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# External Auditor Report

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# **DYNAMIC MICROFINANCE INSTITUTION S.C.**

## **AUDITORS' REPORT & ACCOUNTS** **FOR THE YEAR ENDED 30 JUNE 2024**

Bilal Mohammed  
Chartered Accountants (UK).  
Authorized Auditor (ETH).  
Addis Ababa  
Ethiopia

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**DYNAMIC MICROFINANCE INSTITUTION SHARE COMPANY**  
**DIRECTORS, MANAGEMENT, PROFESSIONAL ADVISORS AND REGISTERED OFFICE**

**Directors (As of 30 June 2024)**

- |                          |                  |
|--------------------------|------------------|
| 1. Ato Tesfaye Fente     | BoD Chair Person |
| 2. Ato Bekele Bayisa     | D/Chair Person   |
| 3. Ato Abebaw Zewudie    | Board Member     |
| 4. Ato Werkinch Tesfaye  | Board Member     |
| 5. Ato Samuel Tadesse    | Board Member     |
| 6. Ato Yohannes Emiru    | Board Member     |
| 7. Ato Mengesha Dibekulu | Board Member     |
| 8. Ato Binalfew Nega     | Board Member     |
| 9. Ato Yilma Gebrie      | Board Member     |

**Executive Managements (as of 30 June 2024)**

- |                          |  |
|--------------------------|--|
| 1. Ato Bewketu Alamirew  | Chief Executive Officer (CEO)          |
| 2. Ato Abiyu Tewabe      | Chief Operation Officer                |
| 3. Ato Amsalu Gelaneh    | Chief Resource Mgt. Officer            |
| 4. Ato Shewangizaw Chane | Chief ICT Officer & Company Secretary  |
| 5. Ato Kebede Belachew   | Director, Legal Service                |
| 6. Ato Samson Getahun    | Director, Internal Audit & Risk Mgt.   |
| 7. Ato Anteneh Kassa     | Director, Marketing & Corporate Commn. |

**Head Office**

Region -Addis Ababa  
 Sub City-Lideta , Wereda- 09  
 House No. -New  
 Tell- 251-11-51-56-817  
 P.O. Box 20943/1000  
 Addis Ababa

**Independent Auditor**

Bilal Mohammed  
 Certified Accountant and Authorized Auditor  
 Tel. 251-11 -89 -59-377  
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**Principal Banks**

Commercial Bank of Ethiopia (CBE)  
 Cooperative Bank of Oromia S.C  
 Awash Bank S.C  
 Tsehay Bank S.C  
 Bank of Abyssinia S.C  
 Bunna Bank S.C



**BILAL MOHAMMED AUDIT FIRM**

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**Chartered Certified Accountant And Authorized Auditor.**

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**Bilmoh32@gmail.com Addis Ababa**

**INDEPENDENT AUDITOR'S REPORT ON**  
**THE FINANCIAL STATEMENTS OF**  
**DYNAMIC MICRO FINANCE SHARE COMPANY**

**Unqualified Opinion**

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

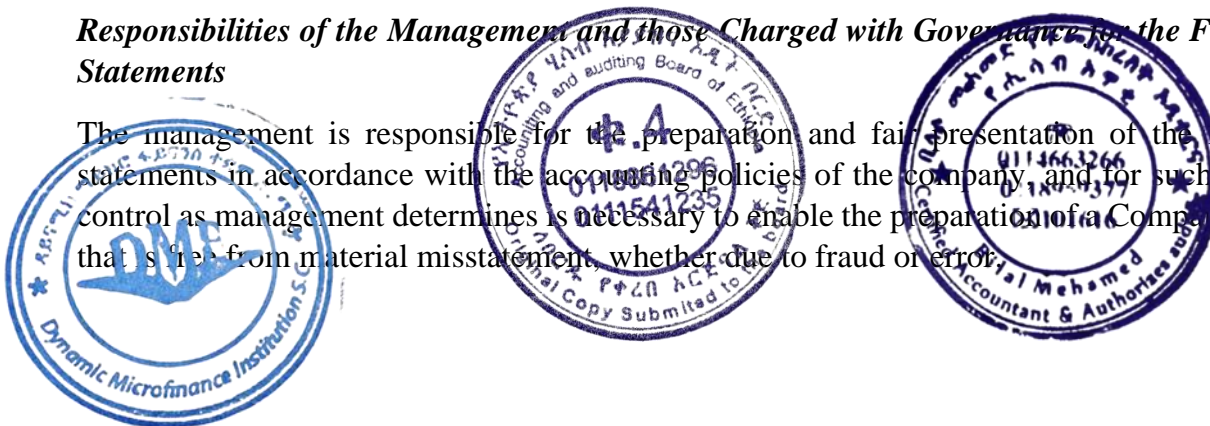
In our opinion, the financial statements present fairly, the financial position of Dynamic Micro Finance Share Company as at 30 June 2024, its financial performance, statement of changes in equity and its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

**Basis for Opinion**

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

**Responsibilities of the Management and those Charged with Governance for the Financial Statements**

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




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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 have no realistic alternative but to do so those charged with governance are responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the Company report as a whole is 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 the financial statements.



Bilal Mohamed BSc, FCCA, Dip IFRS  
Chartered Certified Accountants &  
Authorized Auditors in Ethiopia

Addis Ababa  
October 21, 2024



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## DYNAMIC MICROFINANCE INSTITUTION S.C

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### General Information

Dynamic Micro Finance Institution S.C. (hereinafter referred to as “DMFI”) is a microfinance institution established in May 2009. DMFI operates in accordance with the provisions of the Commercial Code of Ethiopia (Proc. No. 1243/2021) and the Micro-Financing Business Proclamation No. 626/2009 as amended by Proclamation No. 1164/2019. The Company conducts its business in compliance with the law and is regulated by the National Bank of Ethiopia (“NBE”).

The Main Objectives of DMFI as stated in its memorandum of association are:

- To mobilize financial resources and provide credits (loans) to rural and urban individuals and Micro, Small and Medium Enterprises (MSMEs) engaged in economic and developmental activities;
- To accept from its customers compulsory, voluntary and fixed time deposits;
- To render local money transfer services;
- To buy treasury bills and share certificates from aligned industries and generate income as appropriate;
- To acquire, maintain, lease and or transfer any movable or immovable properties, including office buildings in which it carries out its operations;
- To help low-income households in urban and rural areas undertake income generating production and service activities;
- To provide technical, marketing, managerial and administrative advice to customers;
- To administer micro financing fund;
- To provide agent banking and digital financial services;
- To provide interest free micro finance services; and
- To engage in any other related activity as determined by the National Bank of Ethiopia;





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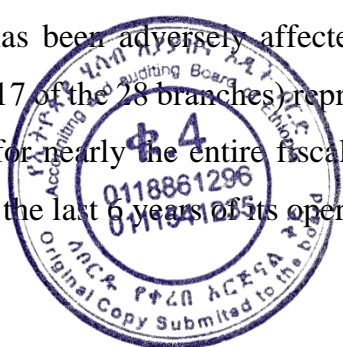
**DYNAMIC MICROFINANCE INSTITUTION SHARE COMPANY**  
**STATEMENT OF MANAGEMENT'S RESPONSIBILITIES**  
**FOR THE YEAR ENDED 30 JUNE 2024**

The Commercial Code of Ethiopia (Proc. No. 1243/2021) requires the management to prepare financial statements that represent the state of affairs of the company at the end of the financial year and the operating results of the company for that year. The Commercial Code of Ethiopia also requires the management to ensure that the company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the company. The management is also responsible for safeguarding the assets of the company.

The management is responsible for the preparation and fair presentation of these financial statements that give a true and fair view of the statement of financial position of the company at the reporting date and of its comprehensive income in the manner required by the Commercial Code of Ethiopia, 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. Without limiting the generality of the above statement, the responsibilities include: -

- a. Designing, implementing and maintaining such internal control as is determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to error or fraud;
- b. Selecting suitable accounting policies supported by reasonable and prudent judgments and estimates, that are consistently applied; and
- c. Keeping proper accounting records that disclose, with reasonable accuracy, the financial position of the company.

The management is deeply concerned that owing to the pervasive political instability exhibited in the country in general and the ongoing conflict in the Amhara region in particular, economic activities and international trade has been adversely affected. Consequently, operation of DMFI branches in the conflict area (17 of the 28 branches) representing 80% of the company's operation, has come to a standstill for nearly the entire fiscal year resulting in a net-loss of ETB 23,405,559 for the first time in the last 6 years of its operation.



**DYNAMIC MICROFINANCE INSTITUTION S.C.****Statement of Financial Position****As at 30 June 2024****(in Ethiopia Birr)**

<b>Assets</b>	<b>Notes</b>	<b>30-06-24</b>	<b>30-06-23</b>
Cash and cash Equivalents	9	83,345,533	68,308,308
Other assets and Prepayments	10	15,065,635	18,369,766
Loans and advances to Customers (Net)	11	320,490,505	328,128,309
Property, plant and equipment	12	80,684,732	76,146,652
Right of use Building	13	2,431,631	1,435,205
Investment in Securities	14	15,646,189	9,589,675
<b>Total assets</b>		<b><u>517,664,225</u></b>	<b><u>501,977,914</u></b>
<b>Liabilities</b>			
Deposit from customers	15	205,449,257	149,818,542
Borrowings	16	169,283,774	201,560,938
Current income tax liability	17	1,783,046	894,671
Other liabilities	17	21,560,399	19,886,181
Finance lease Obligation		2,261,940	2,122,128
<b>Total liabilities</b>		<b><u>400,338,416</u></b>	<b><u>374,282,460</u></b>
<b>Equity</b>			
Share capital	18	137,029,000	109,265,000
Legal reserve	19	3,428,298	3,428,298
Retained earning	20	(23,405,559)	14,728,086
Other Reserve		274,070	274,070
<b>Total equity</b>		<b><u>117,325,809</u></b>	<b><u>127,695,454</u></b>
<b>Total liabilities and equity</b>		<b><u>517,664,225</u></b>	<b><u>501,977,914</u></b>

The accompanying notes are an integral part of these financial statements.

**Bekele Bayisa****Deputy Chairman - Board of Directors****October 2024****Bewketu Alamirew****Chief Executive Officer (CEO)****October 2024****DYNAMIC MICROFINANCE INSTITUTION S.C.****Statement of Profit or Loss and Other Comprehensive Income**



# For the Year Ended 30 June 2024

(in Ethiopia Birr)

	<u>Notes</u>	<u>30-Jun-2024</u>	<u>30-Jun-2023</u>
Interest income	1	65,737,611	60,832,640
Interest expense	8	38,162,138	30,415,039
Net interest income before impairment		<b><u>27,575,473</u></b>	<b><u>30,417,601</u></b>
Loan impairment charge		(7,839,310)	(92,612)
<b>Net interest income</b>		<b><u>19,736,162</u></b>	<b><u>30,324,989</u></b>
Fees and commission income	2	8,740,418	11,027,530
<b>Net fee and commission income</b>		<b><u>8,740,419</u></b>	<b><u>11,027,530</u></b>
Other operating income	3	6,084,438	8,035,133
<b>Net operating income</b>		<b><u>34,561,018</u></b>	<b><u>49,387,652</u></b>
<b>Expenses</b>			
Salaries and other employee benefits	4	42,679,220	21,117,465
General and administrative expenses	5	9,266,855	9,306,223
Dep & Amort on property, plant and equip	6	5,481,557	3,139,425
Impairment on other assets		134,844	
<b>Total Expense</b>		<b><u>57,562,475</u></b>	<b><u>33,563,113</u></b>
<b>Profit before tax</b>		<b><u>(23,001,457)</u></b>	<b><u>15,824,539</u></b>
Office rent tax		404,102	321,291
<b>Profit for the year after office rent tax</b>		<b><u>(23,405,559)</u></b>	<b><u>15,503,248</u></b>
<b>Total comprehensive income for the year</b>		<b><u>(23,405,559)</u></b>	<b><u>15,503,248</u></b>



**Bekele Bayisa**  
Deputy Chairman - Board of Directors  
October 2024



**Bewketu Alamirew**  
Chief Executive Officer (CEO)  
October 2024

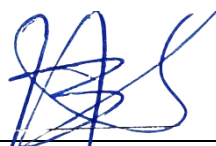


**DYNAMIC MICROFINANCE INSTITUTION S.C.**

**Statement of Change in equity**  
**For the Year ended June 30 2024**  
**(in Ethiopia Birr)**

	<b>Share Capital</b>	<b>Retained Earning</b>	<b>Legal Reserve</b>	<b>General Reserve</b>	<b>Total</b>
Balance 30 July 2022	96,302,001	8,723,634	2,653,136	274,070	107,952,840
Profit for the year		15,503,248			15,503,248
Increase of the share capital- cash	4,239,367				4,239,367
Increase of the share capital	8,723,634	(8,723,634)			-
Transfer to legal reserve		(775,162)	775,162		-
<b>Balance 30 June 2023</b>	<b><u>109,265,001</u></b>	<b><u>14,728,086</u></b>	<b><u>3,428,298</u></b>	<b><u>274,070</u></b>	<b><u>127,695,455</u></b>
Balance 30 July 2023	<b><u>109,265,001</u></b>	<b><u>14,728,086</u></b>	<b><u>3,428,298</u></b>	<b><u>274,070</u></b>	<b><u>127,695,455</u></b>
Profit for the year		(23,405,559)			(23,405,559)
Increase of the share capital- cash	13,035,914				13,035,914
Increase of the share capital	14,728,086	(14,728,086)			-
Transfer to legal reserve					-
<b>Balance 30 June 2024</b>	<b><u>137,029,001</u></b>	<b><u>(23,405,559)</u></b>	<b><u>3,428,298</u></b>	<b><u>274,070</u></b>	<b><u>117,325,810</u></b>

The accompanying notes are an integral part of these financial statements.



**Bekele Bayisa**

**Deputy Chairman - Board of Directors**

**October 2024**



**Bewketu Alamirew**

**Chief Executive Officer (CEO)**

**October 2024**

**DYNAMIC MICROFINANCE INSTITUTION S.C.**

**Statement of cash flows**

**For the year ended 30 June 2024**

(in Ethiopia Birr)		
	<u>30 June 2024</u>	<u>30 June 2023</u>
<b>Cash flows from operating activities</b>		
Cash flows from operating activities	44,028,913	(19,312,096)
<b>Net cash (outflow)/inflow from operating activities</b>	<b><u>44,028,913</u></b>	<b><u>(19,312,096)</u></b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(4,538,080)	(11,643,046)
Right of use Building		(889,317)
Purchases of investment securities	(5,212,360)	(2,383,965)
<b>Net cash (outflow)/inflow from investing activities</b>	<b><u>(9,750,440)</u></b>	<b><u>(14,916,328)</u></b>
<b>Cash flows from financing activities</b>		
Proceeds (settlement) from borrowings	(32,277,163)	21,659,165
Proceeds from issues of shares	13,035,914	4,239,367
Finance Lease Obligation		1,119,998
<b>Net cash (outflow)/inflow from financing activities</b>	<b><u>(19,241,249)</u></b>	<b><u>27,018,530</u></b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b><u>15,037,224</u></b>	<b><u>(7,209,894)</u></b>
Cash and cash equivalents at the beginning of the year	68,308,309	75,518,203
<b>Cash and cash equivalents at the end of the year</b>	<b><u>83,345,533</u></b>	<b><u>68,308,309</u></b>



**Bekele Bayisa**  
Deputy Chairman - Board of Directors  
October 2024



**Bewketu Alamirew**  
Chief Executive Officer (CEO)  
October 2024



## 1 Net Interest Income

Net interest income for the years ended 30 June 2024 and 30 June 2023 can be presented as follows:

	<u>30-06-24</u>	<u>30-06-23</u>
<b>Interest income is arising from:</b>		
Loans to customers	67,474,381	60,329,362
Placements with banks	1,172,438	503,278
<b>Total interest income</b>	<b><u>68,646,819</u></b>	<b><u>60,832,640</u></b>

## 2 Fees and Commission

Total Fees and commissions for the years ended 30 June 2024 and 30 June 2023 are presented as follows:

	<u>30-06-24</u>	<u>30-06-23</u>
<b>Fees and commission income</b>		
Service charge income	6,347,716	9,611,761
Income from Insurance	8,647	254,951
Income from Penalty	1,812,578	1,074,337
Income from Registration	571,477	86,480
<b>Total fees and commission income</b>	<b><u>8,740,419</u></b>	<b><u>11,027,530</u></b>



## 3 Other operating income

Other operating income for the years ended 30 June 2024 and 30 June 2023 can be presented as follows:

	<u>30-06-24</u>	<u>30-06-23</u>
<b>Other operating income</b>		
Dividend income	844,154	497,871
Office Rent Income	2,909,207	1,884,169
Income from Bank deposit	1,172,438	503,278
Other income	1,158,638	5,149,815
<b>Total other operating income</b>	<b><u>6,084,438</u></b>	<b><u>8,035,133</u></b>



## 4 Salaries and other employee benefits

Staff related expenses for the years ended June 30 2024 and June 30 2023 are presented as follows:

	<u>30-06-24</u>	<u>30-06-23</u>
Salary	30,367,660	15,889,896
Pension Cost	3,193,804	1,666,521
Staff allowance	5,765,387	1,182,322
Other Staff expenses	237,852	1,152,807
Leave expense	1,180,929	222,369
Employees Benefit	490,302	415,557
Severance pays	1,443,287	587,993
<b>Total salaries and other employee benefits</b>	<b><u>42,679,220</u></b>	<b><u>21,117,465</u></b>

## 5 General and administrative expenses

General and administrative expenses for the years ended June 30 2024 and June 30 2023 can be presented as follows:

	<u>30-06-24</u>	<u>30-06-23</u>
Rent expense	1,691,802	2,047,153
Per diem & travel	310,470	460,402
Stationery and printing	996,318	1,335,598
Other allowances (Board)	864,000	908,000
Communication	600,355	597,199
Marketing and promotion	119,732	103,915
Insurance	382,385	124,044
Miscellaneous	90,334	42,002
Transportation	243,077	459,790
Fuel & lubricants	420,932	316,673
Entertainment	268,732	84,108
Donation	-	-
Maintenance & repair	682,429	475,391
Training	60,608	612,676
Wage	235,595	232,072
Cleaning and supplies	32,422	24,409



Service charge	330,295	587,077
Audit fee	82,225	82,225
Utilities	121,928	120,485
Membership fee	65,000	25,000
Other operating expense	1,053,322	413,395
License fee	1,018,997	117,374
<b>Total General and Administrative expenses</b>	<b><u>9,670,957</u></b>	<b><u>9,306,223</u></b>

## 6 Depreciation and Amortization on property, plant and equipment and ROU-Building

Depreciation and Amortization expense for the years ended June 30 2024 and June 30 2023 can be presented as follows:

	<b><u>30-06-24</u></b>	<b><u>30-06-23</u></b>
Depreciation expense on PPE	3,994,403	2,496,629
Amortization expense on ROU-Building	1,487,154	642,796
<b>Total depreciation expense</b>	<b><u>5,481,557</u></b>	<b><u>3,139,425</u></b>

## 7 Impairment allowance on other assets

A presentation of the allowance for impairment losses for other assets is as follows:

	<b><u>30-Jun-24</u></b>	<b><u>30-06-23</u></b>
Balance at the beginning of the year	868,229	1,053,431
(Reversal)/charge for the year	134,844	(185,202)
Balance at the end of the year	<b><u>1,003,073</u></b>	<b><u>868,229</u></b>





## 8 Interest expense is arising from:

	<u>30-06-24</u>	<u>30-06-23</u>
Interest expense on customer deposit	16,414,122	9,183,389
Interest expense on bank loan	21,748,017	21,231,650
<b>Total interest expense on financial liabilities recorded at amortized cost:</b>	<b><u>38,162,139</u></b>	<b><u>30,415,039</u></b>

## 9 Notes to the statement of cash flows

### a) Cash used in operations

Cash from operations are presented as follows:

	<u>30-06-24</u>	<u>30-06-23</u>
Profit before tax	(23,001,457)	15,824,539

### Adjustments for non-cash items:

Depreciation of property and equipment	5,481,557	3,139,425
Loan impairment Charge	7,839,311	92,612
Impairment loss on other assets	134,844	
Service Charge and Others	(6,857,313)	

### Changes in operating assets and liabilities:

-Decrease/ (Increase) in loans and advances	(201,467)	(111,613,029)
-Decrease/ (Increase) in other assets	3,304,132	(9,696,000)
-Increase/ (Decrease) in customer's deposit	54,766,714	71,775,897
-Increase/ (Decrease) in Tax Liability	888,375	85,002
-Increase/ (Decrease) in other liabilities	1,674,218	11,079,458
	<b><u>44,028,913</u></b>	<b><u>(19,312,096)</u></b>



	<u>30-Jun-24</u>	<u>30-Jun-23</u>
<b>b) Cash and cash equivalents</b>		
Cash on hand	-	-
Deposits with local banks	<u>83,345,533</u>	<u>68,308,308</u>
	<b><u>83,345,533</u></b>	<b><u>68,308,308</u></b>

## 10 Other assets and Prepayments

Other assets as at 30 June 2024 and 2023 are presented as follows:

	<u>30-06-24</u>	<u>30-06-23</u>
Prepayment	11,933,403	10,385,523
Inventory	1,994,247	2,889,995
Prepaid asset - Staff loan	-	-
Other Receivables	2,141,058	5,962,477
Impairment Allowance - Other Asset	(1,003,073)	(868,229)
<b>Total other Asset and Prepayment</b>	<b><u>15,065,635</u></b>	<b><u>18,369,766</u></b>

## 11 Loan to Customer

Loan to customers as at 30 June 2024 and 2023 is presented as follows:

	<u>30-Jun-24</u>	<u>30-Jun-23</u>
<b>Gross loans to customers</b>		
Agriculture	14,557,391	15,599,545
Trade	229,457,331	4,607,788
MSE	1,045,436	251,963,162
Housing	53,322,730	46,024,868
Vehicles	-	2,130,400
WASH	1,761,065	2,590,602
MISALE	108,476	224,600
Consumption	4,257,050	5,410,000
Special	24,242,953	
<b>Gross loans to customers</b>	<b><u>328,752,432</u></b>	<b><u>328,550,965</u></b>
<b>Less: Allowance for impairment losses</b>	<b>8,261,927</b>	<b>422,616</b>
<b>Net loans to customers</b>	<b><u>320,490,505</u></b>	<b><u>328,128,349</u></b>



The following table provide information on the credit quality of the loan portfolio:

	<u>30-Jun-24</u>	<u>30-Jun-23</u>
Current and less than 90 days overdue	209,027,687	319,488,041
90 to 180 days overdue	46,889,218	3,241,317
180 to 365 days overdue	66,509,276	1,966,640
above 365 days overdue	6,326,252	3,854,927
<b>Balance at the end of the year</b>	<b><u>328,752,432</u></b>	<b><u>328,550,925</u></b>
Less: allowance for impairment losses	8,261,927	422,616
<b>Balance at the end of the year</b>	<b><u>320,490,505</u></b>	<b><u>328,128,309</u></b>

## 12 Property, Plant and Equipment

Property, plant and equipment as at 30 June 2023 and 2024 is presented as follows:

Cost	Buildings/ Construction in progress	Motor Vehicles	Computer Equipment	Office Equipment & Furniture	Total
<b>PPE As at 30 June 2023</b>	<b>62,730,031</b>	<b>5,144,438</b>	<b>4,341,582</b>	<b>3,962,469</b>	<b>76,178,521</b>
As at 01 July 2023	62,730,031	5,144,438	4,341,582	3,962,469	76,178,521
Additions	4,703,629	1,732,632	1,324,075	4,001,803	11,762,138
<b>As at 30 June 2024</b>	<b>67,433,660</b>	<b>6,877,070</b>	<b>5,665,657</b>	<b>7,964,272</b>	<b>87,940,659</b>
<b>Accumulated depreciation</b>					
As at 01 July 2023	813,200	1,416,690	1,234,408	757,857	4,222,155
Charge for the year	561,173	881,279	931,803	1,659,517	3,033,772
<b>As at 30 June 2024</b>	<b>1,374,373</b>	<b>2,297,969</b>	<b>2,166,211</b>	<b>1,417,374</b>	<b>7,255,927</b>
<b>PPE As at 30 June 2024</b>	<b>66,059,286</b>	<b>4,579,102</b>	<b>3,499,446</b>	<b>6,546,898</b>	<b>80,684,732</b>

**ROU Building**

	<u>30-06-24</u>	<u>30-06-23</u>
<b>Cost:</b>		
At the beginning of the year	4,762,183	3,085,688
Addition	2,483,580	1,676,495
At the end of the year	<u>7,245,763</u>	<u>4,762,183</u>
<b>Accumulated depreciation:</b>		
At the beginning of the year	3,326,978	2,684,182
Charge for the year	1,487,154	642,796
At the end of the year	<u>4,814,132</u>	<u>3,326,978</u>
<b>Net book value</b>	<u>2,431,631</u>	<u>1,435,205</u>

**14 Investment**

A breakdown of the investments as at 30 June 2024 and 30 June 2023 comprises the following:

	<u>30-06-24</u>	<u>30-06-23</u>
ET-Inclusive	3,100,000	2,943,486
Tsehay Insurance S.C.	3,108,000	3,108,000
Buna Bank	438,189	438,189
Tsehay Bank	4,000,000	3,100,000
Ethio Life and General Insurance S.C.	5,000,000	-
	<u>15,646,189</u>	<u>9,589,675</u>

**15 Deposits from Customers**

Deposit from customers as at 30 June 2024 and 30 June 2023 comprises the following:

	<u>30-06-24</u>	<u>30-06-23</u>
Voluntary Saving	56,821,731	66,793,483
Compulsory saving	14,472,081	17,376,160
Time Deposit	134,155,445	65,648,899
Special Saving	-	-
Provident fund	-	-
<b>Total Deposits</b>	<u>205,449,257</u>	<u>149,818,542</u>



## 16 Borrowings

Dynamic Microfinance Institution S.C. has obtained long term loans from the following banks:

No.	Lender	Loan amount	Term in year	Interest rate
1	Buna Bank	5,000,000.00	5	10.75%
2	DBE	44,000,000.00	5	8%
3	COOP Bank 1 <sup>st</sup> Cycle	80,000,000.00	5	14.75%
4	COOP Bank 2 <sup>nd</sup> Cycle	40,000,000.00	4	12.25%
5	BOA	25,000,000.00	5	13%
6	Awash Bank	50,000,000.00	3	14%
7	CBE	24,000,000.00	2	12%

The current outstanding balance of those loans are presented as follows.

	<u>30-06-24</u>	<u>30-06-23</u>
Bank Loan-Buna	858,819	2,061,962
Bank Loan-DBE RUFIP	30,663,512	41,927,674
Bank Loan-Cooperative	77,994,126	100,897,644
Bank Loan-Abyssinia	16,894,332	21,250,515
Bank Loan-Awash	18,872,985	35,423,142
Bank Loan CBE	24,000,000	-
<b>Borrowings</b>	<b><u>169,283,774</u></b>	<b><u>201,560,938</u></b>

## 17 Income tax & Other Liabilities

Other liabilities as at 30 June 2024 and 30 June 2023 comprises the following:

	<u>30-06-24</u>	<u>30-06-23</u>
VAT Payable	-	1,309,148
Accrued leave payable	2,278,755	1,176,710
Accounts payable	180,583	180,583
Other Payables	16,498,387	16,418,699
Employment income tax payable	1,783,046	573,381
Office Rent Income tax payable	404,102	321,291
Accrued severance Pay	2,198,572	801,040
<b>Total other liabilities</b>	<b><u>23,343,445</u></b>	<b><u>20,780,852</u></b>





## 18 Share Capital Authorized

	<u>30-06-24</u>	<u>30-06-23</u>
500,000 Ordinary shares of 1,000 Birr each	500,000,000	120,000,000
<b>Issued and fully paid:</b>	<b><u>137,029,000</u></b>	<b><u>109,265,000</u></b>

## 19 Legal Reserve

Total legal reserve as at 30 June 2024 and 30 June 2023 is as follows:

	<u>30-06-24</u>	<u>30-06-23</u>
At the beginning of the year	3,428,298	2,653,136
Transfer from profit or loss		775,162
<b>At the end of the year</b>	<b><u>3,428,298</u></b>	<b><u>3,428,298</u></b>

## 20 Retained Earnings

Total retained earnings as at 30 June 2024 and 30 June 2023 is as follows:

	<u>30-06-24</u>	<u>30-06-23</u>
At the beginning of the year	14,728,086	8,723,633
Profit for the year	(23,405,559)	15,503,248
Capitalized to paid-up capital	(14,728,086)	(8,723,633)
Transfer to legal reserve		(775,162)
<b>At the end of the year</b>	<b><u>(23,405,559)</u></b>	<b><u>14,728,086</u></b>

## 21 Earnings Per Share

Earnings per share for the year is computed by dividing the operating profit before legal reserves by simple average number of shares outstanding during the year.

	<u>30-06-24</u>	<u>30-06-23</u>
Profit/Loss for the year	(23,405,559)	15,503,248
Simple weighted average share	1,231,470	1,092,650
<b>Earnings per share</b>	<b>-</b>	<b>14%</b>

