

## INSTITUTIONAL ACHIEVEMENTS

Active Borrowers  
336,243

Active Lives Insured in Health Insurance  
34,254

Cumulative Loans  
2.2 million

Cumulative Amount Disbursed  
Rs. 34 billion

Active Financial Education Participants  
73,083

Active Gender Training Participants  
8,235

Cumulative SFE Trainings  
687,000

### OPERATIONAL PERFORMANCE

#### Overall Growth

Kashf Foundation ended the period January – March 2014 with an active clientele of 336,243 clients (compared with 323,820 clients in the previous quarter) and an outstanding portfolio of Rs. 4.4 billion (compared to Rs. 4.02 billion at December 2013 closing).

64,853 loans were disbursed in the current quarter compared to 61,392 loans in the previous quarter, which represents an increase of approximately 6%. For the current quarter, field teams were able to over achieve weekly, monthly and quarterly branch targets.

### General Loan and Outreach

#### Active Clients and Portfolio

	Jan – March 2014	Oct – Dec 2013
<b>Total Kashf Clients</b>	336,243	323,820
<b>Cumulative Portfolio</b>	4,396,104,758	4,026,530,363

#### Cumulative Loans in Quarter

	Jan – March 2014	Oct – Dec 2013
<b>Cumulative Loans</b>	1,761,164	1,696,311
<b>Amount Disbursed (KKK+KAK)</b>	1,823,854,000	1,691,772,000
<b>Loans Disbursed (KKK + KAK)</b>	63,581 (63,317 + 264)	60,988 (60,628 + 360)
<b>Average Loan Size</b>	Rs. 28,123	Rs. 27,557

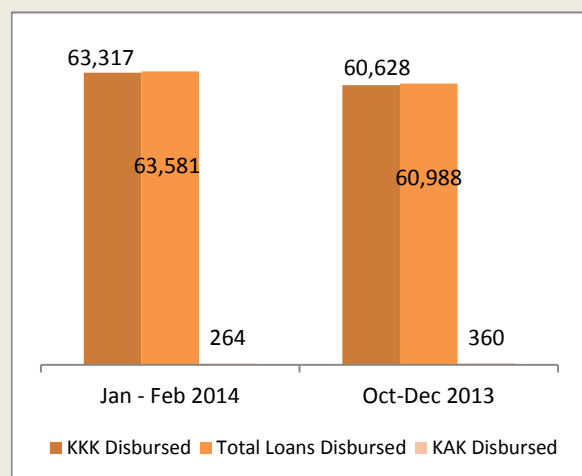
# KASHF FOUNDATION

## QUARTERLY REPORT

JAN - MARCH 2014

Kashf Foundation disbursed 63,317 KKK loans in the current quarter compared to 60,628 loans disbursed in the previous quarter.

The average loan size has increased from Rs. 27,557 in the last quarter to Rs. 28,123 in the current quarter – the average loan size for the sector is Rs.26,838 (Micronote, December 2013). Kashf Foundation's lending methodology allows an extensive business and household appraisal for the clients, based on which the loan size is determined. The capital provided through Kashf is thus aligned to the business needs of the clients while ensuring that the client is not over-burdened by the debt.



### Kashf Murabaha (Shariah Compliant Product)

Kashf Foundation introduced a new Shariah Compliant Kashf Murabaha product in the province of Khyber Pakhtoonkhwa (KPK) in the Jul-Sep 2013

2013 quarter. In the current quarter Kashf disbursed 1,173 Murabaha loans worth Rs. 29.9 million compared to last quarter's 649 Murabaha loans worth Rs. 15.3 million in Abbottabad, Nawshera, Mansehra and Haripur districts in KPK.

### Kashf Health Insurance

The Kashf Health Insurance is a unique health product provided to Kashf Foundation clients to address health related costs and the adverse impact of funneling business savings into unplanned expenditure. Kashf is currently piloting health insurance in 4 operational areas.

The product insures the client, her husband and children for health related expenditures, and covers all pre-existing conditions including coverage for maternity. All household members are insured up to a limit of Rs. 40,000 per person irrespective of the size of the household. The clients have a wide variety of panel hospitals to choose from, depending on their own convenience and location. Outdoor accidental emergencies are also covered in this product, up to a limit of Rs. 5,000. This service aims to improve health care access to clients, thereby preventing them against financial shocks related to health expenditures and improving the overall well-being of the client and her family.

In the current quarter 34,254 lives were insured under the health insurance program.

## FINANCIAL SUSTAINABILITY

### Overall Performance

In the current quarter the liquidity ratio decreased compared to the last quarter due to debt repayment obligations. Overall there were inflows of Rs 99 million (Rs. 75 million from MCB Bank and Rs. 24 million from KIVA) and total outflows of Rs. 200 Million against the repayment of loans.

	Jan – Mar 14	Sept – Dec 13
<b>Cash to Total Assets (%)</b>	5.82%	10.37%
<b>Short Term Investments &amp; Cash to Total Assets (%)</b>	10.07%	15.36%
<b>Return on Investments</b>	9.48%	10.10%
<b>Cash to Current Liabilities</b>	11.0%	23%

In order to manage the total available liquidity pool more efficiently, the Foundation undertook the following; (1) maintenance of the balance in high yield bank accounts, and (2) continued roll-over of short term investment to maximize the yield on investment portfolio. Currently 57% of the total investment pool can be characterized as 'short-term investment'.

The major source of funding during the current period has been MCB Bank and KIVA, which as mentioned earlier have provided Rs. 75 million and 24 million

respectively. The weighted average cost of funds for the current quarter is 10.74%, with COF for commercial loans at 11.28% and PPAF loans at 9.06%. Currently, there is an available pool of Rs. 385 million and an expected inflow of Rs. 920 million for the next quarter; Rs. 320 million from PPAF, Rs. 300 million from Silk Bank and Rs. 300 million from UBL to support on-going cash-flow needs.

In the current quarter, the income from service charge has increased due to the increase in the size of the portfolio. However, there has been a decrease in income from investments due to the decrease in return on investment as a result of encashment of UBL TDR of Rs. 30 million. Overall, Total Income has increased by 7.2% compared to the previous quarter.

Income From Financial Services			
	Jan-Mar 14	Oct-Dec 13	Weight age
<b>Service Charge</b>	343,579,797	313,147,263	90.4%
<b>Investments</b>	16,703,969	21,956,983	4.4%
<b>Other Income</b>	19,634,799	19,316,557	5.2%
<b>Total Income</b>	379,918,565	354,420,803	100%

## Efficiency Ratios

There has been a slight improvement in the administrative efficiency ratio, which is 21.14% in the current quarter (compared to 21.47% in the previous quarter). The Sustainability ratios have shown a declining trend; the OSS decreased to 116.8% in Mar 2014 (compared to 118.6% in Dec 2013) and the FSS decreased to 106.8% (compared to 107.5% in Dec 2013). Decline in sustainability ratios can be attributed to an increase in personnel cost due to annual increment as compared to the previous quarter.

Efficiency Ratios		
	Mar 2014	Dec 2013
<b>Administrative Efficiency</b>	21.14%	21.47%
<b>Operational Self Sufficiency (OSS)</b>	116.8%	116.6%
<b>Financial Self Sufficiency (FSS)</b>	106.8%	107.5%

## GENDER EMPOWERMENT AND SOCIAL ADVOCACY (GESA)

### Kashf Foundation Holistic Financial Inclusion Program

#### Business Incubations Labs

In this quarter a batch of 1,730 women entrepreneurs graduated under the Business Incubation Lab program. These clients were trained on business

innovation.

15% of the inducted entrepreneurs were taken to the local market places to help them understand various market techniques employed by vendors. During this period, 102 market linkages were developed with vendors. Trained entrepreneurs also developed linkages with other entrepreneurs, which will help them get support in the form of labor, selling products, identifying markets etc.

## Women Entrepreneurs Council (WEC)

In this quarter, the Women Entrepreneurs Council meetings of Sindh and Punjab were held in February and March, 2014 with the agenda of getting suggestions on Kashf policies, products and services from the council members.

Some of the recommendations from the Women Entrepreneurs Council (WEC) are as follows:

- Introduce Savings Product
- Introduce Emergency loans Products
- Provide variable loan repayment periods based on business.
- Publish Business Education Magazine
- Skill development center for young girls

Kashf's response on these recommendations has included the development of sector specific loans which provide variable loan tenures based on nature

top-up/emergency loan. On the savings side Kashf has applied to the SBP for an agency license to provide savings to low-income women. Moreover, Kashf is exploring various partnerships and collaborations with existing vocational services providers to help women and girls from Kashf communities access vocational skills trainings.

## Media Campaign

Owing to the widespread popularity and extensive appreciation from all segments of society for the Drama Serial “Rehaii”, a re-telecast of the Drama on ATV began in January 2014. Kashf has also developed a 90 minute film from this drama serial which has been screened at various events and forums in Jordan, Philippines, and the USA. Kashf also organized screenings of film at various colleges at in Pakistan.

A screening of excerpts was undertaken at the National University of Sciences and Technology (NUST), Islamabad on the occasion of International Women’s Day to raise awareness regarding the role of media in portraying gender stereotypes along with engaging students on broader gender topics. The screening was followed by a panel discussion with Khawar Mumtaz Chairperson of the National Commission on the status of Women, Maria Wasti one of the lead actors from the show and Farhat Ishtiaq the writer for the show.

## Round-up of GESA Activities

- 49,600 **Basic Financial Literacy** trainings were undertaken in the current quarter. These trainings aim to enhance financial literacy skills of participants and to familiarize them with basic knowledge on borrowing, debt management, savings and basic numeracy.
- 23,483 clients were trained under the **Systemized Financial Education** program in the current quarter. These clients completed their certification in four subject areas; Savings, Budgeting, Debt Management and Financial Transactions.
- 675 **Gender Trainings** sessions were undertaken in the period January-March with 8235 participants. These participants included 2809 clients, 3722 males, and 1704 young boys from the communities. These trainings aim to create awareness about gender discrimination and help change the mindsets of participants about gender norms in relation to women’s participation in the economy and their access to financial services.
- 66 **Social Theater performances** were staged in the areas of Karachi, Gujarat and Lahore with an audience of 7,170. The play featured was based around the story-line of Kashf Drama Serial “Rehaii”. The clients and their families gave tremendous appreciation on the stage play “Rehaai”.

## HUMAN RESOURCES

### HR Trends at a Glance

- The total staff count at the end of March 2014 stood at 1,696 and the female gender ratio at the organizational level stood at 50%.
- The recruitment team continued to identify and employ talented and committed staff as 208 employees were inducted during the current quarter.
- A total of 204 employees were recruited for the field and 4 employees were hired for Head Office positions. Out of the total recruited staff, 109 employees were female.
- Overall Employee Turnover was 4% as 60 staff resigned and 14 staff members were terminated.

### HR Initiatives

- The Annual Branch Managers Convention was held in Lahore where all Branch Managers were trained by the core team of HO trainers comprising of Head Office Managers and Learning Managers. There were a total of 185 branch managers who attended the convention.
- A Leadership training was conducted in monthly Area Managers meeting and 36 AMs were trained on Great Leadership and Management Styles.

- An APR training module was prepared and implemented with AMs and BM in the field; 249 BMs and AMs were covered in these sessions. The objective of this session was to give them clarity about the process of appraisal and explain them the method of filling the APR form.
- Regional level seminar was organized in Karachi with 253 staff. The key sessions undertaken in the seminar were; 1) Social Performance and Social Values in Microfinance, 2) Identifying Clients vis-à-vis Changes in Life Cycle, and 3) Panel Discussion with Management. The staff appreciated the learning opportunity that was provided to them and especially enjoyed the interaction with the Senior Management.
- The HR department also undertook the 5 Star Branch Ranking Program for Kashf Foundation branches. Overall the initiative has been taken very positively and a sense of competition has been created amongst the branches to earn more stars. The number of branches that earned each star can be seen below:

Commitment to Sustainability – 147	Commitment to Gender Equity – 25	Commitment to Outreach – 118
Commitment to Customer Loyalty – 105	Commitment to Accuracy – 18	

- Monthly ongoing initiatives which include Employee of the Month (for all tiers and functions), HR Newsletter, Gender Champion Program, Exit Interviews and Star Performers Lunch with MD were also undertaken.
- The HR Helpline received 170 queries in the current quarter, a majority of the queries were relating to compensation and benefits especially health insurance, while the second highest number of queries were relating to payroll.
- The Organizational Climate Survey, initiated in November 2013, was analyzed and the results were shared with all department Managers and Senior Management. The purpose of undertaking the organizational climate survey is to examine employee opinions about the quality of their organization's work climate and can be used to identify opportunities for workplace improvements. HR conducted one to one meetings with Head Office staff and a telephonic survey with field staff on areas such as work burden and physical security to get more details which helped Kashf to better understand these areas better and make policies and programs to address pain points.

## Learning Team Activities

	# of Trainings	# of Participants
<b>New Staff Orientations</b>	7	183
<b>BM Convention</b>	1	213
<b>Regional Seminar</b>	1	253
<b>AM TOT</b>	1	36
<b>APR Trainings</b>	2	249

## Human Resources Trend Analysis

	Jan-Mar 2014		Oct- Dec 2013	
<b>Total Permanent Staff</b>	1696		1674	
<b>Total HO Staff</b>	111		111	
<b>Total Field Staff</b>	1585		1563	
<b>Gender</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>
<b>Number</b>	850	846	839	835
<b>Total Staff (Trainee + Permanent)</b>	1895		1766	
<b>Total Staff (HO)</b>	113		113	
<b>Total Staff(Field)</b>	1782		1653	
<b>Gender (Trainee + Permanent)</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>
<b>Ratio</b>	50%	50%	50%	50%
<b>Number</b>	946	949	881	885
<b>Total Staff Recruited</b>	208		105	
<b>Total Staff Recruited – HO</b>	4		4	
<b>Total Staff Recruited - Field</b>	204		101	
<b>Gender Recruited Staff</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>
<b>Number</b>	99	109	49	56
<b>Turnover (Quarterly)</b>	<b>Voluntary</b>	<b>Involuntary</b>	<b>Voluntary</b>	<b>Involuntary</b>
<b>Number</b>	60	14	49	16
<b>Overall Turnover</b>	4%		3.7%	
<b>Number</b>	74		65	