



Rating Action

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Analyst

Rehan Alam
(+92-42-35869504)
rehan.alam@pacra.com
www.pacra.com

PACRA Maintains Entity Ratings of Tameer Microfinance Bank Limited

The Pakistan Credit Rating Agency (PACRA) has maintained the 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

The ratings reflect strong business profile of Tameer Bank emanating from growing deposit base and diversified revenue stream. The bank, successfully mobilizing low cost current deposits, has strengthened its spreads. The management aims to bring efficiency in operations to rationalize overall cost structure. However, initiatives are at initial stage. In pursuance of the management's endeavor to expand its product slate, unsecured loan portfolio witnessed growth. Nevertheless, asset quality remains robust, a result of superior control framework. The bank maintains sound financial profile. This is reflected in strong capitalization and healthy liquidity. The bank maintains its leading position in branchless banking (BB) operations. Although it is likely to keep good share in increasing BB volumes, market share may wane as a result of stiff 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.

The ratings are dependent on the bank's ability to maintain its market position. Success in rationalizing operational costs would enhance business competitiveness. The bank eyes increase in unsecured loan book. Prudent management of associated risks, besides sustaining asset quality, would be imperative.

About the Bank: Tameer Bank commenced operations in Sep-05 and currently operates with a network of 57 branches (end-Dec14). The bank is a subsidiary of Telenor Pakistan (51%), with other shareholding distributed between EMCPL (29%), IFC (5%), Centurion (Pvt.) Limited (7%), and two local businessmen (8%). Fostering synergies between Telenor and Tameer Bank, in branchless banking platform, is a key pillar of the management's strategy.

The seven-member Board of Directors comprises the CEO, four nominees of Telenor Group, one independent director, and one minority shareholder. Mr. Nadeem Hussain is the President and CEO of the bank since its inception. He is assisted by a team of professionals with sound relevant experience.

Applicable Criteria and Related Research

- MicroFinance Institutions
Methodology

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