

# KASHF QUARTERLY REPORT



January – March 2016

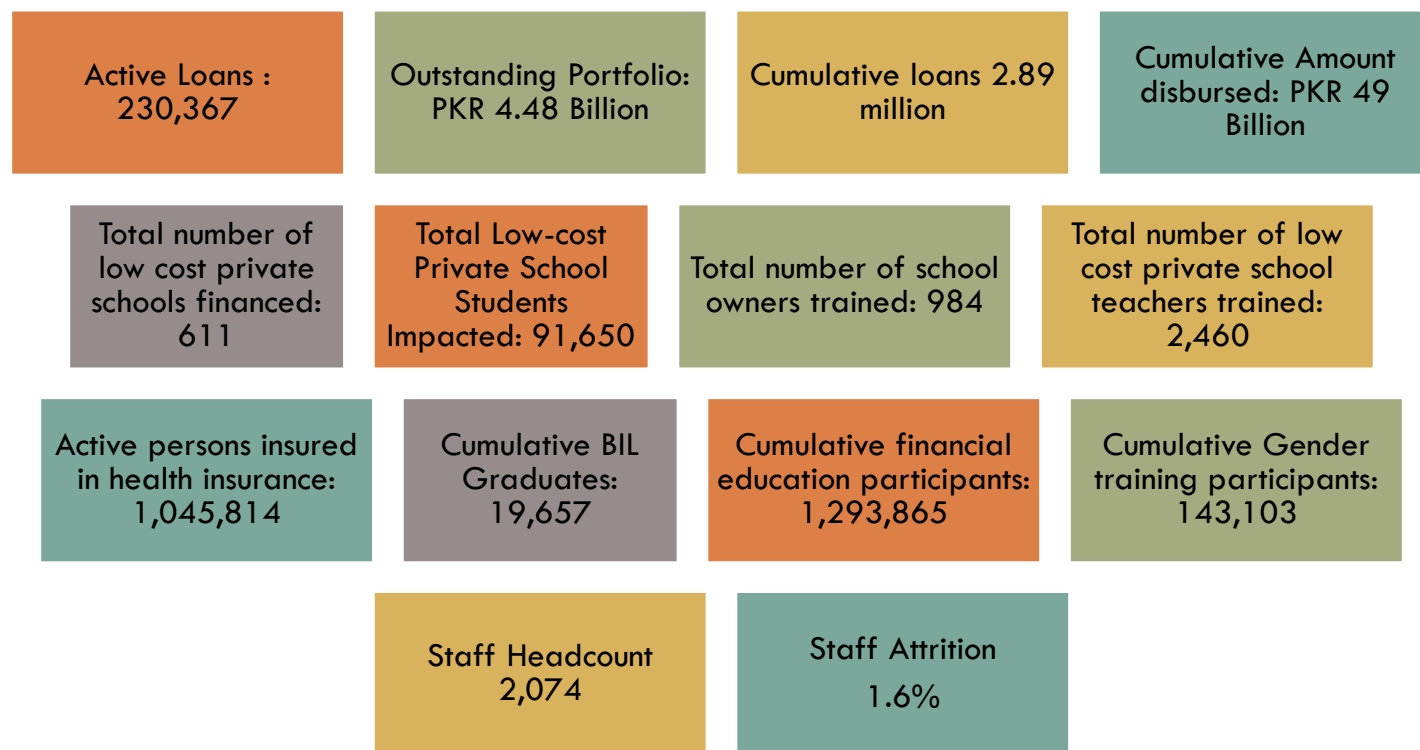
## KASHF TURNS TWENTY

The year 2016 marks the 20<sup>th</sup> anniversary of Kashf Foundation. Established in 1996, Kashf has been working for the empowerment of women from low-income households through a suite of financial and non-financial products and services. Since its inception, Kashf has provided over 2.8 million loans, trained over 1.2 million women in financial education and literacy, provided over 5.6 million life insurances, and currently covers over 1.1 million individuals in micro-health insurance.

Kashf collaborated with Pakistan's ace fashion designer Hassan Sheryar Yasin (HSY) on a one-of-a-kind tribute to the artisans of Pakistan. Using the local traditional stitches, Kashf clients undertook intricate embroideries and embellishments which were styled and designed for a modern audience by HSY. A 20 dress collection was made, with each dress depicting the achievements and challenges faced by Kashf in each year of its existence. An exhibition of the dresses was curated in Lahore in March to celebrate these women and the 20 years of Kashf. The event was attended by a large number of guests comprising Kashf's Board of Directors, development sector practitioners, donors, bankers, notables from society, and Kashf staff. Some glimpses of the event can be seen below:



## INSITUTIONAL ACHIEVEMENTS SNAPSHOT (MARCH 2016)



## QUARTERLY HIGHLIGHTS

**JCR-VIS Credit Rating Company has upgraded Kashf the credit rating of Kashf from BBB/A-3 to BBB+/A-3! With an assigned outlook of stable.**

Kashf has initiated a pilot for the credit scoring model to increase efficiency and improve customer experience.

Kashf provided life insurance for 101,699 lives

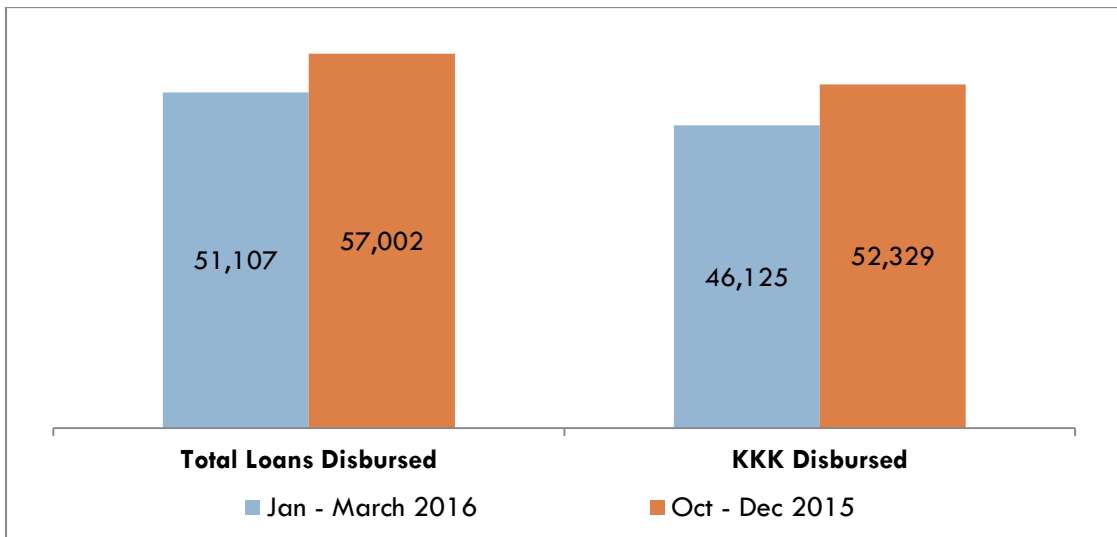
Kashf has insured 1,175,624 unique individuals through its micro-health insurance program, by the end of March, 2015

Total Loans Disbursed from Jan - March was 51,107

Kashf trained 71,832 participants in Financial Education.

## OPERATIONAL PERFORMANCE: OVERALL GROWTH

Kashf Foundation’s active clientele at the end of March 2016 stood at 230,369 clients (compared to 249,253 clients in the previous quarter). 51,107 loans have been disbursed in the current quarter compared to 57,002 loans in the previous quarter, which represents a decrease of approximately 10 percent. Consequently, there has also been a marginal decrease in the outstanding portfolio to PKR 4.48 billion by end of March from PKR 4.66 billion in December.



|                             | Jan - March 16 | Oct - Dec 15  |
|-----------------------------|----------------|---------------|
| Total Kashf Clients         | 230,369        | 249,253       |
| Outstanding Portfolio (PKR) | 4,480,985,659  | 4,666,371,296 |
| KKK Disbursed               | 46,125         | 52,329        |
| KIK Disbursed               | 1,995          | 1,807         |
| KM Disbursed                | 2,211          | 1,705         |
| Amount Disbursed (PKR)      | 1,915,012,000  | 1,999,405,000 |

In the current quarter Kashf disbursed 46,125 Kashf Karobar Karza Loans (KKK), 1,995 Kashf Ibtida-e-Karobar Karza Loans (KIKK), and 2,211 Kashf Murabaha loans (KM). The KKK continues to be the main lending product for the Foundation with disbursements of over PKR 1.75 billion. Kashf disbursed PKR 55.1

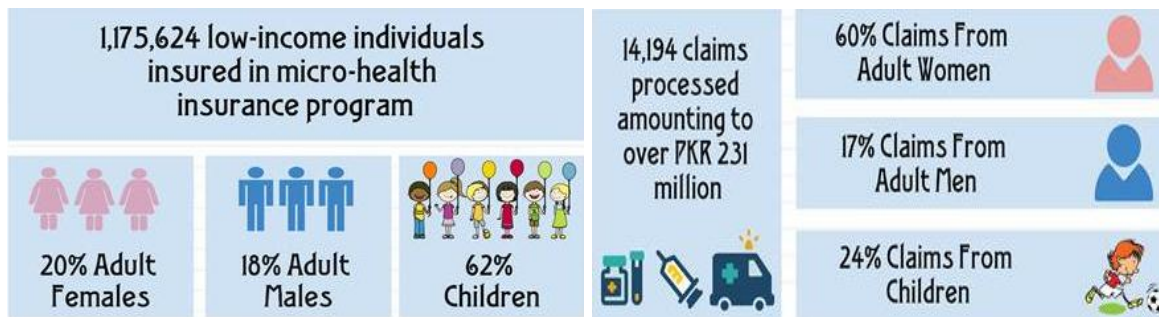
million under KIKK which supports start-up businesses. Kashf Murabaha loans worth over PKR 72.6 million were disbursed in Abbottabad, Noshera, Mansehra, Mardan and Haripur districts of KPK.

The average disbursement size witnessed a marginal increase from PKR 35,800 to PKR 37,000 by the end of the quarter. Kashf's loan size is determined by an extensive business and household appraisal of clients under Kashf's lending methodology which means that the loan is approved, based on the cash-flows and business needs of the client.

## KASHF MICRO-HEALTH INSURANCE

Kashf's unique pro-women family health insurance product is covering a total of 1,175,624 individuals. Kashf's health insurance product provides cover to the entire family with hospitalization coverage for up to PKR 30,000 per family member. Kashf is the third largest provider of micro-health insurance in the sector, and has been one of the fastest growing providers in terms of outreach.

In the current quarter, under the health insurance program, 228,118 individuals have been insured (compared to 254,276 in the last quarter). The info-graphics below show outcomes from the micro-insurance program.



## FINANCIAL SUSTAINABILITY

The overall liquidity has increased during the current quarter, mainly because of an inflow of PKR 290 million received from PPAF, 500 million from UBL, 50 million from Silk Bank and 500 million received from MCB. Kashf has made debt repayments worth PKR 759 million – this includes repayment of PKR 240 million to JS bank, PKR 88 million to MCB, PKR 1.0 million to Acumen Pakistan, PKR 80 million to Silk bank and PKR 350 million to PPAF. Kashf's overall consolidated PAR stood at around 0.35% at the end of this quarter. The weighted average cost of funds for this quarter has been 8.50 %, with COF for commercial loans at 9.02% and PPAF loans at 7.73%.

Currently, there is an available pool of PKR 995 million and an expected inflow of PKR 1150 million in the next quarter (PKR 950 million from PPAF and 200 million from Bank Alfalah) to support on-going cash-flow needs. Kashf expects to raise PKR 3.6 billion from local and foreign commercial sources over the year 2015, along with expanding the outreach to several first and second tier banks. This will be

particularly contingent on being able to provide assets to back up these commercial loans, and to improving the debt to equity ratios

|                         |   | Jan – Mar 16 | Oct-Dec 15 |
|-------------------------|---|--------------|------------|
| <b>Liquidity Ratios</b> | Cash to Total Assets                          | 12.66%       | 6.11%      |
|                         | Short Term Investments & Cash to Total Assets | 27.55%       | 20.04%     |
|                         | Return on Investments                         | 7.81%        | 8.15%      |
|                         | Cash to Current Liabilities                   | 23.73%       | 10.31%     |

Overall, the total income in the current quarter has decreased by 3.88% due to decrease in size of portfolio by 185 million. On the other hand, there was a decrease in other income by 31.0% mainly due to the decrease in current quarter disbursement by 5,895.

|                                       |                | Jan – Mar 16 | Oct-Dec 15  |
|---------------------------------------|----------------|--------------|-------------|
| <b>Income From Financial Services</b> | Service Charge | 469,396,404  | 490,620,764 |
|                                       | Investments    | 34,226,871   | 28,545,080  |
|                                       | Other Income   | 11,748,821   | 17,033,087  |
|                                       | Total Income   | 515,372,096  | 536,198,961 |

There are several aspects that impact the overall financial performance of the organization. The key financial drivers that can impact include inflation, pricing, cost of funds, portfolio quality, BDO productivity and average loan size disbursed. These indicators have always played a very strategic role in strengthening Kashf's financial performance.

## EFFICIENCY RATIOS

Kashf has been continuously working towards ensuring greater efficiency in its individual lending appraisal backed model. Along with various other initiatives, the organization has been extensively focusing on timely liquidity management and access to capital, through a focus on building the organization's equity.

|                                    | Mar 2016 | Dec 2015 |
|------------------------------------|----------|----------|
| Administrative Efficiency          | 18.92%   | 18.95%   |
| Operational Self Sufficiency (OSS) | 144.93%  | 144.29%  |
| Financial Self Sufficiency (FSS)   | 129.74%  | 130.5%   |

The administrative efficiency ratio, which maps the resources used to build a quality portfolio, has shown slight improvement, with the ratio standing at 18.92% at the end of th quarter. The OSS has shown an increasing trend; with the ratio standing at 144.93% in Mar 2016 (compared to 144.29% in Dec 2015); whereas the FSS has decreased to 129.7% (compared to 130.5% in Dec 2015). This decrease can be attributed to the decrease in operating income.

## GENDER EMPOWERMENT AND SOCIAL ADVOCACY (GESA)

GESA Programs have been effectively contributing towards achieving their project’s ultimate outcomes and improving the conditions and capacities for women’s participation in informal and formal economic activities by providing them financial literacy trainings and access to business development services.



28,290 clients have been trained under the Systemized Financial Education



62 Social Theater performances have been staged with an audience of 6,134



43,542 participants trained in Basic Financial Literacy trainings



19,536 participants trained in Gender Trainings

### Program Updates

**Women Entrepreneurs Council**

35 level meetings have been conducted with WEC members of Sindh and Punjab with the agenda of collecting suggestions on Kashf’s policies, products and services from the council members. During these meetings, WEC members gave recommendations on the new drama serial, and savings product. These recommendations have been compiled and shared with the Executive Body for review and implementation.

**Social Theatre**

In this quarter 62 performances with 6,134 participants in the areas of Bahawalpur, Faisalabad, Jhang, Pakpattan, Rahim Yar Khan and Sahiwal 2. The theatre performances were called “Khadda” which shows the power of the associative strength of women and helps the audience understand the importance of supporting each other.

**Business Incubation Labs**

Currently 45 BILs are operating across the network and providing business support services to participating female clients. In the current quarter 3,051 clients from the 9th batch graduated from the Business Incubation Lab program. The graduated clients were trained on business management, marketing and networking and product innovation techniques. These entrepreneurs were also been taken on market visits to local market places to help them understand various marketing techniques employed by vendors. During this period, 302

market linkages were developed with vendors.

**Vocational Skills Training Program**

During this quarter, Kashf Foundation graduated 23 students (13 for Beautician, and 10 for Fashion designing) in the 1st Batch. A total of 58 students are enrolled cumulatively. 35 students are currently receiving vocational trainings. Through these trainings, participants learn marketable skills which can help them become economically empowered and self-sufficient.

## HUMAN RESOURCE MANAGEMENT & DEVELOPMENT

### Key HR Trends

- Total staff at the organizational level:1,716
- Female Staff ratio at the organizational level: 50%.
- Total Hiring in Quarter: 67 out of which 37 are female.
- Overall Employee Turnover: 3% (51 resignations & 8 terminations)
- 39% of Kashf staff report to a female boss.

### HR Activities and Initiatives

- **Annual Performance Reviews (APR) Trainings:** Field level APR Trainings were conducted with 230 branch managers to guide branch managers on conducting appraisals of their teams and ensure benchmarking in scoring.
- **Training on Work-Life Balance:** A TOT was conducted with Area Managers on Work life balance for cascading to branch level staff. The training aimed to communicate the importance of managing and achieving work life balance and provides tools to stay content both at work place and at home. A total of 1,519 staff have been trained.
- **Training on Effective Branch Management Techniques:** 6 New BMs and 3 Trainee BMs from Region 5 were trained on Effective Branch Management techniques, mission alignment, and building a positive culture.
- **Orientations for New Joiners:** Two orientations have been conducted in the months of February and March for 36 new staff members.
- **Employee Engagement Initiatives:** Monthly initiatives including Employee of the Month (for all tiers and functions), Peer Recognition Program, HR Newsletter, Exit Interviews, Late Closing Survey, Maternity Calls and Star Performers' Lunch with the Managing Director were undertaken. The HR helpline received 94 queries in total. The maximum numbers of queries have been regarding benefits (health claims & final settlement).
- **Head Office Staff Engagement Program:** HO staff engagement program was initiated in the first quarter of 2016. The basic objective is staff listening on work responsibilities, culture, supervisor, personal life commitments and maintaining work lie balance. 35 females and 22 males have been covered and major findings have been documented and shared with Manager HR.



| <b>Human Resources Trend Analysis</b> |                       |                    |                     |                    |
|---------------------------------------|-----------------------|--------------------|---------------------|--------------------|
|                                       | <b>Jan-March 2016</b> |                    | <b>Oct-Dec 2015</b> |                    |
| Total Permanent Staff                 | 1716                  |                    | 1691                |                    |
| Total HO Staff                        | 98                    |                    | 102                 |                    |
| Total Field Staff                     | 1618                  |                    | 1589                |                    |
| Gender                                | <b>Male</b>           | <b>Female</b>      | <b>Male</b>         | <b>Female</b>      |
| Number                                | 862                   | 854                | 859                 | 832                |
| Total Staff<br>(Trainee + Permanent)  | 1783                  |                    | 1816                |                    |
| Total Staff (HO)                      | 98                    |                    | 102                 |                    |
| Total Staff (Field)                   | 1685                  |                    | 1714                |                    |
| Gender<br>(Trainee + Permanent)       | <b>Male</b>           | <b>Female</b>      | <b>Male</b>         | <b>Female</b>      |
| Ratio                                 | 50%                   | 50%                | 51%                 | 49%                |
| Number                                | 862                   | 854                | 859                 | 832                |
| Total Staff Recruited                 | 66                    |                    | 127                 |                    |
| Total Staff Recruited – HO            | 1                     |                    | 6                   |                    |
| Total Staff Recruited - Field         | 65                    |                    | 121                 |                    |
| Gender Recruited Staff                | <b>Male</b>           | <b>Female</b>      | <b>Male</b>         | <b>Female</b>      |
| Number                                | 29                    | 37                 | 60                  | 67                 |
| Turnover (Quarterly)                  | <b>Voluntary</b>      | <b>Involuntary</b> | <b>Voluntary</b>    | <b>Involuntary</b> |
| Number                                | 43                    | 8                  | 54                  | 11                 |
| Overall Turnover                      | 3%                    |                    | 4%                  |                    |
| Number                                | 51                    |                    | 65                  |                    |