Awash Insurance S.C.

Reports and Financial Statements

For the year ended 30 June 2026

Awash Insurance S.C.

Directors, Professional Advisors and Registered Office
For the year ended 30 June 2026

Directors *(as of 30 June, 2026)*

		Date of appointment
Tadesse Gemeda	Chairman	*November 1st 2025*
Daniel Tewodiros Limeneh	Vice Chairman	*November 1st 2025*
Deasalegn Tolera Jaleta	Non-Executive Director	*November 1st 2025*
Gadisa Abera Bedada	Non-Executive Director	*November 1st 2025*
Gifty Yoseph	Non-Executive Director	*November 1st 2025*
Lencho German Amente	Non-Executive Director	*November 1st 2025*
Dr. Meti Wole Gurmu	Non-Executive Director	*November 1st 2025*
Tesfaye Gemechu Mideksa	Non-Executive Director	*November 1st 2025*

Executive Management

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

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

Corporate office

Awash Towers
Ras Abebe Aregay Street
Addis Ababa,
Ethiopia

Awash Insurance S.C.

Directors, Professional Advisors and Registered Office
For the year ended 30 June 2026

Principal bankers

Awash Bank
Commercial Bank of Ethiopia
Oromia International Bank
Bank of Abyssinia
Dashen Bank
Cooperative Bank of Oromia
Berhan International Bank
Enat Bank
United Bank
Wegagan Bank
Nib Bank
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
Email: info@actserv-africa.com

Estate surveyor and valuer:

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

Awash Insurance S.C.

Statement of Directors' Responsibilities
For the year ended 30 June 2026

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 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 preparatation 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 Gemeda
Chairman, Board of Directors
September 29, 2026

Jibat Alemneh
Chief Executive Officer
September 29, 2026

Awash Insurance S.C.
Sharia'h Advisory council's report
For the year ended 30 June 2026

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, 2026 was conducted in conformity with the Sharia'h requirements.

Regarding the financial result of the fiscal year 2025/26, The Advisory Council has examined the financial statements of Takaful window operation for the financial year 2025/26 . Upon considering the the provisions of Article 5 of " A Directive to License a Takaful Window Operatior Number STB/1/2020", we, the members of the Sharia'h Advisory Council, have unanimousely endorsed the financial statement of Takaful window operation for the financial year 2025/26 .

Signed on behalf of the Sharia'h Advisory Council

Adil Abdullahi
September 28, 2026

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS OF AWASH INSURANCE S.C.

TO THE SHAAREHOLDERS OF THE 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, 2026, 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 2026 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 Awash Insurance S.C in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), as applicable to audits of financial statements of public interest entities, 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 those 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.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

If, based on the work we have performed, we conclude that there is a material misstatement in the Directors' Report; we are required to report that fact. We have nothing to report in this regard.

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 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 reasonable be thought to bear on our independence, and where applicable, action taken to eliminate threats or safeguards applied.

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.

Report on Other Legal and Regulatory Requirements

1. As required by the Commercial Code of Ethiopia Proclamation No. 1243/2021, and based on our audit, we report as follows:

    - Pursuant to Article 349(1) of the Commercial Code of Ethiopia, we have carried out our duties in accordance with ISAs as described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report and, based on our review of the Directors' Report, we have not noted any matter that we need to bring to your attention.

    - Pursuant to Article 349(2) of the Commercial Code of Ethiopia, we recommend approval of the financial statements by the shareholders of Awash Capital S.C.

    - Pursuant to Article 349(3) of the Commercial Code of Ethiopia, the net profit after tax of the is proposal for distribution of profits on which we are required to comment.

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
09 October 2026

Awash Insurance S.C.

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2026

	Notes	30 June 2026 Birr'000	30 June 2025 Birr'000
Insurance Revenue		5,081,211	3,681,516
Takaful Revenue		231,402	100,506
Insurance Service Expenses		(4,494,566)	(2,535,854)
Takaful Service Expenses		(228,078)	(64,963)
Net Income/(Expenses) From Reinsurance Contracts Held		719,368	(446,614)
Net Expenses From Retakaful Contracts Held		(19,079)	(23,288)
Insurance Service Result	5(b)	**1,290,258**	**711,303**
Insurance Finance Income/(expense)		(14,516)	94,525
Reinsurance Finance expense		(42,079)	(44,517)
Insurance Finance Result	5(b)	**(56,595)**	**50,008**
Investment income	7	959,576	812,612
Wakala fee income	8	80,317	17,836
Other operating income	8	95,123	118,225
		1,135,016	**948,673**
Finance costs	9	(835)	-
Other operating & admin. expenses	11(a)	(556,043)	(566,933)
Deacrease/Increase/in Takaful fund		33,232	(9,600)
Life insurance actuarial reserve		(11,904)	(21,589)
		(535,550)	**(598,122)**
Profit before income tax		**1,833,129**	**1,111,862**
Income tax expense	12	(430,094)	(155,095)
Profit after income tax		1,403,036	956,767
Other comprehensive income			
Items that will not be subsequently reclassified into profit or loss:			
Fair Value adjustement of revalued properties	11	(15,003)	(15,855)
Fair Value adjustement of financial asset	14(a)	3,262,750	460,841
Remeasurement (gain)/loss on defined benefits obligations		(10,407)	-
		3,237,340	444,986
deferred tax expense(30%)	12('e)	(971,202)	(133,496)
Fair Value adjustement net of tax		2,266,138	311,490
Remeasurement gain/loss on defined benefits obligations net of tax	29	(7,285)	(195)
		2,258,853	311,295
Basic & diluted earnings per share (Birr)	32	0.42	0.36

The notes to the financial reports are an integral part of these financial statements.

Tadesse Gemeda
Chairman, Board of Directors
September 29, 2026

Jibat Alemneh
Chief Executive Officer
September 29, 2026

Awash Insurance S.C.
Statement of Financial Position
As at 30 June 2026

	Notes	As at 30 June 2026 Birr'000	As at 30 June 2025 Birr'000
ASSETS			
Cash and bank balances	13	3,956,721	3,932,603
Financial assets:			
– Fair value through other comprehesive income	14(a)	6,969,406	2,731,505
– Debt instruments at amortised cost	14(c)	566,677	441,272
Insurance receivables	15	9,700	12,642
Reinsurance assets	16	3,109,067	1,397,838
Retakaful assets	16(b)	87,302	31,681
Other assets	17	1,452,964	355,334
Salvage property held for sale	18	61,590	67,835
Right of use asset	19	77,385	68,002
Property, plant and equipment	20	1,790,666	1,215,720
Investment properties	21	502,738	452,678
Intangible assets	22	16,198	18,217
Statutory deposits	23	506,402	391,877
Total assets		**19,106,816**	**11,117,204**
LIABILITIES			
Insurance contract liabilities	24(b)	6,819,993	4,270,332
Provisions for claims under litigations	25	1,532	1,509
Insurance payables	26	759,628	570,608
Other liabilities	27	649,720	394,498
Defined benefit obligations	29	30,589	23,304
Deferred tax liability	12('e)	1,427,274	456,072
Current income tax liabilities	12(a)	420,125	159,209
Lease liability	27	13,097	14,748
Takaful liabilities	24('c)	287,962	115,781
Retakaful liabilities	26	46,624	20,948
Payable to takaful participants	27	11,853	3,970
Participants' takaful fund	28,5(a)	(13,036)	11,258
Qard	27	25,000	9,000
Total liabilities		**10,480,361**	**6,051,237**
EQUITY			
Share capital	31	3,375,302	2,647,210
Share premium	31	92,654	68,379
Retained earnings	33	4,627,305	1,959,488
Legal reserve	34	531,194	390,890
Total equity		8,626,455	5,065,967
Total equity and liabilities		**19,106,816**	**11,117,204**

The notes to the financial reports are an integral part of these financial statements.

The financial statements and notes to the financial statements were approved and authorised for issue by the Board of Directors during its 320th Special Meeting held on September 29, 2026 and were signed by:

Tadesse Gemeda
Chairman, Board of Directors
September 29, 2026

Jibat Alemneh
Chief Executive Officer
September 29, 2026

Awash Insurance S.C.

Statement of Changes in Equity

For the year ended 30 June 2026

	Notes	Share capital Birr'000	Share premium Birr'000	Retained earnings Birr'000	Legal reserve Birr'000	Total Birr'000
As at 1 July 2024		1,921,492	33,224	1,472,626	295,625	3,722,965
Additional shares issued	31	725,718	35,155	-	-	760,873
Dividends paid during the year	33	-	-	(684,331)	-	(684,331)
Directors' compensation	33			(1,800)		(1,800)
Profit for the year	33	-	-	956,768	-	956,768
Other comprehensive income						-
FairValue adjustement in OCI net of tax				311,490		311,490
Remeasurement (gain)/loss on defined benefits obligations (net of tax)		-	-	-	-	-
Total comprehensive income for the year		**-**	**-**	**1,268,258**	**-**	**1,268,258**
Transfer to legal reserve	**34**			(95,265)	95,265	
As at 30 June 2025		**2,647,210**	**68,379**	**1,959,488**	**390,890**	**5,065,965**
As at 1 July 2025		2,647,210	68,379	1,959,488	390,890	5,065,965
Additional shares issued	31	728,092	24,275	-	-	752,367
Dividends paid during the year	33	-	-	(859,704)	-	(859,704)
Directors' compensation	33			(1,350)		(1,350)
Profit for the year	33	-	-	1,403,036	-	1,403,036
Other comprehensive income						-
FairValue adjustement in OCI net of tax				2,273,423		2,273,423
Remeasurement (gain)/loss on defined benefits obligations (net of tax)		-	-	(7,285)	-	(7,285)
Total comprehensive income for the year		**-**	**-**	**3,669,174**	**-**	**3,669,174**
Transfer to legal reserve	**34**			(140,304)	140,304	
As at 30 June 2026		**3,375,302**	**92,654**	**4,627,305**	**531,194**	**8,626,454**

The notes to the financial reports are an integral part of these financial statements.

Tadesse Gemeda
Chairman, Board of Directors
September 29, 2026

Jibat Alemneh
Chief Executive Officer
September 29, 2026

Awash Insurance S.C.
Statement of Cash Flows
For the year ended 30 June 2026

	Notes	As at 30 June 2026 Birr'000	As at 30 June 2025 Birr'000
Cash flows from operating activities			
Cash generated from operations	35	1,312,497	1,266,823
Remeasurment of Employee Benefit	29	7,285	195
Income tax paid		(159,209)	(107,706)
Net cash (outflow)/ inflow from operating activities		1,160,373	1,159,311
Cash flows from investing activities			
Purchase of investment securities- equity investments	14	(975,151)	(560,319)
Purchase of debt instruments	14('c)	(151,812)	(221,886)
Recovery of investment in fixed deposit	13	403,820	(497,696)
Purchase of investment property	21	(122,847)	(32,062)
Purchase of intangible assets	22	(1,591)	-
Purchase of property, plant and equipment	20	(629,797)	(153,978)
Proceeds from sale of property, plant and equipment	32	1,003	24,042
Dividend earned	7	581,163	342,239
Interest received	7	342,897	444,122
Net cash outflow from investing activities		(552,315)	(655,539)
Cash flows from financing activities			
Dividend paid		(859,703)	(684,331)
Repayment of lease liability	19	(51,020)	(24,352)
Proceeds from issues of shares	31	752,367	760,873
Net cash inflow(outflow) from financing activities		(158,356)	52,190
Changes in cash and cash equivalents		449,703	555,963
Cash and cash equivalents at the beginning of the year	13	1,278,578	722,615
Net increase/ (decrease) in cash and cash equivalents		449,703	555,963
Cash and cash equivalents at the end of the year	13	**1,728,281**	**1,278,578**

The notes to the financial reports are an integral part of these financial statements.

Tadesse Gemeda
Chairman, Board of Directors
September 29, 2026

Jibat Alemneh
Chief Executive Officer
September 29, 2026

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 sebsequently 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 2026 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.

concept except for financial assets and liabilities which are determined under IFRS9 and IFRS17. Buildings and vehicles 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.

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

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.

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

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 fulfilment cashflows related to incurred claims. The fulfilment 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.

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 patter 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.

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,

IFRS 9
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).

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.

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

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 was issued by the International Accounting Standards Board (IASB) in April 2024 and is effective for annual reporting periods beginning on or after 1 January 2027. IFRS 18 replaces IAS 1 Presentation of Financial Statements and introduces new requirements relating to the presentation of financial performance, including new mandatory subtotals in the statement of profit or loss, disclosures of management-defined performance measures, and enhanced aggregation and disaggregation requirements. The Company is currently assessing the impact of IFRS 18 on the presentation and disclosure of its financial statements. Based on the assessment performed to date, the Company expects the standard to primarily affect the presentation and disclosure of financial information and does not expect it to have a material impact on the recognition and measurement of assets, liabilities, income, or expenses. The assessment is ongoing.

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures

The International Sustainability Standards Board (ISSB) issued IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures, effective for annual reporting periods beginning on or after 1 January 2024.
IFRS S1 requires an entity to disclose material information about sustainability-related risks and opportunities that could reasonably be expected to affect the entity's cash flow, access to finance or cost of capital over the short, medium or long term.
IFRS S2 specifically requires disclosure of material information about climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects.
The Company is assessing the implications of IFRS S1 and IFRS S2, including the identification and assessment of sustainability-related and climate-related risks.

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.

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:

- at amortised cost
- at fair value basis

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) Fair value through other comprehesive income

Fair value through other comprehesive income, investments include equity investments. Equity investments classified as fair value through other comprehesive income.

After initial measurement, fair value through other comprehesive income, financial investments are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income and credited in the Fair value through other comprehesive income 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 fair value through other comprehesive income reserve to income statement in impairment loss on financial instruments. Interest earned whilst holding Fair value through other comprehesive income financial investments is reported as interest and similar income using the EIR method. Quoted equity securities whose fair value can be reliably measured are carried at quated price where as Unquoted equity securities whose fair value cannot be reliably measured are carried using proper valuation model.

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

'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.

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 income statement.

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.

(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.

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.

(ii) financial assets at fair value through other comprehesiv

financial assets at fair value through other comprehesive income 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.

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.

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.

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.







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.

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 are presented on a gross basis. Retakaful certificates assets are reviewed for impairment at each financial year end.

Deferred income

Deferred income represents a portion of commission received on reinsurance contracts which are booked during the financial year and are deferred to the extent that they are recoverable out of future revenue margins. It is calculated by applying the reinsurance commission income to the ratio of prepaid reinsurance to reinsurance cost.

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.

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 unearned premium and unexpired risk

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

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

(c) Reserving methodology

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

The reserves include Incurred But Not Reported (IBNR) and Unearned Premium Reserve (UPR).

Reserving methodology

Data segmentation: The data used for reserving is segmented into two classes as follows:
- Individual business; and
- Group business.

(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 form 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

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.

2.24 Revenue recognition

Gross premiums

Gross recurring premiums on life and investment contracts with DPF are recognised as revenue when payable by the policyholder. For single premium business, revenue is recognised on the date on which the policy is effective. Gross general insurance written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the reporting period. They are recognised on the date on which the policy commences. Premiums include any adjustments arising in the reporting period for premiums receivable in respect of business written in prior accounting periods. Rebates that form part of the premium rate, such as no claim rebates, are deducted from the gross premium; others are recognised as an expense.
Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned premiums are calculated on a daily pro rata basis. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums and it's computed based on the 1/24th method as prescribed in the Directives of the National Bank of Ethiopia.

Reinsurance premiums

Gross outward reinsurance premiums on life and investment contracts are recognised as an expense on the earlier of the date when premiums are payable or when the policy becomes effective.

Gross general reinsurance premiums ceded comprise the total premiums payable for the whole cover provided by contracts entered into in the period and are recognised on the date on which the policy incepts. Premiums include any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods.

Unearned reinsurance premiums are those proportions of premiums ceded in a year that relate to periods of risk after the reporting date. Unearned reinsurance premiums are deferred over the term of the underlying direct insurance policies for risks-attaching contracts and over the term of the reinsurance contract for losses- occurring contracts.

Reinsurance premiums and claims on the face of the statement of profit or loss have been presented as negative items within premiums and net benefits and claims, respectively, because this is consistent with how the business is managed.

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.

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.

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.

2.28 Underwrting expenses

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

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

2.29 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.

2.30 Fair value measurement

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

- Disclosures for valuation methods, significant estimates and assumptions Note 4.7.1 and Notes 3
- Quantitative disclosures of fair value measurement hierarchy Note 4.7.2
- Financial instruments (including those carried at amortised cost) Note 4.7.3

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.

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.

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
- Sensitivity analyses disclosures Note 4.5.2

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 easured 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. The Company uses discount rate which is embeded under the contract where it is specified.

Measurment of Insurance contracts

Tthe Company's insurance contracts issued and reinsurance contracts are measured by applying the Premium Allocation Approach (PAA) where applicable under IFRS17. 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.

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.

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. See Note 4.7.2 for further disclosures.

(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.

(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.

(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.

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 comprehensives risk management program and policies of the Company. The Board has an oversight role on the proper implementation of the Company's risk management program or policies. The Board monitors proper implementation 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 assessesing 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.

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 unrecouped initial expenses.

► Discount rate

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

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

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:

30 June 2026	Notes	Available-For-Sale Birr'000	Loans and receivables Birr'000	Total Birr'000
Cash and cash equivalents		-	3,956,721	3,956,721
Investment securities:	13			
– Fair value through other comprehesive income	14	6,969,406	-	6,969,406
– Debt instruments at amortised cost	14	-	566,677	566,677
Insurance receivables	15	-	9,700	9,700
Reinsurance assets	16	-	3,109,067	3,109,067
Other assets	17	-	1,189,551	1,189,551
Total financial assets		6,969,406	8,831,716	15,801,122

30 June 2025	Notes	Available-For-Sale Birr'000	Loans and receivables Birr'000	Total Birr'000
Cash and cash equivalents		-	3,932,603	3,932,603
Investment securities:	16			
– Fair value through other comprehesive income	17	2,731,505	-	2,731,505
– Debt instruments at amortised cost	17	-	441,272	441,272
Insurance receivables	18	20,830		20,830
Reinsurance assets	19	-	1,397,838	1,397,838
Other assets	20	-	347,146	347,146
Total financial assets		2,752,335	6,118,859	8,871,194

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:

a) The Company's risk management policy sets out the assessment and determination of what constitutes credit risk for the Company. Compliance with the policy is monitored, exposures and breaches are reported to the Company's Management risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.

b) Net exposure limits are set for each counterparty or company of counterparties and industry segment (i.e. limits are set for investments and cash deposits).

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

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

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

	As at '30 June 2026 Birr'000	As at '30 June 2025 Birr'000
Cash and cash equivalents	3,956,721	2,883,300
Investment securities:		
– Fair value through other comprehesive	6,969,406	1,710,345
– Debt instruments at amortised cost	566,677	244,227
Insurance receivables	-	2,950
Reinsurance assets	3,109,067	1,361,024
Other assets	1,189,551	182,054
	15,791,422	6,383,900

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 2026, 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.

(d) Credit quality of other financial assets

30 June 2026	Neither past due nor impaired Birr'000	Past due but not impaired Birr'000	impaired Birr'000	Total Birr'000
Insurance recivables:				
Due from contract holders	9,700	-	22,453	32,153
Due from agents	-	-	-	-
Less: Impairment allowance (note 14d)			(22,453)	(22,453)
Net	9,700	-	-	9,700
Other assets				
Qard recivable from takaful	25,000			25,000
Other account receivables	1,085,977	-	-	1,085,977
Subrogation reimbursements	77,035	-		77,035
Staff debtors	1,539	-		1,539
Prepaid staff expense	1,481		-	1,481
Withholding tax receivable	58,066			58,066
Value added tax receivable	132,153	-	-	132,153
Gross	1,381,251	-	-	1,381,251
Less: Impairment allowance (note 14d)			(7,891)	(7,891)
Net	1,381,251	-	(7,891)	1,373,360

30 June 2025	Neither past due nor impaired Birr'000	Past due but not impaired Birr'000	impaired Birr'000	Total Birr'000
Insurance recivables:				
Due from contract holders	20,830	-	22,453	43,283
Due from agents	-	-	-	-
Less: Impairment allowance (note 14d)			(22,453)	(22,453)
Net	20,830	-	-	20,830
Other assets				
Rent receivables	9,000			9,000
Other account receivables	90,273	-	-	90,273
Subrogation reimbursements	48,976	-	-	48,976
Staff debtors	1,647	-		1,647
Prepaid staff expense	1,481		-	1,481
Withholding tax receivable	37,192			37,192
Value added tax receivable	-	-	-	-
Gross	188,569	-	-	188,569
Less: Impairment allowance (note 14d)			(6,515)	(6,515)
Net	188,569	-	(6,515)	182,054

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.

	'As at '30 June 2026 Birr'000	'As at '30 June 2025 Birr'000
Due from contract holders	22,453	22,453
Other loans and receivables	7,891	8,002
Total allowance for impairment	30,344	30,455

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.

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 2026	Less than 90 days Birr'000	90 days- 1 year Birr'000	Over 1 year Birr'000	Total Birr'000
Insurance contract liabilities	6,819,993			6,819,993
Insurance payables	759,628			759,628
Other liabilities	524,541	125,179		649,720
Lease liabilities			13,097	13,097
Total financial liabilities	8,104,162	125,179	13,097	8,242,438

30 June 2025	Less than 90 days Birr'000	90 days- 1 year Birr'000	Over 1 year Birr'000	Total 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

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.

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

30 June 2026	Fixed Birr'000	Non-interest bearing Birr'000	Total Birr'000
Assets			
Cash and cash equivalents	3,956,721	-	3,956,721
Investment securities:			-
– Fair value through other comprehesive income	-	6,969,406	6,969,406
– Debt instruments at amortised cost	566,677	-	566,677
Insurance receivables		-	-
Reinsurance assets	3,109,067	-	3,109,067
Other assets	1,189,551	-	1,189,551
Total	8,822,016	6,969,406	15,791,422
Liabilities			
Insurance contract liabilities	6,819,993	-	6,819,993
Insurance payables	759,628	-	759,628
Other liabilities	649,720	-	649,720
Lease liabilities	13,097	-	13,097
Total	8,242,438	-	8,242,438

30 June 2025	Fixed Birr'000	Non-interest bearing Birr'000	Total Birr'000
Assets			
Cash and cash equivalents	3,932,603	-	3,932,603
Investment securities:			-
– Fair value through other comprehesive 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

(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.

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. Admissable assets and liabilities stated below is in accordance with the MOS Directives No. SIB/ 45/ 2016.

		'As at '30 June 2026 Birr'000	'As at '30 June 2025 Birr'000
Admissable assets	A		
Cash and bank balances		3,956,721	3,932,603
Investment securities:			
– Available for sale		6,969,406	2,731,505
– Loans and receivables		566,677	441,272
Property, plant and equipment		1,790,666	1,215,720
Investment property		502,738	452,678
Other assets net of prepayments		1,181,660	217,530
Statutory deposit		506,402	391,877
		15,474,270	9,383,185
Admissable liabilities	B		
Insurance contract liabilities		6,819,993	4,242,486
Insurance payables		759,628	570,608
Other liabilities		649,720	394,496
Deferred tax liability		1,427,274	456,072
Current income tax liabilities		420,125	159,209
		10,076,740	5,822,870
Excess (admitted capital)- (A-B)	C	5,397,530	3,560,315
Required Minimum of paid up capital	F	1,704,998	887,351
Since F>E - Positive Solvency Margin	(C-F)	3,692,532	2,672,964
Solvency ratio		2.17	3.01

5 Segment information

Segment information is presented in respect of the Company's business segments which represents the primary segment reporting format and is based on the Company's management and reporting structure. Revenue in these segments is derived primarily from insurance premium and investment income. Expenses for corporate units that render services for all business segments are initially paid by the general business segment and transferred to other business units at cost price. The expenses are allocated based on service man hours rendered by the corporate units to the various business segments.

Business segments

The Company operates the following main business segments:

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

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

The segment information provided by the Management Operations Committee for the reporting segments for the year ended 30 June 2026 is as follows:

5(a) Assets and liabilities for each segment at 30 June 2026

	Non- life		Life	
	As at 30 June 2026 Birr'000	As at 30 June 2025 Birr'000	As at 30 June 2026 Birr'000	As at 30 June 2025 Birr'000
ASSETS				
Cash and bank balances	3,205,235	3,525,841	455,213	240,889
Investment securities:			-	-
– Fair value through other comprehesive income	6,366,728	2,731,505	602,678	
– Debt instruments at amortised	562,676	441,272	4,001	
Insurance receivables	202	380	9,499	20,450
Reinsurance assets	3,106,192	1,395,354	2,875	2,484
Retakaful assets	-	-	-	-
Other assets	1,398,041	315,852	21,119	27,082
Salvage property held for sale	61,590	67,835	-	-
Right of use asset	77,385	68,002	-	-
Property, plant and equipment	1,784,996	1,209,118	5,669	6,602
Investment properties	454,688	407,265	28,270	26,922
Intangible assets	14,274	16,195	1,923	2,022
Statutory deposits	488,403	373,877	18,000	18,000
Non -Life Account with Life and Takaf	116,664	(298,637)	(28,240)	352,170
Total assets	**17,637,075**	**10,253,859**	**1,121,007**	**696,622**
LIABILITIES				
Insurance contract liabilities	6,411,613	3,901,362	408,380	368,969
litigations	1,532	1,509	-	-
Deferred income tax	-		-	-
Insurance payables	681,135	520,958	78,493	49,650
Takaful liabilities	-	-		
Retakaful Payables	-	-	-	-
Other liabilities	637,729	386,922	11,690	7,576
Payable to takaful participants	-	-		
Defined benefit obligations	30,589	23,304	-	-
Deferred tax liability	1,324,797	431,248	102,477	24,824
Lease liability	13,097	14,748	-	-
Current income tax liabilities	419,938	155,095	10,156	-
Total liabilities	9,520,430	5,435,146	611,196	451,020
Equity and Participants' Fund				
Share capital	3,255,302	2,527,210	120,000	120,000
Share premium	92,654	68,379	-	-
Retained earnings	4,299,789	1,880,314	327,516	79,173
Legal reserve	468,900	342,808	62,295	46,430
Qard	-	-		
Participants' takaful fund	-	-		
Total equity	**8,116,647**	**4,818,713**	**509,812**	**245,603**
Total equity and liabilities	**17,637,075**	**10,253,859**	**1,121,007**	**696,622**

አዋሽ ኢንሹራንስ አ.ግ.ማ. Awash INSURANCE AWASH INSURANCE S.C.
የኦዲተሮች ሂሳብ አያያዝና ኦዲት ቦርድ Accounting and auditing Board of Ethiopia ቁ.4 0118861296 0111541235 Original Report Submitted to the board
TAY Audit Service Limited Liability Partnership #1

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 thier contributions for its operation of general takaful. The company also manages the investment of the takaful fund in Shariah-compliant investment revenues 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

5(a) Assets and liabilities for each segment at 30 June 2026

	Takaful		Total	
	As at 30 June 2026 Birr'000	As at 30 June 2025 Birr'000	As at 30 June 2026 Birr'000	As at 30 June 2025 Birr'000
ASSETS				
Cash and bank balances	296,273	165,873	3,956,721	3,932,603
Investment securities:	-	-	-	-
– Fair value through other comprehesive income	-	-	6,969,406	2,731,505
cost	-	-	566,677	441,272
Insurance receivables	-	-	9,701	20,830
Reinsurance assets	-	-	3,109,067	1,397,838
Retakaful assets	87,302	31,681	87,302	31,681
Other assets	33,804	4,211	1,452,964	347,145
Salvage property held for sale	-	-	61,590	67,835
Right of use asset	-	-	77,385	68,002
Property, plant and equipment	-	-	1,790,665	1,215,720
Investment properties	19,779	18,491	502,737	452,678
Intangible assets	-	-	16,197	18,217
Statutory deposits	-	-	506,403	391,877
Account with Non-Life/Life/Takaful	(88,424)	(53,533)	-	-
Total assets	**348,734**	**169,152**	**19,106,816**	**11,117,204**
LIABILITIES				
Insurance contract liabilities	-		6,819,993	4,270,331
litigations	-	-	1,532	1,509
Insurance payables	-		759,628	570,608
Takaful liabilities	287,962	118,210	287,962	118,210
Retakaful liabilities	46,623	20,948	46,623	20,948
Other liabilities	301	-	649,720	394,498
Payable to takaful participants	11,852	3,970	11,852	3,970
Defined benefit obligations	-	-	30,589	23,304
Deferred tax liability	-	-	1,427,274	456,072
Lease liability	-	-	13,097	14,748
Current income tax liabilities	(9,969)	4,113	420,125	159,209
Total liabilities	336,769	147,241	10,468,395	6,033,407
Equity and Participants' Fund				
Share capital	-	-	3,375,302	2,647,210
Share premium	-	-	92,654	68,379
Retained earnings	-	-	4,627,305	1,959,487
Legal reserve	(1,030)	1,652	530,165	390,890
Qard	25,000	9,000	25,000	9,000
Participants' takaful fund	(12,005)	11,258	(12,005)	11,258
Total equity	**11,964**	**21,910**	**8,638,423**	**5,086,224**
Total equity and liabilities	**348,734**	**169,152**	**19,106,816**	**11,117,204**

5(b) Profit or loss for each segment at 30 June 2026

	Non- life		Life	
	30 June 2026 Birr'000	30 June 2025 Birr'000	30 June 2026 Birr'000	30 June 2025 Birr'000
Insurance Revenue	4,544,822	3,040,354	536,389	641,162
Insurance Service Expenses	(3,996,420)	(1,935,479)	(498,146)	(600,375)
Net Expenses From Reinsurance Contracts Held	734,644	(448,625)	(15,276)	2,011
Insurance Service Result	**1,283,046**	**656,250**	**22,967**	**42,798**
Insurance Finance Income	(22,680)	105,011	3,329	(10,486)
Reinsurance Finance Income	(40,330)	(44,517)	-	-
Insurance Service Result	**(63,010)**	**60,494**	**3,329**	**(10,486)**
Investment income	856,287	735,549	100,332	77,063
Wakala fee income	80,317	17,836	-	-
Other operating income	95,121	116,767	2	-
	1,031,725	**870,152**	**100,334**	**77,063**
Interest expense on bank overdraft	(835)	(369)		
Other operating & admin. expenses	(507,797)	(559,147)	(24,726)	(7,786)
Actuarial life insurance reserve			(11,904)	(21,589)
	(508,632)	**(559,147)**	**(36,630)**	**(29,375)**
Profit before income tax	**1,743,130**	**1,027,749**	**90,000**	**80,000**
Income tax expense	(419,938)	(153,906)	(10,156)	(1,189)
Profit after income tax	1,323,192	873,843	79,844	78,811

	Takaful		Total	
	30 June 2026 Birr'000	30 June 2025 Birr'000	30 June 2026 Birr'000	30 June 2025 Birr'000
Insurance Revenue	231,402	100,506	5,312,613	3,782,022
Insurance Service Expenses	(228,078)	(64,963)	(4,722,644)	(2,600,817)
Net Expenses From Reinsurance Contracts Held	(19,079)	(23,288)	700,289	(469,902)
Insurance Service Result	**(15,755)**	**12,255**	**1,290,258**	**711,303**
Insurance Finance Income	4,835	-	(14,516)	94,525
Reinsurance Finance Income	(1,749)	-	(42,079)	(44,517)
Insurance Finance Result	**3,086**	**-**	**(56,595)**	**50,008**
Investment income	2,957	-	959,576	812,612
Wakala fee income	-	-	80,317	17,836
Other operating income	-	1,458	95,123	118,225
	2,957	**1,458**	**1,135,016**	**948,673**
Interest expense on bank overdraft			(835)	(369)
Other operating & admin. expenses	(23,520)		(556,043)	(566,933)
Increase in life /Takaful fund			(11,904)	(21,589)
	(23,520)	**-**	**(568,782)**	**(588,891)**
Profit before income tax	**(33,232)**	**13,713**	1,799,897	1,121,462
Income tax expense	9,969	(4,113)	(420,125)	(159,209)
Profit after income tax	(23,263)	9,600	1,379,772	962,254

6 Insurance Result

	Non- life		Life	
	30 June 2026 Birr'000	30 June 2025 Birr'000	30 June 2026 Birr'000	30 June 2025 Birr'000
Insurance Premium Revenue	**4,544,822**	**3,040,354**	**536,389**	**641,162**
Insurance Claims Service Expense	(2,730,678)	(1,399,141)	(415,917)	(513,552)
Insurance Movement in Risk Adjustment (RA)	(380,321)	15,073	-	(7,095)
Insurance Directly Attributable Expenses	(551,232)	(382,399)	(17,719)	(24,650)
Insurance Movement in Loss component (LC)	(135,904)	8,176	-	(25)
Insurance Amortization of Acquisition Expenses	(198,285)	(167,380)	(64,510)	(55,053)
Insurance Service Expense	**(3,996,420)**	**(1,925,671)**	**(498,146)**	**(600,375)**
Revenue	**(1,668,117)**	**(987,837)**	**(65,581)**	**(52,149)**
Reinsurance Claims Service Expense	1,495,477	334,848	30,457	43,767
Reinsurance Movement in Risk Adjustment (RA)	300,500	(161,261)	-	-
Reinsurance Directly Attributable Expenses	-	-	-	-
Reinsurance Movement in Loss component (LC)	59,931	22,459	-	-
Reinsurance Amortization of Acquisition Expenses	546,853	343,166	19,848	10,393
Reinsurance Service Expense	**2,402,761**	**539,212**	**50,305**	**54,160**
Movement in DC of BEL Claims	(22,680)	105,011	3,329	(10,486)
Movement in DC of BEL Claims Reinsurance	(40,330)	(44,517)	-	-

	Takaful		Total	
	30 June 2026 Birr'000	30 June 2025 Birr'000	30 June 2026 Birr'000	30 June 2025 Birr'000
Insurance Premium Revenue	**231,402**	**100,506**	**5,312,613**	**3,782,022**
Insurance Claims Service Expense	(118,703)	(44,998)	(3,265,298)	(1,957,691)
Insurance Movement in Risk Adjustment (RA)	(15,936)	(1,671)	(396,257)	6,307
Insurance Directly Attributable Expenses	(80,318)	(17,836)	(649,269)	(424,885)
Insurance Movement in Loss component (LC)	(13,121)	(458)	(149,025)	7,693
Insurance Amortization of Acquisition Expenses	-	-	(262,795)	(222,433)
Insurance Service Expense	**(228,078)**	**(64,963)**	**(4,722,644)**	**(2,591,009)**
Revenue	**(84,430)**	**(34,175)**	**(1,818,128)**	**(1,074,161)**
Reinsurance Claims Service Expense	35,123	10,156	1,561,057	388,771
Reinsurance Movement in Risk Adjustment (RA)	5,795	731	306,295	(160,530)
Reinsurance Directly Attributable Expenses	-	-	-	-
Reinsurance Movement in Loss component (LC)	914	-	60,845	22,459
Reinsurance Amortization of Acquisition Expenses	23,519	-	590,220	353,559
Reinsurance Service Expense	**65,351**	**10,887**	**2,518,417**	**604,259**
Movement in DC of BEL Claims	4,835	-	(14,516)	94,525
Movement in DC of BEL Claims Reinsurance	(1,749)	-	(42,079)	(44,517)

7 Investment income

	30 June 2026 Birr'000	30 June 2025 Birr'000
Rental income from investment properties	35,516	26,251
Financial Asset:		
- Dividend income	581,163	342,239
- Interest income	310,482	416,208
-Mudarabah Investment Income	2,957	
Cash and short-term deposits:		
- Interest income savings	29,458	27,914
Total investment income	959,576	812,612

8 Other operating income

	30 June 2026 Birr'000	30 June 2025 Birr'000
Gain on disposal of property, plant and equipment	971	12,457
Sundry income	94,152	105,768
Total	95,123	118,225
Wakala fee income	80,317	17,836
Total other operating income	270,563	136,061

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.

9 Finance costs

	30 June 2026 Birr'000	30 June 2025 Birr'000
Interest expense on bank overdraft	835	369
	835	369

10 Other operating and administrative expenses	30 June 2026 Birr'000	30 June 2025 Birr'000
Rental expenses	384	35
Stationery and office supplies	21,118	20,562
Auditor's remuneration	517	503
Legal and other consultancy fees	19,171	50,734
Communication	7,317	5,786
Amortisation of right of use asset land lease(note 19)	1,641	1,592
Amortization of right of use asset land lease for investments(note 19)	133	132
Amortization of right of use asset buildings(note 19)	39,863	31,354
Impairment of loss on receivables	32,733	37,598
Other expenses	136,178	175,088
Donations	519	29,337
Gift and sponsorship	10,805	6,516
Fees and commission expenses	6,397	107
Fuel and lubricants	32,634	25,708
Bank charges	13,935	9,180
Depreciation on property and equipment (note 23)	47,122	42,273
Depreciation on investment property (note 24	8,773	8,637
Fair Value adjustment (OCI)	(15,003)	(15,855)
Advertisement	22,751	19,192
Subscription	958	4,385
Amortization of intangible assets (note 25)	2,936	1,495
Directors emoluments	1,286	1,200
Shariah advisory board Fee	585	385
Takaful management expense	23,520	8,194
Repairs and maintenance	42,548	46,872
Travel expenses	19,785	14,416
Insurance cost	10,926	11,063
Insurance Directly Attributable Expenses	489,532	536,489
	213,454	171,703
	276,078	364,786
Wakala fee	80,317	17,836

11(a) Employee benefits expense	30 June 2026 Birr'000	30 June 2025 Birr'000
Salaries and wages	523,537	338,548
Medical expenses	898	10,815
Life insurance expense	12,314	4,850
Staff training	30,655	16,570
Defined contribution costs- employers' contribution	28,241	23,292
Defined benefit costs- severance pay (note 31)	(4,046)	15,819
Other staff cost and allowances	43,863	45,434
Insurance Directly Attributable Expenses	635,462	455,328
	355,496	253,181
	279,966	202,147

11(a)		
Administrative and employee benefits	556,043	566,932
Other operating & admin. expenses	649,268	442,721
Insurance directly attributable expense	1,205,311	1,009,653
Total administrative and employee benefits		

12 Company income and deferred tax	As at 30 June 2026 Birr'000	As at 30 June 2025 Birr'000
a Current income tax		
Company income tax	430,094	155,095
Deferred income tax/(credit) to profit or loss		
Total charge to profit or loss	430,094	155,095
Tax (credit) on other comprehensive income	-	-
Total tax in statement of comprehensive income	430,094	155,095

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:

	As at 30 June 2026 Birr'000	As at 30 June 2025 Birr'000
Profit before tax	1,833,129	1,107,545
Income taxed at source		
- Interest income from deposits		(444,122)
- Income from dividend	(581,163)	(342,239)
-Adjustment of taxable depreciation	(33,484)	(26,425)
-Non-deductible expenses	215,163	222,225
Total taxable Income	1,433,645	516,984
Tax calculated at statutory tax rate of 30 %	430,094	155,095

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%

c Current income tax liability

	As at 30 June 2026 Birr'000	As at 30 June 2025 Birr'000
Balance at the beginning of the year	155,095	107,706
Charge for the year:		
Current income tax liabilities	430,094	155,095
Payment during the year	(155,095)	(107,706)
Balance at the end of the year	430,094	155,095

d Current income tax liability- takaful

	As at 30 June 2026 Birr'000	As at 30 June 2025 Birr'000
Balance at the beginning of the year	4,113	2,966
Charge for the year:		
Takaful Income tax expense	(9,969)	4,113
Payment during the year	(4,113)	(2,966)
Balance at the end of the year	(9,969)	4,113

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.

The analysis of deferred tax assets/(liabilities) is as follows:	As at 30 June 2026 Birr'000	As at 30 June 2025 Birr'000
To be recovered after more than 12 months	456,072	(34,802)
To be recovered within 12 months	971,202	490,874
	1,427,274	456,072

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

Deferred income tax assets/(liabilities):	As at 30 June 2026 Birr'000	Credit/ (charge) to profit or loss Birr'000	Credit/ (charge) to equity Birr'000	As at 30 June 2025 Birr'000
Financial Asset,Property, plant and equipment				
Tax losses charged to profit or loss	456,072		456,072	
Provisions				
Post employment benefit obligation	-		971,202	490,874
Total deferred tax assets/ (liabilities)				
	456,072	-	1,427,274	456,072

13 Cash and bank balances

	As at 30 June 2026 Birr'000	As at 30 June 2025 Birr'000
Cash in hand	5,327	46,361
Cash at bank	1,575,793	1,018,513
Short term deposits with banks	147,161	213,704
Fixed time deposits with local banks	2,254,941	2,658,761
	3,983,222	3,937,339
Allowance for impairment of cash and bank balance	(26,501)	(4,736)
	3,956,721	3,932,603

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.

Cash and cash equivalents	As at 30 June 2026 Birr'000	As at 30 June 2025 Birr'000
Cash in hand	5,327	46,361
Cash at bank	1,575,793	1,018,513
Short term deposits with banks	147,161	213,704
	1,728,281	1,278,578

14 Financial assets

	As at 30 June 2026 Birr'000	As at 30 June 2025 Birr'000
14(a) Financial assets classified at fair value through other comprehensive income		
Equity investments(Unquoted equities)	283,807	1,808,656
Equity investments(Quoted equities)	2,500,000	
Revaluation of Equity Investment(Unquoted equities)	78,099	922,849
Revaluation of Equity Investment(Quoted equities)	4,107,500	-
	6,969,406	2,731,505

The Company holds equity investments in the following entities;

	As at 30 June 2026 Amount of shares '000	% holdings	As at 30 June 2025 Amount of shares '000	% holdings
Awash International Bank S.C	6,607,500	6.49%	2,459,939	5%
Ethiopian Reinsurance Company	170,103	5%	140,750	5%
BIS Vegetables and Agro industry	613	1%	800	1%
Sheger Investment Hotel and Tourism S.C	316	9.5%	400	10%
Addis International CEC	38,056	0.28%	38,461	0.38%
Oda Share Company S.C.	141,414	19%	78,380	8.2%
Capital Financial Excellence Center S.C.	2,256	2.88%	981	
Ehiopian Securities Exchange S.C.	5,137	0.52%	6,494	
Awash Capital Share Company	3,774	5.00%	5,000	5.0%
Sheger Smart City Real Estate (under formation)	237		300	
These investments are unquoted equity securities measured at cost less impairment.	6,969,406		2,731,505	

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

	As at 30 June 2026 Birr'000	As at 30 June 2025 Birr'000
As at 1 July	2,731,505	1,710,344
Additions during the year	975,151	560,321
Remesurment gain or loss through OCI	3,262,750	460,840
As at 30 June	6,969,406	2,731,505

14(c) Debt instruments at amortised cost

	As at 30 June 2026 Birr'000	As at 30 June 2025 Birr'000
Staff Loans	297,563	227,053
Government Bonds	10,000	10,000
Corporate Bonds	340,160	258,858
	647,723	495,911
Impairment loss on staff debtors	(13,353)	(2,273)
Amortization of debt instrument	(67,693)	(52,366)
	566,677	441,272

14(d) Accounting considerations

A financial asset shall be measured at amortised cost if both of the following conditions are met:
a. the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

b. 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
a. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
b. 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

15 Insurance receivables

	As at 30 June 2026 Birr'000	As at 30 June 2025 Birr'000
Due from contract holders	32,153	35,095
Insurance agents	-	-
	32,153	35,095
Impairment loss on due from contract holders	(22,453)	(22,453)
Net amount	9,700	12,642

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

	As at 30 June 2026 Birr'000	As at 30 June 2025 Birr'000
At 1 July	12,642	25,403
Charge for the year	(2,942)	(4,573)
As at 30 June	9,700	12,642

16 Reinsurance assets	As at 30 June 2026 Birr'000	As at 30 June 2025 Birr'000
Recoverable from reinsurers	55,263	38,702
Recievable from local insurance	-	89,473
Reinsurance assets	**55,263**	**128,175**
provision for Reisurance asset	3,054,862	1,270,721
	3,110,125	1,398,896
	(1,058)	(1,058)
	3,109,067	**1,397,838**

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

2026	UPR	DCI	Loss Recovery Component	Asset for Remaining Coverage	Outstanding Claims	IBNR	Risk Adj	Effect of Discounting	Asset for Incurred Claims	Total
Agriculture	3,256,067	-	-	3,256,067	-	-	-	-	-	3,256,067
Burglary	5,274,114	-	-	5,274,114	-	124,669	46,613	(6,870)	164,413	5,438,527
Engineering	111,462,877	-	-	111,462,877	47,903,737	9,007,358	17,859,348	(4,964,183)	69,806,260	181,269,137
Fire	117,284,105	-	-	117,284,105	11,665,648	24,607,747	12,417,616	(2,159,065)	46,531,947	163,816,052
Floriculture	431,198	-	1,172,984	1,604,182	1,535,466	83,186	605,206	(89,196)	2,134,662	3,738,844
Goods In Transit	11,792,508	-	-	11,792,508	2,753,003	449,270	567,642	(176,461)	3,593,455	15,385,963
Group Personal Acc	34,665,793	-	-	34,665,793	1,730,019	7,265,374	1,163,918	(687,628)	9,471,683	44,137,475
Liability	55,995,092	-	-	55,995,092	12,477,606	660,653	2,169,180	(958,694)	14,348,745	70,343,837
Marine	46,093,524	-	-	46,093,524	4,402,166	14,261,219	7,004,348	(962,228)	24,705,506	70,799,030
Motor Own Damage	49,112,596	-	-	49,112,596	99,015,564	19,693,631	20,706,237	(11,144,325)	128,271,107	177,383,703
Motor Third Party	12,591,693	-	-	12,591,693	8,095,342	2,512,292	793,922	(901,983)	10,499,573	23,091,266
Pecuniary	101,118,402	-	98,180,061	199,298,463	1,050,948,535	12,954,211	259,739,409	(109,329,396)	1,214,312,760	1,413,611,222
Political Violence Te	349,181,098	-	-	349,181,098	410,132,780	67,332,399	89,636,501	(35,238,251)	531,863,429	881,044,527
Workmen's Compen	828,135	-	-	828,135	385,736	293,837	89,325	(50,963)	717,935	1,546,070
Total	**899,087,202**	**0**	**99,353,044**	**998,440,246**	**1,651,045,602**	**159,245,848**	**412,799,267**	**(166,669,242)**	**2,056,421,475**	**3,054,861,721**

2025	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	1,998,240	(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

Reinsurance asset movements

	Ri Afic Ra	Ri Afic Be	rc Excl Loss Comp	Ri Loss Recovery	Total
Reinsurance Contract Assets Bop	112,299,598	542,849,871	672,937,113	39,422,210	1,367,508,791
Reinsurance Contract Liabilities Bop	-	-	(96,788,000)	-	(96,788,000)
Net Balance Bop	112,299,598	542,849,871	576,149,113	39,422,210	1,270,720,791
Allocation Of Reinsurance Premiums Paid	-	-	(1,668,116,844)	-	(1,668,116,844)
Amounts Recoverable From Reinsurers	300,499,669	1,398,277,403	492,067,226	59,930,835	2,250,775,133
Incurred Claims Recovered And Other Reinsurance Service Expenses	-	1,398,277,403	-	-	1,398,277,403
Adjustments To Assets For Incurred Claims	300,499,669	-	-	-	300,499,669
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-
Rècovery Of Losses And Reversal On Recovery Of Losses	-	-	-	59,930,835	59,930,835
Amortization Of Reinsurance Acquisition Cash Flows	-	-	492,067,226	-	492,067,226
Reinsurance Service Result	300,499,669	1,398,277,403	(1,176,049,618)	59,930,835	582,658,289
Reinsurance Finance Expense Total	-	(40,329,803)	-	-	(40,329,803)
Therefore Recognized In Pnl	-	(40,329,803)	-	-	(40,329,803)
Therefore Recognized In Oci	-	-	-	-	-
Total Amounts Recognised In Comprehensive Income	-	-	-	-	-
Investment Components	-	-	-	-	-
Other Changes	-	-	-	-	-
Cash Flows	-	(257,175,263)	1,498,987,707	-	1,241,812,444
Premiums Paid	-	-	1,894,266,933	-	1,894,266,933
Claims Excl Non Distinct Investment Component Paid	-	(257,175,263)	-	-	(257,175,263)
Non Distinct Investment Component Paid	-	-	-	-	-
Directly Attributable Expenses Paid	-	-	-	-	-
Reinsurance Acquisition Cash Flows	-	-	(395,279,226)	-	(395,279,226)
Reinsurance Contract Assets Eop	412,799,267	1,643,622,208	899,087,202	99,353,044	3,054,861,721
Reinsurance Contract Liabilities Eop	-	-	-	-	-
Net Balance Eop	412,799,267	1,643,622,208	899,087,202	99,353,044	3,054,861,721

	As at 30 June 2026 Birr'000	As at 30 June 2025 Birr'000
Current	3,109,067	1,397,838
Non- current	-	-
	3,109,067	1,397,838

16(b) **Retakaful assets**

2026	GROSS IBNR	GROSS OCR	Gross OCL	Gross Risk Adjustment	Discount Component	Gross LIC	Gross UPR	Loss Component	Gross LRC	TOTAL GROSS LIABILITIES
Accident	1,722	-	1,722	223	(132)	1,813	2,964	-	2,964	4,777
Engineering	456,028	2,123,885	2,579,913	809,606	(225,038)	3,164,481	4,414,145	343,078	4,757,222	7,921,703
Fire & Light	1,375,993	244,186	1,620,179	554,642	(96,436)	2,078,385	8,850,761	-	8,850,761	10,929,146
Burglary	58,119	-	58,119	21,731	(3,203)	76,647	582,573	-	582,573	659,220
Floriculture	-	-	-	-	-	-	-	-	-	-
Marine	496,292	69,720	566,012	212,424	(29,182)	749,254	1,523,329	-	1,523,329	2,272,583
GIT	279,673	244,444	524,117	92,906	(28,881)	588,142	2,393,449	-	2,393,449	2,981,591
Motor OD	3,104,998	24,522,532	27,627,530	4,819,022	(2,593,651)	29,852,901	4,349,699	1,280,210	5,629,910	35,482,811
Motor Liab	71,226	471,220	542,446	40,599	(46,125)	536,920	411,264	259,174	670,437	1,207,357
Liability	346,896	875,000	1,221,896	201,740	(89,161)	1,334,475	1,997,813	-	1,997,813	3,332,288
Pecuniary	61,893	-	61,893	15,110	(6,360)	70,643	753,025	-	753,025	823,668
PVT	2,185,029	-	2,185,029	410,205	(161,261)	2,433,973	15,652,805	-	15,652,805	18,086,778
W.C.	5,157	-	5,157	678	(387)	5,448	34,161	-	34,161	39,609
Travel	-	-	-	-	-	-	0	-	0	0
Total	8,443,027	28,550,987	36,994,014	7,178,885	(3,279,817)	40,893,083	40,965,988	1,882,462	42,848,449	83,741,532

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

	Ri Afic Ra	Ri Afic Be	Ri Afrc Excl Loss Component	Ri Loss Recovery	Total
Reinsurance Contract Assets Bop					
Reinsurance Contract Liabilities Bop	1,383,409	8,420,006	23,992,594	967,616	34,763,624
Net Balance Bop	-	-	-	-	-
Allocation Of Reinsurance Premiums Paid	1,383,409	8,420,006	23,992,594	967,616	34,763,624
Amounts Recoverable From Reinsurers	-	-	(84,430,273)	-	(84,430,273)
Incurred Claims Recovered And Other Reinsurance Service Expenses	5,795,477	35,123,983	23,519,630	914,846	65,353,936
Adjustments To Assets For Incurred Claims	-	35,123,983	-	-	35,123,983
Recovery Of Losses And Reversal On Recovery Of Losses	5,795,477	-	-	-	5,795,477
Amortization Of Reinsurance Acquisition Cash Flows	-	-	-	914,846	914,846
Reinsurance Service Result	-	-	23,519,630	-	23,519,630
Reinsurance Finance Expense Total	5,795,477	35,123,983	(60,910,643)	914,846	(19,076,337)
Therefore Recognized In Pnl	-	(1,748,764)	-	-	(1,748,764)
Therefore Recognized In Oci	-	(1,748,764)	-	-	(1,748,764)
Total Amounts Recognised In Comprehensive Income	-	-	-	-	-
Investment Components	-	-	-	-	-
Other Changes	-	-	-	-	-
Cash Flows	-	-	-	-	-
Premiums Paid	-	(8,081,027)	77,884,037	-	69,803,009
Claims Excl Non Distinct Investment Component Paid	-	-	101,403,667	-	101,403,667
Non Distinct Investment Component Paid	-	(8,081,027)	-	-	(8,081,027)
Directly Attributable Expenses Paid	-	-	-	-	-
Reinsurance Acquisition Cash Flows	-	-	-	-	-
Reinsurance Contract Assets Eop	-	-	(23,519,630)	-	(23,519,630)
Reinsurance Contract Liabilities Eop	7,178,885	33,714,197	40,965,987	1,882,462	83,741,532
Net Balance Eop	-	-	-	-	-
	7,178,885	33,714,197	40,965,987	1,882,462	83,741,532

	As at 30 June 2026 Birr'000	As at 30 June 2025 Birr'000
Retakaful assets		
Recoverable from retakaful	3,560	
Retakaful assets	83,742	31,681
	87,302	31,681

	As at 30 June 2026 Birr'000	As at 30 June 2025 Birr'000
Current	87,302	31,681
Non- current	-	-
	87,302	1,429,519

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 asssociated 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	531,997	4,477	-	21,596	26,073	4.90%
Staff Loan	254,458	10,742	-	1,504	12,245	4.81%
Other receivables	71,995	-	-	7,891	7,891	10.96%

17 Other assets

	As at 30 June 2026 Birr'000	As at 30 June 2025 Birr'000
Other loans and receivables:		
Qard recivable from takaful	25,000	9,000
Other account receivables	1,085,977	153,681
Subrogation reimbursements	77,035	61,223
Accrued interest receivable	-	-
Staff debtors	1,539	1,627
	1,189,551	225,531
Other non financial assets		
Prepaid staff expense	1,481	1,481
Withholding tax receivable	58,066	50,655
Profit tax paid in advance	79,604	
Value added tax receivable	132,153	85,669
Prepayments	-	-
	271,304	137,805
Less impairment loss and amortization on other receivables:		
Impairment loss on other accounts receivables	(7,891)	(8,002)
	-	-
	(7,891)	(8,002)
	1,452,964	355,334

	As at 30 June 2026 Birr'000	As at 30 June 2025 Birr'000
Current	1,420,073	338,332
Non- current	32,891	17,002
	1,452,964	355,334

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

	As at 30 June 2026 Birr'000	As at 30 June 2025 Birr'000
At 1 July	8,002	6,515
Charge for the year	(111)	1,487
Recoveries	-	-
As at 30 June	7,891	8,002

18 Salvage property held for sale

	As at 30 June 2026 Birr'000	As at 30 June 2025 Birr'000
Salvage property held for sale	61,590	67,835

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

	As at 30 June 2026 Birr'000	As at 30 June 2025 Birr'000
As at 1 July	67,835	49,970
Additions(deduction) during the year	(6,245)	17,865
As at 30 June	61,590	67,835

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.

19 (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 Birr'000	Land Own Use Birr'000	Land Investment Birr'000	Total Birr'000	Office Buildings Birr'000	Land Own Use Birr'000	Land Investment Birr'000	Total Birr'000
As at 1 July	30,512	37,755	(265)	68,002	35,703	41,157	(132)	76,728
Additions – new lease contracts	62,194	-	-	62,194	23,113	1,458	(1)	24,570
Termination/adjustment/ of the lease contract	(9,523)	(1,651)	-	(11,174)	3,050	(3,268)	-	(218)
Depreciation	(39,863)	(1,641)	(133)	(41,637)	(31,354)	(1,592)	(132)	(33,078)
As at 30 June	43,320	34,463	(398)	77,385	30,512	37,755	(265)	68,002

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

	As at 30 June 2026 Birr'000	As at 30 June 2025 Birr'000
Interest expense on lease liabilities	157	-
Depreciation	41,480	33,078
	41,637	33,078

20 Property, plant and equipment

	Furniture and fittings Birr'000	Office equipment Birr'000	Buildings Birr'000	Lifts Birr'000	Motor vehicles Birr'000	Computer equipment Birr'000	Construction in progress Birr'000	Total Birr'000
Cost								
At 1 July 2025	23,950	14,663	733,244	37,623	355,919	39,068	288,802	1,493,488
Additions	4,183	2,380	-	-	48,905	8,411	565,918	629,797
Disposals/Adjustments	(8,028)		(50)		(325)		-	(8,403)
Reclassification								
At 30 June 2026	20,105	17,043	733,194	37,623	404,499	47,479	854,720	2,114,882
Accumulated depreciation			(4,183)					
At 1 July 2025	(8,858)	(7,994)	(120,101)	(21,903)	(101,661)	(17,032)	-	(277,549)
Charge for the year	(2,412)	(1,268)	(13,932)	(2,383)	(21,872)	(4,874)	-	(46,741)
Disposals/Adjustments					293			293
Reclassification			-					-
At 30 June 2026	(11,270)	(9,262)	(134,033)	(24,286)	(123,240)	(21,906)	-	(323,997)
Net book value								
At 30 June 2025	15,092	6,669	613,143	15,720	254,258	22,036	288,802	1,215,720
At 30 June 2026	8,835	7,781	599,161	13,337	281,259	25,573	854,720	1,790,666

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.

21 Investment property

	Building Birr'000	Construction in progress Birr'000	Total Birr'000	Building Birr'000	Construction in progress Birr'000	Total Birr'000
Cost:						
At 1 July 2025	411,756	30,862	442,618	411756	30,862	442,618
Additions	33,830	89,017	122,847	-	32,062	33,350
Reclassification		-	-	31,952	-	31,952
Transfer out of investment properties under construction	-		-	-		-
Revaluation surplus/ (deficit)	445,586	119,879	565,465	443,708	62,924	507,920
At 30 June 2026						
Accumulated depreciation:						
At 1 July 2025	45,317	-	45,317	45,317	-	45,317
Charge for the year	17,410	-	17,410	8,637	-	8,637
Reclassification	-		-	-		-
At 30 June 2026	62,727	-	62,727	53,954	-	53,954
Net book value						
At 30 June 2025	366,439	30,862	397,301	366439	30,862	397,301
At 30 June 2026	382,859	119,879	502,738	389,754	62,924	452,678

a Amounts recognised in profit or loss for investment property

	As at 30 June 2026 Birr'000	As at 30 June 2025 Birr'000
Rental income (note 10)	35,516	26,251
Direct operating expenses from property that generated rental income		
	35,516	26,251

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.

c Fair value hierarchy

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

	As at 30 June 2026 Birr'000	As at 30 June 2025 Birr'000
Carrying amount		
Level 2	502,738	452,678

22 **Intangible Assets**	Software development cost Birr'000	Software cost Birr'000	Total Birr'000
Cost			
As at 30 June 2025		34,868	34,868
Additions		1,591	-
Reclassification		-	-
Transfers		36,459	34,868
As at 30 June 2026			
Amortisation			
As at 30 June 2025	-	(14,482)	(14,482)
Adjustment		(5,779)	(2,169)
Additions	-	(20,261)	(16,651)
As at 30 June 2026			
Net book value			
As at 30 June 2025	-	20,386	20,386
As at 30 June 2026	-	16,198	18,217

23 Statutory deposits

This ralates 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.

	As at 30 June 2026 Birr'000	As at 30 June 2025 Birr'000
Statutory deposits	506,402	391,877

The movement during the year is as follows:	As at 30 June 2026 Birr'000	As at 30 June 2025 Birr'000
As at 1 July	391,877	284,286
Additions	66,311	105,149
Interest received on statutory deposit invested in Government Bond	14,101	(8,171)
Interest receiveable on statutory deposit invested in Government Bond	34,113	10,614
As at 30 June	506,402	391,877

Although the minimum balance required to be set aside is Birr 506,295,300(2026: Birr 113,259,000), accrued interest receiveable on the statutory deposit transferred to Ethiopian Government Savings Bond of Birr 20,468,301 have been included in the disclosure .

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.

2026	UPR	DAC	Loss Component	Outstanding Claims	ULAE	IBNR	Risk Adj	Effect of Discounting	Total
Agriculture	4,850,481	(11,809)	-	-	-	-	-	-	4,838,672
Burglary	39,329,756	(795,523)	-	-	124,669	4,986,773	1,911,143	(281,665)	45,275,152
Engineering	186,970,752	(13,360,896)	-	97,655,073	1,762,493	21,672,176	37,999,337	(10,562,293)	322,136,642
Fire	176,634,879	(15,271,285)	-	28,719,986	1,314,937	38,237,489	23,371,968	(4,063,710)	248,944,263
Floriculture	635,386	(960,131)	1,267,571	1,776,572	24,455	89,894	707,006	(104,199)	3,436,554
Goods In Transit	75,401,801	(5,900,966)	-	37,696,375	781,284	12,403,165	9,019,253	(2,803,782)	126,597,130
Group Personal Accident	59,797,700	(3,362,169)	-	12,859,838	377,429	8,667,245	2,834,235	(1,674,431)	79,499,848
Liability	75,728,477	(6,276,388)	-	38,604,063	1,166,479	27,357,143	11,083,056	(4,898,285)	142,764,546
Marine	126,253,322	(8,802,904)	-	59,078,898	1,188,276	17,991,583	29,370,426	(4,034,785)	221,044,815
Motor Own Damage	992,986,905	(33,070,460)	-	866,354,960	15,268,264	177,553,078	184,750,271	(99,434,633)	2,104,408,386
Motor Third Party	226,384,997	(7,329,823)	-	163,016,160	3,257,320	48,784,733	16,095,908	(18,286,721)	431,922,574
Pecuniary	144,122,487	(15,129,306)	180,727,489	1,121,060,082	14,609,396	23,845,800	283,082,090	(119,154,786)	1,633,163,251
Political Violence Terrorism	430,349,051	(5,790,416)	-	453,945,262	7,443,520	70,768,155	99,904,009	(39,274,654)	1,017,344,927
Workmen's Compensation	17,194,995	(1,547,162)	-	7,744,736	242,348	5,821,571	1,815,059	(1,035,545)	30,236,002
Total	**2,556,640,990**	**-117,609,239**	**181,995,060**	**2,888,512,005**	**47,560,870**	**458,178,806**	**701,943,760**	**(305,609,488)**	**6,411,612,763**

2025	UPR	DAC	Loss Component	Outstanding Claims	ULAE	IBNR	Risk Adj	Effects of Discounting	Total Liability
Accident	46,484,520	(2,438,770)	-	8,188,751	293,188	7,633,141	3,013,027	(2,159,421)	61,014,437
Engineering	87,453,278	(7,582,878)	-	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)	-	7,181,579	585,068	19,811,912	11,636,931	(4,332,592)	202,469,555
Burglary	8,246,857	(557,254)	-	-	35,018	1,400,732	299,510	(149,031)	9,275,832
Floriculture	365,317	(51,793)	-	1,776,572	24,292	83,407	393,075	(195,587)	2,395,283
Marine	75,597,425	(4,903,873)	-	21,101,502	515,203	10,057,368	8,015,664	(3,851,567)	106,531,721
GIT	54,525,810	(3,355,957)	-	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)	-	639,587,420	11,881,253	155,456,406	65,118,733	(127,897,625)	1,489,064,728
Motor Liab	233,947,504	-	-	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)	-	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)	-	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)	-	5,505,020	202,241	5,337,114	1,433,317	(1,463,380)	24,909,350
Travel	-	-	-	-	-	-	-	-	-
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

	As at 30 June 2026 Birr'000	As at 30 June 2025 Birr'000
Insurance contract liabilities	6,411,613	3,901,362

LIABILITY MOVEMENTS

	Lfic Ra	Lfic Be	Lfrc Excl Loss Component	Loss Component	Total
Insurance Contract Liabilities Bop	321,623,214	1,560,519,227	2,052,882,912	46,092,007	3,981,117,360
Insurance Contract Assets Bop	-	-	(79,755,777)	-	(79,755,777)
Net Balance Bop	**321,623,214**	**1,560,519,227**	**1,973,127,135**	**46,092,007**	**3,901,361,583**
Insurance Revenue	-	-	**(4,544,822,343)**	-	**(4,544,822,343)**
Insurance Service Expense	**380,320,546**	**3,275,032,894**	**198,285,213**	**135,903,053**	**3,989,541,706**
Incurred Claims	-	2,723,801,355	-	-	2,723,801,355
Directly Attributable Expenses	-	551,231,539	-	-	551,231,539
Adjustment To Liabilities For Incurred Claims	380,320,546	-	-	-	380,320,546
Losses On Onerous Contracts And Reversal Of Those Losses	-	-	-	135,903,053	135,903,053
Acquisition Cash Flows Amortization	-	-	198,285,213	-	198,285,213
Insurance Service Result	**380,320,546**	**3,275,032,894**	**(4,346,537,130)**	**135,903,053**	**(555,280,637)**
Insurance Finance Expense Total	-	**22,680,253**	-	-	**22,680,253**
Therefore Recognized In Pnl	-	22,680,253	-	-	22,680,253
Therefore Recognized In Oci	-	-	-	-	-
Total Amounts Recognised In Comprehensive Income	-	-	-	-	-
Investment Components	-	-	-	-	-
Other Changes	-	-	-	-	-
Cash Flows	-	**(1,769,590,181)**	**4,812,441,745**	-	**3,042,851,564**
Premiums Received	-	-	5,048,580,421	-	5,048,580,421
Claims Excl Non Distinct Investment Component Paid	-	(1,218,358,642)	-	-	(1,218,358,642)
Non Distinct Investment Component Paid	-	-	-	-	-
Directly Attributable Expenses Paid	-	(551,231,539)	-	-	(551,231,539)
Insurance Acquisition Cash Flows	-	-	(236,138,675)	-	(236,138,675)
Insurance Contract Liabilities Eop	701,943,760	3,088,642,192	2,556,640,990	181,995,060	6,529,222,002
Insurance Contract Assets Eop	-	-	(117,609,239)	-	(117,609,239)
Net Balance Eop	**701,943,760**	**3,088,642,192**	**2,439,031,751**	**181,995,060**	**6,411,612,763**

Claim development table 2026

Accident Year	Before 2021	2021	2022	2023	2024	2025	2026	Total
At end of claim year	1,062,452,622	172,379,175	234,862,797	509,429,342	422,111,700	554,795,917	790,993,926	
One year later	675,863,476	134,915,954	196,633,748	249,086,902	315,450,393	327,645,923		
Two years later	126,922,507	36,280,464	33,782,796	73,213,556	74,836,882			
Three years later	44,565,749	9,905,377	50,544,951	10,283,411				
Four years later	20,519,757	6,629,956	1,880,687					
Five years later	21,826,058	5,869,597						
Six years later	23,197,049							
Seven years later	4,576,825							
Eight years later	9,263,475							
Nine years later	13,072,829							
Gross Cumulative Payments to Date	(2,002,260,349)	(365,980,524)	(517,704,978)	(842,013,212)	(812,398,975)	(882,441,840)	(790,993,926)	
Gross Cumulative Reported to Date	2,037,304,940	428,642,453	1,312,457,164	907,192,452	1,387,250,681	1,324,863,104	1,704,595,015	
Gross Outstanding Claims	35,044,592	62,661,929	794,752,186	65,179,240	574,851,705	442,421,264	913,601,089	2,888,512,005
IBNR-best estimate								458,178,806
Gross undiscounted claim liabilities	35,044,592	62,661,929	794,752,186	65,179,240	574,851,705	442,421,264	913,601,089	3,346,690,810
Risk adjustment for non-financial risk								701,943,760
ULAE provision								47,560,870
Effect of discounting								(305,609,488)
Gross liabilities for incurred claims (LIC)								3,790,585,952

2025

Accident Year	Before 2020	2020	2021	2022	2023	2024	2025	Total
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	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
IBNR-best estimate								338,787,411
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)								1,882,142,441

2026

IBNR Sensitivity Analysis				
Class	Gross	Net	Gross	Net
	-10.00%	-10.00%	10.00%	10.00%
Accident	8,140,207	1,601,370	9,949,142	1,957,230
Engineering	21,091,202	12,984,579	25,778,135	15,870,041
Fire	35,597,184	13,450,211	43,507,669	16,439,147
Burglary	4,600,298	4,488,096	5,622,587	5,485,450
Floriculture	102,914	28,046	125,783	34,279
Marine	17,261,873	4,426,776	21,097,845	5,410,504
Goods In Transit	11,866,004	11,461,661	14,502,894	14,008,696
Motor Own Damage	173,539,208	155,814,940	212,103,476	190,440,482
Motor Third Party	46,837,848	44,576,785	57,246,259	54,482,738
Liability	25,671,260	25,076,672	31,375,984	30,649,266
Pecuniary	34,609,677	22,950,886	42,300,716	28,051,083
PVT	70,390,507	9,791,349	86,032,842	11,967,204
WC	5,457,527	5,193,074	6,670,311	6,347,091
TOTAL	**455,165,708**	**311,844,445**	**556,313,644**	**381,143,211**

2025

IBNR Sensitivity Analysis				
	Gross	Net	Gross	Net
	-10.00%	-10.00%	10.00%	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**

4(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.

2026

Insurance Contract measured under GMM

Class of Business	BEL	Risk Adjustment	CSM	LRC	Outstanding Claims	LIC	Total Liability
Individual Risk	(6,867,362)	2,985,389	20,758,246	16,876,273	195,400	195,400	17,071,673

Insurance Contract measured under PAA

Class of Business	UPR	DAC	LRC	IBNR	Outstanding Claims	Risk Adjustment	Effects of Discounting	LIC	Total Liability
Group Medical	138,379,283	-	138,379,283	44,960,853	23,748,269	9,028,379	(7,988,109)	69,749,392	208,128,675
Group Term	49,330,177	-	49,330,177	16,071,721	17,373,629	5,347,911	(3,986,297)	34,806,964	84,137,141
Group Riders	3,696,528		3,696,528	3,505		360	-	3,865	3,700,393
Total Liability	191,405,988	-	191,405,988	61,036,079	41,121,898	14,376,650	(11,974,406)	104,560,221	295,966,209

TOTAL LIABILITIES

Class of Business	UPR	DAC	LRC	IBNR	Outstanding	Risk	Effects of	LIC	Total
Individual Risk			(6,867,362)	2,985,389	20,758,246	16,876,273	195,400	195,400	17,071,673
Group Medical	138,379,283	-	138,379,283	44,960,853	23,748,269	9,028,379	(7,988,109)	69,749,392	208,128,675
Group Term	49,330,177	-	49,330,177	16,071,721	17,373,629	5,347,911	(3,986,297)	34,806,964	84,137,141
Group Riders	3,696,528		3,696,528	3,505		360	-	3,865	3,700,393
Total Liability	191,405,988	-	184,538,626	64,021,468	61,880,145	31,252,924	(11,779,006)	104,755,621	313,037,883

2025

Insurance Contract measured under PAA

	As at 30 June 2025 Birr'000	As at 30 June 2024 Birr'000
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

	As at 30 June 2025 Birr'000	As at 30 June 2024 Birr'000
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

	As at 30 June 2025 Birr'000	As at 30 June 2024 Birr'000
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

LIABILITY MOVEMENTS

GMM

	As at 30 June 2025 Birr'000	As at 30 June 2024 Birr'000
Opening CSM		
Movement in Insurance Revenue - Amortizati	14,903.40	6,363.07
Movement in Insurance Service Expense	(3,235.09)	8,909.93
Movement in Finance Income/ (Expense)	7,243.13	(1,018.48)
Other adjustments - Insurance Service Expen	1,846.80	648.07
Closing CSM	20,758.25	14,902.59
Opening BEL (excl Loss Component)	55,158.31	62,202.58
Movement in Insurance Revenue	(506,407.95)	(650,071.38)
Experience Adjustments	(9,234.70)	(21,537.73)
Acquisition Cash Flows Amortization	45,195.33	54,715.16
Movement in Insurance Service Expense	35,960.62	33,177.43
Movement in Finance Income/ (Expense)	(11,312.30)	14,282.78
Premiums received	518,035.28	677,266.21
Claims and other directly attributable expense	(471,000.06)	(26,263.15)
Insurance acquitision cash flows	(48,003.91)	(55,436.17)
Cashflow Movements	(18,983.80)	595,566.90
Closing BEL (excl Loss Component)	184,538.63	55,158.31
Opening Loss Component	0.02	24.80
Movement in Insurance Revenue	-	-
Movement in Insurance Service Expense	-	(24.78)
Movement in Finance Income/ (Expense)	-	-
Cashflow Movements	-	-
Other adjustments - Insurance Service Expen		
Closing Loss Component	-	0.02
Opening LIC	56,697.44	69,838.83
Movement in Insurance Revenue	-	-
Incurred Claims	443,239.22	536,819.14
Directly Attributable Expenses	18,723.64	24,327.00
Other adjustments		
Movement in Insurance Service Expense	461,254.33	561,146.14
Movement in Finance Income/ (Expense)	3,329.01	(4,846.98)
Cashflow Movements (Claims and Attributabl	(488,306.64)	(580,616.46)
Closing LIC	90,183.57	56,697.44
Opening RA	20,186.95	12,690.02
Movement in Insurance Revenue	-	-
Movement in Insurance Service Expense	(4,655.28)	7,094.70
Movement in Finance Income/ (Expense)	1,829.87	402.23
Closing RA	17,362.04	20,186.95

PAA
LIABILITY MOVEMENTS

	As at 30 June 2025 Birr'000	As at 30 June 2024 Birr'000
Liabilities		
Opening Liabilities	146,946.12	151,119.30
Closing Liabilities	312,842.48	146,945.30
Insurance Result		
Movement in Insurance Revenue	509,643.03	641,161.44
Movement in Insurance Service Expense	(499,802.81)	(600,375.00)
Reinsurance Result	16,498.21	(2,011.00)
Insurance Result	26,338.44	38,775.44
Finance Income Movements		
Movement in Finance Income/ (Expense)	(4,306.62)	10,486.10
Reinsurance Movement in Finance Income/ (I	-	-
TOTAL LIABILITIES		
CSM	20,758.25	14,902.59
BEL Exc Loss Component	184,538.63	55,158.31
Loss Component	-	0.02
LIC	90,183.57	56,697.44
RA	17,362.04	20,186.95
TOTAL LIABILITIES	312,842.48	146,945.30

Sensitivity Analysis
2026

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	128,294	134,415	122,216	128,294	128,294	154,216	102,838	128,294	128,294
Mortgage	2,187,975	2,344,556	2,031,174	1,867,933	2,589,653	2,248,770	2,127,179	2,187,975	2,187,975
Education Policy	2,181,207	2,240,769	2,121,986	2,044,294	2,332,290	2,361,145	2,009,393	2,181,207	2,181,207
5-Year Endowment Ass	773,589	776,704	770,472	805,954	838,981	779,873	767,304	773,589	773,589
10-Year Endowment Ass	7,530,186	7,578,135	7,482,152	7,245,005	7,826,346	7,716,442	7,346,076	7,530,186	7,530,186
15-Year Endowment Ass	109,247	109,400	109,095	105,008	113,672	115,552	102,943	109,247	109,247
20-Year Endowment Ass	905,840	911,166	900,660	860,511	959,236	959,673	865,661	905,840	905,840
Anticipated Endowment	0	0	0	0	0	0	0	0	0
60-Year Endowment Annuity	427,389	428,198	426,579	419,788	428,499	429,848	424,951	427,389	427,389
65-Year Endowment Annuity	4,232,078	4,257,324	4,206,562	3,929,026	4,543,545	4,267,128	4,197,029	4,232,078	4,232,078
Group Policies									
Group Term	65,401,898	65,401,898	65,401,898	65,401,898	65,401,898	65,401,898	65,401,898	65,401,898	55,283,417
Group Medical	183,340,136	183,340,136	183,340,136	183,340,136	183,340,136	183,340,136	183,340,136	183,340,136	182,137,983
Group riders	3,700,033	3,700,033	3,700,033	3,700,033	3,700,033	3,700,033	3,700,033	3,700,033	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	**279,917,872**	**280,222,733**	**279,612,963**	**278,847,880**	**281,202,583**	**280,474,714**	**279,385,440**	**279,917,872**	**284,920,331**

2025

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

	As at 30 June 2026 Birr'000	As at 30 June 2025 Birr'000
Actuarial surplus	95,342	
Insurance contract liabilities	313,038	368,970
Life business Total	408,380	368,970
Total Insurance contract Liabilities	6,819,993	4,270,332

4(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 reinsures/ co-insurers. The reinsurance asset is determined using the same methodologies as for insurance contract liabilities.

Takaful Liabilities

2026	GROSS IBNR	GROSS OCR	Gross OCL	Gross Risk Adjustment	Discount Component	Gross LIC	Gross UPR	Loss Component	Gross LRC	TOTAL GROSS LIABILITIES
Accident	9,351	-	9,351	1,210	(715)	9,847	54,484	-	54,484	64,331
Engineering	682,423	2,801,000	3,483,423	1,093,138	(303,848)	4,272,712	5,875,410	-	5,875,410	10,148,122
Fire & Light	3,010,886	2,860,850	5,871,736	2,010,095	(349,497)	7,532,333	20,002,133	-	20,002,133	27,534,466
Burglary	92,721	-	92,721	34,668	(5,109)	122,279	856,363	-	856,363	978,642
Floriculture	-	-	-	-	-	-	-	-	-	-
Marine	359,177	500,000	859,177	322,448	(44,297)	1,137,329	2,354,214	-	2,354,214	3,491,543
GIT	874,741	1,250,000	2,124,741	376,637	(117,084)	2,384,294	5,725,234	-	5,725,234	8,109,528
Motor OD	13,159,554	65,311,712	78,471,266	13,687,606	(7,366,820)	84,792,051	90,302,820	11,405,162	101,707,982	186,500,033
Motor Liab	1,408,305	9,424,392	10,832,697	810,767	(921,120)	10,722,344	8,153,107	2,127,685	10,280,792	21,003,136
Liability	492,650	1,000,000	1,492,650	246,443	(108,918)	1,630,175	2,969,350	-	2,969,350	4,599,525
Pecuniary	204,096	-	204,096	49,828	(20,973)	232,950	2,443,615	-	2,443,615	2,676,565
PVT	2,735,050	-	2,735,050	513,462	(201,854)	3,046,657	19,128,152	-	19,128,152	22,174,809
W.C.	111,250	-	111,250	14,623	(8,343)	117,530	563,991	-	563,991	681,521
Travel	-	-	-	-	-	-	-	-	-	-
Total	23,140,204	83,147,954	106,288,158	19,160,923	(9,448,580)	116,000,502	158,428,873	13,532,847	171,961,720	287,962,222

2025	UPR	Component	Remaining	Claims	IBNR	Risk Adj	Discounting	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

	As at 30 June 2026 Birr'000	As at 30 June 2025 Birr'000
Takaful liabilities	287,962	115,781

LIABILITY MOVEMENTS

	Lfic Ra	Lfic Be	Lfrc Excl Loss	Loss Component	Total
Insurance Contract Liabilities Bop	3,224,676	25,001,356	85,996,355	412,239	114,634,626
Insurance Contract Assets Bop	-	-	-	-	-
Net Balance Bop	3,224,676	25,001,356	85,996,355	412,239	114,634,626
Insurance Revenue	-	-	(231,402,038)	-	(231,402,038)
Insurance Service Expense	15,936,247	203,251,054	-	13,120,608	232,307,909
Incurred Claims	-	122,933,737	-	-	122,933,737
Directly Attributable Expenses	-	80,317,317	-	-	80,317,317
Adjustment To Liabilities For Incurred Claims	15,936,247	-	-	-	15,936,247
Losses On Onerous Contracts And Reversal Of Those Losses	-	-	-	13,120,608	13,120,608
Acquisition Cash Flows Amortization	-	-	-	-	-
Insurance Service Result	15,936,247	203,251,054	(231,402,038)	13,120,608	905,871
Insurance Finance Expense Total	-	(4,834,523)	-	-	(4,834,523)
Therefore Recognized In Pnl	-	(4,834,523)	-	-	(4,834,523)
Therefore Recognized In Oci	-	-	-	-	-
Total Amounts Recognised In Comprehensive Income	-	-	-	-	-
Investment Components	-	-	-	-	-
Other Changes	-	-	-	-	-
Cash Flows	-	(126,578,308)	303,834,556	-	177,256,248
Premiums Received	-	-	303,834,556	-	303,834,556
Claims Excl Non Distinct Investment Component Paid	-	(46,260,991)	-	-	(46,260,991)
Non Distinct Investment Component Paid	-	-	-	-	-
Directly Attributable Expenses Paid	-	(80,317,317)	-	-	(80,317,317)
Insurance Acquisition Cash Flows	-	-	-	-	-
Insurance Contract Liabilities Eop	19,160,923	96,839,578	158,428,873	13,532,847	287,962,221
Insurance Contract Assets Eop	-	-	-	-	-
Net Balance Eop	19,160,923	96,839,578	158,428,873	13,532,847	287,962,221

Sensitivity Analysis				
2026	Gross	Net	Gross	Net
	-10.00%	-10.00%	10.00%	10.00%
Accident	8,416	6,866	10,287	6,866
Engineering	614,180	203,755	25,778,135	203,755
Fire	2,709,797	1,471,403	43,507,669	1,471,403
Burglary	83,449	31,141	125,783	31,141
Floriculture	0	0	14,502,894	0
Marine	323,260	(123,403)	9,949,142	(123,403)
Goods In Transit	787,267	535,561	31,375,984	535,561
Motor Own Damage	11,843,598	9,049,100	21,097,845	9,049,100
Motor Third Party	1,267,475	1,203,371	212,103,476	1,203,371
Liability	443,385	131,179	57,246,259	131,179
Pecuniary	183,686	127,983	42,300,716	127,983
PVT	2,461,545	495,018	86,032,842	495,018
WC	100,125	95,484	6,670,311	95,484
TOTAL	20,826,183	13,227,459	550,701,344	13,227,459

2,025

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

25 Provisions for claims under litigations

	As at 30 June 2026 Birr'000	As at 30 June 2025 Birr'000
At 1 July	1,509	13,829
Provisions made during the year	23	(12,320)
As at 30 June	1,532	1,509

26 Insurance payables

	As at 30 June 2026 Birr'000	As at 30 June 2025 Birr'000
Due to reinsurers	696,257	481,832
Payable to local insurance	49,326	71,214
Due to contract holders	208	208
Due to agents	13,837	17,354
	759,628	570,608
Retakaful liabilities	46,624	20,948
	46,624	20,948

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

27 Other liabilities	As at 30 June 2026 Birr'000	As at 30 June 2025 Birr'000
Financial Liability		
Lease liability	13,097	14,748
Other financial liabilities		
Dividend payable	41,942	33,634
Directors' Compensation	1,350	1,800
Other account payables	125,179	93,048
	168,471	128,482
Other non financial liabilities		
Deferred income	-	-
Withholdings Tax Payable	34,971	12,189
Provident/Pension Fund Payable	1,063	1,063
Unearned rental income	12,237	3,745
Leave pay	44,017	30,205
Accruals	226,170	119,142
Value Added Tax (VAT)	139,292	79,071
Dividend tax payable	-	-
Payroll tax payable	11,967	9,259
Advance premium deposit	11,532	11,342
	481,249	266,016
Gross amount	649,720	394,498

	As at 30 June 2026 Birr'000	As at 30 June 2025 Birr'000
Payable to takaful participants	11,853	3,970

	As at 30 June 2026 Birr'000	As at 30 June 2025 Birr'000
Current	649,720	394,498
Non- current	13,097	14,748
	662,817	409,246

28 Participants' Takaful Fund	June 2025 Birr'000	June 2024 Birr'000
At 1 July	11,258	2,619
Current reserves /deficits/	(23,263)	8,640
As at 30 June	(12,005)	11,258

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.

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

A Liability recognised in the financial position

	As at 30 June 2026 Birr'000	As at 30 June 2025 Birr'000
Defined benefit obligations	30,589	23,304

B Amount recognised in the profit or loss

	As at 30 June 2026 Birr'000	As at 30 June 2025 Birr'000
Current service cost	7,285	195
Interest cost	431	2,368
	7,716	2,563

C Amount recognised in other comprehensive income:

	As at 30 June 2026 Birr'000	As at 30 June 2025 Birr'000
Remeasurement (gains)/losses arising from changes in the financial assumptions	13,960	5,759
Defined benefit obligations	(1,987)	8,201
Tax credit /(charge)		
	11,973	13,960

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

	June 2026 Birr'000	June 2025 Birr'000
At 1 July	23,304	23,109
Current service cost	996	6,029
Interest cost	431	2,368
Remeasurement (gains)/ losses	1,987	(8,201)
Benefits paid	3,871	
As at 30 June	30,589	23,304

D Assumptions

The significant actuarial assumptions were as follows:

i) Financial assumption: long term average

	As at 30 June 2026 Birr'000	As at 30 June 2025 Birr'000
Discount Rate (p.a)	17.00%	14.75%
Rate of Pension Increase (p.a)	19.75%	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%	11.3%
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%

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						
	As at 30 June 2026					As at 30 June 2025	
	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Impact of an increase Birr'000	Impact of a decrease Birr'000
	Base	Discount Rate Increased by 1%	Salary Rate Decreased by 1%	Discount Rate Increased by 10%	Salary Rate Decreased by 10%		
Discount rate	18.00%	18.00%	17.00%	18.00%	18.00%	15%	15%
Salary increase rate	18.75%	19.75%	18.75%	18.75%	18.75%	15%	16%
Net liability at start of period	23,305	23,305	23,305	23,305	23,305	23,110	23,110
Expense recognised in PL	7,456	7,456	7,456	7,456	7,456	6,029	6,029
Expense recognised in OCI	4,355	6,631	6,714	5,307	3,392	4,107	887
Employer contributions	(4,525)	(4,525)	(4,525)	(4,525)	(4,525)	(8,202)	(8,202)
Net liability at end of period	30,590	32,866	32,949	31,542	29,627	25,044	21,824

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

	As at 30 June 2026 Birr'000	As at 30 June 2025 Birr'000
Qard	25,000	9,000

31 Share capital

	As at 30 June 2026 Birr'000	As at 30 June 2025 Birr'000
Subscribed:		
8,000,000 ordinary shares of Birr 500 each	4,000,000	4,000,000
Issued and fully paid:		
Ordinary shares of Birr 500 each	3,375,302	2,647,210
Share premium	92,654	68,379

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 Busineses. 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:

	As at 30 June 2026 Birr'000	As at 30 June 2025 Birr'000
Non- life	3,255,302	2,527,210
Life	120,000	120,000
	3,375,302	2,647,210

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.

	As at 30 June 2026 Birr'000	As at 30 June 2025 Birr'000
Profit attributable to shareholders	1,403,036	956,767
Weighted average ordinary shares in issue with a value of:	3,375,302	2,647,210
Basic & diluted earnings per share (Birr)	0.42	0.36

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.

	As at 30 June 2026			As at 30 June 2025		
	Undistributable retained earning	distributable Retained earnings	Total Birr'000	Undistributable retained earning	distributable Retained earnings	Total Birr'000
33 Retained earnings						
At 1 July	1,060,505	898,983	1,959,488	749,015	723,611	1,472,626
Prior year under classification of distributable retained earnings			-			-
Retained earnings net of deferred tax	1,060,505	898,983	1,959,488	749,015	723,611	1,472,626
Dividend declared		(859,703)	(859,703)		(684,331)	(684,331)
Profit for the year		1,403,036	1,403,036		956,768	956,768
Other comprehensive income	2,266,138		2,266,138	311,490		311,490
Transfer to legal reserve		(140,304)	(140,304)		(95,265)	(95,265)
Transfer to directors' incentive		(1,350)	(1,350)		(1,800)	(1,800)
As at 30 June	3,326,643	1,300,662	4,627,305	1,060,505	898,983	1,959,488

	As at 30 June 2026 Birr'000	As at 30 June 2025 Birr'000
34 Legal reserve		
At 1 July	390,890	295,625
Transfer from retained earnings	140,304	95,265
As at 30 June	531,194	390,890

	As at 30 June 2026 Birr'000	As at 30 June 2025 Birr'000
35 Cash generated from operating activities		
Profit before income tax	1,799,898	1,121,463
Adjustments for non cash items:		
Depreciation on property and equipment (note 10)	47,122	42,273
Depreciation on investment property (note 10)	8,773	8,637
Depreciation on right of use asset (note 10)	41,637	31,354
Fair value adjustment on deemed cost (note 10)	(15,003)	(15,855)
Amortisation of intangible assets (note 10)	2,936	1,495
Amortisation of leasehold land (note 10)	1,774	1,724
Impairment loss on receivables(note 10)	32,733	37,598
Gain on disposal of property, plant and equipment	(971)	(12,458)
Adjustments on right of use asset/fixed asset (note 19a)	3,381	(26,003)
Provision for claims under litigations (note 25)	23	(12,320)
Defined benefit obligations (note 29)	7,285	195
Dividend earned (note 7)	(581,163)	(342,239)
Interest income (note 7)	(342,897)	(444,122)
Changes in working capital:		
-Increase in insurance receivables	2,942	(17,879)
-Increase/(decrease) in reinsurance assets	(1,766,850)	(334,701)
-Increase/(decrease) in other assets	(1,018,026)	(187,239)
-Increase/(decrease) in Salvage property held for sale	6,245	(17,865)
-Increase/(decrease) in statutory deposits	(114,525)	(107,591)
-Increase in insurance contract liabilities	2,549,661	1,018,813
-Increase in takaful and retakaful liabilities	197,446	81,040
-Increase/(decrease)in insurance payables	189,020	215,665
-Increase/(decrease) in other payables	260,856	224,837
	1,312,297	1,266,823

In the statement of cash flows, gain/loss on sale of property, plant and equipment comprise:

	As at 30 June 2026 Birr'000	As at 30 June 2025 Birr'000
Proceeds on disposal	1,003	24,042
Net book value of property, plant and equipment disposed (Note 8)	(33)	(11,584)
Gain/(loss) on sale of property, plant and equipment	971	12,458

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		As at 30 June 2026 Birr'000	As at 30 June 2025 Birr'000
a *Transactions with related parties*			
Loans to related parties			
- Loans to key management personnel	Senior Executive Officers	52,650	47,976

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.

	As at 30 June 2026 Birr'000	As at 30 June 2025 Birr'000
Salaries and other short-term employee benefits	79,858	39,730
Post-employment benefits	18,679	18,322
Leave Pay	9,002	6,152
Sitting allowance	-	-
Other expenses	-	-
	107,539	64,204

c Employees details

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

	As at 30 June 2026 Number	As at 30 June 2025 Number
Chief,Senior Executive Officer and Directors	22	17
Management	93	91
Non- management	722	694
	837	802

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

	As at 30 June 2026 Birr'000	As at 30 June 2025 Birr'000
10,000 - 30,000	463	374
30,001 - 50,000	129	124
50,001 - 100,000	107	63
100,000 -700,000	32	9
	731	570

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 29 th May 2026 has notified the company an additional dividend tax of Birr 56,117,696.90 before interest and penalty on the dividend capitalised by the shareholders for the year 2016 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:
The company acquired land on lease terms for 32 years with annual payment of Birr 2,374,689.93 which is discounted at annual interest rate of 9.5%

	As at 30 June 2026 Birr'000	As at 30 June 2025 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	52,242	54,617
Total	61,741	64,116

Reconciliation of Lease liability

	As at 30 June 2026 Birr'000	As at 30 June 2025 Birr'000
Present value of outstanding lease as at June 30, 2026	13,097	14,748
Interest over the lease period	48,644	49,368
Outstanding lease as at June 30 2026	61,741	64,116

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 2026 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 2026. The book value of the life funds as at that date was Birr 408,379,438 over its net actuarial liabilities. The valuation of the Company's life business funds as at 30 June 2026 was carried out by actserv (Actuarial Services (EA) Ltd).

The valuation was done on the following principles:

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 he 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 futurebenefits+ pv of bonuses+ pv of expenses– pv of premiums

iii. General Measurement Model (GMM) was applied forindividual 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 = 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 flactuations in calims 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 10.28% 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	**Commission rate (%)**		
	1st year	2nd year	3rd year+
5 years endownment	10	3	3
10 years endownment	25	3	3
15 years endownment	35	5	5
20 years endownment	50	10	5
60 years endownment Annuity	60	10	5
65 years endownment 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 2026;

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 2026;

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 2026; and

iv. The severance benefit liability as at 30 June 2026 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.

29th September 2026

Date

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

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