

A QUARTERLY NEWSLETTER OF KHUSHHALI MICROFINANCE BANK

Grassroots

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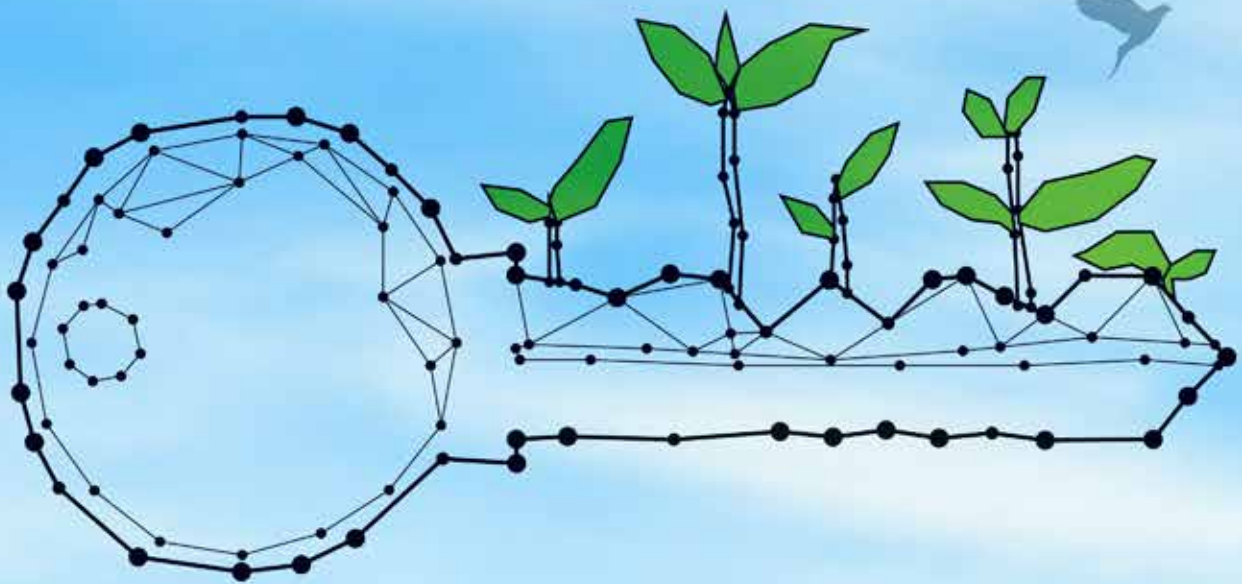


Table of Contents

CEO's Message	01
Meeting of Board of Directors of KMBL	01
Quarterly Data as at Dec 31, 2018	02
Khushhalibank Wins "Best Microfinance Bank" Award	02
Khushhali Microfinance Bank Initiates Collaboration with IFC on Agri-Digital Finance	03
Banca Training Pak Qatar	03
Khushhalibank Celebrates Women's Entrepreneurship Day	04
Agriculture Training for the Uplift of Small Farmers in Pattoki	05
Sakina Zulfiqar – An Ordinary Story of Extra Ordinary Passion	06



MESSAGE FROM CEO

Dear Colleagues,

We have successfully closed year 2018 with 34% growth in our loan portfolio and 21% growth in deposit base. The continuous business growth exceeding the annual targets reflects the tremendous efforts of our teams towards delivering well on all fronts. We continued to grow as well as maintained our position as the largest microfinance bank in the country, and became the “Best Microfinance Bank” at Pakistan Banking Awards 2018.

Our collective efforts have triumphed amid a year marked up-gradation challenges. It is reassuring that once the processes are stream lined, we will be able to continue forward with the same fervor, and achieve more. Our dedication is our asset and our ambition to serve the unbanked fuels our passion.

Highlights of year 2018 are:

- Business growth in assets and liabilities, exceeding targets for the year.
- Network expansion through new branches, service centers and permanent booths. Several new alliances were also formed with organizations like Aga Khan Rural Support Programme (AKRSP), International Finance Corporation (IFC) and

Pakistan Post, with the vision to enter new market segments.

- Introduction of new product lines including Solar Financing (Sindh & Gilgit- Baltistan), Khushhali Agri Plus, Khushhali Pasbaan Loan and Khushhali Home Plus. With these products, we are experimenting higher loan tickets and new segments. Our objective is to devise solutions for the unmet needs of our clients.
- Acquisition of new technology platforms to be able to provide the complete range of digital financial services.

In the coming year, we should remain prepared for challenges and focus on improving communication with our clients through this time to reduce their inconvenience. Moreover, we will need to be extra vigilant to overcome transactional challenges through timely identification and resolution.

I wish you all Good Luck for the coming year.

Regards,

Ghalib Nishtar

Meeting of the Board of Directors of Khushhalibank

The sixty second meeting of the Board of Directors of Khushhali Microfinance Bank Limited (KMBL) took place at the bank’s Corporate Office in Islamabad in November 2018. The meeting commenced with directors welcoming the new Company Secretary/ General Counsel, Sara Shah who joined the Bank in October, 2018.

Board of Directors reviewed the operating results and economic update for the third quarter ended September 30, 2018. Business update for the quarter showed satisfactory business performance. Market positioning analysis revealed that KMBL has 25% market share of active borrowers, 23% market share of Gross Loan Portfolio (GLP) and 23% market share of the Deposits,

putting it at the top of the microfinance banks sector in the country. Sharjeel Shahid, Group Executive Digital Banking Group, United Bank Limited replaced Zia Ijaz as nominee director of United Bank Limited. Board of Directors reposed confidence in the management and appreciated their commitment and support towards supplementing KMBL's growth.

Quarterly Data as at Dec 31, 2018

Data as at Dec 31, 2018	
Active Number of Borrowers	780,000+
Active Number of Savers	2+ Million
Cumulative Number of Loans Serviced (since inception)	6.8+ Million
Cumulative Disbursements (PKR) (since inception)	200+ Billion

Khushhali Bank Wins "Best Microfinance Bank" Award

Khushhali Microfinance Bank Limited has won the accolade of "Best Microfinance Bank" at the third Pakistan Banking Awards 2018 organized by the Institute of Bankers Pakistan with AF Ferguson as its knowledge partner and Dawn Media Group as its official media partner. The pioneer microfinance bank of Pakistan was honored with this award for its all-round performance in expanding outreach through penetration efficiency and innovations along with both a strong bottom line and social impact.

The award ceremony was honored by Mr. Jamil Ahmed – deputy governor State Bank of Pakistan, whereas other attendees included members of the banking fraternity, regulatory bodies and other stakeholder groups.

Khushhali Microfinance Bank aims to create and foster a community within the microfinance banking ecosystem.



The award signifies the momentous efforts by KMBL to provide formal financial access to the marginalized segments of Pakistan. Such prestigious banking awards play a vital role in boosting the morale of financial institutions to work harder to bridge the divide between the banked and unbanked.

These awards also promote the efforts of banks for developing new and innovative products and services, while giving them the incentive to enhance their performance for the coming year. The areas rewarded included financial inclusion, customer convenience, technology in banking, Islamic banking, trade finance including SME and agriculture. The award jury members have a vast experience of working for the financial sector and the awards are decided after thorough review of product offerings and performance of all the nominee banks.

Khushhali Microfinance Bank Initiates Collaboration with IFC on Agri-Digital Finance

Khushhali Microfinance Bank and IFC, a member of the World Bank Group, agreed to enter into an advisory engagement to support the development of an agri-digital scorecard to accelerate financial inclusion and access to finance for low-income farmers in Pakistan. This collaboration embodies the commitment from both institutions to support small landholders that are not in the radar of conventional banking ecosystem, thus facilitating the creation of a more resilient farming segment across the breadth of the country.



IFC is a leading development finance institution and functions as part of the World Bank Group to spur private sector activity through investment and advisory across the Globe. IFC has played a leading role in supporting Agri-digital practices by collaborating with selected practitioners that can help towards the cause of financial inclusion. Pakistan is a priority country for IFC.

This collaboration will leverage IFC's global experience in developing such scorecards in various geographies across Latin America, Africa and Asia. Notably, the project will benefit from IFC's most recent experiences in China where IFC's engagements have successfully ramped up outreach through large-scale institutions such as Bank of Langfang and Postal savings Bank of China. In addition, the project will leverage Khushhali Microfinance Bank's recently upgraded technology platform, T-24, which, with its optimal capabilities is amongst the best in the world.

The collaboration with IFC will further accelerate Khushhalibank's endeavors to support the agricultural base of our country. IFC and Khushhalibank have been long-standing partners in other areas as well.

BANCA Pak Qatar Training

Khushhali Microfinance Bank is collaborating with Pak Qatar to offer "Khushhali Takaful" – an Islamic Banca Saving product. The three days long training session was organized by Pak Qatar for the sales and marketing staff of Khushhalibank to equip them with the technical knowledge of the product. During the training, the teams were familiarized with the religious and savings aspects of the new micro-insurance plan.

Over 100 participants attended the training from the Punjab and KP branches of the bank. Khushhalibank is

continuously expanding the range of products being offered to be able to serve wider range of clients and meet their expectation. Such trainings are a regular feature of the bank to equip its staff with the knowledge of all upcoming products.



Khushhalibank Celebrates Women’s Entrepreneurship Day

Khushhali Microfinance Bank joined hands with Minerva’s SheReturns program to organize a social media marketing training workshop for female entrepreneurs on the occasion of Women’s Entrepreneurship Day. This day is celebrated on November 19 every year to alleviate poverty by empowering and supporting women entrepreneurs.

A two day free of cost training and skill development workshop for Rawalpindi and Islamabad based female entrepreneurs was intended to make women economically powerful in the digital age. Social Media offers



easy access and digital mechanisms to reach out to potential customers. The workshop highlighted how such initiatives will play an important role in equipping women entrepreneurs with the knowledge and technology required to build and grow their businesses online.

The initiative aimed to train women entrepreneurs with the knowledge, connections, skills and technology resources to improve efficiency in their business processes using social media marketing tools. Khushhali Microfinance Bank has remained committed to removing barriers for women entrepreneurs in Pakistan.

SheReturns is a program by Minerva developed to support women on a career break to return to work with confidence. It offers training to build skills required to succeed in modern work environment and create economic opportunities for women by providing them help to grow and succeed in professional world.

Agriculture Training for the Uplift of Small Farmers in Pattoki

Khushhali Microfinance Bank holds quarterly training for farmers in rural areas for the promotion of agriculture. This training is part of CSR initiatives undertaken by the Bank to promote small farmers. In an agri-based economy like Pakistan, initiatives for the uplift of small farmers can help contribute towards the development of national economy.

These trainings are held free-of-cost for small local farmers to help them overcome the issue of less than optimal productivity due to limited access to updated farming knowledge. The training was held in Pattoki on the topic of “Nursery Management” in November 2018. Pattoki belt near Lahore is known for one of the country’s largest clusters of flower, fruit and decorative plant nurseries. Training was delivered by Dr. Hafiz-ur-Rehman, NARC Nursery management expert.



Sakina Zulfiqar – An Ordinary Story of Extra Ordinary Passion

Women entrepreneurs of today are chartering unknown territories unabashedly and fearlessly. With minimum to no support, women in business have proven that leading a company all by themselves is not beyond their ken.

Sakina Zulfiqar, a resilient 36 year old independent female entrepreneur from Kasur is an established entrepreneur with a dream to keep growing. Sakina was a homemaker initially while her husband supported the family financially. In her quest to be empowered, Sakina was passionate to start a business of her own and add to the income of her family. Overcoming her initial fears and hurdles, Sakina started her school in a small building with only 3 rooms available. Growth was slow in the initial years due to non-availability of credit for investment, but Sakina's optimism kept her going. She came to know about micro loans from Khushhali Microfinance Bank Limited (KMBL) offered to small businesses to invest in their assets and working capital.

Loans from the bank enabled Sakina to improve her school. She used her first loan to move to a better building with more classrooms. She was able to enroll more students and offer classes up to matriculation. Her desire to build, create and learn, surpassed the fear of the unknown. With the help of subsequent loans from Khushhali Microfinance Bank, Sakina improved the infrastructure of her school and added more facilities, which brought in more students, helping her business grow. Her school is currently offering classes till Inter and has a strength of more than 350 students. Her school is considered as a quality educational institution in the area. Financial inclusion helped her business to survive when opportunities seemed trifle.

Microfinance services have enabled masses to access formal financial services to invest in their enterprises, improve their economic potential and raise their family's living standard.





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