



Kashf Foundation Quarterly Report

October – December 2012

KASHF FOUNDATION

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Operational Performance¹

Overall Growth

Kashf Foundation ended the period October- December 2012 with an active clientele of 300,091 clients with an outstanding portfolio of Rs. 3.1 billion, compared with 286,443 clients and an outstanding portfolio of Rs. 2.9 billion at June 2012 closing. Kashf was able to grow its portfolio by over 14% compared to the last quarter; 54,244 loans were disbursed in the current quarter compared to 45,765 loans in the previous quarter. For the current quarter the field teams were able to demonstrate more than 100% target achievement on their weekly, monthly and quarterly targets.

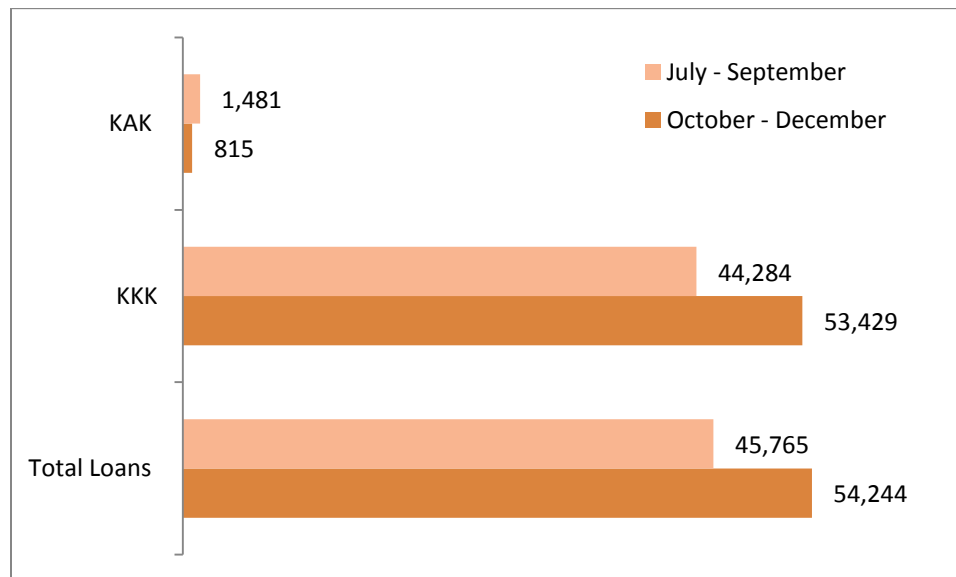
General Loan and Outreach

	October – December 2012	July – September 2012
Active Clients and Outstanding Portfolio		
Total Kashf Clients	300,091	286,443
Cumulative Portfolio	3,248,971,253	2,949,045,324
Cumulative KKK Loans Disbursed		
Cumulative KKK Loans	1,476,422	1,422,178
Loans Disbursed in Quarter		
Amount Disbursed	1,276,323,000	1,082,239,000
Loans Disbursed (KKK + KAK)	54,244 (53,429 + 815)	45,765 (44,284 + 1,481)

Kashf disbursed 53,429 KKK loans in the current quarter compared to 44,284 loans disbursed in the previous quarter. The KAK loans registered a decrease due to directions from the

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

Management on prioritizing KKK disbursements, i.e. from 1,481 in the previous quarter to 815 in the current quarter.



Financial Sustainability

Overall Performance²

In the current quarter the liquidity ratio increased compared to the last quarter. Overall there were inflows of Rs 632 Million (Rs. 411 from PPAF, Rs. 211 million from HBL (against PPAF deposit) and 10 million from KIVA) and outflows of Rs. 503 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 67 % of the total investment pool can be characterized as 'short-term investment'. At the end of the quarter, the

	Oct – Dec 12	June – Sept 12
Cash to Total Assets (%)	6.57%	2.68%
Short Term Investments and Cash to Total Assets (%)	16.57%	13.60%
Return on Investments	9.78%	11.26%
Cash to Current Liabilities	10.21%	4%

² Figures in this for Quarter 3 are audited figures, which may vary from the unaudited figures provided in the previous quarterly report.

total investment portfolio is Rs. 625 Million, as compared to the last quarter where it was of Rs. 596 Million.

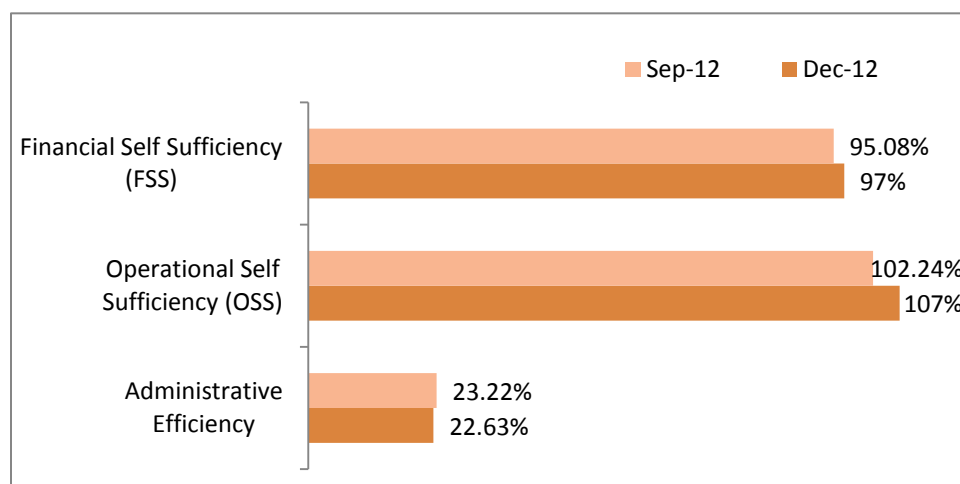
The major source of funding during the current period has been PPAF, HBL-RF and KIVA, which as mentioned earlier have provided PKR 411 Million, PKR 211 Million and PKR 10 Million respectively. The weighted average cost of funds for the current quarter is 12.56%%, with COF for commercial loans at 11.77% and PPAF loans at 13.03%. Currently, there is an available pool of Rs. 257 million and an expected inflow of Rs. 1.4 billion- Rs. 1 billion from JS Bank and Rs. 400 million from Askari Bank for the next quarter to support ongoing cash-flow needs.

The table on the right shows the income for the Foundation for the current quarter. There has been an increase of 6.7% in overall income compared to the previous quarter, as Income from loans has increased by 8.8% due to increase in the size of the loan portfolio.

INCOME FROM FINANCIAL SERVICES			
	Oct-Dec 2012	July-Sep 2012	Weight age %
Service Charge	248,195,106	227,986,485	87%
Investments	19,572,188	23,320,733	7%
Other Income	17,697,403	15,828,417	6%
Total Income	285,464,697	267,135,635	100%

Efficiency Ratios

There has been a slight deterioration in the administrative efficiency ratio, which is 22.63% in the current quarter (compared to the previous quarter where it was 23.22%). The Sustainability ratios show an improvement with the OSS at 107% in Dec 2012 (compared to 102% in Sep 2012) and the FSS at 97% (compared to 95% in Sep 2012).



Human Resources

HR Trend Analysis at a Glance

- The total staff count at the end of December 2012 stood at 1,474 and the female gender ratio at the organizational level stood at 48%.
- The recruitment team continued to identify and employ talented and committed staff as 158 employees were inducted during the current quarter.
- A total of 154 employees were recruited for the field and 4 employees were hired for Head Office positions. Out of the total recruited staff, 89 employees were female.
- Overall Employee Turnover was 4% as 48 staff resigned and 10 staff members were terminated.

HR TREND ANALYSIS					
		Oct – Dec 2012		July - Sep 2012	
Total Permanent Staff		1,474		1,445	
Total HO Staff		106		102	
Total Field Staff		1368			
Gender	Male	Female	Male	Female	
Number	769	705	756	689	
Total Staff (Trainee + Permanent)		1606		1561	
Total Staff (HO)		106		103	
Total Staff(Field)		1500		1458	
Gender (Trainee + Permanent)	Male	Female	Male	Female	
Ratio	52%	48%	52%	48%	
Number	830	776	804	757	
Total Staff Recruited		158		117	
Total Staff Recruited – HO		4		2	
Total Staff Recruited - Field		154		115	
Gender Recruited Staff	Male	Female	Male	Female	

Number	69	89	48	69
Turnover (Quarterly)	Voluntary	Involuntary	Voluntary	Involuntary
Number	48	10	47	10
Overall Turnover	4%		4%	
Number	58		57	

Learning Team Activities

Activity	Quarter Ended December, 2012	
	# of Trainings	# of Participants
New Staff Orientation	5	137
Internal Trainings	12	605

HR Initiatives

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

- A Training of Trainers (TOT) on Internal Controls and Fraud Prevention was undertaken with the Learning team by the Managing Director. The training was replicated across all Branch Managers in the network by the Learning Team. The total participants in the training were 205. The participants found the training to be a key part of their training needs and reported that the tools discussed in the training will help them become better risk managers.
- A Regional Seminar was organized for Region 4 staff in Multan. The Regional Seminar covered 330 staff members and provided an opportunity for all staff to be part of an open-house session with Kashf's senior management. The Seminar was received very positively by the participants and most of the participants reported that the seminar helped them get a better idea of the strategic direction of Kashf and contributed greatly to their learning.
- The HR department also undertook the 5 Star Branch Ranking Program for Kashf Foundation branches. Overall the initiative was taken very positively and a sense of

competition was created amongst the branches to earn more stars. The number of branches that earned each star can be seen below:

Commitment to Sustainability - 64	Commitment to Gender Equity - 92	Commitment to Outreach - 43
Commitment to Customer Loyalty – 46	Commitment to Accuracy – 9	

- Monthly ongoing initiatives which include Employee of the Month (for all tiers and functions), HR Newsletter and Star Performers Lunch with MD were also undertaken.
- The HR Helpline received 330 queries in the current quarter, a majority of the queries were relating to compensation and benefits especially health insurance, while the second highest number of queries were relating to payroll and recruitment.

Gender Empowerment and Social Advocacy (GESA) Kashf Foundation Holistic Financial Inclusion Program

Business Incubation Labs

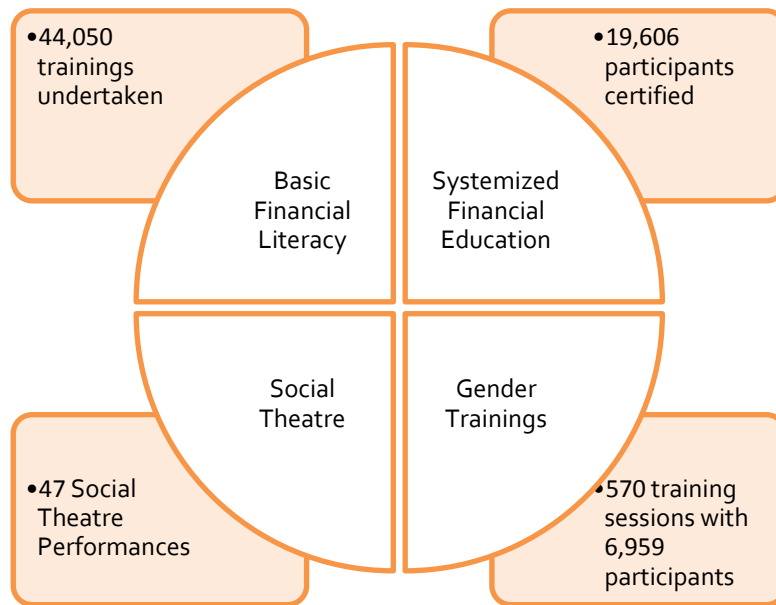
Kashf Foundation’s Business Incubation Labs serve to help low-income women entrepreneurs strengthen and expand their businesses through graduating their businesses from self-employed ventures to small enterprises. The program offers in-depth custom-designed trainings and exposure opportunities to participating clients to help them grow their businesses.

A batch of 156 entrepreneurs has been trained on the modules of the Business Management, and Marketing & Networking and Innovation module in this quarter. All entrepreneurs were evaluated on indicators such as increased business income, capital assets, employee base and enhanced market linkages to gauge the success of the trainings.

Women Entrepreneurs Council

A 5th WEC quarterly meeting was held in this December with the all members of Council. This was the last meeting of the first selected council (council has completed its tenure of a year) and focused on recapping and acknowledging the efforts and services of all WEC members, who provided Kashf with their valuable suggestions to better tailor its product, policies and procedures according to clients’ needs and requirements. As a token of appreciation, certificates and souvenirs were given to all 28 members of Women Entrepreneur Council.

Round-up of GESA Activities



- In the current quarter, 44,050 **Basic Financial Literacy** trainings were undertaken. These trainings aim to enhance financial literacy skills of participants and to familiarize them with basic knowledge on borrowing, debt management, savings and basic numeracy.
- A total of 19,606 clients were trained under the **Systemized Financial Education program**. These clients completed their certification in four subject areas; Savings, Budgeting, Debt Management and Financial Transactions.
- A total of 570 **Gender Trainings** sessions were undertaken in the period January – March with 6,959 participants. These participants included 2,463 clients, 3,311 males, and 1,185 young boys from the communities. The trainings aimed 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.
- 47 **Social Theater** performances were staged which were attended by 32,688 individuals. The play was thoroughly enjoyed by the 1,109 men and 3,578 women that attended.