



a quarterly newsletter of Khushhalibank

grassroots

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Our 14th 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.

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President's Message

The year 2015 brings with it a new set of challenges and opportunities. We are uniquely positioned to expand our market share within the existing opportunities and exploring new ones.

Some of our key initiatives for 2015 include, expanding our network through 12 new branches and centers, increasing the scale of our MSME lending to 21 branches, launch of our ATM/ Debit Card/Contact Center and revisiting our distribution strategy and strengthening our brand recognition.

We must continue working to the best of our abilities with greater focus on client service and loyalty.

My best wishes to you for 2015.



Quarterly Business Update January - March 2015

	Microcredit		Micro Savings		Micro-insurance	
	Active Borrowers	Value (PKR) Millions	Active Savers	Value (PKR) Millions	Policy Holders	Sum Insured (PKR) Millions
2015-Q1	489,230	13,417,145,449	947,255	8,533,089,006	503,275	13,426,215,699

Khushhalibank-Mobilink Partnership to Promote Transactional Convenience

Khushhalibank recently penned an agreement with renowned telecommunications service provider, Mobilink, in order to provide payment facilitation services to the unbanked and under banked markets in Pakistan.

In Pakistan, the conventional banking sector serves less than 20% of the population. It is with this in mind that Mobilink developed Mobicash, a mobile financial services platform, to provide basic banking services to the masses through retail agents. This partnering will expand Khushhalibank's network, allowing rural areas to make payments with ease and regularity.



Moving forward, Khushhalibank and Mobicash see significant opportunities for rapidly expanding microfinance and SME finance facilities through leverage of modern technologies to achieve efficiency and transactional convenience to the target market segment. Both Khushhalibank and Mobilink are market leaders within their industry.

Khushhalibank-USAID Partnership to Support Micro, Small and Medium Enterprises



USAID Pakistan has inked an 8 year tenure Loan Portfolio Guarantee (LPG) MoU with four partner banks, of which Khushhalibank, one of the leading Microfinance banks in Pakistan, is one. The announcement was made at the U.S. – Pakistan Business Opportunities Conference held in Islamabad on 9 March, 2015, jointly organized by USAID, USAID Development Credit Authority (DCA), and the Government of Pakistan to facilitate Pakistani companies in improving and creating international trade relationships.

The 8 year tenure Loan Portfolio Guarantee (LPG) will support partner banks to provide access to formal financing facilities for MSMEs and facilitate broad-based economic growth. The dominant aim is to encourage lending to small and medium enterprises (SMEs) in Pakistan. The guarantee will serve to stimulate targeted domestic, commercially viable investments, by mitigating some of the credit risk factors that prevent access to credit by small businesses across the country. The project will support inclusive growth and employment across all sectors. Of the \$60 million, \$12.1 million will be reserved for loans supporting the private education sector.

USAID's and Khushhalibank's partnership is in line with its efforts to enhance the Pakistani economy's competitiveness through the Loan Portfolio Guarantee (LPG) project which is designed to support Micro, Small and Medium Enterprises (MSME), reflecting their collective commitment to developing the MSME market.

Khushhalibank Exhibits Agri Services at Agriculture Expo 2015

As a banking partner of USAID, Khushhalibank was offered to take advantage of the Dawn Agriculture Expo to publicize its achievements and products in the space provided at the USAID pavilion. The event helped create awareness among the farming community and provided a unique opportunity to showcase the bank's financial products related to agriculture and livestock.

The Dawn Agriculture Expo forum was well attended by progressive farmers, farm managers, breeders, dairy specialists, veterinary experts, corporate leaders, agriculture educators, students, foreign dignitaries, policy makers and diplomats.

The United States showcased its long-standing support for Pakistan's agriculture sector with a pavilion at the Dawn Sarsabz Agri Expo. The U.S. pavilion highlighted initiatives that are helping modernize the

agriculture sector, improve value chains and market access, increase yields and income for farmers and ensure the sector's sustainability. The two-day exhibition in Lahore, inaugurated on March 19, 2015 was open to the public.



Khushhalibank's Pre-tax Profit Increased by 75%

The Board of Directors of Khushhalibank in its 47th meeting held in Islamabad, announced annual operating results of the Bank. KBL's pre-tax profit of PKR 942 million increased by 75% against last year's profit of PKR 538 million. The increase in profit results from continued growth in balance sheet, improved non-fund income and lower provisions.

The Bank maintains the largest network of 118 branches and enjoys the largest market share in terms of gross loan portfolio in the micro-finance sector. Portfolio quality indicators of the bank remained intact, with growth in loan book primarily led by the agri sector lending.

Khushhalibank-ECO Trade Partnership for Promoting Micro-SME Financing



The Economic Cooperation Organisation (ECO) Trade and Development Bank headquartered in Turkey, signed a Micro SME loan agreement with KBL in order to facilitate the Micro SME financing initiative of KBL. The Agreement provides long term funding of US\$ 5 million to KBL for its business expansion and growth. The loan facility is fully hedged for its forex exposure and on most competitive terms which reflects offshore funds providers confidence in KBL.

Robust Risk Management System within the Bank

Mr. Ralf Reitemeier, international consultant on risk management with a special focus on MSME, briefed the KBL management on recommended changes that would make the bank's credit risk management system much more robust and bring it in line with international best practices. He guided the management in establishment of Portfolio Quality Unit in the Retail Department in order to ensure proper monitoring and follow-up on credit related issues and to ensure effective remedial management. In addition, he suggested ways and means to improve reporting requirements at all levels. Recommendations were also provided to avoid duplication between the roles of Audit, Risk and Compliance.

MSME Update



After successful completion of MSME pilot phase, KBL is entering into full rollout phase in 2015 of ten new branches mainly in northern, eastern and central areas. In this regard extensive hiring and specialized training of new and existing staff on MSME dynamics were carried out. MSME lending was rolled out in six new branches successfully in Q1, 2015 (Sheikhupura, Kasur, Faisalabad II, Havelian, Nowshera, & Jehlum). New career opportunities were created within MSME cadre and 6 new trainer Loan Officers were selected and deployed to train new MSME Loan officers and lend support to existing branch management in developing MSME business. The results in new branches were very positive and we have disbursed more than 120 loans worth 26 million in Q1-15. To capture massive market response, the bank has planned advertisement of MSME products in local print & electronic media. Senior Management team continued their periodic visits to newly rolled out branches to ensure two way communication & better interaction of HO with branch staff. KBL's first Area Model branch was launched at Sheikhupura, fully equipped to attract potential high end MSME and liability customers.

The Khushhalibank Idol Award 2015 Announced

Khushhalibank, Dawood Global Foundation officially announced the winners for the Khushhali Idol Award at the 7th LADIESFUND® Women's Awards for Pakistan 2015 held at Sindh Governor House on 7th March, 2015, where four hundred dynamic and inspiring women in Pakistan were in attendance including internationally acclaimed Pakistani women.

This year's Chief Guest was the Governor Sindh Dr. Ishrat Ul Ibad and the Guests of Honour were 2015 Lifetime Achievement award winners Noorjehan Bilgrami and Zubeida Mustafa.

The Khushhali Idol Award was presented to the teacher Late Saima Tariq and Principal Late Tahira Qazi of Army Public School Peshawar, who lost their lives while saving the lives of their students. Brigadier Tariq Saeed received the Award on behalf of his wife late Saima Tariq and expressed, "The fact that all 27 students came out of the class room safe and sound makes myself and my kids proud of my wife".

Ghalib Nishtar, the President Khushhalibank, sponsor of the Idol Award, sent a special message on the occasion: "Khushhali Idol Award is the recognition of the female role models who have succeeded against overwhelming odds and brought

recognition and respect to Pakistan on an international level. Khushhalibank supports the mission of the LADIESFUND® to celebrate the success of women who have excelled in and contributed to society, creating a path of hope for those who are still struggling. As always we stand by Pakistani women and recognize the struggles they face in their work and the integrity with which they do it."



Khushhalibank Client Wins First Prize in Regional Category of Citi-PPAF Awards

In a Ceremony held on 31 March, in Islamabad, this year's regional award from AJK was given to KBL client, Saiqa Perveen from Muzafarabad and her loan officer Shabnum Gul. The Award winner acknowledged Khushhalibank's support in enabling and nominating her to win this prestigious award.

The Annual Citi Micro-entrepreneurship Awards program is a signature initiative of the Citi Foundation aimed at raising awareness about the importance of microfinance in supporting the financial inclusion and economic empowerment of low-income individuals.



Winners are selected in the categories of Best National Micro-entrepreneur Male and Female, Best Regional Micro-entrepreneurs from Balochistan, Khyber Paktunkhwa, Sindh, Punjab, AJK, and Gilgit-Baltistan, along with runners-up.

CSR Initiatives by Khushhalibank

Since its inception Khushhalibank has been fully aware of its Corporate Social Responsibility. The bank has sponsored some educational and social causes in this quarter as well. This includes vocational & educational Institutions like the Hunar Foundation, Pak Turk



CORPORATE SOCIAL RESPONSIBILITY

International School & College and Shah Abdul Latif University. While the social initiatives include event sponsorship to uplift the image of Pakistan International Airlines, National Carrier

Sponsoring such initiatives affirm the bank's resolve in giving back to the society and investing in the future generation.

Khushhalibank Celebrates International Women's Day 2015

International Women's Day 2015 is celebrated annually for the female staff of Khushhalibank. Women's day cards are distributed to all female staff across the network. Every year an interesting activity is arranged for the female staff. This year, an informative lecture by Mrs. Fauzia Hashmi, an expert on herbs, was arranged at Kuch Khaas on the uses and benefits of herbs in food and drinks. The event, followed by lunch, was attended by female staff from the Head office, CPU and Rawalpindi branch.



Success Story



For Kanwal Zulfiqar, running her own school was always a dream. Although she wanted to be a teacher from an early age, she never thought that she would be able to run a school all by herself. Kanwal runs a tuition centre-turned-school in Faisal Colony, Rawalpindi. The micro-finance loan that she availed from Khushhalibank helped her buy furniture and stationary for her school.

Every morning she leaves her house

at around 7am and covers a taxing commute to reach her school where she is currently training teachers in the morning and coaching children in the evening.

Kanwal Zulfiqar, a loving mother of three children, strongly believes that despite the fact that people are now realizing the significance of education in Pakistan, there still needs to be a mass awareness campaign for parents, focusing on the benefits of education, especially for girls.

(Story initially published in Express Tribune on March 8, 2015)

Training Sessions



MSME Orientation - Jan 5-9, 2015 - NIBAF



MSME Intro Seminar - Jan 10th, 2015 - NIBAF



MSME- Management Seminar - Jan 13th, 2015 Haripur Branch



Orientation Training - Operations Officers - Jan 14-16, 2015 - NIBAF



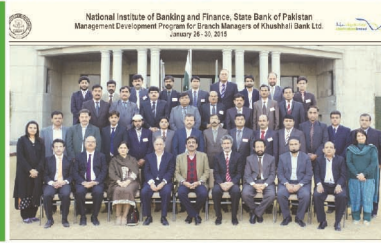
MSME Trainer Seminar - Jan 15th, 2015 - Corporate office



KBL Overview - Orientation For MSME - LOS - Jan 19-20, 2015



Orientation Training - LO - IL - Jan 20-23, 2015- Hillview Hotel



Management Development Program for BMs Jan 26-30, 2015 at NIBAF



Orientation Training - LO-GL - KB 142 - Jan 27-29, 2015 at NIBAF



Sehat Khushhali Plus - Feb 2nd 2015 - NIBAF



Executive Training Program on Agri Finance - Feb 6-9, 2015



MSME Management Meeting - Feb 24th 2015



MSME LO March 12-13, 2015 Corporate Office



Audit Readiness Training - March 25th, 2015

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