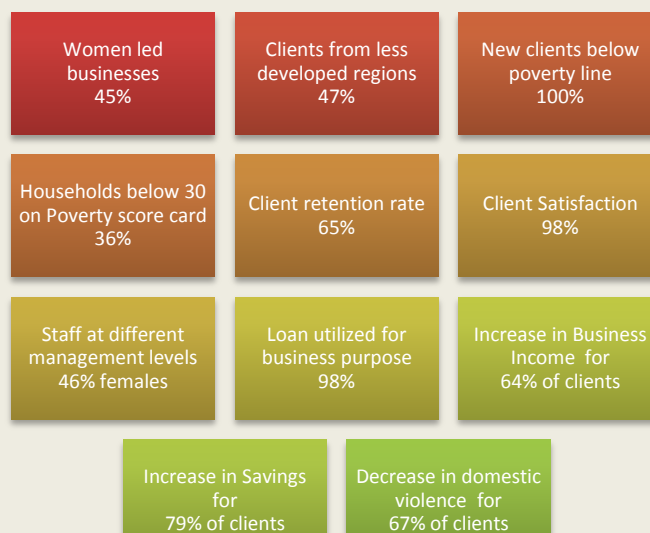


INSTITUTIONAL ACHIEVEMENTS



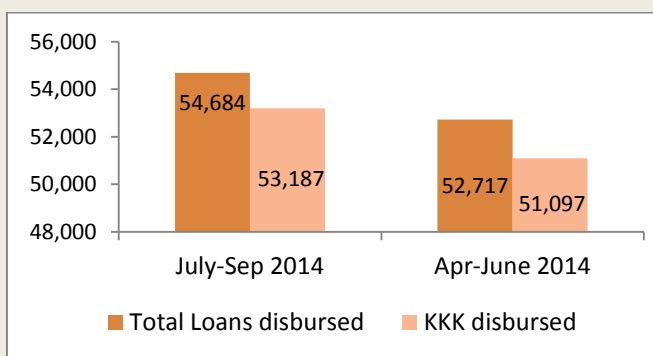
SOCIAL PERFORMANCE DASHBOARD



OPERATIONAL PERFORMANCE

Overall Growth

Kashf Foundation's active clientele at the end of the period July – September 2014 is 228,723 clients (compared with 230,810 clients in the previous quarter). 54,407 loans have been disbursed in the current quarter compared to 55,942 loans in the previous quarter, which represents a marginal decrease of approximately 3%. Consequently, there has also been a marginal reduction in the outstanding portfolio from PKR 3.8 billion in June to PKR 3.6 billion currently.



General Loan and Outreach

	Active Clients and Portfolio		Cumulative Loans in Quarter	
	Jul-Sep 2014	Apr-June 2014	Jul-Sep 2014	Apr-June 2014
Total Kashf Clients	228,723	230,810	Amount Disbursed (KKK+KAK+KIKK)	1,458,658,000
Outstanding Portfolio	3,601,286,436	3,752,325,297	Loans Disbursed (KKK+KAK+KIK)	52,717 (51,097+98+1522)
				54,684 (53,187+168+1329)

KASHF FOUNDATION

QUARTERLY REPORT

JULY-SEPT 2014

The average loan size has reduced marginally from PKR 27,881 to PKR 27,670. 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. The reduction can be attributed in part to the increased focus of the organization to lend to female led businesses which are generally more risk averse and seek smaller loan amounts.

Kashf Murabaha - (Shariah Compliant Product)

In the current quarter Kashf has disbursed 1,663 Murabaha loans worth Rs. 44.1 million in Abbottabad, Noshera, Mansehra and Haripur districts of KPK compared to last quarter's disbursement of 1,258 Murabaha loans worth Rs. 32.5 million. Overall, the outstanding portfolio stands at Rs. 72.9 million as of Sep 2014 with 4,449 active Murabaha clients.

Kashf Sehatmand Zindagi Bima - (Kashf Micro Health Insurance)

The Kashf Health Insurance is a unique pro-women family health insurance product provided to Kashf Foundation clients to address health related costs and to manage the adverse impact of funneling business savings into unplanned expenditures. Kashf is currently piloting health insurance in 4 operational areas, and has covered a total of 95,339 lives to date. In the current quarter, under the health insurance program, 29,066 lives have been insured (compared to 30,348 in the last quarter).

FINANCIAL SUSTAINABILITY

Overall Performance

The overall liquidity situation has improved during the current quarter; mainly because there have been inflows of Rs 1,060 million (Rs. 400 million from MCB Bank, and Rs. 660 million from PPAF). Total outflows have been of Rs. 529 million against the repayment of loans.

	July - Sep 14	Apr - June 14
Cash to Total Assets	17.65%	7.96%
Short Term Investments and Cash to Total Assets	22.82%	13.51%
Return on Investments	9.79%	9.61%
Cash to Current Liabilities	36.92%	16.46%

The weighted average cost of funds for this quarter has been 11.14%, with COF for commercial loans at 12.16% and PPAF loans at 10.06%. Currently, there is an available pool of Rs. 1266 million and an expected inflow of Rs. 430 million are expected from PPAF; to support on-going cash-flow needs. Overall, the total income in the current quarter has decreased by 5.36% due to a decrease in income from service charges as a result of the reduction in disbursements.

	Jul-Sep 14	Apr-June 14	Weighted average
Service Charge	343,818,260	377,527,868	84.6%
Investments	43,694,534	34,622,171	10.8%
Other Income	18,708,639	17,611,757	4.6%
Total Income	406,221,433	429,761,796	100%

Efficiency Ratios

There has been a change in the administrative efficiency ratio, which has been 21.10% at the end of this quarter (compared to 19.84% at the end of previous quarter) due an increase in expenses.

The Sustainability ratios have showed a declining trend; in Sep 2014 the OSS has decreased to 113.7% (compared to 121.6% in Jun 2014) and the FSS has decreased to 102.8% (compared to 113.4% in Jun 2014). This decrease can be attributed to reduction in size of portfolio.

Efficiency Ratios		
	Sep 2014	Jun 2014
Administrative Efficiency	21.10%	19.84%
Operational Self Sufficiency (OSS)	113.7%	121.6%
Financial Self Sufficiency (FSS)	102.8%	113.4%

GENDER EMPOWERMENT AND SOCIAL ADVOCACY (GESA)

Kashf Foundation Holistic Financial Inclusion Program

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 with financial literacy trainings and access to business development services.

Round-up of GESA Activities

- 48,450 participants have been trained through the **Basic Financial Literacy** trainings which enhance financial literacy skills of participants & familiarize them with basic knowledge on borrowing, debt, savings and numeracy.
- 17,684 clients have been trained under the **Systemized Financial Education** completing modular certifications in Savings, Budgeting, Debt Management and Financial Transactions.
- 485 **Gender Trainings** sessions have been undertaken in the period July-Sept with 5,182 participants. These participants have included 1,436 clients, 2,164 males, and 1,582 young boys from the communities
- 38 **Social Theater performances** have been staged with an audience of 3,982. A new play on domestic issues has been developed which provides a solution oriented perspective to the audiences.

Women Entrepreneurs Council (WEC)

In this quarter, 1 Quarterly meeting and 20 area level meetings have been conducted with Women Entrepreneurs Council members of Punjab with the agenda of collecting suggestions on Kashf 's policies, products and services from the council members. In total, 36 recommendations have been attained through WEC's feedback during this quarter.

Business Incubations Labs

In this quarter, 499 clients have graduated from the 5th batch of 1,744 inducted BIL clients. These clients have been trained on business management, marketing and networking, and product innovation techniques. The remaining clients will graduate in next quarter. These entrepreneurs were also taken on market visits to local market places to help them understand various marketing techniques employed by vendors. During this period, 77 market linkages have been developed with vendors.

Impact Assessment of GESA Activities

In this quarter, Kashf has undertaken impact assessment and evaluation of GESA's programs through focus group discussions in order to determine and evaluate the intended objectives and results of the activities and assess the impact of Kashf's interventions. Following are the results of the assessment against the expected outcomes:

Outcome/Output/Activity	Results July 2014
1. Reduced economic vulnerability of clients due to improved financial practices	<ul style="list-style-type: none"> 89% of clients reported to have observed an increase in their level of savings. 34% of clients undertook a new enterprise resulting in decreased dependence on a single source of income
2. Increased incomes and business expansion for women entrepreneurs	<ul style="list-style-type: none"> 60% of respondents reported that their enterprise expanded as a result of SFE training.
3. Increased acceptance with communities of women's contribution to economic activity	<ul style="list-style-type: none"> 93% of male respondents claimed an increased support offered to female members in pursuing a greater economic role. 90% of female respondents reported changes in family attitudes and acceptance.
4. Improved understanding of financial issues among clients & Improved business development & management by women entrepreneurs	<ul style="list-style-type: none"> 83% clients reported improved understanding of financial issues and maintenance of business plans and budgets. 74% of respondents reported improvement in their financial negotiation skills
5. Improved understanding between men and women on their roles within the household and society at large	<ul style="list-style-type: none"> 97% of women reported an improvement in their husband's behavior towards emotional and physical abuse. 87% of male respondents reported that the incidence of domestic violence reduced. 58% of females reported improvement in the husband's perception of their wives. 80% of clients reported improvement in inter-spousal relationship and increase in consultative behavior of husbands.

HUMAN RESOURCES

HR Trends at a Glance

- The total staff count at the end of September 2014 has stood at 1,768 and the female gender ratio at the organizational level at 50%.
- The recruitment team has continued to identify and employ talented and committed staff; 32 employees have been inducted during the current quarter.
- A total of 31 employees have been recruited for the field and 1 employee has been hired for Head Office position. Out of the total recruited staff, 12 employees have been females.
- Overall Employee Turnover has been 6% owing to the resignation of 70 staff members and termination of 31 members.

HR Initiatives

- The "Live-In Session" for the KPK staff has been conducted in Lahore for 54 participants. The training has included sessions on Kashf's History & Values, Organizational Culture & Diversity, Dignity at Workplace, Fraud & Internal Control, Operations Policy, Customer Care & Client Protection Code and Importance of Teams & field exposure.
- Two new staff orientations have been conducted in the month of July and September. The purpose of the training has been to gauge the new potential staff and introduce them to Kashf's Values and Environment. Moreover detailed feedback has been shared with the recruitment team with respect to each candidate.
- Monthly ongoing initiatives have included Employee of the Month (for all tiers and functions), HR Newsletter, Gender Champion Program, Exit Interviews, Tier wise engagement calls and Star Performers Lunch with the Managing Director. The HR Helpline has received 169 queries in the current quarter related to payrolls and compensation & benefits.
- The Annual Head Office Iftaar Party was also organized which provided an avenue for interaction and improvement of inter-departmental communication.
- Engagement phone-calls have been made to over 50 staff members in Region 5 to check-in with them regarding the culture and environment.
- The HR department also undertook the quarterly 5 Star Branch Ranking Program for Kashf Foundation's branches in the month of July. Overall the initiative has been taken very positively and a sense of competition has been created amongst the branches to earn more stars. The star wise branches can be seen below:
 - Commitment to Sustainability 151 Branches
 - Commitment to Gender Equity 128 Branches
 - Commitment to Outreach 128 Branches
 - Commitment to Customer Loyalty 134 Branches
 - Commitment to Accuracy 17 Branches

Human Resources Trend Analysis

	Jul – Sep 2014		April – June 2014	
Total Permanent Staff	1768		1788	
Total HO Staff	112		112	
Total Field Staff	1656		1676	
Gender	Male	Female	Male	Female
Number	883	885	899	889
Total Staff (Trainee + Permanent)	1836		1852	
Total Staff (HO)	115		116	
Total Staff (Field)	1721		1736	
Gender (Trainee + Permanent)	Male	Female	Male	Female
Ratio	50%	50%	50%	50%
Number	909	927	919	933
Total Staff Recruited	32		65	
Total Staff Recruited – HO	1		4	
Total Staff Recruited - Field	31		61	
Gender Recruited Staff	Male	Female	Male	Female
Number	19	12	22	43
Turnover (Quarterly)	Voluntary	Involuntary	Voluntary	Involuntary
Number	77	24	48	10
Overall Turnover	6%		3%	
Number	101		58	