

JCR-VIS Credit Rating Company Limited

Founder Shareholder - Islamic International Rating Agency (IIRA), Bahrain
Joint Venture Partner - Credit Rating & Information Services Ltd. (CRISL), Bangladesh
Member - Association of Credit Rating Agencies in Asia (ACRAA)

Press Release

JCR-VIS Reaffirms Ratings of Tameer Microfinance Bank Ltd at A+/A-1

Karachi, April 28, 2016: JCR-VIS Credit Rating Company Limited (JCR-VIS) has reaffirmed the entity ratings of Tameer Microfinance Bank Limited (TMBL) at 'A+/A-1' (Single A Plus/A-One). Outlook on the assigned rating is 'Stable'. The previous rating action was announced on April 17, 2015.


The assigned ratings to TMBL incorporate implicit support of the bank's sponsor 'Telenor Group' (TG) which during the year increased its shareholding in the bank from 51% to 100%. TG has a credit rating of A/A-1 (Single A/ A-One) on the international scale. Ratings also derive strength from TMBL's adequate liquidity profile and strong risk adjusted capitalization level which despite imposition of a cap on gold backed loans (with lower risk weight) is expected to remain healthy. Moreover, diversified revenue stream comprising income from investment & loan book and branchless banking (BB) provide support to assessment of TMBL's profitability metrics.

TMBL is the second-largest provider of microcredit in terms of the gross loan portfolio (GLP). GLP recorded healthy growth during 2015 despite the 35% cap imposed by State Bank of Pakistan on gold backed loan (TSQ) portfolio. While increasing in absolute terms, proportion of TSQ portfolio declined on account of healthy growth in unsecured loan book. In line with regulatory requirement, the bank has targeted to reduce its secured loan portfolio to 35% by June'2017 on account of which exposure to credit risk will be tested over time.

The bank continues to be the largest microfinance bank in terms of deposit mobilized. Moreover, deposit mix and granularity compares favorably to peers. Resultantly, cost of deposits is the lowest in the industry. While remaining adequate, depositor concentration has increased on a timeline basis. Liquidity profile is supported by sizeable liquid assets in relation to deposits and borrowings.

TMBL has continued to maintain its leadership position in the BB business with Easy Paisa (EP) having a market share of over 50% in total BB banking transactions. While Over the Counter transactions still represent the largest share in BB revenues, TMBL has managed to open significant new m-wallet accounts during 2015. The latter will continue to remain the bank's key focus, going forward. Subsequent to completion of 100% acquisition of TMBL by TG, all revenues and costs related to EP will be reflected in the financial statements of the bank. Impact of the same on financial profile of TMBL will be tracked by JCR-VIS.

For further information on this rating announcement, please contact the undersigned (Ext: 501) or Mr. Mohammed Khalid Ali (Ext: 508) at 021-35311861-70 (10 lines) or fax to 021-35311873.


Javed Callea
Advisor

Applicable Rating Criteria:

MicrofinanceInstitutions(October 2003)

<http://www.jcrvis.com.pk/images/MicroFinance.pdf>

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