



ፀሐይ ኢንሹራንስ ኢ.ማ.  
TSEHAY INSURANCE S.C.



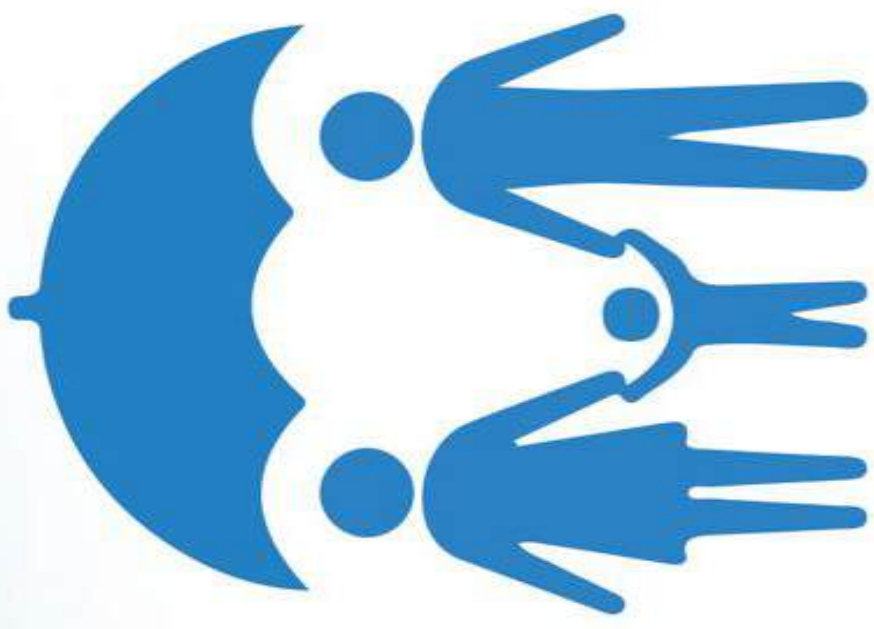
# ANNUAL REPORT

2022/23

ፀሐይ ለሁሉም ታብራለች  
*The Sun Shines For All*



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**የህይወት እና የጤና መድኃኒት  
አገልግሎት መስጠት መጀመሪያን  
በደስታ እንገልጻለን!!**

**ፀሐይ ለሁሉም ታብራለች!!!  
The Sun Shines For All !**



### ተልዕኮ

ጥራት ያላቸው አዳዲስ የኢንሹራንስ ዓይነቶችን እየቀረጠን በተለያዩ ኢንቨስትመንት ዘርፎች ላይ ተሰማርተን የሥነ ምግባር መርሆችን የጠበቁ ሀሳብናዊ የገንዘብ ተግባራትን በማከናወን ለኢንሹራንስ ደንበኞች፣ ለባለ አክሲዮኖች፣ ለሠራተኞች እንዲሁም ለመላው የህብረተሰብ ክፍል ተጠቃሚነት በቁርጠኝነት መሥራት።

### Mission

We are committed to provide quality and innovative insurance products and engage in diversified investment through maintaining ethical standards in all aspects of our business operation so as to ensure benefit to the policyholders, shareholders, employees and the society at large.

### ራዕይ

እ.ኤ.አ በ 2032 በኢትዮጵያ ካሉ አምስት ከፍተኛ የኢንሹራንስ ኩባንያዎች አንዱ መሆን።

### Vision

To be one of the top five insurance companies in Ethiopia in 2032



### እሴቶች

- ☞ ፈጣን እና አስተማማኝ አገልግሎት መስጠት
- ☞ በአክብሮት ማገልገል
- ☞ በቡድን መስራት
- ☞ ሐቀኝነት እና ፍትሃዊነት
- ☞ ቃል -ጠባቂነት
- ☞ ሚስጥራዊነት
- ☞ አዳጊ ፈጠራ ችሎታ ማዳበር
- ☞ ተቋማዊ ማህበራዊ ሃላፊነት መወጣት

### Core Value

- ☞ Committed to prompt and reliable service
- ☞ Serving with utmost respect
- ☞ Teamwork
- ☞ Integrity and Fairness
- ☞ Promise-keeping
- ☞ Confidentiality
- ☞ Creativity and Dynamism
- ☞ Corporate Social Responsibility



# BOARD of Directors



**W/ro Mahider Kiber**  
*Chairperson*

**Ato Mengist Zebenaye**  
*V/Chairperson*



**Ato Tilahun Awoke**  
*Board Member*



**Dr. Yaregal Assabie**  
*Board Member*



**Ato Habtamu Alebachew**  
*Board Member*



**Ato Biruh Tesfaye**  
*Board Member*



**Ato Kassahun Birlicie**  
*Board Member*



**Ato Tefera Desta**  
*Board Member*



**Ato Yihun Meseret**  
*Board Member*

# MANAGEMENT Members



**Ato Kassa Lisanework**  
*Chief Executive Officer*



**Ato Yilma Gebrie**  
*Depty Chief Executive Officer - Operations*



**Ato Berhanu Kiber**  
*EO, Marketing & Business Dev't Dep't*



**W/ro Rebecca Legesse**  
*EO, Life Assurance Dep't*



**Ato Dagim Abebe**  
*EO, Claim Dep't*



**Ato Solomon Assefa**  
*EO, Underwriting Dep't*



**Ato Abebe Sisay**  
*EO, HR & Property Admin Dep't*



**Ato Nebere Degsew**  
*EO, Audit Dep't*



**Ato Tomas Tilahun**  
*EO, Finance Dep't*



**Ato Ashenafi Korssa**  
*Manager, IT Service*



**Ato Gedlu Dejene**  
*Manager, Engeneering Service*



**Ato Desalegn Beyene**  
*Manager, Legal Service*



**Ato Yohannes Solomon**  
*Manager, Re-Insurance Service*

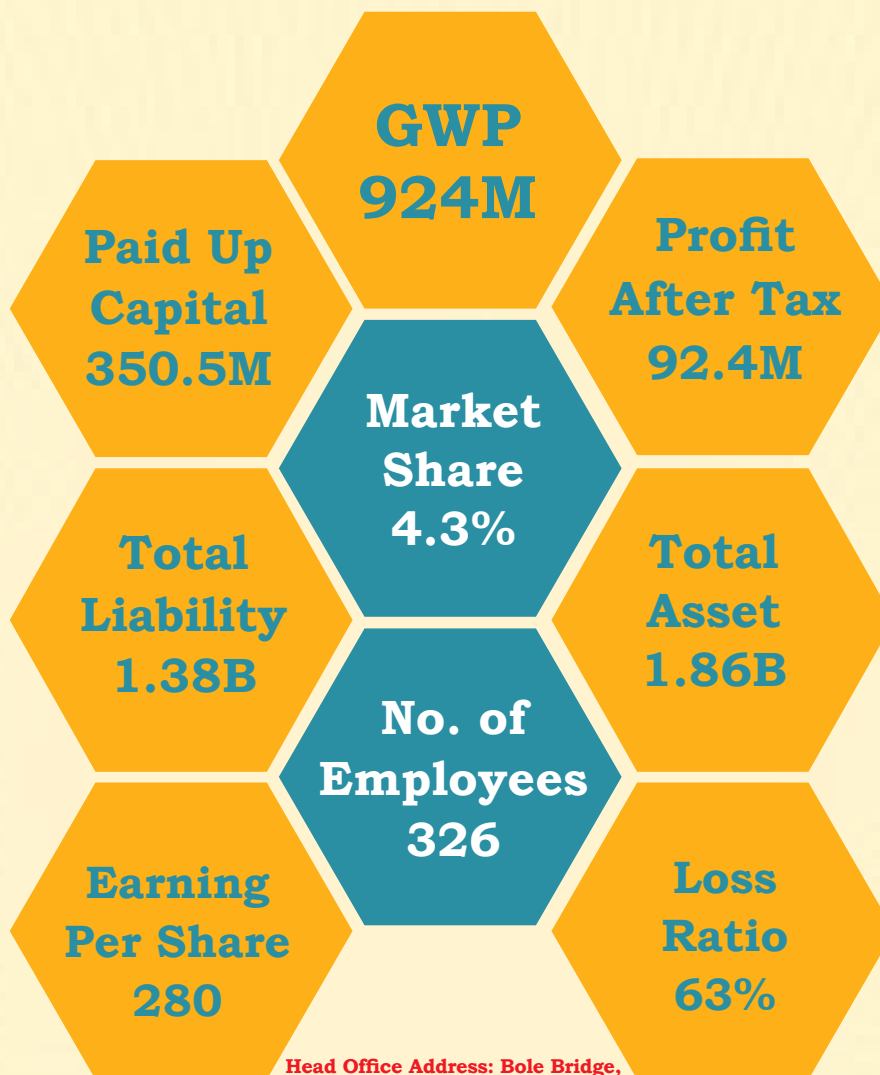


**W/ro Selamawit Yonas**  
*Chief Risk & Compliance Officer*

# Company's Highlight (2022/23)



**ፀሐይ ኢንሹራንስ ኢ.ማ.**  
**Tsehay Insurance S.C.**



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**Web Site: [www.tsehayinsurance.com](http://www.tsehayinsurance.com)**

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**ፀሐይ ለሁሉም ታበራለች!**  
**The Sun Shines For All!**

# INTERIM FINANCIAL STATEMENTS

<b>Chairman's Message.....</b>	<b>8</b>
<b>1. Introduction.....</b>	<b>12</b>
1.1. The Global Economy.....	12
1.2. The National Economy.....	13
1.3. The Insurance Industry.....	14
<b>2. Company's Performance.....</b>	<b>16</b>
2.1. Gross Written Premium.....	16
2.2. Portfolio Mix.....	16
2.3. Paid & Outstanding Claims.....	17
2.4. Underwriting Result.....	18
2.5. Life Insurance Business.....	19
<b>3. Financial Performance.....</b>	<b>19</b>
3.1. Assets.....	19
3.2. Capital Growth.....	19
3.3. Profit.....	20
3.4. Proposal for Shareholders.....	20
3.5. Expenses.....	20
3.6. Benefits of Board of Directors & CEO.....	21
3.7. Liability.....	21
3.8. Investment.....	21
<b>4. Marketing and Business.....</b>	<b>23</b>
4.1. Marketing Expansion & Branch Networking.....	23
4.2. Companies Image Building.....	23
4.3. Business Relationship with Intermediaries.....	24
<b>5. Human Resource.....</b>	<b>24</b>
<b>6. Challenges and Prospects.....</b>	<b>25</b>
<b>7. The Way Forward.....</b>	<b>25</b>
<b>8. Vote of Thanks.....</b>	<b>26</b>
<b>9. Annual IFRS Financial Statements.....</b>	<b>27</b>



## THE BOARD CHAIRPERSON'S MESSAGE

On behalf of the board of directors of Tsehay Insurance S.C and myself, I extend my sincere greetings and warmest regard It is with a deep sense of honor and purpose that I stand in front of you today to present an overview of our company's annual performance for the fiscal year ended June 2023.

In the reporting year under consideration, we have observed a variety of global and domestic opportunities and challenges. It was a period marked by a struggle with conflicts, supply chain disruptions, and the Russia-Ukraine war, which cast shocks, on the commodity market.

Domestically, the Ethiopian economy is facing significant macro-economic imbalances that are reflected in extremely high inflation, low foreign currency reserves, rising unemployment, Low qualities/Corrupted social service, political unrest, and insecurity. Furthermore, the insurance industry has encountered internal challenges, including an increase in claim loss ratios, escalating costs and expenses, and other related issues. On a positive note, the escalating value of properties has subsequently led to adjustments in the sum insured and a rise in prices.

Despite, all the challenges posed by an ever-evolving environment, I am proud to announce that our company has not just endured, but has achieved remarkable growth during the 2022/23 fiscal year. We have recorded commendable results, a testament to the hard work and resilience of our entire team, from our dedicated Board to our talented management and committed staff.

### Dear Shareholders,

The company's gross written premium has experienced a notable increase, rising from Birr 585 million to Birr 924 million in the reported

### የቦርድ ሊቀመንበር መልዕክት

**የ**ተከበራችሁ ባለአክሲዮኖች በፀሐይ ኢንሹራንስ አ.ማ. ዳይሬክተሮች ቦርድ እና በራሴ ስም ለኩባንያችን ዓመታዊ ጠቅላላ ጉባኤ በመምጣታችሁ ከፍ ያለ ምስጋናዬን ለማቅረብ እወዳለሁ። እ.ኤ.አ ሰኔ 30 ቀን 2023 የተጠናቀቀውን የበጀት ዓመት ዓመታዊ ሪፖርት እና የሂሳብ መግለጫ ለእናንተ ባለአክሲዮኖች ለማቅረብ ከፈታችሁ ስቀርብ ታላቅ ክብርና ደስታ ይሰማኛል።

በሪፖርት ዓመቱ በአለም አቀፍ እና በሀገር ውስጥ የተለያዩ መልካም የሚባሉ አጋጣሚዎች እና ፈተናዎች ተመልክተናል። ወቅቱም ከልዩነት ጋር በሚደረግ ትግል፣ የአቅርቦት ሰንሰለት መስተጓጎል እና የሩሲያ-ዩክሬን ጦርነት በፈጠሩት መናጋት ምክንያት የሸቀጦች ዋጋ መናገር የተከሰተበት ወቅት ነበር።

በሀገር ውስጥ ኢኮኖሚው ጉልህ የሆነ የማክሮ ኢኮኖሚ ሚዛን መዛባት የታየበት ሲሆን ይህም በከፍተኛ የዋጋ ግሽበት፣ ዝቅተኛ የውጭ ምንዛሬ ክምችት፣ እየጨመረ የመጣ የሰራ አጥነት ቁጥር፣ ዝቅተኛ ጥራት ያለው/ሀቀኝነት የጎደለው ድርጊት የማህበራዊ አገልግሎት፣ የፖለቲካ አለመረጋጋት እና የደህንነት እጦት መገለጫዎቹ ነበሩ። በተጨማሪም የካሳ ጥያቄ ምጣኔ እያደገ መምጣት፣ የወጪዎች መናገር እና ሌሎች ተዛማጅ ጉዳዮች የኢትዮጵያ መድን ኢንዱስትሪን የገጠሙት



ውስጣዊ ችግሮች ነበሩ። በአዎንታዊ መልኩ ስንመለከት ደግሞ እየጨመረ የመጣው የንብረቶች ዋጋ መድን የሚገባለትን ዕቃ ዋጋ ከፍ እንዲልና ለዚህም የሚከፈለው የአርባን ገቢ በማደግ የተሰበሰበው አርባን ከፍ እንዲል አድርጎታል።

ምንም እንኳን ከጊዜ ወደ ጊዜ እያጋጠሙ ያሉ ከባቢያዊ ፈተናዎች እየጨመሩ ቢመጡም ኩባንያችን እነዚህን ፈተናዎች ማለፍ ብቻ ሳይሆን በእ.ኤ.አ 2022/23 በጀት አመት ከፍ ያለ ዕድገት ማስመዘገቡን በኩራት እገልጻለሁ። ከዳይሬክተሮች ቦርድ ጀምሮ እስከ ሥራ አመራሮች እና ሰራተኞች ድረስ በታታሪነት እና በትጋት በመስራት የሚያስመሰግን ውጤት ለማስመዘገብ ተችሏል።

### **የተከበረችሁ ባለአክሲዮኖች**

በተጠናቀቀው በጀት አመት የኩባንያው ጠቅላላ የመድን አርባን ጉልህ ጭማሪ ማስመዘገብ የቻለ ሲሆን ባለፈው የበጀት ዓመት ከነበረው ብር 585 ሚሊዮን ወደ ብር 924 ሚሊዮን ከፍ ብሏል። ይህ አስደናቂ ስኬት ከፍተኛ ትርፍ በማስገኘት ባለፈው የበጀት ዓመት ከነበረው ከገቢ ግብር ቅናሽ በፊት ብር 56.6 ሚሊዮን ወደ 102.3 ሚሊዮን ከፍተኛ ሲሆን ይህም ከባለፈው ዓመት ትርፍ የ81 በመቶ ከፍ ያለ ዕድገት አሳይቷል።

የኩባንያው ጠቅላላ ሃብት ባለፈው የበጀት ዓመት ከነበረው ከብር 1.3 ቢሊዮን ወደ ብር 1.86 ቢሊዮን የደረሰ ሲሆን ከባለፈው ተመሳሳይ ወቅት ጋር ሲነፃፀር 43 በመቶ ዕድገት አሳይቷል። በተጨማሪም የተከፈለ ካፒታሉ እስከ እ.ኤ.አ ሰኔ 30 ቀን 2023 ወደ ብር 350.5 ሚሊዮን ደርሷል።

ኩባንያው በስትራቴጂክ ዕቅዱ የተቀመጡትን ወሳኝ ግቦች ማለትም ቅርንጫፎችን ማስፋፋት፣ አዲስ ደንበኞችን በመሳብ እና ነባር ደንበኞችን ማቆየት፣ በተለያዩ ትርፋማ ሥራዎች ላይ ኢንቨስት ማድረግ እና የህይወት መድን አገልግሎት መስጠት መጀመር የመሳሰሉ ክንውኖች በትጋት ተግባራዊ በማድረግ አሳክተናል። ይህ በመሰረተ ልማት ኢንቨስትመንት ላይ የሚደረገው የስትራቴጂ ቁርጠኝነት እንደሚሳየ የሚሆነውም የኮር ኢንፎርሬሽን ሶፍትዌር ትግበራ አንዱ ነው።

በተጨማሪም ለዋና መሰሪያ ቤት ህንፃ ግንባታ

year. This impressive accomplishment leads to the considerable surge in profit, escalating from Birr 56.6 million to Birr 102.3 million before tax—an exceptional 81% increase.

Furthermore, there has been successful growth in total assets, increasing from Birr 1.3 billion to Birr 1.86 billion, and reflecting 43% growth compared to the previous year. Additionally, the paid-up capital has reached Birr 350.5 million as of June 30, 2023.

We have achieved these milestones by implementing the company’s strategic plan and diligently working to expand branches, attract and retain customers, invest in various profitable businesses, and launch a life insurance business. This commitment is exemplified by our continued strategic investments in technology infrastructure, including the ongoing implementation of a core insurance system.

Additionally, we are pleased to share that the head quarter’s building project is still under progress, even if there are some delays due to facing challenges from the contractor’s side. Beside to this, to reduce office rent expenses in the future, the Company has purchased two offices that can serve as insurance branches’ one located around Megenagna, Kebele 24 Site, with a bid from the A. A City Administration and the other situated around CMC Michael, from Ayat Real Estate. This achievement bears witness to our commitment to increase the company’s investment option.

### **Dear Shareholders,**

I am pleased to share with you some outstanding achievements resulting from the collaborative efforts between the Board of Directors, the dedicated management team and the committed staff. These efforts have been guided by a shared vision and purpose,

በኮንትራክተሩ በኩል የነበሩ ተግዳሮቶች ምክንያት የዘገየ ቢሆንም በተደረገው ጥረት አሁን ላይ ህንፃ ግንባታው ሥራ በማፋጠን ላይ ይገኛል። ከዚህ ጎን ለጎን ከባንያው ለወደፊት የቢሮ ክራይ ወጪ ለመቀነስ ሲባል ባደረገው ጥረት በጨረታ ከአዲስ አበባ ከተማ አስተዳደር በመገናኛ በተለምዶ 24 ሳይት እና ሲ.ኤም.ሲ ሚካኤል አካባቢ ከአያት ሪልስቴት ለቅርንጫፍ ቢሮ አገልግሎት የሚሆን በሁለት ቦታዎች የቢሮ ግዥ ተከናውኖል። ይህ ስኬት የኮንባንያው ቦርድና ሥራ አመራር ለኢንቨስትመንት ያለውን ቁርጠኝነት ያሳያል።

**የተከበራችሁ ባለአክሲዮኖች**

በዳይሬክተሮች ቦርድ፣ በኮንባንያው ሥራ አመራር እና በሁሉም ሰራተኞች በተደረጉ የትብብር ሥራዎች የተገኘው ስኬት ሳካፍላችሁ በደስታ ነው። እነዚህ ስኬቶች በጋራ ራዕይና ዓላማ የተመሩ በመሆናቸው ትርጉም ያለው መስተጋብር እና ፍሬያማ ውጤቶች አስገኝቷል።

የኮንባንያው አስፈላጊ የሥራ ክፍሎች ላይ የሚያስተማምን የራ-ኢንሹራንስ ድርድር፣ ፕሮፌሽናል የሆነ የውል ሥራ እና ሀብቶችን በአግባቡና በብቃት ሥራ ላይ በማዋል ጥሩ የሚባል የኮርፖሬት አመራር በማድረግ አመርቂ ውጤት አስገኝቷል። በተለይም እነዚህን ለመተግበር የታየው ተነሳሽነት በበጀት ዓመቱ ከታቀደው መጠን በላይ ትርፍ እንዲያስመዘግብ አግዟል።

በተጨማሪም በተቆጣጣሪው ባለስልጣን፣ በኢትዮጵያ ብሔራዊ ባንክ በተቀመጠው የአደጋ ስጋት ሥራ አመራር መርሐ-ግብር መሰረት የኮንባንያውን ስጋቶች ለመቋቋም የሚያስችሉ ስራዎች ተግባራዊ እየሆኑ ነው። ይህ አካሄድ የኮንባንያው የአደጋ ስጋት ስብጥር በጥንቃቄ እየተመራ መሆኑን ያረጋግጣል።

ይህ ውጤት እንዲመዘገብም በእናንተ ውድ ባለአክሲዮኖች የተደረገልን ድጋፍና የጠላችሁብን እምነት ምርኮዝ ስለሆነን ለዚህም ከልብ የመነጨ ምስጋናችንን እናቀርባለን።

እንዲሁም ለተከበራቹ ደንበኞች፣ የጠለፋ ዋስትና ሰጪዎች፣ የሽያጭ ወኪሎች፣ ብርክሮች እና ለባለድርሻ አካላት ምስጋናዬን ማቅረብ እወዳለሁ። የእናንተ ትብብር እና ተሳትፎ ለስኬቶቻችን ወሳኝ ነበሩ።

which have led to meaningful interactions and fruitful outcomes.

Our unwavering focus on essential components of good corporate governance sound and professional reinsurance arrangements, professional underwriting practices, and efficient resource utilization has produced remarkable outcomes. Notably, these initiatives have propelled us to achieve a profit exceeding the annual target.

Furthermore, our commitment to risk management remains steadfast. We have thoroughly navigated the challenges by adhering to the risk management program established by the National Bank of Ethiopia, which is our regulatory authority. This approach has ensured the prudent management of the company’s risk portfolio.

As we reflect on these accomplishments, we express our deep gratitude to you, our valued shareholders, for your continued support and trust. Your confidence has been instrumental in driving our success.

I would also like to extend appreciation to our esteemed customers, Reinsurers, Agents, Brokers, and stakeholders. Your collaboration and engagement have been pivotal to our achievements.

**Dear Shareholders,**

I would like to take great pleasure, to all Shareholders of the company, to present the Board of Directors and the external Auditors reports for the year ended June 30, 2023, for your kind consideration, deliberation and approval in accordance with Article 393 and 394 of the Commercial Code of 1243/2021 of Ethiopia and Article 8 and 9 of the company’s Article of Association.

## የተከበራችሁ ባለአክሲዮኖች

እ.ኤ.አ በሰኔ 30 ቀን 2023 የተጠናቀቀውን የበጀት ዓመት የዳይሬክተሮች ቦርድ እና የውጭ የአዲተሮች ሪፖርት እያቀረብኩ በአዲሱ የኢትዮጵያ የንግድ ህግ አዋጅ ቁጥር 1243/2021 አንቀፅ 393 እና 394 እንዲሁም በኩባንያው የመተዳደሪያ ደንብ አንቀፅ 8 እና 9 መሰረት ይፀድቅ ዘንድ ለተከበራችሁ ባለአክሲዮኖች ሳቀርብ በታላቅ ደስታ ነው።

በመጨረሻም ድጋፋችሁ ላልተለየኝ የዳይሬክተሮች ቦርድ አባላት እንዲሁም የኩባንያው ሥራ አመራር እና ለሁሉም ሰራተኞች የእናንተ ቁርጠኝነት እና ትጋት በተለይም ፈተናዎችን በመጋፈጥ ለዚህ ስኬት ለመብቃት ወሳኝ ነበር። ወደፊት እየሄድን ላለነው የዕድገት እና የስኬት ጉዞችን ላይ ላደረጋችሁት ድጋፍ አመሰግናለሁ።

Lastly, my sincere gratitude goes to our Board of Directors as a team and dedicated management and employees. Your unwavering commitment and hard work, especially in the face of challenges, have been integral to our positive trajectory.

Thank you for your continued support as we move forward on this journey of growth and success.

Warm regards,



**Mahider Kiber**  
Chairperson, Board of Directors

1. መግቢያ

ይህ ሪፖርት የዓለም-አቀፍ እና ብሔራዊ ምጣኔ ሃብት እንቅስቃሴን በመዳሰስ የፀሐይ ኢንሹራንስ አ.ማ. አፕሬይሽንና የፋይናንስ አፈፃፀም በተጠናቀቀው የበጀት ዓመት እ.ኤ.አ. ሰኔ 30 ቀን 2023 ምን እንደሚመስል ያሳያል። በተጨማሪም የኩባንያውን ኦዲት የተደረጉ ዓመታዊ ሂሳብ መግለጫዎች ያካትታል።

1.1 የአለም አቀፍ ምጣኔ ሀብት

አለም አቀፍ የምጣኔ-ሃብት እንቅስቃሴው በተለያዩ ሁኔታዎች ምክንያት አሁንም ከፍተኛ ፈተናዎች እንዳሉበት ያሳያል። የሩሲያ-ዩክሬን ጦርነት እና ከፍተኛ ዋጋ ንረትን ለመዋጋት በተወሰደው ጥብቅ የገንዘብ ፖሊሲ ትግበራ ርምጃ ምክንያት አስጊ ሁኔታ እንዲፈጠር አድርጎታል።

የአለም ምጣኔ ሃብት ዕድገት በ2022 ቀድሞ ከነበረበት የ3.1 በመቶ ዕድገት 2023 ከመጠናቀቁ በፊት ወደ 2.1 በመቶ ዝቅ እንደሚልና ይህም በ2024 ወደ 2.4 በመቶ ዕድገት ይጠጋል የሚል ግምት አለ። ከጃንዋሪ ትንቢዎች አንጻር ይህ የ2023 ዕድገት በ0.4 በመቶ ጠንካራ እና የ2024 ደግሞ በ0.3 በመቶ ደካማ ነው። በ2022 መጨረሻና በ2023 መጀመሪያ ላይ የባለ ዋና ኢኮኖሚ ሃገራት ዕድገት ሲጠበቅ ከነበረው በላይ በማገገሙ እ.ኤ.አ የ2023 አጠቃላይ ዕድገት ከፍያለ እንዲሆን አድርጎታል።

በአመቱ መጀመሪያ ላይ ሲጠበቅ ከነበረው አንጻር የአብዛኛው ባለ ዋና ኢኮኖሚ ሃገራት ጠንካራ የዕድገት አፈፃፀም አሳይተዋል። ይህ የሆነው በሁለት ምክንያቶች ሲሆን የቻይና የኢኮኖሚ እንቅስቃሴ እንደገና በመጀመሩ እና በአሜሪካን የተፈጠረው የተጠቃሚው ፍጆታ እንደገና መነቃቃት ነው። ሆኖም የዋጋ ግሽበቱ እንደቀጠለ ነው።

ምንም እንኳን የአቅርቦት ሰንሰለት ተግዳሮቶች እና የሽቀጦች ዋጋ በመቀነሳቸው ምክንያት በአለም አቀፍ ደረጃ የዋጋ ግሽበቱ ፍጥነቱን እየቀነሰ ቢመጣም አብዛኛው ሀገሮች ውስጥ ያለው የዋጋ ግሽበት አሁንም ከፍ እንዳለ እና የዋጋ ንረቱም ከታቀደው በላይ እንደሆነ ነው።

እ.ኤ.አ በ 2023 መጀመሪያ ላይ የብረታ ብረት ዋጋ ጭማሪ ቢያሳይም ቻይና ከተጠበቀው በላይ የማገገም ምልክት በማሳየቷ ኢንዱስትሪ ዘርፉ አምንታዊ

1. Introduction

This report highlighted the performance of Global & National economy and operational and financial performance of Tsehay insurance S.C in the financial year ended 30 June, 2023. It also includes Audited annual financial statements of the company.

1.1 THE GLOBAL ECONOMY

Global economic activity showed continues to face significant challenges due to a combination of factors. The Russian-Ukraine war and the implementation of tight monetary policies to combat high inflation have created a precarious situation.

Global growth is forecast to slow from 3.1 percent in 2022 to 2.1 percent in 2023, before edging up to 2.4 percent in 2024. Relative to the January projections, this is 0.4 percentage point stronger in 2023 and 0.3 percentage point weaker in 2024. Greater-than-expected resilience of major economies at the end of 2022 and early in 2023 led to the overall upgrade to growth in 2023.

Several major economies experienced stronger than expected growth compared to initial projections at the beginning of the year. This was primarily driven by two factors: the faster-than-anticipated economic reopening in China and the resilient consumption in the United States. Consequently, Inflation pressures persist.

Although global headline inflation has been decelerating as a result of base effects, abating supply chain pressures, and falling commodity prices, core inflation in many countries remains elevated, and inflation is above target in almost all inflation-targeting economies.

The increase in metal prices in early 2023, driven by signs of a stronger-than-anticipated recovery in China, indicates positive

መነቃቃት አሳይቷል። በአለም ላይ ከፍተኛ የብረታ ብረት ተጠቃሚ ከሆኑ ሀገራት አንዷ ቻይና በመሆኗ ኢኮኖሚዋ ማገገሙ የአለም አቀፍ የብረታ ብረት ዋጋ ላይ ከፍተኛ አስተዋፅኦ አድርጓል። (ግሎባል ኢኮኖሚ ተስፋዎች፣ ሰኔ 2023)

እ.ኤ.አ በ2021 የአፍሪካ ዕድገት ከነበረበት 4.8 በመቶ በ2022 ወደ 3.8 በመቶ ዝቅ ብሏል። ይህ ዝቅተኛ ዕድገት የታየው አለም አቀፍ የፋይናንስ እንቅስቃሴ በመገደቡ፣ በሩሲያ- ዩክሬን ጦርነት ሳቢያ እየባሰ የመጣው የአቅርቦት ሰንሰለት መቆራረጥ እና በአየር ንብረት ለውጥ መዘባት ምክንያቶች ነው።

ምስራቅ አፍሪካ የተሸለ የኢኮኖሚ አፈጻጸም የታየበት አካባቢ ሲሆን ለዚህም ወረርሽኝ በተከሰተበት ወቅት ከደረሰው የኢኮኖሚ ውድቀት በቀላሉ ያመለጠ ብቸኛ ክልል በመሆኑ እና የምርት አወቃቀር ስብጥርም በአዲስ መሠረት የተደገፈ በመሆኑ ነው። ይሁን እንጂ እ.ኤ.አ በ2022 እንደታየው ከፍተኛ የሸቀጦች ዋጋ ብዙውን ጊዜ ለዝቅተኛ ዕድገት እንደሚዳርግ ይታወቃል። ለዚህም አብዛኛው የቀጠናው ሀገራት የበርካታ ዕቃዎች አስመጪ በመሆናቸው እና በተለይም ለኃይል እና ለምግብ ምርቶች የአለም አቀፍ ዋጋ ጫና ስለሚያርፍባቸው ነው። የግማሽ አመቱ ግምገማ እንደሚያሳየው ጉዳዩ አሁንም አሳሳቢ መሆኑን ነው።

በተጨማሪም ክልሉ ለተደጋጋሚ የአየር ንብረት ለውጥና ድርቅ የተጋለጠ/ተጠቂ በመሆኑ በተለይም በአፍሪካ ቀንድ አካባቢ የኢኮኖሚ ችግሮችን የበለጠ ያባብሱታል። በተመሳሳይ በክልሉ ውስጥ የተበላሹ አሰራሮችና ውስጣዊ ግጭቶች ጭምር በመኖራቸው የኢኮኖሚ ዕድገቱን ለማስቀጠል እና ለማረጋገጥ ከፍተኛ አደጋ ሆነዋል። (አፍሪካን ኢኮኖሚክ አውትሎክ 2023 እንደዘገበው)

### 1.2 በሌራዊ ሞጣኔ ሀብት

የሀገሪቱ የተጣራ ጠቅላላ ምርት ዕድገት በ2021 ከነበረው የ5.6 በመቶ በ2022 ላይ ዕድገቱ ወደ 5.3 በመቶ ዝቅ ቢልም ነገር ግን እንደቀድሞው ከምስራቅ አፍሪካ አማካኝ ዕድገት (ማለትም በ2021 ከነበረው የ4.7 በመቶ እና በ2022 ከነበረው የ4.4 በመቶ) ከፍ ያለ ነበር። በአቅርቦት በኩል የዕድገቱ አንቀሳቃሾች ኢንዱስትሪው እና አገልግሎት ዘርፉ ሲሆኑ በፍላጎት ረገድደግም የግል ፍጆታና ኢንቨስትመንት ናቸው። (አፍሪካን ኢኮኖሚክ አውትሎክ 2023 እንደዘገበው)

የዋጋ ግሽበቱ በ2021 ከነበረው የ26.6 በመቶ በ2022

momentum in the industrial sector. China is one of the world’s largest consumers of metals, and its economic recovery can have a significant impact on global metal prices. (Global Economic Prospects, June 2023).

Africa’s growth declined to an estimated 3.8 percent in 2022, from 4.8 percent in 2021. The slowdown in growth had many causes: tightening global financial conditions, supply chain disruptions exacerbated by Russian Ukraine war, and the growing impacts of climate change.

East Africa has experienced better economic performance and was the only region that escaped a recession during the pandemic, underpinned by its more diversified production structure. However, high commodity prices often translate into slower growth, as seen in 2022, since most countries in the region are net importers of commodities and bear the brunt of high international prices, especially for energy and food. This issue remains a concern for the medium-term outlook.

Additionally, the region is susceptible to recurrent climate shocks, such as drought, particularly in the Horn of Africa, which further exacerbates economic challenges. Moreover, pockets of fragility exist in the region, including internal conflicts, which pose significant risks to stability and economic progress. (Africa Economic outlook, 2023).

### 1.2 THE NATIONAL ECONOMY

Real GDP growth fell to 5.3% in 2022 from 5.6% in 2021 but remained above East Africa’s average (4.7% in 2021 and 4.4% in 2022). The supply-side drivers of growth were industry and services, while demand-side drivers were private consumption and investment. (Africa Economic outlook, 2023).

Inflation rose to 34% in 2022 from 26.6% in 2021. Both growth and inflation were

ወደ 34 በመቶ ከፍ ብሏል። ለዕድገቱም ሆነ ለዋጋ ግሽበቱ አሉታዊ ተፅዕኖ ያሳደሩት በሀገሪቱ የተከሰተው የውስጥ ግጭት፣ ድርቅ እና የሩሲያ-ዩክሬን ጦርነትን ተከትሎ የሽቀጦች ዋጋ መናር መከሰቱ ነው።

ከሀገሪቱ ጠቅላላ ምርት ላይ እ.ኤ.አ በ2021 ከነበረው የ2.8 በመቶ በጀት ጉድለት በ2022 ወደ 4.2 በመቶ ከፍ ያለ ሲሆን ለዚህም ከፍተኛ የመከላከያ ወጪ እና ደካማ የገቢ አፈፃፀም ተጠቃሽ ምክንያቶች ነበሩ ። (አፍሪካን ኢኮኖሚክ አውትሎክ 2023 እንደዘገበው)

ኢትዮጵያ ላለፉት ሦስት ዓመታት ከገጠሟት በርካታ ችግሮች እያገገመች መምጣቷን ቢያመለክትም እነዚህ ችግሮች ግን በኢኮኖሚው ላይ አሉታዊ ተፅዕኖ አሳድረዋል። ይህም እ.ኤ.አ ከ2020 እስከ 2022 ባለው አመት መካከል በአማካኝ ኢኮኖሚው ላይ የ6 በመቶ ጭማሪ እንደነበረ ይፋዊ የሆነው መረጃ ይጠቁማል። ይህም ጭማሪ ከ 2004 ወዲህ ዝቅተኛ ጭማሪ ሆኖ ተመዝግቧል።

እ.ኤ.አ የ2023 ምልከታ ካለፉት ሦስት አመታት ጋር ሲነፃፀር ያነሰ ውጥረት ያሳያል ተብሎ ይጠበቃል። በሰሜን ኢትዮጵያ የነበረው ጦርነት መቆም እና አለም ዓቀፍ የነዳጅ ዋጋ ላይ መጠነኛ መረጋጋት መፈጠሩ የኢኮኖሚ አፈፃፀሙ እንዲሻሻል ያግዛል። እ.ኤ.አ ኖቬንበር 2022 በፕሪቶሪያ የሰላም ስምምነት በመደረጉ ተቋርጦ የነበረው የኢኮኖሚ እንቅስቃሴ ዳግም በመጀመሩ ምክንያት የግብርና፣ የፍጆታ እና የአገልግሎት ዘርፉ አፈፃፀም መሻሻል ያሳያል ተብሎ ይጠበቃል።

ይህ ቢሆንም የፖሊሲ መዳከም በተለይ ከማክሮ ኢኮኖሚ ጋር በተያያዘ የሀገሪቱን የዕድገት ተስፋዎች ላይ አሉታዊ ተፅዕኖ ሊያሳድር ይችላል። የዓመቱ የዋጋ ግሽበት በጃንዋሪ 2023 ላይ 33.9 በመቶ ደርሷል። ይህ የዋጋ ግሽበት በ2020 (18.7%) እና በ2021 (19.2%) በተመሳሳይ ወር ከነበረበት ከፍ ያለ ቢሆንም ከጃንዋሪ 2022 ግሽበት በመጠኑ ያነሰ ነው። ላለፉት ሁለት ዓመታት በአጠቃላይ የዋጋ ግሽበቱ ከፍተኛ ደረጃ ላይ ደርሶ ነበር። አለም አቀፍ እና ሀገር ውስጥ ያሉ ችግሮች የምግብ-ነክ እና ምግብ-ነክ ያልሆኑ ሸቀጦችን በመጉዳቱ ለዋጋ ግሽበት ከፍ ማለት ከፍተኛ አስተዋፅኦ አድርገዋል። (ዩኤንዲፒ የሩብ አመት የኢኮኖሚ መግለጫ ማርች 2023)

### 1.3 የአንሹራንስ አገደስትሪ

የኢትዮጵያ ኢንሹራንስ ኢንዱስትሪ በ2022/23 የበጀት

adversely impacted by internal conflict, drought, and the effects of Russian Ukraine war on commodity prices.

The fiscal deficit widened to 4.2% of GDP in 2022 from 2.8% in 2021 due to higher defense spending and weak revenue performance. (Africa Economic outlook, 2023).

Ethiopia is emerging from multiple shocks that have been occurring in the past three years. These shocks have adversely impacted the economy, resulting in a growth of the economy by annual average of 6% between 2020 and 2022 according to official data. This has been the lowest recorded growth since 2004.

The outlook for 2023 is expected to be less constrained than the previous three years. The cessation of hostilities in northern Ethiopia and moderation in global oil prices will help improve economic performance. The key drivers of the rebound are resumption of economic activities due to the Pretoria Peace Agreement of November 2022, better performance of agriculture, consumption, and a rebound in the services sector.

Nonetheless, policy slippages, particularly in relation to the macro economy, can negatively impact the country's growth prospects. Year-on-year headline inflation in January 2023 stood at 33.9%. This has been higher than the inflation rate during the same month in 2021 (19.2%) and 2020 (18.7%) but slightly lower than that of January 2022. Inflation had been on a generally high trajectory for the past two years. Both food and non-food components, affected by global and domestic shocks, have contributed to high and volatile inflation. (UNDP Quarterly Economic Profile March 2023)

### 1.3 THE INSURANCE INDUSTRY

The Ethiopian insurance industry witnessed significant growth in the 2022/23 fiscal year.

ዓመት ከፍተኛ የሆነ ዕድገት አስመዝግቧል። ህይወት እና ህይወት ነክ ባልሆኑ መድን ዘርፍ የተገኘው አጠቃላይ አርባን ገቢ ብር 22.9 ቢሊዮን ሲሆን ይህም በአለፈው ዓመት ከነበረው ብር 16.6 ቢሊዮን አፈፃፀም ጋር ሲነፃፀር በ38 በመቶ (ብር 6.3 ቢሊዮን) ዕድገት አሳይቷል። አስራ አንድ የሚሆኑ ኩባንያዎች ህይወት እና ህይወት ነክ ባልሆኑ (ጠቅላላ) መድን ዘርፍ ላይ የተሰማሩ ሲሆኑ ቀሪዎቹ ሰባት ኩባንያዎች ደግሞ ህይወት ነክ ባልሆነ የመድን ዘርፍ ላይ ብቻ የተሰማሩ ናቸው። በበጀት አመቱ ፀሐይ ኢንሹራንስ አ.ማ. እና አንበሳ ኢንሹራንስ አ.ማ. የህይወት መድን ዋስትናን ለመስጠት የሚያስችላቸውን ፍቃድ በመውሰዳቸው ሁለቱንም አገልግሎቶች መስጠት የሚችሉ ኢንሹራንስ ኩባንያዎችን ቁጥር ወደ አስራ ሦስት አሳድጎታል።

ሆኖም ኢንዱስትሪው እየሰራ ያለው በበርካታ ውጫዊና ውስጣዊ ተግዳሮቶች ውስጥ ሲሆን የማክሮ ኢኮኖሚው ከባቢያዊ ተፅዕኖ፣ ፈጣንና ከፍተኛ የዋጋ ንረት፣ የውጭ ምንዛሬ እጥረት፣ ዕረፍት የለሽ ፖለቲካዊና ማህበራዊ ጫና እንዲሁም በአለም አቀፍ የአቅርቦት ሰንሰለት መመሳቀል የመሳሰሉት ናቸው። ውስጣዊ የሆኑ ተግዳሮቶች የምንላቸው ደግሞ እንደ የጉዳት ካሳ ክፍያ የአደጋ ማጣኔ ማደግ እና የአጠቃላይ ወጪዎች መናገር ከኢንዱስትሪው የተወሳሰበ የሥራ ከባቢያዊ ሁኔታ ጋር ተዳምሮ ያሉትን መጥቀስ ይቻላል።

ምንም እንኳን እነዚህ ተግዳሮቶች ቢኖሩም የግል ኢንሹራንስ ኩባንያዎች አስደናቂ የሆነ ከፍተኛ ውጤት አስመዝግበዋል። የንብረት ዋጋ በከፍተኛ ሁኔታ መጨመር ኢንሹራንስ የሚገባለትን ዕቃ ዋጋ እንዲጨምር አስተዋጽኦ በማድረግና ለዚህም የሚከፈለው አርባን መጠን በማደግ የተሰበሰበውን አመታዊ ጠቅላላ አርባን ሽያጭ ወደ ላይ ከፍ እንዲል አግዟል።

የኢትዮጵያ ኢንሹራንስ ኢንዱስትሪ በቀጣይነት ለረጅም ጊዜ ትልቅ የማደግ እምቅ አቅም እንዳለው ይታወቃል። ይሁን እንጂ ይህን ዕድል በሰፊው ለመጠቀም በዘርፉ ያሉትን መዋቅራዊ ተግዳሮቶች ለመቅረፍ በዋጋ ላይ በተመሰረተው የውድድር ሁኔታ ስልታዊ ርምጃ መውሰድ እና የደንበኞችን ፍላጎት በአግባቡ ለማርካት ጥረት ማድረግ ወደፊት የሚኖረውን ዕድገት አስተማማኝና ተወዳዳሪ እንዲሆን ያደርገዋል።

The gross written premium from both life and general insurance businesses reached Birr 22.9 billion, indicating 38% increase (Birr 6.3 billion) when compared to the previous year's performance of Birr 16.6 billion. Among these, 11 insurance companies provide both life and general insurance, while 7 insurance companies offer only general insurance. In the fiscal year, Tsehay and Lion insurances obtained license to offer life insurance, increasing the total number of composite companies to 13.

However, the industry is operating with Challenges stemmed from both external and internal factors, including the impact of macroeconomic environment, hyper inflation, foreign currency scarcity, political & social unrest, and worldwide supply chain disruptions. Internal challenges such as an increase in claim /loss ratios, rising costs and expenses added to the complexity of the industry's operating environment.

Despite these challenges, private insurance companies demonstrated resilience and achieved impressive growth. The rising value of properties contributed to adjustments in the sum insured and an increase in prices, which likely boosted the industry's gross written premium performance.

The Ethiopian insurance industry continues to hold substantial long-term growth potential. However, to fully tap into these opportunities, it is crucial to address structural challenges and take strategic measures aimed at addressing rate-based issues and enhancing pricing mechanisms as well as cater to customer preferences are also essential to ensure sustainable growth and competitiveness.

## 2. የከባደው የኦፕሬሽን ሥራ አፈፃፀም

እ.ኤ.አ ሰኔ 30 ቀን 2023 በተጠናቀቀው የበጀት ዓመት አለም አቀፋዊና ሀገራዊ ቀውስ እንዲሁም በተለያዩ የሀገራችን ክፍሎች የፀጥታ ሁኔታ ላይ ከፍተኛ ፈተናዎች ቢኖሩም እንዳለፉት ዓመታት ሁሉ ከባደው በአርባን መጠን፣ በካፒታል ዕድገት፣ በጠቅላላ ሀብት መሰረት እና ትርፋማነት አንፃር ከፍተኛ ውጤቶችን ያስመዘገበበት ፍሬያማ ዓመት ነበር።

### 2.1 አጠቃላይ የአርባን ገቢ

በበጀት አመቱ ከባደው ከጠቅላላ የመድን አርባን ብር 924 ሚሊዮን ገቢ በማግኘት ባለፈው ዓመት ተመዝግቦ ከነበረው ብር 585 ሚሊዮን ገቢ የ58 በመቶ ዕድገት ማስመዘገብ ችሏል። ይህ ከንውን በበጀት ዓመቱ በዕቅድ ተይዞ ከነበረው ብር 701.4 ሚሊዮን አጠቃላይ አርባን ገቢ ጋር ሲነፃፀር የ32 በመቶ ከዕቅድ በላይ አፈፃፀም ያሳያል።

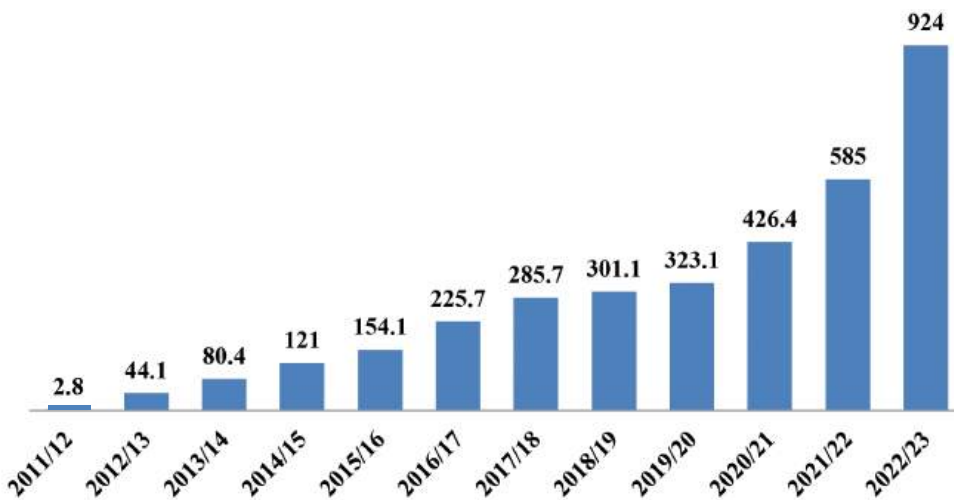
## 2. THE COMPANY'S OPERATIONAL PERFORMANCE

The budget year ended June 30, 2023, is still a fruitful year for our company, despite significant challenges faced in security issues in various parts of the country and the ongoing global and national crisis. Achieving remarkable results in terms of premium production, capital growth, asset base, and profitability in such a challenging environment is a testament to the resilience and effective management of the company.

### 2.1 Gross Written Premium

During 2022/23 fiscal year, the company has produced a Gross Written Premium (GWP) of Birr 924 million from general insurance business which shows 58% growth from last year of Birr 585 million and 32% above the targeted premium of Birr 701.4 million.

Figure 1: ጠቅላላ የአርባን ገቢ በሚሊዮን ብር /GWP In Millions of Birr/



### 2.2 የዋስትና አይነት ስብጥር

በበጀት ዓመቱ አጠቃላይ (ህይወት ነክ ካልሆነ) የመድን ሽፋን የተመዘገበው አርባን በዋስትና ዓይነቶች ስንመለከት ከተሸከርካሪ መድን ሽፋን 73 በመቶ፣ ከህጋዊ ኃላፊነት 8 በመቶ፣ ከፖለቲካ አመፅና በሽብር ለሚደርስ ጉዳት 7 በመቶ፣ ከገንዘብ ነክ ዋስትና 4 በመቶ ከእሳት እና ተያያዥ አደጋዎች 4 በመቶ እና ከሌሎች የዋስትና አይነቶች በድምሩ የ 4 በመቶ የአርባን ድርሻ አስተዋጽኦ አድርገዋል። በባህር በየብስና በአየር ለሚጓዙ ዕቃዎች የሚሠጥ ዋስትና፣ ምህንድስና እና

### 2.2 Portfolio Mix

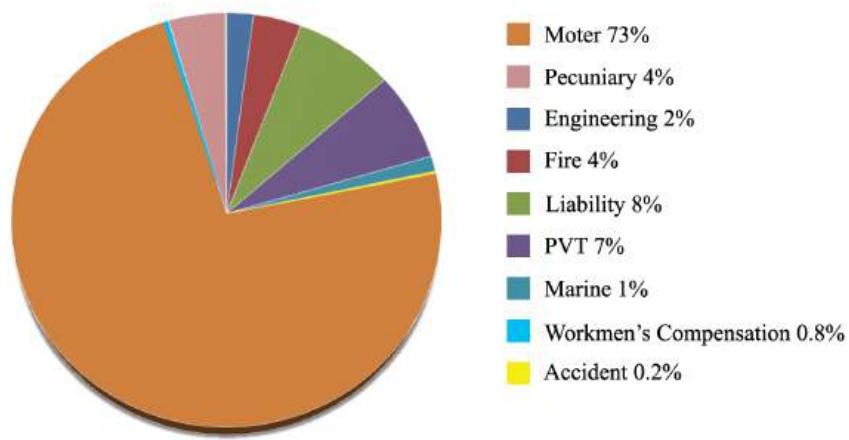
During the reporting period, Portfolio mix of the premium production from general insurance business has been 73% from motor, 8% from Liability, 7% from PVT, 4% from Pecuniary and Fire and Allied Perils, and the remaining classes of business together contribute 4% of the production. All class of business with exception of Marine, Engineering and Workmen's Compensation



ሰራተኞች በስራ ላይ ለሚደርስባቸው አደጋ ከሚሰጥ ዋስትና አይነቶች ውጭ በሌሎች ሁሉም የዋስትና አይነቶች ካለፈው ተመሳሳይ በጀት አመት ተመዝግቦ ከነበረው አርባን መጠን ጋር ሲነፃፀር ከፍ ያለ የአርባን ዕድገት አሳይቷል። በባህር በየብስና በአየር ለሚጓዙ ዕቃዎች ዋስትና፣ ምህንድስና እና ሰራተኞች በስራ ላይ ለሚደርስባቸው አደጋ የሚሰጥ ዋስትና አይነቶች ዝቅተኛ አፈፃፀም ሊመዘገብ የቻለበት ዋና ምክንያት በውጭ ምንዛሬ እጥረት ፣ በግንባታ ዘርፉ መዳከም እና በወጪ እና ገቢ ንግድ መቀነስ ምክንያት ነው።

(WC) showed growth compared with the last years premium production. The poor performance of Marine, Engineering and Workmen's Compensation class of business can be attributed to shortage of foreign currency, weakening construction sector and decline in Import-Export trade.

Figure 2: የዋስትና ዓይነቶች በመቶ /GWP Portfolio Mix /



**2.3 የተከፈለ እና በእንጥልጥል ላይ የሉ የካሳ ጥያቄዎች**

በተጠናቀቀው የበጀት ዓመት የተከፈለ የጉዳት ካሳ ክፍያ እና በእንጥልጥል ላይ ያሉ የካሳ ጥያቄዎች ጠቅላላ በድምሩ ብር 856.4 ሚሊዮን ነው። ከዚህ ገንዘብ ውስጥ የተከፈለው ጠቅላላ የጉዳት ካሳ ክፍያ መጠን ብር 401.4 ሚሊዮን ወይም 47 በመቶ ሲሆን ቀሪው ብር 455 ሚሊዮን ወይም 53 በመቶ ደግሞ ለኩባንያው የካሳ ክፍያ ጥያቄ ቀርቦባቸው ነገር ግን በእንጥልጥል ላይ ላሉ የካሳ ጥያቄዎች በመጠባበቂያነት የተያዙ ናቸው።

**2.3 Paid and Outstanding Claims**

The sum of paid and outstanding claims (gross) for the year under review happened to be Birr 856.4 million. Of this amount, Birr 401.4 million or 47% is paid while the remaining Birr 455 million or 53% is reserved as a provision for outstanding claims.

ከላይ ከተጠቀሰው መጠን ውስጥ ለተሸከርካሪ ዋስትና ዓይነት የተከፈለው የካሳ መጠን በአጠቃላይ ከተከፈለው ካሳ ውስጥ 71 በመቶ ወይም ብር 286.5 ሚሊዮን ድርሻ ያለው ሲሆን የህጋዊ ኃላፊነት እና በፖለቲካ አመፅና በሽብር ለሚደርስ ጉዳት ዋስትና አይነቶች እንደቅደም ተከተላቸው የብር 52.8 ወይም 13 በመቶ እና የብር 42.5 ሚሊዮን ወይም 11 በመቶ ድርሻ ይይዛሉ። ቀሪዎቹ የዋስትና አይነቶች በድምሩ 19.6 ሚሊዮን ወይም 5 በመቶ ድርሻ ነበራቸው። የተከፈለ የጉዳት ካሳ ክፍያ እና በእንጥልጥል ላይ ያለ የካሳ ጥያቄዎች ካለፈው አመት አፈፃፀም ጋር ሲነፃፀሩ

Out of the above amounts motor represents 71% (Birr 286.5 million) of the paid claims followed by Liability and PVT with contribution of Birr 52.8 million (13%) and Birr 42.5 million (11%), respectively. The rest CoBs covered the remaining portion of Birr 19.6 million (5%). The gross paid and outstanding claims of this period increased by 44% and 26% respectively, compared with the preceding year's performance. The major contributing factors for such increment were due to the continuous rise in motor accidents coupled with escalation of spare parts and labor costs.

በ44 በመቶ እና በ26 በመቶ እንደቅደም ተከተላቸው ጭማሪ አሳይተዋል። ለካሳው ክፍያ መጨመር ዋነኛ ምክንያቶች ከተሸከርካሪ አደጋ መጨመር እንዲሁም በተፈጠረው የዋጋ ንብረት በተለይም የመለዋወጫና የጥገና የእጅ ዋጋ ያስከተለው ጭማሪ ነው።

### 2.4 ከመደን ውል ሽያጭ የተገኘ ውጤት

በበጀት ዓመቱ ከባንያው ከውል ሽያጭ የተገኘ ውጤት ብር 113.2 ሚሊዮን ሲሆን ይህም ባለፈው ተመሳሳይ ወቅት ከነበረው ብር 62.5 ሚሊዮን ጋር ሲነፃፀር 81 በመቶ ከፍ ያለ ሆኖ ተመዝግቧል። ከእያንዳንዱ የውል ሽያጭ የተገኘውን ውጤት ስናይ ለህጋዊ ኃላፊነት እና ለቡድን አደጋ ከሚሰጥ ዋስትና ውጭ ሁሉም የዋስትና አይነቶች ትርፋማ ነበሩ።

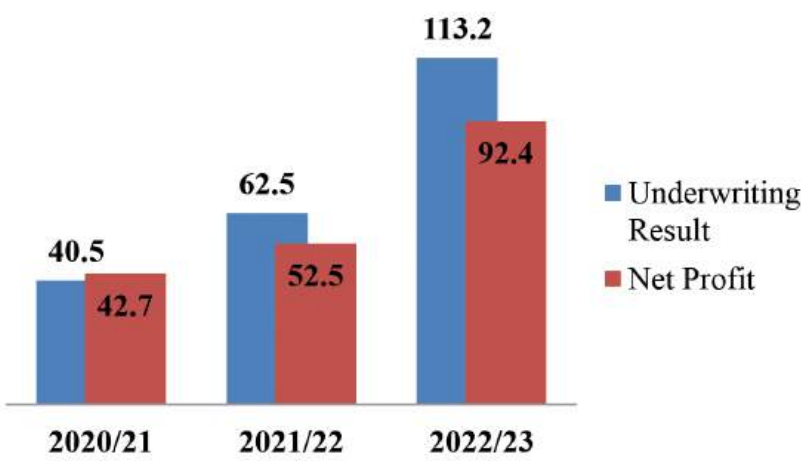
ከተሸከርካሪ ዋስትና የውል ሽያጭ የተገኘ ውጤት ዋናውን ድርሻ በመያዝ የብር 69.4 ሚሊዮን ሲሆን እሱን በመከተል ከፖለቲካ አመፅና በሽብር ለሚደርስ ጉዳት ዋስትና አይነት፣ በባህር በየብስና በአየር ለሚጓጓዙ ዕቃዎች ዋስትና እና ምህንድስና ዋስትና የተገኘ የሽያጭ ውጤት ብር 22.3 ሚሊዮን፣ ብር 9.1 ሚሊዮን እና ብር 7.6 ሚሊዮን እንደቅደም ተከተላቸው ድርሻ ነበራቸው። በሌላ በኩል ለገንዘብ ነክ ዋስትና፣ ሰራተኞች በስራ ላይ ለሚደርስባቸው አደጋ የሚሰጥ ዋስትና፣ በእሳት እና ተያያዥ አደጋዎች በሚሰጥ ዋስትና እና በጉዞ ላይ ለሚደርስ የአደጋ ዋስትና የተገኘ ውጤት እንደቅደም ተከተላቸው የብር 7.4 ሚሊዮን፣ የብር 5 ሚሊዮን ፣ የብር 3.1 ሚሊዮን እና የብር 1.1 ሚሊዮን የውል ሽያጭ ውጤት ሲያስገኝ እንዲሁም የተቀሩት የብር 11.8 ሚሊዮን ኪሳራ ውጤት ነበራቸው።

### 2.4 Underwriting Result

In the budget year 2022/23, the company has registered underwriting result of Birr 113.2 million, which shows 81 percent increment from last year's performance of Birr 62.5 million. Regarding contribution by CoBs for the underwriting result achieved, all class of businesses, except Liability and GPA found to be profitable.

Motor was the major source for the underwriting result with Birr 69.4 million contribution followed by PVT, Marine and Engineering with Birr 22.3 million, Birr 9.1 million and Birr 7.6 million contributions respectively. While Pecuniary, Workmen's Compensation, Fire and Travel Health also contributed Birr 7.4 million, Birr 5 million, Birr 3.1 million and Birr 1.1 million to the total underwriting result of the year respectively, The remaining classes of businesses had incurred an underwriting loss of Birr 11.8 million.

Figure 3: የተጣራ ትርፍና የውል ሽያጭ ውጤት /Net Profits & Underwriting Result/



## 2.5 የህይወት መደን አገልግሎት

በተጠናቀቀው በጀት አመት ከብንያው ከኢትዮጵያ ብሔራዊ ባንክ ፍቃድ አግኝቶ የህይወት መደን አገልግሎት መስጠት የጀመረ ሲሆን ብር 205,000 አርቦን መሰብሰብ ተችሏል። ለዚህም ምንም አይነት የአፕሪክሽን ወጪ ባይኖርም ለአስተዳደራዊና ጠቅላላ ወጪ ብር 1.2 ሚሊዮን ወጪ አድርጓል።

## 3. የፋይናንስ ክፍያዎች

### 3.1. ሃብት

እ.ኤ.አ ሰኔ 30 ቀን 2023 የኩባንያው ቋሚ እና ተንቀሳቃሽ ጠቅላላ ሃብት ብር 1.86 ቢሊዮን ደርሷል። ከዚህ ውስጥ ብር 1.17 ቢሊዮን ወይም 63 በመቶ ተንቀሳቃሽ ንብረት ሲሆን ቀሪው ብር 693 ሚሊዮን ወይም 37 በመቶ ቋሚ ሃብት ነው። ስለዚህ የኩባንያው ጠቅላላ ሃብት ባለፈው አመት ተመሳሳይ ወቅት ከነበረው ብር 1.3 ቢሊዮን ጋር ሲነፃፀር የ43 በመቶ ብልጫ አሳይቷል።

### 3.2. የካፒታል ዕድገት

የኩባንያው የተከፈለ ካፒታል እ.ኤ.አ ሰኔ 30 ቀን 2023 ወደ ብር 350.5 ሚሊዮን ከፍተኛ ያለ ሲሆን ይህም በአለፈው አመት ተመሳሳይ ወቅት ከነበረው ብር 291.4 ሚሊዮን ጋር ሲነፃፀር በ20 በመቶ ዕድገት አስመዝግቧል።

## 2.5 Life Insurance Business

In the year under review, the company commenced offering life insurance services after obtaining a license from the National Bank of Ethiopia and started to generate a GWP of Birr 205,000 and incurred a total administration and general expense of Birr 1.2 million while there was no operational costs incurred in the fiscal year.

## 3. FINANCIAL PERFORMANCE

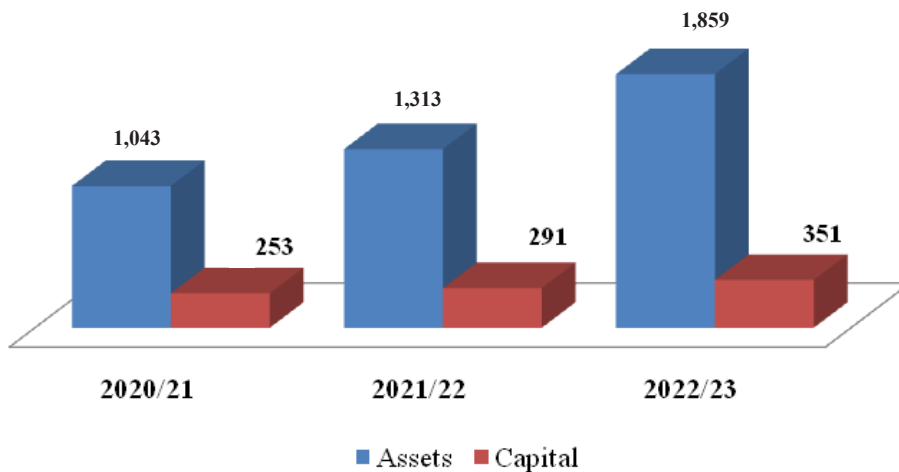
### 3.1. Assets

As at 30 June, 2023 the total assets of the company, which is composed of a fixed and current assets, has reached Birr 1.86 billion. Of this amount, Birr 1.17 billion (63%) is current while the remaining Birr 693 million (37%) is fixed assets. Therefore, the company's assets have shown a 43% growth compared with the previous year's figure of Birr 1.3 billion for the same period.

### 3.2. Capital Growth

In the fiscal year 2022/23, the company's paid-up capital has increased from Birr 291.4 million to Birr 350.5 million, which indicates a 20% growth compared with the previous year figure.

Figure 4: ሃብትና የካፒታል ዕድገት በሚሊዮን ብር /Assets & Capital Growth in Million Birr



### 3.3 ትርፍ

ኩባንያችን በበጀት ዓመቱ ከገቢ ግብር ቅናሽ በኋላ ብር 92.4 ሚሊዮን ትርፍ አስመዘግቧል። ኩባንያው ያስመዘገበው ትርፍ የብር 39.9 ሚሊዮን ወይም 76 በመቶ ባለፈው ዓመት ከነበረው ብር 52.5 ሚሊዮን ጭማሪ አሳይቷል።

### 3.4 ለትርፍ ክፍፍል የቀረበ ሀሳብ

በተጠናቀቀው በጀት አመት የአክሲዮን ድርሻ ለ1,000 ብር ዋጋ ለሚያወጣ አክሲዮን የብር 280 የሚሆን ትርፍ ድርሻ ገቢ አስገኝቷል። ይህ የዘንድሮው የአክሲዮን ድርሻ መጠንም በአለፈው ዓመት ከነበረው የ180 ወይም 18 በመቶ ድርሻ ጋር ሲነፃፀር 56 በመቶ ዕድገት አሳይቷል። በዚህም መሰረት የኩባንያው ባለ አክሲዮኖች ቀደም ባሉት ዓመታት እንዳደረጉት ትርፋቸውን ቃል በገቡት መሰረት ለቀሪ ላልተከፈሉ አክሲዮኖች ክፍያ እንደሚያውሉት ይጠበቃል።

### 3.5 ወጪዎች

በተጠናቀቀው በጀት ዓመት የኩባንያው አጠቃላይ ወጪ ብር 165.9 ሚሊዮን የደረሰ ሲሆን ይህም ከባለፈው ዓመት ተመሳሳይ ወቅት ጋር ሲነፃፀር የብር 47.3 ሚሊዮን ወይም የ40 በመቶ ብልጫ አሳይቷል። ለዚህ አስተዳዳሪ-ዊና አጠቃላይ ወጪዎች መጨመር ዋና ተጠቃሽ ከሚሆኑት ምክንያቶች መካከልም የሰራተኛ ደመወዝና ጥቅማ ጥቅም ላይ ያለው ወጪ ጭማሪ፣ የቢሮ ክራይ ወጪ መጨመር እና በገበያው ላይ የሚታየው ከፍተኛ የሆነ የዋጋ መፍጠር ያስከተለው ተፅዕኖ ነው።

### 3.3 Profit

The company has registered a profit after tax of Birr 92.4 million during the reporting period. The profit that the company earned has shown increment of Birr 39.9 million (76%) over last year's amount of Birr 52.5 million.

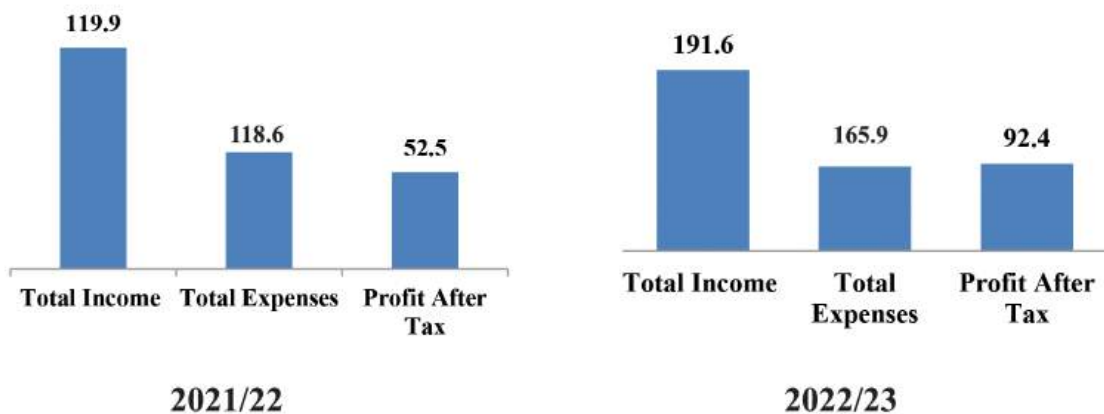
### 3.4 Proposal for Distribution of Profit

In the year under review, earnings per share (EPS) of Birr 280 for Birr per 1,000 par values. Notably, this EPS amount represents a 56% increase from the earnings per share of Birr 180 or 18% increase for the same period last year. However, Shareholders are expected to plough back their dividend to cover the final installment for the capital increase as they did in the previous years.

### 3.5 Expenses

The total expenses of the company during the completed budget year reached Birr 165.9 million exceeding last year's expense by Birr 47.3 million or 40%. The major reason for the rise in general and administrative expenses is due to increased expenditure on employee's salary and benefits, rise in rent expense, and impact of inflation.

Figure 5: ገቢ፣ ወጪና የተጣራ ትርፍ (በሚሊዮን ብር)  
Incomes, Expense & After-tax Profit (In Million Birr)



### 3.6 የዳይሬክተሮች ቦርድ እና የዋና ሥራ አስፈጻሚው ጥቅማ ጥቅሞች

በተጠናቀቀው በጀት ዓመት የዳይሬክተሮች ቦርድ አበልና የድካም ዋጋ እና የዋና ሥራ አስፈጻሚው ደምወዝ፣ ጥቅማጥቅምና ብድር በድምሩ ብር 4.4 ሚሊዮን ሲሆን ከዚህ ውስጥም ብር 2.43 ሚሊዮን ወይም 55 በመቶ የዳይሬክተሮች ቦርድ አበልና የድካም ዋጋ እንዲሁም ብር 1.97 ሚሊዮን ወይም 45 በመቶ ደግሞ የዋና ሥራ አስፈጻሚ ደምወዝና ጥቅማጥቅም ሲሆን በተጨማሪ የቀድሞ የብድር ቀሪ ሂሳብ ብር 852,409 ነው።

### 3.7 ዕዳ

እ.ኤ.አ ሰኔ 30 ቀን 2023 የኩባንያው ጠቅላላ ዕዳ ብር 1.38 ቢሊዮን የደረሰ ሲሆን ይህም ከባለፈው ዓመት ተመሳሳይ ወቅት ከነበረው ብር 936.3 ሚሊዮን ጋር ሲነፃፀር የ47 በመቶ ብልጫ አሳይቷል። ለዚህ ጭማሪ በዋናነት የሚጠቀሰው በእንጥልጥል ላይ ላሉ የካሳ ጥያቄዎች የተያዙ መጠባበቂያዎች ከፍ ማለቱ ነው።

### 3.8 ኢንቨስትመንት/የመዋዕለ ነዋይ ፍሰት/

በበጀት ዓመቱ የኩባንያው ኢንቨስትመንት ብር 677.2 ሚሊዮን ደርሷል። ከዚህ ውስጥም ከፍተኛውን ድርሻ የሚይዘው በጊዜ ገደብ ተቀማጭ ሲሆን ይህም ብር 514.6 ሚሊዮን ወይም 76 በመቶውን ሲይዝ ቀሪው ብር 162.6 ሚሊዮን ወይም 24 በመቶው ደግሞ የአክሲዮን ግዥ ኢንቨስትመንት ነው።

ኩባንያችን በዚህ በጀት ዓመት ከኢንቨስትመንት እና ከሌሎች ገቢዎች ብር 78.4 ሚሊዮን ገቢ አግኝቷል። ይህ ባለፈው ዓመት ከነበረው የብር 57.4 ሚሊዮን መጠን ጋር ሲነፃፀር የብር 21 ሚሊዮን ወይም 37 በመቶ ዕድገት አሳይቷል።

እ.ኤ.አ ሰኔ 30 ቀን 2023 ኩባንያው የኮር ኢንፎርሜሽን ሶፍትዌር የግዥ ሂደቱን አጠናቆ የዋና ኢንፎርሜሽን ሶፍትዌር ትግበራ ጀምሯል። የሶፍትዌር ግዥ ጠቅላላ ወጪ 145,000 የአሜሪካ ዶላር ነው። ይህ በሶፍትዌርና በሀርድዌር ላይ የሚያደርገው የመሠረተ ልማት ኢንቨስትመንት ኩባንያው በቴክኖሎጂ በመታገዝ አቅሙን በማሳደግ ቀልጣፋና የተሻለ ሙያዊ አገልግሎት ለደንበኞቹ ለመስጠት ያለውን ቁርጠኝነት የሚያሳይ ነው።

### 3.6 Benefits of Board of Directors and CEO

During the budget year, the allowance and remuneration fee of the Board of Directors and the allowance and benefits of the CEO amounted to Birr 4.4 million. Of this total, Birr 2.43 million (55%) was the allowance and remuneration fee of the Board of Directors, while the remaining Birr 1.97 million (45%) was the allowance and benefits of the CEO. Additionally, CEO's previous loan balance remained at Birr 852,409.

### 3.7 Liability

The total liability of the company stood at Birr 1.38 billion as at June 30, 2023, indicating a 47% or Birr 936.3 million increment compared with previous year. The significant increase in liabilities can primarily be attributed to the rise in outstanding claims.

### 3.8 Investment

The company's total investment has reached Birr 677.2 million during the period under review. Out of this, the lion share goes to fixed time deposit with Birr 514.6 million (76%) and the rest Birr 162.6 million (24%) is equity investment.

During the budget year 2022/23, the company earned Birr 78.4 million incomes from investment and other income. This showed increment of Birr 21 million (37%) compared with the corresponding last year's amount of Birr 57.4 million.

As of June 30, 2023, the company has completed the procurement process and started implementation of the core insurance Software. The total cost of the software components is estimated to be approximately USD 145,000. This investment in software and hardware infrastructure reflects the company's commitment to enhancing its technological capabilities, which can lead to improved operational efficiency and customer service.

ለዋና መስሪያ ቤት ህንፃ ግንባታ የተመደበው ጠቅላላ በጀት ብር 174 ሚሊዮን የተመደበ ሲሆን በበጀት አመቱ መጠናቀቂያ የዋና መስሪያ ቤት ህንፃ ግንባታ ሰባተኛ ወለል (ፎቅ) ላይ የደረሰ ሲሆን ለዚህ ግንባታ የብር 120 ሚሊዮን የሚጠጋ ወጪ ተደርጓል።

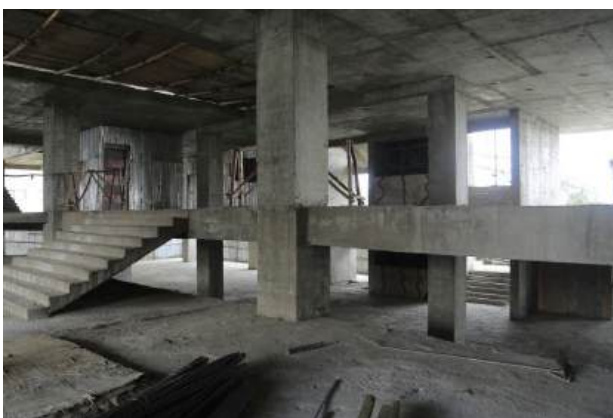
ከዚህ በተጨማሪ ከባንያው ለወደፊት የቢሮ ኪራይ ወጪ ለመቀነስ ሲባል ባደረገው ጥረት ለቅርንጫፍ ቢሮ አገልግሎት የሚሆን በሁለት ቦታዎች ብር 22.5 ሚሊዮን ወጪ በማድረግ የቢሮ ግዥ ተከናውኗል።

The total budget allocated for the construction of the main office building is Birr 174 million. During the period under review, the construction has reached the seventh floor, incurring a cost of around Birr 120 million.

In addition to this, as part of its efforts to reduce office rent expenses in the future, the Company has purchased two office spaces for Birr 22.5 Million that can serve as insurance branches.

**የዋና መስሪያ ቤት ህንፃ ግንባታ ገፅታ በከፊል**

Partial View of the Construction of the Head Quarter Building

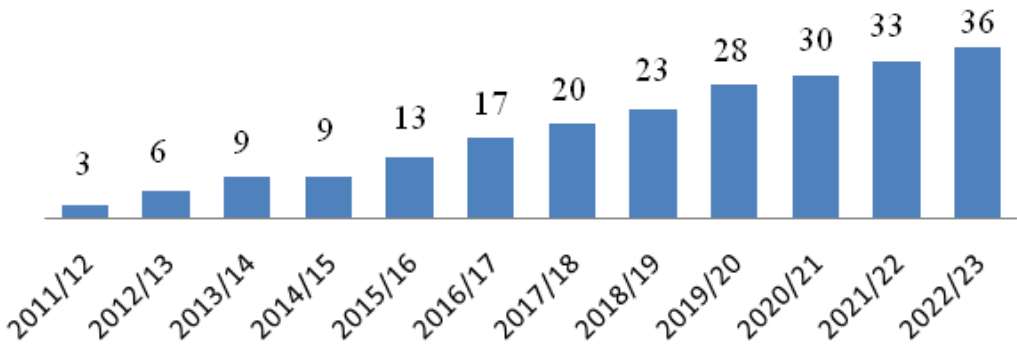


## 4. ማርኬቲንግና የገበያ ልማት

### 4.1 የገበያ ማስፋፋት እና የቅርንጫፍ ትስስር

የቅርንጫፎች ማስፋፋት ሥራ ለገበያ ትስስር ማሳደግ፣ ለህብት ማሰባሰብ እና የአገልግሎት ተደራሽነትን ለማሳደግ አስፈላጊ ስልት በመሆኑ ከብንያው በሰፊው እያከናወነ ይገኛል። በዚህም መሰረት ከብንያው በበጀት ዓመቱ በድምሩ ሦስት አዲስ ቅርንጫፎችን የከፈተ ሲሆን ሁለቱ በአዲስ አበባ እና አንዱ ደግሞ በጅማ ከተማ ሥራ ጀምረዋል። ይህ የማስፋፊያ ሥራ ጠቅላላ የቅርንጫፎችን ብዛት ወደ ሰላሳ ስድስት ከፍ እንዲል ያደርገዋል። ከብንያው የቅርንጫፍ ሥርጭቱን በመላ ሀገሪቱ ማስፋፋትን ሲቀጥል የከብንያውን አካላዊ መገኘት እና ለደንበኞች የሚኖረውን ተደራሽነትን ያጠናክራል።

Figure 6: የቅርንጫፍ ብዛት  
Number of Branches



### 4.2 የከብንያው የገፅ ገንባታ

እ.ኤ.አ ሰኔ 30 ቀን 2023 በጀት ዓመት ከብንያው የህዝብ አገልጋይ መሆኑን ይበልጥ ለማሳደግ እና ማህበራዊ ኃላፊነቱን ለመወጣት በርካታ ተግባራት ላይ ተሳትፎ አድርጓል። እነዚህ ጥረቶች በማህበረሰቡ ላይ አውንታዊ/በጎ ተጽዕኖ ለማሳደር ከማገዛቸውም በተጨማሪ የከብንያውን እሴቶች ለመጠበቅ ያለመ ነው።

ከብንያው ማህበራዊ ሃላፊነቱን ለመወጣት በቁርጠኝነት በርካታ ተግባራትን ያከናወነ ሲሆን ለዚህም ከብር 1.8 ሚሊዮን በላይ ለተለያዩ ኩነቶች ድጋፍ አድርጓል።ይህ የሚያሳየው ከብንያው ከማህበረሰቡ ጋር ያለውን ንቁ ተሳትፎ እና የዜግነት ኃላፊነቱን በአግባቡ የሚወጣ መሆኑን ነው።

## 4. MARKETING AND BUSINESS DEVELOPMENT

### 4.1 Market Expansion and Branch Networking

Market expansion and branch networking are essential strategies for enhancing accessibility, resource mobilization, and service outreach. In the budget year 2022/23, the company opened three new branches, of which two of these branches were located in Addis Ababa, and one in Jimma town. This expansion effort has increased the total number of branches to 36, further strengthening the company’s physical presence and accessibility to customers, as it continues to expand its branch outlets across the country.

### 4.2 Companies Image Building

During the fiscal year 2022/23, the company actively engaged in various activities to enhance its public image and fulfill its social responsibility. These efforts were aimed at making a positive impact on the community and participating in events that align with the company’s values.

As part of its commitment to social responsibility, the company made significant contributions by donating over Birr 1.8 million to support various initiatives and causes. This demonstrates the company’s dedication to giving back to society and being an active corporate citizen.

እነዚህ ጥረቶች ማህበራዊ ኃላፊነትን በመወጣት እና አስፈላጊ የሆኑ ዝግጅቶች ላይ በመሳተፍ የኩባንያውን ገፅታ መገንባት እና ከባለድርሻ አካላት ፣ ከደንበኞች እና ከህብረተሰቡ ጋር ያለው ግንኙነት ላይ ዘላቂ የሆነ አዎንታዊ ተጽዕኖ ይኖረዋል።

### 4.3 ከሽያጭ ወኪሎችና ብሮክሮች ጋር የለው የሥራ ግንኙነት

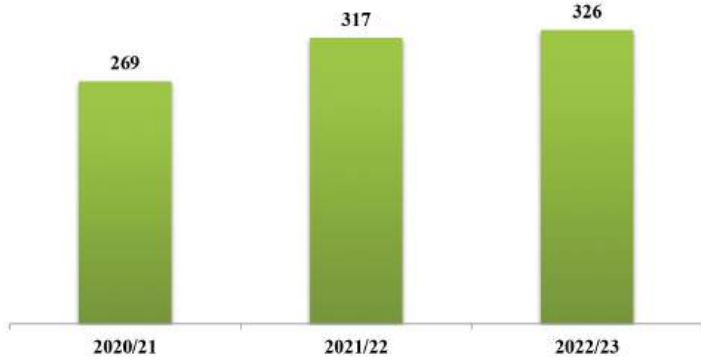
በበጀት ዓመቱ ለ 30 አዲስ የሽያጭ ወኪሎች ስልጠና የተሰጠና ወደ ገበያ የገቡ ሲሆን 45 ለሚሆኑ ስልጠና ከወሰዱ አራት እና አምስት አመታት ለሆናቸው ነባር የሽያጭ ወኪሎች ደግሞ የማነቃቂያ ስልጠና ተሰጥቷል። በተጨማሪም በኩባንያው አመራሮች በተለያዩ ጊዜ የተመረጡ ብሮክሮችን ጉብኝት በማድረግ የገበያ ማስፋፋት ሥራ ተሰርቷል።

### 5. የሰው ሀብት

ኩባንያው የሰራተኞችን ክህሎት የማዳበር ተግባሩን በዘላቂነት በትኩረት ለማስቀጠል ባለው ፍላጎት በትምህርት እና ስልጠና ተግባራት ላይ ከፍተኛ ወጪ መድቦ እየሰራ ይገኛል። በዚህም መሰረት ለሀገር ውስጥ ትምህርትና ስልጠና እንዲሁም በውጭ ለሚደረጉ አጫጭር ሙያዊ ስልጠናዎች ወጪዎችን በመሸፈን ላይ ይገኛል።

በአመቱ መጨረሻ የኩባንያው የሰራተኞች ቁጥር ብዛት 326 የደረሰ ሲሆን ይህም 155 ወንድ እና 171 ሴቶች ናቸው። የኩባንያው ሰራተኞች ቁጥር ባለፈው ተመሳሳይ ወቅት ከነበረው 317 ጋር ሲነፃፀር በ9 ሰራተኞች ቁጥር ወይም በ3 በመቶ ጭማሪ አሳይቷል። ከአጠቃላይ ሰራተኞች ውስጥ 197 ሰራተኞች ወይም 60 በመቶ የሚሆኑት በቅርንጫፎች የሚሰሩ ሲሆን 153 ሰራተኞች በአዲስ አበባ እንዲሁም 44 ሰራተኞች ደግሞ በክልል ቅርንጫፎች ይሰራሉ እንዲሁም የቀሩት 129 ወይም 40 በመቶ የሚሆኑት በዋና መስሪያ ቤት የሚሰሩ ናቸው።

Figure 7: የሠራተኞች ብዛት (ከንትራት ሠራተኞችን ጨምሮ)  
Number of Staff (Including Contract Employees)



These efforts to contribute to social responsibility and participate in meaningful events can have a lasting positive impact on both the company's image and its relationships with stakeholders, customers and the community at large.

### 4.3 Business Relationship with Intermediaries

The company trained thirty new sales agents and provided refreshment training for forty five existing agents those who served about four & five years in the company. In addition Executive managements periodically conducted business visit of selected brokers.

### 5. Human Resource

The company continues to prioritize on the development of its workforce and thus invests significantly in training and development initiatives. Employees are sponsored to attend both local and international training programs and education, with a particular focus on the core insurance courses.

As the end of the year, the total number of employees in the company reached 326 (155 male and 171 female). Staff of the company increased by 3 % (by 9 employees) compared to last year's of 317 employees. Of the total employees, 197 (60%) are working for branches (153 for A.A branches & 44 for up-country) while the remaining 129 (40%) belongs to head office.



## 6. የጋጠሙ ትግሮች እና የወደፊት ተስፋዎች

በበጀት ዓመቱ ከባንያው በርካታ ፈተናዎች ያለፈ ሲሆን በተለያዩ የሀገራችን ክልሎች የተፈጠረው የፖለቲካ አለመረጋጋት በሥራ ክንውን ላይ እክል በመፍጠር አጠቃላይ ኢኮኖሚ እንቅስቃሴው እንዲቀዛቀዝ አድጎታል። ጤናማ ያልሆነ የዋጋ ውድድር መኖር፣ የተሸከርካሪ የመለዋወጫ ዋጋና የእጅ ዋጋ መናፈር እና የቢሮ ክራይ ወጪ መጨመር ተጨማሪ ተግዳሮቶች ነበሩ።

ልዩ ትኩረት ከሚሹ ጉዳዮች መካከልም የደንበኞች አገልግሎት አሰጣጥ እና ክትትል፣ የአደጋ ልዩታ እና አመራረጥ ግምገማ እና የካሣ ስራ አመራርን የሚያካትት ሲሆን እነዚህ ድክመቶች ላይ በመስራት ተፎካካሪነትን ለማስቀጠል እና ዕድገትን ዘላቂ በማድረግ ላይ ትኩረት ተሰጥቶ ይሰራል።

ለቀጣይ ከሚኖሩ ተስፋዎች መካከል ከባንያው የህይወት መድን ዋስትናን ለመስጠት የሚያስችለውን ፍቃድ ከኢትዮጵያ ብሔራዊ ባንክ በመውሰድ ሁለቱንም አገልግሎቶች መስጠት መጀመሩ እና በኢንፎርሜሽን ቴክኖሎጂ በመታገዝ ለደንበኞች የተሳለጠ አገልግሎት ለመስጠት በሥራ ላይ መሆኑ እንደ ተስፋ የሚገለፁ ናቸው።

የዚህ ጀምሮ አላማው የሚያቀርባቸውን የመድን ውሎች ስብጥር በመጨመር የህይወት መድን አቅራቢነትን በማካተት የገበያ ድርሻ ለመያዝ እና ሁሉንም የመድን አገልግሎት ለደንበኞች ለመስጠት ነው።

## 7. የወደፊት የትኩረት አቅጣጫ

ከባንያው በኢንዱስትሪው ውስጥ ያለውን ጠንካራ ሚና ለመጠበቅ እና የበለጠ ለማሻሻል ሁሉም ባለድርሻ አካላት፣ ማለትም ባለአክሲዮኖች፣ የዳይሬክተሮች ቦርድ፣ ሥራ አመራር እና ሰራተኞች ንቁ ተሳትፎ ማድረግ አስፈላጊ ነው። በአጠቃላይ አሰራር ውጤታማ ለመሆን ድክመት ያሳዩ አገልግሎቶችን በመለየት ቀጣይነት ያለው የማሻሻያ ጥረት መደረግ አለበት።

ከባንያው ሞተር ነክ ያልሆኑ የዋስትና አይነቶች ላይ ትኩረት በማድረግ እና በህይወት መድን አገልግሎት ላይ የሚፈጠሩ መልካም አጋጣሚዎችን በመጠቀም እንደሚሰራ በወደፊት የትኩረት አቅጣጫዎቹ ላይ አስቀምጧል። በቀጣይ የምንሰጣቸውን የኢንሹራንስ ፖሊሲዎች ስብጥር በማስፋት የአደጋ ተጋላጭነትን

## 6. CHALLENGES AND PROSPECTS

The company faced several challenges during the budget year under review. Political instability in various regions affected operational performance and the slowdown in general economic activities resulted in business opportunities. Unreasonable price-based competition, rising spare parts and labor costs, and increased office rent were additional obstacles.

Areas requiring special attention include customer service and follow-up, risk selection and assessment, and claims management. These shortcomings need to be addressed to maintain a competitive edge and sustain growth.

On the prospect side, the company has now become a composite insurer by taking a license for life insurance from NBE and the development of a core insurance IT project.

This initiative aims to diversify its offerings capture a share of the life insurance market and to deliver insurance products to customers.

## 7. THE WAY FORWARD

To maintain the positive momentum and further enhance the company's role in the industry, all stakeholders, including shareholders, Board of Directors, management, and staff, need to actively contribute. Continuous improvement efforts should be made in areas of weakness to ensure overall operational efficiency.

The company's emphasis on non-motor classes of business and the pursuit of opportunities in life insurance demonstrate a forward-looking strategy. Diversifying the portfolio can mitigate risks and increase revenue streams. More focus on direct business and improved performance evaluation and support for branches can lead to enhanced efficiency and better customer service.

በመቀነስ የገቢ ምንጭን መጨመር ይቻላል። በተጨማሪም የቅርንጫፎችን ሥራ አፈፃፀም ግምገማ በየጊዜው በማድረግ እና ስራውን በቀልጣፋ የደንበኞች አገልግሎት በማገዝ ያለኮሚሽን ክፍያ በቀጥታ የሚገኘውን አርቦን ገቢ ለማሳደግ በትኩረት ይሰራል።

### 8. ምስጋና

ኩባንያው ላስመዘገበው ሁለንተናዊ ውጤቶች እና ስኬቶች ያልተቆጠበ ድጋፋችሁን ስታደርጉልን ለነበራችሁ ለተከበራችሁ የኩባንያው ደንበኞች ላደረጋችሁት ድጋፍ በሁሉም ባለአክሲዮኖችና በዳይሬክተሮች ቦርድ ሥም ከልብ አመሰግናለሁ።

ኩባንያው ላይ ሙሉ እምነታችሁን ሰጥታችሁ መዋዕለነዎቻችሁን ከማፍሰስም በተጨማሪ ያልተቆጠበ ድጋፋችሁን ስታደርጉ ለነበራችሁ ባለአክሲዮኖችም ከፍ ያለ ምስጋናዬን አቀርባለሁ።

በዚህ አጋጣሚም ባለአክሲዮኖች አራተኛውን የአክሲዮን ክፍያ እንደቀደሙት አመታት የአክሲዮን ድርሻችሁን ለካፒታል ዕድገት እንድታውሉት በዳይሬክተሮች ቦርድ ሥም ሃሳብ አቀርባለሁ።

እንዲሁም ሁልጊዜ ከጎናችን ላልተለየን ለኢትዮጵያ ብሔራዊ ባንክ ኢንሹራንስ ሱፐርቪዥን ዳይሬክቶሬት ምስጋናዬን አቀርባለሁ።

የጠለፋ ዋስትና ሰጪዎች ፣ ብሮከሮች እና የሽያጭ ወኪሎች ታማኝ አጋሮቻችን ሆናችሁ ይህ ስኬት የእናንተው የጥንካሬ ውጤት እንደሆነ በልበ ሙሉነት በመመስከርም ጭምር ነው። በመጨረሻም የኩባንያው ስራ አመራር እና ሰራተኞች የበጀት አመቱ በስኬት እንዲጠናቀቅ ያለ እናንተ ቁርጠኝነት እና ጠንካራ የቡድን ሥራ የተገኘው ውጤት ሊገኝ አይችልም ነበር። ስለሆነም በስኬት እንዲጠናቀቅ ላበረከታችሁት ሁሉ በዳይሬክተሮች ቦርድ እና በአራሴ ስም ከፍ ያለ ምስጋናዬን ላቀርብ እወዳለሁ።

### 8. VOTE OF THANKS

On behalf of you, all shareholders, and the Board of Directors, I would like to express my deepest gratitude to all esteemed customers of the Company for their continued support and patronage.

The shareholders of the Company also deserve special recognition for their investments, persistent backing, and understanding. I loudly offer you all the big thanks.

The Board of Directors proposes shareholders to plough back their dividend to cover the fourth installment for the capital increase as they did in the previous years.

I seize this opportunity to thank the National Bank of Ethiopia (NBE) for its guidance and continued support.

The re-insurers, brokers and agents have been loyal partners without whose support our business mission would not have been achieved. Special credit is also due to the company's management, all frontline officers and staff members who have played pivotal roles in our success and growth. The commendable result achieved would not have been possible without your demonstrated commitments and very strong team spirit.

**Thank you all.**



**Mahider Kiber**  
**Chairperson, Board of Directors**



**ፀሐይ ኢንሹራንስ አ.ማ.**

**Tsehay Insurance S.C.**

**ANNUAL IFRS FINANCIAL  
STATEMENTS**  
*For The Year*  
*Ended 30 June 2023*

## **TSEHAY INSURANCE S.C**

### **DIRECTORS, PROFESSIONAL ADVISERS AND REGISTERED OFFICE FOR THE YEAR ENDED 30 JUNE 2023**

**Company registration number**

**No. 017/12**

#### **Directors (as of 30 June, 2023)**

Wro Mahder Kiber	Chairwomen
Ato Mengest Zebenay	Vice Chairman
Ato Biruh Tesfaye	Member
Ato Yehun Meseret	Member
Ato Kassahun Birile	Member
Dr. Yaregal Assabie	Member
Ato Habtamu Alebachew	Member
Ato Tefera Desta	Member
Ato Tilahun Awoke	Member

#### **Executive management (as of 30 June 2023)**

Ato Kassa Lisanework	Chief Executive Officer
Ato Yilma Gebrie	Deputy Chief Executive Officer ,Operation
Ato Tomas Tilahun	Executive officer , Finance Department
Ato Berhanu Kiber	Executive officer , Marketing and Business Development
Ato Abebe Sisay	Executive officer, HR & Property Administration Department
Ato Solomon Assefa	Executive officer, Underwriting & Branch Operation Department
Ato Dagim Abebe	Executive officer, Claims' Department
W/rt Rebeca Legessie	Executive officer, Life Assurance Department
Ato Nebere Degsew	Executive officer, Audit Department

#### **Independent auditor**

**TMS Plus**

**Addis Ababa**

**Ethiopia**

#### **Corporate office**

**Tsehay Insurance Share Company**

**Bole Bridge in front of brass hospital**

**Addis Ababa,**

**Ethiopia**

#### **Principal bankers**

**United Bank S.Co**

**Catedral Branch**

**Country Tower 1st floor**

**Addis Ababa,**

**Ethiopia**

#### **Reinsurers**

**Africa Re-insurers**

**PTA Reinsurance**

**Ethio Reinsurance Share company**



# TSEHAY INSURANCE S.C

## REPORT OF THE DIRECTORS

### FOR THE YEAR ENDED 30 JUNE 2023

The directors submit their report together with the financial statements for the year ended 30 June 2023, to the shareholders of Tsehay Insurance S.C. This report discloses the financial performance and state of affairs of the Company.

#### **Incorporation and address**

Tsehay Insurance Share Company (S.C) was incorporated in Ethiopia on 28 March, 2012 as a share company, and is domiciled in Ethiopia. The company was established by a diversified group of shareholders and individual citizens

#### **Principal activities**

The principal activities of the Company is the underwriting of non-life insurance risk

#### **Results and dividends**

The Company's results for the year ended 30 June 2023 are set out on page 9. The profit for the year has been transferred to retained earnings. The summarised results are presented below.

	30 June 2023	30 June 2022
	Birr'000	Birr'000
Net earned premiums	534,574	373,132
Profit before income tax	102,279	56,583
Income tax expense	(9,839)	(4,049)
Profit for the year	92,440	52,534
Other comprehensive income net of taxes	(312)	187
Total comprehensive income for the year	92,128	52,721

#### **Directors**

The directors who held office during the year and to the date of this report are set out on page 2.



**Company CEO**  
**Addis Ababa, Ethiopia**



## **TSEHAY INSURANCE S.C**

### **STATEMENT OF DIRECTOR’S RESPONSIBILITIES**

### **FOR THE YEAR ENDED 30 JUNE 2023**

In accordance with the Insurance Business Proclamation No. 746/2012, the National Bank of Ethiopia (NBE) has directed the Company to prepare financial statements in accordance with International Financial Reporting Standards (IFRS).

The Company’s board of directors are responsible for the preparation and fair presentation of these financial statements in conformity with accounting principles generally accepted in Ethiopia and in the manner required by the Commercial Code of Ethiopia of 2013, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Company is required keep such records as are necessary to:

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

The 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 2013 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 accepts 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:



**W/Ro Mahider Kiber**  
**Director/ Chairwomen**  
**September 30, 2023**



**Ato Kassa Lisanework**  
**CEO**  
**September 30, 2023**



**TSEHAY INSURANCE S.C**  
**Report of the Consulting Actuary**  
**FOR THE YEAR ENDED 30 JUNE 2023**

I have conducted an actuarial valuation of the general business of Tsehay Insurance Share Company .

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 financial statements of the Company

In my opinion, the general business of the Company was financially sound and the actuarial value of the liabilities in respect of all the classes of general business did not exceed the amount of outstanding claims liabilities of the general business at 30 June 2023.



**Abed Mureithi**  
**Fellow of the Institute and Faculty of Actuaries**

**Actuary**





## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TSEHAY INSURANCE SHARE COMPANY**

### ***Report on the Audit of the Financial Statements***

#### ***Opinion***

We have audited the financial statements of Tsehay Insurance Share Company (S.C), which comprise the statement of financial position as of 30 June 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, or give a true and fair view of the financial position of the Company as at 30 June 2023, 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 so far as it related to these statements and pursuant to the Commercial Code of Ethiopia 1243/2021 and hence we recommend approval of the financial statements.

*Taf, Shi & Ay*

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



Addis Ababa  
15 September 2023



**TSEHAY INSURANCE S.C**  
**STATEMENT OF FINANCIAL POSITION**  
**FOR THE YEAR ENDED 30 JUNE 2023**

	Notes	30 June 2023 Birr'000	30 June 2022 Birr'000
<b>ASSETS</b>			
Property plant and equipment	15	182,900	101,156
Land lease	15.1	55,064	56,061
Unquoted equity investment – available for sale	16.1	162,628	121,175
Government securities held to maturity	16.2	57,698	44,070
Reinsurers' share of technical provisions and reserves	17	341,907	280,822
Deferred acquisition costs	18	51,152	31,125
Receivables arising out of reinsurance arrangements	19	234,916	142,867
Current income tax asset		-	-
Other receivables	20.1	50,144	51,134
Other Assets	20.2	17,445	4,303
Deposits with financial institutions	21.2	514,600	390,916
Cash and cash equivalents	21.1	190,133	89,484
<b>Total assets</b>		<b>1,858,587</b>	<b>1,313,112</b>
<b>LIABILITIES</b>			
Insurance contract liabilities	22	516,575	400,194
Unearned premium reserve	23	512,288	312,773
Deferred commission income	24	20,744	20,093
Creditors arising from reinsurance arrangements	25	219,452	122,409
Current income tax liabilities	14	3,937	(3,025)
Other liabilities	26.1	57,486	35,688
Land Lease Payable	26.1	39,199	40,599
Defined benefit liability	27	5,664	4,067
Deferred income tax	14.5	1,788	3,533
<b>Total liabilities</b>		<b>1,377,133</b>	<b>936,331</b>
<b>EQUITY</b>			
Share capital	28.1	350,490	291,366
Share premium	28.1	5,967	5,967
Retained earnings	29.1	91,805	55,890
Legal reserve	30.1	32,689	23,445
Other reserve		503	113
<b>Total equity</b>		<b>481,454</b>	<b>376,782</b>
<b>Total equity and liabilities</b>		<b>1,858,587</b>	<b>1,313,112</b>

The notes on pages 12 to 73 are an integral part of these financial statements.

The financial statements on pages 8 to 73 were approved and authorised for issue by the board of directors on September 14, 2023 and were signed on its behalf by:

  
W/Ro Mahider Kiber  
Director



  
Ato Kassa Lisanework  
CEO

## TSEHAY INSURANCE S.C

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2023

	Notes	30 June 2023 Birr'000	30 June 2022 Birr'000
Gross written premiums	6a	923,913	584,929
Change in unearned premium reserve	6b	(191,040)	(55,066)
<b>Gross earned premiums</b>		<b>732,873</b>	<b>529,864</b>
Less: Premiums ceded to reinsurers	6c	(198,299)	(156,732)
<b>Net earned premiums</b>		<b>534,574</b>	<b>373,132</b>
Commission income	7	43,876	31,145
<b>Net underwriting income</b>		<b>578,449</b>	<b>404,277</b>
Claims and policy holder benefits payable	8	517,763	324,608
Less : claims recoverable from reinsurers	8	(180,886)	(75,129)
<b>Net claims and benefits incurred</b>		<b>336,877</b>	<b>249,478</b>
Commission expense	9	51,727	37,046
Management expense		76,634	55,287
<b>Total Underwriting expense</b>		<b>465,237</b>	<b>341,811</b>
<b>Underwriting Profit</b>		<b>113,212</b>	<b>62,466</b>
Investment income	10	77,638	56,701
Other income	11	761	714
<b>Total Income</b>		<b>191,611</b>	<b>119,881</b>
Other operating and administrative expenses	12	84,496	58,661
Impairment on receivables arising out of reinsurance arrangements	19	-	
Finance income and (costs)	13	(4,836)	(4,637)
<b>Total of other expenses</b>		<b>89,332</b>	<b>63,298</b>
<b>Profit before income tax</b>		<b>102,279</b>	<b>56,583</b>
Income tax expense	14	(9,839)	(4,049)
<b>Profit for the year</b>		<b>92,440</b>	<b>52,534</b>
<b>Other comprehensive income</b>			
<i>Items that will not be subsequently reclassified into profit or loss:</i>			
Remeasurement gain/(loss) on retirement benefits obligations	27.1	(226)	185
Deferred tax (liability)/asset on remeasurement gain or loss		(86)	2
		(312)	187
<b>Total comprehensive income for the year</b>		<b>92,128</b>	<b>52,721</b>
<b>Earning Per Share(ETB)</b>	29.1	<b>28%</b>	<b>18%</b>

The notes on pages 12 to 73 are an integral part of these financial statements.

**TSEHAY INSURANCE S.C**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2023**

	Notes	Share capital		Share premium	Retained earnings	Legal reserve		Other reserves	Total
		Birr'000	Birr'000			Birr'000	Birr'000		
<b>As at 1 July 2021</b>		253,098	3,222	46,407	18,191	206	321,124		
Profit for the year	30.1			52,534			52,534		
Transfer to legal reserve				(5,253)	5,253		-		
Transfer to capital		27,217	2,745	(27,217)			2,745		
Transaction with owners in their capacity as owners :									
Contribution of equity net of transaction costs		11,051		(10,581)			11,051		
Dividends declared and paid							(10,581)		
Other comprehensive income								(93)	
Re-measurement gains on defined benefit plans (net of tax)	27.1								
<b>As at 30 June 2022</b>		<b>291,366</b>	<b>5,967</b>	<b>55,890</b>	<b>23,445</b>	<b>114</b>	<b>376,873</b>		
<b>As at 1 July 2022</b>		291,366	5,967	55,890	23,445	114	376,873		
Profit for the year				92,440			92,440		
Transfer to legal reserve				(9,244)	9,244		-		
Transfer to capital	30.1	34,973	-	(34,973)			-		
Transaction with owners in their capacity as owners :									
Contribution of equity net of transaction costs		24,152		(12,308)			24,152		
Dividends declared and paid							(12,308)		
Other comprehensive income								-	
Re-measurement gains on defined benefit plans (net of tax)	27.1							389	
<b>As at 30 June 2023</b>		<b>350,491</b>	<b>5,967</b>	<b>91,805</b>	<b>32,689</b>	<b>503</b>	<b>481,546</b>		

The notes on pages 12 to 73 are an integral part of these financial statements.



**TSEHAY INSURANCE S.C**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

	Notes	30 June 2023 Birr'000	30 June 2022 Birr'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	31.1	357,415	201,159
Interest income		(63,553)	(45,661)
Dividend income		(14,085)	(11,041)
Income tax paid		(4,554)	(2,146)
<b>Net cash (outflow)/inflow from operating activities</b>		<b>275,222</b>	<b>142,312</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	15	(90,480)	(55,858)
Purchase of unquoted equity investment	16	(41,453)	(14,928)
Purchase of government securities	16	(13,627)	(8,190)
Proceeds from sale of property, plant and equipment	15	-	-
Interest received		63,553	45,661
Dividends received		14,085	11,041
<b>Net cash (outflow)/inflow from investing activities</b>		<b>(67,922)</b>	<b>(22,275)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issues of shares	28	59,124	27,218
Increase in share premium		-	2,745
Time deposit		(119,844)	(124,185)
Dividend transfer to capital		(34,973)	(27,217)
Dividends paid		(10,958)	(9,231)
<b>Net cash (outflow)/inflow from financing activities</b>		<b>(106,651)</b>	<b>(130,670)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>100,649</b>	<b>(10,633)</b>
Cash and cash equivalents at the beginning of the year	21.1	89,484	100,117
Foreign exchange (losses)/ gains on cash and cash equivalents			
<b>Cash and cash equivalents at the end of the year</b>	21.1	<b>190,133</b>	<b>89,484</b>

The notes on pages 12 to 73 are an integral part of these financial statements.



**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**1. General Information**

Tsehay Insurance Share Company (the Company) is a private commercial Insurance Company domiciled in Ethiopia. The Company was established on 28 March 2012, in accordance with proclamation No. 746/2012 and the Commercial code of Ethiopia of 2013. The Company has been licensed by the National bank of Ethiopia, the licensing body of Banks, Insurance and other Financial Institutions as per the power vested to it through Proclamation No 591/2008, the National Bank of Ethiopia Establishment (as amended) Proclamation. The registered office is at:

Tsehay Insurance Share Company  
Bole Bridge in front of brass hospital  
Addis Ababa,  
Ethiopia

The principal activities of the Company are the underwriting of non-life insurance risk and provision of related financial services to its corporate and individual customers.

**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 2023 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). Additional information required by National regulations is included where appropriate.

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

The financial statements have been prepared in accordance with the going concern principle under the historical cost concept, except for available for sale financial assets which is measured at fair value. All values are rounded to the nearest thousand, except when otherwise indicated. The financial statements are presented in thousands of Ethiopian Birr (Birr’ 000).



**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Company's financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

**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.**

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 30 June 2022, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except the following set out below:

**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. The Company is yet to assess the expected impact of this standard.





**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**IFRS 17 - Insurance contracts**

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

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

- (a) the fulfilment cash flows—the current estimates of amounts that the insurer expects to collect from premiums and pay out for claims, benefits and expenses, including an adjustment for the timing and risk of those cash flows; and
- (b) the contractual service margin—the expected profit for providing future insurance coverage (i.e. unearned profit).

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

The standard replaces IFRS 4 'Insurance contracts'. The standard is effective for annual periods beginning on or after 1 January 2021 and earlier application is permitted. The Company is yet to assess the expected impact on this standard.

**2.3 Foreign currency translation**

**a) Functional and presentation currency**

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

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 rec-

**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

ognised in profit or loss within other (loss)/income. Monetary items denominated in foreign currency are translated using the closing rate as at the reporting date.

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

**b) Transactions and balances**

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.

**2.4 Property, plant and equipment**

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

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

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



**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

<b>Asset class</b>	<b>Useful life (years)</b>	<b>Residual value</b>
Motor vehicles	10	5%
Computer and accessories	7	1%
Furniture and fitting	10	1%
Office and other equipment	7	1%
Recovery improvements	10	1%

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

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

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

**2.5 Intangible assets**

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

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

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



**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

<b>Assets class</b>	<b>Useful lives (years)</b>
Computer software	8

**Deferred policy acquisition costs (DAC)**

Commissions and other acquisition costs that vary with and are related to securing new contracts and renewing existing contracts are capitalised as an intangible asset (DAC). Deferred acquisition costs represents a portion of commission which are incurred during a financial year and are deferred to the extent that they are recoverable out of future revenue margins. All other costs are recognised as expenses when incurred.

Subsequent to initial recognition, this DAC asset is amortised over the expected life of the contracts as a constant percentage of expected premiums. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method and are treated as a change in an accounting estimate.

The pattern of expected profit margins is based on historical and anticipated future experience and is updated at the end of each accounting period. DACs are derecognised when the related contracts are either settled or disposed off.

**2.6 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 mul-

**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

titles, 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.

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.

**2.7 Financial instruments - initial recognition and subsequent measurement**

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

**2.7.1 Financial assets**

**Initial recognition and measurement**

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

**Subsequent measurement**

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

- Loans and receivables
- Available for sale



**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**a) Loans and receivables**

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

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

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

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

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

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



**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**‘Day 1’ profit or loss**

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

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

**Reclassification of financial assets**

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

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

**Derecognition of financial assets**

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

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



**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

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

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

**Impairment of financial assets**

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

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

**(i) Financial assets carried at amortised cost**

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



**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

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

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

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

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

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

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

Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and

**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

are directionally consistent with, changes in related observable data from year to year (such as changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the Company and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

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

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

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

**2.7.2 Financial Liabilities**

***Initial recognition and measurement***

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

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

**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

***Subsequent measurement***

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

**a) Financial liabilities at amortised cost**

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

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

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

***Derecognition of financial liabilities***

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

**2.7.3 Offsetting Financial Instruments**

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

**2.8 Other Assets**

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



**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**(a) Prepayments**

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

**(b) Other Receivables**

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

**2.9 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, cash at bank, short term deposit with banks.

**2.10 Insurance Contracts**

**2.10.1 Classification**

The Company issues contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. As a general guideline, the Company defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.

Investment contracts are those contracts that transfer financial risk with no significant insurance risk.

**2.10.2 Recognition and measurement**

The Company's insurance contracts are classified into two main categories, depending on the duration of risk. This classification is based on the duration of risk and whether or not the terms and conditions are fixed.



**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

***Short-term insurance contracts***

These contracts are casualty, property and short-duration life insurance contracts. Casualty insurance contracts protect the Company's customers against the risk of causing harm to third parties as a result of their legitimate activities. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers' liability) and for individual and business customers who become liable to pay compensation to a third party for bodily harm or property damage (public liability).

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

Short-duration life insurance contracts protect the Company's customers from the consequences of events (such as death or disability) that would affect the ability of the customer or his/her dependents to maintain their current level of income.

Guaranteed benefits paid on occurrence of the specified insurance event are either fixed or linked to the extent of the economic loss suffered by the policyholder. There are no maturity or surrender benefits.

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

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



**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

***Long-term insurance contracts***

These contracts insure events associated with human life (for example death or survival) over a long duration. Premiums are recognized as revenue when they become payable by the contract holder. Premiums are shown before deduction of commission. Benefits are recorded as an expense when they are incurred. A liability for contractual benefits they are expected to be incurred in the future is recorded when the premium are recognized. The liability is determined as the sum of the expected discounted value of the theoretical premium at that would be required to meet the benefits and administration expense based on the valuation assumption used (the valuation premiums).the liability is based on assumption as to mortality, persistency, maintenance expenses & investment income that are established at the time the contract is issued. A margin for adverse deviation is included in the assumptions. Where insurance contracts have a single premium or a limited number of premium payments due over significantly shorter period than the period during which benefits are provided, the excess of the premium payable over the valuation premiums is deferred & recognized as income in line with the decrease of unexpired insurance risk of the contract in fore or, for an mines in force, in line with the decrease of the amount of future benefits expected to be paid. The liabilities are recalculated at each end of the reporting period using assumption established at inception of the contracts.

**2.10.3 Liability Adequacy Test**

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

**2.10.4 Reinsurance Contracts Held**

Contracts entered into by the Company with reinsurers under which the Company is compensated for losses on one or more contracts issued by the Company and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets. Insurance con-

**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

tracts entered into by the Company under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts.

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

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

The Company assesses its reinsurance assets for impairment on a quarterly basis. If there is objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the income statement. The Company gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost. The impairment loss is calculated following the same method used for these financial assets.

**2.10.5 Receivables and payables related to insurance contracts and investment contracts**

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders. If there is objective evidence that the insurance receivable is impaired, the Company reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the income statement. The Company gathers the objective evidence that an insurance receivable is impaired using the same process adopted for loans and receivables.

The impairment loss is calculated under the same method used for these financial assets.



**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**2.10.6 Salvage and Subrogation Reimbursements**

Some insurance contracts permit the Company to sell (usually damaged) property acquired in settling a claim (for example, salvage). The Company may also have the right to pursue third parties for payment of some or all costs (for example, subrogation).

Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims, and salvage property is recognised in other assets when the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property.

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

**2.11 Revenue Recognition**

**a) Gross Premiums**

Gross general insurance written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the reporting period. They are recognised on the date on which the policy is effective. Premiums include any adjustments arising in the reporting period for premiums receivable in respect of business written in prior accounting periods. Premiums collected by intermediaries, but not yet received, are assessed based on estimates from underwriting or past experience and are included in premiums written.

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned premiums are calculated using the 1/24th method as prescribed by Licensing and Supervision of Insurance Business Directive No SIB/17/98. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

**b) Reinsurance Premiums**

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





**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

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

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

***c) Fees and commission income***

Insurance contract policyholders are charged for policy administration 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.

***d) 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, which is generally when the shareholders approve and declare the dividend.

***e) Dividend income***

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

**2.12 Gross Benefits and Claims**

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



**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**2.13 Reinsurance Claims**

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

**2.14 Employee Benefits**

**(a) Wages, salaries and annual leave**

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

**(b) Defined contribution plan**

The company operates two defined contribution retirement benefit schemes for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. In a defined contribution plan, the actuarial risk falls 'in substance' on the employee. They include;

- 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;
- ii) provident fund contribution, funding under this scheme is 7% and 13% by employees and the Company respectively based on the employees' salary.

The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The assets of this scheme are held in separate trustee administered funds, which are funded by contributions from both the employee and the company. The contributions are recognised as employee benefit expense in the profit or loss in the year they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

**(c) Defined benefit plan**

The liability or asset recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.



**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

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

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

Past-service costs are recognised immediately in income.

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

***(d ) Termination benefits***

Termination benefits are payable to employees when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

***(e ) Profit-sharing and bonus plans***

the Company's recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. the Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.



**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**2.15 Fair Value Measurement**

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

- Disclosures for valuation methods, significant estimates and assumptions Note 4.8.1 and Notes 3
- Quantitative disclosures of fair value measurement hierarchy Note 4.8.2

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

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

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

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

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

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is



**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

significant to the fair value measurement is directly or indirectly observable.

- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

### **2.16 Provisions**

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

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

### **2.17 Share capital**

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

### **2.18 Dividends**

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

**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

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.

**2.19 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.

**2.20 Income Taxation**

***(a) Current income tax***

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

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

***(b) Deferred tax***

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

**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

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.

### **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 4.7
- Financial risk management and policies Note 4.3
- Sensitivity analyses disclosures Note 4.2

#### **3.1 Judgements**

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

##### ***Operating lease commitments -Company as lessee***

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



**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**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.

Non-life insurance (which comprises general insurance and healthcare) contract liabilities

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

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

The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most



**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based.

Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Similar judgements, estimates and assumptions are employed in the assessment of adequacy of provisions for unearned premium. Judgement is also required in determining whether the pattern of insurance service provide by a contract requires amortisation of unearned premium on a basis other than time apportionment.

***Impairment losses on insurance receivables***

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

The following impairment triggers have been set by the Company:

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



**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

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

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

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

Collective impairment incorporates the following:

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

***Liabilities arising from insurance contracts***

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

***Impairment losses on available-for-sale equity financial assets***

The Company determines that available-for-sale equity financial assets are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires

**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

judgement. In making this judgement, the Company evaluates among other factors, the normal volatility in share price, the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flow. Impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and financing and operational cash flows.

The Company's available-for-sale equity financial assets were assessed for impairment during the year and there was no identified objective evidence of impairment.

***Fair value measurement of financial instruments***

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 4.8.2 for further disclosures.

***Income taxes***

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

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



**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

## **4. Insurance and Financial Risk Management**

### **4.1 Introduction**

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

The 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 of Directors have the ultimate responsibility for establishing and ensuring the effective functioning of the risk management program of the Company.

The Risk committee has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and risk tolerance limits for the Board's approval. It is also responsible for reviewing and assessing the adequacy of risk management policies and framework in identifying, measuring, monitoring and controlling risk and the extent to which these are operating effectively including providing periodic reports on risk management activities.

The Chief Executive Officer (CEO) is responsible for establishing and maintaining a climate of risk awareness and intelligence, as well as, developing governance mechanisms that effectively monitor risks.

The Company's policy is that risk management processes throughout the Company are assessed periodically by the management. This will help to adequately capture risk exposure, aggregate exposure of risk types and incorporate short run as well as long run impact on the Company.



**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**4.1.2 Risk Measurement and Reporting Systems**

The Company's risks are measured using methods that reflect 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 mitigants, identified and approved for the Company, are documented for existing and new processes and systems.

Risk control processes are identified and discussed in the quarterly risk report of the Risk Committee meetings. Control processes are also regularly reviewed 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 Company is involved in only non-life insurance activities.

***Non- life insurance contracts***

The Company principally issues the following types of general insurance contracts: motor , marine and cargo, engineering , workmen compansation and group personal accident.



**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

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

<b>30 June 2023</b>	<b>Gross liabilities Birr'000</b>	<b>Reinsurance liabilities Birr'000</b>	<b>Net liabilities Birr'000</b>
Fire	3,631	206	3,424
Motor	294,651	87,368	207,283
Marine	2,172	1,071	1,101
Workmens compensation Liability	2,118	246	1,872
Pecuniary	35,768	6,889	28,880
Engineering	147,037	133,124	13,912
Accident	14,295	7,298	6,997
PVT	409	27	382
	16,495	15,201	1,294
<b>Total non-life insurance contract liabilities</b>	<b>516,576</b>	<b>251,431</b>	<b>265,145</b>

<b>30 June 2022</b>	<b>Gross liabilities Birr'000</b>	<b>Reinsurance liabilities Birr'000</b>	<b>Net liabilities Birr'000</b>
Fire	7,691	7,094	597
Motor	225,589	70,205	155,384
Marine	2,202	1,523	678
Workmens compensation Liability	2,420	334	2,085
Pecuniary	28,667	7,520	21,147
Engineering	86,133	75,719	10,415
Accident	8,095	4,201	3,894
Pvt	179	47	132
	39,218	32,175	7,043
<b>Total non-life insurance contract liabilities</b>	<b>400,194</b>	<b>198,819</b>	<b>201,375</b>



**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**Key assumptions**

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

**Sensitivities**

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

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

		<b>Change in liability</b>	
		<b>30 June 2023</b>	<b>30 June 2022</b>
<b>Change in assumptions</b>		<b>Birr'000</b>	<b>Birr'000</b>
Average claim cost	+10%	5,875	2,940
Average number of claims	+10%	5,875	2,940
Average claim settlement period	Reduce from 30 months to 24 months		

		<b>Change in liability</b>	
		<b>30 June 2023</b>	<b>30 June 2022</b>
<b>Change in assumptions</b>		<b>Birr'000</b>	<b>Birr'000</b>
Average claim cost	-10%	(5,875)	(2,524)
Average number of claims	-10%	(5,875)	(2,524)
Average claim settlement period	Reduce from 30 months to 24 months		



**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**4.3 Financial Risk**

***Financial instruments by category***

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

The Company’s classification of its financial assets is summarised in the table below:

	Notes	Held to		Loans and	Total
		Available-	maturity		
30 June 2023		Birr'000	Birr'000	Birr'000	Birr'000
Cash and bank balances	17	-	-	190,133	190,133
Unquoted equity investment – available for sale		162,628			162,628
Government securities held to maturity	16.2	-	57,698		57,698
Trade and other receivables	16	-	-	15,787	15,787
Reinsurance assets	19	-	-	234,916	234,916
<b>Total financial assets</b>		<b>162,628</b>	<b>57,698</b>	<b>440,836</b>	<b>661,162</b>

	Notes	Held to		Loans and	Total
		Available-	maturity		
30 June 2022		Birr'000	Birr'000	Birr'000	Birr'000
Cash and bank balances	17	-	-	89,484	89,484
Unquoted equity investment – available for sale		121,175			121,175
Government securities held to maturity	16.2	-	44,070	-	44,070
Trade and other receivables	16	-	-	13,005	13,005
Reinsurance assets	19	-	-	142,867	142,867
<b>Total financial assets</b>		<b>121,175</b>	<b>44,070</b>	<b>245,356</b>	<b>410,601</b>

**4.4 Credit Risk**

Credit risk is the risk of financial loss, despite realization of collateral security or property, resulting from the failure of a debtor to honor its obligations to the company. It Includes investment activities (where the Company invests in bonds, debentures, or other credit instruments) and reinsurance arrangement of the Company.

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

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

- a) The company’s risk management policy sets out the assessment and determination of what consitututes credit risk for the Company Compliance with





**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

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 exposures 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 agreements 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 netted 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 set by management are subject to regular reviews.

The table below show the maximum exposure to credit risk for the Company’s financial assets. The maximum exposure is show gross before the effect of mitigation:

<b>Notes</b>	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>Birr’000</b>	<b>Birr’000</b>
Cash and bank balances	190,133	89,484
Unquoted equity investment – available for sale	162,628	121,175
Government securities held to maturity	57,698	44,070
Other receivables	50,144	51,134
Other Assets	17,445	4,303
Reinsurers’ share of technical provisions and reserves	341,907	280,822
Deferred acquisition costs	51,152	31,125
Receivables arising out of reinsurance arrangements	234,916	142,867
	<b>1,106,023</b>	<b>764,980</b>



**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**4.4.3 Credit quality analysis**

**(a) Credit quality of cash and cash equivalents**

The credit quality of cash and bank balances and short-term investments that were neither past due nor impaired at as 30 June 2020, 30 June 2019 are held in Ethiopian banks have been classified as non-rated as there are no credit rating agencies in Ethiopia.

**(b) Credit quality of trade and other receivables**

	Neither past due nor impaired Birr'000	Past due but not impaired Birr'000	Individually impaired Birr'000	Total Birr'000
<b>30 June 2023</b>				
<b>Insurance receivables</b>				
Due from Reinsurers	234,916			234,916
Due from Co-insurers				-
Due from agents, brokers and intermediaries				-
	<u>234,916</u>	<u>-</u>	<u>-</u>	<u>234,916</u>
<b>Other loans and receivables</b>				
Other receivables	50,144			50,144
Staff debtors	15,111			15,111
<b>Gross amount</b>	<u>65,255</u>	<u>-</u>	<u>-</u>	<u>65,255</u>
Less: Specific impairment allowance (note 15a)				-
	<u>65,255</u>	<u>-</u>	<u>-</u>	<u>65,255</u>
	<u>300,171</u>	<u>-</u>	<u>-</u>	<u>300,171</u>
<b>30 June 2022</b>				
<b>Insurance receivables</b>				
Due from Reinsurers	142,867			142,867
Due from Co-insurers				-
Due from agents, brokers and intermediaries				-
	<u>142,867</u>	<u>-</u>	<u>-</u>	<u>142,867</u>
<b>Other loans and receivables</b>				
Other receivables	51,134			51,134
Staff debtors	12,139			12,139
<b>Gross amount</b>	<u>63,273</u>	<u>-</u>	<u>-</u>	<u>63,273</u>
Less: Specific impairment allowance (note 15a)				-
	<u>63,273</u>	<u>-</u>	<u>-</u>	<u>63,273</u>
	<u>206,140</u>	<u>-</u>	<u>-</u>	<u>206,140</u>



**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

***(i) Trade and other receivables - neither past due nor impaired***

The credit quality of the portfolio of loans and advances to customers that were neither past due nor impaired can be assessed by reference to the customer's ability to pay based on loss experience. Receivables in this category are past due for less than 30 (thirty) days.

	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>Birr'000</b>	<b>Birr'000</b>
Neither past due nor impaired	300,171	206,140
	300,171	206,140

***(ii) Trade and other receivables - past due nor impaired***

	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>Birr'000</b>	<b>Birr'000</b>
Past due up to 30 days	15,585	15,585
Past due up to 30 - 60 days	8,338	8,338
Past due by 60 - 90 days	8,356	8,356
Past due by 90 - 180 days	173,861	173,861
	206,140	206,140
Collective impairment		
	206,140	206,140

**(b) Credit quality of trade and other receivables (Cont'd)**

***(iii) Allowance for impairment***

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



**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>Birr'000</b>	<b>Birr'000</b>
Insurance receivables		
Total allowance for impairment	—	—

**4.5 Liquidity Risk**

Liquidity refers to the company’s ability to meet its current obligations. Liquidity is a measure of the ability of a debtor to pay his debts as and when they fall due. It is usually expressed as a ratio or a percentage of current liabilities. Liquidity risk is the measure of probability that a company’s cash resources will be insufficient to meet current or future cash needs.

**4.5.1 Management of liquidity risk**

The Finance department is responsible to prepare and produce financial reports together with performance evaluation ratios and comparative statements on the basis of finance manual, standard reporting formats and regulatory body requirements, which include:

- a) Notifying regularly the cash position and the expected commitments of the company
- b) Proposing appropriate investment opportunities in line with insurance supervision directives.
- c) Liability settlements shall be undertaken on the basis of cash flow of the company
- d) Finance Department will be responsible to report, monitor, evaluate and implement decisions affecting liquidity in line with the finance manual performance standards and reporting formats.

**4.5.2 Measurement of liquidity risk**

Liquidity risk is primarily measured as the ratio of current liability to liquid assets. It is expected that the ratio should at all times be less than or equal to 1.05 (105%) i.e. the maximum tolerance liquidity rate the company should keep on hand is one birr for one birr and five cents obligation or liability.

In addition, the Company should maintain than 60% of admitted asset should be maintained at bank deposits and treasury bills. Based on forecasted cash flow statement of the year, the Company may arrange appropriate form of bank loan facility such as bank overdraft to make funds available for those times where cash flow short falls are predicted.



**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**4.5.3 Maturity analysis of financial liabilities**

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

	0-1 year Birr'000	1-3 years Birr'000	3-5 years Birr'000	Over 5 years Birr'000	Total Birr'000
<b>30 June 2023</b>					
Insurance contract liabilities	516,575				516,575
Creditors arising from reinsurance arrangements	154,587	64,865			219,452
Other liabilities	39,199				39,199
Land Lease				39,199	39,199
<b>Total financial liabilities</b>	<b>710,360</b>	<b>64,865</b>	<b>-</b>	<b>39,199</b>	<b>814,424</b>
<b>30 June 2022</b>					
Insurance contract liabilities	400,194				400,194
Creditors arising from reinsurance arrangements	86,479	35,930			122,409
Other liabilities	40,599				40,599
Land Lease				40,599	40,599
<b>Total financial liabilities</b>	<b>527,272</b>	<b>35,930</b>	<b>-</b>	<b>40,599</b>	<b>603,801</b>

**4.6 Market Risk**

Market risk is the risk that the Company’s earnings or capital, or its ability to meet business objectives, will be adversely affected by changes in the level or volatility of market rates or prices such as premium rates, interest rates, foreign exchange rates, equity prices, commodity prices and credit spreads. The main market risk arises from trading activities and equity investments. The Company is also exposed to interest rate risk in the banking books.

Investment risk is the risk that earnings for the Company arising from its insurance entities may be adversely impacted by changes in the value of investments and that the profile of investments may be inappropriate to match the profile of liabilities.

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

**4.6.1 Management of market risk**

Market risk is managed by the Business Development Department and Finance & Investment Department subject to inputs from the Board of directors, to identify any adverse movement in the underlying variables.



**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**4.6.2 Measurement of market risk**

The principle adopted in the management of investments is to closely match assets to the nature and term of insurance liabilities where possible. Total capital held in each entity reflects the results of internal models of economic capital, and takes into account business growth plans, as well as the likelihood of not being able to demonstrate an appropriate level of solvency.

Market risk is measured on the basis of investment capital or need of the Company. Investment is made on evaluating the investee companies and the type of investment. Investment risk is measured on the basis of security of the investees, liquidity consideration, and interest rate offer, and investment period, rate of return and proposal documents.

Investment is not be made if the investee company does not fulfill the above noted measurement factors. Investments is also made with special guidelines of the Board of Directors of the Company.

**4.6.3 Monitoring of market risk**

Market risk is monitored by performing regular asset liability matching exercises, monitoring market volatility, comparing actual performance with benchmark performance, and tracking errors and durations of fixed interest assets. Market risk is further monitored by measuring and comparing the actual risk exposure in terms of economic capital to an approved limit, based on a value-at-risk calculation. Hence, the Company has taken the following measures to ensure that market risk is adequately monitored.

- a) Equity investments are made often by conducting a thorough study and assessment,
- b) Equity investments are acquired from companies where the return is not less 10%,
- c) Investment will not exceed in concentration more than 20% in one Company and the total amount will not exceed 10 million Birr,
- d) To adjust for price fluctuations, a revaluation of on-balance sheet assets will be carried every two years
- e) The risk profile of every investment is made after the closing of accounts every year and action is taken based on appropriate recommendations
- f) Technological related risks will be evaluated to see if the area of investment is prone to risks
- g) Every investment proposal need to be approved by Board of Directors,



**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**(i) Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument will be affected by changes in market interest rates.

The Company's exposure to the risk of changes in market interest rates relates primarily to its financial obligations and financial assets with fixed interest rates. The Company's investment portfolio is comprised of Ethiopian government bonds and cash deposits.

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

**30 June 2023**

	<b>Fixed Birr'000</b>	<b>Non-interest bearing Birr'000</b>	<b>Total Birr'000</b>
<b>Assets</b>			
Cash and bank balances	190,133		190,133
Unquoted equity investment – available for sale		162,628	162,628
Government securities held to maturity	57,698		57,698
Trade and other receivables		15,787	15,787
Reinsurance assets	234,916		234,916
<b>Total</b>	<b>482,747</b>	<b>178,415</b>	<b>661,162</b>
<b>Liabilities</b>			
Insurance contract liabilities		516,575	516,575
Creditors arising from reinsurance arrangements		219,452	219,452
Other liabilities		57,486	57,486
<b>Total</b>	<b>-</b>	<b>793,513</b>	<b>793,513</b>

**30 June 2022**

	<b>Fixed Birr'000</b>	<b>Non-interest bearing Birr'000</b>	<b>Total Birr'000</b>
<b>Assets</b>			
Cash and bank balances	89,484	-	89,484
Unquoted equity investment – available for sale		121,175	121,175
Government securities held to maturity	44,070	-	44,070
Trade and other receivables	-	13,005	13,005
Reinsurance assets	142,867	-	142,867
<b>Total</b>	<b>276,421</b>	<b>134,180</b>	<b>410,601</b>
<b>Liabilities</b>			
Insurance contract liabilities	-	400,194	400,194
Creditors arising from reinsurance arrangements	-	122,409	122,409
Other liabilities	-	35,688	35,688
<b>Total</b>	<b>-</b>	<b>558,291</b>	<b>558,291</b>



**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**(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 primarily transacts in Ethiopian Birr and its assets and liabilities are denominated in the same currency. The Company is therefore not exposed to currency risk.

**4.7 Capital management**

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

**4.7.1 Margin of Solvency**

According to the Licensing 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.

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





**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

		<b>30 June 2023 Birr'000</b>	<b>30 June 2022 Birr'000</b>
<b>Admissible assets</b>			
	<b>A</b>		
Property and equipment		175,056	94,862
Unquoted equity investment – available for sale		162,628	121,175
Government securities held to maturity		57,698	44,070
Reinsurance share of technical provisions & Reserve		341,907	280,822
Deferred acquisition costs		51,152	31,125
Receivables arising out of reinsurance arrangements		234,916	142,867
Other receivables		50,144	51,134
Deposits with financial institutions		514,600	390,916
Cash and cash equivalents		190,133	89,484
		<b>1,778,233</b>	<b>1,246,455</b>
<b>Admissible liabilities</b>	<b>B</b>		
Insurance contract liabilities		516,575	400,194
Unearned premium reserve		512,288	312,773
Deferred Commission Income		20,744	20,093
Creditors arising from reinsurance arrangements		219,452	122,409
Current income tax liabilities		3,937	(3,025)
Other liabilities		96,685	76,287
Defined Benefit Liability		5,664	4,067
Deferred income tax		1,788	3,533
		<b>1,377,133</b>	<b>936,331</b>
<b>Excess (admitted capital)- (A-B)</b>	<b>C</b>	<b>401,100</b>	<b>310,124</b>
<b>Net premium</b>	<b>D</b>	<b>428,197</b>	<b>330,424</b>
<b>Technical provision</b>	<b>E</b>	<b>1,028,863</b>	<b>712,967</b>
<b>Solvency margin</b>			
Limit of net premium i.e. 20% of net premium	<b>F</b>	85,639	66,085
Limit of technical provision i.e. 25% of technical provision	<b>G</b>	257,216	178,242
Minimum Paidup Capital	<b>H</b>	60,000	60,000
Since C>G - Positive Solvency Margin	<b>(C-G)</b>	<b>143,884</b>	<b>131,882</b>

#### 4.8 Fair value of financial assets and liabilities

IFRS 13 requires an entity to classify measured or disclosed fair values according to a hierarchy that reflects the significance of observable inputs.

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

**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**4.8.1 Valuation Models**

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

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

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) .This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation technique in which all significant inputs are directly or indirectly observable from market data. In conclusion, this category is for valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This category includes all assets and liabilities for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the asset or liability's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

**4.8.2 Financial instruments not measured at fair value**

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



**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

	30 June 2023		30 June 2022	
	Carrying amount Birr'000	Fair value Birr'000	Carrying amount Birr'000	Fair value Birr'000
<b>Financial assets</b>				
Cash and bank balances	190,133	190,133	89,484	89,484
Unquoted equity investment	162,628	162,628	121,175	121,175
Government securities held	57,698	57,698	44,070	44,070
Other receivables	50,144	50,144	51,134	51,134
Receivables arising out of re	234,916	234,916	142,867	142,867
<b>Total</b>	<b>695,519</b>	<b>695,519</b>	<b>448,730</b>	<b>448,730</b>
<b>Financial liabilities</b>				
Insurance contract liabilities	516,575	516,575	400,194	400,194
Unearned premium reserve	512,288	512,288	312,773	312,773
Creditors arising from reinsu	219,452	219,452	122,409	122,409
Other liabilities	57,486	57,486	35,688	35,688
<b>Total</b>	<b>1,305,801</b>	<b>1,305,801</b>	<b>871,064</b>	<b>871,064</b>

**4.8.3 Fair value methods and assumptions**

Trade receivables and other receivables are carried at 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.

**4.8.4 Valuation technique using significant unobservable inputs – Level 3**

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

**4.8.5 Transfers between the fair value hierarchy categories**

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

**4.9 Offsetting Financial assets and Financial Liabilities**

There are no offsetting arrangements. Financial assets and liabilities are settled and disclosed on a gross basis.



**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**5. Segment Information**

Segment information is presented in respect of the company’s business segment which represent the primary segment reporting format and is based on the company’s management and reporting structure.

**Business Segment**

The company Operate the following main business segment:-

**Non-Life (General) Business** :- Including general Business transaction with individual and corporate customers.

**Life Business** :- Including Life insurance policies with individual and corporate customers.

The segment information for the reporting segment for the year ended 30 June 2023 is as follows:



# TSEHAY INSURANCE S.C

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2023

#### 5.1 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Non-Life		Life		Total	
		30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
		Birr'000	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000
Gross written premiums	6	923,708	584,929	204.50	-	923,913	584,929
Change in unearned premium reserve	6	(190,836)	(55,066)	(204.50)	-	(191,040)	(55,066)
<b>Gross earned premiums</b>		<b>732,873</b>	<b>529,864</b>	<b>-</b>	<b>-</b>	<b>732,873</b>	<b>529,864</b>
Less: Premiums ceded to reinsurers	6	(198,299)	(156,732)	-	-	(198,299)	(156,732)
<b>Net earned premiums</b>		<b>534,574</b>	<b>373,132</b>	<b>-</b>	<b>-</b>	<b>534,574</b>	<b>373,132</b>
Commission income	7	43,876	31,145	-	-	43,876	31,145
<b>Net underwriting income</b>		<b>578,449</b>	<b>404,277</b>			<b>578,449</b>	<b>404,277</b>
Claims and policy holder benefits payable	8	517,763	324,608	-	-	517,763	324,608
Less : claims recoverable from reinsurers	8	(180,886)	(75,129)	-	-	(180,886)	(75,129)
<b>Net claims and benefits incurred</b>		<b>336,877</b>	<b>249,478</b>			<b>336,877</b>	<b>249,478</b>
Commission expense	9	51,726	37,046	1	-	51,727	37,046
Management expense		75,855	55,287	779	-	76,634	55,287
<b>Total Underwriting expense</b>		<b>464,458</b>	<b>341,811</b>	<b>780</b>	<b>-</b>	<b>465,237</b>	<b>341,811</b>
<b>Underwriting Profit</b>		<b>113,992</b>	<b>62,466</b>	<b>(780)</b>	<b>-</b>	<b>113,212</b>	<b>62,466</b>
Investment income	10	77,638	56,701	-	-	77,638	56,701
Other income	11	761	714	-	-	761	714
<b>Total Income</b>		<b>192,391</b>	<b>119,881</b>	<b>(780)</b>	<b>-</b>	<b>191,611</b>	<b>119,881</b>
Other operating and administrative expenses	12	84,101	58,661	396	-	84,496	58,661
Impairment on receivables arising out of reinsurance arrangements	19	-	-	-	-	-	-
Finance income and (costs)	13	(4,836)	(4,637)	-	-	(4,836)	(4,637)
<b>Total of other expenses</b>		<b>88,937</b>	<b>63,298</b>	<b>396</b>	<b>-</b>	<b>89,332</b>	<b>63,298</b>
<b>Profit before income tax</b>		<b>103,454</b>	<b>56,583</b>	<b>(1,175)</b>	<b>-</b>	<b>102,278</b>	<b>56,583</b>
Income tax expense	14	(9,839)	(4,049)	-	-	(9,839)	(4,049)
<b>Profit for the year</b>		<b>93,615</b>	<b>52,534</b>	<b>(1,175)</b>	<b>-</b>	<b>92,440</b>	<b>52,534</b>



# TSEHAY INSURANCE S.C

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2023

#### 5.2 Statement of financial Position - 30,June ,2022.

	Notes	Non-Life		Life		Total	
		30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
		Birr'000	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000
<b>ASSETS</b>							
Property plant and equipment	15	180,704	101,156	2,196	-	182,900	101,156
Land lease	15.1	55,064	56,061	-	-	55,064	56,061
Unquoted equity investment – available for sale	16.1	162,628	121,175	-	-	162,628	121,175
Government securities held to maturity	16.2	54,698	44,070	3,000	-	57,698	44,070
Reinsurers' share of technical provisions and reserves	17	341,907	280,822	-	-	341,907	280,822
Deferred acquisition costs	18	51,125	31,125	27	-	51,152	31,125
Receivables arising out of reinsurance arrangements	19	234,916	142,867	-	-	234,916	142,867
Current income tax asset	-	-	-	-	-	-	-
Other receivables	20.1	50,144	51,134	-	-	50,144	51,134
Other Asset	20.2	17,445	4,303	-	-	17,445	4,303
Deposits with financial institutions	20.1	514,600	390,916	-	-	514,600	390,916
Cash and cash equivalents	20.2	189,995	89,484	138	-	190,133	89,484
<b>Total assets</b>		<b>1,853,226</b>	<b>1,313,113</b>	<b>5,361</b>	<b>-</b>	<b>1,858,587</b>	<b>1,313,113</b>
<b>LIABILITIES</b>							
Insurance contract liabilities	22.1	516,575	400,194	-	-	516,575	400,194
Unearned premium reserve	23.1	512,084	312,773	204.50	-	512,288	312,773
Deferred commission income	24.1	20,744	20,093	-	-	20,744	20,093
Creditors arising from reinsurance arrangements	25.1	219,452	122,409	-	-	219,452	122,409
Current income tax liabilities	14	3,941	(3,025)	(4)	-	3,937	(3,025)
Other liabilities	26.1	57,458	35,688	28.22	-	57,486	35,688
Land Lease Payable	26.2	39,199	40,599	-	-	39,199	40,599
Defined benefit liability	27.1	5,664	4,067	-	-	5,664	4,067
Deferred income tax	14.5	1,788	3,533	-	-	1,788	3,533
		-	-	-	-	-	-
<b>Total liabilities</b>		<b>1,376,904</b>	<b>936,331</b>	<b>229</b>	<b>-</b>	<b>1,377,133</b>	<b>936,331</b>
<b>EQUITY</b>							
Share capital	28.1	330,490	291,366	20,000	-	350,490	291,366
Share premium	28.1	5,967	5,967	-	-	5,967	5,967
Retained earnings	29.1	92,980	55,890	(1,175)	-	91,805	55,890
Legal reserve	30.1	32,689	23,445	-	-	32,689	23,445
Other reserve		503	113	-	-	503	113
Inter Office Account		13,692	-	(13,692)	-	-	-
<b>Total equity</b>		<b>476,322</b>	<b>376,782</b>	<b>5,132</b>	<b>-</b>	<b>481,454</b>	<b>376,782</b>
<b>Total equity and liabilities</b>		<b>1,853,226</b>	<b>1,313,113</b>	<b>5,361</b>	<b>-</b>	<b>1,858,587</b>	<b>1,313,113</b>



**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**6. Premium Income**

	30 June 2023 Birr'000	2022 Birr'000
<b>a Gross written premium</b>		
<b>Life Business</b>		
Endowment	-	-
Term	-	-
Medical	205	-
Total Life Business	<u>205</u>	<u>-</u>
<b>General Business</b>		
Engineering	19,085	21,390
Fire	33,936	23,561
Liability	70,571	55,756
Pvt	63,660	57,510
Marine	11,042	14,783
Motor	674,411	365,879
Accident	3,382	2,122
Pecuniary	40,182	36,431
Workmen Compensation	7,440	7,497
Total General Business	<u>923,708</u>	<u>584,929</u>
<b>Total gross premiums</b>	<u><b>923,913</b></u>	<u><b>- 584,929</b></u>
<b>b Change in unearned premium reserve</b>		
<b>Life Business</b>	-205	-
<b>General Business</b>	-190,836	-55,066
<b>Total change in unearned premium reserve</b>	<u><b>(191,040)</b></u>	<u><b>(55,066)</b></u>
<b>c Premiums ceded to reinsurers</b>		
<b>Life Business</b>		
<b>General Business</b>	-198,299	-156,732
<b>Total premiums ceded to reinsurers</b>	<u><b>(198,299)</b></u>	<u><b>(156,732)</b></u>
<b>Net earned premiums</b>	<u><b>534,574</b></u>	<u><b>373,132</b></u>



**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

	<b>30 June 2023</b>	<b>2022</b>
	<b>Birr'000</b>	<b>Birr'000</b>
<b>7 Commission income</b>		
<b>Life Business</b>	-	-
<b>General Business</b>	43,876	31,145
<b>Total commission income</b>	<b>43,876</b>	<b>31,145</b>
	<b>30 June 2023</b>	<b>2022</b>
	<b>Birr'000</b>	<b>Birr'000</b>
<b>8 Claims expenses</b>		
<b>Claims and policy holder benefits payable</b>		
<b>Life Business</b>		
Gross benefits and claims paid	-	-
Change in insurance contract outstanding claims provision	-	-
Change in technical provision	-	-
<b>General Business</b>		
Gross benefits and claims paid	401,381	279,097
Change in insurance contract outstanding claims provision	93,924	35,367
Change in other technical provision (IBNR)	21,770	9,868
Change in technical provision (Unallocated loss adjustment expense)	687	276
	<b>517,763</b>	<b>324,608</b>
<b>Recoverable from reinsurance:</b>		
<b>Life Business</b>		
Claims paid recoverable	-	-
Change in provision for outstanding claims recoverable	-	-
<b>General Business</b>		
Claims paid recoverable	(128,274)	(70,098)
Change in provision for outstanding claims recoverable	(45,496)	(259)
Change in other technical provision (IBNR) recoverable	(7,115)	(4,773)
	<b>(180,886)</b>	<b>(75,129)</b>
<b>Net claims and loss adjustment expense</b>	<b>336,877</b>	<b>249,478</b>
	<b>30 June 2023</b>	<b>2022</b>
	<b>Birr'000</b>	<b>Birr'000</b>
<b>9 Commission expense</b>		
Life Business Commission expense	1	-
General Business Commission expense	51,726	37,046
	<b>51,727</b>	<b>37,046</b>
This relates to commissions earned by intermediaries for insurance business placed by them and to other insurance companies for facultative inward insurance business.		
	<b>30 June 2023</b>	<b>2022</b>
	<b>Birr'000</b>	<b>Birr'000</b>
<b>10 Investment income</b>		
Dividend income on equity investments	14,085	11,041
Interest income on investment securities	4,002	2,622
Interest income on cash and short-term deposits	59,551	43,039
<b>Total investment income</b>	<b>77,638</b>	<b>56,701</b>
<b>10.1 Life Business</b>	<b>0.5</b>	<b>-</b>
<b>General Business</b>	<b>77,638</b>	<b>56,701</b>
	<b>77,638</b>	<b>56,701</b>





**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

	30 June 2023 Birr'000	2022 Birr'000
<b>11 Other income</b>		
Profit from sale of property, plant & equipment	-	-
Interest income on staff loans	-	-
Sundry income	761	714
	<b>761</b>	<b>714</b>
	<b>30 June 2023</b>	<b>2022</b>
	<b>Birr'000</b>	<b>Birr'000</b>
<b>12 Other operating and administrative expenses</b>		
Employee benefits expense (Note 12.1)	46,326	33,737
Rental expenses	1,877	1,531
Repair and maintenance	5,517	2,831
Consultation expense	2,414	463
Advertising and publication	3,296	1,781
Communication	1,256	1,643
Printing and stationaries	783	610
Entertainment	1,628	994
Travelling and transportation expenses	8,518	3,675
Insurance	2,758	1,562
Office cleaning and supplies	635	1,072
Legal and professional fees	340	297
Director fees	1,108	1,085
Audit fees	99	144
Subscription and membership fees	317	738
Amortisation of intangible assets	997	997
Depreciation on property and equipment	2,248	1,552
Bank charges	146	425
Sundry expenses	4,234	3,523
	<b>84,496</b>	<b>58,661</b>
	<b>30 June 2023</b>	<b>2022</b>
	<b>Birr'000</b>	<b>Birr'000</b>
<b>12.1 Employee benefits expense</b>		
Salaries and wages	11,836	12,976
Staff allowances	-	-
Pension costs – Defined contribution plan	6,585	5,063
Pension costs - Defined benefit plans	2,073	1,243
Other staff expenses	17,719	8,253
Bonus expenses	8,112	6,201
	<b>46,326</b>	<b>33,737</b>
<b>12.2 Life Business</b>	<b>396</b>	<b>-</b>
<b>General Business</b>	<b>84,101</b>	<b>58,661</b>
	<b>84,496</b>	<b>58,661</b>



**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

	30 June 2023 Birr'000	2022 Birr'000
<b>13 Finance income and (costs)</b>		
Finance income	-	-
Finance costs	(4,982)	(4,577)
Gain or (Loss) on foreign exchange	146	(60)
	<b>(4,836)</b>	<b>(4,637)</b>

	30 June 2023 Birr'000	2022 Birr'000
--	--------------------------	------------------

**14 Company income and deferred tax**

**14.1 Current income tax**

Company income tax	11,516	1,318
Prior year (over)/ under provision	-	-
Deferred income tax/(credit) to profit or loss	(1,677)	2,731
Total charge to profit or loss	9,839	4,049
Tax (credit) on other comprehensive income	-	-
Total tax in statement of comprehensive income	<b>9,839</b>	<b>4,049</b>

**14.2 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 2023 Birr'000	2022 Birr'000
Profit before tax	103,454	56,583
<b>Add : Disallowed expenses</b>		
Entertainment expense	1,628	994
Fines & penalties	14	8
Donation & Contribution	1,812	1,528
Severance Expense	1,824	1,097
Leave Expense	4,807	-
Adjustment of depreciation expense	9,734	6,651
Total disallowable expenses	19,818	10,278
<b>Less : Allowable expense</b>		
Declining depreciation per FIRA	11,249	8,388
Dividend income taxed at source (Note 10)	14,085	11,041
Interest income taxed at source-Local Deposit (Note 10)	59,551	43,039
Total allowable expenses	84,886	62,468
Taxable profit	38,386	4,393
Current tax at 30%	11,516	1,318

**14.3 Current income tax assets / (liability)**

	30 June 2023 Birr'000	2022 Birr'000
Balance at the beginning of the year	3,025	2,197
Current year provision	(11,516)	(1,318)
Withholding Tax Recievable	7,579	4,343
Payment during the year	(3,025)	(2,197)
Balance at the end of the year	<b>(3,937)</b>	<b>3,025</b>



**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**14.4 Deferred income tax**

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

	30 June 2023 Birr'000	2022 Birr'000
<b>14.5 The analysis of deferred tax assets/(liabilities) is as follows:</b>		
To be recovered after more than 12 months	1,788	3,533
To be recovered within 12 months		
	1,788	3,533

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

Deferred income tax assets/(liabilities):	30 June 2022 Birr'000	Credit/ (charge) to P/L Birr'000	Credit/ (charge) to equity june/2021 Birr'000	Credit/ (charge) to equity up to june/2020 Birr'000	30 June 2023 Birr'000
Property, plant and equipment	4,771	-1,198			3,573
Provisions	-	-			-
Unrealised exchange gain	-	-			-
Tax losses charged to profit or loss	-	-			-
Post employment benefit obligation	(1,220)	-479	(86)		(1,699)
<b>Total deferred tax assets/(liabilities)</b>	3,551	(1,677)	(86)	-	1,788

	Motor vehicles Birr'000	Furnitu re and fittings Birr'000	Computer and accessories Birr'000	Office equipment Birr'000	Recovery Improvements Birr'000	Building Under Construction Birr'000	Total Birr'000
<b>15 Property, plant and equipment</b>							
<b>Cost</b>							
As at 1 July 2021	41,330	6,806	6,263	2,581	870	12,700	70,551
Additions	8,969	2,871	3,897	1,204		38,917	55,858
Disposals							-
Reclassification							-
<b>As at 30 June 2022</b>	50,299	9,677	10,160	3,785	870	51,617	126,409
As at 1 July 2022	50,299	9,677	10,160	3,785	870	51,617	126,409
Additions	14,311	2,607	3,917	1,435	-	68,210	90,480
Disposals							-
Reclassification							-
<b>As at 30 June 2023</b>	64,610	12,285	14,078	5,220	870	119,827	216,890



**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

<b>Accumulated depreciation</b>							
<b>As at 1 July 2021</b>	12,351	2,556	2,465	845	385	-	18,602
Charge for the year	4,303	827	1,025	409	87	-	6,651
Disposals							-
<b>As at 30 June 2022</b>	16,654	3,383	3,490	1,254	472	-	25,253
<b>As at 1 July 2022</b>	16,654	3,383	3,490	1,254	472	-	25,253
Charge for the year	5,552	1,057	1,451	593	84	-	8,737
Disposals							-
<b>As at 30 June 2023</b>	22,206	4,441	4,941	1,846	556	-	33,990
<b>Net book value</b>							
As at 30 June 2022	33,645	6,294	6,670	2,531	398	51,617	101,156
As at 30 June 2023	42,404	7,844	9,137	3,374	314	119,827	182,900

	<b>30 June</b>			<b>30 June 2023</b>
	<b>2022</b>	<b>Additior Impairment</b>		
<b>15.1 Land Lease</b>				
Cost	60,000			60,000
Accumulate Amortization	(3,939)	(997)		(4,936)
Net Book Value	56,061	(997)	-	55,064

	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>Birr'000</b>	<b>Birr'000</b>
<b>16 Investment</b>		
<b>16.1 Available for sale:</b>		
Unquoted equity investment – available for sale	162,628	121,175

The Company holds equity investments in the following entities;

	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>Equity investements</b>	<b>Equity investements</b>
Bank of Abyssinia	8,556	7,150
United Bank S.C.	13,758	12,433
Tsehay Industry	16,519	16,519
Dynamic micro finance	24,525	20,810
Birhan international bank s.c.	10,600	9,898
Ethiopian Reinsurance S.C.	23,731	20,760
Abay Industry development	6,892	6,075
Addis Africa Inter	530	530
Tsehay Bank	57,120	27,000
Capital Finance	398	-
	<b>162,628</b>	<b>121,175</b>

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.



**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

	30 June 2023 Birr'000	2022 Birr'000
<b>Loans and receivables:</b>		
16.2 Government securities held to maturity	57,698	44,070
<b>Gross amount</b>	57,698	44,070
Less individual allowance for impairment		
	<b>57,698</b>	<b>44,070</b>

The company acquires government bond bearing interest income of 9% per annum.

The interest bearing government bonds forms the mandatory statutory deposit in line with article 20 of insurance business proclamation 746/2012 The statutory deposit is calculated at 15% of the company's paid up capital.

	30 June 2023 Birr'000	2022 Birr'000
<b>17 Reinsurers' share of technical provisions</b>		
- Claims incurred but not reported	19,655	12,539
- Notified claims outstanding	231,776	186,280
- Unearned premium	90,476	82,003
<b>At end of year</b>	<b>341,907</b>	<b>280,822</b>

	30 June 2023 Birr'000	2022 Birr'000
<b>18 Deferred acquisition costs</b>		
At the start of the year	51,152	31,125
<b>At end of year</b>	<b>51,152</b>	<b>31,125</b>

	30 June 2023 Birr'000	2022 Birr'000
<b>19 Receivables arising out of reinsurance arrangements</b>		
Gross reinsurance receivables	234,916	142,867
Impairment provision	-	-
	<b>234,916</b>	<b>142,867</b>



**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

	<b>30 June 2023</b>	<b>2022</b>
	<b>Birr'000</b>	<b>Birr'000</b>
<b>20.1 Other receivables</b>		
Sundry debtors	15,787	13,005
Trade debtors	-	-
Prepayments	34,357	38,129
	<u>50,144</u>	<u>51,134</u>
<b>Gross amount</b>	<b>50,144</b>	<b>51,134</b>
<b>Maturity analysis</b>		
	<b>30 June 2023</b>	<b>2022</b>
	<b>Birr'000</b>	<b>Birr'000</b>
Current	50,144	51,134
Non- current	-	-
	<u>50,144</u>	<u>51,134</u>
<b>20.2 Other Assets</b>		
Wrecks Of Paid Claim	13,573	2,935
Supplies(Inventories)	3,872	1,368
	<u>17,445</u>	<u>4,303</u>
<b>21.1 Cash and cash equivalents</b>		
	<b>30 June 2023</b>	<b>2022</b>
	<b>Birr'000</b>	<b>Birr'000</b>
Cash in hand	12,523	1,295
Cash at bank	177,610	88,189
	<u>190,133</u>	<u>89,484</u>
<b>Maturity analysis</b>		
	<b>30 June 2023</b>	<b>2022</b>
	<b>Birr'000</b>	<b>Birr'000</b>
Current	190,133	89,484
Non- current	-	-
	<u>190,133</u>	<u>89,484</u>
For the purpose of the cash flow statement, cash and cash equivalents comprise of cash in hand, cash at bank, short term deposit with banks.		
<b>21.2 Deposits with Financial Institutions</b>		
	<b>30 June 2023</b>	<b>2022</b>
	<b>Birr'000</b>	<b>Birr'000</b>
Fixed Time Deposit	514,600	394,756
	<u>514,600</u>	<u>394,756</u>



**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

	<b>30 June 2023</b>	<b>2022</b>
	<b>Birr'000</b>	<b>Birr'000</b>
<b>22 Insurance contract liabilities</b>		
<b>Gross insurance contracts :</b>		
<b>Life Business</b>		
Claims reported and loss adjustment expense	-	-
<b>General Business</b>		
Claims reported and loss adjustment expense (Note 22.1)	454,965	361,041
Claims incurred but not reported IBNR (Note 22.2)	58,748	36,978
Unallocated loss adjustment expense (Note 22.3)	2,862	2,175
<b>Total insurance liabilities, gross</b>	<b>516,575</b>	<b>400,194</b>
<b>Recoverable from reinsurers</b>		
<b>Life Business</b>		
- Notified claims outstanding	-	-
<b>General Business</b>		
- Notified claims outstanding	(231,776)	(186,280)
- Claims incurred but not reported	(19,655)	(12,539)
- Unallocated loss adjustment expense	-	-
<b>Total reinsurers' share of insurance liabilities</b>	<b>(251,431)</b>	<b>(198,819)</b>
<b>Net Insurance contracts liabilities:</b>		
Claims reported and loss adjustment expense	223,189	174,761
Claims incurred but not reported IBNR	39,093	24,439
Unallocated loss adjustment expense	2,862	2,175
<b>Total insurance contract liabilities, net</b>	<b>265,144</b>	<b>201,375</b>
<b>Maturity analysis</b>		
	<b>30 June 2023</b>	<b>2022</b>
	<b>Birr'000</b>	<b>Birr'000</b>
Current	265,144	201,375
Non- current	-	-
	<b>265,144</b>	<b>201,375</b>
	<b>30 June 2023</b>	<b>2022</b>
	<b>Birr'000</b>	<b>Birr'000</b>
<b>22.1 Claims reported and loss adjustment expenses</b>		
<b>Life Business</b>		
Endowment	-	-
Term	-	-
Medical	-	-
<b>General Business</b>		
Fire	974	6,119
Motor	254,793	201,024
Marine	902	1,289
Workmens compensation	1,582	1,822
Liability	31,099	24,897
Pecuniary	142,680	83,256
Engineering	12,208	6,712
Accident	137	60
PVT	10,590	35,861
	<b>454,965</b>	<b>361,041</b>



**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

	30 June 2023 Birr'000	2022 Birr'000
<b>22.2 Claims incurred but not reported IBNR</b>		
Fire	2,626	1,526
Marine	1,253	897
Motor	38,202	23,327
Engineering	2,006	1,336
Pecuniary	3,607	2,437
Accident	268	117
Workmens compensation	523	582
Liability	4,469	3,609
PVT	5,794	3,147
	<b>58,748</b>	<b>36,978</b>
<b>22.3 Unallocated loss adjustment expense</b>		
Fire	31	46
Marine	17	15
Motor	1,656	1,238
Engineering	81	47
Pecuniary	749	441
Accident	4	1
Workmens compensation	13	15
Liability	200	161
PVT	111	211
	<b>2,862</b>	<b>2,175</b>
<b>23 Unearned premium reserve</b>		
<b>Life Business</b>	205	
<b>At 1 July</b>	-	
<b>Increase/Deacreat in Life Fund</b>	-	
<b>As at 30 June</b>	205	-
<b>General Business</b>		
Gross - Unearned premium reserv (Note 23.1)	512,083	312,773
<b>Unearned premium reserve, net</b>	<b>512,288</b>	<b>312,773</b>

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

\*\*The Life linsurance policies carried out an actuarial valuation to determine the actuarial liability for its life fund. While, the company has started the business on june/2022 and issues only one policy. As a result , its preffered to determine actuarial liability for the next year june,30,2023.





**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

	<b>30 June 2023</b>	<b>2022</b>
	<b>Birr'000</b>	<b>Birr'000</b>
<b>23.1 Unearned premium</b>		
Fire	19,227	14,207
Motor	380,556	188,867
Marine	5,118	7,458
Workmens compensation	3,372	3,577
Liability	35,416	31,026
Pecuniary	24,536	23,019
Engineering	8,218	11,285
Accident	1,757	1,246
PVT	33,882	32,088
	<b>512,083</b>	<b>312,773</b>
	<b>30 June 2023</b>	<b>2022</b>
	<b>Birr'000</b>	<b>Birr'000</b>
<b>24 Deferred commission income</b>		
At the start of the year	20,093	11,623
Net increase / (decrease)	651	8,470
<b>At end of year</b>	<b>20,744</b>	<b>20,093</b>
	<b>30 June 2023</b>	<b>2022</b>
	<b>Birr'000</b>	<b>Birr'000</b>
<b>25 Creditors arising from reinsurance arrangements</b>		
Creditors arising from reinsurance arrangements	219,452	122,409
	<b>219,452</b>	<b>122,409</b>
The carrying amounts disclosed above approximate fair value at the reporting date. All amounts payable on direct insurance business and assumed reinsurance business are payable within one year.		
	<b>30 June 2023</b>	<b>2022</b>
	<b>Birr'000</b>	<b>Birr'000</b>
<b>26.1 Other payables</b>		
<b>Other financial liabilities</b>		
Board remuneration payment	1,350	1,350
Dividend payable	6,508	4,115
Third party insurance payables	343	339
Commission payable	23,466	9,053
Bank Over Draft-United Bank	-1	2,043
	<b>31,666</b>	<b>16,900</b>
<b>Other non financial liabilities</b>		
Income tax payable	1,691	1,184
Pension fund payable	1,091	777
Withholding tax payable	456	611
Value added tax	2,565	1,344
Sundry creditors	7,433	6,034
Accrued expense	12,584	8,838
	<b>25,820</b>	<b>18,788</b>
<b>Other liabilities</b>	<b>57,486</b>	<b>35,688</b>
<b>26.2 Lease hold payable</b>	<b>39,199</b>	<b>40,599</b>
<b>Gross amount</b>	<b>96,685</b>	<b>76,287</b>
<b>Maturity analysis</b>		
	<b>30 June 2023</b>	<b>2022</b>
	<b>Birr'000</b>	<b>Birr'000</b>
Current	96,685	76,287
Non- current	96,685	76,287



**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

	30 June 2023 Birr'000	2022 Birr'000
<b>27 Defined benefit liability</b>		
<b>Defined benefits liabilities:</b>		
Severance pay Note 27(a)	5,664	4,067
<b>Liability in the statement of financial position</b>	<b>5,664</b>	<b>4,067</b>
<b>Income statement charge included in personnel expenses:</b>		
Severance costs Note 27(a)	1824	1,097
<b>Total defined benefit expenses</b>	<b>1,824</b>	<b>1,097</b>
<b>Remeasurements for:</b>		
Remeasurement (gains)/losses Note 27(a)	(226)	7
Deferred tax (liability)/asset on remeasurement gain or loss	(86)	2
	<b>(312)</b>	<b>8</b>

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

**Maturity analysis**

	30 June 2023 Birr'000	2022 Birr'000
Current		
Non-Current	5,664	4,067
	<b>5,664</b>	<b>4,067</b>

**27.1 Severance pay**

The Company operates an unfunded severance pay plan for its employees who have served the Company for 5 years and above and are below the retirement age (i.e. has not met the requirement to access the pension fund). The final pay-out is determined by reference to current benefit's level (monthly salary) and number of years in service and is calculated as 1 month salary for the first year in employment plus 1/3 of monthly salary for each subsequent in employment to a maximum of 12 months final monthly salary.

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

	30 June 2023 Birr'000	2022 Birr'000
<b>A Liability recognised in the financial position</b>	<b>5,664</b>	<b>4,067</b>
<b>B Amount recognised in the profit or loss</b>		
Current service cost	1,161	630
Interest cost	662	467
	<b>1,823</b>	<b>1,097</b>
<b>C Amount recognised in other comprehensive income:</b>		
Remeasurement (gains)/losses arising from changes in demographic assumptions	(226)	6
	<b>(226)</b>	<b>6</b>

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

	30 June 2023 Birr'000	2022 Birr'000

**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

	30 June 2023 Birr'000	2022 Birr'000
At the beginning of the year	4,067	2,964
Current service cost	1,161	630
Interest cost	662	467
Remeasurement (gains)/ losses	(226)	6
Benefits paid		
At the end of the year	5,664	4,067

The significant actuarial assumptions were as follows:

i) Financial Assumption Long term Average

	30 June 2023 Birr'000	2022 Birr'000
Discount rate (p.a)	14.30%	14.25%
Long term salary Increase rate (p.a)	10.30%	10.25%

ii) Mortality in Service

The rate of mortality assumed for employees are those according to the British A49/52 ultimate table published by the Institute of Actuaries of England. These rates combined are approximately summarized as follows:

Age	Mortality rate	
	Male	Female
20-24	0.11%	0.11%
25-29	0.11%	0.11%
30-34	0.11%	0.11%
35-39	0.13%	0.12%
40-44	0.19%	0.15%
45-49	0.33%	0.23%
50-54	0.60%	0.42%
55-59	1.04%	0.75%
60-64	1.72%	1.27%

iii) Withdrawal from Service

The withdrawal rates are as summarised below :

Age	Resignation rates per annum
Less than 20	15.00%
21-25	12.00%
26-30	6.00%
31-35	2.50%
36-40	1.80%
41-45	1.00%
Above 46	0.18%



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

**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

	<b>30 June 2023</b>				
	Scenario 1 Base	Scenario 2 Discount rate increased by 1%	Scenario 3 Salary rate increased by 1%	Scenario 4 Discount rate decreased by 1%	Scenario 5 Salary rate decreased by 1%
		Birr'000	Birr'000	Birr'000	Birr'000
Discount rate	14.30%	15.30%	14.30%	13.30%	14.30%
Salary rate	10.30%	10.30%	11.30%	10.30%	9.30%
<b>Net liability at start of period</b>	<b>4,067</b>	<b>4,067</b>	<b>4,067</b>	<b>4,067</b>	<b>4,067</b>
Total net expense recognised in income	1,823	2,229	2,229	2,229	2,229
Net increase recognised in other	(226)	(1,336)	(989)	(890)	(1,248)
<b>Net liability at end of period</b>	<b>5,664</b>	<b>4,961</b>	<b>5,307</b>	<b>5,406</b>	<b>5,048</b>

	<b>30 June 2022</b>				
	Scenario 1 Base	Scenario 2 Discount rate increased by 1%	Scenario 3 Salary rate increased by 1%	Scenario 4 Discount rate decreased by 1%	Scenario 5 Salary rate decreased by 1%
		Birr'000	Birr'000	Birr'000	Birr'000
Discount rate	14.25%	15.25%	14.25%	13.25%	14.25%
Salary rate	7.00%	7.00%	8.00%	7.00%	6.00%
<b>Net liability at start of period</b>	<b>4,067</b>	<b>4,067</b>	<b>4,067</b>	<b>4,067</b>	<b>4,067</b>
Total net expense recognised in income	1,097	2,229	2,229	2,229	2,229
Net increase recognised in other	6	(1,336)	(989)	(890)	(1,248)
<b>Net liability at end of period</b>	<b>5,170</b>	<b>4,961</b>	<b>5,307</b>	<b>5,406</b>	<b>5,048</b>

The current arrangements are unfunded with no pre-determined contributions. The Company however meets benefit payments on a pay- as-you-go basis.

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



**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

	30 June 2023	30 June 2022
	Birr'000	Birr'000
<b>28 Ordinary share capital</b>		
<b>Authorised:</b>		
<b>500,000: ordinary shares of Birr 1000 each</b>	<b>500,000</b>	<b>500,000</b>
<b>Issued and fully paid:</b>		
<b>Life Business</b>	<b>20,000</b>	<b>-</b>
<b>General Business</b>	<b>330,490</b>	<b>291,366</b>
<b>Ordinary shares of Birr 1000 each</b>	<b>350,490</b>	<b>291,366</b>
<b>Share premium</b>	<b>5,967</b>	<b>5,967</b>

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

	30 June 2023	30 June 2022
	Birr'000	Birr'000
<b>29 Retained earnings</b>		
At the beginning of the year	55,890	46,407
Profit/ (loss) for the year	92,440	52,534
Transfer to legal reserve	(9,244)	(5,253)
Transfer to board directors	(1,350)	(1,350)
Dividend paid	(10,958)	(9,231)
Dividend transfer to capital	(34,973)	(27,217)
<b>At the end of the year</b>	<b>91,805</b>	<b>55,890</b>

	30 June 2023	30 June 2022
	Birr'000	Birr'000
<b>29.1 Earning Per share</b>		
Profit after tax	92,440	52,534
Average number of shares during the year	332,924	286,322
Earning per share	28%	18%



**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

	30 June 2023 Birr'000	30 June 2022 Birr'000
<b>30 Legal reserve</b>		
At the beginning of the year	23,445	18,192
Transfer (from) / to retained earnings	9,244	5,253
At the end of the year	<b>32,689</b>	<b>23,445</b>
	30 June 2023	30 June 2022
	Notes	Birr'000
<b>31 Cash generated from operating activities</b>		
Profit before tax	102,279	56,583
<b>Adjustments for non- cash items:</b>		
Depreciation of property, plant and equipment	9,734	7,648
Post employment benefit expense	8,658	6,306
Finance costs - net	4,982	4,637
Gain/(Loss) on disposal of property, plant and equipment	-	-
Actuarial gain or loss	220	(6)
<b>Change in operational assets:</b>		
-Decrease/ (Increase) in other receivables and other assets	(12,152)	(2,724)
-Decrease/ (increase) in deferred acquisition cost	(20,679)	(8,666)
-Decrease/ (increase) in receivables arising out of reinsurance arrangements	(104,201)	(36,062)
-Decrease/ (Increase) in reinsurers' share of technical provisions and reserv	(61,085)	(37,295)
<b>Change in operational liabilities:</b>		
-Increase/ (decrease) in other liabilities	21,798	9,435
-Increase/(decrease) in creditors arising from reinsurance arrangements	97,043	61,617
-Increase/(decrease) in insurance contract liabilities	116,381	45,511
-Increase/(decrease) in unearned premium reserve	199,515	87,327
-Increase/(decrease) in deferred commission income	651	8,470
-Increase/(decrease) in deferred Tax Liability	(6,233)	(1,905)
-Increase/(decrease) in Other Comprehensive Income	503	282
	<b>357,415</b>	<b>201,159</b>

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



**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

	30 June 2023	30 June 2022
	<b>Birr'000</b>	<b>Birr'000</b>
Proceeds on disposal	-	-
Net book value of property, plant and equipment disposed (Note 14)	-	-
Gain/(loss) on sale of property, plant and equipment	-	-

**32 Related party transactions**

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

**32.1 Transactions with related parties**

**32.2 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 2023.

	30 June 2023	30 June 2022
	<b>Birr'000</b>	<b>Birr'000</b>
Salaries and other short-term employee benefits	900	900
Post-employment benefits	9	9
Representation allowance	-	-
Other expenses	-	-
	<b>909</b>	<b>909</b>



**TSEHAY INSURANCE S.C**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**33 Directors and employees**

i) The average number of persons (excluding directors) employed by the Company during the year was :

	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>Number</b>	<b>Number</b>
Professionals and High Level Supervisors	185	193
Semi-professional, Administrative and Clerical	97	87
Technician and Skilled	44	37
	<b>326</b>	<b>317</b>

ii) The table below shows the number of employees (excluding directors), emoluments in the year and were within the bands stated.

	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>Birr'000</b>	<b>Birr'000</b>
<b>Birr</b>		
Less 10,000	139	162
10,000 - 30,000	142	133
30,001 - 50,000	29	17
50,001 - 100,000	12	4
Above 100,000	1	1.00
	<b>323</b>	<b>317</b>

**34 Contingent liabilities**

The Company has no contingent liabilities as at the date of this report. (30 June 2023: nil , 1 July 2021 starting from july/2021)

	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>Birr'000</b>	<b>Birr'000</b>
Lease Payment form july/2021- to- sep/2049	1,340	1,340
<b>Total</b>	<b>1,340</b>	<b>1,340</b>

**37. 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 2023 and on the profit for the period ended on that date, which have not been adequately provided for or disclosed.







*Partial View of the 11<sup>th</sup> Annual General Meeting*



*Management Meeting*



*Safety Driving Training for Client*



*Sales Agent Refreshment Training*

## Head Office Telephone Number

OFFICES		TELEPHONE	FAX	P.O.Box
Office of the Chief Executive Officer		+251 116 50 66 30	+251-111-11 98 86	561440
Deputy Chief Executive Officer- Operations		+251 111 26 28 23		
Marketing & Business Development Department	Executive Officer	+251 116 50 66 32		
	Division Manager	+251 116 50 66 37		
Finance Department	Executive Officer	+251 116 26 33 66		
	Financial Accounting Division manager	+251 111 26 38 60		
	Disbursement and investment Division manager	+251 116 50 70 67		
	Cashier	+251 111 11 97 68		
Claims Department	Executive Officer manager	+251 116 50 75 90		
	Corporate Customer Motor Division	+251 116 50 79 79		
	Individual Customer Motor division	+251 116 50 74 60		
	3rd Party and TPR Collection Division	+251 116 50 64 62		
	Recovery Yard & Salvage Management	+251 114 62 96 47		
	Outline & Non Motor Claims Division	+251 111 26 39 94		
Life Assurance Department	Executive Officer	+251 116 66 28 34		
Underwriting & Branch Operations Department	Executive Officer	+251 116 50 7338		
	Division Manager	+251 111 50 78 86		
HRD & Property Management Department	Executive Officer	+251 116 50 66 39		
	Division Manager	+251 111 11 96 49		
Internal Audit & Inspection Department	Executive Officer	+251 116 67 28 36		
		+251 116 68 50 75		
ICT Department	Executive Officer	+251 116 50 66 33		
Engineering Service	Manager	+251 118 78 75 62		
Legal Service	Manager	+251 111 66 39 18		
		+251 116 66 54 56		
Re-Insurance Service	Manager	+251 116 50 66 35		
Risk Management & Compliance Service	Manager	+251 116 66 28 89		
Reception		+251 111 11 96 43		
		+251 111 11 97 71		
		+251 111 11 98 27		

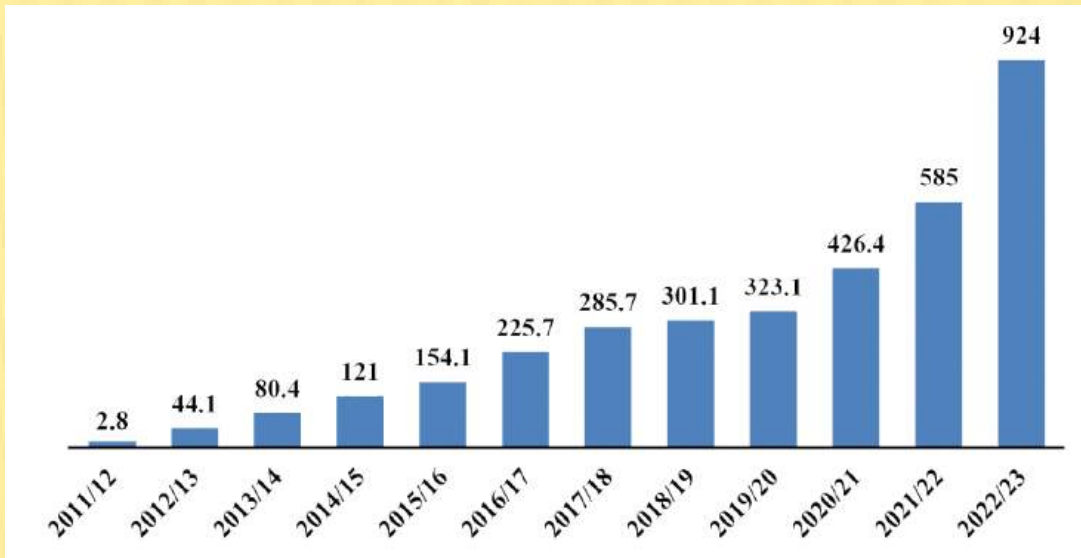
## Addis Ababa Branches

S.N	Branches	Location	Telephone	Fax
1	Theodros	Haron Bldg, Theodros Square	+251-111-55 97 76	+251-111-55 99 63
2	Hayahulet	H & M Bldg, Hayahulet Mazoria	+251-116-18 95 69	+251-116-18 99 02
3	Merkato	Yengat Birhan Commercial Center, Merkato	+251-118-96 29 85	+251-112-13 03 79
4	Kera	Diplomat Bldg, Kera around Genet Hotel	+251-115-52 02 04	+251-115-52 01 81
5	Beklobet	Meaza Desaleg building in front of Global Hotel, Beklobet	+251-114-67 09 25	+251-114-67 10 69
6	Sumale Tera	Hulu Alem Trade Center, Sumale Tera	+251-111-26 21 40	+251-111-26 21 27
7	Legehar	Yiha Business Center, Legehar	+251-115-58 04 74	+251-115-58 04 01
8	Bole	Berhane Adere Africa Mall, Bole Medhanialem	+251-116-72 53 81	+251 116 83 2019
9	Kality	ZH Building - around kality square, Kality	+251-114-70 81 47	+251-114-70 81 23
10	Lideta	Dashin Bank Bldg, in front of Lideta Church	+251-115 57 52 04	+251 115 57 52 05
11	Goffa	Sofia Mall, around Goffa square	+251 114 70 59 29	+251 114 70 68 17
12	CMC	Around St. Michael Church, CMC	+251-116 67 64 18	+251-116-67 61 70
13	Arat Killo	Denver Hotel Bldg., Around Berhanena Selam Printing Enterprise, Arat Kilo	+251-111-26 34 89	+251-111-26 38 14
14	Lebu	Abtam Center., around Varniero Square, Lebu	+251-114-62 55 74	+251-114-62 50 15
15	Wollo Sefer	Nudi Building in front of Wengelawit Building, Wollo Sefer	+251-114-70 16 64	+251-114-70 26 99
16	Main	Bole Bridge in front of Brass Hospital, Bole	+251-116-50 77 98	+251-111-11 98 86
17	Addis Ketema	Mamanda Commercial Center In front of Atobes Tera, Addis Ketema	+251-112-31 42 52	+251112 31 42 20
18	Gerji	In front of yekatit paper, Gerji Mebrat haile.	+251-116-39 55 84	+251-116-39 53 13
19	Addisu Gebeya	Jambo Building, Addisu Gebeya	+251 111 54 77 78	+251 111 54 65 09
20	Sar Bet	Beside to Adams Pavilion Building, Sar bet	+251 113 69 21 70	+251 113 69 27 90
21	Figa	In front of Z Addis Hotel, Beside to Figa Traffic light	+251 116 68 32 16	+251 116 66 18 80
22	Gulele	Tenaw building, in front of Medhanialem Preparatory School, Gulele	+251 112 73 73 58	+251-112 73 77 16
23	Ayer Tena	Zewditu building beside to Sami Cafe, Ayer Tena	+251 113 69 42 40	+251 113 69 43 87
24	Bole Bulbula	Kidus Buzayehu Commercial Around 93 Mazoriya, Bole Bulbula	+251 114 62 87 87	+251 114 62 94 00
25	Kazanchis	Around Elilly Hotel, Kazanchis	+251 115 58 69 24	+251 115 58 95 20

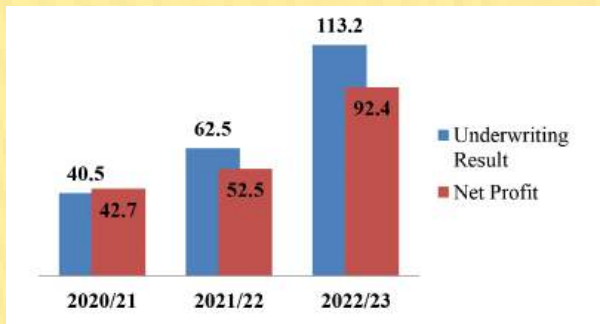
## Reginal Branches

S.N	Branches	Location	Telephone	Fax
1	Bahir Dar	Dashin Bank Bldg, Bahir Dar	+251-582- 20 13 39	+251-582- 20 13 42
2	Adama	Bedewi Bldg, Adama	+251-221- 11 22 25	+251-221- 12 77 98
3	Dessie	Seid Yasin Comm. Center, Dessie	+251-333-12 00 05/07	+251-333-12 00 00
4	Hawassa	Getahun Mereke Bldg, Hawassa	+251-462-12 45 55	+251-462-12 48 06
5	Debre Markos	Debre Markos Gozamin Hotel	+251-581-78-45-15	+251-581-78-34-24
6	Dire Dawa	Dire Dawa Dashen Bank Bldg, Kezira	+251-252 11 58 79	+251-252- 11 20 57
7	Mekelle	Hawzen Square, beside Post Office Bldg, Mekelle	+251-342-41 64 55	+251-342-41 64 87
8	Gondar	Walya Trade PLC Bldg., around Meskel Square, Gondar	+251-582-11 18 68	+251-582-11 33 52
9	Debre Birhan	Near to Mohammed Multiplex, D/Birhan	+251-116-37 54 54	+251-116-37 61 70
10	Arba Minch	Sikela, In front of Tourist Hotel, Arba Minch	+251 461 81 02 19	+251 461 81 02 26
11	Jimma	In front of Menahariya, Jimma	+251 472114787	+251-472-11 2378
12	Injibara	Gezahagn buliding near to Menahariya, Injibara	+251-582-27 554 1	+251-582-27 5470

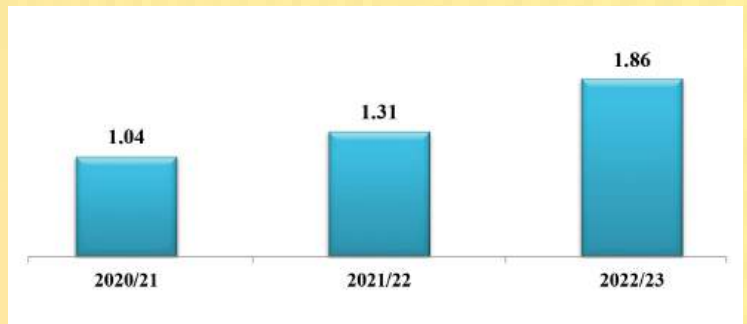
## GWP in Million Birr



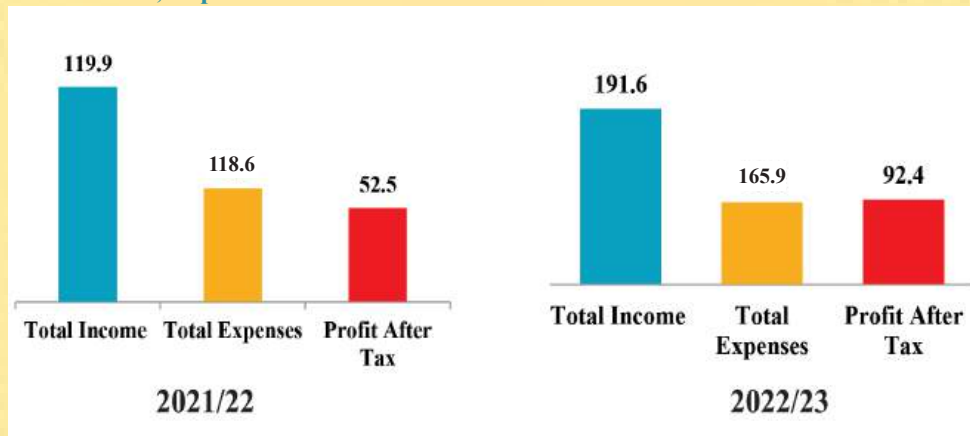
## Net Profits & Underwriting Result



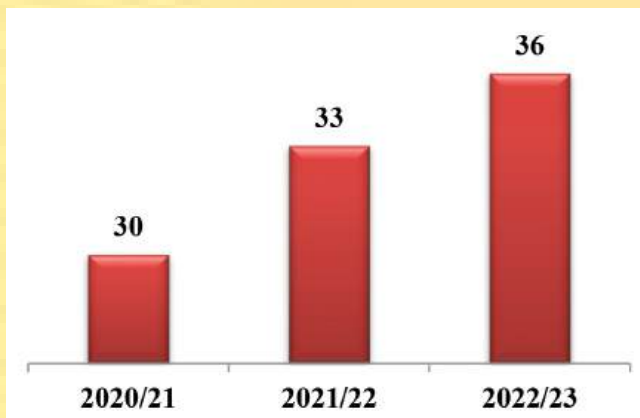
## Total Assets (In Billions Birr)



## Incomes, Expense & After-tax Profit



## Number of Branches



## Number of Staff (Including Contract Employees)





**HEAD OFFICE ADDRESS:**

**Bole Bridge, In Front Of Brass Hospital**

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**+251 116 50 66 32/37/38**

**Fax:- + 251 111 11 98 86**

**P.O.Box: 56144**

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**Email: [Officemail@tsehayinsurance.com](mailto:Officemail@tsehayinsurance.com)**