



# हिमालयन लाइफ इन्स्योरेन्स लिमिटेड

## HIMALAYAN LIFE INSURANCE LIMITED

मनकामना मार्ग, हात्तिसार, काठमाडौं

फोन: ०१-४४४९४९४९, ०१-५९७००५७ | पो.ब.नं. २५९७९

E-mail: info@himalayanlife.com.np | Website: www.himalayanlife.com.np

### Quarterly Financial Results for 2nd Quarter, F.Y. 2082/83 B.S.

#### CONDENSED STATEMENT OF FINANCIAL POSITION

As on Poush 30, 2082

#### Disclosure as per Section 84(3) of Insurance Act, 2079

##### 1. Solvency Ratio:

The Company has maintained solvency ratio of 1.32 for the Fiscal Year 2081/82 as approved by the Nepal Insurance Authority.

##### 2. Reinsurance:

The Company has made adequate reinsurance arrangement including catastrophic reinsurance arrangement with Himalayan Re and Nepal Re to cover the risk from the class of its business.

##### 3. Details regarding legal proceeding:

There are no cases filed by or against the company.

##### 4. Corporate Governance:

Company has complied Corporate Governance Directive issued by Nepal Insurance Authority.

##### 5. Regulatory limit on expenses ratio:

The Current Management expense ratio is 8.83% with respect to Total Premium Collection. Similarly, for the previous year corresponding quarter ending the expenses ratio is 8.71% of TPI.

##### 6. Note:

Detailed interim financial statement is published in company's website: www.himalayanlife.com.np.

#### Notes to the Interim Financial Statements for the quarter ended Poush 30, 2082 (January 14, 2026)

##### General Information

Himalayan Life Insurance Limited is incorporated under the laws of Nepal. Himalayan Life Insurance Limited has been formed by the merger of erstwhile Prime Life Insurance Company Limited, Union Life Insurance Company Limited and Gurans Life Insurance Company Limited.

##### Basis of Preparation

Condensed financial statements for the period is prepared in accordance with Insurer's Financial Statement related Directive 2080, Quarterly Financial Statement related circular 2080 issued by Nepal Insurance Authority, Nepal Financial Reporting Standards (NFRS) published by Accounting Standards Board, Nepal (ASB Nepal) and pronounced by The Institute of Chartered Accountants of Nepal (ICAN).

##### Statement of Compliance

Condensed 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, Statement of Distributable Profit or Loss 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 and circular issued by Nepal Insurance Authority. 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.

##### Reporting Period

The Company reporting period is as below - Condensed Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity - As at the end of Quarter (30 Poush, 2082) with comparative period as preceding year (Ashad End, 2082). Condensed Statement of Profit or Loss, Statement of other comprehensive income, Statement of Distributable Profit or Loss - From Shrawan 1, 2082 to Poush 30, 2082 with corresponding previous quarter.

##### 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.

#### PUBLISHED AS PER ANNEXURE 14 OF RULE 26 OF SUB RULE (1) OF SECURITIES REGISTRATION AND ISSUE REGULATION, 2073 SECOND QUARTER OF FINANCIAL YEAR 2082/83

##### 1. Financial Statements

a) The Statement of Financial Position, Statement of Profit and Loss, Statement of Other Comprehensive Income, and other details of Second Quarter of F.Y. 2082/83 have been published in this national daily newspaper.

##### b) Major Financial Indicators:

Earnings per Share: Rs.4.52	Net Worth Per Share: 106.91
P/E Ratio: 80.69	Total Assets per Share: 1,064.40

##### 2. Management Analysis:

a) Company's revenue, earnings and liquidity situation in the quarter: Satisfactory  
b) Analytical Details regarding the business plan of the management for the next period: The company has planned to increase its market share by increasing its penetration in new geographical markets. The company has planned to develop innovation insurance plans to meet the requirement of the society. The company has also planned to increase its agency network to increase its market share and also promote insurance business through various training and awareness programs. The company has also planned for technology advancement to increase efficiency and customer service.

##### 3. Details of Legal Proceedings:

There are no cases filed by or against the company.

##### 4. Analysis of Share Transaction of the company:

a) Opinion of the management regarding the share transactions of the company in the securities market: Satisfactory

b) Details of the Maximum, Minimum, Last price, Total transaction days and Transaction volume of the company in the quarter:

Maximum Price: 397.00	Minimum Price: 355.00	Close Price: 364.90
Transaction Numbers / Total Trades: 19,413	Transaction Share Numbers / Total Traded Quantity: 25,13,035	Transaction Days: 55 Days

##### 5. Problems and Challenges:

The strategy of the management for solving the company's internal and external problems and challenges: At present the lack of adequate human resources, lack of long-term investment opportunities, increasing competition in the market have been the main challenges for the company. The company has prepared proper business plans and strategies to grow the company's business.

##### 6. Corporate Good Governance:

Details of the actions taken by the management for enhancing the Corporate Good Governance: The company has fully complied with the corporate good governance directive 2080 issued by Nepal Insurance Authority. The company is continuously monitoring the compliance with the corporate good governance directive with the help of its comprehensive manuals and regulations. The Board of Directors, Audit Committee, Senior Management and Compliance Officer are committed to upholding Corporate good governance practices in the company.

##### 7. Self-Declaration of Chief Executive Officer about the truthfulness of financials/information:

I, CEO of the company, take responsibility on the truthfulness of the information and particulars disclosed in this report to the best of my knowledge. Further, I declare that the particulars mentioned in the report, to the best of my knowledge, are true, fair and complete except as mentioned in the notes at the time of publication of this report and have not knowingly concealed any material particulars information for the investor to take informed decisions.

#### CONDENSED STATEMENT OF FINANCIAL POSITION

As on Poush 30, 2082

Fig in NPR.

Particulars	Group		Insurance			
	Unaudited At the end of this Quarter	Unaudited At the end of Immediate Previous Year	Unaudited At the end of this Quarter	Unaudited At the end of Immediate Previous Year		
<b>Assets:</b>						
Goodwill & Intangible Assets	30,584,789	30,902,441	29,281,490	30,530,234		
Property and Equipment	769,246,814	613,270,110	755,768,580	604,799,217		
Investment Properties	758,160,000	758,160,000	758,160,000	758,160,000		
Deferred Tax Assets	31,588,075	-	30,824,989	-		
Investment in Subsidiaries	-	-	150,000,000	150,000,000		
Investment in Associates	111,486,207	107,623,920	111,486,207	107,623,920		
Investments	81,853,043,178	74,860,235,831	81,853,043,178	74,705,064,625		
Loans	8,361,346,416	8,006,142,069	8,361,346,416	8,006,142,069		
Reinsurance Assets	6,545,000	6,345,000	6,545,000	6,345,000		
Current Tax Assets	895,572,433	619,865,883	895,572,433	616,527,524		
Insurance Receivables	472,232	478,236	472,232	478,236		
Other Assets	33,357,389	26,242,592	33,326,461	26,057,447		
Other Financial Assets	2,787,974,921	4,479,779,042	2,557,104,317	4,450,559,698		
Cash and Cash Equivalent	1,783,006,127	2,151,900,580	1,777,639,188	2,144,474,817		
<b>Total Assets</b>	<b>97,422,383,580</b>	<b>91,660,945,703</b>	<b>97,320,570,490</b>	<b>91,606,762,788</b>		
<b>Equity:</b>						
Share Capital	9,143,237,306	9,143,237,306	9,143,237,306	9,143,237,306		
Share Application Money Pending Allotment	-	-	-	-		
Share Premium	-	-	-	-		
Catastrophe Reserves	461,135,219	465,932,145	461,135,219	465,932,145		
Retained Earnings	971,947,546	690,508,281	947,624,629	702,909,188		
Other Equity	(726,591,836)	(94,360,352)	(776,591,836)	(144,360,352)		
<b>Total Equity</b>	<b>9,849,728,235</b>	<b>10,205,317,380</b>	<b>9,775,405,317</b>	<b>10,167,718,287</b>		
<b>Liabilities:</b>						
Provisions	511,128,704	162,728,782	509,110,990	162,561,235		
Gross Insurance Contract Liabilities	83,117,525,785	77,045,467,012	83,117,525,785	77,045,467,012		
Deferred Tax Liabilities	-	140,761,764	-	141,921,323		
Insurance Payable	185,671,780	318,777,345	185,671,780	318,777,345		
Current Tax Liabilities	7,768,237	-	-	-		
Borrowings	-	-	-	-		
Other Liabilities	2,782,001,121	2,691,079,997	2,782,001,121	2,691,079,997		
Other Financial Liabilities	968,559,717	1,096,813,424	950,855,496	1,079,237,588		
<b>Total Liabilities</b>	<b>87,572,655,345</b>	<b>81,455,628,323</b>	<b>87,545,165,172</b>	<b>81,439,044,500</b>		
<b>Total Equity and Liabilities</b>	<b>97,422,383,580</b>	<b>91,660,945,703</b>	<b>97,320,570,490</b>	<b>91,606,762,788</b>		

#### CONDENSED STATEMENT OF PROFIT OR LOSS

For the Quarter Ended Poush 30, 2082

Fig in NPR.

Particulars	Group		Insurance			
	Current Year This Quarter	Upto this Quarter (YTD)	Current Year This Quarter	Upto this Quarter (YTD)	Current Year This Quarter	Upto this Quarter (YTD)
<b>Income:</b>						

**Himalayan Life Insurance Limited**  
**Manakamana Marg, Hattisar, Kathmandu, Contact No. 01-4441414**

**Quarterly Financial Results for 2nd Quarter, F.Y. 2082/83 B.S**  
**CONDENSED STATEMENT OF FINANCIAL POSITION**  
**As on Poush 30, 2082**

Particulars	Group	
	Unaudited	Unaudited
	At the end of this Quarter	At the end of Immediate Previous Year
<b>Assets:</b>		
Goodwill & Intangible Assets	30,584,789	30,902,441
Property and Equipment	769,246,814	613,270,110
Investment Properties	758,160,000	758,160,000
Deferred Tax Assets	31,588,075	-
Investment in Subsidiaries	-	-
Investment in Associates	111,486,207	107,623,920
Investments	81,853,043,178	74,860,235,831
Loans	8,361,346,416	8,006,142,069
Reinsurance Assets	6,545,000	6,345,000
Current Tax Assets	895,572,433	619,865,883
Insurance Receivables	472,232	478,236
Other Assets	33,357,389	26,242,592
Other Financial Assets	2,787,974,921	4,479,779,042
Cash and Cash Equivalent	1,783,006,127	2,151,900,580
<b>Total Assets</b>	<b>97,422,383,580</b>	<b>91,660,945,703</b>
<b>Equity:</b>		
Share Capital	9,143,237,306	9,143,237,306
Share Application Money Pending Allotment	-	-
Share Premium	-	-
Catastrophe Reserves	461,135,219	465,932,145
Retained Earnings	971,947,546	690,508,281
Other Equity	(726,591,836)	(94,360,352)
<b>Total Equity</b>	<b>9,849,728,235</b>	<b>10,205,317,380</b>
<b>Liabilities:</b>		
Provisions	511,128,704	162,728,782
Gross Insurance Contract Liabilities	83,117,525,785	77,045,467,012
Deferred Tax Liabilities	-	140,761,764
Insurance Payable	185,671,780	318,777,345
Current Tax Liabilities	7,768,237	-
Borrowings	-	-
Other Liabilities	2,782,001,121	2,691,079,997
Other Financial Liabilities	968,559,717	1,096,813,424
<b>Total Liabilities</b>	<b>87,572,655,345</b>	<b>81,455,628,323</b>
<b>Total Equity and Liabilities</b>	<b>97,422,383,580</b>	<b>91,660,945,703</b>

Fig in NPR.	
Insurance	
Unaudited	Unaudited
At the end of this Quarter	At the end of Immediate Previous Year
29,281,490	30,530,234
755,768,580	604,799,217
758,160,000	758,160,000
30,824,989	-
150,000,000	150,000,000
111,486,207	107,623,920
81,853,043,178	74,705,064,625
8,361,346,416	8,006,142,069
6,545,000	6,345,000
895,572,433	616,527,524
472,232	478,236
33,326,461	26,057,447
2,557,104,317	4,450,559,698
1,777,639,188	2,144,474,817
<b>97,320,570,490</b>	<b>91,606,762,788</b>
9,143,237,306	9,143,237,306
-	-
-	-
461,135,219	465,932,145
947,624,629	702,909,188
(776,591,836)	(144,360,352)
<b>9,775,405,317</b>	<b>10,167,718,287</b>
509,110,990	162,561,235
83,117,525,785	77,045,467,012
-	141,921,323
185,671,780	318,777,345
-	-
2,782,001,121	2,691,079,997
950,855,496	1,079,237,588
<b>87,545,165,172</b>	<b>81,439,044,500</b>
<b>97,320,570,490</b>	<b>91,606,762,788</b>

**CONDENSED STATEMENT OF PROFIT OR LOSS**  
For the Quarter Ended Poush 30, 2082

Particulars	Group				Insurance				Fig in NPR.	
	Current Year		Corresponding Previous Year		Current Year		Corresponding Previous Year			
	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)		
<b>Income:</b>										
Gross Earned Premiums	4,186,664,282	8,623,713,944	3,989,036,395	8,267,737,405	4,186,664,282	8,623,713,944	3,989,036,395	8,267,737,405		
Premiums Ceded	(104,843,319)	(215,958,602)	(98,238,880)	(206,746,560)	(104,843,319)	(215,958,602)	(98,238,880)	(206,746,560)		
<b>Net Earned Premiums</b>	<b>4,081,820,963</b>	<b>8,407,755,342</b>	<b>3,890,797,515</b>	<b>8,060,990,845</b>	<b>4,081,820,963</b>	<b>8,407,755,342</b>	<b>3,890,797,515</b>	<b>8,060,990,845</b>		
Commission Income	-	-	39,255,162	39,255,162	-	-	39,255,162	39,255,162		
Other Direct Income	30,271,568	53,040,223	18,287,986	38,158,698	30,271,568	53,040,223	18,287,986	38,158,698		
Interest Income on Loan to Policyholders	179,343,947	365,902,611	232,424,395	446,837,100	179,343,947	365,902,611	232,424,395	446,837,100		
Income from Investments and Loans	1,235,135,745	2,586,125,424	1,411,722,620	2,897,898,010	1,235,135,745	2,586,125,424	1,411,722,620	2,897,898,010		
Net Gain/(Loss) on Fair Value Changes	8,175,560	13,871,304	(1,107,749)	(5,202,536)	-	-	-	-		
Net Realised Gains/(Losses)	1,948,578	133,550,946	57,462,606	721,003,646	1,948,578	133,550,946	57,462,606	721,003,646		
Other Income	3,056,276	9,283,392	10,306,881	10,499,706	3,056,276	9,283,392	10,306,881	10,499,706		
<b>Total Income</b>	<b>5,539,752,637</b>	<b>11,569,529,243</b>	<b>5,659,149,415</b>	<b>12,209,440,631</b>	<b>5,531,577,077</b>	<b>11,555,657,938</b>	<b>5,660,257,164</b>	<b>12,214,643,167</b>		
<b>Expenses:</b>										
Gross Benefits and Claims Paid	1,876,834,259	3,644,358,095	1,511,347,934	3,049,214,914	1,876,834,259	3,644,358,095	1,511,347,934	3,049,214,914		
Claims Ceded	(54,546,342)	(78,077,327)	(42,060,086)	(66,048,058)	(54,546,342)	(78,077,327)	(42,060,086)	(66,048,058)		
Gross Change in Contract Liabilities	2,711,803,348	6,038,858,279	3,277,201,551	6,909,335,675	2,711,803,348	6,038,858,279	3,277,201,551	6,909,335,675		
Change in Contract Liabilities Ceded to Reinsurers	(1,077,500) -	200,000	715,500	715,500	(1,077,500)	(200,000)	715,500	715,500		
<b>Net Benefits and Claims Paid</b>	<b>4,533,013,765</b>	<b>9,604,939,047</b>	<b>4,747,204,898</b>	<b>9,893,218,031</b>	<b>4,533,013,765</b>	<b>9,604,939,047</b>	<b>4,747,204,898</b>	<b>9,893,218,031</b>		
Commission Expenses	335,443,634	687,698,978	315,698,249	658,921,266	335,443,634	687,698,978	315,698,249	658,921,266		
Service Fees	30,613,657	63,058,165	29,181,122	60,457,431	30,613,657	63,058,165	29,181,122	60,457,431		
Other Direct expenses	-	-	-	-	-	-	-	-		
Employee Benefits Expenses	246,473,315	531,924,260	212,889,892	472,464,759	246,473,315	531,924,260	212,889,892	472,464,759		
Depreciation and Amortization Expenses	9,433,741	18,760,631	10,376,690	20,543,707	9,433,741	18,760,631	10,376,690	20,543,707		
Impairment Losses	-	-	-	-	-	-	-	-		
Other Operating Expenses	123,342,684	210,993,831	135,693,263	227,372,129	123,342,684	210,993,831	135,693,263	227,372,129		
Finance Cost	-	-	-	-	-	-	-	-		
<b>Total Expenses</b>	<b>5,278,320,796</b>	<b>11,117,374,912</b>	<b>5,451,044,114</b>	<b>11,332,977,322</b>	<b>5,278,320,796</b>	<b>11,117,374,912</b>	<b>5,451,044,114</b>	<b>11,332,977,322</b>		
<b>Net Profit/(Loss) For The Year Before Share of Net Profits of Associates Accounted for Using Equity</b>										
Profits of Associates Accounted for Using Equity	261,431,840	452,154,331	208,105,301	876,463,309	253,256,280	438,283,027	209,213,050	881,665,845		
<b>Method and Tax</b>										
Share of Net Profit of Associates accounted using Equity Method	(615,932)	(615,932)	-	-	(615,932)	(615,932)	-	-		
<b>Profit Before Tax</b>	<b>260,815,908</b>	<b>451,538,399</b>	<b>208,105,301</b>	<b>876,463,309</b>	<b>252,640,348</b>	<b>437,667,095</b>	<b>209,213,050</b>	<b>881,665,845</b>		
Income Tax Expenses	176,663,307	241,852,422	86,269,003	504,935,887	173,662,524	230,929,741	86,685,990	505,383,725		
<b>Net Profit/(Loss) For The Year</b>	<b>84,152,601</b>	<b>209,685,977</b>	<b>121,836,298</b>	<b>371,527,422</b>	<b>78,977,825</b>	<b>206,737,353</b>	<b>122,527,060</b>	<b>376,282,120</b>		
<b>Earning Per Share</b>										
Basic EPS		4.59		9.26		4.52		9.38		
Diluted EPS		4.59		9.26		4.52		9.38		

**CONDENSED STATEMENT OF OTHER COMPREHENSIVE INCOME**  
**For the Quarter Ended Poush 30, 2082**

Fig in NPR.

Particulars	Group				Insurance			
	Current Year		Corresponding Previous Year		Current Year		Corresponding Previous Year	
	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)
Net Profit/(Loss) For The Year	84,152,601	209,685,977	121,836,298	371,527,422	78,977,825	206,737,353	122,527,060	376,282,120
Other Comprehensive Income	55,401,024	(472,265,231)	(931,384,343)	(300,125,854)	55,401,024	(496,045,188)	(930,967,356)	(314,166,825)
<b>Total Comprehensive Income</b>	<b>139,553,624</b>	<b>(262,579,254)</b>	<b>(809,548,045)</b>	<b>71,401,568</b>	<b>134,378,849</b>	<b>(289,307,834)</b>	<b>(808,440,296)</b>	<b>62,115,295</b>

**OTHER DETAILS**

Particulars	Current Year		Previous Year
	Upto this Quarter	(YTD)	Upto this Quarter
1. Total inforce Policy count		425,803	404,413
2. Total No. of Policy Issued during the year		20,158	20,664
3. First Year Premium (Including Single)		1,173,008,954	1,202,882,840
4. Single Premium		88,575,010	132,727,332
5. Renewal Premium		7,450,704,990	7,064,854,565
6. Total Benefits and Claims Paid in Count		10,040	7,954
7. Outstanding Benefits and Claims in Count		268	184
8. Gross Claim Outstanding (Amount)		215,275,428	179,275,794
9. Declared Bonus rate (2081/82)		30-86	27-86
10. Interim bonus rate		30-86	27-86
11. Long Term Investments (Amount)		46,909,987,385	48,984,265,810
12. Short Term Investments (Amount)		35,962,702,000	22,082,900,000
13. Policyholders Loan		8,293,140,025	7,389,130,825
14. Investment in Cost Value		82,980,942,901	71,036,226,188
15. Life Insurance Fund (Amount)		82,899,714,482	70,402,133,281
16. Unearned Premium Reserve for Term Policies (Amount)		97,059,187	80,599,957
17. Solvency Margin Ratio (2081/82)		1.32	3.74

**Himalayan Life Insurance Limited**  
**Consolidated Statement of Cash Flows**  
**For Period 17th July, 2025 - 14th January, 2026**  
**(For the Year Ended Poush 30, 2082)**

Fig. in NPR

Particulars	Current Year	Previous Year
<b>Cash Flow From Operating Activities:</b>		
<b>Cash Received</b>		
Gross Premium Received	8,623,713,944	17,803,259,570
Commission Received	-	39,255,162
Claim Recovery Received from Reinsurers	78,077,327	157,831,586
Realised Foreign Exchange Income other than on Cash and Cash Equivalents	-	-
Other Direct Income	53,040,223	88,322,590
Others (to be specified)	-	-
<b>Cash Paid</b>		
Gross Benefits and Claims Paid	(3,644,358,095)	(7,397,865,010)
Reinsurance Premium Paid	(237,693,308)	(412,320,364)
Commission Paid	(683,236,769)	(1,456,983,749)
Service Fees Paid	(72,017,491)	(218,287,957)
Employee Benefits Expenses Paid	(592,670,179)	(905,470,638)
Other Expenses Paid	(263,795,270)	(719,284,079)
Others (to be specified)	-	-
Income Tax Paid	(162,017,537)	(82,618,189)
Decrease/(Increase) in Current Assets	1,938,878,902	(2,234,094,324)
Increase/(Decrease) in Current Liabilities	3,325,239	1,430,821,930
<b>Net Cash Flow From Operating Activities [1]</b>	<b>5,041,246,987</b>	<b>6,092,566,528</b>
<b>Cash Flow From Investing Activities</b>		
Acquisitions of Intangible Assets	-	(1,115,875)
Proceeds From Sale of Intangible Assets	-	-
Acquisitions of Investment Properties	-	(758,160,000)
Proceeds From Sale of Investment Properties	-	-
Rental Income Received	-	-
Acquisitions of Property and Equipment	(2,662,063)	(50,813,730)
Proceeds From Sale of Property and Equipment	3,355,000	13,818,649
Investment in Subsidiaries	-	-
Receipts from Sale of Investments in Subsidiaries	-	-
Investment in Associates	-	-
Receipts from Sale of Investments in Associates	-	-
Purchase of Equity Instruments	(2,176,406,547)	(9,873,329,101)
Proceeds From Sale of Equity Instruments	560,672,349	4,687,164,667
Purchase of Mutual Funds	(2,017,500,000)	(557,560,660)
Proceeds from Sale of Mutual Funds	-	4,064,256
Purchase of Preference Shares	-	-
Proceeds from Sale of Preference Shares	-	-
Purchase of Debentures	(737,337,939)	(751,384,223)
Proceeds from Sale of Debentures	331,700,000	-
Purchase of Bonds	-	-
Proceeds from Sale of Bonds	-	-
Investments in Deposits	(16,192,000,000)	(19,745,838,209)
Maturity of Deposits	12,416,500,000	17,243,838,209
Loans Paid	(1,503,679,124)	(3,142,492,091)
Proceeds from Loans	1,137,428,158	2,077,100,076
Rental Income Received	-	-
Proceeds from Finance Lease	-	-
Interest Income Received	2,684,399,560	6,511,513,184
Dividend Received	93,417,570	49,932,258
Others (Other Direct Income/(Expenses))	133,550,946	11,069,434
<b>Total Cash Flow From Investing Activities [2]</b>	<b>(5,268,562,089)</b>	<b>(4,282,193,156)</b>
<b>Cash Flow From Financing Activities</b>		
Interest Paid	-	-
Proceeds From Borrowings	-	-
Repayment of Borrowings	-	-
Payment of Finance Lease	(29,612,605)	(59,740,650)
Proceeds From Issue of Share Capital	-	-
Share Issuance Cost Paid	-	-
Dividend Paid	-	(731,458,984)
Dividend Distribution Tax Paid	-	-
Others (to be specified)	-	-
<b>Total Cash Flow From Financing Activities [3]</b>	<b>(29,612,605)</b>	<b>(791,199,634)</b>
<b>Net Increase/(Decrease) In Cash &amp; Cash Equivalents [1+2+3]</b>	<b>(256,927,707)</b>	<b>1,019,173,737</b>
Cash & Cash Equivalents At Beginning of The Year/Period	2,034,566,895	1,015,393,158
Effect of Exchange Rate Changes on Cash and Cash Equivalents	-	-
<b>Cash &amp; Cash Equivalents At End of The Year/Period</b>	<b>1,777,639,188</b>	<b>2,034,566,895</b>
<b>Components of Cash &amp; Cash Equivalents</b>		
Cash In Hand	-	-
Cheque in Hand	-	-
Term Deposit with Banks (with initial maturity upto 3 months)	-	-
Balance With Banks	1,777,639,188	2,034,566,895

**Notes:**

Insurers shall prepare Statement of Cash Flows using Direct Method. Insurers may voluntarily prepared Cash Flow Statement using Indirect Method as well.

The accompanying notes form an Integral Part of Financial Statements.

**Himalayan Life Insurance Limited**  
**Consolidated Statement of Distributable Profit or Loss**  
**For Period 17th July, 2025 - 14th January, 2026**  
**(Year Ended Upto Poush 30, 2082)**

Fig. in NPR

Particulars	Current Year
Opening Balance in Retained Earnings	763,628,384
Transfer from OCI reserves to retained earning in current year	-
Net profit or (loss) as per statement of profit or loss	206,737,353
<b>Appropriations:</b>	
i) Transfer to Insurance Fund	
ii) Transfer to Catastrophe Reserve	(20,673,735)
iii) Transfer to Capital Reserve	-
iv) Transfer to CSR reserve	(2,067,374)
v) Transfer to/from Regulatory Reserve	-
vi) Transfer to Fair Value Reserve	
vii) Transfer of Deferred Tax Reserve	-
viii) Transfer to OCI reserves due to change in classification	
ix) Others (Staff Training/Development Reserve)	
<b>Deductions:</b>	
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	
xii) Delisted share investment or mutual fund investment	
xiii) Bonus share/dividend paid	-
xiv) Deduction as per Sec 17 of Financial directive	
xv) Others (to be specified)	
Others	
Tax Liability on Share Premium	-
Receivable from Reinsurer (Average Outstanding > 2 & <3 Years)	-
<b>Adjusted Retained Earning</b>	<b>947,624,629</b>
Add: Transfer from Share Premium Account	
Less: Amount apportioned for Assigned capital	
Less: Deduction as per sec 14(1) Of Financial directive	
Add/Less: Others (to be specified)	
<b>Total Distributable Profit/(loss)</b>	<b>947,624,629</b>

#### Operating Segment

Segment information is presented in respect of the Company's business segments. Management of the Company has identified portfolio as business segment and the Company's internal reporting structure is also based on portfolio. Performance is measured based on segment profit as management believes that it is most relevant in evaluating the results of segment relative to other entities that operate within these industries.

Segment asset is disclosed below based on total of all asset for each business segment.

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 presented.

Business Segments of the Company's are:

- Endowment
- Anticipated Endowment
- Endowment Cum Whole Life
- Whole Life
- Foreign Employment Term
- Other Term
- Special Term
- Others (to be Specified)

#### a) Segmental Information for the year ended Poush 30, 2082 (January 14, 2026)

Particulars	Endowment	Anticipated Endowment	Endowment Cum Whole Life	Without Profit Endowment	Whole Life	Foreign Employment Term	Other Term	Special Term	Others (to be Specified)	Inter Segment Elimination	Total
<b>Income:</b>											
Gross Earned Premiums	4,551,034,890	3,531,655,452	494,363,529	41,812,358	-	-	4,847,715	-	-	-	8,623,713,944
Premiums Ceded	(113,968,893)	(88,441,173)	(12,380,055)	(1,047,082)	-	-	(121,398)	-	-	-	(215,958,602)
Inter-Segment Revenue	-	-	-	-	-	-	-	-	-	-	-
<b>Net Earned Premiums</b>	<b>4,437,065,997</b>	<b>3,443,214,279</b>	<b>481,983,474</b>	<b>40,765,276</b>	-	-	<b>4,726,317</b>	-	-	-	<b>8,407,755,342</b>
Commission Income	-	-	-	-	-	-	-	-	-	-	-
Other Direct Income	30,142,414	19,848,609	2,898,824	48,346	-	-	102,030	-	-	-	53,040,223
Interest Income on Loan to Policyholders	251,038,695	66,392,192	47,843,721	628,003	-	-	-	-	-	-	365,902,611
Income from Investments and Loans	1,590,146,158	520,148,067	265,207,359	12,041,152	-	3,240,267	621,388	-	-	-	2,391,404,392
Net Gain/(Loss) on Fair Value Changes	-	-	-	-	-	-	-	-	-	-	-
Net Realised Gains/(Losses)	-	-	-	-	-	-	-	-	-	-	-
Other Income	-	-	-	-	-	-	-	-	-	-	-
<b>Total Segmental Income</b>	<b>6,308,393,264</b>	<b>4,049,603,147</b>	<b>797,933,378</b>	<b>53,482,777</b>	-	<b>3,240,267</b>	<b>5,449,735</b>	-	-	-	<b>11,218,102,568</b>
<b>Expenses:</b>											
Gross Benefits and Claims Paid	1,304,358,057	2,086,511,293	240,865,812	10,331,367	-	2,200,000	91,565	-	-	-	3,644,358,095
Claims Ceded	(76,966,327)	-	-	-	-	(1,111,000)	-	-	-	-	(78,077,327)
Gross Change in Contract Liabilities	4,200,728,191	1,340,611,444	457,509,499	33,506,222	-	1,976,629	4,526,295	-	-	-	6,038,858,279
Change in Contract Liabilities Ceded to Reinsurers	-	-	-	-	-	(200,000)	-	-	-	-	(200,000)
<b>Net Benefits and Claims Paid</b>	<b>5,428,119,921</b>	<b>3,427,122,737</b>	<b>698,375,311</b>	<b>43,837,589</b>	-	<b>2,865,629</b>	<b>4,617,860</b>	-	-	-	<b>9,604,939,047</b>
Commission Expenses	349,421,512	301,769,364	33,549,434	2,777,488	-	-	181,179	-	-	-	687,698,978
Service Fees	33,277,995	25,824,107	3,614,876	305,740	-	-	35,447	-	-	-	63,058,165
Employee Benefits Expenses	240,854,221	185,164,338	26,418,395	2,235,034	-	-	267,634	-	-	-	454,939,621
Depreciation and Amortization Expenses	8,939,031	6,872,164	980,489	82,951	-	-	9,933	-	-	-	16,884,568
Impairment Losses	-	-	-	-	-	-	-	-	-	-	-
Other Operating Expenses	102,657,782	71,912,602	8,280,378	3,454,967	-	-	336,879	-	-	-	186,642,607
Finance Cost	-	-	-	-	-	-	-	-	-	-	-
<b>Total Segmental Expenses</b>	<b>6,163,270,462</b>	<b>4,018,665,312</b>	<b>771,218,883</b>	<b>52,693,767</b>	-	<b>2,865,629</b>	<b>5,448,932</b>	-	-	-	<b>11,014,162,986</b>
<b>Total Segmental Results</b>	<b>145,122,802</b>	<b>30,937,835</b>	<b>26,714,495</b>	<b>789,010</b>	-	<b>374,637</b>	<b>803</b>	-	-	-	<b>203,939,582</b>
Segment Assets	56,416,247,907	18,185,677,369	9,486,056,950	417,554,240	-	103,432,067	19,835,249	-	-	-	84,628,803,783
Segment Liabilities	55,492,779,293	17,747,182,483	9,352,278,116	407,582,581	-	96,046,848	19,120,589	-	-	-	83,114,989,910

## **Himalayan Life Insurance Limited**

### **Notes to the Financial Statements for the Quarter Ended Poush 30, 2082 (January 14, 2026)**

#### **1. General Information**

Himalayan Life Insurance Limited (herein after referred to as the 'Company') was established through the merger of three former life insurance companies: PrimeLife Insurance Company Limited, Gurans Life Insurance Company Limited and Union Life Insurance Company Limited. The requisite approvals for the merger of these three companies were successfully secured from the Nepal Insurance Authority on April 26, 2023, the Nepal Securities Board on May 3, 2023 and the Office of the Company Registrar on May 3, 2023. Commencing its unified business operation under the banner "Himalayan Life Insurance Limited" on May 9, 2023.

The registered office of the Company is located at Hattisar, Kathmandu. The Company's shares are listed on Nepal Stock Exchange Ltd.

#### **2. Basis of Preparation**

##### **a. Statement of Compliance**

The Financial Statements have been prepared in accordance with the Nepal Financial Reporting Standards (NFRS) issued by the Nepal Accounting Standards Board (ASB), as per the provisions of The Institute of Chartered Accountants of Nepal Act, 1997. These confirm, in material respect, to NFRS as issued by the Nepal Accounting Standards Board. 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.

##### **b. 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 & 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 & services.

## **Notes to the Financial Statements (Continued.....)**

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 measurement 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.

### **c. Use of Estimates**

The preparation of these Financial Statements in conformity with NFRS requires management to make estimates, judgements and assumptions. These estimates, judgments and assumptions affect the reported balances 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 years 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.

### **d. 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.

### **e. Going Concern**

The Financial Statements are prepared on a 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

**Notes to the Financial Statements (Continued.....)**

to continue as a going concern and they do not intend either to liquidate or to cease operations of it.

**f. Changes 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 flows.

**g. Recent Accounting Pronouncements**

Accounting standards issued and effective:

NFRS 2018-other than NFRS 17, and NAS-29

Accounting standards issued and non-effective:

NFRS 9, NFRS 14, NFRS 15, NFRS 16, NFRS 17, and NAS-29

**3. Significant Accounting Policies**

This note provides a list of the significant policies adopted in the preparation of these Financial Statements.

**a. Property, Plant and Equipment (PPE)****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 statement of profit or loss during the reporting period in which they are incurred.

**Notes to the Financial Statements (Continued.....)****ii. Depreciation**

Depreciation on Property, Plant and Equipment other than Freehold Land i.e. the Company's Freehold Building, Plant & Machinery, Vehicles & Other Assets is provided on "Straight Line Method (SLM)" 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 is categorized as prescribed by the ACB.

**iii. De-recognition**

An item of Property and Equipment is derecognized upon 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 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.

**iv. 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.

**v. 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.

**Notes to the Financial Statements (Continued.....)****b. Intangible Assets****i. Recognition**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in Statement of profit or loss in the year in which the expenditure is incurred.

Subsequent expenditure on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

**ii. Amortization**

The useful lives of intangible assets are assessed to be either finite or indefinite. An intangible asset shall be regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflow for the entity.

Amortization is recognized in statement of profit or loss on straight line method (SLM) over the estimated useful life of the intangible assets, from the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The amortization period and the amortization method for an intangible asset 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 SLM is categorized as stated below:

List of Asset Categories	Useful Life (In Years) for SLM
Software	5 Years or License Period whichever is lower

**iii. De-recognition**

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 de-

#### **Notes to the Financial Statements (Continued.....)**

recognition 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 and 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.

#### **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.

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.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to PPE, the deemed cost for subsequent accounting is the fair value at the date of change in use. If PPE becomes an investment property, the Company accounts for such property in accordance with the policy stated under PPE up to the date of change in use.

**Notes to the Financial Statements (Continued.....)****d. Cash & Cash Equivalent**

For the purpose of presentation in the Statement of Cash Flows, Cash & Cash Equivalents includes Cash in Hand, Bank Balances and short term deposits with a maturity of three months or less.

**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 at Amortized Cost (AC)**

A Financial Asset is measured at amortized cost if it is held within a business model whose objective 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 from these financial assets is measured using effective interest rate method.

**B. Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI)**

A Financial Asset is measured at FVOCI 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.

## **Notes to the Financial Statements (Continued.....)**

### **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 Asset is derecognized only when the Company has transferred the rights to receive cash flows from the Financial Asset. 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 a 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.

## **f. 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.

## **Notes to the Financial Statements (Continued.....)**

### **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.

### **g. Offsetting Financial Instruments**

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.

### **h. Reinsurance Assets**

Reinsurance assets are the assets which are created against insurance contract liabilities of the amount which are recoverable from the reinsurers. 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 reduces the carrying amount accordingly and is recognized in statement of profit or loss.

**Notes to the Financial Statements (Continued.....)****i. 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.

**j. Reserves and Funds****i. 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 of bonus shares.

**ii. Catastrophe Reserves**

The Company has allocated catastrophe reserve for the amount which is 10% of the distributable profit for the year as per Regulator's Directive.

**iii. Fair Value Reserves**

The Company has policy of creating fair value reserve equal to the amount of Fair Value Gain recognized in statement of other comprehensive income as per regulator's directive.

**iv. Regulatory Reserve**

Reserve created out of net profit in line with different circulars issued by Insurance Board.

**v. Actuarial Reserves**

Reserve 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 actually occurred); and the effects of changes in actuarial assumptions.

**vi. Cash Flow Hedge Reserves**

The exposure to variability in cash flows that is attributable to a particular risk associated with all or a component of a recognized asset or liability or a highly probable forecast transaction, and could affect profit or loss. Reserve represent effective portion of the gain or loss on the hedging instrument recognized in other comprehensive income.

**vii. Revaluation Reserves**

Reserve created against revaluation gain on property, plant & equipment & intangible assets, other than the reversal of earlier revaluation losses charged to profit or loss.

## **Notes to the Financial Statements (Continued.....)**

### **viii. Other Reserves**

Reserve other than above reserves, for e.g. deferred tax reserve, others (to be specified) are categorized under other reserves.

### **k. Insurance Contract Liabilities**

#### **i. Provision for Unearned Premiums**

Unearned premiums reserve represents the portion of the premium written in the year but relating to the unexpired term of coverage.

Change in reserve for unearned insurance premium represents the net portion of the gross written premium transferred to the unearned premium reserve during the year to cover the unexpired period of the policies.

#### **ii. Outstanding Claims Provisions**

Outstanding claims provisions are based on the estimated ultimate cost of all claims incurred but not settled at the statement of financial position date, whether reported or not, together with related claims handling costs.

#### **iii. Un-apportioned Surplus**

Un-apportioned surpluses where the amount are yet to be allocated or distributed to either policyholders or shareholders by the end of the financial period, and held within the 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.

### **l. 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

### **Notes to the Financial Statements (Continued.....)**

expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations 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 Expense 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:

**Notes to the Financial Statements (Continued.....)**

- 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.

**m. Revenue Recognition****i. Gross Premium**

Gross premiums are recognized as soon as the amount of the premiums can be reliably measured. First premium is recognized from inception date. At the end of the financial year, all due premiums are accounted for to the extent that they can be reliably measured.

**ii. Unearned Premium Reserve**

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 rata 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.

**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 commissions that are an integral part

**Notes to the Financial Statements (Continued.....)**

of the effective yield of the financial asset are recognized as an adjustment to the EIR of the instrument.

Investment income also includes dividends when the right to receive payment is established.

**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.

**n. Benefit, Claims & Expenses****i. Gross Benefits and Claims**

Benefits and claims includes the cost of all claims arising during the year, including external claims handling costs that are directly related to processing and settlements 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 terms of the relevant contracts.

**o. 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:

## **Notes to the Financial Statements (Continued.....)**

### **i. Endowment**

This is a with profit plan that makes provisions for the family of the Life Assured in event of his/her 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 appropriate 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 of 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**

This plan is a combination of Endowment Assurance and Whole Life with profit plan. It provides 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. Foreign Employment Term**

The main objective of foreign employment term is providing insurance for financial assistance if there is death or elimination of any insured due to work or staying abroad.

### **vi. 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.

**Notes to the Financial Statements (Continued.....)****vii. Special Term**

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

**viii. Others to be Specified**

Life insurance policies other than above mentioned products are classified as others.

**p. 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 are 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.

**q. 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.

**r. Leases****Finance Lease**

Leases in which the Company has substantial portion of the risks and rewards of ownership are classified as Finance Leases. Assets acquired under Finance Leases are capitalized at the lower of the Fair Value of the Leased Assets at the inception of the Lease Term & the Present Value of Minimum Lease Payments. Lease Payments are apportioned between the Finance charge and the reduction of the outstanding liability. The Finance Charge is allocated to periods during the Lease Term at a constant periodic Rate of Interest on the remaining balance of the liability.

**Operating Lease**

Leases in which the Company doesn't have substantial portion of the risks and rewards of ownership are classified as Operating Leases. Payment made under Operating Leases are charged to Statement of Profit & Loss on a Straight Line Basis.

**s. Income Taxes**

Income Tax Expense represents the sum of the tax currently payable & Deferred Tax.

## **Notes to the Financial Statements (Continued.....)**

### **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 differences between the carrying amounts of Assets & Liabilities in the Statement of Financial Position and their tax bases.

Deferred Tax Assets & Liabilities are recognized for deductible and taxable temporary differences arising between the tax base of Assets & Liabilities and their carrying amount in Financial Statements, except when the Deferred Tax arises from the initial recognition of goodwill, an Asset or Liability in a transaction that is not a business combination and affects neither accounting nor taxable Profits or Loss at the time of the transaction.

Deferred Tax Assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible Temporary differences 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 differences.

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.

## **t. Provisions, Contingent Liabilities and 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

### **Notes to the Financial Statements (Continued.....)**

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 expense.

Provisions for Contingent Liability are recognized in the books as 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.

#### **u. Functional Currency & Foreign Currency Transactions**

The Financial Statements of the Company are presented in Nepalese Rupees, which is 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.

#### **v. 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 equity shares outstanding during the Financial Year.

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

**Notes to the Financial Statements (Continued.....)****w. 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.

**4. Related Party Disclosure****a. Identify Related Parties:**

During the reporting period, the company identified following related parties:

Holding Company:

Subsidiaries: Himalayan Investment Banker Limited

Associates: Kriti Venture Fund Limited

Fellow Subsidiaries:

Key Management Personnel:

Mr. Sulav Agrawal	Chairperson
Mr. Saurabh Dugar	Director
Ms. Pramila K.C.	Director
Mr. Sachin Acharya	Director
Mr. Aashish Dhakal	Director
Mr. Gopal Ghimire	Director
Mr. Kapil Kumar Dahal	CEO