

# KASHF QUARTERLY REPORT



OCT - DEC 2017

## INSITUTIONAL ACHIEVEMENTS SNAPSHOT (DECEMBER 2017)

Active Loans 354,163	Outstanding Portfolio PKR 8.93 Billion	Cumulative loans disbursed 3.45 million	Cumulative Amount disbursed PKR 72.61 Billion
No. of Low Cost Private Schools (LCPS) financed 2,253	Students Impacted under LCPS 788,550	Number of school owners trained 4,170	Number of LCPS teachers trained 11,519
Lives covered under health insurance 1,440,950	Cumulative BIL Graduates 27,210	Cumulative financial education participants 1,485,821	Cumulative Gender training participants: 182,494
Staff Headcount 2,892		Staff Attrition 7%	

## QUARTERLY HIGHLIGHTS

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

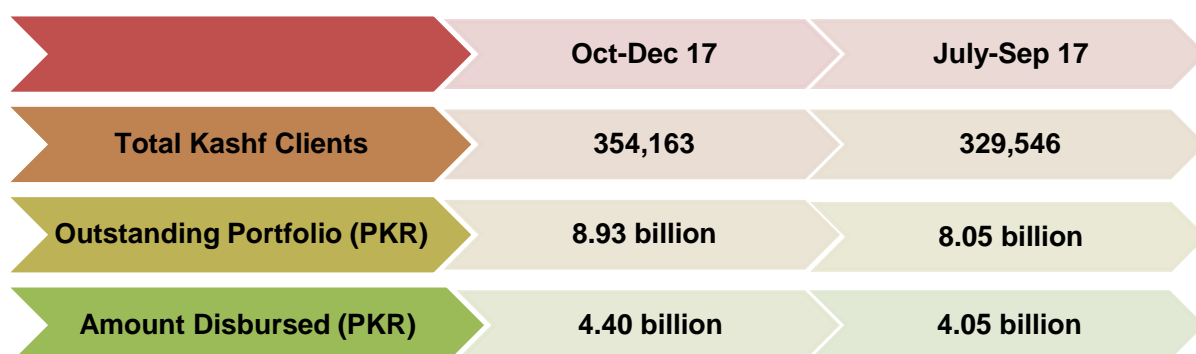
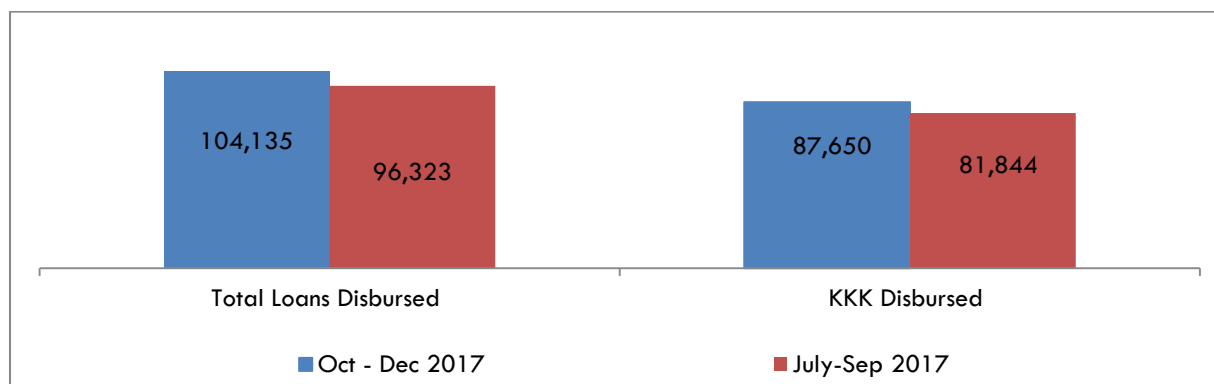
Kashf provided life insurance to 191,519 lives in this quarter

Kashf has 1,453,489 unique individuals actively insured in its micro-insurance program as of December 2017

Total Loans Disbursed in the Quarter were 104,135

## OPERATIONAL PERFORMANCE: OVERALL GROWTH

Kashf Foundation's active clientele at the end of December 2017 stood at 354,163 clients (compared to 329,546 clients at the previous quarter end). While there has been an increase of 7.50% in the active clients, there has been an increase in the outstanding portfolio from PKR 8.05 billion in Sep 2017 to PKR 8.93 billion in December 2017.



Number of Loans Disbursed by Category		
	Oct-Dec 17	Jul-Sep 17
Kashf Karobar Karza	87,650	81,844
Kashf Murabaha	3,304	2,860
Kashf School Sarmaya Loans	292	222
Kashf Khudmukhtar Sarmaya	659	612
Kashf Easy Loan	12,005	10,759
Kashf Maweshi Karza	225	26
<b>Total Loans Disbursed</b>	<b>104,135</b>	<b>96,323</b>

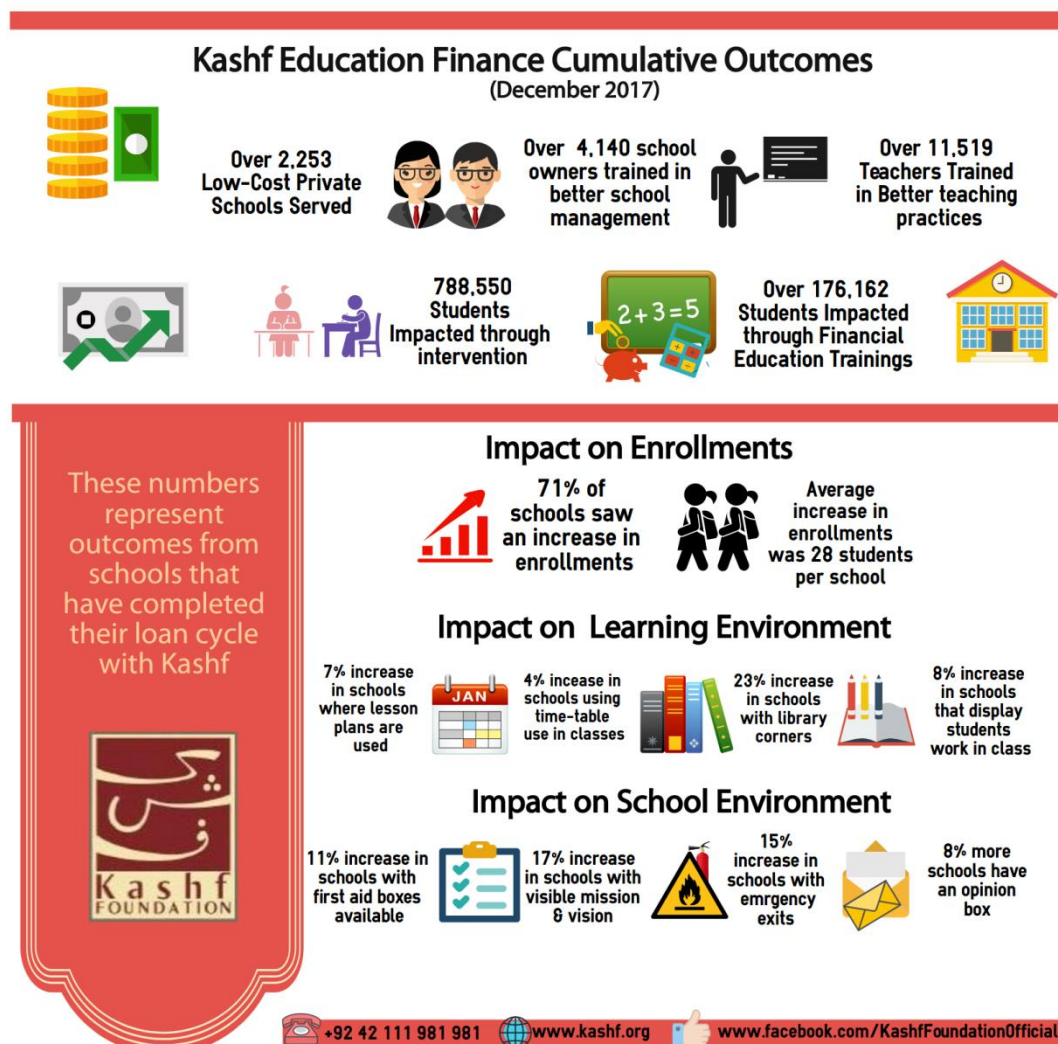
In the current quarter Kashf disbursed 87,650 Kashf Karobar Karza Loans (KKK) and 3,304 Kashf Murabaha loans (KM). KKK continues to be the primary lending product for Kashf with disbursements of over PKR 4.02 billion. Kashf Murabaha loans worth over PKR 131 million were disbursed in Abbottabad, Noshera, Mansehra, Mardan and Haripur districts of KPK. The average disbursement size witnessed an

increase from PKR 41,605 to PKR 42,231 at 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 December 2017, active clients for Kashf's Easy Loan product stood at 40,024 clients. 12,005 loans have been disbursed in the current quarter in comparison to 10,759 loans in the previous quarter.

## KASHF EDUCATION FINANCE (SCHOOL SARMAYA)

In the current quarter, Kashf disbursed 292 loans to low-cost private schools, trained 696 school owners in capacity building trainings, and trained 2,259 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 5,141 students. The active clients in the program are 1,126 till December, 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 1,440,950 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, 383,441 individuals have been insured (compared to 363,756 in the last quarter).

The number of unique lives insured by Kashf Foundation under its life and health insurance program stood at 1,453,489 at the end of September 2017.



	No. of Health Camps	Participants
<b>July-Sep</b>	22	1171
<b>Oct-Dec</b>	38	3,775

## FINANCIAL SUSTAINABILITY

The overall liquidity has decreased during the current quarter, mainly because Kashf has received inflow of PKR 1 billion during the quarter from PMIC while Kashf has made debt repayments worth PKR 2,075 million. Kashf's overall consolidated PAR stood at around 0.26% at the end of this quarter. The weighted average cost of funds for this quarter has been 9.33%, with COF for commercial loans at 9.51% and PPAF loans at 7.97%.

Currently, there is an available pool of PKR 4.80 million and an expected inflow of PKR 1.5 billion in the next quarter (PKR 500 million from PMIC, PKR 500 million from Bank Alfalah Ltd, and PKR 500 million

from FMO) to support on-going cash-flow needs. Kashf expects to raise PKR 2.65 billion from local and foreign commercial sources in the next quarter, 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 17	July-Sep 17
<b>Liquidity Ratios</b>	Cash to Total Assets	11.00%	20.61%
	Short Term Investments & Cash to Total Assets	12.67%	22.77%
	Return on Investments	6.86%	6.82%
	Cash to Current Liabilities	37.00%	58.41%

The table below shows the income level for the organization:

		Oct-Dec 17	July-Sep 17
<b>Income From Financial Services</b>	Service Charge	800,238,457	744,111,685
	Investments	43,008,930	50,524,027
	Other Income	15,634,698	10,947,273
	Total Income	858,882,085	805,582,985

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.

	Dec 2017	Sep 2017
Administrative Efficiency	17.83%	18.30%
Operational Self Sufficiency (OSS)	134.0%	133.0%
Financial Self Sufficiency (FSS)	129.0%	128.0%

The administrative efficiency ratio, which maps the resources used to build a quality portfolio, has shown improvement, with the ratio standing at 17.83% at the end of this quarter, mainly pertaining to growth in portfolio by 11.0% in this quarter. The OSS has shown an increasing trend; with the ratio standing at 134.0% in December 2017 (compared to 133.0% in September 2017); whereas the FSS has increased to 129.0% (compared to 128.0% in September 2017).

## 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. Kashf has established 4 centers for Adolescent & Adult Literacy and Training in Thatta, Badin and Sujawal districts with the support of Sindh Education Foundation. Currently, 785 students are enrolled in this program.



543 clients have been trained under the Systemized Financial Education



34 performances with 3,694 participants conducted under Kashf Theatre Programme



500 clients trained in Business Incubation Lab Program trainings



1,684 participants trained in Gender Trainings

### Program Updates

#### Staff Capacity Building Trainings by GESA

GESA has conducted 32 field level trainings with 841 staff members on "Change in behavior and Dignity at Workplace"

#### Social Theatre

In this quarter 34 theatre performances in the field have been conducted with an outreach of 3,694 participants. The themes included "shadi meri guriya ki" and "Udaari". The former 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 500 women micro-entrepreneurs have graduated from the Business Incubation Lab program. These participants have been 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.

#### Vocational Skills Training

#### Lahore

In this quarter, 43 students undergoing Beautician training have graduated from the

<b>Program</b>	Kashf Vocational Training School in Lahore. 50 students are currently enrolled in the program. Moreover, 40 students have been enrolled for the 3 months course of “Fashion Wear” in Lahore, which is being supported by the Punjab Skills Development Fund.
	<p><b>Sialkot</b></p> <p>With support from the Coca-Cola Company, Kashf Foundation has been able to set up 4 training centers in Pasrur for football stitching trainings. 95 women have currently been enrolled in this program.</p> <p><b>Khairpur</b></p> <p>With OMV's support, Kashf Foundation has set up 3 training centers in Khairpur, Ranipur, and Chundiko for stitching and beautician trades. Currently, 95 students are enrolled in these trainings. Through these trainings, participants have also learnt marketing skills which helped them improve their employability and enhance their ability to set/run small businesses.</p> <p><b>Pasrur</b></p> <p>With the support of Coca Cola, Kashf is setting up 3 more vocational training schools in Pasrur through which 300 students will be trained on football stitching in the coming year.</p>
	<p><b>Child Sexual Abuse Training Program</b></p> <p>130 schools with 573 teachers have been provided child safeguard awareness training in Kasur and Lahore areas.</p> <p>GESA has finalized the script for the “Puppet Show” through which 100 performances will be conducted in the next six months.</p>

## MEDIA & COMMUNICATIONS

Kashf's media policy to increase brand visibility on social media was effectively implemented from July 2017. From October to December 2017, increased brand visibility can be seen from the increase in followers on different social mediums, as shown below:

<b>Facebook</b>	<ul style="list-style-type: none"> <li>• Last Quarter: 10,000 Likes</li> <li>• Current Quarter: 11,386 Likes</li> </ul>
<b>Instagram</b>	<ul style="list-style-type: none"> <li>• Last Quarter: 1,085 Followers</li> <li>• Current: 1,175 Followers</li> </ul>
<b>Twitter</b>	<ul style="list-style-type: none"> <li>• Last Quarter: 1,360 Followers</li> <li>• Current: 1,444 Followers</li> </ul>

Kashf's TV drama serial Rehaili was launched on Radio Pakistan, FM 101 on August 21<sup>st</sup>. This dialogue driven drama airs on radio in 5 cities across Pakistan including Lahore, Faisalabad, Sialkot, Multan and Islamabad every Monday and Friday at 11:35AM. To date 21 episodes have been aired on the radio. Moreover, Kashf's mini-series titled Aakhri Station, exploring social issues of mental health, HIV, forced prostitution etc. finished its final phase of editing and will be launched early this year in 2018.



## HUMAN RESOURCE MANAGEMENT & DEVELOPMENT

### Key HR Trends

- Total staff at the organizational level: 2,428
- Female Staff ratio at the organizational level: 50%.
- Total Hiring in Quarter: 471 out of which 268 are female.
- Overall Employee Turnover: 4% (67 resignations & 12 terminations)
- 48% of Kashf staff report to a female boss.

### HR Activities and Initiatives

#### Internal Trainings:

- Tablet training with 686 participants has been conducted for Sargodha, Gujranwala and Bahawalpur Regions.
- 3 cashless training sessions with 105 participants has been undertaken for Multan, Sargodha and Gujranwala Regions
- A Bank Reconciliation Statement (BRS) Training of 71 Branch Accountants and Branch manager of Sindh has been conducted by the Accounts department.
- One week orientation training of 44 Newly Promoted Branch Managers has been conducted.
- Training with 28 Senior Business Development Officers has been undertaken.
- One week exposure visit of HO and Lahore region has been arranged for 3 Trainee Area Managers
- **Strategic Management Training at LUMS-** The training has been attended by 20 members of senior management, Deputy Regional Managers and Assistant Regional Managers
- **Franklin Covey 7 Habits for Highly Effective People Training:** 29 senior associates and associates attended the training with Mariam Wazirzada of IMS Knowledge as the facilitator.
- **First Time Managers Training-** External training for 4 managers and assistant managers from Admin, Accounts, Finance and Compliance has been undertaken.
- **Risk Management Training at Luxemburg:** The training has been arranged for Head of Compliance and Risk.
- **Excel Training:** External Training for 2 senior associates of Operations and Research has been arranged in this quarter.
- **Perfect PA's and Executive Secretaries training:** The external training has been attended by Assistant Manager Secretariat Department.
- **Branch Leadership Training:** External Trainer Mehmood Shamsheer conducted two Branch leadership trainings with 52 BMs of KPK and Sindh.
- **Area Management Training:** The training has been conducted with 47 AMs, ARMs, SRMs and DRMs.
- **Orientations for New Joiners:** 10 orientations sessions have been conducted in the month of Oct – Dec with 412 staff members.
- **TOT of Trainer Branch Manager:** 40 branch managers whose branches were approved for new branches staff training attended the TOT session
- 20 sessions of “Change in behavior and Dignity at Workplace “with 819 staff has been conducted by HR field trainer in this quarter.
- **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, HR Helpline Report, Area Level Tea with newly married staff, Engagement calls to staff on maternity and paternity leaves, Engagement calls to staff in new branches, Tea with HR and Star Performers' Lunch with the Managing Director have been undertaken. The HR helpline received 332 queries in total. The maximum number of queries have been regarding benefits (like health claims & final settlement).

- **WOW-Women on Wheels Policy:** The WOW drive continues under the revised policy from June 2017. There are currently 5 in field scooty users from Lahore and Jhang regions.
- **Day Care Facility in the field:** Day care facilities have been set up in 11 branches by the end of December (Lahore, Sahiwal, Sargodha, Gujranwala, Bahawalpur and Karachi)
- **HR Field Visits:** 47 field visits have been completed with the major objective of Expansion Hiring, Day care facility visits and WOW Training programs.
- **Climate Survey 2017:** A comprehensive feedback survey has been initiated at both HO and field level.

	Oct-Dec 2017		July-Sep 2017	
Total Permanent Staff	1991		1978	
Total HO Staff	92		87	
Total Field Staff	1899		1891	
Gender	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>
Number	1013	978	1004	974
Total Staff (Trainee + Permanent)	2428		2352	
Total Staff (HO)	97		98	
Total Staff (Field)	2331		2254	
Gender (Trainee + Permanent)	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>
Ratio	50%	50%	51%	49%
Number	1207	1221	1189	1163
Total Staff Recruited	471		235	
Total Staff Recruited – HO	8		5	
Total Staff Recruited – Field	463		230	
Gender Recruited Staff	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>
Number	203	268	122	113
Turnover (Quarterly)	<b>Voluntary</b>	<b>Involuntary</b>	<b>Voluntary</b>	<b>Involuntary</b>
Number	67	12	87	27
Overall Turnover	4%		5.8%	
Number	79		114	