



Kashf Foundation Quarterly Report

July - September 2012

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Operational Performance¹

Overall Growth

In the period July to September 2012, Kashf Foundation continued at the same pace of disbursements as last quarter and closed the quarter with an outstanding portfolio of PKR 3.08 Billion and an active clientele of 294,753. The total number of disbursements in the current quarter was 47,943 (compared to 45,765 in April - June 2012). For the current quarter the field teams were able to demonstrate more than 100% target achievement.

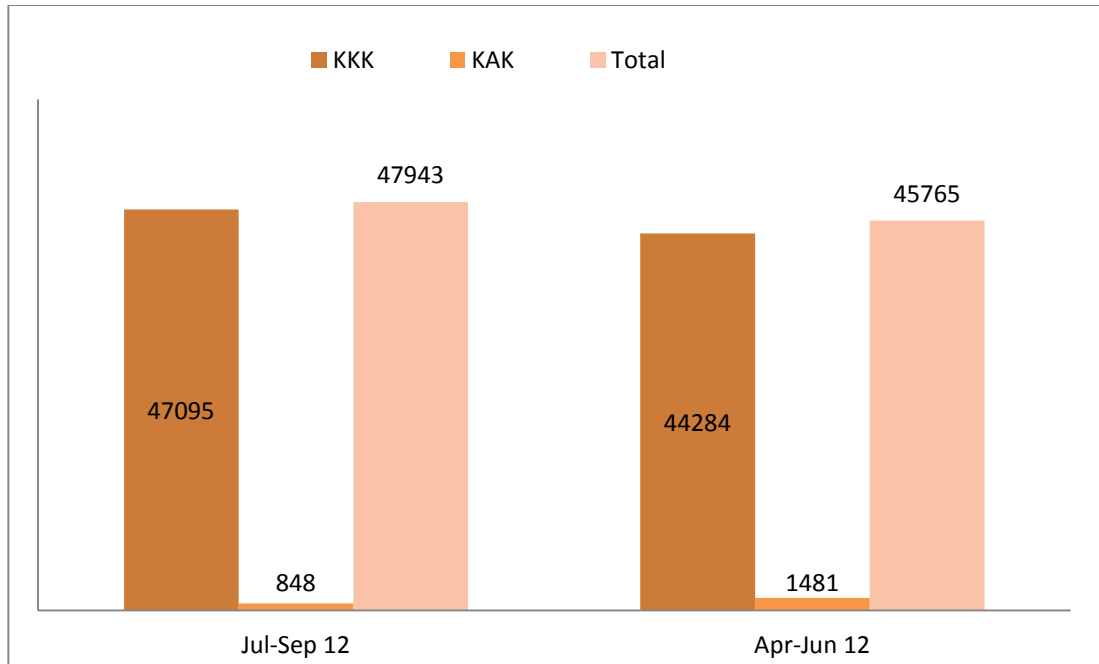
General Loan and Outreach²

	Jul – Sep 2012	April – June 2012
Active Clients and Gross Portfolio		
Total Active Clients	294,753	286,443
Gross Portfolio	3,077,382,871	2,949,045,324
Loans Disbursed in Quarter		
Amount Disbursed	1,128,085,000	1,082,239,000
Loans Disbursed (KKK + KAK)	47,943 (47,095 + 848)	45,765 (44,284 + 1,481)

In the current quarter, 47,943 loans were disbursed compared with 45,765 loans disbursed in the previous quarter, an increase of Approx. 5%. KAK disbursements have displayed a decreasing trend in the current quarter, i.e. 848 disbursements were made in July – September compared to 1,481 in January – March 2012. Kashf Management has consciously reduced the emphasis on the KAK product as per the guidance from the Board of Directors.

¹ Figures in this for Quarter 3 are audited figures, which may vary from the unaudited figures provided in the previous quarterly report.

² Emergency Loan Disbursements are still on hold based on so that more funds can be channelized towards the setting up of long-term income-generating businesses which is the need of the hour in the current economic environment, especially for Kashf's clientele



Kashf Ibtida-e-Karobar Karza (KIKK) Pilot

Due to the recent increase in demand for startup loans, Kashf Foundation is now facilitating female entrepreneurs who possess a specific skill set and want to utilize it but do not have any track-record of running a business. This is being done through the KIKK loan; this product is specifically designed to mainstream women who do not have access to formal credit. A total of 64 Kashf Ibtida-e-Karobar (KIKK) disbursements have been made with a total disbursed amount of PKR 1,156,000 during three pilot phases; **Phase-I** (Jan-Feb 2012) 30 clients, **Phase-II** (May-Jun 2012) 29 clients and **Phase-III** (Nov-Dec 2012) - in six branches; Rehmat Colony, Ali Park, Shahdara Town, Kot Abdul Malik, Sunder and Raiwind.

Kashf Network Expansion

Kashf Foundation has begun expanding its network and has opened four new branches in Khushab, Sialkot, and Gujrat. Disbursements have begun for these new branches, increasing the Kashf branch network from 157 branches to 161. By the end of next year, Kashf will also have presence in Baluchistan, interior Sindh and Khyber Pakhtunkhwa.

Financial Sustainability

Overall Performance

In the current quarter the liquidity ratio decreased compared to last quarter as an inflow of PKR 300 Million was expected from PPAF in September but was received in October.

	July – Sep 12	April - June 12
Cash to Total Assets (%)	2.68%	17.51%
Short Term Investments and Cash to Total Assets (%)	13.60%	23.80%
Return on Investments	11.26%	11.38%
Cash to Current Liabilities	0.04x	0.3x

There were inflows of PKR 450 Million; out of this PKR 300 Million was received from UBL Bank and PKR 150 Million were received from Silk Bank. On the other hand there were outflows of PKR 885 million against the repayment of loans.

In order to manage the total available liquidity pool more efficiently, the Foundation undertook the following; (1) the balance in high yield bank accounts was maintained and (2) the Foundation continued to roll over short term investment to maximize the yield on investment portfolio. Currently 65 % of the total investment pool can be characterized as 'short-term investment'. At the end of the quarter, the total investment portfolio stood at PKR 596 Million [compared with PKR 457 Million in June 2012].

The major source of funding during the current period has been UBL and Silk Bank, which have provided PKR 300 Million and PKR 150 Million respectively. The weighted average cost of funds for the current quarter is 13.13%. Currently, there is an available pool of PKR 235 Million which will be used to meet the debt obligation of PKR 137 million over the next two months.

The table on the right shows the income for the Foundation for the current quarter. There has been an 2.3% increase in overall income compared to the previous quarter, as a result of the following factors; (1) income from loans has increased (2) income from investments has increased (with average return on investments being 11.24%).

INCOME FROM FINANCIAL SERVICES			
	July-Sep 2012	Apr-Jun 2012	Weight age (%)
Income from Loans	227,986,485	216,880,196	85.39%
Investments	23,320,733	17,354,599	08.72%
Other Income	15,828,417	17,976,161	5.89%
Total Income	267,135,635	261,286,106	100%

Efficiency Ratios

There has been an improvement in the administrative efficiency ratio, which is 23.22% in the current quarter (compared to the previous quarter where it was 25.89%); this improvement can primarily be attributed to increase in portfolio size as compared to the last quarter, i.e. is Rs. 2.35 billion at the end of September 2012 whereas the same was Rs. 1.95 billion at the end of June 2012. The profitability ratios have also subsequently demonstrated an upward trend with the OSS at 102% in Sep 2012 (compared to 99% in June 2012) and the FSS at 95% (compared to 92% in June 2012).

EFFICIENCY RATIOS		
	Sep 2012	June 2012
Administrative Efficiency	23.22%	25.89%
Operational Self Sufficiency (OSS)	102.24%	99.60%
Financial Self Sufficiency (FSS)	95.08%	92%

Human Resources

HR Trend Analysis at a Glance

- The total staff count is currently 1,445 and the female gender ratio at the organizational level stood at 48% at the close of this quarter of 2012.
- The recruitment team continued to identify and employ talented and committed staff as 117 employees were inducted during the current quarter.
- A total of 115 employees were recruited for the field and 2 employees were hired for Head Office positions. Out of the total recruited staff, 69 employees were female.
- Overall Employee Turnover was 4% as 47 staff resigned and 10 staff was terminated.

HR TREND ANALYSIS				
July - Sep 2012			April – June 2012	
Total Permanent Staff	1,445		1,436	
Total HO Staff	102		97	
Total Field Staff	1343		1339	
Gender	Male	Female	Male	Female
Number	756	689	751	685
Total Staff (Trainee + Permanent)	1561		1516	
Total Staff (HO)	103		101	
Total Staff(Field)	1458		1415	
Gender (Trainee + Permanent)	Male	Female	Male	Female
Ratio	52%	48%	51%	49%
Number	804	757	784	732
Total Staff Recruited	117		80	
Total Staff Recruited – HO	2		4	
Total Staff Recruited - Field	115		76	
Gender Recruited Staff	Male	Female	Male	Female
Number	48	69	36	44
Turnover (Quarterly)	Voluntary	Involuntary	Voluntary	Involuntary
Number	47	10	46	13
Overall Turnover	4%		4%	
Number	57		59	

Learning Team Activities

Activity	July – Sept 2012	
	# of Trainings	# of Participants
New Staff Orientation	4	109
Internal Trainings	2	42
Branch Level Trainings	144	1,157

The following initiatives were taken in the HR department during the current quarter:

- A number of modules were developed for various trainings including modules on basic management skills, communication skills, team motivation, time management, and credit appraisal techniques.
- The Gender Champion initiative was re-vamped, some of the activities undertaken include creation of separate email IDs to ensure confidentiality and transparency, training KPIs, and re-definition of reporting line.
- The Employee of the Month initiative was undertaken for all field tiers, support functions, and head office.
- The '5 Star Branch Ranking' initiative was undertaken for the quarter ending in June. Under this initiative, all Kashf branches are evaluated for their performance and if they achieve excellence in the set criteria, they are awarded the respective star for each criterion. Two branches, Musatafabad and Hassan Abdal, earned a 4 star ranking in the current ranking, i.e. they achieved excellence in 4 out of the 5 criteria. The table below shows the criteria for achieving excellence in each criterion as per the ranking.

Star	Criteria
	Commitment to Sustainability – <i>Branches with over 100% OSS</i>
	Commitment to Gender Equity – <i>Branches with gender ratios of 50% females and above</i>
	Commitment to Outreach – <i>Branches with High number of Total Clients</i>
	Commitment to Accuracy – <i>Branches with 100% Policy Compliance</i>
	Commitment to Customer Loyalty – <i>Branches with High Scores on the Customer Loyalty Index</i>

Gender Empowerment and Social Advocacy (GESA)

Kashf Foundation Holistic Financial Inclusion Program

Basic Financial Literacy

In the current quarter 50,412 participants received Basic Financial Literacy Trainings. In addition, the BFL Module revision was completed in this quarter, and has included the incorporation of new activities, like illustrating procedures for opening bank account, highlighting key difference between Current and Saving Account, sharing benefits of Saving Account over committee (ROSCA).

Advanced/Systemized Financial Education

In this quarter, total 10,989 clients completed their certification in four subject areas: Savings, Budgeting, Debt Management and Financial Transactions. In addition, internal impact assessment comprising of open-ended questionnaires was initiated with randomly selected clients of the SFE program.

Business Incubation Labs

A total of 108 entrepreneurs were selected for the pilot phase, out of which a total of 89 have been trained on modules of Business Management, and Marketing & Networking and Innovation module. The pilot has been completed successfully in the first week of August, followed by detailed post-pilot impact assessment in Lahore, Gujranwala and Multan. All entrepreneurs were evaluated on indicators like, increased business income, capital assets, employee base and enhanced market linkages to gauge the success of pilot phase. During the last days of September, a further batch of 150 entrepreneurs have been inducted to continue the next round of trainings within the 3 existing labs.

Media Campaign

Based on the transparent selection process, Momina Duraid productions, a partner company of Hum Tele network, was selected as the production house for the drama serial and public services messages that Kashf Foundation aims to run to perpetuate notions of positive contribution of women in the economy. Higher female viewership and history of producing cause-related drama serial were two primary reasons, which led to the choice of MD productions as a production house.

Gender Trainings

In this quarter, 566 training sessions with a total of 6,574 participants were successfully conducted to create awareness about gender discrimination and help change the mindsets of participants about gender norms in relation to women's participation in the economy and their access to financial services.

Social Theater

In the current quarter, 10 Social Theater sessions were conducted in following cities; Lahore, Kasur, Sheikhpura, Faisalabad and Gujranwala. A total number of 1,067 individuals actively participated in these performances. The Kashf Social Theater Program aims to educate and create awareness amongst low-income communities especially women about gender discrimination

Women Entrepreneurs Council

In this quarter, 2 meetings were held with WEC members aimed towards achievement of WEC's objective that is to promote and increase feedback from clients in the policy making process of Kashf Foundation to meet the over-arching goal of transforming lives of low-income households especially females.

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