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የአዕምሮዎ ሰላም!
Your Peace of Mind!



**ANNUAL REPORT
2020/21**



ABAY INSURANCE S.C. HEAD QUARTER



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FOR YOUR **LIFE**
ለህይወትዎ



FOR YOUR **PROPERTY**
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FOR YOUR **LEGAL LIBAILITIES**
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ABAY INSURANCE S.C.



ACRONYM

"AISCO", WHICH STANDS FOR ABAY INSURANCE S.C.

ESTABLISHMENT

JULY, 2010

AUTHORIZED CAPITAL

300,000,000

GUIDING

- CUSTOMERS ARE THE REASON FOR OUR EXISTENCE.
- TEAM WORK LOYALTY AND DIVERSITY ARE INEVITABLE FOR OUR REMARKABLE SUCCESS.
- CONTINUOUS LEARNING AND IMPROVMENT ARE OUR PHILOSOPHY.
- RESERCH AND DEVELOPMENT, INNOVATION AND CRITICS ARE VALUABLE FOR OUR ACHIEVEMENT

ዓባይ ኢንሹራንስ አ.ማ.



MISSION

- TO PROVIDE DIVERSIFIED INSURANCE SERVICES TAILORED TO MEET THE EVER-CHANGING RISK EXPOSURE OF THE PUBLIC AND MAXIMIZE SHAREHOLDERS VALUE BY USING COMPETENT STAFFS AND TECHNOLOGY ENABLERS IN AN INNOVATIVE AND RESPONSIBLE MANNER.

VISION

- "TO BECOME ONE OF THE TOP THREE PRIVATE INSURANCE COMPANIES IN ETHIOPIA BY 2030"

CORE VALUES

- DIVERSITY
- INTEGRITY
- CUSTOMER FOCUS
- TEAMWORK
- ACHIEVE IN QUALITY
- THRIVE TO BE A LEARNING ORGANIZATION
- ENSURE PROFESSIONALISM

PRINCIPLES

- QUALITY AND ETHICAL PROFESSIONALISM ARE PART OF OUR DAY TO DAY ACTIVITIES.
- SOCIAL RESPONSIBILITY , TRANSPARENCY AND ACCOUNTABILITY ARE THE BASES FOR OUR SUSTAINBLE GROWTH
- INTEGRITY AND TRANSPARENCY ARE THE BASE IS FOR OUR ACHIVEMENT.
- EMPLOYERS ARE OUR NON REPLACBLE STRATEGIC RESOURCES.

ABAY INSURANCE S.C. BOARD OF DIRECTORS



Abate Sitotaw
Board Chairman



Yehuala Gessesse
Vice Chairman



Alemayehu Wassie
(PhD)
Director



Yilkal Adamu
(Prof.)
Director



Asmamaw Alemayehu
Director



Zemene Tsehay
Director



Yihalem Mesfin
Director



Elsa Tadele
Director



Mulugeta Abate
Director



Getnet Girum
Board Secretary

ABAY INSURANCE S.C. EXECUTIVE MANAGEMENT



Yohannes Zewdie
Chief Executive Officer



Solomon Seifu
Deputy Chief Executive
Officer, General
Insurance



Paulos Tadesse
Manager, Underwriting
& Reinsurance
Department



Behailu Betsha
Manager, Finance
& Investment
Department



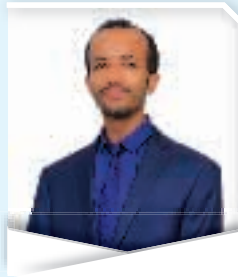
Tewodros Lemma
Manager, Claims
Management
Department



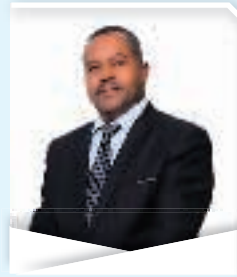
Biniyam Ayele
Manager, Marketing
& Corporate Planning
Department



Moges Tesfaye
Manager, Human Resource
& Facility Management
Department



Tamirat Belay
Manager,
ICT Service



Tadesse Worku
Manager,
Engineering Service



Damenech Sileshi
Manager,
Audit Service



Yibeltal Anteneh
Manager,
Corporate Risk Management
& Compliance Service



Sisay Shihunegn
A/Manager,
Legal Service



REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of Abay Insurance S.C. is pleased to present the annual report together with the audited financial statements for the year that ended June 30, 2021 to the 11th Ordinary Annual General Meeting of Share Holders.

The Business Environment

1. GLOBAL ECONOMIC CONDITION

World economic growth depends on the outcome of the race between the coronavirus and vaccinations. In its latest World Economic Outlook, the IMF revised upward projections for global economic growth in 2021, to 5.5% up from 5.2% in its October forecasts. The upgrade reflects the positive effects of the vaccine success observed towards the end of last year, and the additional policy support provided in some countries. However, that positivity partially offset by the resurgence of the virus in several countries and subsequent containment measures, which are having a negative effect on activity.

Although recent vaccine approvals have raised hopes of a turnaround in the pandemic later this year, renewed waves and new variants of the virus pose concerns for the outlook. Amid exceptional uncertainty, the global economy projected to grow 5.5 percent in 2021 and 4.2 percent in 2022. The strength of the recovery projected to vary significantly across countries, depending on access to medical interventions, effectiveness of policy support, exposure to cross-country spillovers, and structural characteristics entering the crisis. Accordingly, advanced economies projected to grow 4.3% in 2021 and by 3.1% in 2022. The October projection was 3.9% growth in 2021 with 2020 estimate for advanced economy contraction 4.9%.

The latest forecasts also suggest that the United States well placed to experience a solid economic recovery by the end of 2021, in contrast to the world, where it is likely to take longer to return to pre-crisis levels. According to the latest IMF projections, unemployment in the United States expected to fall from 8.1% in 2020 to 5.8% this year and to 4.1% in 2022. However, the U.S. expected to grow by 5.1% this year, up from a 3.1% projection in the October forecast, and by 2.5% in 2022. U.S. GDP estimated to have shrunk by 3.4% last year.

Eurozone economies, which estimated to have contracted by 7.2% in 2020, expected to grow

by 4.2% in 2021 down from a 5.2% projection in October and by 3.6% in 2022. The U.K. also expected to grow, albeit at a slower rate than predicted in October, by 4.5% compared with a 5.9% forecast previously. In 2022, U.K. GDP expected to grow by 5%; the 2020 estimated 10%.

Emerging markets expected to grow by 6.3% in 2021 and 5% in 2022, with the estimate for this year up from 6% in the October projection. The IMF estimates that 2020 GDP of Emerging markets contracted by 2.4%. China, however, estimated to have growth by 2.3% in 2020. The 2021 forecast is 8.1% growth down slightly from 8.1% in the previous edition of the outlook and China expected to grow 5.6% in 2022.

Africa has experienced an unprecedented economic downturn with major adverse impacts on the region's long-term development prospects. Domestic lockdowns due to the pandemic, lower external demand, collapse of tourism, and lower remittances have caused severe economic disruptions. Although many Governments in Africa have taken quick action to counter the spread of the pandemic, most of them severely hampered by a lack of the resources needed to support health systems, protect vulnerable population groups and support the recovery.

The current crisis is causing a rise in unemployment, poverty and inequality, which threatens to wipe out the development gains of recent decades. In addition, more difficult financing conditions and rising public debt are exposing many African countries to debt distress. The continent forecast to see a modest recovery in 2021, but this depends on the relaxation of lockdown constraints and an improvement in international trade and commodity markets. After a contraction of 3.4% in 2020, Africa projected to achieve a modest recovery, with regional GDP expanding by 3.4% in 2021 and 3.6% in 2022.



2. DOMESTIC ECONOMIC SITUATION

According to World Bank overview, Ethiopia is the second most populous country in Africa next to Nigeria with a total population of 114.9 million by the end of 2020. The Ethiopian population projected to trend around 117.7 million in 2021 and 120.5 million in 2022. In spite of the political tension and instability in some part of the country, Ethiopia is the fastest growing economy in the region; the country aims to reach lower-middle-income status by 2025.

The International Monetary Fund (IMF) has projected Ethiopia's economic growth to contract in 2020 and 2021, with the growth returning to pre-pandemic rates by 2022. Political instability will remain high in 2021, given the ongoing civil conflict in Northern provinces and the organization of much delayed legislative elections with increased security concerns will limit Foreign Direct Investment and constrain growth in the short term.

According to Ethiopian economic outlook, Ethiopia's economy grew by 6.1% in 2020, down from 8.4% in 2019, largely because of the COVID-19 pandemic. Growth led by the services and industry sectors, whereas the hospitality, transport, and communications sectors adversely affected by the pandemic and the associated containment measures to prevent the spread of the virus.

Real GDP growth in 2021 projected to fall to 2%, and then recover to about 8% in 2022, led by a rebound in industry and services. The fiscal deficit projected to increase as tax policy reforms delayed due to COVID-19. In 2020 inflation reached 20.6%, the current account is likely to deteriorate in 2021 before improving in 2022 as service exports gradually pick up. The key downside risks to the economic outlook include low investor confidence, in part due to sporadic domestic conflicts, weakness in global growth, and climate change.

In all contiguous situations, the government has launched a new 10-year Development Plan that will run from 2020/21 to 2029/30. The plan aims to sustain the remarkable economic growth achieved under the Growth and Transformation Plans, while putting more emphasis on the private sectors. According to the Plan, the Gross Domestic Product (GDP) projected to grow by an annual average rate of 10% during the period from 2020/21 to

2029/30. When this growth rate realized and sustained, that would be adequate to reduce poverty level from 19% in 2020/21 to 7% in 2029/30.

The gross capital formation (investment) required to attain the projected annual average growth rate of 10% is estimated at 36.9% of GDP. It is projected 64.8% of the total investment will come from the private sector. Measures taken to enable the private sector to take the driving seat of economic growth and it will be the major source of development finance thereby ensuring structural transformation and the sustainability of development.

The share of total import in GDP projected to reach 19.4% by 2029/30. Similarly, the share of total export in GDP projected to reach 12.9%. Accordingly, the resource gap (the difference between export revenue and import spending projected a gradual decrease during the implementation of the plan. During the plan implementation period, agriculture, industry and service sectors projected to grow by annual average rates of 5.9%, 13% and 10.6%, respectively.

In line with planned change in the structure of the economy, structural shifts in the composition of export commodities also envisioned. Accordingly, the share of export trade from total foreign trade will increase from 39% in 2019/20 to 53.9% in 2029/30. There will be a major shift in the shares of agriculture, industry and mining in the export trade with changes from 77%, 13.3% and 6.9% to 36.4%, 48.4% and 11.3%, respectively.

In general, the share of agricultural products in generating foreign exchange revenue would decrease while that of industry and mining would gradually increase and take the highest share at the end of the plan implementation period. Ethiopia has approved a bill that allocates 561.67 billion birr in government spending for the 2021/22 budget. Of the total budget, 162 billion birr allocated for capital expenditure, 183.52 billion birr for recurrent spending, 203.95 billion birr to subsidize regional states, and 12.2 billion birr for Sustainable Development Goal (SDG) projects. The total amount has shown an 86 billion birr increase from the budget of current fiscal year birr 475.7 billion (Source: www.ena.et/en).



3. THE ETHIOPIAN INSURANCE INDUSTRY

According to the information gathered, the Ethiopian Insurance market has registered a premium volume of Birr 13.9 Billion as at June 30, 2021 with an average growth rate of 24.8% from last year same period. The total number of Insurance Companies operating in the country reached 18 out of which 17 are privately owned. According to 2019/20 report of Association of Ethiopian Insurers (AEI), the total number of branches has reached 603 of which 334 branches are located in the capital and the rest in the regions.

From NBE data over the last ten years (2011-2020) the average annual growth rate of the insurance industry in terms of total GWP of Non-life and Life insurance is 19.9% & 19.2% respectively. The Growth rate was significant in the early years of the mentioned period but had shown a significant decline for the final four years.

As at June 2021, the only State-owned company possessed about 43.8% of the Market share and the private companies share the remaining 56.2%. The average annual capital growth rate of the industry for the last ten years (2011-2020) is 28% and the capital has reached more than Birr 9.4 Billion as of June 2020. Currently, Ethiopian Re believed to have a significant positive impact in the industry in particular and the country in general.

Despite the fact, the overall performance of the industry is encouraging; there are some observed threats like deterioration of professional practice and unhealthy competition that is confined only to reduction of premium rate. In addition, absence of a well-coordinated information exchange within

the industry also mentioned as a weakness.

The capital base of insurance companies not robust and will struggle to survive in an increasingly competitive environment characterized by lower profit margins, higher costs for distribution and product development as well as consistently low investment returns. Concisely, insurance uptake is very low in this market due to a high poverty rate and lack of capital and expertise within the insurance companies that would help tap into the market. The lack of effective and transparent legal and regulatory systems in combination with immature financial markets and the common usage of informal types of insurance contribute to the low penetration.

Besides, critical shortage of hard currency, government's attention towards poverty rehabilitation impacting investment, and the prevalence of Corona Virus (COVID-19) Pandemic and its prolonged effect on the Country's economy would possibly hamper the Insurance Industry.

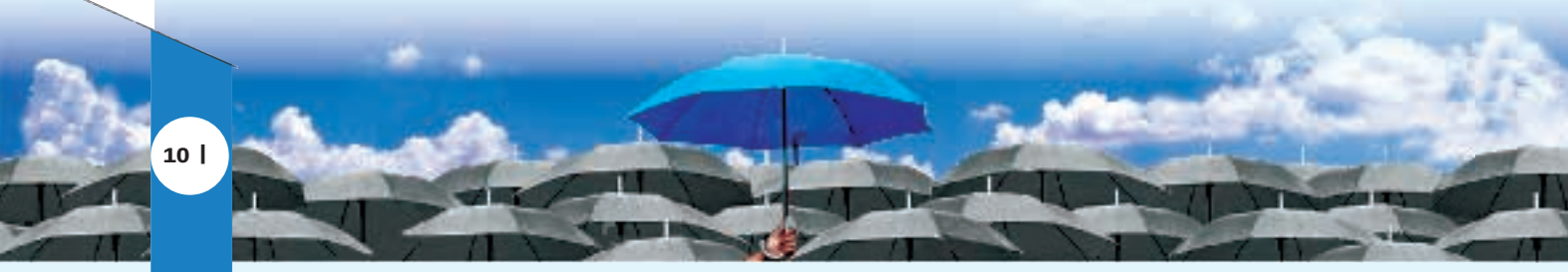
A very low insurance penetration rate means high growth opportunities and potential. Still a number of underlying positive factors support the outlook for a booming insurance market. Furthermore, the continued growth of international investments in this country is driving the demand for insurance product. The awareness to insure against natural disasters is rising. Finally, insurers are benefiting from positive changes in regulation and compliance systems. Shifting demographics, changing cultural norms, an increasing urbanization and the declining influence of informal insurance are likely to speed up sales.

4. COMPANY'S PERFORMANCE REVIEW 2020/21

PREMIUM PRODUCTION

In the budget year under review, the company has registered a Gross Written Premium of Birr 362,021,005 out of which Birr 350,153,890 is from the General Insurance Business and Birr 11,867,115 is from Long-term Insurance Business. This achievement shows a growth rate of 14% above the annual target of Birr 325,543,289

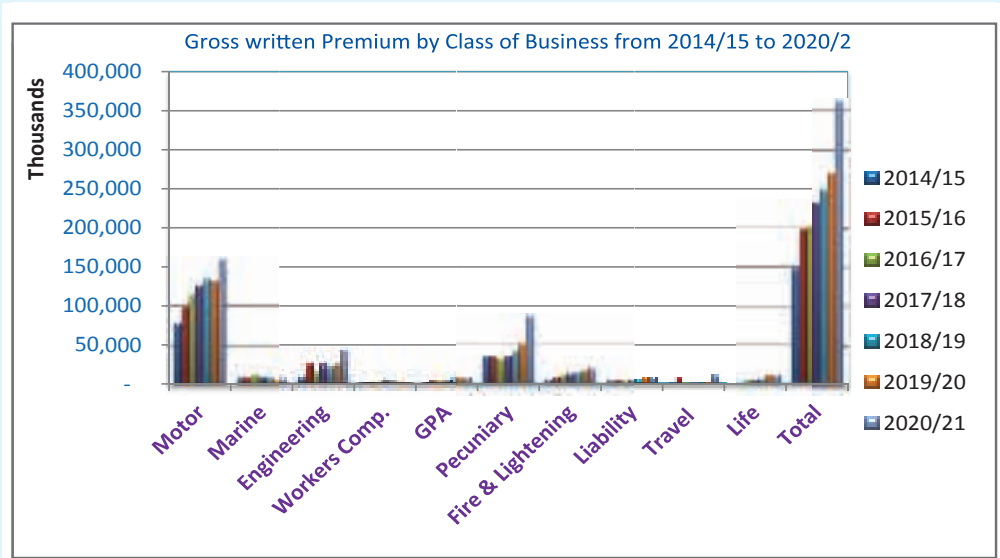
and 33.8% growth compared to the previous year's performance of Birr 270,546,775. In spite of all the challenges during the period under review annual average growth rate is higher even compared to industry average growth rate of 24.8%.



From the total production for the year 2020/21, Motor class of business took the lion share (44%) followed by pecuniary class of business (23.8%). Average annual gross written premium productions growth rate for the past ten years is 35.1%.

Net Earned Premium of General Insurance for the period underreview isBirr 197,736,632, which shows a 15.4% increment from the previous year's performance of Birr 171,303,355. The Company has sold 43,823 policies in 2020/21, out of which 26,665 new policies and 17,158 are renewed policies.

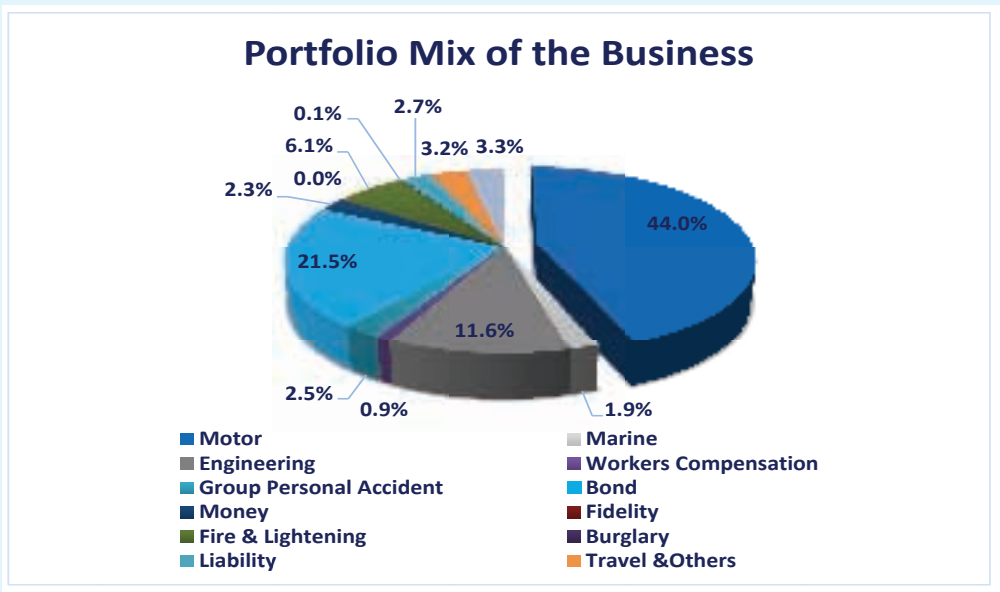
Chart 1: Gross written Premium by Class of Business from 2014/15 to 2020/21



Excluding Marine and Worker men's Compensation all classes have registered

growth compared to last year same period performance. This growth significantly acquired from the motor and bond classes of business.

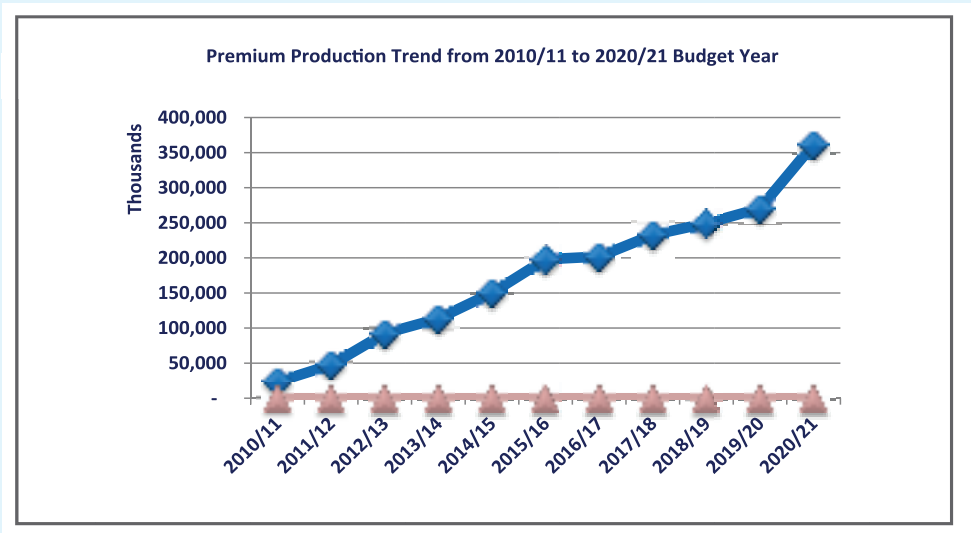
Chart 2: Premium Portfolio Composition 2020/21



From chart 2 above; the Company’s portfolio dominated by Motor and Bond businesses. Conversely, underwriting measures have been taken to discourage loss-making categories of vehicles such as Sino Truck and Dump Truck, Isuzu Trucks, Mini Buses, etc. In some cases, however, the company accepts such vehicles when proposed in packages.

The Long Term business of the company has registered a total premium of Birr 11,867,115 which is 9.9% growth compared to last year same period performance of Birr 10,794,787. As an infant business, the volume of business is encouraging and effort made to reinforce the long-term business.

Chart 3: Premium Production Trend from 2010/11 to 2020/21 Budget Year



From the graph above, it’s shown that premium growth from last year performance is 33.8%. This growth rate is due to the cumulative efforts of employees, resilient lead of the

board of directors as well as the competent management skills in line with prudent underwriting strategy of the company.

REINSURANCE AND PREMIUM CESSION

The Reinsurance Treaty has been led by Africa Re based on A.M. Best ratings rated A and the young indigenous Ethiopian Re, followed by Zep/PTA Re and Tunis Re, both are rated B+.

Premium Cession amount is Birr 125,266,613 from the Gross Written Premium of Birr 350,153,890 makes the cession ratio of 35.8%. The ratio is

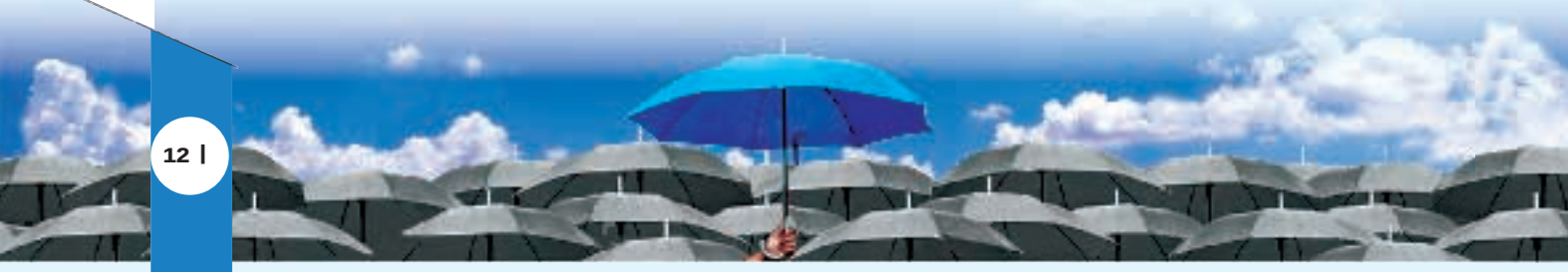
slightly higher than the standard ratio set by the regulators that is up to 30%.

The reinsurance backing is mainly to safeguard the company against unexpected catastrophes. Accordingly, the company retains more by increasing its capital and free reserve.

BRANCH NETWORKS

Abay Insurance S.C. is operating through 31 branches; this mainly aimed at addressing the accessibility of the company in the country by which 17 are located in Addis Ababa and the rest 14 branches are located in various regions. In addition, it is underway of expanding more branches within and outside of the capital Addis.

Now the company is offering different types of General and Long-term Insurance Products to the public.

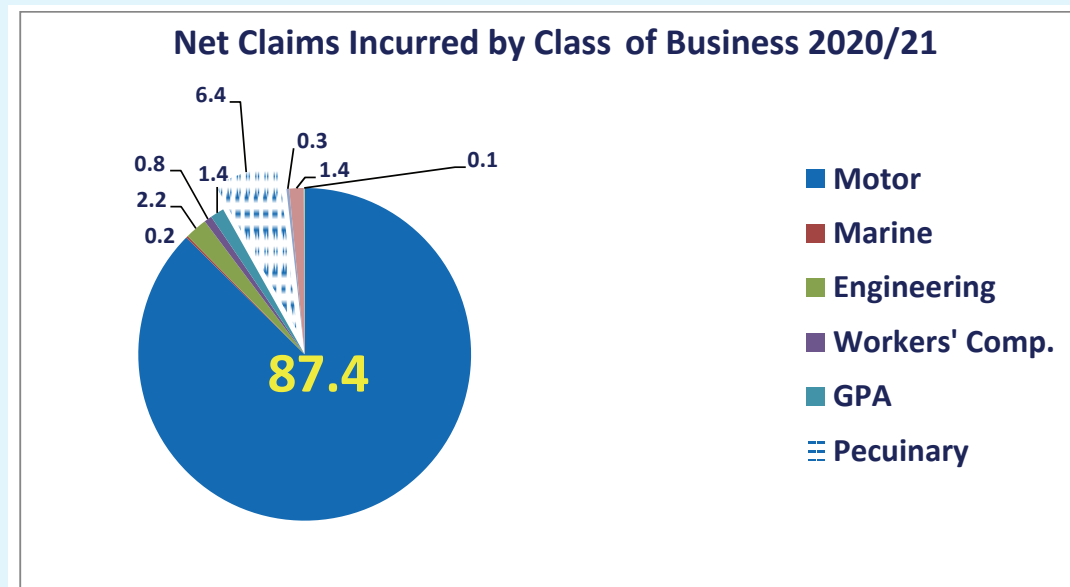


CLAIMS

The total net claim incurred is Birr 113,232,365 from General Insurance Business during the period under review which shows (11.6%) reduction from its anticipated target Birr 128,153,581 and 22% increase from last year same period Birr 92,834,784. The net claim paid is Birr 91,003,488 showing a decline of (5.2%) from its anticipated target Birr 96,009,746.

However, it increases by 2.4% from the previous year's performance of Birr 88,875,223 and considered acceptable in comparison with the growth and customer service of the company. Motor class of business dominates all other classes of business constituting 87.4% of the total net claims incurred.

Chart 4: Net Claims Incurred by Class of Business 2020/21



The above chart shows that, 87.4% of the net

claims expense emanated from Motor class of business and all others constitute 12.6%.

LOSS RATIO

It is the ratio of Net earned premium and Net Claims incurred. Consequently, the net earned premium with respect to non-life insurance business for the year 2020/21 is Birr 197,736,632 and the net claims incurred for the same period is Birr 113,232,365. This has resulted in an overall loss ratio of 57.3% for the period. It increased

by 4% from the previous year's performance of 54%. The loss ratio of the Company is below the industry's ten years average ratio of 65%. This achieved because of the company's prudent and selective underwriting. The prudent and professional underwriting philosophy will persist to maintain profitable growth.

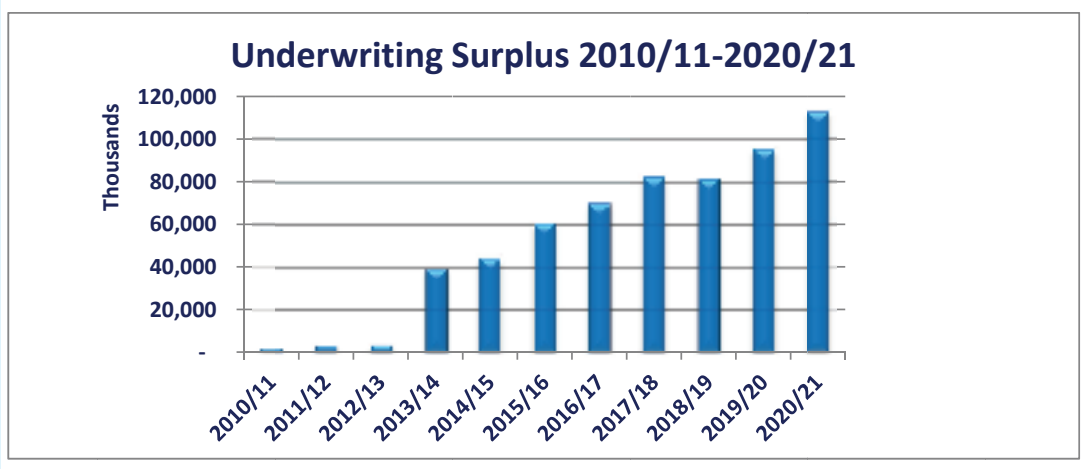
UNDERWRITING RESULT

Underwriting surplus itemized to assess the strength of an insurance company. It is a direct result of the core operation. Consequently, the achievement regarded as a significant operational success on the sustainability of the company. The Company has registered Underwriting Surplus of Birr 112,546,825 it has increased by 17.9% from the preceding year's performance of Birr 95,482,363. The

result achieved due to the implementation of prudent underwriting practice and utmost professionalism.



Chart 5: Underwriting Surplus 2010/11-2020/21

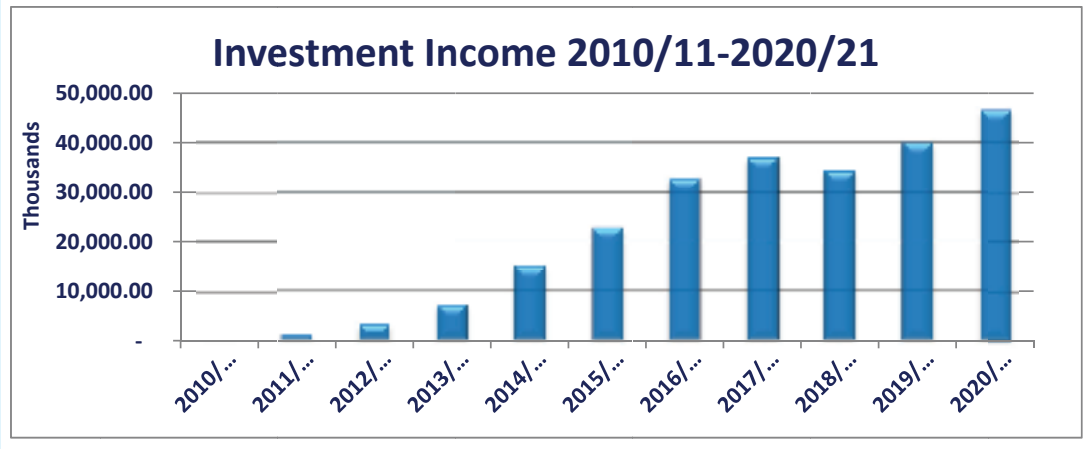


INVESTMENT RESULT

The investment return of Birr 46,617,816 acquired from non-life insurance business. It shows an increment of 16.4% from the previous year’s performance of Birr 40,064,646. This

mainly attributed to the careful proceedings taken in order to have a better return on the investment activities specifically from interest income on time deposit.

Chart 6: Investment Income 2010/11-2020/21



TRADE DEBTORS

The balance as at June 30, 2021 from trade debtors is Birr 439,740.58; which remains the same as the preceding year balance. The Company is still determined towards collecting the remaining balance even though it is difficult since the time is very long and the amount is very small (less than Birr 10,000.00)

per customer. It has already set 100% provision and significant amount of this figure is still under pending legal process; the write-off process will proceed when the pending finalized. significant amount of this figure is still under pending legal process; the write-off process will proceed when the pending finalized.

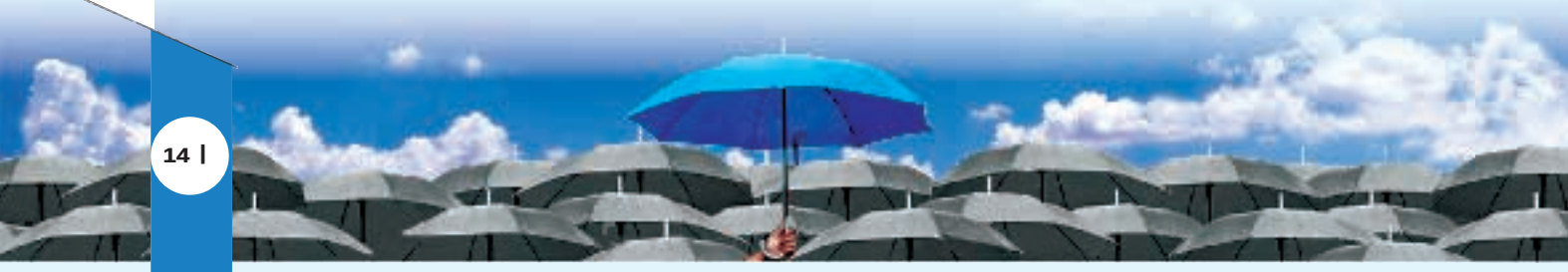
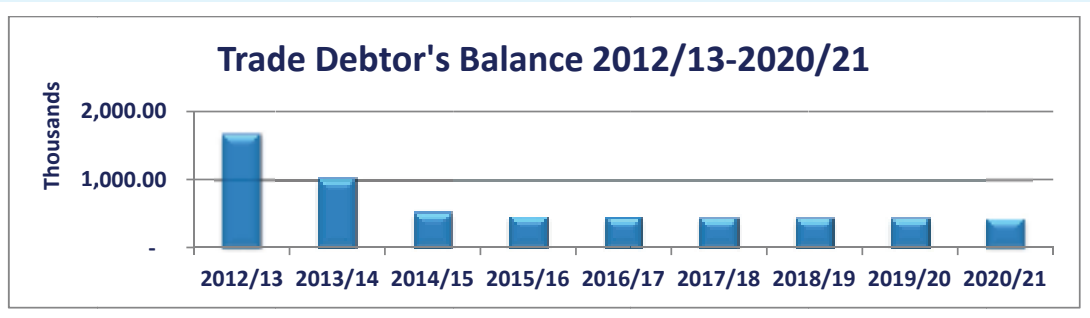


Chart 7: Trade Debtor's Balance 2012/13-2020/21



EXPENSES

In the fiscal year 2020/21, the total expense of non-life insurance business is Birr 83,600,511; the figure shows a 24.1% growth from the previous year's Birr 67,371,125 and a reduction of 2% from the budget of Birr 85,240,923.

Being cost conscious in all activities, the Company's expansion and increased volume of activities along with salary increment and associated costs has contributed to the rising of administrative expenses.

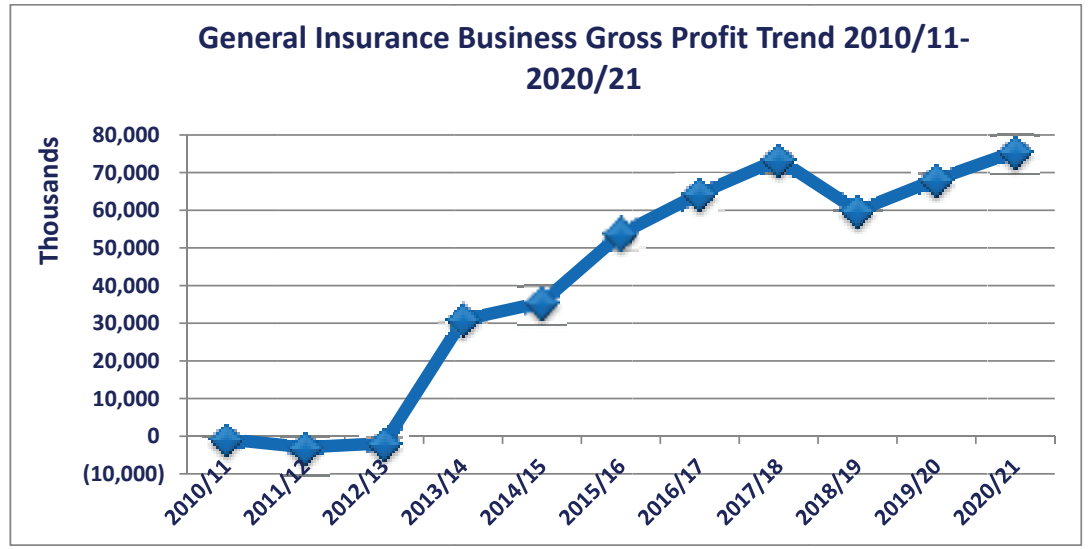
PROFIT

The registered Gross Profit of Birr 75,564,130 from non-life insurance business for the year 2020/21 generated. The profit shows 10.8% increment from the previous year's result of Birr 68,175,884 and reduction of 8.3% from its budget Birr 82,374,271. The Company has a clear and practical strategy with respect to profit and the whole team quite directed towards executing the same. The Company maintains a profitable growth, even though

very difficult in practice to strike the balance between growth and profit.

The Earnings per share for the year was 25%; as the company had issued ordinary shares during the year, the earning per share has decreased slightly from last year it period, even though the profit was higher than the previous year performance.

Chart 8: General Insurance Business Gross Profit Trend 2010/11-2020/21



THE LIFE ASSURANCE FUND

The Gross Written Premium from Long Term Insurance business stood at birr 11,867,115 showing a 9.9% growth from last year production of Birr 10,794,787. The net earned premium after deducting the reinsurer's share of premium Birr 927,573 is Birr 10,939,542 and it shows an increase of 15.3% as compared to the previous year of birr 9,484,902. Total income from underwriting including reinsurance commission and investment reached Birr 14,815,538, which shows 7.2% increase from the last year of Birr 13,816,681.

During the year under review, net claim and policyholder's benefits is Birr 8,889,403, which has increased by 85.7% from Birr 4,787,787 of last year same period. Moreover, during the

period, the total commission and management expense amounted Birr 1,663,979, which shows 62.8% increment compared to last year similar period of Birr 1,022,159.

The net increase in life fund for the year is Birr 3,334,583, which shows a decline of 46.5% from its budget Birr 6,234,153 and 50.2% from last year same period of Birr 6,696,850. The actuarial valuation of Life Assurance Fund of the Company as at 30 June 2021 revealed an Actuarial Surplus of Birr 3,334,583. From the total actuarial surplus, the actuary recommended Birr 1,667,292 to be made available for distribution to shareholders, while Birr 1,667,292 is to be carried forward unappropriated.

ASSET STRUCTURE

The registered total asset of the company reached Birr 1,050,556,167 showing 22.1% increment from the previous year same period of Birr 860,231,996. The General Insurance current assets constitute 65.1% followed by fixed

asset, share investment, and statutory deposit with a contribution of 18.1 %, 11.7%, and 4.5% respectively. The total liability of the Company for the same period is Birr 663,511,792.

EQUITY

As at June 30, 2021, the total paid-up capital of the company reached Birr 280,512,000; showing a 19.7% increment from the previous year same period of Birr 234,308,000. Share

premium, Legal reserve and Retained earnings are Birr 1,351,000, Birr 41,013,713 and Birr 64,167,639 respectively making the total shareholders' funds of Birr 387,044,353.

Proposal on Dividend and Capital

The Company has sold those remaining few shares from subscribed shares in the fiscal period under review to those who have requested to buy additional shares to make the total Paid-Up Capital Birr 300,000,000. Besides, the Management and Board of Directors would like to recommend issuing additional shares of Birr 200,000,000 to be paid within two years to make the total paid up capital Birr 500, 000,000.

Furthermore, the Management and Board of Directors recommend distributing the net profit after tax, legal reserve, Board member annual remuneration, retained earnings of Birr 58,050,148 to the shareholders as a dividend in cash or used for purchasing of the Company's shares depending upon the choice of shareholders.

HUMAN RESOURCE

The employee's number during the year has reached 229 out of which 50.7% are females. The employees are composed of different field of studies. The majority share 60.3% are first-degree holders followed by 22.3% Diploma holders. The remaining share goes to Second Degree and Vocational/TVET level at a share of 6% and 11.4% respectively. The company believes that employees are its key strategic

resources and hence has a strong belief in staff training and development. Owing to this fact, it has offered a new salary & benefits adjustment and multi-dimensional capacity building trainings for a considerable number of employees in the budget year.

The company strongly believes in merit based carrier development and promotion and is



determined to continue on the same principle. Accordingly, the company has implemented new organizational structure and benefit scheme following the approval of Board of

Directors and implementation of five years strategic plan by crafting main issues on the ten years development plan of the country.

PROJECTS UNDERWAY

The digital world will thrill the development of insurance value chain including but not limited to customer acquisition, product distribution, pricing, risk management, predictive analytics and report compiling. In view of this, the already acquired insurance software package for its General and Health Insurance Business from abroad is on its progress. Among other major milestones, training and partial data migration carried out. Currently the project is on User Acceptance Testing milestone and expected to go live soon.

Once System Requirement Specification (SRS) defined and SRS sign-off took over on 2017, there was no significant progress and the project almost stalled for various reasons. However, through strict follow up and direction of the Board of Directors and Executive management since the beginning of 2020, the project has restarted forming a new project implementation team to have had several meetings, discussion and negotiations with the vendor.

After joint agreement with the vendor, the new team has reviewed the SRS and made

amendments as necessary as per current needs. During our negotiations, the vendor has also agreed to deploy the latest software, due to the deployed hardware infrastructure checked against the latest software requirement and upgraded accordingly.

Once the SRS review done, the vendor has carried out customization and localization development before undergoing Internal Acceptance Testing (IAT). Later on, the company had to make another negotiation on the data migration because the vendor was interested only to undergo reference data migration. After reached to consensus, existing finance data and active customer policy information is on process for migration.

Moreover, training of the trainers already carried out. User Acceptance Testing (UAT) currently being underway and hence only pilot run left to live this project. The board has played significant role to be where we are now by monitoring and giving the right directions. We are very much hopeful this software will be operational by the coming Gregorian calendar.

CORPORATE SOCIAL RESPONSIBILITY

The Company success depends on the wellbeing and goodness of the society where it operates. The company has participated in different community based developmental activities including the support in risk management and awareness creation endeavors. In addition, the company has

been fulfilling its responsibility in the fight against COVID-19 and supporting displaced people from different parts of the country by expending a total amount of Birr 7.5 Million including future commitment. Among others, the following are key activities in which our company has been involved:

- Supporting people affected by COVID-19 pandemic
- Supporting displaced people due to conflicts arising in the country
- Supporting the ENDF in protecting the people of Amhara , Afar and Tigray regions
- Contributing for river-side development project of Addis Ababa
- Supporting the GERD project through purchasing Bonds
- Membership Contribution for different societal and civil organizations
- Providing supports in awareness creation and other capacity building activities

Furthermore, it has also been contributing for development of the country by timely settling its respective tax obligations and participating in

various affiliations. The company is determined to continue being a partner to the society.



CHALLENGES

Because of the COVID-19 pandemic, the world economy challenged with the wickedest economic downturns, most of the nations have been suffering with the economic crisis. Being the reflection of the global economic performance the nation influenced by the pandemic and immersed into this big crisis. Ethiopia, as one of the emerging nation global could not escape from the influence of this global challenge.

Moreover, the political instability and social turmoil accompanied with natural disaster; the country challenged by macroeconomic imbalances, high rate of inflation and shortage of foreign currency. On the other

hand, the Ethiopian Insurance Industry has also continued challenge by multitude of factors, which includes low level of social awareness on risk management, shortage of skilled insurance professionals and high level of employee turnover, heavy regulation, low level of cooperation among insurers, and twisted competition through price-cutting and unethical practices.

In spite of all these challenges however, the company has always strived to address issues amicably and professionally to minimize the unexpected risky outcomes and maximize the wellbeing and success of all derived corporate strategic objectives set.

THE WAY FORWARD

Insurance business model is unique, technical and complex; involves charging a price now for a product the cost of which is both unknown and uncontrollable. The product needs to be professionally designed and prices need to be determined scientifically. Both customers and regulators require more stability. Thus, it needs to be financially solvent.

Despite the acquisition of sufficient capital, professionalism, profitability and fair claim treatment, the industry has been experiencing unethical competition that will not benefit the consumer, the regulator and the Insurance Companies. As a result, fewer players will be able to sustain the current level of thin profit margin and hence they either will install a more disciplined underwriting approach or possibly will even exit the market. That would have a positive effect on pricing. The Board and management of Abay Insurance S.C. will continue with the current prudent and professional underwriting practice and risk management.

This insurance market still has not captured its full potential. Many of the risks that are insurable remain uncovered. Thus in order to boost the penetration rate and hence raise

the market share of our company, we will work on customer awareness. The company must also continue to develop and expand its distribution networks for a greater proximity to customers.

Good corporate governance is an important pillar of the market economy that enhances customers and investors' confidence. Thus, the Board of Directors and Management of Abay Insurance S.C. shall continue to adhere in the processes of check and balance and will strengthen the Corporate Risk Management and Compliance as well as the Internal Audit to tackling the unprecedented situations.

To overcome the dynamic and vibrant situations, the company has been implemented new organizational structure and benefit scheme following the approval of Board of Directors and implementation of five years strategic plan by crafting main issues on the ten years development plan of the country. In connection with these, the new 5 years strategic plan, new organizational structure and benefit scheme as well as policy and procedure manuals re-drafted, approved, and implemented.

Aspiring ahead and mobilizing all resources acquired the company stretches to achieve strategic objectives set forth. On the years to come ahead the company will endeavor to achieve key corporate objectives:-

- Increasing earnings per share
- Improve and sustain profitable growth
- Raising capital base of the company
- Reducing controllable costs
- Improving institutional capacity
- Enhancing ICT capacity
- Strengthening customer relationship and market accessibility
- Advancing brand image and product portfolio



ACKNOWLEDGMENT

The Board of Directors of Abay Insurance S.C. would like to express a heartfelt gratitude to all esteemed customers of the Company for their continued support and patronage. The same level of appreciation and gratitude also extends to shareholders, Sister Companies, intermediaries, business partners, reinsurers, and the regulatory authority.

Most of all, the board of directors of Abay insurance S.C highly indebted to achievement of the management and employees; their contribution to the result amid the trauma of COVID and social unrest in various parts of the country is invaluable. They have exhibited exceptional commitment, expertise, dedication and ambition to provide a wonderful service to esteemed customers, which in turn has resulted in a remarkable success. Thus, the Board of Directors exceptionally proud of them and would like to extend a high level of recognition for their unreserved effort.

Lastly, the Board of Directors would like to assure the Management and Staff of the Company to provide a continued support in their endeavor towards achieving the planned goals during the upcoming strategic period.



Yohannes Zewdie
Chief Executive Officer



Abate Sitotaw
Chairman, Board of Directors





ACTUARY CERTIFICATE

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

The valuation was conducted in accordance with generally accepted actuarial principles. These principles require the prudent provision for future outgo under the 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 financial statements and the data provided 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 2021.
- (ii) The actuarial value of the liabilities in respect of all life insurance business did not exceed the amount of the Life Fund as at 30 June 2021.
- (iii) The severance liability as at June 2021 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 (E.A.) Ltd.

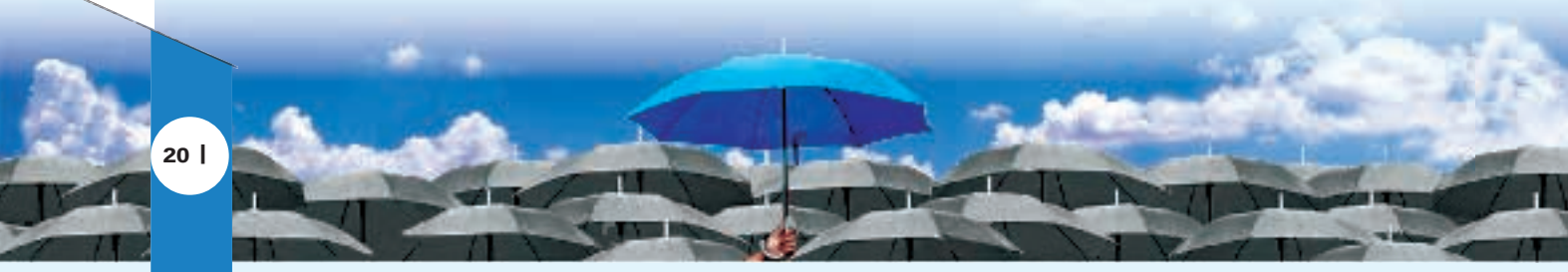
Abed Mureithi
Fellow of the Institute and Faculty of Actuaries (UK)
Actuary

Actuarial Services (E.A) Ltd

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info@actserv.co.ke





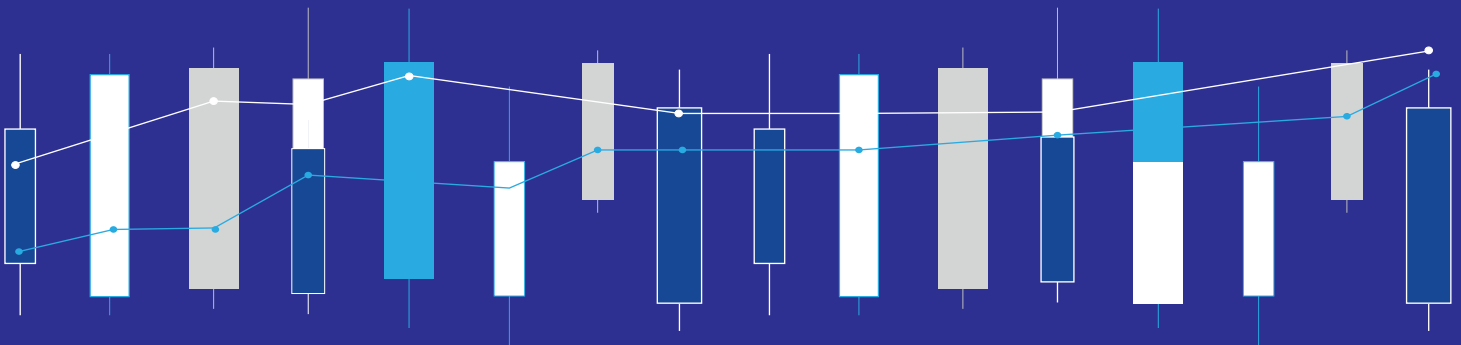
ABAY INSURANCE S.C.



FINANCIAL STATEMENTS AND AUDIT REPORT 30 JUNE 2021

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ፖ.ሳ.ቁ. 110690
አዲስ አበባ ኢትዮጵያ

Tafesse, Shisema and Ayalew
Certified Audit Partnership
Chartered Certified Accountant (UK)
Authorized Auditors (Ethiopia)
Tel. 0118961752 Fax 011 662 1260/70
Mob. 0911229425/0930034356/57
P.O. Box – 110690 e-mail tmsplus@ethionet.et
Addis Ababa-Ethiopia



ABAY INSURANCE S.C. **ANNUAL IFRS FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 30 JUNE 2021** **DIRECTORS, PROFESSIONAL ADVISERS AND REGISTERED OFFICE**

Directors (as of 30 June, 2021)		<u>Date of Appointment</u>
Abate Sitotaw	Board Chairman	2020
Yehuala Gessesse	Vice Chairman	2016
Prof. Yilkal Adamu	Member	2020
Mulugeta Abate	Member	2020
Zemene Tsehay	Member	2020
Asmamawu Alemayehu	Member	2020
Yihalem Asfaw	Member	2020
Dr. Alemayehu Wassie	Member	2017
Elsa Taddele	Member	2020
Getnet Girum	Board Secretary	2017

Executive management (as of 30 June, 2021)		<u>Date of Appointment</u>
Yohannes Zewdie	Chief Executive Officer	29-Jan-19
Solomon Seifu	Dupty, Chief Executive Officer Operation	15-Oct-18
Behailu Betseha	Manager, Finance & Investment Department	14-Dec-16
Biniyam Ayele	Manager, Marketing, Corporate Planning & Branch Operations Department	23-Feb-21
Paulos Tadesse	Manager, Underwriting and Branch Operations Department	2-Nov-18
Tewodros Lema	Manager - Claims Manangment Department	4-Jun-19
Moges Tesfaye	Manager, HRM & Facilities Management Department.	1-Aug-21
Yibeltal Anteneh	Manager - Enterprise Risk Management & Compliance Service	7-Feb-19
Tadesse Worku	Manager, Engineering and Inspection Service	26-Aug-13
Damenech Sileshi	Manager, Audit Service	22-Jun-16
Tamirat Belay	Manager, IT Service	27-May-19
Sisay Shihunegn	Acting Manager, Legal Service	1-Jun-21

Independent auditor

TMS Plus
Chartered Certified Accountants (UK)
Authorized Auditors (Ethiopia)
22 Matoria Street
Addis Ababa
Ethiopia

Corporate office

Abay Insurance Head Quarters Building
Atlas Area
Bole Sub City (Atlas)
Addis Ababa,
Ethiopia

Company secretary

Abay Insurance Head Quarters Building
7th floor
Bole Sub City (Atlas)
Addis Ababa,
Ethiopia

Principal bankers

Abay Bank S.C.
Enat Bank S. C.
Commercial Bank of Ethiopia
United Bank S. C.
Awash International Bank S. C.
Bunna International Bank S. C.
Debub Global Bank
NIB International Bank

ABAY INSURANCE S.C. ANNUAL IFRS FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 REPORT OF THE DIRECTORS

The directors submit their report together with the financial statements for the year ended 30 June 2021, to the members of Abay Insurance S.C. This report discloses the financial performance and state of affairs of the Company .

Incorporation and address

Abay Insurance S. C. was incorporated in Ethiopia in July 2010 as a Share Company. The Company was established by diversified groups of shareholders, Cooperatives, Micro Finance Institutions (MFIs), other business organizations and individual citizens.

Principal activities

The principal activity of the company is to provide insurance services to manufacturing and services, international trade businesses, low income people and society at large.

Results and dividends

The Company's results for the year ended 30 June 2021 are set out on page 34. The profit for the year has been transferred to retained earnings. The summarised results are presented below.

	30 June 2021 Birr'000	30 June 2020 Birr'000
Gross premium income	362,021	270,547
Profit before income tax	78,900	74,871
Income tax expense	(11,152)	(11,849)
Profit after income tax for the year	67,748	63,022

Directors

The directors who held office during the year and to the date of this report are set out on page 22.



Abate Sitotaw
Board Chairman
October 14, 2021



ABAY INSURANCE S.C.
ANNUAL IFRS FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021
STATEMENT OF DIRECTORS' RESPONSIBILITIES

In accordance with the Financial Reporting proclamation No. 847/2014 and the Insurance Business Proclamation No. 746/2012, the National Bank of Ethiopia (NBE) has directed the Company to prepare financial statements in accordance with IFRS, whether their designation changes or they are replaced, from time to time.

The Company's Board of Directors are responsible for the preparation and fair presentation of these financial statements in conformity with accounting principles generally accepted in Ethiopia and in the manner required by the Commercial Code of Ethiopia of 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 keep such records as are necessary to:

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

The Company's Board of Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards, Insurance Business Proclamation, Commercial code of 1243/2021 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.

The Board further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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 on behalf of the Directors by:



Yohannes Zewdie
 Chief Executive Officer
 October 14, 2021



Abate Sitotaw
 Board Chairman
 October 14, 2021





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



Tel: 251-011-8951752 / 011-6180638 Web: 0911-229425 / 0930-034355 / 0930-034357 Fax: 251-011-6621270/53
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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ABAY INSURANCE SHARE COMPANY

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Abay Insurance Share Company (S.C), which comprise the statement of financial position as at 30 June 2021, the statement of profit and 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 present fairly, in all material respects, or give a true and fair view of the financial position of the Company as at 30 June 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Responsibilities of Directors and Management for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.





Tafesse, Shisema and Ayalew Certified Audit Partnership
Chartered Certified Accountants (UK) and Authorised Auditors (Ethiopia)
 Member Firm of HLB International
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 E-mail: tafessef@gmail.com / tafessef@hotmail.com P.O.Box 110690 Addis Ababa - Ethiopia

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Report on Other Legal and Regulatory Requirements

We have no comment to make on the report of your directors so far as it related to these financial statements and pursuant to Proclamation No.1243/2021 of the Commercial Code of Ethiopia, recommended approval of the above mentioned financial statements.

Taf. Shi & Ay

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



Addis Ababa
 14 October 2021



ABAY INSURANCE S.C.
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

Currency: Ethiopian Birr

		30 June 2021	30 June 2020
	Notes	Birr'000	Birr'000
ASSETS			
Cash and bank balances	15	399,896	304,321
Investment securities:			
– Available for sale	16	123,382	106,900
– Loans and receivables	16	-	-
Trade receivables	17	165,855	108,814
Reinsurance assets	18	93,833	93,646
Deferred acquisition cost	19	9,527	5,783
Other assets	20	14,759	17,455
Intangible assets	21	4,619	4,619
Current Income tax asset	14	1,991	
Deferred tax asset	14		
Property, plant and equipment	22.1	189,712	177,676
Statutory deposit	23	46,982	41,018
Total assets		1,050,556	860,232
LIABILITIES			
Insurance contract liabilities	24	383,883	331,186
Trade payables	25	216,367	134,708
Other liabilities	26	54,639	54,865
Current income tax liabilities	14		677
Retirement benefit obligations	27	1,779	1,133
Deferred tax liabilities	14	6,844	3,990
Total liabilities		663,512	526,559
EQUITY			
Share capital	28	280,512	234,308
Share premium	28	1,351	1,351
Retained earnings	30	64,168	63,775
Legal reserve	31	41,014	34,239
Total equity		387,044	333,673
Total equity and liabilities		1,050,556	860,232

The notes on pages 31 to 96 are an integral part of these financial statements.

The financial statements on pages 27 to 96 were approved and authorised for issue by the board of directors on October 14, 2021 and were signed on its behalf by:




Yohannes Zewdie
Chief Executive Officer
October 14, 2021




Abate Sitotaw
Board Chairman
October 14, 2021



**ABAY INSURANCE S.C.
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021**

		Currency: Ethiopian Birr	
		30 June 2021	30 June 2020
		Birr'000	Birr'000
	Notes		
Gross premium income	6.1	334,870	259,713
Premiums ceded to reinsurers	6.2	(126,195)	(78,925)
Net premium income		208,675	180,788
Fee and commission income	7	40,916	29,036
Net underwriting income		249,591	209,824
Claims expenses	8.1	119,415	106,955
Claims recoverable from reinsurers	8.2	(7,371)	(31,235)
Gross change in contract liabilities	8.3	10,078	21,904
Net claims expenses		122,122	97,624
Underwriting commission expenses	9	12,727	11,760
Total underwriting expenses		134,849	109,384
Underwriting profit		114,742	100,440
Investment income	10	45,021	38,527
Other operating income	11	4,390	4,078
		49,411	42,605
Net income		164,153	143,045
Impairment reversal/(Impairment) on trade receivables	17.1	(1)	(1)
Depreciation and impairment of property, plant and equipment	22	(10,094)	(8,403)
Impairment on other assets	20	-	-
Employee benefit expense	12	(48,623)	(39,411)
Other operating expenses	13	(26,535)	(20,359)
Profit before tax		78,900	74,871
Income tax expense	14b	(11,152)	(11,849)
Profit for the year		67,748	63,022
Other comprehensive income (OCI) net of income tax		-	-
Items that will not be subsequently reclassified into profit or loss:			
Remeasurement gain/(loss) on retirement benefits obligations	27	(99)	214
Deferred tax (liability)/asset on remeasurement gain or loss	14	(30)	64
		(129)	278
Total comprehensive income for the year		67,620	63,301
Basic & diluted earnings per share (Birr)	29	0.25	0.28

The notes on pages 31 to 96 are an integral part of these financial statements.



ABAY INSURANCE S.C.
STATEMENT OF CHANGES IN EQUITY
AS AT JUNE 30, 2021

Currency: Ethiopian Birr

	Notes	Share capital Birr'000	Share premium Birr'000	Retained earnings Birr'000	Legal reserve Birr'000	Total Birr'000
As at 1 July 2019		180,000	1,351	49,857	28,102	259,310
Profit for the year	30	-	-	63,023	-	63,023
Other comprehensive income:						-
Re-measurement gains on defined benefit plans (net of tax)	14	-	-	278	-	278
Total comprehensive income for the year		-	-	63,301	-	63,301
Issue of shares	28	54,308	-	-	-	54,308
Statutory reserve - IBNR (10%)				-	-	-
Transfer to legal reserve	31	-	-	(6,137)	6,137	-
Transfer to life fund liability of policyholders				(1,956)		(1,956)
Prior years adjustment	30			-		-
Actuarial Surplus - Distributable						-
Dividend paid	30	-	-	(41,289)	-	(41,289)
Sub-total		54,308	-	13,919	6,137	74,364
As at 30 June 2020		234,308	1,351	63,776	34,239	333,674
As at 1 July 2020		234,308	1,351	63,776	34,239	333,674
Profit for the year	30			67,748		67,748
Other comprehensive income:						-
Re-measurement gains on defined benefit plans (net of tax)	14			(129)		(129)
Total comprehensive income for the year		-	-	67,620	-	67,620
Issue of shares	28	46,204				46,204
Transfer to legal reserve	31			(6,775)	6,775	-
Increase in actuarial liability - Long term Insurance				(508)		(508)
Dividend paid	30			(59,944)		(59,944)
Sub-total		46,204	-	(67,227)	6,775	(14,248)
As at 30 June 2021		280,512	1,351	64,169	41,014	387,044

The notes on pages 31 to 96 are an integral part of these financial statements.



**ABAY INSURANCE S.C.
STATEMENT OF CASH FLOWS
AS AT JUNE 30, 2021**

Currency: Ethiopian Birr

		30 June 2021 Birr'000	30 June 2020 Birr'000
Notes			
Cash flows from operating activities			
	32	165,483	75,289
Cash generated from operations			
Interest and dividend income	10	(45,021)	(38,527)
Interest paid		(607)	(490)
Income tax paid		(10,996)	(8,707)
		108,859	27,565
Net cash (outflow)/inflow from operating activities			
Cash flows from investing activities			
	16	(16,482)	(43,292)
Purchase of equity investments			
Dividend received	10	10,809	10,569
Interest received	10	34,212	27,958
Purchase of intangible assets		-	-
Purchase of property, plant and equipment	22	(17,295)	(16,241)
Interest on Government bonds		-	-
Proceeds from sale of property, plant and equipment	32	-	335
Additional investment in fixed time deposit	15	(70,055)	(44)
Increase in Statutory deposit	23	(5,964)	(9,604)
		(64,775)	(30,319)
Net cash (outflow)/inflow from investing activities			
Cash flows from financing activities			
	28	46,204	54,308
Proceeds from issues of shares			
Payment of lease liability		(4,824)	(4,619)
Dividend paid	30	(59,944)	(41,289)
		(18,564)	8,400
Net cash (outflow)/inflow from financing activities			
Net increase/(decrease) in cash and cash equivalents		25,520	5,646
Cash and cash equivalents at the beginning of the year		83,410	77,764
Cash and cash equivalents at the end of the year		108,930	83,410

The notes on pages 31 to 96 are an integral part of these financial statements.



1 GENERAL INFORMATION

Abay Insurance S.C. “the Company” is a private commercial Insurance company domiciled in Ethiopia. The Company was established on January 1, 2010 in accordance with the provisions of the Commercial code of Ethiopia of 1960 and it is licensed by the National Bank of Ethiopia on July 31, 2010 (G.C) to underwrite non-life insurance risk. On June 20, 2016, the Company received the license from the National Bank of Ethiopia to start Long term (Life) Insurance business. The company's registered Head office is at:

Bole Kifle Ketema,
Woreda 03, House no. 377
Addis Ababa,
Ethiopia

The Company is principally engaged in the provision of insurance services to a wholesale, retail and SME clients base 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 2021 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Additional information required by National regulations are included where appropriate.

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

The financial statements have been prepared in accordance with the going concern principle under the historical cost concept.

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 have



ABAY INSURANCE S.C



ABAY INSURANCE S.C. NOTES TO THE FINANCIAL STATEMENTS AS AT JUNE 30, 2021

no doubt that the Company would remain in existence after 12 months.

2.2.2 Changes in accounting policies and disclosures

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

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 30 June 2021, and have not been applied in preparing these financial statements, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, as set out below:

IFRS 9 - Financial Instruments

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements.

It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three principal classification categories for financial asset: measured at amortised cost, fair value through other comprehensive income and fair value through profit or loss. The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests.

It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. Early adoption of the standard is permitted. The Company is yet to assess IFRS 9's full impact.

IFRS 15 - Revenue from contracts with customers

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

This standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service.

The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018

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and earlier application is permitted. The Company is yet to assess the expected impact on this standard.

IFRS 17 - Insurance contracts

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

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

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

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

The measurement of the fulfilment cash flows reflects the current value of any interest-rate guarantees and financial options included in the insurance contracts. The standard replaces IFRS 4 'Insurance contracts'. The standard is effective for annual periods beginning on or after 1 January 2021 and earlier application is permitted. The Company is yet to assess the expected impact on this standard.

2.3 Foreign currency translation

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 (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 recognised 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. Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised 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 recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets measured at fair value, such as equities classified as available for sale, are included in other comprehensive income.



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2.4 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 to their residual values over their estimated useful lives, as follows:

Asset class	Depreciation rate (years)	Residual value (%)
Buildings	2% (50 Years)	5%
Motor vehicles	10% (10 Years)	5%
Furniture & fittings	10% (10 Years)	1%
Office equipment	14.29% (7 Years)	1%
Computer & accessories	14.29% (7 Years)	1%
Lift	6.67% (15 Years)	1%

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

Capital work-in-progress is not depreciated as these assets are not yet available for use. They are disclosed when reclassified during the year.

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.

2.5 IFRS 16 - Leases

i) Company acting as a lessee

At the inception of a contract, the company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At the commencement date, the company recognizes a right-of-use asset at cost and a lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the company uses the incremental borrowing rate.

After the commencement date, the company measures the right-of-use asset applying the cost model (cost less any cumulative depreciation and any cumulative impairment). In the case of the lease liability, the company measures it by increasing the carrying amount to reflect interest

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on lease liability, reducing the carrying amount to reflect the lease payments made, and re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in substance fixed lease payments.

The company has elected not to recognize right-of-use assets and lease liability for short term leases of branch office rent that have a lease term of 12 months or less and leases of low-value assets. The company recognizes the lease payments associated with these leases as an expense on straight-line basis over the lease term.

ii) Company acting as a lessor - Finance leases

Where the company is the lessor, the company classifies each of its leases as either an operating lease or a finance lease.

Finance lease

If a lease agreement transfers substantially all of the risks and rewards incidental to ownership of the asset to the lessee, then the arrangement is classified as a finance lease and a receivable equal to the net investment in the lease is recognized and presented within receivable.

At the commencement date, the company recognizes assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. After the initial measurement, the company recognizes finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

Operating lease

The company recognizes lease payments from operating leases as income on either a straight-line basis or another systematic basis. The company applies another systematic basis if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished.

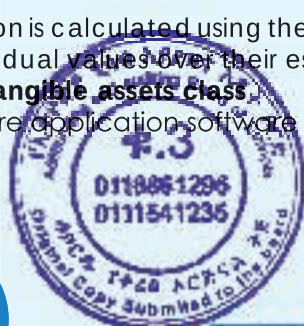
2.6 Intangible assets

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 as a separate line item in the 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 follows:

Intangible assets class	Useful lives (years)
Core application software	12.5% (8 Years)



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2.7 Deferred acquisition costs (DAC)

Commissions and other acquisition costs that vary with and are related to securing new contracts and renewing existing contracts are capitalised as an intangible asset (DAC). All other costs are recognised as expenses when incurred. For the non life business, it is calculated by applying to the acquisition expenses the ratio of unearned premium to written premium; while no assets are established in respect of deferred acquisition cost for the life business. The DAC is subsequently amortised over the life of the contracts as follows:

- For property, casualty and short-duration life insurance contracts, DAC is amortised over the terms of the policies as premium is earned
- For long-term insurance contracts with fixed and guaranteed terms, DAC is amortised in line with premium revenue using assumptions consistent with those used in calculating future policy benefit liabilities

2.8 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 and may not be withdrawn except with the written permission of the National Bank, or be used as pledge or security for any loan. They have been separately disclosed due to their nature and liquidity. Statutory deposits are measured at cost.

The company has acquired saving bonds from the government of the federal democratic republic of Ethiopia bearing interest at rate of 6% &/or 8% per annum. Interest income from these bonds are exempted from income tax.

2.9 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.

3.0 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.

3.1 Financial assets

Initial recognition and measurement

All financial assets are recognised 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 recognised 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 of the Company's financial assets are classified into two categories:

- Loans and receivables
- Available-for-sale financial investments

a) Loans and receivables

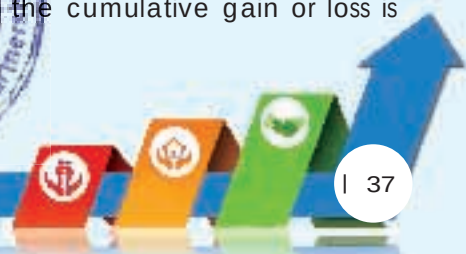
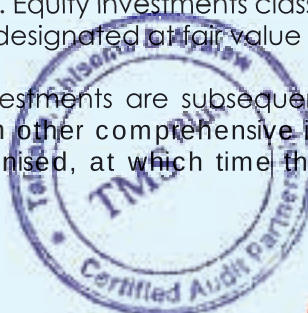
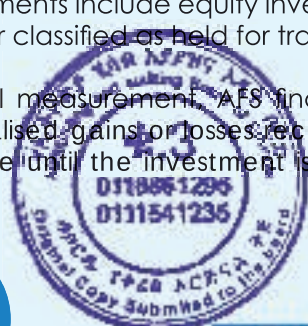
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised 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 amortisation is included in interest and similar income in income statement. The losses arising from impairment are recognised in income statement in loan impairment charge.

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

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

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

After initial measurement, AFS financial investments are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is



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recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to income statement in impairment loss on financial instrument. Interest earned whilst holding AFS financial instrument is reported as interest and similar income using the EIR method. Unquoted equity securities whose fair value cannot be reliably measured are carried at cost.

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

For a financial asset reclassified from the AFS category e.g debt instruments, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised 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 profit or loss. Refer to the information below under reclassification.

'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 recognises 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 recognised in the profit or loss when the inputs become observable, or when the instrument is derecognised.

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.

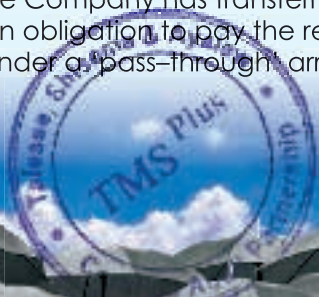
The Company may reclassify a non-derivative trading asset out of the 'held-for-trading' category and into the 'loans and receivables' category if it meets the definition of loans and receivables and the Company has the intention and ability to hold the financial asset for the foreseeable future or until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

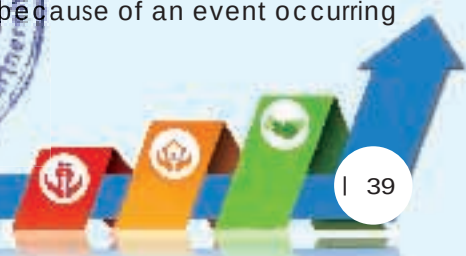
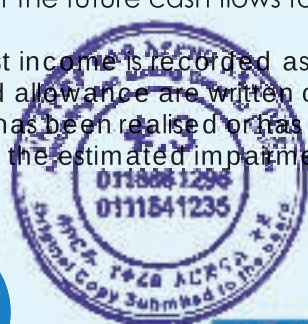
Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, the probability that they will enter bankruptcy or other financial reorganisation, default or delinquency in interest or principal payments and where observable data 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



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

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

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

3.2 Financial liabilities

Initial recognition and measurement

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



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All financial liabilities are recognised initially at fair value and, in the case of other financial liabilities, net of directly attributable transaction costs. The Company's financial liabilities include customer's deposits, margin held on letter of credits, and other liabilities. Interest expenditure is recognised in interest and similar expense.

Subsequent measurement

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

Financial liabilities at amortised cost

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

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

All financial liabilities of the Company are carried at amortised cost.

Derecognition of financial liabilities

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

3.3 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.

2.10 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 2.12. 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 set off reinsurance payables against amounts due from reinsurers and brokers in line with the agreed arrangements between both parties.

2.11 Other assets

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



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(a) Prepayments

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.

(b) Other receivables

Other receivables are recognised upon the occurrence of event or transaction as they arise and cancelled when payment is received. The Company's other receivables are rent receivables and other receivables from debtors.

(c) Staff loan

Staff loans are given to staffs free of interest. The loans are measured at amortised cost using the effective interest rate. Loans granted to staff at below market rates are fair valued by reference to expected future cash flows and current market interest rates for instruments in a comparable or similar risk class and the difference between the historical cost and fair value is accounted for as employee benefits under staff costs.

2.12 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 and bank balances.

2.13 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.

Recognition and measurement

In line with IFRS4p37(a), the Company's Insurance contracts are classified into two main categories, depending on the duration of risk and whether or not the terms and conditions are fixed.

i) Short-term insurance contracts

These contracts are accidents and casualty, property and short-duration life 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 (business interruption cover).



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Short-duration life insurance contracts protect the Company's customers from the consequences of events (such as death or disability) that would affect the ability of the customer 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 policyholder. There are no maturity or surrender benefits.

For all these contracts, premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the balance sheet date is reported as the unearned premium liability. Premiums are shown before deduction of commission and are gross of any taxes or duties levied on premiums.

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the end of the reporting period even if they have not yet been reported to the Company. The Company does not discount its liabilities for unpaid claims other than for disability claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Company and statistical analyses for the claims incurred but not reported, and to estimate the expected ultimate cost of more complex claims that may be affected by external factors (such as court decisions).

ii) Long-term insurance contracts

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

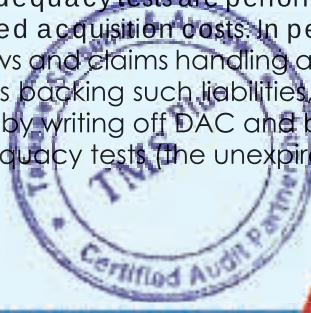
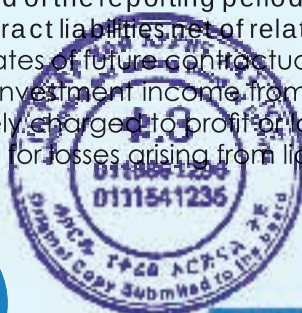
Premiums are recognised as revenue when they are paid by the contract holder. Premiums are shown before deduction of commission. Benefits are recorded as an expense when they are incurred.

A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognised. The liability is determined as the sum of the expected discounted value of the benefit payments and the future administration expenses that are directly related to the contract, less the expected discounted value of the theoretical premiums that would be required to meet the benefits and administration expenses based on the valuation assumptions used (the valuation premiums). The liability is based on assumptions as to mortality, persistency, maintenance expenses and investment income that are established at the time the contract is issued. A margin for adverse deviations is included in the assumptions.

Where insurance contracts have a single premium or a limited number of premium payments due over a significantly shorter period than the period during which benefits are provided, the excess of the premiums paid over the valuation premiums is deferred and recognised as income in line with the decrease of unexpired insurance risk of the contracts in force or, for annuities in force, in line with the decrease of the amount of future benefits expected to be paid. The liabilities are recalculated at each end of the reporting period using the assumptions established at inception of the contracts.

2.14 Liability adequacy test of insurance contracts liabilities and related assets

At each end of the reporting period, liability adequacy tests are performed to ensure the adequacy of the contract liabilities net of related deferred acquisition costs. 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).



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As set out in (a) above, long-term 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.

2.15 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 2.12 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.

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 recognises 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 amortised cost. The impairment loss is calculated following the same method used for these financial assets. These processes are described in Note 2.9.

2.16 Receivables and payables related to insurance contracts

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders. If there is objective evidence that the insurance receivable is impaired, the Company reduces the carrying amount of the insurance receivable accordingly and recognises 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 2.9.

2.17 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 liability for claims,

and salvage property is recognised in other assets when the liability is settled. 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 liability for claims and are recognised in other assets when the liability is settled. The allowance is the assessment of the amount that can be recovered from the action against the liable third party.

2.18 Revenue recognition

a) Gross premiums

Gross recurring premiums on life and non-life contracts are recognised as revenue when paid 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 received 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 received in respect of business written in prior accounting periods. Rebates that form part of the premium rate, 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 using 1/24th method. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

Based on National Bank of Ethiopia's 'No Premium No Cover' guidelines which state that all insurance covers shall be provided on a strict 'no premium no cover' basis, only cover for which payment has been received are recognised.

b) 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 paid or when the policy becomes effective. Gross general reinsurance premiums ceded comprise the total premiums paid for the whole cover provided by contracts entered into in the period and are recognised on the date on which the policy incept. 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.

c) 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.



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d) Investment income

Investment income comprises interest income earned on short term deposits and dividend 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.

e) 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.

2.19 Gross benefits and claims

Gross benefits and claims for life insurance contracts 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. Changes in the gross valuation of insurance 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.

2.20 Reinsurance claims

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

2.21 Finance cost

Finance cost 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.

2.22 Employee benefits

The Company operates various post-employment schemes, including both defined benefit and defined contribution pension plans and post employment benefits.

(a) Wages, salaries and annual leave

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

(b) Defined contribution plan

Defined contribution plans is a plan where an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

The Company operates two defined contribution plans;

- i) pension scheme in line with the provisions of Ethiopian pension of private organisation

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employees proclamation 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 7% and 11% by employees and the Company respectively based on the employees' salary.

The Company has no further payment obligations once the contributions have been paid. Employer's contributions to this scheme are charged to profit or loss in the year in which they relate.

(b) Defined benefit plan

The Company operates a defined benefit severance scheme in Ethiopia where members of staff who have spent 5 years or more in employment 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 or asset recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

The current service cost of the defined benefit plan, recognised in the income statement in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes curtailments and settlements.

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

2.23 Fair value measurement

The Company measures financial instruments classified as available-for-sale at fair value at period end/or year end. 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



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- 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.

2.24 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.

2.25 Share capital

Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds. The excess of the issue price over the par value is recorded in the share premium reserve.



2.26 Dividend

Dividend on the Company's ordinary shares are recognised in equity in the period in which they are approved by the Company's shareholders. Dividend distribution to the Company's shareholders is recognised as equity in the financial statements in the period in which the dividend is paid to the Company's shareholders.

2.27 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.

2.28 Leases

Leases of property, plant and equipment where the group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

2.29 Income taxation

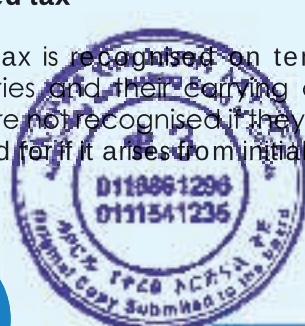
(a) Current income tax

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



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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 utilised.

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.

2.30 Segment reporting

A segment is a distinguishable component of the Company that is engaged in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The company's primary format for segment reporting is based on business segment.



3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgements, 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 includes:

- Capital management Note 4.6
- Financial risk management and policies Note 4
- Sensitivity analyses disclosures Note 4.5.2

3.1 Judgements

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

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.

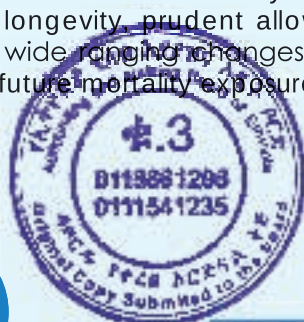
The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances beyond the control of the Company. Such changes are reflected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

Valuation of 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 reflect management's best current estimate of future cash flows.

Certain acquisition costs related to the sale of new policies are recorded as deferred acquisition costs (DAC) and are amortised to the consolidated statement of profit or loss over time. If the assumptions relating to future profitability of these policies are not realised, the amortisation of these costs could be accelerated and this may also require additional impairment write-offs to the consolidated statement of profit or loss.

The main assumptions used relate to mortality, morbidity, longevity, investment returns, expenses, lapse and surrender rates and discount rates. The Group bases mortality and morbidity on standard industry Euroland and American mortality tables which reflect historical experiences, adjusted when appropriate to reflect the Company's unique risk exposure, product characteristics, target markets and own claims severity and frequency experiences. For those contracts that insure risk related to longevity, prudent allowance is made for expected future mortality improvements, as well as wide ranging changes to life style, these could result in significant changes to the expected future mortality exposure.



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Non-life insurance contract liabilities

For non-life insurance contracts, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred, but not yet reported, at the reporting date (IBNR). It can take a significant period of time before the ultimate claims cost can be established with certainty and for some type of policies, IBNR claims form the majority of the liability in the statement of financial position. The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques known as Chain Ladder.

The main assumption underlying these techniques is that a Group's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate 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. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. 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 judgements, estimates and assumptions are employed in the assessment of adequacy of provisions for unearned premium. Judgement is also required in determining whether the pattern of insurance service provided by a contract requires amortisation of unearned premium on a basis other than time apportionment.

Impairment losses on loans and receivables

The Company determines that available-for-sale equity financial assets are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the Company evaluates among other factors, the normal volatility in share price, the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flow. Impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and financing and operational cash flows.

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.



Defined benefit plans

The cost of the defined benefit pension plan, long service awards, gratuity scheme and post-employment medical benefits and the present value of these defined benefit obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Income 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 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.

Liabilities arising from insurance contracts

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



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4 INSURANCE AND FINANCIAL RISK MANAGEMENT

4.1 Introduction

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

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

4.1.1 Risk management structure

Abay Insurance S. C. follows a five step process to Enterprise Risk Management (ERM) which is in line with the approaches of both COSO (The Committee of Sponsoring Organizations of the Treadway Commission) and ISO (International Organization for Standardization). The steps are establish context, identify risks, analyze risks, evaluate risks and address risks. The Board of Directors is ultimately responsible for the company's ERM policies and practices. The Chief Executive Officer is responsible for ensuring risks are managed across all activities and supporting the implementation of the ERM framework. The ERM and Compliance manager is responsible for establishing and monitoring the process for the management of risk throughout the company.

The Enterprise Risk Management (ERM) and Compliance Unit is responsible for implementing and maintaining risk related procedures, independently assesses and monitor 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 Committee and the relevant actions are taken to address exceptions and any areas of weakness. The unit works closely with the Management Risk Committees to ensure that procedures are compliant with the overall framework. The unit is functionally responsible to the Board. The risk management has also reporting relationship with internal audit function. Internal audit function among others ensures the effectiveness of the risk management function periodically. Internal Audit Function discusses the results of its assessments with management, and reports its findings and recommendations to the Board Audit Committee.

The Finance & Investment Department is responsible for managing the financial assets, financial liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Company.

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 regions. In addition, the Company measures and monitor the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.



4.1.3 Risk mitigation

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

The adequacy of these mitigants is tested on a periodic basis through administration of control self-assessment questionnaires, using an operational risk management tool which requires risk owners to confirm the effectiveness of established controls. These are subsequently reviewed as part of the review process.

4.2 Insurance risk

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

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements. The Company purchases reinsurance as part of its risks mitigation programme. Reinsurance ceded is placed on both a proportional and non-proportional basis. The majority of proportional reinsurance is surplus which is taken out to reduce the overall exposure of the Company to certain classes of business. Non-proportional reinsurance is primarily excess-of-loss reinsurance designed to mitigate the Company's net exposure to catastrophe losses. Retention limits for the excess-of-loss reinsurance vary by product line and territory.

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

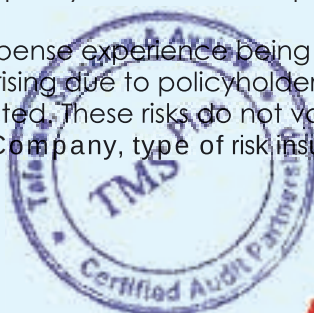
Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

Life insurance contracts

Life insurance contracts offered by the Company include: endowment, term assurance, and permanent health.

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
- ▶ Expense risk – risk of loss arising from expense experience being different than expected
- ▶ Policyholder decision risk – risk of loss arising due to policyholder experiences (lapses and surrenders) being different than expected. These risks do not vary significantly in relation to the location of the risk insured by the Company, type of risk insured or by industry.



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The Company's underwriting strategy is designed to ensure that risks are well diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography, the use of medical screening in order to ensure that pricing takes account of current health conditions and family medical history, regular review of actual claims experience and product pricing, as well as detailed claims' handling procedures. Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Company has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of fraudulent claims. Insurance contracts also entitle the Company to pursue third parties for payment of some or all costs. the Company further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Company.

The following tables show the concentration of life insurance contract liabilities by type of contract.

30 June 2021

Endowment
Term assurance
Permanent Health
Total life insurance

Gross Birr'000	Reinsurance Birr'000	Net Birr'000
6,329		6,329
946		946
5,617		5,617
12,892	-	12,892

30 June 2020

Endowment
Term assurance
Permanent Health
Total life insurance

Gross Birr'000	Reinsurance Birr'000	Net Birr'000
62		62
572		572
315		315
948	-	948

Key assumptions

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

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

► Mortality and morbidity rates

Assumptions are based on standard industry and national tables, according to the type of contract written and the territory in which the insured person resides. They reflect recent historical experience and are adjusted when appropriate to reflect the Company's own experiences. An appropriate, but not excessive, prudent allowance is made for expected future improvements. Assumptions are differentiated by sex, underwriting class and contract type.

An increase in rates will lead to a larger number of claims (and claims could occur sooner than anticipated), which will increase the expenditure and reduce profits for the shareholders.

► Longevity

Assumptions are based on standard industry and national tables, adjusted when appropriate to



ABAY INSURANCE S.C. NOTES TO THE FINANCIAL STATEMENTS AS AT JUNE 30, 2021

reflect the Company's own risk experience. An appropriate, but not excessive, prudent allowance is made for expected future improvements. Assumptions are differentiated by sex, underwriting class and contract type.

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

► Expenses

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

► Discount rate

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

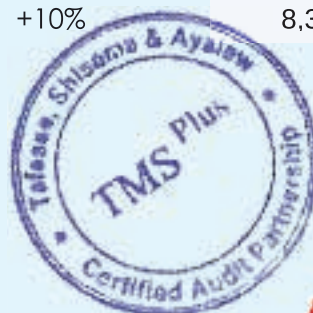
A decrease in the discount rate will increase the value of the insurance liability and therefore reduce profits for the shareholders.

Sensitivities

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis.

It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current economic assumptions, mainly due to the impact of changes to both the intrinsic cost and time value of options and guarantees. When options and guarantees exist, they are the main reason for the asymmetry of sensitivities.

		30-Jun-21		
		Best estimate	Increase	Decrease
	Change in assumptions	Birr'000	Birr'000	Birr'000
Mortality rate	+10%	8,318	1	(1)
Expenses	+10%	8,318	15	(16)
Lapse and surrenders rate	+1%	8,318	(10)	9
Investment return/discount rate	+10%	8,318	(23)	23



ABAY INSURANCE S.C.



**ABAY INSURANCE S.C.
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AS AT JUNE 30, 2021**

		30-Jun-20		
		Best estimate	Increase	Decrease
	Change in assumptions	Birr'000	Birr'000	Birr'000
Mortality rate	+10%	7,810	8	(8)
Expenses	+10%	7,810	38	(36)
Lapse and surrenders rate	+1%	7,810	(48)	49
Investment return/discount rate	+10%	7,810	(155)	167

Non- life insurance contracts

The Company principally issues the following types of general insurance contracts: engineering & energy, general liability, marine and transit, motor, personal accident, pecuniary, fire and lightening, workmen compensation, aviation. Risks under non-life insurance policies usually cover twelve months duration.

For general insurance contracts, the most significant risks arise from climate changes, natural disasters and terrorist activities. For longer tail claims that take some years to settle, there is also inflation risk. For healthcare contracts, the most significant risks arise from lifestyle changes, epidemics and medical science and technology improvement.

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

30 June 2021

	Gross Birr'000	Reinsurance Birr'000	Net Birr'000
Engineering & Energy	34,898	(23,073)	11,825
General liability	11,122	(3,011)	8,111
Marine and Transit	4,551	(1,046)	3,505
Motor	180,491	(16,599)	163,892
Personal accident	7,582	(377)	7,205
Pecuniary	120,699	(48,183)	72,516
Fire and Lightening	12,670	(4,919)	7,751
Workmen Compensation	2,472	(121)	2,351
Aviation	-	-	-
Total non-life insurance	374,485	(97,329)	277,156

30 June 2020

	Gross Birr'000	Reinsurance Birr'000	Net Birr'000
Engineering & Energy	33,731	(23,939)	9,792
General liability	14,832	(9,540)	5,292
Marine and Transit	7,818	(3,901)	3,917
Motor	148,147	(13,078)	135,069
Personal accident	29,142	(23,559)	5,583
Pecuniary	107,474	(41,552)	65,922
Fire and Lightening	11,153	(5,182)	5,971
Workmen Compensation	2,744	(107)	2,637
Aviation	-	-	-
Total non-life insurance	355,041	(120,858)	234,183



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Key assumptions

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

Sensitivities

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis.

It should be noted that movements in these assumptions are non-linear.

		Change in liability	
		30 June 2021	30 June 2020
		Birr'000	Birr'000
Change in assumptions			
Average claim cost	+10%	2,651	36,518
Average number of claims	+10%	2,651	36,518

		Change in liability	
		30 June 2021	30 June 2020
		Birr'000	Birr'000
Change in assumptions			
Average claim cost	-10%	(2,651)	(36,448)
Average number of claims	-10%	(2,651)	(36,448)

Claims development table

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

Gross non-life insurance contract outstanding claims provision for 2021:

Accident year	2017 Birr'000	2018 Birr'000	2019 Birr'000	2020 Birr'000	2021 Birr'000	Total Birr'000
2017	92,975	111,302	118,945	142,434	145,193	610,849
2018	1,439	1,679	2,605	1,012	-	6,736
2019	38	684	180	-	-	902
2020	108	50	-	-	-	158
2021	9	-	-	-	-	9
	94,570	113,715	121,730	143,446	145,193	618,654
Cumulative Incurred	94,570	113,715	121,730	143,446	145,193	618,654
IBNR	-	24	192	1,357	24,935	26,508
Ultimate Claims Projected	94,570	113,739	121,923	144,803	170,128	645,162



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Gross non-life insurance contract outstanding claims provision for 2020:

Accident year	2016 Birr'000	2017 Birr'000	2018 Birr'000	2019 Birr'000	2020 Birr'000	Total Birr'000
2016	110,626	94,536	111,778	117,650	145,273	579,863
2017	712	1,441	1,841	4,538	-	8,531
2018	449	41	848	-	-	1,338
2019	735	400	-	-	-	1,135
2020	7,623	-	-	-	-	7,623
	120,144	96,418	114,466	122,188	145,273	598,490
Cumulative Incurred	120,144	96,418	114,466	122,188	145,273	598,490
IBNR	-	-	24	5,624	16,827	22,475
Ultimate Claims Projected	120,144	96,418	114,490	127,812	162,100	620,965

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:

	Notes	Available- For-Sale Birr'000	Loans and receivables Birr'000	Total Birr'000
30 June 2021				
Cash and bank balances	15		399,896	399,896
Investment securities:				-
– Available for sale	16	123,382		123,382
– Loans and receivables	16		-	-
Trade receivables	17		165,855	165,855
Other assets	20		13,091	13,091
Statutory deposit	23		46,982	46,982
Total financial assets		123,382.00	578,842.00	749,206



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	Notes	Available-For-Sale Birr'000	Loans and receivables Birr'000	Total Birr'000
30 June 2020				
Cash and bank balances	15		304,321	304,321
Investment securities:				-
– Available for sale	16	106,900		106,900
– Loans and receivables	16		-	-
Trade receivables	17		108,814	108,814
Other assets	20		9,346	9,346
Statutory deposit	23		41,018	41,018
Total financial assets		106,900	463,499	570,399

4.4 Credit risk

Credit risk is the risk of financial loss resulting from the failure of a debtor to honour its obligations to the company. It includes defaults related to fixed income investments like portfolio of bonds, outstanding premiums, staff loan, amounts that are due from reinsurers and sundry debtors.

4.4.1 Management of credit risk

The company measures credit risk by considering the following points; Ratio of total debtors to statutory equity should be less than 50%; Ratio of due from reinsurers to statutory equity should be less than the same ratio computed at industry level; Investment in treasury bills/bonds and bank deposits should be more than 65% of admitted assets for general insurance business and more than 50% of admitted assets for long term insurance businesses; Aggregate bank deposits held with any one bank shall not exceed 25% of total admitted assets for both general insurance and long term insurance businesses.

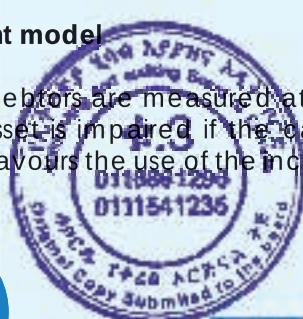
The company does not hold collateral or any other enhancements against any of its receivables as at 30 June 2021.

The Company has placed more responsiveness on effective management of credit risk exposure that relates to trade receivables. In general, the regulator has laid great emphasis on No Premium, No Cover and this has positively changed the phase of credit management within the industry. The Company defines credit risk as the risk of counterparty's failure to meet its contractual obligations. Credit risk arises from insurance cover granted to parties with payment instruments or payments plan issued by stating or implying the terms of contractual agreement. The Company has placed stringent measures to guard against credit default. The Company's credit risk exposure to brokered business is very low as the Company does not allow brokers receive premium on its behalf.

The Company has made full provision of all its trade receivables that it had before the No Premium, No Cover policy.

Impairment model

Premium debtors are measured at amortized cost, less provision for impaired receivables. Under IFRS, an asset is impaired if the carrying amount is greater than the recoverable amount. The standard favours the use of the incurred loss model in estimating the impairment of its receivables.



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By the provisions of IAS 39, the impairment of the premium debtors is to be assessed at two different levels, individually or collectively. However, based on National Bank of Ethiopia's No Premium No Cover guidelines which state that all insurance covers shall be provided on a strict 'no premium no cover' basis, only cover for which payment has been received shall be booked.

4.4.2 Maximum exposure to credit risk before collateral held or credit enhancements

(a) Types of credit exposure

The Company's maximum exposure to credit risk at 30 June 2021 and 30 June 2020 respectively, is represented by the carrying amounts in the statement of financial position. The maximum exposure is shown gross, before the effect of mitigation.

	30June 2021 Birr'000	30 June 2020 Birr'000
Cash and bank balances	399,896	304,321
Investment securities:		
– Available for sale	123,382	106,900
– Loans and receivables	-	-
Trade receivables	165,855	108,814
Reinsurance assets	93,833	93,646
Other assets	13,091	9,346
Statutory deposit	46,982	41,018
Total maximum exposure	843,039	664,045

4.4.3 Credit quality analysis

(a) Credit quality of cash and cash equivalents

The credit quality of cash and bank balances and short-term investments that were neither past due nor impaired at as 30 June 2021, 30 June 2020 and 30 June 2019 and are held in Ethiopian banks have been classified as non-rated as there are no credit rating agencies in Ethiopia. The Company does not hold Cash and cash equivalents 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 Board. 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.



ABAY INSURANCE S.C.
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(d) Credit quality of other financial assets

30 June 2021

Trade receivables:

Due from policy holders

Due from re-insurers

Gross

Less: Impairment allowance (note 19a)

Net

Neither past due nor impaired	Past due but not impaired	Impaired	Total
Birr'000	Birr'000	Birr'000	Birr'000
-	-	440	440
165,856	-	-	165,856
165,856	-	440	166,296
-	-	(440)	(440)
165,856	-	-	165,856

Other assets

Staff loan

Staff saving

Staff debtors

Other debtors

Gross

Less: Impairment allowance (note 19a)

Net

Neither past due nor impaired	Past due but not impaired	Impaired	Total
Birr'000	Birr'000	Birr'000	Birr'000
6,719	-	-	6,719
260	-	-	260
2,170	-	-	2,170.00
3,942	-	-	3,942
13,091	-	-	13,091
-	-	-	-
13,091	-	-	13,091

30 June 2020

Trade receivables:

Due from policy holders

Due from re-insurers

Gross

Less: Impairment allowance (note 19a)

Net

Neither past due nor impaired	Past due but not impaired	Impaired	Total
Birr'000	Birr'000	Birr'000	Birr'000
-	-	440	440
108,814	-	-	108,814
108,814	-	440	109,254
-	-	(440)	(440)
108,814	-	-	108,814



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	Neither past due nor impaired	Past due but not impaired	Impaired	Total
	Birr'000	Birr'000	Birr'000	Birr'000
Other assets				
Staff loan	5,829			5,829
Staff saving	260			260
Staff debtors	646	-	-	646
Other debtors	2,611			2,611
	9,346	-	-	9,346
Gross				
Less: Impairment allowance (note 19a)	-	-	-	-
Net	9,346	-	-	9,346

Trade receivables - neither past due nor impaired

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

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

Other assets

Other assets balances constitute, interest receivables, staff loan, staff saving, staff debtors and other 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 is low.

4.4.4 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.



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	30 June 2021 Birr'000	30 June 2020 Birr'000
Due from policy holders	440	440
Other assets	-	-
Total allowance for impairment	440	440

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. It is measured based on the following standards: the ratio of total current liabilities to total current assets (liquidity ratio) should be less than 105%; the ratio of net claims incurred to net earned premium (claims ratio) should be less than 70%.

4.5.1 Management of liquidity risk

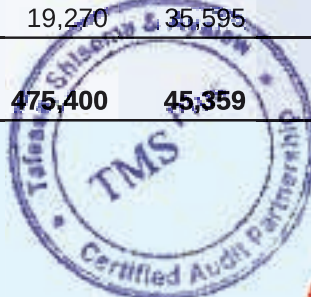
Cash flow forecasting is performed by the finance department. The finance department monitors rolling forecasts of liquidity requirements to ensure it has sufficient cash to meet operational needs. The Company evaluates its ability to meet its obligations on an ongoing basis. Based on these evaluations, the Company devises 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 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.

	0-1 year Birr'000	1-3 years Birr'000	3-5 years Birr'000	> 5 years Birr'000	Total Birr'000
30 June 2021					
Insurance contract liabilities	367,510	16,372			383,883
Trade payables	216,367				216,367
Other liabilities	11,222	43,417			54,639
Total financial liabilities	595,099	59,789	-	-	654,889
	0-1 year Birr'000	1-3 years Birr'000	3-5 years Birr'000	> 5 years Birr'000	Total Birr'000
30 June 2020					
Insurance contract liabilities	321,422	9,764			331,186
Trade payables	134,708				134,708
Other liabilities	19,270	35,595			54,865
Total financial liabilities	475,400	45,359	-	-	520,759



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4.6 Market risk

Market risk is defined as the risk of loss 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 standard for determining the level of market risk is stated as follows: the ratio of investment in shares to admitted assets should be less than 15% for both general insurance and long term insurance businesses; the ratio of investment in real estate to admitted assets should be less than 10% for general insurance business and less than 25% for long term insurance business. 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.

Market risk is monitored by the risk management department on regularly, to identify any adverse movement in the underlying variables.

(i) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will be affected by changes in market interest rates. Borrowings obtained at variable rates give rise to interest rate risk. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's obligations and financial assets with floating interest rates. The Company is also exposed on fixed rate financial assets and financial liabilities. The Company's investment portfolio is comprised of fixed time deposit, shares, Ethiopian government bonds and cash deposits. The table below sets out information on the exposures to fixed and variable interest instruments.

30 June 2021

Assets

Cash and bank balances

Investment securities:

– Available for sale

– Loans and receivables

Trade receivables

Statutory deposit

Total

Liabilities

Trade payables

Other liabilities

Total

Fixed	Non- interest bearing	Total
Birr'000	Birr'000	Birr'000
399,896	-	399,896
-	123,382	123,382
-	-	-
-	165,855	165,855
46,982	-	46,982
446,878	289,237	736,115
-	216,367	216,367
-	19,376	19,376
-	235,743	235,743

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30 June 2020	Fixed	Non- interest bearing	Total
	Birr'000	Birr'000	Birr'000
Assets			
Cash and bank balances	304,321	-	304,321
Investment securities:			-
– Available for sale	-	106,900	106,900
– Loans and receivables	-	-	-
Trade receivables	-	108,814	108,814
Statutory deposit	41,018	-	41,018
Total	345,339	215,714	561,053
Liabilities			
Trade payables	-	134,708	134,708
Other liabilities	-	15,881	15,881
Total	-	150,589	150,589

(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. The Company is not exposed to exchange rate risks as the Company does not have balances and transactions denominated in a currency other than the Ethiopian Birr.

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.

4.7.1 Margin of Solvency ratio

According to the Licensing & Supervision of Insurance Business Margin of Solvency Directives No. SIB/45/2016 of the National Bank of Ethiopia, an insurer carrying on general insurance 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 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.

Margin of Solvency ratio is the excess of assets over liabilities to be maintained for General Insurance Business and Long-term Insurance Business. Admissible assets and liabilities stated below is in accordance with Margin of Solvency Directives No. SIB/45/2016.



ABAY INSURANCE S.C. NOTES TO THE FINANCIAL STATEMENTS AS AT JUNE 30, 2021

	Birr'000	Birr'000
A Admissable assets		
Cash and bank balances	399,896	304,321
Investment securities:	-	-
– Available for sale	123,382	106,900
– Loans and receivables	-	-
Trade receivables	165,855	108,814
Reinsurance assets	93,833	93,646
Deferred acquisition cost	9,527	5,783
Other assets	14,759	17,455
Current income tax asset	1,991	
Property, plant and equipment	189,712	177,676
Statutory deposit	46,982	41,018
Excluded assets:		
Prepaid Expense	(435)	(1,119)
Furniture & Fixture	(3,202)	(2,066)
Sundry Debtors	(17,744)	(14,037)
	1,024,557	838,391
B Admissable liabilities		
Insurance contract liabilities	383,883	331,186
Trade payables	216,367	134,708
Other liabilities	54,639	54,865
Current income tax liabilities		-
Retirement benefit obligations	1,779	1,133
Deferred tax liabilities	6,844	3,990
	663,512	525,882
C Admitted capital (A-B)	361,045	312,509
D Net written premium	191,622	177,997
E Technical Provision	383,883	331,186
Solvency Margin		
F Limit of net premieume 20% of net premium	38,324	35,599
G Limit of technical provision 25% technical provisoin.	95,971	82,797
H Minimum paid up capital	75,000	75,000
Since C >G, Positive Solvency margin		

4.8 Fair value of financial assets and liabilities

IFRS 13 requires an entity to classify measured or disclosed fair values according to a hierarchy

that reflects the significance of observable inputs.

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

4.8.1 Valuation models

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable input reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions.

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: Inputs that are quoted market prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) .This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation technique in which all significant inputs are directly or indirectly observable from market data.

In conclusion, this category is for valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This category includes all assets and liabilities for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the asset or liability's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

4.8.2 Financial instruments not measured at fair value

The following table summarises the carrying amounts of financial assets and liabilities at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position.



**ABAY INSURANCE S.C.
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	30 June 2021		30 June 2020	
	Carrying amount Birr'000	Fair value Birr'000	Carrying amount Birr'000	Fair value Birr'000
Financial assets				
Cash and bank balances	399,896	399,896	304,321	304,321
Investment securities:				
– Available for sale	123,382	123,382	106,900	106,900
– Loans and receivables	-	-	-	-
Trade receivables	165,855	165,855	108,814	108,814
Other assets	13,091	13,091	9,346	9,346
Statutory deposit	46,982	46,982	41,018	41,018
Total	749,206	749,206	570,399	570,399
Financial liabilities				
Trade payables	216,367	216,367	134,708	134,708
Other liabilities	19,376	19,376	15,881	15,881
Total	235,743	235,743	150,589.00	150,589

4.8.3 Fair value methods and assumptions

Loans and advances to customers

Trade receivables are carried at amortised cost net of provision for impairment. The estimated fair value represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

Investment securities

Government Bonds are classified as loans and receivables and are measured at amortised cost. At inception, the fair value of the bond is the consideration paid and is adjusted for transaction costs.

4.8.4 Valuation technique using significant unobservable inputs – Level 3

The Company has no financial asset measured at fair value on subsequent recognition.

4.8.5 Transfers between the fair value hierarchy categories

During the three reporting periods covered by these annual financial statements, there were no movements between levels as a result of significant inputs to the fair valuation process becoming observable or unobservable.

4.9 Offsetting financial assets and financial liabilities

There are no offsetting arrangements except proportional reinsurance arrangements.



ABAY INSURANCE S.C.
NOTES TO THE FINANCIAL STATEMENTS
AS AT JUNE 30, 2021

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.

Life Business- Includes life insurance policies with individual and corporate customers.

The segment information for the reporting segments for the year ended 30 June 2021 is as follows:

Statement of Financial Position - 30 June 2021

	General Business Birr'000	Life Business Birr'000	Total Birr'000
ASSETS			
Cash and bank balances	374,632	25,264	399,896
Investment securities:			-
– Available for sale	123,382	-	123,382
– Loans and receivables	-	-	-
Trade receivables	165,855	-	165,855
Reinsurance assets	93,833	-	93,833
Deferred acquisition cost	9,463	64	9,527
Other assets	14,315	444	14,759
Intangible assets	4,619	-	4,619
Deferred tax asset	1,991	-	1,991
Property, plant and equipment	189,289	423	189,712
Statutory deposit	43,982	3,000	46,982
Total assets	1,021,362	29,195	1,050,556
LIABILITIES			
Insurance contract liabilities	370,991	12,892	383,883
Trade payables	214,358	2,009	216,367
Other liabilities	54,224	415	54,639
Current income tax liabilities	-	-	-
Branch account	13,250	(13,250)	-



ABAY INSURANCE S.C.



ABAY INSURANCE S.C. NOTES TO THE FINANCIAL STATEMENTS AS AT JUNE 30, 2021

Retirement benefit obligations
Deferred tax liabilities

Total liabilities

EQUITY

Share capital
Share premium
Retained earnings
Legal reserve

Total equity

Total equity and liabilities

Statement of Financial Position - 30 June 2020

ASSETS

Cash and bank balances
Investment securities:
– Available for sale
– Loans and receivables
Trade receivables
Reinsurance assets
Deferred acquisition cost
Other assets
Intangible assets
Deferred tax asset
Property, plant and equipment
Statutory deposit

Total assets

LIABILITIES

Insurance contract liabilities
Trade payables
Other liabilities
Current income tax liabilities
Branch account
Retirement benefit obligations
Deferred tax liabilities

Total liabilities

EQUITY

Share capital

1,779	-	1,779
6,844		6,844
661,446	2,065	663,512
260,512	20,000	280,512
1,081	270	1,351
57,827	6,340	64,168
40,494	519	41,014
359,915	27,130	387,044
1,021,361	29,195	1,050,556

General Business Birr'000	Life Business Birr'000	Total Birr'000
280,517	23,804	304,321
		-
106,900	-	106,900
-	-	-
108,814	-	108,814
93,646	-	93,646
5,783	-	5,783
17,205	250	17,455
4,619	-	4,619
-	-	-
177,277	399	177,676
38,018	3,000	41,018
832,779	27,453	860,232
321,071	10,115	331,186
133,364	1,344	134,708
54,677	188	54,865
(642)	1,319	677
11,159	(11,159)	-
1,133	-	1,133
3,990		3,990
524,752	1,807	526,559
214,308	20,000	234,308



ABAY INSURANCE S.C.
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Share premium	1,081	270	1,351
Retained earnings	58,399	5,376	63,775
Legal reserve	34,239	-	34,239
Total equity	308,027	25,646	333,673
Total equity and liabilities	832,779	27,453	860,232

The consolidated financial data for the reporting segments for the year ended 30 June 2021 is as follows:

30 June 2021

	General Business	Life Busi- ness	Total
	Birr'000	Birr'000	Birr'000
Gross premium written	350,154	11,867	362,021
Gross premium income	323,003	11,867	334,870
Reinsurance expenses	(125,267)	(928)	(126,195)
Net premium income	197,736	10,939	208,675
			-
Fee and commission income	40,761	155	40,916
Net underwriting income	238,497	11,094	249,591
			-
Paid Claims expenses	113,145	6,270	119,415
Claims expenses recoverable	(7,371)	-	(7,371)
Gross change in contract liabilities	7,459	2,619	10,078
Net claims expenses	113,233	8,889	122,122
			-
Underwriting commission expenses	12,717	10	12,727
Total underwriting expenses	125,950	8,899	134,849
Underwriting profit	112,547	2,195	114,742
			-
Investment income	42,227	2,794	45,021
Other operating income	4,390	0	4,390
			-
Net income	159,164	4,989	164,153
Impairment reversal/(Impairment) on trade receivables	(1)		(1)
Depreciation and impairment of property, plant and equipment	(10,014)	(80)	(10,094)
Impairment on other assets		-	-
Employee benefit expense	(47,633)	(990)	(48,623)
Other operating expenses	(25,951)	(584)	(26,535)
			-



ABAY INSURANCE S.C



**ABAY INSURANCE S.C.
NOTES TO THE FINANCIAL STATEMENTS
AS AT JUNE 30, 2021**

Profit before tax from reportable segments

Actuarial value of policy holders liability

Income tax expense

Profit for the year

Assets and liabilities

Total assets

Total liabilities

Net assets/(liabilities)

External revenue

Net premium earned

Net fees and commission

Other income

Total segment revenue

Reportable segment profit before tax

Reportable segment assets

Reportable segment liabilities

30 June 2020

Gross premium income

Premiums ceded to reinsurers

Net premium income

Fee and commission income

Net underwriting income

Paid Claims expenses

Claims expenses recoverable

Gross change in contract liabilities

Net claims expenses

Underwriting commission expenses

Total underwriting expenses

Underwriting profit

Investment income

Other operating income

Net income

Impairment reversal/(Impairment) on trade receivables

75,565	3,335	78,900
-	-	-
75,565	3,335	78,900
(10,844)	(308)	(11,152)
64,721	3,027	67,748
1,021,362	29,195	1,050,557
661,446	2,065	663,512
359,915	27,130	387,045
197,736	10,939	208,675
40,761	155	40,916
46,617	2,794	49,411
285,114	13,888	299,002
64,721	3,027	67,748
1,021,362	29,195	1,050,557
661,446	2,065	663,512

General Business Birr'000	Life Business Birr'000	Total Birr'000
248,918	10,795	259,713
(77,615)	(1,310)	(78,925)
171,303	9,485	180,788
28,555	481	29,036
199,858	9,966	209,824
103,022	3933	106,955
(31,235)	-	(31,235)
21,049	855	21,904
92,836	4,788	97,624
11,542	218	11,760
104,378	5,006	109,384
95,480	4,960	100,440
35,987	2540	38,527
4,078	-	4,078
135,545	7,500	143,045
0	0	0

ABAY INSURANCE S.C.
NOTES TO THE FINANCIAL STATEMENTS
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Depreciation and impairment of property, plant and equipment	(8,407)	4	(8,403)
Impairment on other assets			
Employee benefit expense	(38,666)	(745)	(39,411)
Other operating expenses	(20,297)	(62)	(20,359)
Profit before tax from reportable segments	68,175	6,697	74,872
Actuarial value of policy holders liability			-
Income tax expense	(10,532)	(1,317)	(11,849)
Profit for the year	57,643	5,380	63,023
Assets and liabilities			
Total assets	832,779	27,453	860,232
Total liabilities	524,752	1,807	526,559
Net assets/(liabilities)	308,027	25,646	333,673
External revenue			
Net premium earned	171,303	9,485	180,788
Net fees and commission	28,555	481	29,036
Other income	40,065	2,540	42,605
Total segment revenue	239,923	12,506	252,429
Reportable segment profit before tax	68,175	6,697	74,872
Reportable segment assets	832,779	27,453	860,232
Reportable segment liabilities	524,752	1,807	526,559

6 NET PREMIUM INCOME

30 June 2021 30 June 2020
Birr'000 Birr'000

6.1 Gross premiums on insurance contracts

Life insurance	11,867	10,795
Non-life insurance	350,154	259,752
Total gross written premium	362,021	270,547
Change in unearned premium provision	(27,151)	(10,834)
Total gross premium income	334,870	259,713

6.2 Premiums ceded to reinsurers on insurance contracts

Life insurance premium ceded	(928)	(1,310)
Non-life insurance premium ceded	(125,267)	(77,615)
Total premiums ceded to reinsurers	(126,195)	(78,925)
Total net premium income	208,675	180,788



ABAY INSURANCE S.C.



ABAY INSURANCE S.C. NOTES TO THE FINANCIAL STATEMENTS AS AT JUNE 30, 2021

An excess of loss reinsurance cover for long-term insurance contracts was purchased at a cost of ETB 198 (2021: ETB 167:2020). There were no events in the reporting periods that prompted losses of sufficient size to trigger a recovery from these contracts. The excess of loss reinsurance cover for life insurance business was purchased with an inception date of 1 July; there is therefore no unearned reinsurance asset at year-end.

7 FEE AND COMMISSION INCOME

	30 June 2021	30 June 2020
	Birr'000	Birr'000
Policy administration services	9,444	5,262
Reinsurance commission income	31,472	23,774
Total fees and commission income	40,916	29,036

Fee and commission income represents commission received on direct business and transactions ceded to re-insurance during the year under review.

8 NET BENEFITS AND CLAIMS

	30 June 2021	30 June 2020
	Birr'000	Birr'000
8.1 Claims expenses		
Life insurance contracts	6,270	3,933
Non-life insurance contracts	113,145	103,022
Total claims expenses	119,415	106,955
8.2 Claims recoverable from reinsurers		
Claims recovered from life insurance contracts	-	-
Claims recovered from non-life insurance contracts	(22,141)	(14,146)
Increase in provision for outstanding claims recoverable	14,770	(17,089)
Total claims recovered from reinsurers	(7,371)	(31,235)
8.3 Gross change in contract liabilities		
Change in life insurance contract liabilities	2,474	737
Change in non-life insurance contract liabilities	9,214	25,666
Change in life insurance contract IBNR provision	145	118
Change in non-life insurance contract IBNR provision	3,124	1,791
Claims recoveries	(4,879)	(6,408)
Total gross change in contract liabilities	10,078	21,904
	122,122	97,624

ABAY INSURANCE S.C.
NOTES TO THE FINANCIAL STATEMENTS
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	30 June 2021	30 June 2020
	Birr'000	Birr'000
9 UNDERWRITING COMMISSION EXPENSES		
Commission paid	8,983	10,794
Changes in deferred acquisition cost	3,744	966
Total underwriting commission expenses	12,727	11,760

	30 June 2021	30 June 2020
	Birr'000	Birr'000
10 Investment income		
Dividend income	10,809	10,569
Interest income on cash and bank balances	34,212	27,958
Total investment income	45,021	38,527

	30 June 2021	30 June 2020
	Birr'000	Birr'000
11 Other operating income		
Profit from sale of property, plant & equipment	-	-
Interest income on staff loans	-	254
Sundry income	4,390	3,824
Total other operating income	4,390	4,078

	30 June 2021	30 June 2020
	Birr'000	Birr'000
12 EMPLOYEE BENEFITS EXPENSE		
Short term employee benefits:		
Salaries	32,189	25,556
Staff allowances	2,644	2,125
Other staff expenses	9,727	8,878
Pension costs		
Defined contribution plan	3,516	2,267
Defined benefit plan expense (Note 27)	547	585
	48,623	39,411

	30 June 2021	30 June 2020
	Birr'000	Birr'000
13 OTHER OPERATING EXPENSES		
Rental expenses	2,855	3,297
Communication	1,044	955
Utilities	199	177
Stationery and printing	1,284	1,210
Advertising and Notices	2,416	820
Transport, per diem	491	903
Fuel and lubricant	1,654	1,450
Repair and maintenance	3,402	1,980
Membership fee and contribution	1,965	3,753
Property insurance	1,808	736



ABAY INSURANCE S.C



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NOTES TO THE FINANCIAL STATEMENTS
AS AT JUNE 30, 2021

Penalties and fines	9	19
Entertainment	455	243
Legal and professional fee	474	306
Audit fee	86	103
Board of directors' fee	868	854
Financial expenses	124	41
Other operating expenses	7,401	3,512
	26,535	20,359

14 COMPANY INCOME AND DEFERRED TAX

14a Current income tax

Company income tax	8,328	10,350
Deferred income tax/(credit) to profit or loss	2,824	1,499
Total charge to profit or loss	11,152	11,849
Tax (credit) on other comprehensive income	30	(64)
Total tax in statement of comprehensive income	11,182	11,785

14b Reconciliation of effective tax to statutory tax

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

	30 June 2021	30 June 2020
	Birr'000	Birr'000
Profit before tax	78,900	74,872
Add: Profit from life insurance business	-	-
	78,900	74,872
Add: Disallowed expenses		
Entertainment	418	758
Penalty	9	20
Staff leave provision	1,809	817
Provision for Bonus	5,738	5,409
Donation	10	724
Lease Amortization	3,920	2,372
Severance Expense	1,779	1,133
Depreciation for accounting purpose	10,083	8,403
Amortization for accounting purpose	-	-
Total disallowable expenses	23,766	19,636
Less: Allowed expenses		
Depreciation for tax purpose	15,727	13,039
Dividend income taxed at source (Note 10)	10,809	10,569
Bonus paid	5,006	2,946
Rent Expense	5,983	2,935
Prepaid tax on Rental Income	-	-
Unappropriated Actuarial surplus - Taxed at 2018/9	3,169	2,307



ABAY INSURANCE S.C.
NOTES TO THE FINANCIAL STATEMENTS
AS AT JUNE 30, 2021

Interest income taxed at source-Local Deposit (Note 10)	34,212	28,212
Total allowed expenses	74,905	60,008
Taxable profit	27,761	34,500
Current tax at 30%	8,328	10,350
Deferred tax	2,824	1,499
Income tax expense/ (credit) recognised in profit or loss	11,152	11,849

	30 June 2021	30 June 2020
	Birr'000	Birr'000
14c Current income tax liability		
Balance at the beginning of the year	677	(966)
Charge for the year:		
Income tax expense	8,328	10,350
Withholding tax paid	(3,807)	(3,161)
Payment during the year	(7,189)	(5,546)
Balance at the end of the year	(1,991)	677

14d 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.

	30 June 2021	30 June 2020
	Birr'000	Birr'000
The analysis of deferred tax assets/(liabilities) is as follows:		
To be recovered after more than 12 months	(6,844)	(3,990)
To be recovered within 12 months		

(6,844) (3,990)

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):

	At 1 July 2020	Credit/ (charge) to profit or loss	Credit/ (charge) to equity	30 June 2021
	Birr'000	Birr'000	Birr'000	Birr'000
Property, plant and equipment	(4,330)	(3,048)		(7,378)
Post employment benefit obligation	340	224	(30)	534
Total deferred tax assets/(liabilities)	(3,990)	(2,824)	(30)	(6,844)



ABAY INSURANCE S.C



**ABAY INSURANCE S.C.
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**Deferred income tax assets/
(liabilities):**

	At 1 July 2019	Credit/ (charge) to profit or loss	Credit/ (charge) to equity	30 June 2020
	Birr'000	Birr'000	Birr'000	Birr'000
Property, plant and equipment	(2,784)	(1,546)	-	(4,330)
Post employment benefit obligation	229	47	64	340
Total deferred tax assets/(liabilities)	(2,555)	(1,499)	64	(3,990)

15 CASH AND BANK BALANCES

Cash in hand
Short term deposit with local banks
Fixed term deposit with local banks

30 June 2021	30 June 2020
Birr'000	Birr'000
6,945	1,819
101,985	81,591
290,966	220,911
399,896	304,321

Current
Non- current

30 June 2021	30 June 2020
Birr'000	Birr'000
108,930	83,410
290,966	220,911
399,896	304,321

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

Cash in hand
Short term deposit with local banks

30 June 2021	30 June 2020
Birr'000	Birr'000
6,945	1,819
101,985	81,591
108,930	83,410

16 INVESTMENT SECURITIES

Available for sale:
Equity Investments

30 June 2021	30 June 2020
Birr'000	Birr'000
123,382	106,900
123,382	106,900

Loans and receivables:
Ethiopian Government Bonds

-	-
-	-
123,382	106,900



ABAY INSURANCE S.C.
NOTES TO THE FINANCIAL STATEMENTS
AS AT JUNE 30, 2021

	30 June 2021	30 June 2020
	Birr'000	Birr'000
Current	-	-
Non-Current	-	-
	-	-

The Company hold equity investments in Abay Bank S.C of 1.69% (30 June 2021: 1.95%, 30 June 2020), Ethiopian Re-insurance Company 3.51% (30 June 2021: 4.44%, 30 June 2020), Abay Industry S.C 0.5%(30 June 2021: 0.782%, 30 June 2020), Amhara Bank S.C. 0.06% (30 June 2021), Enat Bank S.C. 0.29% (30 June 2021: 0.32%, 30 June 2020) and Amhara Credit and Saving Institution (ACSI) 0.13%(30 June 2021) . These investments are unquoted equity securities measured at cost.

The fair value of the unquoted equity securities carried at cost cannot be reliably estimated as there are no active market for these financial instruments; they have therefore been disclosed at cost less impairment.

17 TRADE RECEIVABLES

Due from policy holders
Due from re-insurers

Less: impairment allowance

	30 June 2021	30 June 2020
	Birr'000	Birr'000
	440	440
	165,856	108,814
	166,296	109,254
	(441)	(440)
	165,855	108,814

17.1 The movements in impairment allowance on trade receivables is analyzed as follows:

Balance beginning of the year
Impairment (reversal)/Impairment charge during the year
Balance end of year

	30 June 2021	30 June 2020
	Birr'000	Birr'000
	440	439
	1	1
	441	440

18 REINSURANCE ASSETS

Reinsurers' share of claims reported and loss adjustment expenses (Note 24)
Reinsurance share of Incurred But Not Reported (IBNR claims) (Note 24)
Reinsurer's share of unearned premium (Note 24)
Reinsurer's share of expected recoveries from salvage (Note 24)

	30 June 2021	30 June 2020
	Birr'000	Birr'000
	38,773	53,543
	5,964	5,047
	52,592	38,946
	(3,496)	(3,890)
	93,833	93,646



ABAY INSURANCE S.C



ABAY INSURANCE S.C. NOTES TO THE FINANCIAL STATEMENTS AS AT JUNE 30, 2021

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 in respect to the reinsurance of insurance contracts approximate fair value at the reporting date.

19 DEFERRED ACQUISITION COST

	30 June 2021 Birr'000	30 June 2020 Birr'000
Deferred acquisition cost - Engineering	1,835	634
Deferred acquisition cost -Fire	426	426
Deferred acquisition cost -Liability	700	476
Deferred acquisition cost -Marine	214	171
Deferred acquisition cost -Motor	1,446	1,191
Deferred acquisition cost -Accident	113	62
Deferred acquisition cost -Bonds	4,716	2,719
Deferred acquisition cost -Workmens	77	104
	9,527	5,783

This represents commission on unearned premium relating to the unexpired tenure of risk.

	30 June 2021 Birr'000	30 June 2020 Birr'000
The movement in deferred acquisition costs is as follows:		
As at 1 July	5,783	4,817
Movement during the year	3,744	966
As at 30 June	9,527	5,783

20 OTHER ASSETS

	30 June 2021 Birr'000	30 June 2020 Birr'000
Financial assets		
Staff loan	6,719	5,829
Staff saving	260	260
Staff debtors	2,170	646
Other debtors	3,942	2,611
Gross amount	13,091	9,346
Less: Specific impairment	-	-
	13,091	9,346
Non-Financial assets		
Prepaid staff expense	(1,856)	1,571
Withholding tax receivable	615	619
Prepayments	2,909	5,919
	1,668	8,109
Net amount	14,759	17,455

ABAY INSURANCE S.C.
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	30 June 2021 Birr'000	30 June 2020 Birr'000
Current	7,293	8,306
Non- current	7,466	9,149
	14,759	17,455
The movement in impairment allowance for other assets is analysed as follows:		
	30 June 2021 Birr'000	30 June 2020 Birr'000
Balance at beginning of the year	-	-
(Recovery)/allowance made during the year for doubtful recoverables	-	-
Balance at end of year	-	-

21 INTANGIBLE ASSETS

	30 June 2021 Birr'000	30 June 2020 Birr'000
As at 1 July	4,619	4,619
Software in development		
As at 30 June	4,619	4,619

22 PROPERTY, PLANT AND EQUIPMENT

22.1 Property, plant and equipment comprise owned and leased assets that donot meet the defination of investment porperty.



ABAY INSURANCE S.C.
NOTES TO THE FINANCIAL STATEMENTS
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	Lease Property	Building	Furniture, fixture and fittings	Equip- ment	Automobiles	Comput- er equip- ment	Total
	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000
Cost							
As at 1 July 2019	419	137,803	3,333	1,089	37,548	2,925	183,117
Additions	4,619	28	513	515	8,587	6,597	20,859
Reclassifications					268		268
Disposals			-	-	-	-	-
As at 30 June 2020	5,038	137,831	3,846	1,604	46,403	9,522	204,244
As at 1 July 2020	5,038	137,831	3,846	1,604	46,403	9,522	204,244
Additions	4,824	261	1,517	1,269	10,555	3,694	22,120
Disposals			-	-	-	-	-
Reclassification			-	-	-	-	-
As at 30 June 2021	9,862	138,092	5,363	2,873	56,958	13,216	226,364
Accumulated de- preciation							
As at 1 July 2019	10	1,617	1,415	314	13,320	1,737	18,413
Charge for the year	10	2,745	366	179	3,936	1,168	8,404
Disposals			-	-	(249)	-	(249)
As at 30 June 2020	20	4,362	1,781	493	17,007	2,905	26,568
	Land Lease	Building	Furniture, fixture and fittings	Equip- ment	Automobiles	Comput- er equip- ment	Total
	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000
Accumulated de- preciation							
As at 1 July 2020	20	4,362	1,781	493	17,007	2,905	26,568
Charge for the year	10	2,766	380	334	4,915	1,677	10,083
Disposals			-	-	-	-	-
As at 30 June 2021	31	7,128	2,161	827	21,922	4,582	36,651
Net book value							
As at 30 June 2020	5,018	133,469	2,065	1,111	29,396	6,617	177,676
As at 30 June 2021	9,831	130,964	3,202	2,046	35,035	8,634	189,712

22.2 Leases

A) As a Lessee

The company presents right of use of assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in "other liabilities" in statement of financial position. The company's leases is mainly dominated by branch offices leases.

ABAY INSURANCE S.C.
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	30 June 2021	30 June 2020
	Birr'000	Birr'000
Property, plant and equipment' owned	180,284	173,066
Right-of-use assets	9,428	4,619
	189,712	177,685
Right-of-use assets	30 June 2021	30 June 2020
	Birr'000	Birr'000
Balance as 1 July	4,619	-
Additions to the right-of-use assets during the year.	8,290	6,501
Depreciation charge for the year	3,481	1,882
Balance as 30 June	9,428	4,619
Lease liabilities	30 June 2021	30 June 2020
	Birr'000	Birr'000
Maturity analysis - Contractual undiscounted cash flows		
Less than one year	222	1,745
One to five years	6,229	681
More than five years	-	-
Total discounted lease liabilities	6,451	2,426
Lease liabilities included in the statement of financial position at 30 June 2021	30 June 2021	30 June 2020
	Birr'000	Birr'000
Current	3,603	1,745
Non-current	2,848	681

The company recognizes a lease liability at the present value of the lease payments that are not paid at that date. The company uses an incremental borrowing rate that is based on the interest rate that the company would have to pay on the commencement date of the lease for a loan of similar term, and with a similar security, to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The rate used to compute the present value of this lease liability was 11.50%

	Birr'000	Birr'000
	30 June 2021	30 June 2020
Amount recognised in profit or loss		
In thousands of ETB		
Interest on lease liabilities		
Variable lease payments not included in the measurement of lease liabilities	444	490
Income from sub-leaseing right-of-use assets		
Expenses relating short-term leases	2,854	3,297
Expenses relating to leases of low-valued assets, excluding short-term leases of low-value assets		
Amount recognised in the statement of cash flows	30 June 2021	30 June 2020
Total cash outflows for leases	Birr'000	Birr'000

B) As a Lessor

Lease income from lease contracts in which the company acts as a lessor is as below.

	30 June 2021	30 June 2020
	Birr'000	Birr'000
Finance lease		
Finance income on the net investment in the lease		
Operating lease		
Lease income	3,713	3,287



ABAY INSURANCE S.C



ABAY INSURANCE S.C. NOTES TO THE FINANCIAL STATEMENTS AS AT JUNE 30, 2021

23 STATUTORY DEPOSIT

This relates to the amount deposited with National Bank of Ethiopia in line with Article 20 of the Insurance Business Proclamation No. 746/2012. 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 ETB 46,982 (2021: Birr 41,018 million 2020: Birr 31,414 million) that is transferred to Ethiopian Government Saving Bond for the acquisition of Great Renaissance dam. The Bonds bears interest income of 6% /8% per annum."

Balance beginning of the year
Additions
Interest receivable on statutory deposit invested in government bond
Balance end of year

30 June 2021	30 June 2020
Birr'000	Birr'000
41,018	31,414
49	49
5,915	9,555
46,982	41,018

24 INSURANCE CONTRACT LIABILITIES

Gross

Non-life insurance contracts

Claims reported and loss adjustment expenses
Claims incurred but not reported (IBNR)
Total outstanding claims provision
Unearned premium

30 June 2021	30 June 2020
Birr'000	Birr'000

172,969	170,163
26,508	22,475
199,477	192,638
179,888	139,082
379,365	331,720

Life insurance contracts

Life fund liability
Claims incurred but not reported (IBNR)
Total Life fund
Claims reported and loss adjustment expenses
Expected recoveries from salvage and subrogation reimbursements

8,318	7,810
1,094	948
9,412	8,758
3,480	1,006
(8,375)	(10,298)

Total insurance liabilities, gross

383,883	331,186
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Reinsurance assets:

Non-life insurance contracts
Reinsurers' share of claims reported and loss adjustment expenses
Reinsurers' share of Incurred But Not Reported (IBNR claims)
Reinsurer's share of unearned premium
Expected recoveries from salvage and subrogation reimbursements

38,773	53,543
5,964	5,047
52,592	38,946
(3,496)	(3,890)

Life insurance contracts

Reinsurers' share of outstanding claims provision

93,833	93,646
---------------	---------------

Total reinsurers' share of insurance liabilities

-	-
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Net

Non-life insurance contracts
Claims reported and loss adjustment expenses
Claims incurred but not reported (IBNR)

93,833	93,646
134,196	116,620
20,544	17,428

ABAY INSURANCE S.C.
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Total outstanding claims provision	154,740	134,048
Unearned premium	127,296	100,136
	282,036	234,184
Life insurance contracts		
Outstanding claims provision	12,892	8,758
	12,892	8,758
Expected recoveries from salvage and subrogation reimbursements	(4,879)	(6,408)
Total insurance liabilities, net	290,050	236,534
Maturity analysis		
Current	277,157	227,776
Non-current	12,892	8,758
	290,050	236,534

The gross claims reported, the loss adjustment expenses liabilities and the liability for claims incurred but not reported are net of expected recoveries from salvage and subrogation.

Movements in insurance liabilities and reinsurance assets

a Non-life insurance contracts:

	30 June 2021			30 June 2020		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000
Short-term insurance contracts:						
(i) Outstanding claims provision						
At 1 July	192,638	(58,590)	134,048	171,111	(42,741)	128,370
Notified claims	2,806	14,770	17,576	21,032	(17,114)	3,918
IBNR	2,512	(917)	1,595	2,017	1,265	3,282
As at 30 June	197,956	(44,737)	153,219	194,160	(58,590)	135,570
At 1 July	192,638	(58,590)	134,048	171,111	(42,741)	128,370
Cash paid for claims settled in year (Note 8)	(113,145)	14,146	(98,999)	(103,022)	16,628	(86,394)
Increase in liabilities:						
– Arising from current-year claims	112,227	(293)	111,934	119,835	(32,477)	87,358
– Arising from prior-year claims	6,236		6,236	6,236		6,236
As at 30 June	197,956	(44,737)	153,219	194,160	(58,590)	135,570



ABAY INSURANCE S.C



**ABAY INSURANCE S.C.
NOTES TO THE FINANCIAL STATEMENTS
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(ii) Provisions for unearned premiums
30 June 2021

Engineering & Energy
General liability
Marine and Transit
Motor
Personal accident
Pecuniary
Fire and Lightening
Workmen Compensation

Gross Birr'000	Reinsurance Birr'000	Net Birr'000
23,243	(14,870)	8,373
9,994	(2,767)	7,227
3,372	(332)	3,040
76,247	(3,997)	72,250
5,079	(254)	4,825
49,769	(26,360)	23,409
10,726	(3,939)	6,787
1,458	(73)	1,385
179,888	(52,592)	127,296

30 June 2020

Engineering & Energy
General liability
Marine and Transit
Motor
Personal accident
Pecuniary
Fire and Lightening
Workmen Compensation

Gross Birr'000	Reinsurance Birr'000	Net Birr'000
18,225	(13,241)	4,984
5,535	(1,284)	4,251
3,033	(552)	2,481
63,476	(3,178)	60,298
4,096	(185)	3,911
33,999	(16,402)	17,597
9,073	(4,031)	5,042
1,645	(73)	1,572
139,082	(38,946)	100,136

	30 June 2021			30 June 2020		
	Gross Birr'000	Reinsurance Birr'000	Net Birr'000	Gross Birr'000	Reinsurance Birr'000	Net Birr'000
At 1 July	139,082	(38,946)	100,136	124,364	(35,089)	89,275
Change in unearned premium	40,806	(13,646)	27,160	14,718	(3,857)	10,861
As at 30 June	179,888	(52,592)	127,296	139,082	(38,946)	100,136

These provisions represent the liability for short-term insurance contracts for which the Company's obligations are not expired at year-end.

b Life insurance contracts:

Life insurance fund

30 June 2021	30 June 2020
Birr'000	Birr'000

At 1 July

Increase in claims incurred but not reported:

Term	768	572
Endowment	4	62
Permanent health	322	315
	1,094	949

Increase in individual life fund:

ABAY INSURANCE S.C.
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Net premium income	10,939	9,485
Fee and commission income	155	481
Net claims expenses	(8,889)	(4,788)
Underwriting expenses	(10)	(218)
Investment income	2794	2,540
Employee benefit expense	(990)	(745)
Other operating expenses	(664)	(58)
	3,335	6,697
	3,335	6,697

As at 30 June

The Company did not cede any of these liabilities to its reinsurers.

The Company carried out an actuarial valuation to determine the actuarial liabilities for its life fund as at the reporting date. The results of the actuarial valuation are summarised below

	30 June 2021	30 June 2020
	Birr'000	Birr'000
Actuarial liabilities	4,985	5,615
Unappropriated profit	1,689	1,689
Actuarial surplus	3,528	3,528
Life fund	10,202	10,832

25 TRADE PAYABLES

Due to reinsurer

30 June 2021	30 June 2020
Birr'000	Birr'000
216,367	134,708
216,367	134,708

26 Other liabilities

Financial liabilities

Commission payable

Bonus accrued

Sundry creditors

Staff accrued leave pay

Dividend payable

Directors' allowance

30 June 2021	30 June 2020
Birr'000	Birr'000

1,957	1,704
5,867	5,059
260	910
4,677	2,868
6,615	5,340
-	-
19,376	15,881

Non-financial liabilities

Withholding Tax Payable

Payroll taxes payable

NBE payable

Cost sharing payable

Accrued charges

VAT payable

Defined Contribution liabilities

Other payables

Deferred commission income

249	773
1,003	809
-	9,011
134	-1
669	529
700	1,104
698	529
13,504	13,961
18,306	12,269
35,263	38,984

Gross amount

54,639	54,865
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ABAY INSURANCE S.C



**ABAY INSURANCE S.C.
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	30 June 2021 Birr'000	30 June 2020 Birr'000
Current	11,222	19,270
Non- current	43,417	35,590
	54,639	54,860

27 DEFINED BENEFIT OBLIGATIONS

Defined benefits liabilities:

– Severance pay (Note27a)

Liability in the statement of financial position

Income statement charge included in personnel expenses:

– Severance pay (Note27a)

Total defined benefit expenses

Remeasurements for:

– Severance pay (Note27a)

	30 June 2021 Birr'000	30 June 2020 Birr'000
	1,779	1,133
	1,779	1,133
	547	585
	547	585
	99	(214)
	99	(214)

The income statement charge included within personnel expenses includes current service cost, interest cost, past service costs on the defined benefit schemes.

27a SEVERANCE PAY

The Company employees are entitled to a Severance Benefit. The Severance Benefit Entitlement is provided under the Labour Proclamation No. 1159/2019 effective from 05 September 2019, and 494/2006 effective date date 29 June 2006 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 of service, payment is increased by a third of the benefit for every additional year of service provided that the total amount does not exceed twelve months' wage of the employee. This benefit is also entitled to employees in the event of death in service, voluntary resignation and disability after 5 years of service.

Where a worker dies before receiving severance pay, his dependents will be paid: 2 months wages for funeral expenses A sum of 5 times the annual salary of the deceased and shall be paid in lump sum 50% to spouse, 10% each child, and 10% each parent. The total amount of the dependents' benefit should be add up to 100%

The overall net effect of these additional benefits is an increase in the past service cost. Below are the details of movements and amounts recognised in the financial statements:

30 June 2021 – 30 June 2020



ABAY INSURANCE S.C.
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	Birr'000	Birr'000
A Liability recognised in the financial position	1,779	1,133
B Amount recognised in the profit or loss	30 June 2021 Birr'000	30 June 2020 Birr'000
Current service cost	360	465
Interest cost	187	120
	547	585
C Amount recognised in other comprehensive income:	30 June 2021 Birr'000	30 June 2020 Birr'000
Remeasurement (gains)/losses arising from participant's movement	99	(214)
Tax credit /(charge)		
	99	(214)

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

	30 June 2021 Birr'000	30 June 2020 Birr'000
At the beginning of the year	1,133	762
Current service cost	360	769
Interest cost	187	120
Remeasurement (gains)/ losses	99	(214)
Past service cost		205
Benefits paid		(509)
At the end of the year	1,779	1,133

The significant actuarial assumptions were as follows:

i) Financial Assumption Long term Average

	30 June 2021 Birr'000	30 June 2020 Birr'000
Discount Rate (p.a)	14.25%	14.25%
Future salary increases (p.a)	7%	7%
Mortality assumptions - Males	A1945 - 52 males	A1945 - 52 males
Mortality assumptions - Females	A1945 - 52 females	A1945 - 52 females
Weighted average duration of defined benefit obligation	4.9	4.9



ABAY INSURANCE S.C



ABAY INSURANCE S.C. **NOTES TO THE FINANCIAL STATEMENTS** **AS AT JUNE 30, 2021**

ii) Mortality in Service

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

Age	Mortality rate	
	Male (%)	Female (%)
20	0.111	0.111
25	0.112	0.111
30	0.116	0.113
35	0.132	0.120
40	0.188	0.147
45	0.330	0.231
50	0.599	0.420
55	1.035	0.750
60	1.720	1.272

iii) Withdrawal from Service

The withdrawal rates are believed to be reasonably representative of the Ethiopian experience. The valuation assumed a rate of withdrawal of 15% at the youngest ages falling with increasing age to 0% at age 60.

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

	30 June 2021				
	Scenario 1Base	Scenario 2 Discount rate increased by 1%	Scenario 2 Salary rate increased by 1%	Scenario 2 Discount rate decreased by 1%	Scenario 2 Salary rate decreased by 1%
Discount rate	14.25%	15.25%	14.25%	13.25%	14.25%
Salary rate	7.00%	7.00%	8.00%	7.00%	6.00%
	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000
Net liability at start of period	1,133	1,133	1,133	1,133	1,133
Total net expense recognised in income statement	1,199	1,199	1,199	1,199	1,199
Net increase recognised in other comprehensive income	99	28	174	178	30
Employer contributions	(652)	(652)	(652)	(652)	(652)
Net liability at end of period	1,779	1,708	1,854	1,858	1,711

	30 June 2020				
	Scenario 1Base	Scenario 2 Discount rate increased by 1%	Scenario 3 Salary rate increased by 1%	Scenario 4 Discount rate decreased by 1%	"Scenario 5 Salary rate decreased by 1%
Discount rate	14.25%	15.25%	14.25%	13.25%	14.25%
Salary rate	7.00%	7.00%	8.00%	7.00%	6.00%
		Birr'000	Birr'000	Birr'000	Birr'000
Net liability at start of period	762	762	762	762	762
Total net expense recognised in income statement	1,094	1,094	1,094	1,094	1,094
Net increase recognised in other comprehensive income	(214)	(265)	(160)	(158)	(263)
Employer contributions	(509)	(509)	(509)	(509)	(509)
Net liability at end of period	1,133	1,082	1,187	1,189	1,084

ABAY INSURANCE S.C. NOTES TO THE FINANCIAL STATEMENTS AS AT JUNE 30, 2021

The current arrangements are unfunded with no pre-determined contributions. The Company however meets benefit payments on a pay- as-you-go basis. The expected contribution to post-employment benefit plan for the year ending 30th June 2021 is ETB 652.

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.

28 SHARE CAPITAL AND SHARE PREMIUM

Authorised:

Ordinary shares of Birr 1,000 each

Issued and fully paid:

Ordinary shares of Birr 1,000 each

Share premium

Total share capital and share premium

	30 June 2021 Birr'000	30 June 2020 Birr'000
	300,000	300,000
	280,512	234,308
	1,351	1,351
	281,863	235,659

28.1 Movements in ordinary shares and share premium:

	No. of shares	Share capital Birr'000	Share premium Birr'000	Total Birr'000
At 1 July 2019	180,000	180,000	1,351	181,351
Issued during the year	54,308	54,308		54,308
As at 30th June 2020	234,308	234,308	1,351	235,659
At 1 July 2020	9,372	234,308	1,351	235,659
Issued during the year	-	-		-
As at 30th June 2021	9,372	234,308	1,351	235,659

29 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.



ABAY INSURANCE S.C



**ABAY INSURANCE S.C.
NOTES TO THE FINANCIAL STATEMENTS
AS AT JUNE 30, 2021**

Profit attributable to shareholders
Weighted average number of ordinary shares in issue
Basic & diluted earnings per share (Birr)

30 June 2021	30 June 2020
Birr'000	Birr'000
67,748	63,022
274,642	226,156
0.25	0.28

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 2021:nil, 30 June 2020: nil), hence the basic and diluted loss per share have the same value.

30 RETAINED EARNINGS

At the beginning of the year
Profit/ (loss) for the year
Other comprehensive income
Transfer to legal reserve
Dividend paid
Increase in actuarial liability - Long term Insurance
At the end of the year

30 June 2021	30 June 2020
Birr'000	Birr'000
63,775	49,856
67,748	63,023
(129)	278
(6,775)	(6,137)
(59,944)	(41,289)
(508)	(1,956)
64,168	63,775

31 LEGAL RESERVE

At the beginning of the year
Transfer from profit or loss
At the end of the year

30 June 2021	30 June 2020
Birr'000	Birr'000
34,239	28,102
6,775	6,137
41,014	34,239

32 CASH GENERATED FROM OPERATING ACTIVITIES

Profit before tax
Adjustments for non- cash items:
Depreciation of property, plant and equipment
Amortisation of intangible assets
Retirement benefit obligations
Gain/(Loss) on disposal of property, plant and equipment
Interest paid

Notes	30 June 2021	30 June 2020
	Birr'000	Birr'000
	78,900	74,872
22	10,083	8,403
21	-	-
27	-	585
	-	(37)
	-	490
	(57,041)	(32,992)
	(3,744)	(966)
	2,696	(1,805)
	(187)	(19,206)

Change in operational assets:

-Decrease/ (Increase) in trade receivables
-Decrease/ (increase) in deferred acquisition cost
-Decrease/ (increase) in other assets
-Decrease/ (Increase) in reinsurance assets

Change in operational liabilities:



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-Increase/ (decrease) in other liabilities & retirement benefit obligations

420 (11,551)

-Increase/(decrease) in trade payables

81,659 20,695

-Increase/(decrease) in insurance contract liabilities**

52,697 36,801

165,483 75,289

In the statement of cash flows, profit on sale of property, plant and equipment comprise:

30 June 2021 30 June 2020
Birr'000 Birr'000

Proceeds on disposal

335

Net book value of property, plant and equipment disposed (Note 20)

298

Gain/(loss) on sale of property, plant and equipment

- 37

**Increase/(decrease) in insurance contract liabilities does not include transfer of life fund from retained earnings.

33 RELATED PARTY TRANSACTIONS

The Licensing & Supervision of Insurance Business Directive No SIB/53/2012 of the National Bank of Ethiopia defined a related party as a shareholder, a director, a chief executive officer, or a senior officer of a Insurance Company and/or their spouse or relation in the first degree of consanguinity or affinity; and a partnership, a common enterprise, a private limited company, a share company, a joint venture, a corporation, or any other business in which officers of the Company and/or their spouse or relation in the first degree of consanguinity or affinity of the officers of the Company has business interest as shareholder, director, chief executive officer, senior officer, owner or partner . The directive stipulates that the identification of related parties shall be the responsibility of the Company.

From the above, only directors were identified to be related parties to the Company. A number of transactions were entered into with related parties in the normal course of business. These are disclosed as follows:

30 June 2021 30 June 2020
Birr'000 Birr'000

a Transactions with related parties

Loans and advances to key management

1,247 724

1,247 724

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 for is shown. There were no sales or purchase of goods and services between the Company and key management personnel as at 30 June 2021.



ABAY INSURANCE S.C



**ABAY INSURANCE S.C.
NOTES TO THE FINANCIAL STATEMENTS
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Salaries and other short-term employee benefits
Post-employment benefits
Termination benefits
Sitting allowance
Other expenses

30 June 2021	30 June 2019
Birr'000	Birr'000
4,279	4,014
47	
428	449
4,753	4,463

34 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 continue to litigate the broadening judicial interpretation of 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 24 and are believed to be adequate based on known facts and current law.

35 Commitments

Operating lease commitments - Company as lessee

The Company leases various properties under non-cancellable operating lease agreements. The lease terms are between two and five years, and majority of these lease agreements are renewable at the end of the each lease period at market rate. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	30 June 2021	30 June 2020
	Birr'000	Birr'000
No later than 1 year	892	3,176
Later than 1 year and no later than 2 years	2,194	-
Later than 2 years but not later than 5 years	3,917	-
Total	7,003	3,176

36 Events after reporting period

In the opinion of the 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 2021 and on the profit for the period ended on that date, which have not been adequately provided for or disclosed.



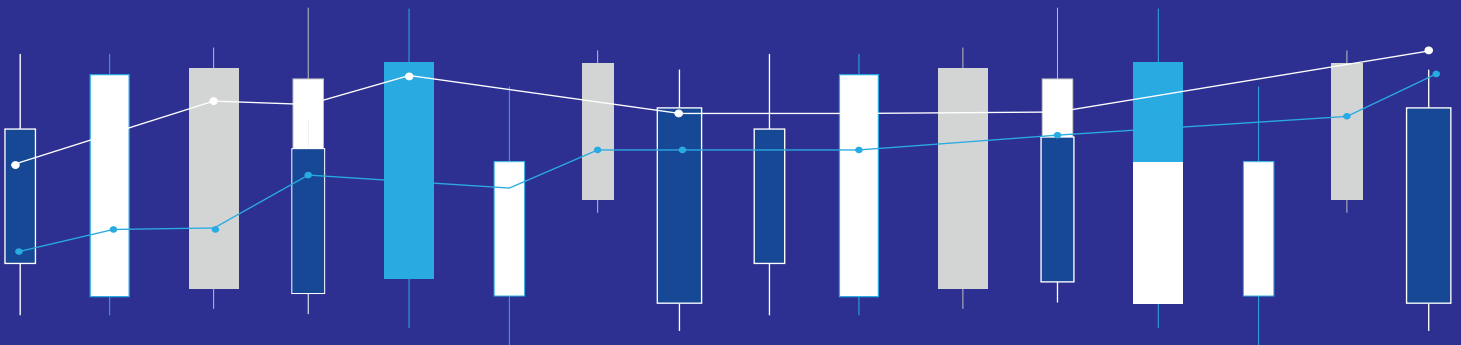


ዓባይ ኢንሹራንስ አ.ማ.

የሒሳብ መግለጫዎች እና አዲት ሪፖርት
23 ሰኔ 2013 ዓ.ም.

ታፈሰ፣ሸሰማ እና አያሌው የአዲት አገልግሎት
የህብረት ሽርክና ማህበር
የተመሰከረላቸው ሂሳብ አዋቂዎች (ዩ.ኤስ)
የተፈቀደላቸው አዲተሮች (ኢትዮጵያ)
ስ.ቁ. 0116180638/ 0118961751/52
ፋክስ 011662 12 60/70
ፖ.ሰ.ቁ. 110690
አዲስ አበባ ኢትዮጵያ

Tafesse, Shisema and Ayalew
Certified Audit Partnership
Chartered Certified Accountant (UK)
Authorized Auditors (Ethiopia)
Tel. 0118961752 Fax 011 662 1260/70
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Addis Ababa-Ethiopia





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የዓባይ ኢንሹራንስ አክሲዮን ማህበር ለ2013 ዓ.ም የበጀት አመት በተዘጋጀው ሂሳብ ላይ የቀረበ የውጭ አዲተሮች ሪፖርት

በሂሳብ መግለጫዎች አዲት ላይ የቀረበ ሪፖርት

የሙያ አስተያየት

ከዚህ ሪፖርት ጋር ተያይዘው የቀረቡትን እ.አ.አ ጁን 30/ 2021 (በእኛ አቆጣጠር ሰኔ 23 ቀን 2013 ዓ.ም) ለተጠናቀቀው የበጀት ዓመት የተዘጋጀውን የዓባይ ኢንሹራንስ አክሲዮን ማህበር የሀብትና ዕዳ፤ የትርፍና ኪሳራ እና ሌሎች ጠቅላላ ገቢዎች፤ በተጣራ ሃብት ላይ የታየ ለውጥ፤ የጥሬ ገንዘብ ፍሰት መግለጫዎች እንዲሁም ኩባንያው የሚከተለውን የሂሳብ አሰራር ፖሊሲዎች እና ማብራሪያዎች ያካተቱትን የሂሳብ መግለጫዎች አዲት አድርገናል።

በእኛ አስተያየት ከዚህ ሪፖርት ጋር ተያይዘው የቀረቡት የሂሳብ መግለጫዎችና አባሪዎቻቸው አለም አቀፍ የፋይናንስ ሪፖርት ደረጃዎችን (IFRS) ተከትለው የተዘጋጁ ሲሆኑ በአጠቃላይ አክሲዮን ማህበሩ እ.አ.አ ጁን 30/2021 የነበረውን ሀብትና ዕዳ እንዲሁም በዚያው ዕለት ላለቀው ዓመት የነበረውን የሂሳብ እንቅስቃሴ እና የጥሬ ገንዘብ ፍሰት በሚገባ ያሳያሉ።

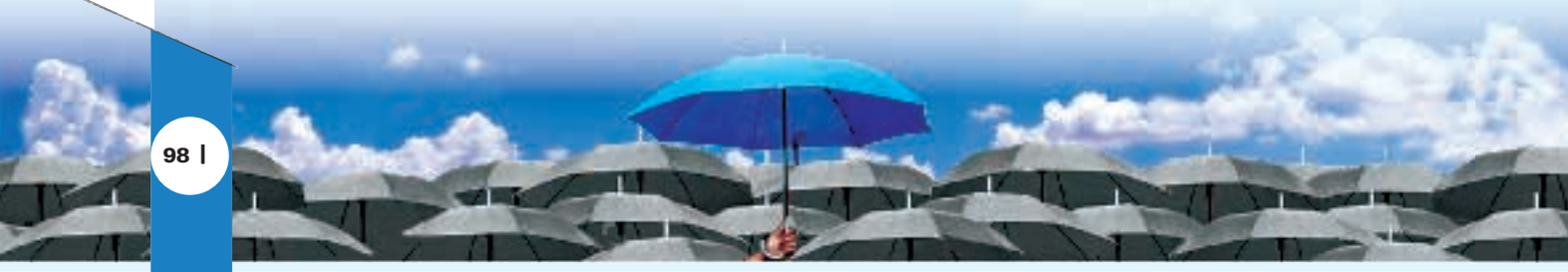
የአስተያየታችን መሰረት

የአዲት ስራችንን ያከናወንነው አለም አቀፍ የአዲት ደረጃዎችን በመከተል ሲሆን በእነዚህ ደረጃዎች መሰረት የሚጠበቅብን ኃላፊነት ከዚህ በታች የአዲተሮች ሃላፊነት በሚለው ርዕስ ስር ተመልክቷል። የአለም አቀፍ የሂሳብ ባለሙያዎች የስነምግባር ደረጃዎች ቦርድ ለሂሳብ ባለሙያዎች ያወጣው የስነ-ምግባር ኮድ በሚጠይቀው መሰረት ከአክሲዮን ማህበሩ ነጻ እና ገለልተኛ ሆነን ስራችንን አከናውናል። እንዲሁም የስነምግባር ደንቡ የሚጠይቃቸውን እና የሚጠበቁብንን ሌሎች ኃላፊነቶች አሟልተናል

ከዚህ በላይ የሰጠነው የሙያ አስተያየት ደረጃውን ተከትለን ባከናወንነው የአዲት ስራና በቀረበልን የአዲት ማስረጃ በመተማመን ነው።

የሂሳብ መግለጫዎችን በተመለከተ የዳሬክተሮች ቦርድ ኃላፊነት

አለም አቀፍ የፋይናንስ ሪፖርት ደረጃዎችን በመከተል የሂሳብ መግለጫዎችን አዘጋጅቶ ማቅረብ እንዲሁም ሆን ተብሎም ሆነ ወይም በስህተት ከሚፈጸም ጉልህ ስህተት ነፃ የሆኑ የሂሳብ መግለጫዎችን ለማዘጋጀት አስፈላጊናቸው ብሎ ያመነባቸውን የውስጥ ቁጥጥር ስርዓቶች መዘርጋት የኢንሹራንሱ የዳሬክተሮች ቦርድ ኃላፊነት ነው። ቦርዱ የሂሳብ መግለጫዎችን በሚያዘጋጅበት ወቅት የኩባንያውን ቀጣይነት በመገምገም ስጋት የሚፈጥሩ ሁኔታዎችን በግልፅ ማመላከትና የኩባንያውን መፍረስ ወይም የአንዳንድ አፕሬሽኖችን ስራ ማቆም ግድ የሚሉ ሁኔታዎች ከሌሉ በስተቀር የኩባንያውን ቀጣይነት በማሰብ ሂሳቡ የተዘጋጀ መሆኑን የመግለፅ ኃላፊነት አለበት። የዳሬክተሮች ቦርድ የኩባንያውን የፋይናንሻል ሪፖርት ሂደት የመከታተል ኃላፊነት አለበት።





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 E-mail: tafessef@gmail.com / tafessef@hotmail.com P.O.Box 110690 Addis Ababa - Ethiopia

የኦዲተሮች ኃላፊነት

የእኛ ኃላፊነት የቀረቡት የሂሳብ መግለጫዎች ሆኑ ተብሎም ሆነ በስህተት ከሚፈፀም ጉልህ ስህተት ነፃ ስለመሆናቸው ምክንያታዊ ማረጋገጫ መስጠትና ይህንኑ አስተያየታችንን በሪፖርታችን መግለፅ ነው። ምክንያታዊ የሆነ ማረጋገጫ ለመስጠት የሚከናወነው የኦዲት ተግባር በሂሳቡ ውስጥ ሊኖሩ የሚችሉ ጉልህ ስህተቶችን በሙሉ ፈልጎ ያገኛል ተብሎ አይጠበቅም ምክንያታዊ ማረጋገጫ በከፍተኛ ደረጃ የሚታይ የማረጋገጥ ሂደት በመሆኑ አለም አቀፍ የኦዲት ደረጃዎችን በመከተል የሚከናወነው ኦዲትም ቢሆን ጉልህ ስህተቶችን ሁል ጊዜ ፈልጎ የማግኘት ዋስትና ስለማይሰጥ ነው። ስህተቶች ሆኑ ተብሎ ወይም በስህተት የሚፈጸሙና በተናጠል ወይም በድምር ጉልህ ሆነው የሂሳብ መግለጫዎችን መሰረት አድርጎ በሚወሰን ኢኮኖሚያዊ ውሳኔ ላይ ተጽዕኖ ሊያሳድሩ ይችላሉ።

የሌሎች ህጋዊ ሁኔታዎች ኦዲት ሪፖርት

በ2013 ዓ.ም በወጣው የኢትዮጵያ ንግድ ህግ አንቀጽ 1243/2013 በሚያዘው መሰረት የቀረበው የዳይሬክተሮች ሪፖርት ላይ የሂሳብ መግለጫዎችን በተመለከተ ከቀረበው ሪፖርት የተለየ አስተያየት የሌለን መሆኑን እየገለፅን ጠቅላላ ጉባኤው የዳይሬክተሮችን ሪፖርት እንዲያፀድቀው አስተያየታችንን እንሰጣለን።

Taf. Shi & Ay.



ታፈሰ፣ ሺሰማ እና አያሌው የኦዲት አገልግሎት የህብረት ሽርክና ማኅበር

የተመሰከረላቸው የሂሳብ አዋቂዎች(ዩኤ)
 የተፈቀደላቸው ኦዲተሮች (ኢትዮጵያ)

ኦዲስ አበባ
 04 ጥቅምት 2014



የዓባይ ኢንሹራንስ አክሲዮን ማህበር
የሀብትና ዕዳ መግለጫ
እ.ኤ.አ 30 ሰኔ 2021

ገንዘብ በኢትዮጵያ ብር

ሀብቶች

ጥሬ ገንዘብ እና ተመጣጣኝ
የኢንሹራንስ ዋስትና ሊሸጥ የሚችል
ሊሸጥ የሚችል
ብድር እና ተሰብሳቢ
የንግድ ተሰብሳቢ
ከጠለፋ ዋስትና ሰጪዎች ተሰብሳቢ
የዘገዩ የደንበኛ ማገኛ ወጪ
ሌሎች ሀብቶች
ግዙፋዊ ኃልዎች የሌላቸው ሀብቶች
ከታክስ የሚገኝ ሀብት
ቋሚ ንብረቶች
እስከ ቀን ገደቡ የሚቆይ ሀጋዊ ተቀማጭ

ማብራሪያ	ሰኔ 30/2021 ብር 000	ሰኔ 30/2020 ብር 000
15	399,896	304,321
16	123,382	106,900
16	-	-
17	165,855	108,814
18	93,833	93,646
19	9,527	5,783
20	14,759	17,455
21	4,619	4,619
14	1,991	-
22.1	189,712	177,676
23	46,982	41,018
	1,050,556	860,232

ጠቅላላ ሀብት

ተከፋይ ዕዳዎች

የኢንሹራንስ ውል ተከፋዮች
የንግድ ተከፋዮች
ሌሎች ተከፋዮች
የአመቱ የትርፍ ግብር ተከፋይ
የጡረታ ግዴታዎች
ወደፊት የሚከፈል ትርፍ ግብር
ጠቅላላ ዕዳዎች

24	383,883	331,186
25	216,367	134,708
26	54,639	54,865
14	-	677
27	1,779	1,133
14	6,844	3,990
	663,512	526,559

የባለ አክሲዮኖች ሀብት

የተከፈለ ካፒታል
የአክሲዮን ሽያጭ ትርፍ
የተጠራቀመ ትርፍ
ሕጋዊ መጠበቂያ

28	280,512	234,308
28	1,351	1,351
30	64,168	63,775
31	41,014	34,239
	387,044	333,673

ጠቅላላ የባለአክሲዮኖች ሀብት

387,044 333,673

ጠቅላላ የባለአክሲዮኖች ሀብትና ዕዳ

1,050,556 860,232

በሪፖርቱ የተመለከቱት ማብራሪያዎች የሂሳብ መግለጫዎች አካል ናቸው፡፡

የኩባንያው የዳይሬክተሮች ቦርድ የሂሳብ መግለጫዎች እንዲታተሙ ጥቅምት 4/2014 አፅድቋል፡፡ ቦርዱን በመወከል የፈረሙት፡



ዮሐንስ ዘውዴ
ዋና ስራ አስፈጻሚ



አባተ ስጦታው
የቦርድ ሊቀመንበር



**የዓባይ ኢንሹራንስ አክሲዮን ማህበር
የትርፍ /ኪሳራ/ እና ሌሎች አጠቃላይ ገቢዎች መግለጫ
እ.ኤ.አ 30 ሰኔ 2021 ላለቀው ዓመት**

ገንዘብ በኢትዮጵያ ብር

		ሰኔ 30/2021	ሰኔ 30/2020
	ማብራሪያ	ብር 000	ብር 000
ያልተጣራ አረቦን	6.1	334,870	259,713
ለመድን ሰጭዎች የተላለፈ	6.2	(126,195)	(78,925)
የተጣራ አረቦን		208,675	180,788
የኮሚሽን ገቢ	7	40,916	29,036
የተጣራ የመድን ውል ሥራ ገቢ		249,591	209,824
የካሣ ክፍያ	8.1	119,415	106,955
ሊቀነስ ከዋስትና ሰጭዎች የሚተካ	8.2	(7,371)	(31,235)
የውል ዕዳ ለውጥ	8.3	10,078	21,904
የተጣራ የካሣ ክፍያ ወጪ		122,122	97,624
የመድን ውል ሥራ ወጪ	9	12,727	11,760
የኮሚሽን ወጪ			
ጠቅላላ የመድን ውል ሥራ ወጪ		134,849	109,384
የመድን ሥራ ውል ትርፍ		114,742	100,440
የኢንሹራንትዎች የተገኘ ገቢ	10	45,021	38,527
ሌሎች የአፕሬሽን ገቢዎች	11	4,390	4,078
		49,411	42,605
የተጣራ ገቢ		164,153	143,045
የተሰብሳቢዎች የዋጋ ቅናሽ	17.1	(1)	(1)
የቋሚ ሀብት የእርጅና ቅናሽ	22	(10,094)	(8,403)
የሌሎች ሀብቶች የዋጋ ቅናሽ	20	-	-
የሰራተኛ ጥቅማጥቅም ወጪ	12	(48,623)	(39,411)
ሌሎች የአፕሬሽን ወጪዎች	13	(26,535)	(20,359)
ከግብር በፊት የተገኘ ትርፍ		78,900	74,871
ወደፊት የሚከፈል ትርፍ ግብር	14b	(11,152)	(11,849)
ትርፍ ከታክስ በኋላ		67,748	63,022
ሌሎች አጠቃላይ ገቢዎች			
ወደፊት ወደ ትርፍና ኪሳራ የማይዞሩ			
የጡረታ ክፍያ እንደገና ግመታ ትርፍ/ኪሳራ/	27	(99)	214
በእንደገና ግመታ ከተገኘ ትርፍ/ኪሳራ/ የመነጨ ሀብት/ዕዳ	14	(30)	64
		(129)	278
የአመቱ አጠቃላይ ገቢ		67,620	63,301
በአንድ አክሲዮን የተገኘ ገቢ	29	0.25	0.28



ABAY INSURANCE S.C



የዓባይ ኢንሹራንስ አክሲዮን ማህበር
የጥሬ ገንዘብ ፍሰት መግለጫ
እ.ኤ.አ 30 ሰኔ 2021 ላለቀው ዓመት

ከአኖሬሽን ሥራዎች የተገኘ ጥሬ ገንዘብ

ከአኖሬሽን የተገኘ ጥሬ ገንዘብ
 የወለድ እና የትርፍ ክፍፍል ገቢ
 የተከፈለ ወለድ
 የተከፈለ የትርፍ ግብር

ከአኖሬሽን ሥራዎች የተገኘ የተጣራ ጥሬ ገንዘብ

ከኢንሸስትመንት ሥራዎች የተገኘ ጥሬ ገንዘብ

የአክሲዮን ግዥ
 የትርፍ ክፍፍል ገቢ
 የወለድ ገቢ
 ግዙፋዊ ኃላፊ የሌላቸው ሀብቶች ግዥ
 የቋሚ ዕቃ ግዥ
 ከመንግስት በንድ ግዥ ወለድ
 ከዕቃ ሽያጭ የተገኘ ገቢ
 የጊዜ ተቀባይ ተጨማሪ ኢንሸስትመንት
 ከህጋዊ ተቀማጭ ጭማሪ

የተጣራ ከኢንሸስትመንት ሥራዎች የተገኘ ጥሬ ገንዘብ

ከፋይናንሲንግ ሥራዎች የተገኘ ጥሬ ገንዘብ
 የአክሲዮን ሽያጭ
 የሊዝ ክፍያ
 የተከፈለ የትርፍ ክፍፍል

የተጣራ ከፋይናንሲንግ ሥራዎች የተገኘ ጥሬ ገንዘብ

የተጣራ የአመቱ የጥሬ ገንዘብ ጭማሪ(ቅናሽ)

በአመቱ መጀመሪያ የነበረ(የዘረ)

በአመቱ መጨረሻ ያለ ጥሬ ገንዘብ

ገንዘብ በኢትዮጵያ ብር
ማብራሪያ ሰኔ 30/2021 ሰኔ 30/2020
ብር 000 ብር 000

32	165,483	75,289
10	(45,021)	(38,527)
	(607)	(490)
	(10,996)	(8,707)
	108,859	27,565
16	(16,482)	(43,292)
10	10,809	10,569
10	34,212	27,958
	-	-
22	(17,295)	(16,241)
	-	-
32	-	335
15	(70,055)	(44)
23	(5,964)	(9,604)
	(64,775)	(30,319)
28	46,204	54,308
	(4,824)	(4,619)
30	(59,944)	(41,289)
	(18,564)	8,400
	25,520	5,646
15	83,410	77,764
15	108,930	83,410

በሪፖርቱ የተመለከቱት ማብራሪያዎች የሂሳብ መግለጫዎች አካል ናቸው ።



የዓባይ ኢንሹራንስ አክሲዮን ማህበር
በተጣራ ሀብት ላይ የታዩ ለውጥ ሂሳብ መግለጫ
እ.ኤ.አ 30 ሰኔ 2021 ላለቀው ዓመት

		ገንዘብ በኢትዮጵያ ብር				
ማብራሪያ		የተከፈለ ካፒታል ብር 000	የአክሲዮን ሽያጭ ትርፍ ብር 000	የተጠራቀመ ትርፍ ብር 000	ሕጋዊ መጠባበቂያ ብር 000	ጠቅላላ ብር 000
ሐምሌ 1/2019 የነበረ		180,000	1,351	49,857	28,102	259,310
የአመቱ ትርፍ	30	-	-	63,023	-	63,023
ሌሎች አጠቃላይ ገቢዎች		-	-	-	-	-
የሰራተኛ ጥቅማጥቅም ግመታ ትርፍ	14	-	-	278	-	278
የአመቱ አጠቃላይ ገቢ		-	-	63,301	-	63,301
የአክሲዮን ሽያጭ	28	54,308	-	-	-	54,308
የህጋዊ ግዴታ ተቀማጭ (10%)		-	-	-	-	-
ህጋዊ መጠባበቂያ	31	-	-	(6,137)	6,137	-
ወደ የሕይወት ዋስትና የዞረ				(1,956)		(1,956)
ያለፈ ዓመት ማስተካከያ	30					-
የአክሲዮን ግመታ						-
የትርፍ ክፍፍል የተከፋፈለ	30	-	-	(41,289)	-	(41,289)
		54,308	-	13,919	6,137	74,364
ሰኔ 30/2020 የነበረ		234,308	1,351	63,776	34,239	333,674
ሐምሌ 1/2020 የነበረ		234,308	1,351	63,776	34,239	333,674
የአመቱ ትርፍ	30			67,748		67,748
ሌሎች አጠቃላይ ገቢዎች						-
የሰራተኛ ጥቅማጥቅም ግመታ ትርፍ	14			(129)		(129)
የአመቱ አጠቃላይ ገቢ		-	-	67,619	-	67,619
የአክሲዮን ሽያጭ	28	46,204				46,204
ህጋዊ መጠባበቂያ	31			(6,775)	6,775	-
የህጋዊ ግዴታ ተቀማጭ (10%)				-	-	-
ወደ የሕይወት ዋስትና የዞረ				(508)		(508)
የትርፍ ክፍፍል የተከፋፈለ	30			(59,944)		(59,944)
		46,204	-	(67,227)	6,775	(14,248)
ሰኔ 30/2021		280,512	1,351	64,168	41,014	387,044

በሪፖርቱ የተመለከቱት ማብራሪያዎች የሂሳብ መግለጫዎች አካል ናቸው



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Megenagna Branch

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Beklo Bet Branch

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Bole Branch

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Email: bole@abayinsurancesharecompany.com

Piazza Branch

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Email: piazza@abayinsurancesharecompany.com

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Kality Branch

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Olympia Branch

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Email: dessie@abayinsurancesharecompany.com

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Email: diredawa@abayinsurancesharecompany.com

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Fax. No 221125404
Email: adama@abayinsurancesharecompany.com

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Email: debrebirhan@abayinsurancesharecompany.com

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Email: gonder@abayinsurancesharecompany.com

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Mekele Branch

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Email: mekele@abayinsurancesharecompany.com

Debre Markos Branch

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Email: debremarkos@abayinsurancesharecompany.com

Woldiya Branch

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Email: woldiya@abayinsurancesharecompany.com

Debre Tabor Branch

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Fax. No 581419103
Email: d/tabor@abayinsurancesharecompany.com

Jimma Branch

Tel. No 472118472
Fax. No 472119710
Email: Jimma@abayinsurancesharecompany.com



ANNUAL GENERAL METTING



ABAY INSURANCE S.C





ANNUAL PERFORMANCE REVIEW METTING





BLOOD DONATION DAY



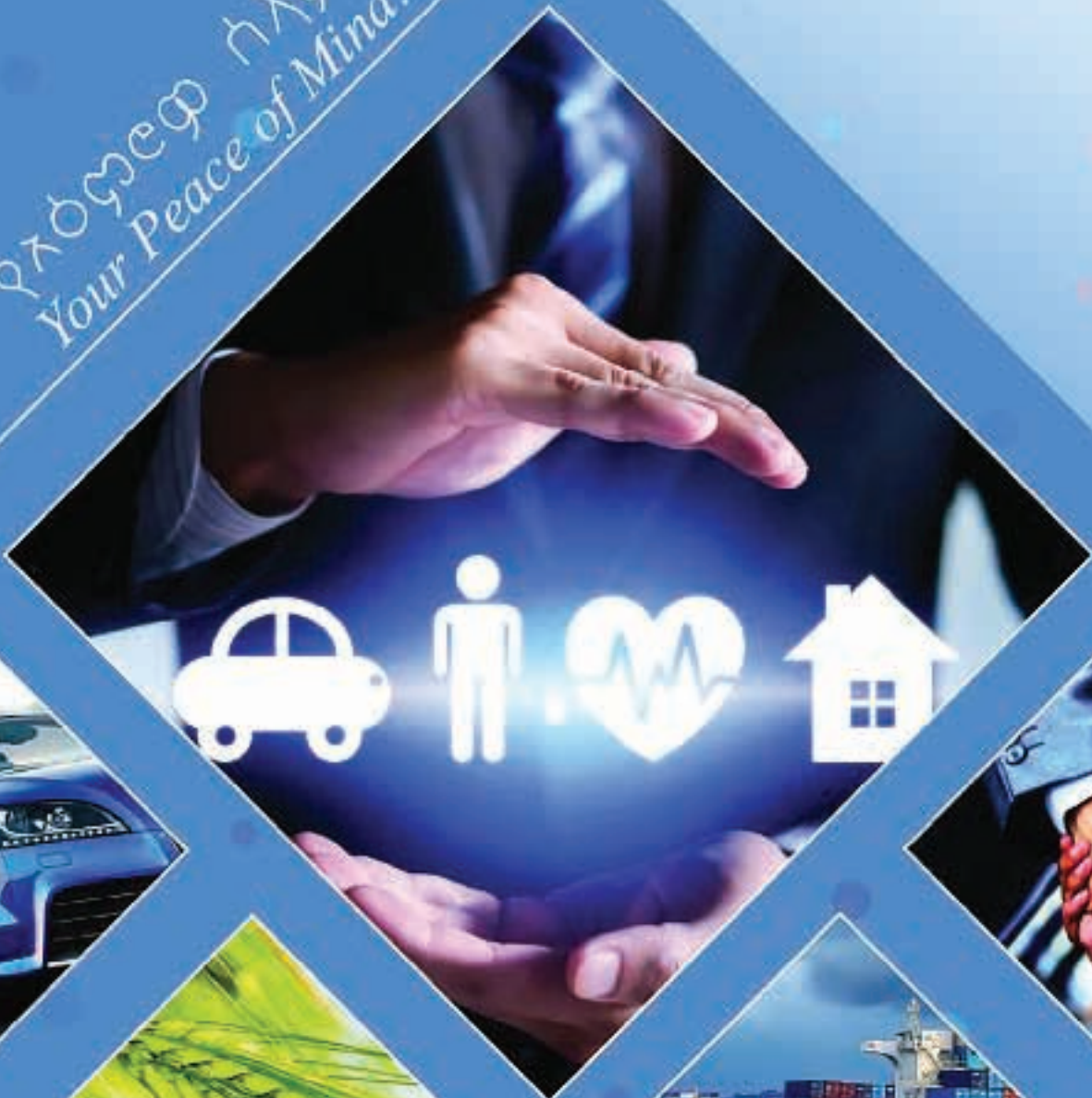
CORPORATE SOCIAL RESPONSIBILITY





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