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HIBRET INSURANCE



ዓመታዊ ሪፖርት
ANNUAL REPORT

፳፻፲፯
2024/25



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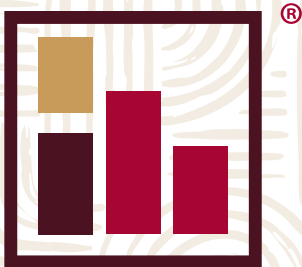
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ANNUAL REPORT

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2024/25



Vision, Mission and Core Values



Vision

Hibret Insurance 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.



Core Values

Customer Supremacy

We shall treat the customer as a “King” and/or “Queen”. We will ensure that the environment in which service is delivered is conducive and make the service delivery experience memorable.

Honesty and Integrity

We shall strive to promote a culture of honesty and integrity and adhere to a set of high moral standards and uphold ethical values.

Teamwork

We recognize that the team shall always be greater than the individuals. While taking personal responsibility for our work, we shall promote teamwork to achieve our corporate goals.

Dynamism

We shall embrace an organizational culture that encourages professionalism, keenness, enthusiasm, creativity, innovation and a sense of urgency so that we are responsive to the dynamics of the internal and external environment in which we operate.

Fairness

We wish to be the Best Equal-Opportunity Employer in the country and strive to undertake actions that are just, equitable, and fair that have a positive impact on the lives of our customers, employees, shareholders and the society at large. We uphold the value of fair Competition: Level Playing Field and Same Rule of the Game.

Social Responsibility

In all our undertakings, we shall behave in a socially responsible and acceptable manner.

PERFORMANCE HIGHLIGHTS 2024/25

ETB

2,753,168,000

GROSS WRITTEN
PREMIUM (GWP)

ETB

1,008,050,000

PROFIT
BEFORE-TAX

ETB

843,149,000

PROFIT
AFTER-TAX

ETB

765,372,000

INSURANCE SERVICE
RESULT

73

MARKET OUTLETS

47.23%

LOSS RATIO

68.55%

EARNINGS
PER SHARE (EPS)

57.41%

DIVIDEND
PER SHARE

ETB

1,341,598,000

PAID-UP CAPITAL

584

WORKFORCE

ETB

6,039,501,000

TOTAL ASSETS

ETB

3,560,649,000

TOTAL LIABILITIES

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BOARD OF DIRECTORS



Wondwossen Teshome
Chairperson



Asrat Arega
Vice Chairperson



Mariamawit Getamesay
Director



Admasu Yitagesu
Director



Yinebeb Derseh
Director



Dereje Kebede
Director



Yanjabu Tadesse
Director



Robel Kebede
Director



Zouleka Mohammed
Director



EXECUTIVE MANAGEMENT



Meseret Bezabih
Chief Executive Officer



Tesfaye Desta
DCEO- Operations, General Insurance



Dawit G/Ammanuel
DCEO - Resources Management



Bethlehem Mekbib
Director- U/W & Tech. Services



Engida Kassaye
Director- Finance and Investments



Dereje Demessie
Director- Claims & Eng.



Tilahun Tadesse
Director- Business Dev. and Marketing



Aliye Mohammed
Director- Information Sys. Management



Aron Kassaye
Director- Legal Services



Tesfayesus Yitbarek
Director- Human Capital & Property Management



Wubalem Habtamu
Director- Long Term Insurance



Yealemayn H/Mariam
Manager- Internal Audit



Wubneh Alemu
Manager- Risk & Compliance



NOTICE OF THE 31ST ORDINARY ANNUAL & 15TH EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

In accordance with the provisions of Articles 366 (1), 367(1), 370, 371 and 372 of the 2021 Commercial Code of Ethiopia and according to the revised Memorandum of Association of the Company (Article 18), notice is hereby given to all shareholders that the 31st ordinary annual and 15th extraordinary general meeting of shareholders of Hibret Insurance S.C. will be held in Addis Ababa, Desalegn Hotel on the 4th of December 2025 from 8:00 a.m. to transact the following business.

1. Agenda of the 31st Ordinary Annual General Meeting of Shareholders

- 1.1. To Consider and Approve the Agenda Items of the Meeting;
- 1.2. To Approve the Sale and/or Transfer of Shares made up to and including December 3, 2025;
- 1.3. To hear the 2024/2025 Financial Year Annual Report of the Board of Directors;
- 1.4. To hear the External Auditors' Report for the 2024/2025 Financial Year;
- 1.5. To consider and approve the report of Board of Directors presented under agenda item No.1.3 above;
- 1.6. To consider and approve the External Auditors' Report presented under agenda item No.1.4 above;
- 1.7. To decide on the Allocation and Distribution of the Company's Profit for the 2024/2025 Financial Year to Shareholders;
- 1.8. To Consider and Approve Annual Board of Directors' remuneration for the 2024/2025 Financial Year and their Monthly Transport Fee for the 2025/2026 Financial Year;
- 1.9 To Consider and Approve the additional payment requested by Kokeb & Melkamu Audit Service LLP for auditing IFRS 9 and IFRS 17 transition and re-auditing on the 2023/2024 financial statements;
- 1.10. To report the changes made to the Board of Directors following the election conducted at the Company's 30th Annual General Meeting, and to approve the appointment of the elected Board members.

2. Agenda of the 15th Extraordinary General Meeting of Shareholders

- 2.1 To Consider and Approve the Agenda Items of the Meeting;
- 2.2. To amend the resolution passed at the 13th Extraordinary General Meeting of Shareholders held on Hidar 1, 2015 E.C., which approved the increase of the Company's capital, by revising the payment completion deadline previously set for Tahsas 30, 2019 E.C.;
- 2.3. To discuss and decide on the proposed resolution to increase the Company's capital;
- 2.4. To amend the Company's Memorandum of Association.

By order of the Board of Directors

Sisay Shihunegn
Company Secretary
Dated 4th day of December 2025
Addis Ababa

NOTE: A shareholder entitled to attend and vote at the General Meeting may appoint a PROXY in his/her stead. A PROXY need not be a shareholder of the Company. To be valid, the PROXY FORM must be completed and presented to the Secretary of the Company at or before the General Meeting. A PROXY or Shareholder must hold original and copy of renewed identity card, National ID, passport or yellow card for foreign nationals of Ethiopian origin





CHAIRPERSON’S LETTER TO SHAREHOLDERS



I am delighted to welcome you all, on behalf of the Board of Directors and myself, to the Thirty-First Annual General Meeting of Shareholders of Hibret Insurance Share Company.

It is a great privilege and honor for me to chair this important meeting, which is convened once a year in accordance with the provisions of the applicable laws and the Company’s Memorandum of Association.

In line with the customary practice of the Company, the Board of Directors had decided to have the Annual Report printed and presented at this Meeting, with the strict understanding that it will not be shared with third parties until its approval by the Shareholders.

The financial year ended on 30 June 2025 posed various operational and market-related challenges. Political and social instabilities in some parts of the country affected our business activities to some extent. Macroeconomic pressures such as inflation, depreciation of the Birr, and limited foreign exchange also influenced our performance. Moreover, heightened market competition and certain unfair practices created pressure on pricing and market share. Rising operating costs, constraints in accessing skilled professionals, and occasional infrastructure interruptions further impacted our operations.

The Company adopted IFRS 17 (International Financial Reporting Standard 17) during the financial year ended 30 June 2025. IFRS 17 is the new global accounting standard for insurance contracts, replacing IFRS 4 to enhance transparency, consistency, and comparability in financial reporting across companies and countries. It fundamentally transforms how insurance companies measure performance and report profits. While it improves transparency, comparability, and the reliability of financial statements, its implementation has posed significant operational, technical, and financial challenges to the Company. These include complex measurement requirements, extensive data and system upgrades, close coordination between finance and external actuaries, increased disclosure obligations, and substantial implementation costs.

The challenges notwithstanding, the Company demonstrated resilience and achieved commendable results for the financial year ended 30 June 2025, maintaining its strong industry position and laying a solid foundation for sustainable growth. While the challenges persist, we remain optimistic about the opportunities ahead.

Life, Non-Life and General Takaful businesses combined, Gross Written Premium/Contribution for the year ended 30 June 2025 grew by about 40.31% to reach ETB2,753,168,000 as compared to ETB1,962,166,000 in 2023/24. While ETB2,579,325,000 was generated from Non-Life business, Life insurance produced ETB141,893,000 during the reporting year. The remaining ETB31,950,000 was Takaful contribution.

Total Insurance Revenue for the year ended 30 June 2025 was ETB2,337,309,000 as compared to ETB1,768,115,000 of the previous year registering a growth rate of about 32.20%.

Insurance Service Expense (before net reinsurance expense) decreased by 9.69% from ETB1,362,256,000 in 2023/24 to ETB1,230,222,000 in 2024/25.

Insurance Service Result increased considerably by about 77.63% and reached ETB765,372,000 in 2024/25 against ETB430,892,000 of the preceding year.

Net Investment Income grew by about 37.28% from ETB396,591,000 in 2023/24 to ETB544,434,000 in 2024/25.

Profit Before Tax for the reporting year registered a tremendous growth of about 79.04% to reach ETB1,008,050,000 from ETB563,024,000 in 2023/24.

The After-Tax Profit also grew considerably by about 79.03% from ETB470,955,000 in 2023/24 to ETB843,149,000 in 2024/25.

Income tax expense for the year was computed to be ETB164,901,000 as compared to the last year's figure of ETB92,069,000. We are proud that our Company has been recognized as a Loyal Taxpayer of the Year 2024/25, receiving the Gold Level Award at a national recognition ceremony held on 7 October 2025.

Following the decision made at the Thirteenth Extraordinary General Meeting of Shareholders held on November 10, 2022 to increase the Company's capital to ETB1,500,000,000, the paid-up capital rose by about 25.60% in 2024/25 to reach ETB1,341,598,000 from ETB1,068,175,000 of the previous year.

The Company's basic earnings per share (EPS) registered a notable increase, rising from 47.78% in 2023/24 to 68.55% in 2024/25, representing a growth of about 43.5%. In recognition of this strong performance, the Board of Directors has proposed the distribution of ETB 707,393,754 as dividends. This amount is calculated after deducting the legal reserve of ETB 84,315,000, the prior years' IFRS adjustment of ETB 51,440,000, and before deducting Board remuneration subject to approval by the General Assembly.

The consolidated results for the reporting year were commendable, reflecting the Company's resilience and sound financial management amidst substantial capital growth and the challenging economic environment faced during the period.

The Board held 14 regular meetings from 01 July 2024 to 30 June 2025, during which it approved the annual business plan and budget, reviewed policy documents and working manuals, and resolved on matters of strategic significance. It also assessed the Company's monthly performance based on Management reports and provided strategic direction as required.

The Financial Statements of the Company were prepared in line with IFRS 17 and other applicable laws. In accordance with Articles 15(2), 17(3), and 37(2) of the Company's Memorandum of Association as amended by the Fourteenth Extraordinary General Meeting of Shareholders held on 7 November 2024, as well as in compliance with Directives issued by the Supervisory Authority, the National Bank of Ethiopia (NBE), this Report of the Directors and Audited Accounts cover the financial year ended 30 June 2025.

In accordance with the Commercial Code of Ethiopia, Proclamation No. 1243/2021, Articles 393 and 394, and Articles 15(2), 17(3), and 37(2) of the Company's Memorandum of Association, I present, for your consideration and approval, as appropriate, the Report of the Directors and the Audited Financial Statements, together with the Report of the External Auditors, for the financial year ended 30 June 2025.

Finally, allow me to take this momentous occasion to extend my sincere appreciation to our valued customers for their continued trust and loyalty, our shareholders for their confidence, my fellow directors, the management team, and all staff members for their dedication and hard work. I also express gratitude to the National Bank of Ethiopia (NBE) for its regulatory support and guidance, and to our reinsurers, insurance and reinsurance intermediaries, and other business partners for their continued cooperation.

Thank you all and I wish Hibret Insurance many more years of success.



WONDWOSSEN TESHOME
Chairperson, Board of Directors and
The Annual General Meeting



REPORT OF THE BOARD OF DIRECTORS

In preparing the Board of Directors' Report, we followed the Company's long-standing reporting framework. As in previous years, the Thirty-First Annual Report of the Directors presents a brief assessment of the business environment, identifying the key events and factors that significantly affected the industry's performance, the Company's operations and results for the reporting period, and the outlook for the future.

1. THE BUSINESS ENVIRONMENT

1.1 The Country's Economic Overview

According to the Federal Democratic Republic of Ethiopia (FDRE) Ministry of Planning and Development Report of July 2024, Ethiopia's economy has demonstrated remarkable resilience, maintaining an average growth rate of 7.1% from 2017/18 to 2022/23 fiscal years. As stated in the Financial Stability Report of the NBE (November 2024) real GDP grew by 8.1% in the year 2023/24 and was anticipated to grow by 8.4% in 2024/25. On the other hand, the International Monetary Fund (IMF) forecasted a 6.6% growth in real GDP for 2025. The World Bank, however, offered a more conservative forecast, projecting 6.4% growth in 2025.

As indicated in the FDRE Ministry of Planning and Development Report, the real annual growth rates of the major economic sectors, i.e., agriculture, industry and services were 7.0 %, 9.2 % and 7.7%, respectively. The agriculture sector has shown improvement in growth rates to reach 7% in 2023/24 when compared to the 2022/23 growth rate of 6.3%. The industry sector also registered a promising growth relative to the previous year which was 9.2% in 2023/24 compared to 6.9% in the year 2022/23. The service sector's growth rate decreased to 7.7% in 2023/24 compared to the 7.9% in 2022/23.

Consistent with the Financial Stability Report of the NBE (November 2024), the share of services in GDP decreased slightly for the first time in years to 40.2% in 2023/24, from 40.3% a year earlier. The share of industry rose marginally from 28.8% to 29.1%, while agriculture continued its steady decline from 32.7% in 2020 to 31.8% in 2023/24.

As per the IMF's World Economic Outlook, Ethiopia's GDP per capita in 2025 was projected to be around USD 1,070. The World Bank also projected Ethiopia's GDP per capita to be around USD 1,003.68 in 2025. The IMF has projected Ethiopia's GDP for 2025 to reach USD 117.46 billion.

Based on FDRE Ministry of Planning and Development Report, total goods export earnings amounted to USD 3.8 billion in 2023/24 fiscal year, indicating a modest 4.8% increase compared to 2022/23. The total exports of non-factor services demonstrated growth, recording USD 7.8 billion which was a 9.3% increase compared to USD 7.1 billion of the previous year. Imports totaled USD 18.44 billion, reflecting a modest 7.5% increase compared to the previous year.

As indicated in the NBE's Financial Stability Report (November 2024), year-on-year inflation fell from 29.3% in June 2023 to 19.9% as of June 2024. Inflation continued to fall reaching 17.5% at the end of September 2024. According to data made available by the Ethiopian Statistical Service (ESS), the year-on-year, general inflation rate (annual percentage change) stood at 13.9% for the month of June 2025. The IMF projects annual inflation to fall to 12% in June 2026 and to drop further to 9.7% by June 2027.

Inflation is expected to decline gradually but remain moderately high in 2025/26. The continuous depreciation of the Ethiopian Birr owing to implementation of the new foreign exchange system, increased taxation and the ever rising fuel prices may further exacerbate the inflationary situation. High inflation drives up claims costs and expenses while dampening demand for insurance coverage as customers become more price sensitive.

According to the Ethiopian Investment Commission, Ethiopia attracted USD 3.92 billion in Foreign Direct Investment (FDI) in the 2023/24 fiscal year, an increase of about 13.9% from the previous year.

The Banking Business Proclamation No. 1360/2025 permits foreign banks to enter the Ethiopian market. Based on this proclamation, the National Bank of Ethiopia (NBE) unveiled a sweeping new directive that lays the groundwork for opening Ethiopia's banking sector to foreign banks under tightly controlled and highly regulated conditions. This move aims to attract more foreign investment, improve the competitiveness and efficiency of the banking industry, and modernize financial services. The increase in the number of domestic banks and entry of foreign banks will increase the demand for various insurance products. For instance, deregulation of the banking sector can facilitate the development of new business models in the insurance sector, such as bancassurance (insurance products offered through banks) and the development of new insurance products to cater to the needs of a wider consumer base.

The foreign exchange regime change allowed banks and other financial institutions to buy and sell foreign currencies at freely negotiated rates. This shift aims to address longstanding macroeconomic imbalances, including foreign exchange shortages and overvaluation of the Ethiopian Birr. The unification of exchange rates is expected to improve market efficiency and liquidity, leading to a more stable trading environment. The trends indicate that the gap between the official exchange rate and the parallel (or black market) rate are narrowing, moving to a more unified market.

The development of the capital market's ecosystem has recorded significant strides with the establishment of the Ethiopian Securities Exchange (ESX). Several state-owned enterprises are expected to list on the ESX, with the possibility that ownership of these groups to be transferred to private sector players. Such developments can provide greater investment opportunities to the Company, improved access to financing, and enhanced capabilities for risk management and diversification.

1.2 The Insurance Industry Performance

As at 30 June 2025, the number of insurance companies remained at 18, of which 17 were private and one state-owned. Out of the 18 insurance companies currently operating in Ethiopia, 14 were composite and four general insurers.

Unofficial sources suggest that some new insurance companies (full-fledged Takaful and Conventional) are under formation and are expected to commence operations in the new fiscal year (2025/26). As of this writing, one new composite insurer has already joined the industry.

Insurance companies continued to expand their market presence by opening new outlets. In 2024/25, the number of branches rose to 840 from 799 in 2023/24, an increase of about 5%. Of these, 56.6% were located in Addis Ababa (NBE Annual Report 2023/24).

There were three reinsurers in the market including the national reinsurer, Ethiopian Reinsurance Company SC (Ethio Re), and two others functioning through representative offices in Addis Ababa, namely, Africa Re (Africa Reinsurance Corporation) and ZEP-Re (PTA Reinsurance Company).

The total assets of the insurance industry grew by nearly 30% to reach ETB85.366 billion in 2024/25 from ETB65.790 billion a year ago. The total assets for Life business increased to ETB5.527 billion from ETB4.435 billion of the previous year. Similarly, the Non-Life business's total assets grew to ETB79.839 billion from ETB61.355 billion of the preceding year.

Market Gross Written Premiums (GWP), Life and Non-Life combined, grew considerably by about 45% to reach ETB41.184 billion at the year ended on 30 June 2025 from ETB28.360 billion in 2023/24. Non-Life business increased from ETB26.425 billion in 2023/24 to ETB38.550 billion in 2024/25, registering a considerable growth of 46%, while Life grew by about 36% to reach ETB2.634 billion in the current year from ETB1.935 billion of the preceding year.

Accounting for about 94%, Non-Life insurance business continued to take the lion's share of the premium portfolio for the reporting year. Its share was about 93% last year.

The industry's loss ratio in respect of Non-Life insurance decreased to 49% in the year under report from 51% a year before, while the loss ratio of Life business markedly decreased to 73% in 2024/25 from 77% in 2023/24 (NBE Report).

The Ethiopian insurance industry is characterized by intense competition primarily driven by premium undercutting.

In addition to this widely criticized practice, insurers often relax their underwriting standards inappropriately to attract new customers or retain existing ones. Competition also extends to the availability of trained personnel, which is in high demand. Most insurance providers offer standardized and similar products, resulting in fierce price competition due to lack of product differentiation and innovation. As the products offered by competitors are largely indistinguishable, price becomes the main factor in competition. Ethiopian insurance customers are highly price-sensitive, further fueling this aggressive price-focused environment.

1.3 Status Report on Matters Having Impact on the Insurance Industry

Our Company has a longstanding tradition of highlighting key and significant issues directly affecting the insurance industry. Each year, Hibret Insurance’s Annual Reports of the Board of Directors aim to shed light on these important matters. We believe that addressing these issues is essential for the industry’s growth and the benefit of all stakeholders. Therefore, unless the appropriate measures are taken by the relevant authorities, we will continue to raise awareness of these concerns in our reports even if it may sound redundant, in order to advocate for their resolution.

The Board of Directors wishes to seize this opportunity to pay special tribute to the National Bank of Ethiopia (NBE) for its effective administration, supervision, and control of insurance business. While strictly complying with all the directives issued by the regulator and the laws of the land, we would like to reveal particular concerns and make some recommendations on the following for consideration by the concerned government organs and the NBE.

1.3.1 Review and Feedback on Draft NBE Directives

The National Bank of Ethiopia (NBE) has drafted a series of directives aimed at enhancing governance, transparency, and financial soundness in the insurance industry. While these initiatives are commendable, active engagement with industry stakeholders remains crucial to enhance compliance, operational efficiency, and alignment with market realities.

Accordingly, we have carefully reviewed and submitted our comments and recommendations on the draft directives outlined below, with the expectation that our constructive inputs will be duly considered and incorporated prior to their final issuance. We reaffirm our commitment to maintaining open and constructive discussion with the NBE toward achieving a resilient, well-regulated, and sustainable insurance sector.

a) Licensing of Insurance Broker

The Directive was drafted to specify the manner of conducting of business by insurance brokers. We have provided feedback regarding the fit and proper criteria for an individual applying for the chief executive position at a broking firm. Given the duties and responsibilities of an insurance broker, we hold the view that persons who served in managerial position at the head office of insurance company should also be considered for chief executive officer position of an insurance broker.

b) Requirements for Persons with Significant Influence in Insurance Company

The Directive was drafted among others to ensure sound practices, stability and long-term institutional success in the insurance sector. The NBE tightened the fitness and propriety requirements for chief and senior executive officers positions. However, given the severe shortage of skilled and experienced professionals in the industry, it is our view that the application of the fit and proper criteria be relaxed to a reasonable extent.

c) External Auditor of an Insurer

The Directive was drafted among others to ensure that an insurer maintains accurate and reliable records and prepares financial statements in line with International Financial Reporting Standards (IFRS) and other regulatory requirements. We consider this as a positive development.

d) Insurance Risk Based Capital

The draft Directive focuses on ensuring insurance companies maintain capital adequacy levels commensurate with their risk profiles, reinforcing financial soundness and proper risk management. We welcome the development.



e) Valuation of Insurance Liabilities

The Directive requires an appropriate valuation of the insurance company's liabilities after considering actuarial and other advices. Proper valuation of insurance liabilities is important for the financial soundness of an insurance company, and ultimately for the protection of policyholders, that insurance liabilities are valued in a realistic and consistent manner. We consider this as an important step taken by the NBE in the right direction.

f) Financial Reporting and Related Matters

The Directive is designed to ensure that the information submitted in the standardized return formats required from insurance companies complies with IFRS standards, particularly IFRS 17 and other regulatory requirements. A great deal of challenges has been encountered in implementing this new reporting standard, primarily due to the shortage of actuarial firms in the country and the limited availability of skilled and experienced professionals.

g) Insurance Corporate Governance

The draft Directive is prepared to ensure that insurers are soundly and prudently managed and directed. To enhance corporate objectivity, accountability and transparency, insurance companies are now required to have independent directors to be nominated by the existing board and elected by all shareholders. The process to nominate and elect directors has also been streamlined to make it more efficient. Moreover, in recognition of inclusion and diversity, board of directors should have at least two women directors. Lastly, a maximum of two employees of an insurance company may be elected to the board of the insurance company. our Company gladly welcomes this critical amendment made to corporate governance Directive.

1.3.2 Review of Key NBE Directives in force and Industry Observations

In recent years, the National Bank of Ethiopia (NBE) has issued a number of directives intended to strengthen the regulatory framework of the insurance industry and enhance financial sector stability. While we fully acknowledge and appreciate these commendable efforts, certain provisions of the directives have posed practical challenges to insurers and, in some cases, may not fully align with prevailing economic realities. Therefore, we wish to reiterate our key concerns and constructive recommendations for the consideration of the NBE and other relevant government authorities.

a) Directive No. SIB/52/2020: Amendment to Investment of Insurance Funds

This Directive came into force as of the 4th day of August 2020. The amended Directive requires insurance companies to invest not less than 60% of their total admitted assets in treasury bills and bank deposits. The Directive reduced the earlier limit of 65% to only 60%. This may expose the companies to higher financial risks and endanger the safety of their investments. We are of the opinion that the investment limit in treasury bills and bank deposits should further be decreased to a reasonable level considering the interest of the policyholders and the insurance industry.

The Directive further requires insurers not to invest more than 10% of their total assets in the purchase or construction of buildings exclusively or predominantly used for rent (real estate) and capital appreciation. In this regard, no change was made to the threshold indicated in the previous Directive in spite of the strong expectation of the industry to increase the limit to a reasonable level. More investment in real estate would be difficult due to the restrictions imposed by this Directive.

We, therefore, continue appealing to the NBE for revision of the amended Directive in light of economic realities of the country, experience of the insurance industry and protection of the rights of policyholders.



b) Directive No. FCP/01/2020: Financial Consumer Protection

This Directive came into force as of the 25th day of August 2020. The primary objective of the Directive is to build trust and confidence of financial consumers which in turn promote financial inclusion, healthy financial transactions, and stimulate growth, stability, ethical innovation and efficiency in the financial system. It established financial consumer protection regulation, supervision, complaint handling and dispute resolution mechanisms. Among others, the Directive prohibits the financial service providers from requiring their customers to take out insurance policies from a particular insurer. And yet, consumers are said to be unduly pressurised by some entities to get insurance covers from a given insurer.

We suggest strong monitoring from the concerned organs for proper enforcement of this vital Directive.

c) Directive No. SIB/54/2021: Investing in Development Bank Bond

The Directive entered into force as of the 1st day of September 2021. It requires insurers to invest an amount equivalent to a minimum of 15% of their net income (profit after tax) in Development Bank Ethiopia's (DBE) Bond within 90 days after the close of each financial year.

The Directive further states that DBE shall pay a bond rate at least 2 percentage points higher than the minimum interest rate paid on saving deposit at the time of issuance. However, the proposed rate is not attractive owing to the existing high inflationary situation on the one hand and is very low compared to the better rates existing in the market on the other.

We call upon all concerned to either put the Directive aside as ineffective or increase the applicable interest rate to at least average market lending rate so that insurers could be able to earn reasonable returns on the resources they helped generate in order for them to meet obligations as it falls due.

d) Directive No. SIB/57/2022: Minimum Paid-Up Capital for Insurance Companies

The Directive that sets a limit on the minimum paid-up capital for an insurance company was issued effective from the 15th day of September 2022. The minimum paid-up capital required to obtain both general and long-term insurance businesses license was increased to Birr500 million from Birr75 million. All existing composite insurers whose paid-up capital, on the effective date of this Directive, was below Birr500 million are supposed to raise their paid-up capital to the stated level within five years. An insurance company that is unable to meet the minimum paid-up capital requirement may undertake voluntary merger or acquisition transactions with another insurance company before the lapse of the stated period.

We are of the view that the minimum paid-up capital requirement is still on the low side owing to the continuous depreciation of the Birr on the one hand and ever growing inflationary pressure on the other. We thus recommend that the paid-up capital be increased to the level that matches up with economic realities of the country.

e) Directive No. SIB/60/2023: Motor Insurance Minimum Premium Rate

As subsequent event, the long awaited Directive that set minimum premium rate for Motor Own Damage Insurance was issued on 24th day of August 2023. The rate is net of all discounts and rebates and applicable to all categories of motor vehicles.

We are extremely grateful to the National Bank of Ethiopia for the practical and sound actions it has taken to improve the regulatory environment in general and the introduction of minimum premium rate for motor insurance in particular. The Directive may ease, to some extent, the existing unhealthy competition based primarily on premium undercutting.

However, we would like to point out that the minimum premium rate set by the regulatory body, NBE, is neither adequate nor commensurate with the risks proposed for insurance. The rate is insufficient to cover the ever escalating motor claim costs.

Therefore, we strongly appeal to the National Bank of Ethiopia to reconsider its decision and set a more equitable minimum premium rate

mutually beneficial to all stakeholders on the basis of actuarial study conducted under the auspices of the Association of Ethiopian Insurers (AEI) and submitted to NBE by AEI for this purpose.

f) Lack of Level Playing Field

Hibret Insurance has never faltered to point out the uneven nature of the industry’s playing field and its role in distorting the market environment. We had openly expressed our concerns and continue to do so that some entities still receive preferential treatments thereby depriving all the other players of the single most important benefit of a market-oriented economic regime - that of “fair competition”. While entities receiving favors of one form or the other become dependent on such “indirect subsidies”, the others are deprived of their legitimate right to fair treatment under the law.

We hope that the Government will take appropriate measures to uphold the principle and value of fair competition: **“Level Playing Field and Same Rules of the Game”**.

g) The Need for an Independent Regulatory Body

While the process for the establishment of an independent regulator for the insurance sector has been somewhat slow, we remain optimistic that it will be finalized in the new budget year (2025/26), leading to a more conducive regulatory environment for the Ethiopian insurance industry.

1.3.3 Tax Proclamations and their Implications for the Insurance Industry

The recent tax reforms made by the government have significant implications for the insurance industry. While we recognize the government’s efforts to enhance revenue collection and promote fiscal discipline, certain provisions and their current enforcement have created operational challenges, financial burdens, and unintended consequences for insurers and policyholders alike. While highlighting our key concerns regarding these proclamations, regulations and directives, we respectfully urge the relevant authorities to carefully consider the concerns and recommendations presented herein. Aligning the enforcement and implementation of these tax proclamations with their original intent will not

only facilitate compliance by insurers but also encourage investment, promote sustainable growth, and protect policyholders’ interests. We remain committed to engaging constructively with the authorities to ensure that taxation policies support a resilient, transparent, and thriving insurance sector, while balancing the government’s revenue generation objectives with the practical realities of the market.

a) Income Tax Proclamation No. 979/2016 and Directive No. 7/2011 (2019) : Dividend Tax and Increase of Capital

As per Article 61 of the Income Tax Proclamation No. 979/2016 and as per Directive No. 7/2011 (2019), the law allows shareholders to plough back their dividends for capital increases without incurring dividend taxes. Unfortunately, the Ministry of Revenue is enforcing dividend tax payments with interest and penalties on many financial institutions, including Hibret Insurance, despite our compliance with the intent of the laws.

We believe that the original framework of the proclamation and the directive was designed as an incentive mechanism to encourage companies to raise capital and rekindle shareholders to reinvest earned dividends with the view to grow their companies’ operations. However, the above mentioned action taken by the Ministry of Revenue undermines this objective, creating significant financial burdens for institutions that are attempting to comply with the law while simultaneously fostering growth and investment. As a result of these enforcement actions, our Company finds itself embroiled in litigation, which diverts valuable resources and attention away from our core business activities. This situation not only hampers our ability to expand and innovate but also negatively impacts the broader economic landscape by discouraging companies from pursuing similar capital-raising strategies.

We respectfully urge the Ministry of Finance and Ministry of Revenue to reconsider this stance and work towards a solution that aligns with the original intent of the law and to allow companies to utilize their dividends for capital increases without facing punitive taxation, so that we can be able to stimulate investment and drive economic growth. In addition, we humbly request the Ministry of Revenue to reconsider the administrative hurdles and procedures required for license renewal and capital updates related thereto.



b) The Value Added Tax Proclamation No. 1341/2024: VAT on General Insurance Business

The Value Added Tax Proclamation No. 1341/2024 has been enacted by the House of Peoples' Representatives on July 4, 2024 to be effective from the same date.

One of the key changes includes the introduction of Value Added Tax (VAT) on insurance premium, claim payments and subrogation processes. While we fully support the government's efforts to enhance the country's revenue, we believe this new policy may inadvertently undermine the very objectives it seeks to achieve.

First and foremost, the proclamation has generated considerable ambiguity, even with the lawmakers and executive organs expressing differing opinions on its implementation. With the view to clear up this confusion, we have actively engaged with the relevant authorities, sharing our insights and suggestions through emails, letters and meetings. We also presented our concerns directly to the Ministers of Ministry of Finance and Ministry of Revenue.

The imposition of VAT on insurance premiums could lead to increased costs for consumers, potentially discouraging them from purchasing insurance altogether. Many individuals and businesses may find themselves unable or unwilling to bear the additional financial burden, which could result in a significant reduction in insurance coverage across our communities. This outcome not only jeopardizes individual financial security but also poses risks to public property protection. The Ethiopian insurance industry is small and underdeveloped. The insurance penetration rate is also very low so that adding additional burden in such situations is totally inadvisable.

Moreover, the taxation of compensation payments raises further concerns. Insured individuals expect prompt and full compensation in times of need or at time of claims; introducing a VAT on these payments could diminish their rightful claims, leading to dissatisfaction and distrust in the insurance system. This could further discourage people from seeking necessary coverage, ultimately resulting in an increase in uninsured properties and assets.

Recoveries arising from subrogation rights should not have been the subject of taxation. Commencement day of the obligation to calculate attachable VAT (July 4, 2024) exposed insurers to extra costs as they were compelled to pay VAT they did not collect from insured persons for the period from July 4 to September 30, 2024. We are of the view that adequate time should have been provided to prepare for the implementation of VAT.

We, therefore, respectfully urge lawmakers to revisit this complex piece of proclamation and consider its long-term implications on both consumers and the insurance industry. A balanced approach that ensures government revenue while promoting public trust and participation in insurance is essential for sustaining a healthy economy.

We would also like to emphasize once again that while Proclamation No. 1341/2024 needs further clarity and revision, our commitment to ensuring the implementation of this Proclamation remains steadfast.

2. THE COMPANY'S PERFORMANCE

2.1. OPERATIONAL AND FINANCIAL PERFORMANCE AND RESULTS

2.2.1 Gross Written Premium and Insurance Service Result

Life, Non-Life and General Takaful businesses combined, Gross Written Premium/Contribution for the year ended 30 June 2025 grew by about 40.31% to reach ETB2,753,168,000 as compared to ETB1,962,166,000 in 2023/24. While ETB2,579,325,000 was generated from Non-Life business, Life insurance produced ETB141,893,000 during the reporting year. The remaining ETB31,950,000 was Takaful contribution. The Company attained commendable results in terms of gross written premium in spite of the challenges faced during the year.

Total Insurance Revenue for the year ended 30 June 2025 was ETB2,337,309,000 as compared to ETB1,768,115,000 of the previous year registering a growth rate of about 32.20%.

Insurance Service Expense (before net reinsurance expense) decreased by 9.69% from ETB1,362,256,000 in 2023/24 to ETB1,230,222,000 in 2024/25.

Insurance Service Result increased considerably by about 77.63% and reached ETB765,372,000 in 2024/25 against ETB430,892,000 of the preceding year.

Net Investment Income grew by about 37.28% from ETB396,591,000 in 2023/24 to ETB544,434,000 in 2024/25.

The growth in net earned premiums on the one hand and enhanced efficiency in claims management on the other were the major explanations for the laudable financial results achieved in the year under report.

2.2.2 Non-life business

Gross Premiums Written

As at 30 June 2025, the Company's Non-Life premium reached ETB2,579,325,000 registering a commendable growth of about 49.11% over the previous year of ETB1,729,776,000, higher than the industry's average growth rate of about 46%.

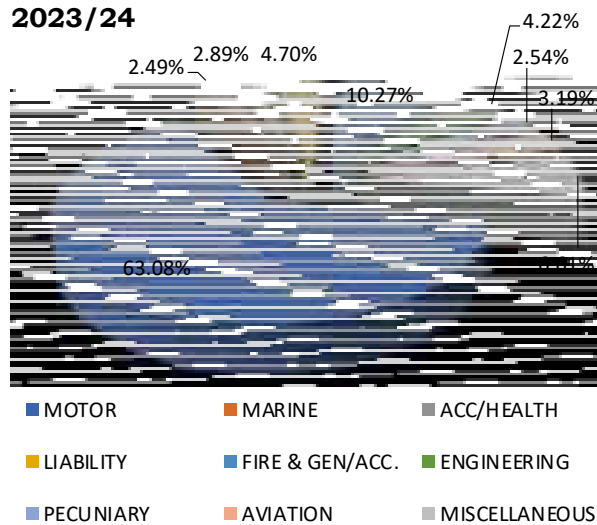
All classes of business recorded growth during the financial year under report with the exception of a slight decline by 0.97% in Pecuniary Insurance. The highest growth of 275.60% had occurred in the Engineering class of business. The Marine class of business grew by 85.36%; followed successively by Fire & General Accident which grew by 46.49%; Aviation by 42.12%; Miscellaneous by 39.50%; Motor by 39.18%; Liability by 26.26%; and Accident & Health by 24.11%.

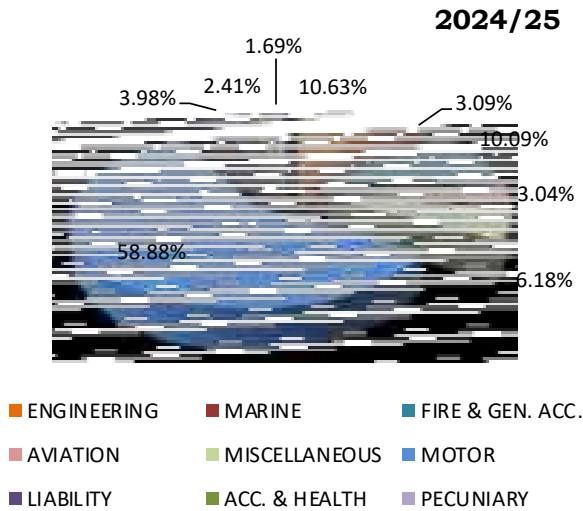
Portfolio Mix

Motor class of business had continued to dominate the Company's total premium portfolio accounting for 58.88% as at 30 June 2025, which was lower than the preceding year of 63.08%, an encouraging trend.

Engineering class of business became a very far second with a share of 10.63% followed by Fire and General Accident class of business at 10.09%. Miscellaneous accounted 6.18%; Liability took 3.98%; Marine 3.09%; and Aviation 3.04%. Accident & Health took 2.41% and Pecuniary shared the least 1.69%.

COMPARATIVE PREMIUM STRUCTURE /PORTFOLIO MIX





Insurance Service Result

Non-Life Insurance Revenue for the year ended 30 June 2025 was ETB 2,121,589,000 as compared to ETB1,642,503,000 of the previous year, registering a growth rate of about 29.17%.

Insurance Service Expense (before net reinsurance expense) for Non-Life business decreased by about 14.55% to reach ETB1,062,595,206 in 2024/2025 as compared to the previous year of ETB1,243,529,2060.

Claims normally grow along with increase in written premiums. Fortunately, claim costs of this reporting period were contained; primarily because of prudent underwriting combined with sound claims management.

Non-Life Insurance Service Result registered a tremendous growth rate of about 64.25% and reached ETB707,671,000 in 2024/25 against ETB430,856,000 of the preceding year. All Non-Life insurance classes of business underwritten during the year under report yielded positive contribution to the Insurance Service Result except Pecuniary class of business.

Net Investment Income for Non-Life business grew by about 37.77% from ETB338,584,000 in 2023/24 to ETB466,457,000 in 2024/25.

2.2.3 Life insurance

Gross Premiums Written

At the close of business on 30 June 2025, the Company's Life Insurance business recorded a decline of nearly 39%, generating a Gross Written Premium of ETB141,893,000 compared to

ETB232,390,000 in the preceding year. The decline in premium income was primarily attributable to the loss of a major customer to competitors.

Insurance Service Result

Life Insurance Revenue for the year ended 30 June 2025 was ETB215,720,000 as compared to ETB125,613,000 of the previous year registering a substantial growth rate of about 71.73%.

Insurance Service Expense (before net reinsurance expense) for Life business increased by about 41.20% from ETB118,727,000 in 2023/24 to ETB167,627,000 in 2024/25.

Life Insurance Service Result rose to ETB57,700,000 in 2024/25 from ETB36,000 of the preceding year.

Net Investment Income for Life business grew by about 34.42% from ETB58,008,000 in 2023/24 to ETB77,977,000 in 2024/25.

2.2.4 General Takaful

Hibret Insurance launched its General Takaful line of business under the brand name "Barakah Takaful" in November 2024. As a trusted Takaful Window Operator, the Company offers a comprehensive range of Shariah-compliant General Takaful products designed to meet the diverse insurance needs of both individuals and businesses. Through these offerings, we provide our customers with security and peace of mind in full compliance with Islamic principles.

For the financial year ended 30 June 2025, the General Takaful contribution amounted to ETB31,950,000. Operating under the Wakala model, the Company earned a Wakala fee income of ETB 11,183,000 in the second half of the 2024/25 fiscal year but incurred a loss of ETB 11,674,000.

2.2.5 Consolidated Results:

Profit – Life, and Non-Life

As can be seen from the IFRS Financial Statements for the year ended 30 June 2025, Profit Before Tax for the reporting year registered a tremendous growth of about 79.04% to reach ETB1,008,050,000 from ETB563,024,000 in 2023/24. The After-Tax Profit also grew considerably by about 79.03% from ETB470,955,000 in 2023/24 to ETB843,149,000 in 2024/25. Income tax expense for the year was computed to be ETB164,901,000 as compared to the last year's figure of ETB92,069,000.



The basic earnings per share (EPS) increased significantly from 47.78% in 2023/24 to 68.55% in 2024/25 representing a growth of about 43.5%. The consolidated result for the reporting year was commendable given the substantial growth of capital and the challenging economic conditions the country experienced during the year.

2.3 Human Resource Development

On 30 June 2025, the Company's total staff strength stood at 584. Out of the total, 294 (about 50%) were female and 290 (nearly 50%) were male. The gender mix remained almost the same as in the preceding year. The total number of staff were 563 last year.

The total staff was composed of 558 (nearly 96%) regular employees and 26 (about 4%) contract workers as at 30 June 2025. The proportion of contract workers decreased to 4% for the reporting year from 7% in the preceding year.

In terms of education, out of the total, 399 staff were degree holders (72 having second degree while 327 holding first degree), 98 had Diplomas while 87 held Certificates or pre-college papers.

During the year under review, 69 new staffs were employed and 48 employees resigned (37 regular and 11 contract) making employee attrition rate to be about 6.45%, a decrease of 0.75 percentage points compared to the previous year of 7.2%.

Various trainings were given to 426 staff members including senior management during the year under report, out of which 386 staffs attended short-term local trainings on different topics. Forty (40) staffs participated in overseas training (through correspondence and overseas travels). Total training cost for the year 2024/25 stood at ETB12,271,808 which was slightly above the budget of ETB 11,212,892 by 8%.

2.4 Market and Business Development

The total market outlets (Branches and Contact Offices) of the Company reached 73 as at 30 June 2025. Out of the 73 outlets, 39 were city and 19 upcountry branches and the remaining 15 were contact offices (7 city and 8 upcountry).

Fifty one (51) new General Insurance Sales Agents were recruited, trained, licensed and deployed to

the market during the year under report. Furthermore, refreshment training was given to seventeen (17) existing sales agents.

The major challenge for the period was the ever skyrocketing office rental prices of the existing branches as well as for new market outlets expansion. The other notable challenge was outdoors advertisement removals in relation with the Addis Ababa City Corridor Development Project.

2.5 Information Technology Development

During the reporting year, the Company has developed a resilient IT infrastructure with a strong security posture, reinforced by multiple layers of cyber defense mechanisms including next-generation firewalls, intrusion detection and prevention systems, endpoint protection platforms, multi-factor authentication, and continuous monitoring through Security Information and Event Management (SIEM) solutions, ensuring proactive identification and mitigation of potential threats.

With the aim to support business growth and enhance customer satisfaction, the Company is accelerating its digital transformation initiatives. These include the implementation of a new core insurance system and the introduction of customer-centric solutions such as self-service portals, mobile applications, and integrated digital payment platforms designed to streamline payment processes, improve operational efficiency, and elevate the overall customer experience.

In parallel, a comprehensive Disaster Recovery and Business Continuity site has been established, featuring real-time data replication, automated fail-over systems, and tested recovery protocols that guarantee minimal downtime and operational resilience in the event of disruptions.

Complementing these advancements, the Company has continued its investment on software development team in order to focus on in-house software development to enhance its internal services by creating tailored applications, automating workflows, and deploying agile-driven innovations that will strengthen operational efficiency, reduce dependencies on external solutions, and enable continuous service improvement.

This combined approach demonstrates the Company's commitment to security, customer satisfaction, resilience, and innovation.

3. CORPORATE GOVERNANCE

During the reporting period, the Board conducted its duties with regular oversight and strategic stewardship. The Board held 14 regular meetings from 01 July 2024 to 30 June 2025, during which it approved the annual business plan and budget, reviewed policy documents and working manuals, and resolved on matters of strategic significance. It also assessed the Company's monthly performance based on Management reports and provided strategic direction as required.

The Board ensured rigorous follow-up on actions arising from the on-site examinations and off-site surveillance reports of the National Bank of Ethiopia (NBE), the External Auditors, the Company's Internal Audit and Risk Management and Compliance Office. It monitored regulatory and supervisory concerns and ensured timely and appropriate remedial actions. In addition, the Board established and maintained an effective internal audit function staffed with qualified personnel to carry out internal audit activities and oversight of operations.

Operational and administrative affairs were overseen by the Board in light of emerging risks and opportunities, promoting prudent conduct in all activities. The Board has four Sub-Committees: Audit, Risk Management and Compliance, Human Resources Affairs, and Business Development. All Sub-Committees except for Business Development met monthly and operated effectively throughout the year in alignment with the Corporate Governance Directive of the National Bank of Ethiopia.

Pursuant to the Thirteenth Extraordinary General Meeting of Shareholders held on 10 November 2022, the decision to increase the Company's paid-up capital to ETB 1,500,000,000 by November 2027; the paid-up capital of the Company stood at ETB1,341,598,000 as of 30 June 2025.

Overall, the Board ensured that the Company's operations were conducted prudently, in compliance with applicable laws, regulations, directives, and corporate policies and procedures.

4. FUTURE PROSPECTS

The financial year ended on 30 June 2025 presented various operational and market-related challenges. Political and social instabilities in parts of the country affected our business activities to some extent. Macroeconomic pressures such as inflation, depreciation of the Birr, and limited foreign exchange also influenced our performance. Moreover, heightened market competition and certain unfair practices created pressure on pricing and market share. Rising operating costs, constraints in accessing skilled professionals, and occasional infrastructure interruptions further affected our operations.

The Company adopted IFRS 17 (International Financial Reporting Standard 17) during the financial year ended 30 June 2025. IFRS 17 is the new global accounting standard for insurance contracts, replacing IFRS 4 to enhance transparency, consistency, and comparability in financial reporting across companies and countries. It introduces a principle-based framework for recognizing, measuring, and presenting insurance contracts, emphasizing the current value of future cash flows and the systematic recognition of profit over time.

IFRS 17 fundamentally transforms how insurance companies measure performance and report profits. While it improves transparency, comparability, and the reliability of financial statements, its implementation has posed significant operational, technical, and financial challenges to the Company. These include complex measurement requirements, extensive data and system upgrades, close coordination between finance and external actuaries, increased disclosure obligations, and substantial implementation costs.

Despite these challenges, the Company demonstrated resilience and achieved commendable results for the financial year ended 30 June 2025, maintaining its strong industry position and laying a solid foundation for sustainable growth.

While most of these challenges would certainly persist, we remain optimistic about the opportunities ahead. The 2025/26 Annual Business Plan, approved by the Board, outlines clear strategic priorities to strengthen our

market position and operational excellence. With commitment, focus, and strategic agility, Hibret Insurance is well-positioned to achieve continued growth and competitiveness in the year ahead as well.

We are committed to leveraging our strengths and implementing targeted strategies to ensure sustainable growth, improve market share, and enhance our competitive edge. Our key focus areas include expanding our market presence and customer base by strengthening efforts to retain renewal business through diligent follow-up and expanding our Life insurance and Takaful product offerings. We aim to target high-potential prospects and focus our sales efforts on clients most likely to engage with us. Customer service and relationship management will be reinforced through enhanced support to branches and contact offices, motivating sales teams to retain existing clients and acquire new business, and deepening relationships with insurance brokers. We will also seek partnerships with all financial institutions for mutual benefit.

In order to drive revenue growth and cost optimization, we plan to increase non-premium income streams such as rent income, recoveries, and salvage disposals. Effective cash flow management will be prioritized by investing excess liquidity in reliable short term investments and real estate ventures, while accelerating claims settlement processes to reduce costs and prevent leakages. Strict cost controls will be exercised across operational, administrative, and capital expenditures. Operational and system enhancements include accelerating the implementation of the new core insurance system to enhance efficiency, implementing our newly developed corporate brand across the Company to strengthen market presence, and reinforcing internal audit and risk management functions to ensure robust control systems. Ensuring full compliance with directives from the National Bank of Ethiopia (NBE) will remain a priority to maintain our financial integrity, soundness, and reputation.

Human resources will focus on competently executing the HR Strategy to recruit, develop, and retain skilled personnel. Additionally, monitoring external market developments and competitor activities will inform our strategic decisions, positioning us to adapt effectively to the dynamics in the operating environment.

In conclusion, while external challenges persist, we remain optimistic about the opportunities ahead. Our commitment to executing the strategies outlined in the 2025/26 Annual Business Plan, which has been approved by the Board of Directors, will guide us towards achieving our goals. We are confident that with focused effort and strategic agility, the Company will emerge stronger and more competitive in the coming year too. We sincerely appreciate the support of all stakeholders and look forward to a successful year ahead.

VOTE OF THANKS

The Board of Directors, Management, and entire Staff of Hibret Insurance sincerely extend their heartfelt gratitude to the esteemed customers of the Company for their continued support and loyalty. We also wish to acknowledge our shareholders for their wise investments and unwavering confidence in our Company.

We sincerely appreciate the valuable partnerships we have cultivated with our reinsurers and the mutually beneficial relationships we have established with both insurance and reinsurance brokers. These collaborations are instrumental to our ongoing success.

Our thanks also go to the National Bank of Ethiopia for its understanding, cooperation, and comprehensive support, which have significantly contributed to our progress.

A special note of appreciation is due to our field officers, whose dedication and pivotal role in the Company's growth cannot be overstated. They are essential in identifying the needs of our clients and serve as ambassadors of Hibret Insurance, embodying our commitment to service.

Finally, on behalf of the Board and myself, I reaffirm that the dedication, professionalism, and team spirit demonstrated by our management and staff are the driving forces behind our achievements. Their unwavering commitment to excellence has been vital to our continued progress and success.

Hibret Insurance SC
Report of the Directors
For The Year Ended 30 June 2025

The directors submit their report together with the financial statements for the period ended 30 June 2025, to the shareholders of Hibret insurance SC. This report discloses the financial performance and state of affairs of the Company .

Incorporation and address

Hibret Insurance SC was established by 87 Ethiopians (individuals and enterprises) in November 1994 with an authorized capital of Birr 25 million and an initial paid up capital of Birr 8.073 million. Following the merger with Lion Insurance Company SC in 2000, the Company is currently owned by more than 711 shareholders. As a result of the merger and the decision of the Thirteenth Extra-Ordinary General Meeting of shareholders, the Company's authorized capital rose to Birr 1.5 billion. The paid up capital is now Birr 1.34 billion.

Principal activities

The principal activities of the Company is the transaction of general insurance business (non - life) and life insurance business.

Results and dividends

The Company's results for the year ended 30 June 2025 are set out on page 32.The profit for the year has been transferred to retained earnings. The summarized results are presented below.

	30 June 2025 Birr'000	30 June 2024 Birr'000
Insurance Service Result	765,372	430,892
Profit before income tax	1,008,050	563,024
Income tax expense	(164,901)	(92,069)
Profit for the year	843,149	470,955
Other comprehensive income net of taxes	69,668	102,605
Total comprehensive income for the year	912,817	573,560

Directors

The directors who held office during the year and to the date of this report are set out on page 26

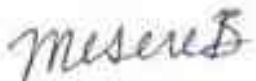


Wondwossen Teshome

Chairperson, Board of Directors

November 24, 2025





Meseret Bezabih

Chief Executive Officer

November 24, 2025

Hibret Insurance SC

Statement of Directors' Responsibilities

For The Year Ended 30 June 2025

In accordance with the financial reporting proclamation No. 847/2014 and Insurance Business proclamation No. 746/2012, all reporting entities established in accordance with the Ethiopian law or operating in Ethiopia are to prepare financial statements in line with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting standards Board ("IASB").

The Company's board of directors are responsible for the preparation and fair presentation of these financial statements in conformity with accounting principles generally accepted in Ethiopia and in the manner required by the Commercial Code of Ethiopia of 1243/2021, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Company is required to keep such records as are necessary to:

- a. Exhibit clearly and correctly the state of its affairs;
- b. Explain its transactions and financial position; and
- c. Enable the Accounting and Audit Board of Ethiopia to determine whether the Insurance company had complied with the provisions of the Insurance Business Proclamation and regulations and directives issued for the implementation of the aforementioned Proclamation.

The Company's board of directors accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards, Insurance Business Proclamation, Commercial code of 1243/2021 and the relevant Directives issued by the National Bank of Ethiopia.

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

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

Nothing has come to the attention of the directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.

Signed on behalf of the Directors by:



Wondwossen Teshome
Chairperson, Board of Directors
November 24, 2025



Meseret Bezabih
Chief Executive Officer
November 24, 2025





Hibret Insurance SC Directors, professional advisers and registered office For The Year Ended 30 June 2025

Company registration number: MT/AA/3/0052572/2014

License number: 004/94

Directors (as of 30 June 2025)

		Date of Appointment
Wondwossen Teshome Tesema	Chairperson	06/05/2025
Asrat Arega Mengistu	V/Chairperson	06/05/2025
Hibret Bank SC. Represented by Dereje Kebede Admasu	Member	06/05/2025
Yinebeb Derseh Leyew	Member	06/05/2025
Omedad PVT.LTD.Co. rep by Mariamawit Getamesay	Member	06/05/2025
Zouleka Mohammed Gonji	Member	06/05/2025
KK PLC. Represented by Robel Kebede Asgelet	Member	06/05/2025
Yanjabu Tadesse Amde	Member	06/05/2025
Admasu Yitagesu Weldeyes	Member	06/05/2025

Executive management (as of 30 June 2025)

Meseret Bezabih	Chief Executive Officer	25/10/2011
Tesfaye Desta	D/CEO - Operations-General Insurance	01/09/2016
Dawit Gebreammanuel	D/CEO- Resources Management	03/02/2025
Bethlehem Mekbib	Director, U/W & Tech. Services	01/03/2015
Dereje Demessie	Director, Claims and Engineering	08/11/2021
Engida Kassaye	Director, Fin. & Investment	01/03/2015
Aliye Mohammed	Director, Information Sys.Management	01/07/2023
Tilahun Tadesse	Director, BD and Marketing	01/09/2021
Yealemayn Hailemariam	Manager, Internal Audit	01/07/2023
Wubneh Alemu	Manager, Risk Management & Compliance	01/07/2023
Wubalem Habtamu	Director, Long Term Insurance	01/01/2025
Aron Kassaye	Director, Legal Service	01/07/2023

Independent Auditor

Kokeb & Melkamu Audit Partnership
Chartered Certified Accountants (UK)
Authorized Auditors in Ethiopia
Addis Ababa
Ethiopia

Corporate Office

Hibret Insurance SC
Corporate Head Office: Tewodros Square, Hibret Insurance BLDG, Arada Subcity, Woreda 02, H.No. 220
Addis Ababa, Ethiopia

Principal Bankers

Hibret Bank SC
Commercial Bank of Ethiopia
Bank of Abyssinia

Principal Reinsurers

Africa Re
Ethio Re
Hannover Re
ZEP Re

Consulting Actuaries

General and Life Business

Actuarial Services East Africa Limited
26th Floor UAP -Old Mutual Towers
Upper Hill Road, Upper Hill
Nairobi, Kenya





SHARIA'H ADVISORY COUNCIL



Jemal Hassen
Chairperson, Sharia Advisory
Council



Alfiya Ibrahim
Member, Sharia Advisory
Council



Salahdin Ibrahim
Member, Sharia Advisory
Council



STATEMENT OF THE SHARIA'H ADVISORY COUNCIL

In the Name of Allah, the Most Gracious, the Most Merciful



The Shariah Advisory Council (SAC) of Hibret Insurance S.C., comprising three members, has been duly appointed in accordance with the National Bank of Ethiopia's Directive STB/1/2020, titled "A Directive to License a Takaful Operator or Authorize a Takaful Window Operator." In line with this regulatory requirement, the SAC serves as the primary Shariah governance body responsible for overseeing, advising, and ensuring that all Takaful Window operations of the Company are fully compliant with the principles and guidelines of Islamic Sharia'h.

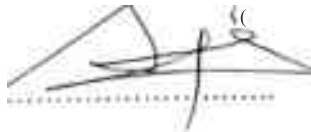
The Council oversees operations and has held seven meetings since the launch of the Takaful business in November 2024.

The Council verifies that the Company adheres to a Windows-based general Takaful Wakalah model, in accordance with NBE directives, Shariah standards, and current scholarly opinions. Segregation between the Participants' Risk Fund and Shareholders' Fund is maintained, ensuring compliance with Shariah principles.

In our opinion, Hibret Insurance S.C.'s Takaful operations are substantially compliant with Islamic Shariah for the period ending 30 June 2025.

May Allah guide us all to what pleases Him.

Signed on behalf of the Shariah Advisory Council (SAC)



24 November 2025



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HIBRET INSURANCE



AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HIBRET INSURANCE SC

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the **Hibret Insurance (S.C.)** as at June 30, 2025, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRSs).

We have audited the financial statements of the Company, which comprise the Statement of Financial Position as at June 30, 2025, and statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Based on the report of the Insurance's Sharia Advisory Council, we note that the activities of the Takaful Insurance Business have been conducted in accordance with Sharia principles and are compliant with the applicable directives of the National Bank of Ethiopia.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the Company within the meaning of Code of Ethics for Professional Accountants issued by the International Federation of Accountants (IFAC) and have fulfilled our other responsibilities under those relevant ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

During the year, the Company adopted IFRS 9 and IFRS 17, which significantly changed the classification and measurement of financial assets and the recognition of insurance contract liabilities.

The transition involved substantial management judgement in developing models, determining contract boundaries, estimating discount rates and risk adjustments, and preparing transition adjustments.

Given the complexity of the standards and their material impact on this year's financial statements, we identified the adoption of IFRS 9 and IFRS 17 as a key audit matter.

Our procedures included evaluating the Company's transition approach, testing key controls, involving specialists to assess models and assumptions, and reviewing the accuracy of transition adjustments and disclosures..

Responsibilities of and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with the International Financial Reporting Standards and the Insurance Business Proclamation No. 746/2012 and directives and circulars issued by the National Bank of Ethiopia, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible of assessing the Company's ability to continue as a going concern, disclosing as applicable matters related going concern and using the going concern basis of accounting.

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



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, whether the financial statements are properly prepared in accordance with IFRS, the relevant provisions of the Commercial Code of Ethiopia 2021 the Insurance Business Proclamation No. 746/2012, Insurance Business Amendment Proclamation No. 1163/2019 and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, and not a guarantee that an audit conducted in accordance with ISA(s) will always detect a material statement when it exists.

Misstatement can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit we also;

- ☐ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ☐ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ☐ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosure made by management.
- ☐ Concluding on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that immaterial uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We have communicated with management of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identified during our audit.

Report on other Legal and Regulatory Requirement

1. We have no comment to make on the report of your Board of Directors so far as it relates to the financial statements and pursuant to Article 349 (1, 2 & 3) of the Commercial Code of Ethiopia 2021, and recommend approval of the financial statements.
2. The Company's board of directors have recommended to the General Assembly of Shareholders that Birr 707,393,754 to be distributed as dividend payments before board remuneration and applicable dividend taxes. As proposed dividends are subject to approval by the shareholders, we have no reservation on the proposal.

Kokeb & Melkamu

Kokeb & Melkamu Audit Service LLP
Chartered Certified Accountants (UK)
Authorized Auditors in Ethiopia



Addis Ababa
November 24, 2025

Hibret Insurance SC
Statement of Profit or Loss and Other Comprehensive Income
For The Year Ended 30 June 2025

	Notes	30 June 2025 Birr'000	30 June 2024 Birr'000
Insurance Revenue	6.a	2,337,309	1,768,115
Insurance Service Expense	6.b	(1,230,222)	(1,362,256)
Net Expenses from Reinsurance Contracts Held	6.c	(341,716)	25,033
Insurance Service Result		<u>765,372</u>	<u>430,892</u>
Net Investment Income	12	544,434	396,591
Finance Income/(Expenses) from Insurance Contracts	6.d	164,002	49,179
Finance Income/(Expenses) from Reinsurance Contracts	6.d	(48,158)	(40,713)
Net Financial Result		<u>660,278</u>	<u>405,058</u>
Other income	13	8,481	3,391
Wakala fee income		11,183	
Other Operating Expense	7.2	(436,981)	(273,710)
Impairment of loss		729	(1,639)
Finance Cost	7.3	(1,012)	(969)
		<u>(417,600)</u>	<u>(272,926)</u>
Profit Before Tax		<u>1,008,050</u>	<u>563,024</u>
Income Tax Expense	27 a	(164,901)	(92,069)
Profit for the Year		<u>843,149</u>	<u>470,955</u>
Other Comprehensive Income			
Revaluation gain/loss on Equity Investments	11	72,747	103,452
Re-measurement gain/(loss) on retirement benefits obligations	29 C	(4,399)	(1,210)
Deferred tax (liability)/asset on Re-measurement gain or loss		1,320	363
Total comprehensive income for the year	31	<u>912,817</u>	<u>573,560</u>
Basic earnings per shares (in Birr)		<u>685.56</u>	<u>477.81</u>



Wondwossen Teshome
Chairperson, Board of Directors
November 24, 2025



Meseret Bezabih
Chief Executive Officer
November 24, 2025



Hibret Insurance SC
Statement of Financial Position
For the year ended 30 June 2025

	Notes	30 June 2025 Birr'000	30 June 2024 Birr'000
ASSETS			
Property, plant and equipment	14	417,738	410,449
Investment properties	15	267,150	273,170
Intangible assets	16	15,314	11,514
Right-of-use assets	28	26,051	22,004
Investment securities :			
Financial Asset at FVOCI	17	426,324	389,826
Financial asset at Amortized Cost	17	163,281	81,382
Statutory deposits	18	204,576	165,511
Insurance Contract Assets	8 g	76,494	19,699
Reinsurance Contract Assets	8 a,b	855,143	812,006
Policy holder loans	21	92	87
Salvage property held for sale	22	13,037	19,302
Other assets	23	128,815	52,600
Deposits with financial institutions	24	3,156,572	2,377,634
Cash and cash equivalents	24	288,914	145,423
TOTAL ASSETS		6,039,501	4,780,608
EQUITY AND LIABILITIES			
Liabilities			
Insurance Contract Liabilities	8 d ,e	2,611,430	2,327,207
Reinsurance Contract Liabilities	8h	358,346	253,766
Other liabilities	26	371,636	190,462
Current income tax liabilities	27	117,933	64,046
Lease Liabilities	28	14,619	11,856
Defined benefit obligations	29	12,759	9,496
Deferred income tax	27	73,926	59,960
TOTAL LIABILITIES		3,560,649	2,916,793
EQUITY			
Share capital	30	1,341,598	1,068,175
Share premium	30	15,202	15,202
Retained earnings	31 b	707,394	416,310
IFRS Adoption Re-measurement Reserve		65,940	65,940
Legal reserve	32	282,466	198,151
Revaluation Reserve-Equity Investment	11	72,747	103,452
Other reserve	33	(6,495)	(3,415)
TOTAL EQUITY		2,478,852	1,863,815
TOTAL EQUITY AND LIABILITIES		6,039,501	4,780,608

The financial statements and notes to the financial statement shown on pages 32 to 138 were approved and authorized for issue by the board of directors on 24 November 2025 and were signed on its behalf by:


 Wondwossen Teshome
 Chairperson, Board of Directors
 November 24, 2025




 Meseret Bezabih
 Chief Executive Officer
 November 24, 2025



Notes	Share capital	Share premium	Retained earnings	IFRS Adop.Re-measurement Res	Legal reserve	Revaluation Equity Investment	Other reserves	Total
	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000
As at 1 July 2023	840,596	21,717	291,650	65,940	146,179	98,573	-2,569	1,462,086
Dividends declared and paid			(294,322)					(294,322)
Profit for the year			519,723		-			519,723
Transfer to legal reserve			(51,972)		51,972			-
Transfer to capital	227,578							227,578
Transfer to Rev surplus Equity Investment						4,879		4,879
Share Premium tax		(6,515)						(6,515)
Re-measurement gains on defined benefit plans (net of IFRS 17&9 Impact			(48,769)				(848)	(848)
Total comprehensive income for the year	227,578	(6,515)	124,660	-	51,972	4,879	(848)	401,726
As at 30 June 2024	1,068,174	15,202	416,310	65,940	198,151	103,452	(3,417)	1,863,813
As at 1 July 2024	1,068,174	15,202	416,310	65,940	198,151	103,452	(3,417)	1,863,815
Dividends declared and paid			(467,752)					(467,752)
Profit for the year			843,149					843,149
Transfer to legal reserve			(84,315)		84,315			-
Transfer to Capital	273,423							273,423
Revaluation gain or loss on equity Inv						(30,705)		(30,705)
Re-measurement gains on defined benefit plans (net of								
Total comprehensive income for the year	273,423	-	291,082	-	84,315	(30,705)	(3,079)	615,036
As at 30 June 2025	1,341,597	15,202	707,393	65,940	282,466	72,747	(6,496)	2,478,852

[Signature]

Wondwossen Teshome
Chairperson, Board of Directors
November 24, 2025



[Signature]

Meseret Bezabih
Chief Executive Officer
November 24, 2025



Hibret Insurance SC
Statement of Cash Flows
For the year ended 30 June 2025

	Notes	30 June 2025 Birr'000	30 June 2024 Birr'000
Cash flows from operating activities			
Cash generated from operations	31	1,376,368	1,054,209
Interest income	12	(404,568)	(279,679)
Dividend income	12	(57,408)	(54,924)
Income tax paid	27 d	(97,048)	(59,365)
Rent income	12	(79,402)	(59,542)
Net cash inflow from operating activities		737,941	600,699
Cash flows from investing activities			
Purchase of investment securities	17	(67,203)	(64,874)
Investment in Fixed time deposit	24	(778,938)	(692,516)
Purchase of investment property	15	(202)	(1,151)
Right of use assets	28	(8,471)	(5,417)
Purchase of intangible assets	16	(5,454)	(8,890)
Purchase of property, plant and equipment	14	(38,390)	(65,398)
Proceeds from sale of property, plant and equipment	33	3,145	622
Dividends received		57,408	54,924
Proceeds from policy loans		(5)	10
Rent income received		79,402	59,542
Interest income received		404,568	279,679
Increase in statutory deposit	18	(39,065)	(35,431)
Net cash outflow from investing activities		(393,205)	478,900
Cash flows from financing activities			
Dividends paid		(467,752)	(294,322)
Proceeds from issues of shares		273,423	227,579
Repayment of lease liability		(6,925)	(5,872)
Net cash (outflow)/inflow from financing activities		(201,254)	(72,617)
Net increase in cash and cash equivalents		143,482	182
Cash and cash equivalents at the beginning of the year	24	145,432	96,241
Cash and cash equivalents at the end of the year	24	288,914	145,423





Hibret Insurance SC Notes to the financial Statements For the year ended 30 June 2025

1 General information

Hibret Insurance SC, was established by 87 Ethiopians (individuals and enterprises) in November 1994 with an authorized capital of Br 25 million and an initial paid up capital of Br 8.073 million. Since the merger with Lion Insurance Company SC in 2002, the Company is currently owned by more than 711 shareholders. As a result of the merger and the decision of the Eleventh Extra-Ordinary General Meeting of shareholders, the Company's authorized capital rose to Br 1.5 billion. The paid up Capital is now Birr 1.34 billion.

The Company's registered office is at:

Hibret Insurance SC

Corporate Head Office: Tewodros Square, Hibret Insurance BLDG, Arada Sub city, Worde 02, House No:220 ,Addis Ababa, Ethiopia.

The Company is principally engaged in the business of Non-life , Life and Takful General insurance services and other ancillary business activities for clients in Ethiopian Market.

2 Summary of significant accounting policies

2.1 Introduction to summary of significant accounting policies

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

2.2 Basis of preparation

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

The financial statements comprise statements of profit or loss and other comprehensive income, statements of financial position, statements of changes in equity, statements of cash flows, and notes to the financial statements. Income and expenses, excluding the components of other comprehensive income, are recognized in profit or loss. Other comprehensive income comprises items of income and expenses that are not recognized in profit or loss as required or permitted by IFRS. Transactions with the owners Company in their capacity as owners are recognized in the statement of changes in equity.

The financial statements have been prepared in accordance with the going concern principle under the historical cost concept.

All values are rounded to the nearest thousand, except when otherwise indicated. The financial statements are presented in thousands of Ethiopian Birr (Birr' 000).

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

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.



Hibret Insurance SC

Notes to the financial Statements

For the year ended 30 June 2025

2.21 Adoption of IFRS 17 Insurance Contracts

Significant accounting policies

The accounting policies set out below have been applied consistently to the period presented in these Financial Statements.

Transition Approach

The Company adopted IFRS 17 as of 1 January 2023 on a full retrospective basis for all its portfolios. Comparative information has been restated as required by the transitional provisions of IFRS 17. Adoption of IFRS 17 gave rise to a transition adjustment that is presented in the statement of changes in equity.

Insurance contracts may be issued and reinsurance contracts may be initiated by the Company, or they may be acquired in a business combination or in a transfer of contracts that do not form a business. All references in these accounting policies to insurance contracts' and 'reinsurance contracts' include contracts issued, initiated or acquired by the Company, unless otherwise stated.

a) Classification and Measurement

IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Company. The company being engaged in insurance business classifies its contracts into insurance contracts and reinsurance contracts.

b) Presentation and Disclosure

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

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

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

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

Previously Reported Under IFRS 4:

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

Instead, IFRS 17 requires a separate presentation of:

Insurance revenue

Insurance service expenses

Net Expenses From reinsurance Contracts Held

Finance Income/Expenses From Insurance Contracts

Finance Income/Expenses From Reinsurance Contracts



Hibret Insurance SC

Notes to the financial Statements

For the year ended 30 June 2025

Insurance and Reinsurance Contracts

Definition and Classification

Insurance contracts are contracts under which the Company accepts significant insurance risk from an insured by agreeing to compensate the insured if a specified uncertain future event adversely affects the insured.

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

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

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

Summary of measurement models

The Company uses different measurement approaches, depending on the type of contract, as follows:

Type of Contract	Measurement model
Insurance contracts issued & Reinsurance contracts held	
Ordinary life contracts	General Measurement Model (GMM)
Mortgage contracts	General Measurement Model (GMM)
Group life contracts	Premium Allocation Approach (PAA)
Medical contracts	Premium Allocation Approach (PAA)
General business contracts	Premium Allocation Approach (PAA)

Separation of Components of Insurance Contracts

Before the Company accounts for an insurance contract based on the guidance in IFRS 17, it analyses whether the contract contains components that should be separated. IFRS 17 distinguishes three categories of components that have to be accounted for separately:

- Cash flows relating to embedded derivatives that are required to be separated;
- Cash flows relating to distinct investment components; and
- Promises to transfer distinct goods or distinct non-insurance services.

The Company applies IFRS 17 to all remaining components of the contract.

Level of Aggregation of Insurance Contracts

The Company manages insurance contracts issued by product lines within an operating segment. Insurance contracts within a product line that are subject to similar risks and are managed together are aggregated into a portfolio of contracts. Each portfolio is further disaggregated into groups of contracts that are issued within the same year (annual cohorts) and are:

- Contracts that are onerous at initial recognition;
- Contracts that at initial recognition have no significant possibility of becoming onerous subsequently
- A group of remaining contracts.

These groups represent the level of aggregation at which insurance contracts are initially recognized and measured. Such groups are not subsequently reconsidered.



Hibret Insurance SC

Notes to the financial Statements

For the year ended 30 June 2025

Recognition

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

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

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

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

Modification

When an insurance contract is modified by the Company as a result of an agreement with the counterparties or due to a change in regulations, the Company treats changes in cash flows caused by the modification as changes in estimates of the fulfillment cash flows (FCF), unless the conditions for the derecognition of the original contract are met. The Company derecognizes the original contract and recognizes the modified contract as a new contract if any of the following conditions are present:

- If the modified terms had been included at contract inception and the Group would have concluded that the modified contract: is not in scope of IFRS 17; results in different separable components; results in a different contract boundary; or; belongs to a different group of contracts;

- the original contract was accounted for under the premium allocation approach (PAA), but the modification means that the contract no longer meets the eligibility criteria for that approach.

Derecognition

When an insurance contract not accounted for under the PAA is derecognized from within a group of insurance contracts, the

a) adjusts the FCF to eliminate the present value of future cash flows and risk adjustment for non-financial risk relating to the rights and obligations removed from the Company;

b) adjusts the contractual service margin (CSM) (unless the decrease in the FCF is allocated to the loss component of the liability for remaining coverage (LRC) of the Group) in the following manner, depending on the reason for the derecognition:

i) if the contract is extinguished, in the same amount as the adjustment to the FCF relating to future service;

ii) if the contract is transferred to a third party, in the amount of the FCF adjustment in (a) less the premium charged by the third party;

iii) if the original contract is modified resulting in its derecognition, in the amount of the FCF adjustment in (a) adjusted for the premium the Group would have charged had it entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification. When recognizing the new contract in this case, the Group assumes such a hypothetical premium was actually received;

c) adjusts the number of coverage units for the expected remaining coverage to reflect the number of coverage units removed.

When an insurance contract accounted for under the PAA is derecognized, adjustments to the FCF to remove related rights and obligations and account for the effect of the derecognition result in the following amounts being charged immediately to profit or loss:

a) if the contract is extinguished, any net difference between the derecognized part of the LRC of the original contract and any other cash flows arising from extinguishment;

b) if the contract is transferred to the third party, any net difference between the derecognized part of the LRC of the original contract and the premium charged by the third party;

c) if the original contract is modified resulting in its derecognition, any net difference between the derecognized part of the LRC and the hypothetical premium the entity would have charged had it entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification.



Hibret Insurance SC
Notes to the financial Statements
For the year ended 30 June 2025

Contract Boundary

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

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

Both of the following criteria are satisfied:

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

In assessing the practical ability to reprice, risks transferred from the policyholder to the Company, such as insurance risk and financial risk, are considered; other risks, such as lapse or surrender and expense risk, are not included. Riders, representing add-on provisions to a basic insurance policy that provide additional benefits to the policyholder at additional cost, that are issued together with the main insurance contracts, form part of a single insurance contract with all the cash flows within its boundary.

Cash flows outside the insurance contract's boundary relate to future insurance contracts and are recognized when those contracts meet the recognition criteria.

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the Company that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or in which the Company has a substantive right to receive services from the reinsurer.

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

Insurance Contracts

Initial Measurement – Contracts not measured under PAA

Contractual Service Margin

The CSM is a component of the carrying amount of the asset or liability for a group of insurance contracts issued representing the unearned profit that the Group will recognize as it provides coverage in the future. At initial recognition, the CSM is an amount that results in no income or expenses (unless a group of contracts is onerous) arising from:

- a) the initial recognition of the FCF;
- b) the initial recognition of the FCF;
- c) cash flows arising from the contracts in the group at that date.

A negative CSM at the date of inception means the group of insurance contracts issued is onerous. A loss from onerous insurance contracts is recognized in profit or loss immediately with no CSM recognized on the balance sheet on initial recognition.

For groups of reinsurance contracts held, any net gain or loss at initial recognition is recognized as the CSM unless the net cost of purchasing reinsurance relates to past events, in which case the Company recognizes the net cost immediately in profit or loss. For reinsurance contracts held, the CSM represents a deferred gain or loss that the Company will recognize as a reinsurance expense as it receives reinsurance coverage in the future.



Hibret Insurance SC

Notes to the financial Statements

For the year ended 30 June 2025

Subsequent Measurement – Contracts not measured under PAA

The carrying amount at the end of each reporting period of a group of insurance contracts issued is the sum of:

- a) the LRC, comprising: the FCF related to future service allocated to the group at that date; and the CSM of the group at that date; and
- b) the LIC, comprising the FCF related to past service allocated to the group at the reporting date.

The carrying amount at the end of each reporting period of a group of reinsurance contracts held is the sum of:

- a) the remaining coverage, comprising: the FCF related to future service allocated to the group at that date; and the CSM of the group at that date; and
- b) the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

For a group of contracts to which the premium allocation approach does not apply, the Company continues to treat the premiums receivable from the intermediary as future cash flows within the boundary of an insurance contract and, applying IFRS 17, includes them in the measurement of the group of insurance contracts until recovered in cash.

Changes in fulfillment Cash flows

The FCF are updated by the Company for current assumptions at the end of every reporting period, using the current estimates of the amount, timing and uncertainty of future cash flows and of discount rates. The way in which the changes in estimates of the FCF are treated depends on which estimate is being updated:

For insurance contracts measured under the GMM, the following adjustments relate to future service and thus adjust the CSM:

- a) experience adjustments arising from premiums received in the period that relate to future service and related cash flows such as insurance acquisition cash flows and premium-based taxes;
- b) changes in estimates of the present value of future cash flows in the LRC, except those relating to the effect of the time value of money and the effect of financial risk and changes thereof;
- c) changes in the risk adjustment for non-financial risk that relate to future service.

For insurance contracts under the general measurement model (GMM), the following adjustments do not relate to future service and thus do not adjust the CSM:

- a) changes in the FCF for the effect of the time value of money and the effect of financial risk and changes thereof;
- b) changes in the FCF relating to the LIC; and
- c) experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

Changes to the CSM

For insurance contracts issued, at the end of each reporting period, the carrying amount of the CSM is adjusted by the Group to reflect the effect of the following changes:

- a) the effect of any new contracts added to the group;
- b) for contracts measured under the GMM, interest accreted on the carrying amount of the CSM;
- c) changes in the FCF relating to future service are recognized by adjusting the CSM. Changes in the FCF are recognized in the CSM to the extent the CSM is available. When an increase in the FCF exceeds the carrying amount of the CSM, the CSM is reduced to zero, the excess is recognized in insurance service expenses and a loss component is recognized within the LRC. When the CSM is zero, changes in the FCF adjust the loss component within the LRC with correspondence to insurance service expenses. The excess of any decrease in the FCF over the loss component reduces the loss component to zero and reinstates the CSM;



Hibret Insurance SC

Notes to the financial Statements

For the year ended 30 June 2025

d) the amount recognized as insurance revenue for services provided during the period determined after all other adjustments above.

For a group of reinsurance contracts held, the carrying amount of the CSM at the end of each reporting period is adjusted to reflect changes in the FCF in the same manner as a group of underlying insurance contracts issued.

Interest accretion on the CSM

Under the GMM, interest is accreted on the CSM using discount rates determined at initial recognition that are applied to cash flows (locked-in discount rates).

Coverage units used for the release of the CSM

The amount of the CSM recognized in profit or loss for services in the period is determined by the allocation of the CSM remaining at the end of the reporting period over the current and remaining expected coverage period of the group of insurance contracts based on coverage units. The coverage units used to release CSM into profit or loss over time is a key judgment. The CSM represents the unrecognized profits for long contract boundary business and should reflect the amount of services provided.

Loss Component for Onerous Contracts

When adjustments to the CSM exceed the amount of the CSM, the group of contracts becomes onerous and the Company recognizes the excess in insurance service expenses and records it as a loss component of the LRC.

When a loss component exists, the Company allocates the following between the loss component and the remaining component of the LRC for the respective group of contracts:

- a) expected incurred claims and expenses for the period;
- b) changes in the risk adjustment for non-financial risk for the risk expired;
- c) finance income (expenses) from insurance contracts issued.

The amounts of loss component allocation in (a) and (b) above reduce the respective components of insurance revenue and are not reflected in insurance service expenses. Decreases in the FCF in subsequent periods reduce the remaining loss component and reinstate the CSM after the loss component is reduced to zero. Increases in the FCF in subsequent periods increase the loss component

Decreases in the FCF in subsequent periods reduce the remaining loss component and reinstate the CSM after the loss component is reduced to zero. Increases in the FCF in subsequent periods increase the loss component.

Loss Recovery for Onerous Contracts

A loss-recovery component is established or adjusted within the asset for remaining coverage for reinsurance contracts held for the amount of income recognized in profit or loss when the Company recognizes a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group.

Subsequently, the loss-recovery component is adjusted to reflect changes in the loss component of an onerous group of underlying insurance contracts as presented in the Onerous contracts – loss component section above. The loss-recovery component is further adjusted, if required, to ensure that it does not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the Company expects to recover from the group of reinsurance contracts held.

Measurement – Contracts measured under the PAA

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

- The coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary; or
- For contracts longer than one year, the Company has done Simple PAA Eligibility test to check the proportion of the premium of these contracts compared to the entire premium.



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

- The premiums. If any, received at initial recognition,
- Minus any insurance acquisition cash flows at the date
- Plus or minus any amount arising from the derecognition at the date of the asset recognized for insurance acquisition cash flow
- Any other assets or liability previously recognized for cash flows related to the group of contracts that the Company pays or receives before the group of insurance contracts recognized.

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

Subsequent Measurement

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

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

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

Reinsurance Contracts Initial Measurement

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

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

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





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Subsequent Measurement

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

Insurance Acquisition Cash flow

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

Presentation

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

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

A insurance service result, comprising insurance revenue and insurance service expenses; and insurance finance income or expenses. Income and expenses from insurance contracts are presented separately from income and expenses from reinsurance contracts

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

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

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

Insurance revenue

Insurance revenue – Contracts not measured under the PAA

The Company recognizes insurance revenue as it satisfies its performance obligations, that is, as it provides services under groups of insurance contracts. For contracts not measured under the PAA, the insurance revenue relating to services provided for each year represents the total of the changes in the liability for remaining coverage that relate to services for which the Group expects to receive consideration, and comprises the following items:

- Release of the CSM, measured based on coverage units;
- Changes in the risk adjustment for non-financial risk relating to current services;
- Claims and other directly attributable expenses incurred in the year, generally measured at the amounts expected at the beginning

• Other amounts, including experience adjustments for premium receipts for current or past services for the life risk segment and amounts related to incurred policyholder tax expenses for the participating segment.

In addition, the Company allocates a portion of premiums that relate to recovering insurance acquisition cash flows to each period in a systematic way based on the passage of time. The Group recognizes the allocated amount, adjusted for interest accretion at the discount rates determined on initial recognition of the related group of contracts, as insurance revenue and an equal amount as insurance service expenses.

Insurance revenue – Contracts measured under the PAA

For contracts measured under the PAA, the insurance revenue for each period is the amount of expected premium receipts for providing services in the period. The Company allocates expected premiums equally to each period of related insurance contract services, unless the expected pattern of the release of risk during the coverage period differs significantly from an even basis.



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Insurance service expenses

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

- Incurred claims and other insurance service expenses:
- Amortization of insurance acquisition cash flows: For contracts measured under the PAA, the Company amortizes insurance acquisition cash flows on a straight-line basis over the coverage period of the group of contracts.
- Losses on onerous contracts and reversals of such losses.
- Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and
- Impairment losses on assets for insurance acquisition cash flows and reversals of such impairment losses.

Net Income Or Expenses From reinsurance Contracts Held

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

Net expenses from reinsurance contracts comprise an allocation of reinsurance premiums paid less amounts recovered from reinsurers. The Company recognizes an allocation of reinsurance premiums paid in profit or loss as it receives services under groups of reinsurance contracts.

For contracts not measured under the PAA, the allocation of reinsurance premiums relating to services received for each period represents the total of the changes in the asset for remaining coverage that relate to services for which the Company expects to pay consideration.

For contracts measured under the PAA, the allocation of reinsurance premiums paid for each period is the amount of expected premium payments for receiving services in the period. For a group of reinsurance contracts covering onerous underlying contracts, the Company establishes a loss-recovery component of the asset for remaining coverage to depict the recovery of losses recognized:

- On recognition of onerous underlying contracts, if the reinsurance contract covering those contracts is entered into before or at the same time as those contracts are recognized;
- Or changes in fulfillment cash flows of the group of reinsurance contracts relating to future services that result from changes in fulfillment cash flows of the onerous underlying contracts.

The loss-recovery component determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts and are excluded from the allocation of reinsurance premiums paid. It is adjusted to reflect changes in the loss component of the onerous group of underlying contracts, but it cannot exceed the portion of the loss component of the onerous group of underlying contracts that the Company expects to recover from the reinsurance contracts.

Insurance Finance Income and Expenses

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

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

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



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Discount Rates

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

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

Years	2025	2024
1	14.98%	11.58%
2	15.40%	11.78%
3	15.62%	11.92%
4	16.00%	12.25%
5	14.01%	10.22%
6	13.64%	9.88%
7	13.47%	9.75%
8	13.36%	9.66%
9	13.36%	9.69%
10	13.34%	9.69%
11	13.32%	9.69%
12	13.30%	9.69%
13	13.30%	9.70%
14	13.31%	9.73%
15	13.33%	9.77%

Risk Adjustment

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

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

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

For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Company to the reinsurer.

Risk Adjustment

The Company has determined that the derivation of the risk adjustment shall be performed at the operating level using an appropriate methodology that is in line with IFRS17 guidelines

The Risk Adjustment for the Liability for Incurred Claims (LIC) has been estimated Value at Risk Method.

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

The Company will set confidence level in the range of the 60th to 90th percentile,



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2.2.1 Going concern

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

2.2.2 Changes in accounting policies and disclosures

(1) New Standards, amendments and interpretations applied in financial year ended.

Effective July 1, 2024, the Company has adopted the following new or amended accounting standards that became effective during the current fiscal year. While several new standards, interpretations, and amendments to existing standards were published, the Company assessed their relevance to its operations and only adopted those that were applicable. Unless otherwise noted, the adoption of these new standards did not have a material impact on the Company's operations.

Amendments to IAS 1 Presentation of financial statements

Amendments to IAS 1, "Presentation of financial statements" effective for annual periods beginning on or after 1 January 2024. These amendments clarify that liabilities are classified as either current or non current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The Company is currently assessing the impact of these amendments.

Disclosure of accounting policies (Amendments to IAS 1, presentation of financial statements, and IFRS practice statement 2, making materiality judgments)

The amendments seek to promote improved accounting policy disclosures that provide more useful information to investors and other primary users of the financial statements. Apart from clarifying that entities are required to disclose their "material" rather than "significant" accounting policy, the amendments provide guidance on applying the concept of materiality to accounting policy disclosures.

Amendments to IAS 8, accounting policies, change in accounting estimates and errors-definition of accounting estimate.

The amendments clarify the distinction between changes in accounting policies and changes in accounting estimates. Among other things, the amendments now define accounting estimates as monetary amounts in financial statements that are subject to measurement uncertainty, and clarify that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates unless they result from the correction of prior period errors.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted. Entities are required to apply the amendments prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the entity applies the amendments.

Amendments to IAS 12, income taxes. " deferred tax related to assets and liabilities arising from a single transaction"

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it does not apply to such transactions as leases and decommissioning provisions that, on initial recognition, give rise to equal taxable and deductible temporary differences. Consequently, entities will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on these transactions.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted. Entities should apply the amendments to transactions that occur on or after the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date.



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IFRS 17 & IFRS 9

Globally, IFRS 17 and IFRS 9 became effective for the insurance sector on January 1, 2023. While our company initially planned to adopt these standards in July 2023, alignment with our financial year and various internal challenges led us to defer implementation to the 2024/2025 fiscal year. This decision was driven by the significant complexity and cost associated with the new standards, as well as our aim to ensure a smoother transition and minimize operational and reporting disruptions. Despite the initial challenges, we are pleased to report that the implementation has now been successfully completed. The 2024 financial statements, including restated comparative figures, have been prepared in full compliance with IFRS 17 and IFRS 9. This achievement marks a major milestone in aligning our financial reporting with international standards and reflects the sustained collaboration and dedication of all stakeholders involved.

(ii) New Standards, amendments and interpretations applicable in future financial years.

Several new accounting standards and amendments became effective for annual periods beginning after June 30, 2024. These changes were not applied in preparing these financial statements. The Company expects that none of these new standards will have a material impact on its financial statements.

Amendments to IAS 1-Non current Liabilities with covenants

Amendments to IAS 1- Non - current liabilities with covenants. These amendments clarify how conditions with an entity must comply within twelve months after the reporting period affect the classification of liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions. Published January 2020 and November 2022, with effect date annual periods beginning on or after 1 January 2024. The adoption is not expected to have a material impact on the Insurance's financial statements.

IFRS S1 General Requirements for Disclosure of sustainability - related Financial Information

IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. An entity is required to apply IFRS S for annual reporting periods beginning on or after January 2024.

IFRS S2-Climate-related Disclosures

IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. An entity is required to apply IFRS S2 for annual reporting periods beginning on or after 1 January 2024.

IFRS 18

The objectives of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. IFRS 18 applies to all financial statements that are prepared and presented in accordance with International Financial Reporting Standards (IFRS).

IFRS 18 replaces IAS 1 and responds to investor demand for better information about an entity's financial performance. IFRS 18 sets out the general and specific requirements for the presentation of financial statements and for disclosures in the notes. The new requirements of the standard include:

- . Required totals, subtotals and new categories for all income and expenses included in the statement of profit or loss.
- . Disclosure about management -defined performance measures.
- . Enhanced guidance on the grouping and location of information (aggregation and disaggregation)



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Limited, but widely applicable, amendments have been made to other IFRS accounting standards, most notably IAS7, IAS33 and IAS34. Some requirements previously included in IAS 1 have been moved to IAS8, and that standard has also been renamed. IFRS 18, and the consequential amendments to other standards, are effective for reporting periods beginning on or after 1 January 2027, with earlier application permitted. Retrospective application is required in both annual and interim financial statements along with specified reconciliations for certain comparative periods.

Amendment to IFRS 16- Leases on sale and leaseback

The amendments to IFRS 16 introduce a new accounting model for variable lease payments in sale-and-leaseback transactions. This new model requires seller-lessees to reassess and potentially restate these transactions entered into since 2019. The amendments are effective for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted.

Key points of the amendments include:

New accounting model for variable lease payments: The amendments introduce a new model that simplifies the accounting treatment of variable lease payments in sale-and-leaseback transactions.

Retrospective application: Seller-lessees will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16, potentially resulting in the need to restate their financial statements.

Potential impact on financial statements: The amendments may have a significant impact on the financial statements of entities that have entered into sale-and-leaseback transactions due to the potential need to restate prior periods.

Amendment to supplier Finance arrangements (IAS7 and IFRS7)

The amendments introduce two new disclosure objectives-one in IAS7 and another in IFRS7- for a Company to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the Company's liabilities and cash flows, and the Company's exposure to liquidity risk.

The amendments to IAS 21 (The Effects of Changes in Foreign Exchange Rates) regarding the lack of exchangeability of foreign currency provide clearer guidance on how entities should account for foreign exchange transactions in situations where the foreign currency is not readily convertible into other currencies.

Key Implications:

Lack of Exchangeability: When a foreign currency is not readily convertible, it is considered to be "lacking exchangeability." This could be due to various reasons, such as government restrictions or market limitations.

Functional Currency: The functional currency of an entity is the currency in which the entity primarily generates and expends cash. If the functional currency is different from the currency in which transactions are denominated, the entity needs to translate those transactions into the functional currency.

Translation Adjustments: When translating foreign currency transactions into the functional currency, entities may need to recognize translation adjustments. These adjustments are recognized in other comprehensive income (OCI).

Lack of Exchangeability and Translation Adjustments: The amendments clarify that when a foreign currency lacks exchangeability, entities should not recognize translation adjustments for transactions denominated in that currency. This is because there is no reliable exchange rate available to translate the transactions.



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Disclosure Requirements: Entities are required to disclose the reasons for the lack of exchangeability of a foreign currency and the impact on the financial statements.

Detailed Summary:

- 1. Identify Lack of Exchangeability:** Entities need to assess whether a foreign currency is readily convertible. If it is not, the currency is considered to lack exchangeability.
- 2. Determine Functional Currency:** The functional currency of the entity is the primary currency used for generating and expending cash.
- 3. Translate Transactions:** Transactions denominated in foreign currencies are translated into the functional currency using appropriate exchange rates.
- 4. Recognize Translation Adjustments:** When translating transactions, entities may need to recognize translation adjustments in OCI.
- 5. No Translation Adjustments for Lack of Exchangeability:** If a foreign currency lacks exchangeability, entities should not recognize translation adjustments for transactions denominated in that currency.
- 6. Disclosure Requirements:** Entities must disclose the reasons for the lack of exchangeability and the impact on the financial statements.

Overall, the amendments to IAS 21 provide clearer guidance on the accounting treatment of foreign exchange transactions in situations where the foreign currency lacks exchangeability. This helps to ensure that financial statements accurately reflect the impact of foreign exchange fluctuations.

The above standards are not expected to materially affect the Company's financial statements.

2.3 Investment in associates

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Company's investments in its associates are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Company's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The income statement reflects the Company's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Company's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Company recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the interest in the associate.

After application of the equity method, the Company determines whether it is necessary to recognize an impairment loss on its investment in its associate. At each reporting date, the Company determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognizes the loss as 'Share of profit of an associate and a joint venture' in the income statement.

Upon loss of significant influence over the associate, the Company measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in income statement.



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Notes to the financial Statements

For the year ended 30 June 2025

2.4 Foreign currency translation

a) Functional and presentation currency

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

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at exchange rates of monetary assets and liabilities denominated in currencies other than the Company's functional currency are recognized in profit or loss within other (loss)/income. Monetary items denominated in foreign currency are translated using the closing rate as at the reporting date.

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

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets measure at fair value, such as equities classified as available for sale, are included in other comprehensive income.

2.5 Property, plant and equipment

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

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

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

Asset class	Depreciation rate (years)	Residual value (%)
Buildings	50	5%
Lifts	15	1%
Office and other equipment	7	1%
Furniture and fittings	10	1%
Computer equipment	7	1%
Motor vehicle	10	5%
Fence and recovery improvements	10	1%



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The Company commences depreciation when the asset is available for use. Capital work-in-progress is not depreciated as these assets are not yet available for use. They are disclosed when reclassified during the year.

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

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

2.6 Investment Property

1. Classification and Recognition

Property that is held by the entity to earn rental income or for capital appreciation, or both, and is not occupied by the entity (owner-occupied), is classified as Investment Property (IP).

Recognition of Investment Property takes place only when:

- It is probable that the future economic benefits that are associated with the property will flow to the entity, and
- The cost of the property can be reliably measured.

2. Subsequent Measurement (Cost Model)

The entity uses the Cost Model for the subsequent measurement of all Investment Property.

Under the Cost Model, Investment Property is carried at its cost less any accumulated depreciation and accumulated impairment losses.

The entity applies the same accounting policy to its Investment Property as it does to its Property, Plant and Equipment (PPE) under IAS 16,

- Depreciation: The cost of the Investment Property is depreciated over its estimated useful life. The residual value, useful life, and depreciation method are reviewed at each reporting date.

- Impairment: The property is tested for impairment in accordance with IAS 36 *Impairment of Assets*.

3. Subsequent Expenditure

Subsequent expenditure (e.g., major overhaul) is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the entity and the cost of the item can be measured reliably. This includes expenditure that increases the useful life or capacity of the asset. All other day-to-day repairs and maintenance costs are expensed when incurred. When part of an Investment Property is replaced, the carrying amount of the replaced part is derecognized.

4. Income and Derecognition

Earned rental income is recorded in profit or loss for the year, typically within 'Other operating income' or 'Rental income'.



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2.7 Intangible assets

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

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

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

Intangible assets class	Useful lives	Residual value (%)
Computer software	8	0%

2.8 Deferred acquisition costs (DAC)

Commissions and other acquisition costs that vary with and are related to securing new contracts and renewing existing contracts are capitalized as an intangible asset (DAC). All other costs are recognized as expenses when incurred. The

DAC is subsequently amortized over the life of the contracts as follows:

- . For property, casualty and short-duration life insurance contracts, DAC is amortized over the terms of the policies as premium is earned;
- . For long-term insurance contracts with fixed and guaranteed terms, DAC is amortized in line with premium revenue using assumptions consistent with those used in calculating future policy benefit liabilities; and
- . For long-term insurance contracts without fixed terms and investment contracts with DPF, DAC is amortized over the expected total life of the contract group as a constant percentage of estimated gross profit margins (including investment income) arising from these contracts. The pattern of expected profit margins is based on historical and anticipated future experience and is updated at the end of each accounting period. The resulting change to the carrying value of the DAC is charged to revenue.

DAC will not be presented as an asset under IFRS 17. Contract acquisition costs are included in insurance contrac

2.9 Statutory Deposits

Statutory deposits are cash balances held with the National Bank of Ethiopia in line with article 20 of Insurance Business Proclamation No. 746/2012 and may not be withdrawn except with the written permission of the National Bank of Ethiopia, or be used as a pledge or security for any loan. They have been separately disclosed due to their nature and liquidity. statutory deposit is measured at cost.

2.10 Impairment of non-financial assets

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

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





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For the year ended 30 June 2025

2.10.1 Financial instruments - initial recognition and subsequent measurement

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

2.10.2 Financial assets

.10.2.1 Initial recognition and measurement

All financial assets are recognized initially at their fair value. For financial assets that are subsequently measured at amortized cost or Fair Value through Other Comprehensive Income (FVOCI), this initial fair value is adjusted plus or minus transaction costs that are directly attributable to the acquisition of the financial asset. Financial assets subsequently measured at Fair Value through Profit or Loss (FVTPL) are not adjusted for these transaction costs. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place regular way trades are recognized on the trade date, which is the date the entity commits to purchase or sell the asset.

.10.2.2 Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified into three main categories:

- Amortized Cost (AC)
- Fair Value Through Other Comprehensive Income (FVOCI)
- Fair Value Through Profit or Loss (FVTPL)

a) **Amortized Cost**

Financial assets subsequently measured at Amortized Cost are non-derivative financial assets that meet two criteria:

- The entity's business model is to hold the financial asset to collect contractual cash flows.
- The contractual terms of the financial asset give rise to cash flows on specified dates that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

After initial recognition, such financial assets are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in interest income in the income statement.



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For the year ended 30 June 2025

b Fair Value through OCI (FVOCI)

1. Classification Criteria

Financial assets subsequently measured at Fair Value Through Other Comprehensive Income (FVOCI) are non-derivative financial assets that meet

- Debt Instruments: The financial asset meets both the business model test (objective is achieved by both collecting contractual cash flows and selling financial assets) and the SPPI test (contractual cash flows are Solely Payments of Principal and Interest).
- Equity Instruments: The asset is a non-trading equity investment for which the entity has made an irrevocable election at initial recognition to present subsequent changes in fair value in Other Comprehensive Income (OCI).

2. Subsequent Measurement

After initial recognition, FVOCI financial assets are subsequently measured at fair value.

Debt Instruments (FVOCI with Recycling)

- Fair Value Changes: Unrealized gains and losses are recognized in OCI (Fair Value Reserve in equity).

Interest, Impairment, and Foreign Exchange: Interest income is recognized in the income statement using the Effective Interest Rate (EIR) method, and Expected Credit Loss (ECL) impairment losses are also recognized in the income statement. Foreign exchange gains and losses on the amortized cost basis are also recognized in the income statement

- Derecognition/Sale: When the debt investment is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified

Equity Instruments (FVOCI without Recycling)

- Derecognition/Sale: When the equity investment is derecognized, the cumulative gain or loss previously recognized in OCI remains in retained earnings and is not reclassified (not recycled) to the profit or loss. Dividends are recognized in the income statement unless they clearly represent a recovery of the cost of the investment. Unquoted equity instruments whose fair value cannot be reliably measured are no longer permitted to be carried at cost; they must be measured at fair value or written off if fair value cannot be determined.

3. Reclassification (Major Change)

Reclassification between categories is only permitted when the entity changes its business model for managing financial assets. Reclassification is applied prospectively from the reclassification date. The previous requirement to reclassify financial assets out of the AFS category due to inactive markets has been removed under IFRS 9.

c 'Day 1' Gain or Loss

When the transaction price of a financial instrument differs from its fair value at initial recognition, the difference (a 'Day 1' gain or loss) is accounted for as follows:

1. Fair Value Determined Using Observable Data

If the fair value is determined based on:

- Observable current market transactions in the same instrument, or
- A valuation technique whose inputs include only data from observable markets (Level 1 or Level 2 inputs, as per IFRS 13),

The entity immediately recognizes the difference between the transaction price and fair value (the 'Day 1' gain or loss) in profit or loss. This is typically recorded in 'Other operating income' or a similar line item.





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2. Fair Value Determined Using Unobservable Data

If the fair value is determined using a valuation technique whose inputs include data that is not observable (Level 3 inputs, as per IFRS 13),

The difference between the transaction price and the model's fair value is deferred. This deferred amount is only recognized in profit or loss:

- When the inputs become observable, or
- When the instrument is derecognized (realized through disposal, expiry, or maturity).

This completes the review of initial recognition, subsequent measurement (Amortized Cost and FVOCI), and the 'Day 1' profit rule under IFRS 9.

d) Derecognition of financial assets

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

- the rights to receive cash flows from the asset have expired, or

the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

- (a) the Company has transferred substantially all the risks and rewards of the asset, or
- (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

e) Impairment of Financial Assets (Expected Credit Loss Model)

The Company recognizes a loss allowance for Expected Credit Losses (ECL) on all financial assets measured at Amortized Cost or Fair Value Through Other Comprehensive Income (FVOCI) (for debt instruments).

The ECL model is forward-looking and requires the recognition of a loss allowance based on the credit risk of the financial asset since initial recognition, rather than waiting for an incurred loss event.

ECL Stages

1. Stage 1 (12-month ECL):

- o Applies to financial assets where credit risk has not increased significantly since initial recognition.
- o The loss allowance is measured at an amount equal to the 12-month expected credit losses (losses resulting from default events that are possible within the next 12 months).
- o Interest revenue is calculated on the gross carrying amount (before deduction of ECL).

2. Stage 2 (Lifetime ECL - Non-Credit-Impaired):

- o Applies to financial assets where credit risk has increased significantly since initial recognition, but the assets are not yet credit-impaired.
- o The loss allowance is measured at an amount equal to Lifetime Expected Credit Losses (losses resulting from all possible default events over the expected life of the financial instrument).
- o Interest revenue is still calculated on the gross carrying amount.

3. Stage 3 (Lifetime ECL - Credit-Impaired):

- o Applies to financial assets that are credit-impaired (i.e., objective evidence of a loss event exists).
- o The loss allowance remains measured at Lifetime Expected Credit Losses.
- o Interest revenue is calculated on the net carrying amount (after deduction of ECL allowance, effectively on the amortized cost).

The Company applies the simplified approach for trade receivables that do not contain a significant financing component, measuring the loss allowance at an amount equal to Lifetime Expected Credit Losses from initial recognition (Stage 2/3 treatment).



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f) Impairment for FVOCI Assets

The assets previously classified as AFS are now generally classified as Fair Value Through Other Comprehensive Income (FVOCI), and their impairment treatment differs based on whether they are debt or equity instruments.

1. Debt Instruments Measured at FVOCI

Debt instruments measured at FVOCI are subject to the Expected Credit Loss (ECL) Model.

At each reporting date, the Company recognizes a loss allowance for Expected Credit Losses (ECL) on debt instruments classified as FVOCI. The impairment loss (or gain on reversal) determined under the ECL model is recognized immediately in profit or loss.

- **Measurement:** The ECL loss allowance is measured using the three-stage model (12-month ECL or Lifetime ECL) based on whether the credit risk has increased significantly since initial recognition (as outlined in the previous section on impairment).
- **Fair Value:** While the debt instrument is carried at fair value on the balance sheet, the ECL impairment amount affects the amortized cost component, and the resulting impairment charge is recognized in profit or loss.
- **Reversal:** If, in a subsequent period, the amount relating to an impairment loss decreases, the impairment loss is reversed through profit or loss.

2. Equity Instruments Designated at FVOCI

Equity instruments for which the entity has made an irrevocable election to present fair value changes in OCI are not subject to the ECL impairment model.

Equity instruments designated at FVOCI are not subject to the impairment requirements of the ECL model. The objective evidence rules (such as a significant or prolonged decline in fair value below cost) for recognizing an impairment loss in profit or loss are no longer applicable

- **Losses in OCI:** All gains and losses from changes in the fair value of these equity instruments, including those that may indicate impairment, are recognized in Other Comprehensive Income (OCI).
- **No Recycling:** When the asset is derecognized (sold), the cumulative gain or loss previously recognized in OCI is never reclassified (recycled) to profit or loss. Instead, the cumulative amount is transferred directly to retained earnings."

2.10.2 Financial liabilities

a) Initial Recognition and Measurement of Financial Liabilities

Financial liabilities are classified at initial recognition into two primary measurement categories under IFRS 9:

- **Financial liabilities at Fair Value Through Profit or Loss (FVTPL)**
 - **Financial liabilities at Amortized Cost** (This category is typically used for most non-derivative financial liabilities, such as loans and borrowings.)
- Note on Insurance Contracts (IFRS 17): Liabilities arising under insurance contracts are scoped out of IFRS 9 and are accounted for under IFRS 17 *Insurance Contracts*.

All financial liabilities within the scope of IFRS 9 are recognized initially at their fair value.

- For financial liabilities that are subsequently measured at Amortized Cost, the initial fair value is recognized net of transaction costs that are directly attributable to the issuance of the liability.
- For financial liabilities that are subsequently measured at FVTPL, transaction costs are immediately expensed in profit or loss and are not included in the initial carrying amount.

The entity's financial liabilities under IFRS 9 typically include customer deposits, trade payables, loans and borrowings, and other liabilities. Interest expenditure relating to liabilities measured at amortized cost is recognized in the income statement using the Effective Interest Rate (EIR) method.

b) Subsequent Measurement of Financial Liabilities at Amortized Cost

Financial liabilities are subsequently measured depending on their classification.

Financial Liabilities at Amortized Cost

Financial liabilities are classified and subsequently measured at Amortized Cost unless they are classified as FVTPL. This category typically

- Loans and Borrowings (e.g., bank loans, issued bonds)
- Customer Deposits
- Trade and Other Payables

After initial recognition, financial liabilities at amortized cost are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method.



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Amortized cost is calculated by taking into account any discount or premium on the issue and transaction costs that are an integral part of the EIR. The EIR method amortizes the difference between the initial recognized amount (fair value less transaction costs) and the maturity amount over the expected life of the liability.

The interest expense (which includes the EIR amortization) is recognized in profit or loss.

c) Derecognition of Financial Liabilities

IFRS 9 Scope

The rules for derecognition of financial liabilities under IFRS 9 apply to all the entity's financial liabilities except those liabilities arising from insurance contracts, which are scoped out of IFRS 9 and subject to IFRS 17 *Insurance Contracts*.

Derecognition Principle

A financial liability is derecognized (removed from the statement of financial position) only when it is extinguished.

A liability is extinguished when the obligation specified in the contract is either:

1. Discharged: The entity discharges the liability by paying the creditor, typically in cash or other financial assets.
2. Cancelled: The liability is legally cancelled or expires (e.g., through a waiver by the creditor).
3. Expired: The underlying obligation expires.

Exchange or Modification of Terms

When an entity exchanges a financial liability for a new one with the same lender on substantially different terms, or when the terms of an existing financial liability are substantially modified, this transaction is accounted for as an extinguishment of the original liability and the initial recognition of a new liability.

The difference between the carrying amount of the original financial liability and the consideration paid or new liability recognized is included in profit or loss.

2.10.3 Offsetting financial instruments

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

2.11 Other assets

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

(a) Prepayments

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

(b) Other receivables

Other receivables are recognized upon the occurrence of event or transaction as they arise, the Company's other receivables are rent receivables and other receivables from debtors.

2.12 Cash and cash equivalents

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

For the purposes of the cash flow statement, cash and cash equivalents include cash and restricted balances with National Bank of Ethiopia.

2.13 Insurance and investment contracts

Classification

Under IFRS 17, an insurance contract is defined as one where the issuer accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects them, while an investment contract transfers financial risk with no significant insurance risk; furthermore, IFRS 17 applies to investment contracts with discretionary participation features (DPF) provided the entity also issues insurance contracts, recognizing that a DPF grants the holder a contractual right to receive additional benefits that are likely to be a significant portion of the total contractual benefits, whose amount or timing is at the issuer's discretion, and are contractually based on factors such as the performance of specified contracts, investment returns, or the profit or loss of the issuing entity.

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2.14 Insurance contracts and investment contracts with DPF

(i) Under IFRS 17, insurance and investment contracts with a Discretionary Participation Feature (DPF) are aggregated into groups of contracts that are subject to similar risks and managed together, and further divided into groups of contracts that are onerous, have no significant possibility of becoming onerous, or are the remaining contracts. The contracts described as short-term, such as casualty, property, and short-duration life contracts, are typically measured using the optional Premium Allocation Approach (PAA) if the coverage period for each contract in the group is one year or less, or if the PAA liability would not materially differ from the full GMM liability

The liability for remaining coverage (LRC) under the PAA is initially measured as the premiums received at initial recognition, less any insurance acquisition cash flows unless the entity chooses to immediately expense them, resulting in a balance that approximates the unearned premium. Insurance revenue is then recognized over the coverage period, generally proportionally over time, but may be based on the expected pattern of incurred insurance service expenses if that differs significantly from the passage of time. Unlike IFRS 4, IFRS 17 explicitly separates insurance revenue, which only reflects the transfer of service, from any investment components within the premium.

The Liability for Incurred Claims (LIC) is measured using the Fulfillment Cash Flows (FCF) model, which equals the present value of estimated future claims and loss adjustment cash flows, plus a Risk Adjustment for non-financial risk. Claims and loss adjustment expenses, including direct and indirect claim settlement costs (which are now part of the FCF), are recognized in profit or loss as the entity is relieved of the liability for incurred claims. A key change is that the liability for unpaid claims must be discounted to reflect the time value of money, unless the cash flows are expected to be paid or received in one year or less from the date the claims are incurred.

(ii) Long-term insurance contracts with fixed and guaranteed terms

Long-term insurance contracts with fixed and guaranteed terms are typically measured using the General Measurement Model (GMM) under IFRS 17. Under this model, the insurance liability is a single, unified measure comprising two main components: the Liability for Remaining Coverage (LRC) for future service and the Liability for Incurred Claims (LIC) for past service.

The LRC is determined by the Fulfillment Cash Flows (FCF) plus a Contractual Service Margin (CSM), while the LIC comprises only the FCF. The FCF is the present value of future cash flows, including all expected premiums, claims, benefits, and expenses (e.g., policy administration and claims handling), and an explicit Risk Adjustment (RA) for non-financial risk. Crucially, IFRS 17 requires current assumptions for non-financial risks (like mortality and expenses) and current discount rates for the time value of money, which replaces the old practice of using locked-in assumptions and implicit margins for adverse deviations

Insurance revenue for these contracts is not the premium received but the amount recognized in profit or loss as the entity provides insurance services, which is determined by allocating the amount of the premium (excluding any investment component) and the release of the CSM over the coverage period, using a systematic approach that reflects the transfer of service. Benefits and claims paid or incurred, along with changes in the liability for incurred claims, are recognized as insurance service expenses in the period they occur, ensuring that the profit from the contract, represented by the CSM, is deferred and recognized only as service is delivered.

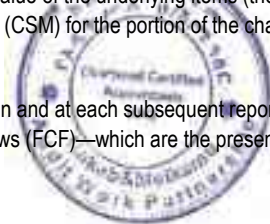
Furthermore, the initial measurement of the group of contracts must result in a zero net effect on profit or loss, meaning the initial contractual profit is captured in the CSM; the CSM, representing the unearned profit, is subsequently amortized to profit or loss over the service period. If, however, a group of contracts is identified as onerous (meaning the initial FCF are a net outflow, indicating a loss), that loss must be recognized immediately in profit or loss.

(iii) Long-term insurance contracts without fixed terms and with DPF – unit-linked and universal life

Long-term insurance contracts, such as unit-linked and certain universal life products, that meet the criteria for having a Discretionary Participation Feature (DPF), or contracts with a similar structure where a substantial share of the returns on the underlying assets is passed to the policyholder, are accounted for using the Variable Fee Approach (VFA) under IFRS 17. The VFA is a required modification of the General Measurement Model (GMM) that addresses the variability in the policyholder's returns.

A core principle of the VFA is that the entity's obligation to the policyholder is viewed as a net obligation, where the measurement of the Liability for Remaining Coverage (LRC) reflects changes in the fair value of the underlying items (the units or assets that determine the policyholder's returns). This is done by adjusting the Contractual Service Margin (CSM) for the portion of the change in the fair value of the underlying items that relates to the policyholder's benefits.

Under IFRS 17, an entity must assess at initial recognition and at each subsequent reporting date whether a group of insurance contracts is onerous. A group is onerous if the total of the Fulfillment Cash Flows (FCF)—which are the present value of future cash flows and the Risk Adjustment (RA)—is a net outflow.



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The FCF calculation replaces the IFRS 4 requirement for a LAT. It inherently involves a comparison of estimated future cash outflows (benefits, expenses, claims) against expected cash inflows (premiums). Critically, the FCF calculation is always based on current estimates of all future cash flows and an explicit adjustment for the time value of money using current discount rates, and an explicit Risk Adjustment for non-financial risk. The concept of using "locked-in" assumptions (as was done in IFRS 4 for some contracts) is overridden by the requirement to use current estimates for the FCF components.

If a group is determined to be onerous, the expected loss is recognized immediately in profit or loss. This loss is measured as the amount by which the FCF (a net outflow) exceeds the Contractual Service Margin (CSM) balance (which is zero or less for onerous contracts).

A group of insurance contracts is **onerous** if the **Fulfillment Cash Flows (FCF)**—which include the present value of estimated future cash flows and the Risk Adjustment—are a net outflow. Any loss on an onerous group of contracts must be recognized **immediately in profit or loss**. The liability for an onerous group is increased by a **Loss Component** to make the carrying amount of the liability equal to the FCF. This loss component is then adjusted and systematically amortized to profit or loss over the remaining coverage period, ensuring that the remaining liability reflects the current expected cost of fulfilling the contracts. The previous practice of writing off DAC and establishing a separate unexpired risk provision is replaced by the immediate recognition of a loss and the establishment of a **Loss Component** within the insurance contract liability.

(d) Receivables and payables related to insurance contracts and investment contracts

Under IFRS 17, the recognition and measurement of assets and liabilities arising from premiums due from policyholders (receivables) and amounts due to agents, brokers, and others (payables) are excluded from the scope of IFRS 17's specific measurement models (GMM, PAA, VFA). Instead, these items are treated as non-insurance financial assets and liabilities and are accounted for under other applicable International Financial Reporting Standards (IFRS).

Specifically, insurance contract receivables (such as premiums due) are financial assets and are measured and accounted for under IFRS 9 *Financial Instruments*. This means they are initially measured at fair value and subsequently measured at either amortized cost or fair value through profit or loss, depending on the business model and cash flow characteristics. The most significant change is that impairment losses on these receivables must be calculated using the expected credit loss (ECL) model required by IFRS 9, which necessitates recognizing a loss provision based on expected future credit losses, not just losses that have already been incurred.

Insurance contract payables (amounts due to agents, brokers, etc.) are generally financial liabilities and are also accounted for under IFRS 9, typically at amortized cost. Therefore, the old approach of using an analogy to a specific "loans and receivables" impairment method is replaced by the mandatory application of the IFRS 9 ECL model.

(e) Salvage and subrogation reimbursements

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

Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims, and salvage property is recognized in other assets when the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property. Subrogation reimbursements are also considered as an allowance in the measurement of the insurance liability for claims and are recognized in other assets when the liability is settled. The allowance is the assessment of the amount that can be recovered from the action against the liable third party.

2.15 Insurance contracts Liabilities

Under IFRS 17, Insurance Contract Liabilities are measured as the sum of the Liability for Remaining Coverage (LRC) and the Liability for Incurred Claims (LIC). The measurement of the liabilities is based on a current estimate of the Fulfillment Cash Flows (FCF), which comprises the present value of estimated future cash flows (premiums, claims, expenses) and an explicit Risk Adjustment (RA) for non-financial risk. For profitable contracts, the LRC also includes the Contractual Service Margin (CSM), which is the unearned profit recognized over the service period. Groups of contracts that are expected to be loss-making (onerous) are measured at the FCF and result in an immediate loss recognized in profit or loss. For short-duration non-life contracts, the Premium Allocation Approach (PAA) is often applied as a simplification, where the LRC is measured as the unearned premium, and the LIC is measured using the FCF model.

Non- Life Insurance Contracts Level of Aggregation (LoA)

The Level of Aggregation (LoA) requirements. Contracts are first grouped into Portfolios (those with similar risks and management) and then separated into a minimum of three Groups based on profitability: onerous, non-onerous, and residual. All groups must also be disaggregated by contracts issued within a period of no more than one year.

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Life Insurance contracts

The liability is the single Insurance Contract Liability, calculated as the total of the Fulfillment Cash Flows (FCF)—which are the present value of best-estimate cash flows, plus a Risk Adjustment (RA)—and the Contractual Service Margin (CSM). Changes in this liability (the 'surplus or deficit') are recognized in profit or loss as the Insurance Service Result (from the release of the CSM and the service expenses) and Insurance Finance Income or Expense (from the effect of discounting and other financial movements). The old reserves (IBNR and UPR) are implicitly included in the Liability for Incurred Claims (LIC) and the Liability for Remaining Coverage (LRC), respectively.

2.16 Recognition of income and expenses

Insurance contract income is split into two main categories: Insurance Revenue and Insurance Finance Income or Expense. Insurance Revenue is recognized in profit or loss as the entity satisfies its performance obligations by providing insurance coverage and services. It is distinct from the receipt of a Gross Premium, as it excludes any amounts identified as investment components (deposits). Revenue is recognized by allocating the consideration and the systematic release of the Contractual Service Margin (CSM) over the service period. Insurance Service Expenses (claims and changes in the LIC) are recognized as incurred. Investment income is accounted for under IFRS 9 or IFRS 17's specific requirements for financial instruments.

Gross outward reinsurance premiums

Gross outward reinsurance premiums are not presented as a standalone expense when due. Instead, they are included in the measurement of the Reinsurance Contract Held Asset, along with the related claims, and an adjustment for the explicit Risk Adjustment passed to the reinsurer. The net impact of the reinsurance contract (premiums, claims recovered, and the movement of the asset's CSM) is presented in the statement of profit or loss as Income or Expenses from Reinsurance Contracts Held, either gross or netted depending on presentation choices. The deferral of "unearned reinsurance premiums" is replaced by the ongoing measurement and amortization of the Reinsurance Contract Held Asset.

Investment Income

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

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

Dividend income

This is recognized when the Company's right to receive the payment is established, which is generally when the shareholders approve and declare the dividend.

2.17 Foreign exchange revaluation gains or losses

These are gains and losses arising on settlement and translation of monetary assets and liabilities denominated in foreign currencies at the functional currency's spot rate of exchange at the reporting date. This amount is recognized in the income statement and it is further broken down into realized and unrealized portion. The monetary assets and liabilities include financial assets within the foreign currencies deposits received and held on behalf of third parties.

2.18 Insurance Service Expenses

Insurance Service Expenses recognized in profit or loss comprise two main components:

1. Claims and other policyholder benefits incurred: This includes payments made to policyholders and other incurred amounts (e.g., death claims, maturities, surrenders, and general insurance claims) during the period, plus related claims handling costs (internal and external), and net of any recoveries (e.g., salvage). Claims are recognized when they occur, which is when the entity is relieved of the liability for incurred claims.
2. Change in the Liability for Incurred Claims (LIC): This is the movement in the liability (including IBNR and case reserves) calculated using the Fulfillment Cash Flows (FCF)—present value of future cash flows and the Risk Adjustment (RA). This replaces the "adjustments to claims outstanding from previous years" and the IFRS 4 "changes in the gross valuation of insurance liabilities."



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3. Policyholder Bonuses/DPF: The impact of policyholder bonuses and changes in the underlying items for contracts with a Discretionary Participation Feature (DPF) are generally captured as adjustments to the Contractual Service Margin (CSM), with only the financial impact flowing through to Insurance Finance Income or Expense or directly recognized as an insurance service expense when incurred.

2.19 Reinsurance claims recovered (or expected to be recovered)

Reinsurance claims recovered (or expected to be recovered) are recognized as Income from Reinsurance Contracts Held when the liability for the underlying gross claim is incurred. The amount recognized reflects the expected recovery based on the terms of the reinsurance contract. This amount is presented separately in the statement of profit or loss and is part of the calculation for the overall movement of the Reinsurance Contract Held Asset.

2.20 Insurance Finance Income or Expense

The Insurance Finance Income or Expense is the financial result from the insurance contract liabilities and assets. It includes the effect of the unwinding of the discount rate (accretion of interest) on both the Fulfillment Cash Flows (FCF) and the Contractual Service Margin (CSM) (for the GMM/PAA). This accrual reflects the time value of money as the liability moves closer to settlement. For financial instruments, such as the interest-bearing financial liability mentioned, IFRS 9 requires the interest cost to be calculated using the Effective Interest Rate (EIR) method and recognized in profit or loss as a general finance cost, separate from the Insurance Finance Income or Expense.

2.21 Employee benefits

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

(a) Wages, salaries and annual leave

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

(b) Defined contribution plan

i) pension scheme in line with the provisions of Ethiopian pension of private organization employees proclamation 715/2011. Funding under the scheme is 7% and 11% by employees and the Company respectively; with additional 3% Provident fund, funding for employees under pension scheme

ii) provident fund contribution, funding under this scheme is 6% and 14% by employees and the Company respectively based on the employees' salary

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

c Defined benefit plan

The insurance operates a defined benefit severance scheme in Ethiopia, where members of staff who have spent 5 years or more in service of the insurance are entitled to benefit payments upon retirement. The benefit payments are based on final emolument of staff and length of service. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of gratuity benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation

The liability recognized in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the market rates on government bonds that have terms to maturity approximating to the terms of the related pension obligation. Company's contributions to this scheme are charged to profit or loss in the year in which they relate. Re-measurement gain and loss arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Current service and interest cost are included as part of employee benefit expense in the profit or loss. Past-service costs are recognized immediately in profit or loss. Gains or losses on curtailment or settlement are recognized in profit or loss when the curtailment or settlement occurs

d Termination benefits

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

Hibret Insurance SC

Notes to the financial Statements

For the year ended 30 June 2025

2.21 Profit-sharing and bonus plan

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

2.22 Fair value measurements

The Company measures financial instruments classified as available-for-sale at fair value at each statement of financial position date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclose notes:

Disclosures for valuation methods, significant estimates and assumptions Note 4.7.1 and Notes 3

Quantitative disclosures of fair value measurement hierarchy Note 4.7.2

Financial instruments (including those carried at amortized cost) Note 4.7.3

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

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

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

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

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

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

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

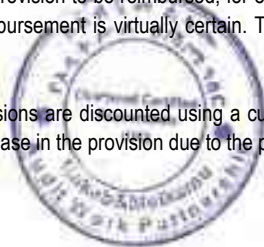
For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as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

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

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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

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



Hibret Insurance SC

Notes to the financial Statements

For the year ended 30 June 2025

2.24 Insurance payable

Insurance Payables are classified as financial liabilities and are accounted for under IFRS 9 *Financial Instruments*. They are measured initially at fair value and subsequently at amortized cost using the effective interest method. For payables with a short duration (typically less than one year), the difference between the face amount and the discounted amount is usually not significant, so the liability may be measured at the undiscounted amount due to a practical expedient.

2.25 Other payables

Other Payables are classified as financial liabilities and are accounted for under IFRS 9 *Financial Instruments*. They are initially measured at fair value. Subsequently, they are measured at amortized cost using the effective interest method (EIR). For payables with a short duration, typically less than one year, the entity may use a practical expedient and measure the liability at the undiscounted amount, as the effect of discounting is generally considered immaterial.

2.26 Share Capital

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

2.27 Earnings per share

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

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

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When the Bank receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to income statement over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual installments.

2.28 Retained earnings

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

2.29 Legal reserves

In accordance with article 22 sub article (1) and (2), of insurance Business Proclamation No. 746/2012, the Company, at the end of each financial

2.30 Dividend

Dividends are recorded in equity in the period in which they are declared. Any dividend declared after the end of the reporting period and before the financial statements are authorized for issue, are disclosed in the subsequent events note. The statutory accounting reports of the Company are the basis for profit distribution and other appropriations.

2.31 Underwriting expenses

Underwriting expenses are made up of acquisition and maintenance expenses comprising commission and policy expenses and other direct costs. Underwriting expenses for insurance contracts are recognized as expense when incurred, with the exception of acquisition costs which are recognized on a time apportionment basis in respect of risk.

Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. If the contract involves the use of an identified asset and conveys the right to control the use of the asset for a period of time in exchange for consideration-i.e. the customer has the rights to:

- . obtain substantially all of the economic benefits from using the assets; and
- . direct the use of the asset.

As a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low value assets. The Company recognizes lease liabilities to make lease payments and right-of use assets representing the right to use the underlying assets.

a) Right-of use assets

The Company recognizes right-of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any Re-measurement of lease liabilities. The cost of right-of use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of use assets are depreciated on a straight line basis over the shorter of the lease term and the estimated useful lives of the assets. If ownership of the leased asset transfers to the Company at the end of the lease term or cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of use assets arising from a lease are initially measured on a present value basis and also subject

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Notes to the financial Statements

For the year ended 30 June 2025

b) Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expense (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company's lease liabilities are included in interest bearing finance lease liabilities.

c) Short term leases and leases of low value assets

The Company applies the short term lease recognition exemption to its short term leases of office space (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low value assets recognition exemption to leases of assets that are considered to be low value. Lease payments on short term leases and leases of low value assets are recognized as expense on a straight line basis over the lease term.

As A Lessor

Leases where the Company does not transfer substantially all of the risk and benefits of ownership of the asset are classified as operating leases.

2.3 Income taxation

a) Current Income tax

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

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

b) Deferred Tax

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

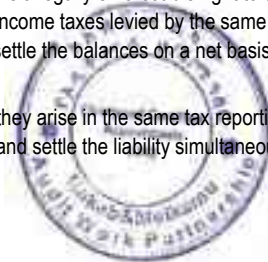
Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled

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

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

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

Deferred tax assets and liabilities are only offset when they arise in the same tax reporting group and where there is both the legal right and the intention to settle on a net basis or to realize the asset and settle the liability simultaneously



Hibret Insurance SC

Notes to the financial Statements

For the year ended 30 June 2025

3 Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Company's exposure to risks and uncertainties includes:

- Capital management Note 4.6
- Financial risk management and policies Note 4
- Sensitivity analyses disclosures Note 4.5.2

3.1 Judgments

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

Determining the lease term of contracts with renewal and termination options - as a lessee

The company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company has several lease contracts that include extension and termination options. The Company applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension option (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

3.20 Operating lease commitments -Company as lessor

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

Estimates and assumptions

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

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

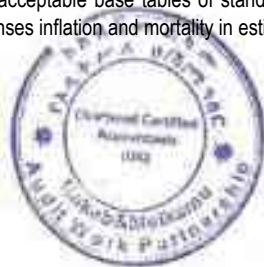
Valuation of insurance contract liabilities

a) Life insurance contract liabilities

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

Certain acquisition costs related to the sale of new policies are recorded as deferred acquisition costs (DAC) and are amortized to the consolidated statement of profit or loss over time. If the assumptions relating to future profitability of these policies are not realized, the amortization of these costs could be accelerated and this may also require additional impairment write-offs to the consolidated statement of profit or loss.

These liabilities are estimated using appropriate and acceptable base tables of standard mortality according to the type of contract being written. Management make various assumptions such as expenses inflation and mortality in estimating the required liabilities for life contracts.



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Notes to the financial Statements

For the year ended 30 June 2025

b) Non-life insurance contract liabilities

For non-life insurance contracts, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred, but not yet reported, at the reporting date (IBNR). It can take a significant period of time before the ultimate claims cost can be established with certainty and for some type of policies, IBNR claims form the majority of the liability in the statement of financial position.

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods.

The main assumption underlying these techniques is that a Group's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analyzed by accident years, but can also be further analyzed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based.

c) Impairment losses on loans and receivables

The Company assesses at the end of every reporting period whether there is any objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. Impairment provisions are also recognized for losses not specifically identified but which, experience and observable data indicate, are present in the portfolio at the date of assessment. For individually significant financial assets that has been deemed to be impaired, management has deemed that cash flow from collateral obtained would arise within 24 months.

- a) The use of historical loss experience is supplemented with significant management judgment to assess whether current economic and credit conditions are such that the actual level of inherent losses is likely to differ from that suggested by historical experience. In normal circumstances, historical experience provides objective and relevant information from which to assess inherent loss within each portfolio. In other circumstances, historical loss experience provides less relevant information about the inherent loss in a given portfolio at the balance sheet date, for example, where there have been changes in economic conditions such that the most recent trends in risk factors are not fully reflected in the historical information. In these circumstances, such risk factors are taken into account when calculating the appropriate levels of impairment allowances, by adjusting the impairment loss derived solely from historical loss experience.

The detailed methodologies, areas of estimation and judgment applied in the calculation of the Company's impairment charge on financial assets are set out in the Financial risk management section.

The estimation of impairment losses is subject to uncertainty, which has increased in the current economic environment, and is highly sensitive to factors such as the level of economic activity, unemployment rates, property price trends, and interest rates. The assumptions underlying this judgment are highly subjective. The methodology and the assumptions used in calculating impairment losses are reviewed regularly in the light of differences between loss estimates and actual loss experience.

e) Retirement Benefit Obligations

The present value of the retirement benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of severance pay obligations. The assumptions used in determining the net cost (income) include the discount rate, rate of return on assets, future salary increments and mortality rates.

The Company determines the appropriate discount rate at the end of the year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the gratuity obligations. In determining the appropriate discount rate, the Company considers the interest rates of high-quality government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related liability. Other key assumptions for retirement benefit obligations are based in part on current market conditions.

The estimation of the useful lives of assets is based on Management's judgment. The Company estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. Property, plant and equipment is depreciated over its useful life. estimates could change if expectations differ due to physical wear and tear and technical or commercial obsolescence. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase expenses and decrease the carrying value of non-current assets.

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Notes to the financial Statements

For the year ended 30 June 2025

f) Depreciation and carrying value of property, plant and equipment

Impairment of non- financial assets

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

b) Fair valuation of investment properties

The fair value of investment properties is based on the nature, location and condition of the specific asset. The fair value is determined by reference to observable market prices. The fair value of investment property does not reflect the related future benefits from this future expenditure. These valuations are performed by external appraisers. Assumptions are made about expected future cash flows and the discounting rates.

c) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 4.7.2 for further

Income taxes

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

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

4.1 Introduction

Risk is inherent in the Company's activities, but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities. The Company is exposed to insurance and financial (credit, liquidity and market) risk. It is also subject to country risk and various operating risks.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. The Company's policy is to monitor those business risks through the Company's strategic planning process.

4.1.1 Risk Management Structure

The Board of Directors (The Board) is responsible for the overall risk encountered by the Company. The Board is responsible to develop comprehensive risk management program and policies of the Company. The Board has an oversight role on the proper implementation of the Company's risk management program or policies. The Board monitors proper implementation policies through various reports.

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

The Risk Management and compliance work unit is responsible for implementing and maintaining risk related procedures, independently assesses and monitor the level of risk assumed by the Company. Besides, the work Unit is responsible for monitoring compliance with risk principles, policies and limits across the Company. It carries out an assessment of risk on periodic basis to monitor the Company's overall risk, including monitoring the risk of exposures against limits and the assessment of risks of new products and structured transactions. Exceptions are reported, where necessary, to the Board's Risk and Compliance Committee and the relevant actions are taken to address exceptions and any areas of weakness. The unit works closely with the Management to ensure that procedures are compliant with the overall framework. The risk management has also reporting relationship with internal audit function. Internal audit function among others ensures the effectiveness of the risk management function periodically. Internal Audit Function discusses the results of its assessments with management, and reports its findings and recommendations to the Board Audit Committee.

Hibret Insurance SC

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For the year ended 30 June 2025

The Company's Finance and Investment work unit is responsible for managing the financial assets, financial liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Company as per the Company's approved investment and liquidity policy.

4.1.2 Risk Measurement and Reporting Systems

The Company's risks are measured using a method that reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on statically model. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment.

Monitoring and controlling risks is primarily performed based on limits established by the Company. These limits reflect the business strategy and market environment of the Company as well as the level of risk that the Company is willing to accept, with additional emphasis on selected segments. In addition, the Company measures and monitor the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

4.1.3 Risk mitigation

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

Risk management reports are presented by the risk management work unit based on the National bank of Ethiopia risk parameters and company's identified risks. The reports are discussed in the quarterly report of the Risk management and Compliance committee meetings. Control processes are also regularly reviewed at Business unit level and changes agreed with the Board.

4.2 Insurance Risk

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

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting policy and procedures as well as the use of reinsurance arrangements. The Company purchases reinsurance as part of its risks mitigation programmed. Reinsurance ceded is placed on both a proportional and non-proportional basis. The majority of proportional reinsurance is surplus treaty reinsurance which is taken out to reduce the overall exposure of the Company to certain classes of business. Non-proportional reinsurance is primarily excess-of-loss reinsurance designed to mitigate the Company's net exposure to catastrophe losses. Retention limits are determined based on the company's reinsurance policy and vary by product line.

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

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

Life Insurance Contracts

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

- ▶ Mortality risk – risk of loss arising due to policyholder death experience being different than expected
- ▶ Morbidity risk – risk of loss arising due to policyholder health experience being different than expected
- ▶ Longevity risk – risk of loss arising due to the annuitant living longer than expected
- ▶ Investment return risk – risk of loss arising from actual returns being different than expected
- ▶ Expense risk – risk of loss arising from expense experience being different than expected
- ▶ Policyholder decision risk – risk of loss arising due to policyholder experiences (lapses and surrenders) being different than expected. These risks do not vary significantly in relation to the location of the risk insured by the Company, type of risk insured or by industry.



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The Company's underwriting strategy is designed to ensure that risks are well diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography, the use of medical screening in order to ensure that pricing takes account of current health conditions and family medical history, regular review of actual claims experience and product pricing, as well as detailed claims' handling procedures. Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Company has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of fraudulent claims.

Key Assumptions

Material judgment is required in determining the liabilities and in the choice of assumptions. Assumptions in use are based on past experience, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. Assumptions and prudent estimates are determined at the date of valuation and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

The key assumptions to which the estimation of liabilities is particularly sensitive are, as follows:

► **Mortality and morbidity rates**

Assumptions are based on standard industry and national tables, according to the type of contract written and the territory in which the insured person resides. They reflect recent historical experience and are adjusted when appropriate to reflect the Company's own experiences. An appropriate, but not excessive, prudent allowance is made for expected future improvements. Assumptions are differentiated by sex, underwriting class and contract type.

An increase in rates will lead to a larger number of claims (and claims could occur sooner than anticipated), which will increase the expenditure and reduce profits for the shareholders.

► **Longevity**

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

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

► **Expenses**

Operating expenses assumptions reflect the projected costs of maintaining and servicing in-force policies and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation if appropriate.

An increase in the level of expenses would result in an increase in expenditure, thereby reducing profits for the shareholders.

► **Discount rate**

Life insurance liabilities are determined as the sum of the discounted value of the expected benefits and future administration expenses directly related to the contract, less the discounted value of the expected theoretical premiums that would be required to meet these future cash outflows. Discount rates are based on current industry risk rates, adjusted for the Company's own risk exposure.

A decrease in the discount rate will increase the value of the insurance liability and therefore reduce profits for the shareholders.

Sensitivities Analysis

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

It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current economic assumptions, mainly due to the impact of changes to both the intrinsic cost and time value of options and guarantees. When options and guarantees exist, they are the main reason for the asymmetry of sensitivities.



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

Birr'000									
Plan of assurance	Best estimate	Mortality 10% increase	10% decrease	Lapses and surrenders 20% Increase	10% decrease	Expenses 10% Increase	10% decrease	Yield curve 10% increase	10% decrease
Individual policies									
Ordinary endowment	11,056	113,159	112,952	109,503	116,761	121,937	104,704	106,225	120,592
Group endowment	1,996	1,997	1,995	1,976	2,016	2,032	1,961	1,908	2,089
Mortgage	40,094	43,707	36,445	40,094	40,094	40,464	39,787	36,168	44,730
Group Policies									
Group Life	71,002	71,002	71,002	71,002	71,002	71,002	71,002	71,002	71,002
Group Medical	23,252	23,252	23,252	23,252	23,252	23,252	23,252	23,252	23,252
Funeral	223	223	223	223	223	223	223	223	223
Totals	249,624	253,340	245,870	246,051	253,349	258,911	240,929	238,779	261,888

Non- Life Insurance Contracts

The Company principally issues the following types of general insurance contracts: Property ,Personal and Liability insurance coverage to policyholders and are not guaranteed as renewable. Most of Risks under non–life insurance policies usually cover twelve months duration.

For general insurance contracts, the most significant risks arise from Natural and Man-made clay mates. For longer tail claims that take some years to settle, there is also inflation risk.

Key assumptions

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

Sensitivity analysis

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

The table below looks at how changes in in the claims cost affects the current liability. A 10% increase will lead to liability increase of ETB 21.59 million and a 10% decrease will lead to a liability decrease of ETB21.59 million.

a) A 10% increase will lead to a liability increase of ETB 21.59 million		Birr'000
		June 30, 2025
Average claim cost	+10%	21,588
Average number of claims	+10%	21,588



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June 30, 2024
Birr'000

	Decrease in gross liabilities	
Average claim cost	-10%	21,588
Average number of claims	-10%	21,588

Claims development Triangle

The following table show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date.

Gross non-life insurance contract outstanding claims provision for 2025:

	2019 & Prior Birr'000	2020 Birr'000	2021 Birr'000	2022 Birr'000	2023 Birr'000	2024 Birr'000	2024 Birr'000	Total
Accident year								
At the end of claim year	1,695,007	260,610	343,366	424,231	787,620	754,883	731,554	4,997,270
One year later	36,000	7,799	4,066	8,200	16,435	11,173	-	83,673
Two year later	1,450	279	88,306	1,488	733	-	-	92,257
Three year later	640	759	455	348	-	-	-	2,202
Four year later	1,325	182	206	-	-	-	-	1,712
Five year later	62	14	-	-	-	-	-	76
Six years	-	-	-	-	-	-	-	0
Gross Cumulative Payments to date	(1,660,263)	(266,161)	(342,355)	(408,474)	(527,562)	(560,513)	(411,564)	-4,176,891
Gross Cumulative Liabilities	74,220	3,482	94,045	25,794	277,226	205,542	319,990	1,000,299,693
IBNR	-	-	-	1	26,510	44,806	144,565	215,881,859

4.2 Financial Risk

Financial instruments by category

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

Financial instruments are classified in the statement of financial position in accordance with their legal form and substance.

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

Financial Assets

	Notes	Financial Asset at FVOCI Birr'000	Financial Asset at amortization cost Birr'000	Total Birr'000
June 30, 2025				
Investment securities:				
- Financial assets at amortized costs	17		163,281	163,281
- Financial assets at FVTOCI	17	426,324		426,324
Other assets	23		128,815	128,815
Reinsurance Contract Assets	8		855,143	855,143
Loan to life policy holders	21		92	92
Deposit with financial institutions	24		3,156,572	3,156,572
Cash and cash equivalents	24		288,914	288,914
Total financial assets		426,324	4,592,818	5,019,141



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	Notes	Financial Asset at FVOCI	Financial Asset at amortization cost	Total
June 30, 2024		Birr'000	Birr'000	Birr'000
Investment securities:				
- Financial assets at amortized costs	17		81,382	81,382
- Financial assets at FVTOCI	17	389,826		389,826
Other assets	23		52,600	52,600
Reinsurance Contract Assets	8		812,006	812,006
Loan to life policy holders	21		87	87
Deposit with financial institutions	24		2,377,634	2,377,634
Cash and cash equivalents	24		145,423	145,423
Total financial assets		389,826	3,469,132	3,858,959

Financial Liabilities

		Other financial liabilities Birr 000	Total
June 30, 2025		Birr'000	Birr'000
Reinsurance Contract Liabilities	8	358,346	358,346
Insurance Contract Liabilities	8	2,611,430	2,611,430
Other liabilities	26	362,427	362,427
Total financial Liabilities		3,332,203	3,332,203

		Other financial liabilities Birr 000	Birr'000
June 30, 2024			
Reinsurance Contract Liabilities	8	253,766	253,766
Insurance Contract Liabilities	8	2,327,207	2,327,207
Other liabilities	26	190,462	190,462
Total financial Liabilities		2,771,435	2,771,435

4.3 Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's investment portfolio, long term staff loans and the reliance on reinsurers to make payment when certain loss conditions are met. For risk management reporting purposes, the Company considers and consolidates all elements of credit risk exposure. The following policies and procedures are in place to mitigate the Company's exposure to credit risk:

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

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

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



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

In line with above policies and procedures, the Company's credit risk arises predominantly from Financing activities, investment activities and reinsurance activities. Key areas where the company is exposed to credit risk are:

- . Receivables arising out of direct insurance arrangements;
- . Receivables arising out of Re insurance arrangements ;and
- . Receivables arising out of short term investments

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

		June 30, 2025	June 30, 2024
		Birr'000	Birr'000
Investment securities:			
- Financial assets at amortized costs	17	163,281	81,382
- Financial assets at FVTOCI	17	426,324	389,826
other assets	23	128,815	52,600
Reinsurance contract assets	8	855,143	812,006
Loan to life policy holders	21	92	87
Deposit with financial institutions	24	3,156,572	2,377,634
Cash and cash equivalents	24	288,914	145,423
Total financial assets		5,019,141	3,858,959

4.3.1 Management of Credit Risk

In measuring credit risk of loans and receivables to various counterparties, the Company considers the character and capacity of the obligor to pay or meet contractual obligations, current exposures to the counter party/obligor and its likely future developments, credit history of the counterparty/obligor; and the likely recovery ratio in case of default obligations-value of collateral and other ways out.

The risk associated with direct insurance arrangements is insignificant due to National Bank regulation which is “No Premium No Cover Credit” Insurance policies are sold on cash basis to all policyholders except governmental organizations which is not relevant to our case; As a result the risk of default is non-existence.

Reinsurance arrangements mitigate insurance risk but expose the Company to credit risk. Reinsurance is placed with companies based on an evaluation of the financial strength of the reinsurers, rating , terms of coverage and price. It is Company policy to only deal with reinsurers with credit ratings of at least B from known credit rating agency other than Ethiopian Reinsurance share Company which is not yet rated for mandatory policy and treaty cession as per local regulatory requirements.

The credit risk in the Reinsurance area arises:

- When the Company's reinsurers fails to make a claim reimbursement as and when it is claimed.
- The Company transfers a part of their portfolio to a reinsurer in exchange for a premium. A default on the part of the reinsurer can lead to adverse impacts, on the profitability solvency, underwriting abilities of the Company.

The exposure to individual counterparties is also managed by other mechanisms, such as the right to offset counterparties are both debtors and creditors to the company. Provisions for impairment receivables and subsequent write-offs are presented to the top management and the board as appropriate as per the write off policy of the company. Internal audit makes regular reviews to assess the degree of compliance based on the company internal audit manual.

4.3.2 Concentration of Credit Risk

The credit risk of the company has been concentrated in the following key areas of activities;

(a) Investing/Lending activities

Credit risks associated with investments, risk happens when a firm invests' on debentures or loans to individuals having poor history in repayments or putting money into an asset with the expectation of capital appreciation, dividends and/or interest earnings. Such area is a major source of credit risk.

In our scenario neither debenture nor lending activities exists except policy loan where the long term business section of the company advances loan to life policy holders and the risk of default is totally non-existence as the collateral is the accumulated cash value. Other loan with small portfolio is given to staff based on property security and personal guarantee with low default risk
The current Company's equity investment is in banks and in local reinsurance company with low risk.

(b) Credit Concentration of a single counter party

There is a potential credit risk arising from the fact that banks may not settle time deposits on timely basis.



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4.3.3 Credit Quality Analysis

a) Cash and cash equivalents

The credit quality of cash and bank balances and short term investments that were neither past due nor impaired at as 30 June 2019 and 30 June,2018 and are held in Ethiopian banks and have been classified as non rated as there are no credit rating agencies in Ethiopia. The Company has no cash and cash equivalents that are held in foreign banks.

b) Investment securities

The Company's investment portfolio is exposed to credit risk through its fixed income and money market instruments. The Company further manage its risk exposure to credit risk through counterparty risk via established limits as approved by the Directive issued by National Bank of Ethiopia. All fixed income investments are measured for performance on a quarterly basis and monitored by management. The credit risk exposure associated with money market investments is low.

c) Reinsurance assets

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

d) Credit quality of other financial assets

June 30, 2025	Notes	Neither Past due nor impaired Birr '000	Past due but not impaired Birr '000	Individual ly impaired Birr '000	Total Birr '000
Insurance Contract Assets					
Due from Contract holders	20			46,187	21,950
				46,187	21,950
Less : Impairment allowance	20			(12,499)	(10,700)
Net Insurance receivable				33,688	11,250
Other assets					
Rent receivable	23	1,293			1,293
Receivables on policy loan	23	18			18
Staff debtors	23	23,631			23,631
Sundry debtors	23	3,750			3,750
Gross amount		28,692			28,692
Net other assets		28,692			28,692
June 30, 2024					
Insurance contract assets :					
Due from Contract holders	20			8,611	8,611
Less : Impairment allowance	20			(2,350)	(2,350)
Net Insurance receivable				6,261	6,261
Other assets					
Rent receivable	23	1,293			1,293
Staff debtors	23	23,631			23,631
Sundry debtors	23	2,202			2,202
Gross amount		27,126			27,126
Less: Specific impairment allowance		(1,413)			(1,413)
Net other assets		25,713			25,713



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Insurance receivables - neither past due nor impaired

The credit quality of the portfolio of insurance receivables that were neither past due nor impaired can be assessed by reference to the customer's ability to pay based on loss experience. Insurance receivables in this category are receivables from contract holders (Government customers) that are past due for less than 30 (thirty) days. Insurance receivables that have been classified as neither past due nor impaired are assessed on a collective basis.

Other assets

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

4.3.4 Allowance for impairment

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

		30/Jun/25	30/Jun/24
	Notes	Birr'000	Birr'000
Due from contract holders	8	46,187	21,950
Other loans and receivables		(12,499)	(10,700)
Total allowance for impairment		33,688	11,250

4.4 Liquidity Risk

Liquidity refers to the Company's insufficient cash resources to meet financial obligations as and it is a measure of the ability of a debtor to pay his debts when they fall due (without affecting either the daily operations or the financial condition of the Company). It is also the risk that a financial institution will incur losses because it finds difficult to secure the necessary funds or forced to obtain funds at far higher interest rates than under normal conditions due to mismatch between the maturities of assets and liabilities or unexpected outflow of funds. In addition, liquidity risk is expressed as a financial institution that incur losses because it is unable to conduct market transactions or is forced to conduct transactions at far more unfavorable prices than under normal conditions due to a market crisis and the like. It is usually expressed as the ratio or a percentage of current liabilities to liquid assets.

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

4.4.1 Management of Liquidity Risk

Cash flow forecasting is performed by the finance and investment department. The department forecasts rolling forecasts of liquidity requirements to ensure it has sufficient cash to meet operational needs. The Company evaluates its ability to meet its obligations on an ongoing basis. Based on these evaluations, the Company devises strategies to manage its liquidity risk. Prudent liquidity risk management implies that sufficient cash is maintained and that sufficient funding is available to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to the Company's reputation.

And the report include, among other items, the following;

- Factors that may seriously affect liquidity risks.
- External environment conditions such as the economic and market conditions.
- Urgency of funds need.
- Level of trend of liquidity risk.
- Status of compliance with limits and use thereof.
- Ensures that the liquidity policy is properly co-ordinate with other related assets/liability policies of the Company.
- Cash flow needs for the immediate future (one year);
- Previous years liquidity fluctuations (at least two years);
- Income requirements for the year;
- Volume of claims and other operational expenses;
- Any other known factors which may have an effect on available liquidity.



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4.4.2 Measurement of Liquidity Risk

The Company has a process for measuring and monitoring its existing liquidity position as well as its net funding requirements. This involves forecasting cash inflows and outflows over various time horizons to identify potential cash imbalances. Liquidity risk is primarily measured as the ratio of current liability to liquid assets. It is expected that the ratio should at all times be less than to 1.5(105%). i.e. the maximum tolerance liquidity rate the company should keep on hand is one birr for one birr and five cents obligation or liability.

In addition, the company should maintain at least 65% and 50% of admitted asset bank deposits and treasury bills, for General and Long term Insurance business respectively. A minimum operating liquidity level should be established to maintain a comfortable cushion beyond the minimum statutory requirement, in order to meet cash needs. A desired target maximum for operating liquidity also needs to be established to reflect the fact that too much liquidity has a negative effect on earnings. There is some gap in liquidity ration as compared with the market ratio where the company has devised various mitigation strategy including capital raising and generating income from rent and other investment sources.

4.4.3 Maturity Analysis of Financial Liabilities

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

	Notes	0-1 year Birr '000	1-3 years Birr'000	3-5 years Birr'000	Over 5 years Birr'000	Total Birr'000
June 30, 2025						
Insurance Contract Liabilities	8	2,611,430	-	-	-	2,327,207
Reinsurance Contract Liabilities	8	358,346	-	-	-	253,766
Other liabilities	26	371,636	-	-	-	190,461
Total financial liabilities		2,771,434	-	-	-	2,771,434
		0-1 year Birr '000	1-3 years Birr'000	3-5 years Birr'000	Over 5 years Birr'000	Total Birr'000
June 30, 2024						
Insurance Contract Liabilities	8	2,327,207	-	-	-	2,611,430
Reinsurance Contract	8	253,766	-	-	-	358,346
Other liabilities	26	190,462	-	-	-	362,427
Total financial liabilities		3,332,203	-	-	-	3,332,203

4.5 Market Risk

Market risk is the risk of adverse financial impact due to changes in the value or future cash flows of financial instruments from fluctuations in , interest rates and equity prices. Changes in price may occur to a specific investment or in general to the portfolio of investment. Market risk encompasses the risk of financial loss resulting from movements in market prices which refers to the standard deviation of the change in value of a financial instrument with a specific time horizon. The Company does not ordinarily engage in trading activities as there are no active markets in Ethiopia.

4.5.1 Management of Market Risk

To effectively control and manage market risk the need for establishing capital market is un questionable. The establishment and operation of a well regulated equity market could enhance initiatives to establish new and expand/diversify existing business by providing venture capital and the flexibility to exist from or simply change investment portfolio.

Market risk is Monitored by the risk management unit . It is responsible to prepare a quarterly investment report that will provide analysis of the status of the current investment portfolio and transactions made over the reporting period. Besides, investment committee has been established and it is responsible for assessing investment options and recommending the viable options to senior management.



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4.5.2 Measurement of Market Risk

The principle adopted in the management of investments is to closely match assets to the nature and term of insurance liabilities where possible. Total capital held in each entity reflects the results of internal models of economic capital, and takes in to account business growth plans ,as well as the likelihood of not being able to demonstrate an appropriate level of solvency. Market risk is measured on the basis of investment capital or need of the company .Investment is made on evaluating the investee companies and the type of investment. Investment risk is measured on the basis of security of the investees, liquidity consideration, and interest rate offer, and investment period ,rate of return and feasibility study documents.

4.5.3 Monitoring of Market Risk

Market risk is monitored by performing regular asset liability matching exercises, monitoring market volatility ,comparing actual performance with benchmark performance, and tracking errors and distributions of fixed interest assets. Market risk is further monitored by measuring and comparing the actual risk exposure in terms of economic capital to an approved limit, based on a value at risk calculation.

. Interest rate risk

Is the risk that the value of a financial instrument will be affected by changes in market interest rates. The company's exposure to the risk of changes in market interest rates relates primarily to its financial obligations and financial assets with fixed interest rates . the Company monitors this exposure through periodic reviews of the assets and liability position. Estimate of cash flows, as well as the impact of interest rate fluctuations relating to the investment portfolio and insurance provisions are modeled and reviewed. The overall objective these strategies is to limit the net change in value of assets and liabilities arising from interest rate movements. While it is more difficult to measure the interest sensitivity of insurance liabilities than that of the related assets, to the extent that such sensitivities are measurable than the interest rate movements will generate asset value changes that substantially offset changes in the value of the liabilities relating to the underlying products. The Company is also exposed to the risk of changes in future cash flows from fixed income securities arising from the changes in interest rates.

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

June 30, 2025	Notes	Fixed Birr'000	Non- Interest bearing Birr'000	Total Birr'000
Assets				
Cash and bank balances	24	3,445,486	-	3,445,486
- Financial assets at FVTOCI	17		426,324	426,324
- Financial assets at amortized costs	17	163,281	-	163,281
Insurance Contract Assets	8	76,494	-	76,494
Reinsurance Contract Assets	8	855,143	-	855,143
Other assets	23	128,815	-	128,815
Total		4,669,220	426,324	5,095,544
Liabilities				
Insurance contract liabilities	8	2,611,430	-	2,611,430
Reinsurance Contract Liabilities	8	358,346	-	358,346
Other liabilities	26	362,427	-	362,427
Total		3,332,203	-	3,332,203
30/Jun/24				
		Fixed Birr'000	Non- Interest bearing Birr'000	Total Birr'000
Assets				
Cash and bank balances	24	2,523,057	-	2,523,057
- Financial assets at FVTOCI	17	-	389,826	389,826
- Financial assets at amortized costs	17	81,382	-	81,382
Insurance Contract Assets	8	19,699	-	19,699
Reinsurance Contract Assets	8	812,006	-	812,006
Other assets	23	52,600	-	52,600
Total		3,488,745	389,826	3,878,571
Liabilities				
Insurance contract liabilities	8	2,327,207	-	2,327,207
Reinsurance Contract Liabilities	8	253,766	-	253,766
Other liabilities	26	190,462	-	190,462
Total		2,771,435	-	2,771,435



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. Foreign Exchange Risk

Foreign exchange risk is the risk of loss arising from adverse exchange rate movements in foreign exchange exposures. The company primarily transacts in Ethiopian Birr and its assets and liabilities are denominated in the same currency. Therefore, the company is not exposed to currency risk.

. Price risk

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company's price risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, diversification plans, and limit on investments in each sector and market.

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

4.6 Capital Management

Capital management risk is failure to maintain adequate regulatory capital to meet NBE's capital requirements or the Company's internal capital target aiming to safeguard its ability to continue as a going concern, and maintain strong capital base so as to maintain investors, creditors, and enhance market confidence and sustain future developments of business. Even though the current paid up capital of the company's seems above the regulatory threshold. The company contemplates to double the capital within the coming five years in order to meet the needs of policyholders and other stakeholders.

4.6.1 Margin of Solvency Ratio

Solvency margin is the amount by which the asset of an insurer exceeds its liabilities. Methods of calculating solvency margin of an insurer are prescribed in the margin of solvency (MOS) Directive No.SIB/45/2016 of National Bank of Ethiopia (NBE).

The directive stipulates the minimum solvency margin, which an insurer must maintain at all times. For instance, an insurer carrying on general business shall keep admitted capital amounting 25% of its technical provision (or 20% of the net Written premiums in the last preceding financial year, or the minimum paid up capital). Whereas, an insurer carrying on long term business shall keep admitted capital amounting to the higher of 10% of technical provisions or the minimum paid up capital can be mentioned.

The solvency of insurance company or its financial strength depends chiefly on whether sufficient technical reserves have been setup for the obligations entered into and whether the company has adequate capital as security.

General business	30-Jun-25	30-Jun-24
Admissible assets	A	
Property, plant and equipment	350,192	344,996
Investment properties	204,565	209,151
- Financial assets at FVTOCI	330,241	301,309
- Financial assets at amortized costs	144,491	70,195
Statutory deposits	187,488	149,434
Insurance receivables	33,688	11,250
Reinsurance Contract Assets	837,556	787,229
Salvage property held for sale	13,038	19,302
Other assets	126,216	47,817
Deposits with financial institutions	2,825,206	2,061,851
Cash and cash equivalents	283,568	139,933
Total	5,336,248	4,142,467
Admissible Liabilities	B	
Insurance contract liabilities/Gross/	2,318,082	1,976,395
Reinsurance Contract Liabilities	330,043	230,111
Other liabilities	339,824	186,969
Current income tax liabilities	98,061	65,570
Lease Liabilities	14,619	11,856
Defined benefit obligations	12,376	9,203
Deferred income tax	66,688	54,484
Total	3,179,693	2,534,588





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Excess (admitted capital) (A)-(B)	C	2,156,554	1,607,879
Net premium (preceding year)	D	1,255,683	994,883
Technical provision (current year)	E	2,318,082	1,976,395
Solvency margin			
Limit of net premium i.e. 20% of net premium	F	251,137	198,977
Limit of technical provision i.e. 25% of technical provision	G	579,521	494,099
Minimum paid up Capital		400,000	400,000
Higher of the three	H	579,521	494,099
Margin of solvency	(C-H)	1,577,034	1,113,780
Solvency ratio	C/H	372%	325%

Life business

June 30, 2025

June 30, 2024

		Birr'000	Birr'000
Admissible assets	A		
Property, plant and equipment		47,970	49,256
Investment properties		62,585	64,020
- Financial assets at FVTOCI		96,083	88,518
- Financial assets at amortized costs		18,790	11,187
Statutory deposits		17,088	16,077
Reinsurance Contract Assets		17,587	8,449
Insurance Contract Assets			
Other assets		2,599	4,783
Over investment		0	
Deposits with financial institutions		331,367	315,783
Cash and cash equivalents		5,346	5,490
Total		599,415	563,563
Admissible Liabilities	B		
Insurance Contract Liabilities		293,348	350,812
Deferred tax liability		7,237	5,476
Reinsurance Contract Liabilities		28,303	23,655
Other liabilities		22,604	3,492
Defined benefit obligations		383	293
Total		351,875	383,728
Excess (admitted capital) (A)-(B)	C	247,540	179,835
Technical provision (current year)	D	293,348	350,812
Solvency margin			
Limit of technical provision i.e. 10% of technical provision	E	29,335	35,081
Minimum Paid up capital	F	100,000	100,000
Higher of the two	G	100,000	100,000
Margin of solvency	(C-G)	147,540	79,835
Solvency ratio	C/G	168%	225%

As per the National Bank regulation, the admitted capital should be above 10% of technical provisions or the minimum paid up capital and the long term business solvency margin is above the minimum requirement as shown in the above table



Hibret Insurance SC

Notes to the financial Statements

For the year ended 30 June 2025

4.7 Fair value of financial assets and liabilities

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

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

4.7.1 Valuation models

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within

. Level 1 : Inputs that are quoted market prices (Unadjusted) in active markets for identical assets or liabilities.

. Level 2 : Inputs other than quoted prices included with in level 1 that are observable for the asset or liability, either directly (i.e. as prices or indirectly (i.e. derived from prices) . This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation technique in which all significant inputs are directly or indirectly observable from market data. In conclusion, this category is for valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

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

4.7.2 Financial instruments not measured at fair value

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

	Notes	Carrying amount Birr'000	Fair value Birr'000	Carrying amount Birr'000	Fair value Birr'000
Financial assets					
Cash and Cash equivalents	24	288,914	288,914	145,423	145,423
Deposits with financial institutions	24	3,156,572	3,156,572	2,377,634	2,377,634
- Financial assets at FVTOCI	17	426,324	426,324	389,826	389,826
- Financial assets at amortized costs	17	163,281	163,281	81,382	81,382
Reinsurance Contract Assets	8	855,143	855,143	812,006	812,006
Other assets	23	128,815	128,815	52,600	52,600
Total		5,019,049	5,019,049	3,858,872	3,858,872
Financial Liabilities					
Insurance Contract Liabilities	8	2,611,430	2,611,430	2,327,207	2,327,207
Reinsurance Contract Liabilities	8	358,346	358,346	253,766	253,766
Other liabilities	26	371,636	362,427	190,462	190,462
		3,341,412	3,332,203	2,771,435	2,771,435

4.7.3 Fair value methods and assumptions

Investment securities

Government bonds are classified as loans and receivables and are measured at amortized cost using the effective interest rate (EIR) method. This means The amortized cost is determined as the fair value of the bond at inception plus interest accrued using the effective interest rate.

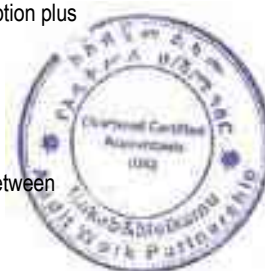
4.7.4 Valuation technique using significant unobservable inputs - Level 2

4.7.5 Transfers between the fair value hierarchy categories

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

4.8 Offsetting financial assets and financial liabilities

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



Hibret Insurance SC

Notes to the financial Statements

For the year ended 30 June 2025

5 Segment information

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

Business segments

The Company operates the following main business segments:

Non- life (General) Business- Includes general insurance transactions with individual and corporate customers.

Life Business- Includes life insurance policies with individual and corporate customers.

General Takaful Business

The Company manages Takaful operations as a trustee under a wakalah agreement, charging a 35% wakalah fee on general Takaful contributions to cover operational expenses. It also manages Sharia-compliant Takaful Fund investments, with returns shared according to a mudarabah-like ratio on shareholder funds, incentivizing performance. A separate investment management fee compensates the Company for managing participant fund investments. A Shariah board ensures all activities comply with Islamic principles.

The segment information for the reporting segments for the year ended 30 June 2025 is as follows:

5.1 Statement of Financial Position - 30 June 2025

	Notes	General Business Birr'000	Life Business Birr'000	Total Birr'000
ASSETS				
Property, plant and equipment	14	369,386	48,352	417,738
Investment properties	15	204,565	62,585	267,150
Intangible assets	16	15,224	90	15,314
Right-of-use assets	28	26,051	-	26,051
Investment securities :				-
Financial Asset at FVOCI	17	330,241	96,083	426,324
Financial asset at Amortized Cost	17	144,491	18,790	163,281
Statutory deposits	18	187,488	17,088	204,576
Insurance Contract Assets	8g	33,688	42,806	76,494
Reinsurance Contract Assets	8 a,b	837,556	17,587	855,143
Policy holder loans	21	-	92	92
Salvage property held for sale	22	13,038	-	13,038
Other assets	23	126,216	2,599	128,815
Deposits with financial institutions	24	2,825,206	331,367	3,156,572
Cash and cash equivalents	24	283,568	5,346	288,914
Total assets		5,396,717	642,785	6,039,502
LIABILITIES				
Insurance contract liabilities	8 d,e	2,318,082	293,348	2,611,430
Reinsurance Contract Liabilities	8 H	330,043	28,303	358,346
Other liabilities	26	349,033	22,604	371,636
Current income tax liabilities	27	98,061	19,872	117,933
Lease Liabilities	28	14,619	-	14,619
Defined benefit obligations	29	12,376	383	12,759
Deferred income tax	27	66,688	7,237	73,926
Total liabilities		3,188,902	371,747	3,560,649
EQUITY				
Share capital	30	1,236,598	105,000	1,341,598
Share premium	30	15,202	-	15,202
Retained earnings	31	608,572	98,822	707,395
IFRS Adoption Re-measurement Reserve		61,468	4,472	65,940
Legal reserve	32	241,383	41,082	282,465
Revaluation Reserve-Equity Investment	11	56,699	16,048	72,747
Other reserves	33	(6,088)	(407)	(6,495)
Total equity		2,213,835	265,018	2,478,852
Total equity and liabilities		5,396,717	642,785	6,039,502



Hibret Insurance SC
Notes to the financial Statements
For the year ended 30 June 2025

5.2 Statement of Financial Position - 30 June 2024

	Notes	General Business Birr'000	Life Business Birr'000	Total Birr'000
ASSETS				
Property, plant and equipment	14	360,744	49,705	410,449
Investment properties	15	209,151	64,020	273,170
Intangible assets	16	11,385	128	11,514
Right-of-use assets	16	22,004		22,004
Investment securities :	28			
Financial Asset at FVOCI		301,309	88,518	389,826
Financial asset at Amortized Cost	17	70,195	11,187	81,382
Statutory deposits	17	149,434	16,077	165,511
Insurance Contract Assets	18	11,250	8,449	19,699
Reinsurance Contract Assets	8g	787,229	24,777	812,006
Policy holder loans	8 a,b	-	87	87
Salvage property held for sale	21	19,302		19,302
Other assets	22	47,817	4,783	52,600
Deposits with financial institutions	23	2,061,851	315,783	2,377,634
Cash and cash equivalents	24	139,933	5,490	145,423
Total assets	24	4,191,603	589,004	4,780,608
LIABILITIES				
Insurance contract liabilities		1,976,395	350,812	2,327,207
Reinsurance Contract Liabilities	8 d,e	230,111	23,655	253,766
Investment Contract Liabilities	8 H			-
Other liabilities		196,178	3,492	190,462
Current income tax liabilities	26	65,570	(1,524)	64,046
Lease Liabilities	27	11,856		11,856
Defined benefit obligations	28	9,203	293	9,496
	29	54,484	5,476	59,960
EQUITY		2,534,588	382,205	2,916,793
Share capital	30			
Share premium	30	963,175	105,000	1,068,175
Retained earnings	31 b	15,202	-	15,202
IFRS Adoption Re-measurement Reserve		372,797	43,514	416,310
Legal reserve	32	61,468	4,472	65,940
Participants Takaful Fund		168,048	30,102	198,151
Revaluation Reserve-Equity Investment	33	79,321	24,131	103,452
Other reserves		(2,996)	(419)	(3,415)
Total equity		1,657,015	206,800	1,863,815
Total equity and liabilities		4,191,603	589,004	4,780,609



Hibret Insurance SC

Notes to the financial Statements

For the year ended 30 June 2025

5.3 30 June 2025

	Notes	General Business Birr'000	Life Business Birr'000	Total Birr'000
Insurance Revenue	6.a	2,121,589	215,720	2,337,309
Insurance Service Expense	6.b	(1,062,595)	(167,627)	(1,230,222)
Net Expenses from Reinsurance Contracts Held	6.c	(351,323)	9,607	(341,716)
Insurance Service Result		707,671	57,700	765,372
Net Investment Income	12	466,457	77,977	544,434
Finance Income/(Expenses) from Insurance Contracts	6.d	156,924	7,079	164,002
Finance Income/(Expenses) from Reinsurance Contracts	6.d	(48,829)	671	(48,158)
Net Financial Result		574,551	85,727	660,278
Other income	13	7,739	742	8,481
Wakala fee income		11,183		11,183
Other Operating Expense	7.2	(426,215)	(10,766)	(436,981)
Impairment of loss		85	644	729
Finance Cost	7.3	(1,012)	-	(1,012)
Profit before tax from reportable segments		874,002	134,048	1,008,050
Income tax expense	27 a	(140,656)	(24,245)	(164,901)
Profit for the year		733,346	109,803	843,149
Other Comprehensive Income				
Revaluation gain/loss on Equity Investments		56,699	16,048	72,747
Total Comprehensive Income		790,046	125,851	915,897
		614,022	18,257	632,280
Assets and liabilities 2025				
Total assets		5,396,717	642,785	6,039,502
Total liabilities		3,179,693	371,747	3,551,440
Net assets/(liabilities)				

5.4 30 June 2024

	Notes	General Business Birr'000	Life Business Birr'000	Total Birr'000
Insurance Revenue	6.a	1,642,503	125,613	1,768,115
Insurance Service Expense	6.b	(1,243,529)	(118,727)	(1,362,256)
Net Expenses from Reinsurance Contracts Held	6.c	31,883	(6,850)	25,033
Insurance Service Result		430,856	36	430,892
Net Investment Income	12	338,584	58,008	396,591
Finance Income/(Expenses) from Insurance Contracts	0	56,419	(7,240)	49,179
Finance Expenses/(Income) from Reinsurance Contracts	0	(41,362)	649	(40,713)
Net Financial Result		353,641	51,417	405,058
Other income	13	3,233	158	3,391
Other Operating Expense	7.2	(260,799)	(11,057)	(271,856)
Impairment of loss		(883)	(756)	(1,639)
Finance Cost	7.3	(969)	-	(969)
Profit before tax from reportable segments		525,080	39,798	564,878
Income tax expense	27 a	(91,116)	(953)	(92,069)
Profit for the year		433,964	38,845	472,809
Other Comprehensive Income				
Revaluation gain/loss on Equity Investments		79,321	24,131	103,452
Total Comprehensive Income		513,285	62,976	576,261
Assets and liabilities 2024				
Total assets		4,191,603	589,004	4,780,608
Total liabilities		2,534,588	382,205	2,916,793
Net assets/(liabilities)		1,657,015	206,800	1,863,815



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For the year ended 30 June 2025

Statement of Financial Position - Takaful 30 June 2025

		General Takaful Business	LifeTakaful Business	Total
	Note	Birr'000	Birr'000	Birr'000
ASSETS				
Insurance Contract Assets	8	263	-	263
Reinsurance Contract Assets	8	12,737	-	12,737
Other assets	25	1,188		1,188
Cash and cash equivalents	26	30,914	-	30,914
Total assets		45,102	-	45,102
LIABILITIES				
Insurance contract liabilities	8	27,724	-	27,724
Reinsurance Contract Liabilities	8	16,309		16,309
Total liabilities		56,776	-	56,776
EQUITY				
Participants Takaful Fund	38	(11,674)		(11,674)
Total equity		(11,674)	-	(11,674)
Total equity and liabilities		45,102	-	45,102

30 June 2025

		General Takaful Business	Life Takaful Business	Total
		Birr'000	Birr'000	Birr'000
Insurance Revenue	6.a	6,294	-	6,294
Insurance Service Expense	6.b	(3,928)	-	(3,928)
Net Expenses from Reinsurance Contracts Held	6.c	(14,525)		
Insurance Service Result		(12,158)	-	(12,158)
Net Investment Income				
Finance Income/(Expenses) Expenses from Insurance Contracts		507		
Finance Income/(Expenses) from Reinsurance Contracts		(23)		
Net Financial Result		484	-	484
Increase/(Decrease) in Participant Fund		(11,674)	-	(11,674)
Profit before tax from reportable segments		-		
Profit/(loss) for the year		(11,674)	-	(11,674)
Assets and liabilities 2025				
Total assets		45,102		45,102
Total liabilities		56,776		56,776
Net assets/(liabilities)		(11,674)		(11,674)





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6.a Insurance Revenue

	30 June 2025	30 June 2024
	Birr'000	Birr'000
Non Life		
Contracts measured under PAA		
Engineering	151,001	73,963
Liability	87,872	71,104
Pecuniary	77,940	38,411
Fire	206,945	166,240
Burglary	7,073	5,370
Accident	22,653	15,570
Medical	12,275	9,430
WC	23,730	19,095
Motor	1,295,241	1,043,517
Aviation	62,102	54,322
Marine	34,508	21,648
Goods in transit	23,471	12,758
Miscellaneous	116,779	111,072
Total	2,121,589	1,642,503
Life Business		
Contracts measured under PAA	180,350	143,527
Contracts measured under GMM	35,370	(17,914)
	215,720	125,613
Total Insurance Revenue	2,337,309	1,768,115
Takaful	30 June 2025	30 June 2024
	Birr'000	Birr'000
Contracts measured under PAA		
Engineering	41	
Liability	108	
Fire	253	
Burglary	24	
WC	24	
Motor	4,472	
Miscellaneous	1,372	
Total	6,294	

6.b Insurance Service Expenses

	30 June 2025	30 June 2024
	Birr'000	Birr'000
Non Life		
Contracts measured under PAA		
Engineering	(61,014)	(17,357)
Liability	(42,576)	(44,301)
Pecuniary	125,957	(295,616)
Fire	(53,548)	(87,672)
Burglary	(487)	(1,398)
Accident	(19,209)	(14,960)
Medical	666	(2,028)
WC	(20,934)	(15,685)
Motor	(946,831)	(691,406)
Aviation	226	(8,485)
Marine	(23,145)	(9,620)
Goods in transit	(19,213)	(15,777)
Miscellaneous	(2,485)	(39,224)
Total	(1,062,595)	(1,243,529)



Hibret Insurance SC
Notes to the financial Statements
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	30 June 2025	30 June 2024
	Birr'000	Birr'000
Life Business		
Contracts measured under PAA	131,368	96,216
Contracts measured under GMM	36,259	22,510
	167,627	118,727
Total Insurance Service Expenses	1,230,222	1,362,256
Takaful		
	30 June 2025	30 June 2024
	Birr'000	Birr'000
Contracts measured under PAA		
Engineering	11	
Liability	38	
Fire	44	
Burglary	3	
WC	13	
Motor	3,645	
Miscellaneous	174	
Total	3,928	
6.c Net expenses from reinsurance contracts held		
Non Life		
	30 June 2025	30 June 2024
	Birr'000	Birr'000
Contracts measured under PAA		
Engineering	(72,400)	(34,331)
Liability	(3,872)	(11,858)
Pecuniary	(144,488)	211,714
Fire	(91,909)	(35,388)
Burglary	(3,027)	287
Accident	23	277
Medical	(2,797)	(1,779)
WC	191	(354)
Motor	108,484	3,845
Aviation	(54,655)	(39,803)
Marine	(1,627)	(2,826)
Goods in transit	(2,812)	(1,206)
Miscellaneous	(82,433)	(56,695)
Total	(351,323)	31,883
Life Business		
Contracts measured under PAA	9,668	1,698
Contracts measured under GMM	(61)	5,152
	9,607	6,850
Total Net Expenses from Reinsurance Contracts Held	(341,716)	38,733
Takaful		
	30 June 2025	30 June 2024
	Birr'000	Birr'000
Contracts measured under PAA		
Engineering	(182)	
Liability	(268)	
Fire	(946)	
Burglary	(187)	
WC	(83)	
Motor	(10,057)	
Miscellaneous	(2,803)	
Total	(14,525)	



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6.d Finance (Expense)/Income From insurance Contracts:

	30 June 2025	30 June 2024
	Birr'000	Birr'000
Non Life	156,924	56,419
Life Business	7,079	(7,240)
	164,002	49,179
Takaful	507	

Finance Expenses From Reinsurance Contracts:

	30 June 2025	30 June 2024
	Birr'000	Birr'000
Non Life	(48,829)	(41,362)
Life Business	671	649
	(48,158)	(40,713)
Takaful	(23)	

7 Operating and other expenses:

	30 June 2025	30 June 2024
	Birr'000	Birr'000
General business		
Director fixed emoluments	1,198	895
Shareholders meeting expense	952	557
Depreciation	34,301	29,164
Amortization	1,712	1,120
Depreciation-ROU	13,966	11,573
Financial expense	8,303	10,321
Office rent	8,568	6,104
Auditor remuneration	286	231
NBE Examination Fee	500	
Other general expense	13,538	16,240
Repair and maintenance	16,059	10,531
Stationeries and office supplies	14,427	11,670
Property tax expenses	7,348	6,716
Gifts and donations	6,617	126
Communication costs	5,039	4,344
Transportation costs	13,860	10,025
Advertising and promotion	32,730	12,124
30 years Anniversary cost	14,237	
Insurance costs	5,149	3,774
VAT paid to Tax office	64,434	
Professional services	5,423	2,303
	268,645	137,816
Staff insurance	10,197	8,097
Leave pay	4,659	4,497
Staff bonus	60,368	49,981
Staff training expense	8,359	9,005
Defined contribution costs- employers' contribution	24,393	18,259
Defined benefit costs- severance pay	3,281	2,632
Other staff expenses	39,648	29,083
Total	333,072	257,429
	601,716	395,245



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	30 June 2025	30 June 2024
	Birr'000	Birr'000
Operating and other expense		
Life business		
Director fixed emoluments	63	114
Shareholders meeting expense	19	-
Depreciation	2,788	2,295
Amortization	38	38
Financial expense	129	14
Auditor remuneration	10	26
Other general expense	32	1,888
Actuarial fee	1,092	298
Repair and maintenance	49	70
Stationeries and office supplies	664	1,258
Property tax expenses	858	-
Communication costs	16	74
Insurance costs	-	148
Transportation costs	773	343
Advertising and promotion	1,158	634
	7,691	7,200
	30 June 2025	30 June 2024
	Birr'000	Birr'000
Employee benefits expense		
Salaries and wages	7,693	5,072
Staff insurance	-	203
Leave pay	170	225
Staff bonus	2,548	2,379
Staff training expense	65	269
Defined contribution costs	619	594
Defined benefit costs	107	98
Other staff expenses	1,344	4,750
	12,545	13,590
	20,236	20,790
Total operating and Other Expenses	621,952	416,035
7.1 Directly Attributable Expenses	30 June 2025	30 June 2024
	Birr'000	Birr'000
Non Life	174,881	141,910
Life Business	9,470	9,733
	184,351	151,643
7.2 Non Attributable Expenses	30 June 2025	30 June 2024
	Birr'000	Birr'000
Non Life	426,215	262,653
Life Business	10,766	11,057
	436,981	273,710



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7.3 Non Attributable Finance Cost

	30 June 2025	30 June 2024
	Birr'000	Birr'000
Non Life	1,012	969
Non Life	602,108	405,532
Life Business	20,236	20,790
	622,344	426,322

8a Reinsurance Asset Non Life

	30 June 2025	30 June 2024
	Birr'000	Birr'000
Unearned Premium Reserve	389,721	175,340
Loss Recovery	20,743	128,442
Asset for Remaining Coverage	410,464	253,029
Outstanding claims	419,905	419,905
Incurred But Not Record	48,515	48,771
Risk Adjustment	64,769	143,113
Effect of Discounting	(106,096)	(57,267)
Asset for Incurred Claims	427,093	554,522
Reinsurance Asset	837,556	807,551

8b Reinsurance Asset Life business

	30 June 2025	30 June 2024
	Birr'000	Birr'000
Measured by PAA model		
Unearned Premium Reserve	11,346	17,711
Asset for Remaining Coverage	693	6,219
Outstanding claims	2,922	541
Incurred But Not Record	237	83
Risk Adjustment	(169)	(835)
Asset for Incurred Claims	3,684	6,008
Reinsurance Asset	15,030	23,719

Measured by GMM Model

	30 June 2025	30 June 2024
	Birr'000	Birr'000
Long term Life Insurance	1,628	265
Contractual service margin	610	639
Risk Adjustment	319	154
Total	2,557	1,058

Total Non life and Life 855,143 832,328

8c Reinsurance Asset Takaful

	30 June 2025	30 June 2024
	Birr'000	Birr'000
Unearned Premium Reserve	12,642	
Asset for Remaining Coverage	12,642	
Outstanding claims	89	
Incurred But Not Record	22	
Risk Adjustment	7	
Effect of Discounting	(23)	
Asset for Incurred Claims	12,619	



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For the year ended 30 June 2025

8d Insurance Contract Liability Non Life	30 June 2025	30 June 2024
	Birr'000	Birr'000
Unearned Premium Reserve	1,271,415	813,679
Differed Acquisition Cost	(68,172)	(48,998)
Loss Recovery	22,048	157,555
Liability for Remaining Coverage	1,225,290	922,236
Outstanding claims	1,000,300	782,557
Unallocated Loss Adjustment Expense ULAE	7,580	5,656
Incurred But Not Record	215,882	160,377
Risk Adjustment	127,543	207,159
Effect of Discounting	(258,513)	(101,589)
Liability for Incurred Claims	1,092,792	1,054,159
Insurance Contract Liability	2,318,082	1,976,395
	30 June 2025	30 June 2024
	Birr'000	Birr'000
8e Insurance Contract Liability Life		
Unearned Premium Reserve	76,601	140,327
Differed Acquisition Cost	(5,831)	(5,079)
Liability for Remaining Coverage	70,771	135,247
Outstanding claims	13,867	14,514
Incurred But Not Record	13,210	10,830
Risk Adjustment	4,745	1,653
Effect of Discounting	(3,372)	(2,783)
Liability for Incurred Claims	28,451	24,214
Insurance Contract Liability	99,222	159,461
	293,348	350,812
Total Life and Non life	2,611,430	2,327,207
	30 June 2025	30 June 2024
	Birr'000	Birr'000
8f Insurance Contract Liability Takaful		
Unearned Premium Reserve	25,565	
Differed Acquisition Cost	(49)	
Liability for Remaining Coverage	25,516	
Outstanding claims	1,796	
Incurred But Not Record	631	
Risk Adjustment	197	
Effect of Discounting	(507)	
Liability for Incurred Claims	2,117	
Insurance Contract Liability	27,633	
8g Insurance Contract Assets		
Insurance Contract Assets Takaful		
Non Life	Birr'000	Birr'000
	33,688	11,250
Life Business	42,806	8,449
	76,494	19,699
	30 June 2025	30 June 2024
	Birr'000	Birr'000
8h Reinsurance Contract Liabilities Takful		
Non Life	330,043	230,111
Life Business	28,303	23,655
	358,346	253,766
8i Reinsurance Contract Liabilities	16,309	



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Notes to the financial Statements
For the year ended 30 June 2025

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9.a Reconciliation from opening to the closing balances for LIC & LRC
Non Life Business Contracts measured under PAA Gross Non Life June 2025

	Liability for Incurred claims Risk Adjustment	Liability for incurred claims Best Estimate	Liability for remaining coverage Excluding Loss Component	Loss Component	Total
Insurance Contract Liabilities Opening Balance	207,159	847,000	813,679	157,555	2,025,393
Insurance Contract Assets Opening Balance	-	-	(48,998)	-	(48,998)
Net Balance Opening balance	207,159	847,000	764,681	157,555	1,976,395
Insurance Revenue	-	-	(2,121,589)	-	(2,121,589)
Insurance Service Expense	(79,615)	1,159,310	118,408	(135,508)	1,062,595
Incurred Claims	-	984,429	-	-	984,429
Directly Attributable Expenses	-	174,881	-	-	174,881
Adjustment To Liabilities For Incurred Claims	(79,615)	-	-	-	(79,615)
Losses On Onerous Contracts And Reversal Of Those Losses	-	-	-	(135,508)	(135,508)
Acquisition Cash Flows Amortization	-	-	118,408	-	118,408
Insurance Service Result	(79,615)	1,159,310	(2,003,181)	(135,508)	(1,058,994)
Insurance Finance Expense Total	-	(156,924)	-	-	(156,924)
Recognized In P & L	-	(156,924)	-	-	(156,924)
Cash Flows	-	(884,138)	2,441,743	-	1,557,605
Premiums Received	-	-	2,579,325	-	2,579,325
Claims Excluding Non Distinct Investment Component	-	(709,257)	-	-	(709,257)
Non Distinct Investment Component Paid	-	-	-	-	-
Directly Attributable Expenses Paid	-	(174,881)	-	-	(174,881)
Insurance Acquisition Cash Flows	-	-	(137,582)	-	(137,582)
Insurance Contract Liabilities Closing balance	127,543	965,249	1,271,415	22,048	2,386,255
Insurance Contract Assets Closing balance	-	-	(68,172)	-	(68,172)
Net Balance Closing balance	127,543	965,249	1,203,242	22,048	2,318,082

100 PAA – GROSS June 30 2024
IFRS 17 – NON LIFE BUSINESS

	Liability for Incurred claims Risk Adjustment	Liability for incurred claims Best Estimate	Liability for remaining coverage Excluding Loss Component	Loss Component	Total
Insurance Contract Liabilities Opening balance	84,010	505,139	726,406	148,255	1,463,810
Insurance Contract Assets Opening balance	-	-	(40,998)	-	(40,998)
Net Balance Opening balance	84,010	505,139	685,408	148,255	1,422,812
Insurance Revenue	-	-	(1,642,503)	-	(1,642,503)
Insurance Service Expense	123,149	1,015,097	95,983	9,301	1,243,529
Incurred Claims	-	873,187	-	-	873,187
Directly Attributable Expenses	-	141,910	-	-	141,910
Adjustment To Liabilities For Incurred Claims	123,149	-	-	-	123,149
Losses On Onerous Contracts And Reversal Of Those	-	-	-	9,301	9,301
Acquisition Cash Flows Amortization	-	-	95,983	-	95,983
Insurance Service Result	123,149	1,015,097	(1,546,520)	9,301	(398,974)
Insurance Finance Expense Total	-	(56,419)	-	-	(56,419)
Recognized In P & L	-	(56,419)	-	-	(56,419)
Cash Flows	-	(616,818)	1,625,793	-	1,008,976
Premiums Received	-	-	1,729,776	-	1,729,776
Claims Excluding Non Distinct Investment Component	-	(474,907)	-	-	(474,907)
Directly Attributable Expenses Paid	-	(141,910)	-	-	(141,910)
Insurance Acquisition Cash Flows	-	-	(103,983)	-	(103,983)
Insurance Contract Liabilities Closing balance	207,159	847,000	813,679	157,555	2,025,393
Insurance Contract Assets Closing balance	-	-	(48,998)	-	(48,998)
Net Balance Closing balance	207,159	847,000	764,681	157,555	1,976,395

Hibret Insurance SC
Notes to the financial Statements
For the year ended 30 June 2025

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9.b Contracts measured under the PAA Life Business

100 PAA – GROSS 30 June 2025

IFRS 17 – LIFE BUSINESS

	Liability for Incurred claims Risk Adjustment	Liability for incurred claims Best Estimate	Liability for remaining coverage Excluding Loss Component	Loss Component	Total
Insurance Contract Liabilities Opening balance	1,653	22,561	140,327	-	164,541
Insurance Contract Assets Opening balance	-	-	(5,079)	-	(5,079)
Net Balance Opening balance	1,653	22,561	135,247	-	159,461
Insurance Revenue	-	-	(180,350)	-	(180,350)
Insurance Service Expense	3,091	117,488	10,788	-	131,368
Incurred Claims	-	109,705	-	-	109,705
Directly Attributable Expenses	-	7,784	-	-	7,784
Adjustment To Liabilities For Incurred Claims	3,091	-	-	-	3,091
Acquisition Cash Flows Amortization	-	-	10,788	-	10,788
Insurance Service Result	3,091	117,488	(169,562)	-	(48,982)
Insurance Finance Expense Total	-	(588)	-	-	(588)
Recognized In P & L	-	(588)	-	-	(588)
Cash Flows	-	(115,755)	105,085	-	(10,669)
Premiums Received	-	-	116,624	-	116,624
Claims Excluding Non Distinct Investment Component	-	(107,971)	-	-	(107,971)
Directly Attributable Expenses Paid	-	(7,784)	-	-	(7,784)
Insurance Acquisition Cash Flows	-	-	(11,539)	-	(11,539)
Insurance Contract Liabilities Closing balance	4,745	23,706	76,601	-	105,052
Insurance Contract Assets Closing balance	-	-	(5,831)	-	(5,831)
Net Balance Closing balance	4,745	23,706	70,771	-	99,222

100 PAA – GROSS

IFRS 17 – LIFE BUSINESS 30 June 2024

	Liability for Incurred claims Risk Adjustment	Liability for incurred claims Best Estimate	Liability for remaining coverage Excluding Loss Component	Loss Component	Total
Insurance Contract Liabilities Opening balance	2,405	9,952	82,424	-	94,780
Insurance Contract Assets Opening balance	-	-	(4,560)	-	(4,560)
Net Balance Opening balance	2,405	9,952	77,864	-	90,220
Insurance Revenue	-	-	(143,527)	-	(143,527)
Insurance Service Expense	(751)	97,926	10,077	-	107,251
Incurred Claims	-	89,489	-	-	89,489
Directly Attributable Expenses	-	8,436	-	-	8,436
Adjustment To Liabilities For Incurred Claims	(751)	-	-	-	(751)
Acquisition Cash Flows Amortization	-	-	10,077	-	10,077
Insurance Service Result	(751)	97,926	(133,450)	-	(36,276)
Insurance Finance Expense Total	-	(1,863)	-	-	(1,863)
Recognized In P & L	-	(1,863)	-	-	(1,863)
Cash Flows	-	(83,453)	190,833	-	107,380
Premiums Received	-	-	201,430	-	201,430
Claims Excluding Non Distinct Investment Component	-	(75,017)	-	-	(75,017)
Directly Attributable Expenses Paid	-	(8,436)	-	-	(8,436)
Insurance Acquisition Cash Flows	-	-	(10,597)	-	(10,597)
Insurance Contract Liabilities Closing balance	1,653	22,561	140,327	-	164,541
Insurance Contract Assets Closing balance	-	-	(5,079)	-	(5,079)
Net Balance Closing balance	1,653	22,561	135,247	-	159,461



Hibret Insurance SC
Notes to the financial Statements
For the year ended 30 June 2025

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9.c Contracts not measured under the PAA Life Business
IFRS 17 – LIFE BUSINESS GROSS 30 June 2025

	Liability for the remaining coverage excluding loss component	Loss component	Liability for Incurred Claims	Total
Opening insurance contract liabilities	189,076	1,930	-	191,006
Opening insurance contract assets	-	-	-	-
Net balance as at 01 July 2022	189,076	1,930	-	191,006
Insurance revenue	(35,370)	-	-	(35,370)
Insurance service expenses	-	-	-	-
Incurred claims and other directly attributable expenses	-	-	16,384	16,384
Changes that relate to past service – adjustments to the LI	-	-	-	-
Losses on onerous contracts and reversal of those losses	-	18,876	-	18,876
Insurance acquisition cash flows amortization	999	-	-	999
Insurance service expenses	999	18,876	16,384	36,259
Insurance service result	(34,371)	18,876	16,384	889
Finance expense from insurance contracts issued	(6,425)	(66)	-	(6,491)
Total amounts recognized in comprehensive income	(40,796)	18,810	16,384	(5,602)
Cash flows	-	-	-	-
Premiums received	25,269	-	-	25,269
Claims and other directly attributable expenses paid	-	-	(16,384)	(16,384)
Insurance acquisition cash flows	(163)	-	-	(163)
Total cash flows	25,105	-	(16,384)	8,722
Net balance as at 30 June 2023	173,386	20,740	-	194,126
Closing insurance contract liabilities	173,386	20,740	-	194,126
Closing insurance contract assets	-	-	-	-
Net balance as at 30 June 2023	173,386	20,740	-	194,126

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IFRS 17 – LIFE BUSINESS GROSS

	Liability for the remaining coverage excluding loss component	Loss component	Liability for Incurred Claims	Total
Opening insurance contract liabilities	119,946	1,157	219	121,322
Opening insurance contract assets	-	-	-	-
Net balance as at 01 July 2022	119,946	1,157	219	121,322
Insurance revenue	(20,792)	-	-	(20,792)
Insurance service expenses	-	-	-	-
Incurred claims and other directly attributable expenses	1,297	-	9,025	10,321
Changes that relate to past service – adjustments to the LI	58,814	-	125	58,939
Losses on onerous contracts and reversal of those losses	-	773	-	773
Insurance acquisition cash flows amortization	(8,818)	-	-	(8,818)
Insurance service expenses	51,293	773	9,149	61,216
Insurance service result	30,502	773	9,149	40,425
Finance expense from insurance contracts issued	9,103	-	-	9,103
Total amounts recognized in comprehensive income	39,605	773	9,149	49,528
Investment components	-	-	-	-
Other changes	-	-	-	-
Cash flows	-	-	-	-
Premiums received	30,960	-	-	30,960
Claims and other directly attributable expenses paid	(1,297)	-	(9,025)	(10,321)
Insurance acquisition cash flows	(138)	-	-	(138)
Total cash flows	29,526	-	(9,025)	20,501
Net balance as at 30 June 2023	189,076	1,930	344	191,351
Closing insurance contract liabilities	189,076	1,930	344	191,351
Closing insurance contract assets	-	-	-	-
Net balance as at 30 June 2023	189,076	1,930	344	191,351



Hibret Insurance SC
Notes to the financial Statements
For the year ended 30 June 2025

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30 June 2025

IFRS 17 – LIFE BUSINESS

	PV of future cash flows	Risk adj for non-financial risk	Contractual Service Margin	Total
Opening insurance contract liabilities	151,499	29,141	10,367	191,006
Opening insurance contract assets	-	-	-	-
Net balance as at 01 July 2023	151,499	29,141	10,367	191,006
Changes that relate to current service	-	-	-	-
CSM recognized in profit or loss for the services provided	-	-	(1,637)	(1,637)
Changes in risk adjustment for non-financial risk for the risk expired	-	(1,609)	-	(1,609)
Experience adjustments	(15,000)	-	-	(15,000)
	(15,000)	(1,609)	(1,637)	(18,246)
Changes that relate to future service	-	-	-	-
Changes in estimates that adjust the CSM	-	-	-	-
Changes in estimates that result in onerous contract losses or reversal of losses	5,608	655	-	6,263
Contracts initially recognized in the period	10,775	2,097	-	12,872
	16,383	2,752	-	19,135
Changes that relate to past service	-	-	-	-
Changes that relate to past service adjustments to the	-	-	-	-
Insurance service result	1,382	1,143	(1,637)	889
Finance (income) expenses from insurance contracts	(6,456)	(1,291)	1,257	(6,491)
Total amounts recognized in comprehensive income	(5,074)	(148)	(380)	(5,602)
Cash flows	-	-	-	-
Premiums received	25,269	-	-	25,269
Claims and other directly attributable expenses paid	(16,384)	-	-	(16,384)
Insurance acquisition cash flows	(163)	-	-	(163)
Total cash flows	8,722	-	-	8,722
Net balance as at 30 June 2024	155,146	28,993	9,986	194,126
Closing insurance contract liabilities	155,146	28,993	9,986	194,126
Closing insurance contract assets	-	-	-	-
Net balance as at 30 June 2024	155,146	28,993	9,986	194,126

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IFRS 17 – LIFE BUSINESS

	PV of future cash flows	Risk adj for non-financial risk	Contractual Service Margin	Total
Opening insurance contract liabilities	97,298	16,552	7,252	121,103
Opening insurance contract assets	-	-	-	-
Net balance as at 01 July 2022	97,298	16,552	7,252	121,103
Changes that relate to current service	-	-	-	-
CSM recognized in profit or loss for the services provided	-	-	(1,533)	(1,533)
Changes in risk adjustment for non-financial risk for the risk expired	-	11,291	-	11,291
Experience adjustments	26,191	-	-	26,191
	26,191	11,291	(1,533)	35,948
Changes that relate to future service	-	-	-	-
Changes in estimates that result in onerous contract losses or reversal of losses	773	-	-	773
Contracts initially recognized in the period	-	-	3,578	3,578
	773	-	3,578	4,352
Changes that relate to past service	-	-	-	-
Changes that relate to past service adjustments to the LIC	-	-	-	-
Insurance service result	26,964	11,291	2,045	40,300
Finance (income) expenses from insurance contracts held	6,736	1,298	1,069	9,103
Total amounts recognized in comprehensive income	33,700	12,588	3,114	49,403
Other changes	-	-	-	-
Cash flows	-	-	-	-
Premiums received	30,960	-	-	30,960
Claims and other directly attributable expenses paid	(10,321)	-	-	(10,321)
Insurance acquisition cash flows	(138)	-	-	(138)
Total cash flows	20,501	-	-	20,501
Net balance as at 30 June 2023	151,499	29,141	10,367	191,006
Closing insurance contract liabilities	151,499	29,141	10,367	191,006
Closing insurance contract assets	-	-	-	-
Net balance as at 30 June 2023	151,499	29,141	10,367	191,006

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Notes to the financial Statements
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9.d Reconciliation from opening to the closing balances for AIC & ARC

Contracts measured under the PAA

100 PAA – RI 30 June 2025

IFRS 17 – NON LIFE BUSINESS

	Reinsurers Asset for remaining coverage Risk Adjustment	Reinsurers Asset for remaining coverage Best Estimate	Reinsurers Asset for remaining coverage excluding Loss component	RI Loss Recovery	Total
Reinsurance Contract Assets Opening balance	143,113	340,334	175,340	128,442	787,229
Reinsurance Contract Liabilities Opening balance	-	-	(50,753)	-	(50,753)
Net Balance Opening balance	143,113	340,334	124,587	128,442	736,476
Allocation Of Reinsurance Premiums Paid	-	-	(590,106)	-	(590,106)
Amounts Recoverable From Reinsurers	(78,344)	260,479	164,348	(107,699)	238,784
Incurred Claims Recovered And Other Reinsurance Service Expenses	-	260,479	-	-	260,479
Adjustments To Assets For Incurred Claims	(78,344)	-	-	-	(78,344)
Recovery Of Losses And Reversal On Recovery Of	-	-	-	(107,699)	(107,699)
Amortization Of Reinsurance Acquisition Cash Flows	-	-	164,348	-	164,348
Reinsurance Service Result	(78,344)	260,479	(425,758)	(107,699)	(351,323)
Reinsurance Finance Expense Total	-	(48,829)	-	-	(48,829)
Recognized In P & L	-	(48,829)	-	-	(48,829)
Cash Flows	-	(189,660)	622,698	-	433,037
Premiums Paid	-	-	804,487	-	804,487
Claims Excluding Non Distinct Investment Component	-	(189,660)	-	-	(189,660)
Reinsurance Acquisition Cash Flows	-	-	(181,789)	-	(181,789)
Reinsurance Contract Assets Closing balance	64,769	362,323	389,721	20,743	837,556
Reinsurance Contract Liabilities Closing balance	-	-	(68,194)	-	(68,194)
Net Balance Closing balance	64,769	362,323	321,526	20,743	769,362

100 PAA – RI

IFRS 17 – NON LIFE BUSINESS 30 June 2024

	Reinsurers Asset for remaining coverage Risk Adjustment	Reinsurers Asset for remaining coverage Best Estimate	Reinsurers Asset for remaining coverage excluding Loss component	RI Loss Recovery	Total
Reinsurance Contract Assets Opening balance	49,932	124,378	175,340	141,915	491,565
Reinsurance Contract Liabilities Opening balance	-	-	(42,854)	-	(42,854)
Net Balance Opening balance	49,932	124,378	132,486	141,915	448,711
Allocation Of Reinsurance Premiums Paid	-	-	(470,036)	-	(470,036)
Amounts Recoverable From Reinsurers	93,181	304,390	117,588	(13,473)	501,687
Incurred Claims Recovered And Other Reinsurance Service Expenses	-	304,390	-	-	304,390
Adjustments To Assets For Incurred Claims	93,181	-	-	-	93,181
Recovery Of Losses And Reversal On Recovery Of Loss	-	-	-	(13,473)	(13,473)
Amortization Of Reinsurance Acquisition Cash Flows	-	-	117,588	-	117,588
	-	-	-	-	-
Reinsurance Service Result	93,181	304,390	(352,447)	(13,473)	31,651
Reinsurance Finance Expense Total	-	(41,362)	-	-	(41,362)
Recognized In P & L	-	(41,362)	-	-	(41,362)
Cash Flows	-	(47,072)	344,548	-	297,476
Premiums Paid	-	-	470,036	-	470,036
Claims Excluding Non Distinct Investment Component	-	(47,072)	-	-	(47,072)
Directly Attributable Expenses Paid	-	-	-	-	-
Reinsurance Acquisition Cash Flows	-	-	(125,487)	-	(125,487)
Reinsurance Contract Assets Closing balance	143,113	340,334	175,340	128,442	787,229
Reinsurance Contract Liabilities Closing balance	-	-	(50,753)	-	(50,753)
Net Balance Closing balance	143,113	340,334	124,587	128,442	736,476

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9.e Contracts measured under the PAA Life Business

100 PAA – RI

IFRS 17 – NON LIFE BUSINESS 30 June 2025

	Reinsurers Asset for remaining coverage Risk Adjustment	Reinsurers Asset for remaining coverage Best Estimate	Reinsurers Asset for remaining coverage excluding Loss component	RI Loss Recovery	Total
Reinsurance Contract Assets Opening balance	83	5,925	17,863	-	23,870
Reinsurance Contract Liabilities Opening balance	-	-	(151)	-	(151)
Net Balance Opening balance	83	5,925	17,711	-	23,719
Allocation Of Reinsurance Premiums Paid	-	-	(29,223)	-	(29,223)
Amounts Recoverable From Reinsurers	155	38,038	699	-	38,892
Incurred Claims Recovered And Other Reinsurance Service Expenses	-	38,038	-	-	38,038
Adjustments To Assets For Incurred Claims	155	-	-	-	155
Recovery Of Losses And Reversal On Recovery Of Losses	-	-	-	-	-
Amortization Of Reinsurance Acquisition Cash Flows	-	-	699	-	699
Reinsurance Service Result	155	38,038	(28,524)	-	9,668
Reinsurance Finance Expense Total	-	667	-	-	667
Recognized In P & L	-	667	-	-	667
Cash Flows	-	(41,182)	22,157	-	(19,025)
Premiums Paid	-	-	22,841	-	22,841
Claims Excluding Non Distinct Investment Component	-	(41,182)	-	-	(41,182)
Reinsurance Acquisition Cash Flows	-	-	(684)	-	(684)
Reinsurance Contract Assets Closing balance	237	3,447	11,480	-	15,164
Reinsurance Contract Liabilities Closing balance	-	-	(136)	-	(136)
Net Balance Closing balance	237	3,447	11,344	-	15,029

100 PAA – RI

IFRS 17 – LIFE BUSINESS 30 June 2024

	Reinsurers Asset for remaining coverage Risk Adjustment	Reinsurers Asset for remaining coverage Best Estimate	Reinsurers Asset for remaining coverage excluding Loss component	RI Loss Recovery	Total
Reinsurance Contract Assets Opening balance	395	1,620	16,290	-	18,305
Reinsurance Contract Liabilities Opening balance	-	-	(127)	-	(127)
Net Balance Opening balance	395	1,620	16,163	-	18,179
Allocation Of Reinsurance Premiums Paid	-	-	(28,032)	-	(28,032)
Amounts Recoverable From Reinsurers	(312)	23,178	5,827	-	28,692
Incurred Claims Recovered And Other Reinsurance Service Expenses	-	23,178	-	-	23,178
Adjustments To Assets For Incurred Claims	(312)	-	-	-	(312)
Amortization Of Reinsurance Acquisition Cash Flows	-	-	5,827	-	5,827
Reinsurance Service Result	(312)	23,178	(22,205)	-	660
Reinsurance Finance Expense Total	-	587	-	-	587
Recognized In P & L	-	587	-	-	587
Cash Flows	-	(19,460)	23,753	-	4,293
Premiums Paid	-	-	29,605	-	29,605
Claims Excluding Non Distinct Investment Component	-	(19,460)	-	-	(19,460)
Reinsurance Acquisition Cash Flows	-	-	(5,852)	-	(5,852)
Reinsurance Contract Assets Closing balance	83	5,925	17,863	-	23,870
Reinsurance Contract Liabilities Closing balance	-	-	(151)	-	(151)
Net Balance Closing balance	83	5,925	17,711	-	23,719



Hibret Insurance SC
Notes to the financial Statements
For the year ended 30 June 2025

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9.f Contracts not measured under the PAA
30 June 2025 Life Business

	Liability for remaining coverage excluding loss component	Loss component	Liability for incurred claims	Total
Opening insurance contract liabilities	674	262	-	936
Opening insurance contract assets	-	-	-	-
Net balance as at 01 July 2023	674	262	-	936
Insurance revenue	(6,656)	-	-	(6,656)
Insurance service expenses	-	-	-	-
Incurred claims and other directly attributable expenses	-	-	410	410
Changes that relate to past service – adjustments to the LI	-	-	-	-
Losses on onerous contracts and reversal of those losses	-	6,116	-	6,116
Insurance acquisition cash flows amortization	191	-	-	191
Insurance service expenses	191	6,116	410	6,717
Insurance service result	(6,465)	6,116	410	61
Finance expense from insurance contracts issued	(3)	(1)	-	(4)
Total amounts recognized in comprehensive income	(6,468)	6,115	410	57
Cash flows	-	-	-	-
Premiums received	2,718	-	-	2,718
Claims and other directly attributable expenses paid	-	-	(410)	(410)
Insurance acquisition cash flows	(742)	-	-	(742)
Total cash flows	1,975	-	(410)	1,565
Net balance as at 30 June 2024	(3,819)	6,378	-	2,558
Closing insurance contract liabilities	(3,819)	6,378	-	2,558
Closing insurance contract assets	-	-	-	-
Net balance as at 30 June 2024	(3,819)	6,378	-	2,558

30-Jun-24
IFRS 17 – LIFE BUSINESS_REINSURANCE

	Liability for remaining coverage excluding loss component	Loss component	Liability for incurred claims	Total
Opening insurance contract liabilities	2,552	72	50	2,675
Opening insurance contract assets	-	-	-	-
Net balance as at 01 July 2022	2,552	72	50	2,675
Insurance revenue	(8,283)	-	-	(8,283)
Insurance service expenses	-	-	-	-
Incurred claims and other directly attributable expenses	-	-	3,542	3,542
Changes that relate to past service – adjustments to the LI	1,530	-	73	1,603
Losses on onerous contracts and reversal of those losses	-	190	-	190
Insurance acquisition cash flows amortization	1,339	-	-	1,339
Insurance service expenses	2,869	190	3,615	6,674
Insurance service result	(5,414)	190	3,615	(1,610)
Finance expense from insurance contracts issued	63	-	-	63
Total amounts recognized in comprehensive income	(5,352)	190	3,615	(1,547)
Cash flows	-	-	-	-
Premiums received	4,812	-	-	4,812
Claims and other directly attributable expenses paid	-	-	(3,542)	(3,542)
Insurance acquisition cash flows	(1,339)	-	-	(1,339)
Total cash flows	3,473	-	(3,542)	(69)
Net balance as at 30 June 2023	674	262	123	1,059
Closing insurance contract liabilities	674	262	123	1,059
Closing insurance contract assets	-	-	-	-
Net balance as at 30 June 2023	674	262	123	1,059

Hibret Insurance SC
Notes to the financial Statements
For the year ended 30 June 2025

in 000 of Birr

30 June 2025

IFRS 17 – LIFE BUSINESS

	PV of future cash flows	Risk adj for non-financial risk	Contractual Service Margin	Total
Opening insurance contract liabilities	142	154	639	936
Opening insurance contract assets	-	-	-	-
Net balance as at 01 July 2023	142	154	639	936
Changes that relate to current service	-	-	-	-
CSM recognized in profit or loss for the services provided	-	-	(106)	(106)
Changes in risk adjustment for non-financial risk for the risk expired	-	(9)	-	(9)
Experience adjustments	(5,957)	-	-	(5,957)
	(5,957)	(9)	(106)	(6,072)
Changes that relate to future service	-	-	-	-
Changes in estimates that adjust the CSM	-	-	-	-
Changes in estimates that result in onerous contract losses or reversal of losses	4,317	(162)	-	4,154
Contracts initially recognized in the period	1,628	350	-	1,978
	5,945	188	-	6,133
Changes that relate to past service	-	-	-	-
Changes that relate to past service adjustments to the	-	-	-	-
Insurance service result	(12)	179	(106)	61
Finance (income) expenses from insurance contracts	(68)	(14)	78	(4)
Total amounts recognized in comprehensive income	(79)	165	(29)	57
Cash flows	-	-	-	-
Premiums received	2,718	-	-	2,718
Claims and other directly attributable expenses paid	(410)	-	-	(410)
Insurance acquisition cash flows	(742)	-	-	(742)
Total cash flows	1,565	-	-	1,565
Net balance as at 30 June 2024	1,628	319	611	2,558
Closing insurance contract liabilities	1,628	319	611	2,558
Closing insurance contract assets	-	-	-	-
Net balance as at 30 June 2024	1,628	319	611	2,558

30 June 2024

IFRS 17 – LIFE BUSINESS

	PV of future cash flows	Risk adj for non-financial risk	Contractual Service Margin	Total
Opening insurance contract liabilities	1,673	594	357	2,625
Opening insurance contract assets	-	-	-	-
Net balance as at 01 July 2022	1,673	594	357	2,625
Changes that relate to current service	-	-	-	-
CSM recognized in profit or loss for the services provided	-	-	(97)	(97)
Changes in risk adjustment for non-financial risk for the risk expired	-	(440)	-	(440)
Experience adjustments	(1,653)	-	-	(1,653)
Changes in estimates that result in onerous contract losses or reversal of losses	190	-	-	190
Contracts initially recognized in the period	-	-	318	318
	190	-	318	508
Changes that relate to past service	-	-	-	-
Changes that relate to past service adjustments to the	-	-	-	-
Insurance service result	(1,463)	(440)	221	(1,682)
Finance (income) expenses from insurance contracts	1	-	61	63
Total amounts recognized in comprehensive income	(1,462)	(440)	282	(1,620)
Cash flows	-	-	-	-
Premiums received	4,812	-	-	4,812
Claims and other directly attributable expenses paid	(3,542)	-	-	(3,542)
Insurance acquisition cash flows	(1,339)	-	-	(1,339)
Total cash flows	(69)	-	-	(69)
Net balance as at 30 June 2023	142	154	639	936
Closing insurance contract liabilities	142	154	639	936
Closing insurance contract assets	-	-	-	-
Net balance as at 30 June 2023	142	154	639	936

Hibret Insurance SC
Notes to the financial Statements
For the year ended 30 June 2025

in 000 of Birr

9.g 100 PAA – GROSS

IFRS 17 – Takaful 30 June 2025

	Liability for Incurred claims Risk Adjustment	Liability for incurred claims Best Estimate	Liability for remaining coverage Excluding Loss Component	Loss Component	Total
Insurance Contract Liabilities Opening balance	-	-	-	-	-
Insurance Contract Assets Opening balance	-	-	-	-	-
Net Balance Opening balance	-	-	-	-	-
Insurance Revenue	-	-	(6,294)	-	(6,294)
Insurance Service Expense	198	3,716	14	-	3,928
Incurred Claims	-	3,716	-	-	3,716
Directly Attributable Expenses	-	-	-	-	-
Adjustment To Liabilities For Incurred Claims	198	-	-	-	198
Losses On Onerous Contracts And Reversal Of Those	-	-	-	-	-
Acquisition Cash Flows Amortization	-	-	14	-	14
Insurance Service Result	198	3,716	(6,280)	-	(2,367)
Insurance Finance Expense Total	-	(507)	-	-	(507)
Recognized In P & L	-	(507)	-	-	(507)
Cash Flows	-	(1,289)	31,887	-	30,598
Premiums Received	-	-	31,950	-	31,950
Claims Excluding Non Distinct Investment	-	(1,289)	-	-	(1,289)
Non Distinct Investment Component Paid	-	-	-	-	-
Directly Attributable Expenses Paid	-	-	-	-	-
Insurance Contract Liabilities Closing balance	198	1,919	25,656	-	27,773
Insurance Contract Assets Closing balance	-	-	(49)	-	(49)
Net Balance Closing balance	198	1,919	25,607	-	27,724

100 PAA – RI

IFRS 17 – NON LIFE BUSINESS 30 June 2025

	Reinsurers Asset for remaining coverage Risk Adjustment	Reinsurers Asset for remaining coverage Best Estimate	Reinsurers Asset for remaining coverage excluding Loss component	RI Loss Recovery	Total
Reinsurance Contract Assets Opening balance	-	-	-	-	-
Reinsurance Contract Liabilities Opening balance	-	-	-	-	-
Net Balance Opening balance	-	-	-	-	-
Allocation Of Reinsurance Premiums Paid	-	-	(16,237)	-	(16,237)
Amounts Recoverable From Reinsurers	7	189	1,517	-	1,712
Incurred Claims Recovered And Other Reinsurance Service Expenses	-	189	-	-	189
Adjustments To Assets For Incurred Claims	7	-	-	-	7
Amortization Of Reinsurance Acquisition Cash Flows	-	-	1,517	-	1,517
Reinsurance Service Result	7	189	(14,720)	-	(14,525)
Reinsurance Finance Expense Total	-	(23)	-	-	(23)
Recognized In P & L	-	(23)	-	-	(23)
Cash Flows	-	(78)	24,679	-	24,602
Premiums Paid	-	-	28,879	-	28,879
Claims Excluding Non Distinct Investment	-	(78)	-	-	(78)
Reinsurance Acquisition Cash Flows	-	-	(4,200)	-	(4,200)
Reinsurance Contract Assets Closing balance	7	88	12,642	-	12,737
Reinsurance Contract Liabilities Closing balance	-	-	(2,683)	-	(2,683)
Net Balance Closing balance	7	88	9,959	-	10,054



Hibret Insurance SC

Notes to the financial Statements

For the year ended 30 June 2025

10 IFRS 9: Financial Instruments

This section outlines the accounting policies applied in accordance with IFRS 9 - Financial Instruments. The company applies IFRS 9 for all financial assets and liabilities.

The accounting policies for financial instruments are set out below:

The Company's Financial Instruments

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

b) Classification and Measurement

Financial assets

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

- Amortized cost
- Fair value through other comprehensive income (FVOCI)
- Fair value through profit or loss (FVTPL)

Reclassification of financial assets is permitted only when the Company changes its business model for managing such assets. Any reclassification is applied prospectively from the first day of the first reporting period following the change.

Amortized Cost

A financial asset is measured at amortized cost if both of the following conditions are met:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

A debt instrument is classified as FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms meet the SPPI criterion.

FVOCI – Equity Instruments

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income (OCI). This election is made on an investment-by-investment basis.

FVTPL

Financial assets not classified at amortized cost or FVOCI are measured at FVTPL. The Company may also irrevocably designate a financial asset at FVTPL at initial recognition if doing so eliminates or significantly reduces an accounting mismatch.

Business Model Assessment

Assessment is performed at the portfolio level and considers:

- Stated objectives and policies for the portfolio, including whether assets are held to earn interest, to match liability durations, or to realize cash flows through sales.
- How performance is evaluated and reported to management.
- The risks affecting performance and how they are managed.
- Management compensation structures (e.g., fair value vs. contractual cash flow metrics).
- Frequency, volume, and reasons for sales in past and future periods.





Hibret Insurance SC

Notes to the financial Statements

For the year ended 30 June 2025

SPPI Assessment

For this assessment:

- Principal is the fair value at initial recognition.
- Interest represents consideration for time value of money, credit risk, liquidity risk, administrative costs, and a profit margin.

Contractual features assessed include: contingent cash flow terms, variable rates, prepayment and extension features, non-recourse provisions, and features that alter the time value of money.

These features must not introduce exposure to equity-like returns, leverage, or cash flows linked to non-financial variables. If such features are present or if interest resets do not properly compensate for the time value of money, the financial asset fails the SPPI test and must be measured at fair value through profit or loss.

iv. Subsequent Measurement and Gains/Losses

Financial assets at FVTPL: Measured at fair value, with net gains/losses (including interest, dividends, FX movements) recognized in profit or loss unless arising from hedging instruments.

Debt investments at amortized cost: Measured using the EIR method. Impairment, interest income, and FX effects are recognized in profit or loss. Gains/losses on derecognition are recognized in profit or loss.

Debt investments at FVOCI: Measured at fair value. Interest income, impairment, and FX effects are recognized in profit or loss, while other changes are recognized in OCI. Gains/losses in OCI are recycled to profit or loss on derecognition.

Equity investments at FVOCI: Measured at fair value. Dividends are recognized in profit or loss unless representing cost recovery. Other gains/losses are recognized in OCI and are not reclassified to profit or loss.

Financial Liabilities

Financial liabilities are measured at amortized cost using the EIR method. Interest expense and FX differences are recognized in profit or loss, as are gains/losses on derecognition. Derivatives not designated as hedging instruments are measured at fair value through profit or loss (FVTPL). Gains or losses arising from changes in fair value are recognized immediately in profit or loss.

v. Derecognition

Financial assets

A financial asset is de-recognized when:

- Contractual rights to cash flows expire; or
- Rights to cash flows are transferred in a transaction where substantially all risks and rewards are transferred; or
- The Company neither transfers nor retains substantially all risks and rewards and does not retain control.



Hibret Insurance SC

Notes to the financial Statements

For the year ended 30 June 2025

If substantially all risks and rewards are retained, the asset continues to be recognized.

Financial liabilities

A financial liability is de-recognized when discharged, cancelled, or expired. If terms are substantially modified, the old liability is de-recognized, and a new one is recognized at fair value. Any resulting gain/loss is recognized in profit or loss.

vi. Modifications of financial assets and financial liabilities

Financial assets

If modified cash flows are substantially different, the old asset is de-recognized, and a new one recognized. Where modification arises from borrower financial difficulty and the asset is not de-recognized, impairment is measured using the pre-modification EIR.

Financial liabilities

If cash flows change substantially, the liability is derecognized, and a new liability recognized. The difference is recognized in profit or loss.

vii. Offsetting

Financial assets and liabilities are offset only when the Company has a legally enforceable right to offset and intends to settle on a net basis or realize the asset and settle simultaneously. Income and expenses are presented on a net basis only when permitted by IFRS or for groups of similar transactions (e.g. trading).

viii. Amortized cost measurement

Amortized cost is the amount at initial recognition, adjusted for:

- Principal repayments;
- Cumulative amortization (using the EIR method) of any difference between the initial amount and maturity amount; and
- Less any reduction for impairment.

ix. Fair value measurement

The Company measures certain financial assets at fair value through profit or loss (FVTPL) and at fair value through other comprehensive income (FVOCI), where applicable, in accordance with IFRS 9. For such instruments, fair value is determined at each reporting date, with changes recognized in profit or loss or other comprehensive income as appropriate.

For financial assets and liabilities measured at amortized cost, the Company also determines and discloses their fair value at each reporting date, except where the carrying amount is a reasonable approximation of fair value (e.g. cash and cash equivalents).

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, in the principal (or, in its absence, the most advantageous) market accessible to the Company.

The Company applies the IFRS 13 fair value hierarchy in determining and disclosing fair values:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs that are unobservable for the asset or liability.



Hibret Insurance SC
Notes to the financial Statements
For the year ended 30 June 2025

Valuation techniques are selected to maximize the use of observable inputs and minimize the use of unobservable inputs. If no active market exists, the Company uses appropriate valuation techniques (such as discounted cash flow models) that incorporate all factors market participants would consider in pricing the asset or liability.

x. Impairment of financial assets

The Company recognizes expected credit loss (ECL) allowances on financial assets at amortized cost and debt investments at FVOCI.

For financial assets other than trade and insurance receivables, the Company applies the general approach under IFRS 9. At initial recognition and for exposures with no significant increase in credit risk, a loss allowance is recognized based on 12-month expected credit losses (generally assets that are current or less than 30 days past due). Where credit risk has increased significantly since initial recognition (generally assets more than 30 days past due), lifetime expected credit losses are recognized. Assets that are more than 90 days past due, or otherwise considered to be in default, are classified as credit-impaired (Stage 3).

Loss allowances for trade receivables are measured as outlined in the table below based on the number of days past due as per the National Bank of Ethiopia directive SIB-52-2020

Regulator directive on trade receivables (SIB-52-2020)

Days past due	Loss allowance
91 - 180 days	25.00%
181 - 360 days	50.00%
More than 360 days	100.00%

When assessing whether the credit risk of a financial asset has increased significantly since initial recognition and in estimating expected credit losses (ECLs), the Company considers reasonable and supportable information that is relevant and available without undue cost or effort.

This assessment incorporates both quantitative and qualitative factors, including the Company’s historical experience, informed credit judgment, and forward-looking information.

• The borrower is considered unlikely to fulfill its credit obligations to the Company in full, without the Company having to realize any collateral or security that may be held; or

• The financial asset is more than 90 days past due.

Debt securities are considered to have low credit risk if, at the reporting date, their credit rating is equivalent to the globally understood definition of “investment grade.”

Lifetime ECLs represent the expected credit losses arising from all possible default events over the expected life of a financial instrument. By contrast, 12-month ECLs represent the portion of lifetime ECLs that result from default events that are possible within 12 months after the reporting date.

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.



Hibret Insurance SC

Notes to the financial Statements

For the year ended 30 June 2025

Expected credit losses are a probability-weighted estimate of credit losses and are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: Present value of all expected shortfalls.
- Financial assets that are credit-impaired at the reporting date: Difference between the gross carrying amount and the present value of estimated future cash flows.

Credit-impaired financial assets

A financial asset is deemed credit-impaired when one or more events that have a detrimental impact on estimated future cash flows have occurred. Observable indicators include:

- Significant financial difficulty of the borrower or issuer;
- Breach of contract, such as default or past-due status;
- Concessions granted to the borrower that the Company would not otherwise consider (e.g., restructuring);
- High probability of the borrower entering bankruptcy or other financial reorganization;
- The disappearance of an active market for the security due to financial distress.

Assets renegotiated due to the borrower's deteriorating condition are generally considered credit-impaired unless there is clear evidence of improved credit risk and no other impairment indicators remain.

- For sovereign debt, the Company also considers:
 - Market assessments of creditworthiness (e.g., bond yields);
 - Rating agency assessments;
 - The sovereign's ability to access capital markets;
 - Probability of debt restructuring or forgiveness;
- The existence, depth, and accessibility of international support mechanisms (e.g. lender of last resort facilities).

Interest income on credit-impaired assets

Presentation of loss allowances in the statement of financial position

Loss allowances for expected credit losses are presented as follows:

- Financial assets measured at amortized cost: the loss allowance is deducted from the gross carrying amount of the assets; and

- Debt investments measured at FVOCI: the loss allowance is recognized in OCI and does not reduce the carrying amount of the financial asset in the statement of financial position.

Significant Increase in Credit Risk

When determining whether the credit risk (i.e., risk of default) on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both qualitative and quantitative information and analysis based on the Company's experience, expert credit assessment, and forward-looking information.

The Company primarily identifies whether a significant increase in credit risk has occurred for an exposure by comparing relevant factors.

Management of Insurance and Financial Risk



Hibret Insurance SC
Notes to the financial Statements
For the year ended 30 June 2025

Probability of Default (PD) estimates are determined at a certain date, calculated based on statistical models and assessed using rating tools tailored to various categories of counterparties and exposures. These models are based on internally compiled data comprising both quantitative and qualitative factors. Where available, market data may also be used to derive the PD for loans and advances to banks and investment securities.

Loss Given Default (LGD) represents the magnitude of the likely loss in the event of default. The Company estimates LGD parameters mainly based on the counterparties' collateral and the historical recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry, and recovery costs of any collateral that is integral to the financial asset. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

Exposure at Default (EAD) represents the expected exposure in the event of default. The Company derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including amortization. The EAD of a financial asset is its gross carrying amount.

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Group measures Expected Credit Losses (ECL) by considering the risk of default over the maximum contractual period (including any counterparty's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Company considers a longer period. The maximum contractual period extends to the date at which the Company has the right to require repayment of an advance or terminate a loan commitment or guarantee.

The Company estimated a 12-month ECL on its time deposits and cash at bank balances. This estimation was based on the following factors and circumstances:

The Company considers a financial asset to be in default when it is more than 90 days past due. All time deposits were paid on the date of maturity.

In assessing whether a borrower is in default, the Company considers indicators such as breaches of covenant and other signs of financial distress or bankruptcy of the obligor. None of these conditions existed.

Based on enquiries made with other external sources, there was no reported default on time deposits with the financial institutions invested with.

Statutory deposits and investments in government securities were considered low risk (Stage 1), and a 12-month ECL was estimated by the Company.

Staff loans were considered fully recoverable as the amounts are deducted from salaries, and if employees leave before settling their debts, the amounts are deducted from their severance pay. The amounts can also be recovered from the guarantor if the severance pay is insufficient to cover the loan.



Hibret Insurance SC
Notes to the financial Statements
For the year ended 30 June 2025

Incorporation of Forward-Looking Information

The Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

Due to the nature of the Company's financial assets, it has been estimated that the impact of any forward-looking information may not be significant as at 30 June 2024.

Loss Allowance

The loss allowance represents the expected credit losses recognized from the opening balance to the closing balance by class of financial instrument.

Write-off

Financial assets are written off when recovery is unlikely, usually after being over 360 days past due or deemed uncollectible by management. Write-offs require management approval and reduce the asset's carrying amount and impairment allowance. Recovery efforts may continue post write-off, and any recoveries are recorded as income.

30 June 2025

Non Life Business

Exposure to credit risk (All figures in Birr'000)

Financial Assets	Exposure	Stage 1	Stage 2	Stage 3	Impairment
Treasury Bonds	211,945	354			354
Cash at Bank	2,353,856	0			0
Staff Loan	28,001	1,152		158	1,310
Corporate bonds	151,163	227			227
Total	2,744,965	1,733	-	158	1,891

Life Business

Financial Assets	Exposure	Stage 1	Stage 2	Stage 3	Total impairment
Treasury Bonds	18,219	31			31
Cash at Bank	304,414	34			34
Staff Loan	829	30		56	86
Corporate bonds	20,527	28			28
Total	343,989	123	-	56	178

30 June 2024

Non Life Business

Exposure to credit risk (All figures in Birr'000)

Financial Assets	Exposure	Stage 1	Stage 2	Stage 3	Impairment
Treasury Bonds	170,247	288			288
Cash at Bank	1,822,405	152			152
Staff Loan	22,981	999		414	1,413
Corporate bonds	71,731	123			123
Total	2,087,364	1,562	-	414	1,976



Hibret Insurance SC

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For the year ended 30 June 2025

Life Business

Financial Assets	Exposure	Stage 1	Stage 2	Stage 3	Impairment
Treasury Bonds	18,949	29			749
Cash at Bank	276,109	31			31
Staff Loan	580	22		-	22
Corporate bonds	11,930	20			20
Total	307,569	102	-	720	823

30 June 2023

Non Life Business

Exposure to credit risk (All figures in Birr'000)

Financial Assets	Exposure	Stage 1	Stage 2	Stage 3	Impairment
Treasury Bonds	132,894	211			211
Cash at Bank	1,286,848	120			120
Staff Loan	15,438	640		81	722
Corporate bonds	23,333	40			40
Total	1,458,513	1,012	-	81	1,094

Life Business

Financial Assets	Exposure	Stage 1	Stage 2	Stage 3	Impairment
Treasury Bonds	14,392	24			24
Cash at Bank	179,918	21			21
Staff Loan	295	12		-	12
Corporate bonds	5,479	9			9
Total	200,085	67	-	-	67

30 June 2025

Non Life Business

Reconciliation of expected credit losses for financial assets for the year

Financial Assets	ECL as at June 30,2024	Charge/(Credit) through P&L	Write-off	ECL as at June 30,2025
Treasury Bonds	288	66		
Cash at Bank	152	(152)		
Staff Loan	1,413	(103)		1,310
Corporate bonds	123	104		
Total	1,976	(85)	-	1,891

Life Business

Reconciliation of expected credit losses for financial assets for the year

Financial Assets	ECL as at June 30,2024	Charge/(Credit) through P&L	Write-off	ECL as at June 30,2025
Treasury Bonds	749	(718)		
Cash at Bank	31	3		
Staff Loan	22	64		86
Corporate bonds	20	7		
Total	823	(644)	-	178

30 June 2024



Hibret Insurance SC
Notes to the financial Statements
For the year ended 30 June 2025

Non Life Business

Reconciliation of expected credit losses for financial assets for the year

Financial Assets	ECL as at June 30,2023	Charge/(Credit) through P&L	Write-off	ECL as at June 30,2024
Treasury Bonds	211	77		
Cash at Bank	120	32		
Staff Loan	722	691		1,413
Corporate bonds	40	83		
Total	1,094	883	-	1,976

Life Business

Reconciliation of expected credit losses for financial assets for the year

Financial Assets	ECL as at June 30,2023	Charge/(Credit) through P&L	Write-off	ECL as at June 30,2024
Treasury Bonds	24	726		
Cash at Bank	21	10		
Staff Loan	12	10		22
Corporate bonds	9	11		
Total	67	756	-	823

30 June 2023

Non Life Business

Reconciliation of expected credit losses for financial assets for the year:

Financial Assets	ECL as at June 30,2022	Charge/(Credit) through P&L	Write-off	ECL as at June 30,2024
Treasury Bonds	-	211		
Cash at Bank	-	120		
Staff Loan	-	722		722
Corporate bonds	-	40		
Total	-	1,094	-	1,094

Life Business

Reconciliation of expected credit losses for financial assets for the year:

Financial Assets	ECL as at June 30,2022	Charge/(Credit) through P&L	Write-off	ECL as at June 30,2024
Treasury Bonds	-	24		
Cash at Bank	-	21		
Staff Loan	-	12		12
Corporate bonds	-	9		
Total	-	67	-	67



11 Investment Securities
30 June 2025

Available for sale:	Available for Sale		
	General Business	Life Business	Total
Equity Investments in:			
Hibret Bank	208,067	67,489	275,556
Ethiopian Reinsurance S.C	50,434	12,546	62,980
Habesha Cement Factory SC	5,300	-	5,300
ESX	9,741	-	9,741
	273,542	80,035	353,577

Revalued Investments		
General Business	Life Business	Total
233,771	75,826	309,598
81,429	20,256	101,685
5,300	-	5,300
9,741	-	9,741
330,241	96,083	426,324

Charge/(Credit) through OCI		
General Business	Long Term Business	Total
25,705	8,338	34,042
30,995	7,710	38,705
-	-	-
-	-	-
56,699	16,048	72,747

30 June 2024

Available for sale:	Available for Sale		
	General Business	Life Business	Total
Equity Investments in:			
Hibret Bank	170,945	55,449	226,394
Ethiopian Reinsurance S.C	36,001	8,938	44,939
Habesha Cement Factory SC	5,300	-	5,300
ESX	9,741	-	9,741
	221,988	64,386	286,374

Revalued Investments		
General Business	Life Business	Total
229,268	74,367	303,635
57,000	14,151	71,151
5,300	-	5,300
9,741	-	9,741
301,309	88,518	389,826

Charge/(Credit) through OCI		
General Business	Long Term Business	Total
58,323	18,918	77,241
20,998	5,213	26,211
-	-	-
-	-	-
79,321	24,131	103,452

30 June 2023

Available for sale:	Available for Sale		
	General Business	Life Business	Total
Equity Investments in:			
Hibret Bank	133,151	43,243	176,394
Ethiopian Reinsurance S.C	31,895	7,911	39,806
Habesha Cement Factory SC	5,300	-	5,300
ESX	-	-	-
	170,346	51,154	221,500

Revalued Investments		
General Business	Life Business	Total
193,802	62,940	256,743
46,497	11,533	58,030
5,300	-	5,300
-	-	-
245,600	74,474	320,073

Charge/(Credit) through OCI		
General Business	Long Term Business	Total
60,652	19,698	80,349
14,602	3,622	18,224
-	-	-
-	-	-
75,254	23,319	98,573



Hibret Insurance SC
Notes to the financial Statements
For the year ended 30 June 2025

	30 June 2025 Birr'000	30 June 2024 Birr'000
12 Investment income		
General business		
Interest on time deposits	324,104	222,010
Interest on savings	8,614	6,335
Interest on staff loans	1,729	1,325
Interest income staff debtors-valuation	3,056	2,445
Dividend income	43,718	41,692
Interest on government bond	21,189	14,571
Rent income	64,047	50,206
	466,457	338,584
Wkala fee income	11,183	-
	30 June 2025	30 June 2024
	Birr'000	Birr'000
Life business		
Interest on time deposits	46,186	33,270
Interest on savings	172	225
Interest on staff loans	48	57
Interest on policy loans	10	10
Dividend income	13,689	13,232
Interest on government bond	2,516	1,877
Rent income	15,355	9,336
	77,977	58,008
Total investment income	555,616	396,591
	30 June 2025	30 June 2024
	Birr'000	Birr'000
13 Other income		
General business		
Service charge	2,382	1,887
Gain on disposal of Fixed Assets	2,909	585
Gain on foreign exchange	136	-
Miscellaneous income	2,311	760
	7,739	3,233
Life business		
Miscellaneous income	742	158
	742	158
Total other income	8,481	3,391



Hibret Insurance SC

Notes to the financial Statements

For the year ended 30 June 2025

14 Property, plant and equipment

a) General Business

	Buildings	Office equip	Computer equip	Furniture and fittings	Motor vehicle	Fence and recovery	Total
	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000
Cost							
As at 1 July 2023	269,683	10,591	28,863	17,205	108,693	1,059	436,094
Additions	-	2,537	14,567	8,204	40,068	-	65,376
Disposals / Transfer	(38,405)	-	(79)	(239)	(150)	-	(38,874)
As at 30 June 2024	231,277	13,128	43,351	25,169	148,611	1,059	462,596
As at 1 July 2024	231,277	13,128	43,351	25,169	148,611	1,059	462,596
Additions	-	893	4,501	6,053	26,943	-	38,390
Disposals / Transfer	-	(154)	(482)	(171)	(1,120)	-	(1,927)
As at 30 June 2025	231,277	13,867	47,370	31,051	174,434	1,059	499,059
Accumulated depreciation							
As at 1 July 2023	20,945	8,258	14,289	9,421	46,724	524	100,161
Charge for the year	4,992	-	-	-	113	105	5,210
Disposals / Transfer	(3,405)	-	-	-	(113)	-	(3,518)
As at 30 June 2024	22,532	8,258	14,289	9,421	46,724	629	101,852
As at 1 July 2024	22,532	8,258	14,289	9,421	46,724	629	101,853
Charge for the year	4,506	1,299	5,897	2,604	15,100	105	29,511
Disposals / Transfer	-	(153)	(477)	(169)	(892)	-	(1,691)
As at 30 June 2025	27,038	9,403	19,709	11,857	60,932	734	129,673
Net book value							
As at 1 July 2023	248,738	2,333	14,574	7,784	61,969	535	335,933
As at 30 June 2024	208,746	4,870	29,062	15,748	101,888	430	360,744
As at 30 June 2025	204,240	4,464	27,661	19,194	113,502	325	369,386



Hibret Insurance SC
Notes to the financial Statements
For the year ended 30 June 2025

	Buildings	Office equipment	Computer equipment	Furniture and fittings	Motor vehicles	Fence and recovery improvements	Total
	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000
b) Life business							
Cost							
As at 1 July 2023	15,000	83	426	514	2,195	-	18,218
Additions	-	-	14	-	-	-	14
Disposals/Transfer	38,409	-	79	239	-	-	38,727
As at 30 June 2024	53,409	83	519	753	2,195	-	56,959
As at 1 July 2024	53,409	83	519	753	2,195	-	56,959
As at 30 June 2025	53,409	83	519	753	2,195	-	56,959
Accumulated depreciation							
As at 1 July 2023	5,079	70	295	304	1,505	-	7,253
Charge for the year	-	-	-	-	-	-	1
As at 30 June 2024	5,079	70	295	304	1,505	-	7,254
As at 1 July 2024	5,079	70	295	304	1,505	-	7,254
Charge for the year	1,015	6	57	67	209	-	1,354
As at 30 June 2025	6,094	76	352	372	1,714	-	8,607
Net book value							
As at 1 July 2023	9,921	13	131	210	690	-	10,965
As at 30 June 2024	48,330	13	224	449	690	-	49,705
As at 30 June 2025	47,315	7	167	381	481	-	48,352
Total Net book value Summary							
As at 1 July 2023	258,659	2,346	14,705	7,994	62,659	535	346,898
As at 30 June 2024	257,075	4,883	29,286	16,197	102,577	430	410,449
As at 30 June 2025	251,554	4,470	27,828	19,576	113,984	325	417,738

	30 June 2025 Birr'000	30 June 2024 Birr'000
15 Investment property		
a) General business		
Cost:		
Bole Medhanielem Building	77,431	77,431
Kality Building	117,662	117,460
Barhidar Building	48,000	48,000
	243,094	242,891
Accumulated depreciation:		
Bole Medhanielem Building	14,348	12,754
Kality Building	15,973	13,691
Bahirdar Building	8,208	7,296
	38,529	33,741
Net book value	204,565	209,151



Hibret Insurance SC

Notes to the financial Statements

For the year ended 30 June 2025

b) Life business

Cost:

Bole Medhaniale Building	75,504	75,504
	<u>75,504</u>	<u>75,504</u>
Accumulated depreciation:		
Bole Medhaniale Building	12,919	11,484
	<u>12,919</u>	<u>11,484</u>
Net book value	<u>62,585</u>	<u>64,020</u>
Net book value Summary	<u>267,150</u>	<u>273,170</u>

Transfers from property, plant and equipment relates to buildings recognized under property, plant and equipment but now meet the criteria for investment property. Investment properties are those held primarily for rental income or capital appreciation.

c) Amounts recognized in profit or loss for investment properties

	30 June 2025	30 June 2024
	Birr'000	Birr'000
Rental income	79,402	59,542
Direct operating expenses	(23,573)	(21,430)
Net income	<u>55,829</u>	<u>38,112</u>

d) Fair value measurement of investment properties

The Company's Investment properties are initially measured at cost, including transaction costs. Subsequently, these properties are measured at depreciated cost, less accumulated impairment losses. Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives of 50 years.

Fair Value Disclosure:

The fair value of investment properties has been disclosed as required. The table below analyzes the non-financial assets carried at fair value, by valuation method.

Level 1: Fair values are based on unadjusted quoted prices in active markets for identical financial assets.

Level 2: Fair values are based on adjusted quoted prices or observable prices of similar financial assets.

Level 3: Fair values are not based on observable market data.

e) Fair value hierarchy

Details of the Company's investment properties and information about the fair value hierarchy are as follows:

	Level 1	Level 2	Level 3
	Birr'000	Birr'000	Birr'000
30 June 2025			
Bole Medhaniale	-	152,935	-
Kality Building	-	117,662	-
Bahidar building	-	48,000	-
	<u>-</u>	<u>318,598</u>	<u>-</u>



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Notes to the financial Statements
For the year ended 30 June 2025

	Level 1 Birr'000	Level 2 Birr'000	Level 3 Birr'000
30 June 2024			
Bole Medhanialem	-	152,935	-
Kality Building		117,460	-
Bahidar building	-	48,000	-
	-	318,395	-

	General business Comp software Birr'000	Long term business Comp software Birr'000	Computer software Total Birr'000
Cost:			
As at 1 July 2023	20,393	304	20,697
Acquisitions	-	-	-
As at 30 June 2024	20,393	304	20,697
As at 1 July 2024	20,393	304	20,697
Acquisitions	5,454	-	5,454
As at 30 June 2025	25,848	304	26,152
Accumulated amortization:			
As at 1 July 2023	7,984	176	8,160
Amortization for the year	1,024	-	1,024
As at 30 June 2024	9,008	176	9,183
As at 1 July 2024	9,008	176	9,183
Amortization for the year	1,616	38	1,654
As at 30 June 2025	10,624	214	10,838
Net book value			
As at 1 July 2023	12,409	128	12,537
As at 30 June 2024	11,385	128	11,514
As at 30 June 2025	15,224	90	15,314

	30 June 2025 Birr'000	30 June 2024 Birr'000
17 Investment securities :		
(a) Financial 'Asseer a FVTOCI		
General business		
Equity Investments	273,542	221,988
Fair Value Adjustment	56,699	79,321
	330,241	301,309
Life business		
Equity Investments	80,035	64,386
Fair Value Adjustment	16,048	24,131
	96,083	88,518
At end of year	426,324	389,826

The Company maintains equity holdings in the following entities;



Hibret Insurance SC
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For the year ended 30 June 2025

	30 June		30 June 2024	
	Birr'000		Birr'000	
	Number of shares	Percentage of ownership	Number of shares	Percentage of ownership
Hibret Bank SC	275,556	3.8%	226,394	3.8%
Ethiopian Reinsurance S.C	6,298	2.5%	4,493	2.5%
Equity investment on ESX	9,741	1.5%	9,741	0.0%
Habesha Cement Factory SC	5,300	0.5%	5,300	0.5%
	296,895		245,928	

These unquoted equity investments are measured at cost. Given the absence of active markets, the fair value of these financial instruments cannot be determined reliably. Consequently, they are reported at cost, net of any impairment losses.

	30 June 2025	30 June 2024
	Birr'000	Birr'000
(b) Financial Asset at Amortized cost		
General business		
Government securities held to maturity	136,171	65,571
Additions		
Interest receivable on Government Bond	8,547	4,747
Impairment – IFRS 9	(227)	(123)
	144,491	70,195

	30 June 2025	30 June 2024
	Birr'000	Birr'000
Life business		
Development Bank Bond-Investment	18,818	10,715
Interest receivable on Government Bond	-	493
Impairment - IFRS 9	-28	-20
	18,790	11,187

At end of year	163,281	81,382
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	30 June 2025	30 June 2024
	Birr'000	Birr'000
Maturity analysis		
Current	163,281	81,382
Non - Current		
	163,281	81,382



Hibret Insurance SC
Notes to the financial Statements
For the year ended 30 June 2025

18 Statutory deposits

Pursuant to the Licensing and Supervision of insurance proclamation No 746/2012, the company's government securities portfolio, consisting of statutory deposits held at the National Bank of Ethiopia, is maintained. These bonds, representing 15% of the company's paid-up capital, bear an annual interest rate of 8% and have a maturity of six years.

	30 June 2025 Birr'000	30 June 2024 Birr'000
General business		
Statutory deposits	181,020	144,311
Reclassification	0	166
Interest receivable on Government Bond	6,822	5,246
Impairment - IFRS 9	-354	-288
	187,488	149,434
Life business		
Statutory deposits	15,750	15,750
Interest receivable on Government Bond	1,369	1,076
Impairment - IFRS 9	(31)	(749)
Statutory deposits	17,088	16,077
	204,576	165,511

The movement of statutory deposit during the year is as follows:

	30 June 2025 Birr'000	30 June 2024 Birr'000
At the beginning of the year	166,548	130,314
Additions	36,159	34,137
Interest received on statutory deposit invested in Government Bond	(6,322)	(4,225)
Interest receivable on statutory deposit invested in Government Bond	8,191	6,322
Impairment provision	-31	-749
At the end of the year	204,545	165,799

The minimum amount required to be set aside is Br201,240 (2024 : Br160,226, 2023: Br126,089), accrued interest receivable on the statutory deposit transferred to Ethiopian Government savings Bond of Br8,938 (2024: Br6,322 and 2023: Br4,225) has been included in the above figures.

19 Reinsurance receivables

	30 June 2025 Birr'000	30 June 2024 Birr'000
General Business		
Gross receivables	5,351	5,351
Impairment provision	(5,351)	(5,351)
	-	-
Life business		
Gross receivables	42,806	8,449
Impairment provision	-	-
	42,806	8,449
	42,806	8,449



Hibret Insurance SC
Notes to the financial Statements
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These receivables arise from reinsurance policies that cover unusual or large risks not covered by our treaties

Maturity analysis	30 June 2025	30 June 2024
	Birr'000	Birr'000
Current	42,806	8,449
Non- current	-	-
	42,806	8,449

	30 June 2025	30 June 2024
	Birr'000	Birr'000
Takaful business		
Gross receivables	263	-
Impairment provision	-	-
	263	-
	263	-

These receivables arise from reinsurance policies that cover unusual or large risks not covered by our treaties

Maturity analysis	30 June 2025	30 June 2024
	Birr'000	Birr'000
Current	263	-
Non- current	-	-
	263	-

20 Insurance Contract Assets

	30 June 2025	30 June 2024
	Birr'000	Birr'000
Due from policyholders	20,578	14,520
Due from risk sharing (local insurers)	25,608	7,431
	46,187	21,950
Provision for impairment	(12,499)	(10,700)
	33,688	11,250

Changes in the impairment provision for direct insurance receivables are as follows:

	30 June 2025	30 June 2024
	Birr'000	Birr'000
At start of the year	10,700	2,350
Increase/ (Decrease) in the year	1,798	8,350
As at the end of the year	12,499	10,700



Hibret Insurance SC
Notes to the financial Statements
For the year ended 30 June 2025

	30 June 2025	30 June 2024
	Birr'000	Birr'000
21 Policy holder loans		
Life Business		
Policy holder loans	92	87
At end of year	92	87
Maturity profile of policy loans		
Loans maturing :		
Within 1 year	40	40
Within 1 - 5 years	34	34
In over 5 years	13	13
	92	87

22 Salvage property held for sale

	30 June 2025	30 June 2024
	Birr'000	Birr'000
Non-current asset held for sale	13,038	19,302
	13,038	19,302

Changes in non-current assets held for sale are as follows:

	30 June 2025	30 June 2024
	Birr'000	Birr'000
At the beginning of the year	19,302	31,640
Additions during the year	13,038	19,302
Sold during the year	(19,302)	(31,640)
At the end of the year	13,038	19,302

These non-current assets held for sale represent salvage properties that were fully or partially damaged and fully compensated to policyholders. They are recognized and classified as held for sale in the financial statements at their carrying amount and fair value less cost of disposal, in accordance with IFRS 5. The Company intends to dispose of these assets through public auction within one year of compensation. Their carrying value will be recovered through disposal rather than continuing use. The salvage value of these assets was estimated by the Company's in-house surveyors at the reporting date.





Hibret Insurance SC
Notes to the financial Statements
For the year ended 30 June 2025

	30 June 2025 Birr'000	30 June 2024 Birr'000
23 Other assets		
Loans and receivables:		
General business		
Rent receivable	1,865	1,293
Inter office receivable - Takaful	27,838	-
VAT Receivables	29,555	-
Inter office receivable - Life	-	-
Staff debtors	30,372	23,631
Sundry debtors	2,327	2,202
	91,956	27,126
Non financial assets:		
Deposits and prepayments	32,282	19,989
Prepaid staff assets	343	494
Deferred tax assets. Employee benefit	2,945	1,620
Prepayments For Building	-	-
	35,570	22,103
Less impairment loss on other assets:		
On other receivables	(1,310)	(1,413)
on non financial assets	-	-
	126,216	47,816
Loans and receivables:		
Life business		
Receivables on policy loan	19	18
Inter office receivable - Life	-	3,046
Sundry debtors	2,477	1,548
	2,496	4,612
Non financial assets:		
Deposits	-	-
Deferred tax assets. Employee benefit	189	194
Prepayments	-	-
	189	194
Less impairment loss on other assets:		
On other receivables	(86)	(22)
on non financial assets	-	-
Total Life & General Business	2,599	4,784
	128,815	52,600
Loans and receivables:		
Takaful business		
VAT Receivables	1,188	-
	1,188	-



Hibret Insurance SC
Notes to the financial Statements
For the year ended 30 June 2025

	30 June 2025 Birr'000	30 June 2024 Birr'000
Current	128,815	52,600
Non Current	-	-
	128,815	52,600

At 30 June, there is no allowance for impairment losses

24 Cash and Bank balances

General business

	30 June 2025 Birr'000	30 June 2024 Birr'000
Cash in hand	65,679	25,006
Cash at bank	217,889	114,927
Deposits with financial institutions (before impairment)	2,825,206	2,061,851
Impairment	-	(152)
Deposits with financial institutions (after impairment)	2,825,205	2,061,699
	3,108,773	2,201,632

Maturity analysis

	30 June 2025 Birr'000	30 June 2024 Birr'000
Current	3,108,773	2,201,632
Non- current	-	-
	3,108,773	2,201,632

For the cash flow statement, cash and cash equivalents include cash in hand, bank deposits, and short-term bank deposits.

Cash and Bank balances

Life business

	30 June 2025 Birr'000	30 June 2024 Birr'000
Cash in hand	50	158
Cash at bank	5,296	5,332
Deposits with financial institutions (before impairment)	331,367	315,814
Impairment	(34)	(31)
Deposits with financial institutions(after impairment)	331,333	315,783
	336,679	321,273

Maturity analysis

	30 June 2025 Birr'000	30 June 2024 Birr'000
Current	336,679	321,273
Non- current	-	-
	336,679	321,273

Total Cash and Bank balances

	30 June 2025 Birr'000	30 June 2024 Birr'000
	3,445,452	2,522,905

For the cash flow statement, cash and cash equivalents include cash in hand, bank deposits, and short-term bank deposits.





Hibret Insurance SC
Notes to the financial Statements
For the year ended 30 June 2025

Cash and cash equivalents

General business

Cash in hand

Cash at bank

30 June 2025	30 June 2024
Birr'000	Birr'000
65,679	25,006
217,889	114,927
283,568	139,933

Life business

Cash and cash equivalents

Cash in hand

Cash at bank

30 June 2025	30 June 2024
Birr'000	Birr'000
50	158
5,296	5,332
5,346	5,490

Total cash and cash equivalents

288,914	145,423
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Takaful business

Cash and cash equivalents

Cash in hand

Cash at bank

30 June 2025	30 June 2024
Birr'000	Birr'000
24,836	-
6,078	-
30,914	-
30,914	-

Total cash and cash equivalents

30,914	-
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24 a The increase or decrease in deposits held at various financial institutions.

General business

As at 1 July

Additions

Interest received on Fixed time deposit

Interest receivable on fixed time deposit

As at 30 June

The increase or decrease in deposits held at various financial institutions.

30 June 2025	30 June 2024
Birr'000	Birr'000
2,061,851	1,494,057
712,065	526,655
(128,049)	(86,758)
179,339	128,049
2,825,206	2,061,851

Life business

As at 1 July

Additions

Interest received on Fixed time deposit

Interest receivable on fixed time deposit

As at 30 June

30 June 2025	30 June 2024
315,814	190,135
12,057	117,986
(15,119)	(7,426)
18,614	15,119
331,367	315,814



Hibret Insurance SC
Notes to the financial Statements
For the year ended 30 June 2025

	30 June 2025	30 June 2024
	Birr'000	Birr'000
25 Insurance payables General Business		
Due to Reinsurers	245,630	171,359
Payable to local Insurance	16,218	7,999
Differed Reinsurance Commission	68,194	50,753
At end of the year	330,042	230,111
	30 June 2025	30 June 2024
	Birr'000	Birr'000
	28,303	23,655
Life business		
At end of the year	28,303	23,655
Gross Life & general Business	358,345	253,766
	Birr'000	Birr'000
Takaful business		
Due to Retakaful	5,920	-
Payable to local Insurance	7,706	-
At end of the year	13,626	-
Maturity analysis	30 June 2025	30 June 2024
	Birr'000	Birr'000
Current	290,151	203,013
Non- current	-	-
	290,151	203,013
The carrying amounts disclosed above approximate fair value of insurance and reinsurance liabilities at the reporting date. All amounts payable on direct insurance business and assumed reinsurance business are payable within one year.		
	30 June 2025	30 June 2024
	Birr'000	Birr'000
26 Other liabilities		
a) General business		
Financial liabilities		
Dividend payable	31,382	24,323
Commission payable	37,484	21,928
	68,866	46,251
Non financial liabilities		
Sundry creditors	36,874	25,484
Uncollected cheques	11,293	8,394
Deferred income	66,927	11,150
Retention fee payable	2,308	2,308
Inter office A/C with life	-	3,046
VAT payable	34,334	
Provisions	87,197	74,800
Rent advance	24,702	9,080
Debtors with credit balance	16,532	6,457
	280,167	140,719
	349,033	186,969
Non financial liabilities		



Hibret Insurance SC

Notes to the financial Statements

For the year ended 30 June 2025

Sundry creditors	7,474	2,645
Inter office A/C with Non life	11,255	-
Provisions	3,874	847
	22,604	3,492
	22,604	3,492
Gross amount	371,636	190,462
Non financial liabilities		
Sundry creditors	11,976	-
Inter office A/C with Non life	767	-
	12,743	-
	12,743	-
Maturity analysis		
	30 June 2025	30 June 2024
	Birr'000	Birr'000
Current	371,636	190,462
Non- current		
	371,636	190,462
27 Company income and deferred tax		
a) Current income tax		
	30 June 2025	30 June 2024
	Birr'000	Birr'000
Company income tax	150,935	85,482
Deferred income tax/(credit) to profit or loss	15,285	(1,320)
Total charge to profit or loss	166,221	84,163
Tax (credit) on other comprehensive income	(1,320)	73,926
Total tax in statement of comprehensive income	164,901	158,088



Hibret Insurance SC
Notes to the financial Statements
For the year ended 30 June 2025

b) Reconciliation of effective tax to statutory tax-30 June 2025

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

	General Business Birr'000	Life Business Birr'000	Total Birr'000
Profit before tax	874,002	134,048	1,008,050
Add : Disallowed expenses			
Entertainment	7,745	248	7,993
Penalty	65	-	65
Leave - Provision	3,078	(303)	2,774
Gifts and donations	-	-	-
Shareholders' meeting expenses	951	19	971
Giveaway items	1,522	102	1,623
Medical expenses for UNIC-staff employee family	1,755	-	1,755
Staff award expense	833	-	833
Severance pay- provision	-	107	107
Employee Benefit expenses	151	-	151
Depreciation for right of use asset	13,966	-	13,966
Actuarial valuation increment in IBNR & ULAE	16,143	7,626	23,769
Interest on lease liability of right of use asset	1,012	-	1,012
Property tax expenses-Buildings	7,348	858	8,205
Tax expenses related to VAT	64,434	-	64,434
30th years anniversary expenses	2,221	-	2,221
Depreciation for IFRS accounting purpose	34,301	2,788	37,089
Amortization for IFRS accounting purpose	1,712	38	1,750
Total disallowable expenses	157,236	11,483	168,719
Less : Allowable expense			
Depreciation for tax purpose	50,599	8,002	58,601
Amortization for tax purposes	2,786	20	2,807
Dividend income taxed at source	43,718	13,689	57,408
Income recognized from Implementation of IFRS 17	137,260	-	137,260
Rent expenses lease term over a year	14,796	-	14,796
Interest income taxed at source-Local Deposit	353,907	48,874	402,781
Total allowable expenses	603,066	70,585	673,652
Taxable profit	428,172	74,946	503,118
Current tax at 30%	128,452	22,484	150,935

c) Reconciliation of effective tax to statutory tax-30 June 2024

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



Hibret Insurance SC

Notes to the financial Statements

For the year ended 30 June 2025

	General Business Birr'000	Life Business Birr'000	Total Birr'000
Profit before tax	561,793	50,000	611,793
Add : Disallowed expenses			
Entertainment	3,557	362	3,919
Penalty	1,020	10	1,030
Gifts and donations	21	-	21
Shareholders' meeting expenses	651	12	663
Giveaway items	1,197	103	1,300
Medical expenses for UNIC-staff employee family	1,137	-	1,137
Staff award expense	260	11	271
Leave - Provision	3,453	189	3,643
Severance pay- provision	2,484	107	2,591
Employee Benefit expenses	170		170
Impairment of receivables-Provision	8,351	-	8,351
Depreciation for right of use asset	11,573		11,573
Interest on lease liability of right of use asset	969		969
Gifts and donations	420		420
Property tax expenses-Buildings	6,716	1,093	7,809
Depreciation for IFRS accounting purpose	29,164	2,295	31,459
Amortization for IFRS accounting purpose	1,120	38	1,158
Total disallowable expenses	72,262	4,221	76,483
Less : Allowable expense			
Depreciation for tax purpose	50,011	5,283	55,294
Amortization for tax purposes	1,300	19	1,319
Dividend income taxed at source	41,692	13,232	54,924
Income recognized from Implementation of IFRS 17	-	-	-
Rent expenses lease term over a year	13,509		13,509
Interest income taxed at source-Local Deposit	242,915	35,373	278,287
Total allowable expenses	349,428	53,906	403,335
Taxable profit	284,627	314	284,941
Current tax at 30%	85,388	94	85,482
	30 June 2025	30 June 2024	
d) Current income tax assets / (liability)	Birr'000	Birr'000	
Balance at the beginning of the year	(64,046)	(37,928)	
Current year provision	(150,935)	(85,482)	
WHT Not utilized	33,002	21,437	
Payment during the year	64,046	37,928	
Balance at the end of the year	(117,933)	(64,046)	
e) Deferred income tax			
Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.			



Hibret Insurance SC
Notes to the financial Statements
For the year ended 30 June 2025

	30 June 2025 Birr'000	30 June 2024 Birr'000
The analysis of deferred tax assets/(liabilities) is as follows:		
To be recovered after more than 12 months	73,926	59,960
To be recovered within 12 months	-	-
	73,926	59,960

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

30 June 2025

Deferred income tax
assets/(liabilities):

	At 1 July 2024 Birr'000	Credit/ (charge) to P/L Birr'000	Credit/ (charge) to equity Birr'000	30 June 2025 Birr'000
Property, plant and equipment	62,580	6,663		69,242
Intangibles	229	627		856
Post employment benefit obligation	(2,849)	7,996	(1,320)	3,828
Total deferred tax assets/(liabilities)	59,960	15,285	(1,320)	73,926

30 June 2024

Deferred income tax
assets/(liabilities):

	At 1 July 2023 Birr'000	Credit/ (charge) to P/L Birr'000	Credit/ (charge) to equity Birr'000	30 June 2024 Birr'000
Property, plant and equipment	53,785	8,795		62,580
Intangibles	185	44		229
Post employment benefit obligation	(2,071)	1,476	53,374	(2,849)
Total deferred tax assets/(liabilities)	51,898	10,315	53,374	59,960

28 Leases as a lessee

The company leases land and buildings primarily for office space. These leases are non-cancellable with options to extend or terminate at the end of the term. Additionally, some leases have no renewal options or variable payments.

At the lease commencement date, the company recognizes right-of-use assets and corresponding lease liabilities. Right-of-use assets are initially measured at cost, which includes the initial lease liability adjusted for any upfront payments and direct costs. Lease liabilities are initially measured at the present value of lease payments, discounted using the implicit interest rate or, if unavailable, the company's incremental borrowing rate (typically the National Bank of Ethiopia average lending rate).

Right-of-use assets are presented separately from other assets, and lease liabilities are presented separately from other liabilities. Subsequent to initial recognition, right-of-use assets are depreciated straight-line over the shorter of the lease term and the asset's useful life. Lease liabilities are measured at amortized cost using the effective interest method. Each lease payment is allocated between principal and interest expense to produce a constant periodic interest rate. Interest and principal portions of cash payments are reported as operating and financing activities, respectively, in the statement of cash flows.

Short-term leases (12 months or less) and low-value leases, primarily for office space, are not recognized as right-of-use assets or lease liabilities. Payments for these leases are recorded as operating expenses on a straight-line basis and reported as operating activities in the statement of cash flows.



Hibret Insurance SC
Notes to the financial Statements
For the year ended 30 June 2025

Set out below are the carrying amounts of right-of use assets recognized and the movements during the period.

Office premises

a) Right- of use assets

At the beginning of the year

Additions

Disposal of ROU

Depreciations expenses

At the end of the year

30 June 2025	30 June 2024
Birr'000	Birr'000
18,235	15,183
19,593	14,888
(1,485)	(263)
(13,966)	(11,573)
22,377	18,235

b) Right of use assets/Prepaid operating leasehold land

The Company has leased land for its use. The lease hold period for land at Bahirdar, Kality and Bolemedhanialem is 60,50 and 12 years respectively. Information about the leases in which the Company is a lessee is presented below:

Cost:

At the beginning of the year

Accumulated depreciation from prepaid operating lease holding land

At the end of the year

Depreciation

Charge for the year

Total Right of use assets

c) Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the period:

At the beginning of the year

Additions

Disposal of Lease liability

payments

At the end of the year

30 June 2025	30 June 2024
Birr'000	Birr'000
3,769	3,864
(95)	(95)
3,674	3,769
95	95
3,674	3,769
26,051	22,004

Maturity analysis

Current

Non current

30 June 2025	30 June 2024
Birr'000	Birr'000
11,856	11,856
10,110	7,724
(422)	(260)
(6,925)	(5,872)
14,619	11,856
14,619	11,856

Amount recognized in profit or loss

Depreciation expense of right of use assets

Interest expense on lease liabilities

Expenses relating to leases of low value assets (included in admin. expenses)

Total amount recognized in profit or loss

30 June 2025	30 June 2024
Birr'000	Birr'000
13,966	11,573
1,012	969
8,568	6,104
23,546	18,645

Amount recognized in the statement of cash flows

Total cash out flow for leases

30 June 2025	30 June 2024
Birr'000	Birr'000
6,925	5,872



Hibret Insurance SC

Notes to the financial Statements

For the year ended 30 June 2025

As a lessor

The Company has entered into operating leases on its investment property portfolio consisting of certain office premises. These leases have terms of leases between one and 5 years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

Payments received from operating leases are recorded on a straight-line basis over the lease term as investment income in the statement of profit or loss and other comprehensive income. Lease income recognized from investment property by the Company during the year is Birr 59,542,000 (2023: Birr 55,535,000).

Future minimum rentals receivable under non-cancellable operating leases as at 30 June 2025 are as follows:

	30 June 2025	30 June 2024
	Birr'000	Birr'000
Within one year	69,000	64,000
After one year but not more than five years	265,000	256,000
More than five years	330,000	320,000
	664,000	640,000

29 Defined benefit liability

Defined benefits liabilities:

Severance pay - Life business	Note 36(a)
Severance pay - Non life business	Note 36(a)

30 June 2025	30 June 2024
Birr'000	Birr'000

383	293
12,376	9,203

Liability in the company statement of financial position

12,759	9,496
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Income statement charge included in personnel expenses:

Severance costs - Life business	Note 36(a)
Severance costs - Non life business	Note 36(a)

107	297
3,281	10,031

Total defined benefit expenses

3,388	10,328
--------------	---------------

Re-measurement for:

Life business

Re-measurement (gains)/losses - Life business	(17)	114
Deferred tax (liability)/asset on Re-measurement gain or loss	(5)	34

(12)	80
-------------	-----------

General business

Re-measurement (gains)/losses - Non life business	4,417	1,096
Deferred tax (liability)/asset on Re-measurement gain or loss	1,325	329

3,092	767
3,080	847

Gross amount



Hibret Insurance SC
Notes to the financial Statements
For the year ended 30 June 2025

a) Severance pay

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

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

A Defined benefit liability

Liability recognized in the financial position - Life business

Liability recognized in the financial position - General business

30 June 2025	30 June 2024
Birr'000	Birr'000
383	293
12,376	9,203
12,759	9,496

B Amount recognized in the profit or loss

Life business

Current service cost

Interest cost

30 June 2025	30 June 2024
Birr'000	Birr'000
59	273
48	24
107	297

General business

Current service cost

Interest cost

2,102	9,042
1,178	989
3,280	10,031

Gross amount

3,387	10,328
--------------	---------------

C Amount recognized in other comprehensive income:

Re-measurement (gains)/losses arising from changes in demographic assumptions - Life

Re-measurement (gains)/losses arising from changes in demographic assumptions - General

(17)	114
4,416	1,096
4,399	1,210

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

Life business

At the beginning of the year

Current service cost

Interest cost

Re-measurement (gains)/ losses

Benefits paid

30 June 2025	30 June 2024
Birr'000	Birr'000
293	186
59	273
48	24
(17)	114
-	(304)

At the end of the year

383	293
------------	------------

General business

At the beginning of the year

Current service cost

Interest cost

Re-measurement (gains)/ losses

Benefits paid

At the end of the year

9,203	6,719
2,102	9,042
1,178	989
4,416	1,096
(4,524)	(8,643)
12,375	9,203



Hibret Insurance SC
Notes to the financial Statements
For the year ended 30 June 2025

i) Financial Assumption Long term Average

	30 June 2025	30 June 2024
	Birr'000	Birr'000
Discount rate (p.a.)	15.00%	14.75%
Long term salary Increase rate (p.a.)	13.00%	12.75%

ii) Mortality in Service

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

Age	Mortality rate	
	Male	Female
	%	%
20	0.111	0.111
25	0.112	0.111
30	0.116	0.113
35	0.132	0.120
40	0.188	0.147
45	0.330	0.231
50	0.599	0.420
55	1.035	0.750
60	1.720	1.272

iii) Withdrawal from Service

The withdrawal rates are as summarized below :

Age	Resignation rates per annum	
	Male	Female
20	15.000%	15.000%
25	12.000%	12.000%
30	6.000%	6.000%
35	2.500%	2.500%
40	1.800%	1.800%
45	1.000%	1.000%
50	0.180%	0.080%
55	0.080%	0.080%
60	0.080%	0.080%

iv) III-Health/Disability

The withdrawal rates are as summarized below :

Age	Resignation rates per annum	
	Male	Female
20	0.040%	0.040%
25	0.040%	0.040%
30	0.040%	0.040%
35	0.040%	0.040%
40	0.063%	0.050%
45	0.110%	0.080%
50	0.200%	0.140%
50	0.350%	0.250%
55	0.570%	0.420%
60		

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





Hibret Insurance SC
Notes to the financial Statements
For the year ended 30 June 2025

General business

	Scenario 1 Base	Scenario 2 Discount rate increased by 1%	Scenario 3 Salary rate increased by 1%	Scenario 4 Discount rate decreased by 1%	Scenario 5 Salary rate decreased by 1%
Discount rate	15.00%	16.00%	15.00%	14.00%	15.00%
Salary rate	13.00%	13.00%	14.00%	13.00%	12.00%
Net liability at start of period	9,202,859	9,202,859	9,202,859	9,202,859	9,202,859
Total net expense recognized in income statement	3,281,159	3,281,159	3,281,159	3,281,159	3,281,159
Net expense recognized in other comprehensive income	4,416,445	3,678,476	5,228,060	5,253,256	3,692,162
Employer contribution	(4,524,425)	(4,524,425)	(4,524,425)	(4,524,425)	(4,524,425)
Net liability at end of period	12,376,038	11,638,069	13,187,653	13,212,849	11,651,755

30 June 2024

	Scenario 1 Base	Scenario 2 Discount rate increased by 1%	Scenario 3 Salary rate increased by 1%	Scenario 4 Discount rate decreased by 1%	Scenario 5 Salary rate decreased by 1%
Discount rate	14.75%	15.75%	14.75%	13.75%	14.75%
Salary rate	12.75%	12.75%	13.75%	12.75%	11.75%
Net liability at start of period	6,718,638	6,718,638	6,718,638	6,718,638	6,718,638
Total net expense recognized in income	10,031,029	10,031,029	10,031,029	10,031,029	10,031,029
Net increase recognized in other comprehensive income	1,095,736	548,855	1,697,030	1,715,765	559,033
Employer contribution	(8,642,544)	(8,642,544)	(8,642,544)	(8,642,544)	(8,642,544)
Net liability at end of period	9,202,859	8,655,978	9,804,153	9,822,888	8,666,156

30 June 2025

	Scenario 1 Base	Scenario 2 Discount rate increased by 1%	Scenario 3 Salary rate increased by 1%	Scenario 4 Discount rate decreased by 1%	Scenario 5 Salary rate decreased by 1%
Discount rate	15.00%	16.00%	15.00%	14.00%	15.00%
Salary rate	13.00%	13.00%	14.00%	13.00%	12.00%
Net liability at start of period	292,622	292,622	292,622	292,622	292,622
Total net expense recognized in income statement	106,617	106,617	106,617	106,617	106,617
Net expense recognized in other comprehensive income	(16,427)	(39,151)	8,485	9,499	(38,495)
Net liability at end of period	382,812	360,088	407,724	408,738	360,744

30 June 2024

	Scenario 1 Base	Scenario 2 Discount rate increased by 1%	Scenario 3 Salary rate increased by 1%	Scenario 4 Discount rate decreased by 1%	Scenario 5 Salary rate decreased by 1%
Discount rate	14.75%	15.75%	14.75%	13.75%	14.75%
Salary rate	12.75%	12.75%	13.75%	12.75%	11.75%
Net liability at start of period	185,985	185,985	185,985	185,985	185,985
Total net expense recognized in income statement	296,812	296,812	296,812	296,812	296,812
Net increase recognized in other comprehensive income	114,408	97,538	132,829	133,727	98,165
Employer contribution	(304,583)	(304,583)	(304,583)	(304,583)	(304,583)
Net liability at end of period	292,622	275,752	311,043	311,941	276,379



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

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years. The weighted average duration of defined benefit obligation at the end of the reporting period for general insurance staff is 6.36 years and for long term insurance staff is 6..20 years.

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

Hibret Insurance SC
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	30 June 2025	30 June 2024
	Birr'000	Birr'000
30 Ordinary share capital		
Authorized:		
1,500,000 ordinary shares of Birr 1000 each	1,500,000	1,500,000
Issued and fully paid:		
1,068,174 ordinary shares of Birr 1000 each	1,068,174	840,596
273,424 ordinary shares of Birr 1000 each	273,424	227,578
Total share capital & share premium	1,341,598	1,068,174
Share Premium	15,202	15,202

In accordance with our company's policy and applicable tax regulations, the share premium generated from the issuance of shares above par value during December 2022 to February 2023 was initially held as a reserve fund pending a decision by the shareholders' general assembly. However, the tax authority (Ministry of Revenue, Large Taxpayers Branch Office) issued a notice (Letter No. 02/210/2876/16, dated Sene 24, 2016 E.C.) determining that the premium portion is subject to taxation, including interest due to non-payment within the specified timeframe.

As a result, we have decided to pay a tax amount of Birr 6,515,100. This payment will reduce the net share premium amount reflected on our financial statements. The remaining net share premium balance, currently at Birr 15,202,000, will be considered by the shareholders' general assembly at their next meeting to determine its appropriate allocation or distribution.

The movements in issued ordinary shares and fully paid share :

	No. of shares (thousands)	Share Capital ETB'000	Total ETB'000
At 1 July 2023	840,596	840,596	840,596
Issue of ordinary shares	227,578	227,578	227,578
As at 30 June 2024	1,068,174	1,068,174	1,068,174
At 1 July 2024	1,068,174	1,068,174	1,068,174
Issue of ordinary shares	273,424	273,424	273,424
As at 30 June 2025	1,341,598	1,341,598	1,341,598

31 Earnings per share

Basic earnings per share (EPS) is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year

	30 June 2025	30 June 2024
	Birr'000	Birr'000
Current year profit Attributable to the shareholders	843,149	470,955
Weighted Average number of ordinary share in issue	1,229,864	985,644
Earnings per share in Birr	685.56	477.81



Hibret Insurance SC
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Earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding at the end of the year. There were no other transactions involving ordinary shares or potential ordinary shares between the reporting date and of compilation of these financial statements.

	Birr'000	Birr'000
general business		
At the beginning of the year distributable earnings	372,169	258,570
Prior years IFRS 17 Impact	-	(48,769)
Profit/ (Loss) for the year	733,346	470,678
Transfer to legal reserve	(73,335)	(47,068)
Transfer to capital	(235,507)	(167,600)
Dividend provided for	(188,102)	(93,642)
Total retained earnings- general business	608,572	372,169
At the end of the year distributable earnings	608,572	372,169

	30 June 2025 Birr'000	30 June 2024 Birr'000
Life business		
At the beginning of the year distributable earnings	44,143	33,080
Prior years IFRS 17 Impact	-	-
Profit/ (Loss) for the year	109,803	49,048
Transfer to legal reserve	(10,980)	(4,905)
Transfer to Capital	-	(33,080)
Dividend provided for	(44,143)	-
Total retained earnings- Life business	98,822	44,143
At the end of the year distributable earnings	98,822	44,143
	707,395	416,312

(b) Surplus resulted from Asset Revaluation or adjustment

In accordance with Directive No. 985/2024, issued on February 15, 2024 (directive on how to account for changes resulting from asset revaluation or adjustment), any surplus arising from asset valuation or adjustments cannot be used for capital increases or dividend distributions because it represents unrealized gains. Therefore, the directive mandates that this surplus be recorded as an "IFRS Adoption Re-measurement Reserve" within shareholders' equity, separate from distributable retained earnings. Following this directive, we have excluded this surplus from the retained earnings account and recorded it separately under the IFRS Adoption Re-measurement Reserve account. The gross surplus amounted to Birr 97.67 million, of which Birr 31.73 million was transferred to the deferred tax payable account. The net surplus of Birr 65.94 million is currently held in the IFRS Adoption Re-measurement Reserve account

32 Legal reserve General Business

At the beginning of the year
Transfer from profit or loss
At the end of the year



	30 June 2025 Birr'000	30 June 2024 Birr'000
	168,048	120,981
	73,335	47,068
	241,383	168,048

Hibret Insurance SC
Notes to the financial Statements
For the year ended 30 June 2025

Life business		
At the beginning of the year	30,102	25,197
Transfer from profit or loss	10,980	4,905
At the end of the year	41,082	30,102
	282,465	198,151

This is a reserve constituted in accordance with Article 22 of Proclamation No. 746/2012 Licensing and Supervision of insurance business. The law requires the insurer to transfer 10% of its annual net profit to its legal reserve account until such account equals its capital.

Life fund reserve represents accumulated life fund inclusive of surpluses distributable to shareholders. The amount determined after actuarial valuation has been conducted .

	30 June 2025	30 June 2024
	Birr'000	Birr'000
b) Takaful Fund Movement		
surplus/(deficit)	(11,674)	-
Life Fund	(11,674)	-
	30 June 2025	30 June 2024
	Birr'000	Birr'000
33 Actuarial (gain)/Loss of employee general Business		
At the beginning of the year	2,996	2,229
Gross (gain)/loss	4,417	1,096
Deferred tax asset/(liability)	1,325	329
Net (gain)/Loss	6,088	2,996
Life business		
At the beginning of the year	419	339
Gross (gain)/loss	(17)	114
Deferred tax asset/(liability)	(5)	34
Net (gain)/Loss	407	419
	6,495	3,416



Hibret Insurance SC
Notes to the financial Statements
For the year ended 30 June 2025

		30 June 2025	30 June 2024
	Notes	Birr'000	Birr'000
34 Cash generated from operating activities			
Profit before tax	31b	1,008,050	564,878
Adjustments for non- cash items:			
Depreciation of property, plant and equipment	14	37,087	31,462
Amortization of intangible assets	16	1,654	1,062
Right of use asset -depreciation	28	14,061	11,668
Gain/(Loss) on disposal of property, plant and equipment	33	(2,909)	(585)
Fixed assets adjustment	14	235	0
Prior year adjustment		9,202	(8,362)
ECL Provisions			(41)
Change in operational assets:			
Decrease/(Increase) Insurance Contract	8	(56,795)	(4,989)
Decrease/(Increase) ReinsuranceContract	8	(43,137)	(299,588)
Decrease/(Increase) other assets	23	(76,215)	(21,855)
Decrease/(Increase) Reinsurance contract asset	17	(81,899)	(52,745)
Decrease/ (Increase) salvage property held for sales	22	6,264	12,339
Change in operational liabilities:			
-Increase/ (decrease) insurance contract liabilities	25	284,223	692,853
-Increase/ (decrease) Insurance payables/ Reinurance contract assets	25	104,580	87,446
-Increase/ (decrease) other liabilities	26	171,966	40,951
Cash generated from operations		1,376,368	1,054,209
In the statement of cash flows, profit on sale of property, plant and equipment comprise:			
		30 June 2025	30 June 2024
		Birr'000	Birr'000
Proceeds on disposal		3,145	622
Net book value of property, plant and equipment disposed		236	37
Gain/(loss) on sale of property, plant and equipment		2,909	585



Hibret Insurance SC
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For the year ended 30 June 2025

35 Related party transactions

The Company is owned by several diverse shareholders with out ultimate parent Company. A number of transactions were entered into with related parties in the normal course of business. These are disclosed as follows:

10.5 Transactions with related parties

Loan to key management personnel

b) Key management compensation

Key management has been determined to be the members of the Board of Directors and the Executive Management of the Company. The compensation paid or payable to key management for is shown. There were no sales or purchase of goods and services between the Company and key management personnel as at 30 June 2025.

	30 June 2025 Birr'000	30 June 2024 Birr'000
Salaries and other short-term employee benefits	31,503	23,197
Post-employment benefits	571	440
Termination benefits	1,553	1,759
Sitting allowance	1,033	1,770
Other expenses	1,397	1,444
	36,057	28,610

36 Directors and employees

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

	30 June 2025 Number	30 June 2024 Number
Professionals and High Level Supervisors	38	70
Semi-professional, Administrative and Clerical	9	28
Technician and Skilled	8	8
Manual and Custodian	12	17
	67	123

ii)

The table below shows the number of employees (excluding directors), who earned over Birr 10,000 as emoluments in the year and were within the bands stated.

iii)

Total number of employees as at June 30 2025 reaches 584 compared with previous period which was 563

	30 June 2025 Birr'000	30 June 2024 Birr'000
10,000 - 30,000	35	272
30,001 - 50,000	1	91
50,001 - 100,000	2	28
Above 100,000	-	-
	38	391



37 Contingent liabilities

Tax dispute on reinvested dividend

The Company has received an illegitimate tax payment request from the Ministry of Revenues Large tax payers Branch Office on reinvested dividend, interest and penalty Since 2016 to 2020 which totals Birr 21,832,381. The Company has disputed the request and is seeking legal advice and believes that the request is without merit and does not expect to incur any liability as a result.

Hibret Insurance SC
Notes to the financial Statements
For the year ended 30 June 2025

This disclosure is important because it informs shareholders and other stakeholders of the potential financial impact of the tax office's request. It also demonstrates that the Company is taking the matter seriously and is taking steps to protect its interests.

38	Commitments	30 June 2025	30 June 2024
		Birr'000	Birr'000
	Capital Expenditure		
	Rebranding cost	-	831
	Ethiopian Security Exchange/ESX/	9,741	9,741
	Subscribed shares in Hibret Bank SC	100,838	150,000
	Subscribed shares in Ethiopian Reinsurance Company	-	18,041
		110,579	18,872

39 Operating lease commitments - Company as lessee

The Company leases various properties under non-cancellable operating lease agreements. The lease terms are between two and five years, and majority of these lease agreements are renewable at the end of each lease period at market rate. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	30 June 2025	30 June 2024
	Birr'000	Birr'000
No later than 1 year	4,897	1,013
Later than 1 year and no later than 2 years	6,663	4,106
Later than 2 years but not later than 5 years	3,059	3,288
Total	14,619	8,407

The Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased asset and align with the Company's business needs. Management exercises significant judgment in determining whether these extension and termination options are reasonably certain to be exercised (Note 3).

40 Currency

The financial statements are presented in thousands of Ethiopian Birr (Br'000).

41 Revaluation reserves at deemed cost

The revaluation reserve at deemed cost relates to investment, property and equipment. The reserve is non-distributable. The revaluation surplus amounting Birr 65.94 million net of deferred tax liability of Birr 31.73 million is included in the retained earning account. This represents the surplus on the revaluation of investment property and property and equipment.

42 Events after reporting period

In the opinion of the Directors, there were no significant post balance sheet events which could have a material effect on the state of affairs of the Company as at 30 June 2025 and on the profit for the period ended on that date, which have not been adequately provided for or disclosed.





ACTUARY CERTIFICATE

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

The valuation was conducted in accordance with generally accepted actuarial principles and IFRS 17 reporting requirement. These principles require that prudent provision for future outgo under contracts, generally based upon the assumptions that current conditions will continue. Provision is therefore not made for all possible contingencies.

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

- i. The actuarial value of the liabilities in respect of all classes of general insurance business of the company reflect a fair value as at 30 June 2025;
- ii. The actuarial value of the liabilities in respect of all classes of Takaful insurance business of the company reflect a fair value as at 30 June 2025;
- iii. The actuarial value of the liabilities in respect of all life assurance business did not exceed the amount of reserves of the life assurance business at 30 June 2025; and
- iv. The severance benefit liability as at 30 June 2025 can be incorporated in the financial statements in line with the International Accounting Standards 19.

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

06th November 2025

Date

Abed Mureithi FIA, C.Act, FeASK
Fellow of the Institute & Faculty of Actuaries (UK)

Photo Gallery



PARTIAL VIEW OF THE 30TH ANNIVERSARY CELEBRATION



30TH ANNUAL GENERAL MEETING OF SHAREHOLDERS



**TRANSITION OF RESPONSIBILITY BETWEEN INCOMING AND OUTGOING
BOARD DIRECTORS**



ANNUAL MANAGEMENT CONSULTATIVE MEETING & RECOGNITION



PARTICIPATION IN FINANCE FORUM EXHIBITION



ANNUAL INSURANCE BROKERS' CONSULTATIVE MEETING & RECOGNITION



ANNUAL STAFF & SALES AGENTS' DAY



COMPANY'S INITIATIVE IN WOMEN'S EMPOWERMENT: OVERSEAS TRAINING



BLOOD DONATION BY HIBRET STAFF AS PART OF THE 30TH ANNIVERSARY

Hibir Executive Savings Account

A premium savings solution specifically designed for Top Executives, Senior Government Officials, and High-Ranking Professionals in both the public and private sectors.

Enjoy competitive interest rates, with personalized and priority service at our branches.

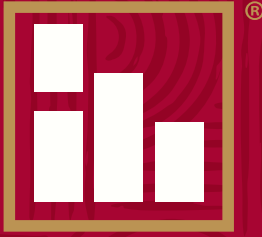
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