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AFRICA INSURANCE COMPANY S.C

አመታዊ ሪፖርት

2016 ዓ.ም

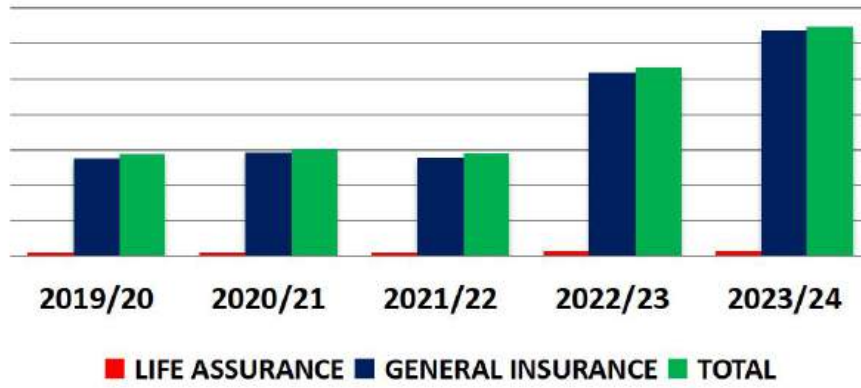


ANNUAL
REPORT

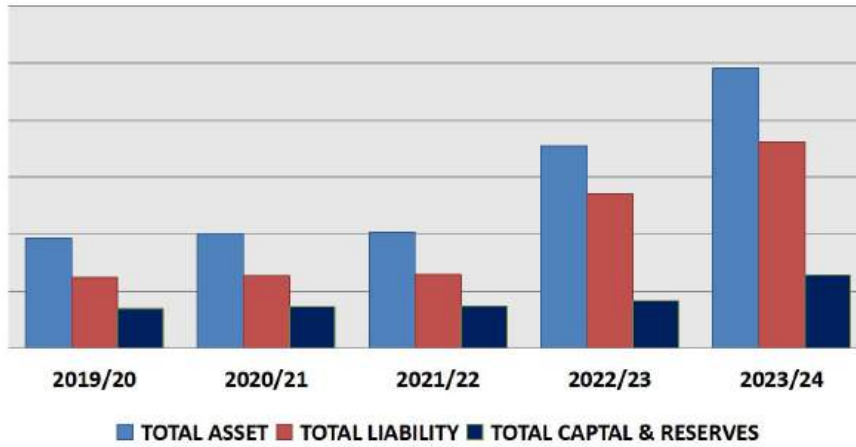
2023/24

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Committed to Excellence and Quality Service!

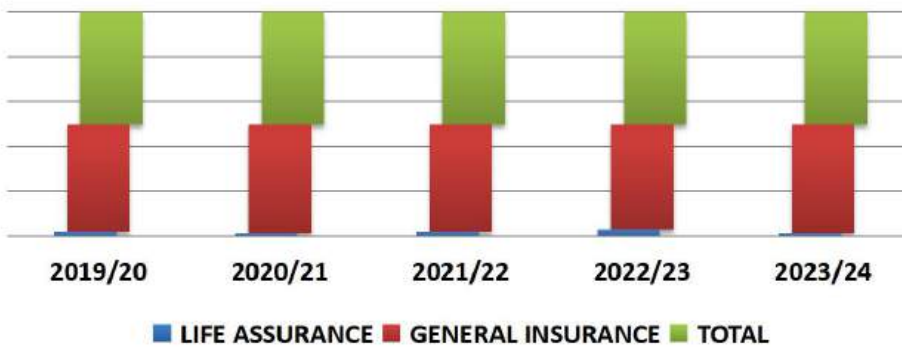
**AFRICA INSURANCE COMPANY (S.C.)
GROSS PREMIUM**



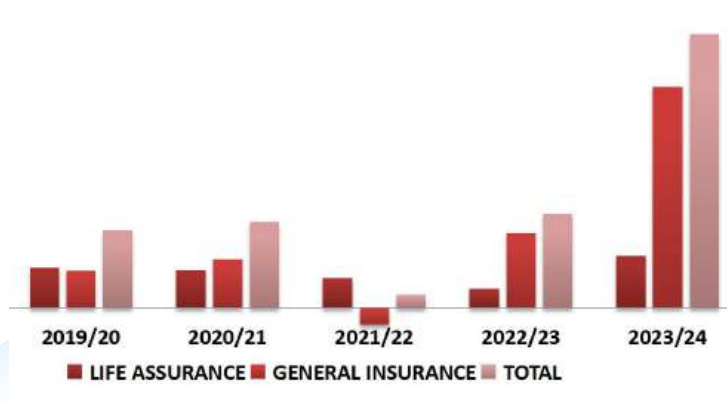
**AFRICA INSURANCE COMPANY (S.C.)
TOTAL ASSET , LABILITY & CAPITAL**



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



**AFRICA INSURANCE COMPANY (S.C.)
PROFIT BEFORE 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 preferred 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 !

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አፍሪካ ኢንሹራንስ ኩባንያ (አ.ማ)

Business Reg. No: አአ/ገማ/3-1619/87

Subscribed Capital: ብር 500,000,000

Paid-up Capital: ብር 500,000,000



AFRICA INSURANCE COMPNAY (S.C)

Company's Headquarter: Bole sub city:

Africa Insurance Tower

PO Box: 12941:

Website: www.africainsurancesc.com

NOTICE

Notice of the 29th Annual Ordinary and 9th Extra Ordinary General Meeting

Inaccordance with Article 393(1) and Article 400(1) of Commercial Code of Ethiopia, Proclamation Number 1243/2021 as well as Article 17 and 18 of the Memorandum of Association of the Company, Notice is hereby given to the Shareholders to attend the 29th Annual Ordinary and 9th Extraordinary General Meetings of Africa Insurance Company S.C. which will be held on Saturday, November 16, 2024 at 9:00 am (Morning) at Addis Abeba Hilton Hotel to transact the following businesses:-

1. The Agenda for the 29th Annual Ordinary General Meeting

- 1.1. To hear and endorse share transfers conducted for the year 2023/24 and accept new share holders thereof;
- 1.2. To hear and approve the report of the Board of Directors for the year 2023/24;
- 1.3. To hear and approve the Auditor's report for the year 2023/24;
- 1.4. To decide on the appropriation of the net result (Profit) of the Company for the year 2022/24;
- 1.5. To hear and approve the newly appointed members of BOD's in fulfillment of the required Number of directors,
- 1.6. To appoint Auditor's who will examine the Company's accounts for the fiscal years 2024/25,2025/26 and 2026/27 and approve their service fees thereof;
- 1.7. To conduct Election of Board Nomination and Election committee and approve their service fees thereof;;
- 1.8. To approve Board remuneration for the year 2023/24 and their monthly allowance for the year 2024/25;

2. The Agenda for the 9th Extra Ordinary General Meeting

- 3.1. To Hear and approve Capital Increment of the Company.

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 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/submitted original/ copies of:-
 - Renewed Id Cards or passports of both the representers and the represented.
 - Letters of power of attorney.

*By order of the Board of Directors of
Africa Insurance Company (S.C)*


Company's Secretary

Board Of Directors



Ato Alemu Berhe
Vice Chairman



Ato Getachew Tadesse
Director



Ato Abdurahman Abdulkaki
Director



Ato Birhanu Tadesse
Director



W/ro Mekdes G/Tsadik
Director



W/ro Enewey G/Medhin
Director



Ato Fikadesilassie Beza
Director



W/ro Genet Argaw
Director



W/ro Firdosa Adus
Director



Ato Yisak Kebede
Company's Secretary



Executive Management



Ato Kiros Jiranie
Managing Director - CEO



Ato Kassahun Begashaw
Deputy Managing Director



Ato Yohannes Hailu
Manager, Claims Management Department



Ato Daniel Teweldebrehan
Manager, Finance and Investment Department



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



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



Ato Dejene Megersa
Manager, ICT Department



Ato Tesfaye Girma
Manager, HRM & Property Administration Department



Ato Tesema Hidetu
Manager, Internal Audit Department



Ato Alemseged Meresa
Manager, Life & Health Insurance Department



Ato Mezmur Hawaz
Manager, Reinsurance Service



Ato Michael Mesfin
Manager, Legal Service



Ato Estifanos Emiru
Manager, Engineering Service

Board Of Directors Report

Dear Shareholders,

The Board of Directors of Africa Insurance Company (S.C.) has the pleasure in presenting the 2023/2024 Annual Report on Operational & Financial performance of the Company along with the Audited Accounts. The report highlights a brief overview of event at national and industry level in relation to the company's activities.

1. Ethiopian Economic Overview

1.1 General Economic Overview

Growth has been achieved despite major international and local crises, (the continued conflicts in Ukraine-Russia and Gaza and the internal security situation). The value of real GDP has increased from ETB 1.7 trillion in financial year 2018 to ETB 2.4 trillion in financial years 2023. Government figures indicate that Ethiopia's economy grew by 7.2 percent in 2023, while the IMF estimates the growth by 6.1 percent. The nominal GDP saw a significant increase of 41.7 percent, partly due to the high inflation rate. This trend is expected to continue in 2024, driven by inflation rate and the anticipated depreciation of the local currency, reflecting the government's measures to boost GDP growth.

The economic growth narrative in Ethiopia faces challenges. Over the past five years, the country has faced numerous challenges, including COVID-19, the Ukraine-Russia war, internal conflicts, and drought, which have all tested the economy's resilience (ECA, 2023). Most of the real GDP growth in recent years is attributed to the services sector. In financial year 2023, 3.1 per cent of the 7.2 percent GDP growth rate was from the service sector, while 2.1 per cent and 2.0 per cent came from the industry and agriculture sectors. The average percentage share of agriculture in GDP between financial year 2018 and financial year 2023 was 33 percent, while the industry and service sectors were 28 percent and 39 percent, respectively.

Inflation in Ethiopia remains high from January to March 2024, year-on-year headline inflation stood at 26.2 percent in March 2024 indicating slow abatement compared to 34.2 percent in March 2023.

Ethiopia's monetary policy up to April 2024 has continued to be accommodative. Monetary authorities continue to rely on direct instruments. There has been some marginal tightening of the monetary policy stance in 2024.

Ethiopia's foreign exchange market continues to be volatile as of May 2024, with some degree of loss of confidence. While there is convergence of objectives, the World Bank and the IMF insisting on a rapid unification of the exchange rate given the May 2024 gap between official (56 ETB/USD) and parallel market (120 ETB/USD), while the Government wants a more phased approach to correct the distortion.

In fiscal year 2023 total government tax revenue reached ETB 597 billion or 6.8 percent of GDP. Tax collection has annually increased by 36.7 percent but tax to GDP ratio of 6.8 percent is in decline compared to 7.1 percent last year largely due to significant increase in nominal GDP.

In terms of GDP, capital expenditure has been the lowest in financial year 2023. In the past five years, the average capital expenditure to GDP ratio dropped to 6.6 percent from its level of 10.0 percent in the preceding decade.

The stock of Ethiopia's public sector debt stood at USD 63.2 billion at close to 39.4 percent of GDP at the end of 2023 comprising USD 27.7 billion (18 percent of GDP) external and USD 35.5 billion (22 percent of GDP) domestic debt. These are below the debt sustainability requirement for low- income countries which are 40 percent for external debt and 55 percent for total public sector debt.

During the first nine months of fiscal year 2024 the value of goods exported totaled USD 2.5 billion indicating a 3.7 percent shortfall compared to USD 2.6 billion obtained in the same period of fiscal year 2023 and annual receipt of USD 3.6 billion. On the other hand, the value of goods imports totaled USD 13.4 billion in contrast to USD 13.2 billion in the same period. During the nine months fuel and consumer goods imports have declined by 10.0 percent and 21.2 percent, respectively while capital goods import increased by 35.9 percent in the same period. (UNDP Quarterly Economic profile-May 2024)

1.2 Ethiopian Financial Sector

By the end of the second quarter of 2023/24, the number of banks in Ethiopia reached 32, of which 30 were private and 2 state owned. These banks have opened 306 new bank branches during the review quarter, thereby increasing the total number of bank branches to 11,870. As a result, the ratio of population to bank branch stood at 9,0421. Of the total bank branches, 31.3 percent were located in Addis Ababa. Meanwhile, total capital of the banking system reached ETB 277.8 billion. The banking sector disbursed ETB 116.2 billion in new loans during the review quarter, indicating 36.1 percent decline from last year same period. Of the total new loans disbursed, the share of state owned banks was 52.9 percent and that of private banks 47.1 percent. The major beneficiaries of the fresh loans were Domestic Trade (ETB 24.7 billion or 21.2 percent), International Trade (ETB 17.8 Billion or 15.4 percent), Agriculture (ETB 16.8 billion or 14.4 percent), Manufacturing (ETB 16.1 billion or 13.9 percent), Building and Construction (ETB 12.3 billion or 10.6 percent), Consumer and Staff Loans (ETB 11.6 Billion or 10.0 percent). In the meantime, the banking system collected ETB 91.2 billion in loans, showing a 17.4 percent annual growth. Of the total loan collection, 71.9 percent was collected by private banks and 28.1 percent was by state owned banks. Total outstanding credit of the banking system (including corporate bond) went up by 14.9 percent to reach ETB 2 trillion compared to last year same period. About 99.5 percent of the total outstanding credit of private banks was claims on cooperatives and private enterprises.

The number of insurance companies remained at 18, of which 17 were private and 1 state owned. Their branches increased to 779 from 717 a year ago. Of the total branches, about 56.5 percent were located in Addis Ababa. The total capital of insurance companies increased to ETB 18.9 billion from 14.4 billion last year, of which private insurance companies accounted for 79 percent of the total capital.

During the review quarter, the number of Micro Finance Institutions (MFIs) remained at 46 mobilized about ETB 26.2 billion in saving deposit, showing 11 percent annual growth. Total outstanding credit of these institutions declined by 1.6 percent and reached ETB 34.8 billion. Similarly, their capital showed a 27.2 percent decline and reached ETB 9.6 billion. (NBE 2nd Quarter 2023/24 Report)

1.3 The Ethiopian Insurance Industry

During the financial year 2023/24, the industry reported a Gross premium income of over ETB 28.2 billion, showing a growth of 23.1 percent against ETB 22.9 billion in the previous financial year. Out of the current total premium of ETB 26.3 billion, 93.2 percent, was contributed by the general insurance business, while the remaining ETB 1.9 billion, 6.7 percent, by the long-term business.

The total asset of the general insurance at industry level stood at ETB 61.1 billion as at June 30, 2024, while, the total capital and reserves reached ETB 20.4 billion.

2. Company Performance

A. Gross Written Premium Income

In the financial year 2023/24, AIC's overall Gross Written Premium Income has reached ETB 1.299 billion, showing 22.3 percent increase over the income of the previous year ETB 1.062 billion. Of the total, the general insurance business's share was ETB 1.271 billion (97.8 percent), while Life business contribution was ETB 28.4 million (2.2 percent).

B. Portfolio Mix

Out of the gross written premium, Motor class of business remains dominant with 74.2 percent, followed by Political Violence 6.9 percent, Weather Index 5.9 percent, liability 5.7 percent, fire 2.5 percent, Engineering 2.0 percent and the remaining from Workmen's, pecuniary, Accident & Health, and Marine. Similarly, of the total life business premium about 58.6 percent belongs to individual endowment, while medical and the remaining classes shared 27.0 percent and 14.4 percent, respectively.

C. Reinsurance

Appropriate reinsurance arrangements were made to cover the company's risk acceptance level, for which it cedes part of the premium to its treaty and facultative re-insurers. In the financial year 2023/24, the company has ceded ETB 269.9 million (15.9 percent higher than the previous year) and retained ETB 1.029 billion (24.1 percent higher than the previous year).

D. Gross and Net Claims Paid

During 2023/2024, gross claims ETB 649.3 million is paid to claimants, ETB 625.9 million to General Insurance business and ETB 23.4 million to Life insurance business, out of which ETB 58.8 million is to be recovered from reinsurers. Thus, the net claims paid for 2023/24 is ETB 590.5 million, 35.7 percent higher to that of the previous year.

E. Underwriting Performance

The underwriting result of AIC has shown an improved surplus ETB 229.8 million, higher by ETB 109.7 million as compared to the previous year ETB 120.1 million.

F. Investment & Non-Operating Income

The company has earned ETB 182.2 million investment income from both businesses, which is higher by 57.6 percent as compared to the previous year, ETB 115.6 million.

G. Operating & Administrative Expenses

The total administration and general expenses of the Company, in 2023/24 has reached ETB 250.9 million showing an increase of 39.3 percent as compared to the previous year ETB 180.1 million. Out of the total expense, employee salary & benefits took the major share of ETB 137 million (54.6 percent) while the remaining ETB 113.9 (45.4 percent) covers depreciation, rental and other general expenses. Out of the total expense incurred, Life's share was about ETB 8.2 million (3.3 percent), while the remaining larger part belongs to the General business.

H. Profit

During the 2023/24 financial year, the Company has earned a Gross Profit before tax ETB 161.1 million as compared to ETB 55.6 million of the previous year from both businesses. The Net profit, after deduction of profit tax for the year, ETB 32.8 million, is ETB 128.3 million with a make-up of ETB 101.7 million from General Insurance and the remaining ETB 26.6 million from Life business.

The earnings per share for the financial year is ETB 393 per share with a significant improvement over the previous year ETB 160 per share.

I. Financial Position

1. Asset

The Company's total asset as at of 30th June 2024 has shown an increment of 38.4 percent over the previous year and reached ETB 2.45 billion, ETB 2.25 billion is for general insurance and ETB 198.4 million is for long term business, as compared to ETB 1.773 billion of the previous financial year. This was mainly resulted due to the increment in cash and bank balances, particularly in fixed time deposits and reinsurance asset.

During the 2023/2024, the total investment balance of the company has grown by ETB 550.5 million as compared to last year's investment balance of ETB 834.5 million and reached ETB 1.385 billion.

Of the total balance, long term investment amounts to ETB 520.2 million, 37.6 percent, while the remaining balance ETB 864.8 million, 62.4 percent corresponds to a short term investment. During the financial year investment in other Companies Share was increased by ETB 95.9 million, while the investment in fixed time deposit by ETB 462.7 million.

2. Liability

The total liability as at of 30th June 2024, stood at ETB 1.806 billion and has showed an increment by ETB 452.3 million (33.4 percent), with the major share ETB 305.1 million is due to the increment in provisions.

Out of the total liability reported as at June 30, 2024, ETB 1.415 billion or 78.3 percent are provisions made for unexpired risk of ETB 627.6 million, for outstanding claims and IBNR ETB 623.8 million, for IBNER ETB 43.2 million, for unearned ceding commission ETB 19.5 million, for other technical provision ETB 18.7 million and for an actuarial liability of ETB 82.2 million.

3. Capital and Reserves

The Company's total equity as at 30th June 2024, has shown an increment of 54.4 percent as compared to as at 30th June 2023, ETB 418.8 million and has reached ETB 646.5 million. During the financial year, paid up capital, share premium and retaining earning have shown significant increase of ETB 117.8 million, ETB 6.3 million and ETB 84.2 respectively. As at 30th June 2024, the Paid up capital and the remaining equity items constituent 60.9 percent and 39.1 percent of the total equity respectively.

3. Business Development and Capacity Building

A. Branch network

As at 30th June 2024, the company's total number of branches remained 37 the same as last year.

B. Human Resource

1. Manpower

The total number of permanent staff of the company as at June 30/2024 is 368. Out of this 213 (57.7 percent) are female, while the remaining 155 (42.3 percent) are males.

2. Training and Development

In order to facilitate need based and well organized short term trainings, Training Need Assessment (TNA) was conducted and annual training plan and program was designed for the period under review.

Accordingly, so as to enhance capability and fill the capacity gap short term trainings were provided for 132 staff members were trained on 29 training topics for a total of 5,620 hours.

The total cost incurred for training and development during the reporting period was ETB 2.1 million.

3. Other Major Activities

With the intent to facilitate effective and efficient operation of the company and to deploy an appropriate resource, organizational structure revision and other related works are performed, approved by the Board of Directors and is planned to be implemented starting July 1, 2024.

4. Corporate Governance

The Board of Directors of Africa Insurance remains committed to observing and adhering to the highest standards of corporate governance and business ethics set out by the National Bank of Ethiopia and other pertinent government organs with the aim of protecting the interest of shareholders, policyholders, employees and other stakeholders of the Company. The Board has the overall responsibility of approving and overseeing the implementation of the company's strategic plan. With the aim of properly discharging its duties, the Board has organized three sub-committees, namely, Audit sub-committee, Human Resources & property administration sub-committee and Risk Sub-committee who oversee the application of Corporate Governance principles in all the Company's business undertakings. Moreover, the Board has been following up the implementation of the findings and recommendations of the On-Site Examination and Off-Site Surveillance reports of the National Bank of Ethiopia and that of the internal and external auditors.

The Board ensured that appropriate and timely actions have been taken to address the supervisory concerns and instructions of the National Bank of Ethiopia. The Board also ensured that the company has put in a place a comprehensive risk management program. It has been on the right track in monitoring the progress towards the achievement of goals related to the Company's mission and vision.

The Board closely oversaw and gave directions on issues based on its mandates. Pursuant to NBE's directive no 48/2019 article 10.3.2 the Board conducted 12 monthly regular, 3 extra-ordinary and 11 board sub-committee meetings in the reporting year, during which it has approved the annual budgets, quarter and annual evaluation of performance progress reports, and strategic investments.

The Board had discussed and resolved varied strategic and policy issues and had undertaken oversight of corporate concerns, which include but not limited to review of the five-year strategic plan implementation status, property, equity and investments decisions, company's paid-up capital development, human resource issues with particular emphasis to structure implementation and employee attrition.

5. Challenges, Opportunities and The way Forward

In the financial year under review, Africa insurance Company (AIC) has faced multifaceted challenges from the dynamic and uncertain/changing market environment. Customer switching, lack of qualified professionals, throat cutting competition, lack of new product development, and high rising/skyrocketing costs in the areas of claims, employees' salary and associated benefits were some of the major challenges during the financial year. Regardless, the company has successfully meet the year's under review business objectives and is in a better footing to achieve its 5th year business objectives of its current Five year strategic plan (July 2020-June 2025).

In the year under review, some new legal frameworks have been passed for the insurance industry worth highlighting:-

- i. NBE issued a directive (SIB/60/2023) cited as Motor Insurance Minimum Premium rate for own damage cover, the purpose of which (as started & applied in the beginning of the 2nd Qtr of the budget year 2023/24) was to have a minimum premium rate for all active players of the insurance market and to tackle the unhealthy or cut throat competition leading, perhaps, towards service competition.
- ii. Regulation (No. 554/2024) approved by the FDRE Council of Ministers on Third Party insurance premium tariff and amount of compensation fee is becoming applicable for the new budget year (2024/25).
- iii. Most recently, the FDRE introduced a new Value Added Tax (VAT) under Proclamation No.1341/2024. This Proclamation is seeking to enhance the legal framework that imposes VAT on the consumption of goods and services. AIC, as a service provider, is expected to charge general insurance customers and/or consumers during transactions (Premium collection and Claim payouts), which imposes them extra money than before.

The way forward, AIC would proactively implement the appended, as area of priorities:-

- ✓ As new market realities (preferences) demand changes in product design, AIC shall adapt from a product-driven focus to a consumer experience-driven focus;
- ✓ Adaptability to technology, the Company will continue to advance its technology infrastructure to improve efficiency and reduce costs and up skilling its staff capability to handle the improved technology to be more innovative, creative and transformative;
- ✓ Re-imagining its value proposition to serve consumers for a very different future and start taking more substantial steps to be ahead of competition.
- ✓ Adopt the new company organizational structure and staff marketing and business development department with competent professionals.

Despite the challenges, the company is committed to bring tangible success largely built on mutual trust between employees/management of the Company itself and its clients, brokers, insurers, reinsurers and other stakeholders at large.

6. Vote of Thanks

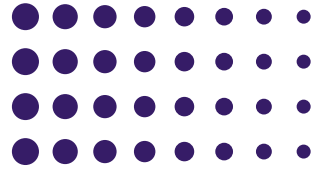
The Directors would like to express their sincere gratitude and appreciation to the National Bank of Ethiopia Insurance Supervision Directorate, to AIC esteemed customers, shareholders, the management & staff of Reinsurers, Agents, Brokers and last but not least AIC's management and staff for their respective contribution in enabling the company to achieve its remarkable result in the recent past reporting years.



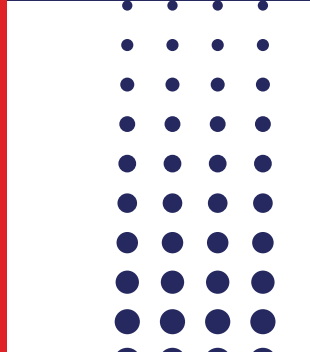
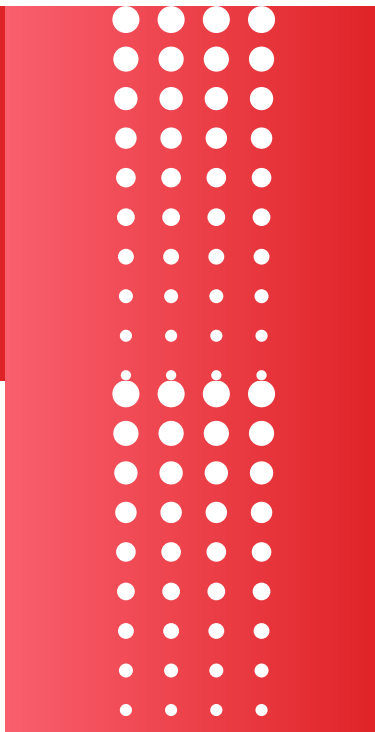
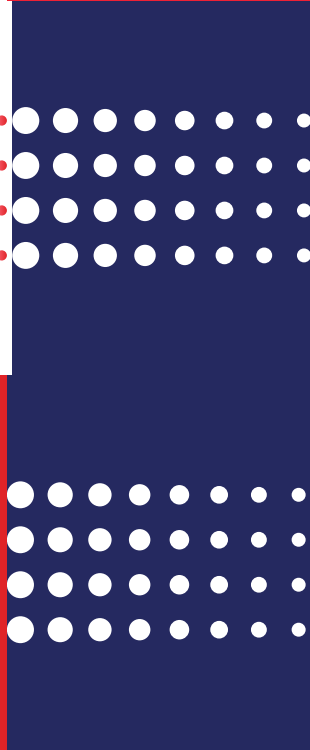
With regards,
Alemu Berhe
(V. Chairman, Board of Directors)



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AFRICA INSURANCE COMPANY S.C.



ANNUAL IFRS FINANCIAL STATEMENTS
For The Year Ended 30 June 2024



AFRICA INSURANCE COMPANY(S.C)

ANNUAL IFRS FINANCIAL STATEMENTS

AS AT 30 JUNE 2024

DIRECTORS, PROFESSIONAL ADVISERS AND REGISTERED OFFICE

Company Registration Number 3-1619/87
Directors (as of 30 June, 2024)

Alemu Berehe	Vice Chairman & 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
W/ro Enewey G/Medhin	Director	Nov, 2023
W/ro Genet Argaw	Director	Jul, 2024
W/ro Firdosa Adus	Director	Jul, 2024
Yisak Kebede	Board Secretary	Nov, 2022

Executive management (as of 30 June, 2024)

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 Management 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 Department	Oct,1-2020
Tesfaye Girma	Manager, HRM & Property Administration Department	Aug,1-2011
Mezmur Hawaz	Manager, Reinsurance Service	Aug,15-1998
Estifanos Emiru	Manager, Engineering Service	Mar,31-2020
Dejene Megersa	Manager, ICT Department	Nov,6-2015
Ato Alemseged Meresa	Manager, Life & Health Insurance Department	May,15-2015

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 (EA) Ltd,
1113 Kayahwe rd, off Galana Road
Kilimani, Nairobi Kenya.
P. O. Box 10472 – 00100, Nairobi,
GPO Kenya.



AFRICA INSURANCE COMPANY(S.C)

ANNUAL IFRS FINANCIAL STATEMENTS

AS AT 30 JUNE 2024

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 management 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 Proclamation and regulations and directives issued for the implementation of the aforementioned Proclamation.

The Company's Management accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards, Insurance Business Proclamation, Commercial code, the requirements 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.



Ato Alemu Berhe
(Vice 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 2024;
- (ii) The actuarial value of the liabilities in respect of all life assurance business did not exceed the amount of reserves of the life assurance business at 30 June 2024; and
- (iii) The severance benefit liability as at 30 June 2024 can be incorporated in the financial statements in line with the International 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



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AFRICA INSURANCE SHARE COMPANY

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Africa Insurance Share Company, which comprise the statement of financial position as at 30 June 2024, and the statement of 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, except for the effects of the matters described in the Basis for Qualified Opinion section, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 30 June 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

The Company has not implemented IFRS 17, "Insurance Contracts" which is mandatory for preparing its financial statements. This standard became effective on January 1, 2023.

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 qualified 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.



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AFRICA INSURANCE SHARE COMPANY

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 the board of directors and the proposal for distribution of profit submitted by the directors so as it related to these financial statements and pursuant to Article 349 of the Commercial Code of Ethiopia 1243/2021 and hence, we recommend approval of the financial statements.

Taf, Shi & Ay

Tafesse, Shisema and Ayalaw Certified Audit Partnership (TMS PLUS)
Chartered Certified Accountants (UK) Addis Ababa
Authorized Auditors (Eth) 19 October 2024



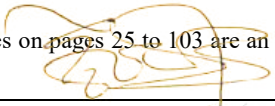



AFRICA INSURANCE COMPANY (S.C.)
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

Currency:- Ethiopian Birr

	<u>Notes</u>	<u>2024</u>	<u>2023</u>
ASSETS			
Cash and bank balances	6.1	250,906,413	278,235,045
Financial assets	6.2	1,183,042,743	645,809,613
Trade receivable	6.3	10,173,357	9,385,719
Reinsurance assets	6.4	487,762,317	334,655,525
Deferred acquisition cost	6.5	33,601,913	30,047,117
Other receivables	6.6	102,118,232	122,955,777
Property, plant and equipment	6.8	96,618,910	100,870,954
Right of use assets	6.12 a	17,305,995	7,281,397
Intangible asset	6.9	9,247,423	12,372,153
Investment property	6.10	159,625,341	159,078,240
Investment in associate	6.7	42,351,599	29,614,205
Statutory deposit	6.13	58,944,173	41,358,150
Leasehold land	6.11	1,375,878	1,419,948
TOTAL ASSET		<u>2,453,074,295</u>	<u>1,773,083,844</u>
LIABILITIES			
Insurance contract liabilities	6.15	1,395,447,444	1,090,254,912
Credits arising from reinsurance arrangements	6.16	188,823,941	101,022,701
Deferred commission income	6.20	19,480,174	20,831,332
Trade payables	6.17	50,391,634	41,709,783
Lease liability	6.12 b	16,769,495	8,502,382
Other liabilities	6.18	85,087,981	61,066,273
Current income tax	6.21	22,873,949	8,809,701
Deferred tax liability	6.14 b	27,719,829	22,095,064
Total liabilities		<u>1,806,594,447</u>	<u>1,354,292,148</u>
EQUITY AND RESERVES			
Paid up capital	6.22	394,083,000	276,315,000
Share premium	6.23	20,551,676	14,251,676
Retained earnings	6.25	119,413,356	36,228,240
Legal reserve	6.24	72,520,136	59,399,449
Revaluation reserves	6.26	39,911,677	32,597,329
Total Capital and Reserves		<u>646,479,845</u>	<u>418,791,694</u>
TOTAL EQUITY AND LIABILITIES		<u>2,453,074,295</u>	<u>1,773,083,844</u>

The notes on pages 25 to 103 are an integral part of these financial statements.


Alemu Berhe
(Vice Chairman, Board of Directors)


Kiros Jiranie
Managing Director/CEO



AFRICA INSURANCE COMPANY (S.C.)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
AS AT 30 JUNE 2024

	<u>Notes</u>	<u>2024</u>	Currency:- Ethiopian <u>2023</u>
Net Earned Premium	6.27	984,353,734	604,549,749
Investment and Other Income	6.28	172,288,195	112,016,643
Commission Earned	6.30	59,929,762	29,305,023
Total Income		1,216,571,691	745,871,415
Net Claims incurred	6.32	748,214,490	477,552,679
Operating and Other Expenses	6.35	226,082,585	172,740,840
Sales Commission Incurred	6.33	66,239,384	36,207,983
Total Expense		1,040,536,459	686,501,502
Result of Operating Activity		176,035,232	59,369,914
Finance Costs	6.34.1	4,604,019	3,687,478
Impairment Loss	6.34.2	20,207,803	3,630,499
Share of Result of Associates-Profit(Loss)	6.7b	9,866,042	3,578,535
Profit Before Tax		161,089,451	55,630,472
Income Tax Expense	6.21a	32,753,940	11,460,170
Profit For the Year		128,335,512	44,170,302
Other comprehensive Income			
Items That will not be reclassified to Profit or loss			
Fair Value Gain(loss) on Financial Assets	6.29	13,073,517	5,882,011
Remeasurement Gain (loss) on Employees Benefit	6.29	(464,071)	(245,773)
Other Comprehensive Income before Tax		12,609,446	5,636,238
Deferred Tax on Other Comprehensive Income	6.14	(3,782,834)	(1,690,871)
Total Other Comprehensive Income, Net of Tax		8,826,612	3,945,367
Total Comprehensive Income for the year		137,162,125	48,115,671
Earning Per Share	6.37	393	160



AFRICA INSURANCE COMPANY (S.C.) STATEMENT OF CHANGES IN EQUITY

AS AT 30 JUNE 2024

Currency:- Ethiopian Birr

	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 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)	-	-	-	-	-	-	-	-
Transfer to Equity	-	-	-	(595,399)	-	4,417,199	(4,417,199)	(595,399)
Prior year adjustment	-	-	-	-	-	-	595,399	595,399
Prior year adjustment on Associate Account (6.7)	-	-	-	-	-	-	(6,156,511)	(6,156,511)
Opening balance Difference	-	-	-	-	-	-	1,414,063	1,414,063
Other Comprehensive Income	-	-	-	-	-	-	60	60
Change In fair value of financial assets through OCI	-	-	4,117,409	-	-	-	-	4,117,409
Remeasurement 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	1,621,614	672,009	59,399,448	36,228,236	418,791,688
Balance at 1 July 2023	276,315,000	14,251,676	30,303,705	1,621,614	672,009	59,399,448	36,228,236	418,791,688
Profit for the year	-	-	-	-	-	-	128,335,512	128,335,512
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)	-	-	-	-	-	13,120,686	(13,120,686)	-
Transfer to Equity	-	6,300,000	-	(1,512,264)	-	-	1,512,264	6,300,000
Prior year adjustment (6.7)	-	-	-	-	-	-	2,871,352	2,871,352
Prior year adjustment on Associate Account	-	-	-	-	-	-	(190,512)	(190,512)
Opening balance Difference	-	-	-	-	-	-	-	-
Other Comprehensive Income	-	-	9,151,463	-	-	-	-	9,151,463
Change In fair value of financial assets through OCI	-	-	-	-	(324,850)	-	-	(324,850)
Remeasurement Gain or loss on Employee benefit obligation	-	-	-	-	-	-	-	-
Transactions With Owners	-	-	-	-	-	-	-	-
Additional share issued	117,768,000	-	-	-	-	-	-	117,768,000
Dividend and profit sharing declared and paid,2021	-	-	-	-	-	-	(36,222,812)	(36,222,812)
Balance at 30 June 2024	394,083,000	20,551,676	39,455,169	109,350	347,159	72,520,135	119,413,356	646,479,845





AFRICA INSURANCE COMPANY (S.C.) STATEMENT OF CASH FLOWS

AS AT 30 JUNE 2024

Currency:- Ethiopian Birr

2024 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Net profit/loss before taxation	161,089,451	55,630,474
Dividend income	(23,212,366)	(16,556,416)
Associate Result	(9,866,042)	(3,578,537)
Interest income	(99,574,077)	(47,485,170)
Rent income	(47,961,882)	(47,706,674)
Provision for doubtful Debtors	20,207,803	3,630,499
Amortization RUA	1,397,944	1,135,973
Interest Expense-RUOA & OD	4,604,019	3,687,478
Revaluation Gain	13,073,517	5,882,011
Depreciation	17,014,681	15,988,780
Operating profit before working capital changes	36,773,050	(29,371,582)

Decrease(Increase) in Trade debtors	(787,638)	(7,818,741)
Decrease (Increase) in Reinsurance Asset	(153,106,792)	6,093,593
Decrease(Increase) in sundry debtors	881,322	(28,519,258)
Increase (Decrease)in outstanding claims	252,639,599	(22,523,294)
Increase(Decrease) in unearned premium	49,556,306	282,529,239
Increase(Decrease) in other technical provision	2,996,628	106,349
Increase(Decrease) in amount due to re-insurers	87,801,240	63,089,599
Increase(Decrease) in dividend payable	214,459	(2,835,716)
Increase(Decrease) in deferred revenue	(2,794,264)	3,187,758
Increase(Decrease) in sundry creditors	37,168,141	11,778,979
Increase(Decrease) in taxes payable	(1,939,268)	4,350,151
Prior year's Adjustment		(5,358,041)
Opening balance difference-Retaining Earning	(203,515)	(2,346)
Increase(Decrease) Life/Non life inter-office acc.-RE	-	2,286
Advance profit tax deducted from profit tax	(7,619,144)	(1,014,795)
	264,807,074	303,065,763
Profit tax paid	(9,228,616)	(11,389,214)
Net cash inflow from operating activities	292,351,508	262,304,967

INVESTING ACTIVITIES

Decrease(Increase) in investment in time deposit	(422,244,249)	(182,244,554)
Purchase/construction of fixed assets	(21,563,479)	(6,418,987)
Investment in equities	(95,779,276)	(29,931,027)
Investment in Government bond	8,374,000	(1,200,000)
Prior year adjustment on associate	2,871,352	1,414,063
Dividend received	33,078,407	20,134,953
Interest Income	99,574,077	47,485,170
Accrued Interest Receivable	(40,320,999)	(17,020,697)
Interest received	59,253,078	30,464,473
Rent received	47,961,882	47,706,674
Net cash used in investing activities	(388,048,286)	(120,074,405)

FINANCING ACTIVITIES

Equity dividend paid	(36,209,812)	(968,300)
Increase in statutory deposit	(17,586,023)	-
Interest Expense-RUOA & OD	(4,604,019)	(3,687,478)
Increase in shares Premium	9,000,000	-
Additional shares issued	117,768,000	594,000
Net cash from financing activities	68,368,146	(4,061,778)

Increase (Decrease) in cash and bank balances during the year	(27,328,632)	138,168,784
Cash and bank balances at the beginning of the year	278,235,045	140,066,263
Cash and bank balances at the end of the year	250,906,413	278,235,045

Cash and bank balances consists of:

Cash in hand	1,912,960	10,277,573
Cash at bank	248,993,453	267,957,472
	250,906,413	278,235,045



AFRICA INSURANCE COMPANY (S.C.)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

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, 2024 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.

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 2024.



AFRICA INSURANCE COMPANY (S.C.)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

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.

- **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.



AFRICA INSURANCE COMPANY (S.C.)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

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

AFRICA INSURANCE COMPANY (S.C.)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

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

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



AFRICA INSURANCE COMPANY (S.C.)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

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.

2.4 Trade Receivables

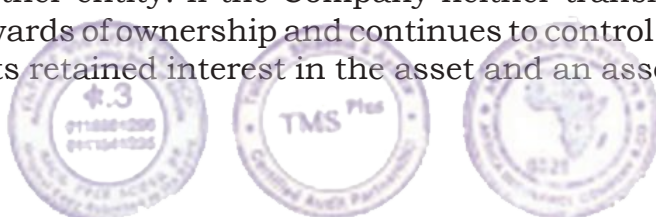
Trade Receivable, which is in our case also called, insurance receivables are recognized when due and measured on initial recognition at fair value of the consideration received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortized cost. The carrying value 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



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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 comprehensive 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 comprehensive income is not subsequently reclassified to profit or loss.

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 (except 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 12monthsexpected 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.

2.9 Financial Liabilities

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



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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.

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.



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

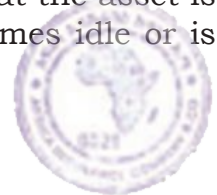
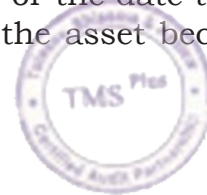
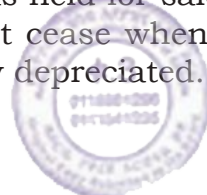
Investment properties comprise buildings and other components held to earn rentals or for capital appreciation or both. Investment properties are initially measured at cost, including the transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation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



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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 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

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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.

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 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



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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.

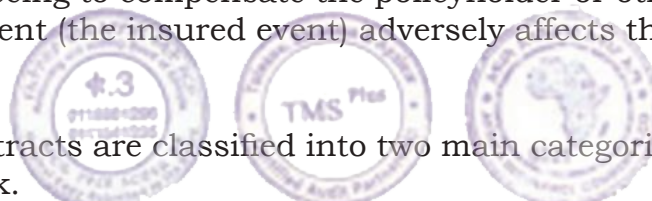
2.21 Statutory Deposit

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 at amortized cost. 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.



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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.

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 in 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.



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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 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 as pension scheme in accordance with the provision of Ethiopian pension of private organizations employees' proclamation 715/11 and 1268/22. 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.

AFRICA INSURANCE COMPANY (S.C.)

NOTES TO THE FINANCIAL STATEMENTS

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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.

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.



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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 reasonably certain to exercise that option,
- c) periods covered by an option to terminate the lease if the lessee is reasonably 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

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.

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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.

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.



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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.

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. Dividend 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.





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

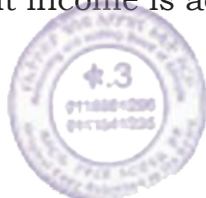
Reinsurance commission income represents commission received on transaction ceded to reinsurers, during the year. It is recognized over the cover provided by contracts entered into the period and are recognized on the date on which the policy incept.

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.

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.



AFRICA INSURANCE COMPANY (S.C.)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

→ 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 handling 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 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.

AFRICA INSURANCE COMPANY (S.C.)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

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.

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 assumptions
- 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 market 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.



AFRICA INSURANCE COMPANY (S.C.)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

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.

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.



AFRICA INSURANCE COMPANY (S.C.)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

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.

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 Lessee

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 in the 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.

AFRICA INSURANCE COMPANY (S.C.)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

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 causing 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 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.

AFRICA INSURANCE COMPANY (S.C.)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

→ 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.

→ 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.



AFRICA INSURANCE COMPANY (S.C.)
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FOR THE YEAR ENDED 30 JUNE 2024

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 comprehensive 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 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.





AFRICA INSURANCE COMPANY (S.C.)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

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.

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



AFRICA INSURANCE COMPANY (S.C.)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

Life Insurance Contracts

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

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.



AFRICA INSURANCE COMPANY (S.C.) NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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.

Summary and valuation of policies as @30 June 2024

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	5,500	180,250,000	17,179,350							68,619,040	-	68,619,040
Individual Term	2	900,000	6,322							4,698	-	4,698
Individual Paid Up Policies	369	12,935,000	4,666,177							5,092,792	-	5,092,792
Individual Riders			790,048							790,293	-	790,293
Group Term	13	775,363,307	4,873,063	817,099	496,201	320,897	292,441	158,020	134,421	110,954	645,221	455,318
Group Medical	11	36,368,350	10,067,751	2,113,534	-	2,113,534	852,346	-	852,346	2,965,880	-	2,965,880
Group Riders	11	716,731,424	1,875,196	326,724	-	326,724	111,817	-	111,817	438,541	-	438,541
Contingency Reserve											-	-
Grand Total	5,906	1,722,548,081	39,457,907	3,257,356	496,201	2,761,154	1,256,605	158,020	1,098,585	78,022,197.00	645,221	78,366,562

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
Contingency Reserve											-	-
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

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

FOR THE YEAR ENDED 30 JUNE 2024

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

→ 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/Longevity	10%	10%
Investment return	1%	1%
Expenses	-	-
Lapse and surrenders rate	-	-

Sensitivity	Best Estimate	Increase	Decrease
Mortality	78,366,561	(27,840)	27,842
Discount rate	78,366,561	(1,375,508)	1,396,310

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, 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.



AFRICA INSURANCE COMPANY (S.C.) NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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

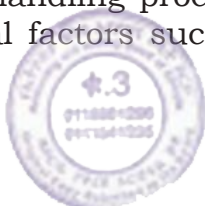
Currency Birr

30-Jun-24	Claims reported			Incurred but not reported		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Accident	1,649,435	82,921.75	1,566,513	545,198	29,542	515,656
Workmens	3,107,930	155,396.50	2,952,534	2,566,480	71,651	2,494,829
Motor	263,763,108	13,736,154.98	250,026,953	84,349,966	4,734,695	79,615,271
Marine	100,000	5,000.00	95,000	582,531	14,281	568,250
Weather Index-Crop/Livestock	-	-	-	11,456,949	11,153,299	303,650
Fire	24,641,890	23,130,050.83	1,511,840	3,749,155	2,692,018	1,057,137
Political Violence& Terrorism - Gross	64,813,917	58,656,595.21	6,157,322	7,721,572	7,835,695	(114,123)
Engineering	1,207,109	190,145.43	1,016,964	2,442,703	676,585	1,766,119
Liability	4,894,365	623,318.25	4,271,047	9,307,527	2,100,620	7,206,907
Pecuniary	176,814,695	167,469,394	9,345,301	3,296,122	1,889,110	1,407,013
Total	540,992,451	264,048,977	276,943,473	126,018,204	31,197,496	94,820,708

30-Jun-23	Claims reported			Incurred but not reported		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Accident	415,198	20,759.92	394,438	470,745	23,538	447,207
Workmen's	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
Weather Index-Crop/Livestock	-	-	-	4,144,598	3,822,793	321,805
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
Liability	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

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.



AFRICA INSURANCE COMPANY (S.C.)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

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 12.6 million.

Particulars	Increase in liabilities	Change in liability 30 June, 2024
Average claim cost	+10%	12,598,731
Average number of claims	+10%	(12,598,731)

Particulars	Increase in liabilities	Change in liability 30 June, 2023
Average claim cost	+10%	9,650,120
Average number of claims	+10%	(9,650,120)

The gross IBNR is estimated at ETB 125.9 million, IBNER at birr 43.2 million, ULAE at birr 18.6 million and the outstanding claims are estimated at ETB 497.7 million, accordingly, the total actuarial liability is estimated at ETB 685.5 million.

Particulars	30 June, 2024	30 June, 2023
Incurring But Not Reported (IBNR)	125,987,311	96,501,195
Incurring But Not Enough Reported (IBNER)	43,198,667	-
Outstanding Claims	497,670,501	313,690,847
Unallocated Loss Adjustment Expense (ULAE)	18,655,061	15,658,433
Total Actuarial Liability	685,511,540	425,850,475

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



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Gross non-life insurance contract outstanding claims provision for 2024:

	2019	2020	2021	2022	2023	2024
Accident year						
At the end of claim year	381,622,669	526,400,450	374,368,272	419,236,205	528,907,586	371,617,505
One year later	146,518	230,057	1,927,121	3,661,909	4,157,869	
Two year later	-	26,758	205,982			
Three year later	-	-	12,650			
Four year later	-	-	-			
Five year later	-	-				
Cumulative Incurred Claims	381,769,187	526,657,265	376,514,025	422,898,114	533,065,455	371,617,505
Outstanding Claims Reported	6,187,001	29,154,088	188,597,929	57,707,929	30,802,596	183,350,539
ULAE	-	-	1,079	1,595,011	2,162,970	14,896,001
IBNR	-	-	7,286	10,771,936	14,607,659	100,600,430
Ultimate Claims Projected	387,956,188	555,811,353	565,120,319	492,972,990	580,638,680	670,464,475

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-24	Notes	Measured at fair value through OCI	Measured at amortized cost	Total
Financial asset				
Investment in:				
Government Bond	6.2		7,826,000	7,826,000
Other Company's Share	6.2	310,455,679		310,455,679
Other assets	6.6		38,787,586	38,787,586
Reinsurance assets	6.4		487,762,317	487,762,317
Trade receivables	6.3		10,173,357	10,173,357
Deposits with financial institutions	6.2		864,761,064	864,761,064
Cash and Cash Equivalent	6.1		250,906,413	250,906,413
Total financial assets		310,455,679	1,660,216,736	1,970,672,415



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30-Jun-23	Notes	Measured at fair value through 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

30-Jun-24	Notes	Measured at fair value through OCI	Financial Liabilities measured at amortized cost	Total
Financial Liabilities				
Credit Arising from Reinsurance Arrangement	6.16		188,823,941	188,823,941
Trade Payables	6.17		50,391,634	50,391,634
Insurance Contract Liabilities	6.15		1,395,447,445	1,395,447,445
Other Liabilities	6.18(a)		59,437,137	59,437,137
Total financial Liabilities			1,694,100,157	1,694,100,157

30-Jun-23	Notes	Measured at fair value through OCI	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

4.3 Credit Risk

Credit risk is 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)



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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 avoided by following policy guidelines in respect of counterparties’ limits that are set each year by the management and are subject to regular reviews. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy, ascertaining suitable allowance for impairment.

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:

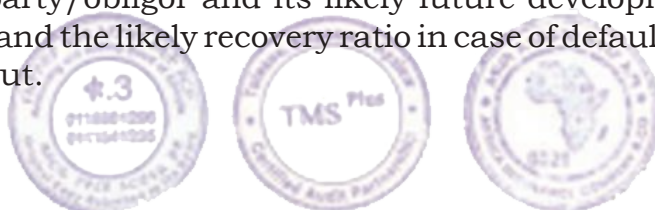
- Receivable arising out of direct insurance arrangements;
- Receivable arising out of reinsurance arrangements; and
- Receivable arising out of short term investment

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	Notes	30 June 2024	30 June 2023
Investment in:			
Government Bond	6.2	7,826,000	16,200,000
Other Company's Share	6.2	310,455,679	227,413,797
Other assets	6.6(a)	38,787,586	52,009,173
reinsurance assets	6.4	487,762,317	334,655,525
Trade Receivables	6.3	10,173,357	9,385,719
Deposits with financial institutions	6.2	864,761,064	402,195,816
Cash and cash equivalent	6.1	250,906,413	278,235,045
Total financial assets		1,970,672,415	1,320,095,075

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.



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The risk associated with direct insurance arrangements is insignificant due to National Bank regulation which is “No premium No Cover Credit” 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 nonexistence 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.

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 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.



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(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.

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 as at 30 JUNE 2024 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 through 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.



AFRICA INSURANCE COMPANY (S.C.) NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

d) Credit Quality of Other Financial Assets

30-Jun-24	Notes	Neither past nor impaired	Past due but not impaired	Individually impaired	Total
Insurance Receivables:					
Due from contract holders	6.3			59,586,710	59,586,710
Less: Impairment allowance	6.3			(49,413,353)	(49,413,353)
Net Insurance receivable				10,173,357	10,173,357
Other assets					
Rent Receivable	6.6(a)	374,991			374,991
Staff Debtors	6.6(a)	22,943,816			22,943,816
Third Party	6.6(a)	15,468,779			15,468,779
Prepayments	6.6(b)	17,045,950			17,045,950
Advance withholding tax	6.6(b)	16,681,104			16,681,104
Sundry Receivables	6.6(b)			50,007,424	50,007,424
Depositors with Debit Balance	6.6(b)	3,838,809			3,838,809
Tax Receivable	6.6(b)	61,333			61,333
Directors- Receivable	6.6(b)	17,267			17,267
Withholding tax payable	6.6(b)	855,855			855,855
Income tax payable	6.6(b)	153,487			153,487
Salvage amount at recovery yard		2,350,000			2,350,000
Gross amount		79,791,390		50,007,424	129,798,814
Less: Specific impairment allowance	6.6(b)			(27,680,582)	(27,680,582)
Net Others assets		79,791,390	-	22,326,842	102,118,232

30-Jun-23	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	122,955,777

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Insurance Receivable

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 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-2024	30-June-2023
Due from contract holders	6.3	49,413,353	49,413,353
Other loans and receivables	6.6(b)	27,680,582	7,472,779
Total allowance for impairment		77,093,935	56,886,132

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 (without affecting 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 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

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or is forced to conduct transactions at far more unfavorable price than under normal condition due to a market crises and the like. It is usually expressed as the ratio or a percentage of current liabilities to 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.

	Notes	0-1 year	1-3 year	3-5 year	Over 5 years	Total
Financial Liabilities						
Insurance contract liabilities	6.15	1,395,447,445	-	-	-	1,395,447,445
Credit Arising from reinsurance Arrangement	6.16	188,823,941	-	-	-	188,823,941
Trade Payables	6.17	50,391,634	-	-	-	50,391,634
Other Liabilities	6.18	59,437,137	-	-	-	59,437,137
Total financial Liabilities		1,694,100,157	-	-	-	1,694,100,157



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

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 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.



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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 interstates. 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 sensitivity of 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 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.

30-Jun-24

Particulars	Notes	Fixed interest bearing	Non interest bearing	Total
Cash and bank balance	6.1,6.2	864,761,064	250,906,413	1,115,667,477
Investment in				
Other company's share	6.2		310,455,679	310,455,679
Government Bond	6.2	7,826,000		7,826,000
Insurance receivables	6.3		10,173,357	10,173,357
Reinsurance assets	6.4		487,762,317	487,762,317
Other assets	6.6(a)		38,787,586	38,787,586
Total Assets		872,587,064	1,098,085,351	1,970,672,415
Insurance contract liabilities	6.2	1,395,447,445		1,395,447,445
Credit Arising from reinsurance Arrangement	6.16,6.17	188,823,941		188,823,941
Trade Payables	6.2	50,391,634		50,391,634
Other payables	6.18(a)	59,437,137		59,437,137
Total Liabilities		1,694,100,157	-	1,694,100,157

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30-Jun-23				
	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
Tota 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

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.



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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 the minimum paid up capital). 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.

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.

General Insurance

Margin of Solvency Ratio		30 June 2024	30 June 2023
General business Admissible assets			
Property, Plant and equipment		108,510,368	102,922,163
Investment properties		124,184,037	121,587,482
Intangible assets		-	-
Investment in:			
Other company's share		282,680,042	199,705,042
Government Bond		5,406,000	16,200,000
Investment in associate	A	42,351,600	29,614,205
Statutory Deposits		56,694,173	39,108,150
Reinsurance receivables		56,702,449	5,889,257
Insurance receivables		10,172,248	9,384,610
Reinsurance assets		431,059,868	328,766,268
Deferred Acquisition cost		33,601,913	30,047,117
Salvage property held for sale		2,350,000	3,736,080
Other assets		80,570,873	104,516,969
Deposits with financial institutions		736,659,480	319,128,615
Cash and cash equivalents		250,820,976	277,078,930
Total Assets		2,221,764,027	1,587,684,888





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Admissible Liabilities				
Insurance contract liabilities		1,313,287,894	1,003,947,241	
Due to reinsurers		179,306,433	92,230,638	
Deferred commission		19,480,174	20,831,332	
Insurance payables	B	50,390,029	41,708,178	
Other liabilities		59,838,766	47,561,209	
Current income tax liabilities		19,187,676	6,184,879	
Lease Liabilities		16,769,495	8,502,382	
Defined benefits obligations		19,747,193	9,637,553	
Deferred income tax		25,935,427	20,124,339	
Total Liabilities			1,703,943,088	1,250,727,751
Excess (admitted capital) (A)-(B)		C	517,820,939	336,957,137
Net premium (preceding year)		D	805,173,674	447,728,612
Technical provision (current year)	E	1,313,287,894	1,003,947,241	
Solvency margin				
Limit of net premium i.e. 20% of net premium	F	161,034,735	89,545,722	
Limit of technical provision i.e. 25% of technical provisions	G	328,321,974	250,986,810	
Minimum paid up capital		60,000,000	60,000,000	
Margin of solvency	(C-D)	189,498,965	85,970,327	
Solvency ratio	C/G	158%	134%	

Life business

Margin of Solvency Ratio		30 June 2024	30 June 2023	
General business Admissible assets				
Property, Plant and equipment	A	69,366	73,170	
Investment properties		35,441,304	37,490,758	
Intangible assets		-	-	
Other company's share		27,775,636.84	27,708,755	
Government Bond		2,420,000	-	
Statutory Deposits		2,250,000	2,250,000	
Reinsurance receivables		-	-	
Insurance receivables		1,108.79	1,109	
Reinsurance assets		-	-	
Salvage property held for sale		-	-	
Other assets		2,151,409	2,103,201	
Deposits with financial institutions		128,101,584	83,067,201	
Cash and cash equivalents		85,437	1,156,115	
Total			198,295,845	153,850,308



AFRICA INSURANCE COMPANY (S.C.)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

Admissible Liabilities			
Insurance contract liabilities		82,159,550	86,307,671
Deferred reinsurance commission		-	
Insurance payables		9,519,112	8,793,668
Other liabilities		4,977,494	2,172,473
Current income tax liabilities		3,124,009	2,624,822
Life fund reserve			
Lease Liabilities		-	
Defined benefit obligations		424,529	1,695,038
Deferred income tax		2,346,668	1,970,724
Total		102,551,362	103,564,396
Excess (admitted capital) (A)-(B)	C	95,744,483	50,285,912
Technical provision (current year)	D	82,159,550	86,307,671
Solvency margin			
Limit of technical provision i.e. 10% of technical provisions	E	8,215,955	8,630,767
Minimum paid up capital	F	15,000,000	15,000,000
Margin of solvency			
Solvency Ratio	C/F	638%	335%

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 2024 is presented as follows:





AFRICA INSURANCE COMPANY (S.C.)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

Currency:- Ethiopian Birr

A. Statement of Financial Position

	Notes	2024		
		Non Life	Life	Total
ASSETS				
Cash and bank balances	6.1	250,820,976	85,437	250,906,413
Financial Instruments	6.2	1,024,745,522	158,297,221	1,183,042,743
Trade receivable	6.3	10,172,248	1,109	10,173,357
Reinsurance Assets	6.4	487,762,317	-	487,762,317
Deferred Acquisition cost	6.5	33,601,913	-	33,601,913
Other current Assets	6.6	99,966,823	2,151,409	102,118,232
Property, plant and equipment	6.8	96,541,581	77,329	96,618,910
Right of use Assets	6.12 a	17,305,995	-	17,305,995
Intangible Asset	6.9	9,247,423	-	9,247,423
Investment Property	6.10	124,184,038	35,441,304	159,625,341
Investment In Associate	6.7	42,351,600	-	42,351,600
Statutory deposit	6.13	56,694,173	2,250,000	58,944,173
Leasehold land	6.11	1,280,685	95,195	1,375,878
TOTAL ASSET		2,254,675,293	198,399,004	2,453,074,295
LIABILITIES				
Insurance contract Liabilities	6.15	1,313,287,894	82,159,550	1,395,447,444
Credits arise from reinsurance arrangeme	6.16	179,306,433	9,517,507	188,823,941
Deferred Commission Income	6.20	19,480,174	-	19,480,174
Trade Payables	6.17	50,390,029	1,605	50,391,634
Lease liability	6.12	16,769,495	-	16,769,495
Other Liabilities	6.18 b	79,585,958	5,502,023	85,087,981
Current Income Tax	6.21	19,749,942	3,124,009	22,873,951
Deferred Tax Liability	6.14 b	25,373,161	2,346,668	27,719,828
Total liabilities		1,703,943,089	102,651,362	1,806,594,449
EQUITY AND RESERVES				
Paid up capital	6.22	349,083,000	45,000,000	394,083,000
Share premium	6.23	20,551,676	-	20,551,676
Retained earnings	6.25	95,466,330	23,947,027	119,413,356
Legal reserve	6.24	55,023,734	17,496,402	72,520,137
Revaluation Reserves	6.26	37,305,421	2,606,256	39,911,677
Inter office		(6,697,956)	6,697,956	-
Total Capital and Reserves		550,732,204	95,747,641	646,479,846
TOTAL EQUITY AND LIABILITIES		2,254,675,293	198,399,004	2,453,074,295



AFRICA INSURANCE COMPANY (S.C.)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

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		1,619,090,842	153,993,002	1,773,083,844
LIABILITIES				
Insurance contract Liabilities	6.15	1,003,947,241	86,307,671	1,090,254,912
Credits arise from reinsurance arrangement	6.16	92,230,638	8,792,063	101,022,701
Deferred Commission Income	6.20	20,831,332	-	20,831,332
Other 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	22,095,064
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	59,399,449
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		1,619,090,842	153,993,002	1,773,083,844





AFRICA INSURANCE COMPANY (S.C.)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

Currency:- Ethiopian Birr

	Notes	2024		
		Non life	Life	Total
Gross Premium Revenue	6.27	1,271,068,945	28,388,288	1,299,457,233
Gross Change in Unearned premium	6.27	39,728,056	(1,496,416)	38,231,640
Gross Net Earned Premium Revenue	6.27	1,231,340,889	29,884,704	1,261,225,593
Premium ceded	6.27	266,837,326	3,110,200	269,947,526
Change in unearned premium - Reinsurers Share	6.27	(6,924,334)	-	(6,924,334)
		273,761,660	3,110,200	276,871,860
Net earned Premium	6.27	957,579,229	26,774,504	984,353,733
Investment and Other Income	6.28	140,535,997	31,752,198	172,288,195
Commission Earned	6.30	59,177,038	752,724	59,929,762
Total Income		1,157,292,265	59,279,425	1,216,571,690
CLAIMS				
Gross Claims and Benefits Paid	6.32	625,882,040	23,394,746	649,276,786
Gross Change in contract Liability	6.32	259,784,347	(2,651,705)	257,132,642
		885,666,387	20,743,041	906,409,428
Claims Ceded to Reinsurers	6.32	58,084,611	721,690	58,806,301
Change in contract Liability ceded to Reinsurers	6.32	99,388,639	-	99,388,639
		157,473,249	721,689	158,194,939
Net Claims incurred	6.32	728,193,138	20,021,351	748,214,489
OPERATING EXPENSES				
Operating and Other Expenses	6.35	217,925,910	8,156,675	226,082,585
Sales Commission Incurred	6.33	66,026,932	212,452	66,239,384
Total Expense and commissions		283,952,842	8,369,127	292,321,969
Total Operating Expenses		1,012,145,980	28,390,478	1,040,536,458
Result of Operating Activity		145,146,285	30,888,947	176,035,232
Finance Costs	6.34	4,604,019	-	4,604,019
Impairment Loss		20,207,803	-	20,207,803
Share of Result of Associates- Profit(Loss)	6.7b (6.31)	9,866,042	-	9,866,042
Profit Before Tax		130,200,504	30,888,947	161,089,451
Profit from life insurance as per actuarial valuation		-	-	-
Income Tax Expense	6.21	28,472,800	4,281,140	32,753,940
Profit For the Year		101,727,704	26,607,808	128,335,511
OTHER COMPREHENSIVE INCOME				
Profit for the year		101,727,704	26,607,808	128,335,511
Other comprehensive Income				
Items That will not be classified to Profit or loss				
Net fair Value Gain(loss) on Financial Assets	6.29	13,006,635	66,882	13,073,517
Remeasurement Gain (loss) on Employees Benef	6.29	(464,071)	-	(464,071)
Deferred Tax on Other Comprehensive Income		(3,762,769)	(20,065)	(3,782,834)
Total Other Comprehensive Income, Net of Tax		8,779,795	46,817	8,826,612
Total Comprehensive Income for the year		110,507,499	26,654,625	137,162,124

AFRICA INSURANCE COMPANY (S.C.)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

Currency:- Ethiopian Birr

	Notes	2023		
		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	742,271,273	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
Net earned Premium	6.27	583,560,258	20,989,489	604,549,748
Investment and Other Income	6.28	86,536,601	25,480,642	112,016,643
Commission Earned	6.30	28,531,484	773,540	29,305,023
Total Income		698,627,344	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	(25,518,368)
		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	35,802,591	686,501,502
Result of Operating Activity		47,928,433	11,441,079	59,369,912
Finance Costs	6.34.1	3,687,478	-	3,687,478
Impairment loss	6.34.2	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		44,189,993	11,441,080	55,630,472
Income Tax Expense	6.21	8,150,449	3,309,720	11,460,169
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
Remeasurement Gain (loss) on Employees Benef	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.)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

Currency:- Ethiopian Birr

	<u>30-Jun-24</u>	<u>30-Jun-23</u>
Cash on hand	1,912,960	10,277,573
Cash at Bank	248,993,453	267,957,472
	<u>250,906,413</u>	<u>278,235,045</u>
	<u>30-Jun-24</u>	<u>30-Jun-23</u>
General	250,820,976	277,078,930
Life	85,437	1,156,115
	<u>250,906,413</u>	<u>278,235,045</u>
Cash at Bank	<u>30-Jun-24</u>	<u>30-Jun-23</u>
Current Account	205,117,503	214,270,574
Saving Account	43,875,949	53,686,899
	<u>248,993,453</u>	<u>267,957,472</u>

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

	<u>30-Jun-24</u>	<u>30-Jun-23</u>
Current	250,906,413	278,235,045
Non-Current	-	-
	<u>250,906,413</u>	<u>278,235,045</u>

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

	<u>30-Jun-24</u>	<u>30-Jun-23</u>
Cash on hand	1,912,960	10,277,573
Cash at Bank (Current and Saving Accounts)	248,993,453	267,957,472
	<u>250,906,413</u>	<u>278,235,045</u>

6.2 Financial Asset

a) Composition of Financial Instrument

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

	<u>30-Jun-24</u>	<u>30-Jun-23</u>
Measured at amortized Cost-Time Deposit (Note 6.2 b)	872,587,064	418,395,816
Measured at Fair Value through Profit Loss	-	-
Measured at Fair Value through Other Comprehensive income- (Note 6.2 c)	310,455,679	227,413,797
	<u>1,183,042,743</u>	<u>645,809,613</u>
Current	864,761,064	402,195,816
Non-current	318,281,679	243,613,797
Total	<u>1,183,042,743</u>	<u>645,809,613</u>

	<u>30-Jun-24</u>	<u>30-Jun-23</u>
General	1,024,745,522	535,033,657
Life	158,297,221	110,775,955
	<u>1,183,042,743</u>	<u>645,809,613</u>



AFRICA INSURANCE COMPANY (S.C.) NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	Currency:- Ethiopian Birr	
	30-Jun-24	30-Jun-23
Fixed time deposit	796,470,629	374,226,380
Government bond	7,826,000	16,200,000
Interest receivable on fixed time deposit	68,290,435	27,969,436
	872,587,064	418,395,816

The fixed time deposits are deposits with local banks with maturity date of 12 months and are subject to an average interest rate of 17.5%. The bonds are carry interest rates of 9% .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	significant Unobservable inputs Level -3	significant Unobservable Level -3
	30-Jun-24	30-Jun-23
Investment in shares- Wegagen	174,065,307	118,721,422
Investment in shares- Ethio Re	123,890,372	106,192,375
Capital Financial Excellence Center S.C.	2,500,000	2,500,000
Ethiopian Securities Exchange Share Company	10,000,000	
Total	310,455,679	227,413,797
	30-Jun-24	30-Jun-23
Beginning Balance	227,413,797	202,475,367
Additions	69,968,366	19,056,419
Fair Value gain through other comprehensive income	13,073,517	5,882,011
	310,455,679	227,413,797 #

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, Ethiopian Securities Exchange Market and Capital Financial Excellence Center S.C. is birr 174,065,307 , 123.89,372,10,000,000 and birr 2,500,000 respectively (2023:birr 118,721,422 ,106,192,375 and birr 2,500,000).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 12.9 million from Wegagen Bank and birr 10.2 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 Financial Excellence Center S.C. and Ethiopian Securities Exchange Share Company is new and stated at cost or initial fair value.

Sensitivity Analysis

Wegagen Bank

	30-Jun-23				
	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 2023	118,721,422	96,771,530	78,737,858	146,871,414	183,199,545
Net Increase or Decrease investment Valuation	5,615,193	(19,340,105)	(34,812,514)	24,866,779	58,021,941
Additional Actual Investment During the year	49,728,692	49,728,692	49,728,692	49,728,692	49,728,692
Investment balance 30June 2023	174,065,307	127,160,117	93,654,036	221,466,884	290,950,178



AFRICA INSURANCE COMPANY (S.C.) NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Sensitivity Analysis

30-Jun-23

Ethio Re

	Scenario -1	Scenario -2	Scenario -3	Scenario -4	Scenario -5
	Base	Increased by 1%	Increased by 2%	Decreased By 1%	Decreased By 2%
Expected Minimum Rate of Return	8%	9%	10%	7%	6%
Investment Balance 01 July 2023	106,192,375	93,255,349.00	83,929,814.00	119,899,735.00	139,883,024.00
Net Increase or Decrease in investment	7,458,324.00	(8,171,365.00)	(1,901,256)	22,771,179.00	45,978,088
Additional Actual Investment During the year	10,239,673.44	10,239,673.44	10,239,673.44	10,239,673.44	10,239,673.44
Investment balance 30June 2023	123,890,372	95,323,657	92,268,231	152,910,587	196,100,785

The investment cost in Wegagen Bank S.C. and Ethio-Re was birr 152,162,692 and birr 89,090,673 (2023 birr 102,434,000 and birr 78,851,000) respectively.

6.3 Trade Receivable

Currency:- Ethiopian Birr

	30-Jun-24	30-Jun-23
Trade receivable	59,586,710	58,799,072
Provision for doubtful	(49,413,353)	(49,413,353)
	10,173,357	9,385,719

Analysis of Trade Receivable

	30-Jun-24	30-Jun-23
Amount Due from policyholders	1,109	1,109
Amount Due from Insurance Companies	10,172,248	9,384,610
	10,173,357	9,385,719

	30-Jun-24	30-Jun-23
Life	1,109	1,109
Non-Life	10,172,248	9,384,610
	10,173,357	9,385,719



AFRICA INSURANCE COMPANY (S.C.) NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

6.4 Reinsurance Assets

	Currency:- Ethiopian Birr	
	30-Jun-24	30-Jun-23
Due from reinsurers	69,875,070	19,061,878
Provision for uncollectible	(13,172,621)	(13,172,621)
Impairment of reinsurance receivable	-	-
	56,702,449	5,889,257
Reinsurers share of UPR	135,855,759	132,951,843
Reinsurers share of Outstanding claims	264,048,977	177,516,679
Reinsurers share of IBNR	31,155,132	18,297,747
	431,059,868	328,766,268
	487,762,317	334,655,525
Total Reinsurance Asset		
	30-Jun-24	30-Jun-23
General	487,762,317	334,655,525
Life	-	-
	487,762,317	334,655,525
	30-Jun-24	30-Jun-23
Current	487,762,317	334,655,525
Non-Current	-	-
	487,762,317	334,655,525



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.

6.5 Deferred acquisition Cost

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

	30-Jun-24	30-Jun-23
Deferred acquisition cost	33,601,913	30,047,117
	33,601,913	30,047,117

The movement in deferred acquisition cost is as follows:

	30-Jun-24	30-Jun-23
Balance at the beginning of the year	30,047,117	13,000,794
Additions during the year	-	53,254,306
Less: Incurred during the year	(3,554,797)	36,207,983
	33,601,914	30,047,117
	30-Jun-24	30-Jun-23
General	33,601,914	47,093,439
Life	-	-
	33,601,914	47,093,439



AFRICA INSURANCE COMPANY (S.C.) NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

6.6 Other Receivables

Currency:- Ethiopian Birr

a) Financial Assets

	<u>30-Jun-24</u>	<u>30-Jun-23</u>
Rent Receivable	374,991	374,991
Staff Debtors	22,943,816	15,810,096
Third Party	15,468,779	35,824,086
	<u>38,787,586</u>	<u>52,009,173</u>
Allowance for Impairment	-	-
Net Other Financial Asset Receivables	<u>38,787,586</u>	<u>52,009,173</u>

b) Non Financial Assets

	<u>30-Jun-24</u>	<u>30-Jun-23</u>
Prepayments	17,045,950	12,599,527
Advance withholding tax	16,681,104	16,681,098
Sundry Receivables	50,007,424	38,502,242
Depositors with Debit Balance	3,838,809	5,055,128
Tax Receivable	61,333	61,333
Directors-Receiveable	17,267	17,267
Shareholders receivable	-	1,193,760
Withholding tax payable	855,855	-
Income tax payable	153,487	-
Third party motor insurance fund	-	572,948
Salvage amount at recovery yard	2,350,000	3,736,080
	<u>91,011,229</u>	<u>78,419,383</u>
Allowance for Impairment	(27,680,582)	(7,472,779)
Net Other Financial Asset Receivables	<u>63,330,647</u>	<u>70,946,604</u>
Other Receivables	<u>102,118,232</u>	<u>122,955,777</u>

During the year the company conducted an impairment test and recognized birr 20,207,803 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.

	<u>30-Jun-24</u>	<u>30-Jun-23</u>
Current	101,896,981	122,148,943
Non-Current	221,251	806,834
	<u>102,118,232</u>	<u>122,955,777</u>

	<u>30-Jun-24</u>	<u>30-Jun-23</u>
General	99,966,823	120,852,576
Life	2,151,409	2,103,201
	<u>102,118,232</u>	<u>122,955,777</u>



AFRICA INSURANCE COMPANY (S.C.) NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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
Selam Bus Line S.C.	2016	23.4%	23.4%
	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%
	2024	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.

b) Movements In Investment

	Currency:- Ethiopian Birr	
	30-Jun-24	30-Jun-23
Opening balance	29,614,205	24,621,607
Share of Associate Profit (Loss) for the year	9,866,042	3,578,535
Prior Year adjustments	2,871,352	1,414,063
Dividend collected	-	-
	42,351,597	29,614,205
Cost of Investment	32,500,000	32,500,000
Additions during the year	-	-
Share of Associates Profit/loss (Prior years)	(14,442)	(6,464,330)
Share of Associates current year Profit	9,866,042	3,578,535
	42,351,600	29,614,205
General	42,351,600	29,614,205
Life	-	-
	42,351,599	29,614,205
c) Summarized Financial Position of Associate	30-Jun-24	30-Jun-23
Assets		
Non-current		
Fixed assets	49,853,032	59,352,731
Investments	32,801,769	20,885,318
	82,654,800	80,238,049
Current		
Cash and cash equivalents	60,379,770	24,683,542
Other current asset	44,801,757	48,370,156
	105,181,528	73,053,698
Total Assets	187,836,328	153,291,747
Liabilities		
Long Term liabilities	16,078,846	16,548,524
Other current liabilities	16,242,405	27,999,855
	32,321,251	44,548,379
Net Assets	155,515,077	108,743,368
d) Summarized Statement of Comprehensive income		
Revenue	240,947,385	139,270,202
Profit or loss for the year net of tax	36,228,105	13,140,386
Other comprehensive income for the year	-	-
Total comprehensive income for the year	36,228,105	13,140,386



AFRICA INSURANCE COMPANY (S.C.)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

e) Reconciliation of investment in associate

	Currency:- Ethiopian Birr	
	30-Jun-24	30-Jun-23
Proportion of Ownership	27.23%	27.23%
Investment	29,614,206	24,621,608
Add:-Share Premium	-	-
Current year share of profit	9,866,042	3,578,535
Prior year's adjustment	2,871,352	1,414,063
Dividend recognized during the year	-	-
	42,351,599	29,614,206

6.8 Property, Plant and Equipment

	Balance at 1/7/2023	Addition	Disposal/ Reclassification	Balance at 30/6/2024
<u>COST</u>				
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	3,815,206	932,524.99	-	4,747,731
Office furniture	14,702,383	1,026,692	-	15,729,075
Computer equipment	15,753,870	454,000	-	16,207,870
	76,575,203	2,413,217	-	78,988,420
	166,541,919	2,413,217	-	168,955,136

ACCUMULATED DEPRECIATION

Building 2	9,069,832	2,050,320	-	11,120,153
Generator	360,000	90,000	-	450,000
Lift	1,005,025	251,256	-	1,256,281
CCTV-Camera	674,069	191,427	-	865,496
	11,108,926	2,583,003	-	13,691,929
Motor vehicles	32,116,768	1,906,166	-	34,022,933
Office equipment	2,335,821	223,662	-	2,559,483
Office furniture	9,588,420	768,358	-	10,356,777
Computer equipment	11,203,506	1,184,073	-	12,387,579
	55,244,515	4,082,258	-	59,326,772
	66,353,441	6,665,261	-	73,018,701

NET BOOK VALUE

	100,188,479			95,936,435
Construction in progress	682,475	-	-	682,475
	100,870,954			96,618,910

	Cost	Accumulated Depreciation	Book Value
General Insurance Business	99,866,426	72,091,502	96,541,581
Life insurance Business	1,004,528	927,199	77,329
Total	100,870,954	73,018,701	96,618,910

	Balance at 1/7/2022	Addition	Disposal/ Reclassification	Balance at 30/6/2023
<u>COST</u>				
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

AFRICA INSURANCE COMPANY (S.C.)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

ACCUMULATED DEPRECIATION

	Currency:- Ethiopian Birr		
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
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	100,715,834
Life insurance Business	1,004,528	888,304	155,119
Total	103,005,882	66,353,441	100,870,954

6.9 Intangible Assets

Computer Software

	Balance at 1/7/2023	Addition	Reclassification	Balance at 30/6/2024
Cost	21,617,469	-	(1,357,280)	20,260,189
Accumulated amortization	9,245,316	1,767,450	-	11,012,766
	12,372,153	(1,767,450)	-	9,247,423

	Cost	Addition	Accumulated Depreciation	Book Value
General Insurance Business	20,260,189	-	11,012,766	9,247,423
Life insurance Business	-	-	-	-
Total	20,260,189	-	11,012,766	9,247,423

Computer Software

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

	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

6.10 Investment Property

	Balance at 1/7/2023	Addition	Reclassification	Disposal/ Reclassification	Balance at 30/6/2024
COST					
Building 01	191,092,130	-	-	-	191,092,130
Generator	5,138,052	9,085,000	-	-	14,223,052
Lift	9,014,989	-	-	-	9,014,989
Building 02	41,691,804	-	-	-	41,691,804
Generator 02	450,000	-	-	-	450,000
Lift 02	1,884,422	-	-	-	1,884,422
CCTV-Camera-02	957,133	-	-	-	957,133
	250,228,529	9,085,000	-	-	259,313,529

ACCUMULATED DEPRECIATION

Building 01	77,695,363	6,478,656	-	-	84,174,019
Generator	4,756,080	1,179,409	-	-	5,935,489
Lift	8,361,812	784,120	-	-	9,145,932
CCTV-Camera	337,035	95,713	-	-	432,748
	91,150,290	8,537,898	-	-	99,688,188
NET BOOK VALUE	159,078,240	-	-	-	159,625,341



AFRICA INSURANCE COMPANY (S.C.)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

	<u>Cost</u>		<u>Accumulated Depreciation</u>		<u>Book Value</u>
General Insurance Business	194,313,529		70,129,492		124,184,038
Life insurance Business	65,000,000		29,558,696		35,441,304
Total	259,313,529	-	99,688,188		159,625,341

	<u>Balance at 1/7/2022</u>	<u>Addition</u>	<u>Reclassification</u>	<u>Disposal/ Reclassification</u>	<u>Balance at 30/6/2023</u>
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	71,216,706	6,478,656	-	-	77,695,363
Generator	4,333,754	422,326	-	-	4,756,080
Lift	7,577,692	784,120	-	-	8,361,812
CCTV-Camera	241,322	95,713	-	-	337,035
	83,369,474	7,780,815	-	-	91,150,290
NET BOOK VALUE	166,859,055				159,078,240

	<u>Cost</u>		<u>Accumulated Depreciation</u>		<u>Book Value</u>
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

The Company's investment property is measured at cost including subsequent costs. Depreciation on these properties is calculated using the straight line method to allocate their cost to their estimated useful life. The fair value of the investment properties as at the reporting was conducted by an external valuer who has the required qualification and experience on asset valuation. The fair value was determined based on replacement cost approach. This method is frequently used in valuing investment companies or intensive capital firms. The fair value of the investment properties as at June 30, 2024 are stated here under.

	<u>Balance at 1/7/2023</u>	<u>Depreciation</u>	<u>Balance at 30/6/2024</u>
Building Bisrate Gebriel	669,693,024	13,393,860	656,299,164
Land Bisrate Gebriel	116,669,000	2,333,380	114,335,620
Generator, Lift and CCTV camera-Bsrate Gebriel	40,052,148	801,043	39,251,105
Head Office Building	232,612,195	4,652,244	227,959,951
Land-Head Office	35,280,000	705,600	34,574,400
Generator, Lift and CCTV camera-Head Office	15,269,695	305,394	14,964,301
	1,109,576,063	22,191,521	1,087,384,542



AFRICA INSURANCE COMPANY (S.C.)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

6.11 Leasehold Land

Currency:- Ethiopian Birr

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 br.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.

Cost	Cost	Accumulated Amortization	Book Value
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
As at 1 July 2023	2,203,530	783,582	1,419,948
Additions		44,071	
Disposal			
Reclassification			
As at 30 June 2024	2,203,530	827,653	1,375,878

	COST	Accumulate Depreciation	BOOK VALUE
General Insurance Business	1,981,285	700,601.47	1,280,685
Life insurance Business	222,244	127,049.70	95,195
Total	2,203,530	827,652	1,375,878

6.12 Lease

a,Right of use Assets

	30-Jun-24	30-Jun-23
Balance, Beginning of the year	13,664,306	10,824,359
Addition	11,258,152	2,839,947
Derecognition	-	-
	24,922,458	13,664,306
Amortization @ 1 July 2023	6,382,910	5,246,936
Addition	1,233,554	1,135,973
	7,616,463	6,382,910
Net right use assets	17,305,995	7,281,397

b,Lease Liability

	30-Jun-24	30-Jun-23
Balance, Beginning of the year	8,502,382	5,759,343
Addition	8,919,121	2,750,347
Interest Expense	4,604,019	1,057,042
Repayment during the period	(5,256,027)	(1,064,350)
	16,769,495	8,502,382
Current	15,589,595	7,322,482
Non-Current	1,179,900	1,179,900
	16,769,495	8,502,382



AFRICA INSURANCE COMPANY (S.C.)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

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 .

	Currency:- Ethiopian Birr	
	30-Jun-24	30-Jun-23
Statutory Deposit	<u>58,944,173</u>	<u>41,358,150</u>
General Insurance Business	56,694,173	39,108,150
Life insurance Business	<u>2,250,000</u>	<u>2,250,000</u>
	<u>58,944,173</u>	<u>41,358,150</u>

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-24	30-Jun-23
Balance, Beginning of the year	-	-
Charged to Profit or loss statement	-	-
	<u>-</u>	<u>-</u>

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

	30-Jun-24	30-Jun-23
Balance, Beginning of the year	22,095,064	18,388,964
Credited / charged to Profit or loss statement	1,841,931	2,015,228
Credited to Other comprehensive income	<u>3,782,834</u>	<u>1,690,871</u>
	<u>27,719,829</u>	<u>22,095,064</u>

c)Net deferred Tax Liability/Asset

	30-Jun-24	30-Jun-23
General Insurance Business	25,373,161	20,124,339
Life insurance Business	<u>2,346,668</u>	<u>1,970,724</u>
	<u>27,719,828</u>	<u>22,095,064</u>



AFRICA INSURANCE COMPANY (S.C.) NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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

Currency:- Ethiopian Birr

	30-Jun-24	30-Jun-23
Assets		
Property, plant and equipment	-	-
Investment Property	-	-
Gain or loss on employee benefit obligation	-	-
Fair Value of Equity instrument through other Comprehensive Income	-	-
	<u>-</u>	<u>-</u>
Liability		
Property, plant and equipment	3,123,794	3,123,794
Investment Property	6,885,984	5,580,363
Gain or loss on employee benefit obligation	148,763	287,984
Profit or Loss From Insurance Business	772,474	
Fair Value of Equity instrument through other Comprehensive Income	17,024,976	13,102,921
	<u>27,955,991</u>	<u>22,095,062</u>
Net deferred Tax Liability/Asset	<u>27,955,991</u>	<u>22,095,062</u>

6.15 Insurance contract Liabilities

	30-Jun-24	30-Jun-23
Outstanding Claims Provision	497,792,451	313,690,847
IBNR Provisions	126,018,204	96,532,088
Loss Adjustment due to Liability Adequacy Test/IBNER Provisions	43,200,000	-
Other Technical Provision/Unallocated loss Adjustment Estimate	18,654,861	15,658,233
	<u>685,665,517</u>	<u>425,881,169</u>
Unearned Premium Reserve	627,622,378	578,066,072
Policyholders Liability life business	82,159,550	86,307,671
	<u>1,395,447,444</u>	<u>1,090,254,912</u>

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

a) Movements

	30-Jun-24	30-Jun-23
Balance, beginning of year	425,881,169	464,303,520
Increase/decrease during the year	259,784,347	(38,422,350)
Balance, End of year	<u>685,665,517</u>	<u>425,881,169</u>





AFRICA INSURANCE COMPANY (S.C.)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

Currency:- Ethiopian Birr

b) Analysis

Non Life

	<u>30-Jun-24</u>	<u>30-Jun-23</u>
Marine	707,832	365,586
Fire	32,633,849	12,997,465
Motor	355,895,696	195,390,645
Workmen	5,808,067	5,236,579
Personal accident	2,249,430	913,077
Pecuniary	183,702,012	186,893,242
Engineering	3,771,663	1,579,530
Liability	14,672,080	9,699,310
Political Violence	74,215,981	9,283,336
Weather Index	12,008,905.47	3,522,397
	<u>685,665,517</u>	<u>425,881,169</u>

6.15.2 Unearned Premium Reserve

a) Movement in unearned premium Provision:

Non Life

	<u>30-Jun-24</u>	<u>30-Jun-23</u>
Balance, beginning of year	578,066,072	295,536,833
Increase/decrease during the year	49,556,306	282,529,239
Balance, End of year	<u>627,622,378</u>	<u>578,066,072</u>

b) Analysis of unearned premium by class:

Non Life

	<u>30-Jun-24</u>	<u>30-Jun-23</u>
Marine	2,985,399	758,055
Fire	11,335,080	11,383,135
Motor	452,077,091	415,356,568
Workmen	6,214,037	4,386,465
Personal accident	2,234,526	736,947
Pecuniary	13,357,086	16,576,107
Engineering	12,660,766	10,287,653
Liability	37,726,170	28,813,753
Crop insurance/Weather Index	48,697,954	64,727,124
Political violence	40,334,268	25,040,265
	<u>627,622,378</u>	<u>578,066,072</u>



AFRICA INSURANCE COMPANY (S.C.) NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

6.15.3 Actuarial Policyholders Liability

a) Movement in Actuarial Policyholders Liability:

Currency:- Ethiopian Birr

	30-Jun-24	30-Jun-23
Balance, beginning of year	86,307,671	70,259,902
Increase/decrease during the year	(4,148,121)	16,047,769
Balance, End of year	82,159,550	86,307,671

b) Analysis of Actuarial Policyholders Liability:

	30-Jun-24	30-Jun-23
Group Life	73,952,499	78,247,102
Individual Life	8,207,051	8,060,569
	82,159,549	86,307,671

	30-Jun-24	30-Jun-23
O/S Claims	3,792,987	3,286,640
IBNR Claims	1,098,584	1,865,454
Actuarial	74,506,823	76,898,005
Unearned Premium	2,761,156	4,257,572
	82,159,550	86,307,671

Liabilities

	30-Jun-24	30-Jun-23
Ordinary Endowment	68,619,040	71,190,332
Individual Term	4,698	
Individual paid Up Policies	5,092,792	4,974,708
Individual Riders	790,293	728,267
Group Term	455,318	1,160,580
Group Medical	2,965,880	4,007,842
Group Rider	438,541	959,301
	78,366,563	83,021,031

6.16 Credits Arise From Reinsurance Arrangements

	30-Jun-24	30-Jun-23
Due to reinsurers	188,823,941	101,022,701
	188,823,941	101,022,701

	30-Jun-24	30-Jun-23
General	179,306,433	92,230,638
Life	9,517,507	8,792,063
	188,823,941	101,022,701

6.17 Trade payables

	30-Jun-24	30-Jun-23
Co-insurers	2,633,882	4,100,342
Sales agents and brokers	44,121,842	37,037,907
Trade debtors with credit balances	3,635,910	571,534
	50,391,634	41,709,783

	30-Jun-24	30-Jun-23
General	50,390,029	41,708,178
Life	1,605	1,605
	50,391,634	41,709,783

AFRICA INSURANCE COMPANY (S.C.) NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

6.18 Other Liabilities

Currency:- Ethiopian Birr

a) Financial Liabilities

	<u>30-Jun-24</u>	<u>30-Jun-23</u>
Dividend payables	214,459	-
Accrued charges	26,157,891	11,548,060
Retention payable	2,435,491	2,435,491
Accrued leave pay	13,707,710	8,332,732
Severance pay	6,722,182	5,497,155
Sundry creditors	10,199,403	6,500,730
	<u>59,437,137</u>	<u>34,314,167</u>

b) Non-Financial Liabilities

Provident fund	10,154,438	9,062,305
Pension payable	1,626,001	2,270,286
Deferred Rent income	4,487,035	7,281,299
Stamp duty	373,986	307,877
Income tax payable	-	2,064,133
Value Added tax (VAT)	5,794,457	4,642,582
Withholding tax payable		1,125,553
Third party motor insurance fund	516,855	
Tax payable-Share Premium	2,700,000	
Other Payables	(1,929)	(1,929)
	<u>25,650,845</u>	<u>26,752,106</u>
	<u>85,087,981</u>	<u>61,066,273</u>

	<u>30-Jun-24</u>	<u>30-Jun-23</u>
Current	85,087,981	61,066,273
Non-Current	-	-
	<u>85,087,981</u>	<u>61,066,273</u>

	<u>30-Jun-24</u>	<u>30-Jun-23</u>
General	79,585,958	57,198,762
Life	5,502,023	3,867,511
	<u>85,087,981</u>	<u>61,066,273</u>

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 increases 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.
3. The severance benefits is unfunded with no separate assets, investment risk would therefore not arise.
4. Severance benefits is payable where an employee's contract of employment is terminated 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 movement of employees.

AFRICA INSURANCE COMPANY (S.C.)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

Assumptions

The valuation of the severance benefit entitlement has been done on a discount rate of 14.75% p.a.as at 30 June 2024 and a salary inflation rate of 12.75% p.a. A sensitivity analysis has also been undertaken showing the impact of change in the assumptions on the disclosure.

Currency:- Ethiopian Birr

a) Reconciliation of benefit obligation.

	<u>30-Jun-24</u>	<u>30-Jun-23</u>
opening benefit obligation	5,423,394	4,404,535
Current service cost net of employees contributions	3,329,650	3,630,089
Interest cost	774,572	637,320
Actuarial (gain)/loss	464,071	245,773
Past service cost	-	-
Benefits and Expenses paid	(3,343,266)	(3,494,323)
closing benefit obligation	<u>6,648,421</u>	<u>5,423,394</u>

	<u>30-Jun-24</u>	<u>30-Jun-23</u>
Present value of Active members funded obligations	6,648,421	5,423,394
Outstanding Benefit	-	-
Net liability	<u>6,648,421</u>	<u>5,423,394</u>

	<u>30-Jun-24</u>	<u>30-Jun-23</u>
Current service cost net of employees contributions	3,329,650.00	3,630,089.00
Interest on net liability	774,572.00	637,320.00
Recognition of past service cost	-	-

	<u>30-Jun-24</u>	<u>30-Jun-23</u>
Total included in "staff costs" in respect of the severance benefit	<u>4,104,222</u>	<u>4,267,409</u>

	<u>30-Jun-24</u>	<u>30-Jun-23</u>
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	(23,214)	(310)
Net actuarial losses/gains and experience adjustments arising from participants movement	487,385	246,083

	<u>30-Jun-24</u>	<u>30-Jun-23</u>
Total included in "other Comprehensive Income" in respect of the severance benefit	<u>464,171</u>	<u>245,773</u>

Reconciliation

	<u>30-Jun-24</u>	<u>30-Jun-23</u>
Net liability at start of period	5,423,393	4,404,534
Net expense recognized in statement of profit or loss	4,104,222	4,267,409
Net expense recognized in other comprehensive income	464,071	245,773
Employer contributions	(3,343,266)	(3,494,323)
Net Liability at end of period	<u>6,648,420</u>	<u>5,423,393</u>

Actuarial Assumptions

	<u>30-Jun-24</u>	<u>30-Jun-23</u>
Discount rate (% .a)	14.75%	14.30%
Future salary increases (% p.a)	12.75%	12.30%
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	6.3

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 2024, the company contributed birr 7,018,687 (2023: birr 8,378,736 which has been charged to the profit and loss account.

AFRICA INSURANCE COMPANY (S.C.)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024



Currency:- Ethiopian Birr

	30-Jun-24					
	Scenario -1	Scenario -2	Scenario -3	Scenario -4	Scenario -5	Scenario -6
b) Sensitivity Analysis						
	Base	Discount Rate Increased by 1%	Salary Rate increased by 1%	Discount Rate decrease by 1%	Salary Rate decreased by 1%	Mortality Increased by 10%
Discount rate	14.75%	15.75%	14.750%	13.75%	14.75%	14.75%
Salary increases	12.75%	13.75%	13.750%	12.75%	11.75%	12.75%
Net liability at start of period	5,423,394	5,423,394	5,423,394	5,423,394	5,423,394	5,423,394
Total net expense recognized in the income statement	4,104,222	4,104,222	4,104,222	4,104,222	4,104,222	4,104,222
Net expense recognized in the other comprehensive income	464,071	74,146	893,049	902,467	77,532.00	687,779.00
Employer contribution	(3,343,266)	(3,343,266)	(3,343,266)	(3,343,266)	(3,343,266)	(3,343,266)
Net liability at end of period	6,648,421	6,258,596	7,077,399	7,086,817	6,261,882	6,872,129



AFRICA INSURANCE COMPANY (S.C.)
NOTES TO THE FINANCIAL STATEMENTS-
FOR THE YEAR ENDED 30 JUNE 2024

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 680,822 (2023 Ethiopian birr 3,494,323)

	Liability (Ethiopian
Less than 1 year	3,366
1 to 5 years	91,763
Greater than 5 years	6,553,291

6.20 Deferred Commission income

	30-Jun-24	30-Jun-23
Deferred Commission income	19,480,174	20,831,332
	19,480,174	20,831,332

The movement in Deferred Commission income is as follows:

	30-Jun-24	30-Jun-23
Balance at the beginning of the year	20,831,332	10,856,082
Commission during the year	44,356,647	30,168,145
Amortization for the year	45,707,805	20,192,895
	19,480,174	20,831,332

6.21 INCOME TAX

6.21.1 Income Tax Charged to Profit or Loss

	30-Jun-24	30-Jun-23
General Insurance Business (Note 6.21 A)	22,362,010	-
Life Insurance Business (6.21 B)	1,320,660	-
Investment & Property (6.21 C)	9,071,268	11,460,170
	32,753,938	11,460,170

6.21.2 Income Tax Payable

	30-Jun-24	30-Jun-23
General Insurance Business (Note 6.21 A)	15,120,916	(240,472)
Life Insurance Business (6.21 B)	758,415	-
Investment & Property (6.21 C)	6,994,617	9,050,173
	22,873,949	8,809,701





AFRICA INSURANCE COMPANY (S.C.)
NOTES TO THE FINANCIAL STATEMENTS-
FOR THE YEAR ENDED 30 JUNE 2024

6.21 A) General Insurance Business

	<u>30-Jun-24</u>	<u>30-Jun-23</u>
Beginning Balance	(240,472)	(240,472)
Less:- Settlements(Adjustments Vs Life account)	-	-
	<u>(240,472)</u>	<u>(240,472)</u>
Profit before tax for the year	130,200,504	44,189,393
Transfer from life	-	-
	<u>130,200,504</u>	<u>44,189,393</u>
Less:- Income taxed at source		
Interest income	84,464,700	36,304,026
Divided income	20,027,346	15,035,236
Rent income	34,531,476	34,276,268
Share of Associate Result	9,866,042	3,578,537
	<u>148,889,563</u>	<u>89,194,066</u>
	<u>(18,689,059)</u>	<u>(45,004,674)</u>
Other technical provision (Additional)	2,996,628	148,601
Impairment on Sundry Debtors And Trade Debtors	20,207,803	3,630,499
Entertainment	69,716	491,682
Tax Penalty(Interest)	52,557	34,227
Office Refreshment	2,502,676	2,509,255
Provision-Staff Leave pay	5,030,478	1,396,360
Provision-Severance pay	760,956	773,086
Property Tax	3,872,390	-
IBNER Provisions	43,200,000	-
Dep. Expense - Investment Property	6,488,445	5,731,361
Building Related Exp.	7,634,112	2,549,917
Leasehold Land Amortization	39,626	39,626
Giveaway Items	254,804	162,317
Donation	-	1,677,500
Sponsorship	117,250	43,960
Medical Expense-Family	1,653	-
Taxable Profit	<u>74,540,035</u>	<u>(25,816,283)</u>
Profit tax 30%	22,362,010	-
Profit Tax Charge to profit/Loss	<u>22,362,010</u>	<u>-</u>
Deferred Tax	776,759	-
Current Tax	<u>21,585,252</u>	<u>-</u>
WHT Paid During the Year	(6,223,864)	-
Current Tax Payable	<u>15,120,916</u>	<u>(240,472)</u>



AFRICA INSURANCE COMPANY (S.C.)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

Currency:- Ethiopian Birr

	<u>30-Jun-24</u>	<u>30-Jun-23</u>
Deferred Tax Liability(Asset):		
Depreciation Expense for Tax	11,021,907	12,371,760
Depreciation Expense for Report	(8,432,712)	(8,124,999)
	<u>2,589,195</u>	<u>4,246,761</u>
Tax at 30%	776,759	-
Deferred Tax Liability(Asset)	<u>776,759</u>	<u>-</u>

30-Jun-24

30-Jun-23

6.21 B) Life Insurance Business

Beginning Balance	-	15,624
Less:- Settlements(Adjustments Vs Non- Life acco	-	15,624
	<u>-</u>	<u>-</u>
Profit before tax for the year	30,888,947	11,441,080
Less:- Income taxed at source		
Interest income	15,109,378	10,525,904
Divided income	3,185,020	1,521,180
Rent income	13,430,406	13,430,407
	<u>31,724,803</u>	<u>25,477,491</u>
	(835,856)	(14,036,411)
Provision-Staff Leave pay	344,501	216,025
Property Tax	1,331,416	
Dep. Expense - Investment Property	2,049,454	2,049,454
Building Related Exp.	1,508,240	343,083
Leasehold Land Amortization	4,445	4,445
Taxable Profit	<u>4,402,200</u>	<u>(11,423,404)</u>
Profit tax 30%	1,320,660	-
Profit Tax Charge to profit/Loss	1,320,660	-
Deferred Tax	(4,285)	-
Current Tax	<u>1,324,945</u>	<u>-</u>
WHT Paid During the Year	(566,529)	-
Current Tax Payable	<u>758,415</u>	<u>-</u>
	<u>30-Jun-24</u>	<u>30-Jun-23</u>
Deferred Tax Liability(Asset):		
Depreciation Expense for Tax	24,612	33,116
Depreciation Expense for Report	(38,895)	(38,895)
	<u>(14,283)</u>	<u>(5,780)</u>
Tax at 30%	(4,285)	(1,734)
Deferred Tax Liability(Asset)	<u>(4,285)</u>	<u>(1,734)</u>



AFRICA INSURANCE COMPANY (S.C.)
NOTES TO THE FINANCIAL STATEMENTS
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Currency:- Ethiopian Birr

6.21 C) Investment Property

	<u>30-Jun-24</u>	<u>30-Jun-23</u>
Beginning Balance	9,050,174	11,195,147
Less:- Settlements	9,228,616	11,373,590
	<u>(178,442)</u>	<u>(178,443)</u>
Profit before tax for the year	30,237,560	38,200,565
Taxable Profit	30,237,560	38,200,565
Profit tax 30%	9,071,268	11,460,170
Profit Tax Charge to profit/Loss	9,071,268	11,460,170
Deferred Tax	1,069,458	1,216,758
Current Tax	8,001,810	10,243,411
WHT Paid During the Year	(828,750)	(1,014,795)
Current Tax Payable	6,994,617	9,050,174
	<u>30-Jun-24</u>	<u>30-Jun-23</u>
Deferred Tax Liability(Asset):		
Depreciation Expense for Tax	12,102,759	11,880,747
Depreciation Expense for Report	(8,537,898)	(7,824,886)
	3,564,861	4,055,860
Tax at 30%	1,069,458	1,216,758
Deferred Tax Liability(Asset)	1,069,458	1,216,758
	<u>30-Jun-24</u>	<u>30-Jun-23</u>
General Insurance Business Life	709,294	1,576,922
Insurance Business	360,164	(360,164)
	1,069,458	1,216,758
	<u>30-Jun-24</u>	<u>30-Jun-23</u>
6.22 Capital and Reserves		
Share Capital	30-Jun-24	30-Jun-23
Authorized	500,000,000	500,000,000
Issued and fully paid	394,083,000	276,315,000

The issued and fully paid up capital of the company, which is a composite insurer is birr 394 million (birr 276.3 million in 2023). 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:

	<u>30-Jun-24</u>	<u>30-Jun-23</u>
Issued and fully paid		
Non-Life Business	349,083,000	261,315,000
Life Business	45,000,000	15,000,000
	394,083,000	276,315,000

AFRICA INSURANCE COMPANY (S.C.)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

b) Movement in paid up capital:

Currency:- Ethiopian Birr

	<u>30-Jun-24</u>	<u>30-Jun-23</u>
Balance, beginning of year	276,315,000	275,721,000
Paid during the year	117,768,000	594,000
Balance, End of year	<u><u>394,083,000</u></u>	<u><u>276,315,000</u></u>

6.23 Share Premium

This represents excess of share prices over par value.

	<u>30-Jun-24</u>	<u>30-Jun-23</u>
	<u><u>20,551,676</u></u>	<u><u>14,251,676</u></u>

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 reserave account until the balance reaches the paid up capital.

	<u>30-Jun-24</u>	<u>30-Jun-23</u>
Balance brought forward	59,399,449	54,982,249
Add:-Current year transfer	12,833,552	4,417,199
Prior years adjustment	287,135	-
Balance carried forward	<u><u>72,520,136</u></u>	<u><u>59,399,449</u></u>

	<u>30-Jun-24</u>	<u>30-Jun-23</u>
General Insurance Business	55,023,734	44,563,827
Life Insurance Business	17,496,402	14,835,621
	<u><u>72,520,136</u></u>	<u><u>59,399,448</u></u>



AFRICA INSURANCE COMPANY (S.C.)
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6.25 Retained Earnings

Currency:- Ethiopian Birr

	<u>30-Jun-24</u>	<u>30-Jun-23</u>
Balance brought forward	36,228,240	622,122
Less:- Dividend declared	(35,310,312)	-
Directors' profit sharing	(912,500)	-
Restated balance	5,427	622,122
Add:-Current year transfer	128,335,512	44,170,303
Impact of Reclassification and Recognitions	-	-
Transfers from Revaluation Reserve	1,512,264	595,399
Transfers from Life	-	-
Opening balance Difference	(190,515)	60
Less:- Legal reserve	(13,120,687)	(4,417,199)
Less:-Prior year adjustment- related to tax and others	-	(6,156,511)
Less:-Prior year adjustment on- associates	2,871,352	1,414,063
Add:-Deferred Tax	-	-
Balance carried forward	<u>119,413,356</u>	<u>36,228,240</u>

	<u>30-Jun-24</u>	<u>30-Jun-23</u>
General Insurance Business	95,466,330	16,027,111
Life Insurance Business	23,947,027	20,201,129
	<u>119,413,356</u>	<u>36,228,240</u>

6.25a Prior year adjustment

	<u>30-Jun-24</u>	<u>30-Jun-23</u>
Associates	2,871,352	-
Salary paid to Mekelle and Shire Branch	-	(2,276,043)
Oracle and Support Fee	-	(2,899,336)
Others	-	(981,132)
	<u>2,871,352</u>	<u>(6,156,511)</u>

6.26 Other Components of Equity

	<u>30-Jun-24</u>	<u>30-Jun-23</u>
Resulted From Subsequent Measurement		
Revaluation Reserve-PP&E-First Time Adoption	109,351	1,621,615
Fair Value Reserve-Equity Instrument	39,455,166	30,303,704
Revaluation Reserve- Employee Benefit Obligations	347,160	672,009
	<u>39,911,677</u>	<u>32,597,329</u>

	<u>30-Jun-24</u>	<u>30-Jun-23</u>
General Insurance Business	37,305,421	30,037,890
Life Insurance Business	2,606,256	2,559,439
	<u>39,911,677</u>	<u>32,597,329</u>



AFRICA INSURANCE COMPANY (S.C.)
NOTES TO THE FINANCIAL STATEMENTS
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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) Remeasure of Employee Benefit obligations

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

6.27 Net Earned Premium

Currency:- Ethiopian Birr

	<u>30-Jun-24</u>	<u>30-Jun-23</u>
Gross premium on insurance contracts		
Non-life insurance	1,271,068,945	1,034,737,742
Life insurance	28,388,288	27,693,287
Total gross written premium	1,299,457,233	1,062,431,030
Gross Change in Unearned premium provisions(Non-Life)	39,728,056	292,466,469
Gross Change in Unearned premium provisions(Life)	(1,496,416)	3,371,890
Total gross earned premium income	1,261,225,594	766,592,672
Premium ceded to reinsurers on insurance contracts		
Non-life insurance	266,837,326	229,564,068
Life insurance	3,110,200	3,331,909
	269,947,526	232,895,977
Reinsurers share of -Change in UPR	(6,924,334)	70,853,053
Total premium ceded to reinsurers	276,871,860	162,042,923
Net Earned Premium	984,353,734	604,549,749
	<u>30-Jun-24</u>	<u>30-Jun-23</u>
General	957,579,230	583,560,261
Life	26,774,504	20,989,489
	984,353,734	604,549,749



AFRICA INSURANCE COMPANY (S.C.)
NOTES TO THE FINANCIAL STATEMENTS
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6.28 Investment and Other income

Currency:- Ethiopian Birr

	<u>30-Jun-24</u>	<u>30-Jun-23</u>
Interest Income	99,580,441	46,829,930
Dividend Income	23,212,366	16,556,416
Rent Income	47,961,882	47,706,674
Other Income	1,533,508	923,624
Total investment income	<u>172,288,195</u>	<u>112,016,643</u>
	<u>30-Jun-24</u>	<u>30-Jun-23</u>
General	140,535,997	86,536,001
Life	31,752,198	25,480,642
	<u>172,288,195</u>	<u>112,016,643</u>

6.29 Other Comprehensive Income

	<u>30-Jun-24</u>	<u>30-Jun-23</u>
Revaluation of Equity-through OCI	13,073,517	5,882,011
Actuarial Gain-on defined contribution plan	(464,071)	(245,773)
Total Other Comprehensive Income	<u>12,609,446</u>	<u>5,636,238</u>
	<u>30-Jun-24</u>	<u>30-Jun-23</u>
General	12,542,564	4,763,674
Life	66,882	872,564
	<u>12,609,446</u>	<u>5,636,238</u>

6.30 Fees and commissions

	<u>30-Jun-24</u>	<u>30-Jun-23</u>
Reinsurance commission income	58,578,604	39,280,273
Change in unearned commission	(1,351,158)	9,975,250
Net Commission income	<u>59,929,762</u>	<u>29,305,023</u>
	<u>30-Jun-24</u>	<u>30-Jun-23</u>
General	59,177,038	28,531,484
Life	752,724	773,540
	<u>59,929,762</u>	<u>29,305,023</u>



AFRICA INSURANCE COMPANY (S.C.)
NOTES TO THE FINANCIAL STATEMENTS
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6.31 Associate Result

Currency:- Ethiopian Birr

	<u>30-Jun-24</u>	<u>30-Jun-23</u>
Share of Associate Result	9,866,042	3,578,537
	9,866,042	3,578,537

	<u>30-Jun-24</u>	<u>30-Jun-23</u>
General	9,866,042	3,578,537
Life	-	-
	9,866,042	3,578,537

6.32 Net benefits and claims

	<u>30-Jun-24</u>	<u>30-Jun-23</u>
Claims expenses		
Non-life insurance contracts	625,882,040	468,259,091
Life insurance contracts	23,394,746	17,927,290
Total claims expenses	649,276,786	486,186,381

Claims recovered from reinsurers	58,806,301	51,076,845
----------------------------------	------------	------------

Gross change in contract liabilities

Change in outstanding claims	(184,101,603)	60,466,693
Change in IBNR provisions	(29,486,116)	(21,895,942)
Change in IBNER provisions	(43,200,000)	-
Change in Other Technical provisions	(2,996,628)	(148,601)
Change in Actuarial Policyholders Liability	2,651,705	(12,903,782)
Gross change in contract liabilities	257,132,643	(25,518,369)

Change in contract liabilities ceded to reinsurers

Change in outstanding claims	86,532,299	(72,893,688)
Change in IBNR provisions	12,856,340	4,704,274
Change in Other Technical provisions	-	-
Change in Actuarial Policyholders Liability	-	227,902.42
Change in reinsurance contract liabilities	99,388,639	(67,961,512)

Net benefits and claims

	<u>30-Jun-24</u>	<u>30-Jun-23</u>
General	728,193,139	447,457,553
Life	20,743,041	30,095,127
	748,936,179	477,552,680



AFRICA INSURANCE COMPANY (S.C.)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

6.33 Underwriting Expenses

	<u>30-Jun-24</u>	<u>30-Jun-23</u>
Sales commission incurred	69,794,181	53,254,306
Change in deferred commission income	3,554,797	17,046,323
	<u>66,239,384</u>	<u>36,207,983</u>

	<u>30-Jun-24</u>	<u>30-Jun-23</u>
General Insurance	66,026,932	35,384,655
Life Insurance	212,452	823,328
	<u>66,239,384</u>	<u>36,207,983</u>

6.34.1 Finance costs

	<u>30-Jun-24</u>	<u>30-Jun-23</u>
Interest expense-Bank over draft	2,480,941	2,630,437
Interest expense-Right use of asset	2,123,078	1,057,042
	<u>4,604,019</u>	<u>3,687,478</u>

The company uses over draft facility from wegagen bank s.c at interest rate of 17%.In connection to this interest expense of birr 2,480,941 was recognized during the year.

6.34.2 Impairment

	<u>30-Jun-24</u>	<u>30-Jun-23</u>
Impairment on Sundry Debtors	20,207,803	3,630,499
	<u>20,207,803</u>	<u>3,630,499</u>



AFRICA INSURANCE COMPANY (S.C.)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

6.35 General and administrative expenses

Currency:- Ethiopian Birr

The breakdown of general and administrative expenses is given below

	<u>30-Jun-24</u>	<u>30-Jun-23</u>
DIRECTORS' FEE	741,000	1,154,000
SALARIES & BENEFITS	136,993,878	102,506,749
DEPRECIATION	17,014,681	15,988,780
CHARGES	943,974.47	1,491,704
ADVERTISING & PROMOTIONS	3,387,725	3,644,530
RENT & UTILITIES	19,531,608	12,982,255
TELEPHONE & POSTAGE	1,813,431	1,902,374
FUEL & VEHICLE RUNNING EXP.	8,023,658	6,091,748
PERDIUM & TRANSPORTATIONS	1,639,406	1,936,368
STATIONARY, PRINTING & SUPPLY	5,757,536	4,867,603
REPAIR & MAINTAINANCE	5,178,611	3,540,486
PROFESSIONAL FEES	2,808,798	5,759,023
PROPERTY TAX	5,203,806	-
AUDIT FEE	101,200	100,625
MIS.ADM & GENERAL EXP.	7,800,921	6,204,457
BUILDING RELATED EXPENSE	9,142,352	2,893,000
DONATIONS/CONTRIBUTIONS	-	1,677,500
	<u>226,082,585</u>	<u>172,740,840</u>
	<u>30-Jun-24</u>	<u>30-Jun-23</u>
General Insurance	217,925,910	167,856,704
Life Insurance	8,156,675	4,884,136
	<u>226,082,585</u>	<u>172,740,840</u>

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 directors 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 2024.



AFRICA INSURANCE COMPANY (S.C.)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

Currency:- Ethiopian Birr

	<u>30-Jun-24</u>	<u>30-Jun-23</u>
Salaries and other short term employee benefits	32,825,628	25,900,881
Post employment benefits	4,923,843	3,885,132
Representation allowance	1,389,000	1,479,000
Other expenses	3,035,840	3,675,029
	<u>42,174,311</u>	<u>34,940,042</u>

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 .

	<u>30-Jun-24</u>	<u>30-Jun-23</u>
Profit attributable to shareholders	128,335,512	44,170,303
Weighted average number of ordinary shares issued	326,641	276,295
Earning per share(Birr)	<u>393</u>	<u>160</u>

6.38 Contingent Liability, Claims Under Litigation

During the year, the company in the ordinary course of business was involved in 172 legal cases. From these the major claim is a war induced fire claim with a total sum assured of birr 180 million, reinsurance share of birr 160 million and, retention of Birr 20 million. This claim is rejected by the company on the basis of cover exclusion and late reporting. The other major claim under litigation is Blue Cloud international plc.claim,with a gross claims of Birr 79,627,025 and retention of Birr 7,962,702. Of this amount Birr 49,627,024 was reported and accounted as outstanding claims reserve as per the verdict given by the court and the remaining 30 million is disclosed because of the appeal brought by the plaintiff on the supreme court. 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

Some 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 & CRM Department	+251 116 621 617	+251 116 615 093	12941
Claims Manegment 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 Service	+251 116 610 491	+251 116 615 093	12941
Legal Service	+251 116 187 039	+251 116 615 093	12941
Internal Audit Department	+251 116 612 037	+251 116 615 093	12941
ICT Department	+251 116 632 982	+251 116 638 253	12941
HRM & Property Administrative Deparment	+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
Life and Health Insurance Deparment	+251116187741	+251116180563	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
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Addis Ababa, Ethiopia

Gerji Branch

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Gerji Mebrat Hayil
Tel +251-116 67 54 11/67
Fax +251-116 67 54 40
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

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

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

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

Yoseph Branch

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

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Mesalemiya
Tel: 251-11 275 05 19
Fax:251-11 2781 891
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
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T/Haimanot Branch

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Haimanot
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Fax: +251-11 277 75 42
P.O.Box:12941
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Lideta Branch

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Fax:251-11 553 45 22
P.O.Box:12941
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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

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

Kality Branch

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

CMC Branch

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

Arada H/Giorgis Branch

Address: Tefera Business Center
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Fax: +251-11 111 91 19
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

Addisu Gebeya Branch

Address:- Yerosa Guest House
Building
Tel: 251 - 111 265 764
Fax: 251-111 264 882
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

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

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

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

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 Pa-
pires 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

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

Contact Office - Shashemene

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



OUR SERVICES

የላቀና ጥራት ያለው አገልግሎት መስጠት ቃል ኪዳናችን ነው
Committed to Excellence and Quality Service

የምንሰጣቸው የዋስትና ዓይነቶች	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 & Commercial) Insurance
✓ የመርከብና የባሕር ላይ ጉዞ መድን	✓ Marine (Hull & Commercial) Insurance
✓ የኢንጂነሪንግ/የሥራ ተቋራጮች፣ የማሽን ከለላ፣ 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:-
<ul style="list-style-type: none"> • የቦንድ ዋስትናዎች /የጨረታ ማስከበሪያ ዋስትና፣ የመልካም ሥራ አፈፃፀም ዋስትና እና የቅድሚያ ክፍያ ዋስትና/ 	<ul style="list-style-type: none"> • Bonds/Bid Bond, Performance Bond & Advance Payment Bond/
<ul style="list-style-type: none"> • የገንዘብ ዋስትና መድን 	<ul style="list-style-type: none"> • Money (Cash in Safe & in Transit)
<ul style="list-style-type: none"> • በሕብረተሰብ ላይ ለሚያስከትል ኃላፊነት 	<ul style="list-style-type: none"> • Public Liability Insurance
<ul style="list-style-type: none"> • ሁሉን አቀፍ የዋስትና መድን 	<ul style="list-style-type: none"> • All Risks Insurance
<ul style="list-style-type: none"> • የመስታዎት ስብራት መድንና ሌሎችም 	<ul style="list-style-type: none"> • 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/	✓ Political Violence & Terrorism (PVT) Insurance

“ያከሰጋት ከመሰፈት ነክፎሬካ ኢንሹራንስ ዋስትና መግዛት !!!”

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AFRICA INSURANCE COMPANY S.C.

HEAD OFFICE ADDRESS

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BOLE SUB CITY (BOLE), ADDIS ABABA, ETHIOPIA
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WEBSITE :- WWW.africainsurancesc.com