



Rating Action

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Applicable Criteria and Related Research

- Microfinance Banks - Viewpoint | Mar-16
- MicroFinance Institutions Methodology

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PACRA Reaffirms Ratings of Tameer Bank; Remains on Rating Watch

The Pakistan Credit Rating Agency (PACRA) re-affirms long-term and short-term entity ratings of Tameer Microfinance Bank Limited (Tameer Bank) at "A+" (Single A plus) and "A1" (A One), respectively. These ratings denote a low expectation of credit risk emanating from a strong capacity for timely payment of financial commitments.

Telenor Group, signed a Share Purchase Agreement with other shareholders in Nov15 to enhance its shareholding in Tameer Bank - from 51% to 100%. Upon relevant regulatory approvals, share purchase transaction has been executed while regulatory filing of documents is in process. Resultantly, Tameer Bank has become wholly owned subsidiary of Telenor Group. Tameer Bank's ratings would remain on Rating Watch till the finalization of ensuing changes in governance framework, management structure, and business strategy.

Tameer Bank's ratings reflect its strong business profile emanating from growing deposit base and diversified revenue stream. The bank has been successful in mobilizing low cost deposits, particularly supported by its branchless banking (BB) operations; spreads stayed healthy. Despite gradual growth in unsecured loan portfolio, asset quality remains robust - a result of superior control framework. The bank's financial profile continued to remain strong. The bank maintains its leading position in BB operations. Although it is likely to keep good share in increasing BB volumes, market share may wane as a result of increasing competition. Nevertheless, earnings from BB add strength to the overall performance. The ratings incorporate the bank's association with a well-reputed and financially sound telecom group - Telenor.

Post acquisition, key focus areas for Telenor Group include (i) devising business strategy while maintaining focus on microfinance operations, (ii) consolidating branchless banking operations - Easypaisa, and (iii) fortifying management team in line with ensuing business plan. Any pressure on the bank's position thereby impacting performance may affect ratings.

About Tameer Bank: Tameer Bank commenced operations in Sep-05 and currently operates with a network of 66 branches with head office in Karachi. Tameer bank has become a wholly owned subsidiary of Telenor ASA: 51% through Telenor Pakistan Limited and 49% through Telenor Pakistan B.V. During CY15, the bank's deposits grew by ~28% to PKR 16bln and reported a net income of PKR 851mln.

Overall control of the bank vests with nine members board (previously seven) out of which six represents Telenor Group. Founding CEO member, Mr. Nadeem Hussain, would continue on the board.

About Telenor ASA: Telenor ASA is one of the world's major mobile operators headquartered in Oslo, Norway, with mobile operations spread across 13 countries. Telenor ASA is listed on the Oslo Stock Exchange with total assets amounting to ~USD 24bln at end-Dec15.

The primary function of PACRA is to evaluate the capacity and willingness of an entity to honor its obligations. Our ratings reflect an independent, professional and impartial assessment of the risks associated with a particular instrument or an entity.

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