

# KASHF QUARTERLY REPORT



JANUARY-MARCH 2017

## INSITUTIONAL ACHIEVEMENTS SNAPSHOT (MARCH 2017)

Active Loans 269,555	Outstanding Portfolio PKR 6.71 Billion	Cumulative loans disbursed 3.17 million	Cumulative Amount disbursed PKR 60.72 Billion
No. of Low Cost Private Schools (LCPS) financed 1,571	Students Impacted under LCPS 314,972	Number of school owners trained 2,924	Number of LCPS teachers trained 7,428
Lives covered under health insurance 1,190,963	Cumulative BIL Graduates 25,329	Cumulative financial education participants 1,484,658	Cumulative Gender training participants: 177,299
	Staff Headcount 2,339	Staff Attrition 5%	

## QUARTERLY HIGHLIGHTS

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

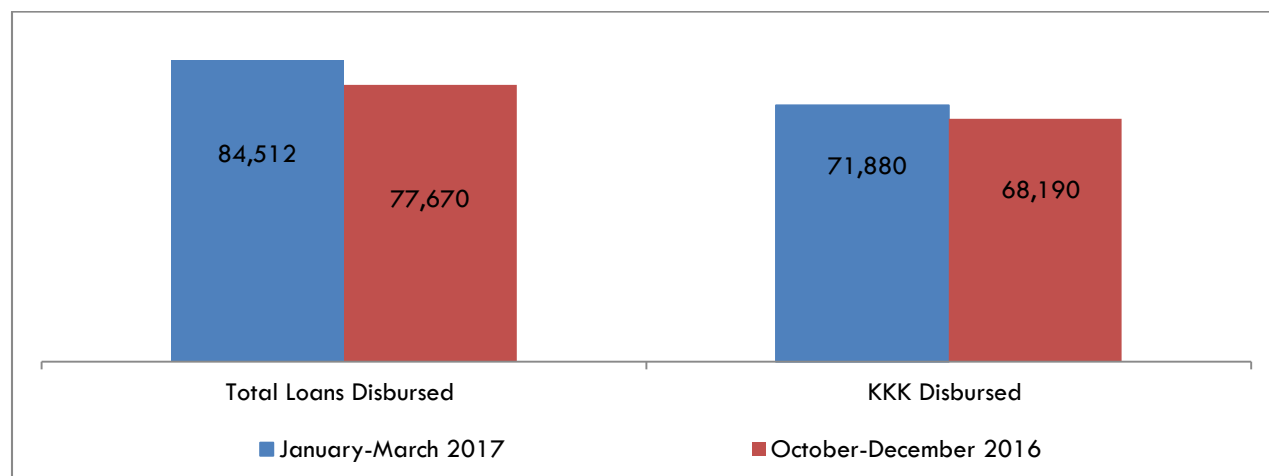
Kashf provided life insurance to 155,964 lives in this quarter

Kashf has 1,190,963 unique individuals actively insured in its micro-health insurance program at March 2017 closing

Total Loans Disbursed in the Quarter were 84,512

## OPERATIONAL PERFORMANCE: OVERALL GROWTH

Kashf Foundation's active clientele at the end of Mar 2017 stood at 269,555 clients (compared to 237,573 clients in the previous quarter). There has been an increase of 13% in the active clients and the outstanding portfolio which has increased to PKR 6.71 billion in March 2017 from PKR 5.93 billion in December 2016.



	Jan - Mar 17	Oct - Dec16
Total Kashf Clients	269,555	237,573
Outstanding Portfolio (PKR)	6,714,788,268	5,934,549,093
Amount Disbursed (PKR)	3,290,471,000	3,038,370,000

Number of Loans Disbursed by Category		
	Jan - Mar 17	Oct - Dec16
Kashf Karobar Karza	71,880	68,190
Kashf Murabaha	2,204	1,925
Kashf School Sarmaya Loans	276	244
Kashf Khudmukhtar Sarmaya	597	560
Kashf Easy Loan	9,546	6,734
Others	9	17
<b>Total Loans Disbursed</b>	<b>84,512</b>	<b>77,670</b>

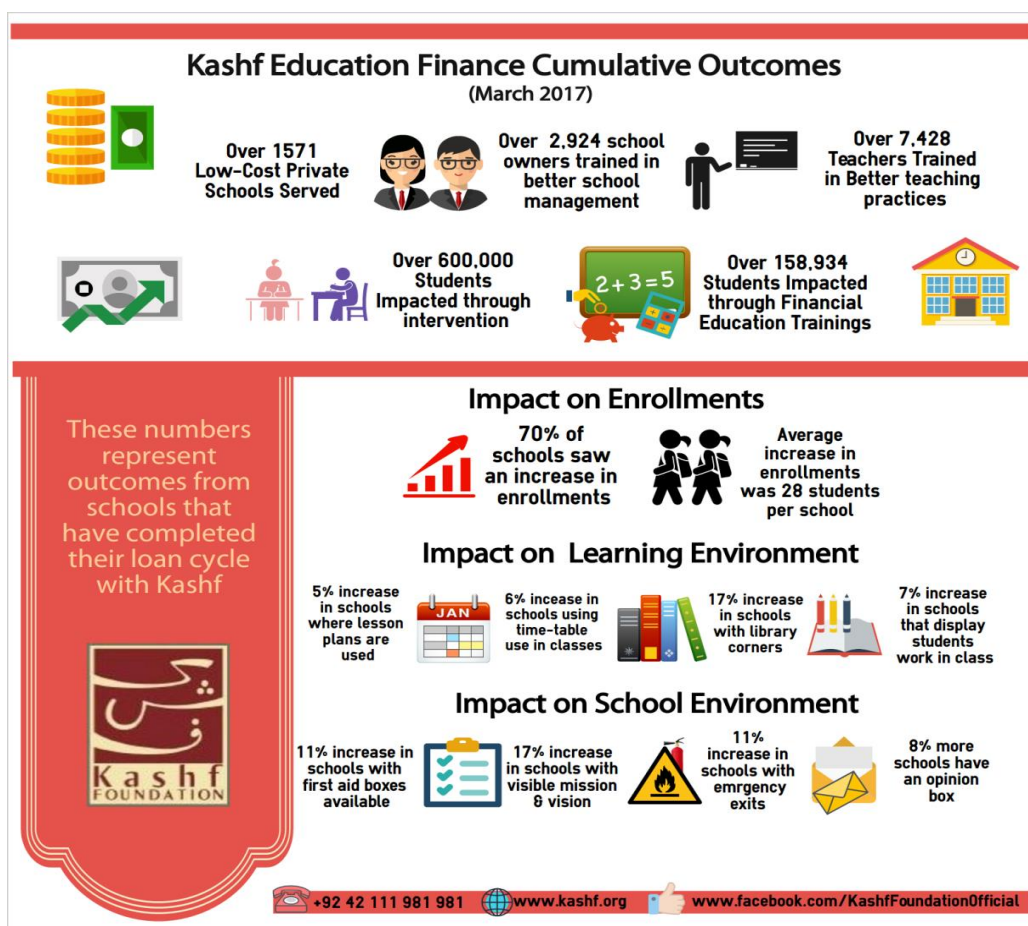
In the current quarter Kashf disbursed 71,880 Kashf Karobar Karza Loans (KKK) and 2,204 Kashf Murabaha loans (KM). The KKK continues to be the main lending product for the Foundation with disbursements of over PKR 3.02 billion. Kashf Murabaha loans worth over PKR 80 million were disbursed in Abbottabad, Noshera, Mansehra, Mardan and Haripur districts of KPK. The average disbursement size

witnessed a marginal decrease from PKR 39,100 to PKR 38,943 by the end of the quarter due to the addition of 36,763 loans in the first loan cycle and over 9,000 Easy Loans, however the repeat client's average loan size shows an increasing trend. 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. on an urgent basis. Currently, Kashf's Easy Loan is being offered in the province of Punjab. At the end of March 2017, active client's for Kashf's Easy Loan product stood at 16,253 clients. 8,993 loans have been disbursed in the current quarter in comparison to 6,734 loans in the previous quarter, signifying an increase of approximately 34%.

## KASHF EDUCATION FINANCE (SCHOOL SARMAYA)

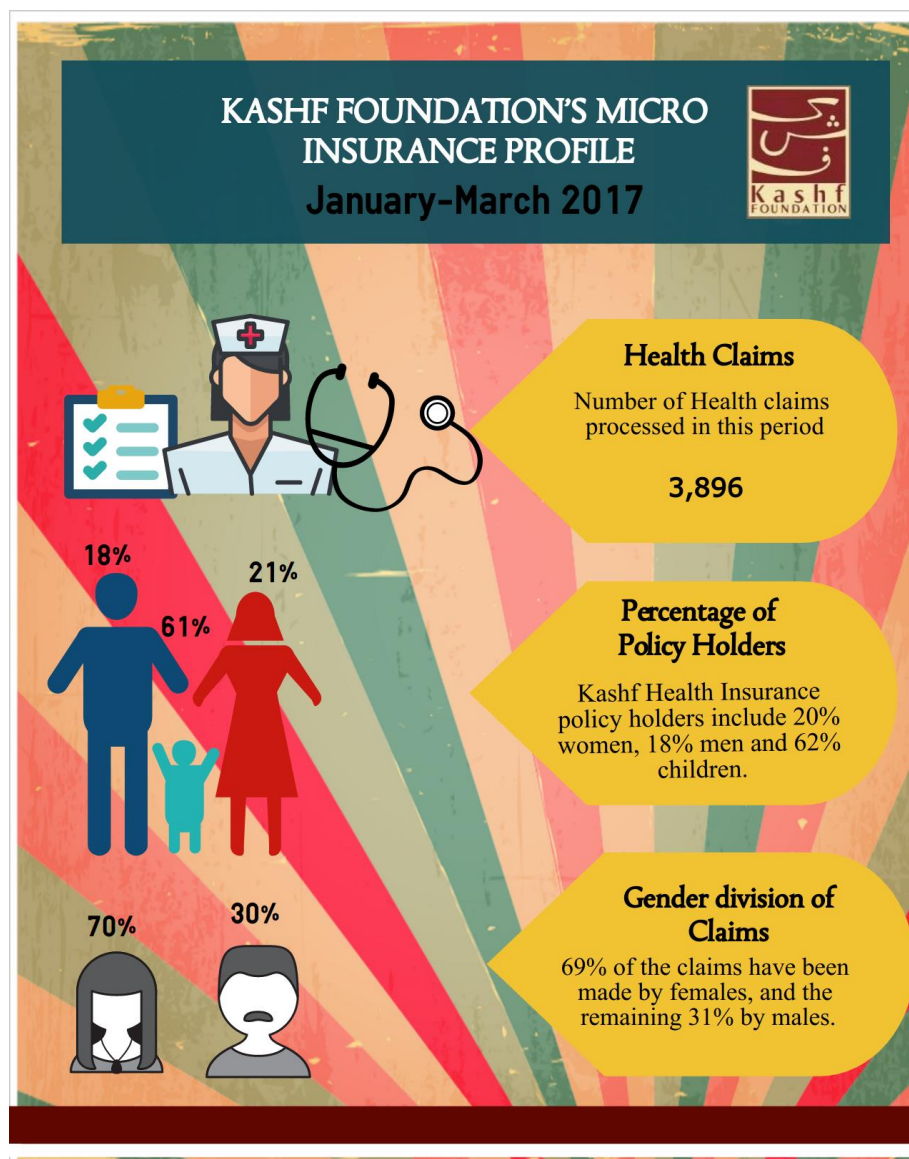
In the current quarter, Kashf disbursed 276 loans to low-cost private schools, trained 557 school owners in capacity building trainings, and trained 1,756 teachers in teacher training and pedagogy skills trainings. Moreover, the specialized Financial Education for Youth program, which is implemented in all Kashf supported schools, was undertaken with 30,651 students. The active clients in the program are 916 till March, 2017. The info-graphic below shows the cumulative numbers and outcomes from the program.



## KASHF MICRO-HEALTH INSURANCE

Kashf's unique pro-women family health insurance product is covering a total of 1,190,963 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, 325,013 individuals have been insured (compared to 311,854 in the last quarter).

The number of unique lives insured by Kashf Foundation under its life and health insurance program stood at 1,224,793 at the end of March 2017.



	No. of Health Camps	Participants
<b>October-December</b>	20	2,462
<b>January-March</b>	26	2,678

## FINANCIAL SUSTAINABILITY

The overall liquidity requirement for the institution is increasing due to the addition of 63 new branches over a span of last 6 months. The focus of the institution was to plan ahead the liquidity needs to avoid any unpleasant situation. The overall liquidity for the quarter has increased due to the same reason during the current quarter Kashf has received inflow of PKR 1,625 million during the quarter which includes PKR 1.0 billion from JS Bank, PKR 100 million from Meezan Bank, PKR 210 million from Triple Jump and PKR 315 million received from Symbiotics and made repayments of PKR 377 million during the same period.. The company is meeting the overall target set for the current financial year while maintaining the quality of portfolio at its best level. Kashf's overall consolidated PAR stood at around 0.34% at the end of this quarter. The weighted average cost of funds for this quarter has been 8.88 %.

. 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. The upcoming funding needs will be met through the planned pipeline of funding arrangements by Kashf Foundation and will meet the project targets as per 3 year strategic plan.

		Jan – Mar 17	Oct – Dec 16
<b>Liquidity Ratios</b>	Cash to Total Assets	15.25%	11.58%
	Short Term Investments & Cash to Total Assets	18.56%	15.80%
	Return on Investments	7.28%	6.12%
	Cash to Current Liabilities	29.7%	28.2%

The table below shows the income level for the organization:

		Jan – Mar 17	Oct – Dec 16
<b>Income From Financial Services</b>	Service Charge	607,325,163	532,896,935
	Investments	32,921,782	26,493,977
	Other Income	6,107,385	4,158,110
	Total Income	646,354,330	563,549,022

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.

	March 2017	Dec 2016
Administrative Efficiency	19.58%	20.58%
Operational Self Sufficiency (OSS)	131.10%	127.28%
Financial Self Sufficiency (FSS)	124.78%	122.63%

The administrative efficiency ratio, which maps the resources used to build a quality portfolio, has shown slight improvement, with the ratio standing at 19.58% at the end of this quarter. This is mainly as a result of growth in portfolio by 13% in this quarter. The OSS has shown an increasing trend; with the ratio standing at 131.10% in Mar 2017 (compared to 127.28% in Dec 2016); whereas the FSS has increased to 124.78% (compared to 122.63% in Dec 2016). This increase can be attributed to the increase in active clients and outstanding portfolio.

## 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 on 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.



**620** clients have been trained under the Systemized Financial Education



New Script has been finalized for the Kashf Theatre Programme



**210** clients trained in Business Incubation Lab Program trainings



**2,006** participants trained in Gender Trainings

## Program Updates

### Staff Capacity Building Trainings by GESA

GESA conducted three trainings at Head office in which 50 staff members including Support staff of Head office were trained on the title of “Change in behavior and Dignity at Workplace”

### Social Theatre

In this quarter, new concept and theme of social theatre program has developed. The new theme “shadi meri guriya ki”, based on the story of little girl who is only 12 years of age and her parents plan her marriage with an old man. The whole story of the play focuses on the emotions of a little girl who herself is at the age where she is playing with dolls.

### Business Incubation Labs

Currently 5 BILs are providing business support services to participating female clients. In the current quarter 210 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

#### Lahore

35 students (16 for Beautician and 9 for Fashion designing) graduated from the Kashf Vocational Training School in Lahore. 35 students are currently enrolled in the program.

Moreover, 46 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. The next batch of 50 students has also been inducted.

#### Sialkot

Funded by the Coca-Cola Company, Kashf Foundation has set up 2 training centers in Pasrur for stitching and beautician trades. Currently, 150 students are enrolled in the program who will graduate by April 2017.

#### Khairpur

Funded by the OMV, Kashf Foundation has set up 2 training centers in Pasrur for stitching and beautician trades. Currently, 150 students are enrolled in the program who will graduate by April 2017.

Through these trainings, participants will learn marketable skills which can help them become improve their employability and ability to set/run small businesses.

## HUMAN RESOURCE MANAGEMENT & DEVELOPMENT

### Key HR Trends

- Total staff at the organizational level: 2,052
- Female Staff ratio at the organizational level: 51%.
- Total Hiring in Quarter: 227 out of which 96 are female.
- Overall Employee Turnover: 5% (64 resignations & 19 terminations) These numbers includes closure of GESA project
- 39% of Kashf staff report to a female boss.

### HR Activities and Initiatives

#### External Trainings:

- **Risk Management for Microfinance** training attended by deputy manager Compliance
- **12th International Microinsurance Conference 2016 Srilanka** attended by Sr.manager accounts in month of November
- **Oracle Certification** done by M.Yousaf in IT

#### Internal Trainings:

- In-house **Leadership training** was conducted in December by **Abbas Hussain** with AMs, ARMs& RMs.
- Risk management and policy certification test was implemented in **BM Convention**.
- **Orientations for New Joiners:** 12 orientations have been conducted in the month of October, November and December 280 staff.

- **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 155 queries in total. The maximum numbers of queries have been regarding benefits (health claims & final settlement).
- **Climate Survey 2016:** Climate Survey 2016 for HO and field was initiated in Nov 2016 and completed in March 2017. The findings, analysis and recommendations have been shared with MD and board. The action steps will be implemented in the 2<sup>nd</sup> quarter 2017.
- **WOW-Women on Wheels Policy:** Focus Groups were conducted with the field staff and in light of it's findings the policy has been revised and will be implemented after approval from the Senior Management.

- **Baby Care Room facility:** Focus Groups were conducted with the field staff and in light of it's findings the policy has been made and will be implemented after approval from the Senior Management.
- **HR Field Visits:** 37 field visits have been done with various objectives for each month:  
 Jan- Climate Survey form filling  
 Feb- Expansion Hiring  
 March- Expansion Hiring

### Human Resources Trend Analysis

	<i>Jan-March 2017</i>		<i>Oct-Dec 2016</i>	
Total Permanent Staff	1862		1702	
Total HO Staff	91		94	
Total Field Staff	1771		1608	
Gender	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>
Number	908	954	841	863
Total Staff (Trainee + Permanent)	2052		1987	
Total Staff (HO)	91		94	
Total Staff (Field)	1961		1893	
Gender (Trainee + Permanent)	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>
Ratio	49%	51%	49%	51%
Number	908	954	841	863
Total Staff Recruited	227		325	
Total Staff Recruited – HO	3		0	
Total Staff Recruited - Field	224		325	
Gender Recruited Staff	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>
Number	131	96	156	169
Turnover (Quarterly)	<b>Voluntary</b>	<b>Involuntary</b>	<b>Voluntary</b>	<b>Involuntary</b>
Number	64	19	58	37
Overall Turnover	5%		6%	
Number	83		95	