

one promise

Our 11th year marks the achievement of more than two and a half 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 along with the Management at Regional Sales Conference, Northern Region

Regional Sales Conference, Northern Region

The President, Khushhalibank (KBL) chaired by the Regional Sales Conference for the Northern Region, which took place on November 4th 2011. The participants of the conference included Manager Retail Banking, National Sales Manager, Regional Business Manager, Area Managers, Business Managers, Relationship Managers and other staff members of the Northern Region.

Ghalib Nishtar, President, Khushhalibank initiated the meeting with highlighting the importance of sales conferences, along with emphasizing that territory level conferences will be starting from 2012. He also stressed on the change of Khushhalibank's policy and focus in last few years towards commercialization and profitability, while identifying fund generation through deposits as a focal point where all decisions are commercially evaluated and approved. He also announced the introduction of a new product on the asset side during December 2011 in selective branches initially. The President appreciated the staff efforts in coping with floods and finally reiterated KBL as one of the best internationally recognized microfinance bank and being at the top in the local market having 22% of market share in Pakistan.

President's address was followed by presentations by Area Managers on performance so far and the future strategy. The Regional Business Manager, Northern Region, concluded the presentation with an overview of the performance of the region and strategy for 2012. The conference concluded with a feedback session where Branch Managers and Relationship Managers highlighted their individual achievements and issues faced by them.

The suggestions included the launch of an individual lending product in all branches particularly the EMI branches from January 2012 and the revision of interest rates in EMI loans with IRR mentioned on the repayment schedule to ensure transparency. The opening of new branches in Azad Jammu Kashmir and Khyber Pukhtunkhwa was also proposed during the conference.

President's Message



The last quarter of the year is always crucial in terms of achieving the overall targets of the year.

I am pleased to share with you that the year 2011 closed on a positive note and the bank established its market leadership as the largest microfinance Institution in the country.

We were successful in overcoming the impact of the devastating floods of the previous year to a large extent through the relentless efforts of our front-end teams and the resilience of our clients since we were the most affected given our large rural presence across Pakistan.

The floods suppressed our earnings and profitability for the year but single minded focus to pursue assigned tasks enabled us to maintain our business growth over previous year while managing our transition to full service banking and deposit mobilization.

Implementation of our core banking application critical to deposit mobilization remained on track with 62 branches converted successfully that enabled the launch of new products and services.

The agreement with Western Union for inward remittances, the very first for a microfinance bank was a welcome addition to our fee based service income.

The highlights of the year include our ability to access greater commercial funding both at the retail and wholesale level thereby improving our financial sustainability.

The Global Microfinance Summit Campaign Report 2011 recognized Khushhalibank amongst the biggest microfinance organizations in the Region.

I am confident that our initiatives over the few years have put the bank on a solid foundation for the future to pursue greater business opportunities for growth and profitability.

While congratulating all of you on a commendable effort I look forward to the New Year.

Quarterly Business Update, October - December, 2011

	Microcredit		Savings		Insurance	
	Active Borrowers	Value (PKR Millions)	Active Savers	Value (PKR Millions)	Policy Holders	Sum insured (PKR Millions)
2011-Q1	333,069	4,010.3	238,495	526.7	333,069	4,010.3
2011-Q2	326,052	3,996.8	251,320	911.5	326,052	3,996.8
2011-Q3	354,055	4,349.3	272,339	754.0	354,055	4,349.3
2011-Q4	352,962	4,276.8	301,239	1,676.7	352,962	4,276.8

Closing Ceremony of Discover - Prosperity through Entrepreneurship

Khushhalibank, keeping in line with its vision of promoting entrepreneurship, partnered with the National University of Sciences and Technology (NUST) as platinum sponsor in a nationwide business plan competition, which was endorsed by the Honorable Prime Minister of Pakistan, Syed Yousuf Raza Gilani titled "The Prime Minister's Entrepreneurial Challenge, Discover - Prosperity through Entrepreneurship".

Discover aimed at encouraging our youth to create technology based businesses that transform them into job creators rather than job seekers. It also meant to promote small and medium industrial ventures that contribute significantly towards national growth. Through a very rigorous process of selection and four different rounds of the competitions, spread over six months, top 10 teams were selected from amongst 250 business ideas presented by teams from universities across the country.

The top 10 teams were invited to NUST campus and facilitated with travel arrangements and accommodation. These teams went through a very detailed and rigorous interaction at NUST for three full days to further improve their business ideas, presentation skills and the overall business plan. Finally the students presented their business ideas to judges, in the presence of a huge audience including media, industry leaders, and various university faculties and competing teams.

The closing ceremony of Discover, Business Plan Competition was held on October 17, 2011 which was graced by the Prime Minister of Pakistan, Syed Yousuf Raza Gilani. The Federal Minister for Science and Technology, Mir Changez Khan Jamali, Chairman Higher Education Commission, Dr. Javaid R. Laghari, and President Khushhalibank, Ghalib Nishtar were also present at the occasion.

While addressing the gathering, the Prime Minister lauded NUST for being one of the world's leading institutions, which excel in transferring advanced scientific knowledge to the youth. He said that the successful culmination of the first-of-its-kind business plan competition at NUST is a milestone achievement, which holds promise for the national development.

The Prime Minister distributed cash prizes among 5 teams that made it to the final round of the competition. The top winning team received an amount of Rs. 500,000 while the second and third runners-up teams received Rs 300,000 and Rs 250,000 respectively. The teams winning fourth and fifth positions got Rs 100,000 each as a token of appreciation.



Prime Minister Yusuf Raza Gilani Presenting the Plaque to Ghalib Nishtar, President KBL

Round Table Expert Meeting on Women Entrepreneurship

A Round Table Expert Meeting on Women Entrepreneurship was held in December 2011, which was jointly organized by Small & Medium Enterprises-Business Support Fund (SME-BSF), UN Women, Center for International Private Enterprises (CIPE), Khushhalibank (KBL), & Shaheed Zulfikar Ali Bhutto Institute of Science & Technology (SZABIST). The meeting titled "Bringing Women-owned Businesses from Micro to Small" was organized with a purpose to initiate active policy discussion to address the needs of women owned businesses and to improve their ability to become scalable business concerns.

Owing to Khushhalibank's continual involvement in developing and implementing programs for women empowerment through entrepreneurship Ghalib Nishtar, President Khushhalibank represented the bank at the meeting and discussed women entrepreneurs' access to finance, business development programs and emphasized the need for a favorable policy environment to promote women business.

The meeting was attended by representatives of donor agencies, government, private sector, civil society organizations and academic institutions.



President KBL addressing the audience at the meeting

Impact study of microfinance sector in Pakistan discussed

Pakistan Microfinance Network (PMN) and Citi Foundation jointly organized a brainstorming session in October, 2011 to discuss the proposed methodology of the first ever comprehensive impact assessment study of the microfinance sector in Pakistan.

The session observed that the existing studies in Pakistan have looked at the impact of microcredit on clients and have not studied the broader range of services, such as savings and insurance. The gap in this existing literature was that it was based on quantitative non-experimental methods or quasi-experiments, which have a problem of sample selection bias.

The session was attended by Syed Mohsin Ahmed, CEO, PMN, Hashim Bakht, Head of Corporate Banking Islamabad for Citi, Nazrat Bashir, Additional Finance Secretary, Ministry of Finance, Muhammad Ashraf Khan, Executive Director, DFG, State Bank of Pakistan, Ghalib Nishtar, President, Khushhalibank and other experts from the microfinance, social and public sectors.

The impact assessment study initiative is based on a US\$60,000 grant by the Citi Foundation to the PMN, which will be conducted to assess the various ways in which the microfinance sector has had an impact on different communities across the country at a social level, generate best practices and share lessons learnt.

The proposed impact evaluation study by PMN will seek to overcome the limitations of the existing body of knowledge on the impact of microfinance in Pakistan and deliver more sound and robust estimates of benefits accruing to the microfinance clients, in terms of higher income and lower poverty levels, improved education and health outcomes and greater empowerment of women.



Participant discussing the Impact study of MF sector in Pakistan

Regional Sales Conference, Central Region

The Regional Sales Conference for Central Region of Khushhalibank was held on October 10, 2011.

Ghalib Nishtar, President Khushhalibank, ceremoniously commenced the conference. In his address, he highlighted that Khushhalibank is now the largest and the strongest microfinance institution in the country and recognized globally. Furthermore, it was underscored that the Central Region is the largest and contributes the most in terms of clients / profitability and the management has high hopes that the region continues to be productive and grows manifolds. During the discourse, the President highlighted the extraordinary efforts made by the entire region in coping with the floods. He also accentuated upon the importance of sales conferences, keeping in mind that Khushhalibank is in a transitional stage in terms of policies, procedures and structures.

President's address was followed by presentation by Area Managers on performance so far and future strategy. The Regional Business Manager, Central Region concluded the presentations with an overview of the performance of the region and strategy for the remaining year.

The president concluded the conference by stating that majority of the strategic decisions have been made and the bank is in the process of transferring these to the network for implementation. He emphasized that the focus of all staff should be on profitability with long term sustainability being a priority. President also informed the participants that territory level conferences will be held from next year to increase contact of corporate staff with the branches.



Regional Sales Conference, Central Region

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

Mairaj Bibi- An Inspiring and Successful Micro Entrepreneur



As a divorcee and a single parent of a young boy, Mairaj Bibi residing in Sahiwal aged 53, lived through limited resources and barely any support from her relatives. However, her drive and determination to overcome her difficult circumstances led her to fulfill one of her many dreams of opening a small Karyana store. With no working capital, she mortgaged her jewelry to a local money lender and managed to get some money to start her business. She initiated with ten profitable product lines and consequently got a quick return on her initial investment. Moreover, her polite way of speaking, regular timings, dealing in high quality items and concentrating on limited product lines resulted in high sales for the entrepreneur. A month into the business, she was quite confident and financially sound to add further product lines in her small shack store. Having met some vendors, she added twenty product lines on a fifteen day credit system. Within three months she was able to get good returns from the business, yet it was not much profitable as a major portion of her profit was being consumed in paying interest. At that time, she was taking loans on two hundred and fifty percent interest from various sources, including family members, and a local money lender. This posed a great danger to her business.



Thus, she continued searching for some reasonable source of financing and her quest finally ended when she heard about Khushhalibank's micro loans on much feasible interest rate, which she availed in no time.

Now after five years in the business, she has transformed her shack store in to a well furnished one, with more than a hundred quality product lines. She has increased her daily sale from Rs. 400 to Rs. 3,000. Presently, she is running a sound and well managed Karyana store which she dreamt of a couple of years ago. She is very pleased with life and her son now goes to a good school in the city. She is in high spirits and says, "A woman is not made for defeat, women can be destroyed but not defeated".

In her journey to success, she has not only won a livelihood for herself but has also become a source of inspiration for others. She has also hired an employee for her business, thereby creating employment opportunities for others in her village. She continues to weave more plans for her business. Very soon, she is going to open another small store in her village, hoping to reach the target market at its doorstep. Her circumstances, rather than breaking her down made her a confident and self-reliant person who knows how to contribute to the society positively.

Pakistan Microfinance Review 2010

Pakistan Microfinance Network (PMN) has published its annual publication Pakistan Microfinance Review (PMR) for the year 2010. PMR tracks the financial performance of the organizations within the microfinance industry. The aim of the publication is to provide a reliable source of information to the microfinance industry in Pakistan. PMR 2010 provides a multi-layered assessment of the industry and its players. The data used for PMR 2010 is drawn from the audited accounts of 23 reporting microfinance providers.

The first section of the report provides a bird's-eye view of the sector, taking into account macroeconomic performance, policy and regulatory changes likely to affect the industry. The second section provides a detailed analysis of the industry, whereas the third section based on this macro, meso and micro-level assessment identifies potential opportunities and challenges for the industry and its upstream and downstream constituents.

The detailed report can be accessed at PMN's official website: www.microfinanceconnect.net

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