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NYALA INSURANCE S.C.

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ANNUAL REPORT

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2022/23

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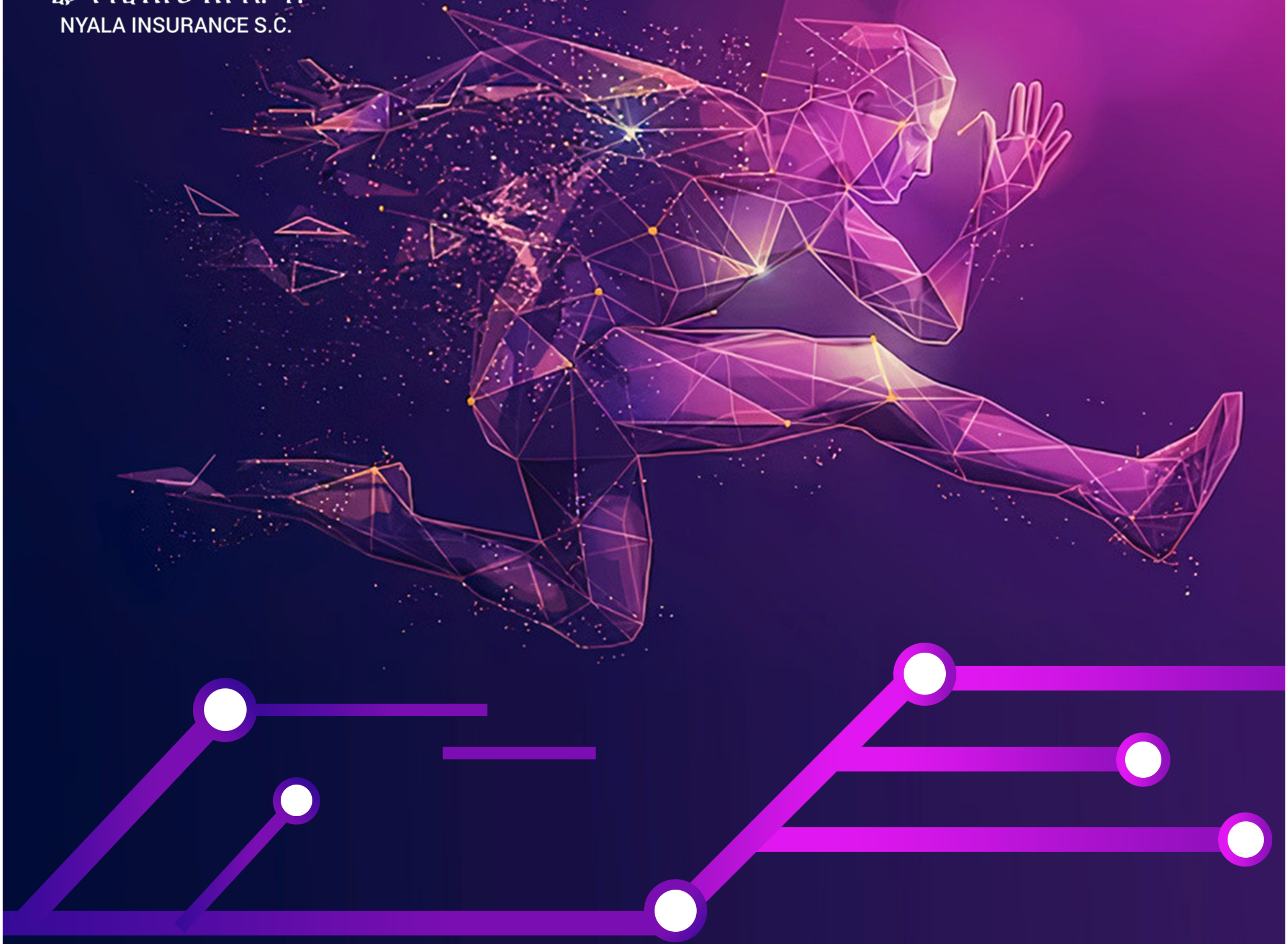
NYALA INSURANCE S.C.



DigiLeap

Nyala Insurance has unveiled its five-year strategic plan, called "digileap," which will be implemented for the period 2023/24 to 2027/28.

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NYALA INSURANCE S.C.

ዓመታዊ ሪፖርት
ANNUAL REPORT

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2022/23

COMPANY INFORMATION

VISION:	To be the preferred provider of insurance solutions in all markets we serve!
MISSION:	To help our customers manage their risks, recover from the unexpected, and achieve peace of mind!
LOGO:	NYALA HEAD: representing Nyala's "Caring Commitment" Traditional Ethiopian Shield: Representing Nyala's "Protecting Commitment"
MOTTO:	"አለኝታዎ" in Amharic "The seal of your Protection"
BOARD OF DIRECTORS:	Dr. Sara surur (Chair of BoD) Ato Asfaw Alemu (Member, Dashen Bank S.C) Ato Yonas Duguma (Member) Ato Hussen Ahmed (Member) Ato Solomon Bedane (Member) Ato Ayalew Yimam (Member, Equatorial Business Group PLC) Ato Tahir Mohammed (Member) Wro. Mintewab Abebe (Member) Ato Hussen Saeed (Member)
CEO:	Ato Yared Mola
HEAD QUARTER:	Protection House, Mickey Le Land Street P.O. Box: 12753, Addis Ababa, Ethiopia Tel: +251-11-662-6667/80, Fax: +251-11-662-6706
AUDITORS:	A.A Bromhead Certified Audit Firm
RE INSURANCE:	Swisse Re Africa Re ZEP Re Ethio Re East Africa Re Mapfre Oman Re Continental Re
BANKERS:	Dashen Bank S.C Commercial Bank of Ethiopia Bank of Abyssinia Nib International Bank Awash International Bank United Bank S.C Abay Bank S.C Cooperative Bank of Oromia Wegagen Bank S.C Anbessa Bank S.C

PERFORMANCE HIGHLIGHTS

353 NUMBER OF EMPLOYEES

1.3 BILLION GROSS WRITTEN PREMIUM

304 MILLION GROSS PROFIT

371 MILLION TOTAL CLAIMS INCURRED

49% LOSS RATIO

310 MILLION UNDERWRITING PROFIT

COVERED RISKS SUM INSURED 1 TRILLION

TOTAL ASSET 3.8 BILLION

SERVICE CENTER & SATELLITE OFFICES 48

EARNING PER SHARE 354

LIFE INSURANCE FUND 298 MILLION

PAID-UP CAPITAL 830 MILLION

NYALA INSURANCE S.C.
VISION, MISSION & VALUES

VISION

To be the preferred provider of insurance solutions in all markets we serve!

MISSION

To help our customers manage their risks, recover from the unexpected, and achieve peace of mind!

CORE VALUES

Care and Protection:
We care for and financially protect our customers, stakeholders, and employees.

Innovation
We innovate and adapt to meet the changing demands of our customers.

Agility
We act with speed and purpose.

Prudence
We employ prudence in all our business practices.

Being Easy To Do Business With
We strive to meet and exceed customers' expectations by being responsive and efficient.

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NYALA INSURANCE S.C.

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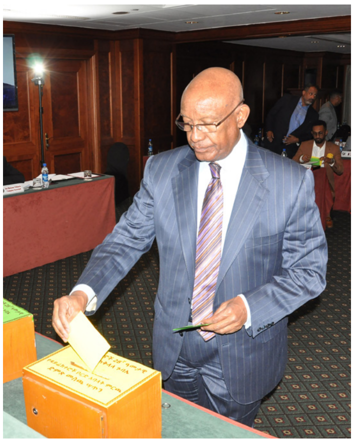
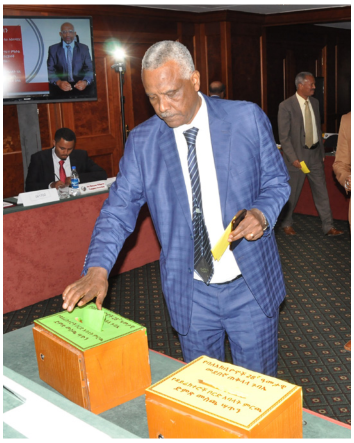
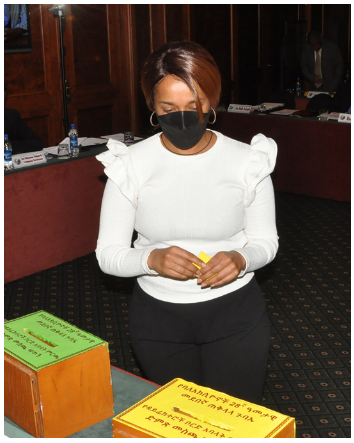
THE ELECTION OF
MEMBERS FOR BOARD OF DIRECTORS
(15TH DEC 2022)



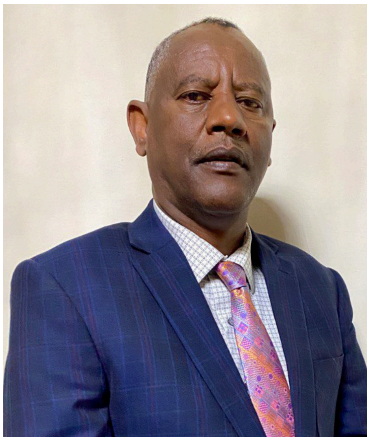
BOARD OF DIRECTORS

DR. SARA SURUR
CHAIR OF THE BOARD

ATO ASFAW ALEMU
MEMBER

ATO YONAS DUGUMA
MEMBER

ATO HUSSEN AHMED
MEMBER



ATO SOLOMON BEDANE
MEMBER

ATO AYALEW YIMAM
MEMBER

ATO TAHIR MOHAMMED
MEMBER

ATO HUSSEN SAEED
MEMBER

W/RO MINTEWAB ABEBE
MEMBER

THE 28TH ANNUAL GENERAL AND THE 21ST EXTRAORDINARY MEETING OF **NISCO'S SHAREHOLDERS**

EXECUTIVE MANAGEMENT
TEAM MEMBERS

YARED MOLA
CHIEF EXECUTIVE OFFICER

ASTATEKIE LULSEGED
EO, CLAIMS MANAGEMENT

WOINSHET GOSSAYE
EO, FINANCE & INVESTMENT

TEGEGN MASRESHA
EO, MARKETING & BUSINESS DEVELOPMENT

ZEWDU BEYENE
EO, UNDERWRITING

NEBIYAT MARKOS
MANAGER, ENGINEERING SERVICES

GETU MELKIE
MANAGER, LEGAL SERVICES

ABIY WOREDE
MANAGER, STRATEGY & CHANGE MANAGEMENT

ASRATU AEMIRO
MANAGER, MIS

HUSSEN AHMED
MANAGER, INTERNAL AUDIT & QUALITY ASSURANCE

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NYALA INSURANCE S.C.

LAUNCHING CEREMONY OF NISCO`S FIVE-YEAR STRATEGIC PLAN (DIGILEAP)

(2023/24-2027/28)

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NYALA INSURANCE S.C.

THE DIRECTORS' REPORT

THE DIRECTORS' REPORT

The Board of Directors has the pleasure to present the Company's Annual Report for the year ended 30th June 2023. The report includes a review of activities together with the Audited financial report as well as the macro-economic and business environment under which the operation took place during the period under review.

Nyala Insurance S.C. (NISCO), in accordance with its mission, guarantees protection with care to its customers through three-pronged insurance services – General, Life and Micro insurance solutions. NISCO operates from 41 Service Centers (branch offices) and 7 contact offices distributed in all regional states of the country.

ECONOMIC OVERVIEW

IMF reported that, "Global growth is projected to fall from an estimated 3.5 percent in 2022 to 3.0 percent in both 2023 and 2024. The rise in central bank policy rates to fight inflation continues to weigh on economic activity. Global headline inflation is expected to fall from 8.7 percent in 2022 to 6.8 percent in 2023 and 5.2 percent in 2024. Underlying (core) inflation is projected to decline more gradually, and forecasts for inflation in 2024 have been revised upward."

According to the African Development Bank Group report, "the GDP of Ethiopia is projected to grow 5.8% in 2023 and 6.2% in 2024, driven by industry, private consumption, and investment. The peace dividend, rebounding tourism, and prospect of liberalizing more sectors are expected to boost the growth outlook. Inflation is projected to decline to 28.1% in 2023 and 20.1% in 2024, following the peace dividend. The fiscal deficit is projected to grow to 3.1% in 2023 and 2.5% in 2024 due to the expected increase in government revenue driven by domestic resource mobilization improvements, implementation of the fiscal consolidation strategy, and resumption of donor inflows. The current account deficit is expected to narrow to 3.7% of GDP during 2023–24 as merchandise and service exports and foreign direct investment rise and imports of capital inputs continue to decline. Headwinds include interethnic conflicts in different parts of the country, drought, debt vulnerabilities, and the impact of Russia's invasion of Ukraine."

THE ETHIOPIAN INSURANCE INDUSTRY

During the year 2022/23, no new insurance company entered the market and the number of insurance companies in the industry remained at 18 insurance companies and one reinsurance company. The total number of insurance branches expanded from 691 in the preceding year to 741 branches. Other market players in the Ethiopian Insurance Industry include 2,716 insurance agents, 62 insurance brokers, 114 Loss Assessors and 3 Insurance Surveyors.

The Ethiopian Insurance Industry is among the least developed in the continent; indeed, in a country with huge population and growing economy, the coverage by these insurance companies with their combined branch network is still very minimal. The Industry's aggregate contribution to national GDP (Penetration) and the gross premium per capita (Density) is less than 1% and around 3.3 USD respectively.

As per the data obtained from the NBE, Gross Written Premium (GWP) during the fiscal year ended at June 30, 2023 reached at Birr 22.9 billion showing a 38% growth from the preceding year actual of Birr 16.7 billion. Out of the gross premium income, Birr 21.5 Billion (94%) was generated from General Insurance Business, while the balance of Birr 1.5 Billion (6%) was registered from Life Insurance Business. Against the previous year same period, this year's gross written premium for general and life businesses showed a 40% and 8% growth respectively.

Looking into the portfolio mix, about 52% of the premium income is generated from motor insurance which during the year resulted in loss ratio of 69%. Apart from motor the market is also dominated with the century old products of property insurance such as fire, marine, aviation and engineering classes of business. The net earned premium and net claims incurred for the period under review were Birr 12.8billion and Birr 7.5 billion respectively, which resulted in an overall loss ratio of 59%. The ratio has increased by 3 percentage point from last year.

Generally, during the financial year under review, the industry has registered a total profit after tax of Birr 3.6 billion showing a 29% growth from last year profit of Birr 2.8 billion. Moreover, the industry's total asset and capital as at June 30, 2023 reached at Birr 49.7Billion and 16.4 Billion showing a 22.7% and 22.2% growth from last year respectively.

THE ETHIOPIAN INSURANCE INDUSTRY (EII) AND NYALA INSURANCE S.C. (NISCO) IN MILLION BIRR

	2022/23			2021/22		
	Industry	NISCO	% Share	Industry	NISCO	% Share
Gross Written Premium	22,922	1,333	5.8%	16,665	909	5.5%
Total Asset	49,728	3,818	7.7%	40,858	2,966	7.3%
Equity	16,354	1,452	8.9%	13,380	1,280	9.6%
Profit After Tax	3,633	273	7.5%	2,824	221	7.8%

OPERATIONAL AND FINANCIAL PERFORMANCE OF NISCO

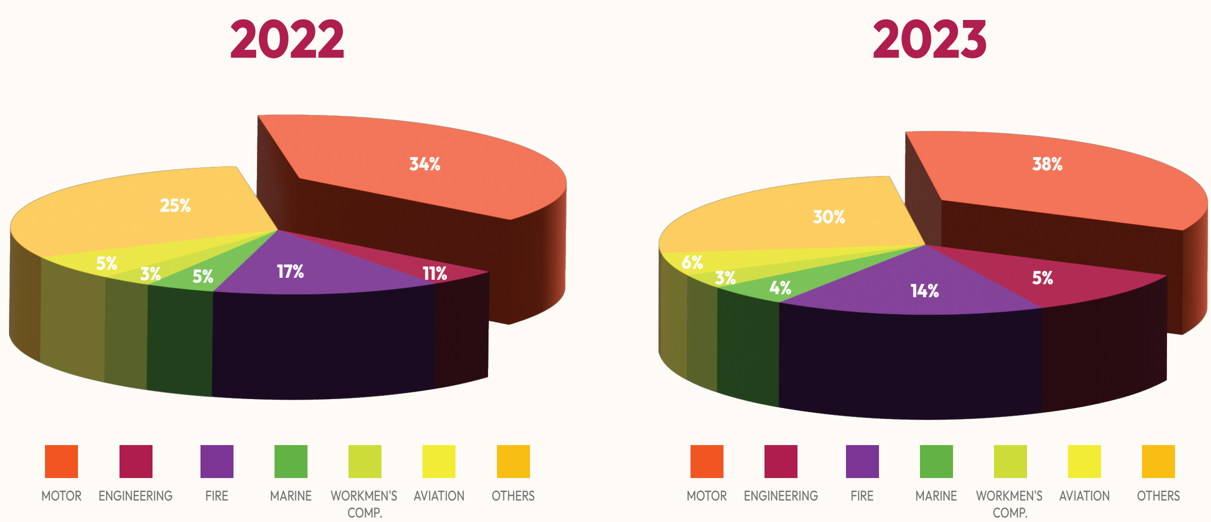
PREMIUM INCOME

During the 2022/23 fiscal year, from both general and long-term insurance businesses a total premium income of Birr 1,333.6 million (Birr 1.3 billion) was registered and as compared with last year's performance of Birr 909.4 million showed a 47% increase. Out of this, the General Insurance Business accounted for Birr 1,065.9 million (80%), while the Long-term Insurance Business grossed in Birr 267.6 million (20%). During the period under review, the general and long-term insurance premium income showed a 47% and 44% growth from the previous year's actual of Birr 723.2 million and Birr 186.2 million respectively.

Out of the total premium income of the General Insurance Business, Motor class of business took the major share (38.2%), followed by Fire with 14.0%,Crop & Livestock with 10.2%, Aviation with 6.1%, Bond with 6.1%,Political Violence & Terrorism with 5.5%, Engineering with 4.3%, Marine with 4.1%,and Workmen Compensation with 3.1%. All other classes of business together constitute 8.4% of the total premium income from General Insurance Business.

The net earned premium after deducting the reinsurer's share of premium and provision for unearned premium was Birr 612.5 million and as compared to the previous year actual of Birr 477.5 million showed a growth by 28.3%. When we see the earned premium by line of business, Birr 429.2 million (70.1%) was from the General Insurance Business, while the balance Birr 183.3 million (29.9%) was earned from Life Business.

PREMIUM STRUCTURE (PORTFOLIO MIX)



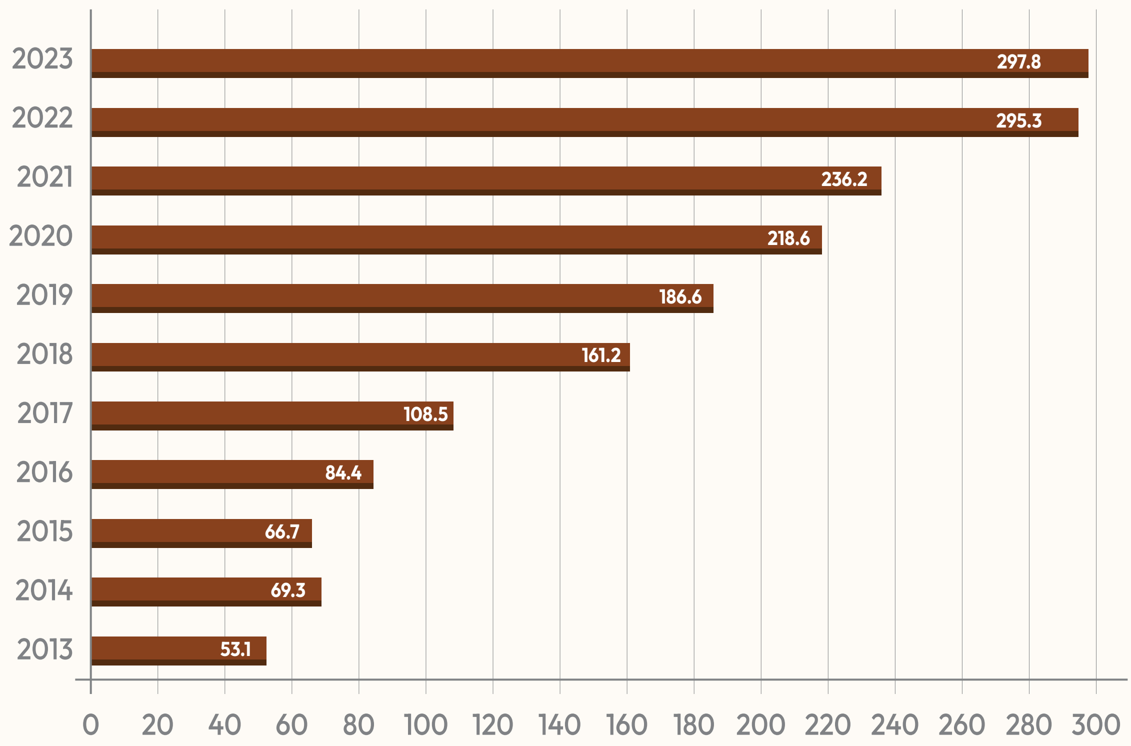
CLAIMS INCURRED

Net claims expenses during the year under review was Birr 370.8 million which is higher by 77.1% as compared to last year's actual of Birr 209.4 million. Net claims incurred with respect to the general insurance business amounted to Birr 211.9 million showing an increase by 82.3% from the previous year actual of Birr 116.2million. Consequently, the claim (loss) ratio of the general insurance business resulted at 49%, which is higher by 12 percentage points from last year's claim ratio of 37%.

LONG TERM (LIFE) INSURANCE BUSINESS

The actuarial valuation of the long-term insurance business of the company is carried out for 2022/23 fiscal year by Zamara Actuary. In 2022/23-fiscal year gross written premium from long term insurance business stood at Birr 267.6 million registering a 44% growth from last year production of Birr 186.2 million. The net earned premium after deducting the reinsurer's share of premium was Birr 183.3 million and as compared with the previous year actual of Birr 161.6 million increased by 13.4%. Net income before operating and administrative expenses of the life insurance business was Birr 77.9 million and as compared to last year's net income of Birr 108.5 million showed a 28.2% decrease.

LIFE FUND AFTER THE RECOMMENDED TRANSFER TO SHAREHOLDERS (IN MILLION BIRR)



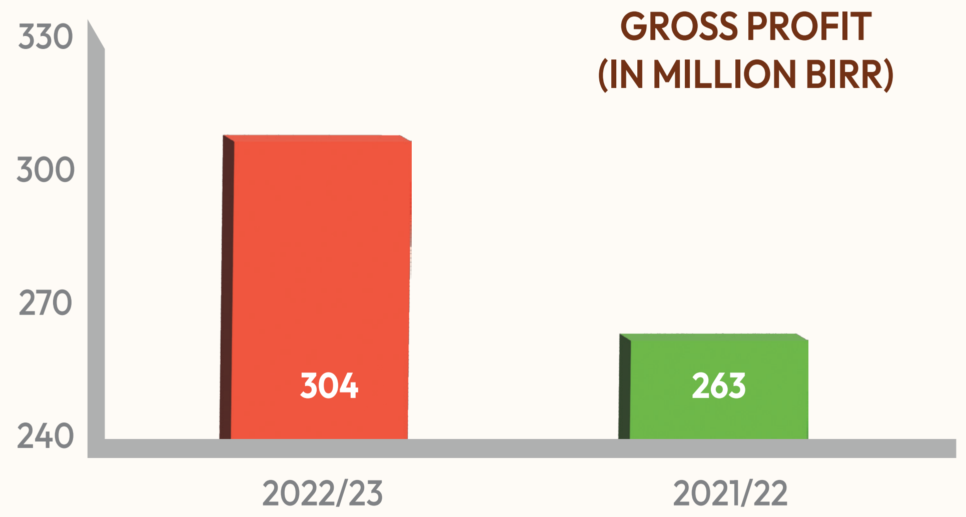
Generally, both from its core business and investment, net increase in life fund for the year became Birr 71.7 million and compared to last year actual of Birr 104.1 million showed a 31.1% decrease. The actuarial valuation of the Company's Life Fund as at 30 June 2023 revealed an actuarial surplus of Birr 148.2 million. From the total actuarial surplus, the Actuary recommended Birr 65.0 million to be made available to shareholders, while the remaining 83.2 million to be carried forward un-appropriated.

OPERATING AND ADMINISTRATIVE EXPENSES

During the financial year under review, total operating and administrative expenses resulted at Birr 266.2 million showing a Birr 48.6 million (22.3%) increase as compared to last year's expense of Birr 217.6 million. Out of the total operating and administrative expense of the year, employee salary and benefits took the major share of Birr 168.6 million (63.3%), while depreciation, right of use asset amortization and other expenses accounted for Birr 19.4 million (7.3%), Birr 8.8 million (3.3%) and Birr 69.4 million (26.1%) respectively. Remuneration is paid to Board of Directors and CEO and as per article 314 of the Commercial Code of Ethiopia details remuneration paid and in- kind benefits of the Directors and the CEO are declared on the related party section of the report.

PROFIT

Despite the difficult macro-economic and socio-political environment in the financial year under review, the Company able to register a net income before operating and administrative expenses of Birr 581.1 million both from its operational and non-operational activities of both the General and Long-Term Insurance Business. Compared to the income registered in the preceding fiscal year of Birr 544.5 million, showed an increase by Birr 36.6 million (6.7%).



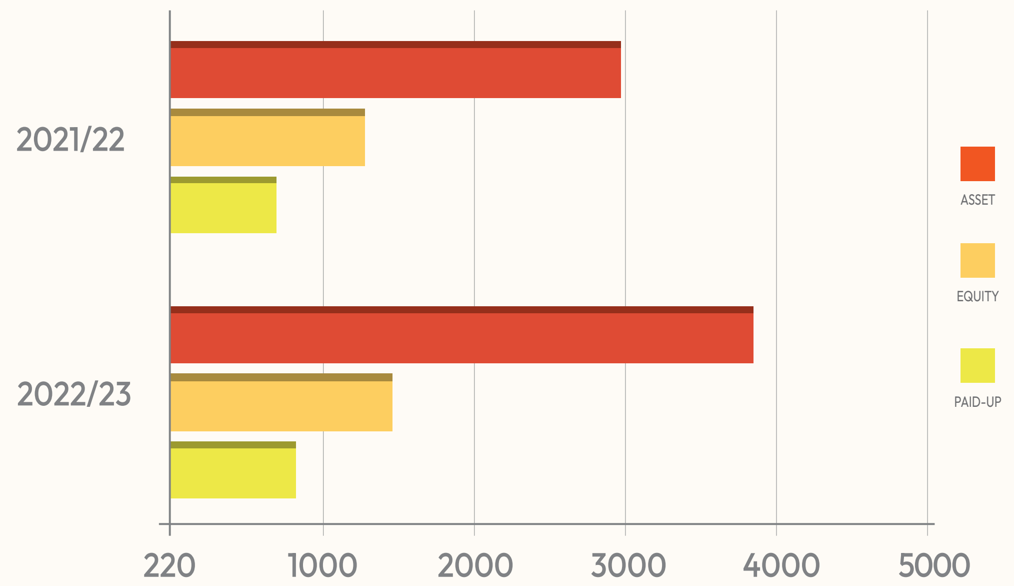
In general, during the year the Company has registered a gross profit of Birr 303.7 million. As compared to last year's profit of Birr 263.0 million, it shows a Birr 40.6 million (15.4%) growth. Consequently, the earnings per share for the financial year ended June 30, 2023 increased to Birr 354 from the level in the preceding year of Birr 335.

ASSET AND EQUITY STRUCTURE

The balance sheet as at June 30, 2023 indicates that the total asset of the company stood at Birr 3.8 billion, depicting an increase by 28.7% over similar period last year of Birr 3.0 billion. The increase of the Company's asset is attributed partly to the growth in total equity mainly as a result of capital investment by the shareholders.

On the other hand, as at June 30, 2023 the Company's liability reached at Birr 2.4 billion and as compared to similar period last year of Birr 1.7 billion showed an increase by Birr 0.7 billion (40.3%). As a result, total shareholder's equity at the end of the financial year under review reached at Birr 1.5 billion showing a growth by Birr 0.2 billion (13.5%) from the level of total shareholders' equity as at June 30, 2022. Out of the total shareholders' equity at the end of the year under review, the Company's paid up capital amounted to Birr 830,000,000 which as compared to similar period last year of Birr 704,000,000 showed an increase by Birr 126,000,000 (17.9%).

ASSET AND CAPITAL (IN MILLION BIRR)



PERFORMANCE HIGHLIGHTS

The following table presents comparative performance highlights for the last two years.

(In million Birr)

DESCRIPTION	2022/23	2021/22
Paid-up Capital	830.00	704.0
Total Asset	3,819.0	2,966.4
Gross Written Premium	1,333.6	909.4
Net income before tax	303.6	263.0
Net Claims Incurred	370.8	209.4
Underwriting profit	310.2	331.9
Profit tax expense	30.4	42.4
Net income after tax	273.3	220.7

OTHER MAJOR ACTIVITIES

HUMAN CAPITAL

The human capital of the Company reached at 353at the end of the fiscal year 2022/23.Out of the total employees as at June 30, 2023about 76% of the employees are 1st Degree & above and about 71% of the employees are 40 and below 40 years of age. When we see the male and female ratio of NISCO's employees, about 54% are male, while the remaining 46% are female employees.

NISCO's selected strategy, namely differentiation on service with low cost, is mainly based on the acquisition and retention of highly trained, experienced and motivated employees that understand and live its organizational values. In view of developing the knowledge and skill of the staff, the Company has been providing different trainings to its employees based on need and periodic skill gap assessment. During the reporting period, career promotion has also been given to a number of staffs based on merit and the right person-for-the job principle.

BRANCH NETWORK

To attain its strategic objectives of reaching out new markets and increased volume of production, NISCO continued its expansion strategy via opening branch, satellite and contact offices. Accordingly, during the year under review two new Service Centers have been opened in Addis Ababa around Lemi-kura and Arat-killo areas. Moreover, during the reporting period the Mizzen Teferi contact office has been up-graded to a full-fledged service center. Generally, at the end of the fiscal year under review the total number of NISCO's service outlets including the contact offices reached at 48centers (41 Service Centers and 7 Contact Offices).

NEW PRODUCTS

During the period under review, after conducting an exhaustive study on the applicability and viability of the product as well as finalizing the licensing process with the National Bank of Ethiopia (NBE) the Company has started providing the various Takaful Insurance products to customers of the Ethiopian Insurance Industry.

NISCO HEAD QUARTER BUILDING PROJECT

With a view to restart the discontinued construction project, all possible ways have been assessed and finally agreement has been reached on the price and certain issues with the previous contractors for completion of the remaining work in less than two years. Currently, the contractors have taken over the project site and they are under preparation to restart the construction.

FIVE YEAR STRATEGIC PLAN OF NISCO

During the review period the formulation of NISCO's Strategic Plan covering the next five-year period (2023/24 – 2027/28) has been finalized. The plan is believed to give a clear direction to the company operating in today's dynamic and highly competitive business environment. At present with the objective of familiarizing each and every member of NISCO staff, a communication plan has been developed and implemented. The cascading of the strategic plan into department, division, unit and individual level is also underway.

CORPORATE SOCIAL RESPONSIBILITY

Since its establishment, NISCO has been contributing a lot in supporting the economic development and social wellbeing, environmental and wildlife conservations, humanitarian aids and rehabilitation, etc. as part and parcel of discharging its corporate social responsibilities (CSR).Accordingly, during the reporting year the company has been supporting and working with different social and professional groups (handicapped, elderly people, traffic police and road safety, HIV/AIDS, professional associations, red cross, city chamber, etc.). NISCO has also continued with its planting tree project under the theme "One-Tree per One Customer".

CHALLENGES

Irrespective of service qualities, market competition through price and various affiliations as usual were the main industry challenges faced the Company in the year under review. Moreover, various conflicts, severe shortage of foreign currency and high inflation have challenged the economic and business activities of the country in general and the insurance market in particular. The war in the Northern part of the Country has also continued affecting the performances of our Service Centers operating in Tigray and Amhara Regions.

THE WAY FORWARD

No doubt the various industry challenges existed for long period of time and the prevailing macro- challenges will continue to dampen the industry's market growth and profitability.

Moreover, the insurance industry is recognizing new social realities that digitization is changing the behavior, needs and demands of customers. Adapting to the situation and meeting new customer expectations and demand through digital interactions is probably the biggest industry challenge in the future. Thus, insurance companies need to breakout from the old traditional system and gradually adopt the shift. This shift of course, would require massive investment in areas such as Research & Development, training and technology.

NISCO is working on to address this issue by considering digital transformation as the major strategic pillar of the Company.

TRIBUTE

Despite the difficult business environment in the year under review, the Company has continued to be one of the leading and most committed professional Insurance Companies in the Country: Customers, the Public in general, as well as its service providers are indeed happy to work with Nyala and the Directors are happily grateful for their patronage.

The Directors take this opportunity to thank all our honorable Customers, Re-Insurers, International Partners and its Service Providers, both Government and Private Organizations, for their valuable support.

The Board wishes to confirm its total commitment towards the staff & the management of the Company as its most important asset. Without the staff wholehearted dedication and the management team's professional guidance as well as action-oriented concern to their customers, the Company would not have achieved both the financial and social standings it now enjoys and they deserve the Board's heartfelt gratitude.

The Board is confident that with the successful implementation of our Strategic Plan and the consolidated effort of the staff and management, the success of NISCO's vibrant atmosphere will continue to prevail.

Sara s/m Dr Sara

DR. SARA SURUR
CHAIR OF THE BOARD

Yared

YARED MOLA
CEO

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NYALA INSURANCE S.C.

THE AUDITORS' REPORT

NYALA INSURANCE SHARE COMPANY
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

The Commercial Code of Ethiopia of 2021, Licensing and Supervision of Insurance Business Proclamation No. 746/2012 and Insurance Business (Amendment) Proclamation No. 1163/2019 of the Government of Ethiopia require the Directors to prepare financial statements that represent the state of affairs of the Company at the end of the financial year and the operating results of the Company for that year. The Commercial Code of Ethiopia of 2021 also requires the Directors to ensure that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company. The Directors are also responsible for safeguarding the assets of the Company.

The Directors are responsible for preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Commercial Code of Ethiopia of 2021, Licensing and Supervision of Insurance Business Proclamation No. 746/2012 and Insurance Business (Amendment) Proclamation No.1163/2019 of the Government of Ethiopia and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors accept 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 (IFRS) and in the manner required by the Commercial Code of Ethiopia of 2021. The Directors are 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 operating results. The Directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as designing adequate systems of internal financial controls relevant and necessary to enable preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

The Directors also accepts responsibility for:

i) Designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error;
ii) Selecting suitable accounting policies and applying them consistently; and
iii) Making accounting estimates and judgements that are reasonable in the circumstances.

The Directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

The Directors certify that, to the best of their knowledge, the information furnished to the auditors for the purpose of the audit was correct and is an accurate presentation of the Company's financial transactions.

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

Signed on behalf of the Directors by:

DR. SARA SURUR CHAIR OF THE BOARD 30 OCTOBER 2023	**YARED MOLA** CHIEF EXECUTIVE OFFICER

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF
NYALA INSURANCE SHARE COMPANY

Opinion

We have audited the accompanying financial statements of Nyala Insurance Share Company ("the Company") set out on pages 7 to 65. These financial statements comprise the statement of financial position at 30 June 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Nyala Insurance Share Company as at 30 June 2023, of its statement of profit or loss, statement of changes in equity and its cash flows for the year ended 30 June 2023 in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in *the Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Ethiopia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Responsibilities of Directors for the Financial Statements

The Directors of Nyala Insurance Share Company are responsible for the preparation and fair presentation of these financial statements in accordance with IFRSs and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

A.A Bromhead
Certified Audit Firm
P.O.Box 709
Addis Ababa

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF
NYALA INSURANCE SHARE COMPANY

Key Audit Matters (continued)

Nature of key audit matters

1. Significant Managements' judgements, estimates and assumptions in the determination of contract liabilities.

   As determination of insurance contract liabilities, which represent 27% of the total liabilities of the Company, involves significant management judgements and assumptions, the carrying value of contract liabilities may be materially misstated if judgements or estimates made by the Management are not accurate.

   The Company applied the requirements of NBE's Directive No. SIB/38/2014 in respect of the determination of the values of outstanding claims, disputed claims and incurred but not reported claims.

   The Company also applied risk sharing schemes for placement of exposures that exceeded the automatic treaty capacity or not covered under the reinsurance treaty in adherence to the requirements of the NBE.

   Our response

   Our audit procedures focused on the significant areas judgements and estimations that could result in material misstatement in the financial statements. These procedures include:

   - evaluating claims, management policies and procedures of the Company in light of the NBE's directives and pronouncements;
   - making test of controls of claims management in light of the policies and procedures;
   - ascertaining the adequacy of the provisions made for outstanding claims in light of non-life insurance liability valuation and actuarial valuation of life fund reports issued by Zamara Financial Services East Africa Limited, Kenya for the year ended 30 June 2023;
   - checking sample claims files to test, valuation, completeness, occurrence and compliance with requirements of NBE's Directive No.SIB/38/2014 with respect to the provisions related to claims.

   Our results

   We considered the claims management and provisions made by the Company for outstanding claims to be acceptable.

2. Significant risks related to determination earned premiums, unearned premiums and computation of cessions to reinsurers that could materially misstate the financial statements.

   Our response

   Our audit procedures focused on the controls and system that the Company maintained to correctly record premiums and accurately compute cessions to reinsurers and unearned premiums provision in accordance with the NBE's Directive No. SIB/38/2014. These procedures include:

   - test to controls in place for Management of premium and related;
   - ascertaining the adequacy of the provisions made for unearned premiums in light of the non-life insurance liability valuation report issued by Zamara Financial Services East Africa Limited, Kenya for the year ended 30 June 2023 and in accordance with the requirement of NBE's Directive No. SIB/38/2014.

   Our results

   We considered the premium management and related provision made for unearned premium to be acceptable.

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Nyala insurance S.C.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NYALA INSURANCE SHARE COMPANY

Other Information

The Directors are responsible for the other information, which comprises the Directors' report in accordance with Article 315 Sub-Article 6(c) of the Commercial Code of Ethiopia of 2021. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the audit work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluded on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NYALA INSURANCE SHARE COMPANY

Auditor's Responsibilities for the Audit of the Financial Statements ***(continued)***

We communicated with Management among other matters, the planned scope and timing of the audit and significar audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided Management with a statement that we have complied with relevant ethical requirements regardin independence, and to communicate with them all relationships and other matters that may reasonably be thought t bear on our independence, and where applicable, related safeguards.

From the matters communicated with Management, we determine those matters that were of most significance in th audit of the financial statements of the current period and are therefore the key audit matters. We describe thes matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, i extremely rare circumstances, we determine that a matter should not be communicated in our report because th adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of suc communication.

Report on other legal and regulatory requirements

We have no comment to make on the report of your Directors so far as it relates to these financial statements anc pursuant to Article 349 of the Commercial Code of Ethiopia of 2021, recommend approval of them.

A.A. Bromhead Certified Audit Firm, and
UK Registered Auditor

Addis Ababa
30 October 2023

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Certified Audit Firm
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NYALA INSURANCE SHARE COMPANY
STATEMENT OF THE PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 ETB	2022 ETB
Gross premium income	5	1,333,573,401	909,420,871
Change in unearned premium, net	5	(125,563,205)	(43,935,972)
Gross earned premium		1,208,010,196	865,484,899
Less: Premium ceded to reinsurers	5	(595,386,729)	(387,983,467)
	5	612,623,467	477,501,432
Commission and fees income	6	113,139,859	92,355,140
Net underwriting income		725,763,326	569,856,572
Net claims expenses	7	(370,811,467)	(209,412,015)
Commission and fees expense	8	(44,669,571)	(28,561,225)
Net underwriting expenses		(415,481,038)	(237,973,240)
Underwriting profit		310,282,288	331,883,332
Investment income	9	261,098,148	204,600,081
Other income	10	9,846,820	8,040,802
Net income		581,227,256	544,524,215
Operating and administrative expenses	11	(266,209,877)	(217,609,666)
Finance costs	12	(4,610,678)	(4,766,767)
		310,406,701	322,147,782
Transfer to life fund	32.2	(71,678,590)	(104,097,928)
Profit before tax from general Insurance		238,728,111	218,049,854
Profit from life insurance as per actuarial valuation	33.4	65,000,000	45,000,000
Profit before income tax		303,728,111	263,049,854
Income tax expense	13.1	(30,416,733)	(42,395,804)
Net profit for the year		273,311,378	220,654,050
Other comprehensive income			
Items that will be subsequently reclassified into profit or loss:			
Actuarial valuation of life fund unappropriated actuarial (deficit) / surplus (net of tax)	33.4	(32,544,992)	8,861,938
Remeasurement (loss) on retirement benefits obligations(net of tax)	33.5	(368,200)	(577,500)
		(32,913,192)	8,284,438
Total comprehensive income for the year		**240,398,186**	**228,938,488**
Basic earnings per share	14	**354**	**335**

The notes on pages 11 to 65 are an integral part of these financial statements.

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NYALA INSURANCE SHARE COMPANY
STATEMENT OF THE FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 ETB	2022 ETB
Assets			
Cash and cash equivalents	15	1,605,048,634	1,170,124,011
Other current assets	17	291,648,350	212,892,883
Deferred acquisition costs	18	24,078,003	19,886,021
Statutory deposits	19	105,600,000	90,000,000
Receivables arising from reinsurance arrangement	20	705,671	773,727
Reinsurers' share of insurance contract liabilities	21	670,918,937	511,452,060
Investment in financial instruments	16	585,816,658	425,761,672
Property and equipment	23	410,536,671	403,042,100
Investment properties	24	108,762,366	111,323,822
Right-of-use asset	25	15,935,628	21,116,279
Total Assets		**3,819,050,918**	**2,966,372,575**
Liabilities			
Insurance contract liabilities	26	645,577,861	512,019,876
Unearned premium	27	638,118,357	412,284,203
Payables arising out of reinsurance arrangements	28	329,435,311	185,245,981
Actuarial value of policyholder liability	34	218,758,251	165,586,815
Retirement benefit obligation	29	22,738,000	18,219,000
Other payables	30	331,744,268	219,804,150
Dividends payable	31	13,596,649	3,818,105
Deferred commission income	6	58,799,902	42,480,826
Current income tax payable	13.4	9,931,706	16,787,238
Deferred tax liabilities	13.5	96,506,192	110,143,676
Total liabilities		**2,365,206,497**	**1,686,389,871**
Equity			
Paid up capital	33.1	830,000,000	704,000,000
Legal reserve	33.2	167,938,775	140,614,978
Retained earnings	33.3	254,543,763	201,092,652
Life fund reserve/actuarial surplus	33.4	58,271,979	90,816,970
Other reserves		(655,200)	(287,000)
Revaluation surplus		143,745,104	143,745,104
Total equity		**1,453,844,421**	**1,279,982,704**
Total equity and liabilities		**3,819,050,918**	**2,966,372,575**

The notes on pages 11 to 65 are an integral part of these financial statements.

The financial statements on pages 7 to 65 were approved and authorised for issue by the Board of Directors on 25 October 2023 and were signed on its behalf by:

Sara
s/m
Dr Sara

DR. SARA SURUR
CHAIR OF THE BOARD

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YARED MOLA
CHIEF EXECUTIVE OFFICER

NYALA INSURANCE SHARE COMPANY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

	Notes	Share capital	Retained earnings	Legal reserve	Revaluation surplus	Life fund reserve	Other reserves	Total
		ETB	ETB	ETB	ETB	ETB	ETB	ETB
As at 1 July 2021		**599,999,000**	**148,281,821**	**118,549,573**	**144,455,604**	**81,955,033**	**290,500**	**1,093,531,531**
Profit for the year		-	220,654,050	-	-	-	-	220,654,050
Other comprehensive income:								
Unappropriated actuarial surplus net of deferred tax		-	-	-	-	8,861,938	(577,500)	8,284,438
Re-measurement gains/loss on retirement benefit plans (net of deferred tax)		-	-	-	-	-	-	-
Total comprehensive income		599,999,000	368,935,871	118,549,573	144,455,604	90,816,971	(287,000)	1,322,470,019
Transaction with owners in their capacity as owners:								-
Transfer to legal reserve		-	(22,065,405)	22,065,405	-		-	-
Transferred to paid-up capital		104,001,000	(104,001,000)	-	-	-	-	-
Dividend paid		-	(44,280,821)	-	-	-	-	(44,280,821)
Remeasurement adjustments		-	2,504,007		(710,500)	-		1,793,507
As at 30 June 2022	33	**704,000,000**	**201,092,652**	**140,614,978**	**143,745,104**	**90,816,971**	**(287,000)**	**1,279,982,705**
As at 1 July 2022		**704,000,000**	**201,092,652**	**140,614,978**	**143,745,104**	**90,816,971**	**(287,000)**	**1,279,982,705**
Profit for the year		-	273,311,378	-	-	-	-	273,311,378
Other comprehensive income:								
Unappropriated actuarial surplus net of deferred tax		-	-	-	-	(32,544,992)	(368,200)	(32,913,192)
Total comprehensive income		704,000,000	474,404,030	140,614,978	143,745,104	58,271,979	(655,200)	1,520,380,891
Transaction with owners in their capacity as owners:								
Transfer to legal reserve		-	(27,331,138)	27,331,138	-	-	-	-
Transferred to paid-up capital		126,000,000	(126,000,000)	-	-	-	-	-
Dividend paid		-	(75,092,652)	-	-	-	-	(75,092,652)
Prior adjustments		-	8,563,523	(7,341)	-	-	-	8,556,182
As at 30 June 2023	33	**830,000,000**	**254,543,763**	**167,938,775**	**143,745,104**	**58,271,979**	**(655,200)**	**1,453,844,421**

The notes on pages 11 to 65 are an integral part of these financial statements.

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NYALA INSURANCE SHARE COMPANY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 ETB	2022 ETB
Cash flows from operating activities			
Cash generated from operations	35	508,158,573	331,138,608
Taxation paid	13.4	(36,804,096)	(25,157,187)
Net cash generated from operating activities		**471,354,477**	**305,981,421**
Cash flows from investing activities			
Additional deposits/(withdrawal) with financial institutions	15	(212,064,253)	(206,314,686)
Additional investment in securities-available for sale	16	(160,054,987)	(117,794,222)
Acquisition of property and equipment	23	(24,986,194)	(81,487,222)
Proceeds from sale of property and equipment	23	-	305,960
Right of use asset	25	(3,541,827)	(3,701,330)
Additional statutory deposit	19	(15,600,000)	-
Dividend income received	9	74,703,828	67,826,483
Interest income received	9	158,363,436	115,952,450
Net cash generated from /(used in) investing activities		**(183,179,997)**	**(225,212,567)**
Cash flows from financing activities			
Dividends paid	31	(65,314,109)	(42,721,052)
Net cash used in financing activities		**(65,314,109)**	**(42,721,052)**
Net (decrease)/increase in cash and cash equivalents		**222,860,371**	**38,047,802**
Cash and cash equivalents at 1 July		332,219,543	294,171,741
Cash and cash equivalents at 30 June	15	**555,079,914**	**332,219,543**

The notes on pages 11 to 65 are an integral part of these financial statements.

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NYALA INSURANCE SHARE COMPANY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023

1 General information

Nyala Insurance Share Company (The "Company") is a private insurance company incorporated under the Commercial Code of Ethiopia 1960 and is domiciled in Ethiopia. The Company was established in 1995 and its business is organized into three main divisions: short-term (general) business, long-term (life) business and Micro insurance Businesses. Its short-term business relates to underwriting of property, travel, and liability insurance business while the long-term business relates to the underwriting of life risks relating to insured persons and Micro businesses are related to small farms and weather index. The Company has branch offices in different parts of Ethiopia.

2 Summary of significant accounting policies

2.1 Introduction to summary of significant accounting policies

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

2.2 Basis of preparation

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

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

The financial statements have been prepared in accordance with the going concern principle under the historical cost concept. The financial statements are presented in Ethiopian Birr (ETB).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Company's financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

2.2.1 Going concern

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

2.2.2 Changes in accounting policies and disclosures

i. Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

On 22 September 2022, the IASB issued 'Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)' with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments are effective for annual periods beginning on or after 1 January 2024.

ii. Non-current Liabilities with Covenants (Amendments to IAS 1)

On 31 October 2022, the IASB issued 'Non-current Liabilities with Covenants (Amendments to IAS 1)' to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments are effective for reporting periods beginning on or after 1 January 2024.

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Nyala insurance S.C.

NYALA INSURANCE SHARE COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023

2 Summary of significant accounting policies (continued)

2.2.2 Changes in accounting policies and disclosures (continued)

(i) New Standards, amendments, interpretations issued but not yet effective (continued)

IFRS 17 - Insurance contracts

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

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

(a) the fulfilment cash flows— the current estimates of amounts that the insurer expects to collect from premiums and pay out for claims, benefits and expenses, including an adjustment for the timing and risk of those cash flows; and

(b) the contractual service margin— the expected profit for providing future insurance coverage (i.e. unearned profit).

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

IFRS 17 requires an entity to recognise profits as it delivers insurance services, rather than when it receives premiums, as well as to provide information about insurance contract profits that the Company expects to recognize in the future.
IFRS 17 also requires an entity to distinguish between groups of contracts expected to be profit making and groups of contracts expected to be loss making.

Any expected losses arising from loss making, or onerous, contracts are accounted for in profit or loss as soon as the Company determines that losses are expected.

The standard replaces IFRS 4 ‘Insurance contracts’. The standard is effective for annual periods beginning on or after 1 January 2023. The Company is yet to assess the expected impact on this standard.

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NYALA INSURANCE SHARE COMPANY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023

2 Summary of significant accounting policies (continued)

2.2.2 Changes in accounting policies and disclosures (continued)

(ii) Application of new and revised International Financial Reporting Standards (IFRSs)

In the current year, the Company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

New and Amendments to standards	Effective date
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	1 January 2023
Definition of Accounting Estimates (Amendments to IAS 8)	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	1 January 2023

i. Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

On 12 February 2021, the IASB issued 'Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)' with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendments were effective for annual periods beginning on or after 1 January 2023.

ii. Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

On 23 January 2020, the IASB issued 'Classification of Liabilities as Current or Non-current (Amendments to IAS 1)' providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments were originally effective for annual reporting periods beginning on or after 1 January 2022, however, their effective date has been delayed to 1 January 2023.

iii. Definition of Accounting Estimates (Amendments to IAS 8)

On 12 February 2021, the IASB issued 'Definition of Accounting Estimates (Amendments to IAS 8)' to help entities to distinguish between accounting policies and accounting estimates. The amendments were effective for annual periods beginning on or after 1 January 2023.

iv. Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

On 7 May 2021, the IASB issued 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)' that clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments were effective for annual periods beginning on or after 1 January 2023.

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NYALA INSURANCE SHARE COMPANY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023

2 Summary of significant accounting policies (continued)

2.3 Insurance contracts

a) Classification

Contracts under which 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 are classified as insurance contracts. Insurance contracts are classified by the Company into two main categories as per the provisions of the Licensing and Supervision of Insurance Business Proclamation No. 746/2012: general insurance business and long term insurance business.

b) Recognition and measurement

Long term insurance business include life insurance, annuity, pension, health insurance, and personal accident or sickness insurance. General insurance business represents insurance business of any class or classes not being long term insurance business. Classes of general insurance include engineering insurance, fire insurance, aviation insurance, liability insurance, travel insurance, marine insurance, motor insurance, theft insurance, workmen's compensation and employer's liability insurance and other similar insurances.

i) Premium income

Premium income for general insurance business is recognised on the assumption of risks, and includes premiums received less an allowance for cancellations and less unearned premiums. Unearned premiums represent the proportion of the premiums written in periods up to the accounting date which relate to the unexpired terms of policies in force at the end of each reporting period, and are calculated using the 1/24th method on net written premiums. Premiums for long term assurance business are recognised as income when they are received from the policyholders. Premiums are shown before deduction of commissions.

ii) Claims

Claims incurred comprise claims paid and related expenses 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 end of the reporting period, but not settled at that date. The reserve for outstanding claims is computed on the basis of the best information available at the time the records for the year are closed, and include additional provisions for claims incurred but not reported (IBNR). IBNR is included in the outstanding claims as at year end. Outstanding claims are not discounted.

iii) Reinsurance contracts held

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

iv) Liability adequacy test

At each financial reporting date, liability adequacy tests are performed to ensure the adequacy of the contract liabilities. In performing these tests, an actuary is involved in valuation of insurance Liabilities consisting of determining best estimates (using prescribed methodologies where required) of the outstanding claims liabilities and the premium liabilities of the Company. Current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from assets backing such liabilities, are used. Any deficiency is immediately charged to profit or loss.

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NYALA INSURANCE SHARE COMPANY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023

v) Receivables and payables related to insurance contracts

Receivables and payables related to insurance contracts are recognized when due. These include amounts due to and from agents, brokers and insurance contract holders. If there is objective evidence that the insurance receivable is impaired, the Company reduces the carrying amount of the insurance receivable accordingly and recognizes that impairment loss in profit or loss.

vi) Salvage

Insurance contracts permit the Company to sell the salvage property after full and final settlement of claim is executed. The Company may has the right to pursue third parties for payment of some or all costs . Estimates of salvage recoveries are disclosed with there estimated value.

vii) Commissions payable and deferred acquisition costs

Acquisition costs comprise all direct and indirect costs arising from the writing of non-life insurance contracts. Deferred acquisition costs (DAC) represent a proportion of commission which are incurred during a financial period and are deferred to the extent that they are recoverable out of future revenue margins. It is calculated by applying to the acquisition expenses the ratio of unearned premium to written premium.

Commissions and other acquisition costs that vary with and are related to securing new contracts and renewing existing contracts are capitalized as an intangible asset (DAC). All other costs are recognized as expenses when incurred.

DAC is subsequently amortized over the life of the contracts as follows:

- For property, casualty and short-duration life insurance contracts, DAC is amortised over the terms of the policies as premium is earned.

viii) Other Income

Commissions received are recognised as income over the policy period and those unearned during the policy period are differed for the next fiscal year

Fee income: Fees are recognised in the accounting period in which the services are rendered.

Interest income: Interest income is recognised as income in the period in which it is earned.

Dividend income: Dividends are recognised as income in the period in which the right to receive payment is established. For equity investment in associate, income is recognised using the equity method.

Rental income: Rental income from investment property is recognised as income in the period in which it is earned.

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NYALA INSURANCE SHARE COMPANY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023

2 Summary of significant accounting policies (continued)

2.4 Foreign currencies

Foreign currency transactions are translated into the functional currency (Ethiopian Birr (ETB)) using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation, at year-end exchange rates, of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

A foreign currency transaction is recorded, on initial recognition in Ethiopian Birr, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;

- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and

- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

Cash flows arising from transactions in a foreign currency are recorded in Ethiopian Birr by applying to the foreign currency amount the exchange rate between the Ethiopian Birr and the foreign currency at the date of the cash flow.

2.5 Income taxes

(a) Tax expense

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

(b) Income tax assets and liabilities

Income tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Income tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the taxation authorities, using the taxation rates (and taxation laws) that have been enacted or substantively enacted by the end of the reporting period. The amount of current taxation payable or receivable is the best estimate of the taxation amount expected to be paid or received that reflects uncertainty relating to income taxes.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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2 Summary of significant accounting policies (continued)

2.5 Income taxes (continued)

(c) Deferred taxation assets and liabilities

Deferred taxation is provided by using the balance sheet method, on all temporary differences between the carrying amount of assets and liabilities for accounting purposes and the amounts used for taxation purposes.

The provision for deferred taxation is calculated using enacted or substantively enacted taxation rates at the reporting date that are expected to apply when the asset is realized or liability settled. A deferred taxation asset is recognized to the extent that it is probable that future taxable profits will be available against which the deferred taxation asset can be realized.

The provision of deferred taxation assets and liabilities reflects the taxation consequences that would follow from the expected recovery or settlement of the carrying amount of its assets and liabilities. Deferred taxation assets and liabilities are offset when the related income taxes are levied by the same taxation authority, there is a legally enforceable right to offset and there is an intention to settle the balances on a net basis.

2.6 Cash and cash equivalents

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

2.7 Property and equipment

All categories of property and equipment are initially recorded at cost and subsequently stated at historical cost/ fair value as deemed cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Property and equipment is depreciated to its estimated residual value over its expected useful life. The depreciation methods, estimated remaining useful lives and residual values are reviewed at each reporting date. The useful lives are estimated, by management, based on historic analysis and other available information. The Company uses the following indicators to determine useful life: expected usage of assets, expected physical wear and tear, and technical and commercial obsolescence. The residual values are estimated based on useful lives as well as other available information. Depreciation is calculated using the straight line method to write down their cost to their residual values over their estimated remaining useful lives, as follows:

Asset class	Depreciation rate (years)
Building	42 to 58 years
Motor vehicles	3 to 20 years
IT equipment	5 years
Office equipment, furniture, & fixture	5 years

The Company commences depreciation when the asset is available for use.

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NYALA INSURANCE SHARE COMPANY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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2 Summary of significant accounting policies (continued)

2.7 Property and equipment (continued)

An item of property, equipment and any significant part initially recognised is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit and loss within other income or other expenses when the asset is derecognised.

Properties in the course of construction are carried as work in progress at cost, less any recognised impairment loss. Cost includes professional fees. Such properties are classified to the appropriate categories when completed and ready for intended use.

2.8 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, are classified as investment properties.

Recognition of investment properties takes place only when it is probable that the future economic benefits that are associated with the investment property will flow to the Company and the cost can be reliably measured. This is usually when all risks are transferred.

Investment properties are measured initially at cost, including transaction costs. The Company has opted to subsequently carry investment property at cost and disclose fair value. Fair value of investment property is the price that would be received from sale of the asset in an orderly transaction, without deduction of any transaction costs. Fair value of the Company's investment property is determined by Professional valuers or the Company's staff who have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the financial statements.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties are derecognised when they have been disposed. Gains or Losses arising from disposal of investment property shall be determined as the difference of the net disposal proceeds and the carrying amount of the asset and it is recognised in profit or loss statement.

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NYALA INSURANCE SHARE COMPANY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023

2 Summary of significant accounting policies (continued)

2.9 Leases

The Company as a lessee

The Company assess whether contracts contain a lease. A contract contains a lease if control of the use of an asset is obtained in exchange for a consideration.

• the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.

• the Company has the right to direct the use of the identified asset throughout the period of use.

The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At lease commencement date, the Company recognizes a right-of-use asset and any related lease liability on the balance sheet. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made before the commencement date. The right-of-use asset is subsequently depreciated on a straight-line basis over the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

Measurement and recognition of leases as a lessee

The lease liability is measured at the present value of lease payments discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate. The lease liability is measured at amortised cost using effective interest rate.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected not to recognise right of use assets and lease liabilities for short term leases less than twelve months or low value assets which is in accordance with the standard.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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2 Summary of significant accounting policies (continued)

2.10 Intangible asset

Expenditure on the research phase of projects to develop new customized software for IT and development of new products is recognised as an expense as incurred.

Costs that are directly attributable to a project's development phase are recognized as intangible assets, provided they meet the following recognition requirements:

- the development costs can be measured reliably
- the project is technically and commercially feasible
- the Company intends to and has sufficient resources to complete the project
- the Company has the ability to use or sell the new product
- the new product will generate probable future economic benefits

Development costs not meeting these criteria for capitalization are expensed as incurred.

Directly attributable costs include employee costs incurred on software development along with an appropriate portion of relevant overheads and borrowing costs.

Subsequent measurement

All finite-lived intangible assets, including capitalized internally developed software, are accounted for using the cost model whereby capitalised costs are amortized on a straight-line basis over their estimated useful lives. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in note 2.11.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.

2.11 Impairment of non-financial assets

The Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, to determine whether there is any indication of impairment.

The impairment loss charged to profit or loss is the excess of the carrying amount over the recoverable amount. Recoverable amounts are estimated for individual assets or, where an individual asset cannot generate cash inflows independently, the recoverable amount is determined for the cash-generating unit to which the asset belongs. With the exception of goodwill, a previously recognised impairment loss will be reversed in so far as estimates change as a result of an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized.

2.12 Other assets

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

Prepayment

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

Other receivables

Other receivables are recognised upon the occurrence of event or transaction as they arise and cancelled when payment is received.

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NYALA INSURANCE SHARE COMPANY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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2 Summary of significant accounting policies (continued)

2.13 Employee benefits

Short-term employee benefits

Remuneration of employees is charged to profit or loss . Short-term employee benefits are those that are expected to be settled within 12 months after the end of the reporting period in which the services have been rendered. Short-term employee benefit obligations are measured on an undiscounted basis and are charged to profit or loss. An accrual is recognised for accumulated and unexpired leave, incentive bonuses and other employee benefits when the Company has a present legal or constructive obligation as a result of past service provided by the employee, and a reliable estimate of the amount can be made.

Post-employment benefit plans

The Company operates post-employment schemes which are defined benefit and defined contribution pension

(a) Defined contribution plan

Employees of the Company are under pension scheme in line with the provisions of Ethiopian Pension of Private Organization Employees Proclamation 715/2011. Funding under the scheme is 7% and 11% of the employees monthly basic salary by employees and the Company respectively.

The Company has no legal or constructive obligations to pay contributions in addition to its fixed contributions to this scheme, which are recognised as an expense in the period that to related employee services received.

(b) Defined benefit plan

The Company is obliged by law to pay severance payment for eligible employees who have served the Company for more than five (5) years when the employment contract is terminated.

The severance benefits are based on the statutory severance benefit as set out in Labor Proclamation 1156/2019. Employees who have served the Company for 5 years and above and are below the retirement age (i.e. has not met the requirement to access the pension fund) are entitled for the benefit. The final pay-out is determined by reference to final monthly salary and number of years in service computed as one-month salary of the first year in employment plus one-third of monthly salary for subsequent years to a maximum of twelve months salary.

This qualifies as a defined benefit plan. Typically defined benefit plans define an amount of benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in income.

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2 Summary of significant accounting policies (continued)

2.13 Employee benefits (continued)

(c) Termination benefits

Termination benefits are payable to employees when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

(d) Bonus plans

The Company recognizes a provision for bonus where contractually obliged or where there is a past practice that has created a constructive obligation.

2.14 Provisions, Contingent Assets and Contingent Liabilities

Provisions comprise liabilities of uncertain timing or amount that arise from litigation and other risks. Provisions are recognized when the Company has a legal or constructive obligation stemming from a past event and when the future cash outflows can be reliably estimated. Contingent assets and liabilities are possible rights and obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not fully within the control of the Company.

The Company is party to litigations related to a number of matters. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows of the Company. Management regularly analyses current information about these matters and provides provisions for probable cash outflows, including the estimate of legal expenses to resolve the matters. Internal and external lawyers are used for these assessments. In making the decision regarding the need for provisions, management considers the degree of probability of an unfavorable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The filing of a suit or formal assertion of a claim against the Company or the disclosure of any such suit or assertion, does not automatically indicate that a provision may be appropriate.

2.15 Financial instruments

Initial recognition and subsequent measurement

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

A financial asset or liability is recognised when the Company becomes party to the contractual provisions of the instrument. The Company classifies its financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, available-for-sale financial assets, and loans and receivables. Management determines the appropriate classification of its investments at initial recognition and re-evaluates this at the end of each reporting period.

Financial assets

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

NYALA INSURANCE SHARE COMPANY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023

2 Summary of significant accounting policies (continued)

2.15 Financial instruments (continued)

Subsequent measurement

Receivables: Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Company intends to sell in the short term or those that it has designated as at fair value through profit or loss or available-for-sale. Receivables arising from insurance contracts are also classified in this category and are reviewed for impairment as part of the impairment review of loans and receivables.

Held-to-maturity financial assets : Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Company has the positive intention and ability to hold until maturity. They include government securities, time deposits with financial institutions and statutory deposits with National Bank of Ethiopia. These investments are initially recognized at cost, being the fair value of the consideration paid for the acquisition of the investment. All transaction costs directly attributable to the acquisition are also included in the cost of the investment.

Available-for-sale financial assets : Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified as loans, advances and receivables, or financial assets held to maturity. They include equity investments in unquoted markets. They are carried at cost, since their fair value cannot be reliably estimated.

Impairment of financial assets:

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset (or Company of financial assets) is impaired. Impairment losses are recognised if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset, and that those events have an impact on the estimated future cash flows of the financial asset that can be reliably estimated. The impairment loss so recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective

Derecognition of financial assets

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

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without mate delay to a third party under a 'pass–through' arrangement; and either
  - (a) the Company has transferred substantially all the risks and rewards of the asset, or
  - (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

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2 Summary of significant accounting policies (continued)

2.15 Financial instruments (continued)

Financial liabilities

Initial recognition and measurement

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

All financial liabilities are recognised initially at fair value and, in the case of other financial liabilities, net of directly attributable transaction costs. The Company's financial liabilities include trade payables, other payables, accrued charges .

Subsequent measurement

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

Financial liabilities at amortised cost

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

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

Derecognition of financial liabilities

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

Offsetting financial instruments

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

2.16 Share capital

Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

2.17 Dividend

Dividends payable to the Company’s shareholders are charged to equity and are recognised as a liability in the financial statements in the year in which the dividends are approved by the shareholders. Proposed dividends, if any, are shown as a separate component of equity until approved by shareholders.

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NYALA INSURANCE SHARE COMPANY
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FOR THE YEAR ENDED 30 JUNE 2023

3 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires the management of the Company to make judgements, estimates and assumptions which affect the reported amount of the Company's assets, liabilities, income, expenses, and related disclosures. Judgements, assumptions and estimates are based on historical experience, expectations, current trends and other factors that management believes to be relevant at the time at which the Company's financial statements are prepared. Management reviews, on a regular basis, the Company's accounting policies, assumptions, estimates and judgements in order to ensure that financial statements are presented fairly and in accordance with IFRS.

Critical accounting estimates include those that have a significant risk of causing material adjustments and are often applied to matters or outcomes that are inherently uncertain and subject to change. As such, management cautions that future events often vary from forecasts and expectations and that estimates routinely require adjustments.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are the useful lives of property, plant, and equipment, the recognition and valuation of provisions for doubtful receivables, and the recoverability and measurement of deferred tax assets and liabilities. Actual results may differ from those estimates and assumptions.

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

a) Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

b) Insurance contract liabilities

i) General business

Management applies judgment in the estimation of short-term insurance contract liabilities. The Company uses historical experience to estimate the ultimate cost of claims and the provision for incurred but not reported (IBNR) claims. This involves the analysis of historical claims development factors and the selection of estimated development factors based on this historical pattern. The selected development factors are then applied to claims data for each accident year that is not fully developed to produce an estimated ultimate claims cost for each accident year. The Company estimates claims using projected ultimate loss ratios based on notified claims and by engaging an independent actuarial.

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ii) Long term business

The determination of the liabilities under long term insurance contracts is dependent on estimates made by the Company. Assumptions used to compute the liabilities include mortality, persistency and investment returns. The assumptions used also include margin for adverse deviation, for key variables, when considered appropriate. The Company uses standard mortality tables that reflect historical mortality experience. The main source of uncertainty is that future mortality may end up being significantly worse than in the past for the age groups in which the Company has significant exposure to mortality risk. However, continuing improvements in medical care and social conditions could result in improvements in longevity in excess of those allowed for in the estimates used to determine the liability for contracts where the Company is exposed to longevity risk. For contracts without fixed terms, it is assumed that the Company will be able to increase mortality risk charges in future years in line with emerging mortality experience. Estimates are also made as to future investment income arising from the assets backing long-term insurance contracts. These estimates are based on current market returns as well as expectations about future economic and financial developments.

c) Operating lease commitments: the Company as lessor

The Company has entered into commercial property leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

d) Equity investment

The Company holds 5% of the voting rights in Dashen Bank Share Company and Ethiopian Reinsurance Share Company. Even though the Company holds less than 20% of the voting rights of these companies, the Company considers that it has significant influence in the companies and accounts for its equity investment in these companies using the equity method.

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4 Risk management objectives and policies

The Company's activities expose it to a variety of risks, including insurance risk, financial risk, credit risk, and interest rates risk. The Company's overall risk management programme focuses on the identification and management of risks and seeks to minimise potential adverse effects on its financial performance, by use of underwriting guidelines and capacity limits, reinsurance planning, credit policy governing the acceptance of clients, and defined criteria for the approval of intermediaries and reinsurers. Investment policies are in place, which help manage liquidity, and seek to maximise return within an acceptable level of interest rate risk.

The disclosures below summarise the way the Company manages key risks:

Insurance risk

The risk under any one insurance contract arises from the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Insurance risk in the Company arises from:

(a) Fluctuations in the timing, frequency and severity of claims and claims settlements relative to expectations;
(b) Unexpected claims arising from a single source;
(c) Inaccurate pricing of risks or inappropriate underwriting of risks when underwritten;
(d) Inadequate reinsurance protection or other risk transfer techniques; and
(e) Inadequate reserves

(a), (b) and (c) can be classified as the core insurance risk, (d) relates to reinsurance planning,

Core insurance risk

This risk is managed through:

- Diversification across a large portfolio of insurance contracts;
- Careful selection guided by a conservative underwriting philosophy;
- Continuous monitoring of the business performance per class and per client and corrective action taken as deemed appropriate;
- A minimum of one review of each policy at renewal to determine whether the risk remains within the acceptable criteria;
- Having a business acceptance criteria which is reviewed from time to time based on the experience and other developments; and
- Having a mechanism of identifying, quantifying and accumulating exposures to contain them within the set underwriting limits.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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4 Risk management objectives and policies (continued)

Reinsurance planning

Reinsurance purchases are reviewed annually to verify that the levels of protection being sought reflect developments in exposure and risk appetite of the Company. The bases of these purchase is underpinned by the Company's experience, financial modelling by and exposure of the reinsurance broker.

The reinsurance is placed with providers who meet the Company's counter party security requirements.

Claims reserving

The Company's reserving policy is guided by the prudence concept. Estimates are made of the estimated cost of settling a claim based on the best available information on registration of a claim, and this is updated as and when additional information is obtained and annual reviews done to ensure that the reserves are adequate. Management is regularly provided with claims settlement reports to inform on the reserving performance.

Long term insurance contracts

Life insurance contracts offered by the Company include term assurance, endowment, credit life insurance and Company life insurance.

Term assurance contracts are conventional regular premium products where lump sum benefits are payable on death or permanent disability.

The endowments pay a sum assured either on death or maturity of the contract. The endowments contracts have a surrender value. Death benefits of endowment products are subject to a guaranteed minimum amount. The maturity value usually depends on the investment performance of the underlying assets. For contracts with discretionary participation features (DPF), the guaranteed minimum may be increased by the addition of bonuses. These are set at a level that takes account of expected market fluctuations, such that the cost of the guarantee is generally met by the investment performance of the assets backing the liability. However, in circumstances when there has been a significant fall in investment markets, the guaranteed maturity benefits may exceed investment performance and these guarantees become valuable to the policyholder.

Company credit life insurance is a contract that is provided to financial institutions that provides protection against death or permanent and total disability of a borrower. The contract pays a sum assured equivalent to the outstanding loan on death or permanent and total disability of the borrower. Company mortgage is a contract designed for long term borrowing to finance for assets such as houses, land or cars. The policy pays the outstanding loan in case of death or permanent and total disability of the borrower. Company life insurance is a contract that provides a life cover to a Company of people and pays a sum assured on death. The most common Company life cover is the employee Company life which is taken up by the employer for its employees and it provides life insurance as a multiple of an employee's annual remuneration.

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
- 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

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4 Risk management objectives and policies (continued)

Long term insurance contracts (continued)

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. Insurance contracts also entitle the Company to pursue third parties for payment of some or all costs. The Company further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Company.

For contracts for which death or disability is the insured risk, the significant factors that could increase the overall frequency of claims are epidemics, widespread changes in lifestyle and natural disasters, resulting in earlier or more claims than expected. Companywide reinsurance limits are in place on any single life.

The insurance risk described above is also affected by the contract holder's right to pay reduced premiums or no future premiums, to terminate the contract completely or to exercise guaranteed annuity options. As a result, the amount of insurance risk is also subject to contract holder behavior.

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.

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.

Investment return

The weighted average rate of return is derived based on a model portfolio that is assumed to back liabilities, consistent with the long–term asset allocation strategy. These estimates are based on current market returns as well as expectations about future economic and financial developments. An increase in investment return would lead to a reduction in expenditure and an increase in profits for the shareholders.

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4 Risk management objectives and policies (continued)

Expenses

Operating expenses assumptions reflect the projected costs of maintaining and servicing in–force policies and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation if appropriate. An increase in the level of expenses would result in an increase in expenditure thereby reducing profits for the shareholders.

Lapse and surrender rates

Lapses relate to the termination of policies due to non–payment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the Company's experience and vary by product type, policy duration and sales trends.

An increase in lapse rates early in the life of the policy would tend to reduce profits for shareholders, but later increases are broadly neutral in effect.

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.

Life insurance contracts sensitivity analysis

The actuarial assumptions used as at 30 June 2023 are unlikely to change significantly to result in material variation in actuarial liabilities.

The Company has not changed the processes used to manage its risks from previous years. The notes below explain how financial risks are managed.

Short term insurance contracts

The Company engages in short term insurance contracts and funds the insurance liabilities with a portfolio of equity, fixed deposits and debt securities exposed to market risk. The table below indicates the contractual timing of cash flows arising from assets and liabilities included in the Company's risk management framework for management of short term insurance contracts as of 30 June 2023:

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4 Risk management objectives and policies (continued)

General insurance business	Carrying amount 30 June 2023	No stated Maturity	Contractual cash flows (undiscounted) with in 1 year	1 to 6 yrs.
Financial assets	ETB	ETB	ETB	ETB
Equity securities:				
Investment securities	525,188,105	525,188,105	-	-
Loans and receivables from insurance and reinsurance contracts	705,671	-	705,671	-
Cash and bank balances	1,145,661,505	-	1,145,661,505	-
Total	**1,671,555,281**	**525,188,105**	**1,146,367,176**	**-**
Short term insurance liabilities:				
Insurance contract liabilities and unearned premium reserve	1,283,696,218	-	1,283,696,218	-
Payables arising from reinsurance arrangements	329,435,311	-	329,435,311	-
Less: assets arising from reinsurance	(670,918,937)	-	(670,918,937)	-
Total	**942,212,592**	-	**942,212,592**	-
Difference in contractual cash flows	**729,342,689**	**525,188,105**	**204,154,584**	-

Short-term insurance liabilities are not directly sensitive to the level of market interest rates, as they are undiscounted and contractually non-interest bearing. However, due to the time value of money and the impact of interest rates on the level of bodily injury incurred by the Company's policyholders (where a reduction of interest rate would normally produce a higher insurance liability), the Company matches the cash flows of assets and liabilities in this portfolio by estimating their mean duration.

The mean duration of liabilities is calculated using historical claims data to determine the expected settlement pattern for claims arising from the insurance contracts in force at year end position date (both incurred claims and future claims arising from the unexpired risks at year end).

The table below indicates the contractual timing of cash flows arising from assets and liabilities included in the Company's risk management framework for management of long-term insurance contracts as of 30 June 2023:

Life insurance business	Carrying Amount	No stated	Contractual Cash Flows	
Financial assets	30 June 2022 ETB	Maturity ETB	With in 1 year ETB	1 to 6 years ETB
Equity securities:				
Investment securities	20,628,552	20,628,552		
Cash and bank balances	459,387,129	-	459,387,129	-
Total	459,387,129	20,628,552	459,387,129	-
Long- term insurance liabilities:				
Insurance contracts -Long term	20,215,754	-	20,215,754	-
Payables arising from reinsurance arrangements	78,534,763	-	78,534,763	-
Total	98,750,517	-	98,750,517	-
Difference in contractual cash flows	360,636,613		360,636,613	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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4 Risk management objectives and policies (continued)

(a) Credit risk

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

- reinsurers' share of insurance liabilities;
- amounts due from reinsurers in respect of claims already paid;
- amounts due from insurance contract holders;
- amounts due from insurance intermediaries; and
- amounts due from corporate bond issuers
- Cash and cash equivalents (including fixed deposits)

The Company manages the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or Companies of counterparty and to geographical and industry segments. Such risks are subject to regular review. Limits on the level of credit risk by category and territory are approved quarterly by the Board of Directors.

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

The table below indicates the carrying amounts of assets bearing credit risk:

	2023 ETB	2022 ETB
Financial assets		
Equity investments:		
Financial assets measured at fair value	585,816,658	425,761,672
Receivables from reinsurance contracts	705,671	773,727
Cash and bank balances	1,605,048,634	1,170,124,011
Total	**2,191,570,963**	**1,596,659,410**

The table below provides a contractual maturity analysis of the Company's financial liabilities:

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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4 Risk management objectives and policies (continued)

(a) Credit risk (continued)

	2023			2022		
	Between			Between		
	6 months and 1 year ETB	More than 1 year ETB	Total ETB	6 months and 1 year ETB	More than 1 year ETB	Total ETB
General insurance business						
Insurance contract liabilities	625,362,107	-	625,362,107	504,394,879	-	504,394,879
Payables arising from reinsurance arrangements	250,900,548	-	250,900,548	166,291,826	-	166,291,826
Other payables	298,028,569	-	298,028,569	190,344,881	-	190,344,881
Long term insurance business						
Actuarial value of policyholder liabilities	218,758,251	-	218,758,251	165,586,814	-	165,586,814
Insurance contracts liabilities	20,215,754	-	20,215,754	7,624,997	-	7,624,997
Payables arising from reinsurance arrangements	78,534,763		78,534,763	23,665,737	-	23,665,737
Other payables	33,715,699	-	33,715,699	29,459,269	-	29,459,269
	1,525,515,691	**-**	**1,525,515,691**	**1,087,368,403**	**-**	**1,087,368,403**

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4 Risk management objectives and policies (continued)
Capital risk management

The Company maintains an efficient capital structure of equity shareholders’ funds, consistent with the Company’s risk profile and the regulatory and market requirements of its business.

The Company’s objectives in managing its capital are:

- to match the profile of its assets and liabilities, taking account of the risks inherent in the business;
- to maintain financial strength to support new business growth;
- to satisfy the requirements of its policyholders, regulators and rating agencies;
- to retain financial flexibility by maintaining strong liquidity and access to a range of capital markets;
- to allocate capital efficiently to support growth;
- to safeguard the Company’s ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

An important aspect of the Company’s overall capital management process is the setting of target risk-adjusted rate of return which is aligned to performance objectives and ensures that the Company is focused on the creation of value for shareholders.

The Company has a number of sources of capital available to it and seeks to optimize its debt to equity structure in order to ensure that it can consistently maximize returns to shareholders. The Company considers not only the traditional sources of capital funding but the alternative sources of capital including reinsurance, as appropriate when assessing its deployment and usage of capital. The Company manages as capital all items that are eligible to be treated as capital for regulatory purposes.

The Company is regulated by the National Bank of Ethiopia and is subject to insurance solvency regulations which specify the minimum amount and type of capital that must be held in addition to the insurance liabilities. The Company manages capital in accordance with these rules and has embedded in its risk management framework the necessary tests to ensure continuous and full compliance with such regulations.

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Gross and net premium earned

	2023					2022
	Gross written premium ETB	Change in unearned premium reserve ETB	Gross earned premium ETB	Premium ceded to reinsurers ETB	Net earned premium ETB	Net earned premium ETB
General insurance business:						
Motor	407,641,693	(117,871,136)	289,770,557	(49,578,516)	240,192,041	191,667,520
Fire	149,286,097	(14,611,267)	134,674,830	(121,367,513)	13,307,317	17,786,728
Bonds and miscellaneous accident	129,617,049	468,159	130,085,208	(73,437,567)	56,647,641	38,210,592
Engineering	45,818,193	3,236,009	49,054,202	(26,878,984)	22,175,218	10,648,253
Marine	43,202,939	(1,134,126)	42,068,813	(21,728,114)	20,340,699	8,696,431
Workmen's compensation	33,236,410	(876,808)	32,359,602	(1,288,399)	31,071,203	22,217,101
Others	257,163,132	5,225,964	262,389,096	(216,849,256)	45,539,840	26,661,450
	1,065,965,513	(125,563,205)	940,402,308	(511,128,349)	429,273,959	315,888,075
Long-term insurance business:						
Medical	183,761,888	-	183,761,888	-	183,761,888	120,885,524
Group term	49,767,103	-	49,767,103	(18,617,268)	31,149,835	30,103,510
Individual endowment	27,285,609	-	27,285,609	(65,641,112)	(38,355,503)	8,101,093
Others	6,793,288	-	6,793,288	-	6,793,288	2,523,230
	267,607,888	-	267,607,888	(84,258,380)	183,349,508	161,613,357
	1,333,573,401	**(125,563,205)**	**1,208,010,196**	**(595,386,729)**	**612,623,467**	**477,501,432**

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6 Commission and fees income

	2023 ETB	2022 ETB
General insurance business		
Gross commission income	117,740,905	85,335,886
Add: Unearned commission income at 1 July	42,480,826	42,587,056
Less: Unearned commission income at 30 June	(58,799,902)	(42,480,826)
	101,421,829	85,442,116
Long-term insurance business		
Commission income	11,718,030	6,913,024
	11,718,030	6,913,024
	113,139,859	**92,355,140**

7 Net claims expense

	2023 ETB	2022 ETB
General insurance business		
Gross incurred claim	314,785,580	223,708,920
Reinsurers' share	(102,900,779)	(107,509,199)
	211,884,801	116,199,721
Long-term insurance business		
Gross incurred claim	174,752,016	98,840,748
Reinsurers' share	(15,825,350)	(5,628,454)
	158,926,666	93,212,294
	370,811,467	**209,412,015**

8 Commission and fees expense

	2023 ETB	2022 ETB
General insurance business		
Commissions paid during the year	35,308,913	30,478,466
Add : Deferred acquisition cost at 1 July	19,886,020	9,124,374
Less : Deferred acquisition cost at 30 June	(24,078,002)	(19,886,020)
Net commission incurred	31,116,931	19,716,820
Long-term insurance business		
Commissions paid during the year	13,552,640	8,844,405
	13,552,640	8,844,405
	44,669,571	**28,561,225**

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9 Investment income

	2023 ETB	2022 ETB
General insurance business		
Interest income on bank deposits and on staff loans	96,352,810	70,079,143
Dividend income	72,090,967	64,810,791
Rent income from investment properties	28,030,884	20,821,150
Interest income on Government securities	9,265,712	6,811,200
	205,740,373	162,522,284
Long-term insurance business		
Interest income on bank deposit	51,487,573	38,527,643
Dividend income	2,612,861	3,015,691
Interest income on Government securities	519,570	388,800
Interest on policy loan	737,771	145,663
	55,357,775	42,077,797
	261,098,148	**204,600,081**

10 Other income

	2023 ETB	2022 ETB
General insurance business		
Recovery from salvage handling cost	5,981,073	-
Others	3,865,747	8,040,802
	9,846,820	**8,040,802**

11 Operating and administrative expenses

	General insurance business ETB	Life insurance business ETB	2023 ETB	2022 ETB
Employee benefits (Note 11.1)	163,564,945	4,990,571	168,555,516	145,572,283
Other expenses (Note 11.2)	67,819,662	986,321	68,805,983	45,724,249
Depreciation (Notes 23 & 24)	19,271,311	112,734	19,384,045	18,758,757
Amortisation of ROUA (Note 25)	8,680,562	151,271	8,831,833	7,395,692
Audit fee	632,500	-	632,500	158,685
	259,968,980	**6,240,897**	**266,209,877**	**217,609,666**

11.1 Employee benefits

	General insurance business ETB	Life insurance business ETB	2023 ETB	2022 ETB
Salaries	85,304,622	3,690,473	88,995,095	76,605,554
Other benefits	33,383,760	1,300,098	34,683,858	31,795,486
Key management remuneration	29,651,425	-	29,651,425	22,774,463
Pension and provident fund contributions	12,701,430	-	12,701,430	11,318,400
Education and training	2,523,708	-	2,523,708	3,078,380
	163,564,945	**4,990,571**	**168,555,516**	**145,572,283**

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11 Operating and administrative expenses (continued)

11.2 Other expenses

			2023 ETB	2022 ETB
Donations	6,002,740	-	6,002,740	1,995,144
Advertisement and promotion	5,657,508	53,000	5,710,508	5,054,267
Repairs and maintenance	7,788,110	2,953	7,791,063	8,515,229
Stationery and printing	4,937,850	163,323	5,101,173	4,223,256
Fuel and lubricants	8,104,402	54,196	8,158,598	3,932,727
Communications	2,032,772	34,165	2,066,937	3,131,137
Bank service charges	6,587,628	145,410	6,733,038	2,141,677
Investment property administration costs	498,329	-	498,329	1,489,754
Per-diem and transportation	2,301,420	2,900	2,304,320	1,204,432
Rent	79,592	-	79,592	196,098
Supplies	1,739,135	1,420	1,740,555	1,336,228
Insurance	1,686,599	-	1,686,599	874,731
Professional fees	443,764	394,223	837,987	822,903
Entertainment	3,239,219	-	3,239,219	1,543,835
Security fees	931,673	-	931,673	693,606
Penalty	48,412	-	48,412	3,116
Utilities	1,655,153	-	1,655,153	412,723
Miscellaneous	14,057,097	134,731	14,191,828	6,741,483
Legal and registration fee	-	-	-	272,741
Get together	28,259	-	28,259	1,139,162
	67,819,662	**986,321**	**68,805,983**	**45,724,249**

12 Finance cost

	General insurance business ETB	Life insurance business ETB	2023 ETB	2022 ETB
Interest on lease liability	1,896,158	26,520	1,922,678	2,590,767
Interest on retirement benefit liability	2,688,000	-	2,688,000	2,176,000
	4,584,158	**26,520**	**4,610,678**	**4,766,767**

13 Income tax

13.1 Income tax expense

Current income tax (Note 13.2)	26,923,064	3,025,499	29,948,563	30,282,354
Deferred tax expense / (credit) charged to profit or loss (Note 13.3)	468,170	-	468,170	12,113,450
	27,391,234	**3,025,499**	**30,416,733**	**42,395,804**

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13 Income tax (continued)

13.2 Current tax

Management of the Company computed current income tax of the year in accordance with the requirements of the Income Tax Proclamation No. 979/2016 and Directive No. 5/2011.

	General insurance business ETB	Life insurance business ETB	2023 ETB	2022 ETB
Profit before tax	238,728,111	65,000,000	303,728,111	263,049,854
Add: non-deductible expenses:				
Depreciation per accounting policy	19,271,311	112,734	19,384,045	18,758,757
Bonus to key Management (CEO)	6,822,899	-	6,822,899	6,619,623
VAT and TOT expenses on leases	1,883,022	-	1,883,022	1,581,143.00
Accrued annual leave expense	-	-	-	2,747,595.00
Tax on company vehicles	307,686	-	307,686	154,820.00
Donation	-	-	-	100,000
Directors annual fee	1,200,000	-	1,200,000	1,200,000
Severance cost	1,305,000	-	1,305,000	1,118,000
Interest on retirement benefit obligation	2,688,000	-	2,688,000	2,176,000
Entertainment and canteen subsidy	3,827,625	-	3,827,625	2,254,172
Medical expenses - NISCO family	2,517,933	17,936	2,535,869	1,302,516
Gym expenses	624,600	-	624,600	136,189
Penalty	3,908,243	-	3,908,243	3,116
Funeral expenses	9,750		9,750	12,730
Transportation allowance in excess of the allowable limit	4,306,480	-	4,306,480	1,302,180
Subsistence allowances	212,439	-	212,439	181,641
Staff get together costs	28,259	-	28,259	1,139,162
Interest expenses on leases liabilities	1,881,749	26,520	1,908,269	4,171,910
Amortisation of ROUA	8,640,357	151,271	8,791,628	7,355,486
	59,435,353	308,461	59,743,814	52,315,040
Less:				
Depreciation as per tax law:				
Property and equipment (Annex-I)	14,905,183	94,817	15,000,000	15,371,777
Investment property (Annex-II)	2,848,572	-	2,848,572	2,848,572
Rent expenses	12,956,672	508,642	13,465,314	12,570,095
Income taxed at source:				
Interest income	105,618,522	52,007,143	157,625,665	115,806,787
Dividend income	72,090,967	2,612,861	74,703,828	67,826,482
	208,419,916	55,223,463	263,643,379	214,423,713
Taxable income	89,743,548	10,084,998	99,828,546	100,941,181
Income tax expense at 30%	**26,923,064**	**3,025,499**	**29,948,564**	**30,282,354**

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13 Income tax (continued)

13.3 Reconciliation of effective tax rate

	General insurance business ETB	Life insurance business ETB	2023 ETB	2022 ETB
Profit before tax	238,728,111	65,000,000	303,728,111	263,049,854
Profit tax at 30%	71,618,433	19,500,000	91,118,433	78,914,957
Tax effect of disallowed expenses	17,830,606	92,538	17,923,144	15,694,512
Tax effect of income taxed at source	(53,312,847)	(16,386,001)	(69,698,848)	(55,089,981)
Tax effect of taxable temporary difference	468,170	-	468,170	12,113,450
Tax effect of deductible expenses	(9,213,128)	(181,038)	(9,394,166)	(9,237,133)
Income tax expense	**27,391,234**	**3,025,499**	**30,416,734**	**42,395,805**
Effective tax rate	**11%**	**5%**	**10%**	**16%**

13.4 Current income tax liability

	2023 ETB	2022 ETB
Balance at the beginning of the year	16,787,238	11,662,070
Charge for the year (Note 13.2)	29,948,564	30,282,355
Withholding tax	(20,016,858)	(13,495,117)
Profit tax paid in the year	(16,787,238)	(11,662,070)
Balance at the end of year	**9,931,706**	**16,787,238**

13.5 Deferred tax

i. Deferred tax assets / (liabilities):	2023 ETB	2022 ETB
Retirement benefit obligation (Note 13.5.4)	6,821,400	5,465,700
Deferred tax on actuarial surplus (Note 13.5.1)	(24,973,705)	(38,921,559)
Deferred tax from accelerated allowances	(64,497)	(64,497)
Property and equipment (Note 13.5.2)	(53,168,765)	(50,734,259)
Investment property (Note 13.5.3)	(25,120,625)	(25,889,061)
Deferred tax asset/(liability)	**(96,506,192)**	**(110,143,676)**

Deferred tax liability on unappropriated actuarial surplus (life insurance) arose as a result of non inclusion of the surplus as distributable profit resulting in a temporary difference between current and future recognition as taxable income.

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13 Income tax (continued)

13.5 Deferred tax (continued)

iii) Movement of deferred tax assets / (liabilities):

30 June 2023	**1 July 2022 ETB**	**Deferred tax expense / (credit) charged to profit or loss ETB**	**Deferred tax expense / (credit) charged to OCI or other reserves ETB**	**30 June 2023 ETB**
Unappropriated actuarial surplus (Note 13.5.1)	(38,921,559)	-	13,947,854	(24,973,705)
Property and equipment (Note 13.5.2)	(50,734,259)	(2,434,506)	-	(53,168,765)
Investment property (Note 13.5.3)	(25,889,061)	768,436	-	(25,120,625)
Retirement benefit obligation (Note 13.5.4)	5,465,700	1,197,900	157,800	6,821,400
Deferred tax from accelerated allowances	(64,497)	-	-	(64,497)
	(110,143,676)	**(468,170)**	**14,105,654**	**(96,506,192)**

30 June 2022	**1 July 2021 ETB**	**Credit/ (charge) to profit or loss ETB**	**Credit/ (charge) to equity ETB**	**30 June 2022 ETB**
Unappropriated actuarial surplus (Note 13.5.1)	(35,123,585)	-	(3,797,974)	(38,921,559)
Property and equipment (Note 13.5.2)	(37,718,744)	(13,015,515)	-	(50,734,259)
Investment property (Note 13.5.3)	(25,802,926)	(86,135)	-	(25,889,061)
Retirement benefit obligation (Note 13.5.4)	4,230,000	988,200	247,500	5,465,700
Deferred tax from accelerated allowances	(64,497)	-	-	(64,497)
	(94,479,752)	**(12,113,450)**	**(3,550,474)**	**(110,143,676)**

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13 Income tax (continued)

13.5 Deferred tax (continued)

	2023 ETB	2022 ETB
13.5.1 Unappropriated actuarial surplus (UAS)		
Carrying amount	(83,245,684)	(129,738,529)
Less: Tax written-down value	-	-
Taxable temporary difference	(83,245,684)	(129,738,529)
Deferred tax (liability) at 30%	(24,973,705)	(38,921,559)
13.5.2 Property and equipment (PE)		
Tax written-down value (Annex I)	233,307,455	233,927,904
Less: Carrying amount of PE (Note 23)	410,536,671	403,042,100
Taxable temporary difference	(177,229,216)	(169,114,197)
Deferred tax (liability) at 30%	(53,168,765)	(50,734,259)
13.5.3 Investment property (IP)		
Tax written-down value (Annex II)	25,026,951	25,026,951
Less: Carrying amount of IP (note 24)	108,762,366	111,323,822
Taxable temporary difference	(83,735,415)	(86,296,871)
Deferred tax (liability) at 30%	(25,120,625)	(25,889,061)
13.5.4 Retirement benefit obligation (RBO)		
Tax written-down value	-	-
Less: Carrying amount	22,738,000	18,219,000
Deductible temporary difference	22,738,000	18,219,000
Deferred tax asset at 30%	6,821,400	5,465,700

14 Earnings per share

Basic earnings per share is calculated based on the profit attributable to shareholders divided by the weighted average number of ordinary shares in issue in each period. During the year under review, the company's shareholders increased their capital by birr 126,000,000 from their profit earned in 2021/22 with effect from 15 December 2022.

	2023 ETB	2022 ETB
Profit attributable to ordinary shareholders'	273,311,378	220,654,050
Weighted average number of shares during the year	772,005	659,550
Basic earnings per share	**354**	**335**

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15 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term deposits held with banks the maturity of which are less than three months and are subject to insignificant risk of changes in values due to passage of time. Cash and cash equivalents balances as ta 30 June 2023 are analysed as follows:

	General insurance business ETB	Life insurance business ETB	2023 ETB	2022 ETB
Cash on hand	-	-	-	93,292
Deposits held with banks	1,145,661,505	459,387,129	1,605,048,634	1,170,030,719
	1,145,661,505	**459,387,129**	**1,605,048,634**	**1,170,124,011**

For the purpose of the cash flows statement, cash and cash equivalents comprise:

	2023	2022
Cash on hand	-	93,291.55
Demand deposits held with banks	555,079,914	332,126,251
	555,079,914	332,219,543
Fixed time deposits held with banks	1,049,968,720	837,904,468
	1,605,048,634	**1,170,124,011**

Fixed time deposits, including interest accrued on the outstanding principal, are included in cash and cash equivalents as the fixed time deposits agreements entered with banks are cancelable up on call by the Company.

16 Investment in financial instruments

Financial instruments measured:	General insurance business ETB	Life insurance business ETB	2023 ETB	2022 ETB
at fair value:				
Investments in equity securities	492,088,105	60,628,553	552,716,658	425,761,672
at amortised cost:				
Investments in debt securities	33,100,000	-	33,100,000	-
	525,188,105	**60,628,553**	**585,816,658**	**425,761,672**

The Company invested in equity shares of the following entities:

	30 June 2023		30 June 2022	
	Number of shares	Percentage of ownership	Number of shares	Percentage of ownership
Dashen Bank S.C.	427,041	4.55%	312,557	4.55%
Ethiopian Reinsurance S.C.	7,872	5%	6,875	5%
African Reinsurance S.C.	4,603	< 1 %	4,603	< 1 %
Yefinance Lehiket Maekel	2,500	5%		

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17 Other current assets

	General insurance business ETB	Life insurance business ETB	2023 ETB	2022 ETB
Other receivables	15,232,255	130,218	15,362,473	12,013,839
Staff advances and loans	104,470,134	5,756	104,475,890	45,132,562
Policy loans (Note 22)	-	12,932,357	12,932,357	5,142,638
Deposits and prepayments	148,930,739	-	148,930,739	148,417,859
Offices supplies, uniforms and others	9,946,891	-	9,946,891	2,185,985
	278,580,019	**13,068,331**	**291,648,350**	**212,892,883**

Deposits and prepayments include ETB 146,201,024 (2022: ETB 146,201,024) advance paid to CHINA WU YI Construction Ltd, in connection with construction of the new Head Quarters that the Company is constructing in Bole Sub-city. The advance is secured against an unconditional bank guarantee.

18 Deferred acquisition costs

	General insurance business ETB	Life insurance business ETB	2023 ETB	2022 ETB
At the beginning of year	19,886,021	-	19,886,021	9,124,375
Commission incurred in the year	35,308,913	13,552,640	48,861,553	39,322,870
	55,194,934	13,552,640	68,747,574	48,447,245
Less: amortised and charged to the profit or loss	(31,116,931)	(13,552,640)	(44,669,571)	(28,561,224)
At the end of year	**24,078,003**	**-**	**24,078,003**	**19,886,021**

Deferred acquisition costs represent unamortised portion of commission paid to agents and brokers in connection with policies issued to the new insured's obtained through brokers and agents. The Company recognises such a cost as an asset and amortise it over the life of insurance policy to produce a smoother pattern of expenses and earnings.

19 Statutory deposits

	General insurance business ETB	Life insurance business ETB	2023 ETB	2022 ETB
At the beginning of year	84,150,900	5,849,100	90,000,000	90,000,000
Additions	13,950,000	1,650,000	15,600,000	-
At the end of year	**98,100,900**	**7,499,100**	**105,600,000**	**90,000,000**

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Pursuant to the requirement of the Statutory Deposit Directive No. SIB 50/2020, the Company deposits and kept deposited with the National Bank of Ethiopia to the extent of 15% of its capital in respect of each of the main class of insurances business it carries in the form of Government securities that earn an annual interest rate of 8%.

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20 Receivables arising from reinsurance arrangement

	General insurance business ETB	Life insurance business ETB	2022 ETB	2022 ETB
Amounts due from reinsurers	4,710,279	-	4,710,279	4,778,335
Less: Provision for doubtful debts	(4,004,608)	-	(4,004,608)	(4,004,608)
	705,671	**-**	**705,671**	**773,727**

Amounts due from reinsurers relate to reinsurers' portion of claims incurred but not recovered from reinsurers as at the year end date.

21 Reinsurers' share of insurance contract liabilities

	General insurance business ETB	Life insurance business ETB	2023 ETB	2022 ETB
Outstanding claims - reinsurers' share	267,116,705	99,644	267,216,349	226,187,363
Unearned premium - reinsurers' share	351,698,588	-	351,698,588	251,427,639
Incurred but not reported - reinsurers' share	52,004,000	-	52,004,000	33,837,058
	670,819,293	**99,644**	**670,918,937**	**511,452,060**

Reinsurers' share of contract liabilities comprise: reinsurers' share of outstanding claims determined on the basis reinsurance treaties (including liabilities related to compulsory cession), unearned portion of premium ceded to reinsurers and reinsurers'' share of reserve for incurred but not reported claims, determined in accordance with the National Bank Ethiopia's Directive No. SIB /38/2014.

22 Policy loans

	2023 ETB	2022 ETB
At the beginning of the year	5,142,638	1,962,785
Additions	6,609,709	2,713,133
Interest accrued	1,180,010	466,720
At the end of the year	**12,932,357**	**5,142,638**

The cash surrender value of the underlying policy is used to secure the policy loans. In case of default, the loans will be written off against the cash surrender value. The carrying amounts disclosed above reasonably approximate fair value at the reporting date.

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23 Property and equipment

	Buildings ETB	Motor vehicles ETB	Equipment, furniture and fixtures ETB	Computers and accessories ETB	Construction in progress ETB	Total ETB
Cost						
As at 1 July 2021	75,797,347	78,259,672	13,414,161	7,346,049	223,412,438	398,229,667
Additions	-	4,242,060	2,768,220	30,330,923	44,146,019	81,487,222
Disposals	-	(2,006,410)	(147,142)	(89,784)	-	(2,243,336)
Remeasurements	(6,866,637)	-	-	-	-	(6,866,637)
As at 30 June 2022	**68,930,710**	**80,495,322**	**16,035,239**	**37,587,188**	**267,558,457**	**470,606,915**
As at 1 July 2022	68,930,710	80,495,322	16,035,239	37,587,188	267,558,457	470,606,915
Additions	-	6,015,929	705,716	7,657,906	10,606,643	24,986,194
Adjustments	-	(178,231)	(1,105,492)	(689,411)	-	(1,973,134)
As at 30 June 2023	**68,930,710**	**86,333,020**	**15,635,463**	**44,555,683**	**278,165,100**	**493,619,976**
Accumulated depreciation						
As at 1 July 2021	11,732,932	36,240,512	7,213,444	4,977,769	-	60,164,657
Additions	973,259	6,663,778	1,885,156	6,675,128	-	16,197,321
Disposals	-	(1,723,910)	(132,489)	(80,977)	-	(1,937,376)
Adjustments	(6,866,637)	(27,310)	43,722	(9,562)	-	(6,859,787)
As at 30 June 2022	**5,839,554**	**41,153,070**	**9,009,833**	**11,562,358**	**-**	**67,564,815**
As at 1 July 2022	5,839,554	41,153,070	9,009,833	11,562,358	-	67,564,815
Additions	973,259	6,317,146	1,936,873	7,595,311	-	16,822,589
Adjustments	-	(142,202)	(468,385)	(693,513)	-	(1,304,100)
As at 30 June 2023	**6,812,814**	**47,328,014**	**10,478,321**	**18,464,156**	**-**	**83,083,304**
Net book values:						
As at 30 June 2022	**63,091,156**	**39,342,252**	**7,025,406**	**26,024,830**	**267,558,457**	**403,042,100**
As at 30 June 2023	**62,117,896**	**39,005,006**	**5,157,142**	**26,091,527**	**278,165,100**	**410,536,671**

23.1 Construction in progress

Represents cost incurred by the Company on constructing its new Headquarters located in Addis Ababa, Bole Olompia area. The construction of the building is expected to be completed at an estimated cost of ETB 2.5 billion, which has been agreed in the contract signed with CHINA WU YI Construction Ltd. As at 30 June 2023, the building was 21% complete and expected to be fully completed in the coming 18 months.

23.2

On the impairment review, the net book values of property and equipment did not exceed their recoverable values as at the end of the reporting year. Thus, management is of the opinion that allowance for impairment is not required.

23.3 A freehold land of ETB 27,607,382 is included and reported as part of buildings under property and equipment. The Company does not depreciate the land as its useful life is believed to be indefinite.

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24 Investment property

	2023 ETB	2022 ETB
Cost		
Balance at 1 July	126,692,554	141,397,741
Less: Remeasurement adjustments	-	(14,705,187)
Balance at 30 June	**126,692,554**	**126,692,554**
Accumulated depreciation		
Balance at 1 July	15,368,732	27,512,464
Less: Remeasurement adjustments	-	(14,705,169)
Charge for the year	2,561,455	2,561,437
As at 30 June	17,930,188	15,368,732
Net book value at 30 June	**108,762,366**	**111,323,822**

24.1 Amounts recognised in profit or loss for investment properties

	2023 ETB	2022 ETB
Rental income (Note 9)	28,030,884	20,821,150
Expenses:		
Depreciation	2,561,455	2,561,437
Investment properties administration costs (Note 11.2)	498,329	1,489,755
	3,059,784	4,051,191
Rental income before tax	24,971,100	16,769,959
Less: Tax on rent income at 30%	7,491,330	5,030,988
Net rental income	**17,479,770**	**11,738,971**

Details of rental income and related expenses on investment properties are presented below:

	2023 ETB	2022 ETB
i) Bahir Dar buildings		
Rental income	8,814,926	5,491,250
Expenses:		
Depreciation	1,147,983	1,147,964
Administration costs	332,819	780,908
	1,480,801	1,928,872
Rental income before tax	7,334,125	3,562,378
Less: Tax on rent income at 30%	2,200,237	1,068,714
Net rental income	**5,133,887**	**2,493,665**
ii) Nazareth buildings		
Rental income	3,624,653	2,950,065
Expenses:		
Depreciation	389,349	389,349
Administration costs	130,201	15,565
	519,549	404,914
Rental income before tax	3,105,103	2,545,151
Less: Tax on rent income at 30%	931,531	763,545
Net rental income	**2,173,572**	**1,781,605**

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24 Investment property (continued)

24.1 Amounts recognised in profit or loss for investment properties (continued)

	2023 ETB	2022 ETB
iii) Gerji buildings		
Rental income	15,591,305	12,407,060
Expenses:		
Depreciation	1,024,124	1,024,124
Administration costs	35,310	720,507
	1,059,434	1,744,631
Rental income before tax	14,531,871	10,662,430
Less: Tax on rent Income at 30%	4,359,561	3,198,729
Net Rent Income	**10,172,310**	**7,463,701**

24.2 Fair value measurement of the Company's investment properties

Investment properties include those held for rental purposes and which the Company occupies insignificant portion. The Company has three commercial buildings that are leased to third parties. These investment properties are situated in Addis Ababa, Bahir Dar and Adama. No contingent rents are charged. Neither restrictions on the reliability of the investment properties nor contractual obligations are pegged to the investment properties.

The Company uses cost model to measure the investment properties. However, the fair value of the investment properties was determined on 1 July 2016 to be ETB 126,547,707 (net book values) based on valuations performed by an individual valuator who is presently designated as an MRICS, awarded by the Royal Institution of Chartered Surveyor. The fair value represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm’s length transaction at the date of valuation. The valuation takes into account recent prices of similar properties with adjustments being made to reflect any changes in economic conditions since the date of the transactions at those prices. No valuation is conducted to estimate the fair value of the investment properties as of 30 June 2023.

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25	Right-of-use asset	Land ETB	Office space ETB	Total ETB
	As at 1 July 2021	2,412,300	34,702,263	37,114,563
	Additions	-	3,701,330	3,701,330
	As at 30 June 2022	**2,412,300**	**38,403,593**	**40,815,893**
	As at 1 July 2022	2,412,300	38,403,593	40,815,893
	Additions	-	3,541,827	3,541,827
	As at 30 June 2023	**2,412,300**	**41,945,420**	**44,357,720**
	Accumulated amortisation			
	As at 1 July 2021	928,065	12,324,263	13,252,328
	Additions	40,205	6,407,081	6,447,286
	As at 30 June 2022	**968,270**	**18,731,344**	**19,699,614**
	As at 1 July 2022	968,270	18,731,344	19,699,614
	Lease modification adjustments	-	(109,355)	(109,355)
	Additions	40,205	8,791,628	8,831,833
	As at 30 June 2023	**1,008,475**	**27,413,617**	**28,422,092**
	Net book values:			
	As at 30 June 2022	**1,444,030**	**19,672,249**	**21,116,279**
	As at 30 June 2023	**1,403,825**	**14,531,803**	**15,935,628**

25.1 The right-of-use asset of ETB 2,412,300 is related to 2,193 square metres of land leased in Bahir Dar city, from the Amhara Regional Government for a lease period of 60 years. The related lease liability was fully paid and the related use right is being depreciated over a lease period of 60 years.

25.2 With the exception of low value and short-term leases, the right-of-use assets of ETB 41,945,420 is related to branches and contact offices rented in different parts of the country.

The right-of-use of these branch office spaces and contact office spaces is measured at an amount equal to the present value of future payments of initial lease liabilities discounted at an incremental borrowing rate of 13.5% per annum plus lease payments made on the commencement date of the leases.

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26 Insurance contract liabilities

Movement of the Company's general insurance business contract liabilities and reinsurers' share of those liabilities are shown below:

	2023			2022		
	Gross ETB	Reinsurers' share ETB	Net ETB	Gross ETB	Reinsurers' share ETB	Net ETB
General insurance business:						
At the beginning of year						
Notified claims	438,723,894	(226,087,719)	212,636,175	383,104,511	(161,886,251)	221,218,260
Incurred but not reported as at 30 June	65,670,985	33,837,058	99,508,043	56,350,843	28,707,089	85,057,932
	504,394,879	(192,250,661)	312,144,218	439,455,354	(133,179,162)	306,276,192
Cash paid for claims settled in the year	(211,985,294)	61,871,794	(150,113,500)	(163,899,364)	43,307,731	(120,591,633)
Increase / (decrease) in contract liabilities	292,409,585	(130,378,867)	162,030,718	275,555,990	(89,871,432)	185,684,559
Current and prior years claims	332,952,522	(84,733,837)	248,218,685	228,838,888	(102,379,230)	126,459,659
At the end of year	**625,362,107**	**(215,112,705)**	**410,249,403**	**504,394,879**	**(192,250,661)**	**312,144,218**
Represented by:						
Notified claims (notified plus disputed)	526,634,107	(267,116,705)	259,517,403	438,723,894	(226,087,719)	212,636,175
Incurred but not reported	98,728,000	52,004,000	150,732,000	65,670,985	33,837,058	99,508,043
	625,362,107	**(215,112,705)**	**410,249,403**	**504,394,879**	**(192,250,661)**	**312,144,218**
Long-term insurance business:						
Current and prior year claim	20,215,754	(99,644)	20,116,110	7,624,997	(99,644)	7,525,353
Total insurance contract liabilities	**645,577,861**	**(215,212,349)**	**430,365,512**	**512,019,876**	**(192,350,305)**	**319,669,571**

Zamara Actuaries, Administrators and Consultants Limited were engaged by the management to determine the best estimates of the insurance liabilities as of 30 June 2023. The aim was to ensure that adequate claims reserve that sufficiently cover outstanding claims and incurred but not reported claims is maintained. According to the actuarial valuation report, the reserve held by the Company for the year ended 30 June 2023 is adequate to cover its claims.

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27 Unearned premium

Movement of unearned premiums is shown below:

	2023			2022		
	Gross	Reinsurer	Net	Gross	Reinsurer	Net
	ETB	ETB	ETB	ETB	ETB	ETB
At the beginning of year	412,284,203	(251,427,639)	160,856,569	340,862,762	(223,942,169)	116,920,593
Net change in the period	225,834,154	(100,270,949)	125,563,205	71,421,441	(27,485,469)	43,935,977
At the end of year	**638,118,357**	**(351,698,588)**	**286,419,769**	**412,284,203**	**(251,427,639)**	**160,856,569**

Unearned premiums represent part of the premium that has not yet been earned as the corresponding insurance period has not yet come to an end. The National Bank of Ethiopia's Directive No. SIB/38/2014 requires insurers to apply the 1/24th method to calculate provision for unearned premium which the Company has complied with in respect.

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28 Payables arising out of reinsurance arrangements

These liabilities arose from the Company's obligation to cede premiums to its reinsurers in compliance with the signed reinsurance treaties and coinsurance arrangements made with other local insurers.

	General insurance business ETB	Long Term Insurance Business ETB	2023 ETB	2022 ETB
Payables arising from reinsurance arrangements	250,900,548	78,534,763	329,435,311	185,245,981

29 Termination benefits obligation

	2023 ETB	2022 ETB
Termination benefits obligation:		
Severance pay obligation (Note 29.1)	22,738,000	18,219,000
	22,738,000	**18,219,000**
Employee benefits charged to profit or loss in personnel expenses:		
Severance cost (note 29.2)	3,993,000	3,294,000
	3,993,000	**3,294,000**
Remeasurement:		
Remeasurement (gain) / loss due to experience (Note 29.3)	1,984,000	825,000
	1,984,000	**825,000**

Movement of Severance pay obligation:	2023 ETB	2022 ETB
At the beginning of year	18,219,000	14,100,000
Current service cost	1,305,000	1,118,000
Interest cost	2,688,000	2,176,000
Benefits paid	(1,458,000)	-
Actuarial (gain) / loss due to experience	1,984,000	825,000
At the end of year	**22,738,000**	**18,219,000**

29.1 Severance pay obligation

Severance pay scheme is based on the statutory severance benefit obligation set out in the Labour Proclamation No. 1156/2019. The Company operates an unfunded severance pay scheme for its employees who have served the Company for 5 years and above, and are below the retirement age as indicated in the Labour Proclamation. The amount recognised as severance pay obligation is mainly determined by the level of monthly salary and number of years in service, and is calculated as 1 months salary for the first year of service plus 1/3 of monthly salary for each of subsequent year in service, limited to a maximum of 12 months salary of an employee.

Movement and amounts recognised in the financial statements:

	2023 ETB	2022 ETB
Liability recognised in the statement of financial position		
Termination benefit liability	22,738,000	18,219,000

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FOR THE YEAR ENDED 30 JUNE 2023

29 Termination benefits obligation (continued)

	2023 ETB	2022 ETB
29.2 Amount recognised in the profit or loss		
Current service cost	1,305,000	1,118,000
Interest cost	2,688,000	2,176,000
	3,993,000	**3,294,000**
29.3 Amount recognised through other comprehensive income		
Benefits paid	(1,458,000)	-
Actuarial (gain) / loss due to experience	1,984,000	825,000
	526,000	825,000

29.4 Principal assumptions used in determining severance pay obligations

The severance pay is an unfunded defined benefit scheme.

The key financial assumptions are the discount rate used and the rate of salary increase. Provision for severance pay obligation was determined by an independent actuary, Zamara Financial Services East Africa Limited, that used the projected unit credit method.

The Company has not set any assets aside for the scheme. However, it ensures that it has sufficient funds to cover its obligations as they fall due.

	2023 ETB	2022 ETB
Discount rate (p.a)	14.3%	14.3%
Long term salary increases (p.a)	10%	10%

(i) Discount rate

In Ethiopia, there is neither a deep market in corporate nor government bonds. Furthermore, the market for treasury bills in Ethiopia is inefficient and does not appear to be market determined. IAS 19 does not provide guidance for setting the discount rate in a country with limited government bonds or instruments.
The Company therefore opted to use a discount rate of 14.3% (30 June 2022: 14.3%) based on the prevailing long-term saving rate and average lending rate as described by the National Bank of Ethiopia.

(ii) Long-term salary increases

Salary increment rate has been determined by the management by taking into account the likely future economic situation of the country.

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30 Other payables

	General insurance business ETB	Life insurance business ETB	2023 ETB	2022 ETB
Advance collections from policy holders	118,072,801	31,982,377	150,055,178	128,554,544
Accrued charges	36,590,555	1,001,616	37,592,171	35,050,572
Lease payables	6,982,094	416,204	7,398,298	15,732,848
Sundry payables	128,244,217	50,375	128,294,592	36,905,247
Micro insurance fund	411,580	-	411,580	452,032
Other tax payables	7,727,322	265,127	7,992,449	3,108,907
	298,028,569	**33,715,699**	**331,744,268**	**219,804,150**

31 Dividends payable

	2023 ETB	2022 ETB
As at 1 July	3,818,105	2,258,336
Declared during the year	75,092,652	44,280,821
Paid during the year	(65,314,109)	(42,721,052)
As at 30 June	**13,596,649**	**3,818,105**

32 Segment reporting

Segment information is presented in respect of Company's business segments which represent the primary segment reporting and is based on the Company's reporting structure. These information are reported with respect to the following segments.

i) **General Insurance business**

General Insurance transactions with corporate and individual policy holders.

ii) **Long term (life) insurance business**

Life insurance transactions with corporate and individual life insurance policy holders.

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NYALA INSURANCE SHARE COMPANY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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32 Segment reporting (continued)

32.1 Statement of financial position 30 June 2023

	General Insurance Business	Long-term Insurance Business	2023
	ETB	ETB	ETB
Assets			
Cash and cash equivalents	1,145,661,505	459,387,129	1,605,048,634
Investment in financial instruments	525,188,105	60,628,553	585,816,658
Other receivables	278,580,019	13,068,331	291,648,350
Deferred acquisition costs	24,078,003	-	24,078,003
Statutory deposit	98,100,900	7,499,100	105,600,000
Receivable arising from reinsurance arrangement (net)	705,671	-	705,671
Reinsurers' share of insurance contract liabilities	670,819,293	99,644	670,918,937
Property and equipment	410,159,720	376,951	410,536,671
Investment properties	108,762,366	-	108,762,366
Right-of-use asset	15,481,816	453,812	15,935,628
Total assets	**3,277,537,398**	**541,513,520**	**3,819,050,918**
Liabilities			
Insurance contract liabilities	625,362,107	20,215,754	645,577,861
Unearned premium	638,118,357	-	638,118,357
Payables arising out of reinsurance arrangements	250,900,548	78,534,763	329,435,311
Actuarial value of policyholder liability	-	218,758,251	218,758,251
Retirement benefit obligation	22,738,000	-	22,738,000
Other payables	298,028,569	33,715,699	331,744,268
Dividends payable	13,596,649	-	13,596,649
Deferred commission income	58,799,902	-	58,799,902
Current income tax payable	12,198,660	(2,266,955)	9,931,705
Deferred tax liabilities	71,467,990	25,038,203	96,506,193
Intra company account	64,741,854	(64,741,854)	-
Total liabilities	**2,055,952,637**	**309,253,861**	**2,365,206,497**
Equity			
Paid up capital	730,000,000	100,000,000	830,000,000
Legal reserves	149,878,639	18,060,136	167,938,775
Retained earnings	198,766,712	55,777,051	254,543,763
Life fund reserve	-	58,271,979	58,271,979
Other reserve	(655,200)	-	(655,200)
Revaluation surplus	143,594,611	150,493	143,745,104
Total equity	**1,221,584,762**	**232,259,659**	**1,453,844,421**
Total equity and liabilities	**3,277,537,399**	**541,513,519**	**3,819,050,918**

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32 Segment reporting (Continued)

32.2 Statement of profit or loss and other comprehensive income 30 June 2023

	General Insurance Business	Long-term Insurance Business	2023
	ETB	ETB	ETB
Gross premium income	1,065,965,513	267,607,888	1,333,573,401
Change in unearned premium	(125,563,205)	-	(125,563,205)
Gross earned premium	940,402,308	267,607,888	1,208,010,196
Less: Premium ceded to reinsurers	(511,128,349)	(84,258,380)	(595,386,729)
	429,273,959	183,349,508	612,623,467
Commission and fees income	101,421,828	11,718,030	113,139,858
Net underwriting income	530,695,787	195,067,538	725,763,325
Net claims expenses	(211,884,801)	(158,926,666)	(370,811,467)
Commission and fees expense	(31,116,931)	(13,552,640)	(44,669,571)
Net underwriting expenses	(243,001,732)	(172,479,306)	(415,481,038)
Underwriting profit	287,694,055	22,588,232	310,282,288
Investment income	205,740,373	55,357,775	261,098,148
Other income	9,846,820	-	9,846,820
Net income	503,281,248	77,946,007	581,227,256
Operating and administrative expenses	(259,968,980)	(6,240,897)	(266,209,877)
Finance cost	(4,584,158)	(26,520)	(4,610,678)
	238,728,111	71,678,590	310,406,701
Transfer to life fund	-	(71,678,590)	(71,678,590)
	238,728,111		238,728,111
Profit from life insurance as per actuarial valuation	-	65,000,000	65,000,000
Profit before taxation from reportable segment	**238,728,111**	**65,000,000**	**303,728,111**
Profit tax expense	(27,391,234)	(3,025,499)	(30,416,733)
Net profit for the year	**211,336,877**	**61,974,501**	**273,311,378**
Other comprehensive income:			
Items that will not be subsequently reclassified into profit or loss:			
Actuarial valuation of life fund unappropriated actuarial (deficit) / surplus (net of tax)	-	(32,544,992)	(32,544,992)
Remeasurement (loss)/gain on retirement benefits obligations(net of tax)	(368,200)	-	(368,200)
	(368,200)	(32,544,992)	(32,913,192)
Total comprehensive income for the year	**210,968,677**	**29,429,509**	**240,398,186**

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32 Segment reporting (Continued)

32.3 Reportable segment net assets

	General Insurance Business ETB	Long-term Insurance Business ETB	2023 ETB
Total assets	3,277,537,398	541,513,520	3,819,050,918
Total liabilities	2,055,952,637	309,253,861	2,365,206,497
Net assets	1,221,584,761	232,259,659	1,453,844,421
Revenue			
Net premium earned	429,273,959	183,349,508	612,623,467
Net underwriting income	530,695,787	195,067,538	725,763,325
Investment income	205,740,373	55,357,775	261,098,148
Other income	9,846,820	-	9,846,820
Total revenue	**746,282,980**	**250,425,313**	**996,708,293**
Profit before tax from reportable segment	238,728,111	65,000,000	303,728,111
Reportable segment assets	3,277,537,398	541,513,520	3,819,050,918
Reportable segment liabilities	2,055,952,637	309,253,861	2,365,206,497

33 Equity

The Company is incorporated as a share company. The shares are of one class and registered as ordinary shares of the same par value. As per the existing insurance law of the country, the Company is not allowed to issue other classes of shares.

33.1 Paid-up capital

	2023		2022	
	Number of shares	Share capital ETB	Number of shares	Share capital ETB
General insurance business:				
Issued and fully paid up share capital	730,000	730,000,000	654,000	654,000,000
Long-term insurance business	100,000	100,000,000	50,000	50,000,000
	830,000	**830,000,000**	**704,000**	**704,000,000**

At the 19th extraordinary meeting of the shareholders it has been unanimously resolved to transfer ETB 126,000,000 to the paid-up capital which increases the Company's capital from ETB 704,000,000 to 830,000,000.

33.2 Legal reserve

The legal reserve is a statutory reserve to which ten per cent (10%) of each year's net profit is transferred until such a reserve becomes equal to the paid up capital of the Company as required by the Insurance Business Proclamation No. 746/2012 Article 22.

33.3 Retained earnings

The retained earnings balance represents the amount available for distribution to the shareholders of the Company. The amount to be distributed as dividend is determined by the shareholders in the annual general meeting.

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33 Equity (continued)

33.4 Unappropriated actuarial surplus - Life fund

The unappropriated actuarial surplus represents the surplus on the life insurance business which is not distributable as dividends. The actuarial valuation is done by Zamara Financial Services East Africa Limited, Kenya. The report revealed that out of actuarial surplus of ETB 148,245,684 as of 30 June 2023, ETB 65,000,000 is to be transferred to distributable profit and the remaining ETB 83,245,684 is to be held as a reserve to policyholders liabilities net of 30% deferred tax. The movement is shown as follows:

	2023 ETB	2022 ETB
Actuarial surplus as per the actuarial valuation	148,245,684	174,738,529
Transfer to distributable profit to shareholders	(65,000,000)	(45,000,000)
	83,245,684	129,738,529
Less: Deferred tax	(24,973,705)	(38,921,559)
Life fund reserve	**58,271,979**	**90,816,970**
Current year movement through other comprehensive income:		
Actuarial surplus as per the actuarial valuation	148,245,684	174,738,529
Transfer to distributable profit to shareholders	(65,000,000)	(45,000,000)
	83,245,684	129,738,529
Less: Balance at 1 July	(129,738,529)	(117,078,618)
Unappropriated actuarial (deficit) / surplus for the year	(46,492,845)	12,659,911
Less: deferred tax	13,947,854	(3,797,973)
	(32,544,992)	**8,861,938**

33.5 Other reserves

The balance is resulted from actuarial evaluation of long term employee retirement benefits. This reserve represents the remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions. They are recognised in the period in which they occur, directly in other comprehensive income.

	2023 ETB	2022 ETB
Amount recognised through other comprehensive income	526,000	825,000
Less: Deferred tax	(157,800)	(247,500)
	368,200	**577,500**

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34 Actuarial value of policy holders liability

As per the National Bank of Ethiopia's guidelines, an actuarial valuation should be conducted every two years from the last valuation date, hence actuarial valuation was made for the year by Zamara Financial Services East Africa Limited, Kenya. The following table summarises the actuarial valuations of polices as at 30 June 2023.

Summary of valuation of policy

Types of insurance	Number of policies	Amount of sum insured ETB	Amount of premium ETB	Amount of liabilities ETB
Endowment assurance	411	266,076,637	27,438,852	26,883,852
Mortgage redemption insurance	1,637	1,820,126,422	18,851,724	28,006,220
Individual term insurance	21	30,855,514	599,238	18,708
Group term insurance	55	11,656,395,039	38,814,863	18,898,764
Group medical cover	102	-	182,811,322	122,979,398
Group riders	55	4,770,522,919	12,398,204	7,695,632
Individual riders	175	50,556,878	286,627	151,398
Contingent reserve	-	-	-	10,000,000
Reserve provided after actuary report		-	-	4,124,279
Total	**2,456**	**18,594,533,409**	**281,200,830**	**218,758,251**

35 Notes to the statement of cash flows

Reconciliation of profit before tax to cash generated from operations:

	Notes	2023 ETB	2022 ETB
Profit before taxation		**303,728,111**	**263,049,854**
Adjustments for:			
Depreciation - Property and equipment	23	16,822,589	16,197,321
Depreciation - Investment property	24	2,561,455	2,561,437
Amortisation - right-of-use asset	25	8,722,479	6,447,286
Severance costs	29.2	1,305,000	1,118,000
Interest on retirement benefit liability	29.2	2,688,000	2,176,000
Interest on lease liability	12	1,922,678	2,590,767
Dividend income	9	(74,703,828)	(67,826,482)
Interest income	9	(158,363,435)	(115,952,450)
Effects of remeasurement of actuarial surplus		(46,492,845)	-
Adjustments to PPE		669,034	-
Prior period adjustments		8,556,182	(2,504,007)
Adjustments made to revaluation surplus		-	(710,500)
Changes:			
Other current assets	17	(78,755,467)	11,927,927
Receivables arising out of reinsurance arrangements	20	68,056	(178,294)
Reinsurers' share of insurance contract liabilities	21	(159,466,877)	(97,526,556)
Deferred commission income		16,319,077	(106,231)
Deferred tax liability			15,663,925
Deferred acquisition cost of assets		(4,191,982)	(10,761,645)
Insurance contract liabilities	26	133,557,985	69,355,711
Unearned premium	27	225,834,155	71,421,442
Payables arising out of reinsurance arrangements	28	144,189,330	67,278,858
Actuarial value of policyholder liability	34	53,171,435	46,438,017
Other payables	30	110,017,440	50,478,228
Net cash generated from operations		**508,158,573**	**331,138,608**

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36 Provision and contingent liabilities

Owing to the nature of insurance business, the Company is subjected to litigations arising from its ordinary insurance business. The Directors are of the opinion that these litigations will have a material effect on the financial position and the operating results of the Company. As at 30 June 2023, claims totaling ETB 97,414,486 were disputed by the Company and are pending for decision at different courts. The Company provided for these disputed claims in full, which in any case shall not exceed the sum insured or limit of liability, in accordance with National Bank of Ethiopia's Directives No. SIB/38/2014. These claims in dispute are included in insurance contract liabilities in the statement of financial position.

37 Retirement benefit obligation

Staff retirement benefits are provided to some permanent employees by way of a provident fund to which the Company and these employees contribute 15% and 10% of the individual monthly salaries, respectively. Other employees are included in a statutory pension scheme to which the Company and these employees contribute 11% and 7% of the individual monthly salaries, respectively. For the year ended 30 June 2023 the Company contributed ETB 10,197,260 (2022: ETB 12,554,242) which has been charged to the Statement of profit or loss.

38 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions, or one other party controls both. The Company has various related parties, most of whom are related by virtue of being shareholders, and partly due to common directorships. The other related parties include staff of the Company. In the normal course of business, insurance policies are sold to related parties at terms and conditions similar to those offered to major clients.

38.1 Directors and employees

The average number of staff employed by the Company during the year was as follows:-

	2023 ETB	2022 ETB
Executive Management and service managers	11	11
Senior and middle management	12	12
Line management	32	33
Non Management	299	302
Total	**354**	**358**

38.2 The table below shows the number of employee's emoluments in the year within the bands:

Salary /month	2023	2022
0-10,000	79	84
10,001-30,000	190	264
30,001-50,000	67	53
Above 50,000	17	10

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NYALA INSURANCE SHARE COMPANY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023

38 Related party transactions (continued)

38.3 Transaction with related parties during the year

The following transactions were carried out with related parties during the year:

	2023 ETB	2022 ETB
Gross written premiums	22,508,004	22,510,645
Claims paid	10,331,590	2,440,735
Interest earned on time deposits	19,014,601	11,698,378

Transactions with related parties are in the ordinary course of business and on terms and conditions similar to those offered to other clients.

38.4 Outstanding balances with related parties

	2023 ETB	2022 ETB
Fixed deposits – Dashen Bank S.C	**155,000,000**	**104,000,000**

38.5 Loans to directors of the company

The Company has implemented staff enablement loan scheme to all employees and executive managers. The new loan scheme entails charging a 7% interest rate on loans disbursed.

The key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company and comprise of the chief executive officer, and the Directors of the major sectors. The compensation to the key management personnel is presented as follows:

38.6 Loans and salaries and benefits to key management n	2023 ETB	2022 ETB
Salaries and benefits	**13,492,357**	**12,162,614**

In the year ended 30 June 2023, staff enablement loans with an amount of ETB11,400,000 were disbursed to executives and service managers as per the loan directive

38.7 Key management compensation

In relation to the performance of the 2022/23 fiscal year, key Management of the Company were compensated with a total of Birr 10,110,297 out of which the CEO will be compensated ETB 6,830,641 and all others ETB 3,279,656 before tax.

38.8 Directors' remuneration

	2023 ETB	2022 ETB
Directors' emoluments	1,200,000	1,200,000
Transportation allowance	1,714,193	1,350,000
	2,914,193	**2,550,000**

The number of Directors during the current year was eight.

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NYALA INSURANCE SHARE COMPANY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023

39 Capital commitment

The Company has entered in to contract with CHINA WU YI for the construction of its Headquarters at Bole, Olympia, for a total contract price of birr 2,500,000,000 for the remaining project which is expected to be completed in 18 moths time effective 1 September 2023. This agreement is a continuation of the existing contract and the summary of the contract price in comparison with the price and cost of the previous agreement are presented below.

	2023 ETB	2022 ETB
Total contract price	2,500,000,000	832,133,400
Paid to date	-	(427,236,075)
	2,500,000,000	**404,897,325**

40 Events after the reporting period

In June 2023, the Board of Directors decided the transfer of a motor vehicle to the CEO as a service recognition award. As the ownership transfer was fully completed subsequent to the year end date, the transfer was recognised in the Company's book of accounts in the subsequent financial year. No other significant post balance sheet events have come to the attention of the Directors that require disclosure in the financial statements.

41 Proposed dividends

The Directors recommended the net profit of the year to be plough back for the growth of the paid up capital.

42 Incorporation

The Company is incorporated and domiciled in Ethiopia under the Commercial code of Ethiopia.

43 Currency

The financial statements are presented in Ethiopian Birr (ETB).

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Nyala insurance S.C.

NYALA INSURANCE SHARE COMPANY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023

Annex I Property and equipment - tax base

	Buildings ETB	Office furniture ETB	Office equipment ETB	Motor vehicles ETB	Computers ETB	Total ETB
Cost						
Balance at 1 July 2021	180,559,298	6,136,322	2,036,548	48,173,096	4,284,075	241,189,339
Additions	-	1,787,975	804,108	4,242,060	30,225,163	37,059,306
Balance at 30 June 2022	**180,559,298**	**7,924,297**	**2,840,656**	**52,415,156**	**34,509,239**	**278,248,645**
Balance at 1 July 2022	180,559,298	7,924,297	2,840,656	52,415,156	34,509,239	278,248,645
Additions	-	279,829	425,887	6,015,929	7,657,906	14,379,551
Balance at 30 June 2023	**180,559,298**	**8,204,126**	**3,266,543**	**58,431,085**	**42,167,145**	**292,628,197**
Accumulated depreciation						
Balance at 1 July 2021	10,981,033	1,604,931	376,646	14,634,667	1,351,687	28,948,965
Depreciation charged for the year	637,266	1,021,739	368,612	6,678,561	6,665,599	15,371,777
Balance at 30 June 2022	**11,618,300**	**2,626,670**	**745,258**	**21,313,228**	**8,017,286**	**44,320,742**
Balance at 1 July 2022	11,618,300	2,626,670	745,258	21,313,228	8,017,286	44,320,742
Depreciation charged for the year	512,027	1,032,136	345,862	5,557,390	7,552,585	15,000,000
Balance at 30 June 2023	**12,130,327**	**3,658,805**	**1,091,120**	**26,870,618**	**15,569,872**	**59,320,742**
Tax written down values at:						
30 June 2022	**168,940,998**	**5,297,627**	**2,095,398**	**31,101,928**	**26,491,953**	**233,927,904**
30 June 2023	**168,428,971**	**4,545,321**	**2,175,423**	**31,560,467**	**26,597,273**	**233,307,455**

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NYALA INSURANCE SHARE COMPANY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023

Annex II Investment property - tax base

	Adama building ETB	Gerji building ETB	Bahir Dar building ETB	Total ETB
Cost				
Balance at 1 July 2021	2,654,342	39,627,572	14,689,531	56,971,445
Additions	-	-	-	-
Balance at 30 June 2022	**2,654,342**	**39,627,572**	**14,689,531**	**56,971,445**
Balance at 1 July 2022	2,654,342	39,627,572	14,689,531	56,971,445
Additions	-	-	-	-
Balance at 30 June 2023	**2,654,342**	**39,627,572**	**14,689,531**	**56,971,445**
Accumulated depreciation				
Balance at 1 July 2021	1,991,237	12,992,949	11,263,163	26,247,350
Depreciation charged for the year	132,717	1,981,379	734,477	2,848,572
Balance at 30 June 2022	**2,123,954**	**14,974,328**	**11,997,640**	**29,095,922**
Balance at 1 July 2022	2,123,954	14,974,328	11,997,640	29,095,922
Depreciation charged for the year	132,717	1,981,379	734,477	2,848,572
Balance at 30 June 2023	**2,256,671**	**16,955,707**	**12,732,116**	**31,944,494**
Tax written down values at:				
30 June 2022	**530,388**	**24,653,244**	**2,691,891**	**27,875,523**
30 June 2023	**397,671**	**22,671,865**	**1,957,414**	**25,026,951**

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Appendix E: Actuary's Solvency Certificate

Nyala Insurance S.C.

Actuarial Valuation as at 30 June 2023

Actuary's Solvency Certificate

I, James Israel Omanyala Olubayi of Zamara Actuaries, Administrators and Consultants Limited, Landmark Plaza, 10th Floor, Argwings Kodhek Road, P O Box 52439, Nairobi 00200, Kenya, being a fully qualified Actuary and having conducted an actuarial valuation of the Life Fund as at 30 June 2023 using generally acceptable actuarial principles do hereby certify as under: -

a) that in my opinion the value placed upon the aggregate liabilities relating to the long-term insurance business of **Nyala Insurance S.C** in respect of policies of valuation adopted by me has been arrived at using a professionally sound and prudent actuarial basis.

b) that I am satisfied that the value of assets adopted by me are, on the basis of the auditor's certificate appended to the balance sheet, fully of the value so adopted; and

c) that the actuarial valuation revealed an actuarial surplus of E Birr 148,248,372.

……………………………………………………………………….

James I. O. Olubayi
Fellow of the Institute and Faculty of Actuaries

Nairobi, Kenya

September 2023

NISCO
TAKAFUL

Nyala Insurance S.C. (NISCO) is excited to announce that it has begun offering takaful insurance solutions to its esteemed customers!


NISCO REGULARLY FULFILLS ITS CORPORATE SOCIAL RESPONSIBILITIES (CHILDREN DISABILITIES AT CHESHIRE SERVICE ETHIOPIA)

MANAGERS OF ALL SERVICE CENTERS (BOTH ADDIS ABABA AND REGIONS) OF NISCO


NISCO PROVIDES ON-THE-JOB TRAINING PROGRAMS TO ITS EMPLOYEES TO KEEP THEM UPDATED AND REFRESHED

SOME OF OUR
CORPORATE CUSTOMERS

WFP World Food Programme
BRITISH COUNCIL
ASER
World Health Organization

CRS CATHOLIC RELIEF SERVICES
World Vision
Safaricom

Juniper Glass Industries S.C.
SNV Netherlands Development Organisation
MEDECINS SANS FRONTIERES

HYATT REGENCY
Radisson BLU

ደርባ ሲሚንቶ DERBA CEMENT
DANGOTE
National Oil Ethiopia

SOME OF OUR
RE-INSURERS

Munich RE

A.M. BEST: A+

Swiss Re

A.M. BEST: A+

Africa Re
African Reinsurance Corporation

A.M. BEST: A

ZEP-RE
(PTA Reinsurance Company)
Committed to Quality Service

A.M. BEST: B+

EA Re

A.M. BEST: B

MAPFRE
ASSISTANCE

A.M. BEST: A

Ethiopian Reinsurance
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Tunis Re

A.M. BEST: B+

CONTINENTAL REINSURANCE

A.M. BEST: B+

Navigators®
Insuring a World in Motion®

A.M. BEST: A+

KEMAH CAPITAL

SCR
الشركة المركزية لإعادة التأمين
Société Centrale de Réassurance
GROUPE CDG

SOME OF OUR BROKERS AND
INTERNATIONAL PARTENERS

AFRO-ASIAN® INSURANCE SERVICES LTD

ZURICH

Willis

KMD

MARSH

Reinsurance Solutions

APEX INSURANCE

OUR SERVICE CENTERS

S.N	Service Center	Telephone	Fax	Mobile	P.O.Box
1	Arada	011-157-9707	011-157-9709	091-145-4190	12753
2	Beklobet	011-470-5671	011-465-4078	091-120-7393	12753
3	Bole	011-662-1675	011-662-4620	091-120-7528	12753
4	Eastern (Gerji)	011-629-8137	011-629-5956	091-145-4187	12753
5	Gola Sefer	011-155-5500/01	011-555-1326	091-120-7396	12753
6	Kera	011-470-1143/44	011-470-0983	091-120-7390	12753
7	Kality	011-442-4005	011-442-4006	091-145-4188	12753
8	Merkato	011-277-3616	011-213-2235	091-124-8355	12753
9	Corporate-West	011-467-1050	011-467-0190	091-120-7532	12753
10	Corporate -East	011-618-0493	011-663-9637	092-272-5630	12753
11	Life & Health	011-663-9065	011-662-6713	091-120-7392	12753
12	Kazanchis	011-515-6496	011-515-6441	091-122-2937	12753
13	Megenagna	011-667-3581/83	011-667-3532	092-272-5013	12753
14	Lafto	011-371-5402	011-372-8807	092-272-7477	12753
15	Wuha Limat (Main Branch)	011-662-6710	011-663-9617	091-112-3529	12753
16	Lideta	011-557-3452	011-557-3465	096-673-8936	12753
17	Ras Desta	011-126-7902	011-126-7901	090-067-1713	12753
18	Digital Insurance Service Center	011-663-9637	011-662-6706	094-263-6363 094-264-6464	12753
19	Beherawi	011-557-9321	011-557-7436	091-112-3528	12753
20	Micro Insurance Service	011-662-6679	011-662-6706	091-120-7772	12753
21	Arada Giorgis Service	011-126-7186	011-126-7531	097-425-5994	12753
22	Misrak Ber Service	011-639-1981	011-639-1841	098-652-7598	12753

REGIONAL SERVICE CENTERS AND SATELLITE OFFICES

S.N	Service Center	Telephone	Fax	Mobile	P.O.Box
1	Hawassa	046-220-4999	046-220-50-00	091-682-2742	919
2	Bahir Dar	058-220-1720	058-220-1719	091-876-2270	907
3	Dire Dawa	025-111-0408	025-111-2147	091-573-0248	1387
4	Dessie	033-111-9111	033-111-2845	091-471-0642	99
5	Gondar	058-126-0040	058-111-7015	091-877-7762	1551
6	Jimma	047-111-0706	047-111-0146	091-780-3470	1000
7	Mekele	034-440-1111	034-440-9143	091-470-1170	928
8	Nazareth	022-111-3399	022-111-1417	091-124-6183	2136
9	Wolayita Sodo	046-551-4407	046-551-3896	096-144-0715	510
10	Jigjiga	025-775-2138	025-278-0435	094-644-4535	
11	Bale Robie	022-244-3030/1666	022-244-0348	091-605-1631	
12	Shire	034-244-2783	034-244-7997	091-411-7979	
13	Shashemene	046-110-0468 046-211-4696	046-211-2222		
14	Logia	033-550-0771	033-550-0771	091-308-3513	
15	Debre Berhan	011-681-3082	011-681-3082	093-791-4244	
16	Assosa	057-775-2432	057-775-2432	091-717-1393	
17	Debre Markos	058-771-6951	058-771-6952	091-210-1537	
18	Dila	046-331-3350	046-331-3350	090-478-1714	
19	Gambella	047-551-1779	047-551-1780	091-783-5063	
20	Nekemt	057-661-6519	057-661-6519	091-105-4610	
21	Woldiya	033-331-210	033-331-2103	091-021-5382	
22	Arbaminch	046-881-3809	046-881-3809	092-905-4903	
23	Hossaena	046-555-1989	046-555-1989	092-905-4902	
24	Mizan Teferi	047-135-0006	047-135-0006	091-324-2512	410
25	Asebe Teferi	025-551-2022	025-551-2022	0942-695050	

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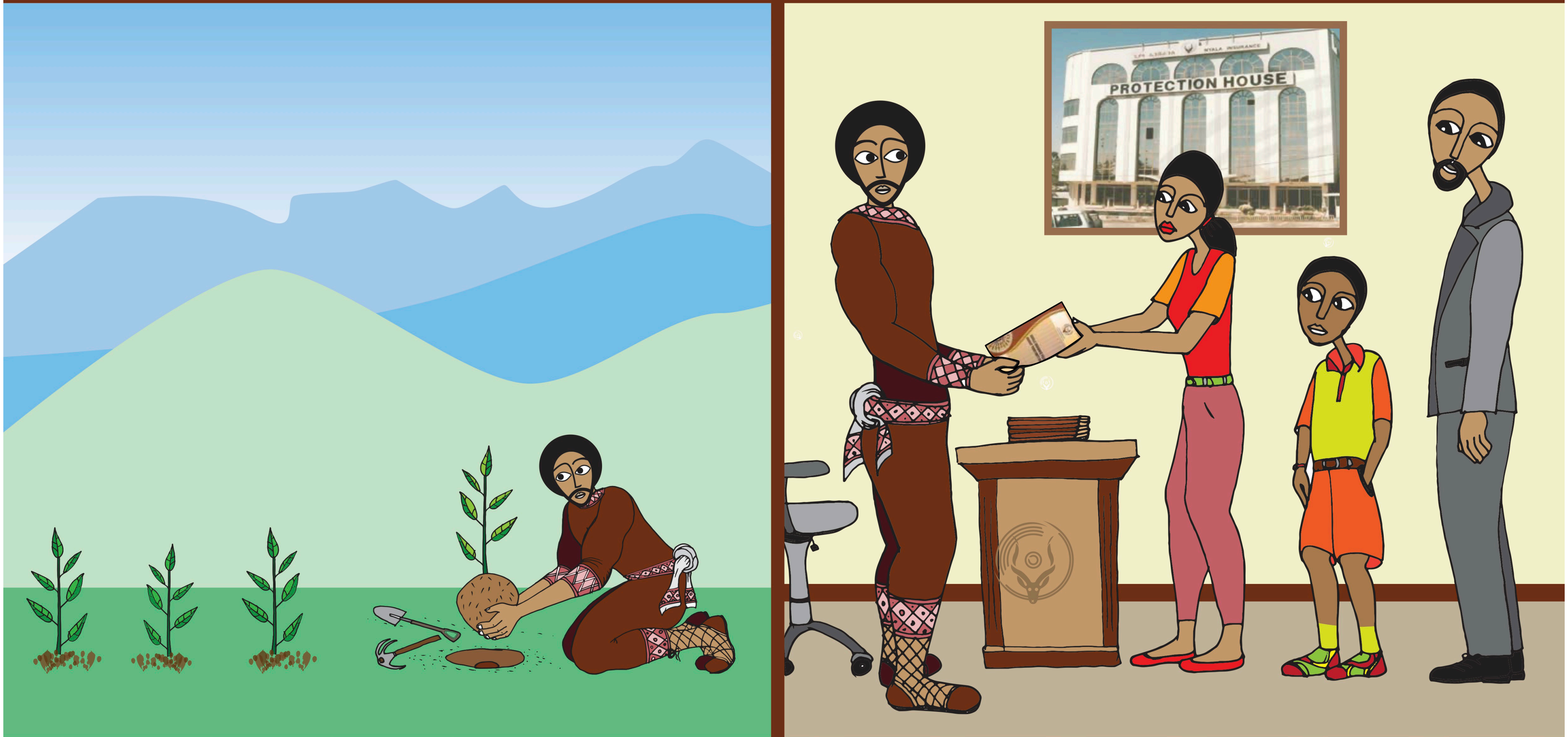

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