

*100,000 Clients and more!!!*



Annual Report



# AlTadamun Microfinance Foundation

## Our Team

### Al Tadamun's Board of Trustees

#### Board of Trustees President

Mona Zulficar, Managing Director – Zulficar & Partners  
Law Firm

#### Vice President

Sameh Makram Ebeid, Managing Partner – Fikry Makram  
Ebeid & Partners

#### Treasurer

Tarek Makeen, MIS Advisor

#### Board Members

Magdy Moussa, Microfinance Advisor  
Issam Adawi, Director of Programs – Qatar Charity Organization

Samhar Momtaz, Chief Internal Controller

### Al Tadamun's Senior Management Team

Reham Farouk, Executive Director  
Hala Ali, Finance and Administration Manager  
Maha Anter, Operations Manager  
Hisham ElSaeed, Monitoring and Planning Manager  
Engy Essam, IT Manager  
Rasha Farouk, Communication and Training Manager



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## AlTadamun Microfinance Foundation

### Forward....

After 15 years of hard work and dedication, ever since we started our pilot project in Abdeen for “Al Tadamun Microfinance Program” under WHIA, we are coming closer to our dream of providing microfinance to a million poor women, as we succeeded in 2010 to achieve, in full, the targets of our five-year business plan. We have exceeded 100,000 active borrowers and maintained our 100% no default culture, with an outstanding portfolio of LE 78,193,887 as of December 31<sup>st</sup>, 2010.

As every year, I am very proud of Al Tadamun’s growing family as the results of 2010 exceeded again all my expectations. I am pleased to record that our Foundation is currently helping women microentrepreneurs in securing a better quality of life for them and their families in five areas all over Greater Cairo Governorate, and our plan is to later expand to serve more women all over Egypt in an effort to combat absolute poverty. This would enable Al Tadamun to achieve its mission of sustainable social development in its broader terms.

It is worth mentioning that Al Tadamun, as its habit of every year, has received the 2010 Grameen-Jameel Sustainable Growth Award, which comprised of U.S. \$10,000 and an attribute trophy received by Al Tadamun’s Executive Director, while the Foundation was recognized in a special ceremony during Sanabel Network 7<sup>th</sup> Annual Conference in Damascus, Syria.



## AlTadamun Microfinance Foundation

The 25<sup>th</sup> of January revolution has had certain impact on the performance of Al Tadamun, which we are working hard to address through rescheduling and close monitoring of the micro projects carried out by our borrowers and their repayment schedules. The slogans of freedom, social justice and human dignity raised by the revolution represent a fundamental part of the values of Al Tadamun. We hope that with regaining of security, Al Tadamun will regain its growth momentum and continue to pursue its target of serving a million poor women borrowers.

**Sincerely,**

*Mona Zulficar*

**Board of Trustees President  
Al Tadamun Microfinance Foundation**



## AlTadamun Microfinance Foundation

### Forward....

There is no better way to start my letter this year than by showing my deep appreciation and gratitude to each and every employee of Al Tadamun, who has put his heart and soul to maintain the Foundation's established status in the microfinance field. It is Al Tadamun's significant staff efforts and team spirit that have eventually led to higher levels of achievements. For the managing team behind a year full of sustainability and persistence, hats off!

By mid 2010, a new branch, El Marg El Gadeeda, grew out of Al Tadamun's tree bringing the total number of branches to 23 branches operating across Greater Cairo. This has made the ending months of 2010 a promising bright start for Al Tadamun in 2011 as the Foundation celebrated serving 103,658 active clients as of December 31<sup>st</sup>, 2010 which is equivalent to 14% growth compared to 90,714 clients in 2009. The Foundation also achieved 167% financial sustainability and 209% operational sustainability, which led our outstanding portfolio to grow from LE 59,173,870 in 2009 to LE 78,193,887 as of December 31<sup>st</sup>, 2010 representing 32% growth. Such a leap signifies an important stepping stone towards a new phase of strategic planning for maintaining a steady path to growth. Our aim this year was not to just reach success, but rather take the challenging route of maintaining it. Starting off this new phase and building on previous years' achievements, the Foundation was selected to receive the Grameen-Jameel Sustainable Growth Award for the year 2010 for maintaining healthy financial and operational performance.



## AlTadamun Microfinance Foundation

Writing this letter each year makes me extremely proud of being part of this team and the constant efforts of the staff members that reached 351 employees by the end of 2010. Although this year Al Tadamun faced many hardships, it successfully overcame many of them with determination and considering each challenge a driving force for advancement. I would like to seize the opportunity to also sincerely acknowledge the contributions of our partners and donors whose support was a pillar to Al Tadamun's well-being this year.

The following few pages provide you with glimpses of how we do our best to live up to the expectations of our clients and supporting donors. And on an end note, I would like to share with you the highlights of 2010 and relive the memories that made this year worth celebrating.

**Sincerely,**

*Reham Farouk*

**Executive Director**

**Al Tadamun Microfinance Foundation**



## AlTadamun Microfinance Foundation

### Al Tadamon Microfinance Foundation at a Glance

In March 2009, Al Tadamon Microfinance Program (Egypt's preeminent provider of group-guaranteed loans to low-income women microentrepreneurs) has become an independent NGO operating under the legal umbrella of the Ministry of Social Solidarity. As of December 31<sup>st</sup>, 2010, Al Tadamon has reached 103,658 active clients with outstanding portfolio of LE 78,193,887.

### Mission

To increase the income of women microentrepreneurs in the poor neighborhoods of Greater Cairo, at a first stage, and of Egypt at a later stage, and to improve their quality of life through providing access to sustainable and diversified financial services that suit their needs.

### Goals

1. Increasing outreach to achieve a higher market share and deeper penetration.
2. Maintaining a competitive edge in the market through continuous improvement of our customer service.
3. Developing institutional capacity to continue delivering high quality services in a sustainable and efficient manner.

### Main Principles

*Al Tadamon (Solidarity) = Cooperation + Trust*



## AlTadamun Microfinance Foundation

### Financial Services

Al Tadamun provides credit services to poor women microentrepreneurs, who have economic activities, including home-based ones. It currently offers two loan products:

- **The Solidarity Group Loan:** provides groups of women microentrepreneurs with small, individual, and multiple cycle working capital loans for the improvement of their enterprises.
- **The Seasonal Loan:** provides groups of women microentrepreneurs with Express Loans prior to major events (e.g. Religious Feasts, Ramadan, Easter, Commencement of School Year ... etc).

Al Tadamun also provides a supplementary product to its clients; the **Solidarity Scheme**. It aims at providing life insurance to women in groups and is also a means for Al Tadamun to recover outstanding loan repayments from deceased clients. The benefit for the clients is a small funeral fee amount to the family of a deceased client.



## Expansion

### Organizational Expansion

In July 2010, Al Tadamun's Marg Branch was split into: El Marg El Qadeema and El Marg El Gadeeda due to the huge number of clients it used to serve, bringing the total number of the Foundation's branches to 23 branches across Greater Cairo.

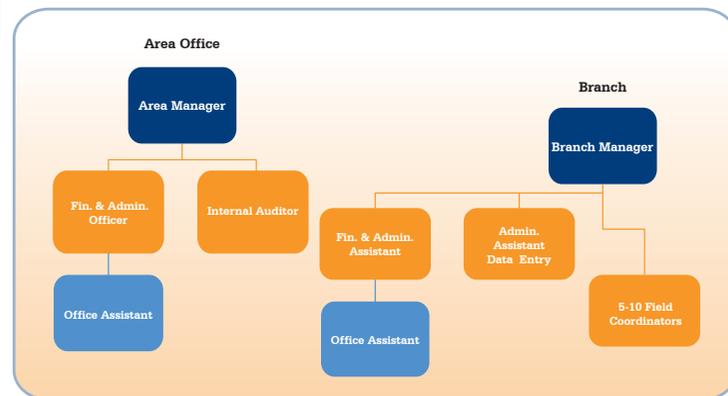
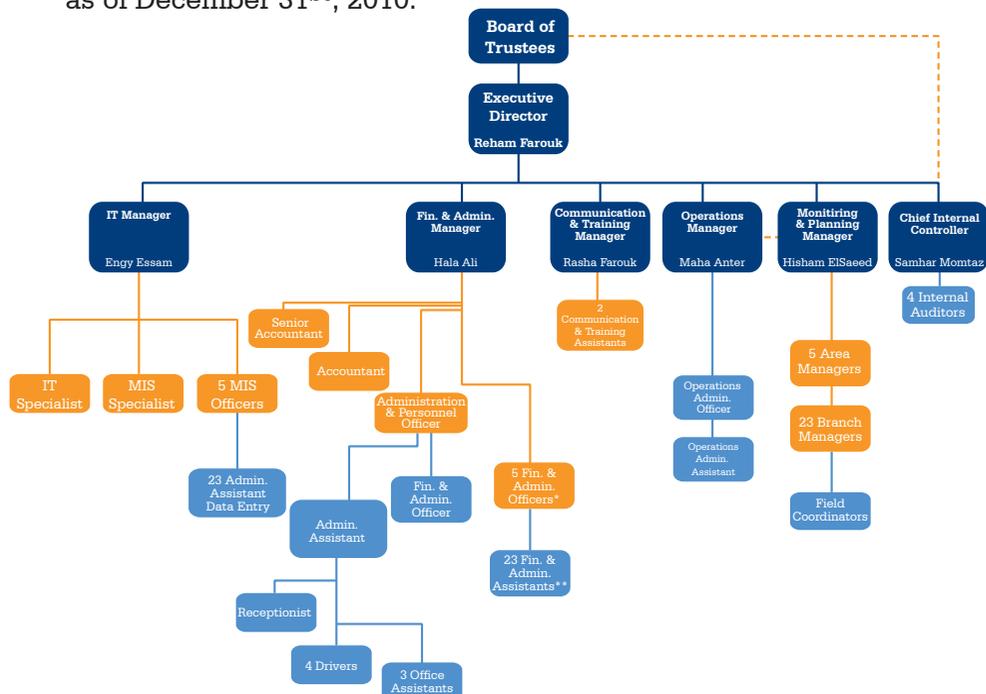


Branches Inaugurated in 2010



# AlTadamun Microfinance Foundation

In terms of staffing, the Foundation is comprised of 351 staff members at the end of 2010, in comparison to 302 staff members at the end of 2009. The following diagram depicts Al Tadamun's Microfinance Foundation Organizational Chart as of December 31<sup>st</sup>, 2010:



\* Located in Area Offices and reports administratively to Area Manager

\*\* Located in Branches and reports administratively to Branch Manager

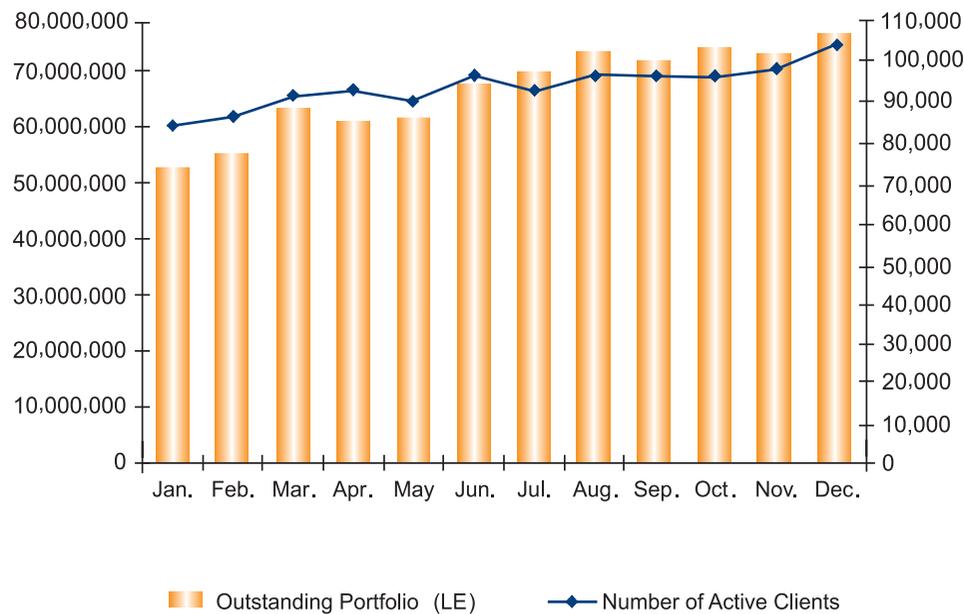


## AlTadamun Microfinance Foundation

### Outreach

Al Tadamun continues its expansion strategy through endorsing 103,658 active clients as of December 31<sup>st</sup>, 2010, from 90,714 at the end of 2009, which is equivalent to 14% growth. The outstanding portfolio had also grown from LE 59,173,870 in 2009 to LE 78,193,887 at the end of 2010 demonstrating 32% growth.

The following graph depicts the growth in the Foundation's active clients and outstanding portfolio through 2010:





## AlTadamun Microfinance Foundation

### Capacity Building

#### Training

In order for Al Tadamun to retain and build on the success it has achieved so far and compete in such a dynamic microfinance environment, the Foundation's senior management works on developing its calibers by providing its employees -at all levels- with trainings and capacity building activities to develop their personal and professional skills.

#### On the Senior Management Level:

- Al Tadamun's Chief Internal Controller attended a one-day "Operational Risk Management (ORM)" training course that was offered by Grameen-Jameel after Sanabel Network 7th Annual Conference in Damascus, Syria, June 2010. The course addressed ways of improving the quality of risk management in MFIs. He also attended "Business Planning and Financial Projections course with Microfin", a five-day module organized by Sanabel Network in September 2010 in Cairo, Egypt. The training guided the participants through a step-by-step process for developing a business plan and financial projections for a microfinance institution using the financial projections software Microfin 4.0.



A group photo for the Microfin course including Mr. Samhar Montaz, Al Tadamun's Chief Internal Controller (4<sup>th</sup> gentleman, left hand side) beside Mr. Chuck Waterfield, the instructor (5<sup>th</sup> gentleman, left hand side)



## AlTadamun Microfinance Foundation

- The Foundation's Monitoring and Planning Manager attended a four-day training course "Operational Risk Management – Training of Trainers (ORM – TOT)" in Beirut, Lebanon in August 2010. The course's design aimed at helping MFIs develop a process for operational risk management, identify vulnerabilities, design and implement controls, and monitor the effectiveness of those controls. He also attended a four-day TOT training course on "Progress out of Poverty Index (PPI)" in May 2010, in Cairo, Egypt organized by Grameen-Jameel. The sessions intended to familiarize participants with the Progress out of Poverty Index as a measurement and management tool to help MFIs in responding to the needs of their clients through evaluation of the change aspects in their living standards. It also aimed at delivering an understanding of the necessary elements to create a PPI pilot action plan.



Mr. Hisham ElSaeed, Monitoring and Planning Manager (4<sup>th</sup> gentleman, left hand side) during one of the sessions of the "ORM – TOT" course



Al Tadamun's Monitoring and Planning Manager, Mr. Hisham ElSaeed receiving his certificate from the "PPI – TOT" trainer Ms. Sharlene Brown after attending the course and getting to know how to measure the level of improvement of the clients after receiving the loans



## AlTadamun Microfinance Foundation

- Al Tadamun's Communication and Training Manager also joined the Monitoring and Planning Manager in the "PPI – TOT" training course organized by Grameen-Jameel. The Communication Manager has also participated in the training course "Social Performance Management (SPM) – TOT" that was arranged by Sanabel Network for five days in Cairo, Egypt. The course explained the concept of social performance management that is based on continuously collecting data about clients and the role of this concept in achieving social objectives of MFIs and improving their products. For a deeper practical understanding of social performance management, the Foundation's Communication and Training Manager attended a three-day workshop on "The Tools of SPM" in September, 2010 in Amman, Jordan. The workshop



Ms. Rasha Farouk, Communication and Training Manager, receiving the "PPI – TOT" course certificate after knowing how to apply the PPI tool on the Foundation's clients



Mr. Hisham ElSaeed and Ms. Rasha Farouk (4<sup>th</sup> and 5<sup>th</sup> participants, right hand side respectively) in a group photo with the trainer and attendees of the "PPI – TOT" training course



## AlTadamun Microfinance Foundation

aimed at demonstrating to the participating MFIs staff the basic analytical skills with introducing some tools of the SPM including measuring poverty tools. The course also introduced the QAT (Quality Assessment Tool) in addition to the six principles for protecting clients.



Ms. Rasha Farouk, Communication and Training Manager (1<sup>st</sup> lady, right hand side) with some other participants having fun after the end of the "Tools of SPM" course in Jordan



Ms. Rasha Farouk, Communication and Training Manager, while performing a group assignment during the "SPM - TOT" course



Ms. Rasha Farouk, Communication and Training Manager, receiving her certificate for being a trainer in the "SPM - TOT" from Ms. Howaida Fahmy, Sanabel's Training Manager, and Mr. Adil Sadoq, the trainer



## AlTadamun Microfinance Foundation

### On the Middle Management Level:

- Four of the Foundation's Area Managers attended a training course entitled "Delinquency Management and Interest Rate Setting (DQIR)" organized by Sanabel Network from October 31<sup>st</sup> to November 3<sup>rd</sup>, in Cairo, Egypt. The course tackled ways of determining causes and costs of delinquency, calculating the costs of credits for the clients, and setting sustainable interest rates through group activities and case studies.



A group photo for the participants holding their certificates including Mr. Hassan ElSaeed (1<sup>st</sup> row, 1<sup>st</sup> gentleman, right hand side), Mr. Hatem Arabi (1<sup>st</sup> row, 1<sup>st</sup> gentleman, left hand side), Mr. Tarek Ibrahim and Mr. Khaled Sedky (2<sup>nd</sup> row, 2<sup>nd</sup> and 3<sup>rd</sup> gentlemen respectively, left hand side)



## AlTadamun Microfinance Foundation

### On the Loan Officers Level:

- Starting March and till November, 2010, Al Tadamun Microfinance Foundation has organized 10 more of its “Selling Skills for Loan Officers” training program for about 110 newly hired loan officers. The program is designed to address the skills needed by loan officers to orient and attract potential clients and retain current ones.



One of the loan officers practicing presentation skills during the workshop



Loan officers applying the skills learned during the workshop via a role playing game, where they act as a loan officer one time and a client at another



Loan officers focusing on a group exercise during one of the “Selling Skills” training modules



Loan officers having fun during the break



## AlTadamun Microfinance Foundation

- Al Tadamun started applying Social Performance Management process (SPM) via using the Progress out of Poverty tool (PPI) conducted by Grameen Foundation and adopted by Grameen-Jameel. In August, 2010 the Foundation started by training Shobra El Kheima branch loan officers as a trial on how to fill the PPI application. An extensive training to all branches' loan officers, branch and area managers followed through giving each of the Foundation's five areas a separate training session. Four branches were then selected (Qalioub, Shobra El Kheima, Basateen and Boulaq) to apply what they have learned through collecting a sample of 419 new clients applications. For monitoring and analysis of the data, Al Tadamun then created an MIS module in order to provide the Foundation with the needed SPM and PPI reports.



Mr. Hisham ElSaeed, Monitoring and Planning Manager, and Ms. Rasha Farouk, Communication and Training Manager, explaining the basics of the PPI and discussing its implementation to Al Tadamun's staff



## Promotional Activities

### Eid El Fetr Prizes 2010

On the 29<sup>th</sup> of the holy month of Ramadan, and on the occasion of “Eid El Fetr”, Al Tadamun Microfinance Foundation awarded “Eid El Fetr Prizes” to the most distinguished client group in each branch in the five areas served by Al Tadamun in Greater Cairo. The prizes comprised of electrical appliances such as refrigerators, electrical water heaters, television sets, washing machines, fans, gas cookers, ice tanks and mobile phones. In addition, Al Tadamun distributed headscarves to all its active clients. The headscarves were colored differently to suit a wide range of clients’ ages.



One of the Foundation's clients joyfully holding her Eid El Fetr prize of a television set



Northern Cairo Area clients posing with a smile for a group photo before receiving their prizes



One of the clients receiving a gas cooker



Al Tadamun's team who worked on the process of distributing the prizes



## AlTadamun Microfinance Foundation

### Omra Trip

For the second year, Al Tadamun is keen on rewarding its outstanding clients and most dedicated staff members. This year, Al Tadamun offered 50 Omra trips; 44 to its committed clients and six to its loyal employees. The Omra trip lasted for 10 days, from July 28<sup>th</sup> to August 7<sup>th</sup> 2010, started in Medina then headed to Mecca. It is worth mentioning that on July 21<sup>st</sup>, Al Tadamun organized an awareness seminar under the supervision of its Communication and Training Manager, Ms. Rasha Farouk, for the whole group traveling to Saudi Arabia to distribute the passports with the visa and explain the Omra rituals and the 10-day trip schedule.



Ms. Rasha Farouk, Communication and Training Manager, introducing the 2010 Omra Awareness Seminar at Abdeen branch to the winning clients and staff



A group photo for the 50 Omra trip winners with Ms. Rasha Farouk (1<sup>st</sup> lady, right hand side) before heading to Cairo International Airport



Al Tadamun's six employees Omra trip winners in their ihram clothes after performing the Omra rituals



Some of the winning clients during the trip



### Staff Promotion

It is with great pleasure to announce that Al Tadamun promoted its staff members mentioned below during 2010. Such committed employees are tremendous assets to the development of our Foundation.

- **Hisham ElSaeed**, ex Greater Cairo Governorate Manager, got promoted to Monitoring and Planning Manager.
- **Amira Mahmoud**, ex Operations Admin. Assistant, got promoted to Operations Admin. Officer.
- **Ahmed Abd ElRahman**, ex Fin. & Admin. Assistant, got promoted to Fin. & Admin. Officer.
- **Hayam Ahmed**, ex Admin. Assistant Data Entry, got promoted to MIS Officer.
- **Mariam Ramadan**, ex Admin. Assistant Data Entry, got promoted to MIS Officer.
- **Amr Samir**, ex Admin. Assistant Data Entry, got promoted to MIS Officer.

Please join our heartfelt congratulations to our dedicated staff members for a job well done and for their deserved promotion and we know that they will continue to be a vital ingredient to our Foundation's success



## AlTadamun Microfinance Foundation

### Celebrations

#### Areas' Celebrations

At the beginning of 2010 and in an attempt to commend the Foundation's areas on achieving their financial and operational annual plans of 2009, each area organized a gathering in one of its branches inviting all employees of this area to be part of the celebration. The senior management joined each celebration to congratulate and acknowledge all of the five areas



A group photo for the senior management team along with the area and branch managers at the Southern Giza and 6<sup>th</sup> of October Area celebration



Staff members of the Northern Cairo Area gathered for a photo with the senior management team (1<sup>st</sup> row) during their area celebration



## AlTadamun Microfinance Foundation

staff for their outstanding performance through the year. This spirit of love and family-like environment was also a source of motivation and inspiration to all employees.



Helwan branch employees with the senior management team (1<sup>st</sup> row) at the Southern Cairo Area celebration



Ms. Reham Farouk, Al Tadamun's Executive Director (4<sup>th</sup> lady, left hand side) joining a group of the Northern Giza and 6<sup>th</sup> of October Area loan officers during the area's celebration



Oalioubia Area staff members in a Nile cruise during the area's celebration



## AlTadamun Microfinance Foundation

### Ramadan Iftar

Al Tadamun Microfinance Foundation held its annual Iftar gathering on August 26<sup>th</sup> 2010 (16<sup>th</sup> of Ramadan) at the Club of Transportation Officers in Maadi. The event had 320 of Al Tadamun's employees gathered around to socialize and share the joy of having Iftar together in the holy month of Ramadan.



A group of the Foundation's managers mingling and sharing a conversation after Iftar



The Foundation's senior management team enjoying their dessert after Iftar



Al Tadamun's staff members enjoying Iftar together on a Nile view at the Club of Transportation Officers in Maadi



# AlTadamun Microfinance Foundation



AlTadamun Microfinance Foundation



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## New Initiatives

### Website Inauguration!

As part of the Foundation's initiative spirit, Al Tadamun launched its website in June, 2010. The website is monthly updated with financial and operational information of all branches as well as regular news posts about any of Al Tadamun's recent activities. A media center is also available to make all the Foundation's publications and photo galleries accessible. Al Tadamun's website further became a venue to share the success stories of its distinguished clients reestablishing the mission of the Foundation. This initiative has made contacting us easier, in addition to keeping our donors and partners up to date with Al Tadamun's pursuits.

Latest News

### Summer Vacation Trips!

Due to Al Tadamun's purpose to keep the friendly ...

[Read More ...](#)





# AlTadamun Microfinance Foundation



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## Summer Vacation Trips!

Due to Al Tadamun's purpose to keep the friendly and sociable environment among its employees, the Foundation offered 12 apartments for the staff members and their families in the summer vacation. The apartments, located on one of Marsa Matrouh's beautiful beaches, were fully furnished and equipped.

In addition, the Foundation provided transportation facilities and covered half of the trips' costs. The trips were divided into time intervals starting June and ending September. A total of 111 of Al Tadamun's employees benefited from the offer and joined the trips.



Two of Al Tadamun's staff members enjoying the sea breeze at Marsa Matrouh's beach during the trip

Latest News

### Website Inauguration!

As part of the Foundation's initiative ...

[Read More ...](#)



## AlTadamun Microfinance Foundation

### Networking and Communication

#### Sanabel Network 7<sup>th</sup> Annual Conference

Al Tadamun's senior management team attended Sanabel Network 7<sup>th</sup> Annual Conference entitled "Responsible Growth: Learning from Global Trends and Regional Experiences" in Syria from June 1<sup>st</sup> – 3<sup>rd</sup> 2010. The conference was held under the patronage of H.E. Mrs. Asma al-Assad, the First Lady of the Syrian Arab Republic, at the Omayyad Convention Palace in Damascus. Sanabel's Annual Conference is considered the largest microfinance event in the region as it was attended by more than 600 participants and featured 70 speakers. Al Tadamun's senior management team attended the conference to communicate with other MFIs from the MENA region and worldwide, share experiences as well as get introduced to donors and investors who are willing to invest and partner with Arab MFIs. Al Tadamun was acknowledged as the winner of Grameen-Jameel Sustainable Growth Award at the opening session of the conference and received a cash prize from Grameen-Jameel in recognition of the Foundation's constant accomplishments. During the closing ceremony Al Tadamun received MIX Certificate of Transparency 2008, which recognized the Foundation for achieving five diamonds on the MIX Market due to its high level of transparency, quality and reliability of microfinance information.



Ms. Reham Farouk, Al Tadamun's Executive Director, receiving 2008 MIX Certificate of Transparency from Mr. Blaine Stephens, MIX Chief Operating Officer



The Foundation's senior management team after receiving the MIX Certificate of Transparency for 2008



Ms. Rasha Farouk, Communication and Training Manager, attending Sanabel General Assembly meeting after the conference on behalf of Al Tadamun's Executive Director



## Recognition & Awards

### Grameen-Jameel Sustainable Growth Award 2010

Al Tadamun Microfinance Foundation received the Grameen-Jameel Sustainable Growth award for the year 2010. The Sustainable Growth award is granted to the Arab MFI, which achieves fast growth defined through client outreach, expansion of services, and market penetration while maintaining healthy financial and operational performance.

The Selection Committee members, composed of prominent representatives from the Arab region and the global microfinance industry, namely; the Consultative Group to Assist the Poor (CGAP), International Finance Corporation (IFC), Grameen-Jameel, Abdul Latif Jameel Community Services Program, and Small Enterprise Education and Promotion (SEEP) Network, have jointly come to a decision that Al Tadamun Microfinance Foundation should receive the Sustainable Growth Award. The Foundation received a cash award of U.S. \$ 10,000 from Grameen-Jameel and a recognition trophy of excellence in Sustainable Growth. The awards' ceremony was held on June 1<sup>st</sup>, 2010 during Sanabel's 7<sup>th</sup> Annual Conference opening Session.



Mr. Zaher Al-Munajjed, Chairman of Grameen-Jameel handing the Grameen-Jameel Sustainable Growth Award 2010 trophy to Ms. Reham Farouk, Al Tadamun's Executive Director



Al Tadamun's senior management team holding proudly the Grameen-Jameel Sustainable Growth Award 2010 trophy



## AlTadamun Microfinance Foundation

### 2010 Partnerships



mobinil

Al Tadamun Microfinance Foundation received the remaining three tranches of Mobinil's 7 Million EGP donation, which was initially granted during the holy month of Ramadan 2009. The donation was divided on four tranches, each is worth 1,750,000 EGP. The first tranche of Mobinil's generous endowment was distributed in 2009 among three of the Foundation's governorates: Cairo, Giza and Qalioubia funding 1873 of Al Tadamun's clients. And by the end of 2010, the donation's last three tranches loaned another 6435 micro projects across Greater Cairo. It is worth mentioning that Mobinil's endowment to Al Tadamun was part of its 2009 Ramadan Solidarity Campaign's collected money which was divided among four organizations, of which Al Tadamun was one.

Triple  Jump

&

 Oxfam Novib

Triple Jump and the Oxfam Novib Microfinance Fund announced the first ever local currency direct loan to an MFI in Egypt made by an international Microfinance Investment Vehicle (MIV). The loan, worth 2,736,160 EGP, was made to Al Tadamun Microfinance Foundation and was already approved in 2008, but obtained official authorization from the Egyptian Ministry of Social Solidarity to go forward with it in May 2010. Triple Jump has already approved a second loan to Al Tadamun, and looks forward to making many more loans in Egypt in the coming years.

Triple Jump is a microfinance investment manager based in Amsterdam, the Netherlands, offering professional fund management services to investors, and providing loans and equity investments to MFIs. It is worth mentioning that Oxfam Novib is a Dutch donor organization and the founder of Triple Jump.



## AlTadamun Microfinance Foundation

### Other Partners

Save the Children – USA (Egypt, Cairo office)

Citigroup Foundation

Rockdale Foundation

Egyptian Social Fund for Development

Blue Orchard Finance S.A.

Grameen Foundation

Grameen-Jameel Pan-Arab Microfinance Ltd.

National Société Générale Bank (NSGB)

EFG-Hermes Foundation

Oxfam Novib

National Bank of Egypt

### Thank you

Sincere thanks and gratitude to  
Mr. Saad El Din Abdullah Sallam  
for his generous contributions  
to the Foundation.



## Financial Statements

### Auditor's Report

#### To the Members of Al Tadamun Microfinance Foundation

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of Al Tadamun Microfinance Foundation, which comprise the balance sheet as at December 31, 2010 and the related Statements of Revenues and Expenses, and Collections and Disbursements for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

#### ***Management's Responsibility for the Financial Statements***

These financial statements are the responsibility of the Foundation's Management. Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Accounting Principles mentioned in policy no (2), management responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; management responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.



### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the foundation's management preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the foundation internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.



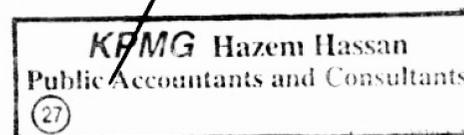
## AlTadamun Microfinance Foundation

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Al Tadamun Microfinance Foundation as of December 31, 2010 and the results of its operations and its Collections and Disbursements for the year then ended in accordance with the Accounting Principles mentioned in policy no (2).

Cairo, April 28, 2011

*A. Payik*  
KPMG Hazem Hassan





## AlTadamun Microfinance Foundation

### Balance Sheet As of December 31.

	<u>LE</u> <u>2010</u>	<u>LE</u> <u>2009</u>
<b>Current Assets</b>		
Cash at Banks	16,482,609	10,161,834
Borrowers	76,630,010	57,990,393
Debtors & Other debit balances	379,608	246,297
<b>Total Current Assets</b>	<u>93,492,227</u>	<u>68,398,524</u>
<b>Long Term Assets</b>		
Fixed Assets (net)	997,350	1,419,876
Total Long Term Assets	<u>997,350</u>	<u>1,419,876</u>
<b>Total Assets</b>	<u>94,489,577</u>	<u>69,818,400</u>
<b>Current Liabilities</b>		
Creditors & other credit balances	767,925	702,319
Provisions	3,081,873	2,159,852
Bank – credit facilities	3,680,251	3,603,760
Long term loans – due within one year	<u>3,360,652</u>	<u>10,203,024</u>
<b>Total Current Liabilities</b>	<u>10,890,701</u>	<u>16,668,955</u>



## AlTadamun Microfinance Foundation

### Long Term Liabilities

Long term loans

**Total Liabilities**

**Net Assets**

### Financed as follows:

Grants

Retained surplus

Surplus of the year

**Total Finance of Assets**

	LE <u>2010</u>	LE <u>2009</u>
	<u>13,634,464</u>	<u>9,796,694</u>
	<u>24,525,165</u>	<u>26,465,649</u>
	<u>69,964,412</u>	<u>43,352,751</u>
	19,746,937	14,496,937
	28,855,814	15,506,962
	<u>21,361,661</u>	<u>13,348,852</u>
	<u>69,964,412</u>	<u>43,352,751</u>



## AlTadamun Microfinance Foundation

### Revenues & Expenses Account For the Financial Year Ended December 31.

	<u>LE</u> <u>2010</u>	<u>LE</u> <u>2009</u>
<b>Revenues</b>		
Loans administrative fees	39,428,971	27,121,252
Loans issuance fees	811,085	696,390
Credit Interest	332,272	127,434
Other Revenues	118,716	39,852
Capital Gains	1,100	—
<b>Total Revenues</b>	<u>40,692,144</u>	<u>27,984,928</u>
<b>Expenses</b>		
Salaries & Wages	11,305,015	8,350,268
Operating expenses	3,550,597	2,341,803
Impairment in borrowers balances	380,400	381,315
Provisions - Formed	1,558,150	1,195,892
Fixed assets depreciation	625,012	561,271
(losses) profit Foreign currency exchange	(287,467)	(22,114)
Expenses & Finance interest	<u>2,198,776</u>	<u>1,827,641</u>
<b>Total Expenses</b>	<u>19,330,483</u>	<u>14,636,076</u>
<b>Surplus of the year</b>	<u>21,361,661</u>	<u>13,348,852</u>



## **Collections & Disbursements Account** For the Financial Year Ended December 31.

	<u>LE</u> <u>2010</u>	<u>LE</u> <u>2009</u>
<b>Collections from:</b>		
Cash balance at the beginning of the year – Cash at Banks	10,161,834	6,879,884
Collected installments from borrowers	182,599,433	133,288,656
Credit facilities obtained during the year	25,452,648	2,690,715
Loans obtained during the year	7,200,000	7,736,104
Loans administrative fees	39,428,971	27,121,252
Cash grants obtained during the year	5,250,000	4,200,000
Loans issuance fees	811,085	696,390
Revenue from selling fixed assets	1,100	—
Other revenues	118,716	29,114
Credit interests	332,272	127,434
Fees collected in advance (administrative fees for loans not granted yet)	5,959	1,900
<b>Total Collections</b>	<b>271,362,018</b>	<b>182,771,449</b>



## AlTadamun Microfinance Foundation

### Disbursements to:

	<u>LE</u> <u>2010</u>	<u>LE</u> <u>2009</u>
Loans granted for beneficiaries during the year	201,619,450	152,354,387
Credit facilities paid during the year	25,376,157	4,722,635
Loans paid during the year	10,203,024	2,048,750
Salaries & Wages	10,627,439	7,660,938
Operation expenses	3,346,411	2,200,487
Fixed assets acquisition	202,486	838,235
Provisions - Used	636,129	493,632
Customers compensations	693,524	387,710
Prepaid expenses	256,758	61,100
Rents' deposit in advance	22,950	37,900
(Losses) Foreign currency exchange	(287,467)	(22,114)
Finance Interest & Expenses	2,182,548	1,825,955
<b>Total Disbursements</b>	<u>254,879,409</u>	<u>172,609,615</u>
<b>Collections in excess of disbursements</b> (cash balance at year end)	<u>16,482,609</u>	<u>10,161,834</u>



## AlTadamun Microfinance Foundation

### Ratios

	<u>2010</u>	<u>2009</u>
Operational Self-Sufficiency	209%	191%
Financial Self-Sufficiency	167%	150%
Return on Assets (ROA)	25.8%	23.2%
Adjusted Return on Assets (AROA)	19.8%	16.3%
Return on Equity (ROE)	37.7%	40.0%
Adjusted Return on Equity (AROE)	28.9%	28.1%
<b>Asset/Liability Management</b>		
Yield on Gross Portfolio	59.4%	58.7%
Portfolio to Assets	82.8%	84.8%
Cost of Funds Ratio	9.7%	8.4%
Adjusted Cost of Funds	12.3%	11.4%
Debt to Equity	0.35x	0.61x
Adjusted Debt to Equity	0.35x	0.61x
Liquid Ratio	1.51x	0.78x
<b>Portfolio Quality</b>		
Portfolio at Risk (PAR) Ratio	0.00%	0.00%
Adjusted PAR Ratio	0.00%	0.00%
Write-off Ratio	0.00%	0.00%
Adjusted Write-off Ratio	0.00%	0.00%
Risk Coverage Ratio	N/A	N/A
Adjusted Risk Coverage Ratio	N/A	N/A



## AlTadamun Microfinance Foundation

### Efficiency and Productivity

	<u>2010</u>	<u>2009</u>
Operating Expense Ratio	25.1%	26.2%
Adjusted Operating Expense Ratio	25.1%	26.2%
Cost per Active Client	179	162
Adjusted Cost per Active Client	179	162
Borrowers per Loan Officer	501	515
Active Clients per Staff Member	295	300
Client Turnover	35%	35%
Average Outstanding Loan Size	754	652
Adjusted Average Outstanding Loan Size	754	652
Average Loan Disbursed	1,294	1,078

### Gender Ratios

Female active clients as a percent of total active clients	100%	100%
Female active borrowers as a percent of total active borrowers	100%	100%



# AlTadamun Microfinance Foundation

## Contact Information

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