



C O N T E N T S

2	Synopsis of the Company
7	Chairperson's Statement
9	CEO's Remark
10	Report of the Board of Directors
17	Auditors' Report



Berhan Insurance S.C.

SYNOPSIS OF THE COMPANY

Berhan Insurance S.C is one of the private insurance companies operating in the Ethiopian insurance market. It was established on October 30, 2010 with a paid up capital of Birr 9.7 Million, under proclamation No. 86/1994 by the initiation of Berhan Bank S.C and through the investment of 455 visionary founders to engage in non-life /general/ insurance business. Currently, the number of shareholders reached over 1,700 and the paid up capital as at 30th June 2023 was Birr 258.3 million. Its Head Quarter is situated in Addis Ababa Bole Road Wello Sefer Round About on Garad City Center 7th Floor.

Since it became operational on June 1, 2011, Berhan Insurance S.C is dedicated to deliver quality insurance solutions to its customers through its 32 business channels (30 full-fledged branch offices and two contact office), out of which 20 of them are located in the capital and the remaining 12 are situated in economically vibrant regional towns.

Strategic Foundations of the Company



To become an “Insurance Company of popular choice.”



To provide insurance service to the public in a professional way & satisfy all stakeholders.



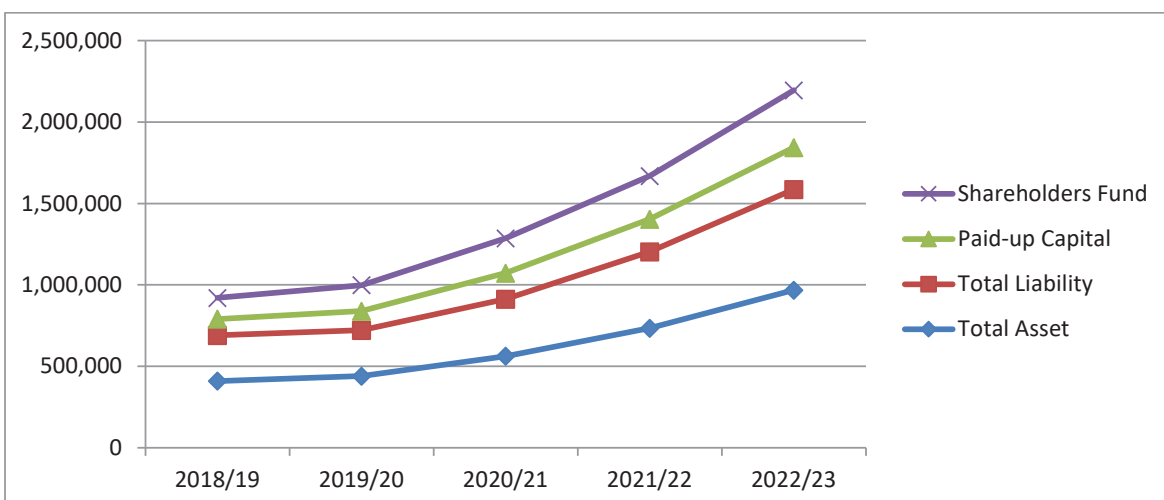
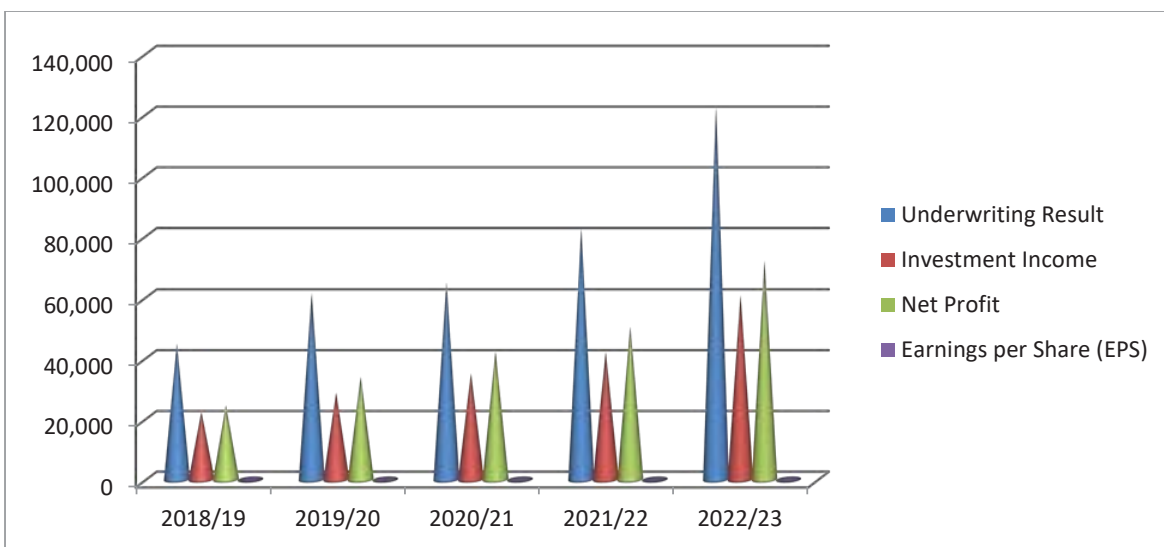
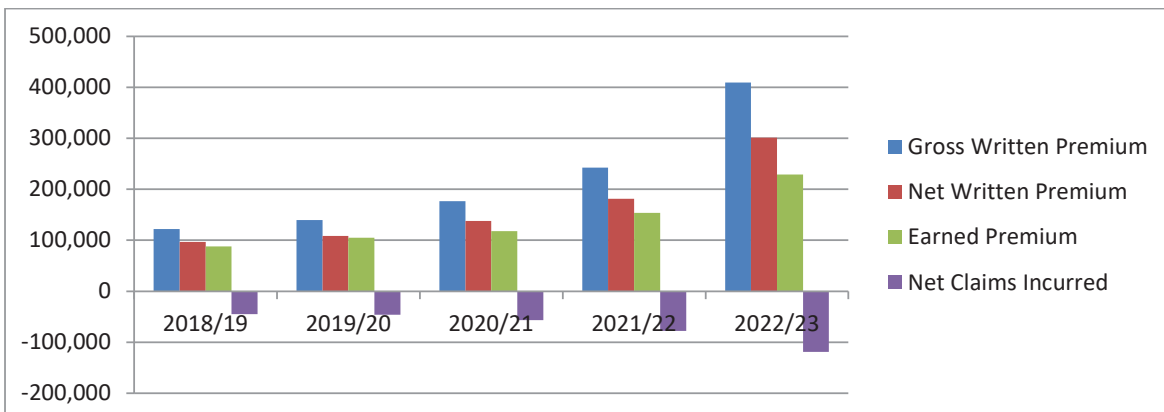
Integrity, Honesty, Transparency, Efficiency, Good Governance, Result-Oriented Service & Non-Discrimination.

A table depicting key performance indicators that describe the company's progressive performance for the last five consecutive budget years.

In '000 Birr

Parameters	2018/19	2019/20	2020/21	2021/22	2022/23
Gross Written Premium	121,860	139,820	176,350	242,585	409,269
Net Written Premium	96,672	108,475	137,622	181,274	301,185
Earned Premium	88,039	105,098	118,036	153,639	229,097
Net Claims Incurred	(44,607)	(45,727)	(56,327)	(77,722)	(118,753)
Underwriting Result	44,821	61,448	65,027	82,715	122,732
Investment Income	22,393	28,610	34,996	42,106	60,812
Net Profit	24,423	33,840	42,261	50,406	71,978
Total Asset	410,034	440,451	562,975	734,570	968,319
Total Liability	280,468	281,561	349,600	469,280	617,635
Paid-up Capital	100,000	117,676	160,311	199,875	258,254
Shareholders Fund	129,567	158,890	213,316	265,291	350,684
Earnings per Share (EPS)	24%	29%	28%	26.02%	29.27%
Average EPS	27.26 %				

The last five consecutive budget years' average earning per Share (EPS) was 27.26 % which was the best return on investment. The 29.27% EPS in the period under discussion was also encouraging because it was achieved in the presence of various economic and industry specific challenges.



BOARD OF DIRECTORS



Dr. Salehu Anteneh
V/Chairman



Ato Addisu Demissie
Chairman



Ato Girum Tsegaye
Director



Ato Sibilu Bodja
Director



W/ro Melkrist Hailu
Director



W/ro Yimenashu Kassahun
Director



W/ro Zewede Belachew
Director



Ato Tesfa Tadese
Director



Ato Haile Nuru
Director

MANAGEMENT TEAM



Ato Admassu Zerihun
CEO



Ato Alemayehu Tefera
*Advisor to Board of Directors
& CEO*



Ato Siblu Ayele
*D/CEO Strategy & Corporate
Service*



W/ro Rediet Baye
*D/CEO, Underwriting &
Reinsurance Operations*



Ato Girum Teferi
*Manager, Engineering
Department*



Ato Getinet Aweke
*Manager, Marketing & BD
Department*



Ato Hailye Gerawork
*(Manager, UW, Reinsurance &
Br. Operations Department)*



Ato Natnael Hailu
*Manager, Finance & Investment
Department*



Ato Yohannes Sileshi
*Manager, HR & Property
Administration Department*



Ato Yoftahe Mekonnen
Manager, IT Department



Ato Kassahun Bogale
*(Manager, Internal Audit
Department),*



Ato Samuel Ayele
Manager, Legal Service



W/ro Yetinayet Asegid
Manager, Risk & Compliance Service

Chairperson's Statement

On behalf of the Board of Directors and myself, it is my pleasure and privilege to welcome you all to the 12th Annual Ordinary and the 4th Extra Ordinary General Meeting of Shareholders.

The detailed report on the performance of the 2022/23 budget year is presented in the Directors' Report and the Audited Financial Statements appended thereto. My statement highlights the major ones.

Despite numerous local and global challenges faced during the budget year under review, including but not limited to shortage of foreign currency, escalation of fuel price, political instability, sluggish economy and a very high inflation rate that caused an exorbitant rise in operational and administrative expenses, our company registered a record high profit before tax of birr 78.3 million. The net profit after tax also showed growth of 42.7% and reached Birr 71.9 million at the end of the budget year. The Earning Per Share (EPS) was 29.27%, showing a 3.25% upsurge compared to 26.02% of the preceding year.

It is essential to note that inconsistent premium ratings have led the insurance industry to mostly generate profit only from investment rather than its operation. This must be carefully considered by all players of the industry and in order to survive, the market need to come up with long lasting, sustainable and workable solution.

During 2022/23 budget year, the insurance industry's non-life gross written premium grew by 41.3%. Our company's achieved a record high growth of 69.6% which is well above the industry's growth and a remarkable accomplishment over its twelve years' journey.

Our paid-up capital as at June 30, 2023 reached Birr 258.3 million, showing a rise of Birr 58.4 million (29.2%) from the previous budget year. I am also delighted to report that, total asset of our company as at June 30, 2023 was Birr 968.3 million showing an increase of 31.8% over that of last year result of Birr 734.6 million. Total liabilities of the Company reached at Birr 617.7 million showing an increase of 31.6% as compared to the previous year which was Birr 469.3 million.

During the up-coming budget year, our major emphasis will be implementing life assurance and IT projects, investing in real estate, finalizing warehouse construction, and raising the company's capital and work on the improvement of the overall company's activities.

Finally, I would like to express my heartfelt gratitude to the National Bank of Ethiopia, the most valued customers of our company, Berhan Bank, Reinsurers, Intermediaries and the staff and management of the company. I also thank my colleagues on the Board of Directors for their unreserved dedication in discharging their responsibilities in a professional manner.

Dear esteemed shareholders, in accordance with article 394 and 426 of the Commercial Code of Ethiopia (2021) and Article 3 of the Company's Article of Association, I humbly submit to you the Audited Financial Statements and the Annual Report for the year ended June 30, 2023 for your kind consideration and approval.

Thank you!

Addisu Demissie

Chairperson of Board of Directors and Annual Shareholders General Meeting

CEO's Remark

Although the introduction of modern insurance service in Ethiopia had a long history, the Ethiopian insurance industry is still at a very infant stage. As confirmed by different scholars, there were 33 insurance companies operating in the Ethiopian insurance industry in 1960. However, only 18 insurance companies and one reinsurance company are currently providing insurance and reinsurance services in the country. Moreover, the insurance penetration rate of Ethiopia is still less than 1% which is by far below the average penetration rate in Africa. This clearly shows that all the industry players need to work in collaboration to improve the performance of the insurance industry so that the contribution of the insurance sector for the country's GDP will increase.

During the reporting period, the gross written premium in the Ethiopian insurance industry reached about 22 billion which is considered to be the best performance compared with the previous periods' performance. Registering such promising growth, while being challenged by multi-faceted problems, is an indication of the industry's potential for growth. Hence, if all the industry players are committed and work in collaboration with strong professional ethics for the growth of the insurance industry, the Ethiopian insurance industry with no doubt will become one of the best performing insurance industries in Africa.

Our company, being one of the youngest insurance companies in the Ethiopian insurance industry, has shown progressive growths for the past twelve years. Despite the challenges affecting the performance of the insurance industry during the 2022/23 budget year, our company has also registered a very promising performance. The Gross Written Premium during the reporting period was Birr 409.3 million which is 69.60% growth compared with the last year same period. Moreover, a gross profit of Birr 78.3 million which is 46.4% growth compared with the previous budget year. The continuous increase in the price of spare parts; the increase in the price of fuel; the highest car accident rate in the country; shortage of foreign currency and other impacts of country specific and the world political and economic challenges are the major factors affecting the performance of the insurance industry as well as that of our company too. I believe that overcoming all such challenges and registering the net profit mentioned above is a great achievement for the company and we will strive for more successes in the years to come.

During the reporting period, five additional branches and two contact offices were opened increasing the total number of business outlets to 32 including the upgrading of Arba Minch contact office to a full-fledged branch office. Accordingly, 4 branches in Addis Ababa and 1 branch & 2 contact offices in economically vibrant towns of the country were opened so as to enhance the accessibility of the company across the nation.

As at the close of the reporting budget year, the total number of permanent workforce has reached 236 showing growth from time to time following the expansion of branches and the growth of the company. The company has also maintained its exemplary practice as fair and equal opportunity employer. The gender composition of the workforce indicates that women employees cover 59.30% which witnesses the company's gender sensitivity in work force recruitment. With respect to capacity building, the company has been focusing on human resource development program and has given different short term and long term trainings and refreshment courses to staff working at different levels.

During the current budget year, all preparations are finalized to provide life and worldwide travel insurance services; the construction of warehouse at the company's recovery yard will be finalized; all preparations are finalized to sign an agreement with a vendor for the development of Integrated Insurance Management Information System (IIMIS); the purchase of the company's head quarter will also be one of the major plans to be given priority.

Finally, I would like to present my heartfelt thanks to the regulators; customers of the company; shareholders of the company; Board of Directors for their valuable strategic guidance; government bodies; insurance intermediaries; reinsurers; different service providers; insurance companies; management of the company for their fruitful leadership and other employees of the company for their dedication and commitment for the success of the company.

Thank You,

Admassu Zerihun

Chief Executive Officer

Report of the Board of Directors

The Board of Directors of Berhan Insurance S.C is pleased to present hereby the annual performance report of the Company based on audited Financial Statements for the budget year ended 30th June, 2023 to the 12th Annual General Meeting of shareholders as follows.

1. Economic Overview

1.1 Global Economy

Global growth is projected to fall from an estimated 3.5 percent in 2022 to 3.0 percent in both 2023 and 2024. While the forecast for 2023 is modestly higher than predicted in the April 2023 World Economic Outlook (WEO), it remains weak by historical standards. The rise in central bank policy rates to fight inflation continues to weigh on economic activity. Global headline inflation is expected to fall from 8.7 percent in 2022 to 6.8 percent in 2023 and 5.2 percent in 2024. Underlying (core) inflation is projected to decline more gradually, and forecasts for inflation in 2024 have been revised upward.

In most economies, the priority remains achieving sustained disinflation while ensuring financial stability. Therefore, central banks should remain focused on restoring price stability and strengthen financial supervision and risk monitoring. Countries should build fiscal buffers, with the composition of fiscal adjustment ensuring targeted support for the most vulnerable. Improvements to the supply side of the economy would facilitate fiscal consolidation and a smoother decline of inflation toward target levels. (IMF, World Economic Outlook, July 2023)

1.2 Ethiopian Economy

GDP is projected to grow by 5.8% in 2023 and 6.2% in 2024, driven by industry, private consumption, and investment. The peace dividend, rebounding tourism, and prospect of liberalizing more sectors are expected to boost the growth outlook. Inflation is projected to decline to 28.1% in 2023 and 20.1% in 2024, following the peace dividend. The fiscal deficit is projected to grow to 3.1% in 2023 and 2.5% in 2024 due to the expected increase in government revenue driven by domestic resource mobilization improvements, implementation of the fiscal consolidation strategy, and resumption of donor inflows. The current account deficit is expected to narrow to 3.7% of GDP during 2023–24 as merchandise and service exports and foreign direct investment rise and

imports of capital inputs continue to decline. Headwinds include interethnic conflicts in different parts of the country, drought, debt vulnerabilities, and the impact of Russia and Ukraine war. (African Economic Outlook (AEO) 2023)

2. Ethiopian Insurance Industry

During the year under review, Ethiopian insurance industry's total GWP reached birr 22.991 billion. The premium generated by life insurance constituted only 5.96% while the remaining 94.04% accounted for non-life insurance businesses; the latter was where our company scrambled for its share with the other 17 insurers in the country. Against the previous year same period, this year's premium of non-life and life businesses showed growth of 41.3% and 8.9%, respectively.

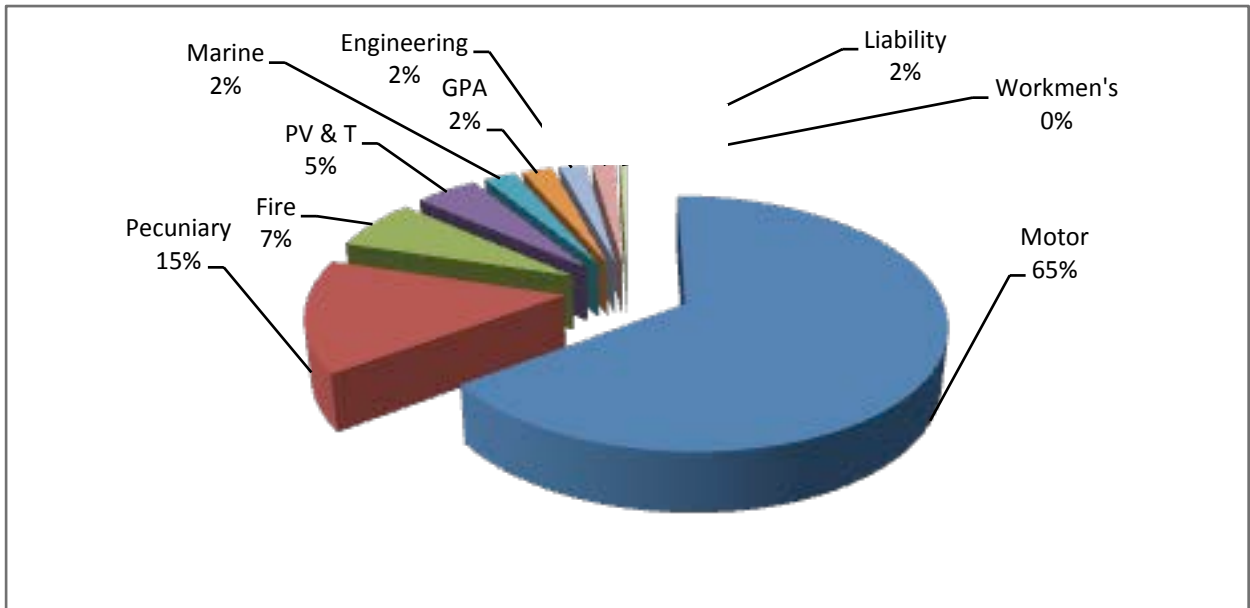
3. Operational and Financial Performance

3.1 Gross Written Premium (GWP)

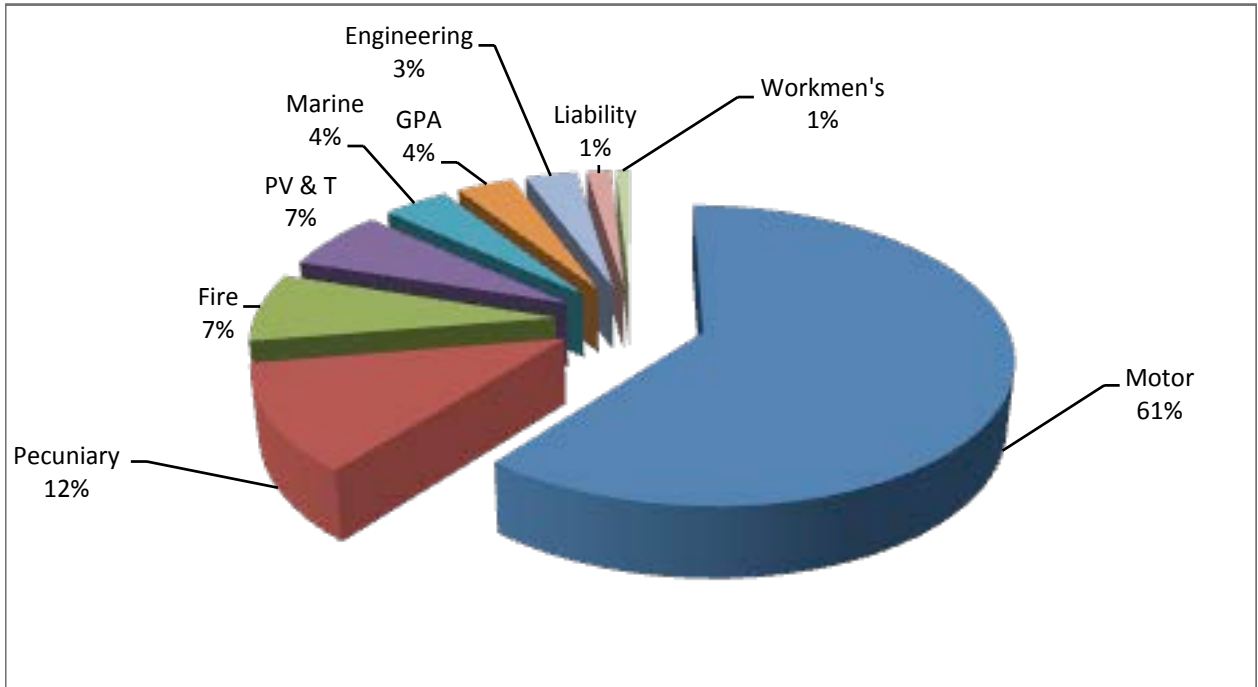
Gross Written Premium of the Company for the year ended June 30, 2023 saw a record growth rate of 69.6% and reached to Birr 409.3 million. When we look at portfolio mix of the budget year, 65% of the premium income was generated from Motor class of business and the remaining 35% shared by other Non-Motor classes of business. Albeit the portfolio mix was dominated by Motor class of business, the underwriting result had been encouraging. As compared to last year same period, except Marine, all classes of business registered growth with the highest growth scored by Motor class of business.

GROSS WRITTEN PREMIUM BY CLASS OF BUSINESS (In '000)							
No	Class of business	ACTUAL				Growth	
		2022/23		2021/22		Amount	%age
		Amount	% share	Amount	% share		
1	Motor	265,914	65%	147,464	61%	118,450	71%
2	Pecuniary	59,965	15%	28,274	12%	31,691	19%
3	Fire	27,307	7%	18,293	8%	9,014	5%
4	PV & T	19,256	5%	15,998	7%	3,258	2%
5	Marine	9,882	2%	10,044	4%	(162)	0%
6	GPA	9,338	2%	8,757	4%	581	0%
7	Engineering	8,167	2%	7,968	3%	199	0%
8	Liability	7,332	2%	3,755	2%	3,577	2%
9	Workmen's	2,109	1%	2,033	1%	76	0%
Total		409,270	100%	242,585	100%	166,685	69%

2022/23



2021/22



3.2 Net Claims Incurred and Net Claims Ratio

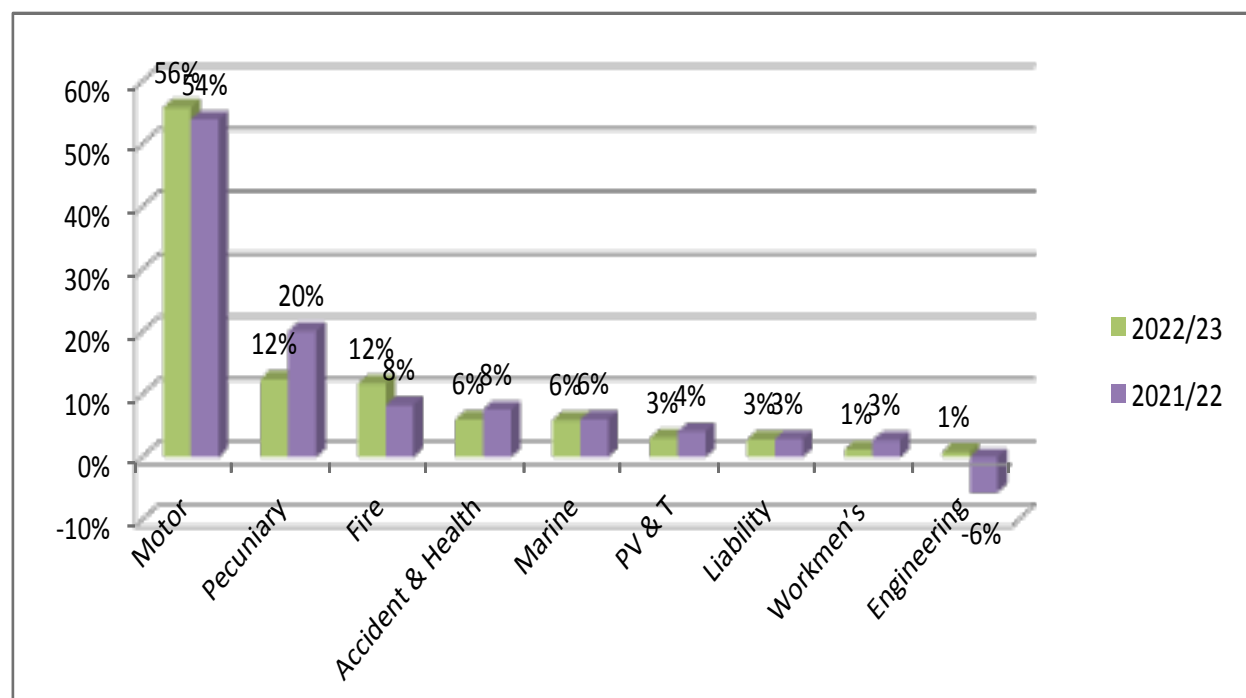
Net claims incurred for the year ended June 30, 2023 was Birr 118.7 million. And the net claims ratio for all classes of business was 52% as at June 30, 2023 which was very low and remarkable as compared to the industry average. The company will exercise its efficiency and effectiveness both in underwriting and claims in order to provide high quality customer service and maintain its profitability from its core business.

LOSS RATIO BY CLASS OF BUSINESS							
No	Class of business	2022/23 ('000)		Ratio	2021/22 ('000)		Loss Ratio
		Net Earned premiums	Net Claims Incurred		Net Earned premiums	Net Claims Incurred	
1	Liability	3,058	(191)	-6%	2,343	229	10%
2	Marine	6,929	(413)	-6%	5,033	169	3%
3	Fire	11,284	(109)	-1%	7,871	2,565	33%
4	Workmen's	2,082	502	24%	1,897	(415)	-22%
5	Accident & Health	8,709	2,276	26%	6,832	1,053	15%
6	Pecuniary	13,139	5,336	41%	15,115	1,852	12%
7	Motor	177,258	105,880	60%	109,248	62,650	57%
8	Engineering	5,730	4,545	79%	4,815	9,416	196%
9	PV & T	908	926	102%	485	203	42%
Total		229,097	118,752	52%	153,639	77,722	51%

3.3 Underwriting Result (Operational Profit)

The company registered birr 122.7 million profit from operation showing growth rate of 48.4% from the preceding year's performance. All classes of business registered positive result. This encouraging result was achieved due to the application of prudent underwriting practice and efficient claims management. Since underwriting surplus is a direct result of company's core business, it indicates the efficiency and effectiveness of BIC's overall operation related activities.

UNDERWRITING RESULT BY CLASS OF BUSINESS (In '000 Birr)					
No	Class of Business	ACTUAL			
		2022/23	2021/22	2022/23	2021/22
		Amount	Amount	% share	% share
1	Motor	68,513	44,603	56%	54%
2	Pecuniary	15,313	16,660	12%	20%
3	Fire	14,416	6,837	12%	8%
4	Accident & Health	7,363	6,257	6%	8%
5	Marine	7,253	4,986	6%	6%
6	PV & T	3,767	3,397	3%	4%
7	Liability	3,534	2,409	3%	3%
8	Workmen's	1,516	2,218	1%	3%
9	Engineering	1,057	(4,653)	1%	-6%
Total		122,732	82,715	100%	100%



3.4 Investment

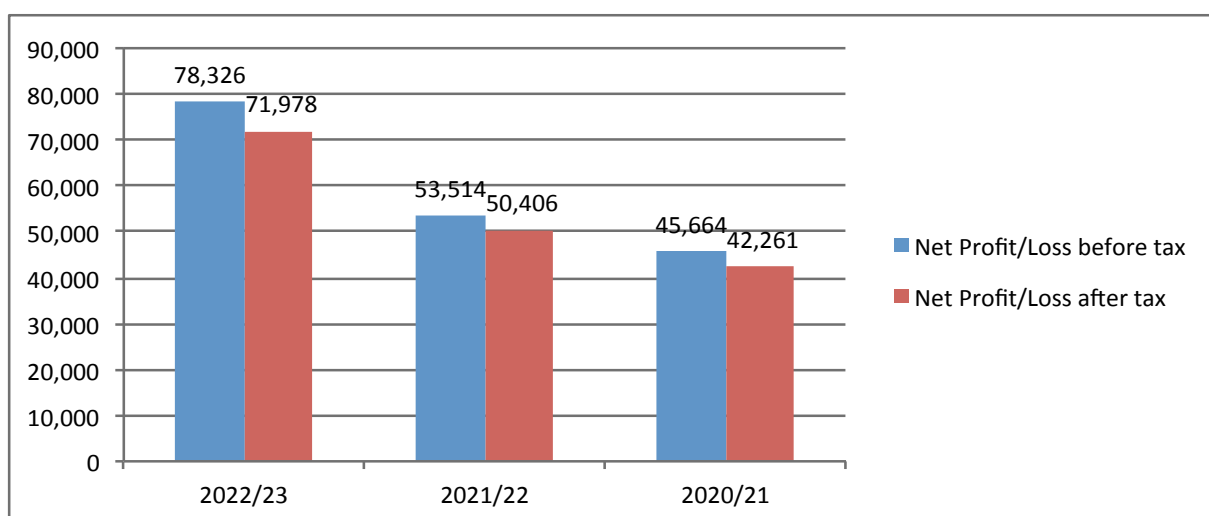
The company paid utmost attention to monitor its cash flows and implement investment income management strategies throughout the year to ensure that investment returns are maximized while maintaining adequate cash to meet its operating expenses and claims obligations. Investment in Berhan Bank S.C and Ethio-Re S.C in the form of equity investment reached birr 42.2 million and 12.6 million, respectively. The amount of fixed-time deposit as at June 30, 2023 was birr 384.2million. The budget year that ended on June 30, 2023 yielded birr 60.8 million income from investment displaying a very remarkable rise of 44.4%.

3.5 Expenses

During the budget year, the total General and Administrative Expenses of the Company was Birr 105.8 million which is more than last year's figure of Birr 73.5 million by 43%. The continuous increase of inflation, branch expansion, rise in number of employees & the increment of office rent were the major contributors for the escalation of the overall expense.

3.6 Profit

The budget year that ended on June 30, 2023 yielded an astonishing net profit before tax of birr 78.3 million depicting a very remarkable rise of 46.4% as compared to birr 53.5 of the preceding budget year. The net profit after tax for the year stood at birr 71.9 million.



3.7 Earnings per Share (EPS)

In the period under review, the company registered EPS of 29.27% showing growth as compared to 26.02% of the preceding year.

4. Statements of Financial Position

4.1 Assets

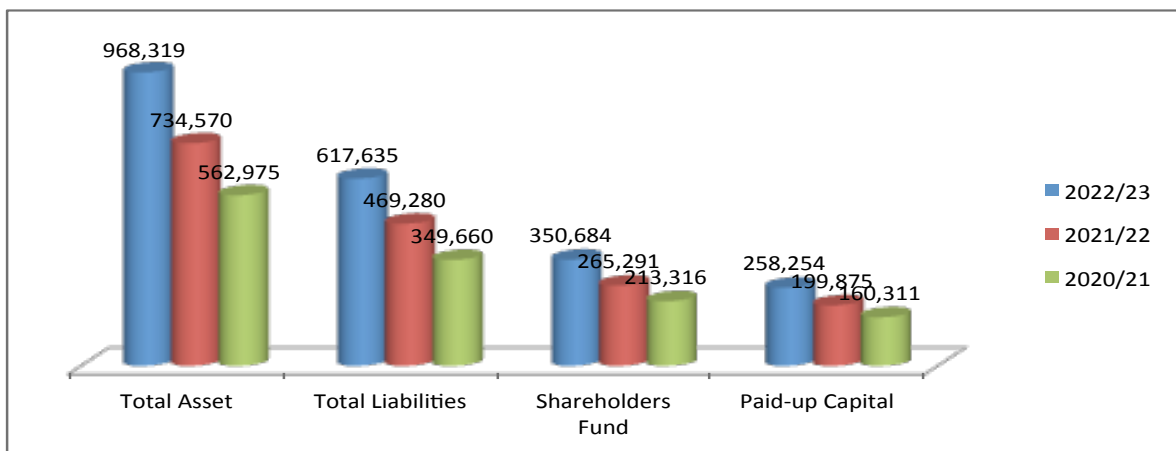
The balance sheet as at June 30, 2023 indicates that the total assets of the Company stood at Birr 968.3 million showing an increase of 31.8% over last year similar period of Birr 734.6 million.

4.2 Liabilities

The total liabilities of the Company reached at Birr 617.7 million showing an increase of 31.6% as compared to the previous year which was Birr 469.3 million.

4.3 Equity Capital

The Company's total equity capital as of June 30, 2023 is Birr 350.6 million, which is higher than last year same period amount by Birr 85.3 million or 32.2%



5. Human Resource Development

The company recognizes its human capital as the most valuable asset and strives to continually enhance its capabilities for the overall organizational success. Staff strength of the company as at June 30, 2023 grew and reached 236. The company is committed towards developing its human capital through on-the-job and off-the-job trainings. Accordingly, significant number of its staff attended various trainings so as to fill skill and knowledge gaps.

6. Branch Expansion

In an effort to expand our network of physical outlets, we managed to open four new full-fledged branches in Addis Ababa, upgraded Arba Minch contact office to branch & two contact offices in Dilla and Bishoftu towns. At the close of the year on 30 June 2023, the number of business outlets reached 32 (30 full-fledged branches & 2 contact offices). We will continue to expand to reach out to commercially viable locations of the country based on thorough market studies.

7. Capital

The subscribed and paid up capital of the company has reached 300 million. According to the directive of National Bank of Ethiopia, the minimum paid-up capital of insurance companies must reach Birr 500 million by June 30, 2027. More effort and participation is expected from shareholders and management to fulfill the minimum amount set by the regulatory body before the dead line.

8. Recommendation on the appropriation of Profit

The Board of Directors of the Company recommends to the General Assembly of Shareholders that Birr 63.2 million net profits after tax and legal reserve (Dividend per share 26.28%) be paid as dividend. The Board of Directors also requests the esteemed shareholders to plough back their dividend by purchasing additional shares to strengthen the capital base of the Company and attain the regulatory requirement.

9. Board of Directors' & CEO's Compensation

Directors were remunerated as per NBE's Directive No. SIB/46/2018 which says Birr 150,000.00 per annum & Birr 10,000.00 per month. The amount is shown in the following table.

Description	1 July 2022 - 30 June 2023	1 July 2021 30 June 2022
Directors' Allowance	1,020,000.00	1,070,000.00
Directors' Remuneration	1,350,000.00	1,350,000.00
CEO's Salary & Benefits	1,369,660.00	1,203,800.00
Total	3,739,660.00	3,623,800.00

10. Challenges and Future Strategic Directions

In spite of the challenges in the economic and political conditions of the country, our company achieved encouraging result during the year under review. Some of the challenges faced were:

- 🔹 rise in office rent expense, cost of stationery items and spare parts;
- 🔹 shortage of experienced manpower in the market and
- 🔹 contrary to an increase on the prices of all goods and services, premium payment for insurance service is continuously reducing due to price based competition among insurers.

During 2023/24 budget year, the following are main priority areas.

- 🔹 Increase its gross written premium to improve its market share and profitability.
- 🔹 Expedite the implementation of Integrated Insurance IT System so as to enhance customer service quality and reporting system.
- 🔹 Follow-up the progress of the company's five years strategic plan running from 2021/22 to 2025/26.
- 🔹 Finalize the construction of warehouse which is on progress in the premises of recovery yard.
- 🔹 Acquisition of building.
- 🔹 Raise paid up capital of the company after communicating the issue to shareholders on this Annual General Meeting.
- 🔹 Operationalize life assurance business.

11. Vote of Thanks

The Directors would like to express their deep gratitude and appreciation to the National Bank of Ethiopia Insurance Supervision Directorate, esteemed customers, shareholders, the Management and Staff of Berhan Bank, Reinsurers, Sales Agents, Brokers, the Company's Management and Staff and other stakeholders for their most valuable contributions; without their commitment and support the remarkable result of the fiscal year would have not been realized.

Addisu Demissie

Chairperson of Board of Directors and Annual Shareholders General Meeting



ብርሃን ኢንሹራንስ ኢ.ማ.
Berhan Insurance S.C.

AUDITORS' REPORT

BERHAN INSURANCE S.C
AUDITOR'S REPORT AND ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2023



Tafesse, Shisema and Ayalew Certified Audit Partnership
Chartered Certified Accountants (UK) and Authorised Auditors (Ethiopia)

Tel. +251 (0) 118 96 17 52 Mobile +251(0) 911 22 94 25
P.O.Box.110690 Addis Ababa, Ethiopia email: tafessef@gmail.com

Berhan Insurance S. C

Contents

For the year ended 30 June 2023

Directors and professional advisers	2
Report of the directors	3
Statement of directors' responsibilities	4
Independent auditor's report	5-6
Statement of profit or loss and other comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11-76



Berhan Insurance S. C Directors, professional advisors and registered office For the year ended 30 June 2023

Company registration number: 020/2/9361/2003

Board Of Directors (as of 30 June 2023)

	Official Designation	Appointment Date to Current Position
1 Ato Addisu Demissie	Chairman	5/Jun/23
2 Dr. Salehu Anteneh	V/ChairPerson	18/Jun/20
3 Ato Girum Tsegaye	Member	24/May/17
4 Ato Sibilu Bodja	Member	24/May/17
5 W/ro Melkerist Hailu	Member	24/May/17
6 W/ro Yemenashu Kassahun	Member	18/Jun/20
7 W/ro Zewde Belachew	Member	5/Jun/23
8 Ato Tesfa Tadesse	Member	5/Jun/23
9 Ato Haile Nuru	Member	29/Aug/23

Executive Management Team (as of 30 June 2023)

	Official Designation	Appointment Date to Current Position
1 Ato Sibiu Ayele	A/Chief Executive Officer	1/Apr/23
2 Ato Alemayehu Tefera	Advisor to Board of Directors & CEO	1/Apr/23
3 W/ro Rediet Baye	DCEO, U/W and Reinsurance	1/Dec/20
4 Ato Admassu Zerihun	DCEO, Claims and Engineering	1/Dec/20
5 Ato Girum Teferi	Manager, Engineering Department	12/Jun/17
6 Ato Hailye Gerawork	Manager, U/Writing, reinsurance & Branch oper.	1/Nov/21
7 Ato Natnael Hailu	Manager, Finance and Investment Department	28/Feb/22
8 Ato Getinet Awoke	Manager, Marketing and Bussiness Dev't Dep't	1/Sep/21
9 Ato Yohannes Sileschi	Manager, HR and Property Administration Dep't.	26/Apr/22
10 Ato Kassahun Bogale	Manager, Internal Audit Service	21/Apr/22
11 Ato Yoftahe Mekonnen	Manager, IT Service	23/Sep/21
12 Ato Samueal Ayele	Manager, Legal Service	23/Mar/22
13 W/ro Yetnayet Asegid	Manager, Risk & Compliance Service	21/Apr/22

Independent auditor

Tafesse, Shisema and Ayalew Certified Audit Partnership
Chartered Certified Accountants (UK) and Authorized Auditors (Eth.)
Addis Ababa,
Ethiopia

Corporate office

Berhan Insurance S.C
Garad City Center
7th floor
Bole, Wollosefer
Addis Ababa,
Ethiopia

Principal bankers

Berhan International Bank
Oromia Bank
Global Bank
Enat Bank
NIB Bank

Consulting Actuaries

Actuarial Service (EA) Ltd
26th Floor, UAP Old Mutual Tower, Upper Hill Road
P.O.Box 10472 - 00100 Nairobi, Kenya

Nairobi City, Kenya

Re-insurers

African Reinsurance Corporation
Ethiopian Reinsurance S.C
PTA Reinsurance Co.
Ghana Reinsurance Company
East Africa Reinsurance Co.



Berhan 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 members of Berhan Insurance S.C. This report discloses the financial performance and state of affairs of the Company.

Incorporation and address

Berhan Insurance Company (S.C) was incorporated in Ethiopia on 1 October, 2010 as a share company, and is domiciled in Ethiopia.

Principal activities

The principal activity of the Company is to engage in general insurance business.

Results and dividends

The Company's results for the year ended 30 June 2023 are set out on page 7. The profit for the year has been transferred to retained earnings. The summarised results are presented below.

	30 June 2023 Birr'000	30 June 2022 Birr'000
Gross premium written	409,269	242,585
Profit before income tax	78,326	53,514
Profit tax expense	(6,348)	(3,109)
Net Profit for the year	71,978	50,406

Directors

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



Sibuye Ayele
A/Chief Executive Officer
Addis Ababa, Ethiopia



Berhan Insurance S. C **Statement of directors' responsibilities** **For the year ended 30 June 2023**

In accordance with the Financial Reporting Proclamation No. 847/2017, the Accounting and Auditing Board of Ethiopia (AABE) has directed the Company to prepare financial statements in accordance with International Financial Reporting Standards (IFRS).

The 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 2021, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Company is required to keep such records as are necessary to:

- a) exhibit clearly and correctly the state of its affairs;
- b) explain its transactions and financial position; and
- c) enable the National Bank of Ethiopia to determine whether the 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 Directors 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 2021 and the relevant Directives issued by the National Bank of Ethiopia.

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

Nothing has come to the attention of the Directors 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:



Addisu Demissie
Board Chairperson



Sibiu Ayele
A/Chief Executive Officer



TMS Plus

Tafesse, Shisema and Ayalew Certified Audit Partnership
Chartered Certified Accountants (UK) and Authorised Auditors (Ethiopia)
Member Firm of HLB International



THE GLOBAL ADVISORY AND ACCOUNTING NETWORK

Tel. 251-011-8961752 /011 6180638 Mob. 0911 229425 /0930 034356/0930 034357 Fax: 251-011 662 12 70/60

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

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Berhan Insurance Share Company, which comprise the statement of financial position as at 30 June 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements 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.



Providers of Audit and Assurance, Management Consultancy and Tax Advisory Services

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 as it related to these financial statements and pursuant to Article 349 of the Commercial Code of Ethiopia 1243/2021 and hence we recommend approval of the financial statements.

Taf. shi & Ay

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



Addis Ababa
19 September 2023



Berhan 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 premium income	5-1	337,181	214,950
Reinsurance expenses	5-3	(108,083)	(61,311)
Net premium income		229,097	153,639
Fee and commission income	6	25,465	14,053
Net underwriting income		254,562	167,692
Claims expenses	7-1	130,891	88,364
Claims expenses recoverable from reinsurance	7-2	(12,139)	(10,642)
Net claims and loss adjustment expense		118,753	77,722
Underwriting expenses	8	13,078	7,256
Total underwriting expenses		131,830	84,978
Underwriting profit		122,732	82,715
Investment income	9	60,812	42,106
Other operating income	10	597	2,209
		61,409	44,314
Net income		184,140	127,029
Other operating and administrative expenses	11	(105,814)	(73,515)
Impairment on loans and receivables including insurance receivables	15.1	-	-
Profit before income tax		78,326	53,514
Income tax expense	12.1	(6,348)	(3,109)
Profit for the year		71,978	50,406
Other comprehensive income			
Items that will not be subsequently reclassified into profit or loss:			
Deferred tax (liability)/asset on remeasurement gain or loss		(234)	(378)
Deferred tax (liability)/asset	12.3	70	113
		(164)	(265)
Total comprehensive income for the year		71,814	50,141
Basic & diluted earnings per share (Birr)	29	29.27%	26.02%

The notes on pages 11 to 76 are an integral part of these financial statements.

The financial statements on pages 11 to 76 were approved and authorised for issue by the board of directors on September 22, 2023 and were signed on its behalf by:



Addisu Demissie
Board Chairperson



Siblu Ayele
A/Chief Executive Officer

Berhan Insurance S. C Statement of financial position As at 30 June 2023

	Notes	30 June 2023 Birr'000	30 June 2022 Birr'000
ASSETS			
Cash and cash equivalents	13	597,841	431,364
Investment securities			
- Equity Investment	14.1	54,753	54,753
- Government Bond	14.2	44,265	17,500
Statutory Deposit in cash	21	-	11,300
Trade and other receivables	15	9,047	11,425
Reinsurance assets	16	136,344	123,657
Deferred acquisition cost	17	10,500	4,977
Other assets	18	28,202	15,447
Intangible assets	19	-	-
Property, plant and equipment	20	67,810	43,885
Right of use Asset	18	19,557	20,262
Total assets		968,319	734,570
LIABILITIES			
Insurance contract liabilities	22	465,207	350,732
Deferred tax liabilities	12.3	1,808	1,042
Current income tax liabilities	2.2	5,512	2,788
Insurance payables	23	43,404	61,080
Defined benefit obligations	26	2,270	1,640
Other liabilities	24	99,433	51,997
Total liabilities		617,635	469,280
EQUITY			
Share capital	27	258,254	199,875
Share premium	28	1,812	1,246
Retained earnings	30	64,780	45,365
Other comp income		(212)	(48)
Legal reserve	31	26,050	18,853
Total equity		350,684	265,291
Total equity and liabilities		968,319	734,570

The notes on pages 11 to 76 are an integral part of these financial statements.

The financial statements on pages 11 to 76 were approved and authorised for issue by the board of directors on September 22, 2023 and were signed on its behalf by:


Addisu Demissie
Board Chairperson


Siblu Ayele
A/Chief Executive Officer

Berhan Insurance S. C

Statement of changes in equity

As at 30 June 2023

	Notes	Share capital Birr'000	Share premium Birr'000	Retained earnings Birr'000	Legal reserve Birr'000	Other comprehensive income	Total Birr'000
As at 1 July 2021		160,311	1,246	37,729	13,812	217	213,316
Profit for the year	30	-	-	50,406	-	-	50,406
Dividend paid		-	-	(37,730)	-	-	(37,730)
Proceeds from issue of shares		39,564	-	-	-	-	39,564
Transfer to legal reserve	31	-	-	(5,041)	5,041	-	-
Other comprehensive income:						(265)	(265)
Total comprehensive income for the year		39,564	-	7,635	5,041	(265)	51,975
As at 30 June 2022		199,875	1,246	45,365	18,853	(48)	265,291
As at 1 July 2022		199,875	1,246	45,365	18,853	(48)	265,291
Profit for the year	30	-	-	71,978	-	-	71,978
Dividend paid		-	-	(45,365)	-	-	(45,365)
Proceeds from issue of shares		58,379	565	-	-	-	58,944
Transfer to legal reserve	31	-	-	(7,198)	7,198	-	-
Other comprehensive income:						(164)	(164)
Total comprehensive income for the year		58,379	565	19,415	7,198	(164)	85,393
As at 30 June 2023		258,254	1,812	64,779	26,050	(212)	350,684

(0)

The notes on pages 11 to 76 are an integral part of these financial statements.



Berhan 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
Cash flows from operating activities			
Cash generated from operations	32	65,501	39,343
Interest received		56,821	39,927
Interest paid		-	-
Income tax paid	12	(2,788)	(3,443)
Net cash inflow from operating activities		119,534	75,827
Cash flows from investing activities			
Purchase of investment securities	14	11,300	(7,550)
Purchase of property, plant and equipment	20	(29,366)	(12,525)
Purchase of intangible assets	19	-	-
Proceeds from sale of property/other income	32	765	886
Dividend received		3,991	-
Net cash outflow from investing activities		(13,309)	(19,190)
Cash flows from financing activities			
Increase in statutory deposits	21	(26,765)	(6,114)
Proceeds from issues of shares	27	58,379	39,564
Increase in share premium	28	565	-
Dividends paid	30	(45,365)	(37,730)
Net cash outflow from financing activities		(13,186)	(4,280)
Net increase in cash and cash equivalents		93,039	52,357
Cash and cash equivalents at the beginning of the year	13.1	101,395	49,037
Cash and cash equivalents at the end of the year	13.1	194,434	101,395

The notes on pages 11 to 76 are an integral part of these financial statements.



Berhan Insurance S. C

Notes to the financial statements

For the year ended 30 June 2023

1 General information

Berhan Insurance ("the Company") SC is a private commercial Insurance Company domiciled in Ethiopia. The Company was established on October 2010, in accordance with proclamation No. 86/1994 and the Commercial code of Ethiopia of 2021. 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:

Garad City Mall
Bole, Wollo Sefer
P.O.Box 9266
Addis Ababa,
Ethiopia

The principal activities of the Company is to engage in general insurance business, annuity business, personal accident insurance business, and in the business of reinsurance; to invest in real estate business, including mortgage, bonds, shares and in any other business conducive for investment; and to engage in any other activity that may directly or indirectly enhance its business purposes as specified above.

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



Berhan Insurance S. C

Notes to the financial statements

For the year ended 30 June 2023

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).

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 after 30 June 2023, 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:

IAS 1 - Amendments

On 23 January 2020, the IASB issued 'Classification of Liabilities as Current or Non-current (Amendments to IAS 1)' providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments were originally effective for annual reporting periods beginning on or after 1 January 2022, however, their effective date has been delayed to 1 January 2023.

Besides, IAS 1 "Presentation of Financial Statements" sets out the overall requirements for financial statements, including how they should be structured, the minimum requirements for their content and overriding concepts such as going concern, the accrual basis of accounting and the current/non-current distinction. The standard requires a complete set of financial statements to comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows. Effective January 1, 2011, earlier application is permitted. The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted.



Berhan Insurance S. C

Notes to the financial statements

For the year ended 30 June 2023

IAS 12 amendments on deferred tax

On 7 May 2021, the IASB issued 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)' that clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments are effective for annual periods beginning on or after 1 January 2023.

Amendments to IFRS 17 Insurance contracts

On 25 June 2020, the IASB issued 'Amendments to IFRS 17' to address concerns and implementation challenges that were identified after IFRS 17 'Insurance Contracts' was published in 2017.

IFRS 17 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. IFRS 17 'Insurance Contracts' was issued by the IASB on 18 May 2017 and is effective for periods beginning on or after 1 January 2023.

Amendments on disclosure of accounting policies

On 12 February 2021, the IASB issued 'Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)' with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendments are effective for annual periods beginning on or after 1 January 2023.

IAS 8 amendments on accounting estimates

On 12 February 2021, the IASB issued 'Definition of Accounting Estimates (Amendments to IAS 8)' to help entities to distinguish between accounting policies and accounting estimates. The amendments are effective for annual periods beginning on or after 1 January 2023.

IAS 16 "Property, Plant and Equipment" amendments

On 14 May 2020, the IASB issued 'Property, Plant and Equipment – Proceeds before Intended Use (Amendments to IAS 16)' regarding proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

Moreover, IAS 16 "Property, Plant and Equipment" outlines the accounting treatment for most types of property, plant and equipment. Property, plant and equipment is initially measured at its cost, subsequently measured either using a cost or revaluation model, and depreciated so that its depreciable amount is allocated on a systematic basis over its useful life. The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.



Berhan Insurance S. C Notes to the financial statements For the year ended 30 June 2023

2018-2020 annual improvements cycle

On 14 May 2020, the IASB issued 'Annual Improvements to IFRS Standards 2018–2020'. The pronouncement contains amendments to four International Financial Reporting Standards (IFRSs) as result of the IASB's annual improvements project. The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" amendments regarding onerous contracts

On 14 May 2020, the IASB issued 'Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)' amending the standard regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

IFRS 3 amendments updating a reference to the Conceptual Framework

On 14 May 2020, the IASB issued 'Reference to the Conceptual Framework (Amendments to IFRS 3)' with amendments to IFRS 3 'Business Combinations' that update an outdated reference in IFRS 3 without significantly changing its requirements. The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

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

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



Berhan Insurance S. C

Notes to the financial statements

For the year ended 30 June 2023

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:

Asset class	Useful life	Depreciation Rate	Estimated Residual value
Motor vehicles	10	10%	5%
Computer and accessories	7	14%	1%
Office equipment	10	10%	1%
Furniture and fittings	10	10%	1%
Buildings	50	2%	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.



Berhan Insurance S. C

Notes to the financial statements

For the year ended 30 June 2023

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 definite 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:

Assets class	Useful lives (years)
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.

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.



Berhan Insurance S. C

Notes to the financial statements

For the year ended 30 June 2023

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

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

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.



Berhan Insurance S. C Notes to the financial statements For the year ended 30 June 2023

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 financial investments

- Loans and receivables
- Available for sale

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.



Berhan Insurance S. C

Notes to the financial statements

For the year ended 30 June 2023

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.



Berhan 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.



Berhan 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.



Berhan Insurance S. C

Notes to the financial statements

For the year ended 30 June 2023

(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.

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

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of 'Interest and similar income'. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the 'loan impairment charge'.

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

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

For the purpose of 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.



Berhan Insurance S. C

Notes to the financial statements

For the year ended 30 June 2023

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

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

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

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

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.

Subsequent measurement

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



Berhan Insurance S. C

Notes to the financial statements

For the year ended 30 June 2023

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 the following:

(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.



Berhan Insurance S. C

Notes to the financial statements

For the year ended 30 June 2023

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 short term insurance contracts. This classification is based on the duration of risk and whether or not the terms and conditions are fixed.



Berhan 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).

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).



Berhan Insurance S. C

Notes to the financial statements

For the year ended 30 June 2023

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

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

In certain cases, a reinsurance contract is entered into retrospectively to reinsure a notified claim under the Company's property or 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

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.



Berhan 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 incepts. Premiums include any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods.

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

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



Berhan Insurance S. C

Notes to the financial statements

For the year ended 30 June 2023

c) Fees and commission income

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

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.

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.

2.13 Reinsurance claims

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



Berhan Insurance S. C

Notes to the financial statements

For the year ended 30 June 2023

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 also 7% and 11% 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

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.



Berhan Insurance S. C

Notes to the financial statements

For the year ended 30 June 2023

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.

2.15 Fair value measurement (Contd)

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

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

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

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

The IASB has issued an exposure which gave companies whose business model is predominantly to issue insurance contracts an option to defer the effective date of IFRS 9 until 2024, and **Berhan Insurance s.c** is

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.



Berhan Insurance S. C

Notes to the financial statements

For the year ended 30 June 2023

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 Earnings per share

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

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

2.19 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 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.

2.20 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.



Berhan Insurance S. C

Notes to the financial statements

For the year ended 30 June 2023

(b) *Deferred tax*

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

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

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

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

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:



Berhan Insurance S. C

Notes to the financial statements

For the year ended 30 June 2023

lease commitments -Company as lessee

The Company has initially adopted IFRS 16 from 1 July 2019. The standard eliminates the classification of leases as either operating leases or finance leases under IAS 17 and introduces a single lease accounting model that requires lessees to recognize assets and corresponding liabilities. Due to the transition method chosen by the company in applying IFRS 16

The adoption of IFRS 16 requires the Company to make a number of assumptions, estimations and judgments that includes:

_ lease liabilities were determined based on the value of the remaining lease payments, discounted by an appropriate incremental borrowing rate.

_ term of each arrangement was based on the original lease term.

_ The discount rate used to determine lease liabilities was the Company's incremental borrowing rate. It was calculated based on observable inputs

At the commencement date, the Company recognized:

_ all leases as right-of-use-asset at cost. Cost of right-of-use asset includes the amount of lease liability, lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs incurred and an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

_ a lease liability at the present value of the lease payments that are not paid at that date. Present value of lease payments will be determined by discounting future lease payments at the interest rate implicit in the lease arrangement, if it is readily determined or use incremental borrowing rate.

After the commencement date, the Company measures:

_ right-of-use assets using cost model, i.e. cost at initial recognition less accumulated depreciation (in line with IAS 16: Property, plant and Equipment) and accumulated impairment losses (in line with IAS 36: Impairment of Assets).

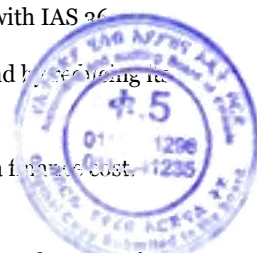
_ lease liability by increasing its carrying amount to reflect interest on the lease liability and by decreasing its carrying amount to reflect lease payments made.

Interest incurred on lease liability will be recognized in the statement of profit and loss as a finance cost.

Determination of whether an arrangement is a lease, or contains a lease

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.

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.



Berhan 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 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.



Berhan Insurance S. C Notes to the financial statements For the year ended 30 June 2023

3.2 Estimates and assumptions (Contd)

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 debtor's financial difficulty, granting to the premium debtor a concession that the Company would not otherwise consider;
- (e) High probability that the premium debtor will enter bankruptcy or other financial reorganisation.

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.



Berhan Insurance S. C

Notes to the financial statements

For the year ended 30 June 2023

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 judgements, 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.



Berhan Insurance S. C

Notes to the financial statements

For the year ended 30 June 2023

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 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.



Berhan 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.

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

4.1.3 Risk mitigation

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

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.

Berhan Insurance S. C Notes to the financial statements For the year ended 30 June 2023

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: fire, accident and health, motor, Workmen compensation, marine cargo and goods in transit, pecuniary, general liability, engineering, political violence and terrorism, others and all risks.

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

30 June 2023	Gross liabilities Birr'000	Reinsura nce liabilities Birr'000	Net liabilities Birr'000
Motor	272,696	21,688	251,008
Marine	7,821	1,479	6,343
Fire	16,393	7,961	8,431
Accident and Health	4,574	159	4,415
Engineering	24,968	6,350	18,618
General Liability	6,265	1,684	4,581
Workmens'	2,032	171	1,861
Pecuniary	115,665	83,191	32,474
PVT	14,795	13,662	1,132
Total non-life insurance contract liabilities	465,207	136,344	328,863

30 June 2022	Gross liabilities Birr'000	Reinsura nce liabilities Birr'000	Net liabilities Birr'000
Motor	171,456	15,201	156,255
Marine	8,442	2,367	6,075
Fire	21,549	11,532	10,017
Accident and Health	4,680	585	4,095
Engineering	24,273	7,228	17,045
General Liability	6,050	2,438	3,612
Workmens'	1,730	82	1,648
Pecuniary	101,698	73,938	27,759
PVT	10,854	10,286	568
Total non-life insurance contract liabilities	350,732	123,657	227,076



Berhan 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.

Change in assumptions	Change in liability		
	30 June 2023	30 June 2022	30 June 2021
	Birr'000	Birr'000	Birr'000
Average claim cost +10%	2,927	1,981	1,515
Average number of claims +10%	2,927	1,981	1,515
Average claim settlement period Reduce from 30 months to 24 months			

Change in assumptions	Change in liability	
	30 June 2023	30 June 2022
	Birr'000	Birr'000
Average claim cost -10%	(2,927)	(1,981)
Average number of claims -10%	(2,927)	(1,981)
Average claim settlement period Reduce from 30 months to 24 months		

	Change in liability	
	30 June 2023	30 June 2022
	Birr'000	Birr'000
IBNR	29,272	19,814
Outstanding Claims	187,968	189,409
Total Actuarial Liability	217,240	209,223

Claims development table

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date. The cumulative claims estimates and cumulative payments are translated to euros at the rate of exchange that applied at the end of the accident year.

Berhan Insurance S. C Notes to the financial statements For the year ended 30 June 2023

Gross non-life insurance contract outstanding claims provision for 2023:

Accident year	2020 Birr'000	2021 Birr'000	2022 Birr'000	2023 Birr'000	Total Birr'000
At end of claim year	43,907	52,108	102,605	142,583	341,203
One year later	2,490	1,334	1,224	-	5,048
Two years later	225	7,542	-	-	7,767
Three years later	12,230	-	-	-	12,230
Four years later	-	-	-	-	-
Cumulative Incurred	58,852	60,983	103,829	142,583	366,248
IBNR	2	1,579	3,521	24,170	29,272
Ultimate Claims Projected	58,854	62,563	107,350	166,753	395,519

Claims development table (Contd)

Gross non-life insurance contract outstanding claims provision for 2022:

Accident year	2019 Birr'000	2020 Birr'000	2021 Birr'000	2022 Birr'000	Total Birr'000
At end of claim year	44,941	43,907	52,108	102,605	243,561
One year later	568	2,490	1,334	1,224	5,616
Two years later	-	225	7,542	-	7,767
Three years later	26	12,230	-	-	12,256
Four years later	-	-	-	-	-
Cumulative Incurred	45,535	58,852	60,983	103,829	269,200
IBNR	-	2	1,579	3,521	5,102
Ultimate Claims Projected	45,535	58,854	62,563	107,350	274,302

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

Accident year	2018 Birr'000	2019 Birr'000	2020 Birr'000	2021 Birr'000	Total Birr'000
At end of claim year	46,504	44,941	43,907	52,108	187,460
One year later	16,216	568	2,490	1,334	20,608
Two years later	614	-	225	7,542	8,382
Three years later	2,141	26	12,230	-	14,397
Four years later	10	-	-	-	10
Cumulative Incurred	65,485	45,535	58,852	60,983	230,856
IBNR	-	-	2	1,579	1,581
Ultimate Claims Projected	65,485	45,535	58,854	62,563	232,437

4.3 Financial risk

Financial instruments by category

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

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

Berhan Insurance S. C

Notes to the financial statements

For the year ended 30 June 2023

	Notes	Available- For-Sale	Loans and receivables	Total
		Birr'000	Birr'000	Birr'000
30 June 2023				
Cash and cash equivalents	13	-	597,841	597,841
Investment securities				-
- Equity Investment	14.1	54,753	-	54,753
- Government Bond	14.2	-	44,265	44,265
Trade and other receivables	15	-	9,047	9,047
Reinsurance assets	16	-	136,344	136,344
Total financial assets		54,753	787,497	842,250

	Notes	Available- For-Sale	Loans and receivables	Total
		Birr'000	Birr'000	Birr'000
30 June 2022				
Cash and cash equivalents	13	-	431,364	431,364
Investment securities				-
- Equity Investment	14.1	54,753	-	54,753
- Government Bond	14.2	-	11,500	11,500
Trade and other receivables	15	-	11,425	11,425
Reinsurance assets	16	-	123,657	123,657
Total financial assets		54,753	577,946	632,699

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.

4.4.1 Management of credit risk

Credit risk management is the process of controlling the impact of credit risk-related events on the company. Thus management involves identification, understanding and quantification of the degree of risks of loss and the consequent taking of appropriate measures. Obligors often appear both in the loan portfolio and as counterparties (and even if they don't, the factors driving the respective defaults appear in both), a proper analysis of credit risk often leads to having to consider the loan portfolio and the counterparty within the same analysis rather than being able to analyze those two separately and aggregating the results. This makes credit risk one of the most difficult and expensive to analyze, and it is important that key staff involved is aware of the difficulties and how to address them. The major risk that arises from a weakening of the credit portfolio is the impairment of the capital or liquidity. Therefore, the quality of an institution's credit portfolio contributes to the risks borne policy holders (liquidity) and shareholders (capital impairment).

4.4.2 Concentration of credit risk

The credit risk of the Company have been concentrated in the following key areas of activities.

Berhan Insurance S. C Notes to the financial statements For the year ended 30 June 2023

(a) Investing/lending activities

The Company faces these risks when it extends bond policies without collateral. Of course when making investments in any bonds, debentures or other evidences of indebtedness, the insurer is taking on a credit risk. Clearly, such investment area is a major source of credit risk.

(b) Trade debtors/Financing of premiums

There is a potential credit risk arising from the fact that policyholders may not remit premiums on a timely basis, whether or not there is a premium-financing program in place and whether or not the business is written through an intermediary.

(c) Reinsurance

Insurers, especially general insurers, often rely heavily on their reinsurers for claim reimbursement. The credit risk arising in the reinsurance area can be very significant, making it critically important for insurers to establish formal policies with regard to the selection of reinsurers.

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

	30 June 2023	30 June 2022
	Birr'000	Birr'000
Cash and cash equivalents	597,841	431,364
Investment securities		
- Equity Investment	54,753	54,753
- Government Bond	44,265	17,500
Trade and other receivables	9,047	11,425
Reinsurance assets	136,344	123,657
Total maximum exposure	842,250	638,699

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 as at 30 June 2023 and 30 June 2022 and are held in Ethiopian banks have been classified as non-rated as there are no credit rating agencies in Ethiopia.



Berhan Insurance S. C

Notes to the financial statements

For the year ended 30 June 2023

(b) Credit quality of trade and other receivables

	Neither past due nor impaired Birr'000	Past due but not impaired Birr'000	Individu ally impaired Birr'000	Total Birr'000
30 June 2023				
Insurance receivables				
Due from policy contract holders	293	-	(348)	(55)
Due from Co-insurers	-	-	-	-
Due from re-insurers	5,399	3,703	-	9,102
	5,692	3,703	(348)	9,047
Other loans and receivables				
Other receivables	41,766	-	-	41,766
Staff debtors	5,994	-	-	5,994
Gross amount	47,759	-	-	47,759
Less: Specific impairment allowance (note 15.1)	-	-	-	-
	47,759	-	-	47,759
	53,451	3,703	(348)	56,806
30 June 2022				
Insurance receivables				
Due from policy contract holders	256	-	(348)	(92)
Due from Co-insurers	-	-	-	-
Due from re-insurers	6,414	5,103	-	11,517
	6,670	5,103	(348)	11,425
Other loans and receivables				
Other receivables	31,405	-	-	31,405
Staff debtors	4,303	-	-	4,303
Gross amount	35,708	-	-	35,708
Less: Specific impairment allowance (note 15a)	-	-	-	-
	35,708	-	-	35,708
	42,378	5,103	(348)	47,133



(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.

Berhan 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
Neither past due nor impaired	53,451	42,378
	<u>53,451</u>	<u>42,378</u>

(ii) Trade and other receivables - past due but not impaired

	30 June 2023	30 June 2022
	Birr'000	Birr'000
Past due up to 30 days	-	-
Past due up to 30 - 60 days	-	-
Past due by 60 - 90 days	-	-
Past due by 90 - 180 days	3,703	5,103
	<u>3,703</u>	<u>5,103</u>
Collective impairment	-	-
	<u>3,703</u>	<u>5,103</u>



(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.

	30 June 2023	30 June 2022
	Birr'000	Birr'000
Insurance receivables	(348)	(348)
Total allowance for impairment	<u>(348)</u>	<u>(348)</u>

4.4.4 Credit concentrations

The Company monitors concentrations of credit risk by sector, location and purpose. An analysis of concentrations of credit risk at 30 June 2023 and 30 June 2022. The Company concentrates all its financial assets in Ethiopia.

	Public enterprise	Private	Others	Total
	Birr'000	Birr'000	Birr'000	Birr'000
30 June 2023				
Cash and cash equivalents	-	597,841	-	597,841
Investment securities	-	-	-	-
- Equity Investment	-	54,753	-	54,753
- Government Bond	44,265	-	-	44,265
Trade and other receivables	-	9,102	293	9,395
Reinsurance assets	-	136,344	-	136,344
	<u>44,265</u>	<u>798,041</u>	<u>293</u>	<u>842,598</u>



Berhan Insurance S. C

Notes to the financial statements

For the year ended 30 June 2023

30 June 2022	Public enterprise Birr'000	Private Birr'000	Others Birr'000	Total Birr'000
Cash and cash equivalents	-	431,364	-	431,364
Investment securities:				-
- Available for sale	-	54,753	-	54,753
- Loans and receivables	17,500	-	-	17,500
Trade and other receivables	-	11,517	256	11,773
Reinsurance assets	-	123,657	-	123,657
	17,500	621,291	256	639,047

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 to current assets. 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 and Investment 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:

- Notifying regularly the cash position and the expected commitments of the company
- Proposing appropriate investment opportunities in line with insurance supervision directives.
- Liability settlements shall be undertaken on the basis of cash flow of the company
- 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 not less than 60% of its total asset 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.



Berhan 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.

30 June 2023	0-1 year	1-3 years	3-5 years or 5 years		Total
	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000
Insurance contract liabilities	465,207	-	-	-	465,207
Insurance payables	43,404	-	-	-	43,404
Other liabilities	99,433	-	-	-	99,433
Total financial liabilities	608,045	-	-	-	608,045
30 June 2022	0-1 year	1-3 years	3-5 years or 5 years		Total
	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000
Insurance contract liabilities	350,732	-	-	-	350,732
Insurance payables	61,080	-	-	-	61,080
Other liabilities	51,997	-	-	-	51,997
Total financial liabilities	463,810	-	-	-	463,810

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.



Berhan 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 15% in one Company.
- 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.

(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 it's 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.



Berhan Insurance S. C

Notes to the financial statements

For the year ended 30 June 2023

30 June 2023	Fixed	Non- interest bearing	Total
	Birr'000	Birr'000	Birr'000
Assets			
Cash and bank balances	543,162	54,679	597,841
Investment securities			0
- Loans and receivables	44,265	-	44,265
Trade and other receivables	-	9,047	9,047
Reinsurance assets	-	136,344	136,344
Total	587,427	200,070	787,497
Liabilities			
Insurance contract liabilities	-	-	-
Insurance payables	-	43,404	43,404
Other liabilities	-	99,433	99,433
Total	-	142,838	142,838
30 June 2022			
Assets			
Cash and bank balances	422,724	8,640	431,364
Investment securities			-
- Loans and receivables	17,500	-	17,500
Trade and other receivables	-	11,425	11,425
Reinsurance assets	-	123,657	123,657
Total	440,224	143,722	583,946
Liabilities			
Insurance contract liabilities	-	-	-
Insurance payables	-	61,080	61,080
Other liabilities	-	51,997	51,997
Total	-	113,078	113,078



(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.

Berhan Insurance S. C



Notes to the financial statements

For the year ended 30 June 2023

4.7.1 Margin of Solvency ratio

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 insurance business shall keep admitted capital amounting to the highest of 25% of its technical provisions, or 20% of the net written premiums in the last preceding financial year, or the minimum paid capital. An insurer carrying on long term insurance business shall keep admitted capital amounting to the higher of 10% of technical provisions or the minimum paid up capital.

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

		30 June 2023	30 June 2022
		Birr'000	Birr'000
Admissible assets			
			
	A		
Cash and bank balances		597,841	431,364
Investment securities			
- Available for sale		54,753	54,753
- Loans and receivables		44,265	17,500
Trade and other receivables		9,047	11,425
Other assets		28,202	15,447
Property, plant and equipment		62,984	43,885
Statutory Deposit		-	11,300
		<u>797,092</u>	<u>585,674</u>
Admissible liabilities			
			
	B		
Insurance contract liabilities		465,207	350,732
Current income tax liabilities		5,512	2,788
Insurance payables		43,404	61,080
Other liabilities		99,433	51,997
		<u>613,557</u>	<u>466,598</u>
Excess (admitted capital)- (A-B)		<u>183,535</u>	<u>119,076</u>
Net premium		<u>229,097</u>	<u>153,639</u>
Technical provision		<u>465,207</u>	<u>350,732</u>
Solvency margin			
Limit of net premium i.e. 20% of net premium	F	45,819	30,728
Limit of technical provision i.e. 25% of technical provision	G	116,302	87,683
Minimum Paid Up Capital C>G - positive Solvency Margin	H	60,000	60,000
Solvency ratio		158%	136%

Berhan Insurance S. C Notes to the financial statements For the year ended 30 June 2023

4.8 Fair value of financial assets and liabilities

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

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

4.8.1 Valuation models

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

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

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

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

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

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.



Berhan Insurance S. C

Notes to the financial statements

For the year ended 30 June 2023

	30 June 2023		0 June 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
	Birr'000	Birr'000	Birr'000	Birr'000
Financial assets				
Cash and bank balances	597,841	597,841	431,364	431,364
Investment securities				
- Available for sale	54,753	54,753	54,753	54,753
- Loans and receivables	44,265	44,265	17,500	17,500
Trade and other receivables	9,047	9,047	11,425	11,425
Reinsurance assets	136,344	136,344	123,657	123,657
Total	842,250	842,250	638,699	638,699
Financial liabilities				
Insurance contract liabilities	465,207	465,207	350,732	350,732
Insurance payables	43,404	43,404	61,080	61,080
Other liabilities	99,433	99,433	51,997	51,997
Total	608,045	608,045	463,810	463,810

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 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.



Berhan 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
5 Net premium income		
5.1 Short term insurance contracts:		
Gross premium written	409,269	242,585
Movement in unearned premium	<u>(72,089)</u>	<u>(27,635)</u>
	337,181	214,950
5.2 Long-term insurance contracts:		
Gross premium written	-	-
Movement in unearned premium	<u>-</u>	<u>-</u>
	-	-
Premium revenue arising from insurance contracts issued	<u>337,181</u>	<u>214,950</u>
5.3 Short term insurance contracts:		
Reinsurance expense	(108,083)	(61,311)
5.4 Long-term insurance contracts:		
Reinsurance expense	-	-
	<u>(108,083)</u>	<u>(61,311)</u>
Total net premium	<u>229,097</u>	<u>153,639</u>

There were no events in the reporting periods that prompted losses of sufficient size to trigger a recovery from contracts.

	30 June 2023	30 June 2022
	Birr'000	Birr'000
6 Fee and commission income		
Reinsurance commission income	24,546	13,244
Profit commission	6,955	3,957
Changes in deferred Commission Income	<u>(6,036)</u>	<u>(3,148)</u>
Total fees and commission income	<u>25,465</u>	<u>14,053</u>

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



Berhan 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
7 Claims expenses		
7.1 Insurance claims and loss adjustment expenses:		
Gross benefits and claims paid	122,658	52,619
Change in insurance contract outstanding claims provision	(1,441)	30,629
Change in other technical provision (IBNR)	9,457	4,660
Change in other technical provision (ULAE)	217	455
	<u>130,891</u>	<u>88,364</u>
7.2 Recoverable from reinsurance:		
Claims paid recoverable	(33,606)	(3,188)
Change in provision for outstanding claims recoverable	23,892	(4,657)
Change in other technical provision (IBNR) recoverable	(2,425)	(2,798)
	<u>(12,139)</u>	<u>(10,642)</u>
Net claims and loss adjustment expense	<u>118,753</u>	<u>77,723</u>
	30 June 2023	30 June 2022
	Birr'000	Birr'000
8 Underwriting expenses		
Commission paid	16,247	7,367
Other acquisition cost	2,352	1,686
Changes in deferred acquisition cost (DAC)	(5,522)	(1,797)
Total Underwriting expenses	<u>13,078</u>	<u>7,256</u>
	30 June 2023	30 June 2022
	Birr'000	Birr'000
9 Investment income		
Dividend income on equity investments	3,991	2,179
Interest income on cash and short-term deposits	56,821	39,927
Total investment income	<u>60,812</u>	<u>42,106</u>
	30 June 2023	30 June 2022
	Birr'000	Birr'000
10 Other operating income		
Gain on disposal	-	599
Interest income on staff loans	216	291
Sundry income	381	1,318
Total other operating income	<u>597</u>	<u>2,209</u>



Berhan 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
11 Other operating and administrative expenses		
Employee benefits expense (note 11.1)	62,657	42,869
Rental expenses	1,249	969
Repair and maintenance	2,069	1,390
Advertising and publication	3,239	4,628
Communication	1,402	1,073
Printing and stationaries	3,255	1,269
Entertainment	859	437
Penalty	10	18
Travelling and transportation expenses	307	510
Insurance	1,840	1,158
Office cleaning and supplies	580	857
Legal and professional fees	667	660
Board fees	1,020	1,070
Nomination Committee Fee	525	25
Audit fees	95	173
Lease & property tax Expense	312	52
Interest Expense	2,157	1,558
Subscription and membership fees	447	715
Amortisation of intangible assets (note 19)	10,781	7,277
Depreciation on property and equipment (note 20)	5,441	4,209
Bank charges	611	39
Sundry expenses	6,291	2,559
	-	-
Total Other Expenses	105,814	73,515



Berhan 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
11.1 Employee benefits expense		
Salaries and wages	40,539	29,958
Staff allowances	3,603	2,352
Pension costs – Defined contribution plan	4,154	3,030
Defined benefit plan expense (Note 26)	1,001	591
Other staff expenses	13,360	6,940
	<u>62,657</u>	<u>42,869</u>
	30 June 2023	30 June 2022
	Birr'000	Birr'000
12 Company income tax and deferred tax		
12.1 Current income tax		
IFRS Accounting profit	78,326	53,514
<u>Add : Disallowed expenses</u>		
Entertainment & Refreshment	1,563	437
Gain on disposal of fixed assets for	-	217
Penalty	10	18
Donation non public use	100	-
Provision for Severance expense	630	591
Provision for Annual Leave	1,276	0
Depreciation for IFRS accounting purpose	5,441	4,209
Amortization for IFRS accounting purpose	-	-
Interest expense on lease liability for IFRS accounting purpose	2,097	1,558
Amortization of Right of use Asset for IFRS accounting purpose	10,781	7,277
	<u>100,224</u>	<u>67,821</u>
<u>Less :</u>		
Depreciation for tax purpose	8,037	5,140
Dividend income taxed at source	3,991	2,179
Interest income taxed at source-Local	56,821	39,927
Gain on disposal taxed on	-	599
Severance Payment	371	325
Annual Leave Payment	224	-
Actual rent expense paid for tax	12,406	10,358
	<u>(81,850)</u>	<u>(58,528)</u>
Taxable profit	<u>18,374</u>	<u>9,293</u>
Current tax at 30%	5,512	2,788
Deferred tax expense /income	836	321
	<u>6,348</u>	<u>3,109</u>



Berhan 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
12.2 Current income tax liability		
Balance at the beginning of the year	1,079	2,232
Charge for the year:	5,512	2,788
Capital gains tax	-	-
Income tax expense	-	-
Prior year (over)/ under provision	-	-
WHT Not utilised	(2,585)	(1,709)
Payment during the year	(1,079)	(2,232)
	<u>2,928</u>	<u>1,079</u>
Profit tax payable/(receivable)	2,928	1,079

12 Company income tax and deferred tax (Contd)

12.3 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	30 June 2022
	Birr'000	Birr'000
The analysis of deferred tax assets/(liabilities) is as follows:		
To be recovered after more than 12 months	(1,808)	(1,042)
To be recovered within 12 months	-	-
	<u>(1,808)</u>	<u>(1,042)</u>

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

Deferred income tax assets/(liabilities):	At 1 July 2022	Credit/ (charge) to profit or loss	Credit/ (charge) to equity	30 June 2023
	Birr'000	Birr'000	Birr'000	Birr'000
Property, plant and equipment	(1,534)	(955)	-	(2,489)
Provisions	492	119	70	681
Tax losses charged to profit or loss	-	-	-	-
Total deferred tax assets/(liabilities)	<u>(1,042)</u>	<u>(836)</u>	<u>70</u>	<u>(1,808)</u>

Deferred income tax assets/(liabilities):	At 1 July 2021	Credit/ (charge) to profit or loss	Credit/ (charge) to equity	30 June 2022
	Birr'000	Birr'000	Birr'000	Birr'000
Property, plant and equipment	(1,150)	(384)	-	(1,534)
Provisions	315	64	113	492
Tax losses charged to profit or loss	-	-	-	-
Total deferred tax assets/(liabilities)	<u>(835)</u>	<u>(321)</u>	<u>113</u>	<u>(1,042)</u>

Berhan Insurance S. C

Notes to the financial statements

For the year ended 30 June 2023

DEFERRED TAX LIABILITY

	30 June 2023 Birr'000	30 June 2022 Birr'000
Deferred tax (liability) asset as per GAAP	-	-
Deferred tax (liability) asset brought	-	-
Add: Temporary difference	(1,808)	(1,042)
Deferred tax Liability as at June	(1,808)	(1,042)
Fixed assets - tax base	59,513	38,772
Fixed asset - carrying amount	67,810	43,885
Fixed assets - temporary difference	(8,297)	(5,113)
Severance pay - tax base	-	-
Severance pay - carrying amount	(2,270)	(1,640)
Severance pay temporary difference	(2,270)	(1,640)
Deferred tax (liability) asset - @ 30%	(1,808)	(1,042)

	30 June 2023 Birr'000	30 June 2022 Birr'000
13 Cash and Bank balances		
Cash in hand	790	2,620
Current account with local banks	53,889	6,020
Savings deposits with local banks	139,755	92,755
Fixed time deposits	403,407	329,969
	597,841	431,364
Maturity analysis	30 June 2023	30 June 2022
	Birr'000	Birr'000
Current	597,841	431,364
Non- current	-	-
	597,841	431,364

Restricted deposits with National Bank of Ethiopia represents deposits made with National Bank of Ethiopia (NBE) in accordance with Article 20 of Proclamation No 746/2012. The Company has a policy of maintaining the deposits at 15% of the paid up capital. The current balance represents the amount deposited up to June 30, 2023.

13.1 Cash and cash equivalents

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.



Berhan 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
Cash in hand	790	2,620
Current account with local banks	53,889	6,020
Savings deposits with local banks	139,755	92,755
	<u>194,433</u>	<u>101,394</u>
	30 June 2023	30 June 2022
	Birr'000	Birr'000
14 Investment securities		
14.1 Available for sale:		
Equity Investments in		
- Berhan Bank S.C.	42,203	42,203
- Ethiopian Reinsurance S.C.	12,550	12,550
	<u>54,753</u>	<u>54,753</u>
14.2 Loans and receivables:		
Ethiopian Government bonds	44,265	17,500
	<u>44,265</u>	<u>17,500</u>
	<u>99,018</u>	<u>72,253</u>
	30 June 2023	30 June 2022
	Birr'000	Birr'000
Maturity analysis		
Current	-	-
Non-Current	99,018	72,253
	<u>99,018</u>	<u>72,253</u>

The Company holds equity investments in the following entities;

	30 June 2023		30 June 2022	
	Number of shares	Percentage of ownership	Number of shares	Percentage of ownership
Berhan Bank S.C	42,203	1.26%	42,203	1.34%
Ethiopian Reinsurance S.C	1,255	0.50%	1,255	0.90%

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.

Ethiopian government bonds are classified as loans and receivables because management's intention is to hold these investments to maturity and they are not held for trading, managed on a fair value basis or quoted in an active market.



Berhan 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
15 Trade and other receivables		
Due from co-insurers	-	-
Due from re-insurers	9,102	11,517
Trade Debtors	293	256
Gross amount	9,395	11,773
Less: impairment allowance	(348)	(348)
	<u>9,047</u>	<u>11,425</u>
Gross amount	<u>9,047</u>	<u>11,425</u>
Maturity analysis		
	30 June 2023	30 June 2022
	Birr'000	Birr'000
Current	9,047	11,425
Non- current	-	-
	<u>9,047</u>	<u>11,425</u>

15.1 Impairment allowance on loans and receivables including insurance receivables

A reconciliation of the allowance for impairment losses for loans and receivables by class, is as follows:

	30 June 2023	30 June 2022
	Birr'000	Birr'000
At 1 July	(348)	(348)
Charge for the year (note 15)	-	-
Recoveries	-	-
During the year	-	-
At 30 June	<u>(348)</u>	<u>(348)</u>



Berhan 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
16 Reinsurance assets		
Recoverable on claims - Incurred but not yet reported	6,252	3,827
Reinsurance recoverable on outstanding claims (note 16.1)	130,092	119,830
Prepaid re-insurance	-	-
Gross amount	136,344	123,657
Less: Specific impairment allowance (note 16.3)	-	-
Total reinsurance assets	136,344	123,657

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

	30 June 2023	30 June 2022
	Birr'000	Birr'000
16.1 Reinsurance recoverable on claims		
Recoverable on claims - Incurred but not yet reported	6,252	3,826
Recoverable on outstanding claims	65,710	89,602
Reinsurer's share of unearned premium	64,382	30,230
Recoverable on claims paid	9,102	11,518
Total reinsurance recoverable on claims	145,447	135,176



The movement in claims recoverable is analysed as:

	30 June 2023	30 June 2022
	Birr'000	Birr'000
Balance at beginning of the year	123,657	103,852
Recoveries during the year	12,687	19,805
Increase in recoverable during the year	9,102	11,518
Balance at end of year	145,447	135,175
	-	0

	30 June 2023	30 June 2022
	Birr'000	Birr'000
17 Deferred acquisition cost		
Motor	5,351	2,319
Marine Cargo and Goods in Transit	376	586
Fire	657	519
Accident and Health	152	203
Engineering	266	423
General Liability	127	130
W/C Ordinary	62	71
Pecuniary	3,413	646
P.Violence	95	81
Total Deferred acquisition cost	10,500	4,977



This represents insurance commission expense relating to the unexpired tenure of risk.

Berhan 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
18 Other assets		
Financial assets		
Staff Debtor	5,994	4,303
Sundry Debtor	723	3,199
	<u>6,716</u>	<u>7,502</u>
Non-Financial assets		
Inventories:-		
Office Supplies	1,849	1,168
Wreck of paid claims	73	3,389
Prepayments	2,470	1,677
Right of Use Asset	19,557	20,262
Ware house construction - WIP	14,510	-
Advance Withholding Receivable	2,585	1,709
	<u>41,043</u>	<u>28,206</u>
Net amount	<u>47,759</u>	<u>35,708</u>
Maturity analysis		
	30 June 2023	30 June 2022
	Birr'000	Birr'000
Current	5,850	9,975
Non- current	41,909	25,733
	<u>47,759</u>	<u>35,708</u>
	Cost nortisation	Net book value
	Birr'000	Birr'000
19 Intangible Assets		
As at 1 July 2021	40	(40)
Additions/(amortisation)	-	-
As at 30 June 2022	40	(40)
Additions/(amortisation)	-	-
As at 30 June 2023	40	(40)



Berhan Insurance S. C Notes to the financial statements For the year ended 30 June 2023

	Buildings	Motor vehicles	Computer and accessories	Office furniture and equipment	Total
	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000
20 Property, plant and equipment					
Cost					
As at 1 July 2021	10,048	27,030	3,154	6,782	47,015
Additions	-	9,560	599	2,365	12,525
Disposals	-	(587)	(3)	-	(590)
Reclassification	-	-	-	-	-
As at 30 June 2022	10,048	36,003	3,750	9,148	58,950
As at 1 July 2022	10,048	36,003	3,750	9,148	58,950
Additions	-	23,473	3,224	2,668	29,366
Disposals	-	-	-	-	-
Reclassification	-	-	-	-	-
As at 30 June 2023	10,048	59,476	6,975	11,816	88,315
Accumulated depreciation					
As at 1 July 2021	376	5,993	1,530	3,261	11,159
Charge for the year	190	2,931	400	687	4,209
Disposals	-	(302)	(2)	-	(304)
As at 30 June 2022	566	8,622	1,928	3,948	15,065
As at 1 July 2022	566	8,622	1,928	3,948	15,065
Charge for the year	190	3,739	635	877	5,441
Disposals	-	-	-	-	-
As at 30 June 2023	756	12,361	2,563	4,825	20,506
Net book value					
As at 1 July 2021	9,673	21,037	1,625	3,521	35,856
As at 30 June 2022	9,482	27,381	1,822	5,200	43,885
As at 30 June 2023	9,292	47,115	4,411	6,991	67,810

The company has acquired a leasehold land together with a building for the purpose of wreck yard of the company. The total area of the land acquired is 5,000 Sq.meter.



Berhan Insurance S. C

Notes to the financial statements

For the year ended 30 June 2023

21 Statutory deposit

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

The statutory deposit below includes (2023: Birr 36.5 million, 2022: Birr 17.5 million) that is transferred to Ethiopian Government Development Bank for the acquisition of Great Renaissance dam bond. The Bond bears interest income of 8% per annum.

	30 June 2023	30 June 2022
	Birr'000	Birr'000
In Cash	-	11,300
In Government Bond	36,700	17,500
Statutory deposit balance	36,700	28,800

	30 June 2023	30 June 2022
	Birr'000	Birr'000
Balance beginning of the year	28,800	22,686
Additions	7,900	6,114
Balance end of year	36,700	28,800

22 Insurance contract liabilities

Short-term insurance contracts

Gross

- Claims reported and loss adjustment expenses (note 22.1)	187,968	189,409
- Claims incurred but not reported IBNR (note 22.2)	29,272	19,814
- Un allocated loss adjustment expense ULAE (note 22.3)	5,890	5,673
- Unearned premiums (note 22.4)	242,077	135,836

Total insurance liabilities, gross

465,207	350,733
---------	---------

Recoverable from reinsurers

- Claims reported and loss adjustment expenses	130,092	119,830
- Claims incurred but not reported IBNR	6,252	3,827

Total reinsurers' share of insurance liabilities

136,344	123,657
---------	---------

Net

Outstanding claims provision:

- Claims reported and loss adjustment expenses	57,876	69,579
- Claims incurred but not reported IBNR	23,019	15,987

Total insurance contract liabilities, net

80,895	85,566
--------	--------



Berhan Insurance S. C Notes to the financial statements For the year ended 30 June 2023

Maturity analysis

	30 June 2023	30 June 2022
	Birr'000	Birr'000
Current	80,895	85,566
Non- current	-	-
	<u>80,895</u>	<u>85,566</u>

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

	30 June 2023	30 June 2022
	Birr'000	Birr'000
22.1 Gross Claims reported		
Motor	100,882	75,856
Marine	1,567	1,792
Fire	344	9,653
Accident	386	407
Engineering	17,949	18,029
General Liability	460	2,901
Workmens'	740	427
Pecuniary	62,938	79,372
PVT	2,704	970
Total Gross Claims reported	<u>187,968</u>	<u>189,409</u>

22 Insurance contract liabilities (Contd)

	30 June 2023	30 June 2022
	Birr'000	Birr'000
22.2 Gross Claims incurred but not reported - IBNR		
Motor	15,312	10,352
Marine	1,235	932
Fire	2,797	1,823
Accident and Health	1,132	936
Engineering	952	746
General Liability	622	389
Workmens'	252	235
Pecuniary	4,897	2,894
PVT	2,072	1,507
Total Gross Claims incurred but not reported - IBNR	<u>29,272</u>	<u>19,814</u>



Berhan 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
22.3 Un allocated loss adjustment expense - ULAE		
Motor	3,151	2,338
Marine	74	73
Fire	85	310
Accident and Health	43	36
Engineering	512	509
General Liability	29	89
Workmens'	27	18
Pecuniary	1,839	2,176
PVT	130	123
Total Un allocated loss adjustment expense - ULAE	5,890	5,673
22.4 Gross Unearned premiums		
Motor	153,351	82,910
Marine	4,945	5,644
Fire	13,167	9,762
Accident and Health	3,014	3,301
Engineering	5,554	4,989
General Liability	5,153	2,671
Workmens'	1,013	1,050
Pecuniary	45,991	17,255
PVT	9,889	8,254
Total Gross Unearned premiums	242,077	135,836
22 Insurance contract liabilities (Contd)		
22.5 Deferred Commission Income		
Motor	1,641	723
Marine	161	449
Fire	2,267	1,429
Accident and Health	35	181
Engineering	202	401
General Liability	353	243
Workmens'	18	22
Pecuniary	6,973	2,418
PVT	1,616	1,363
Total Deferred Commission Income	13,266	7,229

These provisions represent the liability for commission income on premium ceded for which the Company's obligations are not expired at year-end.

Berhan 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
23 Insurance payables		
Amounts payable on direct insurance business		
At 1 July	59,886	26,304
Arising during the year	77,152	63,535
Utilised during the year	(96,712)	(29,953)
At 30 June	<u>40,326</u>	<u>59,886</u>
Amounts payable on assumed reinsurance business		
At 1 July	1,195	861
Arising during the year	1,977	403
Utilised during the year	(93)	(70)
At 30 June	<u>3,079</u>	<u>1,195</u>
	<u>43,404</u>	<u>61,080</u>

The carrying amounts disclosed above approximate fair value at the reporting date.

	30 June 2023	30 June 2022
	Birr'000	Birr'000
24 Other liabilities		
Financial liabilities		
Trade Creditors	-	-
Sales Agents Payable	7,180	2,021
Brokers Payable	1,282	1,094
Claim payable to client	937	933
Provident fund Payable	475	386
Payroll Tax Payable	1,124	808
Withholding tax payable	1,120	282
VAT Payable	156	-
Dividend tax payable	639	-
Payroll Fund Payable	-	-
Staff Pension payable	577	449
Severance pay (note 26a)	<u>13,489</u>	<u>5,973</u>
Other non financial liabilities		
Other payables	26,728	6,448
Accruals	16,085	8,343
Leasehold Payable	16,513	11,695
Deferred commission income	13,266	7,229
Dividend Payable	<u>13,352</u>	<u>12,309</u>
	<u>85,944</u>	<u>46,025</u>
Gross amount	<u>99,433</u>	<u>51,997</u>



Berhan Insurance S. C

Notes to the financial statements

For the year ended 30 June 2023

Maturity analysis

Current
Non- current

30 June 2023	30 June 2022
Birr'000	Birr'000
56,192	33,855
43,241	19,782
99,433	53,638

25 Deferred revenue

Motor
Marine Cargo and Goods in Transit
Fire
Accident and Health
Engineering
General Liability
W/C Ordinary
Pecuniary
Others
All Risk

30 June 2023	30 June 2022
Birr'000	Birr'000
1,641	723
161	449
2,267	1,429
35	181
202	401
353	243
18	22
6,973	2,418
1,616	1,363
-	-
13,266	7,229

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



Berhan 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
26 Retirement benefit obligations		
Defined benefits liabilities:		
– Severance pay (note 26a)	2,270	1,640
Liability in the statement of financial position	2,270	1,640
Income statement charge included in personnel expenses:		
– Severance pay (note 26a)	234	378
– Long service awards (note 26b)	-	-
Total defined benefit expenses	234	378
Remeasurements for:		
– Severance pay (note 26a)	(1,041)	(122)
	(1,041)	(122)

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

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. The Severance Benefit Entitlement is provided under the Labour Proclamation No. 377/2003 and 494/2006.

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

	30 June 2023	30 June 2022
	Birr'000	Birr'000
A Liability recognised in the financial position	2,270	1,640



Berhan 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 Amount recognised in the profit or loss		
Current service cost	1,427	559
Interest cost	245	154
	1,671	713
C Amount recognised in other comprehensive income:		
Remeasurement (gains)/losses arising from participant's movement	234	378
Benefits and expenses paid	(1,275)	(500)
	(1,041)	(122)

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

	30 June 2023 Birr'000	30 June 2022 Birr'000
At the beginning of the year	1,640	1,049
Current service cost	1,427	559
Interest cost	245	154
Remeasurement (gains)/ losses	234	378
Benefits paid	(1,275)	(500)
At the end of the year	2,270	1,640

The significant actuarial assumptions were as follows:

i) Financial Assumption Long term Average

	30 June 2023 Birr'000	30 June 2022 Birr'000
Discount Rate (p.a)	14.30%	14.25%
Rate of Pension Increase(p.a)	12.30%	10.00%

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



Berhan Insurance S. C Notes to the financial statements For the year ended 30 June 2023

27 Share capital

Authorised:

Ordinary shares of Birr 1000 each	300,000	300,000
-----------------------------------	---------	---------

Issued and fully paid:

Ordinary shares of Birr 1000 each	258,254	199,875
-----------------------------------	---------	---------

The subscribed capital of the Company is Birr 219,665,000 million divided into 219,665 shares of Birr 1,000 par value each. The current paid up capital is 199,875,000 (2021: Birr 160,311,000)

28 Share premium

	30 June 2023 Birr'000	30 June 2022 Birr'000
At the beginning of the year	1,246	1,246
Additions through issuance of shares	565	-
	1,812	1,246

The share premium represents excess of share prices over the par value. This amount awaits the resolution of the General Assembly whether it can be distributed to the shareholders.

29 Earnings per share

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

	30 June 2023 Birr'000	30 June 2022 Birr'000
Profit attributable to shareholders	71,978	50,613
Less: Board of directors annual remuneration (Note 33b)	(1,350)	(1,350)
: Prior Years' Adjustment (Note 30)	-	-
	70,628	49,263
Weighted average number of ordinary shares in issue	241,289	189,329
Basic & diluted earnings per share (Birr)	29.27%	26.02%

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. There were no potentially dilutive shares at the reporting date (30 June 2023: nil, 30 June 2022: nil), hence the basic and diluted earning per share have the same value.



Berhan Insurance S. C Notes to the financial statements For the year ended 30 June 2023

	Notes	30 June 2023 Birr'000	30 June 2022 Birr'000
32 Cash generated from operating activities			
Profit before tax		78,326	53,514
Adjustments for non- cash items:			
Depreciation of property, plant and equipment	20	5,441	4,209
Amortisation of intangible assets	19	-	-
Gain/(Loss) on disposal of property/Other income	20	-	(599)
Interest Income	9	(56,821)	(39,927)
Deferred tax (liability)/asset on remeasurement gain or loss	12	(234)	(378)
Changes in working capital:			
-Decrease/ (increase) in loans and receivables including insurance receivables	15	(2,378)	(2,668)
-Decrease/ (increase) in reinsurance assets	16	(12,687)	(19,805)
-Decrease/ (increase) in deferred acquisition cost	17	(5,523)	(1,797)
-Decrease/ (increase) in other assets	18	(12,050)	(6,300)
-Decrease/ (Increase) in fixed time deposits	13	(73,438)	(66,974)
-Increase/ (decrease) in Insurance contract liabilities	22	114,475	75,732
-Increase/ (decrease) in insurance payables	23	(17,676)	33,915
-Increase/ (decrease) in Defined Benefit Obligation	26	630	591
-Increase/ (decrease) in other liabilities	24	47,436	9,830
		65,501	39,343

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

	30 June 2023 Birr'000	30 June 2022 Birr'000
Proceeds on disposal	-	886
Net book value of property, plant and equipment disposed	-	-
Gain/(loss) on sale of property, plant and equipment	-	886



Berhan Insurance S. C

Notes to the financial statements

For the year ended 30 June 2023

33 Related party transactions

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

From the above, only directors were identified to be related parties to the Company.

	30 June 2023 Birr'000	30 June 2022 Birr'000
33a Transactions with related parties		
Loans and advances to key management personnel	1,855	831
	1,855	831

33 Related party transactions (Contd)

33b Key management compensation

Key management has been determined to be the members of the Board of Directors and the Senior Management team of the Company.

Directors are remunerated as per Directive No. SIB/46/2018 of National Bank of Ethiopia which limited payments to Directors to be Birr 150,000 per annum and Birr 10,000 allowance to be paid every month. The current balance is composed of monthly allowances paid during the year.

The compensation paid or payable to key management is shown below. There were no sales or purchase of goods and services between the Company and key management personnel as at 30 June 2022.

	30 June 2023 Birr'000	30 June 2022 Birr'000
Directors allowance (non executive directors)	1,020	1,070
Directors remuneration (non executive directors)	1,350	1,350
Salaries and other short-term employee benefits	8,279	4,915
Post-employment benefits	3,597	616
Representation allowance	832	761
	12,709	6,293
	13,729	7,363



Berhan Insurance S. C Notes to the financial statements For the year ended 30 June 2023

34 Directors and employees

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

	30 June 2023	30 June 2022
	Number	Number
Professionals and High Level Supervisors	79	73
Semi-professional, Administrative and Clerical	113	93
Technician and Skilled	10	-
Manual and Custodian	33	60
	235	226

35 Contingent liabilities

35a Claims and litigation

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

The Company, together with other industry members, will continue to litigate the broadening judicial interpretation of the insurance coverage contained in the casualty insurance contracts it issued. If the courts continue in the future to expand the intent and scope of coverage contained in the insurance contracts issued by the Company, as they have in the past, additional liabilities would emerge for amounts in excess of the carrying amount held. These additional liabilities cannot be reasonably estimated but could have a material impact on the Company's future results. The liabilities carried for these claims as at this year end are reported in Note 22 and are believed to be adequate based on known facts and current law.

36 Commitments

The Company has no additional commitments which are not provided in these financial statements for purchase of any other capital items.

37 Finance lease commitments - Company as lessee

As per IFRS 16 the lessee recognises right of use asset and lease liability for leases in the exception of short term leases and low value assets. While the company has acquired a leasehold land with the total area of 5,000 Sq.meter and other leases like office rent are depending on each contract also recognized.

38 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.



Congratulations ceremony for the new CEO



Staff Day Celebration



Claims Entertained During the Budget Year



Fire & Lighting Insurance Issued to Various Manufacturing & Building





Bole Branch



Main Branch



Kera Branch



Piazza Branch

BRANCHES

BRANCHES



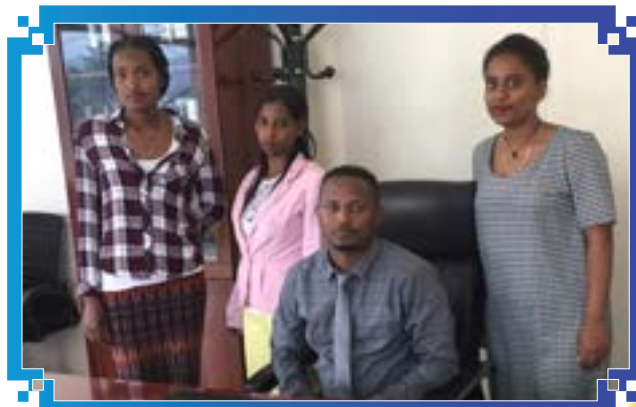
Ras Branch



Merkato Branch



Saris Branch



Sheratera Branch



Olympia Branch



Lebu Branch



Lideta Branch



Hayahulet Mazoria Branch

BRANCHES

BRANCHES



Arat Kilo Branch



Megenagna Branch



Goffa Branch



Teklehaimanot Branch



Kasanchis Branch



Jackros Branch



Beklobet Branch



Biserate gebereal Branch

BRANCHES

BRANCHES



Arba Minch Branch



Dessie Branch



Bahir Dar Branch



Wolaita Sodo Branch



Hawassa Branch



Adama Branch



Hossaena Branch



Shashemene Branch

BRANCHES

BRANCHES



Jimma Branch



Dilla Contact Office



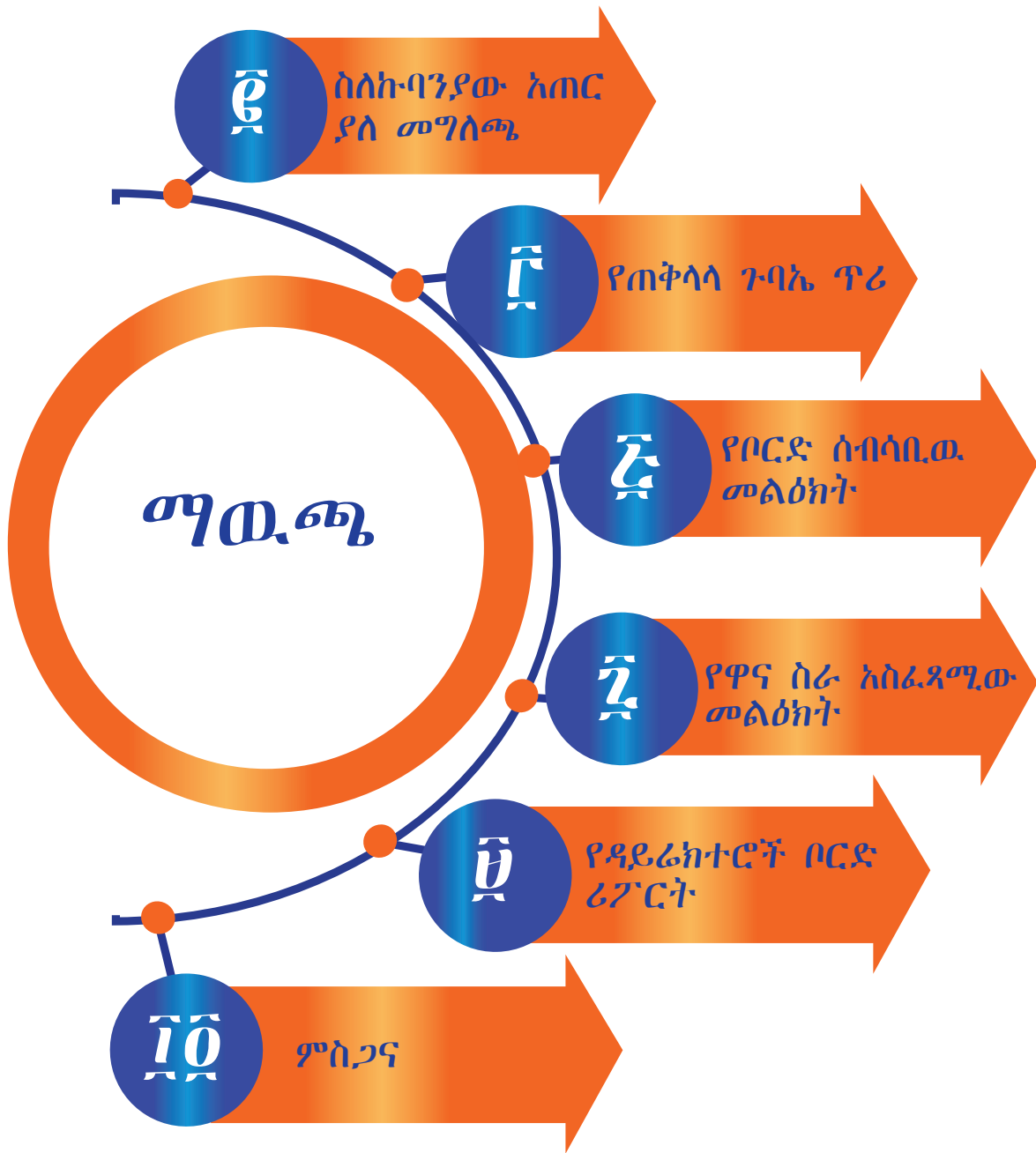
Bishoftu Contact Office



Mekele Branch



ብርሃን ኢንሹራንስ ኢ.ማ.
Berhan Insurance S.C.



ስለኩባንያው አጠር ያለ መግለጫ

ብርሃን ኢንሹራንስ አ.ማ በኢትዮጵያ የመድን ገበያ ውስጥ እየሰሩ ከሚገኙ የግል መድን ሰጪ ኩባንያዎች አንዱ ሲሆን በአዋጅ ቁጥር 86/1994 መሰረት በብርሃን ባንክ አ.ማ አነሳሽነት በ455 ባለራዕይ መስራቾች እ.አ.አ በአክቶበር ወር 2010 ተመስርቶ ህይወት ነክ ያልሆነውን የመድን አገልግሎት ለህብረተሰቡ በመስጠት ላይ ይገኛል። በአሁኑ ወቅት የባለአክሲዮኖቹ ቁጥር ከ1700 በላይ የደረሰ ሲሆን የተከፈለ ካፒታሉም ብር 258.3 ሚሊዮን ደርሷል ።

አሁን ላይ ዋና መስሪያ ቤቱን በወሎ ሰፈር አደባባይ ጋራድ ቦሌ ሲቲ ሴንተር ያደረገው ብርሃን ኢንሹራንስ አ.ማ እ.አ.አ በጁን ወር 2011 ወደ ስራ የገባ ሲሆን በ 30 ቅርንጫፎች እና በ2 አገናኝ ቢሮ አገልግሎት እየሰጠ ይገኛል። ካሉት ቅርንጫፎች ውስጥ 20ዎቹ በአዲስ አበባ ሲገኙ የተቀሩት በክልል ከተሞች ነው ።

ራዕይ

ሁሉን አቀፍ የሆነ እጅግ የተዋጣለት ቀልጣፋ የኢንሹራንስ አገልግሎት በመስጠት ከሁሉም የላቀ ተመራጭ የኢንሹራንስ ኩባንያ መሆን ነው ።

ተልዕኮ

የኢንሹራንስ አገልግሎትን ለህብረተሰቡ ሞያዊ በሆነ መልኩ በመስጠት የሁሉም ባለድርሻ አካላትን (የደንበኞችን፣ የባለአክሲዮኖችን ፣ የሰራተኞችንና የህብረተሰቡን) ፍላጎት ማርካት ነው ።

እሴቶች

ታማኝነት፣ ቅንነት ፣ ግልጽነት ፣ ቅልጥፍና ፣ መልካም አስተዳደር ፣ ውጤት ተኮር አገልግሎት እና ከአድልዎ ነጻ የሆነ አሰራር የኩባንያው እሴቶች ናቸው ።

ለብርሃን ኢንሹራንስ አ.ማ. ባለአክሲዮኖች የተላለፈ የጉባኤ ጥሪ

የብርሃን ኢንሹራንስ አ.ማ. የባለአክሲዮኖች 12ኛ መደበኛ እና 4ኛ አስቸኳይ ጠቅላላ ጉባኤ ቅዳሜ ታህሣሥ 13 ቀን 2016 ዓ.ም. ከጠዋቱ 2:00 ሰዓት ጀምሮ አዲስ አበባ ፣ ካህንቺስ በሚገኘው ኢ.ሲ.ሲ. ሆቴል ይካሄዳል ። ስለሆነም የኩባንያችን ባለአክሲዮኖች በሙሉ ማንነታችሁን የሚገልጽ የታደሰ መታወቂያ /መንጃ ፍቃድ/ ፓስፖርት በመያዝ በተጠቀሰው ቀንና ቦታ በጉባኤው ላይ እንድትገኙ የብርሃን ኢንሹራንስ አ.ማ. የዳይሬክተሮች ቦርድ ጥሪ ያቀርባል ።

ሀ. የመደበኛ ጉባኤ አጀንዳ

1. የጉባኤውን አጀንዳ ማጽደቅ ፤
2. አዳዲስ ባለአክሲዮኖችን መቀበልና የተደረጉ የአክሲዮን ዝውውሮችን ማጽደቅ ፤
3. የዳይሬክተሮች ቦርድን እ.ኤ.አ 2022/23 ዓመታዊ ሪፖርት ማድመጥ ፤
4. የውጭ አዲተሮችን እ.ኤ.አ 2022/23 የሂሳብ ሪፖርት ማድመጥ ፤
5. ከዚህ በላይ በተራ ቁጥር 3 እና 4 ላይ በቀረቡት ሪፖርቶች ላይ ተወያይቶ መወሰን ፤
6. በተጓደሉ የቦርድ አባል ምትክ የተተኩትን ዳይሬክተር ሹመት ማጽደቅ ፤
7. በ2015 ዓ.ም. በተደረገው የዳይሬክተሮች ቦርድ ምርጫ በኢትዮጵያ ብሔራዊ ባንክ በተሰጠው ግብረ መልስ መሰረት ስለተደረገው ማስተካከያ መግለጫ ማቅረብ ፤
8. በዘመኑ የተጣራ ትርፍ አደላደል እና አከፋፈል ላይ በቀረበው የውሳኔ ሀሳብ ላይ ተወያይቶ መወሰን ፤
9. የዳይሬክተሮች ቦርድ አባላትን ወርሃዊ አበልና ዓመታዊ ክፍያ መወሰን ፤
10. የጉባኤውን ቃለጉባኤ ማጽደቅ ፤

ለ. የአስቸኳይ ጠቅላላ ጉባኤ አጀንዳ

1. አጀንዳውን ማጽደቅ ፤
2. የማህበሩን ካፒታል ማሳደግ ፤
3. የማህበሩን መመስረቻ ጽሁፍ ማሻሻል ፤
4. የጉባኤውን ቃለጉባኤ ማጽደቅ ፤

ማሳሰቢያ

በጉባኤው ላይ ለመገኘት የማይችሉ ባለአክሲዮኖች :-

- ❖ ጉባኤው ከሚካሄድበት ቀን አስቀድሞ ባሉት ቀናት ውስጥ የኩባንያው ዋና መ/ቤት አድራሻ በሆነው በአዲስ አበባ ከተማ፤ ቂርቆስ ክፍለ ከተማ ወረዳ 02 የቤት ቁጥር አዲስ በሆነውና ወሎ ሰፈር ጋራድ ሲቲ ሴንተር ሕንጻ 7ኛ ፎቅ ላይ በሚገኘው የኩባንያው ዋና መስሪያ ቤት አክሲዮን አስተዳደር ክፍል በመገኘት የውክልና ፎርም/ቅጽ በመሙላት ተወካይ በመወከል ወይም ፤
- ❖ በስብሰባው ለመገኘትና ድምጽ ለመስጠት የሚያስችል የውክልና ማስረጃ ያለው ተወካይ ዋናውን እና አንድ ፎቶ ኮፒ በጉባኤው ዕለት ይዞ እንዲቀርብ በማድረግ በወኪሎቻቸው አማካይነት መሳተፍ ይችላሉ ።

ብርሃን ኢንሹራንስ አ.ማ

የዳይሬክተሮች ቦርድ

የቦርድ ሰብሳቢው መልዕክት

የኩባንያችንን 12ኛ አመት የባለአክሲዮኖች አመታዊ መደበኛ ጠቅላላ ጉባኤ እና 4ኛ ድንገተኛ ጉባኤን በማስመልከት በተዘጋጀው ስብሰባ ላይ ለመገኘት ስለመጣችሁ በራሴና በዳይሬክተሮች ቦርድ አባላት ስም እንኳን ደህና መጣችሁ ለማለት እወዳለሁ ።

የበጀት ዓመቱ የስራ ክንውን አፈጻጸም ዝርዝር ዘገባ በዳይሬክተሮች ሪፖርት እና በውጭ አዲተሮች በተረጋገጡት የሂሳብ መግለጫዎች ላይ የቀረበ ሲሆን የእኔ መግለጫ በዋና ዋና ጉዳዮች ላይ ያተኮራል ።

ምንም እንኳን በበጀት አመቱ የውጭ ምንዛሪ እጥረት ፣ የነዳጅ ዋጋ መናር ፣ የፖለቲካ አለመረጋጋት ፣ የኢኮኖሚ እንቅስቃሴ መቀዛቀዝ እና በጣም ከፍተኛ የሆነ የዋጋ ግሽበትን የመሳሰሉ በርካታ ሃገራዊና አለም አቀፋዊ ተግዳሮቶች በአጠቃላይ የአፕሬሽን እና የአስተዳደራዊ ወጪዎች ላይ የተጋነነ ጭማሪ እንዲከሰት ቢያደርጉም ኩባንያችን በበጀት አመቱ ከታክስ በፊት የብር 78.3 ሚሊዮን ከፍተኛ ትርፍ ማስመዘገብ ችሏል ። ከታክስ በኋላ የተገኘውም የተጣራ ትርፍ የ42.7 በመቶ እድገት በማሳየት ብር 71.9 ሚሊዮን ደርሷል ። የአንድ አክሲዮን የትርፍ ድርሻም (EPS) 29.27% ሲሆን ካለፈው ዓመት 26.02% ጋር ሲነጻጸር ጭማሪ አሳይቷል ።

በኢንሹራንስ ኢንዱስትሪ ውስጥ ለአደጋ ስጋቱ የማይመጥን የአረቦን ተመን ስለሚተገበር ኢንዱስትሪው በአብዛኛው ከዋና ሥራው ይልቅ ከኢንሹስትመንት ብቻ ትርፍ እንዲያገኝ ሆኗል። ይህም ጉዳይ አሳሳቢ በመሆኑ በሁሉም የዘርፉ ተዋናዮች በትኩረት ሊታሰቡበት እና ዘላቂ መፍትሄ ሊበጀሉት ይገባል ።

በበጀት ዓመቱ የኢንሹራንስ ኢንዱስትሪው ሕይወት ነክ ያልሆነው ጠቅላላ ዓረቦን በ 41.3% ሲያድግ ኩባንያችን ደግሞ በ 69.6% አድጓል ፤ ይህም ከኢንዱስትሪው እድገት የላቀ እና በአስራ ሁለት አመታት ጉዞው ውስጥ አስደናቂ እድገት የተመዘገበበት አመት ነው ።

በተጠናቀቀው በጀት አመት የኩባንያችን የተከፈለ ካፒታል ብር 258.3 ሚሊዮን የደረሰ ሲሆን ከአምናው ተመሳሳይ ወቅት ጋር ሲነጻጸር የብር 58.4 ሚሊዮን ወይም የ29.2 በመቶ እድገት አሳይቷል። የኩባንያችን አጠቃላይ ሀብት እ.አ.አ በጁን 30 ቀን 2023 ብር 968.3 ሚሊዮን የነበረ ሲሆን ይህም ካለፈው ዓመት ብር 734.6 ሚሊዮን ጋር ሲነጻጸር የ31.8 በመቶ ጭማሪ አሳይቷል። በተጨማሪም የኩባንያው አጠቃላይ ዕዳ ብር 617.7 ሚሊዮን የደረሰ ሲሆን ይህም ካለፈው ዓመት ጋር ሲነጻጸር የ31.6 በመቶ ዕድገት አስመዘገቧል ።

በመጨረሻም ማለትም እ.አ.አ 2023/24 በጀት ዓመት ትልቅ አጽንዖት የምንሰጣቸው :- የሕይወት ዋስትና እና የአይቲ ፕሮጀክቶች ትግበራ ፣ የሪል ስቴት ኢንሸርትመንት ፣ የመጋዘን ግንባታ ማጠናቀቅ እና የኩባንያውን ካፒታል ማሳደግ እና የኩባንያውን አጠቃላይ የስራ እንቅስቃሴ ማሻሻል ይሆናል ።

በመጨረሻም ለኢትዮጵያ ብሔራዊ ባንክ ፣ ለውድ ደንበኞቻችን ፣ ለብርሃን ባንክ ፣ ለጠለፋ ዋስትና ሰጪዎቻችን ፣ ለብሮክሮች፣ ለሽያጭ ወኪሎች ፣ ለኩባንያው ሠራተኞችና ስራ አመራር አባላት ከልብ የመነጨ ምስጋናዬን አቀርባለሁ ። በተጨማሪም ለዲሬክተሮች ቦርድ የስራ ባልደረቦቼ ሙያዊ በሆነ መንገድ ኃላፊነታቸውን ለመወጣት ላሳዩት ቁርጠኝነት ለማመስገን እወዳለሁ ።

የተከበራችሁ ባለአክሲዮኖች በኢትዮጵያ ንግድ ህግ (2021) አንቀጽ 394 እና 426 እና በኩባንያው መተዳደሪያ ደንብ አንቀጽ 3 መሰረት እ.አ.አ. ጁን 30 ፣ 2023 የተጠናቀቀውን በጀት አመት የዳይሬክተሮች ቦርድ እና የውጭ ኦዲተሮች ሪፖርትን ተመክልታችሁ እንድታጸድቁት በታላቅ አክብሮት እጠይቃለሁ ።

አመሰግናለሁ !!

አዲሱ ደምሴ

የዳይሬክተሮች ቦርድ ሰብሳቢ

የዋና ስራ አስፈጻሚው መልዕክት

በኢትዮጵያ የዘመናዊ ኢንሹራንስ አገልግሎት አጀማመር ረጅም ታሪክ ያለው ቢሆንም፣ ኢንዱስትሪው በዝቅተኛ የእድገት ደረጃ ላይ ይገኛል። በተለያዩ ምሁራን እንደተረጋገጠው በ1960 ዓ.ም 33 ኩባንያዎች በኢትዮጵያ ኢንሹራንስ ገበያ ውስጥ ይሠሩ እንደነበር ጥናቶች ቢያሳዩም በአሁኑ ወቅት 18 የኢንሹራንስ ኩባንያዎችና አንድ የጠለፋ ዋስትና ሰጪ ኩባንያ አገልግሎት በመስጠት ላይ ናቸው። ለዚህም ማሳያው የኢትዮጵያ የኢንሹራንስ ዘርፍ ለአጠቃላይ አገራዊ ምርት ያለው አስተዋጽኦ ከአንድ በመቶ (1%) ያነሰ መሆኑ ሲሆን ይህም በአፍሪካ ካለው አማካይ መጠን በእጅጉ ያነሰ ነው ። ይህም ደግሞ የኢንሹራንስ ዘርፉ ለአገሪቱ አጠቃላይ ምርት የሚያበረክተው አስተዋጽኦ እንዲጨምር ሁሉም የኢንዱስትሪው ተዋናዮች በትብብር መስራት እንዳለባቸው በግልፅ የሚያሳይ ነው ።

በተጠናቀቀው በጀት አመት የኢትዮጵያ ኢንሹራንስ ኢንዱስትሪ አጠቃላይ የአረቦን ገቢ 22 ቢሊዮን ገደማ የደረሰ ሲሆን ይህም ካለፉት ጊዜያት አፈጻጸም ጋር ሲነጻጸር በጣም የተሻለ ነው። የኢንሹራንስ ዘርፉ በብዙ ችግሮች እየተፈተነ ይህን የመሰለ ተስፋ ሰጪ ዕድገት ማስመዘገቡ ፣ የኢንዱስትሪውን እምቅ የዕድገት አቅም የሚያመላክት ነው ። ስለሆነም ሁሉም የዘርፉ ተዋናዮች ቁርጠኛ ሆነው በጠንካራ ሙያዊ ሥነ-ምግባር ለኢንሹራንስ ኢንዱስትሪው ዕድገት ተቀናጅተው የሚሰሩ ከሆነ የኢትዮጵያ ኢንሹራንስ ኢንዱስትሪ በአፍሪካ የተሻለ አፈጻጸም ካላቸው የኢንሹራንስ ኢንዱስትሪዎች ተርታ እንደሚሰለፍ ጥርጥር የለውም።

ኩባንያዎችን በኢትዮጵያ የኢንሹራንስ ኢንዱስትሪ ውስጥ ከሚገኙ በእድሜ ለጋ የኢንሹራንስ ኩባንያዎች አንዱ ሆኖ ላለፉት አስራ ሁለት ዓመታት ተከታታይ እድገት አስመዘገቧል ። በ2022/23 በጀት ዓመት የኢንሹራንስ ኢንዱስትሪውን አፈጻጸም የሚፈታተኑ ተግዳሮቶች ቢስተዋሉም ኩባንያዎችን ተስፋ ሰጪ አፈጻጸም አስመዘገቧል ። በበጀት አመቱ የተመዘገበው የአረቦን ገቢ ብር 409.3 ሚሊዮን ሲሆን ይህም ካለፈው ዓመት ተመሳሳይ ወቅት ጋር ሲነጻጸር የ69.60 በመቶ እድገት አሳይቷል ። በተጨማሪም ብር 78.3 ሚሊዮን ያልተጣራ ትርፍ የተመዘገበ ሲሆን ይህም ካለፈው በጀት ዓመት ጋር ሲነፃፀር የ46.4 በመቶ እድገት አለው ።

የመለዋወጫ ዕቃዎች ዋጋ መናር ፣ የነዳጅ ዋጋ መጨመር ፣ ከፍተኛ የመኪና አደጋ መጠን ፣ የውጭ ምንዛሪ እጥረት እና ሌሎች ተፅዕኖዎች እንዲሁም የአለም ፖለቲካዊ እና ኢኮኖሚያዊ ተግዳሮቶች በኢንሹራንስ ኢንዱስትሪው እና በድርጅታችን አፈፃፀም ላይ አሉታዊ ተጽዕኖ አሳርፈዋል። እነዚህን ሁሉ ፈተናዎች ማሸነፍ እና ከላይ የተጠቀሰውን የተጣራ ትርፍ ማስመዘገብ መቻል ለኩባንያው ትልቅ ስኬት ሲሆን በሚቀጥሉት አመታትም ለበለጠ ስኬት እንተጋለን ።

ኩባንያው ተደራሽነቱን ለማስፋት በአዲስ አበባ 4 ቅርንጫፎች ፤ የተሻለ ኢኮኖሚያዊ እንቅስቃሴ በሚስተዋልባቸው የሀገሪቱ ከተሞች ደግሞ 1 ቅርንጫፍ እና 2 አገናኝ ቢሮዎች በመክፈት ፤ እንዲሁም አርባ ምንጭ አገናኝ ቢሮን ወደ ቅርንጫፍ በማሳደግ አጠቃላይ የአገልግሎት መስጫ ቢሮዎቹን ቁጥር 32 ማድረስ ችሏል።

በበጀት አመቱ ማብቂያ ላይ የቅርንጫፎችን መስፋፋትና የኩባንያውን እድገት ተከትሎ አጠቃላይ የቋሚ ሰራተኞች ቁጥር 236 ደርሷል። ኩባንያው ፍትሃዊ የስራ እድል በመስጠት አርአያነቱን ቀጥሏል። የሰራተኞችን የፆታ ስብጥር ስንመለከት የሴት ሰራተኞች ድርሻ 59.30% ሲሆን ይህም በኩባንያው የስራ ቅጥር ሂደት ውስጥ ሴቶችን እንደሚያበረታታ ይመሰክራል። ከአቅም ግንባታ ጋር በተያያዘም ድርጅቱ በሰው ሃይል ልማት መርሃ ግብር ላይ ትኩረት አድርጎ እየሰራ ሲሆን በተለያዩ ደረጃዎች ለሚሰሩ ሰራተኞችም የተለያዩ የአጭር ጊዜ እና የረጅም ጊዜ ስልጠናዎችን እና የማጠናከሪያ ትምህርቶችን ሰጥቷል።

በያዝነው በጀት ዓመት የህይወትና አለምአቀፍ የጉዞ ዋስትና ለመስጠት ሁሉም ቅድመ ዝግጅቶች ተጠናቀዋል። በኩባንያው የተጎዱ ተሽከርካሪዎች ማቆያ ግቢ ውስጥ እየተሰራ ያለው የመጋዘን ግንባታም ይጠናቀቃል። የአይቲ ፕሮጀክትን ለመተግበር ከአቅራቢው ጋር ስምምነት ለመፈራረም ሁሉም ዝግጅቶች ተጠናቀዋል። ለኩባንያው ዋና መ/ቤት የሚሆን ህንጻ ግዢም ቅድሚያ ከሚሰጣቸው ዋና ዋና እቅዶች ውስጥ አንዱ ይሆናል ።

በመጨረሻም ለኢትዮጵያ ብሔራዊ ባንክ ፤ ለውድ ደንበኞቻችን ፤ ለብርሃን ባንክ ፤ ለጠለፋ ዋስትና ሰጪዎቻችን ፤ ለብሮክሮች፤ ለሽያጭ ወኪሎች ፤ ለኩባንያው ሠራተኞችና ስራ አመራር አባላት ከልብ የመነጨ ምስጋናዬን አቀርባለሁ። በተጨማሪም ለዲሬክተሮች ቦርድ የስራ ባልደረቦቹ ሙያዊ በሆነ መንገድ ኃላፊነታቸውን ለመወጣት ላሳዩት ቁርጠኝነት ለማመስገን እወዳለሁ።

የመለዋወጫ ዕቃዎች ዋጋ መናር ፤ የነዳጅ ዋጋ መጨመር ፤ ከፍተኛ የመኪና አደጋ መጠን ፤ የውጭ ምንዛሪ እጥረት እና ሌሎች ተፅዕኖዎች እንዲሁም የአለም ፖለቲካዊ እና ኢኮኖሚያዊ ተግዳሮቶች በኢንሹራንስ ኢንዱስትሪው እና በድርጅታችን አፈፃፀም ላይ አሉታዊ ተጽዕኖ አሳርፈዋል። እነዚህን ሁሉ ፈተናዎች ማሸነፍ እና ከላይ የተጠቀሰውን የተጣራ ትርፍ ማስመዘገብ መቻል ለኩባንያው ትልቅ ስኬት ሲሆን በሚቀጥሉት አመታትም ለበለጠ ስኬት እንተጋለን።

በበጀት አመቱ ማብቂያ ላይ የቅርንጫፎችን መስፋፋትና የኩባንያውን እድገት ተከትሎ አጠቃላይ የቋሚ ሰራተኞች ቁጥር 236 ደርሷል። ኩባንያው ፍትሃዊ የስራ እድል በመስጠት አርአያነቱን ቀጥሏል ። የሰራተኞችን የፆታ ስብጥር ስንመለከት የሴት ሰራተኞች ድርሻ 59.30% ሲሆን ይህም በኩባንያው የስራ ቅጥር ሂደት ውስጥ ሴቶችን እንደሚያበረታታ ይመሰክራል። ከአቅም ግንባታ ጋር በተያያዘም ድርጅቱ በሰው ሃይል ልማት መርሃ ግብር ላይ ትኩረት አድርጎ እየሰራ ሲሆን በተለያዩ ደረጃዎች ለሚሰሩ ሰራተኞችም የተለያዩ የአጭር ጊዜ እና የረጅም ጊዜ ስልጠናዎችን እና የማጠናከሪያ ትምህርቶችን ሰጥቷል።

በያዝነው በበጀት ዓመት የህይወትና አለምአቀፍ የጉዞ ዋስትና ለመስጠት ሁሉም ቅድመ ዝግጅቶች ተጠናቀዋል። በኩባንያው የተጎዱ ተሽከርካሪዎች ማቆያ ግቢ ውስጥ እየተሰራ ያለው የመጋዘን ግንባታም ይጠናቀቃል። የአይ.ቲ ፕሮጀክትን ለመተግበር ከአቅራቢው ጋር ስምምነት ለመፈራረም ሁሉም ዝግጅቶች ተጠናቀዋል። ለኩባንያው ዋና መ/ቤት የሚሆን ህንጻ ግዢም ቅድሚያ ከሚሰጣቸው ዋና ዋና እቅዶች ውስጥ አንዱ ይሆናል።

አመሰግናለሁ !!

አድማሱ ዘሪሁን

የኩባንያው ዋና ስራ አስፈጻሚ

የዳይሬክተሮች ቦርድ ሪፖርት

የብርሃን ኢንሹራንስ አ.ማ የዳይሬክተሮች ቦርድ እ.አ.አ ጁን 30፣ 2023 ዓ.ም የተጠናቀቀውን የበጀት አመት የሥራ አፈጻጸም ሪፖርት ለ12ኛው የባለአክሲዮኖች ጠቅላላ ጉባኤ እንደሚከተለው ቀርቧል ።

1. ኢኮኖሚያዊ ዳሰሳዎች

1.1 የዓለም ኢኮኖሚ

እ.አ.አ በ 2022 ዓ.ም 3.5 በመቶ ተገምቶ የነበረው የአለም ኢኮኖሚ እድገት እ.አ.አ በ 2023 እና 2024 ወደ 3 በመቶ ዝቅ እንደሚል ተገምቷል ። እ.አ.አ የ 2023 ትንበያ በሚያዝያ 2023 የዓለም አቀፍ ኢኮኖሚ ተንታኝ (World Economic Outlook) ከተነበየው በመጠኑ ከፍተኛ ቢሆንም ቀደም ካሉት አመታት አንጻር ሲነጻጸር ግን ዝቀተኛ የሚባል ነው ። በአለም አቀፍ ደረጃ የዋጋ ግሽበት እ.አ.አ በ2022 ከነበረበት 8.7 በመቶ በ2023 ወደ 6.8 በመቶ እና በ2024 ወደ 5.2 በመቶ እንደሚቀንስ ይጠበቃል ። በዚህ አንጻር ማዕከላዊ ባንኮች የዋጋ መረጋጋትን ለማስፈን የፋይናንስ ቁጥጥርን በማጠናከር ላይ ትኩረት ሊሰጡ እንደሚገባ አሳስቧል ። (የአለም አቀፍ የገንዘብ ተቋም፣ የዓለም ኢኮኖሚ ምልከታ እ.አ.አ ጁላይ 2023)

1.2 የኢትዮጵያ ኢኮኖሚ

አጠቃላይ የሀገር ውስጥ ምርት (GDP) እ.አ.አ በ 2023 በ 5.8 በመቶ እና በ 2024 በ 6.2 በመቶ እንደሚያድግ ይገመታል ። የሰላም ስምምነቱን ተከትሎ የዋጋ ግሽቡ በ 2023 ወደ 28.1% እና በ 2024 ወደ 20.1% እንደሚቀንስ ተተንብይዋል ። በ 2023/24 በጀት አመት የሽቀጦች እና የአገልግሎቶች የወጪ ንግድ እና የውጭ ቀጥተኛ ኢንቨስትመንቶች መጨመር እና የካፒታል እቃዎች ወደ ሀገር ውስጥ ማስገባት ማሻቆልቆል አሁን ያለውን የሂሳብ ጉድለት ከጠቅላላ የሀገር ውስጥ ምርት አንጻር ወደ 3.7% ይቀንሳል ተብሎ ይጠበቃል ። በተለያዩ የሀገሪቱ ክፍሎች የሚስተዋሉት የጎሳ ግጭቶች ፣ ድርቅ ፣ የዕዳ ጫና እና የሩሲያ እና የዩክሬን ጦርነት በኢኮኖሚው ላይ አሉታዊ ተጽዕኖ እንደሚያደርስ አመልክቷል ። (የአፍሪካ ኢኮኖሚ ምልከታ እ.አ.አ 2023)

2. የኢትዮጵያ መድን ኢንዱስትሪ

በተጠናቀቀው በጀት አመት የኢትዮጵያ ኢንሹራንስ ኢንዱስትሪ አጠቃላይ የአረቦን ገቢ ብር 22.991 ቢሊዮን ደርሷል ። ህይወት ነክ ከሆነው የመድን ዘርፍ የተገኘው አረቦን 5.96% ብቻ ሲሆን የተቀረው 94.04% የተገኘው ደግሞ ህይወት ነክ ካልሆነው የመድን ዘርፍ ነው ። ከአምናው ተመሳሳይ ወቅት ጋር ሲነጻጸር ህይወት ነክ ያልሆነው የመድን ዘርፍ የ41.3 በመቶ እድገት ሲያስመዘግብ ህይወት ነክ የሆነው የመድን ዘርፍ ደግሞ የ8.9 በመቶ ዕድገት አሳይቷል ።

3. የሥራ ክንውን እና የፋይናንስ አፈፃፀም ሪፖርት

3.1 የአረቦን ገቢ (Gross Written Premium)

ከባንያው ጁን 30 ቀን 2023 ዓ.ም በተጠናቀቀው በጀት አመት የ 69.6 በመቶ እድገት በማሳየት ብር 409.3 ሚሊዮን የአረቦን ገቢ ሰብስቧል ። 65 በመቶ የሚሆነው ገቢ የተሰበሰበው ከተሽከርካሪ ኢንሹራንስ ሲሆን ከማሪን ኢንሹራንስ በስተቀር በሁሉም የኢንሹራንስ አይነቶች እድገት ሊመዘገብ ችሏል ።

3.2 የካሳ ክፍያ ከአረቦን ገቢ አንፃር (Loss Ratio)

በተጠናቀቀው በጀት አመት ለካሳ ክፍያ የዋለው ገንዘብ ብር 118.7 ሚሊዮን ሲሆን ይህም ከአረቦን ገቢ አንፃር ሲታይ 52 በመቶ ነው ። እንዲሁም ከኢንዱስትሪው አማካይ ጋር ሲነፃፀር በጣም ዝቅተኛ እና አመርቂ ውጤት መሆኑን ለማየት ተችሏል ።

3.3 ከኢንሹራንስ የውል ስራ የተገኘ ውጤት (Operational Profit)

እ.አ.አ ጁን 30፣ 2023 ዓ.ም በተጠናቀቀው በጀት አመት ከኢንሹራንስ የውል ስራ የተገኘው ውጤት ብር 122.7 ሚሊዮን ሲሆን ይህም ካለፈው አመት ተመሳሳይ ወቅት ጋር ሲነፃፀር የ 48.4 በመቶ ዕድገት ታይቶበታል ። ሁሉም የኢንሹራንስ አይነቶች ከውል ስራ ትርፍ ማስመዘገብ ችለዋል ።

3.4 ኢንቨስትመንት

ከባንያው ጤናማ የሆነ Cash Flow (የገንዘብ ፍሰት መግለጫ) እንዲኖረው እንዲሁም የሥራ ማስኬጃ ወጪዎችንና የካሳ ክፍያዎችን ለመሸፈን የሚያስችለውን በቂ ስንቅ በመያዝ ቀሪውን ብር የተሻለ ገቢ ሊያስገኙ በሚችሉ ኢንቨስትመንቶች ላይ አውሏል ። በብርሃን ባንክ አ.ማ የብር 42.2 ሚሊዮን እና በኢትዮሪ አ.ማ የብር 12.6 ሚሊዮን የአክሲዮን ድርሻ ያለን ሲሆን እ.አ.አ ጁን 30 ቀን 2023 ከነበረው የተቀማጭ ገንዘብ መጠን ብር 384.2 ሚሊዮን ላይ የተገኘውን ወለድ ጨምሮ በተጠናቀቀው በጀት ዓመት ከኢንቨስትመንት የተገኘው ገቢ ብር 60.8 ሚሊዮን ሲሆን ይህም አመርቂ የሚባል እና የ44.4 በመቶ እድገት የተመዘገበበት ነው ።

3.5 አስተዳደራዊና ልዩ ልዩ ወጪዎች (Expenses)

በበጀት ዓመቱ የከባንያው አጠቃላይ አስተዳደራዊና ልዩ ልዩ ወጪዎች ብር 105.8 ሚሊዮን ሲሆን ይህም ከአምናው ብር 73.5 ሚሊዮን ጋር ሲነጻጸር 43 በመቶ ብልጫ አለው ። በየአለቱ የሚጨምረው የዋጋ ንረት ፣ የቅርንጫፎች መስፋፋት ፣ የሰራተኛ ደሞዝ ጭማሪ ፣ የሰራተኞች ቁጥር ማደግ እና የቢሮ ኪራይ ዋጋ ጭማሪ ለአጠቃላይ ወጪው መባባስ ትልቅ አስተዋፅኦ አበርክተዋል ።

3.6 ትርፍ

በተጠናቀቀው በጀት አመት ከባንያው ከታክስ በፊት ብር 78.3 ሚሊዮን ትርፍ በማስመዘገብ ከአምናው ተመሳሳይ ወቅት ብር 53.5 ሚሊዮን አንጻር የ 46.4 በመቶ አስገራሚ እድገት አሳይቷል ። ከታክስ በኋላ የተጣራ ትርፍም ብር 71.9 ሚሊዮን ሆኗል ።

3.7 ከትርፍ የተገኘ ድርሻ (Earning Per Share)

ከበጀት አመቱ ትርፍ ከአንድ አክሲዮን የተገኘ የትርፍ ድርሻ (EPS) 29.27% ሲሆን ይህም ከቀዳሚው ዓመት 26.02% ጋር ሲነጻጸር ጭማሪ አሳይቷል ።

4. የከባንያው የፋይናንስ መግለጫ

4.1 ሀብት (Assets)

የከባንያው አጠቃላይ ሀብት በተጠናቀቀው በጀት አመት ብር 968.3 ሚሊዮን ሲሆን ካለፈው አመት ተመሳሳይ ወቅት ብር 734.6 ሚሊዮን ጋር ሲነጻጸር የ 31.8 በመቶ እድገት አለው ።

4.2 እዳ (Liabilities)

የከባንያው አጠቃላይ ዕዳ ብር 617.7 ሚሊዮን ሲሆን ካለፈው ዓመት ብር 469.3 ሚሊዮን ጋር ሲነጻጸር የ 31.6 በመቶ ጭማሪ አሳይቷል ።

4.3 የባለአክሲዮኖች የካፒታል መጠን (Shareholders Fund)

የከባንያው አጠቃላይ ካፒታል ብር 350.6 ሚሊዮን ሲሆን ካለፈው ዓመት ተመሳሳይ ወቅት ጋር ሲነጻጸር በብር 85.3 ሚሊዮን ወይም በ 32.2 በመቶ ጭማሪ አሳይቷል።

5. የሰው ኃብት ልማት

በተጠናቀቀው በጀት አመት የከባንያው ሠራተኞች ቁጥር 236 የነበረ ሲሆን የሰራተኞችን የክህሎትና የእውቀት ክፍተቶች ለመሙላት የተለያዩ የስራ ላይና ከስራ ውጭ የሆኑ ሥልጠናዎች ተሰተዋል ።

6. ቅርንጫፍ ማስፋፍያ

ከባንያውንና አገልግሎቶቹን ለሀብረተሰቡ ይበልጥ ተደራሽ ለማድረግ በአዲስ አበባ 4 ቅርንጫፎች ተከፍተዋል ፤ አርባ ምንጭ ከአገናኝ ቢሮ ወደ ቅርንጫፍ እንዲያድግ ተደርጓል ፤ እንዲሁም በዲላና ቢሾፍቱ አገናኝ ቢሮዎች ተከፍተው በአጠቃላይ የአገልግሎት መስጫ ቢሮዎቹ ቁጥር 32 ደርሷል ።

7. የተከፈለ ካፒታል

ጉባኤው ከተደረገበት ቀን ቀደም ብሎ የኩባንያው የተፈረመ እና የተከፈለ ካፒታል ብር 300 ሚሊዮን ደርሷል ። የኢትዮጵያ ብሔራዊ ባንክ ባወጣው መመሪያ መሠረት የኢንሹራንስ ኩባንያዎች ዝቅተኛ የተከፈለ ካፒታል እ.አ.አ እስከ ጁን 30 ቀን 2027 ብር 500 ሚሊዮን መድረስ አለበት ። ይህንንም ለማሟላት የኩባንያው ሰራተኞች ፣ ባለአክሲዮኖችና የቦርድ አባላት ከፍተኛ ስራ ይጠበቅባቸዋል ።

8. በትርፍ ክፍፍል ላይ የቀረበ ሃሳብ

የኩባንያው የዳይሬክተሮች ቦርድ ታክስና ህጋዊ መጠባበቂያ የተቀነሰበት የተጣራ ብር 63.2 ሚሊዮን ትርፍ (የአንድ አክሲዮን ድርሻ 26.28%) ዲቪደንድ ሆኖ እንዲከፈል ለባለአክሲዮኖች ጠቅላላ ጉባኤ ሃሳብ እያቀረበ የኩባንያውን ካፒታል ለማጠናከር እና በብሔራዊ ባንክ የተቀመጠውን ዝቅተኛ የተከፈለ ካፒታል መጠን ለማሟላት በትርፍ ድርሻችሁ ተጨማሪ አክሲዮኖችን እንድትገዙ ይጠይቃል ።

9. ለዳይሬክተሮች ቦርድ አባላትና ለዋ/ስ/አስፈጻሚ የተከፈሉ ክፍያዎች

በበጀት አመቱ ከላይ ለተጠቀሱት አባላት ለደሞዝና ጥቅማጥቅም እንዲሁም ለውክልና አበል የተከፈሉ ክፍያዎች ዝርዝር ቀጥሎ በቀረበው ሰንጠረዥ ተመልክቷል ።

ዝርዝር	እ.አ.አ ከጁላይ 1 ቀን 2022 እስከ ጁን 30 ቀን 2023	እ.አ.አ ከጁላይ 1 ቀን 2021 እስከ ጁን 30 ቀን 2022
የዳይሬክተሮች ወርሃዊ አበል	1,020,000.00	1,070,000.00
የዳይሬክተሮች አመታዊ አበል	1,350,000.00	1,350,000.00
የዋ/ስ/አስፈጻሚ ደሞዝና ጥቅማጥቅም	1,369,660.00	1,203,800.00
ድምር	3,739,660.00	3,623,800.00

10. በበጀት አመቱ ያጋጠሙ ተግዳሮቶች እና የወደፊት ስልታዊ አቅጣጫዎች

በበጀት አመቱ የተለያዩ ኢኮኖሚያዊ እና ፖለቲካዊ ተግዳሮቶች ያጋጠሙ ቢሆንም ኩባንያችን አበረታች ውጤት አስመዝግቧል ። ካጋጠሙት ፈተናዎች መካከል ዋና ዋናዎቹ ፦

- የቢሮ ኪራይ ጭማሪ ፣ የጽህፈት መሳሪያዎች እና የተሽከርካሪ መለዋወጫ እቃዎች ዋጋ መናር ፤
 - የሰለጠነ እና ልምድ ያለው የሰው ኃይል እጥረት ፤
 - በዋጋ ንረት ሳቢያ የሁሉም እቃዎች እና አገልግሎቶች ዋጋ ጭማሪ ቢስተዋልም ከዚህ በተቃራኒ በኢንሹራንስ ኢንዱስትሪ ውስጥ ጤናማ ያልሆነ ዋጋ ተኮር ውድድር በመኖሩ ለኢንሹራንስ አገልግሎት የሚከፈለው ዓረቦን በየጊዜው እየቀነሰ መሄድ ናቸው ።
- በመጨረሻው 2023/24 በጀት ዓመት የሚከተሉትን አበይት ተግባራት ለማከናወን ታቅዷል ።
- የኩባንያውን የገበያ ድርሻ እና ትርፋማነት ለማሻሻል የአረቦን ገቢን መጨመር፤
 - የደንበኞች አገልግሎት አሰጣጥ ጥራትን ለማሻሻልና የሪፖርት አቀራረብ ሥርዓትን ለማሳለጥ የኢንሹራንስ አይ ቲ ሥርዓትን ተግባራዊ ማድረግ ፤
 - እ.አ.አ እስከ 2025/26 በጀት አመት የሚዘልቀውን የአምስት ዓመት መሪ ዕቅድ ሂደት መከታተልና መተግበር ፤
 - በሪከቨሪ ጊቢ ውስጥ በመገንባት ሂደት ላይ የሚገኘውን መጋዘን ማጠናቀቅና ስራ ላይ ማዋል ፤
 - ህንጻ መግዛት ፤
 - በባለአክሲዮኖች ፍቃድ ላይ በተመሰረተ የኩባንያውን የተከፈለ ካፒታል ማሳደግ ፤
 - ህይወት ነክ የሆነውን የመድን ዘርፍ መጀመር ናቸው ።

11. ምስጋና

በመጨረሻም ለኢትዮጵያ ብሔራዊ ባንክ ፣ ለተከበሩ ደንበኞቻችን ፣ ለባለአክሲዮኖች ፣ ለብርሃን ባንክ ስራ አመራር አባላትና ሰራተኞች ፣ ለጠለፋ ዋስትና ሰጪዎች ፣ ለሽያጭ ወኪሎች ፣ ለብሮከሮች ፣ ለኩባንያው ስራ አመራር አባላትና ሰራተኞች እንዲሁም ለሌሎች ባለድርሻ አካላት ለኩባንያው ስኬታማነት ላደረጉት ከፍተኛ አስተዋጽኦ ከልብ የመነጨ አድናቆቴን እና ምስጋናዬን አቀርባለሁ ።

አመሰግናለሁ !

አዲሱ ደምሴ

የዳይሬክተሮች ቦርድ ሰብሳቢ