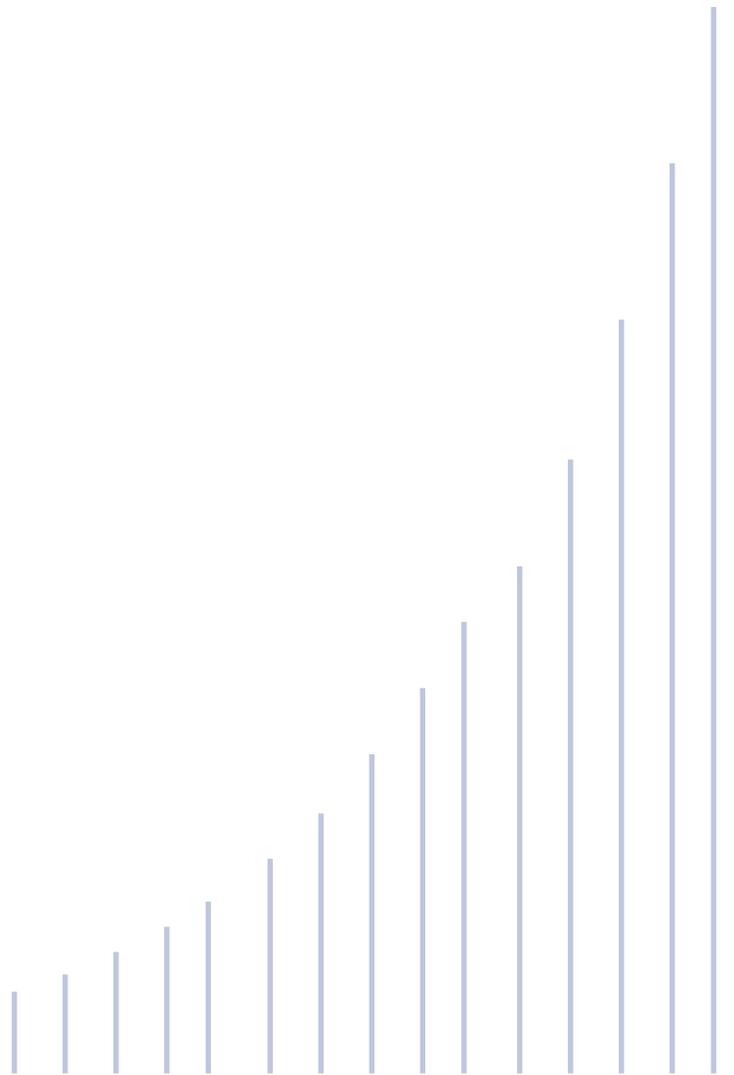


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Awash
INSURANCE | We Flow with You



**ANNUAL
REPORT
20²⁴/₂₅**

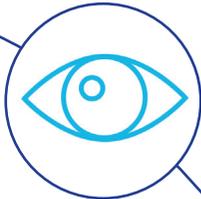


**ANNUAL
REPORT**

20²⁴₂₅

Addis Ababa, Ethiopia

**FOR THE FINANCIAL YEAR
ENDED JUNE 30, 2025**



VISION

To be the Leading and most dependable insurer of choice.



CORE VALUES

Agility

Winning Spirit

Adaptability

Social Responsiveness

Harmony



MISSION

Awash Insurance exists as a trusted insurance partner for all stakeholders by delivering value and financial security through innovative insurance solutions and excellent customer service.





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Actuary's Solvency Certificate

AI S.C. HEAD OFFICE

Tel. - +251 11 557 00 01/33 62

Fax. - +251 11 557 02 08

P. O. Box - 12637

Addis Ababa

E-mail-aic @ethionet.et

Website - www.awashinsurance.com

JUNE 30, 2025

Addis Ababa

Ethiopia

BOARD DIRECTORS



Aseffa Seyoum (PhD)
Vice Chairman



Tadesse Gemedo
Board Chairman



Getachew Assefa (Eng.)
Board Director



Gifty Yoseph
Board Director



Kebede Asres (Captain)
Board Director



Megerte Zewdie
Board Director



Solomon Nekatibeb
Board Director



Tsegaye Sori (Eng.)
Board Director



Wubishet Geremew (Captain)
Board Director





NOTICE FOR THE 31ST ANNUAL ORDINARY GENERAL MEETING OF SHAREHOLDERS

Notice is hereby given to the Shareholders to attend the 31st Annual Ordinary General Meeting of Awash Insurance S.C. which will be held in accordance with Article 366(1), 367(1), 370, 393(2) and Article 394 of the Commercial Code of Ethiopia, Proclamation Number 1243/2021 as well as Article 21(2) of the Articles of Association of the Company. The General Meeting will be held on Saturday, November 1, 2025 at Addis Ababa Hilton Hotel starting from 8:00 a.m.

1. BASIC INFORMATION ABOUT THE COMPANY

- 1.1. Company Name: Awash Insurance Share Company
- 1.2. Address:- Awash Towers, Addis Ababa, Kirkos Subcity, Woreda 7
Website: www.awashinsurance.com
- 1.3. Company's subscribed capital as at June 30, 2025:- Birr 3,967,900,000
- 1.4. Company's paid-up capital as at June 30, 2025:- Birr 2,647,210,000
- 1.5. Business Registration Certificate Number:- አአ/ገግ-3-1532/87
- 1.6. Insurance Business License Number:- 003/94

2. AGENDA FOR 31ST ANNUAL ORDINARY GENERAL MEETING

- 2.1. Notification of Share Transfers, Share Sales and New Shareholders who acquired shares in 2024/25;
- 2.2. Consideration and approval of the 2024/25 Annual Report of Board of Directors;
- 2.3. Consideration and approval of the 2024/25 Annual Report of External Auditors;
- 2.4. Deliberation on and approval of the proposed appropriation of 2024/25 profits;
- 2.5. Approval of annual compensation of Board of Directors for 2024/25;
- 2.6. Approval of Board of Directors' monthly allowance for 2025/26;
- 2.7. Approval of External Auditors' additional fee for auditing of 2023/24 Financial Statements;
- 2.8. Approval of the External Auditors' annual fee for 2025/26;
- 2.9. Consideration of end-of-service compensation and approval of monthly fee for members of the Board Directors' Nomination and Election Committee who were elected during the 30th AGM;
- 2.10. Consideration of the Report of Board Directors' Nomination and Election Committee; and
- 2.11. Election of Board Directors.

N.B. Shareholders who are not able to attend the meeting in person may sign and return the proxy form and give one copy to the designated agent and the second copy along with the copy of renewed identification card of a shareholder to be submitted to the Company's CEO office, on the 2nd floor of Awash Towers, three days before the meeting date.

By Order of the Board of Directors

EXECUTIVE MANAGEMENT



Jibat Alemneh
Chief Executive Officer



Frehiwot Alemayehu
Chief Customers Officer



Kumsa Birisa
Chief Operating Officer



Dejene Tsegaye
Chief Technology Officer



Adane Seyoum
Chief Finance Officer



Taddese Roba
Advisor to the CEO





Alemayehu Kabtimer
Head,
Life and Health



Ayele Desalegn
Head,
General Insurance Underwriting



Bernabas Teklu
Acting Head,
Audit and Inspection



Chara Degefu
Head, Engineering



Derese Berhanu
Head,
Information System & Improvement



Elham Abubeker
Head,
Takaful Operation



Fekadu Dinku
Head,
Branch Channel



Firafis Dejene
Acting Head,
Human Resource Management



Gelana Assefa
Head, Procurement, Logistics &
Property Administration



Genet Bekele
Head,
General Insurance Claims



Samson Belina
Head, Risk & Compliance



Sinafikish Tekle
Head,
Legal & Advisory Services



Wondemagegn Zewdie
Project Manager



Workneh Mekonnen
Head, Strategy and Change



Yohannes Tegegne
Head,
ICT Infrastructure





CHAIRMAN'S STATEMENT



Tadesse Gemedo
Chairman, Board of Directors

On behalf of the Board of Directors and on my own, I am deeply honored to warmly welcome you all to the 31st Annual General Meeting (AGM) of the Shareholders of our Company. I would like to sincerely express my gratitude to you, our respected Shareholders, for attending this AGM to deliberate on important agenda items of the meeting.

My statement, as usual, brings to your attention only the most outstanding and salient features of the Fiscal Year (FY); the details are captured in the Directors' Report and the Financial Statements to follow.

The financial year 2024/25 was challenging in many aspects with impact on the performance of the year under review.

Despite market volatility and the hardening of competition in the industry, based predominantly on pricing strategy, our disciplined underwriting and diversified portfolio have delivered remarkable results indicating resilience of our company and our business model.

On 30th June 2025, our company registered a combined total revenue growth of 45%. The gross underwriting increased by over 1.4 billion Birr and reached Birr 4.53 billion on June 30, 2025 in all three lines of business. The Non-Life segment grew by 43% and reached Birr 3.73 billion. The Life business

showed magnificent growth of 48% at the end of the year excelling the industry's average by 11 percentage points. The growth of the third line, the Sharia'h compliant Takaful business, showed an extra-ordinary growth rate of 124%.

In spite of a challenging market environment, our company has maintained, beyond doubt, its dominant market leadership position in the general insurance among the 17 private insurance companies and total market leadership in Life and the Takaful businesses.

The net claims ratio for the year, another key performance indicator, was only 56% for Non-Life business.

Our Company's gross profit before tax, excluding Takaful, increased by a substantial percentage of around 23% and crossed one billion Birr mark for the first time in the Company's history. The Board is delighted to report that this is a landmark success in the history of private insurance companies.

The net profit after tax grew by 25% over the year 2023/24. Earnings per share (EPS) for the FY 2024/25 was 36%. This EPS amount was attained against the paid-up capital base that increased by 38% or Birr 725.7 million in absolute figure during the year. This remarkable net bottom-line result was achieved in a tough, demanding and highly competitive economic environment.

Looking ahead, we will continue to prioritize our customers in all of our decisions, investing in digital platforms and technological solutions to modernize our services and keep the company competitive in a rapidly changing landscape. We will also remain committed to protecting policyholders and providing long-term value to our stockholders through rigorous governance and a relentless emphasis on risk management.

I feel genuinely privileged and uniquely proud to serve as the chairman of the Board of a company that is and has been doing exceptionally excellent in all the performance indicators year-over-year.

Our respected Shareholders, partners and our most valued customers deserve my heartfelt appreciations for the support provided throughout the year.

Lastly, it is with due respect, therefore, that I formally submit, in accordance with Article 426 of the Commercial Code of Ethiopia, Proclamation No 1243/2021 to you the Board's Report and the audited Financial Statements for the year ended June 30, 2025 for your kind consideration and approval.

Thank you.



Tadesse Gemed
Chairman, Board of Directors





REPORT OF THE BOARD OF DIRECTORS

I. INTRODUCTION

The Board of Directors is delighted to present to the Shareholders of Awash Insurance S.C the Annual Report and the audited Financial Statements for the fiscal year (FY) ended June 30, 2025.

This report presents a brief overview of the business landscape and highlights key performance indicators, milestone achievements, key challenges and forecasts about the future.

II. OPERATING ENVIRONMENT

1. THE GLOBAL ECONOMY

According to the IMF's World Economic Outlook (WEO) update for July 2025, the global economy grew by 3.3% in 2024. It is forecasted to grow by 3% in 2025 and 3.1% in 2026.

The US economy grew by 2.8% in 2024, according to same source, and is expected to grow by 1.9% and 2.0% in the year 2025 and 2026 respectively.

The other leading economy, China, registered an amazing growth of 5.0% in 2024. However, IMF's World Economic Outlook projected a relatively lower growth rate of 4.8% for 2025 and 4.2% in 2026.

2. THE ADVANCED ECONOMIES

The advanced economies exhibited 1.8% growth in 2024 and is projected to slow down further to 1.5% in 2025 and will show a slight recovery by 0.1 percentage point to 1.6% in the year 2026.

3. THE AFRICAN ECONOMY

3.1. THE REGIONAL GROWTH

The average real GDP growth for African region, according to African Development Bank Group's February 2025 (MEO) report, was estimated at 3.2% in 2024. Looking ahead, according to the Macroeconomic Performance and Outlook (MEO) report for Africa, Africa's real GDP growth is projected to grow by 4.1% in 2025 and further by 4.4% in 2026. This growth forecast positions Africa as the second-fastest growing region in the world after Asia.

3.2. THE SUB-SAHARAN AFRICA (SSA)

The Sub-Saharan Africa's economy, according to Regional Economic Outlook (REO) report of the IMF (April 2025), grew by 4.0% in 2024 and is forecasted to grow by 3.8% in 2025. Modest rebound is projected for 2026 with growth rising by 0.4 percentage points to 4.2% indicating relatively stronger performance.

3.3. THE EAST AFRICA

Closer look at our sub-region, the East African (EA) growth rate was far better than even Sub-Saharan Africa. The real GDP growth rate is projected to increase from 4.4% in 2024 to 5.3% in 2025 and firm up to 6.1% in 2026. The Microeconomic Outlook report added that, at these growth rates, East Africa remains the Continent’s fastest growing region.

3.4. THE ETHIOPIAN ECONOMY

The latest African Development Bank’s (AfDB) 2025 African Economic Outlook (AEO) report, Ethiopia’s economy grew by 7.3% in 2023/24 fiscal year. The IMF’s most recent report on Ethiopia (July 2025), projected real GDP growth of 6.6% for 2024/2025. Ministry of Finance lately announced that the Ethiopian economy grew by 8.4% for the year 2017 E.C. (2024/25). However, despite these strong growth records, the country has continued facing challenges like: risk of debt burden, poverty and high unemployment, inflationary and security concerns as down side risks.



Board of Directors and the CEO, Celebrating Success of the Year





III. THE INSURANCE INDUSTRY

The Ethiopian Insurance industry continued to expand during the budget year under review. The Non-Life, accounting for 92.5% of the total portfolio, grew by a remarkable 46.1% over the year 2023/24. According to the data obtained from NBE, Non-Life written premiums increased to Birr 38.06 Billion at June 30, 2025 from Birr 26.05 billion in the previous year. The exponential growth of 46% shows the potential of the economy.

The Life business, on the other hand, expanded by 37% during the review year. The total Life market premiums reached Birr 2.65 billion at the end of the fiscal year.

Market Gross Written Premiums (GWP), for Life and Non-Life combined, grew by 45.5% as at the end of the fiscal year 2024/25. In the year 2023/24, Non-Life and Life combined grew by a moderate rate of 22%.

The total industry premiums of the Sharia’h compliant Takaful business reached Birr 470.6 million at June 30, 2025. It grew by 25.8% during the reporting year.



Top-performing Insurance Brokers recognized during the Annual Performance Review Meeting

IV. PERFORMANCE OF THE COMPANY

The fiscal year 2024/25 was a year of record high performance in terms of gross written premiums.

1. NON-LIFE

Our Company's Non-Life business grew by 43% over the previous year. As at June 30, 2025, the Non-Life premiums reached Birr 3.724 billion increasing by over 1.12 billion in a year. All classes of business recorded growth during the fiscal year under report.

2. LIFE BUSINESS

The life business exhibited an incredible performance of 48% during the fiscal year. The written premiums reached Birr 656.27 million on June 30, 2025. The gain in our life premiums could have been much higher had it not been because of the rate-cut based competition in the industry.

3. TAKAFUL BUSINESS

The Sharia'h compliant line of business, the general Takaful, showed a phenomenal growth of 124% at the end of the budget year. Our Salaam Takaful business is expected to yield much greater results in the years to come given the immense potentials available in the market.

4. CONSOLIDATED RESULTS

4.1. COMBINED UNDERWRITING RESULT

Non-Life and Life business combined produced written premiums of Birr 4.383 billion at June 30, 2025. The consolidated premiums of the two major lines showed a marvelous growth rate of 43.7%. The increase in written premiums in absolute figure was over Birr 1.38 billion in just a year.

The Gross Written Premiums for all the three major lines for the year ended June 30, 2025 magnificently increased up to Birr 4.534 billion as compared to Birr 3.12 billion of the year 2023/24. Our Company has, as a top-tier, maintained its dominant position with these results.

4.2. PORTFOLIO MIX AND RETENTION

The Company continued to make positive underwriting operational profit which is one of the vital performance indicators for the trade we are in.

The Portfolio mix, as always, was dominated by the auto business during the year under review. Motor class of business has continued to take the lion's share of the Company's total premium portfolio accounting for 51% as at 30 June 2025. The previous year it was 56%. Motor was followed by PVT (14%) and Fire (8.3%) in the mix. We have once again managed to put a bridle on the Motor class through the instrumentality of various underwriting measures in place.





Our business retention ratio for Non-life for the budget year 2024/25 was 64%; the previous year it was 69%.

4.3. FINANCIAL RESULTS

Our Company, Awash Insurance, has registered one of the strongest growth rates in recent years. Despite several hurdles, we achieved growth in gross written premiums across all lines of business.

Not only the premium revenue income but the underwriting result for the fiscal year was quite impressive. Our Company, has succeeded, after many ups and downs, in the implementation of IFRS 9 and 17 this financial year (2024/25) in the analysis and preparation of Financial Statements.

On June 30, 2025, the consolidated Insurance services result showed a sizable increase to Birr 721.1 million in 2024/25 from Birr 500.68 million in the preceding year. It was a rise by 44% over the year 2023/24; and this satisfactory achievement wasn't attained easily. The stringent underwriting policy tools were fully in use and instrumental in yielding these marvelous results.

The net claims ratio for the year ended June 30, 2025 in general insurance was checked at an acceptable 56%. The rise in net claims incurred and the net paid claims amounts were attributable to the inflationary condition and rise in labor and spare parts costs.

The combined gross profit before tax, excluding Takaful, registered a growth of 23% during the year. The gross profit before tax for the fiscal year 2024/25 crossed a billion birr figure for the first time reaching Birr 1.11 billion. The net profit for the year, after provision for tax, stood at Birr 956.768 million.

Our Company, as a high-performing top-tier company, leads the industry in making it possible in this key financial performance metrics as well. We deeply feel satisfied to have maintained sound and strong financial health despite market volatility.

The paid-up capital of our company also increased by Birr 725.7 million, reaching Birr 2.65 billion as of the Balance Sheet date.

Earnings per share (EPS) weighted against the capital base that increased by 38%, was Birr 180.00 or 36% percent. Given the hardening of the competition and the trading environment, including the unpredictability and retrospective application of some regulations to our disbelief, the bottom-line result achieved would be, by all acceptable parameters, wonderful.

The Board Directors recommend that the net profit for the year be declared as dividend. Shareholders may, however, plough back to settle their outstanding subscriptions, if any, or collect it in cash.



Partial view of 2024/25 Annual Performance Review Meeting





V) HIGHLIGHT ON NON-FINANCIALS

1. MARKET EXPANSION

We, under this sub-topic, would like to report on the delivery channels. During the review period, three contact offices were upgraded to a full-fledged branch. Two of them here in Addis Ababa and the third in Harar town, Harari Regional state.

One contact office was also opened in Adama town, Oromia Regional state. These would add up and bring our physical channels to 71 outlets at June 30, 2025, three contact offices included.

These branches would enhance our outreach and accessibility for our esteemed customers and prospects. Our company was, in fact, working hard to go digital in our services during the fiscal year to transform our service delivery and efficiency standards.

2. HUMAN RESOURCE

Our workforce has always been instrumental in putting us at the forefront of the industry. The Company will continue investing on its best asset and developing the winning culture and the team spirit as always. The human resource strength of the Company as at June 30, 2025 was 802; out of which 396 were female; the remaining balance went to the male. The gender mix, with female employees constituting almost half, indicates our Company's gender sensitivity and affirmative action, even in the higher management position. During the review year the company also gave employment opportunities for additional casual workers. Our sales agents, numbered in hundreds, were also among those who were given the employment opportunity.



Empowering Women in Leadership – Training Session by Ambassador Mulu Solomon

Our talent development strategy continued during the review year, which helped to elevate the competencies of our staff.

Total of 614 employees received training on various topics and at varying levels; out of which 41 were given overseas training including through correspondence for professional development. The company invested over Birr 24.1 million during the budget year for training. Our inclusive and targeted HR development plan will reinforce a winning culture where everyone employee will contribute his/her level best.

The hours spent and courses sponsored, through enhancing technical capabilities across the organization, will help in strengthening our ability to meet evolving customer expectations and compliance standards.

3. CORPORATE SOCIAL RESPONSIBILITY (CSR)

We, at Awash, deeply feel and believe that we are corporate citizens. Our three decades journey of success, financial and all others, witness to us that we were embraced, favoured and hence allowed to serve the communities. We believe that a company’s true value is measured not only by its financial results, but also by the positive difference it makes in people’s lives. During the FY 2024/25, our Company allocated and donated above Birr 30 million to assist those needy. Our 30th Anniversary was an opportune moment to put compassion into action. Giving back to the community is at the heart of who we are, and it is woven into every decision we make to strengthen and revitalize our community.



Board Chairpersons of the Sister Companies presenting donations to various humanitarian organizations in celebration of the 30th Anniversary





4. INVESTMENT

4.1. EQUITY INVESTMENT

Investment diversification was another area of engagement during the year. Strategic investment is the engine that drives growth enabling us to expand into new markets and in effect yielding strength in our competitive edge. It also serves as the cornerstone of sustainable growth and long-term value creation.

Cognizant of the fact that these investments not only drive business performance rather build resilience on top of reinforcing shareholders confidence, the Board of Directors of Awash Insurance thoroughly examined various proposals on investment submitted to it during the fiscal year.

The Board, therefore, decided on an additional equity investment of Birr 555.76 million in six companies during the budget year. The Board also allowed the conversion of additional statutory deposit of Birr 107.59 million into Bond purchase, the GERD bond, in so doing supporting and financing the various development efforts of the Government. On top of these, the Board decided on the purchase of Development Bank of Ethiopia's (DBE) bond worth Birr 120.275 million.

Our Company's fixed time deposit increased by Birr 568.93 million during the budget year and reached Birr 2.6 Billion as at June 30, 2025 supporting the crucial deposit need of the banking sector to finance various sectors of our economy.

4.2. CONSTRUCTION OF HEADQUARTERS BUILDING

One of the important areas of engagement during the reporting year was the new Headquarters building project. Our new Headquarters building represents a strategic investment in infrastructure reflecting our commitment to strengthening our asset base and long-term value creation.



New Headquarters Building Construction Project Contract Signing

The 4B+G+35 storey Headquarters building construction project in Lideta Sub-City, in Addis Ababa, was progressing quite well during the budget year.

The investment in Headquarters building adds immensely to the value of the company in the market on top of the immediate benefits it brings. The new Headquarters building will serve as a flagship and a physical symbol of corporate identity and stability to clients, investors and the public.

We recall reporting to you the near completion of the basement shoring construction work in our last annual report. The kicking off of the design revision to meet the new regulatory standard on building setbacks from roads was at early stage then. At the close of the budget year 2024/25, we would like to report the full completion of the shoring and excavation work, delivering significant cost savings, and site clearance to pave the way for the launching of main construction work, and that of the design revision too was completed. Contract was signed for the structural phase on July 3, 2025 for Birr 3.64 billion and the construction is underway. We are very pleased to inform you that, following many ups and downs in bidder selection and negotiation, the main construction work has been successfully launched with a final agreement reached with the China Railway Seventh Group Co. Ltd..

Furthermore, Ureal building expansion work too was advancing through additional land acquisition and completion of clearance work.



*Architectural Design
New Headquarters
Building*





VI) CORPORATE GOVERNANCE

During the Fiscal Year 2024/25, the Board of Directors accomplished various activities to ensure compliance and enhance corporate governance. The major activities carried out by the Board were summarized as follows:

1. The Board reviewed and approved various policies including Procurement Policy and Product Development Policy. The Board also approved the revised operational policies of Underwriting, Claims, Reinsurance and Retakaful in consideration of their significance in the operation of the Company;
2. The Board approved the Project Governance Plan for the New Headquarters Building. The Board also approved the final bid price of Birr 3.6 Billion with China Railway Seventh Group (CRSG) for the structure and embedment works of the New Headquarters building and provided close oversight by regularly assessing its status update;
3. Upon considering its strategic benefits to Awash Insurance, the Board approved additional equity investments in Awash Bank S.C. and Oda S.C. Furthermore, the Board approved investment proposal in Awash Investment Bank S.C. The Board also approved purchase of a prime office space for Takaful Operation for Birr 20.5 million. The Board has made these decisions to respond to the dynamics in the economic and policy environment and with the purpose of ensuring that it is positioned to guide long-term strategic growth.
4. The Board approved the revision to Vision 2030 strategy as related to key Financial targets and indicators in the Strategic Plan for Fiscal Year 2024/25 - 2030/31 to enable the Company to align with the dynamics in the business and realize its long-term business objectives. To this effect, the Board regularly reviewed progress reports of the Strategic Initiatives implementation and provided directions to the Management;
5. To meet the requirements of the Accounting and Auditing Board of Ethiopia, the Board monitored implementation of IFRS 9 and 17 which was adopted following series of negotiations by the Association of Ethiopian Insurers (AEI) conducted on its acquisition;
6. The Board received Off-Site Surveillance Reports of the National Bank of Ethiopia. The Board considered the recommendations contained in the reports and gave directions to the Management based on the recommendations;
7. The Board monitored the Company's financial reporting, internal controls, risk management, and external audit processes, ensuring the integrity of financial statements and compliance with relevant regulations. The Board reviewed quarterly and annual financial statements of the Company to ensure that the statements present a true and fair view of the Company's financial position;



Board of Directors, Sharia'h Advisory Council with the CEO

8. The Board followed up and ascertained that the preparation of Information Technology Strategy and Information Technology Policy were finalized on time as they are an essential part of the Company's commitment to innovation, growth and operational excellence to ensure that technology infrastructure and digital capabilities align with business goals and respond to the dynamic situation in the market;

9. The Board reviewed monthly and quarterly reports of the Board Committees. The Board Committees conducted monthly meetings and were active in submitting quarterly reports to the Board. Based on the reports of Board Committees, the Board provided strategic guidance to the Management;

10. Recognizing that effective risk management is essential to preserving and creating value, the Board formally adopted and embedded the Enterprise Risk Management (ERM) Program into the Company's day-to-day operations. In addition to its regular oversight of internal financial analysis and review of the National Bank of Ethiopia's off-site surveillance reports, the Board closely monitored the implementation status of risk mitigation measures. Besides, The Board oversaw and ensured that the Risk Register has been fully updated, while the Risk Appetite and Tolerance Limits are being developed to be followed up by adoption and implementation;





11. The Board considered preparatory steps taken by the Management to register the Company's securities with the Ethiopian Capital Market Authority (ECMA in line with the requirements of Public Offering and Trading of Securities Directive Number 1030/2024;

12. The Board considered and approved amendment to the Organization Structure to realign with new developments and current requirements. Aligning with the refined Organization Structure and the Company's succession plan, the Board also approved appointment of Senior Executive Officers;

13. The Board conducted the 30th Annual Ordinary and 12th Extraordinary General Meetings of Shareholders and provided instructions on the timely registration and authentication of the minutes of the meetings. The Board monitored implementation of the resolutions of the General Meetings of the shareholders and gave directions on the preparations for the conduct of the 31st Annual Ordinary General Meeting of shareholders;

14. The Board approved the Annual Operating Plan/Business Plan of the Company for the Fiscal Year 2025/26 which marked the fifth year in the Company's Vision 2030 Strategic Plan period;

15. The Board reviewed monthly and quarterly performance based on qualitative and quantitative reports and attended Mid-Year and Annual Performance Review Meetings. Accordingly, the Board recognized the Management and the staff for achieving remarkable growth and market share for 2024/25. The Board also advised the Management to exert utmost efforts to maintain corporate performance and enhance the competitiveness of the Company for the Fiscal Year 2025/26;

16. The Board approved amendment to staff benefits package. The amendment in staff benefits package was expected to help the staff to cope with the inflationary environment and to serve as staff retention and motivation strategy;

17. The 2023/24 Annual compensation limit of Birr 150,000.00 (One Hundred Fifty Thousand) and 2024/25 monthly allowance of Birr 10,000.00 (Ten Thousand) for Board of Directors were paid in line with the regulatory standard and the resolutions of the 30th Annual Ordinary General Meeting of Shareholders. On the other hand, the annual salary and benefits paid to the CEO were Birr 4,320,000.00 (Four Million Three Hundred Twenty Thousand) and Birr 600,000.00 (Six Hundred Thousand) respectively. Besides, a company car with fuel was provided to the CEO. There were no loans or securities extended to the Board Directors or the CEO;

18. In the fiscal year, 12 regular and 15 special Board meetings were held. Most of the Board of Directors attended all meetings while some of them attended above the minimum requirement of

75% of the meetings. In these meetings, the Board of Directors considered Management reports and resolved on issues of strategic importance;

19. The Board attended training on Financial Leadership, Innovation and Technology in Insurance Company Governance;

20. The Board endorsed the budget for the celebration of the 30th Anniversary of the sister companies (Awash Bank and Awash Insurance) and oversaw that the Anniversary events were carried out as planned.

21. The Board approved salary increment and bonus to the Management and staff members based on the Company's profitable performance for the fiscal year 2024/25. In the fiscal year, the Company collected a gross written premium of more than Birr 4.5 Billion from all Classes of Business and maintained its market leadership among the private insurance companies; and

22. The Board carried out mid-year and annual evaluation of the effectiveness of the Board as a whole, Board Committees and individual Board Directors. Summary of the evaluation results was filed at the NBE.



Best performing branches of the year with Board of Directors and the CEO





VII) CHALLENGES AND THE FUTURE

As in the years that preceded, the year under report brought more challenges than opportunities. The ever worsening competition mainly characterized and led by pricing strategy and unethical business practices were some among the challenges faced during the reporting year.

The increasing cost of doing business in general, as well as the continuously rising prices of spare parts, labor and Medicare in particular, further exacerbated the problem. Furthermore, the shortage of skilled and experienced manpower in the insurance trade and the ever-increasing costs of rental office spaces for branch expansion have all contributed to the challenges.

On the optimistic side, the Government's privatization and liberalization programs, the likelihood of the entry of foreign banks and the possibility of opening up the retail and wholesale businesses to foreigners for capital attraction may create business opportunities for insurance companies. Government's strategic direction to expand information communication technologies in general and the expansion of electronic payment systems in particular would promote digital insurance services and help revitalize the image of our industry.

VIII) PROSPECTS AND WAY FORWARD

The Ethiopian economy, despite the many challenges, showed its resilience and grew, according to official sources, by 8.4 % in the FY 2017 E.C. (2024/25).

The national economy is planned to expand further driven by the daring moves and actions to reform the macro-economy. Through the instrumentality of the Home-grown Economic Reform Program and the Government's commitment to deepen the reform and provided that the peace and security challenges will be addressed, the economy would hopefully thrive and consolidate its growth gains.

The projected economic expansion, the positive impacts of the various large-scale projects expected to be launched in the New Year, Ethiopia's digital transformation initiatives, the new capital market system, and the completion of the Grand Renaissance Dam will have; all are likely to spur business activities on the ground that will yield concrete results in the coming year(s).

The power sector, as obvious, is a foundational infrastructure. The inauguration of the GERD is, therefore, expected to re-energize the performance of the various sectors of the economy like the key manufacturing sector, in particular.

The Ethiopian insurance industry is, therefore, poised for accelerated growth during the upcoming year and beyond.

As at June 30, 2025, the combined GWP performance of the insurance industry was an impressive growth of 45.2 % in all the three lines of business, according to NBE's latest data.

If we look at the performance of the general insurance business, the Non-life alone, with a record growth of 46.2% as at June 30, 2025, we would be obliged to opt for optimistic view about the future.

It is believed, therefore, that with the holding of the assumptions and projections for economic growth grounded on the Federal Government’s commitment and targeted policy interventions to further spur economic activities, our industry stands to benefit from and is poised for accelerated growth in the year(s) ahead.

Our company too through the instrumentality of the transformative Vision 2030 strategy and the various strategic investments and powered specifically by the adoption of the digitalization strategy and some other transformative initiatives, would undoubtedly assume the lion’s share of the prospects and solidify its market position in effect realizing the departure from the pack.

The clear signs for the departure were already there. Our Company delivered, across all markets, outstanding growth driven by a combination of suitable products, efficient operations and customer-friendly services all geared towards realizing excelled customer experience and these, as a competitive edge, would catalize speedy growth and help consolidate our leadership in the market.



Board of Directors, CEO, Management Team and Branch Managers (Partial) celebrating the success of the 2024/25 fiscal year





IX) VOTE OF GRATITUDE

A special thank you vote of the Board goes to our most valued customers who trusted us always and throughout the year. Our Company, Awash Insurance, has become a big and dominant brand because of you; thank you for the patronage and for giving us the chance to serve you all these years.

Our shareholders, too, deserve our due respect for their unswerving support and for rallying behind their company in difficult years, like the one under review.

The Board also treasures and reminisces for the association our Company has established with the Ethiopian Insurers and a very strong business relationship developed with our Reinsurers as well as overseas Insurance and Reinsurance brokers. The Board would also like to accord its sincere gratitude to the NBE as well as the Management and entire staff of Awash Bank, the sister Company, for the good understanding and cooperation we received throughout the year.

We thank our insurance sales agents, too, for their valuable contributions during all the years past. We thank all of you mentioned right above deeply and heartily.

Special credit of the Board goes to the Management and to all employees of our Company who have played and continue to play pivotal role in the Company's success and growth.

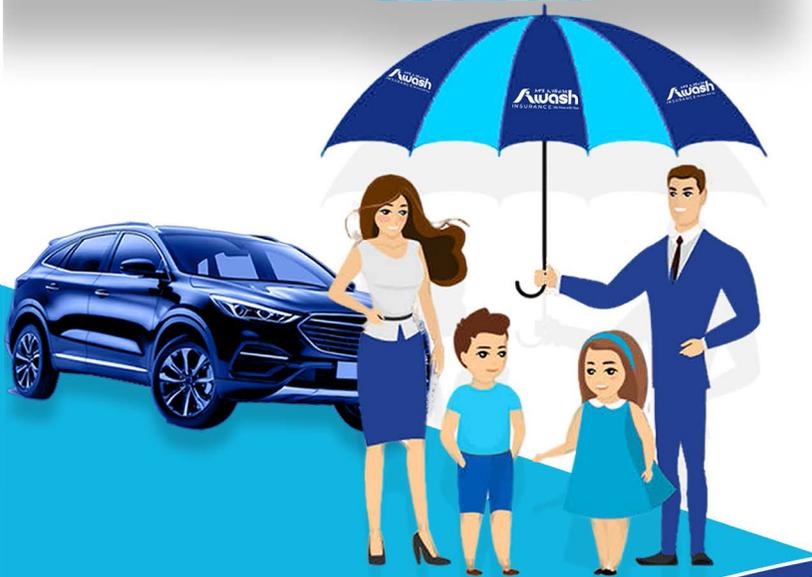
The Board owe you all too much. Our Company sailed successfully over turbulent seas facing all the tough challenges of the business throughout the year 2024/25 consolidating its unbeatable market position. We made it possible because of you; the incredible success registered wouldn't have been possible without your support and backing.

Thank you.

Tadesse Gemedo
Chairman, Board of Directors

አዋሽ ኢንሹራንስ Awash INSURANCE | We Flow with You

Protect what matters most to you with Awash Insurance!



Why Awash?

- Affordable Premiums*
- Reliable Coverage and*
- Prompt claims service*

FOLLOW US ON:      

Contact us today to learn more how we can help you protect what matters most!



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+251 115 57 0266
+251 115 57 0211



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aic@ethionet.et



www.awashinsurance.com



AWASH INSURANCE S.C
Annual IFRS Financial Statements
June 30, 2025

AWASH INSURANCE S.C.

Annual IFRS Financial Statements

For the year ended 30 June 2025

Directors, Professional Advisors and Registered Office

Directors (as of 30 June, 2025)

Date of appointment

Tadesse Gemedo	Chairman	October 28 th 2022
Aseffa Seyoum (PhD)	Vice Chairman	October 28 th 2022
Getachew Assefa (Eng.)	Non-Executive Director	October 28 th 2022
Gifty Yoseph	Non-Executive Director	October 28 th 2022
Kebede Asres (Captain)	Non-Executive Director	October 28 th 2022
Dandi Waka Toko PLC	Non-Executive Director	October 28 th 2022
Solomon Nekatibeb	Non-Executive Director	October 28 th 2022
Tsegaye Sori (Eng.)	Non-Executive Director	October 28 th 2022
Wubishet Geremew (Captain)	Non-Executive Director	October 28 th 2022

Executive Management

Jibat Alemneh	Chief Executive Officer
Frehiwot Alemayehu	Chief Customers Officer
Kumsa Birisa	Chief Operating Officer
Dejene Tsegaye	Chief Technology Officer
Adane Seyoum	Chief Finance Officer
Taddese Roba	Advisor to the CEO
Alemayehu Kabtimer	Head, Life and Health
Ayele Desalegn	Head, General Insurance Underwriting
Bernabas Teklu	Acting Head, Audit and Inspection
Chara Degefu	Head, Engineering
Derese Berhanu	Head, Information System & Improvement
Elham Abubeker	Head, Takaful Operation
Fekadu Dinku	Head, Branch Channel
Firafis Dejene	Acting Head, Human Resource Management
Gelana Assefa	Head, Procurement, Logistics & Property Administration
Genet Bekele	Head, General Insurance Claims
Samson Belina	Head, Risk & Compliance
Sinafikish Tekle	Head, Legal & Advisory Services
Wondemagegn Zewdie	Project Manager
Workneh Mekonnen	Head, Strategy ,Change and Innovation
Yohannes Tegegne	Head, ICT Infrastructure

Sharia'h Advisory Council

Adil Abdullahi	Chairman
Sheik Sultan Haji Aman	Member
Dr. Mohammedhakim Ahmed Hasan	Member

Independent auditor

TAY Authorized Accountants and Auditors
Obtained Certificate from Accounting and Auditing Board of Ethiopia
Certificate No. ABF 00009
Ethio- China Friendship Street
Addis Ababa
Ethiopia





AWASH INSURANCE S.C.

Annual IFRS Financial Statements

For the year ended 30 June 2025

Directors, Professional Advisors and Registered Office

Corporate office

Awash Towers
Ras Abebe Aregay Street
Addis Ababa,
Ethiopia

Principal bankers

Awash Bank
Bank of Abyssinia
Berhan International Bank
Dashen Bank
Enat Bank
Commercial Bank of Ethiopia
United Bank
Oromia International Bank
Wegagan Bank
Nib Bank
Cooperative Bank of Oromia
Abay Bank
Global Bank Ethiopia
Geda Bank
Siinqee Bank

Reinsurers/Reinsurance Brokers

Africa Reinsurers Corporation
Ethiopian Reinsurance Share Company
Zep Re (PTA Reinsurance Company)
Munich Reinsurance Company of Africa LTD.
East Africa Reinsurance Company LTD.
Afro Asian Insurance Service LTD
Apex Reinsurance Broker
NASCO France
Fair Insurance & Reinsurance Broker

Consulting Actuaries

Actuarial Services (EA) Ltd.
1113 Kayahwe Rd, Off Galana Road
P. O. Box 10472 - 00100
Kilimani Nairobi, Kenya

Estate surveyor and valuer:

African Business and Development Consultants (ABD- Consult) Plc.
P.O Box 4478
Addis Ababa
Ethiopia

AWASH INSURANCE S.C.

Annual IFRS Financial Statements

For the year ended 30 June 2025

Statement of Directors' Responsibilities

In accordance with the Financial Reporting Proclamation No. 847/2014 and Insurance Business Proclamation No.746/2012, as amended by the Insurance Business (Amendment) Proclamation No.1163/2019, all reporting entities established in accordance with the Ethiopian law or operating in Ethiopia are to prepare financial statements in accordance with the International Financial Reporting Standards.

The Company's Management is responsible for the preparation and fair presentation of these financial statements in conformity with International Financial Reporting Standards and in the manner required by the Commercial Code of Ethiopia, Proclamation No. 1243/2021 and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Company is required to keep such records as are necessary to:

- A) exhibit clearly and correctly the state of its affairs;
- B) explain its transactions and financial position; and
- C) enable the National Bank of Ethiopia to determine whether the Company had complied with the provisions of the Insurance Business Proclamation, regulations and directives issued for the implementation of the aforementioned Proclamation.

The Management is responsible for the maintenance of accounting records that may be relied upon in the preparation of the financial statements as well as adequate systems of internal control.

The Board of Directors (the Board) submits to the Auditors the annual financial statements which have been prepared by the Management using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards, Insurance Business Proclamation, Commercial Code of 2021 as well as the requirements of the Accounting and Auditing Board of Ethiopia and the relevant Directives issued by the National Bank of Ethiopia.

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

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

Signed by:



Tadesse Gemed
Chairman, Board of Directors
October 14, 2025



Jibat Alemneh
Chief Executive Officer
October 14, 2025





AWASH INSURANCE S.C.

Annual IFRS Financial Statements
For the year ended 30 June 2025
Sharia'h Advisory Council Report



Sheik Sultan Haji Aman
Council Memebr



Adil Abdullahi
Chairman
Sharia'h Advisory Council



**Dr. Mohammedhakim Ahmed
Hasen**
Council Memebr

STATEMENT OF THE SHARIA'H ADVISORY COUNCIL

The Council held 12 meetings during the financial year. All the members of the Council attended the meetings.

We, Adil Abdullahi, Sheik Sultan Haji Aman and Dr. Mohammedhakim Ahmed Hasen, members of the Sharia'h Advisory Council of Takaful Window Operation of Awash Insurance S.C. hereby confirm on behalf of the Sharia'h Advisory Council that strategic support was provided to the Company's Takaful Window Operation under 'Salaam Takaful'; and the operations of the Company's Takaful business for the financial year ended June 30, 2025 was conducted in conformity with the Sharia'h requirements.

Regarding the financial result of the fiscal year 2024/25, a surplus after tax of Birr 9.6 Million was reported in the financial statement. Upon considering the the provisions of Article 5 of " A Directive to License a Takaful Window Operator Number STB/1/2020", we, the members of the Sharia'h Advisory Council, have unanimously endorsed to maintain the 2024/25 surplus after tax of Birr 9.6 Million as a reserve in order to strengthen the Takaful fund.

Signed on behalf of the Sharia'h Advisory Council

Adil Abdullahi
October 8, 2025



INDEPENDENT AUDITOR’S REPORT TO THE SHAREHOLDERS OF AWASH INSURANCE S.C.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Awash Insurance S.C, which comprise the statement of the financial position as at 30 June, 2025, and 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 notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give true and fair view of the financial position of the Company as at 30 June 2025 and of its statements of profit or loss and other comprehensive income and its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

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.

Responsibilities of the Management and those Charged with Governance for the Financial Statements

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting policies of the Company and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the 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



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 e-mail: info@tayauditing.com - www.tayauditing.com - P.O. Box 1335 - Addis Ababa, Ethiopia



intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Company report as a whole is 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 taken together, they could reasonably be expected to influence the economic decisions of users taken because of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Based on our duties and methodologies we used as stated under the basis for opinion paragraph above and pursuant to Article 349 of the Commercial Code of Ethiopia 2021 proclamation 1243 and we recommend approval of the financial statements by the shareholders.

The engagement partner on the audit resulting in this independent auditor's report is Ato Yeheyis Bekele BA, FCCA.

TAY Audit Service LLP



Addis Ababa
24 October 2025





**INDEPENDENT AUDITOR’S REPORT TO THE SHAREHOLDERS OF
AWASH INSURANCE S.C.**

Report on Other Legal and Regulatory Requirements

On the board of directors

Pursuant to Article 349 sub article 1 of the Commercial Code of Ethiopia, proclamation number 1243/2021 we have no comment to make on the report of the board of directors so as it related to the financial statements ended 30 June 2025 and hence, we recommend approval of the Board of directors report.

The engagement partner on the audit resulting in this independent auditor’s report is Ato Yeheyis Bekele BA, FCCA.


TAY Audit Service LLP



Addis Ababa
24 October 2025

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e-mail: info@tayauditing.com - www.tayauditing.com - P.O. Box 1335 - Addis Ababa, Ethiopia



**INDEPENDENT AUDITOR’S REPORT TO THE SHAREHOLDERS OF
AWASH INSURANCE S.C.**

Report on Other Legal and Regulatory Requirements

On the proposal for distribution of profit

Pursuant to Article 349 sub article 2 of the Commercial Code of Ethiopia, proclamation number 1243/2021 the proposal for distribution of profit submitted by the directors so as it related to the financial statements ended 30 June 2025 and hence, we recommend approval of the proposal for distribution of profit

The engagement partner on the audit resulting in this independent auditor’s report is Ato Yeheyis Bekele BA, FCCA.

TAY Audit Service LLP



Addis Ababa
24 October 2025

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AWASH INSURANCE S.C.

Annual IFRS Financial Statements

For the year ended 30 June 2025

Statement of Profit or Loss and Other Comprehensive Income

		30 June 2025	30 June 2024
	Notes	Birr'000	Birr'000
Insurance Revenue	6	3,681,516	2,789,709
Takaful Revenue	6	100,506	56,189
Insurance Service Expenses	6	(2,535,854)	(2,358,467)
Takaful Service Expenses	6	(64,963)	(35,858)
Net Expenses From Reinsurance Contracts Held	6	(446,614)	51,058
Net Expenses From Retakaful Contracts Held	6	(23,288)	(9,803)
Insurance Service Result	6	711,303	492,828
Insurance Finance Income	6	94,525	88,933
Reinsurance Finance Income	6	(44,517)	(42,951)
Insurance Finance Result	6	50,008	45,982
Investment income	7	812,612	606,881
Wakala fee income	8	17,836	11,321
Other operating income	8	118,225	36,234
		948,673	654,436
Finance costs		(369)	(518)
Other operating & admin. expenses		(566,933)	(288,282)
Decrease/Increase/in Takaful fund net of tax		(9,600)	(20,205)
Actuarial life insurance reserve		(21,589)	(10,670)
		(598,122)	(319,675)
Profit before income tax		1,111,862	873,571
Income tax expense		(155,095)	(107,706)
Profit after income tax		956,767	765,865
Other comprehensive income			
Items that will not be subsequently reclassified into profit or loss:			
Fair Value adjustment of revalued properties	11	(15,855)	(15,768)
Fair Value adjustment of financial asset	14a	460,841	116,008
Remeasurement (gain)/loss on defined benefits obligations			5,506
		444,986	105,746
deferred tax expense(30%)	12e	(133,496)	(31,724)
Fair Value adjustment of revalued properties net of tax		311,490	74,022
Remeasurement gain/loss on defined benefits obligations net of tax	32	(195)	3,854
		311,295	74,022
Basic & diluted earnings per share (Birr)	32	0.36	

Tadesse Gemedo
Chairman, Board of Directors
October 14, 2025

Jibat Alemneh
Chief Executive Officer
October 14, 2025

AWASH INSURANCE S.C.

Annual IFRS Financial Statements

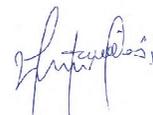
For the year ended 30 June 2025

Statement of Financial Position

	Notes	30 June 2025 Birr'000	30 June 2024 Birr'000
ASSETS			
Cash and bank balances	13	3,932,603	2,883,300
Financial assets:			
– Fair value through other comprehensive income	14(a)	2,731,505	1,710,345
– Debt instruments at amortised cost	14(c)	441,272	244,227
Insurance receivables	15	20,830	2,951
Reinsurance assets	16(a)	1,397,838	1,063,137
Retakaful assets	16(b)	31,681	9,533
Other assets	17	347,145	182,054
Salvage property held for sale	18	67,835	49,970
Right of use asset	19 a	68,002	76,728
Property, plant and equipment	20	1,215,720	1,144,610
Investment properties	21	452,678	397,301
Intangible assets	22	18,217	8,474
Statutory deposits	23	391,877	284,286
Total assets		<u>11,117,204</u>	<u>8,056,915</u>
LIABILITIES			
Insurance contract liabilities	24	4,270,332	3,251,518
Provisions for claims under litigations	25	1,509	13,829
Insurance payables	26	570,608	354,943
Other liabilities	27	394,498	169,661
Defined benefit obligations	29	23,304	23,109
Deferred tax liability	12e	456,072	322,382
Current income tax liabilities	12 c&d	159,209	110,673
Lease liability	27	14,748	16,557
Takaful liabilities	26	115,781	46,662
Retakaful liabilities	24	20,948	12,968
Payable to takaful participants	27	3,970	29
Participants' takaful fund	28	11,258	2,619
Qard	30	9,000	9,000
Total liabilities		<u>6,051,237</u>	<u>4,333,949</u>
EQUITY			
Share capital	31	2,647,210	1,921,492
Share premium	31	68,379	33,224
Retained earnings	33	1,959,488	1,472,626
Legal reserve	34	390,890	295,625
Total equity		5,065,967	3,722,966
Total equity and liabilities		<u>11,117,204</u>	<u>8,056,915</u>



Tadesse Gemedo
Chairman, Board of Directors
October 14, 2025



Jibat Alemneh
Chief Executive Officer
October 14, 2025





AWASH INSURANCE S.C.

Annual IFRS Financial Statements
For the year ended 30 June 2025
Statement of Changes in Equity

	Notes	Share capital Birr'000	Share premium Birr'000	Retained earnings Birr'000	Legal reserve Birr'000	Total Birr'000
As at 1 July 2023		1,411,094	4,699	1,171,138	215,441	2,802,372
Additional shares issued	32	510,398	28,525	-	-	538,923
Dividends paid during the year	34	-	-	(456,862)	-	(456,862)
Directors' compensation	34	-	-	(1,350)	-	(1,350)
Profit for the year	34	-	-	765,859	-	765,859
Other comprehensive income						-
FairValue adjustment in OCI net of tax						-
<i>Remeasurement (gain)/loss on defined benefits obligations (net of tax)</i>		-	-	74,022	-	74,022
Total comprehensive income for the year		-	-	839,881	-	839,881
Transfer to legal reserve	36			(80,184)	80,184	
As at 30 June 2024		1,921,492	33,224	1,472,626	295,625	3,722,965
As at 1 July 2024		1,921,492	33,224	1,472,626	295,625	3,722,965
Additional shares issued	32	725,718	35,155	-	-	760,873
Dividends paid during the year	34	-	-	(684,331)	-	(684,331)
Directors' compensation	34	-	-	(1,800)	-	(1,800)
Profit for the year	34	-	-	956,768	-	956,768
Other comprehensive income						-
<i>FairValue adjustment in OCI net of tax</i>				311,490		311,490
<i>Remeasurement (gain)/loss on defined benefits obligations (net of tax)</i>		-	-	-	-	-
Total comprehensive income for the year		-	-	1,268,258	-	1,268,258
Transfer to legal reserve	36			(95,265)	95,265	
As at 30 June 2025		2,647,210	68,379	1,959,488	390,890	5,065,965

Tadesse Gemedo
Chairman, Board of Directors
October 14, 2025

Jibat Alemneh
Chief Executive Officer
October 14, 2025

AWASH INSURANCE S.C.

Annual IFRS Financial Statements

For the year ended 30 June 2025

Statement of Cash Flows

	Notes	30 June 2025 Birr'000	30 June 2024 Birr'000
Cash flows from operating activities			
Cash generated from operations	35	1,266,823	729,824
Remeasurment of Employee Benefit	32	195	3,854
Income tax paid		(107,706)	(40,858)
Net cash (outflow)/ inflow from operating activities		1,159,311	692,820
Cash flows from investing activities			
Purchase of investment securities- equity investments	14	(560,319)	(387,930)
Purchase of debt instruments		(221,886)	(76,370)
Additional investment in fixed deposit	16	(497,696)	(288,154)
Purchase of investment property	21	(32,062)	(39,056)
Purchase of intangible assets		-	-
Purchase of property, plant and equipment	20	(153,978)	(292,634)
Proceeds from sale of property, plant and equipment	35	24,042	2,213
Dividend earned	7	342,239	281,466
Interest received	7	444,122	303,812
Net cash outflow from investing activities		(655,539)	(496,653)
Cash flows from financing activities			
Dividend paid		(684,331)	(456,862)
Repayment of lease liability	19 a	(24,352)	(13,661)
Proceeds from issues of shares	31	760,873	538,923
Net cash inflow(outflow) from financing activities		52,190	68,400
Changes in cash and cash equivalents		555,963	264,568
Cash and cash equivalents at the beginning of the year	13	722,615	458,047
Net increase/ (decrease) in cash and cash equivalents		555,963	264,568
Cash and cash equivalents at the end of the year	13	1,278,578	722,615



Tadesse Gemedo
Chairman, Board of Directors
October 14, 2025



Jibat Alemneh
Chief Executive Officer
October 14, 2025





AWASH INSURANCE S.C.

Annual IFRS Financial Statements

For the year ended 30 June 2025

Notes to the Financial Statements

1 General information

Awash Insurance S.C. ("the Company") is a private commercial insurance company domiciled in Ethiopia. The Company was established on 1 October 1994 in accordance with the provisions of the Commercial Code of Ethiopia in conformity with International Financial Reporting Standards and in the manner required by the Commercial Code of Ethiopia, Proclamation No. 1243/2021 and subsequently by the Insurance Business Proclamation No.746/2012 as amended by the Insurance Business (Amendment) Proclamation No.1163/2019. The registered office is at:

Awash Towers,
Ras Abebe Aregay Street,
Addis Ababa,
Ethiopia.

The Company is principally engaged in the provision of general and life insurance services to clients in Ethiopian market.

2 Summary of significant accounting policies

2.1 Introduction to summary of significant accounting policies

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

2.2 Basis of preparation

The financial statements for the year ended 30 June 2025 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Additional information required by Ethiopian laws including Insurance Business Proclamation No. 746/2012, as amended by the Insurance Business (Amendment) Proclamation No.1163/2019 and Financial Reporting Proclamation No. 847/2014 are included where appropriate.

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

The financial statements have been prepared in accordance with the going concern principle under the historical cost concept except for investment properties, buildings and vehicles which are measured at fair value at deemed cost.

All values are rounded to the nearest thousand, except when otherwise indicated. The financial statements are presented in thousands of Ethiopian Birr (Birr' 000).

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

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

2.2.1 Going concern

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

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2.2.2 Changes in accounting policies and disclosures

The Company applied the following standards.

IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Company.

The company being engaged in insurance business classifies its contracts into insurance contracts and reinsurance contracts.

Under IFRS 17, the Company's insurance contracts issued and reinsurance contracts held are all eligible to be measured by applying the Premium Allocation Approach (PAA).

The PAA simplifies the measurement of insurance contracts in comparison with the general model in IFRS 17.

The measurement principles of the PAA differ from the 'earned premium approach' used by the Company under IFRS 4 in the following key areas:

The liability for remaining coverage reflects premiums received less deferred insurance acquisition cash flows and less amounts recognized as revenue for insurance services provided.

Measurement of the liability for remaining coverage involves an explicit inclusion of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component.

Measurement of the liability for incurred claims is determined on a discounted probability-weighted expected value basis and includes an explicit risk adjustment for non-financial risk. The liability for incurred claims includes the Group's obligation to pay other incurred insurance expenses.

The liability for remaining coverage and liability for incurred claims are presented separately for insurance contracts issued and reinsurance contracts held.

b) Changes to Presentation and Disclosure

For presentation of statement of financial position for the year, the Company aggregates insurance contracts issued, and reinsurance contracts held, respectively and presents separately:

- Portfolio of insurance issued that are assets.
- Portfolio of insurance issued that are liabilities.
- Portfolio of reinsurance contracts held that are assets.
- Portfolio of reinsurance contracts held that are liabilities.

The portfolio referred to above are those established at initial recognition in accordance with IFRS 17 requirements.

The line-item description in the statement of profit or loss and other comprehensive income that have been changed significantly compared with the last year are as follows:

Previously Reported Under IFRS 4:

- Gross premiums written.
- Net earned premiums.
- Gross claims incurred and policyholder benefits expenses.
- Net claims and benefits

Instead, IFRS 17 requires a separate presentation of:

Insurance revenue
Insurance service expenses
Net Expenses From reinsurance Contracts Held
Finance Expenses From Insurance Contracts
Finance Expenses From Reinsurance Contracts

Insurance and Reinsurance Contracts





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Definition and Classification

Insurance contracts are contracts under which the Company accepts significant insurance risk from an insurer by agreeing to compensate the insurer if a specified uncertain future event adversely affects the insurer.

In making this assessment, all substantive rights, and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Company uses judgement to assess whether a contract transfers insurance risk (i.e. if there is scenario with commercial substance in which the Company has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant.

The Company uses reinsurance agreements, to reduce its exposure to risks assumed, to increase its aggregate underwriting capacity. The ceding of risk to reinsurer does not relieve the Company from its direct obligations to its insured.

The Company does not write any investment contract with discretionary participation features or reinsurance contracts with direct participation features.

Recognition

The Company recognizes groups of insurance contracts it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date
- For a group of onerous contracts, if facts and circumstance indicate that the group is onerous.

The Company recognizes a group of reinsurance contracts held, it has entered into, from the earlier of the following:

- The beginning of the coverage period of the group of reinsurance contracts held.
- The date the company recognizes an onerous group of underlying reinsurance contracts held at or before that date.

Contract Boundary

The Company includes in the measurement of a group of insurance contract all the future cash flows within the boundary of each contract in the group. Cashflows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel policy holders to pay the premiums, or in which the Company has a substantive obligation to provide insurance contract services ends when the Company has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of the benefits that fully reflects those risks;

Both of the following criteria are satisfied:

- The Company has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as result, can set a price or level of benefits that fully reflects the risks of that portfolio,
- The pricing of the premiums up to the date when risks are assessed does not take into account the risks that relate to periods after reassessment date.

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract is not recognized. Such amounts relate to future insurance contracts.

Insurance Contracts Initial Measurement

The Company applies the premium allocation approach (PAA) to all the insurance contracts that it issue and reinsurance contracts it holds, as:

- The coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary; or
- For contracts longer than one year, the Company has done Simple PAA Eligibility test to check the proportion of the premium of these contracts compared to the entire premium.

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For a group of contracts that is not onerous at initial recognition, the Company measures the liability for the remaining coverage as follows:

- The premiums. If any, received at initial recognition,
- Minus any insurance acquisition cashflows at the date
- Plus or minus any amount arising from the derecognition at the date of the asset recognized for insurance acquisition cashflow and
- Any other assets or liability previously recognized for cash flows related to the group of contracts that Company pays or receives before the group of insurance contracts recognized.

Where facts and circumstances indicate that contracts are onerous at initial recognition, the Company performs additional analysis to determine if net outflows is expected from the contract. Such onerous contracts are separately grouped from other contracts and the Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfillment cashflows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognized.

Subsequent Measurement

The Company measures the carrying amount of the liability for the remaining coverage at the end of each reporting period as the liability for the remaining coverage at the beginning of the period:

- Plus premiums received in the period
- Minus insurance acquisition cashflows
- Plus or minus any amount arising from the derecognition at that date of the asset recognized for insurance acquisition cashflows
- Plus any amounts relating to the amortization of the insurance acquisition cashflows recognized as an expense in the reporting period for the group
- Plus any adjustment to the financing component, where applicable
- Minus the amount recognized as insurance revenue for the services provided in the period
- Minus any investment component paid or transferred to the liability for incurred claims.

The Company estimates the liability for incurred claims as the fulfillment cashflows related to incurred claims. The fulfillment cashflows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cashflows, they reflect current estimates from the perspective of the Company and include an explicit adjustment for non-financial risk (risk adjustment).

Reinsurance Contracts Initial Measurement

The Company measures its reinsurance assets for a group of reinsurance contracts that it holds on the same basis as insurance contracts that it issues. However, they are adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued, for example the generation of expenses or reduction in expenses rather than revenue.

Where the Company recognises a loss on initial recognition of an onerous contract group of underlying reinsurance contracts or when further underlying onerous reinsurance contracts are added to a group, the Company establishes a loss -recovery component of the asset for the remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

The Company calculates the loss-recovery component by multiplying the loss recognized on the underlying insurance contracts and the percentage of Reinsurance UPR on the underlying insurance contracts the Company expects to recover from the group of reinsurance contracts held.





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Subsequent Measurement

The subsequent measurement of reinsurance contracts held follows the same principle as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance held.

Modification & Derecognition

The Company derecognizes insurance contract when:

- The rights and obligations relating to the contract are extinguished (i.e. discharged, cancelled or expired), or
- The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Company derecognizes the initial contract and recognises the modified contract as a new contract.

Insurance Acquisition Cashflow

Insurance acquisition cashflows arise from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs.

Presentation

Portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. Any assets or liabilities recognised for cash flows arising before the recognition of the related group of contracts (including any assets for insurance acquisition cash flows under (iii)) are included in the carrying amount of the related

The Company disaggregates amounts recognised in the statement of profit or loss and OCI into:

A insurance service result, comprising insurance revenue and insurance service expenses; and insurance finance income or expenses.

Income and expenses from insurance contracts are presented separately from income and expenses from insurance contracts

Income and expenses from reinsurance contracts, other than reinsurance finance income or expenses, are presented on a net basis as 'net expenses from reinsurance contracts' in the reinsurance service result.

The Company does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses.

All changes in the risk adjustment for non-financial risk are included in the insurance service result.

Insurance revenue

The insurance revenue for the period is the amount of expected premium receipts (excluding any investments component) allocated to the period. The Company allocated the expected premium receipts to each period of the insurance contract services on the basis of the passage of time. But if the expected patten of release of risk during the coverage period differs significantly from the passage of time, then the allocation is made on the basis of the expected timing of incurred insurance service expenses.

The Company changes the basis of allocation between the two methods above as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate. For the periods presented, all revenue has been recognized on the basis of passage of time.

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Insurance service expenses

Insurance service expenses arising from insurance contracts are recognised in profit or loss generally as they are incurred. They comprise the following items.

- Incurred claims and other insurance service expenses:
- Amortisation of insurance acquisition cash flows: For contracts measured under the PAA, the Company amortizes insurance acquisition cashflows on a straight-line basis over the coverage period of the group of contracts.
- Losses on onerous contracts and reversals of such losses.
- Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein.
- Impairment losses on assets for insurance acquisition cash flows and reversals of such impairment losses.

Net Income Or Expenses From reinsurance Contracts Held

The Company presents separately on the face of statement of profit and loss, the amounts expected to be recovered from insurers, net of allocation of the insurance premiums paid.

Insurance Finance Income And Expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- Future Cashflows Flow (FCF) and comprising the Present Value of Future Cash Flow (PVFC) with an appropriate
- The effect of the time value of money and changes in the time value of money; and
- The effect of financial risk and changes in financial risk.

The Company allocates reinsurance finance income or expenses on insurance contracts issued to profit or loss.

Discount Rates

The Company adopts a bottom-up approach in deriving the appropriate discount rates.

Under this approach, this discount rate determined is the risk-free yield adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cashflows (known as illiquidity premiums).

Risk Adjustment

IFRS 17 requires entities to measure reinsurance contracts at initial recognition as the sum of the following items:

- Future Cash Flow (FCF) and comprising the Present Value of Future Cash Flows (PVFCF) with an appropriate
- Risk Adjustment (RA) for non-financial risk.

The risk adjustment for non-financial risk is the compensation that the entity requires for bearing the uncertainty about the amount and timing of cashflows that arises from non-financial risk.

Derivation Of The Risk Adjustment

The Company has determined that the derivation of the risk adjustment shall be performed at the operating level using an appropriate methodology that is in line with IFRS17 guidelines

The Risk Adjustment for the Liability for Incurred Claims (LIC) has been estimated Value at Risk Method.

The Company applies judgement to determine the appropriate Risk Adjustment based on the non-financial risks associated with their portfolios of insurance and reinsurance contracts to determine the desired Risk Adjustments. The Company will set confidence level in the range of the 60th to 90th percentile,





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IFRS 9: Financial Instruments

This section outlines the accounting policies applied in accordance with IFRS 9 - Financial Instruments. The company applies IFRS 9 for all financial assets and liabilities.

The accounting policies for financial instruments are set out below:

a) The Company's Financial Instruments

The Company's financial instruments include cash and cash equivalents, deposits with financial institutions, government securities, trade and insurance receivables, staff loans and other payables.

b) Classification and Measurement

On initial recognition, financial assets are classified into one of the following categories:

Amortised cost

Financial assets held to collect contractual cash flows, where such cash flows represent solely payments of principal and interest (SPPI).

Examples: deposits, government securities held to maturity, trade and insurance receivables.

Fair value through other comprehensive income (FVOCI)

Debt instruments held to collect contractual cash flows and for sale, meeting the SPPI criteria.

Equity instruments not held for trading may also be designated as FVOCI at initial recognition.

Fair value through profit or loss (FVTPL)

Financial assets that do not meet the criteria for amortised cost or FVOCI.

Financial liabilities are measured at amortised cost, unless designated at FVTPL to eliminate accounting mismatches.

c) Recognition, Reclassification and Derecognition

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

A financial asset is derecognised when contractual rights to cash flows expire or are transferred and the Company has transferred substantially all risks and rewards.

A financial liability is derecognised when the obligation is discharged, cancelled or expires.

d) Subsequent Measurement

Amortised cost: Measured using the effective interest method, less any impairment losses.

FVTPL: Measured at fair value, with gains and losses recognised in profit or loss.

FVOCI: Measured at fair value, with changes recognised in OCI (except for impairment and interest on debt instruments, which are recognised in profit or loss).

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e) Fair Value Measurement

Fair values are determined in accordance with IFRS 13 using the following hierarchy:

- Level 1: Quoted prices in active markets.
- Level 2: Observable inputs other than Level 1 prices.
- Level 3: Unobservable inputs.

Carrying amounts of financial assets and liabilities measured at amortised cost approximate their fair values due to their short-term nature.

f) Impairment of Financial Assets (Expected credit loss (ECL) model)

The Company applies the expected credit loss (ECL) model to financial assets measured at amortised cost and debt instruments at FVOCI.

General approach:

- Stage 1: 12-month ECL for assets without significant increase in credit risk.
- Stage 2: Lifetime ECL where credit risk has increased significantly.
- Stage 3: Credit-impaired assets (objective evidence of default).

ECL Calculation: ECLs are calculated based on three probability-weighted scenarios to measure expected cash

Key Elements Include:

- Probability of Default (PD): Estimate of likelihood of default over a given time horizon.
- Exposure at Default (EAD): Estimate of exposure at a future default date.
- Loss Given Default (LGD): Estimate of the loss incurred if default occurs.

Simplified approach for trade and insurance receivables:

Loss allowances are measured at lifetime ECL using a provision matrix based on historical default rates and forward-looking information.

Write-off:

Financial assets are written off when there is no reasonable expectation of recovery.

g) Offsetting

Financial assets and liabilities are offset only when the Company has a legally enforceable right and intends to settle on a net basis or simultaneously.





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2.3 Foreign currency translations

a) *Functional and presentation currency*

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

b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at exchange rates of monetary assets and liabilities denominated in currencies other than the Company's functional currency are recognized in profit or loss within other (loss)/ income. Monetary items denominated in foreign currency are translated using the closing rate as at the reporting date.

Foreign currency translation

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analyzed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortized cost are recognized in profit or loss, and other changes in carrying amount are recognized in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets measure at fair value, such as equities classified as available for sale, are included in other comprehensive income.

2.4 Cash and cash equivalents

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

For the purposes of the cash flow statement, cash and cash equivalents include cash in hand and cash at bank.

2.5 Financial instruments - initial recognition and subsequent measurement

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

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2.5.1 Financial assets

Initial recognition and measurement

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

Subsequent measurement

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

- Fair value through other comprehensive income
- Debt instruments at amortised cost

a) Loans and receivables

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

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

Qard al hasan, an interest free loan provided under Takaful operation, is classified at its own class of asset whereby the discount rate is nil.

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

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

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

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

'Day 1' profit or loss

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

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





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Reclassification of financial assets

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

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

The Company may reclassify a non-derivative trading asset out of the 'held-for-trading' category and into the 'loans and receivables' category if it meets the definition of loans and receivables and the Company has the intention and ability to hold the financial asset for the foreseeable future or until maturity.

If a financial asset is reclassified, and if the Company subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognized as an adjustment to the EIR from date of change in estimate.

Derecognition of financial assets

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

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

(a) the Company has transferred substantially all the risks and rewards of the asset, or

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

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

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

Impairment of financial assets

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

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

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(i) Financial assets carried at amortised cost

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

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

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

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

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

(i) Financial assets carried at amortised cost

For the purpose of collective evaluation of impairment, financial assets are grouped on the basis of the Company's internal credit grading system, that considers credit risk characteristics such as asset type, industry, geographical location, collateral type, past-due status and other relevant factors.

Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the Company.

Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and are directionally consistent with, changes in related observable data from year to year (such as changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the Company and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.





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Notes to the Financial Statements

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

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

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

2.5.2 Financial liabilities

Initial recognition and measurement

All financial liabilities of the Company are classified as other financial liabilities at amortised cost.

They are recognised initially at fair value, net of directly attributable transaction costs and include insurance payables, dividend payables and other account payables.

Subsequent measurement

After initial measurement, the Company's financial liabilities are subsequently measured at amortised cost using the Effective Interest Rate (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.

2.5.3 Offsetting financial instruments

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

2.6 Reinsurance assets

The Company cedes business to reinsurers in the normal course of business for the purpose of limiting its net loss potential through the transfer of risks as described in note 2.15. Premium ceded comprise gross written premiums. Reinsurance arrangements do not relieve the Company from its direct obligations to its policy holders.

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

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2.7 Other assets

These are other receivables and prepayments. Other receivables are stated after deductions of amount considered bad or doubtful of recovery. These are loans and receivables other than investment securities, insurance trade receivables and reinsurance assets. When a debt is deemed not collectible, it is written-off against the related provision or directly to profit or loss account to the extent not previously provided for. Any subsequent recovery of written-off debts is credited to profit or loss.

The Company's other receivables are rent receivables, staff debtors and other account receivables.

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. They include prepaid rent, prepaid staff expenses and other prepaid office expenses.

2.08 Leases

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

Company as a lessee

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

Company as a lessor

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





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2.09 Property, plant and equipment

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

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

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

Asset class	Depreciation (in years)	Residual value (%)
Buildings	50	5%
Lift	15	1%
Motor vehicles	10	5%
Furniture & fittings	10	1%
Computer equipment	7	1%
Office equipment	7	1%

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

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

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

2.10 Investment property

Properties that are held for rent by the Company to earn rental income or for capital appreciation, or both, and are not occupied by the Company, 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 the independent valuers who have recent experience in the location and category of the investment property being valued.

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.

Earned rental income is recorded in profit or loss for the year within (other operating income). Gains and losses resulting from changes in the fair value of investment property are recorded in profit or loss for the year and presented separately.

Investment properties are derecognised when they are disposed of.

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2.11 Intangible assets

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

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates. The amortisation expenses on intangible assets with finite lives is presented in income statement.

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

Intangible assets class	Useful lives (years)
Computer software	8

2.12 Impairment of non-financial assets

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

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

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

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

2.13 Statutory deposits

Statutory deposits are cash balances held with the National Bank of Ethiopia in line with Article 20 of Insurance Business Proclamation No. 746/2012 as amended by the Insurance Business(Amendment) Proclamation No.1163/2019 and may not be withdrawn except with the written permission of the National Bank of Ethiopia, or be used as a pledge or security for any loan. They have been separately disclosed due to their nature and liquidity. Statutory deposits are measured at cost.





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2.14 Insurance contracts

Classification

The Company enters into insurance contracts as its primary business activity. Insurance contracts are those that the Company accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary, if a specified uncertain future event (the insured event) adversely affects the policyholder or the other beneficiary.

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

(i) Non- life insurance contracts

These contracts are accidents and casualty and property insurance contracts.

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

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

(ii) Life insurance contracts

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

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

(iii) Takaful

The Company has obtained authorization from National Bank of Ethiopia to provide takaful window operation by adopting wakala operating model. With this operating model, the Company is acting as trustee on behalf of the participants to manage the operation of the Takaful business. The Company issues general takaful contracts on behalf of participants. Takaful contracts are issued based on risk sharing arrangement between participants. Contribution of participants are credited to the participants' takaful fund. Takaful fund can be invested in Shariah compliant areas and as approved by the Shariah Advisory Council.

Liability adequacy test

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

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

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Reinsurance contracts held

Contracts entered into by the Company with reinsurers under which the Company is compensated for losses on one or more contracts issued by the Company and that meet the classification requirements for insurance contracts in Note 2.15 are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets. Insurance contracts entered into by the Company under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts.

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

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

The Company assesses its reinsurance assets for impairment on an annual basis. If there is objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognizes that impairment loss in the income statement. The Company gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortized cost. The impairment loss is calculated following the same method used for these financial assets. These processes are described in Note 2.5.

Retakaful

The Company as the operator of the participants' fund cedes underwriting risk in the normal course of takaful business. Retakaful certificates assets represent balances due from retakaful operators. Retakaful certificates liabilities represent balances due to retakaful operators. Contributions and claims due are presented on a gross basis. Retakaful certificates assets are reviewed for impairment at each financial year end.

Receivables and payables related to insurance contracts

Receivables and payables are recognized when due and measured on initial recognition at the fair value. Subsequent to initial recognition, insurance receivables and payables are measured at amortized cost, using the effective interest rate method as described in note 2.5 and 2.17. 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 the income statement. The Company gathers the objective evidence that an insurance receivable is impaired using the same process adopted for loans and receivables.

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





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Salvage and subrogation reimbursements

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

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

2.15 Insurance contracts liabilities

The recognition and measurement of insurance contracts have been set out under Note 2.15. Insurance contract liabilities arising from insurance contracts are determined as follows:

(i) Non-life insurance contracts

(a) Reserves for outstanding claims

The reserve for outstanding claims is maintained at the total amount of outstanding claims incurred and reported plus claims incurred but not reported ("IBNR") as at the balance sheet date. The IBNR is based on the liability adequacy test described in note 2.15.

(b) Reserves for unexpired risk

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

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

(c) Reserving methodology

Data segmentation: The data used for reserving is segmented into the following classes as per the NBE Directives:

- Motor vehicle insurance business;
- Fire insurance business;
- Personal accident insurance business;
- Marine insurance business;
- Workmens' compensation insurance business;
- Engineering;
- Goods in transits;
- Public liability, pecuniary, Political Violence and Terrorism(PVT) and other miscellaneous insurances.

(ii) Life insurance contracts

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

Reserving methodology

Data segmentation: The data used for reserving is segmented into two classes as follows:

- Individual business; and
- Group business.

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(iii) Takaful Contracts

The Company is not the one assuming the risk. Rather it is the various participants who are mutually covering each other. All contributions (premiums) paid by the participants will be accumulated in the Takaful Fund. All payment of the Takaful benefits (i.e. claims) will be paid by the Takaful Fund. On the other hand the takaful operator guarantees the takaful fund's operations through the requirement to provide qard in times of deficit. The purpose of this 'financial assistance' is to maintain the sustainability of the fund.

The takaful operator also provide a common platform for managing the operations such as the same accounting software for the use of both the operator and the fund. Thus, the takaful operator is responsible for day to day activities such the allocation of resources, supplies and other services. the takaful operator appears to have power over the takaful funds. Underwriting and investment management, an operator would also undertake claims processing, loss adjusting, marketing, and appointment of agents

2.16 Provisions

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

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

2.17 Insurance payables

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

2.18 Other payables

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

2.19 General takaful fund

The general takaful fund consists of reserves and any surplus/deficit arising from contribution and investment income after deducting retakaful, wakalah fee, claims incurred, other operating expenses, taxation and administration charges during the year. Where the general takaful fund becomes a deficit it will be financed by the shareholders contribution in the form of loan or Qard al hasan. Surplus is distributable to participants in accordance with the terms and conditions prescribed by the Shariah Advisory Council of the Company





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2.20 Share capital

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

2.21 Retained earnings

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

2.22 Legal reserves

In accordance with Article 22 sub articles (1) and (2), of Insurance Business Proclamation No 746/2012, the Company, at the end of each financial year, transfers to its legal reserve to account a sum of not less than 10% of profit. When the legal reserve becomes equal to the paid-up capital of the Company, the amount of the legal reserve to be retained by the Company each year from its net profit shall be determined by NBE's directive.

2.23 Dividend

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

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2.24-1 Fees and commission income

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

2.24-2 Investment income

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

Investment income also includes dividends when the right to receive payment is established.

2.24-3 Dividend income

This is recognised when the Company's right to receive the payment is established, which is generally when the shareholders approve and declare the dividend.

2.25 Gross benefits and claims

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

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

2.26 Claims recovered from reinsurers

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

2.27 Finance cost

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





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2.28 Employee benefits

(a) *Wages, salaries and annual leave*

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

(b) *Defined contribution plan*

The Company operates two defined contribution plans;

i) pension scheme in line with the provisions of Private Organisation Employees Pension Proclamation No. 715/2011. Funding under the scheme is 7% and 11% by employees and the Company respectively;

ii) provident fund contribution, funding under this scheme is 8% and 15% by employees and the Company respectively based on the employees' salary.

Once the contributions have been paid, the Company retains no legal or constructive obligation to pay further contributions if the Fund does not hold enough assets to finance benefits accruing under the retirement benefit plan. The Company's obligations are recognized in the profit and loss account.

(c) *Defined benefit obligations*

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

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

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

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

Current service and interest cost are included as part of employee benefit expense in the profit or loss.

Past-service costs are recognised immediately in profit or loss.

Gains or losses on curtailment or settlement are recognised in profit or loss when the curtailment or settlement occurs.

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2.29 Fair value measurement

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

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

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

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

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

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

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

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





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2.31 Earnings per share

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

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

2.32 Income taxation

(a) Current income tax

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

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

(b) Deferred tax

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

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

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

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

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3 Significant accounting judgments, estimates and assumptions

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

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

- Capital management Note 4.7
- Financial risk management and policies Note 4

3.1 Judgments

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

Right of use asset

The Company leases land for its office buildings and investment properties and rents office buildings. Land leases are made for fixed period of 36-60 years. Office rents are made for fixed period of 1-5 years and in most cases they are renewable. All Company's right of use asset are supported by lease agreements. The lease amounts of these agreements are fully settled except one new land lease agreement which is partially paid. The land lease liability for partial payment is ensured at amortized cost using the interest rate specified on lease agreement. The right-of-use assets are depreciated on a straight-line basis over the lease period. For all other leases, the right of use asset were measured as equal to the lease liability and adjusted for any accruals or prepayments on the balance sheet.

3.2 Estimates and assumptions

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

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

(a) Valuation of insurance contract liabilities

Life insurance contract liabilities

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

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





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Non-life insurance contract liabilities

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

The ultimate cost of outstanding claims is estimated by using a standard actuarial claims projection techniques: Chain Ladder.

The main assumption underlying this technique is that a Company's past claims development experience can be used to project future claims development and, hence, the ultimate claims costs. As such, the method extrapolates the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based.

Similar judgments, estimates and assumptions are employed in the assessment of adequacy of provisions for unearned premium.

(b) Fair value measurement of financial instruments

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

(c) Taxes

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

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

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(d) Impairment of insurance receivables

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

The following impairment triggers have been set by the Company:

- (a) significant financial difficulty of the premium debtor;
- (b) significant financial difficulty of the reinsurance broker;
- (c) a breach of agreements, such as payment defaults or delinquency in premium payments;
- (d) Economic, regulatory or legal reasons relating to the premium debtor's financial difficulty, granting to the premium debtor a concession that the Company would not otherwise consider;
- (e) High probability that the premium debtor will enter bankruptcy or other financial reorganization.

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

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

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

Collective impairment incorporates the following:

- current and reliable data, Management's experience on credit judgments, and all known relevant internal and external factors that may affect collectability;
- historical loss experience or where institutions have no loss experience of their own or insufficient experience, peer company experience for a comparable company's of financial instruments at amortized cost;
- adjustments to historical loss experiences on the basis of current observable data to reflect the effects of current conditions.

(e) Liabilities arising from insurance contracts

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





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(f) Retirement benefit obligations

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

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

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

The estimation of the useful lives of assets is based on Management's judgment.

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

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

(h) Impairment of non-financial assets

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

(i) Fair valuation of investment properties

The fair value of investment properties is based on the nature, location and condition of the specific asset. The fair value is determined by reference to observable market prices. The fair value of investment property does not reflect the related future benefits from this future expenditure. These valuations are performed by external appraisers. Assumptions are made about expected future cash flows and the discounting rates.

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4 Insurance and financial risk management

4.1 Introduction

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

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

4.1.1 Risk management structure

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

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

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

The Company's Finance and Accounts Directorate is responsible for managing the financial assets, financial liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Company.

4.1.2 Risk measurement and reporting systems

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

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

4.1.3 Risk mitigation

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

Risk control processes are identified and discussed in the quarterly risk report and Management Risk Committee meetings. Control processes are also regularly reviewed at Business Unit level and changes agreed with the Board.

4.2 Insurance risk

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

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements. The Company purchases reinsurance as part of its risks mitigation programme.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract.





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Life insurance contracts

Life insurance contracts offered by the Company include: Individual Life, Individual riders, group term, group medical, group riders, endowment assurance, education endowments and individual mortgage protection.

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

- ▶ Mortality risk – risk of loss arising due to policyholder death experience being different than expected
- ▶ Morbidity risk – risk of loss arising due to policyholder health experience being different than expected
- ▶ Longevity risk – risk of loss arising due to the annuitant living longer than expected
- ▶ Investment return risk – risk of loss arising from actual returns being different than expected
- ▶ Expense risk – risk of loss arising from expense experience being different than expected
- ▶ Policyholder decision risk – risk of loss arising due to policyholder experiences (lapses and surrenders) being different than expected.

These risks do not vary significantly in relation to the location of the risk insured by the Company and type of risk insured.

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 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. Insurance contracts also entitle the Company to pursue third parties for payment of some or all costs.

Key assumptions

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

- ▶ Expenses

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

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

- ▶ Policyholder decision (lapses and surrender)

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

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

- ▶ Discount rate

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

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

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4.3 Financial risk

Financial instruments by category

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

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

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

		Available- For-Sale Birr'000	Loans and receivables Birr'000	Total Birr'000
30 June 2025	Notes			
Cash and cash equivalents		-	3,932,603	3,932,603
Investment securities:	13			
– Fair value through other comprehensive income	14	2,731,505	-	2,731,505
– Debt instruments at amortised cost	14	-	441,272	441,272
Insurance receivables	16	20,830		20,830
Reinsurance assets	17	-	1,397,838	1,397,838
Other assets	18	-	347,146	347,146
Total financial assets		2,752,335	6,118,859	8,871,194
30 June 2024	Notes			
Cash and cash equivalents		-	2,883,680	2,883,680
Investment securities:	13			
– Fair value through other comprehensive income	14	1,710,345	-	1,710,345
– Debt instruments at amortised cost	14	-	244,227	244,227
Insurance receivables	16	2,951		2,951
Reinsurance assets	17	-	1,063,137	1,063,137
Other assets	18	-	182,054	182,054
Total financial assets		1,713,296	4,373,098	6,086,393

4.4 Credit risk

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

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

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

- The Company's risk management policy sets out the assessment and determination of what constitutes credit risk for the Company. Compliance with the policy is monitored, exposures and breaches are reported to the Company's Management risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.
- Net exposure limits are set for each counterparty or company of counterparties and industry segment (i.e. limits are set for investments and cash deposits).
- The Company further restricts its credit risk exposure by entering into master netting arrangements with counterparties with which it enters into significant volumes of transactions. However, such arrangements do not generally result in an offset of balance sheet assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk associated with such balances is reduced in the event of a default, when such balances are settled on a net basis. The Company's reinsurance treaty contracts involve netting arrangements.





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

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

	30 June 2025 Birr'000	30 June 2024 Birr'000
Cash and cash equivalents	3,932,603	2,883,680
Investment securities:		
– Fair value through other comprehensive	2,731,505	1,710,345
– Debt instruments at amortised cost	441,272	244,227
Insurance receivables	20,830	2,951
Reinsurance assets	1,397,838	1,063,137
Other assets	347,146	182,054
	8,871,194	6,086,393

4.4.1 Credit quality analysis

(a) Cash and cash equivalents

The credit quality of cash and bank balances and short-term investments are neither past due nor impaired as at 30 June 2025, and are non-rated as they are held in Ethiopian banks. There are no credit rating agencies in Ethiopia. The Company has no cash and cash equivalents that are held in foreign banks.

(b) Investment securities

The Company's investment portfolio is exposed to credit risk through its fixed income and money market instruments. The Company further manages its exposure to credit risk through counterparty risk via established limits as approved by the Directive issued by NBE. All fixed income investments are measured for performance on a quarterly basis and monitored by Management. The credit risk exposure associated with money market investments is low.

(c) Credit quality of reinsurers assets

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

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(d) Credit quality of other financial assets

	Neither past due nor impaired Birr'000	Past due but not impaired Birr'000	impaired Birr'000	Total Birr'000
30 June 2025				
Insurance receivables:				
Due from contract holders	20,830	-	22,453	43,283
Due from agents	-	-	-	-
Less: Impairment allowance (note 19a)			(22,453)	(22,453)
Net	20,830	-	-	20,830
Other assets				
Qard receivable from takaful	9,000	-	-	9,000
Other account receivables	153,682	-	-	153,682
Subrogation reimbursements	53,221	-	8,002	61,223
Staff debtors	(10,791)	-	12,418	1,627
Prepaid staff expense	1,481	-	-	1,481
Withholding tax receivable	42,466	-	-	42,466
Value added tax receivable	85,669	-	-	85,669
Gross	334,728	-	20,420	346,148
Less: Impairment allowance (note 19a)			(8,002)	(8,002)
Net	334,728	-	12,418	338,146
	Neither past due nor impaired Birr'000	Past due but not impaired Birr'000	impaired Birr'000	Total Birr'000
30 June 2024				
Insurance receivables:				
Due from contract holders	2,950	-	22,453	25,403
Due from agents	-	-	-	-
Less: Impairment allowance (note 19a)			(22,453)	(22,453)
Net	2,950	-	-	2,950
Other assets				
Rent receivables	9,000	-	-	9,000
Other account receivables	62,745	-	27,528	90,273
Subrogation reimbursements	46,539	-	2,437	48,976
Staff debtors	126,799	-	12,418	139,217
Prepaid staff expense	1,481	-	-	1,481
Withholding tax receivable	37,192	-	-	37,192
Value added tax receivable	-	-	-	-
Gross	283,756	-	42,383	317,139
Less: Impairment allowance (note 19a)			(30,181)	(30,181)
Net	283,756	-	12,202	286,958





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Insurance receivables - neither past due nor impaired

The credit quality of the portfolio of insurance receivables that were neither past due nor impaired can be assessed by reference to the customer's ability to pay based on loss experience. Insurance receivables in this category are receivables from contract holders (government organs) that are past due for less than 30 (thirty) days.

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

Other loans and receivables

Other receivables balances constitute, rent receivables, other account receivables and staff debtors. The Company has an internal system of assessing the credit quality of other receivables through established policies and approval systems. The Company constantly monitors its exposure to these receivables via periodic performance review. The Company further manages its exposure to credit risk through deduction of transactions at source. The exposure to credit risk associated with other receivables

4.4.2 Allowance for impairment

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

	30 June 2025 Birr'000	30 June 2024 Birr'000
Due from contract holders	22,453	22,453
Other loans and receivables	8,002	30,181
Total allowance for impairment	<u>30,455</u>	<u>52,634</u>

4.5 Liquidity risk

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

Liquidity risk management in the Company is solely determined by Management, which bears the overall responsibility for liquidity risk. The main objective of the Company's liquidity risk framework is to maintain sufficient liquidity in order to ensure that the Company meets its maturing obligations.

4.5.1 Management of liquidity risk

Cash flow forecasting is performed by the Finance and Accounts Directorate. The Directorate monitors rolling forecasts of liquidity requirements to ensure that it has sufficient cash to meet operational needs.

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

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

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4.5.2 Maturity analysis of financial liabilities

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

30 June 2025	Less than	90 days- 1	Over 1 year	Total
	90 days	year		
	Birr'000	Birr'000	Birr'000	Birr'000
Insurance contract liabilities	4,270,332			4,270,332
Insurance payables	570,608			570,608
Other liabilities	301,448	93,048		394,496
Lease liabilities			14,748	14,748
Total financial liabilities	5,142,388	93,048	14,748	5,250,184

30 June 2024	Less than	90 days- 1	Over 1 year	Total
	90 days	year		
	Birr'000	Birr'000	Birr'000	Birr'000
Insurance contract liabilities	3,251,518			3,228,794
Insurance payables	354,943			354,943
Other liabilities	169,661	21,233		266,449
Lease liabilities			16,557	16,557
Total financial liabilities	3,776,122	21,233	16,557	3,866,743

4.6 Market risk

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

The Company does not ordinarily engage in trading activities as there are no active markets in Ethiopia.

4.6.1 Management of market risk

The main objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

4.6.2 Monitoring of market risk

Market risk is monitored by the Risk Management Unit on regularly, to identify any adverse movement in the underlying variables.

(i) Interest rate risk

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

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

The Company is also exposed to the risk of changes in future cash flows from fixed income securities arising from the changes in interest rates.





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

30 June 2025	Fixed	Non- interest bearing	Total
	Birr'000	Birr'000	Birr'000
Assets			
Cash and cash equivalents	3,932,603	-	3,932,603
Investment securities:			
– Fair value through other comprehensive income	-	2,731,505	2,731,505
– Debt instruments at amortised cost	441,272	-	441,272
Insurance receivables	20,830	-	20,830
Reinsurance assets	1,397,838	-	1,397,838
Other assets	347,146	-	347,146
Total	6,139,689	2,731,505	8,871,194
Liabilities			
Insurance contract liabilities	4,270,332	-	4,270,332
Insurance payables	570,608	-	570,608
Other liabilities	394,496	-	394,496
Lease liabilities	14,748	-	14,748
Total	5,250,184	-	5,250,184
30 June 2024	Fixed	Non- interest bearing	Total
	Birr'000	Birr'000	Birr'000
Assets			
Cash and cash equivalents	2,883,680	-	2,883,680
Investment securities:			
– Fair value through other comprehensive income	-	1,710,345	1,710,345
– Debt instruments at amortised cost	244,227	-	244,227
Insurance receivables	2,951	-	2,951
Reinsurance assets	1,085,946	-	1,085,946
Other assets	287,466	-	287,466
Total	4,504,270	1,710,345	6,214,615
Liabilities			
Insurance contract liabilities	3,251,518	-	3,251,518
Insurance payables	354,943	-	354,943
Other liabilities	169,661	-	169,661
Lease liabilities	16,557	-	16,557
Total	3,792,679	-	3,792,679

(ii) Foreign exchange risk

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

(iii) Price risk

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market

4.7 Capital management

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

The Board of Awash Insurance S.C. agreed to inject more funds (as Qard-al- Hassan or interest-free loan) from the Shareholders Fund into the Participants Common Funds whenever there is an underwriting deficit. The Qard-al-Hassan or Interest-free loan shall be written-off if it could not be recouped after 5 years as a result of negative performance of the Takaful Window operation.

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4.7.1 Margin of Solvency ratio

According to the Licencing and Supervision of Insurance Business Margin of Solvency (MOS) Directives No. SIB/45/2016 of the National Bank of Ethiopia, an insurer carrying on general business shall keep admitted capital amounting to the highest of 25% of its technical provisions, or 20% of the net written premiums in the last preceding financial year, or the minimum paid up capital. An insurer carrying on long term insurance business shall keep admitted capital amounting to the higher of 10% of technical provisions or the minimum paid up capital.

MOS ratio is the excess of assets over liabilities maintained for general and long term insurance business. Admissible assets and liabilities stated below is in accordance with the MOS Directives No. SIB/ 45/ 2016.

		30 June 2025 Birr'000	30 June 2024 Birr'000
Admissible assets	A		
Cash and bank balances		3,932,603	2,883,300
Investment securities:			
– Fair value through other comprehensive income		2,731,505	1,710,345
– Debt instruments at amortised cost		441,272	244,227
Property, plant and equipment		1,215,720	1,144,610
Investment property		452,678	397,301
Other assets net of prepayments		217,530	143,381
Statutory deposit		391,877	284,286
		<u>9,383,185</u>	<u>6,807,450</u>
Admissible liabilities	B		
Insurance contract liabilities		4,270,332	3,251,518
Insurance payables		570,608	354,943
Other liabilities		394,496	169,661
Deferred tax liability		456,072	322,382
Current income tax liabilities		159,209	110,673
		<u>5,850,716</u>	<u>4,209,177</u>
Excess (admitted capital)- (A-B)	C	<u>3,532,469</u>	<u>2,598,273</u>
Required Minimum of paid up capital	D	<u>1,067,583</u>	<u>812,880</u>
Since F>E - Positive Solvency Margin	(C-D)	<u>2,464,886</u>	<u>1,785,393</u>
Solvency ratio		<u>2.31</u>	<u>2.20</u>





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5 Segment information

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

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

Business segments

The Company operates the following

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

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

Takaful Contracts- The company is acting as trustee on behalf of the participants to manage the operation of the Takaful business. The company has an agreement with participants to charge Wakalah fee of 35% of their contributions for its operation of general takaful. The company also manages the investment of the takaful fund in Shariah-compliant investment avenues and will share its returns of share holders fund contribution on the investment at an agreed ratio similar to the profit-sharing structure under the Mudarabah contract. The company is also eligible to get investment management service fee for its service in managing investment of the participants fund.

The segment information provided by the Management Operations Committee for the reporting segments for the year ended 30 June 2025 is as follows:

Takaful Contracts- The company is acting as trustee on behalf of the participants to manage the operation of the Takaful business. The company has an agreement with participants to charge Wakalah fee of 35% of their contributions for its operation of general takaful. The company also manages the investment of the takaful fund in Shariah-compliant investment avenues and will share its returns of share holders fund contribution on the investment at an agreed ratio similar to the profit-sharing structure under the Mudarabah contract. The company is also eligible to get investment management service fee for its service in managing investment of the participants fund.

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5(a) Assets and liabilities for each segment at 30 June 2025

	Non- life		Life	
	30 June 2025 Birr'000	30 June 2024 Birr'000	30 June 2025 Birr'000	30 June 2024 Birr'000
ASSETS				
Cash and bank balances	3,525,841	2,491,154	240,889	325,028
Investment securities:				
– Fair value through other comprehensive income	2,731,505	1,507,947	-	202,398
– Debt instruments at amortised	441,272	240,226	-	4,001
Insurance receivables	380	-	20,450	2,951
Reinsurance assets	1,395,354	1,359,239	2,484	1,785
Retakaful assets	-	-	-	-
Other assets	315,852	170,289	27,082	11,622
Salvage property held for sale	67,835	49,970	-	-
Right of use asset	68,002	76,728	-	-
Property, plant and equipment	1,209,118	1,142,370	6,602	2,240
Investment properties	407,265	369,849	26,922	27,452
Intangible assets	16,195	5,778	2,022	2,696
Statutory deposits	373,877	266,286	18,000	18,000
Account with Non-Life/Life/Takaful	(298,637)	(155,567)	352,170	157,425
Total assets	10,253,859	7,524,267	696,622	755,598
LIABILITIES				
Insurance contract liabilities	3,901,362	3,179,410	368,969	369,994
litigations	1,509	13,829	-	-
Deferred income tax	-	-	-	-
Insurance payables	520,958	290,967	49,650	63,976
Takaful liabilities	-	-	-	-
Retakaful Payables	-	-	-	-
Other liabilities	386,922	164,427	7,576	5,234
Payable to takaful participants	-	-	-	-
Defined benefit obligations	23,304	23,109	-	-
Deferred tax liability	431,248	306,607	24,824	15,775
Lease liability	14,748	16,557	-	-
Current income tax liabilities	155,095	106,645	-	1,061
Total liabilities	5,435,147	4,101,553	451,019	456,040
Equity and Participants' Fund				
Share capital	2,527,210	1,801,492	120,000	120,000
Share premium	68,379	33,224	-	-
Retained earnings	1,880,315	1,339,495	79,173	133,128
Legal reserve	342,808	248,503	46,430	46,430
Qard	-	-	-	-
Participants' takaful fund	-	-	-	-
Total equity	4,818,712	3,422,714	245,603	299,558
Total equity and liabilities	10,253,859	7,524,267	696,622	755,598





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Notes to the Financial Statements

5(a) Assets and liabilities for each segment at 30 June 2025

	Takaful		Total	
	30 June 2025 Birr'000	30 June 2024 Birr'000	30 June 2025 Birr'000	30 June 2024 Birr'000
ASSETS				
Cash and bank balances	165,873	67,118	3,932,603	2,883,300
Investment securities:	-	-	-	-
– Available for sale	-	-	2,731,505	1,710,345
– Loans and receivables	-	-	441,272	244,227
Insurance receivables	-	-	20,830	2,951
Reinsurance assets	-	-	1,397,838	1,361,024
Retakaful assets	31,681	9,533	31,681	9,533
Other assets	4,211	143	347,145	182,054
Salvage property held for sale	-	-	67,835	49,970
Right of use asset	-	-	68,002	76,728
Property, plant and equipment	-	-	1,215,720	1,144,610
Investment properties	18,491	-	452,678	397,301
Intangible assets	-	-	18,217	8,474
Statutory deposits	-	-	391,877	284,286
Account with Non-Life/Life/Takaful	(53,533)	(1,859)	-	-
Total assets	169,152	74,935	11,117,204	8,354,801
LIABILITIES				
Insurance contract liabilities	-	-	4,270,332	3,549,404
litigations	-	-	1,509	13,829
Insurance payables	-	-	570,608	354,943
Takaful liabilities	118,210	46,662	118,210	46,662
Retakaful liabilities	20,948	12,968	20,948	12,968
Other liabilities	-	-	394,498	169,661
Payable to takaful participants	3,970	29	3,970	29
Defined benefit obligations	-	-	23,304	23,109
Deferred tax liability	-	-	456,072	322,382
Lease liability	-	-	14,748	16,557
Current income tax liabilities	4,113	2,966	159,209	110,673
Total liabilities	147,241	62,625	6,033,408	4,620,217
Equity and Participants' Fund				
Share capital	-	-	2,647,210	1,921,492
Share premium	-	-	68,379	33,224
Retained earnings	-	-	1,959,488	1,472,624
Legal reserve	1,652	692	390,890	295,625
Qard	9,000	9,000	9,000	9,000
Participants' takaful fund	11,258	2,619	11,258	2,619
Total equity	21,910	12,311	5,086,225	3,734,583
Total equity and liabilities	169,152	74,936	11,119,633	8,354,800

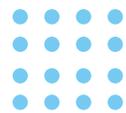
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5(b). Profit or loss for each segment at 30 June 2025

	Non- life		Life	
	30 June 2025	30 June 2024	30 June 2025	30 June 2024
	Birr'000	Birr'000	Birr'000	Birr'000
Insurance Revenue	3,040,354	2,359,549	641,162	430,160
Insurance Service Expenses	(1,935,479)	(1,933,933)	(600,375)	(416,682)
Net Expenses From Reinsurance Contracts Held	(448,625)	67,444	2,011	(16,386)
Insurance Service Result	656,250	493,060	42,798	(2,908)
Insurance Finance Income	105,011	82,744	(10,486)	3,966
Reinsurance Finance Income	(44,517)	(42,701)	-	-
Insurance Service Result	60,494	40,043	(10,486)	3,966
Investment income	735,549	519,657	77,063	87,224
Wakala fee income	17,836	11,321	-	-
Other operating income	116,767	36,230	-	-
	870,152	567,208	77,063	87,224
Interest expense on bank overdraft	(369)	(518)		
Other operating & admin. expenses	(559,147)	(308,522)	(7,786)	12,388
Actuarial life insurance reserve			(21,589)	(10,670)
	(559,147)	(308,522)	(29,375)	1,718
Profit before income tax	1,027,749	791,789	80,000	90,000
Income tax expense	(153,906)	(106,646)		(1,061)
Profit after income tax	873,843	791,789	80,000	

	Takaful		Total	
	30 June 2025	30 June 2024	30 June 2025	30 June 2024
	Birr'000	Birr'000	Birr'000	Birr'000
Insurance Revenue	100,506	56,189	3,782,022	2,845,898
Insurance Service Expenses	(64,963)	(35,858)	(2,600,817)	(2,386,473)
Net Expenses From Reinsurance Contracts Held	(23,288)	(9,803)	(469,902)	41,255
Insurance Service Result	12,255	10,528	711,303	500,680
Insurance Finance Income	-	2,223	94,525	88,933
Reinsurance Finance Income	-	(250)	(44,517)	(42,951)
Insurance Finance Result	-	1,973	50,008	45,982
Investment income	-	-	812,612	606,881
Wakala fee income	-	-	17,836	11,321
Other operating income	1,458	-	118,225	36,230
	1,458	-	948,673	654,432
Interest expense on bank overdraft			(369)	(518)
Other operating & admin. expenses			(566,933)	(296,134)
Increase in life /Takaful fund			(21,589)	(10,670)
	-	-	(588,891)	(307,322)
Profit before income tax	13,713	12,501	1,121,462	894,290
Income tax expense	(4,113)	(2,966)	(158,020)	(110,673)
Profit after income tax	9,600	9,535	963,443	801,324





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6 Insurance Result

	Non- life		Life	
	30 June 2025 Birr'000	30 June 2024 Birr'000	30 June 2025 Birr'000	30 June 2024 Birr'000
Insurance Premium Revenue	3,040,355	2,359,549	641,162	430,160
Insurance Claims Service Expense	(1,399,141)	(1,272,399)	(513,552)	(341,712)
Insurance Movement in Risk Adjustment (RA)	15,073	(156,206)	(7,095)	(1,278)
Insurance Directly Attributable Expenses	(382,399)	(350,354)	(24,650)	(38,814)
Insurance Movement in Loss component (LC)	8,176	(37,124)	(25)	61
Insurance Amortization of Acquisition Expenses	(167,380)	(117,850)	(55,053)	(34,939)
Insurance Service Expense	(1,925,671)	(1,933,933)	(600,375)	(416,682)
Revenue	(987,837)	(683,618)	(52,149)	(40,109)
Reinsurance Claims Service Expense	334,848	484,434	43,767	15,812
Reinsurance Movement in Risk Adjustment (RA)	(161,261)	114,193	-	-
Reinsurance Directly Attributable Expenses	-	-	-	-
Reinsurance Movement in Loss component (LC)	22,459	16,052	-	-
Reinsurance Amortization of Acquisition Expenses	343,166	136,383	10,393	7,911
Reinsurance Service Expense	539,212	751,062	54,160	23,723
Movement in DC of BEL Claims	105,011	82,744	(10,486)	3,966
Movement in DC of BEL Claims Reinsurance	(44,517)	(42,701)	-	-

	Takaful		Total	
	30 June 2025 Birr'000	30 June 2024 Birr'000	30 June 2025 Birr'000	30 June 2024 Birr'000
Insurance Premium Revenue	100,506	56,189	3,782,023	2,845,898
Insurance Claims Service Expense	(44,998)	(25,121)	(1,957,691)	(1,639,232)
Insurance Movement in Risk Adjustment (RA)	(1,671)	(1,523)	6,307	(159,007)
Insurance Directly Attributable Expenses	(17,836)	(11,324)	(424,885)	(400,492)
Insurance Movement in Loss component (LC)	(458)	2,110	7,693	(34,953)
Insurance Amortization of Acquisition Expenses	-	-	(222,433)	(152,789)
Insurance Service Expense	(64,963)	(35,858)	(2,591,009)	(2,386,473)
Revenue	(34,175)	(14,645)	(1,074,161)	(738,372)
Reinsurance Claims Service Expense	10,156	4,691	388,771	504,937
Reinsurance Movement in Risk Adjustment (RA)	731	151	(160,530)	114,344
Reinsurance Directly Attributable Expenses	-	-	-	-
Reinsurance Movement in Loss component (LC)	-	-	22,459	16,052
Reinsurance Amortization of Acquisition Expenses	-	-	353,559	144,294
Reinsurance Service Expense	10,887	4,842	604,259	779,627
Movement in DC of BEL Claims	-	2,223	94,525	88,933
Movement in DC of BEL Claims Reinsurance	-	(250)	(44,517)	(42,951)

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Notes to the Financial Statements

	30 June 2025 Birr'000	30 June 2024 Birr'000
7 Investment income		
Rental income from investment properties	26,251	21,603
Financial Asset:		
- Dividend income	342,239	281,466
- Interest income	416,208	299,142
Cash and short-term deposits:		
- Interest income savings	27,914	4,670
Total investment income	812,612	606,881

	30 June 2025 Birr'000	30 June 2024 Birr'000
8 Other operating income		
Gain on disposal of property, plant and equipment	12,457	2,036
Wakala fee income	17,836	11,321
Sundry income	105,768	34,198
Total other operating income	136,061	47,555

Sundry income includes income earned from sales of recoveries which are claim non specific policies.

Claims recoveries of specific policies that relate to the net realisable value of salvaged property included as an allowance in the measurement of the insurance claims paid.

	30 June 2025 Birr'000	30 June 2024 Birr'000
9 Finance costs		
Interest expense on bank overdraft	369	518
	369	518

	30 June 2025 Birr'000	30 June 2024 Birr'000
10 Other operating and administrative expenses		
Rental expenses	35,00	-
Stationery and office supplies	20,562	12,337
Auditor's remuneration	503	322
Legal and other consultancy fees	50,734	24,035
Communication	5,786	3,882
Amortisation of right of use asset land lease(note 22)	1,592	1,646
Amortization of right of use asset land lease for investments(note 22)	132	690
Amortization of right of use asset buildings(note 22)	31,354	25,936
Recovery of Impairment loss on receivables	37,598	244
Other expenses	77,180	54,710
VAT expense paid	97,908	-
Donations	29,337	-
Gift and sponsorship	6,516	12,304
Fees and commission expenses	107	927
Fuel and lubricants	25,708	14,313
Bank charges	9,180	23,770
Depreciation on property and equipment (note 23)	42,273	40,453
Depreciation on investment property (note 24)	8,637	9,630
Fair Value adjustment (OCI)	(15,855)	(15,768)
Advertisement	19,192	20,596
Subscription	4,385	2,234
Amortization of intangible assets (note 25)	1,495	1,505
Directors emoluments	1,200	1,050
Shariah advisory board Fee	385	399
Takaful management expense	8,194	3,414
Repairs and maintenance	46,872	31,718
Travel expenses	14,416	9,436
Insurance cost	11,063	9,952
	536,489	289,735
Insurance Directly Attributable Expenses	171,703	160,197
	364,786	129,538





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	30 June 2025 Birr'000	30 June 2024 Birr'000
11 Employee benefits expense		
Salaries and wages	338,548	309,878
Medical expenses	10,815	29,793
Life insurance expense	4,850	6,916
Staff training	16,570	6,941
Defined contribution costs- employers' contribution	23,292	19,538
Defined benefit costs- severance pay (note 31)	15,819	7,412
Other staff cost and allowances	45,434	18,560
	<u>455,328</u>	<u>399,038</u>
Insurance Directly Attributable Expenses	<u>253,181</u>	<u>240,295</u>
	<u>202,147</u>	<u>158,743</u>

	30 June 2025 Birr'000	30 June 2024 Birr'000
12 Company income and deferred tax		
a Current income tax		
Company income tax	155,095	107,706
Prior year (over)/ under provision		
Capital gains tax		
Tax on foreign deposit interest		
Deferred income tax/(credit) to profit or loss		
Total charge to profit or loss	<u>155,095</u>	<u>107,706</u>
Tax (credit) on other comprehensive income	-	-
Total tax in statement of comprehensive income	<u>155,095</u>	<u>107,706</u>

b Reconciliation of effective tax to statutory tax

The tax on the Company's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	30 June 2025 Birr'000	30 June 2024 Birr'000
Profit before tax	-	902,626
Income taxed at source		
- Interest income from deposits	(444,122)	(303,812)
- Income from dividend	(342,239)	(281,466)
- Adjustment of taxable depreciation	(26,425)	(17,597)
- Non-deductible expenses	222,225	59,271
Total taxable Income	<u>(590,561)</u>	<u>359,022</u>
Tax calculated at statutory tax rate of 30 %	155,095	107,706

Depreciation for Company income tax for fixed assets acquired after the effective date of Income Tax Proclamation No. 979/2016 & Council of Ministers Regulation No. 410/2017, as per Art. 67 is calculated by diminishing system other than buildings while fixed assets acquired prior to the above mentioned proclamation is depreciated as follows.

- i. Fixed assets with positive balance in a depreciation basis in the pool at a commencement of the Proclamation are depreciated at the following rates per annum.
 - Buildings 5%, using straight-line method,
 - Computers, information systems, software products and data storage equipments 25%,
 - All other Assets 20%
- ii. Depreciable assets acquired on or after the commencement of the Proclamation are depreciated by applying the following rates per annum against the net book value of the assets.
 - Buildings 5%, using straight-line method,
 - Computers, information systems, software products and data storage equipments 20%,
 - All other Assets 15%

	30 June 2025 Birr'000	30 June 2024 Birr'000
c Current income tax liability		
Balance at the beginning of the year	107,706	40,858
Charge for the year:		
Company Income tax expense	155,095	107,706
Payment during the year	<u>(107,706)</u>	<u>(40,858)</u>
Balance at the end of the year	<u>155,095</u>	<u>107,706</u>

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	30 June 2025 Birr'000	30 June 2024 Birr'000
d		
Current income tax liability- takaful		
Balance at the beginning of the year	2,966	
Charge for the year:		
Takaful Income tax expense	4,113	2,966
Payment during the year	(2,966)	
Balance at the end of the year	4,113	2,966

e Deferred income tax

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets for the Company has not been recognised because it is not probable that future taxable profits will be available against which they can be utilised.

	30 June 2025 Birr'000	30 June 2024 Birr'000
The analysis of deferred tax assets/(liabilities) is as follows:		
To be recovered after more than 12 months	(34,802)	296,539
To be recovered within 12 months	490,874	28,722
	456,072	322,382

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

	30 June 2025 Birr'000	(charge) to profit or loss Birr'000	Credit/ (charge) to equity Birr'000	30 June 2024 Birr'000
Deferred income tax assets/(liabilities):				
Financial Asset, Property, plant and equipment	322,382			296,539
Tax losses charged to profit or loss				(6,081)
Provisions	-		168,491	31,923
Post employment benefit obligation				
Total deferred tax assets/ (liabilities)	325,261	-	456,072	322,382

13 Cash and bank balances

	30 June 2025 Birr'000	30 June 2024 Birr'000
Cash in hand	46,361	789
Cash at bank	1,018,513	604,217
Short term deposits with banks	213,704	117,609
Fixed time deposits with local banks	2,658,761	2,161,065
	3,937,339	2,883,680
Allowance for impairment of cash and bank balance	(4,736)	(239)
	3,932,603	2,883,441

Cash and bank balances are all current.

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

	30 June 2025 Birr'000	30 June 2024 Birr'000
Cash and cash equivalents		
Cash in hand	46,361	789
Cash at bank	1,018,513	604,217
Short term deposits with banks	213,704	117,609
	1,278,578	722,615





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14 Financial assets

14(a) Financial assets classified at fair value through other comprehensive income

	30 June 2025	30 June 2024
	Birr'000	Birr'000
Equity investments(Unquoted equities)	1,808,656	1,248,336
Revaluation of Equity Investment	922,849	462,008
	<u>2,731,505</u>	<u>1,710,344</u>

The Company holds equity investments in the following entities;

	30 June 2025		30 June 2024	
	Amount of shares '000	% holdings	Amount of shares '000	% holdings
Awash International Bank S.C	2,459,939	4.88%	1,479,715	6%
Ethiopian Reinsurance Company	140,750	5%	116,522	4%
BIS Vegetables and Agro industry	800	1%	800	
Sheger Investment Hotel and Tourism S.C	400	9.5%	400	
Addis- Africa International CEC	38,461	0.86%	39,753	0.4%
Oda Share Company S.C.	78,380	8.20%	67,089	15.9%
Capital Financial Excellence Center S.C.	981		767	2.0%
Ethiopian Securities Exchange S.C.	6,494		5,000	
Awash Capital Share Company	5,000	5.00%	-	5.0%
Sheger Smart City Real Estate (under formation)	300		300	
	<u>2,731,505</u>		<u>1,710,345</u>	

These investments are unquoted equity securities measured at cost less impairment.

14(b)

Movement in financial asset classified as fair value through other comprehensive income (FVTOCI) is as follows;

	30 June 2025	30 June 2024
	Birr'000	Birr'000
As at 1 July	1,710,344	1,206,407
Additions during the year	560,321	387,929
Remesurment gain or loss through OCI	460,840	116,008
As at 30 June	<u>2,731,505</u>	<u>1,710,344</u>

14(c) Debt instruments at amortised cost

	30 June 2025	30 June 2024
	Birr'000	Birr'000
Staff Loans	227,053	137,570
Government Bonds	10,000	10,000
Corporate Bonds	258,858	126,455
	<u>495,911</u>	<u>274,025</u>
Impairment loss on staff debtors	(2,273)	(2,273)
Amortization of debt instrument	(52,366)	(27,525)
	<u>441,272</u>	<u>244,227</u>

14d) Accounting considerations

A financial asset shall be measured at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest

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	30 June 2025 Birr'000	30 June 2024 Birr'000
15 Insurance receivables		
Due from contract holders	43,283	25,403
Insurance agents	-	-
	43,283	25,403
Impairment loss on due from contract holders	(22,453)	(22,453)
Net amount	20,830	2,950

A reconciliation of the allowance for impairment loss for insurance receivables is as follows:

	30 June 2025 Birr'000	30 June 2024 Birr'000
At 1 July	25,403	34,963
Charge for the year (note 13)	(4,573)	(9,560)
As at 30 June	20,830	25,403

16 Reinsurance assets

	30 June 2025 Birr'000	30 June 2024 Birr'000
Recoverable from reinsurers	38,702	59,532
Receivable from local insurance	89,473	11,614
	128,175	71,146

The asset for reinsurance contracts represent the estimated amounts which, together with estimated future ceded premiums and finance cost, will provide for outstanding claim recoveries, estimated future benefits payout recoveries and expenses on in-force reinsurance contracts. The reinsurance contract assets include the risk adjustment to cover volatility in experience as well as discounting.

16(a) General Business

2,025	UPR	Loss Component	Asset for Remaining Coverage	LIC	Risk Adj	Effects of Discounting	Asset for Incurred Claims	Reinsurance Assets	Deferred Commission Income	Reinsurance Asset
Accident	30,518,729	-	30,518,729	12,671,145	2,369,116	(1,697,933)	13,342,328	43,861,057	(4,148,073)	39,712,984
Engineering	48,745,566	-	48,745,566	34,480,285	10,302,488	(6,837,441)	37,945,333	86,690,899	(10,504,950)	76,185,948
Fire & Light	95,861,265	-	95,861,265	2,579,616	1,088,484	(405,258)	3,262,842	99,124,107	(16,310,713)	82,813,394
Burglary	4,133,260	-	4,133,260	-	-	-	-	4,133,260	(709,865)	3,423,395
Floriculture	203,705	-	203,705	1,624,295	338,842	(168,602)	1,794,535	1,998,260	(68,604)	1,929,636
Marine	33,342,793	-	33,342,793	2,552,928	646,062	(310,436)	2,888,554	36,231,347	(2,771,216)	33,460,131
GIT	10,946,531	-	10,946,531	546,342	110,656	(83,153)	573,845	11,520,375	(673,315)	10,847,060
Motor OD	39,465,470	-	39,465,470	56,190,995	4,534,605	(8,906,273)	51,819,327	91,284,797	(13,383,779)	77,901,017
Motor Liab	9,787,834	-	9,787,834	4,838,325	318,680	(799,291)	4,357,713	14,145,547	(767,987)	13,377,560
Asset	54,974,456	-	54,974,456	-	-	-	-	54,974,456	(7,832,650)	47,141,805
Pecuniary	104,806,263	-	104,806,263	83,422,652	11,513,105	(33,961,362)	60,974,395	165,780,658	(7,707,490)	158,073,168
PVT	239,809,938	39,422,210	279,232,148	470,009,942	81,042,160	(73,133,547)	477,918,555	757,150,702	(31,059,893)	726,090,810
W.C.	341,305	-	341,305	272,785	35,401	(36,144)	272,042	613,347	(189,008)	424,339
Travel	-	-	-	-	-	-	-	-	(660,456)	(660,456)
Total	672,937,113	39,422,210	712,359,322	669,189,310	112,299,598	(126,339,439)	655,149,469	1,367,508,791	(96,788,000)	1,270,720,791
2,024	UPR	Loss Component	Asset for Remaining Coverage	LIC	Risk Adj	Effects of Discounting	Asset for Incurred Claims	Total Reinsurance Asset	Deferred Commission Income	Reinsurance Asset
Accident	18,259,099	-	18,259,099	8,801,267	2,308,057	(1,174,089)	9,935,235	28,194,334	(4,148,073)	24,046,262
Engineering	30,830,323	-	30,830,323	14,159,231	2,954,674	(5,040,686)	12,073,219	42,903,542	(10,504,950)	32,398,592
Fire & Light	59,031,797	-	59,031,797	40,785,835	14,077,030	(4,735,235)	50,127,629	109,159,427	(16,310,713)	92,848,713
Burglary	3,098,678	-	3,098,678	381,246	113,423	(49,562)	445,107	3,543,785	(709,865)	2,833,920
Floriculture	169,401	1,440,191	1,609,593	1,800,147	551,681	(186,855)	2,164,972	3,774,565	(68,604)	3,705,961
Marine	11,501,192	-	11,501,192	4,705,333	1,958,807	(577,344)	6,086,796	17,587,988	(2,771,216)	14,816,772
GIT	2,780,496	-	2,780,496	1,117,593	331,507	(194,238)	1,254,862	4,035,358	(673,315)	3,362,043
Motor OD	39,795,122	-	39,795,122	66,511,640	4,998,055	(10,302,653)	61,207,042	101,002,164	(13,383,779)	87,618,385
Motor Liab	2,886,295	1,748,490	4,634,785	3,578,322	262,404	(627,280)	3,213,446	7,848,231	(767,987)	7,080,244
Asset	37,149,126	-	37,149,126	10,900,424	1,189,785	(1,569,661)	10,520,548	47,669,673	(7,832,650)	39,837,023
Pecuniary	45,273,301	-	45,273,301	87,425,899	29,940,230	(15,719,177)	101,646,953	146,920,253	(7,707,490)	139,212,763
PVT	154,583,422	13,439,694	168,023,116	343,150,158	102,379,963	(41,589,799)	403,940,322	571,963,438	(31,059,893)	540,903,545
W.C.	898,806	334,986	1,233,792	409,350	99,065	(55,917)	452,497	1,686,289	(189,008)	1,497,281
Travel	3,085,942	-	3,085,942	-	-	-	-	3,085,942	(660,456)	2,425,486
Total	409,343,000	16,963,362	426,306,362	583,726,445	161,164,681	(81,822,497)	663,068,628	1,089,374,990	(96,788,000)	992,586,990





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Reinsurance asset movements

	30 June 2025 Birr'000	30 June 2024 Birr'000
Opening AfRC (excl Loss Component)	480,126	341,602
Movement in Insurance Revenue	(987,837)	(683,618)
Acquisition Cash Flows Amortization	343,166	136,118
Movement in Insurance Service Expense	343,166	136,118
Movement in Finance Income/ (Expense)	-	-
Premiums received	1,180,648	822,143
Insurance acquisition cash flows	(343,166)	(136,118)
Cashflow Movements	837,482	686,024
Closing Balance	672,937	480,126
Opening Loss Component	16,963	911
Movement in Insurance Revenue	-	-
Movement in Insurance Service Expense	22,459	16,052
Movement in Finance Income/ (Expense)	-	-
Closing Loss Component	39,422	16,963
Opening LIC	501,904	203,790
Movement in Insurance Revenue	-	-
Incurred Claims	222,848	484,434
Directly Attributable Expenses		
Other adjustments		
Movement in Insurance Service Expense	222,848	484,434
Movement in Finance Income/ (Expense)	(44,517)	(42,701)
Claims Paid	(137,385)	(143,619)
Attributable Expenses Paid	-	-
Cashflow Movements	(137,385)	(143,619)
Closing LIC	542,850	501,904
Discount Component	126,339	81,822
Undiscounted LIC	669,189	583,726
Opening RA	161,527	47,070
Movement in Insurance Revenue	-	-
Movement in Insurance Service Expense	(49,228)	114,457
Movement in Finance Income/ (Expense)	-	-
Closing RA	112,300	161,527
	30 June 2024 Birr'000	30 June 2024 Birr'000
Reinsurance Result		
Movement in Insurance Revenue	(987,837)	(683,618)
Movement in Insurance Service Expense	539,245	751,062
Reinsurance Result	(448,592)	67,444

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	30 June 2024	30 June 2024
	Birr'ooo	Birr'ooo
REINSURANCE ASSET		
UPR	672,937	480,126
DAC	-	-
LC	39,422	16,963
LIC	542,850	501,904
RA	112,300	161,527
TOTAL	1,367,509	1,160,521
Reinsurance Receivables	-	(71,146)
Closing Balance	1,367,509	1,089,375
Deferred Commission Income	(96,788)	(96,788)
Reinsurance Asset	1,270,721	991,991
Reinsurance assets	1,398,896	1,063,137
provision for Reinsurance asset	(1,058)	-
	1,397,838	1,063,137
	30 June 2025	30 June 2024
	Birr'ooo	Birr'ooo
Current	1,397,838	1,063,137
Non- current	-	-
	1,397,838	1,063,137

16(b) Retakaful assets

2,025	UPR	Loss Component	Liability for Remaining Coverage	LIC	IBNR	Risk Adj	Effects of Discounting	Liability for Incurred Claims	Reinsurance Asset	TOTAL REINSURANCE ASSET
Accident	13,050	-	13,050	-	-	-	-	-	13,050	13,050
Engineering	2,031,279	-	2,031,279	641,212	-	191,590	(182,436)	650,366	2,681,645	2,681,645
Fire & Light	5,551,698	-	5,551,698	7,500	798,076	3,165	(23,565)	785,176	6,336,874	6,336,874
Burglary	283,293	-	283,293	-	11,036	-	-	11,036	294,328	294,328
Floriculture	-	-	-	488,038	-	-	-	488,038	488,038	488,038
Marine	3,638,736	-	3,638,736	-	-	123,506	(425,600)	(302,094)	3,336,643	3,336,643
GIT	-	967,616	967,616	8,602,186	-	-	-	8,602,186	9,569,802	9,569,802
Motor OD	2,805,057	-	2,805,057	137,123	-	1,043,431	(3,607,564)	(2,427,010)	378,047	378,047
Motor Liab	288,860	-	288,860	75,000	93,836	9,032	(352,662)	(174,794)	114,067	114,067
Liability	1,238,896	-	1,238,896	-	136,618	11,685	(22,230)	126,073	1,364,968	1,364,968
Pecuniary	95,448	-	95,448	-	12,809	-	-	12,809	108,257	108,257
PVT	8,026,726	-	8,026,726	-	1,377,256	-	-	1,377,256	9,403,982	9,403,982
W.C.	19,550	-	19,550	-	-	-	-	-	19,550	19,550
Travel	-	-	-	-	84	-	-	84	84	84
Total	23,992,594	967,616	24,960,210	9,951,059	2,429,715	1,382,409	(4,614,057)	9,149,126	34,109,336	34,109,336

2,024	UPR	Loss Component	Liability for Remaining Coverage	LIC	IBNR	Risk Adj	Effects of Discounting	Liability for Incurred Claims	Total Liability	TOTAL REINSURANCE ASSET
Accident	3,288	-	3,288	-	-	-	-	-	3,288	3,288
Engineering	242,209	-	242,209	-	-	-	-	-	242,209	242,209
Fire & Light	4,224,125	-	4,224,125	19,750	46,552	22,884	(7,698)	81,489	4,305,614	4,305,614
Burglary	4,419	-	4,419	-	-	-	-	-	4,419	4,419
Floriculture	-	-	-	-	-	-	-	-	-	-
Marine	249,363	-	249,363	9,883	23,295	13,812	(4,071)	42,919	292,282	292,282
GIT	-	-	-	-	-	-	-	-	-	-
Motor OD	1,246,481	-	1,246,481	220,920	1,208,928	107,447	(221,483)	1,315,811	2,562,292	2,562,292
Motor Liab	78,686	-	78,686	34,460	81,225	8,483	(20,280)	103,889	182,575	182,575
Liability	-	-	-	-	-	-	-	-	-	-
Pecuniary	-	-	-	-	-	-	-	-	-	-
PVT	1,940,108	-	1,940,108	-	-	-	-	-	1,940,108	1,940,108
W.C.	-	-	-	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-	-	-	-
Total	7,988,680	-	7,988,680	285,013	1,360,000	152,626	(253,532)	1,544,107	9,532,787	9,532,787





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RETAKAFUL ASSET MOVEMENTS

	30 June Birr'000	30 June Birr'000
Opening AfRC (excl Loss Component)	7,989	3,319
Movement in Insurance Revenue	(34,175)	(14,645)
Acquisition Cash Flows Amortization	-	-
Movement in Insurance Service Expense	-	-
Movement in Finance Income/ (Expense)	-	-
Premiums received	50,179	19,315
Insurance acquisition cash flows	-	-
Cashflow Movements	50,179	19,315
Closing Balance	23,993	7,989
Opening Loss Component	-	0
Movement in Insurance Revenue	-	-
Movement in Insurance Service Expense	968	(0)
Movement in Finance Income/ (Expense)	-	-
Closing Loss Component	968	-
Opening LIC	1,391	23
Movement in Insurance Revenue	-	-
Incurred Claims	9,188	4,691
Directly Attributable Expenses	-	-
Other adjustments	-	-
Movement in Insurance Service Expense	9,188	4,691
Movement in Finance Income/ (Expense)	(883)	(250)
Claims Paid	(1,431)	(3,073)
Attributable Expenses Paid	-	-
Cashflow Movements	(1,431)	(3,073)
Closing LIC	8,266	1,391
Discount Component	1,137	254
Undiscounted LIC	9,402	1,645
Opening RA	153	1
Movement in Insurance Revenue	-	-
Movement in Insurance Service Expense	731	151
Movement in Finance Income/ (Expense)	-	-
Closing RA	883	153
	30 June 2025 Birr'000	30 June 2024 Birr'000
Liabilities	2,025	2,024
Opening Liabilities	9,533	3,343
Closing Liabilities	34,109	9,533
Insurance Result	-	-
Movement in Insurance Revenue	34,175	14,645
Movement in Insurance Service Expense	(10,887)	(4,842)
Reinsurance Result	23,288	9,803
Insurance Result	-	-
	30 June 2025 Birr'000	30 June 2024 Birr'000
Finance Income Movements	25,384	8,012
Movement in Finance Income/ (Expense)	-	-
Reinsurance Movement in Finance Income/ (Expense)	-	-
	30 June Birr'000	30 June Birr'000
TOTAL LIABILITIES	23,993	7,989
BEL Exc Loss Component	968	-
Loss Component	-	-
LIC	8,266	1,391
RA	883	153
TOTAL LIABILITIES	34,109	9,533

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The Company conducted an impairment review of the reinsurance assets and no impairment is required in respect of these assets as the Company has the right to set-off reinsurance assets against reinsurance liabilities on settlement. The carrying amounts disclosed above is in respect of the reinsurance of contracts approximate fair value at the reporting date.

IFRS 9 introduced impairment model based on expected credit losses in the recognition of a loss allowance before the credit loss is incurred.

The following table shows the exposure sum and the impairment associated with financial assets

	Exposure in '000	Stage 1 in'000	Stage 2 in'000	Stage 3 in'000	Total impairment	Impairment ratio
Cash at Bank	3,890,978	4,333	-	403	4,736	0.00%
Staff Loan	195,877	7,494	-	274	7,768	3.97%
Other receivables	71,967	-	1,816	2,518	4,334	6.02%

17 Other assets

Other loans and receivables:

Qard receivable from takaful
Other account receivables
Subrogation reimbursements
Accrued interest receivable
Staff debtors

Other non financial assets

Prepaid staff expense

Withholding tax receivable
Value added tax receivable
Prepayments

Less impairment loss and amortization on other receivables:

Impairment loss on other accounts receivables

Current
Non- current

A reconciliation of the allowance for impairment losses for other receivables, is as follows:

At 1 July

Charge for the year
Recoveries

As at 30 June

18 Salvage property held for sale

Salvage property held for sale

The movement in salvage properties held for sale is as follows:

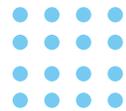
As at 1 July

Additions(deduction) during the year

As at 30 June

	30 June 2025 Birr'000	30 June 2024 Birr'000
	9,000	9,000
	153,681	90,273
	61,223	48,976
	-	-
	1,627	1,647
	225,531	149,896
	1,481	1,481
	42,466	37,192
	85,669	-
	-	-
	129,616	38,673
	(8,002)	(6,514.91)
	-	-
	(8,002)	(6,515)
	347,145	182,054
	330,143	166,539
	17,002	15,515
	347,145	182,054
	6,515	22,127
	1,487	8,054
	-	-
	8,002	30,181
	67,835	49,970
	49,970	29,945
	17,865	20,025
	67,835	49,970





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These assets represent salvage properties that are fully or partially damaged and fully compensated to the policy holder by the Company. These assets are recognized and classified as held for sale in the financial statement by their carrying amount and fair value less cost of disposal as per IFRS 5.

The Company's Management practice regarding these assets is to dispose through public auction. These assets will not be held for more than a year from the date of compensation and their carrying value will only be recovered through disposal rather than continuing use.

9 (a) Right-of-use assets

The statement of financial position shows the separate line item for the right-of-use assets, which comprises the following:

	Office Buildings	Land Own Use	Land Investmen	Total	Office Buildings	Land Own Use
	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000
As at 1 July	35,703	41,157	(132)	76,728	31,501	57,625
Additions – new lease contracts	23,113	1,458	(1)	24,570	29,226	(11,554)
Termination/adjustment/ of the lease contract	3,050	(3,268)	-	(218)	912	(3,268)
Depreciation	(31,354)	(1,592)	(132)	(33,078)	(25,936)	(1,646)
As at 30 June	30,512	37,755	(265)	68,002	35,703	41,157

9 (b) Due to transactions in right of use asset, the following amounts are recognised in profit or loss:

	30 June 2025	2024
	Birr'000	Birr'000
Interest expense on lease liabilities	-	-
Depreciation	33,078	28,272
	33,078	28,272

20 Property, plant and equipment

	Furniture and fittings	Office equipment	Buildings	Lifts	Motor vehicles	Computer equipment	Construction in progress	Total
	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000
Cost								
At 1 July 2023	22,273	12,673	733,244	37,623	234,993	24,415	40,915	1,106,136
Additions	6,662	2,148	-	-	37,255	7,409	239,160	292,634
Disposals/Adjustments	-	-	-	-	(880)	-	-	(880)
Reclassification	-	-	-	-	-	-	-	-
At 30 June 2024	28,935	14,821	733,244	37,623	271,368	31,824	280,075	1,397,890
At 1 July 2024	28,935	14,821	733,244	37,623	271,368	31,824	280,075	1,397,890
Additions	3,603	1,357	-	-	99,111	9,229	40,679	153,978
Disposals/Adjustments	(8,368)	(1,515)	-	-	(14,560)	(1,985)	(31,952)	(58,380)
Reclassification	-219	-	-	-	-	-	-	-
At 30 June 2025	23,950	14,663	733,244	37,623	355,919	39,068	288,802	1,493,488
Accumulated depreciation								
At 1 July 2023	(11,360)	(8,107)	(92,560)	(17,428)	(70,335)	(14,413)	-	(214,203)
Additions	-1,628	-1,186	-13,972	-2,389	(16,536)	-2,530	-	(38,241)
Disposals/Adjustments	-	-	-	-	(836)	-	-	(836)
Reclassification	-	-	-	-	-	-	-	-
At 30 June 2024	(12,988)	(9,293)	(106,532)	(19,817)	(87,707)	(16,943)	-	(253,280)
At 1 July 2024	(12,988)	(9,293)	(106,532)	(19,817)	(87,707)	(16,943)	-	(253,280)
Charge for the year	4,130	1,299	(13,569)	(2,086)	(13,954)	(89)	-	(24,269)
Disposals/Adjustments	-	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-	-
At 30 June 2025	(8,858)	(7,994)	(120,101)	(21,903)	(101,661)	(17,032)	-	(277,549)
Net book value								
At 30 June 2023	10,913	4,566	640,684	20,195	164,658	10,002	40,915	891,933
At 30 June 2024	15,947	5,528	626,712	17,806	183,661	14,881	280,075	1,144,610
At 30 June 2025	15,092	6,669	613,143	15,720	254,258	22,036	288,802	1,215,720

The Buildings and construction in progress of the Company was revalued on June, 2024 by independent valuer, African Business and Development Consultants (ABD-Consult) Plc. The valuer determined the depreciated replacement value (DRV) and appreciated replacement value (ARV) in order to arrive at the market value of existing buildings and construction in progress of the Company. Accordingly, the current market value of buildings and construction in progress as reported under note 23&24 were valued Birr 2,169,234,480. Similarly, Motor vehicles of the Company were valued by internal valuers of the Company on March 29, 2024. Accordingly the market value of motor vehicles of the Company were valued Birr 512,740,000

Transfers from property, plant and equipment relates to buildings recognised under property, plant and equipment which are held to earn rental income and fall under the Company's definition of an investment property.

AWASH INSURANCE S.C.
Annual IFRS Financial Statements
For the year ended 30 June 2025
Notes to the Financial Statements

	Construction in progress			Construction in progress		
	Building Birr'000	progress Birr'000	Total Birr'000	Building Birr'000	in progress Birr'000	Total Birr'000
21 Investment property						
Cost:						
At 1 July 2024	411,756	30,862	442,618	334,706	68,856	403,562
Additions	-	32,062	32,062	77,050	39,056	116,106
Reclassification	31,952	-	31,952	-	-	-
Transfer out of investment properties under construction	-	-	-	-	-	-
Revaluation surplus/ (deficit)	-	-	-	-	(77,050)	(77,050)
At 30 June 2025	443,708	62,924	506,632	411,756	30,862	442,618
Accumulated depreciation:						
At 1 July 2024	45,317	-	45,317	37,342	-	37,342
Charge for the year	8,637	-	8,637	7,975	-	7,975
Reclassification	-	-	-	0	-	-
At 30 June 2025	53,954	-	53,954	45,317	-	45,317
Net book value						
At 30 June 2024	366,439	30,862	397,301	297,364	68,856	366,220
At 30 June 2025	389,754	62,924	452,678	366,439	30,862	397,301

a Amounts recognised in profit or loss for investment property

	30 June 2025 Birr'000	30 June 2024 Birr'000
Rental income (note 10)	26,251	21,603
Direct operating expenses from property that generated rental income		
	26,251	21,603

b Fair value measurement of the Company's investment properties

The Company's investment property is measured at fair value. These properties include those held for rental purposes. There are currently no restrictions on the realisability of these properties.

Investment property is initially measured at cost including transaction costs and subsequently measured at depreciated cost (less any accumulated impairment losses). Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives of 50 years. The fair value of investment properties has been disclosed as required.

The fair value of the Company's investment property as at the reporting date and has been arrived at by independent professional and qualified estate surveyors and valuers. These valuers have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The fair value was determined based on the replacement cost concept which approximates the estimated amount for which a property should exchange on the date of valuation between knowledgeable willing parties in an arm's length transaction after proper marketing, prudently and without compulsion. This implies a market comparable approach that reflects the recent transaction prices for similar properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year.





AWASH INSURANCE S.C.

Annual IFRS Financial Statements

For the year ended 30 June 2025

Notes to the Financial Statements

c Fair value hierarchy

Details of the Company's investment properties and information about the fair value hierarchy are as follows:

		30 June 2025	30 June 2024
		Birr'000	Birr'000
	Carrying amount		
	Level 2	452,678	397,301
		Software development cost	Total
		Birr'000	Birr'000
22 Intangible Assets			
	Cost		
	As at 30 June 2024	22,956	22,956
	Additions	11,912	
	Reclassification		
	Transfers	-	-
	As at 30 June 2025	34,868	22,956
	Amortisation		
	As at 30 June 2024	-	(12,303)
	Adjustment		(675)
	Additions	(2,169)	(1,504)
	As at 30 June 2025	-	(14,482)
	Net book value		
	As at 30 June 2024	-	8,474
	As at 30 June 2025	-	18,217
23 Statutory deposits			

This relates to the amount deposited with National Bank of Ethiopia in line with Article 20 of the Insurance Business Proclamation No. 746/2012 as amended by the Insurance Business(Amendment) Proclamation No.1163/2019. The law requires that in respect of each main class of insurance, the insurer carries an amount equal to 15% of the Company's paid up capital in cash or government securities.

The statutory deposit below includes Birr 391,876,225 (2025: Birr 107,591,225) out of it Birr 391,877,000 is transferred to Ethiopian Government Saving Bond for Great Renaissance Dam. The Bond bears interest income of 8% per annum.

	30 June 2025	30 June 2024
	Birr'000	Birr'000
Statutory deposits	391,877	284,286
	30 June 2025	30 June 2024
	Birr'000	Birr'000
The movement during the year is as follows:		
As at 1 July	284,286	209,496
Additions	105,149	72,348
Interest received on statutory deposit invested in Government Bond	(8,171)	(8,171)
Interest receivable on statutory deposit invested in Government Bond	10,614	10,614
As at 30 June	391,877	284,286

Although the minimum balance required to be set aside is Birr 397,081,500(2025: Birr 108,857,655), accrued interest receivable on the statutory deposit transferred to Ethiopian Government Savings Bond of Birr 14,101,271 have been included in the disclosure .

AWASH INSURANCE S.C.

Annual IFRS Financial Statements

For the year ended 30 June 2025

Notes to the Financial Statements

24 Insurance contract liabilities

24(a) General Business

Awash Insurance has adopted the Premium Allocation Approach (PAA) for the measurement of all general insurance and reinsurance contracts held

under the PAA,

•Liability for Remaining Coverage (LRC) is calculated as:

a) LRC = UPR – DAC

•Liability for Incurred Claims (LIC) is calculated as:

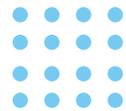
a) LIC = Best Estimate Liability(BEL) + RA - DC

The liabilities for insurance contracts represent the estimated amounts which, together with estimated future premiums and net investment income, will provide for outstanding claims, estimated future benefits and expenses on in-force insurance contracts. The insurance contract liabilities include the risk adjustment to cover volatility in experience as well as discounting.

2025	UPR	DAC	Loss Component	Outstanding Claims	ULAE	IBNR	Risk Adj	Effects of Discounting	Total Liability
Accident	46,484,520	(2,438,770)	-00	8,188,751	293,188	7,633,141	3,013,027	(2,159,421)	61,014,437
Engineering	87,453,278	(7,582,878)	-00	74,610,221	1,103,200	6,822,888	24,661,320	(16,366,950)	170,701,079
Fire & Light	179,501,377	(11,914,720)	-00	7,181,579	585,068	19,811,912	11,636,931	(4,332,592)	202,469,555
Burglary	8,246,857	(557,254)	-00	-00	35,018	1,400,732	299,510	(149,031)	9,275,832
Floriculture	365,317	(51,793)	-00	1,776,572	24,292	83,407	393,075	(195,587)	2,395,283
Marine	75,597,425	(4,903,873)	-00	21,101,502	515,203	10,057,368	8,015,664	(3,851,567)	106,531,721
GIT	54,525,810	(3,355,957)	-00	10,926,837	307,650	6,842,583	3,661,319	(2,751,330)	70,156,912
Motor OD	775,629,304	(30,710,763)	-00	639,587,420	11,881,253	155,456,406	65,118,733	(127,897,625)	1,489,064,728
Motor Liab	233,947,504	-00	-00	98,598,696	1,889,192	26,268,343	8,348,890	(20,940,129)	348,112,496
Liability	79,694,408	(4,044,915)	-00	27,737,973	1,171,673	32,997,922	9,644,841	(9,174,701)	138,027,199
Pecuniary	216,003,515	(9,502,533)	-00	99,799,447	1,657,408	16,396,584	16,264,874	(47,978,135)	292,641,159
PVT	280,383,102	(3,536,862)	46,092,007	527,506,349	7,835,805	49,679,011	169,131,712	(91,029,293)	986,061,830
W.C.	15,050,497	(1,155,459)	-00	5,505,020	202,241	5,337,114	1,433,317	(1,463,380)	24,909,350
Travel	-00	-00	-00	-00	-00	-00	-00	-00	-00
Total	2,052,882,912	(79,755,777)	46,092,007	1,522,520,367	27,501,190	338,787,411	321,623,214	(328,289,741)	3,901,361,583

2024	UPR	DAC	Loss Component	Outstanding Claims	ULAE	IBNR	Risk Adj	Effects of Discounting	Total Liability
Accident	43,804,089	(6,171,000)	-00	12,823,709	1,086,145	15,123,234	4,365,273	(3,873,014)	67,158,436
Engineering	52,528,974	(5,129,000)	-00	40,651,894	137,002	1,907,591	8,218,715	(15,199,950)	83,115,227
Fire & Light	130,478,600	(8,531,000)	-00	36,927,515	11,813,944	178,323,647	58,956,354	(24,756,712)	383,212,348
Burglary	6,676,065	(438,000)	-00	40,000	887,541	12,357,921	3,309,156	(1,727,110)	21,105,574
Floriculture	193,067	(58,000)	1,641,389	1,776,572	660,408	9,195,372	2,984,653	(1,207,438)	15,186,023
Marine	35,462,005	(1,997,000)	-00	17,478,652	445,639	6,204,977	7,561,426	(2,960,661)	62,195,038
GIT	21,396,577	(1,600,000)	-00	2,383,411	302,418	4,210,806	1,631,337	(1,198,635)	27,125,915
Motor OD	655,738,181	(26,452,000)	-00	500,200,227	834,275	11,616,253	45,071,216	(81,551,724)	1,105,456,428
Motor Liab	49,417,734	-00	29,936,784	61,791,620	516,946	7,197,834	5,348,136	(12,184,472)	142,024,581
Liability	54,486,402	(1,833,000)	-00	10,415,400	1,214,503	16,910,461	4,536,753	(4,109,812)	81,620,707
Pecuniary	73,983,462	(6,823,000)	-00	123,273,350	1,155,049	16,082,641	32,995,261	(25,263,885)	215,402,878
PVT	207,437,199	(2,138,000)	18,077,280	348,242,596	7,616	106,042	70,060,589	(42,220,778)	599,572,544
W.C.	12,375,636	(832,000)	4,612,415	3,961,788	3,180,513	44,284,740	8,836,019	(7,024,934)	69,394,178
Travel	5,804,441	-00	-00	-00	-00	-00	-00	-00	5,804,441
Total	1,349,782,431	(62,002,000)	54,267,868	1,159,966,734	22,242,000	323,521,519	253,874,890	(223,279,126)	2,878,374,317





AWASH INSURANCE S.C.

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For the year ended 30 June 2025

Notes to the Financial Statements

LIABILITY MOVEMENTS

	30 June 2025 Birr'000	30 June 2024 Birr'000
UPR	1,349,782	1,102,226
DAC	(62,002)	(51,926)
Opening LfRC (excl Loss Component)	1,287,780	1,050,300
Movement in Insurance Revenue	(3,040,355)	(2,359,549)
Acquisition Cash Flows Amortization	167,380	117,850
Movement in Insurance Service Expense	167,380	117,850
Movement in Finance Income/ (Expense)	-	-
Premiums received	3,725,701	2,597,029
Insurance acquisition cash flows	(167,380)	(117,850)
Cashflow Movements	3,558,321	2,479,180
NetClosing LfRC (excl Loss Component)	1,973,127	1,287,780
DAC	(79,756)	(62,002)
Gross Closing LfRC (excl Loss Component)	2,052,883	1,349,782
Opening Loss Component	54,268	17,144
Movement in Insurance Revenue	-	-
Movement in Insurance Service Expense	(8,176)	37,124
Movement in Finance Income/ (Expense)	-	-
Closing Loss Component	46,092	54,268
Opening LIC	1,282,451	804,692
Movement in Insurance Revenue	-	-
Incurred Claims	1,399,141	1,272,399
Directly Attributable Expenses	316,867	367,820
Other adjustments	-	-
Movement in Insurance Service Expense	1,716,008	1,640,219
Movement in Finance Income/ (Expense)	(105,011)	(82,744)
Claims Paid	(1,016,062)	(711,895)
Attributable Expenses Paid	(316,867)	(367,820)
Cashflow Movements	(1,332,929)	(1,079,715)
Closing LIC	1,560,519	1,282,451
Discount Component	328,290	223,279
Undiscounted LIC	1,888,809	1,505,730
Opening RA	253,875	115,134
Movement in Insurance Revenue	-	-
Movement in Insurance Service Expense	67,748	138,741
Movement in Finance Income/ (Expense)	-	-
Closing RA	321,623	253,875
Insurance Result	3,040,355	2,359,549
Movement in Insurance Revenue	(1,942,960)	(1,933,933)
Movement in Insurance Service Expense	(448,592)	67,444
Reinsurance Result	648,802	493,060
Insurance Result	648,802	493,060
Finance Income Movements	(105,011)	(82,744)
Movement in Finance Income/ (Expense)	(44,517)	(42,701)
Movement in Finance Income/ (Expense)	-	-
LIABILITY	2,052,883	1,349,782
UPR	(79,756)	(62,002)
DAC	46,092	54,268
LC	1,560,519	1,282,451
LIC	321,623	253,875
RA	3,873,516	3,901,362
Insurance contract liabilities	3,901,362	2,878,374

AWASH INSURANCE S.C.

Annual IFRS Financial Statements

For the year ended 30 June 2025

Notes to the Financial Statements

Claim development table 2025

	Before 2020	2020	2021	2022	2023	2024	2025	Total
Accident Year								
At end of accident year	643,768,023	153,376,175	172,379,175	234,862,797	509,429,342	422,111,700	554,795,917	
One year later	379,151,601	115,631,501	134,915,954	196,633,748	250,698,404	315,450,393		
Two years later	64,647,397	41,022,720	36,280,464	34,165,423	73,884,038			
Three years later	20,769,286	13,281,952	9,905,377	50,715,316				
Four years later	11,444,844	2,734,666	6,629,956					
Five years later	5,677,653	6,878,289						
Six years later	7,828,318							
Seven years later	2,453,555							
Eight years later	1,083,054							
Nine years later	7,932,261							
Gross Cumulative Payments to Date	(1,144,755,991)	(332,925,304)	(360,110,926)	(516,377,283)	(834,011,785)	(737,562,093)	(554,795,917)	-
Gross Cumulative Reported to Date	1,160,215,329	363,835,594	429,013,805	920,610,148	939,988,164	1,082,960,342	1,106,436,284	
Gross Outstanding Claims IBNR-best estimate	15,459,337	30,910,291	68,902,879	404,232,865	105,976,379	345,398,249	551,640,367	1,522,520,367
Gross undiscounted claim liabilities	15,459,337	30,910,291	68,902,879	404,232,865	105,976,379	345,398,249	551,640,367	1,861,307,778
Risk adjustment for non-financial risk								321,623,214
ULAE provision								27,501,190
Effect of discounting								(328,289,741)
Gross liabilities for incurred claims (LIC)								<u>1,882,142,441</u>

2024

	Before 2019	2019	2020	2021	2022	2023	2024	Total
Accident Year								
At end of claim year	484,368,484	159,399,539	153,376,175	172,379,175	234,862,797	509,429,342	422,111,700	
One year later	271,415,246	107,736,355	115,631,501	134,915,954	196,633,748	250,698,404		
Two years later	42,352,736	22,294,661	41,022,720	36,280,464	34,165,423			
Three years later	15,012,911	5,756,375	13,281,952	9,905,377				
Four years later	8,561,017	2,883,827	2,734,666					
Five years later	4,840,369	837,284						
Six years later	6,666,358							
Seven years later	2,453,555							
Eight years later	1,083,054							
Nine years later	955,891							
Gross Cumulative Payments to Date	(837,709,621)	(298,908,040)	(326,047,015)	(353,480,970)	(465,661,968)	(760,127,747)	(422,111,700)	
Gross Cumulative Reported to Date	866,485,359	305,592,697	363,104,157	408,863,823	917,804,739	897,015,993	865,147,027	
Gross Outstanding Claims IBNR-best estimate	28,775,738	6,684,656	37,057,142	55,382,853	452,142,772	136,888,246	443,035,326	1,159,966,734
Gross undiscounted claim liabilities	28,775,738	6,684,656	37,057,142	55,382,853	452,142,772	136,888,246	443,035,326	1,483,488,253
Risk adjustment for non-financial risk								288,453,914
ULAE provision								22,242,000
Effect of discounting								(223,279,126)
Gross liabilities for incurred claims (LIC)								<u>1,570,905,041</u>

IBNR Sensitivity Analysis

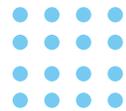
	Gross -10.00%	Net -10.00%	Gross 10.00%	Net 10.00%
Burglary	1,292,176	1,260,659	1,579,326	1,540,806
Engineering	7,133,479	4,898,462	8,718,696	5,987,009
Fire	18,357,281	7,154,213	22,436,677	8,744,039
Floriculture	96,930	27,465	118,469	33,568
Goods In Transit	6,435,210	6,224,067	7,865,256	7,607,193
Group Personal Accident	7,133,696	4,003,452	8,718,962	4,893,108
Liability	30,752,635	29,824,289	37,586,554	36,451,909
Marine	9,515,314	5,938,365	11,629,828	7,258,002
Motor Own Damage	150,603,893	139,918,995	184,071,425	171,012,106
Motor Third Party	25,341,782	23,768,015	30,973,289	29,049,796
Pecuniary	16,248,592	10,367,758	19,859,390	12,671,704
Political Violence Terrorism	51,763,334	13,753,613	63,266,297	16,809,971
Workmen's	4,985,419	4,736,502	6,093,290	5,789,057
TOTAL	329,659,741	251,875,855	402,917,461	307,848,268

Insurance contract liabilities

General Insurance

3,901,362 2,878,374





AWASH INSURANCE S.C.

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For the year ended 30 June 2025

Notes to the Financial Statements

24(b) LIFE BUSINESS

The liabilities for insurance contracts represent the estimated amounts which, together with estimated future premiums and net investment income, will provide for outstanding claims, estimated future benefits and expenses on in-force insurance contracts. The insurance contract liabilities include the risk adjustment to cover volatility in experience as well as discounting.

	30 June 2025 Birr'000	30 June 2024 Birr'000
Insurance Contract measured under PAA		
TOTAL LIABILITIES		
BEL Exc Loss Component	281,600	281,787
Loss Component	0	0
LIC	56,697	69,839
RA	17,802	11,738
TOTAL LIABILITIES	356,099	363,364
Insurance Contract measured under GMM		
TOTAL LIABILITIES		
CSM	14,903	6,363
BEL Exc Loss Component	(4,418)	2,440
Loss Component	0	25
LIC	-	-
RA	2,385	952
TOTAL LIABILITIES	12,870	9,780
TOTAL LIABILITIES		
CSM	14,903	6,363
BEL Exc Loss Component	277,183	284,227
Loss Component	0	25
LIC	56,697	69,839
RA	20,187	12,690
TOTAL LIABILITIES	368,970	373,144

Sensitivity Analysis

Plan Of Assurance	Best Estimate	Mortality		Lapses And Surrenders		Expenses		Yield Curve	
		10% Increase	10% Decrease	20% Increase	20% Decrease	10% Increase	10% Decrease	10% Increase	10% Decrease
Term	147,198	153,612	140,848	147,198	147,198	176,828	118,833	142,178	152,517
Mortgage	1,353,357	1,433,796	1,272,870	1,139,583	1,618,850	1,407,785	1,298,928	1,327,981	1,380,155
Education Policy	578,902	591,239	567,060	558,536	601,556	621,725	539,026	516,935	659,577
5-Year Endowment Ass	2,539,990	2,540,795	2,539,185	2,547,229	2,554,493	2,544,763	2,535,216	2,495,843	2,586,460
10-Year Endowment Ass	8,248,498	8,274,750	8,228,655	8,089,206	8,416,398	8,428,175	8,072,989	7,799,587	8,776,792
15-Year Endowment Ass	1,390,973	1,391,706	1,390,240	1,373,748	1,408,456	1,404,021	1,377,926	1,340,530	1,445,464
20-Year Endowment Ass	2,417,315	2,437,113	2,397,686	2,335,248	2,502,763	2,708,111	2,136,803	2,175,404	2,709,471
Anticipated Endowment	10,179	10,227	10,131	9,803	10,560	10,669	9,689	9,085	11,356
60-Year Endowment Annuity	915,345	919,212	911,473	878,655	949,392	918,836	911,953	905,529	925,297
65-Year Endowment Annuity	3,376,219	3,387,353	3,364,998	3,233,739	3,525,016	3,402,350	3,350,088	3,318,228	3,431,638
Group Policies									
Group Term	55,283,417	55,283,417	55,283,417	55,283,417	55,283,417	55,283,417	55,283,417	55,283,417	55,283,417
Group Medical	182,137,983	182,137,983	182,137,983	182,137,983	182,137,983	182,137,983	182,137,983	182,137,983	182,137,983
Group riders	20,023,126	20,023,126	20,023,126	20,023,126	20,023,126	20,023,126	20,023,126	20,023,126	20,023,126
Contingency reserve	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000
Totals	287,422,501	287,584,327	287,267,671	286,757,470	288,179,209	288,067,790	286,795,977	286,475,825	288,523,254

Insurance contract liabilities	368,970	373,144
Total Insurance contract Liabilities	4,270,331	3,251,518

AWASH INSURANCE S.C.

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Notes to the Financial Statements

LIABILITY MOVEMENTS

	2025	2024
	Birr'000	Birr'000
Opening CSM	6,363	3,861
in Insurance	8,910	2,045
Movement in Insurance Service Expense	(1,018)	-
Movement in Finance Income/ (Expense)	648	457
Other adjustments - Insurance Service Expense		
Closing CSM	14,903	6,363
Opening BEL (excl Loss Component)	284,227	279,729
Movement in Insurance Revenue	(650,071)	(432,205)
Experience Adjustments	(21,538)	7,356
Acquisition Cash Flows Amortization	54,715	34,408
Movement in Insurance Service Expense	33,177	41,765
Movement in Finance Income/ (Expense)	14,283	183
Premiums received	677,266	439,109
Claims and other directly attributable expenses paid	(26,263)	(9,644)
Insurance acquisition cash flows	(55,436)	(34,709)
Cashflow Movements	595,567	394,756
Closing BEL (excl Loss Component)	277,183	284,227
Opening Loss Component	25	86
Movement in Insurance Revenue	-	-
Movement in Insurance Service Expense	(25)	(61)
Movement in Finance Income/ (Expense)	-	-
Cashflow Movements	-	-
Other adjustments - Insurance Service Expense		
Closing Loss Component	-	25
Opening LIC	69,839	10,551
Movement in Insurance Revenue	-	-
Incurred Claims	536,819	326,410
Directly Attributable Expenses	24,327	47,291
Other adjustments		
Movement in Insurance Service Expense	561,146	373,700
Movement in Finance Income/ (Expense)	(4,847)	(4,573)
Cashflow Movements (Claims and Attributable Expenses)	(580,616)	(361,473)
Closing LIC	56,697	69,839
Opening RA	12,690	11,445
Movement in Insurance Revenue	-	-
Movement in Insurance Service Expense	7,095	1,278
Movement in Finance Income/ (Expense)	402	(32)
Closing RA	20,187	12,690
Liabilities	2025	2024
Opening Liabilities	373,144	305,672
Closing Liabilities	368,970	373,144
Insurance Result	2025	2024
Movement in Insurance Revenue	641,161	430,160
Movement in Insurance Service Expense	(600,375)	(416,682)
Reinsurance Result	-	-
Insurance Result	40,786	13,478
Finance Income Movements	2025	2024
Movement in Finance Income/ (Expense)	10,486	(3,966)
Reinsurance Movement in Finance Income/ (Expense)	-	-





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24(c) TAKAFUL BUSINESS

The takaful liabilities for insurance contracts represent the estimated amounts which, together with estimated future premiums and net investment income, will provide for outstanding claims, estimated future benefits and expenses on in-force insurance contracts. The insurance contract liabilities include the risk adjustment to cover volatility in experience as well as discounting. The insurance contract liabilities include the outstanding reported claims and the incurred but not reported claims (IBNR). IBNR is estimated using standard factor actuarial techniques as the period of operation of the takaful business is short. Liability for the future is the unearned premium reserve determined using the 365ths method

The asset for reinsurance contracts represent the estimated amounts which, together with estimated future ceded premiums and finance cost, will provide for outstanding claim recoveries, estimated future benefits payout recoveries and expenses on in-force reinsurance contracts. The reinsurance contract assets include the risk adjustment to cover volatility in experience as well as discounting. The reinsurance asset represents the share of insurance contract liabilities that has been ceded to the reinsurers/ co-insurers. The reinsurance asset is determined using the same methodologies as for insurance contract liabilities.

Takaful Liabilities

2025	UPR	Loss Component	Liability for Remaining Coverage	Outstanding Claims	IBNR	Risk Adj	Effects of Discounting	Liability for Incurred Claims	Total Liability
Accident	16,797	-	16,797		-	-	-	-	16,797
Engineering	3,356,632	-	3,356,632	920,000	-	274,890	(182,436)	1,012,454	4,369,086
Fire & Light	11,452,615	-	11,452,615	150,000	(849,573)	63,293	(23,565)	(659,845)	10,792,770
Burglary	405,197	-	405,197		8,727	-	-	8,727	413,925
Floriculture			-		-			-	-
Marine	1,550,230	412,239	1,962,468	3,500,000	-	885,735	(425,600)	3,960,135	5,922,603
GIT	2,057,513	-	2,057,513		364,229	-	-	364,229	2,421,742
Motor OD	49,120,133	-	49,120,133	18,464,038	-	2,982,777	(3,607,564)	17,839,251	66,959,384
Motor Liab	5,689,356	-	5,689,356	2,134,756	1,082,498	140,607	(352,662)	3,005,200	8,694,556
Liability	1,611,957	-	1,611,957	150,000	94,626	23,369	(22,230)	245,765	1,857,722
Pecuniary	388,238	-	388,238		44,759	-	-	44,759	432,997
PVT	9,994,365	-	9,994,365		3,538,787	-	-	3,538,787	13,533,152
W.C.	353,323	-	353,323		12,066	-	-	12,066	365,389
Travel		-	-		499	-	-	499	499
Total	85,996,355	412,239	86,408,594	25,318,794	4,296,618	4,370,671	(4,614,057)	29,372,027	115,780,621



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Class	2025	IBNR Sensitivity Analysis			
		Gross	Net	Gross	Net
		(0)	(0)	0	0
Accident		-	-	-	-
Engineering		-	-	-	-
Fire & Light		1,303,652	585,384	1,593,353	715,469
Burglary		17,787	7,855	21,739	9,600
Floriculture		-	-	-	-
Marine		-	-	-	-
GIT		327,806	327,806	400,652	400,652
Motor OD		-	-	-	-
Motor Liab		742,801	658,349	907,868	804,648
Liability		208,119	85,163	254,368	104,088
Pecuniary		51,811	40,283	63,325	49,235
PVT		2,623,989	1,384,458	3,207,097	1,692,115
W.C.		10,859	10,859	13,273	13,273
Travel		525	449	641	549
TOTAL		5,287,350	3,100,606	6,462,317	3,789,630

Class	2024	IBNR Sensitivity Analysis			
		Gross	Net	Gross	Net
		(0)	(0)	0	0
Accident		6,674	6,674	8,157	8,157
Engineering		14,986	14,986	18,316	18,316
Fire & Light		355,786	313,889	434,850	383,642
Burglary		21,119	21,119	25,813	25,813
Floriculture		-	-	-	-
Marine		61,515	40,549	75,185	49,560
GIT		6,567	6,567	8,027	8,027
Motor OD		3,948,952	2,860,917	4,826,496	3,496,676
Motor Liab		153,134	80,032	187,164	97,816
Liability		36,655	36,655	44,801	44,801
Pecuniary		2,092	2,092	2,556	2,556
PVT		53,633	53,633	65,551	65,551
W.C.		12,803	12,803	15,648	15,648
Travel		-	-	-	-
TOTAL		4,673,915	3,449,915	5,712,563	4,216,563

Takaful liabilities

115,781 **46,662**

25 Provisions for claims under litigations

At 1 July

Provisions made during the year

As at 30 June

	30 June 2025 Birr'000	30 June 2024 Birr'000
	13,829	8,291
	(12,320)	5,538
	1,509	13,829

26 Insurance payables

Due to reinsurers
Payable to local insurance
Due to contract holders
Due to agents

	30 June 2025 Birr'000	30 June 2024 Birr'000
	481,832	333,140
	71,214	-
	208	10,780
	17,354	11,023
	570,608	354,943

Retakaful liabilities

	20,948	12,968
	20,948	12,968

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

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Notes to the Financial Statements

	30 June 2025	30 June 2024
	Birr'000	Birr'000
27 Other liabilities		
Financial Liability		
Lease liability	14,748	16,557
Other financial liabilities		
Dividend payable	33,634	13,283
Directors' Compensation	1,800	1,350
Other account payables	93,048	21,233
	128,482	35,866
Other non financial liabilities		
Deferred income	-	-
Withholdings Tax Payable	12,189	9,310
Provident/Pension Fund Payable	1,063	1,063
Unearned rental income	3,745	5,187
Leave pay	30,205	25,574
Accruals	119,142	66,895
Value Added Tax (VAT)	79,071	4,054
Dividend tax payable	-	-
Payroll tax payable	9,259	6,579
Advance premium deposit	11,342	15,133
	266,016	133,795
Gross amount	394,498	169,661
	30 June 2025	30 June 2024
	Birr'000	Birr'000
Payable to takaful participants	3,970	29
	30 June 2025	30 June 2024
	Birr'000	Birr'000
Current	394,498	153,104
Non- current	14,748	16,557
	409,246	169,661

28 Participants' Takaful Fund

	2025	2024
	Birr'000	Birr'000
At 1 July		
Current reserves /deficits/	2,619	(6,224)
As at 30 June	8,640	8,843
	11,258	2,619

Surplus/deficit in participants' fund

If the surplus in the participants' fund is sufficiently large, it will be distributed between participants after accounting for reserves and recommendation of Shari'a Advisory Council and its approval by the Board of Directors. Any remaining amount after the distribution of such surplus remains in the participants' fund.

29 Defined benefit obligations

The Company operates an unfunded severance benefit plan for its employees who have served the Company and are below the retirement age (i.e. has not met the requirement to access the pension fund). The Severance Benefit Entitlement is provided under the Labour Proclamation No. 1156/2019.

Description of the plan:

If an employee is terminated due to redundancy, in the first year, the pay is thirty times the average daily wages of the last week of service. If less than one year service, severance pay is calculated in proportion to the period of service .

For more than one year service, payment is increased by a third of the benefit for every additional year of service provided that the total amount does not exceed twelve months' wage of the employee.

This benefit is also entitled to employees in the event of death in service, voluntary resignation and disability after 5 years of service.

Key Risks

The key risks associated with the severance benefit entitlement are as follows:

1. The benefits are linked to salary and consequently have an associated risk to increases in salary.
2. The benefits are defined as per the Labour Proclamation. Amendments to the Labour Proclamation could change these benefits and materially change the costs of the Company.
3. The severance benefit is unfunded with no separate assets, investment risk would therefore not arise.
4. Severance benefits are payable where an employee's contract of employment is terminated by the initiation of the employer against the provision of Law. The actual cost to the Company of the benefits is therefore subject to the demographic movements of employees.





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Below are the details of movements and amounts recognised in the financial statements:

	30 June 2025 Birr'000	30 June 2024 Birr'000
A Liability recognised in the financial position		
Defined benefit obligations	23,304	23,109
B Amount recognised in the profit or loss		
Current service cost	195	7,113
Interest cost	2,368	523
	2,563	7,636
C Amount recognised in other comprehensive income:		
Remeasurement (gains)/losses arising from changes in the financial assumptions	5,759	1,905
Defined benefit obligations	8,201	3,854
Tax credit /(charge)		
	13,960	5,759

The movement in the defined benefit obligation over the years is as follows:

	2025 Birr'000	2024 Birr'000
At 1 July	23,109	15,996
Current service cost	6,029	13,838
Interest cost	2,368	523
Remeasurement (gains)/ losses	(8,201)	(3,854)
Benefits paid		(3,394)
June	23,304	23,109

Assumption

Dis

The significant actuarial assumptions were as follows:

- i) Financial assumption: long term average

	30 June 2025 Birr'000	30 June 2024 Birr'000
Discount Rate (p.a)	14.75%	14.75%
Rate of Pension Increase (p.a)	15.5%	15.5%
Average Rate of Inflation (p.a)		

- ii) Mortality in Service

The rate of mortality assumed for employees are those according to the A1949/52 as published by the Institute of Actuaries. These rates combined are approximately summarized as follows:

Age	Mortality rate	
	Male	Female
	%	%
20	11.1%	11.1%
25	11.2%	11.1%
30	11.6%	1.3%
35	13.2%	12.0%
40	18.8%	14.7%
45	33.0%	23.1%
50	59.9%	42.0%
55	1.0%	75.0%
60	1.7%	1.3%

AWASH INSURANCE S.C.

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iii) Withdrawal from Service

The withdrawal rates are believed to be reasonably representative of the Ethiopian experience. The valuation assumed that resignation rates to be 1% to 2.5% at age 45 to 35 respectively. 6% at age 30, 12% at age 25, 15% at age 20 (and below) to 0% at age 50 and above.

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

	Impact on defined benefit obligation					30 June 2024	
	30 June 2025					Impact of an increase Birr'000	Impact of a decrease Birr'000
	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5		
	Base	Discount Rate Increased by 1%	Salary Rate Decreased by 1%	Discount Rate Increased by 10%	Salary Rate Decreased by 10%		
Discount rate	15.00%	14.00%	15.00%	15.00%	15.00%	15%	15%
Salary increase rate	16.75%	15.75%	14.75%	15.75%	15.75%	17%	15%
Net liability at start of period	23,110	23,110	23,110	23,110	23,110	15,997	15,997
Expense recognised in PL	6,029	6,029	6,029	6,029	6,029	5,003	5,003
Expense recognised in OCI	2,368	4,038	4,107	887	3,031	5,059	6,630
Employer contributions	(8,202)	(8,202)	(8,202)	(8,202)	(8,202)	(2,948)	(2,948)
Net liability at end of period	23,305	24,975	25,044	21,824	23,968	23,110	24,681

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

30 Qard

Qard is interest-free loan from the Shareholders Fund for the purpose of meeting the minimum required margin of solvency and to cover underwriting deficit in takaful operations. The Qard shall be recouped out of future underwriting surpluses of takaful operations

	2025 Birr'000	2024 Birr'000
Qard	9,000	9,000

31 Share capital

Subscribed:

8,000,000 ordinary shares of Birr 500 each

Issued and fully paid:

Ordinary shares of Birr 500 each

Share premium

The Company was registered and had secured license number 003 from the National Bank of Ethiopia on 1st October 1994 to engage in General and Long Term Insurance Businesses. Total subscribed shares at the Balance sheet date was Birr 4,000,000,000 out of which (2025: Birr 725,717,700) was paid.

The paid up capital of the Company is as shown below:

	30 June 2025 Birr'000	30 June 2024 Birr'000
Non- life	2,527,210	1,801,492
Life	120,000	120,000
	2,647,210	1,921,492

Share premium represents the excess of contributions received over the nominal value of shares issued.

32 Earnings per share

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

	30 June 2025 Birr'000	30 June 2024 Birr'000
Profit attributable to shareholders	956,768	794,920
Weighted average ordinary shares in issue with a value of:	2,647,210	1,921,492
Basic & diluted earnings per share (Birr)	0.36	0.41

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. There were no potentially dilutive shares at the reporting date (30 June 2025: nil) hence the basic and diluted loss per share have the same value.





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	30 June 2025			30 June 2024		
	Undistributable retained earning	distributable Retained earnings	Total Birr'000	Undistributable retained earning	distributable Retained earnings	Total Birr'000
33 Retained earnings						
At 1 July	749,015	723,611	1,472,626	674,993	496,146	1,171,138
Prior year under classification of distributable retained earnings			-			-
Retained earnings net of deferred tax	749,015	723,611	1,472,626	674,993	496,146	1,171,138
Dividend declared		(684,331)	(684,331)		(456,866)	(456,866)
Profit for the year		956,768	956,768		765,865	765,865
Other comprehensive income	311,490		311,490	74,022		74,022
Transfer to legal reserve		(95,265)	(95,265)		(80,184)	(80,184)
Transfer to directors' incentive		(1,800)	(1,800)		(1,350)	(1,350)
As at 30 June	1,060,505	898,983	1,959,488	749,015	723,611	1,472,626
				30 June 2025	30 June 2024	
34 Legal reserve				Birr'000	Birr'000	
At 1 July				295,625	215,441	
Transfer from retained earnings				95,265	80,184	
As at 30 June				390,890	295,625	
				30 June 2025	30 June 2024	
35 Cash generated from operating activities				Birr'000	Birr'000	
Profit before income tax				1,121,463	873,567	
Adjustments for non cash items:						
Depreciation on property and equipment (note 20)				42,273	40,453	
Depreciation on investment property (note 22)				8,637	9,630	
Depreciation on right of use asset (note 19-a)				31,354	25,936	
Fair value adjustment on deemed cost (note 10)				(15,855)	(15,768)	
Amortisation of intangible assets (note 22)				1,495	1,505	
Amortisation of leasehold land (note 18)				1,724	2,336	
Impairment loss on receivables				37,598	244	
Gain on disposal of property, plant and equipment				(12,458)	(1,957)	
Adjustments on right of use asset/ fixed asset				(26,003)	(5,030)	
Provision for claims under litigations (note 25)				(12,320)	5,538	
Defined benefit obligations (note 29)				195	3,259	
Dividend earned (note 7)				(342,239)	(281,466)	
Interest income (note 7)				(444,122)	(303,812)	
Changes in working capital:						
-Increase in insurance receivables				(17,879)	(436)	
-Increase/(decrease) in reinsurance assets				(334,701)	(983,530)	
-Increase/(decrease) in other assets				(187,239)	(69,965)	
-Increase/(decrease) in Salvage property held for sale				(17,865)	(20,025)	
-Increase/(decrease) in statutory deposits				(107,591)	(74,790)	
-Increase in insurance contract liabilities				1,018,813	1,375,553	
-Increase in takaful and retakaful liabilities				81,040	22,223	
-Increase/(decrease) in insurance payables				215,665	46,889	
-Increase/(decrease) in other payables				224,837	79,714	
				1,266,823	729,824	
In the statement of cash flows, gain/loss on sale of property, plant and equipment comprise:				30 June 2025	30 June 2024	
				Birr'000	Birr'000	
Proceeds on disposal				24,042	2,213	
Net book value of property, plant and equipment disposed (Note 24)				(11,584)	(256)	
Gain/(loss) on sale of property, plant and equipment				12,458	1,957	

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36 Related party transactions

The Company is owned by several diverse shareholders without ultimate parent company.

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

Nature of relationship	30 June	30 June
	2025	2024
	Birr'000	Birr'000
a Transactions with related parties		
Loans to related parties		
- Loans to key management personnel		
	Senior Executive Officers	
	47,976	17,827

The following transaction were entered into with the Company's related parties.

b Key management compensation

Key management has been determined to be the members of the Board of Directors and the Executive Management of the Company. The compensation paid or payable to key management is shown. There were no sales or purchase of goods and services between the Company and key management personnel as at 30 June 2025.

Salaries and other short-term employee benefits
Post-employment benefits
Leave Pay
Sitting allowance
Other expenses

c Employees details

The average number of persons in the Company during the year was as follows:

	30 June	30 June
	2025	2024
	Number	Number
Chief, Senior Executive Officer and Directors	17	17
Management	91	88
Non- management	694	660
	802	765

ii) The Table below shows the number of employees (excluding CEO, Senior Executive Officer and Directors) who earned over Birr 10,000 as emoluments in the year and were within the bands stated.

	30 June	30 June
	2025	2024
	Birr'000	Birr'000
10,000 - 30,000	374	352
30,001 - 50,000	124	115
50,001 - 100,000	63	48
100,000 - 700,000	9	9
	570	524





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37 Contingent liabilities

Claims and litigation

The Company, like all other insurers, is subject to litigation in the normal course of its business. The Company does not believe that such litigation will have a material effect on its profit or loss and financial condition.

The Company, together with other industry members, will participate on litigations mainly relating to the insurance coverage contained in the casualty insurance contracts it issued. If the courts continue in the future to expand the intent and scope of coverage contained in the insurance contracts issued by the Company, as they have in the past, additional liabilities would emerge for amounts in excess of the carrying amount held. These additional liabilities cannot be reasonably estimated but could have a material impact on the Company's future results. The liabilities carried for these claims as at this year end are reported in Note 27 and are believed to be adequate based on known facts and current law. The Company, like all other insurers, is subject to litigation in the normal course of its business. The Company does not believe that such litigation will have a material effect on its profit or loss and financial condition.

Dividend tax

The Ethiopian Federal Revenue Authority by its letter issued on 17 th July 2023 and 4th July 2024 has notified the company an additional dividend tax of Birr 74,858,925.51 before interest and penalty on the dividend capitalised by the shareholders for the years from 2009 to 2015 E.C.

38 Commitments

Right of use asset commitments - Company as lessee

The Company leases various properties under various non-cancellable lease agreements. The lease terms are between 36 and 60 years, and these lease agreements can be renewed at the end of the each lease period.

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

	30 June 2025 Birr'000	30 June 2024 Birr'000
No later than 1 year	-	-
Later than 1 year and no later than 2 years	2,375	2,375
Later than 2 year and no later than 5 years	7,124	7,124
Later than 5 years	54,617	56,992
Total	64,116	66,491

39 Events after reporting period

In the opinion of the Board of Directors, there were no significant post balance sheet events which could have a material effect on the state of affairs of the Company as at 30 June 2025 and on the profit for the period ended on that date, which have not been adequately provided for or disclosed.

40 Actuarial valuations

The latest available actuarial valuation of the life business was performed as at 30 June 2025. The book value of the life funds as at that date was Birr 423,265,499 over its net actuarial liabilities. The valuation of the Company's life business funds as at 30 June 2025 was carried out by actserv (Actuarial Services (EA) Ltd).

The valuation was done on the following principles:

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Individual life assurances and annuities

- i The Gross Premium Valuation ('GPV') method was used in arriving at the liabilities which have been stated in this report
- ii The GPV liability was used for individual life business and was calculated by projecting all future expected cash-flows on each policy and discounting them at an applicable interest rate as shown in the formula below.
pv of future benefits + pv of bonuses + pv of expenses – pv of premiums
- iii. General Measurement Model (GMM) was applied for individual life policies, reflecting their long-term nature
- iv. Group Life Liabilities have been determined using methods applied to determine short term insurance liabilities
- v. Additional risk margins over the best estimate liability, where the best estimate assumptions are increased or decreased
- vi. The CSM is calculated at the inception of the contract and is then amortized over the coverage period

Group life

For group term assurances and Group Medical assurances, the reserve has been determined as the sum of:

- * Premium Allocation Approach (PAA) is adopted for the measurement of Group Life insurance contracts and reinsurance contracts held
- * Liability for Remaining Coverage (LRC) is calculated as:
 - i) $LRC = UPR - DAC$
 - Liability for Incurred Claims (LIC) is calculated as:
 - i) $LIC = \text{Best Estimate Liability (BEL)} + RA - DC$
- * IFRS 17 standard allows for the adoption of PAA for insurance contracts with a term of a year or less. The standard also requires that the result obtained when PAA is used is not materially different from that obtained by applying the GMM (General Measurement Model) approach
- * PAA stems from the assessment of standard policy durations, majority of group life insurance contracts considering risk adjustment and discounting
- * The CSM is calculated at the inception of the contract and is then amortized over the coverage period
- vii. Contingency reserve of Birr 9,000,000 is included as part of liability in respect of possible mortality costs and to allow normal fluctuations in claims payment and investment return from life fund

Assumptions

- viii. The Gross Premium Valuation reserves are then computed by deducting the present value of future income from the present value of future outgo at the prescribed valuation rate of interest.

Mortality assumptions were based on the KE 07-10 mortality tables for assured lives with a loading of 150%.

The valuation rate of interest assumed was 10% p.a.

The Fixed Per Policy expense assumption was Birr 1,600 Per annum.

The Expense inflation rate assumed was 19.9%.

The commission assumptions for Individual life policies were as follows;

Type of product

5 years endowment
10 years endowment
15 years endowment
20 years endowment
60 years endowment Annuity
65 years endowment Annuity

Commission rate (%)

	1st year	2nd year	3rd year+
5 years endowment	10	3	3
10 years endowment	25	3	3
15 years endowment	35	5	5
20 years endowment	50	10	5
60 years endowment Annuity	60	10	5
65 years endowment Annuity	60	10	5





ACTUARY CERTIFICATE

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

The valuation was conducted in accordance with generally accepted actuarial principles and IFRS 17 reporting requirement. These principles require that prudent provision for future outgo under contracts, generally based upon the assumptions that current conditions will continue. Provision is therefore not made for all possible contingencies.

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

- i. The actuarial value of the liabilities in respect of all classes of general insurance business of the company reflect a fair value as at 30 June 2025;
- ii. The actuarial value of the liabilities in respect of all classes of takaful insurance business of the company reflect a fair value as at 30 June 2025;
- iii. The actuarial value of the liabilities in respect of all life assurance business did not exceed the amount of reserves of the life assurance business at 30 June 2025; and
- iv. The severance benefit liability as at 30 June 2025 can be incorporated in the financial statements in line with the International Accounting Standards 19.

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

23rd October 2025

Date

Abed Mureithi FIA, C.Act, FeASK
Fellow of the Institute & Faculty of Actuaries (UK)

PHOTO GALLERY



Partial view of the 30th Annual General Meeting of Shareholders



The CEO with staff members (partial view)



Shareholders (partial view), Board of Directors and the CEO captured following the successful conclusion of the 30th Annual General Meeting of Shareholders



Partial view of the Customers' Week Grand Opening Ceremony at Headquarters



Customers' Week Celebration – Partial view of the football match between branch and head office staff



Partial view of the grand ceremony marking the 30th Anniversary of the Sister Companies



AI S.C. was awarded Best Takaful Service Provider Award



MOU Signing Ceremony with Safaricom to launch a digital payment solution via M-Pesa



CEOs of the Sister companies along with Staff participating in Green Legacy Initiative

You are in good hands with Awash for your Life, Property and Liability Insurance Services

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Motor



Fire and Lightning



Consequential Loss



Burglary & Housebreaking



Marine Cargo



Fidelity Guarantee



Bonds



Money Insafe & in Transit



Public Liability



Engineering



Workmen's Compensation



Inland Transit Risk



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Term Life

^ Individual & Group Life

Endowment Assurances

^ 10,15,20...years endowment
 ^ Anticipated endowment
 ^ Endowment Annuity and
 ^ Education policy

Riders

^ Accident Insurance
 ^ Supplementary Accident Insurance
 ^ Comprehensive Accident Insurance
 ^ Waiver of premium

Whole Life

Mortgage Redemption Insurance

Medical Expenses Insurance

Travelers' Health Insurance

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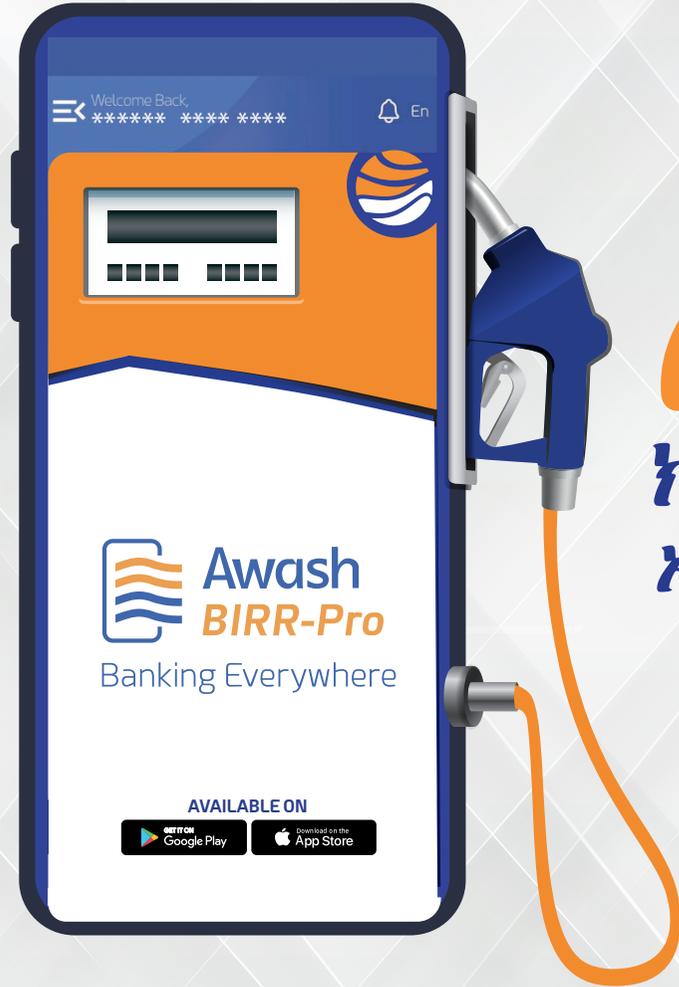
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 አግራጭ ቀረበልዎ!

የውሃ ፍጆታ
 ክፍያዎን በአዋሽብር-ፐሮ ይፈጸሙ!

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