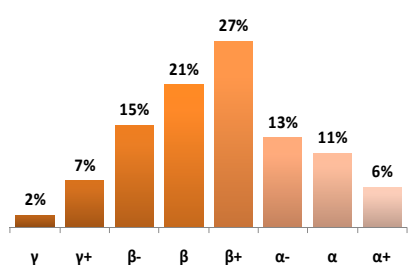


TAMWEELCOM | Jordan | July 2011

α-	Very low credit risk. Solid organization and financial structure. Strong management and governance. Foreseen market changes could impact strategy and operations.
Stable	Rating Perspective ¹

 Rating Validity Date² July 2012

 Financial Situation³ **α-**
Granted Performance Ratings


Date of visit June-11

Last financial statements Dec-10

Precedent rating n.a.

Main Performance Indicators

	Dec-08	Dec-09	Dec-10
Gross Loan Portfolio	\$14,666	\$13,218	\$19,011
Number of Borrowers	37,704	38,701	46,046
Leverage	1.8	1.1	1.5
ROE*	13.0%	18.4%	7.6%
Portfolio Yield	36.1%	38.2%	36.5%
Portfolio at Risk	0.4%	0.6%	0.4%
Average loan	\$389	\$342	\$413
Operating Expenses	18.3%	22.6%	24.1%
Borrowers / Loan Officer	496	412	460
Operating Margins	10.5%	9.1%	5.8%

* Adjusted

¹See Annex 1

² Rating grades are valid up to 1 year after publication. MicroRate reserves the right to modify rating grades at any time

³See Annex 1

Summary

Tamweelcom was created in 1999 by the Queen Noor Foundation as a non-profit limited liability company. Between its 20 branches, it is present in all the main cities of Jordan. It serves more than 49,000 borrowers with an average loan size of US\$440 as of May 2011, for a total loan portfolio of \$21 million.

Rating Rationale

Tamweelcom is a leading MFI in Jordan, with good performance and very low credit risk. The MFI has served with success low income population, financing only income generating activities.

The institution has a strong company culture and management team, a good organization and information system, a strong profitability and financial structure, and has shown in the past years a capacity to adapt its strategy to market conditions. Governance bodies are active and guide the institution effectively.

The Jordanian microfinance market is evolving rapidly as competition among MFIs intensifies, solidarity links are weaker in urban areas, lending rates decline and the number of loan products being offered proliferates. Tamweelcom is reacting to these changes by introducing a new product line based on small consumer loans, and adapting existing individual and group loans. As it introduces these new products, Tamweelcom must adapt its credit procedures, control operating expenses, and implement changes in pricing, organization and the MIS and substantially lower staff turnover. At the time of the visit (June 2011), it was too early to judge how successfully the organization is coping with these multiple challenges.

To the extent Tamweelcom succeeds in meeting these challenges, prospects for the future are good.

Highlights
Strengths

- + High margins with good profitability
- + Excellent portfolio quality
- + Good management team
- + Strong financial and operational organization

Weaknesses

- High Staff turnover
- Increasing operating expenses
- Rather weak credit methodology for larger loans

ANNEX 1 – Performance Rating Grade Definitions

Performance Rating α, β, γ	A performance rating evaluates an institution, comparing it with the best practices in microfinance, taking into account financial, operational, and strategic aspects. In particular, it measures the level of efficiency and effectiveness, the level of risk management, and the future outlook of the institution.
$\alpha+$ α $\alpha-$	Those MFIs that have successfully balanced the financial, operational and strategic considerations of sound microfinance practices as compared to an international set of similar companies and emerging standards in the microfinance industry. Good efficiency and effectiveness. Low Risk / Risk well managed , leaving the company minimally susceptible to variability during economic cycles. Good future outlook.
$\beta+$ β $\beta-$	Those MFIs working to define a relationship among the financial, operational and strategic considerations of sound microfinance practices as compared to an international set of similar companies and standards of the microfinance industry. Satisfactory efficiency and effectiveness. Moderate Risk , leaving the company subject to some variability during economic cycles. Satisfactory future outlook.
$\gamma+$ γ	Those MFIs with financial, operational or strategic weaknesses that have the potential to threaten their viability, now or in the future , as compared to an international set of similar companies and emerging standards in the microfinance industry. Poor efficiency and effectiveness. High Risk , with high variability during economic cycles. Poor future outlook.
Financial Situation Rating α, β, γ	Measures the MFIs financial health based on its financial structure, profitability, operating margins and financial risk management.
Rating Outlook - Positive - Stable - Negative - Uncertain	Expected direction of the rating grade over the 12 months following the rating. Positive - The rating is expected to increase. Stable - The rating is expected to remain unchanged. Negative - The rating is not expected to remain unchanged. Uncertain - Due to unpredictable factors, a rating outlook cannot be determined.
★★★★★ Social Rating	MicroRate's social rating provides an opinion on the social return on investment (SROI) by measuring the social performance of an MFI, focusing on the institution's social commitment and social results.



Interested in the full report?

The full Performance Rating includes detailed information on the following:

- Context
- Financial Situation
- Microcredit Operations
- Portfolio Quality
- Organization and Management
- Governance and Strategic Positioning

This performance report is available for purchase. If you are interested in purchasing a report, please contact MicroRate at 1-703-243-5340 or email info@microrate.com.

MicroRate also offers the [Rating Report & Analyst Access Service](#) which provides investors with access to public performance and social rating reports through an annual subscription, regional package, or other tailored package to fit your needs.

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