



**ANNUAL  
REPORT**

**2023/24**

**ENGINEERING  
INSURANCE**

**PROPERTY  
INSURANCE**

**LIABILITY  
INSURANCE**

**TRAVEL & HEALTH  
INSURANCE**

**ACCIDENT  
INSURANCE**

**PECUNIARY  
INSURANCE**

**ለንብረትዎ፣ ለጤናዎ እና  
ለሚመጣብዎ ተጠያቂነት**

**ሁሌም ከጎንዎ አለን!**

**ሁሌም ከጎንዎ!**

**13 Months by your side!**



<http://lucyinsuranceet.com/>

<http://lucyinsuranceet.com/>

# Vision, Mission and Core Values

## VISION

A company that comes to mind for best insurance service



## MISSION

Provide dependable best insurance services and engage in lucrative investment activities using capable manpower and modern technology.

Offer insurance products at affordable premiums by using all marketing channels.

Satisfy customers and increases shareholders' value through discharging its corporate social responsibility.

Ensuring profitability & sustainable growth, in a socially responsible manner



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Core Values

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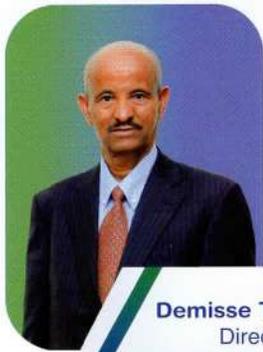
# Board of Directors



**Tesfaye Boru (Dr.)**  
Chairperson,  
Board of Directors



**Destalem Fitwi**  
V/chairperson,  
Board of Directors



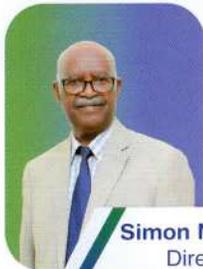
**Demisse Tafessee**  
Director



**Getachew Abera**  
Director



**Kelemu Sinke**  
Director



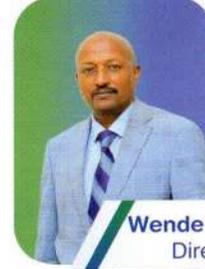
**Simon Mechale**  
Director



**Solomon W/Yohannes**  
Director

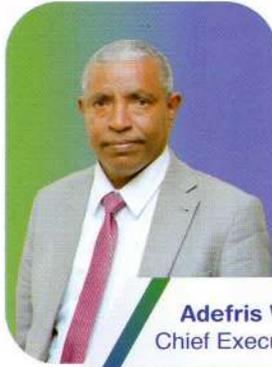


**Tekeste Desta**  
Director



**Wende Wedajo**  
Director

# Executive Management



**Adefris Wesene**  
Chief Executive Office



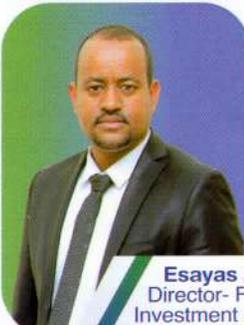
**Girum Fekede**  
D/CEO, Operations



**Yodit Yimer**  
Director- Marketing &  
Corporate Planning  
Department



**Matiwos Mogiso**  
Director- Underwriting &  
Branch Operations  
Department



**Esayas Assefa**  
Director- Finance &  
Investment Department



**Siyamregn Addis**  
Director-Human Resource  
& Logistics Department



**Addisu Fekadu**  
Director - Claims  
Department



**Solomon Zelalem**  
Manager - Legal Service

## CHAIR PERSON'S STATEMENT



### Dear Valued Shareholders,

Welcome to the 12th Regular Annual General Meeting of Lucy Insurance Share Company.

On behalf of the Board of Directors, I am pleased to present the Annual Report and audited financial statements for the Financial Year (FY) 2023/24. As we reflect on the past year, it is with great pride that I present this statement highlighting our achievements. The past year has been transformative for our company, marked by strong financial results that underscore our resilience and strategic vision. Thanks to the dedication of our team and the unwavering support of our stakeholders, we have not only navigated challenges but have also positioned ourselves for future growth. Together, we have built a solid foundation that inspires confidence and trust in our journey ahead.

Over the past year, as part of our growth and expansion strategy, the company has undertaken several key initiatives to

enhance its underwriting services. We successfully opened 10 new branches, established strategic partnerships with microfinance institutions, and introduced a new product aimed at diversifying our business portfolio. In line with the directive of the National Bank of Ethiopia, we also acquired a new core insurance software system as part of our ongoing digital transformation initiative, with implementation currently underway.

As part of this rollout, live service has commenced in three pilot branches, marking a significant milestone in the implementation process. The remaining branches and working units are currently in the testing and transition phases to ensure seamless integration. This phased approach allows us to proactively address potential challenges, ensuring that all branches are fully prepared to utilize the new system efficiently. We remain committed to providing comprehensive support throughout this transition, ensuring a smooth and successful rollout across the entire organization, ultimately enhancing our overall operational efficiency.

In keeping with our commitment to the long-term success of the company, the formulation of the six-year strategic plan has been a primary focus for the board of directors. This comprehensive roadmap outlines clear objectives and strategic initiatives aimed at driving future growth and profitability, while strengthening the company's competitive position. The board has worked diligently to ensure that the plan addresses both current market challenges and emerging opportunities, with an emphasis on sustainable development, innovation, and value creation for our shareholders. This strategic blueprint will serve as the foundation for our company's continued growth and success in the years ahead.

### Dear esteemed shareholders

Despite the challenges posed by the minimum motor rates established by the NBE, along with inflation, a volatile business environment, and economic uncertainties, we are pleased to report commendable performance during this period.

In contrast to last year's figures, and as promised at our previous shareholders meeting, we achieved a notable profit of Birr 80 million for the fiscal year ending June 30, 2024, representing a 75% increase from the prior year's profit of Birr 45.8 million. Our initiatives to boost direct premium earnings, control expenses, implement prudent underwriting measures and good claims management played a significant role in achieving these positive results and the success is a testament to the coordinated efforts of our board, management, staff, and stakeholders.

Our premium production increased significantly to Birr 397.2 million, achieving 78% of our budget target and representing a remarkable 39% growth. We paid Birr 119.6 million in claims, maintaining a claims ratio of 40%, which highlights our effective risk management practices. Additionally, our underwriting result reached an impressive Birr 171.8 million, reflecting a 65% increase from last year's result of Birr 104.3 million, demonstrating the company's strong operational capacity. These results underscore our commitment to enhancing profitability and positioning the company for continued success.

We have diversified our investment portfolio to drive the company's overall income growth. As a result, investment income increased by 55% over the past year. In response to high inflation and volatile market conditions, the company implemented a cost saving strategy, keeping expenses within budget limits, with only a slight increase of 0.6%.

The Board of Directors has taken a significant step in addressing the company's long-standing challenge of employee turnover. Following a thorough assessment of market trends and the compensation practices of peer insurance companies, we implemented a salary adjustment as part of our broader retention strategy. This initiative was designed to ensure that our remuneration packages remain competitive, thereby attracting and retaining top talent. I am pleased to report that this strategic move has yielded positive results, with our turnover

rate decreasing from 21.26 % in the previous year to 12.1% by the end of the year. This reduction not only strengthens our workforce but also enhances our operational stability and long-term growth prospects.

### **Dear honored shareholders**

In the coming year, aligned with our six-year strategic plan, we will continue to pursue numerous initiatives aimed at enhancing the strength and success of our company. Our focus will remain on continuous growth and profitability, strengthening human capital, advancing digital initiatives, increasing the company's paid-up capital, and ensuring compliance—all key drivers of our future success.

Finally, we would like to express our sincere gratitude for your unwavering support and look forward to your continued cooperation in achieving the required capital level. We deeply appreciate the trust you have placed in us, and we remain fully committed to turning the company's vision into reality.

A special thank you goes to the board, management, and staff for their tireless efforts. Additionally, we extend our sincere gratitude to the National Bank of Ethiopia, our clients, and business partners for their continued trust in our company.

**Tesfaye Boru (Phd)**  
**Chairperson, Board of Directors**

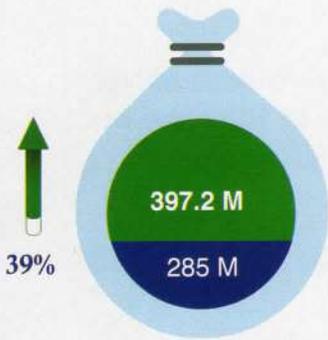
# Financial Highlights

2023/24

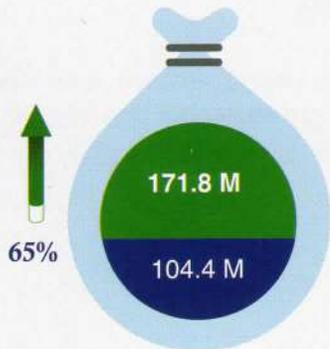
2022/23



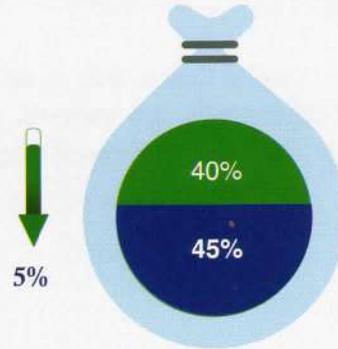
Gross Written Premium



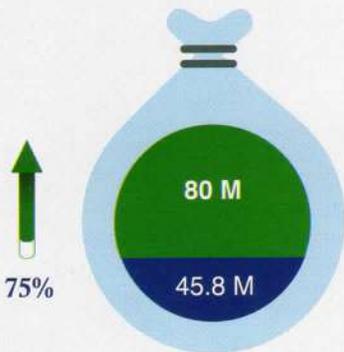
Underwriting Surplus



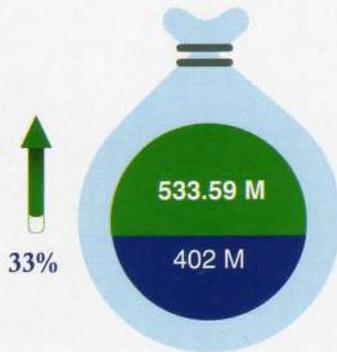
Claims Ratio



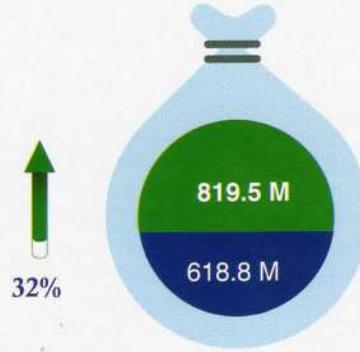
Profit/loss



Total Liability



Total Asset





# DIRECTORS' REPORT

# ANNUAL REPORT BY BOARD OF DIRECTORS

On behalf of the Board of Directors, I am pleased to present the integrated Annual Report and the audited financial statements for the fiscal year ending June 30, 2024. This report provides an overview of the company's major activities and achievements for the year 2023/24.

## 1. ECONOMIC REVIEW FOR 2023/24

### 1.1. OVERVIEW OF THE GLOBAL ECONOMIC SITUATION IN 2023/24

The IMF projects global growth to slow from 3.5 percent in 2022 to 3.0 percent in 2023 and 2.9 percent in 2024, remaining below the 2000–2019 average of 3.8 percent. Growth in advanced economies is forecast to decline from 2.6 percent in 2022 to 1.5 percent in 2023 and 1.4 percent in 2024, with the US outperforming expectations and the euro area underperforming. Emerging market and developing economies are expected to see growth decline slightly, from 4.1 percent in 2022 to 4.0 percent in 2023 and 2024, impacted by China's property sector crisis. Medium-term global growth projections at 3.1 percent indicate a slow pace for income convergence. Global inflation is forecast to decrease from 8.7 percent in 2022 to 6.9 percent in 2023 and 5.8 percent in 2024, with a return to target levels not expected until 2025.

The global insurance market has seen strong growth, expanding from \$7,265.22 billion in 2023 to an estimated \$7,793.45 billion in 2024, at a CAGR of 7.3 percent. Key drivers include insurance globalization, demographic shifts, increased natural disasters, changing consumer behavior, and expanded distribution channels. This growth trajectory is expected to continue in the near term (IMF, April, 2024).

### 1.2. OVERVIEW OF THE SUB-SAHARAN ECONOMIC SITUATION IN 2023/24

The economic outlook for sub-Saharan Africa is improving, with growth expected to rise from 3.4 percent in 2023 to 3.8 percent in 2024 and further to 4.0 percent by 2025. Inflation has nearly halved, public debt levels are stabilizing, and countries have resumed issuing Eurobonds after a two-year hiatus.

However, challenges persist, including funding shortages, high borrowing costs, and looming debt repayments. The region remains vulnerable to global shocks, political instability, and climate events. Recommended policy priorities include strengthening public finances while supporting development, focusing on price stability in monetary policy, and implementing reforms to diversify funding and economies. Additional international support is critical for fostering sustainable growth and resilience (IMF, April, 2024)

### 1.3. ETHIOPIAN ECONOMIC REVIEW 2023/24

Ethiopia's economic growth in 2023 varied across reports: government figures put growth at 7.2 percent, the IMF at 6.1 percent, while independent estimates suggest it could be as low as 4.5 percent. The services sector showed resilience, while manufacturing lagged. Foreign reserves fell below USD 1 billion, covering less than two weeks of imports as of September 2023, and the Birr remained overvalued, with a parallel market rate of 110 Birr/USD versus the official 56 Birr/USD in January 2024.

The fiscal deficit decreased to 2.9 percent of GDP from 3.6 percent the prior year, but grants continued to decline. Money supply growth slowed sharply from 26.6 percent annually in June 2023 to 6.4 percent from July to December. Inflation remained high, with headline inflation easing to 28.7 percent in December 2023 from 34.2 percent in March. The current account deficit dropped to USD 5.7 billion (3.5 percent of GDP), and the balance of payments deficit improved to USD 752 million from USD 2.1 billion in 2022. Ethiopia's debt burden remains severe, including a USD 1 billion Eurobond repayment. In 2023, Ethiopia defaulted on a USD 33 million Eurobond payment, leading to a Fitch downgrade to "C" and "restricted default" on the Eurobond after a missed December payment (UNDP, January 2024)

### 1.4. OVERVIEW OF THE ETHIOPIAN INSURANCE INDUSTRY IN 2023/24

Ethiopia's insurance sector, comprising general and long-term insurance, requires separate licenses for each. By June 2023, the industry included one state-owned and 17 private insurers, with 12 offering both types and six focused solely on general insurance. A single local reinsurance company operates alongside 2,716 agents, 62 brokers, 114 loss assessors, and three surveyors, while foreign reinsurers like Africa Re and PTA Re (ZEP-RE) have contact offices in Ethiopia.

The sector's total assets, liabilities, and capital reached Birr 49.7 billion, Birr 33.4 billion, and Birr 16.3 billion, respectively, with general insurance making up over 90 percent. Life insurance, still emerging, grew 21.8 percent year-over-year but remains a small portion of the financial sector.

Profitability was strong, with pre-tax net income of Birr 3.7 billion from general insurance and Birr 0.4 billion from long-term insurance, achieving a 25 percent return on equity. However, inflation affected returns on fixed-income assets. Premiums grew by 37.5 percent to Birr 22.9 billion, largely in general insurance, which rose 40.1 percent compared to 7.8 percent growth in life insurance. The motor insurance segment showed improved profitability due to rate increases and risk management measures.

Key metrics indicate stability: equity to liabilities was 48.3 percent, well above the prudential minimum of 20 percent, while the solvency ratio stood at 243 percent and liquidity at 94.6 percent. Despite strong competition, the sector reached a record Gross Written Premium of Birr 21.7 billion in 2022/23 and Birr 24.4 billion in 2023/24 (Financial Stability Report, NBE, April 2024).

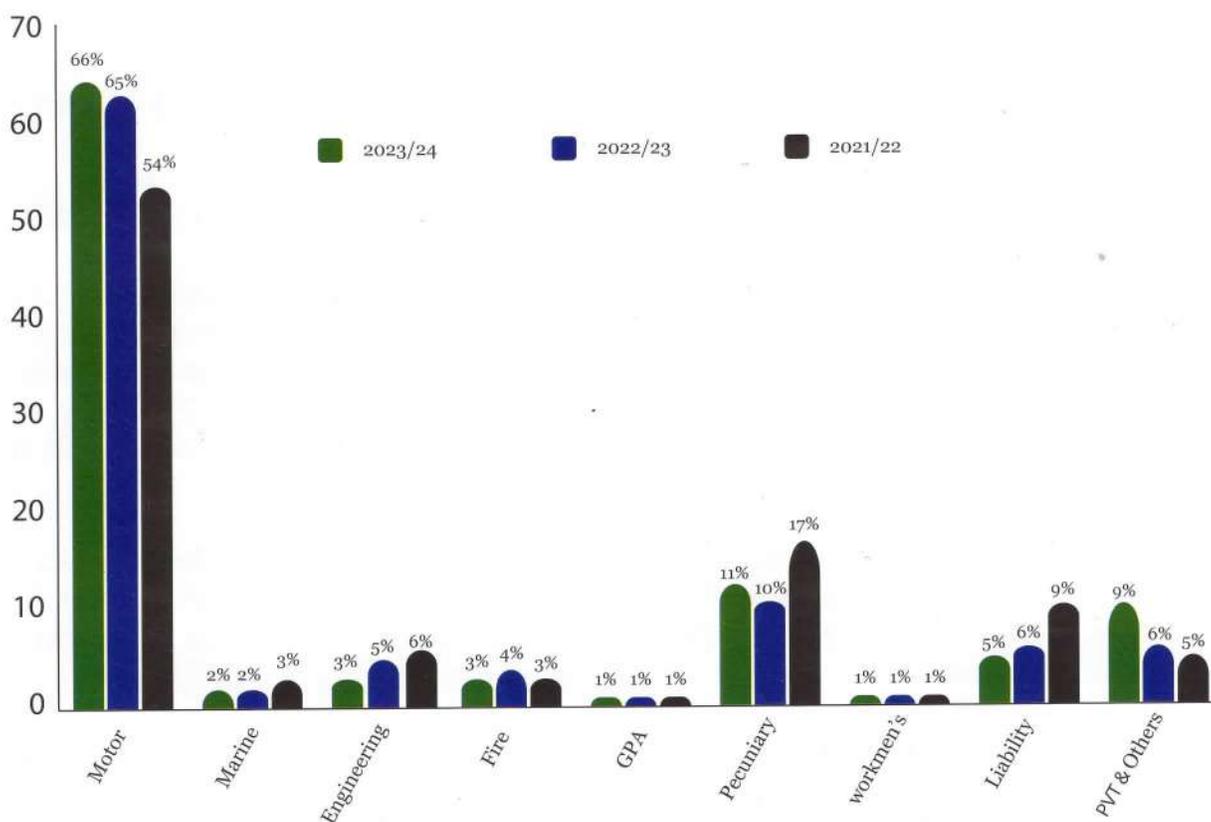
## 2. OPERATIONAL AND FINANCIAL PERFORMANCE FOR 2023/24

### 2.1. Gross Written Premium

In the fiscal year 2023/24, the company achieved a Gross Written Premium (GWP) of Birr 397,252,907 across various classes of business. This represents 78% of the budgeted target for the year and marks a 39% increase from the previous year's GWP of Birr 285.89 million, an increase of Birr 112.1 million.

The motor class of business contributed 66% of the total premium income, followed by pecuniary, PVT and others, and liability classes with 11%, 9%, and 5%, respectively. The remaining classes of business accounted for 9% of the total premium income.

*The Graph below shows the premium portfolio mix for three consecutive years*



### 2.2. Claims/Loss Ratio

The company incurred net claims totaling Birr 102,750,047.80 during the fiscal year, with the motor class of business accounting for 98% of these claims. The overall loss ratio for the year was 40%, which is a 5% improvement from the previous year's loss ratio of 45%. Specifically, the loss ratio for the motor class decreased by 10% from the previous year and reached 47% as of June 30, 2024.

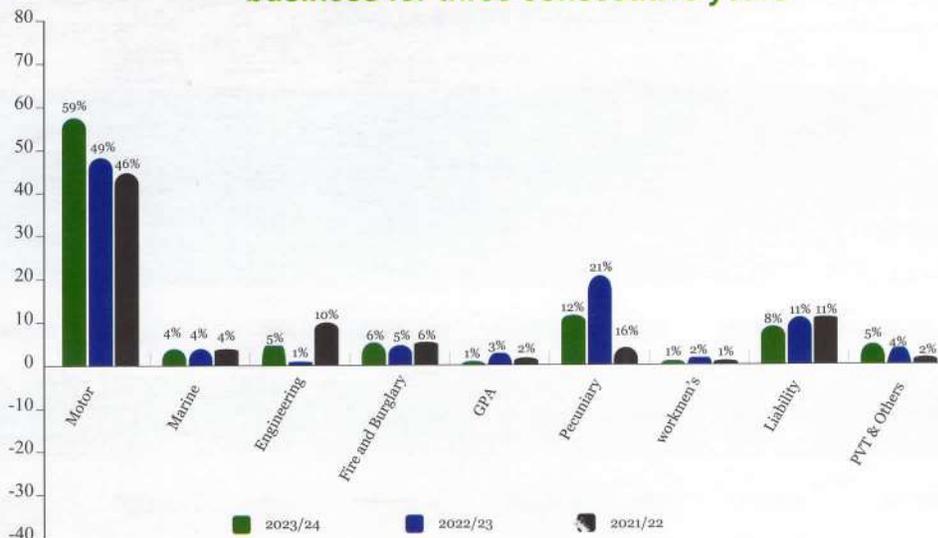
*The Table below illustrates comparative Net loss ratio by class of business for three consecutive years in (000)*

Class of Business	2023/24		Ratio	2022/23		Ratio	2020/21		Ratio
	Net Claims Incurred	Net Earned Premium		Net Claims Incurred	Net Earned Premium		Net Claims Incurred	Net earned premiums	
<b>Motor</b>	98,000.08	213,611.61	47%	73,340.69	131,454.85	58%	55,512.43	100,061.45	56%
<b>Marine</b>	-352.26	4,876.69	-4%	-39,951.01	4,198.70	0%	420.62	4,090.91	11%
<b>Engineering</b>	-909.63	4,821.72	-16%	3,556.09	3,473.34	104%	-1,610.65	7,281.81	-21%
<b>Fire and Burglary</b>	-309.56	4,272.17	-6%	-162,193.50	3,244.04	-4%	-1,264.79	3,234.94	-39%
<b>Workmen's</b>	509.13	2,640.05	21%	310,292.38	2,429.21	10%	812.97	2,153.57	38%
<b>GPA</b>	628.26	2,511.88	30%	319,572.59	2,974.43	12%	446.4	2,085.12	22%
<b>Pecunary</b>	2,458.58	15,859.28	19%	-4,967.54	9,229.16	-50%	-2,223.38	4,849.47	-43%
<b>Liability</b>	217.73	11,501.68	4%	529,700.9	10,832.78	6%	4,571.99	14,469.40	32%
<b>PVT &amp; Others</b>	152.69	4,616.08	5%	454,027.54	1,596.23	34%	-217.25	281.84	-75%
<b>Total</b>	<b>100,395.01</b>	<b>264,711.16</b>	<b>40%</b>	<b>73,340.69</b>	<b>169,432.74</b>	<b>45%</b>	<b>56,448.34</b>	<b>138,508.52</b>	<b>41%</b>

### 2.3. Underwriting Result

The company reported an underwriting profit of Birr 171.8 million, reflecting a 65% increase from the previous year's profit of Birr 104.3 million. Motor insurance contributed the largest share of 61%, followed by pecuniary, liability, fire and burglary, marine, and PVT and other classes in descending order.

The Graph below displays the underwriting surplus contribution by class of business for three consecutive years



### 2.4. Investment

Through effective cash management and strategic investment practices, the company increased its investment income by 55% to Birr 40.9 million, up from Birr 26.4 million the previous year.

### 2.5. Expenses

The total General and Administrative expense for the fiscal year was Birr 137.6 million, a 60% increase from the previous year's expense of Birr 86 million. Major expenses includes salaries and wages (Birr 52.8 million), employee benefits (Birr 24 million), interest and bank charges (Birr 0.4 million), repair and maintenance (Birr 4.2 million), depreciation (Birr 9.5 million), rent (Birr 12.2 million), and other administrative expenses (Birr 34 million). The total expense exceeded the budget by 0.6% or Birr 0.27 million.

### 2.6. Profit/Loss

The company achieved a profit before income tax of Birr 80 million, representing a 75% increase from the previous year's profit of Birr 45.8 million. The gross profit from operations was Birr 34.2 million, or 43%.

## 3. STATEMENT OF FINANCIAL POSITION

### 3.1. Assets

As of June 30, 2024, the company's total assets amounted to Birr 819.5 million. This includes Birr 191.6 million in cash deposits, Birr 39.4 million in statutory deposits, Birr

118.3 million in reserves for reinsurance, Birr 98.1 million in investments, and Birr 50 million due from reinsurance. Fixed assets net of accumulated depreciation were valued at Birr 186.6 million, with the remaining balance in other assets.

### 3.2. Liabilities

The company's total liabilities were Birr 533.6 million. Major liabilities include Birr 85.2 million due to reinsurers, Birr 372.2 million in reserves for unexpired risks and outstanding claims, and Birr 19.7 million in reserves for reinsurance income, with the remainder being other current liabilities and accrued expenses.

### 3.3. Total Equity

As of June 30, 2024, the company's total equity was Birr 285.8 million. This includes Birr 205.4 million in paid-up capital, Birr 1.99 million in share premium, Birr 21.5 million in legal reserves, and Birr 56.7 million in retained earnings for the fiscal year.

In Birr '000	2023/24	2022/23	2021/22	2020/21
<b>Financial Results</b>				
Gross Written Premium	397,253.00	285,089.51	212,778.00	159,837.00
Net written Premium	307,903.41	215,453.54	142,369.00	115,590.00
Net Earned Premium	264,711.00	169,432.74	138,526.00	105,576.00
Net Profit /loss Aftertax	67,761.00	45,857.35	39,087.00	(28,668.00)
<b>Financial Postion</b>				
Total Asset	819,516.00	618,771.85	529,638.00	449,720.00
Total Liability	533,594.00	402,017.68	370,119.00	334,665.00
Shareholders Fund	285,921.00	216,754.19	159,519.00	115,050.00

### 3.4. Dividend Proposal

The Board of Directors proposes capitalizing the income generated for the year in response to the National Bank directive to increase paid-up capital to Birr 500 million by 2027 for conducting General Insurance Business. Shareholders have decided to raise the paid-up capital to Birr 1 billion by 2030.

## 4. OTHER OPERATIONAL PERFORMANCES

### 4.1. Human Resource

In the 2023/24 budget year, the company had 290 employees, including 234 permanent staff, 1 fixed-term contract employee, and 56 outsourced personnel. Of the total workforce, 59% were female and 41% were male. Additionally, 167 employees received training in insurance operations, finance, customer service, and other areas.

### 4.2. Marketing and Corporate Planning

In the Marketing and Corporate Planning Department, the company has undertaken the following activities:

- ▶ **Premium Production:** As of June 2024, the sales team generated Birr 4,823,243.87 in premium production, which was allocated to branches with lower performance.
- ▶ **Recruiting and Developing Sales Force:** Thirty-one new sales agents were recruited, trained, and deployed to enhance business development. Additionally, 22 active sales agents received specialized training focused on sales strategies.
- ▶ **Opening New Branch Offices:** Ten new branch office locations were selected in strategic areas in Addis Ababa, and licenses from the National Bank of Ethiopia (NBE) were successfully obtained during the budget year.
- ▶ **Strategic Plan Preparation:** The Company has developed a six-year strategic plan covering the period from 2024/25 to 2029/30.
- ▶ **Social and Broadcast Media Promotion:** We have created and disseminated content for company's social media channels, including graphics and scripts, on a bi-weekly basis across platforms such as Facebook, Telegram, Twitter, LinkedIn, and TikTok. Additionally, promotions were aired on television and radio throughout the year to highlight our services and new branch openings.
- ▶ **Website Rejuvenation:** The Company's website has been updated with the latest information and new features.
- ▶ **Event Organization and Sales Campaigns:** We successfully organized the 11th Annual General Meeting, the 9th Extraordinary General Meeting of Shareholders, and various other company events and sales campaigns.
- ▶ **Preparation of Annual Magazine:** The Company's annual magazine for the 2022/23 budget year has been compiled and distributed to shareholders and other stakeholders.
- ▶ **Preparation of Budget and Plan:** In compliance with the National Bank of Ethiopia's requirements, the company's Annual Plan and Budget for 2024/25 were prepared and submitted for the Board of Directors' approval.

### 4.3. ICT Service Activities

To meet the NBE requirement for deploying core insurance software, the company implemented the system in April 2024. Major activities undertaken during the budget year include:-

- ▶ Established a data center at company premises.
- ▶ Migrated customer data into the system across all branches.
- ▶ Installed network cables throughout all branches.
- ▶ Provided training for underwriters in each branch on the new system.
- ▶ Launched live services for underwriting, claims, and marketing teams.
- ▶ Completed testing for finance, reinsurance, and legal departments.
- ▶ Conducted training for senior managers and executives.

For the upcoming budget year, the company plans to:

- ▶ Transition all manual activities to the system.
- ▶ Launch live services in all branches.
- ▶ Initiate live services for finance, reinsurance, and legal units.
- ▶ Provide on-the-job training for all employees at every level to enhance their proficiency with the system.

#### 4.4. CHALLENGES

Despite achieving profitability during the fiscal year, the company encountered several challenges:

- ▶ The minimum motor rate established by the NBE, compared to rates set by the insurance association, has impacted production.
- ▶ Political instability and social unrest in northern regions have affected operations at three existing branches.
- ▶ High inflation rates.
- ▶ Rising costs for repairs and spare parts.
- ▶ Foreign currency issues.

#### 4.5. FUTURE STRATEGIC DIRECTIONS

Moving forward, the company aims to:

- ▶ Ensure growth in Gross Written Premium (GWP) and maintain sustainable profitability.
- ▶ Diversify investment activities.
- ▶ Increase the company's paid-up capital.
- ▶ Expand branches and enhance service accessibility.
- ▶ Strengthen the Management Information System and advance digitalization efforts.
- ▶ Implement branding and image-building initiatives.
- ▶ Reduce controllable costs.
- ▶ Foster customer relationships.
- ▶ Enhance human capital through ongoing training.

### 5. VOTE OF GRATITUDE

The Board of Directors extends heartfelt thanks to everyone who contributed to the success of FY 2023/24. We appreciate our loyal customers for their continued trust and support. Our gratitude also goes to the National Bank of Ethiopia, our valued customers, founders, shareholders, board members, management, staff, reinsurers, sales agents, brokers, and all stakeholders for their unwavering cooperation and support.



# **EXTERNAL** *AUDITOR'S REPORT*

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# LUCY INSURANCE SHARE COMPANY

## DIRECTORS, PROFESSIONAL ADVISORS AND REGISTERED OFFICE

### FOR THE YEAR ENDED 30 JUNE 2024

**Company registration number**  
MT/AA/2/0019237/2005

**Board of Directors (as of 30 June 2024)**

DR. Tesfaye Boru	President
Ato Destalem Fetewie	V/President
Ato Getachew Abera	Director
Ato Solomon W/Yohannes	Director
Ato Demessie Tafesse	Director
Ato Simon Mechale	Director
Ato Tekeste Desta	Director
Ato Kelemu Sinke (Engineer)	Director
Ato Wende Wedaje	Director

**Executive Management Team (as of 30 June 2024)**

Ato Adefris Wesene	Chief Executive Officer
Ato Girum Fekede	D/CEO, Operations
Ato Esayas Assefa	Director- Finance & Investment
Ato Adissu Fekadu	Director- Claims and Third party recovery
Ato Mathios Mogeso	Director- Underwriting & Branch Operations
W/t Yodit Yimer	Director - Marketing and Corporate Planning
Ato Siyamregn Addis	Director- Human Resources & Logistics
Ato Solomon Zelalem	Manager- Legal Service

**Independent auditor**

Tasesse, Shisema and Ayalew Certified Audit Partnership  
Chartered Certified Accountants (UK) & Authorised Auditors (Ethiopia)  
Addis Ababa,  
Ethiopia

**Corporate office**

Lucy Tower  
Haile G/sellaise street,  
Addis Ababa,  
Ethiopia

**Principal Bankers**

Debab Global Bank  
Awash International Bank  
Commercial Bank of Ethiopia

**Re-insurers & Brokers**

African Reinsurance Corporation (AFRICA RE)  
Ethiopian Reinsurance Share Company (ETHIO RE)  
ZEP Reinsurance Corporation (PTA)  
J.B Boda Reinsurance Brokers



## LUCY INSURANCE SHARE COMPANY REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2024

The directors submit their report together with the financial statements for the year ended 30 June 2024, to the shareholders of Lucy Insurance Company S.C. This report discloses the financial performance and state of affairs of the Company.

### Incorporation and address

Lucy Insurance Company (S.C) was incorporated in Ethiopia on 1 October, 2012 as a share company, and is domiciled in Ethiopia.

### Principal activities

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

### Results and dividends

The Company's results for the year ended 30 June 2024 are set out on page 4. The profit for the year has been transferred to retained earnings. The summarised results are presented below.

	30 June 2024 Birr'000	30 June 2023 Birr'000
Gross premium written	397,253	285,090
Profit before income tax	80,056	45,856
Loss Brought Forward	-	-
Income tax credit	(12,295)	-
Profit for the year	67,761	45,856

### Directors

The directors who held office during the year and to the date of this report are set out on page 15.

  
Ato Adefris Wesene  
CEO





## Tafesse, Shisema and Ayalew Certified Audit Partnership

Chartered Certified Accountants (UK) and Authorised Auditors (Ethiopia)

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

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

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

#### Qualified Opinion

We have audited the financial statements of Lucy Insurance Share Company, which comprise the statement of financial position as at 30 June 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section, the accompanying financial statements are presented fairly, in all material respects, or give a true and fair view of the financial position of the Company as at 30 June 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

#### Basis for Qualified Opinion

The Company has not implemented IFRS 17, "Insurance Contracts" which is mandatory for preparing its financial statements. This standard became effective on January 1, 2023.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.





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

Tel. 251-011-8961752 /011 6180638 Mob. 0911 229425 /0930 034356/0930 034357 Fax: 251-011 662 12 70/60  
E-mail- tafessef@gmail.com / tafessef@hotmail.com P.O.Box 110690 Addis Ababa - Ethiopia

**Responsibilities of Directors and Management for the Financial Statements**

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as

Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Directors are responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**Report on Other Legal and Regulatory Requirements**

We have no comment to make on the report of the board directors and the proposal for distribution of profit submitted by the directors so far as it related to these financial statements and pursuant to Article 349 of the Commercial Code of Ethiopia 1234/2021 and hence we recommend approval of the financial statements.

Taf, Shi & Ay

**Tafesse, Shisema and Ayalew Certified Audit Partnership (TMS PLUS)**  
Chartered Certified Accountants (UK)  
Authorized Auditors (Eth)



Addis Ababa  
13 September 2024



ACTUARY CERTIFICATE

I have conducted an actuarial valuation of the general insurance liabilities and severance benefits of Lucy Insurance Company S.C.

The valuation was conducted in accordance with generally accepted actuarial principles. These principles require that prudent provision for future outgo under contracts, generally based upon the assumptions that current conditions will continue. Provision is therefore not made for all possible contingencies.

In completing the actuarial valuation, I have relied upon the 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 2024;
- (ii) The severance benefit liability as at 30 June 2024 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.

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

## LUCY INSURANCE SHARE COMPANY STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2024

Currency:- Ethiopian Birr			
	Notes	30 June 2024 Birr'000	30 June 2023 Birr'000
<b>ASSETS</b>			
Cash and cash equivalents	14	95,952	66,753
Investment securities		231,058	136,503
- Available for sale	15	98,065	83,997
Trade and other receivables	16	7,244	2,753
Reinsurance assets	17	168,348	136,242
Deferred acquisition cost	18	14,401	9,582
Other assets	19	17,796	10,973
Deferred tax assets	13	-	-
Property, plant and equipment	20	186,651	171,969
<b>Total assets</b>		<b>819,516</b>	<b>618,772</b>
<b>LIABILITIES</b>			
Insurance contract liabilities	21	372,214	285,881
Deferred tax liabilities	13	5,387	2,814
Current income tax liabilities	13	12,295	-
Insurance payables	22	85,295	73,262
Deferred Commission income	22.1	11,757	11,796
Other liabilities	23	43,861	26,544
Retirement benefit obligation	24	2,785	1,720
<b>Total liabilities</b>		<b>533,594</b>	<b>402,018</b>
<b>EQUITY</b>			
Share capital	25	205,401	160,210
Share premium	26	1,999	1,950
Retained earnings	28	56,698	39,778
Other reserve	29	231	-
Legal reserve	30	21,592	14,816
<b>Total equity</b>		<b>285,921</b>	<b>216,754</b>
<b>Total equity and liabilities</b>		<b>819,516</b>	<b>618,772</b>



The notes to the financial statements are an integral part of these financial statements.

The financial statements and notes to the financial statements were approved and authorised for issue by the board of directors on 12 September 2024.

**DR. Tesfaye Boru**  
(Chairman, Board of Directors)

**Ato Adefris Wesene**  
CEO

# LUCY INSURANCE SHARE COMPANY

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

### FOR THE YEAR ENDED 30 JUNE 2024

Currency: Ethiopia Birr

	Notes	30 June 2024 Birr'000	30 June 2023 Birr'000
Gross premiums	5.1	343,146	240,694
Premiums ceded to reinsurers	5.2	(78,434)	(71,262)
<b>Net premium income</b>		264,711	169,432
Fee and commission income	6	31,875	26,350
<b>Net underwriting income</b>		296,587	195,781
Claims expenses	7a	119,632	106,751
Claims recovered from reinsurers	7b	(16,923)	(10,793)
Gross change in contract liabilities	7c	13,432	(18,849)
Change in contract liabilities ceded to reinsurers	7d	(13,392)	(2,129)
<b>Net claims and loss adjustment expense</b>		102,750	74,980
Underwriting expenses	8	21,980	16,311
<b>Total underwriting expenses</b>		124,730	91,291
<b>Underwriting profit</b>		171,856	104,491
Investment income	9	40,916	26,498
Other operating income	10	4,884	873
		45,800	27,371
<b>Total Income From Operation</b>		217,656	131,862
Other operating and administrative expenses		(60,718)	(40,415)
Employee benefits expense		(76,882)	(45,590)
Impairment allowance on uncollectible premium		-	-
<b>Profit before income tax</b>		80,056	45,856
Income tax credit	13	(12,295)	-
<b>Profit for the year</b>		67,761	45,856
<b>Other comprehensive income</b>			
Items that will not be subsequently reclassified into profit or loss:			
Re-measurement gains on defined benefit plans (net of tax)	24	-	-
Deferred tax (liability)/asset		-	-
<b>Total comprehensive income for the year</b>		67,761	45,856
<b>Basic earnings per share (Birr)</b>	27	337	298

The notes to the financial statements are an integral part of these financial statements.

# LUCY INS URANCE SHARE COMPANY

## STATEMENT OF CASH FLOWS

### FOR THE YEAR ENDED 30 JUNE 2024

				<u>Currence Ethiopia Birr</u>	
				30 June 2024	30 June 2023
				Birr'000	Birr'000
	Notes				
<b>Cash flows from operating activities</b>					
Cash generated from operations	31		68,701	50,516	
proceeds from disposal of assets			4,732	-	
Interest Income	9		(25,177)	(11,248)	
Dividend Income	9		(14,068)	(11,234)	
Income tax paid	13		1,897	1,585	
			-	-	
<b>Net cash (outflow)/inflow from operating activities</b>			<b>36,086</b>	<b>29,619</b>	
<b>Cash flows from investing activities</b>					
Purchase of investment securities	15		(14,069)	(12,128)	
Purchase of property, plant and equipment	20		(26,445)	(23,832)	
Interest received	9		25,177	11,248	
Dividend received	9		14,068	11,234	
<b>Net cash (outflow)/inflow from investing activities</b>			<b>(1,269)</b>	<b>(13,478)</b>	
<b>Cash flows from financing activities</b>					
Increase in restricted deposits	14		(11,080)	(6,565)	
Proceeds from issues of shares	25		45,191	18,682	
Increase in share premium	26		49	286	
Dividends paid	28		(39,778)	(7,376)	
<b>Net cash (outflow)/inflow from financing activities</b>			<b>(5,618)</b>	<b>5,027</b>	
<b>Net increase/(decrease) in cash and cash equivalents</b>			<b>29,199</b>	<b>21,168</b>	
Cash and cash equivalents at the beginning of the	14.1		66,753	45,586	
<b>Cash and cash equivalents at the end of the year</b>	14.1		<b>95,952</b>	<b>66,753</b>	

The notes to the financial statements are an integral part of these financial statements.



**LUCY INSURANCE SHARE COMPANY**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2024**

Currence Ethiopia Birr

	Notes	Share capital Birr'000	Share premium Birr'000	Retained earnings Birr'000	Other reserve Birr'000	Legal reserve Birr'000	Total Birr'000
<b>As at 1 July 2022</b>		141,528	1,664	7,376	0	8,952	159,519
Profit for the year		-	-	45,857	-	-	45,857
Dividend paid	28	-	-	(7,376)	-	-	(7,376)
Proceeds from issue of shares	25	18,682	286	-	-	-	18,968
Prior year adjustment		-	-	-	-	-	-
<b>Other comprehensive income:</b>		-	-	-	(0)	-	(0)
Deferred tax (liability) / asset	28	-	-	(214)	-	-	(214)
Transfer to legal reserve	30	-	-	(5,865)	-	5,865	-
<b>As at 30 June 2023</b>		<b>160,210</b>	<b>1,950</b>	<b>39,778</b>	<b>-</b>	<b>14,816</b>	<b>216,755</b>
<b>As at 1 July 2023</b>		160,210	1,950	39,778	0	14,816	216,755
Profit for the year		-	-	67,761	-	-	67,761
Dividend paid	28	-	-	(39,778)	-	-	(39,778)
Proceeds from issue of shares	25	45,191	49	-	-	-	45,240
Prior year adjustment		-	-	-	-	-	-
Other comprehensive income:	29	-	-	-	231	-	231
Deferred tax (liability) / asset	28	-	-	(4,287)	-	-	(4,287)
Transfer to legal reserve	30	-	-	(6,776)	-	6,776	-
<b>As at 30 June 2024</b>		<b>205,401</b>	<b>1,999</b>	<b>56,698</b>	<b>231</b>	<b>21,592</b>	<b>285,921</b>

The notes to the financial statements are an integral part of these financial statements.



# LUCY INSURANCE SHARE COMPANY

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2024

## 1 General information

Lucy Insurance Company SC ("the Company") is a private commercial Insurance Company domiciled in Ethiopia. The Company was established on October 2012, in accordance with proclamation No. 86/1994 and the Commercial code of Ethiopia of 1960. The Company has been licensed by the National Bank of Ethiopia, the licensing body of Banks, Insurance and other Financial Institutions as per the power vested to it through Proclamation No 591/2008, the National Bank of Ethiopia Establishment (as amended) Proclamation. The registered office is at:

LUCY INSURANCE SHARE  
Haile G/sellasie Road, Lucy Tower  
Addis Ababa,  
Ethiopia

The principal activity of the Company is to engage in the business of general insurance activities. Such services include provision of non life insurance service for both corporate and individual customers.

## 2 Summary of significant accounting policies

### 2.1 Introduction to summary of significant accounting policies

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

### 2.2 Basis of preparation

The financial statements for the year ended 30 June 2024 has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Additional information required by National regulations is included where appropriate.

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

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

# LUCY INSURANCE SHARE COMPANY

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2024

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

#### 2.2.1 Going concern

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

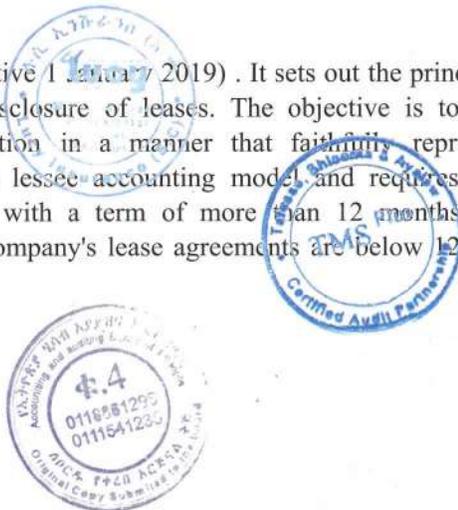
#### 2.2.2 Changes in accounting policies and disclosures

##### **New Standards, amendments, interpretations issued but not yet effective.**

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 30 June 2024, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except the following set out below:

##### **IFRS 16 - Leases**

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



## LUCY INSURANCE SHARE COMPANY

### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 30 JUNE 2024

#### IFRS 17 - Insurance contracts

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

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

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

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

The standard should have replaced IFRS 4 'Insurance contracts'. The standard is effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. However, the extensive data requirement to apply the standard, the expensiveness of the calculation engine (a software that is designed to generate IFRS17 figures), coupled with the maximum effort exerted by the insurance association, PwC and all private insurance companies in the land were unable to reach on the solution to apply IFRS 17 for the closing year of June 30, 2024. The process of applying the standard is still an ongoing process between a tripartite effort of Ethiopian insurance association, all private insurance companies in Ethiopia and the consultant hired for same purpose PWC.

### 2.3 Foreign currency translation

#### a) Functional and presentation currency

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

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

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

**LUCY INSURANCE SHARE COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2024**

**b) Transactions and balances**

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

**2.4 Property, plant & equipment**

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

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

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

<u>Asset class</u>	<u>Useful life</u>	<u>Residual value (%)</u>
Motor vehicles	10	5
Computer and accessories	7	1
Office equipment	7	1
Furniture and fittings	10	1
Buildings	50	5

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

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

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

**LUCY INSURANCE SHARE COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2024**

**2.5 Intangible assets**

**Deferred policy acquisition costs (DAC)**

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

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

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

**2.6 Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an intangible 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.

# LUCY INSURANCE SHARE COMPANY

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2024

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

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement.

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

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

##### 2.7.1 Financial assets

###### Initial recognition and measurement

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

###### Subsequent measurement

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

- Loans and receivables
- Available-for-sale financial investments

**LUCY INSURANCE SHARE COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2024**

**a) Loans and receivables**

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

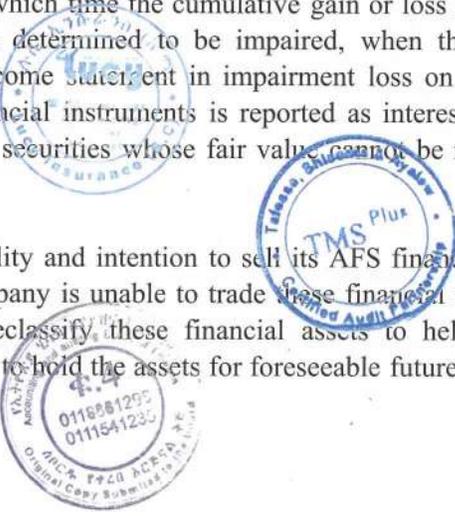
The Company’s loans and receivables comprise of Loans and receivables including insurance receivables, investment securities and other financial assets. Receivables arising from insurance contracts are also classified in this category and are reviewed for impairment as part of the impairment review of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

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

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

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

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



## LUCY INSURANCE SHARE COMPANY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

### 'Day 1' profit or loss

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

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

### Reclassification of financial assets

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

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

### Derecognition of financial assets

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

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

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

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

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

**Impairment of financial assets**

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

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



## LUCY INSURANCE SHARE COMPANY

### NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2024

#### Impairment of financial assets (Contd)

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

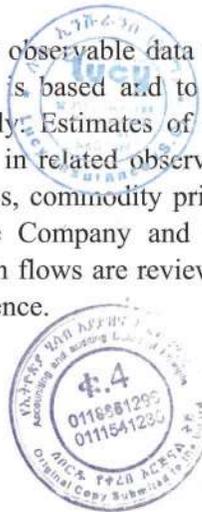
The present value of the estimated future cash flows is discounted at the financial asset's original EIR. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

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

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

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

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



# LUCY INSURANCE SHARE COMPANY

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2024

#### Financial assets carried at cost

(i)

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

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

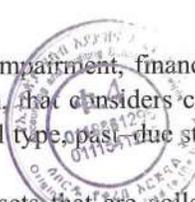
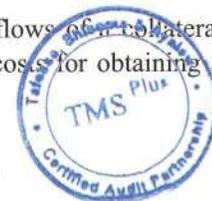
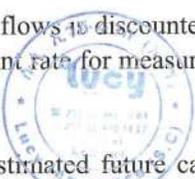
The interest income is recorded as part of 'Interest and similar income'. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company. If, in a subsequent year, the amount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

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

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

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

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



## LUCY INSURANCE SHARE COMPANY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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

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

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

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

### 2.7.2 Financial liabilities

#### Initial recognition and measurement

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

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

#### Subsequent measurement

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

**LUCY INSURANCE SHARE COMPANY**  
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**a) Financial liabilities at amortised cost**

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

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

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

**Derecognition of financial liabilities**

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

**2.7.3 Offsetting financial instruments**

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

**2.8 Other assets**

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

**(a) Prepayments**

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



# LUCY INSURANCE SHARE COMPANY

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2024

#### (b) Other receivables

cancelled when payment is received. The Company's other receivables are staff debtors and sundry debtors.

#### 2.9 Cash and cash equivalents

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

For the purposes of the cash flow statement, cash and cash equivalents include cash in hand, cash at bank, short term deposit with banks.

#### 2.1 Insurance contracts

##### 2.10.1 Classification

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

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

##### 2.10.2 Recognition and measurement

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



**LUCY INSURANCE SHARE COMPANY**  
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***Short-term insurance contracts***

These contracts are casualty, property and short-duration life insurance contracts.

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

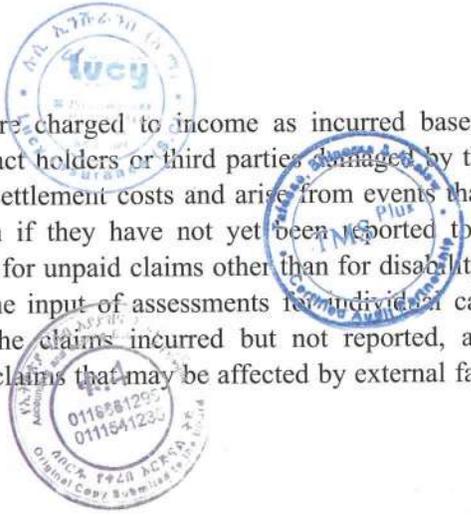
Property insurance contracts mainly compensate the Company’s customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the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

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

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

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

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



## LUCY INSURANCE SHARE COMPANY

### NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2024

#### 2.10.3 Liability Adequacy test

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

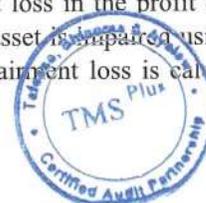
#### 2.10.4 Reinsurance contracts held

Contracts entered into by the Company with reinsurers under which the Company is compensated for losses on one or more contracts issued by the Company and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets. Insurance contracts entered into by the Company under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts.

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

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

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



## LUCY INSURANCE SHARE COMPANY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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

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

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

### 2.10.6 Salvage and subrogation reimbursements

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

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

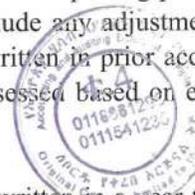
Subrogation reimbursements are also considered as an allowance in the measurement of the insurance liability for claims and are recognised in other assets when the liability is settled. The allowance is the assessment of the amount that can be recovered from the action against the liable third party.

### 2.11 Revenue recognition

#### a) Gross premiums

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

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



## LUCY INSURANCE SHARE COMPANY

### NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2024

#### *b) Reinsurance premiums*

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

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

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

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

#### *d) Investment income*

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

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

### 2.12 Gross benefits and claims

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

### 2.13 Reinsurance claims

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

### 2.14 Employee benefits

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

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

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**(b) Defined contribution plan**

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

i) pension scheme in line with the provisions of Ethiopian pension of private organisation employees proclamation 715/2011. Funding under the scheme is 7% and 11% by employees and the Company respectively;

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

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



**2.15 Fair value measurement**

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

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

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

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

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

## LUCY INSURANCE SHARE COMPANY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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

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

### 2.15 Fair value measurement (Contd)

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

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

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

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

### 2.16 Provisions

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

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

# LUCY INSURANCE SHARE COMPANY

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2024

#### 2.17 Share capital

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

#### 2.18 Earnings per share

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

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

#### 2.19 Dividends

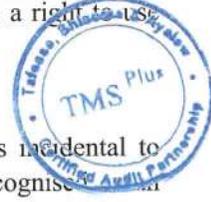
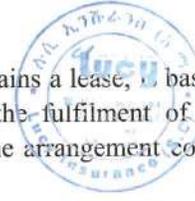
Dividends are recorded in equity in the period in which they are declared. Any dividends declared after the end of the reporting period and before the financial statements are authorised for issue, are disclosed in the subsequent events note. The statutory accounting reports of the Company are the basis for profit distribution and other appropriations. Ethiopian legislation identifies the basis of distribution as the current year net profit.

#### 2.20 Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

##### *Company as a lessee*

Leases that do not transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.



## LUCY INSURANCE SHARE COMPANY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

### 2.21 Income taxation

#### (a) Current income tax

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

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

#### (b) Deferred tax

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

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

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

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

### 3 Significant accounting judgements, estimates and assumptions

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

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

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

**LUCY INSURANCE SHARE COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2024**

**3.1 Judgements**

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

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

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

**3.2 Estimates and assumptions**

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

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



## LUCY INSURANCE SHARE COMPANY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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

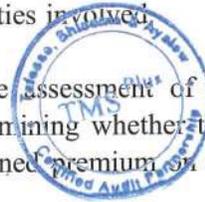
The liability for non-life insurance contracts is either based on current assumptions or on assumptions established at the inception of the contract, reflecting the best estimate at the time together with a margin for risk and adverse deviation. All contracts are subject to a liability adequacy test,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

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

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

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

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



## LUCY INSURANCE SHARE COMPANY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

### *Impairment losses on insurance receivables*

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

The following impairment triggers have been set by the Company:

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

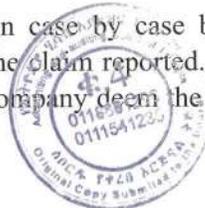
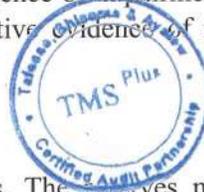
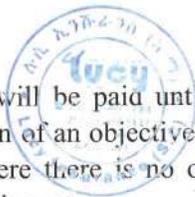
If any of the impairment triggers are identified, the Company specifically assess the premium debt for impairment. Where no impairment trigger is identified, or no objective evidence of impairment exists, the Company assesses its premium debts collectively for impairment using the historical loss rate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

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

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

### *Liabilities arising from insurance contracts*

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



# LUCY INSURANCE SHARE COMPANY

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2024

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

The Company determines that available-for-sale equity financial assets are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the Company evaluates among other factors, the normal volatility in share price, the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flow. Impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and financing and operational cash flows.

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

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

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

#### ***Income taxes***

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

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

# LUCY INSURANCE SHARE COMPANY

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2024

#### 4 Insurance and financial risk management

##### 4.1 Introduction

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

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

##### 4.1.1 Risk management structure

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

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

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

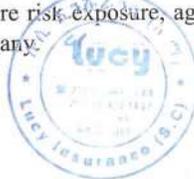
The Company's policy is that risk management processes throughout the Company are assessed periodically by the management. This will help to adequately capture risk exposure, aggregate exposure of risk types and incorporate short run as well as long run impact on the Company.

##### 4.1.2 Risk measurement and reporting systems

##### 4.1.3 Risk mitigation

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

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



# LUCY INSURANCE SHARE COMPANY

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2024

#### 4.2 Insurance risk

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

#### Non-life insurance contracts

The Company principally issues the following types of general insurance contracts: fire, accident and health, motor, Workmen compensation, marine cargo and goods in transit, pecuniary, general liability, engineering, others and all risks.

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

	Gross liabilities Birr'000	Reinsurance liabilities Birr'000	Net liabilities Birr'000
<b>30 June 2024</b>			
Fire	7,570	4,472	3,098
Accident and Health	2,572	125	2,447
Motor	218,586	14,734	203,852
W/C Ordinary	2,708	307	2,401
Marine Cargo and Goods in Transit	5,104	1,598	3,506
Pecuniary	96,565	71,890	24,676
General Liability	11,117	4,037	7,080
Engineering	9,461	4,417	5,044
Others	18,530	16,759	1,771
<b>Total non-life insurance contract liabilities</b>	<b>372,214</b>	<b>118,340</b>	<b>253,874</b>
<b>30 June 2023</b>			
Fire	6,491	4,218	2,278
Accident and Health	1,066		1,021
Motor	161,943	14,403	147,450
W/C Ordinary	2,116	225	1,891
Marine Cargo and Goods in Transit	4,996	1,653	3,343
Pecuniary	74,818	54,414	20,404
General Liability	10,458	4,174	6,285
Engineering	14,176	7,534	6,642
Others	9,815	8,528	1,288
<b>Total non-life insurance contract liabilities</b>	<b>285,881</b>	<b>95,280</b>	<b>190,601</b>

# LUCY INSURANCE SHARE COMPANY

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2024

#### Key assumptions

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

#### Sensitivities

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

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

liabilities	Change in assumptions	Change in liability	
		30 June 2024 Birr'000	30 June 2023 Birr'000
Average claim cost +10%	+10%	2,908	21,814
Average number of claims +10%	-10%	(2,908)	21,814
<b>liabilities</b>			
Average claim cost	-10%	2,908	17,848
Average number of claims	-10%	(2,908)	17,848
<b>IBNR</b>		29,704	19,796
Outstanding claims		157,407	100,990
Actual gross liabilities		187,111	120,786



# LUCY INSURANCE SHARE COMPANY

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2024

#### Claims development table

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

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

Accident year	2018 Birr'000	2019 Birr'000	2020 Birr'000	2021 Birr'000	2022 Birr'000	2023 Birr'000
2017	36,748	72,339	52,715	51,253	57,625	115,514
2018	33,630	36,279	36,538	30,197	30,196	52,420
2019	2,957	1,619	2,935	4,566	1,586	
2020	663	1,340	2,141	537		
2021	1,382	1,524	1,532	-		
2022	408	106				
2023	110					
	-	-	-	-		
<b>Cumulative Paid Claims</b>	<b>75,898</b>	<b>113,207</b>	<b>95,861</b>	<b>86,553</b>	<b>89,407</b>	<b>167,934</b>
<b>Outstanding Claims Reporte</b>	<b>49</b>	<b>26,265</b>	<b>11,605</b>	<b>15,076</b>	<b>1,130</b>	<b>10,095</b>
<b>IBNR</b>	<b>-</b>	<b>7</b>	<b>19</b>	<b>1,293</b>	<b>5,814</b>	<b>5,536</b>
<b>Ultimate Claims Projected</b>	<b>75,947</b>	<b>139,479</b>	<b>107,485</b>	<b>102,922</b>	<b>96,351</b>	<b>183,565</b>



# LUCY INSURANCE SHARE COMPANY

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2024

#### 4.3 Financial risk

##### Financial instruments by category

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

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

	Notes	Available- For-Sale Birr'000	Loans and receivables Birr'000	Total Birr'000
<b>30 June 2024</b>				
Cash and cash equivalents	14	-	95,952	95,952
Investment securities				-
- Available for sale	15	98,065		98,065
Trade and other receivables	16	-	7,244	7,244
Reinsurance assets	17	-	168,348	168,348
<b>Total financial assets</b>		<b>98,065</b>	<b>271,545</b>	<b>369,610</b>
<b>30 June 2023</b>				
Cash and cash equivalents	14	-	66,753	66,753
Investment securities				-
- Available for sale	15	83,997	-	83,997
Trade and other receivables	16	-	2,753	2,753
Reinsurance assets	17	-	136,242	136,242
<b>Total financial assets</b>		<b>83,997</b>	<b>205,748</b>	<b>289,745</b>



# LUCY INSURANCE SHARE COMPANY

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2024

#### 4.4 Credit risk

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

##### 4.4.1 Management of credit risk

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

##### 4.4.2 Concentration of credit risk

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

###### (a) Investing/lending activities

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



# LUCY INSURANCE SHARE COMPANY

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2024

#### 4.4 Credit risk (Contd)

##### (b) Reinsurance

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

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

	30 June 2024 Birr'000	30 June 2023 Birr'000
Cash and cash equivalents	95,952	66,753
Investment securities		
- Available for sale	98,065	83,997
Trade and other receivables	7,244	2,753
Reinsurance assets	168,348	136,242
<b>Total maximum exposure</b>	<b>369,610</b>	<b>289,745</b>

#### 4.4.3 Credit quality analysis

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

The credit quality of cash and bank balances and short-term investments that were neither past due nor impaired at as 30 June 2023 and 30 June 2024 are held in Ethiopian banks have been classified as non-rated as there are no credit rating agencies in Ethiopia.

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

	Neither past due nor impaired Birr'000	Past due but not impaired Birr'000	Individually impaired Birr'000	Total Birr'000
<b>30 June 2024</b>				
<b>Insurance receivables</b>				
Due from policy contract holders				-
Due from Co-insurers	2,210			2,210
Due from agents, brokers and intermediaries				-
	2,210			2,210
<b>Other loans and receivables</b>				
Other receivables				-
Staff debtors	5,034			5,034
<b>Gross amount</b>	5,034			5,034
Less: Specific impairment allowance (note 16.1)				-
	5,034			5,034
	7,244			7,244



**LUCY INSURANCE SHARE COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2024**

4.4.3 Credit quality analysis (Contd)

30 June 2023	Neither past due nor impaired Birr'000	Past due but not impaired Birr'000	Individually impaired Birr'000	Total Birr'000
<b>Insurance receivables</b>				
Due from policy contract holders	-	-	-	-
Due from Co-insurers	2,046	-	-	2,046
Due from agents, brokers and intermediaries	-	-	-	-
	2,046	-	-	2,046
<b>Other loans and receivables</b>				
Other receivables	-	-	-	-
Staff debtors	707	-	-	707
<b>Gross amount</b>	707	-	-	707
Less: Specific impairment allowance (note 16.1)	-	-	-	-
	707	-	-	707
	2,753	-	-	2,753



# LUCY INSURANCE SHARE COMPANY

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2024

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

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

	2024 Birr'000	30 June 2023 Birr'000
Neither past due nor impaired	7,244	2,753
	<u>7,244</u>	<u>2,753</u>

**4.4.3 Credit quality analysis (Contd)**

(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.

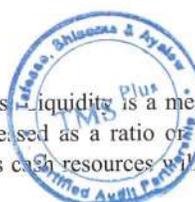
**4.4.4 Allowance for impairment**

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

	2024 Birr'000	30 June 2023 Birr'000
Other receivables	-	-
Total allowance for impairment	-	-

**4.5 Liquidity risk**

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



## LUCY INSURANCE SHARE COMPANY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

### 4.5.1 Management of liquidity risk

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

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

### 4.5.2 Measurement of liquidity risk

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

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

### 4.6 Market risk

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

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

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

### 4.6.1 Management of market risk

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

# LUCY INSURANCE SHARE COMPANY

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2024

#### 4.6 Market risk (Contd)

##### 4.6.2 Measurement of market risk

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

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

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

##### 4.6.3 Monitoring of market risk

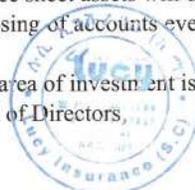
Market risk is monitored by performing regular asset liability matching exercises, monitoring market volatility, comparing actual performance with benchmark performance, and tracking errors and durations of fixed interest assets. Market risk is further monitored by measuring and comparing the actual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

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

##### (i) Interest rate risk

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

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



**LUCY INSURANCE SHARE COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2024**

30 June 2024	Non-interest		Total Birr'000
	Fixed Birr'000	bearing Birr'000	
<b>Assets</b>			
Cash and bank balances	95,952	285	96,237
Investment securities			-
- Available for sale		98,065	98,065
Trade and other receivables		7,244	7,244
Reinsurance assets		168,348	168,348
<b>Total</b>	<b>95,952</b>	<b>273,943</b>	<b>369,895</b>
<b>Liabilities</b>			
Insurance payables		11,757	11,757
Other liabilities		22,163	22,163
<b>Total</b>	<b>-</b>	<b>33,921</b>	<b>33,921</b>

**4.6 Market risk (Contd)**

30 June 2023	Non-interest		Total Birr'000
	Fixed Birr'000	bearing Birr'000	
<b>Assets</b>			
Cash and bank balances	66,546	208	66,753
Investment securities			-
- Available for sale		83,997	83,997
Trade and other receivables	-	2,753	2,753
Reinsurance assets	-	136,242	136,242
<b>Total</b>	<b>66,546</b>	<b>223,199</b>	<b>289,745</b>
<b>Liabilities</b>			
Insurance payables		11,796	11,796
Other liabilities		2,658	12,658
<b>Total</b>	<b>-</b>	<b>24,455</b>	<b>24,455</b>



**LUCY INSURANCE SHARE COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**(ii) Foreign exchange risk**

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

**(iii) 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 limits on investments in each sector and market.

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

**4.7 Capital management**

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

**4.7.1 Margin of Solvency**

According to the Licensing and Supervision of Insurance Business Margin of Solvency (MOS) Directives No. SIB/45/2016 of the National Bank of Ethiopia, an insurer carrying on general business shall keep admitted capital amounting to the highest of 25% of its technical provisions, or 20% of the net written premiums in the last preceding financial year, or the minimum paid capital. An insurer carrying on long term insurance business shall keep admitted capital amounting to the higher of 10% of technical provisions or the minimum paid up capital.

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



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		2024 Birr'000	30 June 2023 Birr'000
<b>Admissible assets</b>			
	<b>A</b>		
Cash and bank balances		95,952	66,753
Investment securities			
- Available for sale		231,058	136,503
- Loans and receivables		98,065	83,997
Trade and other receivables		7,244	2,753
Reinsurance assets		168,348	136,242
Deferred tax assets		-	-
Other receivables		3,528	3,191
Property, plant and equipment		182,655	169,524
		786,852	598,962
<b>Admissible liabilities</b>	<b>B</b>		
Insurance contract liabilities		372,214	285,881
Deferred tax liabilities		5,387	2,814
Current income tax liabilities		12,295	-
Insurance payables		85,295	73,262
Other liabilities		43,861	26,544
		519,052	388,502
<b>Excess (admitted capital)- (A-B)</b>	<b>C</b>	267,800	210,461
<b>Net premium (Preceding Year)</b>	<b>D</b>	169,432	138,526
<b>Technical provision</b>	<b>E</b>	372,214	285,881
<b>Solvency margin</b>			
Limit of net premium i.e. 20% of net premium	<b>F</b>	33,886	27,705
Limit of technical provision i.e. 25% of technical provision	<b>G</b>	93,054	71,470
Minimum Paidup Capital	<b>H</b>	60,000	60,000
Since C>G - Positive Solvency	<b>(C-G)</b>	174,745	138,991



# LUCY INSURANCE SHARE COMPANY

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2024

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

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

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

##### 4.8.1 Valuation models

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

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

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

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

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

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

The carrying amounts of financial assets and liabilities approximate their carrying amount at the reporting date.

##### 4.8.3 Fair value methods and assumptions

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

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

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

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

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

#### 4.9 Offsetting financial assets and financial liabilities

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

# LUCY INSURANCE SHARE COMPANY

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2024

	30 June 2024	30 June 2023
	Birr'000	Birr'000
<b>5 Net premiums</b>		
<b>5.1 Gross premiums on insurance contracts</b>		
Motor	260,947	186,170
Marine	8,225	6,093
Engineering	11,173	13,164
Fire	13,463	10,256
GPA	4,050	2,904
Pecuniary	42,154	29,744
Workmen's	3,446	2,899
Liability	19,470	17,138
PVT & Others	34,324	16,721
Gross premium written	397,253	285,090
<b>Movement in unearned premium</b>		
Motor	(33,827)	(44,736)
Marine	(1,539)	(159)
Engineering	2,452	(1,513)
Fire	(2,186)	(1,807)
GPA	(1,400)	233
Pecuniary	(5,711)	5,886
Workmen's	(643)	(325)
Liability	(1,756)	1,303
PVT & Others	(9,497)	(3,278)
Total movement in unearned premium	(54,107)	(44,396)
<b>Total gross premiums</b>	343,146	240,694
<b>5.2 Premiums ceded to reinsurers on insurance contracts</b>		
<b>Non-life insurance</b>		
Motor	(14,870)	(11,958)
Marine	(2,544)	(1,710)
Engineering	(4,631)	(9,139)
Fire	(7,864)	(6,743)
GPA	(209)	(152)
Pecuniary	(23,163)	(18,096)
Workmen's	(386)	(29)
Liability	(6,545)	(7,086)
PVT & Others	(2,137)	(14,611)
Total Ceded premium	(85,668)	(69,636)
<b>Change in unearned premiums provision RI portion</b>		
Motor	1,353	1,978
Marine	73	(25)
Engineering	(4,157)	961
Fire	659	1,537
GPA	71	(11)
Pecuniary	2,579	(8,304)
Workmen's	223	(4)
Liability	333	(522)
PVT & Others	8,936	2,764
Total Change in unearned premiums provision RI	10,915	(1,625)
<b>Total premiums ceded to reinsurers</b>	(78,434)	(71,262)
<b>Total net premiums</b>	264,711	169,432



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	30 June 2024	30 June 2023
	Birr'000	Birr'000
<b>6 Fee and commission income</b>		
Policyholder administration services		
Reinsurance commission income	23,196	21,653
Profit commission	8,679	4,697
<b>Total fees and commission income</b>	<u>31,875</u>	<u>26,350</u>
<b>7 Net benefits and claims</b>		
<b>a Claims expenses</b>		
Motor	102,260	97,274
Marine	53	219
Engineering	13,412	726
Fire	-	-
GPA	650	550
Pecuniary	1,814	1,254
Workmen's	622	473
Liability	343	3,544
PVT & Others	478	2,711
Gross claims paid	<u>119,632</u>	<u>106,751</u>
<b>b Claims recovered from reinsurers</b>		
Claims ceded	(16,923)	(10,793)
<b>c Gross change in contract liabilities</b>		
Change in insurance contract outstanding claims provision	31,118	2,118
Change in other technical provision (IBNR)	2,355	1,446
Loss recognised as a result of liability adequacy test	-	-
Claims recovery	(20,041)	(22,413)
	<u>13,432</u>	<u>(18,849)</u>
<b>d Change in contract liabilities ceded to reinsurers</b>		
Change in insurance contract outstanding claims provision	(13,392)	(2,129)
	<u>(13,392)</u>	<u>(2,129)</u>
<b>Net claims and loss adjustment expense</b>	<u>102,750</u>	<u>74,979</u>



**LUCY INSURANCE SHARE COMPANY**  
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	30 June 2024	30 June 2023
	Birr'000	Birr'000
<b>8 Underwriting expenses</b>		
Sales commissions	18,463	13,133
Reinsurance facultative commission	3,518	3,178
	<u>21,980</u>	<u>16,311</u>
<b>9 Investment income</b>		
Dividend income on equity investments	14,068	11,234
Interest income on cash and short-term deposits	22,438	11,248
Interest income on statutory deposits	2,739	1,887
Rent income	1,671	2,130
<b>Total investment income</b>	<u>40,916</u>	<u>26,498</u>
<b>10 Other operating income</b>		
Gain on disposal of Property, plant and equipment	3,980	-
Sundry income	904	873
	<u>4,884</u>	<u>873</u>
<b>11 Other operating and administrative expenses</b>		
Rental expenses	12,299	6,250
Repair and maintenance	4,204	3,030
Advertising and publication	2,032	1,473
Communication	1,165	829
Printing and stationery	5,169	5,196
Entertainment	1,631	788
Travelling and transportation expenses	763	487
Insurance	2,392	1,519
Office cleaning and supplies	314	194
Legal and professional fees	323	-103
Board fees	755	1,420
Audit fees	109	84
Subscription and membership fees	744	324
Depreciation on property and equipment (note 20)	9,528	7,355
Bank charges	399	1,174
Fuel, petrol and lubricant	7,212	4,528
Share costs expenses	1	104
IFRS cost for implementation	825	271
Payment for Penalty	214	515
Sundry expenses	10,642	4,978
	<u>60,718</u>	<u>40,415</u>



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	30 June 2024	30 June 2023
	Birr'000	Birr'000
<b>12 Employee benefits expense</b>		
Salaries and wages	52,858	32,927
Staff allowances	1,965	904
Pension costs – Defined contribution plan	5,514	3,418
Severance costs – Defined benefit plan	1,065	182
Other staff expenses	15,479	8,160
	76,882	45,590
	30 June 2024	30 June 2023
	Birr'000	Birr'000
<b>13 Company income tax and deferred tax</b>		
<b>13.1 Current income tax</b>		
IFRS Accounting Profit	80,056	45,857
<u>Add : Disallowed Expense</u>		
Entertainment Expense	1,631	788
Sundry expense (staff day Celebration)	687	-
Provision for Annual Leave Expense	2,493	523
Provision for Severance Expense	1,065	182
Provision For Doubtful Debts	(6)	969
Penalty & Fines	214	515
Depreciation as per company policy (IFRS)	9,528	7,355
	95,668	56,189
<u>Less : Allowable income/Expense</u>		
Depreciation for tax purpose	(15,441)	(12,679)
Dividend income taxed at source	(14,068)	(11,234)
Interest income taxed at source	(25,177)	(13,135)
	(54,686)	(37,048)
Loss brought forward	-	(23,037)
Taxable Profit	40,982	(3,895)
Current tax @ 30%	12,295	-



# LUCY INSURANCE SHARE COMPANY

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2024

#### 13 Company income tax and deferred tax (Contd)

##### 13.3 Deferred income tax

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

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

Deferred income tax assets/(liabilities):	At 1 July	Credit/	Credit/	30 June
	2023	(charge) to	(charge) to	2024
	Birr'000	profit or	equity	Birr'000
		Birr'000	Birr'000	
Property, plant and equipment	3,330	-	2,892	6,222
Post employment benefit obligation	(516)	-	(320)	(835)
<b>Total deferred tax assets/(liabilities)</b>	<b>2,814</b>	<b>-</b>	<b>2,572</b>	<b>5,387</b>

Deferred income tax assets/(liabilities):	At 1 July	Credit/	Credit/	30 June
	2022	(charge) to	(charge) to	2023
	Birr'000	profit or	equity	Birr'000
		Birr'000	Birr'000	
Property, plant and equipment	5,062	-	269	3,330
Post employment benefit obligation	(461)	-	(55)	(516)
<b>Total deferred tax assets/(liabilities)</b>	<b>2,600</b>	<b>-</b>	<b>214</b>	<b>2,814</b>

Deferred tax Liability	30 June 2024		2023	
	Birr'000		Birr'000	
Plant, Property & Equipment - carrying amount (IFRS)	186,651		171,969	
Plant, Property & Equipment - tax base	165,910		160,868	
Plant, Property & Equipment - Temporary difference	20,741		11,101	
Deferred tax liability - @ 30%	6,222		3,330	
Severance pay - carrying amount	2,785		1,720	
Severance pay - tax base	-		-	
Severance pay - Temporary difference	2,785		1,720	
Change in Deferred tax asset - @ 30%	835		516	
Payment regarding deferred tax liability	-		-	
<b>Deferred tax (liability) asset - @ 30%</b>	<b>5,387</b>		<b>2,814</b>	



# LUCY INSURANCE SHARE COMPANY

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2024

	30 June 2024	30 June 2023
	Birr'000	Birr'000
<b>14 Cash and cash equivalents</b>		
Cash in hand	285	208
Deposits with local banks	95,667	66,546
Fixed time deposits	191,602	108,127
Restricted deposits with National Bank of Ethiopia	39,456	28,376
	327,010	203,256

company. The average interest rate on the deposits is 15.78%. The carrying amount reasonably approximate fair value at reporting date.

**Maturity analysis**

	30 June 2024	30 June 2023
	Birr'000	Birr'000
Current	95,952	66,753
Non- current	231,058	136,503
	327,010	203,256

Restricted deposits with National Bank of Ethiopia represents deposits made with National Bank of Ethiopia (NBE) in accordance with Article 20 of Proclamation No 746/2012. The Company has a policy of maintaining the deposits at 15% of the paid up capital. The current balance represents the amount deposited up to June 30, 2020 and NBE Directive number SIB/54/2021 also insurance insurance companies to maintain 15% of net income after tax to purchase Ethiopian Development bank Bond that matures in 3 year.



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**14.1 Cash and cash equivalents**

For the purpose of the cash flow statement, cash and cash equivalents comprise of cash in hand, cash at bank, short term deposit with banks.

	30 June 2024	30 June 2023
	Birr'000	Birr'000
Cash in hand	285	208
Deposits with local banks	95,667	66,546
	95,952	66,753

**15 Investment securities**

**Available for sale:**

Equity Investments	98,065	83,997
	98,065	83,997

**Loans and receivables:**

Ethiopian Government bonds	-	-
	98,065	83,997

**Maturity analysis**

	30 June 2024	30 June 2023
	Birr'000	Birr'000
Current	98,065	83,997
Non-Current	-	-
	98,065	83,997



## LUCY INSURANCE SHARE COMPANY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

The Company holds equity investments in the following entities;

	30 June 2024		30 June 2023	
	Number of shares '000	Percentage of ownership	Number of shares '000	Percentage of ownership
Debut Global Bank S.C	18535	0.95%	16,017	0.95%
Addis International Bank S.C	11128	0.77%	10,134	0.77%
Bunna International Bank S.C	31281	0.75%	26,659	0.75%
Ethiopian Reinsurance S.C	7116	0.96%	6,297	0.96%
Abay Bank S.C	23631	0.45%	19,313	0.45%
Enat Bank S.C	6186	0.33%	5,389	0.33%
Capital Financial Excellence center	188	0.10%	188	0.10%
	<u>98,065</u>		<u>83,997</u>	

These investments are unquoted equity securities measured at cost.

The fair value of the unquoted equity securities carried at cost cannot be reliably estimated as there are no active market for these financial instruments; they have therefore been disclosed at cost less impairment.

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



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	30 June 2024	30 June 2023
	Birr'000	Birr'000
<b>16 Trade and other receivables</b>		
<b>Insurance receivables</b>		
Due from policy contract holders	-	-
Due from Co-insurers	2,210	2,046
Due from agents, brokers and intermediaries	-	-
<b>Gross amount</b>	2,210	2,046
Less: Specific impairment allowance	-	-
	2,210	2,046
<b>Other loans and receivables</b>		
Other receivables	-	-
Staff debtors	5,034	707
<b>Gross amount</b>	5,034	707
Less: Impairment allowance (note 16.1)	-	-
	5,034	707
<b>Gross amount</b>	<b>7,244</b>	<b>2,753</b>
<b>Maturity analysis</b>	<b>30 June 2024</b>	<b>2023</b>
	<b>Birr'000</b>	<b>Birr'000</b>
Current	7,244	2,753
Non-current	-	-
	7,244	2,753

**16.1 Impairment allowance on uncollectable premium from clients**

A reconciliation of the provision for uncollectable premium from clients, is as follows:

	30 June 2024	30 June 2023
	Birr'000	Birr'000
At 1 July	-	-
Charge for the year (note 16)	-	-
Recoveries	-	-
At 30 June	-	-



# LUCY INSURANCE SHARE COMPANY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	30 June 2024	2023
	Birr'000	Birr'000
<b>17 Reinsurance assets</b>		
Reinsurance recoverable on outstanding claims (note 17.1)	70,580	58,434
Reserve for unexpired risk for cession (note 17.2)	47,761	36,845
<b>Gross amount</b>	118,340	95,280
Recoverable on claims paid & Re-Insurance Commission	50,008	40,962
	<b>168,348</b>	<b>136,242</b>
Less: Specific impairment allowance	-	-
	<b>168,348</b>	<b>136,242</b>



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**NOTES TO THE FINANCIAL STATEMENTS**  
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	30 June 2024	30 June 2023
	Birr'000	Birr'000
<b>17.1 Reinsurance recoverable on outstanding claims &amp; Re-insurance Commissions</b>		
Recoverable on claims - Incurred but not yet reported	11,397	12,644
Recoverable on outstanding claims	59,182	45,790
	<u>70,580</u>	<u>58,434</u>
<b>The movement in reinsurance recoverable on outstanding claims as:</b>		
Balance at beginning of the year	58,434	58,434
Recoveries during the year		
Increase (decrease) in recoverable during the year	12,145	-
	<u>70,580</u>	<u>58,434</u>
<b>17.2 Reserve for unexpired risk for cession</b>		
The movement in reserve for unexpired risk for cession is analysed as follows:		
Balance at beginning of the year	36,845	38,470
Cost incurred during the year	10,915	(1,625)
Amortised during the year	-	-
	<u>47,760</u>	<u>36,845</u>
<b>18 Deferred acquisition cost</b>		
Fire	942	651
Accident and Health	42	37
Motor	7,932	5,240
W/C Ordinary	196	129
Marine Cargo and Goods in Transit	411	237
Pecuniary	3,136	2,138
General Liability	895	640
Engineering	634	362
Others	213	148
	<u>14,401</u>	<u>9,582</u>



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

	30 June 2024	30 June 2023
	Birr'000	Birr'000
<b>19 Other assets</b>		
Sundry debtors	3,952	166
Non-Current asset held for sale	-	2,355
Advance profit tax (note 19.1)	3,528	3,025
Prepayments	10,315	5,428
	<u>17,796</u>	<u>10,973</u>
<i>Maturity analysis</i>		
Current	3,528	5,380
Non- current	14,268	5,594
	<u>17,796</u>	<u>10,973</u>
	<b>30 June 2024</b>	<b>30 June 2023</b>
	<b>Birr'000</b>	<b>Birr'000</b>
<b>19.1 Advance Profit Tax</b>		
Balance at the beginning of the year	3,025	1,439
charge for the year:	12,295	-
Capital gains tax	-	-
Prior year (over)/under provision	(1,632)	-
Collection of Advance profit tax	(1,393)	(1,439)
Withholding tax paid - current year	(1,897)	3,025
Adjustment during the period		
Balance at the end of the year	<u>10,397</u>	<u>3,025</u>



**LUCY INSURANCE SHARE COMPANY**  
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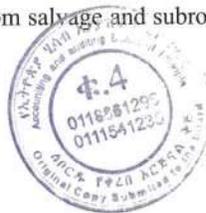
	Building and Partition Birr'000	Motor vehicles Birr'000	Compute r and accessori es Birr'000	Office equipment Birr'000	Furniture and fittings Birr'000	Total Birr'000
<b>20 Property, plant and equipment</b>						
<b>Cost</b>						
As at 1 July 2022	133,521	30,089	4,300	4,196	3,483	175,590
Additions	6,712	12,895	1,398	1,941	887	23,832
Disposals	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-
<b>As at 30 June 2023</b>	<b>140,233</b>	<b>42,984</b>	<b>5,698</b>	<b>6,137</b>	<b>4,370</b>	<b>199,422</b>
As at 1 July 2023	140,233	42,984	5,698	6,137	4,370	199,422
Additions	152	16,473	5,456	2,334	2,030	26,445
Disposals	-	(4,190)	-	-	-	(4,190)
Reclassification	-	-	-	-	-	-
<b>As at 30 June 2024</b>	<b>140,385</b>	<b>55,267</b>	<b>11,154</b>	<b>8,471</b>	<b>6,400</b>	<b>221,677</b>
<b>Accumulated depreciation</b>						
As at 1 July 2022	1,785	11,848	2,878	2,030	1,557	20,098
Charge for the year	2,664	3,369	437	517	368	7,355
Disposals	-	-	-	-	-	-
<b>As at 30 June 2023</b>	<b>4,449</b>	<b>15,217</b>	<b>3,315</b>	<b>2,547</b>	<b>1,925</b>	<b>27,453</b>
As at 1 July 2023	4,449	15,217	3,315	2,547	1,925	27,448
Charge for the year	2,667	4,674	893	815	480	9,528
Disposals	-	(1,950)	-	-	-	(1,950)
<b>As at 30 June 2024</b>	<b>7,116</b>	<b>17,941</b>	<b>4,208</b>	<b>3,361</b>	<b>2,405</b>	<b>35,026</b>
<b>Net book value</b>						
As at 1 July 2022	<b>131,736</b>	<b>18,241</b>	<b>1,422</b>	<b>2,166</b>	<b>1,926</b>	<b>155,492</b>
As at 30 June 2023	<b>135,784</b>	<b>27,767</b>	<b>2,383</b>	<b>3,590</b>	<b>2,445</b>	<b>171,969</b>
As at 30 June 2024	<b>133,269</b>	<b>37,326</b>	<b>6,945</b>	<b>5,110</b>	<b>3,995</b>	<b>186,651</b>



**LUCY INSURANCE SHARE COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2024**

	30 June 2024	30 June 2023
	Birr'000	Birr'000
<b>21 Insurance contract liabilities</b>		
<b>Non-life insurance contracts</b>		
- Claims reported and loss adjustment expenses (note 21.1)	134,225	103,108
- Claims incurred but not reported IBNR (note 21.1)	29,082	26,213
	<u>163,307</u>	<u>129,321</u>
- Unallocated loss adjustment expense	2,128	3,888
- Unearned premiums (note 21.2)	206,779	152,672
	<u>208,907</u>	<u>156,560</u>
<b>Total insurance liabilities, gross</b>	<u>372,214</u>	<u>285,881</u>
<b>Recoverable from reinsurers</b>		
<b>Non-life insurance contracts</b>		
- Claims reported and loss adjustment expenses (note 17.1)	59,182	45,790
- Claims incurred but not reported IBNR (note 17.1)	11,397	3,888
- Unearned premiums (note 17)	97,768	77,808
	<u>168,347</u>	<u>127,486</u>
<b>Total reinsurers' share of insurance liabilities</b>	<u>168,348</u>	<u>127,486</u>
<b>Non-life insurance contracts</b>		
- Claims reported and loss adjustment expenses	75,043	57,317
- Claims incurred but not reported IBNR	17,684	22,325
	<u>92,727</u>	<u>79,642</u>
- Unallocated loss adjustment expense	2,128	3,888
- Unearned premiums	109,011	74,864
	<u>111,866</u>	<u>81,600</u>
<b>Total insurance contract liabilities, net</b>	<u>203,866</u>	<u>158,395</u>
<b>Maturity analysis</b>		
Current	203,866	158,395
Non-current		
	<u>203,866</u>	<u>158,395</u>

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



## LUCY INSURANCE SHARE COMPANY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

### 21 Insurance contract liabilities (Contd)

Movements in insurance liabilities and reinsurance assets is detailed below:

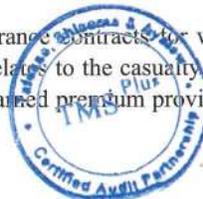
	30 June 2024			30 June 2023		
	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
<b>21.1 Claims and loss adjustment expenses</b>						
<b>At 1 July</b>	129,321	49,678	79,642	129,321	49,678	79,642
Notified claims & IBNR	31,118	13,392	17,726	-	-	-
Change in Incurred but not reported	2,869	7,509	(4,641)	-	-	-
<b>Total at beginning of year</b>	<b>163,307</b>	<b>70,580</b>	<b>92,727</b>	<b>129,321</b>	<b>49,678</b>	<b>79,642</b>
Cash paid for claims settled in year						
Increase in liabilities:						
- Arising from current-year claim	95,611	(16,923)	78,689	84,338	(10,793)	73,545
- Arising from prior-year claims	-	-	-	-	-	-
	95,611	(16,923)	78,689	84,338	(10,793)	73,545
<b>As at 30 June</b>	<b>258,918</b>	<b>53,657</b>	<b>171,416</b>	<b>213,658</b>	<b>38,885</b>	<b>153,187</b>

### 21.2 Provisions for unearned premiums

#### Unearned premium provision

<b>At 1 July</b>	152,672	(32,069)	120,603	108,276	(33,694)	74,582
Increase in the period	54,107	(10,915)	43,192	44,396	1,625	46,021
Release in the period	-	-	-	-	-	-
<b>As at 30 June</b>	<b>206,779</b>	<b>(42,984)</b>	<b>163,796</b>	<b>152,672</b>	<b>(32,069)</b>	<b>120,603</b>

These provisions represent the liability for short-term insurance contracts for which the Company's obligations are not expired at year-end. The unexpired risk provision relates to the casualty insurance contracts for which the Company expects to pay claims in excess of the related unearned premium provision.



**LUCY INSURANCE SHARE COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2024**

	30 June 2024	30 June 2023
	Birr'000	Birr'000
<b>22 Insurance payables</b>		
Due to reinsurers	85,295	73,262
Due to sales agents and brokers	-	-
	<u>85,295</u>	<u>73,262</u>
<b>22.1 Deffered Commission income</b>		
At the beginning of the year	11,796	11,205
Net Increase / (decrease)	(39)	591
<b>At the end of the year</b>	<u>11,757</u>	<u>11,796</u>
<b>23 Other liabilities</b>		
<i>Financial liabilities</i>		
Premium receivable in advance	-	-
Pension fund payable	813	476
Sales agents and brokers	11,027	6,004
Sundry payables	10,323	6,179
	<u>22,163</u>	<u>12,658</u>
<i>Other non financial liabilities</i>		
Withholding tax and Valued added tax payables	672	455
Employee income tax payable	1,513	824
Accrual for leave liability	5,738	3,392
Accruals	12,867	8,125
Dividend payable	909	1,091
	<u>21,698</u>	<u>13,886</u>
Long term Loan	-	-
<b>Gross amount</b>	<u>43,861</u>	<u>26,544</u>
Maturity analysis		
Current	38,124	23,153
Non- current	5,738	3,392
	<u>43,861</u>	<u>26,544</u>



**LUCY INSURANCE SHARE COMPANY**  
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The carrying amounts of deposits received from reinsurers and outstanding purchase of investment securities disclosed above approximate fair value at the reporting date. All amounts of deposits received from reinsurers and outstanding purchase of investment securities are payable within one year.

	30 June 2024	30 June 2023
	Birr'000	Birr'000
<b>24 Retirement benefit obligation</b>		
<b>Defined benefits liabilities:</b>		
– Severance benefit plan (note 24.1)	2,785	1,720
<b>Liability in the statement of financial position</b>	<u>2,785</u>	<u>1,720</u>
<b>Income statement charge included in personnel expenses:</b>		
– Severance benefit plan (note 24.2)	2,030	1,019
<b>Total defined benefit expenses</b>	<u>2,030</u>	<u>1,019</u>
<b>Remeasurements for:</b>		
– Severance benefit plan (note 24.3)	508	(46)
	<u>508</u>	<u>(46)</u>

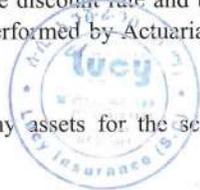
The income statement charge included within personnel expenses includes current service cost, interest cost, past service costs on the defined benefit schemes.

**Retirement benefit obligation**

The severance benefit plan is an unfunded defined benefit scheme.

The key financial assumptions are the discount rate and the rate of salary increases. The provision was based on an independent actuarial valuation performed by Actuarial Services East Africa Limited using the projected unit credit method.

The Company does not maintain any assets for the schemes but ensures that it has sufficient funds for the obligations as they crystallise.



# LUCY INSURANCE SHARE COMPANY

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2024

(i) **Severance benefit plan**

The benefits under the Scheme are defined in the Labour Proclamation No.1156/2019 effective from 05 September 2019 , which was an update from the previous Labour Proclamation No. 377/2003 and Labour Proclamation Amendment No. 494/2006 effective dates 26 February 2004 and 29 June 2006 respectively. The key change as noted from the new Labour Proclamation No. 1156/2019 is the additional benefits as follows:

Where a contract of employment is terminated when the undertaking ceases operation permanently due to bankruptcy or for any other cause, the worker shall be paid an amount equal to the worker’s average daily wage of the last week of service multiplied by 60.

Where a worker dies before receiving severance pay, his dependents will be paid:

- 2 months wages for funeral expenses
- A sum of 5 times the annual salary of the deceased and shall be paid in lump sum 50% to the spouse, 10% each child and 10% each parent. The total amount of the dependents’ benefit should add up to 100%

	30 June 2024	30 June 2023
	Birr'000	Birr'000
<b>24.1 Liability recognised in the financial position</b>	2,785	1,720

**24.2 Amount recognised in the profit or loss**

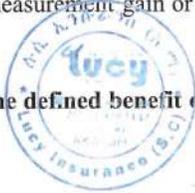
	30 June 2024	30 June 2023
	Birr'000	Birr'000
Current service cost	1,764	800
Interest cost	267	220
	2,030	1,019

**24.3 Amount recognised in other comprehensive income:**

Remeasurement (gains)/losses arising from changes in demographic assumptions	508	(46)
	508	(46)
Deferred tax (liability)/asset on remeasurement gain or loss	508	(46)

**24.4 Changes in the present value of the defined benefit obligation**

At the beginning of the year	1,720	1,538
Current service cost	1,764	800
Interest cost	267	220
Remeasurement (gains)/losses arising from changes in demographic assumptions	508	(46)
Past service cost	-	-
Benefits paid	(1,473)	(792)
At the end of the year	2,785	1,720



**LUCY INSURANCE SHARE COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2024**

**Retirement benefit obligation (Contd)**

**24.5 The principal assumptions used in determining defined benefit obligations**

	30 June 2024	30 June 2023
	Birr'000	Birr'000
Discount rate (p.a)	14.75%	14.30%
Long term salary increases (p.a)	12.75%	12.25%

(i) *Discount rate*

In Ethiopia, there is neither a deep market in corporate nor government bonds. Furthermore, the market for treasury bills in Ethiopia is inefficient and does not appear to be market determined. IAS19 does not provide guidance for setting the discount rate in a country with limited government bonds or instruments.

The Company therefore opted to use a discount rate of 14.75% (30 June 2023: 14.3%) based on the prevailing commercial banks lending rate as advised by the Association of Ethiopian Insurers.

(ii) *Long term salary increases*

The salary increase has been determined by the management as mutually compatible rate taking into account the likely future economic scenarios of the country.

(iii) *Mortality rate*

Different mortality rates are thus set for each age group (higher rates for older people) and this set of rates is referred to as a mortality table.

The mortality table used for the current employees was A1949/52 as published by the Institute of Actuaries.

	30 June 2024		30 June 2023	
	Males	Females	Males	Females
20	0.111%	0.111%	0.111%	0.111%
25	0.112%	0.111%	0.112%	0.111%
30	0.116%	0.113%	0.116%	0.113%
35	0.132%	0.120%	0.132%	0.120%
40	0.188%	0.147%	0.188%	0.147%
45	0.330%	0.231%	0.330%	0.231%
50	0.599%	0.420%	0.599%	0.420%
55	1.035%	0.750%	1.035%	0.750%
60	1.720%	1.272%	1.720%	1.272%



# LUCY INSURANCE SHARE COMPANY

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2024

#### Retirement benefit obligation (Contd)

(iv) *Withdrawals from service*

The withdrawal rate selected was based on experience in other similar arrangements.

	30 June 2024		30 June 2023	
	Males	Females	Males	Females
20	15%	15%	15%	15%
25	12%	12%	12%	12%
30	6%	6%	6%	6%
35	2.5%	2.5%	2.5%	2.5%
40	1.8%	1.8%	1.8%	1.8%
45	1%	1%	1%	1%
50	0%	0%	0%	0%
55	0%	0%	0%	0%
60	0%	0%	0%	0%

(v) *Ill-health / Disability*

	30 June 2024		30 June 2023	
	Males	Females	Males	Females
20	0.040%	0.040%	0.040%	0.040%
25	0.040%	0.040%	0.040%	0.040%
30	0.040%	0.040%	0.040%	0.040%
35	0.040%	0.040%	0.040%	0.040%
40	0.063%	0.050%	0.063%	0.050%
45	0.110%	0.080%	0.110%	0.080%
50	0.200%	0.140%	0.200%	0.140%
55	0.350%	0.250%	0.350%	0.250%
60	0.570%	0.420%	0.570%	0.420%

#### 24.6 Quantitative sensitivity analysis for significant assumption

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

	Change in assumption	30 June 2024		30 June 2023	
		Impact of an increase	Impact of a decrease	Impact of an increase	Impact of a decrease
		Birr'000	Birr'000	Birr'000	Birr'000
Discount rate	(+/-)1%	507,862	507,862	(45,500)	(45,500)
Long term salary increases	(+/-)1%	1,311,736	1,311,736	927,641	927,641
Base scenario figures		1,719,707	1,719,707	1,446,618	1,642,113
Changed discount rate figures		2,030,491	2,030,491	1,446,618	1,642,113
Changed longterm salary rate figures		2,784,898	2,616,487	1,719,707	1,719,707

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

**Retirement benefit obligation (Contd)**

The following payments are expected contributions to be made in for the next five (5) years out of the defined benefit plan obligation:

	30 June 2024	30 June 2023
	Birr'000	Birr'000
Within the next 12 months (next annual reporting period)	0	0
Between 1 to 5 years	30	8
Above 5 years	2,755	1,711
	<u>2,785</u>	<u>1,720</u>

**24.7 Risk exposure**

Through its post-employment benefit schemes, the Company is exposed to a number of risks. The most significant of which are detailed below:

(i) *Liquidity risk*

The defined liabilities are unfunded and as a result, there is a risk of the Company not having the required cash flow to fund future defined benefit obligations as they fall due.

(ii) *Life expectancy*

The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the schemes' liabilities. This is particularly significant, where inflationary increases result in higher sensitivity to changes in life expectancy.



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	2024 Birr'000	2023 Birr'000
<b>25 Share capital</b>		
<b>Authorised:</b>		
Ordinary shares of Birr 1000 each	1,000,000	200,000
<b>Issued and fully paid:</b>		
Ordinary shares of Birr 1000 each	205,401	160,210

The current paid up capital is 205,401 ( 2023: Birr 160,210)

	2024 Birr'000	2023 Birr'000
<b>26 Share premium</b>		
At the beginning of the year	1,950	1,664
Additions through issuance of shares	49	286
	1,999	1,950

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

**27 Earnings per share**

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

	2024 Birr'000	2023 Birr'000
Profit attributable to shareholders	67,761	45,857
Loss brought forward	-	
Weighted average number of ordinary shares in issue	201,272	153,886
Basic earnings per share (Birr)	337	298



**LUCY INSURANCE SHARE COMPANY**  
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	2024 Birr'000	2023 Birr'000
<b>28 Retained earnings</b>		
At the beginning of the year	39,778	7,376
Profit/ (loss) for the year	67,761	45,857
Transfer to Legal reserve	(6,776)	(5,865)
Prior year Adjustments regarding to Deffered taxation	1,100	2,600
Deferred Taxation on Temporary Difference	(5,387)	(2,814)
Dividends paid	(39,778)	(7,376)
At the end of the year	<u>56,698</u>	<u>39,778</u>
<b>29 Other reserve</b>		
At the beginning of the year	(0)	-0
Re-measurement gains on defined benefit plans (net of tax)	-	-
Staff loan (free of interest)	231	-
Deferred Taxation	-	-
At the end of the year	<u>231</u>	<u>(0)</u>
<b>30 Legal reserve</b>		
At the beginning of the year	14,816	8,951
Transfer from profit or loss	6,776	5,865
At the end of the year	<u>21,592</u>	<u>14,816</u>

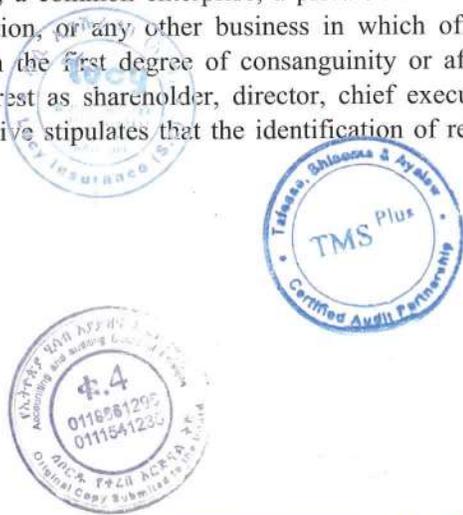


**LUCY INSURANCE SHARE COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2024**

	Notes	30 June 2024 Birr'000	30 June 2023 Birr'000
<b>31 Cash generated from operating activities</b>			
Profit before tax		80,056	45,857
<b>Adjustments for non- cash items:</b>			
Depreciation of property, plant and equipment	20	9,528	7,355
Advance profit tax deducted from profit tax	13.2	(1,897)	(1,585)
Gain on disposal of PPE.	10	(3,980)	-
Retirement benefit obligations	24	1,065	182
<b>Changes in working capital:</b>			
-Decrease/ (increase) in loans and receivables including insurance receivables	16	(4,492)	1,875
-Decrease/ (Increase) in reinsurance assets	17	(32,106)	21,999
-Decrease/ (increase) in deferred acquisition cost	18	(4,819)	(1,626)
-Decrease/ (increase) in deferred commission income	22	(39)	591
-Decrease/ (increase) in other assets	19	(6,823)	(2,077)
-Decrease/ (Increase) in fixed time deposits	14	(83,475)	(52,968)
-Increase/ (decrease) in Insurance contract liabilities	21	86,334	53,304
-Increase/ (decrease) in insurance payables	22	12,033	(30,712)
-Increase/ (decrease) in other liabilities	23	17,317	8,320
		<u>68,701</u>	<u>50,516</u>

**32 Related party transactions**

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



**LUCY INSURANCE SHARE COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2024**

**32 Related party transactions (Contd)**

**32.1 Key management compensation**

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

The key management members are compensated as per the company’s salary and benefit package approved by the board of directors.

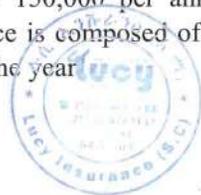
The compensation paid or payable to key management is shown below. There were no sales or purchase of goods and services between the Company and key management personnel as at 30 June 2024.

	<b>30 June 2024</b>	<b>30 June 2023</b>
	<b>Birr'000</b>	<b>Birr'000</b>
Salary payment	6,465	4,050
Leave Pay	829	630
Post-employment benefits	711	446
Representation allowance	308	228
	<b>8,314</b>	<b>5,353</b>

**32.2 Board Of Directors compensation**

The boards of directors are identified as elected by annual general meeting every three years as per the national bank of Ethiopia directive and their remunerations are aligned as outlined below.

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



**LUCY INSURANCE SHARE COMPANY  
NOTES TO THE FINANCIAL STATEMENTS  
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	30 June 2024 Birr'000	30 June 2023 Birr'000
Monthly Allowance	755	1,420
Annual Compensation	1,350	1,350
	2,105	2,770

**33 Directors and employees**

i) The average number of persons in the Company during the year was as follows:

Chief and Senior Executive Staff	7	7
Managmant	29	29
Non - Managmant	197	161
	233	197

**34 Contingent liabilities**

The company's contingent liabilities as at the date of this report:

30 June 2024	Nil
30 June 2023	Nil

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

**35 Commitments**

The Company has no commitments, not provided for in these financial statements as at the date of this report. (30 June 2024)

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

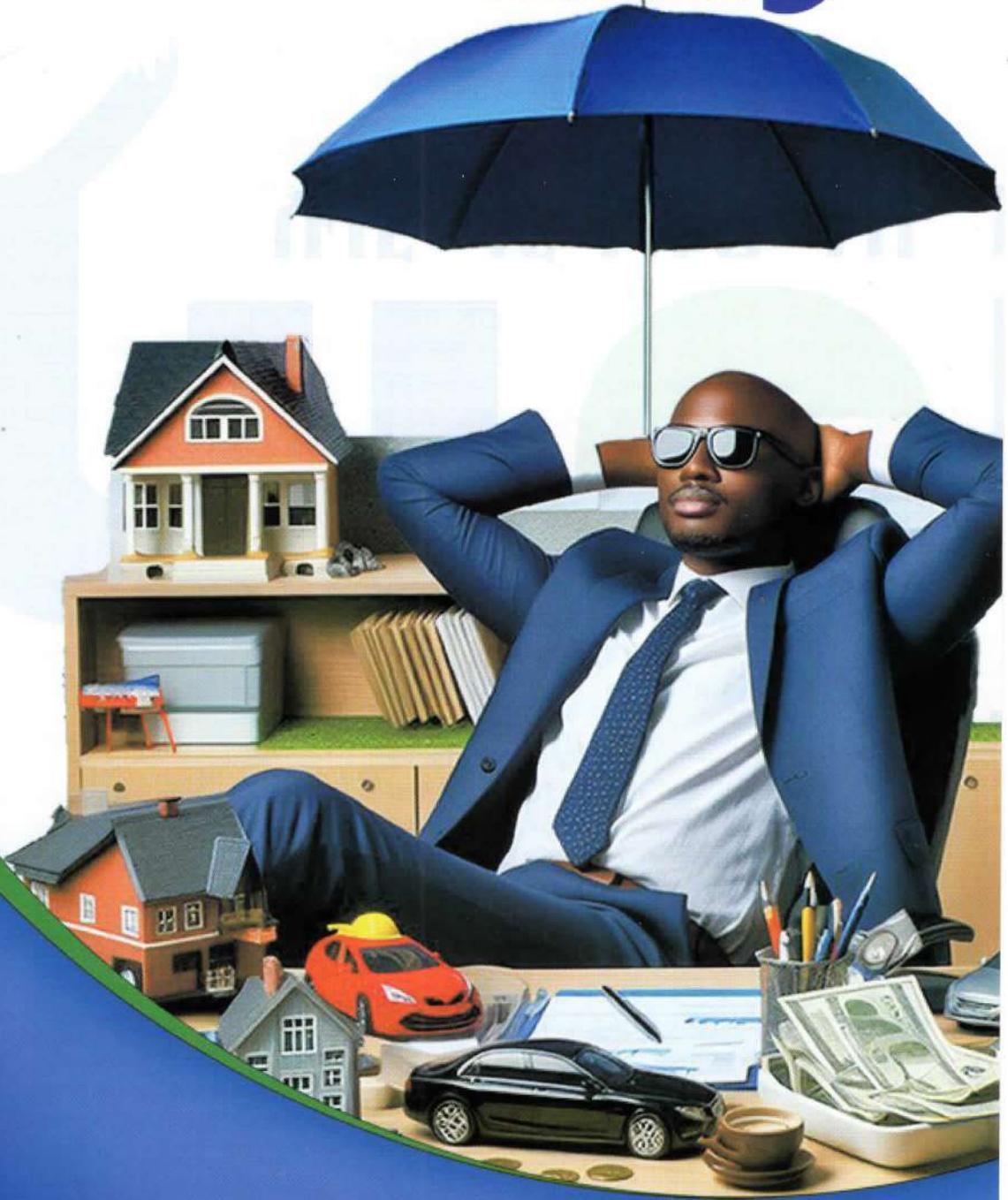
The Company leases various properties under cancellable operating lease agreements. Lease terms are less than one year.

**37 Events after reporting period**

In the opinion of the Directors, there were no significant post balance sheet events which could have a material effect on the state of affairs of the Company as at 30 June 2024 and on the profit for the period ended on that date, which have not been adequately provided for or disclosed.



ሱሲ ኢንሹራንስ ስ.ሣ.  
**Lucy**  
INSURANCE S.C.



ሁሌም ከጎንዎ !  
13 Months by your side!

### የዳይሬክተሮች ቦርድ ሰብሳቢ መልዕክት

#### የተከበራችሁ ባለአክሲዮኖች ክቡራን እና ክቡራት

እንኳን ወደ 12ኛው የሉሲ ኢንሹራንስ አክሲዮን ማህበር መደበኛ አመታዊ ጠቅላላ ጉባኤ በደህና መጣችሁ።

የዳይሬክተሮች ቦርድን በመወከል እ.ኤ.አ የ2023/24 በጀት ዓመት የኩባንያውን ዓመታዊ ሪፖርት እና በውጭ የአዲት ባለሙያዎች የተረጋገጠውን የኩባንያውን የሂሳብ መግለጫዎችን ለማቅረብ እወዳለሁ። የባለፈውን ዓመት ሪፖርት ሳቀርብ ባስመዘገብነው ስኬት የተሰማኝን ደስታ በመግለጽ ጭምር ነው። ያለፈው በጀት አመት ለኩባንያችን አበረታች ለውጥ የታየበት እና ጠንካራ የሂሳብ ውጤቶችን ያገኘንበት ዓመት ሲሆን ትጋታችንን እና ስትራቴጂካዊ ራዕዮችንን የሚያንጸባርቅም ነበር። ለባለድርሻዎቻችን ያላሰለሰ ድጋፍ እና ለስራ ቡድኖችን ትጋት ምስጋና ይግባው እና ተግዳሮቶችን ማለፍ ብቻ ሳይሆን ለወደፊት እድገታችን ጠንካራ መሰረት የጣልንበትም ዓመት ነበር። በመሆኑም በአንድነት ወደፊት ለምናደርገው ጉዞ ጠንካራ እምነት እና ተስፋ ሰንቀናል።

ለማደግ እና ለመስፋፋት በያዝነው ስትራቴጂ መሰረት ባለፈው ዓመት ኩባንያው የሚሰጠውን የውል አገልግሎት ለማሻሻል የሚረዱ የተለያዩ ቁልፍ ተግባራትን አከናውናል። 10 አዳዲስ ቅርንጫፎች ተከፍተው ወደስራ ገብተዋል፣ ከማይክሮ ፋይናንስ ተቋማት ጋር የስራ አጋርነት በመፍጠር ሽያጭን ለማሳደግ ተሞክሯል እንዲሁም ኩባንያው የሚሰጣቸው የመድን አይነቶች ስብጥርን ለማሳደግ ደረዳ ዘንድም አዲስ የመድን አይነትን/ምርትን/ ተግባራዊ በማድረግ ሽያጭ ላይ አውለናል። በብሔራዊ ባንክ መመሪያ መሰረት የኮር ኢንሹራንስ ሰፍትዌር ግዢን በመፈጸም ሲስተሙ ላይ የሙከራ ትግብራ በማድረግ ሂደት ላይ እንገኛለን። ሰስት ቅርንጫፎች በሲስተሙ አገልግሎት መስጠት መጀመራቸው አበረታች ጅምር ሲሆን ወደ ሙሉ ትግብራ ለመግባት ይቻል ዘንድም ቀሪዎቹ ቅርንጫፎች እና በዋና መስሪያ ቤት የሚገኙ የስራ ክፍሎች በሙከራ ትግብራ እና በዳታ ሽግግር ሂደቶች ላይ ይገኛሉ። ይህ ደረጃ በደረጃ የመተግበር ዘዴም

ያሉትን ተግዳሮቶች በመለየት ሁሉም ቅርንጫፎች ሲስተሙን በአግባቡ ለመተግበር አስቻይ ሁኔታን ይፈጥራል።

በኩባንያ ደረጃ ሲስተሙን በአግባቡ ተግባራዊ በማድረግ የተቀላጠፈ አሰራርን ለማግለጠትም የዳይሬክተሮች ቦርድ አስፈላጊውን ድጋፍ የሚያደርግ ይሆናል።

የኩባንያውን ዘላቂታዊ የሆነ እድገት ለማረጋገጥ የዳይሬክተሮች ቦርድ ትኩረት ሰጥቶ ካከናወናቸው ተግባራት መካከል የ6 ዓመት ስትራቴጂክ እቅድ ማዘጋጀት በቀዳሚነት የሚጠቀስ ነው። ይህ ሁሉን አቀፍ ፍኖተ ካርታ የኩባንያውን የተወዳዳሪነት ደረጃ በማጠናከር የወደፊት እድገትን እና ትርፋማነትን ለማስፈን የታለሙ ግልጽ አላማዎችን እና ስትራቴጂካዊ ውጥኖችን የያዘ ነው። እቅዱ ዘላቂ ልማት፣ ፈጠራ እና የባለአክሲዮኖቻችንን እሴት ማሳደግ ላይ ትኩረት በማድረግ ወቅታዊ የገበያ ተግዳሮቶችን እና አዳዲስ እድሎችን ተደራሽ ለማድረግ እንዲችል ተደርጎ የተዘጋጀ ሲሆን ኩባንያችን በቀጣይ አመታት ለሚያስመዘግበው እድገት እና ስኬት መሰረት ሆኖ ያገለግላል።

#### የተከበራችሁ ባለአክሲዮኖች

በብሔራዊ ባንክ የተወሰነው ዝቅተኛ የተሸከርካሪ አረባን ክፍያ፣ የዋጋ ግሽበት፣ ተለዋዋጭ የንግድ ከባቢ እና የኢኮኖሚ አለመረጋጋት በበጀት ዓመቱ ያጋጠሙን ተግዳሮቶች ቢሆኑም ኩባንያው በበጀት ዓመቱ አመርቂ ውጤት ማስመዝገቡን ስንገልጽ በታላቅ ደስታ ነው።

ባለፈው የባለአክሲዮኖች ስብሰባ ላይ ቃል በገባው መሰረት እ.ኤ.አ ሰኔ 30 ቀን 2024 በተጠናቀቀው በበጀት አመት ብር80 ሚሊዮን ትርፍ ያስመዘገብን ሲሆን ይህም ባለፈው አመት ከተመዘገበው የብር45.8 ሚሊዮን ትርፍ የ75 በመቶ ብልጫ አለው። የአረባን ገቢን ማሳደግ፣ ወጪን መቆጣጠር፣ ጥንቃቄ የተሞላበት የአደጋ ምዘና ለማድረግ የሚረዱ የውል እርምጃዎችን መተግበር እና ጥሩ የካሳ አስተዳደር ለተመዘገበው ውጤት ከፍተኛ ሚና የተጫወቱ ሲሆን የተመዘገበው ስኬት የቦርድ እና የአመራር አባላት፣ የሰራተኞች እንዲሁም የባለድርሻ አካላት የተቀናጀ ጥረት ማሳያም ነው።

የዓረብን ገቢያችን ወደ ብር 397.2 ሚሊዮን በማደግ ከበጀት የ78 በመቶ አፈጻጸም ሲኖረው ከባለፈው ዓመት አፈጻጸም ጋር ሲነጻጸርም የ 39 በመቶ ጭማሪ አሳይቷል። ብር 119.6 ሚሊዮን ለካሳ ጥያቄ የተከፈለ ሲሆን ውጤታማ የአደጋ አስተዳደርን በመተግበር የካሳ ምጣኔውን 40 በመቶ ለማድረስ ተችሏል። በተጨማሪም ከውል ስራ ብር 171.8 ሚሊዮን ለማግኘት የተቻለ ሲሆን ካለፈው ዓመት አፈጻጸም ጋር ሲነጻጸርም የ 65 በመቶ ብልጫ አለው አፈጻጸሙም የኩባንያውን ጠንካራ የአገልግሎት አቅም የሚያሳይ ነው። በበጀት ዓመቱ የተመዘገቡት ውጤቶች ትርፋማነትን ለማሳደግ እና የኩባንያውን ስኬት ቀጣይነት ለማረጋገጥ ያለንን ቁርጠኝነት የሚያሳዩ ናቸው።

የኩባንያውን አጠቃላይ ገቢ ለማሳደግ ይረዳ ዘንድ የገቢ አማራጮችን ለማስፋት በተደረገው ጥረትም የኢንቨስትመንት ገቢውን ከባለፈው ዓመት በ 55 በመቶ ማሳደግ የተቻለ ሲሆን ከቅርብ ጊዜ ወዲህ እየተስተዋለ ላለው ከፍተኛ የዋጋ ግሽበት እና ተለዋዋጭ የገበያ ሁኔታ ምላሽ ለመስጠትም ኩባንያው የወጪ ቅነሳ ስትራቴጂን በመተግበር በ 0.6 በመቶ ጭማሪ ብቻ ወጪዎችን በተያዘላቸው በጀት ውስጥ ለመጨረስ ጥረት አድርጓል።

የዳይሬክተሮች ቦርድ የኩባንያው የረዥም ጊዜ ችግር የነበረውን የሰራተኞች የመልቀቅ ምጣኔ ለመፍታት የገበያውን ሁኔታና ሌሎች ኢንፎርሜሽን ኩባንያዎች የሚከተሉትን የክፍያ ስርዓት በጥልቀት በማየት በበጀት ዓመቱ እንደ አንድ ሰራተኞችን የማቆያ ስልት የደመወዝ ማስተካከያ አድርጓል። ይህም ከፍተኛ ችሎታ እና ብቃት ያለውን የሰው ሀይል ለመሳብ የሚያስችል ተወዳዳሪ የሆነ የክፍያና ማበረታቻ ስርዓት ኩባንያው እንዲኖረው ለማድረግ ታስቦ የተደረገ ሲሆን ይህ ስልታዊ እርምጃም አወንታዊ ውጤት በማስገኘቱ የሰራተኞች የመልቀቅ ምጣኔ ባለፈው ዓመት ከነበረው 21.26 በመቶ በአመቱ መጨረሻ ወደ 12.1 በመቶ ዝቅ ማለቱን ስገልጽ በታላቅ ደስታ ነው። እየቀነሰ የመጣው የሰራተኞች የመልቀቅ ምጣኔ የሰው ሃይላችንን የሚያጠናክር ብቻ ሳይሆን የኩባንያውን የአሰራር መረጋጋት የሚያሳድግ እና የረጅም ጊዜ የዕድገት ዕድሉንም የሚጨምር ነው።

**ክቡራን ባለአክሲዮኖች**

በሚቀጥለው ዓመት በስድስት ዓመቱ እቅዳችን መሰረት የኩባንያውን ጥንካሬና ስኬት የሚያረጋግጡ በርካታ ስራዎችን አንሰራለን። ቀጣይነት ያለው እድገት እና ትርፋማነትን ማረጋገጥ፣ የኩባንያውን የሰው ሀይል ማጠናከር፣ የተጀመረውን የዲጂታል ስራ አጠናክሮ መቀጠል፣ የኩባንያውን የተከፈለ ካፒታል ማሳደግ እና በተቆጣጣሪው አካል የተቀመጡትን ህጎች ማሟላት ዋነኛ የትኩረት አቅጣጫዎቻችን ሲሆኑ ለወደፊት ስኬታችንም ዋና መሰረቶች ናቸው።

በመጨረሻም ለምታደርጉት ያልተቋረጠ ድጋፍ ልባዊ ምስጋናችንን እያቀረብን የኩባንያውን ካፒታል ወደሚፈለገው መጠን ለማሳደግ እንችል ዘንድም ድጋፋችሁ እና ትብብራችሁ እንዳይለዩን አደራ እንላለን። እንዲሁም በእኛ ላይ ለጣላችሁት እምነት ያለንን አድናቆት እየገለጹን የኩባንያውን ራዕይ ወደ ተግባር ለመቀየር ያለንን ቁርጠኝነትም ለማሳወቅ እንወዳለን።

የኩባንያው የዳይሬክተሮች ቦርድ አባላት፣ የስራ አመራሮች እና ሰራተኞች ላሳዩት ያላሰለሰ ጥረት እያመሰገንኩ በተጨማሪም የኢትዮጵያ ብሔራዊ ባንክ፣ ክቡራን ደንበኞቻችን እና የንግድ አጋሮቻችን በኩባንያችን ላይ ላሳዩት እምነትም ልባዊ ምስጋናዬን አቀርባለሁ።

**ተስፋዬ ቦሩ (ዶ/ር)**  
**የዳይሬክተሮች ቦርድ ሰብሰቢ**

## እ.ኤ.አ የ 2023/24 በጀት ዓመት የዳይሬክተሮች ቦርድ አመታዊ ሪፖርት

እ.ኤ.አ ሰኔ 30 ቀን 2024 የተጠናቀቀውን የኩባንያውን አጭር ዓመታዊ ሪፖርት እና በውጭ የአዲት ባለሙያዎች የተረጋገጠውን የኩባንያውን የሒሳብ አቋም የዳይሬክተሮች ቦርድን በመወከል እንደሚከተለው አቀርባለሁ። ሪፖርቱ በበጀት ዓመቱ የተከናወኑ ዋና ዋና ተግባራትን እና ስኬቶችን የያዘ ነው።

### 1. እ.ኤ.አ የ2023/24 በጀት ዓመት የኢኮኖሚ ምልክታ

#### 1.1. እ.ኤ.አ በ2023/24 የአለም አቀፍ ኢኮኖሚ ሁኔታ አጠቃላይ እይታ

በአለም አቀፍ የገንዘብ ተቋም ትንበያ መሰረት የአለም አቀፍ እድገት እ.ኤ.አ ከ 2000-2019 ከነበረው አማካይ 3.8 እድገት በታች በመሆን እ.ኤ.አ በ 2022 በጀት ዓመት ከነበረው የ 3.5 በመቶ እ.ኤ.አ በ 2023 በጀት ዓመት ወደ 3 በመቶ ብሎም እ.ኤ.አ በ 2024 በጀት ዓመት ወደ 2.9 በመቶ ዝቅ ብሏል። በዩናይትድ ስቴትስ ከተመዘገበው አበረታች እድገት እና በዩሮ ዞን ከተመዘገበው ዝቅተኛ እድገት በመነሳት ያደጉ ሀገራት እድገት እ.ኤ.አ በ 2022 ከነበረው የ 2.6 በመቶ እ.ኤ.አ በ 2023 ወደ 1.5 በመቶ እንዲሁም እ.ኤ.አ በ 2024 ወደ 1.4 በመቶ እንደሚቀንስ ተገምቷል። በቻይና የንብረት ዘርፍ ቀውስ የተጎዳው የታዳጊ ሀገራት ገበያ እና ኢኮኖሚ በ 2022 ከነበረው የ 4.1 በመቶ እድገት በ 2023 እና በ 2024 ወደ 4 በመቶ ዝቅ ብሏል። በ3.1 በመቶ ላይ ያለው የመካከለኛ ጊዜ ዓለም አቀፍ ዕድገት ትንበያ የገቢ ውህደት አዝጋሚ ፍጥነት እንዳለው ያሳያል። ዓለም አቀፍ የዋጋ ግሽበት በ2022 ከነበረበት 8.7 በመቶ በ2023 ወደ 6.9 በመቶ እና በ2024 ወደ 5.8 በመቶ እንደሚቀንስ የተገመተ ሲሆን እስከ 2025 ድረስም ወደታቀደው ደረጃ ይመለሳል ተብሎ ይጠበቃል።

አለምአቀፍ የመድን ገበያ እ.ኤ.አ በ 2023 ካገኘው የ 7,265.22 ቢሊዮን ዶላር ገቢ እ.ኤ.አ በ 2024 ወደ 7,793.45 ቢሊዮን ገቢ በማግኘት ጠንካራ እድገትን አሳይቷል። ዓመታዊ እድገቱም 7.3 በመቶ ነው። የመድን ዋስትና አለም አቀፍዊነት፣ የህዝብ ቁጥር መጨመር፣ የተፈጥሯዊ አደጋዎች መባባስ፣ የደንበኞች ባህሪ መቀየር፣ የመሸጫ መንገዶች መስፋፋት ለእድገቱ ቁልፍ ምክንያቶች ናቸው። ይህ የእድገት አቅጣጫ እስከ ቅርብ ጊዜ ድረስ እንደሚቀጥልም ይታመናል። (አለም አቀፍ የገንዘብ ተቋም፣ ኤፕሪል፣ 2024)

#### 1.2. በ2023/24 ከሰሃራ በታች ያለው የኢኮኖሚ ሁኔታ አጠቃላይ እይታ

ከሰሃራ በታች ባሉ ሀገራት ያለው የኢኮኖሚ ሁኔታ እየተሻሻለ ሲሆን እድገቱም እ.ኤ.አ. በ2023 ከ 3.4 በመቶ በ2024 ወደ 3.8 በመቶ እና በ2025 ወደ 4.0 በመቶ ከፍ እንደሚል ይጠበቃል። የዋጋ ግሽበቱ በግማሽ እየቀነሰ እና የመንግስት የዕዳ መጠን እየተረጋጋ ቢመጣም እንዲሁም ሀገሮችም ለሁለት አመታት አቋርጠውት የነበረውን የዩሮ ቦንድ መሸጥን ቢጀምሩም የገንዘብ እጥረት፣ ከፍተኛ የብድር ወጪዎች እና የዕዳ ክፍያ ተግዳሮቶች ግን ቀጥለዋል። አካባቢው ለአለም አቀፍ ውጥረት፣ ለፖለቲካ አለመረጋጋት እንዲሁም ለተፈጥሮ አደጋዎች የተጋለጠ በመሆኑ እድገቱን የሚደግፉ የፋይናንስ አቅጣቢዎችን የሚያጠናክሩ ፖሊሲዎችን መቅረጽ፣ የዋጋ መረጋጋት ላይ ያተኮረ የገንዘብ ፖሊሲ ላይ ማተኮር እና የገንዘብ አቅምን እና ኢኮኖሚውን ለማሳደግ የሚረዱ ማሻሻያዎችን መተግበር አማራጭ መፍትሄዎች እንደሆኑ ይመከራል። ቀጣይነት ያለው እድገትን እና የመቋቋም አቅምን ለማሳልበት ተጨማሪ አለምአቀፍ ድጋፍም ወሳኝ ነው። (አለም አቀፍ የገንዘብ ተቋም፣ ኤፕሪል፣ 2024)

### 1.3. የ2023/24 የኢትዮጵያ የኢኮኖሚ ሁኔታ ግምገማ

እ.ኤ.አ. በ2023 የተመዘገበው የኢትዮጵያ እድገት በሪፖርቶች ላይ በተለያዩ መልኩ ተገልጿል። በኢትዮጵያ መንግስት የተገለጸው የሪፖርት አሀዝ 7.2 በመቶ፣ በዓለም አቀፍ የገንዘብ ተቋም የተገለጸው 6.1 በመቶ፣ የገለልተኛ አካላት ግምት ደግሞ ወደ 4.5 በመቶ ዝቅ ሊል እንደሚችል ይጠቁማል። ሆኖም የአገልግሎት ዘርፍ መረጋጋት ያሳየ ሲሆን የአምራች ዘርፍ ግን ወደኋላ አሸቆልቋል።

የውጭ አገር ተቀማጭ ገንዘብ ከ1 ቢሊዮን ዶላር በታች የወረደ ሲሆን ይህም እ.ኤ.አ ከመስከረም 2023 ጀምሮ ለሁለት ሳምንታት ብቻ ከውጭ የሚገቡ ምርቶችን ወጪ የሚሸፍን ሆኗል። በመሆኑም በጥቁር እና በህጋዊ ገበያ መካከል ሰፊ ልዩነት እንዲፈጠር ሆኗል። በዚህም እ.ኤ.አ በጃንዋሪ 2024 በነበረው የብር የምንዛሬ ዋጋ አንድ የአሜሪካን ዶላር በህጋዊው ገበያ ብር 56 ሲመነዘር በአንጻሩ በጥቁር ገበያ ግን ብር 110 ተመንዝሯል።

እ.ኤ.አ በ 2023 በጀት ዓመት የነበረው የገንዘብ እጥረት ከአጠቃላይ የሀገር ውስጥ ምርት በ 2022 ከነበረው 3.6 በመቶ ወደ 2.9 በመቶ ዝቅ ያለ ቢሆንም እርዳታም ማሸቆልቆሉን ቀጥሏል። የገንዘብ አቅርቦት ዕድገት እ.ኤ.አ በጃን 2023 ከነበረበት 26.6 በመቶ በከፍተኛ ፍጥነት ከጁላይ እስከ ዲሴምበር ወር ወደ 6.4 በመቶ አሸቆልቋል። የዋጋ ግሽበቱ ከፍተኛ ሆኖ የቀጠለ ሲሆን እ.ኤ.አ በማርች ወር ከነበረበት 34.2 በመቶ መጠነኛ መሻሻል በማሳየት በዲሴምበር 2023 ወደ 28.7 በመቶ ደርሷል።

የተንቀሳቃሽ ሂሳቦች ጉድለት ወደ 5.7 ቢሊዮን ዶላር (ከጠቅላላ የሀገር ውስጥ ምርት 3.5 በመቶ) ወርዷል፣ የመጠበቂያ ገንዘብ እጥረት ደግሞ በ2022 ከነበረበት 2.1 ቢሊዮን ዶላር ወደ 752 ሚሊዮን ዶላር ተሻሽሏል። የኢትዮጵያ የዕዳ ጭና አሁንም ከባድ ሲሆን የ1 ቢሊዮን ዶላር ይሮ በንድ ክፍያን ጨምሮ እ.ኤ.አ. በ 2023 ኢትዮጵያ መክፈል የነበረበትን የ33 ሚሊዮን ዶላር ይሮ በንድ ክፍያ ሳትከፍል በመቅረትዋ ለሀገሮች የብድር ሁኔታ ደረጃ የሚያወጣው ፈች የሚባለው ተቋም የኢትዮጵያን ብድር የመክፈል ደረጃ ወደ "ተ" ዝቅ አድርጎታል ይህም አበዳሪ ተቋማት ኢትዮጵያ ላይ ያላቸው እምነት እንዲቀንስ አድርጓል። (የተባበሩት መንግስታት የልማት ፕሮግራም፣ ጃንዋሪ ፣ 2024)

### 1.4. የ2023/24 የኢትዮጵያ የመድን ኢንዱስትሪ አጠቃላይ እይታ

የኢትዮጵያ የመድን ዘርፍ አጠቃላይ እና የረጅም ጊዜ መድንን የሚያጠቃልል ሲሆን እነዚህን አገልግሎቶች ለመስጠትም የተለያዩ ፈቃድ ያስፈልጋል። እ.ኤ.አ በጃን 2023 በኢንዱስትሪው ውስጥ አንድ የመንግስት እና 17 የግል መድን ሰጪ ኩባንያዎች የሚገኙ ሲሆን 12 የሚሆኑት ሁለቱንም አይነት የመድን ሽፋኖችን የሚሰጡ ሲሆን ስድስቱ ግን አጠቃላይ የመድን ሽፋንን ይሰጣሉ። አንድ ሀገር በቀል የጠለፋ መድን ኩባንያ፣ 2,716 የሽያጭ ወኪሎች፣ 62 ደላሎች፣ 114 የኪሳራ ገምጋሚዎች፣ እና 3 የአደጋ መርማሪዎች በዘርፉ ተሰማርተው ይገኛሉ። በተጨማሪም እንደ አፍሪካ ሪ እና ፒቲኤ ሪ (ZEP-RE) የተባሉ የውጭ ሀገር የጠለፋ መድን ኩባንያዎችም በኢትዮጵያ አገናኝ ቢሮ ከፍተው እየሰሩ ይገኛሉ።

የዘርፉ አጠቃላይ ሃብት፣ እዳ እና ካፒታል በቅደም ተከተል ብር 49.7 ቢሊዮን ፣ ብር 33.4 ቢሊዮን እና ብር 16.3 ቢሊዮን የደረሰ ሲሆን ከዚህም ውስጥ አጠቃላይ የመድን ሽፋን 90 በመቶውን የሚሸፍን ሲሆን የህይወት መድን በየአመቱ በ 21.8 በመቶ በማደግ በፋይናንስ ሴክተር መጠነኛ ተዋጽኦ እያደረገ ይገኛል። ዘርፉ ትርፋማነቱ ጠንካራ ሲሆን ከታክስ በፊት ከጠቅላላ መድን 3.7 ቢሊዮን ብር እና ከረዥም ጊዜ መድን /ከሕይወት መድን/ 0.4 ቢሊዮን ብር አንዲሁም ከቀሪ የባለአክሲዮኖች ሀብት የ 25 በመቶ ትርፍ አግኝቷል። ይሁን እንጂ የዋጋ ግሽበቱ በቋሚ ገቢ ሀብቶች ላይ የሚገኘውን ገቢ ጎድቶታል።

የአረብን ገቢ በ 37.5 በመቶ ወደ ብር 22 ነጥብ 9 ቢሊዮን ያደገ ሲሆን በተለይ የአጠቃላይ መድን ከህይወት መድን 7.8 በመቶ እድገት ጋር ሲነጻጸር በ 40.1 በመቶ አድጓል። በተደረገው የዋጋ ጭማሪ እና በተወሰዱ የአደጋ አስተዳደር እርምጃዎች ምክንያት የሞተር መድን ምርት የተሻለ ትርፋማነትን አሳይቷል። ዘርፉ ጠንካራ ፍክክር ቢኖረውም በ 2022/23 ብር 21.7 ቢሊዮን በ 2023/24 ብር 24.4 ቢሊዮን የአረብን ገቢ አስመዝግቧል። (የብሄራዊ ባንክ የፋይናንስ ሪፖርት ፣ ኤፕሪል፣ 2024)

## 2. እ.ኤ.አ የ 2023/24 በጀት ዓመት የኩባንያው የስራ እና የሒሳብ አፈፃፀም

### 2.1. የአረባን ገቢ

በ2023/24 በጀት አመት ኩባንያው ከተለያዩ የመድን ሽፋኖች የብር 397,252,907 ጠቅላላ የአረባን ገቢ (GWP) አግኝቷል። አፈጻጸሙ የበጀት 78 በመቶ ሲሆን ካለፈው በጀት ዓመት የብር 285.89 ሚሊዮን አፈጻጸም ጋር ሲነጻጸርም የ39 በመቶ ወይም የብር 112.1 ሚሊዮን ብልጫ አለው።

የተሸከርካሪ የመድን ሽፋን ከአጠቃላይ የአረባን ገቢው 66 በመቶውን የሚሸፍን ሲሆን የገንዘብ፣ የፖለቲካል አመጽ እና ሽብርተኝነት እና ሌሎች የመድን ሽፋኖች እንዲሁም የተጠያቂነት የመድን ሽፋን በቅደም ተከተል የገቢውን 11 በመቶ፣ 9 በመቶ እና 5 በመቶ ይሸፍናሉ። የተቀሩት የመድን ሽፋኖች ተደምረው የገቢውን 9 በመቶ ይይዛሉ።

### 2.2. የካሳ ምጣኔ

በበጀት ዓመቱ የብር 102,750,047.80 የካሳ ጥያቄ የቀረበ ሲሆን ከቀረበው የካሳ ጥያቄ ውስጥ በተሸከርካሪ የመድን ሽፋን የቀረበው የካሳ ጥያቄ 98 በመቶውን ይይዛል። በበጀት ዓመቱ የተመዘገበው የካሳ ምጣኔ 40 በመቶ ሲሆን ባለፈው ዓመት ከተመዘገበው 45 በመቶ የካሳ ምጣኔ በ 5 በመቶ ቀንሷል። በተለይም የተሸከርካሪ የመድን ሽፋን የካሳ ምጣኔ ካለፈው ዓመት የካሳ ምጣኔ በ10 በመቶ ቀንሶ እ.ኤ.አ ጁን 30 ቀን 2024 ላይ 47 በመቶ ደርሷል።

### 2.3. የውል ስራ ውጤት

ኩባንያው ከውል ስራ ውጤት የብር 171.8 ሚሊዮን ትርፍ ያገኘ ሲሆን ይህም ካለፈው ዓመት የብር 104.3 ሚሊዮን ትርፍ ጋር ሲነጻጸር የ65 በመቶ እድገት አሳይቷል። የተሸከርካሪ መድን ሽፋን ለተገኘው የውል ስራ ውጤት ከፍተኛውን የ 61 በመቶ ድርሻ ሲያበረክት ፣ በመቀጠልም የገንዘብ ፣ የተጠያቂነት ፣ የእሳት እና ዘረፋ ፣ የባህር ፣ እንዲሁም የፖለቲካል አመጽ እና የሽብርተኝነት የመድን ሽፋኖች በቅደም ተከተል ለውጤቱ የድርሻቸውን አበርክተዋል።

### 2.4. ኢንቨስትመንት

ውጤታማ የጥሬ ገንዘብ አስተዳደር እና ስትራቴጂካዊ የኢንቨስትመንት ተግባራትን በማከናወን ኩባንያው የኢንቨስትመንት ገቢውን በ55 በመቶ በማሳደግ ባለፈው ዓመት ከነበረው የብር 26.4 ሚሊዮን ገቢ ወደ ብር 40.9 ሚሊዮን ለማድረስ ችሏል።

### 2.5. ወጪዎች

በበጀት አመቱ አጠቃላይ እና አስተዳደራዊ ወጪ ብር 137.6 ሚሊዮን ሲሆን ይህም ካለፈው ዓመት 60 በመቶ ጭማሪ አሳይቷል። የነበሩት ዋና ዋና ወጪዎች ደመወዝ (ብር 52.8 ሚሊዮን)፣ የሰራተኞች ጥቅማጥቅሞች (ብር 24 ሚሊዮን)፣ የወለድና የባንክ ክፍያ (ብር 0.4 ሚሊዮን)፣ የዕድሳትና ጥገና (ብር 4.2 ሚሊዮን)፣ የእርጅና መዋጮ (ብር 9.5 ሚሊዮን)፣ የቤት ኪራይ (ብር 12.2 ሚሊዮን) እና ሌሎች አስተዳደራዊ ወጪዎች (ብር 34 ሚሊዮን) ሲሆኑ አጠቃላይ ወጪው ከበጀት በ0.6 በመቶ ወይም በብር 0.27 ሚሊዮን ብልጫ አሳይቷል።

### 2.6. ትርፍ/ኪሳራ

ኩባንያው ከታክስ በፊት 80 ሚሊዮን ብር ማትረፍ የቻለ ሲሆን ይህም ባለፈው ዓመት ከነበረው የ45.8 ሚሊዮን ብር ትርፍ የ75 በመቶ ብልጫ አሳይቷል። ከአጠቃላይ ትርፍ ከውል ስራ የተገኘው ጠቅላላ ትርፍ ብር 34.2 ሚሊዮን ወይም 43 በመቶ ይሸፍናል።

### 3. የሒሳብ አቋም መግለጫ

#### 3.1. ሀብት

እ.ኤ.አ. እስከ ሰኔ 30 ቀን 2024 ድረስ የኩባንያው አጠቃላይ ሀብት ብር 819.5 ሚሊዮን የደረሰ ሲሆን ከዚህ ውስጥ ብር 191.6 ሚሊዮን የሚሆነው በጥሬ ገንዘብ፣ ብር 39.4 ሚሊዮን የካፒታል መጠባበቂያ፣ ብር 118.3 ሚሊዮን ለጠለፋ መድን መጠባበቂያ ፣ ብር 98.1 ሚሊዮን በኢንቨስትመንት፣ ብር 50 ሚሊዮን ከጠለፋ መድን ኩባንያዎች የተሰበሰበ ናቸው። ብር 186.6 ሚሊዮን የእርጅና ተቀናሽ ሳይጨምር በቋሚ ንብረቶች መልክ የሚገኝ ሲሆን ቀሪው በሌሎች ንብረቶች ላይ ይገኛል።

#### 3.2. ዕዳ

የኩባንያው አጠቃላይ ዕዳ ብር 533.6 ሚሊዮን ሲሆን ዋና ዋና የሚባሉት ብር 85.2 ሚሊዮን ለጠለፋ መድን ሰጪዎች የሚከፈል፣ ብር 372.2 ሚሊዮን ላልተከፈሉ የካሳ ጥያቄዎች የተቀመጠ መጠባበቂያ፣ ብር 19.7 ሚሊዮን ለጠለፋ መድን ገቢ መጠባበቂያ፣ እና ቀሪዎቹ ወቅታዊ እዳዎች እና የተጠራቀሙ ወጪዎች ናቸው።

#### 3.3. የተጣራ ሀብት

እ.ኤ.አ. ሰኔ 30 ቀን 2024 የኩባንያው አጠቃላይ የተጣራ ሀብት ብር 285.8 ሚሊዮን ነበር። ከዚህ ውስጥም ብር 205.4 ሚሊዮን የተከፈለ ካፒታል፣ ብር 1.99 ሚሊዮን ለአክሲዮን የተከፈለ አረባ፣ ብር 21.5 ሚሊዮን ሕጋዊ መጠባበቂያ እና ብር 56.7 ሚሊዮን በበጀት ዓመቱ የተገኘ ገቢ ናቸው።

#### 3.4. የትርፍ ክፍፍልን በተመለከተ የቀረበ ሀሳብ

ብሔራዊ ባንክ የመድን ሽፋን የሚሰጡ የመድን ኩባንያዎች እ.ኤ.አ እስከ 2027 ድረስ የተከፈለ ካፒታላቸውን ወደ 500 ሚሊዮን እንዲያሳድጉ የሚያዘውን መመሪያ መሰረት በማድረግ የዳይሬክተሮች ቦርድ በበጀት ዓመቱ የተገኘው ገቢ የኩባንያውን ካፒታል ለማሳደግ እንዲውል ሀሳብ ያቀርባል። እ.ኤ.አ በ2030 የኩባንያውን ካፒታል ወደ 1 ቢሊዮን ለማሳደግም በባለአክሲዮኖች መወሰኑን ለማስታወስ ይወዳል።

### 4. ሌሎች የስራ ክንዎኔዎች

#### 4.1. የሰው ኃይል አፈጻጸም

በ2023/24 በጀት አመት ኩባንያው 234 ቋሚ ሰራተኞች፣ 1 የቋሚ ጊዜ ኮንትራት ሰራተኛ እና 56 ጊዜያዊ ሰራተኞችን ጨምሮ 290 ሰራተኞች ነበሩት። ከጠቅላላው የሰው ኃይል ውስጥ 59 በመቶ የሚሆኑት ሴቶች ሲሆኑ 41 በመቶ የሚሆኑት ደግሞ ወንዶች ናቸው። በተጨማሪም 167 ሠራተኞች በውል ስራ፣ በፋይናንስ፣ በደንበኞች አገልግሎትና በሌሎች ዘርፎች ሥልጠና ወስደዋል።

#### ፆታ ስብጥር



41%



59%

### 4.2. የግብይት/ማርኬቲንግ/ እና የኩባንያ እቅድ አፈጻጸም

በግብይት እና በኩባንያ እቅድ መምሪያ ኩባንያው የሚከተሉትን ተግባራት አከናውኗል።

- ▶ **የአረቦን ገቢ :-** እ.ኤ.አ እስከ ሰኔ 2024 ድረስ በማርኬቲንግ የሽያጭ ቡድን ብር 4,823,243.87 አረቦን ገቢ የተገኘ ሲሆን ዝቅተኛ አፈጻጸም ላላቸው ቅርንጫፎችም ተሰጥቷል።
- ▶ **የሽያጭ ሃይል መመልመልና ማሰልጠን:-** የኩባንያውን የአረቦን ገቢ ለማሳደግ ይረዳ ዘንድ 31 አዳዲስ የሽያጭ ወኪሎችን የመመልመል እና የማሰልጠን ስራ ተሰርቷል። በተጨማሪም፣ 22 ለሚሆኑ እና በስራ ላይ ላሉ የሽያጭ ወኪሎች በሽያጭ ስትራቴጂዎች ላይ ያተኮረ ልዩ ሥልጠና ተሰጥቷል።
- ▶ **አዲስ ቅርንጫፎችን መክፈት:-** በአዲስ አበባ በተመረጡ ስትራቴጂክ ቦታዎች 10 አዳዲስ ቅርንጫፎች ተከፍተው ከኢትዮጵያ ብሔራዊ ባንክ ፈቃድ ተሰጥቷቸው ወደ ስራ ገብተዋል።
- ▶ **የስትራቴጂክ እቅድ ዝግጅት:-** ኩባንያው እ.ኤ.አ ከ2024/25 እስከ 2029/30 የሚመራበት የስድስት አመት ስትራቴጂክ እቅድ ተዘጋጅቷል።
- ▶ **የማህበራዊ እና የብሮድካስት ሚዲያ የማስታወቂያ ስራ:-** ግራፊክስ እና ስክሪፕቶችን በማዘጋጀት እንደ Facebook፣ Telegram፣ Twitter፣ LinkedIn እና TikTok ባሉ የኩባንያው የማህበራዊ ትስስር ገጾች በየሁለት ሳምንቱ የማስታወቂያ ይዘቶችን አሰራጭተናል። በተጨማሪም አገልግሎታችንን እና የተከፈቱ አዲስ የቅርንጫፍ ቢሮዎችን ለማስተዋወቅ በበጀት ዓመቱ የቴሌቪዥን እና የሬዲዮ ማስታወቂያዎች ተሰርተው ተሰራጭተዋል።
- ▶ **ድረ-ገጽ የማዘመን ስራ :-** የኩባንያውን ድረ-ገጽ በአዳዲስ መረጃዎች እና አዳዲስ ይዘቶች የማዘመን ስራ ተሰርቷል።
- ▶ **ሁነት ማደራጀትና የሽያጭ ዘመቻ:-** 11ኛውን የባለአክሲዮኖች ዓመታዊ ጠቅላላ ጉባኤ፣ 9ኛውን የባለአክሲዮኖች ድንገተኛ ጠቅላላ ጉባኤ እና ሌሎች ልዩ ልዩ የኩባንያውን ሁነቶች እና የሽያጭ ዘመቻዎችን በተሳካ ሁኔታ አደራጅተናል።
- ▶ **የአመታዊ መጽሔት ዝግጅት:-** የኩባንያው የ2022/23 በጀት አመት አመታዊ መፅሔት ተዘጋጅቶ ለባለአክሲዮኖች እና ለባለድርሻ አካላት ተሰራጭቷል።
- ▶ **የበጀትና እቅድ ዝግጅት:-** የኢትዮጵያ ብሔራዊ ባንክ መስፈርቶችን መሰረት ያደረገ እ.ኤ.አ የ2024/25 የኩባንያው አመታዊ እቅድ እና በጀት ተዘጋጅቶ ለዳይሬክተሮች ቦርድ ቀርቧል።

### 4.3. የአይሲቲ አገልግሎት ተግባራት

የኢንፎርሜሽን ሰፍትዌርን በስራ ላይ ለማዋል በኢትዮጵያ ብሔራዊ ባንክ የተቀመጠውን መሰፈርት ለማሟላት ኩባንያው እ.ኤ.አ ከኤፕሪል 2024 ጀምሮ ሰፍትዌሩን በሰራ ላይ ማዋል የጀመረ ሲሆን የሚከተሉት ተግባራትንም አከናውኗል።

- ▶ የመረጃ ማዕከል ተቋቁሟል።
- ▶ በሁሉም ቅርንጫፎች የሚገኙ የደንበኞች መረጃዎችን ወደ ሲስተም የማዛወር ስራ ተሰርቷል።
- ▶ በሁሉም ቅርንጫፎች የኔትወርክ ኬብሎችን የመዘርጋት ስራ ተሰርቷል።
- ▶ በሁሉም ቅርንጫፎች ለሚገኙ የውል ሰራተኞች በሲስተም ላይ ስልጠና ተሰጥቷል።
- ▶ በውል፣ በካሳ እና በማርኬቲንግ መምሪያዎች የቀጥታ አገልግሎት ተጀምሯል።
- ▶ በፋይናንስ፣ በሪኪንፎርሽን እና በህግ መምሪያዎች የሙከራ ትግበራ ተጀምሯል።
- ▶ ለከፍተኛ የስራ ሀላፊዎች ስልጠና ተሰጥቷል።

በቀጣዩ በጀት ዓመት የሚከተሉትን ተግባራት ለመስራት ታቅዷል፡-

- ▶ ሁሉንም የወረቀት ሥራዎች ወደ ሲስተም ማሸጋገር።
- ▶ በሁሉም ቅርንጫፎች የቀጥታ አገልግሎት መጀመር።
- ▶ የፋይናንስ፣ የሪኪንፕሎንት እና የህግ ክፍሎች የቀጥታ አገልግሎት እንዲጀምሩ ማድረግ።
- ▶ በየደረጃው ለሚገኙ ሰራተኞች በሲስተም ላይ የስራ ላይ ስልጠና መስጠት።

#### 4.4. ተግዳሮቶች

ኩባንያው በበጀት ዓመቱ ትርፍን ቢያስመዘግብም በርካታ ተግዳሮቶች አጋጥመውታል። እነዚህም፡-

- ▶ በመድን ማህበሩ ከተቀመጠው ዋጋ ጋር ሲነጻጸር በብሔራዊ ባንክ የተቀመጠው አነስተኛ የተሸከርካሪ
- ▶ የአረቦን ክፍያ በገቢው ላይ ተፅዕኖ ማሳደሩ።
- ▶ በሰሜናዊ የሀገሪቷ ክፍል ያለው የፖለቲካ እና ማህበራዊ አለመረጋጋት በሶስት ነባር ቅርንጫፎች አፈጻጸም
- ▶ ላይ ያሳደረው ተፅዕኖ።
- ▶ ከፍተኛ የዋጋ ግሽበት።
- ▶ የጥገና እና የመለዋወጫ ወጪዎች መጨመር።
- ▶ የውጭ ምንዛሪ እጥረት።

#### 4.5. የወደፊት ስልታዊ አቅጣጫዎች

በቀጣይ ኩባንያው የሚከተሉትን የሚያከናውን ይሆናል፡-

- ▶ የአረቦን ገቢ እድገትን ማረጋገጥ እና ዘላቂ ትርፋማነትን ማስጠበቅ።
- ▶ የኢንቨስትመንት አማራጮችን ማስፋት።
- ▶ የድርጅቱን የተከፈለ ካፒታል ማሳደግ።
- ▶ ቅርንጫፎችን ማስፋፋት እና ተደራሽነትን ማሳደግ።
- ▶ የመረጃ ስርዓት አስተዳደርን ማጠናከር እና ዲጂታላይዜሽንን ማሳደግ።
- ▶ የብራንዲንግ እና የገጽታ ግንባታ ስራዎችን መስራት።
- ▶ ወጪዎችን መቀነስ።
- ▶ ከደንበኞች ጋር ያለንን ግንኙነት ማሳልበት።
- ▶ የኩባንያውን የሰው ሀብት ብቃት ለማሳደግ የሚረዱ ተከታታይ ስልጠናዎችን መስጠት።

### 5. ምስጋና

የዳይሬክተሮች ቦርድ እ.ኤ.አ. በ2023/24 በጀት ዓመት ለተመዘገበው ውጤት አስተዋፅዖ ላበረከቱት ሁሉ ልባዊ ምስጋናውን ያቀርባል። ደንበኞቻችን በእኛ ላይ ላሳደሩት እምነት እና ላደረጉት ድጋፍ እናመሰግናለን። የኢትዮጵያ ብሔራዊ ባንክ፣ ክቡራን ደንበኞቻችን፣ የኩባንያው መስራቾች፣ ባለአክሲዮኖች፣ የስራ ሀላፊዎች፣ ሰራተኞች፣ የጠለፋ መድን ኩባንያዎች፣ የሽያጭ ወኪሎች፣ ብሮከሮች እና ሌሎች ባለድርሻ አካላት ላደረጉት ያልተቋረጠ ትብብርና ድጋፍ ልባዊ ምስጋናውን ያቀርባል።

# SHAREHOLDERS' 11<sup>th</sup> Ordinary & 9<sup>th</sup> Extraordinary Annual General Meeting



## Staff Day



## Sales Agents' Training



## Semi Annual Performance Review Meeting, 2023/24



## MOU with Kefita Microfinance Institution



# Our Branch Network



Branch	Telephone	Email
Main Branch	+251-114-70-34-07/12	ho@lucyinsuranceet.com
Merkato Branch	+251-112-75-57-47	merkato@lucyinsuranceet.com
Megenagna Branch	+251-116-67-43-93	megenagna@lucyinsuranceet.com
Stadium Branch	+251-115-58-17-24	stadium@lucyinsuranceet.com
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Kera Branch	+251-114-70-22-28	kera@lucyinsuranceet.com
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## Addis Ababa Branch Offices

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AlemGena Branch	+251-114-70-42-13	alemgena@lucyinsuranceet.com



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