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AFRICA INSURANCE COMPANY (S.C)

አመታዊ ሪፖርት

2015 ዓ.ም

ANNUAL REPORT

2022/23

የላቀና ጥራት ያለው አገልግሎት መስጠት ቃል ኪዳናችን ነው!

Committed to Excellence & Quality Service !

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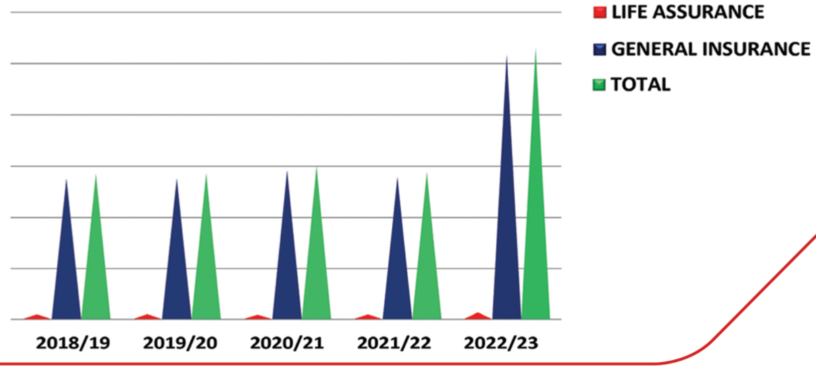
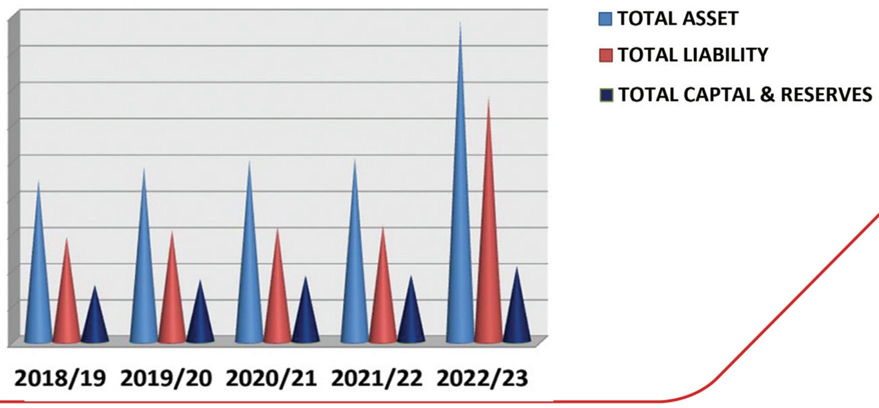
AFRICA INSURANCE COMPANY (S.C)

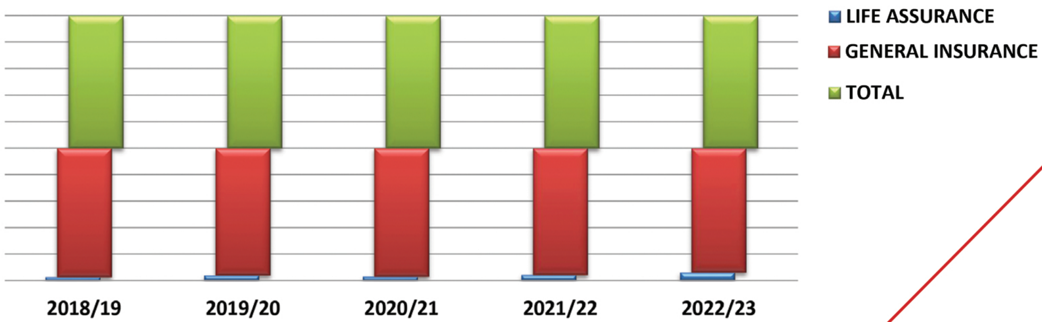
AFRICA INSURANCE COMPANY (S.C.)
GROSS PREMIUM



AFRICA INSURANCE COMPANY (S.C.)
TOTAL ASSET, LABILITY & CAPITAL



AFRICA INSURANCE COMPANY (S.C.)
NET CLAIMS INCURRED



AFRICA INSURANCE COMPANY (S.C.)
PROFIT BEFOR TAX

አፍሪካ ኢንሹራንስ ኩባንያ (አ.ማ.)
AFRICA INSURANCE COMPANY (S.C)

Mission

To provide reliable and quality general and long term insurance products and services in the best interest of our existing and potential customers at a competitive price. These will be attained by deploying highly competent and motivated employees, modern technology and ensuring long term and sustainable growth of profit, productivity and maximizing the overall wealth of its shareholders.

Vision

To outshine as the most perferred insurance company in the nation.

Values

- Trustworthiness
- Integrity
- Transparency
- Team Work
- Service Excellence
- Employee Focused
- Customer Focused
- Corporate Citizenships

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Committed to Excellence & Quality Service !

CONTENTS

NOTICE

Notice of the 28th Ordinary Annual General Meeting

In accordance with the Provisions of Articles 366,367,370 and 393 of the Commercial Code of Ethiopia Proc.1243/2021 and Article 17 of the Company's Articles of Association, notice is hereby given to all Shareholders that the 28th Ordinary Annual General Meeting of Shareholders of Africa Insurance Company, (S.C) will be held on Thursday, November 23, 2023 at 9:00 am(Morning) at Hilton Addis Hotel to transact the following businesses:-

1. The Agenda for the 28th Annual General Meeting

After ascertain the attainment of quorum of the meeting;

1.1. To approve the Agenda items of the meeting;
1.2. To hear and endorse share transfers conducted for the year 2022/23 and accept new share holders thereof;
1.3. To hear and approve the report of the Board of Directors for the year 2022/23;
1.4. To hear and approve the Auditor's report for the year 2022/23;
1.5. To decide on the appropriation of the net result (Profit) of the Company for the year 2022/23;
1.6. To hear and approve measures taken by NBE regarding board of directors election held on 27th general annual meeting ;
1.7. To hear and approve the newly appointed member of BOD in fulfillment of the required Number of directors;
1.8. To approve Board remuneration for the year 2022/23 and their monthly allowance for the year 2023/24;
1.9. To approve the minutes of the AGM;
1.10. Any other Businesses;

Note:-

- Shareholders who might not be able to attend the Meeting in person, may fill proxy forms three working days prior to the Meeting at the Head Office of the company located at Bole Rwanda on the New Building of the Company on the 11th floor of the Building; or may participate in the meeting through their respective representatives bearing duly registered and authenticated letters(s) of power of attorney issued through a Notary Office.
- Shareholders or Proxies or Representatives bearing duly registered & authenticated letters of power of Attorney may participate in the meeting producing/submitting original/ copies of:-
    - Renewed Id Cards or passports of both the representers and the represented.
    - Letters of power of attorney.

Company's Secretery

BY ORDER OF THE BOARD OF DIRECTORS OF
AFRICA INSURANCE COMPANY (S.C)

BOARD
OF DIRECTORS

Dr. Aklilu Wubet
Chairman

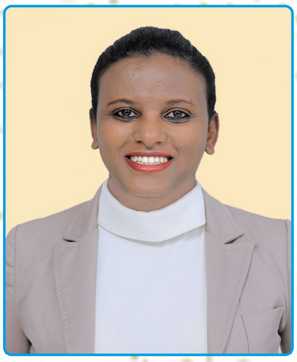
Ato Alemu Berhe
Vice Chairman

Ato Birhanu Tadesse
Director

Ato Getachew Tadesse
Director

Ato Fikadesilassie Beza
Director

Ato Abdurahman Abdulbaki
Director



W/ro Mekdes G/Tsadik
Director

W/ro Amsal Kasahun
Director

Ato Yisak Kebede
Company's Secretary

EXECUTIVE
Management

Ato Kiros Jiranie
Managing Director - CEO

Ato Kassahun Begashaw
Deputy Managing Director

Ato Bedilu Mekonnen
Manager, Risk Management & AML-CFT Compliance Department

Ato Yohannes Hailu
Manager, Claims Department

Ato Daniel Teweldebrhan
Manager, Finance and Investment Department

Ato Demis Abera
Manager, U/W & Branch Operations Department

Ato Tesfaye Girma
Manager, HRD & Property Administration Service

Ato Tesema Hidetu
Manager, Audit Service

Ato Mezmur Hawaz
Manager, Reinsurance Service

Ato Estifanos Emiru
Engineering Service Representative

Ato Michael Mesfin
Manager, Legal Service

Ato Dejenie Megersa
Manager, IT Service

BOARD OF DIRECTORS' REPORT

The Board of Directors of Africa Insurance Company (S.C.) has the pleasure in submitting the statement of financial position of the Company as at 30th June 2023, the related statement of profit and loss and other comprehensive income, statement of change in equity and statement of cash flow. The Report covering the financial year, 2022-23 is presented hereunder:

ETHIOPIAN ECONOMIC OVERVIEW

Real GDP growth fell to 5.3% in 2022 from 5.6% in 2021 but remained above East Africa's average (4.7% in 2021 and 4.4% in 2022). Supply-side drivers of growth were industry and services, and demand-side drivers were private consumption and investment. Inflation rose to 34% in 2022 from 26.6% in 2021. Both growth and inflation were adversely impacted by internal conflict, drought, and the effects of Russia's invasion of Ukraine on commodity prices. The fiscal deficit widened to 4.2% of GDP in 2022 from 2.8% in 2021 due to higher defense spending and weak revenue performance. The banking sector, dominated by state-owned banks, is stable, although the nonperforming loans ratio was 5.4% in 2021, above the required 5.0% due to conflict-induced project stalling. The current account deficit deteriorated to 4.0% of GDP in 2022 from 3.2% in 2021 due to higher prices for commodity imports. International reserves declined to about 1 month of import cover in 2022 from 2.2 months in 2021. Public and publicly guaranteed debt declined to 50.1% of GDP (with external debt at 23.6% of GDP) in 2022 from 51.0% in 2021. Ethiopia benefited from the G20 Debt Service Suspension Initiative in 2020–21. However, Ethiopia's application for the G20 Common Framework for debt restructuring in 2021 saw Fitch and S&P downgrade its sovereign rating from B to CCC. Income per capita grew 2.7% in 2022, but internal conflict and drought increased humanitarian support requirements from 15.8 million people in 2021 to 20 million in 2022. GDP is projected to grow 5.8% in 2023 and 6.2% in 2024, driven by industry, private consumption, and investment. Inflation is projected to decline to 28.1% in 2023 and 20.1% in 2024. ***(African Development Bank Outlook 2022).***

ETHIOPIAN FINANCIAL SECTOR

By the end of the third quarter of 2022/23, the number of banks in Ethiopia reached 30, of which 28 were private and 2 state owned. These banks have opened 746 new bank branches during the review quarter, there by increasing the total number of bank branches to 10,967. As a result, the ratio of population to bank branch stood at 9,7871 . Of the total bank branches, 32.1% were located in Addis Ababa. About 94.9% of the new bank branches were opened by private banks. State owned banks accounted for 20.4% of the total bank branches while private banks took 79.6% share. Meanwhile, total capital of the banking system reached birr 234.1 billion of which private banks accounted for 64 percent and state owned banks (Commercial Bank of Ethiopia and Development Bank of Ethiopia) 36 percent. The banking sector disbursed Birr 123 billion in new loans during the review quarter, signifying 13 percent annual growth. Of the total new loans disbursed, the share of state owned banks was 39.6 percent and that of private banks 60.4 percent. Agriculture (25.7 percent), international trade (16.8 percent), domestic trade (15.6 percent), manufacturing (10.5 percent), building and construction (9.6 percent), and consumer & staff loans (9.5 percent) were the main beneficiaries of the fresh loans. In the meantime, the banks collected Birr 97.3 billion in loans, which was 78.2 percent higher than a year earlier depicting improvements in the banks' capacity to collect disbursed loans and loan servicing ability of customers. Of the total loan collection, 71.6 percent was collected by private banks and 28.4 percent by state owned banks. Total outstanding credit of the banking system (including corporate bond) increased to Birr 1.9 trillion depicting 27.7 percent year-on-year growth. About 99.5 percent of the total outstanding credit of private banks was claims on cooperatives and private enterprises.

Insurance companies numbered 18, of which 17 were private and 1 state owned. While the number of insurance companies remained static, their branches went up to 732 from 673 a year ago showing a 8.8 percent annual expansion. Of the total branches, about 56.4 percent were located in Addis Ababa signifying their concentration in a single capital city. Likewise, total capital of insurance companies increased to Birr 15.3 billion from 12.5 billion last year, of which private insurance companies accounted for 77.6 percent.

During the review quarter, the number of Micro Finance Institutions (MFIs) reached 46 which mobilized about Birr 24 billion in saving deposit, showing 16.9 percent annual growth. Total outstanding credit of these institutions increased by 25.8 percent and reached Birr 36.3 billion, highlighting the growing role of MFIs in providing access to finance and financial inclusion both in rural and urban areas. Their total asset also grew by 26.8 percent and stood at Birr 51.5 billion. ***(NBE Quarterly Report)***

THE ETHIOPIAN INSURANCE INDUSTRY

During the financial year 2022/23, the industry reported a Gross premium income of over birr 22.9 billion, showing a growth of 34.1% against birr 16.7 billion in the previous financial year. Out of the current total premium of birr 22.9 billion, about 93.9% (birr 21.5 billion) was contributed by the general insurance business, while the remaining 6.1% (birr 1.5 billion) by the long-term business.

The total asset of the insurance industry stood at birr 49.7 billion as at June 30, 2023. Of this total birr 46 billion was reported under the general insurance business. The long term insurance business's total asset as at the reporting period was about birr 3.7 billion. Similarly, the total capital of the insurance companies increased by birr 3 billion as compared with last year's same period of birr 13.4 billion.

PERFORMANCE OVERVIEW OF AIC

☛GROSS WRITTEN PREMIUM

During the financial year under review, i.e. 2022/23, the gross written premium income excluding self-insurance was about birr 1.062 billion, registering a remarkable growth of 83.8% as compared with last year's production of birr 57.8 million. Of this total, the general insurance business's share was birr 1.034 billion (97.4%), while the life business contribution was about birr 27.7 million (2.6%). During the financial year, the general insurance gross premium grew by birr 476.7 million (85.4%), while the Life business showed a growth of 38% or by birr 7.6 million, as compared with the previous financial year's gross premium of birr 557.9 million and birr 20.1 million, respectively.

During the year under review a self insurance premium of birr 8.1 million was excluded from the above disclosed figure for the sake of IFRS compliance purpose.

☛CLAIMS PAID

A gross claim of birr 486.2 million was paid out to claimants during the year under review in respect both business. General insurance business claims was about birr 468.3 million and this showed a decrease of birr 11.1 million (2%) as compared with last year's reported claim of birr 479.4 million.

Similarly, during the financial year under consideration, claims amounting birr 17.9 million was paid out to life assurance beneficiaries and this also showed an increment of birr 7.8 million (78%) as compared with the previous financial year's gross claims paid of birr 10.1 million.

Out of the total claims paid out under both businesses, about birr 51.1 million is expected to be recovered from reinsurers and other local insurance companies. Accordingly, this resulted in net claims of birr 435.8 million.

☛ INVESTMENT INCOME

The Investment income of both life and non-life businesses in 2022/23 showed an increment of birr 21.2 million as compared with last year figure of birr 94.4 million and reached birr 115.6 million. Of this total figure, birr 46.8 million was generated from deposits held at different banks, while birr 20.1 million and birr 47.7 million was earned from investment in shares and rentals, respectively. On top of this, the company has also collected about birr 924 thousand from different sources, such as bid form fee and other activities.

The rent income accounted during the period declined by birr 5.6 million, while the dividend and interest income earned during the year under review grew by birr 11.2 million and birr 15.3 million, respectively. Of the total investment income birr 90.1 million was reported under the General business, while the remaining birr 25.5 million was accounted in the life business.

☛ GENERAL AND ADMINISTRATION EXPENSES

General and Administrative expenses of birr 180.1 million were incurred during the financial year. Compared to last year's same period of birr 143 million, this showed an increment of birr 37 million. Out of the total expense incurred, life's share was about birr 4.9 million (2.7%), while the remaining larger part belongs to the general business.

☛ PROFIT RESULT

During the financial year under review, the general insurance business registered a profit after tax of birr 36 million, while the life business reported a net profit of birr 8.1 million. Hence, the overall profit after tax for the financial year closed at birr 44.2 million and this has shown a an increment of birr 36.3 million as compared with last year's same period of birr 7.9 million. The earnings per share, the net profit for the financial year under consideration, birr 44.2 million to the weighted average outstanding number of shares as of the reporting date, 276,295 shares, stood at birr 160 per share.

TOTAL ASSET

The total asset of the company as at June 30, 2023 was about birr 1.773 billion and this was showed an increment by birr 388 million (27.9%) as compared to last year's balance of birr 1.385 billion. Out of the total asset reported, birr 278.2 million and birr 273.7 million represents bank deposits, and the book value of long term assets, respectively. The investment in other company's share was also considered as a major component of the total asset of the company and this was about birr 257 million as of the reporting date.

TOTAL LIABILITY

The total liability of the company as of June 30, 2023, reached birr 1.354 billion. Last year, as of June 30, 2022 this was about birr 1.011 billion. As usual the major share of the total liability, i.e. about birr 1.090 billion or 80.5% belongs to provisions. As compared with last year's same period, this provisions was increased by birr 259.9 million.

PAID UP CAPITAL

As at the end of the financial year under review, the total equity and reserves of the company stood at birr 418.7 million. Last year this was about birr 374.8 million. Of the total capital of the current year paid up capital represents about 66%, (birr 276.3 million),while the remaining 34% constitute Legal reserve, birr 59.4 million, Retained earnings, birr 36.2 million, Revaluation reserves, birr 32.6 million and Share premium, birr 14.3 million.

INVESTMENT

The total long term and short term investment balance of the company as at the end of the financial year 2022/23 reached birr 834.5 million. Of the total balance, birr 432.3 million represents a long term investment, with birr 159.1 million in Real Estate/ buildings, birr 257 million on other company's shares and birr 16.2 million on government bonds, while the remaining birr 402.1 million corresponds to a short term investment, i.e. investment in fixed time deposits.

Based on the valuation undertaken on December 2022, the market value of the building and land were estimated about birr 982.1 million and birr 155 million, respectively. During the financial year investment in other companies share was increased by birr 29.9 million, while the investment in fixed time deposit by birr 198.9 million.

HUMAN RESOURCE

During the year ended at June 30, 2023, 52 new employees joined the company to replace resigned employees and fulfill additional manpower needs. In aggregate, an employment contract of 39 employees was terminated, of which 37 resigned on their own accord.

As at 30 June 2023, the total number of staff of the company was 371.

In order to enhance capability and fill the capacity gap, short-term trainings were provided for management staffs and employees on 43 training topics for 10,992 hours. The short-term trainings given can be classified in to leadership development and professional/technical trainings.

In addition to short-term trainings, the company gave the chance for staff members to pursue their education in CII, ACCA, and to attend at higher education at 1st degree and 2nd degree Level.

CORPORATE GOVERNANCE

During the fiscal year 2022-2023, the board conducted 12 monthly regular meetings, 7 monthly extraordinary meetings, and 2 board subcommittee meetings. In a bid to ensure compliance and discharge the lofty responsibilities entrusted to it, the board accomplished the following major activities:

- With the strong leadership and guidance provided to the company, the board managed to profitability despite the huge loss of customer base caused by conflict in the country.
- The Board revised the policies and procedural manuals of the company;
- The board has succeeded in conducting meetings and following up on the performance of the company as per the regulatory requirements.
- The Board approved the 2023–24 annual budget to be executed in accordance with the established policies and procedures.
- The Board approved and closely followed up on the undergoing revi sion of the company's organizational structure.
- Close follow-up of the company's financial status and continuous supervision, evaluation, and support of the implementation of company performance;
- The Board took the necessary decisions to enforce resolution and capital increment.
- The Board took the necessary decisions and continued to follow up on

approval of AGM resolutions.

- The board gave direction on resolving issues that may affect or impact business.
- The board closely worked with the management to curb claims-related issues in claims management.
- The board closely worked with the internal audit to identify potentially problematic operational areas and has taken corrective measures.
- Frequent Board directions and implementation of an action plan and rectification measures to take corrective measures as per the findings of the NBE on site audit findings
- As part of its CSR program and to discharge its social responsibility as a corporate entity, the company, along with its peer groups, made its share of financial contribution towards ensuring the Gebeta Letiwulid government development program

CHALLENGES FACED AND THE WAY FORWARD

Businesses function within interacting and influencing forces that are outside their peripheries (beyond their control). That is why this section of the report is going to address some of the challenges, opportunities and the way forward, first, by having the major emphasis on economic environment followed by other related issues of the topic.

Ethiopia's GDP was projected to grow 5.8% in 2023, driven by industry, private consumption, and investment. The peace dividend, rebounding tourism, and prospect of liberalizing more sectors were expected to boost the growth outlook. Inflation was projected to decline to 28.1% in 2023, following the peace dividend. The fiscal deficit was projected to grow to 3.1% in 2023 due to the expected increase in government revenue driven by domestic resource mobilization improvements, implementation of the fiscal consolidation strategy, and resumption of donor inflows. The current account deficit was expected to narrow to 3.7% of GDP during 2023–24 as merchandise and service exports and foreign direct investment expected to rise and imports of capital inputs continue to decline.

Though the above projections exist as mentional in previous paragraphs, the Country's Real GDP growth fell to 5.3% in 2022 from 5.6% in 2021, inflation rose to 34% in 2022 from 26.6% in 2021, the fiscal deficit (Government Revenue less Expenditure) widened to 4.2% of GDP in 2022 from 2.8% in 2021, although the non performing loans ratio Increased to 5.4% in 2021 from 5.0%, the current account deficit deteriorated to 4.0% of GDP in 2022 from 3.2% in 2021, international reserves declined to about 1 month of import cover in 2022 from 2.2 months in 2021, public and publicly guaranteed debt declined to 50.1% of GDP (with external debt at 23.6% of GDP) in 2022 from 51.0% in 2021, income per capita grew by 2.7% in 2022, humanitarian support requirements increased from 15.8 million people in 2021 to 20 million in 2022.***(AEO, 2023)***

Turning to insurance in Ethiopia, the industry faces many pressures including very dynamic regulatory complexities, which put companies with significant risks that impact financial and operational stability, and conversely, potential opportunities to embrace.

The insurance companies have limited capacities (i.e., premium setting is based on outdated methods, and there is a considerable lack of risk assessment methodologies since auxiliary services such as actuaries are hardly available in the nation). Besides, competition is stiff in the market as the majority of insurers are ambitious to increase their sales volume by providing unfair and unjustifiable premium discounts in their belief to attract clients and attain their premium production budget (i.e., not profit, but being production-oriented). Their aggressive pricing policy has led to an unhealthy premium cutting leveled as cut throat competition. Insurance companies' investment activities are, still heavily constrained by the restrictions that the NBE's investment proclamation has been imposed. This compels them to invest the majority of their funds in government securities and bank deposits.

A directive issued by the NBE on the range of insurance capital required to obtain insurance business licenses has to be Birr 400 million and 100 million for general and long-term insurance businesses respectively, however, subject to transitory provisions (Directive No.SIB/57/2022). Very recently, the NBE has issued a directive cited as "Motor Insurance Minimum Premium Rate", the purpose of which is to have a minimum/economic premium for all active players in the market and to tackle the unhealthy or cut throat competition. As to different sources, new entrants are on pipeline to join the market even if there is such new directive requiring more capital so that AIC as an incumbent insurer is expected to consider them, among other things.

From the above projections, one can pinpoint the following major notes as opportunities:

- The economy was projected to grow better than its immediate past but not as expected;
- The peace dividend to prevail and stretch across the nation;
- Inflation to decline;
- Narrow fiscal deficit; and
- Narrow current account deficit, etc.

These projections have not been met yet due to some challenges. Some of the ongoing challenges were:

- Conflict and unrest in several regions;
- The occurrence of drought;
- The incessant Russia-Ukraine war on commodity prices at an international level; and others.

As noted in the previous annual report of the Company (2021/22), this year too (2022/23), even with all ups and downs having a mix of challenges and opportunities in the nation and beyond, Ethiopia is among the fastest growing non-oil economies in the world as the government reforms undertaken in recent years have succeeded in opening the economy to foreign direct investments and resulted in expansion of commercial agriculture and manufacturing industry. Hence, there is a chance to regain for AIC as an actor in the market. The Company's vision "to outshine as the most preferred Insurance Company in the nation" can reshape its path for a better future through measurable tools that the Company has in its 5 (Five) years' BSC-aligned strategic plan. That is, AIC is more cognizant of its business vulnerability to short and long tail events. As an insurer, the Company is playing wide-ranging role in the Country to support the businesses and society by paying claims against the risks covered with added social responsibility. Needless to say, AIC has shared the above external and internal challenges at Country and Company (firm) levels, respectively, it is possible to bring tangible success largely built on mutual trust between the Company itself and clients, brokers, insurers, reinsurers and other stakeholders.

VOTE OF THANKS

The Board of Directors wishes to express its sincere gratitude to all esteemed customers of the company for their sustainable support and trust. The Board of Directors and staff of the company wish to convey special recognition for shareholders of the company for their investment and persistent backing.

Last but not least, the Chairman would also like to thank the Board of Directors, the management, the employees of the Company for the persistent effort made, and results achieved.

Aklilu Wubet
(Chairman, Board of Directors)

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AFRICA INSURANCE COMPANY S.C.

ANNUAL IFRS FINANCIAL STATEMENTS

For The Year Ended 30 June 2023

AFRICA INSURANCE COMPANY(S.C)

ANNUAL IFRS FINANCIAL STATEMENTS

AS AT 30 JUNE 2023

DIRECTORS, PROFESSIONAL ADVISERS AND REGISTERED OFFICE

Company registration number 3-1619/87
Directors (as of 30 June, 2023)

Dr Aklilu Wubet	Chairman & Director	Nov, 2016
Alemu Berehe	Director	Aug, 2023
Getachew Tadesse	Director	Nov, 2016
Abdurahman Abdulbaki	Director	Mar, 2020
Fikadesilassie Beza	Director	Aug, 2023
Birhanu Tadesse	Director	Aug, 2023
Mekdes G/Tsadik	Director	Apr, 2019
Amsal Kasahun	Director	Aug, 2023
Yisak Kebede	Board Secretary	Nov, 2022

Executive management (as of 30 June, 2023)

Kiros Jiranie	Chief Executive Officer	Jul,1-1996
Kassahun Begashaw	Deputy Managing Director	Apr,15-2014
Demis Abera	Manager, UW & Branch Operations Department	Sep,1-1996
Yohannes Hailu	Manager, Claims Department	Dec,6-1994
Daniel Teweldebrhan	Manager, Finance and Investment Department	Aug,15-1999
Bedilu Mekonnen	Manager, Risk Management & AML-CFT Compliance Department	Nov,10-2014
Michael Mesfin	Manager, Legal Service	Mar,13-2020
Tesema Hidetu	Manager, Internal Audit Service	Oct,1-2020
Tesfaye Girma	Manager, HRD & Property Administration Service	Aug,1-2011
Mezmur Hawaz	Manager, Reinsurance Service	Aug,15-1998
Estifanos Emiru	Engineering Service Representative	Mar,31-2020
Dejene Megersa	Manager, IT Service	Nov,6-2015

Independent auditor

TMS Plus
Chartered Certified Accountants (UK)
Authorized Auditors (Ethiopia)
Yosef Broz Tito Street
Addis Ababa
Ethiopia

Corporate Office

Africa Insurance Head Office Building
Bole Sub City (Bole)
Addis Ababa,
Ethiopia

Company Secretary

Africa Insurance Head Office Building
Bole Sub City (Bole)
Addis Ababa,
Ethiopia

Actuarial Service

ACTUARIAL SERVICES (E.A)LTD
26th Floor,UAP Old Mutual Tower
Upper Hill Road
P.O.Box 10472-00100
NAIROBI,KENYA

AFRICA INSURANCE COMPANY(S.C)
ANNUAL IFRS FINANCIAL STATEMENTS
AS AT 30 JUNE 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

In accordance with the financial reporting Proclamation No.847/2014 and the insurance business proclamation No. 746/2012,all the reporting entities established in accordance the Ethiopian law or operating in Ethiopia are 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 board and managment are 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, 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 to 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 Proc lamation 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, the requirments of the Accounting and Auditing Board of Ethiopia and the relevant Directives issued by the National Bank of Ethiopia.

"The Board 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".

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

Dr Aklilu Wubet
(Chairman, Board of Directors)

Kiros Jiranie
Managing Director/CEO

ACTUARY CERTIFICATE

I have conducted an actuarial valuation of the general insurance liabilities, life insurance liabilities and severance benefits of Africa Insurance Company S.C.

The valuation was conducted in accordance with generally accepted actuarial principles.These principles require that prudent provision for future outgo under contracts, generally based upon the assumptions that current conditions will continue. Provision is therefore not made for all possible contingencies.

In completing the actuarial valuation, I have relied upon the data provided and the financial statements by the Company.

In my opinion,

(i) The actuarial value of the liabilities in respect of all classes of general insurance business of the company reflect a fair value as at 30 June 2023.

(ii) The actuarial value of the liabilities in respect of all life assur ance business did not exceed the amount of reserves of the assurance business at 30 June 2023.

(iii) The severance benefit liability as at 30 June 2023 can be in corporated in the financial statements in line with the Inter national Accounting Standards 19.

Signed in my capacity as an employee of Actuarial Services (EA) Ltd.

Abed Mureithi
Fellow of the Institute and Faculty of Actuaries
Actuary

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TMS Plus

Tafesse,Shisema and Ayalew Certified Audit Partnership
Charted Certified Accountants (UK) and Authorized Auditors (Ethiopia)
Member Firm of HLB International
THE GLOBAL ADVISOR AND ACCOUNTING NETWORK

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Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Africa 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 comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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 Company as at 30 June 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the 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 provide a basis for our opinion.

Responsibilities of Directors and Management for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as Directors determine 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, Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

Report on Other Legal and Regulatory Requirements

We have no comment to make on the report of your directors so far as it related to these financial statements and pursuant to the Commercial Code of Ethiopia Proclamation No.1243/2021, recommended approval of the above mentioned financial statements. In addition we recommend the approval of the profit distribution proposed by the Board of Directors.

Tafesse,Shisema and Ayalew
(TMS Plus) Certified Audit Partnership
Chartered Certified Accountants (UK)
Authorized Auditors (ETH)

Addis Ababa
22 October 2023

AFRICA INSURANCE COMPANY(S.C)
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

Currency:- Ethiopian Birr

	Notes	2023	2022
ASSETS			
Cash and bank balances	6.1	278,235,045	140,066,263
Financial assets	6.2	645,809,613	420,405,932
Trade receivable	6.3	9,385,719	1,566,978
Reinsurance assets	6.4	334,655,525	339,860,962
Deferred acquisition cost	6.5	30,047,117	13,000,794
Other receivables	6.6	122,955,777	113,919,581
Property, plant and equipment	6.8	100,870,954	103,688,357
Right of use assets	6.12 a	7,281,397	5,577,423
Intangible asset	6.9	12,372,153	14,139,604
Investment property	6.10	159,078,240	166,859,055
Investment in associate	6.7	29,614,206	24,621,607
Statutory deposit	6.13	41,358,150	40,389,850
Leasehold land	6.11	1,419,948	1,464,019
TOTAL ASSET		**1,773,083,843**	**1,385,560,426**
LIABILITIES			
Insurance contract liabilities	6.15	1,090,254,912	830,100,254
Credits arising from reinsurance arrangements	6.16	101,022,701	37,087,309
Deferred commission income	6.20	20,831,332	10,856,082
Trade payables	6.17	41,709,783	30,783,289
Lease liability	6.12 b	8,502,382	5,759,343
Other liabilities	6.18	61,066,273	66,790,476
Current income tax	6.21	8,809,701	10,970,299
Deferred tax liability	6.14 b	22,095,064	18,388,964
TOTAL LIABILITIES		**1,354,292,148**	**1,010,736,018**
EQUITY AND RESERVES			
Paid up capital	6.22	276,315,000	275,721,000
Share premium	6.23	14,251,676	14,251,676
Retained earnings	6.25	36,228,240	622,122
Legal reserve	6.24	59,399,449	54,982,249
Revaluation reserves	6.26	32,597,329	29,247,360
Total Capital and Reserves		**418,791,694**	**374,824,406**
TOTAL EQUITY AND LIABILITIES		**1,773,083,843**	**1,385,560,426**

The notes on pages 28 to 120 are an integral part of these financial statements.

Aklilu Wubet
(Chairman, Board of Directors)

Kiros Jiranie
Managing Director/CEO

AFRICA INSURANCE COMPANY(S.C)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2023

Currency:- Ethiopian Birr

	Notes	2023	2022
Net Earned Premium	6.27	**604,549,749**	**426,962,909**
Investment and Other Income	6.28	112,016,643	95,191,416
Commission Earned	6.30	29,305,023	22,140,848
Total Income		**745,871,415**	**544,295,172**
Net Claims incurred	6.32	**477,552,679**	**358,331,588**
Operating and Other Expenses	6.35	172,740,840	139,213,908
Sales Commission Incurred	6.33	36,207,983	21,324,871
Total Expense		**686,501,502**	**518,870,367**
Result of Operating Activity		**59,369,914**	**25,424,805**
Finance Costs	6.34.1	3,687,478	2,108,097
Impairment Loss	6.34.2	3,630,499	1,711,456
Share of Result of Associates-Profit(Loss)	6.7b	3,578,535	(763,151)
Profit Before Tax		**55,630,473**	**20,842,102**
Income Tax Expense	6.21a	11,460,170	12,922,892
Profit For the Year		**44,170,302**	**7,919,210**
Other comprehensive Income			
Items That will not be reclassified to Profit or loss			
Fair Value Gain(loss) on Financial Assets	6.29	5,882,011	(73,369)
Remeasurement Gain (loss) on Employees Benefit	6.29	(245,773)	1,105,786
Other Comprehensive Income before Tax		**5,636,238**	**1,032,417**
Deferred Tax on Other Comprehensive Income	6.14	(1,690,871)	(309,725)
Total Other Comprehensive Income, Net of Tax		**3,945,367**	**722,692**
Total Comprehensive Income for the year		**48,115,671**	**8,641,902**
Earning Per Share	6.37	**160**	**32**

AFRICA INSURANCE COMPANY(S.C)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

	Share Capital (Paid up capital)	Share Premium	Revaluation Reserve- Financial Instrument	Revaluation Reserve- PP & E	Other Component Of Equity	Legal Reserve	Retained Earning	Total
Balance at 1 July 2021	**223,891,000**	**14,357,440**	**26,237,654**	**2,852,126**	**70,237**	**53,229,685**	**45,094,196**	**365,732,338**
Profit for the year	-	-	-	-	-	-	**7,919,211**	**7,919,211**
Increase in life fund	-	-	-	-	-	-	-	-
Transfers to Retained earning on Disposal (6.25)	-	-	-	-	-	-	-	-
Net translation gain/loss	-	-	-	-	-	-	-	-
Transfer From Life Fund	-	-	-	-	-	-	-	-
Transfer to legal reserve (6.24)	-	-	-	-	-	1,752,564	(1,752,564)	-
Transfer to Equity	-	-	-	(635,113)	-		635,113	-
Prior year adjustment	-	(105,764)	-	-	-	-	(6,314,175)	**(6,419,939)**
Prior year adjustment on Associate Account (6.7)	-	-	-	-	-	-	-	-
Opening balance Difference		-	-	-	-	-	(8,822)	**(8,822)**
Other Comprehensive Income	-	-	-	-	-	-	-	-
Change In fair value of financial assets through O	-	-	(51,358)	-	-	-	-	**(51,358)**
Remeasurment Gain or loss on Employee benefit	-	-	-	-	773,813	-	-	**773,813**
Transactions With Owners	-	-	-	-	-	-	-	-
Additional share issued	51,830,000	-	-	-	-	-	-	**51,830,000**
Dividend and profit sharing declared and paid,202	-	-	-	-	-	-	(44,950,840)	**(44,950,840)**
								-
Balance at 30 June 2022	**275,721,000**	**14,251,676**	**26,186,296**	**2,217,013**	**844,050**	**54,982,249**	**622,122**	**374,824,407**
Balance at 1 July 2022	**275,721,000**	**14,251,676**	**26,186,296**	**2,217,013**	**844,050**	**54,982,249**	**622,122**	**374,824,407**
Profit for the year	-	-	-	-	-	-	44,170,302	**44,170,302**
Increase in life fund	-	-	-	-	-	-	-	-
Transfers to Retained earning on Disposal (6.25)	-	-	-	-	-	-	-	-
Net translation gain/loss	-	-	-	-	-	-	-	-
Transfer From Life Fund	-	-	-	-	-	-	-	-
Transfer to legal reserve (6.24)	-	-	-	-	-	4,417,199	(4,417,199)	-
Transfer to Equity	-	-	-	(595,399)	-		595,399	-
Prior year adjustment (6.7)	-	-	-	-	-	-	(6,156,511)	**(6,156,511)**
Prior year adjustment on Associate Account	-	-	-	-	-	-	1,414,063	**1,414,063**
Opening balance Difference		-	-	-	-	-	60	**60**
Other Comprehensive Income	-	-	-	-	-	-	-	-
Change In fair value of financial assets through OCI	-	-	4,117,409	-	-	-	-	**4,117,409**
Remeasurment Gain or loss on Employee benefit obligation	-	-	-	-	(172,041)	-	-	**(172,041)**
Transactions With Owners	-	-	-	-	-	-	-	-
Additional share issued	594,000	-	-	-	-	-	-	**594,000**
Dividend and profit sharing declared and paid,2021	-	-	-	-	-	-	-	-
Balance at 30 June 2023	**276,315,000**	**14,251,676**	**30,303,705**	**1,621,615**	**672,009**	**59,399,449**	**36,228,239**	**418,791,694**

AFRICA INSURANCE COMPANY(S.C)

STATEMENT OF CASH FLOW

AS AT 30 JUNE 2023

	Currency:- Ethiopian Birr 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit/loss before taxation	55,630,474	20,842,104
Net profit before taxation (transferred from Life)	-	-
Dividend income	(16,556,416)	(9,693,634)
Associate Result	(3,578,537)	763,150
Interest income	(47,485,170)	(31,529,840)
Rent income	(47,706,674)	(53,294,016)
Provision for doubtful Debtors	3,630,499	1,711,456
Amortization RUA	1,135,973	1,513,143
Depreciation	15,988,780	15,689,646
Operating profit before working capital changes	**(38,941,071)**	**(53,997,992)**
Decrease(Increase) in Trade debtors	(7,818,741)	3,594,792
Decrease (Increase) in Reinsurance Asset	6,093,593	65,813,848
Decrease(Increase) in sundry debtors	(28,519,258)	(27,436,148)
Increase (Decrease)in outstanding claims	(22,523,294)	(11,115,943)
Increase(Decrease) in unearned premium	282,529,239	10,624,837
Increase(Decrease) in other technical provision	106,349	2,043,561
Increase(Decrease) in amount due to re-insurers	63,089,599	(45,062,388)
Increase(Decrease) in dividend payable	(2,835,716)	(11,651,113)
Increase(Decrease) in deferred revenue	3,187,758	(6,421,234)
Increase(Decrease) in sundry creditors	11,778,979	(3,636,031)
Increase(Decrease) in taxes payable	4,350,151	(612,884)
Prior year's Adjustment	(5,358,041)	(2,607,332)
Opening balance difference-Retaining Earning	(2,346)	(6,476)
Increase(Decrease) Life/Non life inter-office acc.-RE	2,286	(2,346)
Advance profit tax deducted from profit tax	(1,014,795)	(1,295,296)
	303,065,761	**(27,770,154)**
Profit tax paid	**(11,389,214)**	**(7,261,184)**
Net cash inflow from operating activities	**252,735,476**	**(89,029,331)**
INVESTING ACTIVITIES		
Decrease(Increase) in investment in time deposit	(182,244,554)	29,621,264
Purchase/construction of fixed assets	(6,418,987)	(7,024,226)
Investment in equities	(24,049,016)	(14,274,939)
Investment in Government bond	(1,200,000)	-
Prior year adjustment on associate	1,414,063	(3,711,910)
Dividend received	20,134,953	8,930,484
Interest Income	47,485,170	31,529,840
Accrued Interest Receivable	(17,020,697)	3,737,460
Interest received	30,464,473	35,267,300
Rent received	47,706,674	53,294,016
Net cash used in investing activities	**(114,192,395)**	**102,101,989**
FINANCING ACTIVITIES		
Equity dividend paid	(968,300)	(44,945,773)
Increase in statutory deposit	-	(7,100,000)
Increase in shares Premium	-	(105,764)
Additional shares issued	594,000	51,830,000
Net cash from financing activities	**(374,300)**	**(321,537)**
Increase (Decrease) in cash and bank balances during the yea	138,168,782	12,751,122
Cash and bank balances at the beginning of the year	**140,066,263**	**127,315,141**
Cash and bank balances at the end of the year	**278,235,045**	**140,066,263**
Cash and bank balances consists of:		
Cash in hand	10,277,573	805,735
Cash at bank	267,957,472	139,260,528
	278,235,045	**140,066,263**

AFRICA INSURANCE COMPANY (S.C.)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

1. General Information

Africa Insurance Company (S.C.) is a private owned company domiciled and operated in Ethiopia. The company was established on 8 December 1994 in accordance with proclamation No. 86/1994 and the Commercial Code of Ethiopia.

The address of the Company's office is Africa Insurance Head office Building, Africa Avenue, Bole Sub-City, and Addis Ababa - Ethiopia.

The purpose of the Company is to engage in general insurance business, sickness insurance business, annuity business, personal accident insurance business and long term insurance business, to invest in real estate business, including mortgage, bonds, shares and in any other business conducive to investment and to engage in any other activity that may directly or indirectly enhance its business purposes as specified above.

The annual financial statements of the company as at and for the year ended June 30,2023 comprise the Statements of Profit or Loss, Statements of Comprehensive Income, Statements of Financial Position, Statements of Changes in Equity, Statements of Cash Flows, and Explanatory notes. Income and expenses, excluding the components of other comprehensive income, are recognized in profit or loss. Other comprehensive income is recognized in the statement of other comprehensive income and comprises items of income and expenses (including reclassification adjustments) that are not recognized in the statement of profit or loss as required or permitted by IFRS.

The Company presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within twelve months after reporting date (current) and more than twelve months after reporting date (non-current).

The company is regulated by the National Bank of Ethiopia.

2. Summary of Significant Accounting Policies

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

AFRICA INSURANCE COMPANY (S.C.)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

2.1 Basis of Preparation

a) Statement of Compliance

The financial statements are prepared on a going concern basis in compliance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).The financial statements were authorized for issue by the Board of Directors on 21 October 2023.

b) Basis of Measurements

The financial statements are prepared on the historical cost basis, except for the following material items in the statement of financial position:

- Financial instruments, which are subsequently measured at fair value through other comprehensive income.
- Property, plant and equipment, which were measured at deemed cost during the transition to IFRS, June 30, 2016.

c) Functional and presentation currency

The financial statements are presented in Ethiopian Birr, which is the company's functional currency. All financial information presented in Birr has been rounded to the nearest Birr.

d) Critical Accounting Estimates and Judgments in Applying Accounting Policies

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. It also requires directors to exercise judgment in the process of applying the accounting policies adopted by the Company. Although such estimates and assumptions are based on the directors' best knowledge of the information available and actual results may differ from those estimates. The judgments and estimates are reviewed at the end of each reporting period, and any revisions to such estimates are recognized in the year in which the revision is made.

AFRICA INSURANCE COMPANY (S.C.)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

- **New Standards, Amendments, Interpretations Issued but not yet Adopted**

❑ **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 fulfillment 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 fulfillment 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 2023 and earlier application is permitted.

2.2 Financial Asset and Liabilities

In accordance with IFRS 9, all financial assets and liabilities (including derivative financial instruments) have to be recognized in the financial statements and measured in accordance with their assigned categories.

2.2.1 Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, cash at banks in current and deposit accounts and short term investment with maturity period of three months or less and readily convertible to known amounts of cash and

AFRICA INSURANCE COMPANY (S.C.)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

subject to insignificant risk of changes in value and are used by the company in the management of its short-term commitments. Cash and cash equivalents are carried at amortized cost.

2.2.2 Financial Asset

Financial assets are required to be classified into two measurement categories: Those to be measured subsequently at fair value, and those to be measured subsequently at amortized cost. The decision is to be made at initial recognition. The classification is based on the business model for managing the financial asset and the characteristics of the contractual cash flow of the instrument.

An instrument is subsequently measured at amortized cost only if it is a debt instrument and both the objective of the company's business model is to hold the asset to collect the contractual cash flows, and the asset's contractual cash flows represent only payments of principal and interest. All other debt instruments are to be measured at fair value through profit or loss.

All equity instruments are to be measured subsequently at fair value. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other equity investments, an irrevocable election can be made at initial recognition, to recognize changes in fair value of an equity investment through other comprehensive income rather than profit or loss. There is to be no recycling of fair value gains and losses to profit or loss. This election may be made on an instrument-by-instrument basis. Only financial assets that are classified as measured at amortized cost are tested for impairment. Dividends are to be presented in profit or loss, as long as they represent a return on investment.

The Company has not elected to designate any debt instruments meeting the Amortized Cost criteria as at Fair Value through Profit or Loss (FVTPL), since they are not held for trading. Investments in equity are classified and measured at Fair Value through OtherComprehensive Income (FVTOCI).The gains and losses, except dividend income, of the equity investment designated as at FVTOCI, are recognized in other comprehensive income and are not subsequently reclassified to profit or loss.

Fair values of quoted investments in active markets are based on quoted bid prices. Fair values for unquoted investments are estimated using valuation techniques.These include the use of recent arm's length transactions,

AFRICA INSURANCE COMPANY (S.C.)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

discounted cash flow analysis and other valuation techniques commonly used by market participants.

a) Equity instruments at Fair Value through Other Comprehensive Income (FVTOCI)

At initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading. A financial asset is held for trading if:

- ❖ It has been acquired principally for the purpose of selling it in the near term; or
- ❖ On initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- ❖ It is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the fair value reserve. Where the asset is disposed of, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is reclassified to retained earnings.

Dividends from equity instruments are recognized in profit or loss when the company's right to receive the dividends is established in accordance with IFRS 15 revenue recognition, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends earned are recognized in profit or loss and are included in the 'investment income' line item.

b) Debt Instruments at Amortized Cost using the Effective Interest Method

Debt instruments are measured at amortized cost if both of the following conditions are met:

The asset is held with a business model, whose objective is to collect contractual cash flows; and

AFRICA INSURANCE COMPANY (S.C.)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

The contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments meeting these criteria are measured initially at fair value plus transaction costs, except if they are designated at FVTPL. They are subsequently measured at amortized cost using the effective interest method less any impairment, with interest revenue recognized on an effective yield basis in investment income.

2.3 Reinsurance Asset

The Company cedes insurance risk in the normal course of business for all of its businesses. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the insurance policies and are in accordance with the related contract. Reinsurance assets consist the amount due from reinsurers for claims submitted as well as the portion of the current long term insurance that is ceded to the reinsurers on the basis of the reinsurance agreement (proportional treaty or facultative).

Reinsurance assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the company may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer. The impairment loss is recorded in the statement of profit or loss. Gains or losses on buying reinsurance are recognized in the statement of profit or loss as per the treaty agreement.

Reinsurance arrangements do not relieve the Company from its obligations to policyholder. Reinsurance asset or liabilities are derecognized when the contractual rights are extinguished or expire or when the contract is transfer to another party.

The company has the right to set off reinsurance payables against amounts due from reinsurers and brokers in line with the agreed arrangements between both parties.

AFRICA INSURANCE COMPANY (S.C.)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

2.4 Trade Receivables

Trade Receivable, which is in our case also called, insurance receivables are recognized when due and measured on initial recognition at fair value of the consideration received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortized cost. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the statement of profit or loss. Insurance receivables are derecognized when the de-recognition criteria for financial assets, has been met.

2.5 Deferred Acquisition Costs ("DAC")

Acquisition costs comprise insurance commissions, brokerage and other related expenses arising in the generation and conclusion of insurance contracts. The proportion of acquisition costs that corresponds to the unearned premium are deferred as an asset and amortized in subsequent period over the life of the contract. They are amortized on the basis consistence with the related provision for unearned premium.

2.6 De-Recognition of Financial Assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset.

When a debt instrument measured at FVTOCI is derecognized, the cumulative gain or loss previously recognized in other compressive income is reclassified from equity to profit or loss as a reclassification adjustment. In contrast for an equity investment designated as measured at FVTOCI, the cumulative gain or loss previously recognized in other compressive income is not subsequently reclassified to profit or loss.

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2.7 Impairment of Financial Assets

In relation to the impairment of financial assets, the expected credit loss model was used to account impairment. The expected credit loss model requires the company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets.

The company measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit loss if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit impaired financial asset. On the other hand, if the credit risk on a financial instrument has not increased significantly since initial recognition (expect for a purchased or originated credit impaired financial asset) the company required to measure the loss allowance for that financial instrument at an amount equal to 12 months expected credit loss. The company measuring the loss allowance at an amount equal to lifetime expected credit losses for debt investments subsequently measured at amortized cost or at FVTOCI trade receivables, contract assets and lease receivables in certain circumstances.

At the end of each financial year, the directors of the company reviewed the company's existing financial assets; amounts due from customers and financial guarantee contracts for impairment using reasonable and supportable information that is available without undue cost or effort.

2.8 Off-Setting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. Income and expenses will not be offset in the statement of profit or loss unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Company.

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2.9 Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities' at amortized cost.

2.10 De-Recognition

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or expired. The condition is met when the liability is settled by paying the creditors, or when the Company is released from primary responsibility for the financial liability either by process of law or by creditor.

2.11 Other Assets

Other receivables and prepayments are carried at cost less accumulated impairment losses. Other receivable are receivables other than investment securities, insurance trade receivables and reinsurance assets.

Prepayments are payments made in advance for services to be enjoyed in future. The amount is initially recognized as an asset in the reporting period in which the payment is made and subsequently amortized over the period in which the service is to be enjoyed.

2.12 Other Financial Liabilities

Other financial liabilities which includes creditors arising out of reinsurance arrangements and direct insurance arrangement, borrowings and other payable, are initially measured at cost, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost.

2.13 Investment in Associates

Associates are entities over which the Company has significant influence but not control, or joint control over the financial and operating policies, generally accompanying with a shareholding of between 20% and 50% of the voting rights. Investments in associates are carried in the company's financial statements at cost less allowance for impairment under the equity method of accounting. Under the equity accounting method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the post-acquisition profit or loss and other comprehensive income of the investee.

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The Company's share of its associates' post-acquisition profits or losses is recognized in the profit or loss, and its share of post-acquisition movements in reserves is recognized in other comprehensive income with corresponding adjustment to the carrying amount of the investment. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. The amount of impairment is determined as the difference between the recoverable amount of the associate and its carrying value. This amount is recognized against the share of profit or loss of associates in the income statement.

On disposal of ownership interest in an associate, which reduces holdings but where significant influence in retained, only a proportionate share of the amount previously recognized in other comprehensive income is reclassified to profit or loss where appropriate, where significant influenced is lost, the investment is reclassified as equity investment and the amount previously recognized in other comprehensive income is reclassified to profit or loss.

The financial statements of the associate are presented in Ethiopian birr and have the same reporting period as the company.

2.14 Investment Properties

Investment properties comprise buildings and other components held to earn rentals or for capital appreciation or both. Investment properties are initially measured at cost, including the transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation less impairment.

Investment properties are disclosed separately from property and equipment used for the purpose of the business. The company separately accounts a dual purpose property as investment property if it occupies only an insignificant proportion. Otherwise, the portion occupied by the company is treated as property, plant and equipment, however, the company considers an occupation of 30% as significant.

Investment properties are derecognized either when they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. On disposal or retirement

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of an investment property, the difference between the disposal proceeds and the carrying amount is charged or credited to the statement of profit or loss in the year of disposal or retirement.

2.15 Property, Plant and Equipment

All categories of property, plant and equipment are initially recognized at cost. Cost includes all expenditure directly attributable to the acquisition of the assets. Subsequent costs (including replacement costs) are included in the asset's carrying amount or recognized as a separate asset, as appropriate, when incurred and 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. Repair and maintenance expenses are charged to the statement of profit or loss in the year in which they are incurred. All items of property and equipment are subsequently carried at cost, less accumulated depreciation and accumulated impairment losses. Depreciation of an asset begins when it is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or the date that the asset is derecognized. Therefore, depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

Depreciation is calculated using the straight line basis to write down carrying values of the assets over their useful lives at the following annual rates:

	Useful life	Residual Value
Building	50 years	5%
Lift	15 years	1%
Furniture and Fixtures	10 years	1 birr
Office Equipment	10 years	1 birr
Computer Equipment	7 years	1 birr
Motor Vehicles	10 years	5%
Generator	10 years	1%
Land Leasehold	50 years	-

The assets' residual values, and useful lives and method of depreciation are reviewed, and adjusted if appropriate, at the end of each financial year and adjusted prospectively, if appropriate. Impairment reviews are performed

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when there are indications that the carrying amount may not be recoverable. Impairment losses are recognized in the statement of profit or loss as an expense. An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset or disposal.

Capital work in progress is not depreciated. The company's capital work in progress relates to capital expenditure on property to be used for the company's activities. Upon completion, it is transferred to the relevant asset category. Depreciation methods, useful lives and residue values are reassessed at each reporting date.

Gain or loss on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of profit or loss in the year the item is derecognized.

2.16 Intangible Assets

Acquired computer software is capitalized on the basis of the costs incurred to acquire and bring it to use, the specific software. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be Tent years.

Amortization begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Amortization ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized.

Intangible assets with finite lives are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset 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 is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets is recognized in the statement of profit or loss in the expense category consistent with the function of the intangible asset.

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Intangible assets are derecognized on disposal or when no future economic benefits are expected from its use or disposal.

Gains or losses arising from derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

Amortization is calculated using the straight line basis to write down carrying values of the assets over their useful lives at the following annual rates:

	Useful life
Intangible Asset- Computer Software	10 years

2.17 Deferred Charges

The Company made an advance payment in respect of its rented branch office and/or recovery yards for damaged vehicle (Salvage) with a lease period of more than Twelve months (12) and low in value. This advanced payment is recorded as a deferred charge in the statement of financial position. Each quarter, the Company recognizes a portion of the prepaid rent as an expense in the statement of profit or loss. All other prepaid expense items are recognized as a deferred change in the statement of financial position and amortized at the end of each reporting period as an expense to profit or loss.

2.18 Impairment of Non-Financial Assets

The Company assess, 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.

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

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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.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized 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 recognized 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 recognized. 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, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the income statement.

2.19 Salvages

Some insurance contracts permit the Company to sell (usually damaged) property acquired in settling a claim. The Company may also have the right to pursue third parties for payment of some or all costs (i.e. subrogation right).

Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims, and salvage property is recognized in other assets when the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property. The salvage recoveries are used to reduce the claims expenses when the claim is settled.

2.20 Subrogation

Subrogation reimbursements are also considered as an allowance in the measurement of the insurance liability for claims and are recognized in other assets when the liability is settled and the amount to be recovered from the liable third party is established. Management shall exercise professional judgment and determine the likelihood of exercising its subrogation right. An asset is recognized to the extent that management will exercise this subrogation rights.

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2.21 Statutory Deposit

This represent 15% of the paid up capital at the statement of financial position date and this has been deposited in cash and/or in the form of securities (government bond) with national bank of Ethiopia in accordance with article 20 of proclamation No. 746/2012. The deposit 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. Statutory deposits are measured atamortizedcost. Interest on statutory deposits is recognized in other receivables and the corresponding amount is recognized in statement of profit or loss as investment income.

2.22 Insurance Contracts-Classification

The Company involves in 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's insurance contracts are classified into two main categories, depending on the nature and 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.

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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.

2.23 Liability Adequacy Test

At each reporting date, liability adequacy tests are performed to ensure the adequacy of the contract liabilities of both the general and long term insurance businesses net of related deferred acquisition costs. In performing the test, current best estimate of future cash out flows including claims handling and administration expenses, are used. Any deficiency is immediately charged to profit or loss by establishing a provision for losses arising from liability adequacy tests unexpired risk/incurred but not enough reported (IBNER).

The liability adequacy test for life and general insurance business is undertaken by an actuarial at the end of each financial year.

A number of valuation methods may be applied by the actuaries, including discounted cash flows. Aggregation levels and the level of prudence applied in the test are consistent with IFRS 4 (Insurance Contracts) requirements. To the extent that the test involves discounting of cash flows, the interest rate applied may be based on actuary's prudent expectation of current market interest rates. Any inadequacy is recorded in the statement of profit or loss, by establishing an additional liability, unexpired risk/ IBNER for the remaining loss. Impairment losses resulting from liability adequacy testing can be reversed in future years if the impairment no longer exists.

2.24 Insurance Contract Liability

Insurance contract liability includes unearned premium and outstanding claims including IBNR and other technical provision (unallocated loss adjustment estimate) of general insurance businesses and insurance contract liability of life business (policyholder benefit payable). Insurance contract liabilities are

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presented gross of Reinsurance asset on the statement of financial position.

Any adjustment is recorded as a change in insurance contract liabilities in the statement of profit or loss. Life business insurance contract liability (policyholders benefit payable) are determined and tested for adequacy by an external actuary at the end of each reporting date.

2.25 Unearned Premium

Unearned premiums are those proportions of premiums written in the year that relate to periods of risks after the reporting date. It is computed separately for each insurance contract using a time proportionate basis; unearned premiums represent the proportion of the premiums written in periods up to the accounting date that relates to the unexpired terms of policies in force at the reporting date. The company uses 1/24th method to calculate unearned premium reserve for general insurance.

2.26 Outstanding Claims

The outstanding claims provision is initially established case by case method as claims are reported. The estimates are regularly reviewed and updated as additional information on the estimated outstanding claims becomes known and is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling costs. Estimates for salvage and subrogation recoveries are included in the estimated outstanding claims. The liability is not discounted for the time value of money. The liabilities are derecognized when the contract expires, is discharged or is cancelled.

The IBNR claims are determined by an actuary at the end of each financial year for each classes of business the general and long term insurance businesses.

2.27 Unallocated Loss Adjustment Estimate (Other Tech. Provision)

The unallocated loss adjustment estimate is determined by an actuary at the end of each financial year. They include direct and indirect claims costs and arise from events that have occurred up to the end of the reporting period even if they have not yet been reported to the company.

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2.28 Provisions and Contingent Liabilities

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, and 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. The expense relating to any provision is presented in the statement of profit or loss net of any reimbursement.

Contingent liabilities are disclosed if there is a possible future obligation as a result of past event, or if there is a present obligation as a result of a past event but either a payment is not probable or the amount cannot be reasonably estimated.

2.29 Trade Payables

Trade payable in our case also called insurance payables are recognized when due and measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest rate method.

Insurance payables are derecognized when the obligation under the liability is discharged, cancelled or expired.

2.30 Employee Benefits (Entitlements)

Employee entitlements to wages, salaries, annual leave and severance pay are recognized when they accrue to employees. A provision is made for the liability for annual leave and severance pay as a result of services rendered by employees up to the statement of financial position date.

a) Short-Term Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

b) Post-Employment Benefit

The company operates a defined contribution pension scheme for some of its employees, the assets of which are held in trustee administered funds

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as pension scheme in accordance with the provision of Ethiopian pension of private organizations employees' proclamation and 1268/2022. The retirement plan is funded by payments from both employees and the company (at 7% and 11%, respectively).

The company also contributes to a provident fund scheme for all of its employees at 3% and 4% from employee and the company, respectively.

The company's contributions to the defined contribution pension scheme are charged to statement of profit or loss in the year to which they relate.

2.31 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that asset is not explicitly specified in an arrangement.

a) Company as a Lessee

The company leases many office spaces. These was previously classified as operating or finance leases based on its assessment of whether the lease transferred significantly the entire risks and rewards incidental to ownership of the underlying asset to the company.

The company recognizes a right-of-use asset and a lease liability at the commencement date of the contract for all leases conveying the right to control the use of an identified asset for a period of time. The commencement date is the date on which a lessor makes an underlying asset available for use by a lessee.

The right-of-use assets are initially measured at cost, which comprises:

a) the amount of the initial measurement of the lease liability,
b) any lease payments made at or before the commencement date, less any lease incentives,
c) any initial direct costs incurred by the lessee,
d) any cost to dismantle and removing the underlying Asset.

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After the commencement date the right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any re-measurement of the lease liability. Depreciation is calculated using the straight-line method over period of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. These include:

a) fixed payments, less any lease incentives receivable;
b) amounts expected to be payable by the lessee under residual value guarantees;
c) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
d) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Variable lease payments are not included in the initial measurement of the lease liability and are expensed.

The lease payments are discounted using the average lending rate for the financial year as stated in the NBE report or the company's incremental borrowing rate. The incremental borrowing rate is determined as the rate of interest that the company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The lease term determined by the company comprises:

a) non-cancellable period of lease contracts,
b) periods covered by an option to extend the lease if the lessee is rea sonably certain to exercise that option,
c) periods covered by an option to terminate the lease if the lessee is rea sonably certain not to exercise that option.

After the commencement date the company measures the lease liability by:

a) increasing the carrying amount to reflect interest on the lease liability,
b) reducing the carrying amount to reflect lease payments made, and
c) re-measuring the carrying amount to reflect any reassessment or lease modifications

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During the initial application of the standard:

a) only active contracts (on July 01, 2019) with a remaining contract period of more than twelve month are discounted at a rate of 13.5%;

b) The right use assets are recognized at an amount equal to the lease liability.

b) Company as a Lessor

Leases where the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income.

2.32 Other Payables and Accruals

Other payables are recognized initially at fair value and subsequently measured at amortized 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.

2.33 Income Tax

Income tax comprises current income and deferred tax. Income tax expenses is recognized in the statement of profit or loss except to the extent that it relates to items recognized directly in equity in which case it is recognized in equity.

a) Current Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the end of the reporting date. Current income tax assets and liabilities also include adjustments for tax expected to be payable or recoverable in respect of previous periods.

Current income tax relating to items recognized directly in equity or other comprehensive income is recognized in equity or other comprehensive income and not in the statement of profit or loss.

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b) Deferred Tax

Deferred tax liability is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred taxation is provided fully on timing difference, which is expected to reverse at the rate of tax likely to be in force at the time of reversal. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductive temporary difference can be utilized. Deferred tax asset are reduced to the extent that it is no larger probable that the related tax benefit will be resized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside the profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.34 Share Capital

The issued ordinary shares of the company are classified as equity. Incremental external costs that are directly attributable to the issue of these shares are recognized in equity.

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2.35 Share Premium

This represents the excess amount paid by the shareholders or the nominal value of the share.

2.36 Retained Earnings

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

2.37 Legal Reserves

The Company maintains legal reserve in accordance with the provisions of the NBE Directive No. SBB/4/95, which requires the company to transfer 10% of its annual net profit to its legal reserve account.

2.38 Dividends

Dividends on ordinary shares are recognized in the period in which the dividends are approved by the company shareholders. Divided on the company's ordinary shares are recognized in equity in the period in which they are paid or, if earlier, approved by the company's shareholders. Interim dividends (if any) are deducted from equity when they are paid.

Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date.

2.39 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable for the sale of services, excluding discounts, rebates, and taxes. Sale of services is recognized upon performance of the service and customer acceptance based on the proportion of actual service rendered to the total services to be provided.

a) Gross Premium Income

Gross recurring premiums on life are recognized as revenue when payable by the policyholder. For single premium business, revenue is recognized on the date on which the policy is effective, i.e. the premium is collected.

Gross general insurance business, Written Premium comprise the total premiums received (collected) in the year for the whole period of cover provided by

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contracts entered in to during the accounting period. They recognized on the date on which the policy commences, i.e. premium collected.

Gross premium comprises the premium on insurance contract entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period. This is recognized gross of commission expense and net of cancellations.

Gross earned premium is recognized on assumption of risks and includes premium collected less cancellation less/plus change in unearned premium. The earned portion of premium received is recognized as revenue.

b) Reinsurance Premium Ceded

The Company cedes insurance risks in the normal course of business for the purpose of limiting its potential net loss on policies written. Premium ceded comprise written premiums ceded to reinsurers adjusted for the reinsurers share of the movement in the provision for the unearned premium. Reinsurance arrangements do not relieve the Company from its direct obligations to its policyholders. Premium ceded, claims reimbursed and commission recovered are presented in profit or loss and the statement of financial position separately from the gross amounts.

c) Fees and Commission Income

Reinsurance commission income represents commission received on transaction ceded to reinsurers, during the year. It is recognized over the cover provided by contracts entered into the period and are recognized on the date on which the policy incepts.

Accordingly, a portion of the commission income is earned over the period in which the related reinsurance premium is earned by the reinsurer. This is also calculated using the same method as for reinsurance ceded premium.

d) Investment Income

Interest income is recognized in the statement of profit or loss as it accrues and is calculated using the effective interest rate method. Fees and commissions that are an integral part of the effective yield of the financial asset or liability are recognized as an adjustment to the effective interest rate of the instrument. Investment income also includes dividend income which is recognized when the right to receive the payment is established.

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Investment income comprises interest income on short-term deposits, rental income and income earned on trading of securities including all realized and unrealized fair value changes. Investment income is accounted on accrual basis.

- **Dividend Income**

Dividend income is recognized when the company's right to receive the payment is established, which is generally when the shareholders approve and declare the dividend.

- **Rental Income**

Rental income arising from operating leases on investment properties is accounted for on a straight line basis over the lease period.

2.40 Gross Benefits and Claims

Gross benefits and claims incurred for life insurance contracts comprise benefits paid in the year and changes in the provision for insurance contract liabilities. Benefits paid represent all payments made during the year, whether arising from events during that or earlier years. Insurance contract liabilities represent the estimated ultimate cost of settling all benefits accruing to policy holders.

General insurance incurred claims Comprise claims and claim handling expenses paid in the year and changes in the provision for outstanding claims. Claims paid represent all payments made during the year, whether arising from events during that or earlier years. Outstanding claims represent the estimated ultimate cost of settling all claims arising from incidents occurring prior to the reporting date, but not settled at that date. Outstanding claims are computed on the basis of the best information available at the time the records for the year are closed, and include provisions for claims incurred but not reported ("IBNR"). This provision also includes an allowance for claims management and handing expenses, i.e. unallocated loss adjustment estimate (other technical Provision).

The provision for outstanding claims is estimated based on current information and the ultimate liability may vary as a result of subsequent information and events and may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provision for prior years are reflected

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in profit or loss in the financial period in which adjustments are made, and disclosed separately if material.

Reinsurance claims are recognized when the related gross insurance claims is recognized according to the terms of the treaty agreement.

2.41 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.

2.42 Administration Expenses

Administrative expenses are expenses other than claims and underwriting expenses. They include depreciation expenses and other expenses. They are accounts for on accrual basis.

Expenses are recognized in the statement of profit or loss when a decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. When economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined, expenses are recognized in the statement of profit or loss on the basis of systematic and rational allocation procedures.

An expense is recognized immediately in the statement of profit or loss when the expenditure produces no future economic benefits or when, and to the extent that; future economic benefits do not qualify, or cease to qualify, for recognition in the statement of financial position as an asset.

2.43 Earnings PerShare

The Company presents basic 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 to the weighted average number of shares outstanding during the period.

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2.44 Fair Value Measurement

The Company measures financial instruments classified as fair value through profit or loss or fair value thorough OCI 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 summarized in the following notes:

- Disclosures for valuation methods, significant estimates and assump tions
- Financial instruments (including those carried at amortized cost)

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 mar ket for the asset or liability.

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 where sufficient data are available to measure fair value by maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized 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.

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For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (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 financial instruments subsequently measured at fair value through profit or loss / through other comprehensive income.

2.45 Events After Reporting Date

The financial statements are adjusted to reflect events that occurred between the reporting date and the date when the financial statements are authorized for issue, provided they give evidence of conditions that existed at the reporting date. Events that are indicative of conditions that arose after the reporting date are disclosed, but do not result in an adjustment of the financial statements themselves.

2.46 Foreign Currency Transactions

The Company's financial statements are presented in Birr. That is the currency of the primary economic environment in which Africa insurance Company operates.

- **Transactions and Balances.**

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated.

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3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

a) Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations and assumptions, which have the most significant effect on the amounts recognized in the financial statements.

- **Operating Lease Commitments-Company as a Lessor**

The company has entered into commercial property leases on its investment property portfolio. The company, as a lessor, has determined, based on an evaluation of the terms and conditions of the arrangement that it retains all the significant risks and rewards of ownership of the properties and so accounts them as operating leases.

- **Lease Commitments-Company as a Leasee**

In establishing the lease term for each lease contracts, the company assumed that all of the existing leases will not be extended.

In addition, IFRS 16 requires lease payments to be discounted using the interest rate implicit in the lease. In case the interest rate implicit inthe lease cannot be readily determined, the incremental borrowing rate should be used. That is the rate of interest that a lessee would have to pay to borrow over a similar value to the right-of-use asset in a similar economic environment.

Accordingly, the company elected to use the average lending rate for the financial year as stated in the NBE quarterly report.

- **Insurance Contract Liability**

For general insurance contracts, estimates have to be made on case by case 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.

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The reserve made for claims fluctuate based on the nature and severity of the claims reported. Claims incurred but not reported are determined by an external body (actuarial). The company deemed the reserve as adequate.

The insurance contract liability of the life business was determined by an actuarial. Various judgment and assumptions were considered in the determination of the liability. The company believes that the estimated reserve was adequate and this may vary from the actual outcome.

b) Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of coursing material adjustment to the carrying amount of assets and liabilities within the next financial year, are describes below. The company based assumption and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future development may change due to market changes or circumstances arising beyond the control of the Company, such changes are reflected in the assumptions when they occur. Estimates and judgment are continually evaluated and based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

❑ **Fair value of Financial Assets**

Where the fair values of financial assets recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of discounted cash flows model and/or mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, management judgment is required to establish fair values.

For discounted cash flow analysis, estimated future cash flows and discount rates are based on current available information and applicable rates. Estimated future cash flows are influenced by factors such as economic conditions (including country specific risks), concentrations in specific industries, types of instruments or currencies, market liquidity and financial conditions of counterparties. Discount rates are influenced by risk free interest rates and credit risk.Changes in assumptions about these factors could affect the reported fair value of the financial instruments measured at fair value

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through other comprehensive income, which accounted using level three fair value hierarchy.

- **Impairment on Receivable**

In accordance with the accounting policy, the company tests annually whether premium receivables have suffered any impairment. The recoverable amounts of the premium receivables have been determined based on expected loss model. These calculations required an assessment of each receivable at the end of reporting period.

- **Deferred Tax Assets and Liabilities**

Uncertainties exist with respect to the interpretation of complex tax regulations, change 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 Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience of previous tax audits and different interpretations of tax regulations by the taxable entity and the responsible tax authority.

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

- **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 value 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 company is of the option that there is no impairment indicator on its non-financial as at the reporting date.

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- **Property Plant and Equipment and Intangible Assets**

Critical estimates are made by the directors in determining depreciation and amortization rates for property, plant and equipment and intangible assets. The rates used are set out in the accounting policy above.

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.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. The Company's policy is to monitor those business risks through the Company's strategic planning process.

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 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 and compliance department is responsible for implementing and maintaining risk related procedures, independently assesses and monitor the level of risk assumed by the Company. Besides, the department 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

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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 and Compliance Committee and the relevant actions are taken to address exceptions and any areas of weakness. The department works closely with the Management to ensure that procedures are compliant with the overall framework. 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.

The Company's Finance and Investment department is responsible for managing the financial assets, financial liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Company as per the Company's approved investment and liquidity policy.

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.

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 segments. In addition, the Company measures and monitors 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 its risk to the level acceptable. Risk controls and mitigates, identified and approved for the Company, are documented for existing and new processes and systems. Risk management reports are presented by the risk management department based on the National bank of Ethiopia risk parameters and company's identified risks. The reports are discussed in the quarterly report of the Risk management and Compliance committee meetings.

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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 policy and procedures as well as the use of reinsurance Arrangements. The Company purchases reinsurance as part of its risks mitigation program. Reinsurance ceded is placed on both a proportional and non-proportional basis. The majority of proportional reinsurance is surplus treaty 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 are determined based on the company's reinsurance policy and 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.

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.

Life Insurance Contracts

Life insurance contracts offered by the company include: whole life, term, endowment

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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
- ❖ Morbidity risk - risk of loss arising due to policyholder health experience being different than expected
- ❖ Longevity risk - risk of loss arising due to the annuitant living longer 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.

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.

Key assumptions

Material judgment is required in determining the liabilities and in the choice of assumptions. Assumptions in use are based on past experience, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. Assumptions and prudent estimates are determined at the date of valuation and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

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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 and national tables, according to the type of contract written and the territory in which the insured person resides. 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.

Assumptions are differentiated by sex, underwriting class and contract type.

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.

- **Longevity**

Assumptions are based on standard industry and national tables, adjusted when appropriate to reflect the Company's own risk experience.

An appropriate, but not excessive, prudent allowance is made for expected future improvements. Assumptions are differentiated by sex, underwriting class and contract type.

An increase in longevity rates will lead to an increase in the number of annuity payments made, which will increase the expenditure and reduce profits for the shareholders.

- **Expenses**

Operating expenses assumptions reflect the projected costs of maintaining and servicing in-force policies and associated overhead expenses.

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Summary and valuation of policies as @30 June 2023

Type of Insurance	No. of Policies	Sum Assured	Annual Office Premium	Gross UPR	Reinsurance Share of UPR	Net UPR	Gross IBNR	Reinsurance Share of IBNR	Net IBNR	Gross Liability	Reinsurance Share of UPR	Net Liability
Ordinary Endowment	5,378	187,915,000	15,082,359							71,190,332	-	71,190,332
Individual Term	2	900,000	6,322							4,698	-	4,698
Individual Paid Up Policies	377	12,910,000	4,625,292							4,974,708	-	4,974,708
Individual Riders			728,267							728,267	-	728,267
Group Term	9	958,816,590	5,294,411	1,335,846	552,148	783,698	595,163	222,978	372,184	1,931,009	775,126	1,155,882
Group Medical	7	33,549,000	9,454,480	2,798,638	-	2,798,638	1,209,205	-	1,209,205	4,007,842	-	4,007,842
Group Riders	8	954,856,590	2,259,947	675,236	-	675,236	284,064	-	284,064	959,301	-	959,301
Contigency Rserve											-	-
Grand Total	**5,781**	**2,148,947,180**	**37,451,078**	**4,809,719**	**552,148**	**4,257,571**	**2,088,433**	**222,978**	**1,865,454**	**83,796,156.00**	**775,126**	**83,021,030**

Summary and valuation of policies as @30 June 2022

Type of Insurance	No. of Policies	Sum Assured	Annual Office Premium	Gross UPR	Reinsurance Share of UPR	Net UPR	Gross IBNR	Reinsurance Share of IBNR	Net IBNR	Gross Liability	Reinsurance Share of UPR	Net Liability
Ordinary Endowment	5,253	169,280,000	15,457,945							61,906,612.00		61,906,612
Individual Term	2	900,000	6,322							5,330.00		5,330
Individual Paid Up Policies	285	10,195,000	3,171,281							3,445,500.00		3,445,500
Individual Riders			746,337							746,337.00		746,337
Group Term	7	479,139,177	2,873,253	336,615	(152,026)	184,589	121,060	(45,268)	75,792	457,675.00	(197,294)	260,381
Group Medical	5	24,700,900	4,482,229	522,991	-	522,991	185,582	-	185,582	708,573.00		708,573
Group Riders		456,929,177	1,174,152	178,102	-	178,102	60,981	-	60,981	239,083.00		239,083
Contigency Rserve												-
Grand Total	**5,552**	**1,141,144,254**	**27,911,519**	**1,037,707**	**(152,026)**	**885,681**	**367,624**	**(45,268)**	**322,356**	**67,509,109.00**	**(197,294)**	**67,311,816**

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

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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.

A decrease in the discount rate will increase the value of the insurance liability and therefore reduce profits for the shareholders.

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.

Particulars	Increase	Decrease
Mortality/Longetivity	10%	10%
Investment return	1%	1%
Expenses	-	–
Lapse and surrenders rate	-	–

Sensitivity	Best Estimate	Increase	Decrease
Mortality	83,021,030	(31,392)	31,394
Discount rate	83,021,030	(1,548,429)	1,572,476

–

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The above analyses are 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 - for example, change in interest rate and change in market values; and change in lapses and future mortality.

Non- Life Insurance Contracts

The Company principally issues the following types of general insurance contracts: Motor, Marine, Fire, Personal Accident and Health, Pecuniary, PVT, Crop, Livestock and Liability insurance coverage to policyholders and are not guaranteed as renewable. Most of Risks under non-life insurance policies usually cover twelve months duration.

For general insurance contracts, the most significant risks arise from Natural and Man-made climates. For longer tail claims that take some years to settle, there is also inflation risk.

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

30-Jun-23	Claims reported			Incurred but not reported		
Particulars	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Accident	415,198	20,759.92	394,438	470,745	23,538	447,207
W/c	2,725,392	136,269.60	2,589,122	1,613,144	80,657	1,532,487
Motor	116,600,390	5,860,722.69	110,739,668	73,487,412	4,250,899	69,236,513
Marine	56,500	2,825.00	53,675	296,112	7,259	288,853
Agriculture			-	4,144,598	3,822,793	321,805
Aviation			-	-	-	-
Fire	10,014,211	500,710.55	9,513,500	2,203,080	2,003,950	199,130
political Violence & Terrorism - Gross	592,041	535,797.11	56,244	5,349,246	4,856,161	493,085
Engineering	175,500	15,900.00	159,600	1,346,655	426,219	920,436
Liablility	3,134,600	735,330.00	2,399,270	6,251,939	1,771,281	4,480,658
Pecuniary	179,977,014	169,707,930	10,269,084	1,338,264	1,053,047	285,217
Total	**313,690,847**	**177,516,245**	**136,174,602**	**96,501,195**	**18,295,804**	**78,205,391**

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30-Jun-22	Claims reported			Incurred but not reported		
Particulars	**Gross**	**Reinsurance**	**Net**	**Gross**	**Reinsurance**	**Net**
Accident	237,354	11,868	225,486	571,201	44,517	526,685
W/c	2,326,186	125,110	2,201,075	2,093,434	47,614	2,045,820
Motor	101,473,972	5,198,191	96,275,781	49,032,426	2,726,125	46,306,301
Marine	1,089,000	896,800	192,200	330,064	91,680	238,384
Agriculture	-	-	-	4,906,542	4,909,280	(2,738)
Fire	10,109,211	561,475	9,547,736	2,197,959	1,489,755	708,204
political Violence& Terro	883,041	799,486	83,555	2,793,882	3,357,660	(563,778)
Engineering	110,000	6,450	103,550	2,044,409	1,427,108	617,301
Liablility	4,584,327	577,532	4,006,795	2,899,871	216,355	2,683,516
Pecuniary	253,344,451	242,233,005	11,111,446	4,207,083	2,335,313	1,871,770
Total	**374,157,541**	**250,409,917**	**123,747,624**	**71,076,871**	**16,645,406**	**54,431,465**

Key assumptions

The principal assumption underlying the liability estimates is that the Company's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example: once-off occurrence; changes in market factors such as public attitude to claiming, economic conditions, as well as internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgments are further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

Sensitivities

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on net liabilities. 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. The table below looks at how changes in the claims cost affects the current liability. A 10% increase will lead to liability increase of ETB 9.65 million.

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Particulars	Increase in liabilities	Chang in liability 30 June, 2022
Average claim cost	+10%	9,650,120
Average number of claims	+10%	(9,650,120)

Particulars	Increase in liabilities	Chang in liability 30 June, 2022
Average claim cost	+10%	(7,460,525)
Average number of claims	+10%	(7,460,525)

The gross IBNR is estimated at ETB 96.5 million and the outstanding claims are estimated at ETB 313.7 million and ULAE is 15,658,433 Accordingly the total liability is estimated at ETB 425.8 million.

Particulars	30 June, 2023	30 June, 2022
IBNR	96,501,195	74,605,254
Outstanding Claims	313,690,847	374,157,541
Unallocated Loss Adjustment Expense (ULAE)	15,658,433	15,509,520
Total Actuarial Liability	**425,850,475**	**464,272,315**

Claims development Triangle

The following table show the estimation of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date

Gross non-life insurance contract outstanding claims provision for 2023:

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	2018	2,019	2020	2021	2022	2023
Accident year						
At the end of claim year	253,489,897	269,572,431	319,832,406	235,974,974	288,891,569	328,824,031
One year later	214,549,484	91,573,102	138,881,515	116,884,637	111,678,971	0
Two year later	13,815,005	7,189,201	45,945,993	15,521,872		
Three year later	2,498,895	8,823,761	4,671,189			
Four year later	3,769,356	3,834,875				
Five year later	2,256,235					
Cumulative Incurred Claims	**490,378,872**	**380,993,370**	**509,331,103**	**368,381,483**	**400,570,540**	**328,824,031**
Outstanding Claims Reported	179,251,626	44,672	10,883,735	5,103,826	15,938,139	81,313,865
ULAE	-	-	-	287,062	5,832,224	9,539,147
IBNR	-	-	-	1,605,251	9,834,165	85,061,779
Ultimate Claims Projected	**669,630,498**	**381,038,042**	**520,214,838**	**375,377,622**	**432,175,068**	**504,738,822**

4.2 Financial Risk

Financial Assets by category

The company's financial assets are classified into the following measurement categories measured at fair value through other comprehensive income and measured at amortized cost and the financial liabilities are classified into financial liabilities and other liabilities. Financial Assets are classified in the statement of financial position in accordance with their legal form and substance.

The company's classification of its financial assets is summarized in the table below:

30-Jun-23				
Particulars	**Notes**	**Measured at fair value throug OCI**	**Measured at amortized cost**	**Total**
Financial asset				
Investment in:				
Government Bond	6.2		16,200,000	16,200,000
Other Company's Share	6.2	227,413,797		227,413,797
Other assets	6.6		52,009,173	52,009,173
reinsurance assets	6.4		334,655,525	334,655,525
Trade receivables	6.3		9,385,719	9,385,719
Deposits with financial institutions	6.2		402,195,816	402,195,816
cash and cash equivalent	6.1		278,235,045	278,235,045
Total financial assets		**227,413,797**	**1,092,681,278**	**1,320,095,075**

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30-Jun-22				
Particulars	**Notes**	**Measured at fair value throug OCI**	**Measured at amortized cost**	**Total**
Financial asset				
Investment in:				
Government Bond	6.2		15,000,000	15,000,000
Other Company's Share	6.2	202,475,367		202,475,367
Other assets	6.6		41,243,083	41,243,083
reinsurance assets	6.4		339,860,962	339,860,962
Trade receivables	6.3		1,566,977	1,566,977
Deposits with financial institutions	6.2		202,930,565	202,930,565
cash and cash equivalent	6.1		140,066,263	140,066,263
Total financial assets		**202,475,367**	**740,667,850**	**943,143,217**

30-Jun-23				
Particulars	**Notes**	**Financial Liabilities measured at Fair Value**	**Financial Liabilities measured at amortized cost**	**Total**
Financial Liabilities				
Credit Arising from reinsurance arrangement	6.16	-	101,022,701	101,022,701
Trade Payables	6.17	-	41,709,783	41,709,783
Insurance contract liabilities	6.15	-	1,090,254,912	1,090,254,912
Other Liabilities	6.18(a)	-	34,314,167	34,314,167
Total financial Liabilities		**-**	**1,267,301,563**	**1,267,301,563**

30-Jun-22				
Particulars	**Notes**	**Financial Liabilities measured at Fair Value**	**Financial Liabilities measured at amortized cost**	**Total**
Financial Liabilities		-		
Credit Arising from reinsurance arrangement	6.16	-	37,087,309	37,087,309
Trade Payables	6.17	-	30,783,289	30,783,289
Insurance contract liabilities	6.15	-	830,100,254	830,100,254
Other Liabilities	6.18(a)	-	29,096,859	29,096,859
Total financial Liabilities		**-**	**927,067,711**	**927,067,711**

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4.3 Credit Risk

Credit risk it the risk of financial loss to the company if a customer or counterparty to a financial asset 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 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 Breaches are reported to the company's risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment. 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).

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 arrangement.

Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoids by following policy guidelines in respect of counterpartys' 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.

In line with above policies and procedures the company's credit risk arises predominantly from financing activities, investment activities and reinsurance activities. Key areas where the company is exposed to credit risk are:

- Receivable arising out of direct insurance arrangements;
- Receivable arising out of reinsurance arraignments; and
- Receivable arising out of short term investment

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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.

Financial asset		30 June 2023	30 June 2022
Investment in:			
Government Bond	6.2	16,200,000	15,000,000
Other Company's Share	6.2	227,413,797	202,475,367
Other assets	6.6(a)	52,009,173	41,243,083
reinsurance assets	6.4	334,655,525	339,860,962
Trade Receivables	6.3	9,385,719	1,566,977
Deposits with financial institutions	6.2	402,195,816	202,930,565
Cash and cash equivalent	6.1	278,235,045	140,066,263
Total financial assets		**1,320,095,075**	**943,143,217**

4.3.1 Management of credit risk

In measuring credit risk of loans and receivables to various counterparties, the company considers the character and capacity of the obligor to pay or meet contractual obligations, current exposures to the counter party/obligor and its likely future developments credit history of the counterparty/obligor; and the likely recovery ratio in case of default obligation-value of collateral and other ways out.

The risk associated with direct insurance arrangements is insignificant due to National Bank regulation which is "No premium No Cover" insurance policies are sold on cash basis to all policyholders except governmental organizations which is not relevant to our case; As a result the risk of default is non existence Reinsurance arrangements mitigate insurance risk but expose the Company to credit risk.

Reinsurance is placed with companies based on an evaluation of the financial strength of the reinsurers, rating, terms of coverage and price. It is company policy to only deal with reinsurers with credit ratings of at least BB from known credit rating agency other than Ethiopian

Reinsurance share Company which is not yet rated for mandatory policy and treaty cession as per local regulatory requirements.

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The credit risk in the Reinsurance area arises:

- When the company's reinsurers fails to make a claim reimbursement as and when it is claimed.
- The company transfers a part of the portfolio to a reinsurer in exchange for a premium. A default on the part of the reinsurer can lead to adverse impacts, on the profitability solvency, underwriting abilities of the Company.

The exposure to individual counterparties is also managed by other mechanisms, such as the right to offset counterparties is both debtors and creditors to the company. Provisions or impairment receivables and subsequent write-offs are presented to the top management and the board as appropriate as per the write off policy of the company. Internal audit makes regular reviews to assess.

4.3.2 Concentration of credit risk

The credit risk of the company has been concentrated in the following key areas of activities;

(a) Investing/ Lending activities

Credit risks associated with investments, risk happens when a firm invests' on debentures or loans to individuals having poor history in repayments or putting money into an asset with the expectation of capital appreciation, dividends and /or interest earnings. Such area is a major source of credit risk.

In our scenario neither debenture nor lending activities exists except policy loan where the long term business section of the company neither advances loan to life policy holders nor is the risk of default totally nonexistence as the collateral is the accumulated cash value. Other loan with small portfolio is given to staff based on property security and personal guarantee with low default risk. The current company's equity investment is in banks, in local reinsurance company and transport company with low risk.

(b) Credit concentration of a single counter party

There is a potential credit risk arising from the fact that banks may not settle time deposits on timely basis

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4.3.3 Credit quality analysis

a) Cash and cash equivalents

The credit quality of cash and bank balances and short term investments that were neither past due nor impaired a as 30 June 2023 and 30 June 2022 and are held in Ethiopia banks and have been classified as non-rated as there are no credit rating agencies in Ethiopia. The company has no cash and cash equivalents that are held in foreign bank.

b)Investment in Company's Share

The company's investment portfolio is exposed to credit risk through its fixed income and money market instruments. The company future manages its risk exposure to credit risk though counterparty risk via established limits as approved by the directive issued by National Bank of Ethiopia. All fixed income investments are measured for performance on a quarterly basis and monitored by management. The credit risk exposure associated with money market investments is low.

c) 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 counter parties' 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.

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d) Credit quality of other financial assets

30-Jun-23					
Particulars	Notes	Neither past nor impaired	Past due but not impaired	Individually impaired	Total
Insurance receivables:					
Due from contract holders	6.3	-	-	58,799,072	58,799,072
Less: Impairment allowance	6.3	-	-	(49,413,353)	(49,413,353)
Net Insurance receivable		-	-	9,385,719	9,385,719
Other assets:					
Rent Receivable	6.6(a)	374,991	-	-	374,991
Staff Debtors	6.6(a)	15,810,096	-	-	15,810,096
Third Party	6.6(a)	35,824,086	-	-	35,824,086
Prepayments	6.6(b)	12,599,527	-	-	12,599,527
Advance withholding tax	6.6(b)	16,681,098	-	-	16,681,098
Sundry Receivables	6.6(b)	-	-	38,502,242	38,502,242
Depositors with Debit Balance	6.6(b)	5,055,128	-	-	5,055,128
Tax Receivable	6.6(b)	61,333	-	-	61,333
Directors-Receivable	6.6(b)	17,267	-	-	17,267
Third party motor insurance fund	6.6(b)	572,948	-	-	572,948
Dividend payables	6.6(b)	1,193,760	-	-	1,193,760
Salvage amount at recovery yard		3,736,080	-	-	3,736,080
Gross amount		**91,926,314**	-	**38,502,242**	**130,428,556**
Less: Specific impairment allowance	6.6(b)			**(7,472,779)**	**(7,472,779)**
Net Others assets		**91,926,314**	-	**31,029,463**	**122,955,778**

30-Jun-22					
Particulars	Notes	Neither past nor impaired	Past due but not impaired	Individually impaired	Total
Insurance receivables:					
Due from contract holders	6.3	-	-	50,980,331	50,980,331
Less: Impairment allowance	6.3	-	-	(49,413,353)	(49,413,353)
Net Insurance receivable		-	-	**1,566,978**	**1,566,978**
Other assets:					
Rent Receivable	6.6(a)	374,991	-	-	374,991
Staff Debtors	6.6(a)	16,799,750	-	-	16,799,750
Third Party	6.6(a)	24,068,341	-	-	24,068,341
Prepayments	6.6(b)	11,887,714	-	-	11,887,714
Advance withholding tax	6.6(b)	12,590,705	-	-	12,590,705
Sundry Receivables	6.6(b)	-	-	44,415,842	44,415,842
Depositors with Debit Balance	6.6(b)	3,731,189	-	-	3,731,189
Tax Receivable	6.6(b)	61,333	-	-	61,333
Directors-Receivable	6.6(b)	15,267	-	-	15,267
Third party motor insurance fund	6.6(b)	3,366,729	-	-	3,366,729
Dividend payables	6.6(b)	-	-	-	-
Salvage amount at recovery yard		450,000	-	-	450,000
Gross amount		**73,346,020**	-	**44,415,842**	**117,761,862**
Less: Specific impairment allowance	6.6(b)	-	-	(3,842,280)	**(3,842,280)**
Net Others assets		**73,346,020**	-	**40,573,562**	**113,919,582**

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Insurance receivable- neither past due nor impaired

The credit quality of the portfolio of insurance receivable 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 in this category are receivable from contract holders (government customers) that are past due for less than 30 (thirty) days. Insurance receivables that have been classified as neither past due nor impaired are assessed on a collective basis.

Other assets

Other receivable balance constitutes; rent receivables, other account receivables, sundry debtors and staff debtors. The company has an internal system of assessing the credit quality of other receivables through established policies and approval system. The company constantly monitors its exposure to these receivables via periodic performance review. The company future manages its exposure to credit risk through deduction of transaction at source. The exposures to credit risk associated with other receivables is low.

4.3.4 Allowance for impairment

The company establishes an allowance for uncollectable losses that represents its estimate of incurred losses in its portfolio. The main components of this allowance are a specific loss components that relates to individually significant exposures, and a collective loss allowance established for companies of homogeneous assets in respect of losses that have been incurred but have been identified on receivables subjects to individual assessment for impairment.

	Notes	30-June-2022	30-June-2021
Due from contract holders	6.3	49,413,353	49,413,353
Other loans and receivables	6.6(b)	(123,586,193)	3,842,280
Total allowance for impairment		**(74,172,840)**	**53,255,633**

4.4 Liquidity Risk

Liquidity refers to the company's insufficient cash resources to meet financial obligations as they become due and it is a measure of the ability of a debtor to pay his debts when they fall due (withoutaffecting either the daily operations or the financial condition of the company). It is also the risk that a financial institution will incur losses because it finds difficult to secure the necessary funds or forced to obtain funds at far higher interest rates than under normal

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conditions due to mismatch between the maturities of assets and liabilities or unexpected outflow of funds. In addition, liquidity risk is expressed as a financial institution that incurs losses because it is unable conduct market transactions or is forced to conduct transactions at far more unfavorable price than under normal condition due to a market cries and the like. It is usually expressed as the ratio or a percentage of current liabilitiesto liquid assets.

Liquidity risk management in the Company is solely determined by management, which bears the overall responsibility for liquidity risk. The main objectives of the company's liquidity risk framework are to maintain sufficient liquidity in order to ensure that we meet our maturing obligation.

4.4.1 Management of liquidity risk

Cash flow forecasting is performed by the finance and investment department. The department forecasts 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 stratagem 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 Measurement of liquidity risk

The company has a process for measuring and monitoring it existing liquidity position as well as its net funding requirements. This involves forecasting cash inflows and outflows over various time horizons to identify potential cash imbalances. Liquidity risk is primarily measured as the ratio of current liability to liquid assets.

4.4.3 Maturity analysis of financial liability

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.

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30-Jun-23

Particulars	Notes	0-1 year	1-3 year	3-5 year	Over 5 years
Financial Liabilities					
Insurance contract liabilities	6.15	1,090,254,912			
Credit Arising from reinsurance Arrangement	6.16	101,022,701			
Trade Payables	6.17	41,709,783			
Other Liabilities	6.18	34,314,167			
Total financial Liabilities		**1,267,301,563**	-	-	-

30-Jun-22

Particulars	Notes	0-1 year	1-3 year	3-5 year	Over 5 years
Financial Liabilities					
Insurance contract liabilities	6.15	830,100,254			
Credit Arising from reinsurance Arrangement	6.16	37,087,309			
Trade Payables	6.17	30,783,289			
Other Liabilities	6.18	29,096,859			
Total financial Liabilities		**927,067,711**	-	-	-

4.5 Market Risk

Market risk is the risk of adverse financial impact due to change in the value or future cash flows of financial assets from fluctuations in, interest rates and equity prices. Changes in price may occur to a specific investment or in general to the portfolio of investment. Market risk encompasses the risk of financial loss resulting from movements in market prices which of the standard deviation of the change in value of a financial asset with a specific time Horizon.The Company does ordinarily engage in trading activities as there are no active markets in Ethiopia.

4.5.1 Management of market risk

To effectively control and manage market risk the need for establishing capital market is un questionable. The establishment and operation of a regulated equity market could enhance initiative to establish new and expand/diversify existing business by providing venture capital and the flexibility to exist from or simply change investment portfolio.

Market risk is monitored by the risk management department. It is responsible to prepare a quarterly investment report that will provide analysis of status of the current investment portfolio and transactions made over the reporting period. Besides, investment committee has been established and is responsible

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for assessing investment option and recommending the viable option to senior management.

4.5.2 Measurement of Market Risk

The principle adopted in the management of investments is to closely match assets to the nature and term of insurance liabilities where possible. Total capital held in each entity reflects the results of internal models of economic capital, and takes in to account business growth plans, as well as the likelihood of not being able to demonstrate an appropriate level of solvency.

Market risk is measured on the basis of investment capital or need of the company. Investment is made on evaluating the investee companies and the type of investment. Investment risk is Measured on the basis of security of the investee, liquidity consideration, and interest rate offer, and investment period, rate of return and feasibly study documents.

4.5.3 Monitoring of market risk

Market risk is monitored by performing regular asset liability matching exercise, monitoring market volatility, comparing actual performance with benchmark performance, and tracking errors and distributions of fixed interest assets. Market risk is future monitored by measuring and comparing the actual risk exposure in term of economic capital to an approved limit, based on a value at risk calculation.

4.6 Interest rate risk

Is the risk that the value of a financial asset will be affected by changes in market interestrates. The company's exposure to the risk of change in market interest rates relates primarily to its financial obligations and financial assets with fixed interest rates. The company monitors this exposure through periodic reviews of the assets and liability position. Estimate of cash flows, as well as the impact of interest rate fluctuations relating to the investment portfolio are modeled and reviewed. The overall objective these strategies are 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 sensitivityof insurance liabilities than that of the related assets, to the extent that such sensitivities are measurable than the interest rate movements will generate asset value changes that substantially offset changes in the value of the liabilities relating to the underlying products. The company is also exposed to the risk of changes

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in future cash flows from fixed income securities arising from the changes in interest rates.

The table below sets out information on the exposures to fixed and variable interest instruments.

June 30,2023

Particulars	Notes	Fixed interest bearing	Non interest bearing	Total
Cash and bank balance	6.1,6.2	402,195,816	278,235,045	680,430,861
Investment in				-
Other company's share	6.2		227,413,797	227,413,797
Government Bond	6.2	16,200,000		16,200,000
Insurance receivables	6.3		9,385,719	9,385,719
Reinsurance assets	6.4		334,655,525	334,655,525
Other assets	6.6(a)		52,009,173	52,009,173
Total Assets		**418,395,816**	**901,699,259**	**1,320,095,075**
Insurance contract liabilities	6.2	1,090,254,912		1,090,254,912
Credit Arising from reinsurance Arrangement	6.16,6.17	101,022,701		101,022,701
Trade Payables	6.2	41,709,783		41,709,783
Other payables	6.18(a)	34,314,167		34,314,167
Total Liabilities		**1,267,301,563**	**-**	**1,267,301,563**

June 30,2022

Particulars	Notes	Fixed interest bearing	Non interest bearing	Total
Cash and bank balance	6.1,6.2	202,930,565	140,066,263	342,996,828
Investment in				-
Other company's share	6		202,475,367	202,475,367
Government Bond	6	15,000,000		15,000,000
Insurance receivables	6		1,566,977	1,566,977
Reinsurance assets	6		339,860,962	339,860,962
Other assets	6.6(a)		41,243,083	41,243,083
Tota Assets		**217,930,565**	**725,212,652**	**943,143,217**
Insurance contract liabilities	6	830,100,254		830,100,254
Credit Arising from reinsurance Arrangement	6.16,6.17	37,087,309		37,087,309
Trade Payables	6	30,783,289		30,783,289
Other payables	6.18(a)	29,096,859		29,096,859
Total Liabilities		**927,067,711**	**-**	**927,067,711**

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4.7 Foreign Exchange Risk

Foreign exchange risk is the risk of loss arising from adverse exchange rate movements in foreign exchange exposures.The company primarily transacts in Ethiopian Birr and its assets and liabilities are denominated in the same currency.

4.8 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 asset or its issuer, or factors affecting all similar financial asset 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 limit on investments in each sector and market.

4.9 Capital Management

Capital management risk is failure to maintain adequate regulatory capital to meet NBE's capital requirements or the company's internal capital target aiming to safeguard its ability to continue as a going concern and maintain strong capital base to maintain investors, creditors,and enhance market confidence and sustain future developments of business.

4.9.1 Margin of Solvency Ratio

Solvency margin is the amount by which the asset of insurer exceeds its liabilities. Methods of calculating solvency margin of an insurer are prescribed in the margin of solvency (MOS) directive No. SIB/45/2016 of National Bank of Ethiopia (NBE).

The directive stipulates the minimum solvency margin, which an insurer must maintain at all times. For instance, an insurer carrying on general business shall keep admitted capital amounting 25% of its technical provision (or 20% of written premium in the last preceding financial year or the minimum paid up capital requierd). Whereas, an insurer carrying on long Term business shall keep admitted capital amounting to the higher of 10% of technical provisions or the minimum paid up capital.

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The solvency of insurance company or its financial strength depends chiefly on whether sufficient technical reserves have been setup for the obligations entered in to and whether the company has adequate capital as security.

Margin of Solvency Ratio

		30 June 2023	30 June 2022
General business Admissible assets	**A**		
Property, Plant and equipment		102,922,163	105,335,136
Investment properties		121,587,482	127,318,843
Intangible assets		-	-
Investment in:			
Other company's share		199,705,042	177,160,357
Government Bond		16,200,000	15,000,000
Investment in associate		29,614,205	24,621,607
Statutory Deposits		39,108,150	38,139,850
Reinsurance receivables		5,889,257	3,821,553
Insurance receivables		9,384,610	1,565,869
Reinsurance assets		328,766,268	336,039,408
Deferred Acquisition cost		30,047,117	13,000,794
Salvage property held for sale		3,736,080	450,000
Other assets		104,416,676	99,664,601
Deposits with financial institutions		319,128,615	140,207,441
Cash and cash equivalents		277,078,930	139,827,571
Tota Assets		**1,587,584,595**	**1,222,153,031**

Admissible Liabilitues	**B**		
Insurance contract liabilities		1,096,177,879	790,185,926
Deferred commission		20,831,332	10,856,082
Insurance payables		41,708,178	30,781,684
Other liabilities		47,561,209	35,206,083
Current income tax liabilities		6,184,879	7,694,703
Lease Liabilities		8,502,382	5,759,343
Defined benefits obligations		9,637,553	28,144,993
Deferred income tax		20,124,339	17,179,837
Total Liabilities		**1,250,727,751**	**925,808,651**
Excess (admitted capital) (A)-(B)	**C**	**336,856,845**	**296,344,379**
Net premium (preceding year)	**D**	447,728,612	426,365,286
Technical provision (current year)	**E**	1,003,947,241	759,840,353
Solvency margin			
Limit of net premium I.e. 20% of net premium	**F**	89,545,722	85,273,057
Limit of technical provision i.e. 25% of technical provisions	**G**	250,986,810	189,960,088
Minimum paidup capital		60,000,000	60,000,000
Required minimum of paid up capital	**H**	250,986,810	189,960,088
Solvency ratio	**C/G**	**134%**	**156%**

AFRICA INSURANCE COMPANY (S.C.)
NOTES TO THE FINANCIAL STATEMENTS
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Life business

	A	30 June 2023	30 June 2022
Life business Admissible assets			
Property, Plant and equipment		73,170	104,103
Investment properties		37,490,758	39,540,211
Intangible assets		-	-
Other company's share		27,708,755	25,315,011
Government Bond		-	-
Statutory Deposits		2,250,000	2,250,000
Reinsurance receivables		-	-
Insurance receivables		1,109	1,109
Reinsurance assets		-	-
Salvage property held for sale		-	-
Other assets		2,103,201	1,917,267
Deposits with financial institutions		83,067,201	62,723,123
Cash and cash equivalents		1,156,115	238,692
Total		**153,850,308**	**132,089,515**

Admissible Liabilitues	**B**		
Insurance contract liabilities		86,307,671	70,259,902
Deferred reinsurance commission		-	-
Insurance payables		8,793,668	6,743,341
Other liabilities		2,172,473	3,439,400
Current income tax liabilities		2,624,822	1,611,520
Life fund reserve			
Lease Liabilities		-	-
Defined benefit obligations		1,695,038	1,664,076
Deferred income tax		1,970,724	1,209,127
Total		**103,564,396**	**84,927,366**
Excess (admitted capital) (A)-(B)	**C**	**50,285,912**	**47,162,149**
Technical provision (current year)	**D**	86,307,671	69,249,574
Solvency margin			
Limit of technical provision i.e. 10% of technical provisions	**E**	8,630,767	6,924,957
Minimum paidup capital	**F**	15,000,000	15,000,000
Required minimum of paid up capital	**G**	15,000,000	15,000,000
Margin of solvency			
Solvency ratio	**C/G**	**335%**	**314%**

AFRICA INSURANCE COMPANY (S.C.)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

5. Segment information

Revenue in these segments is derived primarily from insurance premium and investment income, while expenses are derived from payment of claims and benefits to claimants.

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. All 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 for the year ended 30 June 2023 is presented as follows:

AFRICA INSURANCE COMPANY (S.C.)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

Currency:- Ethiopian Birr

A. Statement of Financial Position

	Notes	2023 Non Life	Life	Total
ASSETS				
Cash and bank balances	6.1	277,078,930	1,156,115	278,235,045
Financial Instruments	6.2	535,033,657	110,775,955	645,809,613
Trade receivable	6.3	9,384,610	1,109	9,385,719
Reinsurance Assets	6.4	334,655,525	-	334,655,525
Deferred Acquisition cost	6.5	30,047,117	-	30,047,117
Other current Assets	6.6	120,852,576	2,103,201	122,955,777
Property, plant and equipment	6.8	100,754,730	116,224	100,870,954
Right of use Assets	6.12 a	7,281,397		7,281,397
Intangible Asset	6.9	12,372,153	-	12,372,153
Investment Property	6.10	121,587,482	37,490,758	159,078,240
Investment In Associate	6.7	29,614,205	-	29,614,205
Statutory deposit	6.13	39,108,150	2,250,000	41,358,150
Leasehold land	6.11	1,320,311	99,640	1,419,948
TOTAL ASSET		**1,619,090,841**	**153,993,002**	**1,773,083,843**
LIABILITIES				
Insurance contract Liabilities	6.15	1,003,947,241	86,307,671	1,090,254,912
Credits arise from reinsurance arrangements	6.16	92,230,638	8,792,063	101,022,701
Deferred Commission Income	6.20	20,831,332	-	20,831,332
Trade Payables	6.17	41,708,178	1,605	41,709,783
Lease liability	6.12	8,502,382		8,502,382
Other Liabilities	6.18 b	57,198,762	3,867,511	61,066,273
Current Income Tax	6.21	6,184,879	2,624,822	8,809,701
Deferred Tax Liability	6.14 b	20,124,339	1,970,724	22,095,063
Total liabilities		**1,250,727,754**	**103,564,396**	**1,354,292,148**
EQUITY AND RESERVES				
Paid up capital	6.22	261,315,000	15,000,000	276,315,000
Share premium	6.23	14,251,676	-	14,251,676
Retained earnings	6.25	16,027,111	20,201,129	36,228,240
Legal reserve	6.24	44,563,827	14,835,621	59,399,450
Revaluation Reserves	6.26	30,037,890	2,559,439	32,597,329
Inter office		2,167,583	(2,167,583)	-
Total Capital and Reserves		**368,363,087**	**50,428,606**	**418,791,694**
TOTAL EQUITY AND LIABILITIES		**1,619,090,841**	**153,993,002**	**1,773,083,843**

AFRICA INSURANCE COMPANY (S.C.)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

Currency:- Ethiopian Birr

A. Statement of Financial Position

	Notes	2022 Non Life	Life	Total
ASSETS				
Cash and bank balances	6.1	139,827,571	238,692	140,066,263
Financial Instruments	6.2	332,367,799	88,038,134	420,405,932
Trade receivable	6.3	1,565,869	1,109	1,566,978
Reinsurance Assets	6.4	339,860,962	-	339,860,962
Deferred Acquisition cost	6.5	13,000,794	-	13,000,794
Other current Assets	6.6	112,002,315	1,917,267	113,919,581
Property, plant and equipment	6.8	103,533,238	155,119	103,688,357
Right of use Assets	6.12 a	5,577,423		5,577,423
Intangible Asset	6.9	14,139,604	-	14,139,604
Investment Property	6.10	127,318,843	39,540,211	166,859,055
Investment In Associate	6.7	24,621,607	-	24,621,607
Statutory deposit	6.13	38,139,850	2,250,000	40,389,850
Leasehold land	6.11	1,359,936	104,085	1,464,021
TOTAL ASSET		**1,253,315,810**	**132,244,616**	**1,385,560,426**
LIABILITIES				
Insurance contract Liabilities	6.15	759,840,353	70,259,902	830,100,254
Credits arise from reinsurance arrangements	6.16	30,345,573	6,741,736	37,087,309
Deferred Commission Income	6.20	10,856,082	-	10,856,082
Other Trade Payables	6.17	30,781,684	1,605	30,783,289
Lease liability	6.12	5,759,343		5,759,343
Other Liabilities	6.18 b	63,351,076	3,439,400	66,790,476
Current Income Tax	6.21	7,694,703	3,275,596	10,970,299
Deferred Tax Liability	6.14 b	17,179,837	1,209,127	18,388,964
Total liabilities		**925,808,652**	**84,927,366**	**1,010,736,017**
EQUITY AND RESERVES				
Paid up capital	6.22	260,721,000	15,000,000	275,721,000
Share premium	6.23	14,251,676	-	14,251,676
Retained earnings	6.25	(12,583,278)	13,205,401	622,123
Legal reserve	6.24	40,959,933	14,022,316	54,982,249
Revaluation Reserves	6.26	27,298,716	1,948,644	29,247,360
Inter office		(3,140,889)	3,140,889	-
Total Capital and Reserves		**327,507,158**	**47,317,250**	**374,824,408**
TOTAL EQUITY AND LIABILITIES		**1,253,315,810**	**132,244,616**	**1,385,560,426**

AFRICA INSURANCE COMPANY (S.C.)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

B. Statement of Profit or Loss and Other Comprehensive Income **Currency:- Ethiopian Birr**

		2023		
	Notes	**Non life**	**Life**	**Total**
Gross Premium Revenue	6.27	1,034,737,742	27,693,287	1,062,431,030
Gross Change in Unearned premium	6.27	292,466,469	3,371,890	295,838,359
Gross Net Earned Premium Revenue	6.27	**742,271,274**	**24,321,397**	**766,592,671**
				-
Premium ceded	6.27	229,564,068	3,331,909	232,895,977
Change in unearned premium - Reinsurers Share	6.27	70,853,053	-	70,853,053
		158,711,014	**3,331,909**	**162,042,923**
Net earned Premium	**6.27**	**583,560,260**	**20,989,489**	**604,549,748**
Investment and Other Income	6.28	86,536,001	25,480,642	112,016,643
Commission Earned	6.30	28,531,484	773,540	29,305,023
Total Income		**698,627,744**	**47,243,670**	**745,871,414**
CLAIMS				
Gross Claims and Benefits Paid	6.32	468,259,091	17,927,290	486,186,381
Gross Change in contract Liability	6.32	(38,422,150)	12,903,782	(25,518,369)
		429,836,941	**30,831,072**	**460,668,012**
				-
Claims Ceded to Reinsurers	6.32	50,568,802	508,043	51,076,845
Change in contract Liability ceded to Reinsurers	6.32	(68,189,414)	227,902	(67,961,512)
		(17,620,612)	**735,944**	**(16,884,668)**
				-
Net Claims incurred	**6.32**	**447,457,553**	**30,095,127**	**477,552,679**
OPERATING EXPENSES				
Operating and Other Expenses	6.35	167,856,704	4,884,136	172,740,840
Sales Commission Incurred	6.33	35,384,655	823,328	36,207,983
Total Expense and commissions		**203,241,359**	**5,707,464**	**208,948,822**
				-
Total Operating Expenses		**650,698,911**	**35,802,590**	**686,501,502**
Result of Operating Activity		**47,928,832**	**11,441,080**	**59,369,913**
				-
Finance Costs	6.34	3,687,478	-	3,687,478
Impairment Loss		3,630,499	-	3,630,499
Share of Result of Associates- Profit(Loss)	6.7b (6.31)	3,578,537	-	3,578,537
Profit Before Tax		**44,189,393**	**11,441,080**	**55,630,473**
Profit from life insurance as per actuarial valuation		-		
Income Tax Expense	6.21	8,150,449	3,309,720	11,460,170
Profit For the Year		**36,038,943**	**8,131,360**	**44,170,303**
OTHER COMPREHENSIVE INCOME				
Profit for the year		**36,038,943**	**8,131,360**	**44,170,303**
Other comprehensive Income				
Items That will not be classified to Profit or loss				
Net fair Value Gain(loss) on Financial Assets	6.29	5,009,447	872,564	5,882,011
Remesaurment Gain (loss) on Employees Benefit	6.29	(245,773)	-	(245,773)
Deferred Tax on Other Comprehensive Income		(1,429,102)	(261,769)	(1,690,871)
Total Other Comprehensive Income, Net of Tax		**3,334,572**	**610,795**	**3,945,367**
Total Comprehensive Income for the year		**39,373,515**	**8,742,155**	**48,115,671**

AFRICA INSURANCE COMPANY (S.C.)
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FOR THE YEAR ENDED 30 JUNE 2023

B. Statement of Profit or Loss and Other Comprehensive Income **Currency:- Ethiopian Birr**

		2022		
	Notes	**Non life**	**Life**	**Total**
Gross Premium Revenue	6.27	557,971,796	20,064,565	578,036,360
Gross Change in Unearned premium	6.27	10,624,837	(193,341)	10,431,496
Gross Net Earned Premium Revenue	6.27	**547,346,959**	**20,257,906**	**567,604,865**
Premium ceded	6.27	110,243,184	1,589,220	111,832,404
Change in unearned premium - Reinsurers Share	6.27	(28,809,553)	-	(28,809,553)
		139,052,737	**1,589,220**	**140,641,957**
Net earned Premium	6.27	**408,294,222**	**18,668,686**	**426,962,908**
Investment and Other Income	6.28	72,464,043	22,727,373	95,191,416
Commission Earned	6.30	21,749,502	391,346	22,140,848
Total Income		**502,507,767**	**41,787,406**	**544,295,172**
CLAIMS				
Gross Claims and Benefits Paid	6.32	479,351,150	10,089,794	489,440,944
Gross Change in contract Liability	6.32	(13,703,431)	5,756,427	(7,947,003)
		465,647,719	**15,846,221**	**481,493,940**
				-
Claims Ceded to Reinsurers	6.32	141,816,856	294,363	142,111,219
Change in contract Liability ceded to Reinsurers	6.32	(18,948,867)	-	(18,948,867)
		122,867,989	**294,363**	**123,162,352**
				-
Net Claims incurred	6.32	**342,779,730**	**15,551,858**	**358,331,588**
				-
OPERATING EXPENSES				-
Operating and Other Expenses	6.35	134,791,311	4,422,596	139,213,907
Sales Commission Incurred	6.33	21,197,856	127,015	21,324,871
Total Expense and commissions		**155,989,167**	**4,549,611**	**160,538,778**
				-
Total Operating Expenses		**498,768,897**	**20,101,470**	**518,870,367**
Result of Operating Activity		**3,738,870**	**21,685,936**	**25,424,806**
				-
Finance Costs	6.34.1	2,108,097	-	2,108,097
Impairement loss	6.34.2	1,711,456	-	1,711,456
Share of Result of Associates Profit(Loss)	6.7b (6.31)	(763,150)	-	(763,150)
Profit Before Tax		**(843,832)**	**21,685,936**	**20,842,104**
Income Tax Expense	6.21	8,786,402	4,136,490	12,922,892
Profit For the Year		**(9,630,235)**	**17,549,446**	**7,919,211**
OTHER COMPREHENSIVE INCOME				
Profit for the year		**(9,630,235)**	**17,549,446**	**7,919,211**
Other comprehensive Income				
Items That will not be classified to Profit or loss				
Net fair Value Gain(loss) on Financial Assets	6.29	3,164,255	(3,237,624)	(73,369)
Remesaurment Gain (loss) on Employees Benefit	6.29	1,105,786	-	1,105,786
Deferred Tax on Other Comprehensive Income		(1,281,012)	971,287	(309,725)
Total Other Comprehensive Income, Net of Tax		**2,989,029**	**(2,266,336)**	**722,692**
Total Comprehensive Income for the year		**(6,641,206)**	**15,283,110**	**8,641,903**

AFRICA INSURANCE COMPANY (S.C.)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

6 .DISCLOSURES

6.1 Cash and cash equivalents

Currency:- Ethiopian

	30-Jun-23	30-Jun-22
Cash on hand	10,277,573	805,735
Cash at Bank	267,957,472	139,260,528
	278,235,045	**140,066,263**

	30-Jun-23	30-Jun-22
General	277,078,930	139,827,571
Life	1,156,115	238,692
	278,235,045	**140,066,263**

Cash at Bank

	30-Jun-23	30-Jun-22
Current Account	214,270,574	71,894,775
Saving Account	53,686,899	67,365,753
	267,957,472	**139,260,528**

All saving deposits are subject to an average interest rate of 7%.

	30-Jun-23	30-Jun-22
Current	278,235,045	140,066,263
Non-Current	-	-
	278,235,045	**140,066,263**

a) Cash and cash equivalents for the purpose of cash flow statement includes the following:

	30-Jun-23	30-Jun-22
Cash on hand	10,277,573	805,735
Cash at Bank (Current and Saving Accounts)	267,957,472	139,260,528
	278,235,045	**140,066,263**

6.2 Financial Asset

a) Composition of Financial Instrument

The company's financial instruments at the end of the period are detailed below

	30-Jun-23	30-Jun-22
Measured at amortized Cost-Time Deposit (Note 6.2 b)	418,395,816	217,930,565
Measured at Fair Value through Profit Loss	-	-
Measured at Fair Value through Other Comprehensive income- (Note 6.2 c)	227,413,797	202,475,367
	645,809,613	**420,405,932**
Current	402,195,816	202,930,565
Non-current	243,613,797	217,475,367
Total	**645,809,613**	**420,405,932**

	30-Jun-23	30-Jun-22
General	535,033,657	332,367,799
Life	110,775,955	88,038,134
	645,809,613	**420,405,932**

AFRICA INSURANCE COMPANY (S.C.)
NOTES TO THE FINANCIAL STATEMENTS
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b) Financial Assets measured at amortized cost

Currency:- Ethiopian

	30-Jun-23	30-Jun-22
Fixed time deposit	374,226,380	191,981,826
Government bond	16,200,000	15,000,000
Interest receivable on fixed time deposit	27,969,436	10,948,739
	418,395,816	**217,930,565**

The fixed time deposits are deposits with local banks with maturity date of 12 months and are subject to an average interest rate of 16%. The bonds are carry interest rates of 6% .The company holds these investments with the objective of receiving contractual cash flow over the instruments life.

c) Financial Assets Measured at fair value through Other Comprehensive Income

Assets measured at FVTOCI	**Fair Value using significant Level -3 30-Jun-23**	**Fair Value using significant Level -3 30-Jun-22**
Investment in shares- Wegagen	118,721,422	107,536,927
Investment in shares- Ethio Re	106,192,375	94,938,441
Capital Yefinance Lihiket Maekel	2,500,000	
Total	**227,413,797**	**202,475,367**

	30-Jun-23	30-Jun-22
Beginning Balance	202,475,367	183,798,734
Additions	19,056,419	18,750,000
Fair Value gain through other comprehensive income	5,882,011	(73,367)
	227,413,797	**202,475,367**

These investments are unquoted equity instruments subsequently measured at fair value through other comprehensive income. The estimated fair value of the equity investment in Wegagen bank share company, Ethiopian reinsurance share company and Capital Yefinance Lihiket maekel share company is birr 118,721,422 , 106,192,375 and birr 2,500,000 respectively (2022:birr 107,536,927 and 94,938,441).This fair value has been determined by applying an appropriate valuation technique, the dividend growth method. This valuation has not been performed by an independent valuer.In applying this method management has assumed an average annual dividend income of birr 8.9 million from Wegagen Bank and birr 7.3 million from Ethio-Re for the upcoming financial years by reference to past trend and a minimum rate of return of 8% .The investment in Capital Lihiket Maekel is new and stated at cost or initial fair value.

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Sensitivity Analysis **30-Jun-23**

Wegagen Bank

	Scenario -1 Base	Scenario -2 Increased by 1%	Scenario -3 Increased by 2%	Scenario -4 Decreased By 1%	Scenario -5 Decreased By 2%
Expected Minimum Rate of Return	**8%**	**9%**	**10%**	**7%**	**6%**
Investment Balance 01 July 2022	107,536,833	103,507,714	96,027,024	123,456,220	137,170,818
Net Increase or Decrease investment Valuation	4,729,215	(13,191,184)	(23,744,166)	16,960,193	39,573,726
Additional Actual Investment During the year	6,455,000	6,455,000	6,455,000	6,455,000	6,455,000
Investment balance	**118,721,048**	**96,771,530**	**78,737,858**	**146,871,414**	**183,199,545**

Sensitivity Analysis **30-Jun-23**

Ethio Re

	Scenario -1 Base	Scenario -2 Increased by 1%	Scenario -3 Increased by 2%	Scenario -4 Decreased By 1%	Scenario -5 Decreased By 2%
Expected Minimum Rate of Return	**8%**	**9%**	**10%**	**7%**	**6%**
Investment Balance 01 July 2022	94987475	94987475	94987475	94987475	94987475
Net Increase or Decrease in investment	1,152,796.27	(11,832,125.78)	(21,157,661)	14,812,259.72	34,795,549
Additional Actual Investment During the year	10,100,000.00	10,100,000.00	10,100,000.00	10,100,000.00	10,100,000.00
Investment balance	**106,240,271**	**93,255,349**	**83,929,814**	**119,899,735**	**139,883,024**

The investment cost in Wegagen Bank S.C. and Ethio-Re was birr 102,434.000 and birr 78,851,000(2022 birr 95,979,000 and birr 68,750,000) respectively.

AFRICA INSURANCE COMPANY (S.C.)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

6.3 Trade Receivable

Currency:- Ethiopian Birr

	30-Jun-23	30-Jun-22
Trade receivable	58,799,072	50,980,331
Provision for doubtful	(49,413,353)	(49,413,353)
	9,384,609	**1,566,978**

Analysis of Trade Receivable

	30-Jun-23	30-Jun-22
Amount Due from policyholders	1,109	1,109
Amount Due from Insurance Companies	9,384,610	1,565,869
	9,385,719	**1,566,978**

	30-Jun-23	30-Jun-22
Life	1,109	1,109
Non-Life	9,384,610	1,565,869
	9,385,719	**1,566,978**

6.4 Reinsurance Assets

Currency:- Ethiopian Birr

	30-Jun-23	30-Jun-22
Due from reinsurers	19,061,878	17,839,966
Provision for uncollectible	(13,172,621)	(13,172,621)
Impairment of reinsurance receivable	-	(845,792)
	5,889,257	**3,821,553**
Reinsurers share of UPR	132,951,843	72,036,019
Reinsurers share of Outstanding claims	177,516,679	250,409,917
Reinsurers share of IBNR	18,297,747	13,593,473
	328,766,268	**336,039,408**
Total Reinsurance Asset	**334,655,525**	**339,860,962**

	30-Jun-23	30-Jun-22
General	334,655,525	339,860,962
Life	-	-
	334,655,525	**339,860,962**

	30-Jun-23	30-Jun-22
Current	334,655,525	339,860,962
Non-Current	-	-
	334,655,525	**339,860,962**

Due from reinsurer represents the over all balance of reinsurers with debit ending balance. The company conducted an impairment review of reinsurance asset, and no impairment is required in respect of the these assets during this financial year as the company has the right to set-off reinsurance assets against reinsurance liabilities on settlement.

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6.5 Deferred acquisition Cost

Deferred acquision costs represent commissions on unearned premium relating to the unexpired period of risks:

	30-Jun-23	30-Jun-22
Deferred acquisition cost	30,047,117	13,000,794
	30,047,117	**13,000,794**

The movement in deferred acquisition cost is as follows:

	30-Jun-23	30-Jun-22
Balance at the beginning of the year	13,000,794	9,614,402
Additions during the year	53,254,306	24,711,262
Less: Incurred during the year	36,207,983	21,324,870
	30,047,117	**13,000,794**

	30-Jun-23	30-Jun-22
General	30,047,117	13,000,794
Life	-	-
	30,047,117	**13,000,794**

6.6 Other Receivables

Currency:- Ethiopian Birr

a) Financial Assets

	30-Jun-23	30-Jun-22
Rent Receivable	374,991	374,991
Staff Debtors	15,810,096	16,799,750
Third Party	35,824,086	24,068,341
	52,009,173	**41,243,083**
Allowance for Impairment	-	-
Net Other Financial Asset Receivables	**52,009,173**	**41,243,083**

b) Non Financial Assets

	30-Jun-23	30-Jun-22
Prepayments	12,599,527	11,887,714
Advance withholding tax	16,681,098	12,590,705
Sundry Receivables	38,502,242	44,415,842
Depositors with Debit Balance	5,055,128	3,731,189
Tax Receivable	61,333	61,333
Directors-Receivable	17,267	15,267
Shareholders-Receivable	1,193,760	-
Third party motor insurance fund	572,948	3,366,729
Salvage amount at recovery yard	3,736,080	450,000
	78,419,383	**76,518,778**
Allowance for Impairment	(7,472,779)	(3,842,280)
Net Other Financial Asset Receivables	**70,946,604**	**72,676,498**
Other Receivables	**122,955,777**	**113,919,581**

During the year the company conducted an impairment test and recognized birr 3,630,498 as impairment of sundry receivables.

The salvage recovery refers to the estimated amount of salvage vehicles which are considered as total loss and settled but not disposed or transferred to third party.

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	30-Jun-23	30-Jun-22
Current	122,148,943	112,870,832
Non-Current	806,834	1,048,749
	122,955,777	**113,919,581**

	30-Jun-23	30-Jun-22
General	120,852,576	112,002,315
Life	2,103,201	1,917,267
	122,955,777	**113,919,581**

6.7 Investment in associates

a) Nature of Relationship

The company has over 20% voting power in Selam Bus Line S.C.,hence this is recognized as investment in associates. The associate has share capital consisting solely of ordinary shares which are held directly by the company. The country of incorporation is also its principal place of business.

COMPANY	Financial Year	%age of ownership interest	%age of ownership interest
	2016	23.4%	23.4%
Selam Bus Line S.C.	2017	23.3%	23.3%
	2018	24.6%	24.6%
	2019	24.6%	24.6%
	2020	27.2%	27.2%
	2021	27.2%	27.2%
	2022	27.2%	27.2%
	2023	27.2%	27.2%

Selam bus Line share company is a private company and there is no quoted market price available for its shares. There is no contingent liabilities relating to the company's interests in the associate.

Currency:- Ethiopian Birr

b) Movements In Investment

	30-Jun-23	30-Jun-22
Opening balance	24,621,607	29,096,669
Share of Associate Loss for the year	3,578,535	(763,151)
Prior Year adjustments	1,414,063	(3,711,910)
Dividend collected	-	-
	29,614,205	**24,621,607**

	30-Jun-23	30-Jun-22
Cost of Investment	32,500,000	32,500,000
Additions during the year	-	-
Share of Associates Profit/loss (Prior years)	(6,464,330)	(7,115,242)
Share of Associates current year Profit	3,578,535	(763,151)
	29,614,205	**24,621,607**

	30-Jun-23	30-Jun-22
General	29,614,205	24,621,607
Life	-	-
	29,614,205	**24,621,607**

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c) Summarized Financial Position of Associate	30-Jun-23	30-Jun-22
Assets		
Non-current		
Fixed assets	59,352,731	80,439,637
Investments	20,885,318	20,885,318
	80,238,049	**101,324,955**
Current		
Cash and cash equivalents	24,683,542	17,421,158
Other current asset	48,370,156	31,034,446
	73,053,698	**48,455,604**
Total Assets	**153,291,747**	**149,780,559**
Liabilities		
Long Term liabilities	16,548,524	46,453,943
Other current liabilities	27,999,855	12,916,073
	44,548,379	**59,370,016**
Net Assets	**108,743,368**	**90,410,543**

d) Summarized Statement of Comprehensive income		
Revenue	139,270,202	92,839,724
Profit or loss for the year net of tax	13,140,386	(2,802,285)
Other comprehensive income for the year	-	-
Total comprehensive income for the year	**13,140,386**	**(2,802,285)**

e) Reconciliation of investment in associate

Currency:- Ethiopian Birr

	30-Jun-23	30-Jun-22
Proportion of Ownership	27.23%	27.23%
Investment	24,621,608	29,096,668
Add:-Share Premium	-	-
Current year share of profit	3,578,535	(763,151)
Prior year's adjustment	1,414,063	(3,711,910)
Dividend recognized during the year	-	-
	29,614,206	**24,621,608**

6.8 Property, Plant and Equipment

	Balance at 1/7/2022	Addition	Disposal/ Reclassification	Balance at 30/6/2023
COST				
Building 2	83,383,608	-	-	83,383,608
Generator	900,000	-	-	900,000
Lift	3,768,843	-	-	3,768,843
CCTV-Camera	1,914,265	-	-	1,914,265
	89,966,716	-	-	**89,966,716**
Motor vehicles	42,303,744	-	-	42,303,744
Office equipment	2,817,726	997,480.00	-	3,815,206
Office furniture	12,778,483	1,923,900	-	14,702,383
Computer equipment	15,096,210	657,660	-	15,753,870
	72,996,163	**3,579,040**	-	**76,575,203**
	162,962,879	**3,579,040**	-	**166,541,919**
ACCUMULATED DEPRECIATION				
Building 2	7,019,512	2,050,320	-	9,069,832
Generator	270,000	90,000		360,000
Lift	753,769	251,256	-	1,005,025
CCTV-Camera	482,643	191,427	-	674,069
	8,525,923	**2,583,003**	-	**11,108,926**
Motor vehicles	30,196,756	1,920,013	-	32,116,768
Office equipment	2,197,909	137,912	-	2,335,821
Office furniture	8,951,944	636,475	-	9,588,420
Computer equipment	10,084,465	1,119,041	-	11,203,506
	51,431,074	**3,813,441**	-	**55,244,515**
	59,956,997	**6,396,444**	-	**66,353,441**

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NET BOOK VALUE	**103,005,882**			**100,188,479**
Construction in progress	682,475	-	-	**682,475**
	103,688,357			**100,870,954**

	Cost	Accumulated Depreciation	Book Value
General Insurance Business	**102,001,354**	**65,465,137**	**100,754,730**
Life insurance Business	**1,004,528**	888,304	116,224
Total	**103,005,882**	**66,353,441**	**100,870,954**

	Balance at 1/7/2021	Addition	Disposal/ Reclassification	Balance at 30/6/2022
COST				
Building 2	83,383,608	-	-	83,383,608
Generator	900,000	-	-	900,000
Lift	3,768,843	-	-	3,768,843
CCTV-Camera	1,914,265	-	-	1,914,265
	89,966,716	**-**	**-**	**89,966,716**
Motor vehicles	42,303,744	-	-	42,303,744
Office equipment	2,608,326	209,400.00	-	2,817,726
Office furniture	11,604,759	1,173,723	-	12,778,483
Computer equipment	13,442,820	1,664,890	(11,500)	15,096,210
	69,959,649	**3,048,013**	**(11,500)**	**72,996,163**
	159,926,365	**3,048,013**	**(11,500)**	**162,962,879**
ACCUMULATED DEPRECIATION			Currency:- Ethiopian Birr	
Building 2	4,969,192	2,050,320	-	7,019,512
Generator	180,000	90,000	-	270,000
Lift	502,512	251,256	-	753,769
CCTV-Camera	291,216	191,427	-	482,643
	5,942,920	**2,583,003**	**-**	**8,525,923**
Motor vehicles	28,252,149	1,944,608	-	30,196,756
Office equipment	2,108,828	89,080	-	2,197,909
Office furniture	8,399,669	552,275	-	8,951,944
Computer equipment	9,230,712	865,251	(11,499)	10,084,465
	47,991,360	**3,451,214**	(11,499)	**51,431,074**
	53,934,280	**6,034,217**	**(11,499)**	**59,956,997**
NET BOOK VALUE	**105,992,086**			**103,005,882**
Construction in progress	682,475	-	-	**682,475**
	106,674,561			**103,688,357**

	Cost	Accumulated Depreciation	Book Value
General Insurance Business	162,640,826	59,107,588	103,533,238
Life insurance Business	1,004,528	849,409	155,119
Total	**163,645,354**	**59,956,997**	**103,688,356**

6.9 Intangible Assets

	Balance at 1/7/2022	Addition	Reclassification	Balance at 30/6/2023
Computer Software				
Cost	21,617,469	-	-	21,617,469
Accumulated amortization	7,477,865	1,767,450		9,245,316
	14,139,603	**(1,767,450)**		**12,372,153**

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	Cost	Addition	Accumulated Depreciation	Book Value
General Insurance Business	21,617,469	-	9,245,316	12,372,153
Life insurance Business	-	-	-	-
Total	**21,617,469**	**-**	**9,245,316**	**12,372,153**

	Balance at 1/7/2021	Addition	Reclassification	Balance at 30/6/2022
Computer Software				
Cost	20,986,536	630,933	-	21,617,469
Accumulated amortization	5,647,322	1,830,544		7,477,865
	15,339,214	**2,461,477**		**14,139,604**

	Cost	Addition	Accumulated Depreciation	Book Value
General Insurance Business	20,986,536	630,933	7,477,865	14,139,604
Life insurance Business	-	-	-	-
Total	**20,986,536**	**630,933**	**7,477,865**	**14,139,604**

6.10 Investment Property

	Balance at 1/7/2022	Addition	Reclassification	Disposal/ Reclassification	Balance at 30/6/2023
COST					
Building 01	232,783,933.84	-	-	-	232,783,934
Generator	5,588,052.00	-	-	-	5,588,052
Lift	10,899,410.84	-	-	-	10,899,411
CCTV-Camera	957,132.51	-	-	-	957,133
	250,228,529	**-**	**-**	**-**	**250,228,529**
ACCUMULATED DEPRECIATION					
Building 01	71,216,706.48	6,478,656.31	-	-	77,695,363
Generator	4,333,754.08	422,325.69	-	-	4,756,080
Lift	7,577,692.02	784,120.10	-	-	8,361,812
CCTV-Camera	241,321.74	95,713.25	-	-	337,035
	83,369,474	**7,780,815**	**-**	**-**	**91,150,290**
NET BOOK VALUE	**166,859,055**				**159,078,240**

	Cost		Accumulated Depreciation		Book Value
General Insurance Business	185,228,529		63,641,047		121,587,482
Life insurance Business	65,000,000		27,509,242		37,490,758
Total	**250,228,529**	**-**	**91,150,290**		**159,078,240**

	Balance at 1/7/2021	Addition	Reclassification	Disposal/ Reclassification	Balance at 30/6/2022
COST					
Building 01	232,783,934	-	-	-	232,783,934
Generator	5,588,052	-	-	-	5,588,052
Lift	10,899,411	-	-	-	10,899,411
CCTV-Camera	957,133	-	-	-	957,133
	250,228,529	**-**	**-**	**-**	**250,228,529**
ACCUMULATED DEPRECIATION					
Building 01	64,738,050	6,478,656	-	-	71,216,706
Generator	3,911,428	422,326	-	-	4,333,754
Lift	6,793,572	784,120	-	-	7,577,692
CCTV-Camera	145,608	95,713	-	-	241,322
	75,588,659	**7,780,815**	**-**	**-**	**83,369,474**
NET BOOK VALUE	**174,639,870**				**166,859,055**

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	Cost		Accumulated Depreciation		Book Value
General Insurance Business	185,228,529		57,909,686		127,318,843
Life insurance Business	65,000,000		25,459,789		39,540,211
Total	**250,228,529**	-	**83,369,474**		**166,859,055**

The Company's investment property is measured at cost including subsequent costs. Depreciation on these properties is calculated using the straight line method to aloocate their cost to their estimated useful life.The fair value of the investment properties as at the previous reporting date was conducted by external valuer who has the required qualification and experience on asset valuation.The fair value was detrmined based on replacement cost approach.This method is frequently used in valuing investment companies or intensive capital firms. The fair value of the investment properries as at June 30,2023 are stated here under.

	30-Jun-23	30-Jun-22
	Depreciated Replacement Cost	Depreciated Replacement Cost
Building Bisrate Gebriel	669,693,024	683,360,229
Land Bisrate Gebriel	116,669,000	119,050,000
Generator,Lift and CCTV camera-Bsrate Gebriel	40,052,148	44,502,387
Head Office Building	232,612,195	237,359,383
Land-Head Office	35,280,000	36,000,000
Generator,Lift and CCTV camera-Head Office	15,269,695	16,966,328
	1,109,576,063	**1,137,238,327**

6.11 Leasehold Land

The Company has acquired 2,381m.sq plot of land under 50 years finance lease agreement from the Addis Ababa City Administration for construction of office building. The total cost of the lease agreement amounting to birr.684,538 has been paid to the Addis Ababa City Administration and will be amortized over the remaining lease period commencing from the date the building is put to use. Additional 600m sq.leasehold land has been obtained from Addis Ababa City Administration for construction of main branch office for a lease period of 50 years. The total cost of this lease agreement is Birr 1,518,992 and has been paid to the City Administration.

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	Cost	Accumulated Amortization	Book Value
Cost			
As at 1 July 2021	2,203,530	695,441	1,508,089
Additions		44,071	
Disposal			
Reclassification		-	-
As at 30 June 2022	**2,203,530**	**739,512**	**1,464,019**
As at 1 July 2022	2,203,530	739,512	1,464,019
Additions		44,071	
Disposal			
Reclassification		-	-
As at 30 June 2023	2,203,530	783,582	1,419,948

	COST	Accumulate Depreciation	BOOK VALUE
General Insurance Business	1,981,285	660,976	1,320,311
Life insurance Business	222,244	122,605	99,640
Total	**2,203,530**	**783,582**	**1,419,948**

6.12 Lease

a,Right of use Assets

	30-Jun-23	30-Jun-22
	-	-
Balance, Beginning of the year	10,824,359	6,756,654
Addition	2,839,947	4,067,705
Derecognition	-	-
	13,664,306	**10,824,359**
Amortization @ 1 July 2022	5,246,936	3,733,787
Addition	1,135,973	1,513,150
	6,382,910	**5,246,936**
Net right use assets	**7,281,397**	**5,577,423**

b,Lease Liability

	30-Jun-23	30-Jun-22
Balance, Beginning of the year	5,759,343	4,002,767
Addition	2,750,347	3,203,804
Interest Expense	1,057,042	495,852
Repayment during the period	(1,064,350)	(1,943,081)
	8,502,382	**5,759,343**
Current	7,322,482	4,579,443
Non-Current	1,179,900	1,179,900
	8,502,382	**5,759,343**

6.13 Statutory Deposit

This represents 15% of the paid up capital at the Statement of Financial position date and this has been deposited with National Bank of Ethiopia in accordance with Article 20 of Proclamation No. 746/2012. The deposit has been made in the form of Government Bonds at an interest rate of 6% and measured at amortized cost.

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Currency:- Ethiopian Birr

	30-Jun-23	30-Jun-22
Statutory Deposit	**41,358,150**	**40,389,850**

	30-Jun-22	30-Jun-22
General Insurance Business	39,108,150	38,139,850
Life insurance Business	2,250,000	2,250,000
	41,358,150	**40,389,850**

6.14 Deferred Taxation

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

a) The movement on deferred tax asset account during the year was as follows:

	30-Jun-23	30-Jun-22
Balance, Beginning of the year	-	-
Charged to Profit or loss statement	-	-
	-	-

b)The movement on deferred tax Liability account during the year was as follows:

	30-Jun-23	30-Jun-22
Balance, Beginning of the year	18,388,964	17,662,415
Credited / charged to Profit or loss statement	2,015,228	416,824
Credited to Other comprehensive income	**1,690,871**	309,725
	22,095,064	**18,388,964**

c)Net deferred Tax Liability/Asset	**22,095,064**	**18,388,964**

	30-Jun-23	30-Jun-22
General Insurance Business	20,124,339	17,179,837
Life insurance Business	1,970,724	1,209,127
	22,095,063	**18,388,964**

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The net Deferred tax liability/asset is attributable to the following:

Currency:- Ethiopian Birr

	30-Jun-23	30-Jun-22
Assets		
Property, plant and equipment	-	-
Investment Property	-	-
Gain or loss on employee benefit obligation	-	-
Fair Value of Equity instrument through other Comprehensive Income	-	-
	-	-
Liability		
Property, plant and equipment	3,123,794	3,123,794
Investment Property	5,580,363	3,565,135
Gain or loss on employee benefit obligation	287,984	361,716
Fair Value of Equity instrument through other Comprehensive Income	13,102,921	11,338,319
	22,095,062	**18,388,964**
Net deferred Tax Liability/Asset	**22,095,062**	**18,388,964**

6.15 Insurance contract Liabilities

	30-Jun-23	30-Jun-22
Outstanding Claims Provision	313,690,847	374,157,541
IBNR Provisions	96,532,088	74,636,458
Loss Adjustment due to Liability Adequacy Test/IBNER Provisions	-	-
Other Technical Provision/Unallocated loss Adjustment Estimate	15,658,233	15,509,520
	425,881,169	**464,303,520**
Unearned Premium Reserve	578,066,072	295,536,833
Policyholders Liability life business	86,307,671	70,259,902
	1,090,254,912	**830,100,254**

6.15.1 Outstanding Claims(including IBNR,IBNER and Technical Provision ULAE)

a) Movements

	30-Jun-23	30-Jun-22
Balance, beginning of year	464,303,520	478,938,988
Increase/decrease during the year	(38,422,350)	(14,635,469)
Balance, End of year	**425,881,169**	**464,303,520**

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Currency:- Ethiopian Birr

b) Analysis

Non Life	30-Jun-23	30-Jun-22
Marine	365,586	1,330,266
Fire	12,997,465	11,945,520
Motor	195,390,645	162,368,010
Workmen	5,236,579	4,694,135
Personal accident	913,077	657,503
Pecuniary	186,893,242	264,310,267
Engineering	1,579,530	1,322,835
Liability	9,699,310	9,410,676
Political Violence	9,283,336	4,515,385
Aviation	-	-
Weather Index	3,522,397.47	3,748,423
	425,881,169	**464,303,020**

6.15.2 Unearned Premium Reserve

a) Movement in unearned premium Provision:
Non Life

	30-Jun-23	30-Jun-22
Balance, beginning of year	295,536,833	284,911,997
Increase/decrease during the year	282,529,239	10,624,836
Balance, End of year	**578,066,072**	**295,536,833**

b) Analysis of unearned premium by class:

Non Life	30-Jun-23	30-Jun-22
Marine	758,055	1,285,574
Fire	11,383,135	6,897,493
Motor	415,356,568	202,105,923
Workmen	4,386,465	4,471,458
Personal accident	736,947	2,047,965
Pecuniary	16,576,107	15,055,483
Engineering	10,287,653	13,993,628
Liability	28,813,753	14,437,742
Crop insurance/Weather Index	64,727,124	15,529,847
Aviation	-	-
Political violence	25,040,265	19,711,720
	578,066,072	**295,536,833**

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6.15.3 Actuarial Policyholders Liability

Currency:- Ethiopian Birr

a) Movement in Actuarial Policyholders Liability:

	30-Jun-23	30-Jun-22
Balance, beginning of year	70,259,902	64,696,816
Increase/decrease during the year	16,047,769	5,563,086
Balance, End of year	**86,307,671**	**70,259,902**

b) Analysis of Actuarial Policyholders Liability:

	30-Jun-23	30-Jun-22
Group Life	78,247,102	64,048,394
Individual Life	8,060,569	6,211,508
	86,307,671	**70,259,902**

	30-Jun-23	30-Jun-22
O/S Claims	3,286,640	2,948,086
IBNR Claims	1,865,454	322,350
Actuarial Liabilities	76,898,005	66,103,779
Unearned Premium	4,257,572	885,687
	86,307,671	**70,259,902**

	30-Jun-23	30-Jun-22
Ordinary Endowment	71,190,332	61,906,612
Individual paid Up Policies	4,974,708	3,445,500
Individual Riders	728,267	746,337
Group Term	1,160,580	265,710
Group Medical	4,007,842	708,573
Group Rider	959,301	239,083
Contingency Reserve	-	-
	83,021,031	**67,311,816**

6.16 Credits Arise From Reinsurance Arrangements

	30-Jun-23	30-Jun-22
Due to reinsurers	101,022,701	37,087,309
	101,022,701	**37,087,309**

	30-Jun-23	30-Jun-22
General	92,230,638	30,345,573
Life	8,792,063	6,741,736
	101,022,701	**37,087,309**

6.17 Trade payables

	30-Jun-23	30-Jun-22
Co-insurers	4,100,342	5,965,346
Sales agents and brokers	37,037,907	21,945,157
Trade debtors with credit balances	571,534	2,872,786
	41,709,783	**30,783,289**

AFRICA INSURANCE COMPANY (S.C.)
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6.18 Other Liabilities

a) Financial Liabilities

Currency:- Ethiopian Birr

	30-Jun-23	30-Jun-22
Dividend payables	-	1,641,956
Accrued charges	11,548,060	7,193,106
Retention payable	2,435,491	2,435,491
Accrued leave pay	8,332,732	6,720,347
Severance pay	5,497,155	4,478,296
Sundry creditors	6,500,730	6,627,663
	34,314,167	**29,096,859**

b) Non-Financial Liabilities

Provident fund	9,062,305	28,352,707
Pension payable	2,270,286	1,459,303
Deferred Rent income	7,281,299	4,093,542
Stamp duty	307,877	290,978
Income tax payable	2,064,133	1,965,367
Value Added tax (VAT)	4,642,582	1,124,769
Withholding tax payable	1,125,553	405,076
Other Payables	(1,929)	1,875
	26,752,106	**37,693,617**
	61,066,273	**66,790,476**

	30-Jun-23	30-Jun-22
Current	61,066,273	66,790,476
Non-Current	-	-
	61,066,273	**66,790,476**

	30-Jun-23	30-Jun-22
General	57,198,762	63,351,076
Life	3,867,511	3,439,400
	61,066,273	**66,790,476**

6.19 Severance Pay

Accounted as part of financial liability. The company employees are entitled to severance benefit. The severance benefit entitlement is provided under the labor proclamation No. 1156/2019 and if an employee is terminated due to redundancy. In the first year, the pay is thirty times the average daily wage of the last week of service, if less than one year service , severance pay is calculated in proportion to the period of service. For more than one year of service, payment is increased by a third of the benefit for every additional year of service provided that the total amount does not exceed twelve months wage of the employee. This benefit is also paid to employees on voluntary resignation, disability and death in service after 5 years of service. In the event of death in service, the dependants will be paid a lump sum equal to 5 times members annual salary and burial expenses equal to 2 months wage.

KEY RISKS

The key risks associated with severance benefit entitlement are as follows

1. The benefits are linked to salary and consequently have an associated risk to in creases in salary
2. The benefits are defined as per the labor proclamation. Amendments to the labor proclamation could change these benefits and materially change the costs of the company.

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3. The severance benefits is unfunded with no separate assets, investment risk would there fore not arise.
4. Severance benefits is payable where an employee's contract of employment is ter minated by the initiation of the employer against the provision of law. The actual cost to the company of the benefits is therefore subject to the demographic mov't of employees.

Assumptions

The valuation of the severance benefit entitlement has been done on a discount rate of 14.25% p.a.as at 30 June 2022 and a salary inflation rate of 12.25% p.a. A sensitivity analysis has also been undertake showing the impact of change in the assumptions on the disclosure.

Currency:- Ethiopian Birr

a) Reconciliation of benefit obligation.

	30-Jun-23	30-Jun-22
opening benefit obligation	4,404,534	4,812,805
Current service cost net of employees contributions	3,630,089	2,901,382
Interest cost	637,320	686,580
Actuarial (gain)/loss	245,773	(1,105,447)
Past service cost	-	-
Benefits and Expenses paid	(3,494,323)	(2,890,786)
closing benefit obligation	**5,423,393**	**4,404,534**

	30-Jun-23	30-Jun-22
Present value of Active members funded obligations	5,423,393	4,404,535
Outstanding Benefit	-	-
Net liability	**5,423,393**	**4,404,535**

	30-Jun-23	30-Jun-22
Current service cost net of employees contributions	3,630,089.00	2,901,382.00
Interest on net liability	637,320.00	686,580.00
Recognition of past service cost	-	-
Total included in "staff costs" in respect of the severance benefit	**4,267,409**	**3,587,962**

	30-Jun-23	30-Jun-22
Net actuarial losses/gains in the net liability/asset recognized in the year;		
Net actuarial losses/gains and experience adjustments arising from changes in financial assumptions	(310)	(522,227)
Net actuarial losses/gains and experience adjustments arising from participants movement	246,083	(583,220)
Total included in "other Comprehensive Income" in respect of the severance benefit	**245,773**	**(1,105,447)**

Reconciliation

	30-Jun-23	30-Jun-22
Net liability at start of period	4,404,534	4,812,805
Net expense recognized in statement of profit or loss	4,267,409	3,587,962
Net expense recognized in other comprehensive income	245,773	(1,105,447)

AFRICA INSURANCE COMPANY (S.C.)
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Employer contributions	(3,494,323)	(2,890,786)
Net Liability at end of period	**5,423,393**	**4,404,534**

Actuarial Assumptions

	30-Jun-23	30-Jun-21
Discount rate (% .a)	14.30%	14.25%
Future salary increases (% p.a)	12.30%	12.25%
Mortality assumptions males	A1945-52 Males	A1945-52 Males
Mortality assumptions female	A1945-52 Females	A1945-52 Females
Weighted average duration of defined benefit obligation	6.3	6.9

The company also make statutory contribution to the national social security fund contributions are determined by local statute and are shared between the employer and employee. For the year ended 30 June 2023, the company contributed birr 7,018,687 (2022: birr 3,287,920) which has been charged to the profit and loss account.

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Currency:- Ethiopian Birr

b) Sensitivity Analysis

30-Jun-23

	Scenario -1 Base	Scenario -2 Discount Rate Increased by 1%	Scenario -3 Salary Rate increased by 1%	Scenario -4 Discount Rate decrease by 1%	Scenario -5 Salary Rate decreased by 1%	Scenario -6 Mortality Increased by 10%	Scenario -7 Mortality Decreased by 10%
Discount rate	14.30%	15.30%	14.30%	13.30%	14.30%	14.30%	14.30%
Salary increases	12.30%	12.30%	13.30%	12.30%	11.30%	12.30%	12.30%
Net liability at start of period	4,404,535	4,404,535	4,404,535	4,404,535	4,404,535	4,404,535	4,404,535
Total net expense recognized in the income statement	4,267,409	4,267,409	4,267,409	4,267,409	4,267,409	4,267,409	4,267,409
Net expense recognized in the other comprehensive income	245,773	(74,795)	598,014	606,992	(70,832.00)	416,762.00	73,136.00
Employer contribution	(3,494,323)	(3,494,323)	(3,494,323)	(3,494,323)	(3,494,323)	(3,494,323)	(3,494,323)
Net liability at end of period	5,423,394	5,102,926	5,775,635	5,784,613	5,106,789	5,594,383	5,250,757

AFRICA INSURANCE COMPANY (S.C.)
NOTES TO THE FINANCIAL STATEMENTS
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c) Expected impact on future company cash flows **Currency:- Ethiopian Birr**

The current arrangements are unfunded with no pre-determined contributions. The company however meets benefits payments on a pay-as-you-go basis. the company's benefit outgo was Ethiopia birr 3,494,323 (2022 Ethiopian birr 2,890,786)

d) Maturity profile

Time to maturity of membership	Liability (Ethiopian
Less than 1 year	1,954
1 to 5 years	56,999
Greater than 5 years	5,364,440

6.20 Deferred Commission income

	30-Jun-23	30-Jun-22
Deferred Commission income	20,831,332	10,856,082
	20,831,332	**10,856,082**

The movement in Deferred Commission income is as follows:

	30-Jun-23	30-Jun-22
Balance at the beginning of the year	10,856,082	9,074,724
Commission during the year	30,168,145	22,280,702
Amortization for the year	20,192,895	20,499,344
	20,831,332	**10,856,082**

6.21 INCOME TAX

6.21.1 Income Tax Charged to Profit or Loss

	30-Jun-23	30-Jun-22
General Insurance Business (Note 6.21 A)	-	-
Life Insurance Business (6.21 B)	-	412,221
Investment & Property (6.21 C)	11,460,170	12,510,671
	11,460,170	**12,922,892**

6.21.2 Income Tax Payable

	30-Jun-23	30-Jun-22
General Insurance Business (Note 6.21 A)	(240,472)	(240,472)
Life Insurance Business (6.21 B)	-	15,624
Investment & Property (6.21 C)	9,050,173	11,195,147
	8,809,701	**10,970,299**

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NOTES TO THE FINANCIAL STATEMENTS
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6.21

A) General Insurance Business

	30-Jun-23	30-Jun-22
Beginning Balance	(240,472)	(240,472)
Less:- Settlements(Adjustments Vs Life account)	-	-
	(240,472)	(240,472)
Profit before tax for the year	**44,189,393**	**(843,832)**
Transfer from life	-	-
	44,189,393	**(843,832)**
Less:- Income taxed at source		
Interest income	36,304,026	23,915,660
Divided income	15,035,236	9,693,634
Rent income	34,276,268	38,180,974
Share of Associate Result	3,578,537	(763,150)
	89,194,066	**71,027,117**
	(45,004,674)	**(71,870,949)**
Other technical provision (Additional)	148,601	2,085,925
Impairment on Sundry Debtors	3,630,499	1,711,456
Entertainment	491,682	66,906
Tax Penalty(Interest)	34,226.85	-
Office Refreshment	2,509,255	1,870,478
Provision-Staff Leave pay	1,396,360	1,539,993
Provision-Severance pay	773,086.00	697,176
Dep. Expense - Investment Property	5,731,361	7,780,815
Building Related Exp.	2,549,917	925,960
Leasehold Land Amortization	39,626	39,626
Giveaway Items	162,317	274,629
Donation	1,677,500	1,570,055
Sponsorship	43,960	-
Medical Expense-Family	-	-
Taxable Profit	**(25,816,283)**	**(53,307,931)**
Profit tax 30%	-	-
Profit Tax Charge to profit/Loss	-	-
Deferred Tax	-	-
Current Tax	-	-
WHT Paid During the Year	-	-
Current Tax Payable	**(240,472)**	**(240,472)**

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	Currency:- Ethiopian Birr	
	30-Jun-23	30-Jun-22
Deferred Tax Liability(Asset):		
Depreciation Expense for Tax	12,371,760	10,852,805
Depreciation Expense for Report	(8,124,999)	(7,820,441)
	4,246,761	**3,032,364**
Tax at 30%	-	-
Deferred Tax Liability(Asset)	**-**	**-**

	30-Jun-22	30-Jun-21
Beginning Balance	15,624	1,377,530
Less:- Settlements(Adjustments Vs Non- Life account	15,624	(1,377,530)
	-	-

B) Life Insurance Business		
Profit before tax for the year	**11,441,080**	**21,685,936**
Less:- Income taxed at source		
Interest income	10,525,904	7,614,181
Divided income	1,521,180	-
Rent income	13,430,407	15,113,043
	25,477,491	22,727,223
	(14,036,411)	(1,041,287)
Provision-Staff Leave pay	216,025	182,092
Dep. Expense - Investment Property	2,049,453.88	2,049,454
Building Related Exp.	343,083.06	179,366
Leasehold Land Amortization	4,445	4,445
Taxable Profit	**(11,423,404)**	**1,374,069**
Profit tax 30%	-	412,221
Profit Tax Charge to profit/Loss	-	412,221
Deferred Tax	-	1,464
Current Tax	-	413,685
WHT Paid During the Year	-	(398,061)
Current Tax Payable	-	**15,624**

	30-Jun-23	30-Jun-22
Deferred Tax Liability(Asset):		
Depreciation Expense for Tax	33,116	48,408
Depreciation Expense for Report	(38,895)	(43,528)
	(5,780)	4,880
Tax at 30%	(1,734)	1,464
Deferred Tax Liability(Asset)	**(1,734)**	**1,464**

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6.21 C) Investment Property

	30-Jun-23	30-Jun-22
Beginning Balance	11,195,147	5,608,290
Less:- Settlements	11,373,590	5,608,290
	(178,443)	-
Profit before tax for the year	**38,200,565**	**41,702,238**
Taxable Profit	**38,200,565**	**41,702,238**
Profit tax 30%	11,460,170	12,510,671
Profit Tax Charge to profit/Loss	11,460,170	12,510,671
Deferred Tax	1,216,758	418,288
Current Tax	10,243,411	12,092,383
WHT Paid During the Year	(1,014,795)	(897,236)
Current Tax Payable	**9,050,173**	**11,195,147**

	30-Jun-23	30-Jun-22
Deferred Tax Liability(Asset):		
Depreciation Expense for Tax	11,880,747	11,880,747
Depreciation Expense for Report	(7,824,886)	(10,486,452)
	4,055,860	1,394,295
Tax at 30%	1,216,758	418,288
Deferred Tax Liability(Asset)	**1,216,758**	**418,288**

	30-Jun-23	30-Jun-22
General Insurance Business	1,576,922	778,452
Life Insurance Business	(360,164)	(360,164)
	1,216,758	**418,288**

6.22 Capital and Reserves

Share Capital	30-Jun-23	30-Jun-22
Authorized	500,000,000	500,000,000
Issued and fully paid	276,315,000	275,721,000

The issued and fully paid up capital of the company, which is a composite insurer is birr 276.3 million (birr 275.7 million in 2022). In line with the regulations issued by the national bank of Ethiopia(NBE), issued and paid up capital of the company is allocated as follows:

Issued and fully paid	30-Jun-23	30-Jun-22
Non-Life Business	261,315,000	260,721,000
Life Business	15,000,000	15,000,000
	276,315,000	**275,721,000**

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b) Movement in paid up capital: **Currency:- Ethiopian Birr**

	30-Jun-23	30-Jun-22
Balance, beginning of year	275,721,000	223,891,000
Paid during the year	594,000	51,830,000
Balance, End of year	**276,315,000**	**275,721,000**

6.23 Share Premium

This represents excess of share prices over par value.

30-Jun-23	30-Jun-22
14,251,676	14,251,676

6.24 Legal Reserve

In compliance with Article 12 of proclamation No.86/1994, 10% of the net profit after tax is transferred to legal reserve account until the balance reaches the paid up capital.

	30-Jun-23	30-Jun-22
Balance brought forward	54,982,249	53,229,685
Add:-Current year transfer	4,417,199	1,752,564
Prior years adjustment	-	-
Balance carried forward	**59,399,449**	**54,982,249**

	30-Jun-23	30-Jun-22
General Insurance Business	44,563,827	40,959,933
Life Insurance Business	14,835,621	14,022,316
	59,399,449	**54,982,249**

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6.25 Retained Earnings — Currency:- Ethiopian Birr

	30-Jun-23	30-Jun-22
Balance brought forward	622,122	45,094,197
Less:- Dividend declared	-	(43,900,840)
Directors' profit sharing	-	(1,050,000)
Restated balance	622,122	143,357
Add:-Current year transfer	44,170,303	7,919,211
Impact of Reclassification and Recognitions	-	-
Transfers from Revaluation Reserve	595,398.57	635,113
Transfers from Life	-	-
Opening balance Difference	60	(8,822)
Less:- Legal reserve	(4,417,199)	(1,752,564)
Less:-Prior year adjustment- related to tax and others	(6,156,511)	(2,602,265)
Less:-Prior year adjustment on- associates	1,414,063	(3,711,910)
Add:-Deferred Tax	-	-
Balance carried forward	**36,228,240**	**622,122**

	30-Jun-23	30-Jun-22
General Insurance Business	16,027,111	(12,583,278)
Life Insurance Business	20,201,129	13,205,401
	36,228,240	**622,123**

6.25a Prior year adjustment	30-Jun-23	30-Jun-22
Tax penality,interest and Others	-	(2,581,875)
Salary paid to Mekelle and Shire Branch	(2,276,043)	-
Oracle and Support Fee	(2,899,336)	-
Others	(981,132)	(20,390)
	(6,156,511)	**(2,602,265)**

6.26 Other Components of Equity

	30-Jun-23	30-Jun-22
Resulted From Subsequent Measurement		
Revaluation Reserve-PP&E-First Time Adoption	1,621,615	2,217,014
Fair Value Reserve-Equity Instrument	30,303,704	26,186,296
Revaluation Reserve- Employee Benefit Obligations	672,009	844,050
	32,597,329	**29,247,360**

	30-Jun-23	30-Jun-22
General Insurance Business	30,037,890	27,298,716
Life Insurance Business	2,559,439	1,948,644
	32,597,329	**29,247,360**

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a) Asset Revaluation Reserve

This reserve is the accumulation of revaluation gain on the company's property, plant and equipment. This reserve is raised following the application of deemed cost on its transition to IFRS. See the statement of change in equities for movements in asset revaluation reserve.

b) Fair Value Reserve

The fair value reserve represents the net accumulated change in the fair value of investment in equity instrument at fair value through other comprehensive income, until the investment is derecognized or impaired. See statement of change in equity for movements in fair value reserve.

c) Remasuremt of Employee Benefit obligations

This reserve is the accumulation of gain or loss on remeasurment of employ's benefit obligation determined by actuarial.

6.27 Net Earned Premium **Currency:- Ethiopian Birr**

	30-Jun-23	30-Jun-22
Gross premium on insurance contracts		
Non-life insurance	1,034,737,742	557,971,796
Life insurance	27,693,287	20,064,565
Total gross written premium	**1,062,431,030**	**578,036,360**
Gross Change in Unearned premium provisions(Non-Life)	292,466,469	10,624,837
Gross Change in Unearned premium provisions(Life)	3,371,890	(193,341)
Total gross earned premium income	**766,592,672**	**567,604,866**
Premium ceded to reinsurers on insurance contracts		
Non-life insurance	229,564,068	110,243,184
Life insurance	3,331,909	1,589,220
	232,895,977	**111,832,404**
Reinsurers share of -Change in UPR	70,853,053	(28,809,553)
Total premium ceded to reinsurers	**162,042,923**	**140,641,957**
Net Earned Premium	**604,549,749**	**426,962,909**

	30-Jun-23	30-Jun-22
General	583,560,261	408,294,223
Life	20,989,489	18,668,686
	604,549,749	**426,962,909**

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6.28 Investment and Other income

Currency:- Ethiopian Birr

	30-Jun-23	30-Jun-22
Interest Income	46,829,930	31,529,840
Dividend Income	16,556,416	9,693,634
Rent Income	47,706,674	53,294,016
Other Income	923,624	673,927
Total investment income	**112,016,643**	**95,191,416**

	30-Jun-23	30-Jun-22
General	86,536,001	72,464,043
Life	25,480,642	22,727,373
	112,016,643	**95,191,416**

6.29 Other Comprehensive Income

	30-Jun-23	30-Jun-22
Revaluation of Equity-through OCI	5,882,011	(73,369)
Actuarial Gain-on defined contribution plan	(245,773)	1,105,786
Total Other Comprehensive Income	**5,636,238**	**1,032,417**

	30-Jun-23	30-Jun-22
General	4,763,674	4,270,041
Life	872,564	(3,237,624)
	5,636,238	**1,032,417**

6.30 Fees and commissions

	30-Jun-23	30-Jun-22
Reinsurance commission income	39,280,273	23,922,206
Change in unearned commission	9,975,250	1,781,358
Net Commission income	**29,305,023**	**22,140,848**

	30-Jun-23	30-Jun-22
General	28,531,484	21,749,502
Life	773,540	391,346
	29,305,023	**22,140,848**

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6.31 Associate Result — **Currency:- Ethiopian Birr**

	30-Jun-23	30-Jun-22
Share of Associate Result	3,578,537	(763,150)
	3,578,537	**(763,150)**

	30-Jun-23	30-Jun-21
General	3,578,537	(763,150)
Life	-	-
	3,578,537	**(763,150)**

6.32 Net benefits and claims

	30-Jun-23	30-Jun-22
Claims expenses		
Non-life insurance contracts	468,259,091	479,351,150
Life insurance contracts	17,927,290	10,089,794
Total claims expenses	**486,186,381**	**489,440,944**
Claims recovered from reinsurers	51,076,845	142,111,219
Gross change in contract liabilities		
Change in outstanding claims	60,466,693	17,980,509
Change in IBNR provisions	(21,895,942)	(2,191,153)
Change in IBNER provisions	-	-
Change in Other Technical provisions	(148,601)	(2,085,925)
Change in Actuarial Policyholders Liability	(12,903,782)	(5,756,427)
Gross change in contract liabilities	**(25,518,369)**	**(7,947,003)**
Change in contract liabilities ceded to reinsurers		
Change in outstanding claims	(72,893,688)	(20,135,012)
Change in IBNR provisions	4,704,274	1,186,145
Change in Other Technical provisions	-	-
Change in Actuarial Policyholders Liability	227,902	-
Change in reinsurance contract liabilities	**(67,961,512)**	**(18,948,867)**
Net benefits and claims	**477,552,679**	**358,331,588**

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Currency:- Ethiopian Birr

	30-Jun-23	30-Jun-22
General	447,457,553	342,779,730
Life	30,095,127	15,551,858
	477,552,679	**358,331,588**

6.33 Underwriting Expenses

	30-Jun-23	30-Jun-22
Sales commission incurred	53,254,306	24,711,262
Change in deferred commission income	17,046,323	3,386,392
	36,207,983	**21,324,871**

	30-Jun-23	30-Jun-22
General Insurance	35,384,655	21,197,856
Life Insurance	823,328	127,015
	36,207,983	**21,324,871**

6.34 Finance costs

	30-Jun-23	30-Jun-22
Interest expense-Bank over draft	2,630,437	1,612,244
Interest expense-Right use of asset	1,057,042	495,853
	3,687,478	**2,108,097**

The company uses over draft facility from wegagen bank s.c at interest rate of 16%.In connection to this interest expense of birr 2,630,437 was recognized during the year.

6.35 Impairment	30-Jun-23	30-Jun-22
Impairment on Sundry Debtors	3,630,499	1,711,456
	3,630,499	**1,711,456**

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6.35 General and administrative expenses

Currency:- Ethiopian Birr

The breakdown of general and administrative expenses is given below

	30-Jun-23	30-Jun-22
DIRECTORS' FEE	1,154,000	880,000
SALARIES & BENEFITS	102,506,749	80,760,295
DEPRECIATION	15,988,780	15,689,646
FINANCIAL EXPENSE	-	457,644
CHARGES	1,491,704.05	0
ADVERTISING & PROMOTIONS	3,644,530	2,744,207
RENT & UTILITIES	12,982,255	11,112,127
TELEPHONE & POSTAGE	1,902,374	1,849,147
FUEL & VEHICLE RUNNING EXP.	6,091,748	3,269,842
PERDIUM & TRANSPORTATIONS	1,936,368	1,033,728
STATIONARY, PRINTING & SUPPLY	4,867,603	5,687,015
REPAIR & MAINTAINANCE	3,540,486	2,817,704
PROFESSIONAL FEES	5,759,023	2,951,153
AUDIT FEE	100,625	100,050
INSURANCE EXPENSE	484	562
MIS.ADM & GENERAL EXP.	6,203,609	6,095,794
BUILDING RELATED EXPENSE	2,893,000	2,194,939
DONATIONS/CONTRIBUTIONS	1,677,500	1,570,055
	172,740,840	**139,213,908**

	30-Jun-23	30-Jun-22
General Insurance	167,856,704	134,791,312
Life Insurance	4,884,136	4,422,596
	172,740,840	**139,213,908**

6.36 Related Party

A number of transactions were entered into with related parties in the normal course of business. These are disclosed as follows:

Key management compensation

Key management has been determined to be the members of the board of directs and the executive management of the company. The compensation paid or payable to key management is shown below. There were no sales or purchase of goods and service between the company and key management personnel as at 30 June 2023.

AFRICA INSURANCE COMPANY (S.C.)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

Currency:- Ethiopian Birr

	30-Jun-23	30-Jun-22
Salaries and other short term employee benefits	25,900,881	20,142,006
Post employment benefits	3,885,132	3,014,830
Representation allowance	1,479,000	1,203,000
Other expenses	3,675,029	2,388,268
	34,940,042	**26,748,104**

6.37 Earnings per share

Earning per share is calculated by dividing the net profit for the year to the weighted average number of shares of ordinary shares outstanding during the year .

	30-Jun-23	30-Jun-22
Profit attributable to shareholders	44,170,302	7,919,211
Weighted average number of ordinary shares issued	276,295	250,422
Earning per share(Birr)	**160**	**32**

6.38 Contingent Liability, Claims Under Litigation

During the year, the company in the ordinary course of business was involved in 172 legal cases. The directors have sought the opinion of legal professional and are of the opinion that no significant liability will crystallize against the company from these cases beyond the provisions already recognized within "provisions for outstanding claims" in these financial statements.

6.39 Events Occurring After the Reporting Period

There were no events that occurred subsequent to the reporting date that require adjustments or disclosures in the financial statements.

6.39 Comparative Figures

Comparatives figure have been rearranged to facilitate comparison.

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AFRICA INSURANCE COMPANY (S.C.)

HEAD OFFICE CONTACT ADDRESSES

Work Unit	Tel	Fax	P.O.Box
Managing Director/CEO Office	+251 116 638 094	+251 116 638 253	12941
D/Managing Director Office	+251 116 632 984	251 116 615 093	12941
Engineering Service	+251 116 610 491	+251 116 638 253	12941
Marketing & Business Development	+251 116 621 617	+251 116 615 093	12941
Claims Department	+251 116 632 987	+251 116 638 253	12941
Finance & Investment Department	+251 116 632 989	+251 116 638 253	12941
Reinsurance Service	+251 116 632 985	+251 116 838 253	12941
Risk Management & AML/CFT Compliance Department	+251 116 610 491	+251 116 615 093	12941
Legal Service	+251 116 187 039	+251 116 615 093	12941
Internal Audit Service	+251 116 612 037	+251 116 615 093	12941
IT Service	+251 116 632 982	+251 116 638 253	12941
HRD & Property Administrative Service	+251 116 611 307	+251 116 611 305	12941
U/W & Branch Operations Department	+251 116 618 119	+251 116 615 093	12941
Ethics & Anti Corruption Office	+251 116 631 382	+251 116 638 253	12941

Addis Ababa Branches Address

Head Office Branch
Address: Head Office Building, Bole
Tel +251-116 63 29 88
Fax +251-11 661 10 67
P.O.Box:12941
Addis Ababa, Ethiopia

Filwuha Branch
Address: Around Tele Bar/ Commerce
Tel: +251-11 551 78 61
Fax: +251-11 515 58 14
P.O.Box:12941
Addis Ababa, Ethiopia

Yoseph Branch
Address: Kadisco Building, Saris Adey-Ababa
Tel: + 251-11440 15 72/73
Fax: +251-11442 15 74
P.O.Box:12941
Addis Ababa, Ethiopia

T/Haimanot Branch
Address: Leyla Building, T/ Haimanot
Tel: +251-11 227 75 41/43
Fax: +251-11 277 75 42
P.O.Box:12941
Addis Ababa, Ethiopia

Kirkos Branch
Address: KKare Building, Mexico
Tel: +251-11 515 52 93
Fax: +251-11 515 53 17
P.O.Box:12941
Addis Ababa, Ethiopia

Arada H/Giorgis Branch
Address: Tefera Business Center
Tel: +251-11 111 90 19
Fax: +251-11 111 91 19
P.O.Box:12941
Addis Ababa, Ethiopia

Gofa Branch
Address: Down Town Building, Gofa Mezoriya
Tel: 251-11 467 01 32/33
Fax:251-11 467 0158
P.O.Box:12941

Bole Yeka Branch
Address: H&M Building, Hayahulet Mazoriya
Tel 251-11 661 64 35/36
Fax 251-11 661 64 37
P.O.Box:12941
Addis Ababa, Ethiopia

Gerji Branch
Address: Aminiya Guest House, Gerji Mebrat Hayil
Tel +251-116 67 54 11/67
Fax +251-116 67 54 40
P.O.Box:12941
Addis Ababa, Ethiopia

Arat Killo Branch
Address: Denver Building, Arat Kilo
Tel: 251-11 156 01 15/16
Fax:251-11 156 01 14
P.O.Box:12941
Addis Ababa, Ethiopia

Mesalemia Branch
Address: Yeshewa Tsega Building, Mesalemiya
Tel: 251-11 275 05 19
Fax:251-11 2781 891
P.O.Box:12941
Addis Ababa, Ethiopia

Lideta Branch
Address: A/A Building, Lideta
Tel: 251-11 552 29 73
Fax:251-11 553 45 22
P.O.Box:12941
Addis Ababa, Ethiopia

Kality Branch
Address: Around Cheraliya, Kality
Tel: 251-11 471 74 58/60
Fax:251-11 471 74 87
P.O.Box:12941
Addis Ababa, Ethiopia

Ayer Tena Branch
Ayer tena Square Near to Sami Cafe
Tel: 251-11 369 37 08
Fax:251-11 369 38 17
P.O.Box:12941
Addis Ababa, Ethiopia

Fit Ber Branch
Address:Wolde Yohannes Shita Building Kazanchis
Tel: 251-11 557 55 45
Fax:251-11 557 53 44
P.O.Box:12941
Addis Ababa, Ethiopia

Ras Desta Branch
Address: Infront of Ras Desta Damtew Memorial Hospital
Tel: 251-11126 36 87/88
Fax:251-116 263 686
P.O.Box:12941
Addis Ababa, Ethiopia

Meskel Flower Branch
Address: Sam House Building, Meskel Flower
Tel: 251-11 470 13 95/ 251-11 470 23 90
Fax:251-11 470 29 05
P.O.Box:12941
Addis Ababa, Ethiopia

Mekanisa Branch
Address: Sido Building, Mekanisa
Tel: 251-11 369 98 19/84 98
Fax:251-11 369 99 09
P.O.Box:12941
Addis Ababa, Ethiopia

Lambert Branch
Address: Marathon Building
Tel: 251-11 666 05 14
Fax:251-11 668 34 51
P.O.Box:12941
Addis Ababa, Ethiopia

Stadium Branch
Address: Wegagen Head Office Bld. Stadium
Tel: +251-115-58 20 02
Fax: +251-115-58 20 04
P.O.Box:12941
Addis Ababa, Ethiopia

CMC Branch
Adress:- Tsion Building
Tel: 251 - 116 688 223
Fax: 251- 116 683 457
P.O.box: 12941
Addis Ababa, Ethiopia

Addisu Gebeya Branch
Adress:- Yerosa Guest House Building
Tel: 251 - 111 265 764
Fax: 251-111 264 882
P.O.box: 12941
Addis Ababa, Ethiopia

Life Main Branch
Tel: 251 - 116 187 741
Fax: 251-116 180 563
P.O.box: 12941
Addis Ababa, Ethiopia

Up Country Branches

Mekele Branch
Address: Kasa Mengesha Building, around City Hotel Mekelle
Tel: +251- 34440 8410
Fax: +251-34 440 40 67
P.O.Box:493
Mekele, Ethiopia

Dire Dawa Branch
Address: Kezira Infront of Post Office Dire Dawa
Tel: +251- 25 111 07 15
Fax: +251-25 111 41 20
P.O.Box:461
Dire Dawa, Ethiopia

Hawassa Branch
Address: City Center Building Piazza, Hawassa
Tel: +251- 46 220 19 60
Fax: +251-46 220 60 25
P.O.Box:800
Hawassa, Ethiopia

Bahir Dar Branch
Address: Abiyu Building, Around Papires Hotel, Bahir Dar
Tel: 251- 58 220 17 92
Fax:251-58 220 14 98
P.O.Box:163
Bahir Dar, Ethiopia

Dessie Branch
Address: Brhane Building, Piazza Dessie
Tel: 251- 33 111 91 40/41
Fax:251-33 111 91 42
P.O.Box:1430
Dessie, Ethiopia

Gondar Branch
Address: Piazza around Quara Hotel, Gondar
Tel: 251- 58 111 02 34
Fax:251-58 111 47 59
P.O.Box:890
Gondar, Ethiopia

Jimma Branch
Address: Nejima Building Merkato, Jimma
Tel: 251- 47 211 03 96
Fax:251-47 211 04 23
P.O.Box:4002
Jimma, Ethiopia

Wolayita Sodo Branch
Address: Gebre Selam Building, Wolayita
Tel:251- 46 180 09 83
Fax:251-46 551 18 32
P.O.Box:231
Wolayita, Ethiopia

Nekmete Branch
Address: Kidus Michael Building, Nekemte
Tel: 251- 57 660 00 13
Fax:251-57 660 00 15
P.O.Box:246
Nekmete, Ethiopia

Shire Branch
Address: Around Hayelom Adebabay, Shire
Tel: 251- 34 244 18 67
Fax:251-34 244 07 04
P.O.Box:85
Shire, Ethiopia

Arba Minch Branch
Address: Arba Minch
Tel: 251- 46 1 81 86 36
Fax:251-46 181 86 38
Arba Minch, Ethiopia

Debre Birhan Branch
Address: Zeleke Building, Debre Birhan
Tel: 251- 11 6 37 58 19
Fax:251-116 37 57 82
P.O.Box:83
Debre Birhan, Ethiopia

Jigjiga Branch
Address:Alemayehu Hotel Bld. Jigjiga
Tel: 251- 252 78 31 46
Fax:251-11252 78 31 48
Jigjiga, Ethiopia

Adama Branch
Address: Tesfaye Olympic Hotel Building Adama
Tel: 251- 22 112 21 01
Fax:251-22 11221 00
P.O.Box:182
Adama, Ethiopia

Sebeta Branch
Adress:- Wanofi Building
Tel: 251 - 113 818 022
Fax: 251- 113 818 050
P.O.box: 12941
Sebeta, Ethiopia

Contact Office - Shashemene
Adress:- Tsegaye Building Shashemene
Tel: 251 - 461 10 62 66
Fax: 251- 46 220 60 25
P.O.box: 800
Sashemene, Ethiopia

አፍሪካ ኢንሹራንስ ኩባንያ (አ.ማ.)
AFRICA INSURANCE COMPANY (S.C.)

OUR SERVICES

የላቀና ጥራት ያለው አገልግሎት መስጠት ቃል ኪዳናችን ነው

Committed to Excellence and Quality Service

የምንሰጣቸውየዋስትናዓይነቶች	Available Services Rendered
✓ የተለያዩ የሕይወት ዋስትናዎች	✓ Different Types of Life Assurance
✓ የእሳት ቃጠሎና የመብረቅ አደጋ መድን	✓ Fire & Allied Perils Insurance
✓ በአደጋ ምክንያት ለሚከሰት የትርፍ እጦት	✓ Business Interruption (Loss of Profit)
✓ የሥርቆት አደጋ መድን	✓ Burglary & House Breaking Insurance
✓ የተሽከርካሪ/የግልና የንግድ/ መድን	✓ Motor (Private & Commercials) Insurance
✓ የመርከብና የባሕር ላይ ጉዞ መድን	✓ Marine (Hull & Commercial) Insurance
✓ የኢንጂነሪንግ/የሥራ ተቋራጮች፣ የማሽን ክለላ፣ወዘተ	✓ Engineering (Contractors All Risk, Machinery Breakdown, Erection All Risks) etc
✓ በሰው ላይ ለሚደርስ አደጋ መድን	✓ Personal & Group Personal Accident Including Illness
✓ የሠራተኞች ጉዳት ካሣ መድን	✓ Workmen's Compensation & Employees Liability
✓ የዕምነት ማጉደል	✓ Fidelity Guarantee Insurance
✓ ሌሎች ማለትም	✓ Others, such as:-
• የቦንድ ዋስትናዎች /የጨረታ ማስከበሪያ ዋስትና፣ የመልካም ሥራ አፈፃፀም ዋስትና እና የቅድሚያ ክፍያ ዋስትና/	• Bonds/Bid Bond, Performance Bond & Advance Payment Bond/
• የገንዘብ ዋስትና መድን	• Money (Cash in Safe & in Transit)
• በሕብረተሰብ ላይ ለሚያስከትል ኃላፊነት	• Public Liability Insurance
• ሁሉን አቀፍ የዋስትና መድን	• All Risks Insurance
• የመስታዎት ስብራት መድንና ሌሎችም	• Plate Glass Insurance, etc
✓ የጉዞ ላይ የሕክምና መድን	✓ Travel Health Insurance
✓ የሶስተኛ ወገን የኃላፊነት ሕጋዊ ግዴታ ኢንሹራንስ	✓ Third Party Liability Insurance
✓ የአየር ንብረት ዋስትና	✓ Weather Index Insurance
✓ ከፖለቲካ ጋር በተያያዘ ለሚከሰት ሁከት/ ብጥብጥ እና ሽብርተኝነት/ መድን / ዋስትና/	✓ Poletical Violence & Terrorism (PVT) Insurance

"ያለስጋት ከመስራት ከአፍሪካ ኢንሹራንስ ዋስትና መግዛት !!!"
"Buy All Your Insurance Needs From Africa Insurance to Minimize or Avoide Worries !!!"


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