

## One promise

Our 14<sup>th</sup> 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.

a quarterly newsletter of Khushhalibank

# grassroots

October - December 2014

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## Loans for a better life



Khushhali Livestock Loan is an individual loan offered for purchase of new animals (cows, bulls, buffaloes) for fattening, breeding and milking purposes with built in free animal insurance.

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## President's Message

The year 2014 has been one of progress and I am pleased to highlight some of the achievements. First and foremost we continue to be a market leader with record growth in revenue and profits for the year. We inaugurated our first model branch at Islamabad, developed the framework & successfully launched the MSME program, expanded commercial sources of funding as well as rolling out core banking system across the network. SBP permission for outsourcing ATM / Debit Card / Contact Center was another milestone for the bank.

The growth in business and clients has been phenomenal and our presence is visible across all corners of Pakistan. These accomplishments would not have been possible without a committed team and here I would like to acknowledge the contributions of all of you.

The year 2015 brings new challenges and opportunities. We will continue to work our best with focus on client service and loyalty.

My best wishes for 2015.



## Quarterly Business Update October - December 2014

	Microcredit		Micro Savings		Micro-insurance	
	Active Borrowers	Value (PKR) Millions	Active Savers	Value (PKR) Millions	Policy Holders	Sum Insured (PKR) Millions
2014-Q1	419,075	9,370.723	720,300	6,215.632	419,075	9,370.723
2014-Q2	423,944	10,019.790	780,545	7,030.842	423,944	10,019.790
2014-Q3	471,693	11,353.673	831,075	7,188.991	486,309	11,364.725
2014-Q4	468,369	12,228.372	899,539	8,687.804	486,063	12,241.720



# Micro SME Loan Agreement of KBL with ECO Trade and Development Bank

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\$ 5m 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.

## KBL Board Meeting

Board of Directors for Khushhali Bank Limited (KBL) met for the fourth quarter meeting on November 19, 2014 at KBL's corporate head office in Islamabad. Management provided an update on the progress of recent initiatives along with Retail Banking strategy, the Annual Business Plan and Budget for 2015. The Board reviewed the information with interest and encouraged KBL to expand in terms of network and services given the market potential. They reiterated their confidence in management and KBL's performance stating that KBL has the potential to reach greater heights of success.



MSME portfolio was also reviewed with interest and the Board

was happy to note that it was developing in line with their expectations and in harmony with other portfolios.

## MSME Update

During Q4, 2014 KBL remained on track of progress in MSME lending. The results from the pilot branches were encouraging and the bank is all set to commence expansion across the network from the first quarter 2015. In this regard hiring, training and Operational/ IT arrangements have been aligned to meet the upcoming requirements in timely manners.

To capture the enormous market for this product, advertisement campaigns are planned. Visits from members of senior Management Team produced productive results of better communication /





interaction with the branches and these visits will continue for other branches as well.

Building on the experiences from pilot phase, the bank is set for

growth of the product, as it will surely have far reaching impact on KBL's business and out-reach.

## Khushhalibank Sponsors SAMN Regional Conference 2014



As one of the sponsors of the SAMN regional conference 2014, Khushhalibank participated in the event titled "Banking South Asia's Half Billion unbanked" held at Serena Islamabad. Arranged by Pakistan Microfinance network (PMN) the conference was inaugurated by Ahsan Iqbal Federal Minister for Planning, Development and Reforms.

The conference aimed at exploring the progress made by the member South Asian countries coupled with facilitating cross-learning among them. Speakers from across South Asia shed light on the economic potential of the region and impact of the improved access to finance. The challenges, innovations and opportunities in South Asia's financial inclusion landscape were also highlighted. Additionally, the conference focused on facilitating investments flow to the region.

Ghalib Nishtar, President Khushhalibank while addressing the session, highlighted the importance of Microfinance sector in Pakistan and in South Asian countries. He also appreciated the efforts of SAMN and Pakistan Microfinance Network for hosting

the conference for knowledge sharing and learning.

The Chief Guest, Professor Ahsan Iqbal while addressing the ceremony, said that he was pleased to see the august gathering of the learned leaders and experts from the South Asian countries in the conference. He emphasized the need of a conducive environment for talks and mutual cooperation among the said countries. "In order to transform all "UN's" including "unemployment, uneducated, unhoused, unhappy, unhealthy etc., we need to work at the grassroots level for inclusive growth and sustainability. Our vision is very clear and we will be working with more enthusiasm on inclusion with growth", he remarked. He commended the efforts of SAMN and Pakistan Microfinance Network for the said conference for knowledge sharing and learning. He vowed to extend his cooperation for strengthening microfinance sector.



# Khushhalibank Sponsors 8th Microfinance Conference

Khushhalibank was one of the sponsors of the 8th Microfinance conference 2014, organized by Shamrock Conferences International. Other notable supporters of the Forum included; State Bank of Pakistan, Pakistan Microfinance Network (PMN), and Pakistan Poverty Alleviation Fund (PPAF).

as the chief guest on this occasion who announced that the Sindh Microfinance Bank will be opening shortly to facilitate the work being undertaken by microfinance institutions in the province. He appreciated the efforts being made by the Microfinance banks to alleviate poverty and spoke about the scope for improved interventions.



Nadeem Hussain, Chairman of Pakistan Microfinance Network in his keynote address stated that in order to impact poverty, the industry must aim for at least 10 million customers by 2018; he then shared a road map along with the associated challenges. He complimented the industry for robust growth but felt it had a long way to go.

The high profiled moot featured case studies and deliberations, on a theme inspired by a statement made by Kofi Annan Former Secretary General of the United Nations; "Microfinance is an idea, whose time has come". Beneficiaries of micro financing in rural areas were present at the forum and shared their respective experiences with the audience.

The Sindh Minister of Finance, Syed Murad Ali Shah, was invited

The speakers and microfinance experts stated that reducing financial exclusion is the most critical need of the country, during these challenging times. The microfinance specialists should create a sustainable model, by offering robust Microfinance products, reducing costs and expanding outreach through deployment of cellular technology based financial channels. These Innovations make financial services more affordable and accessible for the masses.

## Pilot of Khushhali Livestock Loan

The livestock sector occupies a unique position in the socio-economic development of the country. It also plays important role in the rural economy by supplementing family incomes and generating gainful employment in rural areas, particularly among the landless laborers, small and marginal farmers and women. Livestock contributed approximately 55.4 per cent to the agricultural value and 11.9 per cent to the GDP during 2012-13. Khushhalibank launched its Livestock Loan Pilot initially at its Sahiwal and Pakpattan branches. This is an individual loan offered for purchase of new animals (Cows, Bulls and Buffaloes) for fattening, breeding and milking purposes with built in free animal insurance.





## Meeting with Area Managers

A two days conference of Area Managers was held on 4th and 5th December, 2014. Agenda was to review the performance of 2014 and Business planning and Retail strategy for 2015. Main focus was to align and prepare front line team to cope with upcoming challenges.

Aspects reviewed were AM's monitoring effectiveness, new products and revised financial toolkit. There was discussion on the challenges faced by front line staff and expectation of the management.

President and Heads of Departments participated in the feedback session of the conference. It was decided that these



meetings will be held quarterly to improve communication and resolve the bottle necks in business acquisition.

## KBL Helping Entrepreneurs, by Linking them to International Markets

Khushhalibank has signed a value chain financing agreement with another home grown enterprise, namely, United Star Kinnow (Tangerines) Farms at Chichawatni. The pilot project commenced in early June this year and aims to support local Kinnow producers by providing financing for procurement of stock.

An agreement signing ceremony was held at Chichawatni with key members of Khushhalibank management along with United Star in a bid to support the local farmers and improve the yield of kinnow for local and international consumers.

Under the value chain financing agreement, Khushhalibank will provide individual loans with a maximum ticket of PKR.120,000 to United Star registered Kinnow producers for a tenure of 8 months. United Star will procure Kinnow after eight months from the producers under a buy-back agreement and will facilitate the bank in collections of its receivables.

United Star is a private enterprise having membership of Sahiwal Chamber of Commerce which ensures a ready market for local Kinnow produce. It exports the produce to Russia, Thailand, and UAE in addition to supplying within the country. It facilitates financing to local producers for fertilizers, pesticides and land rent for inputs.



## Reaping the Benefits of Sehat Khushhali Plus

Rehana Bibi, a 39 years old resident of a far flung village in District Muzafargarh, is a client of Khushhalibank for the past few years. When Khushhalibank launched Sehat Khushhali Plus in collaboration with MicroEnsure Pakistan and Jubilee Life, Rehana Bibi was made aware of the product by Khushhalibank branch staff. She liked this unique product and decided to buy it upon payment of PKR 500 only.

After some time of registration under Sehat Khushhali Plus,

Rehana Bibi suffered from fever and consulted nearest hospital where doctors ran blood test and diagnosed her Typhoid positive. As her health required medical care and nursing, the hospital admitted her where she remained for five days until her condition stabilized and the attending doctor discharged her.

While at hospital, her attendant intimated about her hospitalization at Sehat Khushhali Plus helpline. Sehat Khushhali Plus team helped the attendant in completing very simple





formalities for settlement of hospitalization claim. As soon as the patient got out of the hospital, the claim was processed and a cheque of PKR 5,000 was delivered to her at her residence by the KBL regional staff.

On the occasion of receiving her claim cheque, Rehana Bibi was pleasantly surprised and expressed the view that she never thought that insurance can work for her. While expressing her feelings, she said that she liked Sehat Khushhali Plus as it does not have panel hospital restriction and suits the need of poor persons like herself. She also commended efforts of Sehat Khushhali Plus team in simplifying things for her and settling her claim within no time and shared that she will ask her relatives and friends to opt for this insurance plan.

Sehat Khushhali Plus is a health insurance plan that facilitates patients getting admitted in any hospital across Pakistan due to disease or accident. This insurance plan reimburses the policy holder Rs. 1,000/- for each night spent at the hospital.

## Stories that Matter: From Adversity to Prosperity

Agriculture is central to economic growth and development in Pakistan, with an overall GDP share of 25%. Although the ownership of land and modern agricultural machinery is in the hands of a few Pakistanis, the industry has generated numerous indirect employment opportunities for farmers and others alike. Punjab is considered as the headquarters of the agricultural industry, after which comes Khyber Pakhtunkhwa and Sindh. Baluchistan, mostly barren with extreme temperatures and a scarce water supply, has the lowest contribution to the agriculture industry.

Eidan was a resident of Tehsil Dera Murad Jamali Distt in Balochistan. He was born into a poor household, which forced him to take financial responsibility for his large family from a very early age. Eidan's lack of education did not discourage him instead it motivated him to find employment opportunities to secure his family's future, so he started an agricultural business in his small town of Goth Haji Abdul Razzaq Umrani.

For several years, Eidan invested most of his time and money into his business. The revenue generated from this business was minimal and unprofitable subjecting his family to extreme poverty. Eidan decided to improve his business by injecting more capital. He believed investing more would result in improving the quality and quantity of production, which would generate more income. Unless Eidan's business improved, he could not change his family's living conditions. Thus, he applied for a Khushhalibank loan.

Eidan's dedication, hard work and commitment, along with



Khushhali loans, helped him in alleviating his family from poverty. With the help of the loan, Eidan was able to re-establish his business and is now earning a handsome annual salary of above Rs. 200,000. Eidan's relentless efforts and timely decision to avail a loan have resulted in a notable growth of his agriculture business, making him a role model in his community.

Eidan is still constantly working on expanding his agriculture business. He is respected by his family, community and peers and is now able to send his children to school to pursue an education and secure their future.

Microfinance banks in Pakistan have empowered several people like Eidan to eradicate poverty from their lives. Khushhalibank continues to provide entrepreneurial employment opportunities to those who wish to bring a change in their lives.



# Training Sessions



MSME Monitoring session NIBAF October 16, 2014



Orientation Training Loan Officers GL (Batch-137)-NIBAF October 16, 2014



Orientation Operations KB 138 October 21 - 24, 2014



Orientation Loan Officer-GL (KB-139)-NIBAF October 27 - 30, 2014



Orientation Training Loan Officer-GL (KB-140)-NIBAF November 13, 2014



Orientation Training Loan Officer Individual Loan (Batch-3)-NIBAF November 21, 2014



IT Security Training at Corporate Office December 02, 2014



SHRM Conference December 13, 2014

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