

## One promise

Our 14<sup>th</sup> year marks the achievement of more than 3.4 million loans to Pakistanis across the country. We strive to support and rebuild ordinary lives by creating the right combination of circumstances through skills and infrastructure development, community empowerment, independence and enterprise. More proof that we're giving common people an uncommon advantage to realize their full potential. Which is why, Khushhalibank is more than a bank. It's a promise, a promise to opportunity.

a quarterly newsletter of Khushhalibank

# grassroots

July – September 2014

Volume: X – Edition III

## Plan ahead for prosperity



## Inside this Issue

President's Message	02
Quarterly Business Update, July - Sept, 2014	02
Khushhalibank Celebrates its 14th Anniversary	03
Khushhalibank First Model Branch Opening	03
KBL Board Meeting	04
MSME Update	04
Khushhalibank Agreement with Incofin	04
Livestock Agreement with UIC	05
Khushhalibank Sponsors 5th LADIESFUND Entrepreneurship Conference 2014	05
Alleviating Poverty with the Help of Microfinance	06
KBL 14th Anniversary Event	07
Training Sessions of Quarter	08

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## President's Message

This quarter marks the celebrations of our 14th anniversary year and the inauguration of our very first model branch at corporate office Islamabad.

Khushhalibank has the distinction of becoming the largest and one of the most profitable microfinance banks in Pakistan.

Incorporated in the year 2000 as the country's first licensed microfinance bank, we have come a long way from the modest start at Basti Dur Mohammed in Dera Ghazi Khan on an afternoon of August 11, 2000.

These years have not been without challenges but we succeeded by remaining focused and committed to our mission to serve those segments of the population that are excluded or underserved by formal financial services Industry.

Over the years, we have established our presence across all corners of the country. The bank has transformed from a mono-line business model with a single group lending product to a more dynamic full service bank offering loans, savings, insurance, payments and remittances to the Micro and SME segments of the market.

We reiterate our commitment to pursue our mission with the same zeal and make financial services available to the majority of the population.

This is possible through maintaining growth in business and profitability besides bringing innovation in products, services and channels so that we remain responsive to our client, competitive in the market and sustainable as an Institution.

The deepening of our distribution network as well as



upgradation of our branches continues as we access new markets & clients.

With nearly a million clients we have made our mark on the financial landscape of Pakistan.

All this would not have happened without the exceptional Khushhali team.

## Quarterly Business Update, July – Sept 2014

	Microcredit		Micro Savings		Micro-insurance	
	Active Borrowers	Value (PKR) Millions	Active Savers	Value (PKR) Millions	Policy Holders	Sum Insured (PKR) Millions
2014-Q1	419,075	9,370.723	720,300	6,215.632	419,075	9,370.723
2014-Q2	423,944	10,019.790	780,545	7,030.842	423,944	10,019.790
2014-Q3	471,693	11,353.673	831,075	7,188.991	486,309	11,364.725

# Khushhalibank Celebrates its 14th Anniversary



Khushhalibank celebrated its fourteenth anniversary on August 11, 2014. Khushhali is a market leader in the microfinance sector with a 20% share and has been playing a pivotal role in alleviating poverty and empowering women in Pakistan. Since its inception in 2000, the bank has launched several micro entrepreneurial projects, providing opportunities for the small scale entrepreneurs to obtain self independence and overcome

poverty. The bank since inception has served more than 3 million clients across the country through a network of over 100 branches primarily in the rural areas of Pakistan.

Globally, microfinance is regarded one of the key mechanisms to reduce poverty and improve incomes in the emerging economies of the world. In the past decade Pakistan has developed a progressive policy framework for microfinance which has encouraged both domestic and

foreign direct investment in the sector. In Pakistan, the financial penetration remains a challenge and specialized microfinance Institutions are playing an important role in improving access to financial services and the bringing about change in the lives of millions who are excluded from the formal financial sector. Today half of the borrowers in financial system are contributed by micro-finance institutions.

## Khushhalibank First Model Branch Opening

On the occasion of Khushhalibank's 14th Anniversary, the first model branch was inaugurated by President KBL. On this occasion he said, "It is an important day for us as Khushhalibank has inaugurated its first model branch in Islamabad, and we are also celebrating our 14th anniversary. Over the years, we have witnessed growth & expansion in business and clients and presence across Pakistan. Currently, we are focusing more on those areas where economic activity is high like southern Punjab and irrigated Sindh besides other provinces and AJK, and Khushhalibank wishes to continue to grow, expand and maintain its market leadership."

Khushhalibank's business model is progressive, regulated and sustainable. The business model is transforming from a mono-group lending product to a full service bank for the micro



and SME segments, with a focus on the smaller end of the spectrum the "growing micro" that are poised to become small businesses.

## KBL Board Meeting



Forty Fifth Meeting of the Board of Directors of Khushhalibank was held on August 26, 2014, the venue for the meeting was Lahore keeping in mind the strong presence of KBL in Central

Punjab region as the members were also keen to visit the branches and meet the frontline staff. Financial performance for the year as well as business strategy and assumptions for the plan 2015 were discussed during the course of the meeting which were mutually agreed upon for the finalization of the plan document to be formally approved in the next board meeting scheduled in November. The members showed satisfaction and confidence in KBL's performance and its potential to grow exponentially in the coming years given the size of the market.

The meeting concluded on a positive note and was followed by branch visits where the members interacted closely with the branch personnel. The members also took time to visit some of the historical landmarks in Lahore and were delighted to see the Badshahi Mosque and the Lahore Fort.

## MSME Update

Leveraging on the successful launch of our pilot program from Rawalpindi, Haripur and Hassanabdul branches, noteworthy developments have been made during 3rd quarter 2014. Program comprised of development/revision of procedures, system refinements, preparation of marketing collateral and training sessions of Loan Officers.

We are also expanding our pilot program to other branches and assessments in this regard are underway along with hiring of MSME Loan Officers for new branches. Moreover, visits from members of senior Management Team have been planned to ensure better communication/interaction with branches.

## Khushhalibank Agreement with Incofin for Technical Assistance Grant of US\$ 150,000



With its head office in Belgium Incofin Investment Management (IM) is a specialized manager of impact investment funds, striving to achieve balanced social and financial returns. Through its 8 funds and facilities under management totaling

EUR 350 million, Incofin invests in microfinance institutions (MFIs) in developing countries worldwide and is one of the shareholders in Khushhalibank.

Through this agreement Incofin will support Khushhalibank in offering and effectively managing KBL's new MSME products nationwide, Incofin will support the development of MSME lending operational policies, processes, infrastructure and products including the pilot-testing and rolling out of the MSME lending products.

Evolving into MSME lending will enable KBL to offer more robust products to many of its current and potential clients. Hence, the Bank will continue focusing on serving economically active poor in rural markets while strengthening its ability to serve such clients in urban and rural markets through greater understanding of their specific characteristics and development of appropriate products and services and risk approaches.

## Livestock Agreement with UIC

Khushhalibank signed an agreement with United Insurance Company to meet the unique needs of livestock owners and provide insurance cover against animal death to KBL customers availing 'Khushhali Livestock Loan'. The insurance offering has been linked to the new livestock loan of up to Rs. 150,000 and is mandatory for all livestock borrowers.

The United Insurance Company of Pakistan Limited is a member company of United International Group that was established in 1959. It has established itself as a reliable leading national insurer with strong financials.

This insurance will protect KBL clients against the risk of cow / buffalo / bull death and/or theft. It will also provide risk cover to the bank for timely repayment of loans in the event of inability of the borrower to fulfil his obligations due to animal mortality/theft.



President Khushhalibank, Ghalib Nishtar and Chairman UIG, Mian Shahid signed the agreement. Executive Director UIG, Mian Zahid was also present on the occasion.

## Khushhalibank Sponsors 5th LADIESFUND Entrepreneurship Conference 2014



Khushhalibank sponsored the 5th LADIESFUND Entrepreneurship Conference (LEC 2014) which was held in Karachi. Khushhalibank has been one of the leading sponsors for LEC for the past 2 years.

This year LEC hosted a full day session along with affiliate events over the course of four days. LEC started with a Welcome Dinner hosted by the Hon. Moroccan Consulate on September 19th. During the weekend there were various consulate lunches and dinners, including a special intimate dinner held by the UN on Saturday evening.

During LEC 2014 full day event on the 20th of September 2014, there were four different sessions led by prominent speakers, mainly entrepreneurs who shed light on their experiences and insights on the subject. The event kicked off with a session about branding, where digital branding, the journey to success and an interactive case study workshop about branding were held, after which a session was held on how to build a great team as an entrepreneur. The third session was based around global game changers, with a closing session about Pakistan

and the world.

Khushhalibank is committed to transform the lives of Pakistan's economically vulnerable sector of the population. LEC 2014 was all about entrepreneurship, and as a microfinance bank KBL supports and encourages entrepreneurship amongst Pakistanis, especially women.

## Alleviating Poverty with the Help of Microfinance

Nearly half of Pakistan's population lives under the poverty line, whereas, more than 60 percent of the total population of the country resides in rural areas. With limited exposure and employment opportunities the rural population faces severe poverty crisis. Under such circumstances, for an ordinary Pakistani from a rural area, opportunities are very limited and it is almost impossible to bring a notable change in living standards. However, Microfinance programs have provided several small scale entrepreneurial opportunities which not only give access to finance but result in uplifting the lifestyles of many people in rural areas.

An example of the above narrative is Younas Masih who is a tailor residing in Pasrur, a small city of



Sialkot district of Punjab province. Life was going well for Younas, as he had established a reputable and well-known tailoring shop in Mohalla Tibba, Pasrur and his earnings were sufficient to look after his family. However, his wife suddenly fell ill and was diagnosed with a severe medical condition. The looming medical expenditures of his wife's treatment forced Younas to sell his sewing machine and other machinery, resultantly affecting his tailoring business. Being a father of 5 children and head of his family, Younas had to look after his family as well as his ailing wife; to do so he had to re-establish his tailoring business to fulfill his expenditures.

Younas was already well-known in Mohalla Tibba for his tailoring shop, but to reestablish the business, the only hindrance was the lack of access to finance. Younas approached Khushhalibank for a loan so he could restart his business. With a loan from Khushhalibank and his own hardwork & determination, Younas was not only able to re-establish his business but started a new life with his wife after she underwent

treatment. Now his wife is healthy and living a happy life, along with his 5 kids who are also pursuing education.

Younas has set an example of hard work, commitment and success within his community. In a small city like Pasrur, Younas's success did not just only bring a positive change only in his life but also for the residents of Pasrur. With the growth of his tailoring shop, Younas also provides employment opportunities and skill to other locals.

# KBL 14th Anniversary Event



# Training Sessions



Orientation Training Operations Officers  
Sept 30th – Oct 2nd 2014



MSME Loan Officers Training Aug – 22nd – 29th



Sehat Khushhali Plus (SK+) Pilot Readiness  
Training September 2nd at NIBAF



Orientation Training Loan Officer- Individual Loan  
(Sep 9-12, 2014) – NIBAF



Orientation & Product Training Loan Officer  
2nd-Batch Individual Loan (Sep 15-18, 2014) - NIBAF



Orientation Training Program for Operations  
Officers- KB 135 (Sep 24-26) NIBAF



Annual Sales Conference 25th August 2014