



Rating Action

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PACRA ASSIGNS RATINGS TO TAMEER MICROFINANCE BANK LIMITED

The Pakistan Credit Rating Agency (PACRA) has assigned the long-term and short-term entity ratings of “A” (Single A) and “A1” (A One), to Tameer Microfinance Bank Limited. These ratings denote low expectation of credit risk emanating from a strong capacity for timely payment of financial commitments.

The ratings of TMBL reflect its association with an established multinational telecom service provider – Telenor. The ratings recognize the effective risk management systems, secured nature of its majority loan book, and low level of delinquencies. The bank envisages establishing itself as one of the leading micro-finance institutions in the country by expanding its geographic coverage, while gradually enhancing its market share. Meanwhile, business partnership with the parent with regard to ‘Easypaisa’ helps in building a diversified revenue base. The bank’s bottom-line, which recently turned green, thereby preventing further erosion in equity base, provides comfort to the ratings.

The ratings are dependent on the bank’s ability to sustain its asset quality while building fresh loan portfolio in line with its growth objectives. Meanwhile, continuing support from Telenor, particularly strengthening control framework and increasing integration to gain synergic benefits, would remain important. Any significant erosion in the bank’s asset quality, material change in collateral structure of loan book towards un-secured portfolio, or depletion in integration with Telenor may have negative implication on the ratings.

About the bank: Tameer Microfinance Bank Limited (TMBL) is a majority owned subsidiary of Telenor Pakistan (51%). The bank was incorporated in 2005 to provide micro-finance and related financial services to the less privileged and unbanked segment of the society, with an aim to contribute towards poverty eradication under the Microfinance Institution ordinance, 2001. The Bank currently has 40 branches, 18 service centers, 38 community centers, and 4 booths in the low-income areas within Pakistan.

The seven-member Board of Directors (BoD) comprises CEO TMBL, four nominees of Telenor, and two other non-executive directors. Mr. Nadeem Hussain, the CEO, has been serving in this capacity with the Bank since its inception. Prior to TMBL the CEO and most of the senior executives were associated with Citigroup. The CEO and the top management own 29% stake. This has led to sustainable development and execution of business strategy.

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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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