

Telenor Microfinance Bank Reports PKR 18bn in Revenue for Financial Year 2019, Invests PKR 8bn in Technology and Sustainable Growth

Telenor Microfinance Bank has reported revenue of PKR 18 billion for the financial year ended December 31, 2019. This was led by an impressive expansion in the branchless banking customer base of the Bank's Easypaisa wallet. A two-fold increase in Year-Over-Year wallet accounts was witnessed with more than 3 million increase in monthly active users as compared to 2018. During the year 2019, the Bank continued to develop its capacity to become a major player in the digital payments space. It invested PKR 8 billion towards building a more robust payment and lending platform enabled through technology that will be able to serve millions of individual and small enterprise businesses by giving them access to financial services digitally.

In line with its significant investment towards growth and expansion, Telenor Microfinance Bank reported a net loss of PKR 16.3 billion for the year ended December 31, 2019. While a major part of the net loss is attributed to investments in expanding the digital payments business, the other contributor is credit impairment loss, for which a provision of PKR 8.9 billion was made by taking into account expected losses and credit irregularities that also include fraud.

In September, 2019, irregularities were identified in the loan portfolio that also included cases of collusion to commit fraud between employees and people outside the Bank which was immediately reported to the State Bank of Pakistan and a detailed investigation was launched. This is unacceptable to Telenor Microfinance Bank. The Bank took immediate steps to completely strengthen its risk structure and revamp compliance policies, including trainings and awareness sessions. The deposit business has not been affected and continues to operate on a robust platform. By following best practices of transparency and confidentiality, actions were also taken against involved employees, ranging from warning letters and terminations to reporting the matter to the law enforcement agencies for further investigation.

The financial health of the Bank remains sound. It is fully compliant of regulatory requirements to meet all financial obligations with the confidence that the changes made will have an overall positive impact and such instances will be prevented in the future.

M. Mudassar Aqil, President & CEO of Telenor Microfinance Bank said, *"2019 has been a remarkable year for us in terms of growth. Despite challenges in our credit business, we are excited about how we have repositioned ourselves to become the leading provider of digital financial services in the country. We have had an impressive growth in our Easypaisa customer base during the last year serving 6.4 million mobile wallet users in 2019 as compared to 3.3 million in 2018. Similarly our depositor base grew by 86% to 17.18 million in 2019. Acquiring millions of new customers and nourishing those relationships requires sizeable investments in technology, marketing and incentivizing consumer behavior. We have done the same for millions of our customers during the course of the year. With the capital injection by our shareholder of US\$70 million in November, 2019, we are stable and on strong financial footing. We have implemented robust internal controls and risk management policies to further streamline our branch banking business. With unrelenting focus on serving customers, we are uniquely positioned to leverage our technological prowess to serve diversified segments of the market and remain on track for continuous growth with high ambitions for the future."*

In the Year 2019 alone, the Bank handled transactions of almost PKR 1 trillion through its agent network and served over 10 million customers through its various channels. 2019 also saw an increase of 34% in the total value processed per transfer from Mobile Accounts which depicts that customers are adopting money transfer through mobile accounts, as compared to the traditional method of transferring money over the counter. Similarly, Easypaisa App users increased by about 300% to over 2 million representing the highest number of users of any financial app in Pakistan.

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The Bank continues to invest in technology with an aim to become Pakistan's leading digital financial services provider, also serving micro-small and medium enterprises (MSMEs) both from a payment and a credit perspective to become the leading player in both these categories. Through the power of collaboration and technology, Telenor Microfinance Bank remains committed to enable individuals and businesses across Pakistan to adopt the truly digital way of life.

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About Telenor Microfinance Bank Limited

Motivated by its vision of 'transforming the financial landscape of the country', Telenor Microfinance Bank, the leading microfinance institution of Pakistan is on a mission to provide 'instant access to convenient digital financial services' that benefits the people of Pakistan. With Easypaisa, the country's largest branchless banking service, and a range of innovative digital banking solutions, the bank is committed to catering to the ever-growing needs of the people it serves.

Easypaisa, Pakistan's first mobile financial services platform launched in 2009, is also the first and only GSMA Mobile Money Certified service. Easypaisa since then has evolved into a digital payments platform, which empowers people across Pakistan to truly adopt the digital way of life.

Telenor Microfinance Bank is partly owned by Telenor Group, the leading telecommunications company across Scandinavia and Asia with 174 million customers, and Ant Financial, one of the leading fintech companies in the world and an affiliate company of Alibaba Group. Together with the new shareholders and strategic partner, and the Bank's local market presence and knowledge, Telenor Microfinance Bank aims to digitally enable and empower the underserved segments of the Pakistani society.

For more information, please visit: <http://www.telenorbank.pk/>