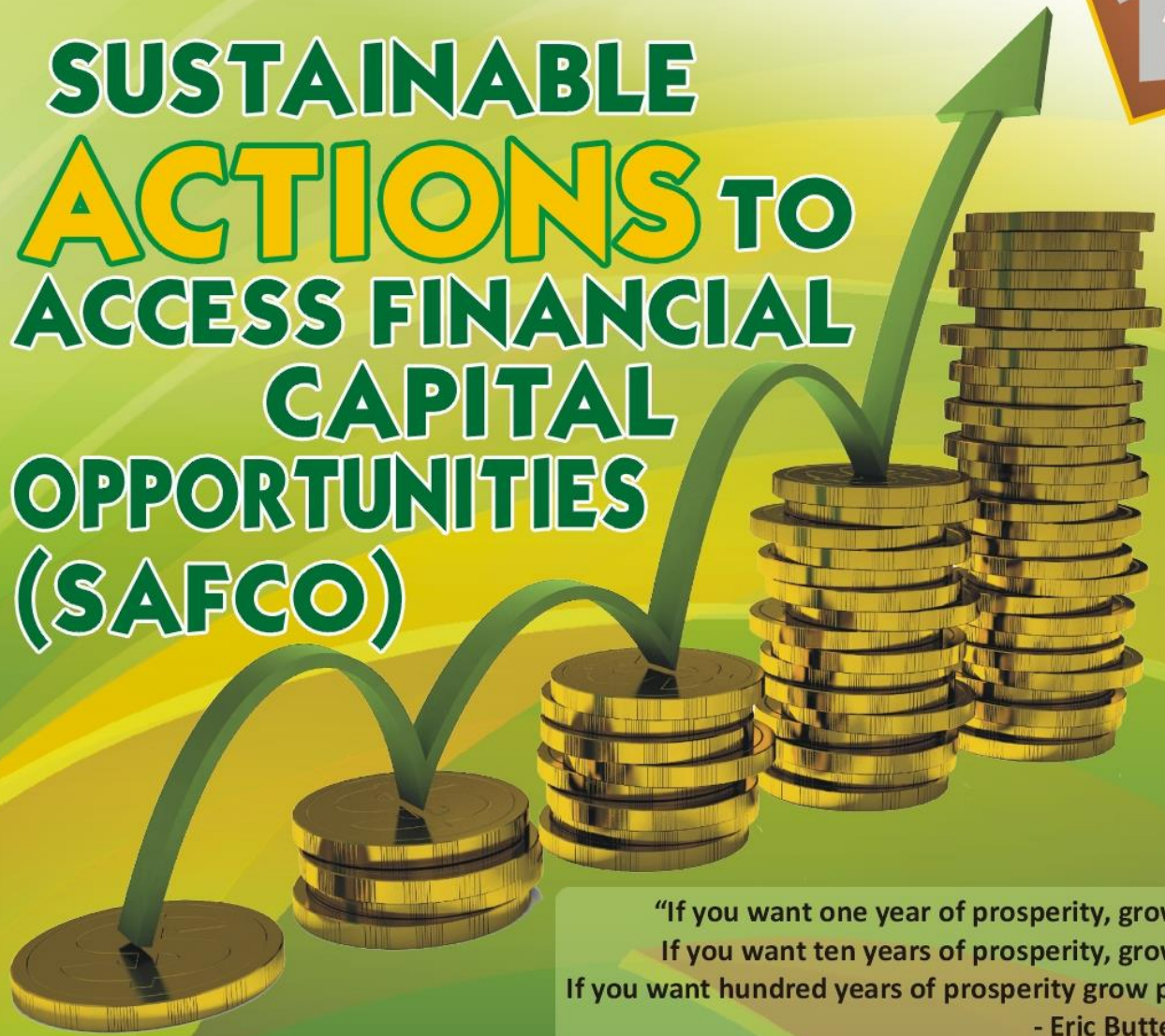


Annual Report

20
14

SUSTAINABLE ACTIONS TO ACCESS FINANCIAL CAPITAL OPPORTUNITIES (SAFCO)



"If you want one year of prosperity, grow grain.
If you want ten years of prosperity, grow trees.
If you want hundred years of prosperity grow people".
- Eric Butterworth



Safco Support Foundation (SSF)

A Company setup registered under section 42 of The Companies Ordinance, 1984.

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Acknowledgement

The achievements so far demonstrated in Annual Report 2014 would not have been possible without the dedicated team work of SSF staff, visionary leadership of Mr. Muhammad Suleman G. Abro CEO of Company and strategic contribution of SSF Board of Directors. We extend our deepest gratitude to them.

We would also like to recognize efforts of Mr. Zahid Hussain, Program Officer Monitoring & Evaluation Department and SSF Department Heads on their enthusiasm and support proved indispensable.

As always, the SSF team is grateful to its strategic donor Pakistan Poverty Alleviation Fund (PPAF) for its constant financial and technical support, Pakistan Microfinance Network (PMN) for its networking continues support & Habib Bank Limited (HBL) for its investment in the company.

Finally, we are very much thankful to SSF clients/borrowers on their confidence and trust on our products and services, without their cooperation SSF would be unable to continue its services and meet their expectations.

**Managing Director
Safco Support Foundation (SSF)**

Message from CEO

The year ended June 30, 2014 has been a year of consolidation for our Company. Several difficult decisions had to be taken and implemented including rationalization of operations and headcount, cleansing of the balance sheet, etc. I am happy to inform you that the Partners Banks and Customers in particular have responded positively to these initiatives and gradual growth of business across the rural and urban areas of Sindh Province have been taking place.



At SSF we recognize that, this confidence reposed in it by Donors and the customers in the background of the developments in the Company over last one and a half years places a great deal of responsibility on our Company in fostering an orderly growth and ensuring that the customers have their requirements met on empathetic basis in the context of equity in financing, enhancing, supporting and motivating the customers regarding building financials intended for the booster economical prolongation that is a constructed way for those having equilibrium for success and we show the path towards the success. Certain key policy and decisions are yet to be put in place. Particular mention must be made of the lack of funding source which is currently addressed by Treasury Committee.

While no specific time-frame regarding the passage of the funds are visible, but the directions are crystal clear. The overall macro-economic slowdown has not affected the opportunity that is available to our Company. If anything, it has brought into sharp relief the fact that the size of the opportunity continues to be enormous.

I have no doubt that the hard decisions taken during 2013-2014 will help our Company to sustain profitability over the course of next couple of years, because we faith in our loyal and reliable teams working in the operations, to incentivize them we deliver better facilities like Health & Life Insurance, Old-age Benefits, the HR with HRMS and direction conducted annual appraisals, for staff support we provided leave policy with the leave encashment, provident fund facility and incentives upon their performance.

I thank you for the trust reposed in the Management and the Board, and look forward to your continued support. Here we have shared the statuesque and some basic information of our Company to the members and readers for additional familiarizations with the company's existences at operations.

Muhammad Suleman G. Abro
Chief Executive Officer

Section 01:

Company Information

All Times Highs

Income

Rs. 158.74 million

↑ **17%**

Gross Portfolio

Rs. 434.95 million

↑ **18%**

Equity

Rs. 89.27 million

↑ **4%**

**Operational
Self-Sufficiency**

↑ **102%**

Outreach

#31213

↑ **10%**

Recovery Rate

↑ **99%**

PAKISTAN



Branch Network

Branch Name	Latitude	Longitude
Hyderabad District		
Head Office	25°23'37.46"N	68°19'42.05"E
Moosa Khatyan	25°28'1.43"N	68°31'43.85"E
Tando Jam	25°25'37.13"N	68°31'32.55"E
Matyari District		
Bhit Shah	25°48'17.64"N	68°29'31.57"E
Khyber	25°40'52.84"N	68°30'17.21"E
Matyari	25°35'41.90"N	68°26'33.37"E
Nasarpur	25°31'5.25"N	68°37'5.84"E
Oderolal	25°37'59.44"N	68°35'44.18"E
Beenazirabad District		
Doulatpur	26°30'2.14"N	67°58'24.54"E
Dour	26°27'23.90"N	68°19'10.54"E
Jam Sahib	26°17'42.50"N	68°37'50.79"E
Nawabshah	26°14'52.29"N	68°23'35.41"E
Qazi Ahmed	26°18'6.25"N	68° 6'1.94"E
Sabu Rahu	26° 3'36.34"N	68°19'34.69"E
Sakrand	26° 8'2.58"N	68°16'19.80"E
Sanghar District		
Berani	25°47'11.69"N	68°48'28.18"E
Jhol	25°57'17.27"N	68°53'9.68"E
Khipro	25°49'44.84"N	69°22'25.04"E
Kandiyari	25°47'51.91"N	69° 4'17.12"E
Nauabad	25°48'48.04"N	68°56'41.98"E
Perumal	25°52'54.49"N	69° 7'36.98"E
Phuladiyon	25°39'44.57"N	69°15'5.16"E
Sanghar	26° 2'45.02"N	68°56'43.11"E
Sarhari	26° 5'46.12"N	68°28'39.70"E
Sinjhoro	26° 1'47.22"N	68°48'33.82"E
Shahpur Chakar	26° 9'8.34"N	68°38'53.35"E
Shahdadpur	25°55'32.14"N	68°37'42.90"E
Tando Adam	25°46'7.90"N	68°39'30.31"E



Section 01:

About Us

Safco Support Foundation (SSF), is a public company limited by guarantee registered under section 42 of the Companies Ordinance 1984 was established in May 2009.

Safco Support Foundation (SSF) originates from Sindh Agricultural and Forestry Workers Coordinating Organization (SAFWCO) which is a non-government and not for profit organization established in 1986 and registered in 1993 under the Societies Act XXI of 1860. After 25 years of delivering social development services and financial access to destitute of rural Sindh through integrated development approach, the Board of SAFWCO realized that immense technological and economic development has changed the scope of financial services. Microcredit and savings started by NGOs in eighties have moved to the next phases where financial inclusion, micro-insurance and many other innovations has broadened the scope of financial services and now Safco is serving as a public company being specialized microfinance institution (MFI).

Having completed years of development collaboration with client communities and public sector organizations, we are looking towards building the micro finance operations into a banking system for the people, in coming years. We are providing services in rural as well as in urban areas of Sindh province and is currently operational with 27 branches in four districts of Sindh. The borrowers include both males and females small entrepreneurs and unbanked poor of Sindh mostly with rural focus.

Learning from experiences and achievements, we comprehend challenges like competition, funding, outreach and sustainable operations that can be achieved through focused and targeted microfinance operations. We ensure efficient and effective systems and procedures that best incorporate institution's learning and experiences in line with international and local best practices so that recipients of our financial services are best served.

Vision

To be a leader in eradicating poverty through political and socio-economic empowerment of communities in the region on sustainable basis

Mission

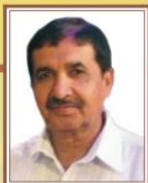
To organize the marginalized communities through social mobilization on a common platform and support them in carrying out sustainable development

Objective

- Improve in-depth outreach of the program
- Expansion in the existing operational areas
- Reduce operational cost for the sustainability
- Improve micro finance services especially in rural areas
- Strong relationship for enterprise counseling
- Increased number of financially sustainable microfinance approaches pilot and program up-scaling

Governance

SSF is governed by its nine members of Board of Directors with their superb experience in fields of Banking, Microfinance, Agriculture, Gender and Business. Listed below, SSF members of Board of Directors visionary and strategic contributions lead SSF as success microfinance provider in the market.



Mr. Iqbal Hussain Memon Chairperson

Mr. Memon has 30 years' experience of business management and relationship with banks, he has sound knowledge about credit behavior and dealing with clients, his technical and professional input helps SSF for business dynamics and enhancing relationship with banks.



Ms. Ayesha Fazal Noor Vice Chairperson

Ms. Ayesha has 22 years' experience in corporate sector, has worked in Standard Chartered Bank as Treasury Manager, she has sound experience in HR in Agha Khan. Currently, she is managing a consulting firm in Karachi. Her treasury management experience in bank and good experience in HR management helps SSF in fund management and HR development.



Mr. Yar Muhammad Khan Director

Mr. Khan has about 26 years' experience in agriculture business and by qualification he is lawyer. He has been worked as member board of director in different NGOs and agriculture departments. His professional experience helps SSF in community relationship management.



Mr. Rana Abdul Salam Director

Mr. Rana has 35 years' experience of banking industry as he has worked for Habib Bank Limited. After that, he has joined as Bursar (Head of Accounts and Finance) in Cadet College Sanghar. His vast experience in banking industry helps SSF in various aspects of Credit and Risk Management.



Ms. Zaib-un-Nisa Mallah Director

Ms. Mallah has been working for last 10 years for the development of society and is a renowned social activist working for last 10 years. Her field experience shall help SSF in understanding changing behaviors of clients and the employees on the same time.



Dr. Sono Khangharani Director

Mr. Khangharani has 28 years' experience of development sector with sound experience of leading many NGO/RSPs&MFI. He has good knowledge in managing credit risk and understands community behaviors about credit. His professional input supports SSF to overcome operational risk and seeks guidance for expansion considering risk factors.



Mr. Niaz Hussain Bodani Director

Mr. Bodani is well experienced agriculturist, having 20 years' experience in agriculture research, livestock management and agro based innovations. Mr. Bodani is well reputed social worker in district Sanghar; his appearance helps SSF to introduce innovative products in agriculture and livestock sector and his well-being supports SSF in community management aspects.



Mr. Muhammad Iqbal Umrani Director

Mr. Umrani has 22 years' of experience and currently he is working as Vice President / General Manager Business at National Bank of Pakistan. His experience assists SSF in development of growth strategy and managing its treasury functions for proper utilization of available resources

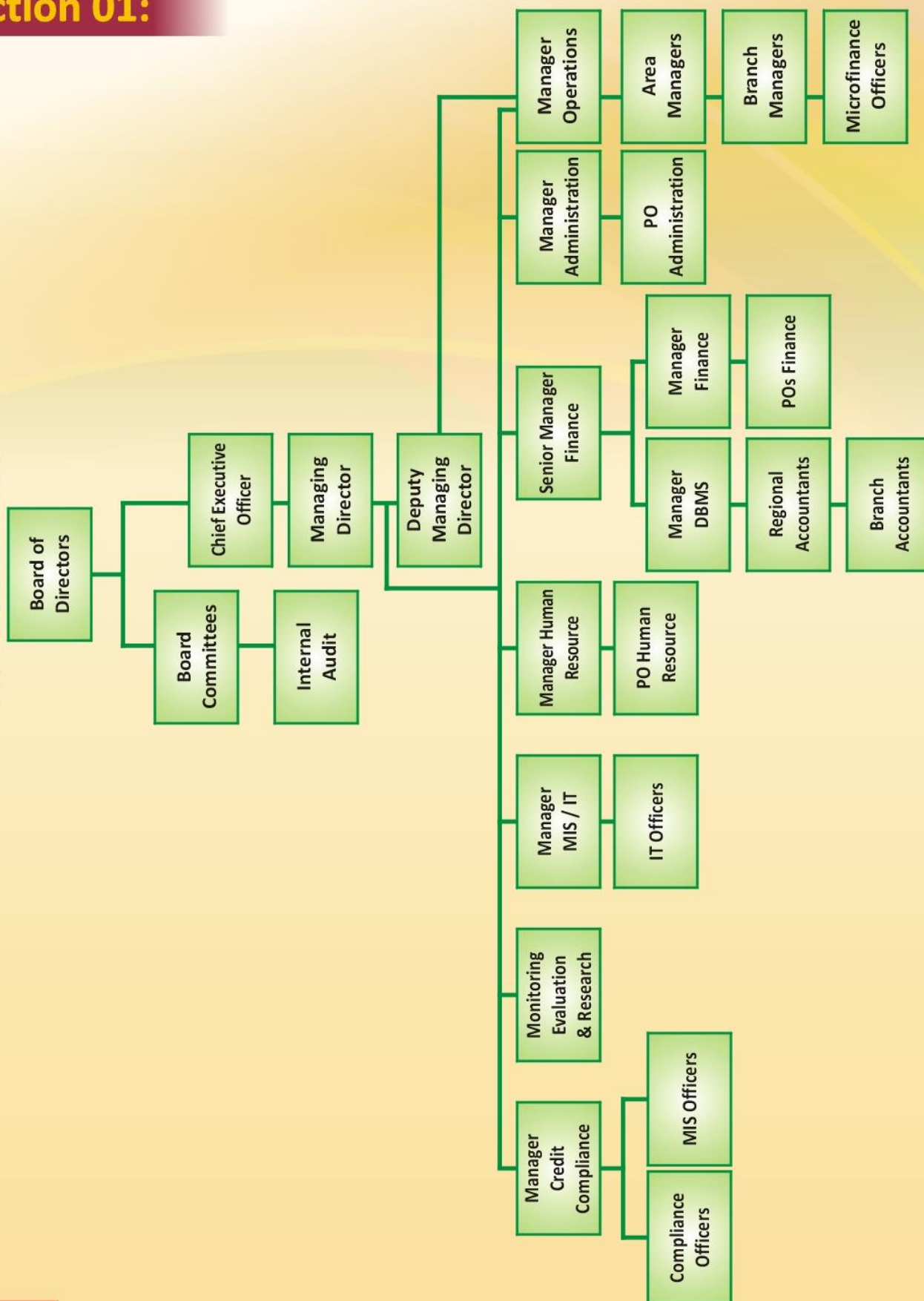


Ms. Kiran Arbani Director

Ms. Kiran is a banker with an experience of 5 years. Her experience shall help SSF in understanding the latest technologies being introduced for credit management and upcoming changes in regulatory framework. Being associated with First Women Bank Limited, she can better guide about the products and facilities to be extended to poor community specially females.

Section 01:

ORGANOGRAM



Key Players / Team of Experts



Mr. Syed Sajjad Ali Shah
Managing Director / Company Secretary

We have extensive proud on SSF key Players and teams of experts on their day and night dedicated work for the betterment of the Company. Listed below team of professionals have played vital role in the growth of the Company during the period:



Mr. Bashir Ahmed Abro
Deputy Managing Director



Mr. Eftikhar Mangi
Manager Operations /
Secretary to CRM Committee



Mr. Atif Ghani Memon
Senior Manager Finance /
Secretary to Treasury Committee



Mr. Syed Zulfiqar Ali Muttqi Shah
Manager Internal Auditor /
Secretary to Audit Committee/
CGC Member



Mr. Harish Raisinghani
Manager Human Resource /
Secretary to HR Committee



Mr. Naveed Memon
Manager Information Technology



Ms. Aleena Maria Soomro
Manager Finance



Mr. Mashooq Ali Qureshi
Manager Data Base
Management System



Mr. Rameez Memon
Manager Credit Compliance /
CGC Member



Mr. Sunil Kumar Vawani
Manager Administration



Mr. Ghulam Nabi Shaikh
Area Manager
(Nawabshah)



Mr. Aijaz Ali Bhatti
Area Manager (Sanghar)



Mr. Ghulam Mustafa Umrani
Area Manager (Matyari)



Mr. Bashir Ahmed Solangi
Area Manager (Shahdampur)



Mr. Zahid Hussain Qazi
Program Officer
Monitoring Evaluation & Research/
CGC Member

Section 02:

Corporate Overview Directors' Report

We are pleased to share with you the annual demonstration in the shape of this annual report review, we Directors are admirably dignified the course poverty reduction via making financial and non-financial provision to the destitute communities. We are thanking you for your attention over this authenticated work and demonstration of the Company's power performance.

Fascinatingly, executions of the Company FY 2014 demonstrated abruptness expanding operations leverages via making splendid market penetrations and territorial expansion which stimulated the Company upon the swift walks of progressions.



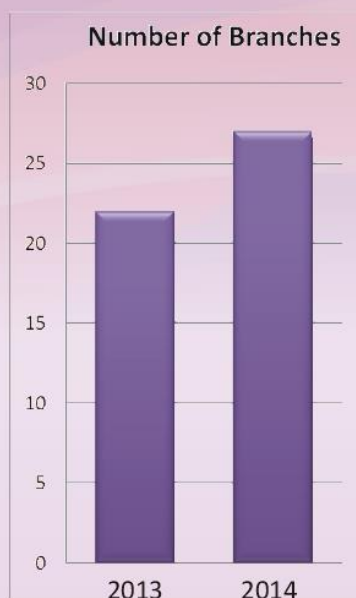
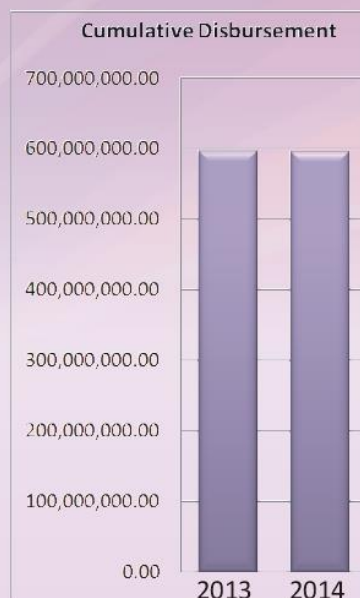
Unanimously, for making gigantic practices aimed at the identical consistency we adopted good governance practices and solidly up-scaled the Governing Body and appointed experienced, innovative, ideologist, self-motivated, reputable, quick decision makers and financial experts as Board of Directors. The appointed four new Directors fixed the number of Board Members at nine.

It is crystal clear that, reduction in poverty is measured strictly from the supportive methods provided by us for the acceleration of the company's modus operandi and we also importantly all ears over the challenges like lack funding sources, competitiveness in the market and risks over the managing portfolio. To overcome the challenges and rapidity in progressing we The Board of Directors emphasized as well as analyzed over the main contradictory hindrances clogging more escalations then we directed establishing five years strategic & Business Plan up to 2019 for the sustainable growth of the Company.

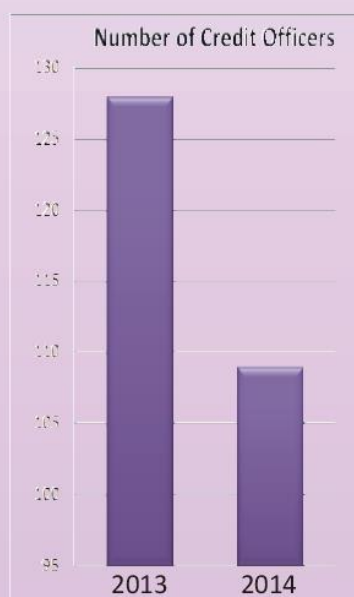
It is also highlighted that as compare to previous year the number of client and disbursements decreased due to, the available funds were distributed promptly with high market demand on the other hand having no any other window of fund halted the growth. To deal with these challenges we focused for cost-effectiveness and reduced huge costs over the Human Resource and by own we geographically expanded.

We hope that this concise annual review would provide readers with meaningful information and some flavor of the impact of the program. We hope readers would objectively read the document and provide comments on areas of improvement. It has been prepared on the basis of valuable inputs provided by the staff and most importantly many men and women members who experienced change in their lives and opinions of even those that did not. We are grateful all of them for this endeavor and sincerely hope that this would provide excellent basis for those people who have not yet participated in the program to become part of it in future.

Highlights



596,590,500	595,367,000	22	27	34,551	31,213
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128	109	254	245
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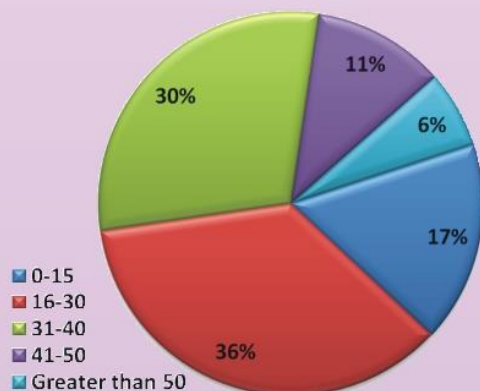
Section 02:

Business Excellence



In its five years of Institutional Business Excellence, the Company remained firmly committed to its vision of eradication of poverty through socio-economic and political empowerment and organized the marginalized communities through social mobilization on a common platform and supported them in carrying out sustainable development. Over the past few years, the Company provided comprehensive financial services to numerous individuals, medium and small scale enterprises and corporates, helping catalyze the economy and in doing so for the advancement of livelihood and addressing needs of a number of the unbanked people through innovative and competitive offerings, widening financial inclusion particularly in specified and targeted population of Sindh.

Poverty Score Card



It is fairly demonstrative and apparent that SSF is targeting marginalized unbanked population and addressing its mission statement, in the duration of financial year 2014 we following the ranking of PSC

distributed 6,287 loans in the range of 0-15 and stood at 20%, whereas 11,164 loans we distributed in the range of 16-30 that covered 36%, in the range of 31-41 we disbursed loans of 9,249 with the percentage of 30%, even though we also taken initiatives in enabling our clients and they enhanced their livelihood who now are in the range of 41-50 that covered 8% and 2,487 loans we distributed, out of them we disbursed 2,026 loan to repeated clients those falls under poverty bands and that covered 6% of the total loans distributed in the duration of FY 2014.

However, the business excellence is derived from a reinforcement of practices and processes aligned with the vision to eradication of poverty highly prioritized in Sindh as well as in Pakistan. A rapidly growing branch network, new business generation, new product and services introduction as well as evolving regulations, emphasized a focus on processes, controls and systems. Process and quality excellence ensured better risk management, higher cost efficiencies and most importantly, consistent and superior customer service.

The Company's focuses remained over procedural excellence validated by the MF Transparency Seal of Pricing Transparency (MFTSPT) Business Excellence Award 2014 in the services category, the first Micro-financial company in Sindh to this highly prestigious award.

The Company adjudged winner on the basis of a rigorous evaluation process covering reasonable pricing of services, customer and market orientation, measurement, analysis, knowledge management,

workforce and process management. Some of the ways in which the Company reinforced quality excellence that comprised: Establishment of classified processing systems i.e. Credit Information Bureau (CIB) and E Branchless Banking recovery/disbursement by UBL Omni and Easy Paisa and we have Successfully Implemented Branchless Banking in 8 branches namely Sarhari, Sinjhor, Berani, Khipro, Jhol, Matyari, Khyber and Jam Sahib.

In almost all Branches the Company provided superior customer service and business continuity planning creation of business excellence frameworks and quality practices such as remittance services, health & life insurance facility, capacity building trainings, account management, record keeping and other relevant actions to active borrowers for standards strong business continuity management framework and management information system framework.

The results of these processes strengthening initiative reflected in one of the shortest turnaround time in the Company and in the area of customer applications as well as in the numerous quality and services awards that the Company awarded over the years.

➡ System Policy and Procedures

To mainstream the operations and exertions of the operative teams, it was quite harder to deal with all at once. Therefore, with this view SSF through emphasizing over the modern and standard technologies has implemented Microfinance Management System, Human Resource Management System, Financial Information System, Credit Information Bureau, SMS Services and Grievance Mechanism Service for client's satisfaction.

Even more, under the supervision of Governance SSF has established Audit Committee for the appropriate actions within the company in uniformed manner and for the check and balance.

Furthermore, SSF has standardized policies and procedures for proper implementation of activates like credit operations manual, accounting manual, human resource and internal audit manuals.

➡ Internal Control Mechanisms

Internal Controls cover all the policies, processes, procedures and organizational structure that help Company's management and ultimately the Board (Us) to ensure that Company is achieving its objectives, the business conduct is ethical and in compliance with all applicable laws and regulations. Here; Internal Control is not a separate process or set of activities, but it is embedded in the operations. The system of internal control operates at all levels that maintains and develops its internal control system with the ultimate aim of improving its business performance, and at the same time to comply with the applicable laws and regulations. This includes;

• Sub-Committees of BoDs

The BoD of the Company has formed the special committees under the supervision of Board of Directors i.e. Human Resource Committee, Credit & Risk Management Committee and Audit Committee for patch up the internal controls at Governance level.

• Monitoring Evaluation & Research

In the Company, Monitoring Evaluation & Research (MER) discourse creates method for area interventions, measure efficiency of operations, inlays and outlays with the agreed budget, completing reporting functions accurately and timely, capacity of branch staff in practicing due responsibilities. MER also familiarize management about all sort of internal and external subjects, credit records, and in the operational side company's professional reputation is maintained.

• Credit Compliance

The Credit & Compliance System ensures the compliance of credit policy for transparency in lending loan. A verification procedure is designed to measure the lending risk and pre detection of errors and deviations before disbursement in order to mitigate risk level. Additionally, the Compliance System timely processes the credit cases in a centralized mechanism and ensure smooth disbursement in all branches.

Section 02:

• Internal Audit

The internal audit is handled by its Internal Audit System, which reports to the Audit Committee and to the Board of Directors. The purpose of the Internal Audit is to analyse the operations and processes, as well as the effectiveness and quality of its supervision mechanisms and carries out special tasks when needed. The Audit Committee of the Board of Directors assesses and assures the adequacy and effectiveness of internal controls. The Internal Audit covers all of the organizational levels and branches. The Internal Audit prepares an annual plan under which they independently audit different parts of the company, but it is also empowered to carry out special audits. The annual plan is approved by the Audit Committee, to which the Internal Audit also reports at regular intervals. If required, the internal auditors also have the possibility to take direct contact with the Audit Committee or members of the Board of Directors.

Sources of Funding

The mainly donor of the Company is Pakistan Poverty Alleviation Fund (PPAF) so far has funded Rs.468.24 million in the duration of July 2013 June 2014 which we have disbursed in the operational areas of the company. The Company has running finance facility from Habib Bank Limited amounting to Rs. 50 million under PRISM project as supported by Pakistan Poverty Alleviation Fund (PPAF). The facility availed from the year 2010 till 2013 for the purpose of disbursement of microcredit loans to clients. In the month of December 2013, a limit of Rs.54 million has been taken from Habib Bank Limited against lien of endowment fund received from PPAF amounting to Rs.114 million. The purpose of utilization is disbursement of microcredit loans to clients.

Technology

The business excellence is derived from enriching the user experience through prudent use of Technology. Over the years Company allied and made partnership with some of the best and most innovative technology providers for its front end (client acquisition and servicing), mid-end (client

servicing and engagement) and back-end (internal processes) requirements. The unique asset-light approach to technology ensured consistent technology investments and up gradation, Benchmarked with best-in-class competencies and innovational in-sourcing to create next-in-class cost effectiveness. The key technology-centric initiatives include:

- Leveraged social media as a new channel for superior customer service, using it to highlight products, services, brands and new developments.
- E Branchless Banking technology facilitates and empowers unbanked and marginalized communities providing banking facilities at their doorsteps. Primarily, the technology instigated to help and provide quality financial services to its clients and reduced the overburden of branch staff by implementing E Branchless Banking module in order to concentrate upon the expansion and in-depth outreach.

➤ Robust Credit Risk Management

Business excellence is drawn from the Company's ability to comprehensively manage diverse risks. The risk management culture is top-down and bottom-up. The Management as well as Board is eventually responsible for risk management, which comprises risk governance and oversight structure and for maintaining an appropriate internal control framework.

The BoD's sub-committee for Credit & Risk Management critically reviewed to ensure robust credit risk management through MIS generated reports, Portfolio at Risk (PAR) Analysis, Aging Analysis, Ratios Analysis of main indicators like; Yield on Portfolio, OSS, FSS and PAR etc.

The effectiveness of Company's risk governance reflected in best-in-class indicators the Company's (nonperforming assets) remained at 8.2million even in an economically challenging year of 2014.

➔ Financial Inclusion

Financial inclusion is a key component of business excellence; the Company pioneered several initiatives including;

- Inclusion of more than 50% female in program
- Inclusion of poor & marginalized group in program
- Door step services for clients to overcome their borrowing cost
- Adoption of Poverty Score Card (PSC) tool for client identification
- Flexible credit policies for all segments of businesses, gender and area

We delivered of 3,739 Cards of Health Insurance by which our clients are getting benefits with maximum limit of Rs. 30,000 per family member of customer and 1,261 Health Insurance Cards shall be given to the clients.



SSF at a Glance

In the duration of 2013-14 we have escalated ourselves by being heedful over the undertakings of the Company and increased glimpse that is demonstrative in below given table.

Indicators	2012-13	2013-14	Variation %
Total Assets	547.48 m	611.9 m	11.8%
Net Assets (Equity)	86.08 m	93.17 m	8.2%
Cumulative disbursement	2.79 b	3.39 b	21.5%
Disbursement FTY	596.84 m	595.37 m	-0.2%
Outstanding Loan Portfolio	413.87 m	434.95 m	5.1%
Active Client as of year end	38,762	38,234	-1.4%

Active Client ratio (Male : Female)	1.1	1.1	1.1
Average Loan Balance per Client	10,677	11,376	6.5%
Recovery Ratio	97%	98%	1.6%
Portfolio at Risk	3.3%	3%	-9.1%
Operational Self-sufficiency	100%	102%	2.0%
OLP: Total Assets	76%	71%	-6.6%
Equity : Total Assets	16%	15%	-6.3%
Staff Strength	251	245	-2.4%
Branches Network	22	27	22.7%

The Company is moving towards the progressions with equipmental growth and the company assets increased by 11.8% as compare to the previous year whereas the net assets also increased by 8.2% and this increase is occurred due to growing network and more escalations of the modus operandi.

In addition, the ratio of cumulative disbursement expanded by 21.5% comparing with last financial year and the disbursement for the year dipped down because of having no any other particular window as funding source that congested the company's disbursement alike to the previous year.

The outstanding loan portfolio grown up by 5.1%, but the active clients of the year end decreased by (1.4%), the ratio of male/female active clients stood identical to the year 2013 but average loan balance per client increased by 6.5%. the Company improved the recovery rate and ratio of recovery increased by 1.6% i.e. 99% in the current year.

However, the company also reduced the risk over and portfolio at risk (PAR) remained sustained, it occurred due to very positive response of management of the company and fortified directions by Board of Director (us). in current year the company's PAR decreased by (9.1%) as well as the company sustained its operations by making strategic planning for the operational sustainability and the OSS increased by 2%. similarly, Outstanding Loan Portfolio: Total Assets awfully decreased by (6.6%) comparing with the previous year, Equity: Total Assets also dipped down by (6.3%) and staff strength is also reduced by own that stood at (2.4%) because to operate with cost-effectiveness.

Section 02:

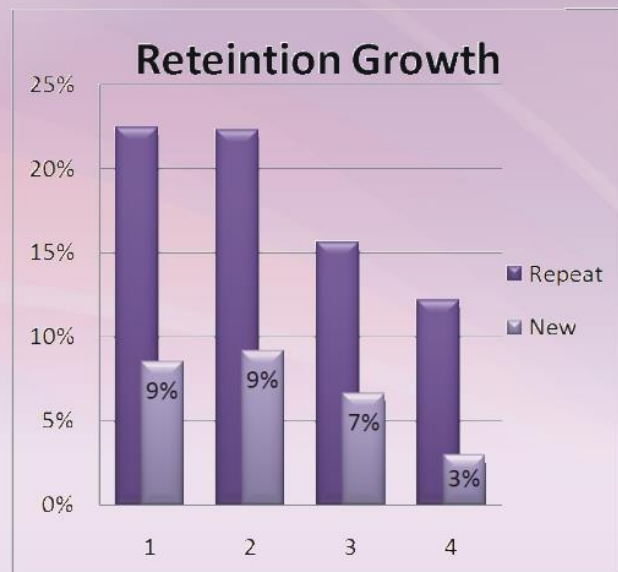
➔ Customer Satisfaction

The Company does not outsource relationship management, its direct relationships with the clients, partners, vendors, employees, investors and other stakeholders are central to Vision and Strategy.

When the Company came to relationships with clients, the Management took decisions early in the existence that Know Your Customer is more than an aspect of regulatory compliance but an important component of Management philosophy.

Hence, depending on the business segment, the Company created focused relationship teams with subject, sector and segment expertise to engage directly with clients at various levels without the involvement of outsourcing agencies.

The Company's ability to attract and retain customers drawn from an understanding of what customers needed, comprising a comprehensive product suite, customized and tailor-made financial solutions and a money doctor approach. The ratio of retained customers remained at greater than firsthand customer i.e. 73% and 27% proportion is covered by new customers. It is more divided into quarters and in first quarter (July Sep 2013) the ratio of repeat clients stood at 22% and 9% of the new clients.



Likely to this, in 2nd quarter (Oct Dec 2013) the proportion of new and repeat clients stood totally identical but in third quarter (Jan March 2014) the ratio of new and repeat clients decreased by 6% in repeat and 2% in new clients that stood at 16% of repeat and 7% of new. In the 4th quarter (April June 2014) the percentage dipped by 4% in repeat client that remained 12% and 4% of new clients decreased because of lack of finance availability in the duration of FY 2014.



Section 03:

Sustainability Review Managing Director's Report



The word microfinance is being used very often in development vocabulary today. Although the word is literally comprised of two words: micro and finance which mean small credit; the concept of microfinance goes beyond the provision of small credit to the poor. Microfinance as 'the means of providing a variety of financial services to the poor based on market-driven and commercial approaches' (Christen R.P., 1997).

It is pleasure to state about actions we have taken for the sustainable growth and augmentation of our Company. We remained constant in serving our financial services to the destitute group of people living below the poverty line and to who are not able to earn revenue upholding the domestic matters. For their own sustainability and scalability we have adopted the demand driven product in order to meet the needs of our valuable customers.



We also striving for the advancement of lacked societies and offered them different types of financial and non-financial trainings and tactics uphold and deal the domestic chromes.

In the fiscal year 2014 we have made reforms through diversifying the company's accelerations and emphasized over targeting number of clients in every month instead of achieving the targets of disbursements.

We for the additional geographical expansion took initiatives and intervened aiming upon poverty alleviation. We with the consideration and approval of Board of Directors we established five New Branches in Qazi Ahmed, Doulatpur and Dour of District Nawabshah where we have penetrated in the rural and urban markets for the intensifications of destitute and deprive segment of communities. That is only intervention in the region above mentioned as well as we pushed in ourselves in Tando Jam District Hyderabad and Peru Mal District Sanghar. These Branches were inaugurated with the great assistive and lucrative directions and recommendations of Board of Directors who also handed-in for this prefatory treasure and the Directors of the Company were inaugurators at each opening of the Branch where they distributed cheques among the willful clients of the localities.

Significant Change over Previous Year

Comparing with previous year at SSF we have made a number of changes for the significantly that lead the approaches of Company at the mountains, in which we reduced cost of operations and move for sustainability, we via making geographical expansion made scalable outreach of program through branchless banking and settlement branches, we also has improved operational efficiency with decrease of 2% in Human Resource and increased performance of operations. Additionally, we have successfully implemented CIB ensuring duplication of clients for overcoming in-debts.

Subsequent to, we have discovered microcredit mainstreaming, social and human capital and markets penetration for the financial provision in last few years. At the retail and agriculture level, microfinance has expanded rapidly in many markets. Borrowers outreach in young markets of rural Sindh as well as semi urban has doubled in just a couple years. Thus, lack of funding source has

Section 03:

halted and propels this wave of growth. Commercial and socially motivated far-flung investments, coupled with active local banking sectors, have become increasingly involved with the microfinance sector.

Though, at SSF, we strive to maintain continuity in its strategic objectives while making requisite adjustments in view of the existing and evolving business and competitive realities. By using traditional trends and supplementary practices of communities into thematic development we escalated their circumstances offering financial services with easy methodologies of payment and lending.



Capitally we distribute loans focusing feminine owing to feminine are more determinant and deliberative in up-holding public and private spheres in this regards at SSF the ratio female active clients stood at 52% that is increased by 2% comparing previous year and apparently we b valuing feminine moving to lend more loans in competitive able and disable feminine.

A significant development in terms of objectives and strategies has been SSF's diversification initiative into leverage of provisions of Microfinance. Whereby, we act as social and human capitalizer with the responsibility making arrangements with productive products, capacity building trainings and household enhancement disclosures. The financial

and non-financial services have been delivered and shall then be delivered to the poor segment of rural and semi-urban communities.

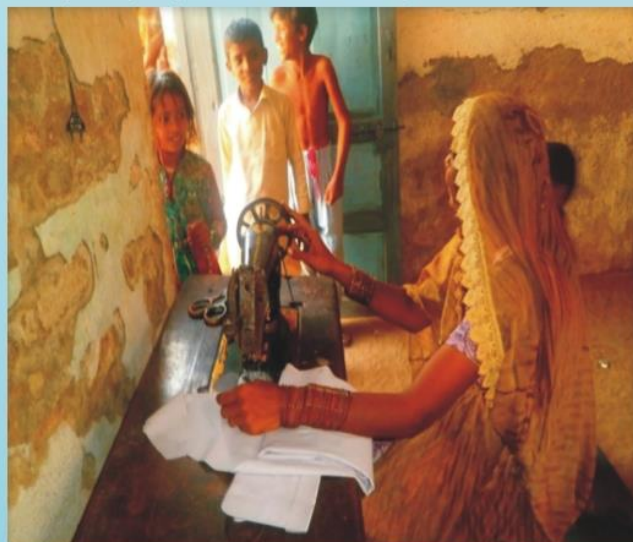
Beyond to this, at SSF we optimizing the significant changes boosting-up the company's growth reduced operational expenses, minimized overlapping through using CIB and MIS systems in all operative Branches, reduced human resource cost and so far we demonstrated high performance in spite with decreased number of employees.

At SSF, earlier we have shifted our focus from the objective of increasing the volume of lending capital available, to address the challenge of providing microfinance loans more affordably.

In mature markets of SSF operations, the average interest and fee rates charged by us do not tend to fall over time because of fixed interest rates i.e. 24%. However, National average interest rates for microfinance loans are still well above 30%.

Use of loans

Practitioners and donors of microfinance frequently argue for restricting microcredit to loans for productive purposes such as to start or expand a microenterprise. Those from the private-sector side respond that, because money is fungible, such a restriction is impossible to enforce, and that in any case it should not be up to rich people to determine how poor people use their money.



Particularly for this purpose, our field officers remained associated with the borrowers since the disbursement to end-up of loan monitoring the usability of loans and calculate the improvement by the provision of loans. For the more financial provision and visualizing the appropriations in loans we distributed 32% loans in only female clients for livestock rearing/bearing and 20% loans we distributed in male.

Thusly, in agricultural development sector we distributed 3% loans in male and only 1% in female because of female lack interest in agricultural production instead of male. As the same while 23% loans we distributed in male for enterprise development and 21% in female in year 2014.

Mainstreaming Gender

In the shadow of SSF, Women workers throughout the Providence contribute to the economic growth and sustainable livelihoods of their families and communities. We help empower women from poor households to make this contribution. We are provisioning financial services to the poor in a sustainable manner utilize credit, savings and other products such as micro-insurance to help families take advantage of income-generating activities and better cope with risk.

Women particularly benefit from microfinance alike SSF many microfinance institutions (MFIs) target female clients. Our services lead to women's empowerment by positively influencing women's decision-making power and enhancing their overall socio-economic status.

By the end of fiscal year our services had reached over 52% of the poorest women in operational areas of SSF. As such, we have potentiated to make a significant contribution to gender equality and promote sustainable livelihoods and better working conditions for women.

Why Target Women?

More than the half percent of Sindh Providence poor are women. Yet traditionally women have been disadvantaged in access to credit and other financial services. Commercial banks often focus on men and formal businesses, neglecting the women who make up a large and growing segment of the informal economy. We, on the other hand targeting women, in some cases exclusively. Female clients represent eighty-five percent of the poorest clients reached. Therefore, targeting women borrowers makes sense from a public policy standpoint. The business case for focusing on female clients is substantial, as women clients register higher repayment rates. They also contribute larger portions of their income to household consumption than their male counterparts.

New incomes generated from microenterprises are often first invested in children's education, particularly benefiting girls. Households of our clients appear to have better health practices and nutrition than other households. Positive environmental impact is also achieved by us. We, therefore make a strong contribution to the realization of the Millennium Development Goals.



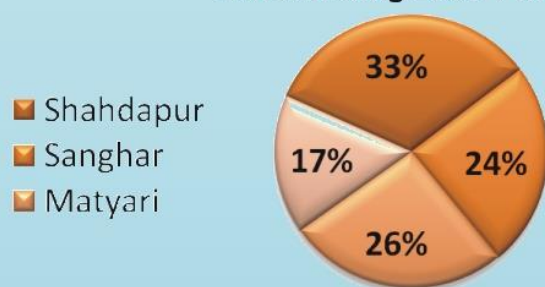
Section 03:

Critical Review on Performance Indicators

Outstanding Loan Portfolio (OLP)

The below given pie chart screening the outstanding loan portfolio of SSF. The chart is about OLP for the year 2013 -14. The largest number of OLP is in Shahdadpur Region owing to we had started the operations from the region and covering rural and urban areas with high proportion. The second largest number of OLP is in Matyari Region because the Region is much commercialized and enterpriser, thirdly the largest number of OLP is in Region Sanghar due to the region is covering rural areas more than the urban and Region Nawabshah is at last. So far the highest outstanding loan portfolio of year 2013 -14 is in Region Shahdadpur and the least in Region Nawabshah. We predominantly penetrated in Shahdadpur by covering all sectors and sub-sectors including Livestock Development Sector, Enterprise Development Sector and Agriculture Development Sector as well as by dominatingly in Matyari enterprises markets we also made disseminations because of huge territorial terrains as well as we also have full access other regions market owing to our name and brand that assist us all accomplishments.

Outstanding Loan Portfolio



Disbursement

The below given chart showing the Regional Loan Distribution for the year 2013 -14. During the reporting period, we disbursed Rs. 595.36 million. In the first quarter (July - Sep 2013) we disbursed 120.69 million, but in second quarter the proportion of disbursement dipped down and stood at 17% because of lack of funds. Thus, in third quarter (Jan - March 2014) the ratio of disbursement made growth of 13% and we disbursed 180.19 million that

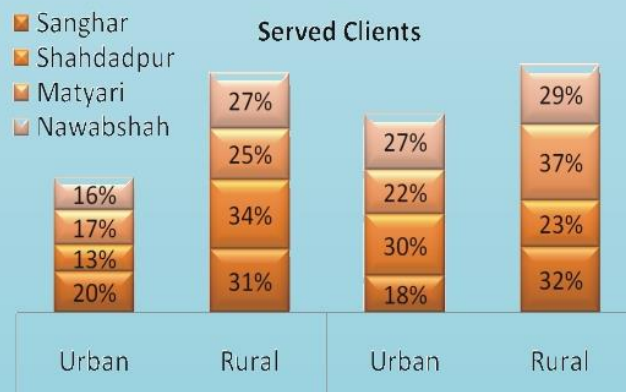
is 30%, hence in last quarter (April - June) the proportion of disbursement increased by 3% and we distributed 195.62 million and percentage remained at 33%. In which we have disbursed 52% of loans in female and 48% in male with rural and urban focus.



Client Outreach

FY 2013 -14 we have served 31,213 clients in rural and urban areas, in the process of loan distribution female proportion stood greater than the male i.e. 54% and male remained at 46%. Additionally, we targeted 30% of rural and 16% of urban male clients and as the same while, we targeted 24% of urban and 30% of rural female clients.

As compare to previous fiscal year, we have targeted lack number of clients, this occurred because of high competition and emphasized over the transparent environment, for the sustainability of transparency we dropped-out a number of clients as the column charts screening.

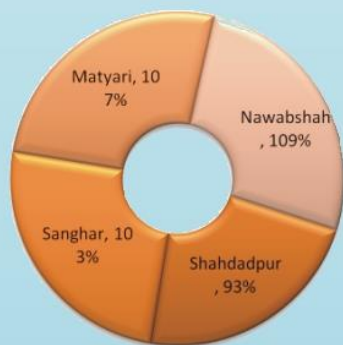


Revival of Growth

Operational Self-sufficiency

In the Fiscal year 2013-14 we geographically even financially made growth and sustained operational self-sufficiency that is currently stood at 102%. The operational Self-sufficiency remained at 100% in previous and comparatively OSS increased by 2% in the year 14 and we earned profits of Rs. 3 million by making more market penetration and investing in new and fresh individuals through assessing their will for poverty reduction whereas the write-offs remained at Rs. 21 million. In all this progression mainly Region Nawabshah contributed with the highest proportion i.e. 109%. Identically, Region Matyari remained at second and percentage of the sustaining OSS is 107%, Region Sanghar and Shahdadpur stood at third and fourth in sustaining the OSS i.e. 103% and 93%, and the reason of low contribution lack of funds and customer's apatheticness in repayments which halted more revenue generation.

Operational Self-Sufficiency



We at SSF, contributed for the expansion of the company and we are now able-bodied delivering constant financial and non-financial services to our valuable, loyal, potential and self-motivated clients.

Scalable Operating Model

We are pleased to share our scalable operating models which have been boosted up in the Fiscal Year 2013-14. By providing financial leverages in the shape of demand driven product and need based sub-products which escalated the brand of our

company and has scaled up the financial sustainability.

This occurred due to very positive response of the borrowers and emphasizing over the market demand and need we established the Operating Models for the sustainability and scalability. We have divided our Operating Models into three main sectors and further these sectors are divided into subsectors as given below.

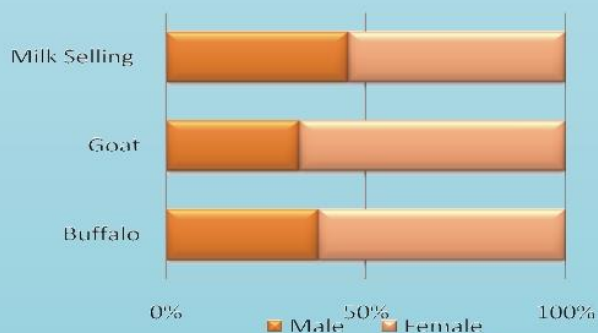
Livestock Development Sector

During the fiscal year 2013-14 the Livestock Sector covered highest proportion i.e. 52% from the other two Sectors. Interestingly, in the livestock sector the highest percentage is covered by sub-sector Buffalo i.e. 54% of the total loans distributed particularly in the Livestock Development Sector, whereas the proportion of Goat remained at 28% and Milk Selling stood at 18%.

In addition, female clients lent 5,399 loans for and comparing with male clients female have covered 33% from 54% and male clients remained 21%. In particular, 4,570 clients lent loans for Goat rearing and bearing and the sub-sector covered 28%, whereas the female proportion remained highest i.e. 19% and male stood at 9%.

Lastly, 2,958 loans were disbursed for milk selling purpose; this sub-product covered 18% of the total loans disbursed in Livestock Development Sector and in this sub-product we covered 10% female clients and 8% male clients.

Livestock Development Sector

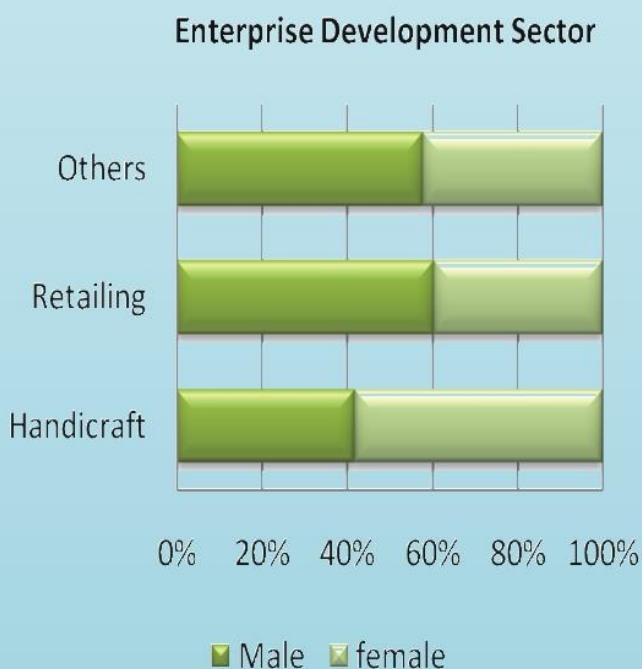


Section 03:

Enterprise Development Sector

Fascinatingly, in the fiscal year 2013-14 Enterprise / Retailing Development Sector we distributed 13,720 numbers of loans that is 44% of the total loans distributed in the operational areas of our Company. The highest proportion in this sector is covered by sub-sector "Handicraft" i.e. 44%, because we served 6,102 male / female clients. In this, we distributed 3,550 numbers of loans in female, the proportion of female stood at 26% and 19% of male.

In sub-product "Other" we served 3,948 male / female clients that comprised 29% from the total loans disbursed in EDS. In this sub-sector male got 2,279 numbers of loans and the percentage is 17% whereas female remained behind the male and covered 12%. Hence, in the sub-product Retailing we served 3,670 male female clients and we distributed 16% in male and 11% in female from the total loans distributed in EDS.



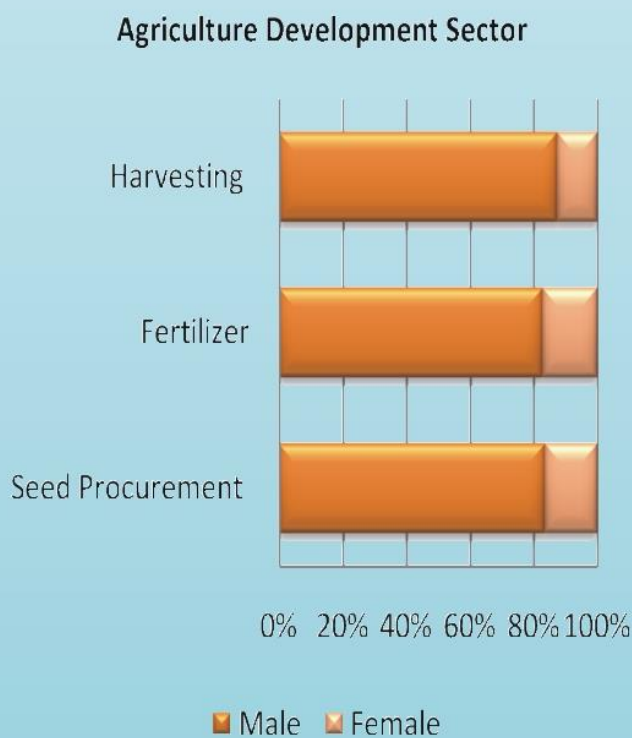
Agriculture Development Sector

As the same way, the Sector Agriculture Development Sector Served 4% number of clients from the overall number of loan distributions. In this

Sector, we distributed 1,228 numbers of loans in male / female in which 84% loans lent by male and only 16% loans are served in female.



The sub sector Seed Procurement covered 33%, Fertilizer 37% and Harvesting 30% of the total loans disbursed in the ADS respectively.



Business Line

Donors



Pakistan Poverty Alleviation Fund
(PPAF)

Investor



Habib Bank Limited
(HBL)

Network



Pakistan Microfinance Network
(PMN)



Banking With The Poor
(BWTP)



Sindh Microfinance Network
(SMN)

Associations



MIX Market



Consultative Group To Assist
The Poor (CGAP)



The Small Enterprise
Education and Promotion
(SEEP)



Citi bank

Financial Statements

Overall Analysis of Safco Support Foundation

The financial year 2013-2014 marks a period of stable growth for the company. By June 2014, the total assets of SSF are Rs.611.9 million as compared to Rs.547.4 million in 2012-2013 showing an increase of 11.8%. This increase is in line with the increase in total liabilities of 12.5% which is mainly due to the loan outstanding of Rs. 54 million against running finance facility from Habib Bank Limited (HBL).

The overall financial position of SSF has remained same with an increase in net assets of 8% at the end of financial year 2014 as compared to 2013. In the current year, net assets increased due to equity injection investment of Rs. 114 million which is further invested with HBL. At the end of the financial year 2014, the outreach of the company stands at 38,234 number of clients which is 1% less than that of 2013.

The current gross portfolio of the company amounts to Rs. 434.9 Million. It shows an increase of Rs. 21.08 million (a growth of 5.1%) as compared to 2013. Main contributor to this increase is the amount of loans disbursed to new and existing microcredit borrowers during the year. The amount and number of microcredit loans disbursed during the financial year 2013 and 2014 stands at Rs. 596.8 million (34,551 borrowers) and Rs. 595.4 million (31,342 borrowers) respectively.

The average loan amount disbursed per borrower stands at Rs. 17,273 and Rs. 18,995 for the year 2013 and 2014 respectively. As SSF is currently in its growth phase, the financing structure relies heavily on loan and grants. However efforts are being made to increase its equity base over the number of years. Currently the equity amounts to Rs. 203.2 million including an endowment fund from PPAF amounting to Rs. 114 million at the end of this year.

Overview of the Balance Sheet (Assets)

The current assets of SSF mainly comprise of cash and bank balance, gross loan portfolio, grants and other receivables along with accrued services charges. The current assets have increased by 13% as compared to 2013. The overall increase is due to increase short term investments of amount 114 million during the year. The loan loss reserve amounts to Rs. 21.1 million during the year 2014 which stands at 5% of gross loan portfolio.

The proportion of long term assets as compared to the total assets of SSF is 3% and this has been fairly the same for the past years as well. The long term assets include land, buildings, fixtures, furnishings, equipment and vehicles. The gross fixed assets have decreased by 2% as compared to 2013 due to disposal of assets with an amount of Rs. 2.69 million.

Liabilities

There is an increase of 12.5% in the total liabilities of the company as compared to 2013 which indicates the increase in short terms liabilities mainly loan payable to Habib Bank Limited (HBL) with an amount of Rs. 54 million. However, the amount payable to Pakistan Poverty Alleviation Fund (PPAF) has decreased with an amount of Rs. 48.9 million during this year.

The current liabilities amounts to Rs. 464.7 million and long term liabilities amounting to Rs. 54. Million as at June 30, 2014. The current liabilities of the company include a loan from PPAF amounting to Rs. 330.6 million, loan from HBL amounting to Rs. 54. million, interest payable to PPAF on loan amounting to Rs. 10.18 million, current portion of endowment fund of Rs.60 million and other liabilities of Rs. 9.8 million. Long term liabilities of the company are represented by endowment fund of Rs.54 million.

Funding profile of the company

The funding structure of the SSF comprises of loan and reserves/equity. The debt to equity ratio of the company is 4.3 for the year 2014 which is in-line with 4.4 as of 2013. The reason behind this high debt to equity ratio is that the company heavily relies on the subsidized loan from PPAF which amounts to Rs. 330.6 million and from HBL which amounts to Rs. 54 million as at June 30, 2014.

With the KIBOR rate exceeding 9% during the year, the loan from PPAF carried services charges at the rate of higher of 8% or 6 months KIBOR and HBL carried services charges at the rate of 9.7%. In the years 2010-2011 and 2011-2012, it had moved to a height of minimum of 12% as well.

This loan is the source of major funding for the company and is renewable after the term set out by PPAF. The company is not funded through any commercial liabilities except for arrangements with Habib Bank Limited to the extent of Rs. 54 million. The equity of the company stands at Rs. 89 million as at June 30, 2014.

Overview of Profit and Loss Account

During the year, SSF has made a net profit of Rs. 3 million marking an increase in the profit of 720% as compared to the last year. During the previous year, the amount of grant income has decreased to Rs. 3.4 million.

However, in the financial year 2014, the income on term deposit has increased to Rs. 2.8 million, due to which company is in net profit during the year, the company has maintained an operational self-sufficiency rate of 102%. One of the major reasons behind the operational sustainability of the company is the income on bank deposits generated along with the increase in service charges rate from 20% in 2012 to 22% in 2013.

Income earned during the year

SSF has fewer sources of income which mainly includes income from lending, grant income, donations received and interest income earned on savings. Out of these, major source of income is income from lending/service charges earned which contributes approximately 89% of the total income and grant income which is 2% of the total income earned during the financial year.

Previously the percentages remained at an average of 82% for service charges and 12% for grant income for the years 2011 to 2013. Income from lending comprises interest/services charges on loan and registration fees. This source of income is steadily growing over the past years due to increase in amount of microcredit loans disbursed to borrowers.

This year it has increased by 16% (Rs. 19.4 million) which is comparatively less than the last year's increase which was 31%. Grant Income has remained at an average of Rs. 19.2 million for the last 5 years however, it has decreased to just Rs. 3.48 million and 3.15 million for the year 2013 and 2014 respectively.

The decrease in net profits over the years indicate that the company is becoming more stable and less dependent on the grants from different donors with an operational sustainability ratio of around 100% over the years. The rest of the two sources of income i.e. donations and interest earned on investments make an approximate of 9% of the total income.

Interest expense

Interest expense paid during the year amounts to Rs. 33.07 million and is the markup paid to PPAF on its subsidized lending to the company. This expense has reduced by 8% in the current financial year as compared to Rs. 35.96 million for the last year. The interest cover ratio is 9% for the year as compared to -1% for the year 2013, indicating that the cost of borrowing is decreasing as compared to the net income.

Section 04:

Operating expenses

In this financial year, the operating expenses of the company have shown an increase of 12% as compared to the last year. The major increase is contributed by the general and administrative expenses including vehicle maintenance, fuel cost and rent of office premises for all 27 branches along with salaries and other benefits provided to the employees. Despite, the marginal increase in operating expenses, the expenses to income ratio stands at 70% as compared to an average of 79% for the last three years showing that proportionate increase in the expenses is almost balanced with the proportionate increase in the income. The increase in the operating per borrower has also slightly increased from Rs. 2,273 in year 2013 to Rs. 2,585 in the year 2014.

increased operational self-sufficiency and sustainability of the company.

The provision for loan losses is suitable calculated so as to decrease the direct write offs of overdue loans. No loans have been written off directly through statement of income and expenditure for the last three years.

Loan loss provision and write offs

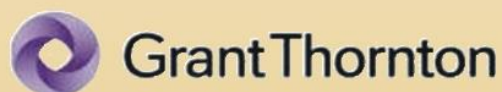
The provision for loan losses has increased to 5.2% of the average gross outstanding loan portfolio for this year as compared to 2.21% for the last year.

Gross and net profit

The gross profit ratio stands at 61% for the current year. There is no significant change as compared to an average of 67% for the last 5 years. The gross profit ratio is maintained due to balance between the service charges earned and interest expense paid on loan along with provision and write offs of overdue loans.

The trend of net profit ratio was decreasing over the last 5 years. It has increased to 2.1% in the current year from zero in the year 2013 and an average of 7% in previous 3 years. The main reason behind decrease of this ratio is the withdrawal of capacity building grants from donors thus indicating the

Financial Statement and Independent Auditors' Report
Sustainable Action to Access Financial Capital Opportunities (SAFCO)
Support Foundation (SSF)
For the Year ended June 30, 2014



Anjum Asim Shahid Rahman
Chartered Accountants





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INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF SUSTAINABLE ACTIONS TO ACCESS FINANCIAL CAPITAL OPPORTUNITIES

(SAFCO) SUPPORT FOUNDATION

We have audited the annexed balance sheet of **SAFCO Support Foundation (SSF)** / (the Company) as at June 30, 2014 and the related statement of income and expenditure, cash flow statement and statement of changes in funds together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) In our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) The balance sheet and statement of income and expenditure together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
 - (ii) The expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) The business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

- (c) In our opinion and to the best of our information and according to the explanations given to us, the balance sheet, statement of income and expenditure, cash flow statement and statement of changes in fund together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, given the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2014 and of the surplus, its cash flows and changes in funds for the year then ended; and
- (d) In our opinion, no zakat was deductible at source under the Zakat and Usher Ordinance, 1980.

Date: October 09 2014

Karachi



Anjum Asim Shahid Rahman

Chartered Accountants

Shahzada Saleem Chughtai

Section 04:

SAFCO SUPPORT FOUNDATION BALANCE SHEET As at June 30, 2014

	2014	2013
	----- Rupees -----	
ASSETS		
Non - current assets		
Property and equipment	17,107,157	19,803,096
Intangible assets	971,854	1,486,854
Long term security deposits	1,820,000	1,503,000
Total non - current assets	19,899,011	22,792,950
Current assets		
Short term investments	114,000,000	-
Micro credit loans - unsecured	401,405,578	402,157,923
Accrued service charges	7,257,403	7,141,478
Accrued income on term deposit certificates	6,177,862	-
Short term loans - unsecured	3,301,113	2,378,875
Advances and prepayments	929,952	1,630,612
Grant receivable from donor	345,000	65,182
Other receivables	3,556,504	4,486,928
Cash and bank balances	55,032,908	106,826,173
Total current asset	592,006,320	524,687,171
Total assets	6 11,905,331	547,480,121
ACCUMULATED FUNDS AND LIABILITIES		
Accumulated funds		
Accumulated fund	89,272,037	86,194,411
Capital reserve	3,900,363	-
Total accumulated funds	93,172,400	86,194,411
Non - current liabilities		
Deferred grant for fixed assets	-	5,144,688
Endowment loan from donor	54,000,000	60,000,000
Total non - current liabilities	54,000,000	65,144,688
Current liabilities		
Loan form donor - secured	330,695,305	379,601,106
Short term running finance - secured	54,000,000	-
Accrued mark-up	10,188,544	7,509,053
Emergency fund	6,110,060	7,028,500
Current portion of endowment loan from donor	60,000,000	-
Accrued and other liabilities	3,739,022	2,002,363
Total current liabilities	464,732,931	396,141,022
Total liabilities	518,732,931	461,285,710
Contingencies and commitments		
Total funds and liabilities	611,905,331	547,480,121

The annexed notes from 1 to 33 form an integral part of these financial statements.



Chief Executive Officer



Director



Senior Manager Finance

**STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2014**

	2014	2013
	-----Rupees-----	
INCOME		
Service charges earned	141,265,673	121,856,899
Service charges expensed	(33,079,610)	(35,963,711)
Net service charges income	108,186,063	85,893,188
Loan loss reserve for the year	(21,828,712)	(8,379,172)
Net service charges income after loan loss reserve	86,357,351	77,514,016
Administrative and general expenses	98,849,946	88,088,985
Other expenses	1,910,000	4,321,680
	100,759,946	92,410,665
Net loss from operations	(14,402,595)	(14,896,650)
Deferred grant realized during the year	1,244,325	-
Income on term deposit certificates	6,177,862	4,690,316
Income on bank deposits	7,490,678	6,160,385
Grant income	1,910,000	3,481,705
Other income	657,356	67,735
Net surplus / (deficit) for the year	3,077,626	(496,509)

The annexed notes from 1 to 33 form an integral part of these financial statements.



Chief Executive Officer



Director

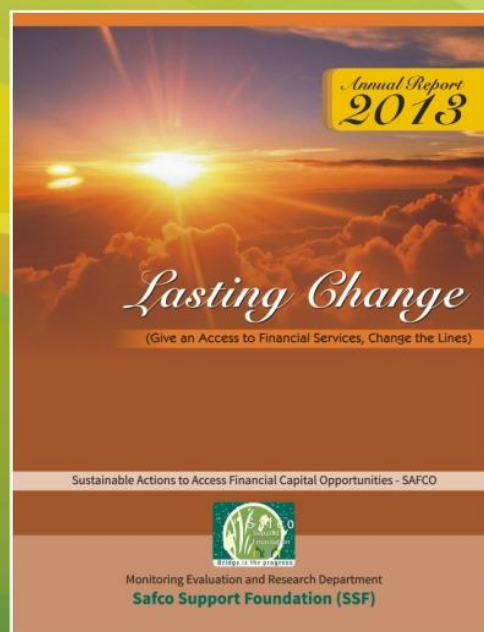
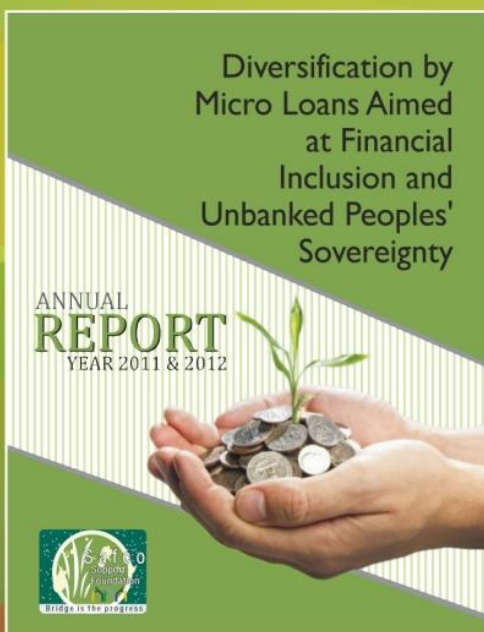
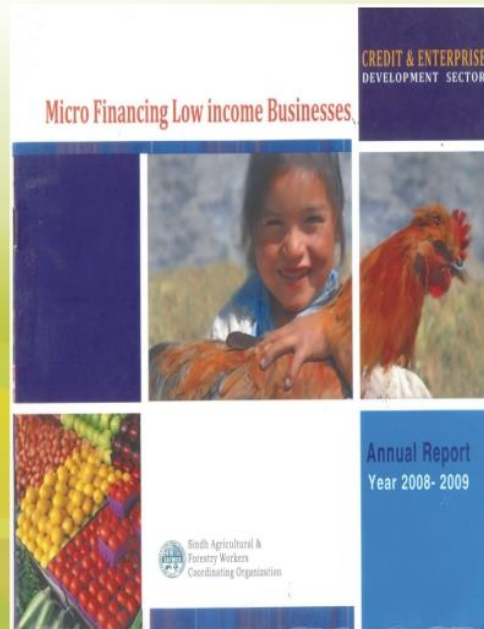
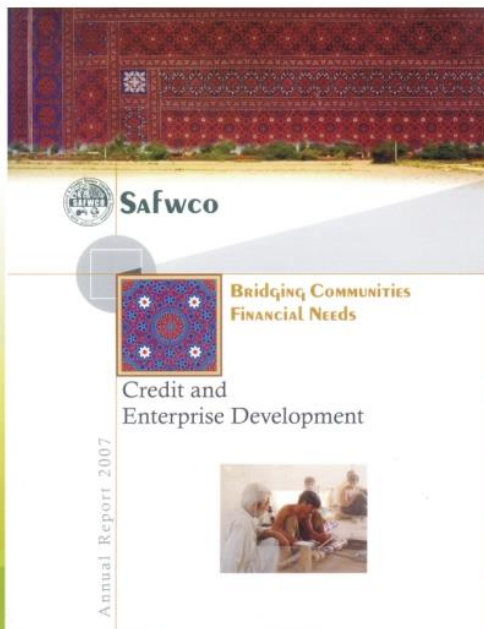


Senior Manager Finance

Section 04:



SSF for its commitment to transparent and leadership field of consumer protection and social performance is awarded with Pricing Transparency by the MF transparency.org in January 2014 for educating clients on pricing and discloser of pricing data on a public forum.



Safco Support Foundation (SSF)

Head Office

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Email: info@safcosupport.org Web: www.safcosupport.org

*Thank You for your attentive reading of review,
your valuable feedback shall guide us for better performance*