

Kashf Foundation

Quarterly Report
June – September 2015

Institutional Achievements

Active Clients: 256,978

Outstanding Portfolio PKR
4.47 billion

Cumulative Amount
Disbursed: PKR 45 billion

Cumulative Loans: 2.09
million

Active Persons Insured in
Health Insurance: 830,260

Staff Attrition: 1.5%

Staff Head Count: 1,803

Cumulative Financial
Education Participants:
1,148,825

Cumulative Gender Training
Participants: 102,755

Cumulative Business
Incubation Lab Graduates:
12,921

Total Number of Low-cost
Private Schools (LCPS)
Financed: 230

Total Number of LCPS
Students Impacted: 33,825

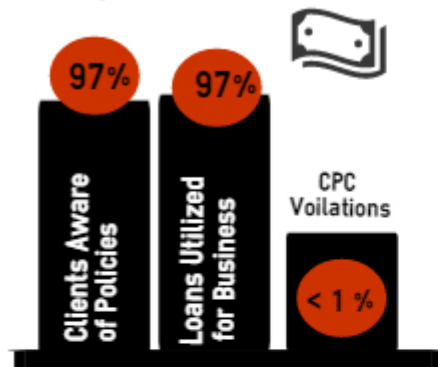
Total number of LCPS
Teachers Trained: 996

Total number of LCPS Owners
Trained: 399

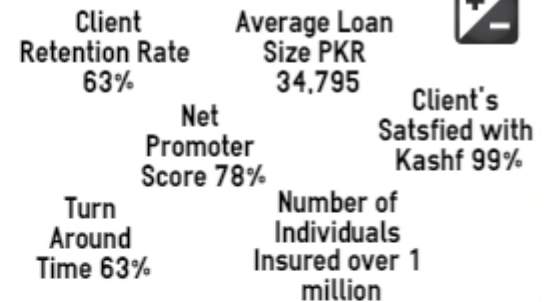


Social Performance Management Dashboard

Responsible Finance



Products and Services

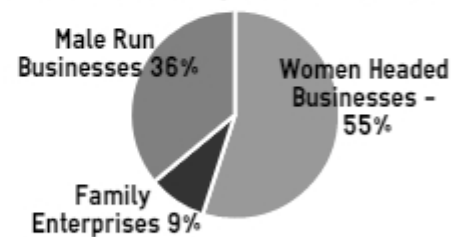


Poverty Focus

40% of the clients are from Less Developed Regions (compared to 39% in December 2014)

33% of clients are below 30 on the Poverty Scorecard. While 35.5% are 30 - 40 and 30.5% are above 40.

Women Participation in Business



Gender Equality



Kashf
Foundation:
Paving the Way
for Helping
Low-income
Families Build
Social Safety
Nets Through
Micro
Insurance

Kashf Foundation is proud to announce that the unique* individuals actively insured in micro-insurance through Kashf Foundation has crossed ONE MILLION!

Quarterly Highlights

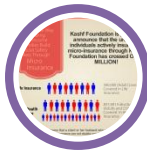
35,262 participants trained in financial education



59,816 loans disbursed

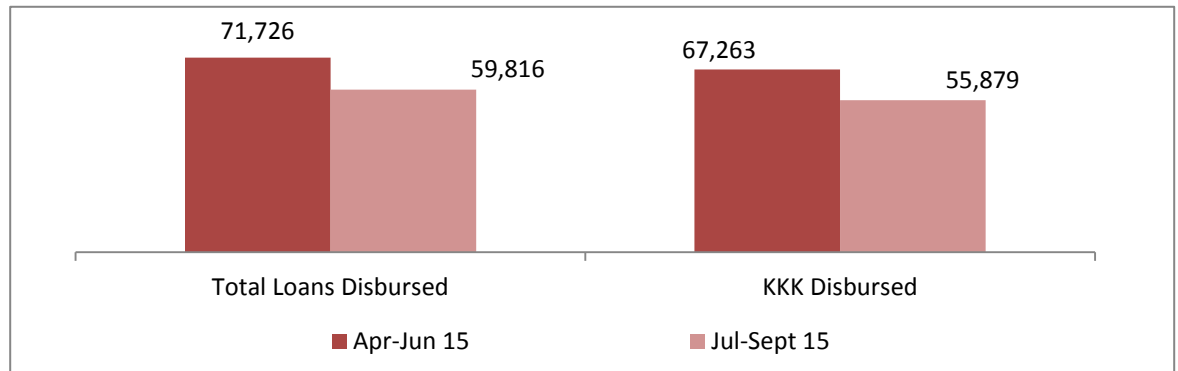


119,632 Individuals Insured in Life Insurance



271,770 Individuals Insured in Health-Insurance

Operational Performance – Overall Growth



Kashf Foundation's active clientele at the end of September 2015 stood at 256,976 clients (compared with 250,057 clients in the previous quarter). 59,816 loans amounting to PKR 2.07 Billion have been disbursed in the current quarter compared to 71,726 loans amounting to PKR 2.14 Billion in the previous quarter, which represents a decrease of approximately 16% in number of loans and a decrease of around PKR 66 million in the amount disbursed. The reduction in disbursements can be attributed to reduced targets set by Kashf Foundation in lieu of Ramadan and Eid-ul-Fitr. The average loan size increased from PKR 30,000 (at the end of June 2015) to PKR 35,000 by the end of September 2015. Consequently, the outstanding portfolio has increased to PKR 4.74 Billion in September from PKR 4.61 Billion in June.

Portfolio

In the current quarter Kashf has disbursed 55,879 Kashf Karobar Karza Loans, 1,841 Kashf Ibtida-e-Karobar Karza Loans, and 2,035 Kashf Murabaha loans. The Kashf Karobar Karza continues to be the main lending product for the Foundation with disbursements of over PKR 1.959 billion. Kashf disbursed PKR 49.7 million under Kashf Ibtida-e-Karobar Karza which supports start-up businesses. Kashf Murabaha loans worth over PKR 61.2 million were disbursed in Abbottabad, Noshera, Mansehra and Haripur districts of KPK.

Active Clients, Loans and Portfolio		
	Jul-Sept 2015	Apr-Jun 2015
Total Kashf Clients	256,978	250,057
Outstanding Portfolio	4,743,753,876	4,608,418,200
Amount Disbursed (PKR)	2,071,793,000	2,138,334,000
Loans Disbursed	59,816	71,726

Updates on Kashf Micro-Health Insurance

In the current quarter, under the health insurance program, 271,770 individuals have been insured (compared to 334,443 in the last quarter). Kashf's health insurance product provides cover to the entire family with hospitalization coverage for up to PKR 30,000 per family member. Overall 830,260 individuals are currently covered in the health insurance program. To date over 7,425 claims amounting to over PKR 110 million have been processed through cash and cash-less facility. Out of these 59% of the claims have been from clients, 16% claims have been from husbands, and 25% of the claims have been from children. A wide range of illnesses have been covered in these claims, among them Hypertension Management, Head Injuries, Chemotherapy, Gastroenteritis, Chronic Liver Diseases, Caesarian Section for Child-birth, Hepatitis, Kidney Diseases, and Typhoid have been the most frequent.



Impact Assessment Study

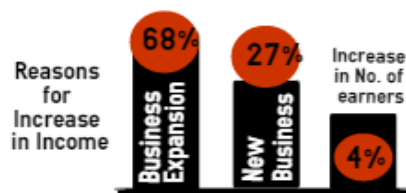
The Market Research and Product Development department in collaboration with an external party, Iris Communications, has undertaken an impact assessment study with Kashf clients. The main method of inquiry has been survey based questionnaires which were implemented in the field by Iris Communication to reduce data collection errors and biases while the statistically modeling and analysis was undertaken by the Market Research and Product Development team using OLS regression models and Logistic Regression.



Clients reporting an increase in income=96%

Household income is positively correlated to running family enterprises, exposure to Kashf, loan amount and participation in Kashf's financial trainings.

Household income is PKR 7,668 higher for family enterprises (with women's involvement) compared to others

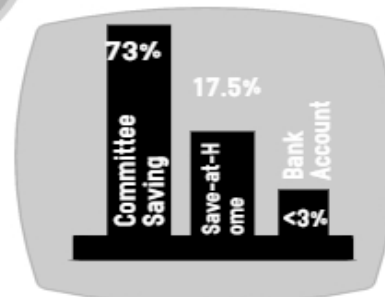


Clients who have attended Kashf's Financial Trainings save PKR 1,222 more than clients that have not attended the trainings

Clients reporting savings=94%



Clients reported utilizing a variety of saving methodologies including committee saving, savings at home and a very limited number have access to bank accounts.



The Full Report and the Report Brief can be accessed from the Kashf website at <http://kashf.org/KashfImpactAssessmentReport2015>

Financial Sustainability – Overall Performance

The overall liquidity has increased during the current quarter, mainly because an inflow of PKR 300 million received from PPAF. Kashf made debt repayments worth PKR 740 million in this quarter which includes repayment of PKR 214 million to JS bank, repayment of PKR 88 million to MCB, repayment of PKR 52 million to UBL Bank and repayment of PKR 84 million to Silk Bank.

Currently, there is an available pool of PKR 530 million and an expected inflow of PKR. 1.25 billion in the next quarter (PKR 700 million from PPAF, 400 million from UBL Bank, 50 million from Silk Bank and 50 Acumen Pakistan and 50 million from MCB); 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.

	Jul-Sept 2015	Apr-Jun 2015
Cash to Total Assets	7.44%	4.61%
Short Term Investments & Cash to Total Assets	10.62%	8.35%
Return on Investments	8.15%	8.17%
Cash to Current Liabilities	10.96%	10.96%

Kashf's overall consolidated PAR stood at 0.76% at the end of this quarter. The weighted average cost of funds for this quarter has been 8.58 %, with COF for commercial loans at 9.26% and PPAF loans at 7.41%.

Overall, the total income in the current quarter has increased by 5.1% due to an increase in size of portfolio by PKR 135 million. On the other hand, there was a decrease in 'Other Income' by 32.6% mainly due to the decrease in disbursements in the current quarter.

Income From Financial Services		
	Jul-Sept 15	Apr-Jun 15
Service Charge	475,497,544	443,158,279
Investments	33,625,062	31,408,153
Other Income	18,422,855	27,351,431
Total Income	527,545,461	501,917,863

Efficiency Ratios

Kashf has been continuously working towards ensuring greater efficiency in its appraisal backed individual lending model. Along with various other initiatives, the organization has been focusing on building its equity in order to better manage liquidity and have improved accessibility to capital. The administrative efficiency ratio, which maps the resources used to

	Sep 2015	Jun 2015
Administrative Efficiency	19.12%	20.08%
Operational Self Sufficiency (OSS)	139.85%	122.2%
Financial Self Sufficiency (FSS)	128.6%	110.5%

build a quality portfolio, has shown improvement, with the ratio standing at 19.12% at the end of this quarter (compared to 20.08% at the end of previous quarter). This can be attributed to an increase in the outstanding portfolio. The OSS has shown an increasing trend; with the ratio standing at 139.85% in Sep 2015 (compared to 122.2% in Jun 2015); whereas the FSS has increased to 128.6% (compared to 110.5% in June 2015). This increase can be attributed to the increase in operating income and a reduction in the inflation rate.

Gender Empowerment and Social Advocacy

GESA Trainings at a Glance



48,450 participants trained in Basic Financial Literacy trainings

35,262 clients have been trained under the Systemized Financial Education

1,863 Gender Trainings sessions with 22,719 participants.

Women Entrepreneurs Council

A quarterly meeting of the Sindh Women Entrepreneurs Council was conducted in Karachi. Moreover, 28 area level meetings have been conducted by WEC members in their areas to collect suggestions on Kashf's policies, products and services from the clients. In total, 40 recommendations have been received through WEC's feedback during this quarter regarding relaxation in the loan criteria, efficiency of the disbursement process and expansion of non-financial training services. These recommendations have been compiled together and shared with the Executive Body for consideration.

Social Theatre

In this quarter, two theatre themes were developed; “Khadda” and “Khawateen Bachat Account”. 5 theatre groups were included in the program through which 38 performances with 4,062 participants in the Areas of Karachi, Lasbela, Multan, Rawalpindi, Gujrat, Sialkot, and Abbottabad were undertaken.



Business Incubations Labs

The Business Incubation Labs program is a first of its kind intervention in the microfinance sector aimed at helping self-employed and micro-entrepreneurs enhance their business scope and scale. In the current quarter 2,615 clients from the 7th batch of the Canadian Government funded Business Incubation Labs graduated from the program. Moreover, 3,200 clients have been inducted into the program for the 8th Batch. These clients have been trained on business management, marketing & networking and product innovation techniques. These entrepreneurs have also been taken on market visits to local market places to help them understand various marketing techniques employed by vendors. During this period, 417 market linkages have been developed with vendors. Moreover, 85 clients from Gulshan e Hadeed Business Incubation Lab (funded by Aman Foundation), and 72 clients from Khairpur Business Incubation Lab (funded by OMV) graduated from the program.

Kashf Foundation’s Vocational Skills Training Program

During this quarter, Kashf Foundation continued classes for the Vocational Skills Training Program under PSDF Skills for Market 14-15 Project. In the 2nd phase of the project, Kashf enrolled 376 trainees through its 20 training centers established in Lahore for Domestic Tailoring, Beautician and Adda Work. These trainings equip the trainees with technical and vocational skills to make them economically empowered and self-sufficient. So far 11 % of the certified participants from both batches have been provided KF loan services to establish their businesses. Monthly reports have been submitted to PSDF, and monthly stipend has also been disbursed. A third party has been hired by the Government of Punjab to monitor this project. On the completion of the project all the equipment and assets were safely stored, and will be re-used upon the approval of the next project.

Human Resource Management & Development

Key Trends

- The total staff count at the end of September 2015 stood at 1,666 and the female gender ratio at the organizational level was 50%.
- A total of 146 employees have been recruited for the field and 2 employees have been hired for Head Office positions. Out of the total recruited staff, 69 employees have been females.
- Overall Employee Turnover has been 4.5% owing to the resignation of 69 staff members and termination of 7 members.
- 39% of Kashf staff report to a female boss.

Human Resources Department Activities

1. 5 Regional BM Conferences were organized in August and September covering the following topics
 - Kashf's Financial inclusion strategy & current product offerings.
 - Addressing Key Staff Related concerns
 - Role of Branch Managers as Adapters of Change
 - Discussion on current and upcoming products (KSZB, KSS and Savings)
 - Effective use of MW reports and Importance of Data Integrity
2. Three orientations have been conducted in the months July-September for 66 new staff members.
3. A follow-up session on "Leading with Passion" was organized in collaboration with IMS Knowledge for 31 HO staff including Deputy Managers, Assistant Managers, Senior Area Managers and Senior Associates. The purpose of the follow-up was to demonstrate results and discuss future development plans. Moreover to highlight the participants' learning process and consultation for any challenges faced in implementing/ practicing the concepts learned during the workshop.
4. Monthly ongoing initiatives including Employee of the Month (for all tiers and functions), Peer Recognition Program, HR Newsletter, Exit Interviews, Late Closing Survey, Tea with HR and Star Performers' Lunch with the Managing Director.
5. The HR helpline received 195 queries in total. The maximum numbers of queries have been regarding benefits (health claims & final settlement).
6. 360 Degree Feedback of all the Area Managers was completed in this quarter. The feedback was taken from peers and direct reportees. Results were shared with the respective Senior Area Managers and Regional Managers.

Human Resources Trend Analysis

	July-Sept 2015		April-June 2015	
Total Permanent Staff	1666		1679	
Total HO Staff	109		109	
Total Field Staff	1557		1570	
Gender	Male	Female	Male	Female
Number	838	828	848	831
Total Staff (Trainee + Permanent)	1803		1754	
Total Staff (HO)	110		110	
Total Staff (Field)	1693		1644	
Gender (Trainee + Permanent)	Male	Female	Male	Female
Ratio	50%	50%	50%	50%
Number	909	894	885	869
Total Staff Recruited	148		132	
Total Staff Recruited – HO	2		5	
Total Staff Recruited - Field	146		127	
Gender Recruited Staff	Male	Female	Male	Female
Number	79	69	66	66
Turnover (Quarterly)	Voluntary	Involuntary	Voluntary	Involuntary
Number	69	7	56	12
Overall Turnover	4.5%		4%	
Number	76		68	

Kashf Foundation
Strategic Communication
Department
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September 2015