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Nile Insurance Company S.C.

Annual Report

2022/23

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Future Head Quarter
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Nile Insurance Company S.C.
3B+G+25
CATCHING TOMORROW
TODAY

Contents

Board of Directors

Ato Mehari Alemayehu

Board Chairman

Ato Yerom Gessesse

Deputy Board Chairman

Ato Abraham Minwuyelet

Board Director

Ato Mulugeta Asmare

Board Director

Dr. Abraham Asnake

Board Director

Ato Habtamu Aklilu

Board Director

Ato Wondawik Ayele

Board Director

Eng. Tadesse Woldeher

Board Director

Ato Daniel Hailu

Board Director

Senior Managment Team

Ato Nigus Anteneh

Chief Executive Officer

Ato Asmare Miheret

Manager, Finance & Investment Dep't

Ato Nibret Anteneh

Manager, Underwriting & Branch Operation Dep't

Ato Binalf Mekonnen

Manager, Resource Management Dep't

Ato Mekit Eshetu

Manager, Claims Dep't

Ato Tadele Tegegn

Manager, Legal Dep't

Ato Elias Seyoum

Manager, Marketing, Business Dev't & Planning Dep't

Ato Abraham Chanie

Manager, Engineering Dep't

Ato Zewdu Ayalew

Manager, Information Technology Dep't

Ato Zelalem Simegn

Manager, Internal Audit Dep't

Dear Shareholders,

I feel highly honored to present, on behalf of the Board of Directors, Management and myself, the annual performance report of Nile Insurance Share Company for the budget year that ended 30 June 2023.

The fiscal year 2022/23 was the year that the Country's economy registered better performance resulting from the easing of the COVID-19 pandemic situation, peace agreement to end the devastating war in the northern Ethiopian, the second round filling and electricity generation of the GERD, the relaxation of international travel, recovery in tourism, successful reforms in the telecom and measures taken to stimulate the domestic economy. Despite these achievements, however, the Ethiopia's economy faces several challenges, especially risks from a looming global recession, conflicts between Russia and Ukraine, political instability in some parts of the country, volatile export commodity prices and inflation pressure.

Against this economic backdrop the company registered solid performance in terms of business growth and profitability. Increased premium revenue coupled with controlled claim expenses, increased investment income, and operational profit together boosted the profit. Nevertheless, price-based competition, business affiliation and other unethical competitive factors have emerged as challenges throughout the year for the insurance business operation and have become an issue of growing concern.

One point I would like to emphasize is that these achievements are the result of the hard work, support and dedication of the board, management and our employees, which have clearly made Nile Insurance Company S.C one of the best Insurance service provider in the country.

Finally, I would like to express my deepest appreciation to our shareholders, customers, the regulator, agents, surveyors, re-insurers, brokers and the entire team for their continuous support which contributed to our success and accomplishments.

Thank you all !!

Mehari Alemayehu
Chairman, Board of Directors

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ዋና መስሪያ ቤት
NILE INSURANCE COMPANY S.C.
Head Office

Sheik Nuredin Delil

Chairman, Sharia Advisory Council

Ustaz Mohammed Abate

Member, Sharia Advisory Council

Ato Abdulkadir Redwan

Member, Sharia Advisory Council

Statement of the Sharia Advisory Council

We the Sharia Advisory Council (the council) of the Takaful Window of the Nile Insurance S.C
Sheik Nuredin Delil
Ato Abdulkadir Redwan
Ustaz Mohammed Abate
The council of the Nile's Takaful Window has been conducting the following activities during the 2022/2023 budget year of the company:

- Provide guidance to the Takaful Window to ensure that Takaful products and services are in compliance with Sharia'h requirements;
- Evaluated and confirmed the list of Sharia'h non-compliance businesses (subject matter) that are NOT to be underwritten by Takaful Window Operation.
- Review the operation of the window on a periodical basis in coordination with the company's managements to ensure that all the Takaful products and services being offered do conform to the rulings of Sharia'h;
- Review and endorse all the products offered by the Takaful Window Operation whether they are Sharia'h compliant or not before their availability in the market.
- Ensure that Takaful products, marketing advertisements, and sales illustrations/brochures are used to describe the Takaful products and services, and the whole Takaful business activity is Sharia'h-compliant.
- Endorse products, proposal forms & related formats prior to commercially making them available to the general public.
- Supervise the relevant process to ensure that any business generated is from business activities that are permissible under Sharia'h.

The council reviewed the details of the Takaful policies with respect to different types of the company's Takaful products and other related documents and also verified the company's Takaful window's financial statement and endorsed that the company's Takaful window under "Aman Takaful" is compliant with the Sharia's provision and principles.

Sheik Nuredin Delil
(Chairman, Sharia Advisory Council)

28^{th} ordinary and 25^{rd} Extraordinary Annual General Shareholder's Meeting

COMPANY PROFILE

Who We Are

Nile Insurance Company S.C is proud of its tradition of service quality and extensive range of insurance products and Takaful business solutions that are designed to meet its personal, commercial, and corporate customers' needs. Nile Insurance Company S.C partners with brokers and sales agents to give advice and insurance solutions to customers and provide insurance products directly to the market.

With roots dating back to 1995, Nile Insurance Company S.C was integral to the dawn of insurance market progress and opportunity in the Ethiopian Insurance Industry and has continued to contribute its part to the country's financial landscape since then. Over the past 28+ years, the paid up capital of the company has grown to Birr 834 million. Currently, Nile's branch network, including 3 contact offices, in Addis Ababa and regional towns has reached 65, making it one of the leading insurance company in terms of accessibility. The total assets of the company grew to Birr 3.6 billion at the end of the fiscal year. This notable growth was made possible with active participation of its valued employees, customers, shareholders, and other stakeholders.

VISION

To be an insurer of the first choice

MISSION

To provide unmatched insurance service to our customers through high profile expertise and state of the art technology thereby maximizing shareholders' value

VALUES

- Integrity
- Accountability
- Innovativeness & Creativity
- Teamwork
- Socially Responsible
- Customer Focus
- Continuous Learning

Value Proposition to our Customers

We strive to offer value added insurance solutions with superior customer service by adopting the highest ethical standard.


Our Stakeholders
Shareholders
Customers
Employees
Banks
Business Competitors
Regulators
Intermediaries

Products

We provide our customers a wider range of insurance solutions both in the general insurance, long-term (life) insurance and Takaful Window Operation categories.

Statement of Corporate Governance

The Company has institutionalized a robust corporate governance framework and systems at all levels of its operational spheres. The Board's primary focus is the protection of the interest of all its shareholders and policyholders in order to support its long term growth and sustainability. The Board believes that good governance promotes prudent management aimed at promoting confidence in the insurance business. To this extent, the board has ensured that the Company's corporate governance structure is based on a set of values and behaviors that underpin day-to-day activities, provide transparency and fair dealing, promote financial stability and healthy growth that can deliver better outcomes for the Company's stakeholders and help its customers get ahead.

Governance Structure

The Company has implemented an internal governance structure with defined roles and responsibilities. The Company's shareholder appoints the Board of Directors, who in turn governs the Company. The Board has established committees to discharge its responsibilities in an effective manner. The Chairman provides overall direction and guidance to the Board. In 2022/23, the Board delegated some of its Board functions to various Board Committees, namely the:

i. Audit and Finance Committee;

ii. Risk Committee;

iii. HR Committee; and

iv. Steering Committees

Audit and Finance Committee

The Audit and Finance committee comprises three non-executive directors. The committee is responsible for developing and advising on audit and financial controls issues of the Company. The Audit and Finance Committee is also responsible for monitoring and providing effective supervision of the management's financial reporting process to ensure accurate and timely financial reporting. Its key objective also includes overseeing the Investment Policy of the Company. The Committee is mandated to ensure that the Company holds sufficient assets of appropriate nature, term and liquidity to enable it to meet the liabilities of the Company as they become due.

Risk Committee

The Committee is responsible for ensuring the effective operation of the risk management system. It reports on details of risk exposures and actions being taken to manage the exposures. Risk Committee assists the Board in performing its role in relation to risk management by reviewing, at least quarterly, the effectiveness of Nile's enterprise risk management framework and reporting that it continues to be sound, and that management is operating with due regard to the risk appetite set by the Board. Moreover, the Committee reviews the performance and findings of the Risk Management function and recommends appropriate improvement on specific risk areas.

Human Resource Committee

The Committee reviews the structure, size and composition (including skills, knowledge and experience) of employees and key management staffs. It makes recommendations to the board on the appointment and reappointment of senior managment and also determines (guided by an objective market survey) the remuneration packages of senior management.

Steering Committees

There are two steering committees that are established to carryout special assignments namely; ICT steering committee and Construction Project follow up steering committee. The ICT steering committee met monthly to review the ICT Strategy including the ICT Security and Business Continuity Plans (BCP), recommends ICT projects for Board approval, reviews the annual ICT budgets and monitor project implementation. Likewise, the other committee has a supervision role on the ongoing headquarter construction project. These committees periodically review the status of the aforementioned Company projects and report to the Board for further decision.

Management Committees

Apart from the Board Committees, the Company also has the Management Committee that is responsible for overseeing critical functions that are necessary for the attainment of the strategic objectives. These functions are an important part of the overall governance structure.

Board Training & Development

On an ongoing basis, Directors and senior management participate in aboard training on the topic of strategy, transformational leadership and risk management facilitated by corporate governance and industry specific experts, to broaden their knowledge of the Company's business. In addition, during Board meetings, the Board is regularly updated on the latest industry related developments.

Board Composition & Appointments

Our Board of Directors consists of the nine non-executive directors. These Directors have a good mix of skills, experience and competencies in relevant fields of expertise. Directors are appointed by the General Assembly of Shareholders. The current board was nominated in 2020/21 FY. As in the previous times, these directors are expected to bring in a new and diverse set of skills to the board.

Board Meetings

The Board meetings are aligned as per the approved Board Calendar. On the minimum, the Board meets at least monthly for scheduled meetings to, amongst other things, agree on the Company's objectives and strategies, review performance against agreed targets, consider and approve the quarter, semi-annual, and annual financial statements and on other occasions to deal with specific matters that require attention between scheduled meetings. In 2022/23, the Board met 14 times on pre-set dates.

The notice of Board meetings is given in advance in accordance with the Company's Articles of Association and is distributed together with the agenda and board papers to all the directors beforehand, covering regular business progress reports and discussion papers on specific matters. The Company Secretary is always available to attend to matters pertaining to the Board of Directors and Board Committees.

Risk Management

Risk management is the key point to our insurance business operation. It assists us in protecting our business for the benefit of all of our stakeholders and helps us to deliver long-term Shareholder value.

The Company's strategy takes into account risks, as well as opportunities, which need to be actively managed. The Board is ultimately responsible for determining the Company's appetite for risk and therefore the nature and extent of the principal risks it is willing to take to achieve corporate strategic objectives.

Our Enterprise Risk Management Framework (ERMF) is an integral part of our business and is coordinated by our Risk, Compliance and Ethics Division, which reports to the Board. Risk management activities that are executed by this function include identifying risks, undertaking risk assessments and determining mitigating actions. These activities are regularly reviewed by the Risk Committee of the Board.

Corporate Social Responsibility (CSR)

Nile Insurance Company S.C pursues CSR activities that support the Company's strategic objectives, grow the brand visibility as a credible and reliable business partner, and support overall sustainability. Ultimately, we aim to cultivate loyal partners, grateful customers, and a sustainable relationship with our various stakeholders. As part of Corporate

Social Responsibility, the Company made sponsorships and donations to the following:

- Rehabilitation of displaced citizens;
- School feeding project of the government;
- 20 University Students in cooperation with Mhwar Charity Organization;
- A nerve patient;
- Nifas Silk Sub- City Woreda 08 development endeavours;
- Hibre-Libe Blind Development;
- Centeral Gonder zone Trafic Management;
- Nifas Silk Sub City Woreda 08 Agazian School;
- Nehemiah Autism Center;
- Hamlin Fistula Ethiopia;

2022/23 Highlight

Profit before tax
Birr 329.7m
(2021/22: Birr 226.9m)

Earnings per share
Birr 396
(2021/22: Birr 339)

Total Assets
Birr 3.6 B
(2021/22: Birr 2.6 B)

Paid Up Capital
Birr 834m
(2021/22: Birr 646.4m)

Key General Insurance Financial Performance Ratio

Retention Ratio
80.2%
(2021/22: 77.5%)

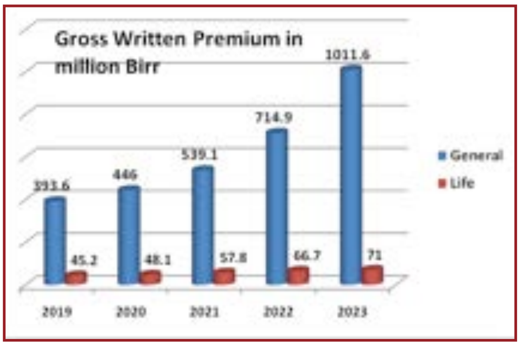
Combined Ratio
87.1%
(2021/22: 84.3%)

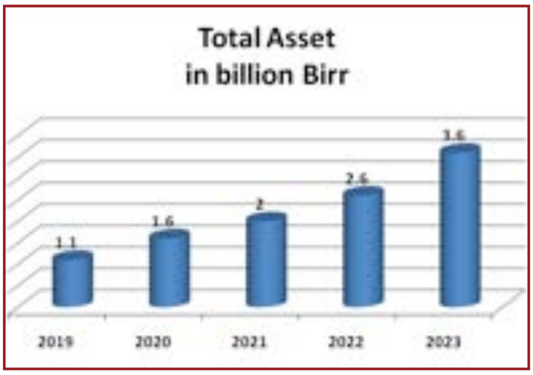
Incurred Claims Ratio
58.4%
(2021/22: 58.3%)

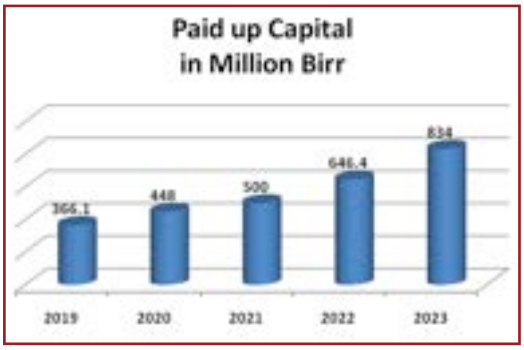
Solvency Margin
>1.9 times
(2021/22: 2.9 times)

Expense Ratio
28.7%
(2021/22: 27.9%)

Overview (2019-2023)







DIRECTORS' REPORT

The Board of Directors of Nile Insurance Share Company is pleased to present the 2022/23 annual report to its esteemed shareholders, customers, and other stakeholders. This report is prepared in accordance with the legal requirement of the Ethiopian Commercial Code and other regulatory directives issued by relevant authorities.

1. Operating Context

1.1 World Economy

Global growth is projected to fall from 6.0 percent in 2021 to an estimated 3.5 percent in 2022 and 3.0 percent in both 2023 and 2024. The rise in central bank policy rates to fight inflation continues to weigh on economic activity. Global headline inflation is expected to fall from 8.7 percent in 2022 to 6.8 percent in 2023 and 5.2 percent in 2024. Underlying (core) inflation is projected to decline more gradually (IMF: World Economic Outlook, October 2022 and July 2023).

Inflation could remain high and even rise if further shocks occur, including those from an intensification of the war in Ukraine and extreme weather-related events, triggering more restrictive monetary policy. China's recovery could slow, in part as a result of unresolved real estate problems, with negative cross-border spillovers. Sovereign debt distress could spread to a wider group of economies. On the upside, inflation could fall faster than expected, reducing the need for tight monetary policy, and domestic demand could again prove more resilient.

In line with unfavorable global economic trends, growth in the volume of world trade is expected to decline from 5.1 percent in 2022 to 2.4 percent in 2023, which caused a widening in oil and other commodity trade balances (IMF, Apr.2023).

African economies, like those elsewhere in the world, have solidified their recovery from COVID-19's crippling effects while navigating an unstable international environment characterized by tightening financial conditions globally, side effects of the Russia-Ukraine war, muted global growth, and persistent climatic threats.

Growth in sub-Saharan Africa (SSA) is expected to decelerate to 3.5 percent in 2023 before rebounding to 4.2 percent in 2024 in line with a global recovery, subsiding inflation, and a winding down in monetary policy tightening (IMF, 2023 and AfDB, 2023).

1.2 Ethiopian Economy

The Ethiopian economy in the past three years has been faced with multiple shocks of varying natures; the COVID 19 pandemic, internal conflicts and the northern Ethiopia war, drought and most recently, the Ukraine crisis (UNDP: Quarterly Economic Profile, 2022). However, due to strict monitory policy measures taken by the government, the economy showed some degree of resilience (IMF, 2022).

According to the African Development Bank (AfDB) Report (2023), GDP is projected to grow 5.8% in 2023 and 6.2% in 2024 driven by industry, private consumption, and investment. After previously averaging an already high 34% during 2022, Ethiopia's inflation rate averaged 33.5% in 2023 (UNDP, July 2023). The recent increase in oil prices, along with the ongoing decline in the value of the birr relative to the dollar, may cause inflation to increase even further. To combat inflation, the government has implemented some monetary policy changes (Afdb, 2023; IMF, 2023).

On the other hand, the decline in commodity prices in the global market had both a positive as well as negative impact. The negative impact was observed in the merchandise export receipts, which will reduce the country's ability to generate foreign exchange from the export sector. It can be seen that coffee export revenue has declined from 1.4 billion US dollars in 2021/22 to 1.3 billion US dollars in 2022/23. Meanwhile, lower global commodity prices saved the country's extra payment of foreign exchange, so it was further suppressing impact on Ethiopia's current account balance as indicated by the half year performance of the fiscal year 2022/23 (NBE Second quarter report 2022/23).

1.3 Market Background

The Ethiopian insurance market will remain at an embryonic stage of development over the medium term, characterized with low levels of insurance penetration and density. The market is dominated by non-life insurance (93.1%), with life insurance and Takaful insurance only accounting for 6.3% and 0.6% of total insurance premiums written, respectively. Both non-life and Takaful insurance have registered a double digit growth.

A preliminary report released by the National Bank of Ethiopia also reveals that the Ethiopian Insurance Industry from general insurance, long-term insurance and Takaful business together recorded total gross written premium of Birr 23 billion compared to Birr 16.8 billion in the same previous period of 2021/22, representing an increase of 37.9%. The highest growth was mainly due to large volume of motor insurance (75%).

In the same period, the gross premium income obtained from general insurance grew by 40.1% from Birr 15.3 billion to Birr 21.5 billion during 2021/22. In 2022/23, the life insurance business experienced an 8.2% increase from Birr 1.35 billion in 2021/22 to Birr 1.46 billion. The Takaful gross contribution of the industry increased by 435.1% to Birr 133.04 million from Birr 24.86 million in the same previous period.

The claims incurred by the general insurers reflect an increase for the period under review which amounted to Birr 6.8 billion compared to Birr 4.7 billion in last year same period, an increase by 46.4%. Similarly, the claims incurred for life business rose by 53.7% to Birr 717.4 million. The profit after tax substantially grew by 28.7% from Birr 2.8 billion in 2021/22 to Birr 3.6 billion in 2022/23. On the other hand, the industry's total assets grew by 21.7% to reach Birr 49.7 billion while total capital increased by 22% to Birr 16.3 billion.

Non-life premiums growth has been supported by robust headline GDP growth, steady foreign investment, sound infrastructure development efforts and elevated government spending levels. Although the market has significant untapped long-term growth potential, structural challenges such as poverty and low level of awareness will limit the growth of life insurance and wider uptake over the foreseeable future.

2. Company's Business Performance

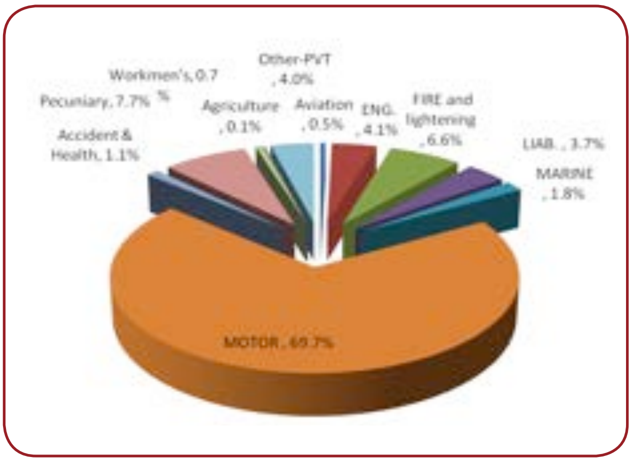
2.1 General Insurance

2.1.1 Gross Written Premium

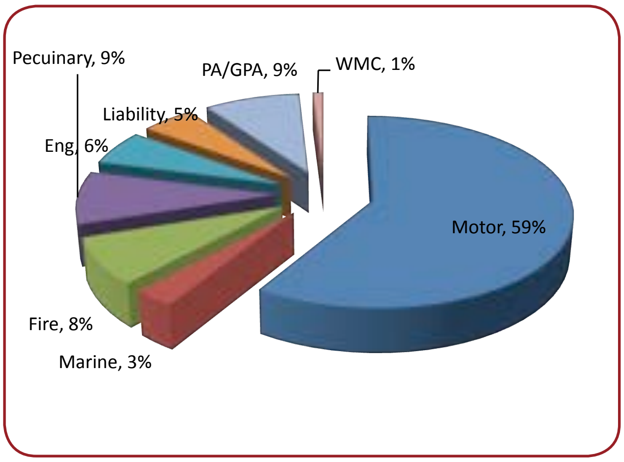
General insurance premiums grew by 41.5% in 2022/23 to Birr 1011.6 million (2021/22 – Birr 714.9 million). This growth was recorded in an environment of intense competition and price undercutting in the market. Hence, net earned premium rose by 33.9% to Birr 668.5 million from Birr 499.3 million in the previous period.

The Company actively manages its product mix to ensure that there is no significant concentration of risk exposures. In the reporting period, Motor insurance business accounted 69.7%, followed by Pecuniary: 7.7%, Fire: 6.6%, Engineering: 4.1%, PVT 4%, Liability: 3.7%, Marine 1.8%, and other classes such as P/Accident, agriculture, Workmen's and Aviation shared the remaining 2.4% of the total General insurance business.

Product Mix 2022/23



Product Mix 2021/22



2.1.2 Claims Experience

Gross Claims paid on account of non-life insurance increased by 23% from Birr 265.7 million in 2021/22 to Birr 331.7 million in 2022/23. After reinsurance recoveries the net claims paid increased from Birr 244.5 million in 2021/22 to Birr 302.0 million in 2022/23. On the other hand, claims incurred amount to Birr 390.5 million compared to Birr 291.2 million in the previous period, significantly rose by 34.1%. Hence, the loss ratio under general insurance for the period under review was 58.4% compared to 58.3% in 2021/22. The price hike in spare parts cost, high frequency of claims for heavy trucks together with the significant rise in labor costs, etc contribute to the rise in claims.

2.1.3 Underwriting Results

With improved combined ratio the Company was able to increase the underwriting surplus from Birr 222.6 million in 2021/22 to Birr 286.8 million in 2022/23, representing an increase of 28.8%. The strict follow up of branches to ensure prudent underwriting practices throughout the year contributed for the growth.

2.1.4 Operating and Administrative Expenses

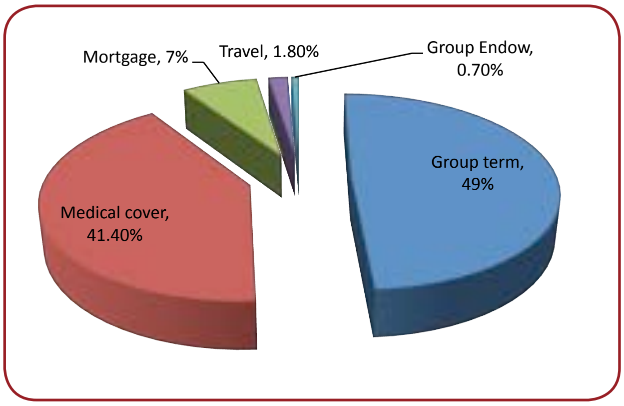
Other Operating and administrative expenses of the Company went up from Birr 153.7 million to Birr 198.9 million this year, an increase by 29.4%. This was due to performance based salary increment and holiday payment to employees, increased office rent and the rising inflation in the market. As a result, the net expense ratio (computed as a % of commission and overhead expenses over net earned premium) jumped from 27.9% in 2021/22 to 28.7% in 2022/23.

2.2 Long-Term Insurance

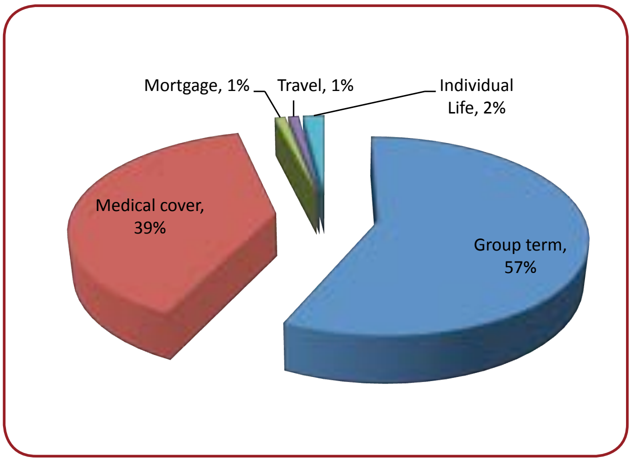
2.2.1 Gross Written Premium

The life insurance business registered a gross premium of Birr 71 million in 2022/23 compared to Birr 66.7 million in 2021/22 translating to a 6.4% rise. The growth is attributed to efforts in acquiring new business, retaining existing customers, and increased partnership with corporate businesses. Viewed in terms of product mix, Group term and Health Insurance businesses dominated other class of businesses by 49% and 41.4% respectively.

Product Mix: 2022/23



Product Mix: 2021/22



2.2.2 Benefits and Claims Expenses

Claims incurred (policy holders' benefit) for life insurance comprise claims paid in the year and changes in the provision for outstanding claims. In the reporting period, policy holders' benefit (claims incurred) increased by 48.5% to Birr 53.3 million from Birr 35.9 million in the previous same period. Likewise, frequent nature of medical claims together with the rise in medicines and hospitalization magnified the amount paid for medical claims.

2.2.3 Operating Expenses

Administrative and general expense of the life insurance segment rose by 10.7% to Birr 8.3 million from Birr 7.5million in the previous year same period. This was mainly due to performance based salary increment and high cost of doing business.

2.2.4 Life Fund

The life fund balance as at June 30, 2023 after accounting the surplus recommended by the actuary was Birr 65.3 million.

3. Takaful Window Operation

Takaful business, a sharia-compliant product line, was started by the company at the beginning of the budget year. Takaful services were available to the public through 21 branches starting from July 1, 2022.

3.1 Gross Written Contributions

The total gross written contribution of Takaful business generated during the reporting period was Birr 10.74 million. Out of this amount, Birr 6.98 million was allocated to participants fund and the remaining Birr 3.76 million was paid in the form of Wakala fee to the Company.

3.2 Claims Experience

Gross Claims paid on account of Takaful business was Birr 0.56 million in 2022/23. On the other hand, net claims incurred for this segment totaled Birr 1.27 million.

3.3 Underwriting Results

The participants fund exhibited a loss of Birr 126 thousands in 2022/23.

4. Income

4.1 Investment Income

The Company's total investment income in the reporting period showed a notable growth of 52.2% from Birr 146.3 million in 2021/22 to Birr 222.6 million in 2022/23. Dividends obtained from Bank of Abyssinia, Ethio-Re and Abay Industry & Develpment S.C. substantially rose by 93.7% from Birr 69.3 million in 2021/22 to Birr 134.3 million in 2022/23. Similarly, interest income from fixed time deposits was Birr 71.4 million compared to Birr 58.3 million in the previous period, an increase by 22.5%. The company also generated a rental income of Birr 16.9 million from various investments.

4.2 Other Income

Other income recorded in the period amounted to Birr 24.4 million, substantially more by 371% from Birr 5.2 million the previous same period. The significant increase was attributed to sale of shares. In addition, Wakala fee, disposal of fixed assets and interest income of staff loans contributed for the growth.

5. Corporate Financial Performance

5.1 Assets Structure

The Company has a policy that focuses on a prudential asset liability management supported by robust internal control systems. In the just ended year, total assets of the Company reached Birr 3.6 billion, an increase by 38.5% from Birr 2.6 billion in the previous year. This increase was largely attributed to the growth in equity investments and interest bearing portfolio.

5.2 Capital Management

In order to ensure adequate capital resources commensurate to Company's insurance business and risk profile and to safeguard the Company's ability to provide sustainable returns, the Company's capital growth has showed improvement from time to time. During the period under review the Company's share capital rose by 29% to Birr 833.9 million from Birr 646.4 million in the previous same period. This was mainly due to the capitalization of dividend during the reporting period as per the previous decision of shareholders to raise the capital of the Company to Birr 1 billion.

5.3 Profit & Loss Account

The profit before taxation for the year was Birr 329.7 million from Birr 226.9 million in 2021-22, a 45.3% substantial increase due to higher investment income and operational execellence. The business's approach of achieving quality growth through pleasing customers with high service standards, reasonable pricing, and careful management of critical risks has paid dividends.

5.4 Liabilities

The total liability of the Company reached Birr 2.3 billion during the reporting period, showing a growth of 41.1 percent compared with the previous the same period.

5.5 Equity

In 2022/23 equities of the Company significantly grew by 31.1% from 993 million to Birr 1.3 billion. This growth in the investment portfolio was due to capital increase and operational cash flow surplus.

5.6 Solvency Margin of General Insurance

The reporting period statutory equity stood at Birr 1.2 Billion and was 11 times higher than the minimum requirement of Birr 110.03 million (i.e. 20 percent of previous year's net written premium). Similarly, the solvency margin after taking into account 25 percent of the technical reserve (or Birr 205.6 million) was 1.9 times more than the minimum regulatory requirement.

5.7 Earnings per Share

The basic and diluted earnings per share for the year 2022/23 amount to Birr 396 as compared to Birr 339 in 2021/22 depicting an increase of 16.8%.

5.8 Dividend to Shareholders

As at June 30, 2023, the Company was able to generate a net profit of Birr 298.3 million. After deducting Birr 29.8 million for legal reserve, Birr 1.35 million for directors' share in profit and Birr 1.04 million for differed tax, the remaining amount is Birr 266.06 million. Hence, the Board of Directors recommends a dividend amount of Birr 266.06 million to be distributed to shareholders proportionate to their respective paid up shares.

6. Other Developments

6.1 Human Capital and Organizational Development

The company transforms the traditional administrative functions of human resource in to creating non-imitable strategic asset of driving engagement, productivity and business value. Enhancing human capital capability and competitiveness to create competitive advantages is one of the five major areas of the fourth generation strategic plan to achieve strategic goals. It is part of organizational development goal to bring about systematic change in the values of employees to create overall growth in the company. Structure, system and employees are the corner stone for the effectiveness and efficiency of the Company's performance as part of human capital and organizational development. In the reporting period, the Company had 439 employees with over 38% of its employees in business being women.

We invested in our staff through training and competency development and employed a reward system geared towards attracting and retaining staff in addition to keeping them motivated.

6.2 Distribution Channels

During the period under review, the Company made four branches operational around Wosen, Mekanisa, Hayahulet, and Genet hotel areas. Moreover, the company opened one additional contact office in Tepi town. Hence, the Company had 62 Branches and 3 contact offices located in major economic hubs throughout the country.

6.3 Information Technology

The Company use information technology systems, infrastructure and networks and other operational systems to store, retrieve, evaluate and use customer, employee, and company data and information. Our business is highly dependent on our ability to access these systems and networks to perform necessary business functions. In the reporting period, the Company started digitizing its long-term insurance business and completed all modules and went live on group and individual life systems. The remaining functionalities such as operational report development will be completed soon.

It is worth mentioning that the company developed internally a new system to handle market values of Vehicle with internal capacity. This system enabled branches to retrieve up to date market values of different types of vehicles.

Moreover, as part of strengthening IT security, we continuously monitor and develop our information technology networks and infrastructure in an effort to prevent, detect, address and mitigate the risk of threats to our data, systems and networks, including malware and computer virus attacks, unauthorized access, misuse, system failures and disruptions.

6.4 Construction Projects

6.4.1 Head Quarter Building

There have been notable progresses registered so far on the finishing works of the Company's flagship prized 3B+G+25 office building. In the reporting period, Porcelain Floor, Water Proof, Aluminum Louver work, Granite Trade Riser work, Hand and Guard Rail work were completed. On the other hand, major finishing materials were delivered to the project site and activities such as Aluminum, Heat Ventilation and Air Conditioning (HVAC), Floor and Wall finishing, Electrical Installation, Sanitary Installation, Ceiling and Sky Light works are on progress. Once completed, the building offers 38,413 square meters of floor area.

6.4.2 Bahir Dar Joint Building

As a sign of strength, the Company expands its investments in various construction activities. In the period under review, the Company plans to start a 5-floor expansion works in its jointly owned building located in Bahir Dar. Works such as Consultancy and Supervision Service Award and Preliminary Design were completed. However, the company was unable to commence the construction activity due to the delay of construction plan agreement on the municipality's side.

7. Challenges

During the reporting period, the country experienced a number of obstacles that had a negative influence on economic activities. These include the ongoing conflict between Russia and Ukraine, which has caused severe supply disruptions, resulting in sharp price increases for commodities for which Russia and Ukraine are both large global suppliers as well as close substitutes. Prices of essential commodities like grain, petroleum, and fertilizer have consequently surged significantly. This, in turn, has reduced the foreign reserves of the country as well as the purchasing power of money due to high inflation, which has boosted the import bill for spare parts, vehicle components, stationary materials, etc. and led to significant price rises. Consequently, this has had a negative impact on the cost of the company by driving up the cost of claims and administrative expenses.

Moreover, due to worsening the security and political situation in the northern part of the country, the Company was almost unable to generate income from three branches.

8.Future Outlook

Despite the challenges in 2022/23 FY and uncertainties in 2023/24 FY, we remain optimistic that the year will turn out positively. Going forward, we will realign our strategies to harness the emerging opportunities. The Board remains positive and confident those with strong leadership and committed employees are well placed to optimize on the growth opportunities to sustainably deliver strong profits in the coming years.

Given the extremely unstable insurance industry and surrounding environment, challenges are to be expected. The problems are anticipated to come from a variety of sources, including the political, social, and legal systems.

We have put in place a clearly articulated five-year strategic plan that will be subject to annual revision to ensure that it remains relevant over its lifespan from 2022–2026. This is how we intend to address the issues and achieve the Company's envisioned corporate objectives.

The Company clearly has the necessary strategy, approach, mindset, and culture to compete in this fiercely competitive insurance industry based on its performance in 2022–2023. Going forward, the Company's strategy is to leverage analytics even more to have a deep grasp of what customers really desire. This is being accomplished through the building and development of internal talent capabilities in line with the company's strategic goals

The Company embraces the highest levels of service, compliance, governance and ethics that has enabled it to create a robust niche that is anchored on customer satisfaction, innovation and sustainable growth. The Company fundamentals remain strong and we are confident that its strategy will continue to deliver value to all stakeholders. In the years ahead, key priority areas will include:

8.1 Underwriting Excellence

The Company will continue to enhance general insurance portfolio optimization through strength of underwriting framework and guidelines as well as clear communication of risk appetite and rate adequacy.

8.2 Optimize Risk Management

The Company will give due emphasis to optimization of risk profile through disciplined underwriting, reinsurance programs and asset-liability management in the investment portfolio.

8.3 Sustaining Profitable Growth

Building on the high-quality General Insurance portfolio achieved to date, the Company will continue focusing on underwriting discipline, customer retention and new business development to continue its profitable journey in the next fiscal year.

8.4 Head Quarter Building

The year was exceptional since the management and Board overcame all obstacles to realize further progress in the Head Quarter Project. As it was mentioned in this report, the Company has shown better performance in major finishing works. Going forward, the Company plans to fully complete the 3B+G+25 storey building. Ongoing finishing activities such as Aluminum, Heat Ventilation and Air Conditioning (HVAC), Floor and Wall finishing, Electrical Installation, Sanitary Installation, Ceiling work, Partition Wall, Generator Installation, Transformer and other finishing works will be completed as per the project plan in this new fiscal year.

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AHADUKES FOOD PRODUCTS S.C

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Bank of Abyssinia

SHEMU

ASER

BMET CABLE

BMET ENERGY TELECOME INDUSTRY AND TRADE PLC

THE HUB
ADDIS ABABA

INTERNATIONAL ORGANIZATION FOR MIGRATION
IOM • OIM

Hamlin Fistula Ethiopia

Nile Insurance Company S.C

AUDITORS' REPORT

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Nile Insurance Company S.C.

NILE INSURANCE COMPANY S.C
DIRECTORS, PROFESSIONAL ADVISERS AND REGISTERED OFFICE FOR THE YEAR ENDED 30 JUNE 2023

Company registration number

1703/87

Board Of Directors (as of 30 JUNE 2023)

Mehari Alemayehu	Board Chairman	*November 9,2017*
Yerom Gessesse	Deputy Board Chairman	*November 9,2017*
Abreham Minwuyelet	Board Director	*November 5,2020*
Mulugeta Asmare	Board Director	*November 9,2017*
Abreham Asnake (Dr)	Board Director	*May 2,2019*
Habtamu Aklilu	Board Director	*November 5,2020*
Wondawek Ayele	Board Director	*November 5,2020*
Tadesse Woldeher	Board Director	*November 9,2017*
Daniel Hailu	Board Director	*November 5,2020*
Estifanos Negash	Company Secretary	*July 6,2023*

Senior Management Team (as of 30 JUNE 2023)

Nigus Anteneh	Chief Executive Officer
Mekit Eshetu	Manager, Claims Dep't
Nibret Antneh	Manager, Underwriting and Branch Operation Dep't
Elias Seyum	Manager, Marketing Business Development & Planning Dep't
Asmare Miheret	Manager, Finance & Investments Dep't
Binalf Mekonnen	Manager, Resource Management Dep't
Tadele Tegegn	Manager, Legal Dep't
Abreham Chanie	Manager, Engineering Dep't
Zewdu Ayalew	Manager, Information Technology Dep't
Zelalem Simegn	Manager, Internal Audit Dep't

Independent auditor

Zemedhun Adane Befirdu-Certified Audit Firm
Chartered Certified Accountants(UK) and Authorised Auditors(Ethiopia)
P.O. Box 110690
Addis Ababa,
Ethiopia

Corporate office

Nile Insurance S.C Building
Nations and Nationalities Square
Gotera,
Addis Ababa,
Ethiopia

Company secretary

Nile Insurance S.C
Nations and Nationalities Square
Gotera,
Addis Ababa,
Ethiopia

Principal bankers

Bank of Abyssinia
Dashen Bank
Commerical Bank of Ethiopia
Wegagen Bank
United Bank
Oromia Cooperative Bank
Awash Bank
Enat Bank
Global Bank Ethiopia

Re-insurers

African Reinsurance Corporation
Zep-Re Reinsurance Company
Ethiopian Reinsurance Company
Afro Asian Insurance Services Limited
Apex Insurance Brokers

Consulting Actuaries

Actuarial Services East Africa Limited
26th Floor, UAP-Old Mutual Towers
Upper Hill Road, Upper Hill
Nairobi City, Kenya

Accounting and Auditing Board of Ethiopia
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0111541235
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Befirdu Zemedhun Adane Certified Audit Firm

NILE INSURANCE COMPANY S.C.
Head Office

NILE INSURANCE COMPANY S.C
STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 30 JUNE 2023

In accordance withFinancial Reporting Proclamation 847/2014 ,the Accounting and Auditing Boeard of Ethiopia may direct the Company to prepare financial statements in accordance with International Financial Reporting Standards, whether their designation changes or they are replaced, from time to time.

The Company's management is responsible for the preparation and fair presentation of these financial statements in conformity with International Financial Reporting Standards and in the manner required by the Commercial Code of Ethiopia of 1960, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Company is required keep such records as are necessary to:

a) exhibit clearly and correctly the state of its affairs;

b) explain its transactions and financial position; and

c) enable the National Bank of Ethiopia to determine whether the Insurance company had complied with the provisions of the Insurance Business Proclamation and regulations and directives issued for the implementation of the aforementioned Proclamation.

The Company's management accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards,Insurance Business Proclamation, Commercial code of 1960 and the relevant Directives issued by the National Bank of Ethiopia.

The Company's management is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its profit or loss.

The Company's management further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the management to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.

Signed on behalf of the Directors by:

Mehari Alemayehu
Chairman,Board of Directors

Nigus Anteneh
Chief Executive Officer

Accounting and Auditing Board of Ethiopia
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Befirdu Certified Audit Firm

NILE INSURANCE COMPANY S.C.
Head Office

Report on the audit of the financial statements

Opinion

We have audited the accompanying Financial Statements of Nile Insurance Share Company (S.C.), which comprise the Statement of Financial Position as at 30 June 2023, and the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Changes in Equity / Net Assets and the Statement of Cash Flows for the year then ended, together with significant accounting policies and other explanatory notes to these financial statements set out on pages 9 to 69.

In our opinion, the accompanying Financial Statements present fairly, in all material respects, or give a true and fair view of the Financial Position of the Entity as at 30 June 2023, and its Financial Performance, Changes in Equity and its Cash Flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Report on Other Legal and Regulatory Requirements

We have no comment to make on the report of the directors related to these financial statements and pursuant to the Commercial Code of Ethiopia, recommend approval of these financial statements of the year ended 30 June 2023.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current reporting period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described below under Auditor's Responsibilities for the Audit of the Financial Statements section. We are independent of the organization in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to be used as a basis for our opinion.

Responsibilities of Management on the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of 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 Entity'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 Entity, or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' 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 is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISAs) 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 ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or 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 a 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.

- Obtain an understanding of internal controls 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 entity's internal control.

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NILE INSURANCE COMPANY S.C.
Head Office

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- 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 entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are in adequate, 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 entity to cease to continue as a going concern.

- 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.

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.

ZEMEDHUN ADANE, FCCA
Chartered Certified Accountants (London)
Certified Audit Firm

Addis Ababa, Ethiopia
10 October 2023

NILE INSURANCE COMPANY S.C
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2023

The directors submit their report together with the financial statements for the period ended 30 JUNE 2023, to the members of Nile Insurance Company S.C. This report discloses the financial performance and state of affairs of the Company .

Incorporation and address

Nile Insurance Company (S.C) was incorporated in Ethiopia in April 1995 as a share company, and is domiciled in Ethiopia.

Principal activities

The principal activities of the Company is to provide insurance solutions both in the general and long tern (Life) insurance categories.

Results and dividends

The Company 's results for the year ended 30 JUNE 2023 are set out on page 27. The profit for the year has been transferred to retained earnings. The summarised results are presented below.

	30 JUNE 2023 Birr'000	30 JUNE 2022 Birr'000
Net premiums	723,295	550,150
Profit before income tax	329,736	226,911
Income tax expense	(31,405)	(29,383)
Profit for the year	298,331	197,528

Directors

The directors who held office during the year and to the date of this report are set out on page 23.

Mehari Alemayehu
Chairman,Board of Directors
Addis Ababa, Ethiopia

NILE INSURANCE COMPANY S.C STATMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2023

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Nile Insurance Company S.C.

Currency: Ethiopian Birr

	Notes	30 JUNE 2023 Birr'000	30 JUNE 2022 Birr'000
Gross premiums	7.1	$ 939,874	726,896
General Takaful Contribution	7.1	6,010	-
Premiums ceded to reinsurers	7.2	(221,200)	(176,746)
General Retakaful	7.2	(1,389)	-
Net premiums		723,295	550,150
Fee and commission income	8	74,438	56,127
Net underwriting income		797,733	606,277
Claims expenses	9.1	(379,169)	(296,352)
Claims recovered from reinsurers	9.2	32,273	22,973
Gross change in contract liabilities	9.3	(96,478)	(53,756)
Net benefits and claims		(443,374)	(327,135)
Underwriting expenses	10	(64,392)	(42,501)
Underwriting profit		289,967	236,641
Investment income	11	222,615	146,285
Other operating income	12	24,410	5,211
Transfer from(to) life fund	35	-	-
Net income		536,992	388,137
Other operating and administrative expenses	13	(67,794)	(53,162)
Employee benefits expense	14	(139,462)	(108,064)
Profit before income tax		329,736	226,911
Income tax expense	15	(31,405)	(29,383)
Profit for the year		**298,331**	**197,528**
Other comprehensive income		-	-
Items that will not be subsequently reclassified into profit or loss:			
Remeasurement gain/(loss) on retirement benefits obligations	29	(2,092)	451
Deferred tax (liability)/asset on remeasurement gain or loss		628	(135)
		(1,464)	316
Total comprehensive income for the year		**296,867**	**197,844**
Basic & diluted earnings per share (Birr)	31	396	339

The notes on pages 34 to 94 are an integral part of these financial statements

NILE INSURANCE COMPANY S.C
STATMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

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Nile Insurance Company S.C.

Currency: Ethiopian Birr

	Notes	30 JUNE 2023 Birr'000	30 JUNE 2022 Birr'000
ASSETS			
Cash and bank balances	16	675,873	488,528
Investment securities			
- Available for sale	17	711,242	583,058
Trade and other receivables	18	111,491	41,385
Reinsurance assets	19	581,630.39	424,798
Retakaful assets	19	(11)	-
Deferred acquisition cost	20	35,932	21,256
Preapid leasehold land		23,602	24,110
Other assets	21	551,181	333,725
Deferred tax assets	15	4,194	2,974
Property, plant and equipment	22	683,088	502,106
Investment properties		93,683	93,683
Intangible assets	23	18,604	15,280
Statutory deposits	24	99,000	83,000
Total assets		**3,589,510**	**2,613,902**
CURRENT LIABILITIES			
Insurance contract liabilities	25	1,381,698	1,000,518
Insurance payables	26.1	238,494	179,976
Borrowings	27	65,298	23,449
Current income tax liabilities	15	31,250	29,384
Other liabilities	28	38,460	30,236
Takaful contract liabilities	25	5,437	-
Retakaful liabilities	26.2	313	-
Participant's fund	0	(126)	-
Total current liabilities		**1,760,825**	**1,263,562**
Non current liabilities			
Deferred tax liabilities	15	12,087	9,817
Retirement benefit obligation	29	6,978	4,312
Bank loan	27	480,000	320,000
Other liabilities	28	27,201	22,854
Total non current liabilities		**526,266**	**356,983**
Total liabilities		**2,287,091**	**1,620,545**
EQUITY			
Share capital	30	833,953	646,379
Retained earnings	32	267,675	175,7[illegible]
Other reserve	33	720	[illegible]
Legal reserve	34	134,801	104,968
Life fund reserve	35	65,270	[illegible]
Inter office account		0.00	-
Total equity		**1,302,420**	**993,357**
Total equity and liabilities		**3,589,510**	**2,613,902**

The notes on pages 34 to 94 are an integral part of these financial sta

Mehari Alemayehu
Chairman,Board of Directors

Nigus Anteneh
Chief Executive Officer

NILE INSURANCE COMPANY S.C
STATMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

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Nile Insurance Company S.C.

Currency: Ethiopian Birr

	Notes	Share capital Birr'000	Retained earnings Birr'000	Other reserve Birr'000	Legal reserve Birr'000	Life fund reserve Birr'000	Total Birr'000
As at 1 July 2021		500,000	119,297	2,361	85,215	67,868	774,743
Additional shares issued	30	146,379					146,379
Profit for the year			197,528				197,528
Dividends paid during the year	32		(119,297)				(119,297)
Other comprehensive income:							
Re-measurement gains on defined benefit plans	15		-	451			451
Total comprehensive income for the		-	-	451	-	-	451
Transfer to legal reserve	34		(19,753)		19,753		-
Decrease in life fund	35					(4,375)	(4,375)
Prior year adjustment			(1,360)				(1,360)
Defered Tax Asset			(1,792)				(1,792)
Defered Tax Liability			1,087				1,087
As at 30 JUNE 2020		**646,379**	**175,704**	**2,812**	**104,968**	**63,493**	**993,356**
As at 1 July 2021		646,379	175,704	2,812	104,968	63,493	993,356
Additional shares issued	30	187,574					187,574
Profit for the year			298,331				298,331
Dividends paid during the year	32		(175,711)				(175,711)
Other comprehensive income:							
Re-measurement gains on defined benefit plans	15		0	(2,092)			(2,092)
Total comprehensive income for the		-	-	(2,092)	-	-	(2,092)
Transfer to legal reserve			(29,833)		29,833		-
Increase(Decrease) in life fund						1,777	1,777
Prior year adjustment			230				230
Defered Tax Asset			1,230				1,230
Defered Tax Liability			(2,270)				(2,270)
As at 30 JUNE 2022		**833,953**	**267,675**	**720**	**134,801**	**65,270**	**1,302,418**

The notes on pages 34 to 94 are an integral part of these financial statements.

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NILE INSURANCE COMPANY S.C
STATMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

Currency: Ethiopian Birr

	Notes	30 JUNE 2023 Birr'000	30 JUNE 2022 Birr'000
Cash flows from operating activities			
Cash generated from operations	36	252,292	135,400
Prior year adjustment		230	(1,360)
Defined benefit paid	29	(1,445)	(4,288)
Income tax paid	15	(29,384)	(23,998)
Net cash inflow from operating activities		**221,693**	**105,754**
Cash flows from investing activities			
Purchase of investment securities	17	(128,184)	(193,750)
Procede from dispoasl of property, plant and equipment	22	2,127	396
Purchase of property, plant and equipment	22	(191,369)	(161,389)
Purchase of intangible assets	23	(3,429)	(3,060)
Net cash (outflow) from investing activities		(320,855)	(357,803)
Cash flows from financing activities			
Increase in statutory deposits	24	(16,000)	(8,000)
Proceeds from borrowings	27	201,849	215,130
Proceeds from issues of shares	30	187,574	146,379
Increase/(decrease) in life fund	25	1,777	(4,375)
Dividends paid	32	(175,711)	(119,297)
Net cash (outflow) from financing activities		199,489	229,837
Net increase in cash and cash equivalents		**100,327**	**(22,212)**
Cash and cash equivalents at the beginning of the year	16	84,113	103,446
Cash and cash equivalents at the end of the year	16	**184,440**	**81,234**

The notes on pages 34 to 94 are an integral part of these financial statements.

1. General information

Nile Insurance Company ("the Company) SC is a private commercial Insurance company domiciled in Ethiopia. The Company was established in April 1995, in accordance with proclamation No. 86/1994 and the Commercial code of Ethiopia of 1960. The Company has been licensed by the National Bank of Ethiopia, the licensing body of Banks, Insurance and other Financial Institutions as per the power vested to it through Proclamation No 591/2008, the National Bank of Ethiopia Establishment (as amended) Proclamation. The registered office is at:

Nile Insurance S.C Building
Nations and Nationalities Square
Gotera,
Addis Ababa,
Ethiopia

The principal activities of the Company is to provide insurance solutions both in the general and long term (Life) insurance categories.

2. Summary of significant accounting policies

2.1 Introduction to summary of significant accounting policies

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.

2.2 Basis of preparation

The financial statements for the year ended 30 JUNE 2021 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Additional information required by National regulations is included where appropriate.

The financial statements comprise the statement of profit or loss and other comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes to the financial statements.

The financial statements have been prepared in accordance with the going concern principle under the historical cost concept except for available for sale financial assets which is measured at fair value. All values are rounded to the nearest thousand, except when otherwise indicated. The financial statements are presented in thousands of Ethiopian Birr (Birr' 000).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Company's financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

2.2.1 Going concern

The financial statements have been prepared on a going concern basis. The management have no doubt that the Company would remain in existence after 12 months.

2.2.2 Changes in accounting policies and disclosures

New Standards, amendments, interpretations issued but not yet effective.

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 30 JUNE 2020, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except the following set out below:

IFRS 9 - Financial Instruments

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. Early adoption of the standard is permitted. The Company is yet to assess IFRS 9's full impact.

IFRS 15 - Revenue from contracts with customers

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

This standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service.

The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted.

IFRS 16 - Leases

This standard was issued in January 2016 (Effective 1 January 2020) . It sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. The standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. it also substantially carries forward the lessor accounting requirements in IAS 17. The Company is yet to assess the expected impact of this standard.

IFRS 17 - Insurance contracts

IFRS 17 was issued in May 2017 and establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.

This standard requires a company that issues insurance contracts to report insurance obligations and risks on the balance sheet as the total of:

(a) the fulfilment cash flows—the current estimates of amounts that the insurer expects to collect from premiums and pay out for claims, benefits and expenses, including an adjustment for the timing and risk of those cash flows; and
(b) the contractual service margin—the expected profit for providing future insurance coverage (i.e. unearned profit).

The measurement of the fulfilment cash flows reflects the current value of any interest-rate guarantees and financial options included in the insurance contracts.

The standard replaces IFRS 4 'Insurance contracts'. The standard is effective for annual periods beginning on or after 1 January 2021 and earlier application is permitted. The Company is yet to assess the expected impact on this standard.

2.3 Foreign currency translation

a) *Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The functional currency and presentation currency of the Company is the Ethiopian Birr (Birr).

2.4 Cash and cash equivalents

Cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash in hand, deposits held at call with Banks and other short-term highly liquid investments with original maturities of three months or less.

For the purposes of the cash flow statement, cash and cash equivalents include cash in hand, cash at bank, short term deposit with banks.

2.5 Financial instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2.5.1 Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

2.5 Financial instruments - initial recognition and subsequent measurement (Contd)

Subsequent measurement

For purposes of subsequent measurement, the Company's financial assets are classified into two

- Loans and receivables
- Available for sale

a) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest and similar income in income statement. The losses arising from impairment are recognised in income statement in loan impairment charge.

The Company's loans and receivables comprise of Loans and receivables including insurance receivables, investment securities and other financial assets. Receivables arising from insurance contracts are also classified in this category and are reviewed for impairment as part of the impairment review of loans and receivables.

b) Available-for-sale (AFS) financial assets

AFS investments include equity investments. Equity investments classified as AFS are those which are neither classified as held–for–trading nor designated at fair value through profit or loss.

After initial measurement, AFS financial investments are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to income statement in impairment loss on financial investment. Interest earned whilst holding AFS financial investments is reported as interest and similar income using the EIR method. Unquoted equity securities whose fair value cannot be reliably measured are carried at cost.

The Company evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, the Company is unable to trade these financial assets due to inactive markets, the Company may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to profit or loss. Refer to the information below under reclassification.

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'Day 1' profit or loss

When the transaction price differs from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets, the Company immediately recognises the difference between the transaction price and fair value (a 'Day 1' profit or loss) in 'Other operating income'.

In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognised in the profit or loss when the inputs become observable, or when the instrument is derecognised.

2.5 Financial instruments - initial recognition and subsequent measurement (Contd)

Reclassification of financial assets

Reclassification is at the election of management, and is determined on an instrument by instrument basis. The Company does not reclassify any financial instrument into the fair value through profit or loss category after initial recognition.

For a financial asset reclassified out of the 'Available–for–sale' category, any previous gain or loss on that asset that has been recognised in equity is amortised to income statement over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired then the amount recorded in equity is reclassified to income statement.

Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's statement of financial position) when:

• the rights to receive cash flows from the asset have expired, or
• the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement; and either

(a) the Company has transferred substantially all the risks and rewards of the asset, or
(b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company assesses at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the Company of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, the probability that they will enter bankruptcy or other financial reorganisation, default or delinquency in interest or principal payments and where observable data indicates that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(i) Financial assets carried at amortised cost

For financial assets carried at amortised cost (such as loans and receivables), the Company first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

The interest income is recorded as part of 'Interest and similar income'. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write–off is later recovered, the recovery is credited to the 'loan impairment charge'.

The present value of the estimated future cash flows is discounted at the financial asset's original EIR. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

(ii) Available-for-sale (AFS) financial assets

Available-for-sale financial assets are impaired if there is objective evidence of impairment, resulting from one or more loss events that occurred after initial recognition but before the reporting date, that have an impact on the future cash flows of the asset. In addition, an available-for-sale equity instrument is generally considered impaired if a significant or prolonged decline in the fair value of the instrument below its cost has occurred. Where an available-for-sale asset, which has been remeasured to fair value directly through equity, is impaired, the impairment loss is recognised in profit or loss. If any loss on the financial asset was previously recognised directly in equity as a reduction in fair value, the cumulative net loss that had been recognised in equity is transferred to profit or loss and is recognised as part of the impairment loss. The amount of the loss recognised in profit or loss is the difference between the acquisition cost and the current fair value, less any previously recognised impairment loss.

If, in a subsequent period, the amount relating to an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, where the instrument is a debt instrument, the impairment loss is reversed through profit or loss. An impairment loss in respect of an equity instrument classified as available-for-sale is not reversed through profit or loss but accounted for directly in equity.

2.5.2 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified at initial recognition, as financial liabilities at fair value through profit or loss and other financial liabilities.

All financial liabilities are recognised initially at fair value and, in the case of other financial liabilities, net of directly attributable transaction costs. The Company's financial liabilities include customer's deposits, margin held on letter of credits, and other liabilities. Interest expenditure is recognised in interest and similar expense.

2.5 Financial instruments - initial recognition and subsequent measurement (Contd)

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

***a)* Financial liabilities at amortised cost**

Financial instruments issued by the Company, that are not designated at fair value through profit or loss but are classified as financial liabilities at amortised cost, where the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

After initial measurement, financial liabilities at amortised cost are subsequently measured at amortised cost using the EIR. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR.

All financial liabilities of the Company are carried at amortised cost.

Derecognition of financial liabilities

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have not been transferred, the Company tests control to ensure that continuing involvement on the basis of any retained powers of control does not prevent derecognition).

Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

2.5.3 Offsetting financial instruments

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

2.6 Reinsurance assets

The Company cedes business to reinsurers in the normal course of business for the purpose of limiting its net loss potential through the transfer of risks as described in note 2.14. Premium ceded comprise gross written premiums. Reinsurance arrangements do not relieve the Company from its direct obligations to its policy holders.

Reinsurance assets are recognized when the related gross insurance claim is recognized according to the terms of the relevant contract. The Company has the right to set off reinsurance payables against amounts due from reinsurers in line with the agreed arrangements between both parties.

2.7 Other assets

Other assets are generally defined as claims held against other entities for the future receipt of money or other benefits. The other assets in the Company's financial statements include the following:

(a) Prepayments

Prepayments are payments made in advance for services to be enjoyed in future. The amount is initially capitalized in the reporting period in which the payment is made and subsequently amortised over the period in which the service is to be enjoyed.

(b) Other receivables

Other receivables are recognised upon the occurrence of event or transaction as they arise and cancelled when payment is received. The Company's other receivables are staff debtors and sundry debtors.

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2.8 Deferred policy acquisition costs (DAC)

Commissions and other acquisition costs that vary with and are related to securing new contracts and renewing existing contracts are capitalised as an intangible asset (DAC). All other costs are recognised as expenses when incurred. DAC is subsequently amortised over the life of the contracts as follows:

- For property, casualty and short-duration life insurance contracts, DAC is amortised over the terms of the policies as premium is earned;
- For long-term insurance contracts with fixed and guaranteed terms, DAC is amortised in line with premium revenue using assumptions consistent with those used in calculating future policy benefit liabilities; and

Deferred acquisition costs represent a portion of commission which are incurred during a financial year and are deferred to the extent that they are recoverable out of future revenue margins by applying to the acquisition expenses the ratio of unearned premium to written premium.

DACs are derecognised when the related contracts are either settled or disposed of.

2.9 Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

Company as a lessee

Leases that do not transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Contingent rental payable is recognised as an expense in the period in which they it is incurred.

Company as a lessor

Leases where the Company does not transfer substantially all of the risk and benefits of ownership of the asset are classified as operating leases. Rental income is recorded as earned based on the contractual terms of the lease in Other operating income. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.10 Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. All other repair and maintenance costs are recognised in income statement as incurred.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

2.10 Property, plant and equipment (Contd)

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Asset class	Depreciation rate (years)	Residual value (%)
Buildings	50	5%
Motor vehicles	10	5%
Computer and accessories	7	1%
Office furniture and Fixture	10	1%
Equipment	7	1%
Long living Equipment	15	1%

The Company commences depreciation when the asset is available for use. Construction work-in-progress is not depreciated as these assets are not yet available for use. They are disclosed when reclassified during the year.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.11 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in income statement in the period in which the expenditure is incurred .

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation 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 accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates. The amortisation expenses on intangible assets with finite lives is presented as a separate line item in the income statement.

Amortisation is calculated using the straight–line method to write down the cost of intangible assets to their residual values over their estimated useful lives, as follow:

Assets class	Useful lives (years)
Computer software	8

2.12 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

2.12 Impairment of non-financial assets (Contd)

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement.

2.13 Statutory deposits

Statutory deposits are cash balances held with the National Bank of Ethiopia in line with Article 20 of Insurance Business Proclamation No. 746/2012 and may not be withdrawn except with the written permission of the National Bank of Ethiopia, or be used as a pledge or security for any loan. They have been separately disclosed due to their nature and liquidity. Statutory deposits are measured at cost.

2.14 Insurance contracts

2.14.1 Classification

The Company enters into insurance contracts as its primary business activity. Insurance contracts are those that the Company accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary, if a specified uncertain future event (the insured event) adversely affects the policyholder or the other beneficiary. The Company as a guide defines significant insurance risk as the possibility of having to pay benefit on the occurrence of an insured event that is at least 10% more than the benefit payable if the insured event did not occur.

The Company's insurance contracts are classified into two main categories, depending on the duration of risk

(a) Non- life insurance contracts

These contracts are accidents and casualty and property insurance contracts.

Accidents and casualty insurance contracts protect the Company's customers against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers' liability) and for individual and business customers who become liable to pay compensation to a third party for bodily harm or property damage (public liability).

Property insurance contracts mainly compensate the Company's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities.

2.14 Insurance contracts (Contd)

(b) Life insurance contracts

These contracts insure events associated with human life (for example, death or survival) over a long duration.

In addition, the Company has short-term life insurance contracts which protect the Company's policyholders from the consequences of events (such as death or disability) that would affect the ability of the insured or his/her dependants to maintain their current level of income. Guaranteed benefits paid on occurrence of the specified insurance event are either fixed or linked to the extent of the economic loss suffered by the insured or the beneficiary. There are no maturity or surrender benefits.

2.14.2 Liability adequacy test

At each end of the reporting period, liability adequacy tests are performed to ensure the adequacy of the contract liabilities net of related DAC. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. Any deficiency is immediately charged to profit or loss initially by writing off DAC and by subsequently establishing a provision for losses arising from liability adequacy tests (the unexpired risk provision).

As set out in 4.2 above, long-term insurance contracts with fixed terms are measured based on assumptions set out at the inception of the contract. When the liability adequacy test requires the adoption of new best estimate assumptions, such assumptions (without margins for adverse deviation) are used for the subsequent measurement of these liabilities. Any DAC written off as a result of this test cannot subsequently be reinstated.

2.14.3 Reinsurance contracts held

Contracts entered into by the Company with reinsurers under which the Company is compensated for losses on one or more contracts issued by the Company and that meet the classification requirements for insurance contracts in Note 2.14.1 are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets. Insurance contracts entered into by the Company under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts.

The benefits to which the Company is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers, as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

In certain cases, a reinsurance contract is entered into retrospectively to reinsure a notified claim under the Company's property or casualty insurance contracts. Where the premium due to the reinsurer differs from the liability established by the Company for the related claim, the difference is amortised over the estimated remaining settlement period.

The Company assesses its reinsurance assets for impairment on a quarterly basis. If there is objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the income statement. the Company gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost. The impairment loss is calculated following the same method used for these financial assets. These processes are described in Note 2.10.

2.14 Insurance contracts (Contd)

2.14.4 Receivables and payables related to insurance contracts

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders. If there is objective evidence that the insurance receivable is impaired, the Company reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the income statement. The Company gathers the objective evidence that an insurance receivable is impaired using the same process adopted for loans and receivables.

The impairment loss is calculated under the same method used for these financial assets. These processes are described in Note 2.5.

2.14.5 Salvage and subrogation reimbursements

Some insurance contracts permit the Company to sell (usually damaged) property acquired in settling a claim (for example, salvage). The Company may also have the right to pursue third parties for payment of some or all costs (for example, subrogation).
Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims, and salvage property is recognised in other assets when the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property.

Subrogation reimbursements are also considered as an allowance in the measurement of the insurance liability for claims and are recognised in other assets when the liability is settled. The allowance is the assessment of the amount that can be recovered from the action against the liable third party.

2.14.6 Insurance contract liabilities

Insurance contract liabilities arising from insurance contracts are determined as follows:

(a) Non- life insurance contracts

(i) Reserves for outstanding claims

The reserve for outstanding claims is maintained at the total amount of outstanding claims incurred and reported plus claims incurred but not reported ("IBNR") as at the balance sheet date. The IBNR is based on the liability adequacy test described in note 2.14.

(ii) Reserves for unearned premium and unexpired risk

The reserve for unearned premium is calculated on a time apportionment basis in respect of risk accepted during the year. A provision for additional unexpired risk reserve is recognised for an underwriting year where it is envisaged that the estimated cost of claims and expenses would exceed the unearned premium reserve.

At the end of each reporting period, proportions of net retained premium of the general insurance are provided to cover portions of risks which have not expired. The reserves are calculated on 1/24th method as prescribed by the Directive of the National Bank of Ethiopia.

(iii) Reserving methodology

The data used for reserving is segmented into the following classes as per the NBE Directives:
• Motor vehicle insurance business;
• Fire insurance business;
• Personal accident insurance business;
• Liability insurance business;
• Marine insurance business;
• Workmen compensation insurance business;
• Engineering and;
• Pecuniary.

2.14 Insurance contracts (Contd)

(b) Life insurance contracts

(i) Incurred But Not Reported (IBNR) and Unearned Premium Reserve (UPR)

This is made up of net liabilities on policies in force as determined by qualified actuaries at the reporting date. Surplus or deficit arising from the periodic valuation of the life insurance contracts are recognised in the statement of profit and loss.

(ii) Reserving methodology

The data used for reserving is segmented into the following classes as per the NBE Directives:
•Individual insurance business;
• Group term insurance business and;
• Medical cover insurance business.

2.15 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as other operating expenses.

2.16 Insurance payables

Insurance payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date is less than one year, discounting is omitted as the impact is not expected to be significant.

2.17 Other liabilities

Other liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date is less than one year, discounting is omitted as the impact is not expected to be significant.

2.18 Share capital

The Company classifies ordinary shares as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of new shares are recognized as deductions from equity, net of tax, from the proceeds. The excess of the issue price over the par value is recorded in the share premium reserve.

2.19 Earnings per share

The Company presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS are calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares.

2.20 Retained earnings

The net profits or losses from operations in current and prior periods are accumulated in retained earnings less distributions to equity holders.

2.21 Legal reserves

In accordance with Article 22 sub article 1 - 2 of Insurance Business Proclamation No 746/12, the Company, at the end of each financial year, transfers to its legal reserve to account a sum of not less than 10% of profit. When the legal reserve becomes equal to the paid-up capital of the Company, the amount of the legal reserve to be retained by the Company each year from its net profit shall be determined by NBE's directive.

2.22 Dividend

Dividends are recorded in equity in the period in which they are declared. Any dividends declared after the end of the reporting period and before the financial statements are authorised for issue, are disclosed in the subsequent events note. The statutory accounting reports of the Company are the basis for profit distribution and other appropriations. Ethiopian legislation identifies the basis of distribution as the current year net profit.

2.23 Revenue recognition

a) Gross premiums

Gross recurring premiums on life and investment contracts with DPF are recognised as revenue when payable by the policyholder. For single premium business, revenue is recognised on the date on which the policy is effective. Gross general insurance written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the reporting period. They are recognised on the date on which the policy commences. Premiums include any adjustments arising in the reporting period for premiums receivable in respect of business written in prior accounting periods. Rebates that form part of the premium rate, such as no claim rebates, are deducted from the gross premium; others are recognised as an expense. Premiums collected by intermediaries, but not yet received, are assessed based on estimates from underwriting or past experience and are included in premiums written.

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

b) Reinsurance premiums

Gross outward reinsurance premiums on life and investment contracts are recognised as an expense on the earlier of the date when premiums are payable or when the policy becomes effective. Gross general reinsurance premiums ceded comprise the total premiums payable for the whole cover provided by contracts entered into in the period and are recognised 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 ceded in a year that relate to periods of risk after the reporting date. Unearned reinsurance premiums are deferred over the term of the underlying direct insurance policies for risks-attaching contracts and over the term of the reinsurance contract for losses-occurring contracts.

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

c) Fees and commission income

Insurance and investment contract policyholders are charged for policy administration services, investment management services, surrenders and other contract fees. These fees are recognised as revenue over the period in which the related services are performed. If the fees are for services provided in future periods, then they are deferred and recognised over those future periods.

2.23 Revenue recognition (Contd)

d) Investment income

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

Investment income also includes dividends when the right to receive payment is established, which is generally when the shareholders approve and declare the dividend.

2.24 Gross benefits and claims

Gross benefits and claims for life insurance contracts and for investment contracts with DPF include the cost of all claims arising during the year, including internal and external claims handling costs that are directly related to the processing and settlement of claims and policyholder bonuses declared on DPF contracts. Changes in the gross valuation of insurance and investment contract liabilities with DPF are also included. Death claims and surrenders are recorded on the basis of notifications received. Maturities and annuity payments are recorded when due.

General insurance and health claims include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

2.25 Reinsurance claims

Reinsurance claims are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.

2.26 Finance cost

Interest paid is recognised in the statement of profit or loss as it accrues and is calculated by using the EIR method. Accrued interest is included within the carrying value of the interest bearing financial liability.

2.27 Underwriting expenses

Underwriting expenses are made up of acquisition and maintenance expenses comprising commission and policy expenses and other direct costs.

Underwriting expenses for insurance contracts are recognized as expense when incurred, with the exception of acquisition costs which are recognized on a time apportionment basis in respect of risk.

2.28 Employee benefits

The Company operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

a) Wages, salaries and annual leave

Wages, salaries, bonuses, other contributions, paid annual leave and sick leave are accrued in the year in which the associated services are rendered by employees of the Company.

2.28 Employee benefits (Contd)

(b) Defined contribution plan

The Company operates two defined contribution plans;

i) pension scheme in line with the provisions of Ethiopian pension of private organisation employees proclamation 715/2011. Funding under the scheme is 7% and 11% by employees and the Company respectively;

ii) provident fund contribution, funding under this scheme is 5% and 10% by employees and the Company respectively based on the employees' salary.

Employer's contributions to this scheme are charged to profit or loss in the year in which they relate.

(c) Defined benefit plan

The Company operates a defined benefit severance scheme in Ethiopia, where members of staff who have spent 5 years or more in employment are entitled to benefit payments upon retirement. The benefit payments are based on final emolument of staff and length of service. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of gratuity benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the market rates on government bonds that have terms to maturity approximating to the terms of the related pension obligation.

Employer's contributions to this scheme are charged to profit or loss in the year in which they relate.

Remeasurement gain and loss arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Current service and interest cost are included as part of employee benefit expense in the profit or loss. Past-service costs are recognised immediately in profit or loss. Gains or losses on curtailment or settlement are recognised in profit or loss when the curtailment or settlement occurs.

2.29 Fair value measurement

The Company measures financial instruments classified as available-for-sale at fair value at each statement of financial position date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are, summarised in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions Note 4.7.1 and Notes 3
- Quantitative disclosures of fair value measurement hierarchy Note 4.7.2

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

2.29 Fair value measurement (Contd)

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
• Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
• Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
• Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Bank determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's management determines the policies and procedures for both recurring fair value measurement, such as available-for-sale financial assets.

For the purpose of fair value disclosures, the company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.30 Income taxation

(a) Current income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in Ethiopia. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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2.30 Income taxation (Contd)

(b) Deferred tax

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Company's exposure to risks and uncertainties includes:

• Capital management Note 4.6
• Financial risk management and policies Note 4

3.1 Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments -Company as lessor

The Company has entered into commercial property leases on its investment property. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the commercial property, that it does not retain all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

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3.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(a) Valuation of insurance contract liabilities

Life insurance contract liabilities

The liability for life insurance contracts is either based on current assumptions or on assumptions established at the inception of the contract, reflecting the best estimate at the time together with a margin for risk and adverse deviation. All contracts are subject to a liability adequacy test, which reflect management's best current estimate of future cash flows.

These liabilities are estimated using appropriate and acceptable base tables of standard mortality according to the type of contract being written. Management make various assumptions such as expenses inflation, valuation interest rate and mortality in estimating the required liabilities for life contracts.

Non-life insurance contract liabilities

For non-life insurance contracts, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred, but not yet reported, at the reporting date (IBNR). It can take a significant period of time before the ultimate claims cost can be established with certainty and for some type of policies, IBNR claims form the majority of the liability in the statement of financial position.

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Average Cost per Claim.

The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based.

Similar judgements, estimates and assumptions are employed in the assessment of adequacy of provisions for unearned premium. Judgement is also required in determining whether the pattern of insurance service provide by a contract requires amortisation of unearned premium on a basis other than time apportionment.

(b) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 4.7.2 for further disclosures.

3.2 Estimates and assumptions (Contd)

(c) Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

(d) Impairment of insurance receivables

The Company assesses at the end of every reporting period whether there is any objective evidence that its premium receivable is impaired. The Company determines whether impairment losses are incurred if and only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the receivable (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the receivable that can be reliably estimated, or a trigger event is identified.

The following impairment triggers have been set by the Company:
(a) significant financial difficulty of the premium debtor;
(b) significant financial difficulty of the broker;
(c) a breach of agreements, such as payment defaults or delinquency in premium payments;
(d) Economic, regulatory or legal reasons relating to the premium debtor's financial difficulty, granting to the premium debtor a concession that the Company would not otherwise consider;
(e) High probability that the premium debtor will enter bankruptcy or other financial reorganisation.

If any of the impairment triggers are identified, the Company specifically assess the receivables for impairment. Where no impairment trigger is identified, or no objective evidence of impairment exists, the Company assesses its receivables collectively for impairment using the historical loss rate model.

The historical loss rate model considers the historical recoveries (cash flows) on premium debts for policies written in prior years, in order to determine the loss given default ratio on outstanding premium as at the reporting date. The model also considers premium receipts subsequent to the reporting date. The loss ratio derived is used to determine the allowance for impairment on premium debts.

This model assumes that all premium debts will be paid until evidence to the contrary (a loss or trigger event) is identified. On the identification of an objective evidence of impairment, the premium debts are subject to specific impairment. Where there is no objective evidence of impairment, the premium debts are subjected to collective impairment.

Collective impairment incorporates the following:
• current and reliable data, management's experienced credit judgements, and all known relevant internal and external factors that may affect collectability;
• historical loss experience or where institutions have no loss experience of their own or insufficient experience, peer company experience for a comparable company's of financial instruments at amortized cost;

• adjustments to historical loss experiences on the basis of current observable data to reflect the effects of current conditions.

(e) Liabilities arising from insurance contracts

Liabilities for unpaid claims are estimated on case by case basis. The reserves made for claims fluctuate based on the nature and severity of the claim reported. Claims incurred but not reported are determined using statistical analyses and the Company deem the reserves as adequate.

3.2 Estimates and assumptions (Contd)

(f) Retirement benefit obligations

The present value of the retirement benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of severance pay obligations. The assumptions used in determining the net cost (income) include the discount rate, rate of return on assets, future salary increments and mortality rates.

The Company determines the appropriate discount rate at the end of the year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the gratuity obligations. In determining the appropriate discount rate, the Company considers the interest rates of high-quality government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related liability. Other key assumptions for retirement benefit obligations are based in part on current market conditions.

(g) Depreciation and carrying value of property, plant and equipment

The estimation of the useful lives of assets is based on management's judgement.

The Company estimates the useful lives of property, plant and machinery based on the period over which the assets are expected to be available for use. Property, plant and machinery is depreciated over its useful life.

Estimates could change if expectations differ due to physical wear and tear and technical or commercial obsolescence. It is possible however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and machinery would increase expenses and decrease the carrying value of non-current assets.

(h) Impairment of non- financial assets

The Company reviews other non-financial assets for possible impairment if there are events or changes in circumstances that indicate that the carrying values of the assets may not be recoverable, or at least at every reporting date, when there is any indication that the asset might be impaired. The fair value of the property,palnt and equipment of the company has estimate by the company professionals.The Company is of the opinion that there is no impairment indicator on its non- financial assets as at the reporting date.

4. Insurance and financial risk management

4.1 Introduction

Risk is inherent in the Company's activities, but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities. The Company is exposed to insurance and financial (credit, liquidity and market) risk. It is also subject to country risk and various operating risks.

4.1.1 Risk management structure

The Board of Directors (The Board) is responsible for the overall risk encountered by the Company. The Board is responsible to develop comprehensives risk management program and policies of the Company. The Board has an oversight role on the proper implementation of the Company's risk management program or policies. The Board monitors proper implementation policies through various reports.

The Senior Management has the overall responsibility for the proper execution and interpretation of the risk strategy and implementing principles, frameworks, policies and limits. It is also responsible for managing risk decisions and monitoring risk levels and deliberate on reports to the Board regarding risk management issues and give timely directions.

The Risk Management Unit is responsible for implementing and maintaining risk related procedures, independently assesses and monitor the level of risk assumed by the Company. Besides, the Risk Management Unit is responsible for monitoring compliance with risk principles, policies and limits across the Company. It carries out an assessment of risk on periodic basis to monitor the Company's overall risk, including monitoring the risk of exposures against limits and the assessment of risks of new products and structured transactions. Exceptions are reported, where necessary, to the Board's Risk Committee and the relevant actions are taken to address exceptions and any areas of weakness. The unit works closely with the Management Risk Committees to ensure that procedures are compliant with the overall framework. The unit is functionally responsible to the Board. The risk management has also reporting relationship with internal audit function. Internal audit function among others ensures the effectiveness of the risk management function periodically. Internal Audit Function discusses the results of its assessments with management, and reports its findings and recommendations to the Board Audit Committee.

4.1.2 Risk measurement and reporting systems

The Company's risks are measured using a method that reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on statistical model. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment.

Monitoring and controlling risks is primarily performed based on limits established by the Company. These limits reflect the business strategy and market environment of the Company as well as the level of risk that the Company is willing to accept, with additional emphasis on selected regions. In addition, the Company measures and monitor the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

4.1.3 Risk mitigation

The Company uses various risk mitigating techniques to reduce it's risk to the level acceptable. Risk controls and mitigants, identified and approved for the Company, are documented for existing and new processes and systems.

The adequacy of these mitigants is tested on a periodic basis through administration of control self-assessment questionnaires, using an operational risk management tool which requires risk owners to confirm the effectiveness of established controls. These are subsequently reviewed as part of the review process.

4.2 Insurance risk

The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long–term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements. the Company purchases reinsurance as part of its risks mitigation programme. Reinsurance ceded is placed on both a proportional and non–proportional basis. The majority of proportional reinsurance is quota–share reinsurance which is taken out to reduce the overall exposure of the Company to certain classes of business. Non–proportional reinsurance is primarily excess–of–loss reinsurance designed to mitigate the Company's net exposure to catastrophe losses. Retention limits for the excess–of–loss reinsurance vary by product line and territory.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. the Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract. There is no single counterparty exposure that exceeds 5% of total reinsurance assets at the reporting date.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

4.2.1 Life insurance contracts

Life insurance contracts offered by the Company include: whole life, term assurance, unitised pensions, guaranteed annuity pensions, pure endowment pensions and mortgage endowments.

The main risks that the Company is exposed to are as follows:

- ► Mortality risk – risk of loss arising due to policyholder death experience being different than expected
- ► Investment return risk – risk of loss arising from actual returns being different than expected
- ► Expense risk – risk of loss arising from expense experience being different than expected
- ► Policyholder decision risk – risk of loss arising due to policyholder experiences (lapses and surrenders) being different than expected. These risks do not vary significantly in relation to the location of the risk insured by the Company, type of risk insured or by industry.

4.2.1 Life insurance contracts (Contd)

The Company's underwriting strategy is designed to ensure that risks are well diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography, the use of medical screening in order to ensure that pricing takes account of current health conditions and family medical history, regular review of actual claims experience and product pricing, as well as detailed claims' handling procedures. Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Company has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of fraudulent claims. Insurance contracts also entitle the Company to pursue third parties for payment of some or all costs. 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 Company.

The following tables show the concentration of life insurance contract liabilities by type of contract.

30 JUNE 2023	Gross Birr'000	Reinsurance Birr'000	Net Birr'000
Whole life	**264**	**-**	**264**
Group Endowment	**7,245**	**(3,886)**	**3,359**
Group term	**27,984**	**(13,070)**	**14,914**
Medical cover	**29,278**	**(1,399)**	**27,879**
Mortgage	**4,989**	**(2,510)**	**2,479**
Travle	**1,280**		**1,280**
Total life insurance	71,040	(20,865)	50,175

30 JUNE 2022	Gross Birr'000	Reinsurance Birr'000	Net Birr'000
Whole life	**1,157**	**(15)**	**1,142**
Group Endowment	**6,770**	**(2,440)**	**4,330**
Group term	**28,874**	**(12,794)**	**16,080**
Medical cover	**28,179**	**(501)**	**27,678**
Mortgage	**824**	**(116)**	**708**
Travle	**876**		**876**
Total life insurance	66,680	(15,866)	50,814

Key assumptions

The key assumptions to which the estimation of liabilities is particularly sensitive are, as follows:

► Mortality and morbidity rates

Assumptions are based on standard industry, according to the type of contract written. They reflect recent historical experience and are adjusted when appropriate to reflect the Company's own experiences. An appropriate, but not excessive, prudent allowance is made for expected future improvements.

An increase in rates will lead to a larger number of claims (and claims could occur sooner than anticipated), which will increase the expenditure and reduce profits for the shareholders.

4.2.1 Life insurance contracts (Contd)

Key assumptions

► Expenses

Operating expenses assumptions reflect the projected costs of maintaining and servicing in–force policies and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation if appropriate.

An increase in the level of expenses would result in an increase in expenditure, thereby reducing profits for the shareholders.

► Policyholder decision (lapses and surrender)

Policy termination assumptions are determined using statistical measures based on the Company's experience and vary by product type.

An increase in lapse rates early in the life of the policy would tend to reduce profits for shareholders to the unrecouped initial expenses.

► Discount rate

Life insurance liabilities are determined as the sum of the discounted value of the expected benefits and future administration expenses directly related to the contract, less the discounted value of the expected theoretical premiums that would be required to meet these future cash outflows. Discount rates are based on current industry risk rates, adjusted for the Company's own risk exposure.

Sensitivities

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 equity. 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.

It should be noted that movements in these assumptions are non–linear. Sensitivity information will also vary according to the current economic assumptions, mainly due to the impact of changes to both the intrinsic cost and time value of options and guarantees. When options and guarantees exist, they are the

		Change in liability	
		2023	2022
	Change in assumptions	Birr'000	Birr'000
Mortality/morbidity rate	+10%	922	59
Expenses	+10%	-	-
Lapse and surrenders rate	+10%	-	-
Discount rate	+1%	(4,673)	(3,574)

		Change in liability	
		2023	2022
	Change in assumptions	Birr'000	Birr'000
Mortality/morbidity rate	-10%	(1,019)	(59)
Expenses	-10%	-	-
Lapse and surrenders rate	-10%	-	-
Discount rate	-1%	[illegible],031	3,862

4.2.2 Non- life insurance contracts

The Company principally issues the following types of general insurance contracts: motor, fire, engineering, liability, marine, pecuniary, accident and workmen compensation. Healthcare contracts provide medical expense coverage to policyholders and are not guaranteed as renewable. Risks under non–life insurance policies usually cover twelve months duration.

For general insurance contracts, the most significant risks arise from accidents. These risks do not vary significantly in relation to the location of the risk insured by the Company, type of risk insured and by industry. The risk exposure is mitigated by diversification across a large portfolio of insurance contracts.

The table below sets out the concentration of non–life insurance contract liabilities by type of contract:

30 JUNE 2023	**Gross**	**Reinsurance**	**Net**
	Birr'000	**Birr'000**	**Birr'000**
Engineering	**20,331**	**(5,468)**	**14,863**
Fire	**97,324**	**(73,270)**	**24,054**
Liability	**28,380**	**(3,565)**	**24,815**
Marine	**6,813**	**(2,554)**	**4,259**
Motor	**351,068**	**(75,763)**	**275,305**
Accident and health	**7,378**	**(541)**	**6,837**
Pecuniary	**386,040**	**(339,411)**	**46,629**
Workmen's' compensation	**2,165**	**(127)**	**2,038**
Agriculture	**137**	**(16)**	**121**
PVT	**60,099**	**(60,035)**	**64**
Total non- life insurance	959,735	(560,750)	398,985

30 JUNE 2022	**Gross**	**Reinsurance**	**Net**
	Birr'000	**Birr'000**	**Birr'000**
Engineering	**28,742**	**(20,470)**	**8,272**
Fire	**8,056**	**(1,832)**	**6,224**
Liability	**22,952**	**(2,975)**	**19,977**
Marine	**11,514**	**(1,921)**	**9,593**
Motor	**281,461**	**(72,201)**	**209,260**
Accident and health	**16,812**	**(903)**	**15,909**
Pecuniary	**342,820**	**(305,011)**	**37,809**
Workmen's' compensation	**1,982**	**(120)**	**1,862**
Agriculture	**162**	**(15)**	**147**
PVT	**3,907**	**(3,233)**	**674**
Total non- life insurance	718,408	(408,681)	309,727

4.2 Financial risk

Financial instruments by category

The Company's financial assets are classified into the following measurement categories: available-for-sale and loans and receivables and the financial liabilities are classified into other liabilities at amortised cost.

Financial instruments are classified in the statement of financial position in accordance with their legal form and substance.

4.2 Financial risk (Contd)

The Company's classification of its financial assets is summarised in the table below:

30 JUNE 2023	Notes	Available-For-Sale Birr'000	Loans and receivables Birr'000	Total Birr'000
Cash and bank balances	16	-	675,874	675,874
Investment securities				-
- Available for sale	17	711,242	-	711,242
Trade and other receivables	18	-	111,491	111,491
Reinsurance assets	19	-	581,620	581,620
Statutory deposits	24	-	99,000	99,000
Total financial assets		711,242.00	##########	2,179,227

30 JUNE 2022	Notes	Available-For-Sale Birr'000	Loans and receivables Birr'000	Total Birr'000
Cash and bank balances	16	-	488,528	488,528
Investment securities				-
- Available for sale	17	583,058	-	583,058
Trade and other receivables	18	-	41,385	41,385
Reinsurance assets	19	-	424,798	424,798
Statutory deposits	24	-	83,000	83,000
Total financial assets		583,058	1,037,711	1,620,769

4.3 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's investment portfolio, long term staff loans and the reliance on reinsurers to make payment when certain loss conditions are met.

For risk management reporting purposes, the Company considers and consolidates all elements of credit risk exposure.

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

a) The Company's risk management policy sets out the assessment and determination of what constitutes credit risk for the Company. Compliance with the policy is monitored, 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) Net exposure limits are set for each counterparty or company of counterparties and industry segment (i.e. limits are set for investments and cash deposits)

c) The Company further restricts its credit risk exposure by entering into master netting arrangements with counterparties with which it enters into significant volumes of transactions. However, such arrangements do not generally result in an offset of balance sheet assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk associated with such balances is reduced in the event of a default, when such balances are settled on a net basis. The Company's reinsurance treaty contracts involve netting arrangements.

d) Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties‟ limits that are set each year by the management and are subject to regular reviews. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy, ascertaining suitable allowance for impairment.

The table below shows the maximum exposure to credit risk for the Company's financial assets. The maximum exposure is shown gross, before the effect of mitigation:

	30 JUNE 2023	30 JUNE 2022
	Birr'000	Birr'000
Cash and bank balances	675,874	488,528
Investment securities		
- Available for sale	711,242	583,058
Trade and other receivables	130,550	60,444
Reinsurance assets	581,620	424,798
Statutory deposits	99,000	83,000
	2,198,286	1,639,828

4.3.1 Credit quality analysis

(a) Cash and bank balances

The credit quality of cash and bank balances and short-term investments are neither past due nor impaired as at 30 JUNE 2023 and 30 JUNE 2022 and are non-rated as they are held in Ethiopian banks. There are no credit rating agencies in Ethiopia. The Company has no cash and cash equivalents that are held in foreign banks.

(b) Investment securities

The Company's investment portfolio is exposed to credit risk through its investment in equity instruments. The Company further manages its exposure to credit risk through counterparty risk via established limits as approved by the Board. The credit risk exposure associated with equity investments is low.

4.3 Credit risk (Contd)

(c) Trade and other receivables

30 JUNE 2023	**Neither past due nor impaired Birr'000**	**Past due but not impaired Birr'000**	**Impaired Birr'000**	**Total Birr'000**
Insurance receivables				
Due from contract holders	-	-	20,673	20,673
Due from reinsurers	-	-	-	-
	-	-	20,673	20,673
Other loans and receivables				
Other receivables	39,368	-	-	39,368
Staff debtors	46,606	-	-	46,606
	85,974	-	-	85,974
Gross	85,974	-	20,673	106,647
Less: Impairment allowance (note 17.1)	-	-	(19,059)	(19,059)
Net	85,974	-	1,614	87,588

30 JUNE 2022	**past due nor impaired Birr'000**	**Past due but not impaired Birr'000**	**Impaired Birr'000**	**Total Birr'000**
Insurance receivables				
Due from contract holders	-	-	19,324	19,324
Due from reinsurers	-	-	-	-
	-	-	19,324	19,324
Other loans and receivables				
Other receivables	24,452	-	-	24,452
Staff debtors	7,132	-	-	7,132
	31,584	-	-	31,584
Gross	31,584	-	19,324	50,908
Less: Impairment allowance (note 17.1)	-	-	(19,059)	(19,059)
Net	31,584	-	265	31,849

Other loans and receivables- - neither past due nor impaired

Other loans and receivables balances constitute rent receivables, deposits for utilities and staff debtors. The exposure to credit risk associated with other loans and receivables is low.

Insurance receivables - Impaired

The credit quality of the portfolio of insurance receivables that were neither past due nor impaired can be assessed by reference to the customer's ability to pay based on loss experience. Insurance receivables are receivables from contract holders that enjoy insurance cover without making premium payments.

Insurance receivables that have been classified as neither past due nor impaired are assessed on a collective basis.

(d) Reinsurance assets

Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year by the board of directors and are subject to regular reviews. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy, ascertaining suitable allowance for impairment. Reinsurance treaties are reviewed annually by management prior to renewal of the reinsurance contract.

4.3.2 ***Allowance for impairment***

The Company establishes an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance, established for groups of homogeneous assets in respect of losses that have been incurred but have not been identified on receivables subject to individual assessment for impairment.

	30 JUNE 2023 Birr'000	2022 Birr'000
Due from contract holders	19,059	19,059
Other loans and receivables	-	-
Total allowance for impairment	19,059	19,059

4.4 Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its maturing obligations when they become due, at reasonable cost and in a timely manner. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Company on acceptable terms.

The main objective of the Company's liquidity risk framework is to maintain sufficient liquidity in order to ensure that we meet our maturing obligations.

4.4.1 Management of liquidity risk

Cash flow forecasting is performed by the finance department. The finance department monitors rolling forecasts of liquidity requirements to ensure it has sufficient cash to meet operational needs.

The Company evaluates its ability to meet its obligations on an ongoing basis. Based on these evaluations, the Company devises strategies to manage its liquidity risk.

Prudent liquidity risk management implies that sufficient cash is maintained and that sufficient funding is available to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to the Company's reputation.

4.4.2 Maturity analysis of financial liabilities

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The cash flows presented are the undiscounted amounts to be settled in future.

30 JUNE 2023	Less than 90 days Birr'000	days- 1 year Birr'000	Over 1 year Birr'000	Total Birr'000
Insurance payables		238,807	-	238,807
Other liabilities		11,597	11,417	23,014
Total financial liabilities	-	250,404	11,417	261,821

30 JUNE 2022	Less than 90 days Birr'000	days- 1 year Birr'000	Over 1 year Birr'000	Total Birr'000
Insurance payables		179,975	-	179,975
Other liabilities		4,793	9,115	13,908
Total financial liabilities	-	184,768	9,115	193,883

4.5 Market risk

Market risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market risk factors such as interest rates, foreign exchange rates, equity prices, credit spreads and their volatilities. Market risk can arise in conjunction with trading and non-trading activities of a financial institutions.

4.5.1 Management of market risk

The main objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. Market risk is monitored by the risk management department on regularly, to identify any adverse movement in the underlying variables.

(i) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to this risk primarily results from timing differences in the repricing of assets and liabilities as they mature (fixed rate instruments).

The Company monitors this exposure through periodic reviews of the assets and liability position. Estimates of cash flows, as well as the impact of interest rate fluctuations relating to the investment portfolio and insurance provisions are modelled and reviewed . The overall objective of these strategies is to limit the net change in value of assets and liabilities arising from interest rate movements. While it is more difficult to measure the interest sensitivity of insurance liabilities than that of the related assets, to the extent that such sensitivities are measurable then the interest rate movements will generate asset value changes that substantially offset changes in the value of the liabilities relating to the underlying products.

30 JUNE 2023	Fixed Birr'000	interest bearing Birr'000	Total Birr'000
Assets			
Cash and bank balances	675,874	-	675,874
Investment securities			-
- Available for sale	-	711,242	711,242
Trade and other receivables	-	130,550	130,550
Reinsurance assets	-	581,620	581,620
Statutory deposits	99,000	-	99,000
Total	774,874	1,423,412	2,198,286
Liabilities			
Insurance payables	-	238,807	238,807
Other liabilities	-	23,014	23,014
Total	-	261,821	261,821

4.5.1 Management of market risk (Contd)

30 JUNE 2022	Fixed Birr'000	interest bearing Birr'000	Total Birr'000
Assets			
Cash and bank balances	488,528	-	488,528
Investment securities			-
- Available for sale	-	583,058	583,058
Trade and other receivables	-	60,444	60,444
Reinsurance assets	-	424,798	424,798
Statutory deposits	83,000	-	83,000
Total	571,528	1,068,300	1,639,828
Liabilities			
Insurance payables	-	179,975	179,975
Other liabilities	-	13,908	13,908
Total	-	193,883	193,883

(ii) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates.

The Company is exposed to exchange rate risks to the extent of balances and transactions denominated in a currency other than the Ethiopian Birr. The Company has no transaction in foreign currency.

(iii) Price risk

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

The Company's price risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, diversification plans, and limits on investments in each sector and market.

The Company has no significant concentration of price risk as there is no active market in Ethiopia.

4.6 Capital management

The Company's objectives when managing capital are to comply with the capital requirements set by the National Bank of Ethiopia, safeguard its ability to continue as a going concern, and to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development

4.7 Fair value of financial assets and liabilities

IFRS 13 requires an entity to classify measured or disclosed fair values according to a hierarchy that reflects the significance of observable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, which comprises of three levels as described below, based on the lowest level input that is significant to the fair value measurement as a whole.

4.7.1 Valuation models

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable input reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) .This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation technique in which all significant inputs are directly or indirectly observable from market data. In conclusion, this category is for valuation techniques for which the lowest level input that is significant to the fair value measurement is directlv or indirectlv observable.

- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This category includes all assets and liabilities for which the valuation technique includes inputs not based on observable date and the unobservable inputs have a significant effect on the asset or liability's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

4.7.2 Financial instruments not measured at fair value

The carrying amounts of financial assets and liabilities approximate their carrying amount at the

4.7.3 Valuation technique using significant unobservable inputs – Level 3

The Company has no financial asset measured at fair value on subsequent recognition.

4.7.4 Transfers between the fair value hierarchy categories

During the reporting period covered by these annual financial statements, there were no movements between levels as a result of significant inputs to the fair valuation process becoming observable or unobservable.

4.8 Offsetting financial assets and financial liabilities

There are no offsetting arrangements. Financial assets and liabilities are settled and disclosed on a gross ba

5 Segment information

Segment information is presented in respect of the Company's business segments which represents the primary segment reporting format and is based on the Company's management and reporting structure.

Revenue in these segments is derived primarily from insurance premium and investment income. Expenses for corporate units that render services for all business segments are initially paid by the general business segment and transferred to other business units at cost price. The expenses are allocated based on service man hours rendered by the corporate units to the various business segments.

Business segments

The Company operates the following main business segments:

Non- life (general) business- Includes general insurance transactions with individual and corporate customers. This segment covers the protection of customers' assets (particularly their properties, both for personal and commercial business) and indemnification of other parties that have suffered damage as a result of customers' accidents. Most contracts in this segment are short term in nature.

Life business- Includes life insurance policies with individual and corporate customers. This segment covers the protection of the Company's customers against the risk of premature death, disability, critical illness and other accidents.

The segment information provided by the Management Underwriting Investment Committee for the reporting segments for the year ended 30 JUNE 2023 is as follows:

5.1 Statement of profit or loss and other comprehensive income for the year ended 30 JUNE 2023

	Non- life		Life		Takaful		Total	
	30 JUNE 2023 Birr'000	30 JUNE 2022 Birr'000	30 JUNE 2023 Birr'000	30 JUNE 2022 Birr'000	30 JUNE 2023 Birr'000	30 JUNE 2022 Birr'000	30 JUNE 2023 Birr'000	30 JUNE 2022 Birr'000
Revenue								
Gross premiums	868,846	660,216	71,028	66,680	-		939,874	726,896
Premiums ceded to reinsure	(200,335)	(160,880)	(20,865)	(15,866)	-		(221,200)	(176,746)
General Takaful	(0)	-	-	-	6,010		6,010	-
General Retakaful	0	-	-	-	(1,389)		(1,389)	-
			-				-	-
Net premiums	668,511	499,336	50,163	50,814	4,621	-	723,295	550,150
			-					
Fee and commission income	64,615	50,786	9,545	5,341	278	-	74,438	56,127
Net underwriting income	733,126	550,122	59,708	56,154	4,899	-	797,733	606,276
Claims expenses	(331,674)	(265,700)	(46,936)	(30,652)	(559)	-	(379,169)	(296,352)
Claims recovered from reins	29,698	21,224	2,575	1,749	-	-	32,273	22,973
Gross change in contract lia	(86,792)	(46,760)	(8,979)	(6,996)	(707)	-	(96,478)	(53,756)
Net benefits and claims	(388,769)	(291,236)	(53,340)	(35,899)	(1,266)	-	(443,374)	(327,135)
Underwriting expenses	(57,591)	(36,272)	(6,801)	(6,229)	-	-	(64,392)	(42,501)
Takaful Window operator e	-		-		(3,759)	-	(3,759)	-
Underwriting profit	286,766	222,614	(432)	14,027	(126)	-	286,208	236,641
Investment income	198,105	130,612	24,510	15,673	-	-	222,615	146,285
Other operating income	24,407	5,195	3	16	(0)	-	24,410	5,211
Wakala Fee Income	3,759		-		-		3,759	-
Net income	513,037	358,421	24,081	29,716	(126)	-	536,992	388,137
Other operating and adminis	(63,556)	(48,835)	(4,238)	(4,327)	-	-	(67,794)	(53,162)
Employee benefits expense	(135,342)	(104,859)	(4,120)	(3,205)	-	-	(139,462)	(108,064)
Profit before income tax	314,139	204,727	15,723	22,184	(126)	-	329,736	226,911
Income tax expense	(31,405)	(25,115)	-	(4,268)		-	(31,405)	(29,383)
Profit for the year	**282,734**	**179,611**	**15,723**	**17,916**	**(126)**	**-**	**298,331**	**197,528**
Other comprehensive income								
Items that will not be subsequently reclassified into profit or loss:								
Remeasurement gain/(loss)	29	451		-	-	-	-	451
Deferred tax (liability)/asset	(9)	(135)					-	(135)
	20	316	-	-	-	-	-	316
Total comprehensive income	**282,754**	**179,927**	**15,723**	**17,916**	**(126)**	**-**	**298,331**	**197,843**

	Non- life		Life		Takaful		Total	
	30 JUNE 2023	30 JUNE 2022	30 JUNE 2023	30 JUNE 2022	30 JUNE 2023	30 JUNE	30 JUNE 2023	30 JUNE 2022
	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000
ASSETS								
Cash and bank balances	587,904	425,119	82,650	63,409	5,319	-	675,873	488,528
Investment securities	-	-	-	-	-	-	-	-
- Available for sale	641,442	518,751	69,800	64,308	-	-	711,242	583,059
Trade and other receivables	99,360	33,701	11,088	7,684	1,043	-	111,491	41,385
Reinsurance assets	580,101	423,300	1,530	1,498	(11)	-	581,620	424,798
cost	34,786	21,256	-	-	1,146	-	35,932	21,256
Preapid leasehold land	23,602	24,110	-		-	-	23,602	24,110
Other assets	549,567	330,717	1,614	3,008	(1)	-	551,181	333,725
Deferred tax assets	4,194	2,974	-	-	-	-	4,194	2,974
Property, plant and equipment	646,582	556,489	36,506	39,299	-	-	683,088	595,788
Investment properties	93,683	556,489	-		-	-	93,683	-
Intangible assets	18,604	15,280	-	-	-	-	18,604	15,280
Statutory deposits	93,750	77,750	5,250	5,250		-	99,000	83,000
Total assets	**3,373,575**	**2,429,445**	**208,438**	**184,456**	**7,496**	**-**	**3,589,510**	**2,613,902**
LIABILITIES								
Insurance contract liabilities	1,369,771	994,029	6,491	6,489	5,437	-	1,381,698	1,000,518
Insurance payables	201,688	152,398	36,138	27,577	668	-	238,494	179,975
Borrowings	65,298	23,449	-	-	-	-	65,298	23,449
Current income tax liabilitie	31,250	29,384	-	-	-	-	31,250	29,384
Other liabilities	42,035	28,026	(3,585)	2,210	10	-	38,460	30,236
Takaful contract liabilities	5,437	-	-	-	-	-	5,437	-
Retakaful liabilities	313	-	-	-	-	-	313	-
Qard Hassen	-	-	-	-	-	-	-	-
PARTICIPANT'S FUND	-	-	-	-	(126)	-	(126)	-
Total non current liabiliti	1,715,792	1,227,286	39,044	36,276	5,989	-	1,760,825	1,263,562
Deferred tax liabilities	12,087	9,817	-	-	-	-	12,087	9,817
Retirement benefit obligatio	6,978	4,312	-	-	-	-	6,978	4,312
Bank Loan	480,000	320,000	-		-		480,000	320,000
Long Term Other liabilities	27,201	22,854	-		-		27,201	22,854
Total non current liabiliti	526,266	356,983	-	-	-	-	526,266	356,983
Total liabilities	2,242,058	1,584,269	39,044	36,276	5,989	-	2,287,091	1,620,545
Equity								
Share capital	798,953	611,379	35,000	35,000	-	-	833,953	646,379
Retained earnings	199,351	123,152	68,325	52,553		-	267,675	175,705
Other reserve	720	2,812	-	-	-	-	720	2,812
Legal reserve	126,393	98,132	8,409	6,836	-	-	134,801	104,968
Life Fund	-	-	65,270	63,492	-	-	65,270	63,493
Inter office account	6,101	9,701	(7,608)	(9,701)	1,508	-	0	-
Total equity	1,131,518	845,176	169,394	148,180	1,508	-	1,302,420	993,357
Total equity and liabilities	**3,373,575**	**2,429,445**	**208,438**	**184,456**	**7,497**	**-**	**3,589,510**	**2,613,902**

6. Segment information

Segment information is presented in respect of the Company's investment location/rigion for rental income which represents the reginal reporting format and is based on the Company's management and reporting structure.

Revenue in these segments is derived primarily from rental investment income. Expenses for each investment locations that render services are initially paid by the general business segment and transferred to investment locations at cost price.

Rental Investment segments

The Company operates rent income generating invetsments in the following regions:

Addis Ababa,Bahir dar city in Amhara region and Gelan city in Oromia region

The segment information provided by the Management for the reporting segments for the year ended 30 JUNE 2023 is as follows:

6.1 Statement of profit or loss and other comprehensive income for the year ended 30 JUNE 2023

	Addis Ababa		Amhara-Bahirdar		Oromiya-Gelan		Total	
	30 JUNE 2023	30 JUNE 2022	30 JUNE 2023	30 JUNE 2022	30 JUNE 2023	30 JUNE 2022	30 JUNE 2023	30 JUNE 2022
	Birr'000		Birr'000		Birr'000		Birr'000	
Revenue								
Rent Income	12,173	13,115	3,238	2,862	2,588	2,617	17,999	18,594
							-	-
Other operating and administrative expe	151	-	497	535	19	19	667	554
Depreciation expense	6,898	6,898	291	291	984	984	8,173	8,173
Employee benefits expense			204	122			204	122
Total expense	7,049	6,898	992	948	1,003	1,003	9,044	8,849
							-	-
Profit before income tax	5,124	6,217	2,246	1,914	1,585	1,614	8,955	9,745
Income tax expense	(1,537)	(1,865)	(674)	(574)	(475)	(484)	(2,687)	(2,924)
Net Profit for the year	**3,587**	**4,352**	**1,572**	**1,340**	**1,109**	**1,130**	**6,269**	**6,822**

6.2 Statement of financial position for each segment at 30 JUNE 2023

	Addis Ababa		Amhara-Bahirdar		Oromiya-Gelan		Total	
	30 JUNE	30 JUNE	30 JUNE	30 JUNE	30 JUNE	30 JUNE	30 JUNE 2023	30 JUNE
	Birr'000		Birr'000		Birr'000		Birr'000	
ASSETS								
Cash and bank balances							-	
Trade and other receivables	4,392	4,392	-	-	-	-	4,392	4,392
Other assets							-	-
Property, plant and equipment	47,945	54,843	1,307	1,598	14,009	25,863	63,261	82,304
Total assets	**52,337**	**59,235**	**1,307**	**1,598**	**14,009**	**25,863**	**67,653**	**86,696**
LIABILITIES								
Current income tax liabilities	1,537	1,865	674	574	475	484	2,687	2,924
Current liabilities			-	-			-	-
Total liabilities	1,537	1,865	674	574	475	484	2,687	2,924
Equity								
Share capital	47,213	46,801	(939)	(2,230)	12,424	22,635	58,698	67,205
Retained earnings	3,587	4,352	1,572	1,340	1,109	1,130	6,269	6,822
Inter office account	-	6,217	-	1,914	-	1,614	-	9,745
Total equity	50,800	57,370	633	1,024	13,534	25,379	64,967	83,772
Total equity and liabilities	**52,337**	**59,235**	**1,307**	**1,598**	**14,009**	**25,863**	**67,653**	**86,696**
	-	-	-	-	-	-	-	-

		30 JUNE 2023 Birr'000	30 JUNE 2022 Birr'000
7.	**Net premiums**		
7.1	**Gross premiums on insurance contracts**		
	Life insurance	71,028	66,681
	Non-life insurance	971,483	687,569
	Inward reinsurance	40,073	27,376
		1,082,584	**781,626**
	Inward Takaful	1,851	-
	General Takaful Contribution	8,889	-
		10,740	**-**
	Total gross written premium	1,093,324	781,626
	Change in unearned premiums provision	(142,710)	(54,730)
	Change in unearned premiums provision- General Takaful	(4,730)	-
	Total gross premiums	945,884	726,896
7.2	**Premiums ceded to reinsurers on insurance contracts**		
	Life insurance premium ceded	20,865	15,866
	Non-life insurance premium ceded	200,335	160,880
		221,200	**176,746**
	General Retakaful cession	1,389	-
	Total premiums ceded to reinsurers	222,589	176,746
	Total net premiums	723,295	550,150

There were no events in the reporting periods that prompted losses of sufficient size to trigger a recovery from contracts.

		30 JUNE 2023 Birr'000	30 JUNE 2022 Birr'000
8.	**Fee and commission income**		
	Sales commission-LIFE	5,576	4,360
	Sales commissio-NON LIFE	43,251	32,909
	Profit Commission-LIFE	3,970	981
	Profit Commission-NON LIFE	18,410	15,193
	Reinsurance commission income-OUTWARD	2,954	2,684
	Genaera Retakaful cession commission income	75	-
	Genaera Retakaful profit commission income	147	-
	Genaera Retakaful outward cession commission income	55	-
	Total fees and commission income	74,438	56,127

Fee income represents commission received on direct business and transactions ceded to reinsurance during the year under review.

		30 JUNE 2023 Birr'000	30 JUNE 2022 Birr'000
9.	**Net benefits and claims**		
9.1	**Claims expenses**		
	Life insurance contracts	46,938	30,655
	Non-life insurance contracts	331,672	265,697
	General Takaful insurance contracts	559	-
	Total claims expenses	379,169	296,352
9.2	**Claims recovered from reinsurers**		
	Claims recovered from life insurance contracts	(2,575)	(1,749)
	Claims recovered from non-life insurance contracts	(29,698)	(21,224)
	Claims recovered from General Retakaful insurance contracts	-	-
	Total claims recovered from reinsurers	(32,273)	(22,973)
9.3	**Gross change in contract liabilities**		
	Change in life insurance contract liabilities	7,202	11,371
	Change in non-life insurance contract liabilities	68,542	42,270
	Change in non-life insurance contract IBNR provision	20,027	115
	Change in General Takaful insurance contract liabilities	-	-
	Change in General Takaful insurance contract IBNR provision	707	-
	Total gross change in contract liabilities	96,478	53,756
	Net claims incurred	443,374	327,135

		30 JUNE 2023 Birr'000	30 JUNE 2022 Birr'000
10.	**Underwriting expenses**		
	Sales commision paid life	6,801	6,229
	Sales commision paid Non life	53,832	36,272
	Takaful Window operator expenses	3,759	-
		64,392	42,501

			30 JUNE 2023 Birr'000	30 JUNE 2022 Birr'000
11.	**Investment income**			
	Rental income Non Life		8,757	18,594
	Rental income Life		8,106	-
	Dividend income on equity investments non life		128,639	69,349
	Dividend income on equity investments life		5,696	-
	Interest income on cash and short-term deposits	Non life	61,261	50,384
	Interest income on cash and short-term deposits	Life	10,156	7,958
	Total investment income		222,615	146,285

			30 JUNE 2023 Birr'000	30 JUNE 2022 Birr'000
12.	**Other operating income**			
	Wakala fee from Takaful operation		3,815	-
	Capital gain on share disinvestment		16,322	-
	Profit on disposal of property, plant and equipment		2,127	396
	Interest income on staff loans		1,764	641
	Income from towing		521	290
	Sale of bid document		(6)	57
	Sundry income	LIFE	3	16
	Sundry income	NON LIFE	(136)	3,811
			24,410	5,211

	30 JUNE 2023 Birr'000	30 JUNE 2022 Birr'000
13. Other operating and administrative expenses		
Rental expenses	14,538	12,398
Repair and maintenance	5,625	4,155
Car running and maintenance	6,708	3,410
Advertising and publication	3,315	3,858
Communication	2,874	3,052
Printing and stationaries	4,026	2,832
Entertainment	1,492	1,028
Penality and Fines	45	48
Travelling and transportation expenses	1,189	601
Insurance	2,833	1,499
Guarding and office cleaning fee	3,447	2,265
Utilities	657	1,017
Legal and professional fees	1,491	1,527
Audit fees	123	55
Subscription and membership fees	78	783
Donations	5,114	441
Depreciation on property and equipment	11,156	11,055
Amortisation of intangible assets	106	147
Amortisation of leasehold land	503	503
Bank charges	(9)	429
Write-back on provision on bad debt	-	-
Towing expense	430	280
Third party medical contribution	176	255
Sundry expenses	1,877	1,524
	67,794	53,162

	30 JUNE 2023 Birr'000	30 JUNE 2022 Birr'000
14. Employee benefits expense		
Directors Remuneration	1,240	1,185
Salaries and wages	89,138	70,608
Staff allowances	9,850	7,819
Pension costs – Defined contribution plan	9,705	7,602
Pension costs - Defined benefit plans	-	-
Other employee expenses	29,529	20,850
	139,462	108,064

	30 JUNE 2023 Birr'000	30 JUNE 2022 Birr'000
15. Company income tax and deferred tax		
15.1 Current income tax		
Company income tax	31,405	29,383
Prior year (over)/ under provision		
Capital gains tax		
Deferred income tax/(credit) to profit or loss	1,040	-
Total charge to profit or loss	32,445	29,383
Tax (credit) on other comprehensive income		
Total tax in statement of comprehensive income	32,445	29,383

15.2 Reconciliation of effective tax to statutory tax

profit before income tax differs from the theoretical

	30 JUNE 2023 Birr'000	30 JUNE 2022 Birr'000
Profit befor tax for IFRS	329,736	226,911
Tax calculated at statutory tax rate of 30 %	98,921	68,073
Tax on Disallowable expenses	5,070	4,771
Tax on Depreciation Amortisation for tax purposes(Birr 18,830,448.73)	(5,649)	(5,153)
Provision for other assets taxed at 100%	-	-
Tax on interest income from staff loan(30%-10%)	(353)	-
Tax on Dividend income taxed at source	(45,197)	(20,805)
Tax on Interest income taxed at source	(21,425)	(17,503)
Deficit on participants fund	38	-
	31,405	**29,383**

Tax on Disallowable expenses	30 JUNE 2023 Birr'000	30 JUNE 2022 Birr'000
Entertainment	1492	1028
Staff Leave Pay - Provision	3,527	2217
Staff Severance Pay -Provision	574	1407
Penality and Fines	45	48
Marriage expense	-	-
Depreciation for accounting purpose	11156	11055
Amortization for accounting purpose	106	147
	16,900	**15,902**

15.3 Current income tax liability

	30 JUNE 2023 Birr'000	30 JUNE 2022 Birr'000
Balance at the beginning of the year	-22,374	-18,893
Charge for the year:	-31,405	-29,384
Capital gains tax	-	-
Income tax expense	-	-
Prior year (over)/ under provision	-	-
WHT Notes utilised	8,834	7,010
Payment during the year	22,374	18,893
Balance at the end of the year	-22,571	(22,374)

15 Company income tax and deferred tax (Contd)

15.4 Deferred income tax

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets of Birr1230 (1087) for the Company have been recognised as at 30 JUNE 2023 and, 30 JUNE 2022 respectively because it is probable that future taxable profits will be available against which they can be utilised.

	30 JUNE 2023 Birr'000	30 JUNE 2022 Birr'000
The analysis of deferred tax assets is as follows:		
Opening balance	1,887	1,917
Charge for the year	1,230	-
Tax overcharged on previous year	-	(30)
	3,117	**1,887**

	30 JUNE 2023 Birr'000	30 JUNE 2022 Birr'000
The analysis of deferred tax assets/(liabilities) is as follows:		
To be recovered after more than 12 months	(7,883)	-
To be recovered within 12 months	-	-
	-7,883	-

Deferred income tax assets and liabilities, deferred income tax charge/(credit) in profit or loss ("p or l), in equity and other comprehensive income are attributable to the following items:

Deferred income tax assets/(liabilities):	At 1 July 2022 Birr'000	Credit/ (charge) to profit or Birr'000	Credit/ (charge) to equity Birr'000	30 June 2023 Birr'000
Property, plant and equipment	(9,817)	(2,270)		(12,087)
Post employment benefit obligation	2,974	1,230		4,205
	-6,843	-1,040	-	-7,883

Deferred income tax assets/(liabilities):	At 1 July 2021 Birr'000	Credit/ (charge) to profit or Birr'000	Credit/ (charge) to equity Birr'000	30 June 2022 Birr'000
Property, plant and equipment	(8,025)	(1,792)	-	(9,817)
Post employment benefit obligation	1,917	1,057	-	2,974
Total deferred tax assets/(liabilities)	**(6,108)**	**(705)**	-	**(6,843)**
	(6,108)	**(705)**		

	30 JUNE 2023 Birr'000	30 JUNE 2022 Birr'000
16. Cash and bank balances		
Cash in hand	10,676	1,275
Deposits with local banks	173,764	82,838
Fixed time deposits	491,434	404,415
	675,874	488,528

Maturity analysis	30 JUNE 2023 Birr'000	30 JUNE 2022 Birr'000
Current	184,440	84,113
Non- current	491,434	404,415
	675,874	488,528

16.1 Cash and cash equivalents

For the purpose of the cash flow statement, cash and

	30 JUNE 2023 Birr'000	30 JUNE 2022 Birr'000
Cash in hand	10,676	1,275
Deposits with local banks	173,764	82,838
	184,440	84,113

	30 JUNE 2023 Birr'000	30 JUNE 2022 Birr'000
17. Investment securities		
Available for sale:		
Equity Investments	711,242	583,058
	711,242	583,058

Maturity analysis	30 JUNE 2023 Birr'000	30 JUNE 2022 Birr'000
Current	-	-
Non-Current	711,242	583,058
	711,242	583,058

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		30 JUNE 2023 Birr'000	30 JUNE 2022 Birr'000
18.	**Trade and other receivables**		
	Insurance receivables		
	Due from contract holders	20,673	19,324
	Due from reinsurers	22,870	9,536
	Due from retakaful	1,033	-
	Gross amount	44,576	28,860
	Less: Specific impairment allowance (note 17.1)	(19,059)	(19,059)
		25,517	9,801
	Other loans and receivables		
	Other receivables	39,368	24,452
	Staff debtors	46,606	7,132
	Gross amount	85,974	31,584
	Less: Specific impairment allowance (note 17.1.1)	-	-
		85,974	31,584
	Gross amount	111,491	41,385

Maturity analysis	30 JUNE 2023 Birr'000	30 JUNE 2022 Birr'000
Current	40,401	24,452
Non- current	67,279	26,456
	107,680	50,908

18. Trade and other receivables (Contd)

18.1 Impairment allowance on trade and other receivables

A reconciliation of the allowance for impairment losses for loans and receivables by class, is as follows:

	30 JUNE 2023 Birr'000	30 JUNE 2022 Birr'000
At 1 July	19,059	19,059
Recoveries (note 12)	-	-
As at 30 June	19,059	19,059

		30 JUNE 2023 Birr'000	30 JUNE 2022 Birr'000
19.	**Reinsurance assets**		
	Reinsurance receivable on claims paid	19,355	14,618
	Reinsurance recoverable on outstanding claims (note 18.1)	526,110	379,634
	Reinsurance recoverable Claims incurred but not reported IBNR (note 24.1)	36,155	30,546
	Gross amount	581,620	424,798
	Less: Specific impairment allowance (note 18.2)	-	-
		581,620	424,798

At 30 JUNE 2023, the Company management conducted an impairment review according to the national bank of ethiopia directive of the reinsurance assets and there is no additional impairment recognised in the year ended June 30,2023 to be reported in other operating and administrative expenses. The carrying amounts disclosed above in respect of the reinsurance of investment contracts approximate fair value at the reporting date.

During the year, the Company entered into reinsurance arrangements that resulted in profits of Birr 22,527(2022 :16,174). This profit has been reflected in the statement of profit or loss.

		30 JUNE 2023 Birr'000	30 JUNE 2022 Birr'000
19.1	**Reinsurance recoverable on outstanding claims**		
	The movement in claims recoverable is analysed as:		
	Balance at beginning of the year	379,634	339,317
	Increase in recoverable during the year	146,476	40,317
	Balance at end of year	526,110	379,634

		30 JUNE 2023 Birr'000	30 JUNE 2022 Birr'000
19.2	**Impairment allowance on reinsurance assets**		
	Balance at beginning of the year	-	918
	(Recovery)/allowance made during the year for doubtful recoverable	-	-918
	Balance at end of year	-	-

	30 JUNE 2023 Birr'000	30 JUNE 2022 Birr'000
20. Deferred acquisition cost		
Engineering	5,254	4,780
Fire	4,013	2,822
Liability	5,551	5,608
Marine	1,575	1,428
Motor	10,110	-1,021
Accident and health	694	730
Pecuniary	7,623	5,729
Workmens' compensation	702	740
Pvt	365	341
Agriculture	45	98
Deferred acquisition cost	35,932	21,256

This represents commission on unearned premium relating to the unexpired tenure of risk.

	30 JUNE 2023 Birr'000	30 JUNE 2022 Birr'000
21. Other assets		
Prepaid staff expense	-	100
Withholding tax receivable	10,190	9,018
Bid security for federal courts execution directorate payment	2,480	462
Prepayments	500,410	310,822
Salvage Available for sale	4,475	10,550
Prepaid staff benefit	3,290	2,488
Deposit-Fuel and Phone	705	285
DBE Bond	29,630	-
	551,180	333,725

Maturity analysis	30 JUNE 2023 Birr'000	30 JUNE 2022 Birr'000
Current	12,670	9,480
Non- current	538,510	324,245
	551,180	333,725

	Buildings Birr'000	Motor vehicles Birr'000	Computer and accessories Birr'000	Office furniture and equipment Birr'000	Constructio n in progress Birr'000	Total Birr'000
22. Property, plant and equipment						
Cost						
As at 1 July 2022	119,676	59,196	16,548	41,408	432,988	669,816
Additions	-	11,099	5,221	1,564	173,485	191,369
Disposals	-				-	-
Reclassification	-	-	-	-	-	-
As at 30 JUNE 2023	119,676	70,295	21,769	42,972	606,473	861,185
Accumulated depreciation						
As at 1 July 2022	11,795	32,254	10,152	19,827	-	74,028
Prior year adjustment					-	-
Charge for the year	2,272	4,130	1,404	2,580		10,386
Disposals					-	-
As at 30 JUNE 2023	14,067	36,384	11,556	22,407	-	84,414
Net book value						
As at 30 JUNE 2021	107,881	26,942	6,396	21,581	432,988	595,788
As at 30 JUNE 2022	105,609	33,911	10,213	20,565	606,473	776,771

In the year ended June

23. Intangible Assets

	Cost Birr'000	Amortisation Birr'000	Net book value Birr'000
As at 1 JULY 2022	19,837	(4,557)	15,280
Additions/(amortisation)	3,429	(105)	3,324
As at 30 JUNE 2023	23,266	(4,662)	18,604

24. Statutory deposits

		30 JUNE 2023 Birr'000	30 JUNE 2022 Birr'000
Statutory deposits	**Non Life**	93,750	77,750
Statutory deposits	**Life**	5,250	5,250
		99,000	83,000

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deposits made with National Bank of Ethiopia (NBE) in accordance with Article 20 of

	30 JUNE 2023 Birr'000	30 JUNE 2022 Birr'000
25. Insurance contract liabilities		
Non-life insurance contracts		
- Claims reported and loss adjustment expenses (note 24.1)	855,162	640,552
- Claims incurred but not reported IBNR (note 24.1)	103,491	77,855
- Unearned premiums (note 24.2)	416,554	275,622
	1,375,207	994,029
General Takaful insurance contracts		
- Claims reported and loss adjustment expenses (note 24.1)	-	-
- Claims incurred but not reported IBNR (note 24.1)	707	-
- Unearned premiums (note 24.2)	4,730	-
	5,437	-
Life insurance contracts		
- Claims reported and loss adjustment expenses (note 24.1)	6,491	6,489
	6,491	6,489
Total insurance liabilities, gross	1,381,698	1,000,518
Recoverable from reinsurers		
Non-life insurance contracts		
Reinsurance recoverable on outstanding claims (note 18.1)	524,580	378,136
Reinsurance recoverable Claims incurred but not reported IBNR (note 24.1)	36,155	30,546
Prepaid re-insurance (note 18.2)	-	-
	560,735	408,682
Life insurance contracts		
Reinsurance recoverable on outstanding claims (note 18.1)	1,530	1,498
	1,530	1,498
Total reinsurers' share of insurance liabilities	562,265	410,180
Non-life insurance contracts		
- Claims reported and loss adjustment expenses (note 24.1)	330,582	262,416
- Claims incurred but not reported IBNR (note 24.1)	67,336	47,309
- Unearned premiums (note 24.2)	416,554	275,622
	814,472	585,347
Life insurance contracts		
Reinsurance recoverable on outstanding claims (note 18.1)	4,961	4,991
	4,961	4,991
Total insurance contract liabilities, net	819,433	590,338

25. Insurance contract liabilities (Contd)

Maturity analysis	30 JUNE 2023 Birr'000	30 JUNE 2022 Birr'000
Current	335,543	267,407
Non- current	483,890	322,931
	819,433	590,338

The gross claims reported, the loss adjustment expenses liabilities and the liability for claims incurred but not reported are net of expected recoveries from salvage and subrogation. The amounts for salvage and subrogation at the end of years are not material.

Movements in insurance liabilities and reinsurance assets is detailed below:

	30 JUNE			30 JUNE 2022		
	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000
	Gross	Reinsuranc	Net	Gross	Reinsurance	Net
25.1 Claims and loss						
At 1 July	718,407	(408,682)	309,725	613,763	(354,423)	259,340
Notified claims	593,779	(152,053)	441,726	356,166	(54,259)	301,907
Incurred but not reported	25,636	-	25,636	14,175	-	14,175
Total at beginning of year	1,337,822	(560,735)	777,087	984,104	(408,682)	575,422
Cash paid for claims settled in year						
Increase in liabilities:						
- Arising from current-year cla	(254,327)	-	(254,327)	(166,189)	-	(166,189)
- Arising from prior-year clain	(124,842)	-	(124,842)	(99,508)	-	(99,508)
	(379,169)	-	(379,169)	(265,697)	-	(265,697)
As at 30 June	958,653	(560,735)	397,918	718,407	(408,682)	309,725

	30 JUNE 2023			30 JUNE 2022		
	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000
	Gross	Reinsuranc	Net	Gross	Reinsurance	Net
25.2 Provisions for unearned						
Unearned premium provision						
At 1 July	275,622		275,622	216,516	-	216,516
Increase in the period	140,932		140,932	59,106	-	59,106
Release in the period	-		-		-	-
As at 30 June	416,554	-	416,554.00	275,622		275,622

25. Insurance contract liabilities (Contd)

25.3 Life insurance contracts	30 JUNE 2023 Birr'000	30 JUNE 2022 Birr'000
At 1 July	63,493	67,868
Increase(Decrease) in life fund	-	-
Actuary Surplus Distributed to Shareholders	1,777	(4,375)
As at 30 June	65,270	63,493

actuarial valuation to
determine the actuarial

	30 JUNE 2023 Birr'000	30 JUNE 2022 Birr'000
Actuarial liabilities/Life fund Beginning	63,493	67,868
Increase(Decrease) in life fund of the period	-	-
Actuary Surplus Distributed to Shareholders	1,777	-4,375
Actuarial liabilities/Life fund Ending	65,270	63,493

26. Insurance payables

	30 JUNE 2023 Birr'000	30 JUNE 2022 Birr'000
26.1 General Insurance		
Due to reinsurers	184,091	128,295
Due to sales agents and brokers	36,134	24,220
Due to third parties	2,751	12,924
Unclaimed payment	15,518	14,536
	238,494	179,975
26.2 General Takaful		
Due to reinsurers	313	-
	313	-

The carrying amounts disclosed above approximate fair value at the reporting date. All amounts payable on direct insurance business and assumed reinsurance business are payable within one year.

27. Borrowings

	30 JUNE 2023 Birr'000	30 JUNE 2022 Birr'000
Short term borrowings	65,298	23,449
Long term borrowings	480,000	320,000
	545,298	343,449

27.1 Reconciliation of bank borrowings

A reconciliation of the changes in borrowings is as follows:

	30 JUNE 2023 Birr'000	30 JUNE 2022 Birr'000
Balance at the beginning of the year	343,449	128,319
Proceeds from borrowings	201,849	215,130
Repayment of borrowings	-	-
Accretion of interest		-
Balance at the end of the year	545,298	343,449

28. Other liabilities

	30 JUNE 2023 Birr'000	30 JUNE 2022 Birr'000
Financial liabilities		
Retention payable	8,647	5,640
Pension fund payable	1,484	1,040
Provident fund payable	2	(23)
Lease land payable	2,770	3,475
Third party motor insurance	681	597
Sundry payables	9,430	3,179
	23,014	13,908
Other non financial liabilities		
Deferred revenue	15,895	14,380
Withholding tax payables	835	690
Valued added tax payables	677	2,150
Employee income tax payable	2,533	1,647
Accruals	12,430	9,052
Provisions	1,842	1,845
Stamp duty	48	47
Dividend payable	8,388	9,369
	42,648	39,180
Gross amount	**65,662**	**53,090**

Maturity analysis	30 JUNE 2023 Birr'000	30 JUNE 2022 Birr'000
Current	38,461	30,236
Non-current	27,201	22,854
	65,662	53,090

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Head Office

	30 JUNE 2023 Birr'000	30 JUNE 2022 Birr'000
29. Retirement benefit obligation		
Defined benefits liabilities:		
– Severance benefit plan (note 27.1)	6,978	4,312
Liability in the statement of financial position	**6,978**	**4,312**
Income statement charge included in personnel expenses:		
– Severance benefit plan (note 27.1)	574	1,407
Total defined benefit expenses	**574**	**1,407**
Remeasurements for:		
– Severance benefit plan (note 27.1)	2,092	(451)
	2,092	**(451)**

The income statement charge included within

The severance benefit plan is

(i) *Severance benefit plan*

based on the statutory severance benefit as set out in Labour Proclamation No. 377/2003, as amended by the

	30 JUNE 2022 Birr'000	30 JUNE 2022 Birr'000
A Liability recognised in the financial position		
Retirement benefit obligation	6,978	4,312

B Amount recognised in the profit or loss	30 JUNE 2023 Birr'000	30 JUNE 2022 Birr'000
Current service cost	-38	867
Interest cost	612	540
	574	1,407

29. Retirement benefit obligation (Contd)

	30 JUNE 2023 Birr'000	30 JUNE 2022 Birr'000
C Amount recognised in other comprehensive income:		
Actuarial (Gains)/Losses on demographic assumptions	2,093	-451
Actuarial (Gains)/Losses on economic assumptions	-1	-
	2,092	(451)
Deferred tax (liability)/asset on remeasurement gain or loss		-
	2,092	(451)

D Changes in the present value of the defined benefit obligation

	30 JUNE 2023 Birr'000	30 JUNE 2022 Birr'000
At the beginning of the year	4,312	3,356
Current service cost	-38	867
Interest cost	612	540
Remeasurement (gains)/losses arising from changes in demographic assumptions	2,093	(451)
Remeasurement (gains)/losses arising from changes in the financial assumptions	(1)	-
Benefits paid		
At the end of the year	6,978	4,312

E The principal assumptions used in determining defined benefit obligations

	30 JUNE 2023 Birr'000	30 JUNE 2022 Birr'000
Discount rate (p.a)	14.30%	14.25%
Long term salary increases (p.a)	12.30%	12.25%

(i) Discount rate

In Ethiopia, there is neither a deep market in corporate nor government bonds. Furthermore, the market for treasury bills in Ethiopia is inefficient and does not appear to be market determined. IAS19 does not provide guidance for setting the discount rate in a country with limited government bonds or instruments.

(ii) Long term salary increases

The salary increase has been determined by the management as mutually compatible rate taking into account the likely future economic scenarios of the country.

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29. Retirement benefit obligation (Contd)

(iii) Mortality rate

Mortality is normally expressed as the probability of death within the next year for an individual of a specifc age. Different mortality rates are thus set for each age group (higher rates for older people) and this set of rates is referred to as a mortality table.

The mortality table used for the current employees was A1949/52 as published by the Institute of Actuaries.

	30 JUNE 2023		30 JUNE 2022	
	Males	**Females**	**Males**	**Females**
20	0.111%	0.111%	0.111%	0.111%
25	0.112%	0.111%	0.112%	0.111%
30	0.116%	0.113%	0.116%	0.113%
35	0.132%	0.120%	0.132%	0.120%
40	0.188%	0.147%	0.188%	0.147%
45	0.330%	0.231%	0.330%	0.231%
50	0.599%	0.420%	0.599%	0.420%
55	1.035%	0.750%	1.035%	0.750%
60	1.720%	1.272%	1.720%	1.272%

(iv) Withdrawals from service

The withdrawal rate selected

	30 JUNE 2023		30 JUNE 2022	
	Males	**Females**	**Males**	**Females**
20	15.00%	15.00%	15.00%	15.00%
25	12.00%	12.00%	12.00%	12.00%
30	6.00%	6.00%	6.00%	6.00%
35	2.50%	2.50%	2.50%	2.50%
40	1.80%	1.80%	1.80%	1.80%
45	1.00%	1.00%	1.00%	1.00%
50	0.18%	0.18%	0.18%	0.18%
55	0.08%	0.08%	0.08%	0.08%
60	0.08%	0.08%	0.08%	0.08%

(v) Ill-health / Disability

	30 JUNE 2023		30 JUNE 2022	
	Males	**Females**	**Males**	**Females**
20	0.040%	0.040%	0.040%	0.040%
25	0.040%	0.040%	0.040%	0.040%
30	0.040%	0.040%	0.040%	0.040%
35	0.040%	0.040%	0.040%	0.040%
40	0.063%	0.050%	0.063%	0.050%
45	0.110%	0.080%	0.110%	0.080%
50	0.200%	0.140%	0.200%	0.140%
55	0.350%	0.250%	0.350%	0.250%
60	0.570%	0.420%	0.570%	0.420%

(vi) Duration of the plan

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years. The average duration of the retirement benefit obligation at the end of the reporting period is 8.2 years (30 JUNE 2022: 9.05 years)

29. Retirement benefit obligation (Contd)

Quantitative sensitivity analysis for significant assumption

The sensitivity of the overall defined benefit liability to changes in the weighted principal assumption is:

		Impact on defined benefit obligation			
		30 JUNE 2023		30 JUNE 2022	
	Change in assumption	Impact of an increase	Impact of a decrease	Impact of an increase	Impact of a decrease
		Birr'000	Birr'000	Birr'000	Birr'000
Discount rate	1.0%	(402)	456	(253)	288
Long term salary increases	1.0%	441	(394)	276	(246)
Mortality rate	10.0%	182	(184)	-	-

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The following payments are expected contributions to be made in for the next five (5) years out of the defined benefit plan obligation:

	30 JUNE 2023	30 JUNE 2022
	Birr'000	Birr'000
Within the next 12 months (next annual reporting period)	97	-
Between 1 to 5 years	101	-
Above 5 years	6,780	4,312
	6,978	4,312

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G Risk exposure

Through its post-employment benefit schemes, the Company is exposed to a number of risks. The most significant of which are detailed below:

(i) *Liquidity risk*

The defined liabilities are unfunded and as a result, there is a risk of the Company not having the required cash flow to fund future defined benefit obligations as they fall due.

(ii) Life expectancy

The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the schemes' liabilities. This is particularly significant, where inflationary increases result in higher sensitivity to changes in life expectancy.

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	30 JUNE 2023 Birr'000	30 JUNE 2022 Birr'000
30. Share capital		
Authorised:		
Ordinary shares of Birr 1000 each	1,000,000	1,000,000
Issued and fully paid:		
Paid up share capital	833,953	646,379

The subscribed capital of the Company is Birr 1 Billion divided into 1Milion shares of Birr 1,000 par value each. The current paid up capital is 833,953,000.00 (2021: Birr646,379,000.00)

31. Earnings per share

Basic earnings per share (EPS) is calculated by dividing the profit after taxation by the weighted average number of ordinary shares in issue during the year.

	30 JUNE 2023 Birr'000	30 JUNE 2022 Birr'000
Profit attributable to shareholders	298,331	197,528
Weighted average number of ordinary shares in issue	753,187	582,801
Basic & diluted earnings per share (Birr)	396	339

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. There were no potentially dilutive shares at the reporting date (30 JUNE 2021:nil), hence the basic and diluted earning per share have the same value.

	30 JUNE 2023 Birr'000	30 JUNE 2022 Birr'000
32. Retained earnings		
At the beginning of the year	175,705	119,297
Profit/ (loss) for the year	298,331	197,528
Re-measurement gains on defined benefit plans (net of tax)	-	-
prior year proft tax adjustment	223	(1,360)
Transfer to deffered asset	1,230	1,087
Transfer to deffered liability	(2,270)	(1,792)
Transfer to legal reserve	(29,833)	(19,753)
Board of directors profit sharing	(1,350)	(1,350)
Dividends paid	(174,361)	(117,947)
Transfer to other reserve	-	-
At the end of the year	267,675	175,705

33. Other reserve

	30 JUNE 2023 Birr'000	30 JUNE 2022 Birr'000
At the beginning of the year	2,812	2,361
Re-measurement gains on defined benefit plans	-2,092	451
At the end of the year	720	2,812

34. Legal reserve

	30 JUNE 2023 Birr'000	30 JUNE 2022 Birr'000
At the beginning of the year	104,968	85,216
Transfer from profit or loss	29,833	19,753
At the end of the year	134,800	104,968

35. Life fund reserves

	30 JUNE 2023 Birr'000	30 JUNE 2022 Birr'000
At the beginning of the year	63,493	67,868
Transfer from profit or loss	-	-
Actuary Surplus Distributed to Shareholders	1,777	-4,375
At the end of the year	65,270	63,493
Transfer from(to) life fund	-	-

	Notes	30 JUNE 2023 Birr'000	30 JUNE 2022 Birr'000
36. Cash generated from operating activities			
Profit before tax		329,736	226,911
Adjustments for non- cash items:			
Depreciation of property, plant and equipment	22	11,156	11,055
Amortisation of intangible assets	23	106	147
Retirement benefit obligations	29	574	1,407
Changes in working capital:			
-Increase/ (Decrease) in trade and other receivables	18	(70,106)	2,981
-Increase/ (Decrease) in reinsurance assets	19	(156,822)	(53,557)
-Increase/ (Decrease) in deferred acquisition costs	20	(14,676)	(6,055)
-(Decrease)/ Increase in prepaid lease hold land	-	507	508
-(Decrease)/ Increase in other assets	21	(217,455)	(201,115)
-(Decrease)/ Increase in defered tax assets	15	(1,230)	(30)
-Decrease/ (Increase) in fixed time deposits	16	(87,019)	(45,961)
-Increase/ (decrease) in Insurance contract liabilities	25	381,180	161,520
-Increase/ (decrease) in insurance payables	26	58,832	44,949
-Increase/ (decrease) in current income tax liabilities	15		-
-Increase/ (decrease) in defered tax payables	15	2,270	-
-Increase/ (decrease) in other liabilities	28	12,572	(8,316)
-(Decrease)/ Increase in Retirement benefit obligatior	29	2,666	956
		252,292	135,400

In the statement of cash flows, profit on sale of property, plant and equipment compris

	30 JUNE 2023 Birr'000	30 JUNE 2022 Birr'000
Proceeds on disposal	2,127	396
Net book value of property, plant and equipment disposed (Note 11)	-	-
Gain/(loss) on sale of property, plant and equipment	2,127	396

37. Related party transactions

The Licensing & Supervision of Insurance Business Directive No SIB/53/2012 of the National Bank of Ethiopia defined a related party as a shareholder, a director, a chief executive officer, or a senior officer of a Insurance Company and/or their spouse or relation in the first degree of consanguinity or affinity; and a partnership, a common enterprise, a private limited company, a share company, a joint venture, a corporation, or any other business in which officers of the Company and/or their spouse or relation in the first degree of consanguinity or affinity of the officers of the Company has business interest as shareholder, director, chief executive officer, senior officer, owner or partner . The directive stipulates that the identification of related parties shall be the responsibility of the Company.

From the above, only directors were identified to be related parties to the Company.

	30 JUNE 2023	30 JUNE 2022
	Birr'000	Birr'000
37.1 *Transactions with related parties*		
Loans to Directors		
	-	-

The balance with related parties complies with the limitations on loans and advances stipulated in the directive. The aggregate sum of loans or advances extended to one related party at any one time should not exceed 15% of the total capital of the Company. There were no any transactions with related parties for the periods under consideration.

37. Related party transactions (Contd)

37.2 *Key management compensation*

Key management has been determined to be the members of the Board of Directors and the Senior Management team of the Company.

Directors are renumerated as per Directive No. SIB/46/2018 of National Bank of Ethiopia which limited payments to Directors to be Birr 150,000 per annum and Birr 10,000 transportation alowance every month. The current balance is composed of monthly allowances paid during the year.

	30 JUNE 2023	2022
	Birr'000	Birr'000
Salaries and other short-term employee benefits	2,184	1,536
Post-employment benefits	240	169
Representation allowance	218	154
Housing allowance	396	396
	3,039	2,255

38. Directors and employees

i) The average number of persons (excluding directors) employed by the Company during the year was a

	30 JUNE 2022	2021
	Number	Number
Professionals and High Level Supervisors	74	74
Semi-professional, Administrative and Clerical	247	247
Technician and Skilled	65	42
Custodian	53	31
	439	394

39. Contingent liabilities

39.1 Claims and litigation

In the opinion of the Directors, there were no contingent liability on balance sheet date which could have a material effect on the state of affairs of the Company as at 30 JUNE 2023.

40. Commitments

The Company has no commitments, not provided for in these financial statements as at the date of this report. (30 JUNE 2022: nil,) for purchase of various capital items.

41. Operating lease commitments - Company as lessee

The Company leases various properties under non-cancellable operating lease agreements. The lease terms are between two and five years, and majority of these lease agreements are renewable at the end of each lease period at market rate.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	30 JUNE 2023 Birr'000	2022 Birr'000
No later than 1 year		
Later than 1 year and no later than 2 years		
Later than 2 years but not later than 5 years		
Total		

42. Events after reporting period

In the opinion of the Directors, there were no significant post balance sheet events which could have a material effect on the state of affairs of the Company as at 30 JUNE 2023 and on the profit for the period ended on that date, which have not been adequately provided for or disclosed.

No	Department	Tel. No. Office	Fax No. Office	P.O. Box
1	CEO OFFICE	011-442-57-54	011442-60-08	12836
2	FINANCE & INVESTMENT	011-442-58-36	011-470-75-48	12836
3	RESOURCE MANAGEMENT	011-442-58-07	011-442-57-95	12836
4	MARKETING & BRANCH OPERATIONS	011-442-58-38	011-470-75-48	12836
5	CLAIMS	011-442-58-37	011-470-85-78	12836
6	ENGINEERING	011-442-58-50	011-44206008	12836
7	LEGAL	011-470-77-75	011-442-57-95	12836
8	INFORMATION TECHNOLOGY	011-442-58-42	011-442-57-95	12836
9	INTERNAL AUDIT	011-442-58-54	011-442-60-08	12836
10	PROJECT OFFICE	011-442-58-13	011-442-57-95	12836
11	RE-INSURANCE DIVISION	011-442-41-20	011-442-57-95	12836
12	TAKAFUL WINDOW DIVISION	011-442-58-49	011-442-60-08	12836

Addis Ababa Branches

No	Branch Name	Tel. No. Office	Fax No. Office	P.O. Box
1	Leghar	011-5514999/011-5514365	011-5514419	12836
2	Kirkos	011-5510496/011-5531715	011-5507836	12836
3	Life Branch	011-5514329/011-5546749	011-5536624	12836
4	Abakoran	011-2779567/011-2779568	011-2779797	12836
5	Addis Ketema	011-2756389/011-2772155	011-2772058	12836
6	Bekelobet	011-4655289/011-4655262	011-4655308	12836
7	Bole	011-5546702/011-5526907	011-5526908	12836
8	Gerji	011-6298031/011-6298032	011-6294564	12836
9	Gotera	011-4426016/011-4426013	011-4426008	12836
10	Megenagna	011-6188464/011-6620681	011-6635607	12836
11	Tewodros	011-1559967/011-1552585	011-1559968	12836
12	Kality	011-4400963/011-4400962	011-4400961	12836
13	CMC	011-6675685/011-6675660	011-6675644	12836
14	Lideta	011-5576230/78	011-5576291	12836
15	T/Medhanialem	011-6672665/49	011-6672633	12836
16	Addisu Gebya	011 126 8389/011 126 8398	011126 8408	12836
17	Lebu	011 471 0911/011 471 0905	011471 0883	12836
18	Gofa	011 470 0843/011 470 0846	011 4700826	12836
19	Urael	0115620270	0115620046	12836
20	Kolfe	0112739839	0112739217	12836
21	Arat Kilo	0111261301	0111261304	12836
22	Gulelle	0111262982	0111262354	12836
23	Beshale	0116-661482	0116-66-14-81	12836
24	Salo Gora	0114709651	0114709252	12836
25	GurdShola	0116671838	0116671780	12836
26	Kazanches	0115585683	0115585683	12836
27	Kazanches-Life branch	0115587280	0115585683	12836
28	Arada	0111702003	0111702004	12836
29	Jemo	0114625390		12836
30	Betel	0118133985		12836
31	Ayat	0116391136		12836
32	Ayer tena	0113693959		12836
33	Bole Bulbula	0118699050/0114719554		12836
34	Abebe Bikila	0116734294		12836
35	Hayahulet	0116353895		12836
36	Mekanisa	0113209193		12836
37	Africa Union	0116378734		

Outlying Branches Address

No	Branch Name	Tel. No. Office	Fax No. Office	P.O.Box
1	Hawassa	046-2201262	046-2204032	529
2	Bahir Dar	058-2201646/058-2203662	058-2201783	999
3	Dessie	033-1120879/ 033-1113731	033-1120878	1076
4	Dire Dawa	025-1110840/025-1120973	025-1111780	419
5	Gondar	058 - 111 9868	058-111 9880	90
6	Mekele	034-4408485	034-440 6499	545
7	Adama	022-1114427/ 022-1114428	022-1120348	358
8	Debre Markos	058-7716907/058-7716873	058-7711921	485
9	Dilla	046 - 331 2497	046-3312498	235
10	Jimma	047-1114577/047-1114588	047-1114528	1327
11	Wolayita	046-551 4441	046-5514414	448
12	Woldiya	033 - 331 0976	033-3310224	92
13	Butajira	046-1150088	046-1150929	187
14	Debre Birhan	011 - 637 5100	011-681 4635	281
15	Humera	034-448 0820/034-4481098	058-111 4590	96
16	Mizan Teferi	047-135 0200	047-135 0206	437
17	Nekmte	057- 661 1574	057-661 1553	246
18	Semera	033-366 5349	033-3663619	1076
19	Shire	034-4440858	034-2440837	12836
20	Bishoftu	011-4306467	011-4308435	12836
21	Hosaena	046-1788296	0461787057	12836
22	Injibara	0582271813	0582271725	12836
23	Belay Zeleke B/dar	0582266073		12836
24	Finote Selam			12836
25	Sekota Contact Office	033 - 331 0976	033-3310224	12836
26	Worabe office Contact Office	046-1150088	046-1150929	12836
27	Tepi Contact Office	047-135 0200		

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Nile Insurance Company S.C.

Managment Staffs

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