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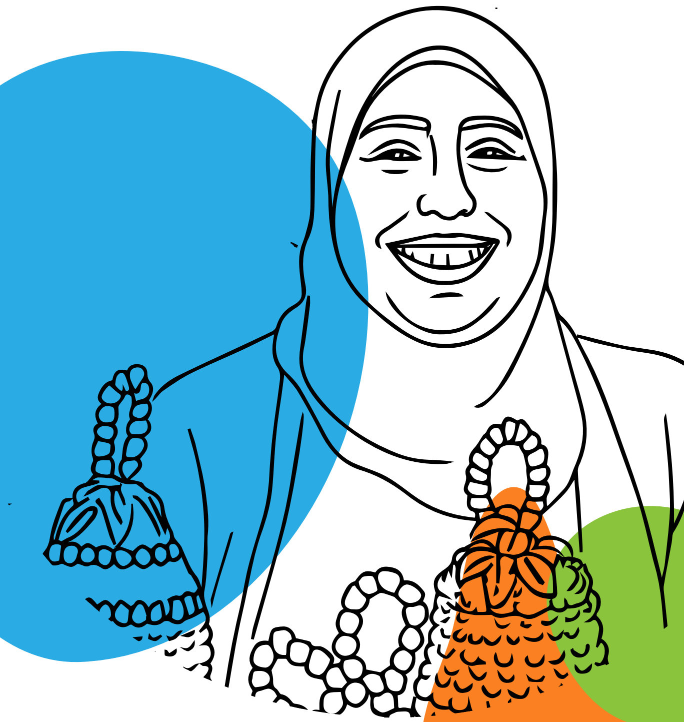
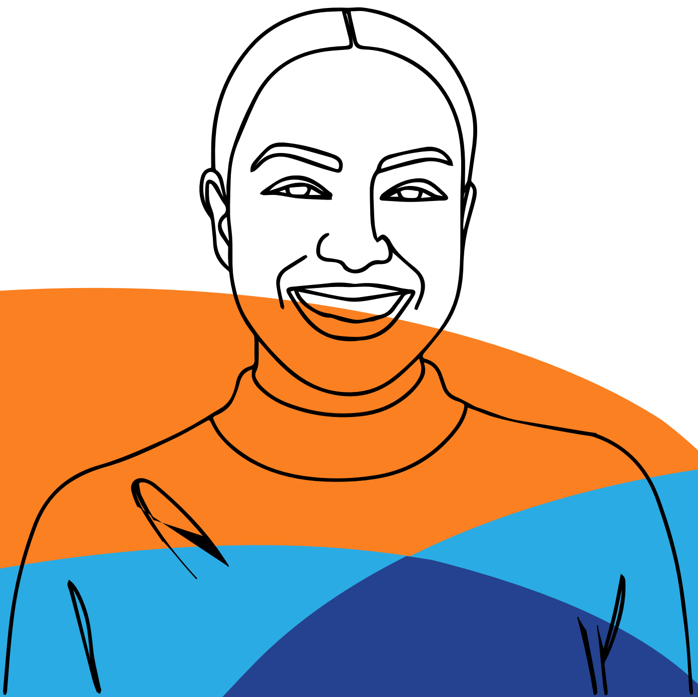
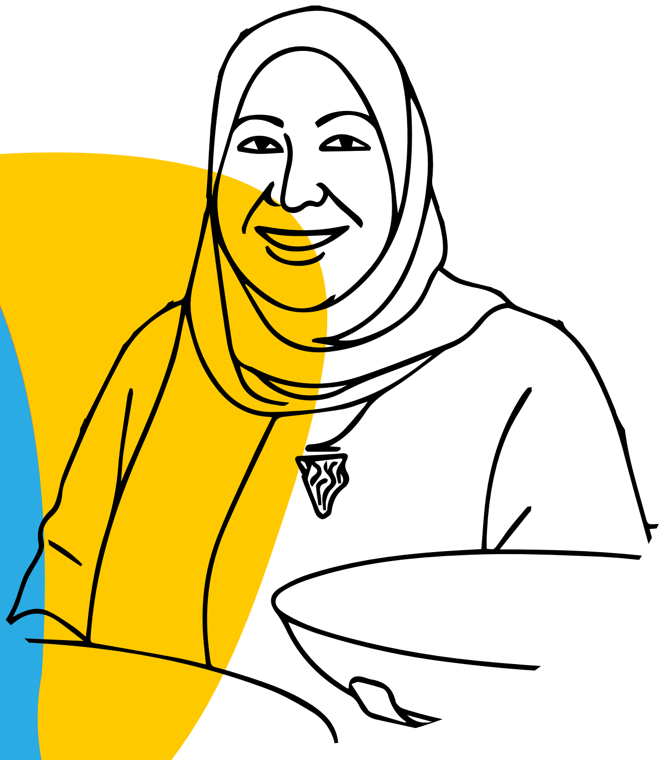
Al Tadamun Microfinance Foundation







ANNUAL REPORT
2024

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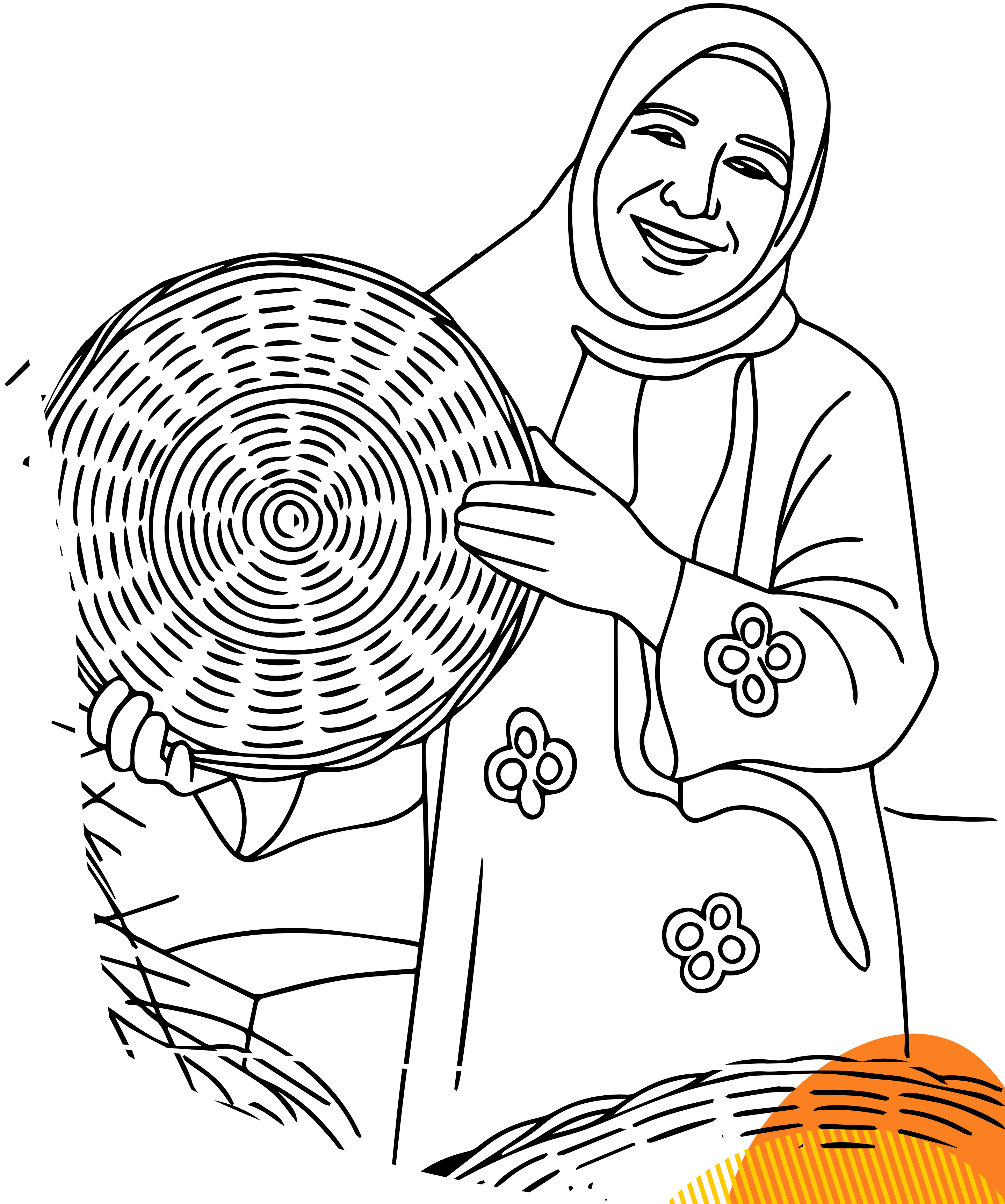


MONA ZULFICAR

President of the board of Trustees

"Al Tadamun Microfinance Foundation continues to solidify its position as a leading force in Egypt's microfinance sector, with a strong focus on empowering women entrepreneurs and fostering financial inclusion"

I extend my sincere gratitude and appreciation to everyone who has contributed to strengthening Al Tadamun Microfinance Foundation's ability to continue its outstanding performance in 2024, specifically the dedication of the Board of Trustees, executive management, employees, and the foundation's clients - our partners in success.

The foundation's strategic approach and action plan, which are steadily guiding Al Tadamun towards its goal of securing a leading position in the microfinance landscape. A key focus remains on supporting projects led by women with innovative ideas that contribute meaningfully to society.

Looking ahead, Al Tadamun is committed to expanding its services and introducing innovative products tailored to the diverse needs of female clients across Egypt. This expansion aligns with the foundation's aspiration to contribute effectively to the Egyptian state's efforts to achieve women's economic empowerment.

Actively participating in the expansion of financial inclusion efforts is another cornerstone of Al Tadamun's mission. The foundation actively aligns with constructive initiatives and regulatory developments from the Financial Regulatory Authority to enhance the microfinance sector and facilitate access to funding for citizens.

The foundation's robust performance indicators and business results underscore its leadership in the Egyptian market. By offering innovative and attractive financial products for women entrepreneurs in the microenterprise sector, Al Tadamun has witnessed significant growth in its active financing portfolios, reaching approximately 1.32 billion Egyptian pounds by the end of 2024.

Finally, I affirm Al Tadamun's ability to continue providing its services effectively and efficiently in the coming years. As a top-tier microfinance institution in Egypt, Al Tadamun is poised to continue playing a vital role in job creation, improving living standards, and driving sustainable economic growth.

Mona Zulficar
President of the Bord of Trustees

REHAM FAROUK

Chief Executive Officer

"We continue to break new ground in our mission to empower women-owned microenterprises, achieving significant milestones in 2024"2024 was a year of significant achievements, most notably our expansion into the Sohag Governorate, a key step in supporting women in Upper Egypt"

These accomplishments are a direct result of the collective effort and dedication of our Board of Trustees, our executive and operational teams, and the unwavering trust of Al Tadamun's clients. Together, we made strong progress in geographic outreach, product innovation, and partnership development.

Recognizing the dynamic nature of the microfinance sector, Al Tadamun has introduced new, tailored financial products designed to directly address the evolving needs of its clientele. A prime example is the launch of "Individual Plus," a groundbreaking loan product offering up to EGP 100,000 in financing from the very first transaction, specifically designed to fuel the growth of ambitious women entrepreneurs.

To further enhance accessibility and impact, Al Tadamun strategically opened 10 new branches in 2024, including its inaugural branch in Sohag. This expansion aims to empower more women to grow their businesses and elevate their living standards.

The year also witnessed a strengthening of Al Tadamun's collaborative ties with the banking sector. Now partnering with 11 banks, the foundation has successfully diversified its funding sources, enabling continued growth in its client base and loan portfolio while maintaining a strong market presence. With a focus on innovation and strategic partnerships, Al Tadamun is poised to continue its trajectory of empowering women and driving economic growth across Egypt.

Reham Farouk
Chief Executive Officer

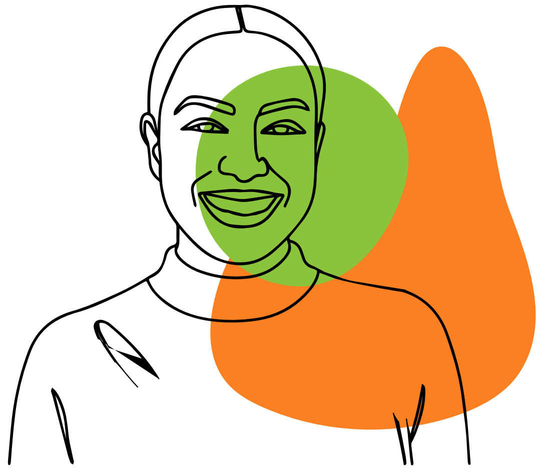
ABOUT AL TADAMUN

Al Tadamun Microfinance Foundation is a leading Egyptian institution dedicated to empowering underprivileged women micro-entrepreneurs. It provides crucial financial support to launch, sustain, and expand their businesses, increasing their income and improving family living standards.

Founded in 1996 as a pilot project by Save the Children USA and WHIA, Al Tadamun initially offered Group Guaranteed Lending and Saving (GGLS) to address the financial needs of women micro-entrepreneurs. The project's success led to expansion in 1998 to new neighborhoods, utilizing sustainable funding.

In 2003, the initiative evolved into the "Al Tadamun Microfinance Program," operating under WHIA. A key milestone was achieved in 2009 when Al Tadamun became an independent NGO, registered with the Ministry of Social Solidarity.

Further solidifying its position, Al Tadamun came under the supervision of the Financial Regulatory Authority in 2015, obtaining its microfinance license (No. 1117) that same year."



VISION STATEMENT

To become every Egyptian woman's address for micro financial services

MISSION STATEMENT

To increase the income of women micro-entrepreneurs in all governorates in Egypt and improving their quality of life through providing access to responsible, efficient, diversified and digitalized financial services that suit their needs

OBJECTIVES

1) Achieving a higher market share by increasing the geographical outreach, expanding existing branches and targeting new market segments

2) Maintaining our competitive advantage in the market by

-Reinforcing our corporate culture that supports our identity and image with clients

-The continuous improvement of our products and financial services

3) Develop our intuitional capacity to continue providing high quality services using the best available technologies in an efficient, responsible diversified manner

4) Digitalizing processes to make cultural and operational transformations that are in line with the changing needs of customers and will improve the quality of products and services provided with efficiency and effectiveness

CORE VALUES

1) Trust

2) integrity

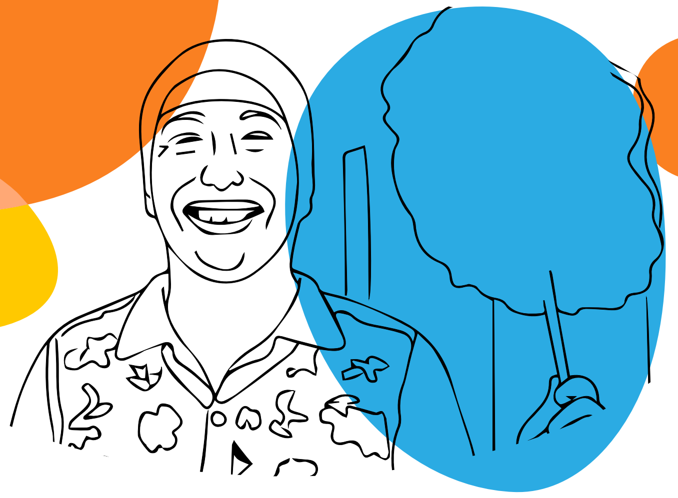
3) Transparency

4) Credibility

5) Respect

6) Belonging

7) Social Responsibility



AL TADAMUN'S FINANCIAL SERVICES

Al Tadamun offers a diverse portfolio of loan products tailored to meet the evolving needs of women micro-entrepreneurs:

1. Group Loan: Designed for micro-scale businesses needing working capital. In 2024, this loan product supported 115,586 clients with a portfolio of EGP 730.4 million.

2. Individual Loan: Launched in 2015 to finance a wider range of individual projects. In 2024, it empowered 28,314 clients with a portfolio reaching EGP 447.4 million.

3. Family Loan for Machinery, Equipment & Vehicles: Introduced in 2018 to provide access to essential equipment like sewing machines and tricycles. In 2024, it served 68 clients with a portfolio of EGP 916,821.

4. Golden Loan: Launched in 2019 to cater to a new segment of underprivileged women micro-entrepreneurs with tailored financial services. By the end of 2024, it served 25 clients with a portfolio of EGP 2.4 million.

5. Forsa Loan: Introduced in 2020, this product provides machinery and equipment to existing clients with proven repayment capacity. In 2024, the Forsa Loan empowered 376 clients with a portfolio of EGP 1.6 million.

6. Khatwa Loan: Launched in 2023, Khatwa is designed to re-engage previous clients. In 2024, it supported 12,477 clients with a portfolio of EGP 124.5 million.

7. Individual Plus Loan: A new offering in 2024, providing up to EGP 100,000 in financing from the first transaction for growth-oriented entrepreneurs. In 2024, it served 127 clients with a portfolio of EGP 8.7 million.

AL TADAMUN'S NON-FINANCIAL SERVICES

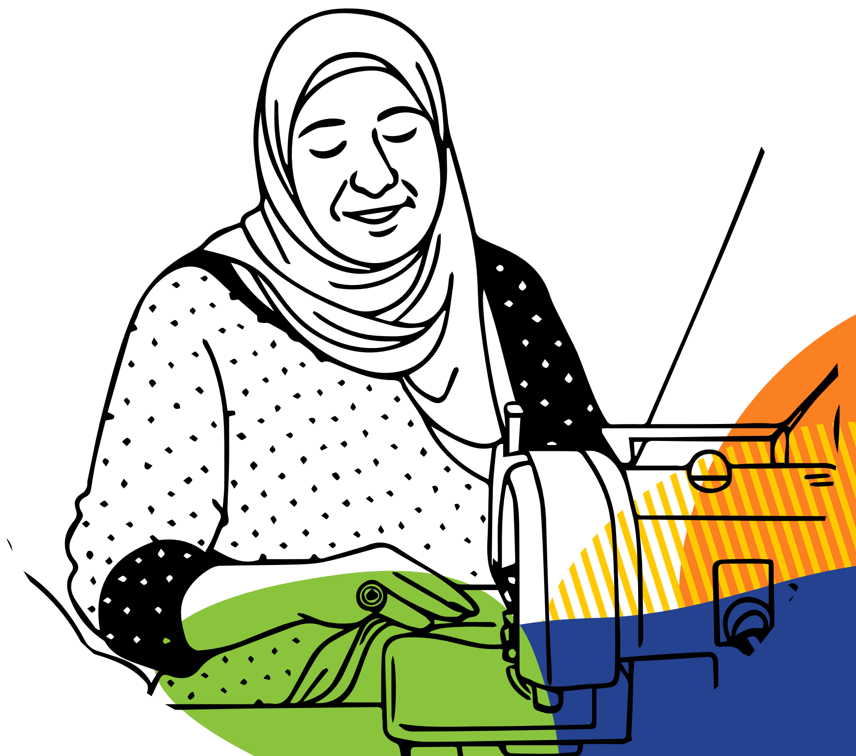
Al Tadamun goes beyond providing loans, offering a range of non-financial services designed to protect and empower its clients:

1. INSURANCE SERVICES: Al Tadamun provides comprehensive insurance coverage to protect clients and their families. This includes:

- **HOSPITALIZATION:** Financial assistance for each day spent in the hospital.
- **DISABILITY:** Coverage in case of disability.
- **DEATH:** Installment exemption and financial contribution to the family, demonstrating Al Tadamun's commitment to social responsibility. The insurance umbrella extends to cover the client's entire portfolio.

2. ANNUAL SUMMER TRIPS: Al Tadamun strives to ease the burdens of life for its clients by organizing annual summer trips. The foundation covers housing and transportation costs, ensuring comfortable and memorable experiences for clients and their families.

3. TRADE FAIR PARTICIPATION: Al Tadamun actively supports clients in marketing their products by participating in various trade fairs throughout the year. This provides valuable opportunities for clients to promote their businesses and reach new customers.



AL TADAMUN CLIENTS SHINE AT CAIRO INTERNATIONAL FAIR

Al Tadamun helped eight of its talented women micro-entrepreneurs showcase their wares at the prestigious 57th Cairo International Fair (CIF), held from February 29th to March 9th, 2024. The CIF, a major event in the Middle East and Africa, drew participants from countries like Indonesia, Sri Lanka, Iraq, and Vietnam. Al Tadamun provided a prime space for its clients to sell a diverse range of products, including accessories, cosmetics, clothing, linens, and handicrafts. Clients raved about the opportunity to reach a wider market and reported strong sales during the fair. "This was an excellent chance to expand our reach," said one participant, echoing the sentiment of many who expressed eagerness to participate in future events.

CAIRO FLEA MARKET BUZZES WITH AL TADAMUN ENTREPRENEURS

Throughout 2024, Al Tadamun partnered with Wasabi Experience to bring its clients to the vibrant Cairo Flea Market. Twelve of Al Tadamun entrepreneurs specializing in garments and accessories were given spacious tables to display their creations. The Flea Market proved to be a fantastic platform for marketing and networking. Clients lauded Al Tadamun's ongoing support in fostering social solidarity and expressed immense satisfaction with the experience. "We're so grateful for Al Tadamun's support," said one participant. "We'll definitely be back!"

EXPANDING HORIZONS: AL TADAMUN REACHES NEW COMMUNITIES

Driven by a commitment to growth and wider impact, Al Tadamun has strategically expanded its footprint by opening six new branches in the Sohag Governorate. This move aims to extend its unique financial services to all segments of society, reaching diverse client groups and empowering new beneficiaries.

Al Tadamun is dedicated to providing accessible, high-quality financial services to every woman seeking to develop her business. As of 2024, the foundation's network has grown to an impressive 125 branches, spanning 15 governorates.

KEY PERFORMANCE HIGHLIGHTS

The following illustration highlights Al Tadamun's key growth indicators during 2024

Indicator	2024	2023	% of Increase
Outreach			
Number of Branches	125	115	9%
Number of Staff	2,045	2,067	-1%
Number of Field Coordinators	1,172	1,183	-1%
Number of Loans Disbursed (clients)	178,542	242,495	-26%
Amount of Loans Disbursed - EGP	2,396,092,133	2,341,107,230	2%
Number of Active Clients	156,663	204,338	-23%
Gross Outstanding Portfolio - EGP	1,315,860,886	1,311,087,881	0%
Sustainability/Profitability			
Operational Sustainability	111%	104%	-7%
Financial Sustainability	105%	59%	-10.5%

AL TADAMUN'S BOARD OF TRUSTEES

Al Tadamun is governed by a three-member Board of Trustees, providing strategic oversight and direction. To ensure robust risk management and compliance, an Audit and Risk Committee was established in 2015.

Name	Position on Board	Current Occupation
Mona Zulficar	President	Managing Director, Zulficar & Partners Law Firm President of the Egyptian Microfinance Federation
Ibrahim Hegazy	Vice Chairman	Marketing Consultant
Sherif El Diwany	Treasurer	MIS Advisor

INVESTING IN PEOPLE: Al Tadamun's Commitment to Training and Workforce Development

In 2024, Al Tadamun continued to place strong emphasis on building the capabilities of its employees as a key driver of its organizational success. Through its dedicated Talent Management Unit, the organization delivered capacity building programs to a total of 1,764 staff members across various levels and functions to enhance individual performance and align employee competencies with strategic business objectives.

This focus on workforce development was accompanied by significant improvements in training activities compared to 2023 as shown below:

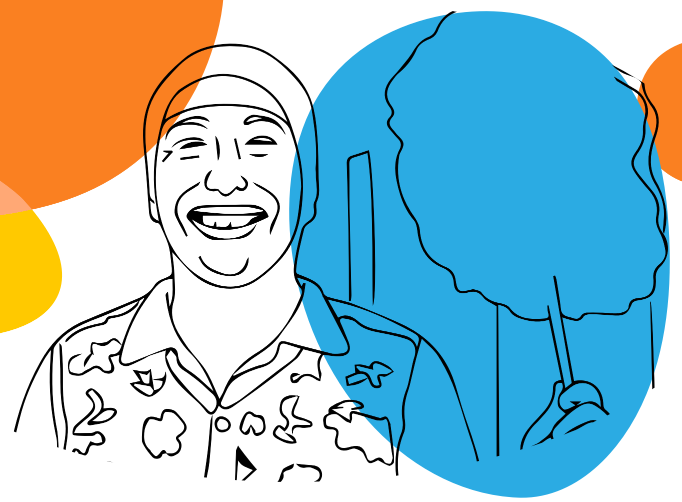
Description	2024	2023	Percentage
Number of Training Courses	146	74	97%
Training Days	658	321	48%
Training Hours	4,606	2,247	105%
Number of Trainees	2,295	1,041	120%
Number of Trained Employees	1,764	802	120%
Training Man-days	7,868	4,527	74%
Training Man-hours	55,076	31,689	74%

In parallel with its learning and development efforts, Al Tadamun continued to invest in talent acquisition. A total of 614 new employees joined the organization in 2024 marking an increase from 529 in 2023 and highlighting the organization's ongoing growth and investment in human capital. By year-end, the total number of employees stood at 2,045, slightly lower than 2,067 in 2023, indicating the ongoing efforts to optimize workforce efficiency

EMPOWERING WOMEN THROUGH FINANCIAL LITERACY

In partnership with the International Labour Organization and the National Council for Women, Al Tadamun delievered the "Smart Money Management for Women and Girls in Egypt" program for the third year running.

This initiative goes beyond building internal capacities; it empowers women with essential financial skills and knowledge. This year alone, Al Tadamun trained approximately 134 clients, equipping them to thrive personally and in their entrepreneurial endeavors. Since the launch of this program in 2021, Al Tadamun reached nearly 2,905 women, underscoring the organization's commitment to fostering financial inclusion and empowering women through accessible, skills-based learning.



AL TADAMUN FORGES POWERFUL PARTNERSHIPS TO EMPOWER WOMEN ENTREPRENEURS

MEEZA CARD

UNLOCKING FINANCIAL INCLUSION

Al Tadamun, in collaboration with the National Bank of Egypt, is revolutionizing access to finance! A whopping 2,853 clients in 2024 are now empowered with Meeza cards, allowing them to withdraw loans with ease and step into a more financially inclusive future.

E-PAYMENT

CONVENIENCE AT YOUR FINGERTIPS

Al Tadamun has joined forces with Egypt's leading e-payment platforms – Fawry, Masary, Cash Call, Opay, Wakty, and Bee – to bring installment payments directly to its clients' fingertips. An incredible 99% of clients are already enjoying the benefits of this convenient service.

BANKING ON SUCCESS

FUELING WOMEN-OWNED BUSINESSES

Al Tadamun's rock-solid credit history is opening doors to unprecedented opportunities for women entrepreneurs! By partnering with all banks in Egypt, Al Tadamun secures vital credit facilities, creating innovative financing solutions that enable women-owned micro-businesses to flourish. These funds are strategically channeled into tailored financing programs, reaching women entrepreneurs across the nation. Al Tadamun proudly partners with 11 major banks: National Bank of Egypt, Arab African International Bank, CIB, Al Baraka Bank, Bank Misr, Suez Canal Bank, QNB Al Ahli, The First Abu Dhabi Bank, EBE, and Emirates NBD.

FINANCIAL STATEMENTS 2024

Al Tadamun Microfinance Foundation
Translation of financial statement originally issued in Arabic
Statetment of Financial Position
As of December 31, 2024

(in EGP)

	Note no.	31 December 2024	31 December 2023
Current Assets			
Cash on hand and at banks	(5)	140 317 804	104 199 754
Micro-finance loans	(3)	1 284 554 214	1 308 526 002
Debitors and other debit balances	(4-2)	45 210 138	34 455 719
Total Current Assets		**1 470 082 156**	**1 447 181 475**
Non-Current Assets			
Fixed assets	(6)	63 365 304	67 869 940
Intangible assets	(6-1)	9 605 115	5 603 411
Right to use asset	(7-1)	50 041 717	51 798 779
Debitors and other debit balances	(4-1)	2 632 950	2 367 950
Total Non-Current Assets		**125 645 086**	**127 640 080**
Total Assets		**1 595 727 242**	**1 574 821 555**
Non-Current liabilities			
Lease liabilities(lease contracts)	(7-2)	50 272 753	51 147 944
Total non-current liability		**50 272 753**	**51 147 944**
Current liabilities			
Banks - Credit facilities	(10)	1 026 468 495	1 097 351 866
Lease liabilities	(7-2)	12 994 588	10 822 245
Creditors and Other Credit Balances	(8)	54 644 582	36 281 567
End of service benefits provisions	(9)	96 693 210	61 390 370
Total current liability		**1 190 800 875**	**1 205 846 048**
Total liabilities		**1 241 073 628**	**1 256 993 992**
Surplus			
Surplus of Revenue over expenses - Retained	(19)	235 845 299	220 093 478
Micro finance risk from financing operations	(20)	60 200 327	50 933 529
Surplus of Revenue over expenses - during the year	(19)	36 826 051	25 018 619
Total surplus of Revenue over expenses		**332 871 677**	**296 045 626**
Cash and in-kind grants -own resources	(11)	21 781 937	21 781 937
Total liabilities and retained surplus		**1 595 727 242**	**1 574 821 555**

The accompanying notes from page (5) to (36) are an integral part of these financial statements and are to be read therewith.

Auditor's report "Attached"

Kareem Gomaa	Reham Farouk Mohamed	Mona Salah-Alden zu Al-Faquar
Financial Manager	Foundation Manager	Chairman of Board of Trustees

Al Tadamun Microfinance Foundation

Translation of financial statement originally issued in Arabic

Statement of Revenues and Expenses

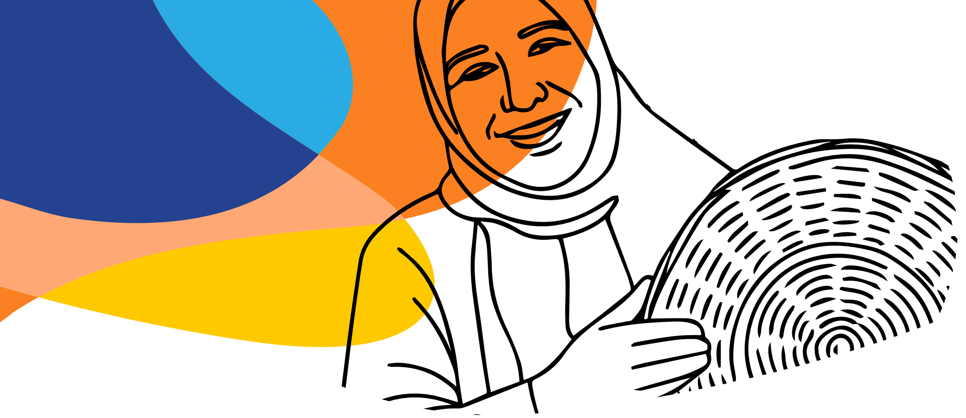
For the year ended December 31, 2024

(in EGP)	Note no.	For year ended 31 December 2024	For year ended 31 December 2023
Revenues			
Financing interest	(12)	888 504 060	627 676 421
Operating Cost	(13)	(580 098 106)	(441 501 524)
Operating surplus		308 405 954	186 174 897
Add:			
Interest income		11 951 757	10 670 883
Gain on sale of fixed assets		669 120	5 630
Other income	(16)	3 632 318	2 590 413
Deduct:			
General and administrative expenses	(14)	(187 946 029)	(149 566 379)
Lease liability Interest(from lease contracts)	(7-2)	(8 183 685)	(6 003 645)
Right to use asset amortization(from lease contracts)	(7-1)	(14 224 742)	(14 217 816)
Foreign currencies translation differences		35 821 871	10 414 227
End of service benefits provisions	(9)	(69 226 948)	373 100
Expected credit loss	(15)	(27 499 512)	(485 851)
surplus of Revene over Expenses before Depreciation		53 400 104	39 955 459
Deduct:			
Fixed assets depreciation	(6)	(12 785 973)	(13 548 729)
Intangible assets amortization	(6-1)	(3 788 080)	(1 388 111)
Surplus of Revenue over expenses		**36 826 051**	**25 018 619**

The accompanying notes from page (5) to (36) are an integral part of these financial statements and are to be read therewith.

FINANCIAL RATIOS 2024

Financial Ratio	2023	2024
Sustainability and Profitability		
Operational Self-Sufficiency (OSS)	104%	104%
Financial Self-Sufficiency (FSS)	95%	99%
Return on Assets (ROA)*	1.7%	2.2%
Adjusted Return on Assets (AROA)*	-2.2%	-0.5%
Return on Equity (ROE)*	8.2%	10.6%
Asset/Liability		
Yield on Gross Portfolio*	54%	65%
Portfolio to Assets	83%	82%
Cost of Funds Ratio*	19%	28%
Adjusted Cost of Funds*	19%	28%
Debt to Equity	3.95 X	3.5 X
Adjusted Debt to Equity	3.48 X	3.23 X
Liquid Ratio	0.08 X	0.11 X
Portfolio Quality		
Portfolio at Risk (PAR) Ratio	0.06%	1.16%
Write-off Ratio*	1.45%	0.00%
Adjusted Write-off Ratio*	1.45%	0.00%
Risk Coverage Ratio	3.17 X	2.06 X
Adjusted Risk Coverage Ratio	3.17 X	2.06 X
Effeciency and Productivity		
Operating Expense Ratio*	38%	42%
Adjusted Operating Expense Ratio*	38%	42%
Cost per Active Client*	1,981	3,082
Adjusted Cost per Active Client*	1,981	3,082
Borrowers per Loan Officer	205	159
Active Clients per Staff Member	99	77
Client Turnover*	43%	45%
Average Outstanding Loan Size	6,416	8,399
Adjusted Average Outstanding Loan Size	6,416	8,399
Average Loan Disbursed	27,443	33,734
Gender Ratio		
Female active clients as a percent of total active clients	100%	100%
Female active borrowers as a percent of total active borrowers	100%	100%



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بنك قناة السويس SUEZ CANAL BANK

QNB ALAHLI

FABMISR بنك أبوظبي الأول مصر

بنك البركة alBaraka Bank

البنك العربي الأفريقي الدولي arab african international bank

CIB

Emirates NBD

EBE البنك المصري لتنمية الصادرات Export Development Bank of Egypt

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فوري

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IFC International Finance Corporation WORLD BANK GROUP

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SANABEL The Microfinance Network of Arab Countries

الاتحاد المصري للتمويل متناهي الصغر Egyptian Microfinance Federation

CONTACT US

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