



## **Annual Report**

**American Life Insurance Company**

**FY 2081/82 (2024-25)**

# Contents

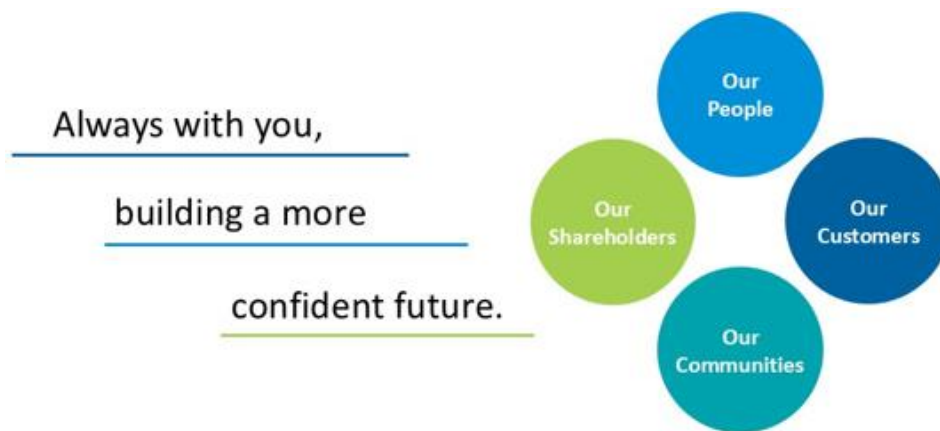
About Us	1
Our Purpose	2
Our Practices	3
Our Strategy	4
List of Committees	6
Our Organizational Structure	7
Source of Capital	8
Our Business Model	9
Financial Scorecard	10
Key Financial Indicators	12
Corporate Responsibility Report	14
Industry Scenario	16
Corporate Governance & Compliance	17
Committees and their activities during the year	20
Climate Risk related disclosures	23
Grievance Handling Mechanism	26
Reinsurance Arrangement	26
Statement of Responsibility	27
Actuary's Certification	28
Audited Financial Statements	29
Quality of assets and capital resources	114
Solvency Calculation sheet	115
Financial approval letter	116

## About us

American Life Insurance Company, incorporated under the laws of the United States of America is operating as a foreign branch in Nepal from the year 2002 AD under the license granted by the Nepal Insurance Authority. It is proud to be one of the foremost insurance providers in the country, dedicated to upholding the trust placed by the valued customers. Backed by the global expertise of MetLife Inc., and extensive distribution outreach locally, we boast a combined experience of more than 150 years in delivering financial excellence to our customers. This extensive knowledge makes us a reliable ally in fostering the sustainable growth of our customers and communities.

It is one of the leading Life Insurance, Accident & Health Insurance and Employee Benefits insurers in the country, providing a broad range of innovative life, accident and health, employee benefit and micro-credit insurance products to individuals and institutional customers through a highly trained professional agency force and corporate partners.

## Our Purpose



We have built up a strong position to serve Nepal's unique demographics, growing affluence and towards achieving our goal of being the leading life insurer in the countries in which we operate.

Our aim is to be an agile organization of dedicated professionals committed to developing talent and providing our customers and partners with market winning insurance solutions and services.

We continue to put our customers at the heart of everything we do and strive to provide them with the best insurance solutions to help them build a more confident future.

## Our Values

Our values are the glue holding our purpose and strategy together. In everything we do, we will:



We collaborate across teams and capitalize on the diverse perspectives of our people



We follow through on our commitments and hold ourselves accountable



We ensure our time and resources are continuously directed towards the highest and best use



We prepare for the future by anticipating different possibilities and adapting to change



## Our Practices



- Avoid **Conflicts of Interest**
- **Conduct business fairly, honestly, and openly** and have adopted a zero-tolerance policy toward bribery and corruption committed by employees or by a third party acting for or on behalf of the company.
- **Strict compliance** with the laws and regulations of the Government.
- Comply with **local economic and trade sanctions regulations**.
- **Prevent Money Laundering** by being watchful for warning signs, accurately performing due diligence on our potential customers and other third parties and speak up when something raises your suspicions or doesn't seem quite right.
- **Compete Fairly** by treating others the way that we want to be treated, including our competitors, and that means treating them with respect.
- **Communicate with care** with the external parties, so that we can protect our reputation and brand.
- Commitment to Diversity, Equity, and Inclusion (**DEI**).
- Promote a **Safe and Secure** Workplace.

## Our Strategy

Our strong global brand, diversified businesses, innovative products, and financial expertise position us for future growth. We will pursue our MetLife Global New Frontier strategy, emphasizing responsible growth and digital transformation. We are committed to leverage technology and partnerships to deliver all-weather performance and customer trust driving our behavior through strategic themes.



## Brand, Technology & Data and Talent & Culture

*are our enablers and a force multiplier for our strategy*

We aim to deliver consistent and sustainable value to

## Our customers, Our shareholders, Our People and Our Communities

focusing on our strategic themes and enablers.

These strategies collectively aim to strengthen our foundation while driving innovation and customer-centric growth across all channels. By leveraging technology, partnerships and distribution base, we will deliver superior experiences, expand our reach, and ensure sustainable growth for the long term.

## Short Term Priorities

*People, Productivity & Early Wins*

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### **Talent & Agency Excellence**

Strengthen quality recruitment, activation, rookie development, and Field Representative (FR) retention while accelerating agency leader production.

### **Activity Management & Capability Building**

Drive disciplined activity management through monitoring tools and time-relevant, dynamic training programs.

### **Process Simplification & Partner Enablement**

Strengthen existing partnerships by simplifying processes and leveraging technology to deliver faster and superior service to business partners.

### **Customer Engagement Foundations**

Enhance overall customer experience using customer feedback loops and CRM-driven engagement programs, supported by digitized interactions.

## Mid-Term Priorities

*Expansion, Differentiation & Deeper Relationships*

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### **Targeted Market Expansion**

Focus on geographical expansion to strengthen market presence and improve customer accessibility.

### **Alternative Distribution Channels**

Establish new distribution channels to reach untapped customer segments and improve market penetration.

### **Platform & Productivity Enhancement**

Upgrade existing platforms, tools, and resources to enable efficient workflows and higher productivity.

### **Advanced Customer Engagement**

Improve engagement through feature-rich digital platforms and enhanced CRM capabilities.

### **Customer-Centric Product Development**

Create tailored, customer-focused products driven by research, insights, and evolving customer needs.

### **Group & Institutional Relationships**

Strengthen retention and partnerships with group customers by offering customized solutions and long-term value propositions.

## Long Term Priorities

*Digital Leadership, Sustainability & Future Readiness*

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### **End-to-End Digital Ecosystem**

Build a fully integrated digital ecosystem providing seamless experiences for customers, agents, and partners—powered by AI, predictive analytics, and automation.

### **Data-Driven Organization**

Use advanced data analytics to streamline sales processes, enhance operational capabilities, and deliver exceptional, insight-led service.

### **Innovation & Service Excellence**

Deliver innovative solutions that set new benchmarks in customer experience and operational agility.

### **Corporate Social Responsibility (CSR)**

Partner with institutions on meaningful CSR initiatives to sustainably give back to communities and reinforce long-term brand trust.

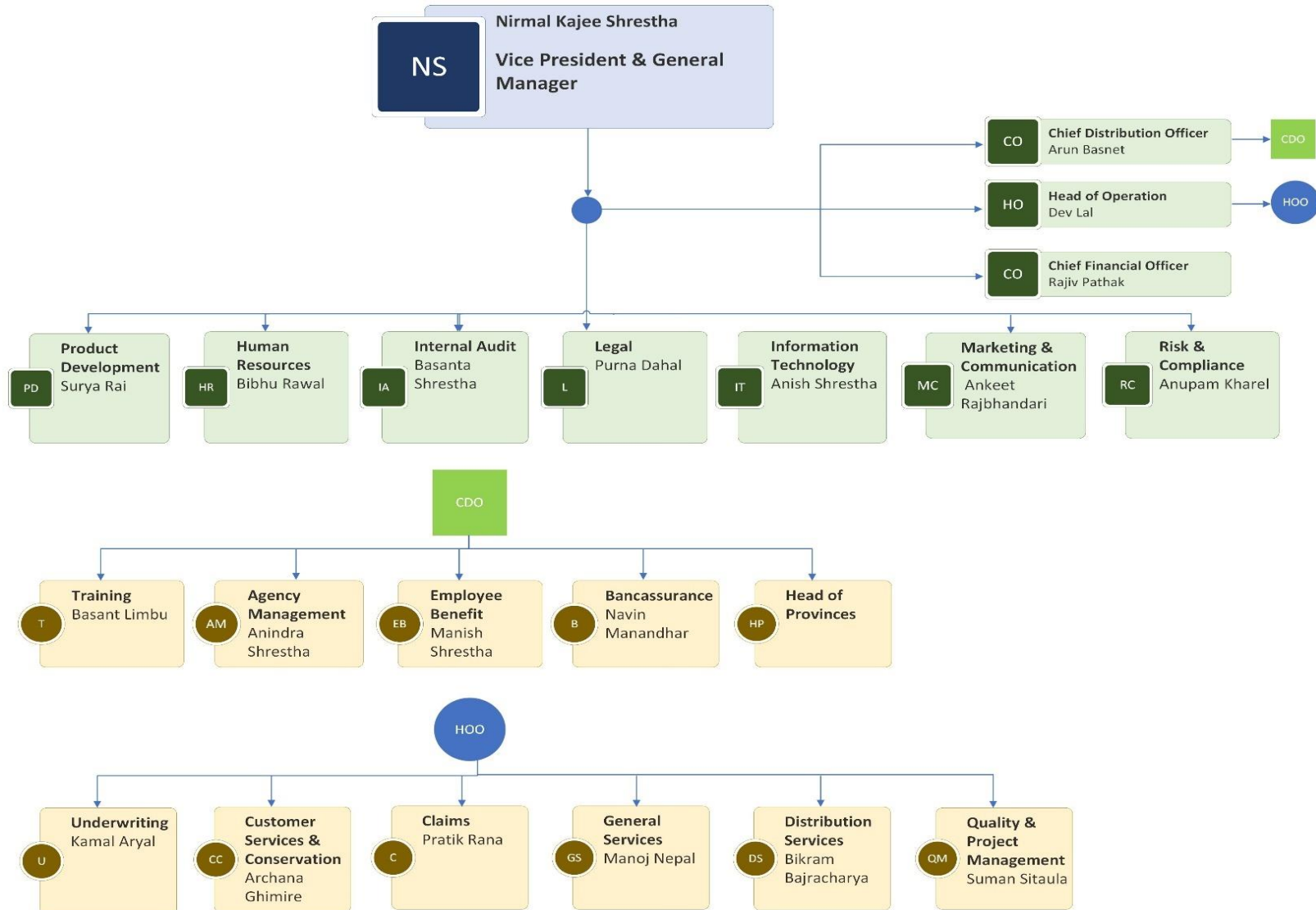
## Management Committee

<b>Nirmal Kajee Shrestha</b>	Vice President and General Manager	Effective: July 1, 2017; Reappointment: July 1, 2021
<b>Arun B. Basnet</b>	Assistant Vice President and Chief Distribution Officer	Effective: December 11, 2017
<b>Dev Kishor Lal</b>	Head of Operations	Effective: May 26, 2022
<b>Rajiv Kumar Pathak</b>	Chief Financial Officer	Effective: February 5, 2020
<b>Purna Dahal</b>	Director, Legal (Member Secretary)	Effective: December 11, 2017

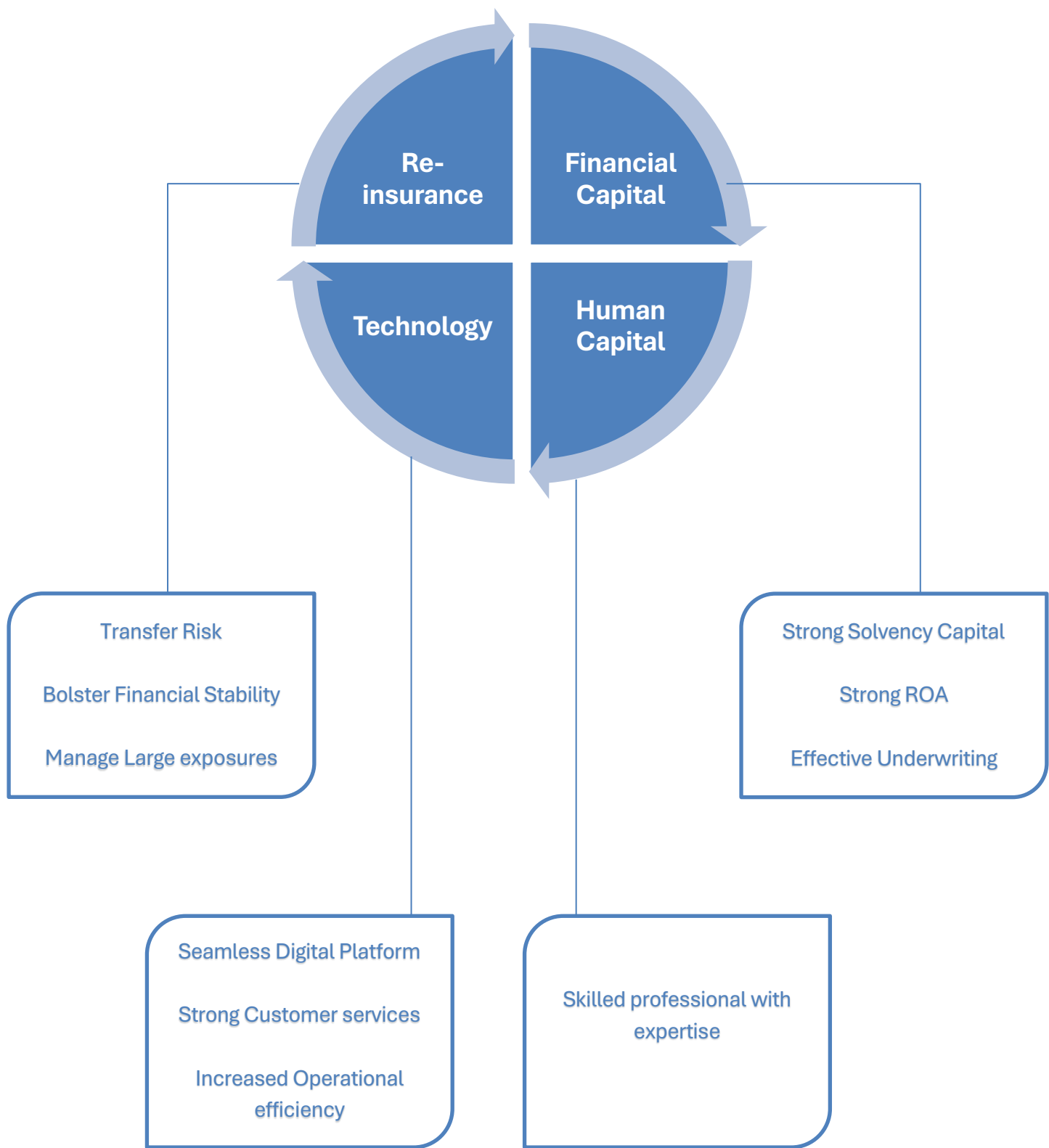
## List of Committees

<b>Name of Committee</b>	<b>No. of Members</b>	<b>No. of meetings</b>
Management Committee	5	19
Audit Committee	4	12
Risk Management, Solvency & Reinsurance Committee	7	4
Investment Committee	4	4
Anti-Money Laundering (AML) Committee	5	10
Claims Committee	5	5

## Our Organizational Structure



Major Source of Capital leading to Value Creation for our stakeholders



## Our Business Model

### Nature of business and segmental information:

As a life insurer, MetLife Nepal primarily sells life insurance products. These are supplemented by some Accident & Health (A&H) products. Products are offered to individuals as well as groups, with most groups being employers, microfinance borrowers, affinity groups, etc. Most of our business is centered around Individual life products. Business volume for microinsurance products is also sizable and stands as a significant contribution to company premiums.

### Distribution channels:

There are four main channels used by the company to sell its products. These are career agencies (tied agents), micro insurance, partnership distribution and direct sales.

### Operational information:

MetLife Nepal currently operates with 19 departments. Concerned departments report to their relevant local management and to relevant MetLife Asia regional stakeholders.

### Investment management:

Investment management is done through a separate investment unit under the finance department. Assets are evaluated based on criteria that include the asset's (or issuing entities') credit ratings, security of asset (or issuing entity), yield, volatility, term, expenses associated with the investments, marketability of the assets. All relevant investment regulations issued by NIA are closely followed and complied with during the investment management process.

### Risk management:

The company follows the Three Lines of Defense (LoD) model as a governance framework for risk management. The first LoD comprises business functions and are primarily responsible for identifying, assessing, monitoring and reporting any risks affecting the respective functions. The second LoD comprises of Risk and Compliance function, who provides advisory and oversight to ensure that the first line's processes and controls are properly designed and operating as intended, and in compliance with laws and regulations, as well as internal policies and standards. The third LoD comprises of Internal Audit function who independently monitors the activities performed by first and second LoD and provides suggestions wherever required.

MetLife Nepal's Risk Appetite Statement (RAS) is structured around guiding principles that define risks that are underwritten and pooled (Insurance and Credit risk), risks that are actively managed (Market, Operational and Liquidity risk) and controlled, and risks that should be avoided (Regulatory and Reputational risk). RAS has been adopted consistently with MetLife's Asia RAS to ensure the best practices are maintained.

### Capital management and adequacy:

The company measures its capital adequacy based on Risk Based Capital and Solvency Directive 2025 (2082) issued by Nepal Insurance Authority and it's solvency ratio for the year is 208.3% which is well above the minimum requirement of 130%. MetLife also assesses its risk management and capital adequacy using internal methods developed as part of Own Risk and Solvency Assessment (ORSA).

### Planning:

MetLife Nepal is also forward looking, as the company carries out a detailed planning exercise for the next three years. The plan includes financial plans and business strategies.

## Financial Score Card

### Statement of Financial Position

Amt in '000

	Base year					
Particulars	As of 16 July 2025	As of 15 July 2024	As of 16 July 2023	As of 16 July 2022	As of 15 July 2021	CAGR of Last 5 Years
Assets						
Goodwill & Intangible Assets	15,779	8,388	8,628	7,474	5,883	22%
Property and Equipment	176,062	217,216	128,090	140,989	42,688	33%
Investment Properties	-	-	-	-	-	0%
Deferred Tax Assets	69,065	64,094	51,305	43,284	38,076	13%
Investment in Subsidiaries	-	-	-	-	-	0%
Investment in Associates	-	-	-	-	-	0%
Investments	31,522,867	28,655,003	26,273,001	23,419,161	22,197,544	7%
Loans	1,822,323	1,748,831	1,560,260	1,166,318	995,461	13%
Reinsurance Assets	14,942	8,629	15,919	6,620	12,047	4%
Current Tax Assets (Net)	39,897	52,250	151,637	136,765	221,144	-29%
Insurance Receivables	-	70,981	67,455	81,465	69,455	-100%
Other Assets	168,535	164,494	141,445	139,925	124,209	6%
Other Financial Assets	685,643	132,671	130,977	81,733	73,077	56%
Cash and Cash Equivalents	1,015,106	446,286	385,479	418,211	448,385	18%
Total Assets	35,530,219	31,568,841	28,914,196	25,641,945	24,227,968	8%
Equity						
Share Capital	-	-	-	-	-	0%
Share Application Money Pending allotment	-	-	-	-	-	0%
Share Premium	-	-	-	-	-	0%
Catastrophe Reserves	612,037	527,652	445,894	370,044	310,387	15%
Retained Earnings	2,864,953	2,561,162	2,447,486	2,227,825	2,101,460	6%
Other Equity	1,246,478	1,077,365	909,411	762,323	638,015	14%
Total Equity	4,723,468	4,166,179	3,802,791	3,360,192	3,049,861	8%
Liabilities						
Provisions	209,516	195,222	192,033	181,592	169,390	4%
Gross Insurance Contract Liabilities	30,118,093	26,600,069	23,871,416	21,267,601	20,152,673	8%
Deferred Tax Liabilities	-	-	-	-	-	0%
Insurance Payables	42,908	91,243	71,172	82,480	63,212	-7%
Current Tax Liabilities (Net)	-	-	-	-	-	0%
Borrowings	-	-	-	-	-	0%
Other Liabilities	257,640	345,648	260,547	304,797	250,684	1%
Other Financial Liabilities	178,593	170,480	716,237	445,283	542,147	-20%
Total Liabilities	30,806,751	27,402,662	25,111,405	22,281,753	21,178,107	8%



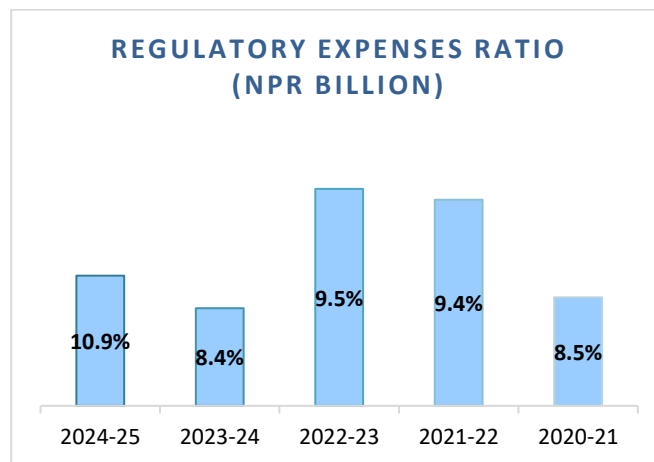
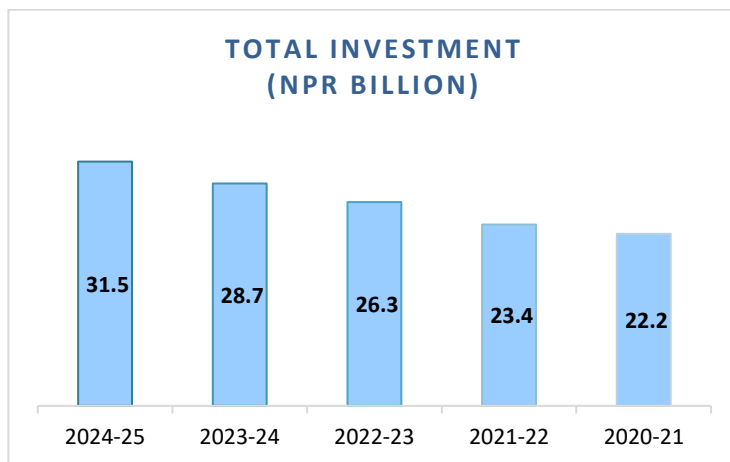
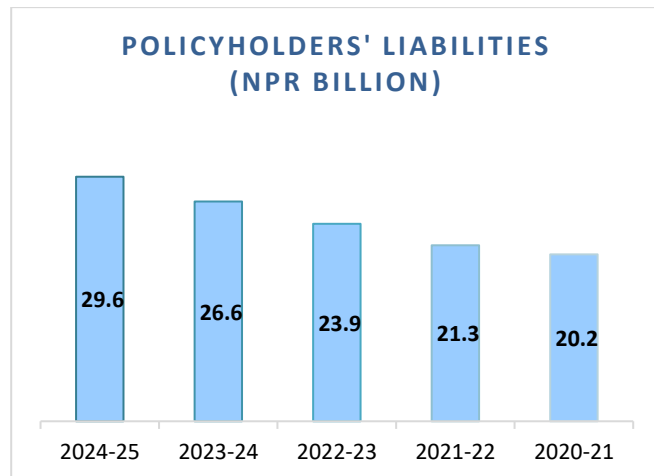
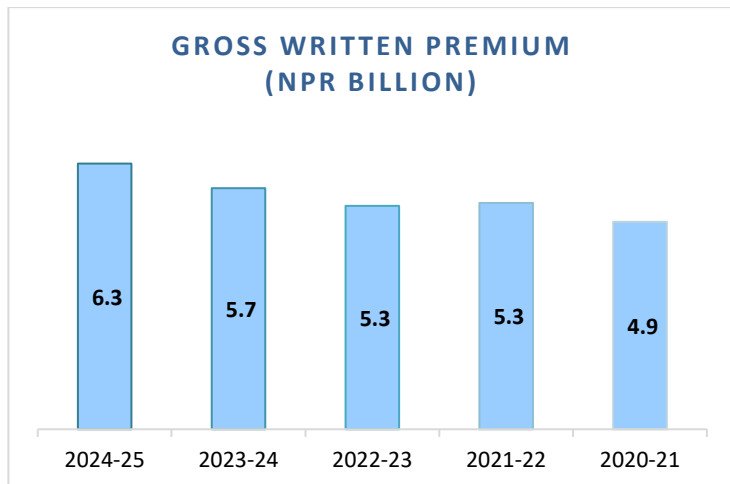
## Statement of Profit or Loss

Amount in '000

Base year

Particulars	FY 2024-25	FY 2023-24	FY 2022-23	FY 2021-22	FY 2020-21	CAGR of Last 5 Years
<b>Income:</b>						
Gross Earned Premiums	6,258,386	5,678,885	5,262,265	5,331,173	4,885,103	5%
Premiums Ceded	-248,059	-222,444	-214,144	-249,474	-215,637	3%
Net Earned Premiums	6,010,328	5,456,440	5,048,121	5,081,699	4,669,466	5%
Commission Income	127,208	115,596	110,923	139,036	128,402	0%
Other Direct Income	4,626	4,568	5,530	6,223	4,006	3%
Interest Income on Loan to Policyholders	218,240	188,310	154,697	123,190	118,030	13%
Income from Investments and Loans	2,622,113	2,577,713	2,369,273	1,836,337	1,593,712	10%
Net Gains/(Losses) on Fair Value Changes	-	-	-	-	-	0%
Net Realized Gains/(Losses)	-	-	-	-	-	0%
Other Income	8,617	9,333	7,995	13,508	1,790	37%
<b>Total Income</b>	<b>8,991,132</b>	<b>8,351,960</b>	<b>7,696,539</b>	<b>7,199,993</b>	<b>6,515,406</b>	<b>7%</b>
<b>Expenses:</b>						
Gross Benefits and Claims Paid	2,946,254	3,235,380	2,863,348	4,081,765	3,600,726	-4%
Claims Ceded	-79,067	-79,911	-80,675	-108,400	-97,390	-4%
Gross Change in Contract Liabilities	3,518,024	2,728,653	2,603,815	1,214,314	1,341,860	21%
Change in Contract Liabilities Ceded to Reinsurers	-6,313	7,290	-9,299	5,427	-9,181	-7%
<b>Net Benefits and Claims Paid</b>	<b>6,378,898</b>	<b>5,891,412</b>	<b>5,377,189</b>	<b>5,193,106</b>	<b>4,836,015</b>	<b>6%</b>
Commission Expenses	528,080	486,307	475,454	487,891	483,541	2%
Service Fees	46,938	42,592	43,337	52,318	50,331	-1%
Other Direct expenses	-	-	-	-	-	0%
Employee Benefits Expenses	418,213	379,688	361,868	314,998	252,005	11%
Depreciation and Amortization expenses	63,574	61,996	65,473	69,335	23,655	22%
Impairment Losses	1,645	-	-	-	-	0%
Other Operating Expenses	279,131	237,658	229,659	251,891	303,477	-2%
Finance Cost	14,102	9,506	8,987	9,567	-	0%
<b>Total Expenses</b>	<b>7,730,582</b>	<b>7,109,160</b>	<b>6,561,966</b>	<b>6,379,106</b>	<b>5,949,025</b>	<b>5%</b>
<b>Profit Before Tax</b>	<b>1,260,550</b>	<b>1,242,800</b>	<b>1,134,573</b>	<b>820,887</b>	<b>566,380</b>	<b>17%</b>
Income Tax Expense	412,330	414,885	369,111	239,378	269,477	9%
<b>Net Profit/(Loss) For the Year</b>	<b>848,220</b>	<b>827,916</b>	<b>765,461</b>	<b>581,509</b>	<b>296,903</b>	<b>23%</b>
<b>Earnings Per Share</b>						
Basic EPS	-	-	-	-	-	-
Diluted EPS	-	-	-	-	-	-

## Key Financial Indicators



## Our Products

### Saving and Investment Plan

Future Care – DPS Plan

Midterm Growth Plan

My Child's Education Protection Plan

Subhabishya Beema Aajeewan Aaya Plan

Double Protection Plus Plan

### Accidental and Health Plan

Life Shield Plan

Life Care Plan

### Group Plan

Group Life Plan

Group Medical Plan

SME Package Plan

Group Term Assurance Policy – Affinity Plan

Rural Credit Micro Term Insurance Plan  
Rural Term Insurance Plan

Product details are available on the company's website [www.metlife.com.np](http://www.metlife.com.np)



# Corporate Responsibility Report

# For Our Communities

Sustainability at American Life Insurance Company, Nepal branch means managing business responsibly and driving long-term value for our stakeholders. Our purpose—Always with you, building a more confident future—drives our strategy and reflects the fundamental promise we make to our customers, our colleagues, shareholders, and communities. Through our pillars of Health, Environment, Education, and Financial Literacy, we deliver meaningful impact across Nepal.

## Activities performed during FY 2081-82

### Towards Health:

We are committed to fostering healthier communities by supporting vulnerable populations and promoting preventive care:

- **Winter Clothes Distribution:** In Sunsari (Duhabi, Gadhi, Barju, Inaruwa), we partnered with Forum for Rural Women Ardeny Development to distribute winter clothes to 1,000 elderly and widows from disadvantaged backgrounds, ensuring warmth and dignity during harsh weather.

- **School Ear Health Program Initiative:** In Kathmandu, Lalitpur, and Bhaktapur, we collaborated with Ear Care Nepal to launch an ear health program for public school students, promoting early detection and care. In collaboration with Ear Care Nepal, students from preschool to grade 10 of eight (8) government run schools were screened. A total of 2,668 students were screened. Among them, 435 (16%) had ear and hearing problems and 36 needed ear surgery.

- **Save the Girl Project:** Across Janakpur, Butwal, Dang, Jhapa, and Surkhet, we worked with Nepal Women Community Service Center to create and distribute 1,000 safe and reusable menstrual hygiene kits to public school students, supporting menstrual health and dignity.

- **Health Camp:** In Birendranagar, a health camp organized with Birendranagar Jaycees provided care to over 250 beneficiaries, improving access to essential health services.

Birendranagar Jaycees, in partnership with MetLife Nepal, organized a one-day free health camp in Birendranagar, Surkhet on 3rd Jestha 2082 (16 May 2025). A total of 353 patients received medical services, including comprehensive check-ups by specialists, distribution of medicines, and counseling sessions focused on nutrition, hygiene, and disease prevention. The camp served people from a broad spectrum of backgrounds, with particular outreach made to vulnerable groups such as residents of the Jhupra Slum Area (Badi Community) and the flood-affected Girighat region.

- **Patient Attendant Shelter:** At Jeevan Bikas Hospital, Katahari, Mahotari, we supported the construction of a shelter for patient

attendants, in partnership with Jeevan Bikas Saman (JBS), enhancing comfort for families during medical care.

- **Snakebite Awareness and Management:** In Jhapa and Ilam, we aided Kankai Sahara Snakebite Treatment Center to raise awareness and improve management of snakebite incidents. A total of 624 people participated in the awareness program. Ward office (ward no. 4) and municipality have planned to create awareness at the community level. Also, teachers committed to make other students aware about snakebite.

### Towards Environment:

We strive to protect and restore natural spaces, promote sustainable practices, and enhance community resilience:

- **Steel Railing for Safety:** In Lalitpur, we installed steel railings at Karyabinayak Park with New Modern Interior, improving safety for visitors.

- **Kisaan Jagaran Project:** In Bahudarmai, Birgunj, Creative Nepal hosted training sessions for young farmers, raising awareness on sustainable agriculture, food security, and financial empowerment. The program helped raise awareness about climate change impact, promoted sustainable agricultural practices, and encouraged participants to adopt eco-friendly farming methods recognizing the role of women in food security.

- **Monthly Maintenance of Karyabinayak Park:** In an effort to restore and preserve natural spaces, MetLife Nepal is overseeing and providing funding for the maintenance of the park within the Karyabinayak Temple premises in Lalitpur. This initiative involves cleaning the area, planting saplings and trees, and maintaining the surrounding pavements through a contracted vendor.

- **Environment Conservation Project:** In Kalikot, we partnered with Himalayan Community Resource Development Centre to improve rural livelihoods through sustainable cultivation of *Zanthoxylum armatum* (Timur) and *Cinnamomum tamala* (tejpat), highly valued medical and aromatic plants. The project also includes fencing of degraded land, community mobilization, capacity building of local groups with special focus on women and underprivileged communities.

- **Fruit Tree Sapling Distribution:** MetLife Nepal provided financial support to Community Service Center for distribution of 8,500 fruit trees (Mango, Litchi, Guava, Orange, Lemon, Walnut and Pear) saplings across all seven provinces, supporting biodiversity and local economies.

## Towards Education:

We believe in empowering future generations through innovative educational initiatives:

- **Social Experimentation Project:** In Taplejung, Birjung, Illam, and Sindhupalchowk, we supported Kathmandu University School of Management in implementing projects that foster experiential learning and community engagement.

## Towards Financial Literacy:

We promote financial inclusion and insurance awareness to build resilient communities:

- **Community Level Insurance Awareness:** MetLife Nepal provided financial support to Socio Development Transformation Nepal for conducting programs reaching 200 people in Bhaktapur and Banepa, enhancing understanding of insurance and financial tools. With the series of well-planned, interactive and community-focused sessions, participants gained an understanding of the importance of life insurance in protecting not only their own future but also financial security of their families.

- **Insurance Awareness Program:** In Kamala, Dhanusa, MetLife Nepal organized sessions to educate the community about insurance benefits.

- **Financial Literacy Programs:** MetLife Nepal provided financial support to Forum for Awareness and Youth Activity Nepal to run four programs for youth communities, spreading awareness of financial instruments and insurance to over 160 people in Dhangadhi.

Through these multifaceted initiatives, MetLife Nepal continues to make a significant impact on individual well-being, environmental stewardship, educational advancement, and financial empowerment across Nepal.

## For Our Employees

Guided by our success principles, we strive to support our employees in their roles.

Every employee's voice is heard.

The company conducts two annual surveys: the *My Voice Pulse Survey* and the *My Voice Survey*. These surveys assess employee engagement and gather feedback which provides an insight to the company to further strengthen the organization.

The company makes significant investments in the learning and development of our employees. This includes giving an opportunity to the employees to develop their skills in the life insurance business.

Accordingly, the company provides free life insurance certification course from US based reputed and globally recognized institute (*Life Office Management Association (LOMA)*).

Upon passing the examinations from the institute, employees can earn certifications such as the Fellow (FLMI), Associate (ALMI) and Associate Customer Service (ACS).

Additionally, we offer various training programs throughout the year mainly on Anti-Money Laundering/Counter Financing of Terrorism, Cyber security, financial reporting, skill development programs and underwriting trainings to name a few. Employees own their own development plans, they have learning and development goal throughout the year, with skill to focus on the learning platform.

Throughout the year, the company conducts various engagement programs to foster camaraderie among employees. These programs are championed by three committees: the Women Business Network (WBN), the Young Emerging Asia Society (YEAS), and the CARE team.

Additionally, the company organized an annual health check-up under the theme, "Be Well Week", and this also included online sessions on seated yoga and meditation techniques. Other events include an annual family night, a dinner program for employee and their spouse, a picnic program, and volunteering activities focused on serving communities. The company also conducts an annual emergency drill for fire evacuation and earthquake conducted internal staff and deployed guards of the corporate office ensuring preparedness in case of an emergency.

The Management also hosts quarterly townhalls, customer centricity townhalls and learning programs to update employees on recent company updates and key trends.

## Industry Scenario

### Economic Overview:

We maintain our assessment that Nepal's economy remains distinctive and resilient, underpinned by several structural strengths. These include a comparatively low public debt-to-Gross Domestic Product (GDP) ratio, a young demographic profile, rapid progress in digitalization, and a solid stock of foreign exchange reserves.

In FY2024/25, real GDP growth strengthened to 4.6 percent, an improvement from 3.7 percent in the previous fiscal year.

### Industry Overview:

Insurance is a vital component of Nepal's financial system, ranking as the second largest sector after banks and financial institutions, and plays an essential role in safeguarding individuals, families, and businesses against the financial impact of unforeseen events. By pooling small savings from a wide segment of the population, the insurance sector promotes a culture of savings, supports long-term investment, and contributes to overall economic stability, while also generating employment and income opportunities across the country. The sector is a significant source of livelihood, providing direct employment to over 6,113 people in life insurance companies (excluding agents) thereby supporting household incomes nationwide. Nepal's insurance industry has demonstrated strong and steady growth, with around 39.99 per cent of the population now covered by insurance *(including Micro and foreign employment)*. In FY 2024/25, life insurance companies collected NPR 182.23 billion in premiums which highlights the sector's rising importance in the national economy. Within this growing market, MetLife Nepal accounted for approximately 4 per cent of total life insurance premiums, placing the company among the top ten life insurers in Nepal and reaffirming its commitment to expanding insurance access and strengthening the financial security of Nepalese families.

*(Data source: Nepal Insurance Authority)*

### Company's contribution:

The Company holds approx. 4% market share in total life insurance business industry. The company focuses on new and innovative products to cater the needs of the new generation of the country. As on 16 July 2025, we have 1.42 million life policies. Also, the company has been serving the large number of low-income individuals in providing life insurance coverage for more than 15 years by partnering with Micro Financial Institutions. MetLife operating in its 24<sup>th</sup> year in Nepal is currently providing direct employment over 166 employees and has approx. 3,817 field representatives who are making their and others lives financially secure for the future. Also, the company has provided consistent return on the savings of its customers over the years.

# Corporate Governance, Compliance and Risk Management

MetLife Nepal is committed to strong corporate governance through management committee oversight with a strong risk and compliance culture led from the top, and support from different governance committees and regional team. Operations are guided by the global Code of Business Ethics, which requires integrity, honesty, and fair dealing, and to ensure compliance with regulation and internal policies. MetLife also applies the Three Lines of Defense model for proactive risk management. A strong "Speak Up" culture is promoted to support accountability and ethical standards throughout the company.

## Three Lines of Defense

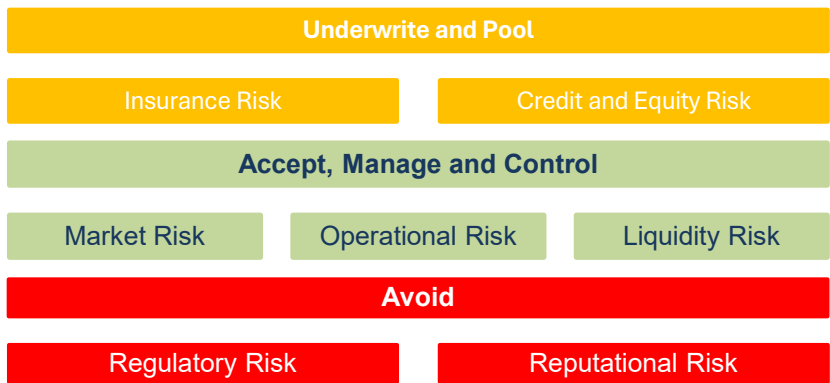
MetLife Nepal’s risk management framework operates under ‘Three Lines of Defense’ model. Within this structure, business lines and corporate functions constitute the first and primary line of defense, responsible for identifying, measuring, monitoring, managing, and reporting risks. The second line of defense is comprised of Risk and Compliance function, which provides business advisory services along with effective review and challenge to the business functions. Internal Audit represents the third line of defense, delivering independent assurance and testing the risk and control environment of both lines of defense.



## Risk Management Approach

MetLife Nepal’s approach of risk management is guided by Risk Appetite Statement (RAS) which expresses types and aggregate level of risk that the country wishes to assume. RAS facilitates better understand, measure, and manage the aggregate level of risks posed by the country’s business activities, operations, and market exposures.

RAS includes both includes both quantitative and qualitative statements of the tolerance for each material risk.



## Risk Management and Compliance Policies and Procedures



Alongside the Risk Management guidelines provided by the Nepal Insurance Authority, MetLife Nepal has established its own Risk Management policy to ensure thorough and effective oversight of all relevant risks. This policy details the roles, responsibilities, and methodologies for risk management, aligning with both the company's strategic goals and regulatory obligations. Additionally, MetLife Nepal maintains specific policies and procedures to address key compliance risks, including Anti-Money Laundering, Anti Bribery, Sanctions, Privacy, and Sales practices. The company also adopts all applicable global policies and standards from MetLife Inc. regarding risk management, compliance, and business ethics.

All such policies and procedures are regularly reviewed and distributed to all MetLife employees.

### Risk Management Methodology

MetLife Nepal has an integrated process for managing risk, that is supported by country Risk Appetite Statement (RAS). Risk management activities is coordinated by risk management function and is overseen through country Risk Management Committee (RMC) along with the oversight from Asia Risk management team and relevant committees.

MetLife Nepal broadly classifies risks as financial and non-financial for their effective management which is presented below:

Financial Risk		Non-Financial Risk	
Market Risk	Liquidity Risk	<b>Operational Risk</b> <i>Risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events</i>	<b>Compliance Risk</b> <i>Risk of non-compliance with applicable laws and regulations</i>
Credit Risk	Insurance Risk	Business Interruption Risk Execution Risk Fraud Risk Information Management Risk Information Security and Technology Risk Financial Reporting & Accounting Risk Employment Practices & Relations Risk	Customer Protection Risk Market Practices Risk Anti-Bribery & Corruption Risk Anti-Money Laundering Risk Sanctions Risk Privacy Risk Regulation and Licensing Risk

Financial risk encompasses risk of financial loss or non-financial impacts due to inadequate and ineffective planning of capital, liquidity, capital, credit risk, and insurance risks. MetLife Nepal manages its key financial risk via combinations of:

- Governance arrangement including authority delegation
- RAS monitoring
- Controls and risk assessments including various modelling of scenarios, stress testing etc.
- Underpinning policy and procedural documentations and behavior driven by success principles

Similarly, risk of financial loss and non-financial impacts due to failed or inadequate internal processes, human errors, system errors or failures, or external events leading to financial loss or non-financial damage and/or non-compliance with applicable laws and regulations are accounted under non-financial risk management. Non-financial risks are identified or managed through various programs and tools:

1. **Non-Financial risk assessment and management:** *Comprehensive risk (both inherent and residual) and controls are self-assessed by business and reviewed/challenged by risk and compliance function based on MetLife Inc.'s Non-Financial Risk Assessment Policy and Standards. Issues with action plan with clear ownership and timeline is documented and tracked through GRC platform for appropriate remediation.*



2. **Risk event management:** Incidents resulting to financial loss or non-financial damage are analyzed, managed, documented in GRC platform and reported.
3. **Testing and Monitoring;** Risk management and compliance function performs testing and monitoring of controls as per country annual plan and results documented in GRC platform. Any gaps observed are documented in GRC platform along with the remediation plan.
4. **Key Risk Indicators:** Indicators designed and monitored on a periodic basis to predict early warning signs before they materialize into potential issues.

### Risk Management and Compliance Function

Independent from the lines of business, Risk Management and Compliance function coordinates with the business functions to ensure that the material risks (financial, non-financial including compliance risks) are properly identified, measured, monitored, managed and reported. Head of risk and compliance of MetLife Nepal reports directly to Chief Risk Officer and Head of Compliance for Asia ex-Japan and dotted reporting to country Chief Executive Officer.

The Head of Risk and Compliance is also designated as the 'Compliance Officer' according to clause 19(3) of the Corporate Good Governance Directive 2080 issued by the Nepal Insurance Authority (NIA). The Compliance Officer leads Regulatory Change Management Committee in Nepal, which oversees the identification and implementation of all laws and regulations pertinent to the company. The Compliance Officer conducts a quarterly review of compliance status for significant regulations and submits a report to the NIA following discussion with the Management Committee. Details of compliance reports submitted during current year are:

Quarter	Review by Management Committee	Submission date
1 <sup>st</sup> Quarter	13 <sup>th</sup> Kartik, 2081	14 <sup>th</sup> Kartik, 2081
2 <sup>nd</sup> Quarter	11 <sup>th</sup> Magh, 2081	14 <sup>th</sup> Magh, 2081
3 <sup>rd</sup> Quarter	24 <sup>th</sup> Baishak, 2082	30 <sup>th</sup> Baisakh, 2082
4 <sup>th</sup> Quarter	28 <sup>th</sup> Shrawan, 2082	30 <sup>th</sup> Shrawan, 2081

As guided by RAS, MetLife Nepal is committed to full regulatory compliance. We have engaged in proactive dialogues with regulators to discuss our dedication to adhering to compliance and addressing any challenges related to regulatory compliance. Our improvement efforts are monitored and tracked as per issue management standards of company and transparently reported to regulator.

## Committees and their activities during the year:

### A. Management Committee

The Committee is established in accordance with the requirement of Corporate Good Governance Directive issued by Nepal Insurance Authority.

No. of members	5
No. of meetings held during the year	19

#### Functions and Responsibilities include:

All the functions, duties and powers of the insurer under this Act, Regulations or By-rule made under this Act, issued Directives, Order, Memorandum and Articles of Association and other laws prevalent shall be vested in Board of Director except that the work of the general meeting of the insurer.

#### Activities performed during the year:

The committee reviewed overall performance and compliance with the relevant laws and regulations.

### B. Audit Committee

The Committee is established in accordance with the requirement of Insurer's Internal Audit Directive 2022 issued by Nepal Insurance Authority.

No. of members	4
No. of meetings held during the year	12

#### Functions and Responsibilities include:

1. Examination of Financial statements and Auditors report thereon. The Committee shall oversee the financial reporting, statement of cash flow and disclosure processes both on an annual and quarterly basis. Ensuring financial statements are fair, transparent and compliant with regulations and are timely published.
2. Ensuring effectiveness of Company's internal control system and risk management system including compliance with regulatory and company's internal policies and procedures. Oversee the management's internal control system for risk identification, risk appetite statements, significant exceptions, incidents or loss events as escalated to management committees.
3. Assess governance controls to ensure preparation and adherence to management policies, safeguarding of assets, detection and prevention of frauds and errors.

4. Recommendation of the appointment, remuneration, performance and providing oversight to the work of the auditors (internal/statutory/ Any other Auditor as per regulatory stipulations). Ensuring effectiveness of the internal audit and risk and compliance function. In case of statutory audit, the independence of the external auditors shall be ensured. The Audit Committee will also review and monitor the auditors' independence and performance.
5. Discuss the nature and scope of audit with the statutory auditors prior to commencement of audit well as have post-audit discussions to address areas of concern. Further, discuss with the statutory auditors periodically about internal control systems, the scope of the audit including the observations of the auditors (where applicable) and review and approve the quarterly/half yearly and annual financial statements as the case may be and submit to the management and ensure compliance with the Internal control systems.
6. Review and approve the annual internal audit budget and resources Monitor the internal audit actual performance compared to approved plan. Ensure internal audit has adequate resources to carry out the internal audit plan and maintains open communication with management, external auditors and supervisory authorities.
7. Review and approve quarterly regulatory internal audit report and ensure management is taking necessary and timely corrective action to address control gaps. Audit committee shall submit quarterly report of its activities to the Board of Directors.

#### Activities performed during the year:

1. Reviewed and approved the internal audit plan, monitored the audit status and results and shared the results with the Board of Directors of American Life Insurance Company, USA. Also, the committee presented the quarterly status of the activities to the Board.
2. Reviewed and approved the Risk Based Internal Audit Policy and Audit Committee charter to further strengthen the Internal Audit risk-based audit methodology and Audit Committee governance and oversight.
3. Reviewed internal, external and IT audit reports.
4. Reviewed and discussed with Risk & Compliance department on risk and compliance plans and risk profile, with Quality & Project Management department on control testing plans and results. Also, the committee reviewed and discussed the new directives issued by the regulator with Finance department.

### C. Risk Management, Reinsurance and Solvency Committee

The Committee is established as a sub-committee in compliance with the Corporate Good Governance Directive issued by Nepal Insurance Authority.

No. of members	7
No. of meetings held during the year	4

#### Functions and Responsibilities include:

1. Review risk management structure and operational framework within the framework established by Enterprises Risk Management.
2. Approve and establish risk management policies and procedures.
3. Ensure business compliance with the Risk Appetite Statement, monitoring quantitative risk metrics on prescribed frequency, reviewing all breaches to Heightened Attention Range and Indicated Action Trigger, and defining appropriate responses.
4. Discuss the Company's top risks and emerging risks such as climate change-related risk and other operational risk reports along with mitigation plans and/or key risk indicators and monitor the risks and progress of the mitigation plans.
5. Review other operational risk reports including compliance and internal audit dashboard.
6. Discuss, review, and resolve any material risks from any function, and escalate to the Asia regional risk committees as needed.
7. Act as Third-Party Risk Management Committee (TPRMC), solvency committee and reinsurance committee and perform responsibilities as required.
8. Perform any other activities that the Committee Chair deems necessary and related to the scope of the Committee.

#### Activities performed during the year:

1. Reviewed and approved ORSA supervisory report and RAS update.
2. Reviewed annual Risk and Compliance plan and performance.
3. Review of reinsurance performance and strategy
4. Reviewed & monitored below regular areas:
  - Compliance with Risk Appetite Statement
  - Non-Financial Risk Assessment plan and results
  - Regulatory change management
  - Key Risk Indicators, product risk metrics, quarterly Risk and Compliance results, reinsurance proposal review, third-party risks, internal audit results
  - Discussion on top and emerging risks/issues and their remediation measures including Escalated issues and action plans
  - Implementation status of Risk Based Capital & Solvency directive, ORSA directive and Climate Change related risk.
5. The committee performed its annual evaluation.

### D. Investment Committee

The Committee is established as a sub-committee in compliance with the Corporate Good Governance Directive issued by Nepal Insurance Authority.

No. of members	4
No. of meetings held during the year	4

#### Functions and Responsibilities include:

1. Search for the best investment options available in the market
2. Review and approval of investment.
3. Establish proper control for the investment portfolio & management of funds.
4. Ensure the compliance of local regulatory acts, regulation, directives, and circulars issued by local regulatory body, MetLife annual investment guidelines & approved AUM limits /tenures provided by investment credit research team and regional investment team.

- Overseeing the investment options, plan & process on periodical basis and make necessary amendments in the process if any required.

#### Activities performed during the year:

- The committee meeting was held on every quarter with a focus on key investment strategies, regulatory developments, market developments in terms of investment opportunities.
- The committee reviewed the existing investment limits and approved the new limits for investment in the financial institutions.
- The committee reviewed the impact of Risk Based Capital & Solvency Directive from investment perspective.
- The committee also advised investment team to explore the investments in subordinated debentures, corporate bonds, mutual funds, equity markets and other possible investments areas.
- The committee performed its annual evaluation and annual review of its investment policy.

#### E. Anti-Money Laundering Committee

The Committee is established as a sub-committee in compliance with the Corporate Good Governance Directive issued by Nepal Insurance Authority.

No. of members	5
No. of meetings held during the year	10

#### Functions and Responsibilities include:

- Address the matter related to anti-money laundering and combating the financing of terrorism as prescribed by AML Directive issued by the Nepal Insurance Authority.
- Undertake AML projects and programs from time to time. The committee may form a working group to conduct/lead specific work prescribed by the AML directive, and such working groups take authority and direction from the Committee and report to the Committee.
- Invite consultants to provide opinion and advice, as deemed fit for a critical issue.

#### Activities performed during the year:

- The committee reviewed the gap assessment and implementation plan of revised AML regulations and directive.
- The committee monitored the status of implementation of AML related laws, regulation, related projects, and reporting
- The committee reviewed and approved Anti-Money Laundering (AML) assessment report, AML Annual Report of FY 2081-82, AML work plan and performed its annual evaluation.

#### F. Claims Committee

The Committee is established as a sub-committee in compliance with the Corporate Good Governance Directive issued by Nepal Insurance Authority.

No. of members	5
No. of meetings held during the year	5

#### Functions and Responsibilities include:

- To review the operational aspects of claims administration of the company.
- To approve the claims as per claims authority of the company.

#### Activities performed during the year:

- Quarterly Claims Review: The committee evaluated the status of claims for each quarter, including claims paid, pending claims, and the underlying reasons for delays. It also assessed compliance with targeted turnaround times and other key performance indicators (KPIs).
- Discussion on Contestable Claims: The committee deliberated on contestable claims and related issues.
- Regulatory Updates: The committee reviewed recent regulatory changes and monitored their implementation.
- Claims Approval Authority: The committee reviewed and updated the Claims Approval Authority.

#### G. Good Governance Unit

The unit/committee is established in accordance with the requirement of Good Governance Directive 2073, issued by Nepal Insurance Authority.

No. of members	7
No. of meetings held during the year	7

#### Functions and responsibilities:

The Good Governance Unit shall have the following responsibilities.

- Assess the status of good governance
- Conduct meeting of the unit on a quarterly basis.
- Monitor compliance with Good Governance Directive.
- Provide update on significant matters to Chief Executive, as unit deems necessary.

Provide annual update to Chief Executive on overall activities of the unit.

#### Activities performed during the year:

Through the year, committee held meetings to discuss the compliance status of Insurers' Corporate Good governance directive 2080. The unit identified various areas where the gaps existed with the latest version of the directive. It developed action items to close these gaps and regularly monitored the implementation of these action items. All these action items were successfully implemented, ensuring full compliance with the directive.

## H. Other Committees

The company has established other committees to further streamline the business operation, i.e. sales quality governance committee which discusses and resolves the customers' queries & complains, Corporate Social Responsibility taskforce which work on the CSR activities to better serve the communities, Regulatory Change Management Committee to discuss, monitor and implement the regulatory developments etc.

## Climate Risk related Disclosure

(As per Annexure 1 of Section 3.1 of the directive on Climate Change-related risk)

Nepal Insurance Authority (herein referred to as "NIA") recognizes the significance of climate change related risk and related disclosure requirement with the issue of directive on climate change related risk. Within this context, the response to NIA's directive and disclosure requirement is being submitted at the MetLife, Inc. enterprise level (herein referred to as "MetLife", the "Company", "we" or "our" unless specifically referred to by entity name). Companies within the MetLife enterprise, including American Life Insurance Company, Nepal branch ("MetLife Nepal"), follow MetLife's policies and procedures relating to climate change.

MetLife expressly disclaims any responsibility for the accuracy of forward-looking information contained in the responses set forth below. By providing such responses, MetLife does not imply the materiality of any of the information provided. These responses are provided only on the condition that any person

who makes use of such information waives any claim under any theory of law based on the inaccuracy of such information.

## Background on Climate Action at MetLife

MetLife is working to increase efficiency, reduce risks and deliver sustainable growth across our global operations. MetLife manages and monitors climate and other environmental risks, impacts and opportunities while supporting solutions that advance the transition to a low-carbon economy.

MetLife colleagues participate in our voluntary employee engagement program to support environmental stewardship. MetLife maintains policies and guidelines that provide information regarding our environmental efforts, including MetLife's Environmental Policy Statement. Protecting the environment is also stated as an area of focus in the Company's Code of Business Ethics. MetLife employees are encouraged to reduce their own environmental impact at the office and to take advantage of climate-related opportunities that drive business value.

Specific to climate risk, MetLife acknowledges that climate risks, both physical and transition risks, could impact our business operations, investments, customers, and supply chain. We consider how MetLife could be impacted by climate risks across the business, both assets and liabilities, by qualitatively evaluating how risks could manifest across risk types, including: credit, market, insurance, operational, legal and compliance risks.

## Governance model for managing Climate Risks

MetLife operates under the "Three Lines of Defense" model. Under this model, each colleague has a role to play in risk management under the Company's risk and control framework. The lines of business and corporate functions are the first and primary line of defense in identifying, measuring, monitoring, managing and reporting risks. Global Risk Management forms the second line of defense, providing strategic advisory services and effective challenge and oversight to the business and corporate functions in the first line of defense. Internal Audit serves as the third line of defense, providing independent assurance and testing over the risk and control environment and related processes and controls. Together, these three lines of defense help us identify, measure, monitor, manage and report on risks. Independent from the lines of business, the centralized Global Risk Management function, led by the Chief Risk Officer, coordinates across the risk committees to ensure that material risks are identified, measured, monitored, managed and reported across the Company, including reporting to MetLife's Board of Directors, when appropriate. Within MetLife's GRM organization,

there is a climate risk team that works across the company to develop best practices, including integrating climate risk into the risk management framework. to develop best practices, including integrating climate risk into the risk management framework. to develop best practices, including integrating climate risk into the risk management framework.

### **MetLife Nepal's Climate Risk related Policy/guidance note**

MetLife Nepal has a Climate Risk guidance note which supports the implementation of the requirements contained in the Climate change related directive 2078 issued by NIA. This guidance note provides further information to support the understanding of the climate change risk assessment requirements and their implementation.

The guidance note defines roles and responsibilities of different stakeholders, including risk management and business functions. MetLife Nepal regularly reviews and updates this guidance note to reflect the experience and in response to other changes affecting implementation (e.g., regulatory developments, technological advances).

MetLife Nepal has embedded climate change related risk in its risk management framework and will also consider climate change in formulation of its strategic plan.

### **Climate Change Related Risk Assessment approach**

Impact and opportunities from relevant climate risk for MetLife shall be regularly identified, monitored, measured, managed, and reported to the appropriate level of governance to support the monitoring of identified critical areas.

MetLife Nepal has integrated climate change related risk in its Risk Appetite Statement and risk management framework; and the MetLife Nepal risk management team has regularly engaged with relevant regional and enterprise teams to develop and implement a comprehensive approach to managing climate risk and regulatory expectations. Also, climate change related risk has been assessed (considering impact and likelihood scale) for FY 2081-82 (FY 2024/25) based on a top-down approach; wherein MetLife Nepal has assessed and reported all relevant

Transition risk and Physical risk across the short-term, medium-term, and long-term horizon. The climate risk register, as prepared, has been reviewed by MetLife Nepal's Risk Management Committee.

MetLife Nepal's approach in managing climate change related risk can be summarized as:

Step 1: Identify potential impacts: Potential risk or impacts from climate change are identified under subclasses of transition and physical risk.

Step 2: Estimate likelihood & impact of identified risks across the various time horizons - Short-term: 0-4 years, Medium-term: 5-10 years; and Long-term: 10+ years.

Step 3: Translate likelihood & impact to overall risk rating (i.e., Low, Medium, High).

Step 4: Review the climate change risk register by appropriate level of governance to define actions and monitor progress.

### **Climate Change Scenario Analysis and Stress Testing**

Climate-related risks for MetLife Nepal are assessed in the local context, considering current and anticipated organizational exposures, in alignment with the risk assessment methodology outlined in the guidance note. MetLife Nepal continues to engage with NIA for building assessment and scenario analysis capabilities to make progress on understanding climate risks and their potential impacts on our business, strategy and financial planning. Considering the MetLife Nepal's investment strategy and existing investment portfolio, which is majorly concentrated in bank deposits, scenario analysis/stress testing on the assets side is less relevant. The Local MetLife Nepal team will regularly liaise with NIA and the MetLife enterprise climate risk team to keep abreast of ongoing exploratory efforts around scenario analysis, which in our opinion do not yet yield results that are decision useful given model limitations and high degrees of uncertainty.

### **Key metrics, indicators, and other measurements**

At the enterprise level, MetLife is targeting Net-zero greenhouse gas ('GHG') emissions for its global operations and General Account investment portfolio by 2050 or sooner<sup>1</sup>. In addition to

<sup>1</sup> For years, MetLife has applied a diverse range of strategies to reduce emissions generated by its environmental footprint. MetLife is making progress toward its interim targets, which support our ambition to reach Net Zero greenhouse gas (GHG) emissions for its global operations and General Account (GA) investment portfolio by 2050 or sooner, as part of MetLife's overall business strategy to create long-term value for colleagues, customers, shareholders, business partners and communities around the world. This commitment builds on our longstanding history of environmental stewardship, which entails working toward an inclusive, resilient and thriving environment for

present and future generations. To help reduce emissions to as close to zero as possible in the coming decades, we are focusing on MetLife, Inc.'s global owned and leased offices and vehicle fleets (Scope 1 and 2 emissions), employee business travel (Scope 3 Category 6), supply chain, and assets in MetLife's GA investment portfolio (Scope 3 Category 15), which includes the general accounts of MetLife, Inc.'s wholly owned insurance company subsidiaries. MetLife has voluntarily produced and publicly disclosed an inventory of GHG



this, MetLife Nepal, on the local level, <sup>2</sup> liaises with NIA for setting and monitoring local level indicators and/or metrics.

To support MetLife's global climate aspirations and contribute towards MetLife's pledge to plant 5 million trees between 2020 and 2030, MetLife Nepal has performed the following initiatives during FY 2024/25 (2081/82) focusing on tree plantation, environmental conservation and sustainability measures:

- Funded and oversaw the maintenance of the park within the Karya Binayak Temple premises in Lalitpur.
- Contributed towards distributing 8,500 fruit bearing tree saplings (like mango, litchi, orange, lemon, guava, walnut and pear) to the interested locals in all seven provinces of Nepal for plantation emphasizing the impacts of climate change, enhancing biodiversity and improving air quality. In addition to positive environmental outcomes, sales of fruits from these trees also provide a source of income to the residents of rural areas.
- Provided support to Prime Minister Disaster relief fund of NPR 2.5 million for flood rehabilitation.
- Provided financial aid to a local institution in Kalikot district to support environmental conservation through the sustainable cultivation of 800 high-value timur and tejpat saplings and fenced 3,500 square meters of land for the saplings protection in Khadachakra Municipality, Ward 4, Sirani.
- MetLife Foundation also collaborated with the Arbor Day Foundation to support planting of trees.
- Maintained high performance office with initiation to minimize our consumption of water, plastics, paper and waste management. During the fiscal year, around 7.2 tons of waste recycled.

For more information on our Net Zero aspiration, including associated interim targets and metrics, please read MetLife's 2024 Sustainability Report.

## Forward-Looking Statements:

*The forward-looking statements in this report, using words such as "anticipate," "are confident," "assume," "believe," "continue," "could," "estimate," "expect," "if," "intend," "likely," "may," "plan," "potential," "project," "should," "will," and "would," are based on assumptions and expectations that involve risks and uncertainties, including the "Risk Factors" MetLife, Inc. describes in its U.S. Securities and Exchange Commission filings. MetLife's future results could differ, and it does not undertake any obligation to publicly correct or update any of these statements. Our report may include or incorporate by reference information that might give expectations, predictions, estimates or forecasts of future events ("forward-looking statements"). These statements can be identified by the fact that they do not relate strictly to historical or current facts. They typically use words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe" and other similar words. Although forward-looking statements contained in this report are based upon what management of the Company believes are reasonable assumptions, there can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Forward-looking statements can be affected by inaccurate assumptions or by known or unknown risks and uncertainties. Many such factors will be important in determining actual future results.*

- General economic conditions;
- Legal and regulatory policy changes;
- Unsuccessful efforts to meet all environmental, social and governance standards or to enhance our sustainability;
- Global political, legal, and operational risks;
- Technological changes;
- Catastrophes;
- Climate changes or responses to it.

*The Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change except as required by applicable laws. The reader is cautioned not to place undue reliance on forward-looking statements.*

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emissions from our operations for many years. While reliable methodologies and data sets pertaining to certain emissions are not available at this time, we are committed to improving our data quality and tracking capabilities as standards and methodologies continue to evolve. Emissions calculations are informed by the GHG Protocol and Partnership for Carbon Accounting

Financials (PCAF), unless otherwise directed by regulators. Additional information about MetLife's General Account investment portfolio is available here:  
<https://investor.metlife.com/Fact-Sheets/Investment-Fact-Sheet/default.aspx>

## Grievance Handling Mechanism

American Life Insurance Company (MetLife) has developed a thorough Complaint Handling Process to make it simple for its clients to address their complaints via the company's call center at 01-5970166, toll-free number 1660-0155555, email, website, mobile app, social networks, and any agency, branch or provincial offices.

All complaints are entered into the company's Complaint Handling System with an automatically generated case number, and following a comprehensive investigation, disciplinary measures are implemented in conformity with the Disciplinary Action Framework established by the Compliance Guidelines.

Turn-Around Time is maintained on each complaint to ensure prompt resolution of all complaints and client satisfaction. The consumer is kept informed during the investigation process. They may contact our Complaints Redressal Officer if they're dissatisfied with any of the findings.

The company's website provides contact details for the Nodal Officer who has been designated to manage issues.

## Reinsurance Arrangements

American Life Insurance Company (MetLife) Nepal has made adequate reinsurance arrangement to effectively manage the risk of claims being higher than expected due to various reasons like increased mortality, morbidity and climate related risks. Company entered into individual excess of loss reinsurance agreement with Delaware American Life American Company (DELAM), Nepal Reinsurance Co. and Himalayan Reinsurance Ltd. Later two are defined as local reinsurers and DELAM as leader reinsurer by our reinsurance policy. MetLife Nepal is doing reinsurance business 60% with local reinsurer and 40% with DELAM. MetLife Nepal has been doing reinsurance business with DELAM since it's operation in Nepal and later Nepal Re and Himalayan Re included. DELAM is an American company having 60 years of experience on reinsurance doing business across many countries. We have both types of contracts i.e. treaty for regular business and facultative for those which is not covered by treaty contracts i.e. if risk is beyond certain limit.

Also, company entered into event based catastrophic excess of loss reinsurance agreement with Metropolitan Tower Life Insurance Co. (MTL) to manage the risk of catastrophic events along with creation of catastrophe reserves in case the loss does not meet the criteria as per reinsurance agreement.

The most reputed rating company AM best has given A+ (superior) financial strength rating for DELAM.

Reinsurer	Credit Rating Agency	Rating
Delaware American Life American Company	AM Best	A or equivalent
Nepal Reinsurance Co.	ICRA Nepal	AA or equivalent
Metropolitan Tower Life Insurance Company	AM Best	A or equivalent
Himalayan Reinsurance Ltd	ICRA Nepal	A or equivalent



## Statement of Responsibility of Chief Financial Officer

The Financial Statements of American Life Insurance Company for the year ended on 16 July 2025 have been prepared in accordance with Nepal Financial Reporting Standards and any departure there from has been adequately disclosed.

### Responsibilities:

- Ensure that Financial Statements are prepared in accordance with Nepal Financial Reporting Standard and in compliance with the requirements of the Companies Act 2063, Insurance Act, 2079, Insurance Regulation, 2081 and Directives issued by Nepal Insurance Authority.
- The estimates and judgements related to the financial statements are made on a prudent and reasonable basis, for the financial statements to reveal a true and fair view.
- Establish and maintain adequate internal control to ensure the accuracy of financial reporting and compliance with relevant laws and regulations.
- Regularly assess the effectiveness of the internal control and maintenance of accounting records, implementing improvements as necessary.
- Ensure established policies and procedures of the Company were consistently followed.
- Ensure compliance with all relevant regulatory requirements applicable to the Life Insurance industry, including those set by the Nepal Insurance Authority.
- Maintain transparency in financial reporting and disclose all material information in accordance with regulatory guidelines.

Therefore, I declare that –

To the best of my knowledge and belief:

- These statements do not contain any materially untrue statement of omitting any material fact or certain statements that might be misleading.
- These statements collectively present true and fair view of the Company's affairs and follow existing reporting standards and applicable laws.
- There are, to the best of knowledge and belief, no transactions entered by the company during the year which are fraudulent, illegal or in violation of the code of conduct of the company.

**Rajiv Kumar Pathak**  
**Chief Financial Officer**

## Appointed Actuary's certification on the adequacy of liabilities

As the appointed actuary of American Life Insurance Company Nepal branch, I have carried out an actuarial valuation of the entire business as on the 16<sup>th</sup> of July 2025. To the best of my knowledge, I certify that:

3. Proper records have been kept by the company for the purpose of liability valuation
4. The reserves calculated are adequate to meet all liabilities
5. All relevant regulations issued by Nepal Insurance Authority (NIA) have been complied with for the valuation of liabilities
6. The company has maintained the required solvency ratio. The company's solvency ratio is 208.3%, which is above the regulatory minimum of 130%.



**Jen Hoong Lee, FSA**

**Appointed Actuary**

**Date: 2 December, 2025**

**Independent Auditor's Report**

**and**

**Audited Financial Statements**

**Along with Disclosures**

# Annexure I

## American Life Insurance Company

### Management Report

#### Financial Year 2081-82 B.S. (2024-25 A.D.)

#### A. General Information about Company:

1. Date of establishment: 2058/04/18 (August 02, 2001)
2. Insurer License date: 2058/04/18 (August 02, 2001)
3. Insurance business type, nature: Life Insurance
4. Date of commencement of business: 2058/10/17 (January 30, 2002)
5. License status: The company holds a valid license to operate life insurance business in Nepal.

#### B. Company's Management Report:

1. Income tax liabilities of NPR 416,678,992/- have been paid to Inland Revenue Department on respective due dates. TDS Payable of NPR 7,342,073/- related to F.Y. 2081-82 at the Balance Sheet date has been paid on respective due dates.
2. As per clause 72 of Insurance regulation, 2081, service fee must be paid within 30 days of end of quarter. The company has already paid 100% service fee amounting Rs. 46,937,897/- of FY 2081-82 within the timeline. There are no fines or penalties pending to be paid to government authorities.
3. American Life Insurance Company is registered as a foreign branch of American Life Insurance Company (ALICO), USA with Office of the Company Registrar on 2062/02/23 (June 05, 2005) and with Inland Revenue Department. There is not any change in the structure of the company compared to previous year.  
Being an independent branch, it does not have to share any part of risk arising from the business operated in other territories. ALICO is a subsidiary of MetLife Inc, HO/RO and offices operated in different countries are as under:

<b>ALICO – HO</b>	Chile	Ireland	Poland	UAE
Wilmington, USA	China	Italy	Portugal	Ukraine
<b>Regional Office</b>	Colombia	Japan	Qatar	United Kingdom
Hong Kong	Cyprus	Jordan	Romania	United States
<b>Other MetLife operations</b>	Czech Republic	Kuwait	Saudi Arabia	Nepal
Australia	Ecuador	Lebanon	Slovakia	
Bahrain	Egypt	Malaysia	South Korea	
Bangladesh	France	Mexico	Spain	
Brazil	Hungary	Vietnam	Turkey	
Bulgaria	India	Oman	Uruguay	

4. The Company is compliant with the requirement of Risk Based Capital and Solvency Directive, 2025 (2082) and maintains a solvency margin of 2.08 as of Ashad 32, 2082 (July 16, 2025).
5. A. Value of total assets reflected in the Statement of Financial Position as on Ashad 32, 2082 are not overstated than its fair value.  
  
B. Assets recognized in Statement of Financial Position are measured on historical cost basis except certain financial assets which are required to be measured at fair value.
6. Company has made all its investment within the provisions of the existing laws.

7. Total number of benefits and claims paid during the year is 19,536 (Death claims – 11,857, Partial Maturity 1,168 and Full Maturity – 6,511). Details of number of outstanding benefits and claims are as follows:

<b>Financial Year</b>	<b>2077-78</b>	<b>2078-79</b>	<b>2079-80</b>	<b>2080-81</b>	<b>2081-82</b>
Death Claims	619	494	572	671	110
Maturity Benefits	5988	5240	3508	3981	3120

The claims are settled within the time frame prescribed by Insurance Act, 2079, related regulation and directives issued by Nepal Insurance Authority.

8. The Company follows the provisions of Insurance Act 2079, Insurance Regulation 2081, Company Act 2063, Nepal Financial Reporting Standards and other prevailing laws & regulation.
9. Appropriate accounting policies are consistently applied, and uniformity is maintained which has been tested and appropriateness is found.
10. The financial statements are prepared in accordance with Nepal Financial Reporting Standards and in compliance with Insurance Act, 2079, Insurance Regulations, 2081, Financial Statement related Directive, 2080 & amendments thereof and other guidelines issued by Nepal Insurance Authority. The financial statements present transactions of Nepal branch only. The financial statement gives true & fair picture of all the financial conditions of the Company.
11. It is declared that the control mechanism and processes are in place which is sufficient and effective to safeguard the Company's assets and to control the fraud and misappropriations.
12. The financial statements have been prepared based on going concern basis.
13. The Company has strong, effective, reliable, and independent internal audit unit at Local, Regional and Head office level which conducts internal audits on regular basis. It has been found to be quite effective as a controlling mechanism for normal operation of business activities.
14. The Company has not done business with any person, firm, company or with its director or institution having interest of the directors which is against the Insurance Act, 2079, Company Act, 2063 and regulations, order, and directives under it.
15. No penalties have been levied by Nepal Insurance Authority during the year.
16. The Company has adequate re-insurance arrangements for insurance risks and other situational risks are being closely monitored. Required actions are being taken in consultation with regional office and head office.
17. The Company is compliant with Anti money laundering Act 2064 (amended), related regulations, directives, guidelines and company's policy, standard and procedures.
18. The Company received approval of its actuarial valuation report for FY 2081/82 (2024-25) on November 30, 2025 (Mangsir 14, 2082). The total distributable profit as per financial statements is NPR 984,367,606/-. The Company has received approval from Nepal Insurance Authority on Poush 3, 2082 via letter Bi.Bi.Sa. 110 (2082/82) C.N. 3503 to declare dividend for this financial year. Accordingly, the company has proposed cash dividend of NPR 530,000,000/- for the Financial Year 2081-82 out of its total distributable profit.
19. The Company transferred below amount out of net profit before deferred tax adjustment to the respective reserves as required by section 11 of Company's Financial Statement Related Directive, 2080.

	<b>Current Year</b>	<b>Total Reserves</b>
Catastrophe Reserve	: 84,385,104	612,037,376
Capital Reserves	: 168,770,208	1,032,495,099
Corporate Social Responsibility (CSR) Reserve	: 8,438,510	7,944,114

Similarly, as required by section 57(Ka) of Corporate Good Governance Directive, 2075 and section 37 of Financial Statement Related Directive, 2080, the Company has incurred NPR 4,127,261/- in employee training and development. Employee Capacity Development Reserve is created for remaining amount to NPR 3,466,505/-.

The disclosure related to CSR activities are provided in note 59 and Climate Risk related disclosure in Appendix I of the financial statements.

20. The company has declared a bonus below bonus per thousand for participatory products mentioned against respective terms for the financial year 2081-82.

<b>Name of Product</b>	<b>Term of Contract (in years)</b>	<b>Bonus rate per '000 of Sum Assured</b>	<b>No. of Policies</b>
Anticipated Endowment [Three Payment Plan (3PP)]	1 to 15	45	5,869
	16 to 20	55	2,301
	21 and above	65	3,745
Anticipated Endowment [Mid-Term Growth Plan (MTG)]	1 to 15	45	180
	16 to 20	50	883
	21 and above	55	508
Endowment including Subhabisya Aajiwan Aaya (SBAA)	1 to 15	50	2,761
	16 to 20	60	5,989
	21 and above	70	2,282
Education Protection Plan (EPP)	1 to 15	50	10,355
	16 to 20	60	13,750
	21 and above	70	4,753
My Child's Education Protection Plan (MCEPP)	1 to 15	40	473
	16 to 20	45	2,283
	21 and above	50	957

## Independent Auditors' Report of American Life Insurance Company - Nepal Branch

### Opinion

We have audited the accompanying Financial Statements of American Life Insurance Company - Nepal Branch (hereinafter referred to as 'the Company') which comprise the Statement of Financial Position as at Ashad 32, 2082 (July 16, 2025), and the Statement of Profit or Loss, Statement of Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows attached thereto, for the year then ended and notes to the financial statements, including a summary of Significant Accounting Policies and other Explanatory Notes & information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statement read together with Notes forming part of the financial statement presents fairly, in all material respects, the Financial Position of the company as at Ashad 32, 2082 (July 16, 2025), and its Financial Performance, Changes in Equity, Cash Flow for the year then ended and a Summary of Significant Accounting Policies and Other Explanatory Information in accordance with Nepal Financial Reporting Standards (NFRSs) and comply with Companies Act, 2063 and Insurance Act, 2079.

### Basis of Opinion:

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs) issued by the Auditing Standard Board of Nepal. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statement* section of our report. We are independent of the Entity in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of Nepal together with the ethical requirements that are relevant to our audit of the Financial Statement, and we have fulfilled our other ethical responsibilities in accordance with those requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements, as a whole, and in forming our opinion thereon, 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	How the matters were addressed in our Audit
1.	<b>Investment Valuation, Identification and Impairment:</b> Investment of the Company comprises of investment in unquoted equity instruments, bonds, mutual funds and fixed deposits of various banks and financial institutions.	<b>Our Audit procedures on valuation of investment included:</b> <ol style="list-style-type: none"> <li>1. We tested the design, implementation, and operating effectiveness of key controls over valuation process of investments.</li> <li>2. Review of investments of the company and its valuation in accordance with NFRS.</li> </ol>



S.N.	Key Audit Matters	How the matters were addressed in our Audit
	<p>Valuation of the aforesaid securities have been done in accordance with NAS 39 read with NFRS 9. The investment in fixed deposit is recognized at Amortized Cost whereas investments in equity instrument unquoted, are valued at Fair Value through Statement of Other Comprehensive Income Loss on the reporting date.</p> <p>Given the varieties of treatments recommended for valuation of investment based on investment objective targeted by the management, nature of cash flows, complexity of calculations and significance of amount involved in such Investments, thus, we have considered it as a Key Audit Matter in our audit.</p>	<p>3. Assessment of the business model adopted by the management and the nature of expected cash flow of the investments on the basis of available evidence/circumstances and ensured that classification of investment is commensurate with nature of cash flows and management intention of holding the investments.</p> <p>4. For the investment's valuation at amortized cost, we have verified the Accrued Interest, amortization schedule on test basis.</p> <p><b>Our Results:</b> Based on work carried out as above, we considered the valuation of Investments at amortized cost and measured at fair value to be acceptable.</p>
2.	<p><b>Insurance Contract Liabilities:</b> An actuarial valuation of Insurance Contract Liability is a significant component of the financial statement. It involves significant judgements for future events considering past events of different factors. Minor changes can result material effect on the valuation of Insurance Contract Liability.</p> <p>Since, Insurance Contract Liability constitutes major liability of the company, we considered this as key audit matter.</p>	<p><b>We applied following procedures in respect of Insurance Contract Liability verification:</b></p> <ol style="list-style-type: none"> <li>1. Review of data sent by the company for actuarial valuation purposes.</li> <li>2. Obtained actuarial valuation report.</li> <li>3. Assessment of the valuation methodology and assumptions for compliance with the actuarial guidance, legislation and company's policy and the approval from Nepal Insurance Authority.</li> </ol> <p><b>Our Results:</b> Based on work carried out as above, we consider valuation of insurance contract liabilities fair and acceptable.</p>
3.	<p><b>Information Technology Controls:</b> IT controls include recording of transactions, generating reports in compliance with reporting requirement of Nepal Insurance Authority and other compliances to regulators is an important part of the process. Hence the company's financial and reporting processes are highly dependent on the effective working of Core Insurance Software.</p> <p>We have considered this as a key audit matter as any control lapses, validation failures, incorrect input data and wrong extraction of data may result in incorrect reporting to the management, shareholders, and regulators.</p>	<p><b>Our Audit procedures on Information Technology Controls included:</b></p> <ol style="list-style-type: none"> <li>1. Understanding the Core Insurance Software and other allied systems used by the company for accounting and reporting purposes and control.</li> <li>2. Understanding the process of feeding data in the system and conducting a walkthrough of the extraction of the financial information and statements from the IT systems existing in the company.</li> <li>3. Walkthrough of access control of the users.</li> <li>4. Reviewing the reports generated by the system on sample basis.</li> </ol> <p><b>Our Results:</b> Based on work carried out as above, we considered the controls in the Information technology to be acceptable.</p>





### **Information other than the Financial Statements and Auditor's Report Thereon**

The company's management is responsible for the presentation of the other information. The other information comprises the information included in the company's Annual Report and Management Letter. Our opinion on the financial statements does not cover the other information and accordingly, we do not express an audit opinion, any form of assurance conclusion there on. Our responsibility is to read the other information and, in doing so, consider whether, based on audit work done by us on financial statement, the other information therein is materially misstated or inconsistent with the financial statements

If based on the work we have performed, we conclude that there is a material misstatement of this other information's, we are required to report the fact. We have nothing to report on in this regard.

### **Responsibilities of Management and those charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of these Financial Statements in accordance with Nepal Financial Reporting Standard (NFRS), and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, 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 intends 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 Responsibilities 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 misstatement, 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 it is not a guarantee that an audit conducted in accordance with NSAs 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 part of an audit in accordance with NSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- a. Identify and assess the risks of material misstatement of the financial statements whether due to fraud, error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b. 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 on the effectiveness of the company's internal control.
- c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the 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 conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.
- e. 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.



- f. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the Financial Statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant ethical requirement regarding independence, and to communicate with them all relationship and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### **Report on Other Legal and Regulatory Requirements**

To the best of our knowledge and according to explanations given to us and from our examination of the books of account of company, necessary for the purposes of our audit to the extent for the scope of our audit:

- a. We have obtained all the information and explanations along with replies to our queries, which to the best of our knowledge and belief were necessary for the purposes of the audit.
- b. In our opinion, the financial statements comprising of Statement of Financial Position, Statement of Profit or Loss, Statement of Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows prepared in accordance with the requirements of Companies Act, 2063 and format prescribed by Nepal Insurance Authority are in agreement with the books of Accounts.
- c. In our opinion, books of accounts and records of the company have been maintained as required by prevailing laws.
- d. To the best of our information and according to the explanations provided to us and so far, as appeared from the examination of the books of accounts, we have not come across any cases where members' of the Management Committee or any employee have acted contrary to the legal provision relating to accounts or committed any misappropriation or caused any loss or damage to the company.
- e. We have not come across any fraudulence in the accounts, so far as it appeared from our examination of the books of accounts.
- f. To the best of our knowledge, Company has maintained Life Insurance Fund and other mandatory reserves in line with directives issued by Nepal Insurance Authority.
- g. We did not obtain any information indicating engagement of the company in activities other than insurance business as approved/licensed by the Nepal Insurance Authority.
- h. We did not obtain any information indicating the company's activities, which is prejudicial to the interest of the Insured.
- i. The company has acted as per directives of Nepal Insurance Authority.
- j. We did not obtain any information indicating issuance of insurance policy other than as approved by Nepal Insurance Authority.
- k. It appears that all the financial and other information/subject matters which are required to be informed to stakeholders as per prevalent laws have been provided to the stakeholders.
- l. To the best of our knowledge, the company is eligible and capable to bear its long-term liabilities from the assets of the company.
- m. The internal control system implemented by the company is found to be effective.

Kathmandu  
Date: December 23, 2025



  
**B.K. Agrawal, FCA**  
Managing Partner

**For: B.K. Agrawal & Co.**  
Chartered Accountants  
UDIN: 251223CA00018dMeB8

**Annexure II**  
**AMERICAN LIFE INSURANCE COMPANY**  
**Statement of Financial Position**  
**As At Asadh 32, 2082 (July 16, 2025)**

			Amount in NPR
Particulars	Notes	Current Year	Previous Year
Assets			
Goodwill & Intangible Assets	4	15,779,285	8,388,052
Property and Equipment	5	176,061,580	217,215,973
Investment Properties	6	-	-
Deferred Tax Assets	7	69,065,409	64,093,501
Investment in Subsidiaries	8	-	-
Investment in Associates	9	-	-
Investments	10	31,522,866,997	28,655,002,682
Loans	11	1,822,323,265	1,748,830,951
Reinsurance Assets	12	14,942,473	8,629,092
Current Tax Assets (Net)	21	39,897,366	52,249,775
Insurance Receivables	13	-	-
Other Assets	14	168,534,579	164,493,517
Other Financial Assets	15	685,642,706	132,671,040
Cash and Cash Equivalents	16	1,015,105,829	446,285,586
Total Assets		35,530,219,489	31,497,860,169
Equity & Liabilities			
Equity			
Share Capital	17 (a)	-	-
Share Application Money Pending Allotment	17 (b)	-	-
Share Premium	17 (c)	-	-
Catastrophe Reserves	17 (d)	612,037,376	527,652,272
Retained Earnings	17 (e)	2,864,953,017	2,561,162,305
Other Equity	17 (f)	1,246,478,103	1,077,364,515
Total Equity		4,723,468,496	4,166,179,092
Liabilities			
Provisions	18	209,516,475	195,221,892
Gross Insurance Contract Liabilities	19	30,118,093,170	26,600,068,702
Deferred Tax Liabilities	7	-	-
Insurance Payables	20	42,907,647	20,261,644
Current Tax Liabilities (Net)	21	-	-
Borrowings	22	-	-
Other Liabilities	23	257,640,209	345,648,446
Other Financial Liabilities	24	178,593,492	170,480,393
Total Liabilities		30,806,750,993	27,331,681,077
Total Equity and Liabilities		35,530,219,489	31,497,860,169

The accompanying notes form an integral part of these Financial Statements.

As per our report of even date

.....  
Rajiv Kumar Pathak  
Chief Financial Officer

.....  
Nirmal Kajee Shrestha  
VP and General Manager

.....  
B.K. Agrawal, FCA  
Managing Partner  
Chartered Accountants

Date: December 23, 2025  
Place: Lalitpur, Nepal

**AMERICAN LIFE INSURANCE COMPANY**  
**Statement of Profit or Loss**  
**For Period 16th July, 2024 - 16th July, 2025**  
**(For the Year Ended Ashad, 2082)**

			Amount in NPR	
Particulars	Notes	Current Year	Previous Year	
<b>Income:</b>				
Gross Earned Premiums	25	6,258,386,366	5,678,884,637	
Premiums Ceded	26	(248,058,609)	(222,444,427)	
<b>Net Earned Premiums</b>		<b>6,010,327,757</b>	<b>5,456,440,210</b>	
Commission Income	27	127,207,978	115,596,451	
Other Direct Income	28	4,625,795	4,568,272	
Interest Income on Loan to Policyholders	11	218,240,083	188,309,770	
Income from Investments and Loans	29	2,622,113,092	2,577,712,516	
Net Gains/(Losses) on Fair Value Changes	30	-	-	
Net Realised Gains/(Losses)	31	-	-	
Other Income	32	8,617,208	9,332,844	
<b>Total Income</b>		<b>8,991,131,913</b>	<b>8,351,960,063</b>	
<b>Expenses:</b>				
Gross Benefits and Claims Paid	33	2,946,254,135	3,235,380,116	
Claims Ceded	33	(79,066,930)	(79,910,758)	
Gross Change in Contract Liabilities	34	3,518,024,466	2,728,653,006	
Change in Contract Liabilities Ceded to Reinsurers	34	(6,313,381)	7,289,805	
<b>Net Benefits and Claims Paid</b>		<b>6,378,898,290</b>	<b>5,891,412,169</b>	
Commission Expenses	35	528,079,567	486,307,447	
Service Fees	36	46,937,897	42,591,635	
Other Direct expenses	37	-	-	
Employee Benefits Expenses	38	418,213,341	379,688,291	
Depreciation and Amortization Expenses	39	63,573,979	61,995,704	
Impairment Losses	40	1,645,268	-	
Other Operating Expenses	41	279,131,336	237,658,485	
Finance Cost	42	14,102,220	9,506,001	
<b>Total Expenses</b>		<b>7,730,581,898</b>	<b>7,109,159,732</b>	
<b>Net Profit/(Loss) For The Year Before Share of Net Profits of Associates Accounted for Using Equity Method and Tax</b>		<b>1,260,550,015</b>	<b>1,242,800,331</b>	
Share of Net Profit of Associates accounted using Equity Method	-	-	-	
<b>Profit Before Tax</b>		<b>1,260,550,015</b>	<b>1,242,800,331</b>	
Income Tax Expense	43	412,330,262	414,884,652	
<b>Net Profit/(Loss) For The Year</b>		<b>848,219,753</b>	<b>827,915,679</b>	
<b>Earning Per Share</b>	51			
Basic EPS		-	-	
Diluted EPS		-	-	

The accompanying notes form an integral part of these Financial Statements.

As per our report of even date

.....  
Rajiv Kumar Pathak  
Chief Financial Officer

.....  
Nirmal Kajee Shrestha  
VP and General Manager

.....  
B.K. Agrawal, FCA  
Managing Partner  
Chartered Accountants

Date: December 23, 2025  
Place: Lalitpur, Nepal

**AMERICAN LIFE INSURANCE COMPANY**  
**Statement of Other Comprehensive Income**  
**For Period 16th July, 2024 - 16th July, 2025**  
**(For the Year Ended Ashad, 2082)**

Particulars	Note	Amount in NPR	
		Current Year	Previous Year
<b>Net Profit/(Loss) For The Year</b>		<b>848,219,753</b>	<b>827,915,679</b>
<b>Other Comprehensive Income</b>			
<b>a) Items that are or may be Reclassified to Profit or Loss</b>			
Changes in Fair Value of FVOCI Debt Instruments		-	-
Cash Flow Hedge - Effective Portion of Changes in Fair Value		-	-
Exchange differences on translation of Foreign Operation		-	-
Share of other comprehensive income of associates accounted for using the equity method		-	-
Income Tax Relating to Above Items		-	-
Reclassified to Profit or Loss		-	-
<b>b) Items that will not be Reclassified to Profit or Loss</b>			
Changes in fair value of FVOCI Equity Instruments		-	-
Revaluation of Property, Plant and Equipment/ Intangible Assets		-	-
Remeasurement of Post-Employment Benefit Obligations	44	(2,412,776)	(9,803,217)
Share of other comprehensive income of associates accounted for using the equity method	9	-	-
Income Tax Relating to Above Items		603,194	2,450,804
<b>Total Other Comprehensive Income For the Year, Net of Tax</b>		<b>(1,809,582)</b>	<b>(7,352,413)</b>
<b>Total Comprehensive Income For the Year, Net of Tax</b>		<b>846,410,171</b>	<b>820,563,266</b>

The accompanying notes form an integral part of these Financial Statements.

As per our report of even date

.....  
Rajiv Kumar Pathak  
Chief Financial Officer

.....  
Nirmal Kajee Shrestha  
VP and General Manager

.....  
B.K. Agrawal, FCA  
Managing Partner  
Chartered Accountants

Date: December 23, 2025  
Place: Lalitpur, Nepal

American Life Insurance Company  
Statement of Changes In Equity  
For Period 16th July, 2024 - 16th July, 2025  
(For the Year Ended Ashad, 2082)

Fig. in NPR

Previous Year																		
Particulars	Ordinary Share Capital	Preferenc e Shares	Share Application Money Pending Allotment	Share Premium	Retained Earnings	Revaluation Reserves	Capital Reserves	Catastrophe Reserves	CSR Reserves	Insurance Fund	Fair Value Reserves	Actuarial Reserves	Deferred Tax Reserves	Other Reserves (HO Fund)	Other Reserves (Contingency)	Other Reserves (Housing Fund)	Other Reserves (Employee Capacity Development Reserves)	Total
Balance as at Shrawan 1, 2080	-	-	-	-	2,447,485,748	-	700,209,338	445,894,495	12,174,106	-	-	(31,247,221)	40,889,045	75,444,600	15,000,000	96,941,329		3,802,791,440
Prior period adjustment*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated Balance as at Shrawan 1, 2080	-	-	-	-	2,447,485,748	-	700,209,338	445,894,495	12,174,106	-	-	(31,247,221)	40,889,045	75,444,600	15,000,000	96,941,329		3,802,791,440
Profit/(Loss) For the Year	-	-	-	-	827,915,679	-	-	-	-	-	-	-	-	-	-	-	-	827,915,679
Other Comprehensive Income for the Year, Net of Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
i) Changes in Fair Value of FVOCI Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ii) Gains/ (Losses) 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, Plant and Equipment/ Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
vi) Remeasurement of Post-Employment Benefit Obligations	-	-	-	-	(7,352,413)	-	-	-	-	-	-	-	-	-	-	-	-	(7,352,413)
Transfer to Reserves/ Funds	-	-	-	-	(246,497,596)	-	163,515,553	81,757,777	8,175,778	-	-	(7,352,413)	-	-	-	-	400,901	(0)
Transfer of Deferred Tax Reserves	-	-	-	-	(10,337,913)	-	-	-	-	-	-	-	10,337,913	-	-	-	-	-
Transfer of Depreciation on Revaluation of Property, Plant Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer on Disposal of Property, Plant and Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer on Disposal of Equity Instruments Measured at FVTOCI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to Insurance Contract Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share Issuance Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others ( Utilization of Reserves)	-	-	-	-	-	-	-	-	(7,124,414)	-	-	-	-	-	-	-	-	(7,124,414)
Contribution by/ Distribution to the owners of the Company	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
i) Bonus Share Issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ii) Share Issue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
iii) Cash Dividend	-	-	-	-	(427,548,640)	-	-	-	-	-	-	-	-	-	-	-	-	(427,548,640)
iv) Dividend Distribution Tax	-	-	-	-	(22,502,560)	-	-	-	-	-	-	-	-	-	-	-	-	(22,502,560)
v) Others (to be Specified)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at Ashadh 31, 2081	-	-	-	-	2,561,162,305	-	863,724,891	527,652,272	13,225,470	-	-	(38,599,634)	51,226,958	75,444,600	15,000,000	96,941,329	400,901	4,166,179,092

\* Prior period adjustments are the changes on account of NFRS implementation

As per our report of even date

The accompanying notes form an integral part of these Financial Statements.

.....  
Rajiv Kumar Pathak  
Chief Financial Officer

.....  
Nirmal Kajee Shrestha  
VP and General Manager

.....  
B.K. Agrawal, FCA  
Managing Partner  
Chartered Accountants

Date: December 23, 2025  
Place: Lalitpur, Nepal

American Life Insurance Company  
Statement of Changes In Equity  
For Period 16th July, 2024 - 16th July, 2025  
(For the Year Ended Ashadh, 2082)

Current Year																		
Particulars	Ordinary Share Capital	Preference Shares	Share Application Money Pending Allotment	Share Premium	Retained Earnings	Revaluation Reserves	Capital Reserves	Catastrophe Reserves	Other Reserves (CSR)	Insurance Fund	Fair Value Reserves	Actuarial Reserves	Deferred Tax Reserves	Other Reserves (HO Fund)	Other Reserves (Contingency)	Other Reserves (Housing Fund)	Other Reserves (Employee Capacity Development Reserves)	Total
Balance as at Shrawan 1, 2081	-	-	-	-	2,561,162,305	-	863,724,891	527,652,272	13,225,470	-	-	(38,599,634)	51,226,958	75,444,600	15,000,000	96,941,329	400,901	4,166,179,092
Prior period adjustment*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated Balance as at Shrawan 1, 2081	-	-	-	-	2,561,162,305	-	863,724,891	527,652,272	13,225,470	-	-	(38,599,634)	51,226,958	75,444,600	15,000,000	96,941,329	400,901	4,166,179,092
Profit/(Loss) For the Year	-	-	-	-	848,219,753	-	-	-	-	-	-	-	-	-	-	-	-	848,219,753
Other Comprehensive Income for the Year, Net of Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
i) Changes in Fair Value of FVOCI Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ii) Gains/ (Losses) 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, Plant and Equipment/ Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
vi) Remeasurement of Post-Employment Benefit Obligations	-	-	-	-	(1,809,582)	-	-	-	-	-	-	-	-	-	-	-	-	(1,809,582)
Transfer to Reserves/ Funds	-	-	-	-	(263,250,745)	-	168,770,208	84,385,104	8,438,510	-	-	(1,809,582)	-	-	-	-	3,466,505	-
Transfer of Deferred Tax Reserves	-	-	-	-	(4,368,714)	-	-	-	-	-	-	-	4,368,714	-	-	-	-	-
Transfer of Depreciation on Revaluation of Property, Plant Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer on Disposal of Property, Plant and Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer on Disposal of Equity Instruments Measured at FVTOCI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to Insurance Contract Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share Issuance Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others ( Utilization of Reserves)	-	-	-	-	-	-	-	-	(13,719,866)	-	-	-	-	-	-	-	(400,901)	(14,120,767)
Contribution by/ Distribution to the owners of the Company	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
i) Bonus Share Issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ii) Share Issue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
iii) Cash Dividend	-	-	-	-	(261,250,000)	-	-	-	-	-	-	-	-	-	-	-	-	(261,250,000)
iv) Dividend Distribution Tax	-	-	-	-	(13,750,000)	-	-	-	-	-	-	-	-	-	-	-	-	(13,750,000)
v) Others (to be Specified)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at Ashadh 32, 2082	-	-	-	-	2,864,953,017	-	1,032,495,099	612,037,376	7,944,114	-	-	(40,409,216)	55,595,672	75,444,600	15,000,000	96,941,329	3,466,505	4,723,468,496

\* Prior period adjustment are the changes on account of NFRS implementation

The accompanying notes form an integral part of these Financial Statements.

As per our report of even date

.....  
Rajiv Kumar Pathak  
Chief Financial Officer

.....  
Nirmal Kajee Shrestha  
VP and General Manager

.....  
B.K. Agrawal, FCA  
Managing Partner  
Chartered Accountants

Date: December 23, 2025  
Place: Lalitpur, Nepal

**American Life Insurance Company**  
**Statement of Cash Flows**  
**For Period 16th July, 2024 - 16th July, 2025**  
**(For the Year Ended Ashad, 2082)**

Amount in NPR

Particulars	Current Year	Previous Year
<b>Cash Flow From Operating Activities:</b>		
<b>Cash Received</b>		
Gross Premium Received	6,257,081,950	5,681,492,339
Commission Received	194,601,218	115,596,451
Claim Recovery Received from Reinsurers	11,673,690	76,384,111
Realised Foreign Exchange Income other than on Cash and Cash Equivalents	-	-
Other Direct Income	4,625,795	7,513,570
Other Income	1,199,738	4,703,706
Uncleared Premiums and deposits	4,974,121	11,799,412
<b>Cash Paid</b>		
Gross Benefits and Claims Paid	(2,946,254,135)	(3,235,380,116)
Reinsurance Premium Paid	(225,412,606)	(202,373,546)
Commission Paid	(522,318,607)	(494,275,629)
Service Fees Paid	(75,922,390)	(43,336,854)
Employee Benefits Expenses Paid	(387,358,000)	(372,141,502)
Other Expenses Paid	(299,095,106)	(268,057,053)
Income Tax Paid	(404,346,567)	(325,834,708)
Deferred Tax	-	-
Gross Change in Contract Liabilities	-	-
Change in Contract Liabilities Ceded to Reinsurers	-	-
Depreciation and Amortization Expenses	-	-
Finance Cost	-	-
Other Policyholders payment	(29,477,689)	(14,884,121)
<b>Net Cash Flow From Operating Activities [1]</b>	<b>1,583,971,411</b>	<b>956,090,180</b>
<b>Cash Flow From Investing Activities</b>		
Acquisitions of Intangible Assets	(12,873,645)	(3,377,072)
Proceeds From Sale of Intangible Assets	-	-
Acquisitions of Investment Properties	-	-
Proceeds From Sale of Investment Properties	-	-
Rental Income Received	-	-
Acquisitions of Property and Equipment	(6,533,620)	(23,677,317)
Proceeds From Sale of Property and Equipment	432,400	4,324,400
Investment in Subsidiaries	-	-
Receipts from Sale of Investments in Subsidiaries	-	-
Investment in Associates	-	-
Receipts from Sale of Investments in Associates	-	-
Purchase of Equity Instruments	-	-
Proceeds from Sale of Equity Instruments	-	-
Purchase of Mutual Funds	-	-
Proceeds from Sale of Mutual Funds	-	-
Purchase of Preference Shares	-	-
Proceeds from Sale of Preference Shares	-	-
Purchase of Debentures	-	-
Proceeds from Sale of Debentures	-	-
Purchase of Bonds	-	-
Proceeds from Sale of Bonds	-	-
Investments in Deposits	(8,575,961,997)	(6,893,097,682)
Maturity of Deposits	5,704,864,739	4,511,095,623
Loans Paid	(698,440,500)	(1,167,241,201)
Proceeds from Loans	624,736,788	978,670,685
Rental Income Received	-	-
Proceeds from Finance Lease	-	-
Interest Income Received	2,616,331,806	2,579,868,611
Dividend Received	-	-
Interest Income on Policy Loan	213,862,244	181,513,996
Advances [Paid/(Recovery)]	(4,009,183)	(10,593,625)
Application money for investment in debenture	(550,000,000)	-
<b>Total Cash Flow From Investing Activities [2]</b>	<b>(687,590,968)</b>	<b>157,486,418</b>
<b>Cash Flow From Financing Activities</b>		
Interest Paid	-	-
Proceeds From Borrowings	-	-
Repayment of Borrowings	-	-
Payment of Finance Lease	(52,560,200)	(45,895,420)
Proceeds From Issue of Share Capital	-	-
Share Issuance Cost Paid	-	-
Dividend Paid	(261,250,000)	(984,372,045)
Dividend Distribution Tax Paid	(13,750,000)	(22,502,560)
Others (to be specified)	-	-
<b>Total Cash Flow From Financing Activities [3]</b>	<b>(327,560,200)</b>	<b>(1,052,770,025)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents [1+2+3]</b>	<b>568,820,243</b>	<b>60,806,573</b>
Cash & Cash Equivalents At Beginning of The Year/Period	446,285,586	385,479,011
Effect of Exchange Rate Changes on Cash and Cash Equivalents	-	-
<b>Cash &amp; Cash Equivalents At End of The Year/Period</b>	<b>1,015,105,829</b>	<b>446,285,586</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	1,015,105,829	446,285,586

The accompanying notes form an integral part of these Financial Statements.

As per our report of even date

.....  
Rajiv Kumar Pathak  
Chief Financial Officer

.....  
Nirmal Kajee Shrestha  
VP and General Manager

.....  
B.K. Agrawal, FCA  
Managing Partner  
Chartered Accountants

Date: December 23, 2025  
Place: Lalitpur, Nepal



**American Life Insurance Company**  
**Statement of Distributable Profit or Loss**  
**For Period 16th July, 2024 - 16th July, 2025**  
**(For the Year Ended Ashad, 2082)**

Amount in NPR

Particulars	Current Year	Previous Year
<b>Opening Balance in Retained Earnings</b>	<b>2,561,162,305</b>	<b>2,447,485,748</b>
Transfer from OCI reserves to retained earning in current year	-	-
Net profit or (loss) as per statement of profit or loss	848,219,753	827,915,679
<b>Appropriations:</b>		
i) Transfer to Insurance Fund	-	-
ii) Transfer to Catastrophe Reserve	(84,385,104)	(81,757,777)
iii) Transfer to Capital Reserve	(168,770,208)	(163,515,553)
iv) Transfer to CSR reserve	(8,438,510)	(8,175,778)
v) Transfer to/from Regulatory Reserve	-	-
vi) Transfer to Fair Value Reserve	-	-
vii) Transfer of Deferred Tax Reserve	(4,368,714)	(10,337,913)
viii) Transfer to OCI reserves due to change in classification	-	-
ix) Transfer to Employee Capacity Development Reserves	(3,466,505)	(400,901)
<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	(3,293,029)	(1,864,922)
viii) Accumulated Share of Net Profit of Associates accounted using Equity Method	-	-
included in Investment Account		
ix) Overdue loans	(7,882)	(7,882)
x) Fair value gain recognised in Statement of Profit or Loss	-	-
xi) Investment in unlisted shares as per sec 16 of Financial Directive	(4,780,000)	(4,780,000)
xii) Delisted share investment or mutual fund investment	-	-
xiii) Bonus share/dividend paid	(275,000,000)	(450,051,200)
xiv) Deduction as per Sec 17 of Financial directive	-	-
xiv) Deduction as per Sec 18 of Financial directive	-	-
xv) Others (to be specified)	(50,114)	(1,738,575)
<b>Adjusted Retained Earning</b>	<b>2,856,821,992</b>	<b>2,552,770,926</b>
Add: Transfer from Share Premium Account	-	-
Less: Amount apportioned for Assigned capital	-	-
Less: Deduction as per sec 15(1) Of Financial directive	(40,409,216)	(38,599,634)
Add/Less: Others (Retained Earning)	(1,832,045,170)	(1,832,045,170)
<b>Total Distributable Profit/(loss)</b>	<b>984,367,606</b>	<b>682,126,122</b>

The accompanying notes form an integral part of these Financial Statements.

As per our report of even date

.....  
Rajiv Kumar Pathak  
Chief Financial Officer

.....  
Nirmal Kajee Shrestha  
VP and General Manager

.....  
B.K. Agrawal, FCA  
Managing Partner  
Chartered Accountants

Date: December 23, 2025  
Place: Lalitpur, Nepal

## **Notes to the Financial Statements**

### **for the year ended Ashad 32, 2082 (July 16, 2025)**

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

American Life Insurance Company is incorporated under the laws of the United States of America. The company commenced life insurance business as a foreign branch in Nepal from the year 2002 AD under the license granted by the Nepal Insurance Authority. The Nepal branch was registered as a branch of foreign company in 2006 AD under the Company Ordinance, 2006 AD. The address of its registered office is Ward no. 3, Pulchowk, Lalitpur, Nepal. The company underwrites life insurance risks, such as those associated with death, accident, disability, and health.

The principal activities of the Company are to provide various life insurance products including participating and non-participating products through its branches and network of agents. In the Financial Statements, American Life Insurance Company has been referred as “the company”.

#### **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, 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 Institute of Chartered Accountants of Nepal (ICAN) and in compliance with the requirements of Insurance Act 2079, Insurance Regulation 2081, related directives and circulars and Companies Act 2063. The format used in the preparation and presentation of the Financial Statements and disclosures made therein complies Insurer's Financial Statement Related Directive, 2080 issued by 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 accompanied audited financial statements have been reviewed by the management committee and approved for submission by the Vice President and General Manager of the company on Poush 8, 2082 B.S. (December 23, 2025 A.D.) and acknowledges the responsibility of preparation of financial statements.

##### **b) Reporting Period and approval of financial statements**

The Company reporting period is from Shrawan 01, 2081 to Ashad 32, 2082 (16 July 2024 to 16 July 2025) with the previous year from Shrawan 01, 2080 to Ashad 31, 2081 (17 July 2023 to 15 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 & Liabilities which are required to be measured at fair value.

ii. Defined Employee Benefits.

iii. Gross Insurance Contract Liabilities which are required to be determined using actuarial valuation method prescribed by Risk Based Capital and Solvency Directive, 2025 (2082).

Historical cost is generally fair value of the consideration given in exchange for goods & services.

Fair value is the price that would be received to sell an asset or paid to transfer 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 : Quoted (unadjusted) market prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable other than quoted prices included within Level 1.
- Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

**d) Use of Estimates, assumption, and judgement**

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.

Explanatory Notes:

A change in estimate (change in discount rate while valuing employee benefit liabilities of company), is disclosed below in Employee benefit expenses section.

**e) Functional and Presentation Currency**

The 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 unless otherwise indicated.

**f) Going Concern**

The financial statements are prepared on a going concern basis. The management 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, management 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 operations of it.

**g) Changes in Accounting Policies**

Accounting policies are the specific principles, basis, 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. The company applies its accounting policies consistently from year to year. Disclosure is provided if the change is required by the accounting standards.

**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. NFRS 9 will also be applied at the time of application of NFRS 17 and thus yet to be effective.

**i) Carve-Outs**

The Company has not applied any carved outs provided by ICAN.

**j) Presentation of financial statements**

The assets and liabilities of the Company presented in the Statement of Financial Position are grouped by nature and listed in an order that reflects their relative liquidity and maturity pattern.

**k) Offsetting**

Financial assets and financial liabilities are offset, and the net amount reported in the Statement of Financial Position, only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously. Income and expenses are not offset in the Statement of Profit or Loss unless required or permitted by Nepal Financial Reporting Standards, Insurance regulations and as specifically disclosed in the Significant Accounting Policies of the Company.

**l) Materiality and Aggregation**

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Nepal Accounting Standard-NAS 1 on Presentation of Financial Statements. Notes to the Financial Statements are presented in a systematic manner which ensures the understandability and comparability of Financial Statements of the Company. Understandability of the Financial Statements is not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

**3. Significant accounting policies**

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

**a) Goodwill and 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 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	4
Licenses	Over the agreement period

## **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 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.

### **Explanatory notes:**

The company does not have goodwill in this reporting period.

## **b) Property and Equipment (P&E)**

### **i) Recognition**

Freehold land is carried at historical cost and other items of property 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 asset, land, 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 on the reporting date. Valuation of the land and buildings are undertaken by professionally qualified valuers.

An increase in the carrying amount because 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 because 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 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 on Property and Equipment other than Freehold Land i.e., the Company's Freehold Building, Vehicles & Other Assets is provided on Straight Line Method (SLM) based on useful life estimated by the management except in case of leased property under finance lease which is depreciated over the lease period as per Nepal Financial Reporting Standards 16.

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 and Equipment based on SLM is categorized as stated below:

<b>List of Asset Categories</b>	<b>Useful Life (In Years)</b>
Land	Not Applicable
Buildings	20
Leasehold Improvement	Lease Period
Furniture & Fixtures	4
Computers and IT Equipment	4
Office Equipment	4
Vehicles	5
Other Assets	4

## **iv) Derecognition**

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.

**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 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.

**vi) Capital Work-In-Progress**

These are expenses of capital nature directly incurred in the construction of buildings 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.

**Explanatory notes:**

The company does not have Land and has not revalued Property and Equipment in this reporting period. The company does not have its own building and leased property under finance lease is presented under Building category.

**c) Investment Properties**

An investment property is defined as property held by the company to earn rentals or for capital appreciation or both, rather than own-occupied. It will not be held for consumption in the business operations and disposal would not affect the operations of the company. Investment properties are initially measured at cost, including transaction costs. Subsequently all investment properties (without exception) are reported at fair value with any gains or losses in fair value reported in the income statement as they arise. The fair value used is that the property could be exchanged between knowledgeable, willing parties in an arm's length transaction and should reflect market conditions at the balance sheet date.

**Explanatory notes:**

The company does not have any investment properties.

**d) Deferred Tax Assets**

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.

**Explanatory notes:**

Below are the details of Deferred tax assets:

<b>Particulars</b>	<b>Opening Balance</b>	<b>Movement</b>	<b>Closing Balance</b>
Depreciation	9,998,786	-1,568,665	8,430,121
Gratuity Provision	42,665,728	5,737,590	48,403,318
Leave Provision	8,603,185	1,211,219	9,814,404
RoU Assets and Lease Liability	2,825,802	(408,236)	2,417,566
<b>Total</b>	<b>64,093,501</b>	<b>(4,971,908)</b>	<b>69,065,409</b>

**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 to hold the asset 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)*

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 Asset is de-recognized 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 de-recognized. Where the Company retains control of the Financial Asset, the Asset continues 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.

### **Explanatory notes:**

The company has investments in term deposits of the banks and government bonds. These financial assets are carried at Amortized Cost. Insurance receivables and other financial assets are recognized at realizable value.

## **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 or minus, in the case of Financial Liabilities not at fair value through profit or loss recognized at transaction costs that are attributable to the issue of 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.

**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.

**Explanatory notes:**

The company has offset insurance receivables with insurance payables pertaining to the same party and same nature of transaction in this reporting period and of previous year for comparison purposes.

**h) Reinsurance Assets**

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

A reinsurance asset is impaired if there is objective evidence, because of an event that occurred after the initial recognition, 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 reinsurer. If a reinsurance asset is impaired, the company reduces the carrying amount accordingly and is recognized in statement of profit or loss.

**Explanatory notes:**

The company has created reinsurance assets for Claim Payment Reserve which will be received as per contractual provisions with the reinsurers. Reinsurance assets are not impaired as there is no event occurred due to which company may not receive all amounts due.

**i) 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.

**j) Cash & Cash Equivalent**

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

**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.

**Explanatory notes:**

The company is operating as branch operation of foreign insurance company. Therefore, it does not have Equity share capital in Nepal operation.

**l) Funds and Reserves**

**i) Share Application Money Pending Allotment**

Not applicable

**ii) Share Premium**

Not applicable

**iii) Catastrophe Reserves**

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) Retained Earnings**

Retained earnings show the company's accumulated earnings (or deficit in the case of losses) less dividends paid of previous year.

**v) Capital Reserves**

This reserve is created as per requirement of section 19(2) of Insurer's registration and Insurance Business Directive, 2073. The company has transferred 20% of current year's net profit before adjustment of deferred tax income/expense to the capital reserve.

**vi) Regulatory Reserves**

This reserve was created to transfer the excess profit generated from NFRS based financial statements over special purpose financial statements as per regulatory instruction. With the introduction of Insurer's Financial Statement Related Directive 2080, opening balance is allocated among the products and equity as per regulatory instruction. There is no remaining balance.

**vii) Corporate Social Responsibility (CSR) 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) 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.

**Explanatory notes:**

The company does not have balance in this reserve as there are no such items recognized in SOCI.

**ix) Actuarial Reserves**

This 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 on an annual basis at the end of fiscal year.

**x) Revaluation Reserves**

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

**Explanatory notes:**

The company does not create this reserve as P&E is not revalued in this reporting period.

**xi) Other Reserves**

Other reserves include deferred tax reserve, contingency reserve, housing fund reserves and HO fund.

**m) Provisions**

Provisions are recognized when the company has a present legal or constructive obligation because 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.

**Explanatory notes:**

The company has provisioned difference amount between defined benefit obligation liability determined as per actuarial method and plan assets. Also, the company has provisioned total tax payable amount as a part of settlement under amnesty scheme introduced by Finance Act, 2077 & Finance Act, 2078 from FY 2065-66 to FY 2071-72 and the same is pending for clearance from Large Taxpayers' Office.

**n) Gross Insurance Contract Liabilities**

**i) Life Insurance Fund**

The company performs the liability valuation of its portfolio in annual basis at the end of each financial year as per Risk Based Capital and Solvency Directive, 2025 (2082) issued by Nepal Insurance Authority.

For actuarial valuation purpose, all surplus arising from all the portfolios is transferred to Life Insurance Fund. Accumulated Life Insurance Fund is re-adjusted based on liability determined as per actuarial valuation to align with latest policy liabilities balance.

Poly Systems Life Master and Prophet models are used for the calculation of liabilities. Liabilities calculated by the Model are based on mortality, persistence, expense, interest rate and bonus rate assumptions which are updated annually at each financial year.

**ii) Claim Payment Reserve including IBNR**

Claim Payment Reserve is created for claims intimated and not paid cases. Incurred But Not Reported (IBNR) claims have been booked based on actual claim intimated till balance sheet date in accordance with the directive of Nepal Insurance Authority, Nepal Accounting Standards 10 on "Events after the Balance Sheet Date" and as per company practice.

**o) Income 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 Risk Based Capital and Solvency Directive 2025 (2082) 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) Premiums on Reinsurance Accepted**

Premium on reinsurance accepted comprise the total premiums payable for the whole cover provided by contracts entered 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.

**iii) Commission income**

Commission income refers to the reinsurance commission income earned for insurance business ceded to the reinsurer and is recognized on accrual basis supported by written confirmation from the reinsurer.

**iv) Other direct income**

Late fees and other direct incomes are recognized as and when received from the customer.

**v) Interest Income from Investment and Loan to Policyholders**

Interest income is recognized in the statement of profit or loss as it accrues. Fees and commissions that are an integral part of the effective yield of the financial asset are recognized as an adjustment to the Effective Interest Rate of the instrument.

**vi) Net Gains/(Losses) on Fair Value Changes**

Net Gains/ (Losses) on fair value changes in the statement of profit or loss include gains and losses on financial assets, investment properties due to changes in fair value of such assets.

**Explanatory notes:**

The company does not have any Net Gains/ (Losses) on Fair value changes in this reporting period.

**vii) Net realized gains/(losses)**

Net realized gains and losses recorded in the statement of profit or loss include realized 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.

**Explanatory notes:**

The company does not have any net realized gains/(losses) in this reporting period.

**viii) Other Income**

Other income includes profit on sale of property and equipment, finance income, foreign currency exchange revaluation gains and other miscellaneous income.

### **Foreign currency exchange revaluation gains**

Foreign Currencies are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in Statement of Profit and Loss in the period in which they arise.

## **p) Expenses recognition**

### **i) Gross benefits & claims and Gross change in insurance contract liabilities.**

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 settlements of claims except related employee cost. Benefits and claims that are paid during the financial year are recognized under Gross Benefits and claims paid.

Due benefits, intimated death benefits yet to be paid and change in liabilities in the reporting period of policies are recognized under changes in gross insurance contract liabilities.

### **ii) Claims ceded and Change in Contract Liabilities Ceded to Reinsurers**

Claims ceded (Reinsurer's portion in claims paid) is recognized when the related gross insurance claim paid is recognized according to the terms of the reinsurance contracts.

Change in Contract Liabilities Ceded to Reinsurers (Reinsurer's portion in claim payment reserve) is recognized when the related gross claim payment reserve is generated.

### **iii) Commission expenses**

Commission expenses refer to commission earned by agents based on collected premium and are recognized on accrual basis.

### **iv) Service fees**

Service fees are recognized on accrual basis at the rate of 0.75% as per Insurance Act, 2079 of Gross Written Premium.

### **v) Employee Benefit expenses**

#### **Short term obligation**

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 obligations in the Statement of Financial Position.

Employee bonus at the rate of 10% of profit required to be paid as per Bonus Act 2030, has been recognized under employee expenses.

## **Post-Employment Benefits**

### **Defined contribution plan.**

Contributions to defined contribution schemes (Provident fund) are charged to the profit or loss statement in the year to which they relate as the company has no further defined obligations beyond monthly contributions.

As per the provision of new Labor Act enacted and effective from September 4, 2017, gratuity plan has been converted into contribution plan from defined benefit plan. Accordingly, the company has deposited the contribution to Social Security Fund (SSF).

### **Defined benefit plan.**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The Company recognizes all actuarial gains and losses net of deferred tax arising from defined benefit plans immediately in other comprehensive income and all expenses related to defined benefit plans in employee benefit expense in profit or loss. The Company recognizes gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment or settlement comprises any resulting change in the fair value of plan assets, any change in the present value of the defined benefit obligation, any related actuarial gains and losses and any past service cost that had not previously been recognized.

Revaluation of Defined Benefit Plan is performed on annual basis.

## **Long Term Employee Benefits**

Employees have a statutory entitlement to payment of number of days more than required accumulation as per Labor Act.

The obligation for such long-term employee benefits is calculated using the projected unit credit method and is discounted to its present value based on an actuarial valuation. Service cost, interest cost and actuarial gain/loss are recognized in the profit or loss statement. Revaluation of Defined Benefit Plan is performed on annual basis.

## **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:

- 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. 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:

- 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.

**vi) Other operating expenses**

Employee Benefit and Other operating expenses include employee related expenses and administration expenses and is recognized on accrual basis.

**vii) Finance Cost**

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

**q) Income tax expenses**

Income tax on the profit or loss for the year comprises current taxes and deferred taxes. Income tax is recognized in the profit or loss statement except to the extent that it relates to items recognized directly to equity.

**Current tax**

Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the relevant tax legislation and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Income tax rates applicable to company is 25%. The current income tax for the year is calculated on the taxable profit for the year determined in accordance with Special Purpose financial statements.

**Deferred tax**

Deferred Tax is recognized on temporary differences between the amounts of Assets & 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 & Liabilities and their carrying amount in Financial Statements, except when the Deferred Income 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.

**r) Earnings per share**

Since the Company is a branch office of a foreign company and does not have any issued equity share capital, the earnings per share of the company are not calculated.

**s) Contingent Liabilities & Contingent Assets**

**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.

**Explanatory notes:**

The company has gone for appeal with Inland Revenue Department for the dispute against different tax treatment for carry forward of advance tax amount of FY 2075/76. Additionally, the company has filed an appeal with Administrative Review authority for the dispute against different tax treatment for carry forward of advance tax amount of FY 2077/78 and expenses disallowances. Contingent liability arising out of this is disclosed in note 56 to the financial statements.



Final tax assessments from Large Taxpayers' Office from fiscal year 2078/79 onwards are pending as of the reporting date. The company has received the tax clearance certificate for Fiscal year 2080/81 from Inland Revenue Department.

### **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.

### **Explanatory notes:**

The company does not have any contingent assets.

## **t) Leases**

### **Finance Leases**

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. Recognition of finance leases is done as per the requirement of NFRS 16 retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application.

### **Operating Leases**

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 operating lease. Lease payments under such leases are booked as expense in straight basis or other basis, where appropriate, normally in case of short-term leases. Company has not entered into such lease agreements during the reporting period.

## **u) 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.

## **v) Operating segment**

Operating Segments are reported as per Insurers' Financial Statement Related Directive 2080.

**w) Leased assets**

The Company has made use of leasing arrangements principally for the provision of the office spaces. The rental contracts for the offices are typically negotiated for terms between 2 to 5 years and some of these have extension terms. The Company has not entered sale and leaseback arrangements. All the leases are negotiated on an individual basis. The Company has assessed whether a contract is or contains a lease at inception of the company. The lease conveys the right to direct the use and obtain substantially all the economic benefits of an identified asset for a period in exchange for consideration.

At lease commencement date, the company has recognized a right-of-use lease asset and a lease liability in its Statement of Financial Position. The right of use assets is measured at cost. Which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date.

The Company has depreciated the right of use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The company has also assessed the right to use asset for impairment when such indicator exists.

At the commencement date, the company has measured the lease liability at the present value of the lease payments unpaid at that date, discounted using the company's incremental borrowing rate because as the lease contracts are negotiated with third parties it is not possible to determine the interest rate that is implicit in the lease. The incremental borrowing rate is the estimated rate that the company would have to pay to borrow the same amount over a similar term, and with similar security to obtain an asset of equivalent value.

**AMERICAN LIFE INSURANCE COMPANY**  
**Notes to the Financial Statements**

Amount in NPR

**4 Intangible Assets**

Particulars	Software	Goodwill	Others (to be Specified)	Total
<b>Gross carrying amount</b>				
<b>As at Shrawan 1, 2080</b>	<b>19,869,765</b>	-	-	<b>19,869,765</b>
Additions during the year	-	-	-	-
Acquisition	3,377,072	-	-	3,377,072
Internal Development	-	-	-	-
Business Combination( to be Specified)	-	-	-	-
Disposals during the year	-	-	-	-
Revaluation/Adjustment	-	-	-	-
<b>Balance as at Ashadh 31, 2081</b>	<b>23,246,837</b>	-	-	<b>23,246,837</b>
Additions	-	-	-	-
Acquisition	12,873,645	-	-	12,873,645
Internal Development	-	-	-	-
Business Combination (to be Specified)	-	-	-	-
Disposals during the year	-	-	-	-
Revaluation/Adjustment	-	-	-	-
<b>Balance as at Ashadh 32, 2082</b>	<b>36,120,482</b>	-	-	<b>36,120,482</b>
<b>Accumulated amortization and impairment</b>				
<b>As at Shrawan 1, 2080</b>	<b>11,241,277</b>	-	-	<b>11,241,277</b>
Additions during the year	3,617,508	-	-	3,617,508
Disposals during the year	-	-	-	-
Impairment during the year	-	-	-	-
<b>Balance as at Ashadh 31, 2081</b>	<b>14,858,785</b>	-	-	<b>14,858,785</b>
Additions during the year	5,482,412	-	-	5,482,412
Disposals during the year	-	-	-	-
Impairment during the year	-	-	-	-
<b>Balance as at Ashadh 32, 2082</b>	<b>20,341,197</b>	-	-	<b>20,341,197</b>
<b>Capital Work-In-Progress</b>				
<b>As at Shrawan 1, 2080</b>	-	-	-	-
Additions during the year	-	-	-	-
Capitalisation during the year	-	-	-	-
Disposals during the year	-	-	-	-
Impairment during the year	-	-	-	-
<b>Balance as at Ashadh 31, 2081</b>	-	-	-	-
Additions during the year	-	-	-	-
Capitalisation during the year	-	-	-	-
Disposals during the year	-	-	-	-
Impairment during the year	-	-	-	-
<b>Balance as at Ashadh 32, 2082</b>	-	-	-	-
<b>Net Carrying Amount</b>				
<b>As at Ashadh 31, 2081</b>	<b>8,388,052</b>	-	-	<b>8,388,052</b>
<b>As at Ashadh 32, 2082</b>	<b>15,779,285</b>	-	-	<b>15,779,285</b>

**AMERICAN LIFE INSURANCE COMPANY**  
Notes to the Financial Statements

**5. Property and Equipment**

Amount in NPR

Particulars	Land	Buildings	Leasehold Improvements	Furniture & Fixtures	Computers and IT Equipments	Office Equipments	Vehicles	Other Assets	Total
<b>Gross carrying amount</b>									-
<b>As at Shrawan 1, 2080</b>	-	-	3,021,860	56,717,941	55,660,159	24,538,743	28,700,800	-	168,639,503
Additions during the year	-	-	-	-	-	-	-	-	-
Acquisition	-	-	551,334	4,859,833	2,776,330	3,550,682	13,109,300	-	24,847,479
Capitalization	-	-	-	-	-	-	-	-	-
Disposals during the year	-	-	-	(665,000)	-	(359,990)	(8,400,000)	-	(9,424,990)
Write-offs during the year	-	-	-	-	-	-	-	-	-
Revaluation during the year	-	-	-	-	-	-	-	-	-
Transfer/ adjustments	-	-	-	-	-	-	-	-	-
<b>Balance as on Ashadh 31, 2081</b>	-	-	3,573,194	60,912,774	58,436,489	27,729,435	33,410,100	-	184,061,992
Additions	-	-	-	-	-	-	-	-	-
Acquisition	-	-	-	3,413,095	2,510,461	610,064	-	-	6,533,620
Capitalisation	-	-	-	-	-	-	-	-	-
Disposals during the year	-	-	-	(56,642)	-	-	(6,932,200)	-	(6,988,842)
Write-offs during the year	-	-	-	-	-	-	-	-	-
Revaluation during the year	-	-	-	-	-	-	-	-	-
Transfer/ adjustments	-	-	-	-	-	-	-	-	-
<b>Balance as at Ashadh 32, 2082</b>	-	-	3,573,194	64,269,227	60,946,950	28,339,499	26,477,900	-	183,606,770
<b>Accumulated depreciation and impairment</b>									
<b>As at Shrawan 1, 2080</b>	-	-	3,021,860	47,957,443	48,420,911	19,655,812	22,720,225	-	141,776,251
Depreciation during the year	-	-	72,698	4,453,312	3,760,573	2,270,648	4,446,153	-	15,003,384
Disposals during the year	-	-	-	(665,000)	-	(359,990)	(8,400,000)	-	(9,424,990)
Write-offs during the year	-	-	-	-	-	-	-	-	-
Impairment during the year	-	-	-	-	-	-	-	-	-
Transfer/ adjustments	-	-	-	-	-	-	-	-	-
<b>Balance as on Ashadh 31, 2081</b>	-	-	3,094,558	51,745,755	52,181,484	21,566,470	18,766,378	-	147,354,645
Depreciation during the year	-	-	152,051	4,366,837	3,129,336	2,550,543	4,342,018	-	14,540,785
Disposals during the year	-	-	-	(56,642)	-	-	(6,932,200)	-	(6,988,842)
Write-offs during the year	-	-	-	-	-	-	-	-	-
Impairment during the year	-	-	-	-	-	-	-	-	-
Transfer/ adjustments	-	-	-	-	-	-	-	-	-
<b>Balance as at Ashadh 32, 2082</b>	-	-	3,246,609	56,055,950	55,310,820	24,117,013	16,176,196	-	154,906,588
<b>Capital Work-In-Progress</b>									
<b>As at Shrawan 1, 2080</b>	-	-	-	-	-	-	-	-	-
Additions during the year	-	-	-	-	-	-	-	-	-
Capitalisation during the year	-	-	-	-	-	-	-	-	-
Disposals during the year	-	-	-	-	-	-	-	-	-
Impairment during the year	-	-	-	-	-	-	-	-	-
<b>Balance as on Ashadh 31, 2081</b>	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Capitalisation	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-	-	-	-
Impairment reversal	-	-	-	-	-	-	-	-	-
<b>Balance as at Ashadh 32, 2082</b>	-	-	-	-	-	-	-	-	-
<b>Net Carrying Amount</b>									
<b>As at Ashadh 31, 2081</b>	-	-	478,636	9,167,019	6,255,005	6,162,965	14,643,722	-	36,707,347
<b>As at Ashadh 32, 2082</b>	-	-	326,585	8,213,277	5,636,130	4,222,486	10,301,704	-	28,700,182

## 5. Property and Equipment

Amount in NPR

## Right-of-Use Assets (as per NFRS 16)

Particulars	Land	Buildings	Leasehold Improvements	Furniture & Fixtures	Computers and IT Equipments	Office Equipments	Vehicles	Other Assets	Total
<b>Gross carrying amount</b>									
<b>As at Shrawan 1, 2080</b>		<b>190,602,315</b>	-	-	-	-	-	-	<b>190,602,315</b>
Additions during the year		123,826,551	-	-	-	-	-	-	123,826,551
Disposals during the year		(2,620,216)	-	-	-	-	-	-	(2,620,216)
Write-offs during the year		-	-	-	-	-	-	-	-
Revaluation during the year		-	-	-	-	-	-	-	-
Transfer/Adjustment		1,450,054	-	-	-	-	-	-	1,450,054
<b>Balance as on Ashadh 31, 2081</b>	-	<b>313,258,704</b>	-	-	-	-	-	-	<b>313,258,704</b>
Additions during the year	-	17,161,164	-	-	-	-	-	-	17,161,164
Disposals during the year	-	(6,757,759)	-	-	-	-	-	-	(6,757,759)
Write-offs during the year	-	-	-	-	-	-	-	-	-
Revaluation during the year	-	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	-	-
<b>Balance as at Ashadh 32, 2082</b>	-	<b>323,662,109</b>	-	-	-	-	-	-	<b>323,662,109</b>
<b>Accumulated depreciation</b>									
<b>As at Shrawan 1, 2080</b>	-	<b>89,375,268</b>	-	-	-	-	-	-	<b>89,375,268</b>
Depreciation	-	43,374,810	-	-	-	-	-	-	43,374,810
Disposals during the year	-	-	-	-	-	-	-	-	-
Write-offs during the year	-	-	-	-	-	-	-	-	-
Impairment during the year	-	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-	-
<b>Balance as on Ashadh 31, 2081</b>	-	<b>132,750,078</b>	-	-	-	-	-	-	<b>132,750,078</b>
Depreciation	-	43,550,633	-	-	-	-	-	-	43,550,633
Disposals/ Write-offs	-	-	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-	-	-	-
Impairment reversal	-	-	-	-	-	-	-	-	-
Transfer/ adjustments	-	-	-	-	-	-	-	-	-
<b>Balance as at Ashadh 32, 2082</b>	-	<b>176,300,711</b>	-	-	-	-	-	-	<b>176,300,711</b>
<b>Net Carrying Amount</b>									
<b>As at Ashadh 31, 2081</b>	-	<b>180,508,626</b>	<b>478,636</b>	<b>9,167,019</b>	<b>6,255,005</b>	<b>6,162,965</b>	<b>14,643,722</b>	-	<b>217,215,973</b>
<b>As at Ashadh 32, 2082</b>	-	<b>147,361,398</b>	<b>326,585</b>	<b>8,213,277</b>	<b>5,636,130</b>	<b>4,222,486</b>	<b>10,301,704</b>	-	<b>176,061,580</b>

**AMERICAN LIFE INSURANCE COMPANY**  
**Notes to the Financial Statements**

**6 Investment Properties** Amount in NPR

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

**(i) Amounts recognised in statement of profit or loss**

<b>Particulars</b>	<b>Current Year</b>	<b>Previous Year</b>
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	-	-
<b>Profit from investment properties</b>	-	-

**(ii) Fair value of investment properties:**

Particulars	Current Year	Previous Year
Land	-	-
Building	-	-
<b>Total</b>	-	-

**Notes on Fair Value :**

(i) The company does not hold any investment property.

(ii) Disclosure on restriction on the realisability of investment properties: Not applicable

(iii) Contractual obligations: Not applicable

**Investment Properties at Fair Value**

Particulars	Land	Building	Total
<b>Gross carrying amount</b>			-
<b>As at Shrawan 1, 2080</b>	-	-	-
Additions during the year	-	-	-
Disposals during the year	-	-	-
Net changes in Fair Value	-	-	-
Revaluation/Adjustment	-	-	-
<b>Balance as at Ashadh 31, 2081</b>	-	-	-
Additions during the year	-	-	-
Disposals during the year	-	-	-
Net changes in Fair Value	-	-	-
Revaluation/Adjustment	-	-	-
<b>Balance as at Ashadh 32, 2082</b>	-	-	-
<b>Capital Work-In-Progress</b>			
<b>As at Shrawan 1, 2080</b>	-	-	-
Additions during the year	-	-	-
Capitalisation during the year	-	-	-
Disposals during the year	-	-	-
Impairment during the year	-	-	-
<b>Balance as at Ashadh 31, 2081</b>	-	-	-
Additions during the year	-	-	-
Capitalisation during the year	-	-	-
Disposals during the year	-	-	-
Impairment during the year	-	-	-
<b>Balance as at Ashadh 32, 2082</b>	-	-	-
<b>Net Carrying Amount</b>			-
<b>Net Balance As At Ashad 31, 2081</b>	-	-	-
<b>Net Balance As At Ashad 32, 2082</b>	-	-	-

**Notes on Fair Value :**

(i) The company does not hold any investment property.

(ii) Disclosure on restriction on the realisability of investment properties: Not applicable

(iii) Contractual obligations: Not applicable

**AMERICAN LIFE INSURANCE COMPANY**  
Notes to the Financial Statements

**7 Deferred Tax Assets/(Liabilities)**

Amount in NPR

Particulars	Current Year			Previous Year		
	Through SOPL	Through SOCl	Total	Through SOPL	Through SOCl	Total
<b>Deferred Tax on Temporary Difference</b>						
Intangible Assets	-	-	-	-	-	-
Property and Equipment	8,430,121	-	8,430,121	9,998,786	-	9,998,786
Financial Assets at FVPTL	-	-	-	-	-	-
Financial Assets at FVTOCl	-	-	-	-	-	-
Provision for Leave	9,814,404	-	9,814,404	8,603,185	-	8,603,185
Provision for Gratuity	47,800,124	603,194	48,403,318	29,799,184	12,866,544	42,665,728
Impairment Loss on Financial Assets	-	-	-	-	-	-
Impairment Loss on Other Assets	-	-	-	-	-	-
Carry forward of unused tax losses	-	-	-	-	-	-
Changes in tax rate	-	-	-	-	-	-
ROU Assets and Lease Liability	2,417,566	-	2,417,566	2,825,802	-	2,825,802
<b>Total</b>	<b>68,462,215</b>	<b>603,194</b>	<b>69,065,409</b>	<b>51,226,957</b>	<b>12,866,544</b>	<b>64,093,501</b>
Deferred Tax Asstes	68,462,215	603,194	69,065,409	51,226,957	12,866,544	64,093,501
Deferred Tax Liabilities	-	-	-	-	-	-

**Movements in deferred tax assets/ (liabilities)**

Particulars	Current Year			Previous Year		
	SOPL	SOCl	Total	SOPL	SOCl	Total
<b>As at Shrawan 1, 2081</b>	<b>51,226,957</b>	<b>12,866,544</b>	<b>64,093,501</b>	<b>40,889,044</b>	<b>10,415,740</b>	<b>51,304,784</b>
Charged/(Credited) to Statement of Profit or Loss	4,368,714	-	4,368,714	10,337,913	-	10,337,913
Charged/(Credited) to Other Comprehensive Income	-	603,194	603,194	-	2,450,804	2,450,804
<b>As at Ashadh 32, 2082</b>	<b>55,595,671</b>	<b>13,469,738</b>	<b>69,065,409</b>	<b>51,226,957</b>	<b>12,866,544</b>	<b>64,093,501</b>

**8 Investment in Subsidiaries**

Particulars	Current Year	Previous Year
Investment in Quoted Susidiaries	-	-
Investment in Unquoted Subsidiaries	-	-
Less: Impairment Losses	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**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.	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**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.	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**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.	-	-



AMERICAN LIFE INSURANCE COMPANY  
Notes to the Financial Statements

9 Investment in Associates

Amount in NPR

Particulars	Current Year	Previous Year
Investment in Quoted Associates	-	-
Investment in Unquoted Associates	-	-
Less: Impairment Losses	-	-
<b>Total</b>	-	-

**Investment in Quoted Associates**

Particulars	Current Year			Previous Year		
	Cost	Fair Value	Equit Method	Cost	Fair Value	Equity 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	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-

**Investment in Unquoted Associates**

Particulars	Current Year			Previous Year		
	Cost	Fair Value	Equit Method	Cost	Fair Value	Equity 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	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-

**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	-	-
<b>Income</b>		
Net Profit or Loss	-	-
Other Comprehensive Income	-	-
Total Comprehensive Income	-	-
<b>Company's share of profits</b>		
Net Profit or Loss	-	-
Other Comprehensive Income	-	-

**AMERICAN LIFE INSURANCE COMPANY**  
Notes to the Financial Statements

Amount in NPR

**10 Investments**

Particulars	Current Year	Previous Year
<b>Investments measured at Amortised Cost</b>		
i) Investment in Preference Shares of Bank and Financial Institutions	-	-
ii) Investment in Debentures	-	-
iii) Investment in Bonds (Nepal Government/ NRB/ Guaranteed by Nepal Government)	1,685,325,000	1,685,325,000
iv) Fixed Deposits in "A" Class Financial Institutions	29,732,761,997	26,864,897,682
v) Fixed Deposits in Infrastructure Banks	-	-
vi) Fixed Deposits in "B" Class Financial Institutions	100,000,000	100,000,000
vii) Fixed Deposits in "C" Class Financial Institutions	-	-
viii) Others (to be Specified)	-	-
Less: Impairment Losses	-	-
<b>Investments measured at FVTOCI</b>		
i) Investment in Equity Instruments (Quoted)	-	-
ii) Investment in Equity Instruments (Unquoted)	4,780,000	4,780,000
iii) Investment in Mutual Funds	-	-
iv) Investment in Debentures	-	-
v) Others (to be Specified)	-	-
<b>Investments measured at FVTPL</b>		
i) Investment in Equity Instruments (Quoted)	-	-
ii) Investment in Equity Instruments (Unquoted)	-	-
iii) Investment in Mutual Funds	-	-
iv) Others (to be Specified)	-	-
<b>Total</b>	<b>31,522,866,997</b>	<b>28,655,002,682</b>

**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 Deposits with "B" Class Financial Institutions	-	-
Fixed Deposits with "C" Class Financial Institutions	-	-
Others (to be Specified)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**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	-	-
Investment in Bonds (Nepal Government/ NRB/ Guaranteed by Nepal Government)	-	-
Fixed Deposit with "A" Class Financial Institutions	6,530,961,997	4,763,097,682
Fixed Deposit with Infrastructure Banks	-	-
Fixed Deposits with "B" Class Financial Institutions	100,000,000	100,000,000
Fixed Deposits with "C" Class Financial Institutions	-	-
Others (to be Specified)	-	-
<b>Total</b>	<b>6,630,961,997</b>	<b>4,863,097,682</b>

**c) Information relating to investment in equity instruments**

Particulars	Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value
<b>Investment in Equity Instruments (Quoted)</b>				
.....Ltd....shares of Rs....Each	-	-	-	-
.....Ltd....shares of Rs....Each	-	-	-	-
.....Ltd....shares of Rs....Each	-	-	-	-
<b>Investment in Equity Instruments (Unquoted)</b>				
Insurance Institute of Nepal Ltd 47,800 shares of Rs. 100 each	4,780,000	4,780,000	4,780,000	4,780,000

c) The Company has earmarked investments amounting to NPR 29,832,761,997 to Nepal Insurance Authority.

AMERICAN LIFE INSURANCE COMPANY  
Notes to the Financial Statements

Amount in NPR

**11 Loans**

Particulars	Current Year	Previous Year
<b>Loans measured at Amortised Cost</b>		
Loan to Employees	2,849,799	1,123,807
Loan to Agents	7,882	7,882
Loan to Policyholders	1,819,465,584	1,747,699,262
Others (to be Specified)	-	-
Less: Impairment Losses	-	-
<b>Total</b>	<b>1,822,323,265</b>	<b>1,748,830,951</b>

**a) Loans to Policyholders**

Particulars	Loan amount		Interest Income	
	Current Year	Previous Year	Current Year	Previous Year
Endowment	594,263,196	566,642,805	40,711,343	64,924,264
Anticipated Endowment	158,036,903	170,845,754	49,012,988	20,916,505
Endowment cum Whole Life	-	-	-	-
Whole Life	-	-	-	-
Foreign Employment Term	-	-	-	-
Micro Term	-	-	-	-
Special Term	-	-	-	-
Others:				
Future Care DPS	1,067,165,484	1,010,210,703	128,515,752	102,469,001
Non Par Endowment	-	-	-	-
Term	-	-	-	-
<b>Total</b>	<b>1,819,465,584</b>	<b>1,747,699,262</b>	<b>218,240,083</b>	<b>188,309,770</b>

**a) Expected repayment within 12 months:**

Particulars	Current Year	Previous Year
Loan to Employees	571,612	374,299
Loan to Agents	7,882	7,882
Loan to Policyholders	111,813,475	107,917,923
Others (to be Specified)	-	-
<b>Total</b>	<b>112,392,969</b>	<b>108,300,104</b>

**12 Reinsurance Assets**

Description	Technical Provisions excluding Claim Payment Reserve		Claim Payment Reserve including IBNR and IBNER		Impairment Losses		Net Reinsurance Assets	
	Current year	Previous Year	Current year	Previous Year	Current year	Previous Year	Current year	Previous Year
Endowment	-	-	2,865,088	152,178	-	-	2,865,088	152,178
Anticipated Endowment	-	-	1,362,559	1,800,000	-	-	1,362,559	1,800,000
Endowment cum Whole Life	-	-	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-	-	-
Foreign Employment Term	-	-	-	-	-	-	-	-
Micro Term	-	-	-	-	-	-	-	-
Special Term	-	-	-	-	-	-	-	-
Others:	-	-	-	-	-	-	-	-
Future Care DPS	-	-	7,025,239	3,176,914	-	-	7,025,239	3,176,914
Non Par Endowment	-	-	-	-	-	-	-	-
Term	-	-	3,689,587	3,500,000	-	-	3,689,587	3,500,000
<b>Total</b>	<b>-</b>	<b>-</b>	<b>14,942,473</b>	<b>8,629,092</b>	<b>-</b>	<b>-</b>	<b>14,942,473</b>	<b>8,629,092</b>

**a) Expected receivable within 12 months:**

Particulars	Current Year	Previous Year
Policy liabilities and provisions	-	-
Claim Payment Reserve	14,942,473	8,629,092
<b>Total</b>	<b>14,942,473</b>	<b>8,629,092</b>

**13 Insurance Receivables**

Particulars	Current Year	Previous Year
Receivable from Reinsurers	-	-
Receivable from Other Insurance Companies	-	-
Other (to be Specified)	-	-
Less: Impairment Losses	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**a) Expected receivable within 12 months:**

Particulars	Current Year	Previous Year
Receivable from Reinsurers	-	-
Receivable from Other Insurance Companies	-	-
Other (to be Specified)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**AMERICAN LIFE INSURANCE COMPANY**  
Notes to the Financial Statements

Amount in NPR

**14 Other Assets**

Particulars	Current Year	Previous Year
Capital Advances	-	-
Prepaid Expenses	-	-
Claim Advances	-	-
Advances to Suppliers	571,728	710,300
Staff Advances	52,881,286	47,346,568
Printing and Stationery Stocks	-	-
Stamp Stocks	-	-
Deferred Expenses	-	-
Deferred Re-Insurance Commission Expenses	-	-
Deferred Agent Commission Expenses	-	-
Lease Receivables	-	-
Others (to be specified)		
Deposits with Government under tax litigation	28,705,000	28,705,000
Deposits with Government under tax settlement scheme	82,850,457	82,850,457
Prepaid Employee Cost	3,526,108	4,881,192
Prepaid Agent Cost	-	-
Less: Impairment Losses	-	-
<b>Total</b>	<b>168,534,579</b>	<b>164,493,517</b>

**a) Expected to be recovered/settled within 12 months:**

Particulars	Current Year	Previous Year
Capital Advances	-	-
Prepaid Expenses	-	-
Claim Advances	-	-
Advances to Suppliers	571,728	710,300
Staff Advances	32,967,948	17,329,039
Printing and Stationery Stocks	-	-
Stamp Stocks	-	-
Deferred Expenses	-	-
Deferred Re-Insurance Commission Expenses	-	-
Deferred Agent Commission Expenses	-	-
Lease Receivables	-	-
Others (to be specified)		
Deposits with Government under tax litigation	28,705,000	28,705,000
Deposits with Government under tax settlement scheme	82,850,457	82,850,457
Prepaid Employee Cost	1,029,324	2,052,045
Prepaid Agent Cost	-	-
Less: Impairment Losses	-	-
<b>Total</b>	<b>146,124,457</b>	<b>131,646,841</b>

**15 Other Financial Assets**

Particulars	Current Year	Previous Year
Security Deposits	1,500,000	1,500,000
Accrued Interest	49,275,746	49,004,772
Interest Receivable from Policyholders	84,792,852	80,415,013
Other Receivables	-	-
Other Deposits	-	-
Sundry Debtors	1,719,376	1,751,255
Other (Application money for investment in debenture)	550,000,000	-
Less: Impairment Losses	(1,645,268)	-
<b>Total</b>	<b>685,642,706</b>	<b>132,671,040</b>

**a) Expected maturities within 12 months:**

Particulars	Current Year	Previous Year
Security Deposits	1,500,000	1,500,000
Accrued Interest	49,275,746	49,004,772
Interest Receivable from Policyholders	84,792,852	80,415,013
Other Receivables	-	-
Other Deposits	-	-
Sundry Debtors	74,108	1,751,255
Other (Application money for investment in debenture)	550,000,000	-
<b>Total</b>	<b>685,642,706</b>	<b>132,671,040</b>

**16 Cash and Cash Equivalents**

Particulars	Current Year	Previous Year
Cash in Hand	-	-
Cheques in Hand	-	-
<b>Bank Balances</b>		
i) Balance with "A" Class Financial Institutions	1,005,073,779	441,721,085
ii) Balance with Infrastructure Banks	-	-
iii) Balance with "B" Class Financial Institutions	10,032,050	4,564,501
iv) Balance with "C" Class Financial Institutions	-	-
Less: Impairment Losses	-	-
Deposits with initial maturity upto 3 months	-	-
Others (to be Specified)	-	-
Less: Impairment Losses	-	-
<b>Total</b>	<b>1,015,105,829</b>	<b>446,285,586</b>

AMERICAN LIFE INSURANCE COMPANY  
Notes to the Financial Statements

Amount in NPR

17 (a) Share Capital

Particulars	Current Year	Previous Year
<b>Ordinary Shares</b>		
<b>As at Shrawan 1, 2081</b>	-	-
Additions during the year	-	-
i) Bonus Share Issue	-	-
ii) Share Issue	-	-
<b>As at Ashadh 32, 2082</b>	-	-
<b>Convertible Preference Shares (Equity Component Only)</b>		
<b>As at Shrawan 1, 2081</b>	-	-
Additions during the year	-	-
<b>As at Ashadh 32, 2082</b>	-	-
<b>Irredeemable Preference Shares (Equity Component Only)</b>		
<b>As at Shrawan 1, 2081</b>	-	-
Additions during the year	-	-
<b>As at Ashadh 32, 2082</b>	-	-
<b>Total</b>	-	-

(i) Ordinary Shares

Particulars	Current Year	Previous Year
<b>Authorised Capital:</b>	-	-
..... Ordinary Shares of Rs. ....each	-	-
<b>Issued Capital:</b>	-	-
..... Ordinary Shares of Rs. ....each	-	-
<b>Subscribed and Paid Up Capital:</b>	-	-
..... Ordinary Shares of Rs. ....each	-	-
<b>Total</b>	-	-

(ii) Preference Share Capital

Particulars	Current Year	Previous Year
<b>Authorised Capital:</b>	-	-
..... Convertible Preference Shares of Rs. ... each	-	-
.....Irredeemable Preference Shares of Rs. ... each	-	-
<b>Issued Capital:</b>	-	-
..... Convertible Preference Shares of Rs. ... each	-	-
.....Irredeemable Preference Shares of Rs. ... each	-	-
<b>Subscribed and Paid Up Capital:</b>	-	-
..... Convertible Preference Shares of Rs. ... each	-	-
.....Irredeemable Preference Shares of Rs. ... each	-	-
<b>Total</b>	-	-

**Shareholding Structure of Share Capital**

Particulars	Number of Shares		Percentage	
	Current Year	Previous Year	Current Year	Previous Year
<b>Promoters</b>				
Government of Nepal	-	-	-	-
Nepali Organized Institutions	-	-	-	-
Nepali Citizens	-	-	-	-
Foreigners	-	-	-	-
Others (to be Specified)	-	-	-	-
<b>Total (A)</b>	-	-	-	-
<b>Other than Promoters</b>	-	-	-	-
General Public	-	-	-	-
Others (to be Specified)	-	-	-	-
<b>Total (B)</b>	-	-	-	-
<b>Total (A+B)</b>	-	-	-	-

**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
Not applicable	-	-	-	-
	-	-	-	-

17 (b) Share Application Money Pending Allotment

Particulars	Current Year	Previous Year
Share Application Money Pending Allotment	-	-
<b>Total</b>	-	-

**AMERICAN LIFE INSURANCE COMPANY**  
Notes to the Financial Statements

**17 (c) Share Premium**

Particulars	Current Year	Previous Year
<b>As at Shrawan 1, 2081</b>	-	-
Increase due to issue of shares at premium	-	-
Decrease due to issue of bonus shares	-	-
Transaction costs on issue of shares	-	-
Others (to be Specified)	-	-
<b>As at Ashadh 32, 2082</b>	-	-

Amount in NPR

**17 (d) Catastrophe Reserves**

Particulars	Current Year	Previous Year
<b>As at Shrawan 1, 2081</b>	<b>527,652,272</b>	<b>445,894,495</b>
Additions	84,385,104	81,757,777
Utilizations	-	-
<b>As at Ashadh 32, 2082</b>	<b>612,037,376</b>	<b>527,652,272</b>

**17 (e) Retained Earnings**

Particulars	Current Year	Previous Year
<b>As at Shrawan 1, 2081</b>	<b>2,561,162,305</b>	<b>2,447,485,748</b>
Net Profit or Loss	848,219,753	827,915,679
Items of OCI recognised directly in retained earnings		
Remeasurement of Post-Employment Benefit Obligations	(1,809,582)	(7,352,413)
Transfer to reserves		
Capital Reserves	(168,770,208)	(163,515,553)
Catastrophe Reserves	(84,385,104)	(81,757,777)
Corporate Social Responsibility (CSR) Reserves	(8,438,510)	(8,175,778)
Insurance Fund	-	-
Fair Value Reserves	-	-
Actuarial Reserves	1,809,582	7,352,413
Deferred Tax Reserves	(4,368,714)	(10,337,913)
Regulatory Reserves	-	-
Revaluation Reserves	-	-
Employee Capacity Development Reserves	(3,466,505)	(400,901)
Other Reserve(to be specified)	-	-
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 FVTOCI	-	-
Issue of Bonus Shares	-	-
Transaction costs on issue of Shares	-	-
Dividend Paid	(261,250,000)	(427,548,640)
Dividend Distribution Tax	(13,750,000)	(22,502,560)
Transfer to Insurance Contract Liability	-	-
Others (Contingency Reserve)	-	-
Others (to be Specified)	-	-
<b>As at Ashadh 32, 2082</b>	<b>2,864,953,017</b>	<b>2,561,162,305</b>

**17 (f) Other Equity**

Particulars	Current Year	Previous Year
Revaluation Reserves	-	-
Capital Reserves	1,032,495,099	863,724,891
Corporate Social Responsibility (CSR) Reserves	7,944,114	13,225,470
Insurance Fund	-	-
Fair Value Reserves	-	-
Actuarial Reserves	(40,409,216)	(38,599,634)
Deferred Tax Reserve	55,595,672	51,226,958
Other Reserves	-	-
Regulatory Reserves	-	-
Head Office Fund	75,444,600	75,444,600
Contingency Reserve	15,000,000	15,000,000
Housing Fund Reserve	96,941,329	96,941,329
Employee Capacity Development Reserve	3,466,505	400,901
<b>Total</b>	<b>1,246,478,103</b>	<b>1,077,364,515</b>

**AMERICAN LIFE INSURANCE COMPANY**  
**Notes to the Financial Statements**

Amount in NPR

**18 Provisions**

Particulars	Current Year	Previous Year
Provisions for employee benefits		
i) Provision for Leave Encashment	39,257,616	34,412,739
ii) Defined Benefits Plan (Gratuity)	52,095,316	42,645,610
iii) Termination Benefits	-	-
iv) Other employee benefit obligations (to be Specified)	-	-
Provision for tax related legal cases	118,163,543	118,163,543
Provision for non-tax related legal cases	-	-
Others (to be Specified)	-	-
<b>Total</b>	<b>209,516,475</b>	<b>195,221,892</b>

**(a) Additional Disclosure of Provisions**

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	34,412,739	5,849,618	(1,004,741)	-	-	39,257,616
ii) Provision for Gratuity	42,645,610	21,328,116	(11,878,410)	-	-	52,095,316
iii) Termination Benefits	-	-	-	-	-	-
iv) Other employee benefit obligations (to be Specified)	-	-	-	-	-	-
Provision for tax related legal cases	-	-	-	-	-	-
Provision for non-tax related legal cases	118,163,543	-	-	-	-	118,163,543
Others (to be Specified)	-	-	-	-	-	-

**b) Provision with expected payouts within 12 months:**

Particulars	Current Year	Previous Year
Provisions for employee benefits		
i) Provision for Leave Encashment	2,308,479	1,955,603
ii) Defined Benefits Plan (Gratuity)	10,908,225	10,000,000
iii) Termination Benefits	-	-
iv) Other employee benefit obligations (to be Specified)	-	-
Provision for tax related legal cases	118,163,543	118,163,543
Provision for non-tax related legal cases	-	-
Others (to be Specified)	-	-
<b>Total</b>	<b>131,380,247</b>	<b>130,119,146</b>

**AMERICAN LIFE INSURANCE COMPANY**  
Notes to the Financial Statements

Amount in NPR

**19 Gross Insurance Contract Liabilities**

Particulars	Current Year	Previous Year
Life Insurance Fund as per Actuary Report (19.1)	29,598,601,826	26,058,643,504
Claim Payment Reserve including IBNR (19.2)	519,491,344	541,425,198
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	-	-
<b>Total</b>	<b>30,118,093,170</b>	<b>26,600,068,702</b>

**i) Notes on valuation methods and assumptions**

Gross Premium Valuation (GPV) prospective approach is used for the valuation of liabilities, as prescribed by Risk Based Capital and Solvency Directive, 2025 (2082). The GPV method is defined as a method for placing a value on a life-insurance company's liabilities that explicitly values the future office premiums payable, expenses and claims. Under this method, all future monthly cashflows are projected and reserves are set equal to:

$$\text{Reserves} = \text{Present value of expected future claims} + \text{Present value of expected future expenses} - \text{Present value of expected future premiums}$$

For short duration non-participating products, reserving is done based on Unearned Premium Reserving (UPR) method.

A set of assumptions are used to arrive at these expected values of cashflows. Among these, demographic assumptions include assumptions for mortality, rate of withdrawal and economic assumptions include investment returns, discount rates, expenses and inflation. All assumptions used are based on historical experience of the insurer, but also consider any future conditions and a margin for prudence. The assumptions used for mortality are 48% and 31% of NALM mortality rates for males and females respectively. The discount rate used to arrive at the present values of cashflows are the risk-free spot rates provided by Nepal Insurance Authority.

**ii) Notes on the cashflows considered for valuation of liabilities**

The valuation of liabilities is done by projecting all future cashflows. The future cashflows considered are:

- Premiums
- Guaranteed claims and benefits (include all death, maturity, survival, surrender benefits)
- Policy administration and management expenses, adjusted for future inflation
- Discretionary benefits expected to be added to policies in the future
- Investment returns
- Commissions payable
- Reinsurance inflows and outflows
- Any guarantees and options included in the policy

The future cashflows are calculated on an expected basis, which means they are adjusted for the probability of occurrence.

**iii) Notes on discounting policy**

The cashflows are discounted and brought to their present values using the risk-free spot rates provided by Nepal Insurance Authority. These rates are projected by Nepal Insurance Authority for each of the next 50 years.

**iv) Notes on aggregation practises**

Valuation is done on seriatim basis for policies. The results are then aggregated based on the type of contracts and required granularity.

**v) Other Disclosures**

The actuarial reserves are being calculated based on transitional provision as prescribed by Risk Based Capital & Solvency Directive, 2025 (2082).



AMERICAN LIFE INSURANCE COMPANY  
Notes to the Financial Statements

Amount in NPR

Annexure 19.1: Life Insurance Fund

Particulars	Endowment	Anticipated Endowment	Endowment cum Whole Life	Whole Life	Foreign Employment Term	Micro Term	Special Term	Others (Future Care DPS)	Non Par Endowment	Others (Term)	Total
<b>Opening Life Insurance Fund</b>	<b>7,543,521,245</b>	<b>2,228,883,070</b>	-	-	-	<b>135,635,611</b>	-	<b>15,830,842,134</b>	-	<b>319,761,444</b>	<b>26,058,643,504</b>
Surplus transfer to Life Insurance fund as per Sec 21 of the directive	882,917,913	60,684,746	-	-	-	82,730,608	-	2,964,941,142	70,563,096	228,700,438	4,290,537,943
<b>Gross Life Insurance Fund for valuation (A)</b>	<b>8,426,439,158</b>	<b>2,289,567,816</b>	-	-	-	<b>218,366,219</b>	-	<b>18,795,783,275</b>	<b>70,563,096</b>	<b>548,461,882</b>	<b>30,349,181,446</b>
Net policyholder's liability	6,846,302,815	1,886,950,602				124,285,794		18,495,784,151	-	348,867,320	27,702,190,683
<b>Surplus/(Deficit) before shareholder transfer</b>	<b>1,580,136,343</b>	<b>402,617,214</b>	-	-	-	<b>94,080,425</b>	-	<b>299,999,124</b>	<b>70,563,096</b>	<b>199,594,561</b>	<b>2,646,990,764</b>
Transfer to shareholder fund (B)	79,566,290	13,085,102				94,023,584		293,746,987	70,563,096	199,594,561	750,579,621
Transfer from shareholder fund to cover deficit as per actuary report (C)	-	-	-	-	-	-	-	-	-	-	-
<b>Closing life insurance Fund as per actuarial valuation (D=A-B+C)</b>	<b>8,346,872,868</b>	<b>2,276,482,714</b>	-	-	-	<b>124,342,635</b>	-	<b>18,502,036,288</b>	-	<b>348,867,320</b>	<b>29,598,601,826</b>
i) Best Estimated Liabilities excluding FDB	2,664,584,726	893,263,476	-	-	-	124,342,635		18,502,036,288	(33,664,654)	348,867,320	22,499,429,792
ii) Future Discretionary Benefits (FDB)	5,099,538,727	1,232,740,087	-	-	-	-	-	-	-	-	6,332,278,814
iii) Margin Over Best Estimate	85,357,811	21,853,386	-	-	-	-	-	-	33,664,654	-	140,875,851
iv) Cost of bonus	497,391,604	128,625,765	-	-	-	-	-	-	-	-	626,017,369
iii) Other liabilities (if any)	-	-	-	-	-	-	-	-	-	-	-
iv) Unallocated surplus	-	-	-	-	-	-	-	-	-	-	-

Note: Unallocated Surplus is included in Future Discretionary Benefits (FDB).

**AMERICAN LIFE INSURANCE COMPANY**  
Notes to the Financial Statements

**19.2 Gross claim payment Reserve including IBNR/IBNER**

Amount in NPR

Description	Outstanding Death Claim		Outstanding Maturity Claim		Outstanding Partial Maturity Claim		Outstanding Surrender Claim		Outstanding Other Claim		IBNR/IBNER 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	62,171,113	51,786,582	113,672,441	125,412,327	-	-	-	-	-	-	1,015,500	1,356,559	176,859,054	205,338,788
Anticipated Endowment	2,000,000	3,607,500	86,860,670	94,597,586	42,352,589	24,434,655	-	-	-	-	483,251	730,618	131,696,510	141,875,913
Endowment cum Whole Life	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign Employment Term	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Micro Term	254,630	-	-	-	-	-	-	-	-	-	23,142,235	72,413,807	23,396,865	83,275,878
Special Term	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others:														
Future Care DPS	15,237,470	8,313,183	26,573,947	16,603,523	-	-	-	-	-	-	36,198,597	29,824,238	78,010,014	62,952,086
Non Par Endowment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Term	19,129,130	27,997,184	-	-	-	-	-	-	-	-	90,399,771	13,726,758	109,528,901	47,982,534
<b>Total</b>	<b>98,792,343</b>	<b>91,704,449</b>	<b>227,107,058</b>	<b>236,613,436</b>	<b>42,352,589</b>	<b>24,434,655</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>151,239,354</b>	<b>118,051,981</b>	<b>519,491,344</b>	<b>541,425,198</b>

Description	Gross Outstanding Claim Reserve		Claim Outstanding upto one year		Unclaimed Fund (As per sec 123(2) of Insurance Act, 2079)		Transferred 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	176,859,054	205,338,788	63,186,613	134,832,643	112,481,421	70,506,145	1,191,020	-	176,859,054	205,338,788
Anticipated Endowment	131,696,510	141,875,913	35,137,382	68,813,881	96,305,744	73,062,032	253,384	-	131,696,510	141,875,913
Endowment cum Whole Life	-	-	-	-	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-	-	-	-	-
Foreign Employment Term	-	-	-	-	-	-	-	-	-	-
Micro Term	23,396,865	83,275,878	23,396,865	83,275,878	-	-	-	-	23,396,865	83,275,878
Special Term	-	-	-	-	-	-	-	-	-	-
Others:			-						-	
Future Care DPS	78,010,014	62,952,086	51,436,067	58,709,266	26,573,947	4,242,820	-	-	78,010,014	62,952,086
Non Par Endowment	-	-	-	-	-	-	-	-	-	-
Term	109,528,901	47,982,534	109,528,901	44,867,534	-	3,115,000	-	-	109,528,901	47,982,534
<b>Total</b>	<b>519,491,344</b>	<b>541,425,199</b>	<b>282,685,828</b>	<b>390,499,202</b>	<b>235,361,112</b>	<b>150,925,997</b>	<b>1,444,404</b>	<b>-</b>	<b>519,491,344</b>	<b>541,425,198</b>

Note: 1) Unclaimed fund includes all outstanding claim which have not been settled for more than one year from the date of intimation/date of maturity.

2) Claims and Maturities which has crossed 10 years and above from intimation/maturity date are presented under "Transferred to Policyholders' Protection Fund". This is for presentation purpose only.

**AMERICAN LIFE INSURANCE COMPANY**  
Notes to the Financial Statements

Amount in NPR

**20 Insurance Payables**

Particulars	Current Year	Previous Year
Payable to Reinsurers	42,907,647	20,261,644
Payable to Other Insurance Companies	-	-
Others (to be Specified)	-	-
<b>Total</b>	<b>42,907,647</b>	<b>20,261,644</b>
<b>Payable within 12 months:</b>		
Particulars	Current Year	Previous Year
Payable to Reinsurers	42,907,647	20,261,644
Payable to Other Insurance Companies	-	-
Others (to be Specified)	-	-
<b>Total</b>	<b>42,907,647</b>	<b>20,261,644</b>

**21 Current Tax (Assets)/ Liabilities (Net)**

Particulars	Current Year	Previous Year
Income Tax Liabilities	416,678,992	425,222,565
Income Tax Assets	(456,576,358)	(477,472,340)
<b>Total</b>	<b>(39,897,366)</b>	<b>(52,249,775)</b>

**22 Borrowings**

Particulars	Current Year	Previous Year
Bonds	-	-
Debentures	-	-
Term Loans - Bank and Financial Institution	-	-
Bank Overdrafts	-	-
Others (to be Specified)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Payable within 12 months:</b>		
Particulars	Current Year	Previous Year
Bonds	-	-
Debentures	-	-
Term Loans - Bank and Financial Institution	-	-
Bank Overdrafts	-	-
Others (to be Specified)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**23 Other Liabilities**

Particulars	Current Year	Previous Year
TDS Payable	7,342,073	5,532,736
Unidentified Premiums	5,383,332	4,794,011
Advance Premiums	26,037,884	27,342,300
Insurance Service Fee Payable	13,607,142	42,591,635
Lease Liability	157,031,667	191,811,839
Deferred Reinsurance Commission Income	-	-
Deferred Income	-	-
Others	-	-
Premium Deposits	33,711,014	29,571,139
Outstanding Cheques	14,527,097	44,004,786
<b>Total</b>	<b>257,640,209</b>	<b>345,648,446</b>
<b>Payable within 12 months:</b>		
Particulars	Current Year	Previous Year
TDS Payable	7,342,073	5,532,736
Unidentified Premiums	5,383,332	4,794,011
Advance Premiums	26,037,884	26,576,842
Insurance Service Fee Payable	13,607,142	42,591,635
Lease Liability	51,497,028	57,503,408
Deferred Reinsurance Commission Income	-	-
Deferred Income	-	-
Others	-	-
Premium Deposits	33,711,014	29,571,139
Outstanding Cheques	14,527,097	44,004,786
<b>Total</b>	<b>152,105,570</b>	<b>210,574,557</b>

**AMERICAN LIFE INSURANCE COMPANY**  
**Notes to the Financial Statements**

**24 Other Financial Liabilities**

<b>Particulars</b>	<b>Current Year</b>	<b>Previous Year</b>
Redeemable Preference Shares	-	-
Irredeemable Cumulative Preference Shares	-	-
Payable to Agents	51,800,755	46,039,795
Refundable Share Application Money	-	-
Sundry Creditors	10,051,856	9,954,031
Retention and deposits	5,947,913	5,702,988
Short-term employee benefits payable	-	-
i) Salary Payables	8,532,353	8,267,471
ii) Bonus Payables	99,451,787	96,553,957
iii) SSF contribution Payables	1,646,518	1,771,783
iv) Other employee benefit payables	277,000	1,305,058
Audit Fees Payable	836,250	836,250
Actuarial Fees Payable	49,060	49,060
Dividend Payable	-	-
Others (to be specified)	-	-
<b>Total</b>	<b>178,593,492</b>	<b>170,480,393</b>

<b>Payable within 12 months:</b>		
<b>Particulars</b>	<b>Current Year</b>	<b>Previous Year</b>
Redeemable Preference Shares	-	-
Irredeemable Cumulative Preference Shares	-	-
Payable to Agents	51,800,755	46,039,795
Refundable Share Application Money	-	-
Sundry Creditors	10,051,856	9,954,031
Retention and deposits	5,947,913	5,702,988
Short-term employee benefits payable	-	-
i) Salary Payables	8,532,353	8,267,471
ii) Bonus Payables	99,451,787	96,553,957
iii) SSF contribution Payables	1,646,518	1,771,783
iv) Other employee benefit payables	277,000	1,305,058
Audit Fees Payable	836,250	836,250
Actuarial Fees payable	49,060	49,060
Dividend Payable	-	-
Others (to be specified)	-	-
<b>Total</b>	<b>178,593,492</b>	<b>170,480,393</b>

**AMERICAN LIFE INSURANCE COMPANY**  
Notes to the Financial Statements

**25 Gross Earned Premiums**

Amount in NPR

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	1,407,014,585	1,276,553,189	-	-	-	-	1,407,014,585	1,276,553,189
Anticipated Endowment	381,168,366	401,134,362	-	-	-	-	381,168,366	401,134,362
Endowment Cum Whole Life	-	-	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-	-	-
Foreing Employment Term	-	-	-	-	-	-	-	-
Micro Term	129,844,308	143,398,547	-	-	-	-	129,844,308	143,398,547
Special Term	-	-	-	-	-	-	-	-
Others:								
Future Care DPS	3,348,756,027	3,027,560,902	-	-	-	-	3,348,756,027	3,027,560,902
Non Par Endowment	111,373,837	-	-	-	-	-	111,373,837	-
Term	880,229,243	830,237,637	-	-	-	-	880,229,243	830,237,637
<b>Total</b>	<b>6,258,386,366</b>	<b>5,678,884,637</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,258,386,366</b>	<b>5,678,884,637</b>

**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	224,176,717	207,930,083	1,182,837,868	1,068,623,106	-	-	1,407,014,585	1,276,553,189
Anticipated Endowment	31,116,117	57,152,376	350,052,249	343,981,986	-	-	381,168,366	401,134,362
Endowment Cum Whole Life	-	-	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-	-	-
Foreing Employment Term	-	-	-	-	-	-	-	-
Micro Term	-	-	-	-	129,844,308	143,398,547	129,844,308	143,398,547
Special Term	-	-	-	-	-	-	-	-
Others:								
Future Care DPS	409,619,071	388,195,622	2,939,136,956	2,639,365,280	-	-	3,348,756,027	3,027,560,902
Non Par Endowment	92,933,824	-	-	-	18,440,013	-	111,373,837	-
Term	159,150,833	119,104,879	336,357,215	323,733,638	384,721,195	387,399,120	880,229,243	830,237,637
<b>Total</b>	<b>916,996,562</b>	<b>772,382,960</b>	<b>4,808,384,288</b>	<b>4,375,704,010</b>	<b>533,005,516</b>	<b>530,797,667</b>	<b>6,258,386,366</b>	<b>5,678,884,637</b>

**AMERICAN LIFE INSURANCE COMPANY**  
**Notes to the Financial Statements**

Amount in NPR

**26 Premiums Ceded**

Particulars	Premium Ceded To Reinsurers		Reinsurer's Share of Change in Unearned		Premium Ceded	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Endowment	10,245,979	7,720,518	-	-	10,245,979	7,720,518
Anticipated Endowment	5,080,911	4,634,808	-	-	5,080,911	4,634,808
Endowment cum Whole Life	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-
Foreign Employment Term	-	-	-	-	-	-
Micro Term	542,554	528,355	-	-	542,554	528,355
Special Term	-	-	-	-	-	-
Others:	-	-	-	-	-	-
Future Care DPS	147,943,496	136,526,704	-	-	147,943,496	136,526,704
Non Par Endowment	3,148,280	-	-	-	3,148,280	-
Term	81,097,389	73,034,042	-	-	81,097,389	73,034,042
<b>Total</b>	<b>248,058,609</b>	<b>222,444,427</b>	<b>-</b>	<b>-</b>	<b>248,058,609</b>	<b>222,444,427</b>

**26.1 Portfolio-wise detail of Net Earned Premium**

Particulars	Gross Earned Premiums		Premium Ceded		Net Earned Premium	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Endowment	1,407,014,585	1,276,553,189	10,245,979	7,720,518	1,396,768,606	1,268,832,671
Anticipated Endowment	381,168,366	401,134,362	5,080,911	4,634,808	376,087,455	396,499,554
Endowment cum Whole Life	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-
Foreign Employment Term	-	-	-	-	-	-
Micro Term	129,844,308	143,398,547	542,554	528,355	129,301,754	142,870,192
Special Term	-	-	-	-	-	-
Others:	-	-	-	-	-	-
Future Care DPS	3,348,756,027	3,027,560,902	147,943,496	136,526,704	3,200,812,531	2,891,034,198
Non Par Endowment	111,373,837	-	3,148,280	-	108,225,557	-
Term	880,229,243	830,237,637	81,097,389	73,034,042	799,131,854	757,203,595
<b>Total</b>	<b>6,258,386,366</b>	<b>5,678,884,637</b>	<b>248,058,609</b>	<b>222,444,427</b>	<b>6,010,327,757</b>	<b>5,456,440,210</b>

**AMERICAN LIFE INSURANCE COMPANY**  
Notes to the Financial Statements

Amount in NPR

**27 Commission Income**

Particulars	Reinsurance Commission		Profit Commission		Total Commission Income	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Endowment	2,773,972	2,235,694	-	-	2,773,972	2,235,694
Anticipated Endowment	1,113,810	990,217	-	-	1,113,810	990,217
Endowment Cum Whole Life	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-
Foreing Employment Term	-	-	-	-	-	-
Micro Term	-	-	-	-	-	-
Special Term	-	-	-	-	-	-
Others:						
Future Care DPS	84,483,009	77,311,197	-	-	84,483,009	77,311,197
Non Par Endowment	472,242	-	-	-	472,242	-
Term	36,991,769	33,650,094	1,373,176	1,409,249	38,364,945	35,059,343
<b>Total</b>	<b>125,834,802</b>	<b>114,187,202</b>	<b>1,373,176</b>	<b>1,409,249</b>	<b>127,207,978</b>	<b>115,596,451</b>

**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	-	-	2,047,983	2,477,804	2,047,983	2,477,804
Anticipated Endowment	-	-	1,000,202	318,767	1,000,202	318,767
Endowment Cum Whole Life	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-
Foreing Employment Term	-	-	-	-	-	-
Micro Term	-	-	-	-	-	-
Special Term	-	-	-	-	-	-
Others:						
Future Care DPS	1,186,753	1,566,779	-	-	1,186,753	1,566,779
Non Par Endowment	-	-	-	-	-	-
Term	-	-	390,857	204,922	390,857	204,922
<b>Total</b>	<b>1,186,753</b>	<b>1,566,779</b>	<b>3,439,042</b>	<b>3,001,493</b>	<b>4,625,795</b>	<b>4,568,272</b>

**29 Income from Investments and Loans**

Particulars	Current Year	Previous Year
Interest Income from Financial Assets Designated at Amortised Costs	-	-
i) Fixed Deposit with "A" Class Financial Institutions	2,513,042,541	2,469,971,106
ii) Fixed Deposit with Infrastructure Bank	-	-
iii) Fixed Deposit with "B" Class Financial Institutions	6,066,575	9,299,452
iv) Fixed Deposit with "C" Class Financial Institutions	-	-
v) Debentures	-	-
vi) Bonds (Nepal Government/ NRB/ Guaranteed by Nepal Government)	85,686,080	85,686,080
vii) Bank Deposits other than Fixed Deposit	11,763,986	4,225,330
viii) Agent Loans	-	4,003
ix) Employee Loans	43,598	35,345
x) Other Interest Income (CIT Deposit)	5,510,312	8,491,200
Financial Assets Measured at FVTOCI	-	-
i) Interest Income on Debentures	-	-
ii) Dividend Income	-	-
iii) Other Interest Income ( to be specified)	-	-
Financial Assets Measured at FVTPL	-	-
i) Interest Income on Debentures	-	-
ii) Dividend Income	-	-
iii) Other Interest Income (to be specified)	-	-
Rental Income	-	-
Others (to be Specified)	-	-
<b>Total</b>	<b>2,622,113,092</b>	<b>2,577,712,516</b>

**AMERICAN LIFE INSURANCE COMPANY**  
**Notes to the Financial Statements**

**30 Net Gain/(Loss) on Fair Value Changes**

Amount 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	-	-
Gains/(Losses) of Ineffective Portion on Cash Flow Hedges	-	-
Other (to be Specified)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**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) Others (to be specified)	-	-
Realised Gain/(Losses) on Derecognition of Financial Assets at Amortised Costs	-	-
i) Debentures	-	-
ii) Bonds	-	-
iii) Others (to be specified)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**32 Other Income**

Particulars	Current Year	Previous Year
Unwinding of discount on Financial Assets at Amortised Cost		
i) Employee Loans	43,135	40,689
ii) Bonds	-	-
Others		
iii) Others (Employee Advance)	1,620,908	2,043,921
iv) Others (Agent Loan)	-	2,976
Foreign Exchange Income	3,293,029	1,864,922
Interest Income from Finance Lease	-	-
Amortization of Deferred Income	-	-
Profit from disposal of Property and Equipment	1,782,460	4,874,420
Amortization of Deferred Income	-	-
Stamp Income	-	-
Others (Policy Charges & Miscellaneous Income)	1,877,676	505,916
<b>Total</b>	<b>8,617,208</b>	<b>9,332,844</b>



**AMERICAN LIFE INSURANCE COMPANY**  
Notes to the Financial Statements

Amount in NPR

**33 Gross Benefits, Claims Paid and Claims Ceded**

Particulars	Gross Benefits and Claims Paid		Claims Ceded		Net Claims Paid	
	Current	Previous	Current	Previous	Current	Previous
	Year	Year	Year	Year	Year	Year
Endowment	839,848,679	1,119,899,110	1,459,769	2,668,984	838,388,910	1,117,230,126
Anticipated Endowment	462,832,706	681,513,551	2,228,878	303,153	460,603,828	681,210,398
Endowment cum Whole Life	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-
Foreign Employment Term	-	-	-	-	-	-
Micro Term	100,952,729	68,906,622	-	-	100,952,729	68,906,622
Special Term	-	-	-	-	-	-
Others:						
Future Care DPS	1,064,464,836	994,014,778	54,129,852	64,227,314	1,010,334,984	929,787,464
Non Par Endowment	-	-	-	-	-	-
Term	478,155,185	371,046,055	21,248,431	12,711,307	456,906,754	358,334,748
<b>Total</b>	<b>2,946,254,135</b>	<b>3,235,380,116</b>	<b>79,066,930</b>	<b>79,910,758</b>	<b>2,867,187,205</b>	<b>3,155,469,358</b>

**33.1 Details of Gross Benefits and Claim Paid**

Particulars	Death Claims		Maturity Benefits		Partial Maturity Benefits		Surrender Claim		Other Claims and Benefits		Total Gross Benefits and Claims	
	Current	Previous	Current	Previous	Current	Previous	Current	Previous	Current	Previous	Current	Previous
	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year
Endowment	16,587,205	19,474,039	645,655,003	914,613,227	-	-	176,800,471	185,471,644	806,000	340,200	839,848,679	1,119,899,110
Anticipated Endowment	10,424,286	5,339,958	368,274,666	561,593,836	46,328,068	72,334,440	37,805,686	42,245,317	-	-	462,832,706	681,513,551
Endowment Cum Whole Life	-	-	-	-	-	-	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-	-	-	-	-	-	-
Foreign Employment Term	-	-	-	-	-	-	-	-	-	-	-	-
Micro Term	100,952,729	68,906,622	-	-	-	-	-	-	-	-	100,952,729	68,906,622
Special Term	-	-	-	-	-	-	-	-	-	-	-	-
Others:												
Future Care DPS	124,110,128	128,091,167	269,688,824	180,773,177	-	-	438,000,484	388,444,751	232,665,400	296,705,683	1,064,464,836	994,014,778
Non Par Endowment	-	-	-	-	-	-	-	-	-	-	-	-
Term	478,155,185	371,046,055	-	-	-	-	-	-	-	-	478,155,185	371,046,055
<b>Total</b>	<b>730,229,533</b>	<b>592,857,841</b>	<b>1,283,618,493</b>	<b>1,656,980,240</b>	<b>46,328,068</b>	<b>72,334,440</b>	<b>652,606,641</b>	<b>616,161,712</b>	<b>233,471,400</b>	<b>297,045,883</b>	<b>2,946,254,135</b>	<b>3,235,380,116</b>

**AMERICAN LIFE INSURANCE COMPANY**  
Notes to the Financial Statements

Amount in NPR

**34 Change in Insurance Contract Liabilities**

Particulars	Change in Life Insurance Fund (A)		Change in Gross Claim Payment Reserve including IBNR and IBNER (B)		Change in other liability (if any) (C)		Total (D) = (A+B+C)		Change in Reinsurance Assets (E)		Net Change in Insurance Contract Liabilities (D-E)	
	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	803,351,623	458,517,864	(28,479,735)	(25,577,317)	-	-	774,871,888	432,940,547	2,712,910	(750,383)	772,158,978	433,690,930
Anticipated Endowment	47,599,644	(174,463,728)	(10,179,402)	(14,210,100)	-	-	37,420,242	(188,673,829)	(437,441)	1,600,000	37,857,683	(190,273,829)
Endowment cum Whole Life	-	-	-	-	-	-	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-	-	-	-	-	-	-
Foreign Employment Term	-	-	-	-	-	-	-	-	-	-	-	-
Micro Term	(11,292,976)	(23,424,731)	(59,879,014)	(16,657,110)	-	-	(71,171,990)	(40,081,841)	-	-	(71,171,990)	(40,081,841)
Special Term	-	-	-	-	-	-	-	-	-	-	-	-
Others:	-	-	-	-	-	-	-	-	-	-	-	-
Future Care DPS	2,671,194,155	2,440,017,259	15,057,927	(5,654,569)	-	-	2,686,252,082	2,434,362,690	3,848,325	(8,039,422)	2,682,403,757	2,442,402,112
Non Par Endowment	-	-	-	-	-	-	-	-	-	-	-	-
Term	29,105,876	86,696,957	61,546,368	3,408,482	-	-	90,652,244	90,105,439	189,587	(100,000)	90,462,657	90,205,439
<b>Total</b>	<b>3,539,958,322</b>	<b>2,787,343,621</b>	<b>(21,933,856)</b>	<b>(58,690,614)</b>	<b>-</b>	<b>-</b>	<b>3,518,024,466</b>	<b>2,728,653,006</b>	<b>6,313,381</b>	<b>(7,289,805)</b>	<b>3,511,711,085</b>	<b>2,735,942,811</b>

**AMERICAN LIFE INSURANCE COMPANY**  
Notes to the Financial Statements

Amount in NPR

**35 Commission Expenses**

Particulars	Commission Expenses on First Year Premium		Commission Expenses on Renewal Premium		Commission Expenses on Single Premium		Total Commission Expenses	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Endowment	54,259,803	50,380,304	80,400,174	77,087,980	-	-	134,659,977	127,468,284
Anticipated Endowment	7,214,396	13,051,495	20,833,236	19,657,087	-	-	28,047,632	32,708,582
Endowment Cum Whole Life	-	-	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-	-	-
Foreign Employment Term	-	-	-	-	-	-	-	-
Micro Term	-	-	-	-	12,437,034	13,277,763	12,437,034	13,277,763
Special Term	-	-	-	-	-	-	-	-
Others:	-	-	-	-	-	-	-	-
Future Care DPS	94,366,832	88,929,898	178,719,661	168,668,837	-	-	273,086,493	257,598,735
Non Par Endowment	20,957,183	-	-	-	1,339,217	-	22,296,400	-
Term	15,005,923	12,633,521	8,575,481	8,188,230	33,970,626	34,432,331	57,552,031	55,254,083
<b>Total</b>	<b>191,804,137</b>	<b>164,995,218</b>	<b>288,528,552</b>	<b>273,602,134</b>	<b>47,746,877</b>	<b>47,710,094</b>	<b>528,079,567</b>	<b>486,307,447</b>

**36 Service Fees**

Particulars	Service Fees		Reinsurer's Share of Service Fees		Net Service Fees	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Endowment	10,552,609	9,574,149	-	-	10,552,609	9,574,149
Anticipated Endowment	2,858,763	3,008,508	-	-	2,858,763	3,008,508
Endowment Cum Whole Life	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-
Foreing Employment Term	-	-	-	-	-	-
Micro Term	973,832	1,075,489	-	-	973,832	1,075,489
Special Term	-	-	-	-	-	-
Others:	-	-	-	-	-	-
Future Care DPS	25,115,670	22,706,707	-	-	25,115,670	22,706,707
Non Par Endowment	835,304	-	-	-	835,304	-
Term	6,601,719	6,226,782	-	-	6,601,719	6,226,782
<b>Total</b>	<b>46,937,897</b>	<b>42,591,635</b>	<b>-</b>	<b>-</b>	<b>46,937,897</b>	<b>42,591,635</b>

**37 Other Direct Expenses**

Particulars	Reinsurance Commission Expenses		Other Direct Expenses		Total Other Direct Expenses	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Endowment	-	-	-	-	-	-
Anticipated Endowment	-	-	-	-	-	-
Endowment Cum Whole Life	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-
Foreing Employment Term	-	-	-	-	-	-
Micro Term	-	-	-	-	-	-
Special Term	-	-	-	-	-	-
Others:	-	-	-	-	-	-
Future Care DPS	-	-	-	-	-	-
Non Par Endowment	-	-	-	-	-	-
Term	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**AMERICAN LIFE INSURANCE COMPANY**  
Notes to the Financial Statements

Amount in NPR

**38 Employee Benefits Expenses**

Particulars	Current Year	Previous Year
Salaries	191,949,102	181,885,538
Allowances	39,642,090	28,061,675
Festival Allowances	15,388,173	14,349,550
Defined Benefit Plans		
i) Gratuity	21,328,115	17,223,219
ii) Others (Leave provision)	5,849,619	(2,536,909)
Defined Contribution Plans		
i) Provident Fund/Social Security Fund	24,022,951	21,906,903
ii) Gratuity	-	-
Leave Encashment	3,734,534	3,610,572
Termination Benefits	-	-
Training Expenses	4,127,261	6,836,454
Uniform Expenses	-	-
Staff Medical Expenses	1,684,264	1,719,290
Staff Insurance Expenses	5,924,945	5,403,030
Staff Welfare	3,446,467	2,590,402
Others	-	-
Amortization of Deferred Employee Cost	1,664,043	2,084,610
<b>Sub-Total</b>	<b>318,761,564</b>	<b>283,134,334</b>
Employee Bonus	99,451,777	96,553,957
<b>Total</b>	<b>418,213,341</b>	<b>379,688,291</b>

**39 Depreciation & Amortization Expenses**

Particulars	Current Year	Previous Year
Amortization of Intangible Assets (Refer Note. 4)	5,482,412	3,617,508
Depreciation on Property and Equipment (Refer Note. 5)	58,091,567	58,378,196
Depreciation on Investment Properties (Refer Note. 6)	-	-
<b>Total</b>	<b>63,573,979</b>	<b>61,995,704</b>

**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	1,645,268	-
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)	-	-
<b>Total</b>	<b>1,645,268</b>	<b>-</b>

## AMERICAN LIFE INSURANCE COMPANY

Amount in NPR

## 41 Other Operating Expenses

Particulars	Current Year	Previous Year
Rent Expenses	-	-
Electricity and Water	4,808,093	4,461,752
Repair & Maintenance		
i) Buildings	-	1,026,136
ii) Vehicles	129,767	538,953
iii) Office Equipments	1,233,001	370,572
iv) Others (Furnitures & Fixtures)	595,347	605,500
v) Softwares	2,808,839	2,187,985
vi) Computer & EDP	-	31,930
Telephone & Communication	10,348,864	9,723,608
Printing & Stationary	5,576,810	5,232,613
Office Consumable Expenses	4,639,203	5,217,539
Travelling Expenses		
i) Domestic	5,732,740	5,313,017
ii) Foreign	473,363	479,339
Transportation Expenses	5,505,971	5,896,555
Agent Training	6,198,567	5,821,698
Agent Others	145,734,600	99,926,852
Insurance Premium	1,068,504	1,588,322
Security and Outsourcing Expenses	46,807,579	47,334,004
Legal and Consulting Expenses	-	194,925
Newspapers, Books and Periodicals	-	-
Advertisement & Promotion Expenses	25,638,796	31,205,955
Business Promotion	-	-
Guest Entertainment	-	-
Gift and Donations	-	-
Board Meeting Fees and Expenses	-	-
i) Meeting Allowances	-	-
ii) Other Allowances	-	-
Other Committee/ Sub-committee Expenses	-	-
i) Meeting Allowances	-	-
ii) Other Allowances	-	-
General Meeting Expenses	-	-
Actuarial Service Fee	49,720	49,720
Other Actuarial Expenses	-	-
Audit Related Expenses	-	-
i) Statutory Audit	767,500	767,500
ii) Tax Audit	55,000	55,000
iii) Long Form Audit Report	25,000	25,000
iv) Other Fees (IT Audit Fee)	339,000	300,000
v) Internal Audit	-	-
Bank Charges	3,934,594	3,719,791
Fee and Charges	2,165,852	833,550
Postage Charges	2,839,368	3,219,810
Foreign Exchange Losses	-	-
Others (Miscellaneous)	-	69,503
Amortization of Deferred Agent Cost	-	2,976
<b>Sub-Total</b>	<b>277,476,078</b>	<b>236,200,105</b>
Medical examination fee	1,655,258	1,458,380
Fines, interest, Late Fees and Penalties	-	-
<b>Total</b>	<b>279,131,336</b>	<b>237,658,485</b>

## 42 Finance Cost

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	14,102,220	9,506,001
Interest expenses - Overdraft Loans	-	-
Others (to be Specified)	-	-
<b>Total</b>	<b>14,102,220</b>	<b>9,506,001</b>

AMERICAN LIFE INSURANCE COMPANY

Amount in NPR

43 Income Tax Expense

(a) Income Tax Expense

Particulars	Current Year	Previous Year
Current Tax		
i) Income Tax Expenses for the Year	416,678,991	425,222,565
ii) Income Tax Relating to Prior Periods	19,985	-
Deferred Tax For The Year		
i) Originating and reversal of temporary differences	(4,368,714)	(10,337,913)
ii) Changes in tax rate	-	-
iii) Recognition of previously unrecognised tax losses	-	-
iv) Write-down or reversal	-	-
v) Others (to be Specified)	-	-
<b>Income Tax Expense for Current Year</b>	<b>412,310,277</b>	<b>414,884,652</b>
<b>Income Tax Expense for Prior Year</b>	<b>19,985</b>	<b>-</b>

(b) Reconciliation of Taxable Profit & Accounting Profit

Particulars	Current Year	Previous Year
Accounting Profit Before Tax	1,260,550,015	1,242,800,331
Applicable Tax Rate	25%	25%
<b>Tax at the applicable rate on Accounting Profit</b>	<b>315,137,504</b>	<b>310,700,083</b>
Add: Tax effect of expenses that are not deductible for tax purpose		
i) Due to Non deductible expenses	1,592,354,433	1,480,646,283
ii) Due to Depreciation amount	11,877,094	11,786,994
Less: Tax effect on exempt income and additional deduction	-	-
i) Due to Non Taxable Income	(1,502,690,039)	(1,365,191,153)
ii) Due to deductible expenses	-	(12,719,642)
Less: Adjustments to Current Tax for Prior Periods	19,985	-
Add/ (Less): Others (to be Specified)	-	-
i) Deferred Tax	(4,368,714)	(10,337,913)
ii) Income Tax relating to Prior Periods	-	-
<b>Income Tax Expense</b>	<b>412,330,262</b>	<b>414,884,652</b>
<b>Effective Tax Rate</b>	<b>33%</b>	<b>33%</b>

**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. 24,022,951/- 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	18,385,802	11,051,597	-	-
Past service cost	-	-	-	-
Net interest cost (a-b)	6,138,753	4,408,509	-	-
a. Interest expense on defined benefit obligation (DBO)	16,940,054	11,547,591	-	-
b. Interest (income) on plan assets	10,801,301	7,139,082	-	-
Actuarial Remeasurement Gain/Loss to be routed through OCI (For Gratuity only)	(2,967,310)	(9,866,831)	-	-
<b>Defined benefit cost included in Statement of Profit or Loss</b>	<b>21,557,245</b>	<b>5,593,275</b>	<b>-</b>	<b>-</b>

**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	1,719,955	11,155,334	-	-
c. Return on plan assets (greater)/ less than discount rate	692,821	(1,352,117)	-	-
<b>Total actuarial (gain)/ loss included in OCI</b>	<b>2,412,776</b>	<b>9,803,217</b>	<b>-</b>	<b>-</b>

**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	21,557,245	5,593,275	-	-
Remeasurements effects recognised in OCI	2,412,776	9,803,217	-	-
<b>Total cost recognised in Comprehensive Income</b>	<b>23,970,021</b>	<b>15,396,492</b>	<b>-</b>	<b>-</b>

**f) Change in Defined Benefit Obligation**

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
<b>Defined benefit obligation as at the beginning of the year</b>	<b>199,797,127</b>	<b>179,400,764</b>	<b>-</b>	<b>-</b>
Service cost	18,385,802	11,051,597	-	-
Interest cost	16,940,054	11,547,591	-	-
Benefit payments from plan assets	(1,004,742)	(3,491,628)	-	-
Actuarial (gain)/ loss - financial assumptions	-	-	-	-
Actuarial (gain)/ Loss - experience	(1,247,355)	1,288,503	-	-
<b>Defined Benefit Obligation as at Year End</b>	<b>232,870,886</b>	<b>199,796,827</b>	<b>-</b>	<b>-</b>

**g) Change in Fair Value Of Plan Assets**

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
<b>Fair value of plan assets at end of prior year</b>	<b>122,738,778</b>	<b>105,530,974</b>	<b>-</b>	<b>-</b>
Interest Income	10,801,300	7,139,082	-	-
Expected return on plan assets	-	-	-	-
Employer contributions	8,670,697	11,255,942	-	-
Participant contributions	-	-	-	-
Benefit payments from plan assets	-	(2,424,849)	-	-
Transfer in/ transfer out	-	(114,788)	-	-
Actuarial gain/ (loss) on plan assets	(692,821)	1,352,117	-	-
<b>Fair value of Plan Assets as at Year End</b>	<b>141,517,954</b>	<b>122,738,478</b>	<b>-</b>	<b>-</b>

**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	232,870,886	199,796,827	-	-
Fair Value of Plan Assets	(141,517,954)	(122,738,478)	-	-
<b>Liability/ (Asset) Recognised in Statement of Financial Position</b>	<b>91,352,932</b>	<b>77,058,349</b>	<b>-</b>	<b>-</b>

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	10,000,000	10,000,000	-	-

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 period end	77,058,349	73,869,790	-	-
Defined benefit cost included in statement of profit or loss	21,557,245	5,593,275	-	-
Total remeasurements included in OCI	2,412,776	9,803,217	-	-
Transfer in/ transfer out	-	114,788	-	-
Acquisition/divestment	-	-	-	-
Employer contributions	(8,670,697)	(11,255,942)	-	-
Benefits directly paid by Company	(1,004,741)	(1,066,779)	-	-
Net defined benefit liability / (asset)	91,352,932	77,058,349	-	-

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	48,567,509	38,764,292	-	-
Total remeasurements included in OCI	2,412,776	9,803,217	-	-
Cumulative OCI - (Income)/Loss	50,980,285	48,567,509	-	-

l) Current/Non - Current Liability

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Current Liability	2,308,479	11,955,603	-	-
Non - Current Liability	89,044,452	65,102,746	-	-
Total	91,352,931	77,058,349	-	-

m) Expected Future Benefit Payments

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Within 1 year	13,216,704	10,727,000	-	-
Between 2-5 years	69,274,023	11,275,000	-	-
Between 6-10 years	148,823,875	42,131,000	-	-
From 11 to 15	106,284,512	136,511,000	-	-
Above 15 years	224,022,904	-	-	-
Total	561,622,018	200,644,000	-	-

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)	-	-	-	-
Corporate Bonds (including Public Sector bonds)	-	-	-	-
Mutual Funds	-	-	-	-
Deposits	-	-	-	-
Cash and bank balances	-	-	-	-
Others (Gratuity Fund Scheme of Citizen Investment Trust)	100%	100%	-	-
Total	100%	100%	-	-

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	215,103,390	184,627,179	-	-
Effect in Defined Benefit Obligation Due to 1% Decrease in Discount Rate	253,179,545	217,163,125	-	-
Effect in Defined Benefit Obligation Due to 1% Increase in Salary Escalation Rate	252,690,548	216,643,501	-	-
Effect in Defined Benefit Obligation Due to 1% Decrease in Salary Escalation Rate	215,179,438	184,780,800	-	-
Effect in Defined Benefit Obligation Due to 25% Increase in Attrition Rate	229,314,975	197,621,953	-	-
Effect in Defined Benefit Obligation Due to 25% Decrease in Attrition Rate	236,965,807	202,199,879	-	-

p) Assumptions

Particulars	Employee Benefit Plan	Any Other Funded Liability
	Plan	Liability
Discount Rate	8.50%	0.00%
Escalation Rate (Rate of Increase in Compensation Levels)	10.00%	0.00%
Attrition Rate (Employee Turnover)	6.00%	0.00%
Mortality Rate During Employment	NALM 2009	-



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

### 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.

To provide an indication about the reliability of the inputs used in determining Fair Value, the Company has classified its financial instruments into Three Levels prescribed as per applicable NFRS.

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	-	-	-	-	-	-
Investment in Equity (Unquoted)	3	-	4,780,000	-	-	4,780,000	-
ii) Investment in Mutual Funds	2	-	-	-	-	-	-
iii) Investment in Preference Shares of Bank and Financial Institutions		-	-	-	-	-	-
iv) Investment in Debentures	3	-	-	-	-	-	-
v) Investment in Bonds (Nepal Government/ NRB/ Guaranteed by Nepal Government)	3	-	-	1,685,325,000	-	-	1,685,325,000
vi) Fixed Deposits	3	-	-	29,832,761,997	-	-	26,964,897,682
vii) Others to be specified		-	-	-	-	-	-
Loans		-	-	1,822,323,265	-	-	1,748,830,951
Other Financial Assets	3	-	-	685,642,706	-	-	132,671,040
Cash and Cash Equivalents	3	-	-	1,015,105,829	-	-	446,285,586
<b>Total Financial Assets</b>		-	<b>4,780,000</b>	<b>35,041,158,797</b>	-	<b>4,780,000</b>	<b>30,978,010,259</b>
Borrowings		-	-	-	-	-	-
Other Financial Liabilities	3	-	-	178,593,492	-	-	170,480,393
<b>Total Financial Liabilities</b>		-	-	<b>178,593,492</b>	-	-	<b>170,480,393</b>

\* **Investment in Equity Instruments:** are generally valued at Level 1 Valuation using the active market data if the equity instruments are listed in Nepse Stock Exchange (Nepse). Since this investment in equity instrument includes investment in unlisted shares of IIN as per regulatory requirement and data to value the investment is not available for Level 1, Level 2 or Level 3, the investment has been recorded at Cost (face value) of the shares invested in.

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 as little as possible on entity-specific estimates. If all significant inputs required to determine Fair Value of an instrument are observable, the instrument is included in Level 2.

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	-	-	-	-
iii) Investment in Bonds (Nepal Government/ NRB/ Guaranteed by Nepal Government)	1,685,325,000	1,685,325,000	1,685,325,000	1,685,325,000
iv) Fixed Deposit	29,832,761,997	29,832,761,997	26,964,897,682	26,964,897,682
v) Others (to be Specified)	-	-	-	-
Loans				
i) Loan to Associates	-	-	-	-
ii) Loan to Employees	3,137,735	2,849,799	1,200,345	1,123,807
iii) Loan to Agent	7,882	7,882	7,882	7,882
iv) Loan to Policyholders	1,819,465,584	1,819,465,584	1,747,699,262	1,747,699,262
v) Others (to be Specified)	-	-	-	-
Other Financial Assets	685,642,706	685,642,706	132,671,040	132,671,040
<b>Total Financial Assets at Amortised Cost</b>	<b>34,026,340,904</b>	<b>34,026,052,968</b>	<b>30,531,801,211</b>	<b>30,531,724,673</b>
Borrowings				
i) Bonds	-	-	-	-
ii) Debentures	-	-	-	-
iii) Term Loans - Bank and Financial Institution	-	-	-	-
iv) Bank Overdrafts	-	-	-	-
v) Others (to be Specified)	-	-	-	-
Other Financial Liabilities	178,593,492	178,593,492	170,480,393	170,480,393
<b>Total Financial Liabilities at Amortised Cost</b>	<b>178,593,492</b>	<b>178,593,492</b>	<b>170,480,393</b>	<b>170,480,393</b>

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.

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

### 46 Insurance Risk

Insurance risk relates to the likelihood that an insured event will occur, requiring the insurance company to pay the claim, beyond either its original expectation during the pricing of the insurance product, or its risk appetite.

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:

- 1. Endowment
- 2. Anticipated Endowment
- 3. Micro Term
- 4. Others:
  - 4.1 Future Care DPS
  - 4.2 Non Par Endowment
  - 4.3 Term

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.

#### 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) Pre-underwriting inspections are made on new business over a predetermined threshold to evaluate risk prior to acceptance.
- iii) Post-underwriting reviews are conducted to ensure that set guidelines have been observed.
- iv) 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	Discount Rate
Life Insurance	Male - 48% Female - 31% of NALM	8.9%	4.3%	Risk free term structure rates provided by Nepal Insurance Authority	Male - 56.1%, Female - 40.7% of NALM	9.5%	5.4%	6% and Risk free term structure rates provided by Nepal Insurance Authority

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

### 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	Changes in Assumptions	Current Year		Previous Year	
		Increase/ (Decrease) on Gross Liabilities	Increase/ (Decrease) on Net Liabilities	Increase/ (Decrease) on Gross Liabilities	Increase/ (Decrease) on Net Liabilities
Mortality Rate	+10%	29,639,263	29,509,637	15,709,127	15,650,171
Longevity Rate	+ 10%	-	-	-	-
Discount Rate	+ 1%	(672,263,720)	(669,323,608)	(1,256,515,398)	(1,251,799,700)
Mortality Rate	-10%	(29,822,403)	(29,691,976)	(15,837,002)	(15,777,566)
Longevity Rate	-10%	-	-	-	-
Discount Rate	-1%	795,331,353	791,853,010	1,265,458,021	1,260,708,762

\* Above figures are as per actuarial valuation report approved by Nepal Insurance Authority.

### e) Reinsurance

The Company purchases reinsurance as part of its risks 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 exposures 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	8,523,731,922	2,865,088	8,520,866,834	7,748,860,033	152,178	7,748,707,855
Anticipated	2,408,179,224	1,362,559	2,406,816,665	2,370,758,983	1,800,000	2,368,958,983
Endowment Cum	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-
Foreign Employment	-	-	-	-	-	-
Other Term	458,396,222	3,689,587	454,706,635	218,911,490	-	218,911,490
Special Term	-	-	-	-	-	-
Others (Future Care	18,580,046,302	7,025,239	18,573,021,063	-	-	-
Non Par Endowment	-	-	-	15,893,794,220	3,176,914	15,890,617,306
Others (Micro)	147,739,500	-	147,739,500	367,743,978	3,500,000	364,243,978
<b>Total</b>	<b>30,118,093,170</b>	<b>14,942,473</b>	<b>30,103,150,697</b>	<b>26,600,068,702</b>	<b>8,629,092</b>	<b>26,591,439,610</b>

#### 47. Financial Risk Management

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 breaches 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.

The Company has exposure to credit risk, which is the risk that a counter party will be unable to pay amounts in full when due. Key areas where the Company is exposed to credit risk are:

- Receivables arising out of direct insurance arrangements;
- Receivables arising out of reinsurance arrangements; and
- Reinsurers' share of insurance liabilities.

Other areas where credit risk arises include cash and cash equivalents, government bonds and deposits with banks and other receivables.

Reinsurance is issued to manage insurance risk. This does not, however, discharge the Company's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder. The credit worthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalization of any contract.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings if available or historical information about counter party default rates. The Company classifies counterparties without an external credit rating as below.

The Company maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseeable interruption of cash flow.

Group1- new customers/ related parties.

Group2- existing customers/ related parties with no defaults in the past.

Group3- existing customers/ related parties with some defaults in the past. All defaults were fully recovered.

The amount that best represents the Company's maximum exposure to credit risk is made up as follows:

##### Incurring Credit Losses for Financial Assets at Amortised Cost as at Ashadh 32,2082

Maximum exposure to credit risk before collateral held	Credit Classification	Current Year	Previous Year
Government Bonds	Group 2	1,685,325,000	1,685,325,000
Fixed Deposit with Commercial Bank	Group 2	29,732,761,997	26,864,897,682
Fixed Deposit with Development Bank	Group 2	100,000,000	100,000,000
Equity Investment	Group 2	4,780,000	4,780,000
Loans to Life Policyholders (Incl. Interest receivable)	Group 2	1,904,258,436	1,828,114,275
Agent Loan	Group 2	7,882	7,882
Employee Loan	Group 2	2,849,799	1,123,807
Employee Advance	Group 2	52,881,286	47,346,568
Trade and Security Deposit	Group 2	-	-
Reinsurance receivables	Group 2	-	-
Cash and cash equivalents	Group 2	1,015,105,829	446,285,586
<b>Total</b>		<b>34,497,970,229</b>	<b>30,977,880,800</b>

Surrender values of the life insurance policies are held as collateral for loans on life policies. None of the above assets are past due or impaired.

##### Expected Credit Losses for Financial Assets at Amortised Costs as at Ashadh 32, 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	Credit Risk has significantly increased and credit impaired
<b>Loss Allowance on Ashadh 31, 2081</b>	-	-	-	-
Changes in loss allowances	-	-	-	-
Write-offs	-	-	-	-
Recoveries	-	-	-	-
<b>Loss Allowance on Ashadh 32, 2082</b>	-	-	-	-

**ii) Liquidity Risk**

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities as they fall due and to replace funds when they are withdrawn.

The Company is exposed to daily calls on its available cash for claims settlement and other administration expenses. The Company maintains cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty.

The following table summarizes the maturity profile of the financial assets, financial liabilities and insurance contract liabilities of the Company based on remaining undiscounted contractual obligations, including interest payable and receivable.

For insurance contracts liabilities and reinsurance assets, maturity profiles are determined based on estimated timing of net cash outflows from the recognized insurance liabilities.

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

**Maturity of Financial Assets and Liabilities**

The table below summarizes the maturity profile of the financial assets, financial Liabilities and insurance contract liabilities of the company based on remaining undiscounted contractual obligations including interest payable and receivable.

<b>Assets</b>												
<b>Particulars</b>	<b>Current Year</b>						<b>Previous Year</b>					
	<b>Carrying Amount</b>	<b>Upto 1 Year</b>	<b>1 Year to 5 Years</b>	<b>More than 5 Years</b>	<b>No Maturity Date</b>	<b>Total</b>	<b>Carrying Amount</b>	<b>Upto 1 Year</b>	<b>1 Year to 5 Years</b>	<b>More than 5 Years</b>	<b>No Maturity Date</b>	<b>Total</b>
Government Bonds	1,685,325,000	-	1,135,325,000	550,000,000	-	1,685,325,000	1,685,325,000	-	1,135,325,000	550,000,000	-	1,685,325,000
Fixed Deposits with Commercial Banks	29,732,761,997	6,530,961,997	7,609,300,000	15,592,500,000	-	29,732,761,997	26,864,897,682	4,763,097,682	6,509,300,000	15,592,500,000	-	26,864,897,682
Fixed Deposits with Development Banks	100,000,000	100,000,000	-	-	-	100,000,000	100,000,000	100,000,000	-	-	-	100,000,000
Equity Investment	4,780,000	-	-	-	4,780,000	4,780,000	4,780,000	-	-	-	4,780,000	4,780,000
Loans to Life Policyholders	1,819,465,584	111,813,475	384,080,276	1,323,571,833	-	1,819,465,584	1,747,699,262	107,917,923	392,497,682	1,247,283,657	-	1,747,699,262
Agent Loan	7,882	7,882	-	-	-	7,882	7,882	7,882	-	-	-	7,882
Employee Loan	2,849,799	571,612	1,565,151	713,036	-	2,849,799	1,123,807	374,299	749,508	-	-	1,123,807
Other Financial Assets	685,642,706	685,642,706	-	-	-	685,642,706	132,671,040	132,671,040	-	-	-	132,671,040
Other Assets	168,534,579	146,124,457	22,410,122	-	-	168,534,579	164,493,517	131,646,841	32,846,676	-	-	164,493,517
Reinsurance assets	14,942,473	14,942,473	-	-	-	14,942,473	8,629,092	8,629,092	-	-	-	8,629,092
Insurance Receivables	-	-	-	-	-	-	-	-	-	-	-	-
Cash and Cash Equivalents	1,015,105,829	1,015,105,829	-	-	-	1,015,105,829	446,285,586	446,285,586	-	-	-	446,285,586
<b>Total</b>	<b>35,229,415,849</b>	<b>8,605,170,431</b>	<b>9,152,680,549</b>	<b>17,466,784,869</b>	<b>4,780,000</b>	<b>35,229,415,849</b>	<b>31,155,912,868</b>	<b>5,690,630,345</b>	<b>8,070,718,866</b>	<b>17,389,783,658</b>	<b>4,780,000</b>	<b>31,155,912,868</b>

<b>Liabilities</b>												
<b>Particulars</b>	<b>Current Year</b>						<b>Previous Year</b>					
	<b>Carrying Amount</b>	<b>Upto 1 Year</b>	<b>1 Year to 5 Years</b>	<b>More than 5 Years</b>	<b>No Maturity Date</b>	<b>Total</b>	<b>Carrying Amount</b>	<b>Upto 1 Year</b>	<b>1 Year to 5 Years</b>	<b>More than 5 Years</b>	<b>No Maturity Date</b>	<b>Total</b>
Gross Insurance Contract Liabilities	30,118,093,170	2,583,521,348	5,595,404,315	21,939,167,506	-	30,118,093,170	26,600,068,702	405,665,421	-	-	26,194,403,281	26,600,068,702
Insurance Payables	42,907,647	42,907,647	-	-	-	42,907,647	20,261,644	20,261,644	-	-	-	20,261,644
Other Liabilities	257,640,209	152,105,570	96,814,595	8,720,044	-	257,640,209	345,648,446	210,574,557	168,915,479	3,137,733	-	382,627,769
Other Financial Liabilities	178,593,492	178,593,492	-	-	-	178,593,492	170,480,393	170,480,393	-	-	-	170,480,393
<b>Total Financial Liabilities</b>	<b>30,597,234,518</b>	<b>2,957,128,057</b>	<b>5,692,218,910</b>	<b>21,947,887,550</b>	<b>-</b>	<b>30,597,234,518</b>	<b>27,136,459,185</b>	<b>806,982,015</b>	<b>168,915,479</b>	<b>3,137,733</b>	<b>26,194,403,281</b>	<b>27,173,438,508</b>

**iii) Market Risk****a1) 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 maintains foreign currency denominated assets in its investment portfolios.

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	NPR	USD	NPR
Investments	-	-	-	-
Loans	-	-	-	-
Insurance Receivables	-	-	-	-
Other Financial Assets	-	-	-	-
<b>Less: Derivative Assets</b>				
i) Foreign exchange forward contracts - Sell Foreign Currency	-	-	-	-
ii) Foreign exchange option contracts - Sell Foreign Currency	-	-	-	-
<b>Net Exposure to Foreign Currency Risk/ (Assets)</b>	-	-	-	-
Insurance Payables	-	-	-	-
Other Liabilities	-	-	-	-
<b>Less: Derivative Liabilities</b>				
i) Foreign exchange forward contracts - Buy Foreign Currency	-	-	-	-
ii) Foreign exchange option contracts - Buy Foreign Currency	-	-	-	-
<b>Net Exposure to Foreign Currency Risk/ (Liabilities)</b>	-	-	-	-

**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	Current Year	Previous Year
<b>USD sensitivity</b>				
NPR/ USD - Increases by 10% *	-	-	-	-
NPR/ USD - Decreases by 10% *	-	-	-	-
<b>Currency A sensitivity</b>				
NPR/ USD - Increases by 10% *	-	-	-	-
NPR/ USD - Decreases by 10% *	-	-	-	-

\* Holding all other variable constant

**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. For the purpose of Insurance Liabilities risk-free spot rates provided by Nepal Insurance Authority is considered.

**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 is not exposed to equity securities price risk because there are no investments in quoted shares.

The company has no investments in quoted shares and hence is unaffected by the market price fluctuations of such quoted shares. Investment in unquoted shares are however not

**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**

Climate Risk related disclosure is provided in Appendix I.

**50 Capital Management**

The Company's objectives when managing Capital are to:

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

Since the company is a branch of foreign company, the company does not have any share capital.

**Regulatory minimum paid up capital**

American Life Insurance Company Nepal is a branch of American Life Insurance Company which is incorporated under the laws of the United State of America, The branch does not have any share capital.

Dividend	Particulars	Current Year	Previous Year
<b>(i) Dividends recognised</b>			
	Final dividend for the year ended Ashadh 32, 2081 of NPR 275,000,000/- ( Ashadh 31, 2080 of NPR 450,051,200-)	275,000,000	450,051,200
		<b>275,000,000</b>	<b>450,051,200</b>
<b>(ii) Dividends not recognised at the end of the reporting period</b>			
	In addition to the above dividends, company declares dividend of NPR 530,000,000/- out of distributable profit of NPR 984,367,606/-	530,000,000	275,000,000
		<b>530,000,000</b>	<b>275,000,000</b>

**51 Earnings Per Share**

Particulars	Current Year	Previous Year
Profit For the Year used for Calculating Basic Earning per Share	-	-
Add: Interest saving on Convertible Bonds	-	-
Profit For the Year used for Calculating	-	-
Weighted Average Number of Equity Shares Outstanding During the Year For Basic Earning per Share	-	-
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	-	-
Nominal Value of Equity Shares	-	-
<b>Basic Earnings Per Share</b>	-	-
<b>Diluted Earnings Per Share</b>	-	-

Note: Since the company is a branch office of a foreign company and does not have any issued equity share capital, the earnings per share of the company is not calculated.



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

### 52. 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:

- i) Endowment
- ii) Anticipated Endowment
- iii) Micro Term
- iv) Future Care DPS
- v) Term
- vi) Non Par Endowment

#### a) Segmental Information for the year ended Ashadh 32, 2082 (July 16, 2025)

Particulars	Endowment	Anticipated Endowment	Endowment t Cum Whole Life	Whole Life	Foreign Employment Term	Others (Micro)	Special Term	Others (Future care DPS)	Non Par Endowment	Other Term	Inter Segment Elimination	Total
<b>Income:</b>												
Gross Earned Premiums	1,407,014,585	381,168,366	-	-	-	129,844,308	-	3,348,756,027	111,373,837	880,229,243	-	6,258,386,366
Premiums Ceded	(10,245,979)	(5,080,911)	-	-	-	(542,554)	-	(147,943,496)	(3,148,280)	(81,097,389)	-	(248,058,609)
Inter-Segment Revenue	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Earned Premiums</b>	<b>1,396,768,606</b>	<b>376,087,455</b>	-	-	-	<b>129,301,754</b>	-	<b>3,200,812,531</b>	<b>108,225,557</b>	<b>799,131,854</b>	-	<b>6,010,327,757</b>
Commission Income	2,773,972	1,113,810	-	-	-	-	-	84,483,009	472,242	38,364,945	-	127,207,978
Income from Investments and Loans	677,698,552	228,579,659	-	-	-	19,626,656	-	1,545,463,930	7,207,448	57,419,338	-	2,535,995,583
Net Gains/(Losses) on Fair Value Changes	-	-	-	-	-	-	-	-	-	-	-	-
Net Realised Gains/(Losses)	-	-	-	-	-	-	-	-	-	-	-	-
Other Income	2,047,983	1,000,202	-	-	-	-	-	1,186,753	-	390,857	-	4,625,795
<b>Total Segmental Income</b>	<b>2,079,289,113</b>	<b>606,781,126</b>	-	-	-	<b>148,928,410</b>	-	<b>4,831,946,223</b>	<b>115,905,247</b>	<b>895,306,994</b>	-	<b>8,678,157,113</b>
<b>Expenses:</b>												
Gross Benefits and Claims Paid	839,848,679	462,832,706	-	-	-	100,952,729	-	1,064,464,836	-	478,155,185	-	2,946,254,135
Claims Ceded	(1,459,769)	(2,228,878)	-	-	-	-	-	(54,129,852)	-	(21,248,431)	-	(79,066,930)
Gross Change in Contract Liabilities	774,871,889	37,420,241	-	-	-	(71,171,990)	-	2,686,252,082	-	90,652,244	-	3,518,024,467
Change in Contract Liabilities Ceded to Reinsurers	(2,712,910)	437,441	-	-	-	-	-	(3,848,325)	-	(189,587)	-	(6,313,381)
<b>Net Benefits and Claims Paid</b>	<b>1,610,547,889</b>	<b>498,461,510</b>	-	-	-	<b>29,780,739</b>	-	<b>3,692,738,741</b>	-	<b>547,369,411</b>	-	<b>6,378,898,291</b>
Commission Expenses	134,659,977	28,047,632	-	-	-	12,437,034	-	273,086,493	22,296,400	57,552,031	-	528,079,567
Service Fees	10,552,609	2,858,763	-	-	-	973,832	-	25,115,670	835,304	6,601,719	-	46,937,897
Employee Benefits Expenses	63,698,041	17,681,137	-	-	-	5,879,644	-	153,989,570	4,452,512	41,184,504	-	286,885,408
Depreciation and Amortization Expenses	12,703,972	3,526,336	-	-	-	1,172,639	-	30,711,763	888,011	8,213,860	-	57,216,581
Impairment Losses	-	-	-	-	-	-	-	-	-	-	-	-
Other Operating Expenses	61,075,915	11,958,937	-	-	-	2,315,673	-	126,391,383	16,672,941	32,968,879	-	251,383,728
Finance Cost	2,818,043	782,225	-	-	-	260,119	-	6,812,599	196,982	1,822,029	-	12,691,998
<b>Total Segmental Expenses</b>	<b>1,896,056,445</b>	<b>563,316,540</b>	-	-	-	<b>52,819,682</b>	-	<b>4,308,846,219</b>	<b>45,342,151</b>	<b>695,712,433</b>	-	<b>7,562,093,469</b>
<b>Total Segmental Results</b>	<b>183,232,668</b>	<b>43,464,587</b>	-	-	-	<b>96,108,728</b>	-	<b>523,100,003</b>	<b>70,563,096</b>	<b>199,594,561</b>	-	<b>1,116,063,643</b>
<b>Segment Assets</b>	<b>8,822,965,379</b>	<b>2,483,415,535</b>	-	-	-	<b>142,576,171</b>	-	<b>19,004,885,342</b>	<b>48,308,603</b>	<b>446,065,377</b>	-	<b>30,948,216,408</b>
<b>Segment Liabilities</b>	<b>8,693,853,263</b>	<b>2,456,242,993</b>	-	-	-	<b>150,688,166</b>	-	<b>18,950,877,110</b>	-	<b>467,545,146</b>	-	<b>30,719,206,678</b>

## b) Segmental Information for the year ended Ashadh 31, 2081 (July 16, 2024)

Particulars	Endowment	Anticipated Endowment	Endowmen t Cum Whole Life	Whole Life	Foreign Employme nt Term	Others (Micro)	Special Term	Others (Future care DPS)	Non Par Endowment	Other Term	Inter Segment Elimination	Total
<b>Income:</b>												
Gross Earned Premiums	1,276,553,189	401,134,362	-	-	-	143,398,547	-	3,027,560,902	-	830,237,637	-	5,678,884,637
Premiums Ceded	(7,720,518)	(4,634,808)	-	-	-	(528,355)	-	(136,526,704)	-	(73,034,042)	-	(222,444,427)
Inter-Segment Revenue	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Earned Premiums</b>	<b>1,268,832,671</b>	<b>396,499,554</b>	-	-	-	<b>142,870,192</b>	-	<b>2,891,034,198</b>	-	<b>757,203,595</b>	-	<b>5,456,440,210</b>
Commission Income	2,235,694	990,217	-	-	-	-	-	77,311,197	-	35,059,343	-	115,596,451
Other Direct Income	2,477,804	318,767	-	-	-	-	-	1,566,779	-	204,922	-	4,568,272
Income from Investments and Loans	710,024,072	218,312,148	-	-	-	30,153,039	-	1,453,237,852	-	61,544,488	-	2,473,271,599
Net Gains/(Losses) on Fair Value Changes	-	-	-	-	-	-	-	-	-	-	-	-
Net Realised Gains/(Losses)	-	-	-	-	-	-	-	-	-	-	-	-
Other Income	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Segmental Income</b>	<b>1,983,570,241</b>	<b>616,120,686</b>	-	-	-	<b>173,023,231</b>	-	<b>4,423,150,026</b>	-	<b>854,012,348</b>	-	<b>8,049,876,532</b>
<b>Expenses:</b>												
Gross Benefits and Claims Paid	1,119,899,110	681,513,551	-	-	-	68,906,622	-	994,014,778	-	371,046,055	-	3,235,380,116
Claims Ceded	(2,668,984)	(303,153)	-	-	-	-	-	(64,227,314)	-	(12,711,307)	-	(79,910,758)
Gross Change in Contract Liabilities	432,940,547	(188,673,829)	-	-	-	(40,081,841)	-	2,434,362,690	-	90,105,439	-	2,728,653,006
Change in Contract Liabilities Ceded to Reinsurers	750,383	(1,600,000)	-	-	-	-	-	8,039,422	-	100,000	-	7,289,805
<b>Net Benefits and Claims Paid</b>	<b>1,550,921,056</b>	<b>490,936,569</b>	-	-	-	<b>28,824,781</b>	-	<b>3,372,189,576</b>	-	<b>448,540,187</b>	-	<b>5,891,412,169</b>
Commission Expenses	127,468,284	32,708,582	-	-	-	13,277,763	-	257,598,735	-	55,254,083	-	486,307,447
Service Fees	9,574,149	3,008,508	-	-	-	1,075,489	-	22,706,707	-	6,226,782	-	42,591,635
Other Direct Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Employee Benefits Expenses	59,264,892	18,409,009	-	-	-	5,244,135	-	135,808,159	-	36,094,705	-	254,820,901
Depreciation and Amortization Expenses	12,976,768	4,030,876	-	-	-	1,148,267	-	29,736,847	-	7,903,375	-	55,796,134
Impairment Losses	-	-	-	-	-	-	-	-	-	-	-	-
Other Operating Expenses	49,833,354	15,465,322	-	-	-	4,374,832	-	114,028,670	-	30,336,296	-	214,038,475
Finance Cost	1,989,770	618,067	-	-	-	176,067	-	4,559,647	-	1,211,850	-	8,555,401
<b>Total Segmental Expenses</b>	<b>1,812,028,272</b>	<b>565,176,934</b>	-	-	-	<b>54,121,335</b>	-	<b>3,936,628,342</b>	-	<b>585,567,277</b>	-	<b>6,953,522,161</b>
<b>Total Segmental Results</b>	<b>171,541,968</b>	<b>50,943,751</b>	-	-	-	<b>118,901,897</b>	-	<b>486,521,684</b>	-	<b>268,445,071</b>	-	<b>1,096,354,371</b>
<b>Segment Assets</b>	<b>8,041,139,851</b>	<b>2,459,416,990</b>	-	-	-	<b>211,156,217</b>	-	<b>16,344,119,979</b>	-	<b>358,216,087</b>	-	<b>27,414,049,124</b>
<b>Segment Liabilities</b>	<b>7,933,924,927</b>	<b>2,427,379,474</b>	-	-	-	<b>224,139,721</b>	-	<b>16,273,383,391</b>	-	<b>376,526,753</b>	-	<b>27,235,354,266</b>

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

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

Particulars	Current Year	Previous Year
<b>Segmental Profit</b>	<b>1,116,063,643</b>	<b>1,096,354,371</b>
Less: Employee Benefits expenses	131,327,933	124,867,390
Less: Depreciation and Amortization	6,357,398	6,199,570
Less: Other operating expenses	27,747,608	23,620,011
Less: Impairment losses	1,645,268	-
Less: Finance Cost	1,410,222	950,600
Add: Unallocable Other Income	312,974,801	302,083,531
<b>Profit Before Tax</b>	<b>1,260,550,015</b>	<b>1,242,800,331</b>

### d) Reconciliation of Assets

Particulars	Current Year	Previous Year
<b>Segment Assets</b>	<b>30,948,216,408</b>	<b>27,414,049,124</b>
Goodwill & Intangible Assets	2,139,197	1,135,859
Property and Equipment	23,868,658	29,414,073
Investment Properties	-	-
Deferred Tax Assets	69,065,409	64,093,501
Investment in Subsidiaries	-	-
Investment in Associates	-	-
Investments	4,197,095,550	3,880,287,055
Loans	2,857,681	1,131,689
Current Tax Assets (Net)	5,408,884	7,075,348
Other Assets	22,848,223	22,274,718
Other Financial Assets	121,101,642	17,965,509
Cash and Cash Equivalents	137,617,838	60,433,293
<b>Total Assets</b>	<b>35,530,219,489</b>	<b>31,497,860,169</b>

### e) Reconciliation of Liabilities

Particulars	Current Year	Previous Year
<b>Segment Liabilities</b>	<b>30,719,206,679</b>	<b>27,235,354,266</b>
Provisions	28,404,136	26,435,766
Deferred Tax Liabilities	-	-
Current Tax Liabilities (Net)	-	-
Other Liabilities	34,928,268	46,805,621
Other Financial Liabilities	24,211,910	23,085,424
<b>Total Liabilities</b>	<b>30,806,750,993</b>	<b>27,331,681,077</b>

Notes to Financial Statements (Continued...)

53 Related Party Disclosure

(a) Identify Related Parties

During the year, the Company identified following Related Parties:

Holding Company: Not applicable

Subsidiaries: Not applicable

Associates: Not applicable

Fellow Subsidiaries: Delaware American Life Insurance Company and Metropolitan Tower Life Insurance Company

Key Management Personnel: Key Management Personnel include Vice President and General Manager of the Company

(b) Key Management Personnel Compensation:

Particulars	Current Year	Previous Year
Short-term employee benefits	-	-
Post-employment benefits	23,779,020	22,236,193
Other long-term benefits	-	-
Termination benefits	-	-
<b>Total</b>	<b>23,779,020</b>	<b>22,236,193</b>

Payment to Vice President and General Manager

Particulars	Current Year	Previous Year
Annual salary and allowances	11,092,535	10,621,815
Performance based allowances	-	-
i) Employee Bonus	5,019,066	4,800,648
ii) Benefits as per prevailing provisions	319,692	404,228
iii) Incentives	5,703,386	5,544,814
Insurance related benefits	-	-
i) Life Insurance	-	-
ii) Accident Insurance	-	-
iii) Health Insurance (including family members)	-	-
<b>Total</b>	<b>22,134,679</b>	<b>21,371,505</b>

(c) Related Party Transactions:

Particulars	Holding Company	Subsidiaries	Associates	Fellow Subsidiaries	Key Managerial Personnel	Total
<b>Premium Earned</b>						
Current Year	-	-	-	-	-	-
Previous Year	-	-	-	-	-	-
<b>Commission Income</b>						
Current Year	-	-	-	81,990,898	-	81,990,898
Previous Year	-	-	-	79,248,752	-	79,248,752
<b>Rental Income</b>						
Current Year	-	-	-	-	-	-
Previous Year	-	-	-	-	-	-
<b>Interest Income</b>						
Current Year	-	-	-	-	-	-
Previous Year	-	-	-	-	-	-
<b>Sale of Property, Plant &amp; Equipment</b>						
Current Year	-	-	-	-	-	-
Previous Year	-	-	-	-	-	-
<b>Purchase of Property, Plant &amp; Equipment</b>						
Current Year	-	-	-	-	-	-
Previous Year	-	-	-	-	-	-
<b>Premium Paid</b>						
Current Year	-	-	-	162,633,860	-	162,633,860
Previous Year	-	-	-	155,712,125	-	155,712,125
<b>Commission Expenses</b>						
Current Year	-	-	-	-	-	-
Previous Year	-	-	-	-	-	-
<b>Dividend</b>						
Current Year	-	-	-	-	-	-
Previous Year	-	-	-	-	-	-
<b>Meeting Fees</b>						
Current Year	-	-	-	-	-	-
Previous Year	-	-	-	-	-	-
<b>Allowances to Directors</b>						
Current Year	-	-	-	-	-	-
Previous Year	-	-	-	-	-	-
<b>Others (Claims Recovered)</b>						
Current Year	-	-	-	57,151,884	-	57,151,884
Previous Year	-	-	-	53,586,919	-	53,586,919

Notes to Financial Statements (Continued...)

(d) Related Party Balances:

Particulars	Holding Company	Subsidiaries	Associates	Fellow Subsidiaries	Key Managerial Personnel	Total
<b>Receivables including Reinsurance Receivables</b>						
Current Year	-	-	-	222,211,113	-	222,211,113
Previous Year	-	-	-	68,602,720	-	68,602,720
<b>Other Receivables (to be Specified)</b>						
Current Year	-	-	-	-	-	-
Previous Year	-	-	-	-	-	-
<b>Payables including Reinsurance Payables</b>						
Current Year	-	-	-	246,584,513	-	246,584,513
Previous Year	-	-	-	87,657,492	-	87,657,492
<b>Other Payables (to be Specified)</b>						
Current Year	-	-	-	-	-	-
Previous Year	-	-	-	-	-	-

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

### 54 Leases

(a) Leases as Lessee

(i) Operating Leases:

Disclosure in respect of Non-cancellable lease is as given below

<b>Future Minimum Lease Payments</b>	<b>Current Year</b>	<b>Previous Year</b>
i) Not Later than 1 year	-	-
ii) Later than 1 year and not later than 5 years	-	-
iii) Later than 5 years	-	-

(ii) Finance Lease:

The Company has various leases ranging from 2 to 8 years. The Company has entered into non-cancellable lease agreements. The leases are renewable by mutual consent and contain escalation clause.

<b>Future Minimum Lease Payments</b>	<b>Current Year</b>	<b>Previous Year</b>
i) Not Later than 1 year	51,497,028	57,503,408
ii) Later than 1 year and not later than 5 years	148,311,623	168,915,479
iii) Later than 5 years	3,390,296	3,137,733
<b>Total Future Minimum Lease Payments</b>	<b>203,198,947</b>	<b>229,556,620</b>
Less: Effect of Discounting	46,167,280	37,744,781
<b>Finance lease liability recognised</b>	<b>157,031,667</b>	<b>191,811,839</b>

(b) Leases as Lessor

(i) Operating Lease:

The Company has not leased out any assets.

Disclosure in respect of Non-cancellable lease is as given below.

<b>Future Minimum Lease Income</b>	<b>Current Year</b>	<b>Previous Year</b>
i) Not Later than 1 year	-	-
ii) Later than 1 year and not later than 5 years	-	-
iii) Later than 5 years	-	-

(ii) Finance Lease:

The Company has not given any assets under finance leases.

<b>Particulars</b>	<b>Current Year</b>		<b>Previous Year</b>		
	<b>Gross Investment</b>	<b>Unearned Finance Income</b>	<b>Gross Investment</b>	<b>Unearned Finance Income</b>	<b>Net Investment</b>
i) Not Later than 1 year	-	-	-	-	-
ii) Later than 1 year and not later than 5 years	-	-	-	-	-
iii) Later than 5 years	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Note: Actual Rent payment by the company during the year is NPR 52,560,200/-.**

### 55 Capital Commitments

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

<b>Particulars</b>	<b>Current Year</b>	<b>Previous Year</b>
Property, Plant and Equipment	-	-
Investment Properties	-	-
Intangible Assets	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

### 56 Contingent Liabilities

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

<b>Particulars</b>	<b>Current Year</b>	<b>Previous Year</b>
Claims against Company not acknowledged as debts		
a) Income Tax	155,782,265	114,816,489
b) Indirect Taxes	-	-
c) Others (to be Specified)	-	-
<b>Total</b>	<b>155,782,265</b>	<b>114,816,489</b>

### 57 Events occurring after Balance Sheet

There is no such events occurred after Balance Sheet

**Notes to Financial Statements (Continued...)****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, plant and equipment	-	-
Others (to be Specified)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**59 Corporate Social Responsibility**

The company has focused on four pillars i.e. health, education, environment and insurance awareness. Accordingly, to make a contribution on these pillars, the company has formed a sub-committee who initiates and implement CSR activities.

**Details of CSR reserves:**

Particulars	Amount
Opening reserves	13,225,470
Utilization during the year	(13,719,866)
Addition to reserves	8,438,510
<b>Closing Reserves</b>	<b>7,944,114</b>

**Activities conducted in Financial Year 2081-82:**

Areas	Amount
Education	1,031,546
Environment	5,791,393
Health	4,201,061
Insurance Awareness	2,695,866
<b>Total</b>	<b>13,719,866</b>

**60 Miscellaneous**

(i) All amounts are in Nepalese Rupees unless otherwise stated.

(ii) All figures are in the Nearest Rupee & Rounded off.

**American Life Insurance Company**  
**Annexure III**  
**Major Financial Indicator**

S.N.	Particulars	Indicators	FY 2024-25	FY 2023-24	Financial Year FY-2022-23	FY 2021-22	FY 2020-21
<b>A. Equity:</b>							
1	Net worth	NRs.	4,723,468,496	4,166,179,092	3,802,791,440	3,360,191,800	3,049,861,371
2	Number of Shares	Number	-	-	-	-	-
3	Book value per shares	NRs.	-	-	-	-	-
4	Net Profit	NRs.	848,219,753	827,915,679	765,461,031	581,509,489	296,903,381
5	Earning per Shares (EPS)	NRs.	-	-	-	-	-
6	Dividend per Shares (DPS)	NRs.	-	-	-	-	-
7	Market Price per Shares (MPPS)	NRs.	-	-	-	-	-
8	Price Earning Ratio (PE Ratio)	Ratio	-	-	-	-	-
9	Change in Equity	%	13%	9.6%	13.2%	10.2%	-1.8%
10	Return on Equity	%	19.1%	20.8%	21.4%	18.1%	9.6%
11	Affiliate Ratio	%	4.7%	1.6%	1.3%	1.8%	1.9%
12	Market Share	%	3.4%	3.6%	3.7%	3.5%	3.5%
13	Net Earnings Ratio	%	14.1%	15.2%	15.2%	11.4%	6.4%
14	Solvency Margin	%	208.3%	270.0%	416.0%	388.0%	376.0%
<b>B. Business :</b>							
15	Gross Earned Premium Growth Rate	%	10.2%	7.9%	0.6%	9.1%	16.7%
16	First Year Premium Growth Rate	%	18.7%	-6.7%	-17.6%	9.5%	4.8%
	Endowment	%	7.8%	-12.9%	-10.3%	19.7%	17.5%
	Anticipated Endowment	%	-45.6%	-7.8%	-28.7%	28.2%	61.1%
	Future Care DPS	%	5.5%	-5.1%	-21.5%	-1.1%	-3.8%
	Non Par Endowment	%	-	-	-	-	-
	Term	%	33.6%	1.0%	-9.8%	29.8%	3.9%
17	Renewal Premium Growth Rate	%	9.9%	9.0%	6.5%	5.5%	24.2%
	Endowment	%	10.7%	13.9%	13.2%	8.8%	23.5%
	Anticipated Endowment	%	1.8%	2.2%	3.0%	-13.9%	-6.3%
	Future Care DPS	%	11.4%	30.1%	3.2%	8.4%	32.1%
	Non Par Endowment	%	-	-	-	-	-
	Term	%	3.9%	9.0%	23.7%	-1.7%	20.8%
18	Single Premium Growth Rate	%	0.4%	26.0%	-8.3%	-15.7%	39.7%
	Micro Term	%	-9.5%	-22.6%	-29.2%	28.1%	15.3%
	Non Par Endowment	%	-	-	-	-	-
	Term	%	-0.7%	64.0%	19.3%	-33.1%	200.3%
19	Reinsurance Ratio	%	4.0%	3.9%	4.1%	4.8%	4.4%
20	Retention Ratio	%	96.0%	96.1%	95.9%	95.2%	95.6%
21	Net Reinsurance inflow/(outflow)	Amount in Cr.	(4.2)	(2.7)	(2.3)	(0.2)	1.0
22	RI Commission Income/Premium ceded	%	51.6%	51.6%	51.5%	55.1%	59.2%
23	Gross earned premium to Equity	%	140.8%	142.5%	146.9%	163.2%	158.7%
24	Net earned premium to Equity	%	135.2%	136.9%	141.0%	155.5%	151.7%
25	Gross Earned Premium to Total Assets	%	18.7%	18.8%	19.3%	21.4%	20.9%
26	Yield on Investment and Loan	%	8.9%	9.5%	9.6%	8.2%	7.7%
<b>C. Expenses:</b>							
27	Regulatory Expense ratio	%	10.9%	8.4%	9.5%	9.4%	8.5%
28	Management Expense Ratio	%	12.4%	12.1%	12.7%	12.1%	11.9%
29	Commission Ratio	%	8.4%	8.6%	9.0%	9.2%	9.9%
30	Direct Business Acquisition Ratio	%	28.8%	26.3%	27.8%	26.9%	25.4%
31	Agent Related Expenses to Other operating expenses	%	54.4%	44.5%	53.3%	54.7%	40.8%
32	Agent Related Expenses to Gross Earned Premium	%	2.4%	1.9%	2.3%	2.6%	2.5%
33	Employee expenses to Total expenses excluding claims & benefits and direct expenses	%	53.8%	55.1%	54.3%	48.8%	43.5%
<b>D. Assets:</b>							
34	Increment in Investment	%	10.0%	9.1%	12.2%	5.5%	9.0%
35	Increment in Loan	%	4.2%	12.1%	33.8%	17.2%	-0.1%
36	Liquidity Ratio	%	284.4%	218.7%	132.8%	253.0%	719.3%
37	Return on Assets	%	2.5%	2.7%	2.8%	2.3%	1.6%
38	Long term Investments to Total Investments	%	79.0%	83.0%	88.5%	75.2%	15.5%
39	Short term Investments to Total Investments	%	21.0%	17.0%	11.5%	24.8%	84.5%
40	Total Investment & Loan to Gross Insurance Contract Liabilities	%	110.7%	114.3%	116.6%	115.6%	115.1%
41	Investment in Unlisted Shares to Total Assets	%	0.10%	0.11%	0.13%	0.04%	0.02%
<b>E. Liabilities:</b>							
42	Increment in Gross Insurance Contract Liabilities	%	13.2%	11.4%	12.2%	5.5%	8.0%
	Increment in Life Insurance Fund	%	13.6%	12.0%	13.2%	7.0%	6.9%
	Claim payment reserve including IBNR	%	-4.1%	-10%	-14%	-25%	35%
43	Gross Technical Provision to Gross earned premium	%	473%	468%	454%	399%	413%
44	Gross Technical Provisions/ Total Equity	%	638%	638%	628%	759%	661%
45	Insurance Debt/ Total Equity	%	0%	0%	0%	0%	0%
46	Loss Ratio	%	11.8%	10.1%	11.4%	11.4%	18.5%
47	Persistency Ratio	%	95.7%	94.6%	94.2%	94.5%	94.2%
48	Lapse Ratio	%	4.3%	5.4%	5.8%	5.5%	5.8%
49	No. of Outstanding Claim/ No. of Intimated Claims	%	4.3%	24%	22%	21%	26%
50	Total Number of In Force Insurance Policies	Numbers	1,423,341	1,493,103	1,324,640	1,312,552	1,199,392
51	Number of Renewed Policy/ Last Year's Total Number of In Force Policies	%	95.7%	94.6%	94.2%	94.5%	94.2%
<b>F. Others:</b>							
52	Declared Bonus Rate	Per thousand	45/55/65-3PP, 45/50/55-MTG 50/60/70-END & EPP 40/45/50-MCEPP	45/55/65-3PP, 45/50/55-MTG 55/65/75-END & 55/65/75-EPP	45/55/65-3PP, 60/70/80- END& 60/70/80-EPP	45/55/65-3PP, 60/70/80- END& 60/70/80-EPP	45/55/65-3PP, 60/70/80- END & 60/70/80-EPP
53	Interim Bonus Rate	Per thousand	45/55/65-3PP, 45/50/55-MTG 50/60/70-END & EPP 40/45/50-MCEPP	-	-	-	-
54	Number of Offices	Numbers	36	36	35	35	33
55	Number of Agents	Numbers	3,817	3,929	4,527	4,848	5,846
56	Number of Employees	Numbers	166	169	171	174	154
57	Employee expenses/ Number of Employees	Amount	2,496,796	2,233,461	2,116,186	1,810,333	1,636,399



**American Life Insurance Company**  
**Annexure IV**  
**Statement of Sum Assured (As per Actuarial Valuation report)**

S.N.	Insurance Types	InForce Number of Policies		Sum Assured of In Force Policies		Sum at Risk		Sum at Risk Transferred to Reinsurer		Net Sum at Risk	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
1	Endowment	43,617	44,458	23,095,867,630	20,983,463,039	20,604,980,652	17,431,798,395	9,323,002,455	10,344,090,863	11,281,978,196	7,087,707,532
2	Anticipated Endowment	13,486	16,015	4,666,560,158	4,971,552,054	3,922,830,798	4,344,402,233	1,813,278,000	2,169,584,479	2,109,552,797	2,174,817,754
3	Micro Term	168,066	266,893	39,229,170,799	56,384,074,678	39,104,885,005	56,248,520,125	-	-	39,104,885,005	56,248,520,125
4	Future care DPS	122,352	123,607	257,489,805,245	250,015,039,716	238,994,021,094	234,188,701,491	141,865,217,046	145,152,912,963	97,128,804,048	89,035,788,528
5	Non Par Endowment	1,574	-	2,006,653,390	-	2,002,984,744	-	1,530,784,744	-	472,200,000	-
6	Term	1,074,246	1,042,130	244,547,776,670	217,913,519,879	244,158,660,302	217,557,431,761	47,402,563,853	39,821,664,525	196,756,096,448	177,735,767,236
<b>Total</b>		<b>1,423,341</b>	<b>1,493,103</b>	<b>571,035,833,892</b>	<b>550,267,649,366</b>	<b>548,788,362,594</b>	<b>529,770,854,005</b>	<b>201,934,846,099</b>	<b>197,488,252,829</b>	<b>346,853,516,495</b>	<b>332,282,601,175</b>

**VARIANCE REPORT**  
**BETWEEN AUDITED AND FOURTH QUARTER UNAUDITED FIGURES**

**STATEMENT OF FINANCIAL POSITION**

Particulars	Notes	Audited Figures	Unaudited fourth Quarter	Variance	Remarks
<b>Assets</b>					
Goodwill & Intangible Assets	4	15,779,285	15,789,348	-0.06%	
Property and Equipment	5	176,061,580	172,988,090	1.78%	
Investment Properties	6	-	-		
Deferred Tax Assets	7	69,065,409	68,156,078	1.33%	
Investment in Subsidiaries	8	-	-		
Investment in Associates	9	-	-		
Investments	10	31,522,866,997	31,522,866,997	0.00%	
Loans	11	1,822,323,265	1,822,624,119	-0.02%	
Reinsurance Assets	12	14,942,473	14,942,473	0.00%	
Current Tax Assets (Net)	21	39,897,366	18,787,808	112.36%	Decrease in tax liabilities due to increase in staff bonus expenses. Staff bonus increased due to transfer of profit from actuarial valuation.
Insurance Receivables	13	-	-		
Other Assets	14	168,534,579	174,583,316	-3.46%	
Other Financial Assets	15	685,642,706	688,023,501	-0.35%	
Cash and Cash Equivalents	16	1,015,105,829	1,015,366,235	-0.03%	
<b>Total Assets</b>		<b>35,530,219,489</b>	<b>35,514,127,966</b>	<b>0.05%</b>	
<b>Equity &amp; Liabilities</b>					
<b>Equity</b>					
Share Capital	17 (a)	-			
Share Application Money Pending Allotment	17 (b)	-			
Share Premium	17 (c)	-			
Catastrophe Reserves	17 (d)	612,037,376	576,863,240	6.10%	
Retained Earnings	17 (e)	2,864,953,017	2,622,251,482	9.26%	
Other Equity	17 (f)	1,246,478,103	1,174,182,844	6.16%	
<b>Total Equity</b>		<b>4,723,468,496</b>	<b>4,373,297,567</b>	<b>8.01%</b>	
<b>Liabilities</b>					
Provisions	18	209,516,475	200,252,481	4.63%	
Gross Insurance Contract Liabilities	19	30,118,093,170	30,497,635,174	-1.24%	
Deferred Tax Liabilities	7	-	-		
Insurance Payables	20	42,907,647	42,354,698	1.31%	
Current Tax Liabilities (Net)	21	-	-		
Borrowings	22	-	-		
Other Liabilities	23	257,640,209	260,808,846	-1.21%	
Other Financial Liabilities	24	178,593,492	139,779,200	27.77%	Increase in Financial liabilities due to increase in staff bonus due to increased profits (Surplus Transfer to shareholder) from actuarial Valuation.
<b>Total Liabilities</b>		<b>30,806,750,993</b>	<b>31,140,830,399</b>	<b>-1.07%</b>	
<b>Total Equity and Liabilities</b>		<b>35,530,219,489</b>	<b>35,514,127,966</b>	<b>0.05%</b>	

**STATEMENT OF PROFIT OR LOSS**

Particulars	Notes	Audited Figures	Unaudited fourth Quarter	Variance
<b>Income:</b>				
Gross Earned Premiums	25	6,258,386,366	6,258,386,366	0.00%
Premiums Ceded	26	(248,058,609)	(248,155,385)	-0.04%
<b>Net Earned Premiums</b>		<b>6,010,327,757</b>	<b>6,010,230,981</b>	0.00%
Commission Income	27	127,207,978	127,263,279	-0.04%
Other Direct Income	28	4,625,795	4,635,543	-0.21%
Interest Income on Loan to Policyholders	11	218,240,083	219,052,550	-0.37%
Income from Investments and Loans	29	2,622,113,092	2,622,408,513	-0.01%
Net Gains/(Losses) on Fair Value Changes	30	-	-	-
Net Realised Gains/(Losses)	31	-	-	-
Other Income	32	8,617,208	8,622,615	-0.06%
<b>Total Income</b>		<b>8,991,131,913</b>	<b>8,992,213,481</b>	<b>-0.01%</b>
<b>Expenses:</b>				
Gross Benefits and Claims Paid	33	2,946,254,135	2,946,249,396	0.00%
Claims Ceded	33	(79,066,930)	(79,066,930)	0.00%
Gross Change in Contract Liabilities	34	3,518,024,466	3,897,566,472	-9.74%
Change in Contract Liabilities Ceded to Reinsurers	34	(6,313,381)	(6,313,381)	0.00%
<b>Net Benefits and Claims Paid</b>		<b>6,378,898,290</b>	<b>6,758,435,557</b>	-5.62%
Commission Expenses	35	528,079,567	528,079,567	0.00%
Service Fees	36	46,937,897	46,937,898	0.00%
Other Direct expenses	37	-	-	-
Employee Benefits Expenses	38	418,213,341	368,691,997	13.43%
Depreciation and Amortization Expenses	39	63,573,979	63,735,771	-0.25%
Impairment Losses	40	1,645,268	-	-
Other Operating Expenses	41	279,131,336	283,123,102	-1.41%
Finance Cost	42	14,102,220	14,196,033	-0.66%
<b>Total Expenses</b>		<b>7,730,581,898</b>	<b>8,063,199,925</b>	<b>-4.13%</b>
<b>Net Profit/(Loss) For The Year Before Share of Net Profits of Associates Accounted for Using Equity Method and Tax</b>		<b>1,260,550,015</b>	<b>929,013,556</b>	35.69%
Share of Net Profit of Associates accounted using Equity Method		-	-	-
<b>Profit Before Tax</b>		<b>1,260,550,015</b>	<b>929,013,556</b>	<b>35.69%</b>
Income Tax Expense	43	412,330,262	432,841,295	-4.74%
<b>Net Profit/(Loss) For The Year</b>		<b>848,219,753</b>	<b>496,172,261</b>	<b>70.95%</b>
<b>Earning Per Share</b>	51			
Basic EPS		-	-	-
Diluted EPS		-	-	-

**STATEMENT OF OTHER COMPREHENSIVE INCOME**

Particulars	Audited Figures	Unaudited fourth Quarter	Variance	Remarks
<b>Net Profit/(Loss) For The Year</b>	<b>848,219,753</b>	<b>496,172,261</b>	<b>70.95%</b>	
Other Comprehensive Income				
<b>a) Items that are or may be Reclassified to Profit or Loss</b>	-	-	-	
Changes in Fair Value of FVOCI Debt Instruments	-	-	-	
Cash Flow Hedge - Effective Portion of Changes in Fair Value	-	-	-	
Exchange differences on translation of Foreign Operation	-	-	-	
Share of other comprehensive income of associates accounted for using the equity method	-	-	-	
Income Tax Relating to Above Items	-	-	-	
Reclassified to Profit or Loss	-	-	-	
<b>b) Items that will not be Reclassified to Profit or Loss</b>				
Changes in fair value of FVOCI Equity Instruments	-	-	-	
Revaluation of Property, Plant and Equipment/ Intangible Assets	-	-	-	
Remeasurement of Post-Employment Benefit Obligations	(2,412,776)	-	-	
Share of other comprehensive income of associates accounted for using the equity method	-	-	-	
Income Tax Relating to Above Items	603,194	-	-	
<b>Total Other Comprehensive Income For the Year, Net of Tax</b>	<b>(1,809,582)</b>	<b>-</b>	<b>-</b>	
<b>Total Comprehensive Income For the Year, Net of Tax</b>	<b>846,410,171</b>	<b>496,172,261</b>	<b>70.59%</b>	

Comparative Statement of Solvency Balance Sheet & NFRS based Balance Sheet

Particulars	NFRS based Balance Sheet (A)	Solvency Balance Sheet (B)	Difference (A-B)	Reason for difference
Goodwill	-	-	-	
Deferred acquisition costs	-	-	-	
Intangible assets	15,779,285	-	15,779,285.00	Intangible assets are considered inadmissible under RBC framework
Deferred tax assets	69,065,409	-	69,065,409.00	Deferred tax assets are considered inadmissible under RBC framework. However any DTA can be adjusted with DTL under solvency balance sheet.
Pension benefit surplus	-	-	-	
Property, plant & equipment held for own use	176,061,580	20,160,320	155,901,260.00	Buildings, leasehold improvements and furnitures & fixtures are considered inadmissible under RBC framework
Investments (other than replicating unit portion index/unit-linked contracts)	33,345,190,262	37,311,036,838	(3,965,846,576.00)	
Investments in properties (other than for own use)	-	-	-	
Investment in subsidiaries	-	-	-	
Investment in associates	-	-	-	
Equities	4,780,000	4,916,419	(136,419.00)	
Equities - listed in stock exchange licensed by SEBON	-	-	-	
Equities - listed in stock exchange other than licensed by SEBON	-	-	-	
Equities - unlisted	4,780,000	4,916,419	(136,419.00)	Unlisted equity is valued using NAV per share under Mark-to-Model approach.
Bonds	1,685,325,000	1,706,928,561	(21,603,561.00)	Government bonds are valued using discounted cash flow valuation method under Mark-to-Model approach.
Government Bonds	1,685,325,000	1,706,928,561	(21,603,561.00)	
Corporate Bonds	-	-	-	
Fixed-income bonds with no option	-	-	-	
Floating rate notes	-	-	-	
Other bonds with embedded interest rate derivatives	-	-	-	
Structured notes	-	-	-	
Collateralised securities	-	-	-	
Collective Investments Undertakings	-	-	-	
Derivatives	-	-	-	
Deposits other than cash equivalents	29,832,761,997	33,642,878,997	(3,810,117,000.00)	Fixed Deposits are valued using discounted cash flow valuation approach under Mark-to-Model method.
Other investments	-	-	-	
Loans and mortgages	1,822,323,265	1,956,312,861	(133,989,596.00)	
Loans on policies	1,819,465,584	1,953,635,060	(134,169,476.00)	
Other loans with collateral or guarantees	781,955	695,460	86,495.00	Loans are valued using discounted cash flow valuation approach under Mark-to-Model method.
Other loans without collateral or guarantees	2,075,726	1,982,341	93,385.00	
Assets replicating the unit portion of index/unit-linked contracts	-	-	-	
Reinsurance recoverables from:	337,705,421	336,896,486	808,935.00	
Non-life technical reserves (after risk correction)	-	-	-	
Life excluding index-linked and unit-linked technical reserves (after risk correction)	105,037,990	104,998,152	39,838.00	Due to expected credit risk correction prescribed by NIA, which is applied on outstanding claims reserve only in the solvency balance sheet.
Life index-linked and unit-linked technical reserves (after risk correction)	-	-	-	
Deposits to cedants (related to accepted reinsurance)	-	-	-	
Reinsurance receivables	232,667,431	231,898,334	769,097.00	Due to expected credit risk correction prescribed by NIA, which is applied on receivables.
Current tax assets (net)	39,897,366	39,897,366	-	
Insurance, coinsurance and intermediaries receivables	-	-	-	
Receivables from insurers other than coinsurance	-	-	-	
Receivables from coinsurance/pools	-	-	-	
Receivables from intermediaries	-	-	-	
Own shares (held directly)	-	-	-	
Amounts due in respect own equity items called up but not yet paid in	-	-	-	
Cash and cash equivalents	1,015,105,829	1,015,105,829	-	
Any other assets, not elsewhere shown	854,177,285	720,108,688	134,068,597.00	Accrued interest has been deducted as per discussion with NIA, as was deemed to as already incorporated into the Mark-to-Model valuation.
<b>Total assets</b>	<b>35,852,982,437</b>	<b>39,443,205,527</b>	<b>(3,590,223,090.00)</b>	

Particulars	NFRS based Balance Sheet (A)	Solvency Balance Sheet (B)	Difference (A-B)	Reason for difference
<b>LIABILITIES (WITHOUT transitionals)</b>				
Technical provisions - non-life	-	-	-	
Best Estimate Direct Insurance (excluding Earthquake reserves)	-	-	-	
Best estimate Direct Insurance Earthquake reserves	-	-	-	
Margin over best estimate Direct insurance	-	-	-	
Best estimate Accepted reinsurance (excluding Earthquake reserves)	-	-	-	
Best estimate Accepted Earthquake reserves	-	-	-	
Margin over best estimate Accepted reinsurance	-	-	-	
Technical provisions - life (excluding index-linked and unit-linked)	29,688,697,343	30,959,783,292	(1,271,085,949.00)	
				Due to addition of 90% of 'Unrealised gains' pertaining to the with-profits business arising from Mark-to-Model valuation of investments for par products, and surplus adjustment to unallocated surplus after incorporating final staff bonus.
Best Estimate Direct insurance participating life insurance	10,562,322,209	11,839,717,136	(1,277,394,927.00)	
Best Estimate Direct insurance non-participating life insurance	18,985,499,283	18,979,190,305	6,308,978.00	Resulting from surplus adjustment into reserves after incorporating final staff bonus.
Margin over best estimate Direct insurance	140,875,851	140,875,851	-	
Best estimate Accepted reinsurance	-	-	-	
Margin over best estimate Accepted reinsurance	-	-	-	
Technical provisions - index-linked and unit-linked life insurance contracts	-	-	-	
Technical provisions calculated as a whole (unit reserves)	-	-	-	
Best Estimate (non unit reserves)	-	-	-	
Margin over best estimate	-	-	-	
Other technical provisions	-	-	-	
Reinsurance deposits and payables	275,575,079	275,575,079	-	
Deposits from reinsurers	-	-	-	
Reinsurance payables	275,575,079	275,575,079	-	
Insurance, coinsurance and intermediaries payables	-	-	-	
Payables to insurers other than coinsurance	-	-	-	
Payables to coinsurance/pools	-	-	-	
Payables to intermediaries	-	-	-	
Other payables (not related to insurance or reinsurance)	-	-	-	
Debts owed to credit institutions	-	-	-	
Other financing debts	-	-	-	
Qualified as Tier 1 Available Capital Resources	-	-	-	
Qualified as Tier 2 Available Capital Resources	-	-	-	
Not qualified as Available Capital Resources	-	-	-	
Derivatives	-	-	-	
Current tax liabilities	-	-	-	
Provisions other than technical provisions	637,654,887	637,654,887	-	
Contingent liabilities	-	-	-	
Pension benefit obligations	91,352,932	91,352,932	-	
				Deferred tax liabilities, net of DTA is applied to to 'unrealized gains' attributable to shareholders resulting from Mark-to-Model valuation of investments.
Deferred tax liabilities	-	602,133,985	(602,133,985.00)	
Any other liabilities, not elsewhere shown	436,233,702	436,233,702	-	
<b>Total liabilities</b>	<b>31,129,513,943</b>	<b>33,002,733,877</b>	<b>(1,873,219,934.00)</b>	
<b>Excess of assets over liabilities</b>	<b>-</b>	<b>6,440,471,650</b>		

Particulars	NFRS based Balance Sheet (A)	Solvency Balance Sheet (B)	Difference (A-B)	Reason for difference
<b>EQUITY</b>				
Share capital	-			
Share application money pending allotment	-			
Share premium	-			
Special reserves	-			
Catastrophe reserves	612,037,375			
Retained earnings	2,864,953,017			
<b>Other equity</b>	<b>1,246,478,103</b>			
Revaluation reserves	-			
Capital reserves	1,032,495,099			
Corporate Social Responsibility Reserves (CSR)	7,944,114			
Insurance Fund	-			
Fair Value Reserves	-			
Actuarial reserves	(40,409,216)			
Deferred Tax Reserves	55,595,672			
Other reserves	190,852,434			
<b>Total Equity</b>	<b>4,723,468,496</b>		<b>(1,717,003,153.81)</b>	

## Disclosure on quality of assets and capital resources

### Breakdown of Investment by asset class

S.No.	Asset class	Amount of Investment	Solvency Valuation
1	Fixed deposit in class "A" banks	29,732,761,997	33,543,574,582
2	Fixed deposit in class "B" banks	100,000,000	99,304,416
3	Government Bonds	1,685,325,000	1,706,928,561
4	Unlisted Equity	4,780,000	4,916,419
5	Policy Loans	1,819,465,584	1,953,635,060
6	Employee Loans	2,857,681	2,677,801
<b>Grand Total</b>		<b>33,345,190,262</b>	<b>37,311,036,838</b>

### Breakdown of fixed deposit by credit quality

S.No.	Credit quality	Amount of Investment	Solvency Valuation
1	AAA or equivalent	4,751,969,057	5,440,411,554
2	AA or equivalent	3,916,000,000	4,331,805,524
3	A or equivalent	13,555,992,940	15,516,120,252
4	BBB or equivalent	7,608,800,000	8,354,541,667
5	BB or equivalent	-	-
<b>Grand Total</b>		<b>29,832,761,997</b>	<b>33,642,878,997</b>

### Breakdown of fixed deposit & government bonds by duration (Discounted Mean Term)

S.No.	Duration (Discounted Mean Term)	Amount of Investment	Solvency Valuation
1	0-1 years	7,730,961,997	7,678,160,425
2	1 -3 years	6,614,625,000	7,010,285,268
3	3-5 years	8,600,000,000	10,202,603,613
4	5-10 years	8,572,500,000	10,458,758,253
5	10-100 years	-	-
<b>Grand Total</b>		<b>31,518,086,997</b>	<b>35,349,807,558</b>

### Breakdown of policy loans

S.No.	Items	Amount of Investment	Solvency Valuation
1	Loans on policies not exceeding technical provisions	1,814,815,447	1,945,214,248
2	Loans on policies exceeding technical provisions	4,650,136	8,420,811
<b>Grand Total</b>		<b>1,819,465,584</b>	<b>1,953,635,060</b>

### Quality of capital resources

S.No.	Items	Amount
1	Tier 1' capital resources	5,744,845,589
2	Tier 2' capital resources	29,137,828
<b>Grand Total</b>		<b>5,773,983,417</b>



## Solvency Calculation sheet and distributable profit

### Breakdown of Risk-Based Capital (RBC)

S.No.	Type of Risk	Capital Requirement
1	Market risk	2,268,342,030
2	Counterparty default risk	52,132,603
3	Life insurance risk	639,202,729
4	Sum of 1 to 3	2,959,677,363
5	Aggregation with correlations	2,521,393,990
6	Diversification benefits (4)-(5)	438,283,373
7	Operational risk	250,335,455
<b>Final RBC</b>		<b>2,771,729,444</b>

### Tier 1 Capital

#### Breakdown of available capital resources

Particulars	Amount
Excess of assets over liability as per Solvency Balance Sheet	6,440,471,649.90
CSR Reserve	(7,944,114.49)
Assets not valued at nil whose valuation in the solvency balance sheet should not increase the Available Capital Resources	(658,544,118.00)
Embedded profit if already included in surplus i.e. excess of assets over liability as per 02.01 BS	(29,137,828.00)
<b>Total Tier 1 available capital</b>	<b>5,744,845,589.41</b>

### Tier 2 Capital

#### Capital Resources that absorb losses only in winding up basis)

Particulars	Amount
Cumulative irredeemable preference shares qualified as tier 2 Available Capital Resources	-
Irredeemable subordinated debts qualified as tier 2 Available Capital Resources	-
Other capital resources qualified as Tier 2, including unpaid preference shares, unpaid subordinated debt, letters of credit, guarantees and mutual member calls	-
Future profits embedded in the valuation of technical provisions (reserves)	29,137,828.00
<b>Total Tier 2 available capital</b>	<b>29,137,828.00</b>

### Solvency ratio

Particulars	Amount
Total available capital resources (A)	
(Tier 1 capital plus Tier 2 capital)	5,773,983,417.41
Total RBC requirement (B)	2,771,729,444.16
<b>Solvency ratio (A/B)</b>	<b>208.3%</b>

### Solvency ratio

Particulars	Amount
Total available capital resources	5,773,983,417.41
Add: Distributable Profit amount	558,136,283.99
Less: Actual Proposed Dividend	(530,000,000.00)
Total available capital resources after dividend adjustment (A)	5,802,119,701.40
Total RBC requirement	2,771,729,444.16
<b>Solvency ratio (A/B)</b>	<b>209.3%</b>



# नेपाल बीमा प्राधिकरण

## NEPAL INSURANCE AUTHORITY



मिति: २०८२।०९।१३

वि. वि. शा. : १२६ (२०८२/०८३) च.नं. ३७६७

श्री अमेरिकन लाईफ इन्स्योरेन्स कम्पनी (मेट लाईफ),  
पुल्चोक, ललितपुर ।

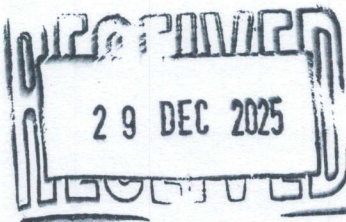
विषय: आ.व. २०८१।८२ को वित्तीय विवरणको स-शर्त स्वीकृति बारे ।

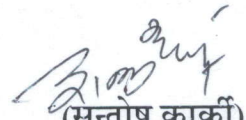
तहाँको मिति २०८२/०९/०८ (च.नं.१७४/२०२५) को पत्र साथ प्राधिकरणमा पेश भएको आ.व. २०८१।८२ को वित्तीय विवरण सम्बन्धमा लेखिदैछ ।

उपरोक्त सम्बन्धमा बीमक श्री अमेरिकन लाईफ इन्स्योरेन्स कम्पनी (मेट लाईफ) बाट पेश भएको आ.व. २०८१।८२ को वित्तीय विवरण तथा अन्य कागजातहरु अध्ययन गर्दा बीमा ऐन, २०७९ को दफा ३८, ३९, ४० र ४१ तथा बीमकको वित्तीय विवरण सम्बन्धी निर्देशन, २०८० को दफा ११ बमोजिम बीमा कोष, अनिवार्य जगेडा कोष, महाविपत्ति कोष र दाबी भुक्तानी कोष तथा जगेडा कोष कायम गरेको देखिएकोले तहाँको आ.व. २०८१।८२ को वार्षिक वित्तीय विवरणलाई बीमा ऐन, २०७९ को दफा ८७ को उपदफा (८) तथा बीमकको वित्तीय विवरण सम्बन्धी निर्देशन, २०८० को दफा ७, ८ र ९ बमोजिम वार्षिक प्रतिवेदनमा समावेश गर्न, साधारण सभामा पेश गर्न तथा प्रकाशित गर्न देहायको निर्देशन, शर्त तथा आदेश सहित स्वीकृति प्रदान गरिएको व्यहोरा निर्णयानुसार जानकारी गराउदछौं ।

### शर्तहरु:

१. बीमकको वित्तीय वीवरणमा देखिएको Unidentified Deposit रकमलाई पहिचान गरी लेखाङ्कन गर्ने संयन्त्र तयार गर्ने ।
२. बीमकको जोखिमाङ्कन तथा दाबी भुक्तानी प्रक्रियालाई थप प्रभावकारी गराउने ।
३. बीमकले NFRS-17 Insurance Contracts लागु गर्न आवश्यक तयारी गर्ने ।
४. बीमकले पूनर्बीमा सँग सम्बन्धित लेनादेना हिसाब राफसाफ गर्ने ।
५. बीमकले वार्षिक प्रतिवेदन तयार गर्दा मिति २०८१/०७/१३ गते प्राधिकरणबाट जारी परिपत्र (ने.बी.प्रा. ९५ (२०८१/०८२) च.नं. २०४०- वि.वि.शा. १) बमोजिमका बुँदाहरु समावेश गर्ने ।
६. बीमकको लेखापरीक्षकहरुले औल्याएका कैफियतहरु सुधार गर्न तथा त्यस्ता कैफियतहरु पुनः दोहोरिन नदिन आवश्यक व्यवस्था गर्ने ।



  
(सन्तोष कार्की)  
चार्टर्ड एकाउन्टेन्ट

श्री नेपाल बीमा प्राधिकरणको मिति २०८२।०९।१३ को पत्रद्वारा आ.व. २०८१।८२ को वित्तीय विवरण सशर्त स्वीकृति प्रदान गर्दा  
तोकिएका शर्तहरू यपर बीमकको भनाई निम्न बमोजिम रहेको व्यहोरा अनुरोध छ ।

१. Unidentified deposit रकमलाई पहिचान गर्ने कार्यहरू गरिरहेको अनुरोध छ । केही ग्राहकहरूले बीमकको बैंक खातामा नगद, चेकबाट बीमाशुल्क जम्मा गर्दा नाम, पोलिसी नं. र सम्पर्क नं. उल्लेख नगर्ने, सिधै बैंकको अनलाईन च्यानलबाट बीमाशुल्क भुक्तानी गर्ने ग्राहकको आवश्यक विवरण बैंक स्टेटमेन्टमा नदेखिने तथा विवरण प्राप्त गर्न बैंक तथा वित्तीय संस्थाहरूको सहयोग आवश्यक पर्ने भएकोले केही समय लाग्ने गरेको अनुरोध छ । सिम्र रूपमा पहिचान गर्न दैनिक रूपमा बैंकहरूलाई सो कारोवारहरू पठाएर आवश्यक विवरण लिईने गरिएको छ । साथै, पहिचान खुल्न नसकेका विवरणहरूको रकम मध्ये पुरानो आ.व.हरू संग सम्बन्धित रकम बढी भएको र पछिल्लो आ.व.मा नयाँ रकम बढ्ने क्रम नरहेको व्यहोरा समेत अनुरोध छ ।  
बीमकले ग्राहकलाई सिधै बैंकमा बीमाशुल्क भुक्तानी नगरी बीमकको पेमेन्ट गेटवे [digitalpay.metlife.com.np](https://digitalpay.metlife.com.np) बाट मात्र भुक्तानी गर्नुहुन विभिन्न माध्यमबाट सुचना प्रवाह गरिरहेको व्यहोरा जानकारी गराउँदै सोही अनुरूप बीमाशुल्कहरू बीमकको पेमेन्ट गेटवेबाट बढिरहेको र पहिचान खुल्न नसकेका विवरणहरूको संख्या तथा रकम घटिरहेको जानकारी गराउँदै बीमक तथा बैंकहरूको विभिन्न पहल अनुसार सो रकम घटिरहेको र सो कार्यहरूलाई थप प्राथमिकताका साथ गर्ने व्यहोरा अनुरोध छ ।
२. बीमकले अण्डरराईटिङ प्रकृयालाई थप शसक्त बनाउन समय समयमा आयोजना हुने आन्तरिक तथा बाह्य तालिममा कर्मचारीहरूलाई समावेश गरिरहेको, तहाँबाट जारी निर्देशन तथा समय सापेक्ष बीमकको संशोधित SOP तथा Guidelines अनुसार अण्डरराईटिङ र दावी भुक्तानी प्रकृया अवलम्बन गरिरहेको जानकारी गराउदछौं । अण्डरराईटिङ प्रकृयालाई थप सरल गर्न Turn Around Time (TAT) को सीमा भित्र रही बीमकले बीमालेख जारी गरिरहेको तथा कम जोखिमको बीमालेखलाई jet underwriting बाट छोटो समयमा प्रक्रिया सम्पन्न गरि बीमितलाई बीमालेख जारी गरिरहेको छ ।  
साथै, दावी भुक्तानी प्रकृयालाई थप शसक्त बनाउन तहाँबाट जारी निर्देशन तथा समय सापेक्ष बीमकको संशोधित SOP तथा Guidelines अनुसार दावी भुक्तानी प्रकृया अवलम्बन गरि Turn Around Time (TAT) को सीमा भित्र रही सबै प्रकारका दावीहरू भुक्तानी गरिरहेको, डिजिटल माध्यमबाट बीमकलाई दावीको सुचना प्रदान गर्ने प्लेटफर्मको व्यवस्था भएको र बैंक मार्फत सिधै बीमित वा इच्छाईएको व्यक्तिको बैंक खातामा रकम जम्मा हुने व्यवस्था लामो समय देखि गरिरहेको जानकारी गराउदछौं । साथै, परिपक्व रकम समयमै बीमितहरूलाई भुक्तानी गर्न निम्न कार्यहरू गर्दै आईरहेको अनुरोध छ ।
  - परिपक्व मिति हुन ३ वर्ष, २ वर्ष, १ वर्ष, तथा १ महिना अगावै SMS बाट परिपक्व मितिबारे जानकारी गराईएको
  - परिपक्व मिति हुन १५-२० अगाडि टेलिफोनबाट जानकारी गराईएको
  - परिपक्व मिति हुन १ महिना अगाडि बीमकलाई प्रदान गरिएको ठेगानामा परिपक्व रकम सहितको पत्र पठाईएको
  - परिपक्व मितिमा भुक्तानी लिन नआएका बीमितलाई परिपक्व मिति पश्चात क्रमश २,४ र ६ महिनामा गरि ३ पटक सम्म पत्राचार गरिएको
  - प्रत्येक वर्ष भुक्तानी लिनहुन सार्वजनिक सुचना जारी गराएको, एजेन्सी तथा शाखा कार्यालयमा सुचना प्रकाशन गरिएको तथा बीमकको वेवसाईटमा बीमालेखहरूको सुची उपलब्ध गराईएको
  - कार्यालयमा बीमाशुल्क भुक्तानी तथा अन्य बीमा सेवाको लागि आउनु भएका बीमितहरूलाई रकम बुझी पठाएको
  - बीमकसंग उपलब्ध भएको बीमितको बैंक खाता नं.मा परिपक्व रकम पठाउने कार्य गरिरहेकोसाथै, थप विशेष टोली बनाई बीमितले कुनै सेवा लिदा सम्पर्क गर्ने नयाँ आधारहरू रहे नरहेको पहिचान गरिरहेको र सो कार्यले आंशिक परिपक्व भुक्तानीमा ठुलो सहयोग पुगेको जानकारी गराउदछौं ।
३. NFRS-17 Insurance Contracts लागु गर्न आवश्यक कार्यहरू गरिरहेको र हालको अवस्थामा बीमांकीय दायित्व सम्बन्धि बीमांकीय मोडलको परिक्षण (Result Testing) भईरहेको तथा शुरूवाति वासलात तयारीको कार्य भईरहेको व्यहोरा अनुरोध छ ।
४. श्री नेपाल बीमा प्राधिकरण समक्ष विभिन्न समयमा पुनर्बीमकलाई भुक्तानी गर्नुपर्ने रकमको स्वीकृति प्रदान गरिदिनुहुन अनुरोध पत्र पेश गरिएको र सो स्वीकृति प्राप्त भए पश्चात पुनर्बीमकलाई भुक्तानी गरि हिसाब राफसाफ गरिने व्यहोरा अनुरोध छ ।
५. तहाँबाट जारी परिपत्र अनुसार बार्षिक प्रतिवेदन तयार गरिएको व्यहोरा अनुरोध छ ।
६. लेखापरिक्षण प्रतिवेदनमा औल्याएका कैफियतहरू पुनः दोहोरिन नदिन आन्तरिक नियन्त्रण प्रणाली थप शसक्त बनाई लागु गरिरहेको व्यहोरा अनुरोध छ ।