KASHF QUARTERLY REPORT

OCTOBER-DECEMBER 2016

INSITUTIONAL ACHIEVEMENTS SNAPSHOT (DECEMBER 2016)

Active Loans : 237,573

Outstanding Portfolio: PKR 5.93 Billion

Cumulative loans: 3.09 million

Cumulative Amount disbursed: PKR 57.5 Billion

Total number of low cost private schools financed: 1,295

Total Low-cost Private School Students Impacted: 128,283

Total number of school owners trained:2,367

Total number of low cost private school teachers trained: 5,672

Active persons insured in health insurance: 1,089,504

Cumulative BIL Graduates: 25,119

Cumulative financial education participants: 1,484,038

Cumulative Gender training participants: 175,293

Staff Headcount 2,210

Staff Attrition 5%

QUARTERLY HIGHLIGHTS

Kashf is the largest provider of micro-insurance in Pakistan with over 25.7% of the market share

Kashf provided life insurance for 145,206 lives

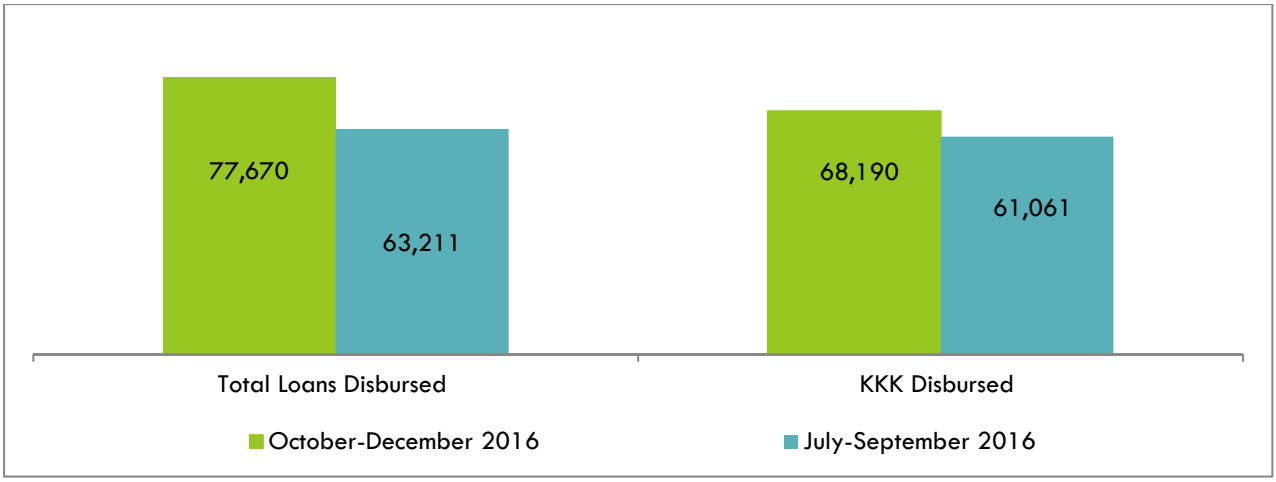
Kashf has insured 1,089,504 unique indviduals through its micro-health insurance program, by the end of Dec, 2016

Total Loans Disbursed from Oct - Dec , 2016 were 77,670

Kashf trained 44,915 participants in Financial Education

OPERATIONAL PERFORMANCE: OVERALL GROWTH

Kashf Foundation's active clientele at the end of Dec 2016 stood at 237,573 clients (compared to 218,139 clients in the previous quarter). While there has been an increase of 9% in the active clients, there has been an increase in the outstanding portfolio from PKR 5.14 billion in September 2016 to PKR 5.93 billion in December 2016. This demonstrates Kashf's policy to prioritize servicing existing clients with higher loan amounts to meet their capital expenditures over mobilizing new clients.

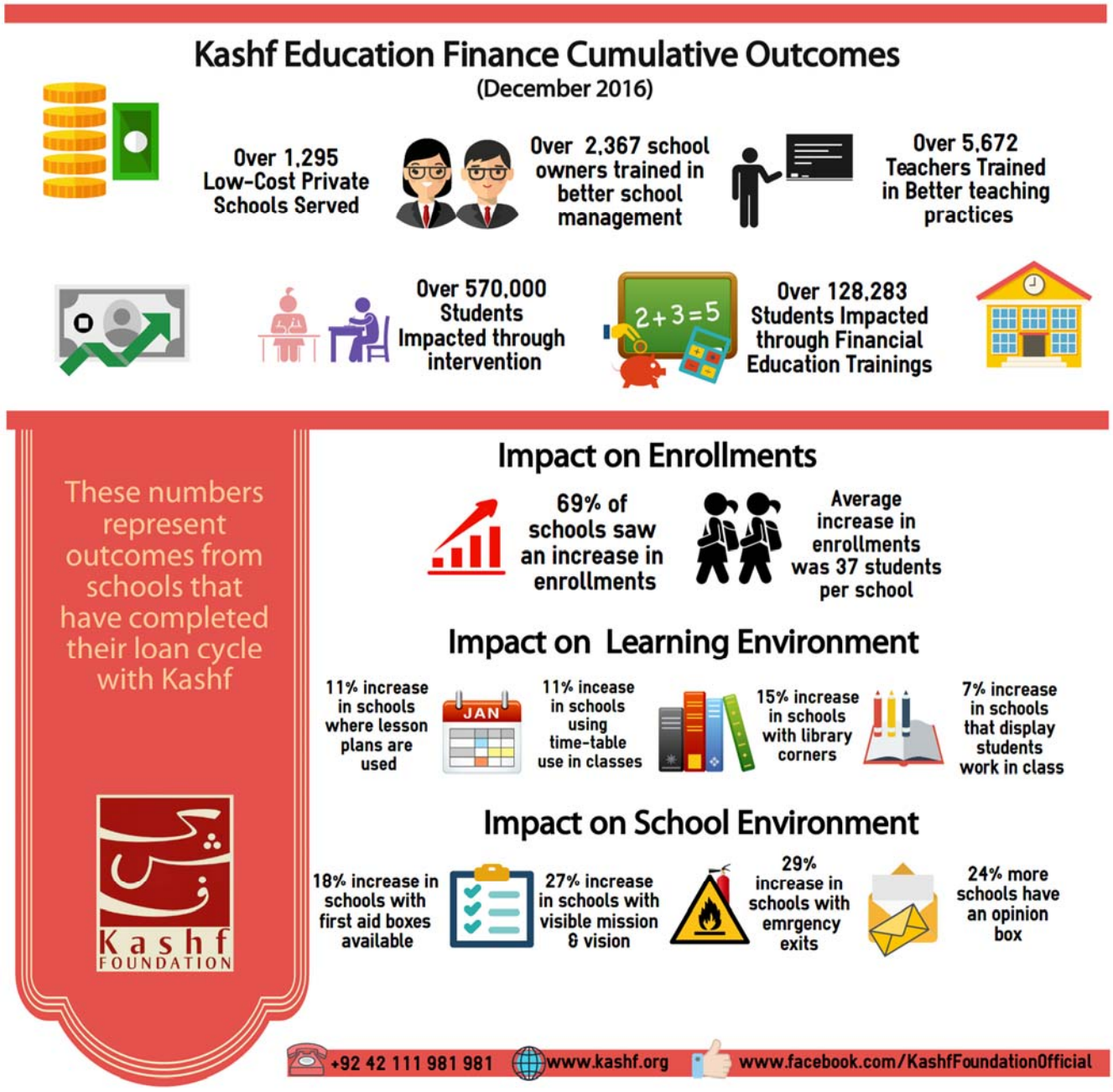


.	Oct - Dec16	Jul - Sep 16
Total Kashf Clients	237,573	218,139
Outstanding Portfolio (PKR)	5,934,549,093	5,142,044,615
KKK Disbursed	68,190	61,061
KM Disbursed	1,925	1,446
Amount Disbursed (PKR)	3,038,370,000	2,640,139,000

In the current quarter Kashf disbursed 68,190 Kashf Karobar Karza Loans (KKK) and 1,925 Kashf Murabaha loans (KM). The KKK continues to be the main lending product for the Foundation with disbursements of over PKR 2.824 billion. Kashf Murabaha loans worth over PKR 68 million were disbursed in Abbottabad, Noshera, Mansehra, Mardan and Haripur districts of KPK. The average disbursement size witnessed a marginal decrease from PKR 41,800 to PKR 39,100 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.

KASHF EDUCATION FINANCE (SCHOOL SARMAYA)

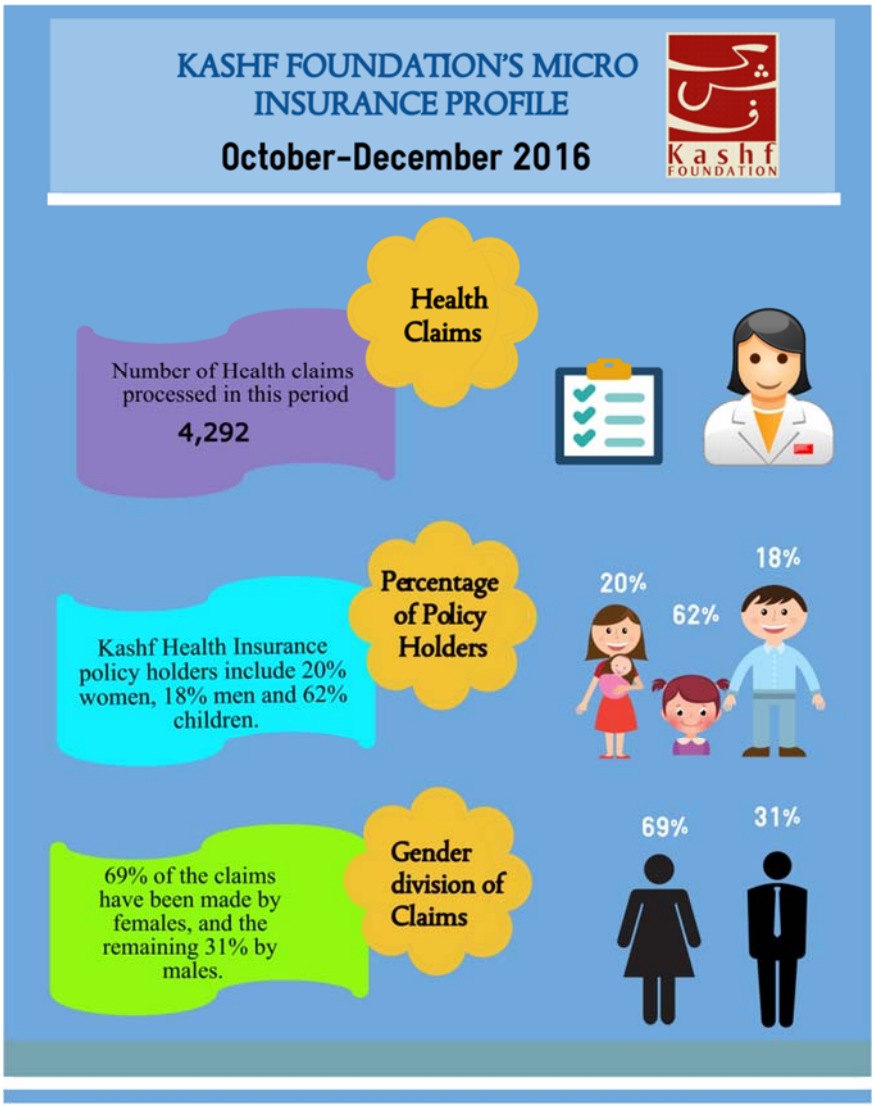
In the current quarter, Kashf disbursed 258 loans to low-cost private schools, trained 487 school owners in capacity building trainings, and trained 1150 teachers in teacher training and pedagogy skills trainings. Moreover, the specialized Financial Education for Youth program, which is implemented in all Kashf supported schools, was undertaken with 36,968 students. The active clients in the program are 802 till December, 2016. 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 1,089,504 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, 311,854 individuals have been insured (compared to 285,756 in the last quarter).

The number of unique lives insured by Kashf Foundation under its life and health insurance program stood at 1,138,051 at the end of December 2016.



	No. of Health Camps	Attendance
July – September	29	2871
October-December	20	2462

FINANCIAL SUSTAINABILITY

The overall liquidity has increased during the current quarter, mainly because Kashf has received inflow of PKR 1365 million during the quarter which includes PKR 579.5 million from PPAF, PKR 471.15 million from Triodos Investment Management, PKR 104.85 million from Triple Jump and PKR 209.7 million received from Triple Jump. Kashf has also made debt repayments of worth PKR. 904 million- this includes repayment of PKR. 643 million to PPAF, PKR 41 million to JS bank, PKR 26 million to MCB, PKR 54 million to UBL bank, PKR 29 million to bank Alfalah, PKR 8 million to Silk bank, PKR 102 million to Askari bank and PKR 1.0 million to Acumen Pakistan. 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 8.45 %, with COF for commercial loans at 8.90% and PPAF loans at 8.0%.

Currently, there is an available pool of PKR 1,218 million and an expected inflow of PKR 2.0 billion in the next quarter (PKR 1000 million from JS Bank, PKR 300 million from Symbiotics, PKR 600 million from Pakchina and PKR 100 million from Meezan Bank) 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.

		Oct – Dec 16	Jul – Sep 16
Liquidity Ratios	Cash to Total Assets	11.58%	4.35%
	Short Term Investments & Cash to Total Assets	15.80%	9.78%
	Return on Investments	6.12%	6.00%
	Cash to Current Liabilities	28.18%	9.43%

The table below shows the income level for the organization:

		Oct – Dec 16	Jul – Sep 16
Income From Financial Services	Service Charge	534,985,334	461,883,302
	Investments	26,493,977	28,065,096
	Other Income	2,069,711	1,392,683
	Total Income	563,549,022	491,341,081

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 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 table below shows the key efficiency ratios for Kashf.

	Dec 2016	Sep 2016
Administrative Efficiency	20.58%	21.65%
Operational Self Sufficiency (OSS)	127.3%	123.8%
Financial Self Sufficiency (FSS)	109.9%	106.6%

The administrative efficiency ratio, which maps the resources used to build a quality portfolio, has shown slight improvement, with the ratio standing at 20.58% at the end of this quarter, mainly pertains to growth in portfolio by 7% in this quarter. The OSS has shown an increasing trend; with the ratio standing at 127.3% in Dec 2016 (compared to 123.8% in Sep 2016); whereas the FSS has increased to 109.90% (compared to 106.6% in Sep 2016). This increase can be attributed to the increase in service charges by 7.35%

GENDER EMPOWERMENT AND SOCIAL ADVOCACY (GESA)

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.

14,357 clients have been trained under the Systemized Financial Education

46 Social Theater performances have been staged with an audience of 4,658

30,558 participants trained in Basic Financial Literacy trainings

5,719 participants trained in Gender Trainings

Program Updates	
Women Entrepreneurs Council	1 WEC meeting has been conducted in Punjab in which WEC members gave their suggestions on Kashf's policies, products and services from the council members. These recommendations have been compiled and shared with the Executive Body for review and implementation.
Social Theatre	In this quarter 46 performances with 4,658 participants in the areas of Multan, Bahawalpur, Khanewal, Sialkot, Nowshehra and Mardan. The theatre performance "Khadda" showed the power of the associative strength of women and aimed to make the audience understand the importance of supporting each other. In this period, KSZB policies and "Kashf Khawateen Bahat Account" benefits were also portrayed during these performances to provide awareness and motivation to the clients.
Business Incubation Labs	Currently 45 BILs are operating across the network and providing business support services to participating female clients. In the current quarter 2,482 clients from the 11th batch have been inducted in the programs who are receiving training from the Business Incubation Lab program. The inducted clients are being trained on business management, marketing and networking and product innovation techniques. These entrepreneurs have also been taken on market visits to local market places to help them understand various marketing techniques employed by vendors. BIL Trainers have facilitated BIL clients to set up stalls on the occasion of Social Theatres.
Vocational Skills Training Program	During this quarter, Kashf Foundation graduated 22 students (15 for Beautician, and 7 for Fashion designing) in the 3nd Batch of its Vocational Skills Training Program. 36 students are currently receiving the vocational trainings. Through these trainings, participants are learning marketable skills which can help them become economically empowered and self-sufficient. Kashf also enrolled 61 students at Vocational Training School Walton Lahore, in which students will get vocational training on a 3 months course of "Fashion Wear" by Punjab Skills Development Fund. Moreover, Kashf also conducted a successful meeting with Sindh Education Foundation to provide primary education to 500 adolescent students and non-formal education to 300 adults for Thatta and Badin districts. It will be 2.5 years project

HUMAN RESOURCE MANAGEMENT & DEVELOPMENT

Key HR Trends

- Total staff at the organizational level: 2,028
- Female Staff ratio at the organizational level: 51%.
- Total Hiring in Quarter: 325 out of which 169 are female.
- Overall Employee Turnover: 5% (58 resignations & 34 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, Engagement calls to staff on maternity and paternity leaves, Engagement calls to trainee staff, Tea with Star Performrs'Region-05 and Star Performers' Lunch with the Managing Director were undertaken. The HR helpline received 93 queries in total. The maximum numbers of queries have been regarding benefits (health claims & final settlement).
- **Climate Survey 2016:** Climate Survey 2016or HO and field was initiated in Nov 2016. Form filling has been completed. Data entry is currently in process. The findings, analysis and recommendations will be compiled and shared till mid-March.
- **Baby Care Room facility:** Kashf as an employer truly understands the life cycle changes of the employee and the issues connected with them. Child care during office hours is one of the basic concerns for new parents. To help them in this regard the organization will be providing the facility of on request baby care rooms in the branches. The SOP for this has been shared with management for review. These will expectedly be implemented till mid- Feb.
- **HR Field Visits:** 38 field visits have been done with various objectives for each month including the regular HR skip level visits:

  Oct- Expansion Hiring
  Nov-Expansion Hiring & Climate Survey form filling
  Dec-Climate Survey form filling

Human Resources Trend Analysis				
	Oct-Dec 2016		***July-Sept 2016***	
Total Permanent Staff	1704		1703	
Total HO Staff	94		96	
Total Field Staff	1610		1607	
Gender	**Male**	**Female**	**Male**	**Female**
Number	841	863	835	868
Total Staff (Trainee + Permanent)	2028		1813	
Total Staff (HO)	94		100	
Total Staff (Field)	1934		1713	
Gender (Trainee + Permanent)	**Male**	**Female**	**Male**	**Female**
Ratio	49%	51%	49%	51%
Number	841	863	835	868
Total Staff Recruited	325		123	
Total Staff Recruited – HO	0		3	
Total Staff Recruited - Field	325		120	
Gender Recruited Staff	**Male**	**Female**	**Male**	**Female**
Number	156	169	70	53
Turnover (Quarterly)	**Voluntary**	**Involuntary**	**Voluntary**	**Involuntary**
Number	58	34	72	19
Overall Turnover	5%		5%	
Number	92		91	