

A QUARTERLY NEWSLETTER OF KHUSHHALI MICROFINANCE BANK'S

GRASSROOTS

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CEO's Message

As the microfinance industry in Pakistan continues to grow, the competitive landscape is becoming increasingly challenging. Customers are becoming more demanding in terms of the quality and accessibility of services. This means that success is increasingly reliant on a proactive approach and innovative product and services ensuring a positive experience for the customers. Permeating this philosophy in our service delivery, Khushhalibank is taking strides towards transformation by investing in technology & reviewing our processes to bring efficiency, strengthen the control environment and improve customer-centricity.

Our journey is therefore towards transition and growth simultaneously and I am confident that we will be successful in surmounting this challenge as has been our legacy and position the bank for the digital age.

At the end of two quarters, half yearly business targets have been successfully accomplished- Congratulations! We have added 7 branches and 9 service centers to our network over the past six months. We are actively employing our growth and outreach strategy to further financial inclusion, particularly focusing on females. We are building up strategic alliances that will enable us to advance on this front.

This quarter, Khushhalibank and Aga Khan Rural Support Program (AKRSP) joined hands to work together on the provision of tailor made financial services in Gilgit Baltistan. The bank has been operational in the area since 2017 and is looking for avenues to make its services more relevant for the people of the area. We are equally enthusiastic about making financial services more accessible in other remote and marginalized areas of Pakistan as well, and play our role in Pakistan's economic uplift as the largest microfinance institution in the country.

I wish all of you best of luck!

Best Regards,
Ghalib Nishtar

Quarterly Data as at June 30, 2018

Description	Numbers
Active Borrowers	719,025
Cumulative Loan Serviced	6,427,733
Cumulative Disbursement	173,384,321,654
Active Depositors	1,861,870

Sixtieth Meeting of Board of Directors of KMBL

The 60th meeting of the Board of Directors of Khushhali Microfinance Bank Limited (KMBL) was held on May22-23, 2018 at Pearl Continental Hotel, Lahore. The Board reviewed the operating results and economic update for the first quarter ended March 31, 2018 along with the business update for the quarter that showed that the Bank has done well with respect to the plan. In terms of market positioning, KMBL has 23% market share of Gross Loan Portfolio (GLP) and 25% of the Deposits ranking at the top of the Microfinance Banking sector in the country. The board was informed about the approval of the enhanced product program by the State Bank of Pakistan increasing the ticket



size of select MSME loan ticket from PKR 500,000 to PKR 1000, 000, the Board consented to endorsement of the same by the bank. The Management presented an update on the implementation of Core Banking Application System (CBAS), wherein the Board was apprised that Milestone 1 and 2 have been completed; Milestone 3 is in progress and on track, whereas Milestone 4 is delayed due to changes in scope and customization and will be realigned accordingly. They were also presented with the Alternate Delivery Project update approved in the first quarter of the year and were apprised that the target completion and Roll-out date of ADC project is synchronized with the planned 1-BANK Go-Live target date.

Moreover, the Board also gave approval for up gradation of KMBL'S FATCA Entity Classification from Registered Deemed Compliant "RDC" to Participating Foreign Financial Institution "PFFI".

The Board approved the scheduling of an Extraordinary General Meeting (EOGM) of the Bank on June 25, 2018, wherein the shareholders will approve the appointment of two new directors on the Board of Khushhalibank.

The Board of Directors reposed confidence in the management and appreciated their commitment and support towards supplementing KMBL's growth & success.

Khushhalibank Forms Value Chain Partnership with Aga Khan Rural Support Programme



Khushhali Microfinance Bank Limited has entered into an agreement with Aga Khan Rural Support Programme (AKRSP) for value chain partnership in Gilgit-Baltistan. Under this agreement, AKRSP will facilitate KMBL in the provision of financial services in the area. Both organizations have agreed to work closely to develop customized financial services as per the needs of the people of Gilgit-Baltistan and create alliances with local institutions. It will enact an instrumental role in uplift of socio-economic conditions of the local communities. The overarching aim is to increase financial inclusion in the area and give the locals an opportunity to improve their economic potential.

The signing ceremony was attended by Ghalib Nishtar - President KMBL, and Muzaffar Uddin - GM AKRSP, along with members of senior management from both organizations. They both agreed upon carrying out awareness campaigns to increase understanding

about the benefits of formal financial services to an individual and communities.

KMBL understands that there is need of a robust financial infrastructure in the Gilgit-Baltistan region, and this partnership envisages providing customized financing opportunities to the people of GB which in turn will improve economic activity and livelihoods in the area.

Since 1982, AKRSP has been actively working in the Gilgit-Baltistan and Chitral areas for the development and uplift of local communities. The organization manages multiple programmes including skill enhancement trainings as well as employment generation opportunities through third party initiatives to improve the quality of life for the areas' people. With this agreement, AKRSP seeks to actively play a role in increasing access to appropriate financial services as it is a key enabler for long-term economic progress and human development. Both organizations plan to work together to develop financial services, including digital product offerings.

Khushhalibank Partners with Pakistan Telecommunication Limited

Khushhali Microfinance Bank Limited (KMBL) and Pakistan Telecommunication Limited (PTCL) signed a memorandum of understanding (MoU) to launch a financing scheme for the assistance of PTCL employees.

The agreement was signed by Saadia Mansoor, General Manager, HR Operations, PTCL and Ghalib Nishtar, President KMBL. The agreement signing ceremony was also witnessed by the senior management of both the organizations. KMBL has offered a wide range of financing services to PTCL employees including purchase of Motorbikes through Value Chain from Honda Pakistan, salary loans, health insurance products, deposit side products, and house improvement loans.

This arrangement with PTCL is aligned to the bank's goal of responsibly expanding financial services, through innovative product offerings.



Being a leading financial institution, KMBL already has alliances with organizations like Pakistan Post, PTV-Peshawar & Lahore and Provincial Housing Authority, Khyber Pakhtunkhwa. Through this agreement, PTCL aims to facilitate responsible borrowing for its employees and ease access to financing schemes for employee welfare.

This agreement between KMBL and PTCL is a strategic initiative which will enable both entities to expand their services. It will also be marked as a breakthrough achievement in developing long term relationships between telecom and microfinance sectors in Pakistan

Training on Management Skills for MSME Lending

A five-day training workshop on “MSME Lending: Building Skills for Mid to Senior Management” under Pakistan Microfinance Network’s Center of Excellence (CoE) project was held in Islamabad from April 23- 27, 2018.

Given the importance of access to finance for Micro, Small and Medium Enterprises (MSMEs), this training workshop aimed to equip service providers with the right skill set to manage this emerging customer segment. The training was organized for middle level and senior level managers from microfinance providers (banks, non-banks companies) as well as other commercial banks, with strategies and best practices for MSME lending. Through an interactive and practical approach, this workshop allowed managers to explore current best practices and solutions in MSME strategy, product development, capacity building of clients, marketing and risk management to either transform their existing MSME portfolios or enhance further.

President KMBL, Ghalib Nishtar, participated as the guest speaker in this training and shared his thoughts in a session during the workshop on ‘learning from the experiences of successful MSME programs’. During this discussion, he highlighted the experience of Khushhalibank in the MSME space with the participants followed by a panel discussion

Training for Liability Sales Team



A customized two-day training program titled “Mastering Selling Skills for Bank’s Environment” was organized by Khushhali Microfinance Bank Limited. The training was held on June 20-21, 2018 at NIBAF, Islamabad with the objective to boost knowledge and skills of liability sales staff from more than 10 areas.

This program highlighted modern selling techniques and strategies in order to help KMBL’s liability sales team develop a comprehensive skill set. The training focused on both the conceptual knowledge and experiential learning useful to sales staff during field work. Participants were trained to effectively understand customer needs and respond with relevant features and benefits of bank products. During the workshop, participants received personal coaching as well as hands on practice in various skills to become seasoned and successful banking sales professionals.

President Khushhalibank Panelist Speaker in Conference on Financial Inclusion of women

Karandaaz Pakistan and The World Bank arranged an international conference in Islamabad on April 17, 2018 to gather industry experts and professionals on the issue of financial inclusion of women in Pakistan. The Global Strategy on Gender and Financial Inclusion by Bill & Melinda Gates Foundation was also presented during the conference. The conference highlighted challenges and barriers faced by low-income women in accessing formal financial services.

Ghalib Nishtar, President KMBL, was invited as a ‘panelist’ at this conference titled ‘New Pathway to Address Old Constraints’ on the theme of Women Financial Inclusion. Khushhali Microfinance Bank has always prioritized policies that support women inclusion in the economy. KMBL’s loans products have been designed to facilitate female clients to borrow and invest in agriculture, livestock, home based/commercial enterprises and trade. Ghalib Nishtar shared his views in light of the experience of the Bank in working for the financial inclusion of females and initiatives and policies to overcome the challenges



Increasing Awareness for Proper Healthcare in Collaboration with Jubilee Life Insurance



As a non-financial service initiative, a series of medical camps were held in collaboration with Jubilee Insurance, in various rural areas across Pakistan. The one-day medical camps were administered by competent male and female doctors. These medical camps aimed to raise awareness of the local population about the importance of regular medical check-ups by a certified professional. The patients were provided free medical checkups, medical advice along with free-of-cost medicine. Each camp catered to over 200 patients within a day

Month	Location
February	Haripur and Nankana sahib.
March	Baseerpur, Kallur Kot, Qasba Gujrat, Charsadda, Hassanabdal, Mithi, Hala, Mandi Yazman & Kashmore.
April	Elahabad, Rohilanwali, Jahanian, Swat.
May	Jalalpur Pirwala, Alipur, Thatta.
June	Badeh, Mankera, Umerkot, Faisalabad, Badin

Khushhali Bank Receives Green Office Certification

Khushhali Microfinance Bank has recently been awarded 'Green Office Certification' by WWF-Pakistan in recognition for its efforts to implement environmentally sustainable practices within the head office. Khushhali Microfinance joined this programme in October 2017 and was able to get the certification within six months. Over this time, KMBL worked in close collaboration with WWF team to implement effective measures that will reduce the carbon footprint of the office by reducing wastage of resources like electricity, water and paper. Several innovative measures were introduced aimed at reducing the consumption of energy, improving waste management practices and enhancing staff awareness on sustainability and environment conservation through regular communication and training sessions.

The Certification was awarded after an in-depth inspection drive by the WWF Green Office Audit Team which took into account all the environmentally sustainable practices implemented within the office and their impact. Green Office is a programme of WWF-Pakistan which centers on reduction in consumption of natural resources, promotion of climate change mitigation measures and increased awareness about environment. The first audit scores offices based on their practices involving energy conservation, waste reduction, recycling, and awareness programmes. WWF Green Office conducts annual audits to ensure that all implemented practices are followed in true spirit and efforts are being made for continuous improvement towards reduction of carbon footprint. KMBL is committed to the cause of environment conservation and is promoting it through multiple avenues including tree plantation activities, staff awareness activities and effective changes in its policies and procedures that support environment conservation.



Khushhalibank Observes World Environment Day



Healthy working environment for its employees has always been a priority for Khushhali Microfinance Bank. Multiple employee engagement activities are planned all year round at the branch and head office levels to develop skills and improve productivity.

This quarter, an away day was planned in coordination with World Wildlife Fund- Pakistan (WWF-P) for the staff members from Attock, Gujar Khan, Haripur, Fatehjang, Hassanabdal and Rawalpindi branches of KMBL. Staff members traveled to Islamabad for a hike on Trail 5 followed by multiple team building activities including clean up drives, knots techniques and tent pitching. Such activities aim to increase collaboration and cooperation between the staff members and have a positive impact on their productivity.

Farmers Training for Promotion of Agriculture

Khushhali Microfinance Bank held the second farmers training for the year 2018 in Rahimyar Khan. These free of cost farmers training sessions are part of the Corporate Social Responsibility Initiatives of KMBL and are held every quarter in areas where small local farmers have limited access to knowledge and techniques about modern farming methods.

This training session focused on Mango Crop in Rahimyar Khan belt. Mango crop has high potential as an export crop, and improving the quality of the fruit can lead to rise in income through exports. The session focused on informing small farmers about techniques that can help them improve the quality of fruit in their mango orchards. Agricultural expert from National Agricultural Research Council (NARC), Faisal Sohail Fateh, briefed the farmers on seed varieties, crop disease and modern farming methods. The interactive session allows the farmers to get answers to their queries as well.

The activity aims to enable the small farmers to improve their yield and eventually, increase revenues from their yield. KMBL envisages to support the small farmers in their journey towards success through a combination of its access to finance services and CSR activities



The Success Story of - Shazia bibi



Shazia bibi hails from Bahawalpur and lived on meager income of her husband who sowed rental agricultural land. She was not satisfied with her situation as the income was inadequate for the well being of her family. Four years back Shazia bibi decided to support her family and opened a small "karyana store" (general store). She gained additional income which motivated her to expand her business. However, she did not have funds to improve her shop. With her first loan of PKR 20,000 from Khushhali Microfinance Bank in 2015, she brought more stock to her shop. Sale went up and so did her morale to further improve her business. To date, she has completed two loan cycles and have successfully invested her third round of funding in her shop. With these loans, she has doubled the size of her shop and have started selling dairy products and fruits and vegetables from her shop. Over the past three years, her sales revenue has gone up significantly and now she earns more than PKR 70,000 every month. Shazia is happy with the support offered by the bank and strongly encourages the females of her area to seek bank's support in furthering their businesses and improving their livelihood. Shazia's children now go to private schools and things have improved at home. She now plans to open another karyana shop to be run by her husband. She sees a bright future for her family.



Environment Awareness Away Day for North Punjab & KP Branches

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