

grassroots

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one promise

Our 10th anniversary marks the achievement of two 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.

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President, Khushhalibank celebrating the induction of hundredth batch of employees.

A Century of Induction Batches

Organizations with strong sense of community always celebrate and rejoice every milestone in its evolution. In the last quarter 2010, Khushhalibank completed century of induction batches since inception. The hundredth batch coincided with Khushhalibank's 10th anniversary year. To commemorate this achievement, a cake-cutting ceremony was held at Corporate Office in the presence of KB 100 participants. A significant aspect of this event was that it was attended by the junior most Mr. Usman Yasin, having

employee number 2637, and the senior most veteran Mr. Ghalib Nishtar KB employee number 1. Speaking on the occasion, President shared all milestones in the evolution of Khushhalibank. He also lauded the efforts of its staff in moving the organization forward despite challenges.

President also awarded certificates to Recruitment and Training Team for consistent efforts in hiring and capacity building of the staff.

The Board Meets to Review Performance

Thirtieth meeting of the Board of Directors of the Bank was held on November 3, 2010 in Karachi and was chaired by Syed Ali Raza, President, National Bank of Pakistan.

The Board reviewed the performance of the Bank for nine months ended on September 30, 2010 with particular reference to progress on conversion of microcredit branches into full service

banking operations, deposit mobilization, portfolio growth and operating profit.

The Board was also provided a status update on the aftermath of the devastating floods caused by heavy rains in the month of July 2010, which has severely hit all provinces of the country thus adversely affecting the Bank's loan portfolio.

President's Message



I am pleased to share with you that we have closed the Fiscal Year 2010 successfully.

This became possible due to relentless commitment and hard work by all of you and the resilience of our clients in the backdrop of an extremely challenging year.

Strategy for the year 2011 includes balancing growth in terms of asset and liability products so that we become truly sustainable and our future endeavors are based on a sound foundation.

During the year, the Bank will continue to consolidate by strengthening high performing branches and readjusting low performing branches besides investing in technology and skill up-gradation to convert our network to full service capability.

Plans include conversion of nearly 2/3rd of our network onto an Integrated Banking Application System in 2011 while remaining branches would follow in the next year.

With emerging structures, Khushhalibank will provide a level playing field to all of you to come forward and prove your mettle in bringing business and success to your Institution so that it retains its market leadership.

I am confident that with your dedication and efforts Khushhalibank will emerge as a premier financial institution within the region.

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The risk assessment of affected portfolio and risk mitigation strategy developed by the Bank was reviewed by the Board. The Board has also approved the management's initiative of launching home remittances services with Western Union

(WU); a Money Transfer Service Provider of international repute in partnership with Khushhalibank by using its branch network to facilitate disbursement of overseas remittance originating from the global network of WU.

As a part of the Business Plan Process, the Board of Directors approved the branch expansion and consolidation plan of the Bank for next year with greater emphasis on operating performance of the branches.

Recognizing the Speakers of Tomorrow

Khushhalibank and FAST National University, Islamabad provided more than 40 teams of students from all over the country with the platform to demonstrate their debating skills at the FAST Universities Debating Championship, 2010 (FUDC '10). FUDC '10 which was held from 29th to 31st October, 2010 was based on the British Parliamentary Style of Debating. While debating was the primary focus of the event, social events like concerts and a formal dinner allowed the participants to have laid back evenings after healthy debating rounds.

Khushhalibank has supported various initiatives in the past through which its dedication to identify and nurture future leaders has been witnessed time and again. The most prominent illustration of this can be seen through the scholarships Khushhalibank has offered to students in all leading universities of the country. Through such sponsorships Khushhalibank reinforces its commitment to support educational and personality building forums for the youth of our country.

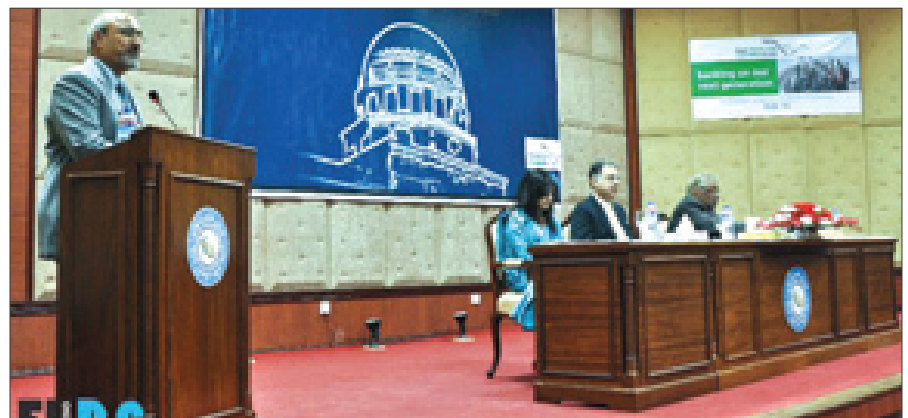
Ghalib Nishtar, President Khushhalibank, was the Chief Guest at the opening ceremony of FUDC 10'. While speaking at

the occasion he said "We are proud to be a part of such an initiative which allows us to encourage and recognize the untapped potential of our youth as we have done so in the past through our scholarship program. They are the future of Pakistan and should be provided with all the help and support that is available to hone them into productive and contributing citizens".

Dr. Aftab Mahroof, Director, FAST University said "FAST Universities Debating Championships in the previous years have proven that Pakistani students are not only articulate but also capable of leading our country towards a bright future. FAST is

proud to promote such talented students on a platform. We would like to thank Khushhalibank for promoting this great cause of nurturing our future".

FAST Universities Debating Championship 2010 was organized by FAST Debating Society, a student run society dedicated to promoting debates in the university. The three day event witnessed scintillating debates between teams from all over Pakistan over various issues. The event also included workshops for the first-timers and debating sessions were judged by expert adjudicators.



Dr. Aftab Mahroof, Director, FAST University, addressing the students while thanking Khushhalibank for its support.

16-Member Panel to Revive Micro Insurance Industry

Micro insurance is an integral part of the financial services package for people below poverty line. The poor face more risks than the well-off, but most importantly they are more vulnerable to the same risk and the recent floods which had a devastating effect on the financial stability of our country are a prime example of it. This was pointed out at an important policy roundtable organized in Karachi where a 16-member task force comprising of experts from the financial industry and stakeholders from microfinance and insurance sector provided key inputs on the development of micro insurance regulatory framework in Pakistan.

The 16-member task force was setup in November, 2010 comprising major stakeholders including representatives from Securities & Exchange Commission of Pakistan and State Bank of Pakistan, Insurance Association of Pakistan, Pakistan Microfinance Network, Insurance Companies and Microfinance Institutions that include khushhalibank supported by the Center for International Private Enterprise to discuss ways to boost micro insurance sector in Pakistan. The committee held its initial meeting on November 23, 2010 and will continue to hold periodic meetings to discuss the development and growth of micro

insurance sector. The meeting laid great emphasis on helping the poor to systematically manage financial risks to their livelihoods and lives through micro-insurance. For the same, the committee deliberated on the areas including the development of a regulatory framework for micro insurance, discussing the feasibility of viable and specialized micro insurance companies and recommending a sustainable business model for micro insurance business. Further to receiving key inputs from all the stakeholders Securities and Exchange Commission of Pakistan (SECP) will soon finalize rules on micro insurance in Pakistan.

Quarterly Business Update, October - December, 2010

	Microcredit		Savings		Insurance	
	Active Borrowers	Value (PKR Millions)	Active Savers	Value (PKR Millions)	Policy Holders	Sum insured (PKR Millions)
2010-Q1	317,080	3,631.6	105,869	130.2	317,080	3,631.6
2010-Q2	324,444	3,779.8	154,280	231.8	324,444	3,779.8
2010-Q3	352,743	4,131.7	173,836	198.7	352,743	4,131.7
2010-Q4	338,068	3,912.3	218,507	1,182.7	338,068	3,912.3

Sponsoring the 4th International Microfinance Country Forum 2010

Khushhalibank, one of the largest micro finance banks in the country sponsored the 4th Microfinance Country Forum 2010 held on November 10, at Islamabad Club. The platform being the largest assembly of Microfinance practitioners provided an ideal setting for various delegates to share their thoughts on this sector. This year's conference addressed many topics related to microfinance with special emphasis on "Designing a Road-Map for Large-Scale Transformation" in Pakistan. The day-long convention comprised of 4 interactive sessions to discuss various developments, opportunities and regulatory

transformations occurring in the Microfinance Sector. Eminent speakers and practitioners such as Mr. Ghalib Nishtar, President, Khushhalibank, Mr. Nadeem Hussain, CEO & Founding President, Tameer Microfinance Bank, Ms. Shafqat Sultana, President & CEO, First Women Bank Ltd, Dr. Shabbir Hussain, Managing Director, Microfinance & Economic Empowerment, presented papers to provide insight and suggested key recommendations. The forum also witnessed attendance by prominent delegates from both public & private sectors regulatory & facilitating bodies, key

stakeholders and the national media along with participation from Khushhalibank and other prestigious Pakistani organizations.

Commenting on the successful conclusion of the conference Ghalib Nishtar, President Khushhalibank stated "Khushhalibank and other microfinance institutions have demonstrated their commitment to enable positive transformations in the progressive microfinance sector by lending millions to marginalized people throughout our region. This forum has always been a key platform to enhance coordination among stakeholders and we feel honored to sponsor this conference." He also presented key recommendations on the need for Technology & Newer Trends in the microfinance sector giving a concise snapshot of the journey Khushhalibank endeavored to embark upon a decade ago and the milestones the bank has achieved during this period. Over the years, the enthusiastic participants have elevated this Microfinance conference into a meaningful platform to enhance coordination among stakeholders with the aim of facilitating the efforts for reducing poverty for a stable national economy.



President, Khushhalibank, presenting his paper on "The Need for Technology & Newer Trends" during the conference.

A Glance into Khushhalibank's Promise of "Changing Lives"

Zohra Batool - Entrepreneur from Pakpattan whose Loan Officer is Sumera Asma



Entrant Information

Full Name	Zohra Batool
Gender	Female
Marital Status	Married
Dependents	08
No. of Loan Cycles	03

Business Information

Location of Business	Mohalla Babar Dewan, Dhakki, Pakpattan
Type of Business	Decoration Pieces Making & Selling
Monthly Sales	PKR 60,000

What have been some of the micro entrepreneur's greatest challenges and how they have been overcome?

Zohra Batool was living a hard life with her seven children and an unemployed husband. She was faced with difficult times as her husband, the sole bread earner of the family was unemployed due to his poor health and it was getting impossible for her to manage the food, clothing, and education of her children while also meeting her husband's medical expenses. With the soaring inflation and increasing expenses, life was becoming very tough for her.

Hence, she decided to join her neighbor who was involved in making decoration pieces. She continued working with her for seven long years to earn a living with a dream to start her own independent work one day. However, she was unable to do so as she did not have the desired capital to buy the raw material to make her own goods. While working for someone else no matter how hard she worked, she was unable to generate sufficient income to afford the basic amenities of life. Lack of financial resources posed the greatest impediment in her way to make the best of her skills by starting her own business till one day when she heard about microfinance and took her first loan from Khushhalibank to get the required funding to start her own business of making and selling decoration pieces. Once she was able to overcome this obstacle, her unconditional commitment to work and determination to appropriate a better living for her family paved way for her success. Her journey started from a life of hardships and hunger and has evolved into one that serves as a source of pride for her and family.

What has been the key to this micro entrepreneur's success?

Zohra Batool is one of those courageous women who make us believe in the potential of our women folk to do wonders against all odds, if given a little help. She being a woman of substance is decorating and crafting her destiny at the age of 48. Against all odds, she managed to set up her independent business and it's truly inspiring to see a woman to accomplish so much, with so little, and that too in such a short span of time. In fact, this is the success story of a woman who has changed her fate by properly utilizing her talent and the micro credit that she borrowed from the bank.

She acquired a loan from Khushhalibank to start her business on the basis of her talent and familiarity with the craft and the skill of making decorating items. Through sheer determination, hard work and sincerity Zohra has become a small scale entrepreneur today, running her business successfully. It was not easy for a woman with her problems to achieve what she has, but her conviction and unfaltering faith in Allah made her sail through the most difficult situations and come out much stronger and even more determined. Thus, with good expertise in decorating items and with the help of micro loans, she was able to establish her own independent business. She continues to hone her skills and is concentrating on increasing her efficiency so as to expand her business even further.

How has Khushhalibank contributed towards the economic uplift of the micro-entrepreneur?

Zohra being a courageous woman had the spirit, motivation and skills necessary to take on her own business, but along with the advantages of being talented, she was faced with the disadvantages of being poor. Hence, lack of finances was the major obstacle in her way, which forced her to continue working for her neighbor. In 2008, she came to know about Khushhalibank and the various small loans offered to entrepreneurs on easy terms. She immediately contacted the bank and applied for the loan. As soon as she received the loan, she instantly got to work and started her journey towards a better and a financially secure future.

Owing to her talent just in the third loan cycle, her monthly sales have jumped from Rs. 15,000 to Rs.60,000 in the last two years resulting in a 400% percent increase. Thus, her commitment and decision to take a loan to start her own work paid off and took her to new horizons.

What future plans does the micro entrepreneur have for the business?

As she is a resident of Pakpattan where the famous shrine of Hazrat Fareed Ganjshakar is situated, there is a large influx of people from all over the country. Due to great attraction of people to the city, there is a huge demand of decoration pieces related to shrine and religious notes. Therefore, she has planned to expand her business by supplying the decorated items to local markets, sales points and various religious institutions. This will help increase her sales and get better revenues. She has also involved her two sons in the business to establish new market contacts so as to get more business. She plans to decrease dependence on direct customers by supplying her items to the wholesale markets which will save her time in dealing with individual demands and would enable her to produce in bulk.

How has this business and/or micro entrepreneur had a positive impact on her family and community?

Zohra was a woman at odds between children, an unemployed husband and the everyday running of the house. She was distressed but kept faith in her abilities and instead of being weakened by her problems she decided to take up the challenge. Her tireless efforts had a significant impact on her business and her hard work is bearing fruit. The establishment of her business has brought Zohra a lot of respect from her family. It's due to her successful business that today her sons are studying in college, she has saved enough money to get her daughter married and her husband is also getting a good medical treatment.

She has become a source of inspiration for many in her community who are trying hard to work their way out of poverty and play a similar positive role in uplifting the financial condition of their family. She has set an example for other micro-credit borrowers in the community as how to invest money in a business and make it a profitable venture. She also enjoys educating and training other female members of the community in the skills she knows. The community greatly appreciates her work which reaffirms her faith in the business.

For Feedback & Comments e-mail: editorgrassroots@kb.com.pk or Contact Khushhalibank, 94 West, 4th Floor, Jinnah Avenue, Blue Area, Islamabad. Telephone: 051-111-092-092 Fax: 051-9245120 www.khushhalibank.com.pk