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Berhan Insurance S.C.

ANNUAL
R E P O R T
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Berhan Insurance S.C.

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Berhan Insurance S.C.

PROFILE 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 has reached over 1,600 and the paid up capital as at 30 June 2021 has reached Birr 160.31 million. Its Head Quarter is situated in Addis Ababa Bole Road Wello Sefer Round About on Garad City Center.

Since it became operational on June 1, 2011, Berhan Insurance S.C is dedicated to deliver quality insurance solutions to its customers through its 23 business channels (22 full-fledged branch offices and one contact office), out of which 14 of them are located in the capital and the remaining nine are situated in economically vibrant regional towns.

Though the company operated only for a decade, it became one of the profitable insurance companies in Ethiopia.

Strategic Foundations of the Company

Vision

To become an “Insurance Company of popular choice.”

Mission

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

Core Values

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



Notice of the Tenth Annual Ordinary General Meeting

We kindly invite our esteemed shareholders to attend the 10th Annual Ordinary General Meeting to be held on December 4, 2021 at 8:00 A.M in the hall of Elilly International Hotel located at Kazanchis, Addis Ababa. All shareholders have to bring their renewed ID card, Driving License or Passport to attend the meeting.

Agendas of the Meeting

1. Approving the Agenda
2. Approving transfers of shares and accept new shareholders
3. Consideration of the Report of the Board of Directors for the year 2020/21
4. Consideration of the Company's accounts and receive the auditor's report for the year ended 30 June, 2021
5. Discuss and decide on the above reports
6. As per NBE's directive, discuss and approve the directive of Board of Directors' nominating committee
7. Determining the allowance of the members of Board of Directors' nominating committee
8. Election of members of Board of Directors' nominating committee
9. Deciding on the appropriation of the net profit of the company 2020/21
10. Approving the Board of Directors yearly and monthly payments.
11. Approving the minutes of the meeting

By order of the BoDs, Notice to the shareholders

- A shareholder who cannot attend the meeting has to appoint a PROXY, before the meeting date. A proxy form is found in Finance and Investment Department in the Head office located on Bole road Welo Sefer round about Garad City Center Bole 7th floor.

OR

- A proxy or a delegate has to bring original and copy of valid representation or delegation authenticated by the concerned government office.

BOARD OF DIRECTORS



Ato Tewodros Meheret
Chairperson



Ato Solomon Assefa
V/Chairperson



Ato Girum Tsegaye
Director



Ato Abrham Alaro
Director



W/ro Melkrist Hailu
Director



Dr. Salehu Anteneh
Director



Dr. Taye Berhanu
Director



Ato Sebilu Bodja
Director



W/ro Yimenashu Kassahun
Director



Message of Board of Directors' Chairperson



Dear Esteemed Shareholders,

On behalf of the Board of Directors, Management and staff, it gives me pleasure and honor to welcome our respected Shareholders to the 10th Annual General Meeting of Shareholders.

Our company is celebrating its 10th anniversary colorfully and it is my pleasure to notify you that the company has recorded the highest profit before income tax of Birr 45.7 million in its history for the fiscal year ended on 30th June 2021. Despite the challenges of COVID-19 pandemic, political instabilities and economic slowdown, profit of the reporting period is 27.7% greater than last year's similar period achievement of Birr 35.8 million. I am confident enough that the profitability will continue in the years to come with the support extended so far from all of you which we believe will continue unabated.

I am also delighted to report that, total asset of our company as at June 30, 2021 is Birr 562.98 million showing an increase of 27.8% over that of last year which was Birr 440.45 million and the paid up capital as at 30 June 2021 has reached Birr 160.31 million.

The Board of Directors has been working with team spirit and professionalism in providing strategic guidance and support to the management. The Board gave great emphasis to strategic issues which are believed to have immense contribution in enhancing the efficiency and effectiveness of the company's operational as well as customer service activities. Accordingly, during the period under review, the Board of Directors finalized the preparation and approval of the five years strategic plan which runs from 2021/22 to 2025/26.



It also made essential decisions which helped it not only keep the momentum but also cautiously make a leap forward in the right direction and achieve its vision. To mention few, relocation of the Head Quarter made in the just ended budget year to Garad Commercial Center located on Bole road at WelloSefer roundabout, which is by far more cozy and suitable than the former office space. So too, salary scale adjustment made so as to tackle the prevailing inflation rate and to motivate employees of the company for more productivity.

On behalf of the Board of Directors, I would like to take this opportunity and extend my gratitude to our respected customers who gave us their confidence and continued placement of their business with us. I also express my thanks and appreciations to the National Bank of Ethiopia, Insurance Supervision Directorate, and the management of Berhan Bank S.C and Re-insurers for their invaluable contribution for the growth and profitability of the Company.

My sincere and heartfelt thanks and appreciation also goes to Company's Board Members, the Management team, the staff, Sales Agents and Brokers who should be congratulated for the remarkable achievement.

Dear Shareholders,

Finally, 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 kindly present Board of Directors' report and the report of Auditors for the fiscal year ended June 30, 2021 for your consideration and approval.

Thank you!

Tewodros Meheret

**Chairperson of Board of Directors and
Annual Shareholders General Meeting**

MANAGEMENT TEAM



Ato Sibū Ayele
*D/CEO, Strategy
& Corporate Services*



Ato Alemayehu Tefera
CEO



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



Ato Girum Teferi
Manager, Engineering Department



Ato Admassu Zerihun
D/CEO, Claims & Engineering



Ato Solomon Kebede
*Manager, HR & Property
Administration Department*



W/t EHITE Tasew
*Manager, Finance & Investment
Department*



Ato Getinet Aweke
*Manager, Marketing & BD
Department*



Ato Yoftahe Mekonnen
Manager, IT Service



Ato Daniel Defar
Manager, Legal Service



Ato Hunde Cherinet
*Manager, Risk & Compliance
Service*



Statement of the CEO

Dear our respected shareholders,

The year under review is explained by hectic and challenging economic performance, political instability, an ever increasing price of spare parts, escalating office rent and the usual unethical fierce price competition among insurers. Despite all these challenges, our company has registered a notable performance during 2020/21 fiscal year.

The Gross Written Premium (GWP) has reached Birr 176.35 million registering 26.13% growth as compared to last year same period of Birr 139.82 million. And the underwriting result has been Birr 65.03 million which is 5.82% more from last year corresponding period result of Birr 61.45 million.

In the reporting period, our company opened two additional branches in Addis Ababa, raising the total number of branches to 22 to enhance our accessibility to existing and potential customers. With regard to Human Capital capacity building, trainings were given to employees to upgrade their competency.

In the coming fiscal year, the company planned to improve by far its efficiency and effectiveness by implementing the five years strategic plan, deploying additional sales agents, optimizing underwriting prudence, minimizing administrative expenses and reducing claims leakages.

The successes of our company would have not been achieved had all our stakeholders were not on our side. Hence, special thanks should be given to them. I would also like to present my heartfelt thanks to our Board of Directors for their valuable strategic guidance, our fellow management members for their fruitful leadership and our employees for their dedication and commitment throughout the year.

Thank you

Alemayehu Tefera

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 year ended 30th June, 2021 to the 10th Annual General Meeting of shareholders as follows.

1. Economic Overview

1.1 Global Economy

The global economy is projected to grow 6.0 percent in 2021 and 4.9 percent in 2022. The 2021 global forecast is unchanged from the April 2021 WEO, but with offsetting revisions. Prospects for emerging market and developing economies have been marked down for 2021, especially for Emerging Asia. By contrast, the forecast for advanced economies is revised up. These revisions reflect pandemic developments and changes in policy support.

(IMF, World Economic Outlook, July 2021)

1.2 Ethiopian Economy

Real GDP growth in 2021 is projected to fall to 2%, and then recover to about 8% in 2022, led by a rebound in industry and services. Monetary policy is expected to remain flexible in response to the government's financing requirements. Increased use of open-market operations is expected to reduce inflation gradually. The fiscal deficit is projected to increase as tax policy reforms are delayed due to COVID-19. The current account is likely to deteriorate in 2021 before improving in 2022 as service exports gradually pick up. The key downside risks to the economic outlook include low investor confidence, in part due to sporadic domestic conflicts, weakness in global growth, and climate change. (African Development Bank Group)

2. Ethiopian Insurance Industry

Ethiopian insurance market is at an embryonic stage of development, characterized by low levels of insurance penetration (insurance industry's aggregate contribution to national GDP) and density (gross premium per capita) which are important growth



indicators of insurance market. Life insurance accounts for about 5% of the overall market. Both life and non-life sectors will be heavily dependent on the uptake of coverage among the relatively small middle class. Growth in the non-life segment, in particular, will be supported by robust headline GDP growth, steady foreign investment, sound infrastructure development efforts and elevated government spending levels. Although the market has significant untapped long-term growth potential, structural challenges such as poverty, famine and low incomes will limit the growth of life insurance and wider uptake over the foreseeable future. The competition among the industry players continued based on price cutting and unethical practices instead of service excellence. (Fitch Solutions)

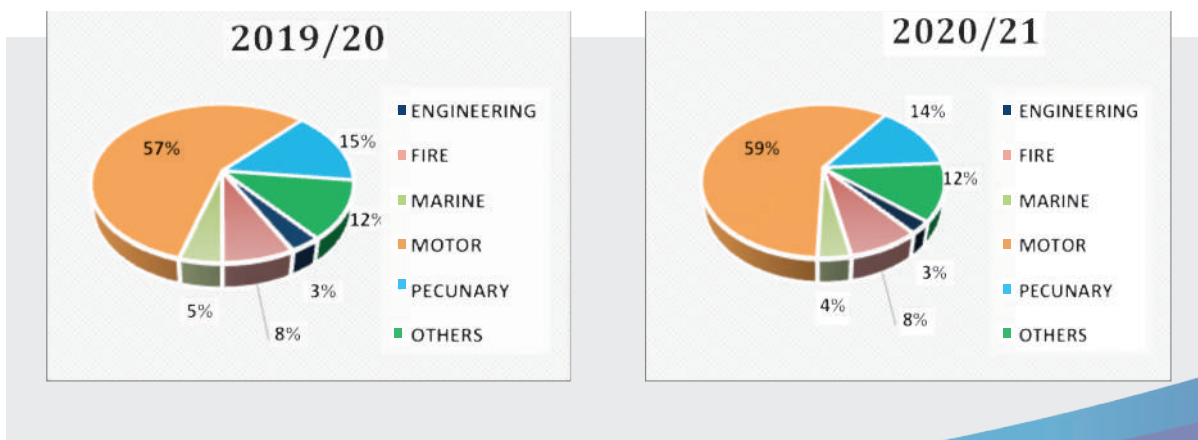
The number of insurance companies stood at 18, of which 17 were private insurers while one insurer is state owned and their branch network increased to 629 from 595 a year ago. Of the total branches, about 54.4% were placed in Addis Ababa. Total capital of these insurance companies reached Birr 10.6 billion, of which about 72.3% was that of private insurance companies. (NBE 3rd Quarter Report of 2020/21)

3. Operational and Financial Performance

3.1 Gross Written Premium (GWP)

During the year under review, Gross Written Premium of the Company stood at Birr 176.35 million depicting a 26.13% growth over that of last year's premium which was Birr 139.82 million. With regard to the portfolio mix, Motor insurance accounted for the largest share of premium income which is 59% of the total premium income of the company. The remaining 41% is shared by other non-motor classes of business.

The following charts depict portfolio mixes of the two consecutive fiscal years.





3.2 Claims /Loss Ratio

The overall loss ratio of the reporting period is 48% portraying a 4% increment from last year's percentage of 44%. A net claim incurred of Birr 56.3 million has been registered, of which 89% took by motor class of business which is more accident prone as compared to others.

The table illustrates comparative Gross loss ratios by classes of business

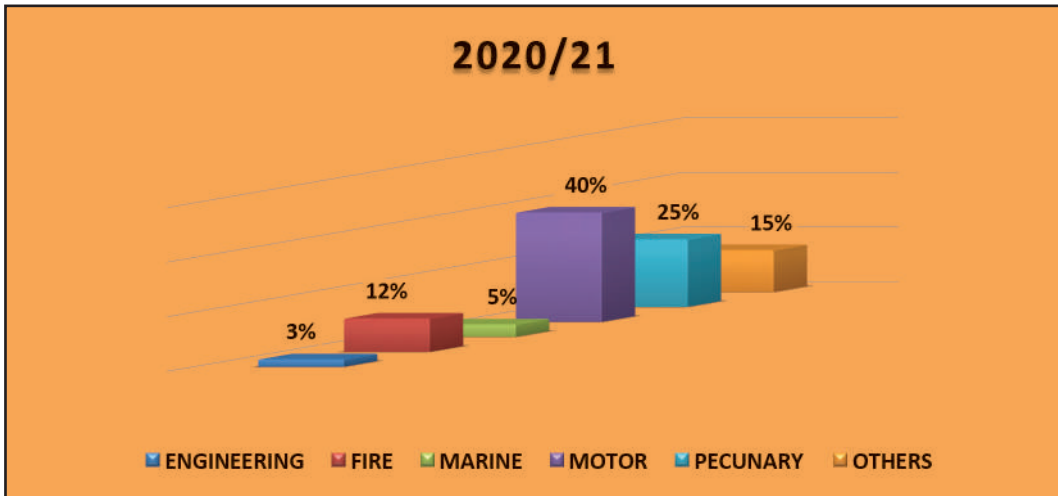
Class Of Business	2020/21			2019/20		
	Net Claims Incurred	Net Earned Premium	Loss Ratio	Net Claims Incurred	Net Earned Premium	Loss Ratio
Engineering	1,712	3,603	48%	261	3,761	7%
Fire	429	6,817	6%	1,150	4,940	23%
Marine	1,368	4,511	30%	(594)	4,895	-12%
Motor	49,859	77,616	64%	40,966	67,811	60%
Pecuniary	222	14,391	2%	(757)	13,145	-6%
Others	2,737	11,097	25%	4,701	10,545	45%
Total	56,326	118,036	48%	45,727	105,099	44%

3.3 Underwriting Result

During the fiscal year, the Company earned underwriting profit of Birr 65.03 million which is an increase of 5.82% as compared to last year's same period of Birr 61.45 million. Motor insurance contributed the largest percentage share which is 40% followed by pecuniary, others, Fire, Marine and Engineering.



The chart displays underwriting surplus contribution by classes of business



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 income grew by 22.32% to Birr 35 million as compared to last year same period amount of Birr 28.61 million.

3.5 Expenses

During the budget year, the total General and Administrative Expenses of the Company is Birr 56.7 million which is more than last year's figure of Birr 55.96 million by 1.32%.

3.6 Profit

Despite the unsatisfactory performance of the country's economy in the year under review, the company managed to register profit before income tax of Birr 45.7 million which is 27.6% higher compared to the profit registered in the preceding fiscal year of Birr 35.8 million.



4. Statements of Financial Position

4.1 Assets

The balance sheet as at June 30, 2021 indicates that the total assets of the Company stood at Birr 562.98 million showing an increase of 27.8% over last year similar period of Birr 440.45 million.

4.2 Liabilities

The total liabilities of the Company reached at Birr 349.66 million showing an increase of 24.13% as compared to the previous year which was Birr 281.69 million.

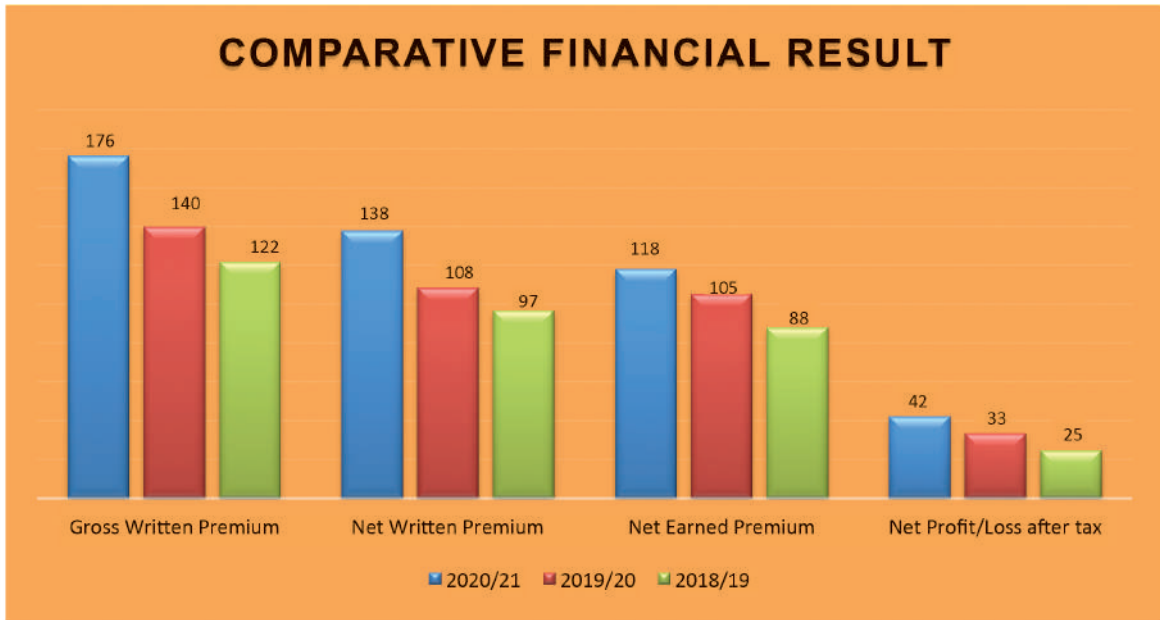
4.3 Equity Capital

The Company's total equity capital as of June 30, 2021 is Birr 213.32 million, which is higher than last year same period amount by Birr 54.55 million or 34.36%

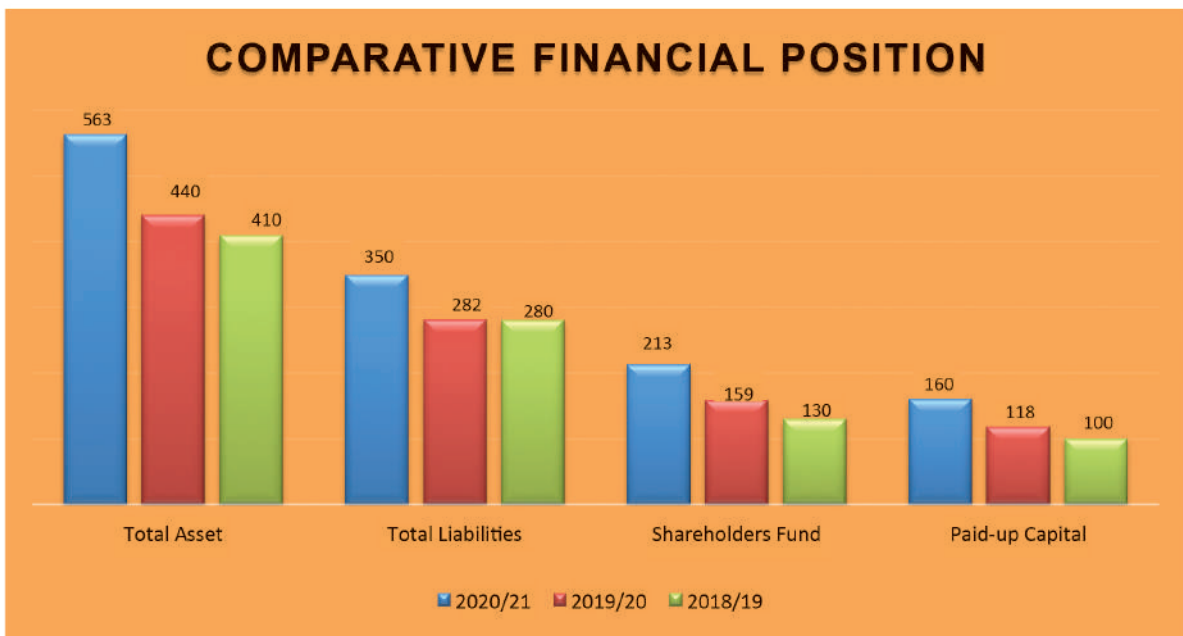
In Birr '000	2020/21	2019/20	2018/19
FINANCIAL RESULTS			
Gross Written Premium	176.35	139.82	121.86
Net Written Premium	137.62	108.48	96.67
Net Earned Premium	118.04	105.10	88.04
Net Profit/Loss after tax	42.26	33.44	24.51
FINANCIAL POSITION			
Total Asset	562.98	440.45	410.03
Total Liabilities	349.66	281.68	280.47
Shareholders Fund	213.32	158.77	129.57
Paid-up Capital	160.31	117.68	100.00



The table shows three consecutive fiscal years key performance indicators /in million/



The chart represents the three consecutive fiscal years comparative Financial Position /in million/





5. Branch Expansion

The numbers of Company's business outlets operating throughout the Country are 23, out of which 14 of them are located in the capital and the remaining 9 are situated in economically promising regional towns.

6. Human Capital

The company is paying attention to maintain conducive working environment so as to make itself the preferred choice of employees to stay within it. At the end of the reporting period, the number of employees of the Company reached at 195 with a gender blend of female and male 51.28% and 48.72%, respectively. The company is committed to enhance the knowledge and skill of employees by providing various trainings on insurance operations, finance, customer service and other relevant courses on the basis of training needs assessment.

7. Corporate Social Responsibility

In order to discharge our social responsibility as a corporate citizen, our company sponsored the following organizations. The Company will continue to strengthen its assistance in this regard.

- Ethiopian Youth Peace and Prosperity Mission League
- Ethio Safety and Security
- Transport Associations

8. Marketing & Business Development

During the period under review, various promotional activities have been performed using Television, Radio and Print Medias to promote the Company and its products. Due to the Global Corona pandemic the company was unable to conduct an event concerning its 10th year establishment anniversary, staff day and customers' day. However branded printed materials were prepared and distributed to company's customers in addition to broadcasting radio and television advertisements concerning its anniversary.



9. Operations Management

As condition in the operational landscape changes, we are constantly adjusting our strategy and its execution so as to maximize the underwriting result of the company by identifying ways to address customers' demand, risk selection, balancing risk and premium rate, front office employees underwriting and claims knowledge development and cost efficiency on both underwriting and claim handling processes.

10. Challenges faced in the fiscal year and Future Strategic Directions

The fiscal year under review has been challenging due to the war in the northern part of the country, unrest and displacement of citizen in different parts of the country, economic slowdown and an ever increasing inflation rate.

Although the Company made a remarkable profit during the fiscal year, it faced the following challenges:

- Unhealthy price based competition among the industry actors;
- Continuous escalation of vehicles' repair cost;
- Lack of trained and experienced manpower in the labor market;
- Absence of IT system to handle the day to day operations efficiently and effectively.

In order to do away with the challenges and to enhance the overall performance of the Company, we have planned to perform the following activities in the fiscal year (2021/22).

- Strict follow-up on the implementation of the Five years Strategic Plan which runs from 2021/22 to 2025/26;
- Increase staff competencies through continuous trainings;
- Maintain claims to premium ratio within the budget limit;
- Control the overall administrative expenses to a reasonable limit;
- Enhance underwriting result by exercising prudence in both underwriting and claims handling practices;
- Commencing the process of purchasing IT system;
- Increase the percentage of profitable non-motor classes of business for sustainable operational result;
- Design a strategy that will enable us to identify prominent brokerage firms and enhance GWP of the Company.



11. Vote of Thanks

Finally, I would like to express my sincere gratitude and appreciation to the National Bank of Ethiopia, esteemed Customers, company's founders, shareholders, Board members, Management and Staff members, Reinsurers, Sales Agents, Brokers and other stakeholders for their unreserved cooperation and support without which this remarkable result would have not been achieved.



Berhan Insurance S.C.

AUDITORS'
R E P O R T



BERHAN INSURANCE S.C
ANNUAL FINANCIAL STATEMENTS
30 JUNE 2021



Berhan Insurance S. C

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Berhan Insurance S. C

Directors, professional advisors and registered office

For the year ended 30 June 2021

Company registration number: 020/2/9361/2003

Board Of Directors (as of 30 June 2021)			
	<u>Designation</u>	<u>Appointment Date</u>	
1	Ato Tewodros Meheret	Chairman	18/Jun/20
2	Ato Solomon Assefa	D/chairman	24/May/17
3	W/ro Yemenashu Kassahun	Member	18/Jun/20
4	Ato Abraham Alaro	Member	18/Jun/20
5	Dr. Salehu Anteneh	Member	18/Jun/20
6	Ato Girum Tsegaye	Member	24/May/17
7	Ato Sibilu Bodja	Member	24/May/17
8	W/ro Melkerist Hailu	Member	24/May/17
9	Dr. Taye Berhanu	Member	18/Jun/20

Executive Management Team (as of 30 June 2021)			
	<u>Designation</u>	<u>Appointment Date</u>	
1	Ato Alemayehu Tefera	Chief Executive Officer (CEO)	21/Jun/15
2	Ato Siblu Ayele	DCEO, Strategy and Corporate Service	1/Feb/20
3	W/rt. Rediet Baye	DCEO, U/W and Reinsurance	1/Dec/20
4	Ato Admassu Zerihun	DCEO, Claims and Recovery	1/Dec/20
5	Ato Girum Teferi	Engineering Department Manager	12/Jun/17
6	Ato Daniel Defar	Legal Service Manager	5/Sep/16
7	W/rt. Ehite Tasew	Acting, Finance and Investment Manager	1/Jan/21

Independent auditor

Degefa and Tewodros Audit Service 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

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

Principal bankers

Berhan International Bank
NIB International Bank
United Bank
Enat Bank
Oromia Cooperative Bank

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 2021

The directors submit their report together with the financial statements for the year ended 30 June 2021, 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 2021 are set out on page 4. The profit for the year has been transferred to retained earnings. The summarised results are presented below.

	30 June 2021 Birr'000	30 June 2020 Birr'000
Gross premium written	176,350	139,820
Profit before income tax	45,664	35,800
Profit tax expense	(3,403)	(2,360)
Net Profit for the year	42,261	33,440

Directors

The directors who held office during the year and to the date of this report are set out on page 23

Alemayehu Tefera
Company Secretary
Addis Ababa, Ethiopia





Berhan Insurance S. C

Statement of directors' responsibilities

For the year ended 30 June 2021

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

- a) exhibit clearly and correctly the state of its affairs;
- b) explain its transactions and financial position; and
- c) enable the National Bank of Ethiopia to determine whether the 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 2013 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:


Tewodros Meheret
Board Chairman




Alemayehu Tefera
Managing Director



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>> 96-621 59 21
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Degefa and Tewodros Audit Services
Partnership

P.O. Box 8118
E-mail: deg.lem@ethionet.et
chalatewodros@gmail.com
Addis Ababa Ethiopia

Partners

Degefa Lemessa, B.A, FCCA & Tewodros Hailu, M.A, FCCA

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF Berhan Insurance S.C

OPINION

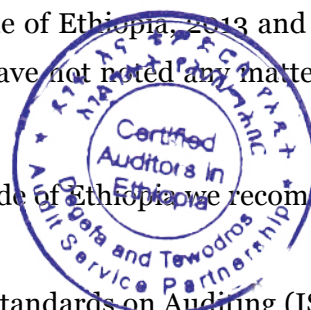
We have audited the accompanying financial statements of **Berhan Insurance S.C** which comprise the statement of profit and loss and other comprehensive income for the year ended 30 June 2021, statement of financial position as at 30 June 2021, statement of changing equity and statement of cash flows for the year then ended and summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of **Berhan Insurance S.C** as at 30 June 2021 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by IASB.

As required by the commercial code of Ethiopia, based on our audit we report as follows:

- i) Pursuant to Article 349 (1) of the Commercial Code of Ethiopia, 2013 and based on our reviews of the board of directors' report, we have not noted any matter that we may wish to bring to your attention.
- ii) Pursuant to article 349 (2) of the commercial code of Ethiopia we recommend the financial statements be approved.

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) together with the ethical requirements that are relevant to our audit of the financial statements in Ethiopia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.





KEY AUDIT MATTER

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon; we do not provide a separate opinion on these matters. We have determined there are no the key audit matters to be communicated in our report

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting policies of the company and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

In preparing the financial statements management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis for accounting unless management either intends to liquidate the company or to close operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditors Responsibility 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.

Addis Ababa

October 15/2021



Degefa & Tewodros Audit Services
Partnership
Chartered Certified Accountants



Berhan Insurance S. C

Statement of financial position

As at 30 June 2021

	Notes	30 June 2021 Birr'000	30 June 2020 Birr'000
ASSETS			
Cash and cash equivalents	13	312,032	223,233
Investment securities			
- Available for sale	14.1	47,203	41,419
- Loans and receivables	14.2	17,500	11,500
Statutory Deposit in cash	21	5,186	3,500
Trade and other receivables	15	8,758	13,466
Reinsurance assets	16	103,852	101,610
Deferred acquisition cost	17	3,181	2,308
Other assets	18	29,407	13,184
Intangible assets	19	0	2
Property, plant and equipment	20	35,856	30,230
Total assets		562,975	440,451
LIABILITIES			
Insurance contract liabilities	22	275,000	237,515
Deferred tax liabilities	12.3	835	876
Current income tax liabilities	12.2	3,443	2,170
Insurance payables	23	27,165	4,674
Other liabilities	24	43,216	36,448
Total liabilities		349,660	281,685
EQUITY			
Share capital	27	160,311	117,676
Share premium	28	1,246	1,246
Retained earnings	30	37,730	30,039
Other com income		217	220
Legal reserve	31	13,812	9,586
Total equity		213,316	158,768
Total equity and liabilities		562,975	440,451

The notes on pages 32 to 78 are an integral part of these financial statements.

The financial statements on pages 32 to 78 were approved and authorised for issue by the board of directors on October 14, 2021 and were signed on its behalf by:

Tewodros Meheret
Board Chairman



Alemayehu Tefera
Managing Director



Berhan Insurance S. C

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2021

	<u>Notes</u>	<u>30 June 2021 Birr'000</u>	<u>30 June 2020 Birr'000</u>
Gross premium income	5.1	156,763	136,443
Reinsurance expenses	5.3	<u>(38,727)</u>	<u>(31,345)</u>
Net premium income		118,036	105,098
Fee and commission income	6	<u>8,738</u>	<u>7,099</u>
Net underwriting income		126,774	112,197
Claims expenses	7.1	59,147	63,887
Claims expenses recoverable from reinsurance	7.2	<u>(2,820)</u>	<u>(18,160)</u>
Net claims and loss adjustment expense		56,327	45,727
Underwriting expenses	8	<u>5,420</u>	<u>5,022</u>
Total underwriting expenses		<u>61,747</u>	<u>50,749</u>
Underwriting profit		<u>65,027</u>	<u>61,448</u>
Investment income	9	34,996	28,610
Other operating income	10	<u>2,336</u>	<u>1,702</u>
		37,332	30,312
Net income		<u>102,359</u>	<u>91,760</u>
Other operating and administrative expenses	11	(56,695)	(55,959)
Impairment on loans and receivables including insurance receivables	15.1	-	-
Profit before income tax		45,664	35,800
Income tax expense	12.1	<u>(3,403)</u>	<u>(2,360)</u>
Profit for the year		42,261	33,440
Other comprehensive income			
Items that will not be subsequently reclassified into profit or loss:			
Deferred tax (liability)/asset on remeasurement gain or		(5)	87
Deferred tax (liability)/asset	12.3	<u>1</u>	<u>(26)</u>
		(3)	61
Total comprehensive income for the year		42,258	33,501
Basic & diluted earnings per share (Birr)	29	28%	29%



The notes on pages 32 to 78 are an integral part of these financial statements.



Berhan Insurance S. C

Statement of changes in equity

For the year ended 30 June 2021

		Share capital	Share premium	Retained earnings	Legal reserve	Other comprehensive income	Total
	Notes	Birr'000	Birr'000	Birr'000	Birr'000		Birr'000
As at 1 July 2019		100,000	1,246	22,063	6,258		129,567
Opening balance adjustment		-	-	(143)	(16)	159	-
Reinstated balance as at 1 July, 2019		100,000	1,246	21,920	6,242	159	129,567
Profit for the year	30	-	-	33,440	-		33,440
Dividend paid		-	-	(21,977)	-		(21,977)
Proceeds from issue of shares		17,676	-	-	-		17,676
Transfer to legal reserve	31	-	-	(3,344)	3,344		-
<i>Other comprehensive income:</i>						61	61
Total comprehensive income for the year		17,676	-	8,119	3,344	61	29,201
As at 30 June 2020		117,676	1,246	30,039	9,586	220	158,768
As at 1 July 2020		117,676	1,246	30,039	9,586	220	158,768
Profit for the year	30	-	-	42,261	-		42,261
Dividend paid		-	-	(30,344)	-		(30,344)
Proceeds from issue of shares		42,635	-	-	-		42,635
Transfer to legal reserve	31	-	-	(4,226)	4,226		-
<i>Other comprehensive income:</i>						(3)	-
Total comprehensive income for the year		42,635	-	7,690	4,226	(3)	54,552
As at 30 June 2021		160,311	1,246	37,730	13,812	217	213,319

The notes on pages 32 to 78 are an integral part of these financial statements.





Berhan Insurance S. C

Statement of cash flows

For the year ended 30 June 2021

	<u>Notes</u>	<u>30 June 2021</u> <u>Birr'000</u>	<u>30 June 2020</u> <u>Birr'000</u>
Cash flows from operating activities			
Cash generated from operations	32	(8,187)	(7,455)
Interest received		28,263	21,562
Interest paid		-	-
Income tax paid	12	(2,170)	(1,119)
Net cash inflow from operating activities		17,905	12,987
Cash flows from investing activities			
Purchase of investment securities	14	(11,784)	-
Purchase of property, plant and equipment	20	(9,537)	(7,408)
Purchase of intangible assets	19	-	-
Proceeds from sale of property, plant and equipment	32	1,964	1,888
Dividend received			
Net cash outflow from investing activities		(19,357)	(5,521)
Cash flows from financing activities			
Increase in statutory deposits	21	(1,686)	(839)
Proceeds from issues of shares	27	42,635	17,676
Increase in share premium	28	-	-
Dividends paid	30	(30,344)	(21,977)
Net cash outflow from financing activities		10,604	(5,139)
Net increase in cash and cash equivalents		9,152	2,327
Cash and cash equivalents at the beginning of the year	13.1	39,886	37,559
Cash and cash equivalents at the end of the year	13.1	49,038	39,886

The notes on pages 32 to 78 are an integral part of these financial statements.





Berhan Insurance S. C

Notes to the financial statements

For the year ended 30 June 2021

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 1960. 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 2021 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Additional information required by National regulations 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.

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 2021, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except the following set out below:

IFRS 9 - Financial Instruments

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

IFRS 9 requires all financial assets, except equity instruments, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The IAS 39 measurement categories will be replaced by: fair value through profit or loss (FVPL), fair value through other comprehensive income (FVOCI), and amortised cost. IFRS 9 will also allow entities to continue to irrevocably designate instruments that qualify for amortised cost or fair value through OCI instruments as FVPL, if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Equity instruments that are not held for trading may be irrevocably designated as FVOCI, with no subsequent reclassification of gains or losses to the income statement. The accounting for financial liabilities will largely be the same as the requirements of IAS 39, except for the treatment of gains or losses arising from an entity's own credit risk relating to liabilities designated at FVPL. Such movements will be presented in OCI with no subsequent reclassification to the income statement, unless an accounting mismatch in profit or loss would arise.

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

IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. Early adoption of the standard is permitted.





IFRS 16 - Leases

This standard was issued in January 2016 (effective 1 January 2019) . It sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. The standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. It also substantially carries forward the lessor accounting requirements in IAS 17. Right-of-use assets and lease liabilities

The Company has applied IFRS 16 'Leases' with effect from 1 July 2019 using modified retrospective approach.

Leases are recognized, measured and presented in line with IFRS 16 'Leases'.

The Company implemented a single accounting model, requiring lessees to recognize assets and liabilities for all leases excluding exceptions listed in the standard.

Based on the accounting policy applied the Company recognizes a right-of-use asset and a lease liability at the commencement date of the contract for all leases conveying the right to control the use of an identified assets for a period of time. The commencement date is the date on which the contract of the lease started.

The right-of-use assets are initially measured at cost, which is the amount of the initial measurement of the lease liability,

Depreciation is calculated using the straight-line method over the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date discounted by incremental average lending rate of 14.25% as per NBE report for the third quarter of the 2019/20.

IFRS 17 - Insurance contracts

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

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

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

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

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

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





2.3 Foreign currency translation

a) Functional and presentation currency

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

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at exchange rates of monetary assets and liabilities denominated in currencies other than the Company's functional currency are 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.

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.

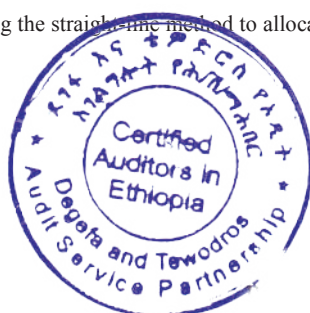
Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

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.





2.5 Intangible assets

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

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

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

Assets class	Useful lives (years)
Computer software	8



2.5 Intangible assets (Contd)

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 of.

2.6 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

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

a) Loans and receivables

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

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

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

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

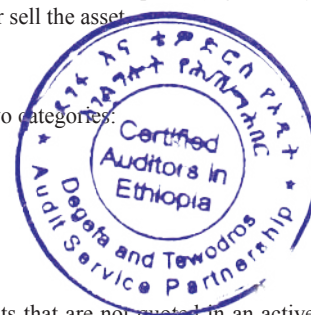
After initial measurement, AFS financial investments are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other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

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

'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.





2.7.1 Financial assets (Contd)

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.

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

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

Impairment of financial assets

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

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

(i) Financial assets carried at amortised cost

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





(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.

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.





2.7.2 Financial liabilities (Contd)

Subsequent measurement

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

a) Financial liabilities at amortised cost

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

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

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

Derecognition of financial liabilities

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



2.7.3 Offsetting financial instruments

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

2.8 Other assets

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

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.

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).

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 held at amortised cost. The impairment loss is calculated following the same method used for these financial assets.

2.10.5 Receivables and payables related to insurance contracts and investment contracts

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

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

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.

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.

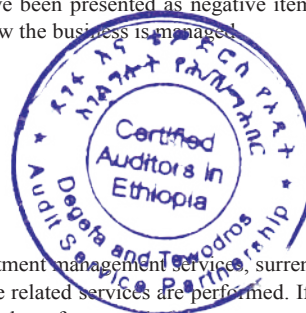
Investment income also includes dividends when the right to receive payment is established, which is generally when the shareholders approve and declare the dividend.

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.





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 cash refund or a reduction in the future payments is available.

2.15 Fair value measurement

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

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

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

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

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

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

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

2.15 Fair value measurement (Contd)

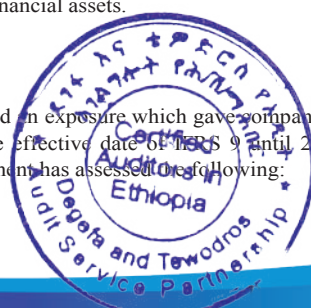
All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- 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 2021, and **Berhan Insurance s.c** is opted to defer it. In this regard, for eligibility, management has assessed the following:





. **Berhan insurance s.c.** has not previously applied any version of IFRS 9.

. The total carrying amount of liabilities connected with insurance, which includes liabilities under IFRS 4 and investment contract liabilities measured at fair value under IAS 39, for the year ended 30 June 2021 is equivalent to 94% of total liabilities which is significant.

Fair value of financial instruments

Equity Investment

Investment in shares - Berhan Bank
Investment in shares - Ethio Re
Total



	30-Jun-21	30-Jun-20
	54,261	50,069
	5,000	5,000
	59,261	55,069
	30-Jun-21	30-Jun-20
Beginning Balance	55,069	47,340
Additions	-	-
Increase/(decrease) in fair value	4,192	7,728
Disposals	-	-
Closing fair value	59,261	55,069

This investment is unquoted equity instrument subsequently measured at fair value. The estimated fair value of the equity investment in Berhan bank share company is Birr 50,068,641 and Birr 54,261,000 for the year ended 30 June 2020 and 2021 respectively. This fair value has been determined by applying an appropriate valuation technique, *the dividend discount method*. This valuation has not been performed by an independent valuer. In applying this method management has assumed an estimated annual dividend income of birr 7,596,540 for the financial year ended June 30, 2021 by reference to past trend and a minimum rate of return of 15%. The dividend earned from the bank is assumed to follow the same trend. So the average dividend earned for the past five years was used to determine the fair value.

The investment in equity instrument of Ethio-Re was reported at cost, due to the lack of relevant information.

2.16 Provisions

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

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

2.17 Share capital

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

2.18 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.

(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:

Operating lease commitments -Company as lessee

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

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.

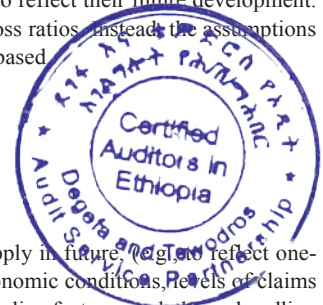
Certain acquisition costs related to the sale of new policies are recorded as deferred acquisition costs (DAC) and are amortised to the consolidated statement of profit or loss over time. If the assumptions relating to future profitability of these policies are not realised, the amortisation of these 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.

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.

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.

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.





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 activities.

4.1.3 Risk mitigation

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

Risk control processes are identified and discussed in the quarterly risk report of the Risk Committee meetings. Control processes are also regularly reviewed and changes agreed with the Board.

4.2 Insurance risk

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

Non-life insurance contracts

The Company principally issues the following types of general insurance contracts: 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 2021**

	Gross liabilities Birr'000	Reinsurance liabilities Birr'000	Net liabilities Birr'000
Motor	130,244	14,187	116,057
Marine	5,831	1,052	4,779
Fire	8,773	2,806	5,967
Accident and Health	4,207	400	3,807
Engineering	11,476	4,261	7,215
General Liability	4,875	1,255	3,620
Workmens'	2,476	104	2,372
Pecuniary	101,065	73,965	27,100
PVT	6,053	5,821	233
Total non-life insurance contract liabilities	275,000	103,851	171,149

30 June 2019

	Gross liabilities Birr'000	Reinsurance liabilities Birr'000	Net liabilities Birr'000
Motor	96,482	11,028	85,454
Marine	4,513	1,115	3,398
Fire	6,701	2,329	4,372
Accident and Health	5,895	784	5,111
Engineering	11,587	4,889	6,697
General Liability	5,464	1,730	3,734
Workmens'	3,065	123	2,942
Pecuniary	103,084	78,925	24,159
PVT	724	686	
Total non-life insurance contract liabilities	237,515	101,610	135,867

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 liability		
		30 June 2021	30 June 2020	30 June 2019
		Birr'000	Birr'000	Birr'000
	Change in assumptions			
Average claim cost	+10%	1,515	8,117	18,427
Average number of claims	+10%	1,515	8,117	18,427
Average claim settlement period	Reduce from 30 months to 24 months			
	Change in assumptions			
Average claim cost	-10%		(1,515)	(4,863)
Average number of claims	-10%		(1,515)	(4,863)
Average claim settlement period	Reduce from 30 months to 24 months			
IBNR		15,154	13,876	
Outstanding Claims		158,780	146,164	
Total Actuarial Liability		173,934	160,040	





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.

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
2018	46,322	46,820	52,242	72,956	218,339
2019	16,258	895	2,808	-	19,961
2020	614	-	-	-	614
2021	2,141	-	-	-	2,141
Cumulative Incurred	65,335	47,714	55,050	72,956	241,055
IBNR	-	2	5,907	9,245	15,154
Ultimate Claims Projected	65,335	47,716	60,957	82,200	256,209

Claims development table (Contd)

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

Accident year	2017 Birr'000	2018 Birr'000	2019 Birr'000	2020 Birr'000	Total Birr'000
2017	40,535	64,106	64,673	128,284	297,597
2018	628	341	-	-	969
2019	-	-	-	-	-
2020	-	-	-	-	-
Cumulative Incurred	41,163	64,447	64,673	128,284	298,566
IBNR	-	2,546	3,065	6,331	11,943
Ultimate Claims Projected	41,163	66,992	67,738	134,615	310,509

Gross non-life insurance contract outstanding claims provision for 2019:

Accident year	2016 Birr'000	2017 Birr'000	2018 Birr'000	2019 Birr'000	Total Birr'000
2016	31,180	40,092	78,928	76,612	226,813
2017	5,775	610	983	-	7,369
2018	40	700	-	-	740
2019	(13)	-	-	-	(13)
Cumulative Incurred	36,983	41,403	79,911	76,612	234,909
IBNR	-	1,692	3,368	5,449	10,510
Ultimate Claims Projected	36,983	43,095	83,280	82,061	245,418





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:

	Notes	Available-For-Sale Birr'000	Loans and receivables Birr'000	Total Birr'000
30 June 2021				
Cash and cash equivalents	13	-	312,032	312,032
Investment securities				-
- Available for sale	14.1	47,203	-	47,203
- Loans and receivables	14.2	-	17,500	17,500
Trade and other receivables	15	-	8,758	8,758
Reinsurance assets	16	-	103,852	103,852
Total financial assets		47,203	442,142	489,345
30 June 2020				
Cash and cash equivalents	13	-	223,233	223,233
Investment securities				-
- Available for sale	14.1	41,419	-	41,419
- Loans and receivables	14.2	-	11,500	11,500
Trade and other receivables	15	-	13,466	13,466
Reinsurance assets	16	-	101,610	101,610
Total financial assets		41,419	349,809	391,228



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.

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

	30 June 2021 Birr'000	30 June 2020 Birr'000
Cash and cash equivalents	312,032	223,233
Investment securities		
- Available for sale	47,203	41,419
- Loans and receivables	17,500	11,500
Trade and other receivables	8,758	13,466
Reinsurance assets	103,852	101,610
Total maximum exposure	489,345	391,228

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 2021 and 30 June 2020 and are held in Ethiopian banks have been classified as non-rated as there are no credit rating agencies in Ethiopia.

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

	Neither past due nor impaired Birr'000	Past due but not impaired Birr'000	Individually impaired Birr'000	Total Birr'000
30 June 2021				
Insurance receivables				
Due from policy contract holders	362	-	(348)	14
Due from Co-insurers	-	-	-	-
Due from re-insurers	2,281	6,463	-	8,744
	2,643	6,463	(348)	8,758
Other loans and receivables				
Other receivables	27,923	-	-	27,923
Staff debtors	1,484	-	-	1,484
Gross amount	29,407	-	-	29,407
Less: Specific impairment allowance (note 15.1)	-			-
	29,407	-	-	29,407
	32,050	6,463	(348)	38,165

30 June 2020



	Neither past due nor impaired Birr'000	Past due but not impaired Birr'000	Individually impaired Birr'000	Total Birr'000



Insurance receivables

Due from policy contract holders	581	-	(348)	233
Due from Co-insurers	-	-	-	-
Due from re-insurers	634	12,598	-	13,233
	1,215	12,598	(348)	13,466
	Neither past due nor impaired	Past due but not impaired	Individually impaired	Total
	Birr'000	Birr'000	Birr'000	Birr'000
Other loans and receivables				
Other receivables	11,540	-	-	11,540
Staff debtors	1,644	-	-	1,644
Gross amount	13,184	-	-	13,184
Less: Specific impairment allowance (note 15a)	-	-	-	-
	13,184	-	-	13,184
	14,399	12,598	(348)	26,650

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

(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.

	30 June 2021 Birr'000	30 June 2020 Birr'000
Neither past due nor impaired	32,050	14,399
	32,050	14,399

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

	30 June 2021 Birr'000	30 June 2020 Birr'000
Past due up to 30 days	48	130
Past due up to 30 - 60 days	-	119
Past due by 60 - 90 days	-	108
Past due by 90 - 180 days	6,415	748
Collective impairment	6,463	1,105
	6,463	1,105



(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 2021 Birr'000	30 June 2020 Birr'000
Insurance receivables	(348)	(348)
Total allowance for impairment	(348)	(348)



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 2021 and 30 June 2020. The Company concentrates all its financial assets in Ethiopia.

	Public enterprise	Private	Others	Total
	Birr'000	Birr'000	Birr'000	Birr'000
30 June 2021				
Cash and cash equivalents	-	312,032	-	312,032
Investment securities				-
- Available for sale	-	47,203	-	47,203
- Loans and receivables	17,500	-	-	17,500
Trade and other receivables	-	8,744	362	9,106
Reinsurance assets	-	103,852	-	103,852
	17,500	471,831	362	489,693
30 June 2020				
Cash and cash equivalents	-	223,233	-	223,233
Investment securities:				-
- Available for sale	-	41,419	-	41,419
- Loans and receivables	11,500	-	-	11,500
Trade and other receivables	-	13,233	581	13,814
Reinsurance assets	-	101,610	-	101,610
	11,500	379,495	581	391,576



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 65% of its admitted 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.



4.5.3 Maturity analysis of financial liabilities

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

	0-1 year Birr'000	1-3 years Birr'000	3-5 years Birr'000	Over 5 years Birr'000	Total Birr'000
30 June 2021					
Insurance contract liabilities	275,000	-	-	-	275,000
Insurance payables	27,165	-	-	-	27,165
Other liabilities	43,216	-	-	-	43,216
Total financial liabilities	345,382	-	-	-	345,382
30 June 2020					
Insurance contract liabilities	237,515	-	-	-	237,515
Insurance payables	4,674	-	-	-	4,674
Other liabilities	36,448	-	-	-	36,448
Total financial liabilities	278,638	-	-	-	278,638

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.

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.

- Equity investments are made often by conducting a thorough study and assessment.
- Equity investments are acquired from companies where the return is not less 10%.
- Investment will not exceed in concentration more than 20% in one Company.
- To adjust for price fluctuations, a revaluation of on-balance sheet assets will be carried every two years.
- The risk profile of every investment is made after the closing of accounts every year and action is taken based on appropriate recommendations.
- Technological related risks will be evaluated to see if the area of investment is prone to risks.
- 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 its financial obligations and financial assets with fixed interest rates. The Company's investment portfolio is comprised of Ethiopian government bonds and cash deposits.

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

30 June 2021

	Fixed Birr'000	Non-interest bearing Birr'000	Total Birr'000
Assets			
Cash and bank balances	305,091	6,941	312,032
Investment securities			
- Loans and receivables	17,500	-	17,500
Trade and other receivables	-	8,758	8,758
Reinsurance assets	-	103,852	103,852
Total	322,591	119,551	442,142
Liabilities			
Insurance contract liabilities	-	-	-
Insurance payables	-	27,165	27,165
Other liabilities	-	43,216	43,216
Total	-	70,382	70,382

30 June 2020

	Fixed Birr'000	Non-interest bearing Birr'000	Total Birr'000
Assets			
Cash and bank balances	214,293	8,940	223,233
Investment securities			
- Loans and receivables	11,500	-	11,500
Trade and other receivables	-	13,466	13,466
Reinsurance assets	-	101,610	101,610
Total	225,793	124,016	349,809
Liabilities			
Insurance contract liabilities	-	-	-
Insurance payables	-	4,674	4,674
Other liabilities	-	36,448	36,448
Total	-	41,122	41,122



**(ii) Foreign exchange risk**

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates. The Company primarily transacts in Ethiopian Birr and its assets and liabilities are denominated in the same currency. The Company is therefore not exposed to currency risk.

4.7 Capital management

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

4.7.1 Margin of Solvency 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 2021	30 June 2020
	Birr'000	Birr'000
Admissible assets		
A		
Cash and bank balances	312,032	223,233
Investment securities		
- Available for sale	47,203	41,419
- Loans and receivables	17,500	11,500
Trade and other receivables	8,758	13,466
Other assets	29,407	13,184
Property, plant and equipment	35,856	30,230
Statutory Deposit	5,186	3,500
	455,942	336,532
Admissible liabilities		
B		
Insurance contract liabilities	275,000	237,515
Current income tax liabilities	3,443	2,170
Insurance payables	27,165	4,674
Other liabilities	43,216	36,448
	348,825	280,808
Excess (admitted capital)- (A-B)	C	
	107,117	55,724
Net premium	118,036	105,098
Technical provision	275,000	237,515
Solvency margin		
Limit of net premium i.e. 20% of net premium	D	23,607
		21,020
Limit of technical provision i.e. 25% of technical provision	E	68,750
		59,379
Since C<E - Negative Solvency	(C-E)	38,367
		(3,655)
Solvency ratio	156%	94%





4.8 Fair value of financial assets and liabilities

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

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

4.8.1 Valuation models

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

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

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

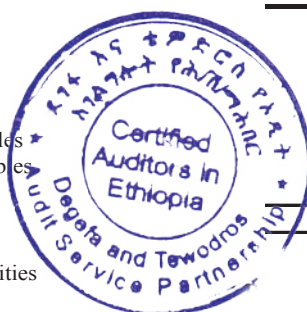
In conclusion, this category is for valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

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

4.8.2 Financial instruments not measured at fair value

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

	30 June 2021		30 June 2020	
	Carrying amount Birr'000	Fair value Birr'000	Carrying amount Birr'000	Fair value Birr'000
Financial assets				
Cash and bank balances	312,032	312,032	223,233	223,233
Investment securities				
- Available for sale	47,203	47,203	41,419	41,419
- Loans and receivables	17,500	17,500	11,500	11,500
Trade and other receivables	8,758	8,758	13,466	13,466
Reinsurance assets	103,852	103,852	101,610	101,610
Total	489,345	489,345	391,228	391,228
Financial liabilities				
Insurance contract liabilities	275,000	275,000	237,515	237,515
Insurance payables	27,165	27,165	4,674	4,674
Other liabilities	43,216	43,216	36,448	36,448
Total	345,382	345,382	278,638	278,638





4.8.3 Fair value methods and assumptions

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

4.8.4 Valuation technique using significant unobservable inputs – Level 3

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

4.8.5 Transfers between the fair value hierarchy categories

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

4.9 Offsetting financial assets and financial liabilities

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





	30 June 2021 Birr'000	30 June 2020 Birr'000
5 Net premium income		
5.1 Short term insurance contracts:		
Gross premium written	176,350	139,820
Movement in unearned premium	(19,587)	(3,377)
	<u>156,763</u>	<u>136,443</u>
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>156,763</u>	<u>136,443</u>
5.3 Short term insurance contracts:		
Reinsurance expense	(38,727)	(31,345)
5.4 Long-term insurance contracts:		
Reinsurance expense	-	-
	<u>(38,727)</u>	<u>(31,345)</u>
Total net premium	<u>118,036</u>	<u>105,098</u>

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

	30 June 2021 Birr'000	30 June 2020 Birr'000
6 Fee and commission income		
Reinsurance commission income	8,074	6,059
Profit commission	1,806	1,326
Changes in deferred Commission Income	(1,142)	(286)
	<u>8,738</u>	<u>7,099</u>
Total fees and commission income	<u>8,738</u>	<u>7,099</u>

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

	30 June 2021 Birr'000	30 June 2020 Birr'000
7 Claims expenses		
7.1 Insurance claims and loss adjustment expenses:		
Gross benefits and claims paid	44,569	70,853
Change in insurance contract outstanding claims provision	12,616	-9,725
Change in other technical provision (IBNR)	1,278	1,934
Change in other technical provision (ULAE)	684	825
	<u>59,147</u>	<u>63,887</u>
7.2 Recoverable from reinsurance:		
Claims paid recoverable	(3,899)	(32,633)
Change in provision for outstanding claims recoverable	679	14,333
Change in other technical provision (IBNR) recoverable	400	140
	<u>(2,820)</u>	<u>(18,160)</u>
Net claims and loss adjustment expense	<u>56,327</u>	<u>45,728</u>



30 June 2021 Birr'000	30 June 2020 Birr'000
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	30 June 2021 Birr'000	30 June 2020 Birr'000
8 Underwriting expenses		
Commission paid	5,822	4,697
Other acquisition cost	471	177
Changes in deferred acquisition cost (DAC)	(873)	148
Total Underwriting expenses	5,420	5,022
	30 June 2021 Birr'000	30 June 2020 Birr'000
9 Investment income		
Dividend income on equity investments	6,733	7,048
Interest income on cash and short-term deposits	28,263	21,562
Total investment income	34,996	28,610
	30 June 2021 Birr'000	30 June 2020 Birr'000
10 Other operating income		
Gain on disposal	1,322	-
Interest income on staff loans	13	52
Sundry income	1,001	1,650
Total other operating income	2,336	1,702
	30 June 2021 Birr'000	30 June 2020 Birr'000
11 Other operating and administrative expenses		
Employee benefits expense (note 11.1)	32,490	32,074
Rental expenses	-	600
Repair and maintenance	1,297	1,195
Advertising and publication	4,388	4,633
Communication	876	856
Printing and stationaries	1,243	1,268
Entertainment	109	51
Penalty	2	33
Travelling and transportation expenses	148	210
Insurance	282	315
Office cleaning and supplies	1,424	1,206
Legal and professional fees	1,078	897
Board fees	1,080	950
Audit fees	115	138
Lease Expense	52	52
Interest Expense	160	1,654
Subscription and membership fees	258	515
Amortisation of intangible assets (note 19)	7,004	5,121
Depreciation on property and equipment (note 20)	3,268	2,695
Bank charges	36	27
Sundry expenses	1,385	1,469
Total Other Expenses	56,695	55,959
	30 June 2021 Birr'000	30 June 2020 Birr'000
11.1 Employee benefits expense		
Salaries and wages	22,603	21,593
Staff allowances	1,641	1,444
Pension costs – Defined contribution plan	2,268	2,197
Defined benefit plan expense (Note 26)	77	405
Other staff expenses	5,903	6,437
	32,490	32,074





	30 June 2021 Birr'000	30 June 2020 Birr'000
12 Company income tax and deferred tax		
12.1 Current income tax		
IFRS Accounting profit	45,664	35,887
<u>Add : Disallowed expenses</u>		
Entertainment & Refreshment	311	231
Gain on disposal of fixed assets for tax	1,619	-
Penalty	2	33
Donation non public use	10	-
Provision for Severance expense	77	318
Depreciation for IFRS accounting purpose	3,269	2,695
Amortization for IFRS accounting purpose	2	3
Interest expense on lease liability for IFRS accounting purpose	88	1,558
Amortization of Right of use Asset for IFRS accounting purpose	6,981	5,084
	<u>58,022</u>	<u>45,808</u>
<u>Less :</u>		
Depreciation for tax purpose	3,510	2,474
Dividend income taxed at source	6,733	7,048
Interest income taxed at source-Local	28,263	21,562
Gain on disposal taxed on depreciation	1,322	1,260
Actual rent expense paid for tax purpose	6,716	6,228
	<u>(46,544)</u>	<u>(38,573)</u>
Taxable profit	11,478	7,235
Current tax at 30%	3,443	2,170
Deferred tax expense /income	(40)	189
	3,403	2,360
12.2 Current income tax liability	30 June 2021	30 June 2020
	Birr'000	Birr'000
Balance at the beginning of the year	1,291	399
Charge for the year:	3,443	2,170
Capital gains tax	-	-
Income tax expense	-	-
Prior year (over)/ under provision	-	-
WHT Not utilised	(1,211)	(880)
Payment during the year	(1,291)	(399)
Profit tax payable/(receivable)	2,232	1,291





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 2021 Birr'000	30 June 2020 Birr'000
The analysis of deferred tax assets/(liabilities) is as follows:		
To be recovered after more than 12 months	(835)	(876)
To be recovered within 12 months	-	-
	(835)	(876)

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

Deferred income tax assets/(liabilities):	At 1 July 2020 Birr'000	Credit/ (charge) to Birr'000	Credit/ (charge) to equity Birr'000	30 June 2021 Birr'000
Property, plant and equipment	(1,167)	17	-	(1,150)
Provisions	290	23	1	315
Tax losses charged to profit or loss	-	-	-	-
Total deferred tax assets/(liabilities)	(876)	40	1	(835)

Deferred income tax assets/(liabilities):	At 1 July 2019 Birr'000	Credit/ (charge) to Birr'000	Credit/ (charge) to equity Birr'000	30 June 2020 Birr'000
Property, plant and equipment	(856)	(311)	-	(1,167)
Provisions	195	121	(26)	290
Tax losses charged to profit or loss	-	-	-	-
Total deferred tax assets/(liabilities)	(661)	(189)	(26)	(876)





DEFERRED TAX LIABILITY

	30 June 2021	30 June 2020
	Birr'000	Birr'000
Deferred tax (liability) asset as per GAAP	-	-
Deferred tax (liability) asset brought forward	-	-
Add: Temporary difference	(835)	(876)
Deferred tax Liability as at June 30,2016	<u>(835)</u>	<u>(876)</u>
Fixed assets - tax base	32,023	26,342
Fixed asset - carrying amount	35,856	30,232
Fixed assets - temporary difference	<u>(3,832)</u>	<u>(3,890)</u>
Severance pay - tax base	-	-
Severance pay - carrying amount	(1,049)	(968)
Severance pay temporary difference	<u>(1,049)</u>	<u>(968)</u>
Deferred tax (liability) asset - @ 30%	<u>(835)</u>	<u>(876)</u>

13 Cash and Bank balances

Cash in hand	1,588	1,119
Current account with local banks	5,353	7,821
Savings deposits with local banks	42,096	30,946
Fixed time deposits	262,995	183,347
	<u>312,032</u>	<u>223,233</u>

Maturity analysis

	30 June 2021	30 June 2020
	Birr'000	Birr'000
Current	312,032	223,233
Non- current	-	-
	<u>312,032</u>	<u>223,233</u>



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, 2021.



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.

	30 June 2021	30 June 2020
	Birr'000	Birr'000
Cash in hand	1,588	1,119
Current account with local banks	5,353	7,821
Savings deposits with local banks	42,096	30,946
	49,037	39,886

14 Investment securities

14.1 Available for sale:

	30 June 2021	30 June 2020
	Birr'000	Birr'000
Equity Investments in		
- Berhan Bank S.C.	42,203	36,419
- Ethiopian Reinsurance S.C.	5,000	5,000
	47,203	41,419

14.2 Loans and receivables:

	30 June 2021	30 June 2020
	Birr'000	Birr'000
Ethiopian Government bonds	17,500	11,500
	17,500	11,500
	64,703	52,919

Maturity analysis

	30 June 2021	30 June 2020
	Birr'000	Birr'000
Current	-	-
Non-Current	64,703	52,919
	64,703	52,919

14 Investment securities (Contd)

The Company holds equity investments in the following entities;

	30 June 2021		30 June 2020	
	Number of shares	Percentage of ownership	Number of shares	Percentage of ownership
Berhan Insurance S.C	42,203	1.45%	36,419	1.33%
Ethiopian Reinsurance S.C	500	0.56%	500	0.63%

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.

15 Trade and other receivables

	30 June 2021	30 June 2020
	Birr'000	Birr'000
Due from co-insurers	-	-
Due from re-insurers	8,744	13,233
Trade Debtors	362	581
Gross amount	9,106	13,814
Less: impairment allowance	(348)	(348)
	8,758	13,466

Gross amount

Maturity analysis

	30 June 2021	30 June 2020
	Birr'000	Birr'000
Current	8,758	13,466
Non-current	-	-
	8,758	13,466





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 2021 Birr'000	30 June 2020 Birr'000
At 1 July	(348)	(348)
Charge for the year (note 15)	-	-
Recoveries	-	-
During the year	-	-
At 30 June	(348)	(348)

16 Reinsurance assets

	30 June 2021 Birr'000	30 June 2020 Birr'000
Recoverable on claims - Incurred but not yet reported	1,030	1,430
Reinsurance recoverable on outstanding claims (note 16.1)	102,822	100,180
Prepaid re-insurance (note 16.2)	-	-
Gross amount	103,852	101,610
Less: Specific impairment allowance (note 16.3)	-	-
Total reinsurance assets	103,852	101,610

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.

16.1 Reinsurance recoverable on claims

	30 June 2021 Birr'000	30 June 2020 Birr'000
Recoverable on claims - Incurred but not yet reported	1,030	1,430
Recoverable on outstanding claims	84,945	85,624
Reinsurer's share of unearned premium (Note 0)	17,877	14,556
Recoverable on claims paid	8,744	13,233
Total reinsurance recoverable on claims	112,596	114,843

The movement in claims recoverable is analysed as:

	30 June 2021 Birr'000	30 June 2020 Birr'000
Balance at beginning of the year	101,610	112,264
Recoveries during the year	2,242	-10,654
Increase in recoverable during the year	8,744	13,233
Balance at end of year	112,596	114,843

17 Deferred acquisition cost

	30 June 2021 Birr'000	30 June 2020 Birr'000
Motor	1,619	983
Marine Cargo and Goods in Transit	238	229
Fire	398	304
Accident and Health	139	162
Engineering	173	166
General Liability	88	94
W/C Ordinary	93	89
Pecuniary	389	265
P.Violence	44	16
Total Deferred acquisition cost	3,181	2,308

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





	30 June 2021 Birr'000	30 June 2020 Birr'000
18 Other assets		
Financial assets		
Staff Debtor	1,484	1,644
Sundry Debtor	651	739
	<u>2,135</u>	<u>2,383</u>
Non-Financial assets		
Inventories:-		
Office Supplies	551	442
Recks of paid claims	4,853	620
Prepayments	642	2,369
Right of Use Asset	19,996	6,472
Advance Withholding Receivable	1,230	898
	<u>27,272</u>	<u>10,801</u>
Net amount	<u>29,407</u>	<u>13,184</u>
Maturity analysis		
	30 June 2021 Birr'000	30 June 2020 Birr'000
Current	7,376	4,626
Non- current	22,031	8,558
	<u>29,407</u>	<u>13,184</u>

	Cost Birr'000	Amortisation Birr'000	Net book value Birr'000
19 Intangible Assets			
As at 1 July 2019			
Additions/(amortisation)	40	(35)	5
As at 30 June 2020			
Additions/(amortisation)	-	(2)	(2)
As at 30 June 2021	40	(40)	0



	Buildings Birr'000	Motor vehicles Birr'000	Computer and accessories Birr'000	Office furniture and equipment Birr'000	Total Birr'000
20 Property, plant and equipment					
Cost					
As at 1 July 2019	8,657	18,248	2,227	4,962	34,095
Additions	1,202	5,117	447	641	7,407
Reclassifications	-	(2,301)	-	-	(2,301)
Disposals	-	-	-	-	-
As at 30 June 2020	<u>9,860</u>	<u>21,064</u>	<u>2,674</u>	<u>5,604</u>	<u>39,202</u>
As at 1 July 2020	9,860	21,064	2,674	5,604	39,202
Additions	189	7,509	620	1,220	9,537
Disposals	-	(1,543)	(139)	(41)	(1,723)
Reclassification	-	-	-	-	-
As at 30 June 2021	<u>10,048</u>	<u>27,030</u>	<u>3,154</u>	<u>6,782</u>	<u>47,015</u>



	Buildings	Motor vehicles	Computer and accessories	Office furniture and equipment	Total
	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000
Accumulated depreciation					
As at 1 July 2019	-	4,745	1,016	2,189	7,949
Charge for the year	187	1,684	296	529	2,696
Disposals	-	(1,673)	-	-	(1,673)
As at 30 June 2020	187	4,756	1,311	2,717	8,972
As at 1 July 2020	187	4,756	1,311	2,717	8,972
Charge for the year	188	2,168	333	579	3,269
Disposals	-	(931)	(115)	(35)	(1,081)
As at 30 June 2021	376	5,993	1,530	3,261	11,160
Net book value					
As at 1 July 2019	8,657	13,503	1,211	2,774	26,145
As at 30 June 2020	9,672	16,309	1,362	2,887	30,230
As at 30 June 2021	9,673	21,037	1,625	3,521	35,856

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

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 (2021: Birr 17.5 million, 2020: Birr 11.5 million) that is transferred to Ethiopian Government Development Bank for the acquisition of Great Renaissance dam bond. The Bond bears interest income of 8%

	30 June 2021 Birr'000	30 June 2020 Birr'000
In Cash	5,186	3,500
In Government Bond	17,500	11,500
Statutory deposit balance	22,686	15,000
	30 June 2021 Birr'000	30 June 2020 Birr'000
Balance beginning of the year	15,000	14,162
Additions	7,686	839
Balance end of year	22,686	15,000
	30 June 2021 Birr'000	30 June 2020 Birr'000
22 Insurance contract liabilities		
Short-term insurance contracts		
Gross		
- Claims reported and loss adjustment expenses (note 22.1)	158,780	146,164
- Claims incurred but not reported IBNR (note 22.2)	15,154	13,876
- Un allocated loss adjustment expense ULAE (note 22.3)	5,218	4,534
- Unearned premiums (note 22.4)	95,848	72,941
Total insurance liabilities, gross	275,000	237,516
Recoverable from reinsurers		
- Claims reported and loss adjustment expenses	102,822	100,180
- Claims incurred but not reported IBNR	1,030	1,430
Total reinsurers' share of insurance liabilities	103,852	101,610
Net		
Outstanding claims provision:		
- Claims reported and loss adjustment expenses	55,958	45,984
- Claims incurred but not reported IBNR	14,124	12,446
Total insurance contract liabilities, net	70,082	58,430



**Maturity analysis**

	30 June 2021	30 June 2020
	Birr'000	Birr'000
Current	70,082	58,430
Non-current	-	-
	70,082	58,430

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 2021	30 June 2020
	Birr'000	Birr'000
22.1 Gross Claims reported		
Motor	63,310	47,982
Marine	1,581	309
Fire	250	223
Accident	785	2,186
Engineering	7,456	7,306
General Liability	1,698	829
Workmens'	1,206	1,975
Pecuniary	82,077	85,355
PVT	417	-
Total Gross Claims reported	158,780	146,164

22 Insurance contract liabilities (Contd)

	30 June 2021	30 June 2020
	Birr'000	Birr'000
22.2 Gross Claims incurred but not reported - IBNR		
Motor	7,580	7,098
Marine	763	856
Fire	1,470	1,189
Accident and Health	870	871
Engineering	528	663
General Liability	525	323
Workmens'	212	194
Pecuniary	2,665	2,679
PVT	541	3
Total Gross Claims incurred but not reported - IBNR	15,154	13,876

22.3 Un allocated loss adjustment expense - ULAE

	30 June 2021	30 June 2020
	Birr'000	Birr'000
Motor	2,127	1,581
Marine	70	33
Fire	52	40
Accident and Health	50	29
Engineering	240	229
General Liability	67	33
Workmens'	43	62
Pecuniary	2,542	2,527
PVT	29	-
Total Un allocated loss adjustment expense - ULAE	5,218	4,534





	30 June 2021 Birr'000	30 June 2020 Birr'000
22.4 Gross Unearned premiums		
Motor	57,228	39,822
Marine	3,417	3,314
Fire	7,001	5,250
Accident and Health	2,502	2,809
Engineering	3,252	3,390
General Liability	2,586	4,279
Workmens'	1,015	834
Pecuniary	13,780	12,522
PVT	5,066	721
Total Gross Unearned premiums	95,848	72,941

22 Insurance contract liabilities (Contd)

	30 June 2021 Birr'000	30 June 2020 Birr'000
22.5 Deferred Commission Income		
Motor	389	247
Marine	115	190
Fire	1,051	869
Accident and Health	130	101
Engineering	94	111
General Liability	184	193
Workmens'	19	16
Pecuniary	1,240	1,091
PVT	859	120
Total Deferred Commission Income	4,081	2,939

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

	30 June 2021 Birr'000	30 June 2020 Birr'000
23 Insurance payables		
Amounts payable on direct insurance business		
At 1 July	3,963	24,721
Arising during the year	43,535	31,200
Utilised during the year	(21,194)	(51,958)
At 30 June	26,304	3,963
Amounts payable on assumed reinsurance business		
At 1 July	711	295
Arising during the year	208	144
Utilised during the year	(58)	272
At 30 June	861	711
	27,165	4,674



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



	30 June 2021 Birr'000	30 June 2020 Birr'000
24 Other liabilities		
Financial liabilities		
Trade Creditors	46	73
Sales Agents Payable	1,345	1,024
Brokers Payable	898	798
Claim payable to client	1,373	867
Provident fund Payable	282	708
Payroll Tax Payable	474	421
Withholding tax payable	156	307
VAT Payable	476	343
Petty Cash Payable	-	-
Payroll Fund Payable	-	-
Staff Pension payable	294	298
Severance pay (note 26a)	1,049	968
	6,393	5,807
Other non financial liabilities		
Other payables	4,322	5,632
Accruals	8,926	6,436
Leasehold Payable	9,626	6,885
Deferred commission income	4,081	2,939
Dividend Payable	9,868	8,749
	36,823	30,641
	43,216	36,448
Gross amount		
	43,216	36,448
Maturity analysis		
	30 June 2021	30 June 2020
	Birr'000	Birr'000
Current	28,219	22,963
Non- current	14,997	13,485
	43,216	36,448
25 Deferred revenue		
Motor	389	247
Marine Cargo and Goods in Transit	115	190
Fire	1,051	869
Accident and Health	130	101
Engineering	94	111
General Liability	184	193
W/C Ordinary	19	16
Pecuniary	1,240	1,091
Others	859	120
All Risk	-	-
	4,081	2,939



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



	30 June 2021 Birr'000	30 June 2020 Birr'000
26 Retirement benefit obligations		
Defined benefits liabilities:		
– Severance pay (note 26a)	1,049	968
Liability in the statement of financial position	1,049	968
Income statement charge included in personnel expenses:		
– Severance pay (note 26a)	86	405
– Long service awards (note 26b)	-	-
Total defined benefit expenses	86	405
Remeasurements for:		
– Severance pay (note 26a)	(444)	(799)
	(444)	(799)

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 2021 Birr'000	30 June 2020 Birr'000
A Liability recognised in the financial position	1,049	968
B Amount recognised in the profit or loss		
Current service cost	391	1,023
Interest cost	134	94
	525	1,117
C Amount recognised in other comprehensive income:		
Remeasurement (gains)/losses arising from participant's movement	5	(87)
Benefits and expenses paid	(448)	(712)
	(444)	(799)

26 Retirement benefit obligations (continued)

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

	30 June 2021 Birr'000	30 June 2020 Birr'000
At the beginning of the year	968	651
Current service cost	391	1,023
Interest cost	134	94
Remeasurement (gains)/ losses	5	(87)
Benefits paid	(448)	(712)
At the end of the year	1,049	968





The significant actuarial assumptions were as follows:

i) Financial Assumption Long term Average

	30 June 2021	30 June 2020
	Birr'000	Birr'000
Discount Rate (p.a)	14.25%	14.25%
Rate of Pension Increase(p.a)	10.00%	10.00%

27 Share capital

Authorised:

Ordinary shares of Birr 1000 each

	30 June 2021	30 June 2020
	Birr'000	Birr'000
	300,000	300,000

Issued and fully paid:

Ordinary shares of Birr 1000 each

	160,311	117,676
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The subscribed capital of the Company is Birr 187,422,000 million divided into 187,422 shares of Birr 1,000 par value each. The current paid up capital is 160,311,000 (2020: Birr 117,676,000)

28 Share premium

At the beginning of the year

Additions through issuance of shares

	30 June 2021	30 June 2020
	Birr'000	Birr'000
	1,246	1,246
	-	-
	1,246	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 2021 Birr'000	30 June 2020 Birr'000
Profit attributable to shareholders	42,261	33,440
Less: Board of directors annual remuneration (Note 33b)	(1,350)	(1,200)
: Prior Years' Adjustment (Note 30)	-	-
	40,911	32,240
Weighted average number of ordinary shares in issue	147,643	111,604
Basic & diluted earnings per share (Birr)	28%	29%

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. There were no potentially dilutive shares at the reporting date (30 June 2021: nil, 30 June 2020: nil), hence the basic and diluted earning per share have the same value.

	30 June 2021 Birr'000	30 June 2020 Birr'000
30 Retained earnings		
At the beginning of the year	30,039	21,920
Profit/ (loss) for the year	42,261	33,440
Dividends paid	(30,344)	(21,977)
Transferred to legal reserve	(4,226)	(3,344)
At the end of the year	37,730	30,039
	30 June 2021 Birr'000	30 June 2020 Birr'000
31 Legal reserve		
At the beginning of the year	9,586	6,242
Transfer from profit or loss	4,226	3,344
At the end of the year	13,812	9,586

An amount equal to 10% of net profit for each year is set aside as a legal reserve in accordance with Article 12 of proclamation No. 86/1994, until the balance reaches the paid up capital.





	<u>Notes</u>	<u>30 June 2021</u> <u>Birr'000</u>	<u>30 June 2020</u> <u>Birr'000</u>
32 Cash generated from operating activities			
Profit before tax		45,664	35,887
Adjustments for non- cash items:			
Depreciation of property, plant and equipment	20	3,269	2,695
Amortisation of intangible assets	19	2	3
Gain/(Loss) on disposal of property, plant and equipment	20	(1,322)	(1,260)
Interest Income	12	(28,263)	(21,562)
Deffered tax liability/asset		(5)	-
Prior years' Adjustment		-	-
Changes in working capital:			
-Decrease/ (increase) in loans and receivables including insurance receivables	15	4,708	(881)
-Decrease/ (Increase) in reinsurance assets	16	(2,242)	10,654
-Decrease/ (increase) in deferred acquisition cost	17	(873)	148
-Decrease/ (increase) in other assets	18	(16,223)	(5,502)
-Decrease/ (Increase) in fixed time deposits	13	(79,648)	(27,590)
-Increase/ (decrease) in Insurance contract liabilities	22	37,485	228
-Increase/ (decrease) in insurance payables	23	22,491	(20,341)
-Increase/ (decrease) in other liabilities	24	6,768	20,063
		<u>(8,187)</u>	<u>(7,455)</u>

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

	<u>30 June 2021</u> <u>Birr'000</u>	<u>30 June 2020</u> <u>Birr'000</u>
Proceeds on disposal	1,964	1,888
Net book value of property, plant and equipment disposed (Note 20)	<u>(643)</u>	<u>(627)</u>
Gain/(loss) on sale of property, plant and equipment	<u>1,322</u>	<u>1,260</u>

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.

	<u>30 June 2021</u> <u>Birr'000</u>	<u>30 June 2020</u> <u>Birr'000</u>
33a Transactions with related parties		
Loans and advances to key management personnel	172	444
	<u>172</u>	<u>444</u>





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 2021.

	30 June 2021	30 June 2020
	Birr'000	Birr'000
Directors allowance (non executive directors)	1,080	950
Directors remuneration (non executive directors)		
Salaries and other short-term employee benefits	4,825	4,362
Post-employment benefits	492	480
Representation allowance	306	396
	5,623	5,238
	6,703	6,188

34 Directors and employees

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

	30 June 2021	30 June 2020
	Number	Number
Professionals and High Level Supervisors	79	79
Semi-professional, Administrative and Clerical	70	72
Technician and Skilled	-	-
Manual and Custodian	46	41
	195	192





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



Partial View of the 9th Annual Share Holders Meeting



Partial View of the 9th Annual Share Holders Meeting



Partial View of the 9th Annual Share Holders Meeting



Partial View of the 9th Annual Share Holders Meeting



Branches



Bole Branch



Main Branch



Kera Branch



Piazza Branch

Branches



Megenagna Branch



Merkato Branch



Ras Branch



Saris Branch



Olympia Branch

Branches



Lebu Branch



Lideta Branch



Hayahulet Mazoria Branch



Goffa Branch



Teklehaimanot Branch

Branches



Bahir Dar Branch



Wolaita Sodo Branch



Hawassa Branch



Adama Branch

Branches



Hossaena Branch



Shashemene Branch



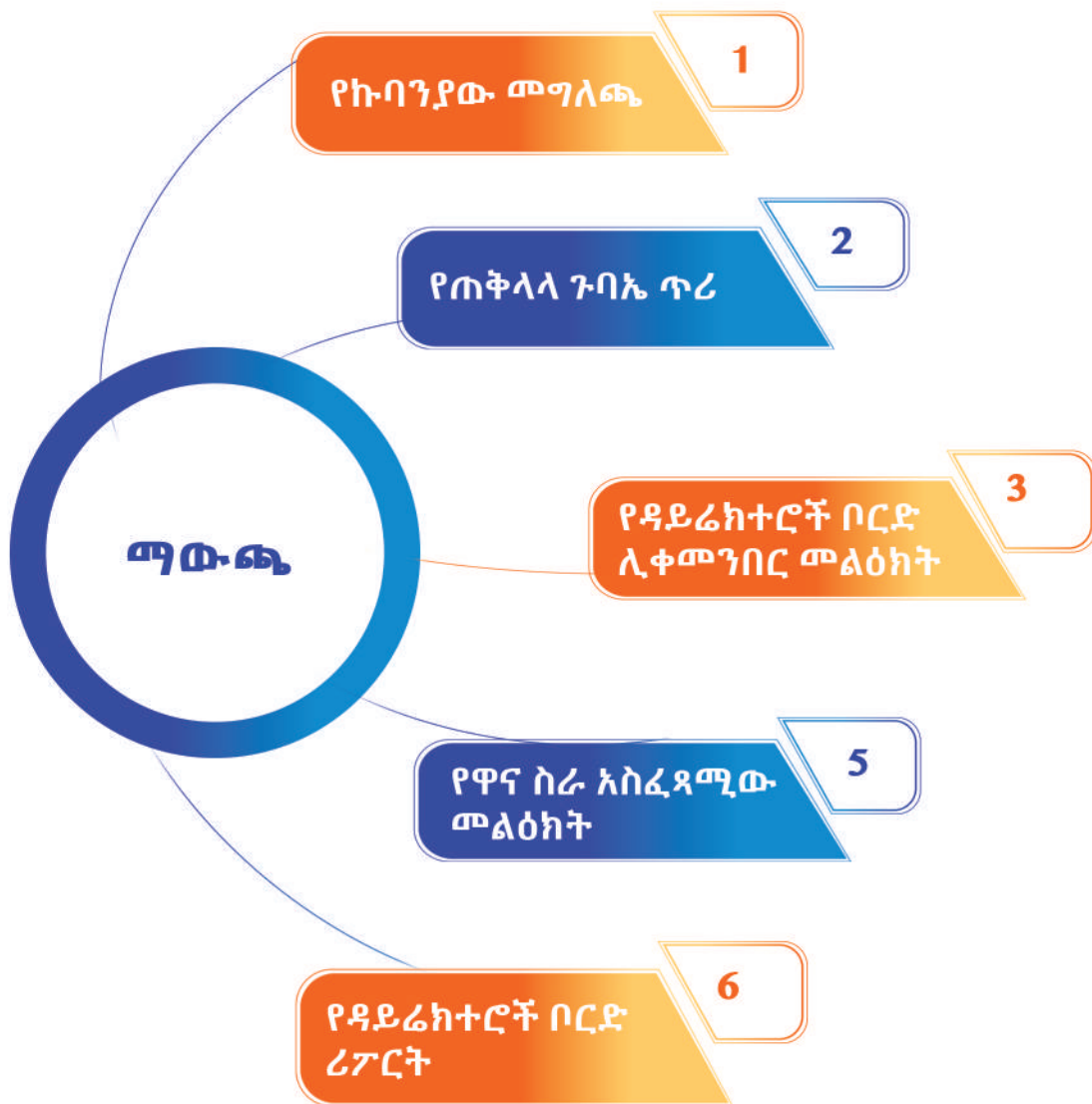
Arba Minch Contact Office



Dessie Branch



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





ብርሃን ኢንፎርገንስ ኢ.ማ

የኩባንያው መግለጫ

ብርሃን ኢንፎርገንስ ኢ.ማ በኢትዮጵያ የመድን ገበያ ውስጥ እየሰሩ ከሚገኙ የግል መድን ሰጪ ኩባንያዎች አንዱ ሲሆን በአዋጅ ቁጥር 86/1994 መሰረት በብርሃን ባንክ ኢ.ማ አነሳሽነት በ455 ባለራዕይ መስራቾች እ.አ.አ በአክቶበር ወር 2010 ተመሰረቶ ህይወት ነክ ያልሆነውን የመድን አገልግሎት ለህብረተሰቡ በመስጠት ላይ ይገኛል ። በአሁኑ ወቅት የባለአክሲዮኖቹ ቁጥር ከ1600 በላይ የደረሰ ሲሆን የተከፈለ ካፒታሎም እ.አ.አ በጁን 30 ቀን 2021 በተጠናቀቀው በጀት አመት ብር 160.31 ሚሊዮን ደርሷል ።

አሁኑ ላይ ዋና መስሪያ ቤቱን በወሎ ሰፈር አደባባይ ጋራድ ቦሌ ሲቲ ሴንተር ያደረገው ብርሃን ኢንፎርገንስ ኢ.ማ እ.አ.አ በጁን ወር 2011 ወደ ስራ የገባ ሲሆን በ 22 ቅርንጫፎች እና በ1 አገናኝ ቢሮ አገልግሎት እየሰጠ ይገኛል ። ካሉት ቅርንጫፎች ውስጥ 14ቱ በአዲስ አበባ ሲገኙ የተቀሩት በክልል ከተሞች ይገኛሉ ። ምንም እንኳን ኩባንያው በገበያ ውስጥ የቆየው ለ10 አመታት ብቻ ቢሆንም በትርፋማነት ከሚጠቀሱት ኩባንያዎች አንዱ ለመሆን በቅቷል ።

ኩባንያው የቆመባቸው መሰረቶች

ራዕይ ከሁሉም የላቀ ተመራጭ የኢንፎርገንስ ኩባንያ መሆን ነው ።

ተልዕኮ የኢንፎርገንስ 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 አስረኛ ዓመታዊ መደበኛ ጠቅላላ ጉባኤ የተላለፈ ጥሪ

ብርሃን ኢንሹራንስ አ.ማ የባለአክሲዮኖች 10ኛ መደበኛ ጠቅላላ ጉባኤ ቅዳሜ ህዳር 25 ቀን 2014 ዓ.ም ከጠዋቱ 2:00 ሰዓት ጀምሮ በአዲስ አበባ ከተማ ካዛንቲስ አካባቢ በሚገኘው ኢሊሊ ኢንተርናሽናል ሆቴል የስብሰባ አዳራሽ ይካሄዳል ። ስለሆነም የኩባንያው ባለአክሲዮኖች በሙሉ ማንነታችሁን የሚገልጽ የታደሰ መታወቂያ ወይም መንጃ ፈቃድ ወይም ፓስፖርት በመያዝ በተጠቀሰው ቀን እና ቦታ በጉባኤው ላይ እንድትገኙ የብርሃን ኢንሹራንስ አ.ማ የዳይሬክተሮች ቦርድ ጥሪ ያቀርባል ።

የጉባኤው አጀንዳ

1. አጀንዳውን ማጽደቅ ፤
2. የተከናወኑ የአክሲዮን ዝውውሮችን ማጽደቅና አዳዲስ ባለአክሲዮኖችን መቀበል ፤
3. የዳይሬክተሮች ቦርድን እ.ኤ.አ. 2020/21 ዓመታዊ ሪፖርት ማዳመጥ ፤
4. የውጭ አዳተሮችን እ.ኤ.አ. 2020/21 ዓመታዊ የሂሳብ የአዳት ሪፖርት ማዳመጥ ፤
5. ከዚህ በላይ በቀረቡት ሪፖርቶች ላይ ተወያይቶ መወሰን ፤
6. በብሔራዊ ባንክ መመሪያ መሰረት የዳይሬክተሮች ቦርድ አስመራጭ ኮሚቴ መመሪያን ተወያይቶ ማጽደቅ ፤
7. የዳይሬክተሮች ቦርድ አስመራጭ ኮሚቴ አባላትን አበል መወሰን ፤
8. የዳይሬክተሮች ቦርድ አስመራጭ ኮሚቴ አባላትን መምረጥ
9. በዘመኑ የተጣራ ትርፍ አደላይል እና አከፋፈል ላይ በቀረበው የውሳኔ ሃሳብ ላይ ተወያይቶ መወሰን ፤
10. የዳይሬክተሮች ቦርድ አባላትን ወርሃዊ አበልና አመታዊ ክፍያን መወሰን ፤
11. የጉባኤውን ቃለጉባኤ ማጽደቅ የሚሉት ናቸው ።

ማሳሰቢያ :-

በጉባኤው ላይ ለመገኘት የማይችሉ ባለአክሲዮኖች ቀጥሎ በተመለከተው መሰረት በወኪሎቻቸው አማካኝነት መሳተፍ ይችላሉ ።

- ጉባኤው ከሚካሄድበት ቀን አስቀድሞ ወሎ ሰፈር ጋራድ ሲቲ ሴንተር ህንጻ 7ኛ ፎቅ ላይ በሚገኘው የኩባንያው ዋና መ/ቤት በመገኘት የውክልና ቅጽ በመሙላት ተወካይ በመወከል ወይም
- በስብሰባው ለመገኘትና ድምጽ ለመስጠት የሚያስችል የውክልና ማስረጃ ያለው ተወካይ ዋናውን እና አንድ ፎቅ ኮፒ በጉባኤው እላት ይዞ በመቅረብ መሳተፍ ይችላሉ ።

ብርሃን ኢንሹራንስ አ.ማ
የዳይሬክተሮች ቦርድ



የዳይሬክተሮች ቦርድ ሊቀመንበር መልዕክት

የተከበራችሁ ውድ የብርሃን ኢንሹራንስ አ.ማ ባለአክሲዮኖች በቅድሚያ ጥሪያችንን አክብራችሁ በዛሬው እለት በምናካሄደው የኩባንያችን 10ኛ መደበኛ ጠቅላላ ጉባኤ ላይ ለመካፈል በመገኘታችሁ በራሴ ፤ በዳይሬክተሮች ቦርድ ፤ በስራ አመራር አባላት እና በኩባንያው ሰራተኞች ስም እንኳን ደህና መጣችሁ በማለት የተሰማኝን ታላቅ ልባዊ ደስታ ለመግለጽ እወዳለሁ ።

የተከበራችሁ ባለአክሲዮኖች !

ኩባንያችን 10ኛ አመት የምስረታ በዓሉን በደመቀና በአማረ ሁኔታ እያከበረ ባለበት ወቅት እ.አ.አ በጁን 30 ቀን 2021 በተጠናቀቀው የበጀት ዓመት ከታክስ በፊት በታሪኩ ከፍተኛ የሆነውን የብር 45.7 ሚሊዮን ትርፍ ማስመዝገቡን ስገልጽ በታላቅ ደስታ ነው ።

ምንም እንኳን በአለም አቀፍ ደረጃ የተከሰተው የኮሮና ወረርሽኝ አሉታዊ ተጽዕኖ ፤ የፖለቲካ አለመረጋጋት እና የኢኮኖሚ መቀዛቀዝ ቢኖርም ትርፍ ካለፈው ዓመት ተመሳሳይ ወቅት ከነበረው ብር 35.8 ሚሊዮን ጋር ሲነፃፀር በመቶኛ የ27.7 ብልጫ አለው ። እስከአሁን ሲደረግ በነበረው ሁኔታ የሁላችሁም ያልተቋረጠ ድጋፍ እንደሚቀጥል በማመን ኩባንያው በመጪዎቹ ዓመታትም በትርፍማነት እንደሚዘልቅ እርግጠኛ ነኝ ።

በተጨማሪም የኩባንያችን አጠቃላይ ሀብት እ.አ.አ በጁን 30 ቀን 2021 ብር 562.98 ሚሊዮን የደረሰ በመሆኑ ባለፈው ዓመት ተመሳሳይ ወቅት ከነበረው ብር 440.45 ሚሊዮን ጋር ሲነፃፀር የ27.8 በመቶ ጭማሪ ማሳየቱን እንዲሁም የተከፈለ ካፒታሉም እ.አ.አ በጁን 30 ቀን 2021 በተጠናቀቀው በጀት አመት ብር 160.31 ሚሊዮን መድረሱን ስገልጽ በታላቅ ደስታ ነው ።

የዳይሬክተሮች ቦርድ አባላት በጋራ መግባባት እና ሙያዊ ብቃት ለአመራሩ ስልታዊ መመሪያ እና ድጋፍ ሲሰጡ ቆይተዋል ። ቦርዱ የኩባንያውን የአሠራር ቅልጥፍና እና ውጤታማነት እንዲሁም ለደንበኞች የሚሰጠውን አገልግሎት በማሳደግ ረገድ ከፍተኛ አስተዋፅዖ እንዳላቸው ባመነባቸው ስትራቴጂካዊ ጉዳዮች ላይ ትልቅ ትኩረት በመስጠት ሲሰሩ ቆይተዋል ። በዚህም መሰረት ቦርዱ በበጀት አመቱ እ.አ.አ ከ2021/22 እስከ 2025/26 የሚዘልቀውን የ5 አመት መሪ እቅድ እንዲዘጋጅ በማድረግ አጽድቋል ።

በተጨማሪም ኩባንያው አሁን የደረሰበትን እድገት ከማስቀጠሉ ጎን ለጎን ጥንቃቄ በተሞላበት አካሄድ የድርጅቱን ራዕይ በማሳካት ዙሪያ ወደ ተሻለ የእድገት አቅጣጫ ለማሻገር የሚረዱ አስፈላጊ ውሳኔዎችን አሳልፏል ። ለዚህም ዋና መስሪያ ቤቱን ከቀድሞው ቢሮ የበለጠ ምቹ ወደሆነ እና በቦሌ መንገድ ወሎ ሰፈር አደባባይ በሚገኘው ጋራድ ህንጻ ማዛወሩ እንዲሁም የደሞዝ ስኬልን በማስጠናት በሰራተኛው ላይ



የሚደርሰውን የኑሮ ውድነት ጫና ለመቀነስ እና ሰራተኞች ለተሻለ ውጤታማነት እንዲተገን የተደረገው የደሞዝ ስኬል ማስተካከያ ተጠቃሽ እርምጃዎች ናቸው ።

እምነት ለጣሉብን እና የአደጋ ስጋታቸውን የመድን ዋስትና ከኩባንያዎችን ለገዙ ውድ ደንበኞቻችን በራሴ እና በዳይሬክተሮች ቦርድ አባላት ስም በዚህ አጋጣሚ የከበረ ምስጋናዬን አቀርባለሁ ።

ለኢትዮጵያ ብሔራዊ ባንክ የኢንሹራንስ ሱፐርቪዥን ዳይሬክቶሬት ፣ ለብርሃን ባንክ አ.ማ ስራ አመራር አባላት እንዲሁም ለጠለፋ ዋስትና ሰጪዎቻችን ለኩባንያው ዕድገትና ትርፋማነት ላበረከቱት የላቀ አስተዋጽኦ ምስጋናዬንና አድናቆቴን ለመግለጽ እወዳለሁ ።

በተጨማሪም ለኩባንያው ስኬታማነት ለቀድሞ እና አሁን በስራ ላይ ለሚገኙ የቦርድ አባላት ፣ ለስራ አመራር አባላት ፣ ሰራተኞች ፣ የሽያጭ ወኪሎቻችን እና ብሮክሮች ልባዊ ምስጋናዬን እና አድናቆቴን መግለጽና ለተገኘው ውጤት እንኳን ደስ አላችሁ ለማለት እወዳለሁ ።

ውድ የኩባንያችን ባለአክሲዮኖች !

በመጨረሻም በኢትዮጵያ ንግድ ህግ (2013 ዓ.ም) አንቀጽ 394 እና 426 እንዲሁም በኩባንያው መተዳደሪያ ደንብ አንቀጽ 3 መሰረት እ.አ.አ በጁን 30 ቀን 2021 የተጠናቀቀውን በጀት አመት የዳይሬክተሮች ቦርድን እና የአዲተሮችን ሪፖርትን መርምራችሁ እንድታጸድቁት አቀርባለሁ ።

አመሰግናለሁ !

ቴዎድሮስ ምህረት

የዳይሬክተሮች ቦርድ እና የአመታዊ ጠቅላላ ጉባዔ ሰብሳቢ



ዋና ስራ አስፈጻሚው መልዕክት

የተከበራችሁ ባለአክሲዮኖቻችን

የተጠናቀቀው በጀት አመት ብዙ ተግዳሮቶች ኢኮኖሚው ላይ የተስተዋሉበት ፣ የፖለቲካ አለመረጋጋት ፣ የመለዋወጫ ዕቃዎች ዋጋ ከጊዜ ወደ ጊዜ መናፈር ፣ የቢሮ ኪራይ ዋጋ መጨመር እና በመድን ሰጪ ኩባንያዎች መካከል እንደተለመደው ሞያዊ ስነ-ምግባር የጎደለው የዋጋ ውድድር የታየበት ነበር ። እነዚህ ሁሉ ፈተናዎች ቢያጋጥሙትም ኩባንያችን በ2020/21 በጀት ዓመት ጥሩ አፈጻጸም አስመዝግቧል ።

አመታዊ የአረባን ገቢው ብር 176.35 ሚሊዮን ደርሷል ፤ ይህም ካለፈው ዓመት ተመሳሳይ ወቅት ብር 139.82 ሚሊዮን ጋር ሲነፃፀር የ26.13 በመቶ ጭማሪ አሳይቷል ። ከኢንፎርሜሽን የውል ስራ የተገኘ ውጤት ደግሞ ብር 65.03 ሚሊዮን ሲሆን ይህም ከአምናው ብር 61.45 ሚሊዮን ጋር ሲነፃፀር በ5.82 በመቶ ብልጫ አለው ።

በበጀት አመቱ ኩባንያችን በአዲስ አበባ ሁለት ተጨማሪ ቅርንጫፎችን ከፍቶ የቅርንጫፎቹን ቁጥር ወደ 22 ከፍ በማድረግ ለነባርና አዳዲስ ደንበኞች ያለንን ተደራሽነት ለማሳደግ ችሏል ። የሰው ሃይል አቅም ግንባታን በተመለከተ የሰራተኞችን ብቃት ለማሳደግ የተለያዩ ስልጠናዎች ተሰጥተዋል ።

ኩባንያው በመጨረሻ በጀት ዓመት የአምስት ዓመቱን መሪ ዕቅድ በመተግበር፣ ተጨማሪ የሽያጭ ወኪሎችን በማሰማራት፣ የቅርንጫፍ ሰራተኞችን የውል ስራ ዕውቀትን በማሳደግ ፣ አስተዳደራዊ ወጪዎችን በመቀነስ እና ተገቢ ያልሆኑ የካሳ ክፍያዎችን በመቀነስ ውጤታማነቱን ለማሻሻል አቅዷል ።

ሁሉም ባለድርሻ አካላት ከጎናችን ባይሆኑ ኖሮ የኩባንያችን ስኬት እውን አይሆንም ነበር ። ለዚህም ልዩ ምስጋና ይገባቸዋል ። የዳይሬክተሮች ቦርድ አባላት ሲሰጡን ለነበረው ጠቃሚ ስልታዊ መመሪያ ፣ ለስራ አመራር አባላት ፍሬያማ አመራር እና ሰራተኞቻችን አመቱን ሙሉ ላሳዩት ቁርጠኝነት ልባዊ ምስጋናዬን ለማቅረብ እወዳለሁ ።

አመሰግናለሁ !!

**አለማየሁ ተፈራ
ዋና ስራ አስፈጻሚ**



የዳይሬክተሮች ቦርድ ሪፖርት

የብርሃን ኢንፎርሬሽን አ.ማ የዳይሬክተሮች ቦርድ እ.አ.አ ጁን 30 ቀን 2021 የተጠናቀቀውን በጀት አመት የስራ ክንውን ሪፖርት እንዲሁም በውጭ አዲተሮች የተጠራውን የሂሳብ መግለጫ ለ10ኛው የባለአክሲዮኖች መደበኛ ጠቅላላ ጉባኤ ሲያቀርብ ታላቅ ደስታ ይሰማዋል ።

1. ኢኮኖሚያዊ ዳሰሳዎች

1.1 የዓለም ኢኮኖሚ

በ2021 የአለም ኢኮኖሚ 6 በመቶ እንዲሁም በ2022 ደግሞ 4.9 በመቶ እንደሚያደግ ተገምቷል ። የ2021 አለምአቀፍ አጠቃላይ ትንበያ እ.አ.አ ከአፕሪል 2021 ትንበያ አልተለወጠም ። የ2021 የታዳጊ ኢኮኖሚዎች ትንበያ ቀንሷል በተለይም በእስያ ላሉት ፤ በአንጻሩ ላይጉት ኢኮኖሚዎች ትንበያው ተሻሽሏል ። እነዚህ ክለሳዎች የኮሮና ወረርሽኝ መስፋፋት እና የፖሊሲ ድጋፍ ለውጦችን ተከትለው የተደረጉ ናቸው ። (የአለም አቀፍ የገንዘብ ተቋም የዓለም ኢኮኖሚ ምልከታ እ.አ.አ ጁላይ 2021)

1.2 የኢትዮጵያ ኢኮኖሚ

እ.አ.አ. በ 2021 የሀገር ውስጥ ምርት ዕድገት ወደ 2% ይወርዳል ተብሎ ይጠበቃል ፤ ከዚያም በ 2022 በኢንዱስትሪ እና በአገልግሎት ዘርፎች መሻሻል ሳቢያ ወደ 8% ያገግማል ተብሎ ተተንብይዋል ። የገንዘብ ፖሊሲ ለመንግስት የፋይናንስ ፍላጎቶች ምላሽ ለመስጠት ተለዋዋጭ ሆኖ እንደሚቆይ ይጠበቃል ።

ግልጽነት ያለው የገበያ አሰራር መጨመር የዋጋ ግሽበትን በሂደት እንደሚቀንሰው ይጠበቃል ። በኮቪድ-19 ምክንያት የታክስ ፖሊሲ ማሻሻያዎች በመዘግየታቸው የበጀት ጉድለቱ ሊጨምር ይችላል። የአገልግሎት ዘርፍ ቀስ በቀስ እየጨመረ መምጣቱ ተከትሎ በ2022 መሻሻል ከመታየቱ በፊት የ2021 አመርቂ ላይሆን ይችላል ። ለኢኮኖሚ ምልከታው እንደ ቁልፍ አሉታዊ ስጋቶች የተጠቀሱት የባለሀብቶች እምነት ዝቅተኛነት ፣ በሀገሪቱ አንዳንድ አካባቢዎች የተፈጠሩ ግጭቶች ፣ የአለም አቀፍ እድገት መቀነስ እና የአየር ንብረት ለውጥ ናቸው ። (የአፍሪካ ልማት ባንክ)

2. የኢትዮጵያ መድን ኢንዱስትሪ

የኢትዮጵያ ኢንፎርሬሽን ገበያ በአነስተኛ ደረጃ ላይ የሚገኝ ሲሆን የኢንፎርሬሽን ገበያው ጠቃሚ የእድገት ማሳያዎች በሆኑት የኢንፎርሬሽን ኢንዱስትሪው አጠቃላይ አስተዋፅኦ ለሀገር ውስጥ ምርት እና ጠቅላላ አረቦን ከነፍስ ወከፍ ገቢ አንጻር ሲመዘን ዝቅተኛ ደረጃ ላይ እንደሚገኝ ያመለክታል ። የሕይወት ኢንፎርሬሽን



ከጠቅላላው ገበያ 5 በመቶውን ይይዛል ። ህይወት ነክ ያልሆነው የመድን ዘርፍ እድገት በጠንካራ የሀገር ውስጥ ምርት ዕድገት፣ በቋሚ የውጭ ኢንቨስትመንት እና በመሰረተ ልማት ግንባታ ይደገፋል ። ምንም እንኳን ገበያው ለህይወት መድን ዘርፍ ጥቅም ላይ ያልዋለ ከፍተኛ እምቅ አቅም ቢኖረውም ፣ እንደ ድህነት ፣ ረሃብ እና ዝቅተኛ ገቢ ያሉ መሰረታዊ ተግዳሮቶች የህይወት መድሀን እድገትን ገድበውታል ። በኢንዱስትሪው ውስጥ ያለው ውድድር ከአገልግሎት ልሀቀት ይልቅ የዋጋ ቅነሳ ላይ ያተኮረ እና የሞያ ሥነ ምግባር የጎደለው ሆኖ ቀጥሏል ። (ፊች ሶሎሽን) በሃገሪቱ ውስጥ ያሉት የኢንፎርሬሽን ኩባንያዎች 18 ሲሆኑ ከእነዚህ ውስጥ 17ቱ የግል መድን ሰጪዎች ሲሆኑ አንዱ መድን ሰጪ የመንግሥት ነው ። የቅርንጫፍ ቁጥራቸው ከአመት በፊት ከነበረበት 595 ወደ 629 አድጓል ። ከጠቅላላው ቅርንጫፎች ውስጥ 54.4 በመቶው በአዲስ አበባ ይገኛሉ ።

የኢንፎርሬሽን ኩባንያዎቹ አጠቃላይ ካፒታል ብር 10.6 ቢሊዮን የደረሰ ሲሆን፣ ከዚህ ውስጥ 72.3 በመቶው የግል ኢንፎርሬሽን ኩባንያዎች ድርሻ ነው ። (የብሔራዊ ባንክ 2020/21 3ኛ ፋብ አመት ሪፖርት)

3. የሥራ ክንውን እና የፋይናንስ አፈፃፀም ሪፖርት

3.1 የአረባን ገቢ

ኩባንያው በጁን 30 ቀን 2021 በተጠናቀቀው በጀት አመት ብር 176.35 ሚሊዮን የአረባን ገቢ የሰበሰበ ሲሆን ባለፈው ዓመት ከሰበሰበው ብር 139.82 ሚሊዮን ጋር ሲነፃፀር የ26.13 በመቶ ብልጫ አለው ። በአጠቃላይ ከተገኘው የአረባን ገቢ ውስጥ እንደተለመደው የተሸከርካሪ ኢንፎርሬሽን ትልቁን የአረባን ድርሻ በመያዝ 59 በመቶ ሲሆን የተቀረው 41 በመቶ ከሌሎች የውል አይነቶች የተገኘ ነው ።

3.2 የካሳ ክፍያ ከአረባን ገቢ አንፃር (Loss Ratio)

የካሳ ክፍያው የአረባን ገቢውን 48 በመቶ የሚይዝ ሲሆን ይህም ከአምናው 44 በመቶ አንፃር የ 4 በመቶ ጭማሪ አሳይቷል ።

በበጀት ዓመቱ የተመዘገበው የተጣራ የካሳ ክፍያ ብር 56.3 ሚሊዮን ሲሆን ከዚህ ውስጥ 89 በመቶው ከሌሎች የውል አይነቶች በበለጠ ለአደጋ ተጋላጭ በሆነው የተሸከርካሪ ኢንፎርሬሽን የተመዘገበ ነው ።

3.3 ከኢንፎርሬሽን የውል ስራ የተገኘ ውጤት (Underwriting Result)

በበጀት ዓመቱ ከኢንፎርሬሽን የውል ስራ የተገኘው ውጤት ብር 65.03 ሚሊዮን ሲሆን ይህም ካለፈው አመት ተመሳሳይ ወቅት ብር 61.45 ሚሊዮን ጋር ሲነፃፀር የ 5.82 በመቶ ዕድገት ታይቶበታል ።



3.4 ኢንቨስትመንት

ኩባንያው ለአስተዳደራዊ ወጪዎች እና ለካሳ ክፍያ ከሚያውለው የሚተርፈውን ገንዘብ ጥሩ የኢንቨስትመንት ገቢ ሊያመጣ በሚችል መልኩ ጥቅም ላይ ለማዋል ልዩ ትኩረት በመስጠት እና የተለያዩ ስልቶችን በመንደፍ እየተንቀሳቀሰ ይገኛል ።

ከኢንቨስትመንት የተገኘው ገቢ ከአምናው ብር 28.61 ሚሊዮን በ22.32 በመቶ በመጨመር ብር 35 ሚሊዮን ሆኗል ።

3.5 ወጪዎች

በበጀት ዓመቱ የኩባንያው አጠቃላይ አስተዳደራዊ ወጪ ብር 56.7 ሚሊዮን ሲሆን ይህም ካለፈው ዓመት ተመሳሳይ ወቅት ብር 55.96 ሚሊዮን ጋር ሲነፃፀር አነስተኛ የሆነ የ1.32 በመቶ ብልጫ ያለው በመሆኑ ኩባንያው ወጪዎችን በከፍተኛ ሁኔታ እንደሚቆጣጠር ያመለክታል ።

3.6 ትርፍ

ኢኮኖሚያዊ እንቅስቃሴዎች የተቀዛቀዙበት በጀት አመት ቢሆንም ኩባንያው ብር 45.7 ሚሊዮን ትርፍ አግኝቷል ። በበጀት ዓመቱ የተገኘው ውጤት ከቀደመው ዓመት ብር 35.8 ሚሊዮን ጋር ሲነፃፀር የ27.6 በመቶ ብልጫ አለው ።

4. የሀብትና እዳ መግለጫዎች

4.1 ሀብት

የኩባንያው አጠቃላይ ሀብት አምና በነበረው ብር 440.45 ሚሊዮን ላይ የ 27.8 በመቶ ጭማሪ በማሳየት ወደ ብር 562.98 ሚሊዮን አድጓል ።

4.2 እዳ

የኩባንያው አጠቃላይ ዕዳ ብር 349.66 ሚሊዮን ሲሆን ካለፈው ዓመት ብር 281.69 ሚሊዮን ጋር ሲነፃፀርም የ 24.13 በመቶ ጭማሪ አሳይቷል ።

4.3 ካፒታል

የኩባንያው ካፒታል ብር 213.32 ሚሊዮን ሲሆን ይህም ከአምናው ተመሳሳይ ወቅት የብር 54.55 ሚሊዮን ወይም የ34.36 በመቶ ጭማሪ አለው ።



5. የቅርንጫፍ ማስፋፋያ

ኩባንያው በመላ አገሪቱ 22 ቅርንጫፍ እና 1 አገናኝ ቢሮዎች ያሉት ሲሆን ከነዚህም ውስጥ 14ቱ በመዲናቸን አዲስ አበባ የተቀሩት ዘጠኙ ደግሞ የተነቃቃ የኢኮኖሚ እንቅስቃሴ ባለባቸው የክልል ከተሞች ይገኛሉ ።

6. የሰው ሀብት

በተጠናቀቀው በጀት አመት የኩባንያው ሠራተኞች ብዛት 195 የነበረ ሲሆን ከዚህ ውስጥም 51.28 በመቶ የሚሆኑት ሴቶች ሲሆኑ የተቀሩት 48.72 በመቶ ደግሞ ወንዶች ናቸው ።

በበጀት አመቱ ከኢንሹራንስ ሥራ ጋር የተያያዙ ፣ በፋይናንስ ፣ በደንበኞች አገልግሎት እና በሌሎች አግባብነት ባላቸው መስኮች ላይ ለሠራተኞች የተለያዩ ሥልጠናዎች ተሰተዋል ።

7. ማህበራዊ ኃላፊነትን መወጣት

ኩባንያው ማህበራዊ ኃላፊነቱን ለመወጣት ለኢትዮጵያ ወጣቶች ሰላም እና ብልጽግና ተልዕኮ ሊግ ፣ ለኢትዮ ሴፍቲ እና ሴኩሪቲ እና ለትራንስፖርት ማህበራት ድጋፍ አድርጓል ። ኩባንያው በዚህ ረገድ ለወደፊቱም አስተዋጽኦውን አጠናክሮ የሚቀጥል ይሆናል ።

8. የማርኬቲንግ እና የቢዝነስ ዲቪዥኖችን እንቅስቃሴዎች

በበጀት አመቱ የተለያዩ የቴሌቪዥን እና የኤፍኤም ሬዲዮ ጣቢያዎችን እንዲሁም የሕትመት ሚዲያዎችን በመጠቀም ኩባንያውንና አገልግሎቱን የማስተዋወቅ ሥራ ተከናውኗል ። በኮሮና ወረርሽኝ ምክንያት የ10ኛ አመት ክብረ በዓል ፣ አመታዊ የሰራተኞች ቀን እና የደንበኞች ቀንን ማክበር አልተቻለም ። ይሁን እንጂ 10ኛ አመቱን ምክንያት በማድረግ የኩባንያው ሎጎ የታተመባቸውን ቁልፍ መያዣዎች ፣ የግድግዳ ሰአት እና ሎሎች እቃዎችንም በማዘጋጀት ለደንበኞች ተሰቷል ።

9. የኦፕሬሽን ስራ አመራር

በኢንሹራንስ ኢንዱስትሪ ውስጥ የሚከሰቱትን ለውጦች በማጤን በየጊዜው ስልታችንን እና አሰራራችንን በመቃኘት ከውል ስራ የሚገኘውን ውጤት ለማሳደግ የደንበኞችን ፍላጎት ለማሟላት ፣ የአደጋ ስጋቶችን በመለየት ፣ ዋስትና ለሰጠነው ስጋት ተመጣጣኝ አረባን በማስከፈል ፣ የካሳ እና የውል ክፍል ሰራተኞችን አውቀትና ክህሎት በማሳደግ እንዲሁም በውል እና በካሳ ስራ ላይ የሚወጣውን ወጪ በመቀነስ እየተሰራ ነው ።



10. በበጀት አመቱ ያጋጠሙ ተግዳሮቶች እና የወደፊት ስልታዊ አቅጣጫዎች

በሰሜኑ የሃገሪቱ ክፍል ባለው ጦርነት ፤ በዜጎች መፈናቀል ፤ በኢኮኖሚ መቀዘቀዝ እና በየአለቱ በሚጨምር የዋጋ ንረት ሳቢያ ብዙ ተግዳሮቶች የታዩበት የበጀት አመት ነበር ። ኩባንያው በበጀት ዓመቱ አመርቂ የሆነ ትርፍ ቢያስመዘግብም ከዚህ በታች የተጠቀሱት ተግዳሮቶች ገጥመውት ነበር ።

- በኢንዱስትሪው ውስጥ ጤናማ ያልሆነ ዋጋን መሠረት ያደረገ ውድድር መኖር ፤
- ከጊዜ ወደ ጊዜ የተሸከርካሪ መለዋወጫዎች እና የእጅ ዋጋ መኖር ፤
- የሰለጠነ እና ልምድ ያለው የሰው ኃይል እጥረት ፤
- አሁን ላይ ያለውን የስራ መጠን በተቀላጠፈ ሁኔታ ለማስተናገድ የሚረዳ የኢንፎርሜሽን ቴክኖሎጂ አለመኖር ፤

ከላይ የተዘረዘሩትን ተግዳሮቶች ለመቋቋም እና የኩባንያውን አጠቃላይ አፈጻጸም ለማሳደግ በ2021/22 በጀት ዓመት የሚከተሉትን ተግባራት ለማከናወን ታቅዷል ።

- ከ2021/22 እስከ 2025/26 የሚዘልቀውን የአምስት ዓመት መሪ ዕቅድ አፈጻጸም መከታተል ፤
- በተከታታይ ስልጠናዎች የሰራተኞችን ዕውቀት እና ክህሎት ማሳደግ፤
- የካሳ ክፍያ ከአረባን ገቢ አንፃር (Loss Ratio) ከበጀቱ እንዳይበልጥ መስራት፤
- በአጠቃላይ አስተዳደራዊ ወጪ ላይ የተጋነነ ጭማሪ እንዳይኖር ቁጥጥር ማድረግ ፤
- በውል ስራ እና በካሳ አከፋፈል ላይ አስፈላጊውን ጥንቃቄ በማድረግ ከውል ስራ የሚገኘውን ትርፍ ማሳደግ፤
- የኢንፎርሜሽን ቴክኖሎጂ ግዢን ሂደት መጀመር፤
- ዘላቂ ላለው ውጤታማነት ከተሸከርካሪ ውጭ ያሉ እና የተሻለ ትርፋማ የሆኑ ውሎችን ስብጥር የመቶኛ ድርሻ ማሳደግ እና
- የተሻለ ቢዝነስ የማምጣት አቅም ካላቸው ብሮክሮች ጋር መስራት የሚሉት ናቸው ።

11. ምስጋና

በመጨረሻም ለኢትዮጵያ ብሔራዊ ባንክ እና ለሁሉም ባለድርሻ አካላት ማለትም የተከበሩ ደንበኞቻችን ፤ የኩባንያው መስራቾች ፤ ባለአክሲዮኖች ፤ የዳይሬክተሮች ቦርድ አባላት ፤ የስራ አመራሮች ፤ ሰራተኞች ፤ የጠለፋ ዋስትና ሰጪዎች ፤ የሽያጭ ወኪሎች ፤ ብሮክሮች እና ሌሎችም ለኩባንያው ስኬታማነት ላደረጉት ከፍተኛ አስተዋጽኦ ከሰጡት የመነጨ አድናቆቴን እና ምስጋናዬን ላቀርብ እወዳለሁ ።







**ብርሃን ኢንሹራንስ ኢ.ማ.
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