

# grassroots

July - September 2012

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## one promise

Our 12<sup>th</sup> 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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Celebrating Khushhalibank's 12<sup>th</sup> Anniversary

## Celebrating 12<sup>th</sup> Anniversary

The twelfth anniversary ceremony of Khushhalibank was held in Islamabad, to acknowledge and celebrate the achievements of the bank's team over the last twelve years. The ceremony was attended by all cadres of Khushhalibank employees.

The ceremony commenced with the name of Allah followed by cake cutting by the President and departmental heads. In the opening speech the President congratulated Khushhali team for their efforts and commitment, and expressed full confidence and satisfaction over Khushhalibank's future. He emphasized that the team should take pride in being a part of institution that has changed the banking landscape and has made financial services accessible to the low income group in Pakistan, a priority within development policy paradigm.

During the ceremony, the service recognition awards were presented to the staff members who completed span of five and ten years with sheer dedication and hard work. Additionally, the employees who had performed exceptionally well during the year were recognized with special Awards.



President Khushhalibank, the Management and Staff on Bank's 12<sup>th</sup> Anniversary

## President's Message



Khushhalibank celebrated its 12<sup>th</sup> anniversary on August 11, 2012.

It was an occasion to rejoice another year in the Bank's history and recognize employees who have completed and contributed 10 years of service to the bank. The number of such employees continues to grow with the passage of time.

The divestment process in the last quarter was followed by the completion of governance requirements in terms of the approval of the Board of Directors as well as the sub committees of the Board and compliance to emerging international reporting requirements of our offshore Investors, as well initiating the process for strategic business planning given the repositioning of the Bank in terms of opportunities for future growth and expansion.

The growth in business continues with expanding volumes both in terms of asset and liability sales, new products and services, re-organization of the retail function and review of business performance through the hosting of regional conferences that provide an opportunity to interact with field staff.

The quarter also witnessed the extension of Khushhalibank partnership with Shorebank under the Bill & Melinda Gates Foundation funding support and will help us develop our business strategy for adopting new and innovative channels for efficient service delivery of financial services to low income population across Pakistan.

Khushhalibank continues to play its role as a responsible corporate citizen by supporting initiatives for entrepreneurship and empowerment of women.

## Quarterly Business Update, July - September, 2012

	Microcredit		Savings		Insurance	
	Active Borrowers	Value (PKR Millions)	Active Savers	Value (PKR Millions)	Policy Holders	Sum insured (PKR Millions)
2012-Q1	350,085	4,503.4	294,730	1,129.5	350,085	4,503.4
2012-Q2	340,553	4,564.5	339,296	2,166.9	340,553	4,564.5
2012-Q3	367,154	5,198.0	385,791	2,270.0	367,154	5,198.0

## Annual Sales Conference of Central Region

Annual Sales Conference of Central Region was held on 24<sup>th</sup> September 2012. President, Khushhalibank chaired the meeting and the participants included Head Retail, Manager Distribution, Manager Marketing, Regional Business Managers, Area Managers, Branch Managers and the regional staff of the Central Region. The conference commenced with recitation from the Holy Quran followed by presentation by Regional Business Managers and Area Managers on performance till August 2012. They shared challenges and future strategy for the 4<sup>th</sup> quarter of 2012.

Head Retail concluded the session by appreciating Central Region's contribution in overall Khushhalibank's portfolio, outreach and profitability. Head Retail's address was followed by a feedback session in which each Branch Manager/Relationship Manager highlighted their branch achievements, issues being faced by them and made suggestions. All queries were duly responded by the President, Head Retail, Manager Distribution and Manager Marketing.

The President concluded the conference by complimenting the entire Region on their overall achievements. He encouraged staff to have full confidence in their abilities and be ready to face challenges and opportunities ahead. He urged the participants to be confident and work hard as being a part of the best microfinance bank in the country they have to perform to their full potential to remain a market leader.



President Khushhalibank along with the Management and Staff

## The Board Meets to Review Performance

The 37<sup>th</sup> meeting of the Board of Directors of Khushhalibank was held on 28 August 2012 to review the second quarterly operating results of the Bank and discuss the five years Strategic Business Plan framework for the Bank. The Board also approved the various management recommendations for corporate good governance practices including formulation of sub-committees of the Board on Risk, Human Resource and Audit.

The operating profit before tax for the period ended on June 30, 2012 amounted to PKR 20m which was up by 34% as compared to the same period last year. The key highlights of business performance with YOY comparison was reviewed by the Board as under:

- Gross advances amounted to PKR 4.6b at the period end increased by 13% from June 2011.
- Deposit base increased to PKR 2.2b which depicts an increase of 138% from June 2011 deposit level of PKR 911m.
- ROE (annualized) improved from 0.7% to 1.0%.

The Board reviewed the performance trend of the Bank on quarter-on-quarter comparison and same period last year.

The Board also discussed with the management various business initiatives to take the Bank to the next level of excellence. It was decided to take a structured approach through a comprehensive Strategic Business Planning exercise for the Bank over the next few months.

In the above context, the Bank presented to the Board framework for developing its five year Strategic Business Plan. The Board reviewed the presented framework and discussed with the management, the dynamics of its existing operating model, and opportunities for growth and identified initiatives over the short to medium and long term horizon.

On the recommendations of the management, the Board approved the engagement of International Consultants in order to develop the long term Strategic Plan for the Bank.

Lately, the Bank has entered into a contract with a US based consulting group to undertake the Strategic Planning exercise with the target completion by the end of January 2013.

## Joining hands with Dawood Global Foundation for 3<sup>rd</sup> LEC 2012

Celebrating the vital role female entrepreneurs can play in improving the economic conditions of Pakistan, Khushhalibank, joined hands with Dawood Global Foundation (DGF), to promote women entrepreneurship by sponsoring the third LADIESFUND Entrepreneurship Conference, themed Cutting Edge Entrepreneurship (LEC 2012), held in September 2012 in Karachi.

The event was host to a select mix of high profile entrepreneurs, key celebrities of various fields, professionals of various sectors and students of top five business schools of Pakistan.



Tara Uzra Dawood with all the panelists

The conference also featured Pakistan's first Student Entrepreneurship Exhibition showcasing the work of students from different universities including the work of deaf student entrepreneurs as well as handicapable student entrepreneurs.

The conference witnessed a huge participation of women comprising of established and aspiring entrepreneurs. The conference gave the women entrepreneurs a great opportunity to listen to some of the leading entrepreneurs in Pakistan such as Rabia Gharib, a technology journalist and the editor in chief of the Pakistan edition of CIO, Dr Sadia Virk Rizvi, Chairperson and CEO,

South City Hospital, Amin Gulgee, a renowned sculptor with President's Pride of Performance Award, Shallum Xavier, a guitarist from the band Fuzon and Frieha Altaf of Catwalk, a renowned name in the fashion industry; Each of the panelists spoke of their personal experiences and shared their success stories. The conference comprised of two sessions during which panel discussions, question answer sessions and presentations were held.

Tara Uzra Dawood, President of Dawood Global Foundation, stated, "We are delighted to be showcasing some of our country's most proven and exciting talent and we are thankful to Khushhalibank for its support of LEC 2012, which is meant to encourage the Pakistani female entrepreneurs with valuable information and guidance.

Lauding the efforts behind this initiative, Ghalib Nishtar, President Khushhalibank said: "We are pleased to sponsor this dynamic event. The LADIESFUND® Conference is a platform where women are supported and celebrated as the nucleus of change and betterment in the family unit, a vision that is a mainstay at Khushhalibank."

The event also served as a fundraising effort with partial proceeds directed towards Ovarian Cancer Awareness as well as LADIESFUND® Fellowships and Scholarships, the awards for which are to be presented at the 5<sup>th</sup> LADIESFUND® Women's Awards in March 2013.

## Bank Essentials Implementation Rewards

The BE implementation reward ceremony was held in Islamabad to reward the arduous efforts of Bank Essential's Project team members who played a key role in the successful completion of a major project in the history of Khushhalibank - The Bank Essentials Implementation and its rollout to 109 branches.

Mr. Jahangir Khatri, who meticulously managed and steered the



Dr. Salima Ahmed inaugurating the ceremony



President Khushhalibank presenting certificates to the team members.



BE Implementation team celebrating the successful completion of the project

entire process of Bank Essentials implementation in the capacity of Project Manager, shared his experience and acknowledged the support of his team members.

The ceremony concluded with the closing remarks by the President and certificate distribution to the team members of the different departments whose efforts made the project a success.

## SZABIST Orientation Ceremony for New Students

Shaheed Zulfikar Ali Bhutto Institute of Science and Technology (SZABIST) held an orientation ceremony at its Islamabad campus for new students in September 2012. The aim of the ceremony was to enlighten the students about how to equip themselves with professional expertise along with academic excellence to meet the demands of their chosen fields. The professionals from different sectors including several SZABIST alumni shared their success stories to help students understand what all it takes to make it to the top.

Ghalib Nishtar, President Khushhalibank, was the Chief Guest at the ceremony. While speaking on the occasion

he said “Khushhalibank is doing all it can to promote entrepreneurship in the country by giving access to financial services to low income households. Khushhalibank has always been a part of initiatives which allow us to encourage and recognize the untapped potential of our youth. They are the future of Pakistan and should be provided with all the help and support that is available to hone them into productive and contributing citizens”.

The speakers emphasized on the need of innovative ideas, creativity and thoughtfulness as major ingredients for success

when it comes to finding jobs. They also advised the students to get into jobs, no matter how small these may be, and carry them along with studies so by the time they complete their degrees they have enough practical experience to handle bigger jobs.

They urged the students to start equipping themselves with maximum technical and practical know-how of the career they want to opt for, so that when they take up professional jobs they are able to deliver efficiently. They also asked the youngsters to become entrepreneurs as the job market is shrinking by the day.

Syed Asad Hussain, Director SZABIST Islamabad Campus while speaking on the occasion said his University is working in close collaboration with several public and private organizations so that the potential of talented students is harnessed and their energies are best utilized for growth and progress of our economy.



President Khushhalibank, along with the Faculty and Management of SZABIST

## Khushhalibank Announces Branchless Banking Initiative

Khushhalibank (KB) has extended its partnership with ShoreBank International Ltd (SBI), to develop and roll-out KB branchless banking services in partnership with a national payment platform provider. SBI has received a \$1.19million funding extension from the Bill & Melinda Gates Foundation to support this partnership initiative with Khushhalibank.

This initiative is an extension of the South Asia Micro Savings Initiative (SAMI) which was implemented by SBI with partners across South Asia, with support from the Bill & Melinda Gates Foundation. Since the initiation of SAMI in 2009, KB has been able to develop and offer deposit accounts to approximately 350,000 un-served and low-income clients in Pakistan.

Through this extension, Khushhalibank will continue its mission under SAMI to expand access to savings for low-income populations. The second phase of this project will allow KB to offer its banking products through branchless banking channels,

allowing it to expand penetration to the under-banked and deepen access to financial services. By linking in with a leading existing digital payment platform, KB will allow low-income customers to access not only savings, but also credit and other financial services over the platform, displacing cash over time and allowing customers to better manage their economic lives.

A kickoff meeting was held on July 20 between KB and SBI in Islamabad to formally initiate the second phase of the SAMI project.



Ghalib Nishtar, President Khushhalibank and Amjad Arbab, Country Manager SBI-Pakistan signing the second phase of the SAMI project.

## Training & Development Highlights

To ensure the grooming and development of our new staff members Refresher trainings were conducted for Trainee Officer Branch Sales & Operations of batches (KB108, KB109, KB 110 & 111) during July & September 2012. Ghalib Nishtar, President Khushhalibank graced the graduation and certificate distribution ceremonies to directly address and guide the new members of Khushhalibank's team and congratulate them on their success.



President Khushhalibank along with the Management and participants of KB-110 & 111

## A Glance into Khushhalibank's Promise of "Changing Lives"

### Aqeel ur Rehman - An inspiring and successful Micro Entrepreneur



Looking after a family of five, 33 year old Aqeel-ur-Rehman had to engage himself in several odd jobs at an early age. In order to sufficiently cater to the needs of the large number of dependants and

realizing the immense potential for business development, he decided to open up his own general store and avail the microfinance facility of Khushhalibank in order to invest additional capital into his business to make it more profitable.

For this purpose, he acquired a loan from Khushhalibank, and smartly capitalized the borrowed capital for his business expansion. Aqeel was initially running the general store single-handedly, but soon witnessed phenomenal business growth and hired two more employees in his store, putting his entire focus on the supply chain, business planning and development.

Owing to the microfinance facility provided by Khushhalibank, Aqeel opened up another store, and is currently earning more than 60,000 a month.

Given the traditional heritage and roots of Rajanpur city, visitors from all over the country show great interest in buying traditional artifacts and decoration pieces. Considering this as an ideal business opportunity, Aqeel is now planning to open up a shop to sell artifacts and decoration pieces to these visitors. He also plans to purchase a plot on installments.

Today, Rehman has successfully availed his 7<sup>th</sup> loan from Khushhalibank that has enabled him to rebuild his business, allowing him to pay it back on time. The loans from Khushhalibank helped him get out of his vicious poverty cycle. He has also been able to contribute to the community in terms of hiring locals.

"Without the support of Khushhalibank's microloan program my family would have literally been ruined in vicious debt trap," Aqeel said. Despite the odds stacked against him, Aqeel managed to fight the circumstances and found a way out towards success and prosperity. Today his children are studying in a reputed school of the area and living a decent life.

Aqeel-ur-Rehman is thus a bright example for those struggling people who, despite having insufficient resources aspire to lead a prosperous life, and show how they can come out of the financial crisis by utilizing microfinance facilities. He has also set an example for other people in his district as to how microloans should be prudently managed in order to maximize the benefit.



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