

Institutional Achievements

•Active Loans : 249,253

•Outstanding Portfolio: PKR 4.67 Billion

•Cumulative loans 2.84 million

•Active persons insured in health insurance: 1,045,814

•Cumulative Amount disbursed: PKR 47 Billion

•Total Low-cost Private School Students Impacted: 33,825

•Total no. of school owners trained: 399

•Total number of low cost private school teachers trained: 996

•Cumulative BIL Graduates: 16,597

•Cumulative financial education participants: 1,228,277

•Total number of low cost private schools financed: 230

•Cumulative Gender training participants: 123,567

•Staff Headcount 1,803

•Staff Attrition 1.5%

KASHF FOUNDATION

QUARTERLY REPORT

OCTOBER- DECEMBER
2015

Kashf Foundation Social Performance Dashboard



December 2015

Kashf is the first Pakistani MFI to be certified in Client Protection Principles by the Smart Campaign. In January 2016, Kashf Foundation was certified as a STAR (Socially Transparent and Responsible) MFI by MIX. The Social Performance Dashboard is a 6 monthly assessment of key Social Performance Indicators.

Responsible Finance

CPC
Violations

0.03 %

Clients
Aware of
Policies

99 %

Loans
Utilized for
Business

97 %

Products and Services

Client
Retention Rate

72%

Turn Around
Time

61%

Average Loan
Size

PKR
32,400

Net Promoter
Score

66%

Client's
Satisfied with
Kashf

99%

Number of
Individuals
Insured

1,158,850

Poverty Focus

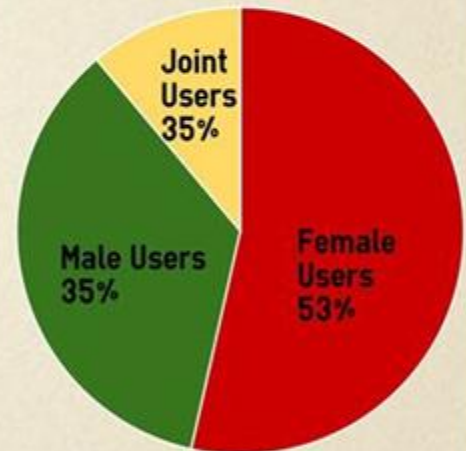


39% of the clients are from Less Developed Regions



32% of clients are below 30 on the Poverty Scorecard. While 36% are 30 - 40 and 32% are above 40.

Women
Participation
in
Business



Gender Equity

49%

Gender
Balance

44%

Women at
Management
Level

36%

Women at
Board Level

QUARTERLY HIGHLIGHTS

Kashf Foundation has continued its work for the mainstreaming of low-income households through its suite of financial and non-financial products and services.

Kashf provided life insurance for 113,100 lives

Kashf was able to disburse 57,002 loans

Kashf has insured 1,045,814 clients through its life and health insurance program, by the end of December, 2015

Kashf covered 254,276 persons in micro-health insurance

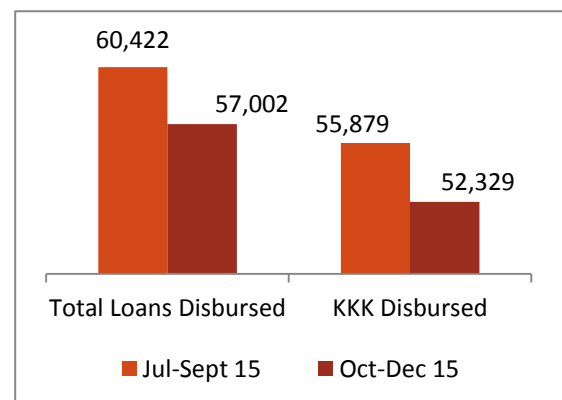
Kashf trained 81,077 participants in Financial Education.

Kashf Foundation also became the first microfinance institution in Pakistan to develop a credit scoring model which evaluates credit risk for each client to mitigate risks.

OPERATIONAL PERFORMANCE- OVERALL GROWTH

Kashf Foundation's active clientele at the end of December 2015 stood at 249,253 clients (compared to 255,030 clients in the previous quarter). 57,002 loans have been disbursed in the current quarter compared to 60,422 loans in the previous quarter, which represents a decrease of approximately 5.66%.

Consequently, there has also been a marginal decrease in the outstanding portfolio from PKR 4.72 billion in September to PKR 4.66 billion by end of December.



Portfolio

In the current quarter Kashf disbursed 52,329 Kashf Karobar Karza Loans (KKK), 1,807 Kashf Ibtida-e-Karobar Karza Loans (KIKK), and 1,705 Kashf Murabaha loans (KM). The KKK continues to be the main lending product for the Foundation with disbursements of over PKR 1.896 billion. Kashf disbursed PKR 48.6 million under KIKK which supports start-up businesses. Kashf Murabaha loans

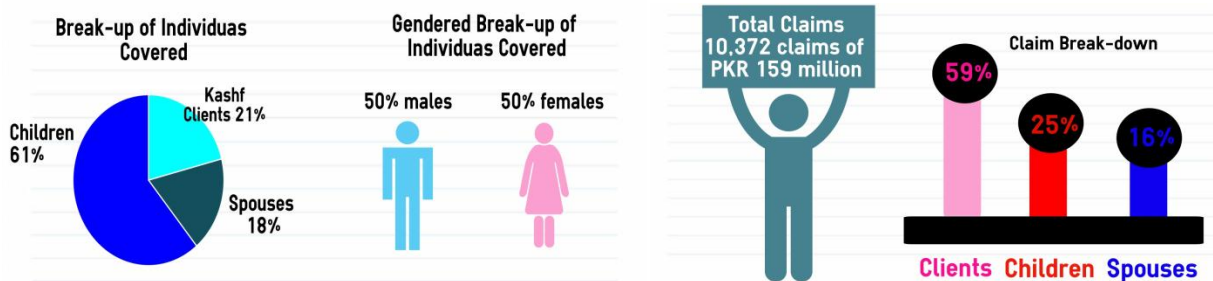
worth over PKR 54.2 million were disbursed in Abbottabad, Noshera, Mansehra and Haripur districts of KPK.

The average loan size witnessed a marginal increase from PKR 29,378 to PKR 30,000 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.

	Oct-Dec 2015	Jul-Sep 2015
Total Kashf Clients	249,253	255,030
Outstanding Portfolio (PKR)	4,666,371,296	4,723,521,913
Amount Disbursed (PKR)	1,999,405,000	2,070,153,000
Loans Disbursed (KKK+KIK+KM)	55,841 (52,329 + 1,807 + 1,705)	59,755 (55,879 + 1,841 + 2,035)

Updates on Kashf Micro-Health Insurance

Kashf’s unique pro-women family health insurance product is covering a total of 1,045,814 individuals. Kashf’s health insurance product provides cover to the entire family with hospitalization coverage for up to PKR 30,000 per family member. In the current quarter, under the health insurance program, 254,276 individuals have been insured (compared to 271,770 in the last quarter).



FINANCIAL SUSTAINABILITY – OVERALL PERFORMANCE

The overall liquidity has increased during the current quarter, mainly because of an inflow of PKR 300 million received from PPAF.

Kashf has made debt repayments worth PKR 740 million – this includes repayment of PKR 214 million to JS bank, PKR 88 million to MCB, PKR 52 million to UBL Bank and PKR 84 million to Silk Bank. Kashf’s overall consolidated PAR stood at around 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%.

	Jul-Sep 15	Oct-Dec 15
Cash to Total Assets	7.44%	6.11%
Short Term Investments & Cash to Total Assets	10.62%	20.04%
Return on Investments	8.15%	7.97%
Cash to Current Liabilities	10.96%	10.31%

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.

Overall, the total income in the current quarter has increased by 5.1% due to an increase in size of portfolio by 135 million. On the other hand, there was a decrease in other income by 32.6% mainly due to the decrease in current quarter disbursement by 11,580 and saving write back in last quarter by 2.5 million.

Income From Financial Services		
	Oct-Dec 15	Jul-Sep 15
Service Charge	490,620,764	475,486,679
Investments	28,545,080	33,625,062
Other Income	17,033,087	18,760,790
Total Income	536,198,961	527,872,531

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

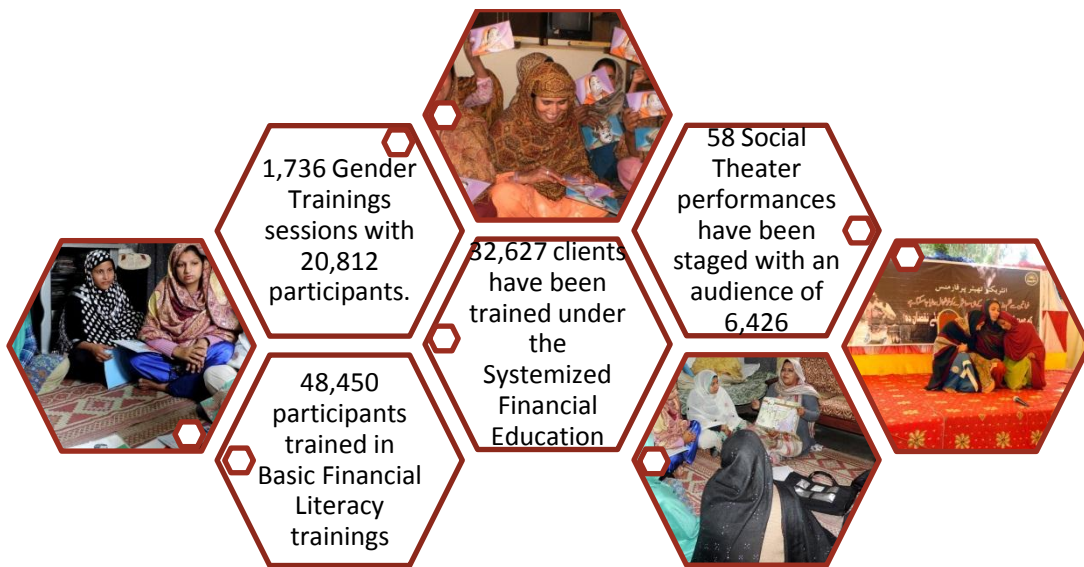
Kashf has been continuously working towards ensuring greater efficiency in its individual lending appraisal backed model. Along with various other initiatives, the organization has been extensively focusing on timely liquidity management and access to capital, through a focus on building the organization’s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

The administrative efficiency ratio, which maps the resources used to build a quality portfolio, has shown improvement, with the ratio standing at 18.95% at the end of the previous quarter due to an increase in outstanding portfolio. The OSS has shown an increasing trend; with the ratio standing at 144.29% in Dec 2015 (compared to 140.00% in Sep 2015); whereas the FSS has increased to 130.5% (compared to 128.7% in Sep 2015). This increase can be attributed to the increase in operating income and a reduction in the inflation rate.

	Dec 2015	Sep 2015
Administrative Efficiency	18.95%	19.18%
Operational Self Sufficiency (OSS)	144.29%	140.00%
Financial Self Sufficiency (FSS)	130.5%	128.7%

GENDER EMPOWERMENT AND SOCIAL ADVOCACY

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.



Women Entrepreneurs Council

One quarterly meeting of Women Entrepreneurs Council has been conducted at Punjab. 30 area 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. In total, 28 recommendations have been received through WEC’s feedback during this quarter regarding GESA phase II activities, relaxation in the loan criteria, efficiency of the

disbursement process and expansion of non-financial training services. These recommendations have been compiled together and are yet to be shared with the Executive Body for revision and implementation.

Social Theatre

In this quarter, 58 performances with 6,426 participants in the areas of Faisalabad, Abbottabad, Haripur, Kasur, Gujranwala, Multan, Lahore, and Kot Addu. The theatre performances were called “Khadda” which show the power of the associative strength of women and help the audience understand the importance of supporting each other.

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. Currently, 39 BILs are operating across the network and providing business support services to participating female clients, whereas 19 additional Trainers were hired and trained for BIL scale up activities across the network. The financial tracking and budgeting taught to female entrepreneurs during the BIL trainings has aided them to maintain simple budgets, determine exactly how much revenues and expenses they incur and make effective business decisions.

In the current quarter 3,241 clients from the 8th 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, 851 market linkages were developed with vendors. Moreover, 70 clients from Khairpur BIL Lab were graduated. The BIL labs are funded by OMV project.

Kashf Foundation’s Vocational Skills Training Program

During this quarter, Kashf Foundation qualified for the certification from “City & Guilds”. Kashf Foundation also set up a vocational Training school at Lahore, in which 25 students are enrolled in the Fashion Designing and Beautician courses. Through these trainings, participants learn marketable skills which can help them become economically empowered and self-sufficient.

HUMAN RESOURCE MANAGEMENT & DEVELOPMENT

Key Trends

- The total staff count at the end of Dec 2015 stood at 1,691 and the female gender ratio at the organizational level was 49%.
- A total of 121 employees have been recruited for the field and 6 employees have been hired for Head Office positions. Out of the total recruited staff, 67 employees have been females.
- Overall Employee Turnover has been 4% owing to the resignation of 54 staff members and termination of 11 members.
- 39% of Kashf staff report to a female boss.

HR Initiatives

- KPK town hall meeting was organized in the KPK region in the month of October. The agenda of the seminar was to engage staff on the following important topics:
 - Kashf's vision, mission, values & culture.
 - Dignity at work place
 - Key Risk at branch and their mitigation strategies
- Four orientations have been conducted in the months of October, November and December, for 95 new staff members.
- Branch Management module was implemented with South-5 BMs to teach them how to handle the branch effectively.
- Two day Policy refresher was conducted with BDO/BA of south -5 who was hired in last six months.
- Monthly ongoing 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. The HR helpline received 185 queries in total. The maximum numbers of queries have been regarding benefits (health claims & final settlement).
- Enhanced engagement with Region-05 staff on monthly basis through following initiatives:
 - Telephonic calls with Branch staff (2 branches per month). General questions on management, closing, security and culture are asked.
 - Tea with HR for top performers (every month)
 - Calls to 100% staff on maternity leaves
- The criteria for Employee of the Month – BDO, BA, BM and AM was reassessed and revised. The new criteria was implemented from October 2015.

HUMAN RESOURCES TREND ANALYSIS

	Oct-Dec 2015		July-Sept 2015	
Total Permanent Staff	1691		1658	
Total HO Staff	102		109	
Total Field Staff	1589		1549	
Gender	Male	Female	Male	Female
Number	859	832	835	823
Total Staff (Trainee + Permanent)	1816		1772	
Total Staff (HO)	102		109	
Total Staff (Field)	1714		1671	
Gender (Trainee + Permanent)	Male	Female	Male	Female
Ratio	51%	49%	50%	50%
Number	859	832	835	823
Total Staff Recruited	127		148	
Total Staff Recruited – HO	6		2	
Total Staff Recruited - Field	121		146	
Gender Recruited Staff	Male	Female	Male	Female
Number	60	67	79	69
Turnover (Quarterly)	Voluntary	Involuntary	Voluntary	Involuntary
Number	54	11	69	7
Overall Turnover	4%		4.5%	
Number	65		76	