

A QUARTERLY NEWSLETTER OF
KHUSHHALI MICROFINANCE BANK

GRASS ROOTS

JUL - SEP 2021 | VOLUME XXIX

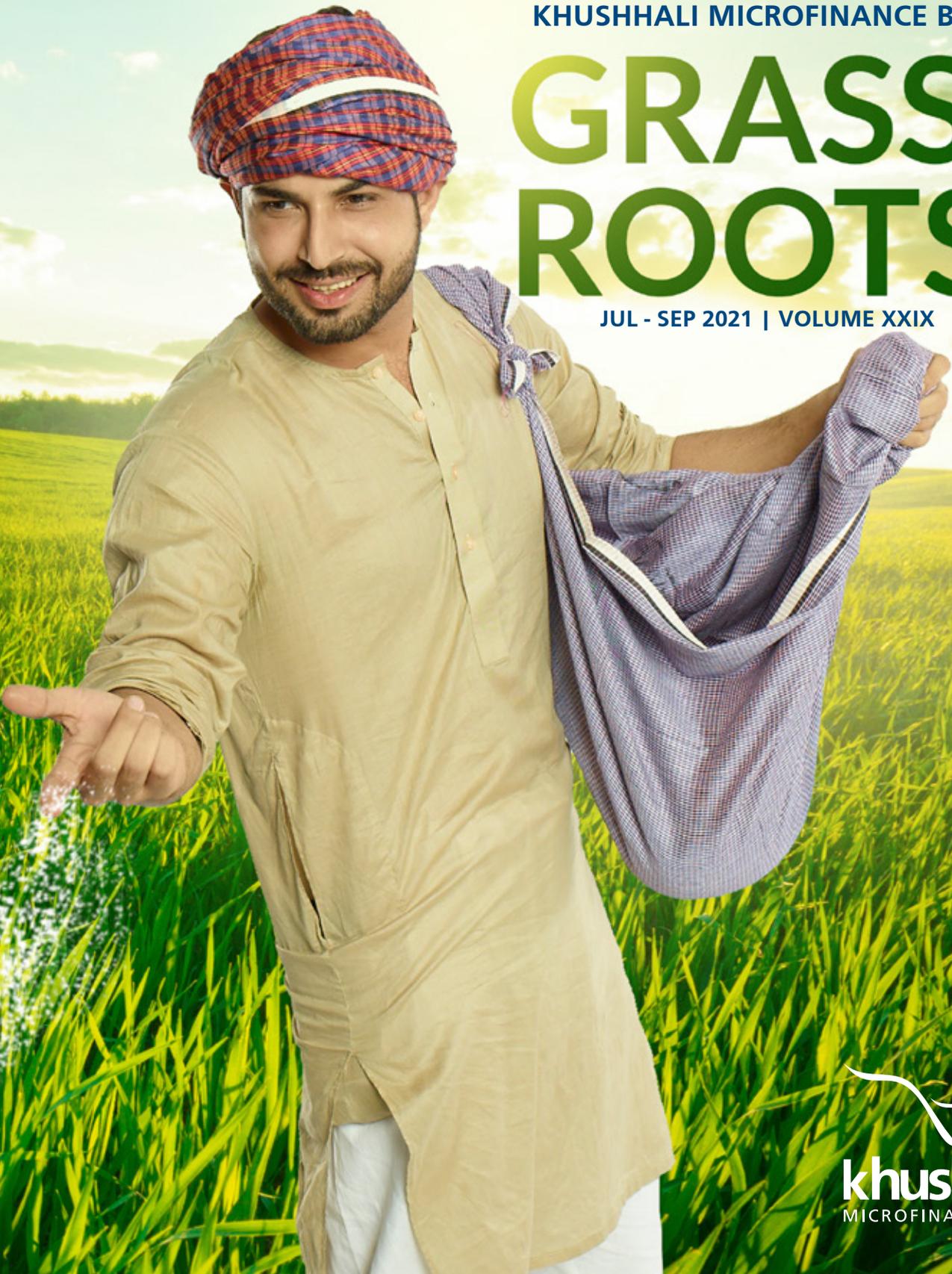


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MESSAGE FROM CEO



It gives me immense pleasure to announce that Khushhali Microfinance Bank Limited has successfully completed 21 years of astounding performance since inception back in the year 2000. Being the pioneer in the industry, I am proud to be leading the best microfinance bank in Pakistan having the best talent from the industry behind its success.

KMBL's 21st Anniversary was celebrated throughout the entire network of 220+ branches in Pakistan. In terms of business, KMBL is expanding with innovative products and channels to cater the specific needs of

the microfinance space, where it has launched specialized branches under the umbrella of "Khushhali Karobar" targeting the SME businesses of Pakistan. Moreover, to enhance the customer experience, KMBL has joined hands with 1LINK to provide 1LINK – 1Bill payment solution to its customers for seamless transaction experience. Khushhali Microfinance Bank Limited has also launched another product of "Apna Makaan", under the government scheme of providing low-cost housing facilities to cater lower-income groups of Pakistan.

KMBL is also constantly working in its CSR division where various initiatives are being taken to provide clean drinking water throughout Pakistan. Up till now about 20 water coolers have been installed in various cities providing clean drinking water for mass population. We are also striving for environment preservation through our climate change policies and initiatives. As you know, that KMBL is a staunch believer of woman empowerment, hence, skill development program is also being run across Pakistan to facilitate women to participate in economic growth of Pakistan. Our processes for facilitating customers as well as the society as a whole is acknowledged throughout the entire industry due to which KMBL is recognized as the "Best Microfinance Bank" in Pakistan. With hard work and commitment, we will retain the title and standing of being the market leader in microfinance industry.

I wish you all the best for even better performance in the next quarter.

Regards,

Ghalib Nishtar

76th | BOARD OF DIRECTORS MEETING

In the 3rd quarter of 2021 a special single agenda meeting of Board of Directors (the "Board") was held on July 15, 2021 to review and discuss the capital forecast plan of the Bank. The 3rd Quarterly Board & Board committees' meetings for the year 2021 took place on the 23rd, 24th and 25th of August 23, 2021 respectively. In the 77th Board meeting, held on 25th August, 2021, the Board reviewed the economic update, operating results, and business update for the quarter ended 30th June 2021. The Board also reviewed and approved half year audited financial statements of the Bank.

During quarter 3 of 2021, twenty-four (24) new cases have been filed against KMBL whereas KMBL has filed only 02 complaints against its ex-employees who committed fraud. Nine (09) previous cases filed against the Bank have been disposed-off in favor of the bank during this period. Furthermore, embezzled amount of PKR. 615,700/- has been recovered from ex-employees (who were dismissed on the basis of fraud and embezzlement of recovery amounts of our customers).

KHUSHHALI MICROFINANCE BANK LIMITED CELEBRATES 21 YEARS OF EXCELLENCE

The pioneer microfinance institution in Pakistan - Khushhali Microfinance Bank is celebrating its 21st year of services for socio-economic uplift of the marginalized & unbaked segments of the market. The anniversary celebrated with great enthusiasm across the bank's network both physically and digitally, via virtual conferencing.

Established in year 2000, Khushhali bank's success has fostered an ecosystem for the growth of microfinance industry within Pakistan and generating economic opportunities that has the potential to drive growth and development at the grass root level.

With total assets of USD 700 million Khushhali is the largest microfinance bank in Pakistan. With deep-rooted presence through a distribution network of 232 outlets it is fostering financial inclusion even to remote areas of the country It offers customer focused financial solution to males and females alike, to invest in their micro enterprises and uplift their business and living standards. The growth of micro enterprises generates income and employment opportunities at community level, conserves local skills and prevents rural to urban migration. Over the past two decades, Khushhali bank served over 6 million clients.

The President of KMBL Ghalib Nishtar praised the

BUSINESS OVERVIEW

JUL-SEP 2021 BUSINESS OVERVIEW

ACTIVE BORROWERS	836,080
YTD LOAN SERVICE	527,482
YTD DISBURSEMENT	50,019,608,613
ACTIVE SAVERS	2,932,359
GLP	66,565,939,388



hard work and commitment of his entire team, for achieving this inspirational milestone and said, "KMBL is proud of its legacy in elevating the quality of life for the less privileged people. We believe that; with a little support and access to credit, the talented micro-entrepreneurs both men and women, have great potential to become productive & contribute to the economy. We are investing generously for the development of micro-enterprises that promise more employment opportunities and a prosperous future for the whole nation.



DRINKING WATER FOR KHUSHHALI – PROVIDING CLEAN WATER TO PEOPLE

Globally, millions of people lack access to clean drinking water. The impacts of water scarcity affect communities and can have direct health impacts. Access to clean water changes everything;

it's a stepping stone to good health and development. Water and poverty are inextricably linked. Poor access to water and insufficient sanitation affect the health of the poor, their food security, and their prospects for making a living. Khushhali Microfinance Bank through its CSR program 'Drinking Water for Khushhali' aims to help our communities in accessing safe drinking water. Under this program Khushhali Microfinance Bank has installed 20 water filters with coolers in hospitals, schools and public places across Pakistan in an effort to make drinking water accessible especially for the people from underserved communities of Pakistan.

In another effort, a water well was installed in Haripur village, Abbotabad Area to help the community in accessing the potable water for domestic uses. The village was identified during the CSR need assessment as they were facing severe water shortage for drinking and domestic purposes. Similarly, a hand pump was installed in Braa Village of Malakand to help the community in accessing the drinking water. The community of Braa village, especially the women and children, had to walk long distance to get water for

drinking and domestic purposes. This hand pump will provide water to more than 20 households for drinking as well as domestic use.

Drinking Water for Khushhali

Helping our community to access safe drinking water because Water is Life.

- SINDH GOVT. BOMBAYANI HOSPITAL, SAMBARDI KASHGHI
- OPS KANBER
- ALAM RECORD CENTER, LOOHAN
- THE CHENK AZHAR, LAFFAN
- THE KANBI LAL EKAN
- DHE LAFFAN
- NEW JURNAL COMPLEX KOT RAOU
- GOVT. WOMEN COLLEGE KOT SULTAN
- TECHN. OFFICE, SAUNGA
- BUS STAND TRINGI BAGSARI
- BARDA, TECHN. SCHOOL, DISTRICT LARKANA
- HESSEN SHAY BANGRAY ROAD KANBER
- SHAWDAD KOT, SINDH
- NAARA OFFICE LARKANA
- HAMPUR CIVIL HOSPITAL
- HATBERO, DISTRICT LARKANA
- CIVIL HOSPITAL MEHAR
- GACS GOVT. COLLEGE MUCATTAHABATH
- THE HOSPITAL JETEL, MUCATTAHABATH



KMBL LAUNCHES APNA MAKAAN FOR LOW INCOME GROUP



Khushhali Apna Makaan offers home loan under the Government Subsidy Scheme for Housing Finance to buy, build or extend your home.

Features

- Loan up to Rs. 2,000,000
- Lowest markup rate
- Loan tenure up to 20 years
- For Pakistanis aged 25 to 65

For more information call our 24-hour helpline on 051-111-047-047 or visit your nearest KMBL branch.

For more details regarding 'Apna Makaan', please contact the helpline 051-111 047 047 or visit the website: <https://www.khushhalibank.com.pk> khushhali-apna-makaan

Khushhali Microfinance Bank Limited (KMBL) successfully launched a new product 'Apna Makaan' which is an affordable home-loan that provides the low-income households with an opportunity to own formal housing and improve their quality of life.

For the first time in economic history of Pakistan, the lower-income segment can get low markup house building loans of up to PKR 2,000,000/- for the purpose of buying, constructing or extending their houses. This facility can be availed through all KMBL branches and is repayable in equal monthly installments for a tenure period of 5-20 years. This highly convenient offer has been formulated under the 'Mark-Up Subsidy Scheme', regulated by the Government of Pakistan, to support the construction industry and uplift the economy.

KMBL has received a phenomenal response within just a few days of the 'Apna Makaan' product's launch. By launching this home-financing product, KMBL is looking to sustain the wellbeing and pride of the inhabitants in order to enhance their motivation for economic activity. The microfinance institution strives to introduce financial products that uplift the low-income segment to become active participants in the country's economic ecosystem.

STRIVING FOR A CLEAN, GREEN AND KHUSHHAL PAKISTAN

Being a huge environment-preservation enthusiast, KMBL always strives to do its part in reducing pollution, improving air quality, alleviating the gradual ecosystem degradation and climate change mitigation efforts. KMBL started its plantation drive "Plant Khushhali Campaign" by planting more than 1000 saplings in Muzaffargarh. The event was organized in collaboration with Forest Department and Deputy Commissioner Muzaffargarh. In another effort, Khushhali Microfinance Bank joined hands with Human Development Foundation and Clifton Urban Forest to plant hundreds of trees at Clifton Karachi. Clifton Urban Forest, a game-changing green lung in the center of Karachi, is being developed with the aim to create evergreen, sustainable forests to restore Karachi's degraded environment.





Plant Khushhali Campaign 2021 continued with KMBL volunteers planting 1000 trees in Kot Addu in collaboration with Irrigation Department. Executive engineer Taunsa along with his team actively participated in the plantation drive and joined KMBL volunteers in plantation of 1000 saplings. KMBL also joined the In-Service Agricultural Training Institute Rahim Yar Khan and planted 100 trees in the Miyawaki Urban Forest being developed by In-Service Agricultural Training Institute, Forest Department and District Administration Rahim Yar Khan.

Plantation drive is an evidence of KMBL's commitment towards environmental protection and conservation. KMBL always strives to do its part in reducing pollution, improving air quality, alleviating the gradual ecosystem degradation and climate change mitigation efforts

KMBL AND 1LINK OFFER "1BILL-1PAYMENT" SOLUTION TO ITS CUSTOMERS

In another innovative venture, Pakistan's leading microfinance institution - Khushhali Microfinance Bank (KMBL) and Pakistan's first licensed PSO/PSP payment gateway - 1Link, are now offering the '1Bill - 1Payment' solution to their valued customers. Bringing all banks on a unified platform, this revolutionary facility performs hassle-free transactions and other financial tasks.

The 1bill 1payment solution powered by 1Link will allow all KMBL customers to ensure swift payments, for their products and services, saving them additional time and money, by using the member banks' OTC, ATM, Internet Banking and Mobile-Banking facilities. The customers will also be able to make online bill payments, including; Credit Card bills, Utility Bills, Fee vouchers, loan payments and much more, by using the platform of 1Link member banks and vice versa.

President of Khushhali Microfinance Bank - Ghalib Nishtar stated; "The banking landscape continues to evolve with each new initiative, KMBL is proud to be amongst the pioneers for testing and implementing such revolutionary solutions, in order to provide ease and better services to our esteemed customers. KMBL consumers can now go to any other bank's branch and process their loan-payments, credit cards billing or utility bills, through this initiative."



For more information on 1Bill 1Payment solution, customers may log onto <https://1link.net.pk/products-services/bill-payment-service/>.

ENCOURAGING WOMEN TOWARDS SKILL DEVELOPMENT AND ENTREPRENEURSHIP

Women empowerment has been one of the main focus areas of Khushhali Microfinance Bank and several initiatives have been taken over the years to encourage skill development and entrepreneurship to financially empower the women of Pakistan.

Khushhali Microfinance Bank in collaboration with JAQ Education Trust and Mera Maan Private Ltd technical experts started the Enterprise Development Training at the JAQ's "Women Skill Development Center". The training was conducted with women from unserved communities of Islamabad Capital Territory.

The training will encourage and enable women towards realizing their potential and earning a sustainable livelihood for their families. The 7-day training program will focus on knowledge and capacity building to understand key concepts, including value chain analysis for their business, developing strong market linkages, tapping into the eco-system for the chosen business, identifying viable business opportunities, finding and retaining customers, developing a feasibility for the business, thinking about the six Ps of marketing, understanding the power of social media platforms and understanding the dynamics of demand and supply.

In another effort, Khushhali Microfinance Bank Limited (KMBL) in collaboration with Sindh Graduates Association (SGA) has started a Skills Improvement Project for Women in Bachal Goth Malir, Karachi. The project has been designed to

provide a complete tailoring course to women from low-income households and equip them with the skills to earn sustainable livelihood and support their families.



4 QUALITY EDUCATION



8 DECENT WORK AND ECONOMIC GROWTH



KMBL EARNS FIRST GLOBAL GOLD LEVEL “CLIENT PROTECTION” CERTIFICATION

Khushhali Microfinance Bank (KMBL) has achieved another great milestone, as it has been awarded with the Gold Level in ‘Client Protection Certification’, by the prestigious MicroFinanza Rating Agency. This international recognition has elevated Khushhali Microfinance Bank as the world’s first financial institution to achieve this coveted accolade.

The certification acknowledges that the accredited institution has ensured 100% compliance with the most stringent Client Protection Principles, set forth and approved by Cerise and the Social Performance Task Force (SPTF). The principles include transparency, responsible pricing, fair and respectful treatment of clients, privacy of client-data, prevention of over-indebtedness and appropriate product-design and delivery.

President Khushhali Microfinance Bank – Mr. Ghalib Nishtar commenting on the achievement said; “It brings us great pride to have achieved the most prestigious certification that validates the

leadership of Khushhali Microfinance Bank in the microfinance sector of Pakistan. We are fully committed to our mission, striving for excellence while adopting global best-practices for sustainability and securing the best interests of our customers, along with providing ethical treatment to the customers and employees, customer-centricity remains at the core of all Khushhali Microfinance Bank operations, as this certification has further enriched our commitment toward excellence.”

The Client Protection Certification is an independent and third-party evaluation that provides an objective seal of confidence that an institution is adequately implementing the client protection principles and the criteria to treat clients fairly, without harming their interest or well-being. By achieving this certification, Khushhali Microfinance Bank has publicly demonstrated its unwavering and long-standing commitment to client-protection by keeping our clients at the center of the decision-making process.

khushhali
MICROFINANCE BANK

BEST MICROFINANCE BANK AWARD 2018 2019 2020

First with a Global Seal of Confidence

GOLD LEVEL - AUG 2021
CERTIFICATION METHODOLOGY APPROVED BY
Cerise + SPTF
BY MFR
CLIENT PROTECTION CERTIFIED

Khushhali Microfinance Bank awarded the **Gold Level Client Protection Certification** by MicroFinanza Rating Agency for upholding the highest Universal Standard for Social Performance of Inclusive Finance approved by Global Social Performance Task Force-cerise.

Universal Standard of Social Performance

- Transparency
- Responsible pricing
- Privacy of client data
- Prevention of over-indebtedness
- Fair & respectful treatment of clients
- Appropriate product design & delivery

ENABLING REINTEGRATION OF PERSONS WITH DISABILITIES

Khushhali Microfinance Bank celebrated the 75th Independence Day of the country with traditional zeal and fervour. A special celebration was arranged with differently abled persons in Kotli Sattian where KMBL, in partnership with HANDS Pakistan and aya Association of Persons with Disabilities, presented wheel chairs to the differently abled persons. Khushhali Microfinance Bank has pledged to leave no one behind on the journey to prosperity because we believe that striving to achieve disability-inclusive development is not only the right thing to do, it is also the practical

thing to do.

In partnership with CHAL Foundation, Khushhali Microfinance Bank has provided prosthetics to another five patients in an effort to improve their mobility and to facilitate their reintegration into the society. Among these patients are little angels Hallen and Yusra, who can now return to their schools to continue their education and pursue their dreams. We also have inspiring stories of Sajjid Hussain, Shafqat Shah and Muhammad Shahzaib who have been provided with prosthetics and are trying to reintegrate into the society to support their families.



8 DECENT WORK AND ECONOMIC GROWTH



10 REDUCED INEQUALITIES



KMBL INAUGURATES SPECIALIZED BRANCHES FOR SMEs IN SIALKOT & GUJRANWALA

Khushhali Microfinance Bank, awarded as the Best Microfinance Bank since 2018, is the leading microfinance institution in Pakistan, with a vast network of more than 200 branches. The Bank is now targeting a new market segment with the launch of "KHUSHHALI KAROBAR" – a dedicated distribution channel for Small & Medium Enterprises (SMEs), to provide customized Term and Running-Finance facilities to this essential segment with a lending limit, up to 3 Million Rupees. All the staff has also been trained for product delivery of Khushhali Karobar for a better customer experience.

Recently, a ceremony was held to inaugurate the first two "KHUSHHALI KAROBAR" branches in Sialkot and Gujranwala attended by the President and Chief Executive Officer of Khushhali Microfinance Bank - Ghalib Nishtar, along with the Group Head Business - Amina Hassan and senior management officials. The new business stream coincides with Khushhali Microfinance Bank's 21st anniversary, and caters to the needs of small businesses, for promising faster growth and socio-economic uplift.

In the 1st phase of the initiative, five "KHUSHHALI KAROBAR" branches will be operational during the year 2021. These branches are located at SME hubs of Punjab. In order to ensure excellent products and services delivery a well-trained team of sales and operations staff has been deployed at

these branches.

Appreciating the efforts of his team, Ghalib Nishtar stated: The SME distribution-channel of Khushhali Bank "KHUSHHALI KAROBAR" is structured to achieve our strategic business objectives of playing a pivotal role in enhancing the financial inclusion through supporting Small businesses and employment generation. The Group-Head of Business at Khushhali Microfinance Bank highlighted the bank's commitment to innovate more structured finance products, customized for the SME and Housing-Finance markets that promise a huge potential in Pakistan. She emphasized on the



need to understand the dynamics of the SME market, while keeping focus on the priority-business segments, identified for serving through SME channel.

Khushhali Microfinance Bank established in the year 2000, with a vision for broader financial-inclusion and poverty-alleviation. Today, it has provided affordable loans and valuable resources to over 5 million satisfied customers, while creating employment-opportunities for the deprived segments.

KMBL SUCCESSFULLY IMPLEMENTED AGPR SAP TO DISBURSE PENSIONS AND SALARIES TO GOP EMPLOYEES

Khushhali Microfinance Bank Limited has successfully enrolled with AGPR (Accountant General Pakistan Revenues) SAP solution that is responsible for centralized accounting and reporting of federal transactions. This implementation has enabled KMBL to disburse GOP employees' pensions and salaries. With this opportunity, KMBL has opened more than 3500 accounts, breakup of which as follows:

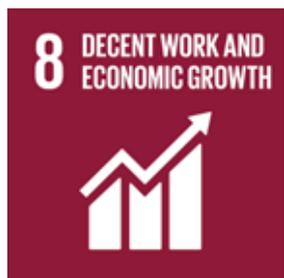
PRODUCT	NO OF ACS	BALANCE
Muhafiz Saving Account Pension	99	1,588,895
Muhafiz Saving Account Salary	23	376,816
Sahulat Current Account Pension	1,999	13,218,556
Sahulat Current Account Salary	1,426	13,341,282
Grand Total	3,547	28,525,549

EDUCATION FOR KHUSHHALI – AN EFFORT TO SUPPORT UNDERPRIVILEGED STUDENTS

Millions of children in Pakistan are unable to pursue education primarily because of financial circumstances. Khushhali Microfinance Bank is striving to support the children in the underserved communities of Pakistan to get education and turn their dreams into reality.

KMBL organized an event at Government Boys High School North Colony Mithi, Tharparkar to provide educational support to orphan students. A team of Khushhali Microfinance Bank met the students and distributed school bags, uniforms and stationary in an effort to support and encourage them to pursue their education.

Through our program 'Education for Khushhali', KMBL plans to support thousands of students in the underserved communities across Pakistan to pursue quality education.





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<https://www.facebook.com/KhushhaliLtd/> <https://twitter.com/KblLtd> <https://www.linkedin.com/company/khushhali-microfinance-bank-limited/>