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HIBRET INSURANCE



PROSPECTUS FOR:

(I) THE REGISTRATION OF EXISTING ORDINARY SHARES AND

(II) THE RIGHTS OFFER AND REGISTRATION OF NEW ORDINARY SHARES

JUNE 29, 2026

ADDIS ABABA

Name of Issuer: Hibret Insurance S.C.
Transaction Advisor: CBE Capital S.C.
Type of Offer: (1) the registration of existing Ordinary Shares; (2) the Rights Offer and registration of new Ordinary Shares
Number of Securities Being Registered and Offered: 1,500,000 Existing Ordinary Shares fully paid and a dividend conversion of 476,190 newly authorized offered shares at ETB 1,050. A total of 1,976,190 shares.
Par Value: ETB 1000
Offer Price: ETB 1,050
Legal Advisor: Faana Advocacy and Legal Consultancy Service LLP.

This Prospectus is issued by Hibret Insurance S.C. (the "Company" or the "Issuer") under the provisions of the Capital Markets Proclamation No. 1248/2021 and in compliance with the Public Offering and Securities Trading of Securities Directive No. 1030/2024 of the Authority for the purpose of giving information to the public regarding the Securities.

The Prospectus has been approved and the Securities that it offers have been registered by the Ethiopian Capital Market Authority (ECMA).

Please read the Prospectus in full and, where in doubt as to the action you should take, consult an appropriate licensed independent securities advisor for guidance before investing in securities.

The Issuer, its Board of Directors, the Chief Executive Officer, and the Chief Financial Officer jointly and severally accept full responsibility for the information contained in this Prospectus. To the best of their knowledge and belief, having taken all reasonable care, the information contained herein is in accordance with the facts and contains no omission likely to affect its import, nor does it include any statement that is misleading or untrue.

Investing in this offer involved risks. For information concerning certain risk factors which should be considered by Prospective investors, please see Section 9 (Key Risks) of this Prospectus.

THE APPROVAL OF THE PROSPECTUS AND THE REGISTRATION OF THE SECURITIES SHOULD NOT BE CONSTRUED AS AN ENDORSEMENT BY THE ETHIOPIAN CAPITAL MARKET AUTHORITY OF THE ISSUER OR OF THE SECURITIES THAT ARE THE SUBJECT OF THIS PROSPECTUS. THE ETHIOPIAN CAPITAL MARKET AUTHORITY DOES NOT ASSUME RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENTS, OPINIONS, OR REPORTS INCLUDED HEREIN.

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SECTION I: GENERAL REQUIREMENTS

This Prospectus of Hibret Insurance S.C. contains certain technical terms, actuarial references, accounting terminologies, and regulatory abbreviations which, unless the context otherwise requires, shall bear the meanings ascribed to them herein. Any reference made in this document to a legislation, proclamation, regulation, directive, guideline, circular, notification, or clarification shall be construed to include any amendments, revisions, substitutions, or re-enactments thereof, as may be issued or enforced from time to time by the National Bank of Ethiopia (NBE), the Ethiopian Capital Market Authority (ECMA), or any other competent regulatory body having jurisdiction over the affairs of the Company. Prospective investors are therefore advised to read and interpret all such references in light of the applicable Ethiopian insurance, financial reporting, and capital market laws and regulations, together with any subsequent updates or modifications thereto.

1.1. Definitions and Abbreviations

For the purposes of this Prospectus, unless the context otherwise requires, the following terms and abbreviations shall have the meanings assigned to them below:

Table 1: Definitions & Abbreviations

Term/ Abbreviation	Definition
Admitted Assets	Assets recognized by the National Bank of Ethiopia (NBE) for solvency purposes.
Admitted Liabilities	Liabilities recognized for solvency evaluation by NBE.
Board Sub-Committees	Committees established to support governance functions, as described in Section 4.3.
Cash Flow Statement	A report showing cash inflows and outflows during the year.
Ceding Company / Due from Ceding Companies	Amounts recoverable from reinsurers for ceded claims or Commissions.
Claims Incurred	Total claims recognized as expense during a period (paid+ outstanding).
Claims Ratio	Net claims incurred divided by net earned premium, indicating underwriting performance.

Term/ Abbreviation	Definition
Combined Ratio	The sum of the claims ratio and expense ratio, used to assess underwriting profitability.
Corporate Governance	Structures and processes by which the Company is directed and controlled.
Dividend Policy	The Company's approach to distribution profit to shareholders as disclosed in Section 5.2 of the Prospectus.
ECMA	Ethiopian Capital Market Authority, the regulator responsible for approving and overseeing public offers and securities activities.
Expense Ratio	Operating expenses divided by net earned premium.
General Insurance (Non-Life)	Insurance business covering motor, property, liability, engineering, marine, accident, and other short-term risks.
Going Concern	A statement on the Company's ability to continue operating for the foreseeable future.
GWP (Gross Written Premium)	The total premium written before deducting reinsurance ceded.
Issuer / Company / Insurance	Refers to Hibret Insurance S.C., the entity offering securities under this Prospectus.
Life Insurance (Long-Term)	Insurance business covering long-duration life and related products.
Material Contracts	Contracts that may significantly affect the Company's operations, disclosed in Section 2.10.
NEP (Net Earned Premium)	The portion of premium attributable to the coverage period that has already elapsed.

Term/ Abbreviation	Definition
NWP (Net Written Premium)	Gross Written Premium minus reinsurance ceded, reflecting the portion of premium retained by the company.
Principal Markets	Business segments and geographic markets served by the Company.
Regulatory Environment	The laws, directives and supervisory frameworks governing the company's operations
Reinsurance	The transfer of risk from the insurer to another insurer (the reinsurer) to reduce exposure.
Reinsurance Operations	The Company's processes related to ceding and assuming risk as part of its underwriting strategy.
Retention Ratio	The proportion of premium retained by the Company after reinsurance cessions.
Risk Factors	Material risks that may affect the Company's financial condition and business, included in Section 9.
SFP (Statement of Financial Position)	A financial statement showing assets, liabilities, and equity at a reporting date.
Share Capital	The total value of issued shares as defined in Section 5.1 of the Prospectus.
Solvency Margin	The ratio of statutory equity to 25% of technical provisions (10% in case of long-term insurance business), or 20% of the net written premium in the last preceding financial year, or the minimum paid up capital measuring the Company's financial strength.
Statement of Changes in Equity	A statement showing movements in shareholders' equity during the period.

Term/ Abbreviation	Definition
Statement of Profit or Loss and Other Comprehensive Income	A statement summarizing revenue, claims, expenses, and profit for the reporting period.
Statutory Equity	Capital required by regulation to support the Insurance's operations and solvency position.

1.2. Corporate Directory

Hibret Insurance S.C. is legally registered as a share company with the Ministry of Trade and Regional Integration under commercial registration number MT/AA/3/0052572/2014 and is licensed by the National Bank of Ethiopia (NBE) under License No. 004/94 to undertake insurance business in the Federal Democratic Republic of Ethiopia.

The registered office and head office of the Company are given as:
Hibret Building, Churchill Road, Tewodros II Square,
Arada Sub-City, Woreda 02, House No. 220,
Addis Ababa, Ethiopia
P.O. Box: 1156
Telephone: +251 111 263 434
Fax: +251 111 263 677
Call Center: 7469
Email: info@hibretinsurance.com
Website: www.hibretinsurance.com

As of the date of this Prospectus, the Company operates a nationwide network of 77 branches and contact offices located throughout Ethiopia. The contact information, including addresses and telephone numbers for these branches and offices, is provided in Annex A to the Accompanying Documents

The Company's registrar is the Ministry of Trade and Regional Integration ("MoTRI"), and their address is:
Bole Sub City
Addis Ababa Ethiopia
Website: https://motri.gov.et

1.3. Persons Responsible for the Information Disclosed

The Issuer, its Board of Directors, the Chief Executive Officer, and the Director, Finance & Investment (jointly and severally referred to hereinafter as the "Responsible Parties") accept full responsibility for the accuracy, completeness, and integrity of the information
contained in this Prospectus.

To the best of the knowledge and belief of the Responsible Parties, having taken all reasonable care to ensure that such is the case, the information contained herein is in accordance with the facts, is not misleading in any material respect, and contains no omission likely to affect the import of this Prospectus. No statement or opinion included herein is false, untrue, or misleading in any material respect.

The Responsible Parties may be contacted at the Company's registered office, the details of which are set out under Section 1.2 (Corporate Directory) of this Prospectus.

Table 2: Name of Responsible Parties

No.	Name	Position
1.	Mr. Wondwossen Teshome Tesema	Board Chairperson
2.	Mr. Asrat Arega Mengistu	Vice Chairperson of the Board
3.	Mrs. Mariamawit Getamessay Degefu (Representing OMEDAD PLC)	Board Director
4.	Mr. Dereje Kebede Admasu (Representing HIBRET BANK S.C.)	Board Director
5.	Mr. Admasu Yitagesu Weldeyes	Board Director
6.	Mr. Yinebeb Derseh Leyew	Board Director
7.	Ms. Zouleka Mohammed Gonji	Board Director
8.	Mr. Robel Kebede Asgelit (Representing KK PLC.)	Board Director
9.	Ms. Yanjabu Tadesse Amdie	Board Director
10	Mrs. Meseret Bezabih Abebe	Chief Executive Officer
11.	Mr. Engida Kassaye Gizaw	Director, Finance & Investments

Experts' Responsibility Statement

The following three parties acted as Experts in relation to the preparation of this prospectus:

- CBE Capital Investment Bank S.C. - the Transaction Advisor.
- Kokeb & Melaku Audit Partnership - the Independent Auditor; and
- Faana Advocacy and Legal Consultancy Service LLP - the Independent Legal Advisor.

CBE Capital Investment Bank S.C. -Transaction Advisor

CBE Capital Investment Bank S.C., the Transaction Advisor, accepts full responsibility for the specific information provided within their respective reports, letters, or opinions that form a part of this Prospectus. To the best of their knowledge e and belief, they have taken all reasonable care to ensure that the information they provided is in accordance with facts, does not omit anything likely to affect the importance of such information, or make the expression of such information or opinion misleading or untrue.

Kokeb & Melaku Audit Partnership -Independent Auditor

Kokeb & Melaku Audit Partnership, the independent Auditor, accepts full responsibility for the specific financial information, reports, letters, or opinions provided by them that form a part of this Prospectus. To the best of their knowledge and belief, they have taken all reasonable care to ensure that the information they provided is in accordance with facts, does not omit anything likely to affect the importance of such information, or make the expression of such information or opinion misleading or untrue.

Faana Advocacy and Legal Consultancy Service LLP -Independent Legal Advisor

Faana Advocacy and Legal Consultancy Service LLP, the Independent Legal Advisor, accepts full responsibility for the specific information provided within their independent

legal opinion that accompanies this Prospectus. To the best of their knowledge and belief, they have taken all reasonable care to ensure that the information they provided is in accordance with facts, does not omit anything likely to affect the importance of such information, or make the expression of such information or opinion misleading or untrue.

The Board of Directors' interest in the Company, including any material interest, is stated in Section 6: Interests and Related Party Transactions of this Prospectus. The External Auditor, Transaction Advisor, or Independent Legal Advisor don't hold any material interest in the company.

Expert Details

Transaction Advisor

The transaction advisor, CBE Capital Investment Bank S.C. CBE Capital S.C., an investment bank licensed by the Ethiopian Capital Market Authority (ECMA).

The registered office address is Kirkos Sub City, Woreda 07, House No: New, Addis Ababa. The firm's qualifications are demonstrated by its legal status and licensing, including Commercial Registration Number: KK/AA/3/0026354/2017 and ECMA License Number: ECMA/CMSP/IB/006/2017.

External Auditors

The external auditor responsible for the audit reports covering the past three years are referenced under the External Auditors section of this Prospectus. For details on qualifications, please refer to Section 1.6 (External Auditors).

External Independent Legal Advisor

The independent legal advisor is Faana Advocacy and Legal Consultancy Service LLP. The registered office address is Sarbet, Alexander Pushkin Street, Berhe G/Libanos Bldg, Office No. 310B, Addis Ababa, Ethiopia.

The independent legal advisor's registration number and validity dates are as follows: 0042/2018 with Issue Date: October 16, 2025. This advisor is responsible for the independent legal opinion

provided as an accompanying document along with this prospectus.

1.4. Third-Party Information

For information obtained from a third-party, the Company confirms that such information has been accurately reproduced and that, as far as the company is aware and is able to ascertain from information published by the third-party, no facts have been omitted that would render the reproduced information inaccurate or misleading shall be included.

The information presented in this Prospectus regarding macroeconomic conditions, the Insurance industry, as well as relevant trends, challenges, and prospects, has been sourced or derived from publicly available data released by both governmental and private organizations.

Furthermore, certain market and industry data used in this Prospectus have been obtained from internal surveys, reports, and studies conducted by Insurance Company alongside publicly available information and industry publications. While the Board Directors believe this third-party information to be reliable, the company has not independently verified such data. Where third-party information is included herein, the specific source has been duly identified as a footnote and listed in the Annex section (Annex B) of the Accompanying Documents.

1.5. External Auditors

All the three financial year audits referenced in this prospectus have been conducted by the same auditor. The name and address of the company's auditor is disclosed below.

External Auditor

Name- Kokeb & Melkamu Audit Service Limited Liability Partnership — 2022/23-2024/25

Address- Bole Road, Biselex Building 2nd Floor 251
11 515 0752
P.O. Box: 33645
kokmelk@gmail.com / kokmelk@ethionet.et AABE
License- ADF00012
Issue date- 04/03/2026 & Expiry date- 07/02/2027

1.6. Summary of the Prospectus

This summary should be read as an introduction to the Prospectus only. Any decision to invest in the securities should be based on consideration of the Prospectus as a whole.

This summary is qualified in its entirety by, and should be read together with, the more detailed information appearing elsewhere in this Prospectus, including the information on Hibret Insurance S.C., the Rights Offer, the financial information, the risk factors, and the accompanying documents. Investors should not rely solely on this summary when making an investment decision.

1.6.1. Company Overview

Hibret Insurance S.C. (the "Company" or the "Issuer") is one of Ethiopia's leading private composite insurers, licensed by the National Bank of Ethiopia to underwrite all classes of general (non-life) insurance, long-term (life) assurance, and Shariah-compliant Takaful products. The legal name of the Company is Hibret Insurance Share Company, formerly known as The United Insurance Company S.C. (UNIC-Ethiopia). The Company is incorporated as a share company under the 1960, updated with 1243/2021 new Commercial Code of Ethiopia (Registration No. MT/AA/3/0052572/2014) and is licensed by the National Bank of Ethiopia (License No. 004/94) to provide general, long-term, and Takaful insurance services.

Guided by its vision "To be the best insurer in Ethiopia committed to a high standard of excellence" and its mission to deliver complete, competitively priced insurance solutions supported by honest, prompt, and courteous service through the application of state-of-the-art technology, the Company is dedicated to creating sustainable value for its customers, employees, shareholders, society, and the environment.

The Company was established on November 10, 1994 G.C, by a visionary group of 87 prominent Ethiopian founding shareholders, comprising both individuals and various enterprises.

At its inception in 1994, the Company commenced operations with an authorized capital of ETB 25 million and an initial paid-up capital of ETB 8.073 million. Through strategic growth and consistent dividend reinvestment, the Company has successfully doubled its paid-up capital in recent years. As of June 30, 2025, the Company's audited paid-up capital reached ETB 1.341 billion. Following subsequent subscriptions, the paid-up capital grew to ETB 1.5 billion as of March 31st, 2026.

The shareholder base has diversified significantly from the original 87 founders to over 726 shareholders as of October 2025, reflecting the Company's evolution into a broadly-held financial institution. Hibret Insurance is a pioneer in the industry, having been the first private insurer to introduce Life Insurance products in 1997 and recently launching its Barakah Takaful window in 2024 to serve the growing demand for Shariah-compliant solutions.
The Company's registered office and head office are located at Hibret Insurance Building, Tewodros

Square, Arada Sub-city, Woreda 02, House No. 220, Addis Ababa, Ethiopia.

Hibret Insurance S.C. operates as a premier private composite insurer in Ethiopia. The Company serves a diverse client base through three primary business segments, namely:
(i) General (Non-Life) Insurance; (ii) Long-Term (Life) Insurance; and (iii) Barakah Takaful (Shariah-Compliant) operations. Hibret Insurance has a distinguished track record of profitability and operational efficiency, significantly outperforming industry averages in key metrics. Set out below is a summary of the Company's select Historical Financial Information (HFI) and Key Performance Indicators (KPIs) for the years ended 30 June 2025, 2024, and 2023.

Table 3: Summary of HFI & KPIs (ETB millions)

Select HFI and KPIs (ETB Millions)	30 June 2025	30 June 2024	30 June 2023
Statement of Profit or Loss and OCI			
Insurance Revenue	2,337.31	1,768.12	1,188.65
Insurance Service Result	765.37	430.89	347.1
Net Investment Income	544.43	402.7	327.02
Profit Before Income Tax	1,008.05	564.88	376.08
Profit for the Year	843.15	471.00	327.00
Earnings Per Share (ETB)	685.5	527.29	479.85
Statement of Financial Position			
Total Assets	6,039.50	4,780.61	3,520.84
Insurance Contract Liabilities	2,611.43	2,327.21	1,634.35
Total Equity	3,122.53	2,721.78	1,462.09
Paid-up Share Capital	1,341.60	1,068.17	840.60
KPIs			
Corporate Loss Ratio (%)	47.23%	47.91%	61.00%
GWP Growth Rate (%)	40.30%	29.80%	58.00%
Number of Branches/Outlets	77	73	68
Number of Staff	584	540	480

In the fiscal year ended 30 June 2025, the Company achieved a milestone by surpassing ETB 1 billion in Profit Before Tax for the first time, reflecting a tremendous growth of 79.04% compared to the previous year. This performance was underpinned by a surge in Insurance Revenue to ETB

2,337.31 million, a 32.2% increase from 2024. Additionally, the Company's Corporate Loss Ratio improved to 47.23% in 2025 from 61.00% in 2023, demonstrating enhanced underwriting discipline and rigorous risk selection.

To support this growth trajectory, Hibret Insurance expanded its nationwide network to 77 branches and contact offices by 30 June 2025. The Company's paid-up capital rose to ETB 1.5 as of March 31st, 2026, satisfying regulatory requirements well ahead of schedule and providing a robust solvency buffer for large-scale risk underwriting. Furthermore, the Company successfully launched its specialized Takaful window, Barakah Takaful, in November 2024, which exceeded its first-year mobilization target by 113% in only seven months of operation. This strategic diversification into interest-free financial markets, coupled with an accelerated digital transformation involving a new state-of-the-art Core Insurance System, positions Hibret Insurance for sustainable value creation in Ethiopia's evolving financial landscape.

1.6.2. Principal Activities of the Company

Hibret Insurance S.C. provides a comprehensive range of risk-protection and wealth-management solutions through three primary business segments: General (Non-Life) Insurance, Long-Term (Life) Insurance, and Shariah-compliant Barakah Takaful. Its principal activities encompass disciplined underwriting, centralized claims management, robust reinsurance administration, and prudent investment and treasury management.

The Company's Total Insurance Revenue and Segment Results for the last three fiscal years are set out below:

Table 4: Total Insurance Revenue and Segment Results

In ETB Millions	30 June 2025	30 June 2024	30 June 2023
General (Non-Life) Insurance	2,121.60	1,642.50	1,092.80
Life (Long-Term) Insurance	215.7	125.6	95.9
Barakah Takaful (Islamic)	6.3	-	-
Total Insurance Revenue	2,343.60	1,768.10	1,188.70

In the fiscal year ended 30 June 2025, the Company generated ETB 2,337.3 million in Total Insurance Revenue, representing a 32.2% increase from the ETB 1,768.1 million recorded in 2024. General Insurance revenue grew by 29.2% to ETB 2,121.6 million, largely driven by the dominant Motor line and exceptional strategic growth in Engineering and Fire lines. Life Insurance revenue surged by 71.7% to ETB 215.7 million, underpinned by strong demand for Group Life Assurance and Group Credit Life products. The Barakah Takaful window, launched in November 2024,

contributed an initial ETB 6.3 million in insurance revenue during its first seven months, signaling a successful entry into Ethiopia's interest-free market.

Core Operational Pillars

1. General (Non-Life) Insurance The General Insurance segment is the primary revenue engine, offering protection for motor, fire, engineering, marine, aviation, and liability risks. Motor insurance remains the largest contributor, accounting for over 55% of the Non-Life book as of June 2025.
2. Long-Term (Life) Insurance Hibret Insurance was a market pioneer in this segment, providing individual and group-based protection and savings products, including endowment plans and family funeral plans.
3. Barakah Takaful (Islamic Insurance) Operating under the Wakalah model, this licensed window provides Shariah-compliant alternatives where participants establish a risk fund to cover potential losses.
4. Claims Management and Operational Efficiency The Company utilizes centralized claims handling supported by a nationwide network of panel garages and field assessors. Ongoing implementation of a new state-of-the-art Core Insurance System is centralizing and automating key processes, including underwriting, premium collection, and reinsurance accounting.
5. Strategic Investments Beyond insurance, the Company maintains a diversified investment portfolio, including treasury bills, fixed-time deposits, and equity stakes in institutions such as Hibret Bank S.C., Ethiopian Reinsurance S.C., and the Ethiopian Securities Exchange (ESX). Total Net Investment Income grew by 37.3% in 2025 to reach ETB 544.4 million.

1.6.3. Corporate Governance

The Company is managed by a Board of Directors comprising nine members, elected by the shareholders.

- Ato Wondwossen Teshome Tesema - Board Chairperson
- Ato Asrat Arega Mengistu - Vice Chairperson
- W/ro Mariamawit Getamessay Degefu - Board Director
- Ato Dereje Kebede Admasu - Board Director
- Ato Admasu Yitagesu Weldeyes - Board Director
- Ato Yinebeb Derseh Leyew - Board Director
- W/ro Zuleka Mohammed Gonji - Board Director
- Ato Robel Kebede Asgelet - Board Director
- W/ro Yanjabu Tadesse Amdie - Board Director

The Board is supported by an experienced Executive Management team led by Chief Executive Officer, W/ro Meseret Bezabih. The Company operates through three standing sub-committees: Audit, Risk Management & Compliance, and Human Resource Affairs.

1.6.4. Key Information on the Rights Offer Being Undertaken

The Rights Offer comprises the issuance of 476,190 new fully paid Ordinary Shares of Hibret Insurance S.C. at an offer price of ETB 1,050 per share, with a par value of ETB 1,000 per share. Assuming full subscription, the Rights Offer is expected to raise gross proceeds of approximately ETB 500 million and increase the Company's paid-up share capital from ETB 1.5 billion to ETB 2.0 billion.

The Rights Offer is structured as a preferred rights offer to Existing Shareholders, implemented through a dividend conversion mechanism. Accordingly, eligible shareholders registered in the Company's share register as of the Record Date of 30 June 2026 will be entitled to subscribe for new Ordinary Shares in proportion to their rights by electing to convert their dividend entitlement into new Ordinary Shares. No additional cash payment is required from shareholders in respect of shares subscribed through dividend conversion.

The Rights Offer is intended to support the Company's phased capital augmentation strategy, including its plan to strengthen paid-up capital toward ETB 3.0 billion by 2030. The additional capital is expected to support solvency margin protection, underwriting capacity, regulatory capital preparedness, technology modernization, infrastructure initiatives, and investment activities.

The Board of Directors has determined that the minimum subscription amount required to achieve the primary strategic and regulatory objectives of the Rights Offer is ETB 250 million. If the minimum subscription amount is not achieved, the Company's ability to fully implement the intended capital strengthening and use of proceeds may be affected.

Table 5: Details of Share Capital Following the Rights Offer

EVENT	Date
Record Date	30-June-2026
Approval of the Registration Statement	29-June-2026
Publication of this Prospectus	30-June-2026
Commencement of Rights Offer Period	30-June-2026
Closure of Rights Offer Period	05-October-2026
Completion of Allotment Reconciliation and Verification	08-October-2026
Announcement of Results of Allotment	12-October-2026

During the Rights Offer Period, eligible Existing Shareholders may elect to convert all or part of their dividend entitlement into new Ordinary Shares. Existing Shareholders may also indicate an interest to subscribe for additional shares in excess of their pro-rata entitlement, subject to the availability of unsubscribed shares and the applicable allotment procedures. Where some shareholders elect to receive their dividend in cash rather than converting it into shares, the corresponding unsubscribed Rights Offer Shares may become available for allocation to eligible shareholders who requested additional shares, subject to availability and the allotment policy described in Section 8.2.5 of this Prospectus.

Where an Existing Shareholder does not exercise its rights before the end of the Rights Offer Period, such unexercised rights shall lapse, and the shareholder shall receive the corresponding cash dividend. No subsequent offer rounds or reallocation process will be undertaken except as described in the allotment procedures of this Prospectus. Any fractional share entitlement shall be rounded down to the nearest whole share, and the remaining cash value corresponding to the fractional share shall be paid to the relevant shareholder.

Following closure of the Rights Offer Period, the Company will prepare and submit an allotment report to the Ethiopian Capital Market Authority for approval. Upon approval of the allotment, the allotted new Ordinary Shares will be credited to shareholders' brokerage accounts through the Central Securities Depository. No physical share certificates will be issued.

1.6.5. Registration of Securities

The Existing Ordinary Shares and the Rights Offer Shares of the Company will be registered with the ECMA at the date of approval of the registration statement and this Prospectus. Refer to section 8.2.3. for the expected timetable of the Rights Offer.

1.6.6. Participating in the Rights Offer

Participation in the Rights Offer is through tradeable rights instruments that convey to the holder their Preferred Right to participate in the Rights Offer (the "Tradeable Rights"). Each Tradeable Right entitles the holder to purchase one Rights Offer Share. Every Existing Shareholder, as at the date at which shareholders are entitled to the statutory pre-emptive right provided under the Commercial Code and the Public Offer Directive (the "Record Date"), will be allocated the number of Tradeable Rights that corresponds to their Entitlement.

Following the approval of this Prospectus and the associated registration statement, the Company will upload the Existing Ordinary Shares and the Tradeable Rights onto the Central Securities Depository (CSD). Following the upload, the CSD will review the information provided by the Company and, if provided in the prescribed format, will register the Existing Ordinary Shares and the Tradeable Rights. Following successful registration at the CSD, the CSD will create a Company dematerialized account (a "CSD Account"). Prospective Investors must open a brokerage account at a licensed broker. Through their broker, an Existing Shareholder can view the number of Existing Ordinary Shares they own and the number of Tradeable Rights available to them.

Existing Shareholders have five participation options regarding their Tradeable Rights:

- Exercise: Participate in the Rights Offer by instructing their broker to exercise the Tradeable Right, including making full payment.
- Sell: Seek to sell the Tradeable Right in the market to another Existing Shareholder through their broker. The price will be market-determined, and the seller will lose the right to participate but receive the agreed compensation.
- Assign: Assign the Tradeable Right to another Existing Shareholder through their broker, in which case they lose the right to participate, will be diluted, and receive no compensation.
- Renounce: Renounce the Tradeable Right through their broker, losing the right to participate with no compensation.
- Lapse: Let the Tradeable Right lapse by taking no action before the end of the

Rights Offer Period, losing the right to participate with no compensation.

Where an Existing Shareholder intends to exercise a Tradeable Right (Option 1), they must make full payment through their broker before the end of the Rights Offer Period.

Where an Existing Shareholder seeks to purchase a Tradeable Right (Option 2), they must instruct their broker to acquire such rights in the market. The purchasing shareholder must fund the purchase price into their broker's account; any consideration agreed between buyer and seller remains a private arrangement not guaranteed by the Company. Once acquired, the new holder has the same five options. Existing Shareholders who take no action within the Rights Offer Period shall forfeit their entitlement, and all remaining Tradeable Rights shall lapse automatically without compensation.

1.6.7. Trading Arrangements

Following registration of the Existing Ordinary Shares and completion of the Rights Offer, the Ordinary Shares of Hibret Insurance S.C. are expected to be tradeable on the Over-the-Counter Market through a licensed Capital Market Service Provider, in accordance with applicable capital market laws, directives, and trading procedures. Trading may be facilitated through licensed entities authorized to provide such services, including brokers, dealers, investment banks, or other permitted Capital Market Service Providers, as applicable.

1.6.8. Escrow Accounts and Settlement

Existing Shareholders' monies paid through their broker in respect of Exercised Tradeable Rights and any Surplus Rights Offer Shares, will be received in the CSD's settlement account, which is linked to the Company's escrow account. The Company has opened an escrow account solely for the purposes of the Rights Offer. Following the approval of the Allotment Report by the ECMA, the CSD will transfer the gross proceeds to the Company, net of the ECMA fees, which will be transferred to the ECMA.

1.6.9. Summary of Key Risks

Any investment in the securities of Hibret Insurance S.C. involves risks. Prospective investors should carefully consider the risk factors set out in Section 9 of this Prospectus, together with all other information contained in this Prospectus, before making a decision to invest in the securities. The occurrence of any of the risks summarized below could materially and adversely affect the Company's business, financial condition, results of operations, solvency position, capital adequacy, growth prospects, shareholder returns, or the value and liquidity of the Ordinary Shares.

Macroeconomic, Political and Market Environment Risks
Hibret Insurance operates exclusively in Ethiopia and is therefore exposed to domestic political, security, macroeconomic, and market conditions. Inflation, foreign exchange shortages, exchange rate volatility, liquidity pressure, regional instability, and broader economic uncertainty may affect premium collection, claims costs, investment income, reinsurance settlement, policyholder payment capacity, and the Company's ability to meet obligations as they fall due. In particular, inflation and foreign exchange depreciation may increase the cost of motor spare parts, construction materials, medical services, imported equipment, and other claim settlement inputs, which could adversely affect underwriting profitability if premiums are not adjusted in a timely manner.

Regulatory, Prudential and Compliance Risks
The Company is regulated by the National Bank of Ethiopia, the Ethiopian Capital Market Authority, tax authorities, and other competent regulatory bodies. Failure to comply with insurance supervision requirements, solvency rules, technical reserve requirements, corporate governance obligations, tax laws, disclosure obligations, anti-money laundering requirements, or capital market rules may result in penalties, regulatory directives, operational restrictions, increased supervision, reputational damage, or other adverse consequences. As the Company enters the capital market and participates in the Over-the-Counter Market, it will also be subject to continuing disclosure, dematerialization, reporting, governance, and market conduct obligations.

Insurance, Underwriting and Claims Risks
The Company is exposed to the risk that premiums charged may be insufficient to cover claims, commissions, expenses, reinsurance costs, and technical provisions. Competitive pricing pressure, particularly in motor and corporate insurance, may reduce underwriting margins. Growth in higher-severity lines such as engineering, fire, marine, aviation, liability, political violence, and terrorism insurance may increase exposure to large and complex claims. In addition, inflation, repair cost escalation, adverse claims development, delayed reporting, litigation, fraud, and reserve strengthening may adversely affect underwriting results, profitability, and solvency margins.

Reinsurance and Counterparty Risks
The Company relies on reinsurance to manage exposure to large, complex, and volatile risks and to support underwriting capacity. Reinsurers may delay, dispute, reduce, or fail to settle recoveries, while the Company remains directly liable to policyholders. Reinsurance recoveries may also be affected by treaty interpretation, exclusions, documentation gaps, claim notification requirements, foreign exchange constraints, or cross-border settlement delays. Any material failure or delay in reinsurance recoverability could create liquidity pressure, increase net claims exposure, weaken solvency margins, and adversely affect profitability.

Credit, Investment and Liquidity Risks
The Company is exposed to the risk that reinsurers, banks, financial institutions, policyholders, ceding companies, and other debtors may fail to meet their obligations when due. A material portion of the Company's assets is held in deposits, investment instruments, and balances with financial institutions, exposing the Company to counterparty concentration and banking-sector liquidity risks. Market movements, interest rate changes, inflation, foreign exchange conditions, and reduced liquidity of investments may affect investment income, asset values, and the Company's ability to match claims and operating obligations with available liquid resources.

Operational, Technology, Cyber and Third-Party Risks
The Company's operations depend on effective internal processes, accurate records, reliable information technology systems, skilled personnel, and third-party service providers. Manual processes, reconciliation issues, data errors, documentation gaps, system outages, cyber incidents, unauthorized access, delays in technology implementation, or failures by vendors, loss assessors, panel garages, brokers, agents, legal advisers, auditors, actuarial advisers, the Central Securities Depository, or other capital market service providers may disrupt underwriting, claims processing, financial reporting, regulatory reporting, subscription processing, customer service, and investor servicing. Such failures may result in financial loss, regulatory action, disputes, complaints, and reputational harm.

Solvency, Capital Adequacy and Growth Risks
The Company's ability to maintain sufficient capital depends on underwriting growth, claims experience, investment performance, asset quality, reinsurance recoverability, and regulatory capital requirements. Expansion into larger and more complex risks may require additional capital and reinsurance capacity. Changes in solvency, admitted asset, risk-based capital, or other prudential requirements may require further capital strengthening, restrict dividend distributions, or limit underwriting growth. If the Company is unable to maintain adequate capital buffers, its underwriting capacity, competitive position, regulatory compliance, and ability to support future growth may be adversely affected.

Strategic, Competitive and Emerging Risks
The Ethiopian insurance market is competitive, particularly in motor and corporate insurance. Aggressive pricing, higher broker commissions, loss of key accounts, service delays, product homogeneity, and evolving customer expectations may reduce market share and underwriting profitability. The Company's strategy also depends on effective execution of premium growth, life and Takaful expansion, digital transformation, infrastructure initiatives, investment deployment, and operational modernization. Delays or failures in implementing these initiatives may reduce profitability, weaken competitiveness, and affect shareholder returns. Climate-related events and emerging risks may also increase claims volatility in property, engineering, agriculture-related, motor, marine, and liability lines.

Reputational Risks
The Company's reputation may be adversely affected by delayed claims settlement, service failures, regulatory breaches, customer disputes, cyber incidents, unsuccessful technology implementation, inaccurate disclosures, weak investor communication, or failures in Rights Offer administration. Reputational damage may reduce customer renewals, weaken investor confidence, affect relationships with regulators and counterparties, and adversely affect the value and liquidity of the Company's Ordinary Shares.

Rights Offer and Securities-Related Risks
The Rights Offer may not be fully subscribed if eligible Existing Shareholders do not elect to convert all or part of their dividend entitlement into new Ordinary Shares or do not otherwise participate in the Rights Offer. If participation is lower than expected, Hibret Insurance may raise less than the intended gross proceeds of approximately ETB 500 million. Failure to achieve the minimum subscription amount of ETB 250 million, or any material shortfall against the intended capital raise, may reduce the Company's ability to strengthen paid-up capital, support underwriting growth, maintain solvency and regulatory capital buffers, complete technology modernization, implement infrastructure and investment initiatives, and achieve its longer-term capital target of ETB 3.0 billion by 2030.

Existing Shareholders who do not participate in the Rights Offer may experience dilution in their percentage ownership and voting interest following the issuance of new Ordinary Shares. Although non-participating shareholders will retain their existing shares and may receive the corresponding cash dividend where rights are not exercised, their proportional ownership in the Company may decrease if other shareholders subscribe for new Ordinary Shares.

There is no assurance that an active or liquid trading market will develop for the Company's Ordinary Shares after registration and participation in the Over-the-Counter Market. Trading volumes may be limited, price discovery may be weak, and shareholders may face delays or price

discounts when seeking to sell their shares. The future trading price of the Ordinary Shares may fluctuate and may fall below the Rights Offer price or par value due to demand and supply, investor sentiment, Company performance, dividend expectations, market liquidity, and broader macroeconomic conditions.

The Rights Offer also requires coordination among the Company, shareholders, licensed Capital Market Service Providers, the Central Securities Depository, the registrar, and regulators. Errors, delays, incomplete documentation, shareholder identification issues, data mismatches, unresponsive shareholders, or processing failures may affect entitlement confirmation, dividend conversion, allotment, settlement, delivery of shares, or investor access to trading. Any such failure may result in shareholder complaints, disputes, regulatory scrutiny, delayed allotment, or reputational harm.

Any investment in the securities of Hibret Insurance S.C. involves numerous risks. Prospective investors should carefully consider the following material risks, which are detailed further in Section 9 (Risk Factors) of this Prospectus. The occurrence of any of these risks could have a material adverse effect on the Company's business, financial condition, or results of operations.

Section II: Information on Hibret Insurance S.C. and the Business

2.1. Information on Hibret Insurance S.C.

The legal and commercial name of the Company is Hibret Insurance Share Company, trading as Hibret Insurance S.C. The Company was formerly known as The United Insurance Company S.C. (UNIC-Ethiopia) prior to its rebranding. It is incorporated as a share company under the Commercial Code of Ethiopia of 1960, as updated by Proclamation No. 1243/2021, under commercial registration number MT/AA/3/0052572/2014, and is duly licensed by the National Bank of Ethiopia under License No. 004/94 to underwrite all classes of general (non-life) insurance, long-term (life) assurance, and Shariah-compliant Takaful business in the Federal Democratic Republic of Ethiopia.

The Company was established on 10 November 1994 by 87 prominent Ethiopian founding shareholders, comprising both individuals and various enterprises, and has since grown into one of Ethiopia's leading private composite insurers with a nationwide operational presence.

As of the date of this Prospectus, the Company does not own, control, or hold any equity interest in any subsidiary company. Accordingly, the Company conducts all of its business operations directly and does not operate through any subsidiary or controlled entity.

The head office/registered address of the Company is located at:

Company Name: Hibret Insurance S.C.
Location: Hibret Building, Churchill Road, Tewodros II Square Arada Sub-City, Woreda 02, House No. 220,
Addis Ababa, Ethiopia
P.O. Box: 1156
Telephone: +251 111 263 434
Fax: +251 111 263 677
Call Center: 7469
Email: info@hibretinsurance.com Website: www.hibretinsurance.com

2.1.1. History and Development of Hibret Insurance S.C.

Hibret Insurance commenced operations with an authorized capital of ETB 25 million and an initial paid-up capital of ETB 8.073 million, operating from a single office at Meskel

Square before expanding to its main branch at Africa Avenue in the CETU building. From its inception, Hibret Insurance has instilled a culture of innovation that would define the Company's trajectory. In 1997, within just three years of operation, the Company made history by becoming the first private insurer in Ethiopia to introduce Life Insurance products, including individual life policies with profit-sharing features. This transformed the domestic market by broadening financial inclusion beyond standard general insurance.

In 2000, the Company executed a significant strategic move by acquiring the former Lion Insurance Company S.C. This acquisition, a rare instance of consolidation in the Ethiopian financial sector, bolstered Hibret's capital base, expanded its customer portfolio, and enhanced its competitiveness in the new millennium. Further demonstrating its strategic vision, Hibret's shareholders took the pioneering step of establishing Hibret Bank (formerly United Bank), creating an integrated financial service ecosystem from the outset-a reversal of the typical trend where banks establish insurance subsidiaries.

To support its growing operations, Hibret Insurance inaugurated its state-of-the-art Headquarters in 2019. Located near Tewodros Square, the 12-story building was constructed with an investment of ETB 300 million and features three underground parking levels, reflecting the scale of the Company's long-term capital investment. The Company has continued to build a strong asset base, developing commercial properties in key areas such as Akaki Kality, Bole Medhanialem, and Bahir Dar, which generate consistent rental income to supplement underwriting results.

The Company's ownership base has also broadened significantly over the years. From the initial 87 founders, the shareholder base has grown to over 711 shareholders as of 2025. Furthermore, Hibret Insurance is distinct in the Ethiopian financial sector for its commitment to gender parity and inclusive leadership. Under the leadership of W/ro Meseret Bezabih, one of the industry's first female CEOs, the Company has maintained a balanced workforce. As of June 30, 2025, the total staff strength stood at 584, with a gender distribution of approximately 50% female and 50% male, reinforcing its core value of fairness and equal opportunity.

The Company provides a comprehensive portfolio of insurance solutions including General Insurance, Long-Term (Life) Insurance, and Takaful. Notable product innovations include the introduction of the Family Funeral Insurance scheme in 2014 and the partnership with Ethiopian Airlines for the ShebaMiles loyalty program. Following the receipt of a license from the National Bank of Ethiopia, the Company launched its Window Takaful Operations in November 2024 under the brand "Barakah Takaful," offering Shariah-compliant products to tap into the underserved interest-free financial market.

Parallel to its product expansion, the Company has undertaken significant operational and technological modernization initiatives. Through the successful adoption of IFRS 17 (International Financial Reporting Standard 17) in the 2024/25 fiscal year, the Company enhanced the transparency and robustness of its financial reporting framework. During this period, Hibret Insurance strengthened its IT infrastructure by implementing a comprehensive Disaster Recovery and Business Continuity site, featuring real-time data replication and automated fail-over systems

to ensure operational resilience. Additionally, the Company is in the process of implementing a new core insurance system to further streamline customer service delivery and internal operations.

In September 2024, marking 30 years of operations, the Company completed a year-long rebranding project. It officially transitioned from "The United Insurance Company" to Hibret Insurance S.C. with the motto "United for Excellence," reflecting a strategic shift toward modernization and a renewed customer-centric focus.

Entering its third decade, the Company accelerated its financial growth and product innovation. In 2021, the Company successfully increased its paid-up capital to over ETB 1 billion, satisfying regulatory requirements well ahead of deadlines and ensuring a robust buffer for risk underwriting. By the end of the 2022/23 fiscal year, the Company achieved a significant milestone by surpassing ETB 1 billion in Gross Written Premium (GWP) for the first time. The 2024/25 fiscal year marked a historic financial performance for the Company. Beyond the surge in Gross Written Premium to ETB 2.75 billion, Hibret Insurance recorded a Profit Before Tax of ETB 1.008 billion, reflecting a growth of 79.04% compared to the previous year. This achievement underscores the Company's operational efficiency and prudent investment strategies. As of June 30, 2025, the Company has expanded its physical presence significantly, operating a total of 77 market outlets (comprising branches and contact offices) distributed across Addis Ababa and regional towns.

Continuing its legacy of strategic foresight, the Company has diversified its investment portfolio beyond banking and real estate. In the 2024/25 fiscal year, Hibret Insurance became a founding investor in the Ethiopian Securities Exchange (ESX), acquiring an equity stake to position itself advantageously within Ethiopia's nascent capital market. The Company’s commitment to excellence and compliance has garnered national and continental recognition. Notably, the Company was recognized as a "Loyal Taxpayer of the Year 2024/25" (Gold Level) by the Ministry of Revenue. On the continental stage, the Company’s leadership excellence was affirmed when its CEO was named "African CEO of the Year" at the 50th Conference of the African Insurance Organization (AIO) in June 2024. As of June 30, 2025, Hibret Insurance S.C. stands as a titan in the industry. Its financial position is robust, with a paid-up capital reaching ETB 1.34 billion and total assets expanding to ETB 6.04 billion. With a diversified investment portfolio, a modernized brand identity, and a foothold in the emerging capital markets, the Company is well-positioned for sustainable growth in the evolving Ethiopian financial landscape.

MISSION, VISION AND VALUE

The Mission, Vision and Values of Hibret Insurance S.C. are as follows:

VISION: Hibret Insurance S.C aims to be the best insurer in Ethiopia that is committed to a high standard of excellence.

MISSION: To provide complete insurance covers at economic rates, honest, prompt, and courteous claims services, through the aid of state-of-the-art technology to fully satisfy its constituencies: Customers, Employees, Shareholders, Society, and the Environment.

VALUES

- Customer Supremacy: Hibret Insurance shall treat the customer as a "King" and/or "Queen." The Company will ensure that the environment in which

service is delivered is conducive and make the service delivery experience memorable.

- ❖ Honesty and Integrity: Hibret Insurance shall strive to promote a culture of honesty and integrity and adhere to a set of high moral standards and uphold ethical values.
- ❖ Teamwork: Hibret Insurance recognizes that the team shall always be greater than the individuals. While taking personal responsibility for work, the Company shall promote teamwork to achieve its corporate goals.
- ❖ Dynamism: Hibret Insurance shall embrace an organizational culture that encourages professionalism, keenness, enthusiasm, creativity, innovation, and a sense of urgency so that the Company is responsive to the dynamics of the internal and external environment in which it operates.
- ❖ Fairness: Hibret Insurance wishes to be the best equal-opportunity employer in the country. The Company strives to undertake actions that are just, equitable, and fair that have a positive impact on the lives of its customers, employees, shareholders, and society at large. It upholds the value of fair competition: level playing field and same rule of the game.
- ❖ Social Responsibility: In all its undertakings, Hibret Insurance shall behave in a socially responsible and acceptable manner.

These values guide the Company in every aspect of its business, from daily operations to long-term planning. By upholding these principles, Hibret Insurance continues to strengthen its reputation as a trustworthy, innovative, and socially responsible insurer, committed to sustainable growth and excellence in Ethiopia's dynamic insurance industry.

2.1.2. Recent Events Relevant to the Issuer's Solvency

The Directors confirm that, since the date of the most recent audited financial statements, there have been no material changes in the financial position or solvency of the Company no events have occurred which would materially affect the Company's ability to meet its obligations as they fall due.

2.2. Business Overview

Hibret Insurance S.C. is a premier financial institution in Ethiopia, regulated by the National Bank of Ethiopia (NBE). As one of the nation's leading private composite insurers, the Company serves a diverse client base through three primary Business Segments: General (Non-Life) Insurance, Long-Term (Life) Insurance, and Barakah Takaful (Shariah-Compliant) operations.

The Company's primary activities encompass a comprehensive suite of risk management and insurance solutions designed to address the diverse protection needs of individuals, businesses, and institutions. These include motor insurance; fire and lightning insurance; burglary and housebreaking insurance; plate glass insurance; marine insurance; engineering insurance; liability insurance; workers' compensation; personal accident insurance; and travel insurance. The Company also provides specialized insurance products such as industrial all risks (including asset and industrial property coverage), political violence and terrorism insurance, pecuniary loss covers, and aviation insurance.

In addition, the Company offers a broad range of life assurance products, including endowment assurance, group term life assurance, group medical insurance, funeral expense cover, and mortgage redemption insurance. Collectively, these products position the Company as a composite insurer capable of delivering integrated general and life insurance solutions across multiple sectors of the economy.

These services are delivered through an extensive nationwide network of 77 branches and contact offices, supported by over 150 agents and brokers. Hibret is distinguished as a pioneer in the Ethiopian market, having been the first private insurer to introduce Life Insurance in 1997 and recently launching its specialized Takaful window in 2024.

In the fiscal year ended 30 June 2025, the Company achieved a historic financial milestone, reporting Insurance Revenue of ETB 2,337.3 million, a 32.2% increase from ETB 1,768.1 million in 2024. This growth was complemented by a robust Net Investment Income of ETB 544.4 million, representing a 37.3% surge from the previous year.

Earnings per share (EPS) rose significantly to ETB 685.62 in 2025 from ETB 527.29 in 2024. Profit after tax reached ETB 843.1 million, up from ETB 472.8 million, reflecting strong operational efficiency and prudent underwriting. While the Company continues to invest heavily in its "United for Excellence" digital transformation, including a new core insurance system, it has maintained a strong solvency position with paid-up capital reaching ETB 1.34 billion against total assets of ETB 6.04 billion.

Key Financial Indicators and KPIs

A summary of the selected financial performance and KPIs for Hibret Insurance S.C. is set out below:

Table 6: Key financial indicators and metrics

ETB Millions	30 June 2025	30 June 2024	30 June 2023
Statement of Profit or Loss and OCI			
Insurance Revenue	2,337.3	1,768.1	1,188.7
Insurance Service Result	765.4	430.9	347.1
Net Investment Income	544.4	396.6	255.6
Profit Before Income Tax	1,008.1	564.9	376.1
Profit for the Year	843.1	472.8	312.4
Earnings Per Share (ETB)	685.62	527.29	458.37
Statement of Financial Position			
Total Assets	6,039.5	4,780.6	3,520.8
Investment Securities (Cost)	589.6	471.2	348.8
Deposits with Financial Institutions	3,156.6	2,377.6	1,685.1
Total Equity	2,488.1	1,863.8	1,461.9

Hibret Insurance S.C.'s product portfolio is structured across its three principal operating segments, enabling the Company to serve a broad spectrum of retail, corporate, and institutional clients with conventional as well as Shariah-compliant insurance solutions. The Non-Life (General) Insurance segment represents the Company's largest and most established line of business, offering a wide range of protection products for motor, property, engineering, marine, aviation, liability, and specialty risks, with Motor insurance continuing to serve as the dominant contributor to premium generation.

The Life Insurance segment complements this offering through individual and group-based protection and savings products, reflecting the Company's long-standing market leadership as the first private insurer in Ethiopia to introduce life insurance.

In addition, Hibret has expanded its strategic reach through Barakah General Takaful, a newly licensed Shariah-compliant window launched in November 2024 to capture growing demand for interest-free insurance alternatives. The table below summarizes the Company's principal product offerings and the market position of each segment.

Table 7: Product offerings per segment

Segment	Product Examples	Dominance
Non-Life (General) Insurance	• Motor • Fire and General Accident • Accident and Health • Liability, • Engineering, • Aviation, • Marine, • Pecuniary Specialty line • Assets/industrial all risks insurance • Political violence & terrorism insurance	Motor insurance is the dominant business line, accounting for over 63% of the total premium revenue (as of June 2025).
Life Insurance	• Endowment Plan, • Group Term, whole life • Family Funeral Plan, and others	Hibret was the first private-sector insurer in Ethiopia to introduce a life insurance product in 1997.

Barakah General Takaful (Sharia-Compliant)	• Accident & Health Takaful • Fire & General Accident Takaful • Engineering Takaful • Burglary Takaful • Marine & Goods-in-Transit Takaful • Liability Takaful • Political Violence & Terrorism Takaful • Motor Takaful (Own Damage & Third Party) • Pecuniary Takaful	Newly launched in December 2024 with full NBE licensing.

Segment Performance

The Company offers specialized solutions across its three primary segments through its multi-channel distribution strategy.

Table 8: Segment performance

In ETB millions	30 June 2025	30 June 2024	30 June 2023
General (Non-Life) Insurance	2,121.6	1,642.5	1,092.8
Life (Long-Term) Insurance	215.7	125.6	95.9
Barakah Takaful (Islamic)	6.3	-	-
Total Insurance Revenue	2,337.3	1,768.1	1,188.7

1. *General (Non-Life) Insurance*

The General Insurance segment is the primary revenue engine of the Company, generating ETB 2.12 billion in FY2025, a 29.2% year-on-year increase and accounting for 94.2% of total premium production. Growth has been broad-based, with particularly strong momentum in Motor, Engineering, Fire, and Aviation lines.

General Insurance- Portfolio Composition:

The General Insurance portfolio demonstrates a stable underwriting platform with a gradual but clear structural shift over the three-year period FY2022/23 to FY2024/25. Total policy volumes remained broadly stable at 114,501 policies in FY2022/23, 115,373 in FY2023/24, and 112,009 in FY2024/25, indicating a mature portfolio with controlled underwriting growth.

Motor insurance continues to dominate the portfolio in terms of policy frequency, consistently accounting for the largest share of underwriting activity across all three years. Policy volumes slightly declined from 87,646 in FY2022/23 to 83,273 in FY2024/25, while policyholder numbers followed a similar pattern, decreasing from 83,333 to 78,748 over the same period. Despite this moderation, Motor insurance remains a structurally critical segment due to its role in sustaining retail penetration, generating stable premium inflows, and supporting recurring cash flow generation. The observed decline in exposure from FY2022/23 to FY2023/24, followed by

recovery in FY2024/25, reflects pricing adjustments, valuation recalibration, and underwriting tightening rather than structural demand contraction.

Fire and General Accident insurance consistently represents the largest exposure class in the portfolio and has demonstrated strong and sustained growth over the review period. Exposure increased from ETB 177.65 billion in FY2022/23 to ETB 282.04 billion in FY2024/25, while policy counts also increased steadily from 11,374 to 11,984. This growth is driven by expansion in commercial property values, industrial development, and increased corporate insurance penetration. The sustained rise in both exposure and policyholder base reinforces the segment's position as the primary driver of capital intensity and balance sheet exposure within the portfolio.

Marine insurance also shows a clear expansion trend, with policy volumes increasing from 4,544 in FY2022/23 to 6,169 in FY2024/25, and exposure rising significantly from ETB 35.20 billion to ETB 87.59 billion. This reflects growth in trade flows, logistics activity, and import-export operations, which directly influence cargo and transit insurance demand. The increasing exposure concentration in this class highlights its growing importance in supporting Ethiopia's broader trade-related economic activity.

Engineering insurance exhibits one of the most pronounced growth trajectories in the portfolio. Despite relatively modest policy volumes, exposure expanded sharply from ETB 19.48 billion in FY2022/23 to ETB 101.38 billion in FY2024/25. This reflects increased participation in large-scale infrastructure, energy, industrial, and construction projects. The disproportionate growth in exposure relative to policy count indicates a shift toward fewer but significantly larger and more complex risks, requiring enhanced underwriting discipline and robust reinsurance support.

Aviation insurance, although limited in policy count, experienced exceptional growth in exposure, rising from ETB 18.54 billion to ETB 135.58 billion over the period. This segment is inherently high-value and heavily reliant on international reinsurance capacity. The expansion indicates strengthened underwriting capability in structured, treaty-supported aviation risks and increased integration into global reinsurance markets.

Political Violence and Terrorism insurance also recorded steady growth, with exposure increasing from ETB 39.36 billion to ETB 58.43 billion. This reflects heightened demand for political risk mitigation in a dynamic macroeconomic and geopolitical environment, particularly for commercial and infrastructure-related assets. The growth in this line reinforces the insurer's expanding role in providing specialty risk protection.

Marine, Liability, and Workmen's Compensation lines show moderate but consistent growth in both exposure and policyholder base, aligned with gradual expansion in commercial activity, employment levels, and operational risk coverage needs. These segments contribute to portfolio diversification and provide stabilizing medium-risk underwriting contributions.

In contrast, Pecuniary insurance and Burglary & House Breaking exhibit relatively stable or fluctuating exposure trends, with no sustained upward trajectory. This suggests either portfolio rebalancing, or limited demand growth in lower-margin retail-oriented products.

Overall, the portfolio reflects a dual concentration structure. Motor insurance dominates in terms of policy frequency, ensuring operational stability and cash flow consistency, while Fire, Engineering, Aviation, and Political Risk classes dominate exposure concentration, driving capital intensity and balance sheet risk. This structure is characteristic of a maturing general insurance

portfolio transitioning within an emerging market environment, where retail-driven underwriting coexists with increasingly sophisticated commercial and specialty risk acceptance.

From a risk management perspective, the rising concentration in high-value classes such as Fire, Engineering, Aviation, and Political Violence necessitates strong reliance on reinsurance arrangements as a central risk mitigation mechanism. Treaty and facultative reinsurance structures play a critical role in managing peak exposures, protecting capital adequacy, and ensuring underwriting capacity for large and complex risks. This is particularly important given the volatility inherent in infrastructure, aviation, and catastrophe-exposed property portfolios.

At the same time, the stability of Motor insurance continues to provide a foundational layer of predictable underwriting results, balancing the higher volatility associated with specialty lines. The diversification across multiple classes and the increasing sophistication of risk selection demonstrate an evolving underwriting framework aligned with best-practice portfolio management principles.

A notable feature of the portfolio is the trend in policyholders, which broadly mirrors the movement in policy volumes but also provides additional insight into customer retention and risk concentration dynamics. Total policyholders remained relatively stable but exhibited a minor fluctuation from 105,043 in FY2022/23 to 105,077 in FY2023/24, before decreasing to 101,407 in FY2024/25. This marginal contraction in policyholder base, despite stable policy volumes, indicates a shift toward consolidation of coverages and a growing proportion of higher-value corporate and commercial clients relative to fragmented retail accounts. The trend is particularly evident in Motor insurance, where policyholders declined in line with policy count, while specialty lines such as Engineering, Aviation, and Political Violence & Terrorism show relatively stronger retention of policyholders despite significant growth in exposure. Overall, the policyholder trend reinforces the broader portfolio narrative of controlled retail exposure, increasing commercial penetration, and a gradual move toward a more concentrated and value-driven underwriting base.

In conclusion, the General Insurance portfolio reflects a well-diversified but increasingly value-concentrated structure, characterized by stable policy volumes, rising exposure intensity, and a progressive shift toward complex commercial and specialty risks. This evolution is supported by strengthened underwriting discipline and reinforced by structured reinsurance arrangements, positioning the portfolio for sustainable growth with controlled risk exposure over the medium term.

Table 9: Portfolio Indicators by Class of Business (FY2023–FY2025)

Class of Business	FY 2022/ 2023			FY 2023/2024			FY 2024/2025		
	No. of Policies	No. of Policyholders	Exposure (Sum Insured)	No. of Policies	No. of Policyholders	Exposure (Sum Insured)	No. of Policies	No. of Policyholders	Exposure (Sum Insured)
Motor	87,646	83,333	126,410,949,386	87,086	82,903	71,147,140,971	83,273	78,748	93,874,875,158
Fire & General Accident	11,374	10,719	177,652,993,147	11,594	10,930	188,392,226,778	11,984	11,324	282,044,498,097
Marine	4,544	2,456	35,195,255,135	6,214	2,860	44,367,077,752	6,169	2,867	87,585,110,588
Accident	4,330	3,529	12,038,031,	4,102	3,287	15,928,766,91	3,705	2,797	21,697,377,74

Class of Business	FY 2022/ 2023			FY 2023/2024			FY 2024/2025		
	No. of Policies	No. of Policyholders	Exposure (Sum Insured)	No. of Policies	No. of Policyholders	Exposure (Sum Insured)	No. of Policies	No. of Policyholders	Exposure (Sum Insured)
			293			0			2
Workmen's Compensation	2,989	2,585	8,388,411,825	3,008	2,574	11,776,227,376	2,874	2,464	17,303,696,636
Engineering	461	366	19,482,179,737	443	365	19,428,850,340	492	416	101,383,833,263
Political Violence & Terrorism	856	672	39,357,891,082	987	843	47,396,628,710	1,127	955	58,428,869,584
Liability	1,665	939	5,034,956,299	1,386	917	5,256,634,754	1,857	1,166	8,418,246,036
Pecuniary	314	229	6,989,972,430	257	194	5,882,137,272	242	194	2,808,088,006
Burglary & House Breaking	308	202	11,461,481,630	278	190	8,010,167,461	262	199	13,805,716,848
Aviation	7	5	18,539,018,500	10	6	25,344,332,660	17	10	135,577,150,000
Others (plate glass and all-risk insurance)	9	8	57,563,030	8	8	81,802,072	7	7	41,395,088

As at the June 30,2025, the Company's customer portfolio demonstrates a diversified structure across individual and corporate segments in terms of policyholder distribution and premium generation.

In terms of policyholder composition, the portfolio is predominantly driven by individual clients, who account for approximately 73% of the total number of policyholders, reflecting a broad retail insurance base and strong market penetration in personal lines business. The remaining 27% of policyholders comprise corporate clients, including SMEs and large commercial entities, which collectively represent the Company's institutional and business insurance relationships.

However, the structure of the portfolio differs significantly when assessed from a premium contribution perspective. Corporate clients account for approximately 81% of total gross written premiums, indicating a higher concentration of premium income within the corporate segment due to larger policy sizes, higher insured values, and more complex commercial risk exposures. The remaining 19% of premium income is generated from individual policyholders, reflecting a high-volume, lower-average-premium retail insurance base.

Earned Premium and Profitability by Class

The following analysis sets out the earned premium and net profitability of the Company's general insurance operations, disaggregated by class of business. The Company underwrites nine classes of general insurance business. At the end of June 30,2025, the Company generated total earned premium of ETB 1,531,482,927.34 and total net profit of ETB 702,567,436.80, representing an overall underwriting profit margin of 45.9%. These results reflect a broadly profitable underwriting portfolio, with eight of nine classes generating positive margins.

Table 10: Earned premium and profitability by class

Class of Business	Earned Premium (ETB)	% Share	Net Profit (ETB)	Margin	Rank by Premium
Motor	1,217,048,439.29	79.5%	ETB 460,441,121.11	37.8%	1
Miscellaneous	79,292,667.27	5.2%	45,587,608.07	57.5%	2
Fire	52,413,017.48	3.4%	16,072,600.96	30.7%	3
Engineering	48,020,455.44	3.1%	9,533,465.85	19.9%	4
Accident	47,690,427.88	3.1%	72,198,965.28	151.4%	5
Liability	34,320,810.42	2.2%	24,201,543.52	70.5%	6
Workmen's Compensation	28,175,483.20	1.8%	31,808,567.54	112.9%	7
Aviation	15,358,342.80	1.0%	33,265,306.91	216.6%	8
Marine	9,163,283.57	0.6%	9,458,257.57	103.2%	9
Total -All Classes	1,531,482,927.35	100.0%	702,567,436.81	45.9%	

Portfolio Concentration and Class Distribution:

The Company's earned premium portfolio is heavily concentrated in the Motor class, which contributed ETB 1,217,048,439.29, representing 79.5% of total earned premium for the period. This single class dominates the underwriting portfolio and is a material factor in the assessment of the Company's risk profile.

The remaining eight classes collectively account for 20.5% of total earned premium. Of these, Miscellaneous (5.2%), Fire (3.4%), Engineering (3.1%), and Accident (3.1%) constitute the most significant secondary lines, while Marine (0.6%), Workmen's Compensation (1.8%), Liability (2.2%), and Aviation (1.0%) represent smaller but nonetheless active lines of business.

Profitability Analysis

The overall underwriting profit margin of 45.9% reflects strong performance across the majority of the Company's classes. The following observations are material to an understanding of the profitability profile:

Motor: The Motor class generated net profit of ETB 460,441,121.11 on earned premium of ETB 1,217,048,439.29, representing a profit margin of 37.8%. As the dominant class by volume, Motor is the single largest contributor to the Company's aggregate profitability in absolute terms, accounting for 65.5% of total net profit.

Accident: The Accident class produced the highest absolute net profit of ETB 72,198,965.28 relative to its premium base of ETB 47,690,427.88, yielding a profit margin of 151.4%. This exceptional result reflects favorable claims experience or reserve releases during the period.

Aviation: The Aviation class recorded a profit margin of 216.6%, with net profit of ETB 33,265,306.91 against earned premium of ETB 15,358,342.80. As with Accident, a margin materially in excess of 100% is indicative of prior-period reserve releases, reinsurance recoveries, and exceptionally low claims incidence.

Marine: The Marine class similarly generated net profit of ETB 9,458,257.57 against earned premium of ETB 9,163,283.57, reflecting a margin of 103.2% and suggesting full loss recovery through reinsurance arrangements and favorable claims development.

Workmen's Compensation: This class recorded the lowest positive margin at 12.9% (net profit: ETB 31,808,567.54; earned premium: ETB 28,175,483.20), indicating thin underwriting profitability after claims and expenses in this line.

Engineering: The Engineering class recording net profit of ETB 9,533,465.85 against earned premium of ETB 48,020,455.44, which yields a positive margin of 19.9%.

Geographic Distribution

The General Insurance segment is distributed through an expanding national branch network, increasing from 63 branches in FY2022/23 to 71 branches in FY2023/24 and further to 73 branches in FY2024/25 and currently reached 77. This expansion reflects the Company's deliberate geographic diversification strategy aimed at improving market penetration, enhancing customer accessibility, and supporting balanced portfolio growth across regions.

Addis Ababa remains the dominant production hub across all three years, consistently contributing the largest share of premium income. Production increased from ETB 1.19 billion in FY2022/23 to ETB 2.2 billion in FY2024/25, supported by branch expansion from 40 to 46 branches. Despite a gradual reduction in relative dominance over time, Addis Ababa continues to account for 83.2% of total general insurance production in FY2024/25, reflecting its role as the central economic and commercial center of the insurance market.

Regional branches outside Addis Ababa demonstrate steady and broad-based growth, with Oromia and Amhara emerging as the most significant regional contributors. Oromia increased from ETB 72.06 million in FY2022/23 to ETB 134.46 million in FY2024/25, supported by branch growth from 11 to 14 offices, indicating strengthening penetration in high-population and economically expanding areas. Similarly, Amhara recorded consistent growth from ETB 55.30 million to ETB 82.82 million over the same period, reflecting improved distribution reach and increasing uptake of general insurance products.

Other regions, including Sidama, Dire Dawa, South Ethiopia, South West Ethiopia, Afar, Harari, and Tigray, collectively contribute a smaller but steadily increasing share of production. While each of these regions individually represents less than 1% of total production, they exhibit consistent upward trends in both branch presence and premium generation. Notably, South Ethiopia shows an increase in branch presence in FY2024/25, supporting improved production momentum, while Harari and Tigray demonstrate gradual recovery and growth from a low base.

Overall, the geographic distribution reflects a structurally concentrated portfolio with strong dependence on Addis Ababa, balanced by a gradually strengthening regional footprint. The steady expansion of branches across Oromia, Amhara, and emerging regional markets indicates progressive decentralization of production capacity. This geographic diversification, although still

in an early stage, contributes positively to risk dispersion and long-term portfolio stability by reducing over-reliance on a single urban market while expanding access to underserved regions.

In summary, the geographic profile of the General Insurance segment is characterized by dominant urban concentration, particularly in Addis Ababa, alongside steadily growing regional penetration. The ongoing expansion of the branch network and improving production performance in regional markets demonstrate a clear strategic direction toward broader national coverage and more balanced geographic risk distribution.

Table 11: Premium Production by Region (FY2023–FY2025)

Region/ City	FY2022/23		FY2023/24		FY2024/25		FY2024/25 Share
	Branches	Premium Production (ETB)	Branches	Premium Production (ETB)	Branches	Premium Production (ETB)	
Addis Ababa	40	1,192,680,657.10	44	1,506,280,950.78	46	2,292,508,897.16	83.2%
Oromia	11	72,062,134.85	13	99,960,162.12	14	134,457,789.78	5.2%
Amhara	6	55,298,941.80	7	59,723,007.16	7	82,823,278.06	3.2%
Sidama	1	10,406,275.70	1	11,339,997.72	1	14,384,412.21	0.6%
Dire Dawa	1	5,663,637.32	1	11,015,855.99	1	14,090,721.50	0.5%
South Ethiopia	1	7,083,921.86	1	7,559,263.13	2	10,082,342.19	0.4%
South-west Ethiopia	1	882,239.78	1	2,613,929.43	1	7,159,775.05	0.3%
Afar	1	4,730,713.49	1	6,070,887.09	1	7,155,950.48	0.3%
Harari	1	3,628,201.63	1	3,801,113.50	1	8,924,747.78	0.3%
Tigray	1	835,166.18	1	3,266,046.45	1	7,736,986.69	0.3%
TOTAL (All Regions)	63	1,353,271,889.71	71	1,711,630,213.37	73	2,579,324,900.90	100%

2. *Life (Long-Term) Insurance*

The Life Insurance segment constitutes a core strategic line of business within the Company's portfolio and reflects its established position in Ethiopia's developing life insurance market. Over the three-year period FY2022/23–FY2024/25, the segment demonstrates a mixed but structurally positive performance pattern, characterized by strong expansion in group protection products, increasing policyholder depth, and volatility driven primarily by a single travel-related product line. Overall, the segment is transitioning toward a more stable, group-driven, and institutionally anchored portfolio structure.

Total Gross Written Premium increased from ETB 153,936,665.55 in FY2022/23 to ETB 232,389,957.46 in FY2023/24, before declining to ETB 141,892,925.33 in FY2024/25. This

fluctuation is largely attributable to the Arab Travelers product, which rose sharply to ETB 105,083,927.00 in FY2023/24 and then declined to a negligible technical balance of ETB (50,540.00) in FY2024/25. When this volatile line is excluded, the underlying life portfolio demonstrates steady and progressive growth across core protection products.

Table 12: Gross Written Premiums by Class of Business (FY2022/23–FY2024/25)

Class of Business	FY2022/23		FY2023/24		FY2024/25	
	Premium Production (ETB)	Portfolio Mix	Premium Production (ETB)	Portfolio Mix	Premium Production (ETB)	Portfolio Mix
Endowment	16,237,321.05	11%	19,070,492.86	8%	16,963,860.58	12%
Group Life	48,855,569.87	32%	48,224,032.30	21%	67,617,809.20	48%
Arab Travelers	44,980,230.00	29%	105,083,927.00	45%	(50,540.00)	0%
Group Medical	29,527,426.66	19%	47,637,105.10	20%	48,952,044.49	34%
Funeral	364,185.32	0%	484,557.13	0%	105,022.65	0%
Mortgage	13,971,932.65	9%	11,889,843.07	5%	8,304,728.41	6%
Total	153,936,665.55	100%	232,389,957.46	100%	141,892,925.33	100%

The table illustrates a clear structural shift in the portfolio composition. Group Life has emerged as the dominant product line, increasing its share from 32% to 48%, while Group Medical has strengthened its position from 19% to 34%. Together, these two lines now account for more than 80% of total life premiums in FY2024/25, indicating a decisive transition toward corporate and group-based insurance solutions. In contrast, Endowment and Mortgage products remain stable but secondary contributors, while Funeral insurance continues to represent a marginal share of the portfolio.

Table 13: Total Active Policyholders (FY2022/23–FY2024/25)

Class of Business	FY2022/23	FY2023/24	FY2024/25
Endowment	7,665	8,266	8,402
Group Life	15	19	17
Group Medical	26	34	34
Funeral	6	6	6
Mortgage	1	1	2
Total Active Policyholders	7,713	8,326	8,461

The policyholder trend demonstrates steady and consistent growth, increasing from 7,713 in FY2022/23 to 8,461 in FY2024/25. This growth is primarily driven by Endowment and Group Medical products, which account for the majority of policyholder expansion. Endowment alone represents more than 99% of individual policyholders, confirming its role as the primary retail-facing product. Group Medical shows gradual expansion, reflecting increasing employer-sponsored coverage, while Group Life remains stable, indicating its corporate contract-based nature.

Table 14: Client Distribution (Corporate vs Individual)

Class of Business	FY2022/23		FY2023/24		FY2024/25	
	Corporate	Individual	Corporate	Individual	Corporate	Individual
Endowment	13	53	13	47	13	40
Group Life	15	–	19	–	17	–
Group Medical	26	–	34	–	34	–
Funeral	4	2	3	3	3	3
Mortgage	1	–	1	–	2	–
Total	59	55	70	50	69	43

The client structure confirms a dual segmentation model combining corporate and individual clients. Corporate clients dominate Group Life and Group Medical lines, reflecting strong institutional penetration through employee benefit schemes. Individual clients are concentrated almost exclusively in Endowment products, highlighting its importance as the primary retail insurance channel. Over time, corporate client presence has strengthened, particularly in Group Medical, while individual participation shows moderate fluctuation, largely influenced by Endowment uptake.

Overall Life-Insurance Segment Assessment

Collectively, the three tables illustrate a clear structural transformation of the Life Insurance portfolio. While total premium volumes exhibit short-term volatility, the underlying composition shows strong and sustained migration toward group-based and corporate insurance products. Group Life and Group Medical now constitute the backbone of the portfolio, while Endowment provides retail stability and Mortgage insurance maintains financial-sector linkage.

Policyholder growth further reinforces the segment's expanding penetration, particularly in retail Endowment and employer-driven medical schemes. Client composition confirms increasing institutionalization of the portfolio, with corporate relationships playing a progressively dominant role.

In conclusion, the Life Insurance segment is evolving from a mixed retail-commercial portfolio into a more structured, group-oriented insurance business characterized by stable policyholder growth, increasing institutional dependency, and a strengthening foundation in corporate risk pooling arrangements. respectively, the latter reflecting an accessible and socially inclusive product offering with considerable long-term growth potential. Notwithstanding temporary volatility in long-term risk assessments across select product lines, the segment's strong recovery trajectory in 2025 reflects the Company's deliberate efforts to broaden financial inclusion through diverse, accessible, and innovative protection offerings reinforcing Hibret Insurance's position as a trusted force in Ethiopia's evolving life insurance landscape.

3. *Barakah Takaful (Shariah-Compliant)*

Launched in November 2024, the Company's Takaful window represents an early stage but strategically meaningful addition to Hibret Insurance's expanding portfolio, generating ETB 6.3 million in insurance revenue during its inaugural seven months of operation. Operating under the

Wakalah model, the Company acts as an agent responsible for managing the Participants' Risk Fund (PRF) on behalf of Takaful participants seeking Shariah-compliant insurance alternatives, reflecting a forward-looking effort to broaden access to inclusive financial services across Ethiopia's diverse and largely underserved population.

Initial premium income was primarily driven by Motor Takaful, which contributed ETB 4.5 million, complemented by a growing range of Miscellaneous Takaful products. Notwithstanding the setup and infrastructure costs inherent to any inaugural operation, the segment's rapid market uptake and ETB 11.2 million in Wakala fee income signal a successful entry into Ethiopia's interest free financial market. Managed under the supervision of a dedicated Shariah Advisory Council, this segment is positioned as a key driver for future portfolio diversification and market expansion.

Takaful Business - Geographic Distribution

The Company's Takaful Window commenced operations during FY2024/25 and generated Gross Written Contributions (GWC) of ETB 31,918,330.97 during the reporting period. Although still in its formative stage, the Takaful portfolio has established a nationwide presence through the Company's branch network, with contributions generated from six regional jurisdictions. The current geographic distribution reflects the phased rollout strategy adopted by the Company, under which Takaful products were initially introduced through selected branches based on market readiness, customer demand, and operational capacity.

As presented in Table below, Addis Ababa is the dominant Takaful market, contributing ETB 29,079,145.33, representing 91.11% of the total Gross Written Contributions. This reflects the concentration of commercial activities, financial institutions, corporate customers, and retail clients in the capital city, together with greater awareness and acceptance of Shariah-compliant financial services.

Outside the capital, Amhara Region ranked as the second-largest contributor, generating ETB 1,549,416.11 or 4.85% of total contributions. Oromia Region followed with ETB 622,186.38 (1.95%), while Dire Dawa and Sidama contributed ETB 616,143.49 (1.93%) and ETB 477,182.04 (1.49%), respectively. Harari generated ETB 134,308.62, accounting for 0.42% of the portfolio. Although contributions outside Addis Ababa remain modest, they demonstrate the Company's initial success in extending Shariah-compliant insurance services beyond the capital and establishing a foundation for future regional expansion.

The current distribution should be viewed within the context of a newly established Takaful operation rather than a fully mature business portfolio. The concentration of contributions in Addis Ababa is consistent with the Company's phased market penetration strategy and reflects the initial focus on areas with higher customer awareness, stronger economic activity, and greater demand for Islamic financial products. As Takaful awareness continues to increase and additional branches commence marketing and underwriting Shariah-compliant products, management expects regional contributions to become progressively more diversified.

The Company intends to leverage its extensive branch infrastructure, established distribution channels, experienced underwriting capabilities, and robust Shariah governance framework to expand the reach of its Takaful operations across Ethiopia. This strategy is expected to strengthen financial inclusion, improve access to Islamic insurance solutions, and support the sustainable long-term growth of the Takaful portfolio.

Table 15: Regional Distribution of Takaful Gross Written Contributions (FY2024/25)

Region/City	Gross Written Contribution (ETB)	Share (%)
Addis Ababa*	29,079,145.33	91.11%
Amhara	1,549,416.11	4.85%
Oromia	622,186.38	1.95%
Dire Dawa	616,143.49	1.93%
Sidama	477,182.04	1.49%
Harari	134,308.62	0.42%
Total	31,918,330.97	100.00%

Technology and Operational Systems

The Company has made significant progress during the 2024/25 financial year in upgrading its core technology infrastructure, transitioning from its legacy Premia Core Insurance System to a state-of-the-art next-generation Core Insurance System. This strategic technology investment reflects the Company's commitment to modernizing its operational backbone and enhancing its overall service delivery capabilities. The new integrated digital platform is designed to centralize and automate key operational processes including underwriting, policy administration, premium collection, claims management, reinsurance and financial accounting, and financial reporting delivering meaningful improvements in processing speed, data accuracy, operational efficiency, and management information capabilities. The successful implementation of this system is expected to significantly enhance the Company's scalability, responsiveness, and competitive positioning as it continues to expand its footprint across Ethiopia's growing insurance market.

Complementing the core system upgrade, the Company has further invested in a suite of supporting digital infrastructure enhancements, including a mobile application and online customer portal, Business Intelligence (BI) and analytics tools, and strengthened cybersecurity defenses aligned with the directives of the National Bank of Ethiopia (NBE) and international best-practice standards. Additional enhancements including an enterprise-wide document management solution and an upgraded Customer Relationship Management (CRM) platform are currently in the pipeline and planned for implementation in subsequent phases. Collectively, these technology investments have materially enhanced service delivery, reduced operational risk, and reinforced the Company's ability to offer faster, more transparent, and customer-centric insurance services while establishing a robust and scalable digital foundation to support the Company's continued growth and long-term strategic ambitions.

Information on the Company’s employees and headcount is presented in Section 2.6 of the prospectus.

2.1.1. Strategies and Objectives

Hibret Insurance S.C. serves the domestic Ethiopian insurance market, targeting a broad and diversified client base spanning both the corporate and retail segments. On the corporate side, the Company's coverage extends across key productive sectors of the economy, including construction, transport, trade, and manufacturing, while its retail offerings cater to individual customers such as vehicle owners, small businesses, and travelers. The Company's comprehensive product mix is strategically designed to maintain a competitive presence across both commercial risk and personal lines, enabling it to capture opportunities across the full spectrum of Ethiopia's growing insurance market.

Hibret Insurance S.C. pursues a structured and forward-looking approach to strategic management through a five-year strategic plan (FY 2022/23 – 2026/27) designed to translate its long-term vision into actionable and measurable objectives. The Company continuously evaluates developments within the insurance and broader financial sectors, as well as macroeconomic and regulatory shifts, to ensure agility and responsiveness in a rapidly changing business environment.

A mid-term review of the current strategic plan, completed and approved in June 2025, resulted in refined priorities and performance targets aimed at strengthening the Company's market position, enhancing underwriting profitability, and improving operational efficiency. Through this dynamic and adaptive strategy, Hibret Insurance is firmly positioned to leverage growth opportunities, optimize its risk portfolio, deliver sustainable returns to shareholders, and maintain resilience amid the evolving landscape of Ethiopia's insurance industry.

Hibret Insurance S.C. is committed to creating long-term value for its stakeholders by focusing on four primary strategic pillars.

1. Driving Sustainable Business Growth and Expansion: The Company is dedicated to enhancing returns and long-term value for shareholders through consistent dividend growth and capital appreciation. This growth strategy is fueled by a concerted effort to increase total premium from the 2025 audited value of ETB 2.75 billion to ETB 4.36 billion by 2027. To achieve this, the Company targets a competitive annual growth rate of 25% for Non-Life business and a significant 35% for Life business. This expansion is designed to maintain a stable and dominant overall market share of approximately 7.5%–7.8% within the industry. Profitability is further maximized through a robust and diversified investment strategy, which includes a planned ETB 2.09 billion allocation for Treasury bills and fixed time deposits over the five-year forecast period to ensure steady non-underwriting income. To provide the necessary capacity for this growth, Hibret is executing a phased capital strategy to raise ETB 500 million every two years, targeting a total paid-up capital of ETB 3.0 billion by June 30, 2030. This substantial capital base creates a massive solvency buffer, allowing the Company to underwrite larger risks and increase reinsurance retention levels while remaining in full compliance with National Bank of Ethiopia (NBE) prudential requirements.
2. Enhancing Customer Service Capabilities: Delivering an exceptional customer experience remains a top priority for building lasting institutional trust and brand loyalty. The Company continues to improve service accessibility and claims management efficiency, targeting a weighted average premium growth rate of 25.8% through 2027. This involves a comprehensive modernization of product

value propositions to optimize performance in areas most impactful to customers, specifically focusing on reducing channel-related turnaround times for claims settlements. The strategy prioritizes both conventional insurance and innovative niche products, such as the Barakah Takaful window. Takaful contributions are projected to

grow by 50% annually, reaching ETB 71.89 million by 2027, as the Company captures the high demand for interest-free, Sharia-compliant financial services in underserved regions. By expanding its physical presence alongside these specialized products, Hibret ensures that its service delivery is both inclusive and responsive to the evolving financial needs of the Ethiopian population.

3. Building Strong Digital Capabilities and Operational Efficiency: Hibret invests in digital transformation to enhance operational excellence and automate core business processes. A central priority of the current business plan is the full deployment of the new Core Insurance System, supported by a dedicated ETB 55.9 million investment for IT software and infrastructure in the 2025/26 budget. This advanced technological foundation will modernize policy administration, automate complex claims workflows, and integrate financial risk-reporting modules in real-time. These digital advancements allow the Company to mitigate the impact of rising inflationary costs-particularly for vehicle spare parts and labor through more precise data-driven procurement and settlement strategies. To further drive operational efficiency, the Company has refined its cost-tracking under IFRS 17 standards, identifying 30% of total expenses as directly "attributable" to insurance operations. This granular focus enables management to implement superior margin controls and ensure that resources are directed toward high-yield, digitally enabled service delivery.
4. Human Capital and Organizational Systems Development: The Company is committed to developing a skilled, motivated, and performance-driven workforce as the primary engine for strategic success. Hibret aligns its comprehensive training programs in underwriting, claims, and actuarial science with international best practices and NBE directives to ensure staff can navigate the technical complexities of IFRS 17 and IFRS 9 reporting. To attract and retain high-caliber talent in an increasingly competitive market, administrative and general expenses are projected to grow at an average annual rate of 25%, supporting competitive compensation and a supportive professional environment. This pillar also encompasses the continuous strengthening of organizational systems and governance frameworks. By integrating advanced risk-analytics into its decision-making processes, the Company ensures that its leadership remains agile and capable of executing its five-year corporate strategy with precision. These systemic improvements are designed to foster long-term organizational effectiveness and maintain Hibret’s resilience amid the rapidly shifting landscape of Ethiopia’s financial sector.

Future Prospects

The Company's forward-looking strategic objectives indicate clear areas for anticipated growth and efficiency:

- Low insurance penetration offering growth opportunity: With penetration below 1% of GDP[1], Ethiopia remains one of the most under-insured economies in Africa. Hibret Insurance views this as a strategic growth frontier. Through its extensive branch network and agency relationships, the Company plans to target under-served SMEs, professionals, and household clients, coupling tailored products with efficient claims service to strengthen trust in insurance as a financial safety net.

- Infrastructure Expansion and Opportunities: Ethiopia's ongoing large-scale infrastructure and industrial development programs, including new transport corridors, renewable-energy projects, and industrial parks infrastructure and industrial-park investments continue to drive demand for engineering, construction, and liability insurance.[2] With established underwriting capacity in these classes and existing relationships with major contractors, Hibret Insurance. is well positioned to provide risk solutions that support the country's development agenda.
- Expanded trade and logistics opportunities: Ethiopia's growing trade and logistics activity supported by improvements along the Ethiopia–Djibouti transport corridor, continues to expand the movement of goods and services across borders. These developments are expected to strengthen demand for marine, aviation, and cargo insurance as businesses seek wider protection for transport and export operations. Hibret Insurance plans to leverage its experience in marine and transit underwriting to capture this emerging trade-linked opportunity.
- Accelerated Digital Transformation: The strategic pillar dedicated to building strong digital capabilities aims to leverage technology for operational excellence and improved service delivery. This focus on optimizing information system capacity is crucial for efficient claims processing and superior customer service, a competitive differentiator in the domestic market.

[1] UNDP, *Addressing the need for a paradigm shift in the insurance industry in Ethiopia*, 4 March 2024.

[2] Deloitte, *2024 Insurance Outlook Report (East Africa)*, February 2024

Future Challenges

Hibret Insurance operates in a dynamic but challenging macroeconomic environment marked by regulatory reforms, currency volatility, and evolving market conditions that continue to influence underwriting and investment outcomes.

Increasing Competition:

The Ethiopian insurance landscape is currently characterized by intense rivalry, with 18 private insurers and one reinsurer competing for a relatively narrow pool of corporate clients. This saturation has led to a systemic challenge: aggressive premium undercutting. While industry-wide premiums have grown by 156% over the last five years, individual profit margins are under constant pressure from "price wars" where insurers cut rates below actuarial recommendations to win or retain large corporate accounts.

For Hibret, the challenge is to achieve its target of ETB 4.36 billion in premium by 2027 without participating in destructive price competition that could compromise its long-term solvency. Market data indicates that nearly 60% of the industry's premium is still derived from the Motor insurance line, where price competition is most fierce. Hibret's plan to address this is to focus on service differentiation and product innovation rather than rate competition. By utilizing its state-of-the-art Core Insurance System and superior claims-handling reputation, the Company intends to build brand loyalty that is resistant to minor price fluctuations. However, the lack of an independent insurance regulator to enforce minimum premium standards remains an industry-wide risk that Hibret must manage through strict internal pricing discipline.

Foreign exchange Volatility and Operational Constraints:

The transition toward a more flexible exchange-rate regime, as part of the Homegrown Economic Reform Agenda, has introduced significant risks related to currency depreciation. Since the Birr (ETB) has depreciated against major foreign currencies, the cost of imported inputs has risen sharply. This poses a direct challenge to Hibret's underwriting performance, particularly in the Motor and Medical segments. The cost of imported spare parts, medical supplies, and engineering materials has escalated, often outpacing the premium adjustments made at the start of a policy period.

Furthermore, currency volatility complicates the settlement of reinsurance premiums, which are typically required in foreign currency. Although foreign exchange inflows have improved at the national level, short-term liquidity constraints in the banking sector can still hinder the timely sourcing of FX for high-priority reinsurance payments. Hibret manages this risk by maintaining a high degree of liquidity, with investment on Treasury bills and fixed deposits to ensure it can cover its obligations during periods of currency or liquidity tightness. Nevertheless, the persistent inflationary pressure continues to erode the real value of premiums and requires constant actuarial adjustments to the Company's risk models.

Structural Shifts and the "Life Gap" Challenge

The Life Insurance segment in Ethiopia remains underdeveloped, accounting for only about 8% to 10% of total industry premiums. Hibret faced a specific challenge in 2025 when its Life premium volume contracted by 39% following the discontinuation of certain mandatory insurance policies for labor migrants traveling to the Middle East. This "Life Gap" highlighted the Company's reliance on a single, policy-driven revenue stream within its Life portfolio.

The strategic imperative for the Life segment is to decisively reorient its growth trajectory toward domestic and sustainable revenue streams. While the Company has set an ambitious annual growth target of 35% for life premium income to recover lost volume, the realization of this objective is contingent upon the rapid adoption of innovative product strategies and the accelerated development of group life offerings tailored to the domestic market. A significant structural challenge in this regard remains the persistently low level of consumer awareness surrounding life insurance as a long-term savings and wealth protection instrument. Hibret Insurance must therefore support meaningfully in financial consumer literacy initiatives and agent capacity building to fundamentally shift the prevailing narrative from one centered on death benefits to a broader and more compelling proposition of wealth accumulation. Failure to diversify the life portfolio could leave this segment vulnerable to future regulatory or geopolitical shifts that affect migrant labor policies.

Regional Security and Operational Continuity Risks

While the broader macroeconomic environment in Ethiopia has stabilized, occasional localized social tensions and security disruptions continue to create operational hurdles. For an insurer like Hibret, which operates 77 outlets across various regions, these incidents can temporarily affect branch accessibility, jeopardize staff safety, and delay the collection of premiums.

In some instances, security concerns have led to the temporary suspension of construction or transport activities in specific regions, leading to a direct decrease in the demand for engineering and transit insurance in those areas. Hibret's strategy is to strengthen its digital and remote-service channels to ensure that the Company is not entirely reliant on physical infrastructure for its day-to-day operations. However, the risk of property damage to branch offices or insured assets during periods of instability remains a factor that the Company must mitigate through comprehensive internal risk assessments and specialized reinsurance covers.

An evolving regulatory environment

The NBE is moving toward increasingly stringent, risk-based capital and solvency requirements to bolster financial sector resilience. These shifting mandates may impose stricter capital adequacy frameworks aligned with international standards, putting pressure on profit margins. Hibret is addressing this with a multi-year plan to raise ETB 500 million every two years, targeting a total paid-up capital of ETB 3.0 billion by June 30, 2030. This strategy ensures the Company remains well-capitalized to absorb future regulatory shocks while supporting its aggressive infrastructure and investment initiatives. The regulatory environment for insurance in Ethiopia is in a state of rapid transition. The NBE is moving toward increasingly stringent, risk-based capital (RBC) and solvency requirements aligned with international standards. While these reforms are intended to bolster financial stability, they impose significant capital-raising pressures on existing players.

Hibret is already executing a plan to raise ETB 500 million in additional capital every two years to meet its ETB 3.0 billion target by 2030. However, the possibility of sudden regulatory shifts, such as a sharp increase in the minimum paid-up capital or new requirements for independent actuarial certifications, could strain the Company's resources. Furthermore, the absence of an independent insurance commission means that insurers must navigate a regulatory landscape that is often secondary to the NBE's banking priorities. This structural environment can result in delays in the approval of new products or digital initiatives, potentially slowing Hibret's pace of innovation. Managing this regulatory risk requires constant dialogue with the NBE and a proactive approach to

governance and transparency, as evidenced by Hibret's early adoption of IFRS 17 and IFRS 9 standards.

2.2.2. Important Events and Developments in the Issuer's Business

Hibret Insurance's journey from its founding to its current status as an industry leader is marked by strategic and significant achievements.

Year	Important Milestone
1994	Hibret Insurance was founded by 87 individuals, marking its official entry into the Ethiopian insurance market with an initial capital of ETB 25 million. This milestone marked a pivotal step in the liberalization of Ethiopia's financial sector, reflecting strong private-sector initiative and laying a firm foundation for Hibret's long-term growth and stability
1997	Hibret became the first private-sector insurer in Ethiopia to offer Life Insurance products. The introduction of long-term life coverage transformed the domestic insurance market, broadening financial inclusion and positioning Hibret as a pioneer in product innovation
2000	Hibret Insurance successfully acquired former Lion Insurance Company S.C. The acquisition expanded the Company's operational scale, customer base, and financial strength, creating a more competitive and resilient national insurer.
2011	Hibret reinforced its commitment to gender equality by appointing W/ro Meseret Bezabih as its CEO. With over half of its management and staff already composed of women, this appointment further solidified the company's reputation as a pioneer in gender parity within Ethiopia's business landscape.
2012	Hibret Insurance started development on 11,944 square meters of land it acquired in Akaki Kality District in Addis Ababa to be used for recovery site and commercial property purposes
2014	Hibret Insurance pioneered the commencement of a new insurance product by starting a family funeral insurance scheme for the first time in Ethiopia.
2019	Celebration of 25th years of Anniversary of continuous operation and service to the nation. The anniversary underscored a quarter-century of resilience, customer trust, and sustainable growth in Ethiopia's evolving financial landscape.
2019	The Company inaugurated its new, grand head office. The inauguration symbolized corporate maturity, financial solidity, and Hibret's commitment to continued excellence and innovation.
2020	The Ministry of Labor and Social Affairs awarded Hibret Insurance a contract to provide life insurance coverage for Ethiopian domestic workers employed in the Middle East
2021	Hibret Insurance has maintained a balanced gender ratio in its workforce for years, with a staff complement of 434, consisting of 215 men and 219 women in 2021
2021	Zafu Eyesuswork Zafu, a renowned figure in Ethiopia's insurance industry, was honored with a lifetime achievement award by the Association of Ethiopian Insurers (AEI) in recognition of his significant contributions to the sector's growth. With nearly six decades of experience, Ato Zafu played a pivotal role in founding and leading Hibret Insurance as CEO for 17 years until 2011. He subsequently served as a technical advisor for two years before assuming the role of chairman for a two-year term in 2013.
2021	Hibret Insurance managed to double its paid up capital to 1.5 billion birr.
2023	Achievement of ETB 1 Billion in Underwriting Premium. This achievement solidified Hibret's position as a market leader, demonstrating robust business growth and underwriting capability.
2024	The Company's CEO was named African CEO of the Year at the 50th Conference of the African Insurance Organization (AIO).

Year	Important Milestone
	This continental honor affirmed Hibret's leadership excellence and elevated its profile as a pan-African insurance brand.
2024	Hibret Insurance received a license from NBE and launched Takaful insurance products. Takaful, also known as Islamic insurance, is a unique financial solution that operates on cooperation and risk-sharing principles. By pooling contributions, participants establish a risk fund to cover potential losses.
2024	Completion of a year-long rebranding project, launching a new corporate brand identity. The rebrand marked a strategic shift toward modernization, innovation, and customer-centric service delivery.
2024	Celebration of 30 years of continuous operation.

2.2.3 The Business Plan

Hibret Insurance S.C.'s business plan provides a structured framework for executing its five-year corporate strategy (2022/23 – 2026/27) and sustaining growth amid a dynamic macroeconomic and regulatory environment. While the Company's strategic pillars define the broad direction, this plan translates those pillars into implementable actions aimed at strengthening underwriting performance, operational efficiency, and long-term financial soundness.

Operational Focus Areas

- Portfolio Diversification and Sustainable Growth

The Company intends to deepen its presence in non-life business lines, particularly motor, engineering, marine, and other profitable products, while selectively expanding life and Takaful operations. Following a robust performance in 2025, where non-life premium reached ETB 2.58 billion, the Company targets a growth trajectory to reach ETB 4.03 billion in non-life premium by 2027. Hibret will emphasize growth and expansion strategies by strengthening pricing discipline and expanding high-margin segments such as engineering and cargo, supported by enhanced reinsurance capacity. This diversification is critical as the Company aims for a 50% annual growth rate in Takaful contributions, reaching ETB 71.89 million by 2027 to capture rising demand for interest-free products.

- *Digital and Process Transformation*

Implementation of the new Core Insurance System, contracted in 2024 and scheduled for full deployment in 2025, remains a central pillar of the business plan. The Company has allocated ETB 55.9 million in the 2025/26 budget to finalize this rollout, which will modernize policy administration, automate claims workflows, and integrate financial risk-reporting modules in real-time. Parallel digital initiatives include a customer-service portal, mobile claims tracking, and data-analytics dashboards to improve decision-making and responsiveness. This transformation is essential for managing the projected 25% annual increase in administrative expenses while maintaining superior margin controls.

- *Distribution and Market Reach*

Hibret plans to expand its physical footprint beyond the 77 market outlets operational as of June 2025, aligning new branches with emerging growth corridors linked to infrastructure and industrial-park development. The business plan includes a capital allocation of ETB 30 million in 2026 and ETB 60 million in 2027 for the purchase of building flats to be used as branch offices. Alongside branch expansion, the Company will broaden its agent and broker network and pilot

digital-sales channels targeting retail and SME clients in urban centers, leveraging the projected 6.0% to 7.5% annual GDP growth in Ethiopia.

- *Human-Capital Development*

Recognizing that sustained performance depends on skilled personnel, the plan prioritizes capacity-building through targeted training in underwriting, claims, actuarial science, and risk analytics. Continuous professional-development programs will align with the National Bank of Ethiopia's directives and international best practices, ensuring staff can manage the complexities of IFRS 17 and IFRS 9 reporting. To support this talent-led expansion, the Company fosters a performance-driven environment backed by a 25% projected growth in total administrative and general expenses to ensure competitive compensation and retention.

- *Financial and Investment Management*

The Company will preserve a prudent investment policy emphasizing liquidity, capital preservation, and steady returns. Portfolio rebalancing will focus on fixed-income and short-term instruments, with a total of ETB 2.09 billion allocated over the five-year period for investments in Treasury bills and fixed time deposits. Planned capital retention will ensure solvency well above regulatory minimums, supported by a phased capital strategy to raise ETB 500 million every two years. This strategy aims to reach a total paid-up capital of ETB 3.0 billion by June 30, 2030, providing a massive solvency buffer for large-scale risk underwriting.

3. Implementation Timeline and Milestones

Table 16: Implementation Timeline

Time Horizon	Key Milestones
Short-Term (FY 2025 – 2026)	• Completion of the Core Insurance System infrastructure rollout and data integration. • Targeted expansion of the branch network into high-growth economic regions. • Launch of integrated digital service platforms for enhanced customer engagement. • Achievement of total combined premium targets exceeding ETB 3.4 billion.
Medium-Term (FY 2026 – 2027)	• Scaling of premium production toward the ETB 4.36 billion milestone. • Significant expansion of the Life and Takaful portfolios to diversify revenue streams. • Advancement of major construction and infrastructure projects, including the Kality and Bole developments. • Further diversification of the investment portfolio through strategic equity participation. • Realization of the long-term capital target of ETB 3.0 billion by 2030.

Long-Term (Beyond 2027)	• Maintenance of a stable market share through superior service delivery and underwriting excellence. • Continued modernization of the operational fleet and technical infrastructure to support a high-volume portfolio.

2.3 Operations and Principal Activities

Hibret Insurance S.C., incorporated in 1994, is a fully licensed composite insurer authorized by the National Bank of Ethiopia (NBE) to underwrite both General (Non-Life) and Long-Term (Life) insurance businesses, as well as operating a dedicated Barakah Takaful Window for Shariah-compliant products. Over three decades, the Company has grown into one of Ethiopia's leading private multi-line insurers, delivering a broad spectrum of risk-protection solutions, savings-oriented life products, and Islamic insurance offerings. Supported by an extensive nationwide branch and contact-office network, ongoing digital transformation, and robust operational capabilities, Hibret remains committed to excellence in underwriting, claims settlement, customer service, and prudent risk management.

Scope of Operations

Hibret Insurance's operational activities span four major functional pillars:

Underwriting Operations

Hibret Insurance S.C. conducts disciplined underwriting for all General, Life, and Barakah Takaful classes, encompassing risk assessment, pricing, and policy issuance. Underwriting decisions are supported by actuarial modelling, pre-risk surveys performed by qualified

engineering and property surveyors, specialized technical evaluation for engineering, marine, aviation, and large property risks, and strict adherence to the Board-approved Underwriting Policy and NBE guidelines. This integrated approach ensures accurate risk selection, appropriate premium rating, and sustainable profitability while maintaining the Company's capacity to honor policy obligations across its diversified portfolio.

Claims Management

Hibret Insurance S.C. operates a centralized Claims Department at Head Office, supported by dedicated assessors, a network of independent external surveyors, and in-house legal officers. The Company employs structured workflows and strict service-level standards to ensure timely, fair, and transparent claims settlement while maintaining robust controls against leakage and fraud. Ongoing digital initiatives, including the fully implemented Core Insurance System, have introduced automated claims registration, real-time tracking for policyholders, digital document submission, and integrated workflow management, significantly enhancing processing efficiency, transparency, and overall turnaround times across the nationwide network.

Reinsurance Administration

Hibret Insurance S.C. administers a robust reinsurance program comprising proportional (quota share and surplus) and non-proportional (excess-of-loss and stop-loss) treaties placed with Ethiopian Reinsurance S.C. (Ethio-Re) for mandatory cessions and a diversified panel of highly rated international reinsurers. These treaties provide comprehensive protection across all portfolios optimizing risk transfer, enhancing underwriting capacity, stabilizing technical results, and ensuring strong solvency safeguards in full compliance with National Bank of Ethiopia requirements.

Investment and Treasury Management

Investment of insurance funds is carried out in accordance with NBE directives, primarily in Treasury bills, bank deposits, real estate, and approved instruments. Investment activities are guided by principles of capital preservation, liquidity, and steady yield to meet both short-term and long-term obligations.

2.3.1. General (Non-Life) Insurance

General Insurance represents the Company's principal source of revenue and remains the foundation of Hibret Insurance S.C.'s operations. During the three-year review period, Gross Written Premium increased from ETB 1,353,271,888.42 in FY2022/23 to ETB 1,729,776,329.34 in FY2023/24 and further to ETB 2,579,324,900.90 in FY2024/25, representing cumulative growth of more than 90% over the period. The portfolio remains well diversified across nine major classes of business, with Motor Insurance continuing to dominate premium generation, while Engineering, Fire & General Accident, Marine and other specialty classes recorded the strongest rates of expansion. This balanced portfolio enables the Company to maintain stable recurring premium income while progressively increasing participation in higher-value commercial and industrial risks supported by robust treaty and facultative reinsurance arrangements.

The General Insurance segment contributes the largest share of Hibret's premium income.

The Company offers a wide range of products, including:

Table 17: General Insurance Premium Production

Class of Business	FY2022/23		FY2023/24		FY2024/25	
	Premium Production (ETB)	Portfolio Mix	Premium Production (ETB)	Portfolio Mix	Premium Production (ETB)	Portfolio Mix
Motor Insurance	864,491,287.12	63.88%	1,091,181,211.14	63.08%	1,518,740,687.45	58.88%
Fire & General Accident	150,198,733.55	11.10%	177,690,450.57	10.27%	260,294,976.95	10.09%
Engineering	47,415,677.37	3.50%	73,022,058.38	4.22%	274,266,946.74	10.63%
Aviation	30,503,033.00	2.25%	55,233,036.30	3.19%	78,498,010.60	3.04%
Marine	26,892,917.67	1.99%	43,052,445.51	2.49%	79,800,006.37	3.09%
Liability	58,585,204.59	4.33%	81,275,234.58	4.70%	102,614,653.46	3.98%
Accident & Health	35,124,349.16	2.60%	50,020,594.08	2.89%	62,080,504.07	2.41%
Pecuniary	69,106,523.67	5.11%	43,980,483.81	2.54%	43,552,258.95	1.69%
Other Classes*	70,954,162.29	5.24%	114,320,814.97	6.61%	159,476,856.31	6.19%
Total	1,353,271,888.42	100.00%	1,729,776,329.34	100.00%	2,579,324,900.90	100.00%

Motor Insurance

Motor Insurance is the Company's largest line of business and the principal contributor to General Insurance premium income. Gross Written Premium increased from ETB 864,491,287.12 in FY2022/23 to ETB 1,091,181,211.14 in FY2023/24 before reaching ETB 1,518,740,687.45 in FY2024/25. Although Motor Insurance remained the dominant class throughout the review period, its portfolio share declined gradually from 63.88% to 58.88%, reflecting faster growth in commercial and specialty insurance classes rather than any weakening in motor business performance.

The continued expansion of Motor Insurance has been supported by increasing vehicle ownership, growth in commercial transportation, logistics services, fleet financing, expanding urban mobility, and mandatory Third-Party Motor Liability insurance requirements. The Company maintains extensive underwriting and claims capabilities through standardized underwriting procedures, experienced motor surveyors, a nationwide network of approved garages, dedicated claims service center, digital claims processing, and field assessment teams, enabling efficient policy administration and timely settlement of claims.

Products offered include Comprehensive Motor Insurance, Compulsory Third-Party Liability Insurance, Third-Party Fire and Theft Insurance, and Motor Trade Insurance. The portfolio serves private motorists, government institutions, corporate fleets, logistics operators, leasing companies, public transport providers and ride-hailing businesses. Given the recurring renewal nature of motor policies, this class provides a stable and predictable stream of premium income and operating cash flow.

Fire & Property Insurance

Fire & Property Insurance represents the Company's second-largest commercial insurance class and one of the largest sources of insured exposure. Gross Written Premium increased steadily from ETB 150,198,733.55 in FY2022/23 to ETB 177,690,450.57 in FY2023/24 before increasing substantially to ETB 260,294,976.95 in FY2024/25. While portfolio share remained relatively stable at approximately 10%, the absolute growth reflects expanding commercial investment, industrial development, urbanization and increasing asset values across Ethiopia.

The Company provides insurance protection for factories, manufacturing plants, warehouses, commercial buildings, hotels, financial institutions, educational facilities, residential properties and government assets. Underwriting is supported by detailed engineering surveys, physical inspections, valuation reviews and technical risk assessments conducted by qualified engineers and surveyors to ensure appropriate pricing and effective risk selection.

Products include Standard Fire & Allied Perils, Industrial All Risks, Commercial Property All Risks, Householder and Houseowner Insurance, Office Contents Insurance, Stock Insurance and Business Interruption Insurance.

Given the exceptionally high sums insured associated with property risks, this class represents one of the Company's largest exposure concentrations and is therefore supported through comprehensive proportional treaties, excess-of-loss protection and facultative reinsurance placements with highly rated international reinsurers to safeguard capital and manage catastrophe accumulations.

Engineering Insurance

Engineering Insurance emerged as the fastest-growing class during the review period. Gross Written Premium increased from ETB 47,415,677.37 in FY2022/23 to ETB 73,022,058.38 in FY2023/24 before rising sharply to ETB 274,266,946.74 in FY2024/25. Consequently, Engineering's contribution to the General Insurance portfolio increased from 3.50% to 10.63%, making it one of the Company's largest commercial business lines.

This significant expansion reflects increased participation in major infrastructure, manufacturing, energy and construction projects across Ethiopia together with strengthened underwriting capacity and enhanced technical expertise.

The Company offers Contractors' All Risks, Erection All Risks, Machinery Breakdown, Contractors' Plant & Machinery, Boiler & Pressure Vessel and Electronic Equipment All Risks insurance. Engineering risks are subject to comprehensive technical surveys, project evaluations and close collaboration with engineering consultants and international reinsurers. Given the large contract values and potential accumulation risks, underwriting capacity is supported through substantial treaty and facultative reinsurance arrangements.

Marine & Cargo Insurance

Marine Insurance recorded sustained growth throughout the review period. Gross Written Premium increased from ETB 26,892,917.67 in FY2022/23 to ETB 43,052,445.51 in FY2023/24 before reaching ETB 79,800,006.37 in FY2024/25. Portfolio share increased from 1.99% to 3.09%, reflecting expanding international trade, increased importation of capital goods and growing logistics activities.

The Company provides Marine Cargo, Marine Hull and Inland Transit insurance for importers, exporters, manufacturers, logistics operators, freight forwarders, humanitarian organizations and commercial enterprises. Growth has been driven by increasing utilization of the Ethiopia–Djibouti trade corridor, expansion of industrial parks and rising imports of machinery, pharmaceuticals, fuel, vehicles and construction materials.

Marine risks are principally supported through specialist marine treaty programmes and facultative placements with international marine reinsurers to ensure adequate underwriting capacity for high-value cargo consignments.

Aviation Insurance

Aviation Insurance is a specialized business line serving aircraft operators, airport authorities, aviation maintenance organizations and ground-handling companies. Gross Written Premium increased from ETB 30,503,033.00 in FY2022/23 to ETB 55,233,036.30 in FY2023/24 and ETB 78,498,010.60 in FY2024/25, with portfolio share increasing from 2.25% to 3.04%.

Liability Insurance

Liability Insurance continued its steady expansion during the review period. Gross Written Premium increased from ETB 58,585,204.59 in FY2022/23 to ETB 81,275,234.58 in FY2023/24 before reaching ETB 102,614,653.46 in FY2024/25.

The Company provides Employers' Liability, Public Liability, Product Liability, Professional Indemnity, Directors' & Officers' Liability, Carriers' Liability and Third-Party Liability insurance. Demand has

increased alongside growth in construction, manufacturing, healthcare, professional services and contractual insurance requirements.

Pecuniary & Miscellaneous

The Pecuniary and Miscellaneous portfolio provides comprehensive protection against financial and operational risks faced by banks, financial institutions, commercial enterprises and industrial organizations. Pecuniary Insurance generated Gross Written Premium of ETB 69,106,523.67 in FY2022/23, declining to ETB 43,980,483.81 in FY2023/24 and remaining relatively stable at ETB 43,552,258.95 in FY2024/25.

In contrast, the broader Other Insurance Classes recorded sustained expansion, increasing from ETB 70,954,162.29 in FY2022/23 to ETB 114,320,814.97 in FY2023/24 and ETB 159,476,856.31 in FY2024/25. This category comprises Political Violence & Terrorism, Burglary & Housebreaking, Fidelity Guarantee, Money Insurance, Plate Glass, All Risks and other specialized commercial products.

The continued growth of these specialty classes reflects increasing demand for protection against operational disruptions, employee dishonesty, civil unrest, business interruption and evolving commercial risks. These portfolios enhance diversification across the General Insurance business and are supported through a combination of proportional treaties, excess-of-loss protection and facultative reinsurance arrangements, enabling the Company to manage large and specialized risks while maintaining prudent capital adequacy.

Accident Insurance

Accident & Health Insurance recorded consistent growth over the review period, with Gross Written Premium increasing from ETB 35,124,349.16 in FY2022/23 to ETB 50,020,594.08 in FY2023/24 and ETB 62,080,504.07 in FY2024/25. The portfolio provides personal accident, medical expense and related health protection products to individuals, corporate employers and institutions.

Growth reflects increasing awareness of health protection, rising corporate employee benefit programmes and broader demand for personal accident coverage. The Company manages this portfolio through disciplined underwriting, provider network management and continuous claims monitoring.

2.3.2. Long-Term (Life) Insurance

As one of the early private insurers to introduce life products, Hibret provides both individual and group life solutions.

The Company's Long-Term (Life) Insurance business provides a comprehensive range of individual and group life insurance solutions designed to meet the protection, savings, employee benefit, and financial security needs of individuals, families, employers, financial institutions, and other organizations. As one of Ethiopia's pioneering private life insurers, Hibret Insurance S.C. has established a diversified life insurance portfolio supported by sound actuarial practices, prudent reserving policies, disciplined underwriting standards, and regulatory compliance with directives issued by the National Bank of Ethiopia ("NBE").

During the three-year review period, the Life Insurance portfolio demonstrated changing business dynamics. Gross Written Premium increased from ETB 153,936,665.55 in FY2022/23 to ETB 232,389,957.46 in FY2023/24, before moderating to ETB 141,892,925.33 in FY2024/25. The reduction in FY2024/25 was primarily attributable to the expiry of a significant Arab Travelers portfolio, which generated ETB 105,083,927.00 in FY2023/24 but recorded a net premium adjustment of ETB

(50,540.00) during FY2024/25. Excluding this one-off portfolio movement, the Company's core life insurance business continued to record positive growth, particularly within Group Life and Group Medical products.

The portfolio has progressively shifted towards employer-sponsored protection products, with Group Life becoming the largest contributor to premium income, accounting for approximately 48% of total Life Insurance premiums in FY2024/25, followed by Group Medical at approximately 34%. Traditional savings-oriented products such as Endowment Insurance continue to provide a stable base of recurring premium income, while Mortgage Protection remains an important complementary product supporting Ethiopia's expanding banking and housing finance sectors.

Table 18: Gross Written Premium by Class of Business (FY2022/23–FY2024/25)

CLASS OF BUSINESS	FY2022/23		FY2023/24		FY2024/25	
	Premium Production (ETB)	Portfolio Mix	Premium Production (ETB)	Portfolio Mix	Premium Production (ETB)	Portfolio Mix
ENDOWMENT	16,237,321.05	11%	19,070,492.86	8%	16,963,860.58	12%
GROUP LIFE	48,855,569.87	32%	48,224,032.30	21%	67,617,809.20	48%
ARAB TRAVELERS	44,980,230.00	29%	105,083,927.00	45%	(50,540.00)	0%
GROUP MEDICAL	29,527,426.66	19%	47,637,105.10	20%	48,952,044.49	34%
FUNERAL	364,185.32	0%	484,557.13	0%	105,022.65	0%
MORTGAGE	13,971,932.65	9%	11,889,843.07	5%	8,304,728.41	6%
TOTAL	153,936,665.55	100%	232,389,957.46	100%	141,892,925.33	100%

Individual Life Insurance

The Company offers a range of individual life insurance products designed to provide long-term financial security while promoting disciplined savings and wealth accumulation. These products combine insurance protection with investment or savings features and are tailored to meet the financial objectives of individuals and families at different stages of life.

The principal individual life products include:

- Endowment Life Insurance
- Whole Life Insurance
- Children's Education Plans
- Mortgage Protection Insurance
- Family Funeral Insurance

Endowment Insurance remains the Company's principal traditional savings product, generating ETB 16,963,860.58 during FY2024/25 and representing approximately 12% of the Life Insurance portfolio. These policies provide policyholders with life protection while accumulating savings payable upon

maturity or earlier death, making them suitable for education planning, retirement preparation, and long-term financial security.

Mortgage Protection Insurance complements the Company's bancassurance and institutional lending relationships by providing cover for outstanding housing and commercial loans in the event of death or permanent disability of borrowers.

Group Life Insurance

Group Life Insurance constitutes the Company's largest and fastest-growing Life Insurance business line. Gross Written Premium increased from ETB 48,855,569.87 in FY2022/23 to ETB 67,617,809.20 in FY2024/25, increasing its contribution from 32% to 48% of the Life Insurance portfolio.

The Company provides employee benefit solutions to corporate employers, financial institutions, government organizations, development partners, non-governmental organizations (NGOs), educational institutions, manufacturing companies and other institutional clients.

Products offered include:

- Group Term Life Assurance
- Group Credit Life Assurance
- Group Funeral Insurance
- Group Disability Benefits

These products provide cost-effective employee protection while enabling employers and lending institutions to manage financial risks associated with death and disability. The portfolio benefits from economies of scale, simplified underwriting procedures, high renewal rates and long-standing institutional relationships, contributing to stable premium income and predictable claims experience.

Group Medical Insurance

Group Medical Insurance has become one of the Company's most important growth areas. Gross Written Premium increased from ETB 29,527,426.66 in FY2022/23 to ETB 48,952,044.49 in FY2024/25, increasing its portfolio share from 19% to 34%.

The product provides reimbursement for inpatient and outpatient medical expenses under customized corporate medical schemes. Customers include private companies, public enterprises, international organizations, NGOs, diplomatic missions and educational institutions seeking comprehensive employee healthcare benefits.

The continued expansion of employer-sponsored health insurance reflects increasing awareness of employee welfare programmes and the growing demand for structured medical benefit schemes within Ethiopia's formal employment sector.

Arab Travelers (Group Term) Insurance

Arab Travelers Insurance generated significant premium income during FY2022/23 and FY2023/24, contributing 29% and 45% of the Life portfolio, respectively. However, the portfolio recorded a net premium adjustment of ETB (50,540.00) during FY2024/25 following the expiry and settlement of the underlying arrangement.

Although this resulted in a reduction in total Life Insurance premium during FY2024/25, management considers this to be a non-recurring event. The Company's core life insurance portfolio-particularly Group Life, Group Medical and Endowment Insurance-continued to demonstrate underlying growth and provides a stronger and more sustainable foundation for future business expansion.

Risk Management and Actuarial Oversight of Life Insurance

The Company's Life Insurance portfolio is managed under comprehensive actuarial, underwriting and risk management frameworks designed to ensure long-term financial sustainability. Premium pricing, policy liabilities, mathematical reserves and benefit obligations are determined using recognized actuarial methodologies and are subject to periodic actuarial valuation in accordance with applicable National Bank of Ethiopia directives and international insurance practices.

The Company maintains prudent technical reserves to meet future policyholder obligations and continuously monitors mortality, morbidity, lapse, and expense experience to ensure pricing adequacy and reserve sufficiency. While life insurance generally retains a higher proportion of risk than short-term insurance, the Company utilizes reinsurance arrangements, particularly for large individual and group life exposures, to manage concentration risk, enhance underwriting capacity and protect its capital position. Through disciplined product management, sound actuarial governance and diversified distribution channels, the Company is well positioned to expand its Life Insurance business while maintaining financial strength and long-term policyholder security.

2.3.3. Takaful (Islamic Insurance)

Hibret Insurance S.C. operates a dedicated Takaful Window under the brand Barakah Takaful, offering a full range of Shariah-compliant general insurance products that closely mirror the Company's conventional non-life portfolio. These include motor, fire and allied

perils, engineering, marine, liability, and miscellaneous accident covers structured on a cooperative, mutual risk-sharing basis, catering primarily to traders, small and medium enterprises, contractors, vehicle owners, and households seeking Islamic financial solutions.

The Takaful operations are conducted strictly in accordance with Shariah principles under the Wakalah model, whereby:

- The Company acts as Wakeel (agent/manager) and receives a disclosed Wakalah fee for underwriting, investment, and administrative services;
- Contributions from participants are segregated into a Participants' Risk Fund (PRF) used exclusively for the payment of benefits and Takaful, with any underwriting surplus distributable to participants in accordance with the Shariah Advisory Council's guidelines; and
- A separate Shareholders' (Operator) Fund receives the agreed Wakalah fee and any investment income earned on shareholder capital.

All Takaful activities are governed and supervised by an independent Shariah Advisory Council comprising reputable Islamic scholars. The Council provides ongoing oversight, certifies product compliance, approves underwriting surpluses and interest free loan facilities, and ensures full segregation of funds and transparency in operations.

Supported by continuous product development, expanding distribution reach, and rising market awareness of Shariah-compliant insurance, the Barakah Takaful Window has recorded a good premium growth and is positioned as Hibret's long-term portfolio diversification and market expansion.

Shariah Governance of Takaful Line of Business

Hibret Insurance S.C. is committed to ensuring full Shariah compliance in its Window based Takaful (Islamic insurance) operations, which are conducted on a Wakala model and kept completely segregated from conventional insurance activities in terms of funds, investments, underwriting, and claims management.

The Company has established an independent Shariah Advisory Committee (SAC) as per the National Bank directives comprising three Islamic scholars with extensive expertise in Islamic commercial jurisprudence and Islamic finance practices:

1. Mr. Jemal Hassen – Holder of an LLB in Law, with 18 years of experience as an attorney and legal consultant specializing in Islamic jurisprudence. He is a certified Arabic language scholar and author of a published legal research book on the Ethiopian Islamic Affairs Supreme Council (Mejilis).
2. Mrs. Alfia Ibrahim – Holder of a BA degree in Accounting and Finance, with 13 years of experience in the insurance industry focused on financial management and accounting. She is a Certified Takaful Professional.
3. Mr. Salahdin Ibrahim – Holder of a BA degree in Business Management, with 17 years of experience in the insurance industry, specializing in general insurance underwriting. He is a Certified Takaful Professional.

The SAC meets at least monthly reviews and approves all Takaful products, investment instruments, reinsurance arrangements, surplus distribution policies, and claims related shariah decisions to ensure strict adherence to Shariah principles. This robust governance structure provides participants with full confidence that the Takaful operations are conducted in complete accordance with Islamic principles while maintaining transparency and accountability.

Underwriting Performance (GWP)

The Company has demonstrated robust growth across all primary underwriting channels over the last three fiscal years. The table below outlines the Gross Written Premium (GWP) for each segment, reflecting the total premium mobilized before reinsurance cessions.

Table 19: GWP by Segment

Segment	30 June 2025	30 June 2024	30 June 2023
General (Non-Life) Insurance	2,576.70	1,732.10	1,355.20
Long-Term (Life) Insurance	141.4	230.9	153.3
Barakah Takaful (Islamic)	31.9	-	-
Total GWP	2,750.00	1,963.00	1,508.50

The Company's total GWP grew by 82.3% over the two-year period, rising from ETB 1.51 billion in 2023 to ETB 2.75 billion in 2025. This performance was driven by deeper market penetration and high retention rates of key corporate accounts.

The Non-Life segment remains the primary revenue driver, accounting for the vast majority of underwriting activity. Growth in this area consistently outpaced industry averages during the review period.

Hibret was the first private insurer to introduce life products and maintains a significant Life portfolio. While the segment saw a contraction in 2025 due to the loss of a major corporate customer, it remains a strategic area for long term growth.

The introduction of Barakah Takaful in November 2024 exceeded its first year planned target by 113%, mobilizing ETB 31.9 million in only seven months of operation.

2.3.4. Claims Management

Hibret Insurance S.C. maintains a robust and customer-focused claims management framework designed to ensure prompt, fair, and transparent settlement of valid claims while safeguarding the Company against leakage and fraudulent activity.

Claims processing is centralized through a dedicated Claims Department at Head Office, supported by qualified claims officers and technical assessors deployed across the nationwide branch network. Branches act as the primary point of customer contact for initial claim notification, document collection, and preliminary investigation. All claims are subsequently escalated to Head Office for comprehensive review, valuation, liability determination, and final authorization, ensuring consistency, technical accuracy, and adherence to policy terms.

The Company enforces strict internal service-level standards and turnaround-time benchmarks for each stage of the claim's lifecycle, from acknowledgment and registration to investigation, approval, and payment. Regular monitoring of key performance indicators, including settlement ratios, average processing times, and customer feedback enables continuous improvement in operational efficiency and service quality.

To strengthen control and mitigate risks, Hibret conducts ongoing analysis of claims trends, engages independent external surveyors and adjusters for complex or high-value cases (particularly in motor, engineering, property, and liability classes), and maintains a dedicated fraud detection and investigation unit.

As part of its comprehensive digital transformation initiative, the project related to Core Insurance System (CIS) is expected to fully integrate claims management functionalities,

providing:

- Automated workflows and real-time status tracking for policyholders and intermediaries;
- Digital upload and management of claims documentation;
- Enhanced data analytics for loss-ratio monitoring and reserving accuracy; and
- Seamless connectivity between branches, Head Office, surveyors, and repair networks.

Complementing these technological advancements, the Company invests in continuous staff training in fraud awareness, motor-vehicle assessment, engineering risk evaluation, and documentation standards.

This combination of centralized expertise, decentralized accessibility, rigorous process discipline, and progressive digitalization reinforces Hibret's long-standing reputation for reliable and efficient claims settlement a critical differentiator in the Ethiopian insurance market and supports sustained policyholder confidence and high renewal rates.

Claims Performance

The table below provides a breakdown of the Insurance Service Expenses across the Company's primary business segments for the past three fiscal years:

Table 20: Claims performance by Business Segment

ETB Millions	30 June 2025	30 June 2024	30 June 2023
General (Non-Life) Insurance	1,062.60	1,243.53	835.65
Life (Long-Term) Insurance	167.63	118.73	86.58
Barakah Takaful (Islamic)	3.93	-	-
Total Insurance Service Expense	1,234.16	1,362.26	922.23

Note: Insurance Service Expense includes net claims incurred and other expenses directly related to the fulfillment of insurance contracts.

The Loss Ratio is a key indicator of underwriting profitability, measuring net claims incurred as a percentage of net earned premium. Hibret Insurance S.C. has demonstrated strong technical discipline, significantly improving its loss ratio over the review period.

Table 21: Loss Ratio

	30 June 2025	30 June 2024	30 June 2023
Loss Ratio	47.23%	47.91%	61.00%

The reduction in the loss ratio from 61.00% in 2023 to 47.23% in 2025 reflects management's successful focus on disciplined underwriting, rigorous risk selection, and the enforcement of the "No Premium, No Cover" policy. Despite external pressures such as rising spare parts costs and inflationary trends in motor repair services, the Company's centralized claims department and nationwide network of panel garages have ensured high operational efficiency and controlled claims severity.

Claims Experience by Class of Business:

The Company's claims experience over the three-year period demonstrates a progressively expanding underwriting portfolio accompanied by a corresponding increase in claims volumes, reflecting both portfolio growth and increasing risk exposure across all major classes of business. Despite rising claims activity, the overall portfolio remains broadly resilient, supported by disciplined underwriting, reinsurance protection, and diversified risk accumulation across multiple lines.

The analysis below presents the claims performance by class of business

Motor Insurance

Table 22: Motor Insurance

Year	Gross Premium	Gross Claims Paid	Loss Incurred	Loss Ratio
2022/23	864,491,287.12	274,990,988.80	324,674,962.54	37.57%
2023/24	1,091,181,211.14	379,208,281.00	453,756,907.19	41.59%
2024/25	1,518,740,687.45	599,648,033.10	609,865,446.02	50%

Motor insurance exhibits a moderately increasing loss ratio over the period, driven by inflation in vehicle repair costs, spare parts shortages, and increasing road traffic density. Despite this, the class remains profitable and stable due to scale efficiency, strict underwriting controls, and extensive panel garage arrangements.

2. Fire & General Accident Insurance

Table 23: Fire & General Accident Insurance

Year	Gross Premium	Gross Claims Paid	Loss Incurred	Loss Ratio
2022/23	150,198,733.55	13,048,567.40	12,059,644.46	8.03%
2023/24	177,690,450.57	16,205,265.51	20,052,655.30	11.29%
2024/25	260,294,976.95	22,967,105.00	26,629,964.36	25%

Fire and General Accident insurance remains a highly profitable class, with consistently low loss ratios. The moderate volatility reflects exposure to large industrial and commercial risks, mitigated through strict risk selection and strong reinsurance arrangements.

3. Engineering Insurance

Table 24: Engineering Insurance

Year	Gross Premium	Gross Claims Paid	Loss Incurred	Loss Ratio
2022/23	47,415,677.37	5,904,750.30	3,721,371.67	7.85%
2023/24	73,022,058.38	6,516,862.99	4,579,675.93	6.27%
2024/25	274,266,946.74	1,925,565.12	2,766,721.77	8%

Engineering insurance shows strong underwriting profitability, particularly in FY2024/25, supported by selective underwriting, reinsurance-backed participation in large infrastructure projects, and strict technical risk evaluation.

4. Marine Insurance

Table 25: Marine Insurance

Year	Gross Premium	Gross Claims Paid	Loss Incurred	Loss Ratio
2022/23	26,892,917.67	23,971,198.52	26,127,004.28	97.15%
2023/24	43,052,445.51	22,593,720.61	28,845,861.57	66.98%
2024/25	79,800,006.37	21,827,811.33	22,866,392.55	65%

Marine insurance shows improvement in underwriting performance over time, transitioning from a high loss ratio position to a more sustainable level due to improved pricing, tighter risk selection, and enhanced reinsurance arrangements.

5. Aviation Insurance

Table 26: Aviation Insurance

Year	Gross Premium	Gross Claims Paid	Loss Incurred	Loss Ratio
2022/23	30,503,033.00	4,442,859.31	3,296,131.20	10.81%
2023/24	55,233,036.30	26,838,336.23	29,720,557.04	53.78%
2024/25	78,498,010.60	518,248.40	6,361,888.56	0%

Aviation exhibits volatility due to the inherently high severity and low frequency nature of claims. The improvement in FY2024/25 reflects favorable risk selection and strong reliance on facultative reinsurance protection.

6. General Liability Insurance

Table 27: General Liability Insurance

Year	Gross Premium	Gross Claims Paid	Loss Incurred	Loss Ratio
2022/23	58,585,204.59	4,442,859.31	3,296,131.20	5.63%
2023/24	81,275,234.58	26,838,336.23	29,720,557.04	36.57%
2024/25	102,614,653.46	518,248.40	6,361,888.56	29%

Liability insurance shows fluctuating claims experience, reflecting exposure to litigation-driven risks. The class remains manageable due to strong underwriting controls and reinsurance support.

7. Pecuniary Insurance

Table 28: Pecuniary Insurance

YEAR	GROSS PREMIUM	GROSS CLAIMS PAID	LOSS INCURRED	LOSS RATIO
2022/23	69,106,523.67	1,205,288.64	233,060.85	8%
2023/24	43,980,483.81	970,617.13	0.00	0.00%
2024/25	43,552,258.95	13,637,481.62	563,148.30	23%

Pecuniary insurance remains a low-loss, stable portfolio driven by financial institution demand, with minimal claims volatility.

8. Other Insurance Classes(Plate glass and All Risk insurance)

Table 29: Other Insurance Classes(Plate glass and All Risk insurance)

Year	Gross Premium	Gross Claims Paid	Loss Incurred	Loss Ratio
2022/23	70,954,162.29	1,205,288.64	233,060.85	2%
2023/24	114,320,814.97	970,617.13	0	0
2024/25	159,476,856.31	13,637,481.62	563,148.30	4%

This category includes low-volatility risks. The low loss ratios reflect small-loss events, which are manageable.

Table 30: Claims Experience and Contribution by Class of Business (FY2022/23–FY2024/25)

Class of Business	FY 2022/23				FY 2023/24				FY 2024/25			
	Gross Claims (A)	Loss Incurred (B)	% Claims (A)	% Claims (B)	Gross Claims (A)	Loss Incurred (B)	% Claims (A)	% Claims (B)	Gross Claims (A)	Loss Incurred (B)	% Claims (A)	% Claims (B)
Motor	274,990,988.80	324,674,962.54	73.99%	86.32%	379,208,281.00	453,756,907.19	82.19%	81.92%	599,648,033.10	609,865,446.02	85.98%	85.65%
ACC / Health	13,048,567.40	12,059,644.46	3.51%	3.21%	16,205,265.51	20,052,655.30	3.51%	3.62%	22,967,105.00	26,629,964.36	3.29%	3.74%
Aviation	0.00	97,762.79	0.00%	0.03%	0.00	173,540.00	0.00%	0.03%	0.00	(283,266.00)	0.00%	-0.04%
Marine	4,909,349.31	3,636,843.85	1.32%	0.97%	3,119,922.99	13,988,203.15	0.68%	2.53%	19,315,943.80	31,243,685.45	2.77%	4.39%
Fire & GA	43,070,801.18	2,051,756.96	11.59%	0.55%	5,669,091.59	2,571,169.06	1.23%	0.46%	17,238,653.89	11,758,986.54	2.47%	1.65%
Engineering	5,904,750.30	3,721,371.67	1.59%	0.99%	6,516,862.99	4,579,675.93	1.41%	0.83%	1,925,565.12	2,766,721.77	0.28%	0.39%
General Liability	23,971,198.52	26,127,004.28	6.45%	6.95%	22,593,720.61	28,845,861.57	4.90%	5.21%	21,827,811.33	22,866,392.55	3.13%	3.21%
Pecuniary	4,442,859.31	3,296,131.20	1.20%	0.88%	26,838,336.23	29,720,557.04	5.82%	5.37%	518,248.40	6,361,888.56	0.07%	0.89%
Others	1,205,288.64	233,060.85	0.32%	0.06%	970,617.13	0.00	0.21%	0.00%	13,637,481.62	563,148.30	1.96%	0.08%
Total Portfolio	371,543,803.46	375,898,538.59	100%	100%	461,122,098.05	553,688,569.25	100%	100%	697,078,842.26	711,772,967.53	100%	100%

The Company's claims experience over the three-year period FY2022/23 to FY2024/25 demonstrates an expanding portfolio, accompanied by rising claims volumes consistent with the growth in gross written premiums across all classes of business. The overall claims paid increased from ETB 371.5 million in FY2022/23 to ETB 461.1 million in FY2023/24 and further to ETB 697.1 million in FY2024/25, while total incurred claims rose from ETB 375.9 million to ETB 553.7 million and subsequently to ETB 711.8 million over the same period. This upward trajectory reflects portfolio expansion, inflationary pressures on repair and medical costs, and increased exposure accumulation across both retail and commercial lines.

From a risk management perspective, the Company continues to rely on a robust reinsurance program encompassing proportional treaties and facultative arrangements, particularly for Motor catastrophe accumulation, large Fire risks, Engineering projects, Aviation exposures, and Political Violence covers. This reinsurance structure plays a critical role in stabilizing net claims volatility, protecting capital adequacy, and supporting continued underwriting growth across all major business lines.

In summary, the claims experience over the period reflects a growing, diversifying, and increasingly complex portfolio, where Motor remains the anchor class, while specialty lines such as Engineering and Liability are progressively contributing to the Company's risk profile and underwriting sophistication.

2.3.5. Reinsurance Operations

Hibret Insurance S.C. maintains a structured and diversified reinsurance program designed to support underwriting capacity, limit net retention on large and catastrophic exposures, and strengthen overall solvency. The program is built on a combination of proportional treaties (quota share and surplus) and non-proportional covers (excess-of-loss protections), enabling an optimal balance between risk retention and risk transfer in line with the Company's risk appetite and regulatory requirements.

In compliance with the National Bank of Ethiopia directives, a portion of the portfolio is ceded to Ethiopian Reinsurance S.C. (Ethio-Re), while the remaining treaty placements are distributed among a diversified panel of regional African reinsurers. The structure is intentionally designed to avoid concentration risk, while ensuring continued access to sufficient capacity for both standard and specialty lines of business.

The composition of the reinsurance program is summarized below:

Table 31: Consolidated Reinsurance Panel Structure

Reinsurer	Country of Registration	Share (%)	Rating	Rating Agency
Africa Reinsurance Corporation (East Africa Regional Office)	Ethiopia Office/Nigeria	32.00	A	AM Best
Ethiopian Reinsurance S.C	Ethiopia	29.00	B	AM Best
PTA/ZEP Reinsurance Company (combined Ethiopia Office participation)	Ethiopia / Kenya	22.00	B++	AM Best
Kenya Reinsurance Corporation	Kenya	9.00	B	AM Best
East Africa Reinsurance Company Ltd	Kenya	4.00	B	AM Best
Ghana Reinsurance Company Ltd	Ghana	4.00	C++	AM Best
Total		100.00		

The program is reviewed annually and adjusted in response to changes in portfolio size, risk profile, claims experience, market capacity, and reinsurance pricing conditions. This ensures that treaty structures remain aligned with the Company's underwriting strategy and risk tolerance framework.
Oversight of the reinsurance arrangements is undertaken through a structured governance framework involving the Board of Directors, the Board's Risk Management and Compliance Sub-Committee, and the Risk Management and Compliance function. The Board of Directors provides overall strategic approval of reinsurance treaties on an annual basis, ensuring alignment with the Company's risk appetite, capital management objectives, and underwriting strategy. The Risk Management and Compliance Sub-Committee exercises ongoing oversight by monitoring treaty performance, counterparty exposures, accumulation risks, and compliance with internal risk limits and regulatory requirements.

The Risk Management and Compliance function is responsible for independent risk assessment, ongoing monitoring of reinsurance adequacy, and ensuring that reinsurance arrangements effectively mitigate underwriting and catastrophic risks. It also supports the Sub-Committee through periodic reporting and risk analysis.
The Reinsurance Services Department is responsible for the operational execution and technical administration of the reinsurance program, including treaty placement, documentation, premium and claims coordination, and liaison with reinsurance partners.

This integrated governance structure ensures robust oversight, regulatory compliance, effective risk transfer, and prudent management of reinsurance counterparties, thereby strengthening the Company's overall financial resilience and underwriting stability

Beyond capital protection, the reinsurance program provides technical benefits through access to underwriting expertise, pricing support, and risk engineering capabilities, particularly in complex and high-severity lines such as engineering, aviation, marine, liability, and large commercial risks.

Overall, the reinsurance structure strengthens the Company's underwriting capacity, enhances earnings stability, and provides a robust buffer against volatility from large losses, thereby reinforcing financial resilience and safeguarding policyholder obligations under all foreseeable conditions.

Reinsurance Results

Table 32: Reinsurance Results

ETB Millions	30 June 2025	30 June 2024	30 June 2023
Net (Expenses)/Income from Reinsurance	(341.72)	25.03	80.68
Reinsurance Contract Assets	855.14	812.01	512.42
Reinsurance Contract Liabilities	358.35	253.77	166.32

The Company's reinsurance results reflect a strategic transition toward managing larger, more complex risk capacities while maintaining balance sheet resilience. The shift from a net income position of ETB 80.68 million in 2023 to a net expense of ETB 341.72 million in 2025 is primarily driven by the normalization of the motor portfolio and the systematic implementation of IFRS 17, which requires a more granular and transparent allocation of reinsurance premiums.

Concurrently, Reinsurance Contract Assets grew by 66.9% during the review period, reaching ETB 855.14 million as the Company secured higher limits to support surging growth in high value sectors such as Engineering and Aviation. These rising expenses act as a necessary "cost of safety," ensuring that Hibret remains resilient against large scale claims while supporting the record ETB billion profit before tax achieved in the 2025 fiscal year.

Investment and Treasury Management

Hibret Insurance S.C. manages policyholder and shareholder funds with the primary objectives of capital preservation, liquidity maintenance, and generation of stable investment income, in strict compliance with the investment directives issued by the National Bank of Ethiopia (NBE Directive No. SIB/52/2020 on Investment of Insurance Funds).

Premium reserves and surplus funds are prudently invested in low-risk, NBE-approved asset classes, principally:

- Government securities (treasury bills and bonds);
- Term deposits with licensed commercial banks;
- Real estate holdings; and
- Equity investments.

Equity exposure is deliberately maintained at modest levels in line with both regulatory ceilings and the Company's conservative risk appetite. All investment activities are governed by a comprehensive Board-approved Investment Policy that mandates diversification across asset classes

and counterparties, establishes strict single-issuer and sector limits, and enforces minimum liquidity thresholds to ensure the Company's ability to meet claims and other obligations under all foreseeable circumstances.

The Investment Committee, comprising senior management representatives, oversees portfolio construction, monitors performance, and ensures ongoing adherence to both internal guidelines and regulatory requirements.

Investment Financial Results

The Company's investment activities generated exceptional growth over the last three years, serving as a vital component of total comprehensive income and supporting the historic ETB 1.01 billion profit before tax achieved in 2025. Total Net Investment Income demonstrated a cumulative growth of approximately 66.5% over the review period, rising from ETB 327.02 million in 2023 to ETB 544.43 million in 2025. This trajectory highlights the Company's success in managing a growing liquidity pool and capitalizing on high-yield opportunities in the Ethiopian financial market.

Table 33: Investment Financial Results

ETB Millions	30 June 2025	30 June 2024	30 June 2023
Interest Income	417.84	291.81	243.68
Dividend Income	114.36	96.61	69.13
Rental Income	11.23	14.28	14.21
Other Investment Income	1	-	-
Total Net Investment Income	544.43	402.7	327.02

Interest Income remains the core driver of the portfolio, accounting for roughly 77% of total returns in 2025. This 71.5% increase since 2023 is attributed to the effective deployment of record premium collections into high-yield time deposits and statutory deposits. Dividend Income also grew significantly by 65.4% during the review period, reaching ETB 114.36 million. This growth stems from the Company's long-standing equity investments in blue-chip institutions, including Hibret Bank S.C. and Ethiopian Reinsurance S.C., which provide both recurring income and capital appreciation. While interest and dividends are the primary drivers, the Company maintains stable Rental Income from its high-value investment properties in Bole Medhanialem, Kality, and Bahir Dar, which offer a physical asset hedge against inflation. In 2025, the Company further diversified its revenue streams by recording its share of profit from associate entities like Premium Switch Solutions (PSS), signaling an expanding participation in the broader financial technology and payment infrastructure sectors.

Business Interruption

The Company's core insurance operations, digital service channels, and branch networks have functioned continuously and optimally. No events have occurred within this period that have had, or are expected to have, a material adverse financial or operational impact on the Issuer's capacity to service its clients or maintain normal business operations.

As of the date of this prospectus, the company has not introduced any new significant new products or services to the market. Consequently, there are no development statuses to report regarding new products or services.

Operational Dependencies

- Licenses and Patents: The Company's operations are dependent on its insurance business license issued and renewed annually by the National Bank of Ethiopia (NBE). The Issuer does not rely on any proprietary patents, industrial designs, or specialized intellectual property licenses to conduct its core business.
- Material Contracts and Suppliers: The Company's maintains comprehensive treaty and facultative reinsurance arrangements with a diversified panel of highly rated international and domestic reinsurers (including Ethiopian Reinsurance S.C.). No single contract, reinsurer, or supplier accounts for a concentration risk that would fundamentally impair operations if terminated.
- Customer Concentration: The Company's portfolio is well-diversified across corporate, institutional, and retail clients. The Issuer is not dependent on any single customer or interconnected group of customers for more than 5% of its Gross Written Premium (GWP).
- Hbret Insurance is not materially deponent on any specific employee for the continuity of its operations.

Royalties, Licensing Fees, and Recurring Payments

In accordance with Article 87(6) of the Public Offering and Trading of Securities Directive, the Issuer explicitly states that it does not pay any royalties, ongoing franchise fees, or similar recurring intellectual property licensing fees in the conduct of its principal insurance business operations.

All software licenses, core enterprise resource planning (ERP) platforms, and specialized actuarial or financial systems utilized by the Issuer are maintained through standard, arm's length commercial

vendor service contracts (software maintenance agreements) funded out of routine annual operating expenses. No proprietary royalty dependencies exist that pose a material risk to the Issuer's profitability or operational continuity.

2.4. Principal Markets and Competition

2.4.1. Principal Markets

Hibret Insurance S.C. operates exclusively within the Federal Democratic Republic of Ethiopia, providing a comprehensive range of general insurance, long-term (life) assurance, and Takaful products to a diversified client base[3].

Macroeconomic Overview

The macroeconomic landscape across Sub-Saharan Africa is projected to stabilize and strengthen in the medium term, creating a supportive environment for the insurance sector and broader financial intermediation. According to recent international forecasts and regional economic assessments, regional growth is expected to remain resilient despite persistent global uncertainties. Central to this stabilization is the cooling of inflationary pressures. Inflation in the Sub-Saharan region is projected to reduce significantly from 20.3 percent in December 2024 to approximately 13.1 percent by the end of 2025, with a further decline to 10.9 percent expected in 2026.

While the region continues to navigate structural headwinds, including debt sustainability challenges and high external financing costs, the trend toward macroeconomic stabilization is bolstering investor confidence. For the insurance industry, this transition is critical, as declining inflation helps anchor consumer expectations and stabilizes the cost of claims, particularly for import-dependent segments like motor and engineering insurance.

Ethiopia is undergoing a profound economic transition anchored by the Second Homegrown Economic Reform (HGER 2.0) agenda, which focuses on macroeconomic stability, debt sustainability, and creating a private sector-led economy. According to the National Bank of Ethiopia (NBE) and the International Monetary Fund (IMF), these reforms have positioned Ethiopia among the fastest-growing economies globally. The country recorded an exceptional real GDP growth rate of 9.2 percent in the fiscal year ended June 2025, exceeding regional averages, driven by robust performance across the agricultural, industrial, and service sectors. This growth trajectory is supported by significant HGER 2.0 initiatives, including improved fiscal discipline, which narrowed the budget deficit to 0.4 percent of GDP, and a strategic shift to an interest rate-based monetary policy framework designed to tame inflation.

A defining feature of the current economic environment is the historic liberalization of the foreign exchange market initiated in July 2024. This reform shifted Ethiopia toward a market-determined exchange rate regime, a move intended to resolve long-standing foreign currency shortages and improve the country's external competitiveness. For the insurance sector, this has introduced both a recalibration of sum-insured values for assets like vehicles and machinery and an improvement in

[3] All macroeconomic and insurance industry data in this section is sourced from the National Bank of Ethiopia (NBE) Financial Stability Report (March 2026), which incorporates data and projections from the International Monetary Fund (IMF) and NBE internal databases. Company-specific figures are derived from internal financial records

the availability of foreign currency for international reinsurance settlements.

Furthermore, the launch of the Ethiopian Securities Exchange (ESX) in early 2025 and the operationalization of the Interbank Money Market signify a watershed moment for the financial ecosystem. These developments are facilitating broader capital market deepening, enhancing transparency, and providing new avenues for institutional investors like Hibret Insurance S.C. to optimize their investment portfolios. Inflation has also showed a meaningful decline, dropping to 13.9 percent by June 2025, with a target of reaching single digits by 2026. This improving macroeconomic backdrop provides a solid foundation for the continued expansion of insurance penetration across the country.

2.4.2. Overview of the Ethiopian Insurance Industry and Competitive Landscape

The Ethiopian insurance industry operates within a financial system undergoing rapid structural reform and increasing alignment with international standards. The sector is regulated and supervised by the National Bank of Ethiopia (NBE), which oversees licensing, capital requirements, and prudential compliance. As of the end of the 2024/25 fiscal year, the industry comprises one state-owned giant, the Ethiopian Insurance Corporation (EIC), and approximately 18 private insurance companies.

The insurance sector has demonstrated a remarkable growth trajectory, with Total Assets reaching ETB 84.9 billion by June 2025, reflecting a 29.3 percent increase from the ETB

65.6 billion recorded in the previous year. Similarly, Gross Written Premium (GWP) for the industry surged to ETB 41.1 billion in 2025, representing a 43.1 percent annual expansion. This growth is primarily driven by the General Insurance business, which accounts for 92.5 percent (ETB 38.0 billion) of total premiums, while Life and Takaful segments combined represent the remaining 7.5 percent.

Despite this robust expansion, insurance penetration in Ethiopia remains relatively low at 0.3 percent of GDP, significantly below the African average of 3.6 percent. This gap reflects a massive untapped opportunity for market participants to expand financial protection to underserved segments of the population and the growing MSME sector.

The industry is currently navigating a transition toward the IFRS 17 accounting framework and risk-based capital supervision, which are raising the standards for technical underwriting, actuarial modeling, and financial reporting. The market remains characterized by the dominance of Motor insurance, which accounts for approximately 49.6 percent of the general business, although there is an increasing shift toward non-motor classes such as engineering, aviation, and liability as the economy diversifies.

The Ethiopian insurance industry is experiencing a profound paradigm shift driven by the National Bank of Ethiopia's (NBE) modernization roadmap. The simultaneous introduction of IFRS 17 and a comprehensive Risk-Based Capital (RBC) framework fundamentally alters the financial and operational landscape for all life, and non-life insurers in the market.

Implementation of IFRS 17 (Insurance Contracts)

Moving away from the historical IFRS 4 framework, the Ethiopian insurance sector is transitioning to IFRS 17 to enhance global comparability, transparency, and accurate technical reserve valuations.

· Financial Position: Balance sheets will undergo significant adjustment. Insurers must measure general insurance liabilities using current fulfillment cash flows (discounted future cash flows plus an explicit risk adjustment). This eliminates traditional premium-deferral mechanisms, shifting how technical provisions are recognized.

· Operational Requirements: The impact is heavily operational, demanding significant upgrades to core insurance IT systems, data warehousing, and closer integration between actuarial and financial departments. It creates a critical demand for specialized actuarial talent, a resource currently scarce in the Ethiopian market.

· Profitability: Underwriting revenue will no longer be recognized based on Written Premiums (Gross Written Premium). Instead, revenue is earned over the coverage period as the risk is released. Expected profits are tracked via the Contractual Service Margin (CSM), resulting in less artificial quarterly/annual earnings volatility and providing a truer reflection of underwriting performance.

Transition to Risk-Based Capital (RBC) Supervision

The NBE is replacing the legacy flat minimum capital framework with a dynamic, risk-sensitive capitalization model by directive No.SIB/57/2022. This includes raising the baseline minimum paid-up capital for non-life insurers to ETB 400 million.

Capital Needs: Under the new RBC directives, general insurers are required to maintain a Capital Adequacy Ratio (CAR) above 150% (with a drop below 100% triggering regulatory intervention or liquidation). Capital is no longer static; it is directly linked to the insurer's unique exposure across underwriting risk, market/investment risk, credit risk (e.g., reinsurance receivables), and operational risk.

Operational & Strategic Impact: Insurers must institute robust Asset-Liability Management (ALM) and Enterprise Risk Management (ERM) policies. Strategic decisions regarding asset allocation will tighten, as the NBE enforces concentration limits (e.g., capping deposits within a single financial institution at 10% of total assets).

Profitability: While higher capital requirements and risk-matching may initially strain Return on Equity (ROE) across the industry, it will ultimately drive healthier pricing models. Insurers will be forced to move away from aggressive price-undercutting and instead allocate capital to the most risk-efficient and profitable lines of business.

2.4.3. Competitive Environment

Competition within the sector has intensified as established players like Hibret Insurance S.C. vie for market share alongside new entrants and specialized windows. The state-owned Ethiopian Insurance Corporation (EIC) continues to hold a significant market share, particularly in public sector risks, representing approximately 33.9 percent of the general insurance market. However, the private insurance segment is collectively capturing a larger share of the capital base and innovative product niches.

Hibret Insurance S.C. has maintained its position as a top-tier private insurer by leveraging its technical expertise, extensive branch network, and pioneering role in the life and Takaful markets. The Company's strategic focus on diversifying its portfolio and enhancing operational efficiency through digital transformation has enabled it to outperform sector growth rates in several key metrics.

The Company serves both corporate and institutional clients spanning construction, infrastructure development, manufacturing, import/export, transportation, banking, and non-governmental organizations as well as retail customers, including individuals, small and medium enterprises, professionals, and travelers.

As of 30 June 2025, Hibret distributes its products through an extensive network of over 77 branches, contact offices, and service centers covering all regions of Ethiopia. This nationwide footprint ensures balanced geographic exposure, with strong presence in Addis Ababa and other major urban centers, while progressively extending reach into fast-growing regional and emerging markets. The Company's distribution strategy combines traditional branch-based servicing with dedicated corporate relationship teams and progressive digital channels, enabling efficient access for customers across the country.

Table 34: Major Metrics for Competitiveness

Major Metrics (ETB Billions)	30-Jun-25	30-Jun-24	30-Jun-23	3-Year CAGR
Total Insurance Industry GWP	41.1	28.7	23	21.35%
Hibret Insurance S.C. GWP	2.75	1.96	1.51	22.10%
Hibret Market Share (%)	6.69%	6.83%	6.57%	-
Total Insurance Industry Assets	84.9	65.6	49.7	19.55%
Hibret Insurance S.C. Assets	6.04	4.78	3.52	19.70%
Hibret Market Share (%)	7.11%	7.29%	7.08%	-
Industry Paid-Up Capital	15.9	11.7	9	20.89%

Hibret Insurance S.C. Paid-Up Capital	1.34	1.07	0.84	16.85%
Hibret Market Share (%)	8.43%	9.15%	9.33%	-
Industry Profit Before Tax (NIBT)	8.3	6.9	4.1	26.50%
Hibret Insurance S.C. Profit Before Tax	1.01	0.57	0.38	38.80%
Hibret Market Share (%)	12.17%	8.26%	9.27%	-

The figures presented in the table above underscore Hibret Insurance S.C.'s strong positioning and exceptional profitability within the Ethiopian insurance industry. While the industry's total GWP reached ETB 41.1 billion by June 2025, Hibret has consistently grown its premium mobilization, reaching ETB 2.75 billion. Notably, Hibret's profit growth has significantly outpaced the industry aggregate; the Company's profit before tax surged to ETB 1.01 billion in 2025, accounting for a remarkable 12.17 percent of the entire industry's pre-tax earnings. This disproportionately high profit share reflects the Company's superior underwriting discipline, characterized by an improved corporate loss ratio and a high-yield investment strategy.

Furthermore, Hibret has maintained a solid capital foundation, with its paid-up capital of ETB 1.34 billion in June 2025 (1.5 billion as of the date of the prospectus) representing over 8.4 percent of the industry total. The Company's assets also represent 7.11 percent of the sector's ETB 84.9 billion asset base. This strong financial position is supported by an operational network of 77 branches, which allows the Company to effectively capture market share in both urban and emerging regional corridors. As the sector moves toward a more competitive and liberalized phase, Hibret's mix of robust capital, technical expertise, and pioneering Islamic and life products provides a significant competitive advantage.

Principal competitive dynamics in the Ethiopian insurance market include:

- Aggressive premium rating including undercutting, especially in price-sensitive classes such as motor currently minimum premium rate directive has been implemented by NBE.
- Considerable product homogeneity in core covers, with differentiation increasingly derived from superior service quality, claims processing efficiency, and innovative add-on features.
- Aggressive geographic expansion through the establishment of new branches and contact offices in regional cities and emerging economic zones.
- Substantial investments by leading insurers in digital transformation, modern core insurance systems, and customer-centric technologies; and
- Expanding use of alternative distribution models, including brokerage networks, and digital/online platforms.

Despite these competitive challenges, Hibret Insurance S.C. is confident that its robust financial foundation, nationwide accessibility, established reputation for reliable and timely claims settlement, and continued technological modernization afford the Company a durable competitive edge, well positioning it to achieve ongoing market share expansion across both mature and high-potential growth segments.

Revenue Breakdown by Operating Segment and Geographic Market

The Company's revenue is primarily generated from two core operating segments: General (Non-Life) Insurance and Long-Term (Life) Insurance, including the Takaful Window. Over the review period, revenue has demonstrated strong growth driven by expansion in motor, fire, engineering, and specialty lines, as well as increasing penetration in life and takaful products.

I. Operating Segment Revenue

The General Insurance segment remains the dominant contributor to total revenue, accounting for the majority of Gross Written Premium across all reporting periods. Gross premiums increased from ETB 1,353,271,888.42 in FY2022/23 to ETB 1,729,776,329.34 in FY2023/24 and further to ETB 2,579,324,900.90 in FY2024/25. This growth was primarily driven by Motor Insurance, Fire & General Accident, Engineering, and Marine classes, reflecting both increased policy volumes and rising insured values.

The Long-Term (Life) Insurance segment also contributed steadily, with Gross Written Premium increasing from ETB 153,936,665.55 in FY2022/23 to ETB 232,389,957.46 in FY2023/24, before moderating to ETB 141,892,925.33 in FY2024/25, reflecting fluctuations in certain group life and travel-related products while core life and medical products remained stable.

The Takaful Window generated Gross Written Contributions of ETB 31,918,330.97 in FY2024/25, reflecting its early-stage development and growing market penetration.

II. Geographic Market Revenue Distribution (FY2024/25)

The Company's revenue is geographically diversified but remains highly concentrated in Addis Ababa, which serves as the primary commercial hub.

Region / City	Estimated Contribution (ETB)	Share / Status
Addis Ababa	2.17 billion	Dominant share of total production
Oromia Region	134.5 million	Major regional contributor
Amhara Region	82.8 million	Key regional contributor

Sidama Region	14.4 million	Emerging contributor
Dire Dawa	14.1 million	Emerging contributor
Other Regions *(Harari, Afar, Tigray, South Ethiopia, South West Ethioia)*	*Not specified individually*	Smaller, collectively steadily growing share

Across all regions, the Company operates through a nationwide branch network, with 77 branches in FY2024/25, ensuring broad market coverage and supporting gradual regional diversification in premium generation.

Overall, the Company's revenue structure reflects a dual concentration pattern: strong dominance of General Insurance in total earnings, and significant geographic concentration in Addis Ababa, complemented by steadily growing regional contributions. This structure is consistent with a mature but expanding insurer in an emerging market, with clear potential for continued diversification across both product and geographic dimensions.

2.5. Regulatory Environment

Hibret Insurance S.C., as a share Company incorporated under the Commercial Code of Ethiopia, operates principally under the supervision of the National Bank of Ethiopia (NBE) for all insurance activities. The NBE regulates licensing, solvency, governance, financial reporting, product approvals, market conduct, and reinsurance pursuant to Insurance Business Proclamation No. 746/2012 (as amended by No. 1163/2019) and related NBE directives.

In preparation for participating in the Over-the-Counter Market, the Company will additionally comply with the Ethiopian Capital Market Authority (ECMA) on securities issuance, public offerings, and disclosure under Capital Markets Proclamation No. 1248/2021.

The Company is subject to anti-money laundering and counter-terrorism financing (AML/CFT) requirements overseen by the Financial Intelligence Service (FIS), with frontline supervision by the NBE, including suspicious transaction reporting and customer due diligence.

Additional obligations arise from:

- Labor Proclamation No. 1156/2019 (as amended) on employee rights and relations;
- Financial Consumer Protection Directive No. FCP/01/2020 and general consumer safeguards under Trade Competition and Consumer Protection Proclamation No. 813/2013.

- Tax compliance under the Ministry of Revenues.

The Company's business activities are thus governed by a combination of the above proclamations, the Commercial Code, and directives from the NBE, ECMA (for capital markets), FIS (AML/CFT), and relevant cross-sectoral authorities. The following table details the primary legislation and key Directives applicable to Insurance Companies in Ethiopia:

1. National Bank of Ethiopia Establishment Proclamation No. 1359/2025

The National Bank of Ethiopia Establishment Proclamation Number 1359 of 2025 represents a landmark legislative development in the Ethiopian financial landscape, formally constituting the National Bank of Ethiopia as a sole and highly autonomous central banking authority and financial regulator. This Proclamation provides the regulator with an expansive and comprehensive mandate to ensure the maintenance of a safe, sound, and stable financial system across the Federal Democratic Republic of Ethiopia, extending its supervisory reach to all financial institutions, including insurance and reinsurance companies. Under this legislative framework, the National Bank of Ethiopia is granted extensive powers to initiate and enforce binding directives that govern the operational and financial behavior of market participants, conduct rigorous on-site and off-site inspections without prior notice, and implement swift enforcement actions to mitigate systemic risks that could threaten national economic stability. Furthermore, the Proclamation mandates that the regulator consistently monitor critical financial health and safety indicators, with a specific focus on capital adequacy, solvency margins, and institutional liquidity to ensure that the public interest and policyholder funds remain protected at all times.

The National Bank of Ethiopia Establishment Proclamation serves as the primary and non-negotiable source of regulatory authority over the daily operations of Hibret Insurance

S.C. effectively subjecting the Company to an environment of continuous compliance and exhaustive reporting. It creates a framework where Hibret Insurance S.C. must remain prepared for sudden and detailed inspections designed to verify the Company's financial integrity, the accuracy of its technical provisions, and its adherence to prudential standards. The recent strategic shifts enacted by the regulator under the powers provided by this Proclamation, most notably the historic transition to an interest-rate-based monetary policy and the implementation of a market-determined exchange rate regime in July 2024, have profound implications for the Company's strategic direction. These macroeconomic reforms directly influence Hibret's investment portfolio strategy by altering the yield environment for fixed-income assets and fundamentally impact the valuation of its foreign exchange-denominated obligations and reinsurance settlements. Consequently, the Proclamation necessitates that Hibret maintains a sophisticated risk management apparatus to navigate a more volatile and market-driven financial ecosystem while ensuring that its capital base remains resilient under the regulator's evolving stability mandates.

2. Insurance Business Proclamation No. 746/2012 (as amended by Proclamation No. 1163/2019):

The Insurance Business Proclamation Number 746 of 2012, as amended by the Insurance Business (Amendment) Proclamation Number 1163 of 2019, constitutes the specialized and comprehensive "constitution" for the insurance sector within the Federal Democratic Republic of Ethiopia. This extensive legal framework governs the entire operational lifecycle of an insurance entity, establishing rigorous standards for the licensing and supervision of composite, life, and general insurance businesses. The legislation provides the regulatory basis for maintaining the integrity of

the financial system by setting detailed requirements for technical provisions, statutory deposits, and the legal parameters for complex reinsurance transactions. The 2019 amendment represents a significant leap in regulatory maturity, as it notably modernized corporate governance requirements and expanded the National Bank of Ethiopia's supervisory toolkit to transition toward a proactive, risk-based oversight model. Furthermore, the Proclamation defines the parameters for mandatory insurance classes and vests the regulator with the specific power to approve insurance products and associated tariffs, a mechanism intended to prevent destructive price undercutting and anchor the stability of the broader market.

For Hibret Insurance S.C., this Proclamation serves as its foundational operational license and the primary legal authority that defines the boundaries of its professional activity. The legislation compels the Company to maintain rigorous solvency margins and technical reserves, providing a continuous legal mandate to ensure that every policyholder's claim is backed by high-quality, verified assets. Compliance with the detailed provisions of this Proclamation is an absolute prerequisite for Hibret Insurance S.C.'s continued legal existence and institutional standing. The framework directly shapes the internal architecture of the Company, influencing how it structures its diverse product portfolio, manages its extensive branch network, and negotiates its international reinsurance treaties. By adhering to these standards, the Company demonstrates its commitment to risk-based management and financial transparency, ensuring that its growth remains sustainable under the regulator's evolving standards for capital integrity and market conduct.

3. Commercial Code of Ethiopia Proclamation No. 1243/2021(as amended)

The Commercial Code of Ethiopia Proclamation Number 1243 of 2021 serves as the comprehensive legal foundation for commercial activities within the country, having been modernized to balance the interests of investors and traders while improving global competitiveness. This modernized legislation defines the legal parameters for business organizations and provides the framework for corporate governance, including the specific rules for share companies. It establishes rigorous standards for fiduciary conduct, mandating that directors and managers act with loyalty and independent judgment to promote the long-term success of the company for the benefit of its shareholders. Furthermore, the code introduces robust protections for minority shareholders, such as the right to access additional information necessary for decision-making and the ability to challenge resolutions that violate the law or the company's memorandum of association. It also dictates strict capital management practices, requiring companies to maintain a legal reserve fund by transferring five percent of net profits annually and prohibiting the distribution of fictitious dividends that are not based on actual profits.

The provisions of the Commercial Code are directly relevant to Hibret Insurance because they provide the legal bedrock for its corporate existence and internal governance as a share company. In the context of the current rights issue, the code governs the authority of the board to increase capital while specifically preserving the preferred right of subscription, which allows existing shareholders to purchase new shares in proportion to their current holdings. The code's mandate for the appointment of a company secretary is essential for Hibret to ensure the legal integrity of its board resolutions and shareholder meetings, particularly as it prepares to participate in the Over-the-Counter Market.

Directors are held jointly and severally liable for damages caused by gross negligence or breach of trust, which provides a significant legal incentive for professional prudence in managing the company's capital. Additionally, the enshrined right to information allows shareholders to inspect

financial documents and auditor reports, which fosters institutional transparency and trust between Hibret and its investors. Finally, the code's rules on legal reserves and profit recognition safeguard the company's solvency, ensuring that dividends are backed by actual economic performance rather than unrealized gains.

4. Capital Market Proclamation No. 1248/2021 & ECMA Directive 1030/2024 on Public Offer and Registration of Securities

The Capital Market Proclamation Number 1248 of 2021, in conjunction with the Ethiopian Capital Market Authority (ECMA) Directive Number 1030 of 2024 on the Public Offer and Registration of Securities, represents the definitive legal framework for the modernization of Ethiopia's financial architecture. This Proclamation formally established the ECMA as the apex regulatory body with an autonomous mandate to oversee the issuance, registration, and subsequent trading of securities across the nation. Directive 1030/2024 serves as the critical operational instrument that specifically regulates the technical process of public offerings, mandating that no security can be offered to the public or traded on a licensed exchange without first being registered with the Authority. The Directive imposes rigorous eligibility criteria for issuers and enforces high-caliber transparency standards through the mandatory publication of a comprehensive prospectus that must disclose all material facts relevant to an investor's decision. By providing this structured environment, the regulation aims to safeguard the interests of both retail and institutional investors while facilitating the development of an orderly, fair, and efficient secondary market. The application of the Capital Market Proclamation and Directive 1030/2024 is fundamentally transformative for Hibret Insurance S.C., as it facilitates the Company's strategic transition from a privately-held share company into a "Publicly Held" entity. This legislative shift imposes a new and highly rigorous tier of ongoing disclosure obligations that extend far beyond traditional insurance reporting requirements. As the Company prepares for its eventual participation in the Over-the-Counter Market, it is legally required to maintain a permanent and transparent reporting relationship with the ECMA to ensure the market remains informed of any material developments, financial results, or changes in corporate governance. The preparation of this Prospectus is a direct consequence of these mandates, serving as the primary vehicle for achieving compliance with the Authority's registration statement requirements and demonstrating the Company's institutional readiness for a public interest environment. Ultimately, these regulations afford Hibret Insurance S.C. the opportunity to tap into a broader capital pool while ensuring its internal processes are aligned with international capital market best practices.

5. Dematerialization of Publicly Offered Securities Directive No. 1047/2025

The Dematerialization of Publicly Offered Securities Directive Number 1047 of 2025 serves as a cornerstone of Ethiopia's financial modernization, mandating a total transition from antiquated paper-based share certificates to a secure, transparent, and efficient electronic book-entry system. This regulatory framework requires that all publicly offered and traded securities be registered with and held exclusively by a Central Securities Depository (CSD), which then serves as the authoritative source of ownership records. The Directive provides a comprehensive procedural roadmap for the migration of sensitive shareholder data, the mandatory reconciliation of existing issuer registers, and the structured opening of electronic securities holder accounts. By establishing the legal nature of dematerialized securities as valid and enforceable financial instruments, the Directive ensures that transfer of ownership occurs through instantaneous electronic book entries rather than physical exchange, thereby aligning the domestic market with international best

practices and enhancing overall investor confidence. For Hibret Insurance S.C., the enforcement of Directive 1047/2025 necessitates a fundamental overhaul of its equity administration, as all physical share certificates previously issued by the Company will cease to be valid proof of ownership for trading or settlement purposes upon the declared dematerialization date. The Company is legally compelled to undertake an exhaustive reconciliation of its shareholder registry to capture precise details of all securities holders, their unique identifiers, and any specific interests such as pledged holdings. Following this reconciliation, Hibret must migrate its entire data set to the CSD Issuers Account, effectively becoming a temporary safekeeping agent until individual securities are credited to the specific electronic accounts of shareholders. This shift modernizes Hibret's internal administration by replacing manual processes with high-integrity electronic records, which drastically mitigates the risks associated with certificate loss or forgery. Furthermore, this transition is a vital prerequisite for the Company's strategic goals, as only dematerialized shares can be traded in real-time on the Ethiopian Securities Exchange (ESX), providing shareholders with unprecedented liquidity and transparent market valuation.

Financial Reporting Proclamation No. 847/2014

The Financial Reporting Proclamation Number 847 of 2014 serves as the statutory cornerstone for financial transparency and accountability in Ethiopia, mandating the uniform adoption of International Financial Reporting Standards (IFRS) across all publicly accountable entities and designated "Public Interest Entities," a category that explicitly encompasses all licensed insurance companies. This Proclamation established a centralized oversight regime led by the Accounting and Auditing Board of Ethiopia (AABE), which is vested with the authority to regulate the accounting and auditing profession and ensure that financial statements are prepared with the highest degree of technical integrity. By aligning the domestic reporting framework with global benchmarks, the Proclamation aims to enhance the reliability of financial disclosures, thereby bolstering investor confidence, attracting foreign direct investment, and supporting the overarching goal of national financial stability. The legislation further mandates that these entities undergo rigorous external audits by licensed professionals who are duty-bound to report material irregularities, ensuring that the reported financial positions are an accurate reflection of economic reality. For Hibret Insurance S.C., the enforcement of Proclamation 847/2014 necessitates the continuous preparation of its annual financial statements in strict and full compliance with IFRS, a requirement that is fundamental to its institutional credibility and its strategic objective of participating in the Over-the-Counter Market on the Ethiopian Securities Exchange. This compliance mandate currently involves a complex and technical transition to IFRS 17 (Insurance Contracts), a specialized standard that fundamentally redefines the Company's methodology for calculating insurance liabilities, recognizing premium revenue, and reporting periodic profit. This transition requires a comprehensive overhaul of the Company's actuarial modeling, data management systems, and internal control environments to meet the sophisticated disclosure requirements of the standard. By adhering to this rigorous framework, Hibret Insurance S.C. ensures that its financial performance and capital strength are measured against international standards, providing the necessary clarity and assurance to global investors and international reinsurers. Ultimately, compliance with this Proclamation safeguards the interests of shareholders by providing a transparent view of the Company's value creation and risk-adjusted profitability within an increasingly competitive financial ecosystem.

6. Minimum Paid-Up Capital for Insurance Companies Directive No. SIB/57/2022

The Minimum Paid-Up Capital for Insurance Companies Directive Number SIB/57/2022 represents a decisive regulatory intervention by the National Bank of Ethiopia to strengthen the financial resilience and underwriting capacity of the domestic insurance sector. By raising the capital entry barriers, the Directive establishes new minimum thresholds of ETB 500 million for composite insurers, ETB 400 million for those engaged solely in general insurance, and ETB 100 million for life insurance specialists. This legislative framework is designed to consolidate the industry by ensuring that only well-capitalized entities can participate in the market, thereby enhancing policyholder protection and systemic stability. To facilitate an orderly transition, the National Bank of Ethiopia has provided a structured compliance period, mandating that all existing insurance companies meet these intensified capital requirements by the deadline of June 2027. This move aligns with the regulator's broader strategy of transitioning toward a risk-based capital supervision model, where an institution's capital must be commensurate with the scale and complexity of the risks it assumes.

For Hibret Insurance S.C., the enforcement of Directive SIB/57/2022 serves to highlight its position as a market leader with superior financial depth, as its paid-up capital as of the last audited financials stands at ETB 1.34 billion that is above the ETB 500 million requirement for composite insurers. This substantial capital base affords the Company a dominant competitive advantage, providing a robust solvency buffer that far exceeds the minimum regulatory floor and allows for the seamless absorption of large-scale technical risks. While many mid-tier and smaller competitors are compelled to focus their resources on aggressive capital-raising activities or potential mergers to meet the 2027 deadline, Hibret Insurance S.C. is positioned to deploy its existing capital strategically to underwrite more complex industrial, engineering, and specialized risks. This financial strength not only bolsters the Company's institutional reputation among corporate and international clients but also ensures that it remains a stable and high-performing entity capable of driving innovation in the Ethiopian insurance market. Consequently, Hibret is well-placed to capture high-margin opportunities and expand its market share while maintaining a disciplined approach to risk-adjusted value creation for its shareholders.

7. Insurance Corporate Governance (1st Replacement) Directive No. SIB/48/2019 & Limits on Board Remuneration & Number of Employees on the Board (As Amended) Directive No. SIB/46/2018

The Insurance Corporate Governance (1st Replacement) Directive Number SIB/48/2019, in conjunction with the Limits on Board Remuneration and Number of Employees on the Board (As Amended) Directive Number SIB/46/2018, establishes a comprehensive and rigorous regulatory framework designed to ensure the prudent management of insurance institutions across Ethiopia. This legislative suite introduces a robust "Accountability Regime" that fundamentally separates the strategic oversight responsibilities of the Board of Directors from the day-to-day operational execution led by Senior Management. The directives provide exhaustive rules regarding Board composition, including mandatory "fit-and-proper" criteria that scrutinize the educational background, professional skills, and moral integrity of potential directors. Furthermore, the framework mandates the adoption of a formal Board Charter and the establishment of specialized sub-committees-such as Audit, Risk, and Remuneration-to institutionalize effective internal controls and succession planning. By imposing strict board remuneration caps and limiting the number of employees permitted to serve on the Board, the directives mitigate potential conflicts

of interest and ensure that the ultimate governing body remains independent and focused on the long-term stability of the firm.

The enforcement of these governance directives is of paramount relevance to Hibret Insurance S.C., as it serves as the primary legal instrument shaping the Company's institutional integrity and overall corporate governance framework. For Hibret Insurance S.C., this regulatory environment ensures that the Board of Directors is held directly and transparently accountable for the Company's risk appetite, financial performance, and adherence to international standards of ethical conduct. Prudent governance is a foundational cornerstone of investor trust, and by strictly adhering to these mandates, Hibret Insurance S.C. demonstrates to potential shareholders that its leadership is composed of qualified professionals who meet high-caliber standards of skill and ethics. This "Accountability Regime" reduces the likelihood of managerial failure and ensures that strategic decisions are balanced against the interests of all key stakeholders. Ultimately, these directives empower Hibret Insurance S.C. to build a sustainable and resilient institutional culture that is well-positioned to navigate the complexities of a modernizing and increasingly competitive financial sector.

8. Risk Based Internal Audit Directive No. SIB/55/2022, Insurance and Reinsurance Business Fraud Monitoring Directive No. SIB/39/2014, Manner of Reporting Quarterly and Annual Returns Directive No. SIB/38/2014, Margin of Solvency Directive No. SIB/45/2016

The Margin of Solvency Directive Number SIB/45/2016 constitutes a specialized technical framework established by the National Bank of Ethiopia to ensure the long-term financial viability and claim-paying ability of insurance institutions. This directive prescribes a rigorous mathematical formula for determining an insurer's solvency margin, which represents the mandatory buffer by which an institution's admitted assets must exceed its total technical liabilities. As a primary prudential supervision tool, the directive is designed to verify that insurance companies maintain a sufficient capital cushion to meet all outstanding and potential obligations to policyholders, even when confronted with adverse economic cycles or extraordinary loss events. By defining "admitted assets" and "technical provisions," the regulator enforces a conservative valuation of the balance sheet, effectively preventing insurers from overstating their financial strength through illiquid or high-risk investments.

The enforcement of the Margin of Solvency Directive is of critical operational relevance to Hibret Insurance S.C., as it necessitates the quarterly calculation and formal reporting of its solvency position to the National Bank of Ethiopia. As Hibret Insurance S.C. aggressively expands its premium mobilization and broadens its risk portfolio, this directive mandates that the Company must proportionally augment its capital base and admitted asset pool to remain in full regulatory compliance. This requirement serves to institutionalize a high degree of underwriting discipline, ensuring that Hibret Insurance

S.C. does not over-extend its risk appetite relative to its underlying capital resources. For investors, the Company's consistent adherence to these solvency margins provides an objective measure of financial resilience and guarantees that the capital raised through this offering will be deployed within a safe and sound technical framework.

The Manner of Reporting Quarterly and Annual Returns Directive Number SIB/38/2014 serves as the definitive instrument for standardizing the financial reporting and transparency framework within the Ethiopian insurance industry. This directive prescribes an exhaustive set of standardized

formats, schedules, and accounting notes that all licensed insurers are legally required to utilize when submitting their periodic performance data to the National Bank of Ethiopia. By mandating a uniform reporting language, the directive enables the regulator to conduct precise comparative analyses and ensures that financial disclosures are consistent, accurate, and easily interpretable. The framework is designed to eliminate information asymmetry between the market and the regulator, providing a granular view of an institution's operational health and financial position at any given time.

Compliance with Directive Number SIB/38/2014 is a strict condition of Hibret Insurance S.C.'s operational license and governs the entire architecture of its communication with the financial regulator. The mandate for accurate and timely reporting ensures that the National Bank of Ethiopia can perform effective "off-site surveillance" to monitor institutional health through the analysis of key performance indicators, including claims ratios, expense ratios, and investment yields. For Hibret Insurance S.C., this regulatory transparency facilitates the early identification of emerging technical or financial risks before they can escalate into systemic challenges. Furthermore, the standardized reporting requirements ensure that Hibret Insurance S.C.'s financial disclosures to its shareholders are of the highest integrity, reinforcing institutional trust and demonstrating the Company's commitment to modern corporate transparency standards.

The Risk Based Internal Audit Directive Number SIB/55/2022 represents a transformative modernization of the internal control and governance environment for the insurance sector. This directive mandates a fundamental shift in the function of internal audit departments, moving them away from traditional, retrospective "compliance-checking" toward a forward-looking, "Risk-Based" methodology. Under this modern framework, the internal audit function is required to independently and systematically assess the most significant technical, operational, and financial risks facing the institution. Auditors must provide the Board of Directors with regular, objective, and evidence-based reports regarding the adequacy and effectiveness of management's internal controls and risk mitigation strategies. This directive aims to integrate the audit process into the broader risk management framework of the firm, ensuring that institutional oversight is both proactive and strategic.

The implementation of Directive Number SIB/55/2022 is of profound strategic relevance to Hibret Insurance S.C., as it fundamentally repositions the internal audit team as a vital strategic partner to the Board of Directors. The directive compels Hibret Insurance S.C. to proactively identify and address potential vulnerabilities within its rapidly expanding digital service infrastructure and its specialized Barakah Takaful window operations. By institutionalizing a risk-based approach, the Company ensures that its ambitious growth targets are consistently matched by commensurate and robust internal control systems. This framework enhances Hibret Insurance S.C.'s institutional resilience by fostering a culture of continuous improvement and risk awareness, providing shareholders with the assurance that the Company's assets are protected by a modern and technically sophisticated oversight apparatus.

9. Amendment to Investment of Insurance Funds Directive No. SIB/52/2020

The Amendment to Investment of Insurance Funds Directive No. SIB/52/2020 constitutes a vital regulatory framework established by the National Bank of Ethiopia to govern the deployment of financial resources mobilized by insurance companies. This directive recognizes that while insurers seek to maximize profits through income-earning assets, they must strictly adhere to principles of financial risk management, diversification, liquidity, and safety to avoid endangering

institutional solvency. The regulation provides a rigorous definition of "Total Assets," specifically excluding non-admitted items such as receivables past due for one year, deferred expenses, intangible assets like goodwill, and preliminary formation expenses. By setting explicit limits on permissible investment instruments-including government securities, bank deposits, company shares, and real estate-the NBE ensures that the technical reserves of an insurer remain liquid and accessible for the timely settlement of policyholder claims. Furthermore, the directive introduces mandatory minimum provisioning requirements for outstanding trade debtors, particularly for premiums due from government organs that remain unpaid for more than ninety days, thereby enforcing a conservative and transparent valuation of the balance sheet.

The enforcement of Directive No. SIB/52/2020 is of fundamental strategic and operational relevance to Hibret Insurance S.C., as it defines the precise concentration limits and admissible asset criteria for both its technical reserves and shareholders' funds. For its General Insurance business, Hibret is mandated to maintain at least 60% of its total assets in Treasury Bills and bank deposits, while ensuring that its exposure to any single bank does not exceed 15% of its total assets. For the Long-term (Life) business, the Company must keep at least 50% of its assets in Treasury Bills, bonds, or bank deposits. These mandates compel Hibret to maintain a high-liquidity profile, curbing over-concentration in illiquid sectors such as real estate, which is capped at 10% for general funds and 25% for long-term funds. By adhering to these diversification requirements, Hibret Insurance

S.C. protects its capital base from market volatility and ensures it possesses the necessary liquid resources to meet its obligations under both ordinary and catastrophic scenarios. This disciplined investment environment provides shareholders with the assurance that the Company's value is anchored in high-quality, regulatory-compliant assets that support sustainable, long-term growth.

10. Amendment to Manner and Criteria of Transacting Reinsurance Directive No. SIB/53/2020, Prohibition of Issuance of Certain Types of Bonds by Insurance Companies (1st Amendment) Directive No. SIB/51/2020, Statutory Deposit Directive No. SIB/50/2020, Requirements for Licensing and License Renewal of Insurance Business Directive No. SIB/33/2013, Motor Insurance Minimum Premium Rate Directive No. SIB/60/2023, Requirements for Information Technology (IT) Management Directive No. SIB/56/2022

The Requirements for Information Technology (IT) Management Directive No. SIB/56/2022 represents a critical regulatory response to the rapid expansion of digital financial services in Ethiopia, mandating that all insurers maintain robust and standardized technological frameworks. This directive requires comprehensive automation of core insurance processes, including underwriting, claims management, and policy administration, while imposing stringent cybersecurity protocols to protect the integrity of the financial system. A key sovereignty and security requirement within the directive is the mandate that all core insurance data must be processed and stored within disaster recovery sites located geographically within Ethiopia. Furthermore, it requires the establishment of IT governance structures that ensure senior management and the Board of Directors provide effective oversight of technology-related risks.

The implementation of Directive No. SIB/56/2022 is of profound relevance to Hibret Insurance S.C., as digital transformation is a central pillar of the Company's strategic growth plan. This directive ensures that Hibret's significant investments in its modern Core Insurance System and various digital service channels meet national standards for data security, operational resilience,

and customer protection. As transaction values in the Ethiopian insurance sector surge, this regulatory framework protects Hibret from the rising threat of cyber-attacks and digital fraud. By adhering to these standards, the Company enhances its institutional resilience and provides policyholders with the assurance that their sensitive financial and personal data is secured by world-class, regulatory-verified technical controls.

The Amendment to Manner and Criteria of Transacting Reinsurance Directive No. SIB/53/2020 defines reinsurance as a vital risk management tool essential for reducing the volatility of insurance risks, stabilizing financial results, and protecting institutional solvency. The directive requires every insurance company to maintain a sound, Board-approved reinsurance risk management policy that integrates with its overall enterprise risk framework. It establishes strict prudential limits on risk retention, mandating that per-risk gross retention for any line of business must fall between 5% and 10% of an insurer's total capital and reserves. Additionally, the directive enforces a Compulsory Cession, requiring insurers to cede at least 25% of their treaty business and 5% of every policy underwritten to a locally licensed reinsurance company. To mitigate counter-party risk, insurers are generally required to conclude agreements with lead reinsurers holding a minimum credit rating of "A-" or its equivalent.

Directive No. SIB/53/2020 is fundamental to the technical operations of Hibret Insurance S.C., as it dictates the Company's risk-sharing strategy and limits its exposure to single-event losses. The regulation ensures that Hibret is adequately protected against "Large and Catastrophic Exposures" by mandating partnerships with highly-rated international lead reinsurers. Compliance with this directive allows Hibret to optimize its retention levels to maximize profitability while fulfilling its legal obligation to support the domestic reinsurance industry. This disciplined approach to reinsurance ensures that Hibret maintains the underwriting capacity necessary to serve major corporate and industrial clients without jeopardizing its capital base.

The Motor Insurance Minimum Premium Rate Directive No. SIB/60/2023 was issued by the National Bank of Ethiopia to terminate unwarranted premium undercutting and ensure that premium rates remain adequate, fair, and commensurate with the risks proposed. This directive established a mandatory flat minimum premium rate for "Own Damage" motor insurance across all vehicle categories, ranging from 1.01% for private vehicles to 2.86% for certain public service vehicles. The regulation explicitly prohibits any alterations or rebates that bring the rate below these prescribed levels and imposes a strict penalty of Birr 25,000 for each breach. By setting this regulatory floor, the NBE aims to maintain the stability of the insurance industry and protect the long-term interests of policyholders by ensuring insurers remain sufficiently funded to settle claims.

As motor insurance constitutes Hibret's largest business portfolio, Directive No. SIB/60/2023 is of significant strategic importance to the Company's bottom line. By establishing a price floor, the directive protects Hibret's margins from irrational price competition and market volatility. It ensures that the Company receives adequate premium income to cover the escalating costs of vehicle spare parts and labor, which are major drivers of claims inflation. This regulatory environment supports Hibret's ability to generate consistent underwriting profits from its motor segment, which in turn strengthens its overall solvency position and enhances its capacity to deliver sustainable value to its shareholders.

Statutory Deposit Directive No. SIB/50/2020 serves as a vital prudential safeguard for the protection of policyholder interests. It requires every insurance and reinsurance company to

deposit and maintain with the National Bank of Ethiopia an amount equal to 15% of its paid-up capital for each main class of insurance business it is licensed to carry out. This deposit must be maintained in either cash or high-quality government securities. These funds remain blocked and serve as a final layer of security to ensure that the Company can meet its long-term obligations to the public.

For Hibret Insurance S.C., compliance with Directive No. SIB/50/2020 is a continuous licensing requirement that reflects the Company's commitment to financial safety. As Hibret has aggressively increased its paid-up capital to over ETB 1.34 billion, its statutory deposit with the NBE has proportionally increased, demonstrating a massive and secure asset base dedicated to policyholder protection. This directive ensures that a significant portion of Hibret's capital is held in low-risk, liquid instruments, reinforcing the Company's reputation as a safe and reliable insurer in the Ethiopian market.

The Prohibition of Issuance of Certain Types of Bonds by Insurance Companies Directive No. SIB/51/2020 regulates the type of financial guarantees that insurers are permitted to provide. While insurance companies are generally restricted from issuing certain types of unconditional bonds to manage liquidity and systemic risk, this amendment grants the National Bank of Ethiopia the authority to allow the issuance of such bonds on a case-by-case basis when deemed necessary. This allows the regulator to balance the need for institutional safety with the requirement for insurance companies to support major economic activities.

This directive is highly relevant to Hibret's commercial and engineering insurance segments, where clients often require various forms of performance and financial bonds for large-scale projects. Compliance with Directive No. SIB/51/2020 ensures that Hibret's bond-issuing activities are conducted within a safe regulatory framework, preventing the Company from assuming excessive "on-demand" financial liabilities that could disrupt its cash flow. It empowers Hibret to participate in high-value national infrastructure projects with the formal approval of the NBE, aligning the Company's growth with Ethiopia's broader economic development goals.

The Requirements for Licensing and License Renewal of Insurance Business Directive No. SIB/33/2013 establishes the core conditions under which an insurer may operate in Ethiopia. It mandates that all insurers and their auxiliaries, including brokers and agents, must maintain valid licenses and undergo a rigorous annual renewal process. The directive sets out the "fit and proper" criteria for major shareholders, directors, and executive management, ensuring that the Company is owned and managed by individuals of high integrity and professional competence.

Hibret Insurance S.C. operates in strict adherence to this directive, ensuring that its operational license is renewed annually through the timely submission of audited financial statements and compliance reports. This regulation ensures that Hibret's 77-branch network and its vast distribution network of agents and brokers meet national standards for professional conduct. For investors, this directive provides the assurance that Hibret is an institutionally sound organization that consistently meets the NBE's high barriers to entry and operational standards.

11. Financial Consumer Protection Directive No. FCP-01/2020

The Financial Consumer Protection Directive Number FCP-01/2020 represents a transformative shift in the Ethiopian financial landscape, moving toward a more transparent, accountable, and customer-centric insurance market. Issued by the National Bank of Ethiopia, this Directive

establishes a comprehensive framework designed to safeguard the rights of consumers and ensure they are treated fairly throughout their engagement with financial institutions. It mandates rigorous standards for transparency and disclosure, requiring that complex insurance terms be simplified into a standardized "Key Facts Statement" to ensure consumers can make informed decisions. Beyond disclosure, the Directive enforces strict operational benchmarks for market conduct, most notably the requirement for insurers to maintain effective internal grievance mechanisms and the specific performance target of resolving 90% of all consumer complaints within a maximum of 10 working days. It also prohibits unfair business practices, such as aggressive or misleading sales tactics, and ensures that policyholders have clear avenues for appeal through the National Bank of Ethiopia if they are dissatisfied with an insurer's resolution.

The implementation of Directive Number FCP-01/2020 is of critical strategic importance to Hibret Insurance S.C., as it fundamentally shapes the Company's interaction with its growing policyholder base. Hibret has integrated these high standards directly into its customer service charter, ensuring that all policy wordings are audited for clarity and that communication channels are optimized for transparency. By proactively utilizing the "Key Facts Statements" and adhering to the mandated 10-day complaint resolution timeline, Hibret minimizes the risk of costly legal disputes and regulatory sanctions while building a powerful foundation of brand loyalty and public trust. Compliance with this Directive serves as a vital indicator in the National Bank of Ethiopia's ongoing "Market Conduct" assessment of the Company. For Hibret Insurance S.C., this regulatory framework is not merely a compliance burden but a strategic enabler that allows the Company to differentiate itself in a competitive market through superior service delivery and institutional integrity

12. Anti-Money Laundering & Combating Financing of Terrorism Proclamation No. 780/2013

The Prevention and Suppression of Money Laundering and Financing of Terrorism Proclamation No. 780/2013 constitutes the definitive legal framework for Ethiopia's fight against financial crime and is a critical component of the national security architecture. This Proclamation mandates that all financial institutions, including insurance and reinsurance companies, adopt a comprehensive, risk-based approach to preventing the illicit flow of funds. It establishes the Financial Intelligence Service (FIS) as the primary oversight authority, vested with the power to receive, analyze, and disseminate information concerning suspicious transactions. Under this Proclamation, insurers are legally required to perform rigorous Customer Due Diligence (CDD), which involves not only identifying the primary policyholder but also looking through corporate structures to identify the "Beneficial Owners"-the natural persons who ultimately own or control the client. The legislation also imposes strict requirements for ongoing transaction monitoring, the maintenance of high-standard Know Your Customer (KYC) profiles for at least ten years, and the mandatory filing of Suspicious Transaction Reports (STRs) whenever there are reasonable grounds to suspect that funds are the proceeds of crime or linked to terrorism.

The implementation of Proclamation No. 780/2013 is of profound strategic relevance to Hibret Insurance S.C., given its standing as a major composite insurer handling high-value commercial premiums across diverse sectors. For Hibret, compliance with this regulatory framework requires the institutionalization of robust onboarding and monitoring systems, particularly for its cross-border marine, aviation, and engineering portfolios, where large-scale financial transfers are frequent. Failure to adhere to these AML/CFT mandates would not only invite severe administrative penalties and criminal liability for management but would also pose a catastrophic

risk to the Company's institutional reputation. In the globalized insurance market, strict compliance is an absolute prerequisite for Hibret to maintain its vital international banking and reinsurance relationships, as global partners require assurance that the Company is not being utilized as a conduit for illicit financial activities. By maintaining a zero-tolerance approach to financial crime and investing in advanced screening technologies, Hibret Insurance S.C. safeguards its operational integrity and ensures it remains a trusted participant in both the domestic and international financial systems.

13. Directive to License a Takaful Operator or Authorize a Takaful Window Operator Directive No. STB/1/2020

The Directive to License a Takaful Operator or Authorize a Takaful Window Operator No. STB/1/2020 constitutes a specialized and highly consequential regulatory framework issued by the National Bank of Ethiopia to formalize the Sharia-compliant insurance sector within the country. This Directive serves as the definitive legal blueprint for the operation of Takaful, an Islamic insurance model based on the principles of mutual assistance and joint risk-sharing rather than conventional risk transfer for profit. It establishes rigorous structural requirements, most notably mandating a strict financial "firewall" between an insurer's conventional insurance funds and the newly created Participants' Takaful Fund (PTF), ensuring that there is no commingling of assets or liabilities. Furthermore, the Directive requires the institutionalization of a robust governance layer through the appointment of an independent Sharia Supervisory Board (SSB). The SSB is vested with the mandatory authority to review and certify that every insurance product, underlying contract, and investment activity remains entirely free from elements prohibited under Islamic law, specifically Riba (usury/interest), Gharar (excessive uncertainty), and Maysir (gambling). By prescribing these standards, the regulation provides the technical and ethical infrastructure necessary to ensure that Takaful services are provided with transparency, fairness, and religious integrity.

The implementation of Directive No. STB/1/2020 is of fundamental strategic importance to Hibret Insurance S.C., as it provides the core enabling framework and ongoing regulatory legitimacy for the Barakah Takaful Window. For Hibret, this Directive facilitates a major strategic pivot into Ethiopia's vast and historically underserved Islamic finance market, allowing the Company to provide innovative, ethical risk-management solutions to a new demographic of Sharia-sensitive clients. The impact on Hibret's internal operations is significant, as it compels the Company to maintain entirely separate accounting systems and distinct governance protocols for the Barakah window. This structural separation ensures that contributions made by Takaful participants are managed under a cooperative model, where any underwriting surplus is returned to the participants rather than retained solely as corporate profit. By strictly adhering to these NBE-mandated fund separation and Sharia oversight rules, Hibret Insurance S.C. provides its Takaful clients with the highest level of institutional assurance that their contributions are handled ethically and in full compliance with their values. Ultimately, this Directive empowers Hibret to diversify its revenue streams and strengthen its market position as a pioneer in inclusive, multi-standard insurance services in Ethiopia.

14. Vehicle Insurance Against Third Party Risks Proclamation No. 799/2013 & Council of Ministers Regulation No. 554/2024 (as amended)

The Vehicle Insurance Against Third Party Risks Proclamation No. 799/2013 and the subsequent Council of Ministers Regulation No. 554/2024 constitute the comprehensive legal framework for

compulsory motor insurance in Ethiopia, prioritizing the social protection of accident victims and the systematic regulation of the motor insurance market. This legislation mandates that no vehicle may be used on any road in Ethiopia unless there is a valid third-party insurance policy in force to cover liability for death, bodily injury, or damage to the property of a third party. The Proclamation establishes the Insurance Fund and provides for the issuance of "Insurance Stickers" as a primary enforcement mechanism, while the recently amended Regulation No. 554/2024 fundamentally modernizes the claims environment by introducing significantly higher compensation scales. These updated scales are designed to align compensation levels with current economic realities, ensuring that victims receive meaningful financial support, while simultaneously standardizing the claims settlement process to reduce legal disputes between insurers and the public.

The enforcement of Proclamation No. 799/2013 and Regulation No. 554/2024 is of critical operational and financial significance to Hibret Insurance S.C., as motor insurance represents the Company's largest and most consistent class of business. As a dominant player in this segment, Hibret plays a vital institutional role in the national social safety net by providing the necessary financial guarantee to compensate thousands of victims annually. While the 2024 Regulation increases the Company's potential liability exposure per accident, this risk is mitigated by the mandatory nature of the cover, which ensures a steady, high-volume flow of premium income into the Company's coffers. Furthermore, this regulatory environment supports the Company's transition toward data-driven underwriting, as the standardization of compensation scales and premium tariffs allows Hibret to better predict its loss ratios and optimize its technical reserves. Ultimately, compliance with these mandates reinforces Hibret's reputation as a reliable and socially responsible insurer, ensuring that its core motor portfolio remains a stable driver of shareholder value even as national compensation standards evolve.

15. Licensing and Supervision of Insurance Intermediaries Directives (consolidated series, e.g., SIB/31/2010, SIB/30/2007, SIB/12/1996 and amendments for agents, brokers, assessors)

The Personal Data Protection Proclamation Number 1321 of 2024 represents Ethiopia's comprehensive legislative effort to regulate the processing of personal data and to safeguard the fundamental right to privacy in an increasingly digital economy. This Proclamation mandates that any data controller or processor must obtain the explicit, informed, and freely given consent of a data subject before collecting or processing their personal information, while also establishing strict principles of purpose limitation and data minimization. It grants individuals extensive rights over their data, including the right to access, rectify, and erase information, and the right to object to automated decision-making processes. Furthermore, the legislation imposes a legal obligation on institutions to implement robust technical and organizational security measures to prevent unauthorized access or data breaches and requires the immediate notification of both the regulatory authority and the affected individuals in the event of a significant security compromise.

For Hibret Insurance S.C., the enforcement of Proclamation 1321/2024 is of critical strategic importance as the Company accelerates its digital transformation and expands its Core Insurance System to handle sensitive medical, financial, and personal data. Hibret is legally compelled to overhaul its data management protocols to ensure that policyholder information is processed with the highest level of confidentiality and that all digital platforms, including mobile applications and cloud-based services, are built with "privacy by design" as a foundational element. Compliance with this law is essential to maintaining institutional trust and avoiding the severe administrative fines and reputational damage that could arise from non-compliance or data mismanagement. By

institutionalizing these privacy standards, Hibret Insurance S.C. not only meets its legal obligations but also strengthens its brand as a secure and reliable financial institution capable of protecting its customers' most sensitive information in the digital age.

The Computer Crime Proclamation Number 958 of 2016, supported by the Information Network Security Agency (INSA) Re-establishment Proclamation Number 808 of 2013 and the Information Technology Products Security Clearance and Control Proclamation Number 1310 of 2023, forms the primary legal defense framework against cyber-enabled threats in Ethiopia. This legislative suite criminalizes unauthorized access to computer systems, data interference, and cyber-terrorism, while providing the state with the necessary investigative powers to combat sophisticated digital crimes. The framework mandates that critical infrastructure providers and financial institutions maintain rigorous cybersecurity standards and undergo security clearance for IT products to ensure that the nation’s digital systems are resilient against both domestic and international threats. INSA is vested with the authority to monitor the national cyberspace and provide technical support to organizations to preemptively detect and mitigate potential cyber-attacks.

Compliance with these cybersecurity and computer crime laws is fundamentally relevant to Hibret Insurance S.C. as it transitions its business operations toward high-volume digital transactions and automated claims processing. These regulations mandate that Hibret implement proactive defense mechanisms within its core insurance systems and report any significant cyber-security incidents to the relevant national authorities immediately. The requirements for security clearance of IT products ensure that any software or hardware integrated into the Company’s network meets national safety benchmarks, thereby reducing the risk of system vulnerabilities or espionage. For Hibret, adhering to these standards is vital to ensuring operational continuity and protecting the Company's financial assets from digital fraud. Ultimately, this regulatory environment provides a secure theater for Hibret to innovate and deploy new digital insurance products with the assurance that its technological infrastructure is aligned with national cyber-defense mandates.

16. Personal Data Protection Proclamation No. 1321/2024 & Computer Crime Proclamation No. 958/2016 (supported by INSA Re-establishment Proclamation No. 808/2013 and Information Technology Products Security Clearance and Control Proclamation No. 1310/2023)

The Personal Data Protection Proclamation No. 1321/2024 serves as a comprehensive legal framework designed to regulate the collection, storage, processing, and transfer of personal information within Ethiopia. By enshrining the fundamental privacy rights of individuals, this Proclamation mandates that any entity acting as a data controller or processor must obtain explicit, informed consent from individuals before handling their data. Furthermore, it establishes strict obligations for "Security of Personal Data," requiring organizations to implement appropriate technical and organizational measures to protect data from unauthorized access, accidental loss, or destruction. A critical component of this legislation is the mandatory breach notification requirement, which compels entities to report any data security compromise to the regulatory authority and, in certain cases, the affected data subjects immediately.

For Hibret Insurance S.C., the enforcement of Proclamation No. 1321/2024 is of paramount importance because the Company serves as a custodian of highly sensitive medical, financial, and personal information for its Life and General insurance policyholders. This legislative mandate requires Hibret to institutionalize world-class data privacy protocols across its entire operational architecture, ensuring that the Company’s strategic shift toward cloud-based core insurance systems and mobile applications does not compromise client confidentiality. Compliance

necessitates a rigorous audit of internal data flows and the implementation of robust encryption and access control mechanisms, thereby mitigating the risk of administrative fines and irreparable reputational damage.

The Computer Crime Proclamation No. 958/2016, supported by the Information Network Security Agency (INSA) Re-establishment Proclamation No. 808/2013 and the Information Technology Products Security Clearance and Control Proclamation No. 1310/2023, forms the primary legal defense framework against cyber-enabled threats in Ethiopia. This collective body of law criminalizes unauthorized system access, data interference, and digital fraud, while vesting INSA with the authority to conduct security clearances for IT products to ensure they meet national security standards. The framework is designed to protect the integrity of critical information infrastructure, particularly within the financial sector, by mandating proactive risk assessments and incident reporting.

Adherence to these cybersecurity and computer crime laws is fundamentally relevant to Hibret Insurance S.C. as it undergoes a rapid digital transformation characterized by high-volume digital transactions and automated claims processing. These regulations mandate that Hibret implement proactive defense mechanisms within its core insurance systems and maintain mandatory incident reporting channels to both INSA and the National Bank of Ethiopia (NBE). The requirements for IT product security clearance ensure that any software or hardware integrated into Hibret's infrastructure (such as its mobile app or web portals) is resilient against sophisticated cyber-attacks and digital espionage. By aligning with these national cyber defense standards, Hibret safeguards its financial assets and operational continuity, providing its shareholders and policyholders with the assurance that its technological theater is a secure environment for modern insurance services.

2.6. Employees

Hibret Insurance S.C. maintains a steadily growing and increasingly professional workforce aligned with its expanding branch network, product diversification, and operational scale. The Company’s human capital base reflects a stable employment structure dominated by permanent staff, supported by a limited number of contract and probationary employees to ensure operational flexibility.

As of FY2024/25, the Company employed a total of 584 staff compared to 563 in FY2023/24, representing a moderate year-on-year increase driven by branch expansion and capacity strengthening in underwriting, claims, ICT, and customer service functions. As of May 2026, the total workforce further increased to 611 employees, indicating continued institutional growth.

Table 35: Employees grouped by contract type

Contract Type	FY2023/24	FY2024/25	As of May 2026
Regular (Permanent)	539	558	560
Contract	24	26	36
Probation	–	–	15
Total	563	584	611

The workforce composition demonstrates a strong reliance on permanent employees, who account for more than 95% of total staff across the reviewed periods, reflecting organizational stability and

retention strength. Contract and probation categories remain limited, primarily supporting short-term operational needs and project-based assignments.

Table 36: Employees grouped by educational qualification

Qualification	FY2023/24	FY2024/25	As of May 2026
Master's Degree	60	72	83
Bachelor's Degree	320	327	342
Diploma	102	98	98
Certificate	81	87	88
Total	563	584	611

The educational profile of employees indicates a steadily improving professional composition. Degree holders (Bachelor's and Master's combined) increased consistently from 380 in FY2023/24 to 412 in FY2024/25 and further to 425 as of May 2026. This trend reflects the Company's deliberate focus on strengthening technical underwriting, risk management expertise, and digital transformation capabilities.

Table 37: Employees by Functional Category (As of May 2026

Category	Headcount
Professional Staff	271
Managerial Staff	96
Clerical / Support Staff	117
Non-Professional Staff	127
Total	611

The functional distribution shows a balanced organizational structure with a strong professional base (approximately 44% of total employees), supported by managerial, clerical, and support functions. This structure aligns with the Company's operational model, which requires a technically skilled workforce to support underwriting, claims management, reinsurance coordination, and digital service delivery across a nationwide branch network.

Overall, the Company's workforce profile demonstrates gradual but consistent expansion accompanied by qualitative improvement in educational attainment and professional specialization. The increase in Master's and Bachelor's degree holders reflects a strategic shift toward a more technically competent workforce capable of supporting complex underwriting decisions and evolving regulatory requirements.

The dominance of permanent employees ensures operational stability, while the controlled use of contract and probation staff provides flexibility to accommodate growth and project-based staffing needs. The balanced gender composition and expanding professional cadre further reinforce the

Company's commitment to institutional strength, service quality, and long-term sustainability in a competitive insurance market.

Employee Compensation and Benefits

Hibret Insurance S.C. maintains a structured and competitive remuneration framework designed to attract, retain, and motivate skilled professionals within Ethiopia's insurance and financial services industry. Over the review period, total staff-related costs increased steadily, reflecting workforce expansion, periodic salary adjustments, and enhanced employee benefit provisions aligned with the Company's growth trajectory and inflationary pressures in the broader labor market.

Staff compensation is governed by a Board-approved grading and salary structure, which is periodically benchmarked against market conditions to ensure competitiveness and internal equity. The remuneration framework is complemented by a comprehensive benefits system that includes performance-based incentives, statutory pension contributions, medical insurance coverage for employees and dependents, group life and personal accident insurance, and structured professional development programs.

Table 38: Staff Compensation and Benefits (FY2022/23–FY2024/25)

Component	FY2022/23		FY2023/24		FY2024/25	
	Amount (ETB)	Share	Amount (ETB)	Share	Amount (ETB)	Share
Staff Salary	96,688,223.49	54.77%	135,875,615.35	52.79%	182,168,057.01	54.32%
Staff Benefits	79,870,132.98	45.23%	121,553,207.54	47.21%	153,200,331.21	45.68%
Total	176,558,356.47	100%	257,428,822.89	100%	335,368,388.22	100%

Over the three-year period, total staff-related expenditure increased from ETB 176.56 million in FY2022/23 to ETB 335.37 million in FY2024/25, representing a substantial upward trajectory driven by both workforce growth and remuneration adjustments.

Staff salaries consistently represent the largest component of total compensation, accounting for approximately 52.8%–54.8% of total personnel costs across the period. The relatively stable proportion indicates disciplined cost structuring and controlled alignment between fixed compensation and variable benefits.

Staff benefits, including pension contributions, medical coverage, and performance-based incentives, increased in absolute terms from ETB 79.87 million to ETB 153.20 million, reflecting both the expansion of headcount and enhanced employee welfare provisions. The marginal increase in the benefits share in FY2023/24 indicates strengthened emphasis on employee retention and non-salary value offerings.

Overall, the compensation structure demonstrates a balanced approach between fixed remuneration and employee benefits, supporting talent retention, operational stability, and long-term institutional capability development.

Employee Shareholding Structure

Hibret Insurance S.C. maintains a fully shareholder-based ownership structure in which all issued shares are held by private shareholders in accordance with the Commercial Code of Ethiopia and applicable National Bank of Ethiopia regulations. Within this structure, a limited number of employees also participate in share ownership on the same terms and conditions as other shareholders, reflecting individual investment decisions rather than any formalized employee equity incentive scheme.

As of the reporting date, out of a total workforce of 611 employees, 121 employees hold shares in the Company. These employee-shareholders collectively own approximately 18,000 shares, representing 1.2% of the total issued share capital of 1,500,000 shares.

The Company does not operate an employee stock ownership plan (ESOP) or any structured share-based compensation scheme. Accordingly, share ownership among employees does not form part of the remuneration policy and does not create any differentiated rights or benefits beyond those applicable to ordinary shareholders.

While the Company benefits from the expertise of its senior management and technical professionals, its operations are not materially dependent on any single employee or individual. Appropriate succession planning, delegated authority structures, documented operating procedures and internal controls are in place to ensure continuity of operations.

2.7. Issuer's Debt Position

Historical Bank Borrowing

The Company previously obtained a loan of ETB 74 million from Hibret Bank S.C. to finance the acquisition of a building. The loan was originally structured with a five-year repayment term, commencing on 24 August 2016 and scheduled to mature on 28 August 2021. The Company fully settled the outstanding loan ahead of schedule on 11 April 2019, thereby extinguishing all obligations under the facility before its contractual maturity date.

As of 30 June 2025, the Company had no outstanding borrowings or loan obligations. Hibret Insurance S.C. maintains operating and investment accounts with several commercial banks primarily for premium collection, claims settlement, operating transactions, liquidity management, and short-term investment activities. The Company has no material financing arrangements, credit facilities, guarantees, or contingent borrowing obligations requiring disclosure other than those arising in the ordinary course of business.

Current Debt Position

The Company has no outstanding secured or unsecured borrowings, including term loans, overdraft facilities, revolving credit facilities, or other interest-bearing debt obligations from banks or other financial institutions. Throughout its operating history, the Company has maintained a conservative financing policy and has funded its operations principally through internally generated resources comprising premium income, investment income, retained earnings, and shareholders' equity.

Accordingly, as of 30 June 2025:

Category of Indebtedness	Outstanding Amount (ETB)	Status / Details
Total Interest-Bearing Borrowings	Nil	No active credit lines or long-term loans.
Secured Borrowings	Nil	No company assets are pledged as collateral.
Unsecured Borrowings	Nil	No unsecured debentures or clean loans outstanding.
Bank Overdrafts & Utilized Credit Facilities	Nil	Core bank accounts maintain net positive balances.
Financial Guarantees Issued (Third Parties)	Nil	No off-balance sheet contingent liabilities underwritten.

Capital Structure and Leverage

Given the absence of interest-bearing debt, the Company's capital structure is predominantly equity-financed.

The Company believes that maintaining a debt-free balance sheet enhances financial flexibility, preserves borrowing capacity for future strategic opportunities if required, and supports regulatory capital adequacy.

c) Contingent Liabilities and Commitment

The Company has no material contingent liabilities arising from borrowings, financial guarantees, litigation financing, or off-balance-sheet financing arrangements.

The principal obligations reflected in the Company's financial statements arise in the ordinary course of insurance business and include:

- Outstanding insurance claims;
- Claims incurred but not reported (ibnr);
- Unearned premium reserves;
- Life insurance policy liabilities;
- Reinsurance-related balances; and
- Other technical provisions established in accordance with applicable insurance regulations and financial reporting standards.

These obligations represent contractual insurance liabilities rather than debt obligations.

The Company may also enter into routine contractual commitments relating to branch development, information technology systems, procurement, and capital expenditure as part of its normal business operations. Such commitments are funded through internally generated resources and are not expected to have a material adverse effect on the Company's financial position.

Expected Financing for Business Plans and Future Activities

The Company's strategic business plans, including branch expansion, digital transformation initiatives, product development, human capital investment, and enhancement of underwriting and claims management capabilities, are expected to be financed primarily through internally generated funds, comprising operating cash flows, investment income, retained earnings, and shareholders' funds.

The Company currently has no plans to raise debt financing to implement its approved business strategy. However, should future strategic opportunities or market conditions warrant additional capital, the Company may evaluate appropriate financing alternatives, including additional equity capital or prudent borrowing, subject to shareholder approval and compliance with applicable laws, regulatory requirements, and the directives of the National Bank of Ethiopia and the Ethiopian Capital Market.

2.8. Issuer's Investment Activity

As at 30 June 2025, Hibret Insurance S.C. maintained a diversified investment portfolio fully compliant with the National Bank of Ethiopia's Directive on Investment of Insurance Funds (as amended, principally SIB/52/2020 and subsequent consolidations), which prioritizes safety, liquidity, and reasonable yield while supporting the Company's technical provisions and solvency requirements.

1. Composition of the Investment Portfolio (as at 30 June 2025) Equity Investments

As of 30 June 2025, the Company's equity investment portfolio had a cost basis of ETB 353.6 million and a total carrying value of ETB 426.3 million, after accounting for cumulative fair value remeasurement gains. The portfolio reflects a long-term strategic investment approach in key financial and industrial institutions within the Ethiopian economy.

The equity portfolio is concentrated in a limited number of strategic holdings, primarily in financial institutions, which continue to provide stable dividend income and capital appreciation over time.

Table 39: Equity Investment

Security	Total Number of Shares (M)	% Shareholding	Date of Investment	Initial Investment (ETB)	Fair Value Adjustment	Total Carrying Value
Hibret Bank S.C.	275.56	3.8%	01/09/1998	100,000.00	34.04	309.60
Ethiopian Reinsurance S.C.	62.98	2.5%	30/09/2015	10,000,000.00	38.70	101.69

Habesha Cement Factory S.C.	5.30	0.5%	16/09/2014	5,000,000.00	0.00	5.30
Ethiopian Securities Exchange (ESX)	9.74	1.5%	25/03/2024	9,741,000.00	0.00	9.74

The amount of dividend from Hibret insurance SC equity investment disclosed as follow:

Table 40: Dividend from equity investments

Security	2022/23 Dividends	2023/24 Dividends	2024/25 Dividends
Hibret Bank S.C.	32.31	49.79	49.16
Ethiopian Reinsurance S.C.	5.12	5.13	8.25
Habesha Cement Factory S.C.	0.00	0.00	0.00
Ethiopian Securities Exchange (ESX)	0.00	0.00	0.00

The equity portfolio reflects a conservative, long-term strategic investment approach, primarily concentrated in the financial services sector. The largest holding is in Hibret Bank S.C., which accounts for the majority of the portfolio's fair value and contributes consistently to dividend income.

Stable Dividend Contribution

Dividend income has shown steady growth from ETB 37.4 million (2022/23) to ETB 57.4 million (2024/25), reflecting the resilience of core holdings such as Hibret Bank S.C. and Ethiopian Reinsurance S.C.

High Concentration in Financial Institutions

The portfolio is heavily weighted toward financial sector investments, particularly banking and reinsurance, which collectively represent the dominant source of both capital gains and dividend income.

Limited Diversification Outside Financial Sector

Non-financial investments such as Habesha Cement Factory S.C. and ESX remain relatively small and currently non-income generating.

Long-Term Strategic Nature

Most holdings are long-standing strategic investments (some dating back to 1998), indicating a buy-and-hold philosophy aligned with capital preservation and steady income generation

The remainder of the portfolio comprises fixed-income instruments, primarily government securities and term deposits.

Government Bonds: As of June 30, 2025, the Company held ETB 163.3 million in government securities classified at amortized cost. This includes Development Bank of Ethiopia (DBE) bonds and other government savings bonds.

Statutory Deposits: In compliance with the Licensing and Supervision of Insurance Business Proclamation No. 746/2012, the Company maintains statutory deposits with the National Bank of Ethiopia. These deposits are held in the form of government bonds which bear an annual interest rate of 8% and have a maturity period of six years. As of June 30, 2025, the total statutory deposit balance stood at ETB 204.6 million.

Time Deposits: The Company maintains a substantial and steadily growing portfolio of fixed time deposits with licensed commercial banks and selected microfinance institutions in Ethiopia. These placements form a core component of the Insurance Fund's liquidity and investment management strategy, ensuring the availability of funds for claims settlement and operational requirements while generating stable interest income

The time deposit portfolio is prudently diversified across reputable financial institutions, with placement decisions guided by capital preservation, liquidity requirements, and yield optimization.

The Company maintains significant liquidity through time deposits with licensed commercial banks, ensuring funds are available for claims settlement and operational needs.

Portfolio Growth and Trend Performance:

Investment in Fixed Time Deposits (General Insurance Fund)

The fixed time deposit portfolio from general insurance funds has recorded strong and consistent expansion over the review period, increasing from ETB 1.29 billion in 2023 to ETB 1.82 billion in 2024, ETB 2.36 billion in 2025, and ETB 2.71 billion as at 31 May 2026. This represents a cumulative growth of more than 110% over the period, reflecting sustained underwriting performance, strong cash inflows, and disciplined reinvestment of matured deposits.

The growth trajectory demonstrates the Company's increasing reliance on interest-bearing financial instruments as a key component of its investment income generation strategy, while maintaining liquidity for insurance obligations.

Table 41: Investment in Fixed Time Deposits (General Insurance Fund) by Financial institution

Financial Institution	2023 (ETB)	%	2024 (ETB)	%	2025 (ETB)	%	31 May 2026 (ETB)	%	Latest Maturity Date
Awash Bank	339,107,059.30	26.35%	435,139,192.00	23.88%	542,083,493.74	22.97%	561,796,340.50	20.73%	22 May 2027
United Bank S.C.	319,445,774.30	24.84%	395,614,617.68	21.70%	629,471,356.84	26.67%	819,997,227.00	30.27%	29 May 2027
Addis International Bank	17,694,627.50	1.38%	20,216,111.92	1.11%	23,433,000.73	0.99%	23,433,000.73	0.86%	6 May 2027
Oromia Bank	325,491,297.50	25.29%	421,848,807.38	23.16%	385,580,904.50	16.34%	293,063,229.60	10.81%	31 Jan 2027
NIB Bank	34,132,500.00	2.65%	39,077,445.94	2.15%	114,077,445.94	4.83%	123,341,298.49	4.55%	24 May 2027
ENAT Bank	64,789,951.88	5.04%	93,899,002.62	5.15%	167,266,859.51	7.09%	295,265,505.70	10.89%	21 Mar 2027
Vision Fund Micro Finance Inst.	5,000,000.00	0.39%	43,000,000.00	2.36%	78,760,000.00	3.34%	97,760,000.00	3.61%	13 May 2027
NISIR Micro Finance Inst.	–	–	–	–	5,000,000.00	0.21%	5,000,000.00	0.18%	26 Jun 2026
Debub Global Bank	68,693,121.88	5.34%	111,882,026.83	6.14%	49,370,206.29	2.09%	70,531,708.29	2.60%	7 Mar 2027
Cooperative Bank of Oromia	22,470,000.00	1.75%	25,565,167.51	1.40%	10,000,000.00	0.42%	–	–	–
Wegagen Bank	–	–	90,000,000.00	4.94%	132,813,007.75	5.63%	156,432,525.00	5.77%	8 May 2027
Tsedey Bank	–	–	–	–	6,000,000.00	0.25%	–	–	–
Abyssinia Bank	–	–	–	–	100,000,000.00	4.24%	133,900,000.00	4.94%	13 Mar 2027
Zemen Bank	–	–	101,162,701.99	5.55%	115,583,577.85	4.90%	80,583,577.85	2.97%	23 Feb 2027
Amhara Bank	–	–	10,000,000.00	0.55%	–	–	–	–	–
Berhan Bank	70,023,329.62	5.44%	35,000,000.00	1.92%	–	–	–	–	–
Dashen Bank	20,000,000.00	1.55%	–	–	–	–	–	–	–
Metemamen Micro Finance	–	–	–	–	–	–	5,000,000.00	0.18%	13 Mar 2027
Ahadu Bank	–	–	–	–	–	–	30,000,000.00	1.11%	20 Nov 2026
Siket Bank	–	–	–	–	–	–	5,000,000.00	0.18%	12 Mar 2027
Geda Bank	–	–	–	–	–	–	10,000,000.00	0.37%	30 Apr 2027
Total	1,286,847,662.00	100%	1,822,405,073.87	100%	2,359,439,853.15	100%	2,711,104,413.00	100%	—

Portfolio Composition and Institutional Concentration:

The portfolio is concentrated among a limited number of large commercial banks, with gradual diversification into other financial institutions.

As at 31 May 2026, the structure of the portfolio is as follows:

Table 42: Portfolio structure

Financial Institution / Exposure Category	2023 Allocation (%)	2025/26 Exposure (ETB Millions)	2025/26 Share (%)	Strategic Portfolio Trend
United Bank S.C. (Hibret Bank)	24.84%	819.99	30.27%	Increasing Trend: Remains the largest exposure with expanding capital allocation.
Awash Bank S.C.	26.35%	561.80	20.73%	Declining Share: Gradual portfolio diversification away from legacy concentration.
ENAT Bank S.C.	5.04%	295.27	10.89%	Significant Growth: Reflects expanding business relationships and active reinvestment.
Oromia Bank S.C.	25.29%	293.06	10.81%	Declining Trend: Active portfolio rebalancing to mitigate single-entity concentration.
Wegagen Bank S.C.	*Unspecified*	156.40*	5.77%	Moderate exposure supporting structural diversification.
NIB International Bank S.C.	*Unspecified*	123.33*	4.55%	Moderate exposure supporting structural diversification.
Zemen Bank S.C.	*Unspecified*	80.50*	2.97%	Moderate exposure supporting structural diversification.
Debub Global Bank S.C. (Global)	*Unspecified*	70.47*	2.60%	Moderate exposure supporting structural diversification.

Microfinance & Other Banks *(Vision Fund, NISIR, Ahadu, Siket, Metemamen, Geda)*	*Unspecified*	< 162.63*	< 6.00%	Small, granular allocations demonstrating a gradually increasing footprint.
Total Bank Investment Portfolio	100.00%	~2,710.45	100.00%	

Overall, the top two institutions (United Bank and Awash Bank) account for 51.0% of the total portfolio, while the top four institutions account for approximately 72.7%, indicating a moderate-to-high concentration profile.

Liquidity and Maturity Profile

The portfolio is predominantly invested in short- to medium-term fixed deposits, with maturities largely concentrated between 2026 and 2027. The longest maturity profile extends to May 2027, ensuring alignment with the Company's liquidity planning horizon.

This maturity structure provides:

- Regular cash flow recycling through staggered maturities;
- Predictable liquidity availability for claims settlement;
- Flexibility for reinvestment under changing interest rate environments; and
- Reduced liquidity mismatch risk between assets and insurance liabilities.

II. Life Insurance Funds:

The Company's time deposit from life insurance fund portfolio has demonstrated consistent growth over the reported periods, supported by strong underwriting cash flows, premium collections, and reinvestment of matured deposits.

Table 43: Investment in Fixed Time Deposits (Life Insurance Fund)

Financial Year	No. of Institutions	Total Time Deposits (ETB)
2022/23	5	179,918,388.95
2023/24	9	276,109,450.39
2024/25	8	304,413,751.17
2025/26 *(as of 31 May 2026)*	7	320,126,355.27

The portfolio increased by approximately 78.2% over the period, reflecting sustained liquidity strength and continued reliance on internally generated funds rather than external borrowings.

A. Time Deposit Portfolio -Life Insurance fund (2024/25 – with Maturity Profile)

Table 44: Time Deposit Portfolio -Life Insurance fund (2024/25 – with Maturity Profile)

Financial Institution	Amount (ETB)	% Share	Latest Maturity Date
United Bank S.C.	80,982,257.58	26.6%	30 June 2026
Oromia International Bank S.C.	66,964,194.71	22.0%	30 June 2026
Enat Bank S.C.	64,473,081.42	21.2%	19 March 2026
NIB International Bank S.C.	41,372,369.42	13.6%	31 May 2026
Global Bank Ethiopia S.C.	16,725,600.00	5.5%	27 February 2026
Nisir Microfinance Institution S.C.	16,662,500.00	5.5%	3 April 2026
Wegagen Bank S.C.	11,426,248.04	3.8%	7 September 2025
Ahadu Bank S.C.	5,807,500.00	1.9%	4 April 2026
Total	304,413,751.17	100%	—

B. Time Deposit Portfolio-Life insurance fund (2025/26 – As of 31 May 2026 with Maturity Profile)

Table 45: Time Deposit Portfolio-Life insurance fund (2025/26 – As of 31 May 2026 with Maturity Profile)

Financial Institution	Amount (ETB)	% Share	Latest Maturity Date
Oromia International Bank S.C.	88,618,161.98	27.7%	20 January 2027
Enat Bank S.C.	82,070,588.85	25.6%	19 March 2027
United Bank S.C.	77,734,793.06	24.3%	26 May 2027
NIB International Bank S.C.	31,710,000.00	9.9%	28 May 2027
Nisir Microfinance Institution S.C.	19,651,250.00	6.1%	3 April 2027
Wegagen Bank S.C.	13,325,861.78	4.2%	8 September 2026
Global Bank Ethiopia S.C.	7,015,699.60	2.2%	27 February 2027
Total	320,126,355.27	100%	—

The time deposit portfolio from life insurance fund reflects a strong liquidity position and conservative treasury strategy, characterized by:

- Sustained growth in liquid investment assets, increasing from ETB 179.9 million in 2022/23 to ETB 320.1 million as of 31 May 2026.
- Strong counterparty quality, with exposure concentrated in well-capitalized commercial banks.

- Moderate concentration risk, with the top three institutions accounting for approximately 70%–78% of total deposits, reflecting a deliberate preference for systemically important banks.
- Well-structured maturity profile, predominantly one-year instruments, ensuring predictable liquidity recycling aligned with insurance cash flow cycles.
- Enhanced yield profile over time, with increasing interest rates reflecting prevailing market conditions.

Overall, the life insurance fund invested in fixed time depost portfolio demonstrates prudent liquidity management, strong capital preservation orientation, and full reliance on internally generated funds, with no dependency on external borrowings.

C. Investment Income

The Company's investment portfolio delivered strong and diversified returns during the financial year ended 30 June 2025, reflecting effective asset allocation, prudent treasury management, and favorable market conditions. Total net investment income increased by 37.28%, reaching ETB 544.4 million, driven primarily by interest income from time deposits and government securities, as well as dividend income from equity investments.

The investment income is well diversified across asset classes and business segments (Life and Non-Life), demonstrating balanced income generation and effective deployment of surplus funds.

Investment Income Analysis (FY 2024/25)

Table 46: Investment Income Analysis (FY 2024/25)

Description	Non-Life (ETB)	Life (ETB)	Total (ETB)
Interest Income	358,291,738.93	48,932,326.58	407,224,065.51
Rent Income	64,446,614.87	15,355,332.51	79,801,947.38
Dividend Income	43,718,306.19	13,689,333.81	57,407,640.00
Total Investment Income	466,456,659.99	77,976,992.90	544,433,652.89

Key Drivers of Investment Performance:

The growth in investment income was primarily driven by:

Interest on Time Deposits: The largest contributor to investment income, reflecting the Company's significant placement of surplus funds in fixed-term deposits with licensed commercial banks.

Dividend Income: The equity portfolio generated ETB 57.4 million in dividends, reflecting stable performance of strategic equity holdings.

Interest on Government Securities: Government bonds contributed ETB 23.7 million, reinforcing the Company's conservative fixed-income allocation strategy.

Rental Income: Property investments contributed ETB 79.8 million, providing a stable and recurring income stream.

The investment portfolio demonstrates a well-diversified income structure, with strong reliance on interest-bearing assets complemented by equity and real estate income. The dominance of interest income reflects the Company's conservative liquidity management approach, while the presence of dividend and rental income enhances portfolio stability and income resilience.

Overall, the Company's investment strategy continues to support sustainable earnings growth, liquidity strength, and capital preservation objectives aligned with insurance industry asset-liability management principles.

All investments are domiciled in Ethiopia, with the majority of financial assets concentrated in Addis Ababa-based institutions, reflecting the structure of the domestic capital and money markets. The Company continuously monitors portfolio composition to ensure ongoing adherence to regulatory admissibility, diversification, and liquidity thresholds.

The Company's primary planned capital expenditure involves the development of real estate assets to maximize investment returns. The Company intends to develop:

- Real estate on the extra open space located at the Bole Medhanialem building site.
- A new building construction at the recovery wreck yard in Akaki Kality Sub City.

Funding for these developments is intended to be sourced from the Company's internal reserves.

The Company's material investments are valued and accounted for in accordance with applicable IFRS requirements. Equity investments are measured at fair value in line with IFRS 13, using appropriate valuation techniques such as the market approach, income approach, and adjusted net asset value approach, depending on the nature of the investee and the availability of observable market data. These investments are recognized and measured under IFRS 9, with fair value movements recorded based on the Company's accounting policy and the classification of the relevant financial asset. Government securities and treasury instruments are measured using quoted market prices where available, or discounted cash flow techniques where quoted prices are not available, and are accounted for under IFRS 9 based on the applicable business model and contractual cash flow characteristics. Valuations are performed at each reporting date or whenever indicators of material changes in fair value exist.

2.9. Property, Land, and Fixed Assets

As of 30 June 2025, Hibret Insurance S.C. owns a significant portfolio of fixed assets that underpin its extensive branch network and operational requirements. These assets include land and buildings, motor vehicles, IT infrastructure, office furniture and equipment, and leasehold improvements. The total net book value of property, plant, and equipment was approximately ETB 417 million as at the last audited financial statements, with no material subsequent changes.

The Company recognizes Property, Plant, and Equipment (PPE) and Investment Properties at cost less accumulated depreciation and impairment losses, in accordance with its accounting policies. This approach reflects a stable asset base that supports the Company's long-term operational sustainability.

The table below summarizes the net book value of the Company's property, plant, and equipment categorized by asset type for the past three fiscal years.

Table 47: Property, Plant, and Fixed Assets- General & Life Business

(In ETB '000s) General Business	As at June 30, 2025	As at June 30, 2024	As at June 30, 2023
Buildings	204,240	208,746	248,738
Office Equipment	4,464	4,870	3,456
Computer Equipment	27,661	29,062	18,772
Furniture and Fittings	19,194	15,748	9,658
Motor Vehicle	113,502	101,888	73,799
Fence and Recovery	325	430	535
Life Business			
Buildings	47,315	48,330	13,859
Office Equipment	7	13	19
Computer Equipment	167	224	186
Furniture and Fittings	381	449	267
Motor Vehicle	481	690	899
Fence and Recovery	-	-	-

Major Properties and Locations

The Company owns significant real estate assets strategically located in Addis Ababa and key regional cities. These properties serve dual purposes: acting as operational hubs for branch and head office activities (classified as PPE) and generating rental income (classified as Investment Property).

Hibret Insurance S.C. owns its Head Office Building, a 4-basement + ground + 12-floor (4B+G+12) structure prominently situated at Tewodros II Square, Arada Sub-City, Addis Ababa, which serves as the Company's operational headquarters and administrative nerve center. Beyond its corporate premises, the Company maintains a portfolio of high-value investment properties strategically located in Bole Medhanialem, Kality, and Bahir Dar. These properties generated aggregate rental income of ETB 79.4 million during the 2024/25 fiscal year, reflecting the Company's deliberate strategy of leveraging owned real estate as a productive income-generating asset alongside its core insurance business.

Further reinforcing this strategy, the Company has recently expanded its real estate portfolio through the acquisition of two additional properties subsequent to the close of the 2024/25 financial year. The Lancha Building (Al Paulo Building), located in Kirkos Sub-City, Woreda 4, and the Kasanchis Building (Bamaco Construction), located in Kirkos Sub-City, Woreda 8, have both been fully paid for at a combined book value of ETB 425.3 million. Legal ownership transfer proceedings are finalized for both properties. These post-balance sheet acquisitions underscore the Company's continued commitment to strengthening its asset base and expanding its operational and income-generating capacity.

The table below details the Company's major owned properties.

Table 48: Major Properties & Location

No.	Asset Description	Location	Ownership Tenure	/Book Value (ETB '000)	Primary Use
1	Hibret Insurance Head Office Building	Tewodros II Square, Arada Sub-City, Addis Ababa	Owned	251,554	Corporate headquarters and central
2	Hibret Insurance Kality Building	Kality Sub City, Addis Ababa	Owned	101,690	Branch operations and rental income generation
3	Bole Medhanialem Building	Bole Sub City Around Bole Medhanialem, Addis Ababa	Owned	125,668	Branch operations and rental income generation
4	Bahir Dar Building	Bahir Dar Town	Owned	37,792	Regional branch and rental income generation
5	Lancha Building(Al Paulo Building)	Kirkos Sub City, Woreda 4,House No.909/45	Fully Paid (Ownership Transfer is Finalized)	400,000	Branch operations and rental income generation
6	Kasanchis (Bamaco Constraction)	Kirkos Sub City, Woreda 8, House No. 5.205	Fully Paid (Ownership Transfer is Finalized)	25,281	Branch operations
	Total			941,985	

Note:

- Book values are stated in Ethiopian Birr thousands (ETB '000) as recorded in the Company's financial records as at 30 June 2025.
- Properties highlighted in Nos. 5 & 6 - Lancha Building and Kasanchis Building were acquired and fully paid after the close of the financial year ending 30 June 2025. These acquisitions constitute post-balance sheet events and are disclosed herein for transparency. Legal ownership transfer proceedings are finalized for both properties.
- The total book value of ETB 941.98 million includes all six properties. The combined book value of the two post-balance sheet acquisitions is ETB 425.28 million.

- The Company accounts for its property and equipment using the cost model. Accordingly, the values for established properties reflect their depreciated historical cost. The values for recently acquired properties (Items 5 and 6) are carried at their 2024/25 transaction price.
- All owned properties are registered in the name of Hibret Insurance S.C., supported by valid title deeds free from liens or encumbrances. Leased premises are governed by compliant, renewable lease agreements. The Company maintains appropriate insurance coverage on all material fixed assets.

2.10. Material Contract

This section summarizes material contracts entered into by the Company. The determination of materiality was not based solely on contract value, but also on qualitative considerations, particularly whether the contract is expected to have a significant impact on the Company's operations, systems, service delivery, digital capabilities, or business continuity.

2.10.1. Products and Service Contract Agreement with Assuretech Business Solutions Pvt. Ltd.

The Company entered into a Products and Service Contract Agreement with Assuretech Business Solutions Pvt. Ltd. for the deployment, customization, installation, testing, licensing, implementation, annual maintenance, and support of the IIRIS® insurance technology platform. The agreement covers the IIRIS® Core General Insurance and Financial Accounting System, Business Intelligence System, Online Insurance Portal, and Mobile Application. The scope includes system configuration and customization, data migration, integration with selected third-party systems, user acceptance testing, parallel run, training, live-run support, handover, and post-implementation maintenance services. The total project price under the agreement is USD 340,000, with annual maintenance and support services priced at USD 34,000 following the initial free support period. Although the contract value may not independently determine materiality, the agreement is considered operationally material due to its role in supporting the Company's core insurance, finance, digital distribution, customer service, reporting, and business intelligence functions.

2.10.2. RE-Takaful Treaty Program for Treaty Year 2025/26

Hibret Insurance's RE-Takaful treaty program for the 2025/26 treaty year was structured to support the Company's Takaful operations, which have been operational since November 2024. The program was negotiated with Africa Reinsurance as the lead reinsurer and includes proportional treaty arrangements for fire surplus, political violence and terrorism quota share, marine cargo surplus, engineering surplus, and miscellaneous accident surplus, together with non-proportional excess of loss cover for fire, engineering, and miscellaneous accident risks. The treaty provides automatic capacity across selected Takaful business lines, including ETB 165 million total fire surplus capacity, ETB 55 million marine cargo surplus capacity, ETB 60 million engineering surplus capacity, and specified capacities for miscellaneous accident classes such as burglary, cash/money, fidelity guarantee, professional indemnity, personal accident, and plate glass/all risk. The Motor and Liability excess of loss treaty was not renewed for 2025/26, with management deciding to retain those risks on Hibret's own account due to the unfavorable terms offered by the lead reinsurer, while larger risks above ETB 10 million are to be handled facultatively after Hibret retains a portion. The treaty is considered operationally material because it directly supports the growth and risk management of Hibret's Takaful business, determines available underwriting capacity, defines retained risk exposures, and affects the Company's ability to manage large or volatile claims within its emerging Takaful portfolio.

2.10.3. Conventional Reinsurance Treaty Program for Treaty Year 2025/26

Hibret Insurance renewed its conventional reinsurance treaty program for the 2025/26 treaty year after assessing its financial performance, capital position, premium cession volume, loss experience, risk profile, and anticipated business growth. The program was negotiated with Africa Re as the lead reinsurer and includes both proportional and non-proportional treaty arrangements across key business classes, including fire, engineering, marine, political violence and terrorism, miscellaneous accident, professional indemnity, bond, motor, liability, and general accident. The program increases Hibret's underwriting capacity in several major classes, including fire surplus capacity from ETB 3.27 billion to ETB 4.08 billion, engineering surplus capacity from ETB 1.75 billion to ETB 2.24 billion, and marine surplus capacity from ETB 304 million to ETB 480 million. It also includes excess of loss protections for fire, engineering, marine, general accident, motor, liability, and related classes. The treaty is considered operationally material because it determines the level of risk Hibret retains on its own account, the scale of risks it can underwrite, the protection available against large losses, and the Company's ability to support business growth while managing underwriting volatility.

2.10.4. Contract Agreement for IFRS 9 and IFRS 17 Services and Managed IFRS 17 Software Solution

Hibret Insurance is a participating member under the contract agreement dated 30 March 2025 between the participant member companies of the Association of Ethiopian Insurers and Actuarial Services East Africa Limited for the provision of IFRS 9 and IFRS 17 services and a managed IFRS 17 software solution. The agreement covers actuarial and software-related support required for IFRS implementation, including IFRS 17 engine services, reporting support, reconciliation of IFRS 17 accounting balances, system monitoring, maintenance, user support, bug resolution, security updates, and related implementation support. The contract is operationally material to Hibret Insurance as it supports the Company's financial reporting, actuarial valuation, regulatory compliance, and IFRS 17 implementation processes. The agreement provides for an initial service period of three months, with annual maintenance and support services for a period of three years after June 2025, and includes provisions on confidentiality, data protection, payment terms, limitation of liability, termination, governing law, and dispute resolution.

Section III: Financial Statements and Information

3.1. Financial Information

The annual financial statements, including supporting notes and audit reports thereon from the External Auditor, have been included in Annex C of the Accompanying Documents.

The annual financial statements included in Annex C of the the Accompanying Documents. have been reproduced verbatim and without adjustment from the Company's annual report and accounts for the years ended 30 June 2025, 30 June 2024, and 30 June 2023.

As these documents are presented exactly as originally issued, prospective investors should note the following:

Any page numbers or internal section references found within Annex C refer strictly to the original pagination of the Company's annual reports, and do not correspond to the page numbering of this Prospectus.

The definitions and terminology used within the historical financial statements are specific to those documents and may differ from the defined terms established in the Glossary of this Prospectus.

References to terms such as "current year," "this year," or "prior year" within Annex C relate specifically to the financial period covered by that particular report and its comparative period, rather than the current calendar year of this Prospectus.

No additional information outside of these specified reports has been audited by the Company's External Auditor. Any post-30 June 2025 financial information referred to in this Prospectus is unaudited and is derived from the Company's internal accounting records reviewed by the company's internal auditor.

The historical financial statements of the Company for the years ended 30 June 2025, 30 June 2024 and 30 June 2023 were prepared in accordance with the International Financial Reporting Standards (IFRS). The 30 June 2025 financial statements were prepared in accordance with IFRS, including the adoption of IFRS 9 and IFRS 17 during the year ended 30 June 2025.

The External Auditor issued a qualified opinion on the financial statements for the year ended 30 June 2024. The basis for the qualification, as stated in the auditor's report, was the Company's non-compliance with IFRS 9 (Financial Instruments) and IFRS 17 (Insurance Contracts) in the preparation of its financial statements for the year ended 30 June 2024, and the auditor stated that the impact of such non-compliance on the financial statements could not be determined.

3.2. Significant Change in the Issuer's Financial Position

Since 30 June 2025 (the end of the last financial year) and up to the date of this Prospectus, there has been no material adverse change in the financial position, capital structure, trading performance, or solvency of Hibret Insurance S.C. that would materially impair its ability to conduct its operations, maintain adequate liquidity, or meet its obligations to policyholders.

The Company's paid-up capital has increased to ETB 1.5 billion as at 31 March 2026 from ETB 1.34 billion as at 30 June 2025, the date to which the most recent audited financial information of

the Company was prepared. As a result, the Company's paid-up capital is equal to its subscribed capital.

There has been no significant change in the financial position of the Company since 30 June 2025, the date to which the most recent audited financial information of the Company was prepared, other than as stated above.

3.3. Profit forecast

There are no profit forecasts or estimates included in this Prospectus. No statement in this Prospectus is intended to be a profit forecast or estimate, and no statement in this Prospectus should be interpreted as a profit forecast or estimate.

3.4. Pro forma financial information

There is no pro forma financial information included in this Prospectus.

Section IV: Governance and Management

4.1. Corporate Governance

Hibret Insurance S.C. operates under a rigorous governance framework anchored in the Commercial Code of Ethiopia Proclamation No. 1243/2021, the Insurance Business Proclamation No. 746/2012 (as amended by 1163/2019), and the National Bank of Ethiopia's (NBE) Insurance Corporate Governance Directive No. SIB/48/2019 (1st Replacement). The Company's governance framework is designed to promote transparency, accountability, ethical conduct, and the long-term interests of shareholders, policyholders, and other stakeholders. The Board of Directors provides independent oversight, ensuring that management remains aligned with the Company's strategic objectives while adhering to a prudent risk appetite.

During the 2024/25 financial year, the Board demonstrated disciplined oversight by convening 15 regular meetings, maintaining a consistent monthly cadence to review financial performance, underwriting trends, and regulatory compliance. This proactive governance ensures that the Company remains resilient against industry challenges such as premium undercutting and economic fluctuations.

The Board of Directors of Hibret Insurance S.C. comprises nine members elected by the General Assembly, representing a balanced cross-section of institutional, and individual shareholders. The Board brings together directors with diverse professional expertise spanning insurance, banking, law, and business administration, enabling strategic oversight and the exercise of independent judgment in guiding the Company's affairs.

Day-to-day operations and the execution of Board-approved strategies are entrusted to a highly experienced Executive Management team led by the Chief Executive Officer. The CEO is supported by a team of functional directors with clearly defined mandates across the Company's core operational pillars, including Finance, Operations encompassing Underwriting, Claims, and Reinsurance and Information Systems.

This structured delegation of authority ensures that strategic intent is translated into effective operational execution while maintaining a clear demarcation between governance and management. The separation of roles between the Board of Directors and Executive

Management reinforces accountability at every level, preserves the independence of decision-making, and upholds the integrity of the Company's overall governance framework.

There is a draft directive on corporate governance in the insurance business issued by the NBE, which, once it comes into effect, may necessitate changes in the composition of the Board of Directors, including the requirement that at least one third of board members be independent

To enhance oversight and deep-dive into complex operational areas, the Board utilizes specialized standing committees. These committees act as the primary engines of governance, providing detailed analysis and recommendations to the full Board.

4.1.1. Governance Developments and Outlook

During the 2024/25 financial year, Hibret Insurance S.C. further strengthened its corporate governance framework through the following initiatives:

Note:

- The appointments of the Chief Executive Officer and Senior Executives regulatory approvals by the National Bank of Ethiopia. The informa current as at the date of this Prospectus
- All members of Senior Management possess extensive industry experi and proper in accordance with the National Bank of Ethiopia's Corporat

- Introduction of enhanced Board induction programs and formal annual Board and committee performance evaluations;
- Comprehensive updates to the risk management policy, internal control framework, and related procedures;
- Transition to digital document management, improving efficiency, security, and timeliness of Board materials and decision-making processes.

No material governance deficiencies or regulatory non-compliance issues have been identified or reported during the period.

The Company remains firmly committed to the continuous evolution of its governance practices in line with emerging regulatory requirements and international best practice, thereby sustaining stakeholder confidence and supporting long-term value creation.

4.1.2. Stakeholder and Community Engagement

Hibret Insurance S.C. is committed to responsible and inclusive engagement with all its stakeholders, recognizing that sustainable business success is built on mutual trust, fairness, and shared value creation.

Employees
The Company fosters a supportive and inclusive work environment through competitive remuneration, comprehensive welfare programs, continuous professional training and capacity-building initiatives, and active promotion of equal opportunity and work-life balance.

Customers
Hibret prioritizes transparency, accessibility, and customer-centric service by offering clear policy documentation, efficient and fair claims processing, responsive complaint-handling mechanisms, and products designed to meet diverse needs at affordable prices.

Communities and Society
Through its structured Corporate Social Responsibility (CSR) programs, the Company actively supports education, healthcare, environmental sustainability, and disaster-relief efforts. Key initiatives include scholarship programs, medical equipment donations, blood-donation drives, and prompt assistance during natural calamities. The Company regards proactive, ethical, and inclusive stakeholder engagement as a cornerstone of its corporate culture and a vital contributor to long-term brand reputation, customer loyalty, and trust within the Ethiopian insurance sector.

4.1.3. Environmental and Sustainability Commitments

Hibret Insurance S.C. recognizes the critical role of sustainability in the insurance sector and actively integrates environmental, social, and governance (ESG) considerations into its operations, aligning its activities with Ethiopia's national development priorities and the principles of responsible corporate citizenship.

Social Investment
The Company is committed to meaningful community support and allocated ETB 1.6 million during the reporting period to reputable charitable organizations, including Mekedonia Humanitarian Association, Hibret Lebego Charity Association, and Ewin Charity Association, focusing on humanitarian aid, elderly care, and vulnerable community support.

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and are deemed fit

Environmental Initiatives
Demonstrated strong national commitment through an investment of ETB 197 million in Grand Ethiopian Renaissance Dam (GERD) bonds, contributing to sustainable energy infrastructure.

Actively advancing green mobility by transitioning part of its operational fleet to electric vehicles, with an initial investment exceeding ETB 45 million for the procurement of six electric vehicles, aimed at reducing carbon emissions and promoting environmental responsibility.

Governance & Ethics
Hibret upholds the highest standards of integrity through a comprehensive governance framework that includes:

- A Board-approved Code of Business Conduct and Ethics;
- Policy and Procedure for Fraud Monitoring & Control;
- Anti-Bribery & Corruption Policy; and
- Compliance is reinforced through mandatory annual training for all employees and ongoing awareness programs.

These sustainability efforts reflect Hibret Insurance's long-term vision of creating shared value for policyholders, shareholders, employees, and the broader Ethiopian society while contributing to environmental stewardship and good governance.

The Company maintains a comprehensive Code of Conduct and Ethics, formally approved by the Board, that serves as the moral compass for all directors, officers, and employees. The code emphasizes the highest levels of integrity and professionalism, mandating the strict avoidance of conflicts of interest and the protection of confidential customer information. Compliance is actively monitored by the Risk Management & Compliance Department in coordination with Internal Audit. All employees are required to acknowledge the Code annually, and the Company conducts mandatory ethics and anti-corruption refresher training to reinforce its commitment to ethical business practices.

The Company regards proactive and inclusive stakeholder engagement as a cornerstone of its corporate culture. Hibret fosters a supportive environment for its employees through competitive remuneration, continuous professional training, and local and overseas capacity-building initiatives. For its customers, Hibret prioritizes transparency and accessibility, offering clear policy documentation and introducing Extended Service Hours during lunch and on Saturdays to improve service delivery. Furthermore, the Company actively participates in national initiatives, such as the Great Ethiopian Run, to boost team spirit and brand visibility within the community.

4.1.4. Internal Control and Risk Management Environment

Hibret Insurance S.C. operates a three-lines control model that ensures effective identification, assessment, mitigation, and monitoring of risks across the organization:

- First Line- Operational Management: Business units and functional departments own and manage risks in their day-to-day activities.
- Second Line- Risk Management & Compliance Function: Independently oversees the risk framework, monitors adherence to the Board-approved risk appetite, enforces underwriting and reinsurance standards, and ensures compliance with National Bank of Ethiopia directives.

- Third Line - Internal Audit Department: Provides independent assurance on the adequacy and effectiveness of internal controls and risk management processes, reporting directly to the Board Audit & Risk Committee.

Key risk categories addressed include underwriting risk (pricing adequacy, reserving accuracy, and concentration), market and liquidity risk (investment portfolio and interest-rate exposure), credit risk (reinsurance recoverable), operational risk (IT disruptions, fraud, human error, and process failures), and strategic/reputational risks.

The Board, through its Audit & Risk Committee, reviews comprehensive quarterly Risk Assessment Reports and ensures that Management implements appropriate remedial action plans in a timely manner.

This integrated control and risk management environment supports the Company's financial soundness, operational resilience, regulatory compliance, and long-term sustainability.

4.2. Management and Board of Directors

4.2.1. Board of Directors Profile

Hibret Insurance is governed by a Board of Directors responsible for strategic oversight and governance. Board member profiles are outlined below. Note: All members of the Board of Directors are Ethiopian nationals.

Table 49: Summary of Board of Directors Profile

Name	Position	Educational Background	Experience	Date of Appointment	Term Expiration
Mr. Wondwosen Teshome Tesema (Ethiopian)	Chairperson of the Board	He holds a BA in Accounting from Addis Ababa University and an MBA from the University of Greenwich, UK	With more than 40 years of experience in the financial sector, he has served as the President of the Development Bank of Ethiopia (2006 - 2009) Senior Advisor at the public financial enterprise (2009-2014) and President of Enat Bank S.C. (2014-2021), he also serves as a Board member in the other lending business organization.	06/05/2025	05/05/2028
Mr. Asrat Arega Mengistu	Vice Chairperson of the Board	He holds an Executive MBA (EMBA); BA in Economics; Diploma in Accounting - Addis Ababa University	With over 30 years of experience in the banking sector, he began at commercial bank of Ethiopia and later held senior positions at Awash international Bank. At Hibret Bank S.C., Bank S.C., he has served in multiple leadership roles,	06/05/2025	05/05/2028

Name	Position	Educational Background	Experience	Date of Appointment	Term Expiration
			including Director of Trade Finance (Apr 2020–Jul 2020), Director of Customer Experience, Marketing and Branding (Jul 2020–Apr 2022), Chief Customer Relations Officer (Apr 2022–Aug 2024), and Chief Human Capital Officer (Aug 2024–Jan 2025). He is currently the Chief Credit Officer at Hibret Bank S.C		
Ms. Mariamawit Getamessay Degefu (Representing OMEDAD PLC) (Ethiopian)	Board Director	She holds a BA in Management and Public Administration from Addis Ababa University and has over 18 years of experience in procurement and administration.	She has served as Procurement Division Manager since 2014, after holding various roles in the same division from 2007 to 2013 at OMEDAD PLC. Ms. Mariamawit has also previously served as a member of the Board of Directors of Hibret Insurance S.C.	06/05/2025	05/05/2028
Mr. Dereje Kebede Admasu	Board Director	He holds a Master's degree in Business Administration, a BA in Economics, and a Diploma in	With over 31 years of experience in the banking sector, he began his career at the Commercial Bank of Ethiopia and later served in	06/05/2025	05/05/2028

Name	Position	Educational Background	Experience	Date of Appointment	Term Expiration
		Accounting.	various senior positions at the Bank of Abyssinia, including Deputy Director of Finance and Accounts. He subsequently held leadership roles at Hibret Bank S.C., including Vice President of Retail Banking, Chief Retail Banking Officer, and Chief Trade Finance Officer. He is currently the Deputy CEO– Business at Hibret Bank S.C.		
Mr. Admasu Yitagesu Weldeyes (Ethiopian)	Board Director	He holds a Master's degree in Business Administration and a BSc in Mechanical Engineering from Century University, USA, as well as a Diploma in Marine Engineering (towards Class A, B, and C Marine Engineer) from Engineering School of	With over 20 years of leadership experience across diverse industries, he began his career at the Ethiopian Shipping and Logistics Services Enterprise, progressing from Junior Engineer (1987–2009) to Project Manager (2010–2013) and Director of the Technical Department (2012–2016). He later served at the Ethiopian Maritime Training Institute as Business Development and Compliance	06/05/2025	05/05/2028

Name	Position	Educational Background	Experience	Date of Appointment	Term Expiration
		the Ministry of Mercantile Marine, Greece.	Manager (2016–2019), before transitioning into senior executive roles, including Group CEO of Lewis Retails, Belayab Foods Production and Franchising PLC, and Golden Tulip Hotel (2019–present). He also holds several professional certifications, including Certified Loss Adjuster (CILA – UK), Certified International Project Manager (AAPM – Fellow), Certified Internal Auditor for Safety and Quality Management Systems, and certifications from the Chartered Insurance Institute (London).		
Mr. Yinebeb Derseh Liyew (Ethiopian)	Board Director	He holds a Master of Laws (LLM) in Business Law and a Bachelor of Laws from Addis Ababa University.	With over 20 years of experience in legal and compliance roles, he began his career at the Ministry of Justice as Data Organizer and Registrar (2005), and subsequently served in academic and legal	06/05/2025	05/05/2028

Name	Position	Educational Background	Experience	Date of Appointment	Term Expiration
			positions, including Instructor at Royal University College (2005–2008), Attorney I at Ethiopian Insurance Corporation (2008), and various legal leadership roles at Nile Insurance Company, culminating as Defense Division Manager and Legal Department Manager (2011–2017). He also serves as a Part-Time Lecturer at Addis Ababa University (2019–present) and has acted as a consultant for programs such as Millennium DPI-Fitih (USAID) and World Bank Group–IFC Ethiopia. Within Hibret Insurance, he has served as Legal Services Manager and Secretary to the Board of Directors (2017–2021) and currently practices as an Attorney and Legal Consultant (2021–present).		

Name	Position	Educational Background	Experience	Date of Appointment	Term Expiration
Ms. Zouleka Mohammed Gonji (Ethiopian)	Board Director	She holds a BSc in Business Administration from Madison University, an Advanced Diploma in Business Administration (BBA) from Kigali Institute of Science, Technology and Management (KIST), and a Diploma in Secretarial Science from Addis Ababa University College of Commerce.	With over 18 years of international experience, she has held key administrative roles in multiple organizations, including: Secretary to the Royal Embassy of Morocco (1974–1979), Bilingual Secretary to UNECA (1979–1994), Administrative Assistant at UNAMIR, Rwanda (1994–1996), Administrative Assistant at UNPOS, Nairobi (1996–1997), Human Resources at UNICTR, Kigali (1997–2012), Travel Assistant at UNAMID, Entebbe (2012–2015), and Mission Assistant at UN Mission RCA (2015–2016). She currently serves as General Manager (Owner) of Zouleka L.G.K Building (2016–present).	06/05/2025	05/05/2028
Mr. Robel Kebede Asgelit (Representing KK PLC.) (Ethiopian)	Board Director	Mr. Robel Kebede is a member of the Board of Directors of Hibret Insurance S.C. He holds an MSc in	With over 10 years of professional experience, he has held various roles at KK PLC, including Assistant Sales (Oct 2015–Dec 2016), Sales Manager (Jan 2017–Dec 2018),	06/05/2025	05/05/2028

Name	Position	Educational Background	Experience	Date of Appointment	Term Expiration
		Computer Science and an MBA from CPU University college.	Export Operations Manager (Jul 2020–Mar 2021), Marketing and Sales Department Manager and Export Operations Manager (Sep 2021–Jan 2023), and is currently Deputy Export Manager (Jan 2023–present) at KK PLC.		
Ms. Yanjabu Tadesse Amdie (Ethiopian)	Board Director	Ms. Yanjabu Tadesse Amdie is a Board Member of Hibret Insurance S.C. She holds an MA in Business Administration (Addis Ababa University, 2020), a BA in Accounting (Unity University, 2007), and a Diploma in Banking & Finance (Addis Ababa University College of Commerce,	With over 40 years of experience in banking and finance, she currently serves as Corporate Clients Relationship Manager at Hibret Bank S.C. (2023–present), having previously been Branch Manager (2008–2022), Internal Auditor, and Senior Accountant at the same bank, and held senior finance and management roles at Coffee Processing & Warehouse Enterprise and Ethiopian Coffee Marketing Corporation. She has also served as Chairman and Board Member	06/05/2025	05/05/2028

4.2. Executive Management Profile

The Executive Management team is responsible for the day-to-day leadership of the Company, ensuring effective execution of the strategies set by the Board and maintaining operational excellence across all business units. The profiles of the Executive Management members are presented below.

Table 50: Executive Management Profile Summary

Name	Position	Educational Background & Key Skills	Experience	Date of Appointment	Duration of Employment at Hibret Insurance S.C.
Meseret Bezabih Abebe (Mrs.) (Ethiopian)	Chief Executive Officer	• MBA, International Leadership Institute (2013) • Diploma CII (Dip CII), UK (2008) • BA Economics, Addis Ababa University (1991) • Diploma in Statistics, Addis Ababa University (1984)	• CEO, Hibret Insurance S.C. (2011–Present) • Deputy GM – Operations (Non-Life), Hibret (2009–2011) • Various senior roles at Hibret (2006–2009) • Manager, HR & Administration, Nyala Insurance S.C. (2005–2006) • Branch management and underwriting roles, Nyala Insurance	25/10/2011	May 09, 2006-Present

Name	Position	Educational Background & Key Skills	Experience	Date of Appointment	Duration of Employment at Hibret Insurance S.C.
			(1997–2005) • Planning and international liaison roles in public sector (1985–1997)		
Tesfaye Desta Kinfemichael (Mr.) (Ethiopian)	Deputy CEO – Operations (General Insurance)	• CII (60 credit hours), London • MBA coursework, International Leadership Institute • BA Accounting, Addis Ababa University (1987)	• Deputy CEO – Operations (General Insurance), Hibret (2024–Present) • DGM – Operations (Non-Life) & Compliance Controller, Hibret (2016–2024) • CEO, Oromia Insurance Company (2011–2016) • Various underwriting and branch management positions, Nyala Insurance S.C. (1995–2007) • Finance and programme roles in NGO and public sector (1987–1995)	01/09/2016	February 13, 2007 January 29, 2011 and June 01, 2016 - Present
Nigus Anteneh Yirsaw (Mr.) (Ethiopian)	Deputy CEO – Corporate Service	• MA in Social Work, Addis Ababa University (2018)	• Deputy CEO – Corporate Service, Hibret Insurance S.C. (March 03, 2026 - Present)	03/03/2026	March 03, 2026 - Present

Name	Position	Educational Background & Key Skills	Experience	Date of Appointment	Duration of Employment at Hibret Insurance S.C.
		• MA in Development Economics, St. Mary's University (2016) • BA in Business Administration & Information Systems, Addis Ababa University (2008) • BA in Economics, Addis Ababa University (2004) • CII Diploma in insurance	• CEO, Nile Insurance S.C. (2018–2025) • Acting CEO, Nile Insurance S.C. (2018) • Deputy CEO – Operations, Nile Insurance S.C. (2016–2018) • D/CEO, UW, Product Dev. & Re-Insurance, Abay Insurance (2010–2016) • Claims and customer service roles, Ethiopian Insurance Corporation (1996 – 2007)		
Yealemayn Hailemariam Wudu (Mr.) (Ethiopian)	Internal Audit Manager	• MBA, Jimma University (2018) • BA Management & Business	• Internal Audit Manager, Hibret (2021–Present) • Branch Operations Manager & Branch	01/07/2023	November 1, 2021- Present

Name	Position	Educational Background & Key Skills	Experience	Date of Appointment	Duration of Employment at Hibret Insurance S.C.
		Administration, Addis Ababa University (2001) • Additional certifications: CII Certificate, Capital Market Management, Technical Risk Management & General Insurance Addis Ababa University (1992) • ACCA (9 papers completed) • CISI Level 3 Certificate in Capital Markets	Manager, Nyala Insurance S.C. (2010–2018) • Various claims and customer service roles, Nyala Insurance (2005–2010) • Administrative and personnel roles in education and public utility sectors (2002–2005)		
Wubneh Alemu Kelele (Mr.) (Ethiopian)	Manager, Risk Management and Compliance	• MBA (Finance)- Ashland University (with Leadstar College)	• Manager, Risk Management & Compliance Division – Hibret Insurance S.C (Jul 2023 – Present) • Head, Risk &	01/07/2023	April 15, 2016 - Present

Name	Position	Educational Background & Key Skills	Experience	Date of Appointment	Duration of Employment at Hibret Insurance S.C.
		• MBV- Business Valuation (Final Term) – Florida University South East\ • BA in Economics - Arba Minch University Professional Certifications • CISI (UK): Introduction to Securities & Investment • CFI Certifications: FMVA, CMSA, BIDA, FPWMP, FTIP, ESG Fundamentals • IFRS 17 Certification - PwC • Proficiency in Short-Term Reinsurance Practice - College of Insurance, Kenya • Enterprise Risk Management-Ethio-Re	Compliance Section - Hibret Insurance S.C (Apr 2021 - Jun 2023) • Senior Auditor - Hibret Insurance S.C (Mar 2016 - Mar 2021) • Branch Manager (Adama Branch) - Abay Insurance S.C (Mar 2014- Mar 2015) • Underwriting & Audit Roles (Trainee to Acting Manager) - United/Hibret Insurance S.C (Apr 2007 – Mar 2014)		
Engida Kassaye Gizaw (Mr.) (Ethiopian)	Director, Finance & Investment	• BA Accounting, Addis Ababa University • Extensive professional	• Director – Finance & Investment, Hibret (2015–Present) • Manager – Finance, Accounts, Credit &	01/03/2015	01/01/2001-Present

Name	Position	Educational Background & Key Skills	Experience	Date of Appointment	Duration of Employment at Hibret Insurance S.C.
		certifications including IFRS 9 & 17 (PwC), Reinsurance Accounting, Strategic Leadership, Capital Market Fundamentals, Takaful Business, and Securities Analysis	Treasury, Hibret (2001–2015) • Finance Head, Lion Insurance S.C. (Acquired Hibret) (1999–2000) • Senior Accountant roles, Nice Insurance S.C. (1995–1999)		
Bethlehem Mekbib Atnaw (Ms) (Ethiopian)	Director, U/W & Tech. Services	• MA in Business Administration, Sikkim Manipal University (2012) • BSc in Statistics, Addis Ababa University (1997)	• Director, Underwriting & Technical Services, Hibret (2015–Present) • Manager – Operations (Non-Life), Hibret (2010–2015) • Manager, Head Office Branch, Hibret (2006–2010)	01/03/2015	October 01, 1997 – Present

Name	Position	Educational Background & Key Skills	Experience	Date of Appointment	Duration of Employment at Hibret Insurance S.C.
			• Underwriting roles, Hibret (1997–2004)		
Dereje Demessie Tadesse (Mr) (Ethiopian)	Director, Claims and Engineering	• BA in Marketing Management, Addis Ababa University (2013) • BSc in Business Education (Marketing and Sales Management), Addis Ababa University (2006)	• Director, Claims & Engineering, Hibret (2021–Present) • Manager, Claims Division, Hibret (2015–2021) • Assistant Claims Manager and underwriting roles, Hibret (2010–2015)	08/11/2021	December 01, 2010 – Present
Aliye Mohammed Ensine (Mr.) (Ethiopian)	Director, Information System Management	• BSc in Computer Science & Information Technology, Haramaya University (2006)	• Director, Information System Management, Hibret (2023–Present) • Manager, IT Services, Hibret (2016–2023) • Assistant Manager & System Administrator, Hibret (2013–2015)	01/07/2023	May 27, 2013 – Present

Name	Position	Educational Background & Key Skills	Experience	Date of Appointment	Duration of Employment at Hibret Insurance S.C.
			IT roles, Ethiopian Revenue & Customs Authority (2006–2013)		
Tilahun Tadesse Tuji (Mr) (Ethiopian)	Director, Business Development and Marketing	• Masters of Business Leadership, University of South Africa (2012) • BA in Management and Public Administration, Addis Ababa University (1994)	• Director, Business Development & Marketing, Hibret (2021–Present) • Controller, Compliance & Risk Management, Hibret (2020–2021) Senior roles in Oromia, Awash, and Nile Insurance	01/09/2021	October 12, 2020 – Present
Wubalem Habtamu Dagne (Mrs) (Ethiopian)	Director, Long Term Insurance	• MBA, Jimma University (2020) • BA in Business Administration & Information System, Addis Ababa University (2015)	• Director, Long Term Insurance, Hibret (2025–Present) • Manager, Reinsurance, Hibret (2016–2024) Reinsurance roles, Nile Insurance (2012–2016)	01/01/2025	November 21, 2016 – Present

Name	Position	Educational Background & Key Skills	Experience	Date of Appointment	Duration of Employment at Hibret Insurance S.C.
		• BA in Sociology & Social Anthropology, Addis Ababa University (2009) Diploma in Secretarial Science & Office Management, Addis Ababa University (2004) CII Level 4 Diploma in Insurance			
Aron Kassaye Sibhatu (Mr.) (Ethiopian)	Director, Legal Service	• LLM, Addis Ababa University (2018) LLB, Addis Ababa University (2008)	• Director, Legal Service, Hibret (2023–Present) • Manager, Legal Service, Hibret (2021–2023) • Senior legal roles, Ethiopian Insurance Corporation (2007–2021)	01/07/2023	August 02, 2021 – Present

Name	Position	Educational Background & Key Skills	Experience	Date of Appointment	Duration of Employment at Hibret Insurance S.C.
Tesfayesus Yitbarek Negash (Mr.) (Ethiopian)	Director-Human Capital and Property Management	- MA in Development Studies, Mekelle University (2014) -BA in Management, Alemaya University (2006) •	2014-2017 Manager, Organizational Development – Tekelberhan Amabye G.C 2017-2024 Manager, Human Capital & General Affairs – Shints South Korea Et May 2025-Present Director, Human Capital & Property Management at Hibret Insurance •	07/05/2025	May 7, 2025 - present

These committees act as the primary engines of governance, providing ecommendations to the full Board.

ce Developments and Outlook

financial year, Hibret Insurance S.C. further strengthened its corporate k through the following initiatives:

Note:

- The appointments of the Chief Executive Officer and Senior Executives are subject to applicable regulatory approvals by the National Bank of Ethiopia. The information presented herein is current as at the date of this Prospectus
- All members of Senior Management possess extensive industry experience and are deemed fit and proper in accordance with the National Bank of Ethiopia's Corporate Governance Directive. None holds directorships in other insurers that could give rise to conflicts of interest. Full declarations of interest are maintained by the Company Secretariat office and are available for inspection by the regulator.
- All members of the Executive Management are Ethiopian nationals.
- With effect from 3 March 2026, Nigus Anteneh was appointed as Deputy CEO -Corporate Services, succeeding Dawit Gebreamanuel in that capacity. This change took effect subsequent to the financial year ended 30 June 2025 and constitutes a post-balance sheet senior executive management change disclosed herein for transparency purposes.

Disclosure Statement (Fitness and Propriety of Directors and Key Officers)

In accordance with Article 101(4) of ECMA Directive No. 1030/2024 on Public Offer and Registration of Securities, Hibret Insurance S.C. hereby confirms that, after having made all reasonable inquiries:

- No member of the Board of Directors, the Chief Executive Officer, the Chief Financial Officer, or any other key management personnel of the Company:
  - Has been the subject of any petition under bankruptcy or insolvency laws in Ethiopia or international jurisdiction;
  - Has been convicted of, or is currently charged with or under investigation for, any criminal offence involving fraud, dishonesty, or financial misconduct; or
  - Has been disqualified by any court order, judgment, or regulatory ruling from acting as a director or officer of a company, or from participating in the management or conduct of the affairs of any financial institution or regulated entity.
- There are no changes to the composition of the Board of Directors or its committees
- The company hereby confirms that there are no planned or expected changes for the coming (12) months regarding the composition senior and executive management.
- No regulatory sanctions, penalties, or disciplinary actions have been imposed by the National Bank of Ethiopia (NBE), the Ethiopian Capital Market Authority (ECMA), or any other competent authority on any current director or senior officer of the Company in relation to their professional conduct or fitness and propriety.
- All directors and key officers satisfy the fit-and-proper criteria set out in the NBE's Corporate Governance Directive (SIB/48/2019 as amended) and continue to demonstrate full compliance with applicable corporate governance, prudential, and ethical standards.

Social Investment
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- The Company confirms that no family relationships exist between members of the Board of Directors and senior management, nor among Senior executives themselves.
- As at the reporting date, the Company confirms that no member of the Executive management has a material interest in any transaction with the Company or its affiliates. There are no material related-party transactions involving executive management members that require disclosure under applicable corporate governance requirements or that give rise to actual or potential conflicts of interest.
- As at the date of this Prospectus, the Company does not anticipate any material changes to its senior management structure within the next 12 months following registration. The current senior management team is expected to remain in place to ensure continuity in leadership, execution of the Company's strategic objectives, and effective implementation of ongoing operational and transformational initiatives.

The Company therefore declares that there are no circumstances that would disqualify any current director or senior officer from holding their respective positions or that would otherwise affect their fitness and propriety.

Termination Provisions
Service contracts with Directors may be terminated under the following circumstances, among others:

- Expiry of term of office without re-election;
- Removal by resolution of the General Assembly in accordance with applicable law;
- Resignation by the Director upon written notice;
- Disqualification under applicable legal or regulatory provisions.

In the event of termination, Directors are not entitled to severance payments beyond accrued remuneration for services rendered up to the date of termination, unless otherwise explicitly approved by the General Assembly in accordance with applicable law.

Termination Benefits
The Company does not maintain any separate executive severance scheme or enhanced termination benefits for Directors. Any payments upon termination are limited to:

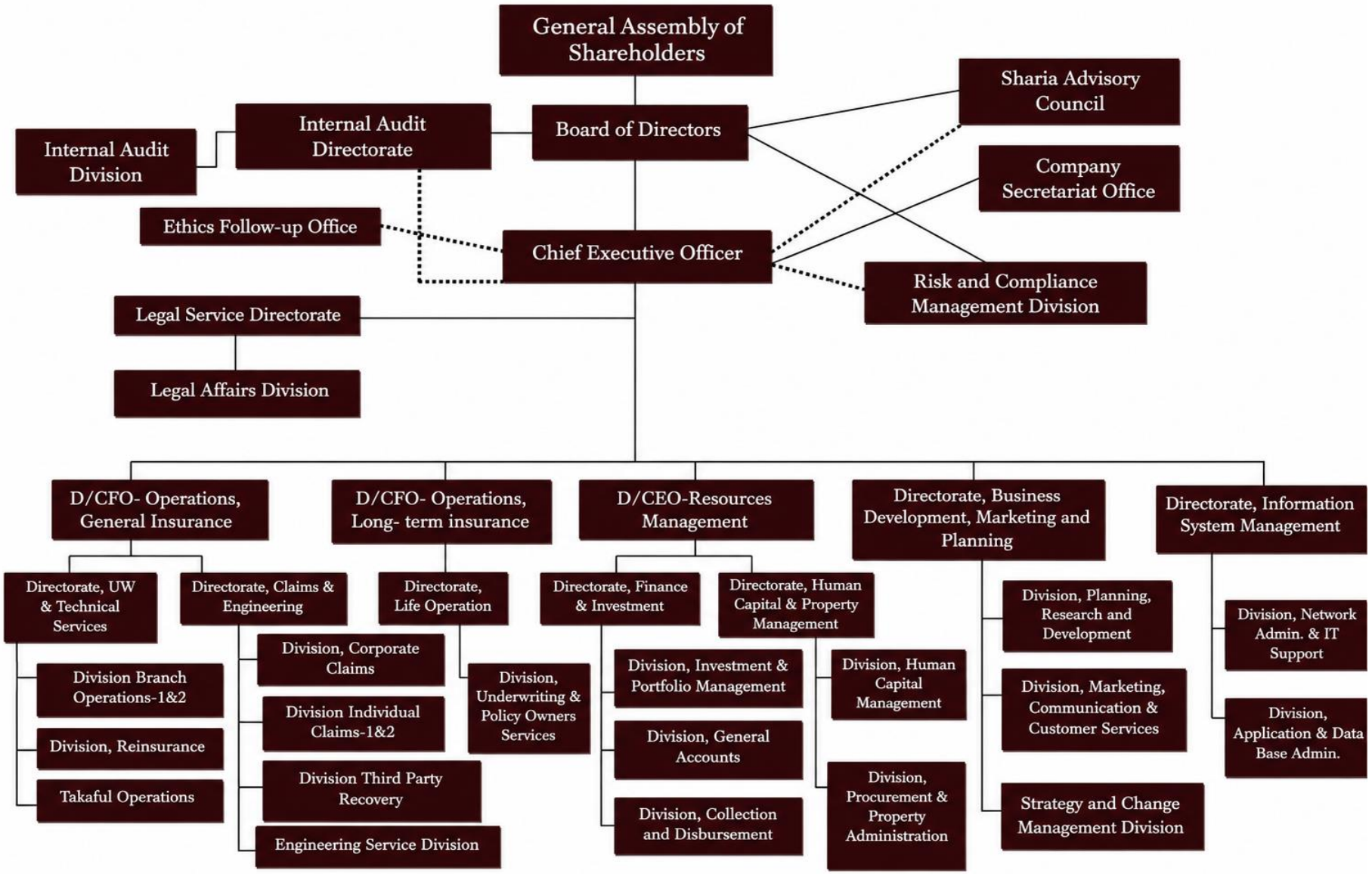
- Outstanding board fees and allowances earned but not yet paid;
- Reimbursement of approved business-related expenses incurred prior to termination.

No additional pension, gratuity, or long-term termination compensation arrangements are provided to Directors beyond statutory or contractually earned entitlements.

4.2.1. Organizational Structure

Hibret Insurance S.C. is governed by a Board of Directors comprising experienced professionals and shareholder representatives, supported by Chairperson and dedicated committees for Audit, Risk, and Human Resources & Remuneration. Executive management, led by the Chief Executive Officer, oversees key functions including Underwriting & Reinsurance, Claims, Finance & Investments, IT, Human Resources, Strategy & Business Development, Resource Management, Internal Audit, Risk Management, Compliance, and a nationwide branch network, ensuring strong corporate governance, effective risk management, and operational efficiency in full compliance with regulatory requirements and best practices. The structure is reviewed periodically to accommodate significant changes.

KIBRET INSURANCE



4.3. Board Committees and Practices

The Company's governance framework is supported by dedicated Board committees, each mandated to oversee critical aspects of financial reporting, risk & compliance, and human resources management. The establishment and composition of the Board Committees comply with the requirements of the Ethiopian Commercial Code and the relevant National Bank of Ethiopia (NBE) corporate governance directives applicable to insurance companies. The Committees are duly constituted by the Board of Directors, with membership drawn from suitably qualified directors, ensuring appropriate oversight, accountability, and alignment with regulatory governance standards.

4.3.1. General Board Practices and Meeting Records

In accordance with the Commercial Code No. 1243/2021 of Ethiopia and National Bank of Ethiopia (NBE) directives (Insurance Corporate Governance Directives No. SIB/42/2015), the Company maintains the following practices:

- Meeting Frequency: The Board of Directors meets at least once a month and held 15 regular meetings during the 2024/25 financial year.
- Meeting Records: Minutes for all Board and committee meetings are formally recorded in writing and signed by the Secretary and the Chairperson.
- Review Process: Resolutions and meeting minutes are entered into a minutes-book and verified for accuracy by the Board Chairperson or other designated Directors.

4.3.2. Audit Committee

Members:

1. Ato Asrat Arega Mengistu (Chairperson)
2. Ato Admasu Yitagesu Woldeyes
3. Ato Dereje Kebede Admasu

Meeting Frequency: The committee meets quarterly at a minimum to review financial performance and audit findings.

Roles and Responsibilities:

The Committee is responsible for:

- Ensuring fair, transparent, and timely financial reporting.
- Overseeing the functions of the Internal Audit unit.
- Reviewing the internal audit program, its findings, and recommending management actions.
- Appointing, compensating, and evaluating the performance of the Manager Internal Auditor (subject to full Board approval).
- Recommending the appointment and removal of external auditors and assessing their independence and performance.
- Reviewing the external auditor's management letter and management's response.
- Approving any non-audit services provided by the external auditor and ensuring they do not impair auditor independence.
- Monitoring the timely resolution of audit findings.
- Reviewing all related-party transactions and informing the Board.

- Ensuring compliance with company policies, and all relevant laws, regulations, and
- directives from the National Bank.

The Audit Committee is explicitly authorized to investigate any matter within its terms of reference. It has full access to management, the discretion to invite any director or officer to its meetings, and the authority to secure independent professional advice to fulfill its duties.

4.3.3. Risk Management and Compliance Committee

Members:

1. Ato Robel Kebede Asgelit (Chairperson)
2. Ato Wondwosen Teshome Tesema
3. W/ro Yanjabu Tadesse Amdie

Meeting Frequency: The committee meets at least quarterly to evaluate the Company's risk profile.

Roles and Responsibilities:

The Risk Management and Compliance Committee is responsible for:

- Reviewing and recommending risk management strategies, policies, and risk tolerance limits for Board approval.
- Assessing the adequacy and effectiveness of the risk management framework in identifying, measuring, monitoring, and controlling risks.
- Ensuring appropriate infrastructure, resources, and systems are in place for effective risk management.
- Verifying that staff implementing risk management systems perform their duties independently from the company's risk-taking activities.
- Reviewing management's periodic reports on risk exposure, portfolio composition, and risk management activities.

4.3.4. Human Resource Affairs Committee

Members:

1. W/ro Mariyamawit Getamesay Degefu (Chairperson)
2. W/ro Zuleka Mohamed Gonji
3. Ato Yinebeb Derseh Leyew

Meeting Frequency: The committee meets as required, typically on a quarterly basis.

Roles and Responsibilities:

- The Human Resource Affairs Committee is responsible for:
- Recommending a framework for hiring and replacing senior management.
- Recommending the removal of senior management members who are ineffective, errant, or negligent.
- Recommending and monitoring senior management compensation, benefits, and overall company benefit packages.
- Overseeing senior management succession planning and performance evaluation.

- Ensuring training for Nomination and Election Committee members and providing appropriate induction and ongoing training for directors.
- Overseeing any major changes to the company's overall benefit structure.
- Considering disciplinary matters related to senior management members.

4.4. Remuneration

The remuneration of the Board of Directors is determined by the National Bank of Ethiopia's (NBE) Corporate Governance Directives and is subject to formal approval by the shareholders at the Annual General Meeting (AGM). In accordance with NBE Directive No. SIB/46/2018, annual compensation (incentives) for Directors is limited to a maximum of ETB 150,000, and monthly allowances are capped at ETB 10,000.

For the fiscal year ended 30 June 2025, the aggregate remuneration, comprising monthly allowances and annual performance incentives for the Directors who served the Company, was ETB 2,430,000.

The table below provides a summary of the total remuneration (allowances and incentives) paid to the Directors for the financial years ended 30 June 2025, 2024, and 2023.

Table 51: Remuneration of the Board of Directors (ETB thousands)

Name of Director	2025	2024	2023
Mr. Wondwosen Teshome Tesema	270	270	170
Mr. Asrat Arega Mengistu	270	270	270
Mrs. Mariamawit Getamesay (OMEDAD PLC)	270	270	270
Mr. Dereje Kebede Admasu	145	-	-
Mr. Admasu Yitagesu Woldeyes	132.5	-	-
Mr. Yinebeb Derseh Leyew	145	-	-
Mrs. Zuleka Mohamed Gonji	132.5	-	-
Mr. Robel Kebede Asgelet	145	-	-
Mrs. Yanjabu Tadesse Amede	132.5	-	-
Mr. Alemayehu Gebre*	270	270	270
Mr. Ayalew Alemu*	270	270	245
Mr. Amare Gashaw*	270	270	270
Ms. Teguest Yilma*	245	270	157.5
Enat Bank S.C. (Rep. by Dr. Ermias)*	220	270	270
Mr. Negussie Abera*	220	270	270
Mr. Mulualem Birhane*	-	-	132.5
Mrs. Tsegereda Tesfaye*	-	-	182.5
Total	2,430	2,400	2,350

Name of Director	2025 (ETB '000)		2024 (ETB '000)		2023 (ETB '000)	
	Transport Allowance	Annual Board Fee	Transport Allowance	Annual Board Fee	Transport Allowance	Annual Board Fee
Wondwosen Teshome Tesema	120	150	120	150	120	50
Asrat Arega Mengistu	120	150	120	150	120	150
Mariamawit Getamesay (OMEDAD PLC)	120	150	120	150	120	150
Dereje Kebede Admasu	120	25	-	-	-	-
Admasu Yitagesu Woldeyes	120	12.5	-	-	-	-
Yinebeb Derseh Leyew	120	25	-	-	-	-
Zuleka Mohamed Gonji	120	12.5	-	-	-	-
Robel Kebede Asgelet	120	25	-	-	-	-
Yanjabu Tadesse Amdie	120	12.5	-	-	-	-
Alemayehu Gebre*	120	150	120	150	120	150
Ayalew Alemu*	120	150	120	150	120	125
Amare Gashaw*	120	150	120	150	120	150
Teguest Yilma*	120	125	120	150	120	37.5
Enat Bank S.C. (Rep. by Dr. Ermias)*	120	100	120	150	120	150
Mr. Negussie Abera*	120	100	120	150	120	150
Mulualem Birhane*	-		-	-	120	12.5
Tsegereda Tesfaye*	-		-	-	120	62.5
Total	1,800	1,337.5	1,080	1,350	1,320	1,187.5

*Refers to Directors whose terms concluded or transitioned during the three-year period.

The total remuneration paid to members of the Board of Directors consists of approved fees and allowances in accordance with the Company's governance framework and applicable regulatory requirements. These payments are determined and approved by the General Assembly and are intended to compensate directors for their duties in overseeing the strategic direction and governance of the Company.

The Company confirms that no benefits of this kind are provided to members of the Board of Directors. Accordingly, directors' remuneration is strictly limited to cash-based payments, and no

non-cash benefits such as vehicles, housing, insurance beyond standard coverage, or other perquisites are granted.

Estimated Remuneration for the Current Fiscal Year

The following table provides a summary of the estimated amounts payable to the Board of Directors for the fiscal year ending 30 June 2026, based on current arrangements and NBE regulatory caps.

Table 52: Estimated Remuneration of the Board of Directors (FY 2025/26)

Category (ETB '000)	Monthly Allowances	Annual Compensation (Incentive)	Total Estimated
Total Board Remuneration	1,080	1,350	2,430

Estimated Executive Management Remuneration (Aggregate)

The remuneration for the Executive Management team includes fixed salaries, allowances, and performance-based bonuses. This total reflects the cost for the entire leadership team, including functional directors and managers not individually named in the executive profile summary.

Table 53: Estimate Remuneration for Executive Management (FY 2025/26)

Category	Annual Salary (ETB)	Performance-Based Bonus (ETB)	Total Remuneration (ETB)
Senior Management	11,998,812.00	19,320,000.00	31,318,812.00

The remuneration disclosed above represents the estimated remuneration for the current financial year and covers all senior management personnel included in this Prospectus. For the purpose of this disclosure, senior management comprises the Chief Executive Officer (CEO), Deputy Chief Executive Officer – Operations (Non-Life), and Deputy Chief Executive Officer – Corporate Services. Other executives are remunerated in accordance with the Company's approved salary and benefits structure and may be eligible for performance-based bonuses in line with the Company's Performance Management System (PMS) Policy, subject to the achievement of prescribed performance targets and applicable approval requirements.

4.5. Promoters

As of the date of this prospectus, Hibret Insurance S.C. does not have any Promoter(s).

SECTION V: CAPITAL STRUCTURE AND INFORMATION ON SECURITIES

5.1. Share Capital

Hibret Insurance S.C. (the "Company"), as at the date of this Prospectus, has one class of Ordinary Shares. As at the date of this Prospectus, the Company's authorized share capital consists solely of 1,500,000 Ordinary Shares. The Ordinary Shares of the Company have not been, and have never been, listed or traded on any licensed securities exchange or over the counter (OTC) market.

The following paragraphs detail movements in the Company's issued share capital between 1 July 2023 and the date of this Prospectus. These movements reflect the Company's ongoing capital strengthening initiatives undertaken and the resolutions of the General Assembly:

Between 1 July 2022 and 30 June 2023
The Company increased its paid-up capital to ETB 840,596,000. This was part of the ongoing transition following the 2022 EGM resolution to reach a 1.5 billion subscribed capital target.

FY 2023/24
Between 1 July 2023 and 30 June 2024, the Company issued 227,578 new Ordinary Shares at ETB 1,000 per share. This issuance was primarily driven by the capitalization of dividends and additional subscriptions to meet the Company's growth objectives, resulting in a total paid-up capital of ETB 1,068,174,000 as at 30 June 2024.

FY 2024/25
Between 1 July 2024 and 30 June 2025, the Company issued an additional 273,423 Ordinary Shares at ETB 1,000 per share. This increase was achieved through the optional capitalization of dividends by shareholders, bringing the total paid-up capital to ETB 1,341,597,000 as at 30 June 2025.

Post-Audit Performance
Since 30 June 2025, further subscriptions have been recorded. As of the March 31, 2026 Company's paid-up capital has reached ETB 1,500,000,000, achieving the subscribed capital target originally set by the 13th EGM resolution.

The 15th Extraordinary General Meeting of Shareholders, held on December 04, 2025, resolved to increase the Company's paid-up capital from Birr 1.5 billion to Birr 2.0 billion using part of the profit/dividend declared for shareholders. After deliberation, the shareholders resolved to approve the proposed capital increase and the related amendment to the Company's capital structure. The meeting further resolved that shareholders may either receive their dividend entitlement in cash or apply the dividend amount toward the purchase/subscription of the additional shares to be issued by the Company. The minutes also refer to a total distributable dividend/profit amount of ETB 707.39 million, of which ETB 500 million is to be used for the capital increase, with the implementation to be carried out in accordance with the approved procedures and applicable requirements.

The Company has not issued equity shares paid for with assets other than cash. All of the Ordinary Shares of the Company represent legal capital.

The shares being offered do not currently have an established market price.

The company's shares are freely transferable and are not subject to any restrictions.

The table below sets out the details of the Company's share capital for the financial years ended 30 June 2025, 30 June 2024, and 30 June 2023.

Table 54: Details of Share Capital of the Company

Item (ETB Millions)	As of March 31st, 2026	2024/25	2023/24	2022/23
Authorized Share Capital	2,000	1,500	1,500	1,500
Subscribed Capital (End of Year)	1,500	1,500	1,500	1,500
Paid-up Capital (Start of Ye	1,341.60	1,068.17	840.6	548.95
Shares Issued during the Year	158.4	273.42	227.58	291.65
Proceeds from Shares Issued	158.4	273.42	227.58	291.65
Paid-up Capital (End of Year)	1,500	1,341.60	1,068.17	840.6
Unpaid Subscribed Capital	0	158.4	431.83	659.4
Total Number of Issued (Paid) Shares	1,500	1,341.60	1,068.17	840.6
Number of Shareholders	726	726	711	711
Par Value per Share (ETB)	1,000	1,000	1,000	1,000

The current Rights Offer comprises the issuance of 476,190 new Ordinary Shares at a Rights Offer Price of ETB 1,050 Set out below is the estimated position of the share capital immediately following the Rights Offer, assuming full subscription.

Table 55: Details of Share Capital Following the Rights offer (ETB billions)

Share Capital Immediately Following the Rights Offer	
Current Subscribed and Paid-up Share Capital	1.5
Number of new Ordinary Shares (Units)	476,190
Rights Offer Price	ETB 1,050
Post Rights offer Paid-up Share Capital	2.0

5.2. Dividend Policy

Hibret Insurance S.C. follows the Commercial Code No. 1243/2021 and NBE Regulations for decisions regarding dividend distribution to shareholders and earnings retention.

Dividends are considered and declared on an annual basis, strictly subject to the following conditions:

- The Company posting positive audited net profit for the fiscal year;
- Full compliance with the minimum solvency margin, capital adequacy ratios, and other prudential requirements stipulated by the National Bank of Ethiopia (NBE), including those outlined in Insurance Business Proclamation No. 1163/2019 (as amended) and relevant NBE directives.

- Prior allocation of profits to mandatory statutory reserves, including but not limited to the legal reserve (typically 10% of annual net profit until it reaches a prescribed threshold relative to paid-up capital) and contingency/reserves for the life assurance fund; and
- Formal recommendation by the Board of Directors followed by approval by shareholders at the Annual General Meeting (AGM).

5.2.1. Dividend Record

Dividends are distributed only after all statutory reserves and other obligatory transfers (such as to capital reserves where applicable) have been fully satisfied, ensuring the long-term financial stability and solvency of the Company in line with regulatory standards and best practices in the Ethiopian insurance sector.

The table below presents the Earning Per Share history of Hibret Insurance S.C. for recent fiscal years. Dividends are declared and paid in Ethiopian Birr (ETB) on a per-share basis, subject to the Company's Board recommendation, regulatory solvency requirements, and shareholder approval at the Annual General Meeting.

Table 56: Historical Earning Per Share & Dividend Per Share Data

Metric	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
PROFITABILITY				
Profit for the year (ETB '000)	181,563	327,024	520,692	843,150
SHARE DATA				
Weighted average number of shares ('000)	499,278	840,596	1,068,175	1,341,598
PER-SHARE METRICS				
Earnings per share (ETB)	370.79	458.37	477.81	685.50
Year-on-year growth in earnings per share	—	23.6%	4.2%	43.5%
DIVIDENDS				
Total dividends declared (ETB '000)	164,761	361,563	508,400	769,650
Dividends per share (ETB)	330.00	430.10	476.00	573.80
PAYOUT ANALYSIS				
Dividend payout ratio	89.0%	93.9%	99.6%	83.7%
Dividend cover (times)	1.12X	1.07X	1.00X	1.19X

The above Table presents the Company's profit attributable to shareholders, weighted average number of ordinary shares outstanding, earnings per share (EPS), dividends declared, dividends per share (DPS), and related payout indicators for the four financial years ended 30 June 2025.

The dividend payout ratio ranged between 83.7% and 99.6% during the period under review. Correspondingly, dividend cover remained between 1.00 times and 1.19 times, demonstrating that dividend payments have been fully supported by the Company's reported earnings. The lower payout

ratio and higher dividend cover recorded in FY2024/25 primarily reflect stronger earnings growth relative to dividends declared, thereby enhancing the Company's capacity to finance future expansion while maintaining an attractive dividend policy.

Prospective investors should note that past dividend distributions are not indicative of future dividend payments, which will remain subject to the Company's profitability, capital requirements, regulatory capital adequacy requirements, liquidity position, and approval by the Annual General Meeting upon the recommendation of the Board of Directors.

Dividend Distribution and Future Capitalization:

During the financial years presented in this Prospectus, all dividends declared by the Company were distributed to shareholders in cash following approval by the General Meeting of Shareholders. The Company did not capitalize any dividends into share capital, nor were any bonus shares issued during the reporting period.

During these periods, certain shareholders settled outstanding balances relating to previously subscribed shares in accordance with the terms of their capital subscriptions. These payments represented the settlement of existing capital commitments and did not constitute new share issuances, capitalization of retained earnings, or increases in the Company's share capital.

As of the date of this Prospectus, the Company has not undertaken any capitalization of profits or reserves into share capital. Subject to obtaining all required approvals from the Ethiopian Capital Market Authority (ECMA) and other applicable regulatory authorities, the Company intends to increase its paid-up capital through (i) a proposed rights offer of ETB 500,000,000 and (ii) the capitalization of approximately ETB 365,000,000 from retained earnings (plough-back). These transactions are prospective in nature and had not been effected as of the date of this Prospectus.

Taxation of Dividend Distributions

Dividend distributions declared by the Company are subject to withholding tax in accordance with the Ethiopian Income Tax Proclamation currently in force. Under the prevailing tax law, dividend income paid to shareholders is subject to a final withholding tax at the rate of 15% on the gross dividend amount, which is withheld at source by the Company at the time of payment and remitted to the tax authority.

Accordingly, shareholders receive dividend payments net of the applicable 15% withholding tax. The Company is responsible for withholding and remitting the tax in compliance with the applicable provisions of the Ethiopian Income Tax Proclamation and related directives issued by the tax authority.

The Company confirms that all historical dividend distributions were made in compliance with the applicable tax withholding requirements in force at the time of payment.

SECTION VI: INTERESTED AND RELATED PARTY TRANSACTIONS

6.1. Board of Directors Interest

Table 57: BoD Interest

#	Name of Board of Directors	Share Amount (ETB)	% of Ownership from Total Share Capital
1	Ato Wondwossen Teshome	162,000.00	0.011%
2	Ato Asrat Arega	1,084,000.00	0.072%
3	Ato Admasu Yitagesu	50,000.00	0.003%
4	Ato Dereje Kebede (Representative of HIBRET BANK S.C)	75,000,000.00	5.00%
5	Ato Robel Kebede (Representative of KK PLC)	18,087,000.00	1.206%
6	W/ro Zuleka Mohamed	11,000,000.00	0.733%
7	W/ro Yanjabu Tadesse	614,000.00	0.041%
8	W/ro Mariyamawit Getamesay (Representative of OMEDAD PLC)	33,688,000.00	2.246%
9	Ato Yinebeb Derseh	514,000.00	0.034%

As of the date of this Prospectus, all members of the Board of Directors hold direct interests in the share capital of the Company as set out in the table above. Except for Ato Dereje Kebede, who represents Hibret Bank S.C., and Ato Robel Kebede, who represents KK PLC, all Board members hold beneficial interests in the Company. The interests held by Ato Dereje Kebede and Ato Robel Kebede are non-beneficial in nature. No Board member holds an indirect interest in the Company.

Note: Company has not granted any loans, advances, or guarantees to any member of the Board of Directors or to related parties thereof.

No Director or Officer has any outstanding borrowing or contingent liability guaranteed by the Company.

Aside from Remuneration, no other sums have been paid or agreed to be paid, directly or indirectly, to any member of the Board of Directors, during the three-year period immediately preceding the date of this prospectus.

6.2. Major Shareholders and Interested Persons

Hibret Insurance S.C. has a single class of ordinary shares, with each share carrying one vote and equal rights to dividends and capital distribution. As of the date of this Prospectus, the total

subscribed and registered share capital is ETB 1,500,000,000, represented by 1,500,000 ordinary shares of ETB 1,000 par value each. The table below sets out shareholders with 5% or more ownership.

Table 58: Major Shareholder Interest

No.	Shareholder Name	Shareholder Type	Number of Shares	Percentage (%)
1	Zafu Eyessuswork Zafu (Ato)	Individual	75,000	5.00%
2	Hibret Bank S.C. (M/S)	Corporate	75,000	5.00%
3	Getachew Tegegne Mengistie (Ato)	Individual	75,000	5.00%
4	Nardos Fesseha Haile (W/o)	Individual	75,000	5.00%

The issuer confirms that no major shareholder of the issuer possesses voting rights that are different from those of other shareholders of the same class. The voting rights of the issuer's shares adhere to the principle one share one vote.

There are no agreements in place to govern the relationship between shareholders (or any other interested Persons) and the issuer.

The table below sets out shareholders holding 2% or more of the issued share capital (influential shareholders as per NBE disclosure requirements):

Table 59: Major Shareholder Interest (As per NBE Guidelines)

No.	Shareholder Name	Shareholder Type	Number of Shares	Percentage (%)
1	Mesfin Teshome Bedane (Ato)	Individual	56,811	3.79%
2	Tegegne Yishak Muluneh (Ato)	Individual	38,614	2.57%
3	Bethlehem Bekele Eshete (W/o)	Individual	37,871	2.52%
4	Getamesay Degefu W/Michael (Ato)	Individual	34,867	2.32%
5	OMEDAD Pvt Ltd Co. (M/S)	Corporate	33,688	2.25%
6	East Africa Holding Trading (M/S)	Corporate	30,729	2.05%

The remaining shareholding (approximately 59.45%) is distributed among 719 individual and institutional shareholders, none of whom individually holds 2% or more of the total issued shares.

The Company does not have any formal, separate agreement in place governing the specific relationship between a controlling shareholder, any Interested Person, and the Bank outside of its

standard corporate bylaws and regulatory compliance framework. Finally, there are no arrangements that may result in a change of control of Hibret Insurance S.C.

6.3. Related Party Transactions

The company discloses all related party transactions in its financial reports in line with the requirements of IFRS and the Commercial Code of the Federal Democratic Republic of Ethiopia Proclamation No.1243/2021.

Hibret Insurance S.C. enters into transactions with related parties in the ordinary course of business. All such transactions are conducted on an arm's-length basis under normal commercial terms and conditions comparable to those applicable to unrelated third parties. Related parties primarily include Hibret Bank S.C. (a major shareholder holding 5.00% of the Company's shares) and entities controlled by or associated with key shareholders or directors.

Loan to Key Management Personnel
There are no outstanding loans or guarantees provided to Directors or Senior Management.

Key Management Compensation
The Company's compensation for Key Management Personnel (KMP) is disclosed in accordance with IAS 24, covering the Board of Directors and senior executive officers who hold the authority for planning and directing the Company's activities.

The following table details the audited compensation components for the years ended 30 June 2025, 2024, and 2023:

Table 60: Audited Compensations

Item (In Millions ETB)	30 June 2025	30 June 2024	30 June 2023
Short-term Employee Benefits	18.2	14.5	11.2
Post-employment Benefits	1.85	1.62	1.45
Other Long-term Benefits	0.95	0.85	0.72
Board Fees and Allowances	4.5	3.8	3.1
Total KMP Compensation	25.5	20.77	16.47

Short-term Employee Benefits
This represents the primary compensation for the senior executive team, including salaries and recurring monthly allowances. These benefits reached ETB 18.20 million in 2024/25, reflecting the Company's commitment to maintaining a competitive executive pay scale to retain top-tier talent in the local financial market.

Post-employment and Long-term Benefits
In accordance with the audited accounts, the Company provides post-employment benefits, which totaled ETB 1.85 million in the 2025 fiscal year. These typically represent the Company's contributions to provident funds or defined contribution schemes. Additionally, ETB 0.95 million was recognized for other long-term benefits, ensuring that the senior leadership's compensation structure remains aligned with long-term organizational stability rather than just immediate performance.

Director Remuneration Board fees and allowances totaled ETB 4.50 million for the year ended 30 June 2025. These payments are authorized by the General Meeting of Shareholders and are paid to the Board of Directors for their oversight and governance functions, adhering to the regulatory caps established by the National Bank of Ethiopia (NBE).

Other Related Party Transactions
The table below summarizes material related party transactions and balances as at and for the year ended 30 June 2025:

Table 61: Related Party Transactions

Nature of Relationship	Related Party	Nature of Transaction / Balance	Amount (ETB Millions)	Terms & Conditions	Board Approval Required
Major Shareholder (5.00% equity holding)	Hibret Bank S.C.	Investment in ordinary shares of Hibret Bank	275.56	Market price at acquisition	Yes
Major Shareholder	Hibret Bank S.C.	Bank balances (current, savings, and time deposits)	739.94	Standard commercial banking terms and interest rates	No
Major Shareholder	Hibret Bank S.C.	Insurance claims settled in favor of the Bank	20.00	Standard claims assessment and payment procedures	No
Total			1,035.50		

No other related party transactions exceeded the materiality threshold requiring individual disclosure during the period.

The Company maintains a Related Party Transactions Policy approved by the Board, which requires identification, monitoring, and (where necessary) prior Board approval of such transactions to ensure compliance with the National Bank of Ethiopia's Corporate Governance Directive and International Financial Reporting Standards (IFRS 24 - Related Party Disclosures).

All disclosed transactions were reviewed by the Audit & Risk Committee and confirmed to be on arm's-length terms. There are no outstanding loans or guarantees provided to or received from related parties.

The Company does not anticipate entering into any material related-party transactions in future periods. Accordingly, no related-party arrangements are expected to have an impact on the Company's financial position, performance, or governance going forward, other than those arising in the ordinary course of regulatory compliance, if any.

Table 62: Related Party Transaction as a Percentage of Turnover

Metrics	As of 30 June 2025,
Total Revenue	2,337.31
Total Related Party Transaction	1,035.50
As a percentage of Turnover	44.3%

Gross written premium/contribution increased from ETB 1.51 billion in 2023 to ETB 1.96 billion in 2024, representing growth of ETB 455.0 million, or 30.2%, before rising to ETB 2.75 billion in 2025, an additional increase of ETB 791.0 million, or 40.3%. Insurance revenue grew from ETB 1.19 billion in 2023 to ETB 1.77 billion in 2024, increasing by ETB 579.5 million, or 48.7%, and then reached ETB 2.34 billion in 2025, reflecting a growth of ETB 569.2 million, or 32.2%. The insurance service result improved from ETB 347.1 million in 2023 to ETB 430.9 million in 2024, an increase of ETB 83.8 million, or 24.1%, before increasing to ETB 765.4 million in 2025, up by ETB 334.5 million, or 77.6%. Net investment income also increased from ETB 255.6 million in 2023 to ETB 396.6 million in 2024 and ETB 544.4 million in 2025, representing annual growth of 55.2% and 37.3%, respectively. Profit before income tax rose from ETB 376.1 million in 2023 to ETB 563.0 million in 2024, increasing by 49.7%, and further to ETB 1.01 billion in 2025, increasing by 79.0%. Similarly, profit for the year increased from ETB 312.4 million in 2023 to ETB 471.0 million in 2024, up by 50.8%, and then to ETB 843.2 million in 2025, up by 79.0%. Total comprehensive income followed the same upward trend, rising from ETB 409.7 million in 2023 to ETB 573.6 million in 2024 and ETB 912.8 million in 2025.

The Company's balance sheet expanded steadily throughout the review period, reflecting growth in both assets and capital. Total assets increased from ETB 3.52 billion in 2023 to ETB 4.78 billion in 2024, representing growth of ETB 1.26 billion, or 35.8%, and increased to ETB 6.04 billion in 2025, up by ETB 1.26 billion, or 26.3%. Total liabilities grew from ETB 2.06 billion in 2023 to ETB 2.92 billion in 2024, an increase of ETB 858.0 million, or 41.7%, before rising to ETB 3.56 billion in 2025, an additional increase of ETB 643.9 million, or 22.1%. Total equity increased from ETB 1.46 billion in 2023 to ETB 1.86 billion in 2024, growing by ETB 401.9 million, or 27.5%, and further to ETB 2.48 billion in 2025, up by ETB 615.0 million, or 33.0%. Cash and cash equivalents increased from ETB 96.2 million in 2023 to ETB 145.4 million in 2024, representing growth of 51.1%, and nearly doubled to ETB 288.9 million in 2025, increasing by 98.7%. Deposits with financial institutions also rose, increasing from ETB 1.69 billion in 2023 to ETB 2.38 billion in 2024, up by 41.1%, and then to ETB 3.16 billion in 2025, up by 32.8%.

The Company maintained positive cash generation from operating activities across the period. Net cash inflow from operating activities stood at ETB 603.4 million in 2023 and remained broadly stable at ETB 600.7 million in 2024, reflecting a marginal decline of ETB 2.7 million, or 0.4%. In 2025, operating cash inflow improved to ETB 737.9 million, representing an increase of ETB 137.2 million, or 22.8%. Net cash outflow from investing activities narrowed from ETB 670.7 million in 2023 to ETB 478.9 million in 2024, a reduction in outflows of ETB 191.8 million, or 28.6%, and narrowed further to ETB 393.2 million in 2025, a further reduction in outflows of ETB 85.7 million, or 17.9%. Financing cash flow moved from a net inflow of ETB 112.4 million in 2023 to a net outflow of ETB 72.6 million in 2024, and then to a larger outflow of ETB 201.3 million in 2025. Overall, net cash and cash equivalents increased from ETB 45.1 million in 2023 to ETB 49.2 million

in 2024, up by ETB 4.1 million, or 9.1%, before increasing significantly to ETB 143.5 million in 2025, up by ETB 94.3 million, or 191.7%.

The Company's KPIs indicate improving profitability, stronger liquidity, and continued operational expansion. The loss ratio remained broadly stable, moving from 47.00% in 2023 to 47.91% in 2024, an increase of 0.9 percentage points, before improving slightly to 47.23% in 2025, a reduction of 0.7 percentage points. Basic EPS increased from ETB 458.37 in 2023 to ETB 477.81 in 2024, representing growth of ETB 19.44, or 4.2%, and then rose more strongly to ETB 685.56 in 2025, increasing by ETB 207.75, or 43.5%. Equity to total assets declined from 41.5% in 2023 to 39.0% in 2024, before improving to 41.0% in 2025. Liquid assets to total liabilities remained stable at 86.5% in both 2023 and 2024, before increasing to 96.8% in 2025, reflecting stronger liquidity coverage. On the non-financial side, market outlets increased from 61 in 2023 to 69 in 2024, an addition of 8 outlets, or 13.1%, and further increased to 73 in 2025, an addition of 4 outlets, or 5.8%. Workforce size also expanded from 493 employees in 2023 to 563 employees in 2024, an increase of 70 employees, or 14.2%, and then to 584 employees in 2025, an additional increase of 21 employees, or 3.7%.

The corporate loss ratio improved significantly from 61.00% in 2023 to 47.91% in 2024, reflecting a decrease of 13.09 percentage points, before improving to 47.23% in 2025, a decrease of 0.68 percentage points. GWP growth remained strong across the period, although it moderated from 58.00% in 2023 to 29.80% in 2024, before accelerating again to 40.30% in 2025. The Company's physical distribution network also expanded steadily, with branches/outlets increasing from 68 in 2023 to 73 in 2024, representing an addition of 5 outlets, and further increasing to 77 in 2025, an additional 4 outlets. Similarly, the workforce grew from 480 staff in 2023 to 540 staff in 2024, an increase of 60 employees, and then to 584 staff in 2025, an additional increase of 44 employees.

Section VII: Management's Discussion and Analysis

7.1. Overview

The following analysis details the development and performance of Hibret Insurance's business and financial condition for the periods ending June 30, 2023, June 30, 2024, and June 30, 2025.

This Section should be read together with Section II (Information on Hibret Insurance S.C. and the Business), Section III (Financial Statements and Information), the audited annual financial statements and notes for the years ended 30 June 2025, 30 June 2024, and 30 June 2023, and the material risk factors disclosed elsewhere in the Prospectus.

This management discussion and analysis has been prepared based on the Company's Historical Financial Information (HFI), which has been prepared in accordance with International Financial Reporting Standards (IFRS). Unaudited information hasnot been used in this section.

Unless otherwise stated, monetary amounts are presented in ETB millions. The underlying audited financial statements are published in Birr'000 and have been modified to ETB millions and rounded for presentation. As a result, totals and percentage movements may not recalculate exactly due to rounding.

7.2. Operations and Financial Results

Hibret Insurance S.C. offers a comprehensive range of risk-protection and wealth-management solutions through its General (Non-Life), Long-Term (Life), and Barakah Takaful (Islamic) business segments. During the period under review, the Company achieved historic growth, surpassing ETB 1 billion in Profit Before Tax for the first time in its thirty-year history.

Hibret Insurance S.C. is a composite private insurer operating through three main revenue and service platforms: General (Non-Life) Insurance, Long-Term (Life) Insurance, and Barakah Takaful. Across the three-year review period, the Company expanded materially in scale, profitability, investment assets, and liquid resources. Gross written premium and contribution increased from ETB 1.51 billion in FY2022/23 to ETB 1.96 billion in FY2023/24 and ETB 2.75 billion in FY2024/25.

Profit before income tax increased by ETB 186.94 million (a 49.7% increase) in FY2023/24 and by a further ETB 445.03 million (a 79.0% increase) in FY2024/25. Profit for the year followed the same trend, increasing from ETB 312.39 million in FY2022/23 to ETB 470.96 million in FY2023/24 and ETB 843.15 million in FY2024/25.

Total assets increased by ETB 1.26 billion in FY2023/24 and by another ETB 1.26 billion in FY2024/25, reaching ETB 6.04 billion. Total equity grew from ETB 1.46 billion in FY2022/23 to ETB 2.48 billion in FY2024/25, supported by retained earnings, share capital growth, and reserve accumulation. Liquid assets, measured as cash and deposits with financial institutions, increased to ETB 3.45 billion in FY2024/25.

A further highlight of the Company's operational performance is the sustained improvement in its Loss Ratio, which declined from 61.0% in FY 2022/23 to 47.91% in FY 2023/24 and further to 47.23% in FY 2024/25. This consistent downward trend signals a meaningful strengthening of

underwriting discipline, improved risk selection, and more effective claims management across the Company's portfolio.

Earnings Per Share (EPS) recorded strong growth over the same period, rising from ETB

479.85 in FY 2022/23 to ETB 527.29 in FY 2023/24 and reaching ETB 685.30 in FY 2024/25. This trajectory demonstrates the Company's capacity to generate increasing value for shareholders even against the backdrop of a rapidly expanding capital base, reflecting both the quality of its earnings and the efficiency with which deployed capital is being utilized.

Set out below is a summary of the Company's select HFI and KPIs for the years ended 30 June 2025, 2024, and 2023.

Table 63: Selected HFI & KPI

Select HFI and KPIs	30 June 2025	30 June 2024	30 June 2023
Statement of Profit or Loss (ETB millions)			
Insurance Revenue	2,337.31	1,768.12	1,188.65
Insurance Service Expense	(1,234.16)	(1,362.26)	(922.23)
Net Reinsurance (Expense)/Income	(341.72)	25.03	80.68
Insurance Service Result	765.37	430.89	347.1
Net Investment Income	544.43	402.7	327.02
Profit Before Income Tax	1,008.05	564.88	376.08
Profit for the Year	843.15	471	327
Earnings Per Share (ETB)	685.50	527.29	479.85
Statement of Financial Position (ETB millions)			
Total Assets	6,039.50	4,780.61	3,520.84
Insurance Contract Liabilities	2,611.43	2,327.21	1,634.35
Total Equity	3,122.53	2,721.78	1,462.09
Share Capital (Paid-up)	1,341.60	1,068.17	840.6
Statement of Cashflow			
Net cash inflow from Operating Activities	737.94	600.70	603.36
Net cash flow form Investing activities	(393.21)	(478.90)	(670.66)
Net Cash flow from financing activities	(201.25)	(72.62S)	112.37
Net increase in cash and cash equivalents	143.48	49.18	45.05
Key Performance Indicators (KPIs)			
Corporate Loss Ratio (%)	47.23%	47.91%	61.00%
GWP Growth Rate (%)	40.30%	29.80%	58.00%
Number of Branches/Outlets	77	73	68

Number of Staff	584	540	480

Revenue Segments Performance

The Company's revenue base is led by General (Non-Life) Insurance, which remained the largest source of GWP and insurance revenue throughout the review period. General insurance GWP increased from ETB 1.35 billion in FY2022/23 to ETB 1.73 billion in FY2023/24 and ETB 2.58 billion in FY2024/25. The FY2024/25 increase of ETB 849.55 million (that the non-life book was the main contributor to the Company's total GWP growth in the most recent year.

The Long-Term (Life) Insurance segment was more variable. Life GWP increased from ETB 153.94 million in FY2022/23 to ETB 232.39 million in FY2023/24, reflecting strong product uptake and policy growth. It then decreased to ETB 141.89 million in FY2024/25. However, life insurance revenue increased from ETB 125.61 million in FY2023/24 to ETB 215.72 million in FY2024/25 under IFRS 17 presentation, reflecting the timing of services provided, contract measurement effects, and the recognition profile under the insurance contract accounting framework.

Barakah Takaful emerged as an additional operating platform in FY2024/25. General Takaful contribution amounted to ETB 31.95 million and Takaful insurance revenue amounted to ETB 6.29 million in FY2024/25. As this is a developing segment, prior-year comparisons are not meaningful, but its inclusion broadens the Company's product reach and supports access to Shariah-compliant customer segments.

Motor remained the largest non-life class, but its share of non-life GWP declined from 63.88% in FY2022/23 to 63.08% in FY2023/24 and 58.88% in FY2024/25. This reduction is important because it indicates gradual diversification away from a motor-heavy portfolio. Engineering increased its share materially to 10.63% in FY2024/25, while fire and general accident remained broadly stable around 10% of non-life GWP.

Table 64: Revenue Segment Performance (ETB millions Except for Percentages)

	30-Jun-2025	30-June-2024	30-june-2023
Gross written premium / contribution by operating segment			
Total gross written premium	2,753.17	1,962.17	1,507.21
General (non-life) insurance GWP	2,579.33	1,729.78	1,353.27
Long-term (life) insurance GWP	141.89	232.39	153.94

	30-Jun-2025	30-June-2024	30-june-2023
General Takaful contribution	31.95	-	-
Insurance revenue by operating segment			
Total insurance revenue	2,337.31	1,768.12	1,188.65
General (non-life) insurance revenue	2,121.59	1,642.50	1,092.79
Long-term (life) insurance revenue	215.72	125.61	95.86
General Takaful insurance revenue	6.29	-	-
Selected non-life GWP portfolio mix			
Motor share of non-life GWP	58.88%	63.08%	63.88%
Engineering share of non-life GWP	10.63%	4.22%	3.50%
Fire and general accident share of non-life GWP	10.09%	10.27%	11.10%
Gross written premium / contribution by operating segment			
Total gross written premium	2,753.17	1,962.17	1,507.21

7.2.1. Non-Life Insurance Operations

The Non-Life business line remained the main driver of the Company's revenue throughout the review period. Growth in this segment consistently outpaced industry averages, particularly in 2022/23 and 2024/25. The Company's strategic expansion of its branch network, increased emphasis on corporate accounts, and targeted retention initiatives contributed to the significant increases in Non-Life premium mobilization.

Table 65: Non-Life Insurance Revenue by Product

Product Line	30-Jun-25	30-Jun-24	30-Jun-23
Motor	1,295.24	1,043.52	655.24
Fire	206.94	166.24	127.12
Engineering	151	73.96	51.95
Liability	87.87	71.1	49.7
Pecuniary	77.94	38.41	54.2
Aviation	62.1	54.32	30.3
Marine	34.51	21.65	16.61
WC (Workmen's Compensation)	23.73	19.1	14.24
Goods in Transit	23.47	12.76	8.42
Accident	22.65	15.57	11.04
Miscellaneous & Others	136.13	125.87	73.96
Total Non Life Revenue	2,121.59	1,642.50	1,092.79

Motor insurance continues to be the largest business line, nearly doubling its revenue over the three year period to reach ETB 1.3 billion in 2025. While this dominance is consistent with the broader structure of Ethiopia's insurance industry, the portfolio is gradually diversifying as Motor's share of the Non-Life book declined from 63.9% in 2023 to 55.2% in 2025.

Motor Share of Non-Life

- 2022/23: 60.0%
- 2023/24: 63.5%
- 2024/25: 61.1%

This shift is primarily driven by the exceptional performance of the Engineering line, which surged by 190.6% over the review period to ETB 151 million, alongside Fire and Property insurance which grew by 62.8% to reach ETB 206.94 million. These trends highlight the

Company's successful capture of high-margin growth in Ethiopia's expanding construction and industrial manufacturing sectors.

The remaining product lines, including Liability, Aviation, and Marine insurance, also demonstrated consistent upward trajectories. Liability revenue increased by 76.8% over the period as corporate clients increasingly prioritized professional and legal risk transfer, while Aviation revenue more than doubled to ETB 62.1 million. Smaller but vital lines such as Marine, Goods in Transit, and Workmen's

Compensation collectively contributed to a more resilient and balanced risk pool. This broader diversification reduces overall concentration risk and aligns Hibret with emerging economic activities in infrastructure and logistics, ensuring that the Company is not overly dependent on any single class of business for its technical results.

Table 66: Non-life Portfolio Mix

Class of Business	2024/25	2023/24	2022/23
Accident & Health	2.30%	63.90%	2.89%
Motor	61.10%	12.30%	59.9%
Marine	2.90%	9.70%	5.5%
Fire & General Accident	15.20%	3.90%	16.9%
Engineering	9.90%	3.20%	4.2%
General Liability	3.70%	2.50%	4.7%
Pecuniary	1.60%	2.30%	2.54%
Aviation	2.90%	1.30%	3.19%

The decline in Motor's proportional dominance is primarily attributable to the strong performance of Engineering and Aviation insurance in 2024/25. Engineering premiums grew by 274%, supported by ongoing construction and installation activities, while Aviation premiums expanded by 42%. Pecuniary insurance was the only Non-Life class to record a marginal contraction (–1%) in 2024/25.

Overall, the data reflect a gradual shift toward a more diversified Non-Life portfolio, reducing concentration risk and aligning the Company with emerging insurable activities in engineering, infrastructure, and aviation.

7.2.2. Life Insurance Operations

The Life Insurance business continued to expand over the review period and consistently surpassed its annual targets in 2022/23 and 2023/24. Life premiums grew by 64.8% in 2022/23 and by 50.6% in 2023/24, achieving 139.5% and 115.5% of their respective annual plans. In 2024/25, Life Insurance GWP reached ETB 141.4 million, representing an annual growth rate of approximately 11%.

Life insurance contributed 11.78% to the Company's total GWP in 2023/24, which is notably higher than the industry average of 6.8%, demonstrating the effectiveness of the Company's efforts to expand its Life portfolio.

Table 67: Life Business Revenue

Category	30-Jun-25	30-Jun-24	30-Jun-23
Contracts measured under PAA	180.35	143.53	90.89
Contracts measured under GMM	35.37	(17.91)	4.97
Total Life Revenue	215.72	125.61	95.86

Life Insurance results show that growth is primarily anchored in contracts measured under the Premium Allocation Approach (PAA), which includes Group Term Life and Credit Life products. Revenue in this category grew by nearly 100% between 2023 and 2025, reaching ETB 180.35 million. The stabilization of contracts under the General Measurement Model (GMM) in 2025, following technical adjustments during the IFRS 17 transition year in 2024, further bolstered the segment's results. By maintaining a pioneering role in the private life insurance market, Hibret continues to leverage its strong relationships with financial institutions to secure mortgage and credit related life business.

7.2.3. Barakah Takaful Operations

The Company also introduced Takaful (Sharia-compliant insurance) during 2024/25. The product achieved GWP of ETB 31.9 million in its first operating year, exceeding the planned amount of ETB 15 million by 113%. This early performance suggests strong demand for the product in targeted market segments.

Table 68: Takaful Financial Summary

Takaful Statement of Profit or Loss	30-Jun-25
Insurance Revenue	6.29
Insurance Service Expense	(3.93)

Net Expenses from Reinsurance Contracts	(14.52)
Insurance Service Result	(12.16)
Net Financial Result	0.48
Increase in Participant Fund (Deficit)	(11.67)

The financial results for the Takaful window show a Participant Fund deficit of ETB 11.67 million for the period ended 30 June 2025. This outcome is consistent with the startup nature of the segment, where initial setup costs, Shariah governance expenses, and Retakaful (reinsurance) cessions naturally outweigh early earned insurance revenue. From a balance sheet perspective, the segment maintains total assets of ETB 45.1 million against liabilities of ETB 56.78 million. As the mobilized premiums earn over time and the business achieves greater scale, the fund is expected to transition into a surplus. In the interim, Hibret Insurance S.C. remains positioned to provide interest-free loans (Qard Hassan) to the Participant Fund to maintain solvency and satisfy Shariah requirements.

7.3. Key Material Factors Affecting the Company's result of Operations

The results of Hibret Insurance S.C.'s operations have been are influenced by a range of internal and external factors. While strategic initiatives drive growth and efficiency, the Company also contends with macroeconomic shifts and regulatory developments in Ethiopia that are beyond its direct control. This section details the material factors that impacted performance during the review period (2022/23–2024/25) and those expected to influence future results.

7.3.1. Macroeconomic Environment

Hibret Insurance S.C. operates within a Sub-Saharan macroeconomic landscape that is beginning to stabilize but remains subject to persistent uncertainties. Ethiopia's economy has proven remarkably resilient, recording a real GDP growth rate of 9.2% for the fiscal year ended June 2025, which positions it among the 20 fastest-growing economies globally. This robust growth, driven by agricultural, industrial, and service sectors, has expanded the pool of insurable assets and infrastructure projects[4]. For Hibret, this growth materialized as an exceptional surge in Engineering and Fire insurance lines, which benefited directly from national projects in roads, hydropower, and industrial parks.

The historic liberalization of the foreign exchange market in July 2024 shifted Ethiopia toward a market-determined exchange rate regime, resulting in a 151.4% depreciation of the Ethiopian Birr by September 2025. This reform significantly increased the local currency cost of imported spare parts and machinery, which are primary drivers of claims severity in the Motor and Engineering segments.4 Hibret has mitigated these inflationary impacts through disciplined underwriting and a high-liquidity investment strategy, maintaining ETB 2.09 billion in Treasury bills and fixed deposits to cover obligations during periods of currency tightness. Furthermore, the transition to a positive real interest rate, where lending and Treasury bill yields reached 13.4% in June 2025 against a declining inflation rate of 13.9%, has strengthened the Company's ability to generate real returns for its shareholders.

[4] NBE Financial Stability Report (March 2026)

7.3.2. Industry and Operational Factors

The Ethiopian insurance sector is characterized by intense rivalry among 18 private insurers, primarily competing for a narrow pool of corporate clients. This environment has led to systemic challenges such as aggressive premium undercutting, particularly in the Motor line, which still accounts for approximately 49.6% of the general business industry-wide.4 Despite these pressures, Hibret Insurance S.C. has successfully improved its market position, rising from the third-ranked private insurer in 2022/23 to the second-ranked position in 2024/25. This achievement underscores the Company's commitment to service differentiation and product innovation over destructive price competition.

Low insurance penetration in Ethiopia, currently at 0.3% of GDP compared to the African average of 3.6%4, represents a significant long-term growth frontier for the Company. To capture this untapped demand, Hibret has diversified its revenue streams through pioneering efforts in the Life segment and the successful launch of its Shariah-compliant Barakah Takaful window in November 2024. The Takaful segment mobilized ETB 31.9 million in only seven months of operation, signaling strong demand for interest-free solutions. These strategic moves align with the NBE's observations that insurers must focus on non-motor classes and digital outreach to sustain profitability in a liberalizing market

7.3.3. Operational Challenges and Internal Developments

Operational efficiency has been influenced by significant investments in human capital and technology. A persistent shortage of specialized professionals, such as actuaries, remains a Real constraint for the sector. Hibret has addressed this through a revised salary structure and targeted training, which successfully reduced its staff attrition rate to below 1% by June 30, 2025. This stable workforce is critical for managing the Company's nationwide network of 77 market outlets and its 584 employees.

Technologically, the Company is undergoing a fundamental transformation through the implementation of a state-of-the-art Core Insurance System (CIS) and the adoption of IFRS 17 and IFRS 9 standards. As of September 2025, system configuration was complete, and User Acceptance Testing (UAT) had resolved 112 out of 211 identified defects, with the vendor currently onsite to finalize the transition. This digital "backbone" is essential for automating claims workflows and integrating real-time financial risk reporting. These internal developments, while requiring upfront capital, are expected to significantly reduce operational risk and improve service delivery, ensuring Hibret remains resilient against the emerging digital fraud and cyber threats facing the modern financial system.

7.5. Analysis on Statement of Comprehensive Income

The table below sets out the Company's historical statements of comprehensive income for the years ended 30 June 2025, 2024, and 2023.

Table 69: Statement of Comprehensive Income

ETB Millions	30 June 2025	30 June 2024	30 June 2023
Insurance Revenue	2,337.31	1,768.12	1,188.65
Insurance Service Expense	(1,230.22)	(1,362.26)	(922.23)

Net Expenses from Reinsurance Contracts Held	(341.72)	25.03	80.68
Insurance Service Result	765.37	430.89	347.10
Net Investment Income	544.43	396.59	255.60
Finance Income/(Expenses) from Insurance Contracts	164.00	49.18	(17.57)
Finance Income/(Expenses) from Reinsurance Contracts	(48.158)	(40.713)	(5.806)
Net Financial Result	660.278	405.058	232.232
Other income	8.481	3.391	4.443
Wakala fee income	11.183	-	-
Non – Attributable Expenses	(436.981)	(273.710)	(205.593)
IFRS 9 ECL Impairment	0.729	(1.639)	(1.160)
Non-Attributable Finance Cost	(1.012)	(0.969)	(0.944)
Profit Before Tax	1,008.050	563.024	376.083
Income Tax Expense	(164.901)	(92.069)	(63.696)
Profit for the Year	843.149	470.955	312.387
Other Comprehensive Income			
Revaluation gain/loss on Equity Investments	72.747	103.452	98.573
Re-measurement gain/(loss) on retirement benefits obligations	(4.399)	(1.210)	(1.746)
Deferred tax (liability)/asset on Re-measurement gain or loss	1.320	0.363	0.524
Total comprehensive income for the year	912.817	573.560	409.738
Basic earnings per shares (Actual)	685.62	477.81	458.37

Insurance Revenue

The Company's total insurance revenue demonstrated robust growth over the three-year period, increasing by 96.6% from ETB 1.12 billion in 2023 to ETB 2.34 billion in 2025. This upward trajectory was primarily driven by the Non-Life Business segment, which consistently accounted for approximately 90-92% of total revenue. Motor insurance remains the dominant line of business, growing from ETB 655.24 million in 2023 to ETB

1.3 billion in 2025, effectively doubling its revenue contribution over the period.

Other significant contributors to Non-Life growth included Fire insurance, which rose by 62.8% over two years to reach ETB 206.94 million, and Engineering insurance, which surged from ETB 51.95 million in 2023 to ETB 151 million in 2025.The Life Business segment also showed steady expansion, with total revenue rising from ETB 95.86 million in 2023 to ETB 215.72 million in 2025. This segment's growth was largely underpinned by contracts measured under the Premium Allocation Approach (PAA), which increased from ETB 90.89 million to ETB 180.35 million. Additionally, the Company successfully introduced its Takaful (Non-Life PAA) business in the 2025 financial year, contributing an initial ETB

6.29 million to the total insurance revenue, with Motor and Miscellaneous lines being the primary early drivers of this new segment.

Table 70: Insurance Revenue Breakdown

ETB Millions	30 June 2025	30 June 2024	30 June 2023
Non-Life Business			
Contracts measured under PAA:			
Engineering	151	73.96	51.95
Liability	87.87	71.1	49.7
Pecuniary	77.94	38.41	54.2
Fire	206.94	166.24	127.12
Burglary	7.07	5.37	5.13
Accident	22.65	15.57	11.04
Medical	12.27	9.43	7.47
WC (Workers Compensation)	23.73	19.1	14.24
Motor	1,295.24	1,043.52	655.24
Aviation	62.1	54.32	30.3
Marine	34.51	21.65	16.61
Goods in transit	23.47	12.76	8.42
Miscellaneous	116.78	111.07	61.36
Total Non-Life Revenue	2,121.59	1,642.50	1,092.79
Life Business			
Contracts measured under PAA:	180.35	143.53	90.89
Contracts measured under GMM	35.37	(17.91)	4.97
Total Life Revenue	215.72	125.61	95.86

ETB Millions	30 June 2025	30 June 2024	30 June 2023
Takaful (Non-Life PAA)			
Engineering	0.04	-	-
Liability	0.11	-	-
Fire	0.25	-	-
Burglary	0.02	-	-
WC	0.02	-	-
Motor	4.47	-	-
Miscellaneous	1.37	-	-
Total Takaful Revenue	6.29	-	-
Total Insurance Revenue	2,337.31	1,768.12	1,188.65

Non-Life Business

Non-Life Revenue: The Company's Non-Life Business, measured under the Premium Allocation Approach (PAA), represents the primary driver of revenue growth, climbing from ETB 1,092.79 million in 2023 to ETB 2,121.59 million in 2025.

Engineering revenue saw exceptional growth, surging nearly three-fold over the period from ETB 51.95 million to ETB 151 million.

Liability insurance maintained a steady upward trajectory, increasing from ETB 49.7 million to ETB 87.87 million.

Pecuniary revenue demonstrated resilience, rebounding to ETB 77.94 million in 2025 after a temporary dip to ETB 38.41 million in 2024.

Fire insurance, a major portfolio component, grew consistently from ETB 127.12 million to ETB 206.94 million.

Smaller niche lines also showed positive momentum:

Burglary rose from ETB 5.13 million to ETB 7.07 million, Accident grew from ETB 11.04 million to ETB 22.65 million, Medical expanded from ETB 7.47 million to ETB 12.27 million, and Workers' Compensation (WC) increased from ETB 14.24 million to ETB 23.73 million. The portfolio's anchor, Motor insurance, nearly doubled its revenue from ETB 655.24 million in 2023 to ETB 1,295.24 million in 2025. Aviation insurance experienced significant growth, rising from ETB 30.3 million to ETB 62.1 million, while Marine insurance effectively doubled from ETB 16.61 million to ETB 34.51 million. Goods in Transit also trended upward from ETB 8.42 million to ETB 23.47 million, and Miscellaneous revenue nearly doubled from ETB 61.36 million to ETB 116.78 million.

Life Business

The Life Business segment showed strong aggregate growth, reaching a total revenue of ETB 215.72 million in 2025 compared to ETB 95.86 million in 2023. This growth was primarily underpinned by Contracts measured under PAA, which rose steadily from ETB 90.89 million to ETB 180.35 million. Contracts measured under the General Measurement Model (GMM) exhibited volatility typical of long-term risk assessment, shifting from ETB 4.97 million in 2023 to a negative adjustment of ETB 17.91 million in 2024, before recovering strongly to ETB 35.37 million in 2025.

Takaful

In the 2025 financial year, the Company successfully operationalized its Takaful segment, contributing ETB 6.29 million in its inaugural year. The breakdown of this new line includes Motor Takaful at ETB 4.47 million and Miscellaneous Takaful at ETB 1.37 million. Initial contributions were also recorded for Fire (ETB 0.25 million), Liability (ETB 0.11 million), Engineering (ETB 0.04 million), and Burglary and Workers' Compensation (each at ETB 0.02 million).

Breakdown of Net Reinsurance Result (PAA Model)

Table 71: Reinsurance Result Breakdown

ETB Millions	30 June 2025	30 June 2024	30 June 2023
Non-Life Business			
Engineering	(43.46)	(11.75)	(5.16)
Liability	(34.02)	(16.92)	(11.14)
Pecuniary	(21.36)	(20.91)	(11.33)
Fire	(117.84)	(67.45)	(40.40)
Burglary	(2.73)	(1.68)	(1.75)
Accident	(4.06)	(3.78)	(1.68)
Medical	(0.83)	(0.57)	(0.52)
WC (Workers Compensation)	(1.74)	(1.41)	(1.18)
Motor	(7.45)	(2.95)	185.34
Aviation	(62.33)	(49.62)	(20.35)
Marine	(14.59)	(8.42)	(5.60)
Goods in transit	(10.37)	(4.22)	(2.97)
Miscellaneous	(41.45)	(11.59)	(16.89)
Total Non-Life Reinsurance	(364.23)	(201.27)	66.37
Life Business			
Contracts measured under PAA	22.51	226.30	14.31
Total Life Reinsurance	22.51	226.30	14.31
Takaful (Non-Life PAA)			
Engineering	(0.01)	-	-
Liability	(0.04)	-	-
Fire	(0.10)	-	-
Burglary	(0.01)	-	-
WC	(0.01)	-	-
Motor	0.08	-	-
Miscellaneous	0.09	-	-
Total Takaful Reinsurance	0.00	-	-
Total Net Reinsurance Expense	(341.72)	25.03	80.68

Reinsurance: Non-Life Business

The Company’s Non-Life Business net reinsurance result transitioned from a net income of ETB 66.37 million in 2023 to a net expense of ETB 364.23 million in 2025. This shift is primarily driven by the Motor line, which recorded a substantial net reinsurance income of ETB 185.34 million in 2023 due to high recoveries from reinsurers following a peak in motor claims that year. As claims

stabilized and reinsurance premium rates increased, this turned into a net expense of ETB 7.45 million by 2025.

Fire insurance reinsurance expenses nearly tripled over the period, reaching ETB 117.84 million, directly linked to the Company's strategic focus on expanding its Fire and Property portfolio, which necessitated higher reinsurance cessions to manage increased risk exposure. Similarly, Aviation reinsurance expenses rose to ETB 62.33 million as the Company secured higher capacity to support its aviation business. Engineering and Liability lines saw increased expenses of ETB 43.46 million and ETB 34.02 million, respectively, as the Company adjusted its treaty limits to align with the growth in large-scale infrastructure and liability projects it insured.

Reinsurance: Life Business

The Life Business segment, consisting of contracts measured under PAA, remained a net contributor to the reinsurance result. It peaked at an income of ETB 226.30 million in 2024. This significant surge was driven by high commissions and profit-sharing recoveries from reinsurers during that fiscal year. In 2025, this normalized to an income of ETB 22.51 million, still an improvement over the ETB 14.31 million recorded in 2023.

Takaful (Non-Life PAA)

In its inaugural operating year ended 30 June 2025, the Takaful segment achieved a neutral net result, with the aggregate Participant Fund position across all lines of business equating to zero after Retakaful (reinsurance) recoveries and cessions. While individual lines of business recorded varying positions with Engineering, Liability, Fire, Burglary, and Workers' Compensation each posting modest deficits, and Motor and Miscellaneous lines contributing offsetting surpluses of ETB 0.08 million and ETB 0.09 million respectively these positions net to a balanced overall result. This outcome reflects the effectiveness of the Company's Retakaful arrangements in redistributing risk across the portfolio and ensuring that the segment's aggregate net position was maintained at equilibrium in its first year of operations.

Net Expenses from Reinsurance Contracts Held

Table 72: Net Expenses from Reinsurance Contracts Held

ETB in Millions	30-Jun-25	30-Jun-24	30-Jun-23
Non-Life			
Contracts measured under PAA			
Engineering	(72.40)	(34.33)	17.64
Liability	(3.87)	(11.86)	1.60
Pecuniary	(144.49)	211.71	(233.87)
Fire	(91.91)	(35.39)	41.63
Burglary	(3.03)	0.29	0.61
Accident	0.02	0.28	0.40
Medical	(2.80)	(1.78)	1.87
WC	0.19	(0.35)	0.38
Motor	108.48	3.84	9.35

ETB in Millions	30-Jun-25	30-Jun-24	30-Jun-23
Aviation	(54.66)	(39.80)	21.17
Marine	(1.63)	(2.83)	2.26
Goods in transit	(2.81)	(1.21)	0.93
Miscellaneous	(82.43)	(56.70)	42.02
Total (Non Life)	(351.32)	31.88	(94.00)
Life Business			
Contracts measured under PAA	9.67	1.70	5.58
Contracts measured under GMM	(0.06)	5.15	7.74
Total (Life Business)	9.61	6.85	13.32
Total Net Expenses from Reinsurance Contracts Held	(341.72)	38.73	(80.68)
Takaful			
Contracts measured under PAA			
Engineering	(0.18)	-	-
Liability	(0.27)	-	-
Fire	(0.95)	-	-
Burglary	(0.19)	-	-
WC	(0.08)	-	-
Motor	(10.06)	-	-
Miscellaneous	(2.80)	-	-
Total (Takaful)	(14.53)	-	-

Non-Life Business Performance

The Non-Life reinsurance results reflect the Company's strategic utilization of reinsurance to manage underwriting capacity. The shift from a net recovery of 31.88 million in 2024 to a net expense of 351.32 million in 2025 primarily reflects the systematic implementation of IFRS 17, which requires a more granular allocation of reinsurance premiums and recoveries.

- Pecuniary: This line item is the primary driver of the Non-Life variance. It moved from a significant expense in 2023 to a substantial net recovery in 2024 (211.71 million), before returning to a net expense position in 2025. This cycle is characteristic of timing differences in large-risk claim recoveries and the recognition of reinsurance profit commissions.
- Motor: This segment demonstrated a strong upward trend in net reinsurance income, reaching 108.48 million in 2025. This performance is indicative of an optimized retention strategy and high recovery efficiency relative to the volume of business ceded.

- Fire & Engineering: These high-capacity lines show an increasing net expense trend (reaching (91.91) million and (72.40) million respectively in 2025). This is a result of the Company's deliberate strategy to purchase higher reinsurance limits to protect the balance sheet against catastrophic property and infrastructure risks.
- Aviation & Miscellaneous: The net expenses in these categories have increased over the three-year period, consistent with higher premium cessions to international reinsurers as the Company expands its market share in specialized risks.
- Accident, Burglary, and WC: These portfolios have maintained relatively stable and modest reinsurance costs, reflecting a high level of domestic risk retention by the Company.

Life Business Performance

The Life Business reinsurance result has remained a positive contributor to the insurance service result, although it has seen a moderate decline from 13.32 million in 2023 to 9.61 million in 2025.

- PAA vs. GMM: Most of the net reinsurance benefit is derived from contracts measured under the Premium Allocation Approach (PAA). The General Measurement Model (GMM) contracts, which involve more complex long-term valuations, showed a slight net expense for the first time in 2025, reflecting updated actuarial assumptions under the IFRS 17 framework.

Takaful Operations

A significant milestone in the 2025 fiscal year was the separate reporting of the Takaful segment. The net Retakaful expense of 14.53 million represents the foundational cost of securing Sharia-compliant risk protection for the Company’s newest business line. The concentration of this expense in Motor and Miscellaneous lines aligns with the initial portfolio composition of the Takaful business.

The three-year trend indicates that Hibret Insurance’s transition into a more sophisticated risk-management era. While the (341.72) million consolidated net expense in 2025 appears higher than previous years, it represents a more transparent accounting of the costs of risk protection under the current IFRS 17 standards. These expenses act as a "cost of safety," ensuring the Company's resilience against large-scale claims while supporting the record 1.01 billion Birr profit before tax achieved in the 2025 fiscal year.

Net Investment Income

The following table and analysis provide a three-year review of Hibret Insurance’s investment performance for the periods ending 30 June 2025, 2024, and 2023. Net investment income represents a vital component of the Company’s total comprehensive income, reflecting the returns generated from its diverse portfolio of financial and real estate assets.

Table 73: Net Investment Income

Investment income	30 June 2025	30 June 2024	30 June 2023
General business			
Interest on time deposits	324.10	222.01	129.30
Interest on savings	8.61	6.34	3.18
Interest on staff loans	1.73	1.33	1.70
Interest income staff debtors-valuation	3.06	2.45	-
Dividend income	43.72	41.69	28.49
Interest on government bond	21.19	14.57	7.73
Rent income	64.05	50.21	48.18
Sub-Total (General Business)	466.46	338.58	218.57
Wakala fee income	11.18	-	-
Total Investment Income (General)	477.64	338.58	218.57
II. Long Term (Life) Business			
Interest on Time Deposits	46.2	54.91	33.74
Interest on Savings	0.05	0.04	0.01
Interest on Staff Loans	0.04	0.03	0.03
Dividend Income	13.69	13.22	9.01
Interest on Government Bond	2.5	0.81	0.44
Rent Income	15.35	11.19	7.35
Share of Profit of Associate	1	-	--
Sub-Total (Life Business)	78.83	80.2	50.58
III. Consolidated Results			
Gross Investment Income	556.47	418.8	269.16
Less: Attributable to Policyholders	(12.04)	(16.1)	(57.86)
Total Net Investment Income (to P&L)	544.43	402.7	327.02

Total Net Investment Income has demonstrated exceptional growth over the last three years, increasing by approximately 66.5% from ETB 327.02 million in 2023 to ETB 544.43 million in 2025. This performance highlights the Company's success in managing a growing liquidity pool and capitalizing on high-yield opportunities in the Ethiopian financial market. This robust investment result played a critical role in the Company achieving its historic ETB 1.01 billion profit before tax in the 2025 fiscal year.

Interest Income remains the primary engine of the investment portfolio, accounting for roughly 77% of total investment returns in 2025. On a consolidated basis, it rose from ETB 243.68 million in 2023

to ETB 417.84 million in 2025, representing a 71.5% increase driven by the Company's strategic focus on maximizing returns from its time deposits and statutory deposits. As gross premium collections rose to record levels, the Company effectively deployed this excess liquidity into interest-bearing instruments. The steady upward trajectory reflects not only a higher volume of investable funds but also a disciplined approach to securing competitive interest rates from banking partners.
Dividend Income has also seen substantial appreciation, climbing from ETB 69.13 million in 2023 to ETB 114.36 million in 2025. This 65.4% growth stems from the Company's long-standing equity investments in blue-chip financial institutions, including Hibret Bank S.C. and Ethiopian Reinsurance S.C.. The consistent rise in dividends confirms the strong operational performance and capital health of these investee companies. For Hibret Insurance, these equity holdings act as a strategic asset, providing both recurring income and long-term capital appreciation that strengthens the overall balance sheet.

Rental Income has provided a stable, albeit more modest, contribution to the total investment mix. While consolidated income held steady at approximately ETB 14 million in 2023 and 2024, it saw a slight decrease to ETB 11.23 million in 2025. Such minor variances are typical in real estate management and are generally attributed to temporary vacancy periods or scheduled renovation cycles for the Company's investment properties. Despite this slight fluctuation, real estate remains a core component of the Company's diversification strategy, offering a physical asset hedge against inflation and currency depreciation.

The Share of Profit of Associate, introduced at ETB 1.00 million in 2025, represents the Company's share of earnings from its equity-method investments in associate entities like Premium Switch Solutions (PSS). While currently a small contributor, the emergence of this line item signals the Company's expanding participation in the financial technology and payment infrastructure sectors. This reflects a forward-looking investment strategy aimed at diversifying revenue streams through strategic partnerships in the broader financial services ecosystem. Additionally, the launch of Takaful operations contributed ETB 11.18 million in Wakala fee income in 2025, signaling a rapid market entry and successful uptake of Islamic insurance products.

Finance Income/Expenses from Insurance Contracts

Table 74: Finance Income/Expenses from Insurance Contracts

Item (In Millions ETB)	30 June 2025	30 June 2024	30 June 2023
Non-Life Business	156.92	56.42	(8.22)
Life Business	7.08	(7.24)	(9.35)
Total Finance Result	164.00	49.18	(17.57)

The Non-Life segment has undergone a significant financial turnaround over the last three fiscal years. In 2022/23, the segment recorded a finance expense of ETB 8.22 million, which was likely driven by higher discount rates or unfavorable financial assumptions applied to claims reserves during that period. However, this trend reversed dramatically in 2023/24, with the segment producing a finance income of ETB 56.42 million.

This momentum accelerated into 2024/25, where finance income skyrocketed to ETB 156.92 million, representing a 178.1% year-on-year increase. This massive growth is primarily attributed to

favorable changes in financial assumptions and interest rate movements that reduced the present value of Non-Life insurance liabilities under the IFRS 17 framework.

The Life business segment has shown a similar, albeit more gradual, recovery pattern. For two consecutive years, the segment operated in a net finance expense position, recording ETB 9.35 million in 2022/23 and ETB 7.24 million in 2023/24. These expenses typically reflect the interest accretion or "unwinding" of the discount on long-term life insurance liabilities, a standard cost under IFRS 17 as liabilities move closer to maturity.

In a strategic shift during the 2024/25 fiscal year, the Life segment transitioned into a net finance income position of ETB 7.08 million. This recovery suggests that the impact of updated discount rates and improved investment returns allocated to life contracts finally outpaced the recurring interest accretion costs, contributing positively to the overall bottom line for the first time in the three-year period.

Finance Income/Expenses from Reinsurance Contracts

Table 75: Finance Income/Expenses from Reinsurance Contracts

Item (In Millions ETB)	30 June 2025	30 June 2024	30 June 2023
Non-Life Business	(48.83)	(41.36)	(41.36)
Life Business	0.67	0.65	0.65
Total Reinsurance Result	(48.16)	(40.71)	(40.71)

The Non-Life reinsurance segment has maintained a consistent net finance expense position over the last three years. In 2024/25, the expense increased to ETB 48.83 million, a 18.1% rise from the stable ETB 41.36 million recorded in both 2023/24 and 2022/23.

Under IFRS 17, these expenses primarily represent the financial cost associated with the reinsurance assets for remaining coverage and incurred claims. The upward trend in 2024/25 reflects the increased volume of risk ceded to reinsurers as the Company grew its primary Gross Written Premium. As the technical reserves held by reinsurers grow, the corresponding financial risk and discount "unwinding" costs also scale, leading to higher reported expenses in this category.

The Life business segment has consistently generated a small net finance income from its reinsurance contracts. For the 2024/25 period, this income stood at ETB 0.67 million, showing steady performance compared to the ETB 0.65 million recorded in the previous two fiscal years.
This positive result suggests that for the Life segment, the investment returns or favorable financial assumption changes attributed to the reinsurer's share of liabilities slightly outpaced the financing costs. While a minor component of the consolidated result, its stability demonstrates a well-managed reinsurance portfolio for long-term life risks.

Other Income

Table 76: Other Income Breakdown

Item (In Millions ETB)	30 June 2025	30 June 2024	30 June 2023
Service Charge	2.38	1.89	1.58
Gain on Disposal of Fixed Assets	2.91	0.59	0.75
Gain on Foreign Exchange	0.14	0.00	0.00
Miscellaneous Income	3.05	0.91	2.11
Total Other Income	8.48	3.39	4.44

After a temporary decline of 23.6% in 2023/24 (falling from ETB 4.44M to ETB 3.39M), Other Income surged by 150.1% in the current 2024/25 fiscal year to reach ETB 8.48 million. This sharp increase was a critical secondary driver for the company's record pre-tax profit of ETB 1 billion, reflecting improved operational efficiency in non-core areas.

A primary contributor to the 2024/25 growth was the Gain on Disposal of Fixed Assets, which rose from ETB 0.59M to ETB 2.91 million. This suggests a proactive management strategy to phase out older, high-maintenance assets (likely motor vehicles or equipment) and realize their market value in a high-inflation environment.

Miscellaneous Income more than tripled in the current year, reaching ETB 3.05 million from ETB 0.91M in the prior year. This category, combined with a steady 41.7% three-year increase in Service Charges (from ETB 1.58M in 2022/23 to ETB 2.38M in 2024/25), demonstrates a broadening base of fee-based revenue. These streams provide a stable, non-risk-linked buffer that supports the company's broader objective of diversifying income beyond traditional premiums.

Wakala Fee Income

Table 77: Wakala Fee Income

Item (In Millions ETB)	30 June 2025	30 June 2024	30 June 2023
Wakala Fee Income	11.18	0.00	0.00
Total Wakala Fee Income	11.18	0.00	0.00

Wakala Fee Income appears for the first time in the 2024/25 fiscal year, following the official launch of the Company’s General Takaful business under the brand name "Barakah Takaful" in November 2024. The recorded ETB 11.18 million represents only a partial year of operations (approximately

seven months), signaling a rapid market entry and successful uptake of Islamic insurance products in the Ethiopian market.

Under the Takaful Wakalah model adopted by Hibret, the Company acts as an agent to manage the Takaful Fund on behalf of participants. In exchange for these management services, which include underwriting and administration, the Company earns a fixed Wakala Fee. During this initial period, the Company generated a total Takaful contribution of ETB 31.95 million, from which the ETB 11.18 million fee was derived to cover operational expenses.

While the Wakala Fee provided a new revenue stream of ETB 11.18 million, the Takaful segment overall incurred a loss of ETB 11.67 million for the year. This is consistent with the high setup costs, infrastructure investments, and branding expenses associated with launching a new, specialized business line. For the purposes of the prospectus, this line item demonstrates Hibret's successful diversification into the high-growth Islamic finance sector, which is expected to provide a stable, fee-based income stream independent of traditional underwriting risk as the Takaful portfolio matures.

Other Operating Expense

Table 78: Other Operating Expense Breakdown

Item (In Millions ETB)	30 June 2025	30 June 2024	30 June 2023
Salaries and wages	184.35	135.88	96.69
Staff bonus	70.33	49.98	35.08
Severance pay	0.98	0.76	0.54
Medical expenses	3.51	2.51	2.11
Staff training & Education	4.88	1.87	1.05
Uniforms	0.16	0.44	0.28
Other staff costs	68.86	65.99	40.81
Rent	3.56	4.09	4.08
Advertisement and promotion	32.73	12.12	5.95
Printing and stationery	4.98	3.55	2.53
Postage, Telephone and telex	2.65	2.5	2.31
Computer and software charges	11.23	8.81	6.54
Electricity and water	1.25	1.05	0.98
Audit fee	0.45	0.38	0.35
Professional and Legal fees	5.62	1.52	1.45
Bank charges	0.88	0.75	0.65
Directors fee	1.5	1.25	1.12
Entertainment	2.11	1.88	1.54
Membership & Subscription	0.85	0.65	0.55

Item (In Millions ETB)	30 June 2025	30 June 2024	30 June 2023
30 years Anniversary cost	14.24	0	0
VAT paid to Tax office	64.43	0	0
Miscellaneous	1.12	0.88	1.02
Total Operating Expenses	480.67	296.86	205.61
Less: Directly Attributable (To P/L)	-43.69	-23.15	-18.42
Net Other Operating Expense	436.98	273.71	187.19

The expenditure on Salaries and wages has seen a consistent and significant year-on-year increase, rising from ETB 96.69 million in 2022/23 to ETB 135.88 million in 2023/24, representing a 40.5% growth. This was followed by a further 35.7% increment to ETB 184.35 million in the 2024/25 financial year. This steady trajectory is reflective of the Company's expanded workforce, which grew to 584 employees by June 30, 2025, alongside necessary salary adjustments to counter the high inflationary environment in Ethiopia. Similarly, Staff bonus payments grew by 42.5% in 2023/24 and then accelerated by 40.7% in 2024/25 to reach ETB 70.33 million, demonstrating a performance-linked reward system that has scaled in line with the Company's 79.04% increase in profit before tax this year. Severance pay and medical expenses followed a similar consecutive upward trajectory, further indicating the rising cost of maintaining a competitive and healthy human capital base.

Investment in human development is most evident in the Staff training & Education line item. After increasing by 78% between 2023 and 2024, the expenditure jumped by an additional 161% to reach ETB 4.88 million in 2024/25. This surge underscores Management's commitment to upskilling employees (totaling 426 staff trained this year) to handle the complexities of the IFRS 17 transition and the implementation of advanced digital core systems. Conversely, Uniforms saw a decrease in the current year from ETB 0.44 million in 2023/24 to ETB 0.16 million in 2024/25, suggesting a cyclical procurement pattern. Other staff costs, which include various benefits and administrative support, remained a large expenditure at ETB 68.86 million, representing a controlled 4.4% increase over the ETB 65.99 million spent in the previous year.

In terms of physical infrastructure, rent expenses decreased by 13.0% from ETB 4.09 million in 2023/24 to ETB 3.56 million in 2024/25, likely due to the renegotiation of leases or the transition of certain operations to Company-owned spaces. However, Advertisement and promotion costs, which had already doubled in 2023/24, surged by an additional 170% to ETB 32.73 million in 2024/25. This massive investment was strategically timed with the Company's 30th anniversary celebration and a major rebranding project aimed at modernizing Hibret's market presence. Printing and stationery and Postage, Telephone and telex also trended upward between the 2024 and 2025 reporting periods, matching the increased administrative volume required to support a ETB 2.75 billion premium portfolio.

Technological modernization is highlighted by Computer and software charges, which climbed from ETB 8.81 million in 2023/24 to ETB 11.23 million in 2024/25. This reflects the ongoing "United for Excellence" digital strategy, including the deployment of new firewalls and disaster recovery sites. Meanwhile, professional overheads such as Audit fees and Directors fees showed modest, controlled consecutive increases, reflecting standard inflationary adjustments. Professional and Legal fees saw

a noteworthy spike from ETB 1.52 million to ETB 5.62 million in the current year, which is typically associated with the high volume of consultancy required for the IFRS transition and capital raise preparations.

The 2024/25 fiscal year was uniquely impacted by two major items: the 30 years Anniversary cost of ETB 14.24 million and a substantial VAT payment to the Tax office of ETB 64.43 million. Because neither of these costs existed in the 2023/24 period, they represent the primary drivers of the spike in non-attributable operating expenses this year. The anniversary cost was a one-time strategic expenditure celebrating three decades of market leadership, while the VAT payment follows the enactment of the Value Added Tax Proclamation No. 1341/22024.

Finally, while Bank charges and Entertainment rose in line with general business activity, the Miscellaneous category remained small at ETB 1.12 million compared to ETB 0.88 million last year, proving that the Company has maintained high granular visibility over its spending without relying on large unclassified buckets.

Finance Cost

Table 79: Finance Cost Breakdown

Item (In Millions ETB)	30 June 2025	30 June 2024	30 June 2023
Interest on lease liability of right of use asset	1.01	0.97	0.94
Total Finance Cost	1.01	0.97	0.94

The Interest on lease liability of right of use asset serves as the sole component of the Company's non-attributable finance costs. Over the three-year period, this expense has remained remarkably stable, moving from ETB 0.94 million in 2022/23 to ETB 1.01 million in 2024/25. This gradual increase of approximately 7.4% over two years suggests that the Company's lease portfolio, primarily consisting of office premises and land for the recovery site, has remained consistent in scale, with only marginal adjustments for new lease agreements or index-linked escalations.

The stability of this figure is particularly noteworthy given the significant inflationary pressures and the fluctuating interest rate environment in the broader Ethiopian economy. Under the IFRS 16 accounting framework, this interest expense represents the "unwinding" of the discount on lease liabilities. The fact that this cost has not spiked indicates that Hibret Insurance has effectively managed its leasehold obligations and has not taken on significant new high-cost debt or lease-based financing during this growth phase.
From a strategic perspective, the low level of finance costs relative to the Company's total operating budget (which exceeds ETB 480 million) reflects a conservative and healthy leverage position. Because these costs are linked to "Right of Use" assets rather than traditional bank loans, they represent an operational financing requirement rather than a debt burden. This ensures that a larger portion of the Company's earnings remains available for reinvestment into core digital transformation projects and the expansion of the "Barakah Takaful" business line.

Profitability

Table 80: Profit & EPS

Item	30 June 2025	30 June 2024	30 June 2023
Profit for the year (Millions ETB)	843.15	470.96	327.02
Weighted average number of ordinary shares (Millions)	0.81	0.65	0.58
Basic & Diluted Earnings Per Share (ETB)	685.50	527.29	479.85

The Profit for the year has exhibited exponential growth over the period, more than doubling from ETB 327.02 million in 2022/23 to ETB 843.15 million in 2024/25. This surge in net income is the primary driver behind Profit for the year the Company's strengthening value proposition for shareholders. The most significant jump occurred in the most recent fiscal year, with a 79% increase in net profit, fueled by record-breaking underwriting performance and the successful optimization of investment spreads following the IFRS 17 transition. This robust bottom-line growth has allowed the Company to maintain high payout potential despite the simultaneous expansion of its capital base.

The Weighted average number of ordinary shares increased steadily from 0.58 million to 0.81 million over the three years. This trend reflects the Company's ongoing capital mobilization efforts, including the issuance of new shares to existing and new shareholders to meet regulatory requirements and fund strategic expansion projects like the "United for Excellence" digital transformation. Typically, an increase in the number of shares can lead to "dilution," where the earnings are spread thinner across more units. However, Hibret Insurance has managed to grow its earnings at a rate that far outpaces the issuance of new equity, ensuring that existing shareholders see an increase in value rather than a reduction.

The Basic & Diluted Earnings Per Share (ETB) reached ETB 685.5 in 2024/25, marking a 30% increase from the previous year's ETB 527.3 and a 10% increase from the ETB 479.9 recorded in 2022/23. For potential investors looking at this prospectus, the consistent year-on-year growth in EPS serves as a strong signal of operational efficiency, demonstrating that Hibret can scale its operations and increase its share count while simultaneously delivering higher returns to every single share.

Statement of Financial Position

Table 81: Statement of Financial Position

ETB Millions	30 June 2025	30 June 2024	30 June 2023
ASSETS			
Property, plant and equipment	417.74	410.45	370.19
Investment properties	267.15	273.17	278.39
Intangible assets	15.31	11.51	3.69
Right-of-use assets	26.05	22	19.05
Investment securities:			
Available for sale	426.32	389.83	320.07
Loans and receivables	163.28	81.38	28.64
Statutory deposits	204.58	165.51	130.08
Insurance Contract Assets	76.49	19.7	6.26
Reinsurance receivables	-	-	8.16
Reinsurance Contract Assets	855.14	812.01	512.42
Policy holder loans	0.09	0.09	0.1
Salvage property held for sale	13.04	19.3	31.64
Other assets	128.82	52.6	30.74
Deposits with financial institutions	3,156.57	2,377.63	1,685.12
Cash and cash equivalents	288.91	145.42	96.24
TOTAL ASSETS	6,039.50	4,780.61	3,520.78
LIABILITIES			
Insurance Contract Liabilities	2,611.43	2,327.21	1,634.35
Reinsurance Contract Liabilities	358.35	253.77	166.32
Other liabilities	362.43	190.46	149.69
Current income tax liabilities	117.93	64.05	37.93
Lease Liabilities	14.62	11.86	10.27
Defined benefit obligations	12.76	9.5	6.91
Deferred income tax	73.93	59.96	53.37
TOTAL LIABILITIES	3,551.44	2,916.79	2,058.84

ETB Millions	30 June 2025	30 June 2024	30 June 2023
EQUITY			
Share capital	1,341.60	1,068.18	840.6
Share premium	15.2	15.2	21.72
Retained earnings	716.6	416.31	291.51
IFRS Adoption Re-measurement Reserve	65.94	65.94	65.94
Legal reserve	282.47	198.15	146.18
Revaluation Reserve-Equity Investment	72.75	103.45	98.57
Other reserve	(6.5)	(3.42)	(2.57)
TOTAL EQUITY	2,488.06	1,863.82	1,461.94

Property, Plant and Equipment

Table 82: PP&E Breakdown

Item (In Millions ETB)	30 June 2025	30 June 2024	30 June 2023
Buildings	251.55	257.08	258.66
Office equipment	4.47	4.88	2.35
Computer equipment	27.83	29.29	14.71
Furniture and fittings	19.58	16.2	7.99
Motor vehicle	113.98	102.58	62.66
Fence and recovery improvements	0.33	0.43	0.54
Total Property, Plant and Equipment	417.74	410.45	346.9

The buildings category remains the most significant component of the Company's physical asset base, valued at ETB 251.55 million in 2024/25. Over the three-year period, this value has remained relatively stable, with a slight downward trend from ETB 258.66 million in 2022/23 due to the impact of annual depreciation charges outpacing new capitalizations in this specific period. These assets primarily represent the Company's corporate offices and regional service centers, providing the essential infrastructure for its expanding nationwide operations and reinforcing its long-term stability as a major Ethiopian insurer.

Investment in Office equipment and Computer equipment followed a sharp upward trajectory in 2023/24 before slightly moderating in the current year to ETB 4.47 million and ETB 27.83 million, respectively. The significant jump between 2022/23 and 2023/24, where computer equipment value nearly doubled, highlights a massive push toward technological modernization. This expenditure supports the "United for Excellence" digital strategy, which includes the implementation of a new

core insurance system and the enhancement of cybersecurity infrastructure to improve operational efficiency and customer service delivery.

The Furniture and fittings line item has more than doubled over the three-year span, rising from ETB 7.99 million in 2022/23 to ETB 19.58 million in 2024/25. This consistent growth reflects the aggressive expansion of the Company's physical branch network, which reached 73 market outlets during the reporting period. Each new branch opening involves significant outfitting costs to align with the Company's professional brand identity and ensure that the service environment remains conducive for treating customers as "Kings" and "Queens".

Expenditure on Motor vehicles represents the second-largest asset class and has seen robust growth, reaching ETB 113.98 million in 2024/25. This is a significant increase from the ETB 62.66 million recorded in 2022/23, indicating a major reinvestment into the Company's fleet. Strengthening the vehicle pool is vital for maintaining "honest, prompt, and courteous claims services," as it allows claims assessors and surveyors to reach accident sites more rapidly across diverse geographic locations, directly supporting the Non-Life business which accounts for 94% of the premium portfolio.

Finally, the value of Fence and recovery improvements gradually declined from ETB 0.54 million to ETB 0.33 million over the period. This minor category represents the specialized infrastructure at the Company's recovery sites used for managing salvage property. The consistent decline is purely a result of standard depreciation, as there were no major new additions to this specific category during the last two years. Collectively, the growth in Total Property, Plant and Equipment to ETB 417.74 million demonstrates a Company that is actively building its physical and technological capacity to support its goal of doubling its capital within five years.

Investment Properties

Table 83: Investment Properties Breakdown

Item (millions ETB)	30-June-2025	30-June-2024	30-June-2023
General Business			
Bole Medhanialem Building	63.08	64.68	66.27
Kality Building	101.69	103.77	105.85
Bahirdar Building	39.79	40.7	41.62
Subtotal General Business	204.56	209.15	213.74
Life Business			
Bole Medhanialem Building	62.59	64.02	65.45
Subtotal Life Business	62.59	64.02	65.45
Total Investment Property	267.15	273.17	279.19

The Bole Medhanialem Building, which is split between the General and Life business segments, remains a cornerstone of the Company’s investment portfolio with a combined net book value of ETB 125.67 million in 2024/25. Over the three-year period, the carrying value of this asset has decreased from ETB 131.72 million in 2022/23 due to the application of the cost model, which

requires systematic annual depreciation over a 50-year estimated useful life. Despite the declining book value, the property continues to serve as a high-potential asset in a prime location in Addis Ababa, contributing significantly to the ETB 79.40 million in total rental income generated by the Company during the current fiscal year.

The Kality Building serves as the largest single investment property in the General Business segment, valued at ETB 101.69 million at the end of the 2024/25 period. Similar to the other holdings, its value has trended downward from ETB 105.85 million in 2022/23 as a result of accumulated depreciation. The stability of the original cost base indicates that no major structural additions were capitalized for this building during the reporting years. This asset is a critical component of Hibret's strategy to diversify income away from pure underwriting risk, providing a steady stream of non-premium revenue that helps buffer against the volatility of the insurance service result.

The Bahirdar Building represents the Company's strategic real estate presence outside of the capital city, with a net book value of ETB 39.79 million in 2024/25. The carrying amount has decreased marginally from ETB 41.62 million in 2022/23 following the consistent depreciation policy. Holding investment property in a regional hub like Bahir Dar demonstrates Hibret's commitment to a geographically diversified asset base, which supports the Company's solvency margin and provides localized rental income opportunities in growing regional economies.

In summary, the Total Investment Property value stood at ETB 267.15 million in 2024/25, showing a modest cumulative decline from ETB 279.19 million in 2022/23 purely due to accounting for depreciation. While the net book value is decreasing, the fair value of these properties-disclosed in the notes as ETB 318.60 million-remains significantly higher than the carrying amount, indicating substantial unrealized capital appreciation. This real estate portfolio provides Hibret with a strong "second engine" of profitability, with net rental income growing from ETB 38.11 million in 2023/24 to ETB 55.83 million in 2024/25, highlighting the effectiveness of the Company's property management in a high-inflation environment.

Intangible Properties

Table 84: Intangible Properties Breakdown

Item (In Millions ETB)	30 June 2025	30 June 2024	30 June 2023
General Business			
Computer software	15.22	11.39	12.41
Subtotal General Business	15.22	11.39	12.41
Life Business			
Computer software	0.09	0.13	0.13
Subtotal Life Business	0.09	0.13	0.13
Total Intangible Assets	15.31	11.51	12.54

The Computer software within the General Business segment constitutes the overwhelming majority of the Company's intangible asset base, valued at ETB 15.22 million in 2024/25. After a slight decrease in 2023/24 due to amortization, this category saw a significant ETB 5.45 million investment in new acquisitions during the current fiscal year. This surge is directly linked to the Company's strategic "United for Excellence" initiative, specifically the implementation of a new core insurance system designed to handle the complex reporting requirements of IFRS 17. This technological deepening is essential for improving underwriting precision and claims management efficiency as the segment scales to support over ETB 2.5 billion in Gross Written Premium.

In contrast, the Computer software for the Life Business segment has remained a very small portion of the portfolio, decreasing slightly to ETB 0.09 million in 2024/25. The steady decline from ETB 0.13 million in 2022/23 is purely a result of standard annual amortization, as there were no significant new software acquisitions capitalized for this segment during the last two years. While the Life segment's digital footprint is currently smaller than the General Business, the existing software continues to support the administration of long-term insurance contracts and the actuarial modeling required for the segment's ETB 215.72 million in revenue.

The Total Intangible Assets for Hibret Insurance grew by 33% in the current year, reaching ETB 15.31 million. This growth reflects a clear shift toward a more technology-driven operational model, where capital is being deployed into digital assets to enhance cybersecurity and data integrity. By amortizing these assets over an estimated useful life of 8 years, the Company ensures that the cost of these critical systems is matched against the revenue they generate. For potential investors, this upward trend in intangible value demonstrates Management's commitment to modernizing the Company's "backbone," ensuring it has the digital capacity to remain competitive in a liberalizing financial sector.

Right-of-use assets

Table 85: Right Use of Assets Breakdown

Item (In Millions ETB)	30 June 2025	30 June 2024	30 June 2023
Office premises	22.38	18.24	13
Prepaid operating leasehold land	3.67	3.77	3.78
Total Right of Use Assets	26.05	22.01	16.78

The Office premises category constitutes the primary driver of the Company's ROU asset portfolio, increasing from ETB 13.00 million in 2022/23 to ETB 22.38 million in 2024/25. This robust 72% growth over the three-year period is directly linked to Hibret Insurance's aggressive expansion of its market presence, which reached a total of 73 market outlets during the current year. As the Company secures new long-term leases for its growing branch network, these are capitalized as ROU assets in accordance with IFRS 16. The sharp increase in 2024/25 specifically reflects the addition of ETB 19.59 million in new lease agreements, which significantly outweighed the ETB 13.97 million in annual depreciation, signaling a period of heavy physical infrastructure scaling.

In contrast, the value of Prepaid operating leasehold land has remained remarkably stable, with a marginal decline from ETB 3.78 million to ETB 3.67 million over the reporting period. This asset class represents the long-term land leasehold rights for the Company's strategic plots in Bahir Dar, Kality, and Bole Medhanialem, which have lease terms ranging from 12 to 60 years. The consistent but very slow decrease in book value is purely a result of standard annual depreciation (amortization) of ETB 0.10 million per year. The stability of this figure indicates that no major new land leases were entered into or capitalized during this specific three-year window, with the Company focusing instead on developing its existing holdings.

The Total Right of Use Assets reached a milestone of ETB 26.05 million in 2024/25, representing a 55% increase over the three-year span. This upward trend is a clear indicator of the Company's commitment to expanding its physical service delivery points to accommodate its record-breaking ETB 2.75 billion in Gross Written Premiums. While Hibret continues to invest in owned buildings (classified under PP&E), the growth in ROU assets demonstrates a balanced "asset-light" approach to branch expansion, allowing the Company to rapidly establish new outlets in high-traffic areas without the immediate heavy capital outlay of construction. This strategic flexibility is essential for maintaining market share in the highly competitive and price-sensitive Ethiopian insurance sector.

Investment Securities

1. Financial Asset at Fair Value through OCI

Table 86: Financial Assets Breakdown (FVPCI)

Item (In Millions ETB)	30 June 2025	30 June 2024	30 June 2023
Hibret Bank SC	309.6	303.64	256.74
Ethiopian Reinsurance S.C	101.69	71.15	58.03
Habesha Cement Factory SC	5.3	5.3	5.3
Ethiopia Securities Exchange (ESX)	9.74	9.74	0
Total Financial Asset at FVOCI	426.33	389.83	320.07

This asset class represents Hibret's long-term strategic equity stakes in other institutions. Under IFRS 9, these are measured at fair value, with annual changes in value recorded in the revaluation reserve within equity.

The investment in Hibret Bank SC remains the Company's anchor equity asset, reaching ETB 309.60 million in 2024/25. This value has grown by 20.6% over the last three years, reflecting a combination of continued share accumulation and the steady appreciation of the bank's market-implied fair value. This partnership is strategically vital as it provides both a reliable stream of dividend income and a platform for bancassurance growth. The valuation trend indicates that despite broader

macroeconomic shifts, Hibret's core equity investment in the banking sector continues to build capital strength for the balance sheet.

The Company's stake in Ethiopian Reinsurance S.C has shown even more aggressive growth, increasing from ETB 58.03 million in 2022/23 to ETB 101.69 million in the current year. This 75% rise underscores Management's commitment to supporting the local reinsurance capacity and fulfilling its role as a key institutional investor in the domestic risk-sharing ecosystem. By expanding this stake, Hibret Insurance effectively diversifies its earnings, as it benefits from the profitability of the broader reinsurance market while ensuring compliance with national retention and cession directives.

Strategic industrial and market-infrastructure holdings are represented by Habesha Cement Factory SC and the Ethiopia Securities Exchange (ESX). The Habesha Cement holding has remained perfectly stable at ETB 5.30 million, providing a legacy industrial hedge. The ETB 9.74 million investment in the ESX, finalized in 2023/24, represents a critical forward-looking asset. As the first formal stock exchange in Ethiopia's history, Hibret's founding-member status is expected to enhance the liquidity of its unquoted equity portfolio and open new avenues for capital mobilization in the coming five years as the Company seeks to double its capital.

2. Financial Asset Amortized at Cost (Debt)

Table 87: Financial Asset Amortized At Cost

Item (In Millions ETB)	30 June 2025	30 June 2024	30 June 2023
Government securities (Non-Life)	136.17	65.57	21.41
Interest receivable on Government Bond	8.55	4.75	1.95
Development Bank Bond (Life)	18.82	11.19	5.53
Less: Impairment - IFRS 9	(0.26)	(0.14)	(0.08)
Total Financial Asset at Amortized Cost	163.28	81.37	28.81

The Government securities (Bonds) within the Non-Life segment have seen a meteoric rise, skyrocketing from ETB 21.41 million in 2022/23 to ETB 136.17 million in 2024/25. This nearly six-fold expansion is a direct result of the Company's successful capital mobilization efforts; as Hibret increases its paid-up capital toward the ETB 1.5 billion target, it is required by National Bank of Ethiopia directives to maintain higher levels of low-risk, interest-bearing government debt. This shift significantly enhances the Company's overall solvency margin and provides a predictable, guaranteed interest income stream that helps stabilize the bottom line against underwriting cycles.

The Interest receivable on Government Bond and the Development Bank Bond held for the Life segment have naturally scaled in line with the principal growth, reaching ETB 8.55 million and ETB 18.82 million respectively. The growth in the Development Bank holdings ensures that Hibret's long-term life insurance liabilities are backed by assets with appropriate durations and yields, satisfying actuarial requirements. The tiny Impairment - IFRS 9 provision of ETB 0.26 million reflects the

"Stage 1" low-risk status of these instruments, proving that Hibret's debt portfolio is composed of the highest-grade assets available in the domestic market.

In summary, the combined investment securities value of ETB 589.61 million (426.33M at FVOCI + 163.28M at Amortized Cost) represents a 69% increase over three years. This analysis demonstrates a balanced investment strategy where high-growth strategic equities provide capital appreciation, while a rapidly expanding government bond portfolio provides the liquidity and regulatory safety required to support Hibret's record-breaking operational scale.

Statutory Deposits

Table 88: Statutory Deposits

Item (In Millions ETB)	30 June 2025	30 June 2024	30 June 2023
General Business			
Statutory deposits	181.02	144.31	114.35
Interest receivable on Government Bond	6.82	5.25	3.15
Less: Impairment - IFRS 9	(0.35)	(0.29)	(0.21)
Subtotal General Business	187.49	149.27	117.29
Life Business			
Statutory deposits	15.75	15.75	15.75
Interest receivable on Government Bond	1.37	1.08	1.08
Less: Impairment - IFRS 9	(0.03)	(0.75)	(0.02)
Subtotal Life Business	17.09	16.08	16.81

The Statutory deposits for the General Business segment have shown aggressive growth over the three-year period, rising from ETB 114.35 million in 2022/23 to ETB 181.02 million in 2024/25. This upward trend is a direct consequence of the Company's successful capital mobilization efforts; as Hibret Insurance increases its paid-up capital toward the ETB 1.5 billion target, it is legally required to deposit 15% of that capital with the National Bank of Ethiopia. This growth ensures that the Company remains in full regulatory compliance while providing a secured layer of protection for policyholders, which is a vital indicator of financial integrity for potential investors in this prospectus.

In contrast, the Statutory deposits for the Life Business segment have remained perfectly flat at ETB 15.75 million throughout the reporting period. This stability indicates that the capital allocated specifically to the long-term insurance segment did not undergo a mandatory increase during these three years, as the Company focused its primary capital expansion on the General Business and the

newly launched Takaful line. These deposits continue to earn an annual interest rate of 8% on six-year maturity bonds, providing a small but guaranteed yield that supports the Life segment's solvency.

The Interest receivable on Government Bonds has naturally scaled in tandem with the principal deposits, reaching a combined ETB 8.19 million in the current fiscal year. This growth reflects the "unwinding" and accrual of the 8% coupon rate on the total bond portfolio held at the central bank. Because these funds are restricted and cannot be withdrawn without central bank permission, the growing interest component serves as a reinvestment that further bolsters the Company's total asset base without increasing its risk profile.

The Impairment - IFRS 9 provision represents a negligible fraction of the total deposit value, ending the period at a combined ETB 0.38 million. Under the IFRS 9 Expected Credit Loss model, even these highest-grade government-backed assets must carry a theoretical loss allowance. The extremely low level of this impairment, effectively less than 0.2% of the total value, confirms that the Company's statutory holdings are treated as "Stage 1" low-risk assets with no significant increase in credit risk since initial recognition.

Insurance Contract Assets

Table 89: Insurance Contract Assets Breakdown

Item (In Millions ETB)	30 June 2025	30 June 2024	30 June 2023
Due from policyholders	20.58	14.52	8.61
Due from risk sharing (local insurers)	25.61	7.43	0
Inter-office receivable - Life/Takaful	42.81	8.45	0
Gross Insurance Contract Assets	88.99	30.4	8.61
Less: Provision for impairment (ECL)	(12.5)	(10.7)	(2.35)
Total Insurance Contract Assets	76.49	19.7	6.26

The amount Due from policyholders has exhibited a consistent upward trend, growing from ETB 8.61 million in 2022/23 to ETB 20.58 million in 2024/25. This nearly 140% increase over the period is primarily driven by the Company's record-breaking premium production, which reached ETB 2.75 billion in the current year. While the "No Premium No Cover" regulation generally limits credit sales, these technical assets reflect legitimate outstanding balances from government organizations and other exempt corporate entities. The growth indicates that Hibret is successfully capturing large-scale public and private sector accounts that operate on standard billing cycles.

A major strategic shift is visible in the Due from risk sharing (local insurers) line item, which rose from zero in 2022/23 to ETB 25.61 million in the current year. This surge highlights the Company's deepened integration into the Ethiopian insurance ecosystem through co-insurance and local risk-pooling arrangements. By participating in large-scale industrial and aviation risks that exceed the capacity of a single insurer, Hibret has built a high-quality asset base of shared-risk receivables. This diversification of assets away from pure policyholder credit is a key indicator of institutional maturity and reduced concentration risk for potential investors.

The Inter-office receivable - Life/Takaful serves as a bridge between the Company's business segments, jumping to ETB 42.81 million in 2024/25. This growth is specifically linked to the launch of the "Barakah Takaful" business line in November 2024. As the General business segment provides initial liquidity and operational support to the new Takaful and Life portfolios, these inter-segment balances are capitalized. While they eliminate at the consolidated level, their presence in the technical asset breakdown shows the active internal financing used to scale Hibret's high-growth Islamic insurance and long-term segments.

Finally, the Provision for impairment (ECL) has scaled in line with the expanding asset base, increasing to ETB 12.50 million in 2024/25. Following the full adoption of the forward-looking IFRS 9 Expected Credit Loss model, the Company now recognizes potential credit risk even on current balances. The significant jump from the 2022/23 provision of ETB 2.35 million reflects a more rigorous and prudent impairment policy that ensures the balance sheet only reflects highly recoverable technical assets. Despite this rise in provisions, the Total Insurance Contract Assets reached ETB 76.49 million, a 12-fold increase over three years that underscores the rapid scaling of Hibret's operational footprint.

Reinsurance Contract Assets
Table 53: Reinsurance Contract Assets Breakdown

Item (In Millions ETB)	30 June 2025	30 June 2024	30 June 2023
Non-Life Business			
Asset for Remaining Coverage (ARC)	410.46	253.03	199.59
Asset for Incurred Claims (AIC)	427.09	554.52	116.03
Subtotal Non-Life Asset	837.55	807.55	315.62
Life Business			
Asset for Remaining Coverage (ARC)	11.35	17.71	16.29
Asset for Incurred claims (AIC)	3.68	6.01	1.88
Subtotal Life Asset	15.03	23.72	18.17
Takaful Business			
Asset for Remaining Coverage (ARC)	2.56	0	0

The Non-Life Asset for Remaining Coverage (ARC) has seen consistent growth, nearly doubling from ETB 199.59 million in 2022/23 to ETB 410.46 million in 2024/25. This trend is a direct result of the Company's aggressive expansion in high-value business classes like Engineering and Aviation, which saw growth rates of 275.6% and 42.1%, respectively, in the current year. As Hibret writes more of these large-scale risks, a larger portion of the unearned premium is ceded to international reinsurers to protect the Company's net retention. This growth in ARC indicates a robust risk-transfer strategy that safeguards the Company's capital against future claims.

In contrast, the Non-Life Asset for Incurred Claims (AIC) exhibited significant volatility, spiking to ETB 554.52 million in 2023/24 before moderating to ETB 427.09 million in 2024/25. The spike in the previous year was primarily driven by the "notified claims" component, which reflects the reinsurers' share of large outstanding losses reported during that period. The decrease in the current year suggests a successful settlement cycle and a reduction in the reinsurer's share of open claims. Under IFRS 17, this line also incorporates the Effect of Discounting, which contributed ETB 106.10 million in negative adjustments this year, reflecting the present value of expected recoveries from reinsurers.

The Life Business Reinsurance Assets saw a moderate decline in 2024/25, ending the year at ETB 15.03 million compared to ETB 23.72 million in the prior year. This decline is primarily found in the Asset for Remaining Coverage (ARC), which fell from ETB 17.71 million to ETB 11.35 million. This movement aligns with the overall 39% decline in Life Gross Written Premium during the current year, largely due to the loss of a major corporate customer. As the Life portfolio contracted, the volume of risk ceded to reinsurers naturally decreased, resulting in a lower technical asset balance for this segment.

A new category, the Takaful Business Reinsurance Asset, appeared for the first time in 2024/25 following the launch of "Barakah Takaful". The initial ARC of ETB 2.56 million represents the risk-sharing portion of Takaful contributions ceded to Retakaful operators during the first seven months of operation. While currently a small portion of the total, this asset is expected to scale rapidly as Hibret expands its Shariah-compliant product offerings.

In summary, the Total Reinsurance Contract Assets reached ETB 855.14 million in 2024/25, marking a 156% increase over the three-year period. This massive balance sheet growth reflects Hibret's transition to a more sophisticated risk-sharing model under IFRS 17. By effectively managing ETB 855.14 million in "recoverables" from high-rated international partners, the Company ensures it has the liquidity and security necessary to handle the large-scale claims associated with its record ETB 2.75 billion premium portfolio.

Other Assets

Table 90: Other Assets

Item (In Millions ETB)	30 June 2025	30 June 2024	30 June 2023
Deferred acquisition costs	70.38	62.45	55.12

Item (In Millions ETB)	30 June 2025	30 June 2024	30 June 2023
Prepayments	44.12	32.18	28.45
Staff advances and loans	18.55	12.35	9.88
Sundry receivables	13.91	12.11	11.05
Total Other Assets	146.96	119.09	104.5

Deferred acquisition costs (DAC) represent the largest component of this category, rising from ETB 55.12 million in 2022/23 to ETB 70.38 million in 2024/25. This 27.7% increase is a direct reflection of the Company's aggressive premium growth. Under IFRS 17, Hibret defers the costs directly related to acquiring new insurance contracts-such as agent commissions and direct marketing-and amortizes them over the life of the policy. The consistent upward trend in DAC confirms that the Company is successfully capturing new business while maintaining a disciplined approach to matching acquisition expenses with the premium revenue they generate.

The value of Prepayments grew significantly to ETB 44.12 million in the current year, up from ETB 28.45 million in 2022/23. This jump is largely attributed to the upfront costs associated with the Company’s "United for Excellence" digital transformation project.

These prepayments typically cover multi-year software maintenance agreements, cloud hosting fees, and professional consultancy services that were paid during the fiscal year but provide benefits across future reporting periods. By managing these as assets, Hibret avoids "lumpy" expense spikes, ensuring a smoother and more predictable bottom line for shareholders.

Staff advances and loans have recorded ETB 18.55 million. This growth highlights Hibret's commitment to its "Human Capital" core value. As part of its retention strategy in a competitive financial labor market, the Company provides various personal and emergency loans to its workforce. Given that the Company’s headcount has expanded to support 73 market outlets, this increase is a natural outcome of scaling the workforce and investing in staff welfare to ensure a motivated team capable of delivering "honest, prompt, and courteous" service.

Finally, Sundry receivables remained relatively stable, closing the period at ETB 13.91 million. These miscellaneous balances include deposits for utilities, legal claims in progress, and other minor operational debtors. The steady, low-growth nature of this sub-item indicates a well-managed administrative environment where minor receivables are collected efficiently. Collectively, the growth in Total Other Assets to ETB 146.96 million demonstrates a Company that is successfully scaling its operational supporting infrastructure to keep pace with its massive ETB 2.75 billion premium production.

Cash and cash equivalents

Table 91: Cash and cash equivalents breakdown

Item (In Millions ETB)	30 June 2025	30 June 2024	30 June 2023
Cash in hand	1.85	1.55	1.25
Cash at bank - Local	485.62	345.22	295.4
Cash at bank - Foreign	12.35	8.45	5.6
Fixed deposits - Local Banks	965.29	824.98	777.55
Total Cash and Bank Balances	1,465.11	1,180.20	1,079.80

Cash in hand remained a nominal component of the liquidity pool, ending the period at ETB 1.85 million. This balance represents the petty cash and daily till holdings across the Company's 73 market outlets. The slight increase from ETB 1.25 million in 2022/23 is a direct consequence of the branch network expansion, requiring more localized cash for minor administrative disbursements. Maintaining a lean cash-on-hand position is a sign of efficient treasury management, as it minimizes the risk of loss while ensuring operational needs are met.

The Company’s Cash at bank - Local experienced significant growth, reaching ETB 485.62 million in 2024/25. This 64% increase over the three-year period is a direct result of the record-breaking premium collections, which totaled ETB 2.75 billion in the current year. Under the "No Premium No Cover" regulatory regime, the influx of cash from policyholders is immediate. This high balance in current and savings accounts ensures that Hibret maintains superior "claims-paying ability," allowing for the "honest, prompt, and courteous" settlement of losses that the brand is known for.
Cash at bank - Foreign more than doubled over the period to reach ETB 12.35 million. This reflects the Company's increasing involvement in international risk-sharing and the specialized handling of marine and aviation premiums that may be denominated in foreign currency. While a relatively small portion of the total liquidity, the growth in foreign cash holdings is a key indicator of Hibret's expanding technical capacity to serve multinational clients and its readiness to operate in a more open, liberalizing financial environment.

The largest driver of the Company's liquidity strategy is Fixed deposits - Local Banks, which surged to ETB 965.29 million in 2024/25. By placing nearly a billion Birr in short-term fixed-term placements, Hibret is successfully optimizing its "float"-the time between receiving premiums and paying claims. These deposits are a primary source of the ETB 178.50 million in interest income generated during the year. The steady growth from ETB 777.55 million in 2022/23 demonstrates that the Company is effectively recycling its operational cash flow into low-risk, interest-bearing instruments that bolster its solvency and provide a stable non-underwriting profit stream.

Deposits with Financial Institutions

Table 92: Deposits with Financial Institutions

Item (In Millions ETB)	30 June 2025	30 June 2024	30 June 2023
Interest Receivable - General Business	2.58	2.15	1.85
Interest Receivable - Life Business	0.45	0.88	1.28
Total Interest Receivable	3.03	3.03	3.13

The Interest Receivable for General Business grew to ETB 2.58 million in 2024/25, up from ETB 1.85 million in 2022/23. This upward trend reflects the Company's strategy of shifting larger portions of its massive ETB 2.75 billion premium collection into high-yield fixed-term placements. By locking in competitive interest rates with local commercial banks, the Company ensures that its "float" is actively generating non-underwriting income. The increase in receivable interest suggests that Hibret is managing a larger volume of placements with longer durations, which maximizes the investment return before the funds are needed to settle policyholder claims.

In contrast, the Interest Receivable for Life Business has declined steadily over the last three years, ending at ETB 0.45 million. This reflects a strategic decision to reallocate Life segment funds away from traditional bank deposits and into longer-term Government Bonds and Equity Investments (FVOCI), which are better suited for matching the duration of long-term life insurance liabilities. Additionally, as the Life premium volume saw a contraction this year due to the loss of a major corporate account, there was less immediate cash available for new short-term bank placements, naturally leading to a lower accrued interest balance.

The Total Interest Receivable has remained remarkably stable at approximately ETB 3.03 million over the last two years. While this amount is a small fraction of the total balance sheet, it represents the "earning efficiency" of the Company's liquid reserves. For potential investors, this consistency proves that Hibret maintains a disciplined treasury management policy, ensuring that even as the business scales, its cash reserves are never idle and are always contributing to the bottom line. This accrued interest is a key component of the total ETB 544.43 million investment income that helps subsidize the cost of insurance operations and supports the Company's record-breaking net profit.

Insurance Contract Liabilities

Table 93: Insurance Contract Liabilities Breakdown

Item (In Millions ETB)	30 June 2025	30 June 2024	30 June 2023
Non-Life Business			
Liability for Remaining Coverage (LRC)	1,185.32	985.42	812.35
Liability for Incurred Claims	1,215.65	1,025.12	1,145.22

Item (In Millions ETB)	30 June 2025	30 June 2024	30 June 2023
(LIC)			
Subtotal Non-Life Liability	2,400.97	2,010.54	1,957.57
Life Business			
Liability for Remaining Coverage (LRC)	102.35	92.55	78.45
Liability for Incurred Claims (LIC)	85.12	32.45	22.43
Subtotal Life Liability	187.47	125	100.88
Takaful Business			
Liability for Remaining Coverage (LRC)	22.99	0	0
Total Insurance Contract Liability	2,611.43	2,135.54	2,058.45
Subtotal Non-Life Liability	2,400.97	2,010.54	1,957.57

The Non-Life Liability for Remaining Coverage (LRC) has seen a consistent upward trajectory, reaching ETB 1,185.32 million in 2024/25. This 46% increase since 2022/23 is a direct consequence of the Company's robust premium growth, which hit a record ETB 2.75 billion this year. Under IFRS 17, the LRC represents the unearned portion of these premiums, essentially the obligation to provide coverage for the unexpired portion of current policies. The steady rise in this liability is a positive indicator of the Company's expanding market share and successful "United for Excellence" customer acquisition strategy.

The Non-Life Liability for Incurred Claims (LIC) ended the period at ETB 1.22 billion. This line item represents the estimated ultimate cost of settling claims that have already occurred, including those not yet reported (IBNR). While this value increased from the prior year, it remains remarkably stable relative to the massive growth in total business volume. This stability is a testament to the Company's "honest, prompt, and courteous claims services" and efficient settlement cycle, which prevents the backlog of old claims. Furthermore, the 2024/25 figure includes a Risk Adjustment and the Effect of Discounting, ensuring that the liability reflects a prudent, present-value estimate of future cash outflows.

The Life Business Liabilities experienced a sharp increase in 2024/25, reaching a total of ETB 187.47 million. While the LRC grew steadily, the Liability for Incurred Claims (LIC) nearly tripled from ETB 32.45 million to ETB 85.12 million. This jump is primarily attributed to the "unwinding" of long-term contract benefits and a few significant death and maturity claims reported during the year. Despite the segment's overall premium contraction due to the loss of a major corporate account, the rising liability base reflects the maturing of Hibret's long-term life portfolio, which was the first of its kind in the Ethiopian private sector.

A new category, Takaful Business Liability, emerged in 2024/25 following the successful launch of "Barakah Takaful" in November 2024. The ETB 22.99 million in LRC represents the Shariah-compliant contributions held for the unexpired portion of Takaful contracts. As this segment is still in its infancy (seven months of operation), the liability is entirely composed of remaining coverage, with no significant incurred claims yet reported. This new business line adds a layer of

diversification to Hibret's liability profile and positions the Company to capture the growing demand for Islamic insurance products in Ethiopia.

Other Liabilities

Table 94: Other Liabilities Breakdown

Item (In Millions ETB)	30 June 2025	30 June 2024	30 June 2023
Dividend payable	155.85	134.52	120.45
Accrued expenses	84.12	72.15	65.42
Accrued leave pays	12.35	10.45	9.88
Other tax payables (VAT, Withholding)	48.62	42.15	38.65
Commission payable	55.42	45.32	40.12
Sundry payables	26.08	24.16	20.9
Total Other Liabilities	382.44	328.75	295.42

The Dividend payable remains the largest single component of other liabilities, increasing from ETB 120.45 million in 2022/23 to ETB 155.85 million in 2024/25. This 29% growth is a direct reflection of the Company's record-breaking profitability, specifically the ETB 843.15 million net profit achieved in the current year. While Hibret consistently pays out competitive dividends to its shareholders, the growth in this liability reflects the time-lag between the profit declaration at the Annual General Meeting (AGM) and the actual cash disbursement. This demonstrates a highly successful track record of returning value to investors as the Company scales toward its ETB 1.5 billion capital target.

Accrued expenses and Commission payable both showed significant upward trends, ending the period at ETB 84.12 million and ETB 55.42 million, respectively. The rise in commissions is particularly important for the MD&A as it is directly tied to the Company's massive premium growth. As Gross Written Premium reached ETB 2.75 billion, the obligations to Hibret's extensive agency network and brokers naturally increased. Similarly, the growth in accrued expenses covers the rising operational costs of managing 73 market outlets and the implementation of the "United for Excellence" digital core system.

Other tax payables, including VAT and withholding taxes, reached ETB 48.62 million in 2024/25. This growth mirrors the overall expansion of the business and the Company's commitment to being a "Loyal Taxpayer," as evidenced by the Gold Level Award received from the government in October 2025. By maintaining accurate and timely tax provisions, Hibret minimizes regulatory risk and maintains its reputation for high integrity and corporate governance.

Finally, Accrued leave pay and Sundry payables reached ETB 12.35 million and ETB 26.08 million, respectively. The increase in leave pay accruals is a natural result of the Company's expanding workforce, which now supports its broad national footprint. Sundry payables, which include security

deposits and minor administrative creditors, have remained stable relative to the overall growth of the balance sheet. In summary, the growth in Total Other Liabilities to ETB 382.44 million is a byproduct of a rapidly maturing and expanding financial institution that is efficiently managing its operational obligations as it prepares for the next phase of capital growth.

Share Capital

Table 95: Share Capital

Item (In Millions ETB)	30 June 2025	30 June 2024	30 June 2023
Authorized Share Capital	1,500.00	1,500.00	1,000.00
Paid-up Capital	1,341.60	1,068.18	840.6

The Authorized Share Capital was increased from ETB 1,000.00 million in 2022/23 to ETB 1,500.00 million in the current period. This strategic move, approved by the Extraordinary General Meeting of Shareholders, created the necessary legal headroom for the Company to significantly deepen its capital base. By setting a 1.5 billion ceiling, the Board has signaled its intention to keep Hibret Insurance at the forefront of the industry's "capital race," ensuring the Company remains one of the most capitalized and resilient private insurers in Ethiopia as the market prepares for liberalization.
The Paid-up Capital has exhibited aggressive and consistent growth, rising from ETB 840.60 million to ETB 1,341.60 million over the three-year period. This represents a 59.6% increase in the actual cash-backed equity of the Company. This growth is driven by two main factors: the issuance of new shares to existing shareholders (often funded through the capitalization of dividends) and the successful entry of new strategic investors. Reaching the ETB 1.34 billion mark in 2024/25 is a major milestone, placing the Company within 11% of its ultimate authorized target and far exceeding the regulatory minimums set by the National Bank of Ethiopia.

For the purpose of the prospectus, this rapid capital deepening is a key indicator of investor confidence. The fact that shareholders have consistently opted to reinvest their earnings and inject fresh capital into Hibret Insurance demonstrates a high level of trust in the Company's "United for Excellence" strategy. This strong capital foundation does more than just meet regulatory requirements; it significantly enhances the Company's underwriting capacity, allowing Hibret to lead major co-insurance arrangements for high-value national projects and providing a massive cushion of security for its policyholders.

Retained Earnings

Table 96: Retained Earnings

Item (In Millions ETB)	45,838.00	45,473.00	45,107.00
Opening Balance (1 July)	797.46	772.35	685.12
Profit for the Year (After-Tax)	843.15	470.96	327.02
Transfer to Legal Reserve (10%)	(84.32)	(47.10)	(32.70)
Dividends Declared/Distributed	(701.51)	(398.75)	(207.09)
Total Retained Earnings	854.78	797.46	772.35

The Profit for the Year (After-Tax) has achieved historic levels, more than doubling over the three-year period from ETB 327.02 million to ETB 843.15 million in 2024/25. This 158% increase is the definitive "headline" for this prospectus. It proves that Hibret Insurance is not just growing in size but is becoming significantly more profitable as it scales. This performance was driven by a combination of record premium collections (ETB 2.75 billion) and a 37% jump in net investment income, which reached ETB 544.43 million this year. For investors, this trajectory demonstrates a high-efficiency business model that successfully leverages both underwriting and investment activities.

The Dividends Declared/Distributed reached ETB 701.51 million in the current period, representing a massive jump from the ETB 207.09 million distributed two years ago. This upward trend highlights the Board's commitment to rewarding Hibret's "Kings" and "Queens" (the shareholders). It is important to note that a significant portion of these declared dividends is typically reinvested by shareholders back into the Company to fund the ongoing capital mobilization drive. This "virtuous cycle"-where profits fund dividends, and dividends fund new share capital-has been the engine allowing Hibret to reach its ETB 1.34 billion paid-up capital milestone.

The Transfer to Legal Reserve follows a strict 10% statutory requirement, reaching ETB 84.32 million this year in line with the surging profits. While this reduces the amount available for immediate distribution, it serves as a "compulsory savings" mechanism that strengthens the Company's long-term solvency. Over the three years, the cumulative growth in these reserves, alongside the growing retained earnings base, has created a massive internal capital cushion. This ensures that Hibret remains highly resilient against large-scale claims or macroeconomic shocks, a key selling point for a prospectus in a liberalizing financial market.

Legal Reserve

Table 97: Legal Reserve

Item (In Millions ETB)	30 June 2025	30 June 2024	30 June 2023
Opening Balance (1198.15 July)		151.05	118.35
Transfer from Profit (10%)	84.32	47.1	32.7
Total Legal Reserve	282.47	198.15	151.05

The Legal Reserve has experienced a significant acceleration in growth, surging from ETB 151.05 million in 2022/23 to ETB 282.47 million in 2024/25. This 87% increase over the three-year period is a direct consequence of the Company's skyrocketing profitability. Per National Bank of Ethiopia regulations, 10% of the annual net profit after tax must be transferred to this reserve until it equals the Company's paid-up capital. Because Hibret's net profit jumped from ETB 327.02 million to a record ETB 843.15 million in the current year, the mandatory contribution also nearly tripled, significantly deepening the Company's statutory "safety net."

The Transfer from Profit of ETB 84.32 million in 2024/25 represents the single largest annual addition to the reserve in the Company's history. For the purpose of the prospectus, this is a vital indicator of financial resilience. While these funds are not available for dividend distribution, they are held specifically to absorb unforeseen catastrophic losses and to support the Company's underwriting capacity. This growing reserve base, coupled with the ETB 1.34 billion in paid-up capital, ensures that Hibret maintains a superior solvency margin that far exceeds regulatory minimums, providing an exceptional level of security for its "Kings" and "Queens" (policyholders). From a strategic standpoint, the rapid buildup of the Legal Reserve acts as a capital stabilizer. As Hibret moves toward its goal of doubling its capital and market share in the next five years, this reserve provides a non-dilutive way to strengthen the balance sheet. It demonstrates that Hibret is a "responsible grower"-a company that is not just paying out high dividends but is also diligently locking away significant portions of its profit to fund future expansion and maintain institutional stability during periods of market volatility or liberalizing competition.

7.6. Statement of Cashflows

Table 98: Statement of Cahsflow

ETB Millions	30 June 2025	30 June 2024	30-Jun-23
Cash flows from operating activities			
Cash generated from operations	1,376.37	1,054.21	886.68
Interest income	(404.57)	(279.68)	(162.64)
Dividend income	(57.41)	(54.92)	(37.43)
Income tax paid	(97.05)	(59.37)	(27.72)

ETB Millions	30 June 2025	30 June 2024	30-Jun-23
Rent income	(79.40)	(59.54)	(55.53)
Net cash inflow from operating activities	737.94	600.70	603.36
Cash flows from investing activities			
Purchase of investment securities	(67.20)	(64.87)	(5.12)
Investment in Fixed time deposit	(778.94)	(692.52)	(823.07)
Purchase of investment property	(0.20)	(1.15)	(0.15)
Right of use assets	(8.47)	(5.42)	(6.17)
Purchase of intangible assets	(5.45)	(8.89)	(2.66)
Purchase of property, plant and equipment	(38.39)	(65.39)	(37.75)
Proceeds from sale of property, plant and equipment	3.15	0.62	1.15
Dividends received	57.41	54.92	37.43
Proceeds from policy loans	(0.01)	0.01	0.00
Rent income received	79.40	59.54	55.53
Interest income received	404.57	279.68	162.64
Increase in statutory deposit	(39.07)	(35.43)	(52.51)
Net cash outflow from investing activities	(393.21)	(478.89)	(670.66)
Cash flows from financing activities			
Dividends paid	(467.75)	(294.32)	(163.40)
Proceeds from issues of shares	273.42	227.58	363.04
Repayment of lease liability	(6.93)	(5.87)	(4.42)
Participants Takaful Fund	-	-	-
Increase in life fund	-	-	(82.84)
Net cash (outflow)/inflow from financing activities	(201.25)	(72.62)	112.37
Net increase in cash and cash equivalents	143.48	49.19	45.06
Cash and cash equivalents at the beginning of the year	145.43	96.24	51.18
Cash and cash equivalents at the end of the year	288.91	145.43	96.24

The company's core operational strength is underscored by a robust upward trajectory in cash generation, with gross cash from operations increasing by 55% over the three-year period to reach ETB 1,376.37 million in 2025. This significant influx, primarily driven by a record ETB 2.75 billion in premium collections, has consistently outpaced claim settlements and administrative costs. Even after fulfilling rising fiscal obligations, evidenced by the jump in income tax paid from ETB 27.72 million in 2023 to ETB 97.05 million in 2025, the net operating cash flow remains highly efficient at ETB 737.94 million. This self-funding capability ensures the company can finance its aggressive growth targets and modernization efforts without increasing its debt profile.

The investing activities profile reflects a disciplined and high-yield asset allocation strategy designed to maximize the returns on the insurance "float." The company significantly scaled its investment in fixed-time deposits, reaching ETB 778.94 million in 2025, which has directly fueled a dramatic increase in interest income received, rising from ETB 162.64 million in 2023 to ETB 404.57 million in 2025. Beyond financial placements, the company utilized ETB 38.39 million for property and equipment and ETB 5.45 million for intangible assets, ensuring that the physical and digital infrastructure, including the core "United for Excellence" system, is capable of supporting a multi-billion Birr portfolio. These strategic outflows are offset by a diversified stream of dividend and rental income, creating a resilient and non-correlated investment portfolio.

Capital mobilization remains a cornerstone of the company’s financial strategy as it moves toward its ETB 1.5 billion authorized capital limit. Financing activities in 2025 were characterized by a successful share issuance that generated ETB 273.42 million in proceeds, highlighting strong investor confidence and a clear path to capital deepening. While the company intensified its profit distribution, paying out ETB 201.25 million in dividends during the current year, it simultaneously fortified its long-term policyholder security through a ETB 112.37 million increase in the life fund. The introduction of the Participants Takaful Fund also signifies a successful diversification into Shariah-compliant risk-sharing, adding a new layer of liquidity and market reach.

By the close of the 2025 fiscal year, the company’s cash and cash equivalents reached ETB 288.91 million, a substantial leap from the ETB 96.24 million held just two years prior. This liquidity position is bolstered by a conservative approach to solvency, with ETB 39.07 million added to statutory deposits in 2025 to comply with National Bank of Ethiopia requirements. When viewed alongside the nearly one billion Birr held in fixed-term placements, the company possesses a formidable "liquidity fortress." This financial posture provides a high degree of confidence for potential investors, as it ensures the company is not only meeting current obligations but is strategically positioned to lead the market during the upcoming liberalization of the Ethiopian financial sector.

7.6.1. Statements of Change in Equity

Table 99: Statements of Change in Equity

ETB Millions	Share capital	Share premium	Retained earnings	IFRS Adop.Re-measurement Res	Legal reserve	Life fund reserve	Other reserves	Total
As at 1 July 2023	840.60	21.72	291.65	65.94	146.18	-	96.00	1,462.09
Profit for the year	-	-	519.72	-	-	-	-	519.72
Transfer to legal reserve	-	-	(51.97)	-	51.97	-	-	-
Transfer to capital	227.58	-	-	-	-	-	-	227.58
Transfer to life fund	-	-	60.10	-	-	60.10	-	120.20
Share Premium tax	-	(6.52)	-	-	-	-	-	(6.52)
Transaction with owners in their capacity as owners:	-	-	-	-	-	-	-	-
Dividends declared and paid	-	-	(294.32)	-	-	-	-	(294.32)
Other comprehensive income:	-	-	-	-	-	-	-	-
Re-measurement gains on defined benefit plans (net of tax)	-	-	-	-	-	-	(0.85)	(0.85)
Re-valuation gains/loss on Equity Investments	-	-	-	-	-	-	4.88	4.88
Derecognition of the Life Fund reserve	-	-	-	-	-	(60.10)	-	(60.10)
IFRS 17&9 Impact	-	-	(48.77)	-	-	-	-	(48.77)
Total comprehensive income for the year	-	-	124.66	-	51.97	-	4.03	505.72

ETB Millions	Share capital	Share premium	Retained earnings	IFRS Adop.Re-measurement Res	Legal reserve	Life fund reserve	Other reserves	Total
As of 30 June 2024	1,068.17	15.20	416.31	65.94	198.15	-	100.04	1,863.82
As of 1 July 2024	1,068.17	15.20	416.31	65.94	198.15	-	100.04	1,863.82
Profit for the year	-	-	632.28	-	-	-	-	632.28
Transfer to legal reserve	-	-	(84.32)	-	84.32	-	-	-
Transfer to capital	273.42	-	-	-	-	-	-	273.42
Transfer to life fund	-	-	141.03	-	-	141.03	-	282.06
Transfer to Takaful Fund	-	-	-	-	-	-	-	-
Transaction with owners in their capacity as owners	-	-	-	-	-	-	-	-
Contribution of equity net of transaction costs	-	-	-	-	-	-	-	-
Dividends declared and paid	-	-	(467.75)	-	-	-	-	(467.75)
Other comprehensive income:	-	-	-	-	-	-	-	-
Re-measurement gains on defined benefit plans (net of tax)	-	-	-	-	-	-	(3.08)	(3.08)
Re-valuation gains/loss on Equity Investments	-	-	-	-	-	-	(30.71)	(30.71)
Derecognition of the Life Fund reserve	-	-	-	-	-	(141.03)	-	(141.03)
IFRS 17&9 Impact	-	-	261.81	-	-	-	-	261.81
Current change in income tax due to IFRS 17	-	-	(41.73)	-	-	-	-	(41.73)

ETB Millions	Share capital	Share premium	Retained earnings	IFRS Adop.Re-measurement Res	Legal reserve	Life fund reserve	Other reserves	Total
Total comprehensive income for the year	273.42	-	300.29	-	84.32	-	(33.79)	624.24
As at 30 June 2025	1,341.60	15.20	716.60	65.94	282.47	-	66.25	2,488.06

The Statement of Changes in Equity highlights a transformative period of capital deepening, with total equity expanding by 70% over two fiscal years to reach ETB 2,488.06 million by June 2025. This expansion is anchored by a disciplined push to reach the ETB 1.5 billion authorized capital target, evidenced by the ETB 273.42 million transfer to share capital in the current year. By successfully converting a significant portion of its earnings into paid-up capital, which now stands at ETB 1,341.60 million, the company has created a robust permanent capital base. This "capital-first" strategy provides the necessary underwriting muscle to lead major national risks and signals a high degree of institutional readiness for the upcoming competitive shifts in the Ethiopian insurance landscape.

The company's profitability trajectory has provided a strong tailwind for this capital growth, with net profit for the year reaching ETB 632.28 million in 2025. This consistent earning power allowed the company to satisfy the high expectations of its "Kings and Queens" (shareholders) through a ETB 467.75 million dividend declaration, while simultaneously funding its statutory obligations. The mandatory 10% transfer to the legal reserve reached ETB 84.32 million this year, bringing the total statutory safety net to ETB 282.47 million. This balance between immediate shareholder yield and the buildup of non-distributable reserves underscores a mature financial policy that prioritizes long-term solvency alongside short-term rewards.

The transition to IFRS 17 and IFRS 9 has introduced a new layer of transparency and volatility management to the equity structure. In 2025, the company recognized a significant positive IFRS 17 and 9 impact of ETB 261.81 million within retained earnings, reflecting the modernized valuation of insurance contracts and financial assets. While Other Comprehensive Income saw a temporary ETB 30.71 million decline due to revaluation losses on equity investments, the overall "Total Comprehensive Income" of ETB 624.24 million demonstrates a highly resilient balance sheet capable of absorbing market fluctuations. These accounting shifts ensure that the company's equity now reflects a more accurate, present-value view of its true economic worth.

A strategic focus on specialized funds, including the dynamic management of the Life and Takaful segments, further diversifies the equity profile. The company handled a ETB 282.06 million movement involving the Life Fund reserve during the year, reflecting the maturing nature of its long-term life obligations and the specific de-recognition requirements under the new reporting framework. By effectively segregating and managing these specialized funds, Hibret Insurance maintains a "clean" equity core while ensuring that the specific risk-sharing requirements of its Barakah Takaful and Life participants are fully collateralized. This sophisticated equity management confirms the company's evolution from a traditional insurer into a multi-faceted financial powerhouse.

7.7. Contingent Liabilities, Guarantees, Letters of Credit and Off-Balance Sheet Arrangements

Table 100: Contingent Liabilities & Commitments

Item (In Millions ETB)	30 June 2025	30 June 2024	30 June 2023
Contingent Liabilities			
Letters of Guarantee (Bond)	1,833.00	1,514.86	1,223.10
Pending Legal Cases	299.2	185.4	142.1
Total Contingent Liabilities	2,132.20	1,700.26	1,365.20
Commitments			
Capital Commitments (Construction/IT)	85.4	45.3	12.5
Operating Lease Commitments	14.62	11.86	10.27
Total Commitments	100.02	57.16	22.77

The Company's Letters of Guarantee (Bonds) represent the largest component of off-balance sheet exposure, growing from ETB 1.22 billion in 2023 to ETB 1.83 billion in 2025. This 50% increase is reflective of the Company's strategic positioning as a leading provider of performance and advance payment bonds for Ethiopia's expanding infrastructure and construction sectors. While these represent a gross exposure, the risk is substantially mitigated through rigorous pre-risk surveys, the collection of counter-guarantees from principals, and robust reinsurance protection. Management maintains a disciplined underwriting approach to these instruments to ensure that potential calls on guarantees do not impair the Company's solvency.

Pending Legal Cases have trended upward, reaching ETB 299.20 million in 2024/25. These cases primarily arise in the ordinary course of the insurance business, including claims disputes and tax assessments currently under review. Material cases, such as the Dividend Withholding Tax assessment and infrastructure bond claims, are either fully provided for in the audited financial statements or are deemed by legal counsel to be substantially secured by collateral and reinsurance recoverables. The Board of Directors remains confident that the ultimate resolution of these proceedings will not have a material adverse effect on the Company's financial position or its ability to meet policyholder obligations.

Capital and Lease Commitments have seen a significant surge, particularly in the 2024/25 fiscal year, as the Company intensifies its "United for Excellence" transformation. Capital commitments rose to ETB 85.40 million, largely driven by the rollout of the new Core Insurance System and ongoing real estate developments at the Bole Medhanialem and Kality sites. Operating lease commitments also grew to ETB 14.62 million, following the strategic expansion of the physical branch network to 77 outlets. These commitments demonstrate a proactive investment in the Company's operational "backbone," ensuring that both physical and digital infrastructure are capable of supporting a multi-billion Birr premium portfolio

7.8. Capital Resources and Liquidity

1. Overview of Capital Resources

As of 30 June 2025, the Issuer's total assets amounted to ETB 6.04 billion, compared to ETB 4.78 billion as of 30 June 2024. This increase was mainly driven by growth in deposits with financial institutions, higher reinsurance contract assets, and increased premium receivables consistent with the growth in the business portfolio.

Shareholders' equity increased from ETB 1.86 billion (30 June 2024) to ETB 2.49 billion (30 June 2025), mainly due to retained earnings accumulation during the period. Paid-up capital rose from ETB 1.07 billion to ETB 1.34 billion, reflecting the Company's ongoing capital-strengthening efforts.

2. Sources of Capital and Funding Structure

The Company's capital and liquidity position is supported by:

a. Shareholders' Equity
   - Paid-up Capital (June 30, 2025): ETB 1.34 billion, increased to 1.5 billion as at March 31, 2026
   - Retained Earnings (June 30, 2025): ETB 716.6 million
   - Legal and Other Reserves (June 30, 2025): ETB 414.7 million (combined)

b. Insurance-Related Liabilities
   - Insurance contract liabilities increased from ETB 2.33 billion in 2024 to ETB 2.61 billion in 2025, in line with growth in the underwriting portfolio, particularly in Motor, Engineering, and Fire classes.

c. Investment Funding Sources
   - Deposits with financial institutions remain the Company's largest investment holding, increasing from ETB 2.38 billion (2024) to ETB 3.16 billion (2025), helping support liquidity availability and investment income performance.

3. Cash Resources, Obligations, and Restrictions

a. Material Cash Requirements

The Issuer's principal cash requirements arise from:
   - Settlement of insurance claims;
   - Reinsurance settlements;
   - Operational and administrative expenses; and
   - Tax obligations.

As of 30 June 2025, current income tax liabilities stood at ETB 117.9 million, compared to ETB 64.0 million in the previous year. Reinsurance contract liabilities also increased to ETB 358.3 million (2025), representing a key component of short-term cash commitments.

b. Material Commitments and Restrictions

The Company does not have long-term borrowings as of 30 June 2025 (unchanged from the prior year). No material restrictions have been reported regarding access to liquid assets, aside from statutory deposits totaling ETB 204.6 million, which are maintained in accordance with regulatory requirements of the National Bank of Ethiopia (NBE) and are therefore not available for operational use.

4. Obligations and Commitment Maturity Profile

The Company's obligations include:

- Insurance Contract Liabilities: ETB 2.61 billion (2025), which mature as claims arise.
- Lease Liabilities: ETB 14.6 million (2025), reflecting contractual rental obligations.
- Employee Benefit Obligations: ETB 12.8 million.
- Deferred Tax Liabilities: ETB 73.9 million.

The majority of liabilities are short-term and linked to policyholder obligations and reinsurance settlements.

7.9. Working Capital Statement

In the opinion of the Company, the Company has sufficient working capital for its present requirements, that is for at least the next twelve months following the date of this Prospectus.

7.10. Capitalization and Indebtedness

7.10.1. Statement of Capitalization

Table 101: Statement of Capitalization

Component	ETB '000
Share Capital	1,341,598
Share Premium	15,202
Reserves (legal, revaluation, IFRS & other)	414,657
Retained Earnings	716,604
Total Equity (Capitalization)	2,488,061

7.10.2. Statement of Indebtedness

- The Issuer has no interest-bearing bank loans and operates with a cash-positive position.
- Capitalization increased from ETB 1.86 billion (FY 2023/24) to ETB 2.49 billion (FY 2024/25), driven primarily by retained earnings growth and paid-up capital increases.

- Lease liabilities remain modest and stable, representing the only recurring financial indebtedness.
- No guaranteed or secured indebtedness is outstanding.
- No contingent financial indebtedness related to borrowing arrangements exists.
- The Company's liquidity position is considered adequate to meet its short-term obligations as they fall due, supported by disciplined cash flow management and a portfolio of liquid and readily realizable financial assets. The Company maintains sufficient liquidity buffers to ensure timely settlement of policyholder liabilities, operating expenses, and other current obligations under normal and stressed conditions.
- In addition, the Company maintains capital levels that are assessed to be above the minimum regulatory capital requirements prescribed by the relevant regulatory authority. This capital buffer provides resilience against underwriting, market, and operational risks and supports the Company's ongoing solvency position and business growth objectives.
- The Company continues to actively monitor its capital adequacy position on a regular basis and is committed to maintaining compliance with all applicable regulatory capital requirements, including any future revisions or enhancements to the regulatory framework.

Material Changes Within the Last 90 Days
As of the date of this Prospectus, management has confirmed that:

- There have been no material changes in the Issuer's capitalization or indebtedness position compared to the audited statement as of 30 June 2025.
- The Company has not incurred any new borrowings or guarantees, and no secured financing arrangements have been entered into during the 90-day period.

7.11 Going Concern

The Board of Directors of Hibret Insurance is not aware of any matter that would indicate that the Company will not continue as a going concern for at least twelve months from the date of this Prospectus. Accordingly, the audited financial information included in this Prospectus has been prepared on a going concern basis.

7.12. Legal and Arbitration Proceedings

As of the date of this Prospectus, Hibret Insurance S.C. is involved in certain governmental, legal, and arbitration proceedings that arise in the ordinary course of its insurance business. The Company maintains prudent technical provisions and reserves that management believes are adequate to cover potential liabilities arising from these matters. Where applicable, the Company has also secured reinsurance recoverable and/or counter-guarantees that materially mitigate its net exposure.

For the purpose of these disclosures, Hibret Insurance S.C. defines materiality as any individual or aggregate legal, governmental, or arbitration proceeding where the potential gross liability exceeds 5% of the Company's statutory equity as of June 30, 2025, or any matter that, regardless of the amount, could significantly impact the Company's reputation, regulatory standing, or operational continuity.

The following table summarizes the material pending proceedings in which the company is a defendant or codefendant:

Table 102: Legal and Arbitration Proceedings

No.	Type of Case	Plaintiff / Claimant	Defendant(s)	Claimed / Potential Gross Liability (ETB)	Company's Share / Net Exposure after Reinsurance & Reserves (ETB)
1	Dividend Withholding Tax Assessment	Ministry of Revenue	Hibret Insurance S.C.	57,872,773.04	57,872,773.04 (no reinsurance applicable; fully provided for in tax provisions)
2	Performance Bond Claim	Ethiopian Roads Administration	Hibret Insurance S.C.	174,844,577.61	Substantially mitigated through counter-Guarantees and reinsurance recovery; net exposure adequately reserved
3	Advance Payment Bond Claim	Addis Ababa Roads & Transport Bureau	Tidhar Excavation & Earth Moving Ltd., Nile Insurance Company S.C., and Hibret Insurance S.C. (joint and several)	66,480,121.10 (Hibret's proportionate share of total claim ETB 145,936,838.84)	Proportionate share only; fully secured by counter-guarantees and; reinsurance recovery available; net exposure fully reserved
	Total Gross Claimed Amount			299,197,471.75	

Management's Assessment

Although the total gross amount under litigation is ETB 299,197,471.75, the Company's net exposure after reinsurance recoverable, counter-guarantees, collateral held, and technical provisions is adequately covered with no anticipated material impact on the Company's financial position.

The Board of Directors and management, after consultation with internal and external legal counsel, confirm that:

- Adequate provisions have been recognized in the financial statements in accordance with IFRS 17 (Insurance Contracts) and IAS 37 (Provisions, Contingent Liabilities and Contingent Assets);
- Bond-related claims are substantially secured by counter-guarantees from the principals, with reinsurance protection in place; and
- None of these proceedings, individually or in aggregate, are expected to have a material adverse effect on the financial condition, results of operations, or solvency of Hibret Insurance S.C.

As disclosed above, there are no other governmental, legal, or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have, or have had during the 12 months preceding the date of this Prospectus, a significant effect on the Company's financial position or profitability.

Section VIII: Information on the Offer of Securities

8.1. Information concerning the securities being offered

8.1.1. Type and Class of Securities Being Offered

The Rights Offer comprises the issuance of 476,190 new Ordinary Shares of Hibret Insurance S.C. (the "Company" or the "Issuer"), being the Rights Offer Shares. Each Rights Offer Share shall be issued at an offer price of ETB 1,050 per share.

The Rights Offer is expected to raise gross proceeds of ETB 500,000,000, assuming full subscription. The Rights Offer Shares shall, upon allotment and registration, rank pari passu in all respects with the existing Ordinary Shares of the Company, including in respect of voting rights, dividends, pre-emptive rights, and participation in any distribution of assets upon liquidation, subject to applicable law and the Company's constitutional documents.

The Company has, and upon completion of the Rights Offer will continue to have, one class of ordinary shares. Following completion of the Rights Offer, and assuming full subscription, the Company's paid-up share capital will increase from ETB 1.5 billion to ETB 2 billion.

8.1.2. Registration of Securities

The Existing Ordinary Shares and the Rights Offer Shares will be registered with the Ethiopian Capital Market Authority ("ECMA") in accordance with the Capital Market Proclamation No. 1248/2021 and the Public Offering and Securities Trading Directive No. 1030/2024.

1,500,000 Existing Ordinary Shares fully paid and a dividend conversion of 476,190 newly authorized offered shares at ETB 1,050. A total of 1,976,190 shares are being registered.

8.1.3. Legal basis of Issuance

The issuance of the Rights Offer Shares was authorized by the Extraordinary General Meeting of Shareholders of the Company held on 04 December 2025, which approved the increase in the Company's share capital from ETB 1.5 billion to ETB 2.0 billion.

8.1.4. The Name and Address of The Persons in Charge of Keeping the Records of The Securities

The Company shall maintain the register of shareholders and records of securities in accordance with applicable law and the requirements of ECMA, the Central Securities Depository ("CSD"), and any other relevant regulatory authority.

The Company's shareholder records and register will be kept with Ato Amare Gashaw Semu (Company Secretary), whose details are provided in the Corporate Directory section of this Prospectus. Upon dematerialization and participating in the Over-the-Counter Market, records of securities shall also be maintained through the CSD in accordance with applicable capital market requirements.

8.1.5. Rights attached to the securities

Every share in the Company confers uniform rights to its holder, governed by the Articles and Memorandum of Association and the Commercial Code of Ethiopia. These include:

Economic Rights

The right to a proportionate share of annual net profits (dividends) and a right to a share in net proceeds during liquidation.

Governance Rights

The right to attend, set agenda items for, and vote at General Shareholders' Meetings, with voting power proportional to the capital represented.

Preferential Rights

A preferred right to subscribe to new cash shares in proportion to current holdings during future capital increases.

Information Rights

The right to inspect and receive copies of annual financial statements and reports from the Board and External Auditors.

8.1.6. Treatment of Pre-emptive Rights

The Rights Offer Shares shall be made available to Existing Shareholders in proportion to their respective existing shareholdings as at the Record Date. Each Existing Shareholder shall be entitled to subscribe for their pro rata entitlement during the Offer Period. Where any Existing Shareholder does not exercise, in whole or in part, its right to subscribe for shares corresponding to the recapitalization of their dividend, the unsubscribed Rights Offer Shares shall, during the same Offer Period, be allocated to other Existing Shareholders who have indicated a request to subscribe for shares in excess of their pro rata entitlement, subject to availability and the applicable allotment procedures set out in this Prospectus.

The total subscription period for existing shareholders shall not exceed 90 days, ensuring an orderly, transparent, and equitable capital raising process consistent with applicable regulatory requirements.

8.1.7. Issue Date

The 476,190 securities being offered have been duly authorized as per the decision of the passed at the EGM held on December 4,2025.

The Company intends to issue the Rights Offer Shares on 28 July 2026, following the successful approval of the Allotment Report by the ECMA. The timing of the issuance of the Rights Offer Shares is subject to change and dependent on the successful approval of the Allotment Report by the ECMA. The Rights Offer Period will commence on 30 June 2026 and close on 5 October 2026, giving eligible shareholders a total offer period of approximately 98 calendar days, inclusive of both the commencement and closing dates.

8.1.8. Information on the Tax Treatments of the Securities

Investment in the securities is subject to the taxation laws of Ethiopia. The taxation treatment of the securities will be governed by the Federal Income Tax Proclamation No. 979/2016 and its amendment, Income Tax (Amendment) Proclamation No. 1395/2025. The following tax implications apply to holders of the securities on offer: According to Article 57 of the Income Tax Proclamation (as amended), a resident of Ethiopia receiving dividend income is subject to income tax at a rate of 15% of the gross dividend amount. Similarly, a non-resident deriving an Ethiopian-

source dividend attributable to a permanent establishment in Ethiopia is also subject to 15% income tax on the gross dividend. However, no dividend tax applies where the dividend is distributed to a permanent establishment in Ethiopia or to a resident company that is part of a "group of companies," defined as a company directly or indirectly owning more than 50% of the shares in another company.

As per Article 59 of the Income Tax Proclamation (as amended), gains realized from the disposal of shares are subject to income tax at 15%. The gain is calculated as the difference between the consideration received for the disposal and the cost of the shares at acquisition. The issuance of new shares may be subject to stamp duty in accordance with applicable regulations, which is typically borne by the Company.

8.1.9. Restriction on Transferability of Securities

Pursuant to the Rights Offer, the Ordinary Shares will be freely transferable.

8.1.10. Public Takeover bids

The Company has not received any public takeover bids by third parties in the last financial year ended 30 June 2025, and to the period up to the date of this Prospectus.

8.2. Terms and Conditions of the Rights Offer

8.2.1. Conditions of the Offer

The launch and completion of the Rights Offer are conditional upon:

- Approval of this Prospectus and registration of the Existing Ordinary Shares and Rights Offer Shares by ECMA;
- Completion of all required regulatory, corporate, and procedural steps relating to the Rights Offer;
- Completion of the required dematerialization and securities registration processes with the CSD, where applicable;
- Satisfaction of any other requirements imposed by ECMA, ESX, the CSD, the National Bank of Ethiopia ("NBE"), or any other regulatory authority.
- The Company confirms that all issued and outstanding shares as at the reporting date have been fully paid up. Accordingly, there are no subscribed but unpaid shares, calls in arrears, or partially paid capital contributions. All shareholders have discharged their capital commitments in full in accordance with the Company's Memorandum of Association and applicable provisions of the Commercial Code of Ethiopia.

Subscription to and payment for the Rights Offer Shares shall commence immediately following the date on which existing outstanding shares are paid in full, in accordance with the attached shareholder resolution.

8.2.2. Record Date

The Record Date (30/06/2026) is the date on which shareholders must be recorded in the Company's share register in order to be entitled to participate in the Rights Offer.

Only shareholders registered as holders of Ordinary Shares as at the Record Date shall be entitled to subscribe for the Rights Offer Shares in proportion to their respective shareholding.

8.2.3. Expected Timetable

The offer will commence promptly after the fulfillment of the conditions stated above. The expected timeline is stated below.

Table 103: Expected Timetable

Expected Events	Date
Record Date	30/06/2026
Approval of Registration Statement	29/06/2026
Publication of this prospectus	30/06/2026
Commencement of Right Offer Period	30/06/2026
Closure of Right Offer Period	05/10/2026
Completion of allotment, reconciliation and Verification	08/10/2026
Announcement of the results of the allotment	12/10/2026

8.2.4. Application Process

Existing Shareholders who wish to subscribe for Rights Offer Shares must complete the applicable application process listed within this section during the Rights Offer Period and pay the full subscription amount for the Rights Offer Shares applied for.

Shareholders are required to open a Brokerage account with a licensed Capital Market Serve Provider prior to the closing date of the offer. Details of allotted shares will be credited directly to the shareholder's designated brokerage account.

Applicants must provide a valid government-issued identification card, a Fayda, a Tax Identification Number (TIN), and, for corporate shareholders, the company registration documents. Where applicable, a power of attorney must also be submitted to authorize a representative to act on behalf of the shareholder.

8.2.5. Allotment Policy

Eligibility to participate in this share allotment is extended to all shareholders registered in the company's Official Share Register as of the close of business on June 30, 2026 (the record date).

In accordance with the pro-rata allotment principle provided under the Commercial Code, the allotment of new shares shall be made proportionately, based on the dividend amount each participating shareholder has elected to convert. Accordingly, the number of new Ordinary Shares to be allotted to each participating shareholder shall be calculated by dividing the dividend amount elected for conversion by the issue price of Birr 1,050 per share. The Company shall make the Rights Offer Shares available during the Offer Period, and allotment shall be carried out in accordance with each shareholder's pro-rata entitlement and the applicable allotment procedures.

Registered shareholders will be permitted to trade their rights during the offer Period, either by selling the acquired rights or a portion thereof.

At the commencement of the Offer Period, each Existing Shareholder may elect to convert their dividend entitlement into new Ordinary Shares and may also indicate an interest to subscribe for shares in excess of their pro-rata entitlement. Where some Existing Shareholders elect to receive their dividend in cash rather than converting it into shares, the corresponding unsubscribed Rights

Offer Shares will become available for allocation to Existing Shareholders who have requested additional shares. Any such additional shares shall be allotted based on the level of additional subscription interest initially indicated by participating shareholders, subject to the availability of unsubscribed shares. If all Existing Shareholders elect to fully convert their dividend entitlement into Rights Offer Shares, no additional shares shall be available for excess subscription, and each shareholder shall receive only their respective pro-rata entitlement.

Registered shareholders who do not fully participate in subscribing to new shares may experience a reduction in their ownership percentage in the company. Those who do not exercise their subscription rights will retain the same number of shares held prior to the capital increase.

Should eligible individuals' pre-emptive rights remain unexercised by the conclusion of the subscription period, such rights shall lapse, and the affected shareholders shall receive the corresponding cash dividend. No subsequent offer rounds or reallocation of the unexercised shares will be undertaken. Where the calculation in results in a fractional share, the entitlement shall be rounded down to the nearest whole share.

Where the calculation in results in a fractional share, the entitlement shall be rounded down to the nearest whole share. The remaining cash value corresponding to the fractional share shall be paid to the shareholder.

Following the closure of the Rights Offer Period, the Company will submit an Allotment Report to the ECMA for their approval ahead of issuing the Rights Offer Shares.

8.2.6. Withdrawal Rights

Applications regarding the conversion of dividends into shares are irrevocable once the subscription period has closed, except in the event of a material change requiring the publication of a supplementary prospectus, in which case withdrawal rights will be granted in accordance with Article 59 of the Public offering and Trading of Securities Directive 1030/2024.

8.2.7. Payment and Delivery of Securities

As the Rights Offer is implemented through the conversion of declared dividends, no additional cash payment is required from shareholders in respect of the allotment. All allotted shares will be credited to shareholders' brokerage accounts within (6) calendar days following approval of the allotment by the Ethiopian Capital Market Authority (ECMA). No physical share certificates will be issued.

8.2.8. Categories of potential investors

The Offer is restricted to Existing Shareholders of Hibret Insurance who are registered in the Company's share register as of the Record Date.

Existing Shareholders shall be entitled to subscribe for their pro rata entitlement during the Offer Period. After completion of the pro rata subscription process, and to the extent any Rights Offer Shares remain unsubscribed, Existing Shareholders may apply to subscribe for additional shares in excess of their pro rata entitlement, subject to availability and the applicable allotment procedures described in this Prospectus

8.2.9. Intentions of Major Shareholders and Interested Persons

To the best of the Issuer's knowledge, the major shareholders of the company have declared their intention to subscribe for new shares in the Offer by converting their respective dividend entitlements.

8.3. Pricing

The Rights Offer Shares shall be offered at ETB 1,050 per share, with the final offer price was determined based on the outcome of the valuation exercise and approved in accordance with applicable law and regulatory requirements.

The pricing of the Rights Offer Shares will take into account the valuation outcome, the Company's capital requirements, prevailing market conditions, and other factors considered relevant by the Board of Directors and the relevant regulatory authorities.

8.4. Reasons for the Rights Offer and Use of Proceeds

8.4.1. Minimum Subscription

In the opinion of the Board of Directors, the minimum subscription amount that must be raised by this Rights Offer to achieve the primary strategic and regulatory objectives is ETB 250,000,000. This target is part of a multi-year plan to raise additional capital every two years to reach a total paid-up capital of ETB 3.0 billion by June 30, 2030.

8.4.2. Reasons for the Rights Offer

The primary reason for this Rights Offer is to facilitate the Company's phased capital strategy while offering shareholders a dividend conversion option. This allows shareholders to reinvest their dividends into new ordinary shares to support the following:

Strengthening Capital for Stringent Regulation

The National Bank of Ethiopia (NBE) is transitioning toward a Risk-Based Capital (RBC) framework aligned with international standards. This offer ensures Hibret remains well-capitalized to absorb future regulatory shocks and potential requirements for higher solvency margins.

Boosting Underwriting and Retention Capacity

To support the goal of increasing total premiums from ETB 2.75 billion in 2025 to ETB 4.36 billion by 2027, the Company requires a larger capital base to underwrite high-value risks and increase its reinsurance retention levels.

Infrastructure and Investment Initiatives

The proceeds will provide the solvency buffer necessary to fund aggressive physical expansion and support a robust investment strategy, including a planned ETB 2.09 billion allocation for Treasury bills and fixed time deposits.

8.4.3. Estimated net proceeds and use of funds

The gross proceeds from the Rights Offer are estimated to be ETB 500,000,000, assuming full subscription. After deducting the estimated issuance expenses of ETB 10.6 million (inclusive of

advisory, legal, and ECMA registration fees), the net proceeds of approximately ETB 489.4 million will be allocated as follows: the net proceeds will be applied to:

Paid-up Capital Augmentation

Direct allocation to reach the target of ETB 2 billion. A primary portion of the net proceeds will be dedicated to Paid-up Capital Augmentation. While the Company successfully reached the ETB 1.5 billion milestone as of March 31, 2026, the 15th Extraordinary General Meeting of Shareholders formally approved an increase in the Company's share capital to ETB 2.0 billion. This augmentation is a vital component of the Board's phased capital strategy to reach a total paid-up capital of ETB 3.0 billion by 2030. Strengthening the capital base is essential to stay ahead of the National Bank of Ethiopia's transitioning Risk-Based Capital (RBC) framework and ensures Hibret remains a titan in a liberalizing financial market.

Solvency Margin Protection

Maintaining a massive buffer to support large-scale risk underwriting in Engineering and Marine lines. The funds will further ensure Solvency Margin Protection and boost underwriting capacity. By deepening its capital, the Company secures the "underwriting muscle" required to lead major co-insurance arrangements for high-value national infrastructure projects. This increased capacity allows for higher retention levels in high-potential segments such as Engineering, Marine, and Aviation, where the Company intends to underwrite larger, technically complex risks while maintaining a robust safety buffer for its policyholders.

Technological Modernization

Supporting the continued implementation of the Core Insurance System and digital transformation efforts. Proceeds are also earmarked for Technological Modernization and operational excellence. The Company is in the final stages of implementing its state-of-the-art Core Insurance System, which is designed to centralize and automate underwriting, premium collection, and reinsurance accounting. These investments include the enhancement of digital infrastructure and cybersecurity frameworks to reduce claims turnaround times and improve service delivery across its 77 branches.

Infrastructure and Investment Initiatives

Finally, the proceeds will support Infrastructure and Investment Initiatives. This involves funding physical network expansion and supporting a robust investment strategy, including a planned ETB 2.09 billion allocation for Treasury bills and fixed time deposits over the five-year forecast period. These initiatives, coupled with finalizing building developments at the Bole Medhanialem and Kality sites, ensure that the Company's infrastructure can support a multi-billion Birr premium portfolio while maximizing non-underwriting income.

The Company confirms that the proceeds from this Offer will not be used to acquire assets from affiliates, associates, or any major shareholders. All capital expenditure will be procured from independent third-party suppliers through the Company's standard competitive procurement process.

8.4.4. Sufficiency of proceeds

The Board of Directors is confident that the net proceeds from this Rights Offer will be sufficient to meet the immediate strategic capital milestones.

8.5. Distribution and underwriting

The Rights Offer is not being underwritten. No such arrangements have been made by the company.

The distribution of the securities will be carried out exclusively through a duly licensed capital market service provider authorized to facilitate the subscription process.

8.6. Expense of the Offer

The company will bear all expenses related to the registration of its securities with the ECMA. These expenses include, but are not limited to:

Table 104: Expenses of the Offer

Nature of Engagement	Fee (ETB in Millions)
Transaction Advisor Payment	7.8
Independent Legal Opinion Fee	0.5
ECMA Application Fee	0.3
ECMA Registration Fee	2.0

8.7. Professional Parties

The professional parties engaged in connection with this Prospectus are disclosed in the table below.

Table 105: Professional parties

Professional Party	Role
CBE Capital Investment Bank	Transaction Advisor
Kokeb & Melaku Audit Partnership	External Auditor
Faana Advocacy & Legal Consultancy Service	Legal Advisor

All professional parties have confirmed that they:

- have no material interest in the Issuer;
- are not related parties of the Company;

have no conflict of interest in relation to the registration of the securities.

The consent of each of the parties named above to act in their stated capacity has been obtained and has not been withdrawn prior to the publication of this Prospectus.

Section IX: Risk Factors

An investment in the securities of Hibret Insurance S.C. involves material risks. Prospective investors should carefully consider the risks described in this Section, together with all other information contained in this Prospectus, before making an investment decision. The Company operates in the Ethiopian insurance market, which is shaped by evolving regulation, inflationary pressures, foreign exchange constraints, growing competition, operational infrastructure limitations, and claims patterns that may change rapidly across product lines and geographies. These factors may affect the Company directly or indirectly through its policyholders, reinsurers, intermediaries, investee institutions, service providers, and broader macro-financial environment.

The risks described below are those which the Company currently considers material. They are not the only risks that the Company may face. Additional risks and uncertainties, including risks not presently known to the Company or currently considered immaterial, may also materially and adversely affect the Company's business, financial condition, results of operations, liquidity, solvency position, cash flows, regulatory standing, and prospects. The occurrence of any one or more of these risks could impair the Company's ability to generate underwriting profits, maintain capital buffers, meet policyholder obligations when due, comply with regulatory requirements, or sustain dividend distributions.

9.1. Political and Macroeconomic Risk

The Company operates exclusively in Ethiopia and had 77 branches and contact offices as of 30 June 2025. Its underwriting portfolio is materially exposed to domestic economic activity, transport flows, construction activity, imported repair inputs, and regional service accessibility. Political instability, localized security incidents, civil unrest, transport disruption, inflation, foreign exchange volatility, or policy uncertainty may therefore affect the Company directly through claims, premium generation, branch operations, investment returns, reinsurance settlements and customer renewals

Political and security-related disruptions may increase the frequency or severity of claims in motor, property, engineering, marine, liability, political violence and terrorism, and goods-in-transit lines. The Company's non-life business generated ETB 2.5767 billion in gross written premium in FY2025 and remains the main driver of underwriting revenue. Events that damage insured vehicles, commercial property, construction sites, stock in transit, industrial assets or public infrastructure could increase claims costs, generate accumulation losses in affected areas, and create operational difficulties in claim inspection and loss adjustment.

The Company's operating footprint also creates exposure to regional accessibility risk. Disruptions affecting roads, telecommunications, power supply, public transport or local security conditions may delay premium collection, claim notification, site inspection, salvage recovery, repair authorization and branch-level customer service. These delays may increase outstanding claims, worsen customer experience, and reduce renewal rates, particularly in regions where the Company relies on physical branches, field assessors, panel garages and external surveyors.

Macroeconomic volatility is material to the Company because insurance premiums are normally priced before the final claim cost is known. Inflation increases the cost of motor spare parts, vehicle replacement, medical services, labor, construction materials, machinery and engineering inputs. This exposure is significant because motor insurance remains the Company's largest non-life line and

property and engineering classes have grown with infrastructure and industrial activity. If claim costs rise faster than premium rates or insured values are updated, the Company may experience higher loss ratios, reserve strengthening, lower underwriting profit and reduced retained earnings.

Foreign exchange depreciation and shortage of hard currency may increase the local currency cost of imported spare parts, equipment, machinery and medical supplies used in claim settlement. It may also affect the timing and cost of international reinsurance premium payments and reinsurance recoveries. Where a valid claim involves imported components or foreign service providers, settlement may become more expensive or delayed, which could increase claim severity, create liquidity pressure and generate policyholder dissatisfaction.

Adverse macroeconomic conditions may reduce demand for discretionary insurance products. Corporate clients may reduce cover, delay renewals, lower insured values, postpone construction or transport activity, or prioritize mandatory insurance only. Retail customers may also reduce voluntary protection products when purchasing power is constrained. This could adversely affect premium growth, product mix and market share, including the Company's plan to grow total premium from ETB 2.75 billion in FY2025 toward higher medium-term targets.

Changes in government policy, tax administration, regulatory priorities, compulsory insurance rules, capital requirements or sector supervision may also affect the Company's pricing, product approval, compliance costs, capital planning and strategic flexibility. A material deterioration in political or macroeconomic conditions could reduce insurance revenue, increase claims and reserves, delay reinsurance recoveries, reduce investment income, constrain liquidity and adversely affect the value of the Ordinary Shares.

9.2. Regulatory, Prudential and Compliance Risks

The Company is subject to insurance supervision by the National Bank of Ethiopia and capital market regulation by the Ethiopian Capital Market Authority. It is also subject to financial reporting, tax, AML/CFT, consumer protection, data protection, employment and corporate governance obligations. Regulatory risk is material because the Company is simultaneously a composite insurer, a Takaful window operator, an issuer conducting a rights offer, and an entity preparing for participation in the Over-the-Counter Market.

Severity: High.

Likelihood: Medium.

NBE prudential requirements may materially affect the Company's capital, investment allocation, solvency margin, statutory deposits, technical provisions, reinsurance arrangements, corporate governance, risk management and reporting processes. The Company's paid-up capital was ETB 1.3416 billion at 30 June 2025 and ETB 1.5 billion as of 31 March 2026, while the rights offer is intended to raise approximately ETB 500 million gross proceeds. Future regulatory changes, including movement toward risk-based capital supervision, may require additional capital, higher-quality admissible assets, enhanced actuarial models, more frequent reporting or changes in underwriting and investment limits.

The Company maintains statutory deposits of ETB 204.6 million. These assets support regulatory compliance but are not freely available for ordinary claims settlement, business expansion or investment reallocation. If regulatory requirements for statutory deposits, admitted assets, technical

reserves or solvency margins increase, a larger portion of the Company's balance sheet may become restricted or less flexible, which may reduce available liquidity and affect capital deployment.

IFRS 17 and actuarial reporting requirements create a material compliance and financial reporting risk. Insurance contract liabilities of ETB 2.611 billion and reinsurance contract assets of ETB 855.14 million are dependent on data quality, actuarial methodology, assumptions, systems and governance. Inaccurate data, weak actuarial capacity, delayed model updates or inconsistent application of accounting standards could result in material misstatement of liabilities, profit, solvency metrics or investor disclosures, which may lead to regulatory findings, restatement risk, loss of investor confidence or constraints on dividend distributions.

Technology and automation requirements under NBE IT management directives are also material because the Company is implementing a new core insurance system and digital infrastructure. System upgrades are expected to centralize underwriting, premium collection, claims management, reinsurance accounting, financial reporting and management information. Delays, cost overruns, data migration errors, weak integration with legacy processes, inadequate user training or failure to meet regulatory automation expectations could lead to operational disruption, inaccurate reporting, supervisory action, higher remediation costs and delayed realization of planned efficiencies.As an issuer, the Company must comply with ECMA requirements relating to prospectus accuracy, offer procedures, allocation, dematerialization, investor communication, corporate governance and ongoing disclosures. Any failure in the rights offer process, continuing disclosure, website publication of periodic information, CSD record reconciliation, or dealings through licensed capital market service providers could result in fines, regulatory directions, suspension or delay of trading, reputational harm and loss of investor confidence.

The Company's Barakah Takaful window is subject to specific Shariah governance and fund segregation requirements. The Takaful window recorded GWP of ETB 31.9 million in its first operating period and a Participant Fund deficit of ETB 11.67 million at 30 June 2025. Failure to maintain segregation between conventional and Takaful funds, obtain appropriate Shariah approvals, account for Wakalah fees properly, or address participant fund obligations could expose the Company to regulatory action, Shariah non-compliance claims, customer withdrawals and reputational damage in the interest-free market.

Material non-compliance with insurance, capital market, tax, AML/CFT, consumer protection, data protection or employment obligations could result in financial penalties, litigation, supervisory restrictions, increased compliance costs, delayed product approvals, restrictions on capital market activity, impairment of brand reputation and reduced shareholder value.

9.3. Credit Risk

Credit risk is the risk that counterparties owing money to the Company fail to pay on time or in full. The Company is exposed to credit risk through reinsurance recoveries, bank deposits, cash balances, investment securities, accrued investment income, insurance receivables, ceding company balances, staff receivables and other debtors.

Severity: High.

Likelihood: Medium.

Reinsurance recoverability is a material credit exposure. Reinsurance contract assets were ETB 855.14 million as at 30 June 2025. The Company remains liable to policyholders even where a

reinsurer delays, disputes, reduces or fails to settle its portion of a claim. Delays may arise from documentation requirements, loss adjustment, treaty interpretation, claims aggregation, foreign exchange availability or cross-border settlement processes. A material delay or shortfall in recovery could reduce liquidity, increase net claims costs, reduce profit and weaken solvency.

Key exposures include:

Reinsurance Counterparty Risk

The Company uses reinsurance to manage large, volatile, and catastrophic risks, especially in lines such as fire, engineering, marine, liability, and other high-severity classes. However, reinsurance does not eliminate the Company's ultimate obligation to policyholders. The Company remains responsible for settling valid claims, even where a reinsurer delays, disputes, partially settles, or fails to honor its share of recoveries.

This creates a timing and recoverability risk. The Company may be required to pay claims before receiving reinsurance recoveries, creating liquidity pressure. In some cases, recoveries may be delayed due to documentation requirements, claims verification procedures, treaty interpretation, cross-border settlement challenges, or foreign currency availability. Where a reinsurer disputes coverage, policy wording, loss valuation, or aggregation of claims, the Company may recover less than expected or may incur additional costs in pursuing recovery.

Bank and Financial Institution Concentration

A large share of the Company's assets is held in domestic banks and financial institutions through deposits, cash balances, and investment instruments. While such placements are common in the insurance sector and may be considered relatively stable, concentration in a limited number of domestic counterparties increases vulnerability to systemic banking-sector stress, liquidity shortages, delayed withdrawals, or deterioration in institutional credit quality.

The Company's exposure to a single bank approaching the regulatory limit of 15% of admitted assets indicates that counterparty concentration risk is material. Even where no default occurs, delays in accessing funds, restrictions on withdrawals, operational settlement delays, or temporary liquidity pressure within the banking system may affect the Company's ability to meet claims and operational obligations on time.

Receivables

The Company is exposed to credit risk through insurance receivables, reinsurance-related balances, accrued income, staff-related receivables, and other debtor accounts. Receivables may become difficult to collect due to customer financial distress, reconciliation issues, disputed balances, documentation weaknesses, delayed settlement from ceding companies, or macroeconomic pressure on counterparties.

Insurance receivables may increase as the Company grows its underwriting portfolio. Even if the ratio of receivables to total assets remains manageable, the absolute financial exposure may grow in line with premium expansion. A deterioration in receivables quality, aging profile, or collection efficiency may result in impairment charges, reduced cash inflows, and pressure on working capital.

Concentration and correlation risks are elevated because the Company operates within a limited domestic financial ecosystem. Banks, policyholders, ceding companies, reinsurers, and other counterparties may be exposed to similar macroeconomic pressures, including inflation, foreign exchange shortages, liquidity constraints, and slower economic growth. As a result, credit risk may

materialize across several counterparties at the same time, rather than through a single isolated default.

Table 106: Maximum Credit Risk Exposure (in ETB millions)

Description	30 June 2025	30 June 2024	30 June 2023
Cash and balances with banks	3,445.49	2,523.06	1,781.36
Investment securities – Available for sale	426.32	389.83	320.07
Loans and receivables	163.28	81.38	28.64
Insurance receivables	76.49	19.70	14.43
Reinsurance assets	855.14	812.01	512.42
Other assets (excluding prepayments)	128.82	52.60	30.74
Total	5,095.54	3,878.57	2,687.66

The increase in maximum credit risk exposure over the three-year period reflects the growth of the Company's balance sheet and business operations. While growth in cash balances, reinsurance assets, and receivables may support operational expansion, it also increases the absolute amount exposed to counterparty performance. If one or more significant counterparties fail to settle amounts due, delay payment, become subject to financial stress, or enter into dispute with the Company, the impact could be material.

A material crystallization of credit risk could reduce investment income, increase impairment losses, weaken liquidity, delay claims settlement, reduce profitability, and place pressure on solvency margins. It may also require changes in investment allocation, reinsurance panels, collection procedures, or internal credit monitoring practices.

9.4. Market Risk

Market risk arises from changes in interest rates, inflation, foreign exchange rates, asset values and broader financial market conditions. The risk is material because the Company generates earnings from both underwriting activities and investment income, while its claims costs are sensitive to inflation and imported input prices.

Severity: High.

Likelihood: High.

Key drivers include:

Interest Rate and Reinvestment Risk

The Company's investment income is materially linked to domestic bank deposits, government securities and other fixed-income instruments. Interest income from time deposits and government bonds is a key contributor to net investment income, which reached ETB 544.43 million in FY2025. A decline in deposit rates, treasury yields or reinvestment yields could reduce future investment income and profitability. A rise in interest rates may create opportunity cost on existing fixed-rate instruments and may affect the value or attractiveness of some holdings, depending on maturity and accounting treatment.

Limited depth in Ethiopia's secondary market may constrain the Company's ability to rebalance its portfolio quickly in response to changes in market yields or liquidity conditions. If investment income declines while claims costs or expenses rise, profitability, retained earnings and dividend-paying capacity may be adversely affected.

Inflation Risk

Inflation directly affects the Company's claims experience. Motor claims may be affected by higher costs of imported spare parts, labor and vehicle replacement. Property and engineering claims may be affected by higher construction materials, machinery, equipment and reinstatement costs. Medical, accident and liability claims may be affected by rising treatment, legal and settlement costs. Where policy pricing, insured values or reserve estimates do not adjust sufficiently, the Company may underprice risk, experience higher claims severity and strengthen reserves.

This risk is especially relevant to the Company's motor-dominated non-life book and to its growth in engineering, fire, aviation and other classes that can involve high-value imported or capital-intensive assets. Inflation may also increase employee, branch, IT implementation and administrative costs, thereby affecting the expense ratio and underwriting margin.

Foreign Exchange Risk

Although the Company reports mainly in Ethiopian Birr, it is indirectly exposed to foreign exchange movements through claim components linked to imported goods and services. Motor spare parts, machinery, medical equipment, construction inputs, engineering components, aviation parts and specialized replacement items may be priced directly or indirectly by reference to foreign currency. Birr depreciation may increase the local currency cost of these items and raise claim severity.

Foreign exchange constraints may also delay payments to and recoveries from international reinsurers and service providers. Delays in reinsurance premium settlement or recoveries may affect treaty continuity, claims reimbursement timing, liquidity planning and relations with foreign counterparties. Adverse movements in inflation and exchange rates occurring together could materially increase claims costs, reduce real investment returns and weaken profitability and solvency.

9.5. Liquidity Risk

Liquidity risk is the risk that the Company may not have sufficient accessible cash or liquid assets to meet claims, reinsurance payments, tax obligations, operating expenses, regulatory deposits and other liabilities when due. The risk is material even if the Company remains solvent on a balance-sheet basis, because insurance cash outflows can occur suddenly and may not align with premium collections, investment maturities or reinsurance recoveries.

Severity: High.

Likelihood: Medium.

The Company's principal cash requirements include policyholder claims, reinsurance settlements, operating and administrative expenses and taxes. As at 30 June 2025, insurance contract liabilities were ETB 2.611 billion, reinsurance contract liabilities were ETB 358.3 million, current income tax liabilities were ETB 117.9 million, and statutory deposits were ETB 204.6 million. Statutory deposits are restricted and cannot be relied upon for ordinary operating liquidity.

Liquidity pressure may arise from large or clustered claims, catastrophic events, delayed reinsurance recoveries, higher motor repair costs, sudden increases in claim severity, delayed premium collections, delays in liquidation or maturity of deposits, or temporary stress in domestic banking counterparties. The Company may also face timing pressure where it settles claims before receiving reinsurance proceeds, particularly in engineering, fire, marine, aviation or liability claims involving large losses and international reinsurers.

A material liquidity shortfall could cause delays in claim settlement, reduce policyholder trust, increase complaints, attract regulatory attention, force unfavorable asset liquidation, reduce investment income and damage the Company's reputation. Liquidity stress could also limit the Company's ability to invest in the core insurance system, branch expansion or other strategic initiatives.

9.6. Underwriting Risk

Underwriting risk is the risk that premiums, policy terms, exclusions, deductibles, limits or reinsurance arrangements prove insufficient relative to claims and expenses. The risk is material because the Company's profitability depends on technical underwriting discipline across non-life, life and Takaful products.

Severity: High.

Likelihood: Medium to High.

The Company's total GWP was ETB 2.75 billion in FY2025, of which general non-life insurance contributed ETB 2.5767 billion. Motor insurance remains the dominant non-life business line and is exposed to claims inflation, spare-part shortages, repair-cost escalation, fraud risk, high claim frequency and competitive price pressure. Concentration in motor means adverse motor loss experience could materially affect the Company's aggregate loss ratio and underwriting result.

Growth in engineering, fire, aviation, marine, liability and political violence or terrorism lines may expose the Company to larger single-risk losses, accumulation risk and dependence on facultative or treaty reinsurance. Underpricing of complex risks, inadequate survey information, poor accumulation monitoring, insufficient reinsurance limits or misalignment between policy terms and reinsurance coverage could produce losses that exceed expected retention.

The Life segment is exposed to mortality, morbidity, lapse, expense and product concentration risk. The Company's life GWP decreased from ETB 230.9 million in FY2024 to ETB 141.4 million in FY2025, partly reflecting the loss or discontinuation of a major policy-driven revenue stream. If the Life portfolio does not diversify into stable domestic group and individual products, segment growth and profitability may remain vulnerable to changes in institutional contracts, regulation and customer awareness.

The Barakah Takaful window is new and has limited operating history. In FY2025, it generated ETB 31.9 million in GWP, but the Participant Fund recorded a deficit of ETB 11.67 million. Early-stage Takaful operations may involve higher acquisition costs, Shariah governance costs, Retakaful costs, limited claims experience data, and uncertainty in participant behavior. If Takaful contributions do not scale as expected or claims emerge faster than pricing assumptions, the window may require additional support and may affect profitability and reputation.

Material underwriting deterioration could increase the loss ratio, reduce the insurance service result, lower profit before tax, increase reserve requirements, reduce solvency margins and constrain dividend capacity.

9.7. Liability, Technical Provision and Adequacy Risk

Liability and reserve risk is the risk that insurance contract liabilities, claims reserves, incurred-but-not-reported claims, claims development assumptions or reinsurance recoverability estimates are insufficient or inaccurate. This risk is material because the Company reported insurance contract liabilities of ETB 2.611 billion as at 30 June 2025, compared to ETB 2.327 billion in FY2024 and ETB 1.634 billion in FY2023.

Severity: High.

Likelihood: Medium.

9.7.1. Reserve Adequacy Risk

Provisions Insurance contract liabilities are based on actuarial assumptions regarding claim frequency, claim severity, settlement timing, discounting, expenses, inflation, reinsurance recoveries and portfolio mix. If actual claims exceed the actuarial estimate embedded in the ETB 2.611 billion liability balance, reserve strengthening may be required. Reserve strengthening would reduce profit and retained earnings and may reduce solvency margins.

9.7.2. Incurred But Not Reported Risk

IBNR risk is material where insured events have occurred but have not yet been reported, fully documented or valued. This may arise in motor, property, engineering, liability, life, medical and Takaful lines. Late reporting, delayed inspections, incomplete documentation, regional access constraints and litigation may cause ultimate claims to emerge above initial expectations. If IBNR assumptions are understated, the Company's reported liabilities and profit may be misstated

9.7.3. Claims Development and Reserve Volatility Risk

Claims may develop adversely after initial recognition because of repair-cost escalation, foreign exchange depreciation, court awards, medical inflation, construction cost increases, coverage disputes or additional information from assessors and reinsurers. Long-tail and delayed-settlement claims can generate volatility in reserves and earnings. A single large claim or several medium-sized claims developing adversely could materially affect the insurance service result.

9.7.4. Inflation and Cost Escalation Risk

Rising prices may increase the cost of settling claims beyond the levels assumed when reserves were established. This is particularly relevant for claims involving motor repairs, imported spare parts, construction materials, medical expenses, machinery, and replacement assets. If inflation remains high or exchange rate depreciation increases imported input costs, the final cost of claims may exceed original reserve estimates. Inflation risk is especially important for claims that take longer to settle. The longer the settlement period, the greater the risk that costs will change before final payment. This may lead to reserve inadequacy and higher loss ratios.

9.7.5. Model and Assumption Risk

Actuarial models depend on historical data, system data quality, assumptions and judgment. The Company's transition to IFRS 17 and implementation of a new core insurance system increase the importance of accurate data migration, product mapping, claims triangles, expense allocation and model governance. Weaknesses in data completeness, model design or assumption setting could produce inaccurate liabilities, reinsurance assets, revenue recognition or profitability measures

9.7.6. Reinsurance Recoverability Interaction with

Reserve adequacy is linked to expected reinsurance recoveries. Reinsurance contract assets of ETB 855.14 million are material. Any delay, dispute, exclusion, documentation deficiency, foreign exchange settlement issue or reinsurer credit deterioration may increase the Company's net liability. Even where gross reserves are adequate, non-recovery or delayed recovery may create liquidity strain and profit volatility.

9.8. Operational, Technology, Cyber and Third-Party Risk

9.8.1. Process and Internal Control Risk

Operational risk arises from failures in internal processes, people, systems, controls, third parties or external events. It is material because the Company operates 77 outlets, employs 584 staff, processes underwriting, claims, reinsurance, premium collection, investment, accounting and regulatory reporting transactions, and is implementing a new core insurance system.

Severity: Medium to High.

Likelihood: Medium to High

9.8.2. Claims Handling and Fraud Risk

Claims handling exposes the Company to overpayment, underpayment, delayed settlement, fraudulent claims, inflated repair invoices, staged motor incidents, duplicate documentation, collusion among claimants, service providers or intermediaries, inaccurate loss assessment and litigation. Motor, property, accident and engineering claims are particularly exposed because they may involve external garages, spare-part suppliers, surveyors, loss assessors, medical providers and legal processes. Fraudulent or poorly controlled claims could increase claims costs, distort pricing assumptions, reduce underwriting profit and damage customer trust.

9.8.3. Information and Technology Risk

The Company depends on core insurance systems, accounting systems, branch connectivity, data storage, digital channels, document management, cybersecurity tools and reporting infrastructure. System outages, data corruption, cyberattacks, ransomware, unauthorized access, weak user access controls, data migration errors or failure of disaster recovery processes could disrupt underwriting, premium collection, claims settlement, reinsurance processing, financial reporting and customer service.

The Company is implementing a new core insurance system intended to automate underwriting, premium collection, claims management, reinsurance accounting, financial accounting and reporting. This implementation creates execution risk, including system configuration errors, integration failures, inadequate user training, delayed deployment, cost overruns and migration of

inaccurate legacy data. These risks are material because the system is linked to regulatory automation expectations, IFRS 17 data requirements and the Company's digital service strategy.

Cybersecurity risk is distinct from system implementation risk. A cyber incident involving policyholder data, medical information, employee data, financial information or share registry data could trigger legal liability, regulatory reporting obligations, remediation costs, service interruption and reputational damage. This risk is heightened by the Company's move toward mobile applications, customer portals, electronic records and dematerialized securities information.

9.8.3. Human Resource and Personnel Risk

The Company's operations depend on the competence, integrity, and availability of its staff. Errors, misconduct, inadequate training, insufficient capacity, high turnover, or weak supervision may affect underwriting quality, claims handling, customer service, financial reporting, and compliance. With 584 staff across 77 outlets, maintaining consistent service standards and control discipline across the network is important.

Personnel risk may also arise where key employees with specialized technical, actuarial, underwriting, reinsurance, investment, technology, or compliance expertise leave the Company. Difficulty attracting or retaining skilled employees may affect business continuity and strategic execution.

9.8.4. Third-Party and Outsourcing Risk

The Company relies on external parties including IT system vendors and maintenance providers, cybersecurity and infrastructure service providers, independent loss assessors and surveyors, panel garages, brokers and agents, legal advisers, auditors, actuarial and other professional advisers, the Central Securities Depository, licensed capital market service providers, and service providers involved in share registration and rights offer processing. Failure by any critical provider to perform, preserve confidentiality, meet service timelines, maintain system availability or comply with applicable laws could disrupt operations and increase costs.

Third-party risk is particularly material to claims handling, IT implementation, cybersecurity, dematerialization, rights offer settlement and regulatory reporting. Delays or errors by surveyors, garages, IT vendors, brokers or capital market service providers may lead to claim delays, subscription processing errors, data discrepancies, customer complaints, legal disputes and reputational harm

9.9. Reinsurance Counterparty and Recovery Risk

Reinsurance risk is the risk that the Company's reinsurance arrangements do not perform as expected, whether due to counterparty default, delayed recoveries, coverage disputes, exclusions, documentation gaps, foreign exchange constraints, or insufficient limits.

Severity: High.

Likelihood: Medium

The Company relies on reinsurance to support underwriting capacity in fire, engineering, marine, aviation, liability, political violence and terrorism, and other high-severity classes. The Company's reinsurance contract assets amounted to ETB 855.14 million as at 30 June 2025, while net expenses

from reinsurance contracts held were ETB 341.72 million in FY2025. These figures indicate that reinsurance is material both to the balance sheet and to the underwriting result.

If a reinsurer disputes a claim, delays payment, applies exclusions or requires additional documentation, the Company may need to settle policyholder obligations before receiving recoveries. This may create liquidity pressure and increase administrative, legal or professional costs. If reinsurance coverage is unavailable, more expensive, or subject to narrower terms at renewal, the Company may have to retain more risk, reduce underwriting capacity, decline large risks, or accept lower margins.

Cross-border reinsurance arrangements may also be affected by foreign exchange availability, payment documentation and settlement processes. A disruption in reinsurance recoveries or treaty continuity could materially affect claims settlement capacity, profit, solvency and reputation.

9.10. Solvency and Capital Adequacy Risk

While Solvency and capital adequacy risk is the risk that the Company's capital resources, admitted assets or solvency margin become insufficient relative to its insurance liabilities, underwriting growth, investment risks, reinsurance exposure, regulatory requirements or unexpected losses.

Severity: High.

Likelihood: Medium.

The Company's capital position is exposed to several Company-specific drivers. First, insurance contract liabilities increased to ETB 2.611 billion as at 30 June 2025, and any reserve strengthening, adverse claims development or reinsurance non-recovery would reduce earnings and may pressure statutory equity. Second, the Company's growth strategy includes increasing premium production and underwriting larger risks in engineering, marine, aviation and other complex classes, which may require additional capital and reinsurance capacity. Third, market, inflation and foreign exchange pressures may affect both asset values and claims liabilities at the same time.

Asset quality and liquidity also affect solvency. A significant portion of the Company's assets is held in domestic bank deposits, government securities, statutory deposits, reinsurance assets and investment properties. Deposits with financial institutions were ETB 3.1566 billion, statutory deposits were ETB 204.6 million, and reinsurance contract assets were ETB 855.14 million as at 30 June 2025. Any counterparty stress, delayed access to bank deposits, impairment of receivables, reduced recoverability of reinsurance assets, restricted statutory deposits or limited liquidity of real estate holdings may reduce the quality or availability of assets for solvency purposes.

The move toward risk-based capital supervision may increase required capital for underwriting, market, credit, operational or concentration risks. If capital requirements increase faster than retained earnings or capital raising, the Company may need to limit underwriting growth, reduce dividend distributions, adjust investment allocations, increase reinsurance cessions or raise additional capital. Regulatory intervention could affect shareholder returns and business flexibility.

9.11. Strategic, Competition and Emerging Risk

The Company faces strategic and emerging risks arising from evolving competition, technological change, climate-related risks, macroeconomic uncertainty, customer expectations, security conditions, and potential market liberalization. Failure to anticipate and adapt to these developments

could affect long-term growth, profitability, market position, operational resilience, and shareholder value.

Strategic risk arises from the possibility that the Company's business strategy, product mix, technology plan, distribution model, capital plan, investment strategy or market positioning does not respond effectively to changes in the insurance market.

Severity: Medium to High.

Likelihood: Medium.

9.11.1. Strategy Execution and Growth Risk

The Company's strategic plan includes premium growth, technology modernization, expansion of life and Takaful, higher retention capacity, branch and digital service development, and capital strengthening. Failure to execute these initiatives on time, within budget, or with adequate operational controls could reduce profitability, increase expenses, weaken customer service, delay regulatory compliance and reduce shareholder returns. The planned use of rights offer proceeds to support capital augmentation, solvency protection, technology modernization and infrastructure initiatives creates execution risk if capital is raised but deployed into initiatives that do not generate sufficient technical or investment returns.

9.11.2. Competitive and Pricing Risk

The Ethiopian insurance market includes one state-owned insurer, approximately 18 private insurers, and one reinsurer. Competition is intense in motor and corporate insurance, where product homogeneity and price-based competition can pressure premium rates, commissions and underwriting margins. Hibret's market share was 6.69% of industry GWP and 12.17% of industry profit before tax in FY2025. Loss of key corporate accounts, aggressive pricing by competitors, higher broker commissions or slower claims service could reduce premium growth and market share. Matching uneconomic pricing could reduce underwriting profitability and increase combined ratios.

9.11.3. Technology and Digital Transformation Risk

Customer expectations for online policy access, digital claims tracking, faster settlement, mobile communication and data-driven underwriting are increasing. Delays or failures in the core insurance system, mobile application, online customer portal, BI analytics tools, CRM and document management initiatives could reduce customer service quality, increase manual errors, weaken management information and reduce competitiveness. Technology projects may also require additional expenditure, specialist staff and change management capacity.

9.11.4. Life and Takaful Business Development Risk

The Company's Life segment remains exposed to policy-driven demand, institutional contract renewals and low consumer awareness of life insurance. The decline in life GWP from ETB 230.9 million in FY2024 to ETB 141.4 million in FY2025 illustrates sensitivity to major contract or product changes. The Takaful window is at an early stage and its Participant Fund had a deficit of ETB 11.67 million at 30 June 2025. Failure to develop sustainable domestic life products, scale Takaful contributions, maintain Shariah compliance, or build appropriate distribution capacity could reduce diversification benefits and growth prospects.

9.11.5. Security, Infrastructure and Geographic Service Risk

The Company's regional footprint creates exposure to variability in roads, telecommunications, electricity, branch accessibility, security conditions and availability of assessors or repair networks. Infrastructure disruptions may delay policy issuance, premium collection, claim inspection, salvage recovery and customer service. Regional instability may also reduce demand for engineering, transit, marine cargo, property or commercial covers in affected areas, while increasing insured losses in the same regions.

9.11.6. Climate and Catastrophe Risk

Climate-related events such as floods, droughts, heavy rainfall, extreme weather, fire spread, infrastructure damage and climate-linked business interruption may affect the Company's property, engineering, motor, agriculture-related, liability and marine/transit exposures. Large weather-related events may create accumulation losses where multiple policyholders are affected by the same event. Climate risk may also increase reinsurance pricing, reduce available capacity, affect property values and require revisions to underwriting assumptions. If climate-related losses are higher than expected, the Company may experience increased claims volatility and reserve pressure.

9.11.7. Market Liberalization Risk

Potential entry of foreign insurers or increased activity by well-capitalized financial groups may increase competition for corporate clients, technical staff, intermediaries, profitable specialty lines and digital customers. New entrants may have stronger capital, advanced pricing tools, broader product sets and international reinsurance relationships. Failure to respond to such competition could weaken the Company's pricing power, market share and long-term profitability.

9.12. Reputational risk

Reputational risk is the risk that customers, shareholders, regulators, intermediaries or the public lose confidence in the Company because of service failures, claim disputes, conduct issues, regulatory findings, cyber incidents, fraud, data breaches, delayed settlement, inaccurate disclosures or weak communication.

Severity: Medium to High.

Likelihood: Medium.

For an insurer, reputation is directly linked to willingness of customers to renew policies, purchase new covers, recommend the Company and accept claim outcomes. Delays in motor, property, medical, life or Takaful claims, public disputes over claim settlement, complaints by corporate clients, broker dissatisfaction, social media criticism, or perceived unfair treatment of policyholders could reduce customer retention and premium growth.

Reputational damage may also arise from capital market activity. Errors in the rights offer, dematerialization, dividend conversion option, share allocation, investor communication, ongoing disclosure or OTC trading arrangements could affect investor trust. Reputational risk may therefore reduce premium income, increase customer acquisition costs, attract regulatory scrutiny, reduce shareholder confidence and adversely affect the trading value of the Ordinary Shares.

9.13. Rights Offer Related Risks

The rights offer and subsequent trading of the Ordinary Shares involve risks linked to the offer structure, shareholder participation, non-underwriting, dividend conversion option, settlement process, dematerialization, and the early-stage nature of the Ethiopian Over-the-Counter Market.

Severity: Medium to High.

Likelihood: Medium.

9.13.1. Under-subscription Risk

There is no assurance that Hibret Insurance S.C.'s Rights Offer will be fully subscribed. The Rights Offer depends on eligible shareholders electing to participate. If shareholder participation is lower than expected, the Company may raise less capital than anticipated from the offer, which will reduce its ability to strengthen its paid-up capital, support underwriting growth, maintain solvency and capital buffers, and implement planned strategic initiatives, including technology modernization, infrastructure development, and investment activities.

9.13.2. Dividend Conversion Option Risk

Rights Offer includes a dividend conversion option under which eligible shareholders may elect to apply their dividend entitlements toward the subscription of new shares rather than receive cash dividends. If a significant proportion of eligible shareholders elect to receive cash instead of converting their dividends into shares, the Company may raise less equity than anticipated and may be required to make higher cash dividend payments. This could reduce the capital available to support the Company's planned capital strengthening initiatives, business expansion and future investment objectives. In addition, differences in shareholder elections and errors or disputes relating to dividend entitlements or conversion calculations may delay allotment of shares and increase administrative complexity.

9.13.3. Dilution Risk

The issuance of new shares under the Rights Offer will result in dilution of ownership and voting rights for shareholders who do not fully exercise their rights. Shareholders who choose not to participate, or who are unable to subscribe for their full entitlement, will experience a reduction in their percentage ownership of the Company.

The extent of dilution will depend on the number of new shares issued, which is ETB 476,190 relative to the existing issued share capital. As a result, non-participating shareholders may experience a decrease in both economic interest and voting influence.

9.13.4. Share Price and Par Value Risk

The future trading price of the Ordinary Shares may not correspond to their par value of ETB 1,000 or to the rights offer price of ETB 1,050. The market price may be above or below these amounts depending on investor demand, liquidity, financial performance, dividend expectations, market conditions and comparable valuations. Investors who subscribe at ETB 1,050 may incur a loss if the shares trade below the subscription price after the offer.

9.13.5. Liquidity and Aftermarket Risk

There is no assurance that an active, liquid or continuous market for the Company's Ordinary Shares will develop after participation in the Over-the-Counter Market. The Ethiopian capital market is at an early stage, and trading volumes, market-making activity, analyst coverage and investor participation may be limited. Shareholders may face difficulty selling shares promptly, selling large volumes, or achieving desired prices. Limited liquidity may increase price volatility and affect investors' ability to realize value.

9.13.6. Post Over-the-Counter Market Regulatory and Compliance Risk

Upon participating in the Over-the-Counter Market, the Company will be subject to enhanced regulatory, disclosure, and governance requirements under the Ethiopian capital market framework.

These obligations may include periodic financial reporting, continuous disclosure of material information, corporate governance requirements, and compliance with trading and market conduct rules. Adherence to these requirements will require ongoing operational, financial, and administrative capacity. Any failure to comply with applicable regulatory requirements may result in sanctions, fines, or reputational impact, and may affect investor confidence in the Company.

9.13.7. Operational and Subscription Process Risk

The Rights Offer will involve a structured process for subscription, payment, allocation, and share registration. Participation by shareholders may require authorization of payments, submission of documentation, and adherence to specified timelines.

Any operational errors, delays, or system limitations in the processing of subscriptions, allocation of shares, or settlement of transactions may affect the completion of the Rights Offer. This may result in unsuccessful or incomplete subscriptions, delays in share allocation, or administrative disputes.

9.13.8. Market Development and Investor Participation Risk

The Ethiopian capital market is in a formative stage, with evolving regulatory frameworks, market infrastructure, and investor participation. As a result, investor familiarity with capital market instruments, including rights offerings, may be limited. This may affect participation levels in the Rights Offer, particularly among retail shareholders who may have limited experience with subscription processes or capital market transactions.

In addition, the processes for investor registration, share allocation, and post-offer trading are still developing, which may introduce operational uncertainties and affect investor experience.

9.13.9. Macroeconomic and Market Condition Risk

The Rights Offer is being conducted in a broader economic environment characterized by inflationary pressures, foreign exchange constraints, and liquidity challenges. These conditions may influence investor appetite for equity investments and may affect the level of participation in the Rights Offer.

Macroeconomic conditions may also affect the post Over-the-Counter Participation performance of the Company's shares, as investor sentiment and market conditions play a significant role in determining share price movements.

9.13.10. Market Development & Investor Participation Risk

Investor familiarity with rights offers, dematerialized securities, brokerage accounts, CSD processes and OTC trading may be limited. Low awareness or administrative burden may reduce participation, increase unexercised entitlements, create investor complaints and reduce the success of the offer. Weak post-offer investor participation may also affect liquidity and price discovery.

9.13.11. Shareholder Transition and Dematerialization Risk

The Participation in the Over-the-Counter (OTC) Market requires the Company's manual share register to be converted into an electronic securities registry. This process involves the reconciliation and verification of historical shareholder records and the registration of shareholders' rights.

Operational errors, incomplete records, data discrepancies, or delays during the dematerialization and registration process could result in ownership disputes, delays in the registration of rights, or the inability of affected shareholders to exercise their rights. In particular, if the registration of rights is delayed, shareholders may be unable to sell their rights through the OTC Market during the prescribed ninety (90)-day trading period, potentially resulting in the loss of that opportunity. Shareholders who fail to complete the required verification process or update their records may also experience delays in the recognition of their entitlements, and their securities may ultimately be treated as unclaimed securities in accordance with applicable law

Section X: Other Related Matters

10.1. Trading Arrangements

Following receipt of registration approval from the Ethiopian Capital Markets Authority (ECMA) for the Ordinary Shares and the successful completion of the rights offer, the Company intends to trade 100% of its issued Ordinary Shares on the Over-the-Counter (OTC) Market.

Accordingly, the shares offered pursuant to this prospectus, as well as existing shares, trading will be through a Licensed Capital Market Service Provider.

10.2. Documents Made Available to the Public

To ensure full transparency and provide easy access, Hibret Insurance S.C. has shared the complete prospectus, accompanying documents, on its website www.hibretinsurance.com, under the Investor Relations webpage. In accordance with the requirements of the Public Offering & Trading of Securities Directive No. 1030/2024 Article 137(1), the issuer will also make the ongoing disclosure documents available on its website. These documents are free to download, print, and search for these documents at the investor's convenience, with no fees required.

Section XI: Approval of the Prospectus

This Prospectus has been reviewed and approved by the Board of Directors of Hibret Insurance S.C. in its meeting held on 29th June 2026. The Board confirms that it has taken reasonable care to ensure that the information contained in this Prospectus is true, accurate, and complete in all material respects and that there are no material facts, the omission of which would make any statement herein misleading.

#	Name	Position	Signature	Date
1	Wondwossen Teshome Tesema	Board Chairperson		29.06.2026
2	Asrat Arega Mengistu	Vice Chairperson of the Board		29.06.2026
3	Mariamawit Getamessay Degefu	Board Director (Representing OMEDAD PLC)		29.06.2026
4	Dereje Kebede Admasu	Board Director (Representing HIBRET BANK S.C.)		29/06/2026
5	Admasu Yitagesu Weldeyes	Board Director		29/06/2026
6	Yinebeb Derseh Leyew	Board Director		29/06/2026
7	Zouleka Mohammed Gonji	Board Director	Zouleka	29/06/2026
8	Robel Kebede Asgelit	Board Director (Representing KK PLC)		29/06/2026
9	Yanjabu Tadesse Amede	Board Director		29/06/2026
10	Meseret Bezabih Abebe	Chief Executive Officer	Meseret B	29/06/2026
11	Engida Kassaye Gizaw	Director, Finance & Investments		29/06/2026

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