



*Stronger together*

ANNUAL REPORT 2015



Al Tadamun Microfinance Foundation



RESPECT

TRANSPARENCY

INTEGRITY

CREDIBILITY






TRUST

BELONGING

SOCIAL RESPONSIBILITY

### CONTACT US

20 Hendawy Street, 1<sup>st</sup> floor,  
Feni Sqaure, Dokki, Giza, Egypt  
Tel.: +202 37625159 / 37624731 - 732  
Fax.: +202 37625160

-  [www.altadamun.org](http://www.altadamun.org)
-  [www.facebook.com/altadamun](https://www.facebook.com/altadamun)
-  [www.youtube.com/user/Altadamun1](https://www.youtube.com/user/Altadamun1)
-  [www.linkedin.com/company/al-tadamun-microfinance-foundation](https://www.linkedin.com/company/al-tadamun-microfinance-foundation)
-  [www.instagram.com/altadamun\\_microfinance](https://www.instagram.com/altadamun_microfinance)

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“I promise to exert my best efforts and utilize my banking and legal expertise to better serve the microfinance industry and strengthen its standards and best practices.”

**Mona Zulficar**

President of the Board of Trustees  
Al Tadamun Microfinance Foundation

## PRESIDENT'S MESSAGE

It gives me great pleasure to deliver this message on the 20th anniversary of Al Tadamun Microfinance Foundation since we started as a pilot project back in 1996.

2015 has been a significant year for Al Tadamun, as we have been able to reach more clients through growth and diversification of the services offered to women micro-entrepreneurs. The launch of the new individual loan product in 20 branches across Greater Cairo and the surrounding governorates is an example.

I have also been honored to be elected as President of the First Egyptian Microfinance Federation in July 2015. In this capacity, I promise to exert my best efforts and utilize my banking and legal expertise to better serve the microfinance industry and strengthen its standards and best practices. We will take initiatives and carry out activities that will support this industry and develop the skills of those working in the field of microfinance through further, education, training and use to technology.

Every woman has a goal to achieve something meaningful to her: a mother dreams to keep her family healthy, a young woman aspires to start her own business, and a little girl wants to get an education. We at Al Tadamun remain committed to increasing access to the financial tools and resources that underprivileged women need to achieve economic and security and prosperity for themselves and their families.

My resolve is that Al Tadamun continues to become proactive and responsive, striving for greater achievements in growth, poverty reduction and creating employment opportunities for underprivileged women.

Finally, I would like to salute all the board members for the valuable time and efforts which they contributed on a voluntary basis to our Foundation and would like to express, on behalf of the Board of Trustees, our sincere thanks and appreciation to all the management and employees of Al Tadamun for their dedication and excellent achievements in 2015. You are our most valuable asset and through your continued quality services to our clients, we will fulfill our mission and achieve our objectives.

“I am proud of the achievement we have attained for the new product through the year as Al Tadamun reached 426 active clients with a portfolio of L.E 2,813,297.”



**Reham Faourk**

Chief Executive Officer  
Al Tadamun Microfinance Foundation

## CEO'S MESSAGE

Looking at the growth over years since our inception in 1996, I am pleased and honored to serve Al Tadamun Microfinance Foundation for the last 15 years as the role of Chief Executive Officer. It remains very challenging to help underprivileged women micro-entrepreneurs to improve their quality of life by providing them access to sustainable and diversified financial services that suit their needs.

2015 has been a remarkable year for launching the new product; “Individual Loan” to satisfy the needs of our valued clients, with the support of the Lebanese Association for Development Al Majmoua. It started as a pilot product in two branches and gradually implemented in the rest of the branches by the end of 2015. I am proud of the achievement we have attained for the new product through the year as Al Tadamun reached 426 active clients with a portfolio of L.E 2,813,297.

It has been a rewarding year for focusing on capacity building; we are always eager to develop our employees' competencies by providing them with the skills and knowledge needed for delivering high quality service and sustainable result. I am pleased to report that thanks to the hard work and dedication of Al Tadamun staff that collaborate to move forward and achieve our shared goals.

Al Tadamun started offering a non-financial service as a response to fulfilling our clients' needs. This includes participating in trade fairs to give the clients the opportunity to showcase their products. It has a positive impact on retaining existing clients and attracting new clients.

I take this opportunity to convey my sincere appreciation to our stakeholders, partners, board of trustees and staff for their continued dedication and support and treating Al Tadamun as a key cornerstone for the development of the microfinance sector in Egypt.



## AL TADAMUN AT A GLANCE

Al Tadamun Microfinance Foundation started in 1996 as a Group Guaranteed Lending and Saving pilot project developed by the Egyptian field office of Save the Children USA, in partnership with the Women's Health Improvement Association (WHIA), which is a local NGO. The project was designed to meet the need of underprivileged Egyptian women micro-entrepreneur for a source of finance to set up, sustain and expand projects, thus generating more income for their families.

### In July 2003,

Al Tadamun became a fully independent program running under the legal structure of WHIA.

## CREDIBILITY

“TO ENSURE QUALITY SERVICES TO CLIENTS, APPROPRIATE TO THEIR NEEDS, AND DELIVERED EFFICIENTLY IN A CONVENIENT AND TIMELY MANNER, MAINTAINING HIGH STANDARDS OF PROFESSIONALISM BASED ON HONESTY, NON-DISCRIMINATION AND CLIENT CENTRICITY.”



### In March 2009,

Al Tadamun became an independent foundation under the legal umbrella of the Ministry of Social Solidarity, under number 573 in March, 22, 2009 in accordance with the provisions of Law No. 84 of 2002 and its implementing regulations. In January 2015, Al Tadamun became under the supervision of the Egyptian Financial Supervisory Authority in accordance with the new microfinance law no. 141 of 2014.



## AL TADAMUN AT A GLANCE

Al Tadamun has to-date more than 20 branches in Greater Cairo. Since its inception, the foundation has served more than 850 thousand clients and more than a billion disbursed loans.

### OUR VISION

Become a pioneer microfinance institution in Egypt.

### OUR MISSION

To increase the income of women micro entrepreneurs 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.

### OUR GOALS

- Increase outreach to achieve a higher market share and deeper penetration.
- Maintain a competitive edge in the market through continuous improvement for our customer-service.
- Develop institutional capacity to continue delivering high quality services in a sustainable and efficient manner.

### OUR CLIENTS

Clients are Al Tadamun's family; their trust in Al Tadamun has made the foundation what it is today. Most of Al Tadamun clients are located in the urban areas of Greater Cairo. 80% are in the trade sector, 12% in the service sector and 8% in the production sector.

## BELONGING

“ THE ATMOSPHERE AT AL TADAMUN IS CRUCIAL TO OUR UNIQUE WAY OF OPERATING, AND WE CONSIDER ALL OF OUR EMPLOYEES AS PART OF AL TADAMUN FAMILY. WE REWARD OUR STAFF FOR HARD WORK BY INCORPORATING A POLICY OF RECRUITMENT FROM WITHIN AND CAREER POTENTIAL TO ALL OUR STAFF THROUGH INTERNAL PARTNERSHIP WITHIN AL TADAMUN, AND IN OUR RELATIONSHIPS WITH CLIENTS AND STAKEHOLDERS; WE BELIEVE THAT THE VALUE OF A TEAM IS FAR GREATER THAN THE SUM OF ITS PARTS. ”



## AL TADAMUN SERVICES

Al Tadamun is keen to fulfill its mission by diversifying the services offered to its clients.

### Financial Services

#### 1. Group Solidarity Lending

Al Tadamun offers group solidarity lending, exclusively to micro-scale women entrepreneurs with small, individual, and multiple cycle working capitals to improve their enterprises. Two variations of the group-loan product are offered:

- Group Loan is providing group-guaranteed loans for terms of 40 - 50 weeks, with bi-weekly repayments.
- Seasonal Loan is for short-term financing for one-month with two bi-weekly repayments for seasonal events such as religious feasts, Ramadan, Easter, commencement of school year, etc.

#### 2. Solidarity Scheme (Life Insurance)

A Solidarity Scheme is made available by Al Tadamun to its clients. This scheme is designed to supply clients in each group with life insurance whereby, in the case of death, the deceased client's outstanding loan repayments are written off and a small contribution is made towards her funeral costs.

#### Lending Criteria

Clients eligible to receive a group loan from Al Tadamun must:

- Have an Egyptian nationality and a valid identification card
- Be at least 18 years old
- Own an existing project
- Enjoy a good reputation

#### Loan Characteristics

- Loan size per client: LE 1,500 – LE 4,000
- Group size: 5 – 9
- Loan term: 40 – 50 weeks
- Repayment frequency: bi-weekly
- Administrative fees: average per month 2.4 %

## SOCIAL RESPONSIBILITY

“WE BELIEVE THAT HIGH STANDARDS OF GOVERNANCE, PARTICIPATION, MANAGEMENT AND REPORTING ARE CRITICAL TO OUR MISSION TO SERVE OUR CLIENTS AND TO UPHOLD CORE SOCIAL VALUES, DEMONSTRATING AN OPEN-MINDED APPROACH TO UNDERSTANDING OUR CLIENTS AND THEIR NEEDS REGARDLESS OF THEIR GENDER, AGE, RACE, NATIONAL ORIGIN, RELIGION, ETHNICITY, DISABILITY STATUS, OR OTHER CHARACTERISTICS; TREATING ALL CLIENTS FAIRLY AND CONSISTENTLY.”

### 3. Individual Lending

Al Tadamun has launched the Individual Loan product at the beginning 2015 to support a diversified range of individual financing products. It started as a pilot project in four branches which are El Mataerya, West Shobra El Kheima, El Haram and Dar El Salam. By the end of 2015, Al Tadamun successfully reached 426 active clients with a portfolio of L.E 2,813,297.

The individual loan is based on clients' actual needs and repayment capacity. Loan analysts study the client's project by determining, verifying and critically analyzing business income, expenditure and outlook to ensure its capability to acquire the loan. By end of 2015, the new product was implemented in all our 20 branches.

#### Lending Criteria

Clients eligible to receive an individual loan from Al Tadamun must:

- Have an Egyptian nationality and a valid identification card
- Be at least 21 years old and not more than 65 years old
- Own an existing successful project for at least a year
- Have a project financial value (equity) starting from LE 6,000
- Enjoy a good reputation
- Has acceptable managerial skills in managing a project

#### Loan Characteristics

- Loan size per client: LE 5,000 – LE 15,000
- Loan term: 10 – 18 months
- Repayment frequency: monthly
- Administrative fees: per month 1.5%
- One productive guarantor required

### Non-Financial Services

Al Tadamun started offering a non-financial service to its clients during 2014. This includes the participation in local trade fairs, which is an excellent opportunity for clients to market their products through a new market channel and to expand their network. By the end of December 2015, a total of 56 active clients have benefited from this service. Al Tadamun is aiming to expand this service and to participate in more trade fairs to serve a larger number of clients.

## OUTREACH

Since its inception in 2000, Al Tadamun has served almost 250 thousand clients in more than 20 branches, in six geographic areas within Greater Cairo, as follows:



## PERFORMANCE INDICATORS

By the end of 2015, Al Tadamun had experienced an increase in the number of active group loan clients from 62,943 end of 2014 to 66,277 end of 2015.

The outstanding loan portfolio has experienced a likewise increase from LE 61,759,635 end of 2014 to LE 75,118,285, end of 2015. Regarding the timely repayment rates, they have been on-time throughout 2015. As for the new product “Individual Loan”, Al Tadamun successfully reached 426 active clients with a portfolio of L.E 2,813,297.

The following table illustrates Al Tadamun’s performance indicators from January 1, 2000 until December 2015:

Group Loan	
TOTAL VALUE OF LOANS DISBURSED	L.E 1,129,066,000
TOTAL NUMBER OF CLIENTS / GROUP LOANS DISBURSED	873,678/136,109
NUMBER OF ACTIVE CLIENTS / GROUPS	66,277 /12,421
OUTSTANDING PORTFOLIO	L.E 75,118,285
ON-TIME REPAYMENT RATE	100%
WRITE OFF AMOUNT TO-DATE	L.E 2,380,104

Individual Loan	
TOTAL VALUE OF LOANS DISBURSED	L.E 3,359,500
TOTAL NUMBER OF CLIENTS	428
NUMBER OF ACTIVE CLIENTS	426
OUTSTANDING PORTFOLIO	L.E 2,813,297
ON-TIME REPAYMENT RATE	100%
WRITE OFF AMOUNT TO-DATE	0

Al Tadamun Sustainability	
OPERATIONAL SUSTAINABILITY	171%
FINANCIAL SUSTAINABILITY	130%

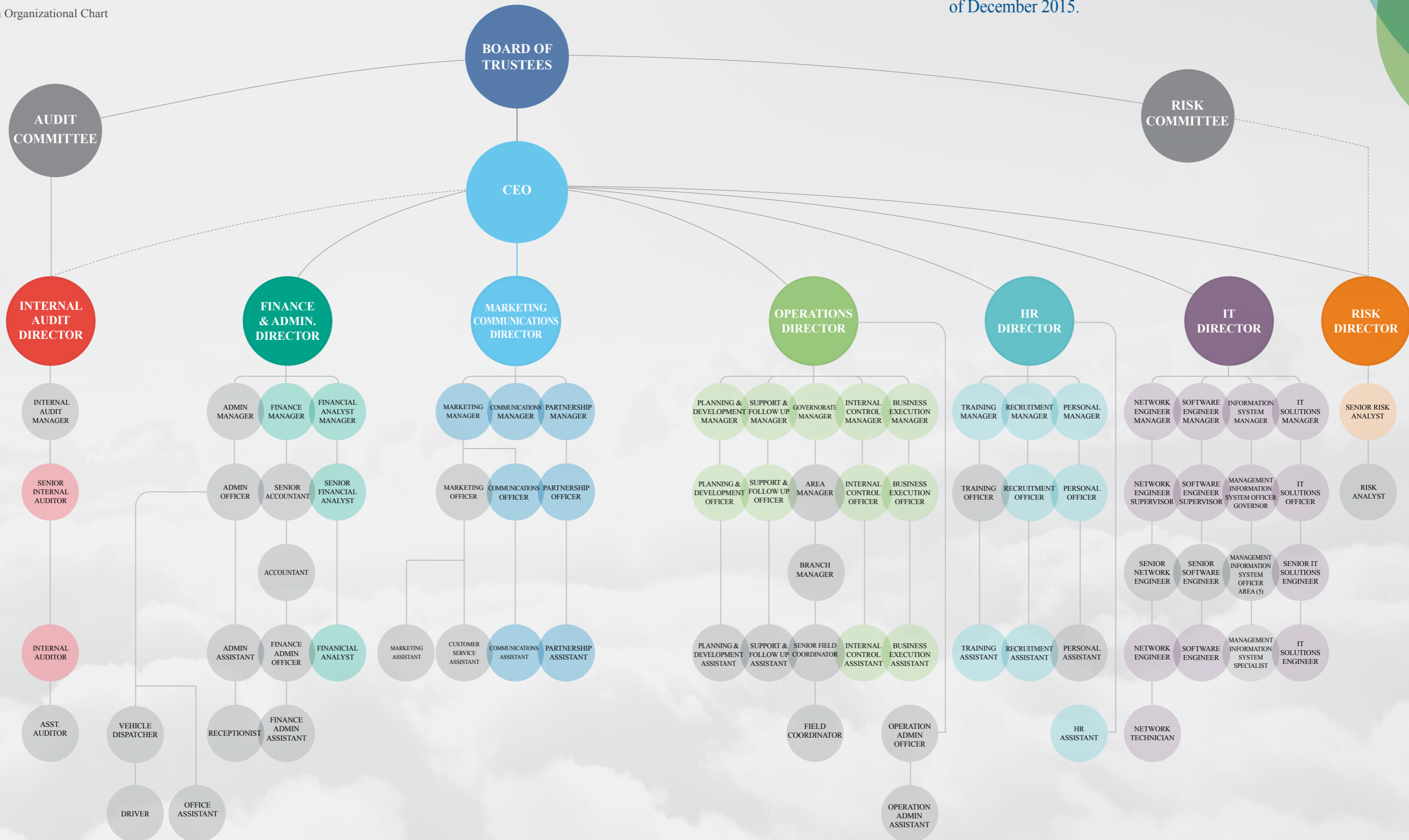




# AL TADAMUN TEAM

In terms of staff, Al Tadamun comprised 349 staff members at the end of 2015, in comparison with 319 staff members at the end of 2014. The following diagram depicts Al Tadamun's Organizational Chart as of December 2015.

Al Tadamun Organizational Chart





# AL TADAMUN BOARD OF TRUSTEES

Al Tadamun Board of Trustee consists of five members who volunteer their time and effort in serving the organization.



## TRANSPARENCY

“ TO PROVIDE COMPLETE AND ACCURATE INFORMATION TO CLIENTS REGARDING ALL PRODUCTS AND SERVICES OFFERED, CREATING AWARENESS AND ENABLE CLIENTS AND ALL OTHER STAKEHOLDERS TO UNDERSTAND THE INFORMATION PROVIDED WITH RESPECT TO FINANCIAL SERVICES OFFERED AND AVAILED. ”



## STAFF RECOGNITION & PROMOTION

### Staff Promotion

It is with great pleasure to announce that Al Tadamun promoted its staff members mentioned below during 2015. Such committed employees are tremendous assets to the development of Al Tadamun.

<p><b>Iman Abd El Fatah,</b> ex-field coordinator was promoted to senior field coordinator in Imbaba branch.</p>	<p><b>Mai Mohamed,</b> ex-field coordinator was promoted to senior field coordinator in Faisal branch.</p>	<p><b>Mona Marzouk,</b> ex-field coordinator was promoted to senior field coordinator in Hadaek El Koba branch.</p>	<p><b>Siham Abd El Sameea,</b> ex-field coordinator was promoted to senior field coordinator in El Khaima branch.</p>
<p><b>Reham Mohamed,</b> ex-field coordinator was promoted to senior field coordinator in Bassteel branch.</p>	<p><b>Intsar Gouda,</b> ex-field coordinator was promoted to senior field coordinator in El Mounib branch.</p>	<p><b>Reham Saeed,</b> ex-field coordinator was promoted to senior field coordinator in El Kanater El Khaireya branch.</p>	<p><b>Yasmine Adly,</b> ex-field coordinator was promoted to senior field coordinator in Dar El Salam branch.</p>
<p><b>Sayeda Metwaly</b> ex-field coordinator was promoted to senior field coordinator in East Shobra El Khaima branch.</p>	<p><b>Eptsam Karem,</b> ex-field coordinator was promoted to senior field coordinator in El Marg El Qadima branch.</p>	<p><b>Ghada Mostafa,</b> ex-field coordinator was promoted to senior field coordinator in Qalyoub branch.</p>	

### Ramadan Iftar Gathering – July 8, 2015



Al Tadamun organized its annual Iftar for all employees on July 8, 2015 at Fairmont Nile Towers Hotel. A total of 355 employees attended the ceremony and among the attendees were the member of the Board of Directors Mrs. Mona Zulfikar, Chairperson of the Board of Trustees and Mr. Sameh

Makram Ebeid, Vice Chairperson. The event included awards recognition & prizes for the employees completing 5, 10 and 15 years with Al Tadamun for their dedication & effort throughout this period. The awards were distributed to 57 employees.



## TRUST

“ SINCE OUR CLIENTS TRUSTED US TO USE OUR SERVICES, WE ARE COMMITTED TO ENSURE THAT OUR SERVICES TO OUR CLIENTS ARE NOT UNETHICAL AND DECEPTIVE. IN PROVIDING OUR SERVICES INCLUDING LENDING AND COLLECTION OF DUES, WE ARE COMMITTED TO FAIR PRACTICES, WHICH BALANCE RESPECT FOR CLIENT'S DIGNITY AND AN UNDERSTANDING OF A CLIENT'S VULNERABLE SITUATION.”



## STAFF RECOGNITION & PROMOTION

### Employee of the Month & Employee of the Year Awards

During 2014, Al Tadamun team identified seven core values for the organization which are; trust, respect, transparency, credibility, integrity, belonging and social responsibility. These values were introduced to all employees to become imbedded in their day-to-day work with fellow colleagues and clients. During 2015, Al Tadamun organized a monthly event to award employees for their outstanding representation of one of Al Tadamun's core values. Two to three staff members were selected for one value each month. At the end of the 2015, Mohamed Safwat Abdel Moneim, Personnel Manager was selected for the outstanding performance during the year.



**Mohamed Safwat Abd El Monem**  
Personnel Manager

EMPLOYEE	TITLE	BRANCH	MONTH	VALUE
Ghada Reda	Field Coordinator	El Matareya	April	Trust
Medhat Mohamden	Office Boy	Banha		
Intsar Youssef	Field Coordinator	East Shoubra El Khaima	May	Respect
Ahmed Aly	MIS Specialist	El Haram		
Faten Zeinhom	Field Coordinator	Dar El Salam	June	Transparency
Hammad Mahmoud	Finance & Administrative Assistant	Helwan		
Heba Mosalam	Field Coordinator	Faisal	July	Credibility
Fatma Abdel Salam	Administrative Manager	Head Office		
Zeinab Abdel El Fatah	Field Coordinator	Imbaba	August	Integrity
Amira Salem	MIS Specialist	West Shoubra El Khaima		
Mayada Ibrahim	Field Coordinator	El Marg El Gadida	September	Belonging
Mohamed Helal	MIS Specialist	Qalub		
Ahmed Abdel El Rahman	Finance & Administrative Officer	North Cairo Area Office	October	Social Responsibility
Dina El Saeed	Field Coordinator	Faisal		
Mohamed Abel Hady	Finance & Administrative Assistant	El Mounib	November	Social Responsibility
Islam Talaat	MIS Specialist	El Marg El Qadima		
Mohamed Safwat	Personnel Manager	Head Office	December	Employee of the Year

## INTEGRITY

“ TO PROVIDE LOW-INCOME CLIENTS AND THEIR FAMILIES, WITH ACCESS TO FINANCIAL SERVICES THAT ARE CLIENT FOCUSED AND DESIGNED TO ENHANCE THEIR WELL-BEING, AND ARE DELIVERED IN A MANNER THAT IS ETHICAL, DIGNIFIED, TRANSPARENT, EQUITABLE AND COST EFFECTIVE. ”



GHADA REDA  
TRUST



MEDHAT MOHAMDEN  
TRUST



INTSAR YOUSSEF  
RESPECT



AHMED ALY  
RESPECT



FATEN ZEINHOM  
TRANSPARENCY



HAMMAD MAHMOUD  
TRANSPARENCY



HEBA MOSALAM  
CREDIBILITY



FATMA ABDEL SALAM  
CREDIBILITY



ZEINAB ABDEL EL FATAH  
INTEGRITY



AMIRA SALEM  
INTEGRITY



MAYADA IBRAHIM  
BELONGING



MOHAMED HELAL  
BELONGING



AHMED ABDEL EL RAHMAN  
BELONGING



DINA EL SAEED  
SOCIAL RESPONSIBILITY



MOHAMED ABEL HADY  
SOCIAL RESPONSIBILITY



ISLAM TALAAT  
SOCIAL RESPONSIBILITY



## CAPACITY BUILDING

Since Al Tadamun is keen to develop its employees by enhancing their skills & enriching their knowledge that would help them in their functional area, a training officer was hired during the first quarter of 2015. The following training programs were offered to various staff members from different functions:



### Launching of Individual Loan Product - Jan-Dec, 2015

During 2015, The Lebanese Association for Development - Al Majmoua which is the leading microfinance organization in Lebanon was sub-contracted as a consulting firm to support Al Tadamun in the launching of the new individual loan product. Al Majmoua assisted Al Tadamun in building staff capacity and cross forward the market with the new loan product. A set of training material and training workshops were developed and conducted targeting different layers of the organization to ensure readiness of the culture, methodology, knowledge and skills of the individual lending methodology integrated into the organization.

### The New NGO Law Seminar - January 6, 2015

Chief Executive Officer attended a one-day seminar on Jan 6, 2015 about the new law issued for NGOs organized by the Sanabel Microfinance Network of Arab countries in coordination with International Finance Corporation (IFC). The seminar was an orientation on the new microfinance law no 141 for 2014.

### International Computer Driving License (ICDL) Course - January 28, 2015

Area Managers attended ICDL course for 84 hours offered by YAT. The aim of the course is to gain the skills and competencies necessary to use a computer and common computer applications including Microsoft Office, Windows and Internet.

### Introducing the New Microfinance Law - February 19, 2015

Two of Al Tadamun staff members, HR Manager and Personnel Manager attended a one-day seminar about the new microfinance law offered by the Microfinance Gateway. The aim of the seminar was to give an orientation about the work permit of the new law and its policies and procedures to obtain it.

### Motion Graphic Diploma, June - December – 2015

Al Tadamun Marketing Officer was enrolled in a Motion Graphic Diploma for six months from June – December 2015, offered by the Russian Culture Center which is an authorized Adobe training center. The aim of the course is introducing the software tools (Photoshop, Illustrator, Premier, Auditions, and After Effects) that would help in enhancing the graphic design skills which is the visual representation of ideas and messages.

## RESPECT

“ TO INTERACT WITH THE CLIENTS IN AN ACCEPTABLE LANGUAGE AND DIGNIFIED MANNER AND SPARE NO EFFORTS IN FOSTERING CLIENTS' CONFIDENCE AND LONG-TERM RELATIONSHIP, MAINTAINING DECENCY AND DECORUM DURING ANY INTERACTION WITH THE CLIENT, SCRUPULOUSLY AVOIDING ANY Demeanour THAT WOULD SUGGEST ANY KIND OF THREAT OR VIOLENCE.”



## CAPACITY BUILDING

### Al Tadamun's Core Values Residential Training - March 4-5, 2015

A total of 191 staff members from Al Tadamun attended a residential training course on Al Tadamun's core values. The event was organized by WellSpring Egypt, which is a community service company dedicated to teaching, modeling, and equipping organizations, youth, families, and teachers in the Egyptian community with genuine moral values through camps, family development programs, and leadership training. The event took place at Beit El Wadi at Wadi Al Natroun. The training was a great success since the core values were introduced through team play and activities.



### Human Resources Management - August 7 - 12, 2015

Al Tadamun HR Manager attended a six-day training conducted by Ein Shams University for Human Resources Management from August 7-12, 2015. The objective was to enhance the HR competencies of through learning topics that are related to the field such as performance management, training, total quality management, effective communication and business writing skills

### Train the Trainer - September 1 - 3, 2015

Al Tadamun training officer attended a Training of Trainers course for three days from September 1 -3, 2015 in Jordan. The aim of the course is to enhance the competencies of designing a training program including identifying the training needs, setting training objectives and choosing the suitable tool to implement the training.

### Performance Management Workshop – September 6 - 10, 2015

A total of 70 staff members from Al Tadamun including department heads, area managers, branch managers, senior field coordinators, finance and admin officers, and MIS officers attended a five-day workshop on performance management conducted by Aspira consultancy. The workshop focused on clarifying the importance of the role of managers in the strategic performance and explaining how to set the strategic goal. It also explained the procedures for performance evaluation and highlighted the responsibilities of each member in performance management.

### Study Tours October-November 2015

In the framework of the joint cooperation between Al Tadamun Microfinance Foundation and Al Majmoua to launch the new individual loan product, two area managers and one branch manager travelled to Lebanon for a study tour for one week on October 25-31, 2015 and two other area managers travelled on November 22-28, 2015. The purpose of the visit was to gain experience from Al Majmoua has the individual loan as an established product.

Through the visit, they were able to gain knowledge about the products and their policies and procedure along with knowing the training system offered for their employees.

### Writing Skills - December 14 - 16, 2015

Two of Al Tadamun staff members, internal audit assistant and finance and administrative officer, attended a three-day course "Business Writing Skills" offered by The American Chamber of Commerce from December 14-16, 2015. The aim of the course is to gain basic skills needed for writing memos, reports and e-mails showing the difference between each of them.

### English Courses – 2015 – Ongoing

Five of Al Tadamun staff members have enrolled in English course programs. The purpose of their participation in such courses is to extend their knowledge of the English language, which will be an added value to their work. This will be an on-going activity until they finalize all levels required. This course is offered to all staff members who wish to acquire the knowledge of the English language.





## NETWORKING & COMMUNICATION



### Going Beyond Microcredit & Shaping the Future of Microfinance – January 20 -21, 2015

Al Tadamun participated in a microfinance conference titled “Going beyond microcredit and shaping the future of microfinance in Egypt”, which took place at Fairmont Towers Hotel, Cairo from January 20 – 21, 2015. The conference was attended by 46 microfinance practitioners, government representatives and the banking sector. The aim of the conference was to understand the effect of the new

microfinance law number 141 on the future of microfinance and how the new technology could enhance microfinance and develop better relations with other key stakeholders through sessions conducted by different speakers in the industry. As for Al Tadamun, it keenly sought to network with other MFIs to share experiences as well as distributed Al Tadamun’s 2014 Annual Report as a promotional tool.

### “El Balad Balady We El Hal Andy” Employment Fair - September 7 - 8, 2015

Al Tadamun participated in the employment fair “El Balad Balady We El Hal Andy” funded by the European Union, and organized by the Egyptian-European Association for Training and Development in partnership with the International Cooperation Agency of Germany (GIZ) at Imbaba’s Wafaa Club during, September 7 – 8, 2015. The fair dealt with employment opportunities, and was attended by 22 companies from different sectors. The fair also dealt with funding sources for small projects, and the conditions to be met for accepting funding requests, which was attended by four associations. Through the participation of Al Tadamun, it announced a number of vacant positions and promoted its financial services to support micro projects.



### Sanabel’s 11th Annual Conference, Sharm El Sheikh - October 20 – 21, 2015

Al Tadamun participated in Sanabel Microfinance Network of Arab Countries’ 11th Annual Conference at Savoy Hotel– Sharm El Sheikh during October 20-21, 2015. The theme of the conference was “Progress towards Financial Inclusion; Global Trends and Regional Initiatives”. The opening ceremony was attended by Mr. Hassan Farid, Chairman of Sanabel. This year’s conference provided a platform for all concerned stakeholders to network and share experiences, progress towards objectives, and took a closer look at global trends and regional activities which seek to achieve financial inclusion. This two-day event was attended by over 300 microfinance practitioners, donors, investors, and government representatives from the region and worldwide to share and exchange experiences on the latest developments in the microfinance industry in the Arab region through sessions and discussions.

As for Al Tadamun’s team, they keenly sought to network with other MFIs from the MENA region and worldwide to share experiences as well as get introduced to donors and investors who are willing to invest and partner with Arab MFIs. Al Tadamun’s 2014 Annual Report was distributed during the event as a promotional tool.

## NEW STAFF BENEFITS

### Study Scholarships

Al Tadamun sponsored study scholarships programs for seven of its employees who were eager to continue their education and who were interested to acquire additional knowledge that would assist them in their functional areas. Five staff members were enrolled in Arab Open University in Cairo for four years. The senior accountant was enrolled in Accountant Management Certificate offered by IPA to gain advanced skills for his functional area. The personnel assistant was enrolled in MBA for two years offered by Ein Shams University to acquire human resources development skills.

### Day Care Service

A day care service has been offered to Al Tadamun working mothers to solve the problems of female employees who have toddlers in pre-school age. Al Tadamun contributed with part of the fees of the day care centers chosen by the employees in exchange of increasing the working hours in these centers. The aim of the service is to provide the employees with a working environment free from obstacles that could hinder their career path and to avoid high turnover rate.





# MARKETING ACTIVITIES

## Cairo International Fair – March 18-27, 2015



Al Tadamun Microfinance Foundation participated in the 48th round of the Cairo International Fair which is the most famous and prestigious international exhibition in the Middle East and Africa where foreign and Egyptian exhibitors participate in the fair. It was held at Cairo Fair Ground in Nasr City, from March 18-27, 2015. A total of 103 foreign companies and 191 Egyptian companies participated in the event selling different types of products such as; food commodities, shoes, bags, linen, clothes, bakeries, carpets, electronics and household products. The fair was opened by Prime Minister H.E Eng. Ibrahim Mehlab. Around 1,000,000 visitors attended the event.

Al Tadamun offered its exhibition space to 15 of its clients to give them the opportunity to showcase their products and it was a good selling hub for them. The products that were displayed by Al

Tadamun clients were mainly; leather handbags, accessories, garments, children clothes, handicrafts, bed-sheets and bed-covers, home accessories and lamps. Each six clients were given three to four consecutive days to display their products. All clients agreed that the exhibition was an excellent opportunity to market their products and to increase their profit through a new market channel and to expand their network. They showed their willingness to participate again in any up-coming events in the future.

# PARTNERS



## Media Coverage



During 2015, Al Tadamun was given the opportunity to appear on highly viewed TV programs. On January 4, 2015, Al Tadamun Chief Executive Officer appeared on CBC channel in “Hona El Asema” program hosted by Lamis El Hadidy. The episode was discussing the role of civil society in supporting small enterprises and the services offered by Al Tadamun to support its clients. On August 10, 2015 on Al Tadamun IT Director appeared on the same program but hosted by Magdy El Galad to talk about the microfinance industry in Egypt and about Al Tadamun. Five of Al Tadamun’s clients were interviewed as footage that was aired during the TV shows.

## Social Media

To maintain a good communications flow and to avoid misunderstanding of messages, a closed Facebook group by the name of “Al Tadamun Microfinance Foundation Family” was developed during the first quarter of 2015 and restricted to only Al Tadamun staff members. The year ended with a total of 285 staff who became members on the group. The purpose of the group is to engage employees on Al Tadamun’s latest policies and news. This platform without doubt has given the employees a sense of belonging and engagement with each other. It is also a good opportunity for employees to give recommendations, suggestions and new ideas to be implemented.

Another social media tool is LinkedIn which is the largest professional network. The page was also developed during 2015 and is updated continuously with news about Al Tadamun events and job vacancies.

## Promotional Material

Branding remains to be one of the major activities of the marketing component. It promotes recognition and how we want the outside world to view Al Tadamun. A set of promotional material was developed during 2015.

# MEMBERS





## 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 statement of financial position as at 31 December 2015, and the statements of Revenues and Expensed and cash flows 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 Company's management. Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Egyptian Accounting Standards and in the light of the prevailing Egyptian laws, 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 entity's 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 entity's 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.

### Opinion

In our opinion, the financial statements referred to in the first paragraph above present fairly, in all material respects, the financial position of the foundation as of December 31, 2015 and its results of its operations and its cash flows for the year then ended in accordance with Egyptian Accounting Standards and comply with applicable Egyptian laws and regulations relating to the preparation of these financial statements.

### Explanatory paragraph

Without modifying our opinion, we draw attention to note no.(18) of the notes to the financial statements, on 29 October 2015 A1 Tadamoun Microfinance Foundation obtained the license for practicing the micro finance activity and the financial statements for 31 December 2015 is considered the first financial statement after 30 June 2015 in accordance with the Egyptian Financial Supervisory Authority provision of law No.489 of 2015 and considered also the opening microfinance activity Financial Position. Thus the comparative figures is not presented because of inconsistent of presenting it according to the above mentioned provision.

### Report on Other Legal and Regulatory Requirements

The foundation maintains proper books of accounts, which include all that is required by law, its executive regulations and the statutes of the foundation, the financial statements are in agreement to these books of accounts

*Hassan Bas*



# AL TADAMUN MICROFINANCE FOUNDATION

Balance Sheet  
As at December 31, 2015

	Note No.	December 31, 2015 L.E.
<b>Assets</b>		
<b>Current Assets</b>		
Cash at banks	(5)	73 862 769
Micro-Projects loans (net)	(4-5),(6)	76 372 951
Debtors and other debit balances	(7)	1 333 864
<b>Total Current Assets</b>		<b>151 569 584</b>
<b>Non- Current Assets</b>		
Fixed assets (net)	(4-2),(8)	1 535 301
Total Non-Current Assets		1 535 301
<b>Total Assets</b>		<b>153 104 885</b>
<b>Current Liabilities</b>		
Banks - credit facilities	(4-6),(9)	21 660 977
Creditors and other credit balances	(4-8),(10)	1 010 292
Provisions	(4-7),(11)	5 345 652
<b>Total Liabilities</b>		<b>28 016 921</b>
<b>Net Assets</b>		<b>125 087 964</b>
<b>Financed as follows:</b>		
Retained surplus	(4-10),(12)	84 209 331
Surplus of the year		19 106 696
Cash and in-kind grants		21 771 937
<b>Total finance of net assets</b>		<b>125 087 964</b>

The accompanying notes from no. (1) to (16) form an integral part of these financial statements.



Financial Manager  
Hala Ali Ahmed



Foundation Manager  
Reham Farouk

# AL TADAMUN MICROFINANCE FOUNDATION STATEMENT OF REVENUES AND EXPENSES

For the Financial Year Ended  
December 31, 2015

	Note No.	2015 L.E.
<b>Revenues</b>		
Micro-Projects loans Interest Deduct:	(13)	37 390 005
Financing cost		(14 106 282)
<b>Activity Surplus Add:</b>		<b>23 283 723</b>
Micro-Projects loans Issuance fees	(4-9)	932 270
Interest income	(4-9),(14)	5 099 484
Foreign currencies exchange differences	(4-8),(10)	881 358
Other revenues		7 437
<b>Deduct:</b>		
General and administrative expenses	(4-2),(8)	(9 044 456)
Provisions	(4-7)	(1 421 581)
Impairment on Micro-Projects loans	(4-7)	( 303 167)
<b>Total Expenses</b>		<b>(10 769 204)</b>
<b>Revenue Surplus over Expenses before Depreciation</b>		<b>19 435 068</b>
<b>Deduct:</b>		
Fixed assets depreciation	(4-2),(8)	(328,372)
Surplus of the Year	(4-7)	19,106,696

The accompanying notes from no. (1) to (16) form an integral part of these financial statements.



# FINANCIAL RATIOS 2015

## RATIOS

Financial Ratio	2014	2015
<b>Sustainability and Profitability</b>		
Operational Self-Sufficiency (OSS)	144%	169%
Financial Self-Sufficiency (FSS)	107%	131%
Return on Assets (ROA)*	8.3%	13.0%
Adjusted Return on Assets (AROA)*	1.7%	7.5%
Return on Equity (ROE)*	9.4%	15.5%
Asset/Liability Management	1.9%	9.0%
<b>Asset/Liability Management</b>		
Yield on Gross Portfolio*	51.5%	59.1%
Yield on Gross Portfolio, loans*	51.5%	59.1%
Portfolio to Assets	49.5%	52.7%
Cost of Funds Ratio*	7.4%	7.8%
Adjusted Cost of Funds*	9.3%	10.1%
Debt to Equity	0.18x	0.23x
Adjusted Debt to Equity	0.18x	0.23x
Liquid Ratio	3.52x	2.56x
<b>Portfolio Quality</b>		
Portfolio at Risk (PAR) Ratio	3.96%	2.96%
Write-off Ratio*	0.0%	0.0%
Adjusted Write-off Ratio*	0.0%	0.0%
Risk Coverage Ratio	1.48x	1.66x
Adjusted Risk Coverage Ratio	1.48x	1.66x
<b>Efficiency and Productivity</b>		
Operating Expense Ratio*	39.5%	37.4%
Personnel Expense Ratio*	31.4%	30.9%
Depreciation and Amortization Expense Ratio*	0.3%	0.5%
Other Administrative Expense Ratio*	7.7%	6.0%
Adjusted Operating Expense Ratio*	40.7%	38.3%
Personnel Expense Ratio* (adjusted)*	32.4%	31.6%
Depreciation and Amortization Expense Ratio* (adjusted)*	0.4%	0.5%
Other Administrative Expense Ratio* (adjusted)*	7.9%	6.1%
Cost per Active Client*	362	412
Adjusted Cost per Active Client*	362	412
Borrowers per Loan Officer	335	341
Active Clients per Staff Member	197	191
Client Turnover*	5%	8%
Average Outstanding Loan Size	981	1,143
Adjusted Average Outstanding Loan Size	981	1,143
Average Loan Disbursed	9,387	10,487
<b>Gender Ratios</b>		
Female active clients as a percent of total active clients	100%	100%
Female active borrowers as a percent of total active borrowers	100%	100%



**Financial Manager**  
Hala Ali Ahmed



**Foundation Manager**  
Reham Farouk



العنوان: ٢٠ شارع هندواى متفرع من ميدان

فينى، الدور الأول الدقى - الحيزة - مصر

تليفون: +٢٠٢٣٧٦٢٥١٥٩ - +٢٠٢٣٧٦٢٤٧٣١/٧٣٢

فاكس: +٢٠٢٣٧٦٢٥١٦٠

[www.altadamun.org](http://www.altadamun.org)

[www.facebook.com/altadamun](https://www.facebook.com/altadamun)

[www.youtube.com/user/Altadamun1](https://www.youtube.com/user/Altadamun1)

[www.linkedin.com/company/](https://www.linkedin.com/company/al-tadamun-microfinance-foundation)

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