

grassroots

April- June 2013

Volume: IX – Edition II

One promise

Our 12th year marks the achievement of more than three 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

Khushhalibank completes one year of divestment in June and has over the year strengthened its governance, ensured compliance to domestic and International reporting requirements, completed strategic planning exercise and achieved improvement in all key indicators.



The quarter under review witnessed sustained growth in business and record profitability despite a challenging environment in terms of competition with

several new entrants in the market. However, Khushhali remains a market leader with a share of 18% and the largest in terms of network, clients, GLP and amongst the top two in terms of growth in active savers and savings for the quarter.

Our business teams remained focused on achieving their business goals and excel in terms of their performance. The area sales conferences are being held on a monthly basis to communicate the transition and improve interaction and support from the corporate office to branches.

I trust we will continue to maintain the positive pace to achieve even better results for the remaining half of the year. I wish you well in your endeavors.

Quarterly Business Update, April - June, 2013

	Microcredit		Micro Savings		Micro-insurance	
	Active Borrowers	Value (PKR Millions)	Active Savers	Value (PKR Millions)	Policy Holders	Sum insured (PKR Millions)
2013-Q1	369,171	6,748.0	511,227	4,013.0	369,171	6,748.0
2013-Q2	373,750	7,557.5	571,406	5,446.1	373,750	7,557.5

Fortieth Meeting of the Board of Directors of Khushhalibank Limited



The 40th meeting of the Board of Directors of KBL, held on May 17, 2013, depicted the board's confidence in the management and KBL's ability to go from strength to strength.

While approving the 5 year strategic plan 2013-2017, the Board appreciated that the plan was well aligned with their expectations and congratulated the President and his team for all the hard work that was put in. They also assured the management of their commitment and support towards KBL.

Other projects reviewed included Pakistan Microfinance Network MICRONOTE on best practices in Social Performance Management. An initiative that focuses on Board, Management and employee commitment to social goals, client protection, product design and delivery channels. The Board appreciated management's efforts to create transparency and showed interest in reviewing the publication once it is available.

Further the Board unanimously approved and signed a "Code of Ethics" that would bind them to international best practices and good governance in their role as the Board of KBL. The Board also volunteered to an annual self assessment that would help them identify and address areas of improvement in their collective role, if any.

Workshop on PMN Pricing Transparency & Client Protection Monitoring Initiative



In an event held in April 2013, Pakistan Microfinance Network launched the Client Protection Monitoring and Pricing Transparency initiative in Pakistan, sponsored by The Sate Bank of Pakistan's Financial Inclusion Program, UK Department for International Development (DFID) in partnership with MF Transparency International and the Smart Campaign at the Centre for Financial Inclusion at Accion International and the Pakistan Poverty Alleviation Fund (PPAF).

The launch event discussed client protection as a necessary tool for sustainable microfinance. PMN will deepen its work on Responsible Finance by pursuing pricing transparency, the main objective which is to promote improved social performance and consumer protection principles through microfinance product pricing

transparency. It will provide an opportunity for microfinance service providers in the Pakistani market to demonstrate their commitment to responsible and transparent pricing through the exchange of information and adoption of standard pricing practices.

Khushhalibank clients recognized at the 7th CITI- PPAF Micro Entrepreneurship Awards

In an event held on 27 June 2013, Khushhalibank clients were awarded entrepreneurship awards in two categories: The National Runner up and the Regional Runner up. The purpose of the award was to highlight the performance of the Microfinance sector and appreciate the work of borrowers who were able to bring a significant change to their lives after receiving microfinance loans, serving as role models for others in their respective communities. The event was attended by a large number of people from all cross sections of life.

Addressing the event Federal Minister Ehsan Iqbal hailed the contribution of the Microfinance sector and termed it as one of the



major source for poverty reduction from the country. He stressed upon the Microfinance institutions to widen their network to make it easy for the poor people to benefit from these institutions to improve their lives.

“Pakistan is one of the leading markets in microfinance and is globally ranked third by the Economist Intelligence Unit in terms of the overall business environment for microfinance. Over 900 million dollars have been distributed to over 5.5 million borrowers at easy installments. Referring to gallop survey in Pakistan there is 20% increase in the earnings of our borrowers which tells you the success of our mission.” said Yasir Ishfaq of Pakistan Microfinance Network. He also briefed the gathering that the organization is continuously working to improve beneficiary’s quality of life along with training them to be active members of the community.



Bache Singh from Mithi, Sindh and Huzoor Bukh from Balochistan were the award winners representing Khushhalibank. The award winners acknowledged Khushhalibank’s financial support and Business counseling through which they are now a role model for entrepreneurs all over Pakistan.

SMART Assessment

In April 2013, Khushhalibank became the second Microfinance Institution in Pakistan to conduct an external assessment in order to ascertain current compliance with the SMART Campaign’s Client Protection Principles. The week-long assessment was carried out by an independent panel of experts established by the Pakistan Microfinance Network (PMN).

The SMART Campaign is a global industry-wide effort to embed client protection practices into the institutional culture and operations of the microfinance industry. Taking a holistic approach to consumer protection, adequate compliance is measured against seven core principles directly relevant to all bank functions. These include appropriate product design and delivery, prevention of over indebtedness, transparent and responsible pricing, fair treatment of clients, privacy of data and adequate mechanisms for complaint resolution.

The assessment panel interviewed senior management and key personnel at the corporate office, exhaustively examined policies and procedures and independently observed all stages of the loan disbursement cycle during field trips to the CAPU and Fateh Jang and Rawalpindi branches. Khushhalibank’s Social Performance Team will be leveraging the assessment results over the coming months in close coordination with all bank departments so as to identify and rectify potential gaps and weaknesses and entrench our position as an international leader in consumer protection in the microfinance industry.



Khushhalibank Funds South Punjab Women Entrepreneur Handicraft Festival and Seminar 2013

The South Punjab Women Chamber of Commerce and Industry Multan organized “South Punjab Women Entrepreneur Handicraft Festival and Seminar 2013” near Eidgah Khanewal road Multan on June 6, 2013 in which Ambassadors of different countries, foreign visitors and representatives from local and national level participated and showed interest in promoting the work of entrepreneurs from all parts of Punjab, amongst whom a large number were clients of Khushhalibank.

The main purpose of SPWCCI for organizing this event was to provide an interactive platform to the women of South Punjab for corporate services and to be recognized as a symbol of quality and trust. “Women are about 50% of the whole population of Pakistan and they need to take an active part in the economic development of Pakistan. SPWCCI is actively working to uplift the local entrepreneurs to establish their own brands identity and establish a name for them by their quality work, and Khushhalibank supports their endeavors every step of the way”, said Ghalib Nishtar, President Khushhalibank.

Different types of work was displayed at the event that includes designer dresses, ceramics and blue pottery, camel skin, different types of traditional handmade jewellery, furniture and a lot of accessories. People from all sectors of life participated in it and showed keen interest in the products that were on display.

Sales Conference – Sialkot Region

Sales Conference – Sialkot area was held on 3rd April-2013 at Wazirabad. Ghalib Nishtar, President KBL, chaired the meeting. Participants included Head Retail, Manager Retail Compliance, Manager Distribution, Area Manager, BM's and RM's.

The conference commenced with recitation from the Holy Quran followed by welcome remarks by Adnan Sattar (Area Manager). The presentation of AM was followed by those by BMs/RMs of branches. They shared Performance reviews, growth comparison for the year 2011 & 2012 and challenges and future strategy for the year 2013.

Head Retail concluded the session and described new challenges, valuable suggestions for performance and profitability improvement, emphasised on proper/thorough cash flow and right loan size, discouraged self imposed limits by branches against policy and cash flow. She also emphasized on proper training & coaching of new joiners.

Head Retail's address was followed by a feedback session in which each BM/RM highlighted their individual branch performance, issues being faced & suggestions. All questions were responded by the President, Head Retail, MD and MRC.

The President concluded the conference; in his address he highlighted KBL is now a multinational organization with a new ownership of international investors who are globally the best in business. He acknowledged improved area and branch performances; KBL being the largest in terms of branch network and out reach (borrowers and GLP) in the country. The bank needs to be dynamic in terms of efficiency; customers need fulfilment & product development to continue as leading MF bank globally.

He Emphasised on more frequent and innovative product launch and acknowledged that we are rich in resources and with a responsible attitude we have great opportunity to grow. Also he informed the branch staff that new products, NIFT and ATM projects are in progress and will be available for offering soon.

President also visited 2 branches, Wazirabad & Gujrat, conducted feedback session with branch teams and shared KBL vision and projects in pipeline.



Sales Conference – Karachi Region

Sales Conference – Karachi area was held on 22nd April 2013 at Karachi. Ghalib Nishtar, President KBL, chaired the meeting. Participants included Head Retail, Manager Retail Compliance, Manager Training, Manager Distribution, Area Manager, BM's and RM's.

The conference commenced with recitation from the Holy Quran followed by welcome address & presentation by Kashif Quraishi, (Area Manager). AM presentation was followed by RMs and BMs. They shared performance review of the year 2012 and highlighted the challenges, issues, opportunities and future strategy for the year 2013. Special focus was on turnaround of loss making units.

Head Retail concluded the session and described about new bank challenges and also gave valuable suggestions and inputs for profitable growth. Head Retail's address was followed by a feedback session in which each BM/RM highlighted their individual branch performance, challenges & suggestions. All questions were responded by the President, Head Retail, MD and MRC.

President's address concluded the conference. He said the Bank has gone through major transition period which will be completed in Sep/Oct this year with the launch of new credit module of bankfin. He highlighted the importance of Customer Care and relationship with clients and that staff services should be excellent to cope up with the challenges of natural disasters like flood. President encouraged staff to have full confidence in their abilities and be confident to be part of the best MFB in the region. He said Khushhalibank is offering variety of products now in both asset and liability. Corporate office can provide guidance, products, technology and timely support while business generation and profitability is the responsibility of area and branch management. He said good leaders produce good results and ensure right people at right places to get results.



Sales Conference – Lahore Region

Retail staff from Sheikhpura and Sahiwal areas gathered in Lahore for Area Sales Conference. This was a two day event held on June 4-5th, 2013 at Pearl Continental hotel. Ghalib Nishtar, President KBL, Presided the conference. Head Retail, Amina Hassan accompanied by Manager Distribution, Aftab Alam & Manager Retail Compliance, Chaudhry Shahid Mahmood participated in the event. Area Managers, Saqib Zaidi & Waqar Ullah Yameen highlighted the performance of their respective areas.

The agenda centered on branches' and areas' performance review and future strategic planning. All branch managers and relationship managers presented their individual branch performance, progress against business plan, challenges being faced and future strategy for sustainable business growth.

Feedback session was also conducted to gain insight from RMs & BMs regarding policies, procedures, bottlenecks, competitive market environment and other branch & staff related issues. The President appreciated the efforts of retail staff and motivated the staff to perform at their best in future.



President - KBL pays a visit to Pattoki & Kasur branch



Ghalib Nishtar, President KBL, visited Kasur & Pattoki branch on June 4-5th, 2013. He was accompanied by Head Retail Amina Hassan & Manager Distribution Aftab Alam. The President interacted with branch staff to share KBL new initiatives, achievements, market standing, opportunities and challenges. He also discussed local market potential, major businesses and their business need. He also encouraged staff to regularly send their feedback for modification in existing products and development of new products.

Head Retail encouraged staff to discuss market challenges, competitors positioning and wish list for business growth and to retain market leader position. At the end visitors motivated the staff to get ready for business challenges ahead and continue to work hard to achieve the business targets.

Training of Trainers - Process Champions Sales

To utilize the talent of KBL process champions, "Training of Trainers" session was conducted in NIBAF from May 6-8, 2013 in coordination with Retail and Risk Management departments. The intent was to build the training capacity of Sales staff and develop them to become help desk for branches to resolve issues regarding compliance of policies/ procedures and prepare them for conducting orientation and refresher trainings of newly promoted branch staff. President KBL and Heads of Departments also participated in this constructive session to motivate the trainees.



Khushhalibank Supports Women Entrepreneurs at Islamabad Expo 2013

Khushhalibank participated in the 3rd Islamabad Expo 2013 Organized by Islamabad Women Chamber of Commerce and Industry on April 15, 2013, showing their untiring support and commitment to budding women entrepreneurs in Pakistan.

Speaking at the occasion Caretaker Federal Minister for Commerce and Textile Maqbool H Rahmatoola stressed on the need for increasing export of value-added items for the survival of the country. He said that the government is working on increasing exports while focusing on small and medium enterprises.

He said that the business community lags behind in value addition, which is imperative to increase the economic value and consumer appeal of a product. "Women must understand that a value added product has more market value than raw commodity," he said.

The Exhibition aims to build linkages between the women of the various cities and between the rural and urban entrepreneurs, linking the women entrepreneurs with buyers from various areas, providing exposure and promoting women's manufactured products, providing marketing opportunities to women to strengthen their financial positions, bringing the potential products in the eyes of the concerned departments of Government of Pakistan, various international agencies and diplomats of Foreign Missions present in Islamabad.

President Khushhalibank said at the occasion, "The Exhibition is fast becoming recognized as a great opportunity for the promotion of women businesses to national and international community as most of the Bilateral and Multilateral agencies have their offices in Islamabad and could play a role in supporting as well as providing linkages for growth of women led businesses".



Khushhalibank secures 1st place at Microfinance Mela 2013 hosted by The State Bank of Pakistan

The State Bank of Pakistan hosted the Micro Finance Mela 2013 held at Craft Bazar Bahawalpur and was participated in by Micro Finance Banks from across the country such as Khushhali Bank Ltd, Tameer Micro Finance Bank, NRSP Bank, The First Micro Finance Bank, NGOs such as Kashaf Foundation and Madawa Welfare Organization on May 02, 2013.

The main theme of this mela was to celebrate the work being done in the microfinance industry to alleviate the socio-economic conditions in the country and to reduced poverty and unemployment.

The unique aspect of the arrangement was that the clients of each of the participating banks displayed their products, representing the businesses that have flourished with the financial support extended by the Bank. This served as a confidence builder as well as a marketing endeavor for the individual's entrepreneurs who are considered the very life blood of the economy.

Khushhalibank's stall displayed different hand crafted garments, decoration pieces, utensils and jewellery etc created by its clients. A multimedia and sound system was also arranged showing a documentary of Khushhali Bank's journey.

Prizes were awarded based on the quality and attraction of the stalls on display. The 1st place was secured by Khushhalibank where as the 2nd place went to First Micro Finance Bank and 3rd place was secured by Tameer Micro Finance Bank. About 5,000 people visited the mela.



Our Clients

Bache Singh hails from the remote District Tharparkar. He was one of the youngest villagers to have started his own cattle business at the age of only 20. In those days, he was dependent on his family but today a family of 11 is dependent on his income. Despite the challenges and dearth of opportunities in the desert area of Tharparkar, Bache Singh has turned whatever little resources he had into his livelihood through prudent spending and focusing on saving for the future.

When he first availed Khushhalibank's loan facility he only had five goats and two camels but with his strong will power and hard work he managed to expand the number of his cattle to 150 goats, 2 cows and eight camels and is now able to provide for a family of eleven. He tries his best to provide them a good quality of life along with education, which he could not get himself due to lack of resources.

Running the business for the last 10 years, Bache Singh owes his success to a number of factors including commitment, honesty and hard work. According to him he had enough exposure of livestock and hence his only impediment in expanding his business was lack of finances. Bache Singh says that Khushhalibank's financial assistance in the form of micro credit was most crucial in defining the success of his business which he could only expand after getting the loan from Khushhalibank.

"I believe that credit is a tool to bring about change, if it is being utilized effectively," Bache Singh says.

Bache Singh has many future plans to expand the business activity. He plans to expand the business to accrue higher returns and thereby developing a market for sale/purchase of livestock. He is also looking forward to open a dairy farm in the future. District Tharparkar has great potential for a dairy farm and Bache Singh is optimistic that it would yield great benefits given his expertise in the area. All the villagers will benefit from these initiatives once the idea has been translated into reality and the plan is executed. The community members have been impressed and inspired by Bache Singh's success and are motivated to save their money for entering into profitable ventures for a secure future.

In a ceremony held in Islamabad to commemorate the 8th Citi-PPAF Entrepreneurship Awards, Bache Singh received the 'National Runner Up Award' of Rs. 170,000.



Hazoor Bux hails from Balochistan and is a blacksmith by profession.

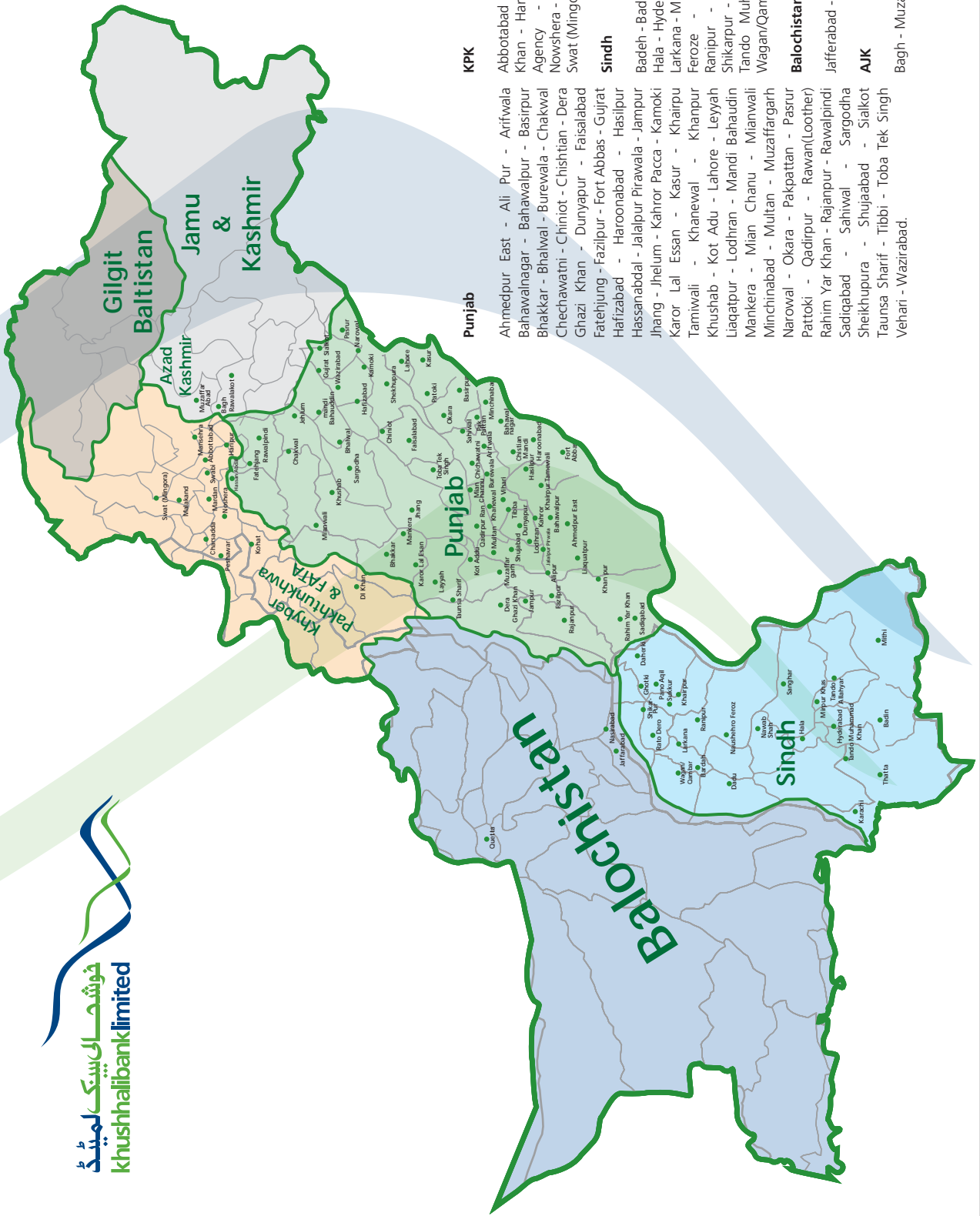
Coming from a very humble background he did not have the funds to avail the transport facilities which greatly hindered his market reach. Also unfortunately due to lack of funds he was unable to pay for proper medical facilities resulting in poor health conditions which compelled him to stay home for most of the time. He was totally dependent on the local money lender. Half of his income was paid to the money lender which significantly strained his financial condition due to which he was unable to timely tap the market need. After he availed micro credit facility from Khushhalibank, he directly approached the suppliers and received raw material of his own choice. This gave a tremendous boost to his business and his monthly sales soared up to Rs. 75,000/- per month. He was able to address his health concerns and save up for his family as well.

The key to Hazoor Bux's success has been the proper and effective utilization of loan and on time delivery of consignment required by the contractor. Training has a fairly important role to play in the blacksmith profession to attain proficiency in new technology with which he has always kept himself abreast. Proper and effective marketing of his products along with a direct approach to the concerned market was another reason for the success of this micro-entrepreneur. Most importantly availability of finance through Khushhalibank credit facility played a pivotal role in the success of his business. While traditional Baloch customs frowned upon household women working with men, this entrepreneur has allowed his wife to work with him together on the project, which has also been a major factor in his success.

Currently he is involved in the production of iron hocks and hammer. As for his future plans, he intends to make car shock absorbers and shovels (Belcha) for auto repair services which will help his business on the road to success.

He wants to start a small outlet of iron made items to impart training to amateur blacksmiths. He wants to continue his relationship with Khushhalibank to get further loans as he plans to expand the sale of iron items in other cities of Balochistan with the support of more finances. In the longer term, this entrepreneur wants to export his products abroad to Afghanistan and Iran as there is a great demand for these products in the neighboring countries. To this end, he aims to avail the recently introduced cash saholat loan from Khushhalibank.

In a ceremony held in Islamabad to commemorate the 8th Citi PPAF Entrepreneurship Awards, Hazoor Bux received the 'Regional Runner Up Award' of Rs. 100,000.



KPK

Abbottabad - Charsada - Dera Ismail Khan - Haripur - Kohat - Malakand Agency - Mansehra - Mardan Nowshera - Peshawar - Swabi - Swat (Mingora)

Sindh

Badeh - Badin - Dadu - Daherki - Ghotki Hala - Hyderabad - Karachi - Khairpur Larkana - Mirpurkhas - Mithi - Nasheero Feroze - Nawabshah - Panuaqil Ranipur - Rato Dero - Sanghar Shikarpur - Sukkur - Tando Allahyar Tando Muhammad Khan - Thatta Wagan/Qambar

Balochistan

Jafferabad - Nasirabad - Quetta

AJK

Bagh - Muzaffarabad - Rawlakot

Punjab

Ahmedpur East - Ali Pur - Arifwala Bahawalnagar - Bahawalpur - Basirpur Bhakkar - Bhalwal - Burewala - Chakwal Chehawathi - Chiniot - Chishtian - Dera Ghazi Khan - Dunyapur - Faisalabad Fatehjung - Fazilpur - Fort Abbas - Gujrat Hafizabad - Haroonabad - Hasilpur Hassanabdal - Jalalpur Pirawala - Jampur Jhang - Jhelum - Kahror Pacca - Kamoki Karor Lal Essan - Kasur - Khairpur Tamiwali - Khanewal - Khanpur Khushab - Kot Adu - Lahore - Leyyah Liaquatpur - Lodhran - Mandi Bahaudin Mankera - Mian Chanu - Mianwali Minchinabad - Multan - Muzaffargarh Narowal - Okara - Pakpattan - Pasrur Pattoki - Qadirpur - Rawan(Loother) Rahim Yar Khan - Rajampur - Rawalpindi Sadiqabad - Sahiwal - Sargodha Sheikhpura - Shujaabad - Sialkot Taunsa Sharif - Tibbi - Toba Tek Singh Vehari - Wazirabad.