

A QUARTERLY NEWSLETTER OF KHUSHALI MICROFINANCE BANK

# Grassroots

JAN - MARCH 2018 | VOLUME: XV - EDITION I



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# CEO's Message

Dear Colleagues,

This year we are pursuing four major initiatives that include strengthening the bank's capital through induction of Tier II capital, a comprehensive multichannel branding campaign highlighting the bank's leadership position, transition to a robust technology platform that will support our future digital initiatives as well strengthening our human capital base. While this is ambitious but we have always achieved the goals that we set for ourselves and necessary to sustain our position in the market.

The key is to remember our resolve to be client centric and ensure efficient service delivery. The investment in skill and technology will improve our competitiveness in an increasingly dynamic market place.

Together we will work to bring efficiency to our internal procedures, innovation to our offerings and scalability to our execution plans in order to achieve our vision. Our business strategy will dwell on enhanced customer experience.

I wish all of you best of luck!

Best Regards,

Ghalib Nishtar



## Quarterly Data as at March 31, 2018

DATA AS OF MARCH 31, 2018	
Active Borrowers	710,318
Cumulative Loans Serviced	6,198,856
Cumulative Disbursement	159,993,053,946
Total Depositors	1,779,487

## Fifty Ninth Meeting of KMBL's Board of Directors

The fifty ninth meeting of the Board of Directors (BODs) of Khushhali Microfinance Bank was held in February 2018 at the Bank's Corporate Office. The Directors reviewed the operating results and economic update for the year ended December 31, 2017. Business update for the year ended December 31, 2017 shows that the Bank has been doing considerably well. With respect to Market positioning, KMBL has 25% market share of Gross Loan Portfolio (GLP) and Deposits putting it at the top of the Microfinance Banks (MFBs) sector in the country, while GLP has increased by 40%. BOD also approved the Audited Financial Statements together with Auditors and Directors Report of the Bank for the year ended December 31, 2017 and recommended their adoption to the Shareholders. The management also presented an update on Core Banking Application System (CBAS), wherein the Board was apprised that the project is currently in the 75th week and in the process of implementing Milestone 3 (Build and Delivery) and 4 (Testing) and so far the project has been on target. BODs also approved the Compliance Program (version-1) and HR Policy (version-1) of the Bank. Towards the end, the Board appreciated the President and his team for their efforts and showed overall satisfaction with their performance.

The 11th Annual General Meeting (AGM) of the Bank also took place on March 20, 2018, wherein Shareholders adopted the Audited Financial Statements along with Directors Report and Auditors Report and appointed BDO Ebrahim and Co as the Statutory Auditors of the Bank. They also re-appointed directors on the BOD of the Bank in view of expiration of the 3 year tenure of the BOD.

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## Khushhali Microfinance Bank's Pre-tax profit increases by 40%, clocking in at Rs. 2.5billion

KMBL posted its financial results for the year 2017 in February 2018, showing an appreciable growth in bottom line, accompanied with a dividend of Rs 0.53/share. KMBL's pre-tax profit of PKR 2.49 billion increased by 40% against last year's profit of PKR 1.78 billion. The increase in profit results from continued growth in balance sheet and improved non-fund income.

The Bank maintains the largest network of 173 outlets and enjoys the largest market share in terms of loan portfolio, deposits and asset base in the micro-finance sector. Compared to last year, portfolio quality indicators also improved, with growth in loan book of 40% primarily led by the agriculture sector lending. The Bank deposits expanded appreciably by over 100% as compared to last year and a strong built up was seen in urban operations.

KMBL is majority owned by a consortium of investors including one of Pakistan's largest commercial banks (UBL), and Blue Chip international investors with expertise in the Micro, Small & Medium Enterprise finance.

# Khushhali Selects BenchMatrix's RiskNucleus Governance and Compliance Solution to meet regulatory requirements

KMBL has selected BenchMatrix to implement an automated regulatory Compliance Management System that would help them ensure comprehensive enterprise-wide compliance effectively.

RiskNucleus® Compliance Management System's implementation will enhance the monitoring of regulatory compliance policy through a complete automated rule book library mapped to key activities within the organization and enable effective compliance risk management, observation management and self-assessment.

A signing ceremony was held during which Ghalib Nishtar, President & CEO, Khushhali bank expressed his views, "Khushhali bank is actively pursuing and investing in technology and solutions that strengthen Governance & ensure high degree of compliance."

BenchMatrix is a leading advisory service and automated GRC solutions provider with a focus on developing practical and customized approaches to risk management for organizations. Their team has several full cycle implementation experiences in the multinational organizations with success stories in Bahrain, Qatar, Saudi Arabia, UAE, Kuwait, France, Canada, and Pakistan.

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## Khushhali Bank becomes 36th member bank of 1LINK

To facilitate its customers with digital banking services, KMBL signed an agreement with 1LINK (Guarantee) Limited (1LINK), the largest switch in Pakistan. With this collaboration, Khushhali Microfinance Bank becomes the 36th member bank on 1LINK's network to avail its full suite of products. The agreement was signed by Ghalib Nishtar, CEO & President Khushhali Microfinance Bank and Najeeb Agrawalla, CEO 1LINK. This agreement will further the vision of the bank to



promote financial inclusion and financial literacy in the country while strengthening its outreach to the marginalized communities. This agreement will also enable Khushhali Microfinance Bank to issue PayPak debit cards to its account holders and help promote the domestic payment scheme.

Speaking on the occasion, Ghalib Nishtar, President & CEO, Khushhali Microfinance Bank, said “We are actively investing in a strong technology foundation to enter the arena of digital banking.” He further added that “given the future of banking industry is digital transaction channels, Khushhali Microfinance Bank is partnering with top notch service providers with the objective to acquire an all rounded robust and efficient technological infrastructure which is essential to provide innovative products and services to our customers”.

Speaking to the occasion Najeeb Agrawalla, CEO 1LINK stated, “1LINK welcomes Khushhali Microfinance Bank to its network and hopes to move forward jointly in facilitating customers and achieving SBP’s vision 2020. This partnership is surely going to enhance digital transactions in the country”. He further added, “This association will also empower Khushhali Microfinance Bank to issue PayPak debit cards to its customers, which are acceptable on all ATM and POS across Pakistan.”

1LINK (Guarantee) Limited, owned by a consortium of 11 banks, is the country’s 1st PSO/PSP and largest switch and payment system, providing a host of valuable online banking services like ATM switching, Bills Payment, Inter Bank Funds Transfer, Fraud Risk Management, Switch Dispute Resolution, Global Payment Schemes, PayPak – Domestic Payment Scheme, etc. 1LINK is continuously evolving and adding new products and services to benefit the financial industry.

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## Investing In Technology

As Khushhali Microfinance Bank continues to expand its customer base amongst an increasingly growing microfinance market, it recognizes the need to continue to offer innovative services to meet consumer demands. The bank realizes that a future-proof payments platform is critical to its digital transformation strategy. Therefore, they selected TPS’ Omni-Channel Payment Platform to ready itself for the transformative forces that are shaping the future of banking.



The new strategic partnership with TPS will see KMBL leverage the capabilities of IRIS card management and transaction switching platform. The fundamentally flexible platform will transform the bank’s digital payment infrastructure and allow quick roll-out of new and innovative services.

As part of the agreement, TPS will also enable the bank to issue EMV compliant PayPak Debit Cards. With PayPak domestic scheme in place, the bank will be able to provide efficient and cost effective banking services. Cards holders will have the ease of making cash withdrawals at all 1Link enabled ATMs across the country.

Speaking on the occasion, Ghalib Nishtar, President & CEO, Khushhali Microfinance Bank, said "Being Pakistan's first and largest microfinance bank, we are on a mission to facilitate an environment where microfinance can prosper in the country. With a powerful payment platform driving our digital payment services, we will be able to meet the payment needs of microfinance sector in Pakistan and rapidly scale up our customer base."

TPS is a leading provider of cards and payment solutions trusted by over 120 customers spread across 30+ countries including Middle East, South Asia and Africa with increasing footprint across other regions. Their solutions and services enable banks, telecoms, central banks, payment processors, national switches and other institutions in their mission critical digital banking, cards and payment services.

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## Celebrating Success

The Annual Area Managers' Conference was concluded with a special celebratory dinner to mark the successful end to the 5 year transformational journey of KMBL that began with the privatization of the bank in 2012. The concluding year in the transformational process, Financial Year 2017, was not only an exceptional year in terms of financial performance but also



established the position of KMBL as the largest microfinance bank in Pakistan.

The event was participated by the Bank's Area Managers and Senior Management from the Corporate Office. While congratulating all teams on their efforts, Ghalib Nishtar, President KMBL commended the ability of the area staff to adapt to the changing work requirements. The event also marked another iconic moment for KMBL where the bank announced to launch its first ever

large scale media campaign including a television ad. The ad, shot in all four provinces, based on the theme of the resilient people of Pakistan, was aired for the audience for the first time and was applauded by all. Going forward, KMBL plans to supplement its business growth strategy with large scale marketing campaigns to reach out to a wider audience.

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## Promoting Agriculture



The agriculture industry of Pakistan comprises of small farmers whose productivity is constrained due to lack of knowledge of modern sowing and harvesting know-how. Most farmers rely on traditional farming methods.

In an effort to support the small farmers, KMBL regularly organizes trainings for farmers at remote rural areas and educate them on modern seed varieties, use of pesticides and crop diseases. KMBL has signed an MoU with Pakistan Agricultural Research Council (PARC) to collaborate on the farmers trainings. PARC

designates a crop expert who trains the farmers on a given crop. This quarter, KMBL organized a training on cultivating pulses in Bhakkar. Dr. Shahid Riaz Malik, Program Leader Pulses at National Agriculture Research Council, conducted the training about the new high yield varieties and effective use of fertilizers and pesticides. Training topics also included information about common pests and effective methods to keep the crop safe and healthy.

KMBL believes educating farmers enables them to efficiently utilize their investment in their crops. These trainings educate the farmers on the use of latest crop varieties, proper use of seed rate, soil preparation methods, efficient use of fertilizers, weedicides, and application of water at the proper crop growth stages. Farmers are also given information regarding better use of water which can be helpful in saving water on large scale and regarding the adaptation of such management practices which can be helpful in increasing the soil fertility which would also decrease the emission of Green House Gases (GHG) and ultimately can be helpful in environmental protection.

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## Empowering Women

Over the past seventeen years Women Empowerment has remained one of the top priorities in the Corporate Social Responsibility initiatives of Khushhali Microfinance Bank.

This year the Bank strived to find a new avenue to help empower women. In today's era of pollution and adulteration, agri based organic food products are high in demand. Professional trainings on making and preservation of pure organic food products from a commercial perspective is the need of the day.



To mark this year's International Women's Day, KMBL in collaboration with the Pakistan Agriculture Research Council arranged a three day training based on the vision to empower women by teaching them skills that can become their means of income from a home based business, help them support their male counterparts and boost their confidence.

The three-day training comprised of cooking and preparation of various



household items like fruit jam, ketchup, yogurt, cheese and fresh fruit squash. All recipes were based on research done by the scientists at NARC. Women interested in cooking and entrepreneurial activities, registered online for the program and participated enthusiastically in the three day extensive training. The experienced staff of NARC covered both the theoretical and practical aspects of the skill. Laboratory sessions were held during which the trainers informed the participants about the use of specific tools and equipment for making of the marketable items and responded to their queries while advising them about the source of all the raw material and tools available in the market.

Moreover, on the occasion of International Women's Day, the bank arranged a get together and an informative session on health and fitness for its female staff members based in Rawalpindi and Islamabad.

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## Community Development Initiatives

KMBL collaborated with WWF-Pakistan and Capital Development Authority Islamabad, to provide uniforms for the security staff of F-9 Park. Located in the heart of the capital, F-9 park holds recognition as the largest recreational area in the locality. The park is covered by greenery and provides a sanctuary to the wildlife in the bustling cosmopolitan city.

The uniforms handing over activity was held in the Baradari at the F-9 park and was participated by DG Environment, CDA, Senior Director Programmes from WWF-Pakistan and Head Marketing



from Khushhali Microfinance Bank. The uniforms included jackets, shirts, shoes, belts and whistles. While thanking Khushhali bank in playing its role in various environment related initiatives, the DG Environment advised the security guards to respect the sanctity of the uniforms and be more vigilant, attentive and helpful towards the public visiting the park.

## Caring for the Environment

Environment conservation remains one of the areas of focus for Khushhali Microfinance Bank under the umbrella of its Corporate Social Responsibility. With a resolve to contribute to a greener Pakistan and raise awareness about environment conservation, KMBL continued its collaboration with World Wildlife Fund- Pakistan (WWF-P). Over the year, multiple activities will be organized with the objective to increase staff awareness on the issue and to encourage them to actively take steps towards environment conservation.



In this regard, a tree plantation drive has been planned for the year 2018 in which a total of 1500 trees (including fruit trees) will be planted in Rawalpindi. The inaugural round of this activity was held in Dhok Munshi Park, Rawalpindi where KMBL employees planted over 700 trees. These included plants like Amaltas, Kachnar, Taali, Dharaik, Guava and Black Plum, WWF-P will oversee the plantation of the remaining saplings in various schools, parks and green belts in Rawalpindi.

Planting trees not only improves water quality but recreates wildlife habitat, migration corridors and helps to mitigate climate change.

# Making a Way through Sheer Determination – Story of Surayya Bibi

Even though perceptions are changing for better every day, many women in Pakistan still face a lot of barriers and backlash for pursuing their careers and ambitions.

Surayya bibi led a deprived life for very long due to her husband's neglect in providing for her financially. A few years back, her husband married again and the little that he did provide her with for household expenses was also gone now. During these tough times, Surayya bibi decided to take charge of her life and start a business to improve her standard of living. However, she needed capital to set up any basic business.



She came to know that Khushali Microfinance Bank was running their door-to-door group loaning campaign in her area. This scheme turned out to be a blessing in disguise for her. She took a loan of PKR 25,000 in the year 2015 to set up a basic store where she bought children's snacks as her first inventory. Her first inventory was quickly sold out and it encouraged her to re-invest in better inventory. As she gained more confidence in her sales, she headed to the city for her next batch of inventory for her store to get stock at good prices and ensure higher profit margin. She slowly added more variety to her inventory until her store became the 'go-to' place for the people in her area.

Due to the lack of education, handling business accounts was an exceptionally difficult feat for her. She used to count bills on her fingers and relied on her daughter to record day long transactions in a journal at day end. Furthermore, societal and familial pressures and discouragement were also present but that did not deter her from her dream.

She started with limited knowledge and investment but Surayya bibi's persistence and hard work helped her run the household and gain experience as a businesswoman; eventually learning about customer demands and business technicalities. She decided to expand the business and chose Khushali Microfinance Bank to get two more loans of PKR 25,000.

Surayya is at the moment bearing all the expenses of her husband's illness and has also saved up enough to continue construction on her house that was destroyed in the 2005 earthquake. She hopes to finish work on the added another portion to her house so she can rent that out to create another avenue of income. Along with this, she is determined and working hard to ensure that her daughter, who has completed high school will gain higher education.

Surayya bibi wants to share her story with other women in Pakistan, hoping that it will encourage them to fulfill their dreams as well. She is grateful to Khushali Microfinance Bank as it played a fundamental role in ensuring that she is able to run a business and praises the Banks continued efforts in supporting women across Pakistan with their businesses.

“ کرنٹ ڈپازٹ  
اکاؤنٹ ”



# روزمرہ بینکاری آسانی کے ساتھ

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