Oromia INSURANCE

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ANNUAL REPORT

2024/25

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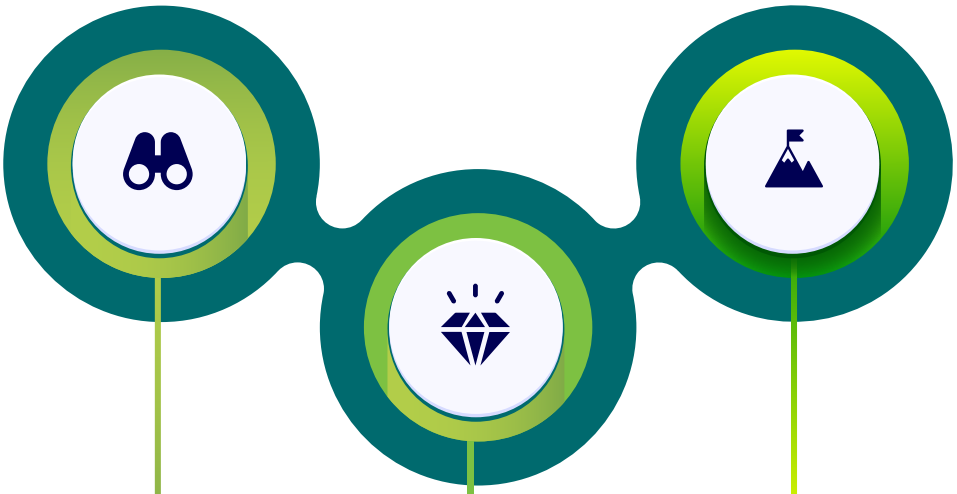
OUR PROMISE: MISSION, VISION & VALUES

At Oromia Insurance, our mission is clear: to render competitive and inclusive insurance services by employing proper human resources and up-to-date technologies while effectively catering for the interests of all stake holders. This mission drives every decision we make and every policy we issue.

Our vision is to be Ethiopia's leading private insurer by 2030 — a company that not only protects but empowers. We envision a future where insurance is accessible, trusted, and transformative for every Ethiopian, from urban entrepreneurs to rural communities.



MISSION

Dedicated to rendering competitive and inclusive insurance service by employing proper human resources and up-to-date technologies while effecitively catering for the interests of all its stakeholders.

VISION

To be a leading private insurer in Ethiopia by 2030.

Our values are more than words they are the foundation of how we serve:

We collaborate across departments and with our clients to find the best solutions, together.

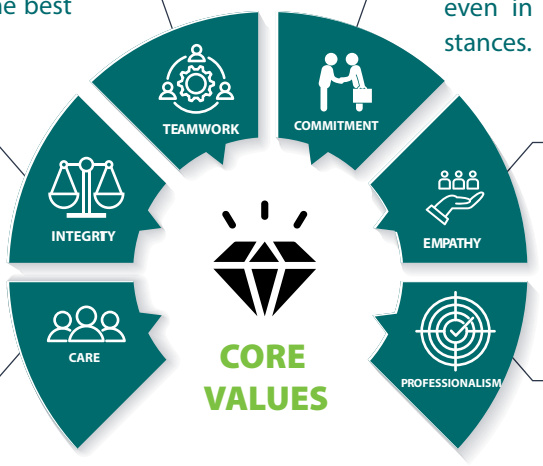
We go the extra mile to deliver results, even in the most challenging circum-stances.

We operate with trans-parency and honesty, so our clients can trust every promise we make.

We understand the human side of insurance and we re-spond with compassion and respect.

We treat every client and employees with genuine concern and attention, ensuring their needs are heard and met.

We deliver excellent service with precision, ensuring every interaction reflects our high standards.



Highlights of the Year

Financial highlights

817M
Profit before tax

410
Earning per share

2.7B
Gross written premium

2.4B
Insurance revenue

770M
Insurance service result

1.6B
Paid up capital

5.7B
Total asset

3.2B
Total liabilities

Non - financial highlights

62
Branches

539
Employees

1,500
Shareholders

The Company's Background

2025

Sustained Financial and Strategic Progress

A significant growth in paid up capital, Profit and GWP.

2023

Remarkable Milestone Achieved

The Company has surpassed the one-billion-birr GWP milestone.

Rebranding

Underwent rebranding initiative, revitalizing its corporate identity and aligning it with its forward-looking vision.

2022

Diverse Product Offerings

Introduced Sharia-compliant insurance service - Halal Takaful Insurance

2021

To Digital Era

Transitioned from manual operations to a core insurance system, boosting efficiency and service quality.

2012

Diverse Product Offerings

Building on its initial success, OIC expanded into Life and Health Insurance, further diversifying its offerings.

2011

Dividend

Highest Earning Per Share Registered ever 579

2010

Diverse Product Offerings

Launched its Agricultural & Microinsurance operations just one year later, marking a significant step in supporting low-income and rural communities.

2009

Establishment and Growth

Established and licensed in January 2009, with operations commencing in February of the same year. The journey began with General Insurance services. Over 1.6 million low-income farmers as shareholders under their cooperative unions showing company's strong social base.

CHAIRPERSON'S MESSAGE

Dear respected shareholders, invited guests, observers from the National Bank of Ethiopia, and representatives from the Documents Authentication and Registration Service,

Ladies and Gentlemen

On behalf of the Board of Directors and myself, I am honored to welcome you all to the 16th Annual General Meeting of Shareholders of Oromia Insurance S.C. It is my privilege to present the Annual Report of the Board of Directors, by highlighting the Company's performance and achievements for the financial year ended June 30, 2025.

Respected Shareholders, Ladies and Gentlemen,

The 2024/25 financial year was marked by resilience and strong growth for our Company. Despite operating in a complex global and domestic environment characterized by inflationary pressures, regulatory reforms, and evolving customer needs, Oromia Insurance has once again demonstrated its ability to deliver sustainable value to our shareholders and stakeholders.

During the reporting period, Oromia Insurance achieved a Gross Written Premium (GWP) of Birr 2.7 billion, representing a 27% growth from Birr 2.15 billion in the previous year. Insurance revenue, which forms part of the GWP, amounted to Birr 2.4 billion, reflecting a 26% year-on-year growth. Of this, General Insurance contributed Birr 2.2 billion, registering a 22% increase. The Life & Health, and Takaful business lines generated Birr 112 million and Birr 122 million, respectively, with strong growth rates of 44% and 117%.

The Company's insurance services expenses for the period amounted to Birr 1.1 billion, reflecting an 18% increase from the previous year's Birr 985 million.

Of this total, claims service expenses accounted for the largest portion at 57%, totaling Birr 659 million, while direct attributable expenses made up 32%, amounting to Birr 364 million.

In claims management, the Company achieved remarkable efficiency. Claims service expenses rose by only 6% to Birr 659 million from Birr 621 million the preceding year, while insurance revenue grew substantially. This resulted in a claims ratio of 25.2%, down from 38% the previous year — the lowest in the history of the Company. This achievement underscores the effectiveness of our prudent underwriting and efficient claims management.

Total investments reached Birr 3 billion, against Birr 2.5 billion reported last year, showing 27% increment. Key allocations included Birr 1.4 billion for headquarters construction, Birr 1 billion in fixed time deposits, and Birr 450 million in equity. Net investment income rose by 7% to Birr 194 million, driven primarily by earnings from fixed time deposits, which contributed Birr 153 million; with additional contributions from dividends amounting to Birr 34.5 million and interest from savings totaling Birr 6.2 million.

Total expenses for the year, encompassing both direct and indirect costs, amounted to Birr 659 million reflecting a 58% increase from Birr 417 million of the previous year. This rise is primarily driven by provisions made in accordance with IFRS reporting standards.

Profit before tax reached Birr 817 million, a 42% growth from that of the prior year, driven by prudent underwriting and appropriate claims management. Total assets expanded by 27% to Birr 5.7 billion, while shareholders' funds rose by 36% to Birr 2.4 billion. Paid-up capital grew to Birr 1.6 billion, a growth of 37% from Birr 1.2 billion the preceding year, reinforcing our financial stability and regulatory compliance. The headquarters construction project has seen significant advancement, with the podium (G+5) section completed by August 2024 and the main tower reaching the 5th floor. Construction resumed in June 2025 using OIC's own funds, following a period of paused activity due to liquidity and financing challenges.

Under the Board's direction, efforts are now focused on completing at least one floor each month and initiating a bid process to finish the podium section, facilitating the move of OIC's Head Office and reducing the burden of escalating office rents. So far, ETB 1.4 billion has been expended on the project. Despite budget constraints and material shortages, progress remains steady under the close supervision of the Board. In light of these achievements and ongoing needs, we encourage our valued shareholders to consider reinvesting their dividends into company shares, enabling OIC to continue the project without liquidity challenges and to ensure our collective long-term success.

The Company's solvency margin stood at 172%, well above the regulatory requirements, affirming our ability to meet obligations and absorb shocks. Earnings per share (EPS) for the year stood at Birr 410, reflecting a modest decline due to capital growth, yet still demonstrating attractive returns.

OIC's overall market share declined to 6.7%, down from 7.54% in the previous year. Similarly, its share among private insurers decreased to 9.71% from 10.77% the previous year. This contraction reflects prevailing market challenges and the Company's strategic emphasis on prudent underwriting to strengthen profitability.

Beyond financial results, Oromia Insurance invested significantly in its people and systems. We onboarded 42 new employees, expanded training programs, and implemented major IT projects including Enterprise Resource Planning (ERP) and Short Message Services (SMS). These initiatives are expected to strengthen our

operational efficiency, enhance customer service, and support our digital transformation journey. Importantly, the Company successfully adopted IFRS 9 and IFRS 17, resulting in reinstated financial statements and an upgraded unqualified audit opinion from the preceding year's qualified opinion as a result of the delayed implementation of the IFRS9 and IFRS 17. This milestone enhances transparency, comparability, and alignment with international best practices.

Looking Ahead

As Ethiopia entered a new fiscal year with cautious optimism, Oromia Insurance is well-positioned to sustain its growth trajectory. Our strong capital base, disciplined risk management, and customer-centric strategy have provided a resilient platform for future expansion. We will continue to prioritize innovation, digital transformation, and inclusive financial solutions, particularly in microinsurance and agricultural risk coverage, to support national development goals.

Vote of Thanks

In conclusion, I would like to extend my heartfelt gratitude to our shareholders, customers, fellow directors, reinsurers, intermediaries, regulators, partners, management and employees for their invaluable support and contributions. Your trust and collaboration remain the cornerstone of our success. Together, we will continue to build a stronger and resilient Oromia Insurance.

Thank you, and I look forward to another prosperous year for OIC.

Merem Chibsa
Chairperson, Board of Directors

THE BOARD OF DIRECTORS' REPORT

1. Operating Environment

1.1. Global Economic Review

The global economy is set to grow modestly, with the IMF projecting 3.2% GDP growth in 2024 and 2025, while the World Bank forecasts slightly lower rates of 2.6% and 2.7%. These remain below pre-pandemic averages, reflecting subdued medium-term prospects. Advanced economies are expected to see slight improvement, while growth in emerging markets, led by India and China, will moderate. Risks to this outlook have increased, driven by persistent inflation, financial volatility, and rising geopolitical tensions. Inflation is easing but at a slower pace, with advanced economies nearing 2% by 2025, while emerging markets continue to face higher rates.

Fiscal conditions remain strained, with deficits at 5% of GDP and public debt at 92.3%, projected to approach 100% by 2030. Advanced economies are likely to tighten policy, while many emerging markets remain vulnerable to debt stress. Weak productivity growth and rising trade fragmentation add further uncertainty, though upside potential exists through investment recovery and reform momentum.

1.2. Sub- Saharan Africa

Sub-Saharan Africa's economy expanded by 3.5% in 2024, supported by public investment, strong exports, and broad activity, with growth projected at 3.7% in 2025 and averaging 4.2% in 2026–2027. This remains below the region's pre-pandemic average, and per capita income growth of 1.6% annually keeps living standards well behind other emerging markets. Performance varies across countries: Nigeria grew 3.4% in 2024, driven by services and oil recovery, while South Africa slowed to 0.5% due to structural challenges and weather shocks. Ethiopia stood out with 8.1% growth, underpinned by agriculture and mining, though expected to moderate to 6.4% in 2025. Inflation remains elevated, fueled by food prices and drought, with some central banks pausing rate hikes.

Fiscal pressures persist, with debt ratios high though expected to ease through consolidation. Rising debt service costs and limited access to external financing weigh on many economies, despite the reopening of the Eurobond market. Risks remain tilted downward, including weaker global demand, China's slowdown, regional instability, donor fatigue, and climate shocks such as severe drought in the Horn of Africa. While fiscal balances may improve gradually, high interest rates and weak exports will continue to constrain public finances, particularly in commodity-dependent nations.

1.3. Ethiopia's Economic Review

Ethiopia's economy showed impressive resilience in 2024, registering real GDP growth of 8.1% and outpacing earlier expectations, making it Africa's fastest-growing major economy. This expansion was fueled by strong agricultural output, increased mining activity, improved electricity generation, and a series of economic reforms under the government's Homegrown Economic Reform Agenda (HGER 2.0) and the IMF-supported Extended Credit Facility program. The IMF anticipates that Ethiopia will sustain robust growth of 6.4% in 2025 and 6.5% in 2026, with government targets even higher as reforms continue.

Key factors driving Ethiopia's economic rebound included successful completion of the IMF program review, fiscal consolidation that narrowed the deficit, increased tax revenue, and tighter monetary policies. The move to a market-determined exchange rate and improved debt management contributed to positive outcomes, while structural reforms began opening major sectors to foreign investment.

Inflation dropped from a high of 30% in mid-2023 to 13.6% by March 2025, with expectations for further stabilization. The current account deficit is forecast to rise modestly, but strong exports, especially in coffee and gold, and higher official reserves are providing a buffer. Looking ahead, Ethiopia faces risks from reduced development aid, climate vulnerability, and financing challenges. However, ongoing reforms, a better investment climate, and greater resilience offer optimism for continued growth.

1.4. Global Insurance Industry

In 2024, the global insurance industry is recovering, supported by moderating inflation, strong economies, and higher interest rates. Swiss Re Institute and Allianz project overall premium growth of 3.2% nominally and 1.7–2.1% in real terms, reversing 2023's contraction. Life insurance premiums are expected to rise 2.9%, especially in Asia and emerging markets, while advanced markets benefit from increased rates and wages. Non-life premiums will grow by 3.3% due to pricing increases and lower claims inflation. Higher interest rates have boosted investment income and profitability, notably for asset-intensive and fixed-rate products. Despite falling core inflation, service inflation and wage pressures remain. Advanced market life premiums are rebounding, and emerging markets, led by China, continue robust growth. Non-life sector profitability is set to reach a 10% return on equity. Regulatory changes like IFRS 17 are standardizing accounting, though differences in key performance reporting persist.

1.5. Africa Insurance Industry

The African insurance market was projected to reach USD 84.7 billion in premiums for 2025, mainly led by South Africa. Despite growth, real expansion is constrained by inflation and market volatility. The continent's insurance penetration in 2024 was 3.5%, with life insurance driven by rising incomes and government initiatives, while non-life premiums declined. Microinsurance is expanding due to financial inclusion and digital innovation. Climate risks are increasing demand for parametric products and catastrophe bonds. Regulatory reforms, in various countries, were underway to support digitalization and consumer protection, with the AIO focusing on advocacy, capacity building and sector resilience.

1.6. Ethiopian Insurance Industry

In the 2024/25 period, Ethiopia's insurance industry recorded impressive year-on-year growth of 46%, with total premiums rising from Birr 26 billion to Birr 38 billion. General insurance premiums climbed to Birr 35 billion, representing a 33% increase, while life assurance premiums grew to Birr 2.7 billion, up 32%. Takaful insurance also expanded, reaching Birr 435 million. This remarkable expansion was primarily driven by heightened economic activity, inflation-adjusted premiums, and other various factors.

The market structure remains characterized by a penetration rate below 1% of GDP, with general insurance continuing to dominate the landscape. The growth of general insurance can be attributed to asset value appreciation, increased uptake of motor policies, and elevated premium rates.

Inflation has contributed to higher nominal premium growth, though challenges around affordability and public awareness persist. Claims costs have risen, largely due to inflationary pressures and currency depreciation—most notably within motor and property insurance lines. Despite the promising growth data, the sector faces significant challenges, including limited public awareness, slow adoption of digital technologies, and price-based competition.

2. OIC'S PERFORMANCE

Oromia Insurance Company (OIC) delivered a strong financial performance in the 2024/25 fiscal year, demonstrating resilience and strategic clarity in the face of a complex operating environment. The Company's unwavering commitment to prudent underwriting, operational efficiency, and prudent investment management enabled it to achieve substantial growth across all key performance indicators.

A Gross Written Premium (GWP) of Birr 2.7 billion was achieved, representing a 27% growth from Birr 2.15 billion in the preceding year. Insurance revenue, which forms part of the GWP, amounted to Birr 2.4 billion, reflecting a 26% year-on-year growth. Of this, General Insurance contributed Birr 2.2 billion, registering a 22% increase. The Life & Health, and Takaful business lines generated Birr 112 million and Birr 122 million, respectively, with strong growth rates of 44% and 117%. This growth was underpinned by the Company's continued strategic focus on growth, and sustained client confidence.

The Company's insurance services expenses for the period amounted to Birr 1.1 billion, reflecting an 18% increase from the previous year's Birr 985 million. Of this total, claims service expenses accounted for the largest portion at 57%, totaling Birr 659 million, while direct attributable expenses made up 32%, amounting to Birr 364 million.

The Company achieved notable progress in managing claims service expenses, which rose by only 6% to Birr 659 million from Birr 621 million in the preceding year. When compared to the substantial growth in insurance revenue for the year, this modest increase reflects a significant improvement in claims cost efficiency. This favorable development translated into a claim's ratio of 25.2%, a notable reduction from the previous year's 38%, and underscored the effectiveness of OIC's claims management and underwriting rigor. The insurance services result stood at Birr 770 million, representing a 46% increase from Birr 528 million, driven by strong technical performance and cost containment measures.

Building on above, from the Gross Written Premium (GWP) totaling Birr 2.7 billion, Birr 900 million was ceded to reinsurers—reflecting a notable 26% increase from the previous year's Birr 715 million. Conversely, recoveries from reinsurers, encompassing both claims paid and outstanding, rose significantly by 49%, reaching Birr 494 million compared to Birr 332 million in the prior year. With these components largely offsetting each other, the net reinsurance expense for the year stood at Birr 406 million, representing a modest 5% increase from Birr 386 million in the previous period.

Total attributable expenses for the year, encompassing both direct and indirect costs, amounted to Birr 659 million—reflecting a 58% increase from Birr 417 million in the previous year. This rise is primarily driven by provisions made in accordance with IFRS reporting standards.

Profit before tax rose to Birr 817 million, marking a robust 42% increase from Birr 576 million in the previous year. This impressive growth underscores the Company's capacity to deliver sustainable earnings.

The return on assets (RoA) was maintained at 12%, consistent with the prior year, while the return on equity (RoE) reached a noteworthy 27%, reflecting only a slight decrease from last year's 29%. These figures highlight the Company's efficient use of capital and ongoing profitability. Additionally, the return on investment (RoI) remained steady at 12%.

OIC's financial position continued to strengthen, with total assets expanding by 27% to Birr 5.7 billion, up from Birr 4.4 billion. This growth was driven by both insurance operations and investments. Total liabilities increased proportionally by 21% to Birr 3.3 billion, ensuring a balanced capital structure and sound financial leverage. Shareholders' funds rose to Birr 2.5 billion, a 37% increase from Birr 1.8 billion, reflecting an increase in paid up capital and other comprehensive income. The Company's paid-up capital reached Birr 1.6 billion, up from Birr 1.2 billion, reinforcing its financial stability and regulatory compliance; this is a growth of 37%.

During the reporting period, the Company's total investments reached Birr 3 billion, reflecting a strong 27% increase from last year's Birr 2.5 billion. The majority of this investment was allocated to the headquarters construction project, which accounted for Birr 1.4 billion. Fixed time deposits comprised Birr 1 billion, while equity investments amounted to Birr 450 million. Net investment income for the period totaled Birr 194 million, marking a 7% growth compared to the previous year's Birr 181 million. Of this, the largest share was generated from fixed time deposits, contributing Birr 153 million. Dividend income amounted to Birr 34.5 million, and interest income from savings accounts was Birr 6.2 million.

The solvency margin stood at a healthy 172%, well above the minimum regulatory requirement, and last year's similar period of 169% affirming the Company's capacity to meet its obligations and absorb potential shocks. This strong solvency position, coupled with disciplined liquidity management, positions OIC favorably for future growth and risk mitigation.

In line with its robust profitability and capital growth, the Company's earnings per share (EPS) for the year stood at 410, representing a modest decline of 6% compared to last year's 420 per share. This slight decrease primarily reflects the significant increase in the collection of shares and the corresponding rise in paid-up capital, which, while enhancing the Company's financial strength and regulatory standing, had a dilutive effect on EPS. Nonetheless, this performance demonstrates OIC's continued ability to generate attractive returns for its shareholders, even amidst strategic capital expansion efforts.

Complementing its strong financial performance, Oromia Insurance also invested significantly in its human capital during the reporting period. The Company onboarded 42 new employees, bringing the total workforce to 539, with a gender composition of 55% male and 45% female. This compares to 74 new hires and a staff strength of 542 in the previous year. In terms of professional development, 404 employees—including Board members—participated in training programs covering 47 distinct topics, with several individuals receiving training across multiple areas. The Company experienced an employee turnover rate of 8.4%, as 45 staff members departed primarily in search of better opportunities, up from 23 resignations, and a 5% turnover rate in the same period last year.

The headquarters construction project has seen significant advancement, with the podium (G+5) section completed by August 2024 and the main tower reaching the 5th floor. Construction resumed in June 2025 using OIC's own funds, following a period of paused activity due to liquidity and financing challenges. Under the Board's direction, efforts are now focused on completing at least one floor each month and initiating a bid process to finish the podium section, facilitating the move of OIC's Head Office and reducing the burden of escalating office rents. So far, ETB 1.4 billion has been expended on the project. Despite budget constraints and material shortages, progress remains steady under the close supervision of the Board. In light of these achievements and ongoing needs, we encourage our valued shareholders to consider reinvesting their dividends into company shares, enabling OIC to continue the project without liquidity challenges and to ensure our collective long-term success In summary, the 2024/25 fiscal year was marked by growth, operational excellence, and financial strength. Oromia Insurance remains committed to delivering value to its stakeholders through innovation, customer-centric solutions, and sustainable growth. The Company continues to invest in digital transformation, talent development, and product diversification to enhance its competitive position in Ethiopia's evolving insurance landscape.

3. CHANGES

During the current reporting period, the Company fully adopted and implemented IFRS 9: Financial Instruments and IFRS 17: Insurance Contracts, both of which had been postponed in the previous financial year. Retrospective adjustments were applied as required, leading to substantial changes in the presentation, measurement, and disclosure of financial assets, insurance contract liabilities, and related income and expenses. As a result of this adoption, the prior year's financial statements were reinstated to comply with these mandatory accounting standards.

This transition directly impacted the audit opinion: whereas last year's external auditors had issued a qualified opinion due to the non-implementation of IFRS 9 and IFRS 17, the revised financial statements now meet international best practice requirements. Consequently, the audit opinion has been upgraded to an unqualified status, marking a significant step toward enhancing the reliability, comparability, and transparency of the Company's financial reporting.

3.1. Looking Forward

As Ethiopia enters a new fiscal year, the economic landscape presents a cautiously optimistic outlook. While the country continues to navigate structural reforms and macroeconomic adjustments, recent indicators suggest a gradual stabilization in key sectors. Inflationary pressures have begun to ease, monetary policy is showing signs of recalibration, and public investment is expected to regain momentum as fiscal space improves. These developments, coupled with Ethiopia's demographic potential and ongoing infrastructure expansion, provide a foundation for moderate economic recovery and renewed investor confidence.

Against this backdrop, Oromia Insurance is well-positioned to sustain its growth trajectory and deepen its market presence. The Company's strong capital base, disciplined underwriting, and prudent investment

prudent investment strategy have created a resilient platform capable of withstanding external shocks while capturing emerging opportunities. The significant improvement in claims performance, robust profitability, and healthy solvency margin underscore OIC's operational strength and financial soundness.

Looking ahead, the Company will continue to prioritize innovation, customer-centricity, and digital transformation. Strategic investments in technology, talent development, and product diversification are expected to enhance service delivery and operational efficiency. Furthermore, OIC remains committed to expanding its footprint in underserved markets, with a particular focus on microinsurance, agricultural risk solutions, and inclusive financial products that align with national development goals.

While external risks such as climate variability, foreign exchange volatility, and geopolitical uncertainties remain, OIC's proactive risk management framework and adaptive strategy provide a strong buffer. The Company entered the new fiscal year with confidence, guided by a clear vision, a capable leadership team, and a steadfast commitment to delivering long-term value to its shareholders, customers, and the broader Ethiopian economy.

4. CORPORATE GOVERNANCE REPORT

During the reporting period, the Board of Directors maintained Oromia Insurance S.C.'s steadfast commitment to robust corporate governance, ethical business practices, and strict compliance with directives issued by the National Bank of Ethiopia (NBE) and other regulatory authorities. The Board provided strategic direction, ensured accountability, and exercised comprehensive oversight over all major operational and financial activities within the Company.

4.1. Board Meetings and Oversight

A total of twenty-two Board meetings were convened during the year, including regular monthly sessions and additional subcommittee engagements. Through these meetings, the Board was able to fulfill its responsibilities, such as reviewing and approving the annual budget, evaluating performance reports on a quarterly, semi-annual, and annual basis, overseeing the implementation of the corporate strategy, and monitoring both operational performance and the investment portfolio. Throughout the year, the Board remained focused on supporting long-term sustainability, strengthening governance frameworks, and ensuring transparency in decision-making processes.

4.2. Annual General Meeting

The Company successfully hosted its fifteenth Annual General Meeting, which was notable for strong shareholder participation and transparency. During this meeting, key resolutions relating to capital matters, policy approvals, and updates on governance were presented and ratified in an open and inclusive manner.

4.3. Governance and Policy Actions

Throughout the year, the Board approved and oversaw several significant governance and policy actions. This included reinsurance and retakaful treaties for the 2024/25 fiscal year, endorsement of the annual business plan, and a midterm strategic review. Proposals regarding bonuses and salary increment were also reviewed and approved. In addition, the Board sanctioned several key policies, such as those related to human resources management, materials and fixed assets management, information disclosure, liquidity management, agricultural microinsurance, reinsurance, and related party transactions. The Board also approved a vehicle purchase request and an action plan resulting from NBE's on-site examination report. Follow-up actions were taken in response to audit findings from internal and external auditors, as well as NBE's off-site surveillance reports.

4.4. Project Oversight and Strategic Initiatives

Strategic oversight was provided for several priority projects that were critical to the Company's operational growth and modernization. The Headquarters Building Construction Project was closely supervised, with the Board conducting strategic reviews on progress, including site visit reports, project acceleration strategies, financing options, and podium finishing works. The Board's continuous oversight ensured that construction proceeded according to the revised schedule while maintaining quality and financial discipline.

Additionally, the Board monitored the implementation of the Integrated Insurance Management Information System (IIMIS), which is central to supporting digital transformation, operational efficiency, and enhanced service delivery.

4.5. Technology and Regulatory Compliance

During the reporting period, the Company completed several technology-driven projects designed to strengthen operational efficiency and effectiveness, improve service delivery, and ensure regulatory compliance. The Enterprise Resource Planning (ERP) system was fully implemented and is now operational, streamlining resource management, improving data accuracy, and supporting informed decision-making across the organization. The rollout of a dedicated SMS service, utilizing short code 8627 leased from Ethio Telecom under the OIC brand, enabled real-time communication with customers and shareholders. The completion of the Domain Name System (DNS) and Active Directory infrastructure established a centralized framework that bolsters network security, enforces access policies, and facilitates unified management and remote support for all branches and work units. The Legal Service Directorate now employs an in-house developed Legal File Management System, which allows for comprehensive file tracking, status visibility, and efficient case management.

4.6. Investment Decisions

The Board approved several key investment decisions during the year, including increasing the capital of the Life and Health Insurance Directorate from Birr 30 million to Birr 100 million. Dividend reinvestment proposals were endorsed for investments in Oromia Bank, Cooperative Bank of Oromia, Ethiopian Reinsurance, and Oda Integrated Transport S.C. Additional investments were made in Oro-Capital S.C., Gadaa Security Dealer S.C. as a founding shareholder, and COOP Investment Bank S.C. as a founding shareholder.

4.7.Headquarters Building Construction Project

The headquarters construction project experienced delays due to liquidity challenges. The podium section (G+5) was completed in 2023/24, while the main tower had progressed up to the 2nd floor when work was halted on August 31, 2024, due to issues with the city administration and financial constraints. Construction resumed on June 23, 2025, using OIC's funds while awaiting bank financing, and the main tower has now reached the 5th floor. The Board directed that OIC should use its own sources of funds and aim to complete at least one floor per month. Additionally, the Board instructed that a bid process be carried out for the podium section to be used as the headquarters office, allowing the Company to move from rented premises which is currently ongoing. The loan processing to finance the project with one of the country's commercial banks has been underway; and once successful, will expedite the progress of the project. All the progress of the project has so far been executed with a total cost of Birr 1.4 billion. The project continues to experience intermittent interruptions due to budget constraints and shortages of reinforcement steel in the market, but with the Board's directives and ongoing efforts, steady progress is expected.

4.8. Risk Management

Risk management, audit, and compliance were further strengthened by the Board's approval of the Enterprise Risk Management (ERM) Program, review of the external audit report and management letter, and diligent follow-up on the implementation of corrective actions. The Board also reviewed and approved a corrective action plan in response to NBE's on-site examination and monitored key risk areas, including uncleared cheques, trade debtor performance, and regulatory compliance gaps.

4.9. Corporate Social Responsibility

The Board reaffirmed its commitment to corporate social responsibility by approving donations that support development initiatives aligned with the Corridor Development Program.

4.10. Board of Directors Training and Development

To enhance the quality of governance and improve decision-making, Board members participated in training programs focused on capital markets, enterprise risk management, and financial analysis. These initiatives strengthened the Board's capacity to discharge their fiduciary responsibilities effectively.

5. REMUNERATION STATEMENT OF DIRECTORS & CHIEF EXECUTIVE OFFICER

In accordance with article 3.1.4 sub-article 1 and 2 of the Commercial Law, Oromia Insurance here by discloses remuneration paid and other kind of benefits given to each Director and the Chief Executive Officer.

Table 1. Board of Directors' Remuneration

No	Name of Director	Annual Allowance Paid		Annual Remuneration
1	Mrs. Merem Chibsa	120,000.00		150,000.00
2	Mr. Tiruneh Mitafa	120,000.00		150,000.00
3	Mr. Abraham Ejeta	120,000.00		150,000.00
4	Mrs. Almaz Mideksa	120,000.00		150,000.00
5	Mr. Solomon Geda	120,000.00		150,000.00
6	Mr. Asegid Regassa	120,000.00		150,000.00
7	Mrs. Simegn Kuma	120,000.00		150,000.00
8	Mr. Tamene Tadesse (Eng.)	120,000.00		150,000.00
9	Mrs. Meaza Yohannes	120,000.00		150,000.00
	TOTAL	**1,080,000.00**		**1,350,000.00**

Table 2. Chief Executive Officer's Remuneration

No	Name	Annual Basic Salary	Annual Representation Allowance	Annual Housing Allowance	Annual Pension Fund	Loan Granted
1	Tegistu Shiferaw	2,981,304	120,000	-	190,334.76	2,981,304

Note:- In addition to the benefits mentioned above, the CEO is provided with a vehicle with unlimited fuel and an unrestricted airtime allowance.

Board of Directors

Merem Chibsa
Chairperson

Tiruneh Mitafa
Vice Chairperson

Almaz Mideksa
Board Member

Abraham Ejeta
Board Member

Simegn Kuma
Board Member

Solomon Geda
Board Member

Asegid Regassa
Board Member

Meaza Yohannes
Board Member

Tamene Tadesse (Eng.)
Board Member

Teshome Tadele
Comp. Secretary

KEY SYMBOLS

- Risk Management & Compliance Subcommittee
- Audit Subcommittee
- HR and IT Subcommittee
- Strategy, Investment & BA Subcommittee

Executive Management

Tegistu Shiferaw
Chief Executive Officer

Tamene Hailemariam
Chief Operations Officer

Samuel Tesfa
Chief Resources Officer

Demie Shiferaw
Director, Internal Audit

Deriba Balcha
Director, Risk Management & Compliance Services

Daniel Negassa
Director, Strategy & Change Management

Mekonnen Degu
A/Director, Marketing & Business Dev't

Tesfa Tola
Director, Legal Services

Senior Management

Hawi Tesfaye
A/Director, Underwriting & Branches Support

Abdisa Biratu
Director, Claims Management

Kefale Birhanu
Director, Finance

Alemayehu Dorsis
Director, Information Technology

Hailu Bayisa
A/Director, Human Resources Management

Teshome Gadisa
Director, Life and Health Insurance

Adem Abdi
Director, Takaful Insurance

Birhanu Dinka
Director, Agriculture & Microinsurance

Misganaw Teklu
Director, Engineering Services

Daniel Girma
Director, Reinsurance Services

Berhanu Debela
Director, Investment & Projects Management

Gize Zenebe
Director, Property & Facilities Management

Oromia INSURANCE

Annual Financial Statements

Oromia Insurance S.C.
Annual IFRS financial statements
DIRECTORS, PROFESSIONAL ADVISERS AND REGISTERED OFFICE
For the year ended 30 June 2025

Directors (as of June 30,2025)

Merem Chibsa	Chairperson
Tiruneh Metafa	Vice Chairperson
Solomon Geda	Non-Executive Director
Simegn Kuma	Non-Executive Director
Abreham Ejeta	Non-Executive Director
Almaz Mideksa	Non-Executive Director
Eng.Tamene Tadesse	Non-Executive Director
Assegid Regasa	Non-Executive Director
Meaza Yohannes	Non-Executive Director

Executive Management

Tegistu Shiferaw	Chief Executive Officer
Tamene Hailemariam	Chief Operations Officer
Samuel Tesfa	Chief Resources Officer
Demie Shiferaw	Director, Internal Audit
Deriba Balcha	Director,Risk Management and Compliance Services
Tesfa Tola	Director, Legal Services
Mekonnen Degu	A/Director, Marketing and Business Dev't
Daniel Negassa	Director, Strategy and Change Management

Senior Management

Berhanu Debella	Director,Investment & Projects Management
Alemayehu Dorsis	Director, Information Technology
Adem Abdi	Director, Takaful Insurance
Birhanu Dinka	Director, Agriculture & Micro Insurance
Kefale Birhanu	Director, Finance
Gize Zenebe	Director, Property & Facilities Management
Hawi Tesfaye	A/Director,Underwriting & Branches Support
Hailu Bayissa	A/Director,Human Resources Management
Misganaw Teklu	Director, Engineering Services
Abdisa Biratu	Director, Claims Management
Teshome Gadisa	Director, Life and Health Insurance

Independent Auditor's

TMS Plus Chartered Certified Accountants (UK) & Authorised Auditors (Ethiopia)
Addis Ababa
Ethiopia

Corporate Office

Ethio-China Frendship Avenue
Lidya Plazza
Addis Ababa, Ethiopia

Principal Bankers

Oromia Bank
Commercial Bank of Ethiopia
Awash Bank
Cooperative Bank of Oromia
Gadaa Bank
Siinqee Bank
Bunna Bank
Abyssinia Bank

Reinsurers

African Reinsurance Corporation
ZEP RE/PTA Reinsurance Company
Ethiopian Reinsurance S.C
Kenya Reinsurance
East Africa Reinsurance Company
Continental Re
SCR Morocco
Africa Speciality Risk (ASR)

Consulting Actuaries

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

Reinsurance Brokers

J.B.BODA Insurance and Reinsurance Brokers
Apex Reinsurance Brokers
Fair Insurance and Reinsurance Brokers
EXOS Corporation

Oromia Insurance S.C.
Annual IFRS financial statements
REPORT OF THE DIRECTORS

For the year ended 30 June 2025

The directors submit their report together with the financial statements for the year ended 30 June 2025, to the members of Oromia Insurance S.C. This report discloses the financial performance and state of affairs of the Company .

Incorporation and address

Oromia Insurance Share Company was incorporated in Ethiopia in 2009 as a Share Company. The Company was established by divesified groups of shareholders and individual citizens. The majority shareholders are mainly low and middle income citizens.

Principal activities

The Company is principally engaged in the business of providing risk underwriting and related financial services to its customers. Such services include provision of life and non-life insurance services to both corporate and individual customers.

Results and dividends

The Company's results for the year ended 30 June 2025 are set out on Page 30 The profit for the year has been transferred to retained earnings. The summarised results are presented below.

	30 June 2025 Birr'000	30 June 2024 Birr'000
Insurance service result	769,798	528,661
Profit before income tax	817,191	576,128
Income tax expense	(229,232)	(124,378)
Profit for the year	587,960	451,750

Directors

The directors who held office during the year and to the date of this report are set out on Page 24

Teshome Tadale
Company Secretary
Addis Ababa, Ethiopia

Oromia Insurance S.C.
Annual IFRS financial statements
STATEMENT OF DIRECTORS' RESPONSIBILITIES
For the year ended 30 June 2025

In accordance with the Financial Reporting Proclamation No. 847/2014, all reporting entities established in accordance with the Ethiopian law or operating in Ethiopia are to prepare financial statements in accordance with the International Financial Reporting Standards.

The Company's Board of directors (the Board) is 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 1960, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Company is required to keep such records as are necessary to:

a) exhibit clearly and correctly the state of its affairs;

b) explain its transactions and financial position; and

c) enable the National Bank of Ethiopia to determine whether the Company had complied with the provisions of the Insurance Business Proclamation and regulations and directives issued for the implementation of the aforementioned Proclamation.

The Board accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards, Insurance Business Proclamation, Commercial code of 1960, The Accounting and Auditing Board of Ethiopia and the relevant Directives issued by the National Bank of Ethiopia.

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

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:

Merem Chibsa
Board Chairperson

Tegistu Shiferaw
Cheif Executive Officer

TMS Plus
Tafesse,Shisema and Ayalew Certified Audit Partnership
Chartered Certifed Accountants (UK) and Authorised Auditors (Ethiopia)
Tel.251-011-8961752/011 6180638 Mob. 0911 229425/0930 034356/0930 034357 Fax:251-011 662 12 70/60
E-mail:- tafessef@gmail.com / tafessef@hotmail.com P.o.Box 110690 Addis Ababa - Ethiopia

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Oromia Insurance Share Company, which comprise the statement of financial position as at 30 June 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are presented fairly, in all material respects, the financial position of the Company as at 30 June 2025, 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Report on Other Legal and Regulatory Requirements

We have no comment to make on the report of the board of directors and the proposal for distribution of profit submitted by the directors insofar as it relates to these financial statements and pursuant to Article 349 of the Commercial Code of Ethiopia 1243/2021 and hence, we recommend approval of the financial statements.

Taf. Shi & Ay

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

Addis Ababa
21 November 2025

Annual IFRS financial statements
STATEMENT OF FINANCIAL POSITION
For the year ended 30 June 2025

	Notes	30 June 2025 Birr'000	30 June 2024 Birr'000
ASSETS			
Cash and bank balances	16	2,191,540	1,594,703
Staff loan	17	49,417	41,300
Investment securities	18	450,616	416,691
Investment in Government Bond	18	149,307	73,612
Other assets	20	517,558	343,958
Work in Progress	21	1,344,260	1,110,900
Right of use asset	22	124,244	116,883
Investments in associates	23	3,779	3,734
Property, plant and equipment	24	179,038	151,973
Insurance Contract asset			
Reinsurance Contract assets	19	416,161	407,180
Deferred Tax Asset	15	8,677	3,189
Statutory deposit	25	225,775	185,409
Total assets		**5,660,371**	**4,449,531**
LIABILITIES			
Insurance Contract Liabilities	26	2,352,459	2,122,287
Reinsurance Contract Liabilities			942
Lease Liability	38	92,146	80,355
Defined benefit obligations	28	12,739	10,629
Deferred tax Liablity	15	20,465	14,250
Current income tax liabilities	15	226,441	113,549
Other liabilities	27	476,732	289,668
Total liabilities		**3,180,982**	**2,631,680**
EQUITY			
Share capital	29	1,649,046	1,206,104
Share premium	29	1,880	1,880
Retained earnings	31	434,171	332,782
Legal reserve	32	213,657	154,861
Other reserve	33	105,024	75,626
Regulatory Risk Reserve	34	40,730	23,834
Fair value reserve (OCI)		34,881	22,764
Total equity		2,479,389	1,817,852
Total equity and liabilities		5,660,371	**4,449,531**

The financial statements on pages 29 to 101 were approved and authorised for issue by the board of directors on November 24, 2025 and were signed on its behalf by:

Tegistu Shiferaw
Cheif Executive Officer

Oromia Insurance S.C.
Annual IFRS financial statements
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 30 June 2025

	Notes	General and Life Insurance 30 June 2025 Birr	Takaful Insurance 30 June 2025 Birr	General and Life 30 June 2024 Birr	Takaful Insurance 30 June 2024 Birr
Insurance Revenue	6	2,281,209	122,225	1,856,627	56,252
Insurance Service Expense	7	(1,127,691)	(19,365)	(941,611)	(34,157)
Net Expenses From Reinsurance Contracts Held-Gen	8	(383,720)	(123,826)	(386,355)	(13,920)
Insurance Service Result		**769,798**	(20,967)	**528,661**	**8,174**
Net Investment Income	9	194,022		181,156	
Finance Expenses From Insurance Contracts	10	93,261	962	25,869	897
Finance Income From Reinsurance Contracts	11	(49,075)	5	(8,600)	(615)
Net Financial Result		**238,208**	**966**	198,385	**283**
Other Income	12	104,889		59,300	
Non – Attributable Expenses	14	(294,632)		(209,119)	
Impairment losses(or reversal) on financial assets	13	(1,071)		(1,099)	
		(190,815)	0	(150,918)	0
Profit before income tax		**817,191**	(20,000)	576,128	**1.4181**
Income Tax	15	(229,232)		(124,420)	
Profit For The Year after Tax		587,960	(20,000)	451,750	
Other comprehensive income					
Items that will not be subsequently reclassified into profit or loss:					
Remeasurement gain/(loss) on retirement benefits obligations		(457)		151	
Fair value gain/(loss) on equity investments at fair value through OCI		5,316		6,415	
Deferred tax (liability)/asset on remeasurement gain or loss		(1,458)		(1,970)	
Other Comprehensive income net of tax		**3,401**		**4,596**	
Total comprehensive income for the year		591,361		456,346	
Earning Per Share(ETB)		**0.41**		0.42	

The notes on pages 29 to 101 are an integral part of these financial statements.

Merem Chibsa
Board Chairperson

Tegistu Shiferaw
Chief Executive Officer

Oromia Insurance S.C.
Annual IFRS financial statements
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2025

	Notes	Share capital Birr	Share premium Birr	Retained earnings Birr	Legal reserve Birr	Other reserve Birr	Regulatory Risk Birr	Fair value reserve Birr	Total Birr
As at 1 July 2023	**Note**	**869,528**	**1,880**	**249,002**	**107,780**	**52,085**	**8,543**	**16,348**	**1,305,166**
									-
Issue of share capital	32	336,576	-	-	-		-		**336,576**
Dividend paid during the year	35			(284,158)	-		-		**(284,158)**
									-
Retained earnings Adjustment		-		(1,558)	-	-	-		**(1,558)**
Other comprehensive income (Brought forwad)				-					**-**
Profit for the year	35	-		470,815	-	-	-		**470,815**
Other comprehensive income				215					**215**
Remeasurement gain/(loss) on defined benefits obligations (net of tax)		-		-		-	-		**-**
Transfer to legal reserve	35	-		(47,081)	47,081		-		**-**
Transfer to regulatory risk reserve				(15,291)			15,291		**-**
Transfer to other reserve	0			(23,541)		23,541			**-**
Regulatory Risk Reserve	35								**-**
Directors' share of profit				(1,350)					**(1,350)**
Fair value reserve((OCI)				(22,440)				6,415	**(16,025)**
Impact of IFRS 17 & 9 FY 2022/23				8,170					**8,170**
As at 30 June 2024		**1,206,104**	**1,880**	**332,783**	**154,861**	**75,626**	**23,834**	**22,763**	**1,817,851**
As at 1 July 2024		**1,206,104**	**1,880**	**332,783**	**154,861**	**75,626**	**23,834**	**22,763**	**1,817,851**
									-
Issue of share capital	32	442,942		-	-				**442,942**
Dividend paid during the year	35			379,675	-				**379,675**
Retained earnings Adjustment									**-**
Other comprehensive income (Brought forwad)				-					**-**
Profit for the year				587,960					587,960
Other comprehensive income									**-**
Remeasurement gain/(loss) on defined benefits obligations (net of tax)									**-**
Transfer to legal reserve	35			(58,796)	58,796				**-**
Transfer to regulatory risk reserve				(16,895)			16,896		**-**
Transfer to other reserve				(29,398)		29,398			**-**
Regulatory Risk Reserve	35			-		-	-		**-**
Directors' share of profit				(1,350)					**(1,350)**
Fair value reserve((OCI)								12,117	**12,117**
As at 30 June 2025		**1,649,046**	**1,880**	434,171	213,657	105,024	40,730	34,881	2,479,389

Oromia Insurance S.C.
Annual IFRS financial statements
STATEMENT OF CASH FLOWS
For the year ended 30 June 2025

Cash flows from operating activities	Notes	30 June 2025 Birr'000	30 June 2024 Birr'000
Cash generated from operations	35	352,184	174,346
Benefit paid	28	(121,719)	(53,693)
Tax paid		-	
Interest paid	15	-	-
Net cash inflow from operating activities		230,250	**120,653**
Cash flows from investing activities			
Purchase of investment securities- equity investments	18	(109,620)	(64,012)
Dividend received	9	34,581	52,946
Interest received		159,440	128,210
Investment in fixed time deposit	16	83,885	9,696
Investment in associates	23	-	-
Purchase of property, plant and equipment	24	(51,086)	(78,348)
Proceeds from sale of property, plant and equipment	35	-	-
Proceed on disposal of Asset held for sale			
Payment for lease		(61,029)	
Net cash outflow from investing activities		56,172	48,492
Cash flows from financing activities			
Proceeds from issues of shares		442,954	297,715
Dividend paid	31	(379,675)	(284,158)
Proceeds from borrowings			
Repayment of borrowings	0		
Net cash inflow from financing activities		63,279	13,557
Changes in cash and cash equivalents		349,701	182,702
Cash and cash equivalents at the beginning of the year	16	834,970	652,268
Net increase in cash and cash equivalents		349,701	182,699
Cash and cash equivalents at the end of the year	16	**1,184,671**	834,970

The notes on pages 29 to 101 are an integral part of these financial statements.

Oromia Insurance S.C.
Annual IFRS financial statements
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2025

1 General information

Oromia Insurance ("the Company) S.C. is a private commercial company domiciled in Ethiopia. The Company was established in 26 January 2009 in accordance with the provisions of the Commercial code of Ethiopia of 1960 and the National Bank of Ethiopia (NBE) Directive 746/2012. The registered office is at:

Lidya Plazza
Wolosefer next Dire Dawa Building
Addis Ababa,
Ethiopia

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

2 Summary of significant accounting policies

2.1 Introduction to summary of significant accounting policies

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

2.2 Basis of preparation

The financial statements for the year ended 30 June 2025 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Additional information required by 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 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.

2.2.1 Going concern

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

2.2.2 Changes in accounting policies and disclosures

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

Impact of new and amended standards and interpretation on the financial statements for the commencing 1st January 2023 and future ann

Oromia Insurance S.C.
Annual IFRS financial statements
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2025

Standards/ Amendments	Effective date	Changes or Amendments
IFRS 16 (Amendment) – Lease liability in a sale and leasebac	1-Jan-24	This amendment clarifies how a seller-lessee should measure the lease liabilities in a transaction that involves sale and leaseback. It requires the seller-lessee to subsequently measure the liabilities in such transactions in a way that it does not recognise any amount of the gain or loss relating to right of use it has retained although it does not prevent the seller-lessee to recognise a gain or a loss resulting from early termination of the lease or a modification of the lease terms.
IFRS 17 Insurance contracts	1-Jan-24	-IFRS 17 replaces IFRS 4, which currently permits a wide variety of practices. IFRS 17will fundamentally change the accounting by all entities that issue insurance contracts. For insurers, the transition to IFRS 17 will have significant impact on financial statements, key performance indicators, financial reporting process and operations The main objective of this standard is to provide a uniform accounting frame work that enhances the comparability and transparency of financial statements for entities issuing insurance contracts.
IAS 8 – Accounting Policies, Changes in	1-Jan-23	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish changes in accounting policies from changes in accounting estimates This amendment does not have any impact on the financial position of the corporation. Instead, it provides guidance on how changes in accounting estimates should be treated and distinguished from correction of errors in financial reporting.
Amendment to IAS 1 – Classification of Liabilities as Current or Non-current	1-Jan-24	To establish the overarching framework and rules for presenting general-purpose financial statements to ensure they are comparable, consistent, and understandable
Amendment to IFRS 16 – Leases on sale and leaseback	1-Jan-24	To eliminate the distinction between operating and finance leases for lessees, requiring them to recognize nearly all leases on the balance shee
Amendments to Supplier Finance Arrangements (IAS 7 and IFRS 7)	1-Jan-24	To enhance transparency by requiring detailed disclosures about such programs, which allow a company to pay its suppliers later (often with a bank or financier facilitating early payment to the supplier)
IFRS 18(Presentation and Disclosure in Financial Statements)	1-Jan-27	To improve how a company communicates its financial performance. It introduces three defined profit subtotals—operating profit, investing profit, and financing profit—to provide a more standardized and comparable view of core business activities, and requires more detailed and categorized disclosure of management-defined performance measures (MPMs) to prevent misleading prominence and ensure they are reconciled to specified IFRS subtotals.

Oromia Insurance S.C.
Annual IFRS financial statements
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2025

IFRS 9 - Financial Instruments

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 replaces the multiple classification and measurement models in IAS 39 with a single model that has only three classification categories: amortised cost, fair value through OCI and fair value through profit or loss.

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 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 implement IFRS 9 in this fiscal year. the accounting policy for IFRS 9 presnted below:

a) The Company's Financial Instruments

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

b) Classification and Measurement

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

Amortised cost

Financial assets held to collect contractual cash flows, where such cash flows represent solely payments of principal and interest (SPPI). Examples: deposits, government securities held to maturity, trade and insurance receivables.

Fair value through other comprehensive income (FVOCI)

Debt instruments held to collect contractual cash flows and for sale, meeting the SPPI criteria. Equity instruments not held for trading may also be designated as FVOCI at initial recognition.

Fair value through profit or loss (FVTPL)
Financial assets that do not meet the criteria for amortised cost or FVOCI.

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

c) Recognition, Reclassification and Derecognition

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

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

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

d) Subsequent Measurement

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

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

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

e) Fair Value Measurement

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

Level 1: Quoted prices in active markets.

Oromia Insurance S.C.
Annual IFRS financial statements
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2025

Level 2: Observable inputs other than Level 1 prices.
Level 3: Unobservable inputs.
Carrying amounts of financial assets and liabilities measured at amortised cost approximate their fair values due to their short-term nature.

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

The company use the following approcach to calculate imparement on financial asset as follows:

General approach

This approach is applicable to all financial assets except contract assets and trade receivables that do not contain a significant financing component and optionally for lease receivables

Under this approach financial aasset are classfied into three stages.

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

ECL Calculation: ECLs are calculated based on three probability-weighted scenarios (e.g., base case, optimistic, pessimistic) to measure expected cash shortfalls. Key elements include:

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

Expected credit loss will be computed as below

ECL = PD * EAD * LGD * Dt

Simplified approach :

This approach applies to trade and insurance receivables

Loss allowances are measured at lifetime ECL using a provision matrix based on historical default rates and forward-looking information. The National Bank of Ethiopia issued the following directive:

S.N.	Past due date	Impairment rate
1	1-90 days	No
2	91-180 days	25%
3	181-360	50%
4	above 360	100%

(f)Write-off:

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

g) Offsetting

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.

IFRS 13: Fair Value Measurement

This section outlines the accounting policies applied in accordance with IFRS 13 – Fair Value Measurement.

The valuation techniques for fair value measurement are set out below:

Market approach (para B5): Uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities or a group of assets and liabilities.

Cost approach (para B8): Reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).

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Income approach (para 10): Converts future amounts (e.g cash flows or income and expenses) to a single current (i.e discounted) amount. The fair value measurement reflects current market expectations about those future amounts.

Implemented approach

In line with IFRS 13:

(para 61) An entity shall use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(Para 62) The objective of using a valuation technique is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions.

Given that Ethiopia's capital market is still in the early stages of development, the Market Approach was deemed the most appropriate technique for valuing the assets and liabilities of interest.
In the absence of an active domestic market, market multiples were sourced from peer African markets, including Tanzania, Kenya, Uganda, Botswana, Zambia, and Nigeria among others.

The Market Approach relies on observable data from capital markets, such as quoted prices from active markets for identical assets (Level 1 inputs) or quoted prices for similar assets and market-corroborated data (Level 2 inputs). These inputs provide a basis for estimating the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

Level 1 inputs: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement da

Level 2 inputs: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirec

If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability. Level 2 inputs include the following:

Quoted prices for similar assets or liabilities in active markets.

Quoted prices for identical or similar assets or liabilities in markets that are not active.

Observable inputs such as interest rates, yield curves, implied volatilities, and credit spreads.

Market-corroborated inputs

For the equity investments valued, the use of peer market multiples represents reliance on **Level 2 inputs**, as they are observable but adjusted to reflect local conditions.

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

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IFRS 16 - Leases

This standard was issued in January 2016 (effective 1 January 2019) . It sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. The standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.
A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. It also substantially carries forward the lessor accounting requirements in IAS 17. A Leases where the company a lessee
1 Accounting for all leases except for short term and low value leases.
For all leases except short term and low value assets previously classified as operating leases:
• As at July 1, 2019 the company recognized a lease liability measured at present value of remaining a lease payments discounted using the NBE 'S incremental borrowing rate.
• For all leases company has selected to recognize right of use asset at an amount equals to the lease liability for new contract.
The company applied the exemption for all short term leases up to 12 months or less for office space.
Short term leases are directly recognized as operating lease on Profit or loss and other comprehensive income statement
B Leases where the company is a lessor.
Sub lease of an office space were classified as operating lease because of it included in short term lease exemption option.
Method of initial application.
Ifrs 16 allows two method of initial application
1 Full retrospective approach: with the restatement of comparatives.
2 Modified retrospective approach: without the reinstatement of comparatives and with certain simplifications upon adoption.
The company has elected to use the second approach (Modified retrospective)
Based on single accounting model applied the company recognized a right of use asset and lease liability at the commencement date of the contract. the commencement of date is the date on which a lessor makes an underlying asset available for use by lessee.
Depreciation of the right of asset was calculated using straight- line method over the estimated useful lives. The predominant estimated useful lives are as follows.

Description	term in years
Land	30
Building	2-5

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. the company applies this standard as per the following accounting policy.

Reclassification Adjustments

The Unearned Premiums provision, Incurred But Not Reported (IBNR) claims, and Outstanding Claims Reserve are no longer presented separately. Instead, they are aggregated and reported as Reinsurance Contract Assets for gross contracts and as Reinsurance Contract Liabilities for reinsurance contracts.

Insurance and reinsurance related receivables and payables are no longer presented separately from insurance liabilities and reinsurance assets, leading to a reduction of total assets and liabilities as follows:

- Receivables arising out of insurance arrangements and deferred acquisition costs have been reclassified from assets and netted off against insurance contract liabilities;

- Payables arising from reinsurance arrangements and reinsurance share of liabilities have been reclassified from liabilities and netted off against reinsurance contract assets.

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a)Changes To Classification and Measurement

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

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

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

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

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

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

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

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

b)Changes to Presentation and Disclosure

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

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

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

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

Previously Reported Under IFRS 4:

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

Instead, IFRS 17 requires a separate presentation of:

Insurance revenue

Insurance service expenses

Net Expenses From reinsurance Contracts Held

Finance Expenses From Insurance Contracts

Finance Expenses From Reinsurance Contracts

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C) Insurance and Reinsurance Contracts

Definition and Classification

Insurance contract is a contract where the insurer accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder.

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

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

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

Recognition

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

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

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

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

Contract Boundary

The Company includes in the measurement of a group of insurance contract all the future cashflows within the boundary of each contract in the group. Cashflows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel policy holders to pay the premiums, or in which the Company has a substantive obligation to provide insurance contract services ends when:

The Company has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of the benefits that fully reflects those risks;

Both of the following criteria are satisfied:

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

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

Insurance Contracts Initial Measurement

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

- The coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary

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

- The premiums. If any, received at initial recognition,

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

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

Subsequent Measurement

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

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

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

Reinsurance Contracts Initial Measurement

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

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

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

Subsequent Measurement

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

Modification & Derecognition

The Company derecognizes insurance contract when:

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

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Insurance Acquisition Cashflow

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

Presentation

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

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

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

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

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

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

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

Insurance revenue

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

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

Insurance service expenses

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

- Incurred claims and other insurance service expenses:

- Amortisation of insurance acquisition cash flows: For contracts measured under the PAA, the Company amortizes insurance acquisition cashflows on a straight-line basis over the coverage period of the group of contracts.

- Losses on onerous contracts and reversals of such losses.
- Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein.

- Impairment losses on assets for insurance acquisition cash flows and reversals of such impairment losses.

Net Income Or Expenses From reinsurance Contracts Held

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

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Insurance Finance Income And Expenses

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

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

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

Discount Rates

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

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

Risk Adjustment

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

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

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

Derivation Of The Risk Adjustment
The Company has determined that the derivation of the risk adjustment shall be performed at the operating level using an appropriate methodology that is in line with IFRS17 guidelines
The Risk Adjustment for the Liability for Incurred Claims (LIC) has been estimated Value at Risk Method.

The Company applies judgement to determine the appropriate Risk Adjustment based on the non-financial risks associated with their portfolios of insurance and reinsurance contracts to determine the desired Risk Adjustments.

The Company sets confidence level in the range of the 60th to 90th percentile.

Insurance revenue-contracts not measured under PAA

For contracts measured under the PAA, the insurance revenue for each period is the amount of expected premium receipts for providing coverage in the period. For contracts not measured under the PAA, the Company establishes a loss component of the liability for remaining coverage for onerous groups of insurance contracts. The loss component determines the amount of fulfillment cash flows that

When the fulfillment cash flows occur, they are allocated between the loss component and the liability for remaining coverage excluding the loss component on a systematic basis.

The systematic basis is determined by the proportion of the loss component relative to the total estimate of the present value of the future cashflow plus the risk adjustment for non-financial risk at the beginning of each period (or on initial recognition if a group of contracts is initially recognized in the period.)Changes in estimates of cash flows relating to future services and changes in the Company's share of fair value of any underlying items are allocated solely to the loss component.

If the loss component is reduced to zero, then any excess over the amount allocated to the loss component creates a new CSM for the group c

The main features of the new accounting model for life insurance contracts are as follows:

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured every reporting peri
- A Contractual Service Margin (CSM) that is equal and opposite to any day one gain in the fulfilment cashflows of a group of contracts, representing the unearned profit of the insurance contracts to be recognised in profit or loss based on insurance contract services provided over the coverage period

- Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in profit or loss over the remaining coverage period

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• The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accou
• The presentation of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of services provided during the period
• Amounts that are paid to a policyholder in all circumstances, regardless of whether an insured event occurs (non-distinct investment components) are not presented in the income statement,but are recognised directly on the balance sheet
results (earned revenue
• A loss-recovery component of the asset for the remaining coverage of a group of reinsurance contracts held is determined and recorded in profit or loss when an entity recognises a recovery of a loss on initial recognition of an onerous group of underlying issued
• liabilities, with the same requirement applying to portfolios of reinsurance contracts held
e disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from th

The Board decided on a retrospective approach for estimating the CSM on the transition date. However, if full retrospective application, as defined by IAS 8 for a group of insurance contracts, is impracticable, an entity is required to choose one of the following two alternatives:

• Modified retrospective approach- based on reasonable and supportable information available without undue cost and effort to the entity, certain modifications are applied to the extent full retrospective application is not possible, but still with the objective to achieve
• Fair value approach- the CSM is determined as the positive difference between the fair value determined in accordance with IFRS 13 Fair Value Measurement and the fulfillment cash flows (any negative difference would be recognised in retained earnings at the transition

Both the modified retrospective approach and the fair value approach provide transitional reliefs for determining the grouping of contracts. If an entity cannot obtain reasonable and supportable information necessary to apply the modified retrospective approach, it is required to

Model is likely to have a significant impact on the profit and total equity of some insurance entities,resulting in increased volatility compared to today's models. Key performance indicators will also likely be affected.

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.

Foreign currency translation (continued)

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 measure at fair value, such as equities classified as available for sale, are included in other comprehensive income.

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2.4 Cash and cash equivalents

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

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

2.5 Other assets

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

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

Prepayments are payments made in advance for services to be enjoyed in future. The amount is initially capitalized in the reporting period in which the payment is made and subsequently amortised over the period in which the service is to be enjoyed. They include prepaid rent, prepaid staff expenses and other prepaid office expenses.

2.6 Investments in Associates

Associates are all entities over which the Company has significant influence but not control, generally a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to statement of profit or loss where appropriate.

The Company's share of post-acquisition profit or loss is recognised in the statement of profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

2.7 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:

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Asset class	Depreciation rate	Residual
Buildings	50	5%
Motor vehicles	10	5%
Tools and other assets	10	1%
Computer	10	1%
Soft ware	12.5	0%

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.

2.8 Deferred Charges

The Company made an advance payment in respect of it's rented recovery yard for damaged vehicles (salvages). This advanced payment is recorded as a deferred charge in the statement of financial position. Each month, the Company recognises a portion of the prepaid rent as an expense in the statement of profit or loss.

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.

2.10 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 of Ethiopia, or be used as a pledge or security for any loan. They have been separately disclosed due to their nature and liquidity. Statutory deposits are measured at cost.

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2.11 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.

2.12 Other payables

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

2.13 Share capital

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

2.14 Retained Earnings

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

2.15 Legal Reserves

In accordance with Article 22 sub article 1-2 of Insuarnce Business Proclamation No 746/12,the Company maintains legal reserve in accordance with the provisions of the NBE Directive No. SBB/4/95 which requires the Company to transfer annually 10% of its annual net profit to its legal reserve account until such reserves equals it's paid up capital.

2.16 Other Reserves

Other reserve warehouses a percentage of the net profit agreed to be set aside at the Company's annual general meeting. The reserve is calculated as 5% of the net profits before distribution to the Company's shareholders.

2.17 Dividends on ordinary share capital

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

2.18 Non operational income recognition

a ***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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b ***Investment income***

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

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

c ***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 ***Employee benefits***

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

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

(b) ***Defined contribution plan***

The Company operates only one defined contribution plan;

i) pension scheme in line with the provisions of Ethiopian pension of private organisation employees proclamation 715/2011. Funding under the scheme is 7% and 11% by employees and the Company respectively;

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

(c) ***Defined benefit obligations***

The Company operates a defined benefit severance scheme in Ethiopia, where members of staff who have spent 5 years or more in 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 recognised in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the market rates on government bonds that have terms to maturity approximating to the terms of the related pension obligation.

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

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

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

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

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

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2.20 Leases

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

Company as a lessee

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

2.21 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 of loss attributable to ordinary shareholders and weighted average number of ordinary shares outstanding for the efforts of all diluted potential ordinary shares.

2.22 Government grants

(a) Current income tax

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

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

(b) Deferred tax

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

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

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

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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 4.4
- Financial risk management and policies Note 4
- Sensitivity analysis Note 4

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:

Operating lease commitments -Company as lessee

The Company has entered into lease on its office building. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the building, that it does not retain all the significant risks and rewards of ownership of the building and accounts for the contracts as an operating lease.

3.2 Estimates and assumptions

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

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

(a) 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.

- historical loss experience or where institutions have no loss experience of their own or insufficient experience, peer company experience for a comparable company's of financial instruments at amortized cost;
- adjustments to historical loss experiences on the basis of current observable data to reflect the effects of current conditions.

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(b) ***Retirement benefit obligations***

The present value of the retirement benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of severance pay obligations. The assumptions used in determining the net cost (income) include the discount rate, rate of return on assets, future salary increments and mortality rates.
The Company determines the appropriate discount rate at the end of the year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the gratuity obligations. In determining the appropriate discount rate, the Company considers the interest rates of high-quality government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related liability. Other key assumptions for retirement benefit obligations are based in part on current market conditions.

(c) ***Depreciation and carrying value of property, plant and equipment***

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

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

(d) ***Impairment of non- financial assets***

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

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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 in compliance with its Risk Management Program (RMP). 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 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

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

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

The Board of Directors (The Board) is responsible for the overall risk encountered by the Company.

The Risk Management and Compliance Unit (RMCU) 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 and Compliance 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 Company's finance 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.

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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 it's risk to the level acceptable. Risk controls and mitigates, identified and approved for the Company, are documented for existing and new processes and systems.

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

4.2 Insurance risk

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

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

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

4.2.1 Life insurance contracts

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

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

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

These risks do not vary significantly in relation to the location of the risk insured by the Company and type of risk insured.
The Company's underwriting strategy is designed to ensure that risks are well diversified in terms of type of risk and level of insured benefits. This is largely achieved through the use of medical screening in order to ensure that pricing takes account of current health conditions and family medical history, regular review of actual claims experience and product pricing, as well as detailed claims' handling procedures.

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Company has the right not to renew individual policies. Insurance contracts also entitle the Company to pursue third parties for payment of some or all costs.

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

30-Jun-25	Gross liability	Reinsurance	Net liability
	Birr	Birr	Birr
Group term	36,821	(15,269)	21,552
Group Medical	93,412	(3,438)	89,974
Group riders			-
Group mortgage	316	(49)	267
Individual Medical	379		379
Endowment assurance	196	-	196
Individual mortgage protection	135	-	135
Travel	2,001	195.00	2,196
Total life insurance	133,260	(18,561)	114,699

30-Jun-24	Gross liability	Reinsurance	Net liability
	Birr'000	Birr'000	Birr'000
Group term	20,737	(195)	20,542
Group medical	57,235	(4,036)	53,199
Group riders			-
Group mortgage	293		293
Individual riders			-
Endowment assurance	42	-	42
Individual mortgage protection	0	-	-
Travel	401	195.00	596
Total life insurance	78,708	(4,036)	74,672

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The geographical concentration of the Company's life insurance contract liabilities is all in Ethiopia where the Company is situated.

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, according to the type of contract written. 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.

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

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

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

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

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

► *Discount rate*

Life insurance liabilities are determined as the sum of the discounted value of the expected benefits and future administration expenses directly related to the contract, less the discounted value of the expected theoretical premiums

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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.

Increase in gross liabilities		**Change in liability**	
	Change in assumptions	**30 June 2025 Birr'000**	**30 June 2024 Birr'000**
Mortality/morbidity rate	+10%	14,175	14,922
Investment return	+1%	(14,041)	(18,617)
Discount rate	+1%	(14,041)	(14,707)
Expenses	+10%	3,211	3,910
Lapse and surrenders rate	+20%	(13,834)	(14,707)

Decrease in gross liabilities		**Change in liability**	
	Change in assumptions	**30 June 2024 Birr'000**	**30 June 2023 Birr'000**
Mortality/morbidity rate	-10%	(14,231)	(14,979)
Investment return	-1%	15,205	16,798
Discount rate	-1%	15,205	15,993
Expenses	-10%	(3,040)	(3,676)
Lapse and surrenders rate	-20%	14,880	15,993

The above analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated – for example, change in interest rate and change in market values; and change in lapses and future mortality.

4.2.2 Non- life insurance contracts

The Company principally issues the following types of general insurance contracts: motor, fire, engineering, liability, marine, general health, pecuniary, bulgary and worksmen compensation. Healthcare contracts provide medical expense coverage to policyholders and are not guaranteed as renewable. Risks under non–life insurance policies usually cover twelve months duration.

For general insurance contracts, the most significant risks arise from accidents. These risks do not vary significantly in relation to the location of the risk insured by the Company, type of risk insured and by industry. The risk exposure is mitigated by diversification across a large portfolio of insurance contracts.

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

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30-Jun-25	Claims reported			Claims reported but not incurred		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	Birr	Birr	Birr	Birr	Birr	Birr
Fire	25,099	6,232	18,867	2,810	261	2,549
General accident	4,615	2,938	1,678	4,228	1,397	2,832
Motor	3,994	200	3,794	5,627	268	5,359
Marine	6,400	851	5,549	1,678	1,417	261
Engineering	535,467	82,883	452,584	59,351	10,910	48,442
Public liability	927	46	881	1,614	46	1,568
Pecuniary	84,215	66,935	17,280	16,139	7,292	8,847
Worksmen compensation	2,413	121	2,292	4,623	197	4,426
Others	149,116	136,712	12,404	9,591	1,735	7,856
PVT	50,620	45,811	4,809	7,056	3,078	3,977
Total	**862,867**	**342,729**	**520,138**	**112,718**	**26,601**	**86,116**

30-Jun-24	Claims reported			Claims reported but not incurred		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	Birr	Birr	Birr	Birr	Birr	Birr
Fire	64,837	33,159	31,678	5,948	221	5,728
General accident	6,512	3,092	3,419	6,995	1,866	5,128
Motor	451	23	428	1,859	80	1,780
Marine	8,833	1,949	6,885	1,208	439	769
Engineering	496,001	41,334	454,667	40,804	3,436	37,368
Public liability	1,678	84	1,594	2,507	94	2,413
Pecuniary	156,639	49,218	107,421	24,997	1,042	23,955
Worksmen compensation	1,688	84	1,604	2,232	99	2,134
Others	1	1	0	11,314	8,394	2,920
PVT	62,815	56,847	5,967	8,704	8,472	231
Total	**799,455**	**185,791**	**613,664**	**106,570**	**24,143**	**82,426**

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 and claim numbers for each accident year.

No allowance has been made for discounting as these are short-term contracts, the effect of discounting is not expected to have a significant impact on the reserves.

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.

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4.3 Financial risk

Financial instruments by category

The Company's financial assets are classified into the following 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	Loans and receivables	Total
30-Jun-25		Birr	Birr	Birr
Cash and bank balances	16		2,191,540	2,191,540
loans and Receivables	17		-	-
Insurance receivables			49,417	49,417
Investment securities:	18		-	-
– Available for sale	18	422,537		422,537
– Loans and receivables	18		149,433	149,433
Reinsurance assets	19		375,653	375,653
Other assets	20		138,746	138,746
Total financial assets		422,537	2,904,789	3,327,326

	Notes	Available-For-Sale	Loans and receivables	Total
30-Jun-24		Birr	Birr	Birr
Cash and bank balances	16		1,595	1,595
loans and Receivables	17		41	41
Investment securities:			-	-
– Available for sale	18	393,928	-	393,928
– Loans and receivables	18		74,065	74,065
Reinsurance assets	19		93	93
Other assets	19		24462	24,462
Total financial assets		393,928	100,256	494,184

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

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

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

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

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

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

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

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

	30 June 2025 Birr	30 June 2024 Birr
Cash and bank balances	2,191,540	1,595
staff loan	49,417	41
Investment securities:	-	-
– Available for sale	422,537	393,928
– Loans and receivables	149,433	74,065
	-	-
Reinsurance assets	375,653	93
Other assets	138,746	24,462
	3,327,326	**494,184**

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 2025 & 30 June 2024 are held in Ethiopian banks have been classified as non-rated as there are no credit rating agencies in Ethiopia. The Company has no cash and cash equivalents that are held in foreign banks.

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(b) Credit quality of insurance and other receivables

30 June 2025	Neither past due nor impaired Birr	Past due but not impaired Birr	Impaired Birr	Total Birr
(b) Insurance receivables:				
Due from contract holders	136,994	-	46,614	90,380
Due from		-		
Gross	136,994	0	46,614	90,380
Less: Impairment allowance (note 19 a)	-	-	4,603	4,603
Net	136,994	-	42,011	85,777
				-

	Neither past due nor impaired Birr	Past due but not impaired Birr	Impaired Birr	Total Birr
(c) Other assets:				
Staff Loan	49,417		(2,375)	47,042
Other account receivables	136,118			136,118
Staff debtors	2,628			2,628
	188,163	-	(2,375)	185,788
Gross				
Less: Impairment allowance (note 16a)	-	-	-	-
Net	188,163	-	(2,375)	185,788

30-Jun-24	Neither past due nor impaired Birr	Past due but not impaired Birr	Impaired Birr	Total Birr
Insurance receivables:				
Due from contract holders	91,688	-	42,309	49,379
Due from insurance companies, brokers and agents	-	-	-	-
Gross	91,688	0	42,309	49,379
Less: Impairment allowance (note 19a)	-	-	7,408	7,408
Net	91,688	-	49,717	56,787
				-

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	Neither past due nor impaired Birr	Past due but not impaired Birr	Impaired Birr	Total Birr
Other assets:				
Staff Loan	41,300			41,300
Other account receivables	23,187	-	-	23,187
Staff debtors	1,275	-	-	1,275
			-	
	65,762	**-**	**-**	**65,762**
Less: Impairment allowance			-	-
Net	**65,762**	**-**	**-**	**65,762**

Other assets

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

(d) 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.

Credit concentrations

The Company monitors concentrations of credit risk by sector, location and purpose. An analysis of concentrations of credit risk at 30 June 2025, and 30 June 2024. The Company concentrates all its financial assets in Ethiopia.

30 June 2025	Public enterprise Birr	Private Birr	Others Birr	Total Birr
Cash and bank balances	-	2,110,204	81,336	2,191,540
staff loan			49,417	49,417
Investment securities:	-	-	-	-
– Available for sale		422,537		422,537
– Loans and receivables	149,433	-	-	149,433
Reinsurance assets	-	375,653	-	375,653
Other assets	-	-	138,746	138,746
	149,433	**2,908,394**	**269,499**	**3,327,326**

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30 June 2024	Public enterprise Birr	Private Birr	Others Birr	Total Birr
Cash and bank balances	-	(63,548)	65,143	1,595
staff loan			41,300	41,300
Investment securities:	-	-	-	
– Available for sale		393,928		393,928
– Loans and receivables	74,065	-	-	74,065
	-	-	25,431	25,431
Reinsurance assets	-	93	-	93
Other	-	-	24,462	24,462
	74,065	**330,473**	**156,336**	**560,874**

4.3.2 Liquidity risk

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

Liquidity risk management in the Company is solely determined by Risk Management and Compliance Unit, which bears the overall responsibility for liquidity risk. The main objective of the Company's liquidity risk framework is to maintain sufficient liquidity in order to ensure that we meet our maturing obligations.

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 o meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to the Company's reputation.

a Financing arrangements

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.

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30 June 2025	Less than 1 year Birr'000	Over 1 year Birr'000	Total Birr'000
Insurance contract liabilities	2,352,459		2,352,459
Insurance payables	-		-
Other financial liabilities	476,732		476,732
Total financial liabilities	**2,829,191**	**-**	**2,829,191**

30 June 2024	Less than 1 year Birr	Over 1 year Birr	Total Birr
Insurance contract liabilities	2,122,287	-	2,122,287
Insurance payables	-	-	-
Other financial liabilities	289,668	-	289,668
Total financial liabilities	**2,411,955**	**-**	**2,411,955**

4.3.3 Market risk

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

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

The company does not ordinarly engage in tradig activities as there are no active market in Ethiopia

a 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

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

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

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

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

30 June 2025	Fixed	Non-interest bearing	Total
	Birr	Birr	Birr
Assets			
Cash and bank balances	1,007,301	1,184,671	2,191,972
Investment securities:			-
– Available for sale		451	451
– Loans and receivables	149,433		149,433
		-	-
Reinsurance assets		375,653	375,653
Other assets		558,066	558,066
Total	1,156,734	2,118,841	3,275,575
Liabilities			
Insurance contract liabilities		2,352,459	2,352,459
Insurance payables		-	-
Other liabilities		476,732	476,732
Total	-	2,829,190.78	2,829,190.78

30 June 2024	Fixed	Non-interest bearing	Total
	Birr	Birr	Birr
Assets			
Cash and bank balances	759,736	834,970	1,594,706
Investment securities:			
– Available for sale		417	417
– Loans and receivables	74,065		74,065
		-	-
Reinsurance assets		93	93
Other assets		344	344
Total	833,801	835,824	1,669,625

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	Fixed	Non-interest bearing	Total
	Birr	Birr	Birr'000
Liabilities			
Insurance contract liabilities	-	2	2
Insurance payables	-	-	-
Other liabilities	-	290	290
Total	**-**	**292**	**292**

The sensitivity of the income statement is the effect of the assumed changes in interest rates on the profit or loss for a year, based on the floating rate non–trading financial assets and financial liabilities held at 30 June 2024, & 30 June 2025 . The total sensitivity of equity is based on the assumption that there are parallel shifts in the yield curve.

(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 exposed to exchange rate risks to the extent of balances and transactions denominated in a currency other than the Ethiopian Birr. The Company has no transaction in foreign currency.

Foreign currency denominated balances

(iii) Price risk

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company's price risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, diversification plans, and limits on investments in each sector and market.

The Company has no significant concentration of price risk as there is no active market in Ethiopia.

4.4 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.

4.4.1 Margin of Solvency ratio

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

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

		30 June 2025 Birr	30 June 2024 Birr
Admissable assets	A		
Cash and bank balances		2,191,540	1,594,703
Investment securities:			
– Available for sale		450,616	416,691
– Loans and receivables		149,307	73,612
Investments in associates		3,779	3,734
Reinsurance Assets		416,161	407,180
Property, plant and equipment		179,038	151,973
Statutory deposit		225,775	185,409
Work in progress		1,344,260	1,110,900
		4,960,475	3,944,201
Admissable liabilities	B		
Insurance contract liabilities		2,352,459	2,122,287
Insurance payables		-	-
Other liabilities		476,732	289,668
Current income tax liabilities		226,441	113,549
		3,055,631	**2,525,504**
Excess (admitted capital)- (A-B)	C	1,904,843	**1,418,697**
Net premium	D	**1,487,989**	**849,162**
Technical Provision	E	**2,359,400**	**1,300,865**
Solvency margin			
Limit of net premium i.e 20% of net	F	297,598	169,832
Limit of technical Provision i.e 25%	G	589,850	325,216
Minimum of paid up capital	H	500,000	500,000
Since C>D - Positive Solvency Margin	(C-H)	1,364,336	918,698
Solvency ratio		**2.55**	**1.84**

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4.5 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.

4.5.1 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 date 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.

Financial instruments not measured at fair value

The carrying values of the Company's financial instruments approximate their fair value.

The following table summarises the carrying amounts of financial instruments 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.

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	30 June 2025		30 June 2024	
	Carrying amount	Fair value	Carrying amount	Fair value
	Birr	Birr	Birr	Birr
Cash and cash equivalents	2,191,972	2,191,972	1,594,706	1,594,706
Investment securities- Available for sale	451	451	417	417
– Loans and receivables	149,433	149,433	74,065	74,065
	0	-	-	0
Reinsurance assets	375,653	375,653	93	93
Total	**2,717,509**	**2,717,509**	**1,669,281**	**1,669,281**
Financial liabilities				
Insurance contract liabilities	2,352,459	2,352,459	2	2
Insurance payables	-	-	-	0
Other liabilities	476,732	476,732	290	290
Total	**2,829,191**	**2,829,191**	**292**	**292**

4.5.3 Fair value methods and assumptions

Insurance receivables

Insurance 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 using the EIR method. This means the amortised cost is determined as the fair value of the bond at inception plus interest accrued using the Effective Interest Rate.

4.5.4 Valuation technique using significant unobservable inputs – Level 3

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

4.5.5 Transfers between the fair value hierarchy categories

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

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

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

Business segments

The Company operates the following main business segments:

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

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

a Profit or loss for each category for the year ended 30 June 2024

	Non-Life		Life		Takaful		Total	
	30 June Birr'000	30 June Birr'000	30 June Birr'000	30 June Birr'000	30 June Birr'000	30 June Birr'000	30 June Birr'000	30 June Birr'000
Insurance Revenue	2,168,818	1,778,522	112,390	78,105	122,225	56,251.72	2,281,209	1,856,627
Insurance Service Expense	(982,106)	(843,724)	(145,585)	(97,887)	(19,365)	(34,157.16)	(1,127,691)	(941,611)
							-	-
Net Expenses From Reinsurance Contracts Held	(405,976)	(382,808)	22,256	(3,547)	(123,826)	(13,920)	(383,720)	(386,355)
							-	-
Insurance Service Result	**780,736**	**551,990**	**(10,938)**	**(23,328)**	**(20,967)**	**8,174**	769,798	528,661
							-	-
Net Investment Income	187,124	175,950	6,897	3,816			194,022	179,766
Finance Expenses From Insurance Contracts	86,928	26,414	6,333	(545)	962	897.27	93,261	25,869
Finance Income From Reinsurance Contracts	(45,483)	(8,603)	(3,592)	3	5	(615)	(49,075)	(8,600)
Net Financial Result	**228,569**	**193,761**	**9,639**	**3,274**	**966**	**283**	238,208	197,035
							-	-
Other income in (fee and commission income)	44,266	37,532	-	-			44,266	37,532
Life Fund				-			-	-
Other Income	60,312	21,683	310	2,000			60,622	23,683
Non – Attributable Expenses	(294,632)	(209,119)		-	-	-	(294,632)	(209,119)
Impairment losses (or reversal) on financial assets	(1,071)	(1,099)	-	-	-	-	(1,071)	(1,099)
Profit before income tax	**818,180**	**594,748**	**(989)**	**(18,055)**	**(20,000)**	**8,457**	**817,191**	**576,693**

Income Tax	(226,441)	(113,549)		-	-	-		-
Profit For The Year	**591,740**	**481,199**	**(989)**	**(18,055)**	**(20,000)**	**8,457**	**590,751**	**463,144**
Fair value gain/(loss) on equity investments at fair value through OCI	5,316	6,415						
Remeasurement gain/(loss) on retirement benefits obligations	(457)	151						
Deferred tax (liability)/asset on remeasurement gain or loss	(1,458)	(1,970)					(1,458)	(1,970)
Total Comprehensive Income Net	**595,140**	**485,795**	**(989)**	**(18,055)**	**(20,000)**	**8,457**	**589,293**	**461,174**

b Assets and liabilities for each segment at 30 June 2024

	Non-Life		Life		Takaful		Total	
	30-Jun-25	30-Jun-24	30-Jun-25	30-Jun-24	30-Jun-25	30-Jun-24	30-Jun-25	30-Jun-24
	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000
ASSETS								
Cash and bank balances	2,043,819	1,532,692	71,505	27,631	76,216	34,380	2,191,540	1,594,703
Staff loan	49,392	41,300	25				49,417	41,300
Available for sale	437,652	404,840	12,964	11,852			450,616	416,691
Loans and receivables	149,307	73,612					149,307	73,612
Other assets	551,221	329,559	2,918	1,853	3,927	12,546	558,066	343,958
Work in Progress	1,344,260	1,110,900					1,344,260	1,110,900
Right of use asset	122,750	115,430	1,223	971	271	482	124,244	116,883
Investments in associates	3,779	3,734			-	-	3,779	3,734
Property, plant and equipment	170,399	150,080	6,619	1,893	2,020	-	179,038	151,973
Insurance Contract Assets	-	-			-	-	-	-
Reinsurance Contract assets	308,624	314,595	34,148	2,722	32,881	89,862	375,653	407,180
Deferred Tax Asset	8,677	3,189	-	-	-	-	8,677	3,189
Statutory deposit	220,390	180,258	5,385	5,151	-	-	225,775	185,409
Total assets	**5,410,268**	**4,260,188**	**134,787**	**52,073**	**115,316**	**137,270**	**5,660,371**	**4,449,531**
LIABILITIES								
Insurance Contract Liabilities	2,235,507	1,975,794	61,025	18,161	55,928	128,332	2,352,459	2,122,287
Reinsurance Contract Liabilities	-	-		942			-	942
Lease Liability	89,664	80,355	2,482				92,146	80,355
Defined benefit obligations	12,739	10,629					12,739	10,629
Deferred tax Liablity	17,678	14,250					17,678	14,250
Current income tax liabilities	226,441	113,549					226,441	113,549
Other liabilities	396,063	263,560	21,280	23,100	59,388	3,008	476,732	289,668
Life Fund surplus							-	-
Total liabilities	2,978,091	2,458,136	84,787	42,203	115,316	131,339	3,178,194	2,631,679
							3179179.086	
EQUITY								
Share capital	1,599,046	1,176,104	50,000	30,000			1,649,046	1,206,104
Share premium	1,880	1,880					1,880	1,880
Retained earnings	436,544	346,982		(20,131)			436,544	332,782
Legal reserve	213,936	154,861					213,936	154,861
Other reserve	105,164	75,626					105,164	75,626
Participants Takaful Fund(Takaful retained earnings)						5,931	-	-
Regulatory Risk Reserve	40,730	23,834					40,730	23,834
Fair value reserve (OCI)	34,881	22,763					34,881	22,763
Total equity	2,432,180	1,802,051	50,000	9,869	-	5,931	2,482,180	1,817,851
Total equity and liabilities	**5,410,272**	**4,260,187**	**134,787**	**52,073**	**115,316**	**137,270**	**5,660,375**	**4,449,530**

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		30 June 2025 Birr'000	30 June 2024 Birr'000
6	**Insurance Revenue**		
a	**Life Business Insurance Revenue**		
	Contracts measured under PAA		
	Group (Life) Term		
	Medical	111,453	76,235
	Travel		
	Contracts measured under GMM	937	1,870
	Total Life Insurance Revenue	**112,390**	**78,105**
b	**General Business Insurance Revenue**		
	Engineering	75,221	88,699
	Fire and burglary	113,167	101,955
	Liability	17,418	11,101
	Marine	44,940	17,461
	Motor	985,625	846,737
	Accident and health	43,064	36,513
	Pecuniary	429,683	369,091
	Workmen Compensation	13,907	13,354
	Micro Insurance	231,585	191,698
	PVT	214,209	101,913
	Total General Business Insurance Revenue	**2,168,818**	**1,778,522**
	Grand Total Insurance Revenue (General +Life)	**2,281,209**	**1,856,627**
c	**Takaful Insurance Revenue**		
	Engineering Contribution	2,773	1,210
	Fire and burglary Contribution	9,055	5,632
	Liability Contribution	46	547
	Marine Contribution	5,499	998
	Motor Contribution	29,264	20,005
	Accident and health contribution	162	1,677
	Pecuniary Contribution	236	348
	Workmen Compensation contribution	121	124
	Micro Insurance contribution	115,969	24,433
	PVT Contribution	4,488	1,278
	Total Takaful Insurance Revenue	**122,225**	**56,252**

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7 Insurance Service Expense from Insurance Contracts Held

The breakdown of insurance service expenses is shown below:

a Life Insurance Service Expense

Class of Business	Claims Service expense	Directly Attributable Expenses	Change To The Lic Past Service	Amortization of Acquisition Cash flows	30 June 2025 Total Insurance service expense	2024 Total Insurance service expense
Group (Life) Term						
Medical	127,039	5,925	4,233	7,800	**144,996**	98,109
Travel					**-**	
Contracts measured under GMM		588			**588**	(223)
Total Life Business Service Expenses	**127,039**	**6,513**	**4,233**	**7,800**	**145,585**	**97,887**

b General Business

Class of Business	Claims Service expense	Directly Attributable Expenses	Change To The Lic Past Service	Amortization of Acquisition Cash flows	30 June 2025 Total Insurance service	2024 Total Insurance service
Engineering	-15,113	12,211	-13,341	10,899	**(5,345)**	58,568
Fire and burglary	25,990	18,371	-3,250	7,402	**48,513**	41,612
Liability	11,714	2,827	668	2,548	**17,757**	4,897
Marine	-2,368	7,295	-2,558	5,977	**8,347**	5,447
Motor	377,253	159,999	57,907	11,791	**606,950**	375,352
Accident and health	9,068	6,991	-662	405	**15,802**	11,513
Pecuniary	-59,337	69,752	-44,229	33,368	**(446)**	194,523
Workmen Compensation	4,741	2,257	489	145	**7,632**	(3,627)
Micro Insurance	161,789	41,735	32,453	1,420	**237,396**	114,688
PVT	4,233	30,632	-15,196	25,829	**45,499**	40,751
Total General Service Expenses	**517,971**	**352,070**	**12,280**	**99,784**	**982,106**	843,724
Total General and life Insurance service expense	**645,010**	**358,584**	**16,513**	**107,584**	**1,127,691**	**941,611**

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C Takaful Business

Contracts measured under PAA — 30 June 2025

Class of Business	Claims Service expense	Directly Attributable Expenses	Change To The Lic Past Service	Amortization of Acquisition Cash flows	Total Insurance service expense	30 June 2024 Total Insurance service expense
Engineering	-11		-10		(21)	389
Fire and burglary	-116		-98		(214)	2,300
Liability	1		-1		0	185
Marine	4,450		291		4,740	450
Motor	9,337	5,592	538	-982	14,485	20,342
Accident and health	51		1		52	910
Pecuniary	121		-21		100	255
Workmen Compensation	-4		-1		(5)	50
Micro Insurance	234		-124		110	8,342
PVT	118		0		117	934
	-		-			
Total Takaful Service Expenses	**14,181**	**5,592**	**574**	**-982**	19,365	34,157

8 Net Expenses From Reinsurance Contracts Held

a Life Business

Contracts measured under PAA — 30 June 2025

Class of Business	Claims Recoverable	Change To The Lic Past Service	Reinsurance Amortization of (DRC)	Reinsurance revenue	Net Reinsurance Expense	2024 Net Reinsurance Expense
Group (Life) Term	24,847	2,787	3,238	12,085	(18,787)	
Medical	5,632	94	503	2,760	(3,469)	3,547
Travel					-	
					-	
Total Life Net Reinsurance Expenses	**30,479**	**2,881**	**3,741**	**14,845**	(22,256)	3,547

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b General Business

Contracts measured under PAA

Class of Business	Claims Recoverable	Change To The Lic Past Service	Reinsurance Amortization of (DRC)	Reinsurance revenue	30 June 2025 Net Reinsurance Expense	2024 Net Reinsurance Expense
Engineering	(24,821)	-8,584	10,274	35,576	**58,706**	28,737
Fire and burglary	15,080	-944	17,104	39,597	**8,358**	13,360
Liability	366	34	466	2,074	**1,209**	1,536
Marine	138	-513	6,364	17,059	**11,071**	11,193
Motor	70,788	12,677	5,805	65,993	**(23,278)**	63,816
Accident and health	451	-32	755	2,097	**923**	459
Pecuniary	35,091	2,396	132,435	361,175	**191,253**	146,989
Workmen Compensation	212	20	341	910	**336**	97
Micro Insurance	140,195	28,814	34,253	210,216	**6,954**	81,670
PVT	(255)	-14,477	29,731	165,443	**150,444**	34,952
Total General Net Reinsurance Expenses	**237,244**	**19,391**	**237,529**	**900,141**	**405,976**	382,808
Total NRE (General and Life)	**267,723**	**22,272**	**241,270**	**914,986**	**383,720**	386,355

C Takaful Business

Contracts measured under PAA

Class of Business	Claims Recoverable	Change To The Lic Past Service	Reinsurance Amortization of (DRC)	Reinsurance revenue	30 June 2025 Net Reinsurance Expense	2024 Net Reinsurance Expense
Engineering	115	41	23	1,776	**1,597**	(68)
Fire and burglary	(117)	-72	472	4,529	**4,246**	1,697
Liability	(1)	-0	0	0	**1**	434
Marine	726	31	50	1,285	**478**	82
Motor	1,691	-179	150	5,818	**4,156**	(2,919)
Accident and health	0	0	2	11	**9**	1,739
Pecuniary	275	-4	0	521	**249**	(172)
Workmen Compensation	(0)	-0	0	9	**9**	3
Micro Insurance	255	-150	391	109,918	**109,421**	12,960
PVT	156	12	422	4,250	**3,660**	163
Total Takaful Net Reinsurance Expenses	**3,100**	**(320)**	**1,511**	**128,117**	**123,826**	13,920

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9 Net investment income

	30 June 2025 Birr'000	30 June 2024 Birr'000
Interest Income saving account	6,273	4,639
Dividend Income	34,581	52,946
Interest Income On Fixed Time Diposit	153,168	123,572
Total	**194,022**	**181,157**

10 Finance Expense from Insurance Contract

Finance Expense from Insurance Contract-Life	6,333	(545)
Finance Expense from Insurance Contract-General	86,928	26,414
Total	**93,261**	**25,869**
Finance Expense from Insurance Contract-Takaful	962	897

11 Finance income from reinsurance contract

Finance income from reinsurance contract-Life	(3,592)	3
Finance income from reinsurance contract-General	(45,483)	(8,603)
Total	(49,075)	(8,600)
Finance income from reinsurance contract-Takaful	5	(615)

12 a Other Income

Profit commision income	44,266	37,532
Sundry Income	15,234	9,747
Total	**59,500**	**47,279**

.2 b Wakalafee

Wakala fee (Contribution)	28,650	46,476
Wakala UPR BOP	35,070	3,940
Wakala UPR EOP	(15,673)	(35,070)
Gross Wakala fee	48,047	15,346
Less Admin expense	(5,592)	3,325
Other income	2,934	
Wakala fee result	45,389	12,021
Total other income	104,889	59,300

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13 Reconciliation of expected credit losses for financial assets

2025

Financial Assets	ECL as at June 30,2024	Charge/(Credit) through P&L	Write-off	ECL as at June 30,2025
Treasury Bill	-	-	-	-
Treasury Bonds	923.80	126.05	-	1,049.85
Cash at Bank	111.34	209.65	-	320.99
Trade receivables	-	-	-	-
Staff Loan	2,375.11	(6.93)	-	2,368.18
Fixed Time Deposit	70.45	742.70	-	813.15
Corporate bonds	-	-	-	-
Total	**3,481**	**1,071**	**-**	**4,552**

2024

Financial Assets	ECL as at June 30,2023	Charge/(Credit)) through P&L	Write-off	ECL as at June 30,2024
Treasury Bill	-	-	-	-
Treasury Bonds	470.71	453.09	-	923.80
Cash at Bank	103.85	7.49	-	111.34
Trade receivables	-	-	-	-
Staff Loan	1,731.56	643.55	-	2,375.11
Fixed time deposit	75.10	(4.65)	-	70.45
Corporate bonds	-	-	-	-
Total	**2,381**	**1,099**	**-**	**3,481**

14 Non Attributable expense

Salaries and Wages	75,477	51,708
Directors Remuneration	720	1,306
Employees Benefit	90,889	42,269
Repair and Maintenance	7,670	8,995
Advertisement and Promotion	11,934	12,779
Depreciation and amortization	44,228	36,131
General and Administration Expense	62,115	54,147
Interest and Financial Charges	1,598	1,784
Total	**294,632**	**209,119**

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	30 June 2025 Birr'000	30 June 2024 Birr'000
15 Company income and deferred tax		
a Current income tax		
Current year provision for taxation	226,441	113,591
Deferred income tax/(credit) to profit or loss	2,791	10,829
Total charge to profit or loss	229,232	124,420
Tax (credit) on other comprehensive income	0	0
Total tax in statement of comprehensive income	229,232	124,420

b Reconciliation of effective tax to statutory tax

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

	30 June 2025 Birr'000	30 June 2024 Birr'000
Profit before tax as per IFRS	817,191	576,128
Add:		
Entertainment expense	5,604	7,498
Share of profit/ (loss) in associate	(45)	(40)
Finance Lease	10,587	1,726
Severance expense	1,574	1,700
Penality	1,465	50
Donation	-	0
Provision for uncleared cheques	117,168	
VAT expense	47,170	
Deperciati‹ Deperciation for ROU Asset for reporting purpose	52,486	46,832
Depreciation for reporting purpose	22,554	19,900
	258,564	77,666
Less:		
Depreciation for tax purpose	23,439	23,509
Dividend income taxed at source	34,581	52,946
Interest income taxed at source	159,751	128,210
Rent expense for tax purpose	62,452	46,799
Capital Gain		
IBNR reserve difference between NBE & IFRS	40,730	23,834
	320,953	275,298
Profit for tax purpose/Taxable profit	**754,802**	378,496
Provision for taxation	**226,441**	**113,549**

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c Current income tax liability	30 June 2025 Birr'000	30 June 2024 Birr'000
Balance at the beginning of the year	113,549	71,437
Charge for the year:		
Education tax		
Capital gains tax		
Company Income tax expense	226,441	113,549
Prior year (over)/ under provision	-	-
WHT Notes utilised		
Payment during the year	-113,549	(71,437)
Balance at the end of the year	**226,441**	**113,549**

d Deferred income tax

The analysis of deferred tax assets is as follows:	30 June 2025 Birr'000	30 June 2024 Birr'000
To be recovered after more than 12 months	8,677	3,189
To be recovered within 12 months		
	8,677	**3,189**

The analysis of deferred tax liabilities is as follows:	30 June 2025 Birr'000	30 June 2024 Birr'000
To be recovered after more than 12 months	(20,465)	(14,250)
To be recovered within 12 months		
	(20,465)	**(14,250)**

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 2024 Birr'000	Credit/ (charge) to profit or loss Birr'000	Credit/ (charge) to equity Birr'000	Credit (Charge) to OCI Birr'000	30 June 2025 Birr'000
Property, plant and equipment	(14,250)	(3,424)	-	(2,791)	(20,465)
Unrealised exchange gain	-				-
Tax losses charged to profit or loss	-				-
Post employment benefit obligation	3,189	633		4,855	8,677
Total deferred tax assets/ (liabilities)	**(11,061)**	**(2,791)**	**-**	2,064	(11,788)

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Deferred income tax assets/(liabilities):	At 30 June 2023	Credit/ (charge) to profit or loss	Credit/ (charge) to equity	30 June 2024
	Birr'000	Birr'000	Birr'000	Birr'000
Property, plant and equipment	(2,648)	(11,602)	-	(14,250)
Unrealised exchange gain	-			-
Tax losses charged to profit or loss	-			-
Post employment benefit obligation	2,416	773		3,189
Total deferred tax assets/(liabilities)	**(232)**	**(10,829)**	**-**	**(11,061)**

	30 June 2025	30 June 2024
	Birr'000	Birr'000
16 Cash and bank balances		
Cash in hand	81,336	65,143
Cash at bank	1,103,335	769,827
Fixed time deposit with local banks	1,007,301	759,736
Less Impairement	-432	-3
	2,191,540	**1,594,703**

	30 June 2025	30 June 2024
	Birr'000	Birr'000
Current	2,191,540	1,594,703
Non- current	-	-
	2,191,540	**1,594,703**

	30 June 2025	30 June 2024
	Birr'000	Birr'000
Cash and cash equivalents		
Cash in hand	81,336	65,143
Cash at bank	1,103,335	769,827
	1,184,671	**834,970**

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17 ***Staff Loans***

This repesents loans granted to staff measured at market rate. It includes prepaid asset occured as a result of market rate lending rate is different,which to be amortized the loan period as an employee benefit .

	30 June 2025	30 June 2024
	Birr'000	Birr'000
Long term	36,952	27,111
Short term	14,833	14,833
	51,785	41,944
Less imparement	(2,368)	(644)
	49,417	**41,300**

18 Investment securities

a Available for sale

Equity investments	422,537	393,928
Add or less fair value valuation	28,079	22,763
	450,616	**416,691**

b Government Bond

Ethiopian Government saving bonds	**149,433**	**74,065**
Less Imparement	**-126**	**-453**
	149,307	**73,612**

	30 June 2025	30 June 2024
	Birr'000	Birr'000
Current	422,537	393,928
Non- current	-	-
	571,970	**467,993**

c The Company holds equity investments in the following entities;

	30 June 2025		30 June 2024	
	Number of shares	Percentage of ownership	Number of shares	Percentage of ownership
Oromia Bank S.C	151,869	1.9%	121,341	1.8%
Cooperative Bank of Oromia S.C	171,553	0.8%	140,191	1.0%
Elemo Kiltu Housing Project	1,277	1.8%	1,277	1.9%
Elemtu Integrated Milk Industry	1,000	1.6%	1,050	1.6%
TBO Printing and Publishing Company	7,500	1.8%	7,594	2.3%
OIB-ODA Real Estate Plc	10,998	19.8%	10,000	19.8%
Ethiopian Re- Insurance	52,625	2.2%	39,313	1.5%
Sheger Micro finance S.C	1,000	0.2%	1,000	0.3%
ODA Integrated transport Company	5,466	1.3%	4,400	1.3%
Sheger Smart City s.c	250	6.5%	250	7.0%
Geda Bank S.C.	11,000	2.6%	3,500	1.1%

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Ethiopian Securities Exchange S C	5,000	1.2%
Gadaa Securities Dealer S C	3,000	
	422,537	**329,916**

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.

19 Reinsurance assets

The reinsurance assets represent the cedant's net contractual rights under a reinsurance contract. The Company conducted an impairment review of the reinsurance assets and no impairment is required in respect of these assets as the Company has the right to set-off reinsurance assets against reinsurance liabilities on settlement.

The carrying amounts disclosed above is in respect of the reinsurance of investment contracts approximate fair value at the reporting date.

Reinsurance assets Summary	**30 June 2025 Birr'000**	**30 June 2024 Birr'000**
a) General Business		
Asset of remaining Coverage (ARC)		
RI UPR	551,952	454,151
+Receivables	-	-
-Payables	-481,929	-373,077
ARC	**70,023**	**81,074**
Asset for incurred claim (AIC)		
RI Outstanding claim	342,729	185,791
RI IBNR	26,601	24,143
+RA	83,429	64,038
-DC	-69,306	-23,823
Reinsurance recoverables		98,444
Deffered commission income	-145,572	-115,073
Loss recovery component	720	-
Total AIC	**238,600**	**233,521**
Total Reinsurance asset	**308,624**	**314,595**

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b)	**Takaful Business**		
	Asset of remaining Coverage (ARC)		
	RI UPR	30,848	98,675
	+Receivables	-	-
	-Payables	-	-14,601
	ARC	**30,848**	**84,074**
	Asset for incurred claim (AIC)		
	RI Outstanding claim	376	2,836
	RI IBNR	2,944	2,522
	+RA	736	1,056
	-DC	-621	-626
	Reinsurance recoverables	-	-
	Deffered commission income	-1,403	-
	Loss recovery component	-	-
	Total AIC	**2,033**	**5,788**
	Total Reinsurance asset	**32,881**	**89,862**
c)	**Life Business**		
	Asset of remaining Coverage (ARC)		
	RI UPR	3,911	2,023
	+Receivables	-	-
	-Payables	-1,277	
	ARC	**2,634**	**2,023**
	Asset for incurred claim (AIC)		
	RI Outstanding claim	28,484	592
	RI IBNR	2,565	
	+RA	3,778	108
	-DC	-3,313	
	Reinsurance recoverables	-	-
	Deffered commission income	-	-
	Loss recovery component	-	-
	Total AIC	**31,514**	**700**
	Total Reinsurance asset	**34,148**	**2,722**
	Total Grand Reinsurance asset	**375,653**	**407,180**

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Reconciliations from the opening to the closing balances for AIC and ARC

a) General Business

Contracts measured under PAA

2025

Item	AIC Risk Adj	AIC	ARC ex. Loss R	Reclassificatio	Reinsurance Contract Asset
Reinsurance Contract Assets Bop	64,038	186,112	454,151	-	704,301
Reinsurance Contract Liabilities Bop	-	-	(115,073)	-	(115,073)
Net Balance Bop	64,038	186,112	339,078	-	589,228
Allocation Of Reinsurance Premiums Paid	-	-	(900,349)	-	(900,349)
Amounts Recoverable From Reinsurers	19,391	237,244	206,678	1	464,033
Incurred Claims Recovered And Other Rein	-	237,244	-	-	237,244
Adjustments To Assets For Incurred Claims	19,391	-	-	-	19,391
Recovery Of Losses And Reversal On Recov	-	-	-	1	720
Amortization Of Reinsurance Acquisition C	-	-	206,678	-	206,678
Reinsurance Service Result	19,391	237,244	(693,671)	1	(436,316)
Reinsurance Finance Expense Total	-	(45,483)	-	-	(45,483)
Therefore Recognized In Pnl	-	(45,483)	-	-	(45,483)
Total Amounts Recognised In Comprehensi	-	-	-	-	-
Cash Flows	-	(77,849)	760,973	-	683,124
Premiums Paid	-	-	998,151	-	998,151
Claims Excl Non Distinct Investment Comp	-	(77,849)	-	-	(77,849)
Reinsurance Acquisition Cash Flows	-	-	(237,178)	-	(237,178)
Reinsurance Contract Assets Eop	83,429	300,024	551,952	1	936,125
Reinsurance Contract Liabilities Eop	-	-	(145,572)	-	(145,572)
Insurance Payable	-	-	-	(481,929)	(481,929)
Net Balance Eop	**83,429**	**300,024,327**	**406,379,858**	**(481,928)**	**308,624**

2024

Item	AIC Risk Adjustment	AIC	ARC ex. Loss Recovery Component	Reclassification	Reinsurance Contract Asset
Reinsurance Contract Assets Bop	40,850.72	157,387.58	356,392.00	-	554,630.30
Reinsurance Contract Liabilities Bop	-	-	(87,417.48)	-	(87,417.48)
Net Balance Bop	40,850.72	157,387.58	268,974.52	-	467,212.82
Allocation Of Reinsurance Premiums Pai	-	-	(715,924.13)	-	(715,924.13)
Amounts Recoverable From Reinsurers	23,186.97	127,193.94	182,734.88	-	333,115.79
Incurred Claims Recovered And Other	-	127,193.94	-	-	127,193.94
Adjustments To Assets For Incurred Cl	23,186.97	-	-	-	23,186.97
Recovery Of Losses And Reversal On I	-	-	-	-	-

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Amortization Of Reinsurance Acquisiti	-	-	182,734.88	-	182,734.88
Reinsurance Service Result	23,186.97	127,193.94	(533,189.25)	-	(382,808.34)
Reinsurance Finance Expense Total	-	(8,602.97)	-	-	(8,602.97)
Therefore Recognized In Pnl	-	(8,602.97)	-	-	(8,602.97)
Cash Flows	-	(89,866.53)	603,293.05	-	513,426.51
Premiums Paid	-	-	813,683.00	-	813,683.00
Claims Excl Non Distinct Investment C	-	(89,866.53)	-	-	(89,866.53)
Reinsurance Acquisition Cash Flows	-	-	(210,389.95)	-	(210,389.95)
Reinsurance Contract Assets Eop	64,037.70	186,112.02	454,150.87	-	704,300.59
Reinsurance Contract Liabilities Eop	-	-	(115,072.56)	-	(115,073)
Insurance Receivables				(373,077)	(373,077)
Insurance Payables				98,444	98,444
Net Balance Eop	**64,038**	**186,112**	**339,078**	**(274,633)**	**314,595**

b) Takaful business

2025

Item	**AIC Risk Adj**	**AIC**	**ARC ex. Loss Recovery**	**Reclassification**	**Reinsurance Contract Asset**
Reinsurance Contract Assets Bop	1,056	4,732	98,675	-	104,463
Reinsurance Contract Liabilities Bop	-	-	-	-	-
Net Balance Bop	**1,056**	**4,732**	**98,675**	**-**	**104,463**
Allocation Of Reinsurance Premiums Paid	-	-	(128,117)	-	(128,117)
Amounts Recoverable From Reinsurers	(320)	3,100	643	-	3,423
Incurred Claims Recovered And Other Rein	-	3,100	-	-	3,100
Adjustments To Assets For Incurred Claims	(320)	-	-	-	(320)
Reinsurance Service Result	(320)	3,100	(127,474)	-	(124,694)
Reinsurance Finance Expense Total	-	5	-	-	5
Therefore Recognized In Pnl	-	5	-	-	5
Total Amounts Recognised In Comprehensi	-	-	-	-	-
Cash Flows	-	(5,137)	58,245	-	53,107
Premiums Paid	-	-	60,290	-	60,290
Claims Excl Non Distinct Investment Comp	-	(5,137)	-	-	(5,137)
Reinsurance Acquisition Cash Flows	-	-	(2,045)	-	(2,045)
Reinsurance Contract Assets Eop	736	2,700	30,848	-	34,284
Reinsurance Contract Liabilities Eop	-	-	(1,403)	-	(1,403)
Net Balance Eop	**736**	**2,700**	**29,445**	**-**	**32,881**

2024

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Item	AIC Risk Adjustment	AIC	ARC ex. Loss Recovery Component	Reclassification	Reinsurance Contract Asset
Reinsurance Contract Assets Bop	25	142	2,690	-	2,857
Reinsurance Contract Liabilities Bop	-	-	-	-	-
Net Balance Bop	**25**	**142**	**2,690**	**-**	**2,857**
Allocation Of Reinsurance Premiums Paid	-	-	(25,219)	-	(25,219)
Amounts Recoverable From Reinsurers	1,031	5,970	4,297	-	11,298
Incurred Claims Recovered And Other Rein	-	5,970	-	-	5,970
Adjustments To Assets For Incurred Claims	1,031	-	-	-	1,031
Amortization Of Reinsurance Acquisition C	-	-	4,297	-	4,297
Reinsurance Service Result	1,031	5,970	(20,921)	-	(13,920)
Reinsurance Finance Expense Total	-	(615)	-	-	(615)
Therefore Recognized In Pnl	-	(615)	-	-	(615)
Cash Flows	-	(765)	116,906	-	116,141
Premiums Paid	-	-	121,204	-	121,204
Claims Excl Non Distinct Investment Comp	-	(765)	-	-	(765)
Reinsurance Acquisition Cash Flows	-	-	(4,297)	-	(4,297)
Reinsurance Contract Assets Eop	1,056	4,732	98,675	-	104,463
Reinsurance Contract Liabilities Eop	-	-	-	-	-
Insurance Payables				(14,600.86)	-14,601
Net Balance Eop	**1,056**	**4,732**	**98,675**	**(14,601)**	**89,862**

20 Other Assets

Other loans and receivables		
Other account receivables	136,118	23,187
Staff debtors	2,628	1,275
	138,746	**24,462**
Other non financial assets		
Prepayments for assets	74,773	64,728
Staff loan Discounted	-	-
Salvage property	7,000	1,809
VAT Receivables	221,346	142,987
Withholding tax receivable	30,381	22,757
Prepayments	79,128	75,796
Supplies stock account	6,692	11,419
	419,320	**319,496**
Gross amount	**558,066**	**343,958**

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Pre payment asset represents 2% of the initial estimated costs of the building construction of headquarters which is held in block account @CBO as a requriment of Government Land Admnistration. It is an interest bearing account.

	30 June 2025 Birr	30 June 2024 Birr
Current	558,066	343,958
Non- current	-	-
	558,066	**343,958**

21 Work in Progress

	30 June 2025 Birr	30 June 2024 Birr
Head Quarter Construction Project	1,338,151	1,110,900
IT Software Project	6,109	-
	1,344,260	**1,110,900**

22 Right of use asset

	2025			2024		
	Building	**Land**	**Total**	**Building**	**Land**	**Total**
Cost						
Balance at Beginning of the Year	254,416	5,928	260,344	196,989	5,928	202,917
Additions	61,029	-	61,029	57,427		57,427
Adjustments			-			-
	315,445	**5,928**	**321,373**	**254,416**	**5,928**	**260,344**
Balance at the end of the year						
Depreciation						
Balance at Beginning of the Year	**142,565**	**1,059**	143,624	**95,732**	847	96,579
Additions	53,293	212	53,505	46,832	212	47,044
Balance at the end of the year	**195,858**	**1,271**	197,129	**142,564**	**1,059**	143,623
			-			-
Net carrying value	**119,587**	**4,657**	124,244	**111,852**	**4,869**	**116,883**

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23 Investments in associates

	30 June 2025 Birr	30 June 2024 Birr
The amounts recognised in statement of financial position		
Gutu Oromia Business Share Company	**3,779**	**3,734**

	30 June 2025 Birr	30 June 2024 Birr
The amount recognised in statement of comprehensive income		
Gutu Oromia Business Share Company	**45**	**40**

(i) Nature of relationship

Gutu Oromia Business S.C. is an associate (the "associate") of the Company as at 30 June 2025, which, in the opinion of the directors, is material to the Company. The associate has share capital consisting solely of ordinary shares, which are held directly by the Company; the country of incorporation or registration is also its principal place of business.

Nature of Investment:	Principal place of	Year	% of ownership interest	Measurement method
Gutu Oromia Business S.C				
	Ethiopia	2024	20%	Equity
		2025	20%	Equity

Gutu Oromia is a private company and there is no quoted market price available for its shares.

(ii) Summarised financial information of associate

Set out below are the summarised financial information for Gutu Oromia which are accounted for using the equity method

Summarised statement of financial position	30 June 2025 Birr'000	30 June 2024 Birr'000
Assets		
Non- current		
Fixed assets	125	15
Investments	10,230	9,230
Current		
Cash and cash equivalents	11,461	12,310
Other current assets (excluding cash)	2,064	2,052
Total assets	**23,880**	**23,607**
Liabilities		
Current		
Long term liabilities	-	
Other current liabilities	34	22

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Total liabilities	**34**	22
Net assets	**23,846**	23,585

Summarised statement of comprehensive income	30 June 2025 Birr'000	30 June 2024 Birr'000
Gross profit	**1,420**	**1,200**
Operating expenses	**1,195**	908
Total comprehensive income/(loss) for the year	**225**	292

The information above reflects the amounts presented in the financial statements of the associate (and not Oromia Insurance share of those amounts).

(iii) Reconciliation of carrying amount of associate

	30 June 2025 Birr	30 June 2024 Birr
Opening amount	3,734	3,694
Share of loss	45	40
Carrying amount	**3,779**	3,734

24 Property, plant and equipment

	Motor vehicles Birr	Furniture, fittings and equipment Birr	Computer and Equipments Birr	Software	Total Birr
Cost					
As at 1 July 2024	139,534	52,029	40,591		232,154
Additions	28,836	7,369	7,148	7,733	51,086
Disposals	-				-
Reclassification		(1,837)	(17,778)	17,261	(2,354)
As at 30 June 2025	168,370	57,560	29,961	24,994	280,886
Accumulated depreciation					
As at 1 July 2024	(54,747)	(15,354)	(10,082)	(2,158)	(82,341)
Charge for the year	(12,639)	(4,632)	(3,100)	(2,838)	(23,209)
Disposals	-	-	-		-
Reclassification		1,330	2,371		3,701
As at 30 June 2025	(67,385)	(18,656)	(10,812)	(4,995)	(101,848)
Net book value					
As at 30 June 2024	84,787	36,675	30,509		151,971
As at 30 June 2025	**100,985**	**38,904**	**19,149**	**19,999**	**179,038**

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25 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 is transferred to Ethiopian Government Saving Bond for the acqusition of Great Renaissance dam. The Bonds bears interest income of 8% per annum.

	30 June 2025	30 June 2024
	Birr	Birr
General	220,390	181,181
Total	220,390	180,258
Life	5,385	5,151
Statutory deposit	225,775	186,332

	30 June 2025	30 June 2024
	Birr	Birr
Current	225,775	147,638
Non- current		38,694
	225,775	186,332

The movement during the year is as follows:

	30 June 2025	30 June 2024
	Birr	Birr
At 1 July		
Additions	186,332	185,409
Interest receivable	39,443	-
At 30 June	225,775	186,332

26 Insurance contract liabilities

Insurance Contract liabilities summary

a) life insurance contracts:	30 June 2025	30 June 2024
	Birr'000	Birr'000
Risk Adjustment	7,529	1,948
Loss Component	-	-
BEL exc Loss Component	21,268	4,599
LIC	36,751	10,164

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DAC	(6,448)	
CSM_GMM	10	9
RA_GMM	199	168
Loss Component_GMM	484	7
BEL_GMM_excl LC	1,232	1,265
LIC_GMM	-	-
Insurance Contract Liabilities EoP	61,025	18,161

b) General insurance contracts:

Gross UPR	1,376,686	1,059,362
DAC	-61,155	-48,266
-Receivables	-90,380	-49,379
+Payables	-	-
Total LRC	**1,225,152**	961,717
Insurance contract for Incurred claims (LIC)		
Gross oustanding claim	862,867	799,455
Gross IBNR	112,718	106,570
ULAE	14,024	12,657
+RA	199,661	187,381
-DC	-178,914	-91,986
Loss Components	-	-
Total LIC	1,010,355	1,014,077
Total General insurance liabilities	**2,235,507**	**1,975,794**
Total insurance liabilities Life &General	**2,296,532**	**1,993,955**

c) Takaful insurance contracts:

Gross UPR	46,493	116,901
DAC	-1,427	-
-Receivables	-	-
+Payables	-	-
Total LRC	45,066	116,901
Insurance contract for Incurred claims (LIC)		
Gross oustanding claim	6,671	5,815
Gross IBNR	3,774	4,091
ULAE	261	-
+RA	2,091	1,517
-DC	-1,936	-974
Loss Components		982
Total LIC	10,862	11,431
Total insurance liabilities, gross	**55,928**	**128,332**

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Insurance Contract Reconcliation

Reconciliations from the opening to the closing balances for LIC and LRC

a) General insurance Business

2025

	LIC Risk Adjustment	LIC	LRC ex. Loss Component	Reclassification	Insurance Contract Liability
Insurance Contract Liabilities Bop	187,380.60	826,696.07	1,059,362.06	-	2,073,439
Insurance Contract Assets Bop	-	-	(48,266.00)	-	(48,266)
Net Balance Bop	187,380.60	826,696.07	1,011,096.06	-	2,025,173
Insurance Revenue	-	-	(2,168,817.37)	-	(2,168,817)
Insurance Service Expense	12,280.24	877,017.56	99,659.96	-	988,958
Incurred Claims	-	524,947.14	-	-	524,947
Directly Attributable Expenses	-	352,070.43	-	-	352,070
Adjustment To Liabilities For Incurred Clain	12,280.24	-	-	-	12,280
Acquisition Cash Flows Amortization	-	-	99,659.96	-	99,660
Insurance Service Result	12,280.24	877,017.56	(2,069,157.41)	-	(1,179,860)
Insurance Finance Expense Total	-	(86,927.75)	-	-	(86,928)
Therefore Recognized In Pnl	-	(86,927.75)	-	-	(86,928)
Total Amounts Recognised In Comprehens	-	-	-	-	-
Cash Flows	-	(806,091.35)	2,373,592.70	-	1,567,501
Premiums Received	-	-	2,486,141.28	-	2,486,141
Claims Excl Non Distinct Investment Compo	-	(454,020.92)	-	-	(454,021)
Directly Attributable Expenses Paid	-	(352,070.43)	-	-	(352,070)
Insurance Acquisition Cash Flows	-	-	(112,548.58)	-	(112,549)
Insurance Contract Liabilities Eop	199,660.84	810,694.53	1,376,685.98	-	2,387,041
Insurance Contract Assets Eop	-	-	(61,154.62)	-	(61,155)
Insurance Receivables				(90,380)	(90,380)
Net Balance Eop	**199,661**	**810,695**	**1,315,531**	**(90,380)**	**2,235,507**

2024

Item	LIC Risk Adjustment	LIC	LRC ex. Loss Component	Reclassification	Insurance Contract Liability
Insurance Contract Liabilities Bop	**123,674**	**765,962**	**923,870**	-	**1,813,506**
Insurance Contract Assets Bop	-	-	(28,758)	-	(28,758)
Net Balance Bop	123,674	765,962	895,112	-	1,784,748
Insurance Revenue	-	-	**(1,778,522)**	-	**(1,778,522)**
Insurance Service Expense	**63,706**	**711,524**	**68,493**	-	**843,724**
Incurred Claims	-	510,606	-	-	510,606
Directly Attributable Expenses	-	200,918	-	-	200,918

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Adjustment To Liabilities For Incurred	63,706	-	-	-	63,706
Losses On Onerous Contracts And Rev	-	-	-	-	0
Acquisition Cash Flows Amortization	-	-	68,493	-	68,493
Insurance Service Result	**63,706**	**711,524**	**(1,710,029)**	-	**(934,798)**
Insurance Finance Expense Total	-	**(26,414)**	-	-	**(26,414)**
Therefore Recognized In Pnl	-	(26,414)	-	-	(26,414)
Therefore Recognized In Oci	-	-	-	-	-
Total Amounts Recognised In Comprehe	-	-	-	-	-
Investment Components	-	-	-	-	-
Other Changes	-	-	-	-	-
Cash Flows	-	**(624,376)**	**1,826,013**	-	**1,201,636**
Premiums Received	-	0	1,914,014	-	1,914,014
Claims Excl Non Distinct Investment C	-	(423,458)	-	-	(423,458)
Non Distinct Investment Component F	-	-	-	-	-
Directly Attributable Expenses Paid	-	(200,918)	-	-	(200,918)
Insurance Acquisition Cash Flows	-	-	(88,001)	-	(88,001)
Insurance Contract Liabilities Eop	187,381	826,696	1,059,362	-	2,073,439
Insurance Contract Assets Eop	-	-	(48,266)	-	(48,266)
Insurance Receivables				(49,379)	(49,379)
Net Balance Eop	**187,381**	**826,696**	**1,011,096**	**(49,379)**	**1,975,794**

b) Takaful business

2024

Items	**Lfic Ra**	**Lfic Be**	**Lfrc Excl Loss Component**	**Loss Component**	**Insurance Contract Liability**
Insurance Contract Liabilities Bop	1,517	8,932	116,901	982	128,332
Insurance Contract Assets Bop	-	-	-	-	-
Net Balance Bop	1,517	8,932	116,901	982	128,332
Insurance Revenue	-	-	(119,566)	-	(119,566)
Insurance Service Expense	574	14,181	-	(982)	13,773
Adjustment To Liabilities For Incurred Clain	574	-	-	-	574
Losses On Onerous Contracts And Reversal	-	-	-	(982)	(982)
Insurance Service Result	574	14,181	(119,566)	(982)	(105,793)
Insurance Finance Expense Total	-	(962)	-	-	(962)
Therefore Recognized In Pnl	-	(962)	-	-	(962)
Total Amounts Recognised In Comprehens	-	-	-	-	-
Cash Flows	-	(13,381)	84,229	-	70,848
Premiums Received	-	-	84,229	-	84,229
Claims Excl Non Distinct Investment Comp	-	(13,381)	-	-	(13,381)
Insurance Contract Liabilities Eop	2,091	8,770	46,493	-	57,354
Insurance Contract Assets Eop	-	-	-	-	-
Net Balance Eop	2,091	8,770	46,493	-	57,354

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2024

Items	Lfic Ra	Lfic Be	Lfrc Excl Loss Component	Loss Component	Total
Insurance Contract Liabilities Bop	96	931	18,232	-	19,259
Insurance Contract Assets Bop	-	-	-	-	-
Net Balance Bop	96	931	18,232	-	19,259
Insurance Revenue	-	-	(56,252)	-	(56,252)
Insurance Service Expense	1,421	30,860	894	982	34,157
Incurred Claims	-	16,408	-	-	16,408
Directly Attributable Expenses	-	14,453	-	-	-
Adjustment To Liabilities For Incurred C	1,421	-	-	-	1,421
Losses On Onerous Contracts And Reve	-	-	-	982	982
Acquisition Cash Flows Amortization	-	-	894	-	894
Insurance Service Result	1,421	30,860	(55,358)	982	(22,095)
Insurance Finance Expense Total	-	(897)	-	-	(897)
Therefore Recognized In Pnl	-	(897)	-	-	(897)
Total Amounts Recognised In Comprehens	-	-	-	-	-
Cash Flows	-	(21,963)	154,027	-	132,065
Premiums Received	-	-	154,921	-	154,921
Claims Excl Non Distinct Investment Co	-	(7,510)	-	-	(7,510)
Directly Attributable Expenses Paid	-	(14,453)	-	-	(14,453)
Insurance Acquisition Cash Flows	-	-	(894)	-	(894)
Insurance Contract Liabilities Eop	1,517	8,932	116,901	982	128,332
Insurance Contract Assets Eop	-	-	-	-	-
Net Balance Eop	**1,517**	**8,932**	**116,901**	**982**	**128,332**

27 Other liabilities

Financial liabilities	30 June 2025 Birr'000	30 June 2024 Birr'000
Payable to shareholders	25,997	12,915
Payable to office fund	1,710	1,371
Payable to directors	-	-
Directors' Share in Net Profit	1,350	1,350
	29,057	15,636

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Non financial liabilities

Deferred income		
Withholdings tax payable	3,803	2,028
Pension fund payable	2,376	2,107
Provident fund payable	-	-
Income tax payable	4,915	4,119
Payable to Clients*	-	-
Other payables	312,329	214,382
Accruals	19,127	16,389
Value Added Tax (VAT)	45,743	401
Provision for bonus	38,349	31,127
Dividend tax payable	1,904	-
Reclassification of life Fund	8,207	
	436,753	270,553
	465,810	**286,189**

Payable to Client is an amount of cheques issued to clients but it is not presented to banks and unknown deposits made to our banks, which is a credit to OIC's account.

	30 June 2025 Birr	30 June 2024 Birr
Current	465,810	286,189
Non- current	-	-
	465,810	286,189

Takul participants Fund

Takaful Fund Balance	25,389	21,568
Wakalafee	-45,389	(12,021)
Participants Risk Fund	-20,000	9,547

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28 Defined benefit obligations

The Company operates an unfunded severance benefit plan for its employees who have served the Company and are below the retirement age (i.e. has not met the requirement to access the pension fund). The Severance Benefit Entitlement is provided under the Proclamation No. 377/2003 & amended 1156/2019.

Description of the plan:
If an employee is terminated due to redundancy, in the first year, the pay is thirty times the average daily wages of the last week of service. If less than one year service, severance pay is calculated in proportion to the period of service .
For more than one year service, payment is increased by a third of the benefit for every additional year of service provided that the total amount does not exceed twelve month's wage of the employee.

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

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

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

		30 June 2025	30 June 2024
		Birr	Birr
A	**Liability recognised in the financial position**		
	Severance pay	**12,739**	**10,629**
B	**Amount recognised in the profit or loss**		
	Current service cost	1,890	1,818
	Interest cost	1,574	1,250
	Past Service Cost		
		3,463	**3,068**
C	**Amount recognised in other comprehensive income:**		
		457	150
	Remeasurement (gains)/losses arising from changes in the financial assumptions	-137	-45
	Tax credit /(charge)	**320**	**105**

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

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	30 June 2025	30 June 2024
	Birr	Birr
At 1 July	**10,628**	8,265
Current service cost	1,890	1,818
Interest cost	1,574	1,250
Remeasurement (gains)/ losses	457	150
Past Service Cost		
Benefits paid	-1,811	(855)
As at 30 June	**12,739**	**10,628**

Assumptions

The significant actuarial assumptions were as follows:

Financial assumption: long term average

	30 June 2025	**30 June 2024**
Discount rate (p.a)	15%	14.75%
Future salary increase (p.a)	13%	12.75%
Average Rate of Inflation (p.a)		

Mortality in Service

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

Age	**Mortality rate**	
	Male	**Female**
20	11%	11%
25	11%	11%
30	12%	11%
35	13%	12%
40	19%	19%
45	33%	23%
50	60%	42%
55	104%	75%
60	172%	127%

Withdrawal from Service

The withdrawal rates are believed to be reasonably representative of the Ethiopian experience. The valuation assumed that resignation rates decrease by 1% for each age from 15% at age 20 (and below) to 0% at age 60.

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

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		Change in assumption percentage	Impact on defined benefit obligation		
		30 June 2025	30 June 2024		
		Impact of an increase	Impact of a decrease	Impact of an increase	Impact of a decrease
			Birr	Birr	Birr
Discount r	1% change	2,337	2,711	2,337	2,711
Salary incr	1% change	2,711	2,334	2,711	2,334

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In

		30 June 2025	30 June 2024
		Birr 000	Birr 000
29	**Ordinary share capital**		
	Authorised:		
	3,000,000 ordinary shares of Birr 1000 each	**3,000,000**	**3,000,000**
	Issued and fully paid:		
	Non- life business	1,599,046	1,176,104
	Life business	50,000	30,000
	Ordinary shares of Birr 1000 each	**1,649,046**	**1,206,104**
	Share premium	**1,880**	**1,880**

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

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30 Earnings per share

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

	30 June 2025 Birr'000	30 June 2024 Birr'000
Profit attributable to shareholders	587,960	451,750
Weighted average number of ordinary shares in Issue	1,443,958	1,067,005
Basic & diluted earnings per share (Birr)	**0.41**	0.42

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

31 Retained earnings

	30 June 2025 Birr'000	30 June 2024 Birr'000
1 July	332,783	259,599
Profit for the year	587,960	445,948
Prior Year Adjustment		-1,558
Other comprehensive income (Brought forwad)		
Other comprehensive income (current)	-457	215
Dividend paid	-379,675	(284,158)
Transfer to legal reserve	58,796	(47,082)
Transfer to other reserve	(29,398)	(23,541)
Transfer to regulatory risk reserve	-16,895	(15,291)
Directors' share of profit	-1,350	(1,350)
30 June	434,171	332,783

32 Legal reserve

	30 June 2025 Birr'000	30 June 2024 Birr'000
1 July 2024	154,861	107,780
Transfer from retained earnings	58,796	47,082
30 June 2025	**213,657**	154,861

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The Company maintains legal reserve in accordance with the provisions of the NBE Directive No. SBB/4/95 which requires the Company to transfer annually 10% of its annual net profit to its legal reserve account up to it reaches the paid up capital.

	30 June 2025 Birr'000	30 June 2024 Birr'000
33 Other reserve		
1 July	75,626	52,085
Transfer from retained earnings	29,398	23,541
30 June	**105,024**	**75,626**

The other reserve is a non-distributable reserves required to be kept as agreed at the Company's annual general meeting. The reserve is 5% of the net profits at the end of each year before distribution to the Company's shareholders.

	30 June 2025 Birr'000	30 June 2024 Birr'000
34 Regulatory Risk Reserve		
IBNR Reserve as per NBE	126,847	106,260
IBNR Reserve as per Actuarials	86,117	82,426
amount transferred to Regulatory Risk reserve	**40,730**	**23,834**

The regulatory risk reserve is a non distributable reserve arises from IBNR as per NBE & report requirem

Oromia Insurance S.C.
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	Notes	30 June 2025 Birr'000	30 June 2024 Birr'000
35 Cash generated from operating activities			
Profit before income tax		817,191	576,127
Adjustments for non- cash items:			
Depreciation of property, plant and equipment	24	23,209	19,423
Depreciation of ROA	22	53,505	47,044
Finance Cost	14	10,587	1,726
Interest received		(159,440)	(128,210)
Dividend income		(34,581)	(52,946)
Annual Leave		4,023	4,191
Gain/ (loss) on disposal of property, plant and equipment		0	-
Impairment loss on insurance receivables		121,473	14,645
Retirement benefit obligations	28	3,463	2,893
Share of loss from associate	23	(45)	(39)
ECL impairments		1,071	1,099
Changes in working capital:			
-Increase in insurance receivables			(21,241)
-Increase in reinsurance assets		(8,981)	(217,959)
-Increase in other receivables and prepayments		(257,412)	(152,437)
- Lease lability		11,791	
-Increase in deferred acquisition cost			(19,557)
-Increase in Work in Progress		(233,360)	(349,270)
-Increase in deferred charges		0	-
-Increase in statutory deposit		(40,366)	(60,200)
-Increase in insurance contract liabilities		229,230	261,290
-Increase in insurance payables		(942)	185,327
-Increase in other payables		(189,174)	62,440
		352,184	**174,346**

36 Related party transactions

The Company is 28% owned by share companies, unions and enterprises 69% by individuals.

a ***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 2025

	30 June 2025 Birr'000	30 June 2024 Birr'000
Salaries and other short-term employee benefits	**21,761**	**14,670**
	21,761	**14,670**

Oromia Insurance S.C.
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NOTES TO THE FINANCIAL STATEMENTS

37 Contingent liabilities

Claims and litigation

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

The Company, together with other industry members, will 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 28 and are believed to be adequate based on known facts and current law.

38 Commitments

Lease commitments - Company as lessee

The Company leases various properties under non-cancellable lease agreements. The lease terms are between two to five years and 30 years for land holding lease of head Quarter project. Majority of these lease agreements are renewable at the end of the each lease period at market rate.leases thoses their terms are above 12 months are treated as finance lease asper IFRS 16 standards where as lease terms less than 12 months continued as opearting lease.

The future aggregate minimum lease payments under non-cancellable financing and operating leases are as

(a) Finance lease

Lease Liability

	Biulding	Land	Total
Balance as at 1 July 2024	75,291	5,070	80,355
Additions	70,824	-	70,824
Interest Expense on Leasae	10,587	-	10,587
			-
Gross lease liability as at 30 June 25	156,701	5,070	161,765
Lease paid during the year	(69,613)	-	(69,613)
Net lease liability as at 30 June 2025	**87,088**	**5,070**	**92,146**

(b) Operating lease (short term leases)	**30 June 2025 Birr'000**	**30 June 2024 Birr'000**
Lease payment under non -cancellable Operating leases are as follows		
Rental expenses	296	5,601
Total	**296**	**5,601**

39 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 2025 and on the profit for the period ended on that date, which have not been adequately provided for or disclosed.

ACTUARY CERTIFICATE

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

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

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

In my opinion,

(i) The actuarial value of the liabilities in respect of all classes of general insurance business of the company reflect a fair value as at **30 June 2025**

(ii) The actuarial value of the liabilities in respect of all life assurance business did not exceed the amount of reserves of the life assurance business at **30 June 2025 and**

(iii) The severance benefit liability as at **30 June 2025** can be incorporated in the financial statements in line with the International Accounting Standards 19.

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

Abed Mureithi
Fellow of the Institute and Faculty of Actuaries
Actuary

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+254 70 871 00 28 / +254 78 571 00 28
Email: info@actserv-africa.com | | Website: www.actserv.co.ke

Head Office Work Units' Address

No	Work Unit Name	Telephone	Mobile
1	Chief Executive Office	+251-115-572-121	+251-911-51-22-90
2	Chief Operations Office	+251-115-572-143	+251-911-51-22-89
3	Chief Resources Office	+251-115-572-143	+251-911-51-22-91
4	Internal Audit Directorate	+251-115-572-138	+251-948-76-38-68
5	Strategy & Change Management Directorate	+251-115-586-118	+251-948-76-38-31
6	Marketing & Business Development Directorate	+251-115-572-152	+251-976-96-41-76
7	Human Resource Management Directorate	+251-115-572-086	+251-948-76-41-57
8	Information Technology Directorate	+251-115-587-002	+251-948-76-38-22
9	Reinsurance Services Directorate	+251-115-572-118	+251-948-76-38-47
10	Risk & Compliance Service Directorate	+251-115-572-141	+251-944-87-79-32
11	Investment and Projects Management Directorate	+251-115-585-669	+251-948-76-38-87
12	Finance Directorate	+251-115-572-123	+251-948-76-38-80
13	Engineering Services Directorate	+251-115-572-133	+251-948-76-38-21
14	Life & Health Insurance Directorate	+251-115-585-625	+251-948-76-38-89
15	Property & Facilities Management Directoate	+251-115-572-129	+251-948-76-38-75
16	Agricultural & Microinsurance Directorate	+251-115-888-581	+251-948-76-39-02
17	Underwriting & Branches Support Directorate	+251-115-572-156	+251-948-76-38-92
18	Legal Services Directorate	+251-115-572- 060	+251-944-87-79-34
19	Claims Management Directorate	+251-115-572-148	+251-944-87-78-73
20	Takaful Insurance Directorate	+251-115-588-543	+251-948-76-38-56
21	Head Quarter Project Office	+251-115-58-94-39	+251-978-119-677
22	Company Secretariat Office	+251-115-58-81-22	+251-948-76-39-03

Branches in Finfinne

No	Name of Branch	Location	Telephone	Mobile
1	Finfinnee Branch	Mexico, Sengatera area Biftu Building	+251-115-572-126	+2519-29-90-75-15
2	Africa Godana Branch	Bole Africa Avenue, Oromia Bank Building	+251-115-528-557	+2519-29-90-75-18
3	Head Office Branch	Wolo Safer, Lideya Building	+251-115-588-751	+2519-44-11-03-57
4	Bole Branch	Bole Novis Building	+251-116-623-194	+2519-29-90-75-17
5	Merkato Branch	Merkato in front of Bus Station	+251-112-735-209	+2519-29-90-75-21
6	Gofa Branch	Sarbet Square Area	+251-114-161-122	+2519-90-40-23-02
7	Doka Bora Branch	Megenagna Derartu Tullu Bldg	+251-116-630-208	+2519-29-90-75-20
8	Gullele	Gullale Area	+251-112-595-577	+2519-29-90-75-28
9	Wadessa Branch	Piassa Theodros Square Area	+251-111-118-404	+2519-29-90-75-22
10	Birbirsa Branch	Merkato Bomb Tera Area	+251-112-130-111	+2519-29-90-75-23
11	Chaffe Branch	Flamingo, Gete Building	+251-115 -52-72-71	+2519-29-90-75- 01
12	Karsa Branch	Kazanchis Nega Tower	+251-115-571-284	+2519-29-90-75-19

13	Jamo Branch	Ayer Tena Area	+251-113 -480-293	+2519-29-90-75-29
14	Saris Branch	Saris Kadisco Building	+251-114 -430 -181	+2519-29-90-75-24
15	Kolfe Branch	Kolfe atenatera Area	+251-112-791-330	+2519-29-90-75-30
16	Gerji Branch	Gerji RobaDabo Area	+251-116 -394 -037	+2519-29-90-75-26
17	Dollo BiddenaBranch	Meskel Flower Area	+251-114-168-956	+2519-29-90-75-25
18	Muda Branch	Lideta Area	+251-115-573-103	+2519-29-90-75-06
19	Ejersa Branch	Bole Medhanialem Oromia Bldg	+251-116-392-252	+2519-29-90-75-16
20	Kality Branch	Kality Bus Station Area	+251-114-715-279	+2519-29–90-75-07
21	Lebu Branch	Lebu Area	+251-114-625-288	+251-929–907-511
22	Chalchali Branch	Bisirete Gebriel Area	+251-113-810-216	+251-929-907-512
23	Tulu MetiBranch	Betel Area	+251-113-697-144	+251-9299-07-514
24	Figa Branch	Figa Area	+251-116-683-352	+251-929-907-513
25	General TadesseBirru Branch	Addisu Gebeya Jambo Building	+251-111-546-879	+2519-44-11-04-02
26	Colonel Abdisa Aga Branch	Beklobet Gerad Building	+251-114-706-413	+2519-44-11-03-63
27	Kotabe Branch	Wosen Area	+251-116-681-036	+2519-44-11-04-08
28	Lami Kura Branch	Beside Lami Kura sub city Admin	+251-116-391-825	+2519-43-52-32-52
29	Bulbula Branch	Around Mariam Mazoria	+251-114-396-989	+2519-43-52-34-08
30	Gofa Gebriel Branch	Around Gofa Gebriel Church	+251- 114-703-890	+2519-43-52-32-48

Upcountry Branches

No	Work Unit Name	Location	Telephone	Mobile
1	Ambo Branch	Ambo Town	+251-112-366-414	+2519-29-90-75-32
2	Woliso Branch	Woliso Town	+251-113-413-511	+2519-29-90-75-33
3	Shashamane Branch	Shashamane Town	+251-461-102-190	+2519-29-90-75-39
4	Adama Branch	Adama Town	+251-221-119-187	+2519-29-90-75-31
5	Dire Dawa Branch	Dire Dawa Town	+251-251-110-647	+2519-29-90-75-38
6	Jimma Branch	Jimma Town	+251-471-115-224	+2519-29-90-75-34
7	Nekemti Branch	Nekemti Town	+251-576-616-680	+2519-29-90-75-35
8	Hawassa Branch	Hawassa Town	+251-462-201-008	+2519-29-90-75-58
9	Mekele Branch	Mekele Town	+251–344–408–371	+2519-29-90-75-74
10	Bishoftu Branch	Bishoftu Town	+251-114–370–439	+2519-29-90-75-75
11	Dessie Branch	Dessie Town	+251-333-111-065	+2519-29-90-75-76
12	Bahir Dar Branch	Bahirdar Town	+251-582–208–360	+2519-29-90-75-00
13	Assela Branch	Assela Town	+251-223–318–214	+2519-29-90-75-02
14	Bale Robe Branch	Bale Robe Town	+251–226–650–375	+2519-29-90-75-03
15	Sebeta Branch	Sebeta Town	+251–113-679-875	+2519-29-90-75-05
16	Gimbi Branch	Gimbi Town	+251–557–771–086	+2519-29-90-75-04
17	Burayu Branch	Burayu AshewaMeda	+251–112–601–934	+2519-29-90-75-08
18	Lagatafo Branch	Lagatafo leqadadi	+251–116–679–985	+2519-29-90-75-09

19	Mettu Branch	Mettu Town	+251-471-410-018	+2519-29-90-75-10
20	BuleHora Branch	Bule Hora Town	+251-464-430-929	+2519-29-90-72-98
21	Mojo Branch	Mojo Town	+251-222-360-275	+2519-44-11-03-49
22	Holeta Branch	Holeta Town	+251-112-610-804	+2519-44-11-03-56
23	Salale Branch	Fiche Town	+251-111-609-143	+2519-44-11-03-43
24	Gelan Branch	Gelan Town	+251-114-625-840	+2519-44-11-03-77
25	Harar Branch	Harar Town	+251-254-661-415	+2519-44-11-03-58
26	Gafarsa Branch	Burayu City Administration Area	+251-112-625-025	+2519-43-52-34-14
27	Maki Branch	Maki Town	+251-221-182-006	+2519-43-52-32-42
28	Furi Branch	Furi Area	+251-113-803-566	+2519-43-52-34-48
29	Dodola Branch	Dodola Town	+251-114-168-956	+2519-43-52-41-07
30	Asosa Branch	Asosa Town	+251-572-751-657	+2519-43-52-41-07
31	Jigjiga Branch	Jigjiga Town	+251-252-786-960	+2519-43-52-32-91
32	Gambella Branch	Gambela Town	+251-471-518-949	+2519-43-52-32-91

Contact Office Address

No	Work Unit Name	Location	Telephone	Mobile
1	Yabello	Yabello Town	+251-464-461-231	+2519-26-98-37-57
2	Kemise	Kemise Town	+251-335-541-859	+2519-10-46-89-67

15th Annual General Meeting of Shareholders

Farewell Ceremony

Best Performing Branches Award Ceremony 2024/25

Staff Day Celebration, 2025

51st Annual Conference and General Assembly of the African Insurance Organization (AIO)

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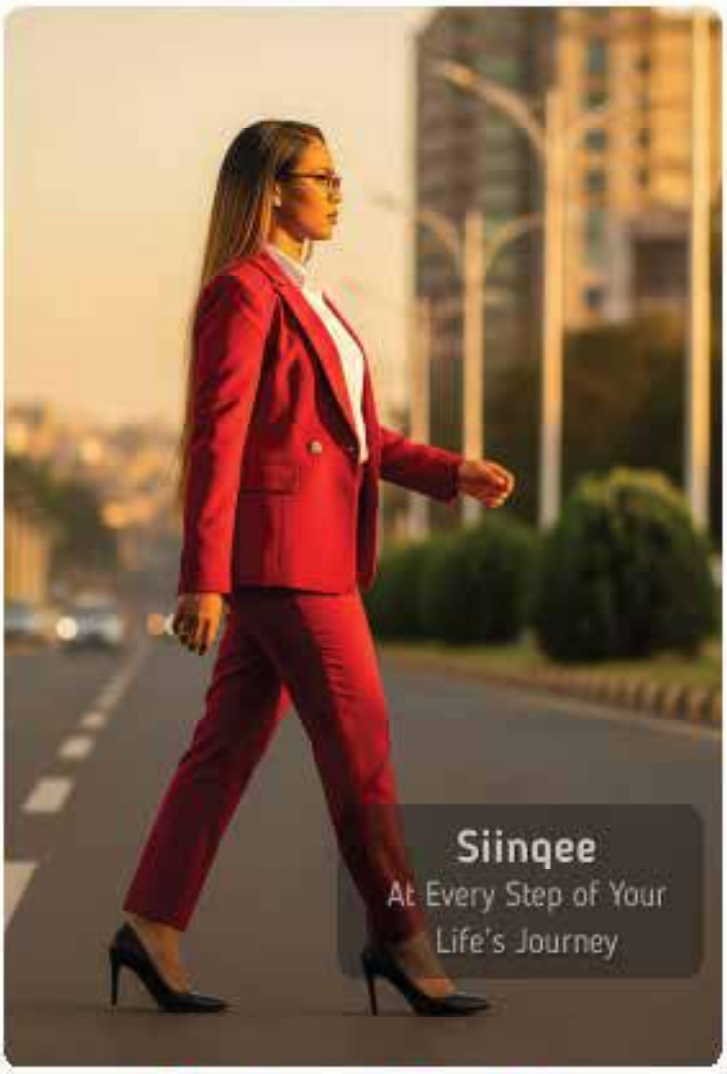

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