalisation during the year			-
Disposals during the year			-
Impairment during the year			-
Balance as at Ashadh 32, 2082	-	-	-
Net Carrying Amount			
Balance as at Ashadh 31, 2081	-	-	-
Balance as at Ashadh 32, 2082	-	-	-





LIFE INSURANCE CORPORATION (NEPAL) LIMITED
Notes to the Financial Statements

6 Investment Properties

Fig. in NPR

(i) Amounts recognised in statement of profit or loss

Particulars	Current Year	Previous Year
Rental income		
Direct operating expenses from property that generated rental income		
Direct operating expenses from property that didn't generated rental income		
Profit from investment properties before depreciation	-	-
Depreciation charge		
Profit from investment properties	-	-

(ii) Fair value of investment properties:

Particulars	Current Year	Previous Year
Land		
Building		
Total	-	-

Notes on Fair Value :

The Company obtains independent valuations for its investment properties. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the Company consider information from a variety of sources including :

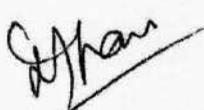
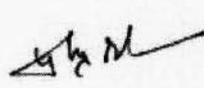
- i) current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences,
- ii) discounted cash flow projections based on reliable estimates of future cash flows,
- iii) capitalised income projections based upon a property's estimated net market income, and a capitalization rate derived from an analysis of market evidence.

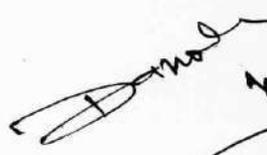
Company has no any investment properties as on reporting period

(iii) Disclosure on restriction on the realisability of investment properties:

(iv) Contractual obligations.









LIFE INSURANCE CORPORATION (NEPAL) LIMITED
Notes to the Financial Statements

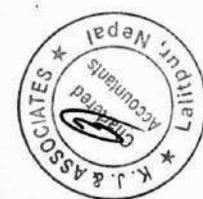
7 Deferred Tax Assets/(Liabilities)

Fig. in NPR

Particulars	Current Year			Previous Year		
	Through SOPL	Through SOCI	Total	Through SOPL	Through SOCI	Total
Deferred Tax on Temporary Difference						
Goodwill & Intangible Assets						
Property and Equipment	(41,989,821)	*	(41,989,820.63)	(49,126,930)		(49,126,930)
Financial Assets at FVPTL						
Financial Assets at FVTOCI		(120,855,198)	(120,855,198.20)		(26,404,320)	(26,404,320)
Provision for Leave	16,471,257		16,471,257.25	12,930,571		12,930,571
Provision for Gratuity	23,516,922	13,621,937	37,138,859.03	(17,082,612)	6,351,783	(10,730,830)
Actuarial Gain/ Loss						
Impairment Loss on Financial Assets	4,363,255		4,363,255.25	4,363,255		4,363,255
Impairment Loss on Other Assets						
Carry forward of unused tax losses						
Changes in tax rate						
Others (specify if any)	48,306,346		48,306,345.56	50,518,014		50,518,014
Total	50,667,959	(107,233,261)	(56,565,302)	1,602,298	(20,052,537)	(18,450,239)
Deferred Tax Assets						
Deferred Tax Liabilities						

Movements in deferred tax assets/ (liabilities)

Particulars	Current Year			Previous Year		
	SOPL	SOCI	Total	SOPL	SOCI	Total
As at Shrawan 1, 2081	1,602,298	(20,052,537)	(18,450,239.50)	96,829,448	23,715,242	120,544,690
Charged/(Credited) to Statement of Profit or Loss	49,065,661		49,065,661	(95,227,150)		(95,227,150)
Charged/(Credited) to Other Comprehensive Income		(87,180,724)	(87,180,723.55)		(43,767,779)	(43,767,779)
As at Ashadh 31, 2082	50,667,959	(107,233,261)	(56,565,301.73)	1,602,298	(20,052,537)	(18,450,239)



Handwritten signatures and initials: *Shuman*, *Bytar*, *SKM*, *A3*, and another signature.

LIFE INSURANCE CORPORATION (NEPAL) LIMITED
Notes to the Financial Statements

8 Investment in Subsidiaries

Fig. In NPR

Particulars	Current Year	Previous Year
Investment in Quoted Subsidiaries	-	-
Investment in Unquoted Subsidiaries	-	-
Less: Impairment Losses	-	-
Total	-	-

Investment in Quoted Subsidiaries

Particulars	Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value
..... Shares of Rs. Each of Ltd.				
..... Shares of Rs. Each of Ltd.				
Total	-	-	-	-

Investment in Unquoted Subsidiaries

Particulars	Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value
..... Shares of Rs. Each of Ltd.				
..... Shares of Rs. Each of Ltd.				
Total	-	-	-	-

Information Relating to Subsidiaries

Particulars	Percentage of Ownership	
	Current Year	Previous Year
..... Shares of Rs. Each of Ltd.		
..... Shares of Rs. Each of Ltd.		
..... Shares of Rs. Each of Ltd.		
..... Shares of Rs. Each of Ltd.		

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LIFE INSURANCE CORPORATION (NEPAL) LIMITED
Notes to the Financial Statements

9 Investment in Associates

Fig. In NPR

Particulars	Current Year	Previous Year
Investment in Quoted Associates		
Investment in Unquoted Associates		
Less: Impairment Losses		
Total		

Investment in Quoted Associates

Particulars	Current Year			Previous Year		
	Cost	Fair Value	(or) Equit Method	Cost	Fair Value	(or) Equit Method
..... Shares of Rs. Each of Ltd.						
..... Shares of Rs. Each of Ltd.						
Add: Share of Profit or Loss for Earlier Years						
Add: Share of Profit or Loss for Current Year						
Total						

Investment in Unquoted Associates

Particulars	Current Year			Previous Year		
	Cost	Fair Value	(or) Equit Method	Cost	Fair Value	(or) Equit Method
..... Shares of Rs. Each of Ltd.						
..... Shares of Rs. Each of Ltd.						
Add: Share of Profit or Loss for Earlier Years						
Add: Share of Profit or Loss for Current Year						
Total						

Information Relating to Associates

Particulars	Current Year	Previous Year
Name		
Place of Business		
Accounting Method		
% of Ownership		
Current Assets		
Non-Current Assets		
Current Liabilities		
Non-Current Liabilities		
Income		
Net Profit or Loss		
Other Comprehensive Income		
Total Comprehensive Income		
Company's share of profits		
Net Profit or Loss		
Other Comprehensive Income		

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LIFE INSURANCE CORPORATION (NEPAL) LIMITED

Notes to the Financial Statements

Fig. in NPR

10 Investments

Particulars	Current Year	Previous Year
Investments measured at Amortised Cost	112,833,253,977	96,800,469,171
i) Investment in Preference Shares of Bank and Financial Institutions		
ii) Investment in Debentures	12,671,649,601	12,355,374,117
iii) Investment in Bonds (Nepal Government/ NRB/ Guaranteed by Nepal Government)	415,625,000	465,625,000
iv) Fixed Deposits in 'A' Class Financial Institutions	94,057,679,376	79,438,170,054
v) Fixed Deposits in Infrastructure Banks	-	-
vi) Fixed Deposits in 'B' Class Financial Institutions	5,020,300,000	3,840,300,000
vii) Fixed Deposits in 'C' Class Financial Institutions	670,000,000	700,000,000
viii) Others (To be specified)	-	-
Less: Impairment Losses	-	-
Investments at FVTOCI	4,505,137,085	3,502,108,574
i) Investment in Equity Instruments (Quoted)	4,205,905,494	3,313,397,788
ii) Investment in Equity Instruments (Unquoted)	7,280,000	7,280,000
iii) Investment in Mutual Funds	291,951,591	181,430,786
iv) Investment in Debentures	-	-
v) Others (to be Specified)	-	-
Investments at FVTPL	-	-
i) Investment in Equity Instruments (Quoted)	-	-
ii) Investment in Equity Instruments (Unquoted)	-	-
iii) Investment in Mutual Funds	-	-
iv) Investment in Debentures	-	-
v) Others (to be Specified)	-	-
Total	117,340,391,062	100,302,577,745

a) Details of Impairment Losses

Particulars	Current Year	Previous Year
Investment in Preference Shares of Bank and Financial Institutions		
Investment in Debentures		
Investment in Bonds (Nepal Government/ NRB/ Guaranteed by Nepal Government)		
Fixed Deposit with 'A' Class Financial Institutions		
Fixed Deposit with Infrastructure Banks		
Fixed Deposit with 'B' Class Financial Institutions		
Fixed Deposit with 'C' Class Financial Institutions		
Others (to be Specified)		
Total	-	-

b) Investments having expected maturities less than 12 months:

Particulars	Current Year	Previous Year
Investment in Equity Instruments (Quoted)		
Investment in Equity Instruments (Unquoted)		
Investment in Mutual Funds		
Investment in Preference Shares of Bank and Financial Institutions		
Investment in Debentures		237,689,000
Investment in Bonds (Nepal Government/ NRB/ Guaranteed by Nepal Government)	50,000,000	908,154,900
Fixed Deposit with 'A' Class Financial Institutions	12,530,000,000	4,368,000,000
Fixed Deposit with Infrastructure Banks		
Fixed Deposit with 'B' Class Financial Institutions	110,000,000	80,000,000
Fixed Deposit with 'C' Class Financial Institutions	30,000,000	90,000,000
Others (to be Specified)		
Total	12,520,000,000	5,703,843,900

c) Information relating to investment in equity instruments

Fig. in NPR

Particulars	Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value
Investment in Equity Instruments (Quoted)	3,728,837,119.58	4,205,905,493.88	3,204,521,255.03	3,313,397,787.90
Agriculture Development Bank Limited	7,243,131	8,832,510	12,193,210	15,030,456
Apri Power Company Ltd.	1,016,954	3,491,856	2,610,509	5,510,159
Chilime Hydropower Company Limited	63,308,376	78,570,871	66,299,922	78,572,910
Citizen Bank International Limited	146,370,622	134,456,920	152,397,269	113,952,537
Citizen Investment Trust	214,823,667	53,347,200	214,823,667	214,823,667
Everest Bank Ltd.	67,703,729	91,490,440	106,530,239	112,000,000
First Micro Finance Laghubitta Bhattya Sanatha Limited (FMDBL)	17,440,990	17,871,424		
Garina Bikas Bank Ltd.	57,815,825	64,964,221	60,116,414	67,392,500
Global IME Bank Limited	113,224,966	111,777,591	113,224,966	79,143,880
Guheshwori Merchant Bank & Finance Co. Ltd. (GMFL)	17,414,431	14,673,037		
Himal Dolakha Hydropower Company Limited (HDHPC)	452,273	435,072		
Himalayan Bank Limited	46,792,609	41,033,441	36,678,534	26,298,305
Himalayan Distillery Limited (HDL)	5,128,527	5,477,872		
Hydroelectricity Investment and Development Company Limited Promoter (HIDCLP)	1,025,509	1,158,080		



Handwritten signatures and the official seal of Life Insurance Corporation (Nepal) Ltd. The seal features a central emblem with a bird and the text 'Life Insurance Corporation (Nepal) Ltd.' around it.

LIFE INSURANCE CORPORATION (NEPAL) LIMITED

Notes to the Financial Statements

Fig. in NPR

Particulars	Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value
ICPC Finance	76,883,163	70,826,544		
Kumari Bank Limited	53,995,461	48,676,198	44,852,837	28,048,252
Kumari Bank Ltd. Promoter	21,132,300	52,522,869	21,132,300	49,210,616
Laxmi Bank Limited	106,951,798	111,252,840	88,593,955	63,621,075
Lumbini Bikas Bank Ltd.	68,626,591	85,562,820	78,777,305	83,320,000
Machhapuchhre Bank Limited	47,015,134	50,904,024		
Mahaxand Bikas Bank Ltd.	99,899,671	97,804,970	93,239,438	74,832,032
Nabil Bank Limited	102,304,632	140,756,200	90,028,120	136,240,000
Nepal Bank Limited	11,013,981	28,561,120	17,532,909	35,802,918
Nepal Doosanchar Company Limited (NTC)	8,333,834	8,507,764		
Nepal Film Development Bank Ltd.	1,540	5,236	1,540	1,540
Nepal Infrastructure Bank Ltd. Promoter	840,000,000	1,006,992,000	840,000,000	1,006,992,000
Nepal Insurance Company Ltd (NICL)	-	-	-	151,360
Nepal Investment Mega Bank Limited	33,740,135	30,879,685	33,740,135	23,177,637
Nepal Investment Mega Bank Ltd. Promoter	184,888,928	204,936,984	184,888,928	169,438,971
Nepal Lube Oil Ltd.	64,500	311,965	64,500	179,661
Nepal Reinsurance Company Ltd. Promoter	71,895,167	271,161,909	71,895,167	92,123,100
NEPAL SBI BANK LTD. (SBI)	147,181,745	188,176,546	856,342	1,130,288
Nepal Share Market	3,077,900	-	3,077,900	-
Ngadi Group Power Limited	16,408,664	22,689,207		
Nirdhan Utthan Laghubitta Bittiya Sanstha Limited (NUBL)	666,678	768,710		
NLC Insurance Company Ltd. Promoter	83,912	135,500	31,612	83,200
NMB Bank Limited	148,802,738	132,307,909	123,302,033	85,047,250
Prabhu Bank Limited	106,142,929	103,250,299	126,908,740	91,081,207
Prabhu Bank Ltd. Promoter	20,093,517	18,232,690	20,093,517	13,847,900
Prime Commercial Bank Ltd.	149,817,550	118,416,795	137,405,726	85,590,180
Prime Commercial Bank Ltd. Promoter	32,056,704	71,960,744	32,056,704	87,331,000
Raca Development Bank Ltd.	2,336	-	2,336	-
Reliance Lotus Finance Ltd. (RLFL)	7,198,538	6,792,517		
River Falls Power Limited (RFPL)	12,636,652	9,708,642		
RSDC Laghubitta Bittiya Sanstha Ltd. (RSDC)	819,377	830,910		
Sanima Bank Limited	130,245,566	181,876,083	117,582,939	132,525,000
Sanima Mal Hydropower Ltd.	2,983,435	8,682,704	13,032,433	18,672,500
Sarbottom Cement Limited (SARBTM)	423,985	432,905		
Shree Resunga Development Bank Ltd. (SHINE)	69,750,788	78,436,649	38,725,040	40,510,000
Shree Investment Finance Co. Ltd.	33,488,047	33,359,768	24,936,401	25,088,000
Siddhartha Bank Limited	127,860,395	180,758,670	125,866,115	134,423,000
Soaltee Hotel Limited (rs. 10 par value)	4,839,497	5,780,998		
Soaltee Hotel Ltd	-	-	-	160,888
Standard Chartered Bank Ltd	220,170,242	237,442,590	112,553,926	120,400,000
Sunrise Bank Ltd. Promoter	464,328	1,731,700	464,328	1,641,800
Taragon Regency Hotel Limited (TRH)	6,890,642	6,122,343		
Udhyam Bikash Bank Ltd.	230	-	230	-
Yeti Development Bank Ltd.	2,070	-	2,070	-
Investment in Mutual Funds	288,599,173	291,981,591	182,689,839	181,430,786
Citizen Investment Trust (Unit Scheme)	16,000,000	16,000,000	16,000,000	16,000,000
Garima Sambiddhi Yojana	31,612,167	31,462,796		
Kumari Equity Fund	1,998,867	2,236,860		
Laxmi Equity Fund	-	-	29,287,920	27,697,780
MBL Equity Fund	10,000,000	9,930,000		
Muktinath Mutual Fund-1	21,169,754	21,079,941		
Nabil Balanced Fund-3	3,873,229	5,011,134	3,487,352	3,586,736
NIBL Growth Fund	2,390,002	2,955,496	2,390,002	3,189,297
NIBL Samriddhi Fund -2	13,953,047	15,795,510	11,922,287	12,817,347
NIBL Stable Fund	41,088,726	40,798,891	40,000,000	40,000,000
NIC Asia Balanced Fund	21,347,696	20,916,661	20,000,000	19,200,000
NIC Asia Dynamic Debt Fund- NADDF	6,648,300	7,027,253	6,648,300	6,648,300
NIC Asia Growth Fund 2	20,532,286	19,615,960	20,000,000	16,400,000
NMB Hybrid Fund-II	50,237,165	45,566,432		
NMB Sulav Investment Fund 2 (NMBSF2)	10,000,000	11,290,000	10,000,000	10,060,000
Sanima Large Cap Fund (SLCF)	3,572,303	4,624,932	3,533,153	4,160,759
Siddhartha Equity Fund (SEF)	9,565,907	10,247,130		
SIDDHARTHA INVESTMENT GROWTH SCHEME-3 (SIGS2)	12,167,354	15,524,471	10,080,543	11,974,245
Sunrise Bluechip Fund	4,218,373	5,243,050	4,218,373	4,336,002
Sunrise Focused Equity Fund	5,224,417	6,545,076	5,211,107	5,360,130
Investment in Equity Instruments (Unquoted)	7,280,800	7,280,800	7,280,800	7,280,800
Case Ratings Nepal Ltd. Promoter	2,500,000	2,500,000	2,500,000	2,500,000
Insurance Institute of Nepal Ltd. Promoter	4,780,000	4,780,000	4,780,000	4,780,000
Total	4,821,716,292	4,885,137,088	3,396,491,294	3,582,108,574

d) The company has earmarked investments amounting to NPR 99,745,600,000 To Nepal Insurance Authority.

Handwritten signatures and initials:
 Solomon
 P.K.
 M.
 S.K.



LIFE INSURANCE CORPORATION (NEPAL) LIMITED
Notes to the Financial Statements

12. Reinsurance Assets

Fig. in NPR

Description	Policy liabilities and provisions		Claim Payment Reserve		Impairment Losses		Net Reinsurance Assets	
	Current year	Previous Year	Current year	Previous Year	Current year	Previous Year	Current year	Previous Year
Endowment								
Anticipated Endowment								
Endowment cum Whole Life								
Whole Life								
Foreign Employment Term								
Micro Term								
Special Term								
Others (to be Specified)								
Total								

13. Insurance Receivables

Particulars	Current Year	Previous Year
Receivable from Reinsurer	18,883,296	28,942,871
Receivable from other Insurance Companies Others (to be Specified)		
Less: Impairment Losses		
Total	18,883,296	28,942,871

a) Expected receivable within 12 months

Particulars	Current Year	Previous Year
Receivable from Reinsurer	18,883,296	28,942,871
Receivable from Other Insurance Companies Others (to be Specified)		
Total	18,883,296	28,942,871



Dr. *[Signature]* *[Signature]*

15



[Signature]

LIFE INSURANCE CORPORATION (NEPAL) LIMITED
Notes to the Financial Statements

Fig. in NPR

15 Other Financial Assets

Particulars	Current Year	Previous Year
Security Deposits	281,000	281,000
Accrued Interest	563,910,548	512,912,555
Interest Receivable from Loan to Policyholders	2,841,039,006	2,747,606,892
Other Receivables		
Other Deposits		
Sundry Debtors	4,030,382	9,075,815
Others (to be Specified)		
Less: Impairment Losses	(461,837)	(461,837)
Total	3,408,799,099	3,269,414,425

a) Expected maturities within 12 months:

Particulars	Current Year	Previous Year
Security Deposits		
Accrued Interest	563,910,548	512,912,555
Interest Receivable from Loan to Policyholders	2,841,039,006	2,747,606,892
Other Receivables		
Other Deposits		
Sundry Debtors	3,568,545	8,613,978
Other (to be Specified)		
Total	3,408,518,099	3,269,133,425

16 Cash and Cash Equivalent

Particulars	Current Year	Previous Year
Cash in Hand	34,908,650.00	75,588,433.00
Cheque in Hand		
Bank Balances		
i) Balance With "A" Class Financial Institutions	933,277,024	797,397,708
ii) Balance With Infrastructure Banks		
iii) Balance With "B" Class Financial Institutions	70,099,210	44,814,526
iv) Balance With "C" Class Financial Institutions	1,153,392	1,441,050
Less: Impairment Losses		
Deposit with initial maturity upto 3 months	1,014,693,260	929,824,293
Others (Cheque deposited but credit not received)	5,916,336	8,558,502
Less: Impairment Losses		
Total	2,060,047,872	1,857,624,512



Handwritten signatures and initials:
 Roman, Khan, M, P, H



LIFE INSURANCE CORPORATION (NEPAL) LIMITED
Notes to the Financial Statements

17 (a) Share Capital

Fig. in NPR

Particulars	Current Year	Previous Year
Ordinary Shares		
As at Shrawan 1, 2081	2,653,200,000	2,653,200,000
Additions during the year		
i) Bonus Share Issue	500,000,000	-
ii) Rights Share Issue	2,346,800,000	-
As at Ashadh 32, 2082		
Convertible Preference Shares (Equity Component only)		
As at Shrawan 1, 2081		
Additions during the year		
As at Ashadh 32, 2082		
Irredeemable Preference Shares (Equity Component only)		
As at Shrawan 1, 2081		
Additions during the year		
As at Ashadh 32, 2082		
Total	5,500,000,000	2,653,200,000

(i) Ordinary Shares

Particulars	Current Year	Previous Year
Authorised Capital:		
55,000,000 Ordinary Shares of Rs. 100/- each	5,500,000,000	2,653,200,000
Issued Capital:		
55,000,000 Ordinary Shares of Rs. 100/- each	5,500,000,000	2,653,200,000
Subscribed and Paid Up Capital:		
55,000,000 Ordinary Shares of Rs. 100/- each	5,500,000,000	2,653,200,000
Total	5,500,000,000	2,653,200,000

(ii) Preference Share Capital

Particulars	Current Year	Previous Year
Authorised Capital:		
..... Convertible Preference Shares of Rs. XXX Each		
..... Irredeemable Preference Shares of Rs. XXX Each		
Issued Capital:		
..... Convertible Preference Shares of Rs. XXX Each		
..... Irredeemable Preference Shares of Rs. XXX Each		
Subscribed and Paid Up Capital:		
..... Convertible Preference Shares of Rs. XXX Each		
..... Irredeemable Preference Shares of Rs. XXX Each		
Total		

Shareholding Structure of Share Capital

Particulars	Number of Shares		Percentage	
	Current Year	Previous Year	Current Year	Previous Year
Promoters				
Government of Nepal				
Nepali Organized Institutions	5,500,000	3,979,800	10%	15.00%
Nepali Citizens				
Foreigners	30,250,000	14,592,600	55%	55.00%
Others (to be Specified)				
Total (A)	35,750,000	18,572,400	65%	70%
Other than Promoters				
General Public	19,250,000	7,959,600	35%	30%
Others (to be Specified)				
Total (B)	19,250,000	7,959,600	35%	30%
Total(A+B)	55,000,000	26,532,000	100%	100%

Details of shareholders holding 1% or more than 1% of the aggregate shares in the Company:

Particulars	Number of Shares		Percentage	
	Current Year	Previous Year	Current Year	Previous Year
Life Insurance Corporation Of India	30,250,000.00	14,592,600	55.00%	55.00%
Vishal Group (Nepal)	5,500,000.00	3,979,800	10.00%	15.00%

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LIFE INSURANCE CORPORATION (NEPAL) LIMITED
Notes to the Financial Statements

17 (b) Share Application Money Pending Allotment

Fig. in NPR

Particulars	Current Year	Previous Year
Share Application Money Pending Allotment	-	-
Total	-	-

17 (c) Share Premium

Particulars	Current Year	Previous Year
As on Shrawan 1, 2081	61,151,801	61,151,801
Increase due to issue of shares at premium	436,860,761	-
Decrease due to issue of bonus shares		
Transaction costs on issue of share		
Others (to be Specified)		
As on Ashadh 32, 2082	498,012,562	61,151,801

17 (d) Catastrophe Reserves

Particulars	Current Year	Previous Year
As on Shrawan 1, 2081	654,081,882	561,598,449
Additions	78,894,944	92,483,434
Utilizations		
As on Ashadh 32, 2082	732,976,827	654,081,882

17 (e) Retained Earnings

Particulars	Current Year	Previous Year
As on Shrawan 1, 2081	3,163,905,167	2,344,327,517
Prior Period Adjustment		-
Net Profit or Loss	837,333,165	829,607,185
Items of OCI recognised directly in retained earnings		
Remeasurement of Post-Employment Benefit Obligations		
Transfer to reserves		
Revaluation Reserves		
Capital Reserves		
Catastrophe Reserves	(78,894,944)	(92,483,434)
Corporate Social Responsibility (CSR) Reserves	(7,889,494)	(9,248,343)
Insurance Fund		
Fair Value Reserves		
Actuarial Reserves		
Deferred Tax Reserve	(49,065,661)	91,702,342
Regulatory Reserve		
Employee Training Reserve	(2,204,595.52)	
Transfer of Depreciation on Revaluation of Property and Equipment		
Transfer of Disposal of Revalued Property and Equipment		
Transfer of Disposal of Equity Instruments Measured at FVTOCI	115,411,844	-
Issue of Bonus Shares	(500,000,000)	-
Transaction costs on issue of Shares		
Dividend Paid		
Dividend Distribution Tax	(26,315,789)	
Transfer to Insurance Contract Liability		
Transfer From Regulatory Reserve		
As on Ashadh 32, 2082	3,452,279,690.42	3,163,905,167

17 (f) Other Equity

Particulars	Current Year	Previous Year
Revaluation Reserves		
Capital Reserves		
Corporate Social Responsibility (CSR) Reserves	28,484,138	23,694,644
Insurance Fund		
Fair Value Reserve	36,256,859	7,921,296
Actuarial Reserves	(54,487,749)	(30,631,472)
Deferred Tax Reserve	80,667,959	1,602,298
Regulatory Reserve	331,031,640.95	331,031,640.95
Employee Training Reserve	2,204,596	-
Total	394,157,144	333,618,407

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LIFE INSURANCE CORPORATION (NEPAL) LIMITED
Notes to the Financial Statements

18 Provisions

Fig. In NPR

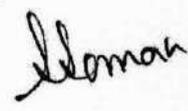
Particulars	Current Year	Previous Year
Provision for employee benefits		
i) Provision for Leave	65,885,029	51,722,284
ii) Provision for Gratuity	94,067,687	42,923,318
iii) Termination Benefits		
iv) Other Employee Benefit obligations (to be Specified)		
Provision for tax related legal cases		
Provision for non-tax related legal cases		
Provision for employees training	2,603,243	4,189,668
Total	167,893,859	98,835,270

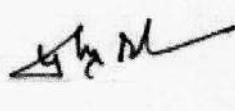
(a) Movement of Provisions, Contingent Liabilities and Contingent Assets

Description	Opening Balance	Additions During the Year	Utilised During the Year	Reversed During the Year	Unwinding of Discount	Closing Balance
Provision for employee benefits						
i) Provision for Leave	51,722,284	35,883,878	(25,240,325.00)	-	3,519,192.00	65,885,029
ii) Provision for Gratuity (Net of Plan Assets)	42,923,318	50,786,372	(3,507,101.00)	-	3,863,096.00	94,067,687
iii) Termination Benefits						
iv) Other Employee Benefit obligations (to be Specified)						
Provision for tax related legal cases						
Provision for non-tax related legal cases						
Others (to be Specified)						

(b) Provision with expected payouts within 12 months

Particulars	Current Year	Previous Year
Provision for employee benefits		
i) Provision for Leave	27,764,358	10,511,364
ii) Provision for Gratuity	3,857,811.10	2,791,468
iii) Termination Benefits		
iv) Other employee benefit obligations (to be Specified)		
Provision for tax related legal cases		
Provision for non-tax related legal cases		
Others (to be Specified)		











LIFE INSURANCE CORPORATION (NEPAL) LIMITED
Notes to the Financial Statements

19 Gross Insurance Contract Liabilities

Fig. in NPR

Particulars	Current Year	Previous Year
Life Insurance Fund as per Actuary Report (19.1)	132,639,693,058	119,227,067,313
Claim Payment Reserve including IBNR (19.2)	992,779,701	406,730,691
Transfer from:		
Fair Value Reserve		
Actuarial Reserve		
Revaluation Reserve		
Other Reserve		
Net gain on fair value changes on FVTPL instruments		
Fair Value Gain on Investment Properties		
Share of Profit of Associates accounted as per Equity Method		
Share of Other Comprehensive Income of Associates Accounted for using the Equity Method		
Total	133,632,472,759	119,633,798,005

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LIFE INSURANCE CORPORATION (NEPAL) LIMITED

Notes to the Financial Statements

Annexure 13: Life Insurance Fund

Particulars	Endowment	Endowment Plus	Endowment Plus	Endowment Plus	Modified	Whole Life Policy	Term Insurance	Special Term	Endowment	Redemption	Redemption	Single	Other Term	Total
	Part	Part	Part	Part	Residential	Policy	Policy	Policy	Single	Single	Single	Premium	Reserve	
Operating Life Insurance Fund	20,271,526,566	9,977,986,366	64,585,041	48,674,528,825	8,028,278,137	5,971,691	28,714,171	308,120,855	309,186,616	569,116,616	119,227,602,713	873,371	119,227,602,713	
Corporate Life Insurance Fund as per Sec 21 of the directive	6,262,961,628	74,678,824	10,335,570	5,446,601,112	78,478,139	1,269,269	40,440,211	40,440,211	40,440,211	40,440,211	13,964,125,699	(1,296,374)	13,964,125,699	
New Policy Issuance	56,333,666,471	18,712,276,198	54,348,461	58,121,104,107	8,126,271,205	1,525,825	4,28,665,267	4,28,665,267	4,28,665,267	4,28,665,267	13,317,491,608	(924,867)	13,317,491,608	
Transfer from other fund	56,333,666,471	18,712,276,198	54,348,461	58,121,104,107	8,126,271,205	1,525,825	4,28,665,267	4,28,665,267	4,28,665,267	4,28,665,267	13,317,491,608	(924,867)	13,317,491,608	
Transfer from shareholder to cover deficit in per statutory aspect (C)	32,399,214	48,424,524	-	407,844,126	43,877,246	-	1,543,333	399,628	399,628	399,628	64,326,595	-	64,326,595	
Closing Life Insurance Fund as per statutory aspect (C)	56,511,267,225	21,278,129	54,962,119	54,712,265,911	9,126,875,663	27,136,415	21,210,231	428,200,485	428,200,485	428,200,485	1,222,305	1,222,305	1,222,305	
(i) From Shareholder (i.e. Sec 21 of the directive)	67,231,493,341	7,996,461,718	83,796,428	39,694,286,147	6,537,316,589	26,984,292	20,889,253	561,028,328	561,028,328	561,028,328	297,261	297,261	297,261	
(ii) From Shareholder (i.e. Sec 21 of the directive)	67,231,493,341	7,996,461,718	83,796,428	39,694,286,147	6,537,316,589	26,984,292	20,889,253	561,028,328	561,028,328	561,028,328	297,261	297,261	297,261	
(iii) Through Other Best Estimate	67,231,493,341	7,996,461,718	83,796,428	39,694,286,147	6,537,316,589	26,984,292	20,889,253	561,028,328	561,028,328	561,028,328	297,261	297,261	297,261	
(iv) Cost of Bonus	201,982,647	48,424,524	855,792	632,739,076	18,679,156	552,182	331,171	6,605,346	6,605,346	6,605,346	14,866,001	4,681	14,866,001	
(v) Other Liability (if Any)	201,982,647	48,424,524	855,792	632,739,076	18,679,156	552,182	331,171	6,605,346	6,605,346	6,605,346	14,866,001	4,681	14,866,001	
(vi) Dividend (if Any)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(vii) Other (if Any)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	201,982,647	48,424,524	855,792	632,739,076	18,679,156	552,182	331,171	6,605,346	6,605,346	6,605,346	14,866,001	4,681	14,866,001	








LIFE INSURANCE CORPORATION (NEPAL) LIMITED

Notes to the Financial Statements

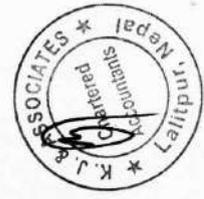
15.3 Gross claim payment Reserve including IBS/IBNR

Fig. in NPR

Description	Outstanding "Death Claim"		Outstanding "Maturity Claim"		Outstanding "Partial Maturity Claim"		Outstanding "Transfer Claim"		Outstanding "Other Claim"		IBS/IBNR Claim		Gross outstanding claim reserve	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Endowment	48,826,305	17,279,966	83,223,211	108,312,618	-	-	4,107,761	4,108,336	1,057,943	4,741,385	30,000,145	28,000,327	136,196,576	159,385,583
Anticipated Endowment	5,643,131	42,871,252	16,493,758	43,941,433	-	-	1,200,660	1,200,660	1,057,943	4,741,385	30,000,145	28,000,327	227,799,521	77,015,841
Modified Endowment	13,713,931	43,911,396	27,990,317	48,001,256	-	-	3,289,267	3,289,267	3,289,267	3,289,267	40,138,397	15,288,455	111,580,725	104,400,000
Term Life Policy	1,800,000	3,133,237	6,053,124	3,666,051	-	-	218,258	218,258	1,300,014	1,562,664	1,790,114	1,300,000	7,200	31,400,000
Special Term Policy	483,000	-	683,208	-	-	-	-	-	-	-	72,000	-	36,000	-
Endowment Single Premium (New Plan)	-	-	3,271,134	-	-	-	-	-	-	-	153,715	-	6,000,000	-
Endowment Single Premium (New Plan)	-	-	178,000	-	-	-	-	-	-	-	790,565	-	6,000,000	-
Micro Term Insurance	87,074,188	65,845,256.15	68,872,271	280,624,498	2,174,973.24	-	9,903,246	9,903,246	71,218,388	84,124,621	124,690,646.48	51,891,429	992,779,793	686,276,691
Total														

Description	Gross outstanding claim reserve		Claims outstanding upto one year		Unclaimed fund as per sec 13(2) of Insurance Act		Transfer to Policyholder's protection fund		Gross claim payment reserve	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Endowment	426,184,276	199,353,643	426,188,025	199,361,640	-	-	-	-	426,188,025	199,361,640
Anticipated Endowment	257,799,521	77,015,841	257,799,521	77,015,841	-	-	-	-	257,799,521	77,015,841
Modified Endowment	267,882,979	119,546,725	267,883,279	119,546,725	-	-	-	-	267,883,279	119,546,725
Whole Life Policy	13,413,521	11,844,095	13,417,272	12,040,093	-	-	-	-	13,417,272	12,040,093
Term Insurance Policy	503,000	57,200	503,000	57,200	-	-	-	-	503,000	57,200
Special Term Policy	925,483	-	925,483	-	-	-	-	-	925,483	-
Endowment Single Premium (New Plan)	4,084,769	-	4,084,769	-	-	-	-	-	4,084,769	-
Micro Term Insurance	992,779,791	496,238,611	992,779,791	496,238,611	-	-	-	-	992,779,791	496,238,611
Total										

Note: Unclaimed fund includes all outstanding claim which have not been settled for more than one year from the date of Intimation/claim.





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LIFE INSURANCE CORPORATION (NEPAL) LIMITED
Notes to the Financial Statements

20 Insurance Payable

Fig. in NPR

Particulars	Current Year	Previous Year
Payable to Reinsurer	54,254,357	85,613,711
Payable to other Insurance Companies		
Others (to be Specified)		
Total	54,254,357	85,613,711

Payable within 12 months:

Particulars	Current Year	Previous Year
Payable to Reinsurer	54,254,357	85,613,711
Payable to other Insurance Companies		
Others (to be Specified)		
Total	54,254,357	85,613,711

21 Current Tax Assets/(Liabilities) (Net)

Particulars	Current Year	Previous Year
Income Tax Liabilities	2,469,386,923	2,332,555,009
Income Tax Assets	2,648,745,386	2,609,087,378
Total	179,358,463	276,532,369

22 Borrowings

Particulars	Current Year	Previous Year
Bonds		
Debentures		
Term Loans-Bank and Financial Institution		
Bank Overdrafts		
Others (to be Specified)		
Total	-	-

Payable within 12 months:

Particulars	Current Year	Previous Year
Bonds		
Debentures		
Term Loans-Bank and Financial Institution		
Bank Overdrafts		
Others (to be Specified)		
Total	-	-







LIFE INSURANCE CORPORATION (NEPAL) LIMITED
Notes to the Financial Statement

23 Other Liabilities

Fig. in NPR

Particulars	Current Year	Previous Year
TDS Payable	101,172,257	107,851,611
Unidentified deposits	105,414,177	121,419,560
Advance Premiums	26,784,027	25,858,070
Insurance Service Fee Payable	44,354,212	135,964,496
Lease Liability	185,622,139	202,072,056
Deferred Reinsurance Commission Income		
Deferred Income		
Others(to be specified)		
Total	463,346,812	593,168,793

Payable within 12 months

Fig. in NPR

Particulars	Current Year	Previous Year
TDS Payable	101,172,257	107,851,611
Unidentified deposits	105,414,177	121,419,560
Advance Premiums	26,784,027	25,858,070
Insurance Service Fee Payable	44,354,212	135,964,496
Lease Liability	16,449,917	18,094,909
Deferred Reinsurance Commission Income		
Deferred Income		
Others(to be specified)		
Total	294,174,590	409,188,646

24 Other Financial Liabilities

Particulars	Current Year	Previous Year
Redeemable Preference Shares		
Irredeemable Cumulative Preference Shares		
Refundable Share Application Money		
Payable to Agents	314,927,422	267,360,197
Sundry Creditors	246,123,690	230,809,811
Retention and deposits		
Short-term employee benefits payable		
i) Salary Payables	12,821,985	11,471,063
ii) Bonus Payables	104,363,080	128,522,091
iii) Other employee benefit payable (Gratuity)		
Audit Fees Payable	1,786,125	1,358,767
Actuarial Fees Payable	3,523,300	2,400,000
Dividend Payable	26,315,789	
Others (to be specified)		
i) Cheque issued But Not Encashed	165,317,273	443,597,259
ii) Medical Fee Payable		
Total	875,148,665	1,085,519,188

Payable within 12 months

Particulars	Current Year	Previous Year
Redeemable Preference Shares		
Irredeemable Cumulative Preference Shares		
Refundable Share Application Money		
Payable to Agents	314,927,422	267,360,197
Sundry Creditors	246,123,690	230,809,811
Retention and deposits		
Short-term employee benefits payable		
i) Salary Payables	12,821,985	11,471,063
ii) Bonus Payables	104,363,080	128,522,091
iii) Other employee benefit payable (to be Specified)		
Audit Fees Payable	1,756,125	1,358,767
Actuarial Fees Payable	3,523,300	2,400,000
Dividend Payable	26,315,789	
Others (to be specified)		
i) Cheque issued But Not Encashed	165,317,273	443,597,259
ii) Medical Fee Payable		
Total	875,148,665	1,085,519,188

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LIFE INSURANCE CORPORATION (NEPAL) LIMITED
Notes to the Financial Statements

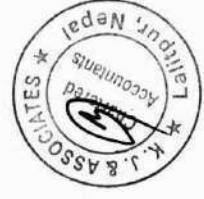
25 Gross Earned Premiums

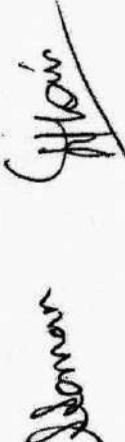
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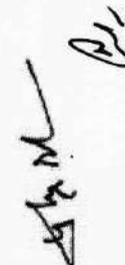
Particulars	Direct Premium		Premium on Reinsurance Accepted		Gross Change in Unearned Premium		Gross Earned Premium	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Endowment	8,088,501,235	7,879,838,190	-	-	-	-	8,088,501,235	7,879,838,190
Endowment (Non Par)	413,837,335	180,307,492	-	-	-	-	413,837,335	180,307,492
Anticipated Endowment	3,076,383,657	2,670,813,156	-	-	-	-	3,076,383,657	2,670,813,156
Anticipated Endowment (Non Par)	-	-	-	-	-	-	-	-
Modified Endowment	6,657,101,456	5,916,304,525	-	-	-	-	6,657,101,456	5,916,304,525
Whole Life Policy	1,111,554,034	1,194,659,872	-	-	-	-	1,111,554,034	1,194,659,872
Term Insurance Policy	8,745,937	9,032,621	-	-	-	-	8,745,937	9,032,621
Special Term Policy	1,775,713	2,272,310	-	-	-	-	1,775,713	2,272,310
Endowment Single Premium	65,287,802	41,422,148	-	-	-	-	65,287,802	41,422,148
Endowment Single Premium (Non Par)	513,661,388	211,459,836	-	-	-	-	513,661,388	211,459,836
Micro Term Insurance	456,932	1,107,028	-	-	-	-	456,932	1,107,028
Total	19,938,305,489	18,107,497,178	-	-	-	-	19,938,305,489	18,107,497,178

25.1 Gross Written Premiums

Particulars	First Year Premium		Renewal Premium		Single Premium		Total Direct Premium	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Endowment	532,733,167	933,386,798	7,455,764,068	6,946,451,402	-	-	8,088,501,235	7,879,838,190
Endowment (Non Par)	286,427,807	180,307,492	125,409,428	-	-	-	413,837,335	180,307,492
Anticipated Endowment	526,204,747	555,615,977	2,530,170,890	2,115,197,179	-	-	3,076,383,657	2,670,813,156
Anticipated Endowment (Non Par)	-	-	-	-	-	-	-	-
Modified Endowment	1,002,809,691	667,441,430	5,653,272,765	5,249,142,895	-	-	6,657,101,456	5,916,304,525
Whole Life Policy	6,632,727	11,866,168	1,104,921,307	1,182,795,704	-	-	1,111,554,034	1,194,659,872
Term Insurance Policy	840,336	2,013,055	7,905,601	7,019,566	-	-	8,745,937	9,032,621
Special Term Policy	120,413	94,329	2,655,300	2,177,981	-	-	2,775,713	2,272,310
Endowment Single Premium	-	-	-	-	65,287,802	41,422,148	65,287,802	41,422,148
Endowment Single Premium (Non Par)	-	-	-	-	513,661,388	211,459,836	513,661,388	211,459,836
Micro Term Insurance	-	-	-	3,750	456,932	1,103,270	456,932	1,107,028
Total	2,453,748,008	2,350,725,439	16,908,111,359	15,592,796,677	579,406,122	253,985,262	19,938,305,489	18,107,497,178










LIFE INSURANCE CORPORATION (NEPAL) LIMITED
Notes to the Financial Statements

26 Premiums Ceded

Particulars	Premium Ceded To Reinsurers		Reinsurer's Share of Change in Unearned Premium		Premium Ceded	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Endowment	30,965,402	33,630,125			30,965,402	33,630,125
Endowment (Non Par)	687,829	234,792			687,829	234,792
Anticipated Endowment	23,152,104	21,893,532			23,152,104	21,893,532
Anticipated Endowment (Non Par)	815	1,129			815	1,129
Modified Endowment	42,955,302	42,805,394			42,955,302	42,805,394
Whole Life Policy	9,970,579	12,362,074			9,970,579	12,362,074
Term Insurance Policy	955,849	849,905			955,849	849,905
Special Term Policy	24,053	26,943			24,053	26,943
Endowment Single Premium	74,593	79,597			74,593	79,597
Endowment Single Premium (Non Par)	356,011	130,464			356,011	130,464
Micro Term Insurance	22,280	69,613			22,280	69,613
Total	108,264,817	112,085,568			108,264,817	112,085,568

Fig in NPR

26.1 Portfolio-wise detail of Net Earned Premium

Particulars	Gross Earned Premium		Premium Ceded		Net Earned Premium	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Endowment	8,068,501,235	7,879,836,190	30,965,402	33,630,125	8,037,535,833	7,846,206,065
Endowment (Non Par)	413,837,335	180,307,492	687,829	234,792	413,149,506	180,072,700
Anticipated Endowment	3,074,383,657	2,670,815,156	23,152,104	21,893,532	3,051,231,553	2,648,919,624
Anticipated Endowment (Non Par)			815	1,129	(815)	(1,129)
Modified Endowment	6,657,101,456	5,916,884,525	42,955,302	42,805,394	6,614,146,154	5,873,779,131
Whole Life Policy	1,111,584,084	1,194,659,872	9,970,579	12,362,074	1,101,613,505	1,182,297,798
Term Insurance Policy	8,748,937	9,059,621	955,849	849,905	7,793,088	8,182,716
Special Term Policy	2,775,713	2,272,310	24,053	26,943	2,751,660	2,245,367
Endowment Single Premium	63,287,802	41,422,148	74,593	79,597	63,213,209	41,342,551
Endowment Single Premium (Non Par)	513,661,288	211,459,556	356,011	130,464	513,305,277	211,329,072
Micro Term Insurance	456,932	1,107,028	22,280	69,613	434,652	1,037,415
Total	19,838,885,489	18,107,687,178	108,264,817	112,085,568	19,730,620,672	17,995,611,610



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LIFE INSURANCE CORPORATION (NEPAL) LIMITED
Notes to the Financial Statements

27 Commission Income

Fig.in NPR

Particulars	Reinsurance Commission		Profit Commission		Total Commission Income	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Endowment	3,537,467	3,100,211			3,537,467	3,100,211
Endowment (Non Par)	147,083	109,007			147,083	109,007
Anticipated Endowment	2,383,004	2,844,629			2,383,004	2,844,629
Anticipated Endowment (Non Par)	-	-			-	-
Modified Endowment	6,470,181	7,234,610			6,470,181	7,234,610
Whole Life Policy	1,373,807	1,422,886			1,373,807	1,422,886
Term Insurance Policy	99,414	147,213			99,414	147,213
Special Term Policy	2,259	2,682			2,259	2,682
Endowment Single Premium	5,945	1,909			5,945	1,909
Endowment Single Premium (Non Par)	104,910	25,249			104,910	25,249
Micro Term Insurance	1,168	4,201			1,168	4,201
Total	14,027,238	14,912,597	-	-	14,027,238	14,912,597

28 Other Direct Income

Particulars	Other Direct Income		Late Fee		Total Other Direct Income	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Endowment	114,246,807	100,008,545			114,246,807	100,008,545
Endowment (Non Par)	479,382	527			479,382	527
Anticipated Endowment	48,064,283	35,856,149			48,064,283	35,856,149
Anticipated Endowment (Non Par)	-	-			-	-
Modified Endowment	93,037,143	80,343,507			93,037,143	80,343,507
Whole Life Policy	22,576,578	23,879,494			22,576,578	23,879,494
Term Insurance Policy	13,257	11,556			13,257	11,556
Special Term Policy	78,790	26,101			78,790	26,101
Endowment Single Premium	-	-			-	-
Endowment Single Premium (Non Par)	-	-			-	-
Micro Term Insurance	-	-			-	-
Total	278,496,248	246,125,879	-	-	278,496,248	246,125,879

29 Income from Investments and Loans

Particulars	Current Year	Previous Year
Interest Income from Financial Assets Designated at Amortized Costs		
i) Fixed Deposit with "A" Class Financial Institutions	7,972,531,549	7,873,062,190
ii) Fixed Deposit with Infrastructure Bank		
iii) Fixed Deposit with "B" Class Financial Institutions	416,903,129	350,115,493
iv) Fixed Deposit with "C" Class Financial Institutions	66,266,397	53,707,054
v) Debentures	1,194,154,435	1,165,005,170
vi) Bonds (Nepal Government/ NRB/ Guaranteed by Nepal Government)	39,796,971	101,094,672
vii) Bank Deposits other than Fixed Deposit	26,105,184	21,233,409
viii) Agent Loans		
ix) Employee Loans		
x) Other Interest Income (to be specified)	9,831,736	14,947,312
Financial Assets Measured at FVTOCI		
i) Interest Income on Debentures		
ii) Dividend Income	31,620,788	58,863,843
iii) Other Interest Income (to be specified)		
iv) Realised Gain/ (Losses) on Derecognition of Financial Assets Measured at FVTOCI		
Financial Assets Measured at FVTPL		
i) Interest Income on Debentures		
ii) Dividend Income		
iii) Other Interest Income (to be specified)		
Rental Income		
Others (Interest Income from CIF and Other Income)	7,282,341	11,500,616
Total	9,787,591,549	9,349,529,759





LIFE INSURANCE CORPORATION (NEPAL) LIMITED
Notes to the Financial Statements

30 Net Gain/(Loss) on Fair Value Changes

Fig.In NPR

Particulars	Current Year	Previous Year
Changes in Fair Value of Financial Assets Measured at FVTPL		
i) Equity Instruments		
ii) Mutual Fund		
iii) Others (to be specified)		
Changes in Fair Value on Investment Properties		
Changes in Fair Value on Hedged Items in Fair Value Hedges		
Changes in Fair Value on Hedging Instruments in Fair Value Hedges		
Other (to be Specified)		
Total		

31 Net Realised Gains/(Losses)

Particulars	Current Year	Previous Year
Realised Gain/(Losses) on Derecognition of Financial Assets Measured at FVTPL		
i) Equity Instruments		
ii) Mutual Fund		
iii) Debentures		
iv) Others (to be specified)		
Realised Gain/(Losses) on Derecognition of Financial Assets at Amortised Costs		
i) Debentures		
ii) Bonds		
iii) Others (to be specified)		
Total		

32 Other Income

Particulars	Current Year	Previous Year
Unwinding of discount on Financial Assets at Amortised Cost		
i) Employee Loan		
ii) Bonds		
iii) Others (to be Specified)		
Foreign Exchange Income		
Interest Income from Finance Lease		
Amortization of Deferred Income		
Profit from disposal of Property and Equipment	70,996.00	150,882.00
Amortization of Deferred Income		
Stamp Income		
Provision For Loss on Loan Written Back		
Others		
Total	70,996.00	150,882.00

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LIFE INSURANCE CORPORATION (NEPAL) LIMITED
Notes to the Financial Statements

Fig. In NPR

Particulars	Gross Benefits and Claims Paid		Claims Ceded		Net Claims Paid	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Endowment	4,725,262,031	4,572,418,955	11,802,395	30,260,028	4,706,659,834	4,502,148,927
Endowment (Non Par)	157,463	1,212,227	42,005	-	359,469	1,212,227
Accumulated Endowment	2,873,894,729	2,088,640,333	1,611,734	3,221,868	2,574,286,995	2,083,418,465
Accumulated Endowment (Non Par)	13,498,679	24,413,638	-	-	13,498,679	24,413,638
Modified Endowment	4,398,384,064	3,565,520,045	17,492,561	5,887,423	4,183,882,523	3,544,632,622
Whole Life Policy	999,189,468	834,376,137	1,061,667	4,238,668	995,088,421	820,137,469
Term Insurance Policy	648,000	-	26,000	-	622,000	-
Special Term Policy	1,299,773	2,320,928	-	-	1,299,773	2,320,928
Endowment Single Premium	38,728,296	29,434,028	33,509	1,264	38,694,787	29,432,764
Endowment Single Premium (Non Par)	35,796,448	44,698,733	62,748	92,745	35,733,700	44,606,018
Micro Term Insurance	2,143,000	27,410	27,410	-	2,115,590	4,328,272
Total	11,899,237,194	11,871,832,931	34,893,897	34,884,994	12,851,947,287	12,846,947,458

24.1 Details of Gross Benefits and Claims Paid

Particulars	Death Claims		Maturity Benefits		Partial Maturity Benefits		Surrender Claims		Other Claims and Benefits		Total Gross Benefits and Claims	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Endowment	164,935,843	142,182,669	2,444,623,110	2,276,927,448	-	-	2,106,451,253	1,991,378,949	5,134,104	7,764,794	4,725,262,031	4,572,418,955
Endowment (Non Par)	41,844	549,694	-	-	-	-	79,902	396,618	396,618	663,833	437,463	1,212,227
Accumulated Endowment	14,307,556	23,102,636	531,164,387	612,303,749	1,851,862,291	1,224,641,523	1,187,694,663	228,617,455	3,295,922	2,574,286,979	2,088,640,333	
Accumulated Endowment (Non Par)	-	-	18,293,277	17,843,312	3,043,500	6,625,000	79,902	147,338	-	11,496,679	24,413,638	
Modified Endowment	151,564,329	132,668,637	2,842,821,248	1,862,947,993	10,539,375	7,194,500	1,187,694,663	1,052,960,995	2,079,676	4,308,264,884	3,544,632,622	
Whole Life Policy	24,605,896	21,289,071	48,406,188	83,072,117	-	-	896,307,262	707,300,795	336,650	990,169,468	999,189,468	
Term Insurance Policy	948,000	-	-	-	-	-	-	-	214,124	648,000	-	
Special Term Policy	101,000	-	1,193,773	2,320,928	-	-	-	-	-	1,299,773	-	
Endowment Single Premium	807,449	790,079	31,820,346	31,820,346	-	-	24,106,672	26,446,988	-	1,259,773	38,728,296	
Endowment Single Premium (Non Par)	779,800	1,185,603	34,821,748	43,594,312	-	-	354,820	114,394	-	35,796,448	44,698,733	
Micro Term Insurance	2,143,000	6,792,742	-	-	-	-	-	-	-	2,143,000	27,410	
Total	362,995,439	346,892,873	8,971,867,739	6,998,411,671	1,845,490,166	1,328,469,823	6,399,340,915	4,385,108,688	11,322,968	13,839,678	12,899,237,194	12,846,947,458

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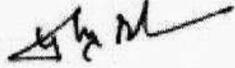
LIFE INSURANCE CORPORATION (NEPAL) LIMITED
Notes to the Financial Statements

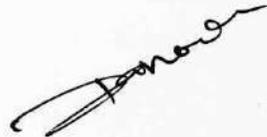
34 Change in Insurance Contract Liabilities

Fig. in NPR

Particulars	Gross Change in Insurance Contract Liabilities		Change in Reinsurance Assets		Net Change in Insurance Contract Liabilities	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Endowment	6,530,310,516	5,999,341,686	-	-	6,530,310,516	5,999,341,686
Anticipated Endowment	804,750,394	816,872,280	-	-	804,750,394	816,872,280
Modified Endowment	5,119,492,882	5,344,123,151	-	-	5,119,492,882	5,344,123,151
Whole Life Policy	696,599,511	849,167,507	-	-	696,599,511	849,167,507
Term Insurance Policy	22,839,294	343,949	-	-	22,839,294	343,949
Special Term Policy	1,431,336	5,356,725	-	-	1,431,336	5,356,725
Endowment Single Premium	45,307,923	32,577,358	-	-	45,307,923	32,577,358
Endowment Single Premium (Non Par)	523,502,647	179,541,557	-	-	523,502,647	179,541,557
Micro Term Insurance	(577,319)	(5,116,082)	-	-	(577,319)	(5,116,082)
Total	13,743,687,364	13,222,208,131	-	-	13,743,687,364	13,222,208,131













LIFE INSURANCE CORPORATION (NEPAL) LIMITED
Notes to the Financial Statements

38 Employee Benefits Expenses

Fig.in NPR

Particulars	Current Year	Previous Year
Salaries	143,953,761	132,489,971
Allowances	126,732,581	115,142,966
Festival Allowances	16,198,282	13,797,708
Defined Benefit Plans		
i) Gratuity	26,370,606	19,545,436
ii) Others (to be Specified)		
Defined Contribution Plans		
i) Provident Fund/ Social Security Fund	14,681,286	14,007,475
ii) Others (to be specified)		
Leave Encashments	39,403,066	27,500,846
Termination Benefits		
Training Expenses	7,125,405	5,923,625
Uniform Expenses		
Medical Expenses	4,743,056	4,735,523
Insurance Expenses	1,637,245	2,087,676
Recruitment Expenses	429,676	3,000
Wages	19,314,495	21,036,036
Sub-Total	400,589,459	356,270,262
Employees Bonus	101,728,477	116,153,389
Total	502,317,936	472,423,651

39 Depreciation and Amortization Expenses

Particulars	Current Year	Previous Year
Amortization of Goodwill & Intangible Assets (Refer Note. 4)	48,600	40,992
Depreciation on Property and Equipment (Refer Note.5)	55,024,295	54,255,043
Depreciation on Investment Properties (Refer Note. 6)		
Total	55,072,895	54,296,035

40 Impairment Losses

Particulars	Current Year	Previous Year
Impairment Losses on Property and Equipment, Investment Properties, Goodwill & Intangible Assets		
i) Property and Equipment		
ii) Investment properties		
iii) Goodwill & Intangible Assets		
Impairment Losses on Financial Assets		
i) Investments		
ii) Loans		
iii) Other Financial Assets		
iv) Cash and Cash Equivalents		
v) Others (to be Specified)		
Impairment Losses on Other Assets		
i) Reinsurance Assets		
ii) Insurance Receivables		
iii) Lease Receivables		
iv) Others (to be Specified)		
Total		



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LIFE INSURANCE CORPORATION (NEPAL) LIMITED
Notes to the Financial Statements

41 Other Operating Expenses

Fig.in NPR

Particulars	Current Year	Previous Year
Rent Expenses	-	27,225
Electricity and Water	4,804,102	4,878,150
Repair & Maintenance		
i) Building	16,922	25,524
ii) Vehicle	1,233,375	1,106,116
iii) Office Equipments	1,123,302	1,802,859
iv) Others(to be Specified)	43,399	89,917
Telephone & Communication	4,756,072	5,313,853
Printing & Stationary	17,968,717	15,766,608
Office Consumable Expenses	94,291	210,494
Travelling Expenses		
i) Domestic	1,833,477	1,584,236
ii) Foreign	301,686	764,574
Transportation Expenses	8,348,721	8,526,190
Agents Training	6,431,647	6,829,814
Agents Others	418,202,538	407,462,216
Insurance Premium	1,606,755	1,990,603
Security and Outsourcing Expenses	1,185,710	1,248,995
Legal and Consulting Expenses	366,875	375,000
Newspapers, Books and Periodicals	181,030	199,431
Advertisement & Promotion Expenses	18,258,410	13,055,593
Business Promotion	11,302,503	8,639,709
Guest Entertainment	186,357	103,510
Gift and Donations	31,756	473,778
Board Meeting Fees and Expenses		
i) Meeting Allowances	705,000	714,000
ii) Other Allowances	-	-
Other Committee/ Sub-committee Expenses		
i) Meeting Allowances	327,941	270,000
ii) Other Allowances	-	-
General Meeting Expenses	592,404	1,062,028
Actuarial Service Fee	11,510,671	4,496,150
Other Actuarial Expenses		-
Audit Related Expenses		-
i) Statutory Audit	1,356,000	1,130,000
ii) Tax Audit	-	-
iii) Long Form Audit Report	-	-
iv) Other Fees		-
v) Internal Audit	1,695,000	988,185
vi) Others (to be Specified)	567,520	1,121,733
Bank Charges	297,735	494,542
Fee and Charges	11,201,085	12,471,765
Postage Charges	1,196,945	1,079,177
Foreign Exchange Losses		-
Others		



LIFE INSURANCE CORPORATION (NEPAL) LIMITED
Notes to the Financial Statements

41 Other Operating Expenses

Fig.in NPR

Particulars	Current Year	Previous Year
i) Written Off Expenses (Fixed Assets)	-	-
ii) Documents Digitalisation Expenses	6,121,964	14,989,976
iii) Actuarial Service Fee	-	-
iv) Staff refreshment Expenses	4,849,170	5,188,947
v) Office Upkeep and Cleaning Expenses	5,022,651	5,228,459
vi) Conference Expenses (Admin)	1,523,426	1,637,069
vii) Conference Expenses (Marketing)	-	-
viii) Other Miscellaneous Expenses	5,544,489	4,795,923
ix) Battery Expenses For Inverter	-	-
x) Information Publication Expenses	2,325,937	509,875
xi) Office Shifting Expenses	104,241	114,665
xii) Rates & Taxes (Vehicles)	1,225,425	1,070,540
xiii) License Renewal Fee (Beema Samiti)	-	-
xiv) Building Committee Meeting Fee	30,000	45,000
xv) Municipality Tax	1,047,514	1,058,220
xvi) Loan Written Off	-	28,782
xvii) Share Related Expenses	8,836,938	1,366,429
xviii) Fine & Penalties	-	-
xx) Medical Expenses	-	-
Others (to be Specified)	-	-
Sub-Total	564,359,701	540,335,860
Medical examination fee	5,180,746	5,978,906
Fines, interest, Late Fees and Penalties	7,978,841	12,043,456
Total	577,519,288	558,358,222

42 Finance Cost

Fig.in NPR

Particulars	Current Year	Previous Year
Unwinding of discount on Provisions		
Unwinding of discount on Financial Liabilities at Amortised Costs		
Interest Expenses - Bonds		
Interest Expenses - Debentures		
Interest Expenses - Term Loans		
Interest Expenses - Leases	19,285,859	20,546,728.00
Interest Expenses - Overdraft Loans		
Others (to be Specified)		
Total	19,285,859.00	20,546,728.00



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LIFE INSURANCE CORPORATION (NEPAL) LIMITED
Notes to the Financial Statements

43 Income Tax Expense

Fig.in NPR

(a) Income Tax Expense

Particulars	Current Year	Previous Year
Current Tax		
i) Income Tax Expenses for the Year	2,430,916,309	2,332,555,009
ii) Income Tax Relating to Prior Periods		
Deferred Tax For The Year		
i) Originating and reversal of temporary differences	(48,383,723)	95,227,150
ii) Changes in tax rate		
iii) Recognition of previously unrecognised tax losses		
iv) Write-down or reversal		
v) Others (to be Specified)		
Income Tax Expense	2,382,532,585	2,427,782,159

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LIFE INSURANCE CORPORATION (NEPAL) LIMITED
Notes to the Financial Statements

Fig. in NPR

44 Employee Retirement Benefits

a) Post Employment Benefit - Defined Contribution Plans

For the year ended Ashadh 32, 2082 (July 16, 2025) the company has recognised an amount of NPR 14,681,286 as an expenses under the defined contribution plans in the Statement of Profit or Loss.

b) Post Employment Benefit - Defined Benefit Plans

For Defined Benefit Plans the cost of providing benefits is determined using the Projected Unit Credit Method with Actuarial Valuations being carried out.

c) Total Expenses Recognised in the Statement of Profit or Loss

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Current service cost	15,472,901	11,099,307		
Past service cost	-	-		
Net interest cost (a-b)	3,863,098	8,446,129		
a. Interest expense on defined benefit obligation (DBO)	10,897,705	8,446,129		
b. Interest (income) on plan assets	7,034,607	-		
Defined benefit cost included in Statement of Profit or Loss	19,335,999	19,545,436	-	-

d) Remeasurement effects recognised in Statement of Other Comprehensive Income (OCI)

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
a. Actuarial (gain)/ loss due to financial assumption changes in DBO	-	-		
b. Actuarial (gain)/ loss due to experience on DBO	31,808,370.00			
c. Return on plan assets (greater)/ less than discount rate	-	-		
Total actuarial (gain)/ loss included in OCI	31,808,370	-	-	-

e) Total cost recognised in Comprehensive Income

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Cost recognised in Statement of Profit or Loss	19,335,999	19,545,436		
Remeasurements effects recognised in OCI	31,808,370	-		
Total cost recognised in Comprehensive Income	51,144,369	19,545,436	-	-

f) Change in Defined Benefit Obligation

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Defined benefit obligation as at the beginning of the year	122,839,166.00	99,059,412.00		
Service cost	15,472,901	11,099,307.00		
Interest cost	10,897,705	8,446,129.00		
Benefit payments from plan assets	(3,507,101)	(15,311,118)		
Actuarial (gain)/ loss - financial assumptions	-	-		
Actuarial (gain)/ Loss - experience	28,110,682	19,545,436.00		
Defined Benefit Obligation as at Year End	173,813,353	122,839,166	-	-

g) Change in Fair Value Of Plan Assets

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Fair value of plan assets at end of prior year	79,915,848.00	81,815,183.00		
Interest Income	7,034,607.00	5,522,035.00		
Expected return on plan assets	-	-		
Employer contributions	-	-		
Participant contributions	-	-		
Benefit payments from plan assets	(3,507,101)	(15,311,118)		
Transfer in/ transfer out	-	-		
Actuarial gain/ (loss) on plan assets	(3,697,688)	7,889,748.00		
Fair value of Plan Assets as at Year End	79,745,666	79,915,848	-	-

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LIFE INSURANCE CORPORATION (NEPAL) LIMITED
Notes to the Financial Statements

Fig. in NPR

44 Employee Retirement Benefits
h) Net Defined Benefit Asset/(Liability)

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Defined Benefit Obligation	173,813,353	122,839,166	-	-
Fair Value of Plan Assets	79,745,666	79,915,848	-	-
Liability/ (Asset) Recognised in Statement of Financial Position	94,067,687	42,923,318	-	-

i) Expected Company Contributions for the Next Year

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Expected company contributions for the next year	18,813,537.40	0	0	-

j) Reconciliation of amounts in Statement of Financial Position

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Net defined benefit liability/(asset) at prior year end	42,923,318	23,377,882		
Defined benefit cost included in Statement of Profit or Loss	19,335,999	19,545,436		
Total remeasurements included in OCI	31,808,370	-		
Acquisition/ divestment	-	-		
Employer contributions	-	-		
Net defined benefit liability/(asset)	94,067,687	42,923,318	-	-

k) Reconciliation of Statement of Other Comprehensive Income

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Cumulative OCI - (Income)/Loss beginning of period	-	-		
Total remeasurements included in OCI	31,808,370	-		
Cumulative OCI - (Income)/Loss	31,808,370	-	-	-

l) Current/Non - Current Liability

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Current Liability	3,507,101	15,311,118.00		
Non - Current Liability	90,560,586	27,612,200		
Total	94,067,687	42,923,318	-	-

m) Expected Future Benefit Payments

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Within 1 year	7,069,566	7,709,242		
Between 1-2 years	14,963,440	13,467,096		
Between 2-5 years	29,882,577	26,894,319		
From 6 to 10	13,769,530	12,392,577		
Total	65,685,113	60,463,234	-	-

n) Plan assets

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year (% Invested)	Previous Year (% Invested)	Current Year (% Invested)	Previous Year (% Invested)
Government Securities (Central and State)	0%	0%		
Corporate Bonds (including Public Sector bonds)	0%	0%		
Mutual Funds	0%	0%		
Deposits	0%	0%		
Cash and bank balances	0%	0%		
Others (to be Specified)	100%	100%		
Total	100%	100%	-	-

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LIFE INSURANCE CORPORATION (NEPAL) LIMITED
Notes to the Financial Statements

Fig. in NPR

44 Employee Retirement Benefits
o) Sensitivity Analysis

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Effect in Defined Benefit Obligation Due to 1% Increase in Discount Rate	156,487,945	80,057,746.00		
Effect in Defined Benefit Obligation Due to 1% Decrease in Discount Rate	194,136,836	98,053,485.00		
Effect in Defined Benefit Obligation Due to 1% Increase in Salary Escalation Rate	194,165,526	98,362,758.00		
Effect in Defined Benefit Obligation Due to 1% Decrease in Salary Escalation Rate	156,163,646	79,682,999.00		
Effect in Defined Benefit Obligation Due to 1% Increase in Attrition Rate	171,043,032	88,821,130.00		
Effect in Defined Benefit Obligation Due to 1% Decrease in Attrition Rate	176,745,900	87,700,393.00		

p) Assumptions

Particulars	Employee Benefit Plan	Any Other Funded Liability
Discount Rate	7%	
Escalation Rate (Rate of Increase in Compensation Levels)	6%	
Attrition Rate (Employee Turnover)	4.50%	
Mortality Rate During Employment	NALM-2009	

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LIFE INSURANCE CORPORATION (NEPAL) LIMITED
Notes to the Financial Statements

Fig. in NPR

45 Fair Value Measurements

(i) Financial Instruments by Category & Hierarchy

This section explains the judgements and estimates made in determining the Fair Values of the Financial Instruments that are (a) recognised and measured at fair value and (b) measured at Amortised Cost and for which Fair Values are disclosed in the Financial Statements.

Particulars	Level	Current Year			Previous Year		
		FVTPL	FVOCI	Amortised Cost	FVTPL	FVOCI	Amortised Cost
Investments							
i) Investment in Equity Instruments							
Investment in Equity (Quoted)	1	-	4,305,905,494	-	-	3,313,397,788	-
Investment in Equity (Unquoted)	3	-	7,280,000	-	-	7,280,000	-
ii) Investment in Mutual Funds	1	-	791,851,591	-	-	181,430,786	-
iii) Investment in Preference Shares of Bank and Financial Institutions							
iv) Investment in Debentures	3	-	-	12,671,649,601	12,355,374,117	-	12,355,374,117
v) Investment in Bonds (Nepal Government/ NRB/ Guaranteed by Nepal Government)	3	-	-	415,625,000	465,625,000	-	465,625,000
vi) Fixed Deposits	3	-	-	99,747,979,376	83,979,470,054	-	83,979,470,054
vii) Others (to be specified)							
Loans	3	-	-	21,409,869,606	-	-	22,213,684,173
Other Financial Assets	3	-	-	3,408,799,099	-	-	3,269,414,425
Cash and Cash Equivalents	3	-	-	2,060,047,872	-	-	1,897,624,512
Total Financial Assets			4,589,137,885	139,713,970,554	96,805,469,171	3,502,106,574	124,141,192,281
Borrowings							
Other Financial Liabilities	3	-	-	873,148,665	-	-	1,085,519,188
Total Financial Liabilities				873,148,665	-	-	1,085,519,188

Level 1: Level 1 Hierarchy includes Financial Instruments measured using Quoted Prices.

Level 2: Fair Value of Financial Instruments that are not traded in an active market is determined using valuation techniques which maximises the use of observable market data and rely

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

There is no transfer of Financial Instruments between different levels as mentioned above during the year.

(ii) Valuation Technique Used to Determine Fair Value

- Use of quoted market prices or dealer quotes for similar instruments
- Fair Value of remaining financial instruments is determined using discounted cash flow analysis

(iii) Valuation Process

The finance and accounts department of the Company performs the valuation of financial assets and liabilities required for financial reporting purposes. Discussion on valuation processes and results are held at least once in a year.

The main level 3 inputs are derived and evaluated as follows:

- Discount rate is arrived at considering the internal and external factors.
- Discounting has been applied where assets and liabilities are non-current, and the impact of the discounting is material

(iv) Fair Value of Financial Assets and Liabilities Measured at Amortised Cost.

Particulars	Current Year		Previous Year	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Investments				
i) Investment in Preference Shares of Bank and Financial Institutions	-	-	-	-
ii) Investment in Debentures	12,671,649,601	12,671,649,601	12,355,374,117	12,355,374,117
iii) Investment in Bonds (Nepal Government/ NRB/ Guaranteed by Nepal Government)	415,625,000	415,625,000	465,625,000	465,625,000
iv) Fixed Deposit	99,747,979,376	99,747,979,376	83,979,470,054	83,979,470,054
v) Others (to be Specified)	-	-	-	-
Loans				
i) Loan to Associates	-	-	-	-
ii) Loan to Employees	88,005,823	88,005,823	99,393,204	99,393,204
iii) Loan to Agent	34,510,484	34,510,484	50,606,909	50,606,909
iv) Loan to Policyholders	21,304,806,330	21,304,806,330	22,081,137,081	22,081,137,081
v) Others (to be Specified)	-	-	-	-
Other Financial Assets (Including Cash & Cash Equivalents)	5,468,846,971	5,468,846,971	5,127,036,937	5,127,036,937
Total Financial Assets at Amortised Cost	139,713,823,578	139,713,823,575	124,158,645,302	124,158,645,302
Borrowings				
i) Bonds	-	-	-	-
ii) Debentures	-	-	-	-
iii) Term Loans - Bank and Financial Institution	-	-	-	-
iv) Bank Overdrafts	-	-	-	-
v) Others (to be Specified)	-	-	-	-
Other Financial Liabilities	873,148,665	873,148,665	1,085,519,188	1,085,519,188
Total Financial Liabilities at Amortised Cost	873,148,665	873,148,665	1,085,519,188	1,085,519,188

The fair values of the above financial instruments measured at amortised cost are calculated based on cash flows discounted using current discount rate. The carrying amounts of cash and cash equivalents are considered to be the same as their fair values due to their short-term nature.

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46 Insurance Risk

Insurance risk includes the risk of incurring higher claims costs than expected owing to the random nature of claims, frequency and severity and the risk of change in the legal or economic conditions of insurance or reinsurance cover. This may result in the insurer having either received too little premium for the risks it has agreed to underwrite and hence has not enough funds to invest and pay claims, or that claims are in excess of those expected.

The Company seeks to minimise insurance risk through a formalised reinsurance arrangement with an appropriate mix and spread of business between classes of business based on its overall strategy. This is complemented by observing formalised risk management policies.

The Company considers insurance risk to be a combination of the following components of risks:

- a) Product development
 - b) Pricing
 - c) Underwriting and
 - d) Claims Handling
 - e) Reinsurance
 - f) Reserving
- a) Product development:
The Company principally issues the following types of Life Insurance contracts:
- Endowment
 - Anticipated Endowment
 - Endowment Cum Whole Life
 - Whole Life
 - Foreign Employment Term
 - Other Term
 - Special Term
 - Others (to be Specific)

The above risk exposure is mitigated by the diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are put in place to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business.

b) Pricing

The pricing of an insurance product involves the estimation of claims, operational and financing costs and the income arising from investing the premium received. The pricing process typically comprises collecting data on the underlying risks to be covered, determining the pricing assumptions and the base rate, setting the final premium rate, and monitoring the review of the appropriateness of pricing.

The Company collects adequate data to validate the reasonableness of the underlying assumptions used for pricing. The base rate represents the amount required to meet the value of anticipated benefits, expenses, and margins for risks and profit. Data primarily relates to the company's own historical experience and that of the industry where relevant. These may be supplemented by other internal and external data, and could include trends observed in claims costs and expenses.

Pricing is done by modelling all identified risks, using appropriate methodologies depending on the complexity of the risks and available data. Adequate buffers are kept in the premiums to cushion against the risk that actual experience may turn out to be worse than expected.

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*[Circular stamp: K. J. R. ASSOCIATES * Chartered Accountants * Lalitpur, Nepal]*

LIFE INSURANCE CORPORATION (NEPAL) LIMITED
 Recommended Notes to the Financial Statements

Fig. in NPR

46 Insurance Risk

c) Underwriting:

The Company's underwriting process is governed by the internal underwriting procedures. Some of the actions undertaken to mitigate underwriting risks are detailed below:

i) Investments are made on the training and development of underwriting and claims management staff, including those attached to the distribution network.

ii) Application of Four-Eye principle on underwriting process.

iii) Pre-underwriting inspections are made on new business over a predetermined threshold to evaluate risk prior to acceptance.

iv) Post-underwriting reviews are conducted to ensure that set guidelines have been observed.

v) Adequate reinsurance arrangements are in place and reviews are undertaken to ensure the adequacy of these covers.

d) Claims handling:

The Company considers insurance claim risk to be a combination of the following components of risks:

i) Mortality Risk – risk of loss arising due to policyholder death experience being different than expected

ii) Longevity Risk – risk of loss arising due to the annuitant living longer than expected

iii) Investment Return Risk – risk of loss arising from actual returns being different than expected

iv) Expense Risk – risk of loss arising from expense experience being different than expected

v) Policyholder Decision Risk – risk of loss arising due to policyholder experiences (lapses and surrenders) being different than expected

Assumptions

The assumptions that have the greatest effect on the statement of financial position and statement of profit or loss of the Company are listed below:

Particulars	Current Year				Previous Year		
	Mortality Rates	Investment Return	Lapse and Surrender Rate	Discount Rate	Mortality Rates	Investment Return	Lapse and Surrender Rate
Life Insurance	90.00%	7.33%	3.52%	RFR as published by NIA	90.00%	7.92%	3.54%
							RFR as published by NIA

Sensitivities

The life insurance claim liabilities are sensitive to the key assumptions as mentioned in the table below.

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and profit after tax. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis.

Particulars	Current Year			Previous Year		
	Changes in Best Estimate Assumptions	Increase/ (Decrease) on Gross Liabilities	Increase/ (Decrease) on Net Liabilities	Changes in Best Estimate Assumptions	Increase/ (Decrease) on Gross Liabilities	Increase/ (Decrease) on Net Liabilities
Mortality Rate	+20%	1,848,857,697.42	1,848,857,697.42	+10%	-	4,727,112,629.86
Longevity	-26%	81,804,933.60	81,804,933.60	-25%	-	-
Morbidity	+22.5%	297,594,797.58	166,388,475.19	+45%	-	-
Lapse	+8%	1,006,246,184.51	297,594,797.58	+20%	1,543,692,568.89	1,543,692,568.89
Expense	+0.15%	285,558,628.50	285,558,628.50	+0.15%	1,213,364,699.98	1,682,833,808.04
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46 Insurance Risk

e) Reinsurance

The Company purchases reinsurance as part of its risk mitigation programme. Premium ceded to the reinsurers is in accordance with the terms of the programmes already agreed based on the risks written by the insurance companies. Recoveries from reinsurers on claims are based on the cession made in respect of each risk and is estimated in a manner consistent with the outstanding claims provisions made for the loss. Although we mitigate our exposure through prudent reinsurance arrangements, the obligation to meet claims emanating from policy holders rests with the Company. Default of reinsurers does not negate this obligation and in that respect the Company carries a credit risk up to the extent ceded to each reinsurer.

f) Reserving

Insurance Contract Liabilities are created to cover this risk based on the actuarial valuation report. The table below sets out the concentration of risk associated with above mentioned products. Risk as at year end has been measured as insurance contract liabilities and disclosed as below:

Particulars	Current Year			Previous Year		
	Gross Insurance Liabilities	Reinsurance Assets	Net Liabilities	Gross Insurance Liabilities	Reinsurance Assets	Net Liabilities
Endowment	55,795,530,849	326,170,912	55,469,359,936	48,643,794,507	596,640,222	48,047,154,345
Anticipated Endowment	9,537,321,157	26,190,159	9,511,130,998	8,243,743,677	12,622,771	8,231,120,906
Endowment Cum Whole Life	51,851,010,646	1,770,659,004	50,080,351,642	48,250,568,042	2,002,259,213	46,248,334,829
Whole Life	8,379,015,942	8,657,844	8,370,358,098	7,509,887,286	487,870,276	7,022,017,010
Foreign Employment Term	-	-	-	-	-	-
Other Term	35,121,638	7,945,670	27,175,968	6,228,838	841,567	5,647,271
Special Term	20,804,091	84,304	20,888,375	20,210,672	119,623	20,330,049
Others (Single)	1,352,761,908	60,657,474	1,292,104,434	759,590,500	23,271,992	736,168,508
Total	126,951,616,230	2,199,606,776	124,752,009,452	113,433,619,582	3,123,246,218	110,310,373,364

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47 Financial Risk

The Company's activities expose it to Credit Risk, Liquidity Risk & Market Risk.

i) Credit Risk

Credit risk is the risk of financial loss as a result of the default or failure of third parties to meet their payment obligations to the Company. Thus, for an insurance contract, credit risk includes the risk that an insurer incurs a financial loss because a reinsurer defaults on its obligations under the reinsurance contract.

The following policies and procedures are in place to mitigate the Company's exposure to credit risk:

a) Company has credit risk policy which sets out the assessment and determination of what constitutes credit risk for the Company. Compliance with the policy is monitored and exposures and branches are reported to the Company's risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.

b) Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by entering into agreement with more than one party. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy, ascertaining suitable allowance for impairment.

c) The company deals with only creditworthy counterparties and obtains sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

Expected Credit Losses for Financial Assets at Amortised Costs as at Ashadh 31, 2082

Particulars	Asset Group	Gross Carrying Amount	Expected probability of Default	Expected Credit Losses	Carrying Amount After Provision
Credit Risk has not significantly increased since initial recognition	Loss allowance measured at 12 months expected credit losses				
Credit Risk has significantly increased and not credit impaired	Loss allowance measured at life-time expected credit losses				
Credit Risk has significantly increased and credit impaired					

Expected Credit Losses for Financial Assets at Amortised Costs as at Ashadh 31, 2081

Particulars	Asset Group	Gross Carrying Amount	Expected probability of Default	Expected Credit Losses	Carrying Amount After Provision
Credit Risk has not significantly increased since initial recognition	Loss allowance measured at 12 months expected credit losses				
Credit Risk has significantly increased and not credit impaired	Loss allowance measured at life-time expected credit losses				
Credit Risk has significantly increased and credit impaired					

Reconciliation of Loss Allowance Provision

Particulars	Measured at 12 months expected credit losses	Measured at life-time expected credit losses	
		Credit Risk has significantly increased and not credit impaired	Credit Risk has significantly increased and credit impaired
Loss Allowance on Ashadh 31, 2081			
Changes in loss allowances			
Write-offs			
Recoveries			
Loss Allowance on Ashadh 31, 2082			

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LIFE INSURANCE CORPORATION (NEPAL) LIMITED
Notes to the Financial Statements

Fig. in NPR

ii) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. In respect of catastrophic events there is also a liquidity risk associated with the timing differences between gross cash out-flows and expected reinsurance recoveries.

Maturity of Financial Liabilities:

The table below summarises the Company's Financial Liabilities into Relevant Maturity Groupings based on their Contractual Maturities for all Financial Liabilities.

Particulars	Current Year			Previous Year		
	Upto 1 Year	1 Year to 5 Year	More than 5 Year	Upto 1 Year	1 Year to 5 Year	More than 5 Year
Borrowings						
Other Financial Liabilities						
Total Financial Liabilities	-	-	-	-	-	-

iii) Market Risk

a) Foreign Currency Risk Exposure

Foreign exchange risk is the potential for the Company to experience volatility in the value of its assets, liabilities and solvency and to suffer actual financial losses as a result of changes in value between the currencies of its assets and liabilities and its reporting currency. The Company does not maintain foreign currency denominated assets in its investment portfolios and as such is not exposed to foreign exchange risk related to investments.

The Company has no significant concentration of currency risk. The amount with reinsurer is settled in Nepali Rupee.

Alternative note for Foreign Currency Risk Exposure (where there is Foreign Currency Risk)

Operation of the Company has exposed it to foreign exchange risk arising from foreign currency transactions, with respect to the USD and Currency A. The risk is measured through a forecast of highly probable foreign currency cash flows. The objective of the hedges is to minimise the volatility of the NPR cash flows of highly probable forecast transactions.

The Company's exposure to foreign currency risk at the end of the reporting period expressed in NPR, are as follows:

Particulars	Current Year		Previous Year	
	USD	Currency A	USD	Currency A
Investments				
Loans				
Insurance Receivables				
Other Financial Assets				
Less: Derivative Assets				
i) Foreign exchange forward contracts - Sell Foreign Currency				
ii) Foreign exchange option contracts - Sell Foreign Currency				
Net Exposure to Foreign Currency Risk/ (Assets)	-	-	-	-
Insurance Payables				
Other Financial Liabilities				
Less: Derivative Liabilities				
i) Foreign exchange forward contracts - Buy Foreign Currency				
ii) Foreign exchange option contracts - Buy Foreign Currency				
Net Exposure to Foreign Currency Risk/ (Liabilities)	-	-	-	-

a2) Foreign Currency Risk - Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and the impact on the other components of equity arising from foreign forward exchange contracts, foreign exchange option contracts designated as cash flow hedges

Particulars	Impact on profit after tax		Impact on other component of equity	
	Current Year	Previous Year	Current Year	Previous Year
USD sensitivity				
NPR/ USD - Increases by 10% *				
NPR/ USD - Decreases by 10% *				
Currency A sensitivity				
NPR/ USD - Increases by 10% *				
NPR/ USD - Decreases by 10% *				

* Holding all other variable constant

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LIFE INSURANCE CORPORATION (NEPAL) LIMITED
Notes to the Financial Statements

Fig. in NPR

b1) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The major interest rate risk that the Company is exposed to is the discount rate for determining insurance liabilities.

b2) Interest Rate Sensitivity

Profit or Loss is sensitive to changes in Interest Rate for Borrowings. A change in Market Interest Level by 1% which is reasonably possible based on Management's Assessment would have the following effect on the Profit After Tax.

Particulars	Current Year	Previous Year
Interest Rate - Increase By 1%*		
Interest Rate - Decrease By 1%*		

* Holding all other Variable Constant

c1) Equity Price Risk

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in equity prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or by factors affecting all similar financial instruments traded in the market.

The Company has invested in equity securities and the exposure is equity securities price risk from investments held by the Company and classified in the statement of financial position as fair value through OCI.

c2) Sensitivity

The table below summarises the impact of increase/decrease of the index in the Company's equity and impact on OCI for the period. The analysis is based on the assumption that the equity index had increased/ decreased by 1% with all other variables held constant, and that all the Company's equity instruments moved in line with the index.

Particulars	Current Year	Previous Year
Interest Rate - Increase By 1%*		
Interest Rate - Decrease By 1%*		

* Other components of equity would increase/decrease as a result of gains/ (losses) on equity securities classified as fair value through other comprehensive income.

48 Operational Risk

Operational Risk is the risk of direct or indirect loss, or damaged reputation resulting from inadequate or failed internal processes, people and systems or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through the Company's strategic planning and budgeting process.

49 Climate Risk

(Please provide the disclosure as per Climate Risk related Directive)

50 Capital Management

The Company's objectives when managing Capital are to:

- Safeguard their ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

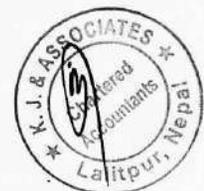
In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

Regulatory minimum paid up capital

Life insurance companies were required by the Directive of Nepal Insurance Authority to attain a stipulated minimum paid up capital of NPR 5 billion. As on the reporting date, the company's paid up capital is NPR 5.5 Billion ensuring compliance of regulatory provisions.

Dividend	Particulars	Current Year	Previous Year
(i) Dividends recognised			
	Final dividend (Bonus Share) for the year ended Ashadh 31 2081 of NPR 526,300,000/- paid on Current Year (10.526% per Share on fully Paid up equity share)	526,300,000.00	
		526,300,000.00	
(ii) Dividends not recognised at the end of the reporting period			
	In addition to the above dividends, since the year ended the directors have recommended the payment of a final cash dividend of NPR 1,157,894,734/- signifying @ 20% net of tax per share (31st Ashadh 2081 NPR. 526,300,000/-). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting	1,157,894,734	526,300,000.00
		1,157,894,734	526,300,000.00

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LIFE INSURANCE CORPORATION (NEPAL) LIMITED
Notes to the Financial Statements

Fig. in NPR

51 Earnings Per Share

Particulars	Current Year	Previous Year
Profit For the Year used for Calculating Basic Earning per Share	837,333,165	829,607,185
Less: Dividend on Preference Share		
Add: Interest saving on Convertible Bonds		
Profit For the Year used for Calculating Diluted Earning per Share	837,333,165	829,607,185
Weighted Average Number of Equity Shares Outstanding During the Year For Basic Earning per Share	54,190,374	26,532,000
Adjustments for calculation of Diluted Earning per Share:		
i) Dilutive Shares		
ii) Options		
iii) Convertible Bonds		
Weighted Average Number of Equity Shares Outstanding During the Year for Diluted Earning Per Share	54,190,374	26,532,000
Nominal Value of Equity Shares		
Basic Earnings Per Share	15.45	31.27
Diluted Earnings Per Share	15.45	31.27
Proposed Bonus Share		
Weighted Average Number of Equity Shares Outstanding During the Year for Restated Earning Per Share	54,190,374	26,532,000
Restated Basic Earning Per Share	15.45	15.75
Restated Diluted Earning Per Share	15.45	15.75

Explanatory Note:

EPS of Comparative Year have been restated as to adjust the bonus fraction included in right and Bonus Share issued by the company as prescribed by the provision of NAS 33: "Earning Per Share"

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LIFE INSURANCE CORPORATION (NEPAL) LIMITED
Segment Reporting

4) Segmental information for the quarter ended Ashadh 31, 2081 (July 15, 2024)

Fig. in NTR

Particulars	Employment	Endowment (Non Part)	Anticipated Endowment	Anticipated Endowment (Non part)	Modified Endowment	Whole Life Policy	Term Insurance Policy	Special Term Policy	Endowment Single Premium (Non Part)	Single Premium O/E	Micro Term Insurance	Total
Income												
Gross Renewal Premiums	7,079,894,190	100,207,892	2,070,113,158	-	5,016,584,325	1,194,699,871	9,103,421	2,272,310	41,422,149	211,299,286	1,007,028	18,107,467,178
Premiums Ceded	33,094,125	254,792	21,893,333	1,179	42,893,394	11,362,074	89,980	28,843	79,297	130,464	69,813	111,080,548
Inter-Segment Revenue	7,046,560,065	100,073,300	2,048,219,825	(1,120)	5,073,791,331	1,183,337,797	9,193,441	2,243,467	41,342,851	211,168,822	1,077,415	17,996,414,630
Net Earned Premiums	3,169,211	189,807	2,829,029	-	2,781,438	1,421,886	117,233	2,423	33,849	57,826	4,201	14,913,927
Commission Income	100,000,545	-	183,858,680	-	1,076,118,026	207,275,908	11,256	-	4,566,436	-	-	2,271,230,353
Interest Income on Loan to Policyholders	224,200,354	-	35,158,149	-	693,413,807	21,879,694	11,256	26,101	-	-	-	248,129,879
Other Direct Income	3,644,033,890	13,401,080	801,797,431	7,072,483	3,577,260,113	305,464,214	1,231,920	1,623,263	31,642,492	33,294,708	205,817	8,816,206,597
Net Cash/(Loss) on Fair Value Changes	-	-	-	-	-	-	-	-	-	-	-	-
Net Realized Gains/(Losses)	33,837,853,138	179,632,334	3,622,953,449	7,994,274	38,629,866,108	2,020,669,320	5,456,466	3,724,483	77,453,188	305,246,628	1,247,833	29,427,467,118
EXPENSES												
Gross Benefits and Claims Paid	4,321,428,595	1,312,127	2,088,175,608	24,415,000	3,349,144,569	825,301,267	-	2,250,850	29,435,658	14,998,712	4,778,292	10,491,821,431
Claims Ceded	(24,200,028)	-	(5,221,669)	-	(3,087,432)	(4,328,648)	-	-	(1,364)	(97,432)	-	(84,884,395)
Gross Change in Contract Liabilities	5,931,628,291	85,209,626	622,903,824	(23,813,999)	3,342,207,894	849,303,976	286,449	5,356,729	32,833,897	179,541,807	(3,235,332)	12,200,108,118
Change in Contract Liabilities Ceded to Reinsurers	-	-	-	-	-	-	-	-	-	-	-	-
Net Benefits and Claims Paid	38,823,448,267	84,223,853	3,958,937,856	(24,090,118)	4,694,228,462	1,479,634,921	286,449	2,872,275	42,369,471	218,144,616	(166,579)	24,336,941,568
Commission Expenses	627,403,338	26,601,002	220,699,433	-	679,229,604	89,562,639	268,082	59,264	828,445	4,271,428	116,748	1,274,226,907
Service Fees	94,848,308	1,393,545	19,864,688	-	44,051,342	1,867,253	61,270	16,825	310,029	3,284,979	7,781	154,963,507
Other Direct Expenses	129,154,040	2,700,651	46,902,599	-	103,079,899	21,776,507	157,410	43,631	776,954	3,979,884	19,001	208,643,226
Employee Benefit Expenses	21,267,289	616,135	2,147,704	-	18,616,819	3,511,276	25,514	6,487	118,714	604,082	2,498	48,896,421
Depreciation and Amortization Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Impairment Losses	-	-	-	-	-	-	-	-	-	-	-	-
Other Operating Expenses	181,711,871	27,238,234	94,466,548	-	131,256,109	8,824,871	24,689	27,401	6,326,838	32,184,370	167,414	485,056,584
Finance Cost	8,025,206	157,481	2,294,807	-	4,981,127	1,233,678	6,625	2,447	44,524	228,264	1,266	18,492,029
Total Segmental Expense	11,948,634,942	196,966,080	3,933,852,838	(9,488,119)	9,083,813,168	2,774,877,249	1,148,178	2,832,218	79,667,481	246,629,243	(239,899)	24,824,293,255
Total Segmental Results	1,897,818,250	88,644,244	298,425,544	16,456,339	1,390,446,946	546,991,621	8,977,288	(4,107,220)	8,886,737	(21,482,978)	1,399,128	1,599,255,843
Segmental Assets	24,897,296	-	1,246,148	-	18,725,510	4,402,978	1,674,159	4,371	264,320,228	295,248,684	673,871	319,621,796,098
Segmental Liabilities	56,072,209,603	35,294,648	18,856,613,648	64,536,041	63,794,694,729	6,838,984,729	5,163,831	202,744,273	244,320,228	295,248,684	673,871	119,621,796,098

Handwritten signatures and initials: *Shyam*, *Shyam*, *AS*, *Dr.*



LIFE INSURANCE CORPORATION (NEPAL) LIMITED
Segment Reporting

Segmental Information for the quarter ended Ashadh 31, 2082 (July 16, 2023)

Fig. In NPR

Particulars	Endowment	Endowment (Item 7a)	Anticipated Endowment	Anticipated Endowment (Item 7a)	Modified Endowment	Whole Life Policy	Term Insurance Policy	Special Term Policy	Endowment Single Premium	Endowment Single Premium (Item 7a)	Single Premium O/E	Mean Term Insurance	Total
Income:													
Commission	4,088,531,225	413,452,535	3,076,383,687	3,076,383,687	6,620,104,626	1,111,551,024	4,745,537	2,772,713	65,297,802	61,641,388	-	656,932	19,538,302,689
Interest Income	30,859,402	687,829	23,132,124	23,132,124	42,963,902	9,500,579	929,849	24,003	74,293	256,013	-	22,280	108,286,817
Net Earned Premiums	4,094,629,653	414,140,364	3,083,515,811	3,083,515,811	6,663,068,528	1,121,051,603	7,700,004	2,796,716	66,133,209	61,897,401	-	679,212	19,646,589,506
Commission Income	3,237,467	147,003	2,590,004	2,590,004	5,673,321	1,237,567	89,114	2,229	5,284	104,910	-	1,168	14,027,225
Interest Income on Loan to Policyholders	839,873,021	-	147,670,772	-	1,037,248,605	305,184,058	-	-	4,942,446	299,623	-	-	2,484,983,138
Other Direct Income	114,526,807	479,382	48,064,285	48,064,285	91,027,543	21,576,578	13,257	78,790	-	-	-	-	578,486,240
Income from Investments and Loans	4,015,677,577	31,708,959	794,325,512	794,325,512	2,729,427,238	1,049,124,940	1,029,317	1,913,125	32,366,289	71,122,921	-	-	9,206,314,646
Net Cash (Loan) or Fair Value Change	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Realized Gains/(Losses)	11,823,279,718	465,544,700	6,644,696,324	6,644,696,324	11,499,329,981	1,995,874,664	9,292,874	6,913,884	102,529,249	669,832,951	-	435,889	31,255,863,125
SEBEBB	-	-	-	-	-	-	-	-	-	-	-	-	-
Goodwill and Claims Paid	4,725,262,021	437,462	2,675,899,729	2,675,899,729	4,206,284,866	991,149,486	646,000	1,259,773	38,728,256	35,796,468	-	2,143,600	12,900,237,194
Claims Ceded	(18,402,282)	(40,253)	(1,611,234)	(1,611,234)	(17,462,581)	(1,281,067)	(28,000)	(2,000)	(33,800)	(60,746)	-	(27,540)	(18,889,967)
Change in Contract Liability	6,671,943,346	177,599,827	676,273,400	676,273,400	5,005,760,866	796,815,226	22,344,794	896,093	46,138,535	50,900,447	-	(576,069)	13,743,667,384
Change in Contract Liability Ceded to Reinsurers	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Benefits and Claims Paid	11,278,883,984	177,989,884	3,252,860,448	3,252,860,448	8,214,822	1,494,783,749	23,144,794	1,763,836	78,851,332	593,238,347	-	1,728,891	26,826,004,671
Commission Expenses	897,666,125	79,563,711	268,345,125	268,345,125	502,092,117	50,116,543	160,533	71,192	1,265,796	10,273,228	-	46,694	1,077,418,128
Service Fee	61,438,189	3,094,821	22,899,251	22,899,251	49,696,094	9,244,876	58,438	20,637	489,099	2,449,290	-	3,260	168,725,325
Other Direct Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Employee Benefit Expenses	147,100,978	4,512,141	56,883,794	56,883,794	116,292,882	26,723,242	162,872	52,819	1,248,882	4,831,267	-	8,033	366,370,513
Depreciation and Amortization Expenses	20,222,298	893,119	7,922,886	7,922,886	16,668,974	2,885,440	21,970	7,262	171,867	1,931,615	-	1,104	49,265,606
Impairment Losses	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Operating Expenses	123,622,558	39,180,100	64,396,305	64,396,305	163,392,004	7,960,017	158,263	31,538	8,804,130	69,267,655	-	61,425	499,870,467
Finance Cost	7,081,895	313,493	2,661,856	2,661,856	5,397,224	998,190	8,944	2,543	46,145	473,318	-	387	12,362,223
Total Segmental Expenses	12,194,187,447	347,299,819	8,678,633,897	8,678,633,897	16,043,927,118	3,189,574,337	23,740,239	1,883,994	96,059,971	664,286,223	-	3,889,275	28,444,974,873
Total Segmental Results	838,284,242	128,294,769	347,394,277	347,394,277	1,644,992,543	271,166,267	(18,796,160)	2,794,998	31,425,798	(60,832,821)	-	(4,423,888)	3,887,259,120
Segmental Assets	7,895,248	-	614,444	614,444	6,977,488	2,325,789	799,446	2,721	634,335,608	692,833,464	-	297,805	33,632,072,259
Segmental Liabilities	84,937,256,809	212,218,713	50,891,829,787	50,891,829,787	58,668,187,240	9,163,11,638	27,998,493	32,145,897	-	-	-	-	-



Handwritten signatures and initials:
 - Top left: *Sharma*
 - Middle left: *Sharma*
 - Middle right: *Sh*
 - Bottom right: *Pr*



LIFE INSURANCE CORPORATION (NEPAL) LIMITED
Recommendatory Notes to the Financial Statements

c) Reconciliation of Segmental Profit with Statement of Profit or Loss

Fig. in NPR

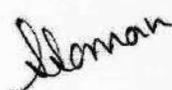
Particulars	Current Year	Previous Year
Segmental Profit	2,887,290,150	2,909,395,863
Less: Employee Benefits expenses	141,787,423	121,623,351
Less: Depreciation and Amortization	5,507,290	5,429,604
Less: Impairment losses	-	-
Less: Other operating expenses	77,548,801	53,894,065
Less: Finance Cost	1,928,586	2,054,673
Add: Income	559,347,700	530,995,173
Profit Before Tax	3,219,865,750	3,257,389,343

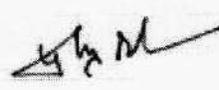
d) Reconciliation of Assets

Particulars	Current Year	Previous Year
Segment Assets	18,883,296	28,942,871
Goodwill & Intangible Assets	48,600	97,200
Property and Equipment	392,420,903	424,229,330
Investment Properties	-	-
Deferred Tax Assets	-	-
Investment in Subsidiaries	-	-
Investment in Associates	-	-
Investments	117,340,391,062	100,302,577,745
Loans	21,409,869,606	22,213,684,173
Current Tax Assets	179,358,463	276,532,369
Other Assets	1,016,951,176	8,236,838
Other Financial Assets	3,408,799,099	3,269,414,425
Cash and Cash Equivalents	2,060,047,872	1,857,624,512
Total Assets	145,826,770,077	128,381,339,463

e) Reconciliation of Liabilities

Particulars	Current Year	Previous Year
Segment Liabilities	133,686,727,116	119,719,411,716
Provisions	167,585,959	98,835,270
Deferred Tax Liabilities	56,565,302	18,450,239
Current Tax Liabilities	-	-
Other Financial Liabilities	875,148,665	1,085,519,188
Other Liabilities	463,346,812	593,165,793
Total Liabilities	135,249,343,854	121,515,382,207











LIFE INSURANCE CORPORATION (NEPAL) LIMITED
Notes to the Financial Statements

Fig. in NPR

53 Related Party Disclosure

(a) Identify Related Parties

Holding Company: Life Insurance Corporation of India

Subsidiaries: NA

Associates: NA

Fellow Subsidiaries: NA

Key Management Personnel:

Name	Position
Mr. Siddhartha Mohanty	Chairman
Mr. Tishesh Pandey	Director
Mr. Ashok Kumar Agrawal	Director
Mr. Komal Agrawal	Public Director
Mr. Praveen Kumar Moli	Independent Director
Mr. Pranay Kumar	CEO
Mr. Anirban Datta	DCEO
Mr. Rohit Budiyal	CTO

(b) Key Management Personnel Compensation: Chief Technical officer & Deputy Chief Executive Officer

Particulars	Current Year	Previous Year
Short-term employee benefits	47,445,301.49	28,304,633.00
Post-employment benefits		
Other long-term benefits		
Termination benefits		
Total	47,445,301.49	28,304,633.00

Payment to Chief Executive Officer (CEO)

Particulars	Current Year	Previous Year
Annual salary and allowances	14,408,864	11,944,316
Performance based allowances	3,324,629	-
i) Employee Bonus		
ii) Benefits as per prevailing provisions		
iii) Incentives		
Insurance related benefits		
i) Life Insurance		
ii) Accident Insurance		
iii) Health Insurance (including family members)	17,733,493	11,944,316
Total		

(c) Related Party Transactions

Particulars	Holding Company	Subsidiaries	Associates	Fellow Subsidiaries	Key Managerial Personnel	Total
Premium Earned						
Current Year						
Previous Year						
Commission Income						
Current Year						
Previous Year						
Rental Income						
Current Year						
Previous Year						
Interest Income						
Current Year						
Previous Year						
Sale of Property & Equipment						
Current Year						
Previous Year						
Purchase of Property & Equipment						
Current Year						
Previous Year						
Premium Paid						
Current Year						
Previous Year						

Handwritten signatures and initials: Roman, Jhan, M, M, P, C.



LIFE INSURANCE CORPORATION (NEPAL) LIMITED
Notes to the Financial Statements

Fig. in NPR

53 Related Party Disclosure

Particulars	Holding Company	Subsidiaries	Associates	Fellow Subsidiaries	Key Managerial Personnel	Total
Commission Expenses						
Current Year						
Previous Year						
Dividend						
Current Year						
Previous Year						
Meeting Fees						
Current Year					1,032,941	1,032,941
Previous Year					894,000	894,000
Allowances to Directors						
Current Year						
Previous Year						
Others (Service Fee)						
Current Year		4,258,106				
Previous Year		4,258,106				

(d) Related Party Balances

Particulars	Holding Company	Subsidiaries	Associates	Fellow Subsidiaries	Key Managerial Personnel	Total
Receivables including Reinsurance Receivables						
Current Year						
Previous Year						
Other Receivables (to be Specified)						
Current Year						
Previous Year						
Payables including Reinsurance Payables						
Current Year						
Previous Year						
Other Payables (to be Specified)						
Current Year						
Previous Year						

Idman

Jhaw

Shan



Shan

Shan



Shan

Shan

LIFE INSURANCE CORPORATION (NEPAL) LIMITED
Notes to the Financial Statements

Fig. in NPR

54 Leases

(a) The company has initially recognised the Right of Use assets at the amount of lease liability Plus any initial direct cost incurred by the group. Right of Use asset has been depreciated over the period of Accumulated Lease term on straightline Basis. Right of Use Assets shall be measured at cost less any accumulated depreciation and any accumulated impairment and adjusted for any re-measurement of the lease liability. Right of Use assets has been presented on Property and Equipments on Note 5. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at incremental borrowing rate.

Depreciation on Right of Use Assets amounting to NPR. 41,070,957 and interest on lease liability amounting to NPR. 19,285,859 has been recognized on profit or loss account

	Current Year	Previous Year
Future Minimum Lease Payments	85,808,999	47,883,834
(i) Not Later than 1 year	167,797,041	176,853,850
(ii) Later than 1 year and not later than 5 years	8,491,785	3,543,859
(iii) Later than 5 years	231,817,828	228,281,544
Total Future Minimum Lease Payments	46,195,686	18,849,640
Less: Effect of Discounting	185,622,139	209,431,904
Finance lease liability recognized		

(b) Leases as Lessor

Company has not leased any assets on this reporting fiscal year and in its comparative year.

55 Capital Commitments

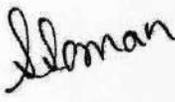
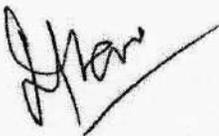
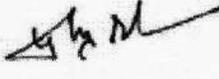
Estimated amount of contracts remaining to be executed in capital accounts and not provided for

Particulars	Current Year	Previous Year
Property and Equipment		
Investment Properties		
Goodwill & Intangible Assets		
Total		

56 Contingent Liabilities

Estimated amount of contracts remaining to be executed in capital accounts and not provided for (net of advances)

Particulars	Current Year	Previous Year
Claims against Company not acknowledged as debts		
a) Income Tax		
b) Indirect Taxes		
c) Others (to be Specified)		
Total		







LIFE INSURANCE CORPORATION (NEPAL) LIMITED
Notes to the Financial Statements

Fig. in NPR

57 Events occurring after Balance Sheet

The management has assessed events occurring after the reporting period and up to the date of authorization of financial statement. No events have been identified that require adjustments or disclosure in accordance with NAS 10

58 Assets Pledged as Security (only if pledged)

The carrying amount of assets pledged as security are:

Particulars	Current Year	Previous Year
Reinsurance Receivables		
Investments in equity		
Fixed Deposits		
Property and Equipment		
Others (to be Specified)		
Total	-	-

59 Corporate Social Responsibility

We have closing fund of Rs. 28,484,138 in Corporate Social Responsibilities. Further, we are planning to contribute in economic, social & environmental benefits of all stakeholder in coming financial years as guided by CSR utilization Guidelines

Particulars	Current Year	Previous Year
Opening Provision	23,694,644	14,446,300
Addition : Transfer From Retained Earning	7,889,494	9,248,343
Less : Utilization of Reserve	(3,100,000)	-
Add/ Less : Others	-	-
Closing Balance of Reserve	28,484,138	23,694,644

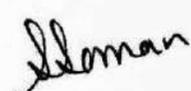
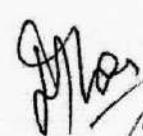
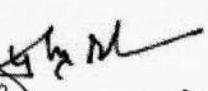
60 Miscellaneous

- (i) All amounts are in Nepalese Rupees unless otherwise stated.
- (ii) All figures are in the Nearest Rupee & Rounded off.

61 Others (to be Specified)

LIFE INSURANCE CORPORATION (NEPAL) LIMITED
Variance Report FY 2081-82

Particulars	Current Year (After Audit) (Amt in NPR)	Current Year (Before Audit) (Amt in NPR)	Variance	Remarks if variance is 10% or more
Assets				
Goodwill & Intangible Assets	48,600	48,600	0%	
Property and Equipment	392,420,903	392,420,903	0%	
Investment Properties	-	-	-	
Deferred Tax Assets	-	-	-	
Investment in Subsidiaries	-	-	-	
Investment in Associates	-	-	-	
Investments	117,340,391,062	117,340,391,061	0%	
Loans	21,409,869,606	21,409,869,606	0%	
Reinsurance Assets	-	-	-	
Current Tax Assets	179,358,463	147,104,822	22%	There has been a change in tax liability arising from an increase in employee-related expenses, which is attributable to the provision of bonuses to employees
Insurance Receivables	18,883,296	18,883,296	0%	
Other Assets	1,016,951,176	1,020,895,286	0%	
Other Financial Assets	3,408,799,099	3,403,222,457	0%	
Cash and Cash Equivalent	2,060,047,872	2,042,330,505	1%	
Total Assets	145,826,770,977	145,775,166,536	23%	
Equity & Liabilities				
Equity				
Share Capital	5,500,000,000	5,500,000,000	0%	
Share Application Money Pending Allotment	-	-	-	
Share Premium	498,012,562	498,012,562	0%	
Catastrophe Reserves	732,976,827	680,803,440	8%	
Retained Earnings	3,452,279,690	2,990,823,083	15%	Due to the actuarial surplus recognized during the period, there has been an increase in profit, which in turn has resulted in a corresponding impact on the Reserve and Surplus balance.
Other Equity	394,157,144	641,365,318	-39%	
Non Controlling Interest	-	-	-	
Total Equity	10,577,826,223	10,311,004,403	-15%	
Liabilities				
Provisions	167,555,959	166,006,910	1%	
Gross Insurance Contract Liabilities	133,632,472,759	133,919,396,622	0%	
Deferred Tax Liabilities	56,565,302	56,270,626	1%	
Insurance Payable	54,254,357	58,876,191	-8%	
Current Tax Liabilities	-	-	-	
Borrowings	-	-	-	
Other Liabilities	463,346,812	455,621,805	2%	
Other Financial Liabilities	875,148,665	807,989,979	8%	
Total Liabilities	135,249,343,884	135,464,162,133	0%	
Total Equity and Liabilities	145,826,770,977	145,775,166,536		
Income:				
Gross Earned Premiums	19,938,305,489	19,938,305,489	0%	
Premiums Ceded	108,264,817	111,420,002	-3%	
Net Earned Premiums	19,830,040,672	19,826,885,487	0%	
Commission Income	14,027,238	14,027,238	0%	
Other Direct Income	278,496,240	278,496,240	0%	
Interest Income on Loan to Policyholders	2,404,983,130	2,404,983,130	0%	
Income from Investments and Loans	9,767,591,549	9,806,775,916	0%	
Net Gain/(Loss) on Fair Value Changes	-	-	-	
Net Realised Gains/(Losses)	-	-	-	
Other Income	70,996	70,996	0%	
Total Income	32,295,209,825	32,331,239,007	0%	
Expenses:				
Gross Benefits and Claims Paid	12,590,237,194	12,590,236,613	0%	
Claims Ceded	38,889,907	37,263,272	4%	
Gross Change in Contract Liabilities	13,743,657,384	14,285,598,617	-4%	
Change in Contract Liabilities Ceded to Reinsurers	-	-	-	





LIFE INSURANCE CORPORATION (NEPAL) LIMITED
Variance Report FY 2081-82

Particulars	Current Year (After Audit) (Amt in NPR)	Current Year (Before Audit) (Amt in NPR)	Variance	Remarks if variance is 10% or more
Net Benefits and Claims Paid	26,295,004,671	26,838,571,958	-2%	
Commission Expenses	1,477,418,120	1,477,418,120	0%	
Service Fees	148,725,305	148,701,641	0%	
Other Direct expenses	-	-		
Employee Benefits Expenses	502,317,936	443,160,513	13%	The provision for employee benefits has changed as a result of the variation in net profit arising from the actuarial valuation surplus recognized during the period.
Depreciation and Amortization Expenses	55,072,895	55,072,895	0%	
Impairment Losses	-	-		
Other Operating Expenses	577,519,288	573,683,546	1%	
Finance Cost	19,285,859	19,285,859	0%	
Total Expenses	29,075,344,074	29,555,894,533	-2%	
Net Profit/(Loss) For The Year Before Share of Net Profits of Associates Accounted for Using Equity Method and Tax	3,219,865,791	2,775,344,474	16%	The surplus arising from the actuarial valuation has contributed to the net profit for the period, thereby affecting the overall financial performance of the entity..
Share of Net Profit of Associates accounted using Equity Method	-	-		
Profit Before Tax	3,219,865,791	2,775,344,474	16%	
Income Tax Expense	2,382,532,585	2,459,450,499	-3%	
Net Profit/(Loss) For The Year	837,333,165	315,893,975	165%	
Earning Per Share				
Basic EPS	15	5.74	169%	Due to change in profit
Diluted EPS	15	5.74	169%	
Variance in Other Comprehensive Income (OCI)				
Particulars	Current Year (After Audit) (Amt in NPR)	Current Year (Before Audit) (Amt in NPR)	Variance	
Net Profit/(Loss) For the Year	837,333,165	315,893,975	165%	Due to change in profit
Changes in Fair Value of FVOCI Debt Instruments	377,803,512	377,803,512	0%	
Remeasurement of Post-Employment Benefit Obligations	(31,808,370)	(31,808,370)	0%	
Income Tax Relating to Above Items	(86,498,786)	(86,498,786)	0%	
Total Other Comprehensive Income For the Year, Net of Tax	259,496,357	259,496,357	0%	
Total Comprehensive Income For the Year, Net of Tax	1,096,829,522	575,390,332	91%	Due to change in profit

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LIFE INSURANCE CORPORATION (NEPAL) LIMITED
Statement of Sum Assured (As per Actuarial valuation report)

Fig. in NPR

S.N.	Insurance Types	In Force Number of Policies		Sum Assured of In Force Policies		Sum at Risk		Sum at Risk Transferred to Reinsurer		Sum at risk retained by Insurer	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
1	Endowment	418,905	426,797	133,444,142,610	131,078,991,978	87,598,852,164	87,098,463,866	19,377,851,428	23,378,179,944	67,620,600,735.88	63,720,284,022.13
2	Anticipated Endowment	54,027	55,598	27,874,347,575	25,290,852,797	18,188,659,773	16,933,293,943	9,000,303,507	9,202,316,284	9,188,356,266.84	7,732,977,659.49
3	Modified Endowment	184,709	170,384	87,928,864,267	79,110,925,511	56,675,704,961	51,457,400,562	16,030,535,594	16,719,606,668	40,645,169,367.13	35,737,993,893.70
4	Whole Life Policy	23,218	24,802	19,156,562,542	20,864,879,120	14,073,411,958	16,697,625,667	4,577,588,617	6,189,355,217	9,495,823,341.67	10,508,270,450.33
5	Term Insurance Policy	2,767	3,267	1,186,000,000	1,314,700,000	769,248,836	908,099,310	253,650,778	308,038,122	515,596,057.52	600,061,188.44
6	Special Term Policy	707	711	152,980,587	142,782,304	138,285,108	142,453,415	19,304,047	20,088,304	118,981,060.87	122,367,111.36
7	Endowment Single Premium	6,729	5,259	1,291,835,000	823,895,000	807,196,395	400,258,951	345,931,698	191,329,307	461,264,787.00	208,929,644.00
8	Single Premium O.E	-	-	-	-	-	-	-	-	-	-
9	Micro Term Insurance	833	1,964	91,637,000	195,599,230	99,026,596	212,186,606	11,581,524	33,649,464	87,445,072.00	178,537,181.52
	Total	691,935	686,782	271,126,389,581	258,822,625,940	178,349,985,791	174,851,784,420	50,216,747,102	56,042,563,309	128,133,238,689	118,609,221,111

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LIFE INSURANCE CORPORATION (NEPAL) LIMITED
Major Financial Indicators

Fig. in NPR

S.N	Particular	Indicators	Fiscal Year				
			2081/82	2080/81	2079/80	2078/79	2077/78
Equity:							
1	Net worth	NPR	10,577,426,223	6,865,957,257	5,976,338,398	4,960,502,990	4,275,403,522
2	Number of Shares	No.s	35,000,000	26,532,000	26,532,000	26,532,000	22,110,000
3	Book value per share	NPR	193.32	258.79	225.25	187.72	193.37
4	Net Profit	NPR	837,333,163	829,607,185	753,449,165	776,320,501	777,634,104
5	Earning per Share (EPS)	NPR	13.45	13.73	28.40	29.26	35.17
6	Dividend per Share (DPS)	NPR	10.53	-	-	-	-
7	Market Price per Share (MPPS)	NPR	889	1,457	1,585	1,415	2,342
8	Price Earning Ratio (PE Ratio)	Ratio	57.89	46.60	54.76	48.36	66.59
9	Change in Equity	%	54.06%	14.89%	13.76%	18.94%	21.72%
10	Return on Equity	%	9.60%	12.92%	12.61%	14.78%	17.62%
11	Affiliate Ratio	%	-	-	-	-	-
12	Market Share	%	11.20%	11.30%	12.01%	14.62%	14.54%
13	Net Earning Ratio	%	4.22%	4.61%	4.19%	4.35%	5.23%
14	Solvency Margin	%	150.30%	145.60%	376.20%	450.62%	335.27%
Income:							
15	Gross Earned Premium Growth Rate						
	Endowment	%	2.65%	0.49%	-1.28%	11.11%	20.33%
	Anticipated Endowment	%	13.19%	12.70%	2.77%	24.01%	43.23%
	Modified Endowment	%	12.52%	2.67%	-2.02%	11.52%	15.90%
	Whole Life Policy	%	-6.96%	-13.69%	-28.36%	-27.58%	-8.49%
	Term Insurance Policy	%	-3.17%	12.83%	7.64%	8.00%	8.44%
	Special Term Policy	%	22.15%	-19.19%	-3.11%	8.69%	16.43%
	Endowment Single Premium	%	1297.68%	167.81%	-34.11%	-13.67%	-5.61%
	Micro Term Insurance	%	-58.72%	-83.82%	-60.17%	-33.28%	-1.96%
16	First Year Premium Growth Rate						
	Endowment	%	-32.31%	-22.69%	-13.93%	-3.82%	27.26%
	Anticipated Endowment	%	5.29%	35.38%	32.31%	10.52%	4.81%
	Whole Life Policy	%	-44.10%	-44.89%	-54.78%	-92.97%	-48.99%
	Term Insurance Policy	%	-58.26%	-19.79%	23.99%	10.99%	34.60%
	Special Term Policy	%	27.65%	-69.91%	3.70%	-12.42%	126.52%
	Endowment Single Premium	%	57.42%	-56.13%	-34.11%	-13.67%	-5.61%
	Single Premium O.E	%	-	-	-	-	-
	Micro Term Insurance	%	-58.58%	-83.88%	-60.17%	-33.28%	-1.96%
17	Renewal Premium Growth Rate						
	Endowment	%	7.33%	1.44%	14.84%	18.68%	15.80%
	Anticipated Endowment	%	20.36%	15.29%	29.66%	69.20%	26.07%
	Whole Life Policy	%	-6.38%	-27.49%	-3.36%	23.23%	100.95%
	Term Insurance Policy	%	12.62%	1.65%	7.06%	1.27%	-2.46%
	Special Term Policy	%	21.92%	-3.91%	9.47%	10.75%	2.86%
	Endowment Single Premium	%	-	-	-	-	-
	Single Premium O.E	%	-	-	-	-	-
	Micro Term Insurance	%	-	-	-	-	-
18	Single Premium Growth Rate						
	Endowment	%	57.62%	43.87%	-34.11%	-13.67%	-5.61%
19	Reinsurance Ratio	%	0.54%	0.61%	0.28%	0.49%	0.35%
20	Retention Ratio	%	99.46%	99.38%	99.72%	99.51%	99.49%
21	Net Reinsurance Inflow / (Outflow)		(55,347,672)	(62,288,003)	(39,433,072)	(18,336,407)	36,924,779
22	RI Commission Income/ Premium Ceded	%	12.96%	13.30%	16.69%	13.14%	14.86%
23	Gross Premium Revenue/ Equity	%	188.50%	268.77%	292.29%	347.24%	400.96%
24	Net Premium Revenue/ Equity	%	187.48%	262.10%	290.93%	345.53%	398.77%
25	Gross Insurance Premiums/Total Assets	%	13.67%	14.10%	15.27%	18.33%	20.42%
26	Return on Investments and Loan Expenses:						
	Regulatory Expenses	%	14.28%	16.24%	16.75%	15.25%	14.20%
28	Management expenses Ratio	%	5.79%	6.11%	6.91%	5.66%	5.90%
29	Commission Ratio	%	7.41%	7.70%	8.2%	9.3%	9.8%
30	Direct Business Acquisition Ratio	%	32.79%	36.30%	38.63%	36.97%	33.98%
31	Agents Related Expenses to other operating expenses	%	339.5%	360.2%	307.39%	260.12%	309.25%
32	Agents Related Expenses to gross earned premium	%	2.19%	2.54%	2.19%	2.99%	2.92%
33	Employee Expenses to total expenses excluding claims & benefits	%	18.07%	17.80%	13.73%	15.96%	16.77%
Assets:							
34	Increment in Investment held	%	16.99%	15.94%	13.29	16.10	20.72
35	Increment in loan	%	-6.62%	1.52%	19.63%	25.36%	7.93%
36	Liquidity Ratio	%		179.8	184.8	258.05	318.11
37	Return on Assets	%	0.61%	0.66%	0.01	0.01	0.01
38	Long term investments/Total Investments	%	89.33%	87.52%	93.41%	86.47%	82.88%
39	Short term investments/Total Investments	%	10.67%	12.48%	6.59%	13.53%	17.11%
40	Total Investment & Loan/Gross Insurance Contract Liabilities	%	104.61%	102.76%	101.93%	102.30%	100.97%

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41	Investment in Unlisted Shares and Debtors/ Total Net Assets	%	0.009%	0.006%	0.0064%	0.00%	0.44%
Liabilities							
42	Increment in Gross Insurance Contract Liabilities	%	11.70%	12.50%	14.90%	15.75%	19.15%
43	Increment in Life Insurance Funds	%	11.25%	12.52%	14.93%	15.71%	19.17%
44	Claim Payment Reserve Including IBNR	%	144.05%	6.38%	13.99%	30.39%	26.81%
45	Gross Technical Provisions/ Gross Earned Premium	%	636.72%	638%	569%	507%	466%
46	Gross Technical Provisions/ Total Equity	%	1200.21%	1682.84%	1662.45%	1762.53%	1810.81%
47	Insurance Debt/ Total Equity	%	-	-	-	-	-
48	Loss Ratio	%	1.63%	1.88%	2.03%	2.94%	3.79%
49	Persistency Ratio	%	99.83%	99.90%	99.07%	99.38%	99.80%
50	Lapse Ratio	%	3.32%	3.54%	3.16%	3.80%	5.30%
51	No. of Outstanding Claim/ No. of Intimated Claims	%	23.73%	15.99%	21.11%	18.25%	19.00%
52	Total Number of In Force Policies	No.s	691,935	688,782	699,528	693,486	674,779
53	Number of Renewed Policy/ Last Year's Total Number of In Force Policies	%	64.76%	62.72%	65.13%	66.34%	58.27%
Others							
54	Declared Bonus Rate	Per'000	41-65	41-65	40-64	40-64	39-64
55	Interim Bonus Rate	Per'000	41-65	40-64	40-64	40-64	39-64
56	Number of Offices	No.s	79	79	78	78	77
57	Number of Agents (Active)	No.s	6,067	5,879	7,296	7,285	6,238
58	Number of Employees	No.s	261	242	244	236	242
59	Employee Expenses/Number of Employees	No.s	1,924,890	1,952,164	1,568,146	1,601,774	1,437,135

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Life Insurance Corporation (Nepal) Limited
Notes to the Financial Statements
for the year ended Ashadh 32, 2082 (July 16th, 2025)

1. General Information

Life Insurance Corporation (Nepal) Limited (herein after referred to as the 'Company') is a public limited company, incorporated on December 26, 2000 and operated as Life Insurance Company after obtaining license on August 7, 2001 under the Insurance Act 2049. The Life Insurance Corporation (Nepal) Limited Company is a Joint Venture of Life Insurance Corporation of India.

The registered office of the Company is located at Star Mall, Putalisadak, Kathmandu, Nepal. The Company's shares are listed on Nepal Stock Exchange on 21st March, 2003

The principal activities of the Company are to provide various life insurance products including participating and non-participating products through its province offices, branches, sub-branches, and network of agents.

2. Basis of Preparation

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Statement of Compliance

The Financial Statements of the Company comprises of Statement of Financial Position, Statement of Profit or Loss and Statement of Other Comprehensive Income shown as two separate statements, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Financial Statements which have been prepared in accordance with the Nepal Financial Reporting Standards (NFRS) issued by the Nepal Accounting Standards Board (ASB) and in compliance with the requirements of the Companies Act, 2006, directives issued by Nepal Insurance Authority and required disclosures as per Securities Board of Nepal. The format used in the preparation and presentation of the Financial Statements and disclosures made therein also complies with the specified formats prescribed in the directives of Nepal Insurance Authority.

The Financial Statements have been prepared on a going concern basis. The term NFRS, includes all the standards and the related interpretations which are consistently used.

The financial statements are approved for issue by the Company's Board of Directors on 03.07.2024

(b) Reporting Period and approval of financial statements

The Company reporting period is from 1st Shrawan 2081 to 32nd Ashadh 2082 (16th July 2024 to 16th July 2025) with the corresponding previous year from 1st Shrawan 2080 to 31st Ashadh 2081 (17th July 2023 to 15th July 2024).

(c) Basis of Measurement

The Financial Statements have been prepared on the historical cost basis except for following Assets & Liabilities which have been measured at Fair Value amount:

- i. Certain Financial Assets and Liabilities which are required to be measured at fair value
- ii. Defined Employee Benefits
- iii. Insurance Contract Liabilities which are required to be determined using actuarial valuation for Liability Adequacy Test (LAT).

Historical cost is generally Fair Value of the consideration given in exchange for goods and services.





Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

In addition, for Financial Reporting purposes, Fair Value measurements are categorized into Level 1, or 2 or 3 based on the degree to which the inputs to the Fair Value measurements are observable & the significance of the inputs to the Fair Value measurements in its entirety, which are described as follows:

- Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical Assets or Liabilities that the entity can access at the measurement date;
- Level 2- Inputs are inputs, other than quoted prices included within Level 1, that are observable for the Asset or Liability, either directly or indirectly; and
- Level 3- Inputs are unobservable inputs for the Asset or Liability.

(d) Use of Estimates, assumption, and judgement

The preparation of these Financial Statements in conformity with NFRS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the reported balance of Assets & Liabilities, disclosures relating to Contingent Liabilities as at the date of the Financial Statements and the reported amounts of Income & Expenses for the year presented. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Changes in estimates are reflected in the Financial Statements in the period in which changes are made and, if material, their effects are disclosed in the Notes to the Financial Statements.

(e) Functional and Presentation Currency

These Financial Statements are presented in Nepalese Rupees (NPR) which is the Company's functional currency. All financial information presented in NPR has been rounded to the nearest rupee except where indicated otherwise.

(f) Going Concern

The financial statements are prepared on going concern basis. The Board of Directors have considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources while assessing the going concern basis. Furthermore, Board is not aware of any material uncertainties that may cast significant doubt upon Company's ability to continue as a going concern and they do not intend either to liquidate or to cease operation of it.

(g) Change in Accounting Policies

Accounting Policies are the specific principles, bases, conventions, rules and practices applied by the Company in preparing and presenting financial statements. The Company is permitted to change an accounting policy only if the change is required by a standard or interpretation; or results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance, or cash flow.

(h) Recent Accounting Pronouncements

Accounting standards issued and effective

All accounting standards issued by Institute of Chartered Accountants of Nepal (ICAN) except mentioned below are effective and has been applied in preparation of these Financial Statements.

Accounting standards issued and non-effective

Institute of Chartered Accountants of Nepal (ICAN) has issued NFRS 17 (Insurance Contracts) which is yet to be effective.

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with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss.

Useful Life of Intangible Assets based on DBM is categorized as stated below:

List of Assets Categories	Useful Life (In Years) for SLM
Software	25%
Licenses	Not Applicable

iii) Derecognition

An Intangible Asset is derecognized when no Future Economic Benefits are expected to arise from the continued use of the Asset. Any Gain or Loss arising on the derecognition is determined as the difference between the sales proceeds and the carrying amount of the Asset and is recognized in the Statement of Profit or Loss.

iv) Impairment of Assets

The Company assesses at each reporting date as to whether there is any indication that Intangible Assets may be impaired. If any such indication exists, the recoverable amount of an asset is estimated to determine the extent of impairment, if any. An impairment loss is recognized in the Statement of Profit or Loss to the extent, asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

(b) Property and Equipment (P&E)

i) Recognition

Freehold land is carried at historical cost and other items of property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation when, it is probable that future economic benefits associated with the item will flow to the Company and it can be used for more than one year and the cost can be measured reliably.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it meets the recognition criteria as mentioned above. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

ii) Revaluation

After recognition as an assets, lands and buildings whose fair value can be measured reliably, have been carried at revalued amount at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Valuations are being performed to ensure that the fair value of a revalued asset does not materially differ from its carrying amount as at the reporting date. Valuation of the land and buildings are undertaken by professionally qualified valuers.

An increase in the carrying amount as a result of revaluation, is recognized in other comprehensive income and accumulated in equity under the heading of revaluation reserve. However, the increase is recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit and loss. A decrease in the carrying amount as a result of revaluation, is recognized in profit or loss.





However, the decrease is recognized in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred directly to retained earnings.

Difference between depreciation on the revalued carrying amount of the asset and depreciation based on the asset's original cost is transferred to retained earnings.

iii) Depreciation

Depreciation of Property, Plant and Equipment other than the Freehold Land i.e. the Company's Freehold Building, Plant & Machinery, Vehicles & Other Assets is provided on Diminishing Balance Method ((DBM)" based on Useful Life estimated by technical expert of the management.

The Assets Useful Life/ Rate of Depreciation and Residual Values are reviewed at the Reporting date and the effect of any changes in estimates are accounted for on a prospective basis.

Useful Life of Property, Plant and Equipment based on SLM/DBM is categorized as stated below:

List of Assets Categories	Useful Life (In Years) for SLM/Rate for WDV
Land	Not Applicable
Buildings	Not Applicable
Leasehold Improvement	Lease Period
Furniture & Fixture	25%
Computers and IT Equipment	25%
Officer Equipment	25%
Vehicles	20%
Other Assets	25%

iv) Derecognition

An item of Property, Plant and Equipment is derecognized up to disposal or when no Future Economic Benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of Property, Plant and Equipment is determined as the difference between the sales proceeds and the carrying amount of the Asset and is recognized in the Statement of Profit or Loss.

v) Impairment of Assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the Asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets. Assets that suffer an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. In case of such reversal, the carrying amount of the asset is increased so as not to exceed the carrying amount that would have been determined had there been no impairment loss.

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vi) Capital Work-In-Progress

These are expenses of capital nature directly incurred in the construction of buildings, major plant and machinery and system development which are to be capitalized. Capital Work in Progress would be transferred to the relevant asset when it is available for use. Capital Work in Progress is stated at cost less any accumulated impairment losses.

(c) Investment Properties

Cost Model

Property that is held for rental income or for capital appreciation or both, is classified as investment property. Investment properties are measured initially at cost, including related transaction cost. It is subsequently carried at cost less accumulated depreciation. Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Land is carried at historical cost; however, buildings are depreciated over their estimated useful lives as mentioned above.

Investment properties are derecognized either when they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of profit or loss in the year of retirement or disposal.

Transfer is made to (or from) investment property only when there is a change in use. For a transfer from investment property, the Company accounts for such property in accordance with the policy stated under PPE up to the date of change in use.

Fair Value Model

Fair Value Model Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market condition at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise, including the corresponding tax effect.

The fair value of investment property is determined by an external, independent property valuer, having appropriate recognized professional qualification and recent experience in the location and category by property being valued. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of profit or loss in the year of retirement or disposal. Transfer are made to (or from) investment property only when there is a change in use. For a transfer from investment property, the Company accounts for such property in accordance with the policy stated under PPE up to the date of change in use.

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Explanatory notes:

The company does not have any investment properties.

(d) Deferred Tax Assets and Liabilities

Deferred Tax Assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible Temporary difference and the carry forward of unused tax credits and unused tax losses can be utilized. Deferred Tax Liabilities are generally recognized for all taxable Temporary Difference.

The carrying amount of Deferred Tax Assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the Deferred Tax Asset to be utilized.

Particulars	Previous Year	Movement	Current year
Property and Equipment	(41,989,821)	7,129,003	-49,118,824
Financial Assets at FVTOCI	(120,855,198)	-94,450,878	-26,404,320
Provision for Leave	16,471,257	3,540,686	12,930,571
Provision for Gratuity	37,138,859	47,869,689	-10,730,830
Impairment Loss on Financial Assets	4,363,255	0	4,363,255
Others (Lease Liability as per NFRS 16)	48,306,346	-2,211,668	50,518,014
Deferred Tax Assets/ (Liabilities)	-56,565,302	-38,123,168	-18,442,134

(e) Financial Assets

i) Initial Recognition & Measurement

Financial Assets are recognized when, and only when, the Company becomes a party to the contractual provisions of the Financial Instrument. The Company determines the classification of its Financial Assets at initial recognition.

When Financial Assets are recognized initially, they are measured at Fair Value, plus, in the case of Financial Assets not at fair value through profit or loss, transaction costs that are attributable to the acquisition of the Financial Asset. Transaction costs of Financial Assets carried at Fair Value through Profit or Loss are expensed in the Statement of Profit or Loss.

ii) Subsequent Measurement

a) Financial Assets carried at Amortized Cost (AC)

A Financial Asset is measured at amortized cost if it is held within a business model whose objective is achieved is to hold the asset in order to collect contractual cash flows and the contractual terms of the Financial Asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income in these financial assets is measured using effective interest rate method.

b) Financial Assets at Fair Value through Other Comprehensive Income (FVTOCI)

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A Financial Asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling Financial Assets and the contractual terms of the Financial Asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are measured at fair value and changes are taken to statement of other comprehensive income.

c) Financial Assets at Fair Value through Profit or Loss (FVTPL)

A Financial Asset which is not classified in any of the above categories are measured at FVTPL. These financial assets are measured at fair value and changes are taken to statement of profit or loss.

iii) De-Recognition

A Financial Assets is derecognized only when the Company has transferred the rights to receive cash flows from the Financial Assets. Where the Company has transferred an Asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the Financial Asset. In such cases, the Financial Asset is derecognized. Where the Company has not transferred substantially all risks and rewards of ownership of the Financial Asset, the Financial Asset is not derecognized. Where the Company retains control of the Financial Asset, the Asset is continued to be recognized to the extent of continuing involvement in the Financial Asset.

iv) Impairment of Financial Assets

The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a financial asset or a group of financial assets is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Explanatory notes:

The company has investments in term deposits of banks and government bonds. These financial assets are carried at Amortized Cost. Insurance receivables and other financial assets are recognized at realizable value. Detail of cumulative impairment loss on the financial assets has been presented below:

Financial Assets	Measured at	Gross Carrying Value	Cumulative Impairment	Net Balance	Impairment Disclosure
Loans to Agent	Amortized Cost	34,510,484	17,453,021	17,057,463.00	Incurred Basis.
Sundry Debtors	Amortized Cost	4,030,382	461,837	3,568,545.00	Incurred Basis.
TOTAL		38,540,866	17,914,858	20,626,008	

Out of cumulative Impairment of NPR. 1,7914,858 there is no impairment expense related to the financial year 2081.82.

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(f) Reinsurance Assets

Reinsurance assets are the assets which are created against insurance contract liabilities of the amount which are recoverable from the reinsurer. These assets are created for the reinsurer's share of insurance contract liabilities.

A reinsurance asset is impaired if there is objective evidence, as a result of an event that occurred after the initial recognition of the reinsurance asset, that the Company may not receive all amounts due to it under the terms of the contract, and the event has a reliably measurable impact on the amount that the company will receive from the re-insurer. If a reinsurance asset is impaired, the company reduce the carrying amount accordingly and is recognized in statement of profit or loss.

Explanatory notes:

The company has not created reinsurance assets for Claim Payment however Insurance receivable is booked.

(g) Current Tax Assets

Current Tax Assets are the assets which are created against the excess amount paid as advance tax than the actual income tax liability.

(h) Cash & Cash Equivalent

Cash & Cash Equivalents includes Cash in Hand, Cheque in Hand, Bank Balances and short-term deposits with a maturity of three months or less.

(i) Financial Liabilities

i) Initial Recognition & Measurement

Financial Liabilities are recognized when, and only when, the Company becomes a party to the contractual provisions of the Financial Instrument. The Company determines the classification of its Financial Liabilities at initial recognition.

All Financial Liabilities are recognized initially at Fair Value, plus, in the case of Financial Liabilities not at fair value through profit or loss, transaction costs that are attributable to the issue of the Financial Liability.

ii) Subsequent Measurement

After initial recognition, Financial Liabilities are subsequently measured at amortized cost using the Effective Interest Method.

For trade and other payables maturing within one year from the date of Statement of Financial Position, the carrying amounts approximate Fair Value due to short maturity of these instruments.

iii) De-Recognition

A Financial Liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. When an existing Financial Liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the Statement of Profit or Loss.

(j) Offsetting financial Instruments

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Financial assets and liabilities are offset and the net amount is reported in the Statement of Financial Position where there is legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

Explanatory notes:

The company has not offset financial assets with liabilities in this reporting period.

(k) Equity

Financial Instruments issued by the Company are classified as Equity only to the extent that they do not meet the definition of a Financial Liability or Financial Asset.

(l) Reserves and Funds

- i) **Share Application Money Pending Allotment:** Not Applicable
- ii) **Share Premium:** If the Company issues share capital at premium, it receives extra amount other than share capital such amount is transferred to share premium. The amount in share premium is allowed for distribution subject to provisions of company act & regulatory requirement
- iii) **Catastrophe Reserve:** 10% of net profit before adjustment of deferred tax income/expense is transferred to this reserve as required by Insurer's Financial Statement Related Directive, 2080.
- iv) **Fair Value Reserve:** The Company has policy of creating fair value reserve equal to the amount of fair value Gain recognized in statement of other comprehensive income.
- v) **Actuarial Reserves:** his reserve is created against actuarial gain or loss on present value of defined benefit obligation resulting from experience adjustments (the effects of differences between the previous actuarial assumptions and what has occurred) and the effects of changes in actuarial assumptions. The company performs revaluation of defined benefit obligation in annual basis at the end of fiscal year.
- vi) **Revaluation Reserves:** Reserve created against revaluation gain on property, plant & equipment & intangible assets, other than the reversal or earlier revaluation losses charged to profit or loss.

Explanatory notes:

The company has not created revaluation reserve in this reporting period.

- vii) **Corporate Social Responsibility Reserves:** 1% of net profit before adjustment of deferred tax income/expense is transferred to this reserve as required by Insurer's Financial Statement Related Directive, 2080.
- viii) **Deferred Tax Reserves:** Deferred tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary difference arises from the item related to the statement of profit and loss are transferred to this reserve as per the financial directive issued by NIA.
- ix) **Other Reserves:** Regulatory reserve represents the amount transferred to Regulatory Reserve due to excess profit generated from NFRS based financial statement over GAAP based financial statement as per regulatory provision. The company has regulatory reserve of NRs 331,031,641 which has not been transferred to retained earnings.

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(m) Gross Insurance Contract Liabilities

Liability adequacy

At each reporting date, the Company reviews its unexpired risk and a liability adequacy test is performed to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premiums. The calculation uses current estimates of future contractual cash flows after taking account of the investment return expected to arise on assets relating to the relevant life insurance technical provisions. If these estimates show that the carrying amount of the unearned premiums is inadequate, the deficiency is recognized in the statement of profit or loss by setting up a provision for liability.

(n) Employee Benefits

i) Short Term Obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligation in the Statement of Financial Position.

ii) Post-Employment Benefits

-Defined Contribution Plan

The Company pays Provident Fund contributions to publicly administered Provident Funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contribution are recognized as Employee Benefit Expenses when they are due.

-Defined Benefit Plan

For Defined Benefit Plan, the cost of providing benefits is determined using the Projected Unit Credit Method, with Actuarial Valuations being carried out at each Statement of Financial Position. Actuarial Gains & Losses are recognized in the Other Comprehensive Income in the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested and otherwise is amortized on a Straight-Line Basis over the average period until the benefits become vested. The retirement benefit obligation recognized in the Statement of Financial Position represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, as reduced by the Fair Value of plan Assets (If Any). Any Asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

iii) Long Term Employee Benefits

The liabilities for un-availed earned leaves are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. Leave Encashment has been computed using Actuarial Assumptions and these are measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the year using the Projected Unit Credit Method. The benefits are discounted using the market yields at the end of the year that have terms approximating to the terms of assumptions.

iv) Termination

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts voluntary retirement in exchange of these benefits. The Company recognizes termination benefits at the earlier of the following dates:

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- a) When the Company can no longer withdraw the offer of those benefits; and
- b) When the entity recognizes costs for a restructuring that is within the scope of NAS 37 and involves the payment of termination benefits. The termination benefits are measured based on the number of employees expected to accept the offer in case of voluntary retirement scheme.

(o) Revenue Recognition

i) Gross Premium

Gross premium income is recognized on a cash basis as and when it is due (Premium received but not due is shown as advance premium under other liabilities) in accordance with Insurance Act. Cash received in advance is recognized as premium income during the period to which they relate. Premium ceded to the reinsurer during the year has been separately recognized under "Premium ceded to Reinsurer". Entire single premium income is recognized on a cash basis and related reserve is booked as per Actuarial valuation directive, 2077 issued by the Nepal Insurance Authority.

Explanatory notes:

The above policy for recognition of gross premium income has been continued as NFRS 17 is yet to be adopted.

ii) Unearned Premium Reserves

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned premiums are calculated on a pro rate basis. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

iii) Premiums on Reinsurance Accepted

Premium on reinsurance accepted comprise the total premiums payable for the whole cover provided by contracts entered into the period and are recognized on the date on which the policy incepts. Premiums include any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods. Unearned reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date.

Reinsurance premiums and claims on the face of the statement of profit or loss have been presented as negative items within premiums and net benefits and claims, respectively, because this is consistent with how the business is managed.

Explanatory notes:

The company has not accepted any reinsurance business in this reporting period.

iv) Commission Income

Commission Income is recognized on accrual basis. If the income is for future periods, then they are deferred and recognized over those future periods.

v) Investment Income

Interest income is recognized in the statement of profit or loss as it accrues and is calculated by using the EIR method. Fees and commission that are an integral part of the effective yield of the financial asset are recognized as an adjustment to the EIR of the instrument.

vi) Net realized gains and losses

Net realized gains and losses recorded in the statement of profit or loss include gains and losses on financial assets and properties. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortized cost and are recorded on occurrence of the sale transaction.'

vii) Other Income

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Other income includes profit on sale of property and equipment, finance income, and other miscellaneous income.

(p) Benefit, Claims and Expenses

i) Gross Benefits and Claims

Benefits and claims include the cost of all claims arising during the year, including external claims handling costs that are directly related to processing and settlement of claims. Benefits and claims that are incurred during the financial year are recognized when a claimable event occurs and/or the insurer is notified. Death, surrender and other benefits without due dates are treated as claims payable, on the date of receipt of intimation of death of the assured or occurrence of contingency covered.

ii) Reinsurance Claims

Reinsurance claims are recognized when the related gross insurance claim is recognized according to the term of the relevant contracts.

iii) Commission Expenses

Commission expenses are recognized on accrual basis. If the expenses is for future periods, then they are deferred and recognized over those future periods.

iv) Service Fees:

Service fees are recognized on accrual basis as per the rates mentioned in Insurance act, 2079.

v) Finance Cost:

Finance costs are recognized for the period relating to unwinding of discount and interest expenses due to re-measurement of liabilities.

(q) Product Classification

Insurance contracts are those contracts when the Company (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Company determines whether it has significant insurance risk by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.

The Company has following portfolios under which it operates its business:

i) Endowment

This is a with profit plan that makes provisions for the family of the Life Assured in event of his early death and also assures a lump sum at a desired age on maturity. It costs moderate premiums, has high liquidity and is savings oriented. This plan is opted for people of all ages and social groups who wish to protect their families from a financial setback that may occur owing to their demise.

ii) Anticipated

This scheme provides for specific periodic payments or partial survival benefits during the term of the policy itself so long as the policy holder is alive. It is therefore suitable to meet specified financial requirements needed for occasions like Brata Bandha, Academic Graduations etc. An important feature of plan is that in the event of death at any time within the policy term, the death claim comprises full sum assured without deducting any of the survival benefit amounts, which have already been paid. It is also with profit plan.

iii) Endowment Cum Whole Life

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This plan is a combination of Endowment Assurance and Whole Life with profit plan. It provided financial protection against death throughout the lifetime of the life assured with the provision of payment of a lump sum at the maturity of the policy to the assured in case of his survival.

iv) Whole Life

Whole life is a type of life insurance contract that provides insurance coverage of the contract holder for his or her entire life. Upon the inevitable death of the contract holder, the insurance payout is made to the contract's beneficiaries. These policies also include a savings component, which accumulates a cash value. This cash value is one of the key elements of whole life insurance.

v) Other Term

Term life insurance, also known as pure life insurance, is life insurance that guarantees payment of a stated death benefit during a specified term. Once the term expires, the policyholder can renew it for another term, convert the policy to permanent coverage, or allow the policy to terminate.

vi) Special Term

Special Term insurance is modified version of term insurance with added benefits.

(r) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets is substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in statement of profit or loss in the period in which they are incurred.

(s) Cash Flow Statement

Cash Flows are reported using the direct method, whereby major classes of cash receipts and cash payments are disclosed as cash flows.

(t) Leases

The lease liability has been accounted for under NFRS 16 "Leases". For all the significant lease, the Right-of-Use assets has been recognized at its initial recognition under cash model. The Lease liability has been recognized at the present value of the lease payments that are not paid at that date. The lease payment has been discounted at the incremental borrowing rate in lease which is 10%.

After the commencement date, the right of use asset has been measured using cost model. The lease liability has been increased to reflect interest on the lease liability & has been reduced by the lease payment.

Expenses recognized as per NFRS 16:

Particulars	Amount
Depreciation on Right of Use (ROU) Assets	41,070,957
Finance Cost	19,285,859

Assets and Liabilities recognized as per NFRS 16:

Particulars	Amount
Right of Use (ROU) Assets	154,807,223
Lease Liability	185,622,139



Short- Term Lease

Any lease agreement with non-cancellable period of up-to 12 months and lease agreement with value of underlying assets identified as of low value have been identified and accounted for as Rent Expense. Lease payments under such leases are booked as expense in straight basis or other basis, where appropriate, normally in case of short-term leases. During the year, company has accounted no any rent expenditure accounted in Statement of Profit/(Loss).

(u) Income Taxes

Income Tax Expense represents the sum of the current tax & Deferred Tax.

i) Current Tax

Current Tax Expenses are accounted in the same period to which the revenue and expenses relate. Provision for Current Income Tax is made for the Tax Liability payable on Taxable Income after considering tax allowances, deductions and exemptions determined in accordance with the applicable tax rates and the prevailing tax laws.

ii) Deferred Tax

Deferred Tax is recognized on temporary difference between the carrying amounts of Assets and Liabilities in the Statement of Financial Position and their Tax Base. Deferred Tax Assets & Liabilities are recognized for deductible and taxable temporary differences arising between the tax base of Assets & Liability in a transaction that is not a business combination and affects neither accounting nor taxable Profit nor Loss at the time of the transaction.

(v) Provisions, Contingent Liabilities & Contingent Assets

i) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate to determine the present value is a Pre-Tax Rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expenses.

Provisions for Contingent Liability are recognized in the books a matter of abundant precaution and conservative approach based on management's best estimate. However, Management believes that chances of these matters going against the company are remote and there will not be any probable cash outflow.

ii) Contingent Liabilities

Contingent Liabilities are recognized only when there is a possible obligation arising from past events due to occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

iii) Contingent Assets

Contingent assets where it is probable that future economic benefits will flow to the Company are not recognized but disclosed in the Financial Statements.

(w) Functional Currency & Foreign Currency Transactions

The Financial Statements of the Company are presented in Nepalese Rupees, which in the Company's Functional Currency. In preparing the Financial Statements of the Company, transactions in currencies other than the Company's Functional Currency i.e., Foreign Currencies are recognized at the rates of exchange prevailing at the dates of the transactions.

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(x) **Earnings Per Share**

Basic Earnings per share is calculated by dividing the profit attributable to owners of the company by the Weighted Average Number of equities shares outstanding during the Financial Year.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assumed conversion of all dilutive potential ordinary shares.

Explanatory Notes:

EPS have been restated reflecting the adjustment of Bonus element in Right Share and Bonus Share issue as per prescribed provision stated in NAS 33 "Earning Per Share"

(y) **Operating Segment**

Operating Segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM) as defined by NFRS 8, "Operating Segment".

Company's Income & Expenses including interest are considered as part of un-allocable Income & Expenses which are not identifiable to any business segment. Company's Asset & Liabilities are considered as part of un-allocable Assets & Liabilities which are not identifiable to any business.

The Company operates predominantly in Nepal and accordingly, the Management of the Company is of the view that the financial information by geographical segments of the Company's operation is not necessary to be however the company does financial planning for measuring business performance of geographical areas within Nepal (as called "province offices"). The company has portfolios that are measured as business segment

Business Segments of the company are:

1. Endowment
2. Anticipated Endowment
3. Modified Endowment
4. Whole Life Policy
5. Term Insurance Policy
6. Special Term Policy
7. Endowment Single Premium
8. Single Premium O.E
9. Micro Term Insurance



Handwritten signatures and a circular stamp of Life Insurance Corporation (Nepal) Ltd. are present at the bottom of the page. The signatures are in various colors and styles, including blue, black, and red ink. The circular stamp of Life Insurance Corporation (Nepal) Ltd. is in the center, featuring a logo with a bird and the text "Life Insurance Corporation (Nepal) Ltd." around the perimeter.

