

# AUDIT REPORT

2024-25



*... upgrading life!*

# ELSABI MICROFINANCE INSTITUTION S.C.

## AUDITORS' REPORT AND ACCOUNTS

JUNE 30, 2025



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Getachew Wakjira

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Chartered Certified Accountant (U.K.)

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ELSABI MICROFINANCE INSTITUTION SHARE COMPANY  
REPORTS AND ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2025

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**ELSABI MICROFINANCE INSTITUTION SHARE COMPANY**  
**IFRS FINANCIAL STATEMENTS**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 30 JUNE 2025**

**Company registration number**

MT/AA/3/0052989/2014

**License number**

MFI/052/2022

**Directors (As of 30 June 2025)**

Ato Tokkicha Alemayehu Ketem	Board of Director ( Chair Person)	(Appointed May 2022)
Ato Naol Biratuu Sukessa	Board of Director ( Deputy Chairman)	(Appointed May 2022)
Ato Bekele Abebe Chere	Board of Director (Member)	(Appointed May 2022)
Dr Chaltu Abera Yemaneh	Board of Director (Member)	(Appointed May 2022)
El Auto Engineering Traing plc	Board of Director (Member)	(Appointed May 2022)
El net Technology plc	Board of Director (Member)	(Appointed May 2022)
Ato Getachew Geleta Wodajo	Board of Director (Member)	(Appointed May 2022)
Ato Hundaol Fekadu Abdi	Board of Director (Member)	(Appointed May 2022)
Ato Adisu Bejura Aboye	Board of Director (Member)	(Appointed May 2022)

**Executive management (As of 30 June 2025)**

Ato Abiyot Urga	Chief Executive Officer	(Appointed May 2022)
Ato Yemaneberhan Teklay	Finance and Admin Manger	(Appointed November 2022)
Ato Fikre Hunduma	Opertations Manger	(Appointed November 2022)

**Independent auditor**

Getachew Wakjira  
Chartered Certified Accountants (UK)  
Certified Audit Firm (ETH)  
P.O Box 40418  
E-mail- getwak611@gmail.com  
Addis Ababa, Ethiopia



**Corporate office**

ELSABI Microfinance Institution S. Co.  
Tel. +251(0) 116 73 28 29  
Email: info@elsabi.net  
P.O.Box 46019  
Addis Ababa, Ethiopia



**Principal bankers**

Commercial bank of Ethiopia  
Awash bank  
Dashen bank  
Bank of Abyssinia  
Global Bank  
Anbessa bank  
Cooperative Bank of Oromia  
Bunna Bank  
Birhan Bank

**ELSABI MICROFINANCE INSTITUTION SHARE COMPANY**  
**IFRS FINANCIAL STATEMENTS**  
**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 30 JUNE 2025**

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The directors submit their report together with the financial statements for the period ended 30 June 2025, to the stake holder of Elsabi . This report discloses the financial performance and state of affairs of Elsabi Microfinance .

**Incorporation and address**

Elsabi was incorporated in Ethiopian Microfinancing industry in the year 2022 by 10 share holders in order to the leading financial service provider to unbanked segment of the society using state of the art technologies in Africa.

**Principal activities**

The activates of Elsabi Microfinance is to provide effective and efficient financial and related service to the unbanked micro and small enterprises, famers with focus on women and youth in urban and rural settings using state of the art technology and qualified and motivated staff in socially responsible ways.

**Results**

Elsabi's results for the year ended 30 June 2025 are set out on page 6. The profit for the year has been transferred to retained earnings. The summarized results are presented below.

	<b>30 June 2024</b>	<b>30 June 2023</b>
	<b>Birr</b>	<b>Birr</b>
Net interest income	27,953,146	9,246,808
Profit / (loss) before tax	18,752,836	5,184,162
Tax (charge) / credit	-	-
Profit / (loss) for the year	18,752,836	5,184,162
Other comprehensive profit / (loss) net of taxes	-	-
Total comprehensive profit / (loss) for the year	18,752,836	5,184,162

**Directors**

The directors who held office during the year and to the date of this report are set out on page 1.



**ELSABI MICROFINANCE INSTITUTION SHARE COMPANY**  
**IFRS FINANCIAL STATEMENTS**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 30 JUNE 2025**

In accordance with Microfinance Business Proclamation No. 1164/2019, the National Bank of Ethiopia (NBE) may direct Microfinance to prepare financial statements in accordance with international financial Reporting standards, whether their designation changes or they are replaced, from time to time.

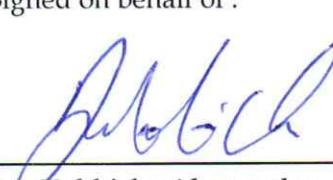
The Management is responsible for the preparation and fair presentation of these financial statements in conformity with accounting principles generally accepted in Ethiopia and in the manner required by the Commercial Code of Ethiopia of 2013, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Microfinance is required to keep such records as are necessary to:

- a) exhibit clearly and correctly the state of its affairs;
- b) explain its transactions and financial position; and
- c) enable the National Bank to determine whether Microfinance had complied with the provisions of the Microfinance Business Proclamation and regulations and directives issued for the implementation the aforementioned Proclamation.

The Management accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards, Microfinance Business Proclamation, Commercial code of 2021 and the relevant Directives issued by the National Bank of Ethiopia.

The Management has an opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its profit or loss. The Management further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Signed on behalf of :

  
Ato Tokkicha Alemayehu  
Board Chairperson  
09 September 2025



  
Ato Abiyot Urga  
Chief Executive Officer  
09 September 2025



## ԵՐԵՎԱՆ ՊԻՄԱԿԱԿ

**GETACHEW WAKJIRA  
CHARTERED CERTIFIED ACCOUNTANT (UK)  
CERTIFIED AUDIT FIRM (ETH)**

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Ref. No. 109816w17

*Addis Ababa, Ethiopia*

AUDITORS' REPORT TO THE  
SHAREHOLDERS OF ELSABI MICROFINANCE INSTITUTION S.C.  
ON THE ACCOUNTS OF ELSABI MICROFINANCE INSTITUTION S.C.

## OPINION

We have audited the accompanying financial statements of Elsabi Microfinance Institution S.C. which comprise statement financial position as at June 30, 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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

We have no comments to make on the report of the Board of Directors' relating the financial matters and pursuant to Article 349 (2) of the Commercial Code of Ethiopia of 2021, we recommend that the accompanying financial statements be approved

#### BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISA). 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 ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



## **RESPONSIBILITY OF MANAGEMENT'S AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS**

Management of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

## **AUDITORS' 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.



Addis Ababa  
September 9, 2025



ELSABI MICROFINANCE INSTITUTION SHARE COMPANY  
 IFRS FINANCIAL STATEMENTS  
 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
 FOR THE YEAR ENDED 30 JUNE 2025

	Notes	30 June 2025 Birr	30 June 2024 Birr
Interest income	5	30,480,854	9,753,003
Interest expense	6	(2,527,708)	(506,195)
<b>Net interest income</b>		<b>27,953,146</b>	<b>9,246,808</b>
Fee and commission income	7	7,479,198	2,472,310
Fee and commission expense		-	-
<b>Net fees and commission income</b>		<b>7,479,198</b>	<b>2,472,310</b>
Other operating income	8	2,666,815	1,262,590
<b>Total operating income</b>		<b>38,099,159</b>	<b>12,981,707</b>
Loan impairment charge		(1,036,244)	-
Impairment losses on other assets		-	-
<b>Net operating income</b>		<b>37,062,915</b>	<b>12,981,707</b>
Personnel expenses	9	12,769,554	5,095,983
Amortization of intangible assets		-	-
Depreciation of property, plant and equipment	14	942,378	462,291
Other operating expenses	10	4,598,147	2,239,272
<b>Net operating Expense</b>		<b>18,310,079</b>	<b>7,797,545</b>
<b>Profit before tax</b>		<b>18,752,836</b>	<b>5,184,162</b>
Income tax expense	24	-	-
<b>Profit after tax</b>		<b>18,752,836</b>	<b>5,184,162</b>
<b>Other comprehensive income (OCI) net on income tax</b>			
<b>Items that will not be subsequently reclassified into profit or loss:</b>			
Remeasurement gain/(loss) on retirement benefits obligations		-	-
Deferred tax (liability)/asset on remeasurement gain or loss		-	-
Remeasurement gain / (loss) on AFS assets		-	-
<b>Total comprehensive income for the period</b>		<b>18,752,836</b>	<b>5,184,162</b>

The notes on pages 10 to 39 are an integral part of these financial statements.



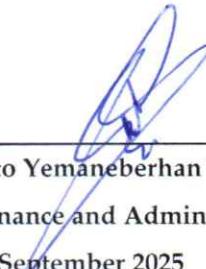
ELSABI MICROFINANCE INSTITUTION SHARE COMPANY  
 IFRS FINANCIAL STATEMENTS  
 STATEMENT OF FINANCIAL POSITION  
 AS AT 30 JUNE 2025

	Notes	30 June 2024 Birr	30 June 2023 Birr
<b>ASSETS</b>			
Cash and balances with banks	11	64,351,857	6,197,194
Loans and receivables	12	143,958,604	44,575,549
Other Assets	13	7,075,917	897,414
Property, plant and equipment	14	6,275,283	4,601,535
<b>TOTAL ASSETS</b>		<b>221,661,661</b>	<b>56,271,693</b>
<b>LIABILITIES</b>			
Deposits from customers	15	46,233,565	12,421,856
Other liabilities	16a	4,732,401	1,193,970
Employee benefit (Severance)	16b	937,500	
Commercial loan	16a	50,000,000	
Other long term liability	16a	626,491	
<b>TOTAL LIABILITIES</b>		<b>102,529,957</b>	<b>13,615,826</b>
<b>EQUITY</b>			
Paid-up capital	17	100,000,000	37,358,000
Retained earnings	18	17,824,593	4,928,399
Legal reserve		1,307,110	369,468
<b>Total equity</b>		<b>119,131,703</b>	<b>42,655,867</b>
<b>Total equity and liabilities</b>		<b>221,661,660</b>	<b>56,271,693</b>

The notes on pages 10 to 39 are an integral part of these financial statements.

The financial statements on pages 6 to 39 were approved and authorized for issue by CEO and Finance & Admin Manager were signed on its behalf by:

  
 Ato Abiyot Urga  
 Chief Executive Officer  
 09 September 2025

  
 Ato Yemaneberhan Teklay  
 Finance and Admin Manager  
 09 September 2025



ELSABI MICROFINANCE INSTITUTION SHARE COMPANY  
 IFRS FINANCIAL STATEMENTS  
 STATEMENT OF CHANGE IN EQUITY  
 FOR THE YEAR ENDED 30 JUNE 2025

	Paid up capital Birr	Retained earnings Birr <sup>1</sup>	Legal reserve Birr	Total Birr
<b>As at 1 July 2023</b>				
Initial paid up capital	27,000,000	1,777,445	110,260	28,887,705
Profit for the period		5,184,162	-	5,184,162
<i>Other comprehensive income:</i>				
Transaction from retained earning	1,774,000	(1,774,000)		-
Additional capital in cash	8,584,000			8,584,000
Dividend provided for				-
Transfer to legal reserve		(259,208)	259,208	(0)
<b>Total comprehensive income for the period</b>	<b>37,358,000</b>	<b>3,150,954</b>	<b>369,468</b>	<b>42,655,867</b>
<b>As at 30 June 2024</b>				
	<u>37,358,000</u>	<u>4,928,399</u>	<u>369,468</u>	<u>42,655,867</u>
Profit for the period	-	18,752,836	-	18,752,836
<i>Other comprehensive income:</i>				
Transaction from retained earning	4,919,000	(4,919,000)	-	-
Additional capital in cash	57,723,000	-	-	57,723,000
Dividend paid for	-		-	-
Transfer to legal reserve	-	(937,642)	937,642	-
<b>Total comprehensive income for the period</b>	<b>62,642,000</b>	<b>12,896,194</b>	<b>937,642</b>	<b>76,475,836</b>
<b>As at 30 June 2025</b>				
	<u>100,000,000</u>	<u>17,824,593</u>	<u>1,307,110</u>	<u>119,131,703</u>

The notes on pages 10 to 39 are an integral part of these financial statements.



ELSABI MICROFINANCE INSTITUTION SHARE COMPANY  
 IFRS FINANCIAL STATEMENTS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED 30 JUNE 2025

Notes	30 June 2025		30 June 2024	
	Birr		Birr	
<b>Cash flows from operating activities</b>				
Cash generated from operations	19	3,047,787	(4,420,119)	
Withholding tax paid		-	-	
Income tax paid		-	-	
<b>Net cash (outflow)/inflow from operating activities</b>		<b>3,047,787</b>	<b>(4,420,119)</b>	
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	14	(2,616,126)	(3,150,424)	
Proceeds from sale of property, plant and equipment		-	-	
Proceed on disposal of asset held for sale		-	-	
<b>Net cash (outflow)/inflow from investing activities</b>		<b>(2,616,126)</b>	<b>(3,150,424)</b>	
<b>Cash flows from financing activities</b>				
Additional Capital injected in cash	17	57,723,000	8,584,000	
Donated equity received on kind		-	-	
<b>Net cash (outflow)/inflow from financing activities</b>		<b>57,723,000</b>	<b>8,584,000</b>	
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>58,154,661</b>	<b>1,013,457</b>	
Cash and cash equivalents at the beginning of the year	11	<u>6,197,194</u>	<u>5,183,737</u>	
<b>Cash and cash equivalents at the end of the year</b>	11	<b><u>64,351,855</u></b>	<b><u>6,197,194</u></b>	

The notes on pages 10 to 39 are an integral part of these financial statements.



**ELSABI MICROFINANCE INSTITUTION SHARE COMPANY**  
**IFRS FINANCIAL STATEMENTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2025**

**1 General information**

Elsabi Microfinance was established in the year 2022 G.C as a "Share Company" under the Commercial Code of Ethiopia and licensed by the National Bank of Ethiopia as a "Microfinance Institution" under Proclamation No. 1164/2019, issued for licensing and supervision of micro-finance institutions. Elsabi's registration office is at :

Elsabi Microfinance S.C

Tel. +251(0)116732829

Email: info@elsabi.net

P O Box 46019

Jacros, Ethiopia

The objective of Elsabi is to contribute towards the economic advancement and transformation of country by providing appropriate financial service to small business entities, low income individuals and families in general public.

**2 Summary of significant accounting policies**

**2.1 Introduction to summary of significant accounting policies**

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

**2.2 Basis of preparation**

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

The financial statements comprise 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 for the period ended 30 June 2024 are the first Elsabi MFI has prepared in accordance with IFRS.

The financial statements have been prepared in accordance with the going concern principle under the historical cost concept and faire value. All values are rounded to the nearest one birr, except when otherwise indicated. The financial statements are presented in rounded to the nearest Ethiopian one Birr (Birr' 1).

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 Elsabi'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 Elsabi financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.



ELSABI MICROFINANCE INSTITUTION SHARE COMPANY  
IFRS FINANCIAL STATEMENTS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2025

**2.2.1 Going concern**

The financial statements have been prepared on a going concern basis. The management have no doubt that Elsabi MFI 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 since none of these are expected to have a significant effect on the financial statements of the organization.

**IFRS 18 Presentation and Disclosure in Financial Statements**

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

**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 Elsabi operates ('the functional currency'). The functional currency and presentation currency of Elsabi is the Ethiopian Birr (Birr).

**b) Transactions and balances**

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

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

**2.4 Recognition of income and expenses**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to Elsabi MFI and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Elsabi, earns income from interest on loans given for short term loan, Individual and other. Other incomes includes interest from bank deposit and gain from change of foreign currency.



**ELSABI MICROFINANCE INSTITUTION SHARE COMPANY**  
**IFRS FINANCIAL STATEMENTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2025**

**2.4.1 Interest and similar income and expense**

For all financial instruments measured at amortized cost income or expense is recorded using the Effective Interest rate (EIR), which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the Effective Interest Rate (EIR), but not future credit losses.

The carrying amount of the financial asset or financial liability is adjusted if Elsabi revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original EIR and the change in carrying amount is recorded as 'Interest and similar income' for financial assets and Interest and similar expense for financial liabilities.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

**2.4.2 Fees and commission**

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate. Other fees and loan process fee income are recognized as the related services are performed.

**2.5 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. IFRS 9 set out requirement for recognition , measuring of financial instrument such as financial asset and liability and other contract to buy or sell non financial asset.

**2.5.1 Financial assets**

**Initial recognition and measurement**

All financial assets are recognized 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 recognized on the trade date, i.e., the date that Elsabi commits to purchase or sell the asset.

**Subsequent measurement**

Elsabi has applied IFRS 9 and classify its financial asset in the following measurement catatogy:

1. Amortized cost,
2. fair value through profit and loss (FVTPL), and
3. fair value through Other Comprehensive Income (FVOCI) as per the business model option.

Amortized cost: Elsabi Measure its financial asset with amortized cost when its business model is hold to collect cash flow where the cash flow represents solely principal and interest ( SPPI test). The caring value of the asset are adjusted by any expected credit loss allowance and interest income recognized are recorded as interest income through the effective interest rate.



**ELSABI MICROFINANCE INSTITUTION SHARE COMPANY**  
**IFRS FINANCIAL STATEMENTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2025**

Fair value through profit and loss(FVTOCI): Elsabi measure its financial asset with FVTOCI when the asset is held whose objective is held both collecting cash flow and selling financial asset

Fair value through profit and loss(FVTPL): All other financial asset that don't meet the classification of amortized cost or FVTOCI shall be classified as FVTPL.

**Business model Assessment**

Elsabi makes an assessment of the objective of a business model in which an asset is held at a portfolio. This reflects the operation of the policy and earning contractual interest revenue maintaining a particular interest rate and the risk that affect the performance of the business and the strategy of how the risks are managed. For the purposes contractual cash flow 'principal' is defined as the fair value of the financial asset on initial recognition and 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for basic lending risks and costs.

**Financial assets at amortized costs**

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 amortized cost using the effective interest rate (EIR) method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in interest and similar income in income statement. The losses arising from impairment are recognized in income statement in loan impairment charge.

Elsabi' loans and receivables comprise of loans and advances to customers.

**Derecognition of financial assets**

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

- the rights to receive cash flows from the asset have expired, or
- Elsabi 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) Elsabi has transferred substantially all the risks and rewards of the asset, or
  - (b) Elsabi has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When Elsabi 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, Elsabi continues to recognize the transferred asset to the extent of Elsabi's continuing involvement. In that case, Elsabi also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that Elsabi 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 Elsabi could be required to repay.



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**Impairment of financial assets**

Elsabi 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 group 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 reorganization, 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.

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 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.

**Collateral valuation**

Elsabi seeks to use collateral, where possible, to mitigate its risks on financial assets. The collateral comes in various forms such as House, Movable Property, Vehicle ,Group guarantees and 10% of Mandatory Saving for loan disbursed .The fair value of collateral is generally assessed, at a minimum, at inception and based on Elsabi reporting schedule. Assets collateral pledged to loans are registered by respective city administrative municipality

**Collateral recover**

In settlement of overdue loan Elsabi has a policy to recover its loan. Before collecting from collateralized asset Elsabi tried to collect its loan with the help of social pressure or give writing waring to the property owner. If this offer does not work to recover the loan , Elsabi can take such measures ,for a group loan mandatory saving amount shall not be withdrawn until the entire loan of the group shall be settled,. It should be adjusted against pending loan receivable balance. For the asset pledge as of guarantee shall be posted on New paper to invite participants for foreclosure sell on specific date . Up on the appointed date the presence of local administrative personal, the owner and Elsabi's representative the participants could offer an action price that planning to buy the asset. Then the selling amount should be determine for covering all expenses of the procedure , pending settlement of the loan amount and the remaining shall be refunded to the owner.

**2.5.2 Offsetting financial instruments**

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



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**2.6 Cash and cash equivalents**

Cash and cash equivalent comprises cash on hand and on demand deposit with short term highly liquid financial asset with its original maturity of three month or less from the date of acquisition that are subject to insignificant risk of change in value and are used by the entity in the management of its short term obligation. cash and cash equivalent comprises cash at bank, petty cash and revolving cash. Cash and cash at bank are carried at nominal value, which corresponds to their fair value. For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and cash at bank.

**2.7 Property, plant and Equipment**

Property, plant, and equipment are tangible items that are held for use in the supply of services, or administrative purpose are expected to be used during more than one period and shall initially be recognized at cost if it is probable that future economic benefits associated with the item will flow to the entity and cost of the item can be reliably measured. Costs incurred in respect of day to day servicing and spare parts are recognized in profit and loss .

Subsequent to initial recognition, items of property, plant, and equipment shall be measured at revaluation model. Revaluation should be reviewed whenever there is a material change in carrying amount and shall be conducted every three years. Any gain or loss arises as a result of revaluation shall be treated in the following way:

1. If the carrying amount (CA) increases: treats as other comprehensive income under the heading "Revaluation surplus".
2. If the Carrying amount decreases: treat through Profit or Loss for the year the amount in excess of previously recognized revaluation surplus

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

Asset category	Years	Residual values
Buildings	20	1% of cost
furniture	10	1% of cost
Equipment	4	1% of cost
Computer and accessories	4	1% of cost
Motor vehicles	10	1% of cost

Elsabi commences depreciation when the asset is available for use and continue until the asset derecognized, and the asset residual value or useful life is reviewed at the end of reporting period and also reviewed impairment when ever events or changes in circumstances indicate the carrying amount may not be recoverable.

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



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PPE shall be derecognized or removed from the statement of financial position on disposal or if no future economic benefits arise. Gain or loss on disposal is the difference between the proceeds and the carrying amount and should be recognized in Profit and Loss

**2.8 Non-current assets (or disposal groups) held for sale and discontinued operations**

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognized for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognized for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognized. A gain or loss not previously recognized by the date of the sale of the non-current asset (or disposal group) is recognized at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortized while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognized.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

**2.9 Other assets**

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

**(a) Prepayment**

Prepayments: are payments made in advance for service to be benefited in the future. The amount is initially recognized as an asset and subsequently amortized over the service period to an expense account.

**(b) Other receivables**

Other receivables: refers to money due from third parties both within the institution and outside the institution are and recognized upon the occurrence of event or transaction as they arise and cancelled when payment is received.



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**2.10 Employee benefits**

Employee benefits are all forms of consideration given by Elsabi in exchange for service rendered by all employees or for the termination of employment. Elsabi operated Short term employee benefit, post-employment benefit, termination benefit, and other long term benefits.

**(a) Short term employee benefit**

Elsabi operates short term benefit that is expected to be settled wholly within 12 months after the end of the period in which the employee renders the related service. Elsabi has a short term benefit such as salary, wage and other that shall be paid on service delivery.

**(b) Post employment**

**Defined contribution plan**

Elsabi operates defined contribution plans; Pension scheme in line with the provisions of Ethiopian pension of private organization employees proclamation 715/2011. Funding under the scheme is 7% and 11% by employees and Elsabi respectively based on the employees' salary. Employer's contributions to this scheme are charged to profit or loss and other comprehensive income in the period in which they relate.

**Defined benefit plan**

Elsabi recognize an accrued liability for termination benefits called severance payment in accordance with Ethiopian labor Law that will be paid when an employee resigns. Elsabi is legally obliged to pay severance for those employees who served the entity for more than five years.

**(c) Termination benefits**

Termination Benefit: it is an employee benefit provided in exchange for the termination of an employee's employment as a result of an entity's decision to terminate an employee before the normal retirement date. Among all employees benefits mentioned above, Elsabi should recognize an accrued liability for termination benefits called severance payment and unpaid leave balance. Further, it is legally obliged to pay unused leave balance for the maximum of two years (unused leaves balance above two years shall be expired).

**2.11 Provisions**

Provision is a liability of uncertain timing or amount of a future expenditure that is different from the provision for doubtful debt.

Contingent liability is a possible obligation that arises from past events and its existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. It must be disclosed in the notes if they are probable.

Legal obligation is an obligation that could be contractual, arise due to legislation, and a result from other operating of law. A constructive obligation is an obligation that results from an entity's action

Elsabi should disclose provisions, contingent liabilities and contingent assets in the notes to enable users to understand their nature, timing and amount and the entity's hold that will be settled within 12 months after the reporting period.



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**2.12 Inventory**

Elsabi's inventory deals with materials or supplies to be consumed/used in the process of rendering services. Inventories are recognized from the date that the entity takes the risk and reward of ownership of the inventory and shall be measured at lower of cost and net realizable value. The cost of inventory comprises all the cost of purchase, and costs incurred in bringing the inventories to the present location and condition.

The cost of inventory should be assigned based on first-in, first-out (FIFO) method of measurement. The followings are the major inventors of Elsabi; printing material, Office supplies, T-shirts and others. Expense is recognized upon the utilization of the inventory. When an adjustment is required to the quantity of the inventory or obsolescence in use, there should be a plus or minus recognition to the period expense account.

**3 Significant accounting judgements, estimates and assumptions**

The preparation of financial statements requires the use of accounting estimates, which, by definition, will seldom equal the actual results. Estimates and judgements are continually evaluated and are based on other factors, including expectations of future events that are believed to be reasonable under the circumstances. The preparation of Elsabi'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 Elsabi's exposure to risks and uncertainties includes:

- Capital management Note 4.6
- Financial risk management and policies Note 4.1
- Sensitivity analyses disclosures Note 4.5.2

**3.1 Judgements**

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

**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. Elsabi 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 Elsabi. Such changes are reflected in the assumptions when they occur.



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#### 4 Financial risk management

##### 4.1 Introduction

Risk management is a continual process of systematically identifying, measuring, monitoring and managing risks in the organization that is one of the basic and crucial processes for Elsabi to minimize threats to the financial possibility. It is a day to day activity that the entity exposed to spectrum of risks; such as credit risk( the most), Liquidity risk, interest rate risk and operational risk . The core functions of Elsabi risk management are to identify all key risks that are exposed, measure these risks, manage the risk positions and determine capital allocations to each operating function to minimize the adverse effect of financial performance of Elsabi.

Elsabi regularly reviews its risk management policies and systems to reflect changes in markets and products to achieve an appropriate balance between risk and return and minimize potential adverse effects on its financial performance

###### 4.1.1 Risk management structure

The Board of Directors has overall responsibility for the establishment and oversight of Elsabi's risk management framework.

Elsabi's risk management policies are established to identify and analyze the risks faced by Elsabi , to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in the regulation, market conditions, products and services offered. Elsabi , through its training and procedures and policies for management, aims to develop a constructive control environment, in which all employees understand their roles and obligations.

Elsabi's Board of Directors is responsible for monitoring compliance with Elsabi's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by Elsabi . Elsabi's Board of Directors is assisted in these functions by the Risk and Compliance unit.

The Risk and Compliance Unit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Risk sub Committee.

###### 4.1.2 Risk measurement and reporting systems

Isabi's risks are measured using a method that reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on statistical models. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment. Elsabi also runs worst-case scenarios that would arise in the event that extreme events which are unlikely to occur do, in fact, occur.

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

###### 4.1.3 Risk mitigation

Risk controls and mitigants, identified and approved for Elsabi, are documented for existing and new processes and systems.



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The adequacy of these mitigation is tested on a periodic basis through administration of control self-assessment questionnaires, using an operational risk management tool which requires risk owners to confirm the effectiveness of established controls. These are subsequently audited as part of the review process.

**4.2 Financial instruments by category**

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

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

Elsabi classification of its financial assets is summarized in the table below:

	Notes	FVTPL Birr	FVOCI Birr	Amortized cost Birr	Total Birr
				Birr	
<b>30 June 2025</b>					
Cash and balances with banks	11	-	-	64,351,857	64,351,857
Loans and receivables	12	-	-	143,958,604	143,958,604
Other assets	13	-	-	7,075,917	7,075,917
<b>Total financial assets</b>		-	-	<b>215,386,378</b>	<b>215,386,378</b>
		Notes	FVTPL Birr	FVOCI Birr	Amortized cost Birr
<b>30 June 2024</b>					
Cash and balances with banks	11	-	-	6,197,194	6,197,194
Loans and receivables	12	-	-	44,575,549	44,575,549
Other assets	13	-	-	897,414	897,414
<b>Total financial assets</b>		-	-	<b>51,670,158</b>	<b>51,670,158</b>

**4.3 Management of credit risk**

In measuring credit risk of loans and receivables to various counterparties, Elsabi considers the character and capacity of the obligor to pay or meet contractual obligations, current exposures to the counter party/obligor and its likely future developments, credit history of the counterparty/obligor; and the likely recovery ratio in case of default obligations-value of collateral and other ways out. Our credit exposure comprises loans and receivables which are developed to reflect the needs of our customers. Elsabi's policy is to lend principally on the basis of our customer's repayment capacity through quantitative and qualitative evaluation. However we ensure that our loans are backed by collateral to reflect the risk of the obligors and the nature of the facility.

In the estimation of credit risk, Elsabi Microfinance estimate the following parameters:

**(a) Probability of Default**

This is the probability that an obligor or counterparty will default over a given period, usually one year. This can be calculated on portfolio by portfolio basis or collectively depending on availability of historical data.



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**(b) Loss Given Default(LGD)**

Loss Given Default is defined as the portion of the loan determined to be irrecoverable at the time of loan default (1 - recovery rate). Our methods for estimating LGD includes both quantitative and qualitative factors.

**(c) Exposure at Default**

This represents the amount that is outstanding at the point of default. Its estimation includes the drawn amount and expected utilization of the undrawn commitment at default.

**4.3.1 Impairment assessment**

Elsabi assesses its impairment for the purpose of IFRS reporting using a 'three-stage' model for impairment based on changes in credit quality since initial recognition as follows :

1. A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by Elsabi
2. A financial instrument that the credit risk significantly increased transferred to stage 2 but not deemed to credit impaired
3. A financial instrument is credit-impaired moved to 'Stage 3'.

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, Elsabi considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on Elsabi's historical experience and expected credit risk assessment and including forward-looking information. Elsabi considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative criteria have been met. The quantitative criteria is based on either absolute or relative changes in credit quality. In both cases, Elsabi is expected to specify the percentage change, for either 12-month or lifetime PDs in comparison to the corresponding 12-month or lifetime PDs as calculated at origination, respectively, that would indicate a significant increase in credit risk since origination

Elsabi Classify transition from Stage 1 to Stage 2, and stage 3 as follows:

Stage	day past due
stage 1	0-30
Stage 2	31-90
Stage 3	90+

**(a) Individual assessment**

Elsabi reviewed and revised existing impairment triggers for each loan asset portfolio to ensure that a trigger identifies a loss event as early as possible, which would result in the earliest possible recognition of losses within the IFRS framework. Elsabi then estimated the impairment based on the shortfall between the present value of estimated future cash flows and the asset carrying amount. Since the loan data is big, Elsabi shall perform individual assessment of portfolio account and categorize collectively for further analysis.

**(b) Collective assessment**

Loans and receivables that are not specifically impaired are assessed under collective impairment. For the purpose of collective impairment, financial assets are grouped on the basis of similar credit risk characteristics that are indicative of the debtors' ability to pay all amounts due according to contractual terms.



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**(b) Collective assessment (Contd)**

Elsabi generally bases its analyses on historical experience. The collective assessment takes account of data from the loan portfolio (such as historical losses on the portfolio, levels of arrears, credit utilization, loan to collateral ratios and expected receipts and recoveries once impaired) or economic data (such as current economic conditions, unemployment levels and local or industry-specific problems). The approximate delay between the time a loss is likely to have been incurred and the time it will be identified as requiring an individually assessed impairment allowance is also taken into consideration. The impairment allowance is reviewed by credit management to ensure alignment with the Elsabi's overall policy.

**4.3.2 Credit related commitments risks**

Since Elsabi could not issue any promissory document to third party don't have any credit related commitments risk

**4.3.3 Maximum exposure to credit risk before collateral held or credit enhancements**

**(a) Types of credit exposure**

Elsabi's maximum exposure to credit risk at 30 June 2025, and 30 June 2024 respectively, is represented by the net carrying amounts in the statement of financial position.

	<b>30 June 2025</b>	<b>30 June 2024</b>
	<b>Birr</b>	<b>Birr</b>
Cash and balances with banks	64,351,857	6,197,194
Loans and receivables	143,958,604	44,575,549
Other assets	7,075,917	897,414
<b>Total maximum exposure</b>	<b>215,386,377</b>	<b>51,670,157</b>

**(b) Assets obtained by taking possession of collateral**

Details of financial and non-financial assets obtained by Elsabi during the year by taking possession of collaterals held as security against loans and receivables at the year end are shown below.

	<b>30 June 2025</b>	<b>30 June 2024</b>
	<b>Birr</b>	<b>Birr</b>
Properties( Individual loan Covered 100%)	428,945,140	137,270,563
Mandatory saving( group loan covered 10% of the loan	-	-
<b>428,945,140</b>	<b>137,270,563</b>	
Collateral amount of Asset		
Individual Loan	253,196,381	108,626,966
Consumption Loan	2,232,820	1,546,374
Cooperative Loan	140,200,000	-
Short Term Loan	28,480,000	23,300,000
Company Employment Loan	4,835,939	3,797,223
<b>428,945,140</b>	<b>137,270,563</b>	



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(c) Loans and receivables at amortized cost

(i) Gross loans and receivables to customers per sector is analyzed as follows:

	30 June 2025 Birr	30 June 2024 Birr
Individual Loan	67,269,056	27,451,127
Consumption Loan	1,833,998	731,931
Microenterprise Loan	-	-
Agriculture Loan	-	-
Staff Loan	-	-
Cooperative Loan	54,522,586	-
Short Term Loan	15,850,830	12,890,454
Company Employment Loan	5,375,891	3,502,038
	<b>144,852,362</b>	<b>44,575,549</b>

(ii) Gross loans and receivables to customers per National Bank of Ethiopia's impairment guidelines is analyzed as follows:

	30 June 2025 Birr	30 June 2024 Birr
Performing	144,852,362	44,575,549
Substandard (91-180 past due	(893,758)	-
Doubtful( 181-365 Past due	-	-
Loss( More than 365 past	-	-
Interest receivable	-	-
Less impairment	-	-
	<b>143,958,604</b>	<b>44,575,549</b>

The above table represents a worse case scenario of credit risk exposure of Elsabi as at the reporting dates without taking in to account any collateral held or other credit enhancements attached. The exposures are based on net carrying amounts as reported in the statement of financial position.

Management is confident in its ability to continue to control and effectively manage the credit risk exposure in Elsabi's loan and advances portfolio.



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**4.3.4 Credit quality analysis**

**(a) Credit quality of loans and receivables**

	Neither past due nor impaired Stage -1	Past due but not impaired Stage-2	Individually impaired stage-3	Total
<b>30 June 2025</b>				
Individual Loan	67,269,056	(144,041.00)	-	67,125,015.40
Consumption Loan	1,833,998	-	-	1,833,998.40
Microenterprise Loan	-	-	-	-
Cooperative Loan	54,522,586	-	-	54,522,586
Short Term Loan	15,850,830	(749,718)	-	15,101,112
Company Employment Loan	5,375,891	-	-	5,375,891
	<b>144,852,362</b>	<b>(893,759)</b>	-	<b>143,958,603</b>
<b>Gross</b>				
Less: Impairment allowance (note 16)	-	-	-	-
<b>Net</b>	<b>144,852,362</b>	<b>(893,759)</b>	-	<b>143,958,603</b>
<b>Net</b>	<b>-</b>	<b>-</b>	-	-

**(b) Allowance for impairment**

	30 June 2025	30 June 2024
	Birr	Birr

Collective impairment	-	-
Total allowance for impairment	-	-

**4.3.5 Credit concentrations**

Elsabi monitors concentrations of credit risk by social sector. An analysis of concentrations of credit risk at 30 June 2025, and 30 June 2024. Elsabi concentrates all its financial assets in Ethiopia.

	30 June 2025	Public Enterprise	Cooperative	Private
Cash and balances with banks	64,351,857	-	-	-
Loans and receivables	-	-	-	143,958,604
Investment securities:	-	-	-	-
- Available for sale	-	-	-	-
- Loans and receivables	-	-	-	-
Other assets	-	-	-	7,075,917
	<b>64,351,857</b>			<b>151,034,521</b>



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30 June 2024	Public Enterprise	Cooperative	Private
	Birr	Birr	Birr
Cash and balances with banks	6,197,194	-	-
Loans and receivables	-	-	44,575,549
Investment securities:			
- Available for sale	-	-	
- Loans and receivables	-	-	
Other assets	-	-	897,414
	<hr/>	<hr/>	<hr/>
	6,197,194	-	45,472,964

**4.3.6 Nature of security in respect of loans and receivables**

30 June 2025	Secured against Fixed asset	Group guarantees	Equitable Mortgage	Compulsory Saving	Others
	Birr	Birr	Birr	Birr	Birr
Individual Loan	253,196,381	-	-	14,641,239	-
Consumption Loan	-	-	-	369,244	2,232,820
Microenterprise Loan	-	-	-	-	-
Staff Loan	-	-	-	-	-
Cooperative Loan	140,200,000	-	-	6,908,661	-
Short Term Loan	28,480,000	-	-	1,233,249	-
Company Employment Loan	-	-	-	614,886	4,835,939
	<hr/>	<hr/>	<hr/>	23,767,279	7,068,759

The institution have 3 types of compulsory saving those are pre loan (5% of gross loan), upfront (10% of gross loan) and ongoing (5% of monthly repayment, principal plus interest)

**4.3.7 Collateral held and their financial effect**

Elsabi may take collateral in the form of House ,Vehicle, cash (saving) &group cash guarantee. Elsabi does not sell or repledge the collateral in the absence of default by the owner of the collateral. In addition to Elsabi's focus on creditworthiness, it aligns with its credit policy guide to periodically update the validation of collaterals held against all loans to customers.

For impaired loans, Elsabi obtains appraisals of collateral because the fair value of the collateral is an input to the impairment measurement.



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**4.4 Liquidity risk**

Liquidity risk is the risk that Elsabi cannot meet its maturing obligations when they become due, at reasonable cost and in a timely manner. Liquidity risk arises because of the possibility that Elsabi might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to Elsabi on acceptable terms.

Liquidity risk management is solely determined by Asset and Liability Committee, which bears the overall responsibility for liquidity risk. The main objective of Elsabi liquidity risk framework is to maintain sufficient liquidity in order to ensure that we meet our maturing obligations.

**4.4.1 Management of liquidity risk**

Cash flow forecasting is performed by the finance department. The finance department monitors rolling forecasts of liquidity requirements to ensure it has sufficient cash to meet operational needs, monitoring statement of financial position liquidity ratio against internal and regulatory requirements and management of future cash flow.

Elsabi has incurred indebtedness in the form of borrowings. Elsabi evaluates its ability to meet its obligations on an ongoing basis. Based on these evaluations, Elsabi plan strategies to manage its liquidity risk.

Prudent liquidity risk management implies that sufficient cash is maintained and that sufficient funding is available to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to Elsabi's reputation.

**4.4.2 Maturity analysis of financial liabilities**

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

30 June 2025	0 - 30 days	31 - 90 days	91 - 180 days	181 - 365 days	Over 1 year
	Birr	Birr	Birr	Birr	Birr
Deposits from customers	46,233,565		-		-
Commercial Borrowings	-	-	-	-	50,000,000
Severance pay	-	-	-	-	937,500
Other liabilities	5,358,892	-	-	-	-
<b>Total financial liabilities</b>	<b>51,592,457</b>	-	-	-	<b>50,937,500</b>

**4.5 Market risk**

Market risk is defined as the risk of loss risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market risk factors such as interest rates, foreign exchange rates, equity prices, credit spreads and their volatilities. Market risk can arise in conjunction with trading and non-trading activities of a financial institutions.

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



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**4.5.1 Management of market risk**

Market risk is the risk that changes in market prices, which include currency exchange rates and interest rates, will affect the fair value or future cash flows of a financial instrument. Market risk arises from open positions in interest rates and foreign currencies, both of which are exposed to general and specific market movements and changes in the level of volatility. The main objective of Market Risk Management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. Market risk is monitored by the risk management department on regularly, to identify any adverse movement in the underlying variables.

**4.5.2 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. Borrowings obtained at variable rates give rise to interest rate risk. The table below sets out information on the exposures to fixed and variable interest instruments.

30 June 2025	Fixed	Floating	Non-interest bearing	Total
	Birr	Birr	Birr	
<b>Assets</b>				
Cash and balances with banks	31,219,416		33,132,441	64,351,857
Loans	143,958,604			143,958,604
<b>Total</b>	<b>175,178,020</b>	-	<b>33,132,441</b>	<b>208,310,461</b>
<b>Liabilities</b>				
Deposits from customers	46,233,565			46,233,565
Other liabilities	-		4,732,401	4,732,401
Borrowing	-	50,000,000		50,000,000
<b>Total</b>	<b>46,233,565</b>	<b>50,000,000</b>	<b>4,732,401</b>	<b>100,965,966</b>
30 June 2024	Fixed	Floating	Non-interest bearing	Total
	Birr	Birr	Birr	
<b>Assets</b>				
Cash and balances with banks	3,798		6,193,396	6,197,194
Loans and receivables	44,575,549			44,575,549
<b>Total</b>	<b>44,579,347</b>	-	<b>6,193,396</b>	<b>50,772,743</b>
<b>Liabilities</b>				
Deposits from customers	12,421,856			12,421,856
Other liabilities	-		1,193,970	1,193,970
Borrowing	-	-		-
<b>Total</b>	<b>12,421,856</b>	-	<b>1,193,970</b>	<b>13,615,826</b>



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**4.6 Capital management**

Elsabi'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.

**4.6.1 Capital adequacy ratio**

According to the Licensing & Supervision of Microfinance Business Directive No MFI/27/2015 of the National Bank of Ethiopia, Elsabi has to maintain capital to risk weighted assets ratio of 12% at all times.

The capital adequacy ratio is the quotient of the capital base of Elsabi and it's risk weighted asset base. Capital includes capital contribution, retained earnings, legal reserve and Donated equity .

	30 June 2025 Birr	30 June 2024 Birr
<b>Capital</b>		
Capital contribution	100,000,000	37,358,000
Retained earnings	17,824,593	4,928,399
Legal reserve	1,307,110	369,468
	<b>119,131,703</b>	<b>42,655,867</b>
<b>Risk weighted assets</b>		
Risk weighted balance for on-balance sh 20	12,870,371	1,239,439
Credit equivalents for on balance sheet i 100	153,297,492	50,074,499
	<b>166,167,863</b>	<b>51,313,938</b>
Risk-weighted Capital Adequacy Ratio (CAR)	72%	83%
Minimum required capital	12%	12%
Excess	60%	71%

**4.7 Fair value of financial assets and liabilities**

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

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



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**4.7.1 Financial instruments not measured at fair value - Fair value hierarchy**

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

	Carrying amount	Fair value
	Birr	Birr
<b>30 June 2024</b>		
<b>Financial assets</b>		
Cash and balances with banks	64,351,857	64,351,857
Loans and receivables	143,958,604	143,958,604
Other asset	7,075,917	7,075,917
Property, plant and equipment	6,275,283	6,275,283
<b>Total</b>	<b>221,661,661</b>	<b>221,661,661</b>
<b>Financial liabilities</b>		
Deposits from customers	46,233,565	46,233,565
Borrowings	50,000,000	50,000,000
Other liabilities	6,296,392	6,296,392
<b>Total</b>	<b>102,529,957</b>	<b>102,529,957</b>
<b>30 June 2024</b>		
<b>Financial assets</b>		
Cash and balances with banks	6,197,194	6,197,194
Loans and receivables	44,575,549	44,575,549
Other asset	897,414	897,414
Property, plant and equipment	4,601,536	4,601,536
<b>Total</b>	<b>56,271,693</b>	<b>56,271,693</b>
<b>Financial liabilities</b>		
Deposits from customers	12,421,856	12,421,856
Borrowings	1,193,970	1,193,970
Other liabilities		
<b>Total</b>	<b>13,615,826</b>	<b>13,615,826</b>



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5 INTEREST INCOME

	30 June 2025 Birr'	30 June 2024 Birr'
Individual Loan	12,689,223	4,112,355
Consumption Loan	332,682	92,997
Cooperative Loan	9,750,607	
Short Term Loan	5,932,559	4,470,954
Company Employment Loan	1,581,871	1,069,341
Interest Income on Bank Deposits	193,912	7,357
	<u>30,480,854</u>	<u>9,753,003</u>

6 INTEREST EXPENSE

	30 June 2025 Birr'	30 June 2024 Birr'
Interest on customer savings- Mandatory Savings	1,211,757	314,267
Interest on customer savings- Voluntary/Demand Savings	1,315,951	191,929
Interest on customer savings- Time Deposit	-	-
Interest on Commercial borrowing	-	-
	<u>2,527,708</u>	<u>506,195</u>

7 NET FEES AND COMMISSION INCOME

	30 June 2025 Birr'	30 June 2024 Birr'
<b>Fee and commission income</b>		
Loan Processing fees and Charges	7,432,998	2,439,210
Pass book fees	46,200	33,100
	<u>7,479,198</u>	<u>2,472,310</u>
<b>Fee and commission expense</b>	-	-
<b>Net fees and commission income</b>	<u>7,479,198</u>	<u>2,472,310</u>

The loan processing fee is used by EMFI to cover loan processing expenses up to Disbursement

8 OTHER INCOME

	30 June 2025 Birr'	30 June 2024 Birr'
Insurance Income	1,540,801	372,355
Penalty Charges	1,126,014	885,236
Other non-operating Income		5,000
	<u>2,666,815</u>	<u>1,262,590</u>



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**9 PERSONNEL EXPENSE**

	<b>30 June 2025 Birr'</b>	<b>30 June 2024 Birr'</b>
<b>Short term employee benefits :</b>		
Salary and wage Expense	8,034,122	4,008,644
Allowance	1,072,613	651,511
Pension fund expense	842,358	435,828
Severance Payment	937,500	-
Annual Leave	626,491	-
Other Employee Benefit	-	-
Bonus	1,256,470	-
	<b>12,769,554</b>	<b>5,095,983</b>

**10 OTHER OPERATING EXPENSE**

	<b>30 June 2025 Birr'</b>	<b>30 June 2024 Birr'</b>
Cash Loss Provision/ premium	-	21,139
Training	181,443	46,227
Medical Expense	110,741	55,631
Insurance Expense (car, PPE and Insurance Fund)	68,254	58,959
Bank Charges	235,383	10,652
Audit Fee Expense	103,000	69,000
Registration Fee Expense	112,043	90,091
Membership Fee Expense	-	46,278
Perdiem Expense	74,604	4,675
Transport Expense	70,478	53,109
Accomodation Expense	96,473	4,520
Fuel and Lubricants Expense	-	5,620
Generator and Fuel Expense	-	-
Office Rent Expense	1,908,812	947,979
Office Supplies Expense	370,303	159,710
Printing and Padding expense	484,223	287,068
Depreciation Expense	-	-
Advertisement Expense	150,979	76,220
Cleaning Material Expense	15,312	13,162
Cash Indemnity Expense	-	-
Consultancy fee Expense	15,600	-
Vehicle Maintenance Expense (and office material repairs)	18,463	27,300
Car Rent	10,500	-
Non operating Expense	-	5,000
Utilities Expense	50,339	13,570



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Communication Expenses	204,741	142,383
Labor Cost	75,762	30,870
Fine and Fee	-	-
Mov Collateral Reg fee@NBE	11,350	12,280
Miscellaneous Expense (and purchase of materials, car parking)	229,345	57,829
<b>Total</b>	<b>4,598,147</b>	<b>2,239,272</b>
Depreciation	942,378	462,291

**11 CASH AND BALANCES WITH BANKS**

	30 June 2025 Birr'	30 June 2024 Birr'
Cash in hand	-	-
Cash at Bank	<u>64,351,857</u>	<u>6,197,194</u>
	<u>64,351,857</u>	<u>6,197,194</u>
<b>Maturity analysis</b>		
	30 June 2025 Birr'000	30 June 2024 Birr'000
Current	64,351,857	6,197,194
Non-Current	-	-
	<u>64,351,857</u>	<u>6,197,194</u>

Cash and cash equivalents in the statement of cash flows are the same as on the statement of financial position.

**12 LOANS AND RECEIVABLES**

	30 June 2025 Birr'	30 June 2024 Birr'
Individual Loan	67,269,056	27,451,127
Consumption Loan	1,833,998	731,931
Microenterprise Loan	-	-
Agriculture Loan	-	-
Staff Loan	-	-
Cooperative Loan	54,522,586	-
Short Term Loan	15,850,830	12,890,454
Company Employment Loan	5,375,891	3,502,038
<b>Gross amount</b>	<b>144,852,362</b>	<b>44,575,549</b>
Less: Impairment allowance (note 16a)	(893,758)	-
Specific impairment	-	-
Collective impairment	-	-
	<u>143,958,604</u>	<u>44,575,549</u>



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13 OTHER ASSETS

	30 June 2025 Birr'	30 June 2024 Birr'
<b>Financial assets</b>		
Staff advance	561,398	370,526
VAT Receivable	605,641	-
	<u>1,167,039</u>	<u>370,526</u>
<b>Other financial assets</b>		
Prepayments	4,012,312	84,051
Inventory	1,115,702	442,838
Allied Activity Investment	750,000	-
Other current Asset	30,864	-
	<u>5,908,878</u>	<u>526,889</u>
<b>Less : I</b>		
Impairment allowance on other assets	-	-
<b>Gross amount</b>	<u>7,075,917</u>	<u>897,414</u>
 <b>Maturity analysis</b>		
	30 June 2025 Birr'	30 June 2024 Birr'
Current	7,075,917	897,414
Non-Current	-	-
	<u>7,075,917</u>	<u>897,414</u>

13a INVENTORY

A breakdown of the items included within inventory is as follows:

	30 June 2025 Birr'	30 June 2024 Birr'
Office Supply	514,100	116,924
Pads & Printing	585,072	309,383
T- shirt	16,530	16,530
	<u>1,115,702</u>	<u>442,838</u>



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**13b ALLIED ACTIVITY INVESTMENT**

A breakdown of the Investment securities is as follows:

Elsabi purchase 3,000 shares from Adwa Victory Micro Finance S.co (Under Formation MFI) at cost of 1000 birr per share and paid 1/4 of total payment of birr 750,000 as a current year.

Investments are on equity instruments of the above entities' shares at par values. The company has neither significant influence nor control over the policies and operations of the investee companies. None of these investments are 20% and more of the investee's equity total as well. The investment is initially measured at fair value

	30 June 2025	30 June 2024
	Birr'	Birr'
Adewa Victory Microfinance S.co (Under Formation)	750,000	-
	<u>750,000</u>	<u>-</u>

**14 PROPERTY, PLANT AND EQUIPMENT**

	Computer and Equipment	Furniture and fittings	Motor vehicles	Total
	Birr	Birr	Birr	Birr
<b>Cost:</b>				
As at 1 July 2023	828,700	1,301,993	-	2,130,693
Additions	235,450	564,974	2,350,000	3,150,424
Reclassifications	-	-	-	-
Disposals	-	-	-	-
As at 30 June 2024	<u>1,064,150</u>	<u>1,866,967</u>	<u>2,350,000</u>	<u>5,281,117</u>
As at 1 July 2024	1,064,150	1,866,967	2,350,000	5,281,117
Additions	972,567	1,643,559	-	2,616,126
Disposals	-	-	-	-
Reclassification	-	-	-	-
As at 30 June 2025	<u>2,036,717</u>	<u>3,510,526</u>	<u>2,350,000</u>	<u>7,897,243</u>
<b>Accumulated depreciation</b>				
As at 1 July 2023	144,347	72,944	-	217,291
Charge for the year	233,997	150,744	77,550	462,291
Reclassifications	-	-	-	-
Disposals	-	-	-	-
As at 30 June 2024	<u>378,344</u>	<u>223,688</u>	<u>77,550</u>	<u>679,582</u>



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As at 1 July 2024	378,344	223,688	77,550	679,582
Charge for the year	409,099	300,629	232,650	942,378
Reclassification	-	-	-	-
<b>As at 30 June 2025</b>	<b>787,443</b>	<b>524,317</b>	<b>310,200</b>	<b>1,621,960</b>
<b>Net book value</b>				
As at 30 July 2023	684,353	1,229,049	-	1,913,402
As at 30 June 2024	<b>685,806</b>	<b>1,643,279</b>	<b>2,272,450</b>	<b>4,601,535</b>
<b>As at 30 June 2025</b>	<b>1,249,274</b>	<b>2,986,209</b>	<b>2,039,800</b>	<b>6,275,283</b>

**15 DEPOSITS FROM CUSTOMERS**

	30 June 2025	30 June 2024
	Birr	Birr
Mandatory Savings	23,767,279	7,416,104
Voluntary/Demand Savings	22,466,286	5,005,752
	<b>46,233,565</b>	<b>12,421,856</b>

**16a OTHER LIABILITIES**

	30 June 2025	30 June 2024
	Birr	Birr
Other liabilities		
Insurance Payable	2,487,202	897,471
Accrued Payable	220,844	60,314
Audit fee	80,000	69,000
Other current Liabilities	44,891	-
Tax Payables	364,436	98,113.30
Pension Payable	139,568	69,071
Suspense Account	138,990	
Bonus Payable	1,256,470	-
	<b>4,732,401</b>	<b>1,193,970</b>
Financial liabilities		
Commercial Loan	50,000,000	-
Current	-	-
None current	-	-
Other Long term Liabilities	626,491	-
	<b>50,626,491</b>	<b>-</b>
<b>Gross amount</b>	<b>55,358,892</b>	<b>1,193,970</b>

The institution has obtained a loans from Awash Bank S.C. on June 30, 2025, Birr 50,000,000.00 with an interest rate of 12.5% for three years, which will be repayable on quarterly basis



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16b DEFINED BENEFIT LIABILITY

	30 June 2025 Birr	30 June 2024 Birr
Severance Pay	937,500	-
<b>Liability in the statement of financial position</b>	<b>937,500</b>	<b>-</b>
 <b>Income Statement charge included in Personnel expenses:</b>		
Severance cost	937,500	-
	<b>937,500</b>	<b>-</b>

Severance cost charged in the income statement is recognized under personnel expenses based on service year and current salary of the employee.

**Maturity analysis**

	30 June 2025 Birr	30 June 2024 Birr
Non-Current	937,500	-
	<b>937,500</b>	<b>-</b>

**Severance pay**

Elsabi recognized severance payment plan for its employees who have served for 5 years and above and are below the retirement age (i.e. has not met the requirement to access the pension fund). The final pay-out is determined by reference to current benefit's level (monthly salary) and number of years in service and is calculated as 1 month salary for the first year in employment plus 1/3 of monthly salary for each subsequent in employment to a maximum of 12 months final monthly salary.

**Maturity analysis**

	30 June 2025 Birr	30 June 2024 Birr
Current	50,965,966	13,615,826
Non-Current	51,563,991	-
	<b>102,529,957</b>	<b>13,615,826</b>



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17 PAID UP CAPITAL

	30 June 2025 Birr	30 June 2024 Birr
Transferred from Retained earnings	4,919,000	1,774,000
Share Collection on the Period	57,723,000	8,584,000
Opening paid up capital	37,358,000	27,000,000
Donated Equity	-	-
	<u>100,000,000</u>	<u>37,358,000</u>

18 RETAINED EARNING

	30 June 2025 Birr'	30 June 2024 Birr
At the beginning of the year	4,928,399	1,777,445
Transfer to Paid up capital	(4,919,000)	(1,774,000)
Profit/ (Loss) for the year	18,752,836	5,184,162
Reversal of excess legal reserve	-	-
Transfer to legal reserve	<u>(937,642)</u>	<u>(259,208)</u>
At the end of the year	<u>17,824,593</u>	<u>4,928,399</u>

19 CASH GENERATED FROM OPERATING ACTIVITIES

	Notes	30 June 2025 Birr	30 June 2024 Birr
Profit before tax		18,752,836	5,184,162
<b>Adjustments for non-cash items:</b>			
Depreciation of property, plant and equipment	14	942,378	462,291
Gain/(loss) on Disposal of Property, plant & equipment		893,758	
<b>Changes in working capital:</b>			
Decrease/ (Increase) in loans and advances to customers	9	(100,276,813)	(13,518,044)
Decrease/ (Increase) in other assets	13	(6,178,503)	(347,101)
Increase/ (Decrease) in other liabilities	16	55,102,422	352,719
Increase/ (Decrease) in deposits from customers	15	<u>33,811,709</u>	<u>3,445,854</u>
		<u>3,047,787</u>	<u>(4,420,119)</u>

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



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**20 RELATED PARTY TRANSACTIONS**

A number of transactions were entered into with related parties in the normal course of business. These are disclosed below:

**20a Transactions with related parties**

Staff advance disbursed to : Chief Executive Officer  
 Shareholders payable -

	30 June 2025	30 June 2024
	Birr	Birr
Staff advance disbursed to : Chief Executive Officer	-	-
Shareholders payable -	-	-
	<hr/>	<hr/>
	<hr/>	<hr/>

**20b Key management compensation**

Key management has been determined to be the members of the Board of Directors and CEO of Elsabi. Benefit paid or payable to key management for is shown. There were no sales or purchase of goods and services between Elsabi and key management personnel as at 30 June 2025

	30 June 2025	30 June 2024
	Birr	Birr
Salaries and other short-term employee benefits -		
CEO and Dep't managers	3,668,967.00	2,143,153.00
Post-employment benefits	-	-
Representation Allowance (CEO &Dep't managers)	120,000	120,000
Board allowance	-	-
Other expenses (Pension Contribution)	308,502	203,873
	<hr/>	<hr/>
	<b>4,097,469</b>	<b>2,467,026</b>

Benefit of Elsabi's key management personnel includes salaries, non-cash benefits and contributions to the post-employment defined benefits plans.

**21 DEPARTMENT MANAGERS AND EMPLOYEES**

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

	30 June 2025	30 June 2024
	Number	Number
Professionals and High Level Supervisors	2	2
Semi-professional, Administrative and Clerical	32	23
Technician and Skilled	-	-
	<hr/>	<hr/>
	<b>34</b>	<b>25</b>



ELSABI MICROFINANCE INSTITUTION SHARE COMPANY  
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 FOR THE YEAR ENDED 30 JUNE 2025

ii) The table below shows the number of employees, who earned over Birr 3,000.00 as emoluments in the year and were within the bands stated.

	30 June 2025	30 June 2024
	Birr	Birr
2,500-10,000	6	13
10,001-20,000	17	8
20,001 - 40,000	9	3
Above 40,000	3	2
	<u>35</u>	<u>26</u>

**22 EVENTS AFTER THE REPORTING PERIOD**

In the opinion of the Management, there were no events in Elsabi as at 30 June 2025 on the profit for the period ended on that date, which have not been adequately provided for or disclosed.

**23 RECOVERY RATE**

	30 June 2025	30 June 2024
	Birr	Birr
Loan Oustanding 30 June 2024	42,909,354	29,443,088
Disbursement during the year	178,422,940	53,390,006
Loan Oustanding 30 June 2025	(139,597,743)	(42,909,354)
Total Collection	<u>81,734,551</u>	<u>39,923,741</u>
Write off 30 June 2025	-	-
Principal Past due	715,007	-
Total Principal Past due	<u>715,007</u>	-
Recovery Rate	<u>99%</u>	<u>100%</u>

Recovery Rate = 
$$\frac{\text{Amount Collected during the period}}{(\text{Amount collected during the year} + \text{Amount past due} + \text{Amount written off})} \times 100\%$$

Recovery Rate = 
$$\frac{81,734,551}{(81,734,551 + 715,007 + 0)}$$

Recovery Rate = 99%

**24 TAXES**

Elsabi MFI Board of Directors decided, entire amount of retained earning for the current year, transfer to Paid Up Capital after deduct the amount of legal reserve.

Accordingly, there will be no dividend payment for current year no profit tax will be paid as long as the dividend is not distributed in accordance with the regulation Proclamation no 626/2009 article 23 sub articile 2.

