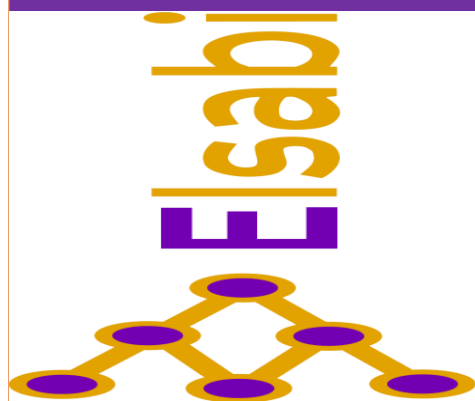


Elsabi Microfinance Institution S.CO

2022/ 23 Annual Report

MAJOR ACHIEVEMENTS

- Loan Disbursement 43.9 Mill
- Saving Mobilized 8.9 Mill
- Outstanding Loan Ball 29.4 Mill
- Total client Serves 856
- Capital Collection 2 Mill
- Profit register 2. 24 Mill



STABLISHMENT

Elsabi Microfinancing Institution Share Company (EMFISC) is a micro financing institution operating under the Ethiopian law. It was established in June 8, 2022 by six individuals and four organization. It is governed by a nine-member board of directors elected from organizer and shareholders.

VISION

ELSABI is destined to be the leading financial service provider to the unbanked segment of the society using state of the art technologies in Africa

MISSION

To provide effective and efficient financial and related service to small producers and especially the unbanked in urban and rural areas using state of the art technology and qualified and motivated staff in socially responsible ways

“...Upgrading life” “... ለተሻለ ህይወት ”

OBJECTIVES

The overall objectives of ELSABI Microfinance Institution S.C. is to contribute towards the economic advancement and transformation of the country by

providing appropriate financial services to small business entities, low income individuals and families in the general public

GOVERNANCE

As per the commercial code of Ethiopia, next to the general assembly of shareholders, the highest and the decisive governing body of a share company is the board of directors elected among shareholders. The board is expected to protect the shareholders financial interest by providing policy guidance and decisions for the management of the company.

Current board members of Elsabi MFI are drawn from shareholders and Organizers and it has nine members. The Board was appointed by the shareholders, the effective owner of the company and is composed of nine members who are shareholders & organizer of Elsabi. The Board is meant to meet monthly & quarterly, they serve a 3-year term, which can be terminated

Contact Us

Elsabi Microfinance Institution S.co

Addis Ababa, Jakros

Telephone +251902800008

+251903800008

Email info@elsabi.net

Website Elsabi.net

VALUES

The value statements below are the overarching core principles that would determine the conduct of business in EMFI, including the relationship with customers, management, the board, stakeholders determining the manner and standards of the Institution in its business dealings and corporate citizenship.

1. Excellence
2. Teamwork
3. Integrity
4. Honesty
5. Accountability
6. Customers first
7. Be pioneers

Table of Contents

Stabishment	1
VISION	1
MISSION	1
Objectives.....	1
Governance.....	2
Values	2
1. INTRODUCTION	5
2. PROGRAM PERFORMANCE (OPERATIONAL)	5
2.1 EXPANSION	5
2.2 CLIENT RECRUITMENT	5
2.3 VOLUME OF DISBURSEMENT AND OUTSTANDING LOAN BALANCE	6
2.4 SAVINGS MOBILIZATION	7
2.5 COLLECTION/REPAYMENT	7
3. FINANCIAL PERFORMANCE	8
3.1 TOTAL ASSETS.....	8
3.2 TOTAL LIABILITY	9
3.3 CAPITAL	9
3.4 REVENUE.....	10
3.5 EXPENSES.....	11
3.6 PROFIT	11
4. STAFF SITUATIONS.....	12
4.1 STAFF TRAINING	12
4.2 STAFF DEVELOPMENT.....	13
5. MEETINGS, DECISION & REPORT PRODUCTION	13
6. BUDGET UTILIZATION	14
7. SHAREHOLDER STATUS.....	14
8. OTHERS.....	15
9. PROBLEMS AND CHALLENGES FACED	15
10. HOW WE ARE SUCCESSOR?	15

Tables

Table 1 Client number by gender	5
Table 2 Volume of Disbursement and Outstanding Loan Balance	6
Table 3 Savings Mobilization	7
Table 4 Total Assets	8
Table 5 Total Liability	9
Table 6 Total Revenue.....	10
Table 7 Total Expenses.....	11
Table 8 Staff Training	12

1. INTRODUCTION

This is an annual report prepared with a view to describing the detail activities that Elsabi Micro Financing Share Company has undertaken in the fiscal year 2022/23. The report in compasses the multiple tasks it performed in the area of program expansion, savings mobilization, volume of disbursement and collection.

The report also attempts to make few statements on activities such as training, human resource, shareholding development etc. Finally, problems and challenges faced during the year and fundamental reasons of successes are stated. The details of the report is presented here below:

2. PROGRAM PERFORMANCE (OPERATIONAL)

2.1 EXPANSION

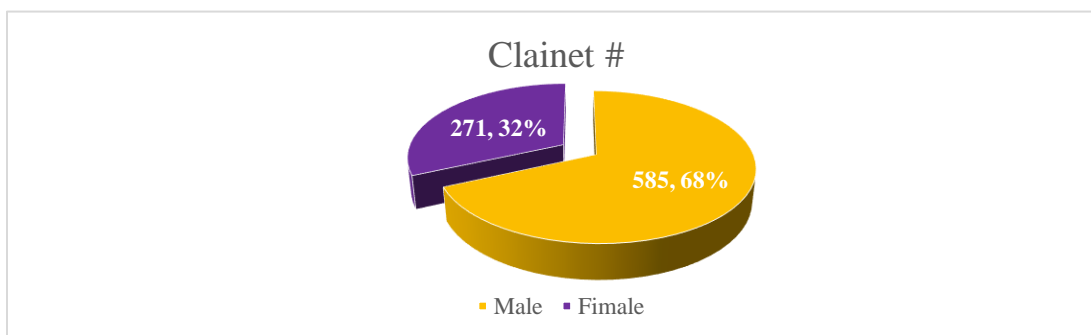
In the fiscal year 2022/23 Elsabi MFI made its operation in 2 Sub city with 2 branch's, Yerer Leka and Kotebe Atklt tera Branch, however the Company clients are from all elven Sub city, as a region currently Elsabi is served only in Addis Ababa

2.2 CLIENT RECRUITMENT

Client Recruitment is one of the major task that Elsabi carries out aggressively. In the fiscal year recruited a total number of 856 clients, which are 585 male and 271 female.

Table 1 Client number by gender

	Client #	Share
Male	585	68.3%
Female	271	31.7%
Total	856	100%

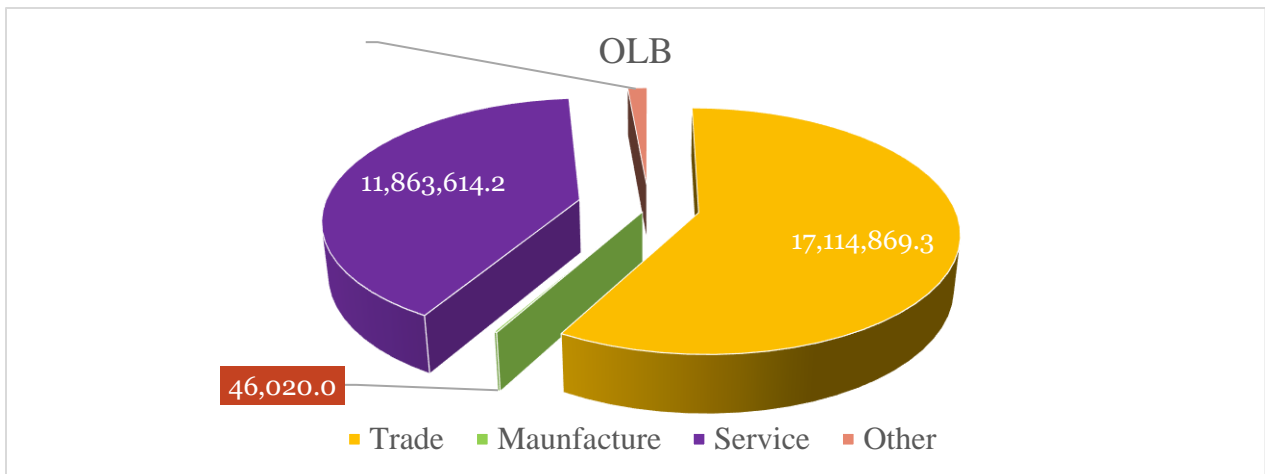
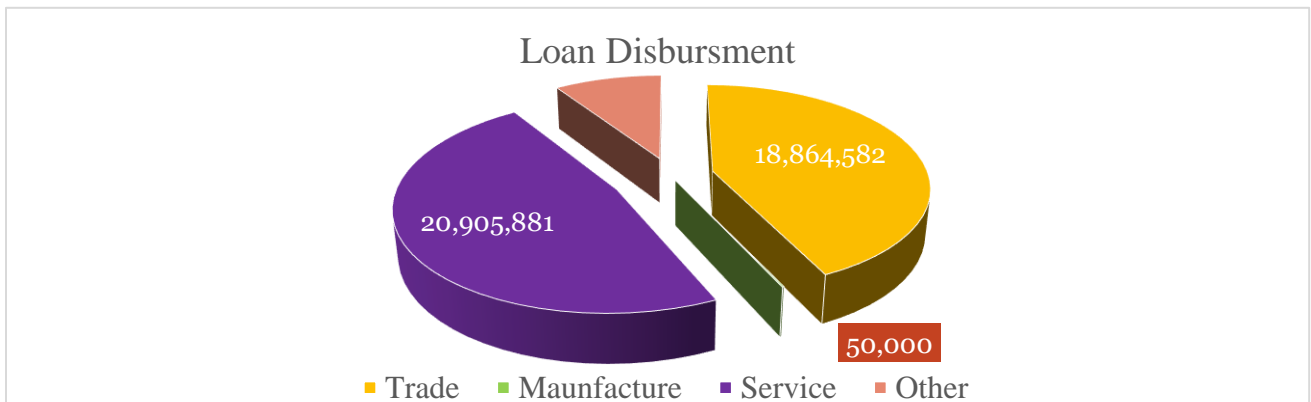


2.3 VOLUME OF DISBURSEMENT AND OUTSTANDING LOAN BALANCE

During the year a total of Birr 43,925,711.00 has been disbursed at Company level. Currently, the institution has an outstanding loan balance (OLB) of Birr 29,443,088.00 in the hands of clients.

Table 2 Volume of Disbursement and Outstanding Loan Balance

Sector	Loan Disbursement	OLB	Share
Trade	18,864,582	17,114,869.3	58.1%
Manufacture	50,000	46,020.0	0.2%
Service	20,905,881	11,863,614.2	40.3%
Other	4,105,248	418,584.8	1.4%
Total	43,925,711	29,443,088.2	100%

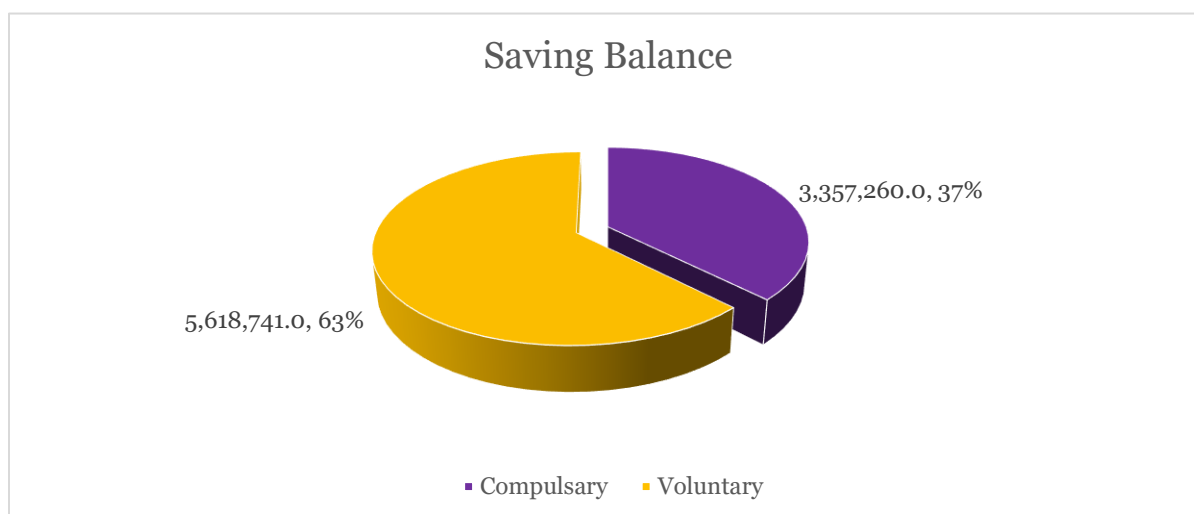


2.4 SAVINGS MOBILIZATION

In the fiscal year 2022/23, the Institution is able to mobilize as much as Birr 50,981,475.00 savings mainly from customers, and made a withdrawal of 42,006,867.08 whose current balance is Birr 8,974,608.92, its ratio as percentage of the total Portfolio accounts 30%.

Table 3 Savings Mobilization

	Saving Balance	Share
Compulsory	3,357,260.0	37.4%
Voluntary	5,618,741.0	62.6%
Total	8,976,001.0	100%



2.5 COLLECTION/REPAYMENT

The figure at June 30, 2023 is showing us that birr 21,032,182 has been collected from customers as payments of their credit they took. The collection was broken down in to two – one is from the principal and the other is from interest. While the total actual collection was compared with collection expected, it reached 99.9% (Recovery rate).

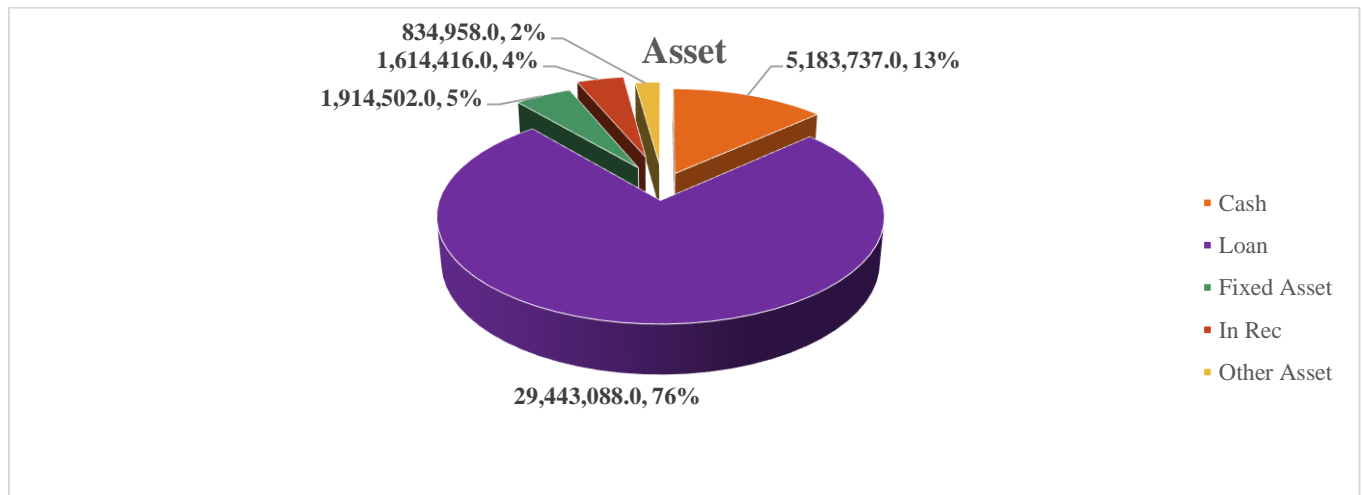
3. FINANCIAL PERFORMANCE

3.1 TOTAL ASSETS

As at June 30,2023, total asset of the EMFI reached Birr 38.9 million, within this total asset, net loans took the lion's share of Birr 29.4 million (76 percent) and Birr 5.2 Million (13%) is cash . The significant growth in the asset size of the MFI was largely contributed is increasing in loans to customers which would ensure a sustainable growth of the MFI in the long run.

Table 4 Total Assets

	Asset	Share
Cash	5,183,737.0	13.3%
Loan	29,443,088.0	75.5%
Fixed Asset	1,914,502.0	4.9%
In Rec	1,614,416.0	4.1%
Other Asset	834,958.0	2.1%
Total	38,990,701.0	100%

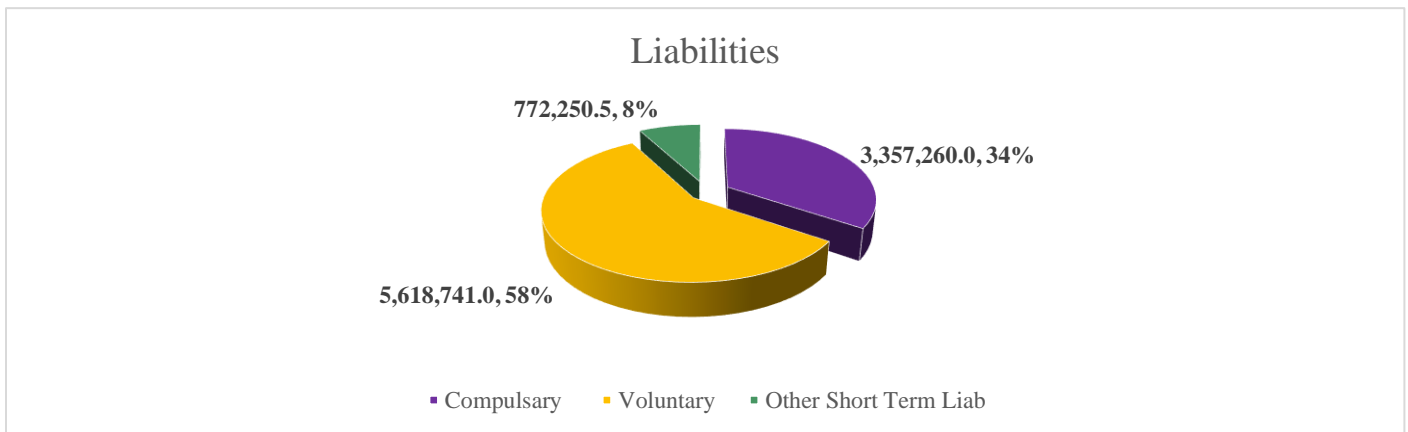


3.2 TOTAL LIABILITY

As at June 30,2023, Total Liability of the EMFI reached Birr 9.7 million, within this total Liability, Saving took the lion's share of Birr 8.97 million (92.1 percent) and Birr 0.77 Million (7.9%) is Others . This shows that the company is in Healthy financial Position.

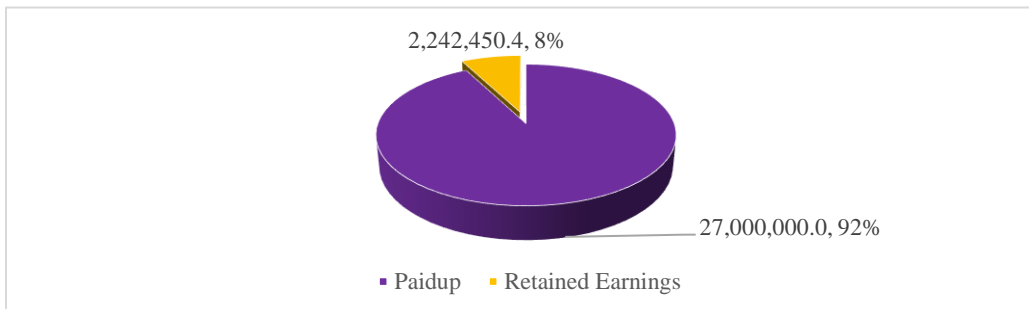
Table 5 Total Liability

	Liabilities	Share
Compulsory	3,357,260.0	34.4%
Voluntary	5,618,741.0	57.6%
Other Short Term Liab	772,250.5	7.9%
Total	9,748,251.5	100%



3.3 CAPITAL

Elsabi MFI manages its capital to meet current and future business needs as well as regulatory requirements. The total capital in the fiscal year reached Birr 29.24 million at the end of June, 2023. The shareholders was promised to increase their paid-up capital by 50% in the fiscal year, but only GTF (Gudina Tumssa Foundation) and Taxiye Saving and credit cooperative are full fill their Promise.

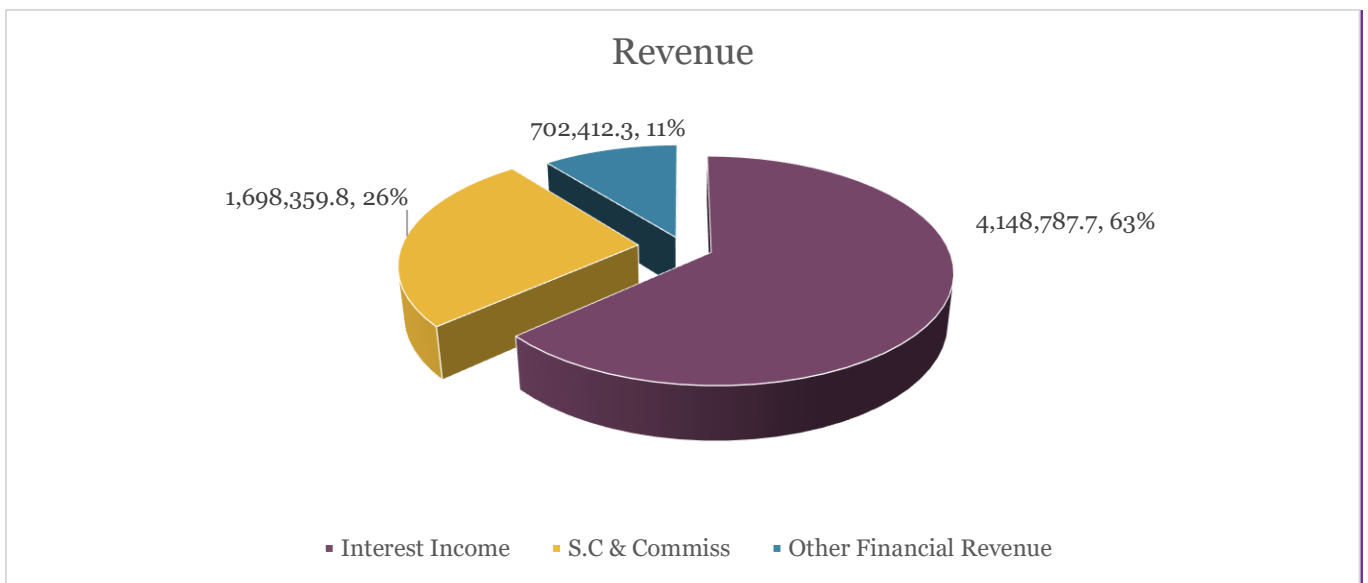


3.4 REVENUE

Elsabi MFI generated a total Revenue of Birr 6.5 million during financial year 2022/23, In terms of composition, interest income took the lion's share of total Revenue (63 percent), followed by Service charge and commission income (26 percent) and other operating income (11 percent).

Table 6 Total Revenue

	Revenue	Share
Interest Income	4,148,787.7	63.3%
S.C or Commission	1,698,359.8	25.9%
Other Financial Revenue	702,412.3	10.7%
Total	6,549,559.8	100%

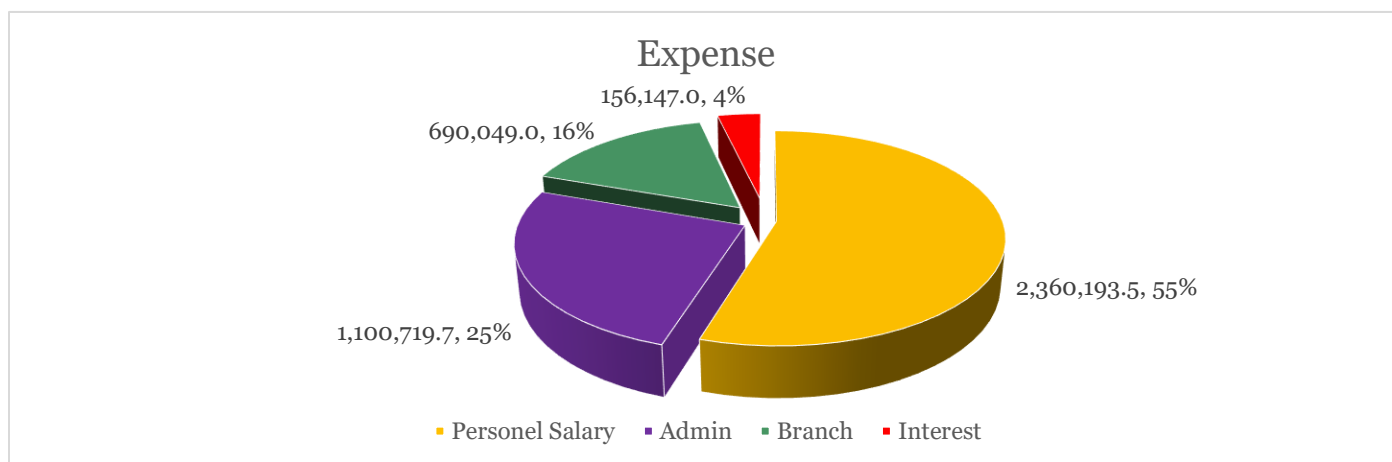


3.5 EXPENSES

The total expenses of the MFI stood at Birr 4.3 million by the end of June 2023, The expense structure of the MFI was dominated by personnel expenses, which accounted for 54.8 percent of the total expenses, followed by Admin expenses (25.6 percent) and Branch expenses (16 percent). The remaining 3.6 percent of total expenses was Interest for Saving.

Table 7 Total Expenses

	Expense	Share
Personnel Salary	2,360,193.5	54.8%
Admin	1,100,719.7	25.6%
Branch	690,049.0	16.0%
Interest	156,147.0	3.6%
Total	4,307,109.2	100%



3.6 PROFIT

Elsabi MFI registered a profit of Birr 2.24 million during a financial year 2022/23, one the major measurement of company sustainability is operational self-suffice (OSS), in the sector 143 % is the highest but we are register 152% which was a record in the history of private MFIs operating in Ethiopia make a profit in the first year of the Operation. Not only that the business proposal submitted to the national bank said that the institution would make a profit in the 3rd year, but our institution is make a profit in 9 months after we started operationsin.

4. STAFF SITUATIONS

4.1 STAFF TRAINING

As staff development is one key task to be performed on sustained manner, Elsabi MFI has devoted every resource it has to enhance the skill, capability of its staff.

To this effect, it has conducted 3 in house training on selected key areas such as Customer Handling, Supervision techniques, and Saving Mobilization particularly to front line staff. In this training program Savings and Credit Officers and Branch Managers have already taken part.

Besides significant number of our staff have been rendered training program by our stakeholders particularly by AEMFI – Association for Ethiopian Micro Finance Institutions. Look at the following table.

Table 8 Staff Training

S/No	Title of the program	Cost Sharing	Participant
1	Risk Management and Compliance	Free Training	Abiyot Urga
2	Corporate Governance and Strategic Management	Free Training	Adisu Bejura/Abiyot Urga
3	Motivation and Work Culture Management	Free Training	Hunde Alemayehu
4	Strategic Management	Free Training	Fikre Hunduma
5	Credit & Operation Risk management	3500 Birr	Dawit Yikunoamlak
6	Electronic Banking	Free Training	Samuel Gebre
7	Role of MFIs and Financial Inclusion	Free Training	Hundaol Fikadu/ Abiyot Urga
8	Islamic Finance/non-interest finance	Free Training	Abiyot Urga
9	Product Development	3500 Birr	Nathnael H/mariam
10	Inclusive Financial Services	Free Training	Addisu Bejura / Abiyot Urga
11	Operation Management and Control	3500 Birr	Wesenyesh Sitotaw
12	Saving Mobilization	Free Training	Fikre Hunduma
13	Performance Appraisal	3500 Birr	Dawit Yikunoamlak
14	Credit Processing & Management; Saving Mobilization	3500 Birr	Nathnael H/mariam
15	Strategic Management	Free Training	Hundaol Fikadu/Abiyot

16	Customer Services for MFs	3500 Birr	Elshi Muleta
17	Risk Management and Compliance	Free Training	Yemaneberhan Teklay
18	Saving Mobilization	3500 Birr	Dawit Yikunoamlak
19	Internal Control	3500 Birr	Milete Abreha
20	Islamic Finance	3500 Birr	Yemaneberhan Teklay
21	MIS and Electronic Banking	3500 Birr	Samuel Gebre

The other training program components extended to clients by Elsabi staff are BDS (Business Development Services) and Basic Business Skill Training (BBST). These are designed to clients with a bit to develop customers' entrepreneurial skill, broaden their insights on business and profitability. During the fiscal year a close to 62 number of clients have been accessed to the training programs.

4.2 STAFF DEVELOPMENT

In the fiscal year a fair number of staff as many as 20 are recruited. A promotion to a better position have also occurred, 4 number of staff have terminated its employment contract with the institution for several reasons and the current total staff number is 16, 50% (8 Staff are Female).

5. MEETINGS, DECISION & REPORT PRODUCTION

The 1st General Assembly of Elsabi Microfinancing Institution Share Company has been held on the year 2022/23 where major issues about external Auditor selection and reports have been thoroughly discussed and resolutions have been passed.

The General Assembly elected an external Audit Firm on the bases of the number of criteria set, the annual auditing job has been carried out and document have been submitted as required to concerned parties, National Bank of Ethiopia & Association for Ethiopian Micro Finance Institutions.

Three major quarterly reports have been produced and complied whose copies have been lodged to National Bank of Ethiopia for their consideration. The report comprises of four parts General Information, Staffing, Financial & Operational, and Product and Service.

During the year, the Institution's Board of Directors have convened considerable number of meetings as many as 8 Regular meetings. These meetings have been reminding of times in which important decisions of institutional matters have been passed. The chief items of discussions were;

- a. Product development, modification and commercialization
- b. Opening of New Branch
- c. Approval of the Plan & Budget
- d. Distribution of Share Certificate and Increasing of Paid up Capital
- e. Approval Of 13 working Manual
- f. Approval of Hiring the secretary of the company

In a similar development, the Management Committee, branch managers and Department Heads took numerous meetings in the same fiscal year. Management committee members have conducted innumerable meetings in which important decisions were passed. Issued such as:

- Product Development
- Expansion
- Training
- Plan performance comparison and progress review

During the same year, General staff meeting was also convened and pertinent issues like

- Institutional financial and Operational status position
- Human resource

6. BUDGET UTILIZATION

As per the Institution operational and business plan, Elsabi MFIS sets a budget of birr 6.3 Million for the fiscal year to cover the costs of operations. The Institution, however, managed, to utilize birr 4.3 Mill which 68% of the plan.

7. SHAREHOLDER STATUS

The subscribed capital of birr 100 Million while only 25% of each shareholder is paid. The total paid-up capital of the institutions is Birr 27 Million with a little over the capital amount indicated in the previous year report. Since the amount of paid-up capital is too small, except GTF & Taxiye many of the shareholders have not converted the subscribed in to paid-up, preparation is under way to put forth pressure and penalties up on those members who have not complied with the Institutions' Memorandum and article of the Association.

8. OTHERS

In the Budget Year the Institution works several works

- Registration of Elsabi Logo
- Renew the License
- Registration of the company in AABE
- Branch License take
- Share Certificate Distribution
- All staff has are enforced to used more than half annual leave
- Contribute for Dine for Generation

9. PROBLEMS AND CHALLENGES FACED

- ✓ Lack of Loanable fund
- ✓ High inflation Rate
- ✓ Issues related with staff on benefits

10. PLAN VERSUS ACHIEVEMENT

When the 2022/23 plan was prepared, the main source of finance was the shareholders' capital raising, but only 8 percent of the capital that was supposed to be collected in the fiscal year was collected, which is one million birr from the GTF and one million birr from the Taxiye. As a result, it was difficult to go according to our plan, so the senior management concerned in advance and designed another option, at least to try get the company out of loss and make it sustainable. Our performance on operational self-sufficiency was not seen by the industry, and the proposal developed when the company was established showed that it would come to profit in the 3rd year and completely come out of the loss in the 5th year. However, with the efforts of the entire staff, we were able to achieve it in the first year

Parameters	Plan 2022/23	Actual June 2023	Achievement
Share Collection	25,000,000.00	2,000,000.00	8%
Disbursement	60,210,000.00	43,919,000.00	73%
Outstanding Loan Balance	40,973,750.00	29,443,088.00	72%
Saving Mobilized	9,136,700.00	8,976,001.00	98%
Active Borrowers Client	282	408	145%
OSS	147%	152%	103%
Total Revenue	9,332,550.00	6,545,559.00	70%
Net Profit	3,004,333.00	2,242,450.00	75%

11. HOW WE ARE SUCCESSOR?

The following fundamental reasons accounted for the attainment of the successes said above:

- Designed a clearly articulated Institutional and Business Development Plan and the annual Operational plan
- Staff commitment
- Flexible and transparent decision making and management of operations
- Carrying out aggressive disbursement
- Getting kind and generous support from Partners (Elauto, Elnet, AEMFI, and Banks)