

KASHF QUARTERLY REPORT



APRIL-JUNE 2017

INSITUTIONAL ACHIEVEMENTS SNAPSHOT (JUNE 2017)

Active Loans 299,966	Outstanding Portfolio PKR 7.18 Billion	Cumulative loans disbursed 3.26 million	Cumulative Amount disbursed PKR 64.17 Billion
No. of Low Cost Private Schools (LCPS) financed 1,739	Students Impacted under LCPS 326,149	Number of school owners trained 2,253	Number of LCPS teachers trained 8,531
Lives covered under health insurance 1,275,844	Cumulative BIL Graduates 25,539	Cumulative financial education participants 1,485,278	Cumulative Gender training participants: 179,305
Staff Headcount 2,620		Staff Attrition 5%	

QUARTERLY HIGHLIGHTS

Kashf is the largest provider of micro-insurance in Pakistan with over 25.5% of the market share

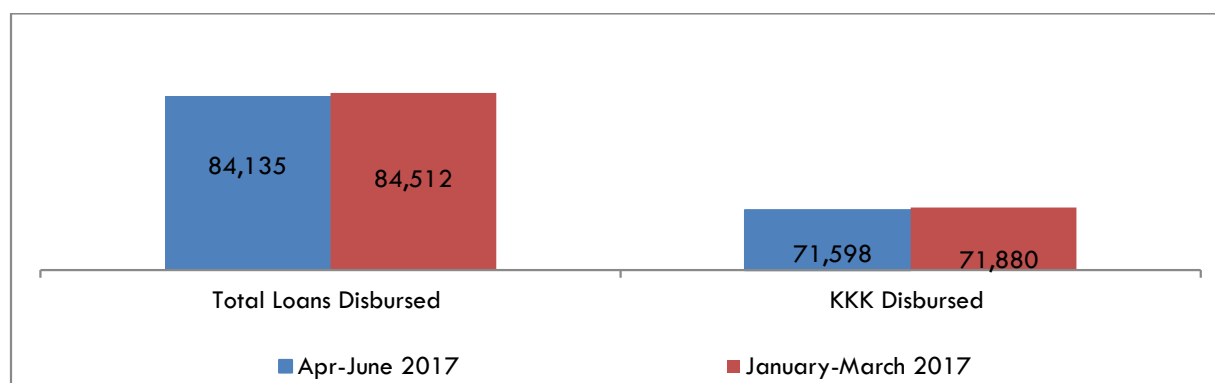
Kashf provided life insurance to 154,434 lives in this quarter

Kashf has 1,275,844 unique individuals actively insured in its micro-health insurance program as of June 2017

Total Loans Disbursed in the Quarter were 84,135

OPERATIONAL PERFORMANCE: OVERALL GROWTH

Kashf Foundation's active clientele at the end of June 2017 stood at 299,966 clients (compared to 269,555 clients at the previous quarter end). While there has been an increase of 11.28% in the active clients, there has been an increase in the outstanding portfolio from PKR 6.71 billion in March 2017 to PKR 7.18 billion in June 2017.



	Apr-June 17	Jan-March 17
Total Kashf Clients	299,966	269,555
Outstanding Portfolio (PKR)	7,178,026,260	6,714,788,268
Amount Disbursed (PKR)	3,290,232,000	3,290,471,000

Number of Loans Disbursed by Category		
	Apr-June 17	Jan-Mar 17
Kashf Karobar Karza	71,598	71,880
Kashf Murabaha	2,129	2,204
Kashf School Sarmaya Loans	254	276
Kashf Khudmukhtar Sarmaya	589	597
Kashf Easy Loan	9,565	9,546
Others	0	9
Total Loans Disbursed	84,135	84,512

In the current quarter Kashf disbursed 71,598 Kashf Karobar Karza Loans (KKK) and 2,129 Kashf Murabaha loans (KM). The KKK continues to be the main lending product for the Foundation with disbursements of over PKR 3.02 billion. Kashf Murabaha loans worth over PKR 79 million were disbursed in Abbottabad, Noshera, Mansehra, Mardan and Haripur districts of KPK. The average disbursement size

witnessed a marginal increase from PKR 38,943 to PKR 39,105 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.

In October 2016, Kashf introduced the Kashf Easy Loan, which is essentially a loan product specially designed to cater to urgent capital of low-income households. The loan amount is PKR 15,000 and is currently being offered in the province of Punjab. At the end of June 2017, active clients for Kashf's Easy Loan product stood at 25,731 clients. 9,565 loans have been disbursed in the current quarter in comparison to 9,546 loans in the previous quarter.

KASHF EDUCATION FINANCE (SCHOOL SARMAYA)

In the current quarter, Kashf disbursed 254 loans to low-cost private schools, trained 329 school owners in capacity building trainings, and trained 1,103 teachers in teacher training and pedagogy skills trainings. Moreover, the specialized Financial Education for Youth program, which is implemented in all Kashf supported schools, was undertaken with 11,177 students. The active clients in the program are 986 till June, 2017. The info-graphic below shows the cumulative numbers and outcomes from the program.

Kashf Education Finance Cumulative Outcomes (June 2017)



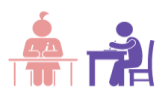
Over 1722
Low-Cost Private
Schools Served



Over 3,253 school
owners trained in
better school
management



Over 8,531
Teachers Trained
in Better teaching
practices



Over 600,000
Students
Impacted through
intervention



Over 170,111
Students Impacted
through Financial
Education Trainings



These numbers
represent
outcomes from
schools that
have completed
their loan cycle
with Kashf



Impact on Enrollments



71% of
schools saw
an increase in
enrollments



Average
increase in
enrollments
was 28 students
per school

Impact on Learning Environment

7% increase
in schools
where lesson
plans are
used



4% increase in
schools using
time-table
use in classes



23% increase
in schools
with library
corners



8% increase
in schools
that display
students
work in class

Impact on School Environment

8% increase in
schools with
first aid boxes
available



13% increase
in schools with
visible mission
& vision



15%
increase in
schools with
emergency
exits



6% more
schools have
an opinion
box



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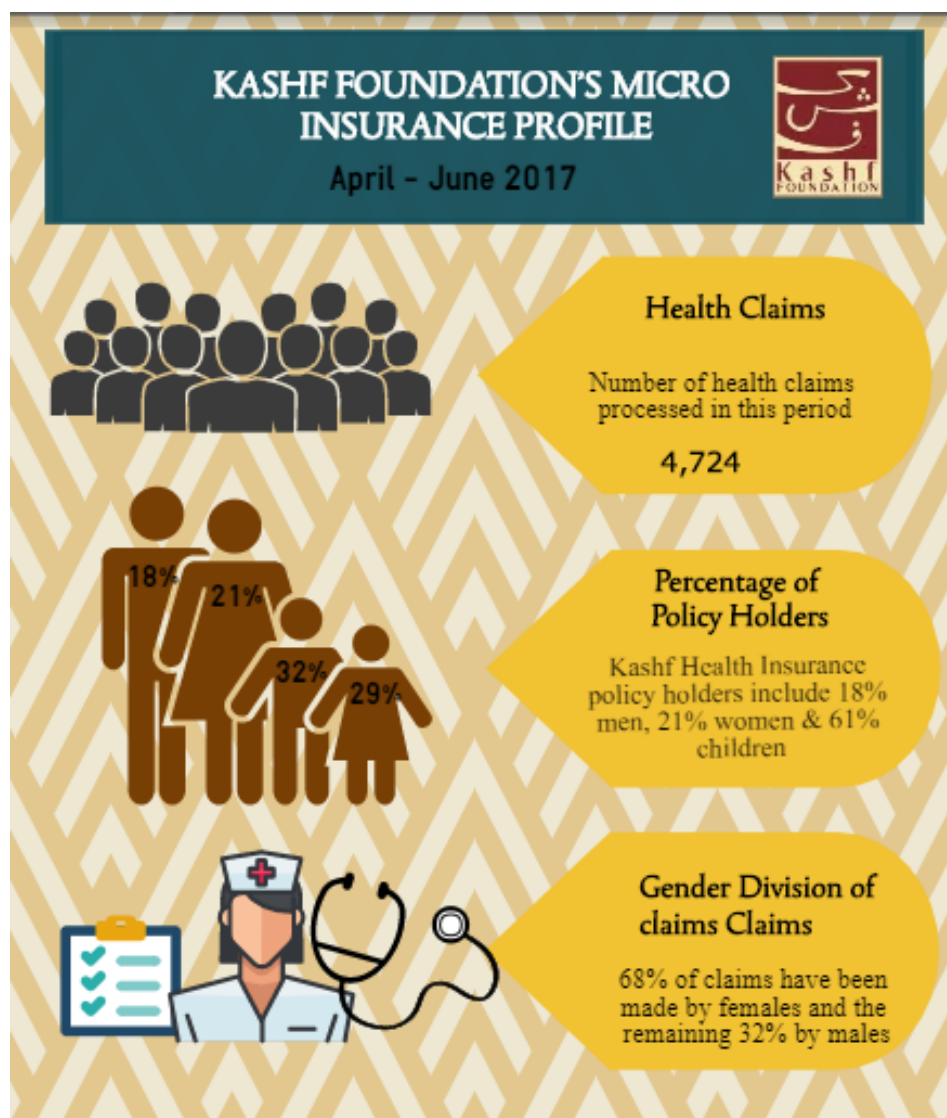


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KASHF MICRO-HEALTH INSURANCE

Kashf's unique pro-women family health insurance product is covering a total of 1,275,844 individuals. Kashf's health insurance product provides coverage to the entire family with hospitalization coverage for up to PKR 30,000 per family member. As mentioned earlier, Kashf is the largest provider of micro-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, 321,327 individuals have been insured (compared to 325,013 in the last quarter).

The number of unique lives insured by Kashf Foundation under its life and health insurance program stood at 1,258,198 at the end of June 2017.



	No. of Health Camps	Participants
January-March	26	2,678
April-June	27	2,557

FINANCIAL SUSTAINABILITY

The overall liquidity has increased during the current quarter, mainly because Kashf has received inflow of PKR 2,181 million during the quarter which includes PKR 500 million from MCB, PKR 600 million from Pak China, PKR 209.4 million from BlueOrchard and PKR 872 million from PMIC. Kashf has also made

debt repayments worth PKR. 2,015 million- this includes repayment of PKR. 1,575 million to PPAF, PKR 60.6 million to JS bank, PKR 73 million to MCB, PKR 52 million to UBL bank, PKR 28 million to Bank Alfalah, PKR 60 million to Silk bank, PKR 98 million to Askari bank, PKR 26 million to Meezan bank, PKR 29 million to Triodos Investment Management, PKR 12.6 million to Incofin and PKR 0.99 million to Acumen Pakistan. Kashf's overall consolidated PAR stood at around 0.30% at the end of this quarter. The weighted average cost of funds for this quarter has been 9.03 %, with COF for commercial loans at 9.38% and PPAF loans at 8.04%.

Currently, there is an available pool of PKR 1,888 million and an expected inflow of PKR 2.14 billion in the next quarter (PKR 1000 million from NBP, PKR 300 million from UBL, PKR 315 million from Symbiotics and PKR 525 million from Proparco) to support on-going cash-flow needs. Kashf expects to raise PKR 5.9 billion from local and foreign commercial sources over the year 2017, 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.

		Apr-June 17	Jan – Mar 17
Liquidity Ratios	Cash to Total Assets	16.03%	15.25%
	Short Term Investments & Cash to Total Assets	18.36%	18.56%
	Return on Investments	7.17%	7.28%
	Cash to Current Liabilities	41.47%	29.7%

The table below shows the income level for the organization:

		Apr-June 17	Jan – Mar 17
Income From Financial Services	Service Charge	674,614,082	607,325,163
	Investments	42,877,216	32,921,782
	Other Income	25,408,028	6,107,385
	Total Income	742,899,326	646,354,330

There are several aspects that impact the overall financial performance of the organization including 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; the organization has been extensively focusing on timely liquidity management and access to capital through a focus on building the organization's equity. The table below shows the key efficiency ratios for Kashf.

	June 2017	March 2017
Administrative Efficiency	18.89%	19.58%
Operational Self Sufficiency (OSS)	134.7%	131.10%
Financial Self Sufficiency (FSS)	129.5%	124.78%

The administrative efficiency ratio, which maps the resources used to build a quality portfolio, has shown slight improvement, with the ratio standing at 18.89% at the end of this quarter, mainly pertaining to growth in portfolio by 11% in this quarter. The OSS has shown an increasing trend; with the ratio standing at 134.7% in June 2017 (compared to 131.10% in Mar 2017); whereas the FSS has increased to 129.5% (compared to 124.78% in Mar 2017). This increase can be attributed to the increase in service charges by 12%

GENDER EMPOWERMENT AND SOCIAL ADVOCACY (GESA)

After the successful culmination of the Government of Canada funded project in November 2016, the Mini GESA Programme was initiated in January 2017 under which GESA is focusing its interventions in 5 priority districts including Attock, Abbottabad, Sargodha, Bahawalpur, and Badin Districts where Systemized Financial Education, Gender Trainings, and Business Incubation Lab Program trainings are being delivered. Moreover, Vocational Trainings are being provided in Sialkot (Pasrur), Khairpur and Lahore Districts under projects supported by Coca-Cola, OMV and Punjab Skills development Fund respectively.



324 clients have been trained under the Systemized Financial Education



24 performances with **2,407** participants conducted under Kashf Theatre Programme



167 clients trained in Business Incubation Lab Program trainings



1,355 participants trained in Gender Trainings

Program Updates

Staff Capacity Building Trainings by GESA

GESA conducted 2 trainings at the Head office in which 34 staff members including Support staff of the Head office were trained on "Change in behavior and Dignity at Workplace"

Social Theatre	In this quarter, the new concept and theme of social theatre program has been performed at 24 theatre performances in field with an outreach of 2,407 participants. The new theme “shadi meri guriya ki” is based on the story of a 12 years old girl whose parents plan her marriage with an old man. The whole story of the play focuses on the emotions of the girl who is at a young age of playing with dolls.
Business Incubation Labs	Currently 5 BILs are providing business support services to participating female clients. In the current quarter 167 women micro-entrepreneurs have graduated from the Business Incubation Lab program. These participants were trained on business management, marketing and networking and product innovation techniques. These entrepreneurs were also taken on market visits to local market places to help them understand various marketing techniques employed by vendors.
Vocational Skills Training Program	<p style="text-align: center;">Lahore</p> <p>5 students of Beautician course have graduated from the Kashf Vocational Training School in Lahore. 45 students are currently enrolled in the program.</p> <p>Moreover, 50 students graduated from the Vocational Training School from the 3 months course of “Fashion Wear” which is being funded by the Punjab Skills Development Fund.</p> <p style="text-align: center;">Sialkot</p> <p>With funding by the Coca-Cola Company, Kashf Foundation has been able to set up 3 training centers in Pasrur for stitching and beautician trades. 149 students have graduated by April 2017. A new batch of 150 students is currently enrolled and undergoing training.</p> <p style="text-align: center;">Khairpur</p> <p>Funded by the OMV, Kashf Foundation has set up 3 training centers in Khairpur, Ranipur, and Chundko for stitching and beautician trades. During this period, 130 students have graduated and 140 are enrolled in the program and will graduate by July 2017.</p> <p>Through these trainings, participants will learn marketing skills which can help them improve their employability and enhance their ability to set/run small businesses. With the support of Coca Cola, Kashf will set up 3 more vocational training schools at Pasrur through which 300 students will be trained on football stitching in a year, who will be linked with the football stitching factories, thus providing employability to the graduated students.</p>
Child Sexual Abuse Training Program	<p>GESA has developed Training manual on “Child Safe Guard Trainings” with the help of a consultant.</p> <p>A three days TOT has been conducted with the HO Team.</p> <p>A pilot session was conducted with 20 Teachers - beneficiaries of KSS program.</p> <p>GESA has finalized the script for the “Puppet Show” through which 250 performances will be conducted in the next six months.</p>

MEDIA & COMMUNICATIONS

Kashf's media policy to increase brand visibility on social media shall be effectively implemented from July 2017. In April 2017, followers on different social media platforms stood at – Instagram: 759 followers, Facebook: 10,000 likes and Twitter at 1,270 followers. Consistency of posts have been effectively contributing towards an increase in following with Instagram followers reaching 780, Twitter 1,290 and Facebook likes showing an increase of 80-90+ weekly.

Along with social media, Kashf's TV drama serial Rehail is now being implemented as a radio campaign on Radio Pakistan. Launching on August 21st, this dialogue driven drama will be on air in 5 cities across Pakistan including Lahore, Faisalabad, Sialkot, Multan and Islamabad. Moreover, after the trail blazing success of Udaari, Kashf is producing another mini-series exploring social issues of mental health, HIV, prostitution and more. The series is under production and will be launched end of this year.

HUMAN RESOURCE MANAGEMENT & DEVELOPMENT

Key HR Trends

- Total staff at the organizational level: 2,603
- Female Staff ratio at the organizational level: 50%.
- Total Hiring in Quarter: 385 out of which 178 are female.
- Overall Employee Turnover: 4% (63 resignations & 15 terminations) These numbers includes closure of GESA project
- 39% of Kashf staff report to a female boss.

HR Activities and Initiatives

Internal Trainings:

- Women Leadership Program was implemented with 22 females of middle management at HO
- TOT was conducted with 31 BMs to enhance their training skills.
- Communication & Negotiation session was conducted with IA officers at the Head Office .
- In-house 5-day session on departmental policies and team management was conducted with 44 BMS & AMs.
- Policy certification test was conducted with 482 staff members including BDO, BA, BM, AM and MTOs.
- **Orientations for New Joiners:** 10 orientations have been conducted in the month of April, May & June with 341 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, Area level Tea with newly married staff, Engagement calls to staff on maternity and paternity leaves, Engagement calls to trainee staff, Tea with Star Performers' Region-05 and Star Performers' Lunch with the Managing Director were undertaken. The HR helpline received 135 queries in

total. The maximum numbers of queries have been regarding benefits (like health claims & final settlement).

- **WOW-Women on Wheels Policy:** After conducting in-depth focus group discussions in the field the Bike/ Scooty policy has been revised from June 2017. The loan policy is now only applicable for scooty purchase by the females. It is still interest free but the applicant must be having a permanent driving license.
- **Day Care Facility for Field:** After conducting in-depth focus group discussions in the field the Day Care Policy has been incorporated from June 2017. Day care policy addresses the needs of both working males and females. They can manage their babies who are between 0-18 months by availing this facility.
- **HR Field Visits:** 14 field visits have been done with the major objective of Expansion Hiring, Staff Certification and Engagement.

Human Resources Trend Analysis

	April-June 2017		Jan-March 2017	
Total Permanent Staff	1914		1859	
Total HO Staff	93		91	
Total Field Staff	1821		1768	
Gender	Male	Female	Male	Female
Number	955	959	907	952
Total Staff (Trainee + Permanent)	2245		2022	
Total Staff (HO)	93		91	
Total Staff (Field)	2154		1931	
Gender (Trainee + Permanent)	Male	Female	Male	Female
Ratio	50%	50%	49%	51%
Number	1125	1117	1000	1019
Total Staff Recruited	378		227	
Total Staff Recruited – HO	2		3	
Total Staff Recruited - Field	376		224	
Gender Recruited Staff	Male	Female	Male	Female
Number	193	183	131	96
Turnover (Quarterly)	Voluntary	Involuntary	Voluntary	Involuntary
Number	57	15	67	19
Overall Turnover	4%		5%	
Number	72		86	